

**LANDER COUNTY HOSPITAL DISTRICT
DBA: BATTLE MOUNTAIN GENERAL HOSPITAL**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022

FS REPORT DRAFT - NOT APPROVED

**LANDER COUNTY HOSPITAL DISTRICT
DBA: BATTLE MOUNTAIN GENERAL HOSPITAL
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Lander County Hospital District
dba: Battle Mountain General Hospital
Battle Mountain, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of Lander County Hospital District dba: Battle Mountain General Hospital (the Hospital), which comprises the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The auditor's comments listed in the table of contents are included to comply with Nevada Statutes 354.624.5(a) and 354.6241. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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 Hospital's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Bellevue, Washington
REPORT DATE

**LANDER COUNTY HOSPITAL DISTRICT
DBA: BATTLE MOUNTAIN GENERAL HOSPITAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Introduction

This management's discussion and analysis of the financial performance of Lander County Hospital District dba: Battle Mountain General Hospital (the Hospital) provides an overview of the Hospital's financial activities for the years ended June 30, 2023 and 2022. It should be read in conjunction with the accompanying financial statements of the Hospital.

Financial Highlights

- Total cash and cash equivalents decreased by approximately \$21,645,000 or 70% in 2023 and increased by approximately \$5,528,000 or 22% in 2022, while total investments increased by approximately \$22,991,000 or 114% in 2023 and decreased by approximately \$858,000 or 4% in 2022.
- Net patient accounts receivable, decreased by approximately \$330,000 or 18% in 2023 and increased by approximately \$277,000 or 18% in 2022.
- Net patient service revenue increased by approximately \$517,000 or 4% in 2023 and by approximately \$1,895,000 or 19% in 2022.
- Operating expenses decreased by approximately \$1,894,000 or 13% in 2023 and decreased by approximately \$674,000 or 4% in 2022.
- The Hospital reported operating income in 2023 of \$141,000 and operating loss in 2022 of \$2,479,000. The operating income decreased in 2023 by approximately \$2,620,000 or 106% from the operating loss reported in 2022. The operating loss decreased in 2022 by approximately \$2,747,000 or 53% from the operating loss reported in 2021.
- Tax revenue decreased by approximately \$2,577,000 or 30% in 2023 and increased by approximately \$725,000 or 9% in 2022.
- The Hospital's change in net position increased by approximately \$2,707,000 or 51% in 2023 and decreased by approximately \$652,000 or 11% in 2022.

Using This Annual Report

The Hospital's financial statements consist of three statements – a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. These statements provide information about the activities of the Hospital, including resources held by the Hospital but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The Hospital is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

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

One of the most important questions asked about any hospital's finances is "Is the Hospital as a whole better or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and changes in net position report information about the Hospital's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets, all liabilities and all deferred inflows and outflows of resources using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position (Continued)

These two statements report the Hospital's net position and changes in it. The Hospital's total net position—assets plus deferred outflows of resources less liabilities and deferred inflows of resources is one measure of the Hospital's financial health or financial position. Over time, increases or decreases in the Hospital's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Hospital's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients and local economic factors should also be considered to assess the overall financial health of the Hospital.

The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

The Hospital's Net Position

The Hospital's net position is the difference between its assets and liabilities reported in the statement of net position. The Hospital's net position increased by approximately \$8,054,000 or 51% in 2023 over 2022 and by approximately \$5,348,000 or 9% in 2022 over 2021, as shown in Table 1.

Table 1: Condensed Statements of Net Position

	2023	2022	2021
Assets and Deferred Outflows of Resources			
Cash and Cash Equivalents	\$ 9,381,342	\$ 31,026,820	\$ 25,498,503
Patient Accounts Receivable, Net	1,515,251	1,845,726	1,569,219
Short-Term Investments	26,880,459	3,196,517	2,638,944
Other Current Assets	3,338,963	5,363,567	4,933,471
Long-Term Investments	16,235,813	16,929,183	18,344,471
Capital Assets, Net	24,623,249	20,166,797	20,656,441
Deferred Outflows of Resources - Pension	4,781,599	4,085,452	1,705,665
	<u>\$ 86,756,676</u>	<u>\$ 82,614,062</u>	<u>\$ 75,346,714</u>
Liabilities and Deferred Inflows of Resources			
Current Liabilities	\$ 1,689,114	988,194	\$ 800,570
Unearned Revenue	-	994,219	288,430
Net Pension Liability	9,781,198	7,185,248	10,929,232
Deferred Inflow of Resources - Pension	754,839	6,969,320	2,199,094
	<u>12,225,151</u>	<u>16,136,981</u>	<u>14,217,326</u>
Net Position			
Net Investment in Capital Assets	24,623,249	20,166,797	20,656,441
Unrestricted	49,908,276	46,310,284	40,472,947
	<u>74,531,525</u>	<u>66,477,081</u>	<u>61,129,388</u>
	<u>\$ 86,756,676</u>	<u>\$ 82,614,062</u>	<u>\$ 75,346,714</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position			

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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The Hospital had five significant changes in its assets and liabilities during 2023, as shown in Table 1:

- Cash and cash equivalents decreased by approximately \$21,645,000 or 70%.
- Net patient accounts receivable decreased by approximately \$330,000 or 18%.
- Unearned revenue decreased by approximately \$994,000 or 100%.
- Investments increased by approximately \$22,991,000 or 114%.
- Capital assets increase by approximately \$4,456,000 or 22%.

The decrease in cash and cash equivalents, decrease in net patient accounts receivable, and decrease in unearned revenue is related primarily to:

- Increase in investment of treasury bills during 2023 for approximately \$23,000,000 which leads to the decrease of cash and cash equivalents.
- PRF revenue recognized for approximately \$515,000 during 2023 which leads to the decrease of unearned revenue. In addition, there was no additional PRF funding received during the year.

