



**Ferry County Public Hospital
District No. 1
doing business as
Ferry County Memorial
Hospital**

**Presentation to the Board of Directors
December 31, 2020**

Dingus, Zarecor & Associates PLLC (DZA)

- CPA firm specialized in healthcare (over 95%)
- CPA firm specialized in critical access hospitals (over 65 served)
- Audit
- Medicare and Medicaid reimbursement
- IRS Form 990
- Consulting

Agenda

- Independent auditors' report
- Statement of Net Position
- Statement of Revenues and Expenses
- Financial indicators
- Required communication with those charged with governance

Independent Auditors' Report

- Unqualified opinion
- Financial statements ***present fairly*** the financial position, changes in financial position, and cash flows
- Emphasis of matter—COVID-19

Financial Statements

Ferry County Public Hospital
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Assets

ASSETS	2020	2019
<i>Current assets</i>		
Cash and cash equivalents	\$ 10,050,695	\$ 3,961,333
Receivables:		
Patient accounts, net of estimated uncollectibles	1,961,985	2,130,229
Taxes	21,021	20,003
Estimated third-party payor settlements	-	11,000
Other	1,500	100,000
Cash and cash equivalents restricted for debt service	263,781	263,037
Inventories	228,386	193,999
Prepaid expenses	38,792	32,053
Total current assets	12,566,160	6,711,654
<i>Noncurrent assets</i>		
Capital assets, net of accumulated depreciation	5,687,545	6,072,606
Total noncurrent assets	5,687,545	6,072,606
Total assets	\$ 18,253,705	\$ 12,784,260

Liabilities and Net Position

LIABILITIES AND NET POSITION	2020	2019
<i>Current liabilities</i>		
Current maturities of long-term debt	\$ 96,444	\$ 89,101
Current maturities of capital lease obligations	55,939	113,006
Unearned CARES Act Provider Relief Fund	2,935,010	-
Unearned other provider relief funds	483,136	-
Estimated third-party payor settlements	310,874	739,000
Accounts payable	581,621	449,014
Capital accounts payable	47,156	483,282
Accrued compensation and related liabilities	592,729	603,778
Accrued interest payable	160,906	174,708
Total current liabilities	5,263,815	2,651,889
<i>Noncurrent liabilities</i>		
Paycheck Protection Program loan	1,280,228	-
Long-term debt, less current maturities	3,547,567	3,937,552
Capital lease obligations, less current maturities	56,103	112,365
Total noncurrent liabilities	4,883,898	4,049,917
Total liabilities	10,147,713	6,701,806
<i>Net position</i>		
Net investment in capital assets	1,723,430	1,162,592
Restricted for debt service	263,781	263,037
Unrestricted	6,118,781	4,656,825
Total net position	8,105,992	6,082,454
Total liabilities and net position	\$ 18,253,705	\$ 12,784,260

Operating Results

	2020	2019
<i>Operating revenues</i>		
Net patient service revenue	\$ 15,057,576	\$ 13,507,612
Grants	55,550	46,369
Other	59,834	99,978
Total operating revenues	15,172,960	13,653,959
<i>Operating expenses</i>		
Salaries and wages	6,959,375	6,019,664
Employee benefits	1,778,193	1,548,796
Professional fees	1,496,486	1,562,018
Purchased services	1,061,906	929,256
Supplies	1,136,033	1,014,477
Utilities	261,507	251,905
Rentals and leases	10,450	61,992
Repairs and maintenance	271,529	101,775
Depreciation and amortization	802,692	755,686
Insurance	93,118	85,159
Other	278,822	309,102
Total operating expenses	14,150,111	12,639,830
<i>Operating income</i>	1,022,849	1,014,129

Nonoperating Results

	2020	2019
<i>Nonoperating revenues (expenses)</i>		
Tax revenue	272,440	260,744
Capital grant	-	100,000
Nonoperating revenue	16,709	28,288
Contributions	4,862	7
Interest expense	(180,367)	(208,684)
Interest income	35,486	70,479
Other provider relief funds	37,141	-
CARES Act Provider Relief Fund	814,418	-
Total nonoperating revenues, net	1,000,689	250,834
Change in net position	2,023,538	1,264,963
Net position, beginning of year	6,082,454	4,817,491
Net position, end of year	\$ 8,105,992	\$ 6,082,454

