TAHOE FOREST HOSPITAL DISTRICT

2023-11-16 Regular Meeting of the Board of Directors

(Packet revised on 11/15/2023 at 10:38am)

Thursday, November 16, 2023 at 4:00 p.m.

Tahoe Forest Hospital - Eskridge Conference Room

10121 Pine Avenue, Truckee, CA 96161

TAHOE FOREST HOSPITAL DISTRICT

Meeting Book - 2023-11-16 Regular Meeting of the Board of Directors

Agenda Packet Contents

TAHOE FOREST HOSPITAL DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS AGENDA

Thursday, November 16, 2023 at 4:00 p.m.
Tahoe Forest Hospital – Eskridge Conference Room
10121 Pine Avenue, Truckee, CA 96161

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **DELETIONS/CORRECTIONS TO THE POSTED AGENDA**

4. **INPUT AUDIENCE**
   This is an opportunity for members of the public to comment on any closed session item appearing before the Board on this agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Clerk of the Board 24 hours prior to the meeting to allow for distribution.

5. **CLOSED SESSION**
   - **5.1. Conference with Labor Negotiator (Government Code § 54957.6)**
     Name of District Negotiator(s) to Attend Closed Session: Mary Brown
     Unrepresented Employee: President & Chief Executive Officer
   - **5.2. Conference with Legal Counsel; Anticipated Litigation (Government Code § 54956.9(d)(2) & (d)(3))◈**
     A point has been reached where, in the opinion of the District Board, on the advice of its legal counsel, based on the below-described existing facts and circumstances, there is a significant exposure to litigation against the District.

     Receipt of Claim pursuant to Tort Claims Act or other written communication threatening litigation (copy available for public inspection in Clerk's office).
     (Gov. Code § 54956.9(e)(3))

     Name of Person or Entity Threatening Litigation: Karla Weeks
   - **5.3. Hearing (Health & Safety Code § 32155)◈**
     Subject Matter: First Quarter Fiscal Year 2024 Board Quality Dashboard
     Number of items: One (1)
   - **5.4. Approval of Closed Session Minutes◈**
     - **5.4.1.** 10/26/2023 Regular Meeting
   - **5.5. TIMED ITEM – 5:30PM - Hearing (Health & Safety Code § 32155)◈**
     Subject Matter: Medical Staff Credentials

APPROXIMATELY 6:00 P.M.

6. **DINNER BREAK**

◈ Denotes Action Item

7. OPEN SESSION – CALL TO ORDER

8. REPORT OF ACTIONS TAKEN IN CLOSED SESSION

9. DELETIONS/CORRECTIONS TO THE POSTED AGENDA

10. INPUT – AUDIENCE

This is an opportunity for members of the public to address the Board on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Board cannot take action on any item not on the agenda. The Board Chair may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.

11. INPUT FROM EMPLOYEE ASSOCIATIONS

This is an opportunity for members of the Employee Associations to address the Board on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes.

12. MEDICAL STAFF EXECUTIVE COMMITTEE◈

12.1. Medical Executive Committee (MEC) Meeting Consent Agenda ..... ATTACHMENT

MEC recommends the following for approval by the Board of Directors:

Revised Policies:

- *Immunizations Vaccinations for Medical Staff and Allied Health Professional Staff, MSGEN-1603*
- *Neonate – Patient Admission Care and Discharge of, DWFC-1449*
- *Neonate – Late Preterm Newborn, DWFC-1486*

13. CONSENT CALENDAR◈

These items are expected to be routine and non-controversial. They will be acted upon by the Board without discussion. Any Board Member, staff member or interested party may request an item to be removed from the Consent Calendar for discussion prior to voting on the Consent Calendar.

13.1. Approval of Minutes of Meetings

13.1.1. 10/26/2023 Regular Meeting ..... ATTACHMENT

13.2. Financial Reports

13.2.1. Financial Report – October 2023 ..... ATTACHMENT*

13.3. Board Reports

13.3.1. President & CEO Board Report ..... ATTACHMENT

14. ITEMS FOR BOARD ACTION

14.1. Fiscal Year 2023 Audited Financial Statements◈ ..... ATTACHMENT*

The Board of Directors will review and consider approval of the Fiscal Year 2023 Audited Financial Statements.

14.2. President & CEO Annual Compensation Increase◈

The Board of Directors will review and consider approval of the annual compensation adjustment for the President & CEO as required by his employment agreement.

14.3. Fiscal Year 2023 President & Chief Executive Officer Incentive Compensation◈ ..... ATTACHMENT

The Board of Directors will review and approve the Fiscal Year 2023 President and Chief Executive Officer Incentive Compensation.

◈ Denotes Action Item

14.4. Order & Decorum◈ ..... ATTACHMENT
The Board of Directors will review edits and consider approval of Order & Decorum.

15. DISCUSSION OF CONSENT CALENDAR ITEMS PULLED, IF NECESSARY

16. BOARD COMMITTEE REPORTS

17. BOARD MEMBERS REPORTS/CLOSING REMARKS

18. CLOSED SESSION CONTINUED

18.1. Public Employee Performance Evaluation (Government Code § 54957)
Title: President & Chief Executive Officer

19. OPEN SESSION

20. REPORT OF ACTIONS TAKEN IN CLOSED SESSION, IF NECESSARY

21. ADJOURN

The next regularly scheduled meeting of the Board of Directors of Tahoe Forest Hospital District is December 21, 2023 at Tahoe Forest Hospital – Eskridge Conference Room, 10121 Pine Avenue, Truckee, CA, 96161. A copy of the board meeting agenda is posted on the District's web site (www.tfhd.com) at least 72 hours prior to the meeting or 24 hours prior to a Special Board Meeting. Materials related to an item on this Agenda submitted to the Board of Directors, or a majority of the Board, after distribution of the agenda are available for public inspection in the Administration Office, 10977 Spring Lane, Truckee, CA 96161, during normal business hours.

*Denotes material (or a portion thereof) may be distributed later.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions. Equal Opportunity Employer. The telephonic meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations for the disabled are needed or a reasonable modification of the teleconference procedures are necessary (i.e., disability-related aids or other services), please contact the Clerk of the Board at 582-3481 at least 24 hours in advance of the meeting.

◈ Denotes Action Item

AGENDA ITEM COVER SHEET

ITEM	Medical Executive Committee (MEC) Consent Agenda
RESPONSIBLE PARTY	Johanna Koch, MD Chief of Staff
ACTION REQUESTED	For Board Action

BACKGROUND:
During the November 9, 2023 Medical Executive Committee meeting, the committee made the following open session consent agenda item recommendations to the Board of Directors at the November 16, 2023 meeting.

Revised Policies

- Immunizations Vaccinations for Medical Staff and Allied Health Professional Staff, MSGEN-1603
- Neonate – Patient Admission Care and Discharge of, DWFC-1449
- Neonate – Late Preterm Newborn, DWFC-1486

SUGGESTED DISCUSSION POINTS:
None.

SUGGESTED MOTION/ALTERNATIVES:
Move to approve the Medical Executive Committee Consent Agenda as presented.

~~PURPOSE~~RISK:

~~The purpose of this policy is to protect the health and safety of employees, patients, family members, and the community as a whole by ensuring that current Medical Staff and Allied Health Staff (*Health Care Professionals) are immune to vaccine preventable diseases.~~There could be the spread of infection throughout the health system of vaccine preventable disease to patients, families and health care system workers and the health system could be in violation of state and local vaccine mandates.

POLICY:

A. The Federal Advisory Committee on Immunization Practices (ACIP), the Centers for Disease Control (CDC) and the California Department of Public Health (CDPH) make recommendations for vaccine administration to healthcare personnel. There are no federal or state laws that require healthcare personnel to accept any vaccination. However, those who choose not to be vaccinated must sign a *declination form for the particular vaccine and follow the procedure below (See "Procedure"). The following vaccines are required per Aerosol Transmissible Disease (ATD) and Blood Borne Pathogen (BBP) standards:

1. **Hepatitis B**
    a. Proof of 3 vaccines
    b. OR proof of immunity (do not draw titer unless it is 1-2 months following the 3rd vaccine).
    c. Physician may *decline this vaccine, but it is being offered free of charge for those who are at risk of coming in contact with blood and other potentially infectious body fluids.
2. **Measles, Mumps, and Rubella (MMR)**
    a. Proof of 2 vaccines
    b. OR laboratory evidence of immunity (Titers)
3. **Varicella (Chicken Pox)**
    a. Proof of 2 vaccines
    b. OR history of Varicella from a physician
    c. OR laboratory evidence of immunity (Titers)
4. **Influenza**
    a. Proof of current year's vaccination.
    b. Education on annual influenza is provided at the time of new physician orientation.
    c. *Declination of annual influenza requires that a surgical mask be worn while working throughout the flu season as defined by the County Health Officer.
5. **Tdap**
    a. Proof of one time vaccination booster.
6. **TB Screening**
    a. No previous history of a positive screening
        i. TB Risk Assessment Form annually, and
        ~~a.~~ii. QuantiFERON Blood Test every 3 years
        ~~i. Two step TB skin test~~
        ~~ii. OR Quantiferon blood test result~~
    b. History of positive TB screening in past:
        i. Show proof of chest x-ray (one view is acceptable) and provide history of review of symptoms related to TB.
        ii. Must complete the TB Symptom Review Form annually as the TB screening
7. **Effective February 2022, proof of full COVID-19 Vaccine.**

B. Tahoe Forest Hospital District ("TFHD"), through Occupational Health Services, will ensure that all healthcare personnel are offered immunizations/vaccines based on the recommendations and guidelines from ACIP, CDC, and CDPH.

C. Health Care Professionals ("HCPs") not employed by TFHD may be eligible for MMR, Varicella, Hepatitis B and Tdap vaccines at low or no cost, in accordance with the TFHD policy on Professional Courtesy Discounts for Health Care Professionals.

PROCEDURE:

The prevention and control of infections is a shared responsibility among all clinical and non-clinical people in the hospital.

A. Medical Staff Services will maintain the record of immunity status for all HCPs not employed by TFHD. Occupational Health will maintain the record of immunity status for all HCPs employed by TFHD.
B. All HCPs will receive a flu/influenza vaccination annually per Tahoe Forest Hospital District policy.
C. Upon initial credentialing application, applicants are required to provide proof of immunity and TB screening.
D. All HCPs are required to have an annual TB screening per TFHD.
E. The District will provide other immunizations on a case by case basis following exposure/events.
F. *If declination of vaccines is requested for religious or other reasons, the request must be in writing and provided to the Medical Staff Services office who will provide it to the Occupational Health nurse to make a determination whether the request is acceptable and will notify the Medical Staff Services office of the medical exception. Medical Staff Services will maintain a record of any approved medical exceptions for all HCPs not employed by TFHD. If a declination is accepted, the Medical Staff Services office will notify the HCP and the HCP's appropriate department manager who will monitor the unvaccinated HCP to ensure the HCP is wearing a mask (for flu) to protect patients. Restrictions on presence in the facility may be placed on the HCP at any time based upon current exposures.
G. The privileges of those HCPs who do not begin the vaccination schedule or receive a medical exception will lapse until they meet this requirement.
H. All current HCPs will follow the procedures listed above for continuation of privileges.

Special Instructions / Definitions:

Health Care Professional ("HCPs) means members of the Tahoe Forest Hospital or Incline Village Community Hospital Medical or Allied Health Professional Staff or Residents, or medical students; or, applicants requesting Medical or Allied Health Professional Staff membership and privileges, or Residents who request clinical privileges.

References:

Immunization and Immunity Testing Recommendations, California Department of Public Health; AICP guidelines for "Evidence of Immunity", www.cdc.gov/vaccines/hcp/acip-recs/index.html, www.immunize.org/acip, Title 8 Section 5199

Status **Active** PolicyStat ID **14699542**

Origination Date	04/2014	Department	Women and Family Center - DWFC
Last Approved	11/2023	Applicabilities	Tahoe Forest Hospital
Last Revised	11/2023		
Next Review	10/2025		

Neonate - Late Preterm Newborn, DWFC-1486

RISK:

Late preterm infants born at a gestational age (GA) between 34 weeks and 0 days, and 36 weeks and 6 days and have an increased risk of temperature instability, respiratory distress, hypoglycemia, hyperbilirubinemia, low APGAR scores, sepsis, feeding difficulties, and increased length of stay. Frequent assessment and care is required to reduce the risk of mortality.

POLICY:

A. All observations, care and necessary treatments of the Late Preterm (LPT) Newborn as well as all Parent/Guardian education will be completed during the hospitalization with verification of completion prior to discharge.

PROCEDURE:

A. Prior to Delivery
    1. Review maternal admission history and physical assessment and labor course for any additional risk factors such as maternal diabetes (all types), known fetal anomalies, maternal substance use, abnormal fetal heart rate patterns, prolonged rupture of membranes (greater than 18 hours), intrapartum fever, positive or unknown GBS status, gestational Hypertension, anemia etc.
    2. Notify all necessary delivery personnel.
        a. An NRP Certified RN and/or Respiratory Therapist (RT) shall be at the bedside at time of delivery.
        b. When possible, an additional RN will be present at delivery for newborn care.
        c. The pediatrician shall be alerted to all anticipated high risk deliveries with

attendance requested at delivery, when appropriate.

3. All equipment for support and resuscitation of the infant should be prepared and checked prior to delivery, ensuring that appropriately-sized newborn resuscitation supplies are available and functioning, including an oxygen blender and pulse oximeter.
4. Preheat the radiant warmer, blankets, and towels.
5. Increase the room temperature to 79–81 degrees F (26–27 degrees C).

B. At the Time of Delivery:

1. Initiate stabilization and immediate care of the newborn, assisting Pediatrician/RT as needed.
2. This may be completed on the mother's chest, unless resuscitative efforts are necessary, in which case neonatal resuscitation and assessment will be done on radiant warmer prior to placing infant skin to skin with mother. Basic NRP and STABLE guidelines are to be followed.
    a. If a radiant warmer is needed to assess and stabilize the late preterm infant, place a covered temperature probe on the abdomen or chest soft tissue and set the warmer to 36.5°C on Servo/Skin mode.
    b. Assess for signs of respiratory distress (retractions, cyanosis, nasal flaring, or grunting). The respiratory rate of the late preterm infant may be irregular and/or rapid (60-80 breaths per minute, or up to 100 for a limited time) during the first 15 minutes of life.
    c. Notify Pediatrician (if not in attendance) of any signs of respiratory distress.
    d. Administer supplemental oxygen as needed based on the late preterm infant's pre-ductal SpO2 values compared to the targeted values during the first 10 minute of life.

C. Transitional Care, 0-2 hours of life:

1. Monitor respiratory rate and type, tone, heart rate, temperature (rectal), and activity every 30 minutes until stable for a minimum of 2 hours.
2. Promote newborn/maternal/family bonding, early and frequent breastfeeding.
    a. Begin breastfeeding as soon as possible when medically stable within the first hour of life without time limits.
    b. If baby does not feed well in first two hours, teach and assist mother in hand expression and collect in cup, spoon or syringe. Give to newborn.
    c. If baby is unstable and separated from mother: teach hand expression. Begin pumping or hand expression within 6 hours after birth to establish mother’s milk supply.
    d. If the mother chooses to bottle feed, provide education on formula feeding, limiting the first intake to 2-10 ml.
3. Administer eye prophylaxis and Vitamin K per Physician orders.

4. Initiate Blood Glucose Management on all preterm neonates (less than 37 weeks) and Early Term infants if indicated. Monitor the infant closely for signs of hypoglycemia.
    a. Follow the TFH Hypoglycemia Algorithm.
    b. Feeding should be initiated within 1 hour of age with initial POC glucose completed 30 minutes after initiation of feeding, (preferably within the first hour and no longer than 2 hours after birth).
5. Complete a full system assessment including: cardiovascular; respiratory; HEENT; neurological; genitourinary; gastrointestinal musculoskeletal; and integumentary systems within the first two hours. Document gestational age, weight, length, and head circumference.
6. Complete a gestational age assessment using the Ballard Score Form within 12 hours of birth or sooner (if late or no prenatal care).
7. Notify Pediatrician of birth, assessment, gestational age, presence of risk factors, and current condition (if not previously in attendance).
8. Delay the first bath until temperature, heart rate, and respiration have stabilized at least 6 to 24 hours of birth. Bathing at 24 hours after birth is recommended by the World Health organization (WHO) and AWHONN.
    a. Minimize heat loss during bath by bathing under the radiant warmer using warm towels and water warmed to 100-104 degrees F (38-40 degrees C).
    b. Place infant skin-to-skin with mother after bath to maintain warmth. Apply hat after bathing.

D. Initial 2-24 Hours:
1. Newborn should remain with the mother unless clinical condition warrants transfer to Level I nursery, higher level of care, or mother otherwise indicates.
2. Assess temperature (rectal), oxygen saturation, heart and respiratory rates every 4 hours.
3. Assess color, respiratory effort, cardiac, nutritional intake, urinary and bowel elimination, and neuromuscular status at least every 6 hours.
    a. Notify the Pediatrician of any signs of respiratory distress, persistent respiratory rate greater than 60, grunting, retracting, pallor, or oxygen saturation <90% sustained for >60seconds.
    b. Hold oral feeding for newborns with a respiratory rate greater than 60 breaths per minute while intervening to correct the tachypnea.
    c. Continue to follow the THF Hypoglycemia Algorithm for the first 24 hours
        i. Obtain a POC Glucose every 2-3 hours (preferably before feeding)
        ii. Routine screening may be discontinued following 3 consecutive values within normal limits with the exception of infants that are Late Preterm (LPT), Small for Gestational Age (SGA) or of Low Birth Weight <2500gm (LBW).

a. LPT, SGA, and LBW infants require an additional POC Glucose 6-8 hours following the third normal value (prior to feeding) and again at 24 hours of age (with the newborn screen).

d. Weigh daily. Reweigh and notify physician if weight is >3% ± previous weight or ≥ 7% total weight form birth.

e. Encourage breastfeeding on demand. Do not allow late preterm and early term infants to go any longer than 3 hours between feeds.

i. Sometimes it may be necessary to wake the baby if he or she does not indicate hunger cues, which is not unusual in the late preterm infant and some early term infants. Teach parents early feeding cues. Teach mother and recommend hand expression and feeding colostrum after each feed.

ii. Encourage and teach mom to hand express and/or use breast pump within 6 hours of birth and continue at least 4 times/day.

iii. Show the mother techniques to facilitate effective latch with careful attention to adequate support of the jaw and head. Educate the mother about breastfeeding her late preterm infant (e.g., position, latch, duration, early feeding cues, breast compressions, etc.)

iv. If formula fed, feed on demand or at least every 3 hours gradually increasing amounts as indicated by newborn hunger and satiation cues.

f. Daily Transcutaneous Bili: use Bili tool for risk assessment. If the Bili Tool algorithm indicates the newborn is in the high Intermediate risk zone, obtain a Total Serum Bili and notify Pediatrician.

E. Feeding Plan:

1. The infant should be breastfed (or breastmilk fed) 8 to 12 times per 24-hour period. The mother will need to hand express her milk and give it to the baby using alternative feeding methods if the baby is not able to effectively breastfeed. Do not allow late preterm and early term infants to go any longer than 3 hours between feeds.

2. Supplementation (ideally with colostrum) is to be routinely implemented in the following scenarios:

a. Poor reserve evidenced by temperature instability or hypoglycemia

b. Poor feeding as evidenced by LATCH score of less than 7 or less than 10 minutes actively feeding at the breast, not resolved by 12 hours of age.

c. Weight loss more than 3% per day, or more than 7% total (to be assessed by physician and lactation consultant on a case by case basis).

3. If supplementing, the mother should pump and/or hand express milk after breastfeeding, up to six to eight times per 24 hours, until the baby is breastfeeding

well to establish and maintain her milk supply.

a. Frequency of pumping to be evaluated on a case by case basis related to milk supply.

b. Use of a hospital-grade electric pump is recommended. Milk production may be increased by hand massage and compression of the breasts while pumping.

c. Provide mother with the anticipatory guidance that pumping should continue until the infant is at least 38 weeks gestation and gaining weight without supplementation.

4. Feeding plan should be written in detail in the medical record with a copy provided to the family.
5. To avoid conflicting advice to mother and family about the feeding plan, a multidisciplinary approach between the patient, physicians, nursing staff and lactation consultant should be accomplished.
6. At 24 - 48 hours of age, re-evaluate need to add formula depending on criteria above: 24 hour weight loss and volume of expressed breastmilk available. Total supplemental volumes per age should fall in the below ranges:
   Time Intake (mL/feed)
   1st 24 hours 5–10
   24–48 hours 10-15
   48-96 hours 15-30
   72-96 hours 30-60
7. Re-evaluate feeding plan daily while infant is hospitalized.
8. If ineffective latch/milk transfers, after 24 hours consider the use of an ultrathin silicone nipple shield to aid the baby in attaining effective latch. If a nipple shield is used, the mother and baby should be followed closely (inpatient and outpatient) by a trained lactation consultant.

F. Normal Assessment Parameters:

1. Normal assessment parameters include:
   a. Respiratory rate of 30 to 60 breaths per minute
   b. Heart rate of 100 to 160 beats per minute
   c. Axillary temperature between 97.7° F and 99.3° F
   d. Rectal temperature between 97.0° F and 100.0° F
   e. Pulse oximetry between 90% and 95% (after the first 10 minutes of life)
   f. Regular cardiac rhythm
   g. Absence of jitteriness, lethargy, or excessive sleeping
   h. Bowel sounds without abdominal distention or bilious vomiting
   i. Meconium stool within 48 hours after birth
   j. Voiding within 12 hours after birth

k. Coordination of sucking, swallowing, and breathing during feeding.

2. Notify the physician if the assessment is outside of normal limits.
3. All POC Glucose readings < 35 mg/dl require lab confirmation
    a. Follow THF Hypoglycemia Algorithm
    b. Place an order for a STAT Glucose and notify lab at ext. 3401
    c. Notify Pediatrician.
    d. Do not delay treatment while awaiting confirmation result.
    e. Administer Dextrose Gel per Dosage chart
    f. Feed infant (if appropriate)
    g. Recheck POC Glucose 1 hour after Gel administration

G. Discharge Criteria:

1. Discharge of the Late Preterm Infant will not be considered prior to 48 hours of age. The LPT infant will be ready for discharge if meeting the following requirements:
    a. Thermal stability for more than 24 hours.
    b. Well established feeding plan.
    c. Confirmation that an appropriate car seat has been obtained and the parents have demonstrated to hospital personnel the ability to place the infant in the proper position.
        i. Car seat testing completed, when ordered by the physician. see policy entitled: Neonate - Car Seat Challenge Test
    d. If the infant was circumcised, there is no evidence of excessive bleeding at the circumcision site for at least two hours.
    e. The care giver has received education and demonstrated competency in the care of her infant.
    f. Follow up scheduled for the day after discharge with either the Breastfeeding Support Group or Lactation consultant when possible.
    g. Make an appointment for medical follow-up 1-2 days after discharge to recheck weight, feeding adequacy, and assess for jaundice.
    h. Confirmation that family members or other support persons, including health care professionals, are available to the mother and her infant after discharge.
    i. Family, environmental, and social risk factors have been assessed and addressed (eg, substance abuse, child abuse or neglect, domestic violence, mental illness, lack of social support, lack of reliable income). Barriers to follow-up care are assessed and addressed (eg, transportation, access to telephone communication).
    j. Recommended primary care follow-up weekly until corrected gestational age of 40 weeks

Documentation:

All documentation to be completed in the Electronic Medical Record (EMR), with the exception of the Ballard Score Form (this will be scanned into the EMR at a later date).

RESPONSIBILITY:

It is the responsibility of the Obstetrician to avoid induced vaginal or planned cesarean delivery prior to 39 weeks gestation unless medically indicated.

It is the responsibility of all clinicians who care for late preterm infants need to be aware that these infants are at increased risk for neonatal morbidity and mortality. They need to be familiar with the associated complications of late preterm birth and provide appropriate intervention.

It is the responsibility of the Pediatrician to determine the accurate gestational age, and ensure that there are no abnormalities or medical conditions (ie, poor feeding and/or hyperbilirubinemia) that require further hospitalization prior to discharge.

It is the responsibility of the W&F nursing staff to educated parents that their infant is at increased risk for hyperbilirubinemia, feeding difficulties, and dehydration. Teaching should focus on developing the parents' ability to recognize these conditions and seek appropriate care after hospital discharge.

Completion of other routine newborn care is the responsibility of the nursing staff providing care for the late preterm newborn. This includes screening tests (ie, hearing, critical congenital heart disease, and other disorders that are threatening to life or long-term health), vaccinations (ie, hepatitis B vaccine), and prophylactic treatment (ie, vitamin K prophylaxis).

Related Policies/Forms:

Neonate - Car Seat Challenge Test, DWFC-1436

Neonate - Neonatal Hypoglycemia Management Guideline, DWFC-1506

Labor - Delivery Nurse's Roles and Responsibilities, DWFC-1411

References:

UpToDate: Late preterm infants,

Boyle, E. M., Johnson, S., Manktelow, B., Seaton, S.E., Draper, E.S., Smith, L.K., Dorling, J., Marlow, N., Petrou, S. and Field, D.J. (2015). Neonatal outcomes and delivery of care for infants born late preterm or moderately preterm: A prospective population-based study. Arch Dis Child Fetal Neonatal Ed, 100 (6), F479-F485.

Boies, E.G., Vaucher,Y.E & Academy of Breastfeeding Medicine (2016). ABM Clinical Protocol #10: Breastfeeding the Late Preterm (34–36 6/7 Weeks of Gestation) and Early Term Infants (37–38 6/7 Weeks of Gestation), Second Revision 2016. Breastfeeding Medicine (11) 10. DOI: 10.1089/bfm.2016.29031.egb

Wight, N. & Marinelli, K.A. (2014). ABM Clinical Protocol# 1: guidelines for blood glucose monitoring and treatment of hypoglycemia in term and late-preterm neonates, revised 2014. Breastfeeding Medicine 9(4), 173-179.

Kugelman, A., Amir, A.A. (2012). Late preterm infants: Near term But still in a critical developmental time period. Pediatrics, 132(4), 741-751.

Briere, C.-E., Lucas, R., McGrath, J. M., Lussier, M. and Brownell, E. (2015), Establishing Breastfeeding with the Late Preterm Infant in the NICU. Journal of Obstetric, Gynecologic, & Neonatal Nursing, 44(1)102–113. doi: 10.1111/1552-6909.12536

American Academy of Pediatrics & American College of Obstetricians and Gynecologists. (2007). *Guidelines for perinatal care* (6th ed.). Washington, D.C.: Author.

Association of Women's Health, Obstetric and Neonatal Nurses. (2010). *Assessment and care of the late preterm infant* (Evidence-Based Clinical Practice Guideline). Washington, D. C.: Author.

All Revision Dates

11/2023, 10/2023, 07/2021, 06/2019, 09/2018, 08/2017, 07/2017, 10/2016, 12/2015

Attachments

BallardScore_scoresheet.pdf

Approval Signatures

Step Description	Approver	Date
	Trent Foust: Director of Acute Services	11/2023
	Ellie Cruz: Nurse Manager, W & F	11/2023

Status Active PolicyStat ID 14699501

Origination Date	01/2009	Department	Women and Family Center - DWFC
Last Approved	11/2023	Applicabilities	Tahoe Forest Hospital
Last Revised	11/2023		
Next Review	11/2024		

Neonate - Patient Admission Care and Discharge of, DWFC-1449

RISK:

Neonates are at risk for temperature insatiability respiratory distress, feeding difficulties and hypoglycemia requiring additional attention and care during hospitalization to minimize mortality and morbidity. It is possible to improve survival rates and the health of newborns through skilled care at birth and during the immediate postnatal period.

POLICY:

A. All observations, care and necessary treatments of the Newborn as well as all Parent/Guardian education will be completed and documented during the hospitalization of the newborn.

B. Verification of the completion of all necessary treatments/procedures and parent education will be confirmed prior to the Newborn being discharged from the hospital.

