

**Nevada City Hospital
d/b/a Nevada Regional Medical
Center, A Component Unit of the
City of Nevada, Missouri**

**Independent Auditor's Report
and Financial Statements**

June 30, 2023 and 2022



Nevada City Hospital
d/b/a Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
June 30, 2023 and 2022

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910 E. St. Louis Street, Suite 200 / Springfield, MO 65806

P 417.865.8701 / F 417.865.0682

forvis.com

Independent Auditor's Report

Board of Directors
Nevada City Hospital
d/b/a Nevada Regional Medical Center
Nevada, Missouri

Opinion

We have audited the financial statements of Nevada City Hospital, d/b/a Nevada Regional Medical Center (the "Medical Center"), a component unit of the City of Nevada, Missouri, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Medical Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nevada City Hospital, d/b/a Nevada Regional Medical Center, a component unit of the City of Nevada, Missouri, as of June 30, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Nevada City Hospital, d/b/a Nevada Regional 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.

Emphasis of Matter

As discussed in *Note 1* to the financial statements, in 2023, the Medical Center adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Substantial Doubt About the Medical Center's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming the Medical Center will continue as a going concern. As discussed in *Note 17* to the financial statements, the Medical Center has suffered recurring losses from operations and has a decrease in liquidity and has stated that substantial doubt exists about the Medical Center's ability to continue as a going concern. Management's evaluation of the conditions and events and management's plans regarding these matters are also described in *Note 17*. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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 Nevada City Hospital, d/b/a Nevada Regional Medical Center's, ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Medical Center's basic financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

FORVIS, LLP

Springfield, Missouri
January 6, 2024

Nevada City Hospital
d/b/a Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Management's Discussion and Analysis
Years Ended June 30, 2023 and 2022

Introduction

This management's discussion and analysis of the financial performance of Nevada City Hospital, d/b/a Nevada Regional Medical Center (the "Medical Center"), provides an overview of the Medical Center's financial activities for the years ended June 30, 2023 and 2022. It should be read in conjunction with the accompanying financial statements of the Medical Center. During 2023, the Hospital adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, retroactively restating the amounts reported in the 2022 financial statements. The summarized financial information for the year ended June 30, 2021, included in management's discussion and analysis, was not restated for this adoption.

Financial Highlights

- Total cash and internally designated investments decreased by \$4,953,998 and \$7,655,782 in 2023 and 2022, respectively.
- The Medical Center reported operating losses of \$1,090,386 and \$4,632,859 in 2023 and 2022, respectively.

Using This Annual Report

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

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

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

These two statements report the Medical Center's net position and changes in it. The Medical Center's total net position—the difference between assets, liabilities, and deferred inflows and outflows of resources—is one measure of the Medical Center's financial health or financial position. Over time, increases or decreases in the Medical Center's net position are an indicator of whether its financial health is improving or deteriorating.

Other nonfinancial factors, such as changes in the Medical Center's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients, and local economic factors should also be considered to assess the overall financial health of the Medical Center.

The Statement of Cash Flows

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

The Medical Center's Net Position

The Medical Center's net position is the difference between its assets, liabilities, and deferred inflows and outflows of resources reported in the Balance Sheet. The Medical Center's net position decreased by \$649,433 in 2023 over 2022, and increased by \$1,312,654 in 2022 over 2021, as shown in Table 1.

	2023	2022 (As Restated)	2021
Assets			
Cash	\$ 2,578,876	\$ 7,532,874	\$ 15,188,656
Patient and other accounts receivable, net	4,278,902	4,502,912	4,026,557
Other current assets	5,803,649	3,832,976	4,036,649
Capital assets, net	9,717,257	9,430,049	9,742,180
Net pension asset	8,820,738	9,192,971	14,200,890
Other noncurrent assets	4,417,436	5,389,622	3,293,999
Total assets	35,616,858	39,881,404	50,488,931
Deferred Outflows of Resources	2,713,584	2,702,809	1,125,261
Total assets and deferred outflows of resources	<u>\$ 38,330,442</u>	<u>\$ 42,584,213</u>	<u>\$ 51,614,192</u>
Liabilities			
Long-term liabilities	\$ 12,798,951	\$ 13,625,052	\$ 14,380,216
Current liabilities	11,605,358	14,426,132	19,409,151
Total liabilities	24,404,309	28,051,184	33,789,367
Deferred Inflows of Resources	2,174,485	2,131,948	6,736,398
Net Position			
Net investment in capital assets	(781,010)	(819,748)	(1,481,012)
Restricted expendable	9,621,778	9,949,592	15,259,287
Unrestricted	2,910,880	3,271,237	(2,689,848)
Total net position	11,751,648	12,401,081	11,088,427
Total liabilities, deferred inflows of resources, and net position	<u>\$ 38,330,442</u>	<u>\$ 42,584,213</u>	<u>\$ 51,614,192</u>

A significant change in the Medical Center's assets in 2023 is the decrease in cash, due to operating losses, scheduled repayments of debt and other obligations, and other working capital changes.

A significant change in the Medical Center's assets in 2022 is the decrease in net pension asset of \$5,007,919, due to actuarial changes. Cash also decreased in 2022, due to operating losses and scheduled repayments of amounts received in 2020 from the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act).

Operating Results and Changes in the Medical Center's Net Position

The Medical Center's net position decreased by \$649,433 in 2023, and increased by \$1,312,654 in 2022, as shown in Table 2.

	2023	2022 (As Restated)	2021
Operating Revenues			
Net patient service revenue	\$ 42,410,750	\$ 40,728,831	\$ 35,835,736
Other operating revenues	3,740,204	1,661,200	1,710,296
Total operating revenues	46,150,954	42,390,031	37,546,032
Operating Expenses			
Nursing services	8,820,284	9,897,151	8,821,219
Other professional services	20,180,107	19,801,385	16,711,565
General services	2,975,751	3,144,175	3,324,575
Administrative services	12,287,806	11,402,457	10,139,636
Depreciation and amortization	2,977,392	2,777,722	1,343,543
Total operating expenses	47,241,340	47,022,890	40,340,538
Operating Loss	(1,090,386)	(4,632,859)	(2,794,506)
Nonoperating Revenues (Expenses)			
Contributions	82,814	9,781	94,638
Gain (loss) on sale of capital assets	65,989	(35,616)	(261,837)
Gain on debt extinguishment - PPP loan	-	3,000,000	-
Investment income	72,871	29,096	28,160
Sales tax revenue	1,053,651	978,493	918,415
Interest expense	(834,372)	(704,159)	(723,571)
COVID Relief Revenue	-	2,667,918	9,842,182
Total nonoperating revenues (expenses)	440,953	5,945,513	9,897,987
Capital Grants and Gifts	-	-	100,000
Increase (Decrease) in Net Position	\$ (649,433)	\$ 1,312,654	\$ 7,203,481

Operating Loss

The first component of the overall change in the Medical Center's net position is its operating loss—generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services.

The operating results for 2023 increased by \$3,542,473 compared to 2022. An increase in operating revenues of \$3,760,923 compared to the prior year was partially offset by the \$218,450 increase in operating expenses. During 2023, the Medical Center implemented several changes to reduce operating expenses and improve overall operating results.

The operating results for 2022 decreased by \$1,838,353 compared to 2021. An increase in operating expense of \$6,682,352 compared to the prior year was offset by the \$4,843,999 increase in operating revenues. Higher expenses in 2022 were primarily a result of the inflationary environment and required amounts to support operating revenues.

Increase (Decrease) in Net Position, Nonoperating Revenues, and Expenses

During 2023, overall results declined from 2022 by \$1,962,087. Nonoperating revenues decreased \$5,504,560 from 2022. A decrease of \$5,667,918 in COVID relief revenue and PPP loan forgiveness was the primary cause for the decrease in nonoperating amounts.

During 2022, overall results declined from 2021 by \$5,890,827. Nonoperating revenues decreased \$3,952,474 from 2021. A decrease of \$7,174,264 in COVID relief revenue was partially offset by a \$3,000,000 gain on extinguishment, related to PPP loan forgiveness.

Other nonoperating revenues and expenses consisted of contributions, investment income, interest expense on debt, and capital grants and gifts. Amounts were consistent between 2021, 2022, and 2023.

The Medical Center's Cash Flows

Changes in the Medical Center's cash flows are consistent with the timing of federal funding received in 2023 and 2022, changes in patient accounts receivable, deferred revenue, operating results, and nonoperating revenues and expenses discussed earlier.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2023 **and** 2022, the Medical Center had approximately \$9.7 million and \$9.4 million, respectively, invested in capital assets, net of accumulated depreciation, as detailed in *Note 6* to the financial statements.

Debt

At June 30, 2023 and 2022, the Medical Center had approximately \$14.8 million and \$14.5 million, respectively, in long-term debt, as detailed in *Note 9* to the financial statements.

