Governor
Joseph M. Lombardo

Members
Treasurer Zach Conine
Director Kristopher Sanchez
Director Tom Burns
Ken Liu
Tracy Holland
Jesse Haw
Matt Kershaw
Blayne Osborn

AGENDA

MEETING OF THE NEVADA STATE INFRASTRUCTURE BANK
May 12, 2025
11:30 A.M.

Locations:
Via videoconference at the following locations:

Nevada State Capitol
Old Assembly Chambers
101 North Carson Street
Carson City, NV 89701

Governor's Office Conference Room
1 State of Nevada Way
Las Vegas, NV 89119

Members of the public may also participate in this meeting virtually through Microsoft Teams, accessible here:

Join the meeting
Meeting ID: 215 971 140 41
Passcode: QDEFMx

Dial in by phone
(775) 321-6111
Phone conference ID: 162 277 408#

Agenda Items:

1. Roll Call

2. Public Comment
Comments from the public are invited at this time. Pursuant to NRS 241.020(3)(d)(7), the Board intends to limit to 3 minutes the time for an individual to speak and reserves the right to impose other reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board is not permitted to deliberate or take action on any items raised during the public comment period until the matter itself has been specifically included on an agenda as an item upon which action may be taken by the Board.

Comments by the public may be emailed to ejimenez@nevadatreasurer.gov by 9:00 p.m. the day before the scheduled meeting and include the commenter's full name. Content may be redacted due to inappropriate language. All written public comments shall, in their entirety, be included as part of the public record.

3. Approval of the minutes from the State Infrastructure Bank Board of Directors meeting from March 25, 2025. **(For discussion and possible action).**

4. Staff report on the operations and administration of the Nevada State Infrastructure Bank, including an update on financing applications received by the Nevada State Infrastructure Bank, and direction to staff as appropriate **(For discussion and possible action).**

   Presenter: Erik Jimenez, Secretary to the Board of Directors

5. Presentation of the staff report required pursuant to Regulation LCB File No. R017-22 for the proposed Grover C. Dils Medical Center Physical Therapy and Patient Clinic Project**,** which was previously submitted to the Nevada State Infrastructure Bank for consideration **(For discussion only).**

   Presenter: Erik Jimenez, Secretary to the Board of Directors

6. Approval of a transfer of $1,950,000 from the Nevada State Infrastructure Bank's Federal Infrastructure Matching Account to the Nevada State Infrastructure Bank's General Account **(For discussion and possible action).**

7. Approval of a loan of $1,950,000 from the Nevada State Infrastructure Bank's General Account to Lincoln County Hospital District Project for the Grover C. Dils Medical Center Physical Therapy and Patient project, and direction to staff as appropriate **(For discussion and possible action)**.

8. Public Comment.
   Comments from the public are invited at this time. Pursuant to NRS 241.020(3)(d)(7), the Board intends to limit to 3 minutes the time for an individual to speak and reserves the right to impose other reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board is not permitted to deliberate or take action on any items raised during the public comment period until the matter itself has been specifically included on an agenda as an item upon which action may be taken by the Board.

   Comments by the public may be emailed to ejimenez@nevadatreasurer.gov by 9:00 p.m. the day before the scheduled meeting and include the commenter's full name. Content may be redacted due to inappropriate language. All written public comments shall, in their entirety, be included as part of the public record.

9. **ADJOURNMENT**

Notes:

STACKED AGENDA: Above is an agenda of all items scheduled to be considered. Unless otherwise stated, items may be taken out of the order presented on the agenda by the discretion of the Chair. Items may also be combined for consideration or pulled or removed from the agenda at any time. Persons who have business before the Commission are solely responsible to see that they are present when their business is conducted.

The Nevada State Infrastructure Bank is pleased to make reasonable accommodations for persons with physical disabilities. Please call (775) 684-5609 or email ejimenez@nevadatreasurer.gov if assistance is required.

In the event there are supporting materials available for items on this agenda, such materials will be produced upon request pursuant to NRS 241.020(7) and (8) by submitting a request via email to ejimenez@nevadatreasurer.gov. Supporting materials may also be available at the Bank's website at https://sib.nv.gov?Board.

Erik Jimenez, Secretary to the Board of Directors may be contacted at (775) 684-5609 to obtain copies of supporting materials, which are available to the public at 101 North Carson Street, Suite 4, Carson City, NV 89701.

THIS AGENDA HAS BEEN POSTED IN THE FOLLOWING PUBLIC LOCATIONS:

- **State Capitol Building, 1st & 2nd Floors, 101 North Carson Street, Carson City, NV 89701**
- **Nevada Legislative Building, 401 South Carson Street, Carson City, NV 89701**
- **Nevada State Library, 100 Stewart Street, Carson City, NV 89701**
- **Blasdel Building, 209 East Musser Street, Carson City, NV 89701**
- **Southern Nevada State Office Building, 1 State of Nevada Way, Las Vegas, NV 89119**
- **Also online at: https://sib.nv.gov and https://notice.nv.gov/.**

BOARD OF DIRECTORS FOR
THE NEVADA STATE INFRASUTRUCTURE BANK

Agenda Item 3
March 12, 2025

Item: Approval of the minutes from the State Infrastructure Bank Board of Directors meeting from March 25, 2025.

Summary:
For approval, please see attached minutes from the Nevada State Infrastructure Bank Board of Directors meeting held on March 25, 2025.

Fiscal Impact: None by this action.

Staff recommended motion:

To accept and approve the minutes of the Board of Directors for the Nevada State Infrastructure Bank meeting from March 25, 2025.

STATE INFRASTRUCTURE BANK

March 25, 2025, 11:30AM

Summary Minutes

Location:
Via videoconference at the following locations:

Old Assembly Chambers
Capitol Building, Second Floor
101 N. Carson Street
Carson City, NV 89701

Governor's Office Conference Room
1 Harrah's Court
Las Vegas, NV 89199

Board Directors & members present:
Treasurer Zach Conine - Las Vegas
Director Tom Burns - Governor's Office of Economic Development – Carson City
Director Kristopher Sanchez - Department of Business and Industry – Teams
Member Tracy Holland - Carson City
Member Matt Kershaw - Teams
Member Blayne Osborn - Carson City
Member Ken Liu - Teams

Others present:

Erik Jimenez:	State Treasurer's Office	Janet Quintero:	United Way of Southern Nevada
Veronica Kilgore:	State Treasurer's Office		
Emily Nagel:	State Treasurer's Office	Maricela Gutrove:	Community Foundation of Northern Nevada
Alex Tancheck:	Silver State Government Relations	John Peterson:	JNA Consulting Group
Mary M. Huck:	Attorney General's Office	Melissa Rowe:	Lincoln County Hospital District
Divya Narala:	Nevada GrantLab		
Isabel Valandez:	Las Vegas Valley Water District	Stephen G. Aichroth:	Nevada Housing Division
Jana Willcox Lavin:	Opportunity 180		
Nic Steele:	Access Community Capital		
Ray Fraser:	Opportunity 180		
Tom Daly			
Matt Lazar:	Community Foundation of Northern Nevada		
Miles Dickson:	Nevada GrantLab		

Agenda Item 2 - Public Comment: No public comment.

Agenda Item 3 – For discussion and possible action: Approval of the minutes from the State Infrastructure Bank Board of Directors meeting from November 11th, 2024.

Motion to approve the meeting minutes from Member Tracy Holland, a second from Member Osborn. Motion passed unanimously.

Agenda Item 4 – For discussion and possible action: Staff Report on the operations and administration of the Nevada State Infrastructure Bank, including an update on financing applications received by the Nevada State Infrastructure Bank, and direction to staff as appropriate.

Since the last meeting in November of 2024, the Bank have successfully dispersed the $5.2 million loan to the Truckee Meadows Fire Protection District that was approved by the board. Staff has dispersed the first fifty percent of the $15.5 million dollar loan approved by the board to the Economic Development Authority of Western Nevada and then will disperse the second half when they hit a forty percent construction milestone.

The Bank has processed a second draw from the city of West Wendover, an additional $202,000 dollars. The West wind over Fire station will be holding a ribbon cutting opening ceremony on May first. It will be the first fully complete project of the Infrastructure Bank, and it is expected that it will be done under budget.

Staff has received one additional application for financing from the bank, the board will hear from that applicant today and we continue to do regular check-ins, and you can see this in the forthcoming charts on our various borrowers and kind of where they're at in the.

In total, the Bank has about $55 million dollars in total funding that's available to the bank. Some of which is earmarked and obligated. After taking into account these existing obligations previously approved by the Board of Directors, as well as expected revenues for the remainder of Fiscal Year 2025, the Bank currently has $6,854,696 in available funds to provide loans and other financial assistance to qualified borrowers.

As of March 20, 2025, the Bank has $55,181,376 in total available resources spread out across the following budget accounts: Operating Account (Budget Account 4672): $74,273.26, Affordable Housing Revolving Account (Budget Account 4673): $25,478,191.06, Charter School Capital Needs Revolving Account (Budget Account 4674): $774,927.04, Federal Infrastructure Matching Account (Budget Account 4675): $5,180,421.29, State Infrastructure Bank General Account (Budget Account 4676): $9,354,942.23, MLB Stadium Credit Enhancement (Budget Account 1106): $14,318,621.03

Of these balances, the Affordable Housing Revolving Account (Budget Account 4673) has an outstanding $25,000,000 obligation for the Desert Pines Infrastructure Project. Similarly, the State Infrastructure Bank General Account (Budget Account 4676) has $1,492,547.01 remaining for obligation for the West Wendover Fire Station/Emergency Operations Center Project as well as an additional $7,750,000 in outstanding obligation for the TRI-GID Processed Water Extension Project.

After accounting for all of the loans that have previously been approved by the Board of Directors, the Bank has $118,742 of initial bond proceeds remaining. Additionally, the Bank has/will earn an additional $6,735,954 in revenues from loan origination fees, interest payments, principal payments, and investment earnings; which the Board can also choose to utilize to provide additional loans and financial assistance to qualified borrowers.

Governor Lombardo has proposed $150 million in his recommended budget to go towards additional capitalization of the Bank. These proposed funds, if approved by the Legislature, would come through the issuance of state general obligation bonds through the 2025 Capital Improvement Program.

As proposed in the Governor's Recommended Budget, the additional $150 million to support the Bank would be utilized in the following ways: An initial $75 million would be available to the Bank for loans and other financial assistance to qualified borrowers for projects related to transportation facilities, utility infrastructure, water and wastewater infrastructure, renewable energy infrastructure, recycling and sustainability infrastructure, digital infrastructure, K-12 school facility, social infrastructure and/or other infrastructure related to economic development. The remaining $75 million would go to support a proposed Community Infrastructure Investment Fund intended to support rural workforce housing projects and/or economic development infrastructure through forgivable loans. More information about this proposal will be set forth in the Governor's upcoming Economic Development and Policy Reform Act (BDR 32-1070).

As part of the discussions that Bank staff has been undertaking with members of the Legislature related to budget closing process, the Legislature has indicated a desire to shift the Bank's funding mechanism related to staffing from the Bond Interest and Redemption Fund (Budget Account 1082) to revenues received by the Bank for loan origination fees and interest payments from qualified borrowers.

Bank staff has been working with Legislative fiscal staff on this proposed shift and feels comfortable that the Bank has sufficient revenues to cover all staffing needs for the upcoming FY26-27 biennium.

In included below is a table expressing all of the Bank's actual and anticipated revenues for each component of the loans that have been previously approved by the Board of Directors.

Presenter: Erik Jimenez, Chief of Policy, State of Nevada Treasurer's Office

Agenda Item 5 – For discussion only: Update presentation on the Nevada Facilities Fund project from Opportunity180 and the Equitable Facilities Fund (**For discussion only).**

Janna Wilcox-Lavin the CEO of Opportunity180 presentation to give an update on the Nevada Facilities Fund. The NSIB provided funding the NFF to ensure equitable financing options for public charter school facilities. Slide two of the presentation showed how the $15 million dollars from the State Infrastructure Bank was leveraged to ensure $100 million dollar loan fund, then additional assurances to protect the state's investment were brought in through Federal credit enhancement dollars obtained by the US Department of Education.

Slide three shows the process of how the program works, how schools are evaluated, and selected for financing. They have closed three loans serving currently almost 1,600 students and at maximum capacity. At maximum capacity, we will serve about just about 2,300 students with the funds that have been allocated so far. Shows some parameters in their loan agreement around the student population served. So 93% of those students identifying as person of color. 29% as English language learners. 13% of students with an IEP and ninety five percent of students who qualify for free and reduced lunch so significantly exceeding the goals that the loan framework set out to date.

Treasurer Conine: "Miss Wilcox-Lavin, if you could, how does that compare to CCSD or Washoe County School District or any of the school districts? Do you have that off hand?"

Jana Wilcox-Lavin: "So I would say these numbers, except for special education, are higher than our school districts. I don't have the exact numbers off hand, but I could get them very quickly. In general, I would say, however, that our County School districts serve a much broader population than the schools that we have chosen to serve through this fund. So that isn't unexpected that there would be that comparison. So, these funds are dedicated towards schools that are serving our highest needs communities. So, we would anticipate that the population of students would skew with higher needs."

Jana continued on with the presentation. The three schools that were prioritized in their application, that were included in their launch event and are the first three schools that received funding were: Futuro Academy in Las Vegas, Mariposa Language & Learning Academy in Washoe County, and Beacon Academy which now has two locations in Clark County. They have a few schools that are currently in their diligence process. Opportunity180 works with a variety of schools across the state, the Equitable Facilities Fund, and their team do the diligence and underwriting process. They propose schools to be considered, and they come through a pipelining process and then are evaluated their likelihood of success in receiving the dollars. The slide showed the next three schools in their pipeline that plan on reaching.

One of the positive unintended benefits of this part public private partnership and what has come to be. What can be seen is that through the development of the Nevada Facilities Fund and equitable access to facility financing, we have the Facilities Fund they were able to, through our federal credit enhancement dollars, activate a lease guarantee program for charter schools that are early stage in renting or leasing buildings where we subsidized their lease payments to allow them the opportunity to negotiate better lease deals, which then prevents them from going into debt, which then makes them better candidates for the facility fund over time. There is evidence of development of a facility financing ecosystem that has been generated specifically in response to what other financing institutions are seeing as Nevada 's commitment to a revolving loan fund such as this, and that's leading to lower cost of financing overall. Which is cost savings that are going directly to kids in the classrooms and no longer in buildings, which will lead to better outcomes for kids.

The next slide showed an overview of their lease guarantee program. They currently have one school and that's received a lease guarantee, with three currently in the pipeline for review, and these are early-stage schools, meaning brand new startup schools.

The next slide is a quick example of the ecosystem. What we're calling the ripple effect, which is how we see the financing, the facility financing ecosystem for charter schools growing and becoming more stable as a result of the investment that the Bank made to launch this fund. They have new financing institutions that are interested in making infrastructure investments here specifically for charter schools that maybe don't qualify for the Nevada Facility fund or fall outside of the student population parameters. For the first time there is a national institution that came to them to look for a school to invest in to ensure that that school has an equitable facility financing platform to continue to serve students.

Vegas Vista Academy, a new school serving a high needs population was able to purchase a building of a closed charter school through a national financial institution that is only made possible by the information that the existence of this Facility Fund program and the vision that the Bank and its Board had in bringing together this public private partnership.
Ms. Wilcox-Lavin then ended the presentation and asked if there were any questions.

Treasurer Conine: "Thank you. And let me just start off by saying that I think that this board has talked a lot about the potential of using leverage, right, the potential of our dollars helping to create something a little bit bigger than our dollars are directly. And I think both what able to do with the Nevada Facilities Fund. Thanks to you all, to EFF. And now these secondary tertiary market impacts are exactly I think what we were going for when we reconstituted this bank in 2021. So, thank you for that, it's nice when other people prove you right. Any questions from members in Carson City?"

Member Osborn: "Thank you, chair Blayne Osborn for the record, just a quick question. Can you tell me a little bit what the repayment provisions look like at the timelines for these loans that you've already done?"

Ms. Wilcox-Lavin: "Sure, they're all based on thirty-year loans, so standard term loans. Obviously this is a revolving fund. So the money that is repaid can then be capitalized to serve future students. We built out the financial model such that our agreement with the State Infrastructure Bank is for twenty years and so we anticipate the leverage, and the build would have will give us the additional ten years to support these schools through the overall fund."

Osborn: "Perfect. Thank you."

Treasurer Conine: "Any additional questions from members? How about online or in Las Vegas? Any questions from members? All right, seeing none. Thank you."

John Peterson from JNA Consulting group begun the presentation for a new clinic and physical therapy building for the Grover C Dills Medial Center which is the operating name for the Lincoln County Hospital District in the State of Nevada.

Presenters: Jana Wilcox Lavin, Opportunity180
Ray Fraser, Opportunity 180
Mike McGregor, Equitable Facilities Fund

<u>Agenda Item 6 – For discussion only:</u> Presentation by the Lincoln County Hospital District on the proposed Grover C. Dils Medical Center Physical Therapy and Patient Clinic project (**For discussion only).**

Treasurer Conine: "Move on to agenda item number six, a presentation by the Lincoln County Hospital District on the proposed Grover C Dills Medical Center, physical therapy and Patient clinic project. And before we open that agenda item, I'll turn it over to Member Osborn."

Member Osborn: "Blayne Osborn, for the record. I need to make a disclosure that in my private employment, I am the President of Nevada Royal Hospital partners and in that capacity, we work with Lincoln County, Grover C Dills Medical Center. And so, if this item moves forward, I will recuse myself from taking any action on it. Thanks."

Treasurer Conine: "Thank you Member Osborn."

John Peterson with JNA Consulting Group started the presentation for the Grover C Dills Medical Center which is operating name for the Lincoln County Hospital District in the state of Nevada for a new clinic and physical therapy building.

This new clinic primarily is to expand patient access in rural Nevada specifically expand access and Caliente. So far, the hospital district has received approximately $3.7 million in grant funding from. NHS and this is a $5.7 million project. This project is being brought to the Nevada State Infrastructure Bank today to present this project and a request for a loan up to $1.95 million. Mr. Peterson then handed the presentation off to Melissa Rowe.

Melissa Rowe is the administrator and CEO at Grover C. Dills Medical Center. They are a critical access hospital serving a community of approximately 4,800 people. The current facility is made-up of a four acute bed facility. Three of those are swing beds, and they have 16 long term care beds. They offer radiology, lab services, and a broad array of other services.

They do have two additional clinics, one is located there in Caliente, the other is located in Alamo NV, which is 50 miles away from the site of the potential facility. The reason for the new construction and build would be to expand their services. They are currently in a 5000 square foot building located on the same campus as their hospital. The new build would be approximately 10,000 square foot clinic, which would also house the clinic and providers at this time, but also their physical therapy. Their existing space is minimal and the space that is used for physical therapy is off campus and is a leased space. This project would bring those services under one roof, while also allowing them to expand services, such as bringing in telehealth services as well as additional providers that could come in and provide specialty services to the rural community.

There was a brief pause for questions regarding the project or the financing. There was no questions or comments.

Mr. Peterson then took back over the presentation. The proposal is to issue a revenue bond from Grover C Dills Medical Center to the State Infrastructure Bank. The revenue bonds are secured by a lien on a specific revenue. The reason that this path has been chosen is that the general obligation capacity within Lincoln County, the county overall, is at the three 366 debt or tax rate limit. Meaning that there is no ability for them to levy an additional property tax to repay this bond. The proposed revenues that will repay this bond are patient revenues and other operating revenue of the hospital district. The lien on the patient revenue is net of bad debt allowances and required contractual adjustments. This bond would not be a general obligation of either the hospital district or Lincoln County. Because it is a revenue bond and not a general obligation bond it does not apply against any debt limit that's described in state statute for the hospital district.

Their request is a 15-year repayment with final repayment anticipated on June 1st of 2040. Currently, the estimated interest rate is 4%. Which is above the current market rate based on the policies that the SIB is set for originating these loans in our annual payment is approximately $174,000 per year. The makeup of that annual $174,000 between principal and interest, with the assumption that the loan closes by the end of the current fiscal year. The next slide showed some backup for the revenues that are pledged to repay this bond. The pledge revenues are patient revenues, some other operating revenues and interest income that the hospital district receives in fiscal 2024 the last full year audit that was completed for the hospital district. The pledged revenues are approximately $8.4 million, and these bonds are paid first. This is before any operating expenses are deducted showing a generous efficiency of revenues to repay this bond. In fiscal year 2025, whereas they have budgeted for pledge revenues to be $9.6 million and from behind the scenes for the hospital district, obviously once the debt payments are made, the hospital district does have operating expenses that it has to pay and it also has other revenues that it receives that for various legal reasons we would not pledge this bond. Those include property taxes, consolidated taxes and grants and donations that the hospital receives.

So overall, we think this is a very safe repayment stream that will be available to the Infrastructure Bank to repay this $1.95 million loan. The last slide is the project schedule. They have been working through the required authorization steps that are within statute. The county Debt Management Commission met the week prior to the Board meeting and did approve the request. Meaning that they satisfied all of the external approvals that the hospital district is required to receive before we can sign off and approve a loan by the hospital board. If the State Infrastructure Board recommends that we bring this financing back at a future meeting, they would propose the hospital board adopts their bond documents at the end of April so it would be able to bring this back to the May meeting of the Infrastructure Bank for approval on that end, and then with financial close in June of 2025 and ultimately with award of the contract and construction beginning by the end of the calendar year.

Mr. Peterson then opened the floor for questions.

Treasurer Conine: “I’ll start with one. Just confirming is that revenue pledged to any other purpose other than just the operations of the business?”

Mr. Peterson: “There are no other bonds that have a lien on the pledged revenue. I think that's a question you're asking, Treasurer.”

Treasurer Conine: "That that was a question. Thank you. Any questions from Members, Member Burns?"

Member Burns: "Thank you, Mr. Chair. Thank you for the presentation. Can you describe your staffing model and the source of your staff to live in Lincoln County? Or do they travel in from elsewhere. What does that look like?"

Ms. Rowe: "Melissa Rowe for the record, we currently do employ most of our staff. We do have a couple of nurses that do travel in from Utah, but most of our staff are employed full time with us. We are blessed in that area to have that and be able to say that. Our doctors are also employed by us as well, so we do have two, two staff positions as well as 4 mid-level providers do work and live in Lincoln County."

Member Burns: "Terrific. Thank you. One other question we described showed the revenue flows from the most recent two years and then the projected for next year. What is the profitability look like in those years?"

Ms. Rowe: "You know what? I would have to look at our we are actually in the Bronx process right now, but. Gosh, I don't have that information right in front of me, but I would be happy to provide that to the board."

Member Burns: "That would be helpful. Thank you."

Ms. Rowe: "You're welcome."
Treasurer Conine: "And I think we can make sure that that's part of the review of the application process. We can cover that as well. Any other questions from members? How about online? All right, not seeing any. John, Melissa, any closing thoughts?"

Seeing none, the Treasurer closed Agenda Item 6 and opened Agenda item 7.

Presenters: Melissa Rowe, Administrator and CEO - Grover C. Dils Medical Center
John Peterson JNA Consulting Group

Agenda Item 7 – For discussion and possible action: Presentation by Access Community Capital on the proposed Nevada Non-Profit Loan Fund project (**For discussion only).**

Nick Steele began the presentation with a quick overview of the project. He is the Executive Director of Access Community Capital, joined by two partner organizations in this proposal, the Nevada Grant Lab and the Community Foundation of Northern Nevada. This proposal is taking a proactive approach to solving and addressing one of the issues that currently exists and is an issue in the near term and nonprofits facing a shortage of access to capital to scale their operations and to expand programming. Often, nonprofits are in a position where they are receiving grant funds but don't have the working capital or liquidity in hand, or on their balance sheet to be able to ramp up and satisfy and perform on those on those grants. And oftentimes are left out of the traditional financial ecosystem and our proposal is to establish a non-profit loan fund dedicated to serving the nonprofits throughout the state

of Nevada by providing this much needed liquidity.

Mr. Steele then passed the presentation off to Miles Dickson. The CEO and founder of Nevada Grant Lab.

> **Mr. Dickson:** "I want to offer a little bit of framing, which is I know that this board often hears programs and proposals a couple times and sometimes when they first get to you, they may be a little bit more advanced than we are. I want you to know that we are building this as we go. Reason we're building this as we go is that we've believed this has been important for at least the last year. But frankly, as a result of the fast-changing landscape in DC relative to federal funding, we have an even greater urgency of trying to bring this online so. We appreciate the indulgence in bringing at this stage. We look forward to bringing a more buttoned up and finalized proposal in the future and we sure hope that you'll provide feedback and questions this afternoon that help us do that."

He went on to talk about the project. State and local governments rely on non-profits throughout the state to deliver a wide range of services. Whether that is arts, affordable housing, or workforce development, among others. This state relies on its non-profit partners to deliver services throughout Nevada. Typically, the way that reliance looks is, government grants and contracts that provide funding for approved services, these are often competitively bid programs, meaning they are being performed pursuant to an appropriately authorized contract. The payment structure is where the issue is that they are trying to address with the loan fund. The vast majority of government grants are set up on a reimbursement basis, which means an organization incurs costs, and then ultimately gets repaid for those at a later time. They are working this session with their partners at United Way of Southern Nevada and nonprofits across the state to advance AB442, which seeks to streamline the payment processing from state to non-profit. If that passes, this will project still be needed. More than five hundred non-profits in Nevada received more than $1.25 billion in government grants in 2021 alone.

There is an entire ecosystem of organizations that are capable of doing this work but face a regular liquidity challenge as they await any time from 60 to 120 days to get reimbursed for the cost they incurred. The median nonprofit in Las Vegas has less than 90 days cash on hand. If those non-profits are needing to wait more than those 90 days, that becomes a matter of making payroll or not. And I can tell you as an organization that works in this space every day. In those situations, these organizations that are facing challenges of making payroll, paying their vendors, end up need to take out relatively expensive loans, if they can find and be qualified for them. Their objective is to address this problem. Their goal is to leverage low-cost capital including from sources like the Nevada State Infrastructure Bank as well as foundations and community intermediaries. All three organizations have an intent to invest in this project.

The focus is on short-term bridge loans so that organizations can keep going and or progress while they wait for payments. As a team of three organizations, they are well positioned to promote this program throughout the state. With their partners in the North, Grant Lab is based in the South, and Access is statewide, but also to provide training and technical assistance that not only reduces the risk, but in the long term builds the strength and sustainability of the sector. Their goal is to provide a solution that reduces non-profits cost of capital, as well as increasing their access to capital.

Mr. Dickson then passed the presentation back to Mr. Steele.

They have done extensive research with partners in other regions to understand some of the mechanics behind servicing the nonprofit sector via nonprofit loan funds. What they are looking to do is leverage collective experience providing technical assistance, as well as providing capital so that they can be stewards of this investment. Their proposal is looking at an investment structure where they are capitalized by several different sources. As previously mentioned, all three organizations are committed to participating in an investment capacity and along with the State Infrastructure Bank they can become a sustainable loan fund. To do so, what is being proposed is an investment from the Nevada State Infrastructure Bank of $2.5 million. With a matched investment across the three organizations of $2.5 million, which leverages the initial investment from the State Infrastructure Bank, bringing that to a total capitalization of $5 million. With conversations with other foundations and other organizations, as to leverage that money. They anticipate by the end of this proposed period that they will be able to leverage this initial investment 3-fold.

Mr. Steele, Mr. Dickson, and Mr. Lazar then went over each of their organizations, who they serve, and how they work together to reach the shared goal. Mr. Lazar then paused for any questions the members had.

Treasurer Conine: "Thank you so much, Mister Dickson. Thanks to the other presenters for being here, and Mister Steele for joining us online. Sort of an interesting idea, right? Not a building necessarily or an actual box. Not money going into capital projects, but money perhaps helping to smooth out some of the difficulties that these non-profits are facing. So, thank you. I know we've been talking about this for quite some time. I'm in in different ways and forms. I'm interested to see where it goes from here."

Member Osborn: "Thank you, Mr. Chair. I'm just out of an abundance of caution. Now that I'm understanding this proposal a little more. I'm going to make another disclosure that in my private employment, I am the President of Nevada Royal Hospital partners. And in such, we operate our own nonprofit 501c3 foundation that, if I'm understanding correctly, would be eligible for this type of a program in the future. And so, I will continue to check with legal counsel. But at this time, I'll recuse myself from taking any action on this item."

Treasurer Conine: "Thanks. Perfect, Mister Osborn. I don't expect we'll do any action today, so should be all right there. Mr. Burns?"

Member Burns: "I love your idea. So, thank you for being innovative and bringing it forward as I asked this question, I don't have an outcome that I'm looking for. I'm just trying to be informed, is there, is there a character of not-for-profits that you would that would not be eligible? The ones that you described, Mister Dixon tend to do services on behalf of the needy and you're waiting for you know, governmental payments, and I recognize how slow they are. I get that, and the gaps it creates in cash flow. There are others, obviously, that don't get their cash flow from that source. So are there folks that would not fit your model or that you anticipate recognizing that could change someday?"

Mr. Dickson: "I'm happy to take that, Miles Dickson. I think that we are not yet at the stage where we've defined who is not eligible. I think what we are focused on, is what we are trying to achieve, which is smoothing the liquidity challenges for nonprofits that receive government grants. The majority of them, you're right, are on the services side. I think we have been really focused on short term i.e. thirty days to twelve-month loans that really directly respond to an organization that has a contract in hand, with an invoice that they have presumably submitted or about to submit to a state agency or a local government and will be awaiting payment. I think that's our bullseye. And in that sense, I assume most of them will be social services-oriented organizations."

Treasurer Conine: "And Member Sanchez, I see you have a question. One quick clarification for Mister Dixon. Could you maybe take the board through the process of a nonprofit getting reimbursed from the state? Just what those steps are and how much time they can take and how it is deeply not the fault of the Nevada State Treasury."

Mr. Dickson: "Well, I know you're on a time limit today, so I'll make the short version. When states issue government grant contracts, typically it requires organizations to incur those costs, and then they document those costs. The document requirements are not simple, they're often handed down by federal grants, and I want to acknowledge state staff that while we would love to see, and we are working on legislation to get in place expectations for prompt payment and advance payment. I think it has to be acknowledged that the state also lacks the personnel and IT infrastructure, it needs to do this work really well. All the same, organizations submit, perhaps on the sixth or seventh of the following month, a request for reimbursement for work that they've performed pursuant to a contract issued by the state to serve people that we all agree need served with certain services, and then they wait sixty, ninety and more days to get paid. That is tough for any business. I can tell you it is especially tough for a non-profit that often lacks access to capital. And it is not the Treasurer 's fault.

Treasurer Conine: "Thank you, Mister Dickson. I just want to make sure everyone heard that and then we'll move on to member Sanchez."

Member Sanchez: "Miles, Nick, good to see you guys, it's been a while, I appreciate the proposal and also kind of coming up with the new and innovative way to address this challenge. I guess my question kind of, or series of questions, I don't kind of related to the same thing, which is a risk management side of it. So just curious, how did you come up with the overall $5 million in in total and the $2.5 million from the Infrastructure Bank? And then, you know, there's a great deal of need as you, as you've articulated, there's quite a number of nonprofits in Nevada. Is there going to be in some sort of like impact qualification. I mean your finite resources, a lot of a lot of demand on those resources. Is this going to be first come, first serve? Have you guys' kind of gotten that far into the planning and how you kind of envision this thing working in on the practical sense?"

Mr. Steele: "Sure, I'll take a stab. Thanks for the question, Director Sanchez. I'll take a stab at the at the first part and then Miles, if you can jump in and address the impact considerations. From a pure notional standpoint, we looked first to what the expense side was. So, what's the expense of actually administering a statewide fund? What's the administration? What's the expenses related to marketing, to servicing, to underwriting, to doing the reporting that's necessary to administer a fund. We looked at a 5-year time period, and really, when we were thinking about the duration of the of

loans, we thought about what constraints would Access Nevada, Grant Lab, the Community Foundation of Northern Nevada, as well as the State Infrastructure Bank have on deploying capital? So, if we were to receive capital for purposes of the administering this loan fund, how long of a period would we be able to deploy capital? And so, we thought a 5-year duration was a short enough period of time to be able to demonstrate that this was a viable product that is sustainable and had some key characteristics that would enable us to generate impact. As Miles mentioned, we're looking at shorter term loans, which also reduces the risk profile for non-profit borrowers. And so, we're looking at contracts, non-profits that have contracts with liquidity gaps of 30 days to 180 days, maybe a Max of one a year. Then that also reduces the risk profile for those borrowers and being good stewards of capital was important for us. Well, going back to the expense side, we anticipate the annual cost of operating the loan fund at around $250 to $300 thousand. At least in the model that we built thus far, and so building the loan fund at a $5,000,000 notional with a 4% interest income. So and this is just using the assumptions that are built right now into the model of a 2% loan to loan fund and then a six percent rate to a non-profit organizations, which would still be extremely low and accessible for nonprofit organizations, that 4% spread allows us to pay for the operations without asking for capital from the state or from banks or foundations to support operations, and so that $5,000,000 threshold gave us enough notional with the interest rate to be able to cover those expenses."

Mr. Dickson: "Very quickly, director Sanchez Miles Dixon to address your impact question. I think our top objective is to address the known opportunity and challenge which is liquidity related to federal or to government grants. I think that if and when we maximize the five-million-dollar utilization and demonstrate that this is not only needed, but it is itself impactful, I think we could start considering some sort of secondary layer of prioritization, but our top priority is to make access to capital more streamlined and straightforward to non-profits that we believe currently are underserved."

Member Sanchez: "Great. I thank you both for that very helpful."

Treasurer Conine: "Thank you, Member Sanchez. Any additional questions from members? Is that member Kershaw?"

Member Kershaw: "Thank you, Mr. Chair. As far as being able to is there, is there a mechanism in place or would there be a mechanism in place to collateralize those grants? Is that a possibility or is this based on you know, hey, it's due in 90 days and you just need to make the payment at that point in time? How does that part of it work?"

Mr. Steele: "Yeah, that's a great, great question Member Kershaw. To be honest, we haven't quite finalized what that that looks like from a collateralization standpoint. I will say part of our conversation now is leaning on our experience of establishing loan funds for in similar situations on the for-profit side, and a good example is we do a number of loans to contract what's called our contract financing, which is very similar to and, it's also very similar and akin to the loan fund that we established for child care providers to mitigate the risk. In understanding that non-profit organizations, as well as some of the other smaller businesses or childcare facilities, may not have the collateral to guarantee a loan, even a short, dated loan. Some of the things that can be done from a risk mitigation standpoint are working with and verifying the actual source of revenue. And so for

example, if a non-profit has received a contract from a state government, making sure that the verification process for that source of revenue is the most critical piece of our underwriting in certain circumstances if we believe that the non-profit from a balance sheet standpoint, still may not be the most optimal from a credit profile standpoint, you can still do other things, you can have assignment agreements with agencies or organizations, such that the revenue passes through our loan fund 1st and then gets dispersed to the borrower. And so, I think there are some things that we can bring into fold to mitigate risk. Sometimes those things come about through conversations that both CFNN and Nevada Grant Lab would be having with the applicant during that process so that we can really get a good sense of the credit quality of those potential borrowers."

Member Kershaw: "Perfect, thank you."

Treasurer Conine: "Thank you, Member Kershaw. All right, Members, I know we are going to have other conversations about this in the future. There any other questions burning a hole in your pocket right now otherwise? Member Osborn? Good, all right. With that, thank you all very much for taking the time to be here today and for staff for working on yet another innovative idea of the Nevada State Infrastructure Bank. I will close that agenda and move on to our second period of public comment."

Presenters: Nic Steele, Executive Director – Access Community Capital
Miles Dickson, CEO & President – Nevada Grant Lab
Matt Lazar, Chief Financial Officer – Community Foundation of Northern Nevada

Agenda Item 8 - Public Comment: No public comment.

Meeting Adjourned at 12:04 p.m.

BOARD OF DIRECTORS FOR
THE NEVADA STATE INFRASUTRUCTURE BANK

Agenda Item 4
March 12, 2025

Item: Staff report on the operations and administration of the Nevada State Infrastructure Bank, including an update on financing applications received by the Nevada State Infrastructure Bank, and direction to staff as appropriate.

Summary:
Please see the attached staff report on the operations and administration of the Nevada State Infrastructure Bank.

Fiscal Impact: None by this action.

To: Board of Directors of the Nevada State Infrastructure Bank
From: Erik Jimenez, Secretary to the Board of Directors
Date: May 7, 2025
Re: State Infrastructure Bank – Agenda Item 4 – Staff Report

The following report has been prepared by Bank Staff to detail the administration and operations of the Nevada State Infrastructure Bank since the last meeting of the Board of Directors in November 2024.

Administration / Operations:
Since the last meeting of the Board of Directors, staff from the State Treasury has worked to ensure that the Bank's operations have continued seamlessly by working to service the Bank's public-facing website, serving as staff to the Board of Directors, evaluating financing applications that have been submitted by potential borrowers, and working to increase the awareness of the Bank to local governments, Tribal governments, and non-profit organizations.

Since the last Board meeting on March 25, 2025, staff has:

1) Worked with the Lincoln County Hospital District to finalize its application for potential financing from the Grover C. Dils Medical Center for the proposed Clinic and Physical Therapy Building Project, which will be up for the Board of Director's consideration at its May 12, 2025, meeting.

2) Conducted regular check-ins with current borrowers of the Bank on status updates on projects that have been approved for loans by the Board of Directors; and

3) Continued to meet with prospective borrowers on projects that may be submitted to the Board of Directors for its consideration; and

State Infrastructure Bank Financial Overview:
As of March 7, 2025, the Bank has $55,169,574 in total available resources spread out across the following budget accounts:

- Operating Account (Budget Account 4672): $74,273.26
- Affordable Housing Revolving Account (Budget Account 4673): $25,478,191.06
- Charter School Capital Needs Revolving Account (Budget Account 4674): $774,927.04
- Federal Infrastructure Matching Account (Budget Account 4675): $5,180,421.29
- State Infrastructure Bank General Account (Budget Account 4676): $9,354,942.23
- MLB Stadium Credit Enhancement (Budget Account 1106): $14,318,621.03

Of these balances, the Affordable Housing Revolving Account (Budget Account 4673) has an outstanding $25,000,000 obligation for the Desert Pines Infrastructure Project. Similarly, the State Infrastructure Bank General Account (Budget Account 4676) has $1,492,547.01 remaining for obligation for the West Wendover Fire Station/Emergency Operations Center Project as well

as an additional $7,750,000 in outstanding obligation for the TRI-GID Processed Water Extension Project.

After taking into account these existing obligations previously approved by the Board of Directors, as well as expected revenues for the remainder of Fiscal Year 2025, the Bank currently has $6,854,696 in available funds to provide loans and other financial assistance to qualified borrowers.

A table outlining the various budget accounts, accrued interest, and allocated amounts can be found below:

Account	Balance as of 5/7/25	Amount recently allocated, yet to be spent	Remaining Unobligated Amount
State Infrastructure Bank Operating Account (BA 4672)	62,471.56		
Affordable Housing Revolving Account (BA 4673)	25,478,191.06	25,000,000.00	478,191.06
Charter School Capital Needs Revolving Account (BA 4674)	774,927.04	0.00	774,927.04
Federal Infrastructure Matching Account (BA 4675)	5,180,421.29	0.00	5,180,421.29
State Infrastructure Bank General Account (BA 4676)	9,354,942.23	9,242,547.01	112,395.22
MLB Stadium - Credit Enhancement (BA 1106)	14,318,621.03	0.00	14,318,621.03

Total Funds Available to the Bank	**$55,169,574**
Total anticipated obligated amount for the MLB Credit Enhancement	**$14,318,621**
Total anticiated staffing/admin costs for remainder of FY25	**$62,472**
Total obligated funds for previously approved projects	**$34,242,547**
Expected repayment income/fees on Loans for remainder of FY25	**$308,761.00**
Total unobligated funds which could go towards future loans/admin costs	**$6,854,696**

Outstanding Loans: The Bank was initially capitalized with $74,620,742 in general obligation bond proceeds to provide loans and other financial assistance to qualified borrowers. To date, the Board of Directors has approved seven loans for a total of $74,502,000. Of this amount, Bank

staff has disbursed $40,259,453 to qualified borrowers so far and has an additional $34,242,547 in allocated funds remaining to disburse.

After accounting for all of the loans that have previously been approved by the Board of Directors, the Bank has $118,742 of initial bond proceeds remaining. Additionally, the Bank has/will earn an additional $6,735,954 in revenues from loan origination fees, interest payments, principal payments, and investment earnings; which the Board can also choose to utilize to provide additional loans and financial assistance to qualified borrowers.

All of the outstanding loans that have been previously approved by the Board of Directors, is expressed in the table below:

Account and Borrower Information	Project	Approved Loan	Term	Interest Rate	Origination Fee
State Infrastructure Bank General Account (BA 4676 - $40.0 Million Initial Bond Funding)					
City of West Wendover	Fire Station Emergency Operations Center	$ 1,750,000	10 years	3.65%	$ 17,500
SafeNest Temporary Assistance for Domestic Crisis, Inc.	One Safe Place Project	$ 5,000,000	10 years	3.42%	$ 50,000
Truckee Meadows Fire Protection District	Hidden Valley Station: Apparatus Bay Project	$ 5,252,000	25 years	3.11%	$ 52,520
Economic Development Authority of Western Nevada	Tahoe Regional Industrial Center-General Improvement District: Processed Water Extension Project	$ 15,500,000	11 Years	3.20%	$ 155,000
	Total for State Infrastructure General Account:	**$ 27,502,000**			
Affordable Housing Revolving Account (BA 4673 - $20.0 Million Initial Bond Funding)					
The Northern Nevada Building and Construction Trades Council Development Corporation	Carville Park Apartments	$ 7,000,000	30 years	5.00%	$ 70,000
Urban Strategies LLC	Desert Pines Infrastructure Project	$ 25,000,000	35 years	4.51%	$ 250,000

	Total for Affordable Housing Revolving Account	**$ 32,000,000**			
Charter School Capital Needs Revolving Account (BA 4674 - $15.0 Million Initial Bond Funding)					
Opportunity 180	Nevada Facilities Fund	$ 15,000,000	20 years	1.50%	$ 150,000
	Total for Charter School Capital Needs Revolving Account	**$ 15,000,000**			

Total amount Bond Proceeds Received	**$ 74,620,742**
Total amount for SIB Loans Approved as of January 22, 2025	**$ 74,502,000**
Amount of Bond Proceeds Remaining	**$ 118,742**

Total Amount of SIB Loans Approved as of May 7, 2025	**$ 74,502,000**
Total Amount of SIB Loan Disbursements as of May 7, 2025	**$ 40,259,453**
Amount remaining to disburse for previously approved loans	**$ 34,242,547**

Anticipated Bank Revenues: Additionally, included below is a table expressing all of the Bank's actual and anticipated revenues for each component of the loans that have been previously approved by the Board of Directors.

Nevada State Infrastructure Bank: Actual and Estimated Loan Revenues FY24-27				
	FY 2024 Actual	**FY 2025 Actual/Estimated**	**FY 2026 Estimated**	**FY 2027 Estimated**
Carville Park: Loan Origination Fee	$ -	$ 70,000	$ -	$ -
Carville Park: Interest Payments	$ -	$ -	$ -	$ 939,075
Carville Park: Principal Payments	$ -	$ -	$ -	$ -
Opportunity 180: Loan Origination Fee	$ 150,000	$ -	$ -	$ -
Opportunity 180: Interest Payments	$ -	$ 1,500	$ 1,500	$ 1,500
Opportunity 180: Principal Payments	$ -	$ -	$ -	$ -
City of West Wendover: Loan Origination Fee	$ 17,500	$ -	$ -	$ -

City of West Wendover Principal Payments	$ -	$ 4,708	$ 4,805	$ 4,984
City of West Wendover: Interest Payments	$ -	$ 1,913	$ 1,817	$ 1,637
SafeNest: Loan Origination Fee (Amortized over life of the loan)	$ -	$ -	$ -	$ -
SafeNest: Interest Payments	$ -	$ 88,274	$ 175,109	$ 175,109
SafeNest: Principal Payments	$ -	$ -	$ -	$ -
Truckee Meadows Fire: Loan Origination Fee	$ -	$ 52,520	$ -	$ -
Truckee Meadows Fire: Interest Payments	$ -	$ 80,761	$ 159,932	$ 155,282
Truckee Meadows Fire: Principal Payments	$ -	$ 73,000	$ 148,000	$ 153,000
Economic Dev. of W. NV: Loan Origination Fee	$ -	$ 155,000	$ -	$ -
Economic Dev. of W. NV: Interest Payments	$ -	$ -	$ 504,470	$ 494,287
Economic Dev. of W. NV: Principal Payments	$ -	$ -	$ 311,320	$ 321,422
Desert Pines: Loan Origination Fee	$ -	$ -	$ 250,000	$ -
Desert Pines: Interest Payments	$ -	$ -	$ 55,139	$ 582,082
Desert Pines: Principal Payments	$ -	$ -	$ 3,671,378	$ 238,285
Total	**$ 167,500**	**$ 527,676**	**$ 5,283,468**	**$ 3,066,664**

Note: Information provided by the Nevada State Treasurer's Office

	FY24/25	**FY26/27**
Loan Origination Fees	$ 445,020	$ 250,000
Borrower Interest Payments	$ 172,448	$ 3,246,938
Borrower Principal Payments	$ 77,708	$ 4,853,194
	$ 695,176	**$ 8,350,132**

	FY24/25	**FY26/27**	**Total**
Non-Revolvable Income	$ 617,468	$ 3,496,938	$ 4,114,406

Expected Loan Pipeline: Bank staff continues to work to identify a new pipeline of potential projects to utilize the Bank's remaining $6,854,696 in available loan funds. Since the last Board of Directors meeting in March 2025, the Bank has not received any additional applications for potential financing but has worked to finalize the potential $1,950,000 loan to support the Grover C. Dils Medical Center for the proposed Clinic and Physical Therapy Building, which will be up for the Board's consideration at its May 12, 2025, meeting.

Currently, the Bank has one completed financing applications amounting to $1,950,000 in its current queue, which will be considered by the Board of Directors, and an expected $29,100,000 in potential future applications to the Bank.

If the Bank were to process all of the applications that are expected in the next few months, all available funds could potentially be exhausted until sizable loan repayments are made over time. A brief overview the potential projects the Bank is currently expecting in its pipeline is included below:

State Infrastructure Bank Loan Pipeline

Project	Project Ask	Status	Location
Grover C. Dils Medical Center - Clinic and Physical Therapy Building	$1,950,000	Application has been finalized by staff, and will be up for the Board's consideration at the May 12, 2025 meeting	Lincoln County
University of Nevada Reno - Housing/Economic Development Project	$10,000,000	Application expected mid-2025	Washoe County
Clear Acre Apartments	$4,000,000	Application expected late-2025	Washoe County
Access Capital - Nevada Non-Profit Loan Fund	$2,500,000	Application expected mid-2025. Preliminary presentation at the 3/23/25 Board meeting.	Statewide
Bristlecone Recovery Center - Medicaid Facility Expansion	$600,000	Application expected late-2025	Washoe County
Sun Valley Manufactured Housing Project	$5,000,000	Application expected late-2025	Washoe County
Clark County Water Reclamation District - Logandale Sewer Project	$7,000,000	Application expected late-2025	Clark County

Amount Available for Loans/Financial Assistance	$6,854,696
Total Amount Requested (as of 5/15/24)	$1,950,000
Expected Amount Still to Be Requested	$29,100,000
Amount remaining if all were to be approved	($24,195,304)

BOARD OF DIRECTORS FOR
THE NEVADA STATE INFRASUTRUCTURE BANK

Agenda Item 5
March 12, 2025

Item: Presentation of the staff report required pursuant to Regulation LCB File No. R017-22 for the proposed Grover C. Dils Medical Center Physical Therapy and Patient Clinic Project, which was previously submitted to the Nevada State Infrastructure Bank for consideration.

Summary:
For discussion only, please see the attached staff report on the proposed Grover C. Dils Medical Center Physical Therapy and Patient Clinic Project, that was prepared pursuant to Regulation LCB File No. R017-22.

Fiscal Impact: None by this action.

For Discussion Only

To: Board of Directors of the Nevada State Infrastructure Bank
From: Erik Jimenez, Secretary to the Board of Directors
Date: May 7, 2025
Re: Agenda Item 5 - Staff Report on the proposed Grover C. Dils Medical Center Physical Therapy and Patient Clinic Project

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Pursuant to the Regulation LCB File No. R017-22, which governs the Nevada State Infrastructure Bank ("Bank"), staff has prepared the following report on Lincoln County Hospital District's request for a loan from the Bank for assistance for proposed Grover C. Dils Medical Center Physical Therapy and Patient Clinic Project ("Project"), along with a recommendation for the Board of Directors' consideration.

- **Applicant:** Lincoln County Hospital District
- **Project:** Grover C. Dils Medical Center Physical Therapy and Patient Clinic Project
- **Lender:** Nevada State Infrastructure Bank
- **Amount Requested:** $1,950,000.00 from the State Infrastructure Bank's General Account
- **Term:** 15 years
- **Interest rate:** 3.98 %
- **Total project cost:** $5,100,000
- **Expected interest generated for the Bank:** $657,587.19
- **Leverage multiple for the Bank:** 2.6x

Project Overview: The Applicant is proposed to build a new 10,000 square feet occupancy clinic and physical therapy building located on Lincoln County Hospital District property adjacent to the existing Grover C. Dils Hospital campus. This new facility will be located on Hospital property already owned by Lincoln County Hospital District and will include new public access and entrance to the facility. An existing residence will be demolished to construct the new clinic building.

Currently, the Grover C. Dils Hospital, services a population of approximately 4,800 people in the area surrounding Lincoln County. The existing facilities has four acute care beds, three swing beds, and 16 long-term care beds. Additionally, the Hospital offers Radiology and Lab services at its current location. The Hospital also operates additional clinics in Caliente and Alamo.

As it stands, the Applicant has outgrown its current clinic and physical therapy facility in Caliente, and physicians are currently delaying patient appointments due to space limitations.

The proposed new building will have a reception area with dedicated seating for clinic and physical therapy patients. The new clinic will have nine exam rooms, two treatment spaces, a dedicated lab area, linen and storage rooms, additional restrooms for both staff and patients,

five physicians' offices, support areas, a nurse station, and a joint breakroom for clinic and physical therapy staff.

The new physical therapy space will have open areas for equipment and therapy needs, separate occupational therapy area, three exam rooms, dedicated linen closets, separate restroom for patients and staff, an office, and support spaces.

Having a joint clinic and Physical therapy building will eliminate additional rent the Applicant is currently paying to operate their physical therapy services. Design planning will be done to ensure this location can easily be connected to a new hospital facility.

The total development cost for the project is $5,100,000, of which the Applicant has already received $3,765,000 in grant funding from the U.S. Department of Health and Human Services.

The Applicant plans to construct this new building in FY26 and is planning fund the remaining $1,950,000 necessary for the project with a loan from the Bank, that will be secured by a revenue bond issued by the Applicant and subsequently purchased by the Bank.

A pending schedule for the various milestones for the project, provided by the Applicant, can be found below:

Project Timeline

Date	Required Step	Status*
Jan 23, 2025	NHHS allocates $3.765 million of grants for the Project	Approved
Feb 25, 2025	GCDMC Board approval of SIB loan application	Approved
Mar 3, 2025	Receive approval from the Board of County Commissioners	Approved
Mar 18, 2025	Receive approval from the Debt Management Commission	Pending
Mar 25, 2025	Present the project for review to the Board of the SIB	Pending
April 2025	GCDMC Board of Trustees adopts bond resolution	Pending
May 2025	SIB approves loan to GCDMC	Pending
June 2025	Financial close of SIB loan	Pending
Late 2025	Award contract for construction of the clinic	Pending

Financing Application Background: On March 10, 2025, the Applicant submitted a financing application to the Bank requesting $1,950,000.00 for the Project.

As part of the financing application submitted to the Bank, the Applicant also included a number of exhibits related to the Project. A copy of the financing application and corresponding exhibits can be found in Exhibit D of this report.

General Requirements: Pursuant to the Bank's regulation, LCB File No. R017-22, for each application for a loan or other financial assistance that is submitted to the Bank, staff is required to:

1) *Review the application for completeness, including, without limitation, any attachments, or exhibits;*
2) *Confirm that the governing body of the applicant has approved the application; and*
3) *Confirm that the applicant is a qualified borrower, and the project is an eligible project;*

The financing application submitted by the Applicant, along with all corresponding documents submitted to the Bank by the Applicant can be found in Exhibit D.

After reviewing the financing application submitted by the Applicant, Bank staff has determined that the application is complete, and that the Applicant's governing board has approved its application. Additionally, pursuant to NRS 226.748, a qualified borrower that is eligible to receive a loan or other financial assistance from the Bank is defined as "a governmental unit, an Indian reservation or Indian colony or a private nonprofit entity created for charitable or educational purposes."