PROCEDURE:

A. **Care at Birth**

1. At every delivery there will be at least one member of the healthcare team whose primary responsibility is the newborn and who is capable of initiating resuscitation per the Neonatal Resuscitation Program (NRP) guidelines.
    a. Assemble and check newborn resuscitation supplies and equipment in anticipation of the birth.
    b. Before delivery, review the mother's admission history and assessment record and labor course for any risk factors such as prematurity, known fetal anomalies, maternal substance use, abnormal fetal heart rate patterns, and presence of meconium. Collection of any unreported data or

prenatal labs should be completed.

c. Follow the American Academy of Pediatrics Neonatal Resuscitation Guidelines (NRP) for stabilization of newborn.

d. Dry and stimulate the newborn immediately after birth on the mother's chest or under the radiant warmer as indicated.

e. Promote newborn thermoregulation with skin-to-skin contact. If the newborn is placed under the warmer for 15 minutes or longer, place a covered temperature probe on the abdomen or chest soft tissue, and set the warmer to 36.5°C on servo skin mode. If the temperature of the newborn is falling, increase the servo set point to 37°C until the temperature rises.

f. Document the servo set point with each temperature assessment.

g. Determine the infant's Apgar score at 1 and 5 minutes of age. Continue to assign Apgar scores every 5 minutes, up to 20 minutes of age, until a score of 7 or higher is obtained.

h. Obtain a rectal temperature, apical heart rate, and respiratory rate. Apply newborn identification bands and security device before the mother and infant are separated.

i. Allow the newborn to remain with the mother continuously, unless the infant's clinical condition requires transfer to Level I nursery.

j. Admit newborn in Electronic Medical Record (EMR).

2. The transfer of a neonate born in an outside facility to TFHD requires a physician to physician hand-off report to determine appropriateness of admission and provide acceptance of admission. Following physician to physician communication, the House Supervisor shall be notified of the incoming admission to assess and coordinate bed availability and assignment.

3. For the admission of an outborn neonate (those born at home or in a vehicle prior to arrival to Hospital), Follow Standardized Procedure: Healthy Newborn Admission, DWFC-1803 with notification of pediatrician during rounds unless otherwise indicated by standardized procedure.

B. **Transition**

1. The transition period begins after immediate stabilization, and lasts until the newborn is stable for at least 2 hours. Assessments of the infant may take place in the mother's arms.

2. Every 30 minutes, assess:

a. Temperature (rectal preferred)

b. Apical heart rate

c. Respiratory rate

d. Type of respiration

e. Skin color

f. Adequacy of peripheral circulation
g. Activity level
h. Level of consciousness
i. Tone

3. Educate all parents on the benefits of breastfeeding.
4. Help the mother to breastfeed without time limits.
5. Assist with positioning, latch and comfort.
6. Assess infant suck, swallow, and breathe synchrony.
7. If the mother chooses to bottle-feed the infant, limit the first intake to 5–15 ml.
8. Administer eye prophylaxis and Vitamin K as ordered within 2 hours of age.
9. Obtain birth measurements including weight, length, and head circumference.
10. Obtain a blood glucose level if indicated, per Tahoe Forest Hospital District Newborn Blood Glucose Monitoring/Screening Algorithm.
11. Per physician orders, collect and hold cord blood on all babies for one week. Send for type and Rh if mother is O or Rh negative with direct Coombs if indicated.
12. Per physician orders, obtain H&H between 4-6 hours of newborn age for all newborns born to a mother symptomatic of polycythemia or with history of placental abruption or previa.
13. Complete a full assessment, including cardiovascular, respiratory, HEENT, neurological, genitourinary, gastrointestinal, musculoskeletal, and integumentary systems.
14. Follow Standardized Procedure: Healthy Newborn Admission, DWFC-1803.

C. **Ongoing Care**

1. Newborn should remain with the mother unless clinical condition warrants transfer to a higher level of care (Level I nursery or tertiary care center).
2. Assess temperature, pulse, respirations, and pain (using NIPS) at least every 6 hours and within 4 hours of discharge. A rectal temperature needs to be demonstrated to parents including education on normal parameters.
3. Assess color, respiratory effort, cardiac, nutritional intake, urinary and bowel elimination, and neuromuscular status at least every 6 hours.
    a. Any newborn with a persistent respiratory rate greater than 60 or signs of labored breathing/respiratory distress (grunting, flaring, or retracting) and/or with questionable color may be further assessed with periodic oximetry.
    b. Hold oral feeding for newborns with a respiratory rate greater than 60 breaths per minute, while intervening to correct the tachypnea.
4. Complete a full system assessment (including cardiac, respiratory, musculoskeletal, HEENT, integumentary, genitourinary, gastrointestinal, and genitalia) once per 12–hour shift.

5. Weigh daily. Notify physician during rounding, if >3% weight loss from previous weight or ≥ 7% total weight loss since birth.
6. Administer hepatitis vaccine and HBIG (when indicated) per physician orders, and with parental consent.
7. Encourage and assist mothers to breastfeed on demand (at least 8-12 feedings/ day), with no more than 4-5 hours between feedings.
8. Formula-fed newborns should feed on demand (at least 8-12 feedings/day), gradually increasing formula volume as indicated by newborn hunger and satiation cues.
9. Keep umbilical cord stump clean and dry. Fold down the top of the diaper as needed to avoid irritation. Do not use alcohol on the cord.
10. Collect urine and meconium for neonatal drug screen per policy: WFC – Testing for Suspected Substance Abuse- Mother, DWFC-1497
11. Circumcision care with each diaper change (when indicated).
12. Bathing should be delayed until 6-24 hours post birth, once temperature has stabilized, and as needed during hospital stay.
13. All Infants will be screened for elevated bilirubin levels per physician orders, with appearance of jaundice prior to 24 hours of age, as needed per nurse discretion, and pre-discharge, following policy Neonate Transcutaneous Bili Monitoring, DWFC-1460.

D. **Deviation from Normal Assessment Parameters**

1. Any deviation of temperature, pulse, and/or respirations from normal limits should warrant reassessment within 30–60 minutes including a rectal temperature, initiating further assessment with pulse oximetry when indicated. Notify the physician if the reassessment remains outside normal limits or sooner if indicated.
2. Normal values and assessment data include:
    a. Respiratory rate of 30 to 60 breaths per minute
    b. Heart rate of 100 to 160 beats per minute
    c. Regular cardiac rhythm
    d. Axillary temperature between 97.6° F and 99.0° F
    e. Rectal temperature between 97.0° F and 100.0° F
    f. Pulse oximetry between 90% or greater (after the first 10 minutes of life)
    g. Absence of jitteriness, lethargy, or excessive sleeping
    h. Bowel sounds without distention or bilious vomiting
    i. Meconium stool within 48 hours after birth
    j. Voiding within 24 hours after birth

E. **Discharge Criteria**

1. Discharge of the term newborn will not be considered prior to 24 hours of age. The infant will be ready for discharge if meeting the following requirements:

a. Vital signs are within normal ranges and are stable for at least 12 hours before discharge.

b. The infant has urinated and passed at least one stool spontaneously.

c. Well established feeding plan.

d. Newborn hearing screening has been completed, unless other arrangements for follow-up have been made.

e. All infants will be screened for critical congenital heart defects before discharge. If the pulse oximetry screening is positive, a complete clinical evaluation by a licensed independent practitioner is necessary and requires transfer to a tertiary care facility.

f. If the infant was circumcised, there is no evidence of excessive bleeding at the circumcision site for at least two hours.

g. Confirmation that an appropriate car seat has been obtained and the parents have demonstrated to hospital personnel the ability to place the infant in the proper position.

    i. Car seat testing completed, when directed by the physician.

h. The care giver has received education and demonstrated competency in the care of the infant.

i. Medical follow-up appointment scheduled for 1-4 days after discharge to recheck weight, feeding adequacy, and assess for jaundice.

    i. If the infant is discharged before 48 hours after delivery, a follow-up appointment should occur within 48 hours. If an appropriately timed follow-up appointment cannot be ensured then discharge should be deferred until an appointment can be made.

    ii. Instruct parents on appointment scheduling procedures and expected time-frame for follow-up should discharge occur during off-hours or follow-up is to be completed with an outside facility.

j. Confirmation that family members or other support persons, including health care professionals, are available to the mother and her infant after discharge.

k. Family, environmental, and social risk factors have been assessed and addressed (eg, substance abuse, child abuse or neglect, domestic violence, mental illness, lack of social support, lack of reliable income). Barriers to follow-up care are assessed and addressed (eg, transportation, access to telephone communication).

2. Once all above mentioned discharge criteria have been met, removal of the infant security device and identification bands may take place per policy guidelines, Postpartum - Patient Care and Discharge of, DWFC-1466

Documentation:

All documentation to be completed in the electronic medical record (EMR)

RESPONSIBILITY:

It is the responsibility fo the Pediatrician to perform a thorough evaluation within 24 hours of birth to identify any abnormality that would alter the newborn course or identify a medical condition that should be addressed during the first days of life. The assessment includes a review of the maternal, family, and prenatal history and a complete physical examination.

It is the responsibility fo the nursing staff caring for the newborn to provide optimal routine care, which begins in the delivery room, includes promoting early bonding with skin-to-skin contact and early initiation of breastfeeding, and monitoring the clinical status to determine whether further intervention is required, reporting any abnormal findings to the pediatrician as necessary.

It is the responsibility of the nursing staff caring for the newborn to complete all routine care task including prophylactic administration of vitamin K1, erythromycin ointment, hepatitis B vaccination (HBV), universal newborn screening for hearing loss and disorders that are threatening to life or long-term health (PKU and CCHD), assessing newborns for hyperbilirubinemia and hypoglycemia, and provide feeding assistance.

Related Policies/Forms:

Neonate - California Department of Public Health Screening, DWFC-1435, Child Safety Seats, ANS-20, Standardized Procedure - Healthy Newborn Admission, DWFC-1803, Neonate - Hearing Screen, DWFC-1442, Neonate - Circumcision Procedure, Postpartum - Breastfeeding Support, DWFS-1462, Neonate - Critical Congenital Heart Defect Screening, DWFC-1439, Neonate – Transcutaneous Bili Monitoring, DWFC-1460, WFC – Testing for Suspected Substance Abuse- Mother, DWFC-1497, Newborn Blood Glucose Monitoring/Screening Algorithm. Postpartum - Patient Care and Discharge of, DWFC-1466

References:

American Academy of Pediatrics, & American College of Obstetricians and Gynecologists. (2007). *Guidelines for perinatal care* (6th ed.). Washington, D.C.: Authors.

AWHONN Templates for Protocols and Procedures for Maternity Services 2013

UpToDate: Overview of the routine management of the healthy newborn infant

All Revision Dates

11/2023, 10/2023, 10/2023, 09/2022, 07/2021, 07/2019, 04/2018, 02/2016, 02/2015, 03/2014, 07/2012, 01/2011, 01/2009

Attachments

Glucose Management of the Newborn.docx

Approval Signatures

Step Description	Approver	Date
	Trent Foust: Director of Acute Services	11/2023
	Ellie Cruz: Nurse Manager, W & F	11/2023

TAHOE FOREST HOSPITAL DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS
DRAFT MINUTES

Thursday, October 26, 2023 at 4:00 p.m.
Tahoe Forest Hospital – Eskridge Conference Room
10121 Pine Avenue, Truckee, CA 96161

1. CALL TO ORDER
Meeting was called to order at 4:00 p.m.

2. ROLL CALL
Board: Alyce Wong, Board Chair; Michael McGarry, Vice Chair; Robert (Bob) Barnett, Secretary; Dale Chamblin, Treasurer; Mary Brown, Board Member

Staff in attendance: Harry Weis, President & Chief Executive Officer; Louis Ward, Chief Operating Officer; Crystal Felix, Chief Financial Officer; Dr. Brian Evans, Chief Medical Officer; Janet Van Gelder, Director of Quality & Regulations; Katherine Gaffney, Risk Manager & Privacy Officer; Martina Rochefort, Clerk of the Board

3. DELETIONS/CORRECTIONS TO THE POSTED AGENDA
No changes were made to the agenda.

4. INPUT AUDIENCE
No public comment was received.

Open Session recessed at 4:02 p.m.

5. CLOSED SESSION

5.1. Liability Claim (Gov. Code § 54956.95)
Claimant: Elisa Chapman
Claim Against: Tahoe Forest Hospital District
Discussion was held on a privileged item.

5.2. Hearing (Health & Safety Code § 32155)
Subject Matter: BETA SCOR Survey Action Plan Update
Number of items: One (1)
Discussion was held on a privileged item.

5.3. Hearing (Health & Safety Code § 32155)
Subject Matter: BETA HEART Validation Survey Action Plan
Number of items: One (1)
Discussion was held on a privileged item.

5.4. Conference with Real Property Negotiator (Gov. Code § 54956.8)

Property Parcel Numbers: 018-570-063 & 018-570-060
Agency Negotiator: Louis Ward
Negotiating Party: Gateway Village Truckee, LLC
Under Negotiation: Price & Terms of Payment

Discussion was held on a privileged item.

5.5. Approval of Closed Session Minutes

5.5.1. 09/20/2023 Special Meeting

5.5.2. 09/28/2023 Regular Meeting

Discussion was held on a privileged item.

5.6. TIMED ITEM – 5:30PM - Hearing (Health & Safety Code § 32155)

Subject Matter: Medical Staff Credentials

Discussion was held on a privileged item.

6. DINNER BREAK

7. OPEN SESSION – CALL TO ORDER

Open Session convened at 6:00 p.m.

8. REPORT OF ACTIONS TAKEN IN CLOSED SESSION

General Counsel reported the Board heard six items in Closed Session. There was no reportable action on items 5.1. through 5.4. Item 5.5. and 5.6. were both approved on a 5-0 vote.

9. DELETIONS/CORRECTIONS TO THE POSTED AGENDA

No changes were made to the agenda.

10. INPUT – AUDIENCE

Public comment was received from Jan Zabriski and Jaena Bloomquist.

11. INPUT FROM EMPLOYEE ASSOCIATIONS

No public comment was received.

12. MEDICAL STAFF EXECUTIVE COMMITTEE

12.1. Medical Executive Committee (MEC) Meeting Consent Agenda

MEC recommended the following for approval by the Board of Directors:

Revised Privilege Form:

- *General Surgery Privilege Form*

Revised Policies:

- *Immunizations Vaccinations for Medical Staff and Allied Health Professional Staff, MSGEN-1603*
- *Neonate – Patient Admission Care and Discharge of, DWFC-1449*
- *Neonate – Late Preterm Newborn, DWFC-1486*

Discussion was held.

The Board of Directors directed the Chief of Staff to add a risk statement to the policies submitted.

ACTION: **Motion made by Director Brown to approve the Medical Executive Committee Meeting Consent Agenda with risk statements added to the policies, seconded by Director McGarry.**
AYES: Directors Brown, Chamblin, Barnett, McGarry and Wong
Abstention: None
NAYS: None
Absent: None

13. CONSENT CALENDAR

13.1. Approval of Minutes of Meetings

13.1.1. 09/20/2023 Special Meeting
13.1.2. 09/28/2023 Regular Meeting

13.2. Financial Reports

13.2.1. Financial Report – September 2023

13.3. Board Reports

13.3.1. President & CEO Board Report
13.3.2. COO Board Report
13.3.3. CNO Board Report
13.3.4. CMO Board Report
13.3.5. CIIO Board Report
13.3.6. CHRO Board Report

13.4. Approve Board Policy

13.4.1. Financial Assistance Program Full Charity Care and Discount Partial Charity Care Policy, ABD-09

ACTION: **Motion made by Director Barnett to approve the Consent Calendar with the addition of a risk statement for item 13.4.1., seconded by Director Chamblin.**
AYES: Directors Brown, Chamblin, Barnett, McGarry and Wong
Abstention: None
NAYS: None
Absent: None

14. ITEMS FOR BOARD DISCUSSION

14.1. Surgical Services & Optum Report

Jan Iida, Chief Nursing Officer, and Trent Foust, Director of Nursing, presented a report on Surgical Services and related work performed by Optum. Discussion was held.

14.2. Public Notices for Seismic Compliance Plan & Structural Performance Category Ratings

Dylan Crosby, Director of Facilities and Construction Management presented public notice of the District's Seismic Compliance Plan and Structural Performance Category Ratings. Discussion was held.

14.3. Celebrating Excellence: A Year of Outstanding Achievements

The Administrative Council presented the District's Fiscal Year 2023 Accomplishments. Discussion was held.

15. ITEMS FOR BOARD ACTION

15.1. Updated Foundations of Excellence

The Board of Directors reviewed an updated version of the District's Foundations of Excellence document. Discussion was held.

ACTION: **Motion made by Director Barnett to approve the Winning Aspirations change to the Strategic Plan as presented, seconded by Director McGarry.**
AYES: Directors Brown, Chamblin, Barnett, McGarry and Wong
Abstention: None
NAYS: None
Absent: None

16. DISCUSSION OF CONSENT CALENDAR ITEMS PULLED, IF NECESSARY

Not applicable.

17. BOARD COMMITTEE REPORTS

Director Chamblin provided an update from the October 24, 2023 Board Finance Committee meeting.

Director McGarry provided an update from the TFHS Foundation meeting.

18. BOARD MEMBERS REPORTS/CLOSING REMARKS

No discussion was held.

Open Session recessed at 8:35 p.m.

19. CLOSED SESSION CONTINUED

19.1. Public Employee Performance Evaluation (Government Code § 54957)

Title: President & Chief Executive Officer

Discussion was held on a privileged item.

20. OPEN SESSION

Open Session reconvened at 9:51 p.m.

21. REPORT OF ACTIONS TAKEN IN CLOSED SESSION, IF NECESSARY

General Counsel noted there was no reportable action.

22. ADJOURN

Meeting adjourned at 9:51 p.m.

TAHOE FOREST HOSPITAL DISTRICT
OCTOBER 2023 FINANCIAL REPORT
INDEX

Board of Directors

Of Tahoe Forest Hospital District

OCTOBER 2023 FINANCIAL NARRATIVE – PRE-AUDIT

The following is the financial narrative analyzing financial and statistical trends for the four months ended October 31, 2023.

Activity Statistics

- TFH acute patient days were 367 for the current month compared to budget of 308. This equates to an average daily census of 11.8 compared to budget of 9.9.
- TFH Outpatient volumes were above budget in the following departments by at least 5%: Home Health visits, Lab Send Out tests, Oncology Lab, Diagnostic Imaging, Medical & Radiation Oncology procedures, Nuclear Medicine, MRI, PET CT, Drugs Sold to Patients, Oncology Drugs Sold to Patients, and Gastroenterology cases.
- TFH Outpatient volumes were below budget in the following departments by at least 5%: Emergency Department visits, Hospice visits, Laboratory tests, EKGs, Mammography, Ultrasound, Briner Ultrasound, Respiratory Therapy, and Outpatient Physical Therapy Aquatic.

Financial Indicators

- Net Patient Revenue as a percentage of Gross Patient Revenue was 44.2% in the current month compared to budget of 48.1% and to last month's 40.05%. Year-to-Date Net Patient Revenue as a percentage of Gross Patient Revenue was 45.1% compared to budget of 47.9% and prior year's 47.8%.
- EBIDA was $662,668 (1.3%) for the current month compared to budget of $1,653,253 (3.3%), or $(990,585) (-2.0%) below budget. Year-to-date EBIDA was $7,477,545 (3.6%) compared to budget of $5,331,917 (2.7%), or $2,145,628 (1.0%) above budget.
- Net Income was $(1,329,056) for the current month compared to budget of $1,405,893 or $2,734,949 below budget. Year-to-date Net Income was $5,007,065 compared to budget of $4,317,384 or $689,681 above budget.
- Cash Collections for the current month were $25,584,522, which is 93% of targeted Net Patient Revenue.
- EPIC Gross Accounts Receivables were $98,067,026 at the end of October compared to $103,449,623 at the end of September.

Balance Sheet

- Working Capital is at 43.8 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 198.0 days. Working Capital cash increased a net $7,032,000. Accounts Payable increased $1,660,000 and Accrued Payroll & Related Costs decreased $562,000. The District received funds from its FY23 Health Insurance stop loss receivable, reimbursement from the FY22 SNF Supplemental Reimbursement program, and increased cash collections on its SNF claims. Cash Collections were 7% below target.
- Net Patient Accounts Receivable decreased $6,928,000 and cash collections were 93% of target. EPIC Days in A/R were 57.2 compared to 60.4 at the close of September, a 3.20 days decrease. The Business Office continues its cleanup of older claims in EPIC, lending to the decrease in Net Patient Accounts Receivable.
- Estimated Settlements, Medi-Cal & Medicare increased a net $912,000. The District recorded its monthly estimated receivables due from the Medi-Cal Rate Range, Hospital Quality Assurance Fee, and Medi-Cal PRIME/QIP programs and remitted $612,000 to the State for participation in the CY22 HQAF program.
- Unrealized Gain/(Loss) Cash Investment Fund increased $36,000 after recording the unrealized losses in its funds held with Chandler Investments in October.
- GO Bond Tax Revenue Fund increased $58,000 after recording the October property tax revenues received from Placer County.
- Investment in TSC, LLC decreased $62,000 after recording the estimated loss for October and truing up the losses for September.
- To comply with GASB No. 96, the District recorded Amortization Expense for July through October on its Right-To-Use Subscription assets, decreasing the asset $1,250,000.

- Accounts Payable increased $1,660,000 due to the timing of the final check run in October.
- Accrued Payroll & Related Costs decreased a net $562,000 due to fewer accrued payroll days in October.
- To comply with GASB No. 96, the District recorded a decrease in its Right-To-Use Subscription Liability for July through October, decreasing the liability $1,075,000.

Operating Revenue

- Current month's Total Gross Revenue was $49,252,664 compared to budget of $49,786,039 or $553,375 below budget.
- Current month's Gross Inpatient Revenue was $6,886,261, compared to budget of $6,164,345 or $721,916 above budget.
- Current month's Gross Outpatient Revenue was $42,366,403 compared to budget of $43,621,694 or $1,255,292 below budget.
- Current month's Gross Revenue Mix was 42.97% Medicare, 15.47% Medi-Cal, .0% County, 1.45% Other, and 40.11% Commercial Insurance compared to budget of 37.86% Medicare, 14.51% Medi-Cal, .0% County, 1.93% Other, and 45.70% Commercial Insurance. Last month's mix was 42.69% Medicare, 17.08% Medi-Cal, .0% County, 1.37% Other, and 38.86% Commercial Insurance. Year-to-date Gross Revenue Mix was 41.96% Medicare, 15.27% Medi-Cal, .0% County, 1.33% Other, and 41.44% Commercial compared to budget of 38.0% Medicare, 14.80% Medi-Cal, .0% County, 1.96% Other, and 45.24% Commercial.
- Current month's Deductions from Revenue were $27,501,554 compared to budget of $25,853,200 or $1,648,354 above budget. Variance is attributed to the following reasons: 1) Payor mix varied from budget with a 5.11% increase in Medicare, a .96% increase to Medi-Cal, County at budget, a .48% decrease in Other, and Commercial Insurance was below budget 5.59%, 2) A/R Days over 120 and 180 increased 1.3%, and 3) the District received additional funds due from the SFY18/19 SNF Supplemental Reimbursement Program.

DESCRIPTION	October 2023 Actual	October 2023 Budget	Variance	BRIEF COMMENTS
Salaries & Wages	10,309,182	10,339,646	30,464	
Employee Benefits	3,237,007	3,216,472	(20,535)	Paid Leave and Sick Leave came in above budget, creating a negative variance in Employee Benefits.
Benefits – Workers Compensation	100,759	108,106	7,347	
Benefits – Medical Insurance	2,663,434	1,953,389	(710,045)	We continue to see higher claims being processed, creating a negative variance in Benefits – Medical Insurance.
Medical Professional Fees	517,484	559,646	42,162	Emergency Department & Hospitalist Physician Fees were below budget, creating a positive variance in Medical Professional Fees.
Other Professional Fees	339,952	290,654	(49,298)	Consulting services for the Reliability & Management Systems project and Legal fees for Administration were above budget, creating a negative variance in Other Professional Fees.
Supplies	3,840,459	3,961,240	120,781	Medical Supplies Sold to Patients revenues were below budget, creating a positive variance in Supplies.
Purchased Services	846,519	2,206,775	1,360,256	The District implemented GASB No. 96 which recognizes Subscription-Based Information Technology arrangements as a Right-To-Use Asset where the monthly subscription amounts are written off to Amortization and Interest Expense. GASB No. 96 was recorded for July through October, creating positive variances in Purchased Services for Human Resources, Information Technology, and Department Repairs.
Other Expenses	896,003	1,116,465	220,462	We saw positive variances in Marketing, Outside Training & Travel, and Utility costs, creating a positive variance in Other Expenses.
Total Expenses	22,750,799	23,752,393	1,001,594	

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF NET POSITION
OCTOBER 2023 - PRE-AUDIT

	Oct-23	Sep-23	Oct-22	
ASSETS				
CURRENT ASSETS				
* CASH	$ 32,957,705	$ 25,925,348	$ 9,905,743	1
PATIENT ACCOUNTS RECEIVABLE - NET	39,716,242	46,644,699	40,590,421	2
OTHER RECEIVABLES	13,602,326	14,234,893	11,676,500	
GO BOND RECEIVABLES	1,720,532	1,333,569	1,671,771	
ASSETS LIMITED OR RESTRICTED	10,935,895	11,054,725	10,727,409	
INVENTORIES	5,263,284	5,268,064	4,467,873	
PREPAID EXPENSES & DEPOSITS	4,525,419	4,734,714	3,094,953	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	22,869,076	21,957,381	21,513,142	3
TOTAL CURRENT ASSETS	131,590,479	131,153,392	103,647,812	
NON CURRENT ASSETS				
ASSETS LIMITED OR RESTRICTED:				
* CASH RESERVE FUND	10,337,968	10,245,543	44,788,423	1
* CASH INVESTMENT FUND	105,825,237	105,720,455	80,249,308	1
UNREALIZED GAIN/(LOSS) CASH INVESTMENT FUND	(3,102,038)	(3,066,187)	(5,217,799)	4
MUNICIPAL LEASE 2018	-	-	726,365	
TOTAL BOND TRUSTEE 2017	21,415	21,325	20,598	
TOTAL BOND TRUSTEE 2015	584,565	446,213	554,154	
TOTAL BOND TRUSTEE GO BOND	5,764	5,764	5,764	
GO BOND TAX REVENUE FUND	1,358,370	1,300,198	1,066,917	5
DIAGNOSTIC IMAGING FUND	3,462	3,431	3,364	
DONOR RESTRICTED FUND	1,159,430	1,153,848	1,141,617	
WORKERS COMPENSATION FUND	15,338	36,963	(3,067)	
TOTAL	116,209,511	115,867,554	123,335,644	
LESS CURRENT PORTION	(10,935,895)	(11,054,725)	(10,727,409)	
TOTAL ASSETS LIMITED OR RESTRICTED - NET	105,273,615	104,812,829	112,608,235	
NONCURRENT ASSETS AND INVESTMENTS:				
INVESTMENT IN TSC, LLC	(3,627,100)	(3,565,311)	(2,662,164)	6
PROPERTY HELD FOR FUTURE EXPANSION	1,715,390	1,696,042	1,694,072	
PROPERTY & EQUIPMENT NET	194,394,657	195,169,976	189,811,980	
GO BOND CIP, PROPERTY & EQUIPMENT NET	1,791,406	1,791,406	1,842,252	
TOTAL ASSETS	431,138,447	431,058,335	406,942,187	
DEFERRED OUTFLOW OF RESOURCES:				
DEFERRED LOSS ON DEFEASANCE	258,590	261,823	297,379	
ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE	124,578	124,578	343,424	
DEFERRED OUTFLOW OF RESOURCES ON REFUNDING	4,465,986	4,489,691	4,750,443	
GO BOND DEFERRED FINANCING COSTS	435,445	437,766	463,295	
DEFERRED FINANCING COSTS	120,672	121,712	133,155	
INTANGIBLE LEASE ASSET NET OF ACCUM AMORTIZATION	7,630,395	7,771,798	8,589,152	
RIGHT-TO-USE SUBSCRIPTION ASSET	29,434,637	30,684,471	-	7
TOTAL DEFERRED OUTFLOW OF RESOURCES	$ 42,470,304	$ 43,891,839	$ 14,576,849	
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	$ 10,622,247	$ 8,961,966	$ 7,881,286	8
ACCRUED PAYROLL & RELATED COSTS	26,112,393	26,674,049	25,587,134	9
INTEREST PAYABLE	421,048	353,323	327,043	
INTEREST PAYABLE GO BOND	784,858	523,238	806,445	
SUBSCRIPTION LIABILITY	30,681,210	31,756,288	-	10
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	290,618	290,618	320,626	
HEALTH INSURANCE PLAN	2,722,950	2,722,950	2,224,062	
WORKERS COMPENSATION PLAN	3,287,371	3,287,371	2,947,527	
COMPREHENSIVE LIABILITY INSURANCE PLAN	2,586,926	2,586,926	2,082,114	
CURRENT MATURITIES OF GO BOND DEBT	2,195,000	2,195,000	1,945,000	
CURRENT MATURITIES OF OTHER LONG TERM DEBT	4,125,869	4,268,310	5,594,718	
TOTAL CURRENT LIABILITIES	83,830,489	83,620,039	49,715,955	
NONCURRENT LIABILITIES				
OTHER LONG TERM DEBT NET OF CURRENT MATURITIES	25,604,961	25,809,822	28,580,949	
GO BOND DEBT NET OF CURRENT MATURITIES	90,687,454	90,705,410	93,347,922	
DERIVATIVE INSTRUMENT LIABILITY	124,578	124,578	343,424	
TOTAL LIABILITIES	200,247,482	200,259,849	171,988,250	
NET ASSETS				
NET INVESTMENT IN CAPITAL ASSETS	272,201,838	273,536,476	248,389,168	
RESTRICTED	1,159,430	1,153,848	1,141,617	
TOTAL NET POSITION	$ 273,361,269	$ 274,690,325	$ 249,530,785	

* Amounts included for Days Cash on Hand calculation

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF NET POSITION
OCTOBER 2023 – PRE-AUDIT

1. Working Capital is at 43.8 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 198.0 days. Working Capital cash increased a net $7,032,000. Accounts Payable increased $1,660,000 (See Note 8) and Accrued Payroll & Related Costs decreased $562,000 (See Note 9). The District received its FY23 Health Insurance stop loss remittance in the amount of $970,000, reimbursement from the FY22 SNF Supplemental Reimbursement Program for $1,276,000, and collection efforts increased cash collections on our SNF claims. Cash Collections were below target by 7% (See Note 2).