Changes in deposits and investments are explained in Note 4 to these financial statements. Amounts received from governmental agencies are explained in Note 7 to these financial statements. Further detail is also included in the required supplementary information section of these financial statements.

The Hospital had three significant changes in its assets and liabilities during 2022, as shown in Table 1:

- Cash and cash equivalents increased by approximately \$5,528,000 or 22%.
- Net patient accounts receivable increased by approximately \$277,000 or 18%.
- Unearned revenue increased by approximately \$706,000 or 245%.

The increase in cash and cash equivalents, increase in net patient accounts receivable, and increase in unearned revenue is related primarily to:

- Noncapital grant funding received from government agencies of \$706,000 for future expenditures and defer revenue recognition after the year ended June 30, 2022.
- Reserve cash accounts were opened with the state of Nevada to fund Hospital expansion that had a higher yield saving rate and caused an overall increase of \$5,528,000.

Changes in deposits and investments are explained in Note 4 to these financial statements. Amounts received from governmental agencies are explained in Note 7 to these financial statements. Further detail is also included in the required supplementary information section of these financial statements.

Operating Results and Changes in the Hospital's Net Position

In 2023, the Hospital's net position increased by approximately \$8,054,000, as shown in Table 2. This increase is made up of several different components and represents an increase of 14% in net position.

In 2022, the Hospital's net position increased by approximately \$5,348,000, as shown in Table 2. This increase is made up of several different components and represents an increase of 8% in net position.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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In 2021, the Hospital's net position increased by approximately \$6,000,000, as shown in Table 2. This increase is made up of several different components and represents an increase of 11% in net position.

Table 2: Operating Results and Changes in Net Position

	2023	2022	2021
Operating Revenues			
Net Patient Service Revenue	\$ 12,539,884	\$ 12,022,557	\$ 10,126,931
Other Revenue	713,527	504,575	327,606
Total Operating Revenues	<u>13,253,411</u>	<u>12,527,132</u>	<u>10,454,537</u>
Operating Expenses			
Salaries, Wages, and Employee Benefits	5,390,856	7,400,656	8,480,532
Physician Services, Purchased Services, Professional Fees	3,505,642	3,366,785	3,082,565
Depreciation	1,949,755	2,069,963	2,023,839
Other Operating Expenses	2,266,168	2,168,528	2,093,455
Total Operating Expenses	<u>13,112,421</u>	<u>15,005,932</u>	<u>15,680,391</u>
Operating Income (Loss)	140,990	(2,478,800)	(5,225,854)
Nonoperating Revenues			
Tax Revenue	6,088,808	8,665,371	7,940,348
Investment Income (Loss)	780,931	(1,042,433)	2,643
Other Noncapital Grants, Contributions, and Expenses	1,043,715	203,555	3,282,691
Total Nonoperating Revenues	<u>7,913,454</u>	<u>7,826,493</u>	<u>11,225,682</u>
Increase in Net Position	<u>\$ 8,054,444</u>	<u>\$ 5,347,693</u>	<u>\$ 5,999,828</u>

Operating Loss

The first component of the overall change in the Hospital's net position is its operating income or loss - generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. In each of the past three years, the Hospital has reported an operating loss. This is consistent with the Hospital's recent operating history. The Hospital receives a significant portion of its total revenues from taxes and grants to subsidize operating losses and provide funds to improve the Hospital's facilities. Tax revenue accounted for 77%, 43%, and 37%, of the total revenue in 2023, 2022, and 2021, respectively.

2023

Operating revenues for 2023 increased by \$726,000 or 6%, as compared to 2022. This increase was mostly due to increase in net patient service revenue of \$517,000 or 4%.

Operating expenses decreased in 2023 by \$1,894,000 or 13%. The largest decrease in operating expenses is related to salaries, wages and employee benefits which decreased \$2,010,000 or 27% due to a reduction in labor demand as a response to the aftermath of the pandemic.

Combined, the operating income for 2023 increased by \$2,620,000 as compared to 2022.

2022

Operating revenues for 2022 increased by \$2,073,000 or 20%, as compared to 2021. This increase was mostly due to increase in net patient service revenue of \$1,896,000 or 19%, and an increase of provision for uncollectible of \$421,000 or 58%.

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Operating expenses increased in 2022 by \$674,000 or 4%. The largest decrease in operating expenses is related to salaries, wages and employee benefits which decreased \$1,080,000 or 13% due to a reduction in labor demand as a response to the aftermath of the pandemic.

Combined, the operating loss for 2022 increased by \$2,747,000 as compared to 2021.

Nonoperating Revenues

Nonoperating revenues consist of tax revenue, investment return, and grant revenue. In 2023, tax revenues decreased by approximately \$2,577,000 or 30% primarily related to the fluctuation in net proceeds tax revenue from year to year. Investment return increased by approximately \$1,823,000 due to additional investment made during the year. Other noncapital grants, contributions, and other expenses increased by \$840,000 in 2023, primarily related to expenditures recognized from COVID-19 pandemic funding.

The Hospital's Cash Flows

Changes in the Hospital's cash flows are consistent with changes in operating losses and nonoperating revenues and expenses, discussed earlier.

Capital Asset and Debt Administration

Capital Assets

At the end of 2023, the Hospital had approximately \$24,623,000 invested in capital assets, net of accumulated depreciation, as detailed in Note 6 to the financial statements. An increase of approximately \$4,456,000 or 22% is related to construction in progress additions related to BMDH Acute Expansion/ER & Business Office Renovation/Lab and Radiology updating in 2023.

At the end of 2022, the Hospital had approximately \$20,167,000 invested in capital assets, net of accumulated depreciation, as detailed in Note 6 to the financial statements. A decrease of approximately \$490,000 or 2% is related to significant capital additions from prior year with a full year of depreciation and few capital additions in 2022.

Debt

During 2023 and 2022, the Hospital had no outstanding long-term debt.

**LANDER COUNTY HOSPITAL DISTRICT
DBA: BATTLE MOUNTAIN GENERAL HOSPITAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Contacting the Hospital's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Hospital Administration by telephoning 775-635-2550.