COVID-19

In recent years, the Medical Center's operations were significantly impacted by the COVID-19 outbreak and, as a result, the Medical Center began seeing a significant volatility in inpatient and outpatient volume, and more recently, an inflationary environment. Refer to *Note 2* in the notes to the financial statements for additional information on the financial impacts of COVID-19.

Contacting the Medical Center's Financial Management

This financial report is designed to provide our patients, suppliers, and creditors with a general overview of the Medical Center's finances and to show the Medical Center's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to Medical Center administration by telephoning 417.667.3355.

Nevada City Hospital
d/b/a Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Balance Sheets
June 30, 2023 and 2022

Assets and Deferred Outflows of Resources

	2023	2022 (As Restated)
Current Assets		
Cash	\$ 2,578,876	\$ 7,532,874
Restricted cash and investments – current	801,040	756,621
Patient and other accounts receivable, net of allowance; 2023 – \$7,249,865; 2022 – \$7,795,617	4,278,902	4,502,912
Estimated amounts due from third-party payors	615,292	773,756
Due from related party	1,413,379	606,468
Supplies	821,845	937,993
Prepaid expenses and other	2,152,093	758,138
Total current assets	12,661,427	15,868,762
Noncurrent Cash and Investments		
Restricted		
Held by trustee for debt service	2,316,881	2,303,739
Less amount required to meet current obligations	801,040	756,621
	1,515,841	1,547,118
Held by Foundation	469,524	429,293
	1,985,365	1,976,411
Capital Assets, Net	9,717,257	9,430,049
Lease Assets, Net	1,346,641	1,508,006
Subscription Assets, Net	914,596	1,713,664
Other Assets	170,834	191,541
Net Pension Asset	8,820,738	9,192,971
Total assets	35,616,858	39,881,404
Deferred Outflows of Resources		
Debt refunding	851,239	954,420
Pension plan	1,862,345	1,748,389
Total deferred outflows of resources	2,713,584	2,702,809
Total assets and deferred outflows of resources	\$ 38,330,442	\$ 42,584,213

See Notes to Financial Statements

Liabilities, Deferred Inflows of Resources, and Net Position

	2023	2022 (As Restated)
Current Liabilities		
Current maturities of long-term debt	\$ 2,893,994	\$ 2,749,127
Accounts payable	3,100,098	3,817,162
Accrued payroll and payroll taxes	540,982	547,640
Current maturities of lease liabilities	412,673	371,886
Current maturities of subscription liabilities	841,800	916,850
Accrued vacation pay	887,361	839,155
Accrued expenses	459,119	596,737
Accrued interest payable	119,197	129,875
Estimated amounts due to third-party payors	2,270,000	3,800,000
Medicare accelerated payments	-	577,566
Funds held for others	80,134	80,134
Total current liabilities	11,605,358	14,426,132
Long-Term Debt	11,916,991	11,779,594
Subscription Liabilities	123,442	846,513
Lease Liabilities	758,518	998,945
Total liabilities	24,404,309	28,051,184
Deferred Inflows of Resources - Pension Plan	2,174,485	2,131,948
Net Position		
Net investment in capital assets	(781,010)	(819,748)
Restricted – expendable for		
Debt service	801,040	756,621
Pension benefits	8,820,738	9,192,971
Unrestricted	2,910,880	3,271,237
Total net position	11,751,648	12,401,081
Total liabilities, deferred inflows of resources, and net position	\$ 38,330,442	\$ 42,584,213

Nevada City Hospital
d/b/a Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2023 and 2022

	2023	2022 (As Restated)
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2023 – \$4,359,308, 2022 – \$5,983,809	\$ 42,410,750	\$ 40,728,831
Other	3,740,204	1,661,200
Total operating revenues	46,150,954	42,390,031
Operating Expenses		
Nursing services	8,820,284	9,897,151
Other professional services	20,180,107	19,801,385
General services	2,975,751	3,144,175
Administrative services	12,287,806	11,402,457
Depreciation and amortization	2,977,392	2,777,722
Total operating expenses	47,241,340	47,022,890
Operating Loss	(1,090,386)	(4,632,859)
Nonoperating Revenues (Expenses)		
Contributions	82,814	9,781
Gain (loss) on sale of capital assets	65,989	(35,616)
Gain on debt extinguishment - PPP loan	-	3,000,000
Investment income	72,871	29,096
Sales tax revenue	1,053,651	978,493
Interest expense	(834,372)	(704,159)
Provider relief fund revenue	-	2,667,918
Total nonoperating revenues (expenses)	440,953	5,945,513
Income (Loss) and Increase (Decrease) in Net Position	(649,433)	1,312,654
Net Position, Beginning of Year	12,401,081	11,088,427
Net Position, End of Year	\$ 11,751,648	\$ 12,401,081

Nevada City Hospital
d/b/a Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022 (As Restated)
Operating Activities		
Receipts from and on behalf of patients	\$ 40,685,658	\$ 37,998,654
Payments to suppliers and contractors	(20,695,005)	(17,318,676)
Payments to and on behalf of employees	(25,344,614)	(28,760,235)
Other receipts, net	<u>2,933,293</u>	<u>1,188,370</u>
Net cash used in operating activities	<u>(2,420,668)</u>	<u>(6,891,887)</u>
Noncapital Financing Activities		
Sales tax revenue	1,053,651	978,493
Provider relief funds	-	2,367,918
Contributions	<u>82,814</u>	<u>9,781</u>
Net cash provided by noncapital financing activities	<u>1,136,465</u>	<u>3,356,192</u>
Capital and Related Financing Activities		
Principal payments on long-term debt	(1,142,676)	(1,184,497)
Interest paid on long-term debt	(560,425)	(463,487)
Purchase of capital assets	(574,005)	(1,234,467)
Principal paid on lease and subscription liabilities	(1,251,450)	(1,317,129)
Interest paid on lease and subscription liabilities	<u>(160,738)</u>	<u>(149,311)</u>
Net cash used in capital and related financing activities	<u>(3,689,294)</u>	<u>(4,348,891)</u>
Investing Activities		
Proceeds from disposition of investments	<u>19,499</u>	<u>228,804</u>
Net cash provided by investing activities	<u>19,499</u>	<u>228,804</u>
Decrease in Cash	(4,953,998)	(7,655,782)
Cash, Beginning of Year	<u>7,532,874</u>	<u>15,188,656</u>
Cash, End of Year	<u><u>\$ 2,578,876</u></u>	<u><u>\$ 7,532,874</u></u>

Nevada City Hospital
d/b/a Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022 (As Restated)
Reconciliation of Operating Loss to Net Cash		
Used In Operating Activities		
Operating loss	\$ (1,090,386)	\$ (4,632,859)
Depreciation and amortization	2,977,392	2,777,722
Changes in operating assets and liabilities		
Patient accounts receivable, net and other receivables	224,010	(476,355)
Supplies	116,148	520,212
Prepaid expenses and other assets	(2,200,866)	(588,623)
Pension - Deferred inflows, outflows and pension asset	300,814	(1,277,259)
Estimated amounts due from and to third-party payors	(1,371,536)	(951,119)
Medicare accelerated payments	(577,566)	(1,874,416)
Accounts payable, accrued expenses, and other liabilities	(798,678)	(389,190)
Net cash used in operating activities	<u>\$ (2,420,668)</u>	<u>\$ (6,891,887)</u>
Supplemental Cash Flows Information		
Lease obligation incurred for lease assets	\$ 199,430	\$ 801,739
Note payable incurred for property and equipment	\$ 1,424,940	\$ -
Subscription assets acquired with subscription liabilities	\$ 54,259	\$ 123,926
Capital asset acquisitions in accounts payable	\$ -	\$ 14,456
Gain on debt extinguishment - PPP loan	\$ -	\$ 3,000,000
Interest paid	\$ 721,163	\$ 612,798

Nevada City Hospital
d/b/a Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements
June 30, 2023 and 2022

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

Nevada City Hospital, d/b/a Nevada Regional Medical Center (the “Medical Center”), is a component unit of the City of Nevada, Missouri, which owns and operates an acute care hospital in Nevada, Missouri. The Medical Center primarily earns revenue by providing inpatient, outpatient, and emergency care services to patients in Nevada, Missouri, and the surrounding area. The Medical Center also operates a psychiatric unit and provides physician clinic services in the same geographic area.

As required by accounting principles generally accepted in the United States of America, these financial statements present the Medical Center and its component units, entities for which the Medical Center is considered to be financially accountable.

The determination of financial accountability includes consideration of a number of criteria, including: (1) the Medical Center’s ability to appoint a voting majority of another entity’s governing body and to impose its will on that entity, (2) the potential for that entity to provide specific financial benefits to or impose specific financial burdens on the Medical Center, and (3) that entity’s fiscal dependency on the Medical Center.