2. Net Patient Accounts Receivable decreased a net $6,928,000. Cash collections were 93% of target. EPIC Days in A/R were 57.2 compared to 60.4 at the close of September, a 3.20 days decrease. The Business Office continues its cleanup of older claims in EPIC, lending to the decrease in Net Patient Accounts Receivable.

3. Estimated Settlements, Medi-Cal & Medicare increased $912,000. The District recorded its monthly estimated receivables due from the Medi-Cal Rate Range, Hospital Quality Assurance Fee, and Medi-Cal PRIME/QIP programs and remitted $612,000 to the State for participation in the CY22 HQAF program.

4. Unrealized Gain/(Loss) Cash Investment Fund increased $36,000 after recording the unrealized losses in its funds held with Chandler Investments for the month of October.

5. GO Bond Tax Revenue Fund increased $58,000 after recording the October property tax revenues received from Placer county.

6. Investment in TSC, LLC decreased a net $62,000 after recording the estimated loss for October and truing up the losses for September.

7. To comply with GASB No. 96, the District recorded Amortization Expense for July through October on its Right-To-Use Subscription assets, decreasing the asset $1,250,000 in October.

8. Accounts Payable increased $1,660,000 due to the timing of the final check run in October.

9. Accrued Payroll & Related Costs decreased a net $562,000 due to fewer accrued payroll days in October.

10. To comply with GASB No. 96, the District recorded a decrease in its Right-To-Use Subscription Liability for July through October, decreasing the liability $1,075,000.

Tahoe Forest Hospital District
Cash Investment
October 31, 2023 Pre-Audit

WORKING CAPITAL				
US Bank	$ 31,831,178	4.95%		
US Bank/Incline Village Thrift Store	14,413			
US Bank/Truckee Thrift Store	96,366			
US Bank/Payroll Clearing	-			
Umpqua Bank	1,015,748	0.01%		
Total			$	32,957,705
BOARD DESIGNATED FUNDS				
US Bank Savings	$ -			
Chandler Investment Fund	105,825,237	4.97%		
Total			$	105,825,237
Building Fund	$ -			
Cash Reserve Fund	10,337,968	3.75%		
Local Agency Investment Fund			$	10,337,968
Municipal Lease 2018			$	-
Bonds Cash 2017			$	21,415
Bonds Cash 2015			$	584,565
GO Bonds Cash 2008			$	1,364,135
DX Imaging Education	$ 3,462			
Workers Comp Fund - B of A	15,338			
Insurance				
Health Insurance LAIF	-			
Comprehensive Liability Insurance LAIF	-			
Total			$	18,800
TOTAL FUNDS			$	151,109,823
RESTRICTED FUNDS				
Gift Fund				
US Bank Money Market	$ 8,371	0.10%		
Foundation Restricted Donations	27,309			
Local Agency Investment Fund	1,123,750	3.75%		
TOTAL RESTRICTED FUNDS			$	1,159,430
TOTAL ALL FUNDS			$	152,269,253

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
OCTOBER 2023 - PRE-AUDIT

CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	CURRENT MONTH VAR$	CURRENT MONTH VAR%		YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	YEAR TO DATE VAR$	YEAR TO DATE VAR%		PRIOR YTD OCT 2022
				OPERATING REVENUE						
$ 49,252,664	$ 49,786,039	$ (533,375)	-1.1%	Total Gross Revenue	$ 205,877,711	$ 199,152,698	$ 6,725,013	3.4%	1	$ 182,799,854
				Gross Revenues - Inpatient						
$ 3,222,163	$ 2,785,325	$ 436,838	15.7%	Daily Hospital Service	$ 13,034,307	$ 13,266,915	$ (232,608)	-1.8%		$ 12,267,911
3,664,098	3,379,020	285,078	8.4%	Ancillary Service - Inpatient	15,292,766	14,788,625	504,141	3.4%		15,343,845
6,886,261	6,164,345	721,916	11.7%	Total Gross Revenue - Inpatient	28,327,073	28,055,540	271,533	1.0%	1	27,611,756
42,366,403	43,621,694	(1,255,292)	-2.9%	Gross Revenue - Outpatient	177,550,638	171,097,158	6,453,480	3.8%		155,188,098
42,366,403	43,621,694	(1,255,292)	-2.9%	Total Gross Revenue - Outpatient	177,550,638	171,097,158	6,453,480	3.8%	1	155,188,098
				Deductions from Revenue:						
27,381,221	24,099,584	(3,281,637)	-13.6%	Contractual Allowances	110,931,133	96,668,221	(14,262,912)	-14.8%	2	91,456,670
53,118	995,721	942,603	94.7%	Charity Care	524,978	3,983,054	3,458,076	86.8%	2	2,270,665
767,026	757,895	(9,131)	-1.2%	Bad Debt	2,350,919	3,033,393	682,474	22.5%	2	1,833,644
(699,811)	-	699,811	0.0%	Prior Period Settlements	(699,811)	-	699,811	0.0%	2	(75,440)
27,501,554	25,853,200	(1,648,354)	-6.4%	Total Deductions from Revenue	113,107,219	103,684,668	(9,422,551)	-9.1%		95,485,539
88,641	101,500	12,860	12.7%	Property Tax Revenue- Wellness Neighborhood	430,722	406,403	(24,319)	-6.0%		422,902
1,573,718	1,371,307	202,411	14.8%	Other Operating Revenue	6,077,055	5,576,059	500,996	9.0%	3	5,248,155
23,413,468	25,405,646	(1,992,178)	-7.8%	TOTAL OPERATING REVENUE	99,278,270	101,450,492	(2,172,222)	-2.1%		92,985,372
				OPERATING EXPENSES						
10,309,182	10,339,646	30,464	0.3%	Salaries and Wages	40,340,885	41,690,533	1,349,648	3.2%	4	37,613,461
3,237,007	3,216,472	(20,535)	-0.6%	Benefits	13,333,049	13,253,026	(80,023)	-0.6%	4	12,824,329
100,759	108,106	7,347	6.8%	Benefits Workers Compensation	352,082	432,422	80,340	18.6%	4	457,160
2,663,434	1,953,389	(710,045)	-36.3%	Benefits Medical Insurance	8,408,887	7,813,556	(595,331)	-7.6%	4	5,710,341
517,484	559,646	42,162	7.5%	Medical Professional Fees	2,180,737	2,251,313	70,576	3.1%	5	1,990,314
339,952	290,654	(49,298)	-17.0%	Other Professional Fees	930,522	1,136,279	205,757	18.1%	5	795,090
3,840,459	3,961,240	120,781	3.0%	Supplies	15,647,482	16,303,815	656,333	4.0%	6	14,179,313
846,519	2,206,775	1,360,256	61.6%	Purchased Services	7,012,437	9,126,837	2,114,400	23.2%	7	7,831,939
896,003	1,116,465	220,462	19.7%	Other	3,594,645	4,110,794	516,149	12.6%	8	4,146,345
22,750,799	23,752,393	1,001,594	4.2%	TOTAL OPERATING EXPENSE	91,800,725	96,118,575	4,317,850	4.5%		85,548,292
662,668	**1,653,253**	**(990,585)**	**-59.9%**	**NET OPERATING REVENUE (EXPENSE) EBIDA**	**7,477,545**	**5,331,917**	**2,145,628**	**40.2%**		**7,437,080**
				NON-OPERATING REVENUE/(EXPENSE)						
773,860	761,000	12,860	1.7%	District and County Taxes	3,019,278	3,043,597	(24,319)	-0.8%	9	2,755,456
445,136	445,136	(0)	0.0%	District and County Taxes - GO Bond	1,780,542	1,780,542	0	0.0%		1,726,035
314,597	178,433	136,164	76.3%	Interest Income	992,035	700,895	291,140	41.5%	10	344,195
12,920	61,115	(48,195)	-78.9%	Donations	333,759	244,458	89,301	36.5%	11	163,226
(61,789)	(67,000)	5,211	7.8%	Gain/(Loss) on Joint Investment	(216,253)	(268,000)	51,747	19.3%	12	(586,294)
(20,764)	100,000	(120,764)	120.8%	Gain/(Loss) on Market Investments	293,053	400,000	(106,947)	26.7%	13	(1,618,209)
-	-	-	0.0%	Gain/(Loss) on Sale of Equipment	-	-	-	0.0%	14	-
(2,623,826)	(1,364,711)	(1,259,115)	-92.3%	Depreciation	(6,741,496)	(5,459,613)	(1,281,883)	-23.5%	15	(5,367,509)
(562,168)	(91,644)	(470,524)	-513.4%	Interest Expense	(845,444)	(370,459)	(474,985)	-128.2%	16	(434,823)
(269,689)	(269,689)	(0)	0.0%	Interest Expense-GO Bond	(1,085,953)	(1,085,953)	0	0.0%		(1,114,865)
(1,991,724)	(247,360)	(1,744,364)	-705.2%	TOTAL NON-OPERATING REVENUE/(EXPENSE)	(2,470,480)	(1,014,533)	(1,455,947)	-143.5%		(4,132,788)
$ (1,329,056)	**$ 1,405,893**	**$ (2,734,949)**	**-194.5%**	**INCREASE (DECREASE) IN NET POSITION**	**$ 5,007,065**	**$ 4,317,384**	**$ 689,681**	**16.0%**		**$ 3,304,292**
				NET POSITION - BEGINNING OF YEAR	**268,354,204**					
				NET POSITION - AS OF OCTOBER 31, 2023	**$ 273,361,269**					
1.3%	**3.3%**	**-2.0%**		**RETURN ON GROSS REVENUE EBIDA**	**3.6%**	**2.7%**	**1.0%**			**4.1%**

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
OCTOBER 2023 - PRE-AUDIT

		Variance from Budget Fav / <Unfav> OCT 2023	YTD 2023
1) Gross Revenues			
Acute Patient Days were above budget 19.16% or 59 days. Swing Bed days were above budget 71.43% or 15 days. Inpatient Ancillary Revenues were above budget due to the increase in patient days.	Gross Revenue -- Inpatient	$ 721,916	$ 271,533
	Gross Revenue -- Outpatient	(1,255,292)	6,453,480
	Gross Revenue -- Total	$ (533,375)	$ 6,725,013
Outpatient volumes were below budget in the following departments: Emergency Department visits, Hospice visits, Laboratory, EKG, Mammography, Ultrasound, Briner Ultrasound, and Respiratory Therapy.			
Outpatient volumes were above budget in the following departments: Home Health visits, Lab Send Out, Oncology Lab, Diagnostic Imaging, Medical & Radiation Oncology procedures, Nuclear Medicine, MRI, PET CT, Drugs Sold to Patients, Oncology Drugs Sold to Patients, Outpatient Physical, Speech, & Occupational Therapies.			
2) Total Deductions from Revenue			
The payor mix for October shows a 5.11% increase to Medicare, a .96% increase to Medi-Cal, .47% decrease to Other, County at budget, and a 5.59% decrease to Commercial when compared to budget. We saw a shift in our Payor Mix from Commercial to Medicare and Medi-Cal, A/R Days over 120 and 180 increased 1.3%, and the Business Office continues its efforts in cleaning up older claims in EPIC, creating a negative variance in Contractual Allowances.	Contractual Allowances	$ (3,281,637)	$ (14,262,912)
	Charity Care	942,603	3,458,076
	Bad Debt	(9,131)	682,474
	Prior Period Settlements	699,811	699,811
	Total	$ (1,648,354)	$ (9,422,551)
We received additional funds due from the SFY18/19 SNF Supplemental Reimbursement Program, creating a positive variance in Prior Period Settlements.			
3) Other Operating Revenue	Retail Pharmacy	130,375	299,576
Retail Pharmacy revenues were above budget 28.40%.	Hospice Thrift Stores	1,835	21,819
	The Center (non-therapy)	4,266	(1,371)
Children's Center revenues were above budget 13.98%.	IVCH ER Physician Guarantee	723	27,160
	Children's Center	23,157	87,090
Rebates & Refunds were above budget, creating a positive variance in Miscellaneous.	Miscellaneous	57,388	128,056
	Oncology Drug Replacement	-	-
	Grants	(15,333)	(61,333)
	Total	$ 202,411	$ 500,996
4) Salaries and Wages	Total	$ 30,464	$ 1,349,648
We saw negative variances in Paid Leave and Sick Leave which is creating a positive variance in Salaries and Wages.			
Employee Benefits	PL/SL	$ (44,754)	$ (95,572)
Paid Leave & Sick Leave were above budget, creating a negative variance in PL/SL.	Nonproductive	100,544	155,077
	Pension/Deferred Comp	-	7,020
Budgeted expenses for Hospital events and a reduction in year-to-date accrued Physician RVU Bonuses created a positive variance in Nonproductive.	Standby	(27,240)	(70,127)
	Other	(49,085)	(76,421)
	Total	$ (20,535)	$ (80,023)
Employee Benefits - Workers Compensation	Total	$ 7,347	$ 80,340
Employee Benefits - Medical Insurance	Total	$ (710,045)	$ (595,331)
We continue to see higher claims being processed through our Third Party Administrator creating a negative variance in Employee Benefits - Medical Insurance.			
5) Professional Fees	Multi-Specialty Clinics	$ (36,817)	$ (97,643)
Locums coverage in Medical Oncology is creating a negative variance in Multi-Specialty Clin	Oncology	(8,965)	(24,767)
	Administration	(88,848)	(17,758)
Outsourced legal services and consulting fees for the Reliability & Management Systems project created a negative variance in Administration.	Marketing	(3,933)	(6,340)
	Multi-Specialty Clinics Administration	(7,852)	(4,909)
	IVCH ER Physicians	2,600	(3,115)
Medical Director fees for Infectious Disease and Antimicrobial Stewardship were below budget, creating a positive variance in Miscellaneous.	Home Health/Hospice	-	-
	Patient Accounting/Admitting	-	-
	Respiratory Therapy	-	-
A decrease in Outsourced Legal services created a positive variance in Human Resources.	The Center	-	-
	TFH/IVCH Therapy Services	-	-
Decrease in Outsourced Legal services created a positive variance in Medical Staff Service	Managed Care	(5,607)	7,299
	Corporate Compliance	2,000	8,000
Budgeted consulting services for Information Technology were below budget, creating a positive variance in this category.	Miscellaneous	13,730	19,995
	Human Resources	14,808	42,536
	Medical Staff Services	12,975	51,225
Emergency Department and Hospitalist physician fees were below budget, creating a positive variance in TFH Locums.	Information Technology	38,063	58,622
	Financial Administration	5,225	109,831
	TFH Locums	55,486	133,355
	Total	$ (7,136)	$ 276,332

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
OCTOBER 2023 - PRE-AUDIT

		Variance from Budget Fav / <Unfav> OCT 2023	YTD 2023
6) Supplies	Other Non-Medical Supplies	$ (30,328)	$ (35,980)
Supply purchases for Administration and Human Resources created a negative variance in Other Non-Medical Supplies.	Food	2,273	(14,825)
	Office Supplies	(623)	10,641
	Minor Equipment	27,585	55,015
Drugs Sold to Patients, Oncology Drugs Sold to Patients, and Retail Pharmacy volumes were above budget 45.93%, creating a negative variance in Pharmacy Supplies.	Pharmacy Supplies	(107,677)	172,790
	Patient & Other Medical Supplies	229,551	468,692
	Total	$ 120,781	$ 656,333
Medical Supplies Sold to Patients revenues were below budget 2.90%, creating a positive variance in Patient & Other Medical Supplies.			
7) Purchased Services	Laboratory	$ (41,710)	$ (55,162)
Lab Send Out tests were above budget, creating a negative variance in Laboratory.	Home Health/Hospice	2,962	3,750
	Pharmacy IP	5,584	4,854
Record retention and outsourced coding services were below budget, creating a positive variance in Medical Records.	Community Development	3,333	12,833
	The Center	3,960	16,035
	Diagnostic Imaging Services - All	14,912	39,649
The District implemented GASB No. 96 as of FY23, which recognizes Subscription-Based Information Technology arrangements as a Right-To-Use-Asset. The monthly subscription amounts are written off to Amortization and Interest Expense with an offsetting entry to Purchased Services. GASB No. 96 was recorded for July through October, creating positive variances in Human Resources, Information Technology, and Department Repairs.	Medical Records	25,211	41,827
	Multi-Specialty Clinics	5,236	122,971
	Human Resources	70,553	149,447
	Patient Accounting	10,975	200,625
	Information Technology	224,871	203,245
	Miscellaneous	153,354	387,259
	Department Repairs	881,014	987,066
	Total	$ 1,360,256	$ 2,114,400
8) Other Expenses	Miscellaneous	$ (2,689)	$ (65,826)
The District implemented GASB No. 96 as of FY23, which recognizes Subscription-Based Information Technology arrangements as a Right-To-Use-Asset. The monthly subscription amounts are written off to Amortization and Interest Expense with an offsetting entry to Other Expenses. GASB No. 96 was recorded for July through October, creating a positive variance in Dues and Subscriptions.	Other Building Rent	(6,846)	(34,505)
	Multi-Specialty Clinics Equip Rent	(4,907)	(5,487)
	Multi-Specialty Clinics Bldg. Rent	(57)	(3,733)
	Insurance	(8,526)	(2,845)
	Physician Services	-	139
	Equipment Rent	4,560	3,978
Natural Gas/Propane, Telephone, and Electricity costs were below budget, creating a positive variance in Utilities. Credits against TFH telephone invoices assisted in the positive variance in Utilities.	Human Resources Recruitment	7,591	12,869
	Marketing	14,507	62,022
	Dues and Subscriptions	61,484	98,911
	Outside Training & Travel	48,705	188,715
	Utilities	106,642	261,912
	Total	$ 220,462	$ 516,149
9) District and County Taxes	Total	$ 12,860	$ (24,319)
10) Interest Income	Total	$ 136,164	$ 291,140
We saw increases in our interest rates at US Bank, Chandler Investments, and LAIF, creating a positive variance in Interest Income.			
11) Donations	IVCH	$ (16,667)	$ 106,902
	Operational	(31,528)	(17,601)
	Total	$ (48,195)	$ 89,301
12) Gain/(Loss) on Joint Investment	Total	$ 5,211	$ 51,747
13) Gain/(Loss) on Market Investments	Total	$ (120,764)	$ (106,947)
The District booked the value of unrealized losses in its holdings with Chandler Investments.			
14) Gain/(Loss) on Sale or Disposal of Assets	Total	$ -	$ -
15) Depreciation Expense	Total	$ (1,259,115)	$ (1,281,883)
The District implemented GASB No. 96 as of FY23, which recognizes Subscription-Based Information Technology arrangements as a Right-To-Use-Asset. The monthly subscription amounts are written off to Amortization and Interest Expense, creating a negative variance in Depreciation Expense.			
16) Interest Expense	Total	$ (470,524)	$ (474,985)
The District implemented GASB No. 96 as of FY23, which recognizes Subscription-Based Information Technology arrangements as a Right-To-Use-Asset. The monthly subscription amounts are written off to Amortization and Interest Expense, creating a negative variance in Interest Expense.			

INCLINE VILLAGE COMMUNITY HOSPITAL
STATEMENT OF REVENUE AND EXPENSE
OCTOBER 2023 - PRE-AUDIT

CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	CURRENT MONTH VAR$	CURRENT MONTH VAR%		YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	YEAR TO DATE VAR$	YEAR TO DATE VAR%		PRIOR YTD OCT 2022
				OPERATING REVENUE						
$ 3,322,722	$ 3,319,094	$ 3,628	0.1%	Total Gross Revenue	$ 15,502,519	$ 14,014,010	$ 1,488,509	10.6%	1	$ 13,043,532
				Gross Revenues - Inpatient						
$ -	$ -	$ -	0.0%	Daily Hospital Service	$ -	$ 5,627	$ (5,627)	-100.0%		$ 10,719
-	701	(701)	-100.0%	Ancillary Service - Inpatient	-	7,027	(7,027)	-100.0%		6,785
-	701	(701)	-100.0%	Total Gross Revenue - Inpatient	-	12,654	(12,654)	-100.0%	1	17,504
3,322,722	3,318,393	4,329	0.1%	Gross Revenue - Outpatient	15,502,519	14,001,356	1,501,163	10.7%		13,026,028
3,322,722	3,318,393	4,329	0.1%	Total Gross Revenue - Outpatient	15,502,519	14,001,356	1,501,163	10.7%	1	13,026,028
				Deductions from Revenue:						
1,789,983	1,506,435	(283,548)	-18.8%	Contractual Allowances	7,426,583	6,347,288	(1,079,295)	-17.0%	2	5,999,978
63,660	66,382	2,722	4.1%	Charity Care	122,283	280,280	157,997	56.4%	2	330,313
160,370	49,786	(110,584)	-222.1%	Bad Debt	505,507	210,210	(295,297)	-140.5%	2	307,479
-	-	-	0.0%	Prior Period Settlements	-	-	-	0.0%	2	-
2,014,013	1,622,603	(391,410)	-24.1%	Total Deductions from Revenue	8,054,373	6,837,778	(1,216,595)	-17.8%	2	6,637,770
47,423	45,628	1,795	3.9%	Other Operating Revenue	291,129	249,752	41,377	16.6%	3	259,121
1,356,132	1,742,119	(385,987)	-22.2%	TOTAL OPERATING REVENUE	7,739,276	7,425,984	313,292	4.2%		6,664,883
				OPERATING EXPENSES						
641,991	615,771	(26,220)	-4.3%	Salaries and Wages	2,633,530	2,567,594	(65,936)	-2.6%	4	2,375,034
163,350	185,898	22,548	12.1%	Benefits	754,489	812,391	57,902	7.1%	4	820,744
2,660	3,157	497	15.7%	Benefits Workers Compensation	10,640	12,628	1,988	15.7%	4	9,134
162,171	119,744	(42,427)	-35.4%	Benefits Medical Insurance	514,099	478,976	(35,123)	-7.3%	4	362,130
148,980	152,247	3,267	2.1%	Medical Professional Fees	604,755	604,308	(447)	-0.1%	5	594,083
3,900	2,306	(1,594)	-69.1%	Other Professional Fees	9,531	9,225	(306)	-3.3%	5	8,944
133,113	67,127	(65,986)	-98.3%	Supplies	475,733	270,115	(205,618)	-76.1%	6	226,120
51,196	48,927	(2,269)	-4.6%	Purchased Services	207,974	396,645	188,671	47.6%	7	278,485
125,120	130,193	5,073	3.9%	Other	498,675	372,978	(125,697)	-33.7%	8	395,383
1,432,481	1,325,370	(107,111)	-8.1%	TOTAL OPERATING EXPENSE	5,709,426	5,524,860	(184,566)	-3.3%		5,070,057
(76,349)	**416,749**	**(493,098)**	**-118.3%**	**NET OPERATING REV(EXP) EBIDA**	**2,029,849**	**1,901,124**	**128,725**	**6.8%**		**1,594,826**
				NON-OPERATING REVENUE/(EXPENSE)						
-	16,667	(16,667)	-100.0%	Donations-IVCH	173,569	66,667	106,902	160.4%	9	3,568
-	-	-	0.0%	Gain/ (Loss) on Sale	-		-	0.0%	10	-
(122,785)	(121,314)	(1,471)	1.2%	Depreciation	(492,703)	(487,554)	(5,149)	-1.1%	11	(379,847)
(1,424)	(1,378)	(46)	3.3%	Interest Expense	(5,816)	(5,664)	(152)	2.7%	12	(7,020)
(124,209)	(106,025)	(18,184)	-17.2%	TOTAL NON-OPERATING REVENUE/(EXP)	(324,950)	(426,551)	101,601	23.8%		(383,299)
$ (200,557)	**$ 310,724**	**$ (511,281)**	**-164.5%**	**EXCESS REVENUE(EXPENSE)**	**$ 1,704,900**	**$ 1,474,573**	**$ 230,327**	**15.6%**		**$ 1,211,527**
-2.3%	**12.6%**	**-14.9%**		**RETURN ON GROSS REVENUE EBIDA**	**13.1%**	**13.6%**	**-0.5%**			**12.2%**

INCLINE VILLAGE COMMUNITY HOSPITAL
NOTES TO STATEMENT OF REVENUE AND EXPENSE
OCTOBER 2023 - PRE-AUDIT

		Variance from Budget Fav<Unfav>	
		OCT 2023	YTD 2023
1) Gross Revenues			
Acute Patient Days were at budget at 0 and Observation Days were at budget at 0.	Gross Revenue -- Inpatient	$ (701)	$ (12,654)
	Gross Revenue -- Outpatient	4,329	1,501,163
	Total	$ 3,628	$ 1,488,509
Outpatient volumes were above budget in Surgery cases, Laboratory tests, Lab Send Out tests, Diagnostic Imaging, Ultrasounds, Drugs Sold to Patients, Physical Therapy and Occupational Therapy.			
Outpatient volumes were below budget in Emergency Department visits, EKG, Cat Scans, Respiratory Therapy, and Speech Therapy.			
2) Total Deductions from Revenue			
We saw a shift in our payor mix with a 10.62% increase in Medicare, a 4.68% decrease in Medicaid, a 4.94% decrease in Commercial insurance, a .99% decrease in Other, and County was at budget. We saw a shift in Payor Mix from Commercial and Medicaid to Medicare, and the Business Office continues its efforts in cleaning up older claims in EPIC, creating a negative variance in Contractuals.	Contractual Allowances	$ (283,548)	$ (1,079,295)
	Charity Care	2,722	157,997
	Bad Debt	(110,584)	(295,297)
	Prior Period Settlement	-	-
	Total	$ (391,410)	$ (1,216,595)
3) Other Operating Revenue			
IVCH ER Physician Guarantee is tied to collections, coming in over budget in October.	IVCH ER Physician Guarantee	$ 723	$ 27,160
	Miscellaneous	1,072	14,218
	Total	$ 1,795	$ 41,377
4) Salaries and Wages	Total	$ (26,220)	$ (65,936)
Negative variance in Salaries and Wages was offset by positive variances in Paid Leave and Sick Leave.			
Employee Benefits	PL/SL	$ 22,870	$ 54,287
We saw decreased use of Paid Leave and Sick Leave, creating a positive variance in PL/SL.	Pension/Deferred Comp	-	-
	Standby	888	(7,928)
	Other	(9,413)	(18,752)
Employer taxes created a negative variance in Other.	Nonproductive	8,204	30,295
	Total	$ 22,548	$ 57,902
Employee Benefits - Workers Compensation	Total	$ 497	$ 1,988
Employee Benefits - Medical Insurance	Total	$ (42,427)	$ (35,123)
5) Professional Fees	IVCH ER Physicians	$ 2,600	$ (3,115)
	Foundation	(1,594)	(306)
	Administration	-	-
	Miscellaneous	-	-
	Multi-Specialty Clinics	667	2,668
	Total	$ 1,673	$ (753)
6) Supplies	Pharmacy Supplies	$ (67,514)	$ (198,523)
Oncology Drugs Sold to Patients revenues exceeded budget by 177.24%, creating a negative variance in Pharmacy Supplies.	Patient & Other Medical Supplies	(191)	(9,217)
	Non-Medical Supplies	308	(921)
	Office Supplies	(729)	(630)
	Food	154	516
	Minor Equipment	1,986	3,156
	Total	$ (65,986)	$ (205,618)

