

Chief Executive Officer  
Louis Ward, MHA



**Board of Directors**  
Michael D. Kerns, President  
Beatriz Vasquez, PhD, Vice President  
Abe Hathaway, Secretary  
Allen Albaugh, Treasurer  
Laura Beyer, Director

## Finance Committee Meeting Agenda

May 23, 2018 10:30am  
Boardroom (Fall River Mills)

### Attendees

Allen Albaugh, Chair, Board Member  
Abe Hathaway, Board Member  
Louis Ward, CEO  
Travis Lakey, CFO

				Approx. Time Allotted
1	<b>CALL MEETING TO ORDER</b>	Chair Allen Albaugh		
2	<b>CALL FOR REQUEST FROM THE AUDIENCE - PUBLIC COMMENTS OR TO SPEAK TO AGENDA ITEMS</b>			
3	<b>APPROVAL OF MINUTES</b>			
3.1	Regular Meeting – March 28, 2018	Attachment A	<b>Action Item</b>	2 min.
4	<b>DEPARTMENT REPORTS</b>			
4.1	Purchasing	Steve Sweet	Report	10 min.
4.2	Lab	Chris Hall	Report	10 min.
5	<b>FINANCIAL REVIEWS</b>			
5.1	March & April Financials	Sent by Travis Lakey	<b>Action Item</b>	5 min.
5.2	Accounts Payable (AP)/Accounts Receivable (AR)		<b>Action Item</b>	5 min.
5.3	BOD Quarterly Finance Review		<b>Action Item</b>	5 min.
6	<b>CONSTRUCTION CHANGE ORDER POLICY</b>	Attachment B	<b>Action Item</b>	5 min.
8	<b>ADMINISTRATIVE REPORT</b>	Louis Ward	Report	10 min.
9	<b>OTHER INFORMATION/ANNOUNCEMENTS</b>			Information 5 min.
10	<b>ADJOURNMENT:</b> Next Regular Meeting – June 27, 2018 (Burney)			

P.O. Box 459 – 43563 Highway 299 East, Fall River Mills, CA 96028 Tel. (530) 336-5511 Fax (530) 336-6199 <http://www.mayersmemorial.com>

Public records which relate to any of the matters on this agenda (except Closed Session items), and which have been distributed to the members of the Board, are available for public inspection at the office of the Clerk to the Board of Directors, 43563 Highway 299 East, Fall River Mills CA 96028. This document and other Board of Directors documents are available online at [www.mayersmemorial.com](http://www.mayersmemorial.com).

Chief Executive Officer  
Louis Ward, MHA



Mayers Memorial Hospital District

**Board of Directors**

Michael D. Kerns, President  
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Allen Albaugh, Treasurer  
Laura Beyer, Director

Board of Directors  
**Finance Committee**  
**Minutes**

March 28, 2018 – 10:30am  
Boardroom (Fall River Mills)

*These minutes are not intended to be a verbatim transcription of the proceedings and discussions associated with the business of the board's agenda; rather, what follows is a summary of the order of business and general nature of testimony, deliberations and action taken.*

- 1 **CALL MEETING TO ORDER:** Board Chair Allen Albaugh called the meeting to order at 10:30am on the above date.

**BOARD MEMBERS PRESENT:**

Allen Albaugh, Chair, Board Member  
Abe Hathaway, Board Member

**STAFF PRESENT:**

Louis Ward, CEO  
Travis Lakey, CFO  
Ryan Harris, DOO  
Sherry Rodriguez  
Jessica Stadem, Board Clerk

**OTHERS PRESENT:**

- 
- 2 **CALL FOR REQUEST FROM THE AUDIENCE – PUBLIC COMMENTS OR TO SPEAK TO AGENDA ITEMS**

None

- 
- 3 **APPROVAL OF MINUTES**

3.1 A motion/second carried; committee members accepted the minutes of February 28, 2018 Hathaway/Albaugh **Approved All**

- 
- 4 **DEPARTMENT REPORTS**

4.1 **Environmental Services** – In addition to written report. Still collecting quotes for linens and equipment. Medline for linen, budgeted for 22k, quote for 13k; washers 14k and 11k quotes, budgeted for 32k, still waiting for dryer, will use some equipment from Burney; drawings ready, going to Redding tomorrow to pull permits, may need to increase gas line; will include both hospital and resident laundry in burney, surgery laundry stays in FR; Aramark contract cancelled as of Feb. 2019; savings of approx. 4,500 per week, will add 3 jobs; will add backup generator to building; 400k over 10 years savings; possible start of May depending on permits

- 
- 5 **FINANCIAL REVIEWS**

5.1 February Financials - A motion/second carried; committee members accepted the February Financials. Albaugh/Hathaway **Approved All**

5.2 Accounts Payable (A/P)/Accounts Receivable (A/R) - A motion/second carried; committee members accepted the February (A/P)/(A/R). Albaugh/Hathaway **Approved All**

- 
- 6 **SOLAR PROPOSAL PRESENTATION**

K12 solar presentation, background and projects of company, explained charges and how will look different on PGE bills, explained lifetime savings chart; will continue looking at numbers and explore all options; add presentation to notes; interested in hiring consultant to do research and find more info and benefits; will present at SP retreat.

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7 **AUDIT PRESENTATION**

Wipfli auditors presented via WebEx. Documents provided with financial email sent by Travis. Should use info to promote to community.

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8 **ADMINISTRATIVE REPORT**

Will do full report at regular board meeting, discuss staffing issues, change orders plan presented will take to full board (over \$50k consult board finance, 24 hours to confirm), master planning session on April 12 to discuss all projects.

