

NORTHERN NYE COUNTY HOSPITAL DISTRICT

**REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2023

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
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**NORTHERN NYE COUNTY HOSPITAL DISTRICT
DISTRICT BOARD
JUNE 30, 2023**

Don Kaminski, Chairperson

Tim Gamble, Vice Chairperson

Cheri Harper, Secretary/Treasurer

Nancy L. Maslach, Member

DANIEL C. McARTHUR, LTD

Certified Public Accountant

Quail Park III • 501 So. Rancho Dr., Ste. E-30 • Las Vegas, NV 89106 • (702) 385-1899 • (702) 385-9619

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Board
Northern Nye County Hospital District
Tonopah, Nevada

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Northern Nye County Hospital District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As described in Note A7p to the financial statements the County has adopted new accounting guidance, Governmental Accounting Standards Board Statement (GASB) No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Uncertainty Regarding Violation Nevada Revised Statutes

As discussed in note D5 to the financial statements, the District entered into an agreement to loan money to a vendor for future services which is not allowed by the Nevada Revised Statutes. The transaction has been reported as an expenditure for services. The possible outcome of this matter, which has been reported to the Nye County District Attorney, cannot be presently determined. Accordingly, no provision for any receivable or liability that may result has been made in the financial statements.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 9, Schedule of the District's Contributions to the Public Employees' Retirement System of the State of Nevada on page 37, and Schedule of the District's Proportionate Share of the Net Pension Liability of the Public Employees' Retirement System of the State of Nevada on page 38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2024 on our consideration of the District's internal control over financial reporting and on our test 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.

A handwritten signature in black ink, appearing to read "Danielle McMillan, CPA".

Las Vegas, Nevada
July 11, 2024

NORTHERN NYE COUNTY HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

The Management's Discussion and Analysis ("MD&A") introduces the financial reports for the Northern Nye Hospital District ("District"). The MD&A is designed to give the reader an easy-to-understand overview of the District's financial position and results of operations for the year. The MD&A is separated into Financial Highlights, an Overview of the Financial Statements, Government-Wide Financial Analysis, Financial Analysis of the District's Governmental Fund, Capital Assets, Debt Administration, General Fund Budgetary Highlights, and Economic Factors and Next Year's Budget and Rates.

The District was created by resolution of the Nye County Commission on May 29, 2015, operating under provisions of the Nevada Revised Statutes Chapter 450.550 through 450.760. Property taxes are assessed to the residents of Northern Nye County which include the unincorporated areas of Gabbs Town, Manhattan Town, Round Mountain Town, Tonopah Town, Tonopah Library District, and the Smoky Valley Library District which are all located in Northern Nye County, Nevada.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the 2023 fiscal year by \$1,925,908 (net position). Total net position represents approximately \$797,021 in net investment in capital assets the remaining \$1,128,887 is unrestricted net position which may be used to meet the District's ongoing obligations to its citizens and creditors.

The government-wide net position of the Northern Nye Hospital District decreased during the fiscal year ending June 30, 2023, from \$2,655,702 to \$1,925,908.

At the end of fiscal year 2023, the District's General Fund had a fund balance of \$1,118,265, a decrease of \$834,133 when compared to the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements are comprised of government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with an overview of the District's financial position.

The Statement of Net Position presents information on all the District's assets, deferred outflows/inflows and liabilities, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the District is a governmental fund.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financial requirements.

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement is provided for the District's governmental fund to demonstrate compliance with the budget.

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's pension benefits for its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements are structured to report financial information on the District as a whole. Condensed financial information with comparative amounts from the prior year is presented along with the accompanying analysis.

Net position of the District as of June 30, 2023, is summarized and analyzed below:

	Governmental Activities 2023	Governmental Activities 2022
Assets		
Current and other assets	\$ 1,301,234	\$ 2,205,281
Net capital assets	797,021	673,098
Total assets	<u>2,098,255</u>	<u>2,878,379</u>
Deferred Outflows Of Resources	<u>40,204</u>	<u>5,941</u>
Liabilities		
Current liabilities	172,572	227,075
Long-term liabilities	39,696	1,539
Total liabilities	<u>212,268</u>	<u>228,614</u>
Deferred Inflows Of Resources	<u>283</u>	<u>4</u>
Net Position		
Net investment in capital assets	797,021	673,098
Unrestricted	1,128,887	1,982,604
Total net position	<u>\$ 1,925,908</u>	<u>\$ 2,655,702</u>

The District's assets and deferred outflows exceeded liabilities and deferred inflows by \$1,925,908 at the close of the current fiscal year and total net position decreased by \$729,794, or 27.48%.

A portion of the District's net position, 41.38%, reflects its net investment in capital assets. The District uses capital assets to provide health services to citizens of the district and surrounding areas; consequently, these assets are not available for future spending.

The District's total net position of \$1,925,908 includes unrestricted net position totaling \$1,128,887. This is used to meet the ongoing obligations of the District.

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in net position of the District are summarized as follows:

	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2023</u>	<u>2022</u>
Revenues		
General revenues:		
Property taxes	\$ 795,501	\$ 914,540
Miscellaneous	90	12,521
Investment income (loss)	<u>(21,771)</u>	<u>(136,978)</u>
Total revenues	<u>773,820</u>	<u>790,083</u>
Expenses		
Health:		
Salaries and wages	42,087	40,512
Employee benefits	29,917	20,864
Services and supplies	1,342,070	944,884
Depreciation	<u>89,540</u>	<u>69,739</u>
Total expenses	<u>1,503,614</u>	<u>1,075,999</u>
Change in net position	(729,794)	(285,916)
Net position - beginning	<u>2,655,702</u>	<u>2,941,618</u>
Net position - ending	<u>\$ 1,925,908</u>	<u>\$ 2,655,702</u>

Property tax revenues decreased due to a reduction of assessed valuation of property within the District.

The reduction in investment income (loss) is due to maturing investments with low rates of return being reinvested in instruments with higher rates of returns.

The increase in service and supplies expense relates to an agreement the District entered into to provide health care services within the District.

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Major Fund:

General Fund: The General Fund is the chief operating fund of the District. As of the end of the current fiscal year the General Fund reported a fund balance of \$1,118,265, a decrease of \$834,133, or 42.72%, from the prior year. Fund balance components can be classified as assigned and unassigned based primarily on the extent to which the District is bound to observe constraints imposed on the use of the resources of fund. Spending of these resources is constrained by externally imposed (statutory, bond covenant, or grantors) limitations on their use.

Assigned fund balance of \$805,898 represents 72.07% of total fund balance. The ending fund balance is \$312,367 more than anticipated to begin the 2023-2024 year.