**Lander County Hospital District
dba: Battle Mountain General Hospital**

Is! Jason Bleak
Jason Bleak
Administrator and CEO

Is! Cindy Fagg
Cindy Fagg
Controller

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**LANDER COUNTY HOSPITAL DISTRICT
DBA: BATTLE MOUNTAIN GENERAL HOSPITAL
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 9,381,342	\$ 31,026,820
Short-Term Investments	26,880,459	3,196,517
Patient Accounts Receivable, Net of Allowance; 2023 - \$4,227,000, 2022 - \$6,933,000	1,515,251	1,845,726
Taxes and Other Receivable	2,333,140	4,658,655
Estimated Amounts Due from Third-Party Payors	442,557	220,066
Supplies	487,556	408,169
Prepaid Expenses and Other	75,710	76,677
Total Current Assets	41,116,015	41,432,630
LONG-TERM INVESTMENTS	16,235,813	16,929,183
CAPITAL ASSETS, NET	24,623,249	20,166,797
Total Assets	81,975,077	78,528,610
DEFERRED OUTFLOWS OF RESOURCES - PENSIONS	4,781,599	4,085,452
Total Assets and Deferred Outflows of Resources	\$ 86,756,676	\$ 82,614,062
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,313,877	\$ 592,983
Accrued Payroll and Benefits Payable	375,237	395,211
Unearned Revenue	-	994,219
Total Current Liabilities	1,689,114	1,982,413
NET PENSION LIABILITY	9,781,198	7,185,248
DEFERRED INFLOWS OF RESOURCES - PENSIONS	754,839	6,969,320
Total Liabilities and Deferred Inflows of Resources	12,225,151	16,136,981
NET POSITION		
Net Investment in Capital Assets	24,623,249	20,166,797
Unrestricted	49,908,276	46,310,284
Total Net Position	74,531,525	66,477,081
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 86,756,676	\$ 82,614,062

See accompanying Notes to Financial Statements.

**LANDER COUNTY HOSPITAL DISTRICT
DBA: BATTLE MOUNTAIN GENERAL HOSPITAL
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
OPERATING REVENUES		
Net Patient Service Revenue, Net of Provision for Uncollectible Accounts; 2023 - \$956,000, 2022 - \$1,148,000	\$ 12,539,884	\$ 12,022,557
Other Revenue	713,527	504,575
Total Operating Revenues	13,253,411	12,527,132
OPERATING EXPENSES		
Salaries and Wages	7,398,939	6,835,219
Employee Benefits	(2,008,083)	565,437
Purchased Services and Other Professional Services	3,505,642	3,366,785
Supplies and Other	2,266,168	2,161,898
Depreciation	1,949,755	2,069,963
Loss (Gain) on Disposal	-	6,630
Total Operating Expenses	13,112,421	15,005,932
OPERATING INCOME (LOSS)	140,990	(2,478,800)
NONOPERATING REVENUES		
Tax Revenue	6,088,808	8,665,371
Investment Income (Loss)	780,931	(1,042,433)
Other Noncapital Grants, Contributions, and Expenses	1,043,715	203,555
Total Nonoperating Revenues	7,913,454	7,826,493
INCREASE IN NET POSITION	8,054,444	5,347,693
Net Position - Beginning of Year	66,477,081	61,129,388
NET POSITION - END OF YEAR	\$ 74,531,525	\$ 66,477,081

See accompanying Notes to Financial Statements.

**LANDER COUNTY HOSPITAL DISTRICT
DBA: BATTLE MOUNTAIN GENERAL HOSPITAL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from and on Behalf of Patients	\$ 12,647,868	\$ 11,691,718
Payments to Suppliers and Contractors	(5,129,336)	(5,416,046)
Payments to Employees	(9,725,508)	(8,737,094)
Other Receipts, Net	713,527	504,575
Net Cash Used by Operating Activities	(1,493,449)	(1,956,847)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Taxes Supporting Operations	8,414,323	8,347,487
Other Noncapital Grants, Contributions, and Expenses	49,496	909,344
Net Cash Provided by Noncapital Financing Activities	8,463,819	9,256,831
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(6,406,207)	(1,586,949)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (Purchase) of Investments	(22,990,572)	857,715
Interest Income (Loss)	780,931	(1,042,433)
Net Cash Used by Investing Activities	(22,209,641)	(184,718)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(21,645,478)	5,528,317
Cash and Cash Equivalents - Beginning of Year	31,026,820	25,498,503
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 9,381,342	\$ 31,026,820
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 140,990	\$ (2,478,800)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	1,949,755	2,069,963
Loss on Disposal	-	6,630
Provision for Uncollectible Accounts	955,939	1,148,249
Changes in Operating Assets and Liabilities:		
Patient Accounts Receivable	(625,464)	(1,424,756)
Estimated Amounts Due from Third-Party Payors	(222,491)	(54,332)
Accounts Payable and Accrued Expenses	700,920	187,624
Net Pension Liability	2,595,950	(3,743,984)
Deferred Outflows of Resources	(696,147)	(2,379,787)
Deferred Inflows of Resources	(6,214,481)	4,770,226
Other Assets and Liabilities	(78,420)	(57,880)
Net Cash Used by Operating Activities	\$ (1,493,449)	\$ (1,956,847)

See accompanying Notes to Financial Statements.

**LANDER COUNTY HOSPITAL DISTRICT
DBA: BATTLE MOUNTAIN GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Reporting Entity

Lander County Hospital District dba: Battle Mountain General Hospital (the Hospital or District) is a hospital district formed under the provisions of the Nevada Revised Statutes. The Hospital primarily earns revenues by providing inpatient, outpatient, long-term care and emergency care services to patients in Battle Mountain, Nevada. It also operates a primary care clinic in Battle Mountain.