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9 **OTHER INFORMATION/ANNOUNCEMENTS**

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10 **ADJOURNMENT:** 12:20pm

Next Finance Committee Meeting – April 25, 2018 (Burney)

The easiest way to go solar  
**PAY AS YOU GO**

Thursday March 8th, 2018

Design: REC

# Mayers Memorial Hospital District

43563 Ca-299 Fall River Mills, C 96028

We are proposing a **540.2kWp** Ballasted on Flat TPO Roof system estimated to generate 713,115kWh in year 1.

Under the **Pay As You Go** program you buy solar electricity at a substantially lower cost than the utility with **no up front money, a positive cash flow and without adding any debt** while monetizing some of the solar tax incentives. We invest and build the system. Once the system is up and running you pay for the power generated.

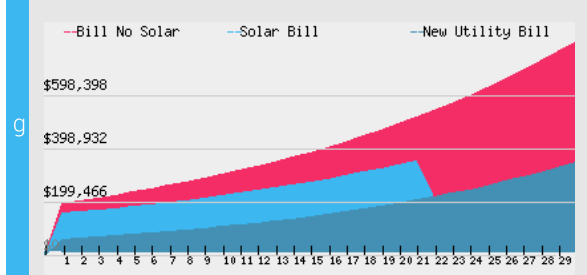
- Save money from day 1 with no up front cost.
- Protect your organization against rising electricity rates.
- Solar price is locked for 25 years.
- No need to worry about repairs, we maintain the system at no cost to you.
- Renew, buyout, upgrade, or free removal at the end of the term.
- **Pros:** No risk to you, we put up all the money, if the system does not work you don't pay.
- **Cons:** It is a 25 year commitment but the price of solar electricity and escalator are locked from day 1 for the duration of the program.

## Savings Analysis based on your consumption

### Pay As You Go

a	12 mo. Electric Bill Before Solar <sup>*1</sup> for all meters (see back for details)	\$193,838
b	Est. 12 mo. Electric Bill After Solar <sup>*2</sup> for all meters (see back for details). This will be paid to the utility.	\$59,446
c	Est. first 12 mo. Pay As You Go Payment <sup>*3</sup>	\$95,985
d	Est. Savings for first 12 months <sup>*4</sup> (a) minus (b) minus (c)	\$38,407
		<b>20%</b>
e	Est. 20 Year Savings <sup>*5</sup>	\$1,739,404
f	Est. 30 Year Savings	\$5,357,732

### Est. 30 Year Cash Flow



The red area represents the electric bill if you don't go solar. The blue areas shows the new electric bill and solar bill. The difference between the blue and red is your savings.

<sup>\*1</sup> <sup>\*2</sup> <sup>\*3</sup> <sup>\*4</sup> <sup>\*5</sup> See Long Term Cash Flow Table on page 2 for footnotes and details.



Our team has built & financed \$350M of solar projects. We focus exclusively on helping nonprofits and schools.



Destiny Church, Rocklin, CA 1,000kW



Quail Lakes Church, Stockton, CA 276kW



Church of the Foothills, Cameron Park, CA 127kW



Bryte Baptist Church, Sacramento, CA 157kW



Lutheran Church of Resurrection, Granite Bay, CA

Proposal expires in 7 days (Mar 15th, 2018)

CONFIDENTIAL

Recent Projects

## Pay As You Go Terms

Solar System Size	540.2kWp DC (1688 solar panels)
Est. Generation first 12 months	713,115kWh/y1, yield 1,320kWh/kWp/y1
Price x kWh	\$0.1346
Duration / Term	25 years
Price annual inflation	2.9%

Included	Warranties	Assumptions	Excluded
Engineering, procurement, construction, interconnection of a turnkey solar system	- 25 year solar panel production warranty - 20 year Inverter warranty - 20 year K12 Solar workmanship warranty - Performance warranty - Bonded and Insured	- Access to site during business hours - No prevailing or union work required - K12 is not liable for unmarked or mislabeled underground utilities - 24 hour security is not required - K12 is not liable for injury from a marked safety area	- Tree and stump removal - Hard rock excavation - Utility transformer upgrade - Switchgear upgrade - Clearing and demolition - Remodel of existing buildings - Removal of hazardous materials - Subexcavation - Removal unsuitable soils - Relocation of existing utilities - Landscaping - SWPP Implementation - Parking lot restriping

## Meter(s) included in this proposal

The total consumptions for all meters analyzed is 1,016,963kWh with an overall average price of 0.191 \$/kWh (total bills / kWh)

Meter	Before Solar Bill				Est. After Solar Bill				
	Demand	Energy	Charges	Total	Demand	Energy	Charges	Total	kWp
E19-4099 1009514099 <sup>1</sup>	\$4,124	\$5,023	\$7,195	\$16,342	\$0	\$0	\$1,034	\$1,034	28.2
E19-8736 1006728736 <sup>2</sup>	\$70,438	\$99,863	\$7,195	\$177,496	\$35,188	\$2,585	\$20,639	\$58,412	512.0
<b>Totals</b>	<b>\$74,562</b>	<b>\$104,886</b>	<b>\$14,390</b>	<b>\$193,838</b>	<b>\$35,188</b>	<b>\$2,585</b>	<b>\$21,673</b>	<b>\$59,446</b>	<b>540.2</b>

<sup>1</sup>Period 1/17-12/30 E19 to A6; \$721 NBC<sup>2</sup>Period 1/17-12/30 E19 to E19R, \$13K NBC

