

# Bartlett Regional Hospital

**FINANCE COMMITTEE MEETING**  
**December 10, 2021 – Noon**  
**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/98393405781>  
or by calling 1-888-788-0099, Meeting ID: 983 9340 5781

## CALL TO ORDER

## PUBLIC COMMENT

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## EXECUTIVE SESSION - Campus Planning

*Motion by xx, to recess into executive session to discuss information presented that the immediate knowledge of which would clearly have an adverse effect upon the finances of BRH; that being a discussion about campus planning, and ask for unanimous consent.*

## **Next Meeting: Friday, January 14, 2022 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 BRH Boardroom & Zoom Meeting November 12, 2021 at 12:00pm

Called to order at 12:00 p.m. by Finance Chair, Deb Johnston.

**Finance Committee (\*) & Board Members:** *Deb Johnston\**, Brenda Knapp\*, Lance Stevens\*, Hal Geiger, Mark Johnson, Kenny Solomon-Gross, and Rosemary Hagevig. (*Zoom attendees in italics*)

**Staff & Others:** Jerel Humphrey, CEO, Kevin Benson, CFO, Karen Forrest, CBHO, Vlad Toca, COO, Kim McDowell, CNO, Blessy Robert, Director of Accounting, Seanna O'Sullivan, Anita Moffitt, and Gage Thompson.

**Public Comment:** None

*Ms. Knapp made a MOTION to approve the minutes from the October 8, 2021 Finance Committee Meeting. Mr. Stevens seconded, and they were approved.*

### September 2021 Financial Review – Kevin Benson, CFO

Bartlett Regional Hospital is finally seeing the inpatient volumes that were anticipated in the budget. Combining routine hospital patient days with MHU, total patient days were 20% over budget. As a result, inpatient revenue was greater than budget for the first time in many months. Inpatient revenue was \$708,000 (13.0%) greater than budget. At the same time outpatient activity and revenues continued to be strong generating \$832,000 (8.3%) more than budget. Unlike previous months, surgical volumes were down but were made up for in the Emergency and Radiology departments. Also, covid testing out of the Molecular Lab hit a new high of 6,700 tests performed generating revenue \$651,000 greater than budget.

After Rainforest, BHOPS and physician revenue, the month ended \$1,463,000 (8.5%) ahead of budget for Gross Patient Revenue.

Unfortunately, much of the additional revenue ended up in Contractual Adjustments as \$900,000 of the additional revenue was in the Medicare financial class. Bad Debt expense was over budget at \$196,000 greater than budget. The valuation model for determining bad debt expense was reviewed at length. However, for the month total Accounts Receivable increased \$2.2 million necessitating an increase in the allowance for Doubtful Accounts.

Net Patient Revenue finished ahead of budget with positive variance of \$346,000 (3.7%). Total Operating Revenue finished at \$339,000 (3.3%) greater than budget.

Total Expenses were over budget, finishing \$-428,000 (-4.1%) yielding an Operating Loss of \$166,000 as compared to a budgeted Operating Loss of -\$77,000. After Non-Operating Income it was a breakeven month. After two months, the Net Income is \$125,000 for a 0.39% margin.

Expense variances incurred in September were as follows:

- Contract Labor was \$82,000 over budget as the hospital struggled to maintain staffing levels.
- Supply costs were \$310,000 over budget, driven by increased covid testing lab tests of \$277,000. Increased testing resulted in \$180,000 of tests for the Roche analyzer while supply chain delays saw Cepheid test kits of \$45,000 arrive in September.
- The \$188,000 variance in the Maintenance and Repairs expense was a result of the three-year true up with Microsoft licensing. Bartlett has increased staffing and the number of accounts accessing its IT systems. The number of users has increased from 727 to 900 and servers have increased from 19 to 37.



### **Grants Review – Blessy Robert, Director of Accounting**

FY21 estimated balance of \$400,000 in unused grant funds previously discussed, ended at \$135,000 actually unused. Half of this was related to travel, and was unused due to restrictions. BRH used close to \$6 million in FY21 for grants. Provider Relief Funds were split out, but are incomplete. BRH was awarded \$12 million through July 2020, with total expenses and lost revenue being about \$10 million greater than that. Phase 4 of PRF funding has been applied for. Individual grants are broken out in the packet document. Crisis stabilization grant is concluded.

FY22 reveals a smaller amount of grants available at \$3 million. \$1.9 million has been applied so far. The majority of the larger grants are no longer available to us. Currently available grants are smaller. Quantity of available grants have diminished drastically. BRH was preliminarily denied for the Telehealth grant.

### **No Surprise Billing Legislation – Kevin Benson, CFO**

Effective January 1, 2022, the legislation includes elimination of the “surprise bill” that the patient may receive from out-of-network providers at a facility. This eliminates much of the financial burden on the patients. Physicians, radiologists, anesthesiologists, pathologists, and surgeons in independent practice at BRH may not be in-network and will bill separately. BRH has been holding town halls for education, questions and concerns regarding this legislation. Independent providers were notified which companies are in-network, so that they can work to align themselves with those companies if they choose to.

### **Capital Improvement Projects – Kevin Benson, CFO**

Annually, CBJ publishes a Capital Improvement Project list of projects it plans to take on in the fiscal year. Projects are administered by CBJ. Emergency Department renovations were included in this. Deferred Maintenance was decreased since larger projects have been completed. Looking to move it to the board for approval, before being forwarded to Assembly Finance Committee, since CBJ would like this before the December BOD meeting. Plan follows master facility plan Gantt chart.

*Ms. Knapp made a MOTION to move the list of 6-year Capital Improvement Projects to the full board meeting for action. Mr. Stevens seconded, and they were approved.*

**Next Meeting: Friday, December 10<sup>th</sup>, 2021 at 12:00 via Zoom**

**Additional Comments:** None

**Adjourned – 12:58 p.m.**

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

FINANCIAL STATEMENTS

Year Ended June 30, 2021  
with summarized totals for the year ended June 30, 2020

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

DRAFT

**Bartlett Regional Hospital**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

This section of the Bartlett Regional Hospital (the "Hospital") financial statements presents management's discussion and analysis of the Hospital's financial performance during the fiscal year ended June 30, 2021 ("FY21"). This discussion was prepared by management and should be read in conjunction with the financial statements and footnotes. The financial statements, footnotes, and this discussion and analysis are the responsibility of management.

**Financial Highlights**

- The Hospital's net position, assets in excess of liabilities, at June 30, 2021 was \$65,465,092 or \$3,957,622, (6%) more than the net position at June 30, 2020 ("FY20").
- \$8,224,337 or approximately 13% of net position at the end of FY21, was unrestricted and may be used to meet the Hospital's ongoing operating obligations.
- There was a reduction in cash and cash equivalents was of \$5,341,752. The difference from FY20 where cash was mostly unchanged was a deficit of Net Cash from operations of \$3,024,472 and a reduction of Investment Income of \$2,617,146.
- The Hospital's total debt obligation of \$18,399,484 represents revenue bonds payable and is \$957,934 less than the prior year due to required principal payments and amortization of bond premium. Approximately half of the debt obligation went through an advance refunding to reduce future interest expense with a more favorable interest rate.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Hospital's basic financial statements which are made up of three components: 1) financial statements, 2) notes to the financial statements and 3) supplemental schedules.

**Financial statements** – The financial statements are designed to provide readers with a broad overview of the Hospital's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Hospital's assets, deferred outflows, liabilities and deferred inflows with the difference between these financial statement elements being reported as net position. Over time, significant increases or decreases in net position may serve as a useful indicator of whether the financial position of the Hospital is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the Hospital's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g. patient charges to be collected, vendor invoices to be paid).

The *Statement of Cash Flows* presents the sources and uses of cash and cash equivalents during the most recent fiscal year. Cash flows are categorized into three major activities: 1) Operating, 2) Financing and 3) Investing. Such categorization assists users of the financial information to

**Bartlett Regional Hospital**  
*Management's Discussion and Analysis (Unaudited)*  
For the Fiscal Year Ended June 30, 2021

compare cash flows from the core business services (operating) to more strategic initiatives (financing and investing).

**Notes to the financial statements** – The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

**Supplemental schedules** – In addition to the basic financial statements and accompanying notes, this report also presents a *Supplemental Schedule of Operating Expenses* which provides a higher level of detail for each expense line item reported on the *Statement of Revenues, Expenses and Changes in Net Position*. This information is not a required supplement to the financial statements and is included to enhance the user's understanding of the underlying operating expenses of the Hospital.

**Financial Analysis**

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
<b>Assets and Deferred Outflows of Resources</b>				
<b>Assets</b>				
Equity in central treasury - unrestricted	\$ 54,009,787	\$ 69,529,955	\$ (15,520,168)	-22.3%
Patient accounts receivable, net	15,313,704	12,988,478	2,325,226	17.9%
Equity in central treasury - restricted	16,105,537	5,927,121	10,178,416	171.7%
Property and equipment, net	58,534,703	56,264,660	2,270,043	4.0%
Other assets	15,432,916	5,223,325	10,209,591	195.5%
Total assets	159,396,647	149,933,539	9,463,108	6.3%
<b>Deferred Outflows of Resources</b>	12,654,846	12,403,681	251,165	2.0%
Total assets and deferred outflows of resources	<u>\$ 172,051,493</u>	<u>\$ 162,337,220</u>	<u>\$ 9,714,273</u>	<u>6.0%</u>
<b>Liabilities and Net Position</b>				
<b>Liabilities</b>				
Current and other liabilities	\$ 15,749,058	\$ 14,004,097	\$ 1,744,961	12.5%
Bonds payable (current and long-term)	18,399,484	19,357,418	(957,934)	-4.9%
Net pension liability	67,553,562	63,150,035	4,403,527	7.0%
Total liabilities	101,702,104	96,511,550	5,190,554	5.4%
<b>Deferred Inflows of Resources</b>	4,884,297	4,318,200	566,097	13.1%
Total liabilities and deferred inflows of resources	<u>106,586,401</u>	<u>100,829,750</u>	<u>5,756,651</u>	<u>5.7%</u>
<b>Net Position</b>				
Net invested in capital	40,135,219	36,907,242	3,227,977	8.7%
Restricted for capital projects and debt services	17,105,536	5,927,121	11,178,415	188.6%
Unrestricted	8,224,337	18,673,107	(10,448,770)	-56.0%
Total net position	65,465,092	61,507,470	3,957,622	6.4%
Total liabilities and net position	<u>\$ 172,051,493</u>	<u>\$ 162,337,220</u>	<u>\$ 9,714,273</u>	<u>6.0%</u>

**Bartlett Regional Hospital**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

**Net Position**

A summary of the Hospital's Statement of Net Position as of June 30, 2021 and 2020 is presented below. Net position increased \$3,957,622 to \$65,465,092 in 2021.

As noted earlier, the Hospital's net position, or the difference between assets and liabilities, at June 30, 2021 was \$65,465,092 as follows:

Invested in capital	\$ 40,135,219	61%
Restricted for capital and debt service	17,105,536	26%
Unrestricted	<u>8,224,337</u>	<u>13%</u>
	<u>\$ 65,465,092</u>	<u>100%</u>

The portion of net position invested in capital (61%), reflects the Hospital's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related and outstanding debt used to acquire those assets. The Hospital uses these capital assets to provide services to patients; consequently, these assets are not available for future spending.

The portion of net position restricted for capital and debt service, \$17,105,536 must be used to satisfy the restrictions under which they were appropriated and are not available for general purpose spending.

The unrestricted portion of net position, \$8,224,337, may be used to meet the Hospital's ongoing obligations incurred to provide health care services.

The Hospital's capital asset and long-term debt activity are described in the notes to the financial statements. During FY21, Bartlett purchased \$9,813,237 in various capital projects. These projects included Information technology software and equipment, construction of a triage building outside the Emergency Room and the construction and equipping of a molecular lab.

**Changes in Net Position**

The schedule below summarizes the revenues, expenses and changes in net position for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
Operating revenues	\$ 118,225,832	\$ 103,728,741	\$ 14,497,091	14.0%
Operating expenses	<u>122,736,600</u>	<u>105,417,424</u>	<u>17,319,176</u>	<u>16.4%</u>
Operating income (loss)	(4,510,768)	(1,688,683)	(2,822,085)	167.1%
Nonoperating revenue (expenses)	<u>7,775,390</u>	<u>8,993,055</u>	<u>(1,217,665)</u>	<u>-13.5%</u>
Income (loss) before operating transfers	3,264,622	7,304,372	(4,039,750)	-55.3%
Transfers in: From CBJ tax assessments	<u>693,000</u>	<u>693,000</u>	<u>-</u>	<u>-</u>
Change in net position prior to restatement	<u>\$ 3,957,622</u>	<u>\$ 7,997,372</u>	<u>\$ (4,039,750)</u>	<u>-50.5%</u>

**Bartlett Regional Hospital**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

**COVID-19 Pandemic Impact**

In order to understand the Statement of Revenues, Expenses and Changes in Net Position, one needs to understand the impact of the COVID-19 pandemic on the operations of the hospital. In March of FY20 mitigation measures were put into place to safely provide health services for both patients/families and staff. These mitigation measures continued throughout FY21. These measures include additional staff for entrance screening, operation of a COVID testing lab, and a staffing department.

The Hospital's total operating revenue was \$118,225,832 for FY21. Of this amount, 92%, or \$109,040,746 represents net patient service revenue, of which 5% represents other revenue such as cafeteria sales, physician billing services and grants. The remaining 3% represents the State of Alaska's PERS on behalf contribution as the State contributed \$3.6 million dollars to the PERS fund contributed on behalf of Bartlett.

Operating expenses were \$122,736,600 representing a 16% increase as compared to \$105,417,424 for the prior year. Salaries and wages increased \$4,679,635 (9%). This is attributable to increased outpatient volumes and the covid-19 response.

Non-operating revenues decreased to \$7,775,390 compared to \$8,993,055 in Fiscal 2020. The largest component of non-operating revenue in both years was the recognition of Provider Relief Funds as a result of the COVID-19 pandemic. These funds were provided to assist with the financial implications of the pandemic for lost revenues and expenses incurred during this time.

Transfers in from CBJ Tax Assessments represents The Hospital's portion of the City and Borough of Juneau's Tobacco and Liquor tax revenues and are considered inter-governmental transfers. This amount remained the same as the prior year in the amount of \$693,000.

**Net Patient Service Revenue**

The following table summarizes the components of net patient service revenue and related financial indicators for the years ended June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
Gross patient service revenue	\$ 192,387,086	\$ 178,248,612	\$ 14,138,474	7.9%
Deductions from revenue:				
Contractual and other adjustments	80,512,295	77,750,149	2,762,146	3.6%
Charity care	1,367,675	1,090,598	277,077	25.4%
Bad debt expense	1,466,370	2,830,316	(1,363,946)	-48.2%
Total deductions from revenue	<u>83,346,340</u>	<u>81,671,063</u>	<u>1,675,277</u>	<u>2.1%</u>
Net patient service revenue	<u>\$ 109,040,746</u>	<u>\$ 96,577,549</u>	<u>\$ 12,463,197</u>	<u>12.9%</u>
Percentage of gross patient service revenue:				
Contractuals and other adjustments	41.8%	43.6%	-1.8%	-4.1%
Charity care	0.7%	0.6%	0.1%	16.2%
Bad debt expense	0.8%	1.6%	-0.8%	-52.0%
Total deductions from revenue	<u>43.3%</u>	<u>34.6%</u>	<u>8.7%</u>	<u>25.2%</u>



**Bartlett Regional Hospital**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

Gross patient service revenue increased 7.9% from FY20 due primarily to growth of outpatient volumes and revenues. Gross revenue by payer for the years ended June 30, 2021 and 2020, is presented below:

	2021		2020		Change	% Change
	Revenue	%	Revenue	%		
Aetna	\$ 26,441,241	13.7%	\$ 24,537,523	13.8%	\$ 1,903,718	7.8%
Bluecross	29,421,333	15.3%	25,756,290	14.4%	3,665,042	14.2%
Com	5,946,818	3.1%	7,422,784	4.2%	(1,475,966)	-19.9%
MCD	48,700,528	25.3%	47,029,862	26.4%	1,670,666	3.6%
MCR	65,834,317	34.2%	58,074,358	32.6%	7,759,959	13.4%
Other	4,934,030	2.6%	5,039,446	2.8%	(105,416)	-2.1%
Searhc	1,908,830	1.0%	2,057,586	1.2%	(148,756)	-7.2%
Self Pay	3,364,534	1.7%	3,208,747	1.8%	155,788	4.9%
VA/Champus	3,607,925	1.9%	3,743,336	2.1%	(135,411)	-3.6%
WC	2,227,531	1.2%	1,378,680	0.8%	848,851	61.6%
	\$ 192,387,086	100.0%	\$ 178,248,612	100.0%	\$ 14,138,474	7.9%

Gross patient service revenue is rarely paid at 100% of charges. The estimated amount that the Hospital expects to collect for services rendered is reflected in the financial statements as net patient service revenue and, for the year ended June 30, 2021, the Hospital recorded deductions from revenue of \$83,346,340 or 43% of gross charges. These deductions represent charges that are not paid by third party payer's (insurance companies) or patients. Deductions from revenue is made up of three major categories:

- *Contractual adjustments* – Negotiated discounts or regulated reductions in amounts to be paid by third party payer's such as Medicare, Medicaid, Aetna, etc.
- *Charity care* – Revenue that is written off for services provided to patients who demonstrate a financial need and meet the Hospital's charity care requirements
- *Bad debt* – Revenue that is written off after reasonable collection efforts have been unsuccessful.

**Bartlett Regional Hospital**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

Key operating indicators for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
<b>Hospital</b>				
Patient Days - excludes newborn	8,172	8,504	(332)	-4%
Average Daily Census	22.4	23.3	(0.9)	-4%
Admissions	1,931	2,245	(314)	-14%
Deliveries	294	290	4	1%
Total Surgeries	3,112	2,614	498	19%
Outpatient Visits (Net of ER Visits)	16,905	13,975	2,930	21%
ER Visits	11,592	13,093	(1,501)	-11%
<b>Rain Forest Recovery Center</b>				
Patient Days	1,434	2,538	(1,104)	-43%
Average Daily Census	3.9	7.0	(3.0)	-43%
<b>Physician Clinics</b>				
Specialty Clinic Visits	13,769	11,180	2,589	23%

**Economic Factors**

The healthcare industry has been and will continue to be significantly influenced by economic reform efforts. New requirements for meaningful use of electronic health records and implementation of ICD-10 (a new medical record coding methodology) not only create risks for decreased reimbursement or payment penalties, they also bring increased operating expense.

Additionally, as shown in the gross revenue by payer schedule previously, 60% of the Hospital's business is derived from beneficiaries of the Medicare and Medicaid programs. The largest percentage of gross revenue, 34% is attributable to Medicare patients. Unlike a vast majority of providers in the country, the Hospital participates in Medicare's Rural Community Hospital Demonstration Project which provides a modified cost-based reimbursement based on Medicare in-patient discharges. In FY 2021, Bartlett received \$5.7 million additional reimbursement because of the Project.

It is anticipated that the Hospital will continue to face increased costs for labor, benefits, supplies and contract services. The impact of tourism on hospital operations was acutely demonstrated this past two seasons as the cruise ship industry discontinued operations in 2020 due to Covid-19. The cruise ships resumed operations in 2021 on a very limited basis. Tourism had previously accounted for at least \$10 million in revenues. While the return of tourism and the cruise ship industry represents a financial benefit it also taxes the organization by having to provide staff using contract labor and incurring overtime costs.

**Bartlett Regional Hospital**  
*Management's Discussion and Analysis (Unaudited)*  
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Though faced with a myriad of economic challenges, the Hospital is positioned well to address such challenges head-on:

- Unrestricted cash and equivalents were \$54,009,787 at the end of FY21.
- The Hospital's net position increased to \$65,465,092.
- Long-term debt is limited to the \$18,399,484 in revenue bonds outstanding
- The hospital is always evaluating new services, reduce costs and streamline processes

The Hospital is confident that a proactive approach to these challenges fulfills its mission to:

*Provide quality, patient-centered care in a sustainable manner.*

**Contacting the Hospital's Financial Management**

This report is designed to provide our citizens, patients and creditors with a general overview of the Hospital's finances and to demonstrate the Hospital's accountability. If you have questions about this report or need additional financial information, please contact the Hospital's Chief Financial Officer at 3260 Hospital Drive, Juneau, AK 99801 or at 907-796-8401.

DRAFT



## 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 Financial Statements

We have audited the accompanying basic 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, 2021, 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, and statement of cash flows.

#### *Management's Responsibility 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; this includes 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bartlett Regional Hospital as of June 30, 2021, 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.

### ***Report on Summarized Comparative Information***

We have previously audited Bartlett Regional Hospital's fiscal year 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***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, 2021, 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.

### ***Other Matters***

#### ***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 on pages 31 through 34 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.

### ***Other 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 39 through 41 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 December \_\_, 2021, 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.