The Nevada Regional Medical Center Foundation, Inc. (Foundation) is included in the Medical Center’s financial statements as a component unit. The Foundation is a legally separate not-for-profit entity that is, in substance, a part of the Medical Center’s operations. It is organized exclusively to benefit the Medical Center by raising charitable contributions on behalf of and holding the proceeds thereof for the Medical Center. Board members include the Medical Center’s chief executive officer, a member of the Medical Center’s Board of Directors, a member of the Nevada Regional Medical Center Auxiliary, and between 15 and 19 elected members who are nominated by an appointed nominating committee.

Data of the Foundation is combined with data of the Medical Center for financial reporting purposes using the blending method. Transactions between the Medical Center and the Foundation are eliminated in combination.

Separate financial statements of the Foundation can be obtained by calling 417.667.3355 or writing to Nevada Regional Medical Center Foundation, 800 South Ash, Nevada, Missouri 64772.

Basis of Accounting and Presentation

The financial statements of the Medical Center have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met.

Nevada City Hospital
d/b/a Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Notes to Financial Statements
June 30, 2023 and 2022

Operating revenues and expenses include exchange transactions and program-specific, government-mandated, or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific, investment income, and interest on capital assets related debt are included in nonoperating revenues and expenses. The Medical Center first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

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

Sales Tax Revenue

The Medical Center began receiving sales tax revenues from the City of Nevada in April 2020. The Medical Center recognized \$1,053,651 and \$978,493 for the years ended June 30, 2023 and 2022, respectively. The sales tax will terminate when the Series 2007 bonds are retired or can be terminated by the Nevada City Council.

Risk Management

The Medical Center is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The Medical Center is self-insured for a portion of its exposure to risk of loss from employee health claims. The Medical Center self-insures against these claims (see *Note 8*). Annual estimated provisions are accrued for the self-insured portion of the claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Investments and Investment Income

Investments in U.S. Treasury, agency, and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes dividend and interest income, realized gains and losses on investments carried at other than fair value, and the net change for the year in the fair value of investments carried at fair value.

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Patient Accounts Receivable

The Medical Center reports patient accounts receivable for services rendered at net realizable amounts from patients, third-party payors, and others. The Medical Center provides an allowance for uncollectible accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions.

Supplies

Supply inventories are valued at the lower of cost, or market. Costs are determined using the first-in, first-out (FIFO) method.

Capital Assets

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

Land and land improvements	15 to 20 years
Buildings	20 to 40 years
Equipment	3 to 10 years

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset in service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at, and certain prepayments made before, the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

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Capital, Lease and Subscription Asset Impairment

The Medical Center evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease assets has occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, either accumulated depreciation is increased by the amount of the impairment loss or the capital asset historical cost and related accumulated depreciation are decreased proportionately such that the net decrease equals the impairment loss.

No asset impairment was recognized during the years ended June 30, 2023 and 2022.

Deferred Outflows of Resources

The Medical Center reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its balance sheet.

Compensated Absences

Medical Center policies permit most employees to accumulate vacation, holiday, personal, and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation related payments such as social security and Medicare taxes and retirement computed using rates in effect at that date.

Defined Benefit Pension Plan

The Medical Center provides pension benefits to its employees through an agent multiple-employer defined benefit pension plan. For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS), and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. 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 Inflows of Resources

The Medical Center reports an acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its balance sheets.

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Net Position

Net position of the Medical Center is classified in three components on its balance sheets.

- Net investment in capital assets consists of capital, subscription and lease assets net of accumulated depreciation and amortization and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Medical Center, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings and pension benefits.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known. Net patient service revenue increased approximately \$700,000 and \$500,000 in 2023 and 2022, respectively, due to differences in actual collections compared to amounts previously estimated.

Charity Care

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

Income Taxes

As an essential government function of the County, the Medical Center is generally exempt from federal and state income taxes under applicable sections of the Internal Revenue Code and a similar provision of state law. However, the Medical Center is subject to federal income tax on any unrelated business taxable income.

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340B Drug Pricing Program

The Medical Center participates in the 340B Drug Pricing Program (340B Program) which provides discounted prices from drug manufacturers on outpatient pharmaceutical purchases. The 340B Program is overseen by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA). HRSA is currently conducting routine audits at participating health care organizations and increasing its compliance monitoring processes. Laws and regulations governing the 340B Program are complex and subject to interpretation and change. As a result, it is reasonably possible that material changes to financial statement amounts related to the 340B Program could occur in the near term. Revenue from the 340B Program was approximately \$2,476,000 and \$1,225,000 in 2023 and 2022, respectively, and included in other operating revenues.

Change in Accounting Principle

In 2023, the Medical Center adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). Under the standard, all long-term SBITAs will now be required to be recognized on the balance sheet as both a subscription asset and a subscription liability. As a result of the implementation amounts in *Note 6* have been restated, and the following financial statement line items for fiscal year 2022 were restated:

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	As Restated	As Previously Reported	Effect of Change
Balance Sheet			
Noncurrent Assets			
Subscription assets, net	\$ 1,713,664	\$ -	\$ 1,713,664
Current Liabilities			
Current portion of subscription liabilities	\$ 916,850	\$ -	\$ 916,850
Noncurrent Liabilities			
Subscription liabilities	\$ 846,513	\$ -	\$ 846,513
Net Position			
Net investment in capital assets	\$ (819,748)	\$ (770,049)	\$ (49,699)
Statement of Revenues, Expenses, and Changes in Net Position			
Operating Expenses			
Depreciation and amortization	\$ 2,777,722	\$ 1,965,577	\$ 812,145
Administrative services	11,402,457	12,298,810	(896,353)
Nonoperating Revenues (Expenses)			
Interest expense	\$ (704,159)	\$ (570,252)	\$ (133,907)
Income and Increase in Net Position	\$ 1,312,654	\$ 1,362,353	\$ (49,699)
Statement of Cash Flows			
Cash Flows from Operating Activities			
Payments to suppliers and contractors	\$ (17,318,676)	\$ (18,215,029)	\$ 896,353
Cash Flows from Capital and Related Financing Activities			
Principal payments on lease and subscription liabilities	\$ (1,317,129)	\$ (554,683)	\$ (762,446)
Interest payments on lease and subscription liabilities	(149,311)	(15,404)	(133,907)
Reconciliation of Operating Loss to Net Cash Used in Operating Activities			
Operating loss	\$ (4,632,859)	\$ (4,717,067)	\$ 84,208
Depreciation and amortization	\$ 2,777,722	\$ 1,965,577	\$ 812,145
Noncash Investing, Capital, and Financing Activities			
Subscription assets acquired with subscription liabilities	\$ 123,926	\$ -	\$ 123,926

Note 2: COVID-19 Pandemic and Provider Relief Fund Revenue

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19) as a global pandemic. Patient volumes and the related revenues were significantly affected by COVID-19 as various policies were implemented by federal, state, and local governments in response to the pandemic that led many people to remain at home and forced the closure of or limitations on certain businesses, as well as suspended elective procedures by health care facilities.

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The Hospital has taken precautionary steps to enhance its operational and financial flexibility and react to the risks the COVID-19 pandemic presents to its business.

The extent of the COVID-19 pandemic's adverse effect on the Hospital's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Hospital's control and ability to forecast.

Because of these and other uncertainties, the Hospital cannot estimate the length or severity of the effect of the pandemic on the Hospital's business. Decreases in cash flows and results of operations may have an effect on the inputs and assumptions used in significant accounting estimates, including estimated bad debts and contractual adjustments related to uninsured and other patient accounts.

CARES Act

On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was signed into law. The following summarizes significant CARES Act programs impacting the Medical Center.

Provider Relief Funds

The Medical Center received \$12,610,100 in federal and other grants from the CARES Act Provider Relief Fund distributions through June 30, 2022. These funds are treated as conditional contributions and included in nonoperating revenue in the statements of revenues, expenses, and changes in net position as the terms and conditions of the contributions are met. Additionally, these funds are subject to government oversight, including potential audits. During the year ended June 30, 2023 and 2022, the Medical Center recognized \$0 and \$2,667,918 as nonoperating revenues, respectively. As of June 30, 2023 and 2022, the Medical Center has no unearned revenue on the balance sheets.

The Medical Center will continue to monitor compliance with the terms and conditions of the Provider Relief Fund and the impact of the pandemic on the Medical Center's revenues and expenses. The terms and conditions governing the Provider Relief Funds are complex and subject to interpretation and change. If the Medical Center is unable to attest to or comply with current or future terms and conditions, the Medical Center's ability to retain some or all of the distributions received may be impacted.

Medicare Accelerated and Advanced Payment Program

During the year ended June 30, 2020, the Medical Center requested accelerated Medicare payments of \$2,744,222 as provided for in the CARES Act, which allows for eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. Accelerated payments received are required to be repaid, based on current enacted legislation, and are included in current liabilities in the accompanying financial statements. During the years ended June 30, 2023 and 2022, the Medical Center repaid \$577,566 and \$1,874,416 of the accelerated payments, respectively. There is no remaining balance due for Medicare accelerated payments at June 30, 2023.