## Long Term Cash Flow

Year	Old Electric Bill <sup>1</sup>	Est. New Electric Bill <sup>2</sup>	Solar Bill <sup>3</sup>	Est. Savings <sup>4</sup>	Est. Cumulative Savings
1	\$193,838	\$59,446	\$95,985	\$38,407	\$38,407
2	\$203,530	\$63,406	\$98,077	\$42,046	\$80,453
3	\$213,706	\$67,606	\$100,215	\$45,885	\$126,338
4	\$224,392	\$72,060	\$102,400	\$49,932	\$176,270
5	\$235,611	\$76,783	\$104,632	\$54,197	\$230,466
6	\$247,392	\$81,790	\$106,912	\$58,690	\$289,156
7	\$259,761	\$87,096	\$109,243	\$63,422	\$352,578
8	\$272,750	\$92,720	\$111,624	\$68,405	\$420,984
9	\$286,387	\$98,679	\$114,057	\$73,651	\$494,635
10	\$300,706	\$104,993	\$116,543	\$79,170	\$573,805
11	\$315,742	\$111,681	\$119,083	\$84,977	\$658,782
12	\$331,529	\$118,765	\$121,679	\$91,085	\$749,867
13	\$348,105	\$126,267	\$124,331	\$97,507	\$847,374
14	\$365,510	\$134,211	\$127,041	\$104,258	\$951,632
15	\$383,786	\$142,622	\$129,810	\$111,354	\$1,062,986
16	\$402,975	\$151,525	\$132,640	\$118,810	\$1,181,796
17	\$423,124	\$160,950	\$135,531	\$126,643	\$1,308,439
18	\$444,280	\$170,924	\$138,485	\$134,871	\$1,443,310
19	\$466,494	\$181,480	\$141,504	\$143,511	\$1,586,821
20	\$489,819	\$192,648	\$144,588	\$152,583	\$1,739,404
21-30	\$6,468,935	\$2,702,866	\$147,740	\$3,618,329	\$5,357,732

<sup>1</sup>Your bill if you don't go solar assuming an annual inflation rate of 5.0%. This number excludes taxes and fees.

<sup>2</sup>Annual amount you would expect to pay the utility if you go solar. This number exclude taxes and fees. We assume an annual electricity inflation of 5.0% and a solar system overall generation degradation of 0.7%. We also assume your consumption in the future will be identical to the period we analyzed and that the utility will not change price/rate structures or net metering. This is based on a typical meteorological year at your location.

<sup>3</sup>Solar bill that is calculated as the kWh generated times the kWh price adjusted annually by an inflation of 2.90%.

<sup>4</sup>Your current electric bill minus your new utility bill minus your new solar bill. We assume at the end of the term you buy the solar system from us.

## Documents Required

1. Financials: most recent year-to-date financial statements, plus the two prior years historical financial statements, including balance sheet and income statement (P&L)
2. Mortgage deed of trust & recent statements
3. Articles of Incorporation & By-Laws
4. Copy of recent appraisal, if available

## Prepared By

Dean Marks  
Senior Analyst



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El Dorado Hills, CA 95762

# Mayers Memorial Hospital District



## Presentation of 2017 Audit Results

March 28, 2018

# Table of Contents

- Review of Audited Financial Statements
- Financial Analysis
- Key Financial Indicators

The following information is solely for the use of the Board of Directors and management. The financial information was derived from the audited financial statements for the years ended June 30, 2015, through June 30, 2017, and from other information obtained through the course of our audits.

# REVIEW OF AUDITED FINANCIAL STATEMENTS

## Financial Statements and Supplementary Information

For the Year Ended  
June 30, 2017





# Audited Financial Statement Review

<i>Statements of Net Position - Assets and Deferred Outflows of Resources</i>	2017	2016	Change 2016 to 2017	Percent Change
	<i>(in thousands)</i>			
Current assets:				
Cash and cash equivalents				
Cash	\$ 5,044	\$ 2,570	\$ 2,474	96%
Current portion of restricted cash	483	432	51	12%
Patient and resident receivables - Net	3,243	3,723	(480)	-13%
Prepays	387	328	59	18%
Inventories	399	358	41	11%
Due from third-party reimbursement programs	1,405	1,913	(508)	-27%
<b>Total current assets</b>	<b>10,961</b>	<b>9,324</b>	<b>1,637</b>	<b>17.6%</b>
Noncurrent assets:				
Capital assets - Net	9,589	9,471	118	1%
Restricted cash less current portion	514	516	(2)	0%
<b>Noncurrent assets - Net</b>	<b>10,103</b>	<b>9,987</b>	<b>116</b>	<b>1.2%</b>
<b>Total assets</b>	<b>21,064</b>	<b>19,311</b>	<b>1,753</b>	<b>9.1%</b>
Deferred outflow of resources - Change on bond refunding	61	121	(60)	-50%
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 21,125</b>	<b>\$ 19,432</b>	<b>\$ 1,693</b>	<b>9%</b>

- Overall cash and cash equivalents increased due to increased cash provided by operations over prior year, after payment of debt obligations, capital purchases, and uses in cash from noncapital financing activities.
- Third party reimbursement decreased due to the collection of EHR incentive payments and the state catching up on outstanding IGT payments.
- Capital assets – Net increased primarily due to increased CIP activity for the new building and equipment upgrades.