Basis of Accounting and Presentation

The financial statements of the Hospital have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific (such as county appropriations), property taxes, and investment income are included in nonoperating revenues and expenses. The Hospital first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Hospital considers all liquid investments, other than those limited as to use, with original maturities of three months or less to be cash equivalents. At June 30, 2023 and 2022, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than medical malpractice and employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

**LANDER COUNTY HOSPITAL DISTRICT
DBA: BATTLE MOUNTAIN GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Income

The Hospital maintains fixed income investments and certificate of deposits with an investment broker. Investments are carried at fair value. Fair value is determined using quoted market prices. Investment income includes dividend and interest income and the net change for the year in fair value of investments carried at fair value.

Fair Value Measurements

To the extent available, the District's investments are recorded at fair value. GASB Statement No. 72 – *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources.

In contrast, unobservable inputs reflect an entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the District has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

**LANDER COUNTY HOSPITAL DISTRICT
DBA: BATTLE MOUNTAIN GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Accounts Receivable

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

Patient accounts receivable are recorded on the accompanying financial statements at an amount net of contractual adjustments and an allowance for doubtful accounts, which reflect management's estimate of the amounts that will not be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to patients accounts receivable.

In addition, management provides for probable uncollectible amounts, primarily for uninsured patient and amounts for which patient are personally responsible, through a reduction of gross revenue and a credit to an allowance for doubtful accounts.

In evaluating the collectability of patient accounts receivable, the District analyzes past results and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. Specifically, for receivables associated with services provided to patients who have third-party coverage, the district analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid for payors who are known to be having financial difficulties that make the realization of amounts due unlikely.

For receivables associated with self-pay patients (which includes patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which that are financially responsible. The difference between the standard rates and the amounts collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Supplies

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method or market.

**LANDER COUNTY HOSPITAL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives are being used by the Hospital:

Buildings and Leasehold Improvements	5 to 40 Years
Equipment	3 to 20 Years

Compensated Absences

Hospital policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as Medicare taxes computed using rates in effect at that date. The estimated compensated absences liability expected to be paid more than one year after the statement of net position date is included in other long-term liabilities.

Pension Plan

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

Deferred Outflow of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

**LANDER COUNTY HOSPITAL DISTRICT
DBA: BATTLE MOUNTAIN GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflow of Resources

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources consist of pension related deferred inflows.

Unearned Revenue

Revenue received in advance of the performance of services deemed to be exchange transactions are deferred until such time as related expenditures are incurred and then recognized as revenue.

Net Position

Net position of the Hospital is classified in two components. Net investment in capital assets consists of capital assets net of accumulated depreciation. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts.

Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

The Hospital provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

Income Taxes

As an essential government function, the Hospital is generally exempt from federal income taxes under Section 115 of the Internal Revenue Code. However, the Hospital is subject to federal income tax on any unrelated business taxable income.

**LANDER COUNTY HOSPITAL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Adoption of New Accounting Standards

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The Hospital adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the earliest comparative period presented. There is no impact of adopting GASB Statement No.96 on the statement of net position and statement of revenues, expenses, and changes in the net position as of June 30, 2023.

FS REPORT DRAFT - NOT APPROVED

**LANDER COUNTY HOSPITAL DISTRICT
DBA: BATTLE MOUNTAIN GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 NET PATIENT SERVICE REVENUE

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

Medicare – The Hospital is certified as a Medicare critical access hospital. The Hospital is reimbursed under a cost reimbursement methodology for inpatient and most outpatient services. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor. The Hospital's Medicare cost reports have been audited by the Medicare administrative contractor through June 30, 2022.

Medicaid – Inpatient and nursing home services rendered to Medicaid program beneficiaries are reimbursed under cost reimbursement methodologies. Outpatient services are reimbursed at prospectively determined rates. The Hospital is reimbursed at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid administrative contractor. The Hospital's Medicaid cost reports have been audited by the Medicaid administrative contractor through June 30, 2022.

Approximately 50% and 72% of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the years ended June 30, 2023 and 2022, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Hospital has also entered into payment agreements with certain commercial insurance carriers and preferred provider organizations. The basis for payment to the Hospital under these agreements is primarily discounts from established charges.

**LANDER COUNTY HOSPITAL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 NET PATIENT SERVICE REVENUE (CONTINUED)

Net patient service revenues are comprised of the following for the years ended June 30:

	2023		
	Inpatient	Outpatient	Total
DAILY PATIENT SERVICES			
Acute Care	\$ 172,588	\$ -	\$ 172,588
Extended Care	2,540,894	-	2,540,894
Swing Bed	103,242	-	103,242
Total Daily Patient Services	<u>2,816,724</u>	<u>-</u>	<u>2,816,724</u>
OTHER NURSING SERVICES			
Emergency, Observation, and Treatment Clinic	-	4,441,344	4,441,344
	-	2,043,771	2,043,771
Total Other Nursing Services	<u>-</u>	<u>6,485,115</u>	<u>6,485,115</u>
OTHER PROFESSIONAL SERVICES			
Central Services and Supply	-	10,303	10,303
Laboratory	1,067,614	2,528,345	3,595,959
Pharmacy	302,517	179,702	482,219
Physical Therapy	28,327	1,174,370	1,202,697
Physician Services	98,597	934	99,531
Radiology	9,540	3,297,971	3,307,511
Respiratory Therapy	252,057	64,385	316,442
Ultrasound	42,903	185,245	228,148
Emergency Medical Services	-	4,003	4,003
Rural Health Clinic Treatment	-	1,532	1,532
Infusion	36,652	634,599	671,251
Nutritional Services	-	-	-
Total Other Professional Services	<u>1,838,207</u>	<u>8,081,389</u>	<u>9,919,596</u>
GROSS PATIENT SERVICE REVENUE	<u>\$ 4,654,931</u>	<u>\$ 14,566,504</u>	19,221,435
LESS ALLOWANCES			
Medicare Contractual Allowances			(71,353)
Medicaid Contractual Allowances			(691,228)
Other Allowances			6,488,193
Provision for Uncollectible Accounts			955,939
Total Allowances			<u>6,681,551</u>
NET PATIENT SERVICE REVENUE			<u>\$ 12,539,884</u>