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Paycheck Protection Program

In April 2020 the Medical Center entered into a \$3,000,000 loan through the Small Business Administration (SBA) *Paycheck Protection Program and Health Care Enhancement Act*, as part of the government's response to the spread of the SARS-CoV-2 virus and the incidence of COVID-19. During 2022, the Hospital obtained forgiveness of the loan which was recognized as a nonoperating income in the financial statements. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to any gain recognized. See *Note 9* for more information.

Note 3: Net Patient Service Revenue

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

Medicare. Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge or procedure. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Swing bed services are paid at prospectively determined per diem rates that are based on the patients' acuity. The Medical Center is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare administrative contractor. Effective March 7, 2019, the Medical Center was designated as a sole-community hospital.

Medicaid. Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based on prospectively established rates.

The Medical Center receives reimbursement from the Medicaid program in relation to the percentage of Medicaid and indigent population they serve. Funding received in excess of costs to provide these services may be refunded. As of June 30, 2023 and 2022, a liability of approximately \$1,550,000 and \$3,460,000, respectively, has been recorded for estimated repayments. The liability as of June 30, 2023 and 2022, is based on four open years of related audits.

Approximately 58 and 54 percent of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the years ended June 30, 2023 and 2022, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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

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Note 4: Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. While the Medical Center does not have a written deposit policy, its practice has been to comply with the provisions of state law with regard to custodial credit risk.

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 or the state of Missouri; bonds of any city, county, school district, or special road district of the state of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At June 30, 2023 and 2022, none of the Medical Center's bank balances of \$3,101,185 and \$8,773,777, respectively, were exposed to custodial credit risk as uninsured and uncollateralized.

Investments

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

At June 30, 2023 and 2022, the Medical Center had the following investments and maturities:

Type	Fair Value	June 30, 2023			
		Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
Money market mutual funds	\$ 2,316,881	\$ 2,316,881	\$ -	\$ -	\$ -
Equity mutual funds	335,381	335,381	-	-	-
	<u>\$ 2,652,262</u>	<u>\$ 2,652,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Type	Fair Value	June 30, 2022			
		Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
Money market mutual funds	\$ 933,064	\$ 933,064	\$ -	\$ -	\$ -
U.S. government agency debt securities	370,144	370,144	-	-	-
Equity mutual funds	256,038	256,038	-	-	-
	<u>\$ 1,559,246</u>	<u>\$ 1,559,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Medical Center's investment policy limits its investment portfolio to maturities of less than one year. The money market and equity mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Medical Center does not have a written policy addressing credit risk. At June 30, 2023 and 2022, the Medical Center's money market mutual funds, held by its bond trustee, were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service, and the equity mutual funds were not rated.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Medical Center will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Certain Medical Center investments are held by the counterparties in other than the Medical Center's name.

Concentration of Credit Risk

The Medical Center places no limit on the amount that may be invested in any one issuer. At June 30, 2023 and 2022, the Medical Center's investment in one money market fund constituted 87 percent and 60 percent, respectively, of its total investments.

Due to the level of risk associated with certain investment securities, including the underlying securities held by mutual funds, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying balance sheets.

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Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

	2023	2022
Carrying value		
Deposits	\$ 2,713,019	\$ 8,706,660
Investments	<u>2,652,262</u>	<u>1,559,246</u>
	<u><u>\$ 5,365,281</u></u>	<u><u>\$ 10,265,906</u></u>
Included in the following balance sheet captions		
Cash	\$ 2,578,876	\$ 7,532,874
Restricted cash and investments – current	801,040	756,621
Noncurrent cash and investments	<u>1,985,365</u>	<u>1,976,411</u>
	<u><u>\$ 5,365,281</u></u>	<u><u>\$ 10,265,906</u></u>

Investment Income

Investment income consisted of interest income in the amounts of \$72,871 and \$29,096 for the years ended June 30, 2023 and 2022, respectively.

Note 5: Patient and Other Accounts Receivable

The Medical Center grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements. Other receivables include amounts due from physicians and miscellaneous receivables. Accounts receivable at June 30, 2023 and 2022, consisted of:

	2023	2022
Medicare	\$ 3,160,828	\$ 2,496,015
Medicaid	1,870,630	2,409,219
Other third-party payors	4,586,435	4,521,745
Patients	<u>1,905,560</u>	<u>2,812,612</u>
	11,523,453	12,239,591
Less allowance for uncollectible accounts	<u>7,249,865</u>	<u>7,795,617</u>
	4,273,588	4,443,974
Other receivables	<u>5,314</u>	<u>58,938</u>
	<u><u>\$ 4,278,902</u></u>	<u><u>\$ 4,502,912</u></u>

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Note 6: Capital, Lease, and Subscription Assets

Capital assets activity for the years ended June 30 was:

	2023				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land and land improvements	\$ 1,032,275	\$ -	\$ (8,912)	\$ -	\$ 1,023,363
Buildings	31,859,270	-	(250,695)	-	31,608,575
Equipment	22,372,016	1,930,793	(3,379,958)	181,464	21,104,315
Construction in progress	32,514	-	-	(181,464)	(148,950)
	<u>55,296,075</u>	<u>1,930,793</u>	<u>(3,639,565)</u>	<u>-</u>	<u>53,587,303</u>
Less accumulated depreciation					
Land and land improvements	328,709	9,821	(2,250)	-	336,280
Buildings	26,620,863	895,568	(244,195)	-	27,272,236
Equipment	18,916,454	789,729	(3,444,653)	-	16,261,530
	<u>45,866,026</u>	<u>1,695,118</u>	<u>(3,691,098)</u>	<u>-</u>	<u>43,870,046</u>
Capital assets, net	<u>\$ 9,430,049</u>	<u>\$ 235,675</u>	<u>\$ 51,533</u>	<u>\$ -</u>	<u>\$ 9,717,257</u>
2022					
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land and land improvements	\$ 1,062,275	\$ -	\$ (30,000)	\$ -	\$ 1,032,275
Buildings	31,991,585	-	(177,778)	45,463	31,859,270
Equipment	20,950,001	1,425,942	(186,268)	182,341	22,372,016
Construction in progress	260,318	-	-	(227,804)	32,514
	<u>54,264,179</u>	<u>1,425,942</u>	<u>(394,046)</u>	<u>-</u>	<u>55,296,075</u>
Less accumulated depreciation					
Land improvements	318,888	9,821	-	-	328,709
Buildings	25,947,712	850,929	(177,778)	-	26,620,863
Equipment	18,255,399	780,705	(119,650)	-	18,916,454
	<u>44,521,999</u>	<u>1,641,455</u>	<u>(297,428)</u>	<u>-</u>	<u>45,866,026</u>
Capital assets, net	<u>\$ 9,742,180</u>	<u>\$ (215,513)</u>	<u>\$ (96,618)</u>	<u>\$ -</u>	<u>\$ 9,430,049</u>

Construction in progress at June 30, 2023 and 2022, relates to various expansion projects and improvements to hospital facilities, and are being funded through internally generated cash from operations and cash on hand.

Lease assets activity for the years ended June 30 was:

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	2023				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Equipment	\$ 2,167,780	\$ 199,430	\$ -	\$ -	\$ 2,367,210
Less accumulated amortization	659,774	360,795	-	-	1,020,569
Lease assets, net	<u>\$ 1,508,006</u>	<u>\$ (161,365)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,346,641</u>

	2022				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Equipment	\$ 1,366,041	\$ 801,739	\$ -	\$ -	\$ 2,167,780
Less accumulated amortization	158,633	501,141	-	-	659,774
Lease assets, net	<u>\$ 1,207,408</u>	<u>\$ 300,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,508,006</u>

Subscription assets activity for the years ended June 30, 2023 and 2022, was:

	2023				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Subscription assets	\$ 2,525,809	\$ 54,259	\$ -	\$ -	\$ 2,580,068
Less accumulated amortization	812,145	853,327	-	-	1,665,472
Subscription assets, net	<u>\$ 1,713,664</u>	<u>\$ (799,068)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 914,596</u>

	2022				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Subscription assets	\$ 2,401,883	\$ 123,926	\$ -	\$ -	\$ 2,525,809
Less accumulated amortization	-	812,145	-	-	812,145
Subscription assets, net	<u>\$ 2,401,883</u>	<u>\$ (688,219)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,713,664</u>

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Note 7: Medical Malpractice Claims

The Medical Center purchases medical malpractice insurance under a claims-made policy on a retrospective-rated premium basis. Adjustments of estimated to actual expense, if any, after the policy term, are included in the period such adjustments are determined. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incident. Based upon the Medical Center's claim experience, there was no accrual at June 30, 2023 and 2022, respectively. It is reasonably possible that this estimate could change materially in the near term.