# Audited Financial Statement Review

<i>Statements of Net Position - Liabilities and Net Position</i>	2017	2016	Change 2016 to 2017	Percent Change
	<i>(in thousands)</i>			
Current liabilities:				
Current portions of long-term debt and capital lease obligations	\$ 679	\$ 755	\$ (76)	-10%
Current portion - unearned revenue	452	452	-	0%
Accounts payable	461	383	78	20%
Patient balances payable	163	190	(27)	-14%
Accrued expenses	924	1,212	(288)	-24%
Cash held in trust for others	18	21	(3)	-14%
<b>Total current liabilities</b>	<b>2,697</b>	<b>3,013</b>	<b>(316)</b>	<b>-10.5%</b>
Long-term liabilities:				
Long-term debt and capital lease obligations - Net of current portions	7,909	8,504	(595)	-7%
Unearned revenue - Less current portion	-	452	(452)	-100%
<b>Total long-term liabilities</b>	<b>7,909</b>	<b>8,956</b>	<b>(1,047)</b>	<b>-11.7%</b>
<b>Total liabilities</b>	<b>10,606</b>	<b>11,969</b>	<b>(1,363)</b>	<b>-11.4%</b>
Net position				
Net invested in capital assets	3,745	2,964	781	26%
Restricted cash	997	948	49	5%
Unrestricted	5,777	3,551	2,226	63%
<b>Total net position</b>	<b>10,519</b>	<b>7,463</b>	<b>3,056</b>	<b>40.9%</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 21,125</b>	<b>\$ 19,432</b>	<b>\$ 1,693</b>	<b>9%</b>

- Long-term liabilities decreased due to paying off the EHR loan as well as the continued payments on existing debt.
- Accounts payable decreased due to the continuing effort by management to reduce outstanding invoices and remain current with all vendors.
- Patient balances payable decreased due to the increased focus on patient receivable management.

# Audited Financial Statement Review

Statements of Revenues, Expenses, and Changes in Net Position			2016 to 2017	
	2017	2016	\$ Change	% Change
	<i>(in thousands)</i>			
Revenue:				
Gross patient and resident service revenue	\$ 36,478	\$ 36,655	\$ (177)	-0.5%
Less contractual adjustments and provision for bad debt	13,438	13,894	(456)	-3.3%
Net patient and resident service revenue	23,040	22,761	279	1.2%
Other operating revenue	912	907	5	0.6%
<b>Total revenue</b>	<b>23,952</b>	<b>23,668</b>	<b>284</b>	<b>1.2%</b>
Operating expenses:				
Salaries and wages	10,304	10,210	94	0.9%
Employee benefits	2,710	2,643	67	2.5%
Professional fees	1,706	1,920	(214)	-11.1%
Supplies	2,369	2,120	249	11.7%
Purchased services	2,472	2,077	395	19.0%
Repairs and maintenance	407	409	(2)	-0.5%
Rents and leases	93	109	(16)	-14.7%
Utilities	482	446	36	8.1%
Insurance	219	187	32	17.1%
Other	556	477	79	16.6%
Depreciation	1,322	1,372	(50)	-3.6%
<b>Total operating expenses</b>	<b>22,640</b>	<b>21,970</b>	<b>670</b>	<b>3.0%</b>
<b>Gain from operations</b>	<b>1,312</b>	<b>1,698</b>	<b>(386)</b>	<b>-22.7%</b>
Nonoperating revenues (expenses):				
Property taxes	1,221	1,112	109	9.8%
Interest income	-	-	-	0.0%
Other income	1,066	993	73	7.4%
Interest expense	(543)	(642)	99	-15.4%
<b>Total nonoperating revenue - net</b>	<b>1,744</b>	<b>1,463</b>	<b>281</b>	<b>19.2%</b>
Excess of revenues over expenses	3,056	3,161	(105)	-3.3%
Net position at beginning	7,463	4,302	3,161	0.0%
<b>Net position at end</b>	<b>\$ 10,519</b>	<b>\$ 7,463</b>	<b>\$ 3,056</b>	<b>40.9%</b>

- Gross patient service revenue decreased by about \$0.18 or (0.5%) in 2017:
  - The average rate of increase for outpatient services except for radiology increased by 5%.
  - Inpatient days remained relatively close to the prior year.
  - Outpatient services for lab decreased by approximately 2,000 units, while radiology increased by roughly 1,500 units.
- Salaries have remained consistent during the last three years.
- Increased benefits in 2017 related to group health and workman's comp insurance. All other benefits and taxes stayed relatively close to the prior year.
- Other non-operating revenues increased due to the PRIME plan incentive.

# Audited Financial Statement Review

Condensed Statement of Net Position					
June 30,	2017	2016	2015	2014	2013
	<i>(in thousands)</i>				
Current assets	10,962	9,324	8,845	6,565	5,462
Capital assets - Net	9,588	9,470	10,030	10,663	11,222
Noncurrent assets	514	517	716	700	717
<b>Total assets</b>	<b>21,064</b>	<b>19,311</b>	<b>19,591</b>	<b>17,928</b>	<b>17,401</b>
Deferred outflows of resources	61	121	181	241	301
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>21,125</b>	<b>19,432</b>	<b>19,772</b>	<b>18,169</b>	<b>17,702</b>
Current liabilities	2,697	3,013	5,650	5,963	4,810
Long-term liabilities	7,909	8,956	9,820	11,077	11,970
<b>Total liabilities</b>	<b>10,606</b>	<b>11,969</b>	<b>15,470</b>	<b>17,040</b>	<b>16,780</b>
Net position:					
Net invested in capital assets	3,745	2,964	2,330	1,633	1,007
Restricted	997	948	696	696	0
Unrestricted	5,777	3,551	1,276	(1,200)	(85)
<b>Total net position</b>	<b>10,519</b>	<b>7,463</b>	<b>4,302</b>	<b>1,129</b>	<b>922</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>21,125</b>	<b>19,432</b>	<b>19,772</b>	<b>18,169</b>	<b>17,702</b>

- The District's net position has increased primarily from third part IGT settlements, directly increasing cash.
- Current liabilities continue to decrease from paying off debt.