Staff has determined through its analysis that the Applicant is a qualified borrower, and the Project is an eligible project since it meets the definition of "Social Infrastructure" set forth in NRS 226.760.

Repayment Structure, Financing and Credit Analysis: In addition to the above General Requirements set forth in LCB File No. R017-22, Bank staff also undergoes the following steps when reviewing financing applications:

1) *Confirm that the proposed source of repayment is appropriate for the loan or other financial assistance from the Bank and that the applicant has the ability to repay the loan or other financial assistance from the proposed source of repayment;*
2) *Determine the impact of the loan or other financial assistance on the finances and operations of the applicant;*
3) *Determine whether the applicant has unmet capital needs that could be detrimentally affected by the loan or other financial assistance or that could detrimentally affect the ability of the applicant to repay the loan or other financial assistance;*
4) *Review the audited financial statements of the applicant for the immediately preceding 5 years or, if the applicant is a new entity with less than 5 years of financial statements, review the existing audited financial statements and a feasibility study for the eligible project provided by the applicant;*
5) *Conduct a financial analysis of the applicant's general credit, including, without limitation:*
    a) *An analysis of the financial statements of the applicant using criteria appropriate for an analysis of municipal credits or private credits, as applicable;*
    b) *A review of any official statements or prospectus used by the applicant in conjunction with the issuance of bonds;*

c) *Conducting discussions with the financial advisor and underwriter of the applicant to assist in evaluating the applicant's financial condition;*
d) *A review of reports of bond rating agencies, where applicable;*
e) *For applicants who are governmental units, a review of existing property tax rates and general obligation bonding capacity; (Not applicable)*
f) *An analysis of the existing indebtedness of the applicant, both secured and unsecured; and*
g) *An analysis of cash flow projections;*

6) *Examine population trends;*
7) *Examine assessed value trends;*
8) *Evaluate the relevant legal authority applicable to the applicant, including, without limitation, state law, federal tax law and local ordinances and resolutions;*
9) *Evaluate the extent to which the management of the applicant understands the obligations, terms and conditions of the loans and other financial assistance provided by the Bank; and*
10) *Determine the readiness of the management of the applicant to assume responsibility for the timely repayment of the loan or other financial assistance.*

Each of these items is addressed below:

1. ***Confirm that the proposed source of repayment is appropriate for the loan or other financial assistance from the Bank and that the applicant has the ability to repay the loan or other financial assistance from the proposed source of repayment.***

The Applicant plans to construct this new building in FY26 and is planning fund the remaining $1,950,000 necessary for the project with a loan from the Bank, that will be secured by a revenue bond between the Applicant and the Bank.

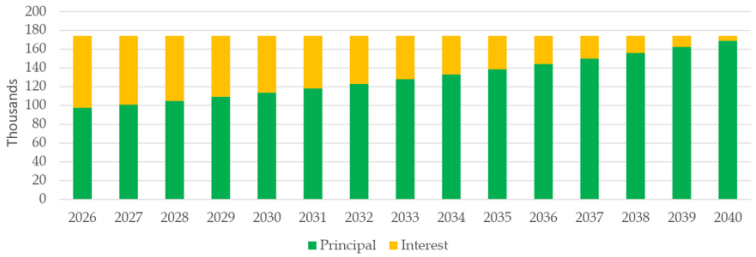
Revenue bonds are not counted against the Applicant's limit as described pursuant to NRS 450.665 but are secured by a lien on a specific revenue from the borrower/applicant.

As part of this potential project, the Applicant will issue a revenue bond with a lien on its patient revenues along with other operating revenues. The lien on patient revenues will be net of bad debt allowance and other required contractual adjustments.

A Pro-forma of the Revenue Bond terms, provided by the Applicant is included below. Staff would note that this pro-forma is modeled with slightly higher interest rate than is being proposed for the Board's consideration at 3.98%.

Pro-Forma Revenue Bond Terms

- 15-year repayment
  - Final payment anticipated on June 1, 2040
- Interest rate estimated at 4.0%
- Estimated annual payment of ~$174k



In FY24 the Applicant's pledged revenue was $8,392,661 and in FY26 the budget pledged revenues are expected to be $9,629,437. With this proposed project, Bank staff does feel that the Applicant's pledged revenues are sufficient to support potential debt service imposed through approval of this project.

A table outlining the Applicant's existing and budgeted pledged revenues is included below:

	FY2023 (audited)	FY2024 (audited)	FY2025 (budgeted)
Net Patient Revenue*	$7,070,546	$7,921,003	$8,778,578
Other Operating Revenue**	400,044	381,703	748,859
Interest Income	8,615	89,955	102,000
Total Pledged Revenue	$7,479,205	$8,392,661	$9,629,437
Pro-Forma Debt Service	$174,080	$174,080	$174,080
Remaining Pledged Revenues	$7,305,125	$8,218,581	$9,455,357

* Gross patient revenue net of contractual adjustments and bad debt allowance.
** Includes Other operating revenue and non-operating interest revenue

Additional backup information on the revenues for the Applicant can be found in the Financing Applicant that was submitted to the Bank, which is included in Exhibit D of this report.

As is listed in the proposed term sheet in Exhibit A, the Applicant is intending to make semi-annual payments consisting of principal and accrued interest not to exceed $173,840.82 each year.

Payments will be due on June 1st and December 1st of each year, commencing December 1, 2025, until maturity of the loan on June 1, 2040.

Based on the repayment expectations, staff expects that the Bank will generate $657,587.19 in interest over the course of this loan. The estimated debt service/amortization schedule for this proposed loan can be found in Exhibit B.

Based on this analysis, Staff feels comfortable that the Applicant's proposed revenue source repayment is appropriate for this proposed loan from the Bank. Additionally, Staff feels comfortable that the Applicant has the ability to repay this loan based on the Applicant's willingness to issue a revenue bond for this Project, supported with a lien on its patient revenues along with other operating revenues.

2. ***Determine the impact of the loan or other financial assistance on the finances and operations of the applicant.***

As was previously mentioned, and as is outlined in both Exhibit A, the Applicant intends repay this loan through revenues received from the gross revenues from the operation of the Lincoln County Hospital Disctrict's hospital facilities.

The Lincoln County Hospital District will repay the loan with a pledge of its (1) patient and resident service revenue, net of allowances for bad debt and contractual adjustments, (2) other operating revenue, and (3) nonoperating interest income. In fiscal year 2024, the audited pledged revenues were approximately $8.4 million and are budgeted to be $9.6 million in fiscal year 2025.

Therefore, this loan would have an impact on the Applicant's overall finances over the course of the term of the loan. Based on the estimated debt service/amortization schedule set forth in Exhibit B the Applicant can have repayment obligations beginning in 2025.

The annual loan repayments from 2025-2040 will be approximately, $173,839 each year. Through the amortization of this loan, after calculating expected interest, the Applicant can expect to pay up to $2,607,587.19 if approved for this loan.

Additionally, the Applicant will be permitted to elect to pre-pay or accelerate scheduled loan payments on both principal and interest without penalty or premium, which may reduce the anticipated interest that will be accrued by the Applicant.

An estimated debt service/amortization schedule of this proposed loan can be found in Exhibit B of this report. Assuming the Applicant makes draws on the loan in line with the amortization schedule, the Bank could expect to receive $657,587.19 in interest payments over the life of this proposed loan.

3. ***Determine whether the applicant has unmet capital needs that could be detrimentally affected by the loan or other financial assistance or that could detrimentally affect the ability of the applicant to repay the loan or other financial assistance.***

As part of the Applicant's financing application, an annual operating budget was provided as well as audited financial statements for Fiscal Years 2020, 2021, 2022, 2023, and 2024. All of these documents were reviewed by Bank staff to determine what existing obligations might be able to affect the Applicant's ability to repay a loan from the Bank.

Based upon this review, Bank staff does not feel that the Applicant has any unmet capital needs that could be detrimentally affected by the loan or other financial assistance, or that could detrimentally affect the ability of the applicant to repay the loan or other financial assistance from the Bank.

4. ***Review the audited financial statements of the applicant for the immediately preceding 5 years or, if the applicant is a new entity with less than 5 years of financial statements, review the existing audited financial statements and a feasibility study for the eligible project provided by the applicant.***

Bank staff has reviewed the last five years of the Applicant's audited financial statements, which cover Fiscal Years 2020, 2021, 2022, 2023, and 2024. Staff would note that the Applicant adheres to a fiscal year spanning from July 1st – June 30th. All of these independent financial audits were conducted by Wipfli, a professional firm that offers intergraded solutions such as audits, tax, and advisory services. Wipfli has locations throughout the United States as well as the Philippines, India, and the District of Columbia. They are members of Allinial Global, a premier association of independent account and advisory firms.

Bank staff has also confirmed the accuracy and validity of these audited financial statements provided by the Applicant for Fiscal Years 2020-2024.

Based on the review of these audited financial statements, the Applicant has demonstrated a positive net financial position in FY2024, FY2023, FY2022, and FY2021. In these audited financial statements, the Applicant's total assets have exceeded liabilities for FY21-24. Bank staff would note that the Applicant did have a negative $2,377,000 net position in FY2020, but this appears to have been remedied over subsequent fiscal years.

Based on these factors contained within the Applicant's audited financial statements for Fiscal Years 2020-2024, Bank staff feels comfortable that the Applicant is in a stable financial condition to repay this proposed loan from the Bank.

5. ***Conduct a financial analysis of the applicant's general credit, including, without limitation:***

a. An analysis of the financial statements of the applicant using criteria appropriate for an analysis of municipal credits or private credits, as applicable;

Bank staff does not feel that this section is applicable for this Project.

b. A review of any official statements or prospectus used by the applicant in conjunction with the issuance of bonds;

Bank staff has determined that this section is not applicable to this project nor the applicant.

c. Conducting discussions with the financial advisor and underwriter of the applicant to assist in evaluating the applicant's financial condition;

Since the Applicant submitted its financing application on March 10, 2025, Bank staff has conducted numerous discussions with the Applicant, the applicant's financial advisor, and the Applicant's counsel to assist in evaluating the Applicant's financial condition to undertake this proposed loan.

d. A review of reports of bond rating agencies, where applicable;

Bank staff has determined that this section is not applicable to this Project nor the applicant.

e. For applicants who are governmental units, a review of existing property tax rates and general obligation bonding capacity.

Being that the Applicant is pursuing a revenue bond that does not constitute a general obligation of the Applicant and/or Lincoln County, Bank staff does not believe this section is applicable to this Project nor the Applicant

f. An analysis of the existing indebtedness of the applicant, both secured and unsecured; and

In its financing application that was submitted to the Bank, the Applicant provided its audited financial statements for Fiscal Years 2020 – 2024 and a copy of its operating budget.

As highlighted in the Applicant's financing application submitted to the Bank, as of June 30, 2024, the Applicant had outstanding liabilities for the following items:

- Subscription-based information technology arrangements - $107,058;
- Proportionate share of Nevada Post-Employment Retirement Plan (PERS) - $9,327,625;
- Other Post-Employment Benefits (OPEB) - $61,695; and
- Accrued compensated absences of $194,490.

Staff would note, that the Applicant has no other debt obligations as of June 30, 2024.

g. An analysis of cash flow projections.

An estimated debt service/amortization schedule for the proposed loan for this Project can be found in Exhibit B of this report.

6. Examine population trends.

According to the U.S. Census Bureau, the current population of Lincoln County, Nevada is estimated at 4,452 people. As mentioned previously, the Applicant serves a patient population of about 4,800 residents in Lincoln County and surrounding communities.

7. Evaluate the relevant legal authority applicable to the applicant, including, without limitation, state law, federal tax law and local ordinances and resolutions.

Pursuant to NRS 226.748, a qualified borrower that is eligible to receive a loan or other financial assistance from the Bank is defined as "a governmental unit, an Indian reservation or Indian colony or a private nonprofit entity created for charitable or educational purposes."

As expressed in the financing application submitted to the Bank, the Applicant is considered a governmental unit, since it operates as a Hospital District within the State of Nevada.

Additionally, pursuant to Chapter 450 of the Nevada Revised Statutes, hospital districts do have the ability to issue revenue bonds to support facility expansion projects. Therefore, Bank staff does not have concerns about the Applicant's legal authority to undertake this project through the proposed repayment source.

8. Evaluate the extent to which the management of the applicant understands the obligations, terms and conditions of the loans and other financial assistance provided by the Bank.

Based on the financing application that was submitted to the Bank, discussions that Bank staff had with the Applicant during the application review process, and through recent negotiations on the proposed loan agreement outlined in Exhibit C, Bank staff feels that the Applicant thoroughly understands the terms and conditions of the proposed loan for the Project, along with all reporting requirements that will be imposed by the Bank.

9. Determine the readiness of the management of the applicant to assume responsibility for the timely repayment of the loan or other financial assistance.

Based on the various sources of funding that are being leveraged to support this Project, the Applicant is coming to the Bank for $1,950,000.00 in financing to complete the Grover C. Dils Clinic and Physical Therapy Building Project. Based on the Applicant's overall financial position coupled with the discussions that have been undertaken during this review process, Bank staff

has determined that the management of the Applicant is ready to assume responsibility for the timely repayment of the Bank's loan over the 15-year period.

State Infrastructure Bank General Account Requirements: Pursuant to LCB File No. R017-22, the Board of Directors is authorized to approve a loan or other financial assistance from the Bank's General Account if:

1. *The loan or other financial assistance will be used solely to finance all or part of the eligible costs of an eligible project;*

2. *The eligible project is not eligible to receive a loan or other financial assistance from the Bank's Affordable Housing Revolving Account, and the Charter School Capital Needs Revolving Account, Federal Infrastructure Matching Account; and*

3. *The developer selected for the eligible project demonstrates a long-term commitment to hiring local residents and using apprentices in apprenticeship programs registered with the State Apprenticeship Council.*

Upon reviewing the financing application that was submitted to the Bank, staff has determined that the entire $1,950,000 proposed loan from the Bank will be used for the full construction of the building associated with this Project.

Bank staff has also thoroughly reviewed this financing application that was submitted to the Bank by the Applicant and has determined that this Project is not eligible to receive a loan from the Bank's Affordable Housing Revolving Account, and the Charter School Capital Needs Revolving Account, Federal Infrastructure Matching Account. Therefore, the Bank's General Account is the only available account that could support this Project.

Finally, the Applicant has committed that the developer that will be selected for this project will have demonstrated a long-term commitment to hiring local residents and using apprentices in apprenticeship programs registered with the State Apprenticeship Council.

Based on this analysis, staff feels that this Project meets the requirements receiving a loan from the Bank's General Account.

Community Benefits and Job Creation: If the Board of Directors chooses to approve this application, the Applicant expects that there will be a number of community and economic benefits brought forth through development of the project.

As stated in the financing application, the anticipated total development costs for this Project are $5,100,000. The Applicant has stated that it expects that only additional construction, development, and supplier jobs are anticipated to be created through this Project.

Using the Economic Policy Institute's Employment Multipliers for the U.S. economy, we can expect 5.5 direct construction jobs to be created and 10.9 supplier and induced jobs to be created per $1 million of construction spend for this Project.

Therefore, using these multipliers, we can expect that this project will result in the creation approximately 84 total jobs, consisting of 28 direct construction jobs and 56 supplier and induced jobs.

Local Hiring, Apprenticeship Utilization, and Prevailing Wages: Qualified Borrowers who receive a loan or other financial assistance from the Bank are required pursuant to LCB File No. R017-22 to ensure that for each contractor and subcontractor who performs construction work on a qualified project:

- At least 50% of the total project work hours within each construction trade are performed by Nevada residents, with at least 15% of these work hours performed by disadvantaged workers; and
- At least 15% of the total project work hours within each construction trade must be performed by apprentices, with at least 5% of these work hours performed by first-year apprentices.

In the financing application submitted to the Bank, the Applicant committed to adhering to the Bank's local hire and apprenticeship requirements for this Project.

Additionally, pursuant to NRS 226.826, projects financed by the Bank are subject to the payment of State prevailing wages, along with other provisions set forth in NRS 338.013 - 338.090. In the financing applicant submitted to the Bank, the Applicant stated that this Project will include the payment of prevailing wages.

If the Board of Directors to chooses to approve this application for a loan from the Bank, all construction work for this Project will be subject to these provisions, and Bank staff will work with the Applicant to provide the Board of Directors with regular reporting on compliance with these provisions.

Environmental Standards: All qualified projects that receive loans or other financial assistance from the Bank are required to align with the standards and goals set forth in Nevada's 2020 Climate Strategy as well as the State's goals from the reduction of greenhouse gas emissions set forth in NRS 445B.380 and NRS 704.7820.

In conversations that occurred with Bank staff during the negotiation of the proposed financing agreement included in Exhibit C, the Applicant has committed to adhering to these standards.

Disadvantaged Community Goals: As set forth in Regulation LCB File No. R017-22, the Bank has an established goal of having at least 40 percent of the principal amount of its loans and other financial assistance going to support qualified projects that are located:

- In qualified census tracts as designated by the U.S. Secretary of Housing and Urban Development;
- In census tracts which have a high level of social vulnerability according to the Social Vulnerability Index developed by the Centers for Disease Control and Prevention;
- In communities which are determined by the Board of Directors to have a relatively large percentage of the population having limited English proficiency;
- On tribal lands or in communities where tribal members commonly reside; or
- In areas that have been subject to historical instances of redlining, segregation, or other discriminatory practices.

Bank staff has analyzed the location of this Project to understand whether or not it would meet the Bank's 40% goal of locating all projects in disadvantaged communities. In performing this analysis, staff has utilized data from the U.S. Department of Housing and Urban Development, the Centers for Disease Control and Prevention, the U.S. Census Bureau, and the U.S. Department of Agriculture.

Since the national average estimate for limited English proficiency has been determined by the U.S. Census Bureau to be 8.3 percent, Bank staff has determined that census tracts with over 20% of the population limited English proficiency would meet the Bank's standard for its disadvantaged community goal.

How this Project compares to the Bank's metrics for locating projects in disadvantaged communities is expressed below:

- **Project Address:** 700 North Spring Street, Caliente, NV 89008
- **County:** Lincoln County
- **Census Tract:** 32017950200
- **Qualified Census Tract:** No
- **Social Vulnerability Score:** 0.626 (medium to high)
- **Limited English Proficiency (>20%):** No
- **Tribal Lands:** No

Since this Project is located is not located in a Qualified Census Tract and because the social vulnerability score for the census tract where the Project is located possesses medium to high level of social vulnerability, Bank staff has deemed that this Project would not contribute to the Bank's 40% goal of locating projects in disadvantaged communities as defined under regulation. However, staff would note, that Caliente and Lincoln County as a whole, do struggle with access to health care facilities, and believes this project would increase access to care for people throughout Lincoln County.

Financing Agreement: Bank staff has worked with the Applicant, the Nevada Attorney General's Office, and legal counsel retained by the Applicant to draft a financing agreement

between the Nevada State Infrastructure Bank and the Applicant for this project. This financing agreement is included in Exhibit D for consideration by the Board of Directors.

<u>Staff recommendation:</u> Based on the foregoing analysis, staff recommends that the Board of Directors approve a loan of $1,950,000.00 from the Bank's General Account in accordance with the proposed loan terms included in Exhibit A.

Exhibit A

Grover C. Dils Medical Center Physical Therapy and Patient Clinic Project

Summary Project Specifications

This loan from the Nevada State Infrastructure Bank ("Lender") to the Lincoln County Hospital ("Borrower") is to support the construction of the Grover C. Dils Medical Center Physical Therapy and Patient Clinic Project.

Loan funds will be used to support the construction of a new 10,000 square foot clinic and physical therapy building located on Lincoln County Hospital District property adjacent to the existing hospital campus. The new building will have a reception area with dedicated seating for clinic and physical therapy patients. The new clinic will have 9 exam rooms, 2 treatment spaces, a dedicated lab area, linen and storage rooms, additional restrooms for both staff and patients, five physicians' offices, support areas, a nurse station, and a joint breakroom for clinic and physical therapy staff.

A term sheet outlining the various elements of this loan, is included below:

State Infrastructure Bank / Grover C. Dils Medical Center Physical Therapy and Patient Clinic

Proposed Loan Terms

Lender	Nevada State Infrastructure Bank
Borrower	Lincoln County Hospital District
Loan Amount	Maximum of $1,950,000.00
Loan Purpose	Loan funds will be used to support the construction of a new 10,000 square foot clinic and physical therapy building located on Lincoln County Hospital District property adjacent to the existing hospital campus. The new building will have a reception area with dedicated seating for clinic and physical therapy patients. The new clinic will have 9 exam rooms, 2 treatment spaces, a dedicated lab area, linen and storage rooms, additional restrooms for both staff and patients, five physicians' offices, support areas, a nurse station, and a joint breakroom for clinic and physical therapy staff.
Maturity	15 years
Security	Loan funds will be secured by an adopted resolution by the Borrower pledging future revenues available to the Borrower.
Interest Rate	Fixed rate of 3.98% per annum.
Disbursement	Draw down loan with first disbursement of $1,500,000 upon the closing of the loan. A second disbursement of up to $450,000 will be made once construction has been completed to support incurred

	pre-construction costs as agreed upon by the Lender and the Borrower and subject to approval by the U.S. Department of Health and Human Services.
Additional Sources of Funding	The total estimated cost of the project is $5,100,000, and the Borrower has secured $3,765,000 in grant funding from the U.S. Department of Health and Human Services to support this project.
Terms of Repayment	Borrower shall make semi-annual payments consisting of principal and accrued interest not to exceed $173,840.82 each year. Payments will be due on June 1st and December 1st of each year, commencing December 1, 2025, until maturity of the loan on June 1, 2040.
SIB Loan Origination Fee	Borrower will pay 1% of the total loan amount, equaling $19,500.00 as a loan origination fee. This amount will be amortized over the term of the loan and will be added to the principal amount.
Reporting	Borrower will submit quarterly reports to Lender. Reports will include construction updates and timelines, anticipated job and economic impacts, anticipated climate impacts, and other project goals agreed upon by the Borrower and Lender.
Prevailing Wage, Local Hire, and Apprenticeship Utilization	Borrower will adhere to the Lender's established policies of local hiring, apprenticeship utilization, and the payment of prevailing wages.

Exhibit B

Estimated Debt Service/Amortization Schedule

Date	Principal	Rate	Interest[1]	Semi-Annual Debt Service	Annual Debt Service
06/04/2025		3.980%			
12/01/2025	$48,746		$38,158.25	$86,904.25	
06/01/2026	49,085		37,834.95	86,919.95	$173,824.20
12/01/2026	50,062		36,858.16	86,920.16	
06/01/2027	51,058		35,861.93	86,919.93	173,840.09
12/01/2027	52,074		34,845.88	86,919.88	
06/01/2028	53,110		33,809.60	86,919.60	173,839.48
12/01/2028	54,167		32,752.71	86,919.71	
06/01/2029	55,245		31,674.79	86,919.79	173,839.50
12/01/2029	56,345		30,575.41	86,920.41	
06/01/2030	57,466		29,454.15	86,920.15	173,840.56
12/01/2030	58,610		28,310.58	86,920.58	
06/01/2031	59,776		27,144.24	86,920.24	173,840.82
12/01/2031	60,965		25,954.69	86,919.69	
06/01/2032	62,179		24,741.49	86,920.49	173,840.18
12/01/2032	63,416		23,504.13	86,920.13	
06/01/2033	64,678		22,242.15	86,920.15	173,840.28
12/01/2033	65,965		20,955.06	86,920.06	
06/01/2034	67,278		19,642.35	86,920.35	173,840.41
12/01/2034	68,617		18,303.52	86,920.52	
06/01/2035	69,982		16,938.04	86,920.04	173,840.56
12/01/2035	71,375		15,545.40	86,920.40	
06/01/2036	72,795		14,125.04	86,920.04	173,840.44
12/01/2036	74,244		12,676.42	86,920.42	
06/01/2037	75,721		11,198.96	86,919.96	173,840.38
12/01/2037	77,228		9,692.12	86,920.12	
06/01/2038	78,765		8,155.28	86,920.28	173,840.40
12/01/2038	80,332		6,587.86	86,919.86	
06/01/2039	81,931		4,989.25	86,920.25	173,840.11
12/01/2039	83,561		3,358.82	86,919.82	
06/01/2040	85,224		1,695.96	86,919.96	173,839.78
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	$1,950,000		$657,587.19	$2,607,587.19	$2,607,587.19

Exhibit C
Proposed Financing Agreement

Nevada State Infrastructure Bank

AND

Lincoln County Hospital District

Financing Agreement for the

Grover C. Dils Medical Center Physical Therapy and Patient Clinic Project

NEVADA STATE INFRASTRUCTURE BANK FINANCING AGREEMENT

THIS AGREEMENT is dated as of [_____ __], 2025 and is by and between the NEVADA STATE INFRASTRUCTURE BANK (the "Bank"), an instrumentality of the State of Nevada, and the Lincoln County Hospital District, Nevada (the "Borrower"), existing as a governmental unit under the laws of the State of Nevada.

WITNESSETH:

WHEREAS, pursuant to Chapter 226 of the Nevada Revised Statutes ("NRS") and the Nevada Administrative Code ("NAC"), the Bank is authorized to provide loans and other financial assistance to qualified borrowers to for the development, construction, repair, improvement, operation, maintenance, decommissioning and ownership of transportation facilities, utility infrastructure, water and wastewater infrastructure, renewable energy infrastructure, recycling and sustainability infrastructure, digital infrastructure, social infrastructure, and other infrastructure related to economic development as necessary for public purposes; and

WHEREAS, in accordance with the provisions NRS Chapter 226, the Bank has responsibility for the performance of various activities in connection with such loans; and

WHEREAS, the Borrower has made an application for the financing of the Project (as hereinafter defined), through a loan made under and pursuant to NRS Chapter 226, and the Bank has determined that the Project meets all requirements for a loan and has agreed to make a loan to the Borrower for the financing of the Project as set forth in this Agreement (the "Loan"); and

WHEREAS, the Loan and all payments of principal and interest thereon, including prepayments, and all proceeds thereof, have been or are intended to be pledged and assigned under the Resolution as security for the payment of principal, premium, if any, and interest, in the form of "Pledged Revenues";

NOW, THEREFORE, in consideration of the Bank making the loan to the Borrower, in the principal amount and pursuant to the covenants hereinafter set forth, and intending to be legally bound by this Agreement, the Bank and the Borrower agree as follows:

ARTICLE I – DEFINITIONS

1.01. WORDS AND TERMS.

In addition to the words and terms elsewhere defined in this Agreement, the following words and terms shall have the meanings set forth below:

(1) "Agreement" or "Financing agreement" shall mean this financing agreement and all exhibits and schedules attached hereto.

(2) "Agreement Date" means the date first written above.

(3) "Authorized Representative" shall mean the official or officials of the Borrower authorized by ordinance or resolution to sign documents associated with the Loan.

(4) “Capitalized Interest” shall mean a finance charge that accrues on Loan proceeds from the time of disbursement. Capitalized Interest is financed as part of the Loan principal.

(5) “Code” shall mean the Internal Revenue Code of 1986, the Treasury Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable.

(6) "Defeasance Obligations" means, to the extent permitted by law, direct non-callable obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, including obligations issued or held in book entry form on the books of the Bank of the Treasury of the United States and including advance refunded tax-exempt bonds fully secured by non-callable direct obligations of the United States of America, non-callable obligations guaranteed by the United States of America, or "stripped" interest payment obligations of debt obligations of the Resolution Funding Corporation.

(7) "Financing Application" shall mean the completed form which provides all information required to support obtaining the Loan.

(8) "Financing Rate" shall mean the charges, expressed as a percent per annum, imposed on the unpaid principal of the Loan as set forth herein.

(9) "Loan" shall mean the loan made to the Borrower pursuant to this Agreement and the State Act in the initial principal amount of $1,950,000.

(10) "Loan Payment" shall mean the periodic loan payment due from the Borrower as set forth in Exhibit B of this agreement.

(11) “Operations and Maintenance Expense” shall mean the costs of operating and maintaining the Project determined pursuant to generally accepted accounting principles, exclusive of interest on any debt payable from Gross Revenues, depreciation, and any other items not requiring the expenditure of cash.

(12) "Pledged Revenues" means, for a period of time for which calculated, the total of all operating and non-operating revenues or gains during such period from the District’s hospital facilities, determined in accordance with generally accepted accounting principles, including (a) gross patient and resident service revenues less contractual allowances, free care and discounted care, plus (b) other operating revenues less applicable allowances such as sale discounts and sale returns, plus (c) non-operating revenues or gains; provided that no determination thereof shall take into account (1) income derived from amounts irrevocably on deposit for the payment of obligations, (2) extraordinary gains resulting from the early extinguishment of debt, the sale, exchange or other disposition of the Project not in the ordinary course of business, or the reappraisal, reevaluation or write-up of assets, or other extraordinary gains, (3) unrealized gains

resulting from changes in the value of investment securities, (4) gifts, grants, bequests or donations specifically restricted as to use by the donor or grantor for a purpose inconsistent with the payment of debt service for the Bond, (5) gifts, grants, bequests or donations pledged but not actually received during that period of time, (6) gifts, grants, bequests or donations that are not so restricted to the extent they exceed the average thereof for that period of time (e.g., for a fiscal year, the annual average) during the five most recent fiscal years for which audited financial statements are available, (7) insurance (other than business interruption) and condemnation proceeds, (8) any income and revenue distributed to the District pursuant to NRS 360.680, 360.690 or 360.700 (i.e., consolidated taxes), (9) any general (ad valorem) property tax revenues received by the District, and (10) proceeds of borrowing. The Bank may require the Borrower to execute a Bank Account Pledge Agreement as described in Section 2.01(10) below.

(13) "Project" shall mean the cost of the purchase of hospital equipment, the acquisition of property, the construction of buildings and improvement of property owned by the District, including, but not limited to, the acquisition, construction and improvement of a new clinic and physical therapy facility anticipated to be located at 288 Ryan Street in Caliente, Nevada.

(14) "State" means the State of Nevada.

(15) "State Fiscal Year" shall mean the period commencing on July 1 of each year and ending on June 30 of the succeeding year.

(16) "State Infrastructure Bank" or "Bank" means the State-funded State Infrastructure Bank created pursuant to Chapter 226 of the Nevada Revised Statutes.

ARTICLE II - WARRANTIES, REPRESENTATIONS AND COVENANTS

2.01. GENERAL WARRANTIES, REPRESENTATIONS AND COVENANTS.

The Borrower warrants, represents and covenants that:

(1) The Borrower has full power and authority to enter into this Agreement and to comply with the provisions hereof and shall initiate and prosecute to completion all proceedings necessary to enable the Borrower to provide the necessary funds for repayment of the Loan.

(2) The Borrower currently is not the subject of bankruptcy, insolvency, or reorganization proceedings and is not in default of, or otherwise subject to, any agreement or any law, administrative regulation, judgment, decree, note, resolution, charter or ordinance which would currently restrain or enjoin it from entering into, or complying with, this Agreement.

(3) There is no material action, suit, proceeding, inquiry or investigation, at law or in equity, before any court or public body, pending or, to the best of the Borrower’s knowledge, threatened, which seeks to restrain or enjoin the Borrower from entering into or complying with this Agreement or could render Borrower insolvent.

(4) All permits, authorizations, and approvals required as of the date of this Agreement

have been obtained as of the implementation of the Project. The Borrower knows of no reason why any future required permits or approvals are not obtainable.

(5) The Borrower shall undertake the Project on its own responsibility, to the extent permitted by law.

(6) To the extent permitted by law, the Borrower shall release and hold harmless the State, its agencies, the Bank, and each of their respective officers, members, and employees from any claim arising in connection with the Borrower's actions or omissions in the Borrower's planning, administration, and implementation of activities financed by the Loan or its operation of the Project.

(7) All Borrower representations to the Bank, pursuant to the Financing Application and this Agreement, were and are true and accurate as of the date the Financing Application and this Agreement were each executed by the Borrower. The financial information delivered by the Borrower to the Bank was current and correct as of its date. Since the date such financial information was delivered, there has not been any material adverse change in the financial condition or revenues and expenditures of the Borrower, or in the collection of the Pledged Revenues. The Borrower shall comply with all applicable State and Federal laws, rules, and regulations. To the extent that any assurance, representation, or covenant requires a future action, the Borrower shall take such action as is necessary for compliance.

(8) The Borrower shall adhere to accepted governmental accounting principles established by the Governmental Accounting Standards Board. As part of its bookkeeping system, the Borrower shall keep accounts of the Project separate from all other accounts and it shall keep accurate records of all expenditures relating to the Project, the Pledged Revenues and Loan disbursement receipts.

(9) The Borrower shall maintain and produce, no later than July 1 of each fiscal year, to the Bank an annual budget consistent with generally accepted accounting principles. Any changes and/or adjustments made to the Borrower's annual budget must be submitted to the Bank within 30 days of the changes being made.

(10) For the Pledged Revenues, the Bank may require the Borrower to: (i) designate a particular bank account where the Project Revenues are to be deposited, and (ii) execute a Bank Account Pledge Agreement that appoints the Bank as the Collateral Agent to the extent of funds needed to secure the loan repayment as set forth in Exhibit B.

(11) In the event the anticipated Pledged Revenues are shown by the Borrower's annual budget to be insufficient to make the Loan Repayments for such Fiscal Year when due, the Borrower shall include in such budget other legally available funds which shall be sufficient, together with the Pledged Revenues, to make the Loan Repayments. Such other legally available funds shall be budgeted in the Borrower's annual budget and designated for the purpose provided by this paragraph, and the Borrower shall collect such funds for application as provided herein. The Borrower shall notify the Bank immediately in writing of any such budgeting of other legally available funds. Nothing in this covenant shall be construed as creating a pledge, lien, or charge upon any such other legally available funds; requiring the Borrower to levy or appropriate ad valorem tax revenues; or preventing the Borrower from pledging to the payment of any bonds or other obligations all or any part of such other legally available funds. To address any Loan Repayment insufficiencies, Bank may require the Borrower to execute a pledge addendum to include Borrower's other legally available funds into the Pledged Revenues.

(12) The Borrower covenants that this Agreement is entered into for the purpose of implementing, refunding, or refinancing the Project which will in all events serve a public purpose. The Borrower covenants that it will, under all conditions, complete and operate the Project to fulfill the public need described in its application for the financing of the Project.

(13) The Borrower shall, within 30 days of request, submit to the Bank such data, reports, records, contracts and other documents relating to the Project as the Bank may request in order to ascertain the performance by the Borrower of its obligations under this Agreement. The Bank shall have the right to conduct on-site monitoring visits and audits, and the Borrower shall, at Borrower's expense, cooperate and assist the Bank in the reasonable inspection and audit of books, records, accounts, data and other information related to the Project, and in copying and removing the same for such purposes at all reasonable times. The Borrower shall provide, without objection, any additional information as deemed appropriate by the Bank.

2.02 LEGAL AUTHORIZATION.

Upon signing this Agreement, the Borrower's legal counsel shall express the opinion, subject to laws affecting the rights of creditors generally, that:

(1) This Agreement has been duly authorized by the Borrower and shall constitute a valid and legal obligation of the Borrower enforceable in accordance with its terms upon

execution by both parties; and

(2) This Agreement specifies the revenues pledged for repayment of the Loan, and the pledge is valid and enforceable.

2.03 AUDIT AND MONITORING REQUIREMENTS.

The administration of resources awarded by the Bank to the Borrower may be subject to audits and/or monitoring by the bank, at the sole and absolute discretion of the Bank.

(1) The Bank and its agents shall have the right, with or without prior written notice to Borrower to examine the records, books and other papers which reflect upon Borrower's financial condition or pertain to the income, expense, management, administration, and implementation of the Project and to make copies and abstracts from such materials. The Bank shall be permitted to make such examinations as often as The Bank may deem appropriate. The Bank also shall have the right, from time to time to conduct an audit or have an independent audit conducted of any of Borrower's financial information. At the conclusion of any audit conducted by or on behalf of the Bank, an audit report shall be prepared and delivered to the Borrower. Borrower shall pay on demand all costs incurred by Bank with respect to any such audit. Any costs incurred by the Bank in relation to audit shall not require prior notice or approval from the Borrower." The Borrower shall pay on demand all costs incurred by the Bank with respect to any such audit. Upon Borrower's failure to pay such amounts, and in addition to Bank's remedies for Borrower's failure to perform, the unpaid amounts shall be added to principal, shall bear Capitalized Interest until paid in full.

(2) The Bank may, from time to time, issue to the Borrower such reports, audit findings, and memoranda as it deems appropriate to notify the Borrower of any error, deficiency, or unsatisfactory condition (an "Adverse Condition") the Bank may discover. Such notification may be delivered in writing by any reasonable means including without limitation by email or first-class mail. Upon the Borrower's receipt of such notification, the Borrower shall take any action necessary to correct, resolve, or remedy any Adverse Condition to the satisfaction of the Bank. Records related to any audits, Adverse Conditions, litigation, or corrective action shall be retained for a period of no less than 7 years following the resolution same.

(3) Nothing in this Section 2.03 shall be construed to limit the authority of the Bank to conduct or arrange for the conduct of additional audits, examinations, or evaluations of State financial assistance or limit the authority of any other State official. The provisions of this section 2.03 shall be construed to give the Bank and the State the broadest possible authority permitted by the laws of Nevada to inspect, examine, audit and evaluate the financial records and other affairs of the Borrower and the Project.

(4) Copies of financial reporting packages, reports, or management letters required by this agreement shall be submitted by or on behalf of the Borrower directly to the Bank.

2.04 PROGRESS REPORTS

No later than January 15th, April 15th, July 15th, October 15th of each calendar year, the Borrower shall create and deliver to the Bank quarterly progress reports (individually, a "Progress Report") describing all material events, developments, and conditions of the Project. Progress Reports shall be submitted electronically to the Bank by an individual authorized by the governing board of the Borrower. At minimum, each Progress Report shall describe:

(1) All financial activities, events, and transactions which have occurred in the preceding 12 months.

(2) An analysis of the financial condition of the Project

(3) Program accomplishments occurring in the prior 12 months, including:

a. Specific action taken to implement approved objectives and activities of the Project;

b. Progress made on each objective and activity of the Project in terms of percentage completed;

(4) Any delays in the implementation of the Project, Project objective, or Project activity and the reason for the delay. In the event of a delay, a proposed revised Project schedule should be included if activities are not conforming to approved Project schedules as contained in the Financing Application.

(5) Progress toward the Project's performance goals aligned upon by the Borrower and Bank.

(6) Financial information of the Project, including but not limited to:

a. Beginning fund balance;
b. Dollar amount of all expenditures;
c. Ending fund balance;
d. Interest earned to date; and
e. The amount and percent of funds being contributed to the Project from other sources.

(7) Any other information which may be of interest or note to the Bank or the State regarding the status, financial condition, or progress of the Project.

Should the Bank require any additional information or analysis from the Borrower following the receipt of any Progress Report, it shall make a request in writing to the individual who transmitted the Progress Report to the Bank. Any request for additional information shall set the Borrower's response deadline, which shall be strictly enforced.

2.05 RECORDS RETENTION.

The Borrower shall retain all records related to the Project for a period of no less than seven (7) years. The Borrower shall retain sufficient records demonstrating its compliance with the terms of this Agreement for a period of at least seven (7) years from the date any audit report is issued, and shall allow the Bank, or its designee, access to such records upon request. The Bank or the State may extend the period during which any records must be retained upon written notice to the Borrower. Borrower's failure to retain any records described in this Section 2.05 for the period prescribed (or any extension thereof) shall constitute a material event of default.

All costs charged to the Project, including any approved services contributed by the Borrower or others, shall be supported by properly executed payrolls, time records, invoices, contracts, or vouchers evidencing in proper detail the nature and propriety of the charges.

Any check or order drawn by the Borrower with respect to any item which is or will be supported by the Loan must be supported with a properly signed voucher on file in the office of the Borrower stating in proper detail the purpose for which such check or order is drawn. All checks, payrolls, invoices, contracts, vouchers, orders, or other accounting documents pertaining in whole or in part to the Project shall be clearly identified, and readily accessible, and, to the extent feasible, kept separate and apart from all other such documents.

2.06 ACCESS TO PROJECT SITES.

The Borrower shall provide to the Bank and its representatives access to any location related to the use or proposed use of Loan funds and any administrative offices related thereto, including without limitation any buildings and/or facilities that are financed through the Project. The Borrower shall cause all of its employees, agents, representatives, and contractors to cooperate during any Project inspections, including making available copies of any documents and/or other materials.

ARTICLE III - LOAN REPAYMENT ACCOUNTS

3.01. RESERVED.

ARTICLE IV - THE PROJECT

4.01. PROJECT CHANGES.

The Borrower covenants and agrees that it will not change the scope of the Project or alter the nature of the Project in any material fashion, or substitute any other project for the Project, without the prior written approval of the Bank.

4.02. PROHIBITION AGAINST ENCUMBRANCES.

The Borrower is prohibited from selling, leasing, or disposing of any part of the Project which would materially adversely affect the ability of the Borrower to meet its obligations under this Agreement so long as this Agreement, including any amendment thereto, is in effect unless the written consent of the Bank is first secured.

4.03. COMPLETION MONEYS.

In addition to the proceeds of this Loan, the Borrower covenants that it has obtained, or will obtain, sufficient moneys from other sources to complete the Project on, or prior to, the Project completion date set forth in the Financing Application or such other date as the Bank may approve in writing. Failure of the Bank to approve additional financing, where required, shall not constitute a waiver of the Borrower's covenants to complete and place the Project in operation.

4.04. PROJECT SCHEDULE AND INDEBTNESS.

The Borrower agrees:

(1) Initiation of Project is anticipated to take place in June of 2025.

(2) The Project is anticipated to be completed in August 2027. If the anticipated project completion date changes, the Borrower shall notify the Bank within 15 days.

(3) The Loan Repayments shall be due at the times and in the amounts set forth on Exhibit B.

(4) If less than $1,950,000 has been drawn by the Borrower upon completion of the Project, each installment of principal due on the Loan occurring after completion of the Project shall be reduced in a pro-rata manner rounded to the nearest whole dollar such that the total principal installments on the Loan are equal to the actual amount drawn by the Borrower.

ARTICLE V – RATE COVENANTS AND COLLECTION OF PLEDGED REVENUES

5.01. RATE COVERAGE.

To the extent that the Pledged Revenues are derived from revenues that may be adjusted by the Borrower, the Borrower shall maintain revenues at a level sufficient to provide, in each Fiscal Year, Pledged Revenues equal to or exceeding one and a half times the sum of the Loan Repayments due in such Fiscal Year. In addition, the Borrower shall satisfy the coverage requirements of all senior and parity debt obligations, if any.

5.02. COLLECTION OF PLEDGED REVENUES.

The Borrower shall use its best efforts to collect all Pledged Revenues and other amounts due to it and shall take no action to impair the collection of the Pledged Revenues.

ARTICLE VI - DEFAULTS AND REMEDIES

6.01. EVENTS OF DEFAULT.

Each of the following events shall be deemed a material event of default:

(1) Failure to make any Loan Payment when it is due and such failure shall continue for a period of 5 days.

(2) Any warranty, representation, or other statement by, or on behalf of, the Borrower contained in this Agreement or in any document, certificate or information furnished in compliance with, or in reference to, this Agreement (other than projections, estimates and other forward-looking information and general economic or industry information), is determined to be false or misleading in any material respect.

(3) An order or decree is entered, with the acquiescence of the Borrower, appointing a receiver for any part of the Project or the Pledged Revenues; or if such order or decree, having been entered without the consent or acquiescence of the Borrower, shall not be vacated, or discharged or stayed on appeal within 60 days after the entry thereof.

(4) Any proceeding is instituted, with the acquiescence of the Borrower, for the purpose of effecting a composition between the Borrower and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are payable from Pledged Revenues.

(5) Any bankruptcy, insolvency or other similar proceeding is instituted by, or against, the Borrower under federal or state bankruptcy or insolvency law now or hereafter in effect and, if instituted against the Borrower, is not dismissed within 60 days after filing.

(6) Any failure to comply with the provisions of this Agreement or failure in the performance or observance of any of the covenants or actions required by this Agreement (a "General Non-compliance Default"), provided, however, that if the Borrower provides the Bank with written notice of a General Non-compliance Default within 30 days of the date of such General Non-compliance Default, and such default does not relate to the Borrower's obligations to make a Loan Payment, then the Borrower shall have 60 days from the date of such General Non-compliance Default to cure such General Non-compliance Default to the satisfaction of the Bank in the Bank's sole and absolute discretion. If the Borrower fails, within the time periods provided

in the previous sentence, to (i) provide written notice of a General Non-compliance Default, or (ii) cure the General Non-compliance Default to the satisfaction of the Bank in the Bank's sole and absolute discretion, then the Borrower shall be deemed to be in default of this Agreement as of the date of the General Non-compliance Default.

6.02. REMEDIES.

Upon any event of default, the Bank may pursue any available remedy at law or in equity, including without limitation:

(1) By mandamus or other proceeding at law or in equity, cause the Borrower to remit to the Bank Pledged Revenues sufficient to enable the Borrower to satisfy its obligations under this Agreement.

(2) By action or suit in equity, require the Borrower to account for all moneys received pursuant to this Agreement and to account for the receipt, use, application, or disposition of the Pledged Revenues.

(3) By action or suit in equity, enjoin any acts which may be unlawful or in violation of the rights of the Bank.

(4) By applying to a court of competent jurisdiction, cause the appointment of a receiver to manage the Project, establish and collect fees and charges, and apply the revenues to the reduction of the obligations under this Agreement.

(5) By notifying financial market credit rating agencies and potential creditors of the event of default.

(6) By suing for payment of amounts due, or becoming due, with interest on overdue payments together with all costs of collection, including attorneys' fees.

(7) By increasing the Financing Rate on the unpaid principal of the Loan to as much as 5.19% for a default under Subsection 6.01(1).

(8) By accelerating the repayment schedule if a default under Section 6.01(1) remains uncured for a period of 180 days.

In addition to pursuing any other remedy available under this Agreement, upon an event of default, the Bank may, by providing 60 days advance written notice to the Borrower, elect to terminate this Agreement, and the Bank shall have no further obligation or commitment under this Agreement to the Borrower. Any partial Loan Repayments by the Borrower shall be allocated first to interest and second to principal.

*

6.03. REMEDIES NOT EXCLUSIVE; DELAY AND WAIVER.

No remedy conferred upon or reserved to the Bank by this Article is exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy. No delay or omission by the Bank to exercise any right or power accruing as a result of an event of default shall impair any such right or power or shall be construed to be a waiver of any such default or

acquiescence therein, and every such right and power may be exercised as often as may be deemed prudent by the Bank. No waiver of any default under this Agreement shall extend to or affect any subsequent event of default, whether of the same or different provision of this Agreement or shall impair consequent rights or remedies.

ARTICLE VII - GENERAL PROVISIONS

7.01 DISCHARGE OF OBLIGATIONS.

All payments required to be made under this Agreement shall be cumulative and any deficiencies in any Fiscal Year shall be added to the payments due in the succeeding Fiscal Year and all Fiscal Years thereafter until fully paid. Loan Repayments shall continue to be secured by this Agreement until all of the payments required shall be fully paid to the Bank. If at any time the Borrower shall have paid all amounts due under this Agreement, or shall, in accordance with the provisions of this Section 7.01 have defeased the Loan, the pledge of, and lien on, the Pledged Revenues to the Bank shall be no longer in effect and, except as provided in Section 2.03 and 2.05, this Agreement shall be deemed fully performed. Deposit of sufficient cash or Defeasance Obligations may be made to effect defeasance of this Loan; provided that, the deposit shall be made in irrevocable trust with a banking institution or trust company for the sole benefit of the Bank or its assignees and the Bank has approved in writing such deposit. Notwithstanding any provision of this Agreement to the contrary, the Borrower may prepay this Loan only upon the express written consent of the Bank, which consent shall not be withheld if such prepayment, in the judgment of the Bank will not adversely impact the Bank's ability to comply with covenants relating to obligations secured by such Loan.

7.02 ASSIGNMENT OF RIGHTS UNDERAGREEMENT.

The Borrower hereby expressly acknowledges that the Loan and all payments of principal and interest thereon, and all proceeds thereof, have been pledged and assigned under the Resolution as security for the payment of principal of, premium, if any, and interest on the Bonds and by the execution of this Agreement the Borrower in all respects consents to such pledge and assignment. The Bank may further pledge or assign all or any parts of this Agreement without the prior consent of the Borrower after written notification to the Borrower. The Borrower shall not assign its rights and obligations under this Agreement without the prior written consent of the Bank and receipt by the Bank of a Bond Counsel Opinion, obtained at the Borrower’s expense, that such assignment will not adversely impact the tax status of any Applicable Tax-Exempt Bonds.

7.03 AMENDMENT OF AGREEMENT.

This Agreement may only be amended in writing mutually executed by authorized representatives of the Bank and Borrower. However, no amendment shall be permitted which is inconsistent with any applicable State or Federal law. Any attempted amendment to this Agreement which is inconsistent with any State or Federal law shall be deemed void *ab initio.*

7.04 ANNULMENT OF AGREEMENT.

The Bank may unilaterally annul this Agreement if the Borrower has not drawn any of the Loan proceeds within six months of the first scheduled disbursement date referenced in Exhibit A. If the Bank unilaterally annuls this Agreement, the Bank will provide written notification to the Borrower.

7.05 SUSPENSION AND TERMINATION.

If the Borrower abandons or, before completion, discontinues the Project; or if the commencement, prosecution, or timely completion of the Project by the Borrower is rendered improbable, infeasible, impossible, or illegal, by written notice to the Borrower, the Bank may suspend any or all of its obligations under this Agreement until such time as the event or condition resulting in such suspension has ceased or been corrected, or at its option, the Bank may terminate any or all of its remaining obligations under this Agreement.

Upon receipt of any termination or suspension notice, the Borrower shall proceed promptly to carry out the actions required therein which may include, but not be limited to: (1) necessary action to terminate or suspend, as the case may be, Project activities and contracts and such other action as may be required or desirable to keep to the minimum the costs upon the Loan; (2) furnish a statement of the Project activities and contracts, and other undertakings the cost of which are otherwise includable as Project costs; and (3) repay the Bank according to the provisions of the Agreement, or as otherwise agreed upon, in writing, by the Bank and the Borrower. The termination or suspension shall be carried out in conformity with the latest schedule, plan, and budget as approved by the Bank or upon the basis of terms and conditions imposed by the Bank upon the failure of the Borrower to furnish the schedule, plan, and budget within a reasonable time.

The Bank reserves the right to unilaterally cancel this Agreement for refusal by the Borrower to allow public access to all documents, papers, letters, or other materials subject to the provisions of the Nevada Revised Statutes, and made or received in conjunction with this Agreement.

7.06 SEVERABILITY CLAUSE.

If any provision of this Agreement shall be held invalid or unenforceable, the remaining provisions shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

ARTICLE XIII - DETAILS OF FINANCING

8.01 PRINCIPAL AMOUNT OF LOAN.

The Bank agrees to lend to the Borrower, and the Borrower agrees to repay the Bank the Loan at the times, in the amounts and in the manner set forth in this Agreement. The principal amount of the Loan as of any date shall consist of the aggregate Disbursements (as defined below), plus Capitalized Interest that has accrued and been added to the principal amount of the Loan, plus interest other than Capitalized Interest, if any, that has accrued and been added to the principal amount of the Loan, less the aggregate principal component of all Loan Repayments made, all as of such date.

The estimated principal amount of the Loan as of the date of the first Loan Payment is $1,950,000, which consists of the amounts scheduled to be disbursed to the Borrower in the amounts and at the times set forth in Disbursement Schedule attached hereto as Exhibit A.

8.02 LOAN ORIGINATION FEE.

Upon the closing of the loan, the Borrower is obligated to pay 1% of the total loan amount, equaling $19,500 as a loan origination fee to the Bank. This amount shall be due upon execution of this agreement.

8.03 FINANCING RATE.

Interest shall accrue on the principal amount of the Loan at the Financing Rate. The Financing Rate is 3.98% per annum, compounded annually, using a 360-day year consisting of twelve 30-day months counting convention, as indicated by the Loan Amortization Schedule attached hereto as Exhibit B.

8.04 LOAN DISBURSEMENTS.

The Bank shall disburse the Loan to the Borrower in the amounts and at the times set forth in the Disbursement Schedule (Exhibit A) provided that prior to each Disbursement, the Bank receives a written request for such Disbursement which certifies that all prerequisites for such Disbursement have been satisfied. Any written request for a Disbursement shall be signed by the Borrower's Authorized Representative under penalty of perjury. The Bank may, prior to making any Disbursement, require Borrower to furnish it with any evidence the Bank may deem necessary to verify that Borrower has met the prerequisites for Disbursement. The Bank may elect, in its sole and absolute discretion, to withhold any Disbursement until it is satisfied that all prerequisites to Disbursement have been met.