INCLINE VILLAGE COMMUNITY HOSPITAL
NOTES TO STATEMENT OF REVENUE AND EXPENSE
OCTOBER 2023 - PRE-AUDIT

		Variance from Budget Fav<Unfav>	
		OCT 2023	YTD 2023
7) Purchased Services	Laboratory	$ (3,175)	$ (9,740)
Lab Send Out Tests were above budget 13.35%, creating a negative variance in Laboratory.	EVS/Laundry	(2,494)	(7,322)
	Diagnostic Imaging Services - All	(445)	(3,228)
	Engineering/Plant/Communications	1,062	(1,910)
Laundry & Linen costs per week increased due to volume increases, creating a negative variance in EVS/Laundry.	Miscellaneous	(3,068)	(1,226)
	Pharmacy	477	537
	Multi-Specialty Clinics	(9)	962
Carpet cleaning at the Outpatient Therapy Services building created a negative variance in Miscellaneous.	Department Repairs	4,049	5,263
	Foundation	1,333	205,333
	Total	$ (2,269)	$ 188,671
8) Other Expenses	Miscellaneous	$ 992	$ (140,495)
Oxygen tank rentals created a negative variance in Equipment Rent.	Other Building Rent	(3,919)	(15,780)
	Dues and Subscriptions	(205)	(10,839)
Telephone expenses were below budget, creating a positive variance in Utilities.	Equipment Rent	(1,779)	(8,043)
	Multi-Specialty Clinics Bldg. Rent	(315)	(1,507)
	Physician Services	-	-
	Insurance	(1,119)	1,029
	Marketing	557	5,139
	Outside Training & Travel	864	11,402
	Utilities	9,997	33,397
	Total	$ 5,073	$ (125,697)
9) Donations	Total	$ (16,667)	$ 106,902
10) Gain/(Loss) on Sale	Total	$ -	$ -
11) Depreciation Expense	Total	$ (1,471)	$ (5,149)
12) Interest Expense	Total	$ (46)	$ (152)

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF CASH FLOWS

	PRE-AUDIT FYE 2023		BUDGET FYE 2024	PROJECTED FYE 2024	**ACTUAL OCT 2023**	**PROJECTED OCT 2023**	**DIFFERENCE**	ACTUAL 1ST QTR	PROJECTED 2ND QTR	PROJECTED 3RD QTR	PROJECTED 4TH QTR
Net Operating Rev/(Exp) - EBIDA	31,312,720		12,535,783	17,181,076	$ 662,668	$ 1,653,255	$ (990,587)	6,814,877	3,428,282	3,753,170	3,184,747
Interest Income	1,348,932		2,000,000	2,081,992	349,902	350,000	(98)	582,090	499,902	500,000	500,000
Property Tax Revenue	10,063,960		10,190,000	10,256,101	119,101	-	119,101	596,999	119,101	5,400,000	4,140,000
Donations	1,574,358		6,733,375	6,767,533	409,445	61,115	348,331	149,171	461,674	78,344	6,078,344
Debt Service Payments	(5,216,044)		(3,981,665)	(3,976,512)	(352,288)	(352,963)	675	(1,054,410)	(915,102)	(727,486)	(1,279,514)
Property Purchase Agreement	(811,927)		(811,927)	(811,928)	(67,661)	(67,661)	-	(202,983)	(202,982)	(202,982)	(202,982)
2018 Municipal Lease	(1,717,326)		(715,553)	(715,553)	(143,111)	(143,111)	-	(429,332)	(286,221)	-	-
Copier	(63,919)		(47,871)	(42,718)	(4,419)	(5,094)	675	(10,803)	(14,607)	(15,282)	(2,025)
2017 VR Demand Bond	(840,606)		(761,145)	(761,145)	-	-	-	-	-	(97,930)	(663,215)
2015 Revenue Bond	(1,782,266)		(1,645,169)	(1,645,169)	(137,097)	(137,097)	0	(411,292)	(411,292)	(411,292)	(411,292)
Physician Recruitment	(476,666)		(1,146,666)	(1,029,998)	-	(116,666)	116,666	(83,333)	(233,333)	(379,999)	(333,333)
Investment in Capital											
Equipment	(2,315,113)		(4,545,602)	(4,545,602)	(277,819)	(494,375)	216,556	(682,703)	(1,483,125)	(1,209,137)	(1,170,637)
IT/EMR/Business Systems	(710,081)		(2,818,739)	(2,818,739)	(4,900)	(408,331)	403,431	-	(1,224,994)	(922,920)	(670,825)
Building Projects/Properties	(21,471,856)		(21,287,010)	(21,287,010)	(192,858)	(1,695,691)	1,502,833	(2,714,000)	(5,087,072)	(7,327,260)	(6,158,678)
Change in Accounts Receivable	(6,688,560)	N1	(2,859,354)	(2,991,333)	6,928,457	(1,182,620)	8,111,077	1,910,240	2,009,053	(6,597,671)	(312,955)
Change in Settlement Accounts	(8,255,522)	N2	4,265,118	3,502,476	(911,695)	(1,370,510)	458,815	(2,878,378)	(449,552)	(5,624,286)	12,454,692
Change in Other Assets	(8,902,354)	N3	(3,500,000)	(3,694,094)	583,034	(500,000)	1,083,034	(2,377,128)	33,034	(100,000)	(1,250,000)
Change in Other Liabilities	328,247	N4	(4,400,000)	(5,601,273)	(83,485)	(1,000,000)	916,515	(3,216,855)	(4,959,670)	(2,987,374)	5,562,626
Change in Cash Balance	(9,407,979)		(8,814,760)	(6,155,383)	7,229,563	(5,056,786)	12,286,350	(2,953,429)	(7,801,800)	(16,144,619)	20,744,466
Beginning Unrestricted Cash	154,252,753		144,844,775	144,844,775	141,891,346	141,891,346	-	144,844,775	141,891,346	134,089,545	117,944,926
Ending Unrestricted Cash	144,844,775		136,030,015	138,689,392	149,120,909	136,834,559	12,286,350	141,891,346	134,089,545	117,944,926	138,689,392
Operating Cash	144,844,775		136,030,015	138,689,392	149,120,909	136,834,559	12,286,350	141,891,346	134,089,545	117,944,926	138,689,392
Expense Per Day	750,945		803,035	792,506	753,221	784,464	(31,243)	753,622	767,698	786,564	792,506
Days Cash On Hand	193		169	175	198	174	24	188	175	150	175

Footnotes:
N1 - Change in Accounts Receivable reflects the 30 day delay in collections.
N2 - Change in Settlement Accounts reflect cash flows in and out related to prior year and current year Medicare and Medi-Cal settlement accounts.
N3 - Change in Other Assets reflect fluctuations in asset accounts on the Balance Sheet that effect cash. For example, an increase in prepaid expense immediately effects cash but not EBIDA.
N4 - Change in Other Liabilities reflect fluctuations in liability accounts on the Balance Sheet that effect cash. For example, an increase in accounts payable effects EBIDA but not cash.

TAHOE FOREST HOSPITAL DISTRICT

Board Informational Report

By: Harry Weis
President and CEO

DATE: November 9, 2023

Dear Chair and Members of the Board,

As today is just two weeks approximately from our last board meeting, we want to wish all of our team members, our residents and guests in our region a very Happy Thanksgiving and may we all find at least three topics we are thankful for every day of the year!

MOSSADAMS

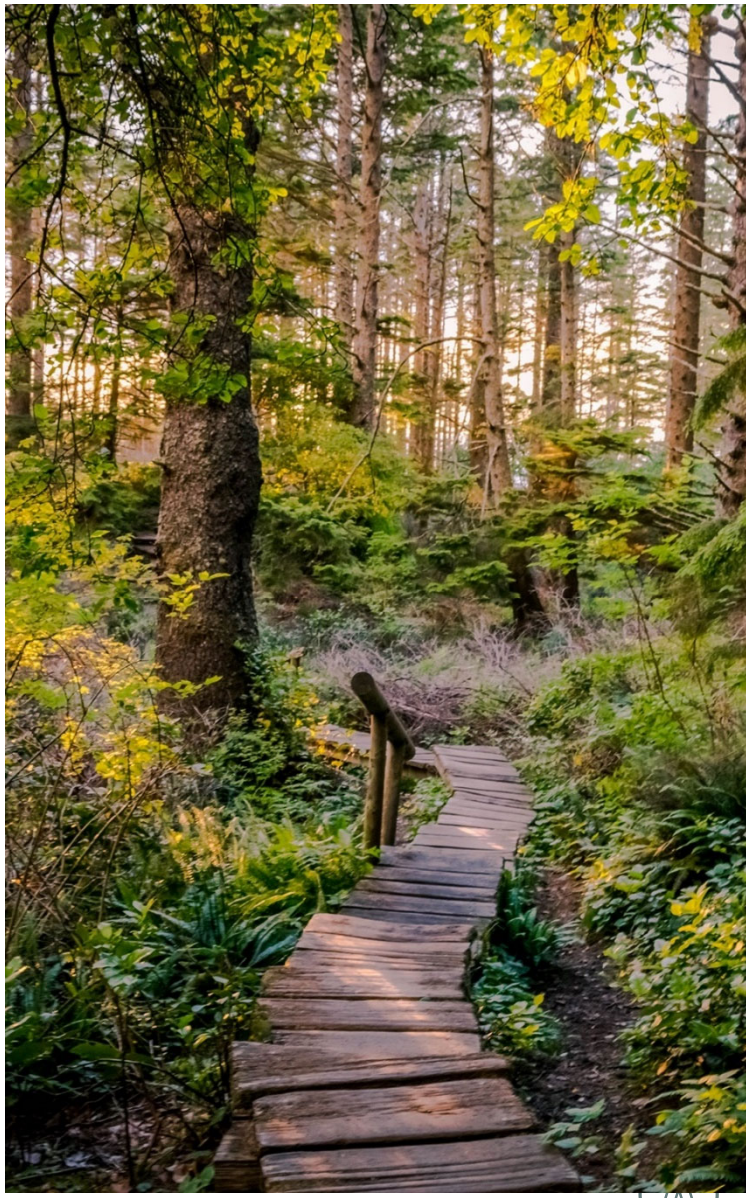
Tahoe Forest Hospital District

2023 AUDIT RESULTS

Discussion with the Board of Directors

Agenda

1. Scope of Services
2. Auditor Report
3. Significant Risks Identified
4. Matters to be Communicated to the Governing Body
5. Financial Highlights
6. Executive Session



Scope of Services

We have performed the following services for Tahoe Forest Hospital District (the "District"):

Annual Audit

- Annual combined financial statement audit as of and for the year ended June 30, 2023

Nonattest Services

- Assist management with drafting the District's combined financial statements as of and for the year ended June 30, 2023
- Review of Form 990 and other tax returns prepared by management

Auditor Report

Unmodified Opinion

- Combined financial statements as of and for the year ended June 30, 2023, are presented fairly and in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- Emphasis of Matter – As discussed in Note 1 to the combined financial statements, as of July 1, 2021, the District adopted Governmental Accounting Standards Board (“GASB”) Statement No. 96, *Subscription-Based Information Technology Arrangements* (“GASB 96”).

Significant Risks Identified

During the audit, we identified the following:

Significant Risks	Procedures
Valuation of Patient Accounts Receivable and Patient Service Revenue	We performed a lookback analysis to determine if management's estimate was materially correct at 6/30/2022, based upon cash collections. We also analyzed subsequent cash collections on 6/30/2023 accounts receivable and performed analytical procedures on 6/30/2023 accounts receivable and net patient service revenue. Finally, we performed test procedures on management's patient accounts receivable allowance model. Revenue recognition and valuation of patient accounts receivable are considered appropriate.
Management Override of Controls	We performed inquiries of accounting and operational personnel, performed risk assessment procedures, and tested risk-based manual journal entry selections. Testing did not result in any observed instances of management override.

Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Significant Accounting Practices:

Our views about qualitative aspects of the District's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures.

MOSS ADAMS COMMENTS

The District adopted GASB 96 during fiscal year 2023.

The quality of the District's accounting policies and underlying estimates are discussed throughout this presentation. There were no significant changes in the District's approach to applying the critical accounting policies.

Matters to Be Communicated to the Governing Body
(continued)

MATTERS TO BE COMMUNICATED	MOSS ADAMS COMMENTS
Significant Unusual Transactions	No significant unusual transactions were identified during our audit of the District's combined financial statements.

Matters to Be Communicated to the Governing Body
(continued)

MATTERS TO BE COMMUNICATED	MOSS ADAMS COMMENTS
Uncorrected Misstatements	No uncorrected misstatements were identified as a result of our audit.

Matters to Be Communicated to the Governing Body
(continued)

MATTERS TO BE COMMUNICATED

Material, Corrected Misstatements

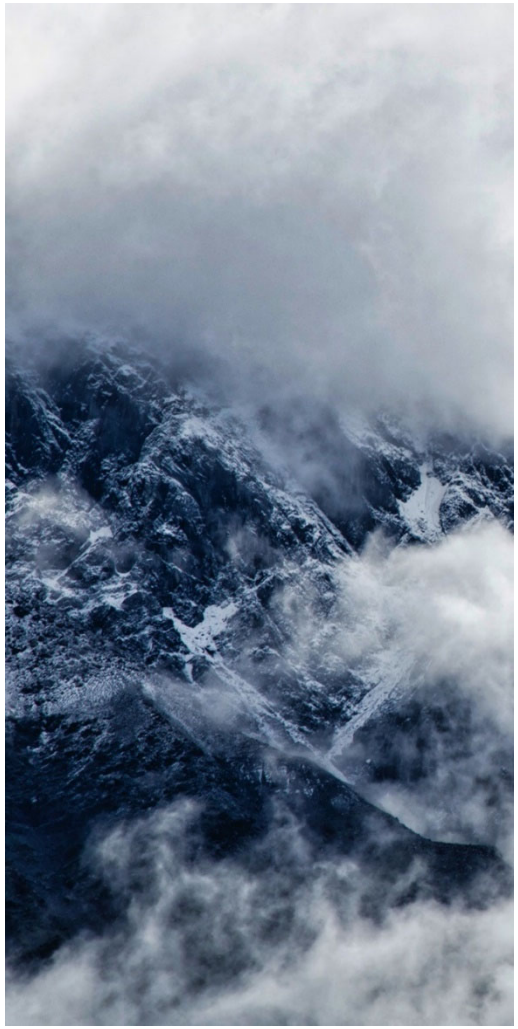
Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.

MOSS ADAMS COMMENTS

No material misstatements were identified as a result of our audit.

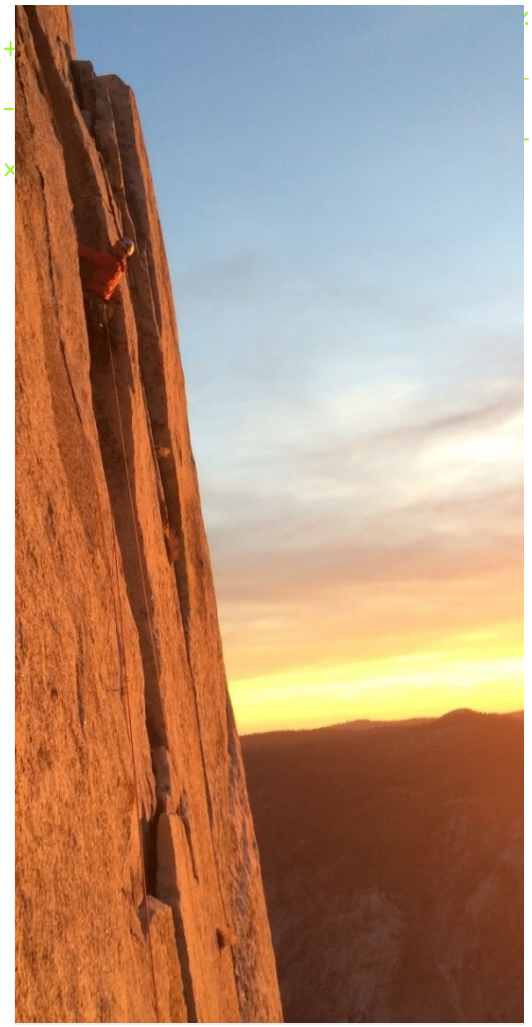
Other Required Communications

- Significant difficulties encountered during the audit
- Disagreements with management
- Circumstances affecting content of auditor's report
- Management's consultation with other accountants
- Management representation letter
- Other significant audit findings or issues arising from the audit

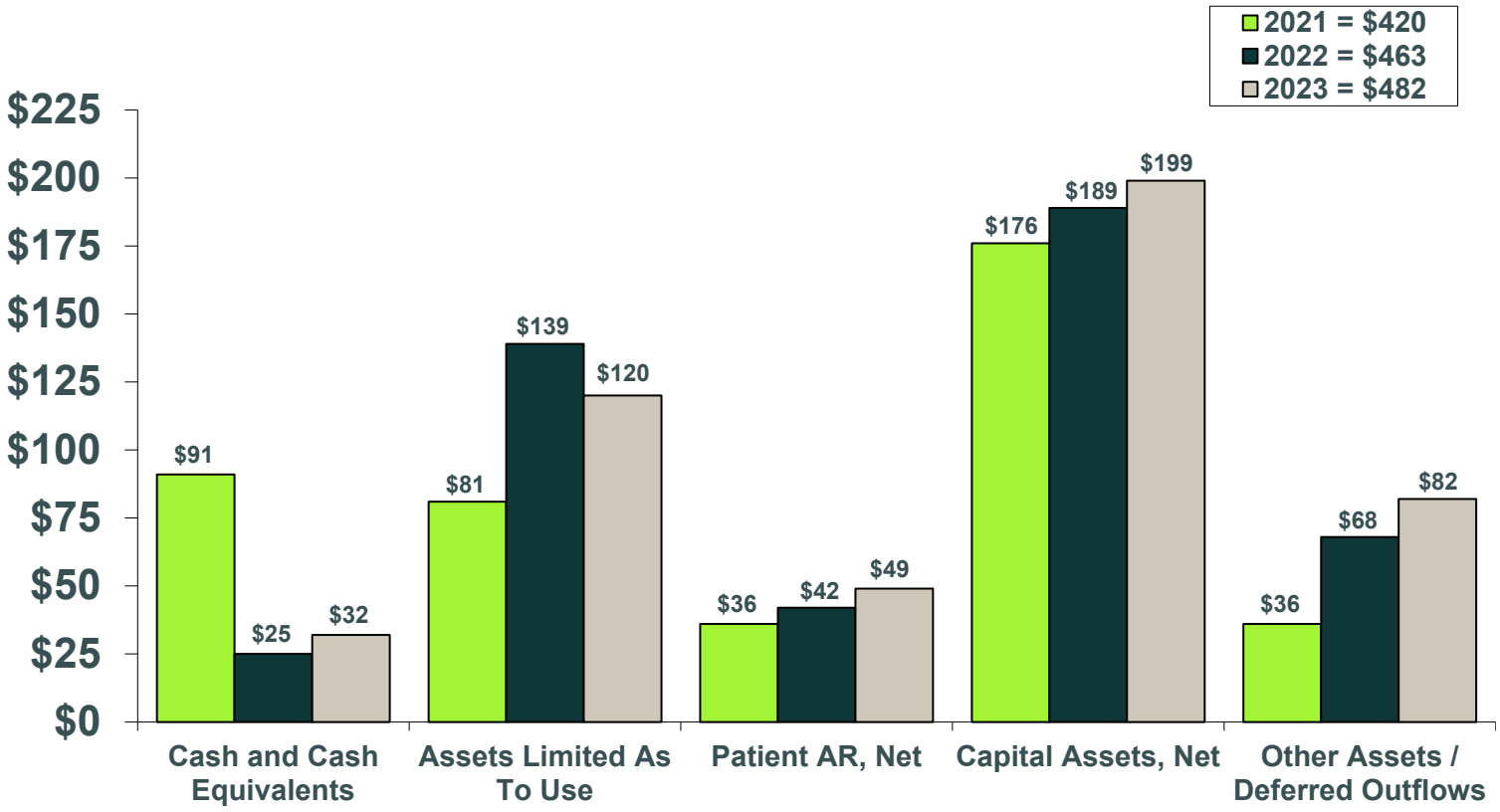


MOSSADAMS

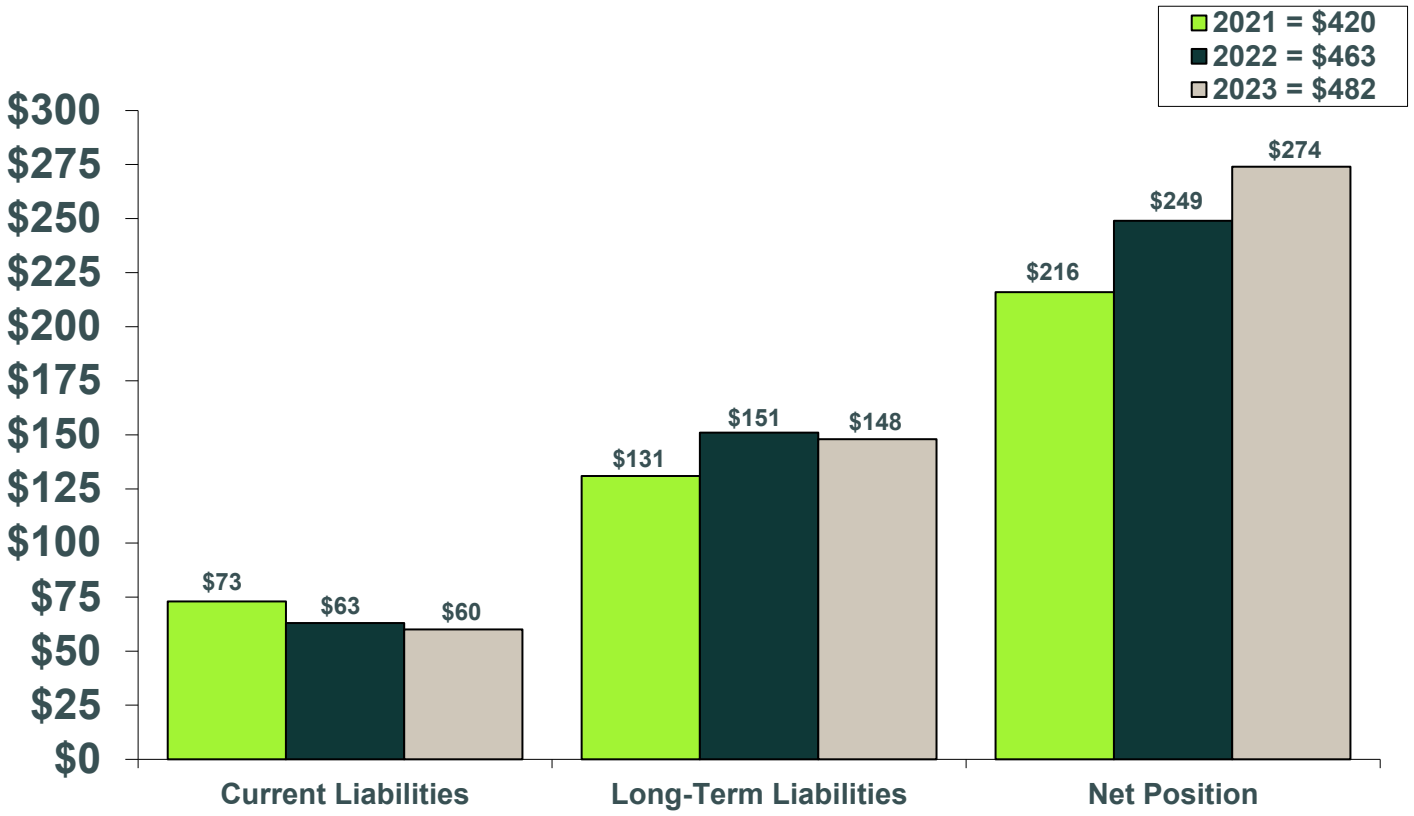
Financial Highlights



Assets and Deferred Outflows Composition (in millions) without TSC, LLC



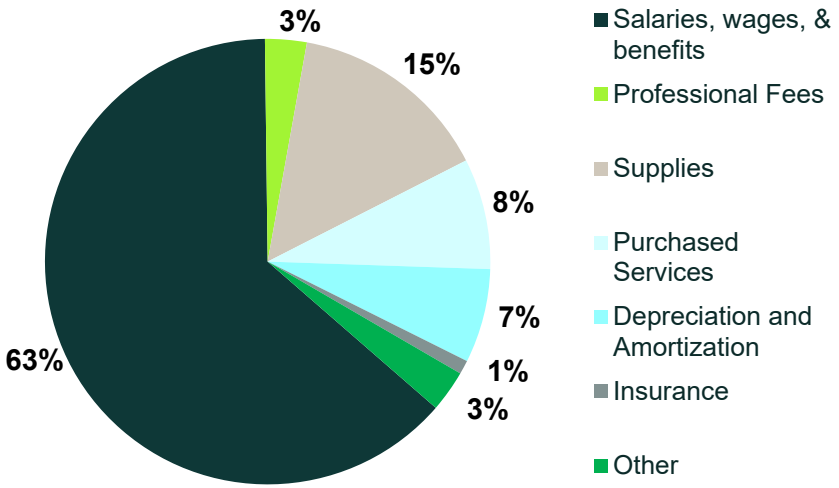
Liabilities & Net Position (in millions) without TSC, LLC



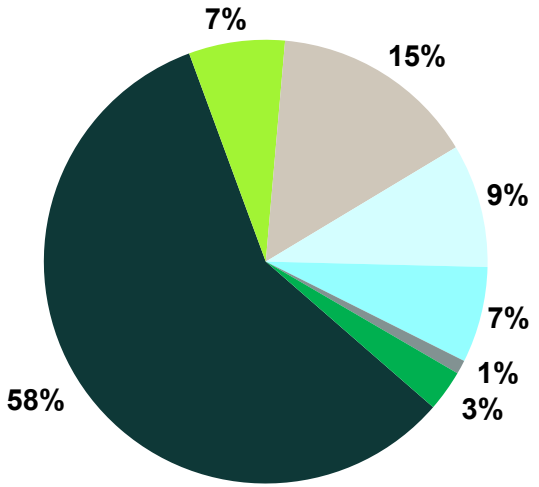
Statements of Revenues, Expenses, and Changes in Net Position – Year to Year Comparison without TSC, LLC

Total Operating Revenues and Expenses (in millions)

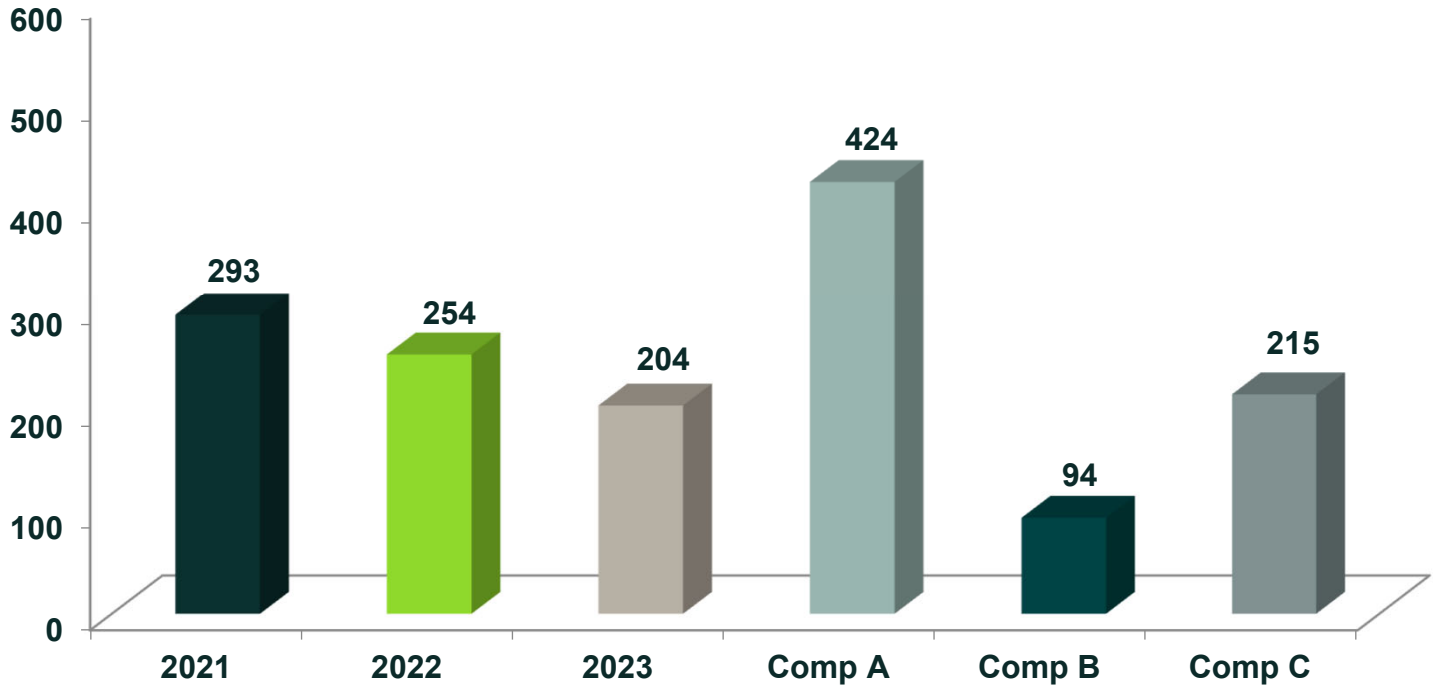
June 30, 2023
Operating Revenues - $301M