# Audited Financial Statement Review

## Condensed Statements of Revenue, Expenses, and Changes in Net Position

June 30,	2017	2016	2015	2014	2013
	<i>(in thousands)</i>				
Operating revenue:					
Net patient service revenue	23,040	22,761	23,172	20,719	19,082
Other operating revenue	912	907	1,148	381	744
Total operating revenue	23,952	23,668	24,320	21,100	19,826
Operating expenses:					
Salaries and benefits	13,015	12,853	13,058	12,689	11,752
Professional fees and purchased services	4,178	3,997	3,924	3,918	4,907
Medical supplies and drugs	2,369	2,120	2,007	2,076	2,165
Repairs and maintenance	407	409	361	245	164
Depreciation	1,322	1,372	1,276	1,300	802
Other expenses	1,349	1,219	1,230	1,256	1,152
Total operating expenses	22,640	21,970	21,856	21,484	20,942
Operating income (loss)	1,312	1,698	2,464	(384)	(1,116)
Nonoperating revenue	1,744	1,463	709	591	629
Excess (deficiency) of revenue over expenses	3,056	3,161	3,173	207	(487)
Net position at beginning	7,463	4,302	1,129	922	1,409
Net position at end	10,519	7,463	4,302	1,129	922

- The main increase in net patient service revenue is from the chargemaster, that provided an industry average of the CPT codes for the services that are available.
- Total operating expenses have remained relatively the same with increases in salaries and changing to CSAC to lower the premiums overall.

# FINANCIAL ANALYSIS



# Financial Analysis

“Financial flexibility” - the ability of a business to withstand the financial consequences of significant changes in its situation.

Successful organizations realize “financial flexibility” by achieving superior performance with respect to:

- Profitability
- Liquidity
- Debt capacity
- Securing the condition of the physical facilities

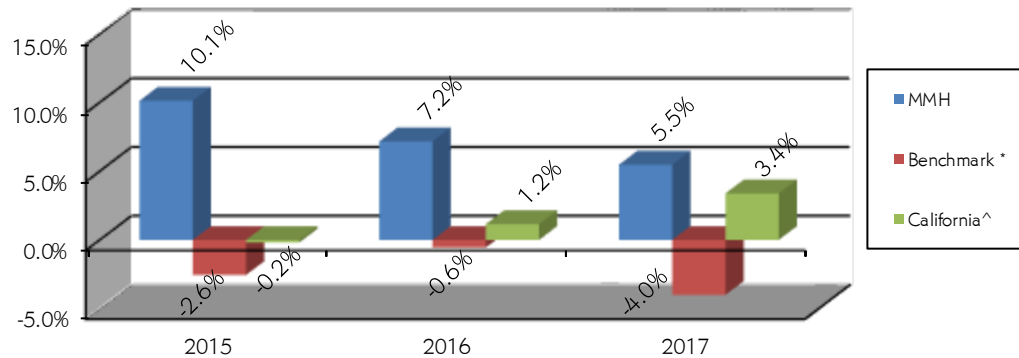
The financial ratios appearing in the following graphs are presented to assist in understanding the “financial health” of the Hospital.

The industry benchmark (\*) is from the Optum 2017 *Almanac of Hospital Financial and Operating Indicators*. The Benchmark Average is for Critical Access Hospitals in the Far West Region.

The California benchmark (^) is from the Flex Monitoring Team Data Summary Report #18, CAH Financial Indicators Report: Summary of Indicator Medians by State, March 2017

# Financial Analysis

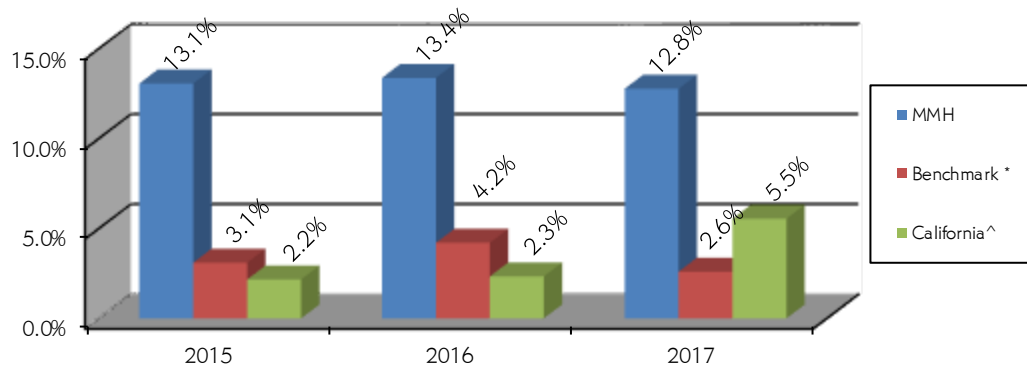
### Operating Margin



Operating margin measures income (loss) from operations as a percentage of total operating revenue.

- High values indicate an ability to add new investments in capital assets without adding excessive new debt.
- Ratio decreased slightly in 2017.