Upon written request by the Borrower, the Bank may, in its sole and absolute discretion, amend the Disbursement Schedule to take into account unexpected events or reasonable adjustments to the financing of the Project. The Bank may, in its sole and absolute discretion, adjust the Loan Amortization Schedule attached hereto as Exhibit B.

Under no circumstances shall the sum of the Disbursements to the Borrower exceed $1,950,000 under this Agreement. Furthermore, the Bank's obligation to fund any Disbursement is subject to funds being made available by an appropriation made pursuant to Nevada law.

8.05 LOAN REPAYMENTS.

Loan Repayments shall be made at the time and in the amounts set forth in the Loan Amortization Schedule attached hereto as Exhibit B. To the extent the actual principal amount of the Loan calculated as provided in Section 8.01 above is less than the estimated principal amount of the Loan as set forth in Section 8.01 hereof, the amount of the scheduled Loan Payment credited to principal shall increase and the Loan Payment Schedule shall be adjusted, so that the Loan is paid in full over a shorter amount of time. Notwithstanding the foregoing, however, if the actual principal amount of the Loan calculated as provided in Section 8.01 above is less than the estimated principal amount of the Loan as set forth in Section 8.01, the parties to this Agreement hereby agree to adjust the Loan Payment Schedule in such a way as to not adversely impact any obligations of the Bank secured by repayments under this Agreement.

Loan Repayments shall be credited first to interest accruing on the principal amount of the Loan, if any, then to principal.

ARTICLE IX – MISCELLANEOUS

9.01 THIRD PARTY AGREEMENTS

Third Party Agreements: Except as otherwise authorized in writing by the Bank, the Borrower shall not execute any contract or obligate itself in any manner for the procurement of consultant services, construction or purchase of commodities contracts or amendments thereto,

with any third party with respect to the Project without the prior written approval of the Bank. Failure to obtain such approval from the Bank shall be deemed a material breach of this Agreement, relieving the Bank of any obligation to make Disbursements under this Agreement. The Bank specifically reserves unto itself the right to review the qualifications of any consultant or contractor and to approve or disapprove the employment of the same. Such decisions shall be deemed final and binding on the Borrower.

9.02 EQUAL EMPLOYMENT OPPORTUNITY.

In connection with the carrying out of any project, the Borrower shall not discriminate against any employee or applicant for employment because of race, age, creed, color, sex or national origin.

9.03 PROHIBITED INTERESTS.

Neither the Borrower nor any of its contractors, subcontractors, consultants, or subconsultants shall enter into any contract with one another, or arrangement in connection with the Project or any property included or planned to be included in the Project, which violates any provision of the Nevada Revised Statutes, relating to conflicts of interest and prohibited transactions. The Borrower shall further diligently abide by all provisions of Nevada law regulating the Borrower with respect to procurement, contracting, and ethics.

9.04. ADHERENCE TO 2020 STATE CLIMATE STRATEGY.

Execution of this Agreement constitutes a certification by the Borrower that the Project will be carried out in conformance with all applicable regulations of the Bank, including ensuring that all construction done through the Project is consistent with the standards and goals set forth in Nevada's Climate Strategy for the year of 2020 and the goals for the reduction of greenhouse gas emissions set forth in NRS 445B.380 and 704.7820.

The Borrower will be solely responsible for any liability in the event of non-compliance with applicable regulations and will reimburse the Bank for any loss incurred in connection therewith.

9.05 PREVAILING WAGES.

Execution of this Agreement constitutes a certification by the Borrower that the Project will be carried out in conformance with all applicable provisions of NRS Chapter 226 including the payment of prevailing wages.

The provisions of NRS 338.013 to 338.090, inclusive, apply to any contract for construction work on the Project, if any. Any contractor who is awarded a contract or enters into an agreement to perform construction work related to the Project, and any subcontractor who performs any portion of any construction work on the Project shall comply with the provisions of NRS 338.013 to 338.090, inclusive, in the same manner as if a public body had undertaken the qualified project or had awarded the contract.

The Borrower shall be solely responsible for any liability in the event of non-compliance with this section and will reimburse the Bank for any loss incurred in connection therewith.

9.06 LOCAL HIRE AND APPRENTICESHIP UTILIZATION.

Execution of this Agreement constitutes a certification by the Borrower that the Project will be carried out in conformance with all applicable regulations of the Bank including the hiring of Nevada residents and the utilization of registered apprentices on any construction projects.

The Borrower will ensure that for the duration of the Project, not less than 50 percent of the total project work hours performed within each construction trade by employees of a contractor or subcontractor are performed by residents of Nevada, with not less than 15 percent of those project work hours performed within each construction trade by employees of the contractor or subcontractor being performed by disadvantaged workers.

If the Borrower is unable to comply with the project work hour requirements set forth in this section, the Borrower may petition the Bank for an exemption from these requirements of this section. Upon receipt of such a petition, the Bank may exempt the Borrower from the requirements of this section if it is found that the inability of the Borrower to comply with the requirements of this section is due to circumstances beyond the control of the Borrower.

The Borrower will be solely responsible for any liability in the event of non-compliance with applicable regulations and will reimburse the Bank for any loss incurred in connection therewith.

9.07 NO OBLIGATION TO THIRDPARTIES.

Except to the extent set forth herein, neither the Bank nor the Borrower shall be obligated or liable hereunder to any person or entity not a party to this Agreement.

9.08 WHEN RIGHTS AND REMEDIES NOT WAIVED.

In no event shall the making by the Bank of any Disbursement to the Borrower constitute or be construed as a waiver by the Bank of any breach of covenant or any default which may then exist, on the part of the Borrower, and the making of such Disbursement by the Bank while any such breach or default shall exist shall in no way impair or prejudice any right or remedy available to the Bank with respect to such breach or default.

9.09 BONUS OR COMMISSION.

By execution of the Agreement the Borrower represents that it has not paid and, also, agrees not to pay, any bonus or commission for the purpose of obtaining an approval of its application for the Loan established hereunder.

9.10 INDEMNITY.

To the extent allowed by law, the Borrower shall indemnify, defend, and hold harmless the Bank and all of its officers, agents, and employees from any claim, loss, damages, cost, charge, or expense arising out of any act, error, omission, or negligent act by the Borrower, its agents, employees, contractors and/or subcontractors during the performance of the Agreement, except that neither the Borrower, its agents, employees, contractors and/or subcontractors will be liable under this paragraph for any claim, loss, damages, cost, charge, or expense arising out of any act, error, omission, or negligent act by the Bank, or any of its officers, agents, or employees, during the performance of the Agreement.

If the Bank receives notice of claim for damages that may have been caused by the Borrower in the performance of services required under this Agreement, the Bank will immediately forward the claim to the Borrower. The Bank's failure to promptly notify the Borrower of a claim will not act as a waiver or any right herein.

9.11 PLANS AND SPECIFICATIONS.

In the event that this Agreement involves the purchasing of capital equipment or the constructing and equipping of a facility, the Borrower shall design and construct the equipment and/or facility in accordance with the standards applicable to the Borrower. Failure to follow the plans and specifications shall be sufficient cause for delays in the distribution of disbursements by the Bank.

9.12 PROJECT COMPLETION, BORROWER CERTIFICATION.

Upon completion of the Project, the Borrower will certify in writing that the Project (or expending of the Loan) was completed in accordance with applicable plans and specifications and that the Project is accepted by the Borrower as suitable for the intended purpose.

9.13 ENTIRE AGREEMENT.

The Financing application executed by the Borrower, all exhibits, attachments and schedules attached to the Financing Application, and this Agreement ("the Agreement Documents") sets forth the entire agreement between the parties and incorporate and supersede all prior negotiations, correspondence, conversations, agreements or understandings applicable to the matters contained herein and therein, and the parties hereto agree that there are no commitments, agreements or understandings concerning the subject matter of this Agreement that are not contained in the Agreement Documents. Accordingly, it is agreed that no deviation from the terms of the Agreement Documents shall be predicated upon any prior representation or agreements whether oral or written. It is further agreed that no modification, amendment or alteration in the terms and conditions contained in the Agreement Documents shall be effective unless contained in a written document executed by the parties hereto.

It is further agreed that the Bank will have no obligation to honor any request for disbursement made by the Borrower or otherwise make any disbursement under this agreement in the event that the Bank has notified the Borrower that an event of default has occurred under this or any other agreement between the Borrower and the Bank, or if the Bank, in its sole discretion, determines that events have occurred which substantially diminish the likelihood that the Borrower will timely and fully honor its obligations under this agreement or any other agreement between the Bank and the Borrower. Any waiver of this provision by disbursement following an event of default by the Borrower under the terms of this agreement, or any other agreement between the Borrower and the Bank, will not constitute a continuing waiver of this provision and the Bank may refuse to make further disbursements without any liability to the Borrower whatsoever.

In the event of conflict between the terms and conditions of the Agreement Documents: (i) the terms and conditions contained in the body of this Agreement prevail over conflicting terms and conditions contained in any exhibits, schedules and attachments attached to this Agreement; (ii) the terms and conditions contained in the body of the Financing Application prevail over any conflicting terms and conditions contained in any exhibits, schedules and attachments attached to the Financing Application; and (iii) the terms and conditions of the Agreement, including all exhibits, schedules and attachments hereto, prevail over conflicting terms and conditions contained in the Financing Application and any exhibits, schedules and attachments thereto.

9.14 NOTICES.

Any notice, demand, request or other instrument which is required to be given under this Agreement in writing shall be delivered to the following addresses and/or via email:

If to the Bank: Nevada State Infrastructure Bank
101 North Carson Street
Carson City, Nevada 89701
ejimenez@nevadatreasurer.gov

_____

If to Borrower: Lincoln County Hospital District
P.O. Box 1010/700 North Spring Street
Caliente, NV 89008
missie@gcdmc.org

ARTICLE X - EXECUTION OF AGREEMENT

This Agreement shall be executed in three or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Bank has caused this Agreement to be executed on its behalf by its Secretary and the Borrower has caused this Agreement to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this Agreement shall be the Agreement Date.

NEVADA STATE INFRASTRUCTURE BANK

Treasurer Zach Conine Chair of the Board of Directors	Legal

Borrower:_____

Melissa Rowe

Administrator/CEO, Lincoln County Hospital District

Exhibit A

Loan Draw-Down/Disbursement Schedule

Total Loan Amount: $1,950,000

Total Bank Commitment: $1,950,000

Fiscal Year	Anticipated Disbursement	Remaining
2025	$1,500,000	$450,000
2026	450,000	0

EXHIBIT B

Anticipated Loan Amortization Schedule[1]

Date	Principal	Rate	Interest[2]	Semi-Annual Debt Service	Annual Debt Service
06/04/2025		3.980%			
12/01/2025	$48,746		$38,158.25	$86,904.25	
06/01/2026	49,085		37,834.95	86,919.95	$173,824.20
12/01/2026	50,062		36,858.16	86,920.16	
06/01/2027	51,058		35,861.93	86,919.93	173,840.09
12/01/2027	52,074		34,845.88	86,919.88	
06/01/2028	53,110		33,809.60	86,919.60	173,839.48
12/01/2028	54,167		32,752.71	86,919.71	
06/01/2029	55,245		31,674.79	86,919.79	173,839.50
12/01/2029	56,345		30,575.41	86,920.41	
06/01/2030	57,466		29,454.15	86,920.15	173,840.56
12/01/2030	58,610		28,310.58	86,920.58	
06/01/2031	59,776		27,144.24	86,920.24	173,840.82
12/01/2031	60,965		25,954.69	86,919.69	
06/01/2032	62,179		24,741.49	86,920.49	173,840.18
12/01/2032	63,416		23,504.13	86,920.13	
06/01/2033	64,678		22,242.15	86,920.15	173,840.28
12/01/2033	65,965		20,955.06	86,920.06	
06/01/2034	67,278		19,642.35	86,920.35	173,840.41
12/01/2034	68,617		18,303.52	86,920.52	
06/01/2035	69,982		16,938.04	86,920.04	173,840.56
12/01/2035	71,375		15,545.40	86,920.40	
06/01/2036	72,795		14,125.04	86,920.04	173,840.44
12/01/2036	74,244		12,676.42	86,920.42	
06/01/2037	75,721		11,198.96	86,919.96	173,840.38
12/01/2037	77,228		9,692.12	86,920.12	
06/01/2038	78,765		8,155.28	86,920.28	173,840.40
12/01/2038	80,332		6,587.86	86,919.86	
06/01/2039	81,931		4,989.25	86,920.25	173,840.11
12/01/2039	83,561		3,358.82	86,919.82	
06/01/2040	85,224		1,695.96	86,919.96	173,839.78
	---		---	---	---
	$1,950,000		$657,587.19	$2,607,587.19	$2,607,587.19

[1] Subject to adjustment as described in Section 4.04(4).

[2] Pro-forma. Interest shall accrue based on the actual amounts drawn by the Borrower and as described in Section 8.03.

EXHIBIT C

Summary Project Specifications

This loan from the Nevada State Infrastructure Bank ("Lender") to the Lincoln County Hospital ("Borrower") is to support the construction of the Grover C. Dils Medical Center Physical Therapy and Patient Clinic Project.

Loan funds will be used to support the construction of a new 10,000 square foot clinic and physical therapy building located on Lincoln County Hospital District property adjacent to the existing hospital campus. The new building will have a reception area with dedicated seating for clinic and physical therapy patients. The new clinic will have 9 exam rooms, 2 treatment spaces, a dedicated lab area, linen and storage rooms, additional restrooms for both staff and patients, five physicians' offices, support areas, a nurse station, and a joint breakroom for clinic and physical therapy staff.

A term sheet outlining the various elements of this loan, is included below:

State Infrastructure Bank / Grover C. Dils Medical Center Physical Therapy and Patient Clinic Proposed Loan Terms

Lender	Nevada State Infrastructure Bank
Borrower	Lincoln County Hospital District
Loan Amount	Maximum of $1,950,000.00
Loan Purpose	Loan funds will be used to support the construction of a new 10,000 square foot clinic and physical therapy building located on Lincoln County Hospital District property adjacent to the existing hospital campus. The new building will have a reception area with dedicated seating for clinic and physical therapy patients. The new clinic will have 9 exam rooms, 2 treatment spaces, a dedicated lab area, linen and storage rooms, additional restrooms for both staff and patients, five physicians' offices, support areas, a nurse station, and a joint breakroom for clinic and physical therapy staff.
Maturity	15 years
Security	Loan funds will be secured by an adopted resolution by the Borrower pledging future revenues available to the Borrower.
Interest Rate	Fixed rate of 3.98% per annum.
Disbursement	Draw down loan with first disbursement of $1,500,000 upon the closing of the loan. A second disbursement of up to $450,000 will be made once construction has been completed to support incurred pre-construction costs as agreed upon by the Lender and the Borrower and subject to approval by the U.S. Department of Health and Human Services.
Additional Sources of Funding	The total estimated cost of the project is $5,100,000, and the Borrower has secured $3,765,000 in grant funding from the U.S. Department of Health and Human Services to support this project.
Terms of Repayment	Borrower shall make semi-annual payments consisting of principal and accrued interest not to exceed $173,840.82 each year. Payments will be

	due on June 1st and December 1st of each year, commencing December 1, 2025 until maturity of the loan on June 1, 2040.
SIB Loan Origination Fee	Borrower will pay 1% of the total loan amount, equaling $19,500.00 as a loan origination fee. This amount will be amortized over the term of the loan and will be added to the principal amount.
Reporting	Borrower will submit quarterly reports to Lender. Reports will include construction updates and timelines, anticipated job and economic impacts, anticipated climate impacts, and other project goals agreed upon by the Borrower and Lender.
Prevailing Wage, Local Hire, and Apprenticeship Utilization	Borrower will adhere to the Lender's established policies of local hiring, apprenticeship utilization, and the payment of prevailing wages.

EXHIBIT D

Bond Resolution

A RESOLUTION APPROVING A FINANCING AGREEMENT AND RELATED DOCUMENTS IN THE MAXIMUM PRINCIPAL AMOUNT OF $1,950,000 IN CONNECTION WITH THE FINANCING OF A NEW CLINIC AND PHYSICAL THERAPY FACILITY PROJECT FOR THE LINCOLN COUNTY HOSPITAL DISTRICT, NEVADA; AND PROVIDING OTHER MATTERS RELATED THERETO.

WHEREAS, pursuant Nevada Revised Statutes ("NRS") 226.700 to 226.832, inclusive (the "Act") and the Nevada Administrative Code ("NAC"), the Nevada State Infrastructure Bank (the "Bank") is authorized to provide loans and other financial assistance to qualified borrowers for the development, construction, repair, improvement, operation, maintenance, decommissioning and ownership of transportation facilities, utility infrastructure, water and wastewater infrastructure, renewable energy infrastructure, recycling and sustainability infrastructure, digital infrastructure, social infrastructure, and other infrastructure related to economic development as necessary for public purposes; and

WHEREAS, in accordance with the provisions the Act, the Board of the Bank has responsibility for the performance of various activities in connection with such loans; and

WHEREAS, Lincoln County Hospital District, Nevada (the "Borrower") has made an application for the financing of the acquisition, construction and improvement of a new clinic and physical therapy facility anticipated to be located at 288 Ryan Street in Caliente, Nevada (the "Project") as more fully described in the Financing Application submitted to the Bank, in accordance with applicable law and the summary specifications included in Exhibit C to the Financing Agreement between the Bank and the Borrower (the "Financing Agreement") in the maximum principal amount of $1,950,000 through a loan made under and pursuant to the Act from moneys of the Bank, and the Bank has determined that the Project meets all requirements for a loan and has agreed to make a loan to the Borrower for the financing of the Project as set forth in the Financing Agreement (the "Loan"); and

WHEREAS, the Borrower has authorized the issuance of the Lincoln County Hospital District, Nevada, Hospital Revenue Bond, Series 2025 (the "Bond") pursuant to a resolution adopted by the Board of Trustees of the Borrower on May 6, 2025, to be issued to the Bank to repay the Borrower's obligations under the Financing Agreement; and

WHEREAS, the Borrower has pledged the gross revenues from the operation of the Borrower's hospital facilities pursuant to NRS Chapter 450, to the payment of principal of and interest on the Bond as security for the Loan; and

WHEREAS, the Financing Agreement has been filed with the Board of the Bank; and

WHEREAS, the Financing Agreement is proposed to be entered into pursuant to the provisions of the Act; and

WHEREAS, the Financing Agreement contains the provisions required by the Act, including, without limitation, the provisions of NRS 226.808.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF THE NEVADA STATE INFRASTRUCTURE BANK:

Section 1. The Financing Agreement in substantially the form now on file with the Board, but with such changes as may be approved by the Chair of the Board executing the Financing Agreement (such approval to be evidenced by the execution of the Financing Agreement by such officer) and the transactions contemplated thereby be, and the same hereby are, approved by the Board pursuant to the Act and the officials of the Board designated therein are authorized to execute and deliver the Financing Agreement on behalf of the Board and the Bank.

Section 2. The Board hereby finds and determines that (i) the term of the loan of 15 years does not exceed the anticipated useful life of the Project and (ii) the Financing Agreement contains the provisions required by the Act, including, without limitation, the provisions of NRS 226.808 and is in full compliance with the Act. In addition to the Loan, the Borrower has secured grants in the sum of approximately $3,765,000 for the Project.

Section 5. The officials of the Board and the Bank are authorized and directed to take all action necessary to effectuate the provisions of this Resolution and the transactions contemplated hereby, including the execution of any documents necessary in connection with the transactions contemplated by the Financing Agreement and the transactions contemplated thereby.

Section 6. This Resolution shall be effective upon passage and approval.

PASSED, ADOPTED AND APPROVED MAY 12, 2025.

_____

Zach Conine, State Treasurer, Chair
Board of Nevada State Infrastructure Bank

STATE OF NEVADA)
) ss.
CARSON CITY)

I am the duly chosen and qualified _____ of the Nevada State Infrastructure Bank (the "Bank") and do hereby certify that:

1. The foregoing pages constitute a true, correct, complete resolution (the "Resolution") which was passed and adopted by the Board of the Bank at the duly held meeting of May 12, 2025 (the "Resolution").

2. The original of the Resolution was signed by the Chair of the Board and was recorded in the minutes of the Board kept for that purpose in the Board's office.

3. Members of the Board, i.e.,

Chair:	Zachary B. Conine
Other Board Members:	Tom Burns
	Kristopher Sanchez
	Jesse Haw
	Tracy Holland
	Matt Kershaw
	Ken Liu
	Blayne Osborn

attended such meeting and voted in favor of the passage of the Resolution.

4. All members of the Board were given due and proper notice of such meeting.

5. Public notice of such meeting was given and such meeting was held and conducted in full compliance with the provisions of NRS 241.020.

6. At least three working days before such meeting, such notice was given to each member of the Board and to each person, if any, who has requested notice of meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

7. A copy of the notice so given is attached to this certificate as Appendix A.

8. No other proceedings were adopted and no other action was taken or considered at such meeting relating to the subject matter of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand on May 12, 2025.

_____

Name:
Title:

APPENDIX A

(Copy of Notice of Meeting)

Exhibit D

Nevada State Infrastructure Bank

Financing Application

Nevada State Infrastructure Bank Overview:

The Nevada State Infrastructure Bank was established to provide low-cost financing to Nevada state agencies, local governments, Tribal governments, and non-profit organizations for priority infrastructure projects.

Pursuant to Chapter 226 of the Nevada Revised Statutes, the Bank may provide financing for a variety of infrastructure projects, including: transportation facilities, utility infrastructure, digital infrastructure, recycling and sustainability infrastructure, renewable energy infrastructure, social infrastructure, water and wastewater infrastructure, and other infrastructure related to economic development.

The Bank has been capitalized with an initial $75 million in State general obligation bonds that, are allocated to the following accounts within the Nevada State Infrastructure Bank:

- $40 million for projects for the Federal Infrastructure Matching Account;
- $20 million for projects for the Affordable Housing Revolving Account; and
- $15 million for projects for the Charter School Capital Needs Revolving Account.

In evaluating applications, the Bank will also seek to leverage outside capital and federal funding to help finance projects that improve quality of life, strengthen Nevada's climate resiliency, and help to promote a strong economy for communities across the State.

Application Instructions:

Please complete all sections of the application below and attach any required exhibits to request financing from the Nevada State Infrastructure Bank.

Prior to applying to the Bank for financing, please familiarize yourself with all the statutes and regulations governing the operation of the Bank.

The relevant statutory provisions can be found in Chapter 226 of the Nevada Revised Statutes (NRS 226.700 – 226.832).

Additionally, the regulations of the Bank provide the application requirements and describe the process for determining qualified projects and borrowers for applications to the Federal Infrastructure Matching Account, the Affordable Housing Revolving Account, the Charter School Capital Needs Revolving Account, and the General Account.

Applications for financing will be reviewed by Bank staff and may be presented to the Board of Directors of the Nevada State Infrastructure Bank for consideration[1].

Completed, applications may be submitted as follows:

Via electronic mail:

Nevada State Infrastructure Bank

Email: EJimenez@nevadatreasurer.gov

Via regular mail:

Nevada State Infrastructure Bank
101 North Carson Street, Suite 4
Carson City, NV 89701

[1] *Note: submission of an application does not guarantee Board consideration or project funding.*

Part 1: Applicant Information

Legal Name of the Applicant: Lincoln County Hospital District d.b.a. Grover C. Dils Med. Ctr.

Type of Applicant:

☒ Governmental Unit

☐ Indian Reservation or Colony

☐ Private Non-Profit Organization created for charitable or educational purposes

If applicant is a governmental unit or non-profit organization, please describe:

Grover C. Dils Medical Center is the operating name for the Lincoln County Hospital District, organized under NRS 450. The District is governed by a Board of Trustees which are appointed by the Lincoln County Board of Commissioners. GCDMC's geographic boundaries are coterminous with those of Lincoln County.

Mailing Address of the Applicant:

Street Address: Box 1010

City, State, Zip Code: Caliente, NV 89008

Name of the Individual Submitting this Application:

Melissa Rowe

Role/Title of the individual submitting the application:

Administrator/CEO

Address for the individual submitting the application:

Street Address: Box 1010

City, State, Zip Code: Caliente, NV 89008

Email for Individual submitting the application:

missie@gcdmc.org

Phone number of individual submitting this application:

(775) 726-8005

Please list the contact information (Name, Address, Phone, Email) for other authorized individuals associated with the project (i.e., consultants, advisors, engineers, attorneys, etc.)

Name: Kristan Umina	Title:
Organization: Grover C. Dils MC	Phone: (775) 726-8001
Street Address: 700 N. Spring Street	Fax:
City, State, Zip: Caliente, NV 89008	E-mail: kristan@gcdmc.org
Name:	Title:
Organization:	Phone:
Street Address:	Fax:
City, State, Zip:	E-mail:

Part 2: Financing Requested

What type of financial assistance is the Applicant seeking? (Please select all that apply)

- [x] Loan
- [ ] Grant
- [ ] Other Financial Assistance

Financing Amount Requested:

1,950,000

Is the State Infrastructure Bank origination fee included in financing? (Please reference the regulations governing the Nevada State Infrastructure Bank)

- [x] Yes
- [ ] No

Financing term requested (Number of years): 15

Source of financing repayment:

- [ ] Enterprise Fund
- [ ] Special Fund
- [ ] General Fund Lease
- [ ] Assessment District
- [ ] Special Taxes/Property Related Assessments
- [ ] Voter approved general obligation debt
- [x] Other

Please explain the source(s) of financing repayment:

The District will repay the loan with a pledge of its (1) patient and resident service revenue, net of allowances for bad debt and contractual adjustments, (2) other operating revenue, and (3) nonoperating interest income. In fiscal year 2024, the audited pledged revenues were approximately $8.4 million and are budgeted to be $9.6 million in fiscal year 2025.

Part 3: Project Information

Project Name: Grover C. Dils clinic and physical therapy building

Project Address:

Street Address: 700 N Spring Street

City, State, Zip Code: Caliente, NV 89008

Project Category (Please reference Chapter 408 of the Nevada Revised Statutes):

- ☐ Transportation Facility
- ☐ Utility Infrastructure
- ☐ Water and Wastewater Infrastructure
- ☐ Renewable Energy Infrastructure
- ☐ Digital Infrastructure
- ☐ Recycling and Sustainability Infrastructure
- ☒ Social Infrastructure
- ☐ Other Infrastructure related to Economic Development

If the project category selected was "Other Infrastructure related to Economic Development" please explain the project:

n/a

Is the project located in any of the following? (Please select all that apply)

☐ In a qualified census tract as designated by the United States Secretary of Housing and Urban Development pursuant to 26 U.S.C. § 42(d)(5)(B)(ii)

☐ In a census tract which has a high level of social vulnerability as determined according to the Social Vulnerability Index developed by the Centers for Disease Control and Prevention of the United States Department of Health and Human Services

☐ In a community which has a large percentage of the population having limited English proficiency

☐ In a community that has been subject to historical instances of redlining, segregation or other discriminatory practices

Is any part of the proposed project located on Tribal land?

☐ Yes

■ No

Please attach a detailed description of the project. If the funding request is limited to a portion of the project, please identify as appropriate. If you have a feasibility study, a capital improvement plan, environmental study, or other such reports containing a detailed description of the project, please include as appropriate.

Attach all necessary documents as Exhibit 1. [Please label and attach items as Exhibits 1a, 1b, 1c, etc.]

If funding for the project is approved by the Nevada State Infrastructure Bank Board of Directors, how long will it take for this project to be completed?

If funding is approved, GCDMC anticipates beginning construction by February 2026, with completion anticipated by Summer 2027.

Please list applicable permits for the project:

Type of Permit (Please include permit number)	Granting Authority	Date Submitted	Date Received	Expiration Date

Please complete the attached Project Sources and Uses of Proceeds Table (located on page 22 of this document) as Exhibit 2. Attach any and all cost estimates, bids, project labor agreements, and construction contracts, if available. [Please label and attach them as Exhibits 2a, 2b, 2c, etc.]

Please provide for any and all documentation commitment(s) for project funding sources other than financing from the State Infrastructure Bank. This could include resolutions, grant agreements, loan agreements, contracts, etc. [Please label and them as Exhibit 3]

Is land acquisition a component of the project?

☐ Yes

■ No

If yes, please provide a copy of the purchase agreement as Exhibit 4. Include a description of the land that has been or will be acquired (current owner, address, assessor's parcel number, purchase date or expected purchase date, cost or estimated cost), and identify the funding source(s) for the land below:

n/a

Does the applicant already own the land needed for the project?

☒ Yes

☐ No

Please provide a comprehensive project timeline as Exhibit 5. Include specific project milestones such a preliminary engineering report, all required permits, design, engineering, land/right-of-way acquisition, preparation of bid documents, awarding of construction contract, construction start date, construction completion date, and the date that the project will become operational.

Private Activity - Will any entity, including a governmental entity other than the Applicant, use or directly benefit from any portion of the Project other than as a member of the general public? (For example, will a private entity or a federal agency operate, or lease space in the proposed project?)

☐ Yes

☒ No

If yes, please describe the entity that will use or otherwise benefit from the Project. Provide a copy of the agreement(s) with such private entity, or federal agency. [Please label and attach as Exhibit 6.]

n/a

Will financing be used to finance more than 5 percent of any private activity costs?

☐ Yes

☒ No

If yes, please explain:

n/a

Business Relocation – Will the proposed Project require the relocation of a private sector business from one area of the State to another?

☐ Yes

☒ No

If yes, please provide a justification to support the move:

n/a

Please describe any economic and/or community benefits that will result from the completion of this project. Please include the method, or calculation by which these results were identified:

The project replaces and enlarges space currently leased by GCDMC. Additional services, not currently provided due to space limitations, may also be accommodated in the larger space. In addition, the project will be designed to fully integrate with a future new hospital, when constructed.

What are the total number of jobs that will be created and the average wage for the project? (Please include the method or calculation by which these results were identified)

Currently, only construction jobs are anticipated. Construction wages will be in accordance with government guidelines and prevailing wage.

What are total number of jobs retained and the average wage? (Please include the method or calculation by which these results were identified)

Currently, only construction jobs are anticipated. Construction wages will be in accordance with government guidelines and prevailing wage.

Describe the environmental impact that will result from this project? (Please include the method or calculation by which these results were identified)

Unknown

Does this project comply with the with the standards and goals set forth in the 2020 Nevada Climate Strategy and the goals for the reduction of greenhouse gas emissions set forth in NRS 445B.380 and 704.7820?

☐ Yes

☐ No

☒ Unsure

Useful Life - Please provide evidence detailing the useful life of the Project. Useful life is defined as the estimated number of years the project is anticipated to remain in service. Please include estimated useful life projections with and without any anticipated maintenance costs. [Label and attach as Exhibit 7]

The useful life of the building has been estimated by the architect at 50 years. See Exhibit 7-Attached.

Is this project eligible to apply for funding from the Affordable Housing Revolving Account within the Nevada State Infrastructure Bank Fund? (Please reference the Nevada State Infrastructure Bank regulations for the guidelines and policies for the Affordable Housing Revolving Account.)

☐ Yes

☒ No

☐ Unsure

Is this project eligible to apply for funding from the Charter School Capital Needs Revolving Account within the Nevada State Infrastructure Bank Fund? (Please reference the Nevada State Infrastructure Bank regulations for the guidelines and policies for the Charter School Capital Needs Revolving Account.)

☐ Yes

☒ No

☐ Unsure

Is this project eligible to apply for funding from the Federal Infrastructure Matching Account within the Nevada State Infrastructure Bank Fund? (Please reference the Nevada State Infrastructure Bank regulations for the guidelines and policies for the Federal Infrastructure Matching Account.)

☐ Yes

☐ No

☒ Unsure

Is this project eligible to apply for funding from the State Infrastructure Bank General Account within the Nevada State Infrastructure Bank Fund? (Please reference the Nevada State Infrastructure Bank regulations for the guidelines and policies for the State Infrastructure Bank General Account.)

☒ Yes

☐ No

☐ Unsure

Part 4: Financial Information

Please provide copies of the five most recent fiscal year-end audited financial statements for the applicant and related parties to the project, if not already provided, as well as applicable revenue projections and cash flows. [Label and attach as Exhibits 8a, 8b, 8c, etc.]

Please provide the current year's adopted budget as Exhibit 9.

Are there any events or circumstances that have occurred since the date of the last financial statement could materially affect the overall financial condition of the Applicant?

☐ Yes

☒ No

If yes, please explain:

n/a

In the table below, please list all outstanding financing obligations (debts, notes, capital leases, etc.) secured by the source of repayment for the requested financing. Attach as Exhibit 10, and include a copy of all financing documents (e.g., the official statement along with any underlying loan agreements, lease agreements, or indentures, etc.) [Label and attach as Exhibits 10a, 10b, 10c, etc.]

Name of Lender	Date of Debt	Outstanding Balance (as of 06/30/2024)	Maximum Annual Debt Service/Lease Payment
NONE		$ --	$ --
		$	$
		$	$
		$	$

Please provide a description of any off-balance-sheet debt obligations, including capital leases and other contractual obligations:

There are no other debt obligations. As of June 30, 2024, GCDMC reported other outstanding liabilities including: Subscription-Based Information Technology Arrangements (SBITA) in the aggregate amount of $107,058; proportionate share of the Nevada Post-Employment Retirement Plan (PERS) of $9,327,625; Other Post-Employment Benefits (OPEB) of $61,695; and accrued compensated absences of $194,490.

Has the Applicant defaulted on any debt or other obligation including, but not limited to, bonds, leases, or loans within the last ten years?

☐ Yes

■ No

If yes, please specify the date(s) and circumstances:

n/a

Please attach as Exhibit 11 the current Capital Improvement Plan. Explain below any expected plan for future debt issuance:

There are no current plans to issue additional debt.

Does the Applicant have an Inter-fund Transfer Policy?

☐ Yes

■ No

If yes, please attach a copy of the policy as Exhibit 15.

Is the Applicant planning on utilizing any collateral in order to receive a loan or other financial assistance?

☐ Yes

☒ No

If yes, please explain:

n/a

Part 5: Loan Proceeds

Will the loan proceeds pay for any general administration or overhead costs?

☐ Yes

☒ No

Have any general administration or overhead costs already been incurred?

☐ Yes

☒ No

If yes, please explain:

Will the Project include the payment of prevailing wages as set forth in NRS Chapter 226?

☒ Yes

☐ No

Will loan proceeds finance preliminary costs for the Project?

☒ Yes

☐ No

Have any preliminary costs already occurred?

☒ Yes

☐ No

If yes, please explain:

As of February 14, GCDMC has incurred outside consulting and design costs of approximately $22 thousand. GCDMC anticipates additional preliminary costs will be incurred in the subsequent months as the project is fully designed.

Part 6: Legal Information

Please describe the composition of the Applicant's governing body, including the number of positions, term, and the selection/appointment process. Additionally, please provide a current list of individuals in these positions:

The Board of Trustees of the Lincoln County Hospital District is comprised of 5 members appointed by the Board of County Commissioners of Lincoln County for terms of 2 or 4 years. As February 1, 2025, the members of the Board of Trustees are: Mick Lloyd/Chair, Douglas Miller/Vice Chair, Sharon Dirks/Secretary, Rozanne Mangum/Trustee, and Kamille Anderson, Trustee.

Has the governing body approved the application? (Please provide written documentation confirming approval):

Please describe any pending or anticipated litigation and/or contractual disputes that the Applicant is a party to:

n/a

Please describe any past, present, or potential issues or controversies that may impact the Project:

None

For any applicant that is a Charter City, please attach as Exhibit 16 a copy of the City's Charter including all addendums and supplements thereto.

N/A

For any applicant that is a School District, Special District, or Joint Powers Authority (JPA), please provide the statutory citation of formation authority or attach a copy of all formation documents and amendments as Exhibit 17.

GCDMC is a County Hospital District formed under NRS 450.

For any applicant that is a non-profit organization, please provide as Exhibit 18, a copy of the following: N/A

a. Articles of Incorporation, together with all amendments.

b. Certificate of Status/Good Standing in the State of Nevada.

c. Bylaws, together with all amendments.

d. 501 (c)(3) Determination Letter(s) from the IRS, and any related documents and correspondence with/from the IRS.

e. All Form 990s for the last three years

f. All Form 990-Ts for the last three years.

g. Capital Campaign brochures, forms, pledge cards, and related materials, if any.

Applicant acknowledges the following

All information submitted to the Nevada State Infrastructure Bank is true and correct at the time of submission, and such information does not contain any untrue or misleading statement of a material fact or omits to state any material fact necessary to make the statements contained herein not misleading. Further, applicants affirm, understand, and accept the obligations, terms, and conditions of loans and other financial assistance offered by the Bank.

By signing below, I acknowledge that I understand that it is unlawful to knowingly make a false claim, a false statement, use a false of fictitious name, or obtain money or benefit under false pretenses. I understand these acts are a violation of the laws of the State of Nevada punishable by civil penalties, including repayment, and/or criminal penalties including up to a category D felony and six years in state prison.

Print Name: Melissa Rowe

Print Title: Administrator/CEO

Authorized Signature: _____

Date:

Application Checklist

(Complete and submit all required documents below with the Financing Application)

SIB Staff Use	INDICATE WHETHER OR NOT EACH DOCUMENT IS ATTACHED TO THIS APPLICATION			APPLICATION EXHIBITS	
Date Rec'd	*YES*	*NO*	*N/A*		
	○	○	○	Application	Signed and Dated
	◉	○	○	Exhibit 1	Study, Plan, or Other Report with Detailed Project Description
	◉	○	○	Exhibit 1a	Approval from governing body to submit application
	◉	○	○	Exhibit 2	Sources and Uses of Proceeds Table
	◉	○	○	Exhibit 2a	Detailed cost estimates, bids, and construction contracts, that support Exhibit. Label each Exhibit a, b, c, etc.
	○	○	◉	Exhibit 2b	Explanation of potential environmental impacts potential environmental impacts. -Environmental study.
	◉	○	○	Exhibit 3	Documentation Demonstrating Commitment of Other Project Funding Sources (includes Applicant's contribution). Label each Exhibit a, b, c, etc.
	○	○	◉	Exhibit 3a	Project cash flow projections
	○	○	◉	Exhibit 3b	Bond rating agency report (if available)
	○	○	○	Exhibit 3c	Existing property tax rates, and general obligation bonding capacity (governmental entities only)
	○	○	○	Exhibit 3d	Historical revenues and expenses of proposed revenue source
	○	○	◉	Exhibit 4	Real Estate Purchase Agreement (if applicable)
	◉	○	○	Exhibit 5	Project Timeline
	○	○	◉	Exhibit 6	Project Benefit Information
	○	○	◉	Exhibit 6a	Project population trends
	○	○	◉	Exhibit 6b	Project assessed value trends

	◉	○	○	Exhibit 7	Useful Life Exhibit
	◉	○	○	Exhibit 8	Five (5) Years Audited Financial Statements [and any applicable revenue projections and cash flows]. -Cash flow available for debt service and debt service coverage ratio -Label each Exhibit a, b, c, etc.
	◉	○	○	Exhibit 9	Current Year Adopted Budget
	○	○	◉	Exhibit 10	Documentation of Outstanding Debt Obligations Label each Exhibit a, b, c, etc.
	○	○	○	Exhibit 11	Current Capital Improvement Plan
	○	○	◉	Exhibit 12	Documentation of compliance with Nevada's Climate Strategy for the year 2020 and goals for reduction of greenhouse gas emissions set forth in NRS 445B.380 and 704.7820
	○	○	◉	Exhibit 13	Documentation of project compliance with NSIB regulation Sec. 17 (project labor standards)
	○	○	◉	Exhibit 14	Documentation that the average percentage of pupils who are served by all of those schools and are pupils who are at risk, as defined in NRS 388A.045, is 60% or greater (Charter School fund applicants only)
	○	○	◉	Exhibit 14a	Written authorization for the project from the sponsor of the charter school (Charter School fund applicants only)
	○	○	◉	Exhibit 15	Interfund Transfer Policy/Reimbursement Agreement (if applicable)
	○	○	◉	Exhibit 16	Charter City Information and Questionnaire (if applicable)
	○	○	◉	Exhibit 17	Districts Formation Documents and Amendments (If applicable)
	○	○	◉	Exhibit 18	Non-Profit Applicants Exhibits. (if applicable) Label each Exhibit a, b, c, etc.

Exhibit 2

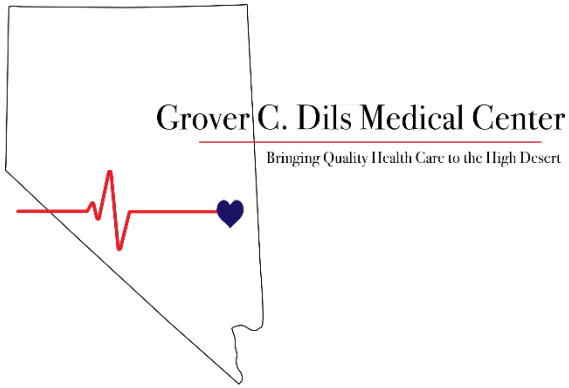
SOURCES AND USES OF PROCEEDS TABLE

(NOTE: Please attach as Exhibit 2a, detailed cost estimates, bids, and construction contracts, etc. to support data provided in the table.)

PROJECT USES	***PROJECT FUNDING SOURCES***						
	Estimated Life of the Project	**SIB**	**[Applicant]**	**Other**	**Other**	**Other**	**TOTAL**
Land Acquisition							0
Building Construction/Renovation							4,300,000
Construction Contingency							215,000
Machinery/Equipment							60,000
Engineering/Architectural/ Design/Permits/Environmental							507,000
SIB Origination Fee							19,500
Other:							43,500
Other:							570,000
TOTAL							5,715,000

Please provide the justification in determining the useful life of the Project:

Grover C. Dils Medical Center



Clinic & PT Building Financing Request

March 2025

Prepared by
JNA Consulting Group, LLC

Plan of Finance

- The Grover C. Dils Medical Center ("GCDMC") plans to construct a new clinic and physical therapy building in FY26
- GCDMC will fund construction of the new clinic through the issuance of a revenue bond and with $3.765 million of federal grants from DHHS.
  - Grants have been received from DHHS
- GCDMC's request to borrow up to $1.95 million from the Nevada State Infrastructure Bank ("SIB") will complete the funding of this project

About Grover C. Dils Medical Center

- GCDMC is the county-wide hospital district in Lincoln County
  - Created under NRS 450
  - 5-member Board of Trustees appointed by the Lincoln County Board of Commissioners
- Services a population of approximately 4,800
- Grover C. Dils Hospital in Caliente has 4 acute beds, 3 swing beds, and 16 long-term care beds
  - Radiology and Lab services are also located at the hospital
- Additional clinics operated by GCDMC are in Caliente and Alamo

Need for the Proposed New Clinic

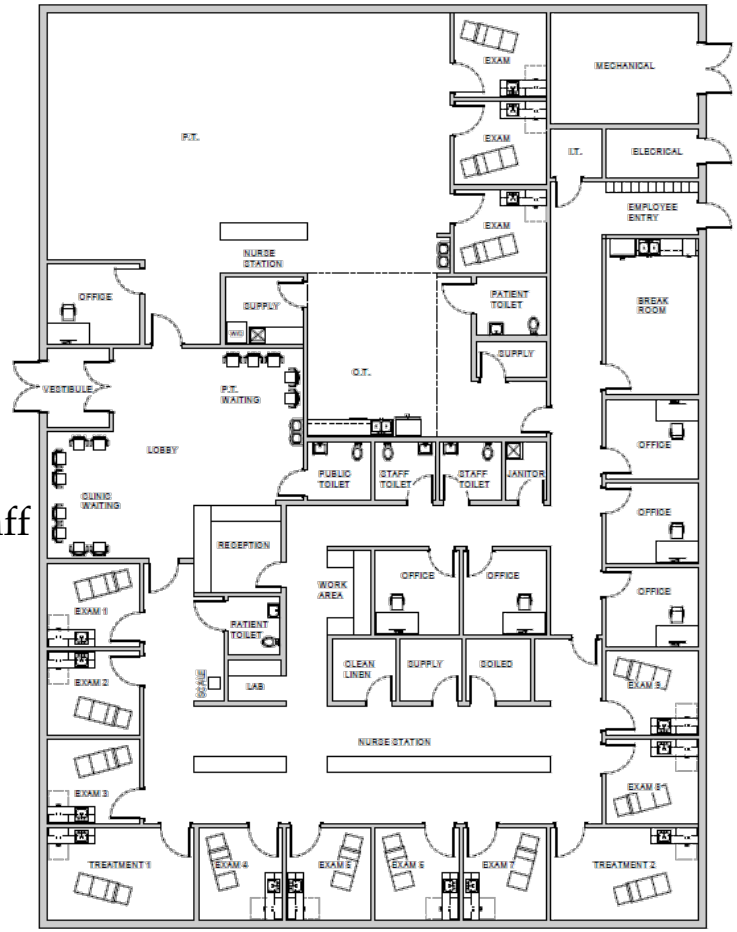
- GCDMC has outgrown its current clinic and PT facility in Caliente
- Physicians currently must delay patient appointments due to space limitations
- Existing space is already maximally allocated, with physicians sharing office space used for recording patient notes and outcomes
- GCDMC leases the current space, which does not result in long-term ownership

Proposed New Clinic

- 10,000 sq. ft. clinic and physical therapy building
  - Dedicated seating for clinic and physical therapy patients
  - Planned integration with a future new hospital

- Clinical space
  - 9 exam rooms
  - 2 treatment spaces
  - Dedicated lab
  - Linen and storage areas
  - Additional restrooms for staff and patients
  - 5 physician offices
  - Nurse station
  - Joint breakroom for clinic and physical therapy staff

- Physical therapy space
  - Open areas for equipment and therapy needs
  - Separate occupational therapy space
  - 3 exam rooms
  - Dedicated linen closets
  - Separate restrooms for patients and staff
  - Office and supporting space

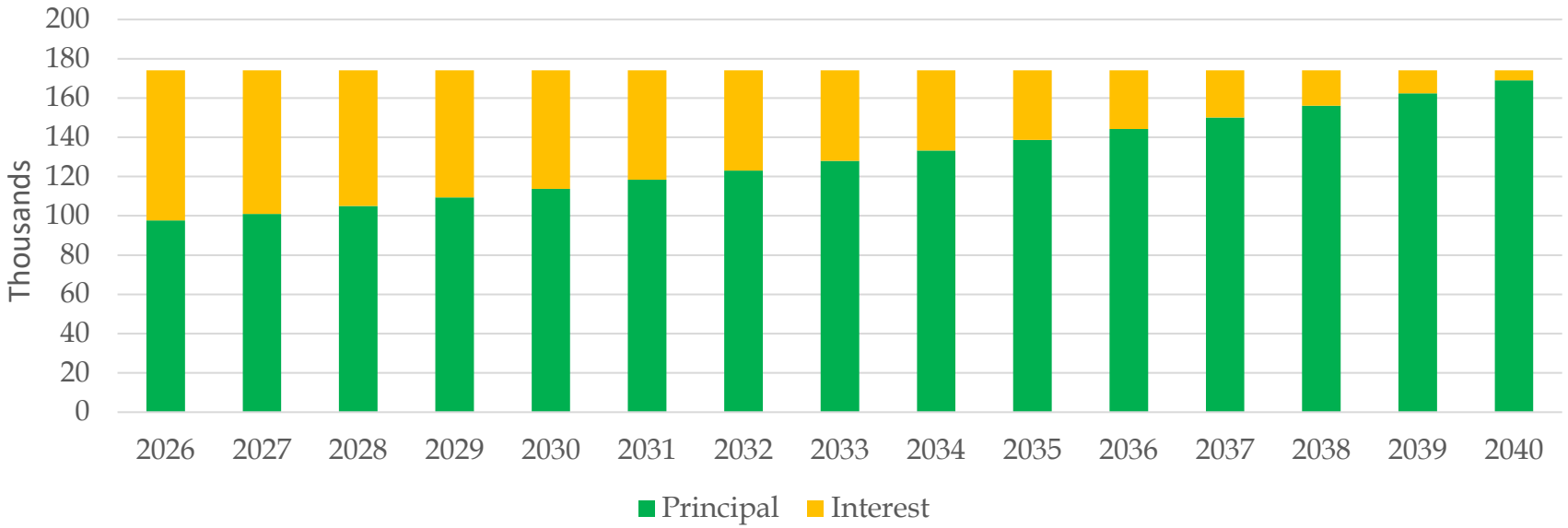


Revenue Bond Summary

- Revenue bonds are secured by a lien on a specific revenue of the borrower
- Not a general obligation of GCDMC or Lincoln County
- GCDMC will issue a revenue bond with a lien on its patient revenue and other operating revenue
  - The lien on patient revenue is net of bad debt allowance and required contractual adjustments
- Revenue bonds are not counted against GCDMC's debt limit described in NRS 450.665

Pro-Forma Revenue Bond Terms

- 15-year repayment
  - Final payment anticipated on June 1, 2040
- Interest rate estimated at 4.0%
- Estimated annual payment of ~$174k



Pledged Revenue Sufficiency

- Pledged Revenue was $8.4 million in FY24
- Budgeted pledged revenue is $9.6 million in FY25
- Revenues remaining after payment of debt service are available to pay other GCDMC expenses
- GCDMC also receives other revenues which are not pledged to the bonds, but are available to pay its operating expenses
  - Property taxes
  - Consolidated Taxes
  - Grants and Donations

	FY2023 (audited)	FY2024 (audited)	FY2025 (budgeted)
Net Patient Revenue*	$7,070,546	$7,921,003	$8,778,578
Other Operating Revenue**	400,044	381,703	748,859
Interest Income	8,615	89,955	102,000
Total Pledged Revenue	$7,479,205	$8,392,661	$9,629,437
Pro-Forma Debt Service	$174,080	$174,080	$174,080
Remaining Pledged Revenues	$7,305,125	$8,218,581	$9,455,357

* Gross patient revenue net of contractual adjustments and bad debt allowance.
** Includes Other operating revenue and non-operating interest revenue

Project Schedule

Date	Required Step	Status*
Jan 23, 2025	NHHS allocates $3.765 million of grants for the Project	Approved
Feb 25, 2025	GCDMC Board approval of SIB loan application	Approved
Mar 3, 2025	Receive approval from the Board of County Commissioners	Approved
Mar 18, 2025	Receive approval from the Debt Management Commission	Pending
Mar 25, 2025	Present the project for review to the Board of the SIB	Pending
April 2025	GCDMC Board of Trustees adopts bond resolution	Pending
May 2025	SIB approves loan to GCDMC	Pending
June 2025	Financial close of SIB loan	Pending
Late 2025	Award contract for construction of the clinic	Pending

* As of Mar 17, 2025

Questions?

GROVER C DILS NEW CLINIC PROJECT OVERVIEW – December 10, 2024

NEW CLINIC BUILDING PROJECT - 10,000 sf Clinic & PT Building

Build a new 10,000 sf B occupancy clinic building located on LC Hospital District property adjacent to the existing Hospital campus. This new facility will be located on Hospital property already owned by LC Hospital District and will include new public access and entrance to the facility. An existing residence will be demolished to construct the new clinic building.

The new building will have a reception area with dedicated seating for clinic and PT patients. The new clinic will have 9 exam rooms, 2 treatment spaces, a dedicated lab area, linen and storage rooms, additional restrooms for both staff and patients, 5 physicians' offices, support areas, a nurse station, and a joint breakroom for clinic and physical therapy staff.

The new physical therapy space will have open areas for equipment and therapy needs, separate occupational therapy area, 3 exam rooms, dedicated linen closets, separate restroom for patients and staff, an office, and support spaces.

Having a joint clinic and Physical therapy building will eliminate additional rent GCD is currently paying to operate our physical therapy services. Design planning will be done to ensure this location can easily be connected to a new hospital facility.

Advantages of this new facility include:

- New, fresh, modern space for patient care
- First step for developing the property for a new Hospital and clinic
- Opportunity for GCD to rebrand / reimagine campus
- Provide additional space for new services, ie. visiting specialists
- Eliminate lease for PT/OT space.