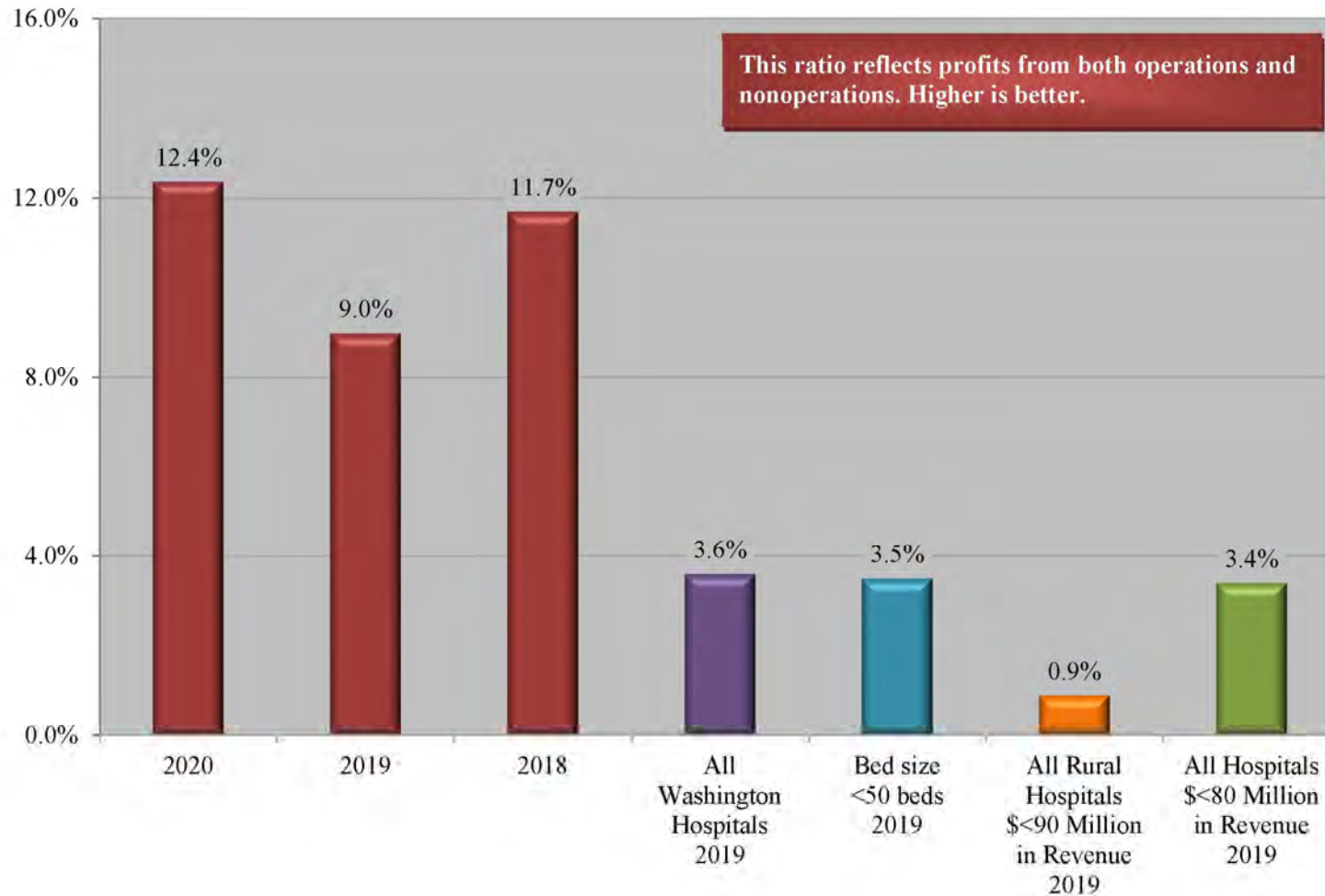


Financial Indicators

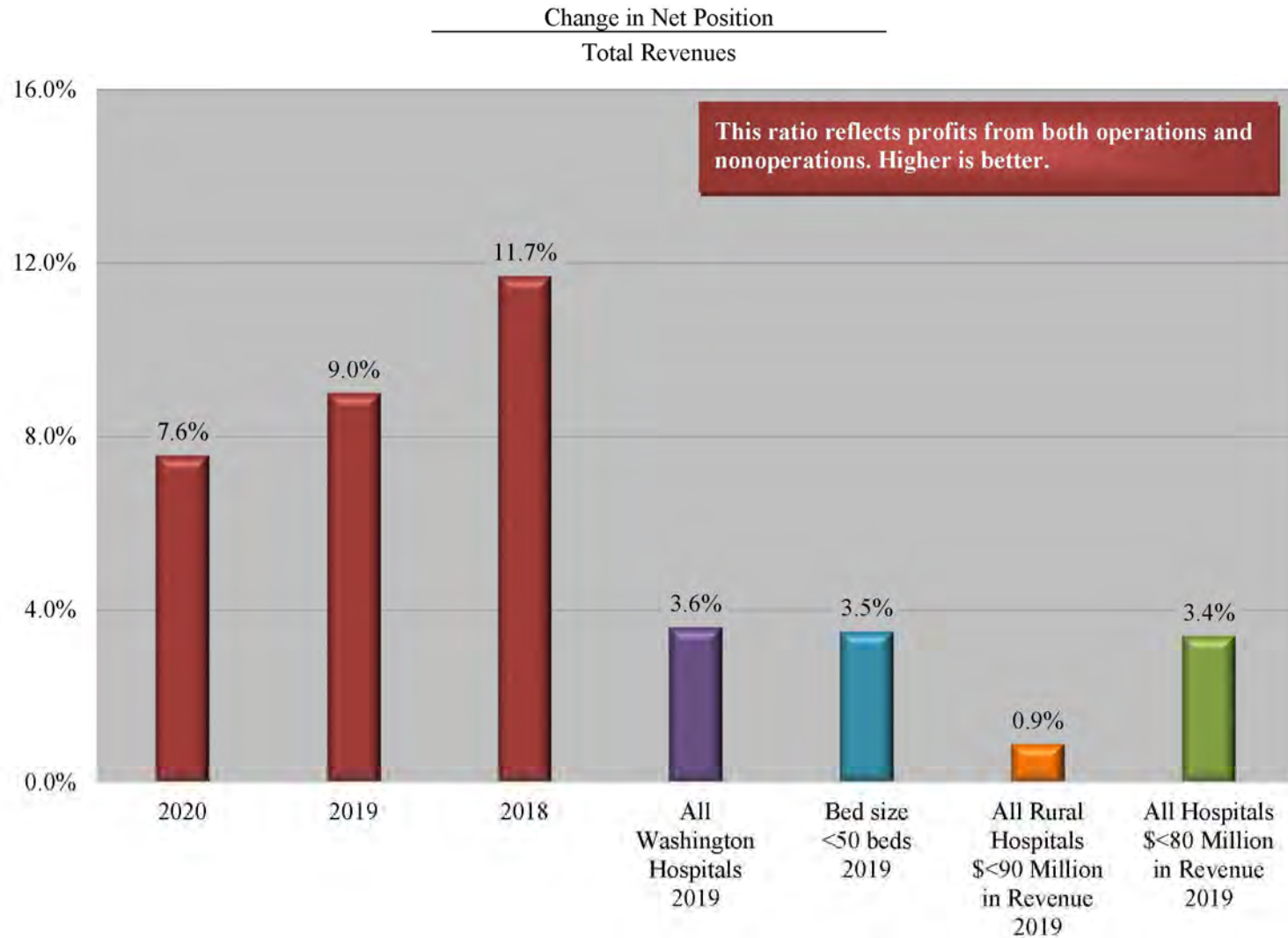
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Total Margin – All Sources