### Total Margin

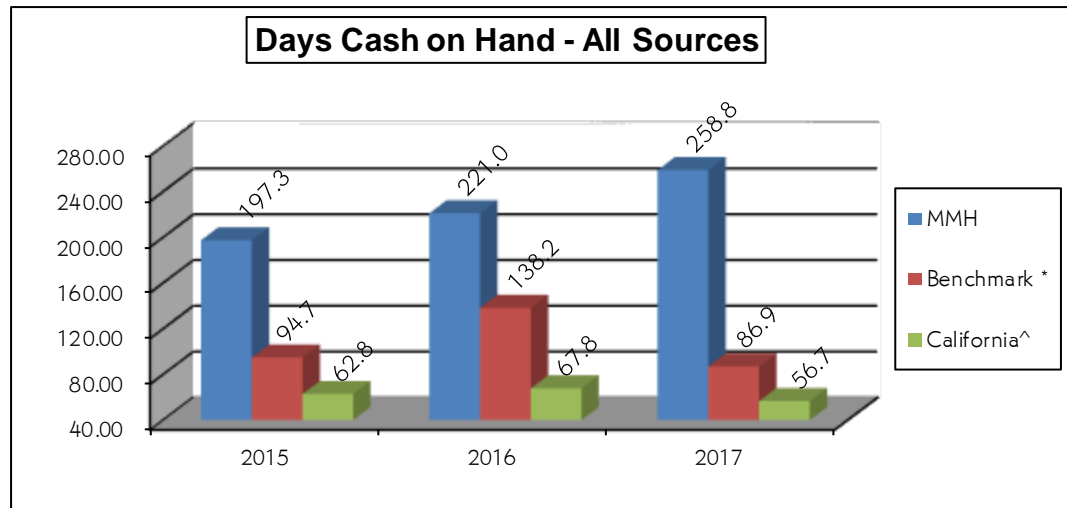


Total margin includes the effect of other nonoperating revenue and expenses.

- The Hospital's total margin has consistently remained the same for the past three years.
- The Hospital's total margin is greatly above benchmark and state averages.



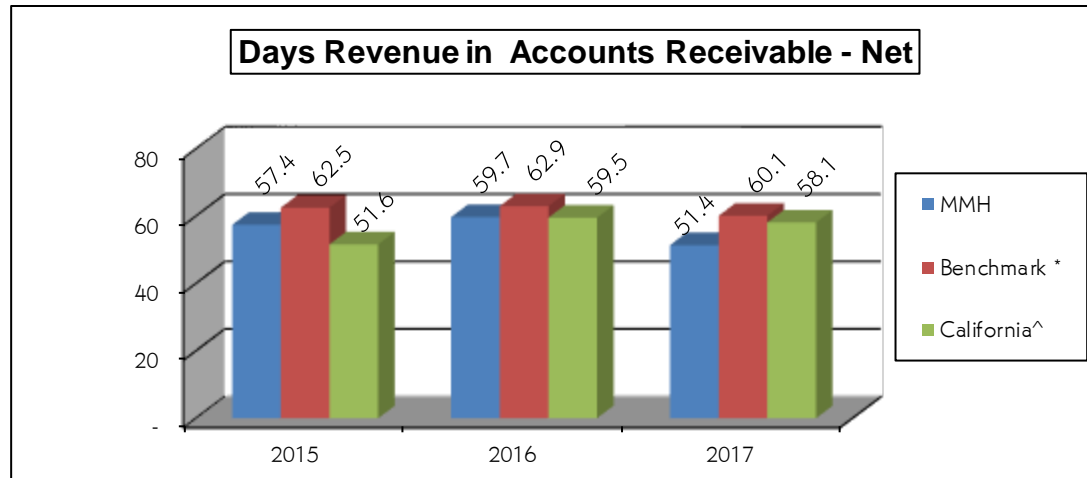
# Financial Analysis



Days cash on hand, all sources:

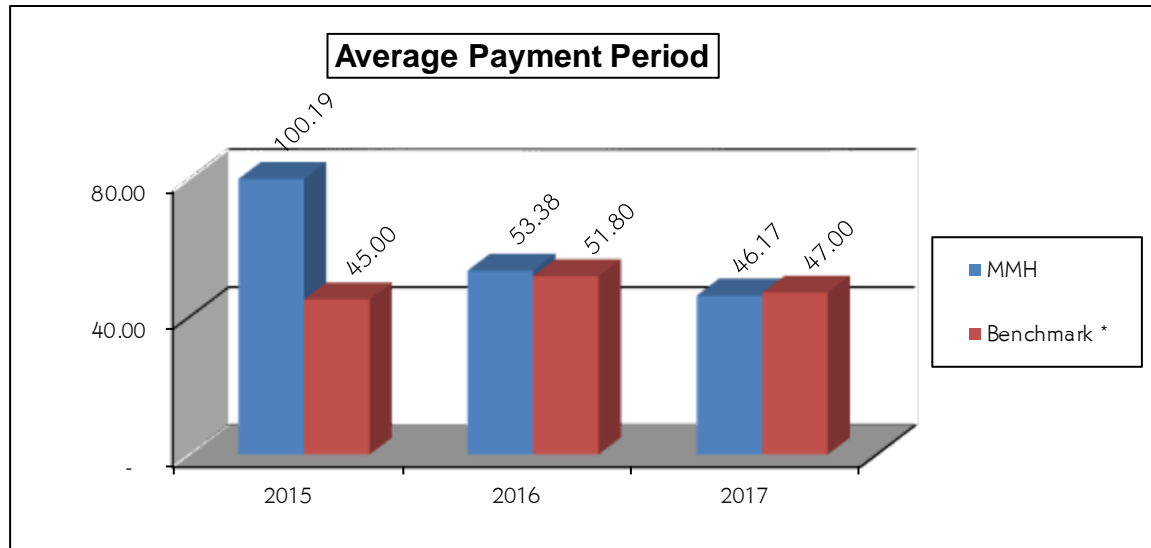
- Ratio measures the number of days the Hospital could operate if no cash was collected or received.
- Includes unrestricted and noncurrent assets limited as to use.
- Lenders prefer to see a minimum of 90 days cash on hand.
- The District continues to build its cash reserves.

