

# Bartlett Regional Hospital

FINANCE COMMITTEE MEETING  
December 9, 2022 – 12:00 pm  
Bartlett Regional Hospital – Zoom Meeting  
Agenda

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**Mission Statement**

Bartlett Regional Hospital provides its community with quality, patient-centered care in a sustainable manner

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Public may participate via the following link: <https://bartletthospital.zoom.us/j/94088630653>  
or by calling 1-888-788-0099, Meeting ID: 940 8863 0653

**CALL TO ORDER**

**APPROVAL OF AGENDA**

**PUBLIC COMMENT**

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**OCTOBER 2022 FINANCIAL STATEMENT REVIEW**

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**DA VINCI UPDATE**

**Next Meeting: Friday, January 13<sup>th</sup>, 2023 at 12:00 via Zoom**

**Committee member comments / questions**

**ADJOURN**

# Bartlett Regional Hospital

3260 Hospital Drive, Juneau, Alaska 99801 907.796.8900 [www.bartlethospital.org](http://www.bartlethospital.org)

## Finance Committee Meeting Minutes – Zoom Meeting and Boardroom November 17, 2022 at 8:00am

**Called to order at 8:00 a.m. by Finance Chair, Deb Johnston.**

**Finance Committee (\*) & Board Members:** Deb Johnston\*, Hal Geiger\*, Max Mertz\*, Kenny Solomon-Gross, Brenda Knapp, Mark Johnson, Lisa Peterson

**Staff & Others:** Robert Tyk, Interim CFO; David Keith, CEO; Dallas Hargrave, HR Director; Sam Muse, Controller; Jennifer Knight, Senior Accountant; Tracy Dompeling, CBHO; Beth Mow, Contracts Administrator; Kim McDowell, CNO; Sharon Price, Executive Assistant to CFO.

*Ms. Johnston would like to amend the agenda to add the discussion of the possible purchase of Juneau Bone and Joint Center, followed by the daVinci Update and Careview Contract. Mr. Mertz approves that change and Ms. Johnston seconded it.*

**Public Comment:** None

*Ms. Johnston made a MOTION to approve the minutes from the October 21, 2022, Finance Committee Meeting. Mr. Mertz moved to approve them, and Mr. Geiger second. Mr. Mertz requested that an asterisk be added to his name, correction will be made.*

### **Juneau Bone and Joint Center (JBJC) Property Acquisition – David Keith**

Mr. Keith was approached by Dr. Bursell, representing for the owners of JBJC. They discussed the opportunity of Bartlett to purchase the property and operations. The value proposition can be broken down into three points.

1. Our campus is restricted, and this property will give us an expansion potential.
2. Orthopedics is a major revenue service line. We see this as both a growth and a defensive opportunity because of our competitors in the community.
3. If we own the property and the operations, that means we can hire our own orthopedic physicians and we become a major service line provider.

It's not just the orthopedic surgeries that will create revenue, but the ancillary services too like rehab, physical therapy, lab, and imaging. The blue circled area of the map will be for parking a walkways and access to other parts of the campus. Mr. Keith said the price of the property will be discussed at the full BOD meeting and, if appropriate, at the executive session. Mr. Solomon-Gross would like to introduce this to the BOD, and they can make a motion to go forward with it. Ms. Johnston agrees it should be moved to the full BOD for further exploration, not to approve the project itself, but for full board discussion. Mr. Solomon-Gross agrees that a motion doesn't need to be made, but this can move to the BOD for discussion. Mr. Keith wanted to state that this can be two separate transactions, one for the real estate and one for the operations. Ms. Johnston would like this to be an agenda item or new business item on the next Finance Committee report.

### **daVinci Update – Sam Muse**

Intuitive does not want there to be 'subject to appropriation' language in the contract as well as indemnification language. CBJ law is opposed to both. If Intuitive isn't willing to negotiate on that language, we might have to purchase the robot upfront, or if they can negotiate the contract, we can appropriate it as part of the budget cycle. Sam Muse and Nate Rumsey are meeting with Intuitive tomorrow (11/18), and they will get a better idea of what their stances is. Mr. Keith said he is discussing this tomorrow (11/18) but more than likely, this project

will be put on hold. To purchase the daVinci upfront would be \$2 million and there would be a maintenance contract that's about \$150,000.00 a year. If we have this as a capital lease, there will be interest payments built-in of about \$150,000.00 to \$200,000.00 over the course of five years. Our goal is not having to purchase this but to find resolution and be able to negotiate the contract.

### **Careview Contract**

This is a tele-sitter contract that we are looking to invest in. This is a system that can help reduce sitter dollars and most importantly will help with patient safety from falls. The first year of the contract is \$180,000.00. The Finance Committee is being approached for approval on this as the CEO only has the authority to obligate up to \$100,000.00 of unbudgeted costs. Having 1 on 1 nurse sitters has been a huge challenge, both in staffing resources and hourly wage cost. With this tele-sitter program, we can have one nurse monitoring up to 10 patients at a time. The patients' beds will have a sensor boarder, or 'virtual rails', that can send an alarm to the nurse if a patient moves out of bed. There is also two-way audio that will allow the nurse to communicate with the patient from their station. There are about 150 hospitals that use this program, and they reported an 80% decrease in falls. The cameras will be hardwired in most areas, others can be portable like in the emergency department. This program has the potential to pay for itself. We are currently paying about \$52,000.00 a year in sitter costs just in MedSurg and this is something we can use throughout the facility. Patients and families will be notified that they are being monitored on camera. There will be education provided to them about the program. The video will only be viewed by nursing staff and will not be saved on any files or servers.

***MOTION made by Mr. Mertz to approve the purchase of the Careview Contract. Mr. Geiger seconds that motion.***

Mr. Keith would require Ms. McDowell to report back to the committee on the effectiveness of this program after four months of implementation.

### **Agnew::Beck – Crisis Services**

See PowerPoint presentation provided by Thea Agnew-Bemben and Lauren Rocco

### **CFO Report**

This can be discussed in the next full BOD meeting on 11/23.

**Next Meeting:** Friday, December 9<sup>th</sup> at 12pm, in-person preferred and via Zoom

**Additional Comments:** None

**Adjourned:** 10:05 a.m.

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

LETTER TO THE BOARD

Year Ended June 30, 2022



November 29, 2022

Honorable Mayor, City Assembly and  
Bartlett Regional Hospital Board of Directors  
City and Borough of Juneau  
Juneau, Alaska

Dear Members:

We have audited the financial statements of Bartlett Regional Hospital (the Hospital), an enterprise fund of the City and Borough of Juneau, as of and for the year ended June 30, 2022, and have issued our report thereon dated November 29, 2022. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated July 19, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Hospital solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Our financial statement preparation services are designed to ensure our independence is not impaired. Management reviews and accepts responsibility of the draft financial statements, which are prepared from the Hospital's accounting system and records provided to us.

## Significant Risks Identified

Our audit standards require we communicate significant risks identified in the planning phase and that we design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by error or fraud. The significant risks identified are consistent with the risks we discussed with you during planning.

## Qualitative Aspects of the Entity's Significant Accounting Practices

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Hospital is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the Hospital changed its method of accounting for leases by adopting GASB No. 87, *Leases*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the Statement of Revenues, Expenses, and Changes in Net Position.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statement are as following:

- Management's estimate of the net pension liability, OPEB asset, OPEB liabilities, related deferred inflows, and related deferred outflows are based on information provided by the State of Alaska. We evaluated the key factors and assumptions used to develop the net pension and OPEB liabilities and determined that it is reasonable in relation to the basic financial statements taken as a whole.
- Management's estimate of the net realizable value of accounts receivable is based on historical collections of accounts receivable. We evaluated the key factors and

assumptions used to develop the above-mentioned values in determining that it was reasonable in relation to the basic financial statements taken as a whole.

- Management's estimate of the net realizable value of the Provider Relief Fund is based on the guidance made available by the Department of Health and Human Services, at the time the financial statements were issued. The guidance outlining requirements on how to recognize these funds may change subsequent to the date of audit issuance, which may impact the ability of the Hospital to retain some or all of the distributions received. We evaluated the key factors and assumptions used to develop the above-mentioned values in determining that it was reasonable in relation to the basic financial statements taken as a whole.

### *Financial Statement Disclosures*

The financial statement disclosures are neutral, consistent, and clear.

### **Significant Difficulties Encountered during the Audit**

We encountered no difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate, and communicate to the appropriate level of management:

- All known and likely misstatements identified during the audit, other than those that we believe are trivial.
- All material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.
- The effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

No such misstatements were identified.

### **Disagreements with Management**

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

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter.

## Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Hospital, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Hospital's auditors.

## Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Hospital's audited financial statements, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, is materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

## Internal Control and Other Matters

### *Significant Deficiency in Internal Controls over Financial Reporting Noted During the Current Year Audit*

As described in our *Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency, as listed below:

#### 2022-001: Significant Deficiency in Internal Controls over Financial Reporting – Purchasing Processes

Internal controls over purchasing for part of the fiscal year were not sufficiently designed and implemented to ensure that physical assets purchased with credit cards, including furnishings, equipment, and IT assets were tracked and safeguarded. Tested credit card, employee reimbursement, and travel purchases were not adequately supported, nor was the business purpose of transactions sufficiently documented in some cases.



*Significant Deficiency in Internal Controls over Financial Reporting Noted During the Prior Year Audit*

As described in our prior year *Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*, we identified a deficiency in internal control over financial reporting that we considered to be a significant deficiency, as listed below:

2021-001: Significant Deficiency in Internal Controls over Financial Reporting – Purchasing Processes

Internal controls over purchasing were not sufficiently designed and implemented to ensure that physical assets purchased with credit cards, including artwork, furnishings, equipment, IT assets, and gift cards were tracked and safeguarded. Tested credit card, employee reimbursement, and travel purchases were not adequately supported, nor was the business purpose of transactions sufficiently documented in some cases.

Status: Comment repeated. See 2022-001.

*Other Internal Control Matter Noted During the Prior Year Audit*

During our prior year audit, we noted a matter that was an opportunity for strengthening internal controls and operating efficiency that we discussed with management. This item did not affect our reports on the financial statements of the Hospital.

Gift Card Purchasing – Taxable Compensation to Employees

The Hospital purchased gift cards and distributed them to employees as incentives and bonuses throughout the year and did not track gift card purchases or track the disbursement of the gift cards to employees, resulting in non-compliance with the requirements of the Internal Revenue Code (IRC).

Status: Comment resolved.

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This report is intended solely for the information and use of the Board of Directors and management of the Hospital and the City and Borough of Juneau Assembly and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Elgee Rehfeld*

# Bartlett Regional Hospital

3260 Hospital Drive, Juneau, Alaska 99801

907.796.8900

[www.bartletthospital.org](http://www.bartletthospital.org)

November 29, 2022

Elgee Rehfeld, LLC  
9309 Glacier Hwy, Suite B-200  
Juneau, Alaska, 99801

This representation letter is provided in connection with your audit of the basic financial statements of Bartlett Regional Hospital (an enterprise fund of the City and Borough of Juneau) as of June 30, 2022, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Bartlett Regional Hospital in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, 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.

Except where otherwise stated below, immaterial matters are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 29, 2022:

## Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 31, 2022, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- The internal controls over the receipt and recording of contributions are appropriate.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.

- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Adequate provisions have been made for:
  - Estimated adjustments to revenue, such as for denied claims, changes to diagnosis-related group (DRG) assignments, or other estimated retroactive adjustments by third-party payors.
  - Obligations related to third-party payor contracts, including risk sharing and contractual settlements.
  - Audit adjustments by intermediaries, third-party payors, or other regulatory agencies.
  - Obligations related to providing future services under prepaid health care service contracts.
  - Medical malpractice obligations expected to be incurred with respect to services provided through the date of this letter.
  - Self-insurance reserve for employee health care benefits.
- Patient service receivables are recorded at net realizable value.
- The following have been properly recorded or disclosed in the financial statements:
  - Compliance with bond indentures or other debt instruments.
  - Agreements and settlements with third-party payors.
  - Professional liability insurance coverage information.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- There is no summary of unrecorded misstatements since all adjustments proposed by the auditor, material and immaterial, have been recorded.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- With respect to the preparation of financial statements, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.
- All funds and activities are properly classified.
- All assets and liabilities under the entity's control have been included in the financial statements.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.

- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management’s intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to financial statement preparation, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.

## **Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, meeting minutes and other matters;
  - Additional information that you have requested from us for the purpose of the audit;

- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence;
- All contracts with significant third-party payors or other providers; and
- All reports and information related to peer review organizations, fiscal intermediaries, and third-party payors.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements, including:
  - Violations or possible violations of laws or regulations, such as those related to the Medicare and Medicaid antifraud and abuse statutes, including but not limited to the Medicare and Medicaid Anti-Kickback Statute, Limitations on Certain Physician Referrals (the Stark law), and the False Claims Act, in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency; and
  - Communications, whether oral or written, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, including those related to the Medicare and Medicaid antifraud and abuse statutes, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
- We have complied with all grants and donor restrictions.
- Information returns have been filed on a timely basis.
- We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- The health care entity is subject to the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), or Title 45 U.S. Code of Federal Regulations (CFR) Part

74.26 because it expended (or did not expend) more than \$750,000 in federal awards during the year.

- Billings to third-party payors comply in all respects with applicable coding principles (for example, ICD-9-CM and CPT-4) and laws and regulations (including those dealing with Medicare and Medicaid antifraud and abuse), and billings only reflect charges for goods and services that were medically necessary, properly approved by regulatory bodies (for example, the Food and Drug Administration), if required, and properly rendered.
- With respect to cost reports:
  - We have filed all required Medicare, Medicaid, and similar reports.
  - We are responsible for the accuracy and propriety of all cost reports filed.
  - All costs reflected on such reports are appropriate, allowable under applicable reimbursement rules and regulations, patient-related, and properly allocated to the applicable payor(s).
  - The reimbursement methodologies and principles employed are in accordance with applicable rules and regulations.
  - Adequate consideration has been given to, and appropriate provision made for, audit adjustments by intermediaries, third-party payors, or other regulatory agencies.
  - All items required to be disclosed, including disputed costs that are being claimed to establish a basis for a subsequent appeal, have been fully disclosed in the cost report.
  - Recorded third-party settlements include differences between filed (and to be filed) cost reports and calculated settlements, which are necessary based upon historical experience or new or ambiguous regulations that may be subject to differing interpretations. While management believes the entity is entitled to all amounts claimed on the cost reports, management also believes the amounts of these differences are appropriate
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Bartlett Regional Hospital has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Bartlett Regional Hospital is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:

- Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
- Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- Bartlett Regional Hospital has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Signed:   
Chief Financial Officer

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)  
FINANCIAL STATEMENTS,  
REQUIRED SUPPLEMENTARY INFORMATION  
AND ADDITIONAL SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2022  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT



BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Assembly and  
Bartlett Regional Hospital Board of Directors  
City and Borough of Juneau  
Juneau, Alaska

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Bartlett Regional Hospital, an enterprise fund of the City and Borough of Juneau, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise Bartlett Regional Hospital's statement of net position, statement of revenues, expenses, and change in net position, statement of cash flows, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bartlett Regional Hospital as of June 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Bartlett Regional Hospital 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 opinion.

#### *Responsibilities of Management for the Financial Statements*

Bartlett Regional Hospital's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 Bartlett Regional Hospital'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bartlett Regional Hospital'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 Bartlett Regional Hospital'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.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only Bartlett Regional Hospital and do not purport to, and do not, present fairly the financial position of the City and Borough of Juneau, as of June 30, 2022, and the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through vii and the required supplementary

pension and OPEB schedules and the related notes to required supplementary information on pages 32 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Bartlett Regional Hospital's financial statements. The accompanying supplemental schedule of operating expenses on pages 43 through 45 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental schedule of operating expenses 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of operating expenses 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 November 29, 2022, on our consideration of Bartlett Regional Hospital'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 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 Bartlett Regional Hospital's internal control over financial reporting and compliance.

*Elgee Rehfeld*

November 29, 2022

## Financial Statements

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

STATEMENT OF NET POSITION

June 30, 2022

|   |                      |
|---|----------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:  |                      |
| CURRENT ASSETS:   |                      |
| Equity in central treasury  | \$ 47,907,213        |
| Receivables:  |                      |
| Patient accounts receivable, less allowance for<br>uncollectible accounts of \$9,921,959 at June 30, 2022 | 19,918,321           |
| Other   | 363,749              |
| Inventories   | 4,240,379            |
| Prepaid expenses  | 1,478,939            |
| Other current assets  | 32,937               |
|   | <u>73,941,538</u>    |
| RESTRICTED EQUITY IN CENTRAL TREASURY:  |                      |
| Restricted for capital projects   | 29,076,341           |
| Restricted for debt service   | 3,169,027            |
|   | <u>32,245,368</u>    |
| CAPITAL ASSETS, net   | 64,382,841           |
| RIGHT TO USE LEASED ASSETS, net   | 721,215              |
| NET OPEB ASSET  | 41,382,999           |
|   | <u>138,732,423</u>   |
| DEFERRED OUTFLOWS OF RESOURCES:   |                      |
| Pension   | 9,616,548            |
| Other post employee benefits  | 1,396,168            |
|   | <u>223,686,677</u>   |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:  |                      |
| CURRENT LIABILITIES:  |                      |
| Accounts payable  | 5,250,769            |
| Accrued payroll and related liabilities   | 2,465,533            |
| Current portion of compensated absences   | 3,062,405            |
| Due to third party payors   | 3,165,931            |
| Interest payable  | 200,845              |
| Deferred revenue  | 281,319              |
| Current portion of lease liabilities  | 345,287              |
| Current portion of revenue bonds payable  | 1,785,026            |
| Other payables  | 952,735              |
|   | <u>17,509,850</u>    |
| COMPENSATED ABSENCES, net of current portion  | 2,145,031            |
| REVENUE BONDS PAYABLE, net of current portion   | 37,017,581           |
| LEASE LIABILITIES, net of current portion   | 394,665              |
| NET PENSION LIABILITY   | 56,951,545           |
|   | <u>114,018,672</u>   |
| DEFERRED INFLOWS OF RESOURCES:  |                      |
| Pension   | 22,711,005           |
| Other post employee benefits  | 22,445,047           |
|   | <u>159,174,724</u>   |
| NET POSITION:   |                      |
| Net invested in capital assets  | 25,580,234           |
| Restricted for capital projects   | 28,214,402           |
| Restricted for debt service   | 3,169,027            |
| Unrestricted  | 7,548,290            |
|   | <u>64,511,953</u>    |
| Total net position  | <u>\$ 64,511,953</u> |

The accompanying notes to the financial statements are an integral part of these statements.