Revenues decreased by \$8,456, or 1.06%. Taxes decreased by \$111,232, or 12.06%, primarily due to a decrease in net proceeds. In addition, investment income was reported at a loss mainly due to a decline in the fair value of investments.

Expenditures increased by \$616,128, or 61.17%. This increase was due to service and supplies and capital expenditure this year.

CAPITAL ASSETS

At June 30, 2023, the District had \$797,021 invested in capital assets.

Governmental Activities:	Balance			
	June 30, 2022	Additions	Deletions	Balance
Capital assets not being depreciated:				June 30, 2023
Construction in progress	\$ -	\$ 74,852	\$ -	\$ 74,852
Capital assets being depreciated:				
Building and improvements	661,442	-	-	661,442
Equipment	179,497	138,611	-	318,108
Total capital assets being depreciated	840,939	138,611	-	979,550
Less accumulated depreciation for:				
Building and improvements	(90,914)	(44,096)	-	(135,010)
Equipment	(76,927)	(45,444)	-	(122,371)
Total accumulated depreciation	(167,841)	(89,540)	-	(257,381)
Total capital assets being depreciated,	673,098	49,071	-	722,169
Governmental activities assets, net	\$ 673,098	\$ 123,923	\$ -	\$ 797,021

Asset additions included medical equipment purchases made during the year.

Construction Commitments

	<u>Contract</u>	<u>Spent-to-date</u>
Critical Access Project	<u>\$ 90,000</u>	<u>\$ 74,852</u>

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

DEBT ADMINISTRATION

Changes in long-term debt for the year ended June 30, 2023, were as follows:

Governmental Activities	Balance			Balance	Due within One Year
	June 30, 2022	Additions	Deletions		
Compansated Absences	\$ 1,539	\$ -	\$ 95	\$ 1,444	\$ 1,444
Net Pension Liability	\$ -	\$ 38,252	\$ -	\$ 38,252	\$ -
Total	\$ 1,539	\$ 38,252	\$ 95	\$ 39,696	\$ 1,444

Net pension liabilities will be liquidated through ongoing payments to the PERS obligation by the General Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

Overall, the revenues received were less than budgeted by 6.49%, or \$54,756. This budgetary shortfall is attributed to \$51,208 of property taxes that were under budget. In addition, income from investments was under budget due to a decline in the fair value of investments.

Total actual expenditures for the General Fund during fiscal year 2023 were \$889,836 less than budgeted. This is primarily due to less capital project and service and supply expenditures than anticipated.

The General Fund had an ending fund balance of \$1,118,265 which was \$312,367 more than anticipated to begin the 2023-2024 year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District approved the budget for the 2023-2024 year on May 31, 2023. The following factors were considered in the development of the budget.

- Property taxes are anticipated to decrease due to a projected decrease in net proceeds of minerals tax.
- Assessed values for property taxes are projected to decrease.
- The tax rate for the District was unchanged.
- General Fund expenditures are projected to be less than 2023 actual revenues.

Requests for Information

This financial report is designed to provide its users with a general overview of the Northern Nye County Hospital District's finances and to show the District's accountability for the money it receives. Any questions, comments, or requests for additional financial information should be addressed to:

Northern Nye County Hospital District
101 Radar Road
PO Box 468
Tonopah, NV 89049

NORTHERN NYE COUNTY HOSPITAL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

Assets

Pooled cash and investments	\$ 1,232,833
Interest receivable	4,513
Taxes receivable	63,888
Capital assets, net of accumulated depreciation	<u>797,021</u>
Total assets	<u>2,098,255</u>

Deferred Outflows of Resources

Deferred pension charge	<u>40,204</u>
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Liabilities

Accounts payable	169,404
Accrued payroll	3,168
Noncurrent liabilities:	
Accrued compensated absences	1,444
Due in more than one year:	
Net pension liability	<u>38,252</u>
Total liabilities	<u>212,268</u>

Deferred Inflows of Resources

Deferred pension charge	<u>283</u>
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Net Position

Net investment in capital assets	797,021
Unrestricted	<u>1,128,887</u>
Total net position	<u>\$ 1,925,908</u>

The notes to the financial statements are an integral part of this statement.

NORTHERN NYE COUNTY HOSPITAL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Capital Activities	Governmental Activities
Health	<u>\$ (1,503,614)</u>	\$ _____ -	\$ _____ -		<u>\$ (1,503,614)</u>
General Revenues:					
Property taxes				795,501	
Miscellaneous				90	
Investment income (loss)				<u>(21,771)</u>	
Total general revenues				<u>773,820</u>	
Changes in net position				(729,794)	
Net position beginning				<u>2,655,702</u>	
Net position ending				<u>\$ 1,925,908</u>	

The notes to the financial statements are an integral part of this statement.

NORTHERN NYE COUNTY HOSPITAL DISTRICT
GOVERNMENTAL FUND
BALANCE SHEET
JUNE 30, 2023

	<u>Major Fund</u>
	General
	Fund
Assets:	
Pooled cash and investments	\$ 1,232,833
Interest receivable	4,513
Taxes receivable	<u>63,888</u>
 Total assets	 <u>\$ 1,301,234</u>
 Liabilities:	
Accounts payable	\$ 169,404
Accrued payroll	<u>3,168</u>
 Total liabilities	 <u>172,572</u>
 Deferred Inflows of Resources:	
Unavailable revenue - property taxes	<u>10,397</u>
 Fund Balance:	
Assigned for subsequent year	805,898
Unassigned	<u>312,367</u>
 Total fund balance	 <u>1,118,265</u>
 Total liabilities and fund balance	 <u>\$ 1,301,234</u>

The notes to the financial statement are an integral part of this statement.

NORTHERN NYE COUNTY HOSPITAL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balance - governmental funds \$ **1,118,265**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets net of the related depreciation are not reported in the governmental funds financial statements because they are not current financial resources, but they are reported in the Statement of Net Position

\$ 797,021

Compensated absences are not reported in the Governmental Funds financial statements because they are not due and payable, but they are presented as liabilities in the Statement of Net Position.

(1,444)

Deferred taxes that are not available to pay for current period expenditures and, therefore are deferred in the funds.

10,397

The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Deferred outflows from pension activity.	40,204
Net pension liability.	(38,252)
Deferred inflows from pension activity.	<u>(283)</u>

Total net position - governmental activities \$ **1,925,908**

The notes to the financial statements are an integral part of this statement.

