



SEIM JOHNSON

SOLUTIONS WITH VISION



September 20, 2021

Davis County Hospital Annual Report



An Affiliate of **MERCYONE**



SEIM JOHNSON

Presented by

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Reports to Present

- Reports delivered – **draft** – pending completion of Single Audit compliance testing over CARES act funding
 - Audited financial statements
 - Report to the Board of Directors
- Single audit reports
 - Schedules of Expenditures of Federal Awards
 - Report on Compliance of Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance
 - Schedule of Findings and Questioned Costs

Required Communication

- **The auditor's responsibility under Generally Accepted Auditing Standards**
 - Our arrangement letter dated May 23, 2021, communicated our responsibility
 - We plan and perform our audits to obtain reasonable assurance, rather than absolute, about whether the financial statements are free from material misstatement caused by error, fraudulent financial reporting or misappropriation of assets

Required Communication

- **No**
 - Disagreements with management
 - Consultation with other accountants
 - Difficulties encountered during the audit
- **Internal control related matters**
 - No material weaknesses or significant deficiencies
 - Business advice (leases)
- **Other services performed**
 - Cost report / audit adjustment reports / CARES Act consultations

Required Communication

- **Changes in significant accounting policies**
 - None
- **Significant or unusual transactions**
 - None
- **Management judgments and accounting estimates**
 - Consistent
- **Audit adjustments**
 - None
- **Passed audit adjustments**
 - None

CARES Act Funding

CARES Act Reporting Portal Information -

Period	Payment <u>Received</u> Period	Deadline to Use Funds	Reporting Time Period
Period 1	4/10/2020 – 6/30/2020	6/30/2021	7/1/21 – 9/30/2021
Period 2	7/1/2020 – 12/31/2020	12/31/2021	1/1/22 – 3/31/2022
Period 3	1/1/2021 – 6/30/2021	6/30/2022	7/1/2022 – 9/30/2022
Period 4	7/1/2021 – 12/31/2021	12/31/2022	1/1/2023 – 3/31/2023

Noteworthy Items

CARES Act – Provider Relief Funds

Type		Received	Earned in 2020	Earned in 2021	Remaining
General distribution	\$	522,285	522,285	--	--
Targeted distribution - Rural		3,640,056	1,444,302	2,195,754	--
Targeted distribution - RHC testing		49,461	--	49,461	--
Targeted distribution - RHC testing and mitigation		<u>100,000</u>	<u>--</u>	<u>--</u>	<u>100,000</u>
Total	\$	4,311,802	1,966,587	2,245,215	100,000
Financial statement location		Cash	Income	Income	Liability

CARES Act – Accelerated and Advance Payment Program (AAPP)

Type		Received	Recouped in 2020	Recouped in 2021	Remaining
AAPP Funds	\$	5,046,012	--	503,385	4,542,627
Financial statement location		Cash			Liability

CARES Act – Paycheck Protection Program (PPP)

Type		Received	Forgiven in 2020	Forgiven in 2021	Remaining
PPP loan	\$	2,100,000	--	2,100,000	--
Financial statement location		Cash	Income	Debt	Debt



Statement of Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 18,664,989	17,453,692	6,087,986
Assets limited as to use or restricted, current portion	801,263	788,584	824,198
Receivables -			
Patients, net of allowance for doubtful accounts of \$319,000 in 2021 and \$429,000 in 2020	4,455,163	4,980,592	4,799,172
Succeeding year property taxes receivable	1,627,090	1,588,344	1,384,917
Other	286,326	235,973	126,330
Inventories	750,107	744,798	620,810
Prepaid expenses	332,839	343,790	319,523
Estimated third-party payor settlements	--	64,794	146,672
	<u>26,917,777</u>	<u>26,200,567</u>	<u>14,309,608</u>
Noncurrent assets:			
Investments	511,805	500,904	756,615
Assets limited as to use or restricted, net of current portion	866,592	898,987	827,561
Capital assets, net	<u>8,669,450</u>	<u>9,089,695</u>	<u>9,920,322</u>
Total assets	<u>36,965,624</u>	<u>36,690,153</u>	<u>25,814,106</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	2,730,584	2,740,692	2,666,334
Unamortized deferred loss	<u>138,316</u>	<u>171,511</u>	<u>204,706</u>
Total deferred outflows of resources	<u>2,868,900</u>	<u>2,912,203</u>	<u>2,893,544</u>
Total assets and deferred outflows of resources	<u>\$ 39,834,524</u>	<u>39,602,356</u>	<u>28,707,650</u>