Note 8: Employee Health Benefits

The Medical Center maintains self-insurance coverage for employee health benefits. Liabilities include an estimated accrual for the ultimate costs of both reported employee health claims and claims incurred but not reported and are included in accrued expenses in the accompanying financial statements. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the Medical Center's estimate will change by a material amount in the near term. For the years ended June 30, 2023 and 2022, the Medical Center purchased stop-loss coverage of \$100,000 per employee from a commercial insurer.

Changes in the balance of claims liabilities, which are included in accrued expenses, during the years ended June 30 are summarized as follows:

	2023	2022
Balance, beginning of year	\$ 600,000	\$ 300,000
Estimated current year claims incurred	2,657,510	3,571,548
Claims and expenses paid	<u>(2,796,510)</u>	<u>(3,271,548)</u>
Balance, end of year	<u><u>\$ 461,000</u></u>	<u><u>\$ 600,000</u></u>

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Note 9: Long-Term Obligations

The following is a summary of long-term obligation transactions for the Medical Center for the years ended June 30, 2023 and 2022:

	2023				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-Term Debt					
Series 2007 Hospital					
Refunding and improvement					
Revenue bonds	\$ 12,005,000	\$ -	\$ 1,005,000	\$ 11,000,000	\$ 1,045,000
Note payable	-	1,424,940	74,069	1,350,871	72,023
Financed purchases	873,721	-	63,607	810,114	126,971
Nursing home loan	1,650,000	-	-	1,650,000	1,650,000
Total long-term debt	\$ 14,528,721	\$ 1,424,940	\$ 1,142,676	\$ 14,810,985	\$ 2,893,994

	2022				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-Term Debt					
Series 2007 Hospital					
Refunding and improvement					
Revenue bonds	\$ 12,970,000	\$ -	\$ 965,000	\$ 12,005,000	\$ 1,005,000
Paycheck protection program loan	3,000,000	-	3,000,000	-	-
Financing purchases	1,093,218	-	219,497	873,721	94,127
Nursing home loan	1,650,000	-	-	1,650,000	1,650,000
Total long-term debt	\$ 18,713,218	\$ -	\$ 4,184,497	\$ 14,528,721	\$ 2,749,127

Revenue Bonds Payable

The Series 2007 Revenue Bonds payable consists of Health Facilities Revenue Bonds (Bonds) in the original amount of \$21,730,000 dated March 15, 2007, which bear interest at 3.700 percent to 4.375 percent. The Bonds are payable in graduated annual installments commencing October 1, 2009, and ending October 1, 2031. The Medical Center is required to make minimum monthly deposits of one-sixth of the amount of interest becoming due on all Bonds on the next succeeding interest payment date and one-twelfth of the principal of the Bonds becoming due on the next October 1 to the debt service fund held by the trustee. The Bonds are payable, both as to principal and interest, solely out of the net income and revenues arising from the operation of the Medical Center facility after providing for the costs of operation and maintenance thereof, and from all

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other income made available to the Board of Directors including investment income and gifts, bequests, contributions, grants, and all other monies, except to the extent otherwise limited by the donor or grantor. The City of Nevada and Board of Directors have pledged said net Medical Center income and revenues and other income for the payment of such principal and interest. Payments of bond principal are also secured by an insurance policy issued by a commercial insurer.

The indenture agreement requires that certain funds be established with the trustee. Accordingly, these funds are included as assets held by trustee for debt service in the balance sheets. The indenture agreement also requires the Medical Center to comply with certain restrictive covenants including minimum insurance coverage, maintaining a historical debt-service coverage ratio of at least 1.15, certain days cash on hand, and restrictions on incurrence of additional debt.

The debt service requirements as of June 30, 2023, on the Bonds are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2024	\$ 1,499,583	\$ 1,045,000	\$ 454,583
2025	1,494,049	1,085,000	409,049
2026	1,486,534	1,125,000	361,534
2027	1,482,191	1,170,000	312,191
2028	1,475,611	1,215,000	260,611
2029 – 2032	5,839,560	5,360,000	479,560
	<u>\$ 13,277,528</u>	<u>\$ 11,000,000</u>	<u>\$ 2,277,528</u>

Note Payable

During 2023, the Hospital entered into a note payable related to purchase of a physician clinic building. Monthly payments of \$10,581 are required, including interest calculated on the 91-day treasury bill yield rate, which was 5.2 percent. Payments are based on a 15-year amortization, with an eight-year balloon due in November 2030.

The debt service requirements as of June 30, 2023, on the Note Payable is as follows:

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Year Ending June 30,	Total to be Paid	Principal	Interest
2024	\$ 126,975	\$ 72,023	\$ 54,952
2025	126,975	75,149	51,826
2026	126,975	78,254	48,721
2027	126,975	81,487	45,488
2028	126,975	84,740	42,235
2029 – 2030	1,012,346	959,218	53,128
	<u>\$ 1,647,221</u>	<u>\$ 1,350,871</u>	<u>\$ 296,350</u>

Paycheck Protection Program (PPP) Loan

During 2020, the Hospital received a Paycheck Protection Program (PPP) loan through the Small Business Administration (SBA), see *Note 2*, in the amount of \$3,000,000 at 1.0 percent interest. This loan was forgiven during 2022 (*Note 2*).

Nursing Home Loan

The Medical Center received loans totaling \$1,650,000 from Nevada City Nursing Home, d/b/a Moore-Few Care Center and Barone Care Center (the “Nursing Home”), which is also a component unit of the City of Nevada, Missouri. The Medical Center is required to pay the full amount to the Nursing Home if it meets certain days cash on hand amounts. The loan is unsecured with no interest. See *Note 15* for additional information.

The debt service requirements on the Nursing Home loan as of June 30, 2023, are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2024	<u>\$ 1,650,000</u>	<u>\$ 1,650,000</u>	<u>\$ -</u>

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Financed Purchases

Clinic Building

Payable in monthly installments of \$7,437 including 1.50 percent interest, commencing February 2017, final payment due January 2032, collateralized by a building. Related party transaction, see *Note 15*.

Endoscopic Equipment

Payable in monthly installments of \$4,224 including 5.5 percent interest, commencing August 2019, final payment due July 2024, collateralized by equipment.

Computers

Payable in 36 monthly installments of \$5,131, including interest at 3.56 percent commencing October 2019, final payment due September 2022, collateralized by equipment.

Note 10: Lease Liabilities

The Medical Center leases equipment, the terms of which expire in various years through 2027. The leases were measured based upon the interest rate implicit per the contract or the Medical Center's incremental borrowing rate at lease commencement. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance.

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The following is a summary of lease liabilities transactions for the Medical Center for the years ended June 30:

		2023			Current Portion
	Beginning Balance	Additions	Deductions	Ending Balance	
Other Long-Term Liabilities					
Lease Liabilities	\$ 1,370,831	\$ 199,430	\$ 399,070	\$ 1,171,191	\$ 412,673
Total long-term obligations	<u>\$ 1,370,831</u>	<u>\$ 199,430</u>	<u>\$ 399,070</u>	<u>\$ 1,171,191</u>	<u>\$ 412,673</u>
		2022			Current Portion
	Beginning Balance	Additions	Deductions	Ending Balance	
Other Long-Term Liabilities					
Lease Liabilities	\$ 1,123,775	\$ 801,739	\$ 554,683	\$ 1,370,831	\$ 371,886
Total long-term obligations	<u>\$ 1,123,775</u>	<u>\$ 801,739</u>	<u>\$ 554,683</u>	<u>\$ 1,370,831</u>	<u>\$ 371,886</u>

The following is a schedule of payments by year under the leases as of June 30, 2023:

Year Ending June 30,	Total to be Paid	Principal	Interest
2024	\$ 453,877	\$ 412,673	\$ 41,204
2025	445,037	420,000	25,037
2026	259,411	248,941	10,470
2027	84,881	81,683	3,198
2028	<u>7,963</u>	<u>7,894</u>	<u>69</u>
	<u>\$ 1,251,169</u>	<u>\$ 1,171,191</u>	<u>\$ 79,978</u>

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Note 11: Subscription Liabilities

The Medical Center has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2029. The subscriptions were measured based upon the interest rate implicit per the contract or the Medical Center's incremental borrowing rate at commencement. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance. There were no outflows of resources recognized in the reporting period for variable payments not previously recorded in the measurement of the subscription liability.

The following is a summary of subscription liabilities transactions for the Medical Center for the years ended June 30:

	2023				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Subscription Liabilities	<u>\$ 1,763,363</u>	<u>\$ 54,259</u>	<u>\$ 852,380</u>	<u>\$ 965,242</u>	<u>\$ 841,800</u>

	2022				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Subscription Liabilities	<u>\$ 2,401,883</u>	<u>\$ 123,926</u>	<u>\$ 762,446</u>	<u>\$ 1,763,363</u>	<u>\$ 916,850</u>

The following is a schedule by year of payments under the SBITAs as of June 30, 2023:

Year Ending June 30,	Total to be Paid	Principal	Interest
2024	\$ 879,568	\$ 841,800	\$ 37,768
2025	79,092	73,386	5,706
2026	<u>51,662</u>	<u>50,056</u>	<u>1,606</u>
	<u>\$ 1,010,322</u>	<u>\$ 965,242</u>	<u>\$ 45,080</u>

Subsequent to June 30, 2023, the Medical Center implemented a new information technology system. The agreement requires monthly payments of approximately \$42,000 and expires in June 2030.