**LANDER COUNTY HOSPITAL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 NET PATIENT SERVICE REVENUE (CONTINUED)

	2022		
	Inpatient	Outpatient	Total
DAILY PATIENT SERVICES			
Acute Care	\$ 177,376	\$ -	\$ 177,376
Extended Care	2,580,214	-	2,580,214
Swing Bed	306,893	-	306,893
Total Daily Patient Services	<u>3,064,483</u>	<u>-</u>	<u>3,064,483</u>
OTHER NURSING SERVICES			
Emergency, Observation, and Treatment Clinic	-	3,823,860	3,823,860
	-	1,931,300	1,931,300
Total Other Nursing Services	<u>-</u>	<u>5,755,160</u>	<u>5,755,160</u>
OTHER PROFESSIONAL SERVICES			
Central Services and Supply	-	8,752	8,752
Laboratory	1,033,285	2,622,232	3,655,517
Pharmacy	380,625	81,440	462,065
Physical Therapy	54,705	1,080,549	1,135,254
Physician Services	106,282	408	106,690
Radiology	46,465	3,111,061	3,157,526
Respiratory Therapy	284,791	53,177	337,968
Ultrasound	33,740	172,434	206,174
Emergency Medical Services	-	670,585	670,585
Rural Health Clinic Treatment	-	-	-
Infusion	45,518	704,780	750,298
Nutritional Services	-	-	-
Total Other Professional Services	<u>1,985,411</u>	<u>8,505,418</u>	<u>10,490,829</u>
GROSS PATIENT SERVICE REVENUE	<u>\$ 5,049,894</u>	<u>\$ 14,260,578</u>	19,310,472
LESS ALLOWANCES			
Medicare Contractual Allowances			(183,052)
Medicaid Contractual Allowances			(518,690)
Other Allowances			6,841,408
Provision for Uncollectible Accounts			1,148,249
Total Allowances			<u>7,287,915</u>
NET PATIENT SERVICE REVENUE			<u>\$ 12,022,557</u>

**LANDER COUNTY HOSPITAL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 3 CHARITY CARE AND COMMUNITY BENEFIT

The costs of charity care provided under the Hospital's charity care policy were \$-0- and \$554 for 2023 and 2022, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

In addition, the Hospital provides services to other medically indigent patients under certain government-reimbursed public aid programs. Such programs pay providers amounts which are less than established charges for services provided to the recipients and many times the payments are less than the cost of rendering the services provided.

In addition to the above cost of charity care, the Hospital also commits significant time and resources to endeavors and critical services which meet otherwise unfilled community needs. Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable.

NOTE 4 DEPOSITS, INVESTMENTS, AND INVESTMENT INCOME

Investments are carried at fair value and cash and cash equivalents are carried at cost, which approximates fair value. The following represents cash deposits held by the Hospital at June 30:

Carrying Amount:	Carrying Amount	
	2023	2022
Deposits	\$ 5,225,651	\$ 29,395,543
Money Market	4,155,691	1,631,277
Total	\$ 9,381,342	\$ 31,026,820

The carrying values of deposits and investments are included in the statement of net position as follows:

	2023	2022
Included in the Following Balance Sheet Captions:		
Cash and Cash Equivalents	\$ 9,381,342	\$ 31,026,820
Short-Term Investments	26,880,459	3,196,517
Long-Term Investments	16,235,813	16,929,183
Carrying Value	\$ 52,497,614	\$ 51,152,520

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Hospital's deposit policy for custodial credit risk requires compliance with the provisions of state law.

**LANDER COUNTY HOSPITAL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 DEPOSITS, INVESTMENTS, AND INVESTMENT INCOME (CONTINUED)

Deposits (Continued)

State law requires collateralization of all deposits primarily with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the state of Nevada, or bonds of any city, county, school district, or special road district within the state of Nevada; bonds of any state; or surety bond having an aggregate value at least equal to the amount of the deposits.

Investments

The Hospital may legally invest in direct obligations of and other obligations guaranteed as to principal and interest by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in certain corporate bonds and equity securities.

The Hospital had the following investments and maturities at June 30:

Investment Type	2023			
	Fair Value	Fair Value	Investment Maturities (in Years)	
	Level 1	Level 2	Less Than 1	1-5
Fixed Income Securities	25,742,517	\$ 17,373,755	\$ 1,137,942	\$ 16,235,813

Investment Type	2022		
	Fair Value	Investment Maturities (in Years)	
	Level 2	Less Than 1	1-5
Fixed Income Securities	\$ 20,125,700	\$ 3,196,517	\$ 16,929,183

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Hospital’s investments are not subject to interest rate risk due to their short-term nature.

Credit Risk – The Hospital limits its credit risk by investing only in the money market mutual funds and fixed income securities backed by federal deposit insurance agency and collateral health by a pledging institution described above.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Nevada legislature requires state and local public funds in excess of federally insured deposit insurance to be collateralized. To meet this requirement, the Hospital participates in the Nevada Collateral Pool Program.

Concentration of Credit Risk – The Hospital places no limit on the amount that may be invested in any investment class. At June 30, 2023 and 2022, the Hospital held 100% of its investments in fixed income securities and money market mutual funds.

The Hospital’s deposit and investment policy addresses the above risks.