Statement of Net Position

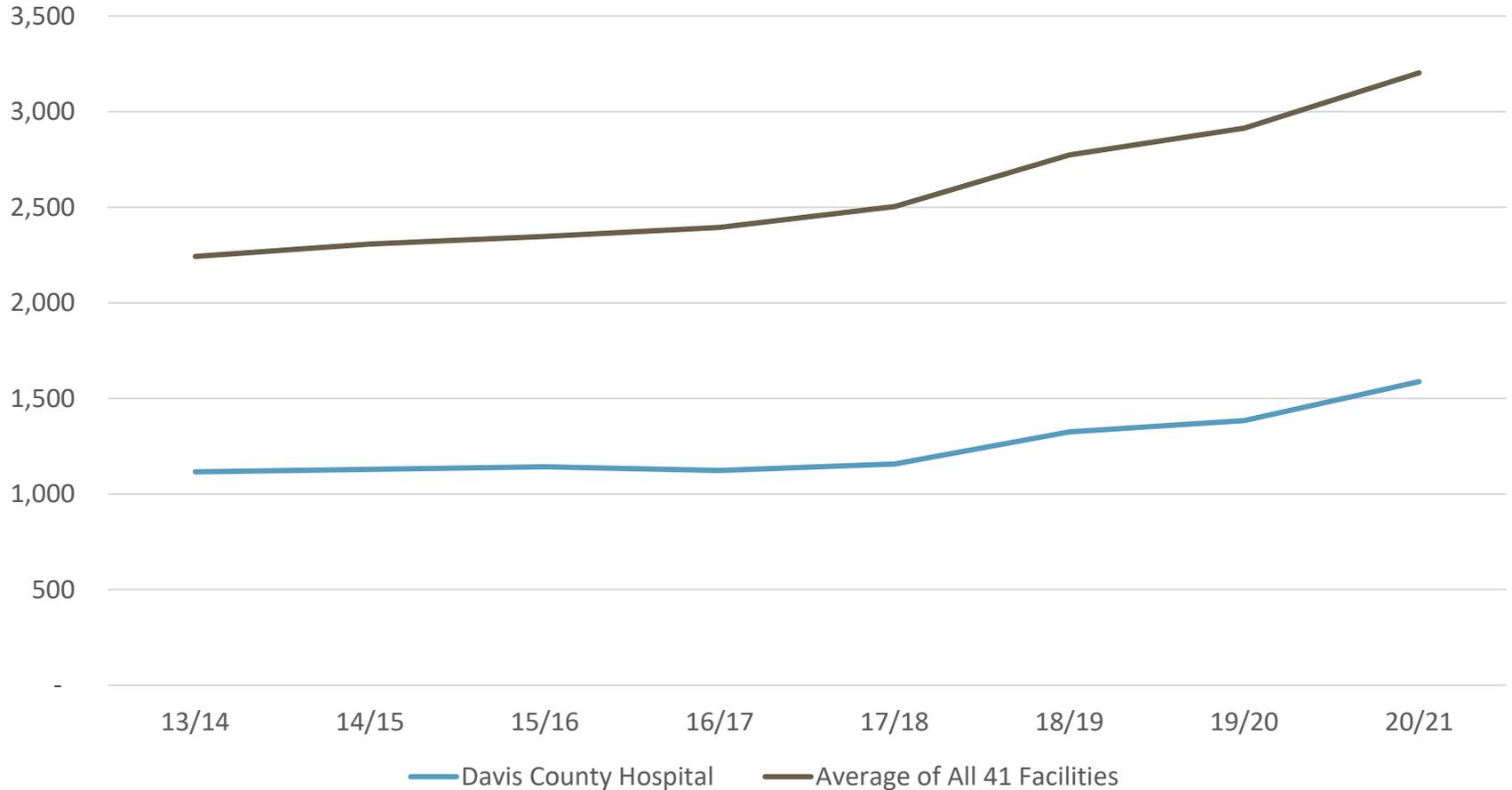
	<u>2021</u>	<u>2020</u>	<u>2019</u>
LIABILITIES			
Current liabilities:			
Current portion of long-term debt	\$ 1,109,910	2,255,797	1,421,719
Accounts payable -			
Trade	985,840	844,888	726,163
Capital assets	281,306	11,375	73,130
Accrued salaries, vacation and benefits payable	1,616,564	1,345,412	1,263,315
Accrued interest payable	41,673	47,501	52,461
Other accrued expenses	21,046	20,716	24,036
Estimated third-party payor settlements	586,652	--	--
Refundable advances -			
CARES Act provider relief funds	100,000	2,245,215	--
CARES Act accelerated and advance payment program funds	4,542,627	5,046,012	--
Total current liabilities	<u>9,285,618</u>	<u>11,816,916</u>	<u>3,560,824</u>
Long-term liabilities:			
Other postemployment benefit liability	255,377	228,928	385,703
Long-term debt, net of current portion	4,781,760	6,582,590	6,487,963
Net pension liability	<u>8,822,490</u>	<u>7,166,531</u>	<u>7,122,202</u>
Total liabilities	<u>23,145,245</u>	<u>25,794,965</u>	<u>17,556,692</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	1,627,090	1,588,344	1,384,917
Other postemployment benefit related deferred inflows	235,865	202,527	--
Pension related deferred inflows	<u>211,949</u>	<u>1,144,657</u>	<u>518,476</u>
Total deferred inflows of resources	<u>2,074,904</u>	<u>2,935,528</u>	<u>1,903,393</u>
NET POSITION			
Total net position	<u>14,614,375</u>	<u>10,871,863</u>	<u>9,247,565</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 39,834,524</u>	<u>39,602,356</u>	<u>28,707,650</u>

Statement of Revenue, Expenses and Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
OPERATING REVENUE:			
Net patient service revenue before provision for bad debt	\$ 28,997,349	25,755,122	24,379,241
Provision for bad debt	(297,786)	(770,208)	(622,048)
Net patient service revenue	28,699,563	24,984,914	23,757,193
Other operating revenue	2,636,500	2,501,578	1,303,115
Total operating revenue	<u>31,336,063</u>	<u>27,486,492</u>	<u>25,060,308</u>
OPERATING EXPENSES:			
Salaries and wages	11,783,776	10,997,804	10,590,918
Employee benefits	4,286,945	3,938,165	3,245,807
Purchased services and professional fees	6,589,972	5,633,843	5,462,345
Supplies and other	8,369,476	6,206,398	4,756,082
Depreciation and amortization	2,448,170	2,413,108	1,736,420
Insurance	155,126	118,894	125,976
Total operating expenses	<u>33,633,465</u>	<u>29,308,212</u>	<u>25,917,548</u>
OPERATING LOSS	<u>(2,297,402)</u>	<u>(1,821,720)</u>	<u>(857,240)</u>
NONOPERATING REVENUE (EXPENSE):			
Interest expense	(138,068)	(146,263)	(159,518)
Property taxes	1,631,518	1,370,179	1,337,655
Investment income	110,741	120,154	154,205
Noncapital grants and contributions -			
CARES Act provider relief funds	2,245,215	1,966,587	--
Paycheck Protection Program loan forgiveness	2,100,000	--	--
Other	64,901	86,089	11,278
Total nonoperating revenue, net	<u>6,014,307</u>	<u>3,396,746</u>	<u>1,343,620</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	3,716,905	1,575,026	486,380
CAPITAL GRANTS AND CONTRIBUTIONS	<u>25,607</u>	<u>49,272</u>	<u>27,842</u>
INCREASE IN NET POSITION	<u>\$ 3,742,512</u>	<u>1,624,298</u>	<u>514,222</u>

County Tax Revenue

County Tax Revenue (In Thousands)