December \_\_, 2021

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

STATEMENT OF NET POSITION

June 30, 2021

with summarized financial information for the year ended June 30, 2020

	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:		
CURRENT ASSETS:		
Equity in central treasury	\$ 54,009,787	\$ 69,529,955
Receivables:		
Patient accounts receivable, less allowance for uncollectible accounts of \$9,618,105 and \$10,477,486 at June 30, 2021 and 2020, respectively	15,313,704	12,988,478
Other	4,539,053	505,814
Inventories	3,581,335	3,027,677
Prepaid expenses	1,644,868	1,275,405
Other current assets	29,877	28,877
Total current assets	79,118,624	87,356,206
RESTRICTED EQUITY IN CENTRAL TREASURY:		
Restricted for capital projects	14,298,991	4,163,554
Restricted for debt service	1,806,546	1,763,567
Total restricted equity in central treasury	16,105,537	5,927,121
CAPITAL ASSETS, net	58,534,703	56,264,660
NET OPEB ASSET	5,637,783	385,552
Total non-current assets	80,278,023	62,577,333
DEFERRED OUTFLOWS OF RESOURCES:		
Pension	8,714,251	7,212,888
Other post employee benefits	3,940,595	5,190,793
Total assets and deferred outflows of resources	172,051,493	162,337,220
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:		
CURRENT LIABILITIES:		
Accounts payable	3,091,906	1,923,926
Accrued payroll and related liabilities	3,323,303	2,544,370
Current portion of compensated absences	2,827,362	2,474,057
Due to third party payors	1,795,228	550,841
Interest payable	315,297	329,796
Deferred revenue	654,002	1,095,030
Current portion of revenue bond payable	1,067,910	1,049,325
Other payables	1,300,191	868,890
Total current liabilities	14,375,199	10,836,235
COMPENSATED ABSENCES, net of current portion	2,293,651	2,027,101
REVENUE BONDS PAYABLE, net of current portion	17,331,574	18,308,093
NET PENSION LIABILITY	67,553,562	63,150,035
NET OPEB LIABILITY	148,118	2,190,086
Total liabilities	101,702,104	96,511,550
DEFERRED INFLOWS OF RESOURCES:		
Pension	233,567	2,085,059
Other post employee benefits	4,650,730	2,233,141
Total liabilities and deferred inflows of resources	106,586,401	100,829,750
NET POSITION:		
Net invested in capital assets	40,135,219	36,907,242
Restricted for capital projects	15,298,990	4,163,554
Restricted for debt service	1,806,546	1,763,567
Unrestricted	8,224,337	18,673,107
Total net position	\$ 65,465,092	\$ 61,507,470

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, 2021  
with summarized financial information for the year ended June 30, 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES:		
Net patient service revenue	\$ 109,040,746	\$ 96,577,549
State of Alaska PERS on-behalf pension contribution	3,612,319	3,406,166
Other	<u>5,572,767</u>	<u>3,745,026</u>
Total operating revenues	<u>118,225,832</u>	<u>103,728,741</u>
OPERATING EXPENSES:		
Salaries and wages	56,819,786	52,140,151
Employee benefits:		
PERS employer contribution and expense	10,312,791	4,524,943
Other employee benefits	14,681,983	13,363,264
Fees - physician	4,809,480	3,437,372
Fees - other	2,442,831	2,098,813
Supplies	16,870,960	14,263,867
Utilities	1,394,367	1,484,323
Repairs and maintenance	5,225,497	4,498,637
Rentals and leases	617,491	609,337
Insurance	746,646	524,306
Depreciation	7,543,194	7,185,319
Other	<u>1,271,574</u>	<u>1,287,092</u>
Total operating expenses	<u>122,736,600</u>	<u>105,417,424</u>
Operating loss	<u>(4,510,768)</u>	<u>(1,688,683)</u>
NONOPERATING REVENUES AND EXPENSES:		
Investment income	422,856	3,040,002
Other nonoperating revenue	7,996,282	6,611,446
Gain (loss) on disposal of assets	16,528	(35,613)
Interest expense	<u>(660,276)</u>	<u>(622,780)</u>
Nonoperating revenues and expenses	<u>7,775,390</u>	<u>8,993,055</u>
Excess of revenues over expenses	3,264,622	7,304,372
TRANSFERS IN - Primary government - other funds	<u>693,000</u>	<u>693,000</u>
Change in net position	3,957,622	7,997,372
NET POSITION, Beginning of year	<u>61,507,470</u>	<u>53,510,098</u>
NET POSITION, End of year	<u><u>\$ 65,465,092</u></u>	<u><u>\$ 61,507,470</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, 2021  
with summarized financial information for the year ended June 30, 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from patient services	\$ 107,518,879	\$ 98,490,363
Other operating receipts	1,539,528	5,695,327
Payments to suppliers for goods and services	(32,703,686)	(29,110,553)
Payments to employees for services	(79,379,193)	(72,909,039)
Net cash provided by (used for) operating activities	(3,024,472)	2,166,098
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers from other funds	693,000	693,000
Other nonoperating revenue	7,996,282	6,611,446
Net cash provided by noncapital financing activities	8,689,282	7,304,446
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(9,813,237)	(10,847,791)
Proceeds from issuance of revenue bonds	10,760,000	-
Principal paid on revenue bond maturities	(10,630,000)	(845,000)
Interest paid on revenue bonds	(1,762,709)	(816,863)
Proceeds from sale of asset	16,528	7,334
Net cash used for capital and related financing activities	(11,429,418)	(12,502,320)
CASH FLOWS FROM INVESTING ACTIVITIES -		
Investment income	422,856	3,040,002
Net cash provided by investing activities	422,856	3,040,002
Net increase (decrease) in cash and cash equivalents	(5,341,752)	8,226
Cash and cash equivalents, beginning of year	75,457,076	75,448,850
Cash and cash equivalents, end of year	\$ 70,115,324	\$ 75,457,076

(continued)

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, 2021  
with summarized financial information for the year ended June 30, 2020  
(Continued)

RECONCILIATION OF OPERATING LOSS TO NET CASH  
PROVIDED BY (USED FOR) OPERATING ACTIVITIES

	2021	2020
Operating loss	\$ (4,510,768)	\$ (1,688,683)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	7,543,194	7,185,319
Provision for bad debts	1,466,370	2,830,316
(Increase) decrease in assets and deferred outflows of resources:		
Patient accounts receivable	(3,791,596)	(201,804)
Other receivables	(4,033,239)	1,950,301
Inventories	(553,658)	(343,361)
Prepaid expenses	(369,463)	(262,051)
Other current assets	(1,000)	-
Net OPEB asset	(5,252,231)	25,554
Deferred outflows of resources	(251,165)	2,011,319
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	1,167,980	50,337
Accrued payroll and related liabilities	778,933	423,825
Compensated absences	619,855	778,444
Due to third party payors	1,244,387	(1,601,939)
Other payables	431,301	(351,731)
Deferred revenue	(441,028)	886,241
Net pension liability	4,403,527	2,857,924
Net OPEB liability	(2,041,968)	(10,529,230)
Deferred inflows of resources	566,097	(1,854,683)
Net cash provided by (used for) operating activities	\$ (3,024,472)	\$ 2,166,098
 SUPPLEMENTAL DISCLOSURE:		
Schedule of non-cash capital and related financing activity that affects recognized assets and liabilities:		
Loss on disposal of assets	\$ -	(35,613)

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, 2021

**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 76 beds in response to COVID-19 starting April 20, 2020 which expired on December 31, 2020.

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, 2021, 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 excess 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 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

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 and liability, which includes the Hospital's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension and OPEB 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 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

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 \$1,367,675 in 2021 and are excluded from net patient service revenue.

Summarized Financial Information for 2020

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Hospital's financial statements for the year ended June 30, 2020, from which the summarized comparative information was derived.

**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 \$1,466,370 for the year ended June 30, 2021. Contractual allowances were \$80,329,619 for the year ended June 30, 2021.

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

NOTES TO THE FINANCIAL STATEMENTS

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, 2021, 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.

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) was that basis for the State's reimbursements for fiscal year 2021. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

**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.

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	\$ 54,009,787
Equity in Central Treasury, Restricted – Capital Projects	14,298,991
Equity in Central Treasury, Restricted – Debt Service	<u>1,806,546</u>
Total Equity in Central Treasury	<u>\$ 70,115,324</u>

**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.



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

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balances	Additions	Transfers and Retirements	Ending Balances
Land	\$ 348,551	\$ 201,989	\$ -	\$ 550,540
Land improvements	5,210,213	-	-	5,210,213
Buildings	98,859,631	-	682,607	99,542,238
Fixed equipment	9,305,819	-	-	9,305,819
Moveable equipment	21,104,323	-	6,203,153	27,307,476
Software	7,045,900	1,059	806,225	7,853,184
Construction in progress	8,431,495	9,610,189	(7,691,985)	10,349,699
Total property and equipment	150,305,932	9,813,237	-	160,119,169
Accumulated depreciation	(94,041,272)	(7,543,194)	-	(101,584,466)
Net property and equipment	<u>\$ 56,264,660</u>	<u>\$ 2,270,043</u>	<u>\$ -</u>	<u>\$ 58,534,703</u>

Depreciation expense was \$7,543,194 for the year ending June 30, 2021.

**NOTE 6 – 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, 2021:

	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Bonds payable:					
2013 Hospital revenue refunding bond	\$ 18,130,000	\$ -	\$ (10,630,000)	\$ 7,500,000	\$ 910,000
2021 Hospital revenue refunding bond	-	10,760,000	-	10,760,000	90,000
Bond premium	1,227,418	-	(1,087,934)	139,484	67,910
Total bonds payable	<u>\$ 19,357,418</u>	<u>\$ 10,760,000</u>	<u>\$ (11,717,934)</u>	<u>\$ 18,399,484</u>	<u>\$ 1,067,910</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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>
2022	\$ 1,000,000	\$ 475,282	\$ 1,475,282
2023	1,120,000	446,568	1,566,568
2024	1,165,000	408,070	1,573,070
2025	1,210,000	362,793	1,572,793
2026	180,000	315,636	495,636
2027 - 2031	7,695,000	1,429,388	9,124,388
2032 - 2036	5,890,000	551,917	6,441,917
	<u>\$ 18,260,000</u>	<u>\$ 3,989,653</u>	<u>\$ 22,249,653</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 \$1,093,483 for the year ended June 30, 2021, which increased due to refunding related to the 2021 Hospital Revenue Refunding Bonds.

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.

Interest expense, as reported in the accompanying statement of revenues, expenses, and changes in net position, for the year ended June 30, 2021, was \$660,276.

**NOTE 7 – RETIREMENT 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 Pension Plan (DC 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 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

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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 [doa.alaska.gov/drb/pers/employee/resources/cafr.html](http://doa.alaska.gov/drb/pers/employee/resources/cafr.html).

**State of Alaska PERS Defined Benefit Plan**

Plan Description

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 DC 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):

	<u>"Tier 1"</u>	<u>"Tier 2 and 3"</u>
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
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

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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
<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
<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
<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 15.72% to the DB Pension Plan and 6.28% to the DB ARHCT Plan as determined by the actuary of the Plan for fiscal year 2020.

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

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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 2020, the rates were 0.72% for ODD for peace officers and firefighters and 0.26% 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 2020, the rate was 1.32% 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, 2021, 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	\$ 67,553,562
State's proportionate share of the net pension liability for PERS associated with the Hospital	<u>27,952,669</u>
Total Net Pension Liability for PERS	<u>\$ 95,506,231</u>

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

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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, 2020, 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, 2020, the Hospital's proportion was 1.14475%, a decrease of 0.00884% from prior fiscal year.

For the year ended June 30, 2021, the Hospital recognized pension expense of \$10,413,509 including revenue of \$3,612,319 for support provided by the State.

	<u>Hospital</u>	<u>On-behalf</u>
FY21 Contributions paid - pension expense in the Statement of Revenues, Expenses, and Changes in Net Position	\$ 5,750,518	\$ 3,684,090
FY21 Contributions adjusted to Deferred Outflows - pension	(5,750,518)	-
FY20 Contributions paid	4,374,077	-
Adjustment to FY20 On-behalf contributed	-	(71,771)
Net change in Net Pension Liability, Deferred Outflows and Inflows for Pension	<u>2,427,113</u>	<u>-</u>
Total pension expense per the Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 6,801,190</u>	<u>\$ 3,612,319</u>

At June 30, 2021, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 214,297	\$ -
Difference between projected and actual investment earnings	2,749,436	-
Changes in proportion and differences between employer contributions	-	233,567
Hospital contributions subsequent to measurement date	<u>5,750,518</u>	<u>-</u>
Total	<u>\$ 8,714,251</u>	<u>\$ 233,567</u>

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The \$5,750,518 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, 2021. Other amounts reported as 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:	
2021 (2022)	\$ 29,322
2022 (2023)	966,897
2023 (2024)	1,021,978
2024 (2025)	711,969
2025 (2026)	-
Thereafter	-

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

As of June 30, 2021, 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	\$ (5,181,686)	\$ 148,118	\$ (456,097)
State's proportionate share of the net OPEB liability (asset) for PERS associated with the Hospital	(2,149,498)	-	-
Total Net OPEB Liability (Asset) for PERS	\$ (7,331,184)	\$ 148,118	\$ (456,097)

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, 2020, 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, 2020, the Hospital's proportion was 1.44200% for ARHCT, 2.08823% for RMP, 1.67314% for ODD, and changes of 0.28850%, 0.08797% and 0.08291%, respectively, from the prior fiscal year.

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For the year ended June 30, 2021, the Hospital recognized OPEB expense of \$(2,335,389), in the financial statements, calculated as follows:

	ARHCT	RMP	ODD
FY21 Contributions paid - OPEB expense in the Statement of Revenues, Expenses, and Changes in Net Position	\$ 790,876	\$ 402,017	\$ 98,130
FY21 Contributions adjusted to Deferred Outflows - OPEB	(790,876)	(402,017)	(98,130)
FY20 Contributions paid	1,732,806	372,502	73,371
Net change in Net OPEB Liability (Asset), Deferred Outflows and Inflows for OPEB	<u>(4,462,598)</u>	<u>(9,939)</u>	<u>(41,531)</u>
Total OPEB expense per the Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ (2,729,792)</u>	<u>\$ 362,563</u>	<u>\$ 31,840</u>

At June 30, 2021, the Hospital reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources			Deferred Inflow of Resources		
	ARHCT	RMP	ODD	ARHCT	RMP	ODD
Difference between expected and actual experience	\$ -	\$ 770	\$ -	\$ 415,690	\$ 31,831	\$ 153,031
Changes in assumptions	-	208,016	-	3,611,941	382,922	6,679
Net difference between projected and actual earnings on OPEB plan investment	2,079,031	66,322	15,644	-	-	-
Changes in proportion and differences between employer contributions	203,542	23,049	53,201	-	8,257	40,379
Hospital contributions subsequent to measurement date	790,875	402,015	98,130	-	-	-
Total	<u>\$ 3,073,448</u>	<u>\$ 700,172</u>	<u>\$ 166,975</u>	<u>\$ 4,027,631</u>	<u>\$ 423,010</u>	<u>\$ 200,089</u>

The \$1,291,023 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, 2021. 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:	ARHCT	RMP	ODD
2021 (2022)	\$ (3,840,805)	\$ (13,989)	\$ (21,951)
2022 (2023)	740,017	(758)	(18,244)
2023 (2024)	794,577	(992)	(18,167)
2024 (2025)	561,152	(6,054)	(19,408)
2025 (2026)	-	(22,029)	(23,354)
Thereafter	-	(81,031)	(30,119)



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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, 2019, using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Inflation	2.50%
Salary increases	Graded by service, from 7.75% to 2.75% for Peace Officers/Firefighters 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 Trend rates (ARHCT/RMP)	Pre-65 Medical: 7.0% grading down to 4.5% Post-65 Medical: 5.4% grading down to 4.5% Prescription Drug: 8.0% grading down to 4.5% EGWP: 8.0% grading down to 4.5%

The long-term expected rate of return on pension plans 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 2.36%, for each major asset class included in the System's current and expected asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Broad domestic equity	6.24%
Global equity (non-U.S.)	6.67
Aggregate bonds	(0.16)
Opportunistic	3.01
Real assets	3.82
Private equity	10.00
Cash equivalents	(1.09)

*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 table with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table 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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*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 projected with MP-2017 generational improvement. The rates for pre-commencement mortality were 100% of the RP-2014 employee table 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 percent. 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 percent, 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 percent) or 1-percentage-point higher (8.38 percent) than the current rate:

	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Hospital's proportionate share of the net pension liability	\$ 87,833,908	\$ 67,553,562	\$ 50,544,000

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 percent, 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 percent) or 1-percentage-point higher (8.38 percent) than the current rate:

	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
ARHCT	\$ 5,406,983	\$ (5,181,686)	\$ (13,952,238)
RMP	917,610	148,118	(434,352)
ODD	(428,591)	(456,097)	(478,082)

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 2018 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-

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percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
ARHCT	\$ (14,980,570)	\$ (5,181,686)	\$ 6,684,195
RMP	(519,719)	148,118	1,056,520
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 Plan**

General

The Hospital participates in the State of Alaska Defined Contribution Pension Plan (DC 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 DC 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 DC 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 DC Plans are the same as under the DB Plans.

Contributions

*Pension*

Alaska statutes require an 8.0% contribution rate for DC Plan members. Employers are required to contribute 5.0% of the member's compensation. For the year ended June 30, 2021, employee contributions totaled \$2,614,017 and the Hospital recognized pension expense of \$1,633,765.

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*OPEB - HRAP*

The Hospital contributes to each member's account using an amount equal to three percent of the average annual compensation of all employees in PERS. The 2021 contribution amount was an annual contribution not to exceed \$2,121.60 and had to be paid each pay period an employee was enrolled in the DC Plan, regardless of the compensation paid during the year. An amount less than \$2,121.60 would be deposited to a member's account if that member worked less than a full year. The Hospital recognized OPEB expense of \$874,324 for PERS-HRAP in fiscal year 2021.

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 DC 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 2021 was \$186,180 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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**Summary of Pension and OPEB accounts by Plan**

Pension and OPEB asset, liabilities, and related deferred outflows and inflows as of June 30, 2021 included in the Statement of Net Assets include:

Plan	Deferred Outflows	Net Pension Liability	Deferred Inflows	
PERS - Pension	\$ 8,714,251	\$ 67,553,562	\$ 233,567	
	Net OPEB Asset	Deferred Outflows	Net OPEB Liability	Deferred Inflows
PERS - OPEB - ARHCT	\$ 5,181,686	\$ 3,073,448	\$ -	\$ 4,027,631
PERS - OPEB - RMP	-	700,172	148,118	423,010
PERS - OPEB - ODD	456,097	166,975	-	200,089
	<u>\$ 5,637,783</u>	<u>\$ 3,940,595</u>	<u>\$ 148,118</u>	<u>\$ 4,650,730</u>

**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 \$662,392 on behalf of the seventeen employees currently eligible for the plan for the year ended June 30, 2021.

**NOTE 8 – 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 \$29,980,417 at June 30, 2021.

**NOTE 9 – 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>2021</u>
Medicare	20.0%
Medicaid	13.9
Third-party payers	38.7
Patients	27.4
	<u>100.0%</u>

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**NOTE 10 – 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.

COVID-19 Pandemic and CARES Act Funding

On March 11, 2020, the World Health Organization designated the COVID-19 as a global pandemic. Patient volumes and the related revenues for most of the Hospital's services were significantly impacted during the latter portion of fiscal year 2020 and continued to be impacted into fiscal year 2021 as various policies were implemented by federal, state and local governments in response to the COVID-19 pandemic that have caused many people to remain at home and forced the closure of or limitations on certain businesses, as well as suspended elective surgical procedures by health care facilities. While many of these restrictions have been eased across the U.S. and most states have lifted moratoriums on non-emergent procedures, some restrictions remain in place, and we are unable to predict the future impact of the pandemic on the Hospital's operations.

During the eighteen months ended June 30, 2021, the Hospital received \$12,252,838 in general and 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 our 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 \$5,891,174 related to the general and targeted distribution funds during fiscal year 2021. The remaining distributions received were recognized as revenue in the prior fiscal year.

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 11 – 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

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

NOTES TO THE FINANCIAL STATEMENTS

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 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, Bartlett'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 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 the retail contract pharmacy, and to refund the discounts received in fiscal year 2020 and 2021 in the amount of \$1,795,228. The previously realized financial benefit was reversed from other operating revenues in the Hospital's Statement of Revenues, Expense, and Changes in Net Position and a liability was recorded to reflect the pending refunding in due to third party payors in the Hospital's Statement of Net Position.

**NOTE 12 – 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.

BARTLETT REGIONAL HOSPITAL  
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NOTES TO THE FINANCIAL STATEMENTS

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

**NOTE 13 – 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 87	<i>Leases</i> Effective for fiscal years beginning after June 15, 2021
GASB 89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i> Effective for fiscal years beginning after December 15, 2020
GASB 91	<i>Conduit Debt Obligations</i> Effective for fiscal years beginning after December 15, 2021
GASB 92	<i>Omnibus 92</i> Effective for fiscal years beginning after June 15, 2021
GASB 93	<i>Replacement of Interbank Offered Rates</i> Effective for fiscal years beginning after June 15, 2021
GASB 94	<i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i> Effective for fiscal years beginning after June 15, 2022
GASB 96	<i>Subscription-Based Information Technology Arrangements</i> Effective for fiscal years beginning after June 15, 2022
GASB 97	<i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans</i> Effective for fiscal years beginning after June 15, 2021
GASB 98	<i>The Annual Comprehensive Financial Report</i> Effective for fiscal years beginning after December 15, 2021

**NOTE 14 – SUBSEQUENT EVENTS**

*Date of 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.



BARTLETT REGIONAL HOSPITAL  
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NOTES TO THE FINANCIAL STATEMENTS

*Temporary Licensed Beds*

Subsequent to fiscal year end a second wave of COVID-19 occurred prompting the Hospital to request a temporary license for an additional 28 licensed beds. This was approved on October 1, 2021 and is set to expire after 60 days.

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Required Supplementary Information

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Years 2013 through 2020

Fiscal Years	Hospital's Proportion of the Net Pension Liability	Hospital's Proportionate Share of the Net Pension Liability	State of Alaska's Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Hospital's Covered Payroll	Hospital's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%

This schedule is presented to illustrate the requirement to show information for 10 years. However, 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 available.

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE HOSPITAL'S CONTRIBUTIONS TO THE PENSION PLAN  
Fiscal Years 2014 through 2021

Fiscal Years	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Hospital's Covered Payroll	Contributions as a Percentage of Covered Payroll
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%

This schedule is presented to illustrate the requirement to show information for 10 years. However, 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 available.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Years 2016 through 2020

Fiscal Years	Hospital's Proportion of the Collective Net OPEB Liability (Asset)	Hospital's Proportionate Share of the Collective Net OPEB Liability (Asset)	State of Alaska's Total Proportionate Share of the Collective Net OPEB Liability (Asset)	Total Proportionate Share of Collective Net OPEB Liability (Asset)	Hospital's Covered Payroll	Hospital's Proportionate Share of the Collective Net OPEB Liability (asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
<b>ARHTC</b>							
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%
<b>RMP</b>							
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%
<b>ODD</b>							
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 in which information is available.