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Major Fund</u>
	General
	Fund
Revenues	
Taxes:	
Property taxes	\$ 737,362
Net proceeds of minerals	<u>73,550</u>
Total taxes	<u>810,912</u>
Miscellaneous:	
Investment income (loss)	(21,771)
Other	<u>90</u>
Total miscellaneous	<u>(21,681)</u>
Total revenues	<u>789,231</u>
Expenditures	
Health:	
Salaries and wages	42,182
Employee benefits	25,649
Services and supplies	1,342,070
Capital outlay	<u>213,463</u>
Total expenditures	<u>1,623,364</u>
Excess (deficiency) of revenues over expenditures	(834,133)
Fund Balance	
Beginning of year	<u>1,952,398</u>
End of year	<u>\$ 1,118,265</u>

The notes to the financial statement are an integral part of this statement.

NORTHERN NYE COUNTY HOSPITAL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balance - governmental funds	\$ (834,133)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over the estimated useful lives as annual depreciation expenses in the Statement of Activities.

123,923

Property taxes that are collected in the time to pay obligations of the current period are reported as revenue in the fund statements. However, amounts that relate to prior periods that first become available in the current period should not be reported as revenue in the Statement of Activities.

(15,411)

Compensated absence expenditures recognized in fund financial statements are limited to only those that use current financial resources but expenses are recognized in the Statement of Activities when incurred.

95

Net differences between pension system contributions recognized in the fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities:

Pension contributions made after measurement date (2023 contributions).	5,978
Net pension income (expense).	<u>(10,246)</u>

Change in net position of governmental activities	<u>\$ (729,794)</u>
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The notes to the financial statements are an integral part of this statement.

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
GENERAL FUND**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**
FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts			Variance- Positive (Negative)
	Original Budget	Final Budget	2023 Actual	
Revenues				
Taxes:				
Property taxes	\$ 788,570	\$ 788,570	\$ 737,362	\$ (51,208)
Net proceeds of minerals	50,417	50,417	73,550	23,133
Total taxes	838,987	838,987	810,912	(28,075)
Miscellaneous:				
Investment income (loss)	5,000	5,000	(21,771)	(26,771)
Other	-	-	90	90
Total miscellaneous	5,000	5,000	(21,681)	(26,681)
Total revenues	843,987	843,987	789,231	(54,756)
Expenditures				
Health:				
Salaries and wages	85,000	85,000	42,182	42,818
Employee benefits	55,000	55,000	25,649	29,351
Services and supplies	1,550,000	1,550,000	1,342,070	207,930
Capital outlay	750,000	750,000	213,463	536,537
Total expenditures	2,440,000	2,440,000	1,623,364	816,636
Contingency	73,200	73,200	-	73,200
Total expenditures	2,513,200	2,513,200	1,623,364	889,836
Excess (deficiency) of revenues over expenditures	(1,669,213)	(1,669,213)	(834,133)	835,080
Fund Balance				
Beginning of year	2,070,896	2,070,896	1,952,398	(118,498)
End of year	\$ 401,683	\$ 401,683	\$ 1,118,265	\$ 716,582

The notes to the financial statements are an integral part of this statement.

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

The Northern Nye County Hospital District (the “District”) was created by resolution of the Nye County Commission on May 29, 2015, operating under provisions of the Nevada Revised Statutes Chapter 450.550 through 450.760. The District boundaries include the unincorporated areas of Gabbs Town, Manhattan Town, Round Mountain Town, Tonopah Town, Tonopah Library District, and the Smoky Library District located in Northern Nye County, Nevada.

The accompanying financial statements include all of the activities that comprise the financial reporting entity of the Northern Nye County Hospital District (“District”). The Nye County Commission served as the governing body until January 2017 when a five-member Hospital District board was seated as the governing body for the District. The Board is legally separate and fiscally independent from other governing bodies; therefore, the District is a primary government, and the District is not reported as a component unit by any other governmental unit. The accounting policies of the District conform to generally accepted accounting principles applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

Upon creation of the District, concerns were raised concerning whether the board of trustees of the District may, in lieu of funding the operation of a full-service hospital, contract with a private health care provider to offer medical services of the type that would ordinarily be available at an acute care facility or offered by medical professionals from a remote site using telephone or internet communications (e.g., telemedicine). An opinion was requested from the Office of the Attorney General of the State of Nevada which was issued on August 15, 2016. The opinion indicated that the board of trustees may contract with a health care provider to provide the “services of a hospital” to the residents of the District. The contract need not be contingent upon a commitment by the provider to operate a full-service hospital. Since the provision of medical services within the District is a matter of local concern, the scope of the services to be provided by the health care provider is a matter committed to the discretion of the Board.

2. Basic Financial Statements

The District’s basic financial statements consist of government-wide statements and the fund financial statements. The government-wide financial statements are made up of the Statement of Net Position and the Statement of Activities. These statements include the aggregated financial information of the District as a whole. Governmental activities normally are supported by taxes and intergovernmental revenues. The fund financial statements include financial information for the one fund type: governmental. Reconciliations between the fund statements, the Statement of Net Position, and the Statement of Activities are included.

3. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the General Fund. Separate financial statements are provided for the General Fund. The government-wide financial statements are made up of the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents the consolidated financial position of the District at year-end for governmental activities.

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basis of Presentation - Government-wide Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or programs are offset by program revenues. Direct expenses are those that are specifically associated with a program or service and are, therefore, clearly identifiable to a particular function. Program revenues include charges for services, operating grants, and contributions. Taxes and other revenues properly not included among program revenues are reported instead as general revenues. This statement provides a net cost or net revenue for the specific function of the District. This function with a net cost is generally dependent on general-purpose tax revenues (property tax) to remain operational.

4. Basis of Presentation - Fund Financial Statements

The financial accounts of the District are organized on the basis of funds. Funds are considered a separate accounting entity. The District has one governmental fund, the General Fund. The operations of the fund are accounted for with a separate set of self-balancing accounts comprised of assets, liabilities, deferred outflows and inflows, fund equity, revenues, and expenditures. The General Fund is used to account for all resources and costs of operations traditionally associated with governments which are not required to be accounted for in other funds.

5. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The Governmental fund financial statements (the General Fund) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered "measurable" when in the hands of intermediary collecting governments and are then recognized as revenue. The government considers revenues to be "available" if they are collected within 60 days of the end of the current fiscal period. Anticipated refunds of taxes are recorded as liabilities and reductions of revenue when they are measurable, and the payment seems certain. In general, expenditures are recorded when liabilities are incurred. The exception to this rule is that principal and interest on debt service, as well as liabilities related to compensated absences and claims and judgments, are recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The District reports the following major governmental fund:

General Fund - The General Fund is used to account for all resources and costs of operations traditionally associated with governments which are not required to be accounted for in other funds.

The major revenue source of the District is property tax collected within the District.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenues of the current fiscal period.