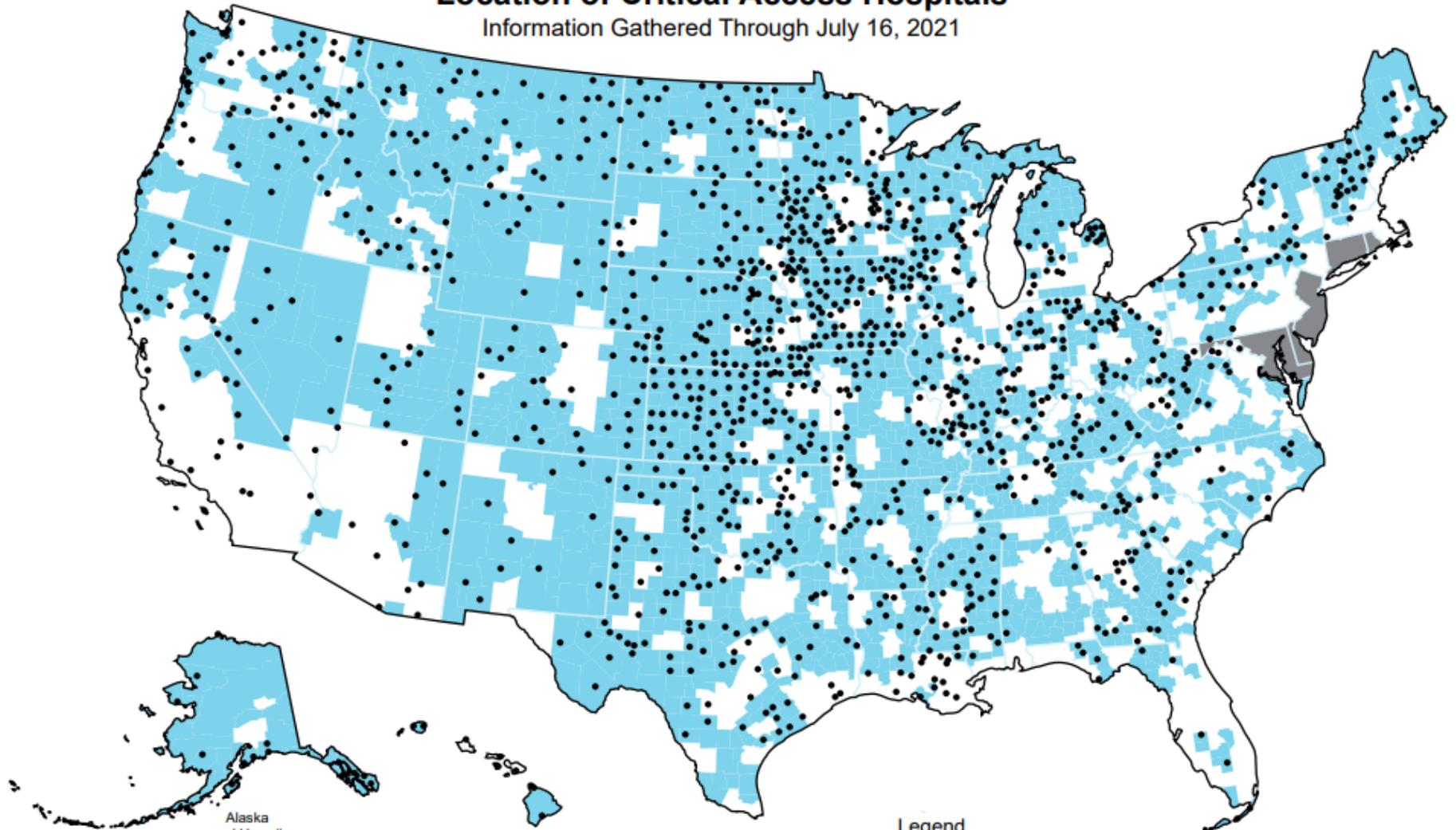


Financial Indicators

- **Financial Indicators 2017 – 2021**
 - From financial statements / Medicare cost reports
- **Iowa Peer Median 2018 – 2020**
 - Mercy Central Iowa
 - 16 facilities
- **All IA CAH Hospitals Median 2018 – 2020**
 - Data taken from Medicare cost reports
 - 82 facilities

Location of Critical Access Hospitals

Information Gathered Through July 16, 2021



Alaska
and Hawaii
not to scale

Legend

() = N

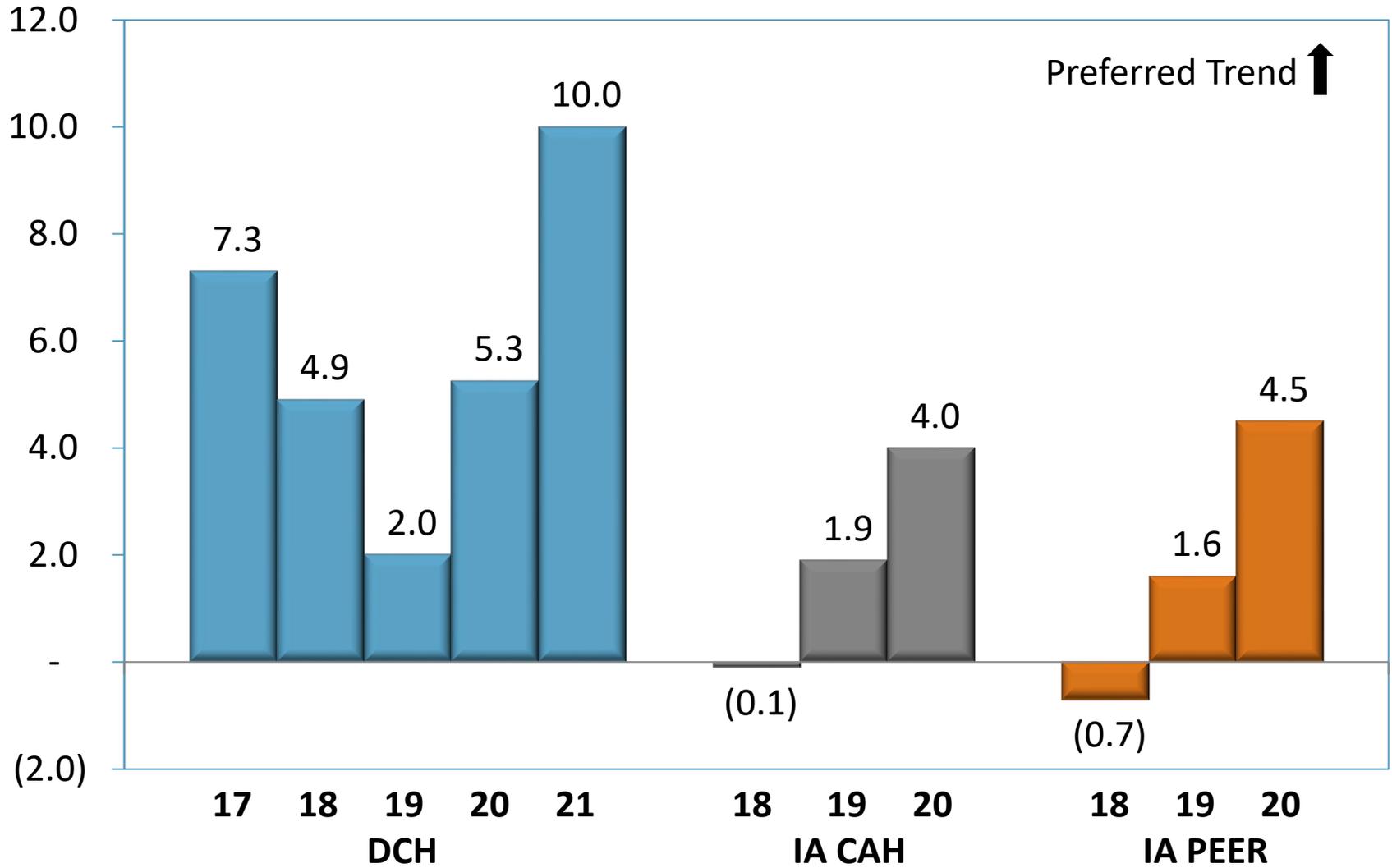
• Critical Access Hospital (1,353)