Schedule:

- ~~May – June 2024 – Completed master plan & developed new building program & budget~~
- January - June 2025 (6 months) – Design new clinic building
- July - August 2025 (2 months) – obtain building permit and contractor pricing
- August 2025 – May 2026 (10 months) – construction of new building
- June 2026 (1 month) – owner move into new building

Estimated Project Cost: $5.1 million

Grover C. Dils Medical Center
Bringing Quality Healthcare to the High Desert

GROVER C. DILS CLINIC AND PHYSICAL THERAPY BUILDING - PRELIMINARY FLOOR PLAN

5.21.2024

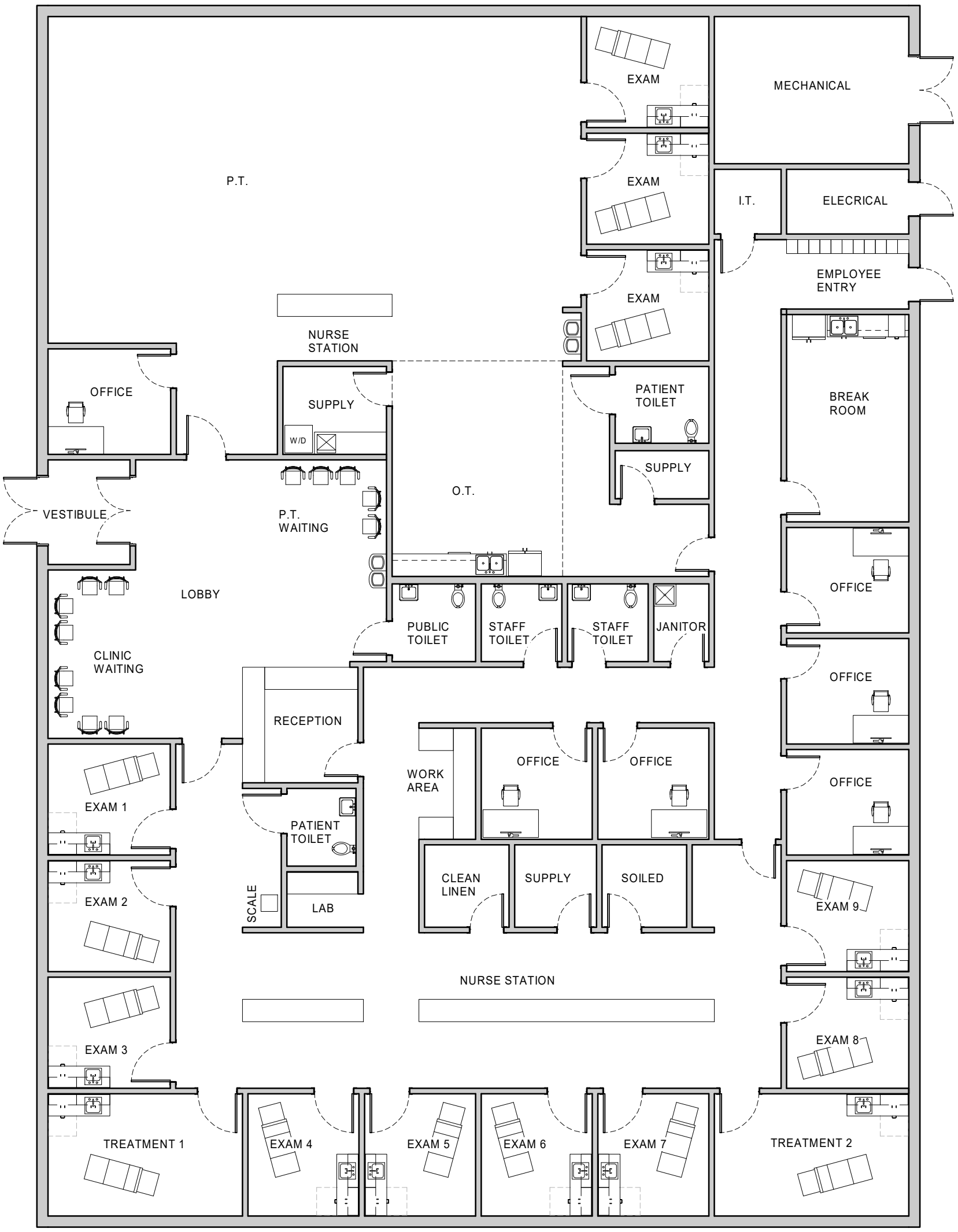


EXHIBIT 1



Grover C. Dils Medical Center
Bringing Quality Healthcare to the High Desert

GROVER C. DILS MEDICAL CENTER MASTER PLAN
PHASE 1 CLINIC
08.08.2024

0 40' 80' 120' 160'

N

cta

RESOLUTION NO. 2025-10__

A RESOLUTION OF THE LINCOLN COUNTY HOSPITAL DISTRICT BOARD OF TRUSTEES CONCERNING THE FINANCING OF A NEW CLINIC AND PHYSICAL THERAPY FACILITY AT 288 RYAN STREET; DIRECTING THE CHIEF EXECUTIVE OFFICER TO NOTIFY THE LINCOLN COUNTY BOARD OF COMMISSIONERS AND THE LINCOLN COUNTY DEBT MANAGEMENT COMMISSION OF THE DISTRICT'S PROPOSAL TO ISSUE A REVENUE BOND IN THE MAXIMUM PRINCIPAL AMOUNT OF $1,950,000; AND PROVIDING THE EFFECTIVE DATE HEREOF.

WHEREAS, the Board of Trustees (the "Board"), of the Lincoln County Hospital District, Nevada (the "District"), proposes to issue a revenue bond in accordance with Nevada Revised Statutes ("NRS") Chapter 450 to defray wholly or in part the cost of the acquisition, construction and improvement of a new clinic and physical therapy facility (the "Project") to meet the growing demands of the community and improve access to care; and

WHEREAS, the Project is anticipated to be located at 288 Ryan Street in Caliente, Nevada, offering a central and accessible location for patients; and

WHEREAS, the estimated total cost of the Project is approximately $5,715,000; and

WHEREAS, the District has heretofore received grants in the sum of approximately $3,765,000 for the Project; and

WHEREAS, the District hereby determines that obtaining a loan is necessary and appropriate to finance the Project, and such loan shall be evidenced by a revenue bond in the maximum principal amount of $1,950,000 (the "Bond") payable solely from gross revenues derived from the operation of the District's hospital facilities (the "Pledged Revenues"); and

WHEREAS, pursuant to NRS 450.665, the Board shall not borrow money or issue securities to evidence such borrowing until the Board has obtained the approval of the Lincoln County Board of Commissioners (the "Board of Commissioners") and the Lincoln County Debt Management Commission (the "Commission"); and

WHEREAS, the District proposes to issue the Bond (subject to the approval of the Board of Commissioners and the Commission); and

WHEREAS, the Board expects to incur certain expenditures relating to the Project prior to obtaining permanent financing, and the Board intends to reimburse itself for such prior expenditures with proceeds of the Bond in the maximum principal amount of $1,950,000; and

WHEREAS, the Board shall adopt its "official intent" declaration in accordance with Treasury Regulation Section 1.150-2 in order for the District to reimburse expenditures incurred by the

District with respect to the Project in anticipation of the issuance of the Bond, the interest on which is exempt from gross income for purposes of federal income taxation, for purposes of Treasury Regulation Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended, and it is intended that this resolution shall constitute the Board's "official intent" declaration as required by Treasury Regulation Section 1.150-2.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE LINCOLN COUNTY HOSPITAL DISTRICT, NEVADA:

Section 1. This resolution shall be known as the "2025 Notice Resolution."

Section 2. Based on the revenue study presented to the Board, the Board hereby finds and determines that the Pledged Revenues will at least equal the amount required to pay the principal of and interest on the Bond (the "Finding").

Section 3. The Chief Executive Officer, or her designee, is hereby authorized and directed to immediately notify the Board of Commissioners and the Commission of the District's proposal to issue the Bond and the Finding.

Section 4. The Chief Executive Officer, or her designee, is hereby authorized, if necessary: (a) to amend the statements of current and contemplated debt, the debt management policy and the capital improvement plan of the District in accordance with the provisions of this resolution and NRS 350.013; and (b) to file the statement, policy and plan with the State of Nevada Department of Taxation and the Commission.

Section 5. The officers of the District are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution, including, but not limited to, if determined by the Chief Executive Officer to be appropriate: (i) assembling financial information regarding the District; and (ii) filing a financing application with the Nevada State Infrastructure Bank in accordance with NRS Chapter 226.

Section 6. After the Board of Commissioners and the Commission approves the District's proposal to issue the Bond, the Chief Executive Officer shall, after arranging for the sale of the Bond, present the proposed terms of the Bond to the Board for its approval by adoption of a bond resolution.

Section 7. The District hereby declares its intent to reimburse the costs of the Project from proceeds of the Bond. This is a declaration of official intent under Section 1.150-2 of the Treasury Regulations promulgated under the Internal Revenue Code of 1986, as amended.

Section 8. The Board hereby determines and declares that:

(a) The District intends to incur expenditures with respect to the Project prior to the issuance of the Bond and to reimburse those expenditures from the issuance of the Bond; and

(b) The payment of costs related to the Project and the reimbursement of such costs from the proceeds of the Bond is consistent with the District's budgetary and financial circumstances as of the date of this Resolution. The District does not currently have moneys which are, nor does the District reasonably expect moneys to be, allocated on a long-term basis, reserved or otherwise available pursuant to the District's budget to pay the expenditures which the District intends to reimburse; and

(c) The maximum principal amount of the Bond expected to be issued for the Project is $1,950,000.

Section 9. All action, proceedings, matters and things heretofore taken, had and done by the Board, and the officers thereof (not inconsistent with the provisions of this resolution) concerning the proposed issuance of the Bond and the Project, be and the same hereby are, ratified, approved and confirmed.

Section 10. All bylaws, orders, resolutions or parts thereof in conflict with this resolution are hereby repealed. This repealer shall not be construed to revive any bylaw, order, resolution or part thereof heretofore repealed.

Section 11. If any section, paragraph, clause or other provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or other provision shall not affect any of the remaining provisions of this resolution.

Section 12. This resolution shall become effective and be in force immediately upon its adoption.

PASSED AND ADOPTED by the Lincoln County Hospital District Board of Trustees this 25th day of February, 2025.

Mick Lloyd, Chairperson
Lincoln County Hospital District Board of Trustees

Attest:

Sharon Dirks, Secretary
Lincoln County Hospital District Board of Trustees

STATE OF NEVADA)
)
COUNTY OF LINCOLN) **ss.**
)
LINCOLN COUNTY)
HOSPITAL DISTRICT)

I am the duly chosen and qualified Secretary of the Board of Trustees (the "Board") of Lincoln County Hospital District, Nevada (the "District") and do hereby certify:

1. The foregoing pages are true, perfect and a complete copy of the record of the proceedings of the Board of the District, insofar as they concern the adoption by the Board of a resolution (the "Resolution"), a copy of which is therein set forth, had and taken at a lawful meeting of the Board held on February 25, 2025, as recorded in the official record book of the proceedings of the District kept in my office.

2. The members of the Board were present at such meeting and voted on the passage of the Resolution as follows:

Those Voting Aye: Mick Lloyd
Douglas Miller
Sharon Dirks
Kamille Anderson
Rozanne Mangum
Those Voting Nay: None
Those Absent: None

3. All members of the Board were given due and proper notice of such meeting.

4. Public notice of such meeting was given and such meeting was held and conducted in full compliance with the provisions of NRS 241.020. A copy of the notice of meeting is attached as Exhibit A.

5. At least 3 working days before such meeting, such notice was delivered to each member of the Board and to each person, if any, who has requested notice of meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

IN WITNESS WHEREOF, I have hereunto set my hand on February 25, 2025.

Secretary

Exhibit A

(Attach Copy of Notice of Meeting)

OMB Approval No. 0348-0041

BUDGET INFORMATION - Construction Programs

NOTE: Certain Federal assistance programs require additional computations to arrive at the Federal share of project costs eligible for participation. If such is the case, you will be notified.

COST CLASSIFICATION	a. Total Cost	b. Costs Not Allowable for Participation	c. Total Allowable Costs (Columns a-b)
1. Administrative and legal expenses	$ 4,000 .00	$ .00	$ 4,000 .00
2. Land, structures, rights-of-way, appraisals, etc.	$ 2,000 .00	$ .00	$ 2,000 .00
3. Relocation expenses and payments	$ .00	$ .00	$ 0 .00
4. Architectural and engineering fees	$ 426,900 .00	$ .00	$ 426,900 .00
5. Other architectural and engineering fees	$ 30,000 .00	$ .00	$ 30,000 .00
6. Project inspection fees	$ 44,100 .00	$ .00	$ 44,100 .00
7. Site work	$ 200,000 .00	$ .00	$ 200,000 .00
8. Demolition and removal	$ 100,000 .00	$ .00	$ 100,000 .00
9. Construction	$ 4,000,000 .00	$ .00	$ 4,000,000 .00
10. Equipment	$ 60,000 .00	$ .00	$ 60,000 .00
11. Miscellaneous	$ 69,100 .00	$ .00	$ 69,100 .00
12. SUBTOTAL *(sum of lines 1-11)*	$ 4,936,100 .00	$ 0 .00	$ 4,936,100 .00
13. Contingencies	$ 215,000 .00	$ .00	$ 215,000 .00
14. SUBTOTAL	$ 5,151,100 .00	$ 0 .00	$ 5,151,100 .00
15. Project (program) income	$ .00	$ .00	$ 0 .00
16. TOTAL PROJECT COSTS *(subtract #15 from #14)*	$ 5,151,100 .00	$ 0 .00	$ 5,151,100 .00

FEDERAL FUNDING

17. Federal assistance requested, calculate as follows: (Consult Federal agency for Federal percentage share.) Enter the resulting Federal share.	Enter eligible costs from line 16c Multiply X _____% To autocalculate, press TAB key after entering percent. These instructions will not print.	$ 0 .00

INSTRUCTIONS FOR THE SF-424C

Public reporting burden for this collection of information is estimated to average 180 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0041), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

This sheet is to be used for the following types of applications: (1) "New" (means a new [previously unfunded] assistance award); (2) "Continuation" (means funding in a succeeding budget period which stemmed from a prior agreement to fund); and (3) "Revised" (means any changes in the Federal Government's financial obligations or contingent liability from an existing obligation). If there is no change in the award amount, there is no need to complete this form. Certain Federal agencies may require only an explanatory letter to effect minor (no cost) changes. If you have questions, please contact the Federal agency.

Column a. - If this is an application for a "New" project, enter the total estimated cost of each of the items listed on lines 1 through 16 (as applicable) under "COST CLASSIFICATION."

If this application entails a change to an existing award, enter the eligible amounts *approved under the previous award* for the items under "COST CLASSIFICATION."

Column b. - If this is an application for a "New" project, enter that portion of the cost of each item in Column a. which is *not* allowable for Federal assistance. Contact the Federal agency for assistance in determining the allowability of specific costs.

If this application entails a change to an existing award, enter the adjustment [+ or (-)] to the previously approved costs (from column a.) reflected in this application.

Column. - This is the net of lines 1 through 16 in columns "a." and "b."

Line 1 - Enter estimated amounts needed to cover administrative expenses. Do not include costs which are related to the normal functions of government. Allowable legal costs are generally only those associated with the purchases of land which is allowable for Federal participation and certain services in support of construction of the project.

Line 2 - Enter estimated site and right(s)-of-way acquisition costs (this includes purchase, lease, and/or easements).

Line 3 - Enter estimated costs related to relocation advisory assistance, replacement housing, relocation payments to displaced persons and businesses, etc.

Line 4 - Enter estimated basic engineering fees related to construction (this includes start-up services and preparation of project performance work plan).

Line 5 - Enter estimated engineering costs, such as surveys, tests, soil borings, etc.

Line 6 - Enter estimated engineering inspection costs.

Line 7 - Enter estimated costs of site preparation and restoration which are not included in the basic construction contract.

Line 9 - Enter estimated cost of the construction contract.

Line 10 - Enter estimated cost of office, shop, laboratory, safety equipment, etc. to be used at the facility, if such costs are not included in the construction contract.

Line 11 - Enter estimated miscellaneous costs.

Line 12 - Total of items 1 through 11.

Line 13 - Enter estimated contingency costs. (Consult the Federal agency for the percentage of the estimated construction cost to use.)

Line 14 - Enter the total of lines 12 and 13.

Line 15 - Enter estimated program income to be earned during the grant period, e.g., salvaged materials, etc.

Line 16 - Subtract line 15 from line 14.

Line 17 - This block is for the computation of the Federal share. Multiply the total allowable project costs from line 16, column "c." by the Federal percentage share (this may be up to 100 percent; consult Federal agency for Federal percentage share) and enter the product on line 17.

Department of Health and Human Services
Health Resources and Services Administration

Notice of Award
FAIN# CE147252
Federal Award Date: 01/23/2025

Recipient Information

1. Recipient Name
Lincoln County Hospital District
700 N Spring St
Caliente, NV 89008

2. Congressional District of Recipient
04

3. Payment System Identifier (ID)
1880198997A1

4. Employer Identification Number (EIN)
880198997

5. Data Universal Numbering System (DUNS)
605968507

6. Recipient's Unique Entity Identifier
J6JGAL9A6YH6

7. Project Director or Principal Investigator
Melissa S Rowe
Administrator
disablemissie@gcdmc.org_disabled
(775)726-8005

8. Authorized Official
Melissa Rowe
CEO
missie@gcdmc.org

Federal Agency Information

9. Awarding Agency Contact Information
Ife Bonner
Office of Federal Assistance Management (OFAM)
Division of Grants Management Office (DGMO)
IBonner@hrsa.gov
(301) 443-8916

10. Program Official Contact Information
Kreshlya De La Paz Rodriguez
Health Systems Bureau (HSB)
kdelapazrodriguez@hrsa.gov
(304) 443-0270

Federal Award Information

11. Award Number
6 CE1HS47252-01-07

12. Unique Federal Award Identification Number (FAIN)
CE147252

13. Statutory Authority
Consolidated Appropriations Act, 2022, (PL 117-103)
Consolidated Appropriations Act, 2023 (PL 117-328)
Further Consolidated Appropriations Act, 2024 (P.L. 118-47)

14. Federal Award Project Title
Community Project Funding/Congressionally Directed Spending - Construction

15. Assistance Listing Number
93.493

16. Assistance Listing Program Title
Congressional Directives

17. Award Action Type
Administrative

18. Is the Award R&D?
No

Summary Federal Award Financial Information

19. Budget Period Start Date 09/01/2022 - End Date 08/31/2025	
20. Total Amount of Federal Funds Obligated by this Action	$0.00
20a. Direct Cost Amount	
20b. Indirect Cost Amount	$0.00
21. Authorized Carryover	$0.00
22. Offset	$0.00
23. Total Amount of Federal Funds Obligated this budget period	$765,000.00
24. Total Approved Cost Sharing or Matching, where applicable	$4,386,100.00
25. Total Federal and Non-Federal Approved this Budget Period	$5,151,100.00
26. Project Period Start Date 09/01/2022 - End Date 08/31/2025	
27. Total Amount of the Federal Award including Approved Cost Sharing or Matching this Project Period	$5,151,100.00

28. Authorized Treatment of Program Income
Addition

29. Grants Management Officer – Signature
Hazel N. Booker on 01/23/2025

30. Remarks

A printer version document only. The document may contain some accessibility challenges for the screen reader users. To access same information, a fully 508 compliant accessible HTML version is available on the HRSA Electronic Handbooks. If you need more information, please contact HRSA contact center at 877-464-4772, 8 am to 8 pm ET, weekdays.

EXHIBIT 3A

HRSA
Health Resources & Services Administration

Notice of Award
Award Number: 6 CE1HS47252-01-07
Federal Award Date: 01/23/2025

Health Systems Bureau (HSB)

31. APPROVED BUDGET: (Excludes Direct Assistance)

[ ] Grant Funds Only

[X] Total project costs including grant funds and all other financial participation

a.	Salaries and Wages:	$0.00
b.	Fringe Benefits:	$0.00
c.	Total Personnel Costs:	$0.00
d.	Consultant Costs:	$0.00
e.	Equipment:	$60,000.00
f.	Supplies:	$0.00
g.	Travel:	$0.00
h.	Construction/Alteration and Renovation:	$4,803,000.00
i.	Other:	$288,100.00
j.	Consortium/Contractual Costs:	$0.00
k.	Trainee Related Expenses:	$0.00
l.	Trainee Stipends:	$0.00
m.	Trainee Tuition and Fees:	$0.00
n.	Trainee Travel:	$0.00
o.	TOTAL DIRECT COSTS:	$5,151,100.00
p.	INDIRECT COSTS (Rate: % of S&W/TADC):	$0.00
	i. Indirect Cost Federal Share:	$0.00
	ii. Indirect Cost Non-Federal Share:	$0.00
q.	TOTAL APPROVED BUDGET:	$5,151,100.00
	i. Less Non-Federal Share:	$4,386,100.00
	ii. Federal Share:	$765,000.00

32. AWARD COMPUTATION FOR FINANCIAL ASSISTANCE:

a.	Authorized Financial Assistance This Period	**$765,000.00**
b.	Less Unobligated Balance from Prior Budget Periods	
	i. Additional Authority	$0.00
	ii. Offset	$0.00
c.	Unawarded Balance of Current Year's Funds	$0.00
d.	Less Cumulative Prior Award(s) This Budget Period	$765,000.00
e.	AMOUNT OF FINANCIAL ASSISTANCE THIS ACTION	**$0.00**

33. RECOMMENDED FUTURE SUPPORT:
(Subject to the availability of funds and satisfactory progress of project)

YEAR	TOTAL COSTS
Not applicable	

34. APPROVED DIRECT ASSISTANCE BUDGET: (In lieu of cash)

a. Amount of Direct Assistance	$0.00
b. Less Unawarded Balance of Current Year's Funds	$0.00
c. Less Cumulative Prior Award(s) This Budget Period	$0.00
d. AMOUNT OF DIRECT ASSISTANCE THIS ACTION	**$0.00**

35. FORMER GRANT NUMBER

36. OBJECT CLASS
41.11

37. BHCMIS#

38. THIS AWARD IS BASED ON THE APPLICATION APPROVED BY HRSA FOR THE PROJECT NAMED IN ITEM 14. FEDERAL AWARD PROJECT TITLE AND IS SUBJECT TO THE TERMS AND CONDITIONS INCORPORATED EITHER DIRECTLY OR BY REFERENCE AS:
a. The program authorizing statue and program regulation cited in this Notice of Award; b. Conditions on activities and expenditures of funds in certain other applicable statutory requirements, such as those included in appropriations restrictions applicable to HRSA funds; c. 45 CFR Part 75; d. National Policy Requirements and all other requirements described in the HHS Grants Policy Statement; e. Federal Award Performance Goals; and f. The Terms and Conditions cited in this Notice of Award. In the event there are conflicting or otherwise inconsistent policies applicable to the award, the above order of precedence shall prevail. Recipients indicate acceptance of the award, and terms and conditions by obtaining funds from the payment system.

39. ACCOUNTING CLASSIFICATION CODES

FY-CAN	CFDA	DOCUMENT NUMBER	AMT. FIN. ASST.	AMT. DIR. ASST.	SUB PROGRAM CODE	SUB ACCOUNT CODE
22 - 370CONS	93.493	22CE1HS47252	$0.00	$0.00	N/A	22CE1HS47252

HRSA Electronic Handbooks (EHBs) Registration Requirements

The Project Director of the grant (listed on this NoA) and the Authorizing Official of the grantee organization are required to register (if not already registered) within HRSA's Electronic Handbooks (EHBs). Registration within HRSA EHBs is required only once for each user for each organization they represent. To complete the registration quickly and efficiently we recommend that you note the 10-digit grant number from box 4b of this NoA. After you have completed the initial registration steps (i.e.,created an individual account and associated it with the correct grantee organization record), be sure to add this grant to your portfolio. This registration in HRSA EHBs is required for submission of noncompeting continuation applications. In addition, you can also use HRSA EHBs to perform other activities such as updating addresses, updating email addresses and submitting certain deliverables electronically. Visit https://grants3.hrsa.gov/2010/WebEPSExternal/Interface/common/accesscontrol/login.aspx to use the system. Additional help is available online and/or from the HRSA Call Center at 877-Go4-HRSA/877-464-4772.

Terms and Conditions

Failure to comply with the remarks, terms, conditions, or reporting requirements may result in a draw down restriction being placed on your Payment Management System account or denial of future funding.

Program Specific Condition(s)

1. **Due Date: Within 120 Days of Budget Start Date**
   The award recipient must consult with the HRSA Project Officer and environmental reviewer to determine if other environmental compliance reviews are required for the proposed project. Additional information will be provided within 120 days of the Project Period Start Date to identify the extent of the information that will be needed for this specific project. This information may include an Environmental Assessment (EA) under NEPA, consultation under Section 106 of the National Historic Preservation Act with the State Historic Preservation Officer (SHPO) / Tribal Historic Preservation Officer (THPO) (and any other consulting parties if identified), a hazardous materials survey, Coastal Zone Consistency Determination, Floodplain Management, Environmental Justice, etc. The documentation must be completed and submitted to HRSA for review and approval. This condition must be approved and lifted from the Notice of Award prior to initiating any physical site preparation, demolition, alteration and renovation, or construction related to the project. Funds may only be drawn down for pre-construction activities, such as the purchase of moveable equipment, completion of architectural and engineering plans, licensing and permitting requirements, State Historic Preservation Office/Tribal Historic Preservation Office consultation, and preparation of the EA or related testing and surveys.

All prior terms and conditions remain in effect unless specifically removed.

Contacts

NoA Email Address(es):

Name	Role	Email
Melissa S Rowe	Program Director	disablemissie@gcdmc.org_disabled
Melissa Rowe	Point of Contact, Authorizing Official	missie@gcdmc.org

Note: NoA emailed to these address(es)

All submissions in response to conditions and reporting requirements (with the exception of the FFR) must be submitted via EHBs. Submissions for Federal Financial Reports (FFR) must be completed in the Payment Management System (https://pms.psc.gov/).

Department of Health and Human Services
Health Resources and Services Administration

Notice of Award
FAIN# CE152773
Federal Award Date: 01/21/2025

Recipient Information

1. Recipient Name
LINCOLN COUNTY HOSPITAL DISTRICT
700 North Spring Street
Caliente, NV 89008-1010

2. Congressional District of Recipient
04

3. Payment System Identifier (ID)
1880198997A1

4. Employer Identification Number (EIN)
880198997

5. Data Universal Numbering System (DUNS)
605968507

6. Recipient's Unique Entity Identifier
J6JGAL9A6YH6

7. Project Director or Principal Investigator
Melissa Rowe
ceo
missie@gcdmc.org
(775)726-8005

8. Authorized Official
Melissa Rowe
Administrator
missie@gcdmc.org
(775)726-8005

Federal Agency Information

9. Awarding Agency Contact Information
Aja Monchery
Grants Management Specialist
Office of Federal Assistance Management (OFAM)
Division of Grants Management Office (DGMO)
amonchery@hrsa.gov
(301) 287-0154

10. Program Official Contact Information
Benjamin Williams
Health Systems Bureau (HSB)
bwilliams2@hrsa.gov
(301) 287-0241

Federal Award Information

11. Award Number
6 CE1HS52773-01-03

12. Unique Federal Award Identification Number (FAIN)
CE152773

13. Statutory Authority
Consolidated Appropriations Act, 2023 (PL 117-328)

14. Federal Award Project Title
Community Project Funding/Congressionally Directed Spending - Construction

15. Assistance Listing Number
93.493

16. Assistance Listing Program Title
Congressional Directives

17. Award Action Type
Administrative

18. Is the Award R&D?
No

Summary Federal Award Financial Information

19. Budget Period Start Date 09/30/2023 - End Date 09/29/2026	
20. Total Amount of Federal Funds Obligated by this Action	$0.00
20a. Direct Cost Amount	
20b. Indirect Cost Amount	$0.00
21. Authorized Carryover	$0.00
22. Offset	$0.00
23. Total Amount of Federal Funds Obligated this budget period	$3,000,000.00
24. Total Approved Cost Sharing or Matching, where applicable	$2,151,100.00
25. Total Federal and Non-Federal Approved this Budget Period	$5,151,100.00
26. Project Period Start Date 09/30/2023 - End Date 09/29/2026	
27. Total Amount of the Federal Award including Approved Cost Sharing or Matching this Project Period	$5,151,100.00

28. Authorized Treatment of Program Income
Addition

29. Grants Management Officer – Signature
LaShawna Smith on 01/21/2025

30. Remarks

Prior Approval Request Tracking Number PA-00130411. Prior Approval Request Type: Rebudgeting

A printer version document only. The document may contain some accessibility challenges for the screen reader users. To access same information, a fully 508 compliant accessible HTML version is available on the HRSA Electronic Handbooks. If you need more information, please contact HRSA contact center at 877-464-4772, 8 am to 8 pm ET, weekdays.

EXHIBIT 3B

HRSA
Health Resources & Services Administration

Notice of Award
Award Number: 6 CE1HS52773-01-03
Federal Award Date: 01/21/2025

Health Systems Bureau (HSB)

31. APPROVED BUDGET: (Excludes Direct Assistance)

[ ] Grant Funds Only

[X] Total project costs including grant funds and all other financial participation

a.	Salaries and Wages:	$0.00
b.	Fringe Benefits:	$0.00
c.	Total Personnel Costs:	$0.00
d.	Consultant Costs:	$0.00
e.	Equipment:	$60,000.00
f.	Supplies:	$0.00
g.	Travel:	$0.00
h.	Construction/Alteration and Renovation:	$4,803,000.00
i.	Other:	$288,100.00
j.	Consortium/Contractual Costs:	$0.00
k.	Trainee Related Expenses:	$0.00
l.	Trainee Stipends:	$0.00
m.	Trainee Tuition and Fees:	$0.00
n.	Trainee Travel:	$0.00
o.	TOTAL DIRECT COSTS:	$5,151,100.00
p.	INDIRECT COSTS (Rate: % of S&W/TADC):	$0.00
	i. Indirect Cost Federal Share:	$0.00
	ii. Indirect Cost Non-Federal Share:	$0.00
q.	TOTAL APPROVED BUDGET:	$5,151,100.00
	i. Less Non-Federal Share:	$2,151,100.00
	ii. Federal Share:	$3,000,000.00

32. AWARD COMPUTATION FOR FINANCIAL ASSISTANCE:

a.	Authorized Financial Assistance This Period	**$3,000,000.00**
b.	Less Unobligated Balance from Prior Budget Periods	
	i. Additional Authority	$0.00
	ii. Offset	$0.00
c.	Unawarded Balance of Current Year's Funds	$0.00
d.	Less Cumulative Prior Award(s) This Budget Period	$3,000,000.00
e.	AMOUNT OF FINANCIAL ASSISTANCE THIS ACTION	**$0.00**

33. RECOMMENDED FUTURE SUPPORT:
(Subject to the availability of funds and satisfactory progress of project)

YEAR	TOTAL COSTS
Not applicable	

34. APPROVED DIRECT ASSISTANCE BUDGET: (In lieu of cash)

a. Amount of Direct Assistance	$0.00
b. Less Unawarded Balance of Current Year's Funds	$0.00
c. Less Cumulative Prior Award(s) This Budget Period	$0.00
d. AMOUNT OF DIRECT ASSISTANCE THIS ACTION	**$0.00**

35. FORMER GRANT NUMBER

36. OBJECT CLASS
41.11

37. BHCMIS#

38. THIS AWARD IS BASED ON THE APPLICATION APPROVED BY HRSA FOR THE PROJECT NAMED IN ITEM 14. FEDERAL AWARD PROJECT TITLE AND IS SUBJECT TO THE TERMS AND CONDITIONS INCORPORATED EITHER DIRECTLY OR BY REFERENCE AS:
a. The program authorizing statue and program regulation cited in this Notice of Award; b. Conditions on activities and expenditures of funds in certain other applicable statutory requirements, such as those included in appropriations restrictions applicable to HRSA funds; c. 45 CFR Part 75; d. National Policy Requirements and all other requirements described in the HHS Grants Policy Statement; e. Federal Award Performance Goals; and f. The Terms and Conditions cited in this Notice of Award. In the event there are conflicting or otherwise inconsistent policies applicable to the award, the above order of precedence shall prevail. Recipients indicate acceptance of the award, and terms and conditions by obtaining funds from the payment system.

39. ACCOUNTING CLASSIFICATION CODES

FY-CAN	CFDA	DOCUMENT NUMBER	AMT. FIN. ASST.	AMT. DIR. ASST.	SUB PROGRAM CODE	SUB ACCOUNT CODE
23 - 370CONS	93.493	23CE1HS52773	$0.00	$0.00	N/A	23CE1HS52773

HRSA Electronic Handbooks (EHBs) Registration Requirements

The Project Director of the grant (listed on this NoA) and the Authorizing Official of the grantee organization are required to register (if not already registered) within HRSA's Electronic Handbooks (EHBs). Registration within HRSA EHBs is required only once for each user for each organization they represent. To complete the registration quickly and efficiently we recommend that you note the 10-digit grant number from box 4b of this NoA. After you have completed the initial registration steps (i.e.,created an individual account and associated it with the correct grantee organization record), be sure to add this grant to your portfolio. This registration in HRSA EHBs is required for submission of noncompeting continuation applications. In addition, you can also use HRSA EHBs to perform other activities such as updating addresses, updating email addresses and submitting certain deliverables electronically. Visit https://grants3.hrsa.gov/2010/WebEPSExternal/Interface/common/accesscontrol/login.aspx to use the system. Additional help is available online and/or from the HRSA Call Center at 877-Go4-HRSA/877-464-4772.

Terms and Conditions

Failure to comply with the remarks, terms, conditions, or reporting requirements may result in a draw down restriction being placed on your Payment Management System account or denial of future funding.

Grant Specific Term(s)

1. This Notice of Award is issued to reflect HRSA approval of a Change in Scope, as requested via Prior Approval tracking #PA-00130411. This update approves changes to the scope of the project, and updates the budget breakdown and Federal share percentage, to 58%.

All prior terms and conditions remain in effect unless specifically removed.

Contacts

NoA Email Address(es):

Name	Role	Email
Melissa Rowe	Point of Contact, Authorizing Official	missie@gcdmc.org
Melissa Rowe	Program Director	missie@gcdmc.org

Note: NoA emailed to these address(es)

All submissions in response to conditions and reporting requirements (with the exception of the FFR) must be submitted via EHBs. Submissions for Federal Financial Reports (FFR) must be completed in the Payment Management System (https://pms.psc.gov/).

EXHIBIT 3C

Lincoln County Hospital District, Nevada
(d.b.a Grover C. Dils Medical Center)
Hospital Revenue Bond, Series 2025
History of Assessed Value and General Obligation Debt Limit

Fiscal Year	Assessed Value	Debt Limit[1]	Outstanding GO Debt	Remaining GO Debt Limit
2021	290,075,392	29,007,539	0	29,007,539
2022	304,038,163	30,403,816	0	30,403,816
2023	306,573,341	30,657,334	0	30,657,334
2024	315,023,149	31,502,315	0	31,502,315
2025	357,927,161	35,792,716	0	35,792,716

[1] The Hospital's general obligation debt limit is set at 10% by NRS 450.655(1).

* The proposed bond is not a general obligation of the Hospital and is therefore not counted against its statutory debt limit.

EXHIBIT 3D

Lincoln County Hospital District, Nevada
(d.b.a Grover C. Dils Medical Center)
Hospital Revenue Bond, Series 2025
Pledged Revenue History

Fiscal Year	2021 (audited)	2022 (audited)	2023 (audited)	2024 (audited)	2025 (budgeted)
Gross Patient Revenue					
Inpatient & Outpatient svcs	$ 8,168,709	$ 8,496,671	$ 9,134,809	$ 10,698,087	$ 11,832,121
Clinic services	1,257,513	1,468,621	1,426,566	1,558,543	1,884,406
Less: Contractual adj/disc	(2,883,613)	(3,521,733)	(3,190,264)	(3,956,957)	(4,252,123)
Less: Provision for bad deb	(179,873)	(325,941)	(300,565)	(378,670)	(685,826)
Net Patient Revenue	$ 6,362,736	$ 6,117,618	$ 7,070,546	$ 7,921,003	$ 8,778,578
Other Operating Revenue	573,132	213,083	400,044	381,703	748,859
Non-Operating Revenue					
Interest income	22,450	20,630	8,615	89,955	102,000
Pledged Revenue	$ 6,958,318	$ 6,351,331	$ 7,479,205	$ 8,392,661	$ 9,629,437
Proposed Debt Service[1]	0	0	0	174,080	174,080
Coverage	n/a	n/a	n/a	48.212	55.316

1/ For fiscal years 2024 and 2025, represents combined maximum annual debt service occurring in fiscal year 2030.

CALIENTE NEW CLINIC BUILDING TO DO ITEMS

- January (2025) – Board Approval for Revenue Bond
- February - Architect Agreement
- February - Begin Design Process
- February – we will hire on the civil engineering team
- February / March - County Commission and Debt Management board Approval
- February / March - Site Survey – we will help coordinate this but will be an owner cost
- February / March - Geotechnical Report – we will help coordinate this but will be an owner cost
- February / March - Site Visit / Kick Off Meeting
- March – submit application for State of Nevada Infrastructure Bank
- March – lot consolidation process
- April - Bring on General Contractor for preconstruction services
- April / May - Cost Estimate for Funding
- May - Funding from State of Nevada Infrastructure Bank
- November - Complete Drawings
- December - Issue to State and County
- December - Bid the Work to sub contractors
- February (2026) - Begin Construction
- February - Demolish House
- Summer (2027) – Construction complete

From: Bradley Dunbar <BradleyDunbar@cushingterrell.com>
Sent: Thursday, March 6, 2025 9:06 AM
To: Melissa Rowe <missie@gcdmc.org>
Cc: Tom Calla <TomCalla@cushingterrell.com>; Kristan Umina <kristan@gcdmc.org>
Subject: RE: One more item

Hi Missie –

The useful life estimate of the clinic building is 50 years.

The building materials and construction quality will factor into the life of the building. Regular maintenance of the building will also help extend the lifespan. I do not think Caliente has too dramatic of weather, but weather can factor in as well.

Let me know if this works!
Thanks –

Bradley Dunbar AIA, LFA
Architect | Associate
208.577.5696 | cushingterrell.com
Cushing Terrell is an affiliate of CTA

From: Melissa Rowe <missie@gcdmc.org>
Sent: Thursday, March 6, 2025 9:46 AM
To: Bradley Dunbar <BradleyDunbar@cushingterrell.com>
Cc: Tom Calla <TomCalla@cushingterrell.com>; Kristan Umina <kristan@gcdmc.org>
Subject: One more item

This email originated from outside of Cushing Terrell. Please do not click links or open attachments unless you recognize the source of the email and know the content is safe. - Cushing Terrell Computer Support

Bradley,

I thought I sent you another email yesterday with the following request, but I don't see that it was sent. This is the information we need for our loan application that we need to submit early next week.

Need to receive a **useful life estimate from CTA to attach to the application as Exhibit 7. An e-mail from him should be enough.**

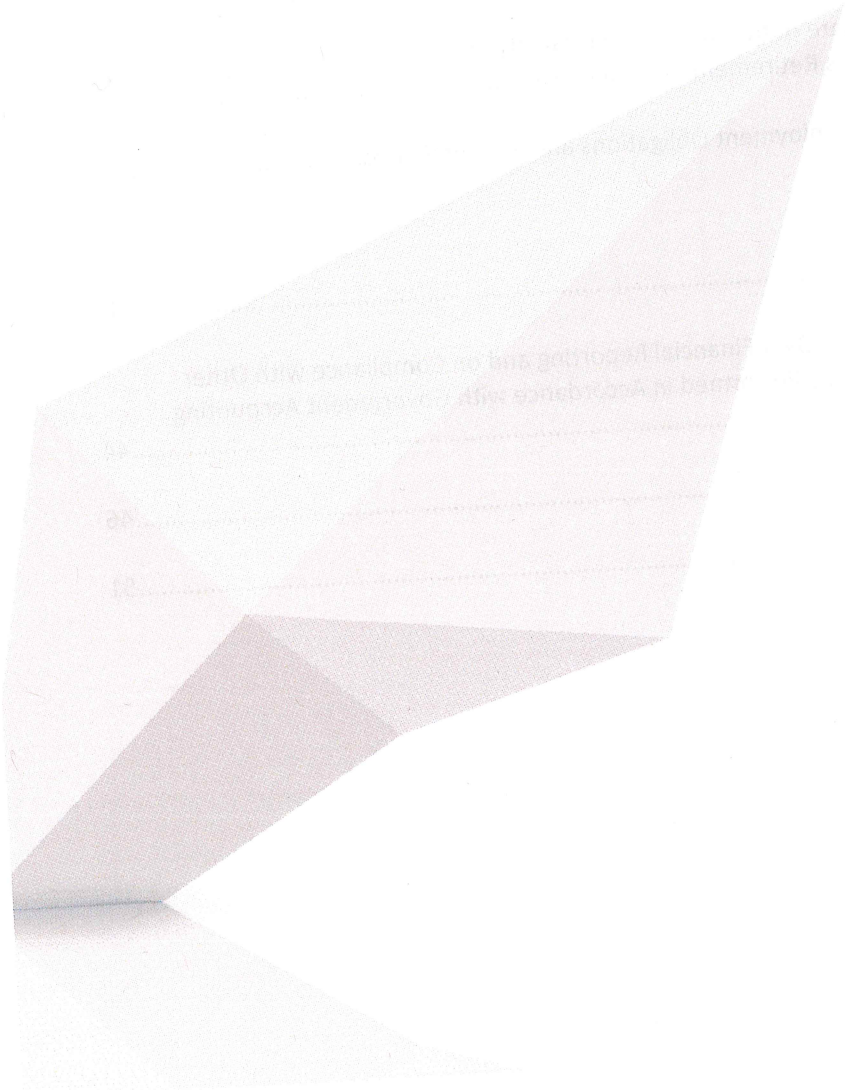
Thanks, Missie

Melissa Rowe, Administrator/CEO
Grover C. Dils Medical Center
P.O. Box 1010/700 North Spring Street
Caliente, NV 89008
775/726-8005

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Financial Statements and Supplementary Information

Years Ended June 30, 2024 and 2023



WIPFLI

WIPFLI

Independent Auditor's Report

Board of Trustees
Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center
Caliente, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center, which comprise the statements of net position as of June 30, 2024 and 2023, and the related statements of revenue, expenses and changes in net position for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center as of June 30, 2024 and 2023, and the results of its operations and cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States of America. 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 Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 5 through 8, the Schedules of Employer's Proportionate Share of the Net Pension Liability and Employer Contributions - Public Employees Retirement System of Nevada on page 41, and the Schedule of Changes in Total Other Postemployment Obligations and Related Ratios on page 42 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 opinions on the financial statements as a whole. The accompanying budgetary comparison information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the budgetary comparison 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 November 26, 2024 on our consideration of the Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center'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 Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Minneapolis, Minnesota
November 26, 2024

Financial Analysis of the Medical Center

The statements of net position and the statements of revenue, expenses, and changes in net position report the net position of the Medical Center and the changes in net position. The Medical Center's net position, the difference between assets and liabilities, is a way to measure the financial health or financial position of an organization. Over time, sustained increases or decreases in the Medical Center's net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors, such as changes in economic condition, population growth, and new or changed governmental legislation should also be considered.

Statements of Net Position

Here is a summary of the statements of net position at June 30, 2024, 2023, and 2022:

Condensed Statements of Net Position
(In Thousands)

	2024	2023	2022	Change 2024-2023	Change 2023-2022
Current assets	$ 4,703	$ 4,090	$ 5,135	$ 613	$ (1,045)
Noncurrent cash	495	1,017	760	(522)	257
Subscription-based asset	105	-	-	105	-
Capital assets	2,654	2,673	2,333	(19)	340
Total assets	$ 7,957	$ 7,780	$ 8,228	$ 177	$ (448)
Deferred outflow of resources - Acquisition of operations	$ 36	$ 44	$ 52	$ (8)	$ (8)
Deferred outflow of resources - Related to pension	3,541	3,514	3,218	27	296
Total deferred outflow of resources	$ 3,577	$ 3,558	$ 3,270	$ 19	$ 288
Current liabilities	$ 749	$ 796	$ 1,185	$ (47)	$ (389)
Net pension liability	9,328	8,767	4,467	561	4,300
Postemployment benefits liability	62	91	108	(29)	(17)
Subscription-based IT arrangement - Obligation	74	-	-	74	-
Unearned revenue	2	93	552	(91)	(459)
Total liabilities	$ 10,215	$ 9,747	$ 6,312	$ 468	$ 3,435
Deferred inflows of resources - Related to pension	$ 122	$ 61	$ 3,715	$ 61	$ (3,654)
Net investment in capital assets	$ 2,654	$ 2,673	$ 2,329	$ (19)	$ 344
Unrestricted	(1,457)	(1,143)	(858)	(314)	(285)
Total net position	$ 1,197	$ 1,530	$ 1,471	$ (333)	$ 59

Net Patient and Resident Service Revenue: Net patient and resident service revenue increased $850,457, or 12.0%, compared to fiscal 2023. Fiscal year 2023 showed an increase in net patient and resident service revenue of $952,928, or 15.6%, when compared to fiscal year 2022. Revenue deductions, the amount of patient and resident service revenue uncollectible because of contractual agreements, government reimbursement policies, and bad debts, increased to $3,956,957 from $3,190,264, or 24.0%. Fiscal year 2023 reflected a decrease of 9.4% from fiscal year 2022.

Other Operating Revenue: Other operating revenue decreased by $18,341 in fiscal year 2024 and increased by $186,961 in fiscal year 2023.

Salaries: Salaries increased by $422,481, or 9.9%, in fiscal year 2024 as compared to fiscal year 2023. Salaries and wages accounted for 48% of total expenses in 2024. The Medical Center employed a total of 68 paid full-time equivalent employees in fiscal year 2024 compared to 67 in 2023.

Employee Benefits: Total employee benefits increased by $511,458, or 26%, in fiscal 2024 and increased by $935,454, or 93%, in fiscal 2023. The increase is due to the adjustments made related to the pension liability under GASB 68.

Nonoperating Revenue (Expenses): The largest sources of nonoperating income is taxes and grant revenue. For fiscal 2024 and 2023, nonoperating income amounts (net) were $1,186,281 and $1,427,267, respectively.

Capital Assets

At the end of fiscal 2024 and 2023, the Medical Center had invested $2,654,267 and $2,672,574, respectively, in property and equipment. Total capital assets, net of accumulated depreciation, decreased $18,307 in fiscal year 2024 from fiscal year 2023 and increased $340,104 in fiscal year 2023 from fiscal year 2022.

Long-Term Liabilities

At the end of fiscal 2024 and 2023, the Medical Center had $9,327,625 and $8,767,263, respectively, of net pension liability. In 2024 and 2023, the net pension liability was $9,327,625 and $8,767,263, respectively. In 2018, a change in accounting principal was implemented due to a new accounting pronouncement, as a result, the Medical Center recorded a postemployment benefits liability of $61,695 in 2024, and $91,231 in 2023, which is included in long-term liabilities on the statements of net position.

Economic and Other Factors and Next Year's Budget

For 2024, the Medical Center derived 68.7% of its revenue from the Medicare and Medicaid programs. Medicare and Medicaid reimbursement policies are continually changing in an attempt to better manage federal spending. As a result, the Medical Center is vulnerable to any significant changes that Congress may pass relating to Medicare and Medicaid reimbursement for health care services.

Contacting Grover C. Dils Medical Center's Finance Department

The Medical Center's financial statements are designed to present users with a general overview of the Medical Center's finances and to demonstrate the Medical Center's accountability. If you have questions about the report or need additional financial information, please contact the Medical Center's Administration at 775.726.8001.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Statements of Net Position (Continued)

June 30, 2024 and 2023

Liabilities, Deferred Inflows of Resources, and Net Position	2024	2023
Current liabilities:		
Accounts payable	$ 260,711	$ 359,937
Accrued salaries, wages, and benefits	394,634	430,395
Due to residents	60,761	5,728
Current portion of subscription-based liability	32,794	-
Total current liabilities	748,900	796,060
Long-term liabilities:		
Net pension liability	9,327,625	8,767,263
Other postemployment benefits obligation	61,695	91,231
Unearned revenue	2,155	93,299
Subscription-based liability, less current portion	74,264	-
Total long-term liabilities	9,465,739	8,951,793
Total liabilities	10,214,639	9,747,853
Deferred inflows of resources - Related to pension	121,974	61,200
Net position:		
Net investment in capital assets	2,654,267	2,672,574
Unrestricted	(1,456,690)	(1,142,692)
Total net position	1,197,577	1,529,882
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 11,534,190	$ 11,338,935

See accompanying notes to financial statements.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Statement of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Receipts from and on behalf of patients	$ 8,029,319	$ 6,649,146
Payments to suppliers and contractors	(2,414,720)	(2,188,945)
Payments to employees and benefits plans	(6,604,241)	(5,933,529)
Other receipts and payments - Net	446,222	372,234
Net cash from operating activities	(543,420)	(1,101,094)
Cash flows from noncapital financing activities:		
Ad valorem taxes	852,856	801,206
Supplemental city/county relief tax	167,852	149,172
Noncapital donations	8,229	20,823
Net cash from noncapital financing activities	1,028,937	971,201
Cash flows from capital and related financing activities:		
Capital expenditures	(275,953)	(811,886)
Proceeds from sale of property and equipment	-	1,629
Interest payments on long-term debt and amounts due to Medicare	(10,912)	(10,912)
Principal payments on long-term debt	-	(3,506)
Net cash from capital and related financing activities	(286,865)	(824,675)
Cash flows from investing activities:		
Interest income	89,955	8,615
Sale (purchase) of investments	509,539	(257,366)
Net cash from investing activities	599,494	(248,751)
Change in cash and cash equivalents	798,146	(1,203,319)
Cash and cash equivalents - Beginning of year	2,786,758	3,990,077
Cash and cash equivalents - End of year	$ 3,584,904	$ 2,786,758

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Reporting Entity

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center (the "Medical Center"), is a hospital district formed under the provisions of the Nevada Revised Statutes and earns revenue primarily by operating a four-bed acute-care hospital in Caliente, Nevada. The Medical Center also provides skilled nursing services and operates two primary care clinics.

Basis of Accounting and Financial Statement Presentation

The Medical Center's financial statements are presented using the flow of economic resources measurement focus, which uses the accrual basis of accounting.

Use of Estimates in Preparation of Financial Statements

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

Budgets and Budgetary Accounting Budget Policies

The Medical Center adheres to the Local Government Budget Act, incorporated within state statutes, which includes the following major procedures to establish the budget:

- On or before April 15, the Medical Center files a tentative budget with the Nevada Department of Taxation.
- Public hearings on the tentative budget are held on the third Thursday in May.
- Prior to June 1, at a public hearing, the Board of Trustees indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board of Trustees. The final budget must then be forwarded to the Nevada Tax Commission for final hearings and approval.
- Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.
- Budgets for the Medical Center are adopted on a basis consistent with GAAP. Appropriations lapse at year-end.
- Budget amounts within the fund may be transferred if amounts do not exceed the original budget. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the Board of Trustees, following a scheduled and noticed public hearing.

Note 1: Summary of Significant Accounting Policies (Continued)

Patient and Residents Accounts Receivable and Credit Policy (Continued)

In evaluating the collectability of patient accounts receivable, the Medical Center analyzes past results and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payer 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 Medical Center 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 payer has not yet paid or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Medical Center 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 they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Tax Receivables and Revenue

Tax receivables are amounts due from Lincoln County and the State of Nevada and are included in other receivables on the statements of net position.

Ad valorem taxes are levied by Lincoln County on the Medical Center's behalf and are intended to finance the Medical Center's activities in the same calendar year in which they are levied. The State of Nevada collects a supplementary city/county relief sales tax for the benefit of local governments, including special districts such as the Medical Center. The Medical Center receives distributions of proceeds from these taxes on a monthly basis from Lincoln County and the State of Nevada and accrues revenue for distributions not received in the period in which they are due.

Supplies

Supplies are valued at the lower of cost, determined on the first-in, first-out (FIFO) method, or market.

Board Designated Cash and Investments

Board designated cash and investments has been designated by the Medical Center's Board of Trustees for capital acquisitions and expansion over which the Board retains control and may at its discretion subsequently use for other purposes.

Note 1: Summary of Significant Accounting Policies (Continued)

Subscription-based Information Technology Arrangements (Continued)

The SBITA liability is initially and subsequently recognized based on the present value of its future payments. Variable payments are included in the present value when the underlying rate or index is fixed and predictable for the life of the lease. Variable costs that depend on an unpredictable index are accounted for as expenses as they are incurred. Increases (decreases) to variable payments due to subsequent changes in an index or rate are recorded as an adjustment to expense in the period in which they are incurred.

The discount rate used is the implicit rate in the SBITA contract, if it is readily determinable, or the risk-free rate.

For all underlying classes of assets, the Medical Center does not recognize SBITA assets and liabilities for short-term agreements that have a contract term of 12 months or less at contract commencement. Contracts containing termination clauses in which either party may terminate without cause and the notice period is less than 12 months are deemed short-term agreements with costs included in the expense.