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Budgetary Information

Nevada Revised Statutes require that local governments legally adopt budgets for all funds. The budgets are filed as a matter of public record with the County Clerk and the Nevada Department of Taxation. District staff uses the following procedures to establish, modify, and control the budgetary data reflected in the financial statements:

- a.** The statutes provide for the following timetable in adoption of budgets:
 - 1. Before April 15, the District submits to the Nevada Department of Taxation a tentative budget for the upcoming year. The tentative budget includes proposed expenditures and the means to finance them.
 - 2. A public hearing must be held by the Board of Trustees no sooner than the third Monday in May and no later than the last day in May. Notice of the public hearing must be published once in the local newspaper not more than 14 nor less than 7 days before the hearing.
 - 3. On or Before June 1, the District Board must adopt a final budget.
- b.** NRS 354.598005(1) provides that the District Board may augment the budget at any time by a majority vote of the Board providing the Board publishes notice of its intention to act in a newspaper of general circulation within its county at least three days before the date set for adoption of the resolution.
- c.** Nevada Revised Statute 354.598005(5) allows appropriations to be transferred between functions, or contingency accounts, if such a transfer does not increase the total appropriation for any fiscal year and is not in conflict with other statutory provisions. The District Board may authorize the transfer of appropriations from the contingency account if the District Board announces the transfer of appropriations at a regularly scheduled meeting and sets forth the exact amounts to be transferred and the accounts affected. The District Board must also set forth reasons for the transfer, and the action must be recorded in the official minutes of the meeting.
- d.** Statutory regulations require budget control to be exercised at the function level within the fund.
- e.** Generally, budgets are adopted in accordance with generally accepted accounting principles.
- f.** The General Fund budget was not augmented during the year.
- g.** All budget appropriations lapse at the end of the fiscal year.

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

a. Pooled Cash and Investments

Cash includes cash in the hands of District officers, cash in the custody of the Nye County Treasurer, and cash deposited in interest-bearing accounts at banks by the Nye County Treasurer. The majority of cash and investment transactions of the District are overseen by the Nye County Treasurer's office. Cash balances are combined and invested in combination with Nye County funds in the Nye County Treasurer's Investment Pool. Investments are stated at fair value on the Balance Sheet. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Changes in the fair value of District investments are part of investment income (see Note C1).

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

a. Pooled Cash and Investments (Continued)

The District's cash and cash equivalents are considered to be cash on hand, cash in custody of the Nye County Treasurer, demand deposits, non-negotiable certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

The majority of the District's cash and cash equivalents are in the custody of the Nye County Treasurer as required by Nevada Revised Statutes.

Nevada Revised Statutes authorize the District to invest in:

1. Obligations of the U.S. Treasury and U.S. Agencies in which the maturity dates do not exceed more than 10 years from the date of purchase.
2. Negotiable certificates of deposit issued by commercial banks or insured savings and loan associations (those over \$250,000 must be fully collateralized).
3. Negotiable notes or short-term negotiable bonds issued by local governments within Nevada.
4. Eligible bankers' acceptances that do not exceed 180 days maturity and do not exceed 20 percent of the portfolio.
5. Commercial paper with a rating of A-1 or P-1 that does not exceed 270 days maturity and does not exceed 25 percent of the portfolio.
6. The State of Nevada's Local Government Investment Pool.
7. Repurchase agreements that are collateralized at 102 percent of the repurchase price and do not exceed 90 days maturity. Securities used for collateral must meet the criteria listed above.
8. Money market mutual funds which are rated as "AAA" or its equivalent and invest only in securities issued by the Federal Government, U.S. Agencies, or repurchase agreements fully collateralized by such securities.
9. Obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, or obligations publicly issued in the United States by a foreign financial entity registered with the Securities and Exchange Commission, denominated in dollars with a maturity of 5 years or less with a rating of "AA" or better.

The District has not established an investment policy further limiting its investments.

b. Property Taxes

Taxes on real property are levied in July of each year and are due in July. They can be paid in quarterly installments in August, October, January, and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10 percent per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien.

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

b. Property Taxes (Continued)

Article X, Section 2 of the Constitution of the State of Nevada limits the total taxes levied by all overlapping governmental units within the boundaries of any County (i.e., the County, the County School District, the State, and any other City, Town, or special District) to an amount not to exceed \$5 per \$100 of assessed valuation of the property being taxed. The Nevada Legislature enacted provisions whereby the combined overlapping tax rate was limited to \$3.64 per \$100 of assessed valuation. The Nevada legislature passed a property tax abatement law in 2005 that generally caps increases in property tax on owner-occupied residential property to 3% and 8 % per year for other property (see Note C2).

c. Net Proceeds Tax

Taxes for the net proceeds of minerals extracted by operators are due annually in May for mining production of the previous calendar year. In accordance with NRS 362.130 tax payments are to be made to the Nevada Department of Taxation on or before May 10th, after which collections are to be remitted to local governments on or before May 30th.

d. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when purchased rather than when consumed. The District had no material inventories at June 30, 2023.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The District had no material prepaid items at June 30, 2023.

e. Capital Assets

Capital assets, which include improvements and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of \$3,000 or more and an estimated useful life in excess of one year. Intangible lease and SBITA assets are amortized over the shorter of the lease or SBITA term or the estimated life of the underlying asset. (See note A7f & A7p)

If purchased or constructed, capital assets are valued at cost where historical records are available and, if no historical records exist, at estimated cost. Capital assets are updated for additions and retirements during the year. Donated capital assets are valued at their estimated value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Equipment	5-20
Vehicles	8
Buildings and Improvements	25-50
Intangible Lease Asset	3-5
Intangible SBITA	3-5

f. Subscription-Based Information Technology Arrangements (SBITAs)

For the year ended June 30, 2023, the District adopted GASB Statement No. 96, subscription-based information technology arrangements (SBITAs). The implementation of this standard established accounting and financial reporting for all SBITAs.