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
Year Ended June 30, 2022

|  |                      |
|--|----------------------|
| OPERATING REVENUES:                                    |                      |
| Net patient service revenue                            | \$ 115,891,552       |
| State of Alaska PERS on-behalf pension contribution    | 3,684,090            |
| Other  | <u>2,217,958</u>     |
| Total operating revenues                               | <u>121,793,600</u>   |
| OPERATING EXPENSES:                                    |                      |
| Salaries and wages                                     | 59,620,250           |
| Employee benefits:                                     |                      |
| PERS employer contribution and expense                 | 8,918,210            |
| Other employee benefits                                | 15,516,315           |
| Fees - physician                                       | 5,193,232            |
| Fees - other   | 2,426,135            |
| Supplies   | 16,493,941           |
| Utilities  | 1,832,383            |
| Repairs and maintenance                                | 5,451,053            |
| Rentals and leases                                     | 329,043              |
| Insurance  | 777,821              |
| Depreciation and amortization                          | 7,820,303            |
| Other  | <u>1,664,007</u>     |
| Total operating expenses                               | <u>126,042,693</u>   |
| Operating loss   | <u>(4,249,093)</u>   |
| NONOPERATING REVENUES AND EXPENSES:                    |                      |
| Investment loss  | (2,030,112)          |
| Other nonoperating revenue                             | 5,355,404            |
| Gain on disposal of assets                             | 4,724                |
| Interest expense                                       | <u>(537,643)</u>     |
| Total nonoperating revenues and expenses               | <u>2,792,373</u>     |
| Deficiency of revenues over expenses                   | (1,456,720)          |
| TRANSFERS IN - Primary government - other funds        | <u>518,000</u>       |
| Change in net position                                 | <u>(938,720)</u>     |
| NET POSITION, Beginning of year as previously reported | 65,465,092           |
| Restatement (Note 1)                                   | <u>(14,419)</u>      |
| NET POSITION, Beginning of year, restated              | <u>65,450,673</u>    |
| NET POSITION, End of year                              | <u>\$ 64,511,953</u> |

The accompanying notes to financial statements are an integral part of these statements.

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

STATEMENT OF CASH FLOWS

Year Ended June 30, 2022

|   |                             |
|---|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:                         |                             |
| Cash received from patient services                           | \$ 112,284,955              |
| Other operating receipts                                      | 6,393,262                   |
| Payments to suppliers for goods and services                  | (32,852,383)                |
| Payments to employees for services                            | <u>(85,723,498)</u>         |
| Net cash provided by operating activities                     | <u>102,336</u>              |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:              |                             |
| Transfers from other funds                                    | 518,000                     |
| Other nonoperating revenue                                    | <u>5,355,404</u>            |
| Net cash provided by noncapital financing activities          | <u>5,873,404</u>            |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:     |                             |
| Purchase of capital assets                                    | (13,250,734)                |
| Proceeds from issuance of long-term debt                      | 21,497,218                  |
| Principal paid on long-term debt                              | (1,505,866)                 |
| Interest paid on long-term debt                               | (653,713)                   |
| Proceeds from sale of asset                                   | <u>4,724</u>                |
| Net cash provided by capital and related financing activities | <u>6,091,629</u>            |
| CASH FLOWS FROM INVESTING ACTIVITIES -                        |                             |
| Investment loss   | <u>(2,030,112)</u>          |
| Net cash used for investing activities                        | <u>(2,030,112)</u>          |
| Net increase in cash and cash equivalents                     | 10,037,257                  |
| Cash and cash equivalents, beginning of year                  | <u>70,115,324</u>           |
| Cash and cash equivalents, end of year                        | <u><u>\$ 80,152,581</u></u> |

The accompanying notes to financial statements are an integral part of these statements.



BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

STATEMENT OF CASH FLOWS

Year Ended June 30, 2022  
(Continued)

RECONCILIATION OF OPERATING LOSS TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES

|  |                |
|--|----------------|
| Operating loss   | \$ (4,249,093) |
| Adjustments to reconcile operating loss<br>to net cash provided by operating activities: |                |
| Depreciation and amortization  | 7,820,303      |
| Provision for bad debts  | 3,691,807      |
| (Increase) decrease in assets and deferred outflows<br>of resources:                     |                |
| Patient accounts receivable  | (8,296,424)    |
| Other receivables  | 4,175,304      |
| Inventories  | (659,044)      |
| Prepaid expenses   | 165,929        |
| Other current assets   | (3,060)        |
| Net OPEB asset   | (35,893,334)   |
| Deferred outflows of resources   | 1,642,130      |
| Increase (decrease) in liabilities and deferred inflows<br>of resources:                 |                |
| Accounts payable   | 2,158,863      |
| Accrued payroll and related liabilities  | (857,770)      |
| Compensated absences   | 86,423         |
| Due to third party payors  | 1,370,703      |
| Other payables   | (347,456)      |
| Deferred revenue   | (372,683)      |
| Net pension liability  | (10,602,017)   |
| Deferred inflows of resources  | 40,271,755     |
| Net cash provided by operating activities  | \$ 102,336     |

The accompanying notes to financial statements are an integral part of these statements.

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2022

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

Bartlett Regional Hospital (the Hospital) is a regional provider for acute care, emergency treatment, and outpatient services, located in Juneau, Alaska. The Hospital is an enterprise fund of the City and Borough of Juneau, Alaska (City and Borough) and is governed by a Board of Directors appointed by the Assembly of the City and Borough. The Hospital is licensed for a total of 57 inpatient beds and 16 residential substance abuse treatment facility beds in the Rainforest Recovery Center. The Hospital was granted a temporary license for an additional 28 beds in response to a second wave of COVID-19 starting October 1, 2021, and expired after 60 days.

These financial statements present only Bartlett Regional Hospital and do not purport to, and do not, present fairly the financial position of the City and Borough, as of June 30, 2022, and the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

The financial statements of the Hospital have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting standards which, along with subsequent GASB pronouncements (Statements and Interpretations) constitute GAAP for governmental units. The more significant of these accounting policies are described below.

Proprietary Fund Accounting

The proprietary fund financial statements are prepared using the economic resources measurement focus. The Hospital utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual.

Net position is categorized as follows:

- *Net Invested in Capital Assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted Net Position* – Net position whose use is constrained externally by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – Assets, net of related liabilities, which are not subject to externally imposed restrictions and are not considered invested in capital assets, net of related debt. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

NOTES TO THE FINANCIAL STATEMENTS

Performance Indicator

The performance indicator is the deficiency of revenues over expenses. Transfers from the primary government are not included in the performance indicator.

Equity in the City and Borough of Juneau Central Treasury

The City and Borough uses a central treasury to account for all cash and investments. The Hospital's cash is shown as equity in the central treasury and is monitored and managed by the City and Borough. Equity in the central treasury is further discussed in Note 3 and includes current and restricted equity in the central treasury as presented in the statement of net position.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Hospital has defined cash and cash equivalents as equity maintained in the central treasury.

Patient Accounts Receivable

Patient accounts receivable is stated at unpaid balances less an allowance for doubtful accounts. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance. Valuation of uncollectible amounts is based upon management's review and estimation of individual accounts it judges likely to not be paid. It is reasonably possible that this estimate will change within one year of the date of these financial statements and the effect of the change would be material.

Inventories

Inventories are stated at first-in, first-out method (FIFO).

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the date of the statement of net position, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Restricted Equity in Central Treasury

All resources related to the construction of new capital assets and other expenses, as well as debt service reserve funds, are recorded as restricted assets in the statement of net position.

Capital Assets

Capital assets include land, land improvements, buildings, fixed equipment, moveable equipment, and construction work in progress. Capital assets with acquisition costs in excess of \$5,000 and an estimated useful life greater than one year are carried at original acquisition cost or estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is computed by the straight-line method at rates calculated to depreciate the cost of the assets over their estimated useful lives of 3 to 40 years.

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

NOTES TO THE FINANCIAL STATEMENTS

Right To Use Assets

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

Compensated Absences

Hospital employees earn personal leave rather than separate vacation and sick leave. Unpaid personal leave is accrued and reported as a liability and as an expense in the period when it is earned.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statements of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time.

The Hospital has deferred outflows and inflows that relate to the net pension liability and OPEB asset/liability, which includes the Hospital's contributions subsequent to the measurement date, which is recognized as a increase/reduction of the net pension and OPEB assets/liabilities in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between the Hospital's contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension and OPEB plan investments, which is deferred and amortized over a five-year period.

Pensions

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Alaska Public Employees' Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as PERS, and assuming the State's pension support under AS 39.35.280 is a "Special Funding Situation" as defined by GASB 68. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Further, certain key personnel participate in a 401(a) plan and a 457(b) plan.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB asset and liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of PERS and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

NOTES TO THE FINANCIAL STATEMENTS

Revenue Bonds

Revenue bonds are interest-bearing bonds that are issued by a government in anticipation of revenues to be received at a later date. The bonds are paid from the revenue to which it is related.

Debt Premiums and Issuance Costs

On the statement of net position, debt premiums are netted against the debt payable. On the statement of revenues, expenses, and changes in net position, debt premiums are deferred and amortized over the life of the bonds using the effective interest method.

Bond issuance costs are recognized as expenses during the current period.

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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operating Revenues and Expenses and Non-operating Items

The Hospital distinguishes operating from non-operating revenues and expenses. Operating revenues and expenses generally result from delivering services in connection with the Hospital's principal ongoing operations. The principal operating revenues of the Hospital are charges to patients for services provided. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amount from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Transfers

Transfers between the primary government and the Hospital are required when revenue is generated in one fund and expenditures are paid from another fund.

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Limits of total charity care provided on an annual basis are set by the Hospital's Board. Charity care charges are estimated to be \$1,244,390 in 2022 and are excluded from net patient service revenue.

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

NOTES TO THE FINANCIAL STATEMENTS

Recently Adopted Accounting Pronouncements

*Governmental Accounting Standards Board Statement No. 87*

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease liability and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Hospital adopted GASB Statement No. 87 on July 1, 2021. The implementation of this Standard is required to be applied retrospectively and resulted in the Hospital restating and reducing net position as of June 30, 2021, by \$14,419 in order to recognize the right to use assets, net, of \$1,044,960, and lease liabilities of \$1,057,761.

Reclassifications

Certain prior year balances have been reclassified to conform to the current year presentation.

Subsequent Review

The Hospital has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

**NOTE 2 – NET PATIENT SERVICE REVENUE**

Net patient service revenue, as reported in the statement of revenues, expenses, and changes in net position, is reported net of bad debt expense and contractual allowances. Bad debt expenses were \$3,691,807 for the year ended June 30, 2022. Contractual allowances were \$91,399,882 for the year ended June 30, 2022.

The Hospital has contractual agreements with several third-party payors that provide for prospective payment and cost reimbursement at specified rates. For the year ended June 30, 2022, revenue and the related accounts receivable for such care are recorded at established rates and unreimbursed charges are accounted for as a contractual allowance, which is an adjustment to patient service revenue.

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

NOTES TO THE FINANCIAL STATEMENTS

A summary of the basis of reimbursement with major third-party payors follows:

Medicare

Inpatient services are paid based upon the diagnosis related group reimbursement methodology, also known as the Inpatient Prospective Payment System. The inpatient services are reimbursed a fixed amount based on the patient's diagnosis. In addition, the Hospital receives additional cost-based reimbursement for inpatient services through participation in the Rural Demonstration Program. Outpatient hospital services are paid based on ambulatory payment classification and processed based on the Outpatient Prospective Payment System.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective reimbursement methodology, based upon actual costs from a base year analysis. The Hospital's last base year analysis (fiscal year 2018 inflated forward) was that basis for the State's reimbursements for fiscal year 2022. Per diem rates for in-patient admissions are annually set by the Office of Rate Review. Inpatient services are paid upon an all-inclusive per diem rate while outpatient services are paid based upon a percentage of charges for the service. Professional fees are paid based on the Medicaid Physician Fee Schedule.

SouthEast Alaska Regional Health Consortium (SEARHC)

SEARHC, an Indian Health Facility, compensates at "Medicare like Rates". Outpatient services are paid based on the outpatient prospective payment system (also at "Medicare like Rates") and the inpatient services are paid based on diagnosis-related group rates.

Commercial

Insurers reimburse the Hospital according to the insurance subscriber's insurance plan. The Hospital contracts with four commercial payers who reimburse the Hospital on a fee-for-service basis. Non-contracted commercial insurers reimburse the Hospital at billed charges.

Workers' Compensation

Workers' compensation claims are paid based on the Alaska Workers' Compensation Fee Schedule.

Veterans Affairs (VA)

VA compensates at "Medicare like Rates." Outpatient services are paid based on the outpatient prospective payment system and inpatient services are paid based on diagnosis-related group rates.

**NOTE 3 – EQUITY IN CENTRAL TREASURY**

The Hospital's cash and investment holdings are held and accounted for by the City and Borough. Equity in the central treasury represents the Hospital's share of the pooled deposits and investment holdings, which are not distinguishable from other government functions' share of pooled deposits and investments, and therefore, the Hospital's portion of the holdings are as presented in the accompanying statement of financial position.

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

NOTES TO THE FINANCIAL STATEMENTS

The Hospital's equity in central treasury is included in the following accounts in the accompanying Statements of Net Position:

|   |               |
|---|---------------|
| Unrestricted Equity in Central Treasury                   | \$ 47,907,213 |
| Equity in Central Treasury, Restricted – Capital Projects | 29,076,341    |
| Equity in Central Treasury, Restricted – Debt Service     | 3,169,027     |
| Total Equity in Central Treasury                          | \$ 80,152,581 |

**NOTE 4 – RESTRICTED EQUITY IN CENTRAL TREASURY**

The Hospital occasionally imposes restrictions regarding the use of certain funds to satisfy legal requirements or to reserve funds for capital project use. The funds are classified as restricted equity in central treasury on the accompanying statement of net position. The components of restricted equity in central treasury are as follows:

Capital Projects

The Hospital has restricted funds for various construction projects. The amounts are included as restricted for capital projects on the accompanying statement of net position based on restrictions imposed on their use as described in Note 1.

Debt Service Requirement

As part of the agreement for the issuance of the Revenue Refunding Bonds, the Hospital was legally required to reserve funds to secure payment of principal and interest on the bonds. The amounts are included as restricted for debt service on the accompanying statement of net position.

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 was as follows:

|                              | Beginning<br>Balances | Additions    | Transfers and<br>Retirements | Ending<br>Balances |
|------------------------------|-----------------------|--------------|------------------------------|--------------------|
| Land                         | \$ 550,540            | \$ -         | \$ -                         | \$ 550,540         |
| Land improvements            | 5,210,213             | -            | -                            | 5,210,213          |
| Buildings                    | 99,542,238            | -            | 180,452                      | 99,722,690         |
| Fixed equipment              | 9,305,819             | -            | 530,860                      | 9,836,679          |
| Moveable equipment           | 27,307,476            | 11,100       | 1,243,525                    | 28,562,101         |
| Software                     | 7,853,184             | 129,838      | 1,160,080                    | 9,143,102          |
| Construction in progress     | 10,349,699            | 13,109,796   | (3,188,100)                  | 20,271,395         |
| Total property and equipment | 160,119,169           | 13,250,734   | (73,183)                     | 173,296,720        |
| Accumulated depreciation     | (101,584,466)         | (7,402,596)  | 73,183                       | (108,913,879)      |
| Net property and equipment   | \$ 58,534,703         | \$ 5,848,138 | \$ -                         | \$ 64,382,841      |

Depreciation expense was \$7,402,596 for the year ending June 30, 2022.



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**NOTE 6 – RIGHT TO USE LEASED ASSETS**

The Hospital has seven right to use leased assets. Right to use assets include leased buildings and leased equipment. The related leases are discussed in Note 8. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use assets activity for the Hospital for the year ended June 30, 2022, was as follows:

|                                    | Beginning<br>Balances * | Increases           | Decreases   | Ending<br>Balances |
|------------------------------------|-------------------------|---------------------|-------------|--------------------|
| Right to use assets:               |                         |                     |             |                    |
| Leased buildings                   | \$ 808,178              | \$ 93,962           | \$ -        | \$ 902,140         |
| Leased equipment                   | 669,544                 | -                   | -           | 669,544            |
| Total right to use assets          | 1,477,722               | 93,962              | -           | 1,571,684          |
| Less accumulated amortization for: |                         |                     |             |                    |
| Leased buildings                   | 252,708                 | 267,638             | -           | 520,346            |
| Leased equipment                   | 180,054                 | 150,069             | -           | 330,123            |
| Total accumulated amortization     | 432,762                 | 417,707             | -           | 850,469            |
| Right to use assets, net           | <u>\$ 1,044,960</u>     | <u>\$ (323,745)</u> | <u>\$ -</u> | <u>\$ 721,215</u>  |

\* As restated - see Note 1.

**NOTE 7 – REVENUE BONDS PAYABLE**

The Hospital's revenue bonds payable includes revenue bonds that are direct obligations of the City and Borough and are secured by revenues of the Hospital.

The following is a summary of changes to long-term debt for the year ended June 30, 2022:

|   | Beginning<br>Balances | Additions            | Reductions            | Ending<br>Balances   | Amounts Due<br>Within One<br>Year |
|---|-----------------------|----------------------|-----------------------|----------------------|-----------------------------------|
| Bonds payable:                          |                       |                      |                       |                      |                                   |
| 2013 Hospital revenue<br>refunding bond | \$ 7,500,000          | \$ -                 | \$ (910,000)          | \$ 6,590,000         | \$ 945,000                        |
| 2021 Hospital revenue<br>refunding bond | 10,760,000            | -                    | (90,000)              | 10,670,000           | 175,000                           |
| 2022 Hospital revenue<br>refunding bond | -                     | 18,775,000           | -                     | 18,775,000           | 370,000                           |
| Bond premium                            | 139,484               | 2,722,218            | (94,095)              | 2,767,607            | 295,026                           |
| Total bonds payable                     | <u>\$ 18,399,484</u>  | <u>\$ 21,497,218</u> | <u>\$ (1,094,095)</u> | <u>\$ 38,802,607</u> | <u>\$ 1,785,026</u>               |

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Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

| <u>Year Ending June 30</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|----------------------------|----------------------|----------------------|----------------------|
| 2023                       | \$ 1,490,000         | \$ 1,376,069         | \$ 2,866,069         |
| 2024                       | 1,770,000            | 1,313,196            | 3,083,196            |
| 2025                       | 1,845,000            | 1,236,919            | 3,081,919            |
| 2026                       | 845,000              | 1,157,262            | 2,002,262            |
| 2027                       | 1,930,000            | 1,114,939            | 3,044,939            |
| 2028 - 2032                | 10,815,000           | 4,683,738            | 15,498,738           |
| 2033 - 2037                | 10,750,000           | 2,623,784            | 13,373,784           |
| 2038 - 2042                | 6,590,000            | 855,750              | 7,445,750            |
|                            | <u>\$ 36,035,000</u> | <u>\$ 14,361,657</u> | <u>\$ 50,396,657</u> |

2013 Hospital Revenue Refunding Bonds

On March 12, 2013, the Hospital issued \$23.66 million in Hospital Revenue Refunding Bonds with interest rates ranging between 2.00% and 5.00%. The debt service on these bonds is to be funded by hospital revenues. The Hospital issued the bonds to advance refund \$24.30 million of the outstanding 2004A Hospital Revenue Bonds with interest rates ranging between 4.00% and 5.375%. The Hospital used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the revenue bonds listed above. The outstanding bonds under the 2004A Hospital Revenue Bonds were called and retired using the trust funds on July 1, 2014. This refunding resulted in a net cash flow savings of \$3.40 million.