Asset Impairment

Capital assets are reviewed for impairment when events or changes in circumstances suggest that the service utility of the capital asset might have significantly and unexpectedly declined. Capital assets are considered impaired if both the decline in service utility of the capital asset is large in magnitude and the events or changes in circumstance are outside the normal life cycle of the capital asset. Such events or changes in circumstance that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The determination of the impairment loss is dependent on the event or circumstance in which the impairment occurred. Impairment losses, if any, are reported in the statements of revenue, expenses, and changes in net position. During 2024 and 2023, the Medical Center determined that no evaluations of recoverability were necessary.

Accrued Compensated Absences

The Medical Center's employees earn vacation days at varying rates depending on years of service. Employees may accumulate vacation time up to a specified maximum. Accumulated vacation benefits are paid to an employee if the employee leaves either upon termination or retirement. Vacation expenses and the related liability are recognized as vacation benefits are earned. Accumulated vacation benefits are computed using the regular 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. Accrued vacation time payable, which is recorded in accrued salaries, wages, and benefits on the statements of net position, totaled $194,490 and $204,798 as of June 30, 2024 and 2023, respectively.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position of the Medical Center is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Medical Center. Unrestricted net position is the remaining net position that does not meet the definitions above. For 2024 and 2023, the Medical Center had no restricted net position.

Net Patient and Resident Service Revenue

The Medical Center recognizes patient and resident service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. Certain third-party payer reimbursement agreements are subject to audit and retrospective adjustments. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

For uninsured patients who do not qualify for charity care, the Medical Center recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Medical Center's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Medical Center records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Charity Care

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient and resident service revenue.

Grants and Contributions

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

Note 2: Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30:

	2024	2023
Carrying amount - Deposits	$ 3,584,904	$ 2,786,758
Reconciliation of cash and cash equivalents to statements of net position:		
Cash and cash equivalents	$ 952,723	$ 2,215,630
Resident trust fund - Cash	60,761	5,728
Board Designated - Cash	2,571,420	565,400
Totals	$ 3,584,904	$ 2,786,758

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

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies, or instrumentalities of the State of Nevada; or bonds of any county, municipality, or school in the State of Nevada.

The Medical Center maintains depository relationships with area financial institutions that are Federal Depository Insurance Corporation (FDIC) insured institutions. Depository accounts at these institutions are insured by the FDIC up to $250,000. Certain deposits in excess of federally insured limits are collateralized by pledges of securities held by the financial institution. At June 30, 2024 and 2023, the collateralized deposits totaled approximately $3,383,000 and $2,558,000, respectively.

Note 3: Board Designated Cash and Investments

Board designated cash and investments consisted of the following at June 30, 2024 and 2023:

	2024	2023
Cash	$ 2,571,420	$ 565,400
Negotiable certificate of deposit	494,964	1,017,346
Totals	$ 3,066,384	$ 1,582,746

Note 5: Reimbursement Arrangements With Third-Party Payors (Continued)

Others - The Medical Center has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Accounting for Contractual Arrangements

The Medical Center is reimbursed for certain cost-reimbursable items at an interim rate and final settlements are determined after an audit or review of the Medical Center's related annual cost reports by the Medicare Administrative Contractor and the state Medicaid agency. Estimates for final settlements have been recorded in the in the accompanying statements of net position as due from/to third party reimbursement program. The Medical Center's cost reports have been final settled by the Medicare and Medicaid fiscal intermediaries through June 30, 2020.

Laws and Regulations

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to matters, such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and billing regulations. Government activity with respect to investigations and allegations concerning possible violations of such regulations by health care providers has increased. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. While no significant regulatory inquiries have been made of the Medical Center, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Centers for Medicare and Medicaid Services (CMS) uses recovery audit contractors (RACs) as part of CMS's efforts to ensure accurate payments. RACs search for potentially inaccurate Medicare payments that might have been made to health care providers and not detected through existing CMS program integrity efforts. Once a RAC identifies a claim it believes is inaccurate, it makes a deduction from addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The outcome of any potential reviews is unknown and cannot be reasonably estimated as of June 30, 2024.

Note 8: Capital Assets

Property and equipment consisted of the following at June 30, 2024:

	Balance June 30, 2023	Additions/ Transfers	Deletions	Balance June 30, 2024
Nondepreciable capital assets:				
Land	$ 56,000	$ -	$ -	$ 56,000
Construction in progress	138,687	24,666	-	163,353
Total nondepreciable capital assets	194,687	24,666	-	219,353
Depreciable capital assets:				
Land improvements	83,708	22,550	-	106,258
Buildings and improvements	2,189,661	16,837	-	2,206,498
Equipment	5,064,082	314,352	3,779	5,374,655
HIT assets	525,076	-	-	525,076
Total depreciable capital assets	7,862,527	353,739	3,779	8,212,487
Accumulated depreciation:				
Land improvements	(51,359)	(2,773)	-	(54,132)
Buildings and improvements	(1,727,313)	(41,385)	-	(1,768,698)
Equipment	(3,081,404)	(344,996)	3,779	(3,430,179)
HIT assets	(524,564)	-	-	(524,564)
Total accumulated depreciation	(5,384,640)	(389,154)	3,779	(5,777,573)
Capital assets - Net	$ 2,672,574	$ (10,749)	$ 7,558	$ 2,654,267

Note 10: SBITAs

The Medical Center has entered into noncancelable SBITAs with several third parties. The agreements mature in varying amounts through the year ended June 30, 2029. The related subscription-based liabilities have been discounted at rates ranging from 3.8% to 4.5%.

The following is a schedule of payments over the life of the contracts as of the year ended June 30, 2024:

	Principal	Interest
2025	$ 32,794	$ 3,183
2026	33,327	1,804
2027	16,226	1,198
2028	16,854	569
2029	7,857	77
Totals	$ 107,058	$ 6,831

Note 12: Pension Plan

Plan Description - The Medical Center contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost-sharing, multiple-employer, defined benefit public employees' retirement system that includes both Regular and Police/Fire members. The Medical Center's employees are covered as Regular members. The plan is administered by the Public Employees Retirement System for the State of Nevada.

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Employees Retirement System for the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling 775.687.4200.

Benefits Provided - PERS provides retirement benefits, disability benefits, and death benefits, including annual cost-of-living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes (NRS) establishes the benefit provisions provided to the participants of PERS. These benefit provisions may be amended only through legislation.

Benefits are based on a member's years of accredited service at time of retirement and the highest average salary for any 36 successive months of allowable service, with special provisions for members entering the system on or after January 1, 2010. Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the system on or after January 1, 2010, there is a 2.5% multiplier. Regular plan members entering the System on or after July 1, 2015 have a 2.25% service time factor. The system offers several alternatives to the unmodified service retirement allowance that, in general, allow retired employees to accept a reduced service retirement allowance payable monthly during their lifetime and various optional monthly payments to a named beneficiary after their death. Post-retirement increases are provided by authority of NRS 286.575 - .579.

Regular members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, at age 62 with 10 years of service, or at any age with 30 years of service. 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.

Note 12: Pension Plan (Continued)

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

For the years ended June 30, 2024 and 2023, the Medical Center recognized pension expense of $1,610,969 and $1,160,242, respectively. At June 30, 2024, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,215,799	$ -
Changes in assumptions	874,176	-
Net difference between projected and actual earnings on pension plan investments	-	87,307
Changes in proportion and differences between actual and proportionate share of contributions	442,319	34,667
Medical Center contributions subsequent to the measurement date	1,008,298	-
Totals	$ 3,540,592	$ 121,974

At June 30, 2023, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,135,216	$ 6,263
Changes in assumptions	1,126,216	-
Net difference between projected and actual earnings on pension plan investments	106,966	-
Changes in proportion and differences between actual and proportionate share of contributions	310,014	54,937
Medical Center contributions subsequent to the measurement date	835,914	-
Totals	$ 3,514,326	$ 61,200

Note 12: Pension Plan (Continued)

Actuarial Assumptions (Continued)

Actuarial assumptions used in the June 30, 2023 valuation were based on the results of the experience review completed in 2023.

Long-Term Expected Rate of Return: The Public Employees Retirement System for the State of Nevada has policies that determine the investment portfolio target asset allocation. These policies are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS. The following was the Board-adopted policy target asset allocation as of June 30, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. stock	42 %	5.50 %
International stock	18 %	5.50 %
U.S. bonds	28 %	0.75 %
Private markets	12 %	6.65 %

Discount Rate: The discount rate used to measure the total pension liability was 7.25% as of June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2023 and 2022, 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 was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023 and 2022.

Sensitivity of the Medical Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Medical Center's proportionate share of the net pension liability, calculated using the discount rate disclosed under Discount Rate above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Medical Center's proportionate share of the net pension liability:			
June 30, 2023	$ 14,515,159	$ 9,327,628	$ 5,046,392
June 30, 2022	13,460,617	8,767,263	4,894,542

Note 13: Other Postemployment Benefits (Continued)

Alternative Measurement Methodology and Assumptions

The Medical Center computed its OPEB obligation utilizing an alternative measurement methodology permitted under GASB No. 75 in place of an actuarial valuation.

Postemployment benefit obligations for financial reporting purposes for the PEBP Plan are based on the PEBP Plan as understood by the Medical Center and include the types of benefits in force at June 30, 2024, and the pattern of sharing benefits costs between the Medical Center and plan members to that date.

Projections of benefits for financial reporting purposes for the PEBP Plan, do not explicitly incorporate the effect of legal or contractual funding limitations in the future. Calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in accrued postemployment benefit obligations.

Significant methods and assumptions are as follows:

Calculation date:	June 30, 2024
Funding method	Pay-as-you-go basis with no prefunding of OPEB liability
Asset valuation method:	Not applicable - No OPEB trust fund has been established
Discount rate (Bond Buyer General Obligation 20-year Bond Municipal Index)	3.65% as of June 30, 2024 3.54% as of June 30, 2023
Participants valued:	Only current PEBP retirees, no future entrants are considered
Other assumptions:	
Projected salary increases	Not applicable
Assumed wage inflation	Not applicable
Participant valued:	Only current PEBP retirees, no future entrants are considered
Mortality:	The U.S. Social Security Administration 2016 Period of Life table for males and females were used as being reasonably representative of the mortality experience of participants in the Plan.
Health Care Trend Rate:	The health care trend assumption was based on factors utilized in the State of Nevada Postretirement Health and Life Insurance Plan, measurement date July 1, 2024, which included national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data plan renewal data, and vendor Rx report with adjustments based on the specific cost sharing provisions of the benefits offered by the State of Nevada.

Note 14: Risk Management

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

The Medical Center has joined together with other rural hospitals throughout the State of Nevada to create the Liability Cooperative of Nevada (LiCON). LiCON, an interlocal cooperative public agency, was formed for the purpose of self-insuring professional and related lines of liability for eligible hospitals.

The Medical Center pays an annual premium and specific deductibles, as necessary, to LiCON for its general insurance coverage. LiCON is considered a self-sustaining risk pool that will provide professional and comprehensive general liability insurance for its members. The Medical Center's insurance covers losses of up to $5,050,000 per claim, with an $11,000,000 annual aggregate shared by all members.

The Medical Center's general liability insurance covers claims incurred during a policy year regardless of when the claim was filed (occurrence-based coverage), while the Medical Center's professional liability insurance covers claims reported during a policy year (claims-made coverage). Under an occurrence-based policy, the risk for claims and incidents not asserted within the policy period remains with the Medical Center. Although there exists the possibility of claims arising from incidents through June 30, 2024, which have not yet been asserted, the Medical Center is unable to determine the ultimate cost, if any, of such possible claims, and accordingly no provision has been made for them. LiCON also provides directors, officers, and trustees liability coverage of $1,250,000 per claim, with an annual aggregate of $10,000,000 shared by all members.

The Medical Center continues to carry commercial insurance for other risks of loss, including specific risks of loss not covered by LiCON and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Supplementary Information

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Schedule of Changes in Total Other Postemployment Obligations and Related Ratios

Year Ended June 30, 2024

	Amount	Applicable Discount Rate
Total obligation June 30, 2017	$ 207,685	2.58 %
Change in assumptions	(18,547)	
Benefit payments	(11,829)	
Total obligation June 30, 2018	177,309	3.58
Change in assumptions	(11,146)	
Benefit payments	(11,098)	
Total obligation June 30, 2019	155,065	3.87
Change in assumptions	(29,865)	
Benefit payments	(8,376)	
Total obligation June 30, 2020	116,824	3.51
Change in assumptions	7,663	
Benefit payments	(8,741)	
Total obligation June 30, 2021	115,746	2.21
Change in assumptions	1,014	
Benefit payments	(8,741)	
Total obligation June 30, 2022	108,019	2.16
Change in assumptions	(25,636)	
Benefit payments	8,848	
Total obligation June 30, 2023	91,231	3.54
Change in assumptions	(35,496)	
Benefit payments	5,960	
Total obligation, June 30, 2024	$ 61,695	3.65
Covered employee payroll		n/a
Total obligation as a percentage of covered-employee payroll		n/a
		n/a

Notes to Schedule:

Changes in assumptions and other inputs reflect the effects of changes in discount rate each period.

See Independent Auditor's Report.

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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*

Board of Trustees
Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center
Caliente, Nevada

We have audited, in accordance with auditing standards generally accepted in the United States 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 Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center (the "Medical Center"), which comprise the statement of net position as of June 30, 2024, and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated November 26, 2024.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section 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 and responses, 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. A material weakness is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2024.001 and 2024.002 to be material weaknesses.

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 the attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2024.003, 2024.004, and 2024.005 to be significant deficiencies.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Schedule of Findings and Responses

Year Ended June 30, 2024

Finding 2024.001 - Internal Control Over Preparation of the Financial Statements

Condition:	Management is responsible for the accuracy and completeness of all financial records and related information and establishing and maintaining internal controls for the fair presentation of financial statements and footnote disclosures in accordance with GAAP. Their responsibilities include adjusting the financial statements to correct material misstatements. Management contracts with a third party to assist in reviewing interim financial statements and to ensure accurate financial reporting. As part of our professional services for the year ended June 30, 2024, Wipfli LLP drafted the financial statements and related footnote disclosures. The outsourcing of these services is not unusual for similar-sized organizations as a result of management's cost-benefit decision to rely on outside accounting expertise rather than devote internal resources to prepare audited financial statements.
Criteria:	Government Auditing Standards considers the inability to report financial data reliably in accordance with GAAP to be an internal control deficiency.
Cause:	The District only prepares one set of full disclosure financial statements annually and therefore the costs of maintaining internal expertise necessary to keep up to date with changing accounting standards outweighs the benefits.
Effect:	The completeness of the financial statement disclosures and the accuracy of the overall financial presentation are negatively impacted, since outside auditors do not have the same comprehensive understanding as its internal finance staff.
Recommendation:	We recommend management and those charged with governance continue to evaluate the degree of risk associated with this condition because of cost or other considerations.
View of responsible officials:	Management believes that committing the resources necessary to perform a review of the footnote disclosures for completeness would be a duplication of expenditures, since this is part of the cost of the audit engagement. In addition, the administrator and controller review internal financial statements on a monthly basis and present the results to the Board of Trustees.

Finding 2024.003 - Controls Within the Accounting Department

Condition:	Access to the General Ledger, Subsidiary Ledgers, and Assets of the Medical Center - The controller and certain other individuals have the ability to make changes in the general ledger and subsidiary ledgers including fixed assets, accounts payable, and payroll-related ledgers. These individuals also have access to general assets of the Medical Center, including bank accounts.
Criteria:	Internal controls that provide for proper segregation of duties should be in place.
Cause:	In an organization with a small number of personnel in its business office and accounting department, there may be an inadequate segregation of duties. This results in certain internal control limitations.
Effect:	There is an increased risk that material misstatements will not be detected and corrected and an increased risk that misappropriations of assets will not be prevented or detected.
Recommendation:	Management should establish proper mitigating review procedures to be performed by someone who would not have access to the general ledger, subsidiary ledgers, and assets of the Medical Center.
View of responsible officials:	Considering the size of our facility and financial status, management believes that the current segregation of duties is sufficient to protect the facility from significant errors or fraudulent transactions.

Finding 2024.005 - Violation of Statute

Condition:	The Medical Center had actual operating and nonoperating expenses in excess of budgeted appropriations for the year ended June 30, 2024.
Criteria:	In accordance with state statute, actual expenses may not exceed the sum of budgeted operating and nonoperating expenses. Pursuant to NRS 354.626, during any fiscal year, the Medical Center may not expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated for that function, other than bond repayments, medium-term obligation repayments, and any other long-term contract expressly authorized by law.
Cause:	There were not effective internal controls in place to mitigate the occurrence of expending operating and nonoperating expenses in excess of budgeted appropriations.
Effect:	Expending amounts in excess of budgeted appropriations resulted in a reportable finding as a violation of compliance with Nevada Revised Statutes ("NRS").
Recommendation:	Management should implement procedures to ensure the Medical Center does not expend funds in excess of appropriated budget amounts.
View of responsible officials:	Management will implement procedures to monitor and comply with the NRS to ensure they do not expend operating and nonoperating expenses in excess of budgeted appropriations.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Schedule of Prior Year Findings and Responses (Continued)

Finding 2023.004 - Controls Within the Business Office

Condition:	Accounts Receivable - Primary responsibilities fail to segregate the duties of entering charges, reconciling the log of income receipts to amounts posted to accounts receivable, posting cash receipts, and posting miscellaneous adjustments to accounts receivable.
Criteria:	Internal controls that provide for proper segregation of duties should be in place.
Current Status:	Finding is repeated in the current schedule of findings and responses (2024.004).

Finding 2023.005 - Violation of Statute

Condition:	The Medical Center had actual operating and nonoperating expenses in excess of budgeted appropriations for the year ended June 30, 2023.
Criteria:	In accordance with state statute, actual expenses may not exceed the sum of budgeted operating and nonoperating expenses. Pursuant to NRS 354.626, during any fiscal year, the Medical Center may not expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated for that function, other than bond repayments, medium-term obligation repayments, and any other long-term contract expressly authorized by law.
Current Status:	Finding is repeated in the current schedule of findings and responses (2024.005).

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Financial Statements and Supplementary Information

Years Ended June 30, 2023 and 2022

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Independent Auditor's Report

Board of Trustees
Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center
Caliente, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center, which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenue, expenses and changes in net position for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center as of June 30, 2023 and 2022, and the results of its operations and cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States of America. 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 Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 5 through 8, the Schedules of Employer's Proportionate Share of the Net Pension Liability and Employer Contributions - Public Employees Retirement System of Nevada on page 42, and the Schedule of Changes in Total Other Postemployment Obligations and Related Ratios on page 43 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 opinions on the financial statements as a whole. The accompanying budgetary comparison information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the budgetary comparison 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 November 30, 2023 on our consideration of the Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center'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 Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Oakland, California
November 30, 2023

Financial Analysis of the Medical Center

The statements of net position and the statements of revenue, expenses, and changes in net position report the net position of the Medical Center and the changes in net position. The Medical Center's net position, the difference between assets and liabilities, is a way to measure the financial health or financial position of an organization. Over time, sustained increases or decreases in the Medical Center's net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors, such as changes in economic condition, population growth, and new or changed governmental legislation should also be considered.

Statements of Net Position

Here is a summary of the statements of net position at June 30, 2023, 2022, and 2021:

Condensed Statements of Net Position
(In Thousands)

	2023	2022	2021	Change 2023-2022	Change 2022-2021
Current assets	$ 4,090	$ 5,135	$ 4,696	$ (1,045)	$ 439
Noncurrent cash	1,017	760	771	257	(11)
Capital assets	2,673	2,333	1,978	340	355
Total assets	$ 7,780	$ 8,228	$ 7,445	$ (448)	$ 783
Deferred outflow of resources - Acquisition of operations	$ 44	$ 52	$ 60	$ (8)	$ (8)
Deferred outflow of resources - Related to pension	3,514	3,218	1,684	296	1,534
Total deferred outflow of resources	$ 3,558	$ 3,270	$ 1,744	$ 288	$ 1,526
Current liabilities	$ 796	$ 1,185	$ 868	$ (389)	$ 317
Long-term debt, net of current maturities	-	-	4	-	(4)
Net pension liability	8,767	4,467	6,723	4,300	(2,256)
Postemployment benefits liability	91	108	116	(17)	(8)
Unearned revenue	93	552	189	(459)	363
Total liabilities	$ 9,747	$ 6,312	$ 7,900	$ 3,435	$ (1,588)
Deferred inflows of resources - Related to pension	$ 61	$ 3,715	$ 431	$ (3,654)	$ 3,284
Net investment in capital assets	$ 2,673	$ 2,329	$ 1,954	$ 344	$ 375
Unrestricted	(1,143)	(858)	(1,096)	(285)	238
Total net position	$ 1,530	$ 1,471	$ 858	$ 59	$ 613

Net Patient and Resident Service Revenue: Net patient and resident service revenue increased $952,928, or 15.6%, compared to fiscal 2022. Fiscal year 2022 showed a decrease in net patient and resident service revenue of $245,118, or 3.9%, when compared to fiscal year 2021. Revenue deductions, the amount of patient and resident service revenue uncollectible because of contractual agreements, government reimbursement policies, and bad debts, decreased to $3,190,264 from $3,521,733, or 9.4%. Fiscal year 2022 reflected an increase of 22.1% from fiscal year 2021.

Other Operating Revenue: Other operating revenue increased by $186,961 in fiscal year 2023 and decreased by $360,049 in fiscal year 2022.

Salaries: Salaries increased by $350,276, or 9.0%, in fiscal year 2023 as compared to fiscal year 2022. Salaries and wages accounted for 5% of total expenses in 2023. The Medical Center employed a total of 67 paid full-time equivalent employees in fiscal year 2023 compared to 64 in 2022.

Employee Benefits: Total employee benefits increased by $935,454, or 93%, in fiscal 2023 and decreased by $623,743, or 38%, in fiscal 2022. The increase is due to the adjustments made related to the pension liability under GASB 68.

Nonoperating Revenue (Expenses): The largest sources of nonoperating income is taxes and grant revenue. For fiscal 2023 and 2022, nonoperating income amounts (net) were $1,427,267 and $1,555,822, respectively.

Capital Assets

At the end of fiscal 2023 and 2022, the Medical Center had invested $2,672,574 and $2,332,470, respectively, in property and equipment. Total capital assets, net of accumulated depreciation, increased $340,104 in fiscal year 2023 from fiscal year 2022 and increased $354,204 in fiscal year 2022 from fiscal year 2021.

Long-Term Liabilities

At the end of fiscal 2023 and 2022, the Medical Center had $8,767,263 and $4,470,432, respectively, of long-term debt (including current maturities) related to notes payable agreements and the net pension liability. In 2023 and 2022, the net pension liability was $8,767,263 and $4,466,926, respectively. In 2018, a change in accounting principal was implemented due to a new accounting pronouncement, as a result, the Medical Center recorded a postemployment benefits liability of $91,231 in 2023, and $108,019 in 2022, which is included in long-term liabilities on the statements of net position.

Economic and Other Factors and Next Year's Budget

For 2023, the Medical Center derived 67.7% of its revenue from the Medicare and Medicaid programs. Medicare and Medicaid reimbursement policies are continually changing in an attempt to better manage federal spending. As a result, the Medical Center is vulnerable to any significant changes that Congress may pass relating to Medicare and Medicaid reimbursement for health care services.

Contacting Grover C. Dils Medical Center's Finance Department

The Medical Center's financial statements are designed to present users with a general overview of the Medical Center's finances and to demonstrate the Medical Center's accountability. If you have questions about the report or need additional financial information, please contact the Medical Center's Administration at 775.726.3171.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Statements of Net Position (Continued)

June 30, 2023 and 2022

Liabilities, Deferred Inflows of Resources, and Net Position	2023	2022
Current liabilities:		
Current maturities of long-term debt	$ -	$ 3,506
Accounts payable	359,937	395,957
Accrued salaries, wages, and benefits	430,395	497,705
Due to residents	5,728	5,718
Due to third-party reimbursement program	-	282,427
Total current liabilities	796,060	1,185,313
Long-term liabilities:		
Net pension liability	8,767,263	4,466,926
Other postemployment benefits obligation	91,231	108,019
Unearned revenue	93,299	552,000
Total long-term liabilities	8,951,793	5,126,945
Total liabilities	9,747,853	6,312,258
Deferred inflows of resources - Related to pension	61,200	3,715,160
Net position:		
Net investment in capital assets	2,672,574	2,328,964
Unrestricted	(1,142,692)	(858,029)
Total net position	1,529,882	1,470,935
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 11,338,935	$ 11,498,353

See accompanying notes to financial statements.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Statement of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Receipts from and on behalf of patients	$ 6,649,146	$ 6,400,923
Payments to suppliers and contractors	(2,188,945)	(2,042,764)
Payments to employees and benefits plans	(5,933,529)	(5,405,030)
Other receipts and payments - Net	372,234	117,821
Net cash from operating activities	(1,101,094)	(929,050)
Cash flows from noncapital financing activities:		
Ad valorem taxes	801,206	820,396
Supplemental city/county relief tax	149,172	154,895
Noncapital donations	20,823	5,000
Receipt of grant funding	-	942,869
Net cash from noncapital financing activities	971,201	1,923,160
Cash flows from capital and related financing activities:		
Capital expenditures	(811,886)	(647,605)
Proceeds from sale of property and equipment	1,629	-
Interest payments on long-term debt and amounts due to Medicare	(10,912)	(21)
Principal payments on long-term debt	(3,506)	(21,048)
Net cash from capital and related financing activities	(824,675)	(668,674)
Cash flows from investing activities:		
Interest income	8,615	20,630
Purchase of investments	(257,366)	(14,882)
Net cash from investing activities	(248,751)	5,748
Change in cash and cash equivalents	(1,203,319)	331,184
Cash and cash equivalents - Beginning of year	3,990,077	3,658,893
Cash and cash equivalents - End of year	$ 2,786,758	$ 3,990,077

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Reporting Entity

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center (the "Medical Center"), is a hospital district formed under the provisions of the Nevada Revised Statutes and earns revenue primarily by operating a four-bed acute-care hospital in Caliente, Nevada. The Medical Center also provides skilled nursing services and operates two primary care clinics.

Basis of Accounting and Financial Statement Presentation

The Medical Center's financial statements are presented using the flow of economic resources measurement focus, which uses the accrual basis of accounting.

Use of Estimates in Preparation of Financial Statements

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

Budgets and Budgetary Accounting Budget Policies

The Medical Center adheres to the Local Government Budget Act, incorporated within state statutes, which includes the following major procedures to establish the budget:

- On or before April 15, the Medical Center files a tentative budget with the Nevada Department of Taxation.
- Public hearings on the tentative budget are held on the third Thursday in May.
- Prior to June 1, at a public hearing, the Board of Trustees indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board of Trustees. The final budget must then be forwarded to the Nevada Tax Commission for final hearings and approval.
- Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.
- Budgets for the Medical Center are adopted on a basis consistent with GAAP. Appropriations lapse at year-end.
- Budget amounts within the fund may be transferred if amounts do not exceed the original budget. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the Board of Trustees, following a scheduled and noticed public hearing.

Note 1: Summary of Significant Accounting Policies (Continued)

Patient and Residents Accounts Receivable and Credit Policy (Continued)

In evaluating the collectability of patient accounts receivable, the Medical Center analyzes past results and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payer 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 Medical Center 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 payer has not yet paid or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Medical Center 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 they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Tax Receivables and Revenue

Tax receivables are amounts due from Lincoln County and the State of Nevada and are included in other receivables on the statements of net position.

Ad valorem taxes are levied by Lincoln County on the Medical Center's behalf and are intended to finance the Medical Center's activities in the same calendar year in which they are levied. The State of Nevada collects a supplementary city/county relief sales tax for the benefit of local governments, including special districts such as the Medical Center. The Medical Center receives distributions of proceeds from these taxes on a monthly basis from Lincoln County and the State of Nevada and accrues revenue for distributions not received in the period in which they are due.

Supplies

Supplies are valued at the lower of cost, determined on the first-in, first-out (FIFO) method, or market.

Board Designated Cash and Investments

Board designated cash and investments has been designated by the Medical Center's Board of Trustees for capital acquisitions and expansion over which the Board retains control and may at its discretion subsequently use for other purposes.

Note 1: Summary of Significant Accounting Policies (Continued)

Asset Impairment

Capital assets are reviewed for impairment when events or changes in circumstances suggest that the service utility of the capital asset might have significantly and unexpectedly declined. Capital assets are considered impaired if both the decline in service utility of the capital asset is large in magnitude and the events or changes in circumstance are outside the normal life cycle of the capital asset. Such events or changes in circumstance that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The determination of the impairment loss is dependent on the event or circumstance in which the impairment occurred. Impairment losses, if any, are reported in the statements of revenue, expenses, and changes in net position. During 2023 and 2022, the Medical Center determined that no evaluations of recoverability were necessary.

Accrued Compensated Absences

The Medical Center's employees earn vacation days at varying rates depending on years of service. Employees may accumulate vacation time up to a specified maximum. Accumulated vacation benefits are paid to an employee if the employee leaves either upon termination or retirement. Vacation expenses and the related liability are recognized as vacation benefits are earned. Accumulated vacation benefits are computed using the regular 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. Accrued vacation time payable, which is recorded in accrued salaries, wages, and benefits on the statements of net position, totaled $204,798 and $189,098 as of June 30, 2023 and 2022, respectively.

The Medical Center's employees also earn compensatory days at varying rates depending on years of service, up to a specified maximum. Compensatory benefits do not vest; therefore, no liability has been accrued.

Other Postemployment Benefits (OPEB) Obligations

The Medical Center's net OPEB are recognized as a liability, and annual subsidy payments are recognized when due and payable in accordance with the benefit terms. The Medical Center has no separately identified investments related to OPEB plans.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Patient and Resident Service Revenue

The Medical Center recognizes patient and resident service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. Certain third-party payer reimbursement agreements are subject to audit and retrospective adjustments. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

For uninsured patients who do not qualify for charity care, the Medical Center recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Medical Center's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Medical Center records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Charity Care

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient and resident service revenue.

Grants and Contributions

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

The Medical Center also receives governmental grants for a variety of purposes. Revenue from these grants is considered earned when the Medical Center incurs the related expenditures meets the terms and conditions of the grant. Grant income is included in non-operating revenue (expenses) in the statements of revenue, expenses, and changes in net position. Grants earned but not received are recorded as other receivables, and grants received but not yet earned are recorded as unearned revenue in the accompanying statements of net position.

Advertising Costs

Advertising costs are expensed as incurred.

Note 2: Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30:

	2023	2022
Carrying amount - Deposits	$ 2,786,758	$ 3,990,077
Reconciliation of cash and cash equivalents to statements of net position:		
Cash and cash equivalents	$ 2,215,630	$ 3,464,310
Resident trust fund - Cash	5,728	5,718
Board Designated - Cash	565,400	520,049
Totals	$ 2,786,758	$ 3,990,077

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

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies, or instrumentalities of the State of Nevada; or bonds of any county, municipality, or school in the State of Nevada.

The Medical Center maintains depository relationships with area financial institutions that are Federal Depository Insurance Corporation (FDIC) insured institutions. Depository accounts at these institutions are insured by the FDIC up to $250,000. Certain deposits in excess of federally insured limits are collateralized by pledges of securities held by the financial institution. At June 30, 2023 and 2022, the collateralized deposits totaled approximately $2,558,000 and $3,755,000, respectively.

Note 3: Board Designated Cash and Investments

Board designated cash and investments consisted of the following at June 30, 2023 and 2022:

	2023	2022
Cash	$ 565,400	$ 520,049
Negotiable certificate of deposit	1,017,346	760,318
Totals	$ 1,582,746	$ 1,280,367

Note 5: Reimbursement Arrangements With Third-Party Payors (Continued)

Others - The Medical Center has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Accounting for Contractual Arrangements

The Medical Center is reimbursed for certain cost-reimbursable items at an interim rate and final settlements are determined after an audit or review of the Medical Center's related annual cost reports by the Medicare Administrative Contractor and the state Medicaid agency. Estimates for final settlements have been recorded in the in the accompanying statements of net position as due from/to third party reimbursement program. The Medical Center's cost reports have been final settled by the Medicare and Medicaid fiscal intermediaries through June 30, 2020.

Laws and Regulations

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to matters, such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and billing regulations. Government activity with respect to investigations and allegations concerning possible violations of such regulations by health care providers has increased. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. While no significant regulatory inquiries have been made of the Medical Center, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Centers for Medicare and Medicaid Services (CMS) uses recovery audit contractors (RACs) as part of CMS's efforts to ensure accurate payments. RACs search for potentially inaccurate Medicare payments that might have been made to health care providers and not detected through existing CMS program integrity efforts. Once a RAC identifies a claim it believes is inaccurate, it makes a deduction from addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The outcome of any potential reviews is unknown and cannot be reasonably estimated as of June 30, 2023.

Note 8: Capital Assets

Property and equipment consisted of the following at June 30, 2023:

	Balance June 30, 2022	Additions/ Transfers	Deletions	Balance June 30, 2023
Nondepreciable capital assets:				
Land	$ 56,000	$ -	$ -	$ 56,000
Construction in progress	150,486	332	12,131	138,687
Total nondepreciable capital assets	206,486	332	12,131	194,687
Depreciable capital assets:				
Land improvements	83,708	-	-	83,708
Buildings and improvements	2,189,661	-	-	2,189,661
Equipment	4,338,904	726,809	1,629	5,064,084
HIT assets	525,076	-	-	525,076
Total depreciable capital assets	7,137,349	726,809	1,629	7,862,529
Accumulated depreciation:				
Land improvements	(49,892)	(1,647)	-	(51,539)
Buildings and improvements	(1,684,165)	(43,151)	-	(1,727,316)
Equipment	(2,752,232)	(328,343)	136	(3,080,711)
HIT assets	(525,076)	-	-	(525,076)
Total accumulated depreciation	(5,011,365)	(373,141)	136	(5,384,642)
Capital assets - Net	$ 2,332,470	$ 354,000	$ 13,896	$ 2,672,574

Note 10: Long-Term Debt

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

	June 30, 2022	Additions	Reductions	June 30, 2023	Amounts Due Within One Year
Direct borrowings:					
Equipment note payable	$ 3,506	$ -	$ (3,506)	$ -	$ -

	June 30, 2021	Additions	Reductions	June 30, 2022	Amounts Due Within One Year
Direct borrowings:					
Equipment note payable	$ 24,554	$ -	$ (21,048)	$ 3,506	$ 3,506

The terms and due dates of the Medical Center's long-term debt obligations at June 30, 2023, follow:

Nevada Rural Hospital Partners - Equipment note dated August 1, 2012, due in monthly payments of $1,756, including interest at 0.16%, through 2023. The loan is collateralized by the purchased equipment.

Note 12: Pension Plan

Plan Description - The Medical Center contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost-sharing, multiple-employer, defined benefit public employees' retirement system that includes both Regular and Police/Fire members. The Medical Center's employees are covered as Regular members. The plan is administered by the Public Employees Retirement System for the State of Nevada.

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Employees Retirement System for the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling 775.687.4200.

Benefits Provided - PERS provides retirement benefits, disability benefits, and death benefits, including annual cost-of-living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes (NRS) establishes the benefit provisions provided to the participants of PERS. These benefit provisions may be amended only through legislation.

Benefits are based on a member's years of accredited service at time of retirement and the highest average salary for any 36 successive months of allowable service, with special provisions for members entering the system on or after January 1, 2010. Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the system on or after January 1, 2010, there is a 2.5% multiplier. Regular plan members entering the System on or after July 1, 2015 have a 2.25% service time factor. The system offers several alternatives to the unmodified service retirement allowance that, in general, allow retired employees to accept a reduced service retirement allowance payable monthly during their lifetime and various optional monthly payments to a named beneficiary after their death. Post-retirement increases are provided by authority of NRS 286.575 - .579.

Regular members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, at age 62 with 10 years of service, or at any age with 30 years of service. 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.

Note 12: Pension Plan (Continued)

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

For the years ended June 30, 2023 and 2022, the Medical Center recognized pension expense of $1,160,242 and $274,070, respectively. At June 30, 2023, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,135,216	$ 6,263
Changes in assumptions	1,126,216	-
Net difference between projected and actual earnings on pension plan investments	106,966	-
Changes in proportion and differences between actual and proportionate share of contributions	310,014	54,937
Medical Center contributions subsequent to the measurement date	835,914	-
Totals	$ 3,514,326	$ 61,200

At June 30, 2022, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 31,437
Changes in assumptions	1,483,096	-
Net difference between projected and actual earnings on pension plan investments	494,800	3,644,869
Changes in proportion and differences between actual and proportionate share of contributions	463,867	38,854
Medical Center contributions subsequent to the measurement date	776,630	-
Totals	$ 3,218,393	$ 3,715,160

Note 12: Pension Plan (Continued)

Actuarial Assumptions (Continued)

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of the experience review completed in 2022.

Long-Term Expected Rate of Return: The Public Employees Retirement System for the State of Nevada has policies that determine the investment portfolio target asset allocation. These policies are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS. The following was the Board-adopted policy target asset allocation as of June 30, 2022:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. stock	42 %	5.50 %
International stock	18 %	5.50 %
U.S. bonds	28 %	0.75 %
Private markets	12 %	6.65 %

Discount Rate: The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2022 and 2021, 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 was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022 and 2021.

Sensitivity of the Medical Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Medical Center's proportionate share of the net pension liability, calculated using the discount rate disclosed under Discount Rate above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Medical Center's proportionate share of the net pension liability:			
June 30, 2022	13,460,617	8,767,263	4,894,542
June 30, 2021	8,893,506	4,466,926	815,359

Note 13: Other Postemployment Benefits (Continued)

Alternative Measurement Methodology and Assumptions

The Medical Center computed its OPEB obligation utilizing an alternative measurement methodology permitted under GASB No. 75 in place of an actuarial valuation.

Postemployment benefit obligations for financial reporting purposes for the PEBP Plan are based on the PEBP Plan as understood by the Medical Center and include the types of benefits in force at June 30, 2023, and the pattern of sharing benefits costs between the Medical Center and plan members to that date.

Projections of benefits for financial reporting purposes for the PEBP Plan, do not explicitly incorporate the effect of legal or contractual funding limitations in the future. Calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in accrued postemployment benefit obligations.

Significant methods and assumptions are as follows:

Calculation date:	June 30, 2023
Funding method	Pay-as-you-go basis with no prefunding of OPEB liability
Asset valuation method:	Not applicable - No OPEB trust fund has been established
Discount rate (Bond Buyer General Obligation 20-year Bond Municipal Index)	3.54% as of June 30, 2023 2.16% as of June 30, 2022
Participants valued:	Only current PEBP retirees, no future entrants are considered
Other assumptions:	
Projected salary increases	Not applicable
Assumed wage inflation	Not applicable
Participant valued:	Only current PEBP retirees, no future entrants are considered
Mortality:	The U.S. Social Security Administration 2016 Period of Life table for males and females were used as being reasonably representative of the mortality experience of participants in the Plan.
Health Care Trend Rate:	The health care trend assumption was based on factors utilized in the State of Nevada Postretirement Health and Life Insurance Plan, measurement date July 1, 2023, which included national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data plan renewal data, and vendor Rx report with adjustments based on the specific cost sharing provisions of the benefits offered by the State of Nevada.

Note 14: Risk Management

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

The Medical Center has joined together with other rural hospitals throughout the State of Nevada to create the Liability Cooperative of Nevada (LiCON). LiCON, an interlocal cooperative public agency, was formed for the purpose of self-insuring professional and related lines of liability for eligible hospitals.

The Medical Center pays an annual premium and specific deductibles, as necessary, to LiCON for its general insurance coverage. LiCON is considered a self-sustaining risk pool that will provide professional and comprehensive general liability insurance for its members. The Medical Center's insurance covers losses of up to $5,050,000 per claim, with an $11,050,000 annual aggregate shared by all members.

The Medical Center's general liability insurance covers claims incurred during a policy year regardless of when the claim was filed (occurrence-based coverage), while the Medical Center's professional liability insurance covers claims reported during a policy year (claims-made coverage). Under an occurrence-based policy, the risk for claims and incidents not asserted within the policy period remains with the Medical Center. Although there exists the possibility of claims arising from incidents through June 30, 2023, which have not yet been asserted, the Medical Center is unable to determine the ultimate cost, if any, of such possible claims, and accordingly no provision has been made for them. LiCON also provides directors, officers, and trustees liability coverage of $1,250,000 per claim, with an annual aggregate of $5,000,000 shared by all members.

The Medical Center continues to carry commercial insurance for other risks of loss, including specific risks of loss not covered by LiCON and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Supplementary Information

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Schedule of Changes in Total Other Postemployment Obligations and Related Ratios

Year Ended June 30, 2023

Change in assumptions	$	(25,636)
Benefit payments		8,848
Net change in total OPEB obligation		(16,788)
Total obligation, July 1, 2022		108,019
Total obligation, June 30, 2023	$	91,231
Covered employee payroll		n/a
Total obligation as a percentage of covered-employee payroll		n/a
Notes to Schedule:		n/a
Changes in assumptions and other inputs reflect the effects of changes in discount rate each period. (The discount rate used to determine the July 1, 2021 values was 2.16%)		
Applicable discount rate		3.54%

See Independent Auditor's Report.

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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*

Board of Trustees
Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center
Caliente, Nevada

We have audited, in accordance with auditing standards generally accepted in the United States 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 Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center (the "Medical Center"), which comprise the statement of net position as of June 30, 2023, and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated November 30, 2023.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section 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 and responses, 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. A material weakness is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023.001 and 2023.002 to be material weaknesses.

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 the attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023.003, 2023.004, and 2023.005 to be significant deficiencies.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Schedule of Findings and Responses

Year Ended June 30, 2023

Finding 2023.001 - Internal Control Over Preparation of the Financial Statements

Condition:	Management is responsible for the accuracy and completeness of all financial records and related information and establishing and maintaining internal controls for the fair presentation of financial statements and footnote disclosures in accordance with GAAP. Their responsibilities include adjusting the financial statements to correct material misstatements. Management contracts with a third party to assist in reviewing interim financial statements and to ensure accurate financial reporting. As part of our professional services for the year ended June 30, 2023, Wipfli LLP drafted the financial statements and related footnote disclosures. The outsourcing of these services is not unusual for similar-sized organizations as a result of management's cost-benefit decision to rely on outside accounting expertise rather than devote internal resources to prepare audited financial statements.
Criteria:	Government Auditing Standards considers the inability to report financial data reliably in accordance with GAAP to be an internal control deficiency.
Cause:	The District only prepares one set of full disclosure financial statements annually and therefore the costs of maintaining internal expertise necessary to keep up to date with changing accounting standards outweighs the benefits.
Effect:	The completeness of the financial statement disclosures and the accuracy of the overall financial presentation are negatively impacted, since outside auditors do not have the same comprehensive understanding as its internal finance staff.
Recommendation:	We recommend management and those charged with governance continue to evaluate the degree of risk associated with this condition because of cost or other considerations.
View of responsible officials:	Management believes that committing the resources necessary to perform a review of the footnote disclosures for completeness would be a duplication of expenditures, since this is part of the cost of the audit engagement. In addition, the administrator and controller review internal financial statements on a monthly basis and present the results to the Board of Trustees.

Finding 2023.003 - Controls Within the Accounting Department

Condition:	Access to the General Ledger, Subsidiary Ledgers, and Assets of the Medical Center - The controller and certain other individuals have the ability to make changes in the general ledger and subsidiary ledgers including fixed assets, accounts payable, and payroll-related ledgers. These individuals also have access to general assets of the Medical Center, including bank accounts.
Criteria:	Internal controls that provide for proper segregation of duties should be in place.
Cause:	In an organization with a small number of personnel in its business office and accounting department, there may be an inadequate segregation of duties. This results in certain internal control limitations.
Effect:	There is an increased risk that material misstatements will not be detected and corrected and an increased risk that misappropriations of assets will not be prevented or detected.
Recommendation:	Management should establish proper mitigating review procedures to be performed by someone who would not have access to the general ledger, subsidiary ledgers, and assets of the Medical Center.
View of responsible officials:	Considering the size of our facility and financial status, management believes that the current segregation of duties is sufficient to protect the facility from significant errors or fraudulent transactions.

Finding 2023.005 - Violation of Statute

Condition:	The Medical Center had actual operating and nonoperating expenses in excess of budgeted appropriations for the year ended June 30, 2023.
Criteria:	In accordance with state statute, actual expenses may not exceed the sum of budgeted operating and nonoperating expenses. Pursuant to NRS 354.626, during any fiscal year, the Medical Center may not expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated for that function, other than bond repayments, medium-term obligation repayments, and any other long-term contract expressly authorized by law.
Cause:	There were not effective internal controls in place to mitigate the occurrence of expending operating and nonoperating expenses in excess of budgeted appropriations.
Effect:	Expending amounts in excess of budgeted appropriations resulted in a reportable finding as a violation of compliance with Nevada Revised Statutes ("NRS").
Recommendation:	Management should implement procedures to ensure the Medical Center does not expend funds in excess of appropriated budget amounts.
View of responsible officials:	Management will implement procedures to monitor and comply with the NRS to ensure they do not expend operating and nonoperating expenses in excess of budgeted appropriations.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Schedule of Prior Year Findings and Responses (Continued)

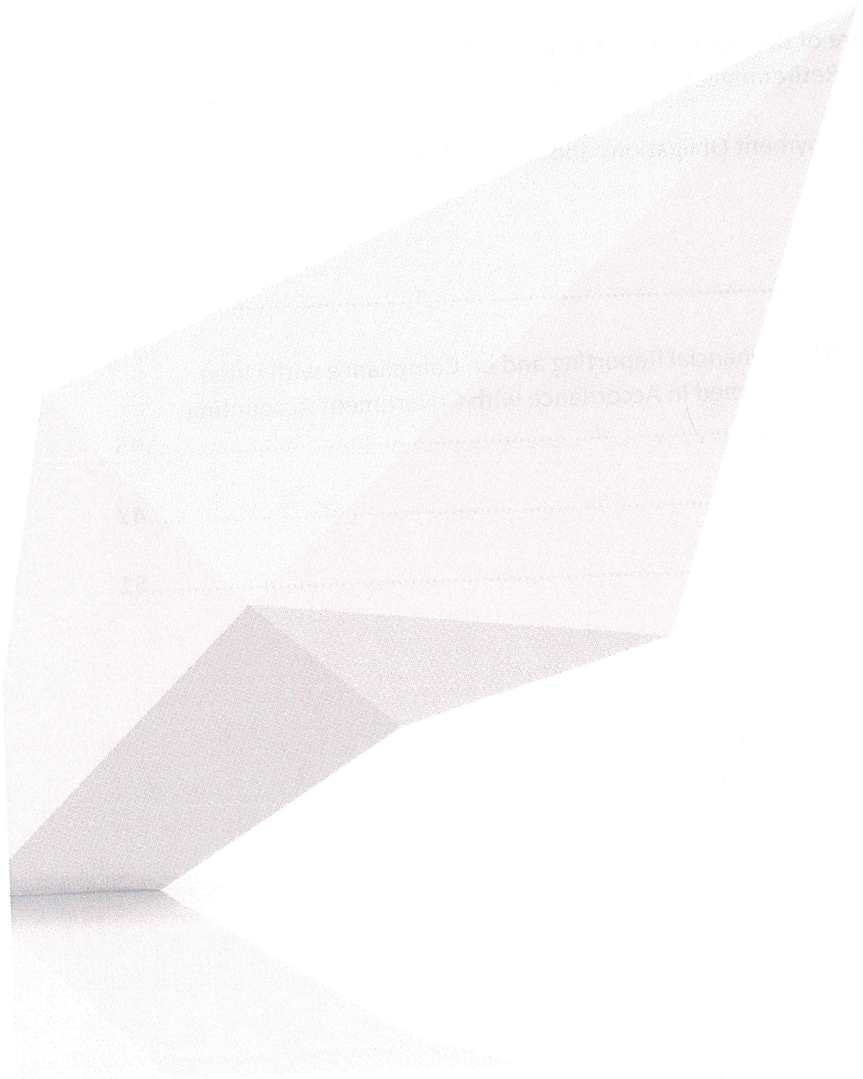
Finding 2022.004 - Controls Within the Business Office

Condition:	Accounts Receivable - Primary responsibilities fail to segregate the duties of entering charges, reconciling the log of income receipts to amounts posted to accounts receivable, posting cash receipts, and posting miscellaneous adjustments to accounts receivable.
Criteria:	Internal controls that provide for proper segregation of duties should be in place.
Current Status:	Finding is repeated in the current schedule of findings and responses (2023.004).

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Financial Statements and Supplementary Information

Years Ended June 30, 2022 and 2021



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Independent Auditor's Report

Board of Trustees
Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center
Caliente, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center, which comprise the statements of net position as of June 30, 2022 and 2021, and the related statement of revenue, expenses and changes in net position for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center as of June 30, 2022 and 2021, and the results of its operations and cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States of America. 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 Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 5 through 8, the Schedules of Employer's Proportionate Share of the Net Pension Liability and Employer Contributions - Public Employees Retirement System of Nevada on page 42, and the Schedule of Changes in Total Other Postemployment Obligations and Related Ratios on page 43 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 opinions on the financial statements as a whole. The accompanying budgetary comparison information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the budgetary comparison 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 November 30, 2022 on our consideration of the Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center'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 Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Oakland, California
November 30, 2022

Financial Analysis of the Medical Center

The statements of net position and the statements of revenue, expenses, and changes in net position report the net position of the Medical Center and the changes in net position. The Medical Center's net position, the difference between assets and liabilities, is a way to measure the financial health or financial position of an organization. Over time, sustained increases or decreases in the Medical Center's net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors, such as changes in economic condition, population growth, and new or changed governmental legislation should also be considered.

Statements of Net Position

Here is a summary of the statements of net position at June 30, 2022, 2021, and 2020:

Condensed Statements of Net Position
(In Thousands)

	2022	2021	2020	Change 2022-2021	Change 2021-2020
Current assets	$ 5,135	$ 4,696	$ 4,855	$ 439	$ (159)
Noncurrent cash	760	771	1,209	(11)	(438)
Capital assets	2,333	1,978	1,113	355	865
Total assets	$ 8,228	$ 7,445	$ 7,177	$ 783	$ 268
Deferred outflow of resources - Acquisition of operations	$ 52	$ 60	$ 68	$ (8)	$ (8)
Deferred outflow of resources - Related to pension	3,218	1,684	1,779	1,534	(95)
Total deferred outflow of resources	$ 3,270	$ 1,744	$ 1,847	$ 1,526	$ (103)
Current liabilities	$ 1,185	$ 868	$ 732	$ 317	$ 136
Long-term debt, net of current maturities	-	4	782	(4)	(778)
Net pension liability	4,467	6,723	6,435	(2,256)	288
Postemployment benefits liability	108	116	117	(8)	(1)
Unearned revenue	552	189	2,667	363	(2,478)
Total liabilities	$ 6,312	$ 7,900	$ 10,733	$ (1,588)	$ (2,833)
Deferred inflows of resources - Related to pension	$ 3,715	$ 431	$ 668	$ 3,284	$ (237)
Net investment in capital assets	$ 2,329	$ 1,954	$ 309	$ 375	$ 1,645
Unrestricted	(858)	(1,096)	(2,686)	238	1,590
Total net position	$ 1,471	$ 858	$ (2,377)	$ 613	$ 3,235

Net Patient and Resident Service Revenue: Net patient and resident service revenue decreased $245,118, or 3.9%, compared to fiscal 2021. Fiscal year 2021 showed an increase in net patient and resident service revenue of $256,081, or 4.2%, when compared to fiscal year 2020. Revenue deductions, the amount of patient and resident service revenue uncollectible because of contractual agreements, government reimbursement policies, and bad debts, increased to $3,521,733 from $2,883,613, or 22.1%. Fiscal year 2021 reflected a decrease of 1.1% from fiscal year 2020.

Other Operating Revenue: Other operating revenue decreased by $360,049 in fiscal year 2022 and increased by $154,747 in fiscal year 2021.

Salaries: Salaries decreased by $122,075, or 3.0%, in fiscal year 2022 as compared to fiscal year 2021. Salaries and wages accounted for 3% of total expenses in 2022. The Medical Center employed a total of 64 paid full-time equivalent employees in fiscal year 2022 compared to 65 in 2021.

Employee Benefits: Total employee benefits decreased by $623,743, or 38%, in fiscal 2022 and increased by $61,223, or 4%, in fiscal 2021. The decrease is due to the adjustments made related to the pension liability under GASB 68.

Nonoperating Revenue (Expenses): The largest sources of nonoperating income is taxes, grant revenue and the forgiveness of the Paycheck Protection Program Loan. For fiscal 2022 and 2021, nonoperating income amounts (net) were $1,555,822 and $4,296,565, respectively.