# Financial Analysis



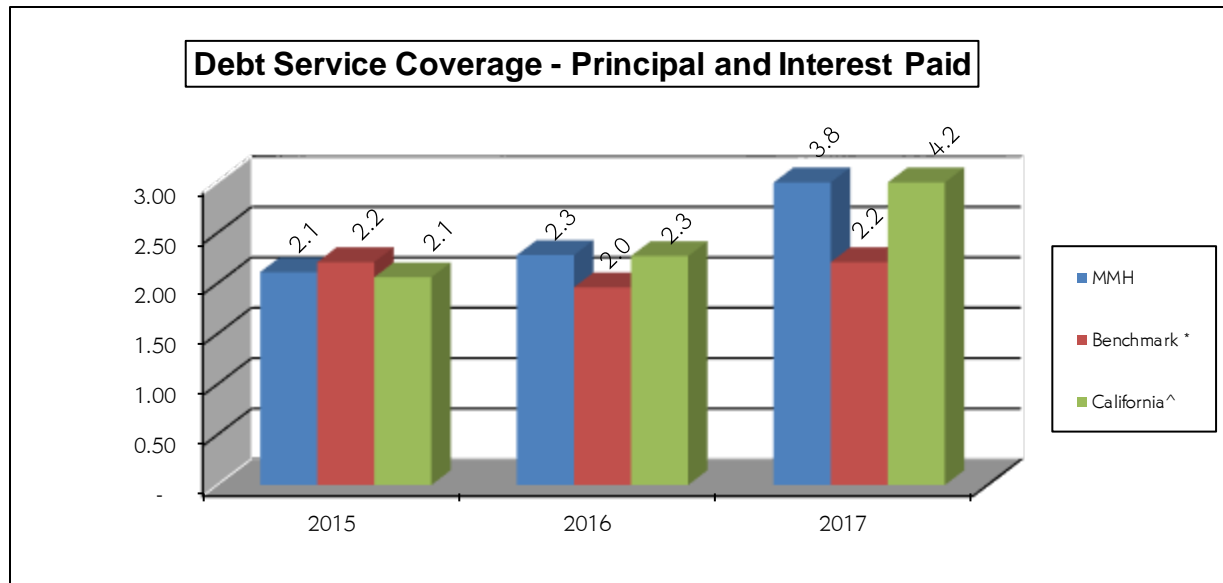
- Days revenue in accounts receivable measures the average time it takes to collect accounts.
- The Hospital's ratio has decreased slightly over the prior year.
- Industry forecast is that this ratio will have little change in the next several years.

# Financial Analysis



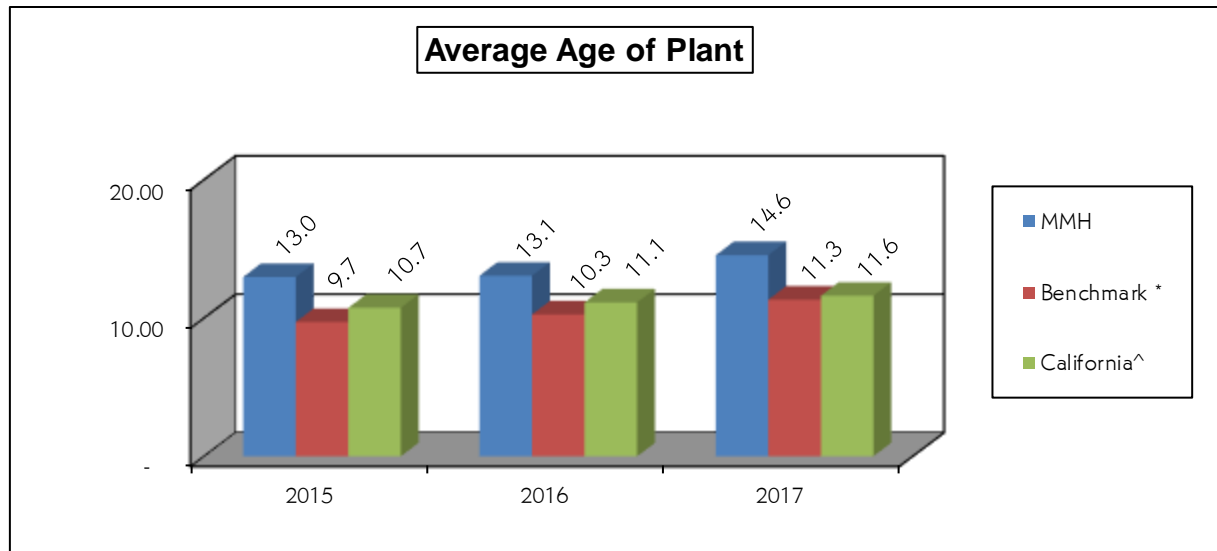
- Ratio measures the average number of days elapsed before current liabilities are paid.
- Decreasing “average payment period” ratio values are looked upon more favorably.
- The Hospital’s ratio decreased slightly in 2017 due to the continued focus to pay down current obligations.