□ Metropolitan County

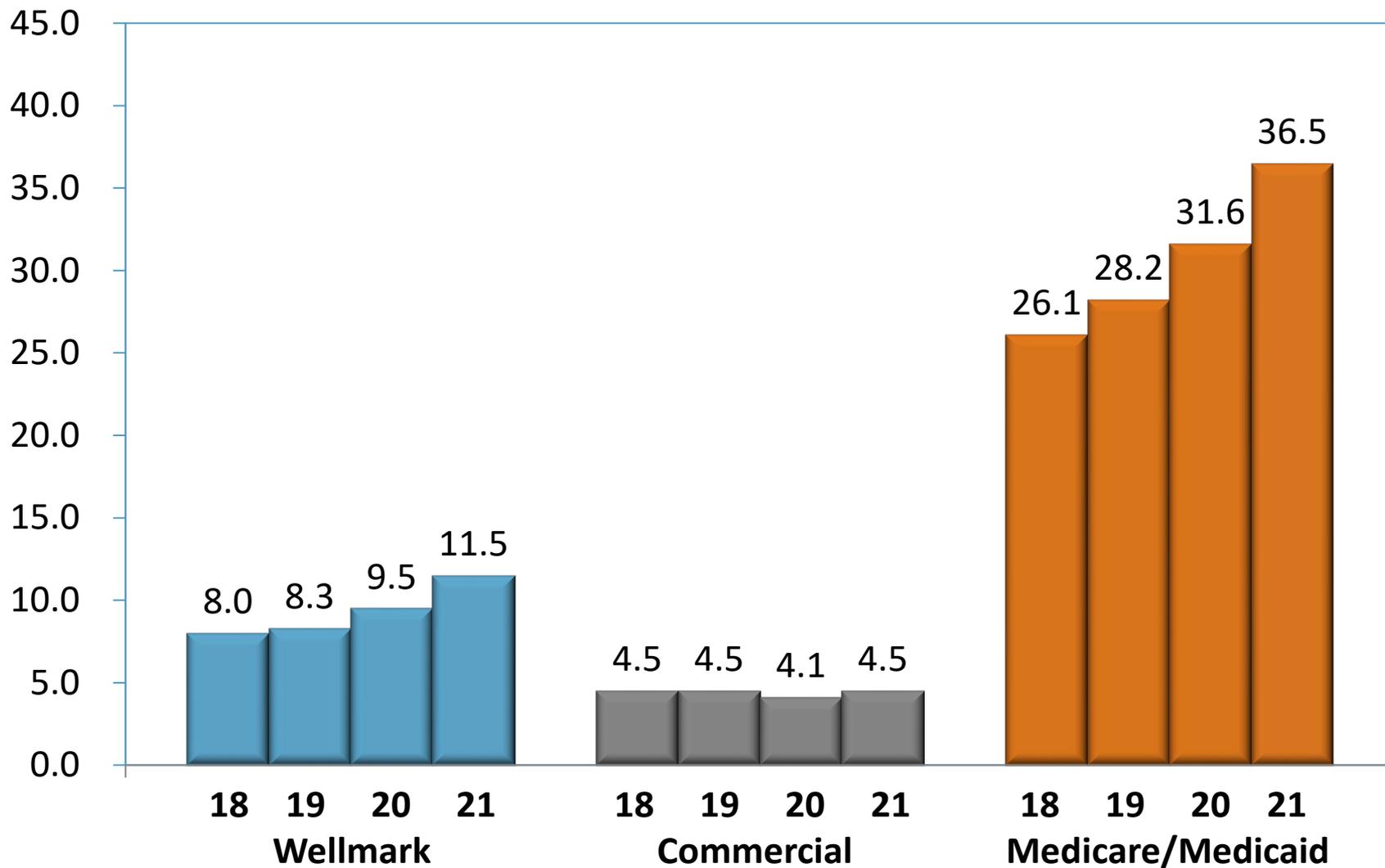
■ Nonmetropolitan County

■ State Not Eligible or Not Participating