Capital Assets

At the end of fiscal 2022 and 2021, the Medical Center had invested $206,486 and $59,878, respectively, in property and equipment. Capital assets increased $146,608 in fiscal year 2022 from fiscal year 2021 and increased $3,878 in fiscal year 2021 from fiscal year 2020.

Long-Term Liabilities

At the end of fiscal 2022 and 2021, the Medical Center had $3,506 and $24,554, respectively, of long-term debt (including current maturities) related to notes payable agreements. In 2022 and 2021, the net pension liability was $4,466,926 and $6,722,887, respectively. In 2018, a change in accounting principal was implemented due to a new accounting pronouncement, as a result, the Medical Center recorded a postemployment benefits liability of $108,019 in 2022, and $115,746 in 2021, which is included in long-term liabilities on the statements of net position.

Economic and Other Factors and Next Year's Budget

For 2022, the Medical Center derived 66.0% of its revenue from the Medicare and Medicaid programs. Medicare and Medicaid reimbursement policies are continually changing in an attempt to better manage federal spending. As a result, the Medical Center is vulnerable to any significant changes that Congress may pass relating to Medicare and Medicaid reimbursement for health care services.

Contacting Grover C. Dils Medical Center's Finance Department

The Medical Center's financial statements are designed to present users with a general overview of the Medical Center's finances and to demonstrate the Medical Center's accountability. If you have questions about the report or need additional financial information, please contact the Medical Center's Administration at 775.726.3171.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Statements of Net Position (Continued)

June 30, 2022 and 2021

Liabilities, Deferred Inflows of Resources, and Net Position	2022	2021
Current liabilities:		
Current maturities of long-term debt	$ 3,506	$ 21,045
Accounts payable	395,957	355,611
Accrued salaries, wages, and benefits	497,705	473,799
Due to residents	5,718	17,932
Due to third-party reimbursement program	282,427	-
Total current liabilities	1,185,313	868,387
Long-term liabilities:		
Long-term debt - Net of current maturities	-	3,509
Net pension liability	4,466,926	6,722,887
Other postemployment benefits obligation	108,019	115,746
Unearned revenue	552,000	189,573
Total long-term liabilities	5,126,945	7,031,715
Total liabilities	6,312,258	7,900,102
Deferred inflows of resources - Related to pension	3,715,160	431,466
Net position:		
Net investment in capital assets	2,328,964	1,953,712
Unrestricted	(858,029)	(1,096,061)
Total net position	1,470,935	857,651
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 11,498,353	$ 9,189,219

See accompanying notes to financial statements.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Statement of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Receipts from and on behalf of patients	$ 6,400,923	$ 6,410,810
Payments to suppliers and contractors	(2,042,764)	(2,004,538)
Payments to employees and benefits plans	(5,405,030)	(5,503,599)
Other receipts and payments - Net	117,821	617,001
Net cash from operating activities	(929,050)	(480,326)
Cash flows from noncapital financing activities:		
Ad valorem taxes	820,396	749,160
Supplemental city/county relief tax	154,895	156,955
Noncapital donations	5,000	200
Receipt of COVID-19 provider relief funds	942,869	146,756
Net cash from noncapital financing activities	1,923,160	1,053,071
Cash flows from capital and related financing activities:		
Capital expenditures	(647,605)	(1,095,808)
Interest payments on long-term debt	(21)	(55)
Principal payments on long-term debt	(21,048)	(21,014)
Net cash from capital and related financing activities	(668,674)	(1,116,877)
Cash flows from investing activities:		
Interest income	20,630	22,450
Purchase of investments	(14,882)	(16,841)
Net cash from investing activities	5,748	5,609
Change in cash and cash equivalents	331,184	(538,523)
Cash and cash equivalents - Beginning of year	3,658,893	4,197,416
Cash and cash equivalents - End of year	$ 3,990,077	$ 3,658,893

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Reporting Entity

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center (the "Medical Center"), is a hospital district formed under the provisions of the Nevada Revised Statutes and earns revenue primarily by operating a four-bed acute-care hospital in Caliente, Nevada. The Medical Center also provides skilled nursing services and operates two primary care clinics.

Basis of Accounting and Financial Statement Presentation

The Medical Center's financial statements are presented using the flow of economic resources measurement focus, which uses the accrual basis of accounting.

Use of Estimates in Preparation of Financial Statements

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

Budgets and Budgetary Accounting Budget Policies

The Medical Center adheres to the Local Government Budget Act, incorporated within state statutes, which includes the following major procedures to establish the budget:

- On or before April 15, the Medical Center files a tentative budget with the Nevada Department of Taxation.
- Public hearings on the tentative budget are held on the third Thursday in May.
- Prior to June 1, at a public hearing, the Board of Trustees indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board of Trustees. The final budget must then be forwarded to the Nevada Tax Commission for final hearings and approval.
- Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.
- Budgets for the Medical Center are adopted on a basis consistent with GAAP. Appropriations lapse at year-end.
- Budget amounts within the fund may be transferred if amounts do not exceed the original budget. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the Board of Trustees, following a scheduled and noticed public hearing.

Note 1: Summary of Significant Accounting Policies (Continued)

Patient and Residents Accounts Receivable and Credit Policy (Continued)

In evaluating the collectability of patient accounts receivable, the Medical Center analyzes past results and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payer 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 Medical Center 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 payer has not yet paid or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Medical Center 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 they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Tax Receivables and Revenue

Tax receivables are amounts due from Lincoln County and the State of Nevada and are included in other receivables on the statements of net position.

Ad valorem taxes are levied by Lincoln County on the Medical Center's behalf and are intended to finance the Medical Center's activities in the same calendar year in which they are levied. The State of Nevada collects a supplementary city/county relief sales tax for the benefit of local governments, including special districts such as the Medical Center. The Medical Center receives distributions of proceeds from these taxes on a monthly basis from Lincoln County and the State of Nevada and accrues revenue for distributions not received in the period in which they are due.

Supplies

Supplies are valued at the lower of cost, determined on the first-in, first-out (FIFO) method, or market.

Board Designated Cash and Investments

Board designated cash and investments has been designated by the Medical Center's Board of Trustees for capital acquisitions and expansion over which the Board retains control and may at its discretion subsequently use for other purposes.

Note 1: Summary of Significant Accounting Policies (Continued)

Asset Impairment

Capital assets are reviewed for impairment when events or changes in circumstances suggest that the service utility of the capital asset might have significantly and unexpectedly declined. Capital assets are considered impaired if both the decline in service utility of the capital asset is large in magnitude and the events or changes in circumstance are outside the normal life cycle of the capital asset. Such events or changes in circumstance that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The determination of the impairment loss is dependent on the event or circumstance in which the impairment occurred. Impairment losses, if any, are reported in the statements of revenue, expenses, and changes in net position. During 2022 and 2021, the Medical Center determined that no evaluations of recoverability were necessary.

Accrued Compensated Absences

The Medical Center's employees earn vacation days at varying rates depending on years of service. Employees may accumulate vacation time up to a specified maximum. Accumulated vacation benefits are paid to an employee if the employee leaves either upon termination or retirement. Vacation expenses and the related liability are recognized as vacation benefits are earned. Accumulated vacation benefits are computed using the regular 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. Accrued vacation time payable, which is recorded in accrued salaries, wages, and benefits on the statements of net position, totaled $167,964 and $189,098 as of June 30, 2022 and 2021, respectively.

The Medical Center's employees also earn compensatory days at varying rates depending on years of service, up to a specified maximum. Compensatory benefits do not vest; therefore, no liability has been accrued.

Other Postemployment Benefits (OPEB) Obligations

The Medical Center's net OPEB are recognized as a liability, and annual subsidy payments are recognized when due and payable in accordance with the benefit terms. The Medical Center has no separately identified investments related to OPEB plans.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Patient and Resident Service Revenue

The Medical Center recognizes patient and resident service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. Certain third-party payer reimbursement agreements are subject to audit and retrospective adjustments. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

For uninsured patients who do not qualify for charity care, the Medical Center recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Medical Center's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Medical Center records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Charity Care

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient and resident service revenue.

Grants and Contributions

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

The Medical Center also receives governmental grants for a variety of purposes. Revenue from these grants is considered earned when the Medical Center incurs the related expenditures meets the terms and conditions of the grant. Grant income is included in other operating revenue in the statements of revenue, expenses, and changes in net position. Grants earned but not received are recorded as other receivables, and grants received but not yet earned are recorded as unearned revenue in the accompanying statements of net position.

Advertising Costs

Advertising costs are expensed as incurred.

Note 2: Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30:

	2022	2021
Carrying amount - Deposits	$ 3,990,077	$ 3,658,893
Reconciliation of cash and cash equivalents to statements of net position:		
Cash and cash equivalents	$ 3,464,310	$ 3,146,167
Resident trust fund - Cash	5,718	17,932
Board Designated - Cash	520,049	494,794
Totals	$ 3,990,077	$ 3,658,893

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

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies, or instrumentalities of the State of Nevada; or bonds of any county, municipality, or school in the State of Nevada.

The Medical Center maintains depository relationships with area financial institutions that are Federal Depository Insurance Corporation (FDIC) insured institutions. Depository accounts at these institutions are insured by the FDIC up to $250,000. Certain deposits in excess of federally insured limits are collateralized by pledges of securities held by the financial institution. At June 30, 2022 and 2021, the collateralized deposits totaled approximately $3,755,000 and $3,381,000, respectively.

Note 3: Board Designated Cash and Investments

Board designated cash and investments consisted of the following at June 30, 2022 and 2021:

	2022	2021
Cash	$ 520,049	$ 494,794
Negotiable certificate of deposit	760,318	770,956
Totals	$ 1,280,367	$ 1,265,750

Note 5: Reimbursement Arrangements With Third-Party Payors (Continued)

Others - The Medical Center has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Accounting for Contractual Arrangements

The Medical Center is reimbursed for certain cost-reimbursable items at an interim rate and final settlements are determined after an audit or review of the Medical Center's related annual cost reports by the Medicare Administrative Contractor and the state Medicaid agency. Estimates for final settlements have been recorded in the in the accompanying statements of net position as due from/to third party reimbursement program. The Medical Center's cost reports have been final settled by the Medicare and Medicaid fiscal intermediaries through June 30, 2020.

Laws and Regulations

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to matters, such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and billing regulations. Government activity with respect to investigations and allegations concerning possible violations of such regulations by health care providers has increased. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. While no significant regulatory inquiries have been made of the Medical Center, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Centers for Medicare and Medicaid Services (CMS) uses recovery audit contractors (RACs) as part of CMS's efforts to ensure accurate payments. RACs search for potentially inaccurate Medicare payments that might have been made to health care providers and not detected through existing CMS program integrity efforts. Once a RAC identifies a claim it believes is inaccurate, it makes a deduction from addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The outcome of any potential reviews is unknown and cannot be reasonably estimated as of June 30, 2022.

Note 8: Capital Assets

Property and equipment consisted of the following at June 30, 2022:

	Balance June 30, 2021	Additions/ Transfers	Deletions	Balance June 30, 2022
Nondepreciable capital assets:				
Land	$ 56,000	$ -	$ -	$ 56,000
Construction in progress	3,878	146,608	-	150,486
Total nondepreciable capital assets	59,878	146,608	-	206,486
Depreciable capital assets:				
Land improvements	83,708	-	-	83,708
Buildings and improvements	2,187,957	1,704	-	2,189,661
Equipment	3,826,986	511,918	-	4,338,904
HIT assets	525,076	-	-	525,076
Total depreciable capital assets	6,623,727	513,622	-	7,137,349
Accumulated depreciation:				
Land improvements	(47,503)	(2,389)	-	(49,892)
Buildings and improvements	(1,637,713)	(46,452)	-	(1,684,165)
Equipment	(2,495,047)	(257,185)	-	(2,752,232)
HIT assets	(525,076)	-	-	(525,076)
Total accumulated depreciation	(4,705,339)	(306,026)	-	(5,011,365)
Capital assets - Net	$ 1,978,266	$ 354,204	$ -	$ 2,332,470

Note 10: Long-Term Debt

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

	June 30, 2021	Additions	Reductions	June 30, 2022	Amounts Due Within One Year
Direct borrowings:					
Equipment note payable	$ 24,554	$ -	$ (21,048)	$ 3,506	$ 3,506

	June 30, 2020	Additions	Reductions	June 30, 2021	Amounts Due Within One Year
Direct borrowings:					
Equipment note payable	$ 45,568	$ -	$ (21,014)	$ 24,554	$ 21,045
Paycheck Protection Program loan	757,733	-	(757,733)	-	-
Total long-term debt	$ 803,301	$ -	$ (778,747)	$ 24,554	$ 21,045

The terms and due dates of the Medical Center's long-term debt obligations at June 30, 2022, follow:

Nevada Rural Hospital Partners - Equipment note dated August 1, 2012, due in monthly payments of $1,756, including interest at 0.16%, through 2023. The loan is collateralized by the purchased equipment.

Paycheck Protection Program Loan - In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act created and funded the Small Business Administration (SBA) Paycheck Protection Program (PPP) to provide loans designated to help small business cover their near-term operating expenses and to provide an incentive to retain their employees during the COVID-19 crisis. This loan was paid in full in 2021.

Scheduled payments of principal and interest on long-term debt as of June 30, 2022, are as follows:

	Principal	Interest
Direct borrowings:		
2023	$ 3,506	$ 1

Note 12: Pension Plan

Plan Description - The Medical Center contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost-sharing, multiple-employer, defined benefit public employees' retirement system that includes both Regular and Police/Fire members. The Medical Center's employees are covered as Regular members. The plan is administered by the Public Employees Retirement System for the State of Nevada.

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Employees Retirement System for the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling 775.687.4200.

Benefits Provided - PERS provides retirement benefits, disability benefits, and death benefits, including annual cost-of-living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes (NRS) establishes the benefit provisions provided to the participants of PERS. These benefit provisions may be amended only through legislation.

Benefits are based on a member's years of accredited service at time of retirement and the highest average salary for any 36 successive months of allowable service, with special provisions for members entering the system on or after January 1, 2010. Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the system on or after January 1, 2010, there is a 2.5% multiplier. The system offers several alternatives to the unmodified service retirement allowance that, in general, allow retired employees to accept a reduced service retirement allowance payable monthly during their lifetime and various optional monthly payments to a named beneficiary after their death. Post-retirement increases are provided by authority of NRS 286.575 - .579.

Regular members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, at age 62 with 10 years of service, or at any age with 30 years of service. 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.

Note 12: Pension Plan (Continued)

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

For the years ended June 30, 2022 and 2021, the Medical Center recognized pension expense of $274,070 and $905,734, respectively. At June 30, 2022, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 31,437
Changes in assumptions	1,483,096	-
Net difference between projected and actual earnings on pension plan investments	494,800	3,644,869
Changes in proportion and differences between actual and proportionate share of contributions	463,867	38,854
Medical Center contributions subsequent to the measurement date	776,630	-
Totals	$ 3,218,393	$ 3,715,160

At June 30, 2021, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 86,809
Changes in assumptions	188,839	-
Net difference between projected and actual earnings on pension plan investments	208,875	253,962
Changes in proportion and differences between actual and proportionate share of contributions	530,046	90,695
Medical Center contributions subsequent to the measurement date	755,836	-
Totals	$ 1,683,596	$ 431,466

Note 12: Pension Plan (Continued)

Actuarial Assumptions (Continued)

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of the experience review completed in 2021.

Long-Term Expected Rate of Return: The Public Employees Retirement System for the State of Nevada has policies that determine the investment portfolio target asset allocation. These policies are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS. The following was the Board-adopted policy target asset allocation as of June 30, 2021:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. stock	42 %	5.50 %
International stock	18 %	5.50 %
U.S. bonds	28 %	0.75 %
Private markets	12 %	6.65 %

Discount Rate: The discount rate used to measure the total pension liability was 7.25% and 7.50% as of June 30, 2021 and 2020 respectively. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2021 and 2020, 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 was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021 and 2020.

Sensitivity of the Medical Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Medical Center's proportionate share of the net pension liability, calculated using the discount rate disclosed under Discount Rate above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Medical Center's proportionate share of the net pension liability:			
June 30, 2021	$ 8,893,506	$ 4,466,926	$ 815,359
June 30, 2020	10,485,106	6,722,887	3,594,881

Note 13: Other Postemployment Benefits (Continued)

Alternative Measurement Methodology and Assumptions

The Medical Center computed its OPEB obligation utilizing an alternative measurement methodology permitted under GASB No. 75 in place of an actuarial valuation.

Postemployment benefit obligations for financial reporting purposes for the PEBP Plan are based on the PEBP Plan as understood by the Medical Center and include the types of benefits in force at June 30, 2022, and the pattern of sharing benefits costs between the Medical Center and plan members to that date.

Projections of benefits for financial reporting purposes for the PEBP Plan, do not explicitly incorporate the effect of legal or contractual funding limitations in the future. Calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in accrued postemployment benefit obligations.

Significant methods and assumptions are as follows:

Calculation date:	June 30, 2022
Funding method	Pay-as-you-go basis with no prefunding of OPEB liability
Asset valuation method:	Not applicable - No OPEB trust fund has been established
Discount rate (Bond Buyer General Obligation 20-year Bond Municipal Index)	2.16% as of June 30, 2022 2.21% as of June 30, 2021
Participants valued:	Only current PEBP retirees, no future entrants are considered
Other assumptions:	
Projected salary increases	Not applicable
Assumed wage inflation	Not applicable
Participant valued:	Only current PEBP retirees, no future entrants are considered
Mortality:	The U.S. Social Security Administration 2016 Period of Life table for males and females were used as being reasonably representative of the mortality experience of participants in the Plan.
Health Care Trend Rate:	The health care trend assumption was based on factors utilized in the State of Nevada Postretirement Health and Life Insurance Plan, measurement date July 1, 2022, which included national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data plan renewal data, and vendor Rx report with adjustments based on the specific cost sharing provisions of the benefits offered by the State of Nevada.

Note 14: Risk Management

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

The Medical Center has joined together with other rural hospitals throughout the State of Nevada to create the Liability Cooperative of Nevada (LiCON). LiCON, an interlocal cooperative public agency, was formed for the purpose of self-insuring professional and related lines of liability for eligible hospitals.

The Medical Center pays an annual premium and specific deductibles, as necessary, to LiCON for its general insurance coverage. LiCON is considered a self-sustaining risk pool that will provide professional and comprehensive general liability insurance for its members. The Medical Center's insurance covers losses of up to $5,050,000 per claim, with an $11,050,000 annual aggregate shared by all members.

The Medical Center's general liability insurance covers claims incurred during a policy year regardless of when the claim was filed (occurrence-based coverage), while the Medical Center's professional liability insurance covers claims reported during a policy year (claims-made coverage). Under an occurrence-based policy, the risk for claims and incidents not asserted within the policy period remains with the Medical Center. Although there exists the possibility of claims arising from incidents through June 30, 2022, which have not yet been asserted, the Medical Center is unable to determine the ultimate cost, if any, of such possible claims, and accordingly no provision has been made for them. LiCON also provides directors, officers, and trustees liability coverage of $1,250,000 per claim, with an annual aggregate of $5,000,000 shared by all members.

The Medical Center continues to carry commercial insurance for other risks of loss, including specific risks of loss not covered by LiCON and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Note 17: COVID-19 Provider Relief Funds

During 2021, the Medical Center received $169,126 in grant funding from the U.S. Department of Health and Human Services (HHS) Provider Relief Fund, which was established as a result of the CARES Act. Based on the terms and conditions of the grant, the Medical Center earns the grant by incurring healthcare-related expenses attributable to COVID-19 that another source has not reimbursed and is not obligated to reimburse, or by incurring lost revenues, defined as a negative change in year-over-year net patient care revenue. During 2022 and 2021, the Medical Center recognized $23,846 and $2,623,894, respectively, in grant income related to this program, which reflects management's estimate of the amount of the grant earned, including consideration for uncertainties related to reporting guidance still developing as of the date the financial statements were available to be issued. During 2022, the Medical Center also received grants of $944,998 of which $476,886 was recognized in grant income. As of June 30, 2022 and 2021, the Medical Center recorded unearned revenue of $552,000 and $189,573 respectively, for the amount of grants received but not earned.

Note 18: Reclassifications

Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 classifications.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Schedules of Employer's Proportionate Share of the Net Pension Liability and Employer Contributions – Public Employees Retirement System of Nevada

Year Ended June 30, 2022

Schedule of the Employer's Proportionate Share of the Net Pension Liability

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportion (Amount) of the Net Pension Liability (a)	Employer's Covered-Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2021	0.04898 %	$ 4,466,926	$ 3,609,327	123.76 %	86.50 %
June 30, 2020	0.04827 %	6,722,887	3,574,253	188.09 %	77.00 %

Schedule of Employer Contributions

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to Statutorily Required Contribution	Contribution Deficiency (Excess) (a-b)	Covered-Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (b/d)
June 30, 2022	$ 776,630	$ 776,630	$ -	$ 3,710,702	20.93 %
June 30, 2021	755,836	755,836	-	3,609,327	20.94 %

See Independent Auditor's Report.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Budget Comparison

Year Ended June 30, 2022

	Actual	Budget	Variance Favorable (Unfavorable)
Revenue:			
Net patient and resident service revenue	$ 6,117,618	$ 6,579,493	$ (461,875)
Other revenue	213,083	407,467	(194,384)
Total revenue	6,330,701	6,986,960	(656,259)
Expenses			
Salaries	3,908,885	4,186,398	277,513
Benefits	1,005,260	1,620,860	615,600
Services and supplies	2,053,071	1,848,344	(204,727)
Depreciation and amortization	306,023	185,974	(120,049)
Total expenses	7,273,239	7,841,576	568,337
Loss from operations	(942,538)	(854,616)	(87,922)
Nonoperating revenue (expenses):			
Ad valorem taxes	820,396	693,368	127,028
Supplemental city/county relief tax	154,895	154,895	-
Other revenue	5,000	-	5,000
Grant revenue	580,442	-	580,442
Interest income	20,630	6,377	14,253
Unrealized loss on certificates of deposit	(25,520)	-	(25,520)
Interest expense	(21)	(24)	3
Total nonoperating revenue - Net	1,555,822	854,616	701,206
Excess of revenue over expenses - Net	$ 613,284	$ -	$ 613,284

See Independent Auditor's Report.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Medical Center'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, including whether the funds established by the Medical Center, as described in Nevada Revised Statutes (NRS), Chapter 354.624 (5)(a)(1)-(5), complied with the express purposes required by NRS Chapter 354.6241. 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 is required to be reported under *Government Auditing Standards*.

Responses to Findings

The Medical Center's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Medical Center's responses were not subject to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Medical Center'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 Medical Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP
Oakland, California

November 30, 2022

Finding 2022.002 - Significant Adjustments

Condition:	Significant audit adjustments were identified and recorded.
Criteria:	Internal controls should be in place that provide for accurate reporting of financial information.
Cause:	There were not effective controls in place to estimate the third-party settlements, record the change in the net pension liability, record change in inventory, record change in other AR accounts, estimate the allowance for AR contractuals and bad debt, reconcile prepaids, adjust capital assets, record amortization of goodwill, adjust investments, adjust accounts payable, adjust accrued liabilities, and record the change in liability for other postemployment benefits in accordance with GASB 75.
Effect:	Significant audit entries were recorded in areas noted above.
Recommendation:	Management should implement controls that provide reasonable assurance that accounts are being reconciled on a monthly basis, all activity is recorded in the general ledger and third-party settlements is accurately recorded by reviewing third-party settlements on a quarterly basis.
View of responsible officials:	Management relies on Wipfli LLP to prepare the annual cost report and adjust for the annual fiscal year settlement estimates. Management will implement a process to ensure that accounts are reconciled on a monthly basis and all activity is accounted for in the general ledger.

Finding 2022.004 - Controls Within the Business Office

Condition:	Accounts Receivable - Primary responsibilities fail to segregate the duties of entering charges, reconciling the log of incoming receipts to amounts posted to accounts receivable, posting cash receipts, and posting miscellaneous adjustments to accounts receivable.
Criteria:	Internal controls that provide for proper segregation of duties should be in place.
Cause:	In an organization with a small number of personnel in its business office and accounting department, there may be an inadequate segregation of duties. This results in certain internal control limitations.
Effect:	Because of this lack of segregation of duties, the potential for misappropriated assets exists.
Recommendation:	Management should establish proper segregation of duties by removing access to cash receipts from any individual with the ability to post to the accounts receivable subsidiary ledger.
View of responsible officials:	Considering the size of our facility and financial status, management believes that the current segregation of duties is sufficient to protect the facility from significant errors or fraudulent transactions.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Schedule of Prior Year Findings and Responses (Continued)

Finding 2021.004 - Controls Within the Business Office

Condition:	Accounts Receivable - Primary responsibilities fail to segregate the duties of entering charges, reconciling the log of income receipts to amounts posted to accounts receivable, posting cash receipts, and posting miscellaneous adjustments to accounts receivable.
Criteria:	Internal controls that provide for proper segregation of duties should be in place.
Current Status:	Finding is repeated in the current schedule of findings and responses (2022.004).

Finding 2021.005 - Violation of Statute

Condition:	The Medical Center had actual operating and nonoperating expenses in excess of budgeted appropriations for the year ended June 30, 2021.
Criteria:	Management should implement procedures to ensure the Medical Center does not expend funds in excess of appropriated budget amounts.
Current Status:	Resolved.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Financial Statements and Supplementary Information

Years Ended June 30, 2021 and 2020

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Independent Auditor's Report

Board of Trustees
Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center
Caliente, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center (the "Medical Center"), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Medical Center's 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center, as of June 30, 2021 and 2020, and the changes in net position and cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Management's Discussion and Analysis

Years Ended June 30, 2021 and 2020

Introduction

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center (the "Medical Center"), offers readers of our financial statements this narrative overview and analysis of the financial activities of the Medical Center for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the Medical Center's financial statements, including the notes thereto.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Medical Center's audited financial statements. The financial statements consist of the statements of net position; the statements of revenue, expenses, and changes in net position; and the statements of cash flows. The financial statements also include notes to the financial statements that explain in more detail some of the information in the financial statements. The financial statements are designed to provide readers with a broad overview of the Medical Center's finances.

Required Financial Statements

The Medical Center's financial statements report information of the Medical Center using accounting methods similar to those used by private-sector health care organizations. These statements offer short-term and long-term information about its activities. The statements of net position include all of the Medical Center's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the Medical Center's creditors (liabilities). The statements of net position also provide the basis for evaluating the capital structure of the Medical Center and assessing the liquidity and financial flexibility of the Medical Center.

All of the revenue and expenses for the years ended June 30, 2021 and 2020, are accounted for in the statements of revenue, expenses, and changes in net position. These statements can be used to determine whether the Medical Center has successfully recovered all of its costs through its patient and resident service revenue and other revenue sources. Revenue and expenses are reported on an accrual basis, which means the related cash could be received or paid in a subsequent period.

The final required statements are the statements of cash flows. These statements report cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. They also provide answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Highlights

Total assets and deferred outflow of resources increased by $165,404 to $9,189,219 in fiscal year 2021 and increased by $3,245,157 to $9,023,815 in fiscal year 2020. Total liabilities decreased by $2,832,867 in fiscal 2021 and increased by $2,912,359 in fiscal year 2020. The total margin was 46.6%, 3.3%, and 8.2%, for the years ended June 30, 2021, 2020, and 2019, respectively.

Revenue, Expenses, and Changes in Net Position

The following table presents a summary of the statements of revenue, expenses, and changes in net position for the years ended June 30, 2021, 2020, and 2019:

Condensed Statements of Revenue, Expenses, and Changes in Net Position
(In Thousands)

	2021	2020	2019	Change 2021-2020	Change 2020-2019
Operating revenue	$ 6,936	$ 6,525	$ 6,350	$ 411	$ 175
Operating expenses	7,998	7,420	6,589	578	831
Loss from operations	(1,062)	(895)	(239)	(167)	(656)
Nonoperating revenue	4,297	1,108	758	3,189	350
Revenue over expenses	3,235	213	519	3,022	(306)
Net position at beginning	(2,377)	(2,590)	(3,109)	213	519
Net position at end	$ 858	$ (2,377)	$ (2,590)	$ 3,235	$ 213

Operating and Financial Performance

The following summarizes the Medical Center's changes in revenue, expenses, and net position for the fiscal years ended June 30, 2021, 2020, and 2019:

Volume: Inpatient admissions for fiscal year 2021 were 88 compared to 83 in fiscal year 2020 and 106 in fiscal year 2019. This is an increase of 6% for fiscal year 2021 after a decrease of 22% in fiscal year 2020. Patient days for fiscal year 2021 were 349 compared to 237 in fiscal year 2020 and 354 in fiscal year 2019. Fiscal year 2021 days increased 47% after a decrease of 33.1% in fiscal year 2020. In fiscal year 2011, the Medical Center established a Medicare-approved swing bed program. There were 25 swing bed patients totaling 290 days during fiscal year 2021 and 29 swing bed patients totaling 429 days during fiscal year 2020. This is a decrease of 32% for fiscal year 2021 after an increase of 23% in fiscal year 2020. Skilled nursing facility days for fiscal year 2021 were 4,750 compared to 5,439 in fiscal year 2020 and 5,380 in fiscal year 2019. This is a decrease of 13% for fiscal year 2021 after an increase of 1% for fiscal year 2020. Outpatient services (excluding emergency and clinic visits) for 2021 were 6,277 compared to 5,280 in fiscal year 2020 and 5,376 in fiscal year 2019. This is an increase of 997, or 2%, in fiscal year 2021 after a decrease of 96, or 2%, in fiscal year 2020. Emergency department visits decreased to 930 in fiscal year 2021 from 952 in fiscal year 2020 and 1,015 in fiscal year 2019. This is a decrease of 2% in fiscal year 2021 after a decrease of 6% in fiscal year 2020. Clinic patients decreased to 7,701 in fiscal year 2021 from 8,319 in fiscal year 2020 and 7,446 in fiscal year 2019. This is a decrease of 7% in fiscal year 2021 after an increase of 12% in fiscal year 2020.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Statements of Net Position

June 30, 2021 and 2020

Assets and Deferred Outflows of Resources	2021	2020
Current assets:		
Cash and cash equivalents	$ 3,146,167	$ 3,744,654
Resident fund	17,932	12,119
Patient and resident accounts receivable - Net	849,235	840,341
Other receivables	26,902	70,771
Due from third-party reimbursement program	41,324	98,292
Supplies	113,081	78,605
Prepaid expenses	6,966	10,507
Total current assets	4,201,607	4,855,289
Noncurrent assets:		
Board designated cash and cash equivalents	1,265,750	1,208,530
Capital assets - Nondepreciable	59,878	56,000
Capital assets - Net of accumulated depreciation	1,918,388	1,056,743
Total noncurrent assets	3,244,016	2,321,273
Deferred outflows of resources - Acquisition of operations	60,000	68,000
Deferred outflows of resources - Related to pension	1,683,596	1,779,253
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 9,189,219	$ 9,023,815

Lincoln County Hospital District,
d/b/a Grover C. Dils Medical Center
Statements of Revenue, Expenses, and Changes in Net Position
Years Ended June 30, 2021 and 2020

	2021	2020
Operating revenue:		
Net patient service revenue	$ 6,362,736	$ 6,106,655
Other operating revenue	573,132	418,385
Total operating revenue	6,935,868	6,525,040
Operating expenses:		
Salaries	4,030,960	3,736,933
Benefits	1,629,003	1,567,780
Professional fees and purchased services	1,046,171	886,031
Supplies and other	1,066,100	1,066,373
Depreciation	225,585	162,529
Total operating expenses	7,997,819	7,419,646
Loss from operations	(1,061,951)	(894,606)
Nonoperating revenue (expenses):		
Ad valorem taxes	749,160	814,007
Supplemental city/county relief tax	156,955	135,321
Noncapital donations	200	1,000
COVID-19 provider relief funds	2,623,894	90,605
Forgiveness of Paycheck Protection Program loan	757,733	-
Interest income	22,450	37,307
Unrealized gain (loss) on investments	(13,772)	33,087
Interest expense	(55)	(3,238)
Total nonoperating revenue - Net	4,296,565	1,108,089
Revenue over expenses	3,234,614	213,483
Net position - Beginning of year	(2,376,963)	(2,590,446)
Net position - End of year	$ 857,651	$ (2,376,963)

See accompanying notes to financial statements.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Statement of Cash Flows (Continued)

Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of loss from operations to net cash used in operating activities:		
Loss from operations	$ (1,061,951)	$ (894,606)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	225,585	162,529
Amortization	8,000	12,000
Provision for bad debts	179,873	291,307
Changes in operating assets and liabilities:		
Patient accounts receivable - Net	(188,767)	(533,662)
Other receivables	43,869	41,056
Supplies	(34,476)	8,072
Prepaid expenses	3,541	16,950
Accounts payable	124,855	(15,885)
Accrued salaries, wages, and benefits	10,242	(87,325)
Due from third-party reimbursement program	56,968	(371,126)
Net pension liability and related deferred inflows/outflows	147,200	180,476
Other postemployment benefit obligation	(1,078)	(38,241)
Total adjustments	575,812	(333,849)
Net cash used in operating activities	$ (486,139)	$ (1,228,455)
Summary of noncash financing activities:		
Capital asset additions in accounts payable	$ 18,200	$ 13,500
Gain on forgiveness of debt	757,733	-

See accompanying notes to financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Medical Center considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts held as short-term investments in the investment portfolio and amounts whose use is limited or restricted.

Resident Funds

The Medical Center holds funds under an agency relationship for the residents of the long-term care facility. Resident trust funds are recorded as an asset and a liability on the accompanying statements of net position.

Patient and Residents Accounts Receivable and Credit Policy

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from local residents, most of whom are insured under third-party payor agreements. The Medical Center bills third-party payors on the patients' behalf, or if a patient is uninsured, that 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 accounts receivable are applied to the specific claim identified on the remittance advice or statement. The Medical Center does not have a policy to charge interest on past due accounts.

Patient accounts receivable are recorded in the accompanying statements of net position net of contractual adjustments and discounts and an allowance for doubtful accounts that reflects management's best estimate of the amounts that will not be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements and uninsured patient discounts through a reduction of gross revenue and a credit to patient accounts receivable. In addition, management provides for probable uncollectible amounts, primarily from uninsured patients and amounts patients are personally responsible for, through a charge to operations and a credit to the allowance for doubtful accounts based on historical loss experience and considering receivables for which patients are personally responsible for. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Capital Assets and Depreciation

Capital asset acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The estimated useful lives of capital assets are as follows:

Land improvements	7 to 20 years
Buildings and leasehold improvements	5 to 40 years
Equipment	3 to 20 years
Health information technology (HIT)	5 years

Gifts of long-lived assets, such as land, buildings, or equipment are reported as unrestricted support and are excluded from excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Note 1: Summary of Significant Accounting Policies (Continued)

Retirement Plan

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (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 Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Medical Center has three items that qualify for reporting in this category. The Medical Center reports deferred outflows of resources related to Medical Center contributions to pension plans subsequent to the measurement date of the collective net pension liability and for its proportionate share of collective deferred outflow of resources of the Plan. The Medical Center also reports deferred outflows of resources related to the acquisition of operations of a physical therapy practice.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Medical Center has one item that qualifies for reporting in this category. The Medical Center reports deferred inflows of resources related to pensions for its proportionate share of collective deferred inflows of resources of the Plan.

Net Position

Net position of the Medical Center is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Medical Center. Unrestricted net position is the remaining net position that does not meet the definitions above. For 2021 and 2020, the Medical Center had no restricted net position.

Note 1: Summary of Significant Accounting Policies (Continued)

Operating Revenue and Expenses

The Medical Center's statements of revenue, expenses, and changes in net position distinguish between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with providing health care services, the Medical Center's principal activity. Nonexchange revenue, including taxes and donations received for purposes other than capital asset acquisition, is reported as nonoperating revenue. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Unemployment Compensation

The 1977 session of the Nevada legislature extended unemployment insurance protection to public employers. Each entity has the right to elect to pay the regular quarterly employer tax on covered wages or to reimburse the Unemployment Compensation Fund for actual claims paid for its former employees on unemployment.

The Medical Center has elected to reimburse the Unemployment Compensation Fund for actual claims paid for the years ended June 30, 2021 and 2020.

Tax Status

As an essential government function, the Medical Center is generally exempt from federal income taxes under Section 115 of the Internal Revenue Code.

Note 4: Fair Value Measurements

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

Negotiable certificates of deposit are valued using quotes from pricing vendors based on recent trading activity and other observable market data.

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

A negotiable certificate of deposit in the amount of $770,956 and $767,887 was held by the Medical Center at June 30, 2021 and 2020, respectively, and is considered Level 1.

Note 5: Reimbursement Arrangements With Third-Party Payors

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

Medicare - The Medical Center is designated as a critical access hospital (CAH). Under this designation, inpatient and outpatient hospital services are paid based on a cost-reimbursement methodology, with the exception of certain lab and mammography services, which remain on a fee schedule.

Medicaid - Under the CAH designation, hospital inpatient services are paid based on a cost-reimbursement methodology similar to the Medicare program. Outpatient services are paid at prospectively determined rates.

Nursing Home - Medicaid - Inpatient resident services rendered to Medicaid program beneficiaries are reimbursed at a tentative rate, with final settlement determined after submission of an annual cost report and review by the Nevada Division of Health Care Financing and Medicaid Administration.

Physician and Professional Services - Certain physician and professional services rendered to Medicare and Medicaid beneficiaries qualify for reimbursement as Medicare-approved rural health clinic services. Qualifying services are reimbursed based on a cost-reimbursement methodology. All other physician and professional services rendered to Medicare and Medicaid beneficiaries are paid based on prospectively determined fee schedules. Effective April 1, 2021, Medicare reimbursement for existing provider-based rural health clinics affiliated with hospitals with less than 50 available beds is limited to a per-visit base rate inflated annually by the Medicare Economic Index.

Note 6: Patient and Resident Accounts Receivable

Patient and resident accounts receivable consisted of the following at June 30:

	2021	2020
Patient and resident accounts receivable:		
Medicare	$ 420,599	$ 519,282
Medicaid	183,772	123,594
Patients and other third-party payers	767,664	947,019
Total patient and resident account receivable	1,372,035	1,589,895
Less:		
Contractual adjustments	360,969	487,368
Allowance for doubtful accounts	161,831	262,186
Patient accounts receivable - Net	$ 849,235	$ 840,341

The Medical Center's allowance for doubtful accounts for self-pay patients decreased from 46% of self-pay accounts receivable at June 30, 2020, to 35% of self-pay accounts receivable at June 30, 2021. In addition, the Medical Center's self-pay write-offs decreased by $118,275 from $332,929 for fiscal year 2020 to $214,654 for fiscal year 2021. The Medical Center has not changed its charity care or uninsured discount policies during fiscal years 2021 or 2020.

Note 7: Charity Care

The Medical Center maintains records to identify and monitor the level of charity care it provides. The estimated cost of providing charity care to patients under the Medical Center's charity care policy was approximately $157,000 and $67,000 for the years ended June 30, 2021 and 2020, respectively. The estimated cost was calculated by multiplying the Medical Center's ratio of cost to gross charges by the gross uncompensated charges associated with providing charity care.

Note 8: Capital Assets (Continued)

Property and equipment consisted of the following at June 30, 2020:

	Balance June 30, 2019	Additions/ Transfers	Deletions	Balance June 30, 2020
Nondepreciable capital assets - Land	$ 56,000	$ -	$ -	$ 56,000
Depreciable capital assets:				
Land improvements	46,796	-	-	46,796
Buildings and improvements	2,124,834	24,774	-	2,149,608
Equipment	2,781,397	36,620	3,000	2,815,017
HIT assets	525,076	-	-	525,076
Total depreciable capital assets	5,478,103	61,394	3,000	5,536,497
Accumulated depreciation:				
Land improvements	(42,981)	(2,895)	-	(45,876)
Buildings and improvements	(1,531,384)	(76,075)	-	(1,607,459)
Equipment	(2,218,296)	(86,559)	(3,000)	(2,301,855)
HIT assets	(524,564)	-	-	(524,564)
Total accumulated depreciation	(4,317,225)	(165,529)	(3,000)	(4,479,754)
Capital assets - Net	$ 1,216,878	$ (104,135)	$ -	$ 1,112,743

Note 9: Operations Acquisition

In 2019, the Organization acquired the operations of a physical therapy practice. The transaction qualified as a government acquisition under Government Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Operations*. The total purchase price of the operations acquired was $400,000, which consisted of $250,000 for a building and $70,000 in equipment. The excess consideration paid above the value of the building and equipment is $80,000 and is shown as a deferred outflow on the statements of net position. The deferred outflow of resources is amortized over 10 years. Amortization expense was $8,000 and $12,000 for the years ended June 30, 2021 and 2020, respectively.

Note 10: Long-Term Debt (Continued)

Paycheck Protection Program Loan - In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act created and funded the Small Business Administration (SBA) Paycheck Protection Program (PPP) to provide loans designated to help small business cover their near-term operating expenses and to provide an incentive to retain their employees during the COVID-19 crisis. The Medical Center applied for and was approved for a loan of $757,733. The Medical Center received forgiveness of this full amount in February 2021; therefore, recognized this full amount as nonoperating revenue in the accompanying statements of revenue, expenses, and changes in net position in 2021.

Scheduled payments of principal and interest on long-term debt as of June 30, 2021, are as follows:

	Principal	Interest
Direct borrowings:		
2022	$ 21,045	$ 23
2023	3,499	1
Totals	$ 24,544	$ 24

Note 11: Net Patient and Resident Service Revenue

Net patient and resident service revenue consisted of the following for the years ended June 30:

	2021	2020
Gross patient and resident service revenue:		
Inpatient services	$ 2,260,210	$ 2,350,655
Outpatient services	5,908,499	5,639,901
Clinic services	1,257,513	1,322,035
Total gross patient and resident service revenue	9,426,222	9,312,591
Deductions:		
Contractual adjustments and discounts	2,883,613	2,914,629
Provision for bad debts	179,873	291,307
Total deductions	3,063,486	3,205,936
Net patient and resident service revenue	$ 6,362,736	$ 6,106,655

Revenue from the Medicare and Medicaid programs accounted for approximately 70.6% and 70.1% of net patient and resident service revenue for the years ended June 30, 2021 and 2020, respectively.

Note 12: Pension Plan (Continued)

Regular members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, at age 62 with 10 years of service, or at any age with 30 years of service. 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 - The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires in agencies that did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

The system's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due. 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.

For the fiscal years ended June 30, 2021 and 2020, the statutory employer/employee matching rate was 15.25% and 14.50%, respectively, for Regular members. The EPC rate was 29.25% and 28.00%, respectively, for Regular members.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At June 30, 2021 and 2020, the Medical Center reported a liability of $6,722,887 and $6,435,001, respectively, for its proportionate share of PERS' net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Medical Center's proportion of the net pension liability was based on the Medical Center's contributions received by PERS during the measurement period June 30, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERS participating employers. At June 30, 2020, the Medical Center's proportion was 0.04827%. The net pension liability for June 30, 2020, was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of this date. The Medical Center's proportion of the net pension liability was based on the Medical Center's contributions received by PERS during the measurement period June 30, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERS participating employers. At June 30, 2019, the Medical Center's proportion was 0.04719%.

Note 12: Pension Plan (Continued)

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

Amounts reported as deferred outflows of resources related to pensions resulting from the Medical Center's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized as a increase in pension expense as follows for the years ending June 30:

2022	$ 19,461
2023	204,276
2024	152,219
2025	91,685
2026	26,155
Thereafter	2,498
Subtotal	496,294

Actuarial Assumptions - The Medical Center's net pension liability was measured as of June 30, 2021 and 2020, 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	2.75%
Payroll growth	5.50%, including inflation
Investment rate of return	7.50%
Productivity pay increase	0.50%
Projected salary increases	Regular: 4.25% to 9.15%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other assumptions	Same as those used in the June 30, 2020, funding actuarial valuation

Note 12: Pension Plan (Continued)

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 (www.nvpers.org).

Note 13: Other Postemployment Benefits

The Medical Center offers postemployment benefits to certain retirees under a plan on a pay-as-you-go basis.

Plan Information

Nevada Public Employees' Benefits Program (the "PEBP Plan"):

The Medical Center contributes to an agent multiple-employer defined healthcare plan, the PEBP Plan, which is administered by the State of Nevada pursuant to NRS 287 and was closed to nonstate public agency retirees on September 1, 2008. Employees who retired after September 1, 2008, or who retired prior to that date, but did not elect the PEBP Plan are unable to participate unless the Medical Center enrolls active employees into the PEBP Plan as a group. If the Medical Center enrolls in and then opts out of the PEBP Plan, any retired employees whose enrollment date is after November 30, 2008, will be unable to continue participation in the PEBP Plan. During 2021 and 2020, the Medical Center was not enrolled for active employees as a group; thus, the PEBP Plan is currently closed to new retirees of the Medical Center.

Local governments are required to pay the same portion of cost of coverage for their retirees covered under PEBP Plan that the State of Nevada pays for those persons retired from state service. A report, issued by PEBP Plan that includes its financial statements and required supplementary information, is available on its website at www.pebp.state.nv.us, by calling 800.326.5496, or by writing to Public Employees' Benefit Program, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701.

Funding Policy

Contributions to the PEBP Plan are established by and may be amended by the Board of the PEBP Plan. The amount of subsidy for which the Medical Center is liable for its retirees is billed monthly and based on the retirees' years of covered employment in Nevada PERS and ends at the earlier of a retiree's death or the date coverage is elected to be discontinued. Amounts contributed by retirees are based on projected pay-as-you-go financing arrangements and are paid directly to the State of Nevada. As of June 30, 2021, 10 inactive employees were covered by the PEBP Plan. The Medical Center has not elected an option to pay additional amounts into a qualified trust to prefund benefits.

Note 13: Other Postemployment Benefits (Continued)

Changes in Total OPEB Obligations

Balance at July 1, 2020	$ 116,824
Changes for the year:	
Changes in assumptions	7,663
Benefit payments	(8,741)
Balance at June 30, 2020	$ 115,746

Sensitivity of the Total OPEB Obligation to Changes in the Discount Rate

The following presents the Medical Center's total OPEB obligation calculated using the discount rate of 2.21%, as well as what the District's total OPEB obligation would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current rate.

1% Decrease	$ 123,518
Current Discount Rate	115,746
1% Increase	108,663

Sensitivity of the Total OPEB Obligation to Changes in the Healthcare Cost Trend

The following presents the Medical Center's total OPEB obligation calculated using the healthcare cost trending from 6.5% to 4.5%, as well as what the District's total OPEB obligation would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current trend rate:

1% Decrease (5.5% to 3.5%)	$ 108,801
Current Trend Rate (6.5% to 4.5%)	115,746
1% Increase (7.5% to 5.5%)	123,208

Note 15: Concentration of Credit Risk

Financial instruments that potentially subject the Medical Center to credit risk consist principally of patient and resident accounts receivable. Patient and resident accounts receivable consist of amounts due from patients and residents, their insurers, or governmental agencies (primarily Medicare and Medicaid) for health care provided to the patients and residents. The majority of the Medical Center's patients and residents are from Lincoln County, Nevada, and the surrounding area.

The mix of receivables from patients, residents, and third-party payers consisted of the following at June 30:

	2021	2020
Medicare	31 %	33 %
Medicaid	13	8
Other third-party payors	22	22
Patients	34	37
Totals	100 %	100 %

Note 16: Functional Expenses

The Medical Center provides general health care services to residents within its geographic location. Expenses (including interest expenses) related to providing these services consisted of the following for the following for the years ended June 30:

	2021	2020
Health care services	$ 6,782,532	$ 6,217,785
Management and administrative	1,215,342	1,205,099
Total expenses	$ 7,997,874	$ 7,422,884

Required Supplemental Information

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Schedule of Changes in Total Other Postemployment Obligations and Related Ratios

Year Ended June 30, 2021

Change in assumptions	$ 7,663
Benefit payments	(8,741)
Net change in total OPEB obligation	(1,078)
Total obligation, July 1, 2020	116,824
Total obligation, June 30, 2021	$ 115,746
Covered employee payroll	n/a
Total obligation as a percentage of covered-employee payroll	n/a

Notes to Schedule:

Changes in assumptions and other inputs reflect the effects of changes in discount rate each period. (The discount rate used to determine the July 1, 2019 values was 3.51%)

Applicable discount rate	2.21%

See Independent Auditor's Report.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Program Title	Federal Assistance Listing Number	Entity Passed Through	Federal Expenditures
U.S. Department of Health and Human Services:			
COVID-19 - Provider Relief Fund	93.498	Direct	$ 2,623,105
COVID-19 - Testing and Mitigation for Rural Health Clinics	93.697	Direct	49,461
Total U.S. Department of Health and Human Services			2,672,566
Total expenditures of federal awards			$ 2,672,566

See Independent Accountant's Review Report on Supplementary Information.

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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*

Board of Trustees
Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center
Caliente, Nevada

We have audited, in accordance with auditing standards generally accepted in the United States 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 Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center (the "Medical Center"), which comprise the statement of net position as of June 30, 2021, and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated November 30, 2021.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section 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 and questioned costs, 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. A material weakness is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021.001 and 2021.002 to be material weaknesses.

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 the attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021.003 and 2021.004 to be significant deficiencies.

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Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center
Caliente, Nevada

Report on Compliance for Each Major Federal and State Program

We have audited Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center's compliance.

Opinion

In our opinion, Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP
Oakland, California

November 30, 2021

Section II - Financial Statement Findings

Finding 2021.001 - Internal Control Over Preparation of the Financial Statements

Condition:	Management is responsible for the accuracy and completeness of all financial records and related information and establishing and maintaining internal controls for the fair presentation of financial statements and footnote disclosures in accordance with GAAP. Their responsibilities include adjusting the financial statements to correct material misstatements. Management contracts with a third party to assist in reviewing interim financial statements and to ensure accurate financial reporting. As part of our professional services for the year ended June 30, 2021, Wipfli LLP drafted the financial statements and related footnote disclosures. The outsourcing of these services is not unusual for similar-sized organizations as a result of management's cost-benefit decision to rely on outside accounting expertise rather than devote internal resources to prepare audited financial statements.
Criteria:	Government Auditing Standards considers the inability to report financial data reliably in accordance with GAAP to be an internal control deficiency.
Cause:	The completeness of the financial statement disclosures and the accuracy of the overall financial presentation are negatively impacted, since outside auditors do not have the same comprehensive understanding as its internal finance staff.
Effect:	The independent auditor's assistance in preparation of the financial statements to provide the necessary understanding of the current accounting and disclosure requirements represents a significant deficiency in the Medical Center's internal controls over financial reporting.
Recommendation:	We recommend management and those charged with governance continue to evaluate the degree of risk associated with this condition because of cost or other considerations.
View of responsible officials:	Management believes that committing the resources necessary to perform a review of the footnote disclosures for completeness would be a duplication of expenditures, since this is part of the cost of the audit engagement. In addition, the administrator and controller review internal financial statements on a monthly basis and present the results to the Board of Trustees.

Section II - Financial Statement Findings (Continued)

Finding 2021.003 - Controls Within the Accounting Department

Condition:	Access to the General Ledger, Subsidiary Ledgers, and Assets of the Medical Center - The controller and certain other individuals have the ability to make changes in the general ledger and subsidiary ledgers including fixed assets, accounts payable, and payroll-related ledgers. These individuals also have access to general assets of the Medical Center, including bank accounts. The lack of segregation of duties creates risk of significant errors or fraudulent transactions, leading to the potential of materially misstated financial statements.
Criteria:	Internal controls that provide for proper segregation of duties should be in place.
Cause:	In an organization with a small number of personnel in its business office and accounting department, there may be an inadequate segregation of duties. This results in certain internal control limitations.
Effect:	Because of this lack of segregation of duties, the potential for misappropriated assets exists.
Recommendation:	Management should establish proper mitigating review procedures to be performed by someone who would not have access to the general ledger, subsidiary ledgers, and assets of the Medical Center.
View of responsible officials:	Considering the size of our facility and financial status, management believes that the current segregation of duties is sufficient to protect the facility from significant errors or fraudulent transactions.