$\frac{\text{Change in Net Position}}{\text{Total Revenues}}$

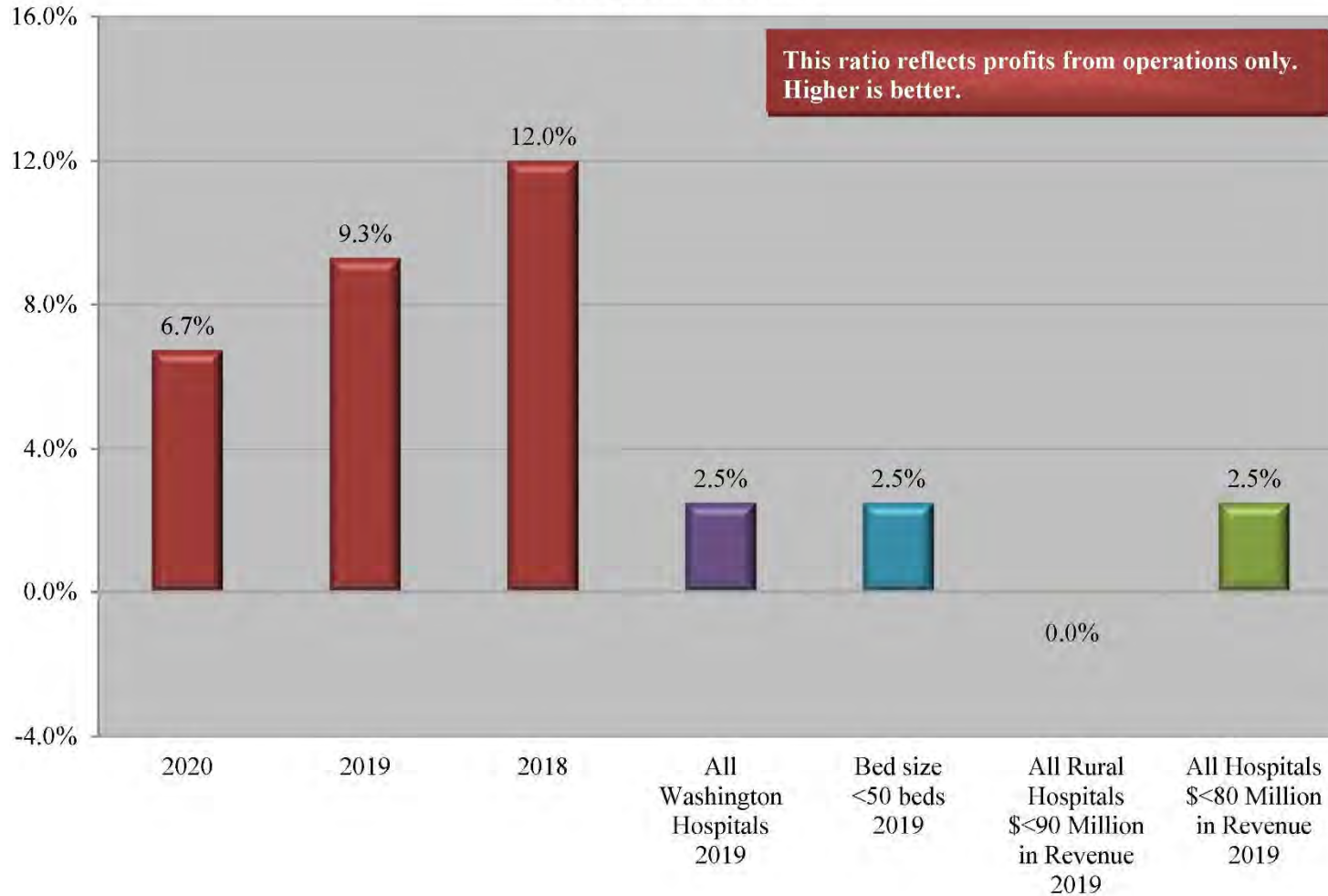


Total Margin – All Sources Less COVID-19 Funding



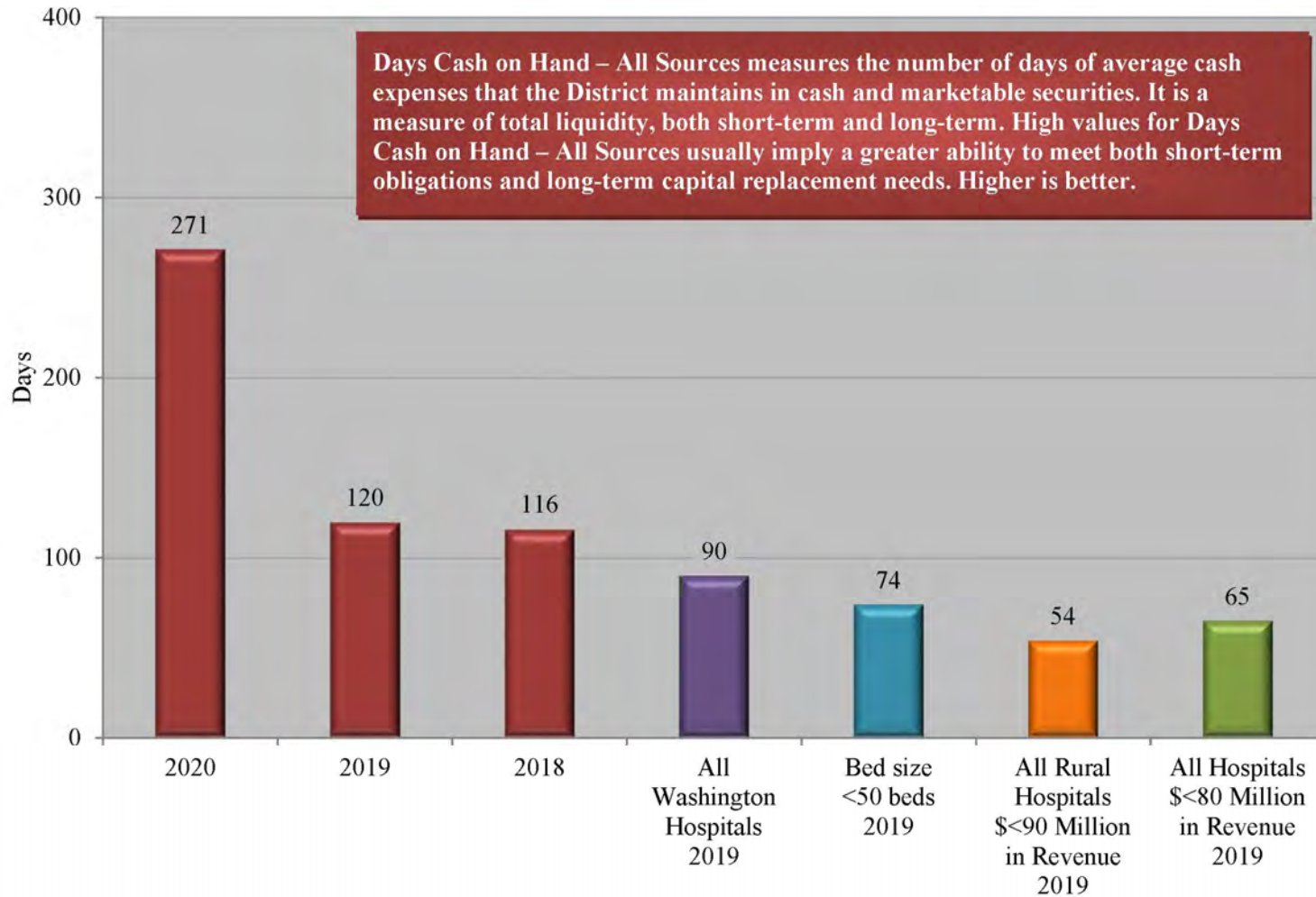
Operating Margin

$$\frac{\text{Operating Income (Loss)}}{\text{Total Operating Revenues}}$$



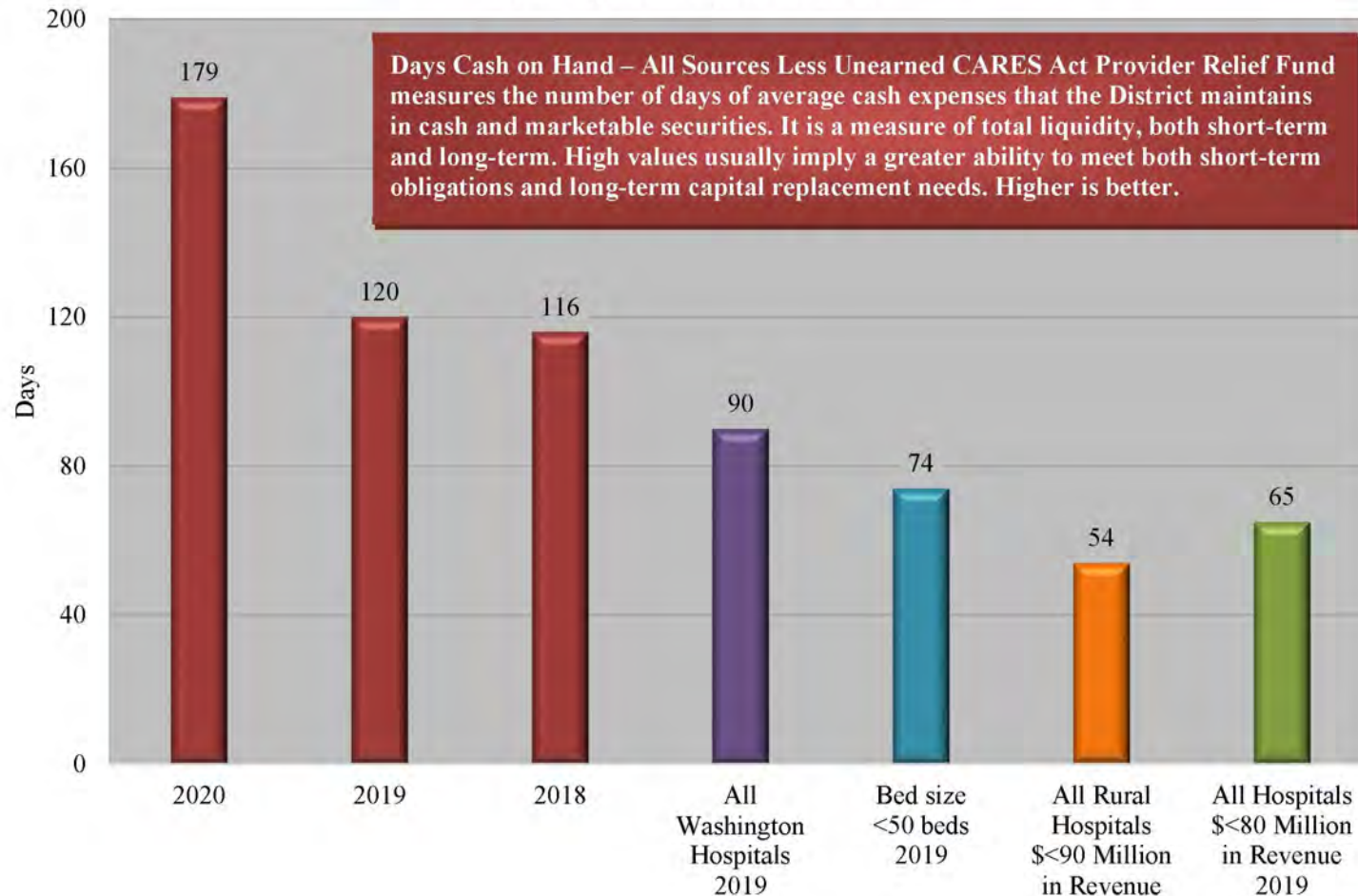
Days Cash on Hand – All Sources

$$\frac{\text{Cash} + \text{Short-Term Investments} + \text{Unrestricted Long-Term Investments}}{(\text{Total Expenses} - \text{Depreciation}) / 365}$$



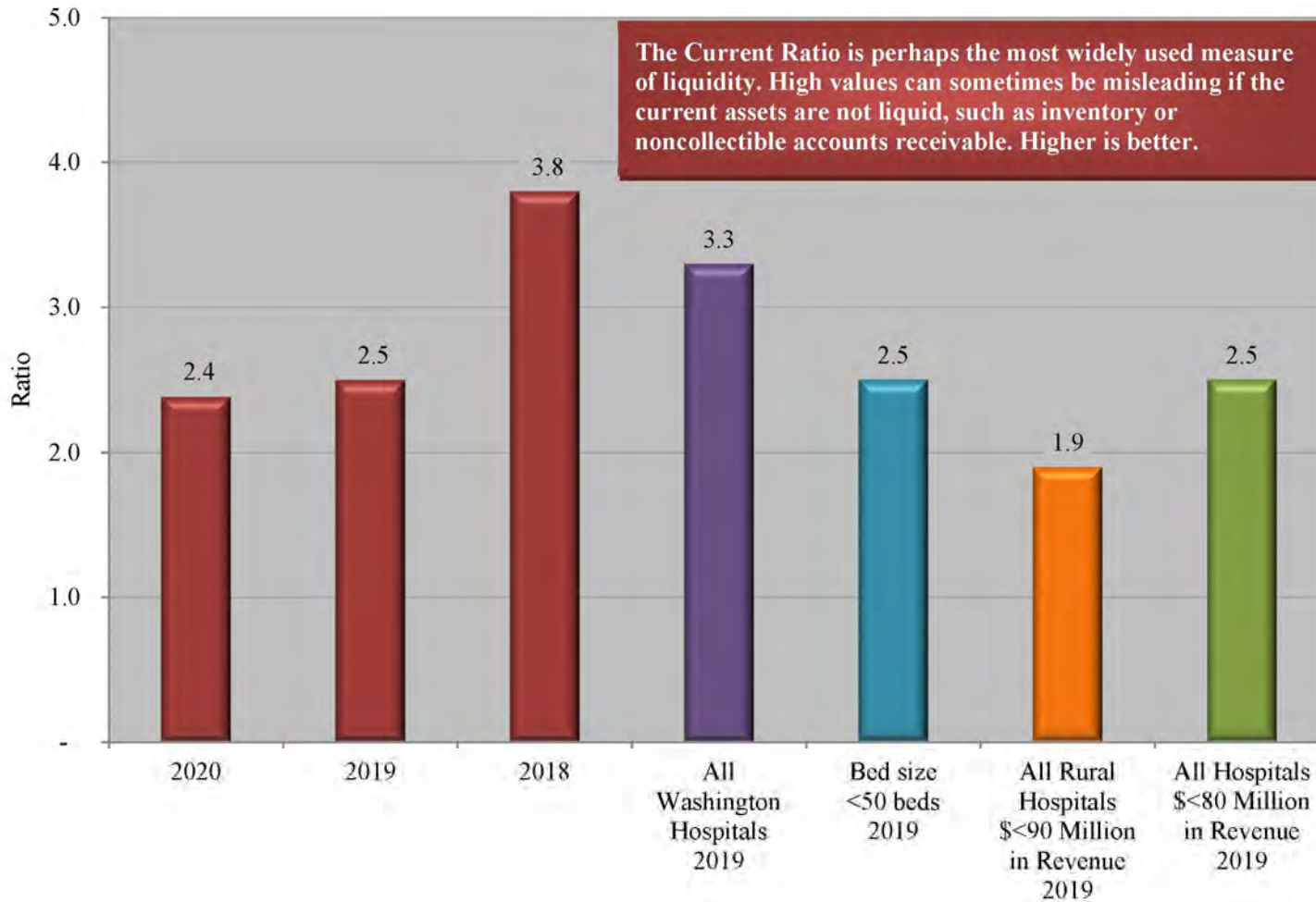
Days Cash on Hand – All Sources Less Unearned CARES Act Provider Relief Fund

$$\frac{\text{Cash} + \text{Short-Term Investments} + \text{Unrestricted Long-Term Investments}}{(\text{Total Expenses} - \text{Depreciation}) / 365}$$