BARTLETT REGIONAL HOSPITAL  
(an Enterprise Fund of the City and Borough of Juneau, Alaska)  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE HOSPITAL'S CONTRIBUTIONS TO THE OPEB PLAN  
Fiscal Years 2017 through 2021

Fiscal Years	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Hospital's Covered Payroll	Contributions as a Percentage of Covered Payroll
ARHTC					
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%
RMP					
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%
ODD					
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 available.



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, 2021, 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 December 2, 2021.

***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 2021-001 that we consider to be a significant deficiency.

### ***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*.

### **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.

December , 2021

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

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2021

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

**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:** 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.

The current written policies and procedures are not sufficiently designed to respond to the risks to the organization, nor are they representative of current practices.

**Context:** In many instances in the documentation we reviewed, credit card purchases, or employee reimbursement, including reimbursement for travel, did not provide sufficient audit evidence to conclude on the appropriateness of costs. Asset purchases, such as artwork, furnishings, IT equipment, and gift cards, in certain instances, when purchased with credit cards, did not provide enough evidence to conclude that the assets were purchased for a valid business purpose. The pool of costs that are not sufficiently documented are not material to the financial statements; however, the weaknesses in internal controls could allow for undetected error or fraud.

We observed many of the finance policies and procedures are outdated and do not represent actual current practices. The existing policies or current practices do not adequately address the risks to the organization. We specifically observed that the credit card and travel policy is several years old and is not being followed, and policies over other key areas, such as gift card usage and purchase of IT equipment, do not exist.

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

**Cause:** Turnover over the past several years has resulted in deferral of updating policies and procedures, as it has not been a top priority. Lack of clear 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 of certain financial transactions.

Recommendation: Management and the Board should complete a formal evaluation of the risks associated with the purchasing cycle, as well as all other financial functions. In response to the identified risks, identification, and implementation of controls to mitigate the risks of the organization should be completed and documented. An evaluation of risks and related controls should be completed on a pre-scheduled basis, with exceptions to the schedule when changes occur that change the risks or practices.

View of responsible officials: Management concurs with this finding.

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Supplementary Information

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

SUPPLEMENTAL SCHEDULE OF OPERATING EXPENSES

Year Ended June 30, 2021  
with summarized financial information for the year ended June 30, 2020

	2021	2020
<b>SALARIES AND WAGES</b>		
Managers and supervisors	\$ 6,657,418	\$ 6,243,594
Technicians and specialists	10,526,304	10,235,502
Nurses	14,389,310	13,420,596
Clerical and administrative	5,823,232	5,272,787
Physicians	4,924,650	5,152,466
Clinical other	5,793,733	4,518,401
Non clinical other	4,453,857	3,966,604
Non productive	2,238,930	1,488,375
Contract employee	2,012,352	1,841,826
	<b>56,819,786</b>	<b>52,140,151</b>
<b>EMPLOYEE BENEFITS</b>		
Taxes - FICA	3,819,307	3,489,259
PERS ER contribution and expense	10,177,838	4,395,559
PERS Past services ER contributions	127,611	122,080
AXA executive/physician retirement contributions	664,515	713,592
PERS ER disability costs	7,342	7,304
Accrued leave adjustment	33,928	(1,269)
Life insurance	11,020	9,569
Pet insurance	(1,105)	2,538
Health insurance	9,282,719	8,188,844
Dental insurance	-	5,611
Workers compensation	456,800	559,300
State unemployment tax	38,045	77,490
Relocation	290,864	239,691
Employee relations	85,890	78,639
	<b>24,994,774</b>	<b>17,888,207</b>
<b>FEES - PHYSICIANS</b>		
Physician contracts	3,678,774	2,473,667
Outside lab fees	487,514	320,940
Other medical professional fees	643,192	642,765
	<b>4,809,480</b>	<b>3,437,372</b>
<b>FEES - OTHER</b>		
Management and consulting	57,234	49,474
340B program	51,293	47,800
Other professional fees	1,165,714	1,047,295
Legal fees	438,891	346,806
Accounting fees	290,181	270,521
Advertising	140,831	98,527
Employee recruitment	162,669	148,359
Physician recruitment	136,018	90,031
	<b>2,442,831</b>	<b>2,098,813</b>

(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, 2021  
with summarized financial information for the year ended June 30, 2020  
(Continued)

	2021	2020
<b>SUPPLIES</b>		
Medical supplies/chargeable	1,737,702	1,881,722
Lab supplies/chargeable	1,248,163	848,359
IV solutions	127,623	135,214
Drugs/pharmacy	6,940,672	5,035,429
Blood	249,198	256,323
Implants	2,219,788	1,406,174
Oxygen	286,836	137,429
Supplies/non chargeable	2,257,098	2,770,928
Radioisotope	137,481	128,566
Patient therapy	11,010	9,687
Food	811,605	975,037
Food charge back	(203,631)	(231,845)
Printing/forms	25,648	27,422
Linen and bedding	43,201	72,141
Office supplies	165,023	192,961
Other supplies	327	2,707
Instrument/minor equipment	683,885	519,870
Maintenance supplies	90,241	73,627
Computer software	26,902	12,486
Automatch variance	128	(1,765)
Inventory damage/return	12,060	11,395
	<b>16,870,960</b>	<b>14,263,867</b>
<b>UTILITIES</b>		
Telephone	172,843	146,906
Electricity	510,616	597,594
Water/sewer	87,152	119,509
Fuel oil	440,684	433,817
Cable service	15,231	16,612
Disposal	86,377	92,056
Internet/telemedicine	75,964	71,465
Rental utilities	5,500	6,364
	<b>1,394,367</b>	<b>1,484,323</b>
<b>REPAIRS AND MAINTENANCE</b>		
Maintenance contracts	1,477,531	1,512,541
Grounds maintenance	4,935	25,351
Software maintenance	2,942,588	2,287,114
Building maintenance	431,424	286,133
Equipment maintenance	369,019	387,498
	<b>5,225,497</b>	<b>4,498,637</b>

(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, 2021  
with summarized financial information for the year ended June 30, 2020  
(Continued)

	2021	2020
<b>RENTAL AND LEASES</b>		
Building rental	356,057	313,340
Equipment rental	261,434	295,997
Total rental and leases	617,491	609,337
<b>INSURANCE</b>		
Malpractice insurance	540,587	339,463
Insurance deductible	50,360	18,036
Risk management overhead	99	17,707
Property	127,800	88,600
General liability and auto	27,800	10,100
Employment practice	-	50,400
Total insurance	746,646	524,306
<b>DEPRECIATION</b>		
Land improvements	229,786	220,828
Buildings/building improvement	3,551,216	3,413,854
Fixed equipment	302,246	353,987
Major movable	1,669,560	1,288,673
Minor equipment	987,287	625,515
System software	803,099	1,282,462
Total depreciation	7,543,194	7,185,319
<b>OTHER</b>		
Contributions	37,826	37,920
Subscriptions/books	224,248	209,575
Dues	125,039	126,286
Employee travel	83,780	288,042
Physician travel	8,206	8,595
Professional education	415,671	237,977
Patient travel	19,665	21,427
Other recruitment fees	-	148
Reimbursable costs	(71,586)	(67,484)
Grant expense	1,002	-
Freight and courier services	280,819	290,617
Postage	100,610	91,412
Cash over (short)	(46)	(51)
Other operating expense	46,340	42,628
Total other	1,271,574	1,287,092
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 122,736,600</b>	<b>\$ 105,417,424</b>

See independent auditor's report

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

LETTER TO THE BOARD

Year Ended June 30, 2021

December \_\_, 2021

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# Elgee Rehfeld

## Alaska's CPA Firm

Founders: George Elgee, CPA & Robert Rehfeld, CPA

### Partners

Janelle Anderson, CPA  
Ryan Beason, CPA  
Sarah Griffith, CPA  
Mark Mesdag, CPA  
Adam Sycks, CPA  
Karen Tarver, CPA

December \_\_, 2021

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, 2021, and have issued our report thereon dated December \_\_, 2021. 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, 2021, 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 your 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.

## 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. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2021. 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 Funds 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, 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 in documents containing 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*

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:

#### 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.

#### *Other Internal Control Matter Noted During the Current Year Audit*

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

#### Gift Card Purchasing – Taxable Compensation to Employees

According to the Internal Revenue Service (IRS), cash and cash equivalent fringe benefits (for example, gift certificates, gift cards, and the use of a charge card or credit card), no matter how little, are never excludable as a de minimis benefit. The Hospital purchased gift cards and distributed them to employees as incentives and bonuses throughout the year. During the pandemic, this practice has increased due to the desire to further incentivize employees to remain working at the Hospital. The Hospital is not tracking gift card purchases, nor are they tracking the disbursement of the gift cards to employees; therefore, the value of the cards is excluded from taxable compensation, resulting in non-compliance with the requirements of the Internal Revenue Code (IRC).

We recommend management review IRC requirements and IRS Publication 15-B and implement a policy to track gift card purchases and disbursements, and ensure that the value is reported as compensation, as required.

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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,

December \_\_, 2021

DRAFT

# Bartlett Regional Hospital

3260 Hospital Drive, Juneau, Alaska 99801

907.796.8900

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

DATE: December 7, 2021  
TO: BRH Finance Committee  
FROM: Kevin Benson, Chief Financial Officer  
RE: October Financial Performance

Bartlett Regional Hospital has seen strong patient volumes and strong revenues in the past two months. The revenue record achieved in September was exceeded in October and was the first month ever where revenue exceeded \$19 million. Except for Obstetrics, inpatient volumes and revenues continued to be strong finishing just under budget at \$5.6 million. Outpatient volumes and revenue also exceeded budget by 13% at \$11.7 million. Outpatient surgery cases were down but observation patients exceeded budget by 19%. Emergency room visits increased 5% and lab testing (excluding molecular tests) were also up. In addition, revenue generated from molecular lab was \$500,000 greater than budget.

After Rainforest, BHOPS and physician revenue, the month ended \$1,367,000 (7.7%) ahead of budget for Gross Patient Revenue.

With the completion of the Medicare Cost Report, the benefit of the Rural Demonstration Project could finally be quantified. The benefit was much greater than anticipated and an adjustment was made to reflect this. As was seen in September, much of the additional revenue generated ends up in Contractual Adjustments. This would have been the case in October, except for the catch-up adjustment. Accounts Receivable has increased by \$4.1 million with the high revenue during the past two months. As a result, the valuation of Accounts Receivable shows an additional \$468,000 of Bad Debt expense will be incurred.

Net Patient Revenue finished well ahead of budget with positive variance of \$1.3 million (13.3%). After Other Operating Revenue, Total Operating Revenue finished at \$993,000 (9.4%) greater than budget.

Total Expenses were over budget, finishing at \$-759,000 (-7.1%), yielding an Operating Income of \$155,000 as compared to a budgeted Operating Loss of -\$79,000. After Non-Operating Income, Net Income finished at \$530,000. After three months, the Net Income is \$655,000 for a 1.50% margin.

Expense variances incurred in September were as follows:

- Employee benefits were over budget by \$215,000 reflecting three pay periods ending during the month. This resulted in three “On-Behalf” PERA payments made by the state for BRH. Other Non-Operating Revenue reflects the offsetting donation being over budget by \$195,000.
- Supply costs were \$185,000 over budget, primarily from oxygen (\$22,000), lab supplies (\$95,000) and pharmaceuticals (\$125,000). These variances are commensurate with the additional revenue generated in these departments.

**Bartlett Regional Hospital  
Dashboard Report for October 2021**

Facility Utilization:	CURRENT MONTH					YEAR TO DATE			
	Actual	Budget	% Over (Under) Budget	Prior Year	% Over (Under) Pr Yr	Actual	Budget	% Over (Under) Budget	Prior Year
<b>Hospital Inpatient: Patient Days</b>									
Patient Days - Med/Surg	433	378	15%	370	17.0%	1,900	1,500	27%	1,457
Patient Days - Critical Care Unit	118	101	17%	108	9.3%	431	401	7%	418
Avg. Daily Census - Acute	17.8	15.5	15%	15.4	15.3%	19.0	15.5	23%	15.2
Patient Days - Obstetrics	30	63	-53%	73	-58.9%	251	251	0%	270
Patient Days - Nursery	23	52	-56%	68	-66.2%	188	208	-10%	214
<b>Total Hospital Patient Days</b>	<b>604</b>	<b>595</b>	<b>2%</b>	<b>619</b>	<b>-2.4%</b>	<b>2,770</b>	<b>2,361</b>	<b>17%</b>	<b>2,359</b>
Births	13	26	-49%	28	-53.6%	100	102	-2%	109
<b>Mental Health Unit</b>									
Patient Days - Mental Health Unit	241	248	-3%	227	6.2%	690	984	-30%	713
Avg. Daily Census - MHU	7.8	8.0	-3%	7.3	6.2%	5.6	8.0	-30%	5.8
<b>Rain Forest Recovery:</b>									
Patient Days - RRC	122	248	-51%	18	0.0%	685	984	-30%	18
Avg. Daily Census - RRC	4	8.0	-51%	1	0.0%	6	8.0	-30%	0.1
Outpatient visits	30	88	-66%	92	-67.4%	182	348	-48%	298
<b>Inpatient: Admissions</b>									
Med/Surg	54	58	-7%	57	-5.3%	269	230	17%	220
Critical Care Unit	43	36	19%	42	2.4%	170	144	18%	143
Obstetrics	14	28	-49%	30	-53.3%	109	109	0%	117
Nursery	13	26	-49%	28	-53.6%	100	102	-2%	109
Mental Health Unit	30	21	42%	24	25.0%	108	84	29%	89
<b>Total Admissions - Inpatient Status</b>	<b>154</b>	<b>168</b>	<b>-9%</b>	<b>181</b>	<b>-14.9%</b>	<b>756</b>	<b>668</b>	<b>13%</b>	<b>678</b>
<b>Admissions - "Observation" Status</b>									
Med/Surg	87	63	38%	73	19.2%	284	249	14%	245
Critical Care Unit	25	27	-6%	36	-30.6%	86	106	-19%	104
Mental Health Unit	3	2	26%	1	200.0%	13	9	38%	10
Obstetrics	11	14	-23%	13	-15.4%	62	57	10%	56
Nursery	0	0	0%	0	0.0%	0	0	0%	0
<b>Total Admissions to Observation</b>	<b>126</b>	<b>106</b>	<b>19%</b>	<b>123</b>	<b>41.6%</b>	<b>445</b>	<b>421</b>	<b>6%</b>	<b>415</b>
<b>Surgery:</b>									
Inpatient Surgery Cases	56	50	11%	57	-1.8%	193	199	-3%	209
Endoscopy Cases	77	89	-13%	94	-18.1%	341	353	-3%	333
Same Day Surgery Cases	84	119	-29%	123	-31.7%	399	471	-15%	481
<b>Total Surgery Cases</b>	<b>217</b>	<b>258</b>	<b>-16%</b>	<b>274</b>	<b>-20.8%</b>	<b>933</b>	<b>1,024</b>	<b>-9%</b>	<b>1,023</b>
Total Surgery Minutes	16,273	18,480	-12%	19,889	-18.2%	63,309	73,326	-14%	74,671
<b>Outpatient:</b>									
Total Outpatient Visits (Hospital)									
Emergency Department Visits	1,015	968	5%	901	12.7%	4,415	3,839	15%	3,892
Cardiac Rehab Visits	1	58	-98%	59	-98.3%	187	230	-19%	229
Lab Visits	1,830	292	526%	282	548.9%	6,968	1,160	501%	1,136
Lab Tests	10,226	9,940	3%	10,372	-1.4%	40,993	39,440	4%	39,297
Radiology Visits	700	815	-14%	897	-22.0%	3,228	3,232	0%	3,289
Radiology Tests	2,343	2,371	-1%	2,246	4.3%	9,610	9,409	2%	8,332
Sleep Study Visits	19	23	-17%	27	-29.6%	93	90	3%	114
<b>Physician Clinics:</b>									
Hospitalists	267	236	13%	229	16.6%	988	937	5%	916
Bartlett Oncology Clinic	103	86	20%	98	5.1%	397	340	17%	341
Ophthalmology Clinic	46	95	-51%	97	-52.6%	296	376	-21%	402
Behavioral Health Outpatient visits	694	408	70%	432	60.6%	2,553	1,617	58%	1,555
Bartlett Surgery Specialty Clinic visits	246	232	6%	284	-13.4%	887	920	-4%	873
	1,356	1,056	28%	1,140	18.9%	5,121	4,190	22%	4,087
<b>Other Operating Indicators:</b>									
Dietary Meals Served	16,489	20,134	-18%	20,339	5.3%	63,022	79,885	-21%	76,046
Laundry Pounds (Per 100)	385	381	1%	392	1.7%	1,564	1,512	3%	1,506

**Bartlett Regional Hospital  
Dashboard Report for October 2021**

Facility Utilization:	CURRENT MONTH				YEAR TO DATE			
	Actual	Budget	% Over (Under) Budget	Prior Year	Actual	Budget	% Over (Under) Budget	Prior Year
<b>Financial Indicators:</b>								
Revenue Per Adjusted Patient Day	5,228	5,166	1.2%	4,834	5,286	20,497	-74.2%	17,911
Contractual Allowance %	39.2%	43.6%	-10.2%	44.8%	40.2%	43.6%	-7.9%	44.9%
Bad Debt & Charity Care %	2.9%	1.3%	118.7%	1.6%	3.1%	1.3%	132.8%	0.8%
Wages as a % of Net Revenue	46.5%	52.1%	-10.7%	55.2%	47.4%	52.1%	-9.0%	52.8%
Productive Staff Hours Per Adjusted Patient Day	26.5	27.6	-3.7%	24.9	26.4	101.7	-74.0%	91.2
Non-Productive Staff Hours Per Adjusted Patient Day	3.9	4.7	-16.4%	4.5	4.0	16.4	-75.6%	15.6
Overtime/Premium % of Productive	7.69%	6.67%	15.3%	6.67%	7.44%	5.69%	30.9%	5.69%
Days Cash on Hand	47	51	-7.1%	103	49	51	-4.0%	111
Board Designated Days Cash on Hand	143	154	-7.1%	117	148	154	-4.0%	117
Days in Net Receivables	58.5	59	0.0%	51	58.5	59	0.0%	51
					<b>Actual</b>	<b>Benchmark</b>	<b>% Over (Under)</b>	<b>Prior Year Month</b>
Total debt-to-capitalization (with PERS)					56.0%	33.7%	66.2%	61.9%
Total debt-to-capitalization (without PERS)					14.8%	33.7%	-56.0%	15.7%
Current Ratio					5.13	2.00	156.6%	7.26
Debt-to-Cash Flow (with PERS)					8.48	2.7	214.0%	9.17
Debt-to-Cash Flow (without PERS)					2.24	2.7	-16.9%	2.32
Aged A/R 90 days & greater					39.9%	19.8%	101.5%	48.3%
Bad Debt Write off					0.8%	0.8%	0.0%	-0.5%
Cash Collections					75.9%	99.4%	-23.6%	98.4%
Charity Care Write off					0.5%	1.4%	-64.3%	1.6%
Cost of Collections (Hospital only)					5.3%	2.8%	89.3%	4.5%
Discharged not Final Billed (DNFB)					12.6%	4.7%	168.1%	13.8%
Unbilled & Claims on Hold (DNSP)					12.6%	5.1%	147.1%	13.8%
Claims final billed not submitted to payor (FBNS)					0.0%	0.2%	-100.0%	0.00%
POS Cash Collection					1.7%	21.3%	-92.0%	0.0%

BARTLETT REGIONAL HOSPITAL  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE MONTH AND YEAR TO DATE OF OCTOBER 2021