Section II - Financial Statement Findings (Continued)

Finding 2021.005 - Violation of Statute

Condition:	The Medical Center had actual operating and nonoperating expenses in excess of budgeted appropriations for the year ended June 30, 2021.
Criteria:	In accordance with state statute, actual expenses may not exceed the sum of budgeted operating and nonoperating expenses. Pursuant to NRS 354.626, during any fiscal year, the Medical Center may not expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated for that function, other than bond repayments, medium-term obligation repayments, and any other long-term contract expressly authorized by law.
Cause:	There were not effective internal controls in place to mitigate the occurrence of expending operating and nonoperating expenses in excess of budgeted appropriations.
Effect:	Expending amounts in excess of budgeted appropriations resulted in a reportable finding as a violation of compliance with Nevada Revised Statutes.
Recommendation:	Management should implement procedures to ensure the Medical Center does not expend funds in excess of appropriated budget amounts.
View of responsible officials:	Management will implement procedures to monitor and comply with the NRS to ensure they do not expend operating and nonoperating expenses in excess of budgeted appropriations.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Schedule of Prior-Year Findings and Questioned Costs

Finding 2020.001 - Internal Control Over Preparation of the Financial Statements

Condition:	Management is responsible for the accuracy and completeness of all financial records and related information and establishing and maintaining internal controls for the fair presentation of financial statements and footnote disclosures in accordance with GAAP. Their responsibilities include adjusting the financial statements to correct material misstatements. Management contracts with a third party to assist in reviewing interim financial statements and to ensure accurate financial reporting. As part of our professional services for the year ended June 30, 2020, Wipfli LLP drafted the financial statements and related footnote disclosures. The outsourcing of these services is not unusual for similar-sized organizations as a result of management's cost-benefit decision to rely on outside accounting expertise rather than devote internal resources to prepare audited financial statements.
Criteria:	Government Auditing Standards considers the inability to report financial data reliably in accordance with GAAP to be an internal control deficiency.
Current Status:	Finding is repeated in the current schedule of findings and responses (2021.001).

Finding 2020.002 - Significant Adjustments

Condition:	Significant audit adjustments were identified and recorded.
Criteria:	Internal controls should be in place that provide for accurate reporting of financial information.
Current Status:	Finding is repeated in the current schedule of findings and responses (2021.002).

Finding 2020.003 - Controls Within the Accounting Department

Condition:	Access to the General Ledger, Subsidiary Ledgers, and Assets of the Medical Center - The controller and certain other individuals have the ability to make changes in the general ledger and subsidiary ledgers including fixed assets, accounts payable, and payroll-related ledgers. These individuals also have access to general assets of the Medical Center, including bank accounts. The lack of segregation of duties creates risk of significant errors or fraudulent transactions, leading to the potential of materially misstated financial statements.
Criteria:	Internal controls that provide for proper segregation of duties should be in place.
Current Status:	Finding is repeated in the current schedule of findings and responses (2021.003).

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Financial Statements and Supplementary Information

Years Ended June 30, 2020 and 2019

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Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Years Ended June 30, 2020 and 2019

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Independent Auditor's Report

Board of Trustees
Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center
Caliente, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center (the "Medical Center"), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Medical Center's 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center, as of June 30, 2020 and 2019, and the changes in net position and cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 6, the Schedules of Employer's Proportionate Share of the Net Pension Liability and Employer Contributions – Public Employees Retirement System of Nevada on page 41, and the Schedule of Changes in Total Other Postemployment Obligations and Related Ratios on page 42 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 opinions on the financial statements that collectively comprise the Medical Center's financial statements as a whole. The accompanying budgetary comparison information is presented for purposes of additional analysis and is not a required part of the financial statements. The budgetary comparison 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. 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 November 24, 2020, on our consideration of the Medical Center'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 results of that testing, and not to provide an opinion on the effectiveness of the Medical Center'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 Medical Center's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

November 24, 2020
Oakland, California

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Management's Discussion and Analysis

Years Ended June 30, 2020 and 2019

Introduction

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center (the "Medical Center"), offers readers of our financial statements this narrative overview and analysis of the financial activities of the Medical Center for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the Medical Center's financial statements, including the notes thereto.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Medical Center's audited financial statements. The financial statements consist of the statements of net position; the statements of revenue, expenses, and changes in net position; and the statements of cash flows. The financial statements also include notes to the financial statements that explain in more detail some of the information in the financial statements. The financial statements are designed to provide readers with a broad overview of the Medical Center's finances.

Required Financial Statements

The Medical Center's financial statements report information of the Medical Center using accounting methods similar to those used by private-sector health care organizations. These statements offer short-term and long-term information about its activities. The statements of net position include all of the Medical Center's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the Medical Center's creditors (liabilities). The statements of net position also provide the basis for evaluating the capital structure of the Medical Center and assessing the liquidity and financial flexibility of the Medical Center.

All of the revenue and expenses for the years ended June 30, 2020 and 2019, are accounted for in the statements of revenue, expenses, and changes in net position. These statements can be used to determine whether the Medical Center has successfully recovered all of its costs through its patient and resident service revenue and other revenue sources. Revenue and expenses are reported on an accrual basis, which means the related cash could be received or paid in a subsequent period.

The final required statements are the statements of cash flows. These statements report cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. They also provide answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Highlights

Total assets and deferred outflow of resources increased by $3,245,157 to $9,023,815 in fiscal year 2020 and increased by $805,897 to $5,778,658 in fiscal year 2019. Total liabilities increased by $2,912,359 in fiscal 2020 and increased by $412,588 in fiscal year 2019. The total margin was 3.3%, 8.2%, and 12.2%, for the years ended June 30, 2020, 2019, and 2018, respectively.

Financial Analysis of the Medical Center

The statements of net position and the statements of revenue, expenses, and changes in net position report the net position of the Medical Center and the changes in net position. The Medical Center's net position, the difference between assets and liabilities, is a way to measure the financial health or financial position of an organization. Over time, sustained increases or decreases in the Medical Center's net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in economic condition, population growth, and new or changed governmental legislation should also be considered.

Statements of Net Position

Here is a summary of the statements of net position at June 30, 2020, 2019, and 2018:

Condensed Statements of Net Position
(In Thousands)

				Change	
	2020	2019	2018	2020-2019	2019-2018
Current assets	$ 4,855	$ 1,806	$ 1,914	$ 3,049	$ (108)
Noncurrent cash	1,209	1,115	1,102	94	13
Capital assets	1,113	1,217	833	(104)	384
Total assets	$ 7,177	$ 4,138	$ 3,849	$ 3,039	$ 289
Deferred outflow of resources - Acquisition of operations	$ 68	$ 80	$ -	$ (12)	$ 80
Deferred outflow of resources - Related to pension	1,779	1,561	1,124	218	437
Total deferred outflow of resources	$ 1,847	$ 1,641	$ 1,124	$ 206	$ 517
Current liabilities	$ 732	$ 1,466	$ 1,455	$ (734)	$ 11
Long-term debt, net of current maturities	782	44	147	738	(103)
Net pension liability	6,435	6,156	5,629	279	527
Postemployment benefits liability	117	155	177	(38)	(22)
Unearned revenue	2,667	-	-	2,667	-
Total liabilities	$ 10,733	$ 7,821	$ 7,408	$ 2,912	$ 413
Deferred inflows of resources - Related to pension	$ 668	$ 548	$ 674	$ 120	$ (126)
Net investment in capital assets	$ 309	$ 922	$ 536	$ (613)	$ 386
Unrestricted	(2,686)	(3,512)	(3,645)	826	133
Total net position	$ (2,377)	$ (2,590)	$ (3,109)	$ 213	$ 519

Revenue, Expenses, and Changes in Net Position

The following table presents a summary of the statements of revenue, expenses, and changes in net position for the years ended June 30, 2020, 2019, and 2018:

Condensed Statements of Revenue, Expenses, and Changes in Net Position
(In Thousands)

				Change	
	2020	2019	2018	2020-2019	2019-2018
Operating revenue	$ 6,525	$ 6,350	$ 5,144	$ 175	$ 1,206
Operating expenses	7,420	6,589	5,392	831	1,197
Loss from operations	(895)	(239)	(248)	(656)	9
Nonoperating revenue	1,108	758	907	350	(149)
Excess of revenue over expenses	213	519	659	(306)	(140)
Adjustment for valuation of Other postretirement benefit liability	-	-	(208)	-	208
Net position at beginning	(2,590)	(3,109)	(3,560)	519	451
Net position at end	$ (2,377)	$ (2,590)	$ (3,109)	$ 213	$ 519

Operating and Financial Performance

The following summarizes the Medical Center's changes in revenue, expenses, and net position for the fiscal years ended June 30, 2020, 2019, and 2018:

Volume: Inpatient admissions for fiscal year 2020 were 83 compared to 106 in fiscal year 2019 and 96 in fiscal year 2018. This is a decrease of 22% for fiscal year 2020 after an increase of 10% in fiscal year 2019. Patient days for fiscal year 2020 were 237 compared to 354 in fiscal year 2019 and 271 in fiscal year 2018. Fiscal year 2020 days decreased 33% after an increase of 30.6% in fiscal year 2019. In fiscal year 2011, the Medical Center established a Medicare-approved swing bed program. There were 29 swing bed patients totaling 429 days during fiscal year 2020 and 41 swing bed patients totaling 562 days during fiscal year 2019. This is a decrease of 24% for fiscal year 2020 after an increase of 23% in fiscal year 2019. Skilled nursing facility days for fiscal year 2020 were 5,439 compared to 5,380 in fiscal year 2019 and 5,539 in fiscal year 2018. This is an increase of 1% for fiscal year 2020 after a decrease of 3% for fiscal year 2019. Outpatient services (excluding emergency and clinic visits) for 2020 were 5,280 compared to 5,376 in fiscal year 2019 and 5,403 in fiscal year 2018. This is a decrease of 96, or 2%, in fiscal year 2020 after a decrease of 27, or 0%, in fiscal year 2019. Emergency department visits decreased to 952 in fiscal year 2020 from 1,015 in fiscal year 2019 and 1,043 in fiscal year 2018. This is a decrease of 6% in fiscal year 2020 after a decrease of 3% in fiscal year 2019. Clinic patients increased to 8,319 in fiscal year 2020 from 7,446 in fiscal year 2019 and 7,556 in fiscal year 2018. This is an increase of 12% in fiscal year 2020 after a decrease of 1% in fiscal year 2019.

Net Patient and Resident Service Revenue: Net patient and resident service revenue increased $402,806, or 7.1%, compared to fiscal 2019. Fiscal year 2019 showed an increase in net patient and resident service revenue of $650,353, or 12.9%, when compared to fiscal year 2018. Revenue deductions, the amount of patient and resident service revenue uncollectible because of contractual agreements, government reimbursement policies, and bad debts, decreased to $3,205,936 from $4,364,306, or 26.5%. Fiscal year 2019 reflected an increase of 7.1% from fiscal year 2018.

Other Operating Revenue: Other operating revenue decreased by $227,622 in fiscal year 2020 and increased by $555,610 in fiscal year 2019.

Salaries: Salaries increased by $279,484, or 8.1%, in fiscal year 2020 as compared to fiscal year 2019. Salaries and wages accounted for 6% of total expenses in 2020. The Medical Center employed a total of 68 paid full-time equivalent employees in fiscal year 2020 compared to 62 in 2019.

Employee Benefits: Total employee benefits increased by $595,921, or 61%, in fiscal 2020 and increased by $576,185, or 135%, in fiscal 2019.

Nonoperating Revenue (Expenses): The primary source of nonoperating income is taxes. For fiscal 2020 and 2019, nonoperating income amounts (net) were $1,108,089 and $758,199, respectively.

Capital Assets

At the end of fiscal 2020 and 2019, the Medical Center had invested $1,112,743 and $1,216,878, respectively, in property and equipment. Capital assets decreased $104,135 in fiscal year 2020 from fiscal year 2019 and increased $383,949 in fiscal year 2019 from fiscal year 2018.

Long-Term Liabilities

At the end of fiscal 2020 and 2019, the Medical Center had $803,301 and $295,176, respectively, of long-term debt (including current maturities) related to notes payable agreements. In 2020 and 2019, the net pension liability was $6,435,001 and $6,155,510. In 2018, a change in accounting principal was implemented due to a new accounting pronouncement, as a result, the Medical Center recorded a postemployment benefits liability of $177,309, which is included in long-term liabilities on the statements of net position.

Economic and Other Factors and Next Year's Budget

For 2020, the Medical Center derived 42.4% of its revenue from the Medicare program. Medicare reimbursement policies are continually changing in an attempt to better manage federal spending. As a result, the Medical Center is vulnerable to any significant changes that Congress may pass relating to Medicare reimbursement for health care services.

Contacting Grover C. Dils Medical Center's Finance Department

The Medical Center's financial statements are designed to present users with a general overview of the Medical Center's finances and to demonstrate the Medical Center's accountability. If you have questions about the report or need additional financial information, please contact the Medical Center's Administration at 775.726.3171.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Statements of Net Position

June 30, 2020 and 2019

Assets and Deferred Outflows of Resources	2020	2019
Current assets:		
Cash and cash equivalents	$ 3,744,654	$ 971,263
Resident fund	12,119	10,434
Patient and resident accounts receivable - Net	840,341	597,986
Other receivables	70,771	111,827
Due from third-party reimbursement program	98,292	-
Supplies	78,605	86,677
Prepaid expenses	10,507	27,457
Total current assets	4,855,289	1,805,644
Assets limited as to use	1,208,530	1,115,213
Capital assets - Net	1,112,743	1,216,878
Deferred outflows of resources - Acquisition of operations	68,000	80,000
Deferred outflows of resources - Related to pension	1,779,253	1,560,923
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 9,023,815	$ 5,778,658

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Statements of Net Position (Continued)

June 30, 2020 and 2019

Liabilities, Deferred Inflows of Resources, and Net Position	2020	2019
Current liabilities:		
Current maturities of long-term debt	$ 21,011	$ 251,356
Accounts payable	235,456	380,709
Accrued salaries, wages, and benefits	463,557	550,882
Due to residents	12,119	10,434
Due to third-party reimbursement program	-	272,834
Total current liabilities	732,143	1,466,215
Long-term liabilities:		
Long-term debt - Net of current maturities	782,290	43,820
Net pension liability	6,435,001	6,155,510
Other postemployment benefits obligation	116,824	155,065
Unearned revenue	2,666,711	-
Total long-term liabilities	10,000,826	6,354,395
Total liabilities	10,732,969	7,820,610
Deferred inflows of resources - Related to pension	667,809	548,494
Net position:		
Net investment in capital assets	309,442	921,702
Unrestricted	(2,686,405)	(3,512,148)
Total net position	(2,376,963)	(2,590,446)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 9,023,815	$ 5,778,658

See accompanying notes to financial statements.

Lincoln County Hospital District,
d/b/a Grover C. Dils Medical Center

Statements of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2020 and 2019

	2020	2019
Operating revenue:		
Net patient and resident service revenue	$ 6,106,655	$ 5,703,849
Other operating revenue	418,385	646,007
Total operating revenue	6,525,040	6,349,856
Operating expenses:		
Salaries	3,736,933	3,457,449
Benefits	1,567,780	971,859
Professional fees and purchased services	886,031	993,519
Supplies and other	1,054,374	1,046,683
Depreciation	162,528	119,484
Amortization	12,000	-
Total operating expenses	7,419,646	6,588,994
Loss from operations	(894,606)	(239,138)
Nonoperating revenue (expenses):		
Ad valorem taxes	814,007	638,198
Supplemental city/county relief tax	135,321	140,977
Noncapital donations	1,000	-
Grant Revenue	90,605	-
Interest income	37,307	2,036
Unrealized gain on investments	33,087	-
Interest expense	(3,238)	(23,012)
Total nonoperating revenue - Net	1,108,089	758,199
Revenue over expenses	213,483	519,061
Net position - Beginning of year	(2,590,446)	(3,109,507)
Net position - End of year	$ (2,376,963)	$ (2,590,446)

See accompanying notes to financial statements.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Statement of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Receipts from and on behalf of patients	$ 5,493,174	$ 5,819,958
Payments to suppliers and contractors	(1,931,268)	(2,180,216)
Payments to employees and benefits plans	(5,249,803)	(4,435,680)
Other receipts and payments - Net	459,441	556,538
Net cash used in operating activities	(1,228,456)	(239,400)
Cash flows from noncapital financing activities:		
Ad valorem taxes	814,007	638,196
Supplemental city/county relief tax	135,321	140,977
Noncapital donations	1,000	-
Proceeds from issuance of long-term debt	757,733	233,724
Principal payments on long-term debt	(212,642)	(196,830)
Receipt of COVID-19 provider relief funds	2,757,316	-
Net cash provided by noncapital financing activities	4,252,735	816,067
Cash flows from capital and related financing activities:		
Capital expenditures	(187,761)	(360,565)
Deferred outflow - Acquisition of operations	-	(80,000)
Interest payments on long-term debt	(3,238)	(23,012)
Principal payments on long-term debt	(36,966)	(38,333)
Net cash used in capital and related financing activities	(227,965)	(501,910)
Cash flows from investing activities - Interest income	2,507	2,036
Net increase in cash and cash equivalents	2,798,821	76,793
Cash and cash equivalents - Beginning of year	1,386,476	1,309,683
Cash and cash equivalents - End of year	$ 4,185,297	$ 1,386,476

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Statement of Cash Flows (Continued)

Years Ended June 30, 2020 and 2019

	2020	2019
Reconciliation of loss from operations to net cash used in operating activities:		
Loss from operations	$ (894,606)	$ (239,138)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	162,528	119,484
Amortization	12,000	-
Provision for bad debts	291,307	136,800
Changes in operating assets and liabilities:		
Patient accounts receivable - Net	(533,662)	134,475
Other receivables	41,056	(89,469)
Supplies	8,072	20,049
Prepaid expenses	16,950	(27,457)
Accounts payable	(15,885)	(132,606)
Accrued salaries, wages, and benefits	(87,325)	52,671
Due from third-party reimbursement program	(371,126)	(155,166)
Net pension liability and related deferred inflows/outflows	180,476	(36,799)
Other postemployment benefit obligation	(38,241)	(22,244)
Total adjustments	(333,850)	(262)
Net cash used in operating activities	$ (1,228,456)	$ (239,400)
Summary of noncash financing activities:		
Capital asset additions in accounts payable	$ 13,500	$ 142,868

See accompanying notes to financial statements.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Reporting Entity

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center (the "Medical Center"), is a hospital district formed under the provisions of the Nevada Revised Statutes and earns revenue primarily by operating a four-bed acute-care hospital in Caliente, Nevada. The Medical Center also provides skilled nursing services and operates two primary care clinics.

Basis of Accounting and Financial Statement Presentation

The Medical Center's financial statements are presented using the flow of economic resources measurement focus, which uses the accrual basis of accounting.

Use of Estimates in Preparation of Financial Statements

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

Budgets and Budgetary Accounting Budget Policies

The Medical Center adheres to the Local Government Budget Act, incorporated within state statutes, which includes the following major procedures to establish the budget:

- On or before April 15, the Medical Center files a tentative budget with the Nevada Department of Taxation.
- Public hearings on the tentative budget are held on the third Thursday in May.
- Prior to June 1, at a public hearing, the Board of Trustees indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board of Trustees. The final budget must then be forwarded to the Nevada Tax Commission for final hearings and approval.
- Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.
- Budgets for the Medical Center are adopted on a basis consistent with GAAP. Appropriations lapse at year-end.
- Budget amounts within the fund may be transferred if amounts do not exceed the original budget. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the Board of Trustees, following a scheduled and noticed public hearing.

In accordance with state statute, actual expenses may not exceed the sum of budgeted operating and nonoperating expenses.

Note 1: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Medical Center considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts held as short-term investments in the investment portfolio and amounts whose use is limited or restricted.

Resident Funds

The Medical Center holds funds under an agency relationship for the residents of the long-term care facility. Resident trust funds are recorded as an asset and a liability on the accompanying statements of net position.

Patient and Residents Accounts Receivable and Credit Policy

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from local residents, most of whom are insured under third-party payor agreements. The Medical Center bills third-party payors on the patients' behalf, or if a patient is uninsured, that 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 accounts receivable are applied to the specific claim identified on the remittance advice or statement. The Medical Center does not have a policy to charge interest on past due accounts.

Patient accounts receivable are recorded in the accompanying statements of net position net of contractual adjustments and discounts and an allowance for doubtful accounts that reflects management's best estimate of the amounts that will not be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements and uninsured patient discounts through a reduction of gross revenue and a credit to patient accounts receivable. In addition, management provides for probable uncollectible amounts, primarily from uninsured patients and amounts patients are personally responsible for, through a charge to operations and a credit to the allowance for doubtful accounts based on historical loss experience and considering receivables for which patients are personally responsible for. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

Note 1: Summary of Significant Accounting Policies (Continued)

Patient and Residents Accounts Receivable and Credit Policy (Continued)

In evaluating the collectability of patient accounts receivable, the Medical Center analyzes past results and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payer 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 Medical Center 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 payer has not yet paid or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Medical Center 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 they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Tax Receivables and Revenue

Tax receivables are amounts due from Lincoln County and the State of Nevada and are included in other receivables on the statements of net position.

Ad valorem taxes are levied by Lincoln County on the Medical Center's behalf and are intended to finance the Medical Center's activities in the same calendar year in which they are levied. The State of Nevada collects a supplementary city/county relief sales tax for the benefit of local governments, including special districts such as the Medical Center. The Medical Center receives distributions of proceeds from these taxes on a monthly basis from Lincoln County and the State of Nevada and accrues revenue for distributions not received in the period in which they are due.

Supplies

Supplies are valued at the lower of cost, determined on the first-in, first-out (FIFO) method, or market.

Assets Limited as to Use

Assets limited as to use has been designated by the Medical Center's Board of Trustees for capital acquisitions and expansion over which the Board retains control and may at its discretion subsequently use for other purposes.

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Capital Assets and Depreciation

Capital asset acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The estimated useful lives of capital assets are as follows:

Land improvements	7 to 20 years
Buildings and leasehold improvements	5 to 40 years
Equipment	3 to 20 years
Health information technology (HIT)	5 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Note 1: Summary of Significant Accounting Policies (Continued)

Asset Impairment

Capital assets are reviewed for impairment when events or changes in circumstances suggest that the service utility of the capital asset might have significantly and unexpectedly declined. Capital assets are considered impaired if both the decline in service utility of the capital asset is large in magnitude and the events or changes in circumstance are outside the normal life cycle of the capital asset. Such events or changes in circumstance that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The determination of the impairment loss is dependent on the event or circumstance in which the impairment occurred. Impairment losses, if any, are reported in the statements of revenue, expenses, and changes in net position. During 2020 and 2019, the Medical Center determined that no evaluations of recoverability were necessary.

Accrued Compensated Absences

The Medical Center's employees earn vacation days at varying rates depending on years of service. Employees may accumulate vacation time up to a specified maximum. Accumulated vacation benefits are paid to an employee if the employee leaves either upon termination or retirement. Vacation expenses and the related liability are recognized as vacation benefits are earned. Accumulated vacation benefits are computed using the regular 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. Accrued vacation time payable, which is recorded in accrued salaries, wages, and benefits on the statements of net position, totaled $189,098 and $155,849, as of June 30, 2020 and 2019, respectively.

The Medical Center's employees also earn compensatory days at varying rates depending on years of service, up to a specified maximum. Compensatory benefits do not vest; therefore, no liability has been accrued.

Other Postemployment Benefits (OPEB) Obligations

The Medical Center's net OPEB are recognized as a liability, and annual subsidy payments are recognized when due and payable in accordance with the benefit terms. The Medical Center has no separately identified investments related to OPEB plans.

Note 1: Summary of Significant Accounting Policies (Continued)

Retirement Plan

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (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 Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Medical Center has three items that qualify for reporting in this category. The Medical Center reports deferred outflows of resources related to Medical Center contributions to pension plans subsequent to the measurement date of the collective net pension liability and for its proportionate share of collective deferred outflow of resources of the Plan. The Medical Center also reporst deferred outflows of resources related to the acquisition of operations of a physical therapy practice.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Medical Center has one item that qualifies for reporting in this category. The Medical Center reports deferred inflows of resources related to pensions for its proportionate share of collective deferred inflows of resources of the Plan.

Net Position

Net position of the Medical Center is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Medical Center. Unrestricted net position is the remaining net position that does not meet the definitions above. For 2020 and 2019, the Medical Center had no restricted net position.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Patient and Resident Service Revenue

The Medical Center recognizes patient and resident service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. Certain third-party payer reimbursement agreements are subject to audit and retrospective adjustments. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

For uninsured patients who do not qualify for charity care, the Medical Center recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Medical Center's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Medical Center records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Charity Care

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient and resident service revenue.

Grants and Contributions

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

The Medical Center also receives governmental grants for a variety of purposes. Revenue from these grants is considered earned when the Medical Center incurs the related expenditures meets the terms and conditions of the grant. Grant income is included in other operating income in the statements of revenue, expenses, and changes in net position. Grants earned but not received are recorded as other receivables, and grants received but not yet earned are recorded as unearned revenue in the accompanying statements of net position.

Advertising Costs

Advertising costs are expensed as incurred.

Note 1: Summary of Significant Accounting Policies (Continued)

Operating Revenue and Expenses

The Medical Center's statements of revenue, expenses, and changes in net position distinguish between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with providing health care services, the Medical Center's principal activity. Nonexchange revenue, including taxes and donations received for purposes other than capital asset acquisition, is reported as nonoperating revenue. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Unemployment Compensation

The 1977 session of the Nevada legislature extended unemployment insurance protection to public employers. Each entity has the right to elect to pay the regular quarterly employer tax on covered wages or to reimburse the Unemployment Compensation Fund for actual claims paid for its former employees on unemployment.

The Medical Center has elected to reimburse the Unemployment Compensation Fund for actual claims paid for the years ended June 30, 2020 and 2019.

Tax Status

As an essential government function, the Medical Center is generally exempt from federal income taxes under Section 115 of the Internal Revenue Code.

Subsequent Events

Subsequent events have been evaluated through November 24, 2020, which is the date the financial statements were available to be issued.

Note 2: Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30:

	2020	2019
Carrying amount -		
Deposits	$ 4,185,297	$ 1,386,476
Reconciliation of cash and cash equivalents to statements of net position:		
Cash and cash equivalents	$ 3,744,654	$ 971,263
Assets limited as to use - Cash	440,643	415,213
Totals	$ 4,185,297	$ 1,386,476

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

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies, or instrumentalities of the State of Nevada; or bonds of any county, municipality, or school in the State of Nevada.

The Medical Center maintains depository relationships with area financial institutions that are Federal Depository Insurance Corporation (FDIC) insured institutions. Depository accounts at these institutions are insured by the FDIC up to $250,000. Certain deposits in excess of federally insured limits are collateralized by pledges of securities held by the financial institution. At June 30, 2020 and 2019, the collateralized deposits totaled approximately $3,990,000 and $1,176,000, respectively.

Note 3: Assets Limited as to Use

Assets limited as to use consisted of the following at June 30, 2020 and 2019:

	2020	2019
Cash	$ 440,643	$ 415,213
Negotiable certificate of deposit	767,887	700,000
Totals	$ 1,208,530	$ 1,115,213

Note 4: Fair Value Measurements

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

Negotiable certificates of deposit are valued using quotes from pricing vendors based on recent trading activity and other observable market data.

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

A negotiable certificate of deposit in the amount of $774,584 and $700,000 was held by the Medical Center at June 30, 2020 and 2019, respectively, and is considered Level 1.

Note 5: Reimbursement Arrangements With Third-Party Payors

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

Medicare - The Medical Center is designated as a CAH. Under this designation, inpatient and outpatient hospital services are paid based on a cost-reimbursement methodology, with the exception of certain lab and mammography services, which remain on a fee schedule.

Medicaid - Under the CAH designation, hospital inpatient services are paid based on a cost-reimbursement methodology similar to the Medicare program. Outpatient services are paid at prospectively determined rates.

Nursing Home - Medicaid - Inpatient resident services rendered to Medicaid program beneficiaries are reimbursed at a tentative rate, with final settlement determined after submission of an annual cost report and review by the Nevada Division of Health Care Financing and Medicaid Administration.

Physician and Professional Services - Certain physician and professional services rendered to Medicare and Medicaid beneficiaries qualify for reimbursement as Medicare-approved rural health clinic services. Qualifying services are reimbursed based on a cost-reimbursement methodology. All other physician and professional services rendered to Medicare and Medicaid beneficiaries are paid based on prospectively determined fee schedules.

Note 5: Reimbursement Arrangements With Third-Party Payors (Continued)

Others - The Medical Center has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Accounting for Contractual Arrangements

The Medical Center is reimbursed for certain cost-reimbursable items at an interim rate and final settlements are determined after an audit or review of the Medical Center's related annual cost reports by the Medicare Administrative Contractor and the state Medicaid agency. Estimates for final settlements have been recorded in the in the accompanying statements of net position as due from/to third party reimbursement program. The Medical Center's cost reports have been final settled by the Medicare and Medicaid fiscal intermediaries through June 30, 2018.

Laws and Regulations

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and billing regulations. Government activity with respect to investigations and allegations concerning possible violations of such regulations by health care providers has increased. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. While no significant regulatory inquiries have been made of the Medical Center, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

CMS uses recovery audit contractors (RAC) as part of CMS's efforts to ensure accurate payments. RACs search for potentially inaccurate Medicare payments that might have been made to health care providers and not detected through existing CMS program integrity efforts. Once a RAC identifies a claim it believes is inaccurate, it makes a deduction from addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The outcome of any potential reviews is unknown and cannot be reasonably estimated as of June 30, 2020.

Note 6: Patient and Resident Accounts Receivable

Patient and resident accounts receivable consisted of the following at June 30:

	2020	2019
Patient and resident accounts receivable:		
Medicare	$ 519,282	$ 303,047
Medicaid	123,594	189,726
Patients and other third-party payers	947,019	878,747
Total patient and resident account receivable	1,589,895	1,371,520
Less:		
Contractual adjustments	487,368	488,001
Allowance for doubtful accounts	262,186	285,533
Patient accounts receivable - Net	$ 840,341	$ 597,986

The Medical Center's allowance for doubtful accounts for self-pay patients decreased from 60% of self-pay accounts receivable at June 30, 2019, to 46% of self-pay accounts receivable at June 30, 2020. In addition, the Medical Center's self-pay write-offs increased by $93,627 from $239,302 for fiscal year 2019 to $332,929 for fiscal year 2020. The Medical Center has not changed its charity care or uninsured discount policies during fiscal years 2020 or 2019.

Note 7: Charity Care

The Medical Center maintains records to identify and monitor the level of charity care it provides. The estimated cost of providing charity care to patients under the Medical Center’s charity care policy was approximately $67,000 and $79,000 for the years ended June 30, 2020 and 2019, respectively. The estimated cost was calculated by multiplying the Medical Center’s ratio of cost to gross charges by the gross uncompensated charges associated with providing charity care.

Note 8: Capital Assets

Property and equipment consisted of the following at June 30, 2020:

	Balance June 30, 2019	Additions/ Transfers	Deletions	Balance June 30, 2020
Nondepreciable capital assets -				
Land	$ 56,000	$ -	$ -	$ 56,000
Depreciable capital assets:				
Land improvements	46,796	-	-	46,796
Buildings and improvements	2,124,834	24,774	-	2,149,608
Equipment	2,781,397	36,620	3,000	2,815,017
HIT assets	525,076	-	-	525,076
Total depreciable capital assets	5,478,103	61,394	3,000	5,536,497
Accumulated depreciation:				
Land improvements	(42,981)	(2,895)	-	(45,876)
Buildings and improvements	(1,531,384)	(76,075)	-	(1,607,459)
Equipment	(2,218,296)	(86,559)	(3,000)	(2,301,855)
HIT assets	(524,564)	-	-	(524,564)
Total accumulated depreciation	(4,317,225)	(165,529)	(3,000)	(4,479,754)
Capital assets - Net	$ 1,216,878	$ (104,135)	$ -	$ 1,112,743

Note 8: Capital Assets (Continued)

Property and equipment consisted of the following at June 30, 2019:

	Balance June 30, 2018	Additions/ Transfers	Deletions	Balance June 30, 2019
Nondepreciable capital assets:				
Land	$ 56,000	$ -	$ -	$ 56,000
Depreciable capital assets:				
Land improvements	46,796	-	-	46,796
Buildings and improvements	1,870,375	262,947	8,488	2,124,834
Equipment	2,540,911	240,486	-	2,781,397
HIT assets	525,076	-	-	525,076
Total depreciable capital assets	4,983,158	503,433	8,488	5,478,103
Accumulated depreciation:				
Land improvements	(40,086)	(2,895)	-	(42,981)
Buildings and improvements	(1,501,274)	(38,598)	(8,488)	(1,531,384)
Equipment	(2,140,305)	(77,991)	-	(2,218,296)
HIT assets	(524,564)	-	-	(524,564)
Total accumulated depreciation	(4,206,229)	(119,484)	(8,488)	(4,317,225)
Capital assets - Net	$ 832,929	$ 383,949	$ -	$ 1,216,878

Note 9: Operations Acquisition

In 2019, the Organization acquired the operations of a physical therapy practice. The transaction qualified as a government acquisition under Government Accounting Standards Board (GASB) Statement No. 69, Government Combinations and Disposals of Operations. The total purchase price of the operations acquired was $400,000, which consisted of $250,000 for a building and $70,000 in equipment. The excess consideration paid above the value of the building and equipment is $80,000 and is shown as a deferred outflow on the statements of net position. The deferred outflow of resources is amortized over 10 years. Amortization expense was $12,000 and $0 for the years ended June 30, 2020 and 2019, respectively.

Note 10: Long-Term Debt

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

	June 30, 2019	Additions	Reductions	June 30, 2020	Amounts Due Within One Year
Mortgage note payable	$ 17,735	$ -	$ (17,735)	$ -	$ -
Equipment note payable	64,799	-	(19,231)	45,568	21,011
Medicare notes payable	212,642	-	(212,642)	-	-
Paycheck Protection Program loan	-	757,733	-	757,733	-
Total long-term debt	$ 295,176	$ 757,733	$ (249,608)	$ 803,301	$ 21,011

	June 30, 2018	Additions	Reductions	June 30, 2019	Amounts Due Within One Year
Mortgage note payable	$ 35,121	$ -	$ (17,386)	$ 17,735	$ 17,735
Equipment note payable	85,746	-	(20,947)	64,799	20,979
Medicare note payable	175,748	233,724	(196,830)	212,642	212,642
Total long-term debt	$ 296,615	$ 233,724	$ (235,163)	$ 295,176	$ 251,356

The terms and due dates of the Medical Center's long-term debt obligations at June 30, 2020, follow:

Nevada Rural Hospital Partners - Equipment note dated August 1, 2012, due in monthly payments of $1,756, including interest at 0.16%, through 2023. The loan is collateralized by the purchased equipment.

Nevada Rural Hospital Partners - Mortgage note dated June 15, 2010, due in monthly installments of $1,494, including interest at 2.00%, through 2020. The loan is secured by real property. The loan was paid in full in 2020.

The mortgage note payable requires compliance with various nonfinancial restrictive covenants. As of June 30, 2020, management believes the Medical Center was in compliance with these restrictive covenants. The Medical Center's notes payable are to a bank of which a trustee of the board is the chief financial officer.

Noridian Healthcare Solutions - Medicare note dated June 14, 2018, due in monthly payments of $10,152, including interest at 10.25%, through December 2019. The note was paid in full in 2020.

Noridian Healthcare Solutions - Medicare note dated January 2, 2019, due in monthly payments of $4,143, including interest at 10.125%, through June 2020. The note was paid in full in 2020.

Note 10: Long-Term Debt (Continued)

Paycheck Protection Program Loan - In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act created and funded the Small Business Administration (SBA) Paycheck Protection Program (PPP) to provide loans designated to help small business cover their near-term operating expenses and to provide an incentive to retain their employees during the COVID-19 crisis. The Medical Center applied for and was approved for a loan of $757,733 that may be partially or fully forgiven based on the level of employee retention and if utilized for payroll costs, mortgage obligations, rent, or utilities within a specified covered period and in accordance with the terms and conditions of the PPP loan. The portion of the loan that is not forgiven, if any, will have a maturity as of the earlier of the date the amount of forgiveness is determined under section 1106 of the CARES Act is remitted to the Lender, or 10 months after the last day of the covered period, and will bear interest at 1%.

Scheduled payments of principal and interest on long-term debt as of June 30, 2020, are as follows:

	Principal	Interest
2021	$ 21,011	$ 7,563
2022	778,778	2,364
2023	3,512	1
Totals	$ 803,301	$ 9,928

Note 11: Net Patient and Resident Service Revenue

Net patient and resident service revenue consisted of the following for the years ended June 30:

	2020	2019
Gross patient and resident service revenue:		
Inpatient services	$ 2,350,655	$ 3,148,293
Outpatient services	5,639,901	5,798,594
Clinic services	1,322,035	1,121,268
Total gross patient and resident service revenue	9,312,591	10,068,155
Deductions:		
Contractual adjustments and discounts	2,914,629	4,227,506
Provision for bad debts	291,307	136,800
Total deductions	3,205,936	4,364,306
Net patient and resident service revenue	$ 6,106,655	$ 5,703,849

Note 11: Net Patient and Resident Service Revenue (Continued)

Revenue from the Medicare and Medicaid programs accounted for approximately 70.1% and 74.4% of net patient and resident service revenue for the years ended June 30, 2020 and 2019, respectively.

Patient and resident service revenue, net of contractual adjustments and discounts and the provision for bad debts, recognized in the period from these major payer sources, was as follows for the years ended June 30:

	2020	2019
Third-party payers	$ 5,785,390	$ 5,267,282
Self-pay	321,265	436,567
Total all payers	$ 6,106,655	$ 5,703,849

Note 12: Pension Plan

Plan Description - The Medical Center contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost-sharing, multiple-employer, defined benefit public employees' retirement system that includes both Regular and Police/Fire members. The Medical Center's employees are covered as Regular members. The plan is administered by the Public Employees Retirement System for the State of Nevada.

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Employees Retirement System for the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling 775.687.4200.

Benefits Provided - PERS provides retirement benefits, disability benefits, and death benefits, including annual cost-of-living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes (NRS) establishes the benefit provisions provided to the participants of PERS. These benefit provisions may be amended only through legislation.

Benefits are based on a member's years of accredited service at time of retirement and the highest average salary for any 36 successive months of allowable service, with special provisions for members entering the system on or after January 1, 2010. Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the system on or after January 1, 2010, there is a 2.5% multiplier. The system offers several alternatives to the unmodified service retirement allowance that, in general, allow retired employees to accept a reduced service retirement allowance payable monthly during their lifetime and various optional monthly payments to a named beneficiary after their death. Post-retirement increases are provided by authority of NRS 286.575 - .579.

Note 12: Pension Plan (Continued)

Regular members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, at age 62 with 10 years of service, or at any age with 30 years of service. 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 - The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires in agencies that did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

The system's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due. 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.

For the fiscal years ended June 30, 2020 and 2019, the statutory employer/employee matching rate was 14.50% for Regular members. The EPC rate was 28.00% for Regular members.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At June 30, 2020 and 2019, the Medical Center reported a liability of $6,435,001 and $6,155,510, respectively, for its proportionate share of PERS' net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Medical Center's proportion of the net pension liability was based on the Medical Center's contributions received by PERS during the measurement period June 30, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERS participating employers. At June 30, 2019, the Medical Center's proportion was 0.04719%. The net pension liability for June 30, 2019, was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of this date. The Medical Center's proportion of the net pension liability was based on the Medical Center's contributions received by PERS during the measurement period June 30, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERS participating employers. At June 30, 2018, the Medical Center's proportion was 0.04514%.

Note 12: Pension Plan (Continued)

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

For the years ended June 30, 2020 and 2019, the Medical Center recognized pension expense of $929,523 and $610,709, respectively. At June 30, 2020, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 185,609
Changes in assumptions	261,878	-
Net difference between projected and actual earnings on pension plan investments	241,305	320,120
Changes in proportion and differences between actual and proportionate share of contributions	532,126	162,080
Medical Center contributions subsequent to the measurement date	743,944	-
Totals	$ 1,779,253	$ 667,809

At June 30, 2019, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 285,721
Changes in assumptions	324,356	-
Net difference between projected and actual earnings on pension plan investments	192,835	29,306
Changes in proportion and differences between actual and proportionate share of contributions	385,953	233,467
Medical Center contributions subsequent to the measurement date	657,779	-
Totals	$ 1,560,923	$ 548,494

Note 12: Pension Plan (Continued)

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

Amounts reported as deferred outflows of resources related to pensions resulting from the Medical Center's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

Other amounts reported as deferred inflows of resources related to pensions will be recognized as a decrease in pension expense as follows for the year ended June 30:

2021	$ (278,571)
2022	(186,211)
2023	(106,874)
2024	(85,592)
2025	(9,244)
Thereafter	(1,317)

Other amounts reported as deferred outflows of resources related to the pensions will be recognized as an increase in pension expense as follows:

2021	$ 335,566
2022	164,650
2023	270,128
2024	196,789
2025	59,907
Thereafter	8,269

Actuarial Assumptions - The Medical Center's net pension liability was measured as of June 30, 2020 and 2019, 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	2.75
Payroll growth	5.50%, including inflation
Investment rate of return	7.50%
Productivity pay increase	0.50%
Projected salary increases	Regular: 4.25% to 9.15%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other assumptions	Same as those used in the June 30, 2019, funding actuarial valuation

Note 12: Pension Plan (Continued)

Actuarial Assumptions (Continued)

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of the experience review completed in 2019.

Long-Term Expected Rate of Return: The Public Employees Retirement System for the State of Nevada has policies that determine the investment portfolio target asset allocation. These policies are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS. The following was the Board-adopted policy target asset allocation as of June 30, 2019:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. stock	42 %	5.50 %
International stock	18 %	5.50 %
U.S. bonds	28 %	0.75 %
Private markets	12 %	6.65 %

Discount Rate: The discount rate used to measure the total pension liability was 7.50% as of June 30, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2019 and 2018, 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 was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019 and 2018.

Sensitivity of the Medical Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Medical Center's proportionate share of the net pension liability, calculated using the discount rate disclosed under Discount Rate above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Medical Center's proportionate share of the net pension liability:			
June 30, 2019	$ 9,963,820	$ 6,435,001	$ 3,501,657
June 30, 2018	9,392,165	6,155,510	3,475,672

Note 12: Pension Plan (Continued)

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 (www.nvpers.org).

Note 13: Other Postemployment Benefits

The Medical Center offers postemployment benefits to certain retirees under a plan on a pay-as-you-go basis.

Plan Information

Nevada Public Employees' Benefits Program (the "PEBP Plan"):

The Medical Center contributes to an agent multiple-employer defined healthcare plan, the PEBP Plan, which is administered by the State of Nevada pursuant to NRS 287 and was closed to non-state public agency retirees on September 1, 2008. Employees who retired after September 1, 2008, or who retired prior to that date, but did not elect the PEBP Plan are unable to participate unless the Medical Center enrolls active employees into the PEBP Plan as a group. If the Medical Center enrolls in and then opts out of the PEBP Plan, any retired employees whose enrollment date is after November 30, 2008, will be unable to continue participation in the PEBP Plan. During 2019 and 2018, the Medical Center was not enrolled for active employees as a group, thus the PEBP Plan is currently closed to new retirees of the Medical Center.

Local governments are required to pay the same portion of cost of coverage for their retirees covered under PEBP Plan that the State of Nevada pays for those persons retired from state service. A report, issued by PEBP Plan that includes its financial statements and required supplementary information, is available on its website at www.pebp.state.nv.us, by calling 800.326.5496, or by writing to Public Employees' Benefit Program, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701.

Funding Policy

Contributions to the PEBP Plan are established by and may be amended by the Board of the PEBP Plan. The amount of subsidy for which the Medical Center is liable for its retirees is billed monthly and based on the retirees' years of covered employment in Nevada PERS and ends at the earlier of a retiree's death or the date coverage is elected to be discontinued. Amounts contributed by retirees are based on projected pay-as-you-go financing arrangements and are paid directly to the State of Nevada. As of June 30, 2020, 10 inactive employees were covered by the PEBP Plan. The Medical Center has not elected an option to pay additional amounts into a qualified trust to prefund benefits.

Note 13: Other Postemployment Benefits (Continued)

Alternative Measurement Methodology and Assumptions

The Medical Center computed its OPEB obligation utilizing an alternative measurement methodology permitted under GASB No. 75 in place of an actuarial valuation.

Postemployment benefit obligations for financial reporting purposes for the PEBP Plan are based on the PEBP Plan as understood by the Medical Center and include the types of benefits in force at June 30, 2020, and the pattern of sharing benefits costs between the Medical Center and plan members to that date.

Projections of benefits for financial reporting purposes for the PEBP Plan, do not explicitly incorporate the effect of legal or contractual funding limitations in the future. Calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in accrued postemployment benefit obligations.

Significant methods and assumptions are as follows:

Calculation date:	June 30, 2020
Funding method	Pay-as-you-go basis with no prefunding of OPEB liability
Asset valuation method:	Not applicable - No OPEB trust fund has been established
Discount rate (Bond Buyer General Obligation 20-year Bond Municipal Index)	3.51% as of June 30, 2020 3.87% as of June 30, 2019
Participants valued:	Only current PEBP retirees, no future entrants are considered
Other assumptions:	
Projected salary increases	Not applicable
Assumed wage inflation	Not applicable
Participant valued:	Only current PEBP retirees, no future entrants are considered
Mortality:	The U.S. Social Security Administration 2016 Period of Life table for males and females were used as being reasonably representative of the mortality experience of participants in the Plan.
Health Care Trend Rate:	The health care trend assumption was based on factors utilized in the State of Nevada Postretirement Health and Life Insurance Plan, measurement date July 1, 2020, which included national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data plan renewal data, and vendor Rx report with adjustments based on the specific cost sharing provisions of the benefits offered by the State of Nevada.

Note 13: Other Postemployment Benefits (Continued)

Changes in Total OPEB Obligations

Balance at July 1, 2019	$	155,065
Changes for the year:		
Changes in assumptions		(29,865)
Benefit payments		(8,376)
Balance at June 30, 2020	$	116,824

Sensitivity of the Total OPEB Obligation to Changes in the Discount Rate

The following presents the Medical Center's total OPEB obligation calculated using the discount rate of 3.51%, as well as what the District's total OPEB obligation would be if it were calculated using a discount rate that is 1 percentage point lower (2.51%) or 1 percentage point higher (4.51%) than the current rate.

1% Decrease	$	127,403
Current Discount Rate		116,824
1% Increase		111,530

Sensitivity of the Total OPEB Obligation to Changes in the Healthcare Cost Trend

The following presents the Medical Center's total OPEB obligation calculated using the healthcare cost trending from 6.5% to 4.5%, as well as what the District's total OPEB obligation would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current trend rate:

1% Decrease (5.5% to 3.5%)	$	109,487
Current Trend Rate (6.5% to 4.5%)		116,824
1% Increase (7.5% to 5.5%)		124,741

Note 14: Risk Management

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

The Medical Center has joined together with other rural hospitals throughout the State of Nevada to create the Liability Cooperative of Nevada (LiCON). LiCON, an interlocal cooperative public agency, was formed for the purpose of self-insuring professional and related lines of liability for eligible hospitals.

The Medical Center pays an annual premium and specific deductibles, as necessary, to LiCON for its general insurance coverage. LiCON is considered a self-sustaining risk pool that will provide professional and comprehensive general liability insurance for its members. The Medical Center's insurance covers losses of up to $5,050,000 per claim, with an $11,050,000 annual aggregate shared by all members.

The Medical Center's general liability insurance covers claims incurred during a policy year regardless of when the claim was filed (occurrence-based coverage), while the Medical Center's professional liability insurance covers claims reported during a policy year (claims-made coverage). Under an occurrence-based policy, the risk for claims and incidents not asserted within the policy period remains with the Medical Center. Although there exists the possibility of claims arising from incidents through June 30, 2020, which have not yet been asserted, the Medical Center is unable to determine the ultimate cost, if any, of such possible claims, and accordingly no provision has been made for them. LiCON also provides directors, officers, and trustees liability coverage of $1,250,000 per claim, with an annual aggregate of $5,000,000 shared by all members.

The Medical Center continues to carry commercial insurance for other risks of loss, including specific risks of loss not covered by LiCON and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Note 15: Concentration of Credit Risk

Financial instruments that potentially subject the Medical Center to credit risk consist principally of patient and resident accounts receivable. Patient and resident accounts receivable consist of amounts due from patients and residents, their insurers, or governmental agencies (primarily Medicare and Medicaid) for health care provided to the patients and residents. The majority of the Medical Center's patients and residents are from Lincoln County, Nevada, and the surrounding area.

The mix of receivables from patients, residents, and third-party payers consisted of the following at June 30:

	2020	2019
Medicare	33 %	22 %
Medicaid	8	5
Other third-party payors	22	30
Patients	37	43
Totals	100 %	100 %

Note 16: Functional Expenses

The Medical Center provides general health care services to residents within its geographic location. Expenses (including interest expenses) related to providing these services consisted of the following for the following for the years ended June 30:

	2020	2019
Health care services	$ 6,217,785	$ 5,432,371
Management and administrative	1,205,099	1,179,635
Total expenses	$ 7,422,884	$ 6,612,006

Note 17: COVID-19 Relief Funds

During 2020, the Medical Center received $2,669,720 in grant funding from the U.S. Department of Health and Human Services (HHS) Provider Relief Fund, which was established as a result of the CARES Act. Based on the terms and conditions of the grant, the Medical Center earns the grant by incurring healthcare-related expenses attributable to COVID-19 that another source has not reimbursed and is not obligated to reimburse, or by incurring lost revenues, defined as a negative change in year-over-year net patient care revenue. During 2020, the Medical Center recognized $90,605 in grant income related to this program, which reflects management's estimate of the amount of the grant earned, including consideration for uncertainties related to reporting guidance still developing as of the date the financial statements were available to be issued. During 2020, the Medical Center received other grants from federal and state agencies totaling $87,596 as a result of COVID-19, none of which has been recognized as grant income in 2020. As of June 30, 2020, the Medical Center recorded unearned revenue of $2,666,711 for the amount of grants received but not earned.

Note 18: Reclassifications

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 classifications.

Required Supplemental Information

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Schedules of Employer's Proportionate Share of the Net Pension Liability and Employer Contributions – Public Employees Retirement System of Nevada

Year Ended June 30, 2020

Schedule of the Employer's Proportionate Share of the Net Pension Liability

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportion (Amount) of the Net Pension Liability (a)	Employer's Covered-Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2019	0.04719 %	$ 6,435,001	$ 3,574,253	180.04 %	76.50 %
June 30, 2018	0.04514 %	6,155,510	3,210,116	191.75 %	75.20 %

Schedule of Employer Contributions

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to Statutorily Required Contribution	Contribution Deficiency (Excess) (a-b)	Covered-Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (b/d)
June 30, 2020	$ 743,944	$ 743,944	$ -	$ 3,574,253	20.81 %
June 30, 2019	657,779	657,779	-	3,414,172	19.27 %

See Independent Auditor's Report.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Schedule of Changes in Total Other Postemployment Obligations and Related Ratios

Year Ended June 30, 2020

Change in assumptions	$	(29,865)
Benefit payments		(8,376)
Net change in total OPEB obligation		(38,241)
Total obligation, July 1, 2019		155,065
Total obligation, June 30, 2020	$	116,824
Covered employee payroll		n/a
Total obligation as a percentage of covered-employee payroll		n/a
Notes to Schedule:		n/a
Changes in assumptions and other inputs reflect the effects of changes in discount rate each period. (The discount rate used to determine the July 1, 2018 values was 3.87%)		
Applicable discount rate		3.51%

See Independent Auditor's Report.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Budget Comparison

Year Ended June 30, 2020

	Actual	Budget	Variance Favorable (Unfavorable)
Revenue:			
Net patient and resident service revenue	$ 6,106,655	$ 6,367,327	$ (260,672)
Other revenue	418,385	394,458	23,927
Total revenue	6,525,040	6,761,785	(236,745)
Expenses			
Salaries	3,736,933	3,932,309	195,376
Benefits	1,567,780	1,295,076	(272,704)
Services and supplies	1,940,405	1,910,017	(30,388)
Depreciation and amortization	174,528	127,172	(47,356)
Total expenses	7,419,646	7,264,574	(155,072)
Gain (loss) from operations	(894,606)	(502,789)	(391,817)
Nonoperating revenue (expenses):			
Ad valorem taxes	814,007	638,972	175,035
Supplemental city/county relief tax	135,321	144,874	(9,553)
Other revenue	1,000	-	1,000
Grant revenue	90,605	-	90,605
Interest income	37,307	1,896	35,411
Unrealized gain on certificates of deposit	33,087	-	33,087
Interest expense	(3,238)	(284)	(2,954)
Total nonoperating revenue - Net	1,108,089	785,458	322,631
Excess of revenue over expenses - Net	$ 213,483	$ 282,669	$ (69,186)

See Independent Auditor's Report.

WIPFLI

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Board of Trustees
Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center
Caliente, Nevada

We have audited, in accordance with auditing standards generally accepted in the United States 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 Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center (the "Medical Center"), which comprise the statement of net position as of June 30, 2020, and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated November 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Medical Center's internal control over financial reporting ("internal control") to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Medical Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Medical Center's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section 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 and responses, 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. A material weakness is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2020.001 and 2020.002 to be material weaknesses.