**LANDER COUNTY HOSPITAL DISTRICT
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NOTE 4 DEPOSITS, INVESTMENTS, AND INVESTMENT INCOME (CONTINUED)

Investment Income

Investment income for the years ended June 30 is comprised of the following:

	2023	2022
Interest Income	\$ 458,326	\$ 300,513
Investment Income (Loss)	322,605	(1,342,946)
Total	<u>\$ 780,931</u>	<u>\$ (1,042,433)</u>

NOTE 5 PATIENT ACCOUNTS RECEIVABLE

The Hospital grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payor agreements. Patient accounts receivable at June 30 consisted of:

	2023	2022
Medicare	\$ 876,299	\$ 2,286,478
Medicaid	672,547	817,610
Other Third-Party Payors	2,187,701	3,724,177
Patients	2,005,274	1,950,098
Subtotal	5,741,821	8,778,363
Less: Allowance for Uncollectible Accounts	(4,226,570)	(6,932,637)
Total	<u>\$ 1,515,251</u>	<u>\$ 1,845,726</u>

NOTE 6 CAPITAL ASSETS

Capital assets activity for the years ended June 30 were:

	2023				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 167,922	\$ -	\$ -	\$ -	\$ 167,922
Buildings and Leasehold Improvements	27,984,572	-	-	-	27,984,572
Equipment	11,849,413	172,657	(7,186)	162,497	12,177,381
Construction in Progress	1,216,499	6,233,549	-	(162,497)	7,287,551
Total	41,218,406	6,406,206	(7,186)	-	47,617,426
Less Accumulated Depreciation:					
Buildings and Leasehold Improvements	16,727,356	1,591,558	-	-	18,318,914
Equipment	4,324,253	358,196	(7,186)	-	4,675,263
Total	21,051,609	1,949,754	(7,186)	-	22,994,177
Capital Assets, Net	<u>\$ 20,166,797</u>	<u>\$ 4,456,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,623,249</u>

**LANDER COUNTY HOSPITAL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 6 CAPITAL ASSETS (CONTINUED)

	2022				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 167,922	\$ -	\$ -	\$ -	\$ 167,922
Buildings and Leasehold Improvements	27,939,996	44,576	-	-	27,984,572
Equipment	11,502,370	105,376	(90,882)	332,549	11,849,413
Construction in Progress	119,220	1,429,828	-	(332,549)	1,216,499
Total	<u>39,729,508</u>	<u>1,579,780</u>	<u>(90,882)</u>	<u>-</u>	<u>41,218,406</u>
Less Accumulated Depreciation:					
Buildings and Leasehold Improvements	14,983,988	1,743,368	-	-	16,727,356
Equipment	4,089,079	326,117	(90,943)	-	4,324,253
Total	<u>19,073,067</u>	<u>2,069,485</u>	<u>(90,943)</u>	<u>-</u>	<u>21,051,609</u>
Capital Assets, Net	<u>\$ 20,656,441</u>	<u>\$ (489,705)</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 20,166,797</u>

Construction in progress as of June 30, 2023 consists of expansion project. Expected costs on the project are approximately \$19.5 million with anticipated completion in August 2025. The projects are being funded through investment reserves and operating cash flows.

Depreciation expense for the years ended June 30, 2023 and 2022 was \$1,949,755 and \$2,069,963, respectively.

NOTE 7 UNEARNED REVENUE

As part of the Hospital's response to the COVID-19 pandemic, it received payments from the CARES Act Provider Relief Fund (PRF), which is administered by the U.S. Department of Health and Human Services. The Hospital received PRF payments in the amount of \$-0- and \$515,177 and recognized revenues in the amount of \$515,177 and \$-0- during fiscal year 2023 and 2022, respectively. The revenues recognized are included in Other Noncapital Grants, Contributions, and Expenses on the statements of revenues, expenses, and changes in net position. The remaining balance of \$-0- and \$994,219 is included in unearned revenues at June 30, 2023 and 2022, respectively. The PRF payments have terms and conditions that the Hospital is required to follow and these funds are subject to audit. Included in the PRF terms and conditions is a potential for repayment of these funds if they are not fully used in line with the terms and conditions. Management believes the amounts have been recognized appropriately as of June 30, 2023.

**LANDER COUNTY HOSPITAL DISTRICT
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NOTE 8 PENSION PLAN

Plan Description

The Hospital contributes to the PERS, a cost-sharing multiple employer defined benefit pension plan covering substantially all employees. The Nevada Revised Statutes (NRS) establish the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained by writing to the plan at 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling 775-678-4200.

Benefits Provided

The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Retirement benefits for employees are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the plan on or after January 1, 2010. Participants are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Participants entering the plan after January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 62 with 10 years of service, at age 55 with 30 years of service, or at any age with 33 1/3 years of service. Postretirement increases are provided by authority of NRS 286.575 - .579.

Contributions

All pay that meets the definition of compensation as defined in NRS 286.025(2) is subject to retirement contribution. New hires in agencies which did not elect the Employer-Pay Contribution Plan (EPC) prior to July 1, 1983, have the option of selecting EPC or the Employee/Employer Contribution Plan. Employees of the Hospital participate in both plans. The contribution requirements of the plan members and Hospital are established by Nevada state statutes. The plan receives an actuarial valuation on an annual basis indicating the contributions rates required to fund the plan on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. The actuary funding method used is the Entry Age Normal Cost Method which is intended to meet the funding objective and result in a relatively level long-term contribution requirement as a percentage of salary. For the years ended June 30, 2023 and 2022, the EPC rate was 29.25%, and Employer/Employee paid contribution method was 15.25%, for the employer and employee. For the years ended June 30, 2023 and 2022, contributions to the pension plan from the Hospital were \$1,081,343 and \$941,562, respectively.

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JUNE 30, 2023 AND 2022**

NOTE 8 PENSION PLAN (CONTINUED)

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

At June 30, 2023 and 2022, the Hospital reported a liability of \$9,781,198 and \$7,185,248, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Hospital's proportion of the net pension liability was based on its 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 Hospital's proportion at June 30, 2022, was 0.08%, which was consistent with its proportion of 0.08% at June 30, 2021. The Hospital's proportion at June 30, 2021, was 0.08%, which was consistent with its proportion of 0.08% at June 30, 2020. For the years ended June 30, 2023 and 2022, the Hospital recognized pension expense of \$1,093,803 and \$908,019, respectively.