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

f. Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

SBITAs, which include software contracts, are reported in the governmental column in the government-wide financial statement. A SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software as specified in the contract for a period of time in an exchange or exchange-like transaction. SBITA contracts contain non-cancellable terms of 12 months or greater; OR non-cancellable terms of 12 months or less with the option to extend (regardless of the probability of being exercised). SBITAs are recorded at the net present value of subscription payments expected to be made during the subscription term, plus any payments made to the SBITA vendor before commencement of the subscription term and certain direct costs (less any incentives). A subscription asset should be amortized over the shorter of the subscription term or the useful life of the underlying IT asset. The District established its SBITA contract threshold at \$10,000 or greater per fiscal year. (See Note 7Ap)

g. Intangible Assets

Intangible lease assets are reported at the present value of remaining future lease payments to be made during the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the District's estimated incremental borrowing rate. These intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset. Capitalization thresholds are the same threshold for capital assets noted above.

h. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows relate to pension activity.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only two types of items, that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenues from one source, property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The other type of deferred inflow is related to pension activity.

i. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

j. Compensated Absences

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Estimated amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements. No expenditure is reported for these amounts in the fund financial statements.

k. Governmental Fund Balances

In the governmental fund (General Fund) financial statements, fund balance may be classified as follows:

1. **Nonspendable** – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact, such as inventories and prepaids.
2. **Restricted** – Amounts that can be spent only for a specific purpose because of state or federal laws, or externally imposed conditions by grantors or creditors.
3. **Committed** – These amounts can only be used for specific purposes as set forth by the District Board. The Board must take formal action (vote approval by majority) in order to establish an ending fund balance commitment for any specific purpose. To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest-level action to remove or change the constraint.
4. **Assigned** – Assignments are neither restrictions nor commitments and represent the District's intent to use funds for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future use of the District's ending fund balance. Intent can be expressed by the District Board.
5. **Unassigned** – All amounts not included in other spendable classifications for the General Fund.

l. Net Position Policies

In the government-wide statements, net position on the Statement of Net Position includes the following:

1. **Net Investment in Capital Assets** – This is the component of net position that reports capital assets less accumulated depreciation.
2. **Restricted Assets** – This is the component of net position that reports the constraints placed on the use of assets by either external parties and/or enabling legislation.
3. **Unrestricted** – This is the component of net position, that is the difference between the assets, deferred outflows and liabilities and deferred inflows not reported as net investment in capital assets and restricted assets.

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

m. Fund Balance Flow Assumptions

When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

n. Net Position Flow Assumption

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

o. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

p. New Accounting Pronouncement

The Governmental Accounting Standard Board (GASB) issued statement number 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, effective for fiscal year ended June 30, 2023. The implementation of this standard established accounting and financial reporting for all SBITAs. The District implemented GASB Statement Number 96 in 2023, which had no material effect on the financial statements. (See Note 7f)

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Compliance and Accountability

The District conformed to significant statutory requirements regarding financial administration during the year except as noted below.

The District entered into a loan/grant agreement for the delivery of healthcare services within the District. The effective date of the agreement is December 21, 2022 for a term of five years with two (2) automatic five (5) year renewals. The District will provide financial support to the health care provider in the form of a line of credit of \$500,000 for each year of the agreement. The Contractor will have no obligation to repay the outstanding balance of any draws as long as the contractor continues providing medical services as required by the agreement. In the event the agreement terminates for any reason or expires, the full amount outstanding at that time shall become payable. The District will forgive twenty-five percent (25%) of the outstanding balance of draws at the commencement of each year so long as the contractor is not in default of the agreement. There is no documentation indicating approval of the agreement by legal counsel. Chapter 450 of the Nevada Revised Statutes provides no authorization for a Hospital District to loan money to a vendor.

NRS 354.626 requires that the District report expenditures that exceed budgeted appropriations at the function level for governmental funds. For the year ended June 30, 2023, no expenditure functions were over appropriations.

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Pooled Cash and Investments

The majority of all cash and investments of the District are included in the cash and investment pool of the Nye County Treasurer. At June 30, 2023, this pool is displayed on the Statement of Net Position and on the governmental funds Balance Sheet as "Pooled Cash and Investments."

A reconciliation of cash and investments as shown on the Statement of Net Position for the District follows:

	Governmental Activities
Cash in the hands of officers	\$ 182
Carrying amount of cash and investments – Nye County Treasurer	<u>1,232,651</u>
Total	<u>\$ 1,232,833</u>
 Pooled cash and investments	 <u>\$ 1,232,833</u>

Cash and investments under the custody of the County Treasurer are invested as a pool. The County Treasurer may invest the money of the investment pool in investments which have been authorized as investments by Nevada Revised Statutes (see Note A7a). The District has not adopted a formal investment policy that would further limit its investment choices.

Investment gain or loss is apportioned to the District funds monthly based on the average balance invested for the month.

The fair value of the District's investment in the Nye County Treasurer's Investment Pool was determined by multiplying the pool's fair value per share factor times the District's portion of pool balance as of June 30, 2023.

Interest Rate Risk: Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from the rise in interest rates. Nevada Revised Statutes limits bankers' acceptances to 180 days of maturities, repurchase agreements to 90 days, U.S. Treasuries and Agencies to less than 10 years, and commercial paper to 270 days maturity. The approximate weighted average maturity of investments in the Nye County Treasurer's investment pool was 3.17 years. Detailed information concerning the investment pool is in the annual financial report of Nye County, Nevada.

As of June 30, 2023, District investments held by the Nye County Treasurer are categorized as follows:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	> 10
U.S. Agencies	82.67%	16.08%	57.45%	26.47%	0.00%
Corporate Commercial Paper	3.30%	0.00%	100.00%	0.00%	0.00%
Negotiable Certificates of Deposit	10.91%	21.16%	66.29%	12.55%	0.00%
NV Local Government Investment Pool	0.60%	100.00%	0.00%	0.00%	0.00%
Money Market Mutual Funds	2.52%	100.00%	0.00%	0.00%	0.00%
	<u>100.00%</u>				

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

1. Pooled Cash and Investments (Continued)

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. The Nye County Treasurer investment pool includes instruments which have been authorized by Nevada Revised Statutes (see Note A7a). At June 30, 2023, the Nye County Treasurer's investment pool ratings were as follows:

Investment Type	Quality Ratings by Moody's	
	Aaa	N/A
U.S. Agencies	100%	0%
Corporate Commercial Paper	100%	0%
Negotiable Certificates of Deposit	0%	100%
NV Local Government Investment Pool	0%	100%
Money Market Mutual Funds	0%	100%

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank or brokerage failure, the District's deposits may not be returned. The District's bank deposits are covered by FDIC insurance. Deposits in excess of FDIC insurance coverage in the Nye County Treasurer cash and investment pool are collateralized by securities held by the Office of the State Treasurer/Nevada Collateral Pool.