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
Gross Patient Revenue:											
\$4,387,111	\$4,617,387	-\$230,276	-5.0%	\$4,206,853	1. Inpatient Revenue	\$17,105,147	\$18,320,618	-\$1,215,471	-6.6%	\$15,602,355	9.6%
\$1,212,281	\$1,018,712	\$193,569	19.0%	\$1,067,716	2. Inpatient Ancillary Revenue	\$4,807,355	\$4,041,964	\$765,391	18.9%	\$3,939,289	22.0%
\$5,599,392	\$5,636,099	-\$36,707	-0.7%	\$5,274,569	3. Total Inpatient Revenue	\$21,912,502	\$22,362,582	-\$450,080	-2.0%	\$19,541,644	12.1%
\$11,722,594	\$10,376,494	\$1,346,100	13.0%	\$10,410,367	4. Outpatient Revenue	\$44,693,455	\$41,171,277	\$3,522,178	8.6%	\$40,259,406	11.0%
\$17,321,986	\$16,012,593	\$1,309,393	8.2%	\$15,684,936	5. Total Patient Revenue - Hospital	\$66,605,957	\$63,533,859	\$3,072,098	4.8%	\$59,801,050	11.4%
\$227,844	\$348,953	-\$121,109	-34.7%	\$25,824	6. RRC Patient Revenue	\$1,082,452	\$1,384,554	-\$302,102	-21.8%	\$47,952	2157.4%
\$387,400	\$274,959	\$112,441	40.9%	\$294,734	7. BHOPS Patient Revenue	\$1,556,515	\$1,090,967	\$465,548	42.7%	\$926,401	68.0%
\$1,142,756	\$1,076,406	\$66,350	6.2%	\$1,172,901	8. Physician Revenue	\$4,068,874	\$4,270,905	-\$202,031	-4.7%	\$3,993,096	1.9%
\$19,079,986	\$17,712,911	\$1,367,075	7.7%	\$17,178,395	9. Total Gross Patient Revenue	\$73,313,798	\$70,280,285	\$3,033,513	4.3%	\$64,768,499	13.2%
Deductions from Revenue:											
\$2,260,163	\$3,108,551	\$848,388	27.3%	\$3,381,020	10. Inpatient Contractual Allowance	\$10,780,145	\$12,341,184	\$1,561,039	12.6%	\$11,439,611	-5.8%
-\$725,000	-\$225,000	\$500,000		-\$308,333	10a. Rural Demonstration Project	-\$1,175,000	-\$900,000	\$275,000		-\$308,333	
\$5,351,541	\$4,119,120	-\$1,232,421	-29.9%	\$3,935,312	11. Outpatient Contractual Allowance	\$17,545,883	\$16,343,605	-\$1,202,278	-7.4%	\$15,406,592	13.9%
\$586,628	\$723,982	\$137,354	19.0%	\$692,670	12. Physician Service Contractual Allowance	\$2,291,187	\$2,872,573	\$581,386	20.2%	\$2,550,174	-10.2%
\$21,883	\$14,826	-\$7,057	-47.6%	\$15,600	13. Other Deductions	\$97,847	\$58,826	-\$39,021	-66.3%	\$52,991	0.0%
\$87,947	\$132,264	\$44,317	33.5%	\$36,956	14. Charity Care	\$418,898	\$524,788	\$105,890	20.2%	\$520,330	-19.5%
\$467,961	\$103,725	-\$364,236	-351.2%	\$240,131	15. Bad Debt Expense	\$1,854,774	\$411,554	-\$1,443,220	-350.7%	\$7,828	23594.1%
\$8,051,123	\$7,977,468	-\$73,655	-0.9%	\$7,993,356	16. Total Deductions from Revenue	\$31,813,734	\$31,652,530	-\$161,204	-0.5%	\$29,669,193	7.2%
39.2%	44.9%			46.6%	% Contractual Allowances / Total Gross Patient Revenue	40.2%	44.9%			44.9%	
2.9%	1.3%			1.6%	% Bad Debt & Charity Care / Total Gross Patient Revenue	3.1%	1.3%			0.8%	
42.2%	45.0%			46.5%	% Total Deductions / Total Gross Patient Revenue	43.4%	45.0%			45.8%	
\$11,028,863	\$9,735,443	\$1,293,420	13.3%	\$9,185,039	17. Net Patient Revenue	\$41,500,064	\$38,627,755	\$2,872,309	7.4%	\$35,099,306	18.2%
\$550,548	\$850,633	-\$300,085	-35.3%	\$1,586,410	18. Other Operating Revenue	\$2,116,194	\$3,375,102	-\$1,258,908	-37.3%	\$6,073,719	-65.2%
\$11,579,411	\$10,586,076	\$993,335	9.4%	\$10,771,449	19. Total Operating Revenue	\$43,616,258	\$42,002,857	\$1,613,401	3.8%	\$41,173,025	5.9%
Expenses:											
\$4,596,066	\$4,649,585	\$53,519	1.2%	\$4,507,165	20. Salaries & Wages	\$17,451,671	\$18,448,349	\$996,678	5.4%	\$16,658,837	4.8%
\$349,004	\$317,590	-\$31,414	-9.9%	\$376,873	21. Physician Wages	\$1,439,832	\$1,260,116	-\$179,716	-14.3%	\$1,189,071	21.1%
\$183,959	\$101,315	-\$82,644	-81.6%	\$183,187	22. Contract Labor	\$770,659	\$401,993	-\$368,666	-91.7%	\$678,914	13.5%
\$2,603,560	\$2,388,666	-\$214,894	-9.0%	\$2,423,653	23. Employee Benefits	\$9,710,311	\$9,477,589	-\$232,722	-2.5%	\$9,055,857	7.2%
\$7,732,589	\$7,457,156	-\$275,433	-3.7%	\$7,490,878		\$29,372,473	\$29,588,047	\$215,574	0.7%	\$27,582,679	6.5%
66.8%	70.4%			69.5%	% Salaries and Benefits / Total Operating Revenue	67.3%	70.4%			67.0%	
\$43,133	\$86,000	\$42,867	49.8%	\$112,791	24. Medical Professional Fees	\$265,553	\$341,228	\$75,675	22.2%	\$435,029	-39.0%
\$316,585	\$175,004	-\$141,581	-80.9%	\$402,559	25. Physician Contracts	\$1,401,887	\$694,375	-\$707,512	-101.9%	\$900,340	55.7%
\$231,198	\$246,955	\$15,757	6.4%	\$220,977	26. Non-Medical Professional Fees	\$700,080	\$979,854	\$279,774	28.6%	\$736,515	-4.9%
\$1,442,389	\$1,256,671	-\$185,718	-14.8%	\$1,653,838	27. Materials & Supplies	\$6,089,222	\$4,986,148	-\$1,103,074	-22.1%	\$6,156,158	-1.1%
\$145,196	\$132,420	-\$12,776	-9.6%	\$115,777	28. Utilities	\$477,034	\$525,406	\$48,373	9.2%	\$427,726	11.5%
\$583,950	\$383,893	-\$200,057	-52.1%	\$415,058	29. Maintenance & Repairs	\$1,927,485	\$1,523,184	-\$404,301	-26.5%	\$1,764,682	9.2%
\$56,231	\$38,826	-\$17,405	-44.8%	\$44,824	30. Rentals & Leases	\$199,133	\$154,050	-\$45,083	-29.3%	\$191,833	3.8%
\$61,900	\$56,109	-\$5,791	-10.3%	\$43,647	31. Insurance	\$284,976	\$222,624	-\$62,352	-28.0%	\$187,954	51.6%
\$641,278	\$648,349	\$7,071	1.1%	\$662,309	32. Depreciation & Amortization	\$2,501,456	\$2,572,483	\$71,027	2.8%	\$2,677,062	-6.6%
\$49,154	\$50,902	\$1,749	3.4%	\$50,909	33. Interest Expense	\$196,819	\$201,967	\$5,148	2.5%	\$203,850	-3.4%
\$120,834	\$133,275	\$12,441	9.3%	\$52,935	34. Other Operating Expenses	\$487,324	\$528,811	\$41,487	7.8%	\$350,625	39.0%
\$11,424,437	\$10,665,560	-\$758,876	-7.1%	\$11,266,502	35. Total Expenses	\$43,903,442	\$42,318,177	-\$1,585,264	-3.7%	\$41,614,453	-5.5%
\$154,974	-\$79,484	\$234,458	-295.0%	-\$495,053	36. Income (Loss) from Operations	-\$287,184	-\$315,320	\$28,136	-8.9%	-\$441,428	-34.9%
\$103,116	\$169,863	-\$66,747	-39.3%	\$102,230	37. Non-Operating Revenue	\$408,736	\$673,973	-\$265,237	-39.4%	\$407,979	0.2%
\$272,136	\$77,065	\$195,071	253.1%	\$80,197	38. Interest Income	\$533,747	\$305,775	\$227,972	74.6%	\$307,128	73.8%
\$375,252	\$246,928	\$128,324	52.0%	\$182,427	39. Total Non-Operating Revenue	\$942,483	\$979,748	-\$37,265	-3.8%	\$715,107	31.8%
\$530,226	\$167,444	\$362,782	-216.7%	-\$312,626	40. Net Income (Loss)	\$655,299	\$664,428	-\$9,129	1.4%	\$273,679	-139.4%
1.34%	-0.75%			-4.60%	Income from Operations Margin	-0.66%	-0.75%			-1.07%	
4.58%	1.58%			-2.90%	Net Income	1.50%	1.58%			0.66%	



**Bartlett Regional Hospital**  
**October 2021 Financial Operating Summary**

<b>Financial Group</b>	<b>In-Pt Actual</b>	<b>In-PT Budget</b>	<b>Out-Pt Actual</b>	<b>Out-Pt Budget</b>	<b>Physician Actual</b>	<b>Physician Budget</b>	<b>Total Actual</b>	<b>Total Budget</b>
Aetna	341,936	438,173	1,735,732	1,747,163	177,043	187,780	2,254,712	2,373,116
Blue Cross	934,566	578,971	2,126,298	1,842,155	274,987	230,461	3,335,852	2,651,587
Comm	67,222	124,638	278,603	345,368	81,154	65,283	426,979	535,289
MCD	1,911,907	2,258,108	2,223,278	2,053,818	318,502	304,069	4,453,686	4,615,995
MCR	2,028,908	2,174,733	4,474,705	3,421,890	518,103	441,656	7,021,717	6,038,279
Other	289,020	107,093	285,676	318,064	9,395	11,292	584,091	436,449
SEARHC	3,367	52,792	29,510	111,663	32,322	9,012	65,200	173,467
Self	167,567	102,056	370,299	188,335	20,344	13,472	558,210	303,863
VA/Cham	18,333	64,064	124,917	203,525	43,801	59,750	187,051	327,339
Worker's	(32,352)	18,479	111,839	172,958	267	5,236	79,754	196,673
<b>Grand Total</b>	<b>5,730,475</b>	<b>5,919,107</b>	<b>11,760,857</b>	<b>10,404,939</b>	<b>1,475,919</b>	<b>1,328,011</b>	<b>18,967,250</b>	<b>17,652,057</b>

Commercial	1,311,373	1,160,261	4,252,472	4,107,644	533,451	488,760	6,097,296	5,756,665
Government	4,251,535	4,656,790	7,138,085	6,108,960	922,124	825,779	12,311,745	11,591,529
Self Pay	167,567	102,056	370,299	188,335	20,344	13,472	558,210	303,863
<b>Total Charges</b>	<b>5,730,475</b>	<b>5,919,107</b>	<b>11,760,857</b>	<b>10,404,939</b>	<b>1,475,919</b>	<b>1,328,011</b>	<b>18,967,250</b>	<b>17,652,057</b>

% of Hospital Charges	22%	26%	38%	35%	5%	5%	64.9%	65.7%
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**Prior Month**

Commercial	1,711,794	1,115,749	4,003,366	3,975,329	461,702	472,993	6,176,862	5,564,071
Government	4,668,624	4,469,701	6,622,768	5,912,164	788,133	799,141	12,079,524	11,181,006
Self Pay	3,452	95,223	272,221	182,268	16,689	13,040	292,362	290,531
<b>Total Charges</b>	<b>6,383,869</b>	<b>5,680,673</b>	<b>10,898,355</b>	<b>10,069,761</b>	<b>1,266,524</b>	<b>1,285,174</b>	<b>18,548,748</b>	<b>17,035,608</b>

% of Hospital Charges	25%	26%	36%	35%	4%	5%	65.1%	65.6%
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**Bartlett Regional Hospital  
October 2021 Wages Summary**

<b>Type</b>	<b>Description</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual (Over) / Under Budget</b>
6010	Mgrs & Supervisors	511,460	536,068	24,608
6020	Techs & Specs	724,794	786,636	61,842
6030	RN's	850,563	1,056,783	206,220
6040	Clerical & Admin	434,983	477,740	42,757
6060	Clinical - Other	490,571	490,820	249
6070	Non-Clinical - Other	328,659	364,808	36,149
6100	Overtime	321,050	237,225	(83,825)
6110	Premium Pay	69,497	16,434	(53,063)
6120	Shift Differentials	158,377	167,854	9,477
6130	On-Call	18,867	26,176	7,309
6090	Non Productive	635,227	489,037	(146,190)
6105	Premium Pay	0	-	-
6190	Productivity Incentives	52,018	0	(52,018)
	<b>Grand Total</b>	<b>4,596,066</b>	<b>4,649,581</b>	<b>53,515</b>
6050	Physicians	349,004	317,590	(31,414)
6500	Contract Labor	183,959	101,315	(82,644)
	Physician Contracts	532,964	418,905	(114,059)

BARTLETT REGIONAL HOSPITAL  
BALANCE SHEET  
October 31, 2021

	<u>October-21</u>	<u>September-21</u>	<u>October-20</u>	<u>CHANGE FROM PRIOR FISCAL YEAR</u>
<b>ASSETS</b>				
Current Assets:				
1. Cash and cash equivalents	16,455,972	18,249,244	35,276,569	(18,820,598)
2. Board designated cash	30,435,406	32,275,533	35,848,433	(5,413,027)
3. Patient accounts receivable, net	19,597,839	17,440,451	15,041,478	4,556,361
4. Other receivables	1,371,110	2,517,666	(1,118,159)	2,489,269
5. Inventories	3,714,914	3,511,679	3,239,954	474,960
6. Prepaid Expenses	3,086,651	3,075,080	2,808,825	277,825
7. Other assets	31,937	30,377	28,877	3,060
8. Total current assets	74,693,829	77,100,030	91,125,977	(16,432,150)
Appropriated Cash:				
9. CIP Appropriated Funding	19,406,354	19,481,653	4,163,554	15,242,799
Property, plant & equipment				
10. Land, bldgs & equipment	151,850,022	151,396,219	145,123,772	6,726,250
11. Construction in progress	10,696,859	9,724,991	6,872,162	3,824,696
12. Total property & equipment	162,546,881	161,121,210	151,995,934	10,550,946
13. Less: accumulated depreciation	(104,075,498)	(103,434,220)	(96,718,334)	(7,357,164)
14. Net property and equipment	58,471,383	57,686,995	55,277,606	3,193,783
15. Deferred outflows/Contribution to Pension Plan	12,654,846	12,654,846	12,403,681	251,165
<b>16. Total assets</b>	<b>165,226,409</b>	<b>166,923,520</b>	<b>162,970,815</b>	<b>2,255,597</b>
<b>LIABILITIES &amp; FUND BALANCE</b>				
Current liabilities:				
17. Payroll liabilities	2,411,287	1,700,778	2,062,280	349,007
18. Accrued employee benefits	5,108,615	5,161,912	4,897,206	211,409
19. Accounts payable and accrued expenses	2,307,757	3,627,454	2,021,606	286,151
20. Due to 3rd party payors	2,226,263	4,046,626	4,250,857	(2,024,594)
21. Deferred revenue	999,335	1,042,502	(1,173,782)	2,173,117
22. Interest payable	189,178	126,119	197,878	(8,700)
23. Note payable - current portion	910,000	910,000	870,000	40,000
24. Other payables	404,654	321,793	363,418	41,236
25. Total current liabilities	14,557,089	16,937,184	13,489,463	1,067,626
Long-term Liabilities:				
26. Bonds payable	17,350,000	17,350,000	17,260,000	90,000
27. Bonds payable - premium/discount	84,065	97,971	1,167,430	(1,083,365)
28. Net Pension Liability	62,063,897	62,063,897	64,954,569	(2,890,672)
29. Deferred In-Flows	4,884,297	4,884,297	4,318,200	566,097
30. Total long-term liabilities	84,382,259	84,396,165	87,700,199	(3,317,940)
31. Total liabilities	98,939,348	101,333,349	101,189,662	(2,250,314)
32. Fund Balance	66,287,061	65,590,169	61,781,151	4,505,910
<b>33. Total liabilities and fund balance</b>	<b>165,226,409</b>	<b>166,923,520</b>	<b>162,970,815</b>	<b>2,255,597</b>

**Bartlett Regional Hospital  
Accounts Receivable  
10/31/2021**

Aging by Fin Grp	Unbilled A/R	0-30	31-60	61-90	91-120	121-150	151+	A/R Total	Billed & Unbilled	Billed & Unbilled
									10/31/2021	9/30/2021
Aetna	\$336,802	\$166,616	\$507,811	\$549,124	\$10,478	\$53,427	\$609,357	\$1,896,813	\$2,233,615	\$1,908,727
Blue Cross	\$441,067	\$755,979	\$591,526	\$226,869	\$3,878	\$5,450	\$680,201	\$2,263,904	\$2,704,971	\$2,075,381
CB	0	0	0	0	0	0	0	\$0	\$0	\$0
Com	\$1,787,228	\$72,303	\$83,899	\$0	\$24,412	\$27,287	\$80,927	\$288,827	\$2,076,056	\$354,633
Medicaid	\$1,387,597	\$780,143	\$790,804	\$135,439	\$142,588	\$9,457	\$192,709	\$2,051,140	\$3,438,737	\$3,485,156
Medicare	\$256	\$1,882,149	\$607,973	\$312,784	\$21,736	\$14,501	\$409,093	\$3,248,236	\$3,248,492	\$4,553,176
Medicare Rep	\$0	\$23,549	\$90,354	\$0	\$19,862	\$27,756	\$29,423	\$190,944	\$190,944	\$233,278
Other	\$0	\$222,683	\$22,628	\$83,033	\$26,305	\$0	\$104,479	\$459,128	\$459,128	\$266,304
SEARHC	\$0	\$17,740	\$30,422	\$4,033	\$0	\$0	\$282	\$52,477	\$52,477	\$6,630
Self	\$13,964	\$73,760	\$93,123	\$115,682	\$405,517	\$74,021	\$1,558,184	\$2,320,287	\$2,334,251	\$2,270,297
VA	\$135,289	\$123,481	\$58,786	\$31,607	\$8,148	\$1,484	\$60,126	\$283,632	\$418,921	\$275,760
Worker's	\$0	\$0	\$0	\$143,817	\$0	\$0	\$34,769	\$178,586	\$178,586	\$514,876
<b>in-patient Total</b>	<b>\$4,102,203</b>	<b>\$4,118,402</b>	<b>\$2,877,327</b>	<b>\$1,602,388</b>	<b>\$662,924</b>	<b>\$213,383</b>	<b>\$3,759,550</b>	<b>\$13,233,974</b>	<b>\$17,336,177</b>	<b>\$15,944,218</b>
Aetna	\$566,901	\$930,356	\$513,530	\$162,425	\$86,698	\$40,341	\$766,131	\$2,499,481	\$3,066,382	\$3,000,788
Blue Cross	\$619,908	\$921,514	\$439,039	\$234,171	\$34,393	\$90,151	\$670,146	\$2,389,413	\$3,009,321	\$2,720,905
CB	0	\$0	\$0	\$0	\$0	\$0	\$1,323	\$1,323	\$1,323	\$0
Com	\$82,888	\$186,508	\$185,580	\$93,386	\$26,863	\$59,370	\$31,701	\$583,408	\$666,296	\$705,618
Medicaid	\$535,361	\$894,551	\$907,257	\$267,498	\$199,413	\$46,569	\$182,697	\$2,497,986	\$3,033,347	\$2,224,046
Medicare	\$1,335,463	\$1,892,109	\$739,889	\$169,948	\$82,876	\$714,778	\$146,225	\$3,745,825	\$5,081,288	\$3,430,246
Medicare Rep	\$1,739	\$5,189	\$15,195	\$9,860	\$7,729	\$4,866	\$40,410	\$83,248	\$84,986	\$120,222
Other	\$79,707	\$213,767	\$142,483	\$116,626	\$89,875	\$75,845	\$140,549	\$779,146	\$858,853	\$632,060
SEARHC	\$31,298	\$56,008	\$47,002	\$21,300	\$3,203	\$1,462	\$21,775	\$150,750	\$182,047	\$174,124
Self	\$86,448	\$179,612	\$466,908	\$431,347	\$452,527	\$343,616	\$3,231,538	\$5,105,548	\$5,191,996	\$5,043,595
VA	\$133,148	\$175,583	\$169,291	\$72,143	\$33,087	\$166,635	\$150,697	\$767,436	\$900,585	\$953,808
Worker's	\$51,708	\$65,156	\$83,432	\$50,751	\$20,304	\$69,341	\$243,187	\$532,171	\$583,879	\$714,613
<b>out-patient Total</b>	<b>\$3,524,568</b>	<b>\$5,520,352</b>	<b>\$3,709,607</b>	<b>\$1,629,455</b>	<b>\$1,036,967</b>	<b>\$1,612,974</b>	<b>\$5,626,379</b>	<b>\$19,135,735</b>	<b>\$22,660,303</b>	<b>\$19,720,024</b>
Aetna	\$903,704	\$1,096,972	\$1,021,341	\$711,549	\$97,175	\$93,767	\$1,375,489	\$4,396,293	\$5,299,997	\$4,909,515
Blue Cross	\$1,060,975	\$1,677,492	\$1,030,565	\$461,040	\$38,271	\$95,601	\$1,350,346	\$4,653,316	\$5,714,291	\$4,796,286
CB	\$0	\$0	\$0	\$0	\$0	\$0	\$1,323	\$1,323	\$1,323	\$0
Com	\$1,870,116	\$258,811	\$269,479	\$93,386	\$51,275	\$86,657	\$112,628	\$872,236	\$2,742,352	\$1,060,251
Medicaid	\$1,922,957	\$1,674,694	\$1,698,061	\$402,937	\$342,001	\$56,027	\$375,407	\$4,549,126	\$6,472,084	\$5,709,202
Medicare	\$1,335,719	\$3,774,257	\$1,347,863	\$482,732	\$104,612	\$729,279	\$555,318	\$6,994,061	\$8,329,780	\$7,983,422
Medicare Rep	\$1,739	\$28,738	\$105,549	\$9,860	\$27,591	\$32,622	\$69,833	\$274,192	\$275,931	\$353,500
Other	\$79,707	\$436,450	\$165,111	\$199,659	\$116,181	\$75,845	\$245,027	\$1,238,274	\$1,317,981	\$898,363
SEARHC	\$31,298	\$73,747	\$77,424	\$25,333	\$3,203	\$1,462	\$22,057	\$203,226	\$234,524	\$180,754
Self	\$100,412	\$253,372	\$560,031	\$547,029	\$858,044	\$417,637	\$4,789,723	\$7,425,835	\$7,526,247	\$7,313,892
VA	\$268,437	\$299,063	\$228,077	\$103,750	\$41,235	\$168,119	\$210,823	\$1,051,069	\$1,319,506	\$1,229,568
Worker's	\$51,708	\$65,156	\$83,432	\$194,569	\$20,304	\$69,341	\$277,956	\$710,757	\$762,465	\$1,229,489
<b>Grand Total</b>	<b>\$7,626,771</b>	<b>\$9,638,754</b>	<b>\$6,586,935</b>	<b>\$3,231,843</b>	<b>\$1,699,891</b>	<b>\$1,826,357</b>	<b>\$9,385,929</b>	<b>\$32,369,709</b>	<b>\$39,996,480</b>	<b>\$35,664,241</b>