June 30, 2022
Operating Revenues - $278M

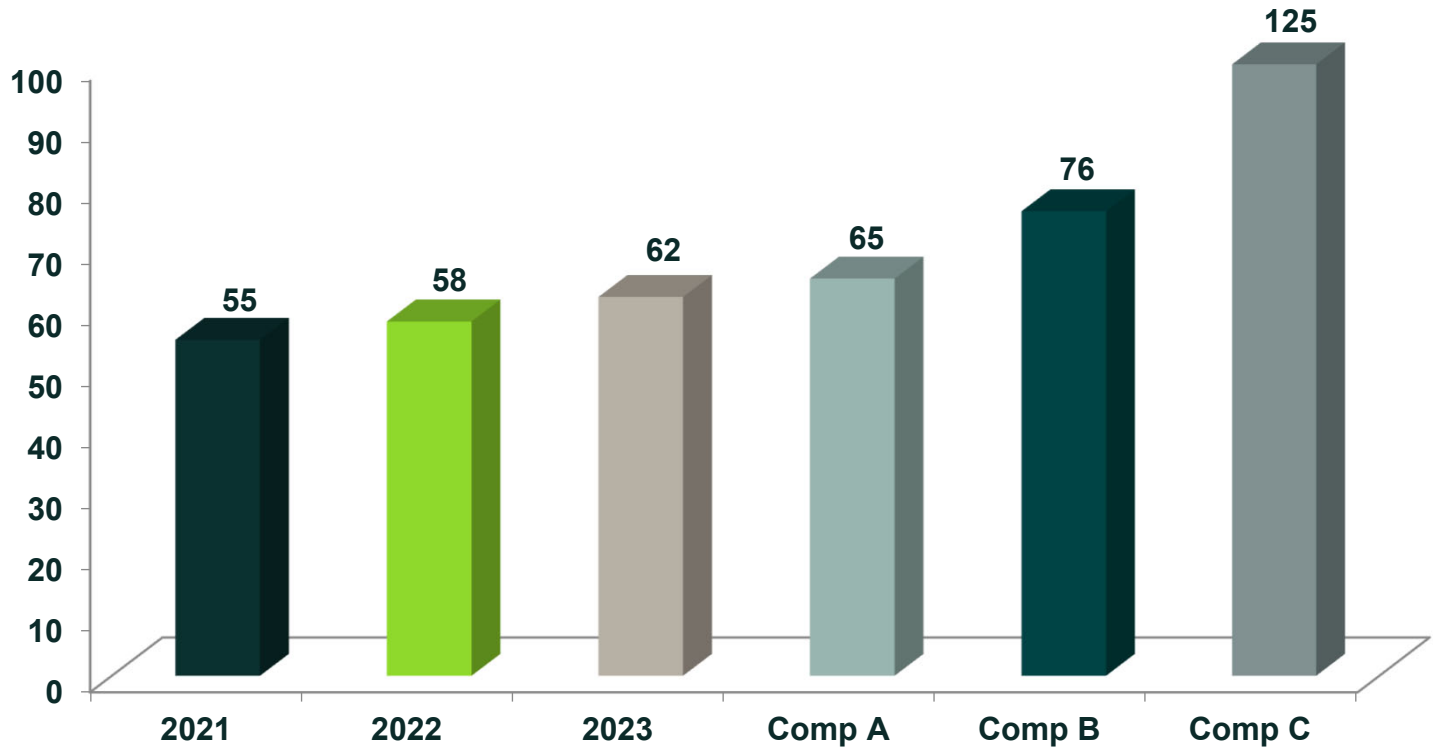


Days Cash and Investments Ratio without TSC, LLC

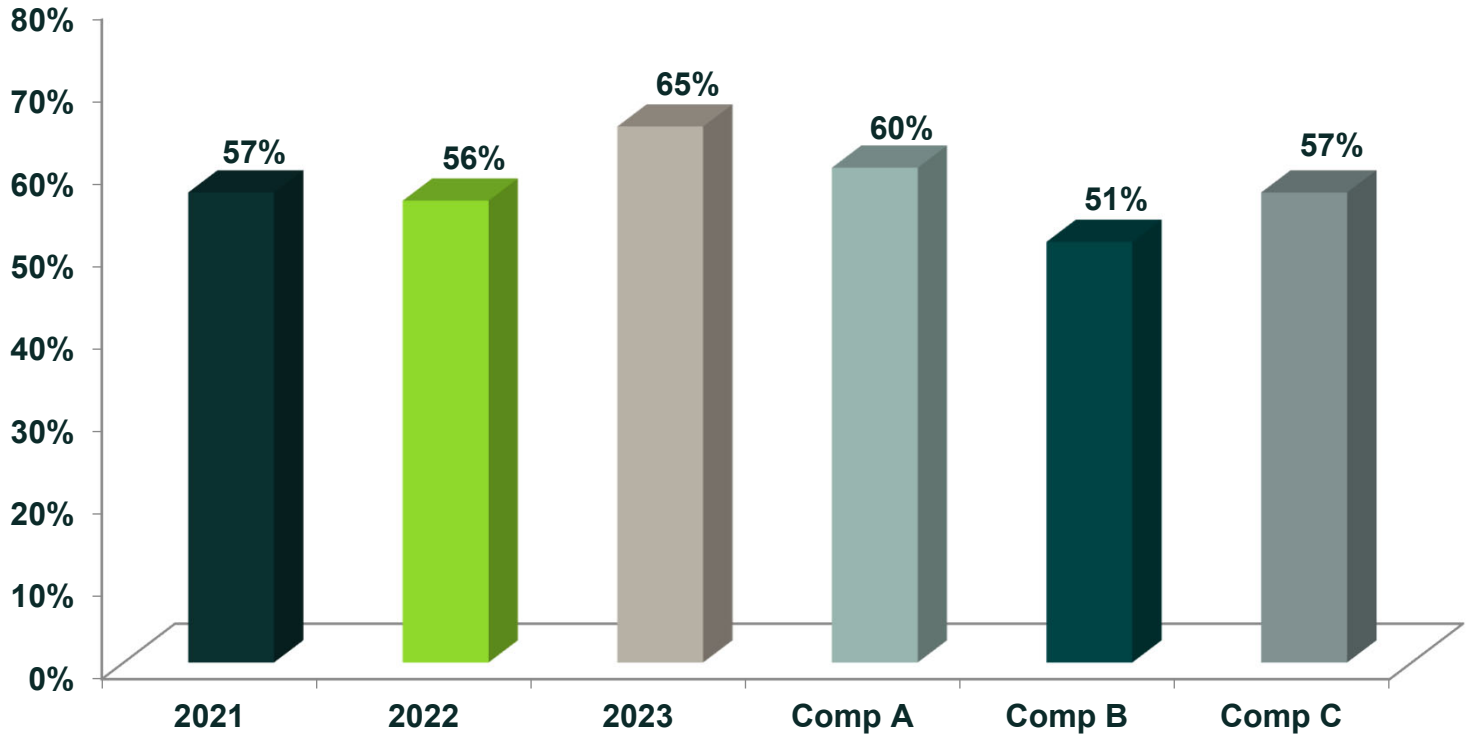


Debt covenant requirement – at least 60 days cash on hand

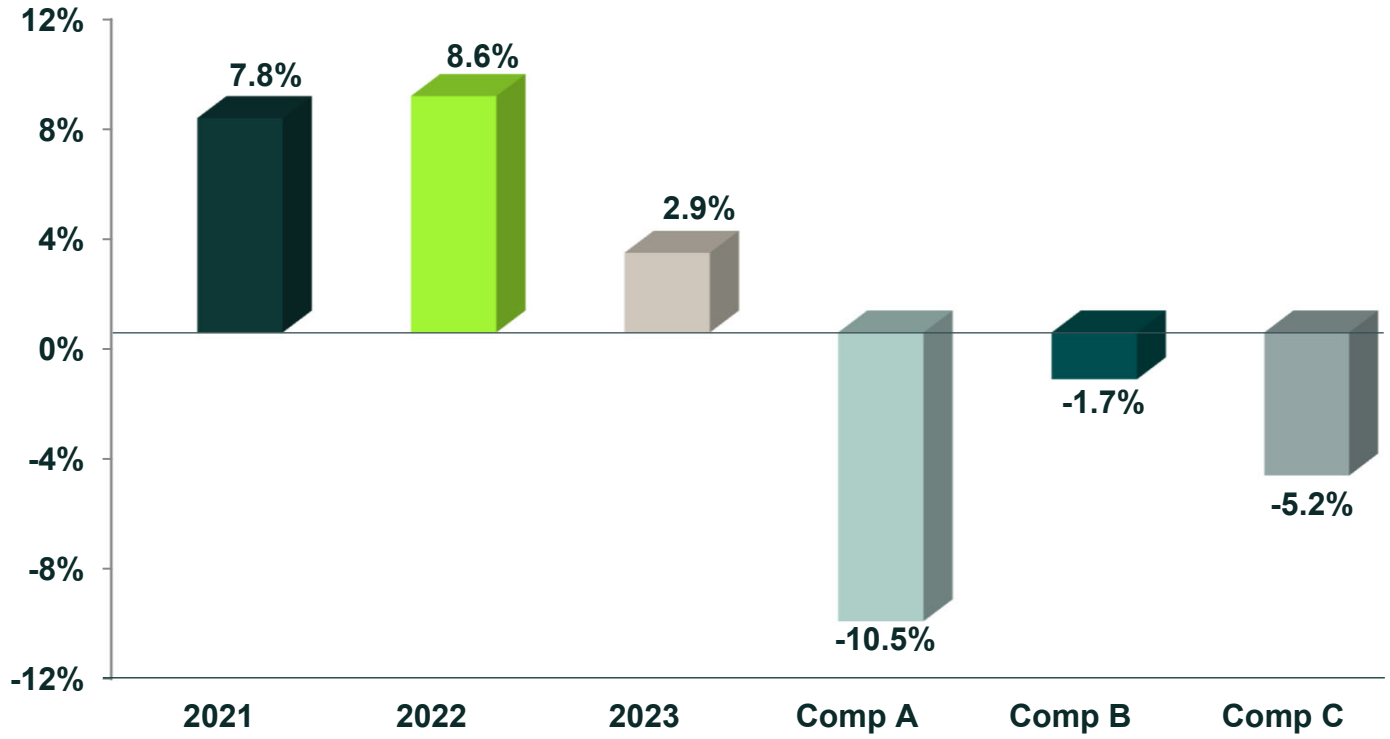
Days in Accounts Receivable Ratio without TSC, LLC



Salaries & Benefits as a Percentage of Net Revenue without TSC, LLC



Operating Margin (Operating Income/Total Operating Revenue) without TSC, LLC



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THANK YOU

Communications with
the Board of Directors

Tahoe Forest Hospital District

June 30, 2023

MOSSADAMS

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Communications with the Board of Directors

To the Board of Directors
Tahoe Forest Hospital District

We have audited the combined financial statements of Tahoe Forest Hospital District, and its discretely presented component unit, Truckee Surgery Center, LLC, collectively (the "District") as of and for the year ended June 30, 2023, and have issued our report thereon dated November ___, 2023. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated May 10, 2023 (for fiscal year ends: 2023, 2024, and 2025), we are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the combined financial statements does not relieve you or management of your responsibilities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Purpose Districts. As part of an audit conducted in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tahoe Forest Hospital District, and its discretely presented component unit, Truckee Surgery Center, LLC's internal control over financial reporting. Accordingly, we considered Tahoe Forest Hospital District, and its discretely presented component unit, Truckee Surgery Center, LLC's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the combined financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

The supplementary information was subject to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our planning letter to the Board of Directors dated August 23, 2023.

Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Tahoe Forest Hospital District, and its discretely presented component unit, Truckee Surgery Center, LLC are described in Note 1 to the combined financial statements. The District implemented Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription-Based Information Technology Arrangements* during 2023. Other than the implementation of this new accounting standard, no new accounting policies were adopted and there were no changes in the application of existing policies during 2023. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the combined financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the combined financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the combined financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the combined financial statements were:

- Management's estimate of net patient service revenue is based on management's estimates of net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. We evaluated the key factors and assumptions used to develop the estimated net realizable amounts. We found management's basis to be reasonable in relation to the combined financial statements as a whole.

- Management's estimate of the value of allowances for contractual and uncollectible accounts receivable is based on management's estimates of collectability by payor class, considering the historical payment and collection experience from each payor class. Management records the net collectible amount as the actual accounts receivable for the combined financial statements. We have gained an understanding of management's estimate methodology and examined the documentation supporting this methodology. We found management's basis to be reasonable in relation to the combined financial statements as a whole.

- Management's estimates of the value of assets and liabilities for the expected eventual settlements of claims with both Medi-Cal and Medicare, in total the "estimated amounts due to or from third-party payors," are based on management's estimate of each individual settlement on an issue by issue basis. Historical trends and other information, such as communications with fiscal intermediaries, are also considered. We evaluated the key factors and assumptions used to develop the value of amounts due to or from third-party payors. We found management's basis to be reasonable in relation to the combined financial statements as a whole.

- Management's estimate of uninsured losses for professional liability has been accrued as liabilities in the accompanying combined financial statements. We evaluated the key factors and assumptions used to develop the estimate of uninsured losses for professional liabilities. We found management's basis to be reasonable in relation to the combined financial statements as a whole.

- Management's estimate of the liability for workers' compensation claims is recognized based on management's estimate of historical claims experience and known activity subsequent to year end. We evaluated the key factors and assumptions used to develop the estimate of the liability for workers' compensation claims. We found management's basis to be reasonable in relation to the combined financial statements as a whole.

- Management's estimates of the discount rate, useful lives, and lease terms related to the District's operating lease right-to-use assets and lease liabilities. We have gained an understanding of management's key factors and assumptions and examined the documentation supporting the estimates. We found management's basis to be reasonable in relation to the combined financial statements as a whole.

- Management's estimates of the discount rate, subscription terms, and other assumptions related to the District's subscription assets and subscription liabilities. We have gained an understanding of management's key factors and assumptions and examined the documentation supporting the estimates. We found management's basis to be reasonable in relation to the combined financial statements as a whole.

- Management's estimates of the useful lives of capital assets are based on the intended use and is within accounting principles generally accepted in the United States of America. We evaluated the key factors and assumptions used to develop the estimates of the useful lives of capital assets. We found management's basis to be reasonable in relation to the combined financial statements as a whole.

Financial Statement Disclosures

The disclosures in the combined financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's combined financial statements were disclosures of significant accounting policies, net patient service revenue, assets limited as to use and investments, fair value measurement of financial instruments, patient accounts receivable, capital assets, long-term debt and capital lease obligations, right-to-use assets and lease liabilities, subscription-based information technology arrangements, and GASB 96 restatements in Note 1, Note 2, Note 3, Note 4, Note 5, Note 6, Note 7, Note 13, Note 14, and Note 15 to the combined financial statements, respectively.

Significant Unusual Transactions

We encountered no significant unusual transactions during our audit of the District's combined financial statements.

Significant Difficulties Encountered in Performing the Audit

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. No significant difficulties were encountered during our audit of the District's combined financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the combined financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor's Report

There may be circumstances in which we would consider it necessary to include additional information in the auditor's report in accordance with U.S. GAAS. There were no circumstances that affected the form and content of the auditor's report.

Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements identified during the audit.

Management Representations

We have requested certain representations from management that are included in the attached management representation letter dated November ___, 2023.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's combined financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified.

This information is intended solely for the use of the Board of Directors and management of Tahoe Forest Hospital District, and its discretely presented component unit, Truckee Surgery Center, LLC, and is not intended to be, and should not be, used by anyone other than these specified parties.

Rancho Cordova, California
November ___, 2023

Report of Independent Auditors and
Combined Financial Statements

Tahoe Forest Hospital District

June 30, 2023 and 2022

MOSSADAMS

Table of Contents

Management's Discussion and Analysis

Tahoe Forest Hospital District (the "District") is a public entity organized under Local Hospital District Law as set forth in the Health and Safety Code of the State of California. The District includes the following component units, which are included as blended component units of the District's combined financial statements: Tahoe Forest Health System Foundation ("TFHSF"), Incline Village Community Hospital Foundation ("IVCHF"), TIRHR, LLC ("TIRHR"), and the Tahoe Institute for Rural Health Research (the "Institute").

Our discussion and analysis of the District financial performance provides an overview of the District's financial activities for the years ended June 30, 2023, 2022, and 2021. Please read this in conjunction with the District's combined financial statements and accompanying notes, which begin on page 13. Our discussion and analysis of the District does not include Truckee Surgery Center, LLC, which is a discretely presented component unit.

Financial Highlights for Fiscal Year 2023

- The District's increase in net position was $25.7 million for 2023 as compared to $32.9 million for 2022.
- The District's income from operations for fiscal year 2023 was $8.9 million as compared to $23.8 million for 2022.
- Nonoperating revenues were $17.6 million in fiscal year 2023 as compared to $9.6 million for 2022.

The District's combined financial statements consist of the following: combined statements of net position; combined statements of revenues, expenses, and changes in net position; and combined statements of cash flows. These combined financial statements and accompanying notes provide information about the operations of the District as of and for the fiscal years ended June 30, 2023, and 2022.

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

One of the most important questions asked about the District's finances is, "Is the District, as a whole, better off or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and changes in net position report information about the District's resources and its operations in a way that helps answer this question. These two statements include all assets and liabilities using the accrual basis of accounting. 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 District's net position and changes in them. You can think of the District's net position (the difference between assets and liabilities) as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's patient base, and measures of quality of service it provides to the community, as well as local economic factors, in order to assess the overall financial health of the District.

The Statement of Cash Flows

The final required financial statement is the combined statement of cash flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operating, noncapital financing, capital and related financing, and investing activities. It provides answers to questions such as "where did the cash come from," "what was cash used for," or "what was the change in cash balance during the reporting period?"

The District's Net Position

The District's net position is the difference between its assets and liabilities reported in the combined statements of net position found on page 13. The District's net position changed by $25.7 million for 2023 as compared to $32.9 million for 2022, as presented in the following table (amounts are in thousands):

	As of June 30,		
	2023	2022 (As restated)	2021
Current assets	$ 121,019	$ 101,733	$ 156,493
Capital assets	198,955	188,541	176,107
Restricted and other assets	157,301	167,413	80,902
Total assets	477,275	457,687	413,502
Deferred outflows of resources	5,017	5,729	6,773
Current liabilities	59,509	63,322	60,615
Long-term liabilities	148,470	151,492	143,908
Total liabilities	207,979	214,814	204,523
Net investment in capital assets	90,458	74,155	55,718
Restricted - expendable	7,729	6,538	4,969
Restricted - nonexpendable	604	79	75
Unrestricted	175,522	167,830	154,990
Total net position	$ 274,313	$ 248,602	$ 215,752

Operating Results and Changes in the District's Net Position

During 2023, the District's net position increased by $25.7 million as compared to $32.9 million in 2022, as presented in the following table. These increases are comprised of operating and nonoperating components and represent the total change in net position of the District. Five areas of expenses created significant differences between 2023 and 2022: salaries, wages, and benefits increased by $36.3 million, professional fees decreased by $10.2 million, supplies increased $5.7 million, purchased services increased by $2.5 million, and other increased $1.8 million. The increase in salaries, wages, and benefits is due to increased staffing, merit increases, management incentive compensation bonuses, employee gain-sharing bonus program, continued employment of physicians some of which were previously contracted professionals, and increased utilization of the Districts self-insured health insurance program inclusive of some very high dollar claims. The decrease in professional fees is due to employment of previously contracted physicians and therapy services. The increase in supplies is primarily pharmaceuticals and medical supply costs, which is directly connected to the increase in volumes, inflation, and supply shortages. The increase in purchased services is due to contracting for medical scribe services, bad debt reporting services, process improvement work, and snow removal. The increase in other is due to equipment and building rent in and increases in utility costs.

	Fiscal years ended June 30,		
	2023	2022 (As restated)	2021
Operating revenues (thousands)			
Net patient service revenues	$ 284,394	$ 263,836	$ 205,979
Other operating revenues	16,289	13,979	12,447
Total operating revenues	300,683	277,816	218,427
Operating expenses (thousands)			
Salaries and wages	122,564	99,485	79,154
Employee benefits	61,461	48,215	38,864
Professional fees	8,642	18,847	19,907
Supplies	42,662	36,925	28,824
Purchased services	24,713	22,208	21,363
Depreciation and amortization	19,757	18,209	13,166
Other operating expenses	11,959	10,152	9,843
Total operating expenses	291,758	254,041	211,121
Income from operations	8,926	23,775	7,306
Nonoperating revenue (expenses) (thousands)			
Property tax revenue	10,215	9,151	7,985
Property tax revenue - general obligation bonds	5,708	5,569	5,220
Interest expense	(5,804)	(6,018)	(5,056)
Other nonoperating revenues	7,447	935	18,917
Total nonoperating revenues	17,566	9,636	27,065
Income before other revenue, expenses, gains, and losses	26,492	33,411	34,371
Capital transfers	(780)	(561)	(1,293)
Increase in net position	$ 25,711	$ 32,850	$ 33,078

Operating Gains

Usually the primary component of the overall change in the District's net position is its income from operations, generally the difference between net patient service revenues and the expenses incurred to perform those services. Income from operations in 2023 was $8.9 million as compared to $23.8 million in 2022. The District did not receive any provider relief fund grants related to COVID-19 in 2023 and 2022, and received only $0.4 million in 2021, that is classified as other nonoperating revenues. The District returned $3.9 million of the provider relief fund grants related to COVID-19 in 2021 that were received in 2020 as the District received excess funds when compared to expenses incurred and lost revenues that were related to COVID-19. Total nonoperating revenues in 2023 was $17.6 million as compared to $9.6 million in 2022.

These changes in the District's operations are attributable to:

- Net patient service revenues increased in 2023 by $20.6 million (7.8%) due to a combination of changes in volumes, changes in payor mix, a charge increase, and additional reimbursements related to prior periods. Inpatient census days decreased in 2023 to 4,868 from 5,554 in 2022. Adjusted patient days were up 10.0% in 2023 as compared to 2022. Inpatient charges decreased by $12.6 million to $82.5 million in 2023 from $95.1 million in 2022. Outpatient charges increased by $60.2 million to $482.2 million in 2023 from $422.0 million in 2022, and as a percentage of total charges, outpatient charges increased to 85.4% of the total in 2023 from 81.6% in 2022. In addition, contractual allowances, charity care, and bad debt increased $27.0 million to $280.3 million in 2023 from $253.3 million in 2022. Prior period settlements decreased $3.2 million to $0.8 million in 2023 from $4.0 million in 2022.

- An increase in other operating revenues of $2.3 million (16.5%) in 2023.

- Operating expenses increased by $37.7 million (14.9%) in 2023 due to added services and providers, additional full time equivalents ("FTEs") including employed physicians, employee gain sharing program, management incentive compensation bonuses, merit increases, increased health insurance utilization, increased pharmaceutical and medical supply costs, costs associated with medical scribe services, bad debt reporting services, process improvement work, and snow removal, as well as increased costs for equipment and building rent and utilities. Many of these costs have been affected by inflation and supply shortages.

Employee salaries, wages, and benefits were $184.0 million in 2023 and $147.7 million in 2022. The components of these costs are as follows:

- Salaries and wages totaled $122.6 million in 2023 and $99.5 million in 2022. Staffing, as measured by paid FTEs, was 1,060 in 2023 and 951 in 2022. The employee gain-sharing program and management incentive compensation bonuses totaled $5.3 million in 2023 and $6.9 million in 2022.

- Benefits totaled $61.5 million in 2023 and $48.2 million in 2022. The benefits associated with the employee gain-sharing program and management incentive compensation bonuses totaled $2.2 million in 2023 and $2.0 million in 2022.

- Salaries, wages, and benefits per paid FTE were $173,608 in 2023 and $155,310 in 2022. If we were to remove the 2023 and 2022 gain-sharing program and management incentive compensation bonuses from salaries, wages, and benefits, then the amount per paid FTE was $166,518 in 2023 and $145,997 in 2022.

- Other changes were as follows:

    - There was a decrease of $10.2 million (54.1%) in professional fees. This was primarily due to due to employment of previously contracted physicians and therapy services.

    - There was a $5.7 million (15.5%) increase in supplies primarily due to increase in pharmaceuticals and medical supply costs, which is directly connected to the increase in volumes, inflation, and supply shortages.

    - There was a $2.5 million (11.3%) increase in purchased services primarily due to due to contracting for medical scribe services, bad debt reporting services, process improvement work, and snow removal.

    - There was an increase of $1.5 million (8.5%) in depreciation and amortization expense due mainly to a net $7.5 million increase in depreciable assets.

    - Other expense category changes (utilities, insurance, dues and subscriptions, travel and education, and other) increased $1.8 million (17.8%) primarily due to an increase in equipment and building rents, and utilities.

Nonoperating Revenues and Expenses

Nonoperating revenues consist of property taxes paid to the District, investment income, contributions, unrealized gains and losses, interest expense, provider relief fund grants related to COVID-19, and other various types of items not specifically related to the operations of patient care.

The District's Cash Flows

Changes in the District's cash flows are consistent with the operating income and nonoperating revenues and expenses discussed earlier.

Capital Assets

At the end of 2022, the District had $188.5 million in capital assets, net of depreciation, as detailed in the footnotes to the financial statements. At the end of 2023, the District had $199.0 million invested in capital assets, net of depreciation. In 2023, the District improved facilities and acquired new equipment for a total net investment of $25.3 million, net of disposals, as compared to $25.8 million in 2022.

Debt Borrowings

At the end of 2022, the District had $124.3 million in long-term debt borrowings outstanding including current maturities. At the end of 2023, the District had $118.1 million in long-term debt borrowings outstanding including current maturities.

There was no new debt financing in 2022 or 2023.

Other Economic Factors

The District is located in Truckee, California, and Incline Village, Nevada.

The State of California continues to experience fiscal difficulties. As a result, the District will continue to see pressure placed on its Medi-Cal reimbursement for the foreseeable future.

The District's Board of Directors approved the fiscal year 2024 budget at a special board meeting in June 2023. For fiscal year 2024, the District is budgeted to increase its net position by $15.5 million. The increase is due to the following assumptions:

- Net patient services revenue of $286.9 million.
    - Outpatient volumes are projected to increase in fiscal year 2023, primarily in the multi-specialty clinics (4.0%), gastroenterology (11.2%), and surgical services (9.5%). This is due to the addition of new providers in the area of primary care and gastroenterology, as well as increased volumes for existing providers in just about all specialty areas and primary care.
    - The District will increase charges by 5%. As a result, the percentages of contractual allowances are budgeted to increase with an approximate 2.5% increase in net patient service revenue percentage.
- Other operating revenue of $16.4 million.
- Total operating expenses of $308.4 million.
    - Overall operating expenses will increase 5.7% due to an increase in salaries, wages, and benefits due to an increase in our overall FTEs and wage increases, medical supplies and pharmaceuticals related to patient volume and inflation, purchased services related to technology infrastructure as well as process improvement work, and other due to expected increases in utilities, building and equipment rent, and insurance.
- Loss from operations of $5.1 million.