Credit Concentration Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments with a single issuer within the Nye County Treasurer Investment pool that represent five percent of more of total investments as of June 30, 2023, are as follows:

Federal Farm Credit Bank	27.34%
Federal Home Loan Bank (FHLB)	33.93%
Freddie Mac	17.06%

Fair Value: Fair Value Measurement categorizes investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County Investment Pool has the following fair value measurements as of June 30, 2023:

Investment Type	Fair Value	Level 1	Level 2	Level 3	N/A
U.S. Agencies	82.67%	0.00%	100.00%	0.00%	0.00%
Corporate Commercial Paper	3.30%	0.00%	100.00%	0.00%	0.00%
Negotiable Certificates of Deposit	10.91%	0.00%	100.00%	0.00%	0.00%
NV Local Government Investment Pool	0.60%	39.50%	60.50%	0.00%	0.00%
Money Market Mutual Funds	2.52%	100.00%	0.00%	0.00%	0.00%
	<u>100.00%</u>				

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

1. Pooled Cash and Investments (Continued)

Investment Income (Loss): Investment income (loss) is made up of interest income, net of fees to earn the interest, and net fair value gains and (losses). The table below includes the interest income net of fees, and net investment fair value gains and loss:

Interest income	\$ 26,914
Unrealized fair value loss	<u>(48,685)</u>
Investment income (loss)	<u><u>\$ (21,771)</u></u>

2. Receivables

Below is the detail of receivables for the General Fund at June 30, 2023:

Receivables:

Property tax receivable	\$ 63,888
Interest receivable	<u>4,513</u>
Total receivables	<u><u>\$ 68,401</u></u>

3. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

Governmental Activities:	Balance			Balance
	June 30, 2022	Additions	Deletions	
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 74,852	\$ -	\$ 74,852
Capital assets being depreciated:				
Building and improvements	661,442	-	-	661,442
Equipment	<u>179,497</u>	<u>138,611</u>	<u>-</u>	<u>318,108</u>
Total capital assets being depreciated	<u>840,939</u>	<u>138,611</u>	<u>-</u>	<u>979,550</u>
Less accumulated depreciation for:				
Building and improvements	(90,914)	(44,096)	-	(135,010)
Equipment	<u>(76,927)</u>	<u>(45,444)</u>	<u>-</u>	<u>(122,371)</u>
Total accumulated depreciation	<u>(167,841)</u>	<u>(89,540)</u>	<u>-</u>	<u>(257,381)</u>
Total capital assets being depreciated,	<u>673,098</u>	<u>49,071</u>	<u>-</u>	<u>722,169</u>
Governmental activities assets, net	<u>\$ 673,098</u>	<u>\$ 123,923</u>	<u>\$ -</u>	<u>\$ 797,021</u>

Depreciation expense was charged to the Health function/program of the District in the amount of \$89,540.

Construction commitment:

	<u>Contract</u>	<u>Spent-to-date</u>
Critical Access Project	<u>\$ 90,000</u>	<u>\$ 74,852</u>

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

4. Unavailable Revenue

Delinquent taxes receivable not collected within sixty days after year-end are recorded as deferred inflows of resources as they are not available to pay liabilities of the current period. Unavailable tax revenue in the General Fund was \$10,397.

5. Long-term Debt

Changes in General Long-Term Liabilities

During the year ended June 30, 2023, the following changes occurred:

	Balance			Balance		Due within	
	June 30, 2022	Additions	Deletions	June 30, 2023	One Year		
Governmental Activities							
Compansated Absences	\$ 1,539	\$ -	\$ 95	\$ 1,444	\$ 1,444		
Net Pension Liability	-	38,252	-	38,252			-
Total	\$ 1,539	\$ 38,252	\$ 95	\$ 39,696	\$ 1,444		

Net pension liabilities will be liquidated through ongoing payments to the PERS obligation by the General Fund.

NOTE D – OTHER INFORMATION

1. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other local governments throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (NPAIP) is a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays an annual premium to NPAIP for its property, casualty, crimes, and machinery insurance coverage. NPAIP is considered a self-sustaining risk pool that will provide liability coverage for its members up to \$10,000,000 per event and a \$10,000,000 annual aggregate per member. Property, crime, and equipment breakdown coverage is provided to its members up to \$300,000,000 per loss with various sub-limits established for earthquake, flood, equipment breakdown and money and securities. As a participatory member the maintenance deductible is \$2,500 for each insured event.

The District has Coverage of \$3,000,000 per incident for cyber security events with various sub-limits established for security failure, network interruption and proof of loss. As a participatory member, there is no maintenance deductible for each insured event. The District also has coverage of \$2,000,000 per incident for site pollution legal liabilities with a \$10,000,000 policy aggregate. As a participatory member, the maintenance deductible is \$25,000 for each incident.

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE D – OTHER INFORMATION (Continued)

1. Risk Management

The District participates in the Public Agency Compensation Trust (PACT). Premiums paid to PACT cover workers' compensation claims against the District. Premiums are based on a percentage of wages paid.

The District is self-insured for unemployment claims.

The District purchases health care benefits for its employees through a commercial carrier.

2. Contingent Liabilities

Construction Commitments

	<u>Contract</u>	<u>Spent-to-date</u>
Critical Access Project	<u>\$ 90,000</u>	<u>\$ 74,852</u>

Litigation

In the ordinary course of its operations, claims may be filed against the District. It is the opinion of management that these claims will not have any material adverse effect on the District's financial position, results of operation, or cash flows. The District does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when services are rendered.

3. Pension Plan

Plan Description. District employees, who work half-time or greater, are provided pension benefits through the Public Employees' Retirement System of the State of Nevada (PERS), a cost sharing multiple-employer, defined benefit plan administered by the Public Employees' Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. NRS Chapter 286 establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees' Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS that can be obtained at <http://www.nvpers.org/publications/reports>.

Benefits Provided. Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Vested members are entitled to a life-time monthly retirement benefit equal to the service time multiplier (STM) percentages listed below times the member's years of service to a maximum of 33 and 1/3 years. The schedule of Eligibility for Monthly Unreduced Retirement Benefits for regular members are as follows:

Eligibility for Regular Members:

Years of Service	Hired prior to 07/01/01		Hired between 07/01/01-12/31/09		Hired Between 01/01/10-07/01/15		Hired After 7/1/15	
	Age	STM%	Age	STM%	Age	STM%	Age	STM%
5 years	65	2.50%	65	2.67%	65	2.50%	65	2.25%
10 years	60	2.50%	60	2.67%	62	2.50%	62	2.25%
30 years	Any	2.50%	Any	2.67%	Any	2.50%	55	2.25%
33 1/3 years							Any	2.25%

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE D – OTHER INFORMATION (Continued)

3. Pension Plan (Continued)

Benefits Provided (Continued). The schedule of Eligibility for Monthly Unreduced Retirement Benefits for regular members are as follows:

Eligibility for Police and Fire Members:

Years of Service	Hired prior to 07/01/01		Hired between 07/01/01-12/31/09		Hired Between 01/01/10-07/01/15		Hired After 7/1/15	
	Age	STM%	Age	STM%	Age	STM%	Age	STM%
5 years	65	2.50%	65	2.67%	65	2.50%	65	2.25%
10 years	55	2.50%	55	2.67%	60	2.50%	60	2.25%
20 years	50	2.50%	50	2.67%	50	2.50%	50	2.25%
25 years	Any	2.50%	Any	2.67%				

* Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits. The System offers several alternatives to the unmodified service retirement allowance which, in general, allows the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575 - .579.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

Contributions: Benefits for plan members are funded under one of two methods. Under the employer pay contribution plan, the District is required to contribute all amounts due under the plan. The second funding mechanism for providing benefits is the employer/employee paid contribution plan. Under this method, employees are required to contribute a percentage of their contribution. PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The District's required contribution rate for the year ending June 30, 2022, was 29.75% shared equally by employer and employee. The District has fully funded the amounts due for the years ending June 30, 2022 and June 30, 2023. For purposes of GASB No. 82, the District recognized only the employer portion as a deferred outflow.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contribution requirement as a percentage of salary.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability of \$38,252 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2022. The District's proportionate share increased from 0.00 percent at June 30, 2021, to 0.00021 percent at June 30, 2022.

NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

NOTE D – OTHER INFORMATION (Continued)

3. Pension Plan (Continued)

For the year ended June 30, 2023, the District recognized pension expense of \$10,246. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 12,721	\$ 70
Net difference between projected and actual earnings on pension plan investments	1,199	0
Changes of assumptions or other inputs	12,621	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,685	213
District Contributions subsequent to measurement date	<u>5,978</u>	<u>0</u>
Total	<u>\$ 40,204</u>	<u>\$ 283</u>

Average expected remaining service lives 5.70 years

\$5,978 was reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ 7,275
2025	7,274
2026	7,612
2027	6,956
2028	<u>4,826</u>
	<u>\$ 33,943</u>

Actuarial Assumptions: The System's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Payroll Growth	Regular: 3.50% Police/Fire: 3.50%
Investment Rate of Return	7.25%, including inflation
Productivity pay increase	0.50%
Projected Salary increases	Regular: 4.20% to 9.10%, depending on service Police/Fire: 4.60% to 14.50%, depending on service Rates include inflation and productivity increases
Other assumptions	Same as those used in the June 30, 2022 funding actuarial valuation

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE D – OTHER INFORMATION (Continued)

3. Pension Plan (Continued)

Mortality rates were based on the following:

Healthy:

Regular Members: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 30% for males and 15% for females, projected generationally with the two-dimensional monthly improvement scale MP-2020.

The above listed mortality tables only provide rates for ages 50 and older. To develop mortality rates for ages 40 through 50, we have smoothed the difference between the rates at age 40 from the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 50 from the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables. To develop the mortality rates before age 40, we have used the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables rates.*

Police/Fire Members: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 30% for males and 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

The above-listed mortality tables only provide rates for ages 45 and older. To develop mortality rates for ages 35 through 45, we have smoothed the difference between the rates at age 35 from the Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 45 from the Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Tables. To develop the mortality rates before age 35, we have used the pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Tables rates.*

Disabled:

Regular Members: Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 20% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

Police/Fire Members: Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 30% for males and 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE D – OTHER INFORMATION (Continued)

3. Pension Plan (Continued)

Mortality rates were based on the following (Continued):

Beneficiaries:

Regular and Police/Fire Current Beneficiaries in Pay Status: Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 15% for males and 30% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

The above listed mortality table only provides rates for ages 45 and older. To develop mortality rates for ages 35 through 45, we have smoothed the difference between the rates at age 35 from the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 45 from the Pub 2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables. To develop the mortality rates before age 35, we have used the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables rates.*

Regular and Police/Fire Contingent Beneficiaries: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 30% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP- 2020.

The above listed mortality tables only provide rates for ages 50 and older. To develop mortality rates for ages 40 through 50, we have smoothed the difference between the rates at age 40 from the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 50 from the Pub-2010 General Healthy Retiree Amount -Weighted Above-Median Mortality Tables. To develop the mortality rates before age 40, we have used the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables rates.*

For the mortality table applicable to contingent beneficiaries, “Approach 1” from the Society of Actuaries “Pub-2010 Public Retirement Plans Mortality Tables Report” was utilized. In particular, the mortality basis for contingent beneficiaries has been assumed to be the same mortality basis as the Healthy Regular retiree table listed above (except using rates applicable to the beneficiary’s gender) for both when the primary retiree is alive and is no longer alive.

The Pub-2010 Amount-Weighted Mortality Tables (with loading factors as described above) reasonably reflect the projected mortality experience of the Plan as of the measurement date. The generational projection is a provision made for future mortality improvement

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE D – OTHER INFORMATION (Continued)

3. Pension Plan (Continued)

Mortality rates were based on the following (Continued):

Pre-Retirement

Regular Members: Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2020.

Police/Fire Members: Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females). Projected generationally with the two-dimensional mortality improvement scale MP-2020.

* This methodology for developing an extended annuitant mortality table is similar to the method used by the IRS to develop the base mortality table for determining minimum funding standards for single-employer defined benefit pension plans under Internal Revenue Code Section 430. While Section 430 is not applicable to the System, we believe this is a reasonable method for developing annuitant mortality rates at earlier ages.

The Pub-2010 Amount-Weighted Mortality Tables reasonably reflect the projected mortality experience of the plan as of the measurement date. The generational projection is a provision made for future mortality improvement.

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of the experience study for the period of July 1, 2016 through June 30, 2020.

Investment Policy: The System's policies which determine the investment portfolio target asset allocation are established by the Public Employees' Retirement Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the Board adopted policy target asset allocation as of June 30, 2022:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
U.S. Stocks	42%	5.50%
International Stocks	18%	5.50%
U.S. Bonds	28%	0.75%
Private Markets	12%	6.65%

*As of June 30, 2022, PERS' long-term inflation assumption was 2.50%

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE D – OTHER INFORMATION (Continued)

3. Pension Plan (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employer and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

There have been no changes in assumptions related to the discount rate since the last valuation.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate:

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent higher or lower than the current rate.

	1.0% Decrease (6.25%)	Discount Rate (7.25%)	1.0% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 58,729	\$ 38,252	\$ 21,355

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website <http://www.nvpers.org/>.

Pension contributions payable: At June 30, 2023, the District reported payables to the defined benefit pension plan of \$786 for legally required employer contributions which had not yet been remitted to PERS.

4. Subscription-Based Information Technology Arrangements (SBITAs)

In fiscal year 2023 the District implemented GASB Statement No. 96, *SBITAs*, see **Note A7f**.