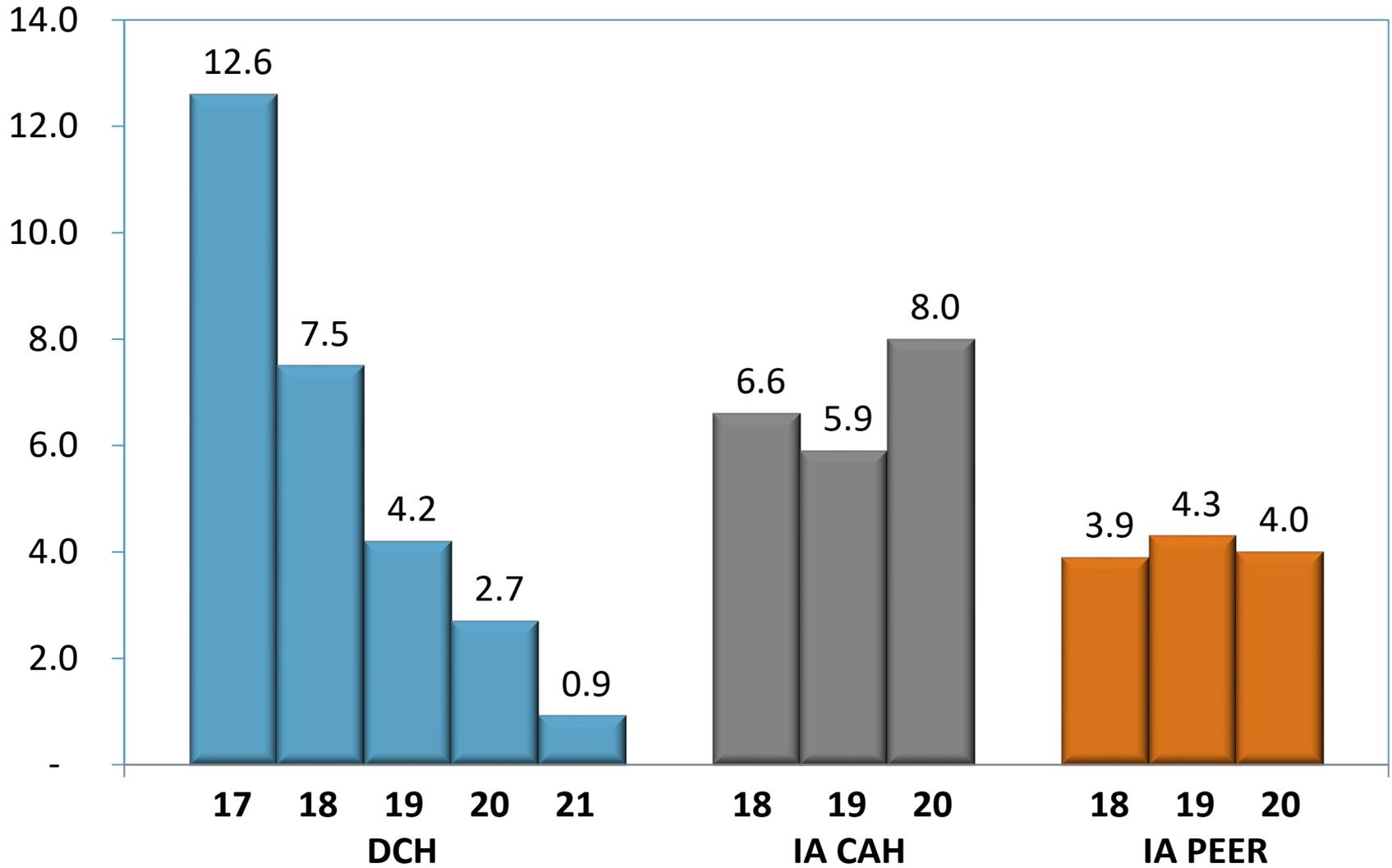
Total Margin



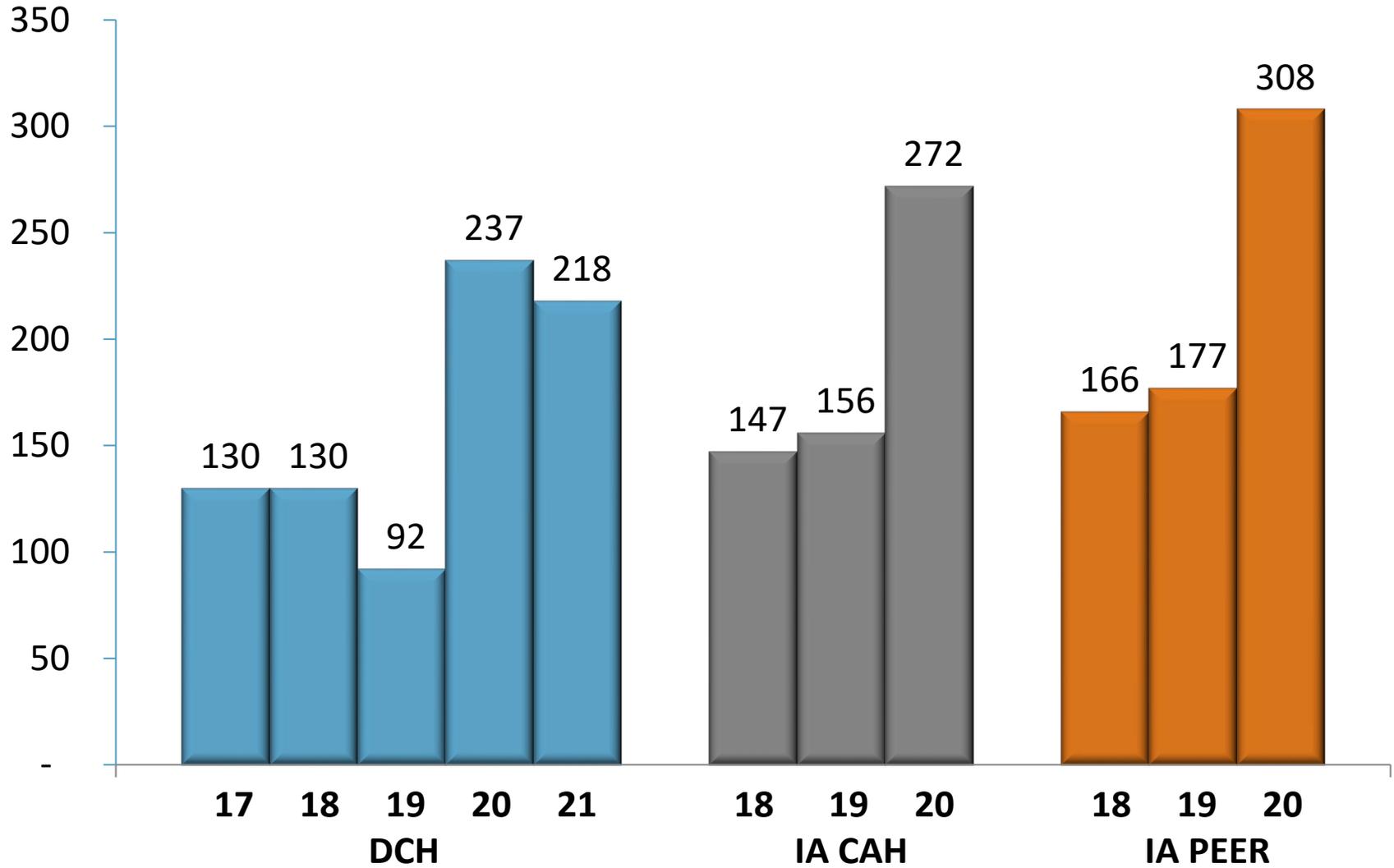
Gross Patient Service Revenue (Million)