The 2013 Hospital Revenue Refunding Bonds were issued at a premium of \$2,808,944. The premium is amortized using the effective interest method, and amortization was \$61,037 for the year ended June 30, 2022.

2021 Hospital Revenue Refunding Bonds

On June 16, 2021, the Hospital issued \$10.76 million in Hospital Revenue Refunding Bonds with interest rates ranging between 0.24% and 2.55%. The debt service on these bonds is to be funded by hospital revenues. The Hospital issued the bonds to advance refund \$9.76 million of the outstanding 2013 Hospital Refunding Bonds with interest rates ranging between 3.00% and 5.00%. This refunding resulted in a net cash flow savings of \$1.33 million.

2022 Hospital Revenue Refunding Bonds

On April 14, 2021, the Hospital issued \$18.775 million in Hospital Revenue Refunding Bonds at a premium of \$2,722,218 with an interest rate of 5%. The debt service on these bonds is to be funded by hospital revenues. The premium is amortized using the effective interest method, and amortization was \$33,058 for the year ended June 30, 2022.

Interest expense, as reported in the accompanying statement of revenues, expenses, and changes in net position, for the year ended June 30, 2022, was \$537,643.

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**NOTE 8 – LEASES**

The Hospital has entered into agreements to lease certain buildings and equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87, *Leases* and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Four building agreements with various agreement start dates have various lease terms that range from 5 to 21 years. There are escalation increases for base rent that increase on a yearly basis based on any increase in the Consumer Price Index, as published by the U.S. Department of Labor for Anchorage, Alaska. The lease liability is measured at a discount rate of 5%, which is the Hospital's incremental borrowing rate. As a result, the Hospital has recorded right to use assets – leased buildings with a net book value of \$381,794 at June 30, 2022.

There are three equipment agreements that have various agreement start dates with various lease terms that range from 4 to 7 years. The lease liability is measured at a discount rate of 5%, which is the Hospital's incremental borrowing rate. As a result, the Hospital has recorded right to use assets – leased equipment with a net book value of \$339,421 at June 30, 2022.

Right to use assets are discussed in more detail in Note 6.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

| Year Ending<br>June 30 | Principal<br>Payments | Interest<br>Payments | Total             |
|------------------------|-----------------------|----------------------|-------------------|
| 2023                   | \$ 345,287            | \$ 11,311            | \$ 356,598        |
| 2024                   | 186,695               | 6,400                | 193,095           |
| 2025                   | 173,711               | 2,747                | 176,458           |
| 2026                   | 30,674                | 513                  | 31,187            |
| 2027                   | 3,585                 | 10                   | 3,595             |
|                        | <u>\$ 739,952</u>     | <u>\$ 20,981</u>     | <u>\$ 760,933</u> |

The following is a roll forward of lease liabilities for the year ended June 30, 2022:

|                   | Beginning<br>Balance | Increases        | Decreases           | Ending<br>Balance | Current Portion of<br>Balance |
|-------------------|----------------------|------------------|---------------------|-------------------|-------------------------------|
| Lease liabilities | <u>\$1,057,761</u>   | <u>\$ 93,962</u> | <u>\$ (411,771)</u> | <u>\$ 739,952</u> | <u>\$ 345,287</u>             |

**NOTE 9 – RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLANS**

Hospital employees participate in the State of Alaska Public Employees' Retirement System (PERS), a defined benefit plan, or the State of Alaska Defined Contribution Retirement Plan (DCR Plan), a defined contribution plan, based on date of initial hire by a participating employer as described below. The plans are governed by the Alaska Retirement Management Board (the "Board" or the "System"), which consists of nine trustees, as follows: the commissioner of

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administration and the commissioner of revenue, two trustees who are members of the general public, one trustee who is employed as a finance officer for a political subdivision participating in either the PERS or Teachers' Retirement System (TRS), two trustees who are members of PERS, and two trustees who are members of TRS. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. PERS issues a publicly available financial report that can be obtained at <https://drb.alaska.gov/docs/reports/>.

**State of Alaska PERS Defined Benefit Plan**

Plan Descriptions

PERS is a cost-sharing multiple-employer defined benefit (DB) pension plan administered by the State of Alaska. The State administers other post-employment benefits (OPEB) cost-sharing, defined benefit plans. The OPEB Plans include the Alaska Retiree Healthcare Trust Plan (ARHCT), the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan (RMP) which includes a defined benefit health plan, and occupational death and disability plan (Other Post-Employment Benefits "OPEB"). All employees initially hired prior to July 1, 2006, must participate in this plan. With the passage of Senate Bill (SB) 141, the DB Plan is closed to all new members effective July 1, 2006. Employees hired on or after this date must participate in the DCR Plan described later.

PERS Pension and OPEB Benefits Provided

PERS provides retirement, health insurance premium supplement, long-term disability, occupational death and disability and survivor benefits. Retirement benefits are calculated on the basis of age, average monthly compensation and service credit as follows (a more complete description of benefits can be found at <http://doa.alaska.gov/drb/> or the financial report referred to above):

|  | "Tier 1"  | "Tier 2 and 3"  |
|--|---|---|
| Initial hire date  | Before July 1, 1986, and all police and firefighters                            | July 1, 1986, to June 30, 1996 (2), After July 1, 1996 (3)                      |
| Minimum credited years of service                          | Five Years  | Five Years  |
| Retirement age with minimum years of service               | 55, or early retirement - 50, or any age with 30 or more service years          | 60, or early retirement - 55, or any age with 30 or more service years          |
| <u>Pension benefit:</u>                                    |   |   |
| Basis  | Years of Service based and average of three highest consecutive years' salaries | Years of Service based and average of three highest consecutive years' salaries |
| Amount per year of service                                 | 2% to 2.5% depending on hire date and length of service                         | 2% to 2.5% depending on hire date and length of service                         |
| Form   | Joint and survivor annuity  | Joint and survivor annuity  |
| <u>Death benefit (OPEB):</u>                               |   |   |
| Pre-retirement, work related, non-willful negligence death | Monthly survivor benefit  | Monthly survivor benefit  |

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|   |  |  |
|---|--|--|
| Active DB Plan member, occupational death         | 40% of members' salary, higher amounts for police or firefighters                          | 40% of members' salary, higher amounts for police or firefighters  |
| Active DB Plan member, non-occupational death     | Spouse receives 50% of members' benefit, or lump sum to other beneficiaries                | Spouse receives 50% of members' benefit, or lump sum to other beneficiaries  |
| <br>  |  |  |
| <u>Disability benefits (OPEB)</u>                 | Paid to normal retirement age, if vested, when normal retirement benefits apply            | Paid to normal retirement age, if vested, when normal retirement benefits apply  |
| <br>  |  |  |
| <u>Medical benefits (OPEB)</u>                    | Major medical benefits at no cost  | Major medical at no cost after age 60, or premium amount if under age 60 (2), paid premium (3), at no cost if disabled |
| <br>  |  |  |
| <u>Postretirement pension adjustments (PRPA):</u> |  |  |
| Automatic   | Benefits increased each July 1 based on cost of living increase the previous calendar year | Benefits increased each July 1 based on cost of living increase the previous calendar year                             |
| Discretionary                                     | Granted if funding ratio of the DB Plan meets or exceeds 105%                              | Granted if funding ratio of the DB Plan meets or exceeds 105%  |

PERS Contributions

*Pension and Alaska Retiree Healthcare Trust Plan (OPEB)*

Contribution requirements of the active plan members and the participating employers are actuarially determined and approved by the Board as an amount that, when combined, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The DB Plan's members' contribution rates are 7.5% for peace officers and firefighters, 9.6% for some school district employees, and 6.75% for general DB Plan members, as required by statute. The Hospital's effective contribution rate is 22.00% of annual payroll, which is allocated 14.57% to the DB Pension Plan and 7.43% to the DB ARHCT Plan as determined by the actuary of the Plan for fiscal year 2021.

Alaska Statute 39.35.280 provides that the State of Alaska, as a nonemployer contributing entity, contributes each July 1, or as soon after July 1 for the ensuing fiscal year, an amount that when combined with the total employer contributions is sufficient to pay the System's past service liability at the actuarially determined contribution rate adopted by the Board for that fiscal year. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between:

- (A) The amount calculated for the statutory employer contribution rate of 22.00% on eligible salary, less
- (B) The total of the employer contributions for
  - (1) The defined contribution employer matching amount,
  - (2) Major medical,

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- (3) Occupational death & disability, and
- (4) Health reimbursement arrangement.

The difference is deposited based on an actuarial allocation into the DB Plan's pension and healthcare funds.

*Occupational Death and Disability Plan (OPEB)*

The Hospital contributes to each member's account based on the member's compensation. For fiscal year 2021, the rates were 0.70% for ODD for peace officers and firefighters and 0.31% for ODD for all other members.

*Retired Medical Plan (OPEB)*

The Hospital contributes to each member's account using PERS board approved actuarially determined rate applied to the member's compensation. For fiscal year 2021, the rate was 1.27% of a member's compensation.

PERS Refunds

*Pension*

DB Plan member contributions may be voluntarily or, under certain circumstances, involuntarily refunded to the member or a garnishing agency 60 days after termination of employment. Voluntary refund rights are forfeited on July 1 following the member's 75th birthday or within 50 years of the member's last termination date. Members who have had contributions refunded forfeit all retirement benefits, including postemployment healthcare benefits. Members can reinstate refunded service due to involuntary refunds by repaying the total involuntary refunded balance and accrued interest. Members are allowed to reinstate voluntarily refunded service by repaying the voluntarily refunded balance and accrued interest if they reestablished an employee relationship with a participating DB Plan employer before July 1, 2010. Members who had not reestablished an employee relationship with a participating DB Plan employer by June 30, 2010, were not eligible to reinstate voluntarily refunded service and forfeited any claim to DB Plan membership rights. Balances refunded to members accrue interest at the rate of 7.0% per annum, compounded semiannually.

PERS Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Hospital reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Hospital. The amount recognized by the Hospital as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Hospital were as follows:

|  |                             |
|--|-----------------------------|
| Hospital's proportionate share of the net pension liability for PERS                           | \$ 56,951,545               |
| State's proportionate share of the net pension liability for PERS associated with the Hospital | <u>7,714,047</u>            |
| Total net pension liability for PERS   | <u><u>\$ 64,665,592</u></u> |

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The Hospital's share of the PERS liability for its obligation to its employees, arising from its PERS Employer Participation Agreement, which is currently attributed to the State due to AS 39.35.280, would be recorded by the Hospital upon an act of the legislature to amend the statute.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Hospital's proportion of the net pension liability was based on a projection of the Hospital's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2021, the Hospital's proportion was 1.55245%, an increase of 0.40770% from prior fiscal year.

For the fiscal year ended June 30, 2022, the Hospital recognized pension expense, including amounts contributed by the State of Alaska, in the financial statements, calculated as follows:

|   | Hospital      | On-behalf    |
|---|---------------|--------------|
| FY22 Contributions paid - pension expense in the Statement of Revenues, Expenses, and Changes in Net Position | \$ 6,159,618  | \$ 3,628,903 |
| FY22 Contributions adjusted to Deferred Outflows - pension  | (6,159,618)   | -            |
| FY21 Contributions paid   | 5,750,518     | -            |
| Adjustment to FY21 On-behalf contributed  | -             | 55,187       |
| Net change in net pension liability, Deferred Outflows and Inflows for Pension                                | 11,382,224    | -            |
| Total pension expense per the Statement of Revenues, Expenses, and Changes in Net Position                    | \$ 17,132,742 | \$ 3,684,090 |

At June 30, 2022, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflow of<br>Resources | Deferred<br>Inflow of<br>Resources |
|--|-------------------------------------|------------------------------------|
| Difference between expected and actual experience                    | \$ -                                | \$ 252,309                         |
| Difference between projected and actual investment earnings          | -                                   | 22,458,696                         |
| Changes in proportion and differences between employer contributions | 3,456,930                           | -                                  |
| Hospital contributions subsequent to measurement date                | 6,159,618                           | -                                  |
| Total  | \$ 9,616,548                        | \$ 22,711,005                      |

The \$6,159,618 reported in Deferred Outflows of Resources Related to Pensions resulting from Hospital contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as

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Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions will be recognized in pension expense in the measurement year (fiscal year) as follows:

|                     |                |
|---------------------|----------------|
| Year ended June 30: |                |
| 2022 (2023)         | \$ (2,014,483) |
| 2023 (2024)         | (5,144,406)    |
| 2024 (2025)         | (5,564,825)    |
| 2025 (2026)         | (6,530,361)    |
| 2026 (2027)         | -              |
| Thereafter          | -              |

PERS OPEB Assets and Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

As of June 30, 2022, the Hospital's proportionate share of the net OPEB liability (asset), the related State support, and the total portion of the net OPEB liability (asset) that was associated with the Hospital for ARHCT, RMP and ODD are as follows:

|   | ARHCT           | RMP          | ODD          |
|---|-----------------|--------------|--------------|
| Hospital's proportionate share of the OPEB liability (asset) for PERS                               | \$ (39,990,748) | \$ (581,431) | \$ (810,820) |
| State's proportionate share of the net OPEB liability (asset) for PERS associated with the Hospital | (5,236,031)     | -            | -            |
| Total Net OPEB Liability (Asset) for PERS   | \$ (45,226,779) | \$ (581,431) | \$ (810,820) |

The Hospital's share of the PERS liability for its obligation to its employees, arising from its PERS Employer Participation Agreement, which is currently attributed to the State due to AS 39.35.280, would be recorded by the Hospital upon an act of the legislature to amend the statute.

The net OPEB liability (asset) measured as of June 30, 2021, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Hospital's proportion of the net OPEB liability (asset) was based on a projection of the Hospital's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2021, the Hospital's proportion was 1.55888% for ARHCT, 2.16612% for RMP, 1.83972% for ODD, and changes of 0.41468%, 0.07789% and 0.16658%, respectively, from the prior fiscal year.



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For the fiscal year ended June 30, 2022, the Hospital recognized OPEB expense, including amounts contributed by the State of Alaska, in the financial statements, calculated as follows:

|  | <u>ARHCT</u>           | <u>RMP</u>        | <u>ODD</u>         |
|--|------------------------|-------------------|--------------------|
| FY22 Contributions paid - OPEB expense in the Statement of Revenues, Expenses, and Changes in Net Position | \$ 617,387             | \$ 373,323        | \$ 108,159         |
| FY22 Contributions adjusted to Deferred Outflows - OPEB  | (617,387)              | (373,323)         | (108,159)          |
| FY21 Contributions paid  | 790,876                | 402,017           | 98,130             |
| Net change in Net OPEB Liability (Asset), Deferred Outflows and Inflows for OPEB                           | <u>(15,427,848)</u>    | <u>(206,800)</u>  | <u>(112,096)</u>   |
| Total OPEB expense per the Statement of Revenues, Expenses, and Changes in Net Position                    | <u>\$ (14,636,972)</u> | <u>\$ 195,217</u> | <u>\$ (13,966)</u> |

At June 30, 2022, the Hospital reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | <u>Deferred Outflow of Resources</u> |                   |                   | <u>Deferred Inflow of Resources</u> |                   |                   |
|--|--------------------------------------|-------------------|-------------------|-------------------------------------|-------------------|-------------------|
|  | <u>ARHCT</u>                         | <u>RMP</u>        | <u>ODD</u>        | <u>ARHCT</u>                        | <u>RMP</u>        | <u>ODD</u>        |
| Difference between expected and actual experience                            | \$ -                                 | \$ 43,230         | \$ -              | \$ 419,967                          | \$ 27,644         | \$ 221,460        |
| Changes in assumptions   | -                                    | 180,719           | -                 | 1,511,260                           | 345,544           | 6,160             |
| Net difference between projected and actual earnings on OPEB plan investment | -                                    | -                 | -                 | 18,713,530                          | 520,169           | 130,017           |
| Changes in proportion and differences between employer contributions         | -                                    | 28,732            | 44,621            | 481,516                             | 6,925             | 60,855            |
| Hospital contributions subsequent to measurement date                        | <u>617,387</u>                       | <u>373,320</u>    | <u>108,159</u>    | <u>-</u>                            | <u>-</u>          | <u>-</u>          |
| Total  | <u>\$ 617,387</u>                    | <u>\$ 626,001</u> | <u>\$ 152,780</u> | <u>\$ 21,126,273</u>                | <u>\$ 900,282</u> | <u>\$ 418,492</u> |

The \$1,098,869 reported in Deferred Outflows of Resources Related to OPEB is from Hospital contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability (asset) in the fiscal ended June 30, 2022. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB will be recognized in pension expense in the measurement year (fiscal year) as follows:

| Year ended June 30: | <u>ARHCT</u>   | <u>RMP</u>   | <u>ODD</u>  |
|---------------------|----------------|--------------|-------------|
| 2022 (2023)         | \$ (6,796,738) | \$ (139,392) | \$ (71,298) |
| 2023 (2024)         | (4,309,663)    | 139,634      | (71,213)    |
| 2024 (2025)         | (4,627,680)    | (144,885)    | (72,578)    |
| 2025 (2026)         | (5,392,191)    | (161,456)    | (76,916)    |
| 2026 (2027)         | -              | (17,624)     | (36,770)    |
| Thereafter          | -              | (44,611)     | (45,096)    |

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PERS Actuarial Assumptions - Pension and OPEB

The total pension and OPEB liability (asset) were determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

|   |  |
|---|--|
| Inflation                                     | 2.50%  |
| Salary increases                              | Graded by service, from 7.75% to 2.75% for Peace Officers/Firefighters<br>Graded by age and service, from 6.75% to 2.75% for All Others                                    |
| Investment rate of return                     | 7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.                                    |
| Healthcare cost<br>Trend rates<br>(ARHCT/RMP) | Pre-65 Medical: 7.0% grading down to 4.5%<br>Post-65 Medical: 5.4% grading down to 4.5%<br>Prescription Drug: 8.0% grading down to 4.5%<br>EGWP: 8.0% grading down to 4.5% |

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return, excluding the inflation component of 2.04%, for each major asset class included in the System's current and expected asset allocation as of June 30, 2021 are summarized in the following table:

| Asset Class              | Long-term<br>Expected Real<br>Rate of Return |
|--------------------------|--|
| Domestic equity          | 6.63%  |
| Global equity (non-U.S.) | 5.41   |
| Aggregate bonds          | 0.76   |
| Opportunistic            | 4.39   |
| Real assets              | 3.16   |
| Private equity           | 9.29   |
| Cash equivalents         | 0.13   |

*Pension*

Pre-commencement and post-commencement mortality rates were based upon the 2013–2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

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NOTES TO THE FINANCIAL STATEMENTS

*OPEB*

Pre-commencement and post-commencement mortality rates were based upon the 2013–2017 actual mortality experience. Post-commencement mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The rates for pre-commencement mortality were 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.