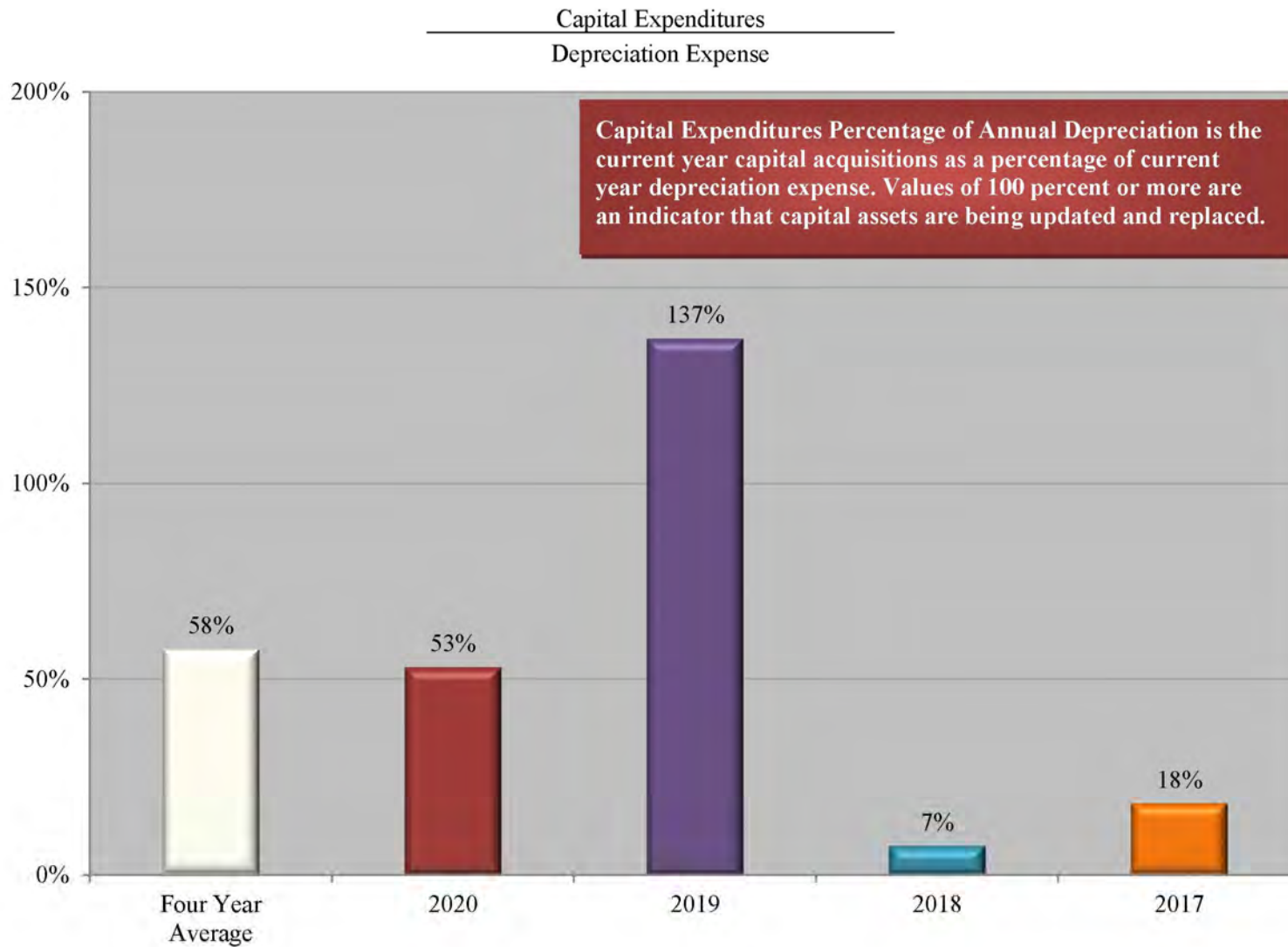


Current Ratio

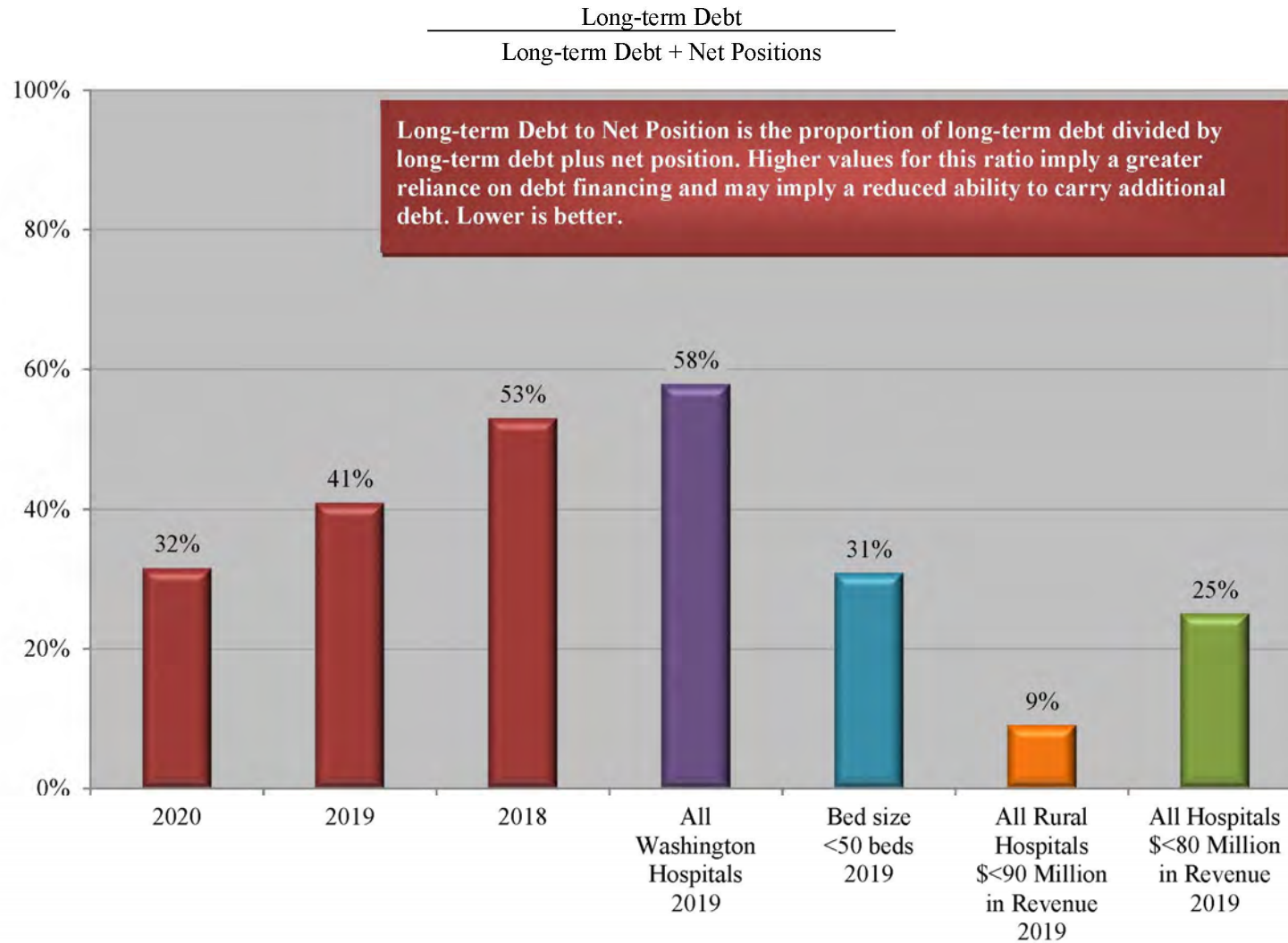
$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$