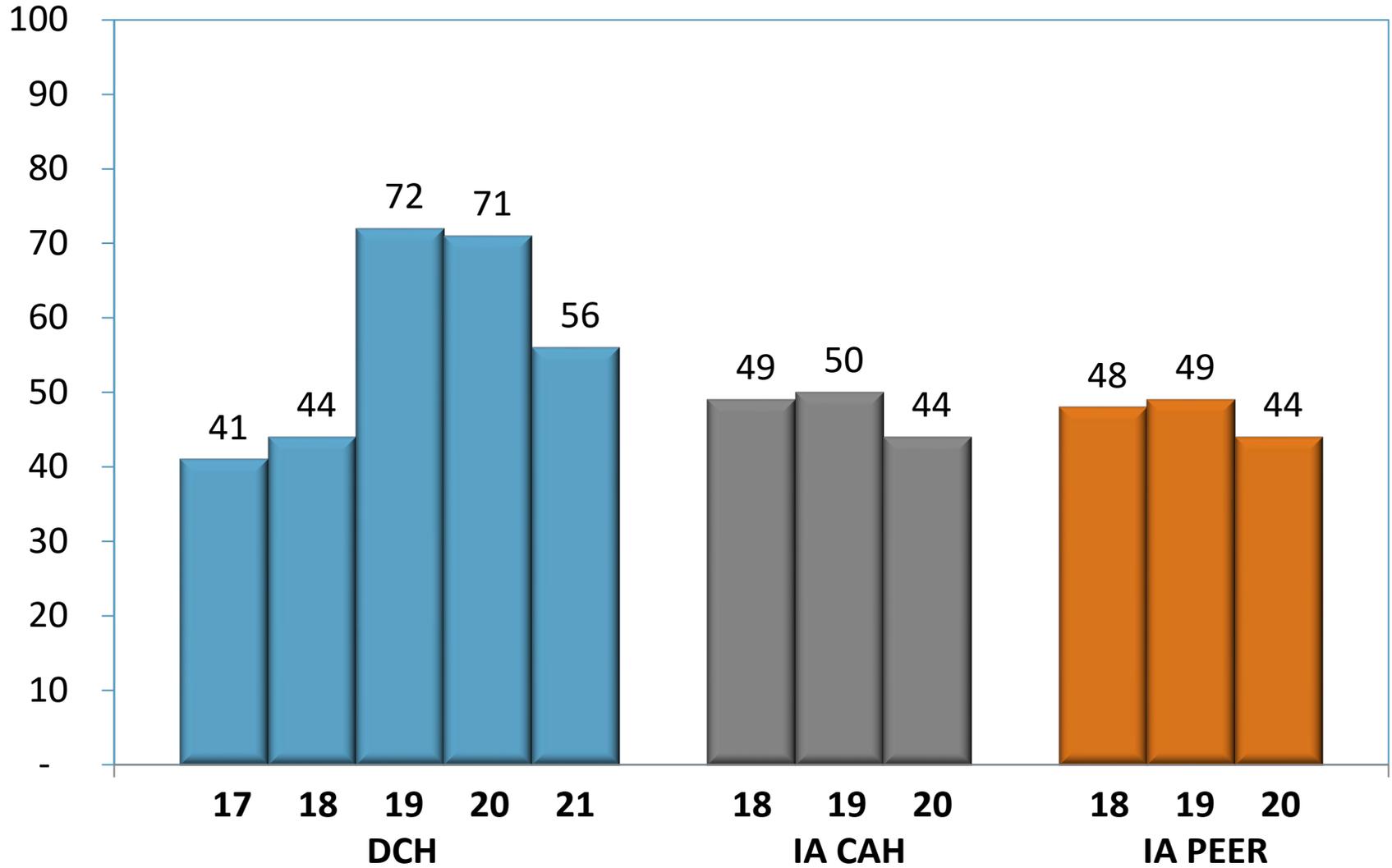
Cash Flow Margin



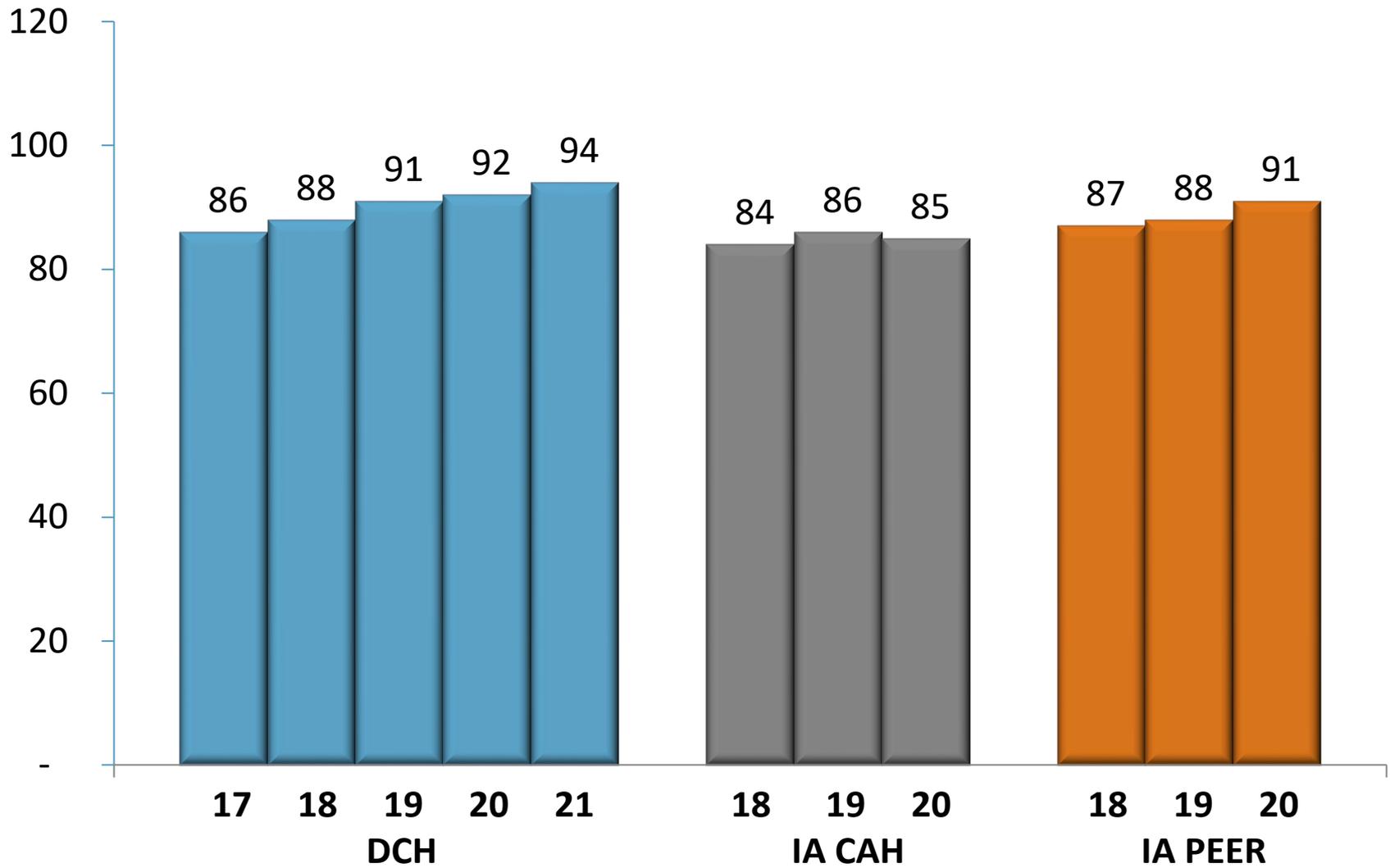
Days Cash on Hand



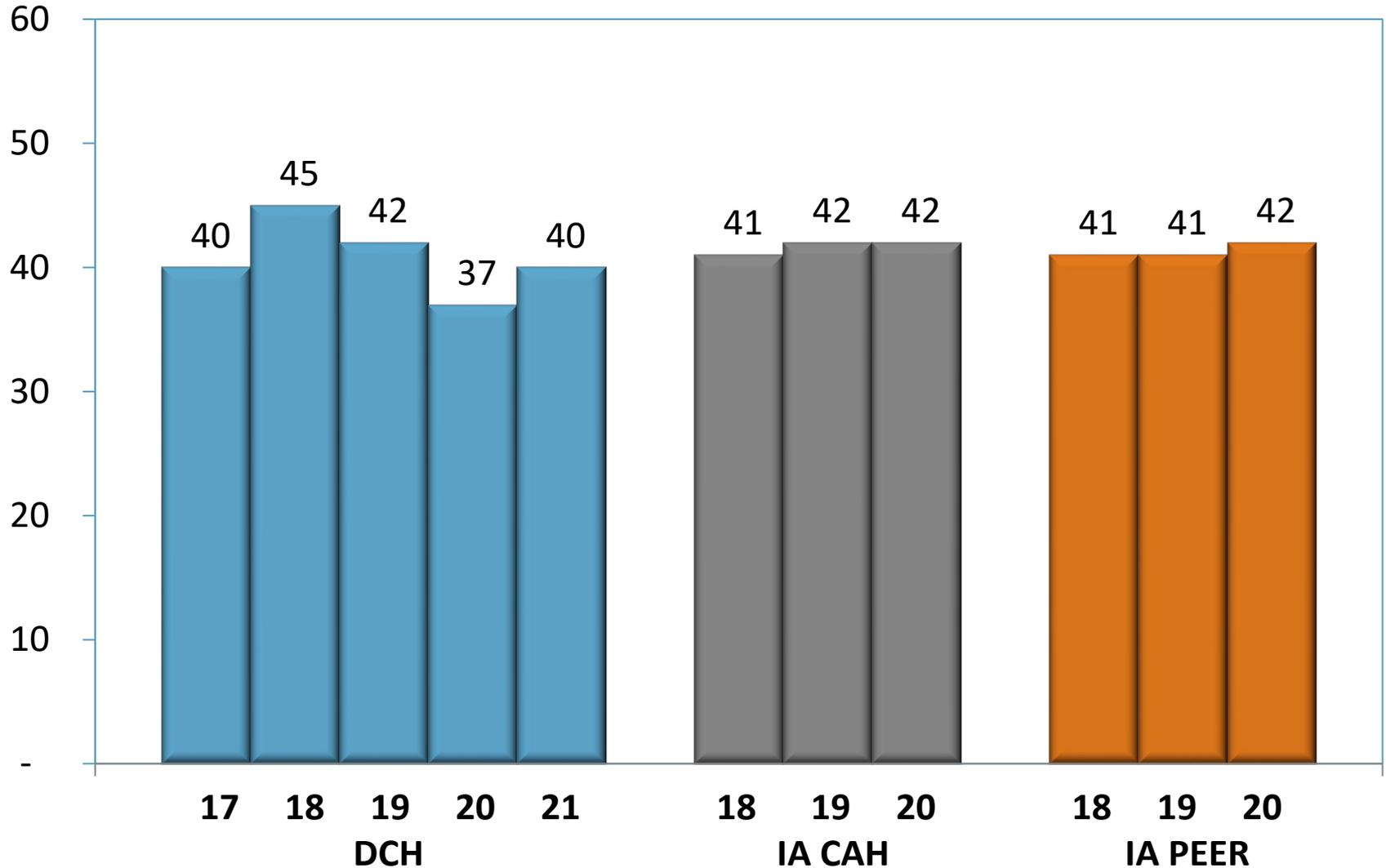
Days Revenue in Accounts Receivable



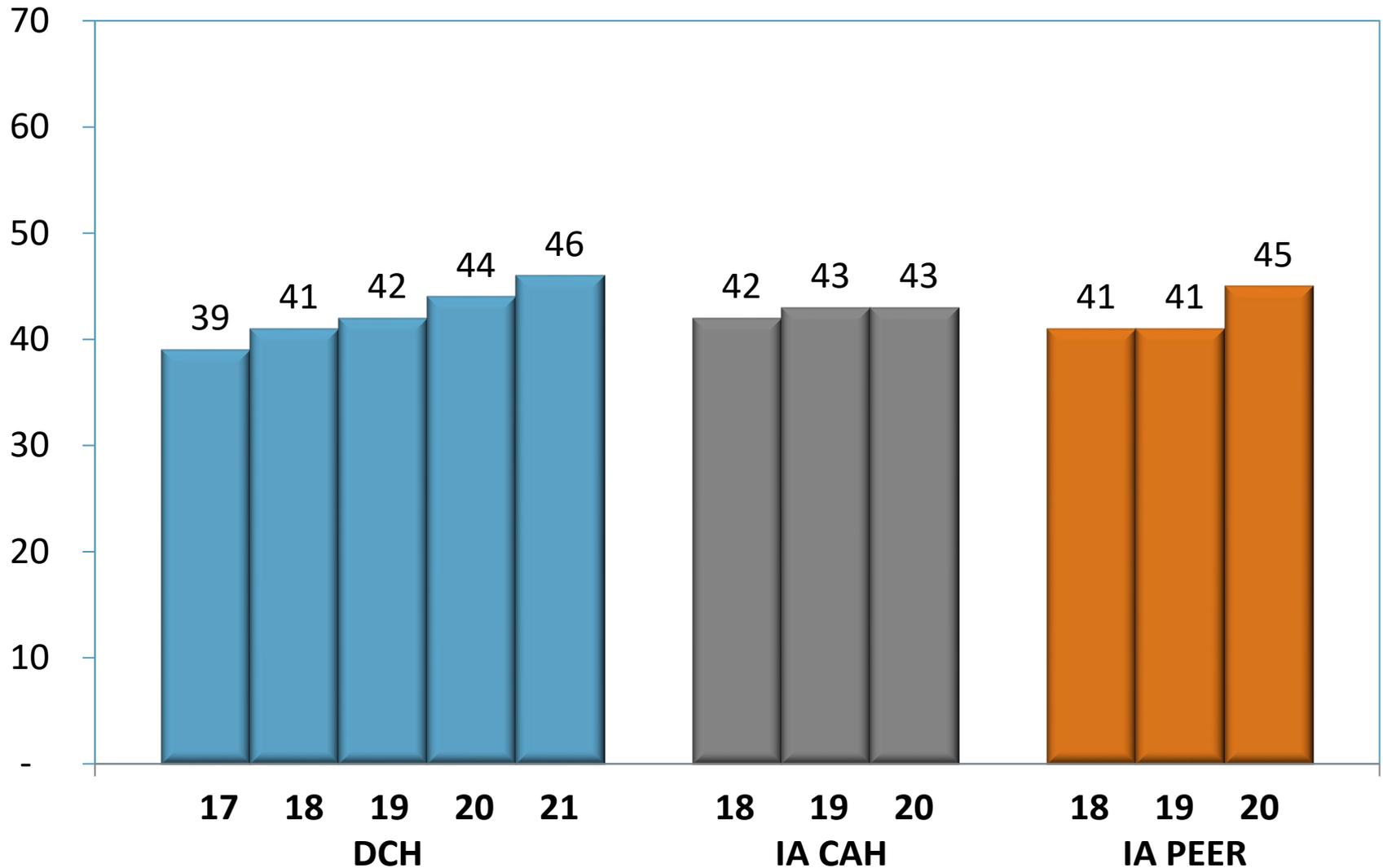
Outpatient Revenue Percentage



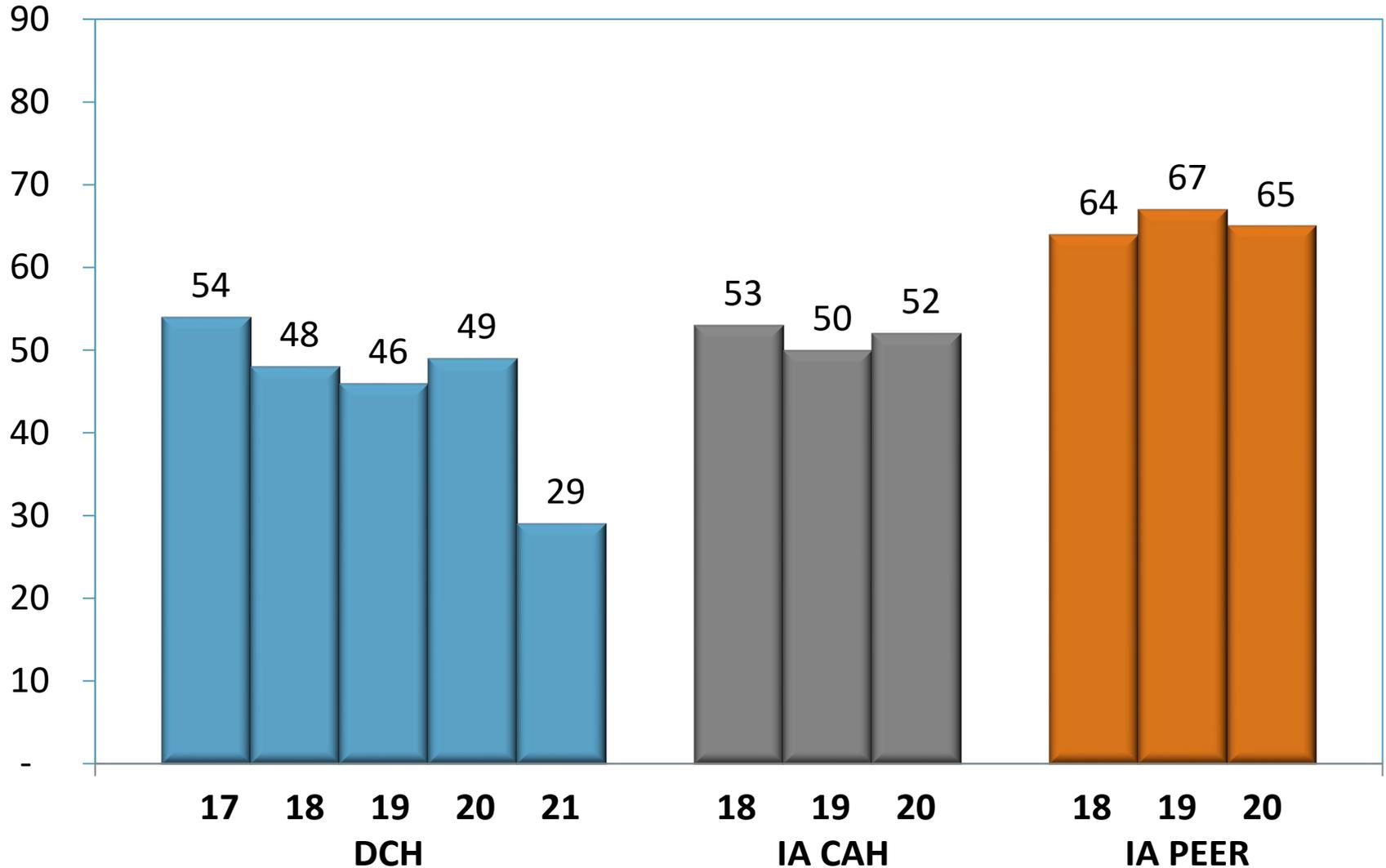