Discount Rate

The discount rate used to measure the total pension liability and the total OPEB liability (asset) was 7.38%. The projection of cash flows used to determine the discount rate assumed that employer and nonemployer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension and OPEB plan's 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 and OPEB liabilities.

Sensitivity of the Hospital's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - PERS

The following presents the Hospital's proportionate share of the net pension liability calculated using the discount rate of 7.38%, as well as what the Hospital's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.38%) or 1-percentage-point higher (8.38%) than the current rate:

|   | 1% Decrease<br>(6.38%) | Current<br>Discount Rate<br>(7.38%) | 1% Increase<br>(8.38%) |
|---|------------------------|-------------------------------------|------------------------|
| Hospital's proportionate share of the net pension liability | \$ 84,353,170          | \$ 56,951,545                       | \$ 33,930,664          |

Sensitivity of the Hospital's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate - PERS

The following presents the Hospital's proportionate share of the net OPEB liability (asset) of each plan calculated using the discount rate of 7.38%, as well as what, for each respective plan, the Hospital's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.38%) or 1-percentage-point higher (8.38%) than the current rate:

|       | 1% Decrease<br>(6.38%) | Current<br>Discount Rate<br>(7.38%) | 1% Increase<br>(8.38%) |
|-------|------------------------|-------------------------------------|------------------------|
| ARHCT | \$ (26,153,349)        | \$ (39,990,748)                     | \$ (51,481,677)        |
| RMP   | 379,483                | (581,431)                           | (1,307,212)            |
| ODD   | (776,398)              | (810,820)                           | (838,231)              |

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NOTES TO THE FINANCIAL STATEMENTS

Sensitivity of the Hospital's Proportionate Share of the Net OPEB Liability (Asset) to Changes in Healthcare Cost Trend Rates - PERS

The following presents the Hospital's proportionate share, for each plan, of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2021 actuarial valuation report, as well as what, for each plan, the Hospital's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

|       | 1% Decrease    | Current Trend<br>Rate | 1% Increase    |
|-------|----------------|-----------------------|----------------|
| ARHCT | \$(52,826,833) | \$(39,990,748)        | \$(24,500,938) |
| RMP   | (1,411,100)    | (581,431)             | 549,047        |
| ODD   | N/A            | N/A                   | N/A            |

PERS Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB plans' fiduciary net position is available in the separately issued PERS financial reports at <http://doa.alaska.gov/drb/>.

**PERS - Defined Contribution Retirement Plan**

General

The Hospital participates in the State of Alaska Defined Contribution Retirement Plan (DCR Plan), Tier 4, which provides pension benefits. The Hospital also participates in the State of Alaska Other Postemployment Benefit Healthcare Reimbursement Arrangement Plan (HRAP) defined benefit plan. Other OPEB benefits are provided through the cost-sharing defined benefit Alaska Retiree Healthcare Trust Plan (ARHCT), the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan (RMP) as described in the defined benefit plan note.

The plans provide benefits for eligible employees hired after July 1, 2006. Additionally, certain active members of the DB Plan were eligible to transfer to the DCR Plan if that member had not vested in the DB Plan. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The DCR Plan is administered by the System.

Retirement Benefits

A participating member is immediately and fully vested in that member's contributions and related earnings (losses). A member shall be fully vested in the employer contributions made on that member's behalf, and related earnings (losses), after five years of service. A member is partially vested in the employer contributions made on that member's behalf, and the related earnings, in the ratio of (a) 25% with two years of service; (b) 50% with three years of service; (c) 75% with four years of service; and (d) 100% with five years of service.

OPEB Benefits - HRAP

The HRAP is provided to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants.

Other OPEB - ARHCT, ODD and RMP

The benefits provided under the DCR Plans are the same as under the DB Plans.

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NOTES TO THE FINANCIAL STATEMENTS

Contributions

*Pension*

Alaska statutes require an 8% contribution rate for DCR Plan members. Employers are required to contribute 5% of the member's compensation. For the year ended June 30, 2022, employee contributions totaled \$2,785,878 and the Hospital recognized pension expense of \$1,741,177.

*OPEB - HRAP*

The Hospital contributes to each member's account using an amount equal to 3% of the average annual compensation of all employees in PERS. The 2021 contribution amount was an annual contribution not to exceed \$2,159 and had to be paid each pay period an employee was enrolled in the DCR Plan, regardless of the compensation paid during the year. An amount less than \$2,159 would be deposited to a member's account if that member worked less than a full year. The Hospital recognized OPEB expense of \$916,191 for PERS-HRAP in fiscal year 2022.

Other OPEB - ARHCT, ODD and RMP

Contributions for these OPEB plans are described under the defined benefit plan notes.

Refunds - Pension

A member is eligible to elect distribution of their account 60 days after termination of employment.

Participant Accounts

Participant accounts under the DCR Plan are self-directed with respect to investment options. Each participant designates how contributions are to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the appreciation or depreciation in unit value for the investment funds. Record-keeping/administrative fees, consisting of a fixed amount, applied in a lump sum each calendar year, and a variable amount, applied monthly, are deducted from each participant's account, applied pro rata to all the funds in which the employee participates. This fee is for all costs incurred by the record keeper and by the State. The investment management fees are netted out of the funds' performance.

Defined Contribution Retirement (DCR) Forfeiture Balances

The State of Alaska, Division of Retirement and Benefits, employer payroll reporting system was adjusted to allow the usage of DCR employer forfeitures as an offset against future payrolls effective July 1, 2018. The forfeited contribution balance used to cover DCR employer match contributions in fiscal year 2022 was \$221,835 for PERS. Forfeiture usage to cover the DCR employer match contribution is mandatory and is to be utilized on each payroll until the balance is exhausted.

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NOTES TO THE FINANCIAL STATEMENTS

**Summary of Pension and OPEB accounts by Plan**

Pension and OPEB asset, liabilities, and related deferred outflows and inflows as of June 30, 2022 included in the Statement of Net Assets include:

| Plan                | Deferred<br>Outflows | Net Pension<br>Liability | Deferred<br>Inflows   |                     |
|---------------------|----------------------|--------------------------|-----------------------|---------------------|
| PERS - Pension      | \$ 9,616,548         | \$ 56,951,545            | \$ 22,711,005         |                     |
|                     | Net OPEB<br>Asset    | Deferred<br>Outflows     | Net OPEB<br>Liability | Deferred<br>Inflows |
| PERS - OPEB - ARHCT | \$ 39,990,748        | \$ 617,387               | \$ -                  | \$ 21,126,273       |
| PERS - OPEB - RMP   | 581,431              | 626,001                  | -                     | 900,282             |
| PERS - OPEB - ODD   | 810,820              | 152,780                  | -                     | 418,492             |
|                     | \$ 41,382,999        | \$ 1,396,168             | \$ -                  | \$ 22,445,047       |

**Other Compensation Plans**

The Hospital sponsors an IRC Section 457(b) deferred compensation plan for all eligible employees. Eligible employees may contribute the maximum amount allowed annually under current IRS regulations. The tax-deferred plan enables participants to defer income on a pretax basis. There is no employer contribution to this plan.

The Hospital also sponsors an IRC Section 401(a) defined contribution retirement plan, for the benefit of certain key personnel who are excluded from participation in PERS. Contributions are discretionary and wholly employer funded and limited to annual amounts determined by the IRS. Participant benefits are dependent solely on the amount contributed by the Hospital to the plan and investment earnings. The Hospital made contributions of \$643,674 on behalf of the seventeen employees currently eligible for the plan for the year ended June 30, 2022.

**NOTE 10 – BOARD DESIGNATION OF EQUITY IN CENTRAL TREASURY**

The Hospital Board has designated a portion of equity in central treasury for capital replacement. The balance is increased annually by an amount equal to depreciation plus interest earnings attributable to the balance and reduced by capital purchases. The balance was \$23,966,404 at June 30, 2022.

**NOTE 11 – CONCENTRATION OF CREDIT RISK**

The Hospital provides credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at June 30 is as follows:

|                    |               |
|--------------------|---------------|
|                    | <u>2022</u>   |
| Medicare           | 27.0%         |
| Medicaid           | 21.7          |
| Third-party payers | 33.9          |
| Patients           | 17.4          |
|                    | <u>100.0%</u> |

BARTLETT REGIONAL HOSPITAL  
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NOTES TO THE FINANCIAL STATEMENTS

**NOTE 12 – CONTINGENT LIABILITIES**

Grant Revenues

Amounts received or receivable under grant programs from the State of Alaska and federal government are subject to audit and adjustment. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Hospital expects such amounts, if any, to be immaterial.

Revenue from Third Party Payors

Payments made under the Medicaid and Medicare program are subject to audit. Paid claims could be disallowed upon audit if there is inadequate documentation to substantiate the services provided to Medicaid and Medicare beneficiaries. The amount, if any, of claims which may be disallowed cannot be determined at this time. The Hospital has recorded estimated payments due to Medicare in the statement of net position as due to third party payors, however, actual results could differ from this estimate.

CARES Act Funding

During the year ended June 30, 2022, the Hospital received \$2,980,365 in targeted distributions from the Provider Relief Fund as provided for and established under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Provider Relief Fund distributions were accounted for as government grants and recognized on a systematic and rational basis as other nonoperating revenue, once there was reasonable assurance that the applicable terms and conditions required to retain the funds will be met. Based on the Hospital's analysis of the compliance and reporting requirements of the Provider Relief Fund and the impact of the pandemic on the Hospital's operating results, the Hospital recognized \$2,980,365 related to the general and targeted distribution funds during fiscal year 2022, included in other nonoperating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

Legal Action

The Hospital, in the normal course of its activities, is involved in various claims and pending litigation. While the outcome of certain of these matters is not presently determinable, in the opinion of management, the Hospital has insurance coverage and reserves to prevent these matters from having a material adverse effect on the financial statements.

**NOTE 13 – 340B PROGRAM**

The Hospital participates in the 340B Program administered by the U.S. Health Resources & Service Administration (HRSA). The 340B Program offers eligible safety-net health care providers access to low-cost medications. The Hospital has utilized this program for low-cost medications primarily in the Infusion Therapy department.

The 340B program allowed eligible providers to partner with retail pharmacies to extend the benefit of low-cost medications to patients with prescriptions. The Hospital expanded the program to two retail pharmacy locations in fiscal year 2020.

In March of fiscal year 2021, the Hospital's 340B certified pharmacy staff noticed irregularities with some of the prescriptions that were being qualified as eligible but did not appear to be. As a result, 340B qualifications were put on hold and an engagement for an external audit was

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NOTES TO THE FINANCIAL STATEMENTS

initiated. The results of the audit showed a high error rate associated with prescriptions being qualified that did not meet criteria.

The Hospital decided to discontinue in the retail contract pharmacy, and to refund the discounts received in fiscal year 2020 and 2021 in the amount of \$2,252,494. A liability was recorded to reflect the pending refunding in due to third party payors in the Hospital's Statement of Net Position.

**NOTE 14 – RISK MANAGEMENT**

The City and Borough provides risk management services to its various departments including the Hospital. All funds of the City and Borough participate in the risk management program and make payments to the Self-Insurance Fund based on estimates of the amounts needed to pay existing open claims while maintaining an adequate fund balance for future claims.

The City and Borough is exposed to various risks of loss from legal liabilities, property damage, business interruption and employment practices claims. Under this program, the City and Borough's Self-Insurance Fund provides coverage that has self-insured retention amounts up to a maximum of \$1,250,000 for each worker's compensation claim and \$250,000 for liability claims including but not limited to: general liability, automobile liability, and employment practices. The deductible for each property insurance, pollution liability, and cyber liability claim is \$100,000. The City and Borough purchases commercial insurance for claims in excess of coverage provided by the fund up to various limits depending on the specific coverage.

The Hospital's operations fall outside of the coverage provided under a traditional municipal excess liability policy, the Hospital maintains malpractice and hospital general liability insurance coverage on a claims-made basis through a commercial insurance carrier. It is management's intention to continue the existing levels of coverage, which are currently provided by a primary and excess policy with total annual limits of \$5,000,000 per claim and \$10,000,000 aggregate. This coverage is subject to a \$100,000 deductible. The Hospital, in consultation with its insurance broker, believes that it has adequate insurance coverage for all asserted claims and has no knowledge of unasserted claims which would exceed insurance coverages.

CBJ provides coverage for medical/dental/vision claims for all full-time employees, and some part-time employees. Stop loss insurance is available for large health benefits claims that exceed \$250,000, once individual deductibles, out-of-pocket limits, and an aggregate deductible are met. CBJ also purchases a nominal amount of term life coverage for CBJ employees and their dependents, allowing employees to purchase higher levels of coverage.

Unemployment compensation expense is based on actual claims paid by the State of Alaska and reimbursed by the City and Borough.



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NOTES TO THE FINANCIAL STATEMENTS

**NOTE 15 – UPCOMING ACCOUNTING PRONOUNCEMENTS**

There are several Governmental Accounting Standards Board standards with upcoming implementation dates. Management is currently evaluating the impact of these standards as follows:

GASB Statement No. 96 – *Subscription Based Information Technology Arrangements*  
Effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 100 – *Accounting Changes and Error Corrections*  
Accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101 – *Compensated Absence*  
Effective for fiscal years beginning after December 15, 2023.

Required Supplementary Information

BARTLETT REGIONAL HOSPITAL  
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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE HOSPITAL'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY

Fiscal Years 2013 through 2021

| Fiscal Years | Hospital's<br>Proportion of<br>the Net<br>Pension<br>Liability | Hospital's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability | State of<br>Alaska's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability | Total Net<br>Pension<br>Liability | Hospital's<br>Covered<br>Payroll | Hospital's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability as a<br>Percentage of<br>Payroll | Plan Fiduciary<br>Net Position<br>as a<br>Percentage of<br>the Total<br>Pension<br>Liability |
|--------------|--|---|---|-----------------------------------|----------------------------------|--|--|
| 2021         | 1.55245000%  | \$ 56,951,545   | \$ 7,714,047  | \$ 64,665,592                     | \$ 42,108,814                    | 135.25%  | 63.42%   |
| 2020         | 1.14475000%  | 67,553,562  | 27,952,669  | 95,506,231                        | 38,961,840                       | 173.38%  | 61.61%   |
| 2019         | 1.15359000%  | 63,150,035  | 25,073,953  | 88,223,988                        | 36,587,804                       | 172.60%  | 63.42%   |
| 2018         | 1.21336000%  | 60,292,111  | 17,460,040  | 77,752,151                        | 36,507,427                       | 165.15%  | 65.19%   |
| 2017         | 1.05047000%  | 54,303,531  | 20,233,333  | 74,536,864                        | 34,006,470                       | 159.69%  | 63.37%   |
| 2016         | 1.23665000%  | 69,123,712  | 8,708,368   | 77,832,080                        | 31,203,015                       | 221.53%  | 59.55%   |
| 2015         | 0.88202000%  | 42,778,267  | 11,458,414  | 54,236,681                        | 32,951,672                       | 129.82%  | 63.96%   |
| 2014         | 0.70382717%  | 32,827,474  | 28,566,766  | 61,394,240                        | 30,350,797                       | 108.16%  | 62.37%   |
| 2013         | 0.70039754%  | 36,780,662  | 34,437,545  | 71,218,207                        | 30,595,426                       | 120.22%  | 56.04%   |

fiscal year ended June 30, 2015, and, until a full 10-year trend is compiled, the Hospital has only presented information for the years in which information is available.

BARTLETT REGIONAL HOSPITAL  
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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE HOSPITAL'S CONTRIBUTIONS TO THE PENSION PLAN

Fiscal Years 2014 through 2022

| Fiscal Years | Contractually<br>Required<br>Contribution | Contributions<br>Relative to<br>the<br>Contractually<br>Required<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Hospital's<br>Covered<br>Payroll | Contributions<br>as a<br>Percentage of<br>Covered<br>Payroll |
|--------------|---|--|--|----------------------------------|--|
| 2022         | \$ 6,159,618                              | \$ (6,159,618)   | \$ -                                   | \$ 44,330,162                    | 13.89%   |
| 2021         | 5,750,518                                 | (5,750,518)  | -                                      | 42,108,814                       | 13.66%   |
| 2020         | 4,374,077                                 | (4,374,077)  | -                                      | 38,961,840                       | 11.23%   |
| 2019         | 4,355,688                                 | (4,355,688)  | -                                      | 36,587,804                       | 11.90%   |
| 2018         | 4,754,739                                 | (4,754,739)  | -                                      | 36,507,427                       | 13.02%   |
| 2017         | 3,729,490                                 | (3,729,490)  | -                                      | 34,006,470                       | 10.97%   |
| 2016         | 3,082,726                                 | (3,082,726)  | -                                      | 31,203,015                       | 9.88%  |
| 2015         | 2,887,263                                 | (2,887,263)  | -                                      | 32,951,672                       | 8.76%  |
| 2014         | 2,699,543                                 | (2,699,543)  | -                                      | 30,350,797                       | 8.89%  |

GASB 68 was implemented in the fiscal year ended June 30, 2015, and, until a full 10-year trend is compiled, the Hospital has only presented information for the years in which information is

See accompanying notes to required supplementary information.