Capital Expenditures Percentage of Annual Depreciation

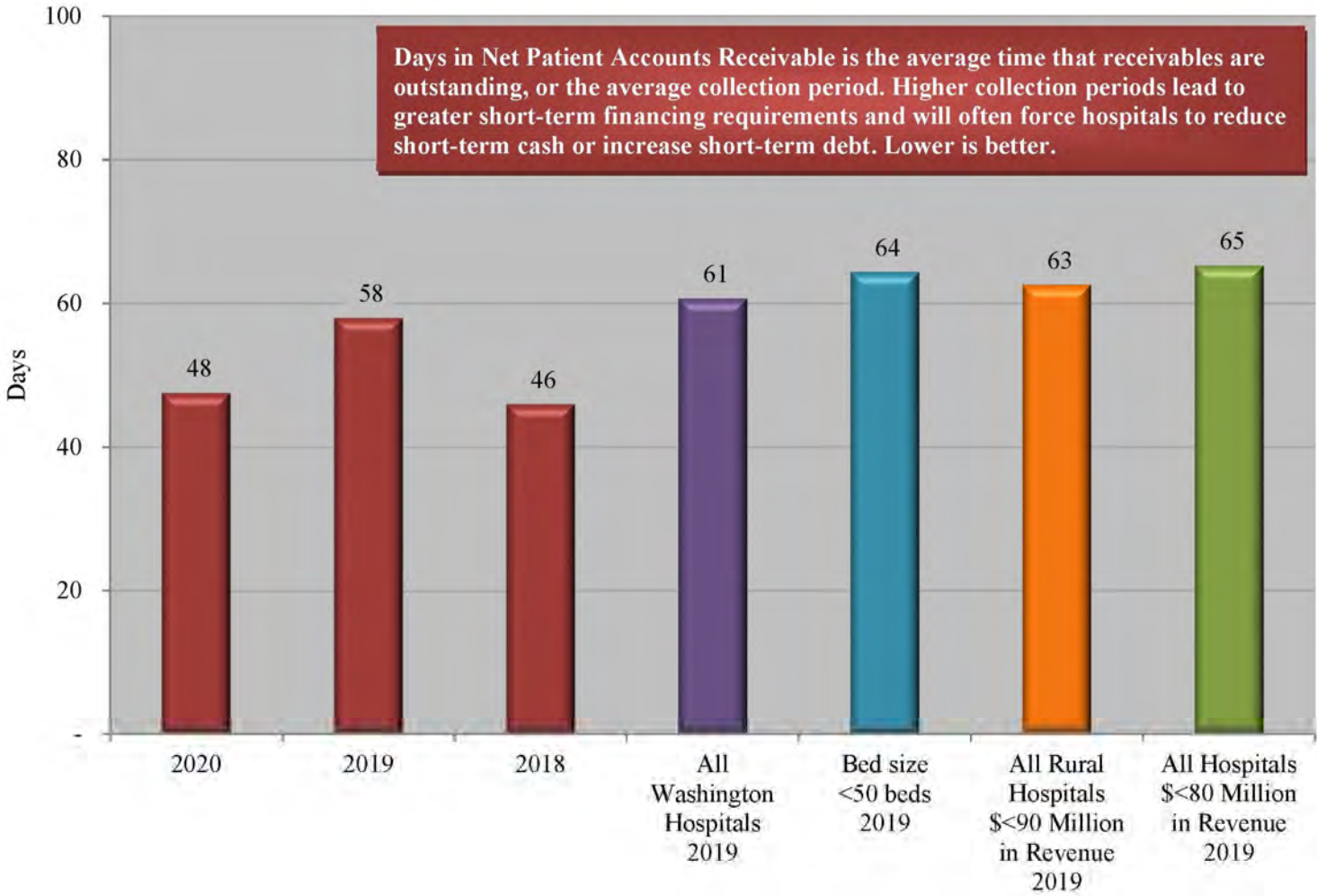


Long-term Debt to Net Position



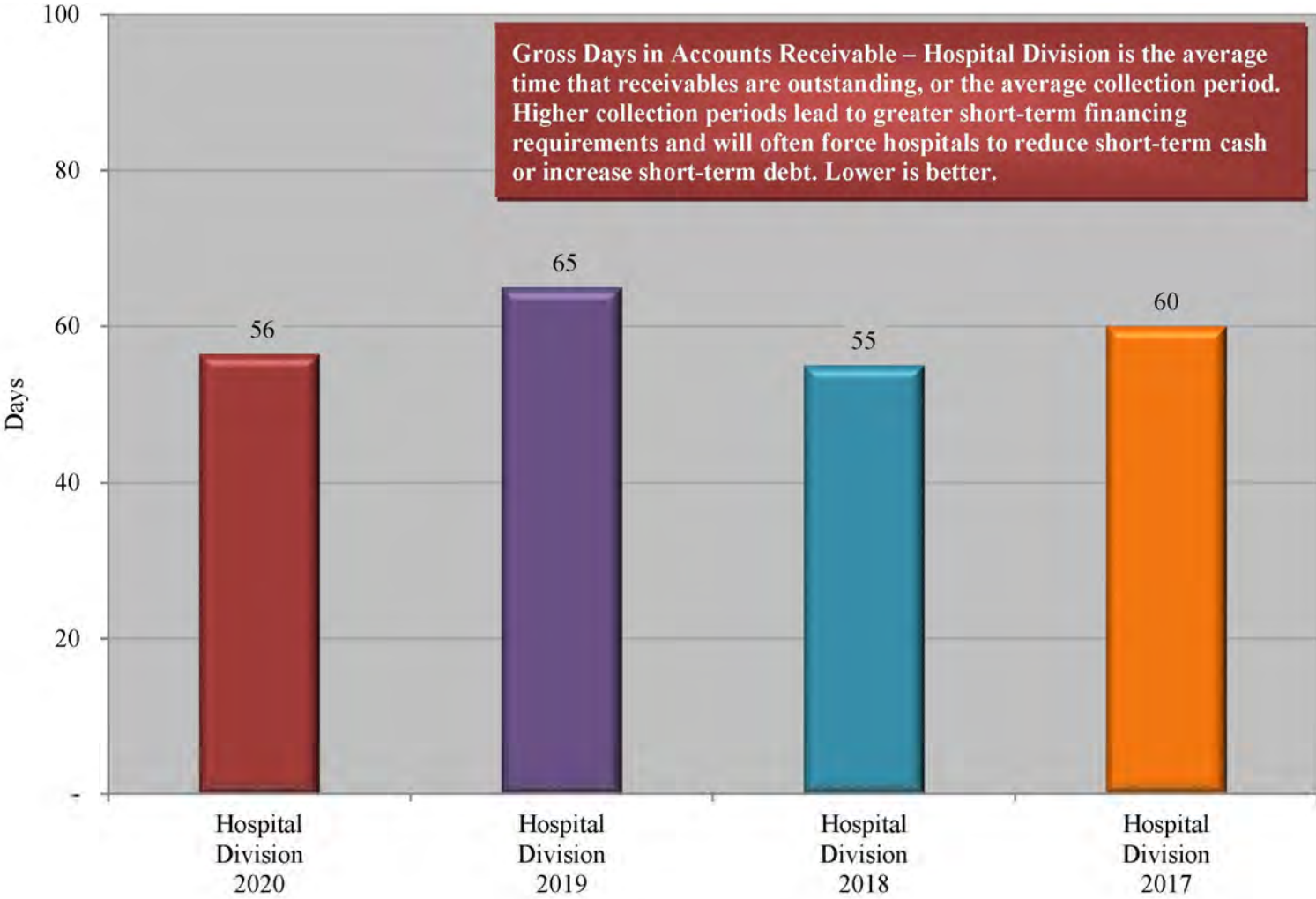
Days in Net Patient Accounts Receivable

$$\frac{\text{Net Patient Accounts Receivable}}{\text{Net Patient Service Revenues} / 365}$$