Aged Balance excludes Credit Balances

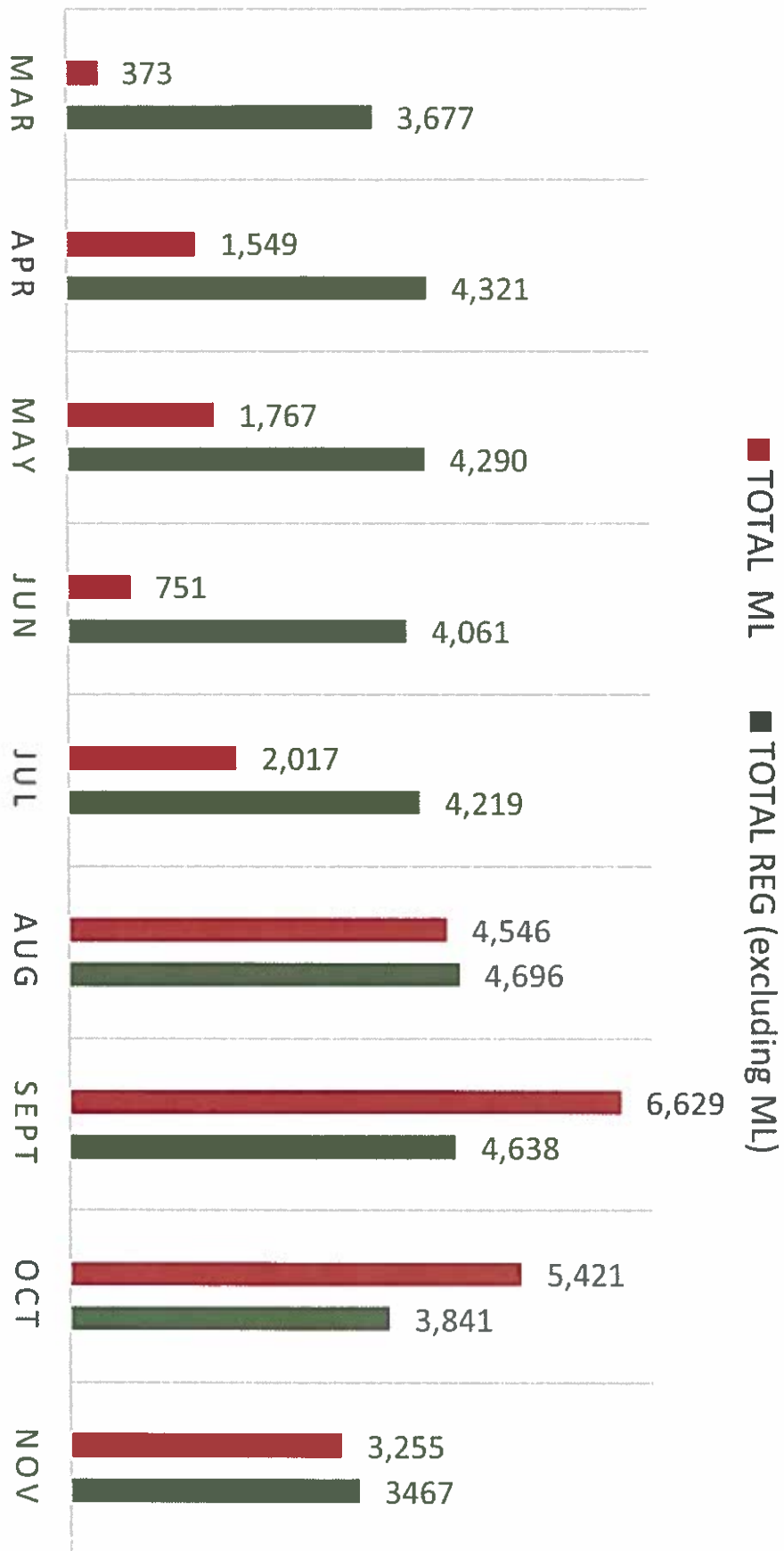
	October-21	September-21
Aging	\$32,369,709	\$26,566,005
Unbilled	\$7,626,771	\$9,098,236
<b>Total</b>	<b>\$39,996,480</b>	<b>\$35,664,241</b>

# Bartlett Regional Hospital

Write-Offs October 2021

Totals		
One Time PPD Ins		
NO Provider Enrollment	\$1,325.55	2
Compliance/Risk/Adminstrative	\$1,300.78	3
SP Prompt Pay Disc	\$11,005.58	158
Authorization/Alert Missing	\$760.10	2
1115 Waiver Svcs on Commerical Ins	\$5,156.20	22
Denied Appeals /Timely		
BOPS/MCR Provider NOT Eligible	\$6,908.38	16
Mental Health BD MHU, RRC BOPS	\$27,746.34	112
Late Fees		
	\$54,202.93	315
Collections		
One Time Ins PPD	\$0.00	
Collections SPPPD	\$61,703.97	158

# PAS REGISTERED MOLECULAR LABS 2021



# Bartlett Regional Hospital

3260 Hospital Drive, Juneau, Alaska 99801

907.796.8900

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

DATE: December 6, 2021  
TO: BRH Finance Committee  
FROM: Kevin Benson, Chief Financial Officer  
RE: Bond Issue Update

The process to issue \$20 million in bonds is continuing. Attached please find the current draft of the ordinance authorizing the sale of Hospital Revenue Bonds for Bartlett Regional Hospital. The sale is expected to take place in early January.

**ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA**

**HOSPITAL REVENUE BONDS  
(BARTLETT REGIONAL HOSPITAL PROJECT)**

**Serial No. 2021-43**

AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF HOSPITAL REVENUE BONDS IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$20,000,000 TO PROVIDE FINANCING FOR CAPITAL IMPROVEMENTS TO BARTLETT REGIONAL HOSPITAL; PROVIDING FOR THE FORM AND TERMS OF THE BONDS; PROVIDING A METHOD OF PAYMENT THEREFOR; AND RESERVING THE RIGHT TO ISSUE REVENUE BONDS ON A PARITY WITH THE BONDS UPON COMPLIANCE WITH CERTAIN CONDITIONS.

Approved: January 10, 2022

Prepared by:

K&L GATES LLP  
Seattle, Washington



**City and Borough of Juneau, Alaska  
Ordinance Serial No. 2021-43  
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\* This Table of Contents and the cover page are provided for convenience only and are not a part of this ordinance.

Presented by: The Manager  
Introduced: 12/13/21  
Drafted by: Bond Counsel

**ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA**

**Serial No. 2021-43**

**An Ordinance Providing for the Issuance and Sale of Hospital Revenue Bonds in One or More Series in the Aggregate Principal Amount of Not to Exceed \$20,000,000 to Provide Financing for Capital Improvements to Bartlett Regional Hospital; Providing for the Form and Terms of the Bonds; Providing a Method of Payment Therefor; and Reserving the Right to Issue Revenue Bonds on a Parity with the Bonds upon Compliance with Certain Conditions.**

WHEREAS, the City and Borough of Juneau, Alaska (the “City and Borough”) owns and operates Bartlett Regional Hospital (the “Hospital”); and

WHEREAS, the Hospital is in need of expansion and renovation (hereinafter defined as the “Projects”); and

WHEREAS, the City and Borough is authorized by its Home Rule Charter to issue revenue bonds for capital project purposes without a vote of the electors; and

WHEREAS, it appears to be in the best interests of the City and Borough and its residents to finance all or a portion of the costs of the Projects by means of the revenue bonds authorized herein, in the amount of not to exceed \$20,000,000, payable solely from the Net Revenues (as defined herein) of the Hospital; and

WHEREAS, the City and Borough has outstanding its Hospital Revenue Refunding Bond, 2021 (Taxable) (Bartlett Regional Hospital Project) (Amending 2013 Hospital Revenue Refunding Bond) in the principal amount of \$18,260,000 (the “Outstanding Parity Bonds”); and

WHEREAS, Ordinance Serial No. 2012-23 and Ordinance Serial No. 2020-21, as amended (together, the “Outstanding Parity Bond Ordinance”) authorize the City and Borough to issue hospital revenue bonds in the future upon compliance with the terms and conditions set forth in the Outstanding Parity Bond Ordinance; and

WHEREAS, it appears to the Assembly of the City and Borough (the “Assembly”) that such conditions can be met and that it is in the best interests of the City and Borough and its residents that the Bonds be issued on a parity with the Outstanding Parity Bonds; and

WHEREAS, the Outstanding Parity Bonds were sold to the Alaska Municipal Bond Bank (the “Bond Bank”); and

WHEREAS, the Assembly finds that it is in the best interest of the City and Borough to sell the bonds herein authorized to the Bond Bank on the terms and conditions set forth herein and in a loan agreement between the City and Borough and the Bond Bank, as authorized by this ordinance;

NOW, THEREFORE, BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

**Section 1. Classification.** This ordinance is a noncode ordinance.

**Section 2. Definitions.** As used in this ordinance, unless a different meaning clearly appears from the context:

*Accreted Value* means with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in the ordinance authorizing their issuance as the amount representing the initial principal amount of such Capital Appreciation Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date. The Accreted Value shall be determined in accordance with the provisions of the ordinance authorizing the issuance of such Balloon Maturity Bonds.

*Accountant* means any independent public accountant or firm of independent public accountants selected by the Hospital and not objected to by the Bond Bank.

*Accounts* means the Hospital Revenue Account and the Bond Account and shall include all subaccounts therein.

*Annual Debt Service* means the total amount of Debt Service for any Parity Bond or series of Parity Bonds or other evidences of indebtedness payable from Hospital Revenues in any fiscal year or Base Period.

*Assembly* means the Assembly of the City and Borough of Juneau as the same shall be duly and regularly constituted from time to time.

*Balloon Maturity Bonds* means any evidences of indebtedness of the City and Borough payable from Hospital Revenues which are so designated in the ordinance pursuant to which such indebtedness is incurred.

*Base Period* means each of the two most recently completed fiscal years of the City and Borough for which audited financial statements are available within the 36-month period immediately preceding the date of issuance of an additional series of Future Parity Bonds.

*Bond Account* means the “City and Borough of Juneau Hospital Revenue Bond Account” authorized to be created in the office of the Finance Director pursuant to this ordinance.

*Bond Bank* means the Alaska Municipal Bond Bank, a public corporation and instrumentality of the State of Alaska, created pursuant to the provisions of Chapter 85, Title 44, Alaska Statutes, as amended.

*Bond Bank Bonds* means bonds to be issued by the Bond Bank to provide funds to be loaned to the City and Borough pursuant to the Loan Agreement.

**Bond Register** means the registration books for the Bonds, maintained by the Bond Registrar, for the purpose of complying with the requirements of Section 149 of the Code and listing, inter alia, the names and addresses of all registered owners of the Bonds.

**Bond Registrar** means the Finance Director, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, and paying the principal of and interest on the Bonds.

**Bonds** mean the not to exceed \$20,000,000 aggregate par value of City and Borough of Juneau, Alaska, Hospital Revenue Bond, 2022[Series Designation] (Bartlett Regional Hospital Project) authorized to be issued in one or more series pursuant to this ordinance.

**Bond Bank Reserve Agreement** means the Reserve Depositary Agreement, among the Bond Bank Trustee and the City and Borough.

**Bond Bank Trustee** means The Bank of New York Mellon Trust Company, N.A., as the trustee for the Bond Bank under the terms of the 2005 General Obligation Bond Resolution adopted by the Board of Directors of the Bond Bank on July 13, 2005 and shall include any successor thereto as provided in said Resolution.

**Capital Appreciation Bonds** means any Future Parity Bonds all or a portion of the interest on which is compounded, accumulated and payable only upon redemption or on the maturity date of such Capital Appreciation Bonds. If so provided in the ordinance authorizing their issuance, Future Parity Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. On the date on which Future Parity Bonds no longer are Capital Appreciation Bonds, they shall be deemed outstanding in a principal amount equal to their Accreted Value.

**City and Borough** means the City and Borough of Juneau, a municipal corporation organized and existing under the laws of the State of Alaska.

**City and Borough Representative** means the City Manager or such other official or employee of the City and Borough designated in writing by the City Manager.

**City Manager** means the city manager or interim city manager of the City and Borough.

**Code** means the United States Internal Revenue Code of 1986, as amended, together with all applicable rulings and regulations heretofore or hereafter promulgated thereunder.

**Consultant** means a professional investment banking firm, certified public accounting firm, commercial banking institution or financial advisory firm having the skill and experience necessary to render the certificate required by Section 16 of this ordinance or to perform the services required in Section 15(a) of this ordinance, as the case may be. Any Consultant appointed by the City and Borough shall be nationally recognized and approved by the Bond Bank. The Consultant shall be appointed by the City and Borough to perform the duties of the Consultant as required by this ordinance who at the time shall be employed for no other purpose by the Hospital or the City and Borough. For the purposes of delivering any certificate required by Section 16 of this ordinance and making the calculation required by Section 16 of this ordinance, the term

Consultant shall also include any independent public accounting firm appointed by the City and Borough to make such calculation or to provide such certificate.

**Contributions** means the aggregate amount of all contributions, grants, gifts, bequests and devises actually received in cash or marketable securities by the Hospital in the applicable Fiscal Year of the Hospital and any such contributions, grants, gifts, bequests and devises received in a form other than cash or marketable securities by the Hospital which are converted in the applicable Fiscal Year of the Hospital to cash or marketable securities and which, in either case, are not restricted in any way which would prevent their application to the payment of debt service on Parity Bonds or to the payment of Costs of Maintenance and Operation.

**Costs of Maintenance and Operation** means the aggregate of all expenses incurred in the maintenance and operation of the Hospital, as calculated in accordance with GAAP, but shall not include any payments for debt service or into reserve funds, depreciation or taxes levied or imposed by the City and Borough or payments to the City and Borough in lieu of taxes, or capital additions or capital replacements to the Hospital.

**Credit Facility** means any Qualified Letter of Credit or Qualified Insurance.

**Debt Service** means, for any period of time,

(a) with respect to any outstanding Capital Appreciation Bonds which are not designated as Balloon Maturity Bonds in the ordinance authorizing their issuance, the principal amount thereof shall be equal to the Accreted Value thereof maturing or scheduled for redemption in such period, and the interest payable during such period;

(b) with respect to any outstanding Fixed Rate Bonds, an amount equal to (1) the principal amount of such Fixed Rate Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (2) the amount of any payments required to be made during such period into any sinking fund established for the payment of any such Fixed Rate Bonds, plus (3) all interest payable during such period on any such outstanding Fixed Rate Bonds and with respect to Fixed Rate Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such Fixed Rate Bonds on the date specified in the ordinance authorizing such Fixed Rate Bonds; and

(c) with respect to all other series of Parity Bonds, other than Fixed Rate Bonds, Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and Parity Bonds bearing variable rates of interest, an amount for any period equal to the amount which would have been payable for principal and interest on such Parity Bonds during such period computed on the assumption that the amount of Parity Bonds as of the date of such computation would be amortized (1) in accordance with the mandatory redemption provisions, if any, set forth in the ordinance authorizing the issuance of such Parity Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance (2) at an interest rate equal to the yield to maturity set forth in the 30-Bond Index published in the edition of *The Bond Buyer* (or comparable publication or such other similar index selected by the City and Borough) and published within ten days prior to the

date of calculation or, if such calculation is being made in connection with the certificate required by Section 16 of this ordinance, then within ten days of such certificate, (3) to provide for essentially level annual debt service of principal and interest over such period. Debt Service shall be net of any interest funded out of Bond proceeds. Debt Service shall include reimbursement obligations to providers of Credit Facilities to the extent authorized by ordinance.

***Environmental Laws*** shall mean any federal, state or local law, statute, ordinance, or regulation pertaining to health, industrial hygiene, or the environmental conditions on, under or about the Real Property, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”), 42 U.S.C. Section 9601, et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986 (PL 99-499), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., and the Resource Conservation and Recovery Act of 1976, as amended (“RCRA”), 42 U.S.C. Section 6901, et seq.

***Federal Tax Certificate*** means the certificate executed on behalf of the City and Borough upon the issuance of the Bonds and including certain representations regarding the use and application of the Bond proceeds and the payment of rebatable arbitrage, if any, with respect to the Bonds.

***Finance Director*** means the director of the finance department or interim director of the finance department of the City and Borough.

***Fiscal Year*** means the fiscal year of the City and Borough, currently July 1 through June 30.

***Fitch*** means Fitch Ratings, Inc., organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City Manager or his/her designee.

***Fixed Rate Bonds*** means those Parity Bonds other than Capital Appreciation Bonds or Balloon Maturity Bonds issued under an ordinance in which the rate of interest on such Parity Bonds is fixed and determinable through their final maturity or for a specified period of time. If so provided in the ordinance authorizing their issuance, Parity Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term.

***Future Parity Bonds*** means any revenue bonds which the City and Borough may hereafter issue having a lien upon the Hospital Revenues for the payment of the principal thereof and interest thereon equal to the lien of the Outstanding Parity Bonds and the Bonds upon the Hospital Revenues.

***GAAP*** means generally accepted accounting principles as from time to time in effect.

***Government Obligations*** means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America and bank certificates of deposit secured by such obligations.

**Hazardous Substances** include without limitation:

(a) Those substances included within the definitions of “hazardous substances,” “hazardous materials,” “toxic substances,” or “solid waste” in CERCLA, RCRA, the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., and the Toxic Substance Control Act, 15 U.S.C. Section 2601 et seq., and in the regulations promulgated pursuant to said laws;

(b) Those substances defined as “dangerous wastes,” “hazardous wastes” or as “hazardous substances” under the Toxic Substance Control Act, 15 U.S.C. Section 2601 et seq., and in the regulations promulgated pursuant to said laws;

(c) Any material, waste or substance which is (1) petroleum, (2) asbestos, (3) polychlorinated biphenyls, (4) designated as a “hazardous substance” pursuant to Section 311 of the Clean Water Act, 33 U.S.C. Section 1251, et seq. (33 U.S.C. Section 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. Section 1317) (5) flammable explosives; or (6) radioactive materials;

(d) Those substances listed in the United States Department of Transportation Table (49 C.F.R. 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 C.F.R. Part 302 and amendments thereto);

(e) Storm water discharge regulated under any federal, state or local law, ordinance or regulation relating to storm water drains, including, but not limited to, Section 402(p) of the Clean Water Act, 33 U.S.C. Section 1342 and the regulations promulgated thereunder; and

(f) Such other substances, materials and wastes which are or become regulated under applicable local, state or federal law, or the United States government, or which are classified as hazardous or toxic under federal, state or local laws or regulations:

**Hospital** means Bartlett Regional Hospital owned and operated by the City and Borough.

**Hospital Revenue Account** means the enterprise fund of the City and Borough known as the “Bartlett Regional Hospital Fund”.

**Hospital Revenues** means, for any specified period, the sum of (a) gross patient service revenues of the Hospital less contractual allowances and provisions for uncollectible accounts, free care and discounted care, plus (b) other operating revenues of the Hospital, plus (c) nonoperating revenues including receipts from the City and Borough (other than Contributions, income derived from the sale of assets not in the ordinary course of business, any gain or loss from the extinguishment of debt or any other extraordinary item, but including proceeds of business interruption insurance), plus (d) Contributions, all as determined in accordance with GAAP. **Hospital Revenues** shall also include any federal or state reimbursements of operating expenses to the extent such expenses are included as “Costs of Maintenance and Operation” and all earnings from the investment of money in the Bond Account which earnings are deposited in the Bond Account. **Hospital Revenues** shall exclude the proceeds from the sale of Hospital property, City and Borough taxes collected by or through the Hospital, principal proceeds of bonds and earnings or proceeds from any investments in a trust, defeasance or escrow fund created to defease or refund obligations payable from Hospital Revenues (until commingled with other earnings and revenues

of the Hospital) or held in a special account for the purpose of paying a rebate to the United States Government under the Code.

***Loan Agreement*** means the Loan Agreement for the Bonds by and between the City and Borough and the Bond Bank authorized to be entered into pursuant to Section 10 of this ordinance.

***Maximum Annual Debt Service*** means highest dollar amount of Annual Debt Service in any fiscal year or Base Period for all outstanding Parity Bonds.

***Moody's*** means Moody's Investors Service, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City Manager or his/her designee.

***Net Revenue*** means Hospital Revenues less Costs of Maintenance and Operation.

***Outstanding Parity Bonds*** mean the City and Borough's Hospital Revenue Refunding Bond, 2021 (Taxable) (Bartlett Regional Hospital Project) (Amending 2013 Hospital Revenue Refunding Bond) in the principal amount of \$18,260,000.

***Outstanding Parity Bond Ordinance*** means Ordinance Serial No. 2012-23 and Ordinance Serial No. 2020-21, as amended.

***Parity Bonds*** means the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds.

***Parity Requirement*** means (a) historical Net Revenues for the Base Period at least equal to or greater than 125% of Maximum Annual Debt Service for all Parity Bonds (including the Future Parity Bonds then proposed to be issued) or (b) Net Revenues, as adjusted by a Consultant, described in Section 16 of this ordinance, equal to at least 150% of Maximum Annual Debt Service for all Parity Bonds (including the Future Parity Bonds then proposed to be issued), commencing with the first fiscal year after the anticipated completion of the facilities to be financed with the proceeds of the Future Parity Bonds.

***Payment Date*** means each day on which a payment of principal and/or interest on the Bonds comes due following their issuance and delivery.

***Principal and Interest Account*** means the account of that name created within the Bond Account pursuant to Section 9 of this ordinance.

***Projects*** mean the construction of a crisis stabilization building, expansion and remodeling of the emergency room and capital improvements to the Hospital.

***Project Account*** means the Hospital Project Account, into which certain net proceeds of the Bonds shall be deposited.

***Qualified Insurance*** means any non-cancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance



companies) which insurance company or companies, as of the time of issuance of such policy or surety bond, are currently rated in one of the two highest Rating Categories by two of the Rating Agencies.

**Qualified Letter of Credit** means any irrevocable letter of credit issued by a financial institution for the account of the City and Borough on behalf of registered owners of the Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, is currently rated in one of the two highest Rating Categories by a Rating Agency.

**Rate Covenant** means Net Revenue in each fiscal year at least equal to 115% of the amounts required in such fiscal year to be paid as scheduled debt service (principal and interest) on all Parity Bonds, excluding therefrom interest funded from Parity Bond proceeds.