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE HOSPITAL'S PROPORTIONATE SHARE  
OF THE COLLECTIVE NET OPEB LIABILITY (ASSET)

Fiscal Years 2016 through 2021

| Fiscal Years | Hospital's<br>Proportion of<br>the Collective<br>Net OPEB<br>Liability<br>(Asset) | Hospital's<br>Proportionate<br>Share of the<br>Collective Net<br>OPEB Liability<br>(Asset) | State of<br>Alaska's Total<br>Proportionate<br>Share of the<br>Collective Net<br>OPEB Liability<br>(Asset) | Total<br>Proportionate<br>Share of<br>Collective Net<br>OPEB Liability<br>(Asset) | Hospital's<br>Covered<br>Payroll | Hospital's<br>Proportionate<br>Share of the<br>Collective Net<br>OPEB Liability<br>(asset) as a<br>Percentage of<br>its Covered<br>Payroll | Plan Fiduciary<br>Net Position<br>as a<br>Percentage of<br>the Total<br>OPEB Liability |
|--------------|---|--|--|---|----------------------------------|--|--|
| ARHTC        |   |  |  |   |                                  |  |  |
| 2021         | 1.55888000%   | \$(39,990,748)   | \$ (5,236,031)   | \$(45,226,779)  | \$ 42,108,814                    | -94.97%  | 135.54%  |
| 2020         | 1.44200000%   | (5,181,686)  | (2,149,498)  | (7,331,184)   | 38,961,840                       | -13.30%  | 106.15%  |
| 2019         | 1.15350000%   | 1,711,544  | 680,501  | 2,392,045   | 36,587,804                       | 4.68%  | 98.13%   |
| 2018         | 1.21311000%   | 12,449,965   | 3,613,790  | 16,063,755  | 36,507,427                       | 34.10%   | 88.12%   |
| 2017         | 1.05070000%   | 8,875,843  | 3,308,795  | 12,184,638  | 34,006,470                       | 26.10%   | 89.68%   |
| 2016         | 1.23724000%   | 14,186,995   | 1,786,233  | 15,973,228  | 31,203,015                       | 45.47%   | 85.45%   |
| RMP          |   |  |  |   |                                  |  |  |
| 2021         | 2.16612000%   | (581,431)  | -  | (581,431)   | 10,614,270                       | -5.48%   | 115.10%  |
| 2020         | 2.08823000%   | 148,118  | -  | 148,118   | 10,908,278                       | 1.36%  | 95.23%   |
| 2019         | 2.00026000%   | 478,542  | -  | 478,542   | 11,652,963                       | 4.11%  | 83.17%   |
| 2018         | 2.11670000%   | 269,351  | -  | 269,351   | 12,582,364                       | 2.14%  | 88.71%   |
| 2017         | 2.03953000%   | 106,362  | -  | 106,362   | 12,893,917                       | 0.82%  | 93.98%   |
| 2016         | 1.88347000%   | 173,599  | -  | 173,599   | 13,083,340                       | 1.33%  | 86.82%   |
| ODD          |   |  |  |   |                                  |  |  |
| 2021         | 1.83972000%   | (810,820)  | -  | (810,820)   | 10,614,270                       | -7.64%   | 374.22%  |
| 2020         | 1.67314000%   | (465,097)  | -  | (465,097)   | 10,908,278                       | -4.26%   | 283.80%  |
| 2019         | 1.59023000%   | (385,552)  | -  | (385,552)   | 11,652,963                       | -3.31%   | 297.43%  |
| 2018         | 2.11670000%   | (411,106)  | -  | (411,106)   | 12,582,364                       | -3.27%   | 270.62%  |
| 2017         | 2.03953000%   | (289,389)  | -  | (289,389)   | 12,893,917                       | -2.24%   | 212.98%  |
| 2016         | 1.88347000%   | (244,832)  | -  | (244,832)   | 13,083,340                       | -1.87%   | 245.29%  |

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in the fiscal year ended June 30, 2018, and, until a full 10-year trend is compiled, the Hospital has only presented information for the years

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE HOSPITAL'S CONTRIBUTIONS TO THE OPEB PLAN

Fiscal Years 2017 through 2022

| Fiscal Years | Contractually<br>Required<br>Contribution | Contributions<br>Relative to<br>the<br>Contractually<br>Required<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Hospital's<br>Covered<br>Payroll | Contributions<br>as a<br>Percentage of<br>Covered<br>Payroll |
|--------------|---|--|--|----------------------------------|--|
| <b>ARHTC</b> |   |  |  |                                  |  |
| 2022         | \$ 617,387                                | \$ (617,387)   | \$ -                                   | \$ 44,330,162                    | 1.39%  |
| 2021         | 790,876                                   | (790,876)  | -                                      | 42,108,814                       | 1.88%  |
| 2020         | 1,732,806                                 | (1,732,806)  | -                                      | 38,961,840                       | 4.45%  |
| 2019         | 1,564,887                                 | (1,564,887)  | -                                      | 36,587,804                       | 4.28%  |
| 2018         | 1,311,516                                 | (1,311,516)  | -                                      | 36,507,427                       | 3.59%  |
| 2017         | 1,808,920                                 | (1,808,920)  | -                                      | 34,006,470                       | 5.32%  |
| <b>RMP</b>   |   |  |  |                                  |  |
| 2022         | 373,323                                   | (373,323)  | -                                      | 9,556,854                        | 3.91%  |
| 2021         | 402,017                                   | (402,017)  | -                                      | 10,614,270                       | 3.79%  |
| 2020         | 372,501                                   | (372,501)  | -                                      | 10,908,278                       | 3.41%  |
| 2019         | 234,410                                   | (234,410)  | -                                      | 11,652,963                       | 2.01%  |
| 2018         | 246,756                                   | (246,756)  | -                                      | 12,582,364                       | 1.96%  |
| 2017         | 250,455                                   | (250,455)  | -                                      | 12,893,917                       | 1.94%  |
| <b>ODD</b>   |   |  |  |                                  |  |
| 2022         | 108,159                                   | (108,159)  | -                                      | 9,556,854                        | 1.13%  |
| 2021         | 98,130                                    | (98,130)   | -                                      | 10,614,270                       | 0.92%  |
| 2020         | 73,371                                    | (73,371)   | -                                      | 10,908,278                       | 0.67%  |
| 2019         | 64,928                                    | (64,928)   | -                                      | 11,652,963                       | 0.56%  |
| 2018         | 38,331                                    | (38,331)   | -                                      | 12,582,364                       | 0.30%  |
| 2017         | 36,033                                    | (36,033)   | -                                      | 12,893,917                       | 0.28%  |

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in the fiscal year ended June 30, 2018, and, until a full 10-year trend is compiled, the Hospital has only presented information for the years in which information is

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2022

Schedule of the Hospital's Proportionate Share of the Net Pension Liability

Information in this table is presented based on the Plan measurement date. For June 30, 2022, the Plan measurement date is June 30, 2021.

Schedule of the Hospital's Contributions to the Pension Plan

This table reports the Hospital's pension contributions to PERS during fiscal year 2022. These contributions are reported as a deferred outflow on the June 30, 2022 basic financial statements.

Schedule of the Hospital's Proportional Share of the Collective Net OPEB Liability (Asset)

Information in this table is presented based on the Plan measurement date. For June 30, 2022, the Plan measurement date is June 30, 2021.

Schedule of the Hospital's Contributions to the OPEB Plan

This table reports the District's OPEB contributions to PERS during fiscal year 2022. These contributions are reported as a deferred outflow on the June 30, 2022 basic financial statements.

Changes in Benefit Terms from the Prior Period Measurement

There have been no changes in benefit terms since the prior period measurement.

Changes in Assumptions from the Prior Period Measurement

The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the prior period measurement, with the following exceptions:

*PERS Pension Liability:* The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from Plan assets.

*PERS OPEB Liability (Asset):* Per capita claims costs were updated to reflect recent experience and retired member contributions were updated to reflect the 5% decrease from calendar year (CY) 2020 to CY2021.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor, City Assembly and  
Bartlett Regional Hospital Board of Directors  
City and Borough of Juneau  
Juneau, Alaska

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, the financial statements of Bartlett Regional Hospital, an enterprise fund of the City and Borough of Juneau, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Bartlett Regional Hospital's basic financial statements, and have issued our report thereon dated November 29, 2022.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Bartlett Regional Hospital'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bartlett Regional Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of Bartlett Regional Hospital'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 entity'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and response as item 2022-001 that we consider to be a significant deficiency.



### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Bartlett Regional Hospital'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*.

### **Bartlett Regional Hospital's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Bartlett Regional Hospital's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Bartlett Regional Hospital'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 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Elgee Rehfeld*

November 29, 2022

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2022

**2022-001 Significant Deficiency in Internal Controls over Financial Reporting – Purchasing Processes**

New or Repeat: Repeat of 2021-001

Criteria: Internal controls should be properly designed and implemented to efficiently conduct business, safeguard assets, prevent or detect misstatement, errors, or fraud, ensure completeness and accuracy of financial records, and timely preparation of the financial statements.

Condition: For a portion of the fiscal year, internal controls over purchasing were not sufficiently designed and implemented to ensure credit card purchases were adequately supported, including documentation of the business purpose of transactions.

The current written policies and procedures do not sufficiently respond to the risks to the organization, nor are they representative of current practices for credit card purchases.

Context: Finding 2021-001, as reported in the fiscal 2021 audit, reported a significant deficiency in internal controls over financial reporting – purchasing process. Finding 2021-001 was issued in the middle of fiscal year 2022, and due to the time necessary to implement corrective action, the conditions continued to be present in a portion of fiscal 2022. During the first three quarters of fiscal 2022, in many instances, credit card purchases, or employee reimbursement, including reimbursement for travel, did not provide sufficient audit evidence to conclude on the appropriateness of costs. Certain asset purchases did not provide enough evidence to conclude that the assets were purchased for a valid business purpose. However, significant improvements were noted in items tested, from the fourth quarter of 2022, as corrective actions were implemented by the start of the quarter.

Many finance policies and procedures are still outdated and do not represent actual current practices. The existing policies or current practices do not adequately address the risks to the organization.

Effect (or potential): Without sufficient internal controls over purchasing processes, risk significantly increases that errors and fraud, related to purchases and expenditures, including misappropriation of assets, could occur and not be detected or corrected within a timely basis.

Cause: Turnover in key finance department positions has resulted in deferring the update of finance related policies and procedures. The lack of updated and thorough financial policies and procedures has resulted in weaknesses in the organization's internal controls, opportunities for employees to take advantage of the weaknesses in the system, and a lack of sufficient documentation to support the business purpose consistently in financial transactions. The corrective actions designed by management in response to the fiscal 2021 audit finding, were either not complete until

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2022

late in fiscal 2022, or are still in the process of being implemented as of June 30, 2022 due to the time necessary to design and implement controls.

Recommendation: We recommend that management continue to implement their planned corrective actions, if not already in place. We understand significant modifications were already made to purchasing processes after the third quarter of fiscal 2022. We further recommend that financial policies and procedures be reviewed and updated periodically and as necessary.

View of responsible officials: Management concurs with this finding, see corrective action plan.

# Bartlett Regional Hospital

3260 Hospital Drive, Juneau, AK 99801 907.796.8900

www.bartletthospital.org

City & Borough of Juneau  
Corrective Action Plan  
Year Ended June 30, 2022

## FINDINGS AND QUESTIONED COSTS

Finding: 2022-001 Significant Deficiency in Internal controls over Financial Reporting – Purchasing Processes

Name of Contact Person: Sam Muse, Controller

Corrective Action: Bartlett Finance implemented M-files software which digitizes invoices and automates the approval process for payments and ultimate storage. This went live on July 1<sup>st</sup> 2021. With invoices tracked and approved virtually, documentation and approval of invoices always occurs prior to payment. This change also allowed us to eliminate manual routing of invoice by folder or email, resulting in more timely payments and ensure proper approvals from the correct individuals.

Additionally, starting the month of March 2022, review of credit card receipts was transitioned to the executive assistant for CFO & CFO. This transition allowed Finance to follow up and ensure that every credit card purchases included receipt and the cardholder was making only valid purchases. To ensure separation of duties, accounts payable staff review CFO and CFO's assistant card receipts. Bartlett took further action to cancel some of the credit cards and to transition those purchases to normal purchase order or check requests. There are now only 7 active cards outstanding, less than half of what there was previously.

As of October 2021, Gift cards are no longer allowed to be purchased except for rare exceptions with approval of Senior Leadership. In these situations, cash or cash equivalent gifts will be processed through payroll, to tax employees appropriately per IRS regulation. Annual holiday gift card from Bartlett will be processed as a bonus starting current year to tax employees appropriately per IRS regulation.

Bartlett Hospital hired a Supply Chain consultant to perform an outside review of the Materials Management/Purchasing Department; this

consultant helped develop new processes and policies for the entire Bartlett Regional Hospital (BRH) organization.

Management has also taken this opportunity to also implement a culture shift toward accountability. Staff are encouraged to ask questions, follow up with things that aren't well documented or understood. Management is focusing on being receptive to ideas, critiques, and providing a safe whistleblower environment where individuals can come forward with concerns.

Lastly, Bartlett has reduced the amount of travel in the interim while strengthening our controls over approval and documentation that travel has occurred.

In addition to these changes, Bartlett is also currently developing more internal control measures, including revising the spending authority to include new departments and managers and align it better with industry practices; using PolicyTech software to provide organizational feedback on our procurement policy, personal reimbursement policies and credit card policy. Bartlett is developing procedures to streamline the submission of credit card reconciliations and travel reimbursements utilizing software for automated notifications for approvals and adding additional checks and balances.

Proposed Completion Date: 1/31/2023

Supplemental Information

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

SUPPLEMENTAL SCHEDULE OF OPERATING EXPENSES

Year Ended June 30, 2022

SALARIES AND WAGES

|                             |                   |
|-----------------------------|-------------------|
| Managers and supervisors    | \$ 6,443,051      |
| Technicians and specialists | 10,605,889        |
| Nurses                      | 13,365,289        |
| Clerical and administrative | 6,014,318         |
| Physicians                  | 5,378,596         |
| Clinical other              | 7,433,096         |
| Non clinical other          | 5,332,691         |
| Non productive              | 1,608,203         |
| Contract employee           | <u>3,439,117</u>  |
| Total salaries and wages    | <u>59,620,250</u> |

EMPLOYEE BENEFITS

|  |                   |
|--|-------------------|
| Taxes - FICA                                     | 3,894,232         |
| PERS ER contribution and expense                 | 8,782,759         |
| PERS Past services ER contributions              | 128,171           |
| AXA executive/physician retirement contributions | 643,674           |
| PERS ER disability costs                         | 7,280             |
| Accrued leave adjustment                         | 17,351            |
| Life insurance                                   | 4,149             |
| Pet insurance                                    | 377               |
| Health insurance                                 | 10,161,362        |
| Disability insurance                             | 431               |
| Critical illness insurance                       | 230               |
| Accident insurance                               | 239               |
| Workers compensation                             | 456,800           |
| State unemployment tax                           | 50,834            |
| Relocation                                       | 218,391           |
| Employee relations                               | <u>68,245</u>     |
| Total employee benefits                          | <u>24,434,525</u> |

FEES - PHYSICIANS

|                                 |                  |
|---------------------------------|------------------|
| Physician contracts             | 4,359,623        |
| Outside lab fees                | 242,828          |
| Other medical professional fees | <u>590,781</u>   |
| Total fees - physicians         | <u>5,193,232</u> |

FEES - OTHER

|                           |                  |
|---------------------------|------------------|
| Management and consulting | 92,987           |
| 340B program              | 25,200           |
| Other professional fees   | 1,164,463        |
| Legal fees                | 353,677          |
| Accounting fees           | 319,095          |
| Advertising               | 119,930          |
| Employee recruitment      | 215,412          |
| Physician recruitment     | <u>135,371</u>   |
| Total fees - other        | <u>2,426,135</u> |

(continued)

See independent auditor's report

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

SUPPLEMENTAL SCHEDULE OF OPERATING EXPENSES

Year Ended June 30, 2022  
(Continued)

|                               |            |
|-------------------------------|------------|
| SUPPLIES                      |            |
| Medical supplies/chargeable   | 1,918,221  |
| Lab supplies/chargeable       | 2,250,569  |
| IV solutions                  | 107,946    |
| Drugs/pharmacy                | 6,069,161  |
| Blood                         | 175,171    |
| Implants                      | 1,845,091  |
| Oxygen                        | 329,059    |
| Supplies/non chargeable       | 2,105,993  |
| Radioisotope                  | 149,326    |
| Patient therapy               | 9,129      |
| Food                          | 929,762    |
| Food charge back              | (242,336)  |
| Printing/forms                | 29,391     |
| Linen and bedding             | 24,556     |
| Office supplies               | 143,292    |
| Other supplies                | 15,338     |
| Instrument/minor equipment    | 475,146    |
| Maintenance supplies          | 119,433    |
| Computer software             | 30,741     |
| Automatch variance            | (357)      |
| Inventory damage/return       | 9,309      |
|                               | <hr/>      |
| Total supplies                | 16,493,941 |
|                               | <hr/>      |
| UTILITIES                     |            |
| Telephone                     | 187,367    |
| Electricity                   | 492,824    |
| Water/sewer                   | 86,254     |
| Fuel oil                      | 776,630    |
| Cable service                 | 3,871      |
| Disposal                      | 85,302     |
| Internet/telemedicine         | 198,620    |
| Rental utilities              | 1,515      |
|                               | <hr/>      |
| Total utilities               | 1,832,383  |
|                               | <hr/>      |
| REPAIRS AND MAINTENANCE       |            |
| Maintenance contracts         | 1,438,471  |
| Grounds maintenance           | 27,245     |
| Software maintenance          | 3,285,708  |
| Building maintenance          | 292,866    |
| Equipment maintenance         | 406,763    |
|                               | <hr/>      |
| Total repairs and maintenance | 5,451,053  |
|                               | <hr/>      |

(continued)

See independent auditor's report



BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)

SUPPLEMENTAL SCHEDULE OF OPERATING EXPENSES

Year Ended June 30, 2022  
(Continued)

|                                     |                |
|-------------------------------------|----------------|
| RENTAL AND LEASES                   |                |
| Building rental                     | 103,412        |
| Equipment rental                    | 224,116        |
| Other rental                        | 1,515          |
| Total rental and leases             | 329,043        |
|                                     |                |
| INSURANCE                           |                |
| Malpractice insurance               | 578,322        |
| Insurance deductible                | 42,148         |
| Risk management overhead            | 1,751          |
| Property                            | 127,800        |
| General liability and auto          | 27,800         |
| Total insurance                     | 777,821        |
|                                     |                |
| DEPRECIATION AND AMORTIZATION       |                |
| Land improvements                   | 180,563        |
| Buildings/building improvement      | 3,347,979      |
| Fixed equipment                     | 302,173        |
| Lease amortization                  | 417,707        |
| Major movable                       | 1,616,100      |
| Minor equipment                     | 1,208,791      |
| System software                     | 746,990        |
| Total depreciation and amortization | 7,820,303      |
|                                     |                |
| OTHER                               |                |
| Contributions                       | 36,042         |
| Subscriptions/books                 | 254,444        |
| Dues                                | 163,049        |
| Employee travel                     | 153,817        |
| Physician travel                    | 46,434         |
| Professional education              | 541,931        |
| Patient travel                      | 22,365         |
| Reimbursable costs                  | (89,100)       |
| Grant expense                       | 3,768          |
| Freight and courier services        | 358,486        |
| Postage                             | 98,169         |
| Cash over (short)                   | 36,938         |
| Other operating expense             | 37,664         |
| Total other                         | 1,664,007      |
| TOTAL OPERATING EXPENSES            | \$ 126,042,693 |

See independent auditor's report

To: BRH Finance Committee  
From: Sam Muse  
Interim Chief Financial Officer

**Re: October Financial Performance**

### **Overview**

Inpatient volumes and revenue fell in October compared to prior months while expenses remained stubbornly high, led by salaries and benefits. The result was a loss of \$(1.8M) for the month.

### **Income Statement**

Revenues were down nearly \$1M from the month prior, attributable to a slowdown in inpatient revenues. For the year, Hospital patient days and inpatient admissions are flat from the prior year. Outpatient revenues and volumes continue to be steady and up from the prior year. The rolling six-month average monthly loss for the hospital is now **\$(1.35M)**.

Deductions from revenue as a percentage of gross patient revenue were at 45.2%, below the 12-month rolling average of 46.3%.