- Nonoperating revenues of $20.6 million.

Payments from Federal and State Health Care Programs

Entities doing business with governmental payors, including Medicare and Medicaid (Medi-Cal in California), are subject to risks unique to the government-contracting environment that are difficult to anticipate and quantify. Revenues are subject to adjustment as a result of examination by government agencies as well as auditors, contractors, and intermediaries retained by federal, state, or local governments (collectively "Government Agents"). Resolution of such audits or reviews often extends (and in some cases does not even commence until) several years beyond the year in which services were rendered and/or fees received.

Moreover, different Government Agents frequently interpret government regulations and other requirements differently. For example, Government Agents might disagree on a patient's principal medical diagnosis, the appropriate code for a clinical procedure, or many other matters. Such disagreements might have a significant effect on the ultimate payout due from the government to fully recoup sums already paid. Governmental agencies may make changes in program interpretations, requirements, or "conditions of participation," some of which may have implications for amounts previously estimated. In addition to varying interpretation and evolving codification of the regulations, standards of supporting documentation and required data are subject to wide variation.

In accordance with generally accepted accounting principles, to account for the uncertainty around Medicare and Medi-Cal revenues, the District estimates the amount of revenue that will ultimately be received under the Medicare and Medi-Cal programs. Amounts ultimately received or paid may vary significantly from these estimates.

Public Hospital Redesign and Incentives in Medi-Cal Program (PRIME) and Quality Incentive Pool (QIP)

The Public Hospital Redesign and Incentives in Medi-Cal Program ("PRIME") was created to build upon the foundational delivery system transformation work, expansion of coverage, and increased access to coordinated primary care achieved through the prior California Section 1115 Bridge to Reform demonstration. Activities supported by the PRIME program are designed to accelerate efforts by participating PRIME entities to change care delivery to maximize health care value and strengthen their ability to successfully perform under risk-based alternative payment models ("APMs") in the long term, consistent with Centers for Medicare and Medicaid Services ("CMS") and Medi-Cal 2020 goals. The PRIME program is intentionally designed to be ambitious in scope and time-limited. Using evidence-based, quality improvement methods, the initial work required the establishment of performance baselines followed by target setting and the implementation and ongoing evaluation of quality improvement interventions. Participating PRIME entities consist of two types of entities: Designated Public Hospital ("DPH") systems and the District/Municipal Public Hospitals ("DMPH"). PRIME was a five-year program beginning July 1, 2015, and ending June 30, 2020. The District was a participant in the PRIME program.

The Quality Incentive Pool ("QIP") was implemented in 2019 as a result of new requirements in the federal Centers for Medicare & Medicaid Services' ("CMS") Medicaid and CHIP Managed Care Final Rule. QIP, a pay-for-performance program for California's public health care systems, converts funding from previously existing supplemental payments into a value-based structure, meeting the rule's option that allows quality-based payments. QIP payments are tied to the achievement of performance on measures that assess the quality of care provided to Medi-Cal managed care enrollees.

For three years, from mid-2017 to mid-2020, QIP existed in parallel with PRIME. With the expiration of PRIME in June 2020, California had the opportunity to redesign QIP to integrate successful components from PRIME and the first few years of QIP. CMS approved a transitional program period from July to December 2020 that allowed the existing PRIME measures and critical funding to continue through December 2020 under the auspices of QIP. The purpose of this transitional period was to maintain performance improvement efforts and funding for public health care systems while a new structure and measures for QIP were identified and approved. The new QIP design began January 1, 2021, and the District is now a participant in QIP.

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the District, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, which address activities, events, or developments that the District expects or anticipates will or may occur in the future, contain forward-looking information.

Statistical Analysis

	2023	2022	2021
Acute			
Admissions	1,504	1,488	1,475
Length of stay	3.24	3.73	3.67
Average daily census	13.34	15.22	14.81
Occupancy percentage	46%	52%	51%
Patient days	4,868	5,554	5,407
Total ICU days	1,012	1,447	1,531
Total medical/surgical days	2,499	2,936	2,720
Total obstetrics days	1,357	1,171	1,034
Total swing days	287	408	122
Nursery days	488	623	546
Deliveries	375	366	331
Skilled nursing units			
Patient days	9,422	7,473	8,496
Average daily census	25.81	20.47	23.28
Occupancy percentage	70%	55%	63%
Outpatient			
Emergency department visits	14,808	13,700	12,291
Surgical cases	1,998	2,032	2,247
Laboratory tests	169,697	170,571	151,166
Nuclear medicine	351	367	384
MRI	2,479	2,751	2,688
Ultrasounds	4,476	4,174	4,250
CAT scans	7,890	7,177	6,379
Diagnostic imaging & mammography	17,196	16,399	14,465
Medical oncology procedures	10,448	11,381	9,639
Radiation oncology procedures	5,862	5,816	6,902
PET CTs	418	400	375

Combined Financial Statements
as of and for the Years Ended June 30, 2023 and 2022

Tahoe Forest Hospital District
Combined Statements of Net Position
June 30, 2023 and 2022

	2023		2022 (As restated)	
	Tahoe Forest Hospital District	Truckee Surgery Center, LLC	Tahoe Forest Hospital District	Truckee Surgery Center, LLC
ASSETS				
Current assets				
Cash and cash equivalents	$ 32,011,691	$ 145,124	$ 25,418,950	$ 233,298
Patient accounts receivable, net of allowances for doubtful accounts of $11,536,780 and $70,877 in 2023 and $9,901,616 and $103,209 in 2022	48,554,943	268,672	41,866,438	424,536
Other receivables	16,676,986	19,719	14,271,296	-
Assets limited as to use - required for current liabilities	10,301,387	-	10,003,370	-
Estimated amounts due from third-party payors	4,605,043	-	3,042,312	-
Inventories	5,275,644	-	4,469,265	-
Prepaid expenses and deposits	3,593,663	15,952	2,661,331	164,396
Total current assets	121,019,357	449,467	101,732,962	822,230
Assets limited as to use, net of current	109,616,744	-	128,713,679	-
Investments	6,261,725	-	-	-
Right-to-use assets, net of accumulated amortization	8,114,777	-	9,151,929	-
Subscription assets, net of accumulated amortization	30,684,471	-	26,804,688	-
Capital assets				
Nondepreciable	23,854,856	-	28,115,599	-
Depreciable, net of accumulated depreciation	175,100,511	915,643	160,424,964	833,318
	198,955,367	915,643	188,540,563	833,318
Other assets				
Beneficial interest in trusts	1,875,202	-	1,753,645	-
Other noncurrent receivables	747,334	20,256	988,581	20,256
Total assets	477,274,977	1,385,366	457,686,047	1,675,804
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on defeasance, net	4,753,824	-	5,069,219	-
Accumulated decrease in fair value of hedging derivative	262,970	-	660,160	-
Total deferred outflows of resources	5,016,794	-	5,729,379	-
LIABILITIES				
Current liabilities				
Current maturities of long-term debt and capital lease obligations	5,336,573	-	5,974,499	-
Current maturities of lease liabilities	1,552,009	-	1,565,219	-
Current maturities of subscription liabilities	3,274,127	-	2,707,191	-
Accounts payable and accrued expenses	9,888,363	40,722	12,213,152	46,977
Accrued payroll and related expense	29,020,029	67,617	26,126,668	43,075
Medicare accelerated payments	-	-	5,563,499	-
Estimated claims incurred but not reported	8,597,247	-	7,253,703	-
Other accrued expenses	64,630	1,915	59,388	3,416
Accrued interest	1,775,858	-	1,859,100	-
Total current liabilities	59,508,836	110,254	63,322,419	93,468
Long-term debt and capital lease obligations, less current maturities	112,774,811	-	118,299,002	-
Lease liabilities, less current maturities	6,949,977	-	7,874,186	-
Subscription liabilities, less current maturities	28,482,161	-	24,658,076	-
Derivative instrument liability	262,970	-	660,160	-
Total liabilities	207,978,755	110,254	214,813,843	93,468
NET POSITION				
Net investment in capital assets	90,457,965	-	74,154,611	-
Restricted - expendable	7,729,496	-	6,018,697	-
Restricted - nonexpendable	603,984	-	598,484	-
Unrestricted	175,521,571	1,275,112	167,829,791	1,582,336
Total net position	$ 274,313,016	$ 1,275,112	$ 248,601,583	$ 1,582,336

See accompanying notes.

Tahoe Forest Hospital District
Combined Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2023 and 2022

	2023		2022 (As restated)	
	Tahoe Forest Hospital District	Truckee Surgery Center, LLC	Tahoe Forest Hospital District	Truckee Surgery Center, LLC
Operating revenues				
Net patient service revenue (net of provision for bad debts of $10,402,441 and $90,564 in 2023 and $11,803,996 and $15,119 in 2022)	$ 284,394,172	$ 1,310,165	$ 263,836,447	$ 1,790,670
Other operating revenue	16,288,920	-	13,979,271	-
Total operating revenues	300,683,092	1,310,165	277,815,718	1,790,670
Operating expenses				
Salaries and wages	122,564,147	905,986	99,484,586	794,550
Employee benefits	61,460,687	158,784	48,215,159	110,427
Professional fees	8,642,051	11,736	18,847,495	8,200
Supplies	42,661,991	500,069	36,924,954	483,199
Purchased services	24,712,518	71,941	22,207,993	68,802
Depreciation and amortization	19,757,056	94,421	18,208,730	47,835
Insurance	3,044,647	640	2,466,951	4,944
Other	8,914,447	654,202	7,685,109	431,077
Total operating expenses	291,757,544	2,397,779	254,040,977	1,949,034
Income (loss) from operations	8,925,548	(1,087,614)	23,774,741	(158,364)
Nonoperating revenues (expenses)				
Property tax revenue	10,215,129	-	9,150,835	-
Property tax revenue - general obligation bonds	5,707,806	-	5,568,851	-
Contributions, net	4,825,343	-	4,128,543	-
Interest income	1,628,402	-	692,919	-
Rental income	912,517	-	669,658	-
Gain on disposal of assets	-	-	36,801	-
Interest expense	(5,803,942)	-	(6,017,891)	-
Net increase (decrease) in the fair value of investments	365,148	-	(3,514,449)	-
Other nonoperating (loss) income	(284,236)	108	(1,078,835)	151
Total nonoperating revenues	17,566,167	108	9,636,432	151
Income (loss) before other revenue, expenses, gains, and losses	26,491,715	(1,087,506)	33,411,173	(158,213)
Capital transfers	(780,282)	780,282	(561,345)	561,345
Increase (decrease) in net position	25,711,433	(307,224)	32,849,828	403,132
Net position, beginning of year	248,601,583	1,582,336	215,751,755	1,179,204
Net position, end of year	$ 274,313,016	$ 1,275,112	$ 248,601,583	$ 1,582,336

See accompanying notes.

Tahoe Forest Hospital District
Combined Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023		2022 (As restated)	
	Tahoe Forest Hospital District	Truckee Surgery Center, LLC	Tahoe Forest Hospital District	Truckee Surgery Center, LLC
Cash flows from operating activities				
Cash received from patients and third-party payors	$ 276,142,936	$ 1,466,029	$ 247,998,380	$ 1,724,324
Cash received from other sources	13,949,718	(19,611)	12,709,101	151
Medicare accelerated payments	(5,563,499)	-	(13,488,695)	-
Cash paid to suppliers for goods and services	(92,033,912)	(1,097,900)	(83,847,686)	(1,069,331)
Cash paid to employees for services	(180,326,964)	(1,040,228)	(146,511,621)	(886,331)
Net cash provided by (used in) operating activities	12,168,279	(691,710)	16,859,479	(231,187)
Cash flows from noncapital financing activities				
Property tax revenues	10,299,153	-	9,208,465	-
Noncapital grants and contributions, net of other expenses	5,205,332	-	3,814,620	-
Net cash provided by noncapital financing activities	15,504,485	-	13,023,085	-
Cash flows from capital and related financing activities				
Purchase of capital assets	(25,265,931)	(176,746)	(26,453,097)	(123,713)
Proceeds from sale of capital assets	-	-	189,291	-
Payments on general obligation bonds	(3,532,659)	-	(3,253,117)	-
Interest payments on general obligation bonds	(3,348,156)	-	(3,348,156)	-
Payments on long-term debt and capital leases	(2,441,841)	-	(2,365,019)	-
Interest payments on long-term debt and capital leases	(1,081,954)	-	(1,174,212)	-
Payments on lease liabilities	(1,587,767)	-	(1,349,398)	-
Interest payments on lease liabilities	(176,565)	-	(169,462)	-
Payments on subscription liabilities	(2,707,191)	-	(2,284,610)	-
Interest payments on subscription liabilities	(1,280,509)	-	(1,259,487)	-
Property tax revenue received for general obligation bonds	5,685,072	-	5,658,257	-
Capital transfer from Tahoe Forest Hospital District	-	780,282	-	561,345
Net cash (used in) provided by capital and related financing activities	(35,737,501)	603,536	(35,809,010)	437,632
Cash flows from investing activities				
Purchases of investments related to assets limited as to use	(78,189,514)	-	(84,020,380)	-
Sales of investments related to assets limited as to use	91,091,855	-	23,270,926	-
Interest received	1,628,402	-	692,919	-
Net cash received for rental activities	912,517	-	669,658	-
Purchases of investments in beneficial interest in trusts	(5,500)	-	(4,400)	-
Investment in Truckee Surgery Center, LLC	(780,282)	-	(561,345)	-
Net cash provided by (used in) investing activities	14,657,478	-	(59,952,622)	-
Net change in cash and cash equivalents	6,592,741	(88,174)	(65,879,068)	206,445
Cash and equivalents, beginning of year	25,418,950	233,298	91,298,018	26,853
Cash and equivalents, end of year	$ 32,011,691	$ 145,124	$ 25,418,950	$ 233,298

See accompanying notes.

Tahoe Forest Hospital District
Combined Statements of Cash Flows (Continued)
For the Years Ended June 30, 2023 and 2022

	2023		2022 (As restated)	
	Tahoe Forest Hospital District	Truckee Surgery Center, LLC	Tahoe Forest Hospital District	Truckee Surgery Center, LLC
Reconciliation of income (loss) from operations to net cash from operating activities				
Income (loss) from operations	$ 8,925,548	$ (1,087,614)	$ 23,774,741	$ (158,364)
Adjustments to reconcile income (loss) from operations to net cash from operating activities:				
Depreciation and amortization	19,757,056	94,421	18,208,730	47,835
Amortization of bond premiums/discounts and bond issuance costs	(187,617)	-	(187,616)	-
Provision for doubtful accounts	10,402,441	90,564	11,803,966	15,119
Change in assets and liabilities:				
Patient accounts receivable, net	(17,090,946)	65,300	(17,896,419)	(81,465)
Other receivables	(2,466,980)	(19,719)	(1,397,950)	-
Inventories	(806,379)	-	(179,343)	-
Prepaid expenses and deposits	(932,332)	148,444	(433,148)	(96,333)
Other noncurrent receivables	(539,035)	-	(680,674)	-
Deferred loss on defeasance, net	315,395	-	315,396	-
Accounts payable and accrued expenses	(2,324,789)	(6,255)	4,847,277	24,716
Accrued payroll and related expense	2,893,361	24,542	1,903,899	18,646
Medicare accelerated payments	(5,563,499)	-	(13,488,695)	-
Estimated claims incurred but not reported	1,343,544	-	(35,101)	-
Estimated amounts due to third-party payors	(1,562,731)	-	(9,745,614)	-
Other accrued expenses	5,242	(1,393)	50,030	(1,341)
Total adjustments	3,242,731	395,904	(6,915,262)	(72,823)
Net cash provided by (used in) operating activities	$ 12,168,279	$ (691,710)	$ 16,859,479	$ (231,187)
Supplemental disclosure of noncash investing and financing activities:				
Gain on disposal of capital assets	$ -	$ -	$ (36,801)	$ -
Change in fair value of beneficial interest in trusts	$ 116,057	$ -	$ (203,567)	$ -
Change in fair value of assets limited as to use and investments	$ 365,148	$ -	$ (3,514,449)	$ -
Noncash acquisition of right-to-use assets	$ 650,348	$ -	$ -	$ -
Noncash acquisition of subscription assets	$ 7,098,212	$ -	$ -	$ -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying combined financial statements follows:

Reporting entity – Tahoe Forest Hospital District (the "District") is a political subdivision of the State of California. The District was established in 1949 under the provisions of Local Health Care District Law as set forth in the Health and Safety Code of the State of California. The District operates Tahoe Forest Hospital in Truckee, California, and Incline Village Community Hospital in Incline Village, Nevada, which provide health care services to residents of the surrounding communities and visitors to the area. The District derives a significant portion of revenue from third-party payors, including Medicare, Medi-Cal, and commercial insurance organizations.

The District includes the following component units, which are included as blended component units of the District's combined financial statements: Tahoe Forest Health System Foundation (the "TFHSF"), Incline Village Community Hospital Foundation (the "IVCHF"), collectively (the "Foundations"), Tahoe Institute for Rural Health Research (the "Institute"), and TIRHR, LLC ("TIRHR"). The Institute is a nonprofit public benefit corporation and is not organized for the private gain of any person. The purposes for which the Institute is formed are for scientific research. The Institute, as a tax-exempt, nonprofit public corporation, was ill-suited to pursue proposals for support that hinged on participation by private persons in future profit. Therefore, TIRHR, a for-profit, was formed in order that research programs that the Institute was pursuing, and that were identified as potentially suitable for private investment, could be transferred. The Truckee Surgery Center, LLC (the "TSC"), is organized and operated for the purpose of owning and lawfully operating the facility as a Medicare certified ambulatory surgery center that principally performs musculoskeletal surgery and related anesthesia services, all consistent with the purposes of the District of furthering the health care services of the surrounding communities and visitors to the area. TSC is included in the District's combined financial statements as a discretely presented component unit.

In October 2018, the District entered into a Membership Purchase Agreement with TSC to purchase an additional 48% membership interest in TSC for $451,785, which resulted in the District owning a 99% membership interest in TSC. In fiscal years 2023 and 2022, the District advanced $780,282 and $561,345 respectively, to TSC.

The District maintains its financial records in conformity with guidelines set forth by Local Health Care District Law and the Office of Statewide Health Planning and Development of the State of California.

Basis of preparation – The combined financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America, including all applicable statements of the Governmental Accounting Standards Board ("GASB"). The proprietary fund method of accounting is followed and uses the economic resources measurement focus and the accrual basis of accounting. In addition, these statements follow generally accepted accounting principles applicable to the health care industry, which are included in the American Institute of Certified Public Accountants' Audit and Accounting Guide, *Health Care Entities,* to the extent that these principles do not contradict GASB standards.

The Foundations are not-for-profit public benefit corporations that report under Financial Accounting Standards Board standards, *Topic 958*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the combined financial statements for these differences.

Accounting standards – Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board ("FASB") and American Institute of Certified Public Accountants ("AICPA") Pronouncements*, the District's proprietary fund accounting and financial reporting practices are based on all applicable GASB pronouncements, as well as codified pronouncements issued on or before November 30, 1989, and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts and the State Controller's Office prescribed reporting guidelines.

Use of estimates – The preparation of combined 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 and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amount of revenues and expenses during the reporting period. Major items requiring estimates and assumptions include net patient service revenue, allowance for contractual and doubtful accounts receivable, amounts due to or from third-party payors, uninsured losses for medical malpractice liabilities, liabilities for workers' compensation claims, right-to-use lease assets and liabilities, subscription assets and liabilities, and useful lives of capital assets. Actual results could differ from those estimates.

Cash and cash equivalents – The District considers cash and cash equivalents to include cash on deposit and investments in highly liquid debt instruments with an initial maturity of three months or less, excluding amounts whose use is limited by board designation or other arrangements. Cash and cash equivalents also include investments in the Local Agency Investment Fund ("LAIF"), the State Treasurer's pooled investment program and values participants' shares on an amortized cost basis.

Assets limited as to use – Assets limited as to use consist principally of short-term money market funds, certificates of deposit, LAIF, and U.S. government and corporate fixed income securities, which are recorded at fair value. Certain assets have been designated by the Board of Directors for replacement or purchases of capital assets, and other specific purposes, and amounts held by trustees in accordance with the indentures relating to long-term debt. Amounts required to meet current liabilities of the District are included in current assets.

Investment income or loss (including realized gains and losses on investments, interest, and dividends) are included in the increase in unrestricted net position unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are included as the net increase (decrease) in the fair value of investments and reported in the accompanying combined statements of revenues, expenses, and changes in net position. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Patient accounts receivable, net – Patient accounts receivable consist of amounts owed by various governmental agencies, insurance companies, and private patients. The District manages its receivables by regularly reviewing the accounts, inquiring with respective payors as to collectability, and providing for allowances in its accounting records for estimated contractual adjustments and doubtful accounts. Significant concentrations of patient accounts receivable are discussed further in the footnotes.

Inventories – Inventories are stated at the lower of cost or market. Cost is determined by the weighted-average, first-in, first-out method.

Beneficial interest in trusts – The TFHSF entered into agreements with Tahoe Truckee Community Foundation ("TTCF") to establish cancer care endowment funds with TTCF (the "TTCF Endowment"). The purpose of the TTCF Endowment is to help shape the future of cancer care and provide support to the communities served by TFHSF. The TTCF Endowment is protected from obsolescence in accordance with the provisions specified in the Articles of Incorporation and Bylaws creating the TTCF. Should the purposes for which the TTCF Endowment was created become obsolete or incapable of fulfillment, it is TTCF's Board of Director's responsibility, after contacting and being advised by the TFHSF, to revise the charitable intent of the remaining funds to use for a purpose similar to those set forth in the agreement.

The TFHSF has also been named a beneficiary under the terms of the Tahoe Forest Cancer Center General, Patient and Family, and Sustainability Grantmaking Funds (the "Funds") administered by the TTCF. Under the terms of the agreement, distributions from the Funds shall be in accordance with the spending policy established by the Board of Directors of TTCF. Distributions shall be made annually or, as the parties may, from time to time, agree. Distributions in excess of TTCF's spending policy may be made to the TFHSF in any year as determined by the Board of Directors of TTCF. The TFHSF may request, at any time, that TTCF disburse up to 100% of the Funds to the TFHSF. Such a request, however, is not binding on TTCF and may be accepted or rejected, in whole or in part, by TTCF at its sole and absolute discretion. At the establishment of the Funds, the TFHSF granted variance power to TTCF. That power gives TTCF the right to distribute the income and principal of the Funds to another not-for-profit organization of its choice if the TFHSF ceases to exist or if the governing board of TTCF votes that support of the TFHSF is no longer necessary or is inconsistent with the needs of TTCF. The TTCF Endowment and the Funds had a value of $1,770,934 and $1,664,641 as of June 30, 2023 and 2022, respectively, and is reported in the combined financial statements as beneficial interest in trusts.

The IVCHF entered into agreements with The Parasol Tahoe Community Foundation ("Parasol") to establish endowment and improvement funds with Parasol (the "Parasol Endowment"). The purpose of the Parasol Endowment is to provide support to, or for the benefit of, the Foundation and its activities in pursuit of its mission to deliver optimal health care services in the communities served by Incline Village Community Hospital. The Parasol Endowment is protected from obsolescence in accordance with the provisions specified in the Articles of Incorporation and Bylaws creating Parasol. Should the purposes for which the Parasol Endowment was created become obsolete or incapable of fulfillment, it is Parasol's Board of Director's responsibility, after contacting and being advised by the Foundation, to revise the charitable intent of the remaining funds to use for a purpose similar to those set forth in the agreement. The Parasol Endowment had a value of $104,268 and $89,004 as of June 30, 2023 and 2022, respectively, and is reported in the combined financial statements as beneficial interest in trusts.

The Foundations' interest in the TTCF Endowment, the Fund, and the Parasol Endowment assets are recorded in the accompanying combined statements of revenues, expenses, and changes in net position. The change in fair value attributable to the interests of the Foundations are recorded in other nonoperating revenues in the accompanying combined statements of revenues, expenses, and changes in net position. This change in fair value may include community or donor gifts to the TTCF Endowment, the Fund, and the Parasol Endowment, investment results, and distributions from the TTCF Endowment, the Fund, and the Parasol Endowment.

Capital assets – Capital assets consist of property and equipment and are reported on the basis of cost, or in the case of donated items, on the basis of fair market value at the date of donation. All purchased capital assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Construction-in-progress includes capitalized interest costs of related borrowings, net of interest earned on unspent proceeds of the related borrowings. It is the policy of the District to capitalize equipment costing more than $1,500. Costs of assets sold or retired are removed from the accounts in the year of sale or retirement, with any gain or loss included in the operating statements.

The District periodically evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Impairment losses on capital assets are measured using the method that best reflects the diminished service utility of the capital asset. There were no impairment losses in 2023 and 2022.

Depreciation of capital assets and amortization of capital assets under capital leases are computed by the straight-line method for both financial reporting and cost reimbursement purposes over the estimated useful lives of the assets, which range from 2 to 40 years for land improvements, 5 to 40 years for buildings and improvements, and 3 to 20 years for equipment and software.

Routine maintenance and repairs are charged to expense as incurred. Expenditures that increase values, change capacities, or extend useful lives are capitalized.

Right-to-use assets – The District has recorded right-to-use lease assets as a result of implementing GASB Statement No. 87, *Leases*. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Subscription assets – The District has recorded subscription assets as a result of implementing GASB No. 96, *Subscription-Based Information Technology Arrangements*. The subscription assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any contract payments made to the subscription-based information technology arrangements (“SBITA”) vendor at the commencement of the subscription term, capitalizable initial implementation cost, less any incentive payments received from the SBITA vendor at the commencement of the subscription term. The subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying assets.

Capitalized interest – Interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. There was no interest cost capitalized for the years ended June 30, 2023 and 2022.

Deferred loss on defeasance – The deferred loss on defeasance of the 1999 Series B Bonds is amortized using the straight-line method over the life of the bonds. The original amount of deferred loss on defeasance is $769,305. Accumulated amortization as of June 30, 2023 and 2022, was $497,783 and $458,995, respectively. Amortization expense for each of the years ended June 30, 2023 and 2022, was $38,788; and is estimated to be $38,788 for each of the next five years.

The deferred gain on defeasance of the Series 2006 Revenue bonds is amortized using the straight-line method over the life of the bonds. The original amount of deferred gain on defeasance is $141,300. Accumulated amortization as of June 30, 2023 and 2022, was $62,800 and $54,950, respectively. Amortization income for each of the years ended June 30, 2023 and 2022, was $7,850; and is estimated to be $7,850 for each of the next five years.

The deferred loss on defeasance of the Series A (2008) General Obligation Bonds is amortized using the effective-interest method over the life of the bonds. The original amount of deferred loss on defeasance is $2,016,320. Accumulated amortization as of June 30, 2023 and 2022, was $733,208 and $641,557, respectively. Amortization expense for each of the years ended June 30, 2023 and 2022, was $91,651; and is estimated to be $91,651 for each of the next five years.

The deferred loss on defeasance of the Series B (2010) General Obligation Bonds is amortized using the effective-interest method over the life of the bonds. The original amount of deferred loss on defeasance is $4,627,331. Accumulated amortization as of June 30, 2023 and 2022, was $1,349,636 and $1,156,830, respectively. Amortization expense for each of the years ended June 30, 2023 and 2022, was $192,806; and is estimated to be $192,806 for each of the next five years.

There was no significant gain or loss on defeasance of the Series 2002 Revenue Bonds with the Series 2017 Revenue Bonds.

There was no significant gain or loss on defeasance of the Series C (2012) General Obligation Bonds with the 2019 General Obligation Bonds.

Deferred outflows of resources – In addition to assets, the combined statements of net position include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and, as such, will not be recognized as an outflow of resources (expense/expenditures) until that time. The District has two items that qualify for reporting in this category, which are the net deferred loss on defeasance and accumulated decrease in fair value of hedging derivatives reported in the combined statement of net position. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

Compensated absences – The District's employees earn paid time off ("PTO") and sick leave benefits at varying rates depending on hours worked and years of service. For most employees, PTO benefits can accumulate up to the maximum of 240 hours. Employees are paid for accumulated PTO either upon termination or retirement. Sick leave is accumulated indefinitely at a maximum of 48 hours and is not vested with the employee upon termination or retirement. Accrued PTO and sick leave liabilities included in accrued payroll and related expense as of June 30, 2023 and 2022, were $6,658,981 and $5,898,101, respectively.