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Note 12: Charity Care

The costs of charity care provided under the Medical Center's charity care policy were approximately \$429,000 and \$745,000 for the years ended June 30, 2023 and 2022, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

Note 13: Pension Plan

Plan Description

The Medical Center's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The Medical Center participates in the Missouri Local Government Employees' Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided

LAGERS provides retirement, death, and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after five years of credited service. Employees who retire on or after age 60 with five or more years of service are entitled to an allowance for life based on 5 years of average salary and a benefit multiplier of 1.25 percent. Employees may retire with an early retirement benefit with a minimum of five years of credited service and after attaining age 55 and receive a reduced allowance.

Benefit terms provide for annual postretirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4 percent per year.

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The employees covered by the Plan at June 30, 2023 and 2022, are:

	2023	2022
Inactive employees or beneficiaries currently receiving benefits	212	204
Inactive employees entitled to but not yet receiving benefits	120	111
Active employees	<u>245</u>	<u>257</u>
	<u><u>577</u></u>	<u><u>572</u></u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. For the years ended June 30, 2023 and 2022, the employer contribution rate was 3.4 percent and 3.6 percent, respectively.

Net Pension Asset

The Medical Center's net pension asset was measured as of June 30, 2023 and 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2023 and 2022, rolled forward to June 30, 2023 and 2022, respectively.

The total pension liability in the February 28, 2023, and 2022, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

2023	
Inflation	2.75% wage inflation; 2.25% price inflation
Salary increases	2.75% to 6.75% average, including inflation
Investment rate of return	7.00%, net of investment and administrative expenses
2022	
Inflation	2.75% wage inflation; 2.25% price inflation
Salary increases	2.75% to 6.75% average, including inflation
Investment rate of return	7.00%, net of investment and administrative expenses

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For 2023, the healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115 percent of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115 percent of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The preretirement mortality tables used were 75 percent of the PubG-2010 Employee Mortality Table for males and females of General groups and 75 percent of the PubS-2010 Employee Mortality Table for males and females of police, fire, and public safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

For 2022, the healthy retiree mortality tables for post-retirement mortality, used in evaluating allowances to be paid were 115 percent of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115 percent of the PubNS-2010 Disabled Retiree Table Mortality table for males and females. The preretirement mortality tables used were 75 percent of the PubG-2010 Employee Mortality Table for males and females of general groups and 75 percent of the PubS-2010 Employee Mortality Table for males and females of police, fire, and public safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2023 and 2022, valuations were based on the results of an actuarial experience study for the period March 1, 2015, through February 28, 2023.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	39.00%	4.16%
Fixed income	28.00%	1.05%
Real assets/real return	33.00%	2.09%

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Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent for the years ended June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumes that employer contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the total pension liability, plan fiduciary net position, and the net pension asset are:

	2023		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balance, beginning of year	\$ 37,480,295	\$ 46,673,266	\$ (9,192,971)
Changes for the year			
Service cost	958,839	-	958,839
Interest	2,594,346	-	2,594,346
Differences between expected and actual experience	(1,963,964)	-	(1,963,964)
Contributions – employer	-	499,435	(499,435)
Net investment income	-	1,635,320	(1,635,320)
Benefit payments, including refunds of employee contributions	(1,809,641)	(1,809,641)	-
Administrative expense	-	(85,552)	85,552
Other	-	(832,215)	832,215
Net changes	(220,420)	(592,653)	372,233
Balance, end of year	\$ 37,259,875	\$ 46,080,613	\$ (8,820,738)

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	2022		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balance, beginning of year	<u>\$ 33,896,883</u>	<u>\$ 48,097,773</u>	<u>\$ (14,200,890)</u>
Changes for the year			
Service cost	873,283	-	873,283
Interest	2,340,523	-	2,340,523
Differences between expected and actual experience	2,180,440	-	2,180,440
Contributions – employer	-	644,969	(644,969)
Net investment income	-	35,874	(35,874)
Benefit payments, including refunds of employee contributions	(1,810,834)	(1,810,834)	-
Administrative expense	-	(61,216)	61,216
Other	<u>-</u>	<u>(233,300)</u>	<u>233,300</u>
Net changes	<u>3,583,412</u>	<u>(1,424,507)</u>	<u>5,007,919</u>
Balance, end of year	<u><u>\$ 37,480,295</u></u>	<u><u>\$ 46,673,266</u></u>	<u><u>\$ (9,192,971)</u></u>

The net pension asset of the Medical Center has been calculated using a discount rate of 7.00 percent. The following presents the net pension asset using a discount rate 1 percent higher and 1 percent lower than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Medical Center's net pension asset	\$ 3,661,006	\$ 8,820,738	\$ 13,061,492

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

For the years ended June 30, 2023 and 2022, the Medical Center recognized pension expense (credit) of \$800,249 and (\$632,290), respectively. At June 30, 2023 and 2022, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,251,744	\$ 1,757,324
Assumption changes	-	417,161
Net difference between projected and actual earnings on pension plan investments	<u>610,601</u>	<u>-</u>
Total	<u><u>\$ 1,862,345</u></u>	<u><u>\$ 2,174,485</u></u>
	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,748,389	\$ 465,451
Assumption changes	-	674,129
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>992,368</u>
Total	<u><u>\$ 1,748,389</u></u>	<u><u>\$ 2,131,948</u></u>

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Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2023, will be recognized in pension expense as follows:

2024	\$ (520,881)
2025	(766,183)
2026	844,344
2027	130,580
	\$ (312,140)

Payable to LAGERS

At June 30, 2023 and 2022, the Medical Center reported a payable \$0 for the outstanding amount of contributions to the pension plan required for both years ended June 30, 2023 and 2022, which is included in accrued expenses in the accompanying financial statements.

Note 14: Related Party Transactions

Nevada City Nursing Home, d/b/a Moore-Few Care Center and Barone Care Center

The Medical Center provides dietary, maintenance, and administrative services to the Nursing Home. Approximately \$1,675,000 for the years ended June 30, 2023 and 2022, of other expenses are directly allocated to the Nursing Home. Included in due from related party is unsecured noninterest bearing amounts of \$1,413,379 and \$606,468 due from the Nursing Home at June 30, 2023 and 2022, respectively, related to these services.

During 2017, the Nursing Home purchased property and two clinics for \$1,198,000 which it then leased to the Medical Center. The Medical Center accounted for the transaction as a financed purchase (*Note 9*). The fifteen-year lease began on February 2, 2017, and upon expiration of the lease the Nursing Home will transfer the property to the Medical Center. The Medical Center makes monthly lease payments of \$7,437 which includes interest of 1.50 percent. Beginning three years from the inception of the lease and every three years thereafter, monthly lease payments shall be adjusted based on a three-year United States Treasury rate, with a floor of 1.50 percent.

The Nursing Home has loaned \$1,650,000 to the Medical Center. See *Note 9* for the related terms.

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Foundation

The Nursing Home has transferred funds to the Foundation for investment. The balance of such funds being held for the Nursing Home at June 30, 2023 and 2022, is \$80,134 for both years, and is included in current liabilities as funds held for others.

Note 15: Contingencies

Litigation

In the normal course of business, the Medical Center is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Medical Center's self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts. The Medical Center evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

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Note 16: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2023 and 2022:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
June 30, 2023				
Money market mutual funds	\$ 2,316,881	\$ 2,316,881	\$ -	\$ -
Equity mutual funds	335,381	335,381	-	-
June 30, 2022				
Money market mutual funds	933,064	933,064	-	-
U.S. government agency debt securities	370,144	-	370,144	-
Equity mutual funds	256,038	256,038	-	-

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Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Note 17: Management's Consideration of Going Concern Matters

The Medical Center incurred total operating losses of approximately \$5,723,000 during 2023 and 2022, which has contributed to a decline in cash of approximately \$12,610,000 over the two-year period. Days cash on hand as of June 30, 2023 is less than 20 days.

The accompanying financial statements have been prepared assuming that the Medical Center will continue as a going concern; however, the above conditions raise substantial doubt about the Medical Center's ability to do so. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Medical Center be unable to continue as a going concern.

Note 18: Subsequent Events

Subsequent events have been evaluated January 6, 2024, which is the date the financial statements were available to be issued.