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 the attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2020.003 and 2020.004 to be significant deficiencies.

WIPFLI

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Medical Center'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, including whether the funds established by the Medical Center, as described in Nevada Revised Statutes (NRS), Chapter 354.624 (5)(a)(1)-(5), complied with the express purposes required by NRS Chapter 354.6241. 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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as item 2020.005.

Responses to Findings

The Medical Center's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Medical Center's responses were not subject to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Medical Center'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 Medical Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

November 24, 2020
Oakland, California

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Schedule of Findings and Responses

Finding 2020.001 - Internal Control Over Preparation of the Financial Statements

Condition:	Management is responsible for the accuracy and completeness of all financial records and related information and establishing and maintaining internal controls for the fair presentation of financial statements and footnote disclosures in accordance with GAAP. Their responsibilities include adjusting the financial statements to correct material misstatements. Management contracts with a third party to assist in reviewing interim financial statements and to ensure accurate financial reporting. As part of our professional services for the year ended June 30, 2020, Wipfli LLP drafted the financial statements and related footnote disclosures. The outsourcing of these services is not unusual for similar-sized organizations as a result of management's cost-benefit decision to rely on outside accounting expertise rather than devote internal resources to prepare audited financial statements.
Criteria:	Government Auditing Standards considers the inability to report financial data reliably in accordance with GAAP to be an internal control deficiency.
Cause:	The completeness of the financial statement disclosures and the accuracy of the overall financial presentation are negatively impacted, since outside auditors do not have the same comprehensive understanding as its internal finance staff.
Effect:	The independent auditor's assistance in preparation of the financial statements to provide the necessary understanding of the current accounting and disclosure requirements represents a significant deficiency in the Medical Center's internal controls over financial reporting.
Recommendation:	We recommend management and those charged with governance continue to evaluate the degree of risk associated with this condition because of cost or other considerations.
View of responsible officials:	Management believes that committing the resources necessary to perform a review of the footnote disclosures for completeness would be a duplication of expenditures, since this is part of the cost of the audit engagement. In addition, the administrator and controller review internal financial statements on a monthly basis and present the results to the Board of Trustees.

Finding 2020.002 - Significant Adjustments

Condition:	Significant audit adjustments were identified and recorded.
Criteria:	Internal controls should be in place that provide for accurate reporting of financial information.
Cause:	There were not effective controls in place to estimate the third-party settlements, record the change in the net pension liability, record change in inventory, record change in accrual accounts, estimate the allowance for AR contractuals and bad debt, reconcile prepaids, adjust capital assets, record amortization of goodwill, adjust investments, adjust debt and record the change in liability for other postemployment benefits in accordance with GASB 75.
Effect:	Significant audit entries were recorded in areas noted above.
Recommendation:	Management should implement controls that provide reasonable assurance that accounts are being reconciled on a monthly basis, all activity is recorded in the general ledger and third-party settlements is accurately recorded by reviewing third-party settlements on a quarterly basis.
View of responsible officials:	Management relies on Wipfli LLP to prepare the annual cost report and adjust for the annual fiscal year settlement estimates. Management will implement a process to ensure that accounts are reconciled on a monthly basis and all activity is accounted for in the general ledger.

Finding 2020.003 - Controls Within the Accounting Department

Condition:	Access to the General Ledger, Subsidiary Ledgers, and Assets of the Medical Center - The controller and certain other individuals have the ability to make changes in the general ledger and subsidiary ledgers including fixed assets, accounts payable, and payroll-related ledgers. These individuals also have access to general assets of the Medical Center, including bank accounts. The lack of segregation of duties creates risk of significant errors or fraudulent transactions, leading to the potential of materially misstated financial statements.
Criteria:	Internal controls that provide for proper segregation of duties should be in place.
Cause:	In an organization with a small number of personnel in its business office and accounting department, there may be an inadequate segregation of duties. This results in certain internal control limitations.
Effect:	Because of this lack of segregation of duties, the potential for misappropriated assets exists.
Recommendation:	Management should establish proper mitigating review procedures to be performed by someone who would not have access to the general ledger, subsidiary ledgers, and assets of the Medical Center.
View of responsible officials:	Considering the size of our facility and financial status, management believes that the current segregation of duties is sufficient to protect the facility from significant errors or fraudulent transactions.

Finding 2020.004 - Controls Within the Business Office

Condition:	Accounts Receivable - Primary responsibilities fail to segregate the duties of entering charges, reconciling the log of incoming receipts to amounts posted to accounts receivable, posting cash receipts, and posting miscellaneous adjustments to accounts receivable.
Criteria:	Internal controls that provide for proper segregation of duties should be in place.
Cause:	In an organization with a small number of personnel in its business office and accounting department, there may be an inadequate segregation of duties. This results in certain internal control limitations.
Effect:	Because of this lack of segregation of duties, the potential for misappropriated assets exists.
Recommendation:	Management should establish proper segregation of duties by removing access to cash receipts from any individual with the ability to post to the accounts receivable subsidiary ledger.
View of responsible officials:	Considering the size of our facility and financial status, management believes that the current segregation of duties is sufficient to protect the facility from significant errors or fraudulent transactions.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Schedule of Findings and Responses (Continued)

Finding 2020.005 - Violation of Statute

Condition:	The Medical Center had actual operating and nonoperating expenses in excess of budgeted appropriations for the year ended June 30, 2020.
Criteria:	In accordance with state statute, actual expenses may not exceed the sum of budgeted operating and nonoperating expenses. Pursuant to NRS 354.626, during any fiscal year, the Medical Center may not expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated for that function, other than bond repayments, medium-term obligation repayments, and any other long-term contract expressly authorized by law.
Cause:	There were not effective internal controls in place to mitigate the occurrence of expending operating and nonoperating expenses in excess of budgeted appropriations.
Effect:	Expending amounts in excess of budgeted appropriations resulted in a reportable finding as a violation of compliance with Nevada Revised Statutes.
Recommendation:	Management should implement procedures to ensure the Medical Center does not expend funds in excess of appropriated budget amounts.
View of responsible officials:	Management will implement procedures to monitor and comply with the NRS to ensure they do not expend operating and nonoperating expenses in excess of budgeted appropriations.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Schedule of Prior-Year Findings and Responses

Finding 2019.001 - Internal Control Over Preparation of the Financial Statements

Condition:	Management is responsible for the accuracy and completeness of all financial records and related information and establishing and maintaining internal controls for the fair presentation of financial statements and footnote disclosures in accordance with GAAP. Their responsibilities include adjusting the financial statements to correct material misstatements. Management contracts with a third party to assist in reviewing interim financial statements and to ensure accurate financial reporting. As part of our professional services for the year ended June 30, 2019, Wipfli LLP drafted the financial statements and related footnote disclosures. The outsourcing of these services is not unusual for similar-sized organizations as a result of management's cost-benefit decision to rely on outside accounting expertise rather than devote internal resources to prepare audited financial statements.
Criteria:	Government Auditing Standards considers the inability to report financial data reliably in accordance with GAAP to be an internal control deficiency.
Current Status:	Finding is repeated in the current schedule of findings and responses (2020.001).

Finding 2019.002 - Significant Adjustments

Condition:	Significant audit adjustments were identified and recorded.
Criteria:	Internal controls should be in place that provide for accurate reporting of financial information.
Current Status:	Finding is repeated in the current schedule of findings and responses (2020.002).

Finding 2019.003 - Credit Balances in Accounts Receivable

Condition:	Credit balances in accounts receivable were not being reconciled on a timely basis by the appropriate personnel. This has resulted in a large amount of credit balance in accounts receivable.
Criteria:	Internal controls should be in place that provide for timely review and resolving of credit balances and a process to review and resolve the significant amount of old credit balances.
Current Status:	Finding has been addressed & issue resolved for the year ended June 30, 2020.

Lincoln County Hospital District, d/b/a Grover C. Dils Medical Center

Schedule of Prior-Year Findings and Responses (Continued)

Finding 2019.004 - Controls Within the Accounting Department

Condition:	Access to the General Ledger, Subsidiary Ledgers, and Assets of the Medical Center - The controller and certain other individuals have the ability to make changes in the general ledger and subsidiary ledgers including fixed assets, accounts payable, and payroll-related ledgers. These individuals also have access to general assets of the Medical Center, including bank accounts. The lack of segregation of duties creates risk of significant errors or fraudulent transactions, leading to the potential of materially misstated financial statements.
Criteria:	Internal controls that provide for proper segregation of duties should be in place.
Current Status:	Finding is repeated in the current schedule of findings and responses (2020.003).

Finding 2019.005 - Controls Within the Business Office

Condition:	Accounts Receivable - Primary responsibilities fail to segregate the duties of entering charges, reconciling the log of income receipts to amounts posted to accounts receivable, posting cash receipts, and posting miscellaneous adjustments to accounts receivable.
Criteria:	Internal controls that provide for proper segregation of duties should be in place.
Current Status:	Finding is repeated in the current schedule of findings and responses (2020.004).

Finding 2019.006 - Violation of Statute

Condition:	The Medical Center had actual operating and nonoperating expenses in excess of budgeted appropriations for the year ended June 30, 2019.
Criteria:	Management should implement procedures to ensure the Medical Center does not expend funds in excess of appropriated budget amounts.
Current Status:	Finding is repeated in the current schedule of findings and responses (2020.005).

Grover C. Dils Medical Center
Bringing Quality Healthcare to the High Desert

Nevada Department of Taxation
3850 Arrowhead Dr., 2nd Floor
Carson City, NV 89706

LINCOLN COUNTY HOSPITAL DISTRICT dba
GROVER C. DILS MEDICAL CENTER herewith submits the ~~TENTATIVE~~ Final me budget for the
fiscal year ending June 30, 2025

This budget contains 1 funds, including Debt Service, requiring property tax revenues totaling $ 851,437

The property tax rates computed herein are based on preliminary data. If the final state computed revenue limitation permits, the tax rate will be increased by an amount not to exceed 1%. If the final computation requires, the tax rate will be lowered.

This budget contains 0 governmental fund types with estimated expenditures of $ 0 and
1 proprietary funds with estimated expenses of $ 14,328,878

Copies of this budget have been filed for public record and inspection in the offices enumerated in NRS 354.596 (Local Government Budget and Finance Act).

CERTIFICATION

I Melissa Rowe
(Print Name)
Administrator/CEO
(Title)
certify that all applicable funds and financial operations of this Local Government are listed herein

Signed: Melissa Rowe

Dated: May 28, 2024

Phone: 775-726-8005

APPROVED BY THE GOVERNING BOARD
Only necessary for **FINAL** Budget
(Signature by Docusign is acceptable)

Mick Slaugh

Sharon Lee

Douglas Miller

SCHEDULED PUBLIC HEARING:
(Must be held from May 20, 2024 to May 31, 2024)

Date and Time: May 28, 2024 @ 5:30PM

Publication Date: Friday, May 17, 2024

Place: GROVER C. DILS MEDICAL CENTER CONFERNCE ROOM
700 N. SRING STREET, ADMIN BUILDING, CALIENTE, NV 8900

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Schedule 1



2024-2025 BUDGET INDEX

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FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION

	ACTUAL PRIOR YEAR YEAR 06/30/23	ESTIMATED CURRENT YEAR YEAR 06/30/24	BUDGET YEAR YEAR 06/30/25
General Government			
Judicial			
Public Safety			
Public Works			
Sanitation			
Health			
Welfare			
Culture and Recreation			
Community Support			
TOTAL GENERAL GOVERNMENT			
Utilities			
Hospitals	75	86	91
Transit Systems			
Airports			
Other			
TOTAL			

POPULATION (AS OF JULY 1)	5188	4971	4808
SOURCE OF POPULATION ESTIMATE*			
Assessed Valuation (Secured and Unsecured Only)	306573341	315023149	357927161
Net Proceeds of Mines	0	0	0
TOTAL ASSESSED VALUE	306573341	315023149	357927161
TAX RATE			
General Fund			
Special Revenue Funds			
Capital Projects Funds			
Debt Service Funds	0.2679	0.2679	0.2679
Enterprise Fund			
Other			
TOTAL TAX RATE	0.2679	0.2679	0.2679

*** Use the population certified by the state in March each year. Small districts may use a number developed per the instructions (page 6) or the best information available.**

LINCOLN COUNTRY HOSPITAL DISTRICT
(Local Government)

SCHEDULE S-2 - STATISTICAL DATA

EXHIBIT 9

PROPERTY TAX RATE AND REVENUE RECONCILIATION

FISCAL YEAR 2024-2025

	(1) ALLOWED TAX RATE	(2) ASSESSED VALUATION	(3) ALLOWED AD VALOREM REVENUE [(1) X (2)/100]	(4) TAX RATE LEVIED	(5) TOTAL AD VALOREM REVENUE WITH NO CAP [(2, line A)X(4)/100]	(6) AD VALOREM TAX ABATEMENT [(5) - (7)]	(7) AD VALOREM REVENUE WITH CAP
OPERATING RATE: A. PROPERTY TAX Subject to Revenue Limitations	1.0103	357,927,161	3,616,138	0.2679	958,887	107,450	851,437
B. PROPERTY TAX Outside Revenue Limitations: Net Proceeds of Mines					XXXXXXXXXXXXXXXX		
VOTER APPROVED: C. Voter Approved Overrides							
LEGISLATIVE OVERRIDES D. Accident Indigent (NRS 428.185)							
E. Indigent (NRS 428.285)							
F. Capital Acquisition (NRS 354.59815)							
G. Youth Services Levy (NRS 62B.150, 62B.160)							
H. Legislative Overrides							
I. SCCRT Loss (NRS 354.59813)	0.0604		216,077				
J. Other:							
K. Other:							
L. SUBTOTAL LEGISLATIVE OVERRIDES	0.0604						
M. SUBTOTAL A, C, L	**1.0707**	**357,927,161**	**3,832,215**	**0.2679**	**958887**	**107450**	**851,437**
N. Debt							
O. TOTAL M AND N	**1.0707**	**357,927,161**	**3,832,215**	**0.02679**	**958887**	**107450**	**851437**

LINCOLN COUNTY HOSPITAL DISTRICT
(Local Government)
SCHEDULE S-3 - PROPERTY TAX RATE
AND REVENUE RECONCILIATION

The Allowed Revenue required for column 3 can be obtained from the March 15 Final Revenue Projections or manually calculated. If an entity chooses to budget for an amount in column 5 which is lower or higher than the amount produced by the formula, please attach an explanation.

FORM 4404LGF

Last Revised 5/28/2024

SCHEDULE A - ESTIMATED REVENUES & OTHER RESOURCES - GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS & TAX SUPPORTED PROPRIETARY FUND TYPES

Budget For Fiscal Year Ending June 30, 2025

Budget Summary for LINCOLN COUNTY HOSPITAL DISTRICT
(Local Government)

GOVERNMENTAL FUNDS AND EXPENDABLE TRUST FUNDS FUND NAME	BEGINNING FUND BALANCES (1)	CONSOLIDATED TAX REVENUE (2)	PROPERTY TAX REQUIRED (3)	TAX RATE (4)	OTHER REVENUE (5)	OTHER FINANCING SOURCES OTHER THAN TRANSFERS IN (6)	OPERATING TRANSFERS IN (7)	TOTAL (8)
General		172703.41	851437	0.2679				
DEBT SERVICE								
Subtotal Governmental Fund Types, Expendable Trust Funds								
PROPRIETARY FUNDS								
	XXXXXXXXXX	172703.41	851437	0.02679	XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
	XXXXXXXXXX				XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
	XXXXXXXXXX				XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
	XXXXXXXXXX				XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
	XXXXXXXXXX				XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
Subtotal Proprietary Funds	XXXXXXXXXX				XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
TOTAL ALL FUNDS	XXXXXXXXXX	172703.41	851437	0.02679	XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX

EXHIBIT 9

SCHEDULE A-2 PROPRIETARY AND NONEXPENDABLE TRUST FUNDS

Budget For Fiscal Year Ending June 30, 2025

Budget Summary for LINCOLN COUNTY HOSPITAL DISTRICT
(Local Government)

FUND NAME	*	OPERATING REVENUES (1)	OPERATING EXPENSES (2) **	NONOPERATING REVENUES (3)	NONOPERATING EXPENSES (4)	OPERATING TRANSFERS IN (5)	OPERATING TRANSFERS OUT(6)	NET INCOME (7)
HOSPITAL		9527437	14310617	4696140	18261			-105301
TOTAL		9527437	14310617	4696140	18261	0	0	-105301

* FUND TYPES: E - Enterprise
I - Internal Service
N - Nonexpendable Trust

** Include Depreciation

Page: 6
SCHEDULE A-2

PROPRIETARY FUND	(1) ACTUAL PRIOR YEAR ENDING 6/30/2023	(2) ESTIMATED CURRENT YEAR ENDING 6/30/2024	(3) BUDGET YEAR ENDING 06/30/25 TENTATIVE APPROVED	(4) BUDGET YEAR ENDING 06/30/25 FINAL APPROVED
OPERATING REVENUE				
GROSS HOSPITAL PATIENT REVENUE	9134809	10933125	11816174	11832121
GROSS CLINIC PATIENT REVENUE	1426566	1567098	1884406	1884406
MINUS BAD DEBT	-300565	-578642	-685029	-685826
MINUS CONTRACTUAL ADJUSTMENT	-3190264	-3875069	-4247180	-4252123
OTHER REVENUE	400044	713050	613049	748859
Total Operating Revenue	7470590	8759562	9381420	9527437
OPERATING EXPENSE				
SALARIES	4259161	4829379	5562763	5365966
EMPLOYEE BENEFITS	1940714	2452586	2169553	2193891
PROFESSIONAL FEES AND PURCHASE SVCS	898452	914849	1178655	1278655
SUPPLIES AND OTHER EXPENSES	1367308	1511210	1512658	1512658
CAPITAL EXPENSES		291109	3565000	3565000
Depreciation/Amortization	373275	381647	389280	394447
Total Operating Expense	8838910	10380780	14377909	14310617
Operating Income or (Loss)	-1368320	-1621218	-4996489	-4783180
NONOPERATING REVENUES				
Interest Income	8615	57855	102000	102000
Property Taxes - Ad Valorem	801206	802168	851437	851437
Noncapital Donations	20823	6000	5000	5000
Consolidated Tax	149172	149439	172703	172703
Grant revenue	458363	291109	3565000	3565000
Total Nonoperating Revenues	1438179	1306571	4696140	4696140
NONOPERATING EXPENSES				
Interest Expense	-10912	-17391	-18261	-18261
Total Nonoperating Expenses	-10912	-17391	-18261	-18261
Net Income before Operating Transfers	58947	-297256	-318610	-105301
Transfers (Schedule T)				
In				
Out				
Net Operating Transfers				
CHANGE IN NET POSITION	58947	-297256	-318610	-105301

LINCOLN COUNTY HOSPITAL DISTRICT
(Local Government)

SCHEDULE F-1 REVENUES, EXPENSES AND NET POSITION

FUND_____ HOSPITAL

PROPRIETARY FUND	(1) ACTUAL PRIOR YEAR ENDING 6/30/2023	(2) ESTIMATED CURRENT YEAR ENDING 6/30/2024	(3) BUDGET YEAR ENDING 06/30/25 TENTATIVE APPROVED	(4) BUDGET YEAR ENDING 06/30/25 FINAL APPROVED
A. CASH FLOWS FROM OPERATING ACTIVITIES:				
CASH RECEIVED FROM PATIENTS	6649146	8046512	8768371	8778578
PAYMENTS TO SUPPLIERS	-2188945	-3098815	-2691313	-2791313
PAYMENTS TO EMPLOYEED AND BENEFITS	-5933529	-7281965	-7732316	-7559857
OTHER RECEIPTS AND PAYMENTS	372234	713050	613049	748859
a. Net cash provided by (or used for) operating activities	-1101094	-1621218	-1042209	-823733
B. CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
AD VALOREM TAXES	801206	802168	851437	851437
SUPPLEMENTAL RELIEF TAX	149172	149439	172703	172703
NONCAPITAL DONATIONS	20823	6000	5000	5000
b. Net cash provided by (or used for) noncapital financing activities	971201	957607	1029140	1029140
C. CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
CAPITAL EXPENDITURES	-811886	-291109	-3565000	-3565000
PROCEEDS FROM SALE OF PROPERTY AND EQUIP	1629	0	0	0
INTEREST PAYMENTS ON LONG-TERM DEBT	-10912	-17391	-18261	-18261
PRINCIPAL PAYMENTS ON LONG-TERM DEBT	-3506	0	0	0
GRANT		291109	3565000	3565000
c. Net cash provided by (or used for) capital and related financing activities	-824675	-17391	-18261	-18261
D. CASH FLOWS FROM INVESTING ACTIVITIES:				
INTEREST INCOME	8615	57855	102000	102000
PURCHASE OF INVESTMENTS	-257366	0	0	0
d. Net cash provided by (or used in) investing activities	-248751	57855	102000	102000
NET INCREASE (DECREASE) in cash and cash equivalents (a+b+c+d)	-1203319	-623147	70670	289146
CASH AND CASH EQUIVALENTS AT 1-Jul-22	3990077	2786758	2163611	2163611
CASH AND CASH EQUIVALENTS AT 30-Jun-23	2786758	2163611	2234281	2452757

LINCOLN COUNTY HOSPITAL DISTRICT
(Local Government)

SCHEDULE F-2 STATEMENT OF CASH FLOWS

FUND _____HOSPITAL_____

EXHIBIT 9

ALL EXISTING OR PROPOSED
GENERAL OBLIGATION BONDS, REVENUE BONDS,
MEDIUM-TERM FINANCING, CAPITAL LEASES AND
SPECIAL ASSESSMENT BONDS

* - Type
1 - General Obligation Bonds
2 - G.O. Revenue Supported Bonds
3 - G.O. Special Assessment Bonds
4 - Revenue Bonds
5 - Medium-Term Financing
6 - Medium-Term Financing - Lease Purchase
7 - Capital Leases
8 - Special Assessment Bonds
9 - Mortgages
10 - Other (Specify Type)
11 - Proposed (Specify Type)

(1) NAME OF BOND OR LOAN List and Subtotal By Fund	(2) TYPE *	(3) TERM	(4) ORIGINAL AMOUNT OF ISSUE	(5) ISSUE DATE	(6) FINAL PAYMENT DATE	(7) INTEREST RATE	(8) BEGINNING OUTSTANDING BALANCE 7/1/2024	(9) REQUIREMENTS FOR FISCAL YEAR ENDING 06/30/25 INTEREST PAYABLE	(10) PRINCIPAL PAYABLE	(11) (9)+(10) TOTAL
FUND							$	$	$	$
NONE							$	$	$	$
							$	$	$	$
							$	$	$	$
							$	$	$	$
							$	$	$	$
							$	$	$	$
							$	$	$	$
							$	$	$	$
							$	$	$	$
							$	$	$	$
							$	$	$	$
							$	$	$	$
							$	$	$	$
TOTAL ALL DEBT SERVICE										

SCHEDULE C-1 - INDEBTEDNESS
LINCOLN COUNTY HOSPITAL DISTRICT
(Local Government)

LOBBYING EXPENSE ESTIMATE

Pursuant to NRS 354.600 (3), **each** (emphasis added) local government budget must obtain a separate statement of anticipated expenses relating to activities designed to influence the passage or defeat of legislation in an upcoming legislative session.

Nevada Legislature: 83rd Session; February 3, 2025 to June 3, 2025

1. Activity: _____

2. Funding Source: _____

3. Transportation	$ _____
4. Lodging and meals	$ _____
5. Salaries and Wages	$ _____
6. Compensation to lobbyists	$ _____
7. Entertainment	$ _____
8. Supplies, equipment & facilities; other personnel and services spent in Carson City	$ _____
Total	$ -

Entity: LINCOLN COUNTY HOSPITAL DISTRICT dba Grover C. Dils Medical Center

Budget Year 2024-2025

10
Schedule 30

SCHEDULE OF EXISTING CONTRACTS

Budget Year 2024-2025

Local Government: LINCOLN COUNTY HOSPITAL DISTRICT

Contact: JOLYNN CARDINAL

E-mail Address: jcardinal@gcdmc.org

Daytime Telephone: 775-726-8012

Total Number of Existing Contracts: 2

Line	Vendor	Effective Date of Contract	Termination Date of Contract	Proposed Expenditure FY 2024-25	Proposed Expenditure FY 2025-26	Reason or need for contract:
1	*BLAIRE PICKERING*	*5/4/2022*	*5/4/2024*	*$ 12,000*	*$ 12,000.00*	DIETICIAN REQUIREED BY STATE
2	MSAN	10/1/2022	10/1/2024	*$ 21,600*	*$ 21,600.00*	LAB DIRECTOR
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20	Total Proposed Expenditures			$ 33,600	$ 33,600.00	

Additional Explanations (Reference Line Number and Vendor):

SCHEDULE OF PRIVATIZATION CONTRACTS

Budget Year 2024-2025

Local Government: LINCOLN COUNTY HOSPTIAL DISTRICT

Contact: JOLYNN CARDINAL

E-mail Address: jcardinal@gcdmc.org

Daytime Telephone: 775-726-8012

Total Number of Privatization Contracts: 0

Line	Vendor	Effective Date of Contract	Termination Date of Contract	Duration (Months/ Years)	Proposed Expenditure FY 2024-25	Proposed Expenditure FY 2025-26	Position Class or Grade	Number of FTEs employed by Position Class or Grade	Equivalent hourly wage of FTEs by Position Class or Grade	Reason or need for contract:
1	NONE									
2										
3										
4										
5										
6										
7										
8	Total									

Page: 12

Attach additional sheets if necessary.

Schedule 32

Lincoln County Record
LINCOLN COUNTY
RECORD

Publication Name:
Lincoln County Record

Publication URL:
lccentral.com/

Publication City and State:
Caliente, NV

Publication County:
Lincoln

Notice Popular Keyword Category:

Notice Keywords:

Notice Authentication Number:
20240528153227466335 2
3354498837

Notice URL:

Back

Notice Publish Date:
Friday, May 17, 2024

Notice Content

PUBLIC NOTICE
BUDGET HEARING
LINCOLN COUNTY HOSPITAL DISTRICT
Notice is hereby given that a Public Hearing will be held Tuesday, May 28, 2023 at 5:30 p.m. The subject of the public hearing will be a discussion on the tentative 2024-2025 fiscal year budget prepared in such detail and on appropriate forms as prescribed by the Department of Taxation and to vote to adopt the tentative budget with revisions as the final budget of the Lincoln County Hospital District. Copies of the tentative budget are on file at the Controller's office of Grover C. Dils Medical Center. The meeting will be held in the Administration Conference room of Grover C. Dils Medical Center in Caliente, Nevada.
Submitted by Mick Lloyd, Chairman, Board of Trustees.
Lincoln County Hospital District doing business as Grover C. Dils Medical Center.
Publish May 17 and 24, 2024.

Back

Lincoln County Record
LINCOLN COUNTY
RECORD

Publication Name:
Lincoln County Record

Publication URL:
lccentral.com/

Publication City and State:
Caliente, NV

Publication County:
Lincoln

Notice Popular Keyword Category:

Notice Keywords:

Notice Authentication Number:
202405281531488404962
3354498837

Notice URL:

Back

Notice Publish Date:
Friday, May 24, 2024

Notice Content

PUBLIC NOTICE
BUDGET HEARING
LINCOLN COUNTY HOSPITAL DISTRICT
Notice is hereby given that a Public Hearing will be held Tuesday, May 28, 2023 at 5:30 p.m. The subject of the public hearing will be a discussion on the tentative 2024-2025 fiscal year budget prepared in such detail and on appropriate forms as prescribed by the Department of Taxation and to vote to adopt the tentative budget with revisions as the final budget of the Lincoln County Hospital District. Copies of the tentative budget are on file at the Controller's office of Grover C. Dils Medical Center. The meeting will be held in the Administration Conference room of Grover C. Dils Medical Center in Caliente, Nevada.
Submitted by Mick Lloyd, Chairman, Board of Trustees.
Lincoln County Hospital District doing business as Grover C. Dils Medical Center.
Publish May 17 and 24, 2024.

Back

HELP WANTED

we aim to identify candidates who possess the unique blend of skills, experience, and vision required to excel in this critical role.

2. Promoting Confidence and Transparency: It is essential that our community, stakeholders, and organization have full confidence in the selection process and the eventual appointee. Whether the best candidate emerges from within our organization or from outside, our commitment to transparency ensures that the chosen individual will be the most qualified to lead the Adventure Center into the future.

Position Description
- **Job Title:** Adventure Center Manager
- **Reports To:** The Lincoln County Authority of Tourism (LCAT) Board of Directors
- **Hours:** 40 hours/week – 1099 Contract Position
- **Starting Salary:** $18.00-$22.00/hour based on qualifications and experience
- **Benefits:** Flexible schedule

Desired Qualifications:
- Education or experience related to communication, tourism, marketing, event promotion, community engagement, or outdoor recreation are preferred.
- Should have a minimum of three years of increasingly responsible experience in outdoor tourism.
- Proficiency with computers, office technology, Microsoft Office products, and a variety of digital platforms.
- Strong organizational skills that reflect ability to perform and prioritize multiple tasks seamlessly with excellent attention to detail.
- Excellent written and verbal communication skills.
- Demonstrate proactive approaches to problem-solving with strong decision-making capability.

About Us:
The Lincoln County Authority of Tourism is a Nevada domestic non-profit corporation dedicated to furthering the vibrancy and growth of our county. Everything we do is rooted in the mission to grow tourism in Lincoln County through marketing and advertising to increase, support, and improve our county's economic sustainability. We work to enhance, promote, and advocate for our beautiful assets, the communities they benefit, and the businesses and organizations that make Lincoln County the wonderful place that it is!

About the Position:
Based on our 10-year destination development plan we are committed to developing compelling products and services to increase visitation and recognizable economic impact. As the Adventure Center Manager, you will have the opportunity to be involved in the creation of an exciting new phase in reaching our tourism potential. In this role you will continue where LCAT started, to nurture and build partnerships with land managers, and create new experiences while connecting partners and visitors together for memorable adventures.

As the Adventure Center Manager, you will be responsible for providing strategic leadership, fostering collaboration among stakeholders, and overseeing the day-to-day operations of the organization. You will work closely with our Board of Directors, volunteers, and community partners to advance our mission and achieve our goals.

How to Apply:
Send your cover letter and a resume in an email to LCATnv@gmail.com by June 15, 2024. Please make the subject line: "Adventure Center Manager."

Qualified candidates will be contacted to schedule interviews and begin next steps.

Lincoln County Authority of Tourism is an equal-opportunity employer.
All qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, disability, or veteran status.

For additional details, visit LincolnCountyNevada.com/jobs

LEGALS

**NOTICE TO LINCOLN COUNTY RESIDENTS:
VOTER REGISTRATION DEADLINES
JUNE 11, 2024 PRIMARY ELECTION**

Pursuant to NRS 293.560, notice of the following voter registration deadlines is hereby given for the June 11, 2024 Primary Election.

PLEASE VERIFY YOUR VOTER REGISTRATION on the Nevada Secretary of State's online registration link (www.registertovote.nv.gov) or by contacting the County Clerk's Office at (775) 962-8077 prior to the below deadlines.

5/14/2024 IN-PERSON AND POSTMARKED MAIL VOTER REGISTRATION DEADLINE

5/15 – 5/28/2024 REGISTER TO VOTE ONLINE
To register online you must have a Nevada Driver's License or Nevada issued Identification Card or a Social Security Number. No other forms of registration will be accepted by the Clerk's Office during this time period. Online registration: (www.registertovote.nv.gov)

5/29 – 6/11/2024 IN-PERSON SAME DAY VOTER REGISTRATION AND REGISTRATION UPDATES
In-person voter registration and registration updates will be facilitated at the polling location. A valid Nevada Driver's License or Nevada issued Identification Card and proof of residency is required. New registrants will be issued a provisional ballot.

IMPORTANT: If you have moved to another county within the State of Nevada you are required to register to vote in your new county.

Lisa Lloyd
Lincoln County Clerk
Publish May 10, 17, 24 and 31, 2024

LEGALS

APPLICATION FOR WATER NO. 93420

NOTICE IS HEREBY GIVEN, that on the 8th day of April 2024 Steven H. & Debbie K. Meldrum of Alamo, Nevada made application to the State Engineer of Nevada for permission to change the point of diversion and place of use of 0.345 c.f.s., 71.76 a.f.a., a portion of water heretofore appropriated under Permit 26638, Certificate 9368. Water will be diverted from an underground source at a point located within the SE1/4 NE1/4 Section 17, T7S, R61E, MDB&M, or at a point from which the NW corner of said Section 17 bears N 67 degrees 03 minutes 25 seconds W, a distance of 4,539.14 feet (approx. 1 mile South of Alamo, NV). Water will be used for irrigation purposes from January 1st to December 31st of each year. The existing point of diversion was located within the NW1/4 NE1/4 Section 17, T7S, R61E, MDB&M, or at a point from which the N1/4 corner of said Section 17 bears N 63 degrees 20 minutes W, a distance of 1,160 feet. Water was used for irrigation purposes from January 1st to December 31st of each year.
Adam Sullivan, P.E.
State Engineer
AS/ls
Date of first publication: 4/26/24
Date of last publication: 5/17/24

NOTICE TO

SEVENTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA IN AND FOR THE COUNTY OF LINCOLN Case No.: PR 0400924
Dept. No.: 2
In the Matter of the Estate of
Crystal Lynn Mouzon, aka Crystal L. Mouzon, Deceased.
Notice is hereby given that on the 9th day of April 2024, the undersigned was duly appointed and qualified by the above-entitled Court as Personal Representative of the Estate of Crystal Lynn Mouzon, Deceased. All creditors having claims against the Estate are required to file their claims, with supporting documentation attached, with the Clerk of the Court, Probate Court, located at 181 North Main Street, Pioche, Nevada 89043, within 60 days after the first publication of this Notice.
Submitted By:
Kirk D. Kaplan, Esq.
Nevada Bar No.: 005683
La Juania Mouzon, Personal Representative
6980 O'Bannon Drive, Suite 100
CREST KEY, PROF., LLC
Las Vegas, Nevada 89117
Telephone: (702) 202-4153
Facsimile: (702) 837-1879
Kirk@CRESTKEY.com
Attorney for the Estate of Crystal Lynn Mouzon
Publish May 3, 10, and 17, 2024

LINCOLN COUNTY ORDINANCE #2024-01

AN ORDINANCE TO ADOPT AN AMENDMENT TO THE CURRENT DEVELOPMENT AGREEMENT BETWEEN THE COUNTY OF LINCOLN AND COYOTE SPRINGS INVESTMENT LLC FOR A 27,500+ ACRE, MIXED USE MASTER PLANNED COMMUNITY GENERALLY LOCATED EAST OF U.S. HIGHWAY 93 AND NORTH OF THE LINCOLN COUNTY/ CLARK COUNTY BOUNDARY, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO.

NOTICE IS HEREBY GIVEN that typewritten copies of the above numbered and entitled ordinance were available for inspection by all interested parties at the Office of the Lincoln County Clerk, Lincoln County Courthouse, Pioche, Nevada; and that said ordinance was proposed by Commissioner Woodworth on March 18, 2024 and following a public hearing, was passed and adopted at a regular meeting on May 6, 2024 by the following vote of the Board of County Commissioners:

THOSE VOTING AYE:
Commissioners Higbee, Pearson, Reese, Woodworth and Path
THOSE VOTING NAY: None
THOSE ABSENT AND NOT VOTING: None
THOSE ABSTAINING FROM VOTE: None

This Ordinance shall take effect and be in force from and after its passage and the publication thereof by title only, in a newspaper published in and having general circulation in Lincoln County, Nevada.

IN WITNESS WHEREOF, the Board of County Commissioners of Lincoln County, Nevada, has caused this ordinance to be published by title only.

DATED this 9th day of May, 2024.
Publish May 17 and 24, 2024.

**PUBLIC NOTICE
BUDGET HEARING
PUBLIC NOTICE OF BUDGET HEARING FOR
LINCOLN COUNTY SCHOOL DISTRICT**

Notice is hereby given that the Lincoln County Board of School Trustees will conduct a hearing for the 2024-2025 Tentative Budget on Tuesday, May 29, 2024, 12:00 p.m. at the School District Office in Panaca, Nevada.
Publish: May 17 and 24, 2024.

Notice of Public Hearing

The Lincoln County Water District will be conducting a public hearing on their Tentative Budget and subsequently adopt it as the Final Budget for the 2024-2025 fiscal year, on Monday, May 20, 2024, 10:00 a.m., at the Lincoln County Courthouse Commissioner's Chambers in Pioche, NV.
Publish May 10 and 17, 2024.

**PUBLIC NOTICE
BUDGET HEARING
PUBLIC NOTICE OF BUDGET HEARING FOR
PIOCHE FIRE DISTRICT**

Notice is hereby given that the Pioche Fire District will conduct a hearing for the 2024-2025Tentative Budget and 2024-2025 Final Budget on Thursday, May 23, 2024, 6:30 p.m. at Pioche Fire District Office, 357 Airport Road, Pioche, NV 89043
Publish: May 10,& 17, 2024.

**PUBLIC NOTICE
BUDGET HEARING
LINCOLN COUNTY HOSPITAL DISTRICT**

Notice is hereby given that a Public Hearing will be held Tuesday, May 28, 2023 at 5:30 p.m. The subject of the public hearing will be a discussion on the tentative 2024-2025 fiscal year budget prepared in such detail and on appropriate forms as prescribed by the Department of Taxation and to vote to adopt the tentative budget with revisions as the final budget of the Lincoln County Hospital District. Copies of the tentative budget are on file at the Controller's office of Grover C. Dils Medical Center. The meeting will be held in the Administration Conference room of Grover C. Dils Medical Center in Caliente, Nevada.
Submitted by Mick Lloyd, Chairman, Board of Trustees.
Lincoln County Hospital District doing business as Grover C. Dils Medical Center.
Publish May 17 and 24, 2024.

Subscribe to the Lincoln County Record at LCCentral.com or call (775)725-3232

LEGALS

5/29 – 6/11/2024 IN-PERSON SAME DAY VOTER REGISTRATION AND REGISTRATION UPDATES
In-person voter registration and registration updates will be facilitated at the polling location. A valid Nevada Driver's License or Nevada issued Identification Card and proof of residency is required. New registrants will be issued a provisional ballot.

IMPORTANT: If you have moved to another county within the State of Nevada you are required to register to vote in your new county.

Lisa Lloyd
Lincoln County Clerk
Publish May 10, 17, 24 and 31, 2024

LINCOLN COUNTY ORDINANCE #2024-01

AN ORDINANCE TO ADOPT AN AMENDMENT TO THE CURRENT DEVELOPMENT AGREEMENT BETWEEN THE COUNTY OF LINCOLN AND COYOTE SPRINGS INVESTMENT LLC FOR A 27,500+ ACRE, MIXED USE MASTER PLANNED COMMUNITY GENERALLY LOCATED EAST OF U.S. HIGHWAY 93 AND NORTH OF THE LINCOLN COUNTY/CLARK COUNTY BOUNDARY, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO.

NOTICE IS HEREBY GIVEN that typewritten copies of the above numbered and entitled ordinance were available for inspection by all interested parties at the Office of the Lincoln County Clerk, Lincoln County Courthouse, Pioche, Nevada; and that said ordinance was proposed by Commissioner Woodworth on March 18, 2024 and following a public hearing, was passed and adopted at a regular meeting on May 6, 2024 by the following vote of the Board of County Commissioners:

THOSE VOTING AYE:
Commissioners Higbee, Pearson, Reese, Woodworth and Path
THOSE VOTING NAY: None
THOSE ABSENT AND NOT VOTING:
None
THOSE ABSTAINING FROM VOTE:
None

This Ordinance shall take effect and be in force from and after its passage and the publication thereof by title only, in a newspaper published in and having general circulation in Lincoln County, Nevada.

IN WITNESS WHEREOF, the Board of County Commissioners of Lincoln County, Nevada, has caused this ordinance to be published by title only.

DATED this 9th day of May, 2024.
Publish May 17 and 24, 2024.

PUBLIC NOTICE
BUDGET HEARING
PUBLIC NOTICE OF BUDGET HEARING FOR
LINCOLN COUNTY SCHOOL DISTRICT

Notice is hereby given that the Lincoln County Board of School Trustees will conduct a hearing for the 2024-2025 Tentative Budget on Tuesday, May 29, 2024, 12:00 p.m. at the School District Office in Panaca, Nevada.
Publish: May 17 and 24, 2024.

PUBLIC NOTICE
BUDGET HEARING
LINCOLN COUNTY HOSPITAL DISTRICT

Notice is hereby given that a Public Hearing will be held Tuesday, May 28, 2023 at 5:30 p.m. The subject of the public hearing will be a discussion on the tentative 2024-2025 fiscal year budget prepared in such detail and on appropriate forms as prescribed by the Department of Taxation and to vote to adopt the tentative budget with revisions as the final budget of the Lincoln County Hospital District. Copies of the tentative budget are on file at the Controller's office of Grover C. Dils Medical Center. The meeting will be held in the Administration Conference room of Grover C. Dils Medical Center in Caliente, Nevada.
Submitted by Mick Lloyd, Chairman, Board of Trustees.
Lincoln County Hospital District doing business as Grover C. Dils Medical Center.
Publish May 17 and 24, 2024.

NOTICE-EARLY VOTING

Per N.R.S. 293.3568, Early Voting will begin on Saturday, May 25, 2024. The in-person vote center for all Lincoln County precincts during Early Voting is the Lincoln County Courthouse, 181 Main Street, Pioche, Nevada.

The schedule for Early Voting is as follows (please note an official ballot drop box is available at this location during these hours as well):

May 25, 2024
10:00 a.m. to 2:00 p.m.
May 27, 2024
CLOSED – MEMORIAL DAY
May 28 – May 31, 2024
9:00 a.m. to 6:00 p.m.
June 1, 2024
10:00 a.m. to 2:00 p.m.
June 3 – June 7, 2024
9:00 a.m. to 6:00 p.m.

Ballots may be dropped off at the Clerk's office at any time during the weeks leading up to Early Voting. If you have any questions regarding Early Voting, please contact the Lincoln County Clerk's office at (775) 962-8077.
Publish May 24, 31, and June 7 2024.

Request for Qualifications
Lincoln County is soliciting for qualifications to prepare an environmental assessment regarding the Slaughterhouse Canyon Open Space Conveyance. The environmental assessment includes, but is not limited to biological and cultural resource surveys, environmental site assessments, and other reports to comply with the National Environmental Policy Act. Interested parties can contact the Lincoln County Planning and Building Department at (775) 962-8071, for details. Qualifications can be mailed to Lincoln County Planning and Building; PO Box 329; Pioche, NV 89043. Qualifications will be accepted until June 6, 2024, 5:00 PM PST.
Publish May 24 and 31 , 2024.

Request for Qualifications
Lincoln County is soliciting for qualifications to provide performance contract electrical services to install lighting upgrades to the Lincoln County Courthouse, located in Pioche, Nevada. Interested parties must possess a valid electrical license in the State of Nevada and can contact the Lincoln County Planning and Building Department at (775) 962-8071, for details. Qualifications can be mailed to Lincoln County Planning and Building; PO Box 329; Pioche, NV 89043. Qualifications will be accepted until June 6, 2024, 5:00 PM PST.
Publish May 24 and 31 , 2024.

APPLICATION FOR WATER NO. 93488

NOTICE IS HEREBY GIVEN, that on the 13th day of May 2024 Patrick and Kena Gloeckner of Pioche, Nevada made application to the State Engineer of Nevada for permission to change the point of diversion, place and manner of use of 0.0025 c.f.s., 1.792 a.f.a., a portion of water heretofore appropriated under Permit 68688, Certificate 16867. Water will be diverted from an underground source at a point located within the SW1/4 SW1/4, Section 2, T1N, R69E, MDB&M, or at a point from which the W1/4 corner of said Section 2 bears N 08 degrees 47 minutes 55 seconds W, a distance of 1,402.83 feet (approx. 12.5 miles NW of Pioche, NV). Water will be used for stock water (80 head of cattle) purposes from January 1st to December 31st of each year. The existing point of diversion was located within the SE1/4 SE1/4 of Section 10, T1N, R69E, MDB&M, or at a point from which the SW corner of said Section 10 bears S 78 degrees 13 minutes W, a distance of 4,079 feet. Water was used for irrigation purposes from January 1st to December 31st of each year.
Adam Sullivan, P.E.
State Engineer
AS/ls
Date of first publication 5/24/2024
Date of last publication 6/14/2024

REQUEST FOR PROPOSAL

CITY OF CALIENTE
100 Depot Ave. • PO Box 1006 • Caliente, NV 89008
775-726-3131

Request for Proposal

The City of Caliente is seeking contract proposals for the position of **Building Inspector.**

Please submit your proposal by May 31, 2024, to City Hall at 151 Clover Street, PO Box 1006, Caliente, NV 89008.

Proposals should include, at a minimum, the following services:

- Building Permit Issuance
- Required Inspections
- Enforcement of Building Code
- Fee Assessments
- Violation Notice Issuance
- Record Keeping
- All other related tasks

Local Food Pantries

Lincoln County Human Services
1005 Main Street, Panaca
Monday - Friday, 8am - 3pm
Please call for an appointment: (775) 962-8084

Pahranagat Valley Senior Center
759 Box Canyon Road, Alamo
Monday - Friday, 10am - 2pm

Pioche Senior Center
410 Field Street, Pioche
Monday, Wednesday, Friday, 10:30am - 12:30pm

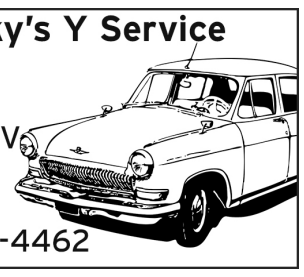
Senior Center Lunch Menu

May 27, 2024
CLOSED for Memorial Day.
May 28, 2024
Sloppy Joe's, Baked Beans, Peas, Baby Carrots, Tropical Fruit Salad.
May 29, 2024
Hamburgers, Lettuce, Tomatoes, Baked Beans, Green Beans, Peaches.
May 30, 2024
Pesto Chicken Florentine, Penne Pasta, Tossed Salad, Orange Mango Cup, WW Roll.
May 31, 2024
LS Chicken Brauts, Sauerkraut, Steamed Carrots, 3 Bean Salad,

Check out the Record online at LCCentral.com

STOP THE FUSS
RIDE THE BUS
MONDAY: Pioche & Panaca shopping in Panaca
TUESDAY: Vegas from Pioche, Departs 6 a.m.
WEDNESDAY: Reserved
THURSDAY: Pioche & Panaca to Caliente - 10 a.m.
FRIDAY: 1st Friday of every month to Utah

NEW OFFICE:
1005 Main St. Suite 104, Panaca
Driver's Cell: 775-962-1124
Fax: 775-728-4297

McCrosky's Y Service
3 US-93,
Panaca, NV
89042
(775) 728-4462


Subscribe to the Lincoln County Record at LCCentral.com or call (775)725-3232

EXHIBIT 9

LINCOLN COUNTY
SINCE 1870
RECORD

P.O. Box 485, Pioche, NV 89043
Phone: (775) 725-3232
Email: contact.lcrecord@gmail.com

AFFIDAVIT OF PUBLICATION

I, Robin Rowley, of the Lincoln County Record, published weekly each Friday, at Pioche, Lincoln County, Nevada, do solemnly swear that a copy of the below notice as per clipping attached was published each week in the regular and entire issue of the said newspaper in 2 consecutive issue(s) commencing with the issue dated May 17, 2024 and ending in the issue dated May 24, 2024.

Lincoln County Hospital District——Public Notice Budget Hearing

Robin Rowley
State of Nevada
County of Lincoln

Subscribed and sworn to before me on May 28, 2024 by Robin Rowley

Robin E Simmers
Notary Public

ROBIN E SIMMERS
Notary Public, State of Nevada
No. 02-78907-11
My Appt. Exp. Nov. 6, 2026

Scanned with CamScanner

EXHIBIT 11

NVTC-LGF-11

FIVE YEAR CAPITAL IMPROVEMENT PLAN
(Per NRS 354.5945)

Minimum level of expenditure for items classified as capital assets	**$ 1,500**	**ENTITY: Lincoln County Hospital District**
Minimum level of expenditure for items classified as capital projects	**$ 10,000**	**DATE: 03/05/2025**

		FY 2024-2025	FY 2025-2026	FY 2026-2027	FY 2027-2028	FY 2028-2029
Fund:	GENERAL HOSPITAL FUND					
Capital Improvement:	HOSPITAL AND CLINIC ROOF REPLACEMENT	$ 173,709	$ -	$ -	$ -	$ -
Funding Source:	Charges for Service					
Completion Date:	12/31/2024					
Fund Total		**$ 173,709**	**$ -**	**$ -**	**$ -**	**$ -**

		FY 2024-2025	FY 2025-2026	FY 2026-2027	FY 2027-2028	FY 2028-2029
Fund:	GENERAL HOSPITAL FUND					
Capital Improvement:	PHASE 1- NEW FACILITY (Clinic/Rehab Building)	$ 3,750,000	$ 1,965,000	$ -	$ -	$ -
Funding Source:	Grant funds/Loan					
Completion Date:	6/30/2026					
Fund Total		**$ 3,750,000**	**$ 1,965,000**	**$ -**	**$ -**	**$ -**

		FY 2024-2025	FY 2025-2026	FY 2026-2027	FY 2027-2028	FY 2028-2029
Fund:	GENERAL HOSPITAL FUND					
Capital Improvement:	SECURITY SYSTEM	$ 125,000	$ -	$ -	$ -	$ -
Funding Source:	Charges for Service					
Completion Date:	6/30/2025					
Fund Total		**$ 125,000**	**$ -**	**$ -**	**$ -**	**$ -**

EXHIBIT 11

NVTC-LGF-11

FIVE YEAR CAPITAL IMPROVEMENT PLAN
(Per NRS 354.5945)

Minimum level of expenditure for items classified as capital assets	**$ 1,500**	**ENTITY: Lincoln County Hospital District**
Minimum level of expenditure for items classified as capital projects	**$ 10,000**	**DATE: 03/05/2025**

		FY 2024-2025	FY 2025-2026	FY 2026-2027	FY 2027-2028	FY 2028-2029
Fund:	GENERAL HOSPITAL FUND					
Capital Improvement:	SPRINKLER SYSTEM UPGRADE	$ 11,544	$ -	$ -	$ -	$ -
Funding Source:	Charges for Service					
Completion Date:	10/31/2024					
Fund Total		**$ 11,544**	**$ -**	**$ -**	**$ -**	**$ -**

		FY 2024-2025	FY 2025-2026	FY 2026-2027	FY 2027-2028	FY 2028-2029
Fund:						
Capital Improvement:						
Funding Source:						
Completion Date:						
Fund Total		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

GRAND TOTAL		**$ 4,060,253**	**$ 1,965,000**	**$ -**	**$ -**	**$ -**

List of Funding Sources:

Property Tax - Gen. Revenues
Charges for Services
Debt
Grants
Other (Please Describe)

BOARD OF DIRECTORS FOR
THE NEVADA STATE INFRASUTRUCTURE BANK

Agenda Item 6
March 12, 2025

Item: Approval of a transfer of $1,950,000 from the Nevada State Infrastructure Bank's Federal Infrastructure Matching Account to the Nevada State Infrastructure Bank's General Account.

Summary:
For approval, this proposed transfer is necessary for the Board to consider approving the proposed Grover C. Dils Medical Center Physical Therapy and Patient Clinic Project, which will be up for the Board's consideration in Agenda Item 7.

Fiscal Impact: $1,950,000 transfer between various accounts operated by the Nevada State Infrastructure Bank.

Staff recommended motion:

To approve a transfer of $1,950,000 from the Nevada State Infrastructure Bank's Federal Infrastructure Matching Account to the Nevada State Infrastructure Bank's General Account.

BOARD OF DIRECTORS FOR
THE NEVADA STATE INFRASUTRUCTURE BANK

Agenda Item 7
March 12, 2025

Item: Approval of a loan of $1,950,000 from the Nevada State Infrastructure Bank's General Account to Lincoln County Hospital District Project for the Grover C. Dils Medical Center Physical Therapy and Patient project, and direction to staff as appropriate.

Summary:
This item pertains to the Board's possible approval of a loan of 1,950,000 from the Nevada State Infrastructure Bank's General Account to Lincoln County Hospital District Project for the Grover C. Dils Medical Center Physical Therapy and Patient project.

Fiscal Impact: $1,950,000 loan from the State Infrastructure Bank's General Account.

Staff recommended motion:

To approve a loan of $1,950,000 from the Nevada State Infrastructure Bank's General Account to Lincoln County Hospital District Project for the Grover C. Dils Medical Center Physical Therapy and Patient project, and to direct staff to finalize any necessary resolutions and financing agreements.