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

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,773,599	\$ 9,785
Changes of Assumptions	1,759,539	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	167,118	-
Changes in Proportion and Differences Between the Hospital's Contributions and Proportionate Share of Contributions	-	745,054
Hospital's Contributions Subsequent to the Measurement Date	1,081,343	-
Total	<u>\$ 4,781,599</u>	<u>\$ 754,839</u>

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DBA: BATTLE MOUNTAIN GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 PENSION PLAN (CONTINUED)

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

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 786,490	\$49,969
Changes of Assumptions	2,357,400	-
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	5,793,564
Changes in Proportion and Differences Between the Hospital's Contributions and Proportionate Share of Contributions	-	1,125,787
Hospital's Contributions Subsequent to the Measurement Date	941,562	-
Total	\$ 4,085,452	\$ 6,969,320

At June 30, 2023, the Hospital reported \$1,081,343 as deferred outflows of resources related to pensions resulting from Hospital contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense at June 30, as follows:

Year Ending June 30,	2023	2022
2023	\$ -	\$ -
2024	626,017	(648,943)
2025	595,462	(696,054)
2026	597,281	(651,845)
2027	545,595	(654,476)
2028	505,910	(579,693)
Thereafter	75,152	(594,420)
Total	\$ 2,945,417	\$ (3,825,430)

Actuarial Assumptions

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

Inflation	2.50%
Salary Increases	4.20% to 9.10%, Average, Including Inflation
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females.

**LANDER COUNTY HOSPITAL DISTRICT
DBA: BATTLE MOUNTAIN GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2022 valuations were based on the results of the experience review issued September 10, 2021.

The board of directors of PERS evaluates and establishes expected real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Equity	28%	0.75%
Private Markets	12%	6.65%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Hospital's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The Hospital's proportionate share of the net pension liability has been calculated using a discount rate of 7.25%. The following presents the Hospital's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Hospital's Proportionate Share of the Net Pension Liability			
June 30, 2022	<u>\$ 15,017,339</u>	<u>\$ 9,781,198</u>	<u>\$ 5,460,596</u>
June 30, 2021	<u>\$ 14,305,598</u>	<u>\$ 7,185,248</u>	<u>\$ 1,311,541</u>

**LANDER COUNTY HOSPITAL DISTRICT
DBA: BATTLE MOUNTAIN GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 PENSION PLAN (CONTINUED)

Payable to the Pension Plan

The Hospital reported a payable of \$47,956 and \$64,537 for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2023 and 2022, respectively.

NOTE 9 COMMITMENTS AND CONTINGENCIES

COVID-19 Pandemic

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Hospital, COVID-19 may impact various parts of its fiscal year 2023 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of health care personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Hospital is taking appropriate actions to mitigate the negative impact.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to, or destruction of assets; business interruption; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than torts. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The Hospital has joined together with other providers of health care services to form the Liability Cooperative of Nevada (LiCON), a risk pool (the Pool) currently operating as a common risk management and insurance program for its members. The Hospital pays an annual premium to the Pool for its tort's insurance coverage. The Pool's governing agreement specifies that the Pool will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts. Should a settlement exceed the coverage limit of the Pool, the Hospital obtains additional coverage through the purchase of medical malpractice insurance under a claims made policy on a fixed premium basis.

U.S. GAAP require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Hospital's claim experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

**LANDER COUNTY HOSPITAL DISTRICT
DBA: BATTLE MOUNTAIN GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 10 TAX REVENUE

Lander County collects ad valorem tax and net proceeds of mine tax and remits those amounts to the Hospital. The state of Nevada collects consolidated tax and distributes directly to the Hospital.

Ad valorem taxes are assessed in July and are received beginning in August of each year and become delinquent after June of the following year. A lien on the property is attached at that time.

All mine operations extracting any minerals in Nevada or any royalty recipients will pay net proceeds taxes on actual business from January through December at the actual tax rate as determined by the Department of Taxation and defined in NRS 362. Taxes are appropriated to each county and distributed annually. The county treasurer then apportions to each local government or other local entity their share as determined by NRS 362.

For the years ended June 30, 2023 and 2022, the taxes from mine operators and royalty recipients are reflected in the financial statements on the accrual basis as tax is appropriated or as cash is received.

Net proceed payments from the Department of Taxation are based on estimated reports of extraction and reconciled annually. Credits are applied to future tax payments in accordance with NRS 362.130. The overall financial impact, if any, to the Hospital is not determinable at June 30, 2023 and 2022, and is not reflected in these financial statements.

NOTE 11 RELATED PARTY

The Hospital has an agreement with Lander County, a political subdivision of the state of Nevada (the County) which subsidize the operations for an emergency medical service department (EMS). Under the terms of the agreement, the Hospital receives a monthly subsidy of \$10,000 per month and this agreement remains in perpetuity based on the County fiscal year budget approval. The Hospital is required to report the cost of the EMS department each quarter. In the event the subsidy exceeds the cost, the surplus will be divided evenly between the Hospital and the County.

At the end of each quarter, a settlement between the cost reported to the County and the subsidy may exist. In the event of a surplus, the funds are divided equally. At the end of June 30, 2023 and 2022, the total subsidy from the County amounted to \$175,177 and \$120,000, respectively.