Salaries of \$4.7M and contractual labor of \$1.1M were both up from the prior month and above their 12-month averages of \$4.4M and \$500K, respectively. Total salaries and benefits were 85.2% of operating revenues for the month. While we expect these numbers to come down in November, there are both structural and cultural issues that need to be addressed. Bartlett staff are working with consultants on both an FTE & organization structure study and a wage analysis study to help shed light on what structural issues there may be with Hospital operations. We expect a draft of the FTE/organization structure study by the end of the calendar year and a draft of the wage analysis study at the end of January. In the meantime, we are working diligently to bring down overtime, freeze bringing on additional FTEs, and only filling vacant positions that impact patient care and safety.

## **Balance Sheet**

Unrestricted cash (Cash + Board Designated Cash) decreased \$4M from the month prior. This is attributable to several things: a) the operating loss of \$1.8M during the month; b) an increase in receivables of \$1.3M (so revenue generated but not received); c) capital outlays during the period with net property and equipment increasing \$2.3M during the period reflecting the purchase of the Family Practice building. It will be very important to keep a close eye on cash going forward, especially any cashflow decreases related to operating activities.

Again, accounts receivable increased \$1.3M during the period. This was partly due an issue discovered with EKG/ECG charges not “crossing over” to the billing and AR side due to setup issues on the clinical end. This was corrected in October and resulted in \$900K of missing charges submitted. Related to the NDC issue, there are around \$1M in “suspended” claims in the Medicaid system that were awaiting processing and payment in October. While we don’t expect a meaningful reduction in AR in November, we believe we will start collecting on those claims in December moving forward.

## **Dashboard/Financial Indicators**

On the Dashboard report, volumes were off from the prior month. In General, inpatient volumes are down month-to-month and flat year-to-year while outpatient revenues/volumes remain strong.

Days cash on hand is down slightly, but still around 7 months of cash based on operating expenditure levels of \$359K a day.

Days in net receivables has increased to 66 and days in accounts payable increased to 39.3. Again, we anticipate the receivables to start coming down in December. The Accounts Payable spike we believe to be temporary, with change over in staff in that area.

## **Conclusion**

Staffing costs remain stubbornly high while revenues have stagnated, leaving the hospital with a structural deficit.

BARTLETT REGIONAL HOSPITAL  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE MONTH AND YEAR TO DATE OF OCT 2022

| MONTH ACTUAL | MONTH BUDGET | MO \$ VAR    | MTD % VAR | PR YR MO     |      | YTD ACTUAL   | YTD BUDGET   | YTD \$ VAR   | YTD % VAR | PRIOR YTD ACT | PRIOR YTD % CHG |
|--------------|--------------|--------------|-----------|--------------|------|--------------|--------------|--------------|-----------|---------------|-----------------|
| \$3,257,040  | \$4,973,587  | -\$1,716,547 | -34.5%    | \$4,387,111  | 1.   | \$15,483,022 | \$20,308,836 | -\$4,825,815 | -23.8%    | \$17,105,147  | -9.5%           |
| \$902,770    | \$1,299,747  | -\$396,977   | -30.5%    | \$1,212,281  | 2.   | \$4,340,094  | \$5,307,303  | -\$967,209   | -18.2%    | \$4,807,355   | -9.7%           |
| \$4,159,810  | \$6,273,334  | -\$2,113,524 | -33.7%    | \$5,599,392  | 3.   | \$19,823,116 | \$25,616,139 | -\$5,793,024 | -22.6%    | \$21,912,502  | -9.5%           |
| \$11,997,275 | \$11,553,964 | \$443,311    | 3.8%      | \$11,722,594 | 4.   | \$48,618,682 | \$47,178,684 | \$1,439,998  | 3.1%      | \$44,693,455  | 8.8%            |
| \$16,157,085 | \$17,827,298 | -\$1,670,213 | -9.4%     | \$17,321,986 | 5.   | \$68,441,798 | \$72,794,823 | -\$4,353,026 | -6.0%     | \$66,605,957  | 2.8%            |
| \$256,364    | \$259,730    | -\$3,367     | -1.3%     | \$227,844    | 6.   | \$804,218    | \$1,060,575  | -\$256,357   | -24.2%    | \$1,082,452   | -25.7%          |
| \$198,007    | \$488,004    | -\$289,997   | -59.4%    | \$387,400    | 7.   | \$837,570    | \$1,992,688  | -\$1,155,119 | -58.0%    | \$1,556,515   | -46.2%          |
| \$1,129,777  | \$1,187,888  | -\$58,111    | -4.9%     | \$1,142,756  | 8.   | \$4,673,123  | \$4,850,534  | -\$177,411   | -3.7%     | \$4,068,874   | 14.9%           |
| \$17,741,233 | \$19,762,920 | -\$2,021,688 | -10.2%    | \$19,079,986 | 9.   | \$74,756,709 | \$80,698,620 | -\$5,941,913 | -7.4%     | \$73,313,798  | 2.0%            |
| \$2,028,725  | \$3,062,847  | \$1,034,123  | 33.8%     | \$1,843,496  | 10.  | \$10,782,836 | \$12,127,460 | \$1,344,624  | 11.1%     | \$9,913,478   | 8.8%            |
| -\$350,000   | -\$350,000   | \$0          |           | -\$308,333   | 10a. | -\$1,050,000 | -\$1,050,000 | \$0          |           | -\$308,333    |                 |
| \$5,161,340  | \$4,605,348  | -\$555,992   | -12.1%    | \$5,351,541  | 11.  | \$20,591,109 | \$18,805,189 | -\$1,785,920 | -9.5%     | \$17,545,883  | 17.4%           |
| \$687,887    | \$584,049    | -\$103,838   | -17.8%    | \$586,628    | 12.  | \$2,793,689  | \$2,384,866  | -\$408,823   | -17.1%    | \$2,291,187   | 21.9%           |
| \$31,557     | \$25,180     | -\$6,377     | -25.3%    | \$21,883     | 13.  | \$109,381    | \$102,820    | -\$6,561     | -6.4%     | \$97,847      | 0.0%            |
| \$9,635      | \$120,028    | -\$110,393   | 92.0%     | \$87,947     | 14.  | \$114,820    | \$490,115    | -\$375,295   | 76.6%     | \$418,898     | -72.6%          |
| \$449,596    | \$293,707    | -\$155,889   | -53.1%    | \$467,961    | 15.  | \$1,443,637  | \$1,199,301  | -\$244,336   | -20.4%    | \$1,854,774   | -22.2%          |
| \$8,018,740  | \$8,341,159  | \$322,420    | 3.9%      | \$8,051,123  | 16.  | \$34,785,472 | \$34,059,751 | -\$725,721   | -2.1%     | \$31,813,734  | 9.3%            |
| 42.4%        | 41.8%        |              |           | 40.8%        |      | 44.3%        | 41.3%        |              |           | 40.2%         |                 |
| 2.6%         | 2.1%         |              |           | 2.9%         |      | 2.1%         | 2.1%         |              |           | 3.1%          |                 |
| 45.2%        | 42.2%        |              |           | 42.2%        |      | 46.5%        | 42.2%        |              |           | 43.4%         |                 |
| \$9,722,493  | \$11,421,761 | -\$1,699,268 | -14.9%    | \$11,028,863 | 17.  | \$39,971,237 | \$46,638,869 | -\$6,667,634 | -14.3%    | \$41,500,064  | -3.7%           |
| \$60,903     | \$385,034    | -\$324,131   | -84.2%    | \$550,548    | 18.  | \$699,996    | \$1,527,709  | -\$827,713   | -54.2%    | \$2,116,194   | -66.9%          |
| \$9,783,396  | \$11,806,795 | -\$2,023,399 | -17.1%    | \$11,579,411 | 19.  | \$40,671,233 | \$48,166,578 | -\$7,495,347 | -15.6%    | \$43,616,258  | -6.8%           |
| \$4,749,331  | \$4,919,536  | \$170,205    | 3.5%      | \$4,596,066  | 20.  | \$18,235,625 | \$19,519,421 | \$1,283,797  | 6.6%      | \$17,451,671  | 4.5%            |
| \$382,845    | \$441,174    | -\$58,329    | 13.2%     | \$349,004    | 21.  | \$1,316,711  | \$1,750,461  | -\$433,750   | 24.8%     | \$1,439,832   | -8.6%           |
| \$1,063,275  | \$79,325     | -\$983,950   | -1240.4%  | \$183,959    | 22.  | \$3,094,395  | \$314,735    | -\$2,779,660 | -883.2%   | \$770,659     | 301.5%          |
| \$2,136,626  | \$2,634,609  | -\$497,984   | 18.9%     | \$2,603,560  | 23.  | \$8,773,705  | \$10,453,426 | \$1,679,721  | 16.1%     | \$9,710,311   | -9.6%           |
| \$8,332,077  | \$8,074,644  | -\$257,432   | -3.2%     | \$7,732,589  |      | \$31,420,436 | \$32,038,043 | \$617,608    | 1.9%      | \$29,372,473  | 7.0%            |
| 85.2%        | 68.4%        |              |           | 66.8%        |      | 77.3%        | 66.5%        |              |           | 67.3%         |                 |
| \$46,875     | \$74,615     | \$27,740     | 37.2%     | \$43,133     | 24.  | \$208,800    | \$296,054    | \$87,254     | 29.5%     | \$265,553     | -21.4%          |
| \$192,862    | \$406,221    | -\$213,359   | 52.5%     | \$316,585    | 25.  | \$1,220,284  | \$1,611,777  | \$391,493    | 24.3%     | \$1,401,887   | -13.0%          |
| \$283,400    | \$224,542    | -\$58,858    | -26.2%    | \$231,198    | 26.  | \$1,054,371  | \$890,922    | -\$163,449   | -18.3%    | \$700,080     | 50.6%           |
| \$1,238,474  | \$1,341,094  | \$102,620    | 7.7%      | \$1,442,389  | 27.  | \$5,348,517  | \$5,321,098  | -\$27,419    | -0.5%     | \$6,089,222   | -12.2%          |
| \$215,122    | \$149,546    | -\$65,576    | -43.9%    | \$145,196    | 28.  | \$648,336    | \$593,367    | -\$54,969    | -9.3%     | \$477,034     | 35.9%           |
| \$508,187    | \$420,982    | -\$87,205    | -20.7%    | \$583,950    | 29.  | \$1,778,849  | \$1,670,334  | -\$108,515   | -6.5%     | \$1,927,485   | -7.7%           |
| \$81,343     | \$67,006     | -\$14,337    | -21.4%    | \$56,231     | 30.  | \$313,427    | \$265,862    | -\$47,565    | -17.9%    | \$199,133     | 57.4%           |
| \$80,011     | \$80,113     | \$102        | 0.1%      | \$61,900     | 31.  | \$308,177    | \$317,873    | \$9,696      | 3.1%      | \$284,976     | 8.1%            |
| \$585,000    | \$667,571    | -\$667,571   | 100.0%    | \$641,278    | 32.  | \$1,768,701  | \$2,648,754  | \$880,053    | 33.2%     | \$2,501,456   | -29.3%          |
| \$32,000     | \$112,180    | -\$112,180   | 100.0%    | \$49,154     | 33.  | \$217,870    | \$445,098    | -\$227,228   | 51.1%     | \$196,819     | 10.7%           |
| \$115,397    | \$149,124    | -\$33,727    | 22.6%     | \$120,834    | 34.  | \$548,270    | \$591,702    | -\$43,432    | 7.3%      | \$487,324     | 12.5%           |
| \$11,710,748 | \$11,767,638 | \$673,891    | 5.7%      | \$11,424,437 | 35.  | \$44,836,038 | \$46,690,884 | \$1,854,847  | 4.0%      | \$43,903,442  | -2.1%           |
| -\$1,927,352 | \$39,157     | -\$1,966,509 | -5022.1%  | \$154,974    | 36.  | -\$4,164,805 | \$1,475,694  | -\$5,640,499 | -382.2%   | -\$287,184    | 1350.2%         |
| \$2,190      | \$45,124     | -\$42,934    | -95.1%    | \$103,116    | 37.  | \$11,370     | \$179,041    | -\$167,671   | -93.6%    | \$408,736     | -97.2%          |
| \$61,357     | \$63,352     | -\$1,995     | -3.1%     | \$272,136    | 38.  | \$261,360    | \$251,362    | \$9,998      | 4.0%      | \$533,747     | -51.0%          |
| \$63,547     | \$108,476    | -\$44,929    | -41.4%    | \$375,252    | 39.  | \$272,730    | \$430,403    | -\$157,673   | -36.6%    | \$942,483     | -71.1%          |
| -\$1,863,805 | \$147,633    | -\$2,011,438 | -1362.5%  | \$530,226    | 40.  | -\$3,892,075 | \$1,906,097  | -\$5,798,172 | -304.2%   | \$655,299     | 693.9%          |
| -19.70%      | 0.33%        |              |           | 1.34%        |      | -10.24%      | 3.06%        |              |           | -0.66%        |                 |
| -19.05%      | 1.25%        |              |           | 4.58%        |      | -9.57%       | 3.96%        |              |           | 1.50%         |                 |