Required Supplementary Information

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Required Supplementary Information
Schedule of Changes in the Net Pension Asset and Related Ratios

	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability								
Service cost	\$ 958,839	\$ 873,283	\$ 793,708	\$ 780,750	\$ 778,440	\$ 752,518	\$ 705,588	\$ 659,381
Interest on total pension liability	2,594,346	2,340,523	2,429,735	2,362,289	2,246,734	2,185,342	2,092,854	1,926,517
Changes in assumptions	-	-	(1,188,065)	-	-	-	-	1,181,100
Difference between expected and actual experience	(1,963,964)	2,180,440	(428,904)	(593,711)	173,753	(659,631)	(206,621)	(228,887)
Change in benefit terms	-	-	-	-	-	-	-	-
Benefit payments	(1,809,641)	(1,810,834)	(1,637,877)	(1,613,365)	(1,599,276)	(1,294,408)	(1,382,404)	(1,154,593)
Net Change in Total Pension (Asset) Liability	(220,420)	3,583,412	(31,403)	935,963	1,599,651	983,821	1,209,417	2,383,518
Total Pension Liability – Beginning	37,480,295	33,896,883	33,928,286	32,992,323	31,392,672	30,408,851	29,199,434	26,815,916
Total Pension Liability – Ending (a)	37,259,875	37,480,295	33,896,883	33,928,286	32,992,323	31,392,672	30,408,851	29,199,434
Fiduciary Net Position								
Employer contributions	499,435	644,969	527,353	445,235	477,031	410,332	345,604	459,442
Net investment income	1,635,320	35,874	10,455,321	523,292	2,502,067	4,332,089	3,895,180	(79,813)
Benefit payments	(1,809,641)	(1,810,834)	(1,637,877)	(1,613,365)	(1,599,276)	(1,294,408)	(1,382,404)	(1,154,593)
Administrative expenses	(85,552)	(61,216)	(55,685)	(71,129)	(61,579)	(44,049)	(43,069)	(43,493)
Other	(832,215)	(233,300)	(385,420)	(60,421)	(208,849)	(387,772)	(122,608)	24,293
Net Change in Fiduciary Net Position	(592,653)	(1,424,507)	8,903,692	(776,388)	1,109,394	3,016,192	2,692,703	(794,164)
Fiduciary Net Position – Beginning	46,673,266	48,097,773	39,194,081	39,970,469	38,861,075	35,844,883	33,152,180	33,946,344
Fiduciary Net Position – Ending (b)	46,080,613	46,673,266	48,097,773	39,194,081	39,970,469	38,861,075	35,844,883	33,152,180
Medical Center's Net Pension Asset, Ending = (a) - (b)	\$ (8,20,738)	\$ (9,192,971)	\$ (14,200,890)	\$ (5,265,795)	\$ (6,978,146)	\$ (7,468,403)	\$ (5,436,032)	\$ (3,952,746)
Fiduciary Net Position as a Percentage of Total Pension Liability	123.67%	124.53%	141.89%	115.52%	121.15%	123.79%	117.88%	113.54%
Covered Payroll	\$ 15,608,052	\$ 17,391,437	\$ 14,046,663	\$ 13,113,471	\$ 13,350,685	\$ 13,168,042	\$ 12,399,005	\$ 11,684,198
Medical Center's Net Pension Asset as a Percentage of Covered Payroll	-56.51%	-52.86%	-101.10%	-40.16%	-52.27%	-56.72%	-43.84%	-33.83%

This schedule is required to present ten years of information under GASB 68. However, in accordance with GASB 68, the Medical Center has included only the information that is measured in accordance with its provisions that are available.

Nevada City Hospital
d/b/a Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Required Supplementary Information
Schedule of Medical Center Contributions

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2014	755,443	755,443	-	11,622,204	6.50%
2015	596,777	596,777	-	11,404,671	5.23%
2016	457,185	457,185	-	12,031,173	3.80%
2017	344,144	344,144	-	12,746,064	2.70%
2018	409,133	409,133	-	13,197,802	3.10%
2019	478,897	478,897	-	12,943,165	3.70%
2020	441,695	441,695	-	12,991,024	3.40%
2021	528,856	528,856	-	14,690,422	3.60%
2022	653,188	653,188	-	18,144,103	3.60%
2023	494,161	494,161	-	15,940,697	3.10%

Notes to Schedule:

Valuation Date: February 28, 2023

The rollforward of total pension liability from February 28, 2023, to June 30, 2023, reflects expected service cost and interest reduced by actual benefit payments.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization methods	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining amortization period	Multiple bases from 12 to 15 years
Asset valuation method	5-year smoothed market, 20% corridor
Inflation	2.75% wage inflation, 2.25% price inflation
Salary increases	2.75% to 6.75%, including wage inflation
Net investment rate of return	7.00%, net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The preretirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of police, fire, and public safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.
Other information	None

Supplementary Information

Nevada City Hospital
d/b/a Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Patient Accounts Receivable
June 30, 2023 and 2022

	2023		2022	
	Amount	Percent	Amount	Percent
Patient Accounts				
Medicare	\$ 5,541,569	23.8%	\$ 4,575,163	18.5%
Medicaid	3,863,076	16.6%	5,098,097	20.7%
Private insurance	5,321,429	22.9%	5,550,899	22.5%
Self-pay	8,537,547	36.7%	9,456,498	38.3%
	<u>23,263,621</u>	<u>100.0%</u>	<u>24,680,657</u>	<u>100.0%</u>
Other Receivables	<u>5,314</u>		<u>58,938</u>	
	23,268,935		24,739,595	
Allowance for Contractual Adjustments	(11,740,168)		(12,441,066)	
Allowance for Uncollectible Accounts	<u>(7,249,865)</u>		<u>(7,795,617)</u>	
	<u>\$ 4,278,902</u>		<u>\$ 4,502,912</u>	
Aging of Patient Accounts				
Discharged during the month of June (includes in-house and unbilled accounts)	\$ 9,070,019	39.0%	\$ 9,092,486	36.8%
May	1,991,666	8.6%	2,075,959	8.4%
April	1,329,246	5.7%	1,620,977	6.6%
March	1,360,473	5.8%	1,495,406	6.1%
Prior to March	9,512,217	40.9%	10,395,829	42.1%
	<u>\$ 23,263,621</u>	<u>100.0%</u>	<u>\$ 24,680,657</u>	<u>100.0%</u>

Nevada City Hospital
d/b/a Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Net Patient Service Revenue
Years Ended June 30, 2023 and 2022

	2023	2022
Daily Patient Services		
Medical/surgical and swing bed	\$ 2,682,542	\$ 3,238,091
Obstetrics	1,978,529	2,148,398
Intensive care	2,180,690	2,278,757
Behavioral health unit	12,254,694	11,088,594
Hospitalist	676,645	694,791
Nursery	831,611	982,760
	<u>20,604,711</u>	<u>20,431,391</u>
Other Nursing Services		
Operating rooms	8,069,572	6,883,981
Recovery rooms	1,006,360	863,706
Delivery and labor rooms	1,409,260	1,712,623
Emergency service	10,619,528	10,573,769
	<u>21,104,720</u>	<u>20,034,079</u>
Other Professional Services		
Laboratory	964,491	905,296
Gastrointestinal lab	3,530,678	3,196,124
Transfusion service	593,802	567,833
Electrocardiology	1,151,678	1,119,066
Cardiac rehabilitation	282,352	242,710
Radiology	4,260,158	4,000,155
Nuclear medicine	899,632	901,599
Ultrasound	3,221,779	3,267,926
Computerized tomography	11,013,579	10,713,702
Magnetic resonance imaging	2,630,240	2,017,549
Pharmacy	5,459,561	5,979,227
Anesthesiology	3,054,162	2,555,719
Respiratory therapy	1,709,492	2,621,118
Physical therapy	1,619,111	1,593,368
Occupational therapy	643,756	545,394
Speech therapy	262,119	169,880
Occupational medicine	22,345	18,847
Wound/ostomy	789,443	882,956
Emergency room physicians	6,509,081	6,146,566
Ambulatory care	1,426,780	1,178,121
Rich Hill clinic	539,090	437,486
Orthopedic/specialty clinics	1,727,231	1,537,433
Nevada medical clinic	3,841,950	-
Physicians clinic	6,763,766	5,732,975
NowCare clinic	2,473,829	2,834,392
Wellness	648,741	603,026
Microbiology	2,756,932	4,568,475
Hematology	4,973,419	5,951,764
Chemistry	8,204,111	7,698,203
NRPCC	2,422,398	2,277,793
Acceleration program	356,444	377,608
	<u>84,752,150</u>	<u>80,642,311</u>