# Financial Analysis



- Measures the ability to meet principal and interest obligations as they come due.
- Lenders typically are looking for debt service coverage ratios of 1.25 or greater.
- Almanac of Hospital Indicators uses the principal and interest paid method; Flex monitoring team CAH Indicators report uses the current maturities method.

# Financial Analysis







- Lower average “age of plant” values (i.e., “years”) indicate a newer fixed asset base and less need for near-term replacement.
- Industry correlates average age of plant with quality of care.
- The Hospital’s average age of plant ratio continues to grow in 2017 due to the aging hospital and will steadily climb as depicted above.
- The average age will decrease in future years from the hospital construction that will add new equipment.







# Key Financial Indicators

# Key Financial Indicators






	<u>Mayers Memorial Hospital</u>			<u>Far West</u>	<u>California^</u>	<u>Desired Trend</u>
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>Benchmark *</u>		
<u>PROFITABILITY</u>						
Operating margin - Income (loss) from operations divided by total revenue	5.48%	7.17%	10.13%	-3.99%	3.39%	
Total margin - Excess of revenue over expenses divided by total revenue	12.76%	13.36%	13.05%	2.60%	5.54%	
Return on equity - Excess of revenue over expenses divided by net assets	40.95%	73.48%	281.03%	6.40%	14.54%	
Deductible - All contractual adjustments and allowances plus provision for bad debts divided by gross patient service revenue	36.8%	37.9%	33.7%	37.65%	52.50%	

# Key Financial Indicators

	<u>Mayers Memorial Hospital</u>			<u>Far West</u>	<u>California<sup>^</sup></u>	<u>Desired Trend</u>
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>Benchmark *</u>		
<u>CAPITAL STRUCTURE</u>						
Long-term debt to capitalization	0.43	0.53	0.69	0.25	0.25	
Equity financing - Net position divided by total assets	0.50	0.38	0.22	0.57	0.60	
Cash flow to total debt - Excess of revenue over expenses, plus depreciation expense, divided by total liabilities	0.41	0.39	0.30	0.24	N/A	
Debt service coverage - Excess of revenue over expenses, plus interest and depreciation expense, divided by total debt principal and interest payments	3.78	2.28	2.11	2.21	4.22	



# Key Financial Indicators

	<u>Mayers Memorial Hospital</u>			<u>Far West</u>		<u>Desired Trend</u>
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>Benchmark *</u>	<u>California^</u>	
<u>LIQUIDITY</u>						
Current ratio - Current assets divided by current liabilities	4.06	3.10	1.57	3.07	2.55	
Days cash-on-hand (short-term sources) - Cash and cash equivalents divided by total operating expenses, less depreciation, multiplied by 365 days	94.63	53.19	19.42	45.60	N/A	
Days net revenue in net accounts receivable - 365 days divided by ratio of net patient service revenue to net accounts receivable	51.37	59.70	57.42	60.10	58.10	
Average payment period - Current liabilities divided by, total expense - depreciation divided by 365 days	46.17	53.38	100.19	47.00	N/A	
<u>OTHER</u>						
Average age of plant - Accumulated depreciation divided by depreciation expense	14.55	13.06	12.97	11.33	11.61	

# Thank You

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CPAs and Consultants

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HEALTH CARE PRACTICE

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**MAYERS MEMORIAL HOSPITAL DISTRICT**  
**POLICY AND PROCEDURE**  
**CONSTRUCTION CHANGE ORDERS POLICY**

Page 1 of 2

**POLICY:**

The Board recognizes that during any construction project, unanticipated conditions or extenuating circumstances may develop, which by their nature require decisions within a short period of time in order to prevent costly delays and other negative circumstances. Therefore, the Board of Directors for Mayers Memorial Hospital District delegates approval of change orders to construction contracts as follows:

**Chief Executive Officer**

A change order that has been reviewed and approved by the Chief Financial Officer and the Chief Operating Officer, and has a total cost of less than \$100,000, may be approved by the Chief Executive officer if the change order meets the following conditions:

A description and justification for the requested change(s) in relation to the original bid specifications, the general contractor's summary of total costs and/or credits to affect the change order and any required documentation to update the districts records/files is provided.

The change order does not significantly alter the approved contract

The approval of the change order is necessary to ensure the project remains within its timeline.

The purpose of the change order is to address a previously unknown condition and is not for what would otherwise be additional work.

The board Finance committee has been notified if the change order will be over \$50,000.

**Board of Directors**

Any change order that exceeds the approval level of the Chief Executive Officer, or significantly alters the original contract, shall be approved by the Board of Directors at a Regular or Special Meeting prior to proceeding with the items of the change order. Prior to presenting the change order to the Board for approval, the following must occur:

The change order must be approved by the Chief Financial Officer, Chief Operating Officer, and the Chief Executive officer.

A description and justification for the requested change(s) in relation to the original bid specifications, the general contractor's summary of total costs and/or credits to affect the change order and any required documentation to update the districts records/files.

### **Emergency Change Orders**

Should a condition arise that is deemed an emergency or an imminent threat to the safety of employees of the District or the contractors, the general public, or the structural integrity of the facility, a change order may be approved by the Chief Executive Officer, with the verbal consent of the Board President, should the amount exceed the Chief Executive Officers authorized approval. All such Emergency Change Orders must be reviewed by the Chief Operating Officer and Chief Financial officer and details shall be provided to the full board as soon as the documents become available.

### **COMMITTEE APPROVALS:**