This statement required software arrangements to be recognized and measured using the facts and circumstances that existed at the beginning of the period of implementation. Accordingly, SBITAs liabilities for fiscal year 2023 were measured using the remaining agreement terms as of July 1, 2022. SBITAs right-to-use assets were measured based on the SBITAs liabilities at the same date. Therefore, no restatement of beginning net position is required as both the liabilities and right-to-use assets were valued the same on July 1, 2022. There were no software arrangements in scope for SBITAs.

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE D – OTHER INFORMATION (Continued)

5. Loan Advance for Services

The District entered into a loan agreement for the delivery of healthcare services within the District. The effective date of the agreement is December 21, 2022 for a term of five years with two (2) automatic five (5) year renewals. The District will provide financial support to the health care provider in the form of a line of credit of \$500,000 for each year of the agreement. The Contractor will have no obligation to repay the outstanding balance of any draws provided the contractor furnishes medical services as required by the agreement. This provision, however, is functionally unenforceable given that no agreement regarding what medical services must be provided has been executed. In the event the agreement terminates for any reason or expires, the full amount outstanding at that time shall become payable to the District. The agreement requires the District to forgive twenty-five percent (25%) of the outstanding balance of draws at the commencement of each year so long as the contractor is not in default of the agreement.

The vendor issued two funding requests totaling \$500,000. The Hospital District did not have statutory authority to enter into a loan agreement with a vendor for future services. The District Attorney of Nye County was not consulted concerning the arrangement. The District Attorney has suspended all payments to the vendor until documentation is provided to support the services rendered. If documentation cannot be provided for the services rendered the vendor will be required to refund the payments. The payments have been reported in the financial statements as an expenditure for services. The possible outcome of this matter cannot presently be determined. Accordingly, no provision for any receivable or liability that may result has been made in the financial statements.

NORTHERN NYE COUNTY HOSPITAL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF NEVADA
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2023

Year Ended June 30	Contributions in			Contributions		
	Contractually Determined Contributions	Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	as a Percentage of Covered Employee Payroll	
2021	\$ 3,275	\$ 3,275	\$ -	\$ 22,059	14.847%	
2022	5,790	5,790	-	38,925	14.875%	
2023	5,978	5,978	-	39,939	14.968%	

**Fiscal year 2021 was the first year the District was subject to retirement contributions.*

See accompanying notes to required supplementary information.

NORTHERN NYE COUNTY HOSPITAL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF NEVADA
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2023

Reporting Year Ended June 30:	District's proportion of the net pension liability	District's proportionate share of the net pension liability	District's covered- employee payroll	District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.000001%	\$ 852	\$ 18,430	4.62%	77.00%
2022	0.000000%	-	22,059	0.00%	86.50%
2023	0.00021%	38,252	38,925	98.27%	75.10%

**Fiscal year 2021 was the first year the District was subject to reporting a proportionate share of the net pension liability. Therefore, only three years are shown.*

The District's proportionate share of the net pension liability is based upon the measurement taken on June 30th, of the prior year.

See accompanying notes to required supplementary information.

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

Note 1 – Net Pension Liability

Changes in benefit terms. There have been no changes in benefit terms since the last valuation.

Changes in assumptions. There have been no changes in actuarial assumptions and methods since the last valuation.

DANIEL C. McARTHUR, LTD

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Board Members
Northern Nye County Hospital District
Tonopah, Nevada

We have audited, in accordance with the 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, the financial statements of the governmental activities and the major fund of Northern Nye County Hospital District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 11, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2023-001.

Northern Nye County Hospital District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Las Vegas, Nevada

July 11, 2024

**NORTHERN NYE COUNTY HOSPITAL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

2023-001 Agreement Lending Money to Vendor for Services

Criteria: Chapter 450 of the Nevada Revised Statutes (NRS) provides authority for the operation of a Hospital District. NRS 450 does not provide authority to a Hospital District to enter into an agreement to lend or grant money to a vendor for future services. NRS 450.250 indicates the Hospital Board is in control of expenditures and indicates that all money received for the hospital must be deposited in the County Treasury of the county in which the hospital is situated to the credit of the hospital fund and paid out only upon warrants drawn by the Board of Hospital Trustees of the county upon properly authenticated vouchers of the Board of Hospital Trustees, and after their approval by the County (comptroller) Auditor. NRS 354.520 defines expenditures as the cost of goods delivered or services rendered.

Condition: The District loaned \$500,000 to a health care provider.

Cause: The District entered into a loan/grant agreement for the delivery of healthcare services within the District. The effective date of the agreement is December 21, 2022 for a term of five years with two (2) automatic five (5) year renewals. The District will provide financial support to the health care provider in the form of a line of credit of \$500,000 for each year of the agreement. The Contractor will have no obligation to repay the outstanding balance of any draws provided the contractor continues furnishing medical services as required by the agreement. This provision, however, is functionally unenforceable given that no agreement regarding what medical services must be provided has been executed. In the event the agreement terminates for any reason or expires, the full amount outstanding at that time shall become payable. The agreement indicates the District will forgive twenty-five percent (25%) of the outstanding balance of draws at the commencement of each year so long as the contractor is not in default of the agreement. There is no documentation indicating approval of the agreement by legal counsel.

Effect: An expenditure material to the financial statements was incurred without documentation to support the services rendered.

Recommendation: The Hospital Board of Trustees should contact the County District Attorney for legal guidance for corrective action. All future agreements should be provided to District legal counsel for review and approval prior to entering into an agreement.

Views of District Officials: The District agrees with the findings and recommendations.

DANIEL C. McARTHUR, LTD
Certified Public Accountant

Quail Park III • 501 So. Rancho Dr., Ste. E-30 • Las Vegas, NV 89106 • (702) 385-1899 • (702) 385-9619

INDEPENDENT AUDITOR'S COMMENTS

Honorable Board Members
Northern Nye County Hospital District
Tonopah, Nevada

In connection with our audit of the financial statements of the governmental activities and the major fund of Northern Nye County Hospital District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the District failed to comply with the requirements of the Nevada Revised Statutes referenced below insofar as they relate to accounting matters except as noted below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the Nevada Revised Statutes referenced below, insofar as they relate to accounting matters.

CURRENT YEAR STATUTE COMPLIANCE

Unauthorized Loan to Vendor for Services

The District loaned \$500,000 to a vendor who provides health care services to the District. See Page 42.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

Finding

Written minutes for several meetings during the year were not available in writing and approved by the board of trustees within 45 days after the meeting. The Board failed to ensure written minutes were prepared.

Status

Corrected

CURRENT YEAR RECOMMENDATIONS

We noted no material weakness and no significant deficiencies in internal controls.

PRIOR YEAR RECOMMENDATIONS

We noted no material weakness and no significant deficiencies in internal controls.



Las Vegas, Nevada
July 11, 2024