**Rating Agency** means Moody's or S&P or Fitch.

**Rating Category** means the generic rating categories of the Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

**Registered Owner** means the person named as the registered owner of a Bond in the Bond Register.

**Reserve Account** means the Reserve Account held by Bond Bank Trustee pursuant to the Bond Bank Reserve Agreement.

**Reserve Requirement** means, with respect to Parity Bonds outstanding, the lesser of (a) 125% of Average Annual Debt Service, (b) 10% of the net proceeds of each series of Parity Bonds secured by the Reserve Account, or (c) Maximum Annual Debt Service. The Reserve Requirement shall be established as of the date of issuance of each series of Parity Bonds and shall be re-calculated thereafter upon any decrease in Average Annual Debt Service or Maximum Annual Debt Service with respect to all Parity Bonds scheduled to mature following the date of re-calculation.

**S&P** means S&P Global Ratings, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City Manager or his/her designee.

**State** means the State of Alaska.

**Valuation Date** means each July 1.

**Rules of Interpretation.** In this ordinance, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this ordinance;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect;

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

(f) Words importing the singular number include the plural number and vice versa.

**Section 3. The Projects.** The Assembly hereby ratifies and approves the Projects. The Projects have and will be undertaken in accordance with specifications and contracts for acquisition and construction approved by the Assembly from time to time.

It is hereby provided that said Projects shall be subject to such changes as to details of design or any other details of said Projects as may be authorized by the Assembly either prior to or during the actual course of construction.

The City and Borough may proceed with the construction and installation of the Projects as herein authorized, either alone or in conjunction with the construction of other facilities, and in whole, or in successive parts or units from time to time as may be found advisable.

**Section 4. Costs of the Projects.** The estimated cost of the Projects is hereby declared to be, as near as may be, the sum of up to \$~~\_\_\_\_\_~~\$26,750,000 (including all financing costs), of which not more than \$~~\_\_\_\_\_~~20,000,000 (Bonds amount minus projected reserve account deposit) will be paid for from the proceeds of the Bonds. The balance of the costs of the Projects are anticipated to be paid from local sales taxes, federal funds, interest earnings, grants, donations, and revenues of the Hospital. The City and Borough will use its best efforts to complete the Projects to the extent of available funds.

**Section 5. Authorization of Bonds.**

(a) *Authorization.* The City and Borough shall issue and sell not to exceed \$20,000,000 of its hospital revenue bonds (the “Bonds”) in one or more series for the purpose of providing financing for a portion of the costs of the Projects, funding the Reserve Requirement, and paying the costs of issuance of the Bonds.

(b) *Bond Details.* The Bonds shall be designated as the “City and Borough of Juneau, Alaska Hospital Revenue Bond, 2022[Series Designation] (Bartlett Regional Hospital Project),” shall be dated as of the date established pursuant to Section 10 of this ordinance, shall be fully registered as to both principal and interest, shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification, and shall bear interest from their date payable on the dates set forth in the Loan Agreement, and shall come due on the dates set forth in the Loan Agreement of the following years in the following estimated principal installments:

Maturity Year	Amount
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	
2040	
2041	
2042	

Total: \$ \_\_\_\_\_ \*

\* Principal maturities do not add to \$20,000,000, in anticipation of selling Bonds with original issue premium, generating not more than \$20,000,000 in net proceeds.

If the Bonds are sold in more than one series, the principal maturities of a series shall be applied to reduce the foregoing schedule as provided in the resolution approving the sale of that series; provided that in the aggregate the foregoing estimated principal amounts may increase or decrease in any year by 25%, and *provided, further*, in the aggregate, the Bonds shall be issued in principal amounts that provide no more than \$20,000,000 (principal amount plus premium, if any, less costs of issuance) in net proceeds or \$20,000,000 in principal amount, whichever is less.

**Section 6. Registration, Exchange and Payments.** The Finance Director shall act as authenticating agent, paying agent and registrar for the Bonds (collectively, the “Bond Registrar”). The principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. Interest on the Bonds shall be paid by check or draft of the Bond Registrar mailed (on the date such interest is due) to the Registered Owners or nominees at the addresses appearing on the Bond Register on the fifteenth day of the month preceding each interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds to the Bond Registrar by the registered owners or nominees at the office of the Bond Registrar. Notwithstanding the foregoing, so long as the Bond Bank is the Registered Owner of the Bonds, payments of principal of and interest on the Bonds shall be made to the Bond Bank in accordance with the Loan Agreement.

The Bonds may be transferred only on the Bond Register maintained by the Bond Registrar for that purpose upon the surrender thereof by the registered owner or nominee or his/her duly authorized agent and only if endorsed in the manner provided thereon, and thereupon a new fully registered Bond of like principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor. Upon surrender thereof to the Bond Registrar, the Bond is interchangeable for a bond or bonds in any authorized denomination of an equal aggregate principal amount and of the same interest rates and maturities. Such transfer or exchange shall be without cost to the Registered Owner or transferee.

The City and Borough may deem the person in whose name each Bond is registered to be the absolute owner thereof for the purpose of receiving payment of the principal of and interest on such Bond and for any and all other purposes whatsoever.

**Section 7. Prepayment and Redemption.**

(a) *Optional Prepayment.* Provisions for the optional prepayment of some or all principal installments of the Bonds may be established pursuant to Section 10 of this ordinance and shall be set forth in the Loan Agreement.

(b) *Extraordinary Optional Redemption.* In the event that all or any substantial portion of the facilities of the Hospital shall have been damaged or destroyed (i) to the extent that they cannot, in the City and Borough’s judgment, be reasonably restored within a period of six months to the condition thereof immediately preceding such damage or destruction, or (ii) to such extent that the City and Borough is thereby prevented, in its judgment, from carrying on its normal operations at the Hospital for a period of six months or more, then the City and Borough may at any time thereafter, at its option, redeem the Bonds in whole or in part, and if in part with installments to be selected by the City and Borough, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption.

(c) *Notice of Redemption; Payment of Redeemed Bonds.* So long as the Bond Bank is the owner of the Bonds, notice of prepayment shall be given according to the terms of the Loan Agreement. If the Bond Bank is not the owner of the Bonds, notice of prepayment shall be given not less than 20 nor more than 60 days prior to the date fixed for prepayment by first class mail, postage prepaid, to the Registered Owners of the Bonds at the addresses appearing on the Bond

Register. The requirements of this section shall be deemed complied with when notice is mailed as herein provided, regardless of whether or not it is actually received by the owners of the Bonds.

Each official notice of prepayment shall be dated and shall state: (i) the prepayment date, (ii) the prepayment price or prepayment premium, if any, payable upon such prepayment; (iii) if less than all of an installment of principal is to be prepaid, the principal amount to be prepaid (which must be an integral multiple of \$5,000); (iv) that the interest on the Bonds, or on the principal amount thereof to be prepaid, designated for prepayment in such notice, shall cease to accrue from and after such prepayment date; and (v) that on such date there will become due and payable on the Bonds the principal amount thereof to be prepaid and the interest accrued on such principal amount to the prepayment date.

**Section 8. Priority of Payments from Hospital Revenue Account.** There is maintained an enterprise fund of the City and Borough known as the “Bartlett Regional Hospital Fund” (the “Hospital Revenue Account”). All Hospital Revenues shall be deposited in the Hospital Revenue Account. The Hospital Revenue Account shall be held separate and apart from all other funds and accounts of the City and Borough and the Hospital Revenues deposited in such Account shall be used only for the following purposes and in the following order of priority:

First, to pay the Costs of Maintenance and Operation of the Hospital;

Second, to pay the interest on any Parity Bonds, including reimbursements to the issuer of a Qualified Letter of Credit or Qualified Insurance if the Qualified Letter of Credit or Qualified Insurance secures the payment of interest on Parity Bonds and the ordinance authorizing such Parity Bonds provides for such reimbursement;

Third, to pay the principal of any Parity Bonds, including reimbursements to the issuer of a Qualified Letter of Credit or Qualified Insurance if the Qualified Letter of Credit or Qualified Insurance secures the payment of principal of Parity Bonds and the ordinance authorizing such Parity Bonds provides for such reimbursement;

Fourth, to make all payments required to be made into the Reserve Account to secure the payment of the principal of and interest on the Bonds and to make all payments required to be made into any reserve account hereafter established to secure the payment of the principal of or interest on any Future Parity Bonds, including reimbursements to the issuer of a Qualified Letter of Credit or Qualified Insurance if the Qualified Letter of Credit or Qualified Insurance fulfills the Reserve Requirement in whole or in part and the ordinance authorizing such Parity Bonds provides for such reimbursement;

Fifth, to pay debt service on general obligation bonds issued by the City and Borough for the benefit of the Hospital;

Sixth, to make all payments required to be made into any revenue bond redemption fund or revenue warrant redemption fund and debt service fund or reserve fund created to pay and secure the payment of the principal of and interest on any other revenue bonds or revenue warrants of the City and Borough having a lien upon the Hospital

Revenues junior and inferior to the lien thereon for the payment of the principal of and interest on Parity Bonds; and

Seventh, to retire by redemption or purchase any outstanding revenue bonds or revenue warrants of the City and Borough, remaining Hospital Revenues may also be used to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the Hospital, or for any other lawful City and Borough purposes.

**Section 9. Bond Account.** A special account of the City and Borough designated as the “City and Borough of Juneau Hospital Revenue Bond Account” (the “Bond Account”) has heretofore been created in the office of the Finance Director for the purpose of paying and securing the payment of the Bonds and all Parity Bonds. The Bond Account shall be held separate and apart from all other funds and accounts of the City and Borough and shall be a trust account for the owners of Parity Bonds. A subaccount named the Principal and Interest Account for the payment of the principal of and interest on the Bonds and the payment of redemption premium, if any, whether due at maturity or redemption prior to maturity has heretofore been created in the Bond Account.

(a) *Payments Into Principal and Interest Account.* Immediately after the delivery of the Bonds there shall be paid into the Principal and Interest Account all accrued interest received with respect to the Bonds, if any. In addition, the Finance Director may direct all or a portion of any original issue premium to be deposited in the Principal and Interest Account. As long as any Parity Bonds remain outstanding, the City and Borough hereby irrevocably obligates and binds itself to set aside and pay from the Hospital Revenue Account into the Principal and Interest Account those amounts necessary, together with such other funds as are on hand and available in the Principal and Interest Account, to pay the interest or principal and interest next coming due on outstanding Parity Bonds. Such payments shall be made on the 15<sup>th</sup> day of each calendar quarter (March 15, June 15, September 15 and December 15) (or the next succeeding business day if the 15<sup>th</sup> is not a business day) as follows:

(1) The first installment of interest shall be paid in a single installment equal to all of the interest coming due on the Bonds on the 15th day of the month immediately preceding the first Payment Date. The remaining interest payments shall be paid in quarterly installments equal to one-half of the interest coming due on the Bonds on the next succeeding Payment Date, which installments shall be due and payable on the 15th day of each calendar quarter (March 15, June 15, September 15 and December 15), until such time as all principal of and interest on the Bonds is paid in full.

(2) Transfers to pay principal on the Bonds shall be made in quarterly installments equal to one-fourth of the principal of the Bonds coming due by reason of maturity or mandatory sinking fund redemption on the next succeeding January 1, which installments shall be due and payable on the 15th day of each calendar quarter (September 15, December 15, March 15 and June 15), until such time as the principal of the Bonds is paid in full.

In all instances, the installment payment to be paid immediately preceding any date on which interest or interest and principal is due shall be adjusted to take into account the balance on hand

in the Principal and Interest Account and the amount required to pay the upcoming payment of interest or interest and principal.

(b) *Priority of Lien of Payments into Principal and Interest Account.* Said amounts so pledged to be paid into the Bond Account are hereby declared to be a prior lien and charge upon the Hospital Revenues superior to all other charges of any kind or nature whatsoever, except for the Costs of Maintenance and Operation and except that the amounts so pledged are of equal lien to the lien and charge thereon of any Future Parity Bonds.

(c) *Reserve Account.* The Reserve Account (the “Reserve Account”) was created by Ordinance Serial No. 2004-24 and shall be maintained for the purpose of securing the payment of the principal of and interest on all Parity Bonds. The Reserve Account shall be held in the custody of the Bond Bank Trustee pursuant to the terms of a Bond Bank Reserve Agreement to be entered into by the City and Borough and the Bond Bank. The City Manager and/or the Finance Director of the City and Borough are hereby authorized to negotiate and approve the terms of the Bond Bank Reserve Agreement and to execute and deliver it upon their approval of the terms thereof. The City and Borough hereby covenants to transfer into the Reserve Account held by the Bond Bank Trustee on the date of issuance of the Bonds an amount equal to the Reserve Requirement with respect to the Bonds.

The City and Borough further covenants and agrees that when said required deposits have been made into the Reserve Account, it will at all times maintain therein an amount at least equal to the Reserve Requirement with respect to all outstanding Parity Bonds. The City and Borough covenants and agrees that, if the aggregate value of the assets on hand is less than the Reserve Requirement on any Valuation Date, the City and Borough (1) shall notify the Bond Bank and (2) shall restore the aggregate value of the assets in the Reserve Account to the Reserve Requirement by taking one or a combination of the following actions:

(i) Obtaining a Credit Facility with a stated amount available for drawing thereunder not less than the amount necessary to increase the aggregate value of the assets on hand in the Reserve Account to the Reserve Requirement as of such Valuation Date;

(ii) Causing the amount available for drawing under any Credit Facility previously obtained to be increased by the amount necessary to restore the aggregate value of the assets on hand in the Reserve Account to the Reserve Requirement as of such Valuation Date; or

(iii) Paying or causing to be deposited into the Reserve Account, money and/or other investments in an amount sufficient to restore the aggregate value of the assets on hand in the Reserve Account to the Reserve Requirement as of such Valuation Date.

If the City and Borough restores the aggregate value of the assets on hand in the Reserve Account to the Reserve Requirement pursuant to subsections (i) or (ii) above, the amount or increased amount available for drawing under any such Credit Facility shall be effective no later than sixty days following the Valuation Date.

If the City and Borough restores the aggregate value of the assets on hand in the Reserve Account to the Reserve Requirement pursuant to subsection (iii) above, such additional payments shall be made as follows:

(A) If the aggregate value of the assets in the Reserve Account on any Valuation Date is less than the Reserve Requirement (after taking into account the amount available for drawing under any Credit Facility) because of the withdrawal of funds from the Reserve Account as authorized in the final paragraph of this subsection, the City and Borough shall pay the amount necessary to restore the aggregate value of the assets in the Reserve Account to the Reserve Requirement in 12 equal, consecutive, monthly installments, the first such installment to be due on August 1; and the remainder of such installments to be due on the first day of the 11 successive calendar months thereafter; and

(B) If the aggregate value of the assets in the Reserve Account on any Valuation Date is less than the Reserve Requirement (after taking into account the amount available for drawing under any Credit Facility) for any reason other than a withdrawal therefrom as described in the final paragraph of this subsection, the City and Borough shall pay the amount necessary to restore the aggregate value of the assets in the Reserve Account to the Reserve Requirement in three equal, consecutive, monthly installments, the first such installment to be due on August 1; and the remainder of such installments to be due on the first day of the two successive calendar months thereafter.

Whenever there is an insufficient amount in the Bond Account, including the Principal and Interest Account to pay the principal of, premium if any, and interest on all outstanding Parity Bonds when due, the money in the Reserve Account may be used to pay such principal, premium if any, and interest. Money in the Reserve Account may be withdrawn to redeem and retire, and to pay the interest due to such date of redemption and premium, if any, on any outstanding bonds, so long as the money left remaining on deposit in the Reserve Account is equal to the Reserve Requirement with respect to all outstanding Parity Bonds. The City and Borough may, from time to time, transfer from the Reserve Account to the Bond Account amounts in excess of the Reserve Requirement.

The City and Borough may satisfy the Reserve Requirement, in whole or in part with a Qualified Letter of Credit or Qualified Insurance. In making the payments and credits to the Reserve Account required by this subsection (c), to the extent that the City and Borough has obtained Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this section to be paid out of the Reserve Account, such amounts so covered by Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Reserve Account by this subsection (c) to the extent that such payments and credits to be made are insured by an insurance company, or guaranteed by a letter of credit from a financial institution. A Qualified Letter of Credit shall not be cancelable on less than 30 days' notice to the City and Borough, and Qualified Insurance shall be noncancellable. In the event of any cancellation of a Qualified Letter of Credit, the Reserve Account shall be funded in accordance with the following paragraphs of this subsection (c).

In the event that the City and Borough elects to meet the Reserve Requirement through the use of a Qualified Letter of Credit, Qualified Insurance or other equivalent credit enhancement device, the City and Borough may contract with the entity providing such Qualified Letter of Credit or Qualified Insurance that the City and Borough's reimbursement obligation, if any, to such entity shall be made from Hospital Revenues available after the payments described in Paragraphs First through Third in Section 8 of this ordinance have been made.



The City and Borough further covenants and agrees that if a Credit Facility has been utilized to meet the Reserve Requirement, the City and Borough will make the following deposits into the Reserve Account.

If the City and Borough receives notice from the issuer of a Qualified Letter of Credit that it will not be renewed or extended, an amount sufficient to cause the value of the cash and investments on deposit in the Reserve Account to equal the Reserve Requirement, such amount to be paid in equal installments on not less than a semiannual basis over the remaining term of the Qualified Letter of Credit and in any event prior to the termination or expiration of such Qualified Letter of Credit, but no such payment will be required if the then-current Qualified Letter of Credit is replaced by an alternate Credit Facility or if the City and Borough receives a binding commitment from an issuer of such an alternate Credit Facility to deliver such alternate Credit Facility on or before the date such deposit is required to be made.

If the City and Borough receives notice that (A) the rating of the issuer of the Credit Facility by a Rating Agency has fallen below the minimum Rating Category required to establish the Credit Facility as a Qualified Letter of Credit or Qualified Insurance, as the case may be, or (B) the issuer of the Credit Facility has defaulted in its payment obligations thereunder, (C) the issuer of the Credit Facility has become insolvent, or (D) the revolving feature of a Qualified Letter of Credit allowing amounts available thereunder to be reinstated to the extent of any reimbursement of draws or claims paid has been suspended or terminated, an amount sufficient to cause the value of the cash and investments on deposit in the Reserve Account to equal the Reserve Requirement, such amount to be paid within 30 days of the date of such notice; provided that no such payment will be required if the then-current Credit Facility is replaced by an alternate Credit Facility within the same time period.

In the event a deficiency in the Principal and Interest Account shall occur, the deficiency shall be made up from the Reserve Account by the withdrawal of cash therefrom for that purpose and by the sale or redemption of obligations held in the Reserve Account, if necessary, in such amounts as will provide cash in the Reserve Account sufficient to make up any such deficiency, and if a deficiency still exists immediately prior to an interest payment date and after the withdrawal of cash, the City and Borough shall then draw from any Qualified Letter of Credit or Qualified Insurance that secures the Parity Bonds in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up within one year of the date of withdrawal from Hospital Revenues after making necessary provision for making the payments described in Paragraphs First through Third in Section 8 of this ordinance.

(d) *Sufficiency of Hospital Revenues.* The corporate authorities of the City and Borough hereby declare that in fixing the amounts to be paid into the Bond Account as aforesaid they have exercised due regard to the Costs of Maintenance and Operation of the Hospital and have not obligated the City and Borough to set aside and pay into said Bond Account a greater amount of the Hospital Revenues than in their judgment will be available over and above such Costs of Maintenance and Operation and the amounts necessary to pay the principal of and interest on the Bonds.

(e) *Application and Investment of Moneys in the Bond Account.* Money in the Principal and Interest Account not needed to pay the interest or principal installment and interest next coming due on Parity Bonds may be used to prepay Parity Bonds. Money in the Bond Account therein may be invested in any legal investment for the funds of the City and Borough. All interest earned and income derived by virtue of such investments shall remain in the Bond Account (or respective account therein) and be used to meet the required deposits into any account therein.

**Section 10. Sale of Bonds.** The City Manager or his/her designee is authorized to negotiate and complete the sale of the Bonds to the Bond Bank on terms and conditions consistent with this ordinance and the respective Loan Agreement for the Bonds. Following the sale of the Bond Bank Bonds for a series of Bonds, such terms and conditions, including the final principal amount, date, principal installment payment schedule, interest rates, payment dates and prepayment provisions, all as provided for in this ordinance, shall be set forth in a Loan Agreement, all subject to the Assembly's approval by resolution, which resolution may, at the option of the Assembly, provide for delegation within parameters approved by the Assembly.

**Section 11. Undertaking to Provide Ongoing Disclosure.** The City and Borough will execute a certificate for ongoing disclosure in form and substance satisfactory to the purchaser of the Bonds, and the City Manager or his/her designee is hereby authorized and directed to execute such certificate.

**Section 12. Insurance.** The Bond Bank may, with the consent of the City and Borough and on terms and conditions acceptable to the City and Borough, obtain a policy of municipal bond insurance guaranteeing the payment when due of the principal of and interest on the Bond Bank's Bonds, issued to provide funds for the loan to the City and Borough pursuant to the Loan Agreement. By the Loan Agreement, the City Manager or his/her designee may approve any such policy of municipal bond insurance and authorize all other officers, agents, attorneys, and employees of the City and Borough to cooperate with the bond insurer in preparing such additional agreements, certificates, and other documentation on behalf of the City and Borough, consistent with this ordinance, as shall be necessary or advisable in providing for such policy of municipal bond insurance.

The City Manager or his/her designee also may obtain a surety policy in order to satisfy the Reserve Requirement on the condition that the surety policy meets the requirements of Qualified Insurance on terms and conditions determined to be acceptable to the City Manager or his/her designee. The City Manager or his/her designee may execute such additional agreements or certificates and provide such documentation to the issuer of such surety policy as shall be necessary or advisable in providing for such surety policy.