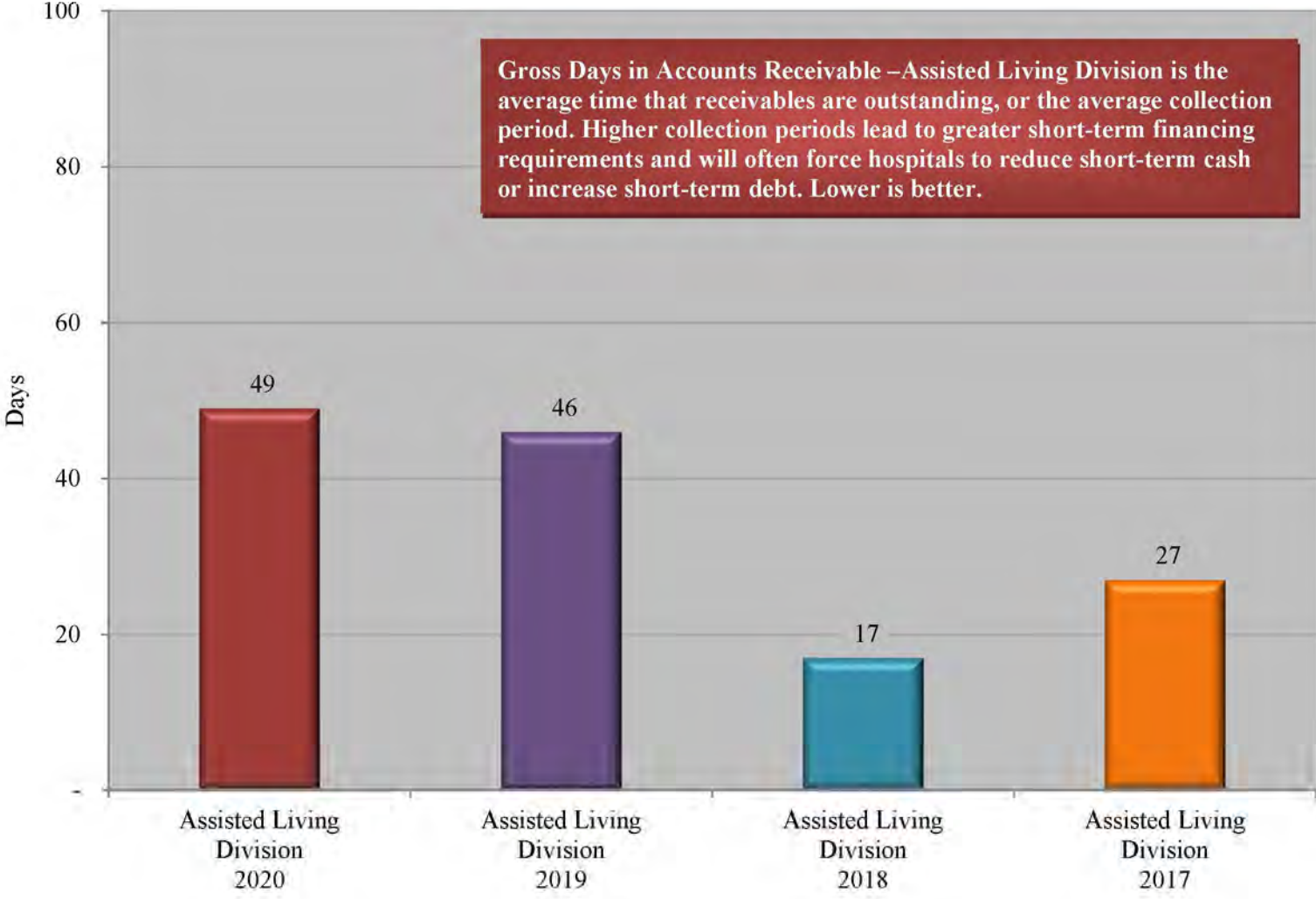
Gross Days in Accounts Receivable – Hospital Division

$$\frac{\text{Hospital Division Accounts Receivable}}{\text{Hospital Division Average Daily Revenue}}$$



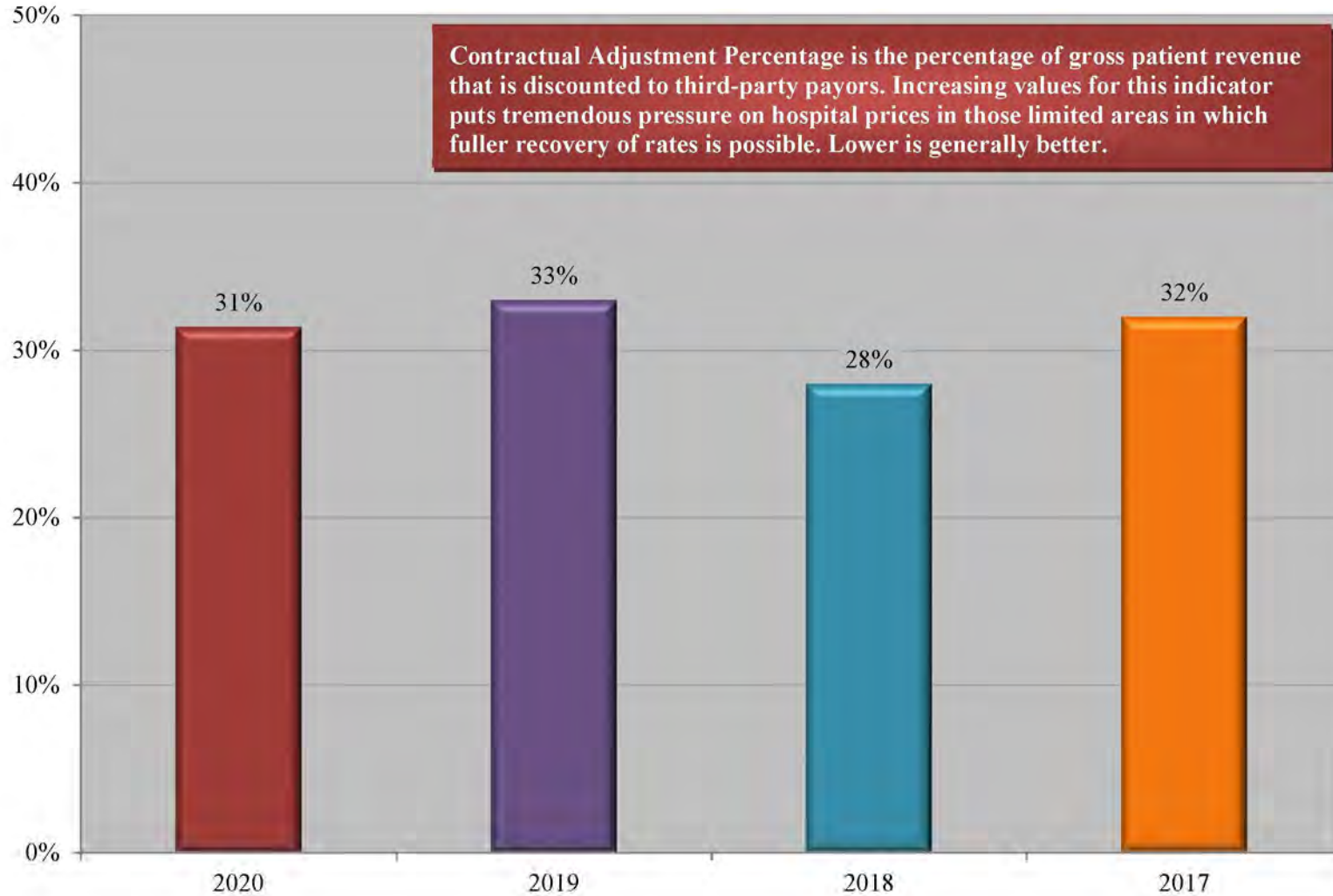
Gross Days in Accounts Receivable – Assisted Living Division

$$\frac{\text{Assisted Living Division Accounts Receivable}}{\text{Assisted Living Division Average Daily Revenue}}$$