Nevada City Hospital
d/b/a Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Net Patient Service Revenue
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Gross Patient Service Revenue	<u>\$ 126,461,581</u>	<u>\$ 121,107,781</u>
Less Allowances		
Medicare contractual allowances	34,833,998	32,431,243
Medicaid contractual allowances	22,924,287	18,745,220
Other allowances	20,788,687	21,175,296
Charity care	1,144,551	2,043,382
Provision for uncollectible accounts	<u>4,359,308</u>	<u>5,983,809</u>
	<u>84,050,831</u>	<u>80,378,950</u>
Net Patient Service Revenue	<u><u>\$ 42,410,750</u></u>	<u><u>\$ 40,728,831</u></u>

Nevada City Hospital
d/b/a Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Other Revenue
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cafeteria	\$ 229,793	\$ 205,148
Miscellaneous	985,931	209,988
Contract 340B pharmacy revenue	2,476,821	1,225,094
Rental of office space	<u>47,659</u>	<u>20,970</u>
	<u>\$ 3,740,204</u>	<u>\$ 1,661,200</u>

Nevada City Hospital
d/b/a Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Expenses
Years Ended June 30, 2023 and 2022

		2023	
	Salaries	Supplies and Expense	Total
Nursing Services			
Nursing administration	\$ 612,727	\$ 19,543	\$ 632,270
Medical and surgical	655,841	182,957	838,798
Obstetrics	737,906	352,570	1,090,476
Intensive care	85,936	193,232	279,168
Behavioral health unit	2,377,506	505,701	2,883,207
Senior psych	46,542	31,739	78,281
Nursery	-	17,668	17,668
Operating and recovery rooms	614,412	911,669	1,526,081
Central service	31,931	81,185	113,116
Emergency service	1,008,215	(23,968)	984,247
Admissions	356,571	20,401	376,972
	<u>6,527,587</u>	<u>2,292,697</u>	<u>8,820,284</u>
Other Professional Services			
Laboratory	573,734	602,125	1,175,859
Gastrointestinal lab	35,014	161,719	196,733
Transfusion service	-	75,338	75,338
Electrocardiology	750	80,757	81,507
Clinic administration	-	1,000	1,000
Cardiac rehabilitation	99,571	1,937	101,508
Radiology	264,449	232,888	497,337
Nuclear medicine	80,437	82,369	162,806
Ultrasound	145,346	49,523	194,869
Computerized tomography	52,653	171,535	224,188
Magnetic resonance imaging	62,632	89,622	152,254
Pharmacy	476,435	2,435,801	2,912,236
Anesthesiology	727,323	45,058	772,381
Respiratory therapy	344,344	95,234	439,578
Physical therapy	295,138	10,047	305,185
Occupational therapy	137,097	915	138,012
Speech therapy	81,111	733	81,844
Sports medicine	40,678	365	41,043
Acceleration program	25,777	21,248	47,025
Wound/ostomy	117,043	51,790	168,833
Disaster recovery	2,721	89,823	92,544
Medical records	480,080	98,195	578,275
Emergency room physicians	-	2,584,337	2,584,337
Social service	121,196	361	121,557
Ambulatory care	142,002	38,841	180,843
Clinic administration	154,777	-	154,777
Rich Hill clinic	219,346	52,090	271,436
Sheldon clinic	186,724	3,111	189,835
Nevada medical clinic	1,529,312	809,646	2,338,958
Physicians clinic	2,099,937	398,517	2,498,454
NowCare clinic	890,347	255,210	1,145,557
Hospitalist	479,541	105,791	585,332
Wellness	73,150	122,486	195,636
Microbiology	-	134,284	134,284
Hematology	-	35,115	35,115
Chemistry	-	175,715	175,715
NRPCC	980,561	147,035	1,127,596
	<u>10,919,226</u>	<u>9,260,881</u>	<u>20,180,107</u>

	2022		
	Salaries	Supplies and Expense	Total
Nursing Services			
Nursing administration	\$ 544,570	\$ 46,317	\$ 590,887
Medical and surgical	714,504	151,327	865,831
Obstetrics	631,970	188,406	820,376
Intensive care	107,496	494,016	601,512
Behavioral health unit	1,990,868	282,423	2,273,291
Senior psych	-	(220)	(220)
Nursery	270	7,570	7,840
Operating and recovery rooms	450,742	980,074	1,430,816
Central service	22,624	96,330	118,954
Emergency service	1,846,814	990,745	2,837,559
Admissions	331,181	19,124	350,305
	<u>6,641,039</u>	<u>3,256,112</u>	<u>9,897,151</u>
Other Professional Services			
Laboratory	579,191	844,282	1,423,473
Gastrointestinal lab	23,470	280,555	304,025
Transfusion service	-	59,736	59,736
Electrocardiology	-	71,244	71,244
Clinic administration	-	6,400	6,400
Cardiac rehabilitation	87,958	4,022	91,980
Radiology	318,108	145,828	463,936
Nuclear medicine	71,353	74,048	145,401
Ultrasound	156,808	75,028	231,836
Computerized tomography	34,042	164,353	198,395
Magnetic resonance imaging	44,026	83,141	127,167
Pharmacy	477,676	1,255,004	1,732,680
Anesthesiology	622,629	33,242	655,871
Respiratory therapy	308,066	107,435	415,501
Physical therapy	362,903	17,203	380,106
Occupational therapy	144,324	468	144,792
Speech therapy	83,804	587	84,391
Sports medicine	40,408	-	40,408
Acceleration program	24,799	17,942	42,741
Wound/ostomy	171,792	59,169	230,961
Disaster recovery	2,097,894	1,275,483	3,373,377
Medical records	501,182	118,608	619,790
Emergency room physicians	210	2,162,408	2,162,618
Social service	116,333	264	116,597
Ambulatory care	129,365	43,898	173,263
Clinic administration	176,887	-	176,887
Rich Hill clinic	154,470	39,902	194,372
Sheldon clinic	176,076	3,916	179,992
Orthopedic/specialty clinics	2,078	465,220	467,298
Physicians clinic	1,954,962	218,413	2,173,375
NowCare clinic	943,705	223,760	1,167,465
Hospitalist	471,708	115,326	587,034
Wellness	54,062	115,518	169,580
Microbiology	-	187,155	187,155
Hematology	-	13,645	13,645
Chemistry	-	165,256	165,256
NRPCC	934,542	87,161	1,021,703
	<u>11,264,831</u>	<u>8,536,554</u>	<u>19,801,385</u>

Nevada City Hospital
d/b/a Nevada Regional Medical Center
A Component Unit of the City of Nevada, Missouri
Expenses
Years Ended June 30, 2023 and 2022

	Salaries	2023 Supplies and Expense	Total
General Services			
Dietary	\$ 464,694	\$ 491,201	\$ 955,895
Laundry	26,410	242,042	268,452
Plant operation and maintenance	382,866	959,161	1,342,027
Housekeeping	350,807	56,120	406,927
Transportation	2,240	210	2,450
	<u>1,227,017</u>	<u>1,748,734</u>	<u>2,975,751</u>
Administrative Services			
Foundation	-	68,820	68,820
General accounting	193,485	337,647	531,132
Business office	521,994	271,258	793,252
Data processing	297,811	394,325	692,136
Administrative	916,443	896,821	1,813,264
Medicaid provider assessment	-	2,020,357	2,020,357
Personnel	120,232	92,942	213,174
Employee health	32,901	(12,277)	20,624
Storeroom	173,032	256,655	429,687
Insurance	-	1,085,730	1,085,730
Employee benefits	-	4,619,630	4,619,630
	<u>2,255,898</u>	<u>10,031,908</u>	<u>12,287,806</u>
Depreciation and Amortization	<u>-</u>	<u>2,977,392</u>	<u>2,977,392</u>
	<u><u>\$ 20,929,728</u></u>	<u><u>\$ 26,311,612</u></u>	<u><u>\$ 47,241,340</u></u>

		2022 Supplies and Expense	
	Salaries		Total
General Services			
Dietary	\$ 473,039	\$ 470,565	\$ 943,604
Laundry	23,129	179,639	202,768
Plant operation and maintenance	363,630	1,155,463	1,519,093
Housekeeping	410,841	67,107	477,948
Transportation	-	762	762
	<u>1,270,639</u>	<u>1,873,536</u>	<u>3,144,175</u>
Administrative Services			
Foundation	-	17,271	17,271
General accounting	171,772	317,712	489,484
Business office	470,385	208,908	679,293
Data processing	323,371	366,023	689,394
Administrative	1,337,271	742,690	2,079,961
Medicaid provider assessment	-	1,959,274	1,959,274
Personnel	101,990	67,731	169,721
Employee health	79,464	12,069	91,533
Storeroom	168,806	(305,505)	(136,699)
Insurance	-	630,459	630,459
Employee benefits	-	4,732,766	4,732,766
	<u>2,653,059</u>	<u>8,749,398</u>	<u>11,402,457</u>
Depreciation and Amortization	<u>-</u>	<u>2,777,722</u>	<u>2,777,722</u>
	<u><u>\$ 21,829,568</u></u>	<u><u>\$ 25,193,322</u></u>	<u><u>\$ 47,022,890</u></u>