In connection with the initial issuance and sale of the Bonds to the Bond Bank, and notwithstanding the provisions of Section 20 of this ordinance to the contrary, the Assembly may by resolution modify any of the covenants or other provisions of this ordinance as may be required by a provider of bond insurance or a surety policy for the Bond Bank's Bonds.

**Section 13. Disposition of Proceeds of the Bonds.** The accrued interest received with respect to the Bonds, if any, shall be deposited into the Principal and Interest Account and used to pay interest on the Bonds coming due on the first date on which interest is due. In addition, the Finance Director may direct that all or a portion of the original issue premium, if any, also be deposited in the Principal and Interest Account. Unless the Reserve Requirement is satisfied with a Credit Facility, the Finance Director shall direct the deposit of a portion of the Bond proceeds equal to the Reserve Requirement in the Reserve Account.

The Finance Director has heretofore established a special fund of the City and Borough designated as the "Hospital Project Account" (the "Project Account"). The balance of the proceeds of the sale of the Bonds shall be deposited in the Project Account and shall be expended solely to pay the cost of issuing and selling the Bonds and, together with other available moneys of the City and Borough, shall be used to reimburse the City and Borough for funds already distributed for the costs of the Projects and to pay the costs of completing the Projects. Any money in the Project Account shall be invested by the Finance Director, pending disbursement, in any legal investment for City and Borough funds.

**Section 14. Defeasance.** In the event that money and/or noncallable Government Obligations maturing or having guaranteed redemption prices at the option of the holder at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Bonds in accordance with the their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, then no further payments need be made into the Bond Account or any account therein for the payment of the principal of and interest on the Bonds or portion thereof so provided for and the Bonds or portion thereof shall then cease to be entitled to any lien, benefit or security of this ordinance, except the right to receive the accounts so set aside and pledged, and the Bonds or portion thereof shall no longer be deemed to be outstanding hereunder.

**Section 15. Specific Covenants.** The City and Borough hereby covenants and agrees with the owners of the Bonds that for as long as the Bonds remain outstanding as follows:

(a) *Rate Covenant.* The City and Borough will establish, maintain and collect such rates and charges for service of the Hospital for so long as any Bonds are outstanding as will maintain the Rate Covenant. If the audited statement of revenues and expenses of the Hospital for any year discloses that the Rate Covenant is not being met, the City and Borough shall, at its expense, retain a Consultant for the purpose of making recommendations with respect to rates, fees, charges and operations with a view to restoring compliance with such Rate Covenant. The City and Borough shall, to the extent feasible and lawful, follow the reasonable recommendations of the Consultant. Written reasons for noncompliance shall be submitted to the Bond Bank. If and so long as the City and Borough complies in all material respects with the recommendations of the Consultant, and so long as Net Revenue is at least equal to the amounts required in such fiscal year to be paid as scheduled debt service (principal and interest) on all Parity Bonds in any year for which the Consultant's recommendations are made and any subsequent year for which such recommendations remain in place and for which the City and Borough continues to be in compliance with such recommendations, the Rate Covenant shall be deemed satisfied. A copy of the Consultant's written recommendations shall be supplied to the Bond Bank within six months of the end of the fiscal year

with respect to which the Rate Covenant was not met; if not so submitted, the Bond Bank may retain a Consultant at the City and Borough's expense.

(b) *Accreditation.* The City and Borough shall use its best efforts to cause the Hospital to remain accredited by the Joint Commission on Accreditation of Healthcare Organizations or any successor organization unless the board of directors of the Hospital determines that it is not in the best interest of the Hospital to maintain such accreditation. In any event, the Hospital shall remain certified under the Medicare program. The City and Borough also shall do all things necessary to obtain, renew and secure all governmental approvals necessary for operation of the Hospital.

(c) *Provider Status and Third-Party Reimbursement.* The City and Borough shall establish and maintain the status of the Hospital as a provider of service eligible for reimbursement under any programs by federal, State or local governments providing for the payment or reimbursement for service rendered.

(d) *Hospital Maintenance.* The City and Borough will at all times maintain and keep the Hospital in good repair, working order and condition, and also will at all times operate such facilities and the business in connection therewith in an efficient manner and at a reasonable cost.

(e) *Hazardous Substances.* The City and Borough will not cause or permit any Hazardous Substances to be brought upon, kept, used or generated by the Hospital, its agents, employees, contractors or invitees, in the operation of the Hospital except to the extent such Hazardous Substances are used and stored at the Hospital in the ordinary course of business and operation of the Hospital and in compliance with Environmental Laws.

(f) *Compliance with Environmental Laws.* The City and Borough will at all times and in all respects use its best efforts to comply with all Environmental Laws. The City and Borough's duty of compliance with Environmental Laws includes, without limitation, the duty to undertake the following specific actions: (1) the City and Borough will, at its own expense, procure, maintain in effect, and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required by all Environmental Laws, including, without limitation, permits required for discharge of (appropriately treated) Hazardous Substances into the ambient air or any sanitary sewers serving any real property owned or leased by the City and Borough and used by the Hospital; and (2) except as discharged into the ambient air or a sanitary sewer in strict compliance with all applicable Environmental Laws, any and all Hazardous Substances to be treated and/or disposed by the Hospital will be removed and transported solely by duly licensed transporters to a duly licensed treatment and/or disposal facility for final treatment and/or disposal (except when applicable Environmental Laws permit on-site treatment or disposal in a sanitary landfill.)

(g) *Disposal of Properties.* The City and Borough will not mortgage, sell, lease, or in any manner encumber or dispose of all or substantially all the property of the Hospital (voluntarily or involuntarily), unless provision is made for payment into the Bond Account of a sum sufficient to pay the principal of, premium, if any, and interest on all outstanding bonds payable therefrom, nor will it mortgage, sell, lease, or in any manner encumber or dispose of (including but not limited

to a disposition by transfer to another public or private organization) voluntarily or involuntarily any part of the Hospital that is used, useful and material to the operation of the Hospital unless

(1) the City and Borough certifies, based upon reasonable expectations, that the remaining assets of the Hospital shall be sufficient to continue regular operations of the City and Borough on a financially sound basis for a period of at least five years and

(2) provision is made for replacement thereof or for payment into the Bond Account of the total amount of revenue received which shall not be less than an amount which shall bear the same ratio to the amount of outstanding Parity Bonds as the greater of

(i) the Net Revenue available for Debt Service for such outstanding Parity Bonds for the 12 months preceding such sale, lease, encumbrance or disposal from the portion of the Hospital sold, leased, encumbered or disposed of bears to the Net Revenue available for Debt Service for such Parity Bonds from the entire Hospital for the same period;

(ii) the Hospital Revenues for the 12 months preceding such sale, lease, encumbrance or disposal from the portion of the Hospital sold, leased, encumbered or disposed of bears to the Hospital Revenues for the same period; or

(iii) the proportion of assets (on a depreciated basis) allocable to the assets being sold, leased, encumbered or disposed of bears to the total assets of the Hospital; or

*provided, however,* that the City and Borough may dispose of any portion of the facilities of the Hospital up to an aggregate of five percent annually of the book value of the total assets of the Hospital the requirement for any deposit to the Bond Account as hereinabove provided.

Any such moneys so paid into the Bond Account shall be used to retire such outstanding Parity Bonds at the earliest possible date. Any money received by the City and Borough as condemnation awards, insurance proceeds or the proceeds of sale, if not deposited to the Bond Account, shall be used for the replacement of facilities of the Hospital.

(h) *Books and Records.* The City and Borough will, while the Bonds remain outstanding, keep proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to the Hospital, and it will furnish the original purchaser or purchasers of the Bonds or any subsequent owner or owners thereof, at the written request of such owner or owners, complete operating and income statements of the Hospital in reasonable detail covering any fiscal year, showing the financial condition of the Hospital and compliance with the terms and conditions of this ordinance, not more than 120 days after the close of such fiscal year, and it will grant any owner or owners of at least 25% of the outstanding Bonds the right at all reasonable times to inspect the entire Hospital and all records, accounts and data of the City and Borough relating thereto. Upon request of any owner of any of said Bonds, it will also furnish to such owner a copy of the most recently completed audit of the City and Borough's accounts.

(i) *Property Insurance.* The City and Borough will carry or cause to be carried fire and extended coverage insurance covering the Hospital in such amounts and covering such risks as the City and Borough may determine from time to time. Such insurance shall be carried with

financially responsible insurance companies authorized to do business in the State, and may be carried under a policy or policies covering other property owned or controlled by the City and Borough or may be accomplished through a program of self-insurance, if a funded program of self insurance (reviewed at least annually by an actuary) is then maintained for properties of the City and Borough. The City and Borough agrees that such policies shall contain a provision that the same may not be canceled or given notice of non-renewal nor shall the terms of conditions thereof be altered, amended or modified without at least 45 days' prior written notice being given by the insurer to the City and Borough.

(j) *Liability Insurance.* The City and Borough shall maintain, or cause to be maintained, in full force and effect, comprehensive general liability insurance covering the Hospital in such amounts as may be established by the City and Borough from time to time but in any event not less than \$500,000 per occurrence. The City and Borough may provide all or a portion of any insurance by self insurance. Such insurance may be carried under a blanket policy with umbrella coverage. It is understood that this insurance covers any and all liability of the City and Borough and its officials, officers, employees and volunteers, and the procurement thereof does not constitute a waiver of the defense of governmental immunity. Such insurance (1) shall include coverage for any accident resulting in personal injury to or death of any person and consequential damages arising therefrom; (2) shall include comprehensive property damage insurance; (3) shall be issued by a financially responsible insurance company authorized to do business in the State; and (4) shall provide that the same may not be canceled or given notice of non-renewal nor shall the terms of conditions thereof be altered, amended or modified without at least 45 days prior written notice being given by the insurer to the City and Borough.

(k) *Ordinance a Contract.* This ordinance shall constitute a contract with the registered owners of the Bonds, and upon any default hereunder, said owner shall have the right to institute a mandamus action in any court of competent jurisdiction to compel performance by the City and Borough in accordance with the terms of this ordinance.

(l) *Tax Covenants.* The City and Borough covenants to undertake all actions required to maintain the tax-exempt status of interest on the Bonds under Section 103 of the Code as set forth in the Federal Tax Certificate that will be executed at the closing for the Bonds.

The City and Borough has not designated the Bonds as “qualified tax-exempt obligation” under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions.

## **Section 16. Future Parity Bonds.**

(a) *Conditions upon the Issuance of Future Parity Bonds.* As long as the Bonds and Outstanding Parity Bonds remain outstanding, the City and Borough hereby further covenants and agrees that it will not issue any obligations having a lien on the Hospital Revenues prior to the lien thereon of the Bonds and Outstanding Parity Bonds and further that it will not issue any Future Parity Bonds except in accordance with the conditions of this Section 16. The City and Borough hereby reserves the right to issue additional revenue obligations, which shall constitute a charge and lien upon the Hospital Revenues equal to the lien thereon of the Bonds and the Outstanding Parity Bonds. Except as provided in subsection (b) below, the City and Borough shall not issue

any series of Future Parity Bonds or incur any additional indebtedness with a parity lien or charge on Net Revenues (*i.e.*, on a parity of lien with Parity Bonds at the time outstanding) unless:

(1) the City and Borough shall not have been in default of its Rate Covenant for the immediately preceding fiscal year,

(2) The ordinance authorizing the issuance of such Future Parity Bonds shall provide that the Reserve Account be funded in amount equal to the Reserve Requirement shall be funded no later than the date of delivery of the Future Parity Bonds; and

(3) there shall have been filed a certificate (prepared as described in subsection (c) or (d) below) demonstrating fulfillment of the Parity Requirement, commencing with the first full fiscal year following the date on which any portion of interest on the series of Future Parity Bonds then being issued no longer will be paid from the proceeds of such series of Future Parity Bonds.

(b) *No Certificate Required.* The certificate described in the foregoing subsection (a)(3) shall not be required as a condition to the issuance of Future Parity Bonds:

(1) if the Future Parity Bonds being issued are for the purpose of refunding outstanding Parity Bonds and the refunding is being undertaken for debt service savings; or

(2) if the Future Parity Bonds are being issued to pay costs of construction of facilities of the Hospital for which Parity Bonds have been issued previously and the principal amount of such Future Parity Bonds being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of Parity Bonds theretofore issued for such facilities and reasonably allocable to the facilities to be completed as shown in a written certificate of the City and Borough Representative, and there is delivered a Consultant's certificate stating that the nature and purpose of such facilities has not materially changed.

(c) *Certificate of the City and Borough Without A Consultant.* If required pursuant to the foregoing subsection (a)(3), a certificate may be delivered by the City and Borough (executed by the City and Borough Representative) without a Consultant if Net Revenues for the Base Period (confirmed by an independent auditor) conclusively demonstrate that the Parity Requirement will be fulfilled commencing with the first full fiscal year following the date on which any portion of interest on the series of Future Parity Bonds then being issued will not be paid from the proceeds of such series of Future Parity Bonds.

(d) *Certificate of a Consultant.* Unless compliance with the requirements of subsection (a)(3) have been otherwise satisfied (as provided in (b) or (c) above), compliance with the Parity Requirement shall be demonstrated conclusively by a certificate of a Consultant.

In making the computations of Net Revenues for the purpose of certifying compliance with the Parity Requirement, the Consultant shall use as a basis the Net Revenues for the Base Period. Such Net Revenues shall be determined by adding the following:

(1) The historical net revenue of the Hospital for any 24 consecutive months out of the 36 months immediately preceding the month of delivery of the Future Parity Bonds being issued as determined by a Consultant.

(2) The estimated annual net revenue to be derived from any person, firm, association, private or municipal corporation under any executed contract for service, which net revenue was not included in any of the sources of net revenue described in this subsection (d).

(3) The estimated annual net revenue to be derived from any additional fees and charges that have been established by the Assembly as new Hospital Revenues that have not been previously included in any of the sources of net revenue described in this subsection (d).

(4) The estimated annual net revenue to be derived from the operation of any additions and improvements to or extensions of the Hospital being paid for out of the proceeds of sale of such Future Parity Bonds being issued.

In the event the Hospital will not derive any revenue as a result of the construction of the additions, improvements or extensions being made or to be made to the Hospital within the provisions of subparagraph (4) immediately above, the estimated normal Costs of Maintenance and Operation (excluding any transfer of money to other funds of the City and Borough and license fees, taxes and payments in lieu of taxes payable to the City and Borough) of such additions, improvements and extensions shall be deducted from estimated annual net revenue.

The words “historical net revenue” or “net revenue” as used in this subsection (d) shall mean the Hospital Revenues or any part or parts thereof less the normal expenses of maintenance and operation of the Hospital or any part or parts thereof, but before depreciation.

Such “historical net revenue” or “net revenue” shall be adjusted to reflect the rates and charges effective on the date of such certificate if there has been any change in such rates and charges during or after such 24-consecutive-month period.

(e) *Subordinate Lien Obligations.* Nothing herein contained shall prevent the City and Borough from issuing revenue bonds or other obligations which are a charge upon the Hospital Revenues junior or inferior to the payments required by this ordinance to be made out of such Hospital Revenues to pay and secure the payment of any outstanding Parity Bonds.

(f) *Refunding Obligations.* Nothing herein contained shall prevent the City and Borough from issuing revenue bonds to refund maturing Parity Bonds for the payment of which moneys are not otherwise available.

**Section 17. Lost, Stolen or Destroyed Bonds.** In case any Bond shall be lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond of like amount, date and tenor to the owner thereof upon the owner’s paying the expenses and charges of the City and Borough in connection therewith and upon his filing with the City and Borough evidence satisfactory to both that such Bond was actually lost, stolen or destroyed and of his ownership thereof, and upon furnishing the City and Borough with indemnity satisfactory to it.



**Section 18. Form of Bonds and Registration Certificate.** The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. \_\_\_\_\_ \$ \_\_\_\_\_

STATE OF ALASKA

CITY AND BOROUGH OF JUNEAU  
HOSPITAL REVENUE BOND, 2022[SERIES DESIGNATION]  
(BARTLETT REGIONAL HOSPITAL PROJECT)

INTEREST RATES: See Below

FINAL MATURITY DATE:

REGISTERED OWNER: ALASKA MUNICIPAL BOND BANK

PRINCIPAL AMOUNT:

THE CITY AND BOROUGH OF JUNEAU, ALASKA (the “City and Borough”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount indicated above in accordance with the installment payment schedule set forth below (unless prepaid prior thereto as provided herein) and to pay interest thereon from \_\_\_\_\_, 20\_\_\_\_, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the interest rates set forth below, payable on \_\_\_\_\_ 1, 20\_\_\_\_ and semiannually thereafter on the first day of each \_\_\_\_\_ and \_\_\_\_\_.

Year of Principal Installment Payment (_____ 1)	Principal Installment Amount	Interest Rate
\$		

Both principal of and interest on this bond are payable in lawful money of the United States of America. Installments of principal of and interest on this bond shall be paid by check or draft mailed to the Registered Owner at the address appearing on the Bond Register on the 15<sup>th</sup> day of the month preceding the interest payment date, and principal of this bond shall be payable upon presentation and surrender of this bond by the Registered Owner at the principal office of the Finance Director of the City and Borough of Juneau, Alaska (the “Bond Registrar”).

This bond is a hospital revenue bond of the Borough and is issued pursuant to Ordinance Serial No. 2021-43 (the “Bond Ordinance”) for the purpose of financing capital improvements to Bartlett Regional Hospital of the City and Borough.

The bond is subject to redemption as described in the Loan Agreement.

The City and Borough hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Ordinance.

The City and Borough does hereby pledge and bind itself to set aside from such Hospital Revenues, and to pay into said Bond Account the various amounts required by the Bond Ordinance to be paid into and maintained in said Account, all within the times provided by said Bond Ordinance.

To the extent more particularly provided by the Bond Ordinance, the amounts so pledged to be paid from the Hospital Revenue Account out of the Hospital Revenues into the Bond Account and the account therein shall be a lien and charge thereon equal in rank to the lien and charge upon said revenue of the amounts required to pay and secure the payment of the Outstanding Parity Bonds and any Hospital Revenue bonds of the City and Borough hereafter issued on a parity with the bonds of this issue and superior to all other liens and charges of any kind or nature except Costs of Maintenance and Operation.

The City and Borough has further bound itself to maintain the Hospital in good repair, working order and condition, to operate the same in an efficient manner and at a reasonable cost, and to establish, maintain and collect rates and charges for as long as any of the bonds of this issue are outstanding that will make available, for the payment of the principal thereof and interest thereon as the same shall become due, net revenue in an amount which will be at least equal to the Rate Covenant.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

This bond is not a “qualified tax-exempt obligation” under Section 265(b) of the Code for banks, thrift institutions and other financial institutions.

It is hereby certified and declared that this bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Alaska and ordinances of the City and Borough, including the Bond Ordinance, and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the City and Borough of Juneau, Alaska has caused this bond to be executed by the manual or facsimile signature of its City Manager or his/her designee and

attested by the manual or facsimile of the Clerk, and the official seal of the City and Borough to be impressed, imprinted or otherwise reproduced hereon, as of this \_\_\_\_ day of \_\_\_\_\_, 2022.

CITY AND BOROUGH OF  
JUNEAU, ALASKA

By \_\_\_\_\_  
/s/ manual or facsimile  
City Manager or Designee

ATTEST:

\_\_\_\_\_  
/s/ manual or facsimile  
Clerk

The Certificate of Authentication for the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This bond is the Hospital Revenue Bond, 2022[Series Designation] (Bartlett Regional Hospital Project) of the City and Borough of Juneau, Alaska, dated \_\_\_\_\_, 2022, and described in the within-mentioned Bond Ordinance.

CITY AND BOROUGH OF JUNEAU, ALASKA  
FINANCE DIRECTOR, as Bond Registrar

By \_\_\_\_\_  
Finance Director

**Section 19. Execution of Bonds.** The Bonds shall be executed on behalf of the City and Borough with the manual or facsimile signature of the City Manager or his/her designee, shall be attested by the manual or facsimile signature of the City and Borough Clerk, and the seal of the City and Borough shall be impressed or a facsimile thereof imprinted or otherwise reproduced thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

In case either of the officers who shall have executed the Bonds shall cease to be officer or officers of the City and Borough before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City and Borough, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City and Borough as though those who signed the same had continued to

be such officers of the City and Borough. Any Bonds may also be signed and attested on behalf of the City and Borough by such persons who are at the actual date of delivery of such Bonds the proper officers of the City and Borough although at the original date of such Bonds any such person shall not have been such officer of the City and Borough.

**Section 20. Supplements and Amendments.**

(a) *Without Consent of Owner.* The City and Borough from time to time and at any time may adopt an ordinance or ordinances supplemental hereof, which ordinance or ordinances thereafter shall become a part of this ordinance, for one or more or all of the following purposes:

(1) To add to the covenants and agreements of the City and Borough in this ordinance contained and other covenants and agreements thereafter to be observed, which shall not adversely affect the interests of the owners of the Bonds, or to surrender any rights or power herein reserved to or conferred upon the City and Borough.

(2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this ordinance in regard to matters or questions arising under the ordinance as the Assembly may deem necessary or desirable and not inconsistent with the ordinance and which shall not adversely affect the interest of the owner of Parity Bonds.

Any such supplemental ordinance of the Assembly may be adopted without the consent of any owner of the Bonds at any time outstanding, notwithstanding any of the provisions of this section.

(b) *With Owners' Consent.* With the consent of the majority of the owners of Parity Bonds, the Assembly of the City and Borough may adopt an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this ordinance or of any supplemental ordinance; provided, however, that no such supplemental ordinance shall extend the fixed maturity of the Bonds, or reduce the rate of interest thereon, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof without the consent of the owner of each Parity Bond so affected.

It shall not be necessary for the consent of the owners under this subsection to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

(c) *Effective Date of Modification.* Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the City and Borough under this ordinance shall thereafter be determined, exercised and enforced thereunder, subject in all respect to such modification and amendments, and all the terms and conditions of any such supplemental ordinance shall be deemed to be part of the terms and conditions of this ordinance for any and all purposes. A copy of each supplemental ordinance shall be provided to the owners of the Bonds.