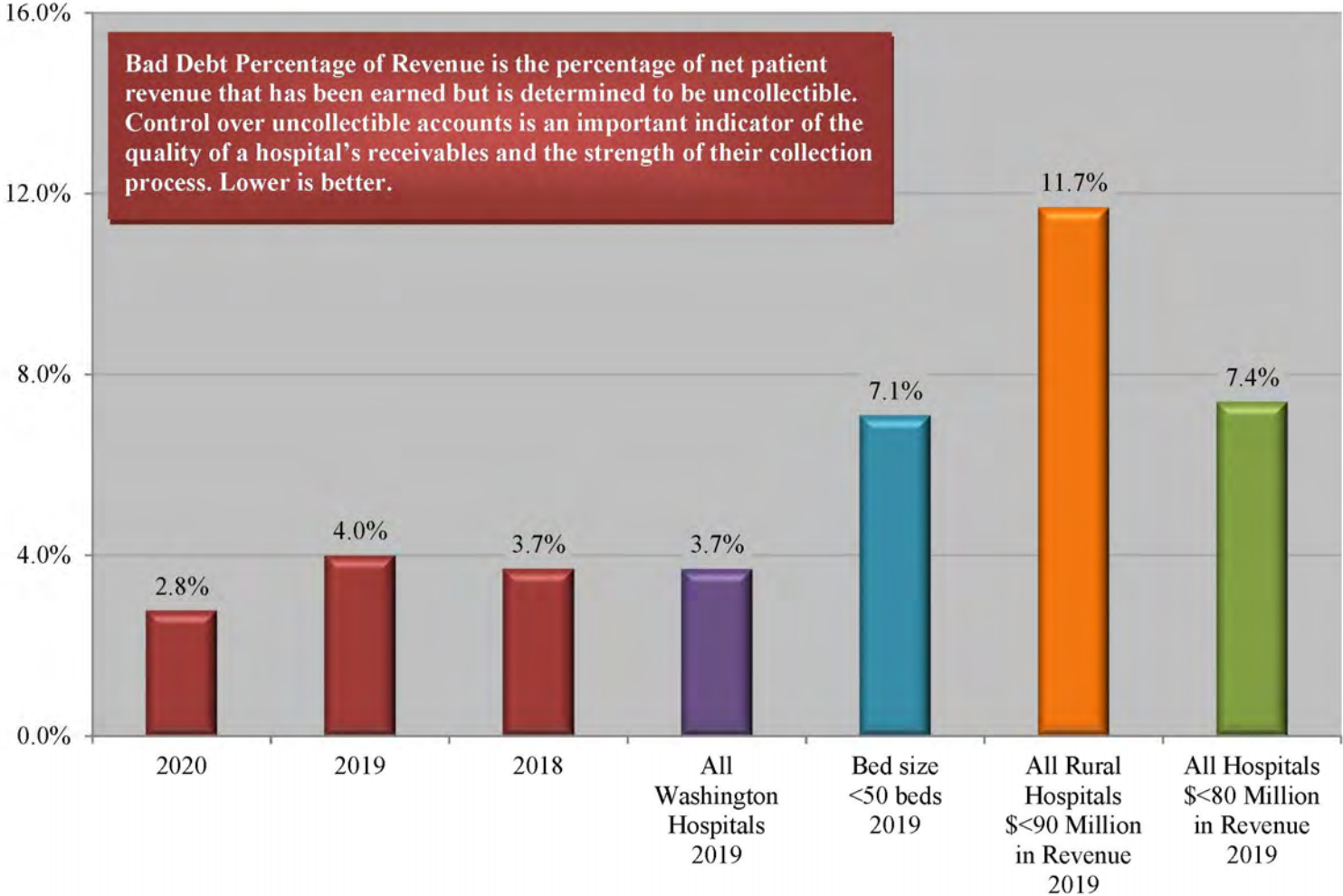
Contractual Adjustment Percentage

$$\frac{\text{Contractual Adjustments}}{\text{Gross Patient Revenues}}$$

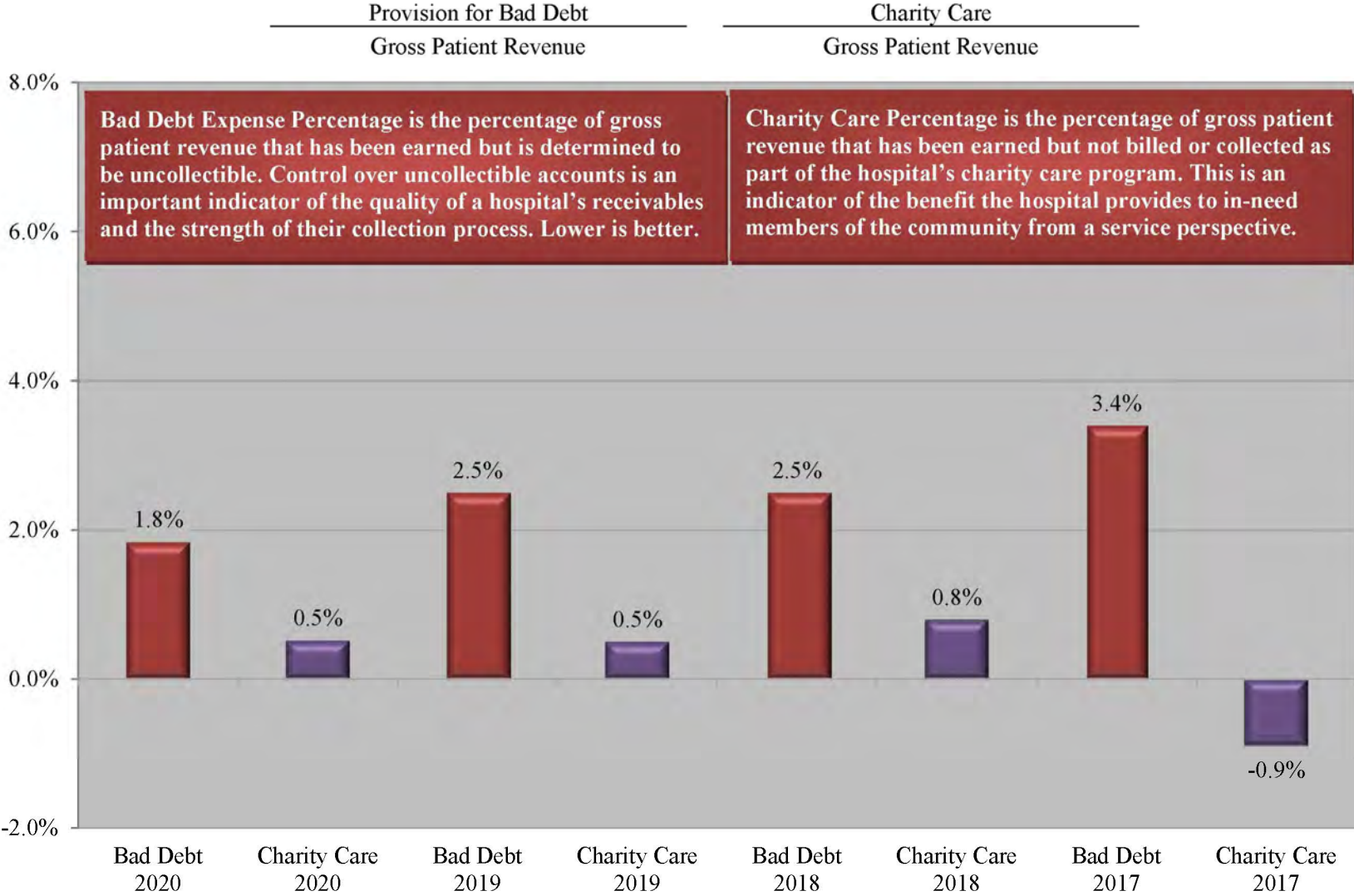


Bad Debt Percentage of Revenue

Provision for Bad Debt
 Net Patient Services Revenue



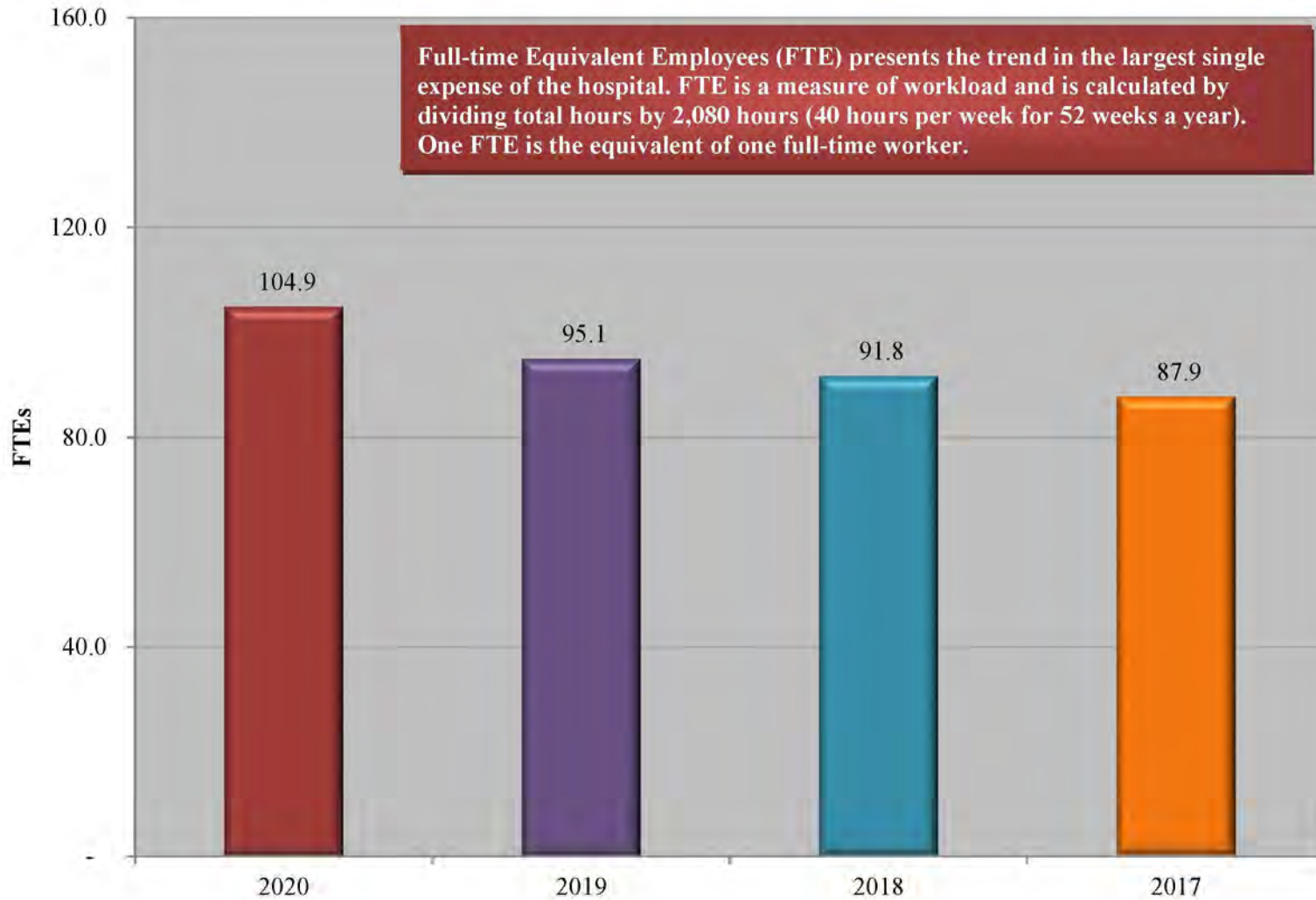
Bad Debt Expense and Charity Care Percentage



Bad Debt Expense Percentage is the percentage of gross patient revenue that has been earned but is determined to be uncollectible. Control over uncollectible accounts is an important indicator of the quality of a hospital's receivables and the strength of their collection process. Lower is better.