The following is a summary of changes in compensated absences transactions for the years ended June 30,

	Balance as of July 1, 2022	Increases	Decreases	Balance as of June 30, 2023	Current Portion
Compensated absences	$ 5,898,101	$ 759,972	$ 2,546	$ 6,655,527	$ 6,655,527

	Balance as of July 1, 2021	Increases	Decreases	Balance as of June 30, 2022	Current Portion
Compensated absences	$ 5,647,345	$ 269,704	$ 18,948	$ 5,898,101	$ 5,898,101

Lease liabilities – The District recognizes lease contracts or equivalents that have a term exceeding one year and that meet the definition of an other than short-term lease. The District uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the District's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

The following is a summary of changes in lease liabilities, net for the years ended June 30:

	Balance as of July 1, 2022	Increases	Decreases	Balance as of June 30, 2023	Current Portion
Lease liabilities	$ 9,439,405	$ 650,348	$ 1,587,767	$ 8,501,986	$ 1,552,009

	Balance as of July 1, 2021	Increases	Decreases	Balance as of June 30, 2022	Current Portion
Lease liabilities	$ 6,621,083	$ 4,167,720	$ 1,349,398	$ 9,439,405	$ 1,565,219

Subscription liabilities – The District entered into various agreements for IT subscriptions. These agreements range in terms up to year 2033. Total subscription payments were $2,707,191 and $2,284,610 for fiscal years 2023 and 2022, respectively. Variable payments based upon the use of the underlying IT asset are not included in the subscription liability because they are not fixed in substance — therefore, these payments are not included in subscription assets or subscription liabilities. There were no variable subscription expenses or payments in the fiscal years ended June 30, 2023 and 2022. The District did not enter into any additional subscription agreements that have yet to commence as of June 30, 2023.

The District recognizes contracts or equivalents that have a term exceeding one year and the cumulative future payments on the contract exceeding $100,000 that meet the definition of an other than short-term subscription. The District uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the District's incremental borrowing rate at start of the subscription for a similar asset type and term length to the contract. Short-term subscription payments are expensed when incurred.

The following is a summary of changes in subscription liabilities, net for the years ended June 30:

	Balance as of July 1, 2022 (As restated)	Increases	Decreases	Balance as of June 30, 2023	Current Portion
Subscription liabilities	$ 27,365,267	$ 7,098,212	$ 2,707,191	$ 31,756,288	$ 3,274,127

	Balance as of July 1, 2021	Increases	Decreases	Balance as of June 30, 2022 (As restated)	Current Portion
Subscription liabilities	$ 29,649,877	$ -	$ 2,284,610	$ 27,365,267	$ 2,707,191

Net position – The net position of the District is comprised of net investment in capital assets, restricted - expendable, restricted - nonexpendable, and unrestricted net positions.

Net investment in capital assets – Net investment in capital assets represents investments in all capital assets (land, construction in progress, land improvements, building and building improvements, and equipment), net of depreciation/amortization, less any debt issued to finance those capital assets.

Restricted - expendable – The restricted - expendable net position is restricted through external constraints imposed by creditors, grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation, and includes assets in self-insurance trust funds, revenue bond reserve fund assets, and net position restricted to use by donors.

Restricted - nonexpendable – The restricted - nonexpendable net position is equal to the principal portion of permanent endowments. The endowments remain intact, with unrestricted earnings on such funds available for use as expendable assets.

Unrestricted – Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets, restricted - expendable, or restricted - nonexpendable.

Statements of revenues, expenses, and changes in net position – All revenues and expenses directly related to the delivery of health care services are included in operating revenues and operating expenses in the combined statement of revenues, expenses, and changes in net position. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities and result from nonexchange transactions or investment return.

Net patient service revenues – Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Delinquent patient accounts are recorded as bad debts and transferred for collection. Recoveries are recorded, net of recovery costs estimated, as an increase to net patient service revenue.

Charity care – The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The District accepts all patients regardless of their ability to pay. Partial payments to which the District is entitled from public assistance programs on behalf of patients that meet the District's charity care criteria are reported as patient service revenue. Charity care, which is excluded from recognition as receivables or revenue in the combined financial statements, is measured on the basis of uncompensated cost. The gross charges excluded from net patient service revenue under the District's charity care policy were, $3,420,814 and $13,477,214 for the years ended June 30, 2023 and 2022, respectively. Using the District's Medicare cost to charge ratio, the estimated cost of these charges was $1,567,872 and $6,055,824 for the years ended June 30, 2023 and 2022, respectively.

Property tax revenues – Property taxes are levied by Nevada and Placer Counties on the District's behalf during the year, and are intended to help finance the District's activities during the same year. The amount of property tax received is dependent upon the assessed real property valuation, as determined by Nevada and Placer Counties Assessors. Nevada and Placer Counties have established certain dates to levy, lien, mail bills, and receive payments from property owners during the year. Property taxes are considered delinquent on the day following each payment due date. These funds are used to support the general maintenance and operation of the District, including charity care and uncompensated care programs, and to service the debt on the general obligation bonds. The District received approximately 5% of its financial support from property taxes for the years ended June 30, 2023 and 2022, exclusive of property taxes received to pay principal and interest payments of the general obligation bonds.

CARES Act grant and Medicare accelerated payments – On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect operations and the general population. Management has not yet determined the full financial impact of these events. Centers for Medicare and Medicaid Services ("CMS") distributed $50 billion of the $100 billion in the form of grants to hospitals.

The District received approximately $0 and $100,000 of provider relief funds for the years ended June 30, 2023 and 2022, respectively. The District was required to and did timely sign attestations agreeing to the terms and conditions of payment. Those terms and conditions include measures to prevent fraud and misuse. Documentation is required to ensure that these funds are used for health care related expenses or lost revenue attributable to the coronavirus, limitations of out of pocket payments from certain patients, and the acceptance of several other reporting and compliance requirements. Refunding of amounts received may be required by the CARES Act grant if a receiving entity is unable to quantify the financial losses intended to be covered by the provider relief funds. For the year ended June 30, 2022, the District determined that it had not met all of the terms and conditions of the CARES Act grant, and accordingly, recognized a refundable advance of approximately $100,000 of provider relief funds, included in estimated amounts due to third-party payors in the combined statements of net position and other nonoperating (loss) income in the combined statements of revenues, expenses, and changes in net position. There were no provider relief funds recognized for the year ended June 30, 2023.

Separately, CMS initiated an Accelerated Payment Program to hospitals. The accelerated payments represent advance payments for services to be provided and were based on a hospital's historical Medicare volume. In April 2020, the District received $20,380,537 in accelerated payments. CMS began recoupment of these accelerated payments in April 2021 and will continue to recoup the accelerated payments from billings for services rendered until they are fully repaid. Any accelerated payments still open after 29 months from receipt will be charged interest at 4%. As of June 30, 2023 and 2022, the District had $0 and $5,563,499, respectively, in accelerated payments, included in Medicare accelerated payments in the combined statements of financial position.

Risk management – The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters.

The District participates in a risk management authority for comprehensive liability self-insurance. The District is also partially self-insured for employee health insurance and workers' compensation insurance, up to certain stop-loss limits. The District estimates liabilities for claims incurred but not reported based on historical claims' activity. Paid claims, estimated losses, and changes in reserves are expensed in the current period. These self-insurance programs are more fully described in Note 9.

Income taxes – The District operates under the purview of the Internal Revenue Code ("IRC"), Section 115, and corresponding California Revenue and Taxation Code provisions. As such, it is not subject to state or federal taxes on income.

The Foundations are exempt from federal income tax under Section 501(c)(3) of the IRC. TFHSF is also exempt under Section 23701d of the California Franchise Tax Board except to the extent of unrelated business taxable income as defined under IRC Sections 511 through 515. The Foundations have not entered into any activities that would jeopardize its tax-exempt status. Therefore, no provision for income taxes is required.

Reclassifications – Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 financial statement presentation. These reclassifications had no effect on the changes in net position.

New accounting pronouncements – In In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). GASB 96 establishes a uniform accounting and financial reporting requirement for SBITAs in order to improve the comparability of financial statements among governments that have entered into SBITAs and enhance the understandability, reliability, and consistency of information about SBITAs. GASB 96 is effective for reporting periods beginning after June 15, 2022. The District adopted GASB 96 as of July 1, 2022, applied retrospectively. The District calculated and recognized subscription assets, net of $26,804,688 and subscription liabilities of $27,365,267 as of July 1, 2022. The impact to beginning net position was not significant. See Note 14 for disclosure of SBITAs and Note 15 for restatement.

In June 2022, the GASB also issued GASB Statement No. 101, *Compensated Absences* ("GASB 101"). GASB 101 establishes standards of accounting and financial reporting for compensated absences and associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits. GASB 101 is effective for reporting periods beginning after December 15, 2023. The District is currently assessing the impact of this standard on the District's combined financial statements.

NOTE 2 – NET PATIENT SERVICE REVENUE

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare: Payments for inpatient acute care services rendered to Medicare program beneficiaries are based on prospectively determined rates, which vary according to the patient diagnostic classification system. Outpatient services are generally paid under an outpatient classification system subject to certain limitations. Certain reimbursement areas are still subject to final settlement that are determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. At June 30, 2023, Tahoe Forest Hospital and Incline Village Community Hospital cost reports through June 30, 2019, and June 30, 2021, respectively, have been audited or otherwise final settled.

Medi-Cal: Prior to July 1, 2013, inpatient acute care services rendered to Medi-Cal program beneficiaries were reimbursed under a cost reimbursement methodology; however, the District is also subject to per discharge limits. The District was paid for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by Medi-Cal. Per discharge limits for the District have been determined by Medi-Cal through June 30, 2011. Beginning on July 1, 2013, inpatient acute care services were rendered to Medi-Cal program beneficiaries under a diagnostic related group ("DRG") methodology. Under this methodology, similar to Medicare, services are paid at prospectively determined rates per discharge according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient skilled nursing care services rendered to Medi-Cal program beneficiaries are reimbursed at prospectively determined per diem rates. Outpatient services rendered to Medi-Cal program beneficiaries are reimbursed based on prospectively determined fee schedules. At June 30, 2023, Tahoe Forest Hospital and Incline Village Community Hospital cost reports through June 30, 2021, have been audited or otherwise final settled.

Other: Payments for services rendered to other than Medicare and Medi-Cal program beneficiaries are based on established rates or on agreements with certain commercial insurance companies, health maintenance organizations, and preferred provider organizations that provide for various discounts from established rates.

Net patient service revenue is comprised of the following for the years ended June 30, 2023 and 2022:

	2023	2022
Daily hospital service	$ 37,396,859	$ 41,151,149
Inpatient ancillary services	45,085,271	53,970,304
Outpatient services	482,205,164	422,018,506
Gross patient service revenues	564,687,294	517,139,959
Less contractual allowances and provision for doubtful accounts	(280,293,122)	(253,303,512)
Net patient service revenue at Tahoe Forest Hospital District	284,394,172	263,836,447
Net patient service revenue at Truckee Surgery Center, LLC	1,310,165	1,790,670
Total net patient service revenue	$ 285,704,337	$ 265,627,117

Gross patient service revenue, before any provision for bad debts, summarized by payor is as follows, for the years ended June 30:

	2023	2022
Commercial	46%	45%
Medicare	38%	37%
Medi-Cal	14%	16%
Others	2%	2%
Total	100%	100%

Medicare and Medi-Cal revenue accounts for a large percentage of the District's gross patient revenues for each year. Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Over five years, up to $7.5 billion in combined federal and state funds will be available to participating entities from the Public Hospital Redesign and Incentives in Medi-Cal Program ("PRIME"), which is a successor program within the Medi-Cal waiver. As a result of participating in PRIME, the District recorded a receivable of $3,311,464 and $2,817,793 at June 30, 2023 and 2022, respectively. This program requires a qualitative assessment of certain metrics and is subject to future audits by CMS.

The District receives funds through the Assembly Bill 915 legislation through an intergovernmental transfer ("IGT"), where funds are put up by the District to be matched by the federal government. As a result of two of these IGT programs, the District recorded a receivable of $10,871,879 at June 30, 2023, for funds related to fiscal years 2023 and 2022, and a receivable of $10,236,259 at June 30, 2022, for funds related to fiscal years 2022 and 2021.

NOTE 3 – CASH AND CASH EQUIVALENTS, ASSETS LIMITED AS TO USE, AND INVESTMENTS

The District has deposits held by various financial institutions in the form of operating cash and cash equivalents. All of these funds are held in deposits, which are collateralized in accordance with the California Government Code ("CGC"), except for $250,000 per account that is federally insured. At June 30, 2023 and 2022, the District's cash deposits had carrying amounts of $32,011,691 and $25,418,950, and bank balances of $34,505,617 and $30,122,845, respectively. All of these funds were held in cash deposits, which are collateralized with the California Government Code ("CGC"), except for $250,000 per account that is federally insured by the Federal Deposit Insurance Corporation ("FDIC").

The District is generally authorized, under state statute and local resolutions, to invest in demand deposits with financial institutions, savings accounts, certificates of deposit, U.S. Treasury securities, federal agency securities, State of California notes or bonds, notes or bonds of agencies within the State of California, obligations guaranteed by the Small Business Administration, bankers' acceptances, commercial paper, and the LAIF.

As of June 30, 2023 and 2022, assets limited as to use and investments, at carrying value, consisted of the following:

	2023	2022
Assets limited as to use - required for current liabilities	$ 10,301,387	$ 10,003,370
Assets limited as to use, net of current	109,616,744	128,713,679
Investments	6,261,725	-
Total	$ 126,179,856	$ 138,717,049

As of June 30, 2023 and 2022, assets limited as to use and investments, at carrying value, have been set aside as follows:

	2023	2022
Board designated assets	$ 113,584,253	$ 132,353,640
Assets held by trustees	6,333,878	6,363,409
Unrestricted investments	6,261,725	-
Total	$ 126,179,856	$ 138,717,049

A summary of scheduled maturities by investment type at June 30, 2023 and 2022, were as follows:

	2023			
		Investment Maturities (in years)		
	Carrying Value	Less than 1	1 to 5	6 to 10+
Investment type				
Short-term money market	$ 18,275,388	$ 18,275,388	$ -	$ -
U.S. corporate fixed income securities	25,222,299	-	25,222,299	-
U.S. government fixed income securities	71,399,614	-	71,399,614	-
Local agency investment fund	11,282,555	11,282,555	-	-
Total	$ 126,179,856	$ 29,557,943	$ 96,621,913	$ -

	2022			
		Investment Maturities (in years)		
	Carrying Value	Less than 1	1 to 5	6 to 10+
Investment type				
Short-term money market	$ 8,039,935	$ 8,039,935	$ -	$ -
U.S. corporate fixed income securities	28,392,602	-	28,392,602	-
U.S. government fixed income securities	42,188,319	-	42,188,319	-
Certificates of deposit	4,483,448	4,483,448	-	-
Local agency investment fund	55,612,745	55,612,745	-	-
Total	$ 138,717,049	$ 68,136,128	$ 70,580,921	$ -

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

Credit risk and concentration of credit risk – Investment activities of the District are governed by sections of the CGC, which specify the authorized investments that may be made by the District. The District's investment policy (the "Policy") requires that all investing activities of the District comply with the CGC and also sets forth certain additional restrictions which exceed those imposed by the CGC. Investment activities of the Foundations are governed by the Internal Revenue Code; therefore, its investment activities are not subject to the same requirements as the District.

CGC, Section 53635, places the following concentration limits on LAIF, which is unrated:

> No more than 40% may be invested in eligible commercial paper; no more than 10% may be invested in the outstanding commercial paper of any single issuer; and no more than 10% of the outstanding commercial paper of any single issuer may be purchased.

CGC, Section 53601, places the following concentration limits on the District's investments:

> No more than 5% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises; no more than 10% may be invested in any one mutual fund; no more than 25% may be invested in commercial paper; no more than 10% of the outstanding commercial paper of any single issuer may be purchased; no more than 30% may be invested in bankers' acceptances of any one commercial bank; no more than 30% may be invested in negotiable certificates of deposit; no more than 20% of the value of the portfolio may be invested in reverse repurchase agreements; and no more than 30% may be invested in medium-term notes.

The District's policy maximizes the return on invested cash while minimizing risk of capital loss. The District's policy limits investments to one and one-half years, unless otherwise approved by the Board of Directors. The District was in compliance with their investment policies as of June 30, 2023.

Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event or failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party.

Under the provisions of the CGC, California banks and savings and loan associations are required to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. The pledged securities are held by the pledging financial institution's trust department in the name of the District.

NOTE 4 – FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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 significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies and inputs used for instruments measured at fair value on a recurring basis and recognized in the accompanying combined statements of net position or for which the fair value is disclosed in the notes to the combined financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2023 and 2022.

Cash and cash equivalents – The carrying amount approximates fair value.

Investments – Where quoted market prices are available in active markets, investments are classified within Level 1 of the valuation hierarchy. Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, are classified within Level 2 of the valuation hierarchy.

Beneficial interest in trusts – As described in Note 1, the Foundations established the TTCF and Parasol Endowment and are the beneficiary of the Funds held at the TTCF. The fair value of the beneficial interest is estimated using the fair value of the assets held in trust reported by the trustees as of June 30, 2023 and 2022.

Hedging derivative – The fair value of the hedging derivative is valued using market to market valuations as of June 30, 2023 and 2022.

The following tables present the fair value measurements of instruments recognized in the accompanying combined statements of net position measured on a recurring basis and the level within the GASB 72 fair value hierarchy in which the fair value measurements fall at June 30:

	2023			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Hedging derivative	$ -	$ (262,970)	$ -	$ (262,970)
Short-term money market	18,275,388	-	-	18,275,388
U.S. corporate fixed income securities	-	25,222,299	-	25,222,299
U.S. government fixed income securities	-	71,399,614	-	71,399,614
Beneficial interest in trusts	-	-	1,875,202	1,875,202
Total by fair value level	$ 18,275,388	$ 96,358,943	$ 1,875,202	116,509,533
Local agency investment fund				11,282,555
Total				$ 127,792,088

	2022			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Hedging derivative	$ -	$ (660,160)	$ -	$ (660,160)
Short-term money market	8,039,935	-	-	8,039,935
U.S. corporate fixed income securities	-	28,392,602	-	28,392,602
U.S. government fixed income securities	-	42,188,319	-	42,188,319
Beneficial interest in trusts	-	-	1,753,645	1,753,645
Total by fair value level	$ 8,039,935	$ 69,920,761	$ 1,753,645	79,714,341
Certificates of deposit				4,483,448
Local agency investment fund				55,612,745
Total				$ 139,810,534

The following table summarizes the changes in the District's Level 3 financial instruments for the years ended June 30, 2023 and 2022:

	2023	2022
Beginning balance	$ 1,753,645	$ 1,952,812
Additional amounts invested in beneficial interest in trusts	5,500	4,400
Change in value of beneficial interest in trusts	116,057	(203,567)
Ending balance	$ 1,875,202	$ 1,753,645

The table below presents information about significant unobservable inputs related to material categories of Level 3 financial instruments as of June 30, 2023 and 2022:

Description	Fair Value as of June 30, 2023	Valuation Technique	Unobservable Input	Range
Beneficial interest in trusts	$ 1,875,202	Asset fair value from Trustee	Asset fair value from Trustee	Varies

Description	Fair Value as of June 30, 2022	Valuation Technique	Unobservable Input	Range
Beneficial interest in trusts	$ 1,753,645	Asset fair value from Trustee	Asset fair value from Trustee	Varies

NOTE 5 – PATIENT ACCOUNTS RECEIVABLE

The District grants credit without collateral to its patients and third-party payors. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the District and management does not believe that there are any credit risks associated with these governmental agencies. Contracted and other patient accounts receivable consist of various payors including individuals involved in diverse activities subject to differing economic conditions, and do not represent any concentrated credit risks to the District.

Patient accounts receivable is comprised of the following as of June 30, 2023 and 2022:

	2023	2022
Medicare and Medicare managed care	$ 20,140,559	$ 22,098,870
Medi-Cal and Medi-Cal managed care	24,394,843	21,239,422
Other payors	42,347,190	40,567,328
Self-pay	12,800,662	11,526,078
Gross patient accounts receivable	99,683,254	95,431,698
Less allowances for contractual adjustments and bad debts	(51,128,311)	(53,565,260)
Net patient accounts receivable at Tahoe Forest Hospital District	48,554,943	41,866,438
Net patient accounts receivable at Truckee Surgery Center, LLC	268,672	424,536
Total net patient accounts receivable	$ 48,823,615	$ 42,290,974

Concentration of net patient accounts receivable as of June 30, 2023 and 2022, were as follows:

	2023	2022
Commercial and other payors	72%	72%
Medicare	16%	17%
Medi-Cal	9%	7%
Self-pay	3%	4%
Total	100%	100%

NOTE 6 – CAPITAL ASSETS

The capital asset activity of the District for the years ended June 30, 2023 and 2022, were as follows:

	2023				
	Balance June 30, 2022	Increases	Decreases	Transfers	Balance June 30, 2023
Capital assets - nondepreciable					
Land	$ 8,579,997	$ -	$ -	$ -	$ 8,579,997
Construction in progress, net	18,624,634	17,915,946	-	(22,176,689)	14,363,891
Property held for future expansion	910,968	-	-	-	910,968
	28,115,599	17,915,946	-	(22,176,689)	23,854,856
Capital assets - depreciable					
Land improvements	5,730,707	-	-	58,255	5,788,962
Building and improvements	232,912,983	2,270,492	-	22,118,434	257,301,909
Equipment and software	107,059,965	5,079,493	(91,220)	-	112,048,238
Capital assets at Truckee Surgery Center, LLC	1,466,650	176,746	-	-	1,643,396
	347,170,305	7,526,731	(91,220)	22,176,689	376,782,505
Less accumulated depreciation for					
Land improvements	3,567,574	108,388	-	-	3,675,962
Building and improvements	91,932,983	8,990,269	-	-	100,923,252
Equipment and software	89,778,134	5,752,470	(91,220)	-	95,439,384
Capital assets at Truckee Surgery Center, LLC	633,332	94,421	-	-	727,753
	185,912,023	14,945,548	(91,220)	-	200,766,351
Total capital assets - depreciable, net	161,258,282	(7,418,817)	-	22,176,689	176,016,154
Total capital assets, net	$ 189,373,881	$ 10,497,129	$ -	$ -	$ 199,871,010

	2022				
	Balance June 30, 2021	Increases	Decreases	Transfers	Balance June 30, 2022
Capital assets - nondepreciable					
Land	$ 7,112,997	$ 1,467,000	$ -	$ -	$ 8,579,997
Construction in progress, net	6,517,802	13,834,328	(264,703)	(1,462,793)	18,624,634
Property held for future expansion	910,968	-	-	-	910,968
	14,541,767	15,301,328	(264,703)	(1,462,793)	28,115,599
Capital assets - depreciable					
Land improvements	5,727,716	-	-	2,991	5,730,707
Building and improvements	224,484,783	6,968,398	-	1,459,802	232,912,983
Equipment and software	103,254,243	4,183,371	(377,649)	-	107,059,965
Capital assets at Truckee Surgery Center, LLC	1,342,937	123,713	-	-	1,466,650
	334,809,679	11,275,482	(377,649)	1,462,793	347,170,305
Less accumulated depreciation for					
Land improvements	3,411,831	155,743	-	-	3,567,574
Building and improvements	83,738,771	8,194,212	-	-	91,932,983
Equipment and software	84,751,031	5,516,965	(489,862)	-	89,778,134
Capital assets at Truckee Surgery Center, LLC	585,497	47,835	-	-	633,332
	172,487,130	13,914,755	(489,862)	-	185,912,023
Total capital assets - depreciable, net	162,322,549	(2,639,273)	112,213	1,462,793	161,258,282
Total capital assets, net	$ 176,864,316	$ 12,662,055	$ (152,490)	$ -	$ 189,373,881

NOTE 7 – LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

A summary of long-term debt and capital lease obligations as of June 30, 2023 and 2022, were as follows:

	2023					
	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2023
General obligation bonds						
2016 GOB	March 2016	August 2040	2.00% - 5.00%	$935,000 - $3,625,000	$ 45,110,000	$ 40,210,000
2015 GOB	February 2015	August 2038	2.00% - 5.00%	$670,000 - $2,895,000	30,810,000	27,515,000
2019 GOB	September 2019	August 2042	3.00% - 5.00%	$340,000 - $2,270,000	24,710,000	23,740,000
Revenue bonds						
Series 2017	March 2017	July 2032	1.49%	$544,552 - $663,805	9,060,000	6,081,943
Series 2015	March 2015	July 2033	3.87%	$1,073,107- $1,583,873	20,979,000	14,514,044
Notes payable						
11046 Donner Pass Road	January 2019	February 2026	4.00%	$533,255 - $773,730	4,950,000	2,050,426
Opus Bank Muni Lease	October 2018	November 2023	2.82%	$714,103 - $1,671,641	8,000,000	714,103
Capital lease obligations						
US Bank Equipment Financing	September 2019	September 2024	8.30%	$273 monthly	18,176	4,936
US Bank Equipment Financing	October 2019	October 2024	8.28%	$117 monthly	7,835	2,272
Westamerica Bank	March 2019	March 2024	4.05%	$39,111 - $50,336	239,669	39,111
					$ 143,884,680	$ 114,871,835

	2022					
	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2022
General obligation bonds						
2016 GOB	March 2016	August 2040	2.00% - 5.00%	$935,000 - $3,625,000	$ 45,110,000	$ 41,145,000
2015 GOB	February 2015	August 2038	2.00% - 5.00%	$670,000 - $2,895,000	30,810,000	28,185,000
2019 GOB	September 2019	August 2042	3.00% - 5.00%	$340,000 - $2,270,000	24,710,000	24,080,000
Revenue bonds						
Series 2017	March 2017	July 2032	1.49%	$544,552 - $663,805	9,060,000	6,626,495
Series 2015	March 2015	July 2033	3.87%	$1,073,107- $1,583,873	20,979,000	15,557,151
Notes payable						
11046 Donner Pass Road	January 2019	February 2026	4.00%	$533,255 - $773,730	4,950,000	2,764,765
Opus Bank Muni Lease	October 2018	November 2023	2.82%	$714,103 - $1,671,641	8,000,000	2,385,744
Capital lease obligations						
US Bank Equipment Financing	September 2019	September 2024	8.30%	$273 monthly	18,176	8,804
US Bank Equipment Financing	October 2019	October 2024	8.28%	$117 monthly	7,835	3,929
Westamerica Bank	March 2019	March 2024	4.05%	$39,111 - $50,336	239,669	89,447
					$ 143,884,680	$ 120,846,335

The following tables summarize the District's long-term debt and capital lease transactions for the years ended June 30, 2023 and 2022:

	2023				
	Balance June 30, 2022	Net Borrowings and Issuance Proceeds	Payments and Bond Premium/Discount Amortization During the Year	Balance June 30, 2023	Current Portion
2016 General obligation bond	$ 41,145,000	$ -	$ (935,000)	$ 40,210,000	$ 1,040,000
2015 General obligation bond	28,185,000	-	(670,000)	27,515,000	765,000
2019 General obligation bond	24,080,000	-	(340,000)	23,740,000	390,000
General obligation bond premium/discount	3,427,166	-	(187,617)	3,239,549	-
Series 2017 Revenue bonds	6,626,495	-	(544,552)	6,081,943	555,443
Series 2015 Revenue bonds	15,557,151	-	(1,043,107)	14,514,044	1,083,475
11046 Donner Pass Road	2,764,765	-	(714,339)	2,050,426	743,441
Opus Bank Muni Lease	2,385,744	-	(1,671,641)	714,103	714,103
US Bank equipment financing	8,804	-	(3,868)	4,936	4,109
US Bank equipment financing	3,929	-	(1,657)	2,272	1,891
Westamerica Bank	89,447	-	(50,336)	39,111	39,111
	$ 124,273,501	$ -	$ (6,162,117)	$ 118,111,384	$ 5,336,573

	2022				
	Balance June 30, 2021	Net Borrowings and Issuance Proceeds	Payments and Bond Premium/Discount Amortization During the Year	Balance June 30, 2022	Current Portion
2016 General obligation bond	$ 41,985,000	$ -	$ (840,000)	$ 41,145,000	$ 935,000
2015 General obligation bond	28,770,000	-	(585,000)	28,185,000	670,000
2019 General obligation bond	24,370,000	-	(290,000)	24,080,000	340,000
General obligation bond premium/discount	3,614,782	-	(187,616)	3,427,166	-
Series 2017 Revenue bonds	7,160,369	-	(533,874)	6,626,495	544,552
Series 2015 Revenue bonds	16,561,394	-	(1,004,243)	15,557,151	1,043,107
11046 Donner Pass Road	3,451,139	-	(686,374)	2,764,765	714,338
Opus Bank Muni Lease	4,010,960	-	(1,625,216)	2,385,744	1,671,641
US Bank equipment financing	12,366	-	(3,562)	8,804	3,868
US Bank equipment financing	5,454	-	(1,525)	3,929	1,657
Westamerica Bank	137,789	-	(48,342)	89,447	50,336
	$ 130,079,253	$ -	$ (5,805,752)	$ 124,273,501	$ 5,974,499

As of June 30, 2023, the District's long-term debt and capital lease obligation requirements to maturity, excluding unamortized bond premium and bond issuance costs of $3,239,549, are as follows:

	Long-Term Debt			Capital Lease Obligations		
Years Ending June 30,	Principal	Interest	Total	Principal	Interest	Total
2024	$ 5,291,462	$ 3,781,828	$ 9,073,290	$ 45,111	$ 663	$ 45,774
2025	4,905,687	3,585,558	8,491,245	1,208	18	1,226
2026	5,010,097	3,376,546	8,386,643	-	-	-
2027	4,833,638	3,173,027	8,006,665	-	-	-
2028	5,217,416	2,965,417	8,182,833	-	-	-
2029 - 2033	32,583,343	11,588,510	44,171,853	-	-	-
2034 - 2038	33,878,873	5,922,243	39,801,116	-	-	-
2039 - Thereafter	23,105,000	1,030,340	24,135,340	-	-	-
	$ 114,825,516	$ 35,423,469	$ 150,248,985	$ 46,319	$ 681	$ 47,000

Advanced refunding – On April 13, 2006, the District advance refunded the 1999 Series A Bonds totaling $11,790,000 with Series 2006 Revenue Bonds totaling $24,347,998. The 1999 Series A Bonds were redeemed on July 1, 2009, in accordance with the escrow agreement.

On March 10, 2015, the District advance refunded the Series A (2008) General Obligation Bonds totaling $29,345,000 with the 2015 General Obligation Bonds totaling $30,810,000 at a premium of $1,040,802. Resources totaling $31,361,320 were placed in an escrow account for the purpose of generating resources for all future debt service payments.

This advance refunding was undertaken to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding general obligation bonds) of $3,631,371. As a result of the refunding, total debt service payments over the next 24 years will decrease by $5,184,014.

On May 29, 2015, the District advance refunded the Series 2006 Revenue Bonds totaling $23,240,000 with the Series 2015 Revenue Bonds totaling $20,979,000. Resources totaling $24,036,325 were placed in an escrow account for the purpose of generating resources for all future debt service payments.

This advance refunding was undertaken to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding revenue bonds) of $2,331,620. As a result of the refunding, total debt service payments over the next 22 years will decrease by $2,570,928.

On April 7, 2016, the District advance refunded the Series B (2010) General Obligation Bonds totaling $42,785,000 with the 2016 General Obligation Bonds totaling $45,110,000. Resources totaling $47,412,331 were placed in an escrow account for the purpose of generating resources for all future debt service payments.

This advance refunding was undertaken to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding general obligation bonds) of $7,718,216. As a result of the refunding, total debt service payments over the next 22 years will decrease by $10,617,709.

On March 27, 2017, the District advance refunded the Series 2002 Variable Rate Demand Revenue Bonds totaling $8,890,000 with the Series 2017 Variable Rate Demand Revenue Bonds totaling $9,060,000.

This advance refunding was undertaken to obtain an economic gain by eliminating the required line of credit associated with the Series 2002 Bonds, therefore saving approximately $100,000 annually for the District. The Series 2017 Bonds were issued on a parity as to payment and security with the District's Series 2015 Bonds.

On August 1, 2019, the District advanced refunded the Series C (2012) General Obligation Bonds totaling $25,570,000 with the 2019 General Obligation Bonds totaling $24,710,000 at a premium of $1,251,639.

This advance refunding was undertaken to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding general obligation bonds) of $860,000. As a result of the refunding, total debt service payments over the next 23 years will decrease by $4,591,190.

NOTE 8 – INTEREST RATE SWAP AGREEMENT

In May 2005, as a means to lower its borrowing costs when compared against fixed rate bonds, the District entered into an interest rate swap in connection with its Series 2002 Variable Rate Revenue Bonds. The intention of the swap was to effectively change the District's variable interest rate on the Bonds to a synthetic fixed rate of 3.54%.

The Series 2002 Bonds, and the related swap agreement, mature on July 1, 2033. The swap's original notional amount of $11,800,000 matched the variable-rate bonds at the agreement date. The swap commenced three years after the Bonds were issued (July 2002). Starting in fiscal year 2005, the notional value of the swap, and the principal amount of the associated debt, will decline with each principal payment made by the District. Under the swap, the District pays the counterparty a fixed payment of 3.54% and receives a variable payment computed as 70% of the LIBOR one-month rate.

In 2017, the 2002 bonds were defeased and the funds were used to issue the Series 2017 Revenue Bonds. The Series 2017 Revenue bonds are for a marginally larger notional amount, with the same end date, and the same interest rate based on the same driver. The swap was then found to still be effective with the new Series 2017 Revenue Bonds, and hedge accounting for the swap continued forward. At the date of defeasance, the value of the swap was approximately $1,400,000. In June 2023, the District amended the Series 2017 Revenue Bonds Indenture of Trust. As part of the amendment, effective July 1, 2023, the Series 2017 Revenue Bonds shall bear interest at a variable rate equal to 65% of the aggregate of the daily Secured Overnight Financing Rate plus 1.70%, minus 0.10%.

As interest rates have declined since execution of the swap, the swap had negative fair values of $262,970 and $660,160 as of June 30, 2023 and 2022, respectively. The swap's negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the District's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated using mathematical approximations of market values derived from proprietary models. The valuations are calculated on a mid-market basis and do not include bid/offer spread that would be reflected in an actual price quotation. It should be assumed that the actual price quotations for unwinding the transactions would be different. In connection with the fair value determination of the interest rate swap, the District has recorded a derivative instrument liability in the amount of $262,970 and $660,160 at June 30, 2023 and 2022, respectively, and a corresponding accumulated decrease in fair value of hedging derivative (deferred outflow of resources). Fair values are based on a market to market report which is considered a Level 2 fair value input.

Credit risk – As of June 30, 2023, the District was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the District would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated AA-/Aa3 as of June 30, 2023. To mitigate the potential for credit risk, if the counterparty's credit quality falls below AA/Aa, the fair value of the swap will be fully collateralized by the counterparty with U.S. government securities. Collateral would be posted with a third-party custodian.

Termination risk – The District, or the counterparty, may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the District if the counterparty's credit rating falls below A3/A-/A-. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. If at the time of termination, the swap has a negative fair value, the District would also be liable to the counterparty for a payment equal to the swap's fair value.

NOTE 9 – RISK MANAGEMENT PROGRAMS

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. The District carries insurance for medical malpractice and general comprehensive liability, and workers' compensation claims.

Workers' compensation insurance – The District is self-insured for workers' compensation claims. A stop-loss insurance contract executed with an insurance carrier covers individual claims in excess of $500,000 per plan year with an aggregate limit of $1,000,000. There were no significant changes in insurance coverage from the prior year.

Workers' compensation benefits costs from reported and unreported claims were accrued based on estimates that incorporate the District's past experience, as well as other considerations, including the nature of each claim or incident and other relevant trend factors. While the ultimate amount of workers' compensation liability is dependent on future developments, management is of the opinion that the associated liabilities for claims pending and incurred but not reported recognized in the accompanying combined financial statements is adequate to cover such claims. The liability has not been discounted. Management is aware of no potential workers' compensation liability the settlement of which, if any, would have a material adverse effect on the District's net position for the years ended June 30, 2023 and 2022.

Employee health insurance – The District is self-insured to provide group medical, dental, and vision coverage. The District funds its liability based on actual claims. A stop-loss insurance contract executed with an insurance carrier provides a specific stop-loss deductible per claim of $375,000 with an aggregate specific annual deductible of $100,000. There were no significant changes in insurance coverage from the prior year.

The liability for unpaid claims is estimated using an industry average that is based on actual claims paid. The estimated liability for claims pending and incurred but not reported at June 30, 2023 and 2022, has been included in the accompanying combined statements of net position under estimated claims incurred but not reported.

The following is a summary of the changes in the workers' compensation and employee health insurance liabilities for the years ended June 30, 2023 and 2022:

	2023			
	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Workers' compensation	$ 2,947,527	$ 339,844	$ -	$ 3,287,371
Employee health	2,224,062	498,888	-	2,722,950
	$ 5,171,589	$ 838,732	$ -	$ 6,010,321

	2022			
	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Workers' compensation	$ 3,180,976	$ -	$ (233,449)	$ 2,947,527
Employee health	2,403,683	-	(179,621)	2,224,062
	$ 5,584,659	$ -	$ (413,070)	$ 5,171,589

Medical malpractice insurance – The District participates in a joint powers agreement ("JPA") with the Program BETA Risk Management Authority (the "Program").

The Program was formed for the purpose of operating a comprehensive liability self-insurance program for certain hospital districts of the Association of California Healthcare Districts, Inc. ("ACHD"). The Program operates as a separate JPA established as a public agency separate and distinct from ACHD. Each member hospital pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the Program. The District maintains coverage on a claims-made basis.

Coverage under a claims-made policy could expose the District to a gap in coverage if the District were to terminate coverage with the Program. In order to mitigate this potential gap in coverage, the District has accrued an estimated premium to purchase an unlimited extended reporting amendment (tail coverage) in the amount of $2,586,926 and $2,082,114 for the years ended June 30, 2023 and 2022, respectively.

NOTE 10 – RESTRICTED NET ASSETS

Net assets are maintained for the following programs and services at June 30:

	2023	2022
Restricted - expendable net assets		
Cancer prevention	$ 742,893	$ 702,784
Cancer care	1,251,559	1,145,266
Hospice and other	5,735,044	4,170,647
	$ 7,729,496	$ 6,018,697
Restricted - nonexpendable net assets		
Investments in perpetuity, TTCF Endowment	$ 519,375	$ 519,375
Investments in perpetuity, Parasol Endowment	84,609	79,109
	$ 603,984	$ 598,484

NOTE 11 – EMPLOYEES' RETIREMENT PLANS

The District contributes to the Tahoe Forest Hospital District Employee Money Purchase Pension Plan (the "MPP Plan"), a defined contribution pension plan administered by the District. The MPP Plan covers employees who complete 1,000 hours of service in a calendar year. The District is required to make annual contributions to the MPP Plan equal to 3% of each eligible employee's annual compensation, plus 3% of an eligible employee's annual compensation in excess of the Social Security tax wage base. Employee contributions are voluntary and are limited to 10% of an employee's annual compensation.

The District also offers its employees a deferred compensation plan (the "457 Plan") created in accordance with Internal Revenue Code Section 457(b). The 457 Plan allows employees to defer a portion of their current compensation until future years. The District matches participant's deferrals from 3% to 7% of compensation. Employee contributions are limited to 100% of total employee compensation or the maximum amount allowable by law. The employer matching contributions under the 457 Plan are deposited into employee accounts in the MPP Plan.

Total employer contributions under the above retirement plans were $7,882,348 and $7,482,223 for the years ended June 30, 2023 and 2022, respectively. As of June 30, 2023 and 2022, the District has accrued $4,138,765 and $3,707,660, respectively, of employer contributions related to the above retirement plans in accrued payroll and related expense on the accompanying combined statements of net position.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Construction in progress – As of June 30, 2023 and 2022, the District had recorded $14,363,891 and $18,624,634, respectively, as construction-in-progress representing cost capitalized for various remodeling, major repair, and expansion projects on the District's premises. Estimated cost to complete all projects as of June 30, 2023, is $8,867,331.

Litigation – The District is a defendant in various legal proceedings arising out of the normal conduct of its business. In the opinion of management and its legal representatives, the District has valid and substantial defenses, and settlements or awards arising from legal proceedings, if any, will not exceed existing insurance coverage, nor will they have a material adverse effect on the net position, results of operations, or liquidity of the District.

Regulatory environment – The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. The District is subject to routine surveys and reviews by federal, state, and local regulatory authorities. The District has also received inquiries from health care regulatory authorities regarding its compliance with laws and regulations. Although the District management is not aware of any violations of laws and regulations, it has received corrective action requests as a result of completed and ongoing surveys from applicable regulatory authorities. Management continually works in a timely manner to implement operational changes and procedures to address all corrective action requests from regulatory authorities. Breaches of these laws and regulations and noncompliance with survey corrective action requests could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Hospital Seismic Safety Act – The California Hospital Facilities Seismic Safety Act ("SB 1953") specifies certain requirements that must be met at various dates in order to increase the probability that a California hospital can maintain uninterrupted operations following a major earthquake. Management believes that the District is currently substantially in compliance with these requirements.

Arbitrage – The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. During the current year, the District performed calculations of excess investment earnings on various bonds and financings and, at June 30, 2023, does not expect to incur a significant liability.

NOTE 13 – RIGHT-TO-USE ASSETS AND LEASE LIABILITIES

The District is a lessee for noncancellable leases of office space and equipment with lease terms through 2035. There are no residual value guarantees included in the measurement of the District's lease liabilities nor recognized as an expense for the years ended June 30, 2023 and 2022. The District does not have any commitments that were incurred at the commencement of the leases. The District is subject to variable equipment usage payments that are expenses when incurred. There were no amounts recognized as variable lease payments as lease expense on the combined statements of revenues, expenses, and changes in net position for the years ended June 30, 2023 and 2022. No termination penalties were incurred during the fiscal year.

	Balance as of July 1, 2022	Increases	Decreases	Balance as of June 30, 2023
Right-to-use assets	$ 11,816,083	$ 650,348	$ -	$ 12,466,431
Less accumulated amortization	2,664,154	1,687,500	-	4,351,654
Right to use assets, net	$ 9,151,929	$ (1,037,152)	$ -	$ 8,114,777

	Balance as of July 1, 2021	Increases	Decreases	Balance as of June 30, 2022
Right-to-use assets	$ 7,648,363	$ 4,167,720	$ -	$ 11,816,083
Less accumulated amortization	1,167,533	1,496,621	-	2,664,154
Right to use assets, net	$ 6,480,830	$ 2,671,099	$ -	$ 9,151,929

For the years ended June 30, 2023 and 2022, the District recognized $1,687,500 and $1,496,621, respectively, in amortization expense included in depreciation and amortization expense on the combined statements of revenues, expenses, and changes in net position.

The future principal and interest lease payments as of June 30, 2023, were as follows:

Years ending June 30,	Principal Payments	Interest Payments	Total
2024	$ 1,552,009	$ 156,324	$ 1,708,333
2025	1,455,525	125,343	1,580,868
2026	1,297,349	97,813	1,395,162
2027	1,074,909	72,737	1,147,646
2028	696,684	55,801	752,485
Thereafter	2,425,510	104,643	2,530,153
	$ 8,501,986	$ 612,661	$ 9,114,647

The District evaluated the right-to-use assets for impairment and determined there was no impairment for the years ended June 30, 2023 and 2022.

NOTE 14 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has the following subscription assets activity as of June 30:

	Balance as of July 1, 2022 (As restated)	Increases	Decreases	Balance as of June 30, 2023
Subscription assets	$ 29,649,877	$ 7,098,212	$ -	$ 36,748,089
Less accumulated amortization	2,845,189	3,218,429	-	6,063,618
Subscription assets, net	$ 26,804,688	$ 3,879,783	$ -	$ 30,684,471

	Balance as of July 1, 2021	Increases	Decreases	Balance as of June 30, 2022 (As restated)
Subscription assets	$ 29,649,877	$ -	$ -	$ 29,649,877
Less accumulated amortization	-	2,845,189	-	2,845,189
Subscription assets, net	$ 29,649,877	$ (2,845,189)	$ -	$ 26,804,688

For the years ended June 30, 2023 and 2022, the District recognized $3,218,429 and $2,845,189, respectively, in amortization expense included in depreciation and amortization expense on the combined statements of revenues, expenses, and changes in net position.

The future subscription payments as of June 30, 2023, were as follows:

Years ending June 30,	Principal Payments	Interest Payments	Total
2024	$ 3,274,127	$ 1,362,052	$ 4,636,179
2025	3,413,835	1,211,719	4,625,554
2026	3,552,843	1,057,836	4,610,679
2027	3,422,042	894,883	4,316,925
2028	2,760,369	756,755	3,517,124
Thereafter	15,333,072	1,891,092	17,224,164
	$ 31,756,288	$ 7,174,337	$ 38,930,625

The District evaluated the subscription assets for impairment and determined there was no impairment for the years ended June 30, 2023 and 2022.

NOTE 15 – RESTATEMENTS

The adoption of GASB 96 resulted in adjustments to the prior period financial statements as follows at June 30, 2022:

	As previously presented	Adjustment	As restated
Combined Statement of Net Position			
Assets and deferred outflows:			
Subscription assets, net of accumulated amortization	$ -	$ 26,804,688	$ 26,804,688
Liabilities and net position:			
Current maturities of subscription liabilities	$ -	$ 2,707,191	$ 2,707,191
Subscription liabilities, less current maturities	$ -	$ 24,658,076	$ 24,658,076
Net position, end of year	$ 249,162,162	$ (560,579)	$ 248,601,583
Combined Statement of Revenues, Expenses, and Changes in Net Position:			
Purchased services	$ 25,668,579	$ (3,460,586)	$ 22,207,993
Depreciation and amortization	$ 15,363,541	$ 2,845,189	$ 18,208,730
Other	$ 7,768,620	$ (83,511)	$ 7,685,109
Income from operations	$ 23,075,833	$ 698,908	$ 23,774,741
Interest expense	$ (4,758,404)	$ (1,259,487)	$ (6,017,891)
Total nonoperating revenues	$ 10,895,919	$ (1,259,487)	$ 9,636,432
Income before other revenue, expenses, gains, and losses	$ 33,971,752	$ (560,579)	$ 33,411,173
Increase in net position	$ 33,410,407	$ (560,579)	$ 32,849,828
Combined Statement of Cash Flows:			
Cash flows from operating activities:			
Cash paid to suppliers for goods and services	$ (87,391,783)	$ 3,544,097	$ (83,847,686)
Net cash provided by operating activities	$ 13,315,382	$ 3,544,097	$ 16,859,479
Cash flows from financing activities			
Payments on subscription liabilities	$ -	$ (2,284,610)	$ (2,284,610)
Interest payments on subscription liabilities	$ -	$ (1,259,487)	$ (1,259,487)
Net cash used in capital and related financing activities	$ (32,264,913)	$ (3,544,097)	$ (35,809,010)
Reconciliation of income from operations to net cash from operating activites			
Income from operations	$ 23,075,833	$ 698,908	$ 23,774,741
Depreciation and amortization	$ 15,363,541	$ 2,845,189	$ 18,208,730

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the combined statement of net position date but before the combined financial statements are issued. The District recognizes in the combined financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the combined statement of net position, including the estimates inherent in the process of preparing the combined financial statements. The District's combined financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the combined statement of net position but arose after the combined statement of net position date and before the combined financial statements are issued.

FY2023 President & CEO Incentive Compensation Criteria Results

Finance – 53%

Meet or exceed budgeted net income* as approved by the Board for FY23.

**Refer to "Excess Revenue(Expense)" line in the budget.*

***The Board has the discretion to pay out Service, Quality, Growth, and People incentives even if this finance goal is not fully met.*

- *Current net income is $30,715,765 against budget of $22,370,548.*

Service – 12%

Meet or exceed an average 94.2 Press Ganey Patient Satisfaction score.

- *95.25 average for FY 2023.*

PATIENT SATISFACTION						
MEASURE:	Goal	Sept. 30 2022	Dec. 31 2022	Mar. 31 2023	June 30 2023	Fiscal Year 2023 Average
Inpatient		92.60	93.10	92.70	91.90	92.58
Outpatient		94.00	94.80	94.80	94.60	94.55
Ambulatory		98.50	96.00	98.20	98.30	97.75
TFH ER		95.30	94.20	94.60	94.20	94.58
IVCH ER		96.60	96.40	96.50	98.00	96.88
MSC		91.70	92.00	93.20	93.80	92.68
OP Rehab		93.20	96.00	97.00	94.80	95.25
Cancer Center		97.10	97.70	97.70	98.50	97.75
TOTAL Average	94.20	94.88	95.03	95.59	95.51	95.25

GOAL COMPARED TO 2023

Quality – 12%

Meet or exceed 98.20% roll-up of the following quality measurements: SEP-1 (Early Management Bundle, Severe Sepsis/Septic Shock), EDTC ALL (Emergency Department Transfer Communication ALL), PC-01 (Early Elective Delivery), CLASS I SSI (Class I Surgical Site Infection Rate), Class I SSI for Joint Replacement (Class 1 Surgical Site Infection Rate for Total Knee and Hip Replacement), Medicare Readmission Rate (Inpatient Readmission) and C. DIFF. (Rate of Hospital Onset C. Diff.).

- *98.47% as of June 30, 2023.*

Growth – 10%

Meet or exceed annual actual physician office visits total (116,795) as of June 30, 2023 for all owned or managed physicians.

- *129,599 visits as of June 30, 2023.*

People – 13%

Meet or exceed the 90th percentile in the engagement category from the employee Press Ganey engagement survey.

- *91st percentile ranking as of February 2023 report.*

TAHOE FOREST HEALTH SYSTEM
ORDER & DECORUM
Of
BOARD BUSINESS
2023

1. PUBLIC PARTICIPATION IN BOARD MEETINGS

The public is encouraged to provide thoughtful comment regarding the health system's operation. The board chair reserves the privilege to recognize members of the public subject to reasonable rules of decorum. Board members are permitted to call attention to public members who wish to comment.

The following rules of decorum will guide participation in the meetings:

A. Address the Board from the lectern. Speakers are encouraged but not required to give their name and city of residence before addressing the Board. Speakers shall address their comments to the Board, not the audience or staff.
B. Comment on specific matters before the Board with reasons for the position taken.
C. Public comment is limited to (3) minutes per speaker, however, the Chair may, at his or her discretion, allow up to (5) minutes for those who are serving as a spokesperson for a group or organization in lieu of individual speakers.
D. A speaker may not yield time to another speaker.
E. No individual may speak more than once during the Public Comment period or on an item on the agenda unless recognized by the Chair as having new information.
F. In the interest of civil discourse, the rules specified in the Order & Decorum of Board Business and Robert's Rules of Order, to the extent such Rules are not in conflict with the Brown Act, shall apply at all Board meetings. It shall be the responsibility of the Chair to ensure public comments are conducted in a reasonable manner that avoids disruptive activity, promotes mutual respect, keeps comments focused on issues, and avoids personal attack and abusive behavior.
G. The Chair may call for recess to maintain Order & Decorum.

2. PROMPTNESS AT MEETING TIME

Board members are requested to observe timely appearance at Board functions in respect to the public, staff and Board. With assistance of the Board Clerk, staff and other presenters will be scheduled in order to support the timely work of the Board. Board members are requested to notify the Clerk of the Board relative to their absence or anticipated late arrival as soon as such situation is known.

3. AGENDA ITEMS

No issues shall be placed on the agenda that are beyond the jurisdiction and authority of a California Health System Special District or that are non-essential to hospital district governance.

4. USE OF E-COMMUNICATION AT PUBLIC MEETINGS

Board members shall not use e-communication during a public meeting of the Board at which he or she is in attendance. In the event of an urgent family matter, a Board Member wishing to respond to a telephone or call during the meeting may do so during a recess or shall excuse him or herself from the meeting to place the return call or text in a manner that does not disrupt the meeting.

5. LAST MINUTE SUPPORTING DOCUMENTS

Last minute supporting documents by staff put Board members at a disadvantage by diluting the opportunity to study the documents. All late submission of supporting documents must be justified in writing stating the reasons for the late submission. The Clerk will notify the Board of late submissions and their justification when appropriate. Bona fide emergency items involving public health and safety requiring Board action will be excluded.

6. REQUESTS FOR INPUT OR DIALOGUE

Requests by Board members during a meeting for the opportunity to speak, for public input, or for additional staff input, shall be made through the Chair.

7. INDIVIDUAL BOARD MEMBER AGENDA REQUESTS

All individual Board items should be discussed with the Chair and CEO before agenda review. All items will be reviewed for completeness. Sufficient supporting documents must be provided in a timely manner so that appropriate staff may become involved. Items must meet scheduling requirements. No more than two items per board member will be considered at a board meeting.

8. ROLE OF THE CHAIR

- Run meetings and associated duties within meetings
- Preside over ceremonial situations
- Make committee appointments
- Approve agendas for completeness
- When authorized, ~~Speaks~~ only the Chair speaks for the board to the media

9. BOARD VACANCIES

Board vacancies will be handled in accordance with applicable Government Code and Board of Directors Bylaws.

In the event a member of the Board of Directors vacates their position, remaining members of the District Board may fill the vacancy either by appointment or calling an election.

If the Board chooses to appoint, the Board may:

1. Appoint an individual of its choosing, or;
2. Seek candidates from which to make a selection.

If the Board fails to act within (90) days, the County Board of Supervisors may appoint the position.

10. CULTURE: EXPECTEATIONS REGARDING ORGANIZATIONAL CULTURE

Expectations of Board members

A. Always focus on what is best for the sustainability of the Tahoe Forest Health System ~~and~~and ~~-~~for the community it serves.
B. Maintain good board relationships and visibly demonstrate respect for, and fairly represent each other.
C. Be sensitive to your public image and conduct at all times.
D. Be respectful, open, candid, honest and fair:
    1. Explain your perspective, rationale and reasoning.
    2. Remember that respect for debate, differing opinions and reasoning mitigates polarization.
    3. Demonstrate that it is fine to disagree, but not to be disagreeable.
    4. Don't be inhibiting or limiting.
    5. Value the staff as individuals and demonstrate mutual respect.
    6. ~~Let~~ Respectfully inform staff ~~know~~ of questions you have on an agenda item or staff's recommendation. ~~with~~ grace~~professionalism~~.
E. Do your homework, be prepared when bringing an item to the Board, be as concise as possible, and don't repeat comments made by another Director.
F. Recognizing that the Board is the staff's first priority:
    1. Provide clear direction to the President and CEO.
    2. ~~Prioritize the level of importance of issues and feel free to g~~Go directly to the President and CEO ~~or the Executive Team~~with any issues or concerns. Do not reach out to any staff member or provider without the concurrence of the President and CEO.

3. Go to the President and CEO~~'s office and/or Executive Team~~ and not to a front line employee on any issue, especially as it relates to committee meeting business.
~~4. Recognize that discussions with staff are welcome but do not constitute policy direction, which only comes from the full Board.~~
4. Recognize the sensitivity of personnel matters, direct all personnel concerns or complaints to the President and CEO~~'s office~~ and do not publicly discuss them; provided, however, that allegations of illegal misconduct by the President and CEO shall be directed to the General Counsel's office.
5. ~~Contact the~~Should a board member be contacted by anyone regarding the business of the District, please notify the President and CEO within 24 hours. ~~regarding contacts a Board member receives from anyone (e.g., staff, employee, physician, public).~~
6. **No Surprises**. Keep each other informed through the President and CEO and~~/or~~ the Board Chair.

Expectations of Staff

A. Provide good services and show respect to the public.
B. Present good staff reports: Pros and Cons.
   1. Give pros and cons, alternatives and a recommendation.
   2. Present accurate and quality visuals.
   3. Don't raise more questions than you can answer in a staff report.
   4. Stay well organized and manage the time.
C. Apprise the Board in advance of:
   1. Meetings and special projects within the District.
   2. Any controversial issues or conversations; don't surprise the Board, especially on any "hot button" issues.
   3. Any "bad news".
   4. Deadlines that are slipping and why.
   5. Problems facing the staff.
D. Set realistic deadlines, be proactive with regard to issues that need resolving, and produce timely documents.
E. Work cooperatively, demonstrate cooperation among staff, support each other, and be sensitive to each other's workloads.
F. Be loyal to the Hospital and be sensitive to your public image and conduct at all times.
~~G. Feel comfortable communicating with Board members.~~ ~~Maintain the need for full transparency and information that is not filtered.~~Be transparent about problems within the organization and present them in an objective manner.
~~H.~~G. Do not participate in political activity while on duty or on any TFHD ~~campus~~properties.

Approved:_____

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Chair of the Board & all Board Members