**Section 21. Compliance with Parity Conditions** The Assembly hereby finds and determines, as required by Section 15 of Ordinance Serial No. 2012-23, as follows:

(1) The City and Borough is not and has not been in default of its Rate Covenant for the fiscal year ending June 30, 2021;

(2) The Reserve Requirement shall be met no later than the date of issuance of the Bonds; and

(3) There shall be filed a certificate demonstrating fulfillment of the Parity Requirement on or before the date of issuance of the Bonds.

The applicable parity conditions set forth in Ordinance Serial No. 2012-23 having been complied with, the Bonds shall be issued on a parity of lien with the Outstanding Parity Bonds.

**Section 22. Severability.** If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City and Borough shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this ordinance and shall in no way affect the validity of the other provisions of this ordinance.

**Section 23. Effective Date.** This ordinance shall be effective immediately upon its passage.

ADOPTED this 10th day of January, 2022.

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Beth A. Weldon, Mayor

ATTEST:

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Elizabeth J. McEwen, Municipal Clerk

CERTIFICATE

I, the undersigned, Clerk of the City and Borough of Juneau, Alaska (the “City and Borough”), DO HEREBY CERTIFY:

1. That the attached Ordinance Serial No. 2021-43 (herein called the “Ordinance”) is a true and correct copy of an Ordinance of the City and Borough as finally adopted at a meeting of the Assembly held on the 10th day of January, 2022 and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Assembly was present throughout the meeting and a legally sufficient number of members of the Assembly voted in the proper manner for the adoption of the Ordinance; that all other requirements and proceedings incident to the proper adoption of the Ordinance have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of January, 2022.

---

Elizabeth J. McEwen, Municipal Clerk  
City and Borough of Juneau

# Bartlett Regional Hospital

3260 Hospital Drive, Juneau, Alaska 99801

907.796.8900

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

DATE: December 6, 2021  
TO: BRH Finance Committee  
FROM: Kevin Benson, Chief Financial Officer  
RE: Provider Relief Funds

Bartlett Regional Hospital received \$1,816,018 of additional funding from the American Rescue Act. This phase is for providers who have served rural Medicaid and Medicare beneficiaries from January 1, 2019 through September 30, 2020. Although Juneau is not considered “rural”, patients from outlying communities did qualify BRH to receive funds.

There is one more future funding from this legislation scheduled to be distributed in December.

Attached is the full listing of providers receiving funds in the State of Alaska.

American Rescue Act  
 List of Alaska Providers Receiving Payments  
 Payments Released Beginning November 23, 2021

Provider Name	City	State	Payment
HAPPY VALLEY ASSISTED LIVING LLC	ANCHOR POINT	AK	\$2,533.91
ADVANCED PAIN CENTERS OF ALASKA, INC	ANCHORAGE	AK	\$1,364.65
ALASKA EYE CARE CENTERS, APC	ANCHORAGE	AK	\$17,380.27
ALASKA NEURODIAGNOSTIC AND REHABILITATION MEDICINE INC	ANCHORAGE	AK	\$500.00
ALASKA SPECIALTY HOSPITAL, LLC	ANCHORAGE	AK	\$279,047.10
ALEUTIAN PRIBILOF ISLANDS ASSOCIATION INC	ANCHORAGE	AK	\$9,375.48
ANCHOR ERUPTION ENTERPRISES LLC	ANCHORAGE	AK	\$1,639.60
ANCHORAGE COMMUNITY MENTAL HEALTH SERVICES INC	ANCHORAGE	AK	\$23,221.86
ANCHORAGE MANOR 1	ANCHORAGE	AK	\$500.00
ARCTIC ANESTHESIA LLC	ANCHORAGE	AK	\$500.00
ARCTIC CHIROPRACTIC EAST ANCHORAGE	ANCHORAGE	AK	\$500.00
ARCTIC CHIROPRACTIC HUFFMAN	ANCHORAGE	AK	\$500.00
ARCTIC CHIROPRACTIC SOUTH, LLC	ANCHORAGE	AK	\$500.00
ARCTIC MEDICAL CENTER	ANCHORAGE	AK	\$960.11
AUDIOLOGY ASSOCIATES INC	ANCHORAGE	AK	\$2,027.32
BETTER HEALTH PAIN AND WELLNESS CENTERS, LLC	ANCHORAGE	AK	\$500.00
BTY DENTAL GROUP	ANCHORAGE	AK	\$12,555.03
CARE CENTER (ANCHORAGE) INC.	ANCHORAGE	AK	\$92,260.36
CHRISTIAN HEALTH ASSOCIATES	ANCHORAGE	AK	\$1,112.86
CHUGACH PHYSICAL THERAPY INC	ANCHORAGE	AK	\$500.00
CINDY AND VICS R & R, INC	ANCHORAGE	AK	\$2,111.59
CLEAR DENTAL, LLC	ANCHORAGE	AK	\$500.00
CREED K MAMIKUNIAN MD	ANCHORAGE	AK	\$500.00
CREED MAMIKUNIAN	ANCHORAGE	AK	\$500.00
DAY SPRING ASSISTED LIVING HOME, LLC.	ANCHORAGE	AK	\$1,689.27
DIMOND CHIROPRACTIC LLC	ANCHORAGE	AK	\$500.00
DR MAN'S DENTAL GROUP, INC.	ANCHORAGE	AK	\$500.00
EASTERN ALEUTIAN TRIBES, INC.	ANCHORAGE	AK	\$14,983.14
ELENAS PLACE II CORP.	ANCHORAGE	AK	\$500.00
FAIRBANKS COMMUNITY MENTAL HEALTH SERVICES LLC	ANCHORAGE	AK	\$17,897.26
FAR NORTH EYE CARE, LLC	ANCHORAGE	AK	\$13,940.12
FOOTHILLS DENTISTRY ALASKA, LLC	ANCHORAGE	AK	\$5,798.54
FRESENIUS MEDICAL CARE SOUTHWEST ANCHORAGE, LLC	ANCHORAGE	AK	\$27,262.70
GENEVA WOODS SURGICAL CENTER INC	ANCHORAGE	AK	\$19,200.84
GLACIER DENTAL, LLC	ANCHORAGE	AK	\$4,382.81
GOOD GRACE ASSISTED LIVING HOME,LLC	ANCHORAGE	AK	\$844.64
HEALTH COURT FOODS,INC.	ANCHORAGE	AK	\$1,689.27
HEARTS & HANDS OF CARE INC.	ANCHORAGE	AK	\$66,726.18
HERITAGE HOME	ANCHORAGE	AK	\$844.64
HIBISCUS ASSISTED LIVING HOME LLC	ANCHORAGE	AK	\$844.64
HOPE COMMUNITY RESOURCES INC	ANCHORAGE	AK	\$81,265.23
INFINITE CARE OF ALASKA LLC	ANCHORAGE	AK	\$3,271.39
INTERNAL MEDICINE ASSOCIATES LLC	ANCHORAGE	AK	\$29,106.96
JAMIEZON ALH	ANCHORAGE	AK	\$500.00
JUST KIDS, INC	ANCHORAGE	AK	\$13,825.22
LIFEMED ALASKA LLC	ANCHORAGE	AK	\$177,071.39
LILY POND ALH, LLC	ANCHORAGE	AK	\$844.64



American Rescue Act  
List of Alaska Providers Receiving Payments  
Payments Released Beginning November 23, 2021

Provider Name	City	State	Payment
LLOYD CHIROPRACTIC PC	ANCHORAGE	AK	\$500.00
MARK E RICHEY MD PC	ANCHORAGE	AK	\$1,102.94
MARY ANN JACOB, M.D., LLC	ANCHORAGE	AK	\$500.00
MARY P DEMERS DO & ASSOCIATES LLC	ANCHORAGE	AK	\$500.00
MULDOON DEVELOPMENT PARTNERS LLC	ANCHORAGE	AK	\$19,741.95
NATALIE J BEYELER DO	ANCHORAGE	AK	\$3,981.03
NORTHBRIDGE LLC	ANCHORAGE	AK	\$500.00
PCR ALASKA LLC	ANCHORAGE	AK	\$844.64
PHILIP J LATTEIER DDS LLC	ANCHORAGE	AK	\$500.00
PROVIDENCE HEALTH & SERVICES - WASHINGTON	ANCHORAGE	AK	\$3,619.74
PROVIDENCE HEALTH & SERVICES WASHINGTON	ANCHORAGE	AK	\$47,163.75
PROVIDENCE HEALTH & SERVICES WASHINGTON	ANCHORAGE	AK	\$3,511,296.93
PROVIDENCE HEALTH & SERVICES WASHINGTON	ANCHORAGE	AK	\$68,551.28
PROVIDENCE HEALTH & SERVICES WASHINGTON	ANCHORAGE	AK	\$22,486.54
PROVIDENCE HEALTH & SERVICES-WASHINGTON	ANCHORAGE	AK	\$2,956.22
PROVIDENCE IMAGING CENTER	ANCHORAGE	AK	\$29,255.47
RYAN P. ERSLAND, D.M.D. LLC	ANCHORAGE	AK	\$500.00
SAINT PIO ASSISTED LIVING HOME LLC	ANCHORAGE	AK	\$500.00
SOUTH ANCHORAGE DENTAL CENTER	ANCHORAGE	AK	\$3,028.21
SPALDING DENTAL LLC	ANCHORAGE	AK	\$651.46
TASHIA AMSTISLAVSKI MA LCSW LLC	ANCHORAGE	AK	\$500.00
TERRY J. PREECE DDS PC	ANCHORAGE	AK	\$555.42
TRUA HEALTH & WELLNESS	ANCHORAGE	AK	\$500.00
TURNAGAIN SOCIAL CLUB	ANCHORAGE	AK	\$9,748.59
VILLAGE EYE WEAR INC	ANCHORAGE	AK	\$686.62
WISE PHYSICAL THERAPY AND REHABILITATION INC.	ANCHORAGE	AK	\$761.29
YIM CORPORATION	ANCHORAGE	AK	\$500.00
ARCTIC SLOPE NATIVE ASSOCIATION LTD	BARROW	AK	\$394,487.81
ARCTIC THERAPY AND REHAB BETHEL	BETHEL	AK	\$500.00
BETHEL FAMILY CLINIC	BETHEL	AK	\$19,106.23
COOPER LANDING EMERGENCY SERVICES INC	COOPER LANDING	AK	\$500.00
CORDOVA COMMUNITY HOSPITAL	CORDOVA	AK	\$84,506.85
NATIVE VILLAGE OF EYAK	CORDOVA	AK	\$17,350.47
ARCTIC CHIROPRACTIC DELTA	DELTA JUNCTION	AK	\$636.59
ALASKA PEDIATRIC NIGHT CLINIC, INC.	EAGLE RIVER	AK	\$3,049.53
ALLEN DENTAL GROUP LLC	EAGLE RIVER	AK	\$2,257.68
BEHAVIOR MATTERS CALIFORNIA LLC	EAGLE RIVER	AK	\$1,824.48
BEHAVIOR MATTERS LLC	EAGLE RIVER	AK	\$500.00
CHUN PIU MAN, INC.	EAGLE RIVER	AK	\$1,109.08
EAGLE RIVER VISION CLINIC INC	EAGLE RIVER	AK	\$1,604.43
ARCTIC CHIROPRACTIC FAIRBANKS LLC	FAIRBANKS	AK	\$553.18
ARCTIC PHYSICAL THERAPY AND REHABILITATION DELTA JUNCTION LLC	FAIRBANKS	AK	\$3,916.92
AUGUSTA PLASSMANN KING OD LLC	FAIRBANKS	AK	\$811.15
CROSSROADS COUNSELING & TRAINING SERVICES	FAIRBANKS	AK	\$844.64
DISCOVER CHIROPRACTIC INC	FAIRBANKS	AK	\$500.00
DR PETER LAWRASON PC	FAIRBANKS	AK	\$500.00
FOUR CORNERS DENTAL GROUP FAIRBANKS	FAIRBANKS	AK	\$22,561.71

American Rescue Act  
List of Alaska Providers Receiving Payments  
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Provider Name	City	State	Payment
INFINITE OPTIONS CARE COORDINATION SERVICES LLC	FAIRBANKS	AK	\$21,969.53
RENAL CARE GROUP ALASKA (FAIRBANKS) LLC	FAIRBANKS	AK	\$12,221.21
RESTORE INCORPORATED	FAIRBANKS	AK	\$5,334.46
SUMMIT CHIROPRACTIC LLC	FAIRBANKS	AK	\$500.00
WENTZ ORTHODONTICS	FAIRBANKS	AK	\$521.59
CROSS ROAD HEALTH MINISTRIES INC	GLENNALLEN	AK	\$47,819.18
HOMER BIRTH AND WELLNESS CENTER	HOMER	AK	\$3,119.72
HOMER EYECARE LLC	HOMER	AK	\$15,148.84
NORDIC LIVING	HOMER	AK	\$1,266.95
SELDOVIA VILLAGE TRIBE	HOMER	AK	\$34,886.98
SOUTH PENINSULA BEHAVIORAL HEALTH SERVICES INC	HOMER	AK	\$77,187.48
SOUTH PENINSULA HOSPITAL INC	HOMER	AK	\$1,464,578.73
ARCTIC CHIROPRACTIC AND PHYSICAL MEDICINE KETCHIKAN	JUNEAU	AK	\$1,659.23
AURORA CHIROPRACTIC CENTER PC	JUNEAU	AK	\$1,108.89
BARTLETT REGIONAL HOSPITAL	JUNEAU	AK	\$1,794,392.42
BARTLETT REGIONAL HOSPITAL	JUNEAU	AK	\$21,625.96
DIALYSIS SERVICES OF SOUTHEAST ALASKA, LLC	JUNEAU	AK	\$22,562.23
GLACIER PEDIATRICS, LLC	JUNEAU	AK	\$9,766.44
JUNEAU EMERGENCY MEDICAL ASSOCIATES INC	JUNEAU	AK	\$60,445.97
JUNEAU MOBILE THERAPY LLC	JUNEAU	AK	\$1,340.96
JUNEAU PEDIATRIC DENTISTRY	JUNEAU	AK	\$24,663.25
JUNEAU SPINE AND PAIN CENTER LLC	JUNEAU	AK	\$12,808.76
REACH, INC	JUNEAU	AK	\$61,319.11
SOUTHEAST ALASKA REGIONAL HEALTH CONSORTIUM	JUNEAU	AK	\$2,258,739.32
SOUTHEAST URGENT CARE INCORPORATED	JUNEAU	AK	\$16,844.83
WILDFLOWER COURT INC	JUNEAU	AK	\$150,863.47
CITY OF KENAI	KENAI	AK	\$30,691.03
FRANKLIN TODD WORTHAM DDS, LLC	KENAI	AK	\$4,887.31
KENAITZE INDIAN TRIBE	KENAI	AK	\$86,599.38
RIVER CITY DENTAL, INC.	KENAI	AK	\$9,263.99
COMMUNITY CONNECTIONS	KETCHIKAN	AK	\$82,834.33
KETCHIKAN INDIAN CORPORATION	KETCHIKAN	AK	\$47,479.54
LEGACY HEALTH CLINIC LLC	KETCHIKAN	AK	\$3,928.28
OPTIMUM HEALTH AND WELLNESS PHYSICAL THERAPY INC	KETCHIKAN	AK	\$9,718.16
RESIDENTIAL YOUTH CARE, INC.	KETCHIKAN	AK	\$14,676.86
WILLIAM D PFEIFER DC	KETCHIKAN	AK	\$500.00
CARRIE RANDOLPH D.D.S. INC.	KODIAK	AK	\$4,460.74
'GENTLE DENTISTRY' JENNIFER SPIVEY DDS	KODIAK	AK	\$7,203.45
PROVIDENCE HEALTH & SERVICES WASHINGTON	KODIAK	AK	\$630,637.42
SENIOR CITIZENS OF KODIAK, INC.	KODIAK	AK	\$8,868.67
SUNRISE ASSISTED LIVING FACILITY, LLC	KODIAK	AK	\$2,533.91
MANIILAQ ASSOCIATION	KOTZEBUE	AK	\$993,125.43
CAMAI COMMUNITY HEALTH CENTER INC	NAKNEK	AK	\$4,476.33
NORTON SOUND HEALTH CORPORATION	NOME	AK	\$1,154,417.15
INTERIOR CARE COORDINATION LLC	NORTH POLE	AK	\$2,676.19
ALASKA WEIGHT MANAGEMENT AND DIABETES COUNSELING	PALMER	AK	\$500.00
ARCTIC CHIROPRACTIC AND PHYSICAL MEDICINE KODIAK	PALMER	AK	\$2,174.69

American Rescue Act  
 List of Alaska Providers Receiving Payments  
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Provider Name	City	State	Payment
ARCTIC CHIROPRACTIC BETHEL, LLC	PALMER	AK	\$500.00
ARCTIC CHIROPRACTIC EAST MAT-SU LLC	PALMER	AK	\$5,512.31
ARCTIC CHIROPRACTIC WRANGELL, LLC	PALMER	AK	\$646.85
ARCTIC REHABILITATION AND PHYSICAL THERAPY ANCHORAGE LLC	PALMER	AK	\$641.77
CODI, INC.	PALMER	AK	\$31,232.40
DENALI PHYSICAL THERAPY LIMITED PARTNERSHIP	PALMER	AK	\$804.32
EMPOWER MEDICAL AND WELLNESS	PALMER	AK	\$500.00
EXCEL PHYSICAL THERAPY LIMITED PARTNERSHIP	PALMER	AK	\$23,947.20
HEIRLOOM WELLNESS & BIRTH LLC	PALMER	AK	\$1,990.14
MAT-SU VALLEY MEDICAL CENTER LLC	PALMER	AK	\$4,757,372.95
MELANIE ANN HANSEN	PALMER	AK	\$500.00
PETERSBURG DENTAL, INC.	PETERSBURG	AK	\$6,301.90
THE PETERSBURG MEDICAL CENTER	PETERSBURG	AK	\$257,611.77
ARCTIC CHIROPRACTIC SEWARD	SEWARD	AK	\$500.00
CITY OF SEWARD	SEWARD	AK	\$170,628.29
DR. MICHAEL P. MORIARTY, P.C.	SEWARD	AK	\$6,389.85
GLACIER FAMILY MEDICINE CLINIC LLC	SEWARD	AK	\$8,278.65
LACUNA FAMILY MEDICINE, INC.	SEWARD	AK	\$540.58
ARCTIC CHIROPRACTIC SITKA LLC	SITKA	AK	\$854.36
BARANOF CHIROPRACTIC, INC	SITKA	AK	\$1,121.40
SITKA COUNSELING & PREVENTION SERVICES INC	SITKA	AK	\$37,628.37
BINKLEY STREET DENTAL CLINIC PC	SOLDOTNA	AK	\$2,329.77
BRIAN E LARSON DC PC	SOLDOTNA	AK	\$1,561.16
FRESENIUS MEDICAL CARE SOLDOTNA, LLC	SOLDOTNA	AK	\$35,723.53
K-BEACH MEDICAL INC	SOLDOTNA	AK	\$8,632.10
KEEN EYE CARE ASSISTED LIVING INC	SOLDOTNA	AK	\$1,266.95
KENAI SPINE LLC	SOLDOTNA	AK	\$14,554.01
KRISTINA M JAMES	SOLDOTNA	AK	\$1,400.11
PENINSULA COMMUNITY HEALTH SERVICES OF ALASKA INC	SOLDOTNA	AK	\$165,959.56
RIVER HEALTH & WELLNESS, LLC	SOLDOTNA	AK	\$2,743.57
SCOTT INNES MD PC	SOLDOTNA	AK	\$16,596.49
SUNSHINE COMMUNITY HEALTH CENTER INC	TALKEETNA	AK	\$60,727.70
ILIULIUK FAMILY AND HEALTH SERVICES INC	UNALASKA	AK	\$6,540.43
ARCTIC CHIROPRACTIC VALDEZ LLC	VALDEZ	AK	\$500.00
CITY OF VALDEZ	VALDEZ	AK	\$175,407.51
PACIFIC PEDIATRICS, LLC	WARD COVE	AK	\$543.99
RUSSELL DEGROOTE MD PC	WARD COVE	AK	\$1,145.96
ALASKA DENTAL ARTS LLC	WASILLA	AK	\$16,457.35
ALTAIR INTEGRATIVE WELLNESS	WASILLA	AK	\$772.07
ANCORA HOME HEALTH & HOSPICE, LLC	WASILLA	AK	\$215,139.20
CENTER FOR WOMENS HEALTH CARE LLC	WASILLA	AK	\$36,484.05
DR. JOSEPH WANG	WASILLA	AK	\$2,560.32
EDWARD C GODNIG	WASILLA	AK	\$511.26
GOLDEN AGERS HOMECARE, LLC	WASILLA	AK	\$844.64
JASON M. LANE DDS, LLC	WASILLA	AK	\$3,346.23
MAPLE SPRINGS OF WASILLA SNF HOLDINGS LLC	WASILLA	AK	\$120,273.40
MAT-SU HEALTH SERVICES INC.	WASILLA	AK	\$178,676.59

American Rescue Act  
 List of Alaska Providers Receiving Payments  
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Provider Name	City	State	Payment
MAT-SU SERVICES FOR CHILDREN & ADULTS	WASILLA	AK	\$72,275.88
MOOSE CREEK MEDICAL CLINIC LLC	WASILLA	AK	\$8,760.98
REAL TIME INC	WASILLA	AK	\$4,328.36
RENAL CARE GROUP WASILLA LLC	WASILLA	AK	\$69,566.87
SAMEER KAPIL, DMD, LLC	WASILLA	AK	\$18,233.07
SURGERY CENTER OF WASILLA, LLC	WASILLA	AK	\$112,406.39
TRUE NORTH RECOVERY INC	WASILLA	AK	\$27,178.30
URGENT CARE AT LAKE LUCILLE INC	WASILLA	AK	\$25,434.17
VALLEY CHIROPRACTIC CLINIC, INC	WASILLA	AK	\$2,232.63
WASILLA PHYSICAL THERAPY INC.	WASILLA	AK	\$10,655.39
			<u>\$21,182,753.32</u>