**LANDER COUNTY HOSPITAL DISTRICT
DBA: BATTLE MOUNTAIN GENERAL HOSPITAL
SCHEDULE OF PROPORTIONATE SHARE OF PERS NET PENSION LIABILITY
AND PERS SCHEDULE OF CONTRIBUTIONS
YEAR ENDED JUNE 30, 2023**

Fiscal Year	Hospital's Proportion	Hospital's Proportionate Share	Hospital's Covered Payroll	Hospital's Proportionate Share of NPL as a % of Covered Payroll	PERS Fiduciary Net Position as a % of Total Pension Liability
June 30, 2022	0.08%	\$ 9,781,198	\$ 5,407,255	180.89%	83.83%
June 30, 2021	0.08%	7,185,248	5,352,721	134.24%	86.51%
June 30, 2020	0.08%	10,929,232	5,539,595	197.29%	77.04%
June 30, 2019	0.08%	10,723,325	5,546,055	193.35%	76.46%
June 30, 2018	0.08%	11,313,304	5,605,970	201.81%	75.24%
June 30, 2017	0.11%	11,696,674	6,343,558	184.39%	74.42%
June 30, 2016	0.11%	14,181,148	6,193,205	228.98%	72.23%
June 30, 2015	0.10%	12,248,932	6,588,969	185.90%	75.13%
June 30, 2014	0.10%	9,979,163	6,693,626	149.08%	76.31%

PERS Schedule of Contributions

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
June 30, 2023	\$ 834,516	\$ 814,927	\$ -	\$ 5,407,255	15.07%
June 30, 2022	814,927	814,927	-	5,352,721	15.22%
June 30, 2021	817,731	817,731	-	5,539,595	14.76%
June 30, 2020	757,040	757,040	-	5,546,055	13.65%
June 30, 2019	705,248	705,248	-	5,605,970	12.58%
June 30, 2018	786,464	789,394	-	6,343,558	12.44%
June 30, 2017	789,394	789,394	-	6,193,205	12.75%
June 30, 2016	893,469	893,469	-	6,588,969	13.56%
June 30, 2015	966,469	966,469	-	6,693,626	14.44%

Factors that significantly affect trends in the amounts reported in the schedules:

No matters are reportable.

**LANDER COUNTY HOSPITAL DISTRICT
DBA: BATTLE MOUNTAIN GENERAL HOSPITAL
BUDGET COMPARISON – UNRESTRICTED FUNDS
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATIONS			
OPERATING REVENUES, NET OF PROVISIONS FOR UNCOLLECTIBLE ACCOUNTS	\$ 12,591,045	\$ 13,253,411	\$ 662,366
OPERATING EXPENSES			
Salaries and Other Costs	15,132,231	11,162,666	(3,969,565)
Depreciation	2,069,618	1,949,755	(119,863)
Total Operating Expenses	<u>17,201,849</u>	<u>13,112,421</u>	<u>(4,089,428)</u>
OPERATING INCOME (LOSS)	(4,610,804)	140,990	4,751,794
NONOPERATING REVENUES	<u>4,610,804</u>	<u>7,913,454</u>	<u>3,302,650</u>
EXCESS OF REVENUES OVER REVENUES	<u>\$ -</u>	<u>\$ 8,054,444</u>	<u>\$ 8,054,444</u>
CASH FLOWS			
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from and on Behalf of Patients	\$ 12,178,842	\$ 12,647,868	\$ 469,026
Payments to Suppliers and Contractors	(5,467,260)	(5,129,336)	337,924
Payments to Employees	(9,664,971)	(9,725,508)	(60,537)
Other Receipts, Net	407,400	713,527	306,127
Net Cash Used by Operating Activities	<u>(2,545,989)</u>	<u>(1,493,449)</u>	<u>1,052,540</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Tax Revenues Supporting Operations	4,288,674	8,414,323	4,125,649
Other Noncapital Grants, Contributions, and Expenses	-	49,496	49,496
Net Cash Provided by Noncapital Financing Activities	<u>4,288,674</u>	<u>8,463,819</u>	<u>4,175,145</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(20,437)	(6,406,207)	(6,385,770)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of Investments	(4,214,350)	(22,990,572)	(18,776,222)
Interest Income	307,130	780,931	473,801
Net Cash Used by Investing Activities	<u>(3,907,220)</u>	<u>(22,209,641)</u>	<u>(18,302,421)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(2,184,972)	(21,645,478)	(19,460,506)
Cash and Cash Equivalents - Beginning of Year	<u>24,532,784</u>	<u>31,026,820</u>	<u>6,494,036</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 22,347,812</u>	<u>\$ 9,381,342</u>	<u>\$ (12,966,470)</u>

**INDEPENDENT AUDITORS' 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**

Board of Trustees
Lander County Hospital District
dba: Battle Mountain General Hospital
Battle Mountain, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lander County Hospital District dba: Battle Mountain General Hospital's, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Battle Mountain General Hospital's basic financial statements, and have issued our report thereon dated REPORT DATE.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lander County Hospital District dba: Battle Mountain General Hospital's internal control over financial reporting (internal control) to determine the 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 Battle Mountain General Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of Lander County Hospital District dba: Battle Mountain General Hospital's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lander County Hospital District dba: Battle Mountain General Hospital’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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Lander County Hospital District dba: Battle Mountain General Hospital’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Lander County Hospital District dba: Battle Mountain General Hospital’s response to the findings identified in our audit are described in the accompanying schedule of findings. Lander County Hospital District dba: Battle Mountain General Hospital’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.

CliftonLarsonAllen LLP

Bellevue, Washington
REPORT DATE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH NEVADA REVISED
STATUTES BASED ON AN AUDIT OF FINANCIAL STATEMENTS**

Board of Trustees
Lander County Hospital District
dba: Battle Mountain General Hospital
Battle Mountain, Nevada

We have audited the financial statements of Lander County Hospital District dba: Battle Mountain General Hospital (the Hospital) as of and for the year ended June 30, 2023, and have issued our report thereon dated REPORT DATE.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with Nevada Revised Statutes (NRS) and regulations applicable to the Hospital is the responsibility of management.

In connection with our audit, nothing came to our attention that caused us to believe that the Hospital had not complied in all material respects with NRS 354, including:

- (a) Use of funds established
- (b) Use of U.S. generally accepted accounting principles
- (c) Limitations on reserves
- (d) Recording sources of revenue and transfers available
- (e) Ending retained earning amounts

This report is intended solely for the information and use of the board of trustees, management, and others within the Hospital, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Bellevue, Washington
REPORT DATE