BARTLETT REGIONAL HOSPITAL  
12 MONTH ROLLING INCOME STATEMENT  
FOR THE PERIOD OCTOBER 21 THRU OCTOBER 22

|   | October-21          | November-21         | December-21         | January-22          | February-22         | March-22            | April-22            | May-22              | June-22             | July-22             | August-22           | September-22        | October-22          |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Gross Patient Revenue:                                  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| 1. Inpatient Revenue                                    | \$4,387,111         | \$3,192,673         | \$3,672,150         | \$4,412,846         | \$3,829,268         | \$3,872,858         | \$3,587,976         | \$3,929,079         | \$3,968,043         | \$4,215,688         | \$4,027,710         | \$3,982,584         | \$3,257,040         |
| 2. Inpatient Ancillary Revenue                          | \$1,212,281         | \$950,044           | \$1,073,788         | \$1,160,613         | \$981,373           | \$1,081,410         | \$1,096,773         | \$928,481           | \$1,049,117         | \$1,140,316         | \$1,099,216         | \$1,197,792         | \$902,770           |
| 3. Total Inpatient Revenue                              | \$5,599,392         | \$4,142,717         | \$4,745,938         | \$5,573,459         | \$4,810,641         | \$4,954,268         | \$4,684,749         | \$4,857,560         | \$5,017,160         | \$5,356,004         | \$5,126,926         | \$5,180,376         | \$4,159,810         |
| 4. Outpatient Revenue                                   | \$11,722,594        | \$9,976,299         | \$11,143,687        | \$10,491,837        | \$10,234,016        | \$11,452,789        | \$11,222,953        | \$11,601,673        | \$11,242,830        | \$11,360,235        | \$13,314,095        | \$11,947,076        | \$11,997,275        |
| <b>5. Total Patient Revenue - Hospital</b>              | <b>\$17,321,986</b> | <b>\$14,119,016</b> | <b>\$15,889,625</b> | <b>\$16,065,296</b> | <b>\$15,044,657</b> | <b>\$16,407,057</b> | <b>\$15,907,702</b> | <b>\$16,459,233</b> | <b>\$16,259,990</b> | <b>\$16,716,239</b> | <b>\$18,441,021</b> | <b>\$17,127,452</b> | <b>\$16,157,085</b> |
| 6. RRC Patient Revenue                                  | \$227,844           | \$166,861           | \$252,501           | \$190,248           | \$243,856           | \$211,413           | \$208,848           | \$249,944           | \$196,884           | \$182,885           | \$218,659           | \$146,310           | \$256,364           |
| 7. BHOPS Patient Revenue                                | \$387,400           | \$413,225           | \$574,433           | \$406,510           | \$391,780           | \$624,646           | \$390,417           | \$456,653           | \$529,944           | \$199,460           | \$196,611           | \$243,492           | \$198,007           |
| 8. Physician Revenue                                    | \$1,142,756         | \$827,856           | \$854,494           | \$775,989           | \$898,164           | \$897,198           | \$1,060,736         | \$1,076,229         | \$862,360           | \$1,205,276         | \$1,295,030         | \$1,043,040         | \$1,129,777         |
| <b>9. Total Gross Patient Revenue</b>                   | <b>\$19,079,986</b> | <b>\$15,526,958</b> | <b>\$17,571,053</b> | <b>\$17,438,043</b> | <b>\$16,578,457</b> | <b>\$18,140,314</b> | <b>\$17,567,703</b> | <b>\$18,242,059</b> | <b>\$17,849,178</b> | <b>\$18,303,860</b> | <b>\$20,151,321</b> | <b>\$18,560,294</b> | <b>\$17,741,233</b> |
| Deductions from Revenue:                                |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| 10. Inpatient Contractual Allowance                     | \$2,260,163         | \$2,917,302         | \$2,807,374         | \$3,082,649         | \$2,671,339         | \$2,791,603         | \$2,490,383         | \$2,972,366         | \$3,105,403         | \$3,188,205         | \$2,874,182         | \$3,041,724         | \$2,028,725         |
| 10a. Rural Demonstration Project                        | -\$725,000          | -\$350,000          | -\$350,000          | -\$350,000          | -\$350,000          | -\$350,000          | -\$350,000          | -\$350,000          | -\$350,000          | -\$350,000          | -\$350,000          | -\$350,000          | -\$350,000          |
| 11. Outpatient Contractual Allowance                    | \$5,351,541         | \$4,414,193         | \$4,173,471         | \$4,207,232         | \$4,270,949         | \$4,780,143         | \$4,827,998         | \$4,860,343         | \$5,284,968         | \$4,768,716         | \$5,287,432         | \$5,373,622         | \$5,161,340         |
| 12. Physician Service Contractual Allowance             | \$586,628           | \$547,175           | \$475,883           | \$452,923           | \$494,154           | \$515,089           | \$576,784           | \$781,557           | \$407,030           | \$719,575           | \$792,835           | \$593,392           | \$687,887           |
| 13. Other Deductions                                    | \$21,883            | \$23,902            | \$21,140            | \$20,316            | \$22,490            | \$20,832            | \$25,302            | \$27,821            | \$27,703            | \$25,242            | \$23,107            | \$29,475            | \$31,557            |
| 14. Charity Care  | \$87,947            | \$216,604           | \$45,611            | \$132,111           | \$30,914            | \$86,009            | \$114,562           | \$143,248           | \$56,435            | \$64,841            | \$16,786            | \$23,558            | \$9,635             |
| 15. Bad Debt Expense                                    | \$467,961           | \$23,326            | \$1,011,727         | \$281,765           | \$9,964             | \$198,141           | \$493,288           | \$725,275           | -\$344,442          | \$766,855           | \$121,762           | \$105,424           | \$449,596           |
| <b>16. Total Deductions from Revenue</b>                | <b>\$8,051,123</b>  | <b>\$7,792,502</b>  | <b>\$8,185,206</b>  | <b>\$7,826,996</b>  | <b>\$7,149,810</b>  | <b>\$8,041,817</b>  | <b>\$8,178,317</b>  | <b>\$9,160,610</b>  | <b>\$8,187,097</b>  | <b>\$9,183,434</b>  | <b>\$8,766,104</b>  | <b>\$8,817,195</b>  | <b>\$8,018,740</b>  |
| % Contractual Allowances / Total Gross Patient Revenue  | 39.2%               | 48.5%               | 40.4%               | 42.4%               | 42.7%               | 42.6%               | 42.9%               | 45.3%               | 47.3%               | 45.5%               | 42.7%               | 46.7%               | 42.4%               |
| % Bad Debt & Charity Care / Total Gross Patient Revenue | 2.9%                | 1.5%                | 6.0%                | 2.4%                | 0.2%                | 1.6%                | 3.5%                | 4.8%                | -1.6%               | 4.5%                | 0.7%                | 0.7%                | 2.6%                |
| % Total Deductions / Total Gross Patient Revenue        | 42.2%               | 50.2%               | 46.6%               | 44.9%               | 43.1%               | 44.3%               | 46.6%               | 50.2%               | 45.9%               | 50.2%               | 43.5%               | 47.5%               | 45.2%               |
| 17. Net Patient Revenue                                 | \$11,028,863        | \$7,734,456         | \$9,385,847         | \$9,611,047         | \$9,428,647         | \$10,098,497        | \$9,389,386         | \$9,081,449         | \$9,662,081         | \$9,120,426         | \$11,385,217        | \$9,743,099         | \$9,722,493         |
| 18. Other Operating Revenue                             | \$550,548           | \$2,170,951         | \$3,342,074         | \$353,598           | \$351,197           | \$1,068,226         | \$888,429           | \$365,743           | \$430,405           | \$365,270           | \$35,967            | \$237,857           | \$60,903            |
| <b>19. Total Operating Revenue</b>                      | <b>\$11,579,411</b> | <b>\$9,905,407</b>  | <b>\$12,727,921</b> | <b>\$9,964,645</b>  | <b>\$9,779,844</b>  | <b>\$11,166,723</b> | <b>\$10,277,815</b> | <b>\$9,447,192</b>  | <b>\$10,092,486</b> | <b>\$9,485,696</b>  | <b>\$11,421,184</b> | <b>\$9,980,956</b>  | <b>\$9,783,396</b>  |
| Expenses:   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| 20. Salaries & Wages                                    | \$4,596,066         | \$4,184,946         | \$4,448,979         | \$4,187,133         | \$4,172,073         | \$4,501,362         | \$4,317,359         | \$4,357,166         | \$4,497,152         | \$4,400,364         | \$4,638,771         | \$4,447,158         | \$4,749,331         |
| 21. Physician Wages                                     | \$349,004           | \$347,759           | \$235,235           | \$310,416           | \$329,545           | \$273,221           | \$444,317           | \$422,325           | \$260,633           | \$267,548           | \$363,200           | \$303,118           | \$382,845           |
| 22. Contract Labor                                      | \$183,959           | \$141,874           | \$116,802           | \$131,180           | \$209,851           | \$259,925           | \$199,136           | \$789,120           | \$820,571           | \$633,674           | \$896,896           | \$500,550           | \$1,063,275         |
| 23. Employee Benefits                                   | \$2,603,560         | \$2,371,632         | \$2,384,712         | \$2,390,367         | \$2,192,232         | \$2,502,779         | \$2,527,370         | \$2,427,959         | \$2,434,120         | \$2,374,084         | \$2,078,228         | \$2,184,768         | \$2,136,626         |
|   | \$7,732,589         | \$7,046,211         | \$7,185,728         | \$7,019,096         | \$6,903,701         | \$7,537,287         | \$7,488,182         | \$7,996,570         | \$8,012,476         | \$7,675,670         | \$7,977,095         | \$7,435,594         | \$8,332,077         |
| % Salaries and Benefits / Total Operating Revenue       | 66.8%               | 71.1%               | 56.5%               | 70.4%               | 70.6%               | 67.5%               | 72.9%               | 84.6%               | 79.4%               | 80.9%               | 69.8%               | 74.5%               | 85.2%               |
| 24. Medical Professional Fees                           | \$43,133            | \$40,688            | \$50,370            | \$103,234           | \$165,961           | \$41,788            | \$54,167            | \$63,462            | \$48,386            | \$38,713            | \$95,316            | \$27,897            | \$46,875            |
| 25. Physician Contracts                                 | \$316,585           | \$416,828           | \$326,380           | \$390,072           | \$322,387           | \$325,313           | \$249,694           | \$412,311           | \$514,752           | \$326,821           | \$399,851           | \$300,750           | \$192,862           |
| 26. Non-Medical Professional Fees                       | \$231,198           | \$199,503           | \$194,816           | \$251,322           | \$203,518           | \$211,847           | \$181,852           | \$209,768           | \$246,454           | \$221,282           | \$223,427           | \$326,262           | \$283,400           |
| 27. Materials & Supplies                                | \$1,442,389         | \$1,241,206         | \$1,553,150         | \$1,344,539         | \$1,354,348         | \$1,346,888         | \$1,281,281         | \$1,435,271         | \$1,331,112         | \$1,305,218         | \$1,507,512         | \$1,297,313         | \$1,238,474         |
| 28. Utilities   | \$145,196           | \$126,857           | \$157,087           | \$253,444           | \$199,502           | \$187,642           | \$117,421           | \$214,545           | \$98,852            | \$121,693           | \$140,725           | \$170,796           | \$215,122           |
| 29. Maintenance & Repairs                               | \$583,950           | \$318,644           | \$456,037           | \$434,349           | \$440,614           | \$448,823           | \$468,289           | \$521,897           | \$435,114           | \$426,346           | \$536,097           | \$308,219           | \$508,187           |
| 30. Rentals & Leases                                    | \$56,231            | \$76,991            | \$97,199            | \$48,761            | \$60,069            | \$84,113            | \$64,215            | \$77,726            | \$51,336            | \$86,650            | \$75,688            | \$69,747            | \$81,343            |
| 31. Insurance   | \$61,900            | \$66,224            | \$60,796            | \$65,724            | \$120,075           | \$102,592           | \$70,720            | \$67,712            | \$66,848            | \$74,882            | \$78,806            | \$74,478            | \$80,011            |
| 32. Depreciation & Amortization                         | \$641,278           | \$640,504           | \$640,537           | \$645,931           | \$600,353           | \$606,903           | \$598,119           | \$585,394           | \$584,119           | \$594,379           | \$589,009           | \$585,314           | \$585,000           |
| 33. Interest Expense                                    | \$49,154            | \$49,761            | -\$241,751          | \$34,580            | \$32,973            | \$32,973            | \$32,973            | \$32,973            | \$32,973            | \$32,973            | \$32,973            | \$32,919            | \$32,000            |
| 34. Other Operating Expenses                            | \$120,834           | \$171,096           | \$119,674           | \$119,261           | \$186,388           | \$125,175           | \$97,288            | \$191,849           | \$127,071           | \$93,683            | \$148,396           | \$190,795           | \$115,397           |
| <b>35. Total Expenses</b>                               | <b>\$11,424,437</b> | <b>\$10,394,513</b> | <b>\$10,600,023</b> | <b>\$10,710,313</b> | <b>\$10,589,889</b> | <b>\$11,051,344</b> | <b>\$10,704,201</b> | <b>\$11,809,278</b> | <b>\$11,549,493</b> | <b>\$10,998,310</b> | <b>\$11,804,841</b> | <b>\$10,820,084</b> | <b>\$11,710,748</b> |
| 36. Income (Loss) from Operations                       | \$154,974           | -\$489,106          | \$2,127,898         | -\$745,668          | -\$810,045          | \$115,379           | -\$426,386          | -\$2,362,086        | -\$1,457,007        | -\$1,512,614        | -\$383,657          | -\$839,128          | -\$1,927,352        |
| 37. Interest Income                                     | \$103,116           | \$102,277           | \$102,195           | \$100,015           | \$102,268           | \$2,698             | \$600               | \$835               | \$733               | \$1,988             | \$1,332             | \$5,860             | \$2,190             |
| 38. Other Non-Operating Income                          | \$272,136           | \$62,201            | \$61,340            | \$62,183            | \$59,617            | \$61,897            | \$57,400            | \$64,348            | \$64,269            | \$61,858            | \$70,916            | \$67,229            | \$61,357            |
| <b>39. Total Non-Operating Revenue</b>                  | <b>\$375,252</b>    | <b>\$164,478</b>    | <b>\$163,535</b>    | <b>\$162,198</b>    | <b>\$161,885</b>    | <b>\$64,595</b>     | <b>\$58,000</b>     | <b>\$65,183</b>     | <b>\$65,002</b>     | <b>\$63,846</b>     | <b>\$72,248</b>     | <b>\$73,089</b>     | <b>\$63,547</b>     |
| <b>40. Net Income (Loss)</b>                            | <b>\$530,226</b>    | <b>-\$324,628</b>   | <b>\$2,291,433</b>  | <b>-\$583,470</b>   | <b>-\$648,160</b>   | <b>\$179,974</b>    | <b>-\$368,386</b>   | <b>-\$2,296,903</b> | <b>-\$1,392,005</b> | <b>-\$1,448,768</b> | <b>-\$311,409</b>   | <b>-\$766,039</b>   | <b>-\$1,863,805</b> |

BARTLETT REGIONAL HOSPITAL  
BALANCE SHEET  
October 30, 2022

|  | <u>October-22</u>  | <u>September-22</u> | <u>October-21</u>  | <u>CHANGE<br/>FROM PRIOR<br/>FISCAL YEAR</u> |
|--|--------------------|---------------------|--------------------|--|
| <b>ASSETS</b>                                      |                    |                     |                    |  |
| Current Assets:                                    |                    |                     |                    |  |
| 1. Cash and cash equivalents                       | 15,612,199         | 19,702,993          | 16,455,972         | (843,772)                                    |
| 2. Board designated cash                           | 28,579,509         | 28,579,509          | 30,435,406         | (1,855,897)                                  |
| 3. Patient accounts receivable, net                | 20,740,871         | 19,384,954          | 19,597,839         | 1,143,032                                    |
| 4. Other receivables                               | (146,262)          | 1,457               | 1,371,110          | (1,517,371)                                  |
| 5. Inventories                                     | 4,079,173          | 3,983,200           | 3,714,914          | 364,259                                      |
| 6. Prepaid Expenses                                | 3,322,738          | 3,511,986           | 3,086,651          | 236,088                                      |
| 7. Other assets                                    | 755,754            | 753,151             | 31,935             | 723,817                                      |
| 8. Total current assets                            | 72,943,982         | 75,917,250          | 74,693,827         | (1,749,844)                                  |
| Appropriated Cash:                                 |                    |                     |                    |  |
| 9. CIP Appropriated Funding                        | 28,184,484         | 28,184,484          | 19,406,354         | 8,778,130                                    |
| Property, plant & equipment                        |                    |                     |                    |  |
| 10. Land, bldgs & equipment                        | 153,625,432        | 153,356,247         | 151,850,022        | 1,775,410                                    |
| 11. Construction in progress                       | 22,545,584         | 20,470,933          | 10,696,859         | 11,848,726                                   |
| 12. Total property & equipment                     | 176,171,016        | 173,827,180         | 162,546,881        | 13,624,136                                   |
| 13. Less: accumulated depreciation                 | (110,580,340)      | (110,578,308)       | (104,075,498)      | (6,504,842)                                  |
| 14. Net property and equipment                     | 65,590,676         | 63,248,877          | 58,471,389         | 7,119,294                                    |
| 15. Deferred outflows/Contribution to Pension Plan | 11,012,716         | 11,012,716          | 12,654,846         | (1,642,130)                                  |
| <b>16. Total assets</b>                            | <b>177,731,858</b> | <b>178,363,323</b>  | <b>165,226,412</b> | <b>12,505,450</b>                            |
| <b>LIABILITIES &amp; FUND BALANCE</b>              |                    |                     |                    |  |
| Current liabilities:                               |                    |                     |                    |  |
| 17. Payroll liabilities                            | 2,448,280          | 1,886,842           | 2,411,287          | 36,992                                       |
| 18. Accrued employee benefits                      | 5,126,480          | 5,163,022           | 5,108,615          | 17,864                                       |
| 19. Accounts payable and accrued expenses          | 4,850,298          | 4,796,933           | 2,307,757          | 2,542,541                                    |
| 20. Due to 3rd party payors                        | 3,165,930          | 3,165,930           | 2,392,930          | 773,001                                      |
| 21. Deferred revenue                               | 626,652            | 669,818             | 999,335            | (372,683)                                    |
| 22. Interest payable                               | 186,175            | 186,175             | 189,178            | (3,003)                                      |
| 23. Note payable - current portion                 | 1,490,000          | 1,490,000           | 910,000            | 580,000                                      |
| 24. Other payables                                 | 1,195,898          | 1,113,623           | 404,654            | 791,244                                      |
| 25. Total current liabilities                      | 19,089,713         | 18,472,343          | 14,723,756         | 4,365,956                                    |
| Long-term Liabilities:                             |                    |                     |                    |  |
| 26. Bonds payable                                  | 34,545,000         | 34,545,000          | 17,350,000         | 17,195,000                                   |
| 27. Bonds payable - premium/discount               | 2,754,701          | 2,754,701           | 84,065             | 2,670,635                                    |
| 28. Net Pension Liability                          | 15,568,546         | 15,568,546          | 62,063,897         | (46,495,351)                                 |
| 29. Deferred In-Flows                              | 45,156,052         | 45,156,052          | 4,884,297          | 40,271,755                                   |
| 30. Total long-term liabilities                    | 98,024,299         | 98,024,299          | 84,382,259         | 13,642,040                                   |
| 31. Total liabilities                              | 117,114,012        | 116,496,642         | 99,106,015         | 18,007,996                                   |
| 32. Fund Balance                                   | 60,617,846         | 61,866,681          | 66,120,395         | (5,502,548)                                  |
| <b>33. Total liabilities and fund balance</b>      | <b>177,731,858</b> | <b>178,363,323</b>  | <b>165,226,412</b> | <b>12,505,450</b>                            |