Medicare Outpatient Payor Mix



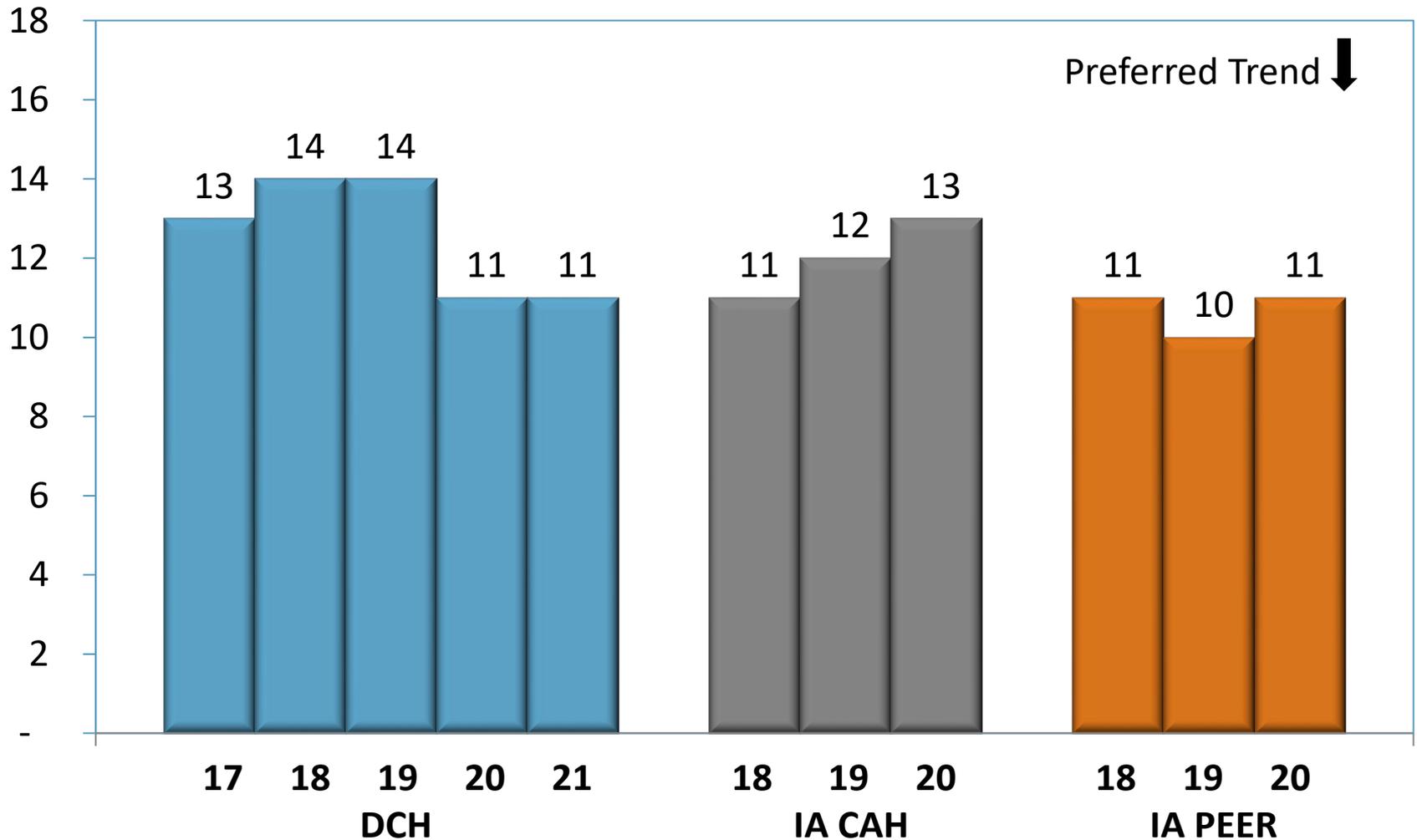
Patient Deductions



Debt to Capitalization



Average Age of Plant



A glass of coffee sits on a dark surface next to a black leather folder. The folder has the name 'SEIM JOHNSON' embossed on it. The background is a blurred blue light.

Q&A

Data portrayed in this graphic presentation was derived from the Hospital's financial statements, which were audited by Seim Johnson, LLP whose unmodified report thereon is dated _____. The data should be read in conjunction with Hospital's financial statements and the auditor's report thereon.