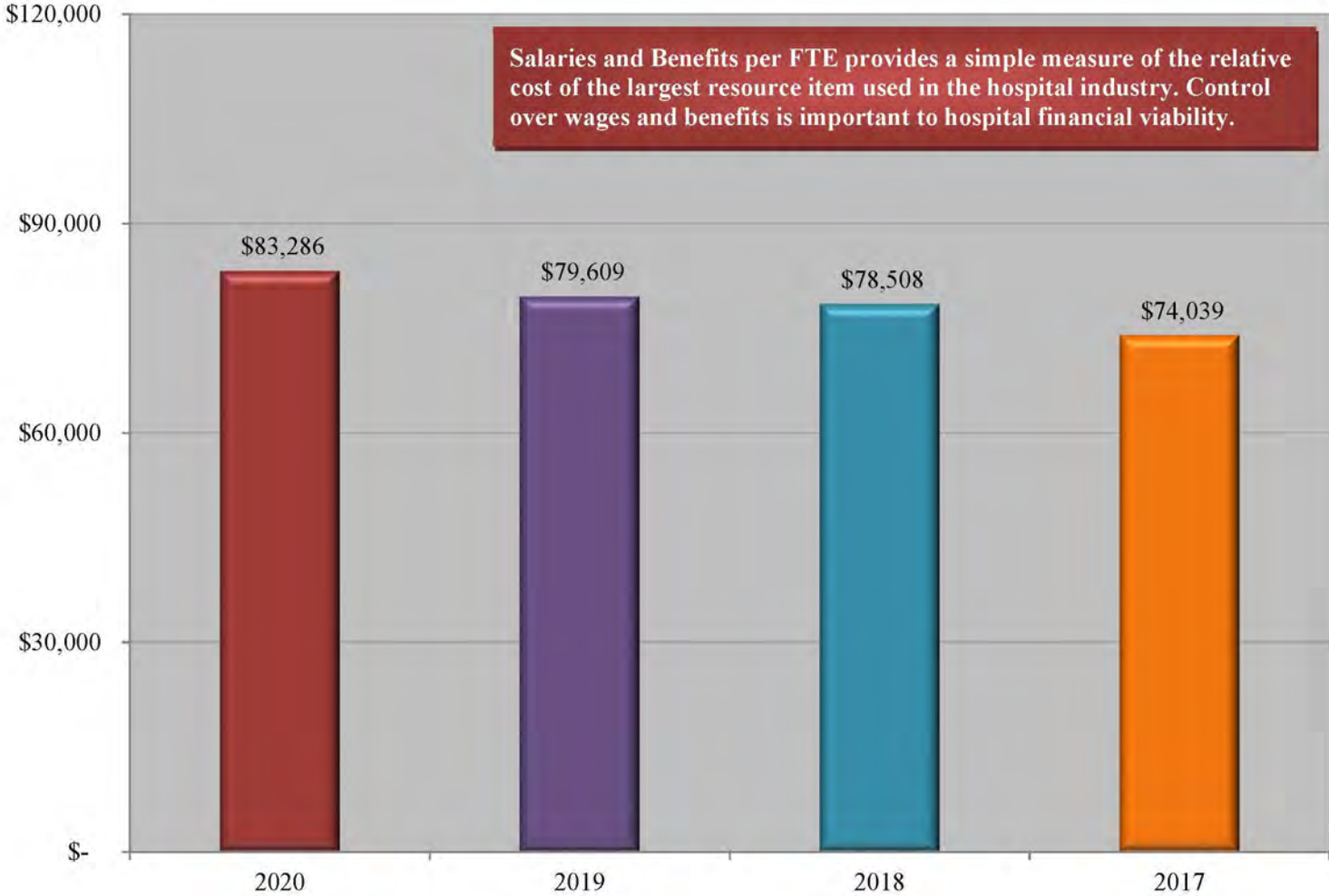
Charity Care Percentage is the percentage of gross patient revenue that has been earned but not billed or collected as part of the hospital's charity care program. This is an indicator of the benefit the hospital provides to in-need members of the community from a service perspective.

Full-time Equivalent Employees (FTE)



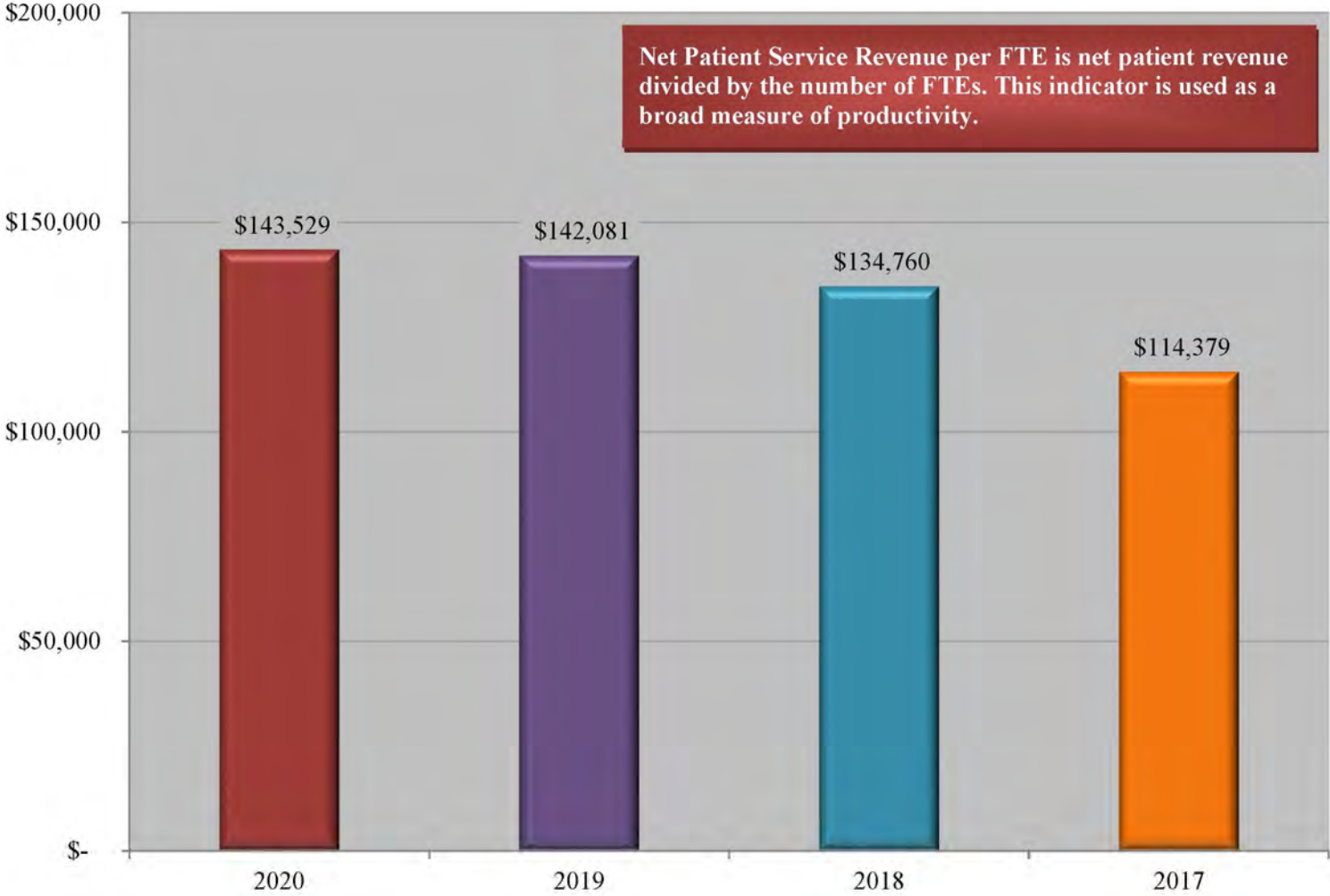
Salaries and Benefits per FTE

$$\frac{\text{Total Salaries \& Employee Benefits}}{\text{FTEs by Division}}$$



Net Patient Service Revenue per FTE

$$\frac{\text{Net Patient Service Revenue}}{\text{FTEs by Division}}$$



Required Communications

- Accounting policies
- Accounting estimates
 - Allowance for uncollectible accounts and contractual adjustments
 - Medicare and Medicaid cost report settlements
 - CARES funds

Required Communications

- Corrected and uncorrected misstatements
 - No uncorrected misstatements
- No disagreements with management
- Management representations
- No management consultation with other independent accountants
- Supplementary information




DZA

DINGUS, ZARECOR &
ASSOCIATES

Contact Information

 Brennan Pendleton, Manager

 509.321.9482

 bpendleton@dzacpa.com

 www.dzacpa.com