BARTLETT REGIONAL HOSPITAL  
12 MONTH ROLLING BALANCE SHEET  
FOR THE PERIOD OCTOBER 21 THRU OCTOBER 22

|  | October-21         | November-21        | December-21        | January-22         | February-22        | March-22           | April-22           | May-22             | June-22            | July-22            | August-22          | September-22       | October-22         |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>ASSETS</b>                                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Current Assets:</b>                             |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| 1. Cash and cash equivalents                       | 16,455,972         | 19,700,052         | 22,950,807         | 22,205,736         | 21,662,275         | 7,464,732          | 5,045,343          | 7,271,871          | 5,967,974          | 22,211,019         | 20,962,221         | 19,702,993         | 15,612,199         |
| 2. Board designated cash                           | 30,435,406         | 30,341,553         | 30,266,907         | 29,706,760         | 30,174,095         | 29,552,067         | 29,926,473         | 27,375,730         | 27,374,717         | 28,944,179         | 28,004,896         | 28,579,509         | 28,579,509         |
| 3. Patient accounts receivable, net                | 19,597,839         | 17,302,598         | 15,965,465         | 16,652,127         | 16,843,857         | 16,560,522         | 17,502,612         | 18,180,691         | 18,966,587         | 20,620,575         | 20,751,228         | 19,384,954         | 20,740,871         |
| 4. Other receivables                               | 1,371,110          | 906,110            | 588,186            | 684,114            | 584,230            | 1,236,682          | 1,583,406          | 1,323,543          | 1,501,123          | 1,346,190          | (79,787)           | 1,457              | (146,262)          |
| 5. Inventories                                     | 3,714,914          | 3,985,020          | 3,803,022          | 3,763,829          | 3,681,705          | 3,531,828          | 3,537,649          | 3,642,059          | 3,613,561          | 3,236,548          | 3,435,392          | 3,983,200          | 4,079,173          |
| 6. Prepaid Expenses                                | 3,086,651          | 2,939,487          | 2,801,467          | 2,653,187          | 2,800,205          | 2,453,787          | 2,203,501          | 1,893,949          | 1,717,382          | 3,371,478          | 3,623,126          | 3,511,986          | 3,322,738          |
| 7. Other assets                                    | 31,937             | 31,937             | 31,937             | 31,937             | 31,937             | 31,937             | 31,937             | 31,937             | 32,937             | 32,939             | 31,936             | 753,152            | 755,754            |
| <b>8. Total current assets</b>                     | <b>74,693,829</b>  | <b>75,206,757</b>  | <b>76,407,791</b>  | <b>75,697,690</b>  | <b>75,778,304</b>  | <b>60,831,555</b>  | <b>59,830,921</b>  | <b>59,719,780</b>  | <b>59,174,281</b>  | <b>79,762,928</b>  | <b>76,729,012</b>  | <b>75,917,251</b>  | <b>72,943,982</b>  |
| <b>Appropriated Cash:</b>                          |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| 9. CIP Appropriated Funding                        | 19,406,354         | 18,853,710         | 18,301,848         | 17,244,030         | 17,164,683         | 32,263,003         | 32,229,681         | 29,145,697         | 28,560,714         | 28,560,714         | 29,046,423         | 28,184,484         | 28,184,484         |
| <b>Property, plant &amp; equipment</b>             |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| 10. Land, bldgs & equipment                        | 151,850,022        | 152,031,616        | 152,194,817        | 152,409,795        | 152,463,783        | 152,782,632        | 152,973,023        | 153,025,175        | 153,025,325        | 153,308,451        | 153,345,547        | 153,356,247        | 153,625,432        |
| 11. Construction in progress                       | 10,696,859         | 11,100,753         | 11,827,784         | 12,743,862         | 12,846,504         | 13,572,285         | 14,423,945         | 17,812,831         | 18,510,117         | 18,209,189         | 20,119,756         | 20,470,933         | 22,545,584         |
| 12. Total property & equipment                     | 162,546,881        | 163,132,369        | 164,022,601        | 165,153,657        | 165,310,287        | 166,354,917        | 167,396,968        | 170,838,006        | 171,535,442        | 171,517,640        | 173,465,303        | 173,827,180        | 176,171,016        |
| 13. Less: accumulated depreciation                 | (104,075,498)      | (104,715,882)      | (105,356,299)      | (105,939,110)      | (106,539,343)      | (107,146,246)      | (107,744,366)      | (108,329,760)      | (108,913,879)      | (109,403,986)      | (109,992,994)      | (110,578,308)      | (110,580,340)      |
| <b>14. Net property and equipment</b>              | <b>58,471,383</b>  | <b>58,416,487</b>  | <b>58,666,302</b>  | <b>59,214,547</b>  | <b>58,770,944</b>  | <b>59,208,671</b>  | <b>59,652,602</b>  | <b>62,508,246</b>  | <b>62,621,563</b>  | <b>62,113,654</b>  | <b>63,472,309</b>  | <b>63,248,872</b>  | <b>65,590,676</b>  |
| 15. Deferred outflows/Contribution to Pension Plan | 12,654,846         | 12,654,846         | 12,654,846         | 12,654,846         | 12,654,846         | 12,654,846         | 12,654,846         | 12,654,846         | 12,654,846         | 12,654,846         | 12,654,846         | 11,012,716         | 11,012,716         |
| <b>16. Total assets</b>                            | <b>165,226,409</b> | <b>165,131,800</b> | <b>166,030,788</b> | <b>164,811,114</b> | <b>164,368,778</b> | <b>164,958,074</b> | <b>164,368,049</b> | <b>164,028,570</b> | <b>163,011,403</b> | <b>183,092,142</b> | <b>181,902,590</b> | <b>178,363,323</b> | <b>177,731,858</b> |
| <b>LIABILITIES &amp; FUND BALANCE</b>              |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Current liabilities:</b>                        |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| 17. Payroll liabilities                            | 2,411,287          | 2,523,324          | 832,124            | 1,236,761          | 1,312,176          | 1,744,778          | 2,118,075          | 2,580,462          | 2,849,971          | 3,322,640          | 3,872,037          | 1,886,842          | 2,448,280          |
| 18. Accrued employee benefits                      | 5,108,615          | 4,974,135          | 4,792,357          | 4,713,630          | 5,154,183          | 5,183,342          | 5,312,132          | 5,368,868          | 4,822,998          | 4,650,759          | 4,650,681          | 5,163,022          | 5,126,480          |
| 19. Accounts payable and accrued expenses          | 2,307,757          | 2,613,628          | 3,469,843          | 3,693,454          | 3,328,898          | 2,792,501          | 2,027,105          | 3,390,582          | 4,609,541          | 4,030,238          | 5,873,081          | 4,796,933          | 4,850,298          |
| 20. Due to 3rd party payors                        | 2,226,263          | 2,367,164          | 2,341,398          | 2,315,632          | 2,289,866          | 2,702,887          | 2,704,813          | 2,706,739          | 2,708,665          | 2,708,665          | 2,708,665          | 2,708,665          | 3,165,930          |
| 21. Deferred revenue                               | 999,335            | 956,168            | 913,002            | 869,835            | 826,668            | 783,502            | 740,335            | 697,168            | 649,002            | 1,123,835          | 712,985            | 669,818            | 626,652            |
| 22. Interest payable                               | 189,178            | 445,609            | 120,490            | (72,885)           | 53,414             | 90,653             | 127,892            | 165,131            | 105,323            | 16,175             | 147,817            | 186,175            | 186,175            |
| 23. Note payable - current portion                 | 910,000            | 910,000            | 910,000            | 1,030,000          | 1,030,000          | 1,030,000          | 1,030,000          | 1,030,000          | 1,030,000          | 1,030,000          | 1,490,000          | 1,490,000          | 1,490,000          |
| 24. Other payables                                 | 404,654            | 456,756            | 160,707            | 242,979            | 244,290            | 325,418            | 375,354            | 458,446            | 1,000              | 83,469             | 170,789            | 1,113,623          | 1,195,898          |
| <b>25. Total current liabilities</b>               | <b>14,557,089</b>  | <b>15,246,784</b>  | <b>13,539,921</b>  | <b>14,029,406</b>  | <b>14,239,495</b>  | <b>14,653,081</b>  | <b>14,435,706</b>  | <b>16,397,396</b>  | <b>16,776,500</b>  | <b>16,965,781</b>  | <b>19,626,055</b>  | <b>18,015,078</b>  | <b>19,089,713</b>  |
| <b>Long-term Liabilities:</b>                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| 26. Bonds payable                                  | 17,350,000         | 17,350,000         | 17,350,000         | 16,230,000         | 16,230,000         | 16,230,000         | 16,230,000         | 16,230,000         | 16,230,000         | 35,005,000         | 34,545,000         | 34,545,000         | 34,545,000         |
| 27. Bonds payable - premium/discount               | 84,065             | 111,164            | 105,471            | 99,779             | 95,512             | 91,246             | 86,979             | 82,713             | 78,446             | 2,796,398          | 2,759,020          | 2,754,701          | 2,754,701          |
| 28. Net Pension Liability                          | 62,063,897         | 62,063,897         | 62,063,897         | 62,063,897         | 62,063,897         | 62,063,897         | 62,063,897         | 62,063,897         | 62,063,897         | 62,063,897         | 62,063,897         | 15,568,546         | 15,568,546         |
| 29. Deferred In-Flows                              | 4,884,297          | 4,884,297          | 4,884,297          | 4,884,297          | 4,884,297          | 4,884,297          | 4,884,297          | 4,884,297          | 4,884,297          | 4,884,297          | 4,884,297          | 45,156,052         | 45,156,052         |
| <b>30. Total long-term liabilities</b>             | <b>84,382,259</b>  | <b>84,409,358</b>  | <b>84,403,665</b>  | <b>83,277,973</b>  | <b>83,273,706</b>  | <b>83,269,440</b>  | <b>83,265,173</b>  | <b>83,260,907</b>  | <b>83,256,640</b>  | <b>104,749,592</b> | <b>104,252,214</b> | <b>98,024,299</b>  | <b>98,024,299</b>  |
| <b>31. Total liabilities</b>                       | <b>98,939,348</b>  | <b>99,656,142</b>  | <b>97,943,586</b>  | <b>97,307,379</b>  | <b>97,513,201</b>  | <b>97,922,521</b>  | <b>97,700,879</b>  | <b>99,658,303</b>  | <b>100,033,140</b> | <b>121,715,373</b> | <b>123,878,269</b> | <b>116,039,377</b> | <b>117,114,012</b> |
| <b>32. Fund Balance</b>                            | <b>66,287,061</b>  | <b>65,475,658</b>  | <b>68,087,202</b>  | <b>67,503,735</b>  | <b>66,855,577</b>  | <b>67,035,553</b>  | <b>66,667,170</b>  | <b>64,370,267</b>  | <b>62,978,263</b>  | <b>61,376,769</b>  | <b>58,024,321</b>  | <b>62,323,946</b>  | <b>60,617,846</b>  |
| <b>33. Total liabilities and fund balance</b>      | <b>165,226,409</b> | <b>165,131,800</b> | <b>166,030,788</b> | <b>164,811,114</b> | <b>164,368,778</b> | <b>164,958,074</b> | <b>164,368,049</b> | <b>164,028,570</b> | <b>163,011,403</b> | <b>183,092,142</b> | <b>181,902,590</b> | <b>178,363,323</b> | <b>177,731,858</b> |

**Bartlett Regional Hospital  
Dashboard Report for October 2022**

| Facility Utilization:                      | CURRENT MONTH |              |                             |              |              | % Over<br>(Under) Pr<br>Yr | YEAR TO DATE |              |                             |              |
|--|---------------|--------------|-----------------------------|--------------|--------------|----------------------------|--------------|--------------|-----------------------------|--------------|
|  | Actual        | Budget       | % Over<br>(Under)<br>Budget | Prior Year   | Prior Month  |                            | Actual       | Budget       | % Over<br>(Under)<br>Budget | Prior Year   |
| <b>Hospital Inpatient: Patient Days</b>    |               |              |                             |              |              |                            |              |              |                             |              |
| Patient Days - Med/Surg                    | 421           | 558          | -24.5%                      | 433          | 502          | -2.8%                      | 2,007        | 2,213        | -9%                         | 1,900        |
| Patient Days - Critical Care Unit          | 67            | 100          | -33%                        | 118          | 99           | -43.2%                     | 331          | 396          | -16%                        | 431          |
| Avg. Daily Census - Acute                  | 15.7          | 21.2         | -26%                        | 17.8         | 20.0         | -11.4%                     | 19.0         | 21.2         | -10%                        | 19.0         |
| Patient Days - Obstetrics                  | 47            | 64           | -27%                        | 30           | 61           | 56.7%                      | 225          | 254          | -11%                        | 251          |
| <b>Total Hospital Patient Days</b>         | <b>535</b>    | <b>721</b>   | <b>-26%</b>                 | <b>581</b>   | <b>706</b>   | <b>-7.9%</b>               | <b>2,563</b> | <b>2,862</b> | <b>-10%</b>                 | <b>2,582</b> |
| Births                                     | 18            | 25           | -29%                        | 13           | 22           | 38.5%                      | 87           | 100          | -13%                        | 100          |
| Patient Days - Nursery                     | 40            | 49           | -19%                        | 23           | 44           | 73.9%                      | 193          | 195          | -1%                         | 188          |
| <b>Mental Health Unit</b>                  |               |              |                             |              |              |                            |              |              |                             |              |
| Patient Days - Mental Health Unit          | 138           | 159          | -13%                        | 241          | 90           | -42.7%                     | 452          | 629          | -28%                        | 690          |
| Avg. Daily Census - MHU                    | 4.5           | 5.1          | -13%                        | 7.8          | 3            | -42.9%                     | 3.7          | 5.1          | -28%                        | 5.6          |
| <b>Rain Forest Recovery:</b>               |               |              |                             |              |              |                            |              |              |                             |              |
| Patient Days - RRC                         | 239           | 167          | 43%                         | 122          | 131          | 95.9%                      | 735          | 663          | 11%                         | 685          |
| Avg. Daily Census - RRC                    | 8             | 5.4          | 43%                         | 4            | 4            | 95.9%                      | 6            | 5.4          | 11%                         | 6            |
| Outpatient visits                          | 34            | 44           | -22%                        | 30           | 29           | 13.3%                      | 158          | 173          | -9%                         | 182          |
| <b>Inpatient: Admissions</b>               |               |              |                             |              |              |                            |              |              |                             |              |
| Med/Surg                                   | 50            | 68           | -26%                        | 54           | 61           | -7.4%                      | 248          | 270          | -8%                         | 269          |
| Critical Care Unit                         | 34            | 59           | -42%                        | 43           | 44           | -20.9%                     | 160          | 233          | -31%                        | 170          |
| Obstetrics                                 | 18            | 27           | -34%                        | 14           | 24           | 28.6%                      | 89           | 109          | -18%                        | 109          |
| Nursery                                    | 19            | 25           | -24%                        | 13           | 22           | 46.2%                      | 91           | 100          | -9%                         | 100          |
| Mental Health Unit                         | 16            | 25           | -35%                        | 30           | 16           | -46.7%                     | 68           | 98           | -30%                        | 108          |
| <b>Total Admissions - Inpatient Status</b> | <b>137</b>    | <b>204</b>   | <b>-33%</b>                 | <b>154</b>   | <b>167</b>   | <b>-11.0%</b>              | <b>656</b>   | <b>809</b>   | <b>-19%</b>                 | <b>756</b>   |
| <b>Admissions - "Observation" Status</b>   |               |              |                             |              |              |                            |              |              |                             |              |
| Med/Surg                                   | 48            | 73           | -34%                        | 87           | 58           | -44.8%                     | 232          | 290          | -20%                        | 284          |
| Critical Care Unit                         | 25            | 25           | -1%                         | 25           | 32           | 0.0%                       | 123          | 100          | 22%                         | 86           |
| Mental Health Unit                         | 3             | 4            | -16%                        | 3            | 5            | 0.0%                       | 12           | 14           | -15%                        | 13           |
| Obstetrics                                 | 11            | 15           | -28%                        | 11           | 15           | 0.0%                       | 61           | 61           | 1%                          | 62           |
| <b>Total Admissions to Observation</b>     | <b>87</b>     | <b>117</b>   | <b>-26%</b>                 | <b>126</b>   | <b>110</b>   | <b>-20.9%</b>              | <b>428</b>   | <b>465</b>   | <b>-8%</b>                  | <b>445</b>   |
| <b>Surgery:</b>                            |               |              |                             |              |              |                            |              |              |                             |              |
| Inpatient Surgery Cases                    | 38            | 49           | -22%                        | 56           | 54           | -32.1%                     | 203          | 193          | 5%                          | 193          |
| Endoscopy Cases                            | 109           | 89           | 22%                         | 77           | 110          | 41.6%                      | 430          | 353          | 22%                         | 341          |
| Same Day Surgery Cases                     | 135           | 104          | 29%                         | 84           | 110          | 60.7%                      | 458          | 414          | 11%                         | 399          |
| <b>Total Surgery Cases</b>                 | <b>282</b>    | <b>242</b>   | <b>17%</b>                  | <b>217</b>   | <b>274</b>   | <b>30.0%</b>               | <b>1,091</b> | <b>960</b>   | <b>14%</b>                  | <b>933</b>   |
| Total Surgery Minutes                      | 18,424        | 16,168       | 14%                         | 16,273       | 16,949       | 13.2%                      | 71,462       | 64,151       | 11%                         | 63,309       |
| <b>Outpatient:</b>                         |               |              |                             |              |              |                            |              |              |                             |              |
| Total Outpatient Visits (Hospital)         |               |              |                             |              |              |                            |              |              |                             |              |
| Emergency Department Visits                | 1,001         | 1,030        | -3%                         | 1,015        | 1,101        | -1.4%                      | 4,501        | 4,087        | 10%                         | 4,415        |
| Cardiac Rehab Visits                       | 81            | 32           | 155%                        | 1            | 114          | 8000.0%                    | 458          | 126          | 263%                        | 187          |
| Lab Tests                                  | 10,648        | 10,003       | 6%                          | 10,226       | 10,446       | 4.1%                       | 42,360       | 39,690       | 7%                          | 40,993       |
| Diagnostic Imaging Tests                   | 2,442         | 2,398        | 2%                          | 2,343        | 2,792        | 4.2%                       | 10,428       | 9,515        | 10%                         | 9,610        |
| Sleep Study Visits                         | 19            | 21           | -11%                        | 19           | 14           | 0.0%                       | 60           | 85           | -29%                        | 93           |
| <b>Physician Clinics:</b>                  |               |              |                             |              |              |                            |              |              |                             |              |
| Hospitalists                               | 214           | 245          | -13%                        | 267          | 212          | -19.9%                     | 914          | 971          | -6%                         | 988          |
| Bartlett Oncology Clinic                   | 115           | 97           | 18%                         | 103          | 90           | 11.7%                      | 429          | 386          | 11%                         | 397          |
| Ophthalmology Clinic                       | 73            | 73           | -1%                         | 46           | 102          | 58.7%                      | 387          | 291          | 33%                         | 296          |
| Behavioral Health Outpatient visits        | 695           | 666          | 4%                          | 694          | 719          | 0.1%                       | 2,777        | 2,644        | 5%                          | 2,553        |
| Bartlett Surgery Specialty Clinic visits   | 252           | 231          | 9%                          | 246          | 286          | 2.4%                       | 1,086        | 915          | 19%                         | 887          |
| <b>Total Physician Clinics</b>             | <b>1,349</b>  | <b>1,312</b> | <b>3%</b>                   | <b>1,356</b> | <b>1,409</b> | <b>-0.5%</b>               | <b>5,593</b> | <b>5,207</b> | <b>7%</b>                   | <b>5,121</b> |
| <b>Other Operating Indicators:</b>         |               |              |                             |              |              |                            |              |              |                             |              |
| Dietary Meals Served                       | 12,582        | 17,757       | -29%                        | 16,489       | 12,413       | 1.4%                       | 53,948       | 70,457       | -23%                        | 63,022       |
| Laundry Pounds (Per 100)                   | 403           | 577          | -30%                        | 385          | 414          | -2.7%                      | 1,643        | 2,290        | -28%                        | 1,564        |



**Bartlett Regional Hospital  
Financial Indicators for October 2022**

| Facility Utilization:                               | CURRENT MONTH |        |                             |            | YEAR TO DATE |        |                             |            |
|---|---------------|--------|-----------------------------|------------|--------------|--------|-----------------------------|------------|
|   | Actual        | Budget | % Over<br>(Under)<br>Budget | Prior Year | Actual       | Budget | % Over<br>(Under)<br>Budget | Prior Year |
| <b><i>Financial Indicators:</i></b>                 |               |        |                             |            |              |        |                             |            |
| Revenue Per Adjusted Patient Day                    | 4,370         | 5,722  | -23.6%                      | 5,108      | 5,027        | 5,889  | -14.6%                      | 5,038      |
| Contractual Allowance %                             | 42.4%         | 40.0%  | 6.1%                        | 39.2%      | 44.3%        | 40.0%  | 10.8%                       | 40.2%      |
| Bad Debt & Charity Care %                           | 2.6%          | 2.1%   | 23.6%                       | 2.9%       | 2.1%         | 2.1%   | -0.4%                       | 3.1%       |
| Wages as a % of Net Revenue                         | 63.7%         | 47.6%  | 33.8%                       | 46.5%      | 56.7%        | 46.3%  | 22.4%                       | 47.4%      |
| Productive Staff Hours Per Adjusted Patient Day     | 23.9          | 26.6   | -10.1%                      | 24.1       | 25.4         | 26.9   | -5.5%                       | 23.4       |
| Non-Productive Staff Hours Per Adjusted Patient Day | 3.7           | 4.1    | -11.4%                      | 3.8        | 3.9          | 4.2    | -7.0%                       | 3.8        |
| Overtime/Premium % of Productive                    | 7.90%         | 7.92%  | -0.2%                       | 7.69%      | 7.51%        | 7.92%  | -5.2%                       | 7.44%      |
| Days Cash on Hand                                   | 44            | 44     | -0.2%                       | 47         | 45           | 44     | 2.3%                        | 49         |
| Board Designated Days Cash on Hand                  | 158           | 159    | -0.2%                       | 143        | 162          | 159    | 2.3%                        | 143        |
| Days in Net Receivables                             | 66.1          | 66     | 0.0%                        | 59         | 61.9         | 62     | 0.0%                        | 59         |
| Days in Accounts Payable                            | 39.3          | 39     | 0.0%                        | 17         | 30.7         | 31     | 0.0%                        | 17         |
| Total CMI   | 1.28          |        |                             |            |              |        |                             |            |
| MCR CMI   | 1.47          |        |                             |            |              |        |                             |            |
| MCD CMI   | 1.14          |        |                             |            |              |        |                             |            |

# Bartlett Regional Hospital

## Write-Offs October 2022

|                                    |              |     |
|------------------------------------|--------------|-----|
| One Time PPD Ins                   |              |     |
| RRC/MCR NO Enrollment              |              |     |
| Compliance/Risk/Adminstrative      | \$5,951.55   | 1   |
| SP Prompt Pay Disc                 | \$100,779.23 | 266 |
| Medicare Patient <120 days         |              |     |
| Authorization/Alert Missing        |              |     |
| 1115 Waiver Svcs on Commercial Ins | \$4,859.25   | 17  |
| Denied Appeals /Exhausted/Timely   | \$44,257.20  | 11  |
| BOPS Provider NOT Eligible to Bill |              |     |
| Mental Health BD MHU, RRC BOPS     |              |     |
| No Provider Enrollment             |              |     |
|                                    | \$155,847.23 |     |

### Collections

|                   |             |     |
|-------------------|-------------|-----|
| One Time Ins PPD  |             |     |
| Collections SPPPD | \$29,078.24 | 266 |

### October 2022 ME Totals

- Charity \$9,635.03
- **Claims on hold -0- \$0.00**
- POS Collections \$1,356.16
- Cares Adjustments \$11,801.50

Molecular Lab Revenue \$39,100.00