



**EASTERN PLUMAS HEALTH CARE DISTRICT  
MEETING OF THE STANDING FINANCE COMMITTEE  
AGENDA**

**Thursday, January 25, 2024 at 4:00 p.m.**

The January 25, 2024 Finance Committee meeting will be held in both a virtual and an in-person setting for the general public. The Board meeting location at the Portola Medical Clinic Conference Room will be accessible to the public. The meeting is also accessible to the public via Zoom (See the connection information below). Public comment will be accepted on any item on the agenda as called for by the Board chair until the close of public comment for each item.

Any person with a disability may submit a request for reasonable modification or accommodation to the above-described means for accessing and offering comment at the meeting to Barbara Sokolov [barbara.sokolov@ephc.org](mailto:barbara.sokolov@ephc.org) who will swiftly resolve such request.

The Finance Committee meeting is accessible via Zoom:

Meeting ID: 845 5401 3387 Passcode: 924105 Dial In: +1 669 900 6833 US (San Jose)  
<https://us06web.zoom.us/j/84554013387?pwd=bO2pLGO2B3WSMCbbNlnGVT4K938rEa.1>

	<u>Presenter(s)</u>	<u>I/D/A</u>	<u>Page(s)</u>
1. <u>Call to Order</u>	Dr. Paul Swanson	A	
2. <u>Roll Call</u>	Dr. Paul Swanson	I	
3. <u>Consent Calendar</u>	Dr. Paul Swanson	A	
• Agenda			1
• Meeting Minutes of 10.26.23 Finance Committee			2-3
• Meeting Minutes of 12.07.23 Finance Committee			4-5
4. <u>Board Comments</u>	Board Members	I	
5. <u>Public Comment</u>	Members of the Public	I	
6. <u>Auditor Presentation</u>	Jerrel Tucker	I/D/A	6-43
• Audit Results			
7. <u>CFO Report</u>	Katherine Pairish	I/D	44-50
• Report of December Financials			
8. <u>Adjournment</u>	Dr. Paul Swanson	A	

*The next regularly scheduled meeting of the Standing Finance Committee is February 22, 2024 at the Portola Medical Clinic Conference Room, 480 1<sup>st</sup> Avenue, Portola CA 96122.*

**EASTERN PLUMAS HEALTH CARE DISTRICT  
MEETING OF THE STANDING FINANCE COMMITTEE  
OF THE BOARD OF DIRECTORS**

**MINUTES**

**Thursday, October 26, 2023 at 4:00 p.m.**

**1. Call to Order**

Meeting was called to order at 3:59 p.m.

**2. Roll Call**

Present: Paul Swanson, M.D., Committee Chair/Board Member; Augustine Corcoran, Board Chair.

Staff in attendance: Doug McCoy; Barbara Sokolov, Katherine Pairish, CFO; Executive Assistant/Clerk of the Board.

**3. Consent Calendar**

The consent calendar items were approved as submitted.  
Motion: Director Corcoran, seconded by Director Swanson.

**4. Board Comments**

None.

**5. Public Comments**

None.

**6. CFO Report**

Katherine Pairish, CFO

Katherine explained that Cerner delays were still impacting reporting but that next month she would have reports for the last quarter of the fiscal year, July 1st to September 30<sup>th</sup>, as well as a summary of high-level financials as of September 30<sup>th</sup>. Doug elaborated that delays in the Cerner build pertaining to the general ledger and billing and coding had created a backlog in posting which restricts closing. But there is no cash issue, just a backlog in posting that Katherine's team is working diligently to get caught up on. Katherine also shared that while this delay in posting effects aging AR days, it does not impact the cash balance. Days cash on hand is at 142, the decrease is due to operating every month at a deficit. \$694,616 used to fund IGTs will be returned November 6<sup>th</sup> at \$2.245 million, which is a \$1.5 million increase in cash, equivalent to 15 days. Another \$1.5 million in IGTs will come in 2/24, double the amount funded. Gross revenue, expenses, and overhead are all better overall than last year. Doug shared that first quarter performance this year was \$700,000 better than last year, assuming we collect all the revenue generated. Trending high SNF census and lower inpatient census, decreases in expenses (travelers, legal fees, and architectural fees) and increases in overall revenue, have EPHC on track for a successful year.

Katherine shared that the auditor had been at EPHC for 3.5 days the first week of October. The final audit report and presentation would be ready for the January BOD meeting. She is anticipating a positive outcome.

Doug said that daily revenue reconciliation meetings over the last several months had resulted in positive benefits in billing and coding: 90 days ago more than \$4 million had been held up due to coding issues, now down to \$380,000. AR days had peaked at 110 and are slowly dropping. Doug credits Innova, Katherine and her team, and Cerner fixes. He anticipates 162 days cash on hand by end of the year.

Doug also shared that the Minimum Wage Law had been signed but had almost no impact on EPHC because only 8 employees are below \$18 per hour and are slated to go above that after successfully completing 90 days of employment. Will keep an eye on whether \$25/hour in Sacramento pulls potential employees from this area. He reported that funding from the Equity and Practice Transformation Program, that seeks to increase access to Medi-Cal, should bring in \$600,000 beginning in 2024 and that the Managed Care Payer Tax should bring in higher Medi-Cal reimbursement and thus increase revenue as well. Scott Coffin, the former Anthem executive, is working to help EPHC recoup close to \$300k in stalled Anthem payments and has offered to help with other managed care reimbursements.

Katherine remarked that she was encouraged to see the organization in such a good financial position and the EPHC is in a great position overall. On her side of the parking lot, employees are happy and stable and this translates to a good financial picture. Taryn Russell, the new Financial Services Manager, who onboarded in just shy of a month ago, has been an excellent addition. She knows Cerner and worked for HRG (healthcare Resource Group) so brings expertise in health care revenue cycle management. Brittney Valjalo has taken on a new role as Revenue Cycle Specialist and is working on streamlining registration processes.

Doug noted that even with SNF reimbursement losses, \$450k year over year, and meal break penalties (\$100k per quarter), EPHC is \$700k ahead of last year. Katherine added that they key was staying on top of it all and good navigation.

Dr. Swanson asked if the funding for the first IGT of \$690,616 represented a four-fold return and Katherine responded that that was correct.

For some context, Doug informed the meeting that Plumas District Hospital did not post financials for a full year after Cerner and Seneca has had similar issues. Audited financials in the next 60 days will allow some comparisons and benchmarks. Katherine also shared that the CFO/CEO networks among rural hospitals is tight and important.

Dr. Swanson said that this comparative information was validating and that he appreciates Doug and Katherine's leadership.

**7. Adjournment**

Meeting adjourned at 4:55 p.m.

**EASTERN PLUMAS HEALTH CARE DISTRICT  
MEETING OF THE STANDING FINANCE COMMITTEE  
OF THE BOARD OF DIRECTORS**

**MINUTES**

**Thursday, December 7, 2023 at 4:00 p.m.**

**1. Call to Order**

Meeting was called to order at 3:59 p.m.

**2. Roll Call**

Present: Paul Swanson, M.D., Committee Chair/Board Member

Staff in attendance: Doug McCoy, CEO; Katherine Pairish, CFO; Barbara Sokolov, Executive Assistant/Clerk of the Board.

**3. Consent Calendar**

No quorum, deferred until next month.

**4. Board Comments**

None.

**5. Public Comments**

None.

**6. CFO Report**

Katherine Pairish, CFO

**Summary**

Total Patient Revenues for the first quarter of the current fiscal year were over budget by \$232,667. Total Operating Revenues were over budget by \$447,616. Total Operating Expenses were over budget by \$129,223. Net Income was over budget by \$294,982.

**Revenues (Year-to-Date)**

Overall, total Inpatient Revenues were under budget by \$220,794, with Skilled Nursing Revenues over budget by \$52,064. Pro Fees were over budget by \$120,885. Total Outpatient Revenues were over budget by \$229,229 and Clinic Revenues were over budget by \$103,347.

**Expenses (Year-to-Date)**

**Salaries and Benefits:** Combined Salaries and Benefits were over budget by \$352,703.

**Purchased Services:** Purchased Services were under budget by \$318,299.

**Professional Fees:** Professional Fees were under budget by \$87,591.

**Repairs & Maintenance:** Repairs & Maintenance were over budget by \$54,352.

**Utilities:** Utilities were over budget by \$7,954.

**Supplies:** Supplies were over budget by \$124,971.

**Depreciation Expense:** Depreciation Expense was under budget by \$43,468.

**Other Expenses:** Other Expenses were over budget by \$105,568. These include training, travel, and dues and subscriptions.

**Revenue Cycle**

Gross Accounts Receivable as of September 30, 2023 was \$17.5 million. The increase is due to the Cerner transition. We are working on catching up on payment posting and sending bills out timelier.

Meeting of the Standing Finance Committee of Eastern Plumas Health Care  
**December 7, 2023 MINUTES - Continued**

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**Balance Sheet**

Total Cash decreased 33.34%. Net AR increased 90.99% and Net Fixed Assets increased 31.01%. Total Liabilities decreased 35.71%.

**Additional Information**

Days cash on hand on September 30, 2023, was 142. September 30, 2022, days cash on hand was 206. Our cash position is still very strong. We have spent \$785,224 on capital equipment so far this year. We funded the HQAF IGT in October in the amount of \$694,616 and received \$2,245,289 back in November. We netted \$1,550,673 and anticipate our days cash on hand at the end of November to be 150.

Our auditor will present the audit report at the January Board meeting.

In addition, Katherine reported that the business office was catching up in the wake of the Cerner conversion, staffing was stable, and they were no longer using the consultant. Projected \$4.3 million in revenue for October and \$4.13 for November. Year over year \$420,000 improvement in revenue. Also received unexpected \$800,000 back from cost report. Dr. Swanson asked about how much cash was represented by each day of cash on hand. Katherine explained that it was approximately \$100,000. The large AR is due to the Cerner conversion's negative impact on collections plus \$400,000 in expenditures on capital equipment. Doug said that he anticipates a positive cash flow for the year and to be up to 200 days cash on hand by July. Currently EPHC is outperforming the operational plan. The goal is to build the nest egg, not pull from it. He is very proud of Katherine and her team!

**7. Adjournment**

Meeting adjourned at 4:43p.m.

# Eastern Plumas Health Care

June 30, 2023

Audit Presentation

**JWT & Associates, LLP**  
Advisory Assurance Tax

Eastern Plumas Health Care  
June 30, 2023

**Financial and Governmental Audit Results:**

- > Received an unmodified opinion.
  
- > There were no material weaknesses or significant deficiencies identified relating to the District's internal controls and there were no reportable findings.
  
- > There were no audit adjustments and 1 late client entry. Total P&L impact was \$543k increase.
  - >Cost report \$543k
  
- > There were no difficulties encountered with Management in performing our audit and we had no disputes or disagreements with management during the course of our audit.
  
- > Significant Accounting/Auditing Issues
  - > Continuing IGT Programs - total paid \$2.0M, total received \$6.9M, net \$4.9M
  - > COVID-19 Supplemental Funding
    - Total Medicare advance \$4.6M, all paid back at FYE 2023
    - Total HHS/HRSA funding \$7.8M, \$3.0M recognized in FYE 2023, all recognized as of FYE 2023
    - Worker Retention Program - \$294k

# Eastern Plumas Health Care District

## Statement of Operations

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Revenue:</b>			
Net patient service revenue	\$ 38,066,531	\$ 35,251,274	\$ 35,784,265
Other operating revenue	3,544,378	1,282,829	5,874,415
District tax revenue	785,562	721,562	707,446
Other non-operating rev	1,557,007	3,406,350	365,258
Total revenue	43,953,478	40,662,015	42,731,384
<b>Expenses:</b>			
Labor and benefits	21,877,293	19,567,183	18,100,346
Prof fees and purchased services	9,211,228	7,796,728	5,367,100
Supplies	2,700,214	3,152,809	2,414,921
Depreciation	1,150,158	1,107,962	1,240,223
Interest expense	218,722	209,429	240,084
IGT	2,000,515	1,992,527	3,874,900
All other	2,963,959	3,009,809	2,482,851
Total expenses	40,122,089	36,836,447	33,720,425
<b>Net income</b>	<b>\$ 3,831,389</b>	<b>\$ 3,825,568</b>	<b>\$ 9,010,959</b>
Net income margin	9%	9%	21%
Deductions from revenue %	33%	35%	34%
Bad debt as % of gross revenue	2%	3%	2%
Labor and benefits as % of expenses	58%	56%	61%
Labor and benefits as % of net pt revenue	57%	56%	51%
Supplies as % of net patient rev	7%	9%	7%



# Eastern Plumas Health Care District

## Balance Sheet

	<u>2023</u>	<u>2022</u>	<u>Change</u>
<b>Assets:</b>			
Cash	\$ 16,815,615	\$ 25,821,677	\$ (9,006,062)
Patient A/R net	7,948,381	4,454,560	3,493,821
Other receivables and settlements	1,592,354	46,202	1,546,152
Property and equipment	11,613,487	9,075,093	2,538,394
All other assets	602,430	574,780	27,650
Total assets	<u>\$ 38,572,267</u>	<u>\$ 39,972,312</u>	<u>\$ (1,400,045)</u>
<b>Liabilities:</b>			
Accounts payable	\$ 637,089	\$ 666,601	\$ (29,512)
Payroll and related accrual	1,029,540	1,139,613	(110,073)
Third-party settlements	-	4,779,113	(4,779,113)
Long-term debt	4,483,448	4,796,184	(312,736)
Total liabilities	<u>6,150,077</u>	<u>11,381,511</u>	<u>(5,231,434)</u>
Net assets	32,422,190	28,590,801	3,831,389
Total liabilities and net assets	<u>\$ 38,572,267</u>	<u>\$ 39,972,312</u>	<u>\$ (1,400,045)</u>
Current ratio	13.55	4.48	9.07
Debt service coverage	13.29	13.74	-0.45
Days cash on hand	167	281	-114
Days in A/R, net	76	46	30
Average pay period	16	17	-1

# Eastern Plumas Health Care District

## Comparisons and Benchmarks

	<u>2022</u>	<u>2023</u>	Peer Hosp <u>Avg</u>	<u>Benchmark</u>
Net income margin	9%	9%	4%	5%
Deductions from revenue %	35%	33%	33%	N/A
Bad debt as % of gross revenue	3%	2%	5%	5%
Labor and benefits as % of expenses	56%	58%	54%	60%
Labor and benefits as % of net pt revenue	56%	57%	56%	60%
Supplies as % of net patient rev	9%	7%	8%	10%
Current ratio	4.48	13.55	4.12	1.50
Debt service coverage	13.74	13.29	5.28	1.50
Days cash on hand	281	167	197	90
Days in A/R	46	76	48	45
Average pay period	17	16	26	45

Report of Independent Auditors  
and Financial Statements

EASTERN PLUMAS HEALTH CARE DISTRICT

June 30, 2023 & 2022

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JWT & Associates, LLP  
Advisory Assurance Tax

# EASTERN PLUMAS HEALTH CARE DISTRICT

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# JWT & Associates, LLP

## Advisory Assurance Tax

1111 East Herndon, Suite 211, Fresno, California 93720  
Voice: (559) 431-7708 Fax: (559) 431-7685

### *Report of Independent Auditors*

The Board of Directors  
Eastern Plumas Health Care District  
Portola, California

### *Opinion*

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of Eastern Plumas Health Care District (the District), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of the District, as of June 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2024, on our consideration of the District'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 the District's 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 the District's internal control over financial reporting and compliance.

***JWT & Associates, LLP***

Fresno, California  
January 25, 2024

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# EASTERN PLUMAS HEALTH CARE DISTRICT

## Management's Discussion and Analysis

June 30, 2023 and 2022

The management of Eastern Plumas Health Care District (the District) has prepared this annual discussion and analysis in order to provide an overview of the District's financial performance for fiscal year ended June 30 2023, in accordance with the Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis For State and Local Governments. The intent of this discussion and analysis is to provide additional information on the District's historical financial performance as a whole in addition to providing a prospective look at revenue growth, operating expenses, capital development plans, economic conditions and the competitive environment in which the District operates. Readers should also review the audited financial statements for fiscal years ended June 30, 2023 and 2022 and accompanying notes to the financial statements to enhance their understanding of the District's financial performance. The audited financial statements have received an unmodified opinion from the District's independent auditor.

### Financial Highlights

- Total assets decreased \$1,400,045 from fiscal year 2022. Total cash and cash equivalents increased \$619,764 from the prior year. Net accounts receivable increased by \$3,493,821. Net day's revenue in accounts receivable was 102 days at June 30, 2023, compared to 57 days at June 30, 2022.
- Current liabilities decreased \$4,905,470 from fiscal year 2022.
- The increase in total net position for fiscal year 2023 was \$3,831,389.
- Operating income was \$3,708,057 for fiscal year 2023 compared to