Basic Financial Statements and Supplementary Information (with Management's Discussion and Analysis) and Report of Independent Certified Public Accountants

Nassau Health Care Corporation
(A Component Unit of the County of Nassau, New York)

December 31, 2023

Contents

GRANT THORNTON LLP
757 Third Avenue, 9th Floor
New York, NY 10017-2013

D +1 212 599 0100
F +1 212 370 4520

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Nassau Health Care Corporation
(A Component Unit of the County of Nassau, New York)

Report on the financial statements

Opinions

We have audited the financial statements of the business-type activities of Nassau Health Care Corporation (the "Corporation"), a component unit of the County of Nassau, New York, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities of the Corporation as of December 31, 2023, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinions

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America ("US GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Substantial doubt about the Corporation's ability to continue as a going concern

The accompanying financial statements have been prepared assuming that the Corporation will continue as a going concern. As discussed in Note 1 to the financial statements, the Corporation has a working capital deficit and recurring operating losses, which raise substantial doubt about its ability to continue as a going concern. Management's plans regarding this matter are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

GrantThornton

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

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

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

In performing an audit in accordance with US GAAS and *Government Auditing Standards*, we:

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

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

Required supplementary information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 12, the Schedule of Changes in Net OPEB Liability and Related Ratios, the Schedule of Proportionate Share of Net Pension Liability – Last 10 Years and the Schedule of Employer Contributions – Last 10 years, on pages 40 through 41, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The combining information included on the supplemental schedules on pages 43 through 45 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2024 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Grant Thornton LLP

New York, New York
June 18, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

Introduction

This Management's Discussion and Analysis ("MD&A") of Nassau Health Care Corporation (the "Corporation" or "NHCC") introduces the basic financial statements for the years ended December 31, 2023 and 2022. Management prepared this MD&A, which is intended to look at the Corporation's financial performance as a whole. It should be read in conjunction with the Corporation's financial statements, the notes and the required supplementary information.

Basic Financial Statements

This annual financial report consists of four parts: Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information and supplementary information. The Corporation is supported by fees charged for the services it provides. Accordingly, the Corporation is considered an enterprise fund and utilizes the accrual basis of accounting. Enterprise fund statements offer short- and long-term financial information about the activities and operations of the Corporation. The Corporation operates in a manner similar to a private business.

The basic financial statements (Statement of Net Position, Statement of Revenue, Expenses, and Changes in Net Position, Statement of Cash Flows, and the Notes to the Financial Statements) present the financial position of NHCC at December 31, 2023, and the changes in its financial position for the year then ended. These financial statements report information about NHCC using accounting methods similar to those used by private-sector companies. The Statement of Net Position include all of NHCC's assets and liabilities. The Statement of Revenue, Expenses, and Changes in Net Position reflect the 2023 activities on the accrual basis of accounting, where revenue and expenses are recorded when services are provided or obligations are incurred, not when cash is received or paid. The financial statements also report NHCC's net position (the difference between assets and liabilities) and how that has changed. Net position is one way to measure financial health or condition. The Statement of Cash Flows provide relevant information about the year's cash receipts and cash payments and classify them as operating, noncapital financing, capital and related financing and investing activities. The notes to the financial statements explain information in the financial statements and provide more detailed data.

(In thousands)

Condensed Financial Information

Statements of Net Position

	2023	2022	2023-2022 Dollar Change	2023-2022 Percentage Change
ASSETS				
Current assets	$ 226,733	$ 232,969	$ (6,236)	3%
Capital assets, net	134,226	134,937	(711)	-1%
Other assets	71,128	122,351	(51,223)	-42%
Total assets	$ 432,087	$ 490,257	$ (58,170)	-12%
Deferred outflows of resources	$ 220,264	$ 277,074	$ (56,810)	-21%
LIABILITIES				
Current liabilities	$ 495,641	$ 477,972	$ 17,669	4%
Long-term portion of debt	102,940	118,552	(15,612)	-13%
Other long-term liabilities	1,092,355	1,078,611	13,744	1%
Total liabilities	$ 1,690,936	$ 1,675,135	$ 15,801	1%
Deferred inflows of resources	$ 188,472	$ 243,209	$ (54,737)	-23%
Net position				
Net investment in capital assets	$ 79,915	$ 80,626	$ (711)	-1%
Restricted	1,628	1,513	115	8%
Unrestricted	(1,308,600)	(1,233,152)	(75,448)	6%
Total net position	$ (1,227,057)	$ (1,151,013)	$ (76,044)	7%

(In thousands)

Statements of Revenue, Expenses, and Changes in Net Position

	2023	2022	2023-2022 Dollar Change	2023-2022 Percentage Change
Operating revenues				
Net patient service revenue	$ 536,791	$ 460,580	$ 76,211	17%
Other revenue	78,182	85,175	(6,993)	-8%
Total operating revenues	614,973	545,755	69,218	13%
Operating expenses				
Salaries	318,294	312,532	5,762	2%
Employee benefits	161,733	148,375	13,358	9%
Supplies and other expenses	188,224	172,472	15,752	9%
Depreciation and amortization	24,012	20,588	3,424	17%
	692,263	653,967	38,296	6%
Loss before OPEB expenses and NYS actuarial pension adjustment	(77,290)	(108,212)	30,922	-29%
Employee benefits – OPEB expenses	(33,414)	(61,928)	28,514	-46%
NYS Actuarial Pension Adjustment - GASB 68	(31,155)	5,992	(37,147)	-620%
Operating loss	(141,859)	(164,148)	22,289	-14%
Nonoperating activities, net	56,501	70,189	(13,688)	-20%
Capital contributions	9,314	-	9,314	100%
Decrease in net position	(76,044)	(93,959)	17,915	-19%
Net position				
Beginning of year	(1,151,013)	(1,057,054)	(93,959)	9%
End of year	$ (1,227,057)	$ (1,151,013)	$ (76,044)	7%

The Coronavirus (COVID-19) Pandemic

Although the World Health Organization declared the COVID-19 virus a pandemic in 2020, NHCC still spent much of 2023 and 2022 responding to COVID-19 and related demands.

The Federal Government passed the Coronavirus Aid, Relief, and Economic Security ("CARES") Act on March 27, 2020, to respond to the impact of the COVID-19 pandemic. NHCC recognized in nonoperating activities $75,691 of CARES Act funding related to expenses incurred due to the COVID-19 pandemic in 2022.

Financial Analysis of the Corporation

For the years ended December 31, 2023 and 2022, the NHCC generated losses before other postemployment benefits ("OPEB") and NYS actuarial pension adjustment of $77,290 and $108,212, respectively. Operating revenue increased by $69,218 to $614,973 in 2023, primarily due to revenue cycle improvements during the year and increased funding from Intergovernmental Transfers and increased by $22,143 to $545,755 in 2022, primarily due to revenue cycle improvements during the year. Operating expenses increased by $38,296 to $692,263 in 2023 primarily due to an increase in wage expense, an increase in health benefit costs, and an increase in insurance related expenses. Operating expenses increased by $28,399 to $653,968 in 2022, primarily due to an increase in wage expense related to a 2% collective bargaining agreement increase and additional overtime costs incurred to fill vacant nursing positions due to the significant labor shortage, coupled with an increase in supplies and utility costs resulting from supply chain difficulties and fuel cost increases. Nonoperating activities, net decreased $13,688 to $56,501 in 2023 primarily due to the loss of CARES Act funding partially offset by the forgiveness of certain health insurance liabilities.

Going Concern

NHCC has experienced recurring operating losses, a working capital deficit and has a total negative net position of $1,227,057 and $1,151,013 at December 31, 2023 and 2022, respectively, and is dependent on the continuation of federal, state and local subsidies, certain of which have or are scheduled to end or be reduced. These matters raise doubt about NHCC's ability to continue as a going concern. NHCC is continuously striving to improve its operating results by continuing to progress with collecting on patient accounts, through cash flows provided by government subsidies for the funding of capital projects and by participating in certain other value-based payment programs. NHCC has continued progress on its initiatives, including the renegotiation of commercial managed care contracts, improved revenue cycle processes, improved procurement processes, and further cost reductions. Nassau County Interim Finance Authority (NIFA) currently has oversight of the operations of NHCC and in that capacity, reviews certain operational aspects of the Corporation.

Operating Activities

Net Patient Service Revenue

Total net patient service revenue was $536,791 and $460,580 for the years ended December 31, 2023 and 2022, respectively, an increase of $76,211. This increase was due to improvements to revenue cycle processes and enhancements to information technology systems. Intergovernmental transfers ("IGT") revenue in 2023 was $88,673, which was $49,373 greater than the IGT revenue in 2022 of $39,300.

Other Revenue

Other revenue of $78,182 and $85,175 in 2023 and 2022, respectively, represents a decrease of $6,993. This decrease resulted primarily due to a reduction in funding from the Value Based Payment Quality Improvement Program.

Expenses

Total operating expenses before OPEB and NYS actuarial pension adjustment were $692,263 and $653,967 for the years ended December 31, 2023 and 2022, respectively. Expenses increased from 2022 to 2023 by $38,296. A description of the component categories follows.

Salaries in 2023 of $318,294 increased $5,762 from the 2022 salary expense of $312,532. The increase was the result of costs incurred to grow services and fill nursing positions.

Employee benefit costs, before OPEB and NYS actuarial pension adjustment expenses were $161,733 and $148,375 in 2023 and 2022, respectively. The increases were due to increases in benefit costs provided.

Supplies and other expenses were $188,224 and $172,472 in 2023 and 2022, respectively, an increase of $15,752. The increase was primarily due to increased insurance related costs.

Pension and OPEB

The Corporation recorded an unfunded other postemployment benefit expense of $33,414 and $61,928 in 2023 and 2022, respectively. The costs for these plans are actuarially calculated based on plan benefits that current and retired employees have accrued as a result of their respective years of employment service. In 2023, the Corporation also recorded a NYS actuarial pension loss–GASB No. 68 of $31,155 compared to a NYS actuarial pension gain–GASB No. 68 of $5,992 in 2022.

Capital Contributions

Capital contributions of $9,314 in 2023 consists of funds received to purchase certain medical equipment and construction costs.

Capital Assets

During the years ended 2023 and 2022, the Corporation purchased $19,151 and $14,919 in capital assets, respectively, and incurred $19,862 and $19,874 in depreciation expense.

Right to Use Lease and SBITA Assets, net

Right to use lease assets increased $5,362 from December 31, 2022 to December 31, 2023 due to the new leases entered into in 2023 and the implementation of Governmental Accounting Standards Board Statement No. 96 (GASB 96), *Subscription-Based Information Technology Arrangements*, effective January 1, 2023.

Debt

During the years ended 2023 and 2022, the Corporation made principal and interest payments of $22,684 and $20,585, respectively.

Lease and SBITA Liabilities, net

Lease liabilities increased $5,728 from December 31, 2022 to December 31, 2023 due to new leases entered into in 2023 and the implementation of GASB 96 effective January 1, 2023.

Contacting the Corporation's Financial Management

If there are any questions about this report or if additional financial information is needed, contact the Office of Public Affairs, Nassau Health Care Corporation, 2201 Hempstead Turnpike, East Meadow, New York 11554.

Nassau Health Care Corporation
(A Component Unit of the County of Nassau, New York)

STATEMENT OF NET POSITION

December 31, 2023
(In thousands)

ASSETS		
Current assets		
Cash and cash equivalents	$	39,717
Patient accounts receivable, net		48,113
Inventories		12,592
Prepaid expenses		5,658
Lease receivable		2,345
Other receivables		56,238
Due from third-party payors		3,573
Assets restricted as to use, required for current liabilities		37,352
Due from Nassau County, net		21,145
Total current assets		226,733
Assets restricted as to use, net		5,929
Capital assets, net		134,226
Right to use lease and SBITA assets, net		6,817
Lease receivable, net of current portion		10,538
Other assets		47,844
Total assets	$	432,087
Deferred outflows of resources		
Deferred charge on refunding	$	15,731
Pension and OPEB related		204,533
Total deferred outflows of resources	$	220,264

The accompanying notes are an integral part of this financial statement.

Nassau Health Care Corporation
(A Component Unit of the County of Nassau, New York)

STATEMENT OF NET POSITION - CONTINUED

December 31, 2023
(In thousands)

LIABILITIES	
Current liabilities	
Current portion of long-term debt	$ 15,545
Accounts payable and accrued expenses	398,288
Accrued salaries and related withholdings	23,597
Current portion of postemployment health insurance liability	19,395
Current portion of vacation and sick leave	9,020
Current portion of estimated self-insurance liability	14,130
Current portion of estimated liability to third-party payors, net	3,825
Current portion of lease and SBITA liabilities	3,679
Other current liabilities	6,079
Accrued interest payable	2,083
Total current liabilities	495,641
Long-term debt, net	102,940
Estimated liability to third-party payors, net	46,462
Estimated pension liability, net	154,910
Estimated postemployment health insurance liability, net	712,516
Estimated self-insurance liability, net	65,176
Accrued vacation and sick leave, net	81,186
Lease and SBITA liabilities, net	3,543
Other liabilities	28,562
Total liabilities	$ 1,690,936
Deferred inflows of resources	
Pension and OPEB related	$ 176,802
Lease related	11,670
Total deferred inflows of resources	$ 188,472
Commitments and contingencies	
Net position	
Net investment in capital assets	$ 79,915
Restricted	1,628
Unrestricted	(1,308,600)
Total net position	$ (1,227,057)

The accompanying notes are an integral part of this financial statement.

Nassau Health Care Corporation
(A Component Unit of the County of Nassau, New York)

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Year ended December 31, 2023
(In thousands)

Operating revenue	
Net patient service revenue (net of the provision for bad debts of $22,352)	$ 536,791
Other revenue	78,182
Total operating revenue	614,973
Operating expenses	
Salaries	318,294
Employee benefits - pension	26,519
Employee benefits - health and other	135,214
Supplies and other expenses	188,224
Depreciation and amortization	24,012
Total operating expenses, net	692,263
Loss before OPEB expenses and NYS actuarial pension adjustment	(77,290)
Employee benefits - OPEB expenses	(33,414)
NYS actuarial pension adjustment - GASB 68	(31,155)
Operating loss	(141,859)
Nonoperating activities	
Interest income	3,671
Interest expense	(7,170)
Health insurance relief funding	60,000
Total nonoperating activities, net	56,501
Capital contributions	9,314
DECREASE IN NET POSITION	(76,044)
Beginning of year	(1,151,013)
End of year	$ (1,227,057)

The accompanying notes are an integral part of this financial statement.

Nassau Health Care Corporation
(A Component Unit of the County of Nassau, New York)

STATEMENT OF CASH FLOWS

Year ended December 31, 2023
(In thousands)

Cash flows from operating activities:	
Cash received from patients, third-party payors and other related payments	$ 475,881
Cash received from other operating revenue	67,251
Cash paid to employees	(488,221)
Cash paid to suppliers	(70,958)
Net cash used in operating activities	(16,047)
Cash flows from noncapital and related financing activities:	
Cash paid for interest	(6,974)
Payment of debt	(15,710)
Net cash used in noncapital and related financing activities	(22,684)
Cash flows from capital and related financing activities:	
Purchases of capital assets	(19,151)
Payments on right to use leased and SBITA assets	(3,779)
Cash paid for interest	(3,555)
Grants for capital asset acquisitions	9,314
Net cash used in capital and related financing activities	(17,171)
Cash flows from investing activities:	
Cash received from interest	3,671
Net cash provided by investing activities	3,671
NET DECREASE IN CASH AND CASH EQUIVALENTS	(52,231)
Cash and cash equivalents, beginning of year	83,221
Assets limited as to use, beginning of year	52,008
Cash and restricted cash, beginning of year	135,229
Cash and cash equivalents, end of year	39,717
Assets limited as to use, end of year	43,281
Cash and restricted cash, end of year	$ 82,998

The accompanying notes are an integral part of this financial statement.

Nassau Health Care Corporation
(A Component Unit of the County of Nassau, New York)

STATEMENT OF CASH FLOWS - CONTINUED

Year ended December 31, 2023
(In thousands)

Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(141,859)
Depreciation and amortization		24,012
Changes in operating assets and liabilities:		
Patient accounts receivable		(24,540)
Prepaid expenses and inventories		(3,300)
Other receivables and assets		(23,233)
Due from Nassau County, net		1,326
Accounts payable and accrued expenses		110,858
Accrued salaries, withholding, pensions, vacation, sick pay and other		220,361
Due to/from third-party payors, net		8,676
Estimated self-insurance liability		5,521
Postemployment health insurance liability		(149,891)
Deferred inflows, outflows and other, net		(43,978)
Net cash used in operating activities	$	(16,047)

The accompanying notes are an integral part of this financial statement.

NOTE 1 - ORGANIZATION

The Nassau Health Care Corporation (d/b/a NuHealth) (“NHCC" or the “Corporation”) is a public benefit corporation created pursuant to Public Authorities Law 340l, et. seq. (“PAL”) by New York State (“State”) in 1996 for the purposes of acquiring the health facilities owned by Nassau County, New York (“County”), operating these facilities more efficiently than the County could, and competing with other health care providers in a rapidly changing health care marketplace. These facilities were formally acquired by NHCC from the County on September 29, 1999.

NHCC has a governing board consisting of 15 voting directors and three non-voting directors. Eight of the voting directors are appointed by the Governor of the State of New York on the recommendation of various State and County elected officials. Seven of the voting directors, and two of the non-voting directors, are appointed directly by the County Executive or the County Legislature. The Chief Executive Officer of NHCC is the final non-voting director.

NHCC was formed as the public benefit corporation. Nassau University Medical Center (“NUMC”) is a 530-bed hospital located in East Meadow, New York. In addition to its tertiary care medical center, NUMC includes the following operating divisions: A. Holly Patterson Extended Care Facility (“AHP”), a 589-bed nursing home located in Uniondale, New York; a Faculty Practice Plan (“FPP”), and co-operates with Long Island FQHC, Inc. (“LIFQHC”) six treatment centers and three school-based clinics.

Except for LIFQHC (discussed below), the following active corporate entities are either owned or controlled wholly or in part by NHCC by virtue of NHCC being the sole corporate member pursuant to the New York State Not-for-Profit Corporation Law (“N-PCL”), through membership interests, or otherwise having the ability to approve the Board and/or shareholders of the entity or having an interdependent relationship.

- *Nassau Health Care Foundation, Inc.* (“NHCF”): NHCF was incorporated on June 24, 1964 as a type B membership corporation under the N-PCL. The purpose of NHCF is to support, maintain and otherwise benefit and be responsive to the needs and objectives of the hospital, skilled nursing facility and related facilities operated by NHCC. NHCF also receives support from NHCC Medical Faculty Practice Plan revenue and maintains discretionary funds that can be used by the Chairman of each NHCC department for educational and mission-related purposes.

- *Long Island Medical Foundation, Inc. (d/b/a NuHealth Foundation)* (“LIMF”): LIMF was incorporated on May 3, 2002, and is a Section 501(c)(3) support organization. LIMF was specifically established to be the fundraising arm of NHCC. It was established as a membership corporation and NHCC is its sole member. LIMF currently has one employee.

- *NHCC, Ltd.*: NHCC, Ltd. is a corporation organized under the Companies Law of Cayman Islands on September 24, 1999. NHCC is the sole shareholder. NHCC, Ltd. was established as an off-shore captive insurance company (the “Captive”) for NHCC, for its medical malpractice and general liability coverage, and is licensed under the Insurance Law (1999 Revision) of Cayman Islands as of April 1, 2000 (see Note 10).

- *Newco ALP, Inc.* (“NewCo”): NewCo was formed as a Section 50l(c)(3) on May 22, 2009, for the purpose of becoming the licensed operator of a 150-bed Medicaid Assisted Living Program (“ALP”) and a related Licensed Home Services Agency (“LHCSA”). The ALP was formed to be a primary component of a State mandated rightsizing of AHP. The New York State Department of Health (“NYSDOH”) has approved NewCo’s application for a license to operate an ALP at an expanded 200- bed size, and approved a LCHSA for this purpose in a building, which previously served as the

Hempstead General Hospital, situated at 820 Front Street, Hempstead (Nassau County), New York 11550 (the "Site"). NewCo has had no operating activities since its formation.

The financial reporting entity, which results from blending NHCC and the above entities, is collectively referred to as the "Corporation."

The Corporation is considered to be a component unit of the County and is included as a discretely presented component unit in the financial statements of the County. The County provides the Corporation Article VI service payments, payments for certain health services, IGT and various other payments throughout each year. Additionally, the County is the direct-pay guarantor of the Corporation's Series 2009 Bonds. It is not possible to predict the effect, if any, the County's current or future operations will have on the financial statements of the Corporation, taken as a whole.

Going Concern

NHCC has experienced recurring operating losses, negative cash flows from operations, a working capital deficit and has a total negative net position of $1,227,057 at December 31, 2023 and is dependent on the continuation of federal, state and local subsidies, certain of which have or are scheduled to end or be reduced. These matters raise doubt about NHCC's ability to continue as a going concern. NHCC has continued progress on its initiatives, including the renegotiation of commercial managed care contracts, improved revenue cycle processes, improved procurement processes, and further cost reductions. Nassau County Interim Finance Authority ("NIFA") currently has oversight of the operations of Nassau Health Care Corporation and in that capacity reviews certain operational aspects of the Corporation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation is considered a special-purpose government entity engaged only in business-type activities. The Corporation's financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus and are based on accounting principles applicable to governmental units as established by the Governmental Accounting Standards Board ("GASB") and the provisions of the American Institute of Certified Public Accountants' "Audit and Accounting Guide, Health Care Entities," to the extent that they do not conflict with the GASB.

For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating revenues and operating expenses. All other activities are reported as nonoperating activities.

The accompanying basic financial statements include the Corporation's operating divisions (NUMC, AHP, and FPP) and its blended component units (NHCF, LIMF, NHCC, Ltd., and NewCo). All intercompany transactions and balances have been eliminated in combination.

Net Position

The net position of the Corporation is composed of three components: net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position consists of non-capital resources that must be used for a particular purpose, as specified by contributors external to the Corporation, such as contributions with donor-imposed stipulations that either expire by the passage of time or actions pursuant to those stipulations. Lastly, unrestricted net position consists of remaining resources that are available to meet any of the Corporation's ongoing obligations that do not meet the definition of previous net position components.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The Corporation's significant estimates include the allowance for estimated uncollectible patient accounts receivable, estimated third-party contractual allowances, estimated third-party payor receivables and payables, self-insurance liabilities, workers' compensation liabilities, imputed interest on leases and subscription-based information technology arrangements ("SBITAs"), and pension and postemployment health insurance liabilities. Actual results may differ from those estimates.

During 2023, prior year revenue of $4,355 was recognized and is included in net patient service revenue due to changes in estimates relating to certain Medicare and Medicaid reimbursement matters.

Cash and Cash Equivalents

The Corporation considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. NHCC's cash and cash equivalents policies are governed by state statutes. Cash and cash equivalents consist primarily of cash and money market funds. All cash and cash equivalents are insured through Federal Deposit Insurance Corporation insurance or collateralized by U.S. Government securities held by NHCC's third-party trustee or the pledging financial institution's trust department in the name of the NHCC, to the full extent of the deposits.

Cash and cash equivalents in the statement of cash flows consist of cash and cash equivalents and assets limited as to use (see Note 3) on the statement of net position.

Net Patient Service Revenue and Patient Accounts Receivable, net

Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payors and others for services rendered, and includes estimated retroactive revenue adjustments due to ongoing and future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are provided and adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations.

Patient accounts receivable result from the health care services provided by the Corporation and physicians of the clinical practices. Additions to the allowance for doubtful accounts result from the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts. The amount of the allowance for doubtful accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid health care coverage and other collection indicators.

Medicare Reimbursement

Hospitals are paid for most Medicare inpatient and outpatient services under the national prospective payment system and other methodologies of the Medicare program for certain other services. Federal regulations provide for certain adjustments to current and prior years' payment rates, based on industry-wide and hospital-specific data.

Non-Medicare Reimbursement

In New York State, hospitals and all non-Medicare payers, except Medicaid, workers' compensation and no-fault insurance programs, negotiate hospitals' payment rates. If negotiated rates are not established, payers are billed at the hospitals' established charges. The New York State payment methodology for payments to hospitals for Medicaid, workers' compensation and no-fault inpatient services is based on a statewide prospective payment system, with retroactive adjustments. Outpatient services also are paid based on a statewide prospective system. Medicaid rate methodologies are subject to approval at the Federal level by the Centers for Medicare and Medicaid Services ("CMS"), which may routinely request information about such methodologies prior to approval.

Revenue related to specific rate components that have not been approved by CMS is not recognized until the Corporation is reasonably assured that such amounts are realizable. Adjustments to the current and prior years' payment rates for those payers will continue to be made in future years as those years are final settled.

The Corporation has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payers for adjustments to current and prior years' payment rates, based on industry-wide and Corporation-specific data. Medicare cost reports, which serve as the basis for final settlement with the Medicare program, have been audited by the Medicare fiscal intermediary and settled through 2019. Other years remain open for audit and settlement as are numerous issues related to the New York State Medicaid program for prior years. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount when open years are settled and additional information is obtained. The current Medicaid, Medicare and other third-party payor programs are based upon extremely complex laws and regulations that are subject to interpretation. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs. Management is not aware of any allegations of noncompliance that could have a material adverse effect on the accompanying financial statements and believes that the Corporation is in compliance with all applicable laws and regulations.

There are various proposals at the federal and state levels that could, among other things, significantly reduce payment rates or modify payment methods. The ultimate outcome of these proposals and other market changes, including the potential effects of health care reform that have been enacted by the federal and state governments, cannot presently be determined. Future changes in Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the Corporation.

Additionally, certain payers' payment rates for various years have been appealed by the Corporation. If the appeals are successful, additional income applicable to those years might be realized. No amounts have been recorded in regard to these appeals.

Charity Care

The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue. The Corporation maintains records to identify and monitor the level of charity care it provides. The amount of charges foregone for the Corporation's services and supplies furnished under its charity care policy aggregated $36,370 for the year ended December 31, 2023. The cost of charity care was estimated using a ratio of cost-to-gross charges, which totaled $13,189 for the year ended December 31, 2023.

(In thousands)

Intergovernmental Transfers ("IGT")

The IGT program is a federal and locally sponsored funding mechanism to assist certain public benefit hospitals in fulfilling their mission of providing health care services to Medicaid and uninsured populations.

The disproportionate share calculation ("DSH") is funded through IGT. The amount is based on a formula that calculates losses on Medicaid and the uninsured from the Corporation's cost report each year, referred to as the disproportionate share calculation. The federal government funds a portion of the IGT amount with the remainder funded locally. The IGT amount recognized in net patient service revenue in 2023 was approximately $88,673. Under the Affordable Care Act (the "Act"), DSH was to be decreased significantly over time for all DSH-qualified hospitals in the country. However, since the passage of the Act in 2010, Congress has consistently delayed the DSH reductions. The reductions are now scheduled to begin in 2024, unless further delayed by Congress at that time. It is uncertain whether Congress will enact another delay.

Concentration of Credit Risk

The Corporation generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies (e.g., Medicare, Medicaid, Blue Cross, HMOs and commercial insurance policies).

The significant concentrations of accounts receivable for services to patients at December 31, 2023 are as follow:

Medicare	13%
Medicaid	20%
Commercial HMO	21%
Medicare HMO	21%
Medicaid HMO	14%
Self-pay and other	11%
	100%

The components of net patient service revenue consisted of the following for the year ended December 31, 2023:

Services provided to patients (net of contractual allowances of approximately $1,129,090)	$ 470,470
Intergovernmental transfer	88,673
Provision for bad debts	(22,352)
	$ 536,791

The Corporation is paid by third-party payors for patient services rendered generally at negotiated or otherwise predetermined amounts established by the applicable coverage program. For the year ended December 31, 2023, revenue from Medicaid and Medicare programs accounted for approximately 74% of net revenue for services provided to patients.

Assets Restricted as to Use

Assets restricted as to use consist of cash and money market funds. These may include amounts held by the NHCF and the Captive, restricted for capital and internally designated for capital, payment of professional and other insurance liabilities, pension liabilities, debt service and amounts held by the Faculty Practice Plan. The Board of Directors may authorize the use of internally designated amounts for other purposes. Amounts required to meet current liabilities are reported as current assets.

Inventories

Inventories, which are prepaid supplies, are carried at the lower of cost or market. Cost is determined by the first-in, first-out valuation method.

Capital Assets

Capital assets are stated at cost, less accumulated depreciation. It is the Corporation's policy to capitalize assets in excess of $1,000 that have useful lives of more than one year. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets ranging from three to 40 years using the American Hospital Association's Guide - Estimated Useful Life of Depreciable Hospital Assets. The carrying amounts of assets and the related accumulated depreciation are removed from the accounts when such assets are disposed of and any resulting gain or loss is recorded.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent the consumption of net position that applies to a future period(s) and, as such, will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of a net position that applies to future periods and will not be recognized as an inflow of resources until that time. The Corporation's items that qualify for reporting in this category include the amounts recorded in connection with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27*, and the amounts recorded in connection with GASB Statement No. 75, *Financial Reporting for Postemployment Benefits other than Pensions* ("GASB 75"). The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Leases

The Corporation determines if an arrangement is a lease at inception of the contract. Right-to-use ("RTU") assets represent the Corporation's right to use the underlying assets for the lease term and lease liabilities represent the Corporation's obligation to make lease payments arising from the leases. RTU assets and lease liabilities are recognized at commencement date based on the present value of lease payments attributable to rent over the lease term. The Corporation uses an estimated incremental borrowing rate, which is derived from a rate that approximates actual financed purchase arrangements for equipment with similar characteristics. The Corporation does not record leases deemed to be short-term, with an initial term of 12 months or less, in its statement of net position.

Accrued Vacation and Sick Pay

The Corporation's employees are permitted to accumulate unused vacation time, sick pay and compensation time, up to certain maximum amounts as established by employment contracts. The Corporation accrues the expenses related to vested vacation, sick pay and compensation time based on pay rates in effect at year end.

Professional and Other Insurance Liabilities

Professional and other insurance liabilities, including loss adjustment expenses, represent management's best estimate using case basis evaluations and actuarial analysis. The estimate is based on the ultimate settlement cost of all unpaid losses and loss adjustment expenses incurred through December 31 of each policy year. The incurred but not reported reserves are estimated with the assistance of an independent actuary.

The ultimate settlement costs of all unpaid losses and loss adjustment expenses are necessarily subject to the impact of future changes in loss severity and other factors. Management believes the liability for losses and loss adjustment expenses is adequate and recognizes the variability inherent in the data used in determining the liabilities. However, there is an absence of a significant amount of experience as to whether the actual incurred losses and loss adjustment expenses will conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of losses and the related loss adjustment expenses may vary significantly from the estimated amounts included in the accompanying financial statements, and the differences could be material. The estimates are periodically reviewed and, as adjustments to these liabilities become necessary, they are reflected in current operations.

Equity Interest in Joint Venture

The Corporation has an ongoing 6% equity interest in HealthFirst, LLC ("LLC"), a not-for-profit managed care organization sponsored by New York State hospitals. At December 31, 2023, the Corporation's equity interest in the LLC is $30,951 and is recorded in other assets in the statement of net position. In 2023, the Corporation received distributions of $3,713 and recorded an increase in its equity interest in the LLC of approximately $3,803, which is included in other revenue in the statement of revenue, expenses and changes in net position for the year ended December 31, 2023. The LLC is a non-governmental organization and its separate financial statements are not publicly available.

In addition, $16,115 is included in other assets at December 31, 2023, which is related to retained payments due from the LLC.

Income Taxes

NHCC is a public benefit corporation of the State of New York and is exempt from federal income taxes under Section 115 of the Internal Revenue Code (the "Code"). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

NHCC's component units are exempt from income tax under Section 501(c)(3) of the Code, except for the Captive. The Captive has not elected to be treated as a U.S. taxpayer. There is presently no taxation imposed on income or premiums by the Government of the Cayman Islands. If any form of taxation were to be enacted, the Captive has been granted an exemption through April 26, 2041.

Adopted Accounting Pronouncements

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96 ("GASB 96") *Subscription-Based Information Technology Arrangements* ("SBITA"), which establishes a model for the accounting for SBITAs, which is defined as a contract that conveys the control of the right to use another party's information technology software in an exchange or exchange-like transaction. It establishes that SBITAs are an intangible asset that results in a RTU subscription asset and a corresponding subscription liability, provides the capitalization criteria, and outlines required note disclosures related to SBITAs.

(In thousands)

The Corporation adopted the new standard on January 1, 2023, applying the guidance to active SBITA arrangements as of January 1, 2023, and recorded a SBITA asset and liability of $9,440, representing the present value of the future cash flows of one subscription-based technology arrangement. Prior year financial statements were not restated to reflect the adoption as the amounts were deemed to be not material.

NOTE 3 - ASSETS RESTRICTED AS TO USE

Assets restricted as to use at December 31, 2023 consisted of the following:

Cash and cash equivalents	$ 39,562
Certificates of deposit	2,077
U.S. treasury bills	1,642
Total	$ 43,281

Investment income on cash and cash equivalents and restricted cash and cash equivalents consist of interest income of $3,011 for the year ended December 31, 2023 and is included in nonoperating activities.

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

Cash and cash equivalents are categorized as Level 1 and are reflected at carrying value, which approximates fair value. U.S. treasury bills are categorized as Level 2, and are reflected at fair value based on prices on inactive markets. The Corporation holds non-negotiable certificates of deposit, which are carried at amortized cost.

At December 31, 2023, NHCC's assets restricted as to use measured at fair value were categorized between Levels 1 and 2 as follows:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Cash and cash equivalents	$ 39,562	$ -	$ 39,562
U.S. treasury bills	-	1,642	1,642
	$ 39,562	$ 1,642	41,204
Certificates of deposit*			2,077
			$ 43,281

* Non-negotiable certificates of deposit that are not required to be leveled.

(In thousands)

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 is as follows:

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Capital assets, not being depreciated				
Land	$ 12,498	$ -	$ -	$ 12,498
Construction in process	9,289	2,240	-	11,529
Capital assets, being depreciated				
Building and improvements	248,974	32	-	249,006
Fixed equipment	123,294	3,079	-	126,373
Land improvements	17,130	-	-	17,130
Moveable equipment	258,455	13,800	(106)	272,149
Total capital assets	669,640	19,151	(106)	688,685
Less: accumulated depreciation for				
Building and improvements	(187,513)	(6,930)	-	(194,443)
Fixed equipment	(110,688)	(1,087)	-	(111,775)
Land improvements	(14,743)	(230)	-	(14,973)
Moveable equipment	(221,759)	(11,615)	106	(233,268)
Total accumulated depreciation	(534,703)	(19,862)	106	(554,459)
Carrying value of all capital assets, net	$ 134,937	$ (711)	$ -	$ 134,226

NOTE 5 - LONG-TERM DEBT

Long-term debt at December 31, 2023 consisted of the following:

Series 2009 Tax Exempt Bonds bearing fixed rate interest at 5% per annum. Interest is payable semi-annually on August 1 and February 1 of each year through Bond maturity on August 1, 2029. Bond principal is payable annually on August 1 of each year through Bond maturity on August 1, 2029.	$ 100,000
Bond Premium, net of amortization of $7,708	17,215
Other	1,270
Total long-term debt	118,485
Less: current portion	(15,545)
Long-term portion, net	$ 102,940

(In thousands)

Series 2009 Tax Exempt Bonds - Remarketed on July 1, 2021

The aforementioned fixed rate interest Series 2009 Bonds were re-issued on July 1, 2021 pursuant to a remarketing of the prior Series 2009A (Federally taxable), Series 2009 B, C and D (non-taxable) variable rate demand bonds ("VRDB") which had been in place since April 2009. The July 1, 2021 remarketing of the bonds resulted in the newly designated Series 2009 non-taxable fixed rate instruments and eliminated the requirements for swap agreements and letters of credit that had been in place in conjunction with the variable rate demand bond ("VRDB") structure of the prior bonds.

Pursuant to the remarketing of the bonds, bonds proceeds and the premium were used to: terminate the SWAPs under the prior VRDB structure; downsize the outstanding principal balance; and pay the costs of issuance.

The primary purpose of the remarketing of the bonds was to eliminate market risks associated with the VRDB's, as well as the requirements of letters of credit and swap agreements that were in place in conjunction with the VRDB structure. No significant economic gain or loss nor change in cash flow resulted from the remarketing.

The bonds are secured by payments made to NHCC by the County under a guaranty issued by the County pursuant to an ordinance adopted by the County dated March 1, 2009.

The County guarantees to the Trustee and the owners of Series 2009 Bonds the full and prompt payment of the principal and interest of the Series 2009 Bonds for the entire term of these bond series. The County has not been called upon to make any payments under the guaranty. The guaranty cannot be amended without the consent of the trustee (on behalf of the holders of the Bonds).

In connection with the issuance of the April 2009 Bonds, the Corporation incurred a loss of approximately $31,500. The loss on refunding (the difference between the reacquisition price and the net carrying amount of the old debt) is classified as a deferred outflow of resources. Amortization of the deferred loss was $3,681 for the year ended December 31, 2023 and accumulated amortization as of December 31, 2023 was $15,768.

Pursuant to the Stabilization Agreement and, subsequently, the Successor Agreement, the County deposits subsidies, payable to the Corporation, in an escrow account reserved for payment of the Series 2009 Bonds.

Principal payments on the Series 2009 Bonds are due annually on August 1. Interest payments are due semi-annually, payable on February 1 and August 1. Payments applicable to long-term debt for years subsequent to December 31, 2023 are as follows:

	Principal	Interest
2024	$ 15,545	$ 5,000
2025	15,980	4,223
2026	16,420	3,424
2027	16,890	2,603
2028	17,340	1,758
2029	17,825	891
	$ 100,000	$ 17,899

(In thousands)

NOTE 6 - TRANSACTIONS WITH THE COUNTY OF NASSAU

In September 2004, the Corporation and the County executed a stabilization agreement (the "Stabilization Agreement"), amending the original acquisition agreement (the "Acquisition Agreement"). The Stabilization Agreement intended to resolve disputed charges, clarify language in existing agreements and identify the principles to govern more comprehensive successor arrangements.

The following amounts are included in the accompanying statement of revenue, expenses and changes in net position, and represent transactions that occurred between the County and the Corporation during the year ended December 31, 2023:

Revenue earned from the County		
Net patient service revenue	$	1,023
Other revenues:		
Space charges		4,042
Non-patient care		20,967
Health insurance for retiree charges		14,294
Capital contributions		5,002
		45,328
County pass-through transactions		
Amounts paid on behalf of the County		932
Amounts paid on behalf of the County to Federally Qualified Health Center		5,000
State aid and other amounts collected by the County		1,309
Total transactions with the County	$	52,569

Non-patient care charges include nursing salaries and fringe benefits to provide medical assessment and case management services for Nassau County residents receiving benefits through the Department of Social Services. For 2023, it also includes approximately $19,118 in charges for administrative and operating costs to manage on-site medical services for inmates at the Nassau County Correctional Center, pursuant to a contract between NHCC and Nassau County. Payments from the County for patient care are recorded as net patient service revenue in the accompanying financial statements. Payments from the County for space charges, health insurance for retirees and non-patient care are recorded as other revenue.

Amounts paid on behalf of the County represent payments made by the Corporation for pension, vacation, sick and termination benefits. Under the terms of the Acquisition Agreement, these benefits, including the health insurance for retiree charges, are to be allocated between the County and the Corporation based on the employees' years of service pre- and post-Acquisition Agreement.

NOTE 7 - RETIREMENT PLANS

Benefit Plans

The New York State Comptroller's Office administers the New York State and Local Employers' Retirement System ("ERS") for which NHCC is a participating employer. The net position of ERS is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to ERS.

(In thousands)

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. ERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

ERS is a cost-sharing, multiple employer defined benefit pension plan. ERS is included in the New York State financial statements as a pension trust fund. The Public Employees' Group Life Insurance Plan ("GLIP") provides death benefits in the form of life insurance. Amounts related to GLIP have been apportioned to ERS. Separately issued financial statements for ERS can be accessed on the State Comptroller's website at www.osc.state.ny.us/pension/CAFR.htm.

ERS offers a wide range of programs and benefits. ERS benefits vary based on the date of membership, years of credited service and final average salary, vesting of retirement benefits, death and disability benefits, and optional methods of benefit payments. The plan provides a permanent annual cost-of-living increase to both current and future retired members meeting certain eligibility requirements. Participating employers are required under law to contribute to ERS on an actuarially determined rate which is determined annually by the State Comptroller and the contribution rate for the fiscal year ended March 31, 2023 ranged from 9.4% to 19.9% of payroll according to tiers. ERS provides retirement benefits as well as death and disability benefits. For those members joining prior to January 1, 2010, benefits generally vest after five years of credited service. For those joining after January 1, 2010, benefits generally vest after 10 years of credited service. This 10 year vesting was changed in 2022 to five year vesting for tiers 5 and 6. The RSSL provides that all participants in ERS are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Employees who joined ERS after July 27, 1976 and before January 1, 2010, and have less than 10 years of service or membership, are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012 are required to contribute 3.5% of their annual salary for their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. Employee contributions are deducted from their salaries and remitted on a current basis to ERS.

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

Net pension liabilities (assets), pension expense, deferred outflows of resources, and deferred inflows of resources amounts recorded to reflect the provisions of GASB No. 68 are reflective of ERS' published financial statements and actuarial valuations as of March 31, 2023 ("Measurement Date").

NHCC's respective net pension liability (asset), deferred outflows of resources, deferred inflows of resources and net pension expense related to ERS as of and for the year ended December 31, 2023 are as follows:

Proportionate share of the net pension liability (asset)		
Amount	$	154,910
Percentage		0.7223945%
Prior-year percentage		0.7405125%
Deferred outflows of resources	$	99,192
Deferred inflows of resources	$	7,124
Net pension expense	$	57,542

(In thousands)

NHCC's proportionate share of ERS' net pension asset is calculated consistent with the manner in which contributions to ERS are determined. ERS computed each employer's projected long-term contribution effort to ERS as compared to the total projected long-term contribution of all employers to ERS.

The components of pension related deferred outflows of resources and deferred inflows of resources at the Measurement Date are as follows:

Deferred outflows of resources		
Differences between expected and actual experience	$	16,499
Changes in proportion and differences between employer contributions and proportionate share of contributions		75,234
Change in assumptions		7,459
Total	$	99,192
Deferred inflows of resources		
Difference between expected and actual experience	$	4,351
Net difference between projected and actual investment earnings on pension plan investments		910
Change in assumptions		832
Changes in proportion and difference between employer contributions and proportionate share of contributions		1,031
Total	$	7,124

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be reflected as pension expense or reduction of pension expense, in the statement of revenue, expenses, and changes in net position as follows:

2024	$	23,003
2025		(6,033)
2026		32,634
2027		42,464
Net of deferred outflows and inflows - amortized	$	92,068

(In thousands)

Actuarial Assumptions

NHCC's net pension liability (asset) at the Measurement Date was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023. The 2023 actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry Age Normal
Inflation rate	2.9%
Salary increases	4.4% indexed by service
Investment rate of return, including inflation	5.9% compounded annually, net of investment expenses
Cost of living adjustments	1.5% annually
Decrements	Developed from the April 1, 2015 - March 31, 2020 system
Mortality improvement	Society of Actuaries Scale MP-2020

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class including target asset allocation at the Measurement Date are summarized below:

	ERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32%	4.30%
International equity	15%	6.85%
Private equity	10%	7.50%
Real estate	9%	4.60%
Opportunistic/Absolute return strategies portfolio	3%	5.38%
Credit	4%	5.43%
Real assets	3%	5.84%
Fixed income	23%	1.50%
Cash	1%	0.00%
	100%	

The 2023 real rate of return is net of the long-term inflation assumption of 2.5%.

(In thousands)

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% at December 31, 2023. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, ERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

NHCC's proportionate share of the net pension liability calculated using the respective discount rate, as well as what NHCC's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate are as follows:

	Rate	Amount
1% decrease	4.9%	$ 374,352
Current discount rate	5.9%	154,910
1% increase	6.9%	(28,459)

Deferred Pension Contributions

NYSRSSL Chapter 57 of the Laws of 2010 authorized the New York State and local employers to amortize over 10 years at 2.85% (2018), 2.33% (2017), 3.21% (2016), 3.15% (2015) and 3.67% (2014) interest, the portion of their annual bill that exceeded 14.9%, 15.1%, 14.5%, 13.5% and 12.5% of payroll for its 2018, 2017, 2016, 2015 and 2014 pension bills, respectively. There was no deferral of pension contributions subsequent to 2018. Total amount due at December 31, 2023 related to these deferred pension contributions is approximately $33,958, of which $5,395 is included in current liabilities and $28,563 included as part of other long-term liabilities.

NOTE 8 - HEALTH INSURANCE PLAN

Employees of the Corporation are provided health care benefits in accordance with New York State Health Insurance Rules and Regulations administered by the New York State Department of Civil Service (the "NYSHIP plan"). The Corporation's union contract and ordinances require the Corporation to provide all eligible enrollees with either the NYSHIP plan or other equivalent health insurance. The plan offers comprehensive benefits through an indemnity insurance plan with managed care features, consisting of hospital, medical, health, substance abuse and prescription drug programs. For the year ended December 31, 2023, expenses related to health insurance benefits for active and retired employees totaled approximately $102,689.

NOTE 9 - POSTEMPLOYMENT RETIREMENT HEALTH CARE BENEFIT PLAN

Substantially all employees are eligible for health insurance benefits upon retirement from the Corporation, subject to years of service requirements. Eligible retirees of the Corporation are provided health care benefits in accordance with the NYSHIP plan. The New York State Department of Civil Service administers the plan and has the authority to establish and amend the benefit provisions offered. The NYSHIP plan, considered an agent multiple-employer defined benefit plan, is not a separate entity or trust and does not issue stand-alone financial statements. The Corporation recognizes other post-employment benefits (“OPEB”) other than pension expenses on an accrual basis.

(In thousands)

There are no postemployment employee contributions required for the NYSHIP plan. The Corporation contributes a proportionate amount of the health insurance premiums for all employees who retire. The Corporation’s responsibility is based on the proportion of time the individual was employed by the Corporation compared to the time employed by the County. The Corporation funds such expenditures as incurred. Subsequent to the dates of the actuarial valuation (December 31, 2022), the Corporation paid approximately $22,485 during 2023 relative to these benefits, which have been reflected as employee benefits in the accompanying statement of revenue, expenses and changes in net position at December 31, 2023.

The following employees were covered by the benefit terms at the measurement date as of January 1, 2023:

Retired employees	2,134
Active employees	2,351
	4,485

Total OPEB Liability

The Corporation’s total OPEB liability at the measurement date was determined by using an actuarial valuation as of December 31, 2022 using the following actuarial assumptions:

Inflation rate	2.40% per year
Salary increases	3.50% per year
Discount rate	3.72% per year
Health care cost trend rates	Pre-Medicare: 3.5% to 14.4%; Medicare: 3.5% to 13.9%
Rate of Mortality	MP-2019 Factor

There were no significant changes in actuarial assumptions or other inputs, as of the December 31, 2022 measurement date described above, which affected the measurement of the total OPEB liability since the prior measurement date as of December 31, 2021.

The following table shows the components of the Corporation’s annual OPEB cost for the year ended December 31, 2023, the amount actually contributed to the plan, and changes in the net OPEB obligation.

Balance, at December 31, 2022	$ 881,802
Changes for the year	
Service cost	39,960
Interest cost	18,791
Differences between expected/actual	-
Changes in assumptions	(189,383)
Benefit payments	(19,259)
Net change	(149,891)
Balance, at December 31, 2023	$ 731,911

(In thousands)

Discount Rate

The discount rate used to calculate the total post retirement liability was 3.72% for the year ended December 31, 2023. The discount rate was based upon the 20-year bond buyer rate as published by the Bond Buyer 20-Bond GO Index.

Discount Rate Sensitivity

The Corporation's total OPEB liability calculated using the current discount rate, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate as of December 31, 2023 follows:

	Rate	Amount
1% decrease	2.72%	$ 838,079
Current discount rate	3.72%	731,911
1% increase	4.72%	645,033

Health Care Cost Trend Rate Sensitivity

The Corporation's total OPEB liability calculated using the current discount rate, as well as what the OPEB liability would be if it were calculated using a health care cost trend rate that is 1% lower or 1% higher than the current rate as of December 31, 2023 are as follows:

	Amount
1% decrease	$ 628,462
Healthcare cost trend rate	731,911
1% increase	861,926

OPEB Expense and Deferred Inflows of Resources

For the year ended December 31, 2023, the Corporation recognized OPEB expense of $33,414. The components of postretirement-related deferred outflows of resources and deferred inflows of resources at the measurement dates are as follows:

Deferred outflows of resources	
Differences between expected and actual experience	$ 23,870
Changes in assumptions	81,471
	$ 105,341
Deferred inflows of resources	
Differences between expected and actual experience	$ 254
Changes in assumptions	169,424
	$ 169,678

(In thousands)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as an increase (decrease) in OPEB expense as follows:

Year Ending	Amount
2024	$ (7,904)
2025	4,306
2026	(9,071)
2027	(20,285)
2028	(31,383)
	$ (64,337)

NOTE 10 - PROFESSIONAL AND OTHER INSURANCE LIABILITIES

For the policy years ended September 29, 2007 to 2023, the Captive issued hospital professional and employee benefits policies on a claims-made basis and commercial general liability policies on an occurrence basis. The Captive's liability on the hospital professional and employee benefits policies is $12,500 per person ($10,000 for policy years prior to 2008 and for 2021, $7,000 for policy years 2008 to 2020, and $12,500 for 2022) with no aggregate limit and $1,000 per claim up to an aggregate of $1,000, respectively. An excess buffer limit of $3,000 per person/$3,000 in the aggregate was introduced above the $7,000 per person primary limit on the hospital professional policy for the September 29, 2012 renewal and amended to $5,000 per person/$5,000 in the aggregate as of January 1, 2022 and $7,500 per person/$7,500 in the aggregate as of January 1, 2023. During 2015, the Captive entered into a commutable agreement with the Corporation, initiating a $1,000 deductible limit on all open claims as of December 31, 2015. The liability on commercial general policies is $1,000 per occurrence, except for fire damages, where the limit is $50 for any one fire, and medical payment, where the limit is $5 for any one person, up to an aggregate of $3,000.

At December 31, 2023, the Captive was in compliance with its minimum capital requirement.

In April 2016, the respective boards of NHCC and NHCC, Ltd., the Captive, agreed to make certain changes to the Insurance Program as follows: NHCC would have, retain and be responsible for the first $1,000 of losses for all hospital professional liability claims made from 1999 to the present, and would have, retain and be responsible for the first $1,000 of losses for all hospital professional liability claims on a going forward basis. NHCC, Ltd., would be responsible for reimbursing NHCC under the terms and conditions of hospital's professional liability excess coverage attaching at $1,000 for all open claims from 1999 and forward.

(In thousands)

The Captive's activity in the loss reserves and loss adjustment expenses is summarized as follows:

Balance, at beginning of year	$	17,985
Incurred related to		
Current year		(112)
Paid related to		
Prior years		-
Balance, at end of year	$	17,873

Losses and loss adjustment expenses for incurred claims for prior years reflect changes in estimates of the ultimate settlement of such losses.

Insurance reserves and the related insurance losses and loss adjustment expenses, recorded through the Captive, are recorded on an undiscounted basis at December 31, 2023.

In addition to the insurance coverage purchased from the Captive, the Corporation purchases umbrella and other coverage from commercial insurers. For the year ended December 31, 2023, this insurance expense totaled $2,328.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Collective Bargaining Agreement

Substantially all of the Corporation's employees are union employees who are covered under the terms of the collective bargaining agreement with the Civil Service Employees Association. A contract was ratified in November 2019, effective January 1, 2019, and expired on December 31, 2022. As of the date of reporting, negotiation of a contract extension and new collective bargaining agreement is in process.

Litigation and Claims

The Corporation is involved in litigation and claims which are not considered unusual to the Corporation's business. It is the opinion of management that such claims will not have a material adverse effect on the accompanying financial statements.

(In thousands)

NOTE 12 - OTHER OPERATING REVENUE

Other non-patient related County billings	$	40,612
Grant Funding		11,820
Health Center - LIFQHC staffing reimbursement		6,793
Medical staff housing		1,313
Equity investment in LLC		7,516
Pharmacy 340B		2,828
Cafeteria		956
Parking		567
Clerkship fees		2,084
Other miscellaneous revenue		3,693
	$	78,182

NOTE 13 - LONG-TERM LIABILITIES

A schedule of changes in the Corporation's long-term liabilities for 2023 follows:

		Balance December 31, 2022		Additions		Deductions		Balance December 31, 2023		Amounts Due Within One Year
Long-term debt	$	137,278	$	-	$	(18,793)	$	118,485	$	15,545
Self-insurance liability		73,785		14,151		(8,630)		79,306		14,130
Accrued vacation and sick leave		89,237		29,587		(28,618)		90,206		9,020
Third-party liabilities		41,369		29,505		(20,587)		50,287		3,825
Postemployment health insurance		881,802		58,751		(208,642)		731,911		19,395
Accrued pension benefits		-		154,910		-		154,910		-
Lease and SBITA liabilities		1,494		9,507		(3,779)		7,222		3,679
Other		45,174		27,101		(38,318)		33,957		5,395
Total noncurrent liabilities	$	1,270,139	$	323,512	$	(327,367)	$	1,266,284	$	70,989

NOTE 14 - LEASES AND SBITAS

Right to Use Lease Receivables

The Corporation leases to independent third parties. The rental income under these lease agreements was approximately $1,168 in 2023. As of December 31, 2023, the Corporation has lease receivables of approximately $12,883 and deferred inflows of resources of approximately $11,670 associated with these leases.

Right to Use Lease and SBITA Assets

Right to use lease and SBITA asset activity for the year ended December 31, 2023 was as follows:

	December 31, 2022	Additions	Retirements	December 31, 2023
Right to use lease assets				
Leased equipment	$ 2,169	$ 67	$ -	$ 2,236
SBITAs	9,440	-	-	9,440
Total right to use assets	11,609	67	-	11,676
Lease accumulated amortization for				
Leased equipment	(714)	(753)	-	(1,467)
SBITAs	-	(3,392)	-	(3,392)
Total accumulated amortization	(714)	(4,145)	-	(4,859)
Right to use assets, net	$ 10,895	$ (4,078)	$ -	$ 6,817

Right to Use Lease and SBITA Liabilities

The Corporation has entered into certain lease and SBITA agreements that are collateralized by the underlying assets and bear interest at rates of approximately 5%. The interest expense under these leases and SBITAs was approximately $461 in 2023.

The following is the activity of right to use lease and SBITA liabilities for the year ended December 31, 2023 (amounts in thousands):

	December 31, 2022	Additions	Reductions	December 31, 2023	Amounts Due Within One Year
Leased equipment	$ 1,494	$ 67	$ (711)	$ 850	$ 454
SBITAs	9,440	-	(3,068)	6,372	3,225
	$ 10,934	$ 67	$ (3,779)	$ 7,222	$ 3,679

The following is a schedule by year of future contractual principal and interest (based on interest rates at December 31, 2023) payments on lease and SBITA liabilities at December 31, 2023:

	Principal	Interest	Total
2024	$ 3,679	$ 275	$ 3,954
2025	3,444	94	3,538
2026	99	2	101
	$ 7,222	$ 371	$ 7,593

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Nassau Health Care Corporation
(A Component Unit of the County of Nassau, New York)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

Year ended December 31, 2023
(In thousands)

The schedule that follows is required supplementary information and is presented as of and for the Corporation's fiscal year ended December 31, 2023, using a measurement date of December 31, 2022:

As of and for the Year Ended December 31, 2023

Total OPEB liability		
Service cost	$	39,960
Interest		18,791
Changes of assumptions		(189,383)
Differences between expected and actual experience		-
		(130,632)
Benefit payments		(19,259)
Net change in total OPEB liability		(149,891)
Total OPEB liability, beginning		881,802
Total OPEB liability, ending	$	731,911
Plan net position as a percentage of OPEB liability		0.00%
Covered employee payroll	$	185,691
Net OPEB liability as a percentage of covered employee payroll		394.16%

Changes in benefit terms: There were no significant legislative changes in benefits for December 31, 2023.

The "Schedule of Changes in Net OPEB Liability and Related Ratios" presented above is to illustrate the required 10-year trend of information. However, until the Corporation can compile a full 10-year trend of information, the Corporation is presenting the information for which information was available.

Nassau Health Care Corporation
(A Component Unit of the County of Nassau, New York)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - LAST 10 YEARS* (UNAUDITED)

December 31, 2023
(In thousands)

Reporting Fiscal Year (Measurement Date, March 31,)	Corporation's Proportion of the Net Pension Liability (Asset) %	Corporation's Proportion of the Net Pension Liability (Asset) $	Corporation's Covered Employee Payroll	Corporation's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015 (2015)	0.775%	$ 26,166	$ 197,147	13.27%	97.90%
2016 (2016)	0.720%	115,578	209,773	55.10%	90.70%
2017 (2017)	0.730%	68,606	217,123	31.60%	94.70%
2018 (2018)	0.721%	23,266	220,450	10.55%	98.24%
2019 (2019)	0.711%	50,342	221,503	22.73%	96.27%
2020 (2020)	0.690%	182,739	229,683	79.56%	86.39%
2021 (2021)	0.729%	726	240,106	0.30%	99.95%
2022 (2022)	0.741%	(60,534)	245,531	24.65%	103.65%
2023 (2023)	0.722%	154,910	267,169	57.98%	90.78%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - LAST 10 YEARS*

Reporting Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Corporation's Covered Employee Payroll	Contributions as a Percentage of Employee Covered Payroll
2015	$ 37,630	$ 30,980	$ 6,650	$ 197,147	15.67%
2016	37,232	33,979	3,253	209,773	16.20%
2017	37,785	34,897	2,888	217,123	16.07%
2018	37,550	36,711	839	220,450	16.65%
2019	37,318	37,318	-	221,503	16.85%
2020	37,691	37,691	-	229,683	16.41%
2021	42,377	42,377	-	240,106	17.65%
2022	37,813	37,813	-	245,531	15.40%
2023	38,114	38,114	-	267,169	14.27%

* These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

SUPPLEMENTARY INFORMATION

Nassau Health Care Corporation
(A Component Unit of the County of Nassau, New York)

COMBINING SCHEDULE OF NET POSITION

December 31, 2023
(In thousands)

	Operational Divisions			Blended Component Units				
	NUMC	AHP	FPP	NHCC, Ltd.	Nassau Healthcare Foundation	Long Island Medical Foundation	Eliminations	Total
ASSETS								
Current assets								
Cash and cash equivalents	$ 41,461	$ 6,589	$ 587	$ -	$ -	$ -	$ (8,920)	$ 39,717
Patient accounts receivable, net	36,289	7,381	4,443	-	-	-	-	48,113
Inventories	12,406	186	-	-	-	-	-	12,592
Prepaid expenses	5,070	588	-	-	-	-	-	5,658
Lease receivable	2,345	-	-	-	-	-	-	2,345
Other receivables	51,803	4,434	-	-	-	1	-	56,238
Due from third-party payors	3,573	-	-	-	-	-	-	3,573
Assets restricted as to use, required for current liabilities	886	841	-	35,625	-	-	-	37,352
Due from Nassau County	21,145	-	-	-	-	-	-	21,145
Due from other funds, net	1,962	(12,657)	5,327	5,068	-	-	300	-
Total current assets	176,940	7,362	10,357	40,693	-	1	(8,620)	226,733
Assets whose use is limited, net of current portion	-	-	-	-	4,302	1,627	-	5,929
Capital assets, net	118,127	16,094	-	-	5	-	-	134,226
Right to use lease assets, net	6,801	16	-	-	-	-	-	6,817
Lease receivable, net of current portion	10,538	-	-	-	-	-	-	10,538
Estimated pension asset	-	-	-	-	-	-	-	-
Other assets	47,778	-	-	-	66	-	-	47,844
Total assets	$ 360,184	$ 23,472	$ 10,357	$ 40,693	$ 4,373	$ 1,628	$ (8,620)	$ 432,087
Deferred outflows of resources								
Deferred charge on refunding	$ 13,091	$ 2,640	$ -	$ -	$ -	$ -	$ -	$ 15,731
Pension and OPEB related	169,262	35,271	-	-	-	-	-	204,533
Total deferred outflows of resources	$ 182,353	$ 37,911	$ -	$ -	$ -	$ -	$ -	$ 220,264

Nassau Health Care Corporation
(A Component Unit of the County of Nassau, New York)

COMBINING SCHEDULE OF NET POSITION - CONTINUED

December 31, 2023
(In thousands)

	Operational Divisions			Blended Component Units				
	NUMC	AHP	FPP	NHCC, Ltd.	Nassau Healthcare Foundation	Long Island Medical Foundation	Eliminations	Total
LIABILITIES								
Current liabilities								
Current portion of long-term debt	$ 12,281	$ 3,264	$ -	$ -	$ -	$ -	$ -	$ 15,545
Accounts payable and accrued expenses	332,645	65,353	155	135	-	-	-	398,288
Accrued salaries and related withholdings	17,589	2,939	3,069	-	-	-	-	23,597
Current portion of postemployment health insurance liability	16,098	3,297	-	-	-	-	-	19,395
Current portion of vacation and sick leave	7,099	1,921	-	-	-	-	-	9,020
Current portion of estimated self-insurance liability	14,130	-	-	-	-	-	-	14,130
Current portion of estimated liability to third-party payors	3,825	-	-	-	-	-	-	3,825
Current portion of lease liability	3,661	18	-	-	-	-	-	3,679
Other current liabilities	16,633	(10,554)	-	-	-	-	-	6,079
Interest payable	1,646	437	-	-	-	-	-	2,083
Total current liabilities	425,607	66,675	3,224	135	-	-	-	495,641
Long-term debt, net	81,593	21,347	-	-	-	-	-	102,940
Estimated liability to third-party payors, net	39,511	6,451	500	-	-	-	-	46,462
Estimated pension liability, net	127,921	26,989	-	-	-	-	-	154,910
Estimated postemployment health insurance liability, net	591,389	121,127	-	-	-	-	-	712,516
Estimated self-insurance liability, net	47,303	-	-	17,873	-	-	-	65,176
Accrued vacation and sick leave, net	63,893	17,293	-	-	-	-	-	81,186
Lease liability	3,542	1	-	-	-	-	-	3,543
Other liabilities	24,585	3,977	-	-	-	-	-	28,562
Total liabilities	$ 1,405,344	$ 263,860	$ 3,724	$ 18,008	$ -	$ -	$ -	$ 1,690,936
Deferred inflows of resources								
Pension and OPEB related	$ 146,709	$ 30,093	$ -	$ -	$ -	$ -	$ -	$ 176,802
Lease related	11,670	-	-	-	-	-	-	11,670
Total deferred inflows of resources	$ 158,379	$ 30,093	$ -	$ -	$ -	$ -	$ -	$ 188,472
Net position								
Net investment in capital assets	$ 70,150	$ 9,765	$ -	$ 8,920	$ -	$ -	$ (8,920)	$ 79,915
Restricted	-	-	-	-	-	1,628	-	1,628
Unrestricted	(1,091,336)	(242,335)	6,633	13,765	4,373	-	300	(1,308,600)
Total net position	$ (1,021,186)	$ (232,570)	$ 6,633	$ 22,685	$ 4,373	$ 1,628	$ (8,620)	$ (1,227,057)

Nassau Health Care Corporation
(A Component Unit of the County of Nassau, New York)

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended December 31, 2023
(In thousands)

	Operational Divisions			Blended Component Units				
	NUMC	AHP	FPP	NHCC, Ltd.	Nassau Healthcare Foundation	Long Island Medical Foundation	Eliminations	Total
Operating revenue								
Net patient service revenue	$ 454,941	$ 64,806	$ 31,583	$ -	$ -	$ -	$ (14,539)	$ 536,791
Other revenue	72,827	3,376	13	5,068	1,494	472	(5,068)	78,182
Total operating revenue	527,768	68,182	31,596	5,068	1,494	472	(19,607)	614,973
Operating expenses								
Salaries	257,509	45,323	15,148	-	217	97	-	318,294
Employee benefits - pension	23,094	3,419	-	-	6	-	-	26,519
Employee benefits - other	111,752	22,856	574	-	24	8	-	135,214
Supplies and other expenses	174,793	12,918	15,874	1,979	1,980	287	(19,607)	188,224
Depreciation and amortization	23,246	764	-	-	2	-	-	24,012
	590,394	85,280	31,596	1,979	2,229	392	(19,607)	692,263
Income (loss) before OPEB expense and NYS actuarial pension adjustment - GASB 68	(62,626)	(17,098)	-	3,089	(735)	80	-	(77,290)
Employee benefits - OPEB	(27,734)	(5,680)	-	-	-	-	-	(33,414)
NYS actuarial pension adjustment - GASB 68	(25,703)	(5,452)	-	-	-	-	-	(31,155)
Operating (loss) income	(116,063)	(28,230)	-	3,089	(735)	80	-	(141,859)
Nonoperating activities								
Interest income	2,433	179	-	870	154	35	-	3,671
Interest expense	(4,570)	(2,600)	-	-	-	-	-	(7,170)
Health insurance relief funding	48,000	12,000	-	-	-	-	-	60,000
Total nonoperating activities, net	45,863	9,579	-	870	154	35	-	56,501
Capital contributions	9,314	-	-	-	-	-	-	9,314
CHANGE IN NET POSITION	(60,886)	(18,651)	-	3,959	(581)	115	-	(76,044)
Net position, beginning of year	(960,300)	(213,919)	6,633	18,726	4,954	1,513	(8,620)	(1,151,013)
Net position, end of year	$ (1,021,186)	$ (232,570)	$ 6,633	$ 22,685	$ 4,373	$ 1,628	$ (8,620)	$ (1,227,057)

GRANT THORNTON LLP
757 Third Avenue, 9th Floor
New York, NY 10017-2013

D +1 212 599 0100
F +1 212 370 4520

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Nassau Health Care Corporation
(A Component Unit of the County of Nassau, New York)

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities of Nassau Health Care Corporation (the "Corporation"), a component unit of the County of Nassau, New York, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated June 18, 2024.

Report on internal control over financial reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001, that we consider to be a significant deficiency in the Corporation's internal control.

GrantThornton

Report on compliance and other matters
As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

Grant Thornton LLP

New York, New York
June 18, 2024

Nassau Health Care Corporation
(A Component Unit of the County of Nassau, New York)

SCHEDULE OF FINDINGS AND RESPONSES

Year ended December 31, 2023

Finding 2023-001 - Administrative access to general ledger system

Condition

Certain non-IT users maintain administrative access to the Lawson application.

Context

The Lawson application is the Corporation's general ledger accounting system.

Criteria

A basic element of internal control is the adequacy of segregation of duties. Accordingly, individuals that have responsibilities for administering critical applications and systems should be separate from those individuals responsible for recording or approving financial transactions as well as individuals outside of the IT department.

Cause

Administrative access to the Lawson application was granted to four non-IT users.

Effect

The potential exists for changes to the Lawson application that are not tested or authorized by the IT department.

Recommendation

We recommend segregating responsibilities for administering critical applications or systems to individuals not functionally responsible for financial transactions as well as those outside of the IT department. While each department should be responsible for determining which application access rights each employee should be granted, responsibility for administrating privileges should reside with IT staff and not with the functional areas.

Views of Responsible Official and Planned Corrective Action

The non-IT users maintain elevated access due to the system upgrade currently taking place. Access is necessary to test and perform necessary functions regarding the upgrade. After the upgrade is complete administrator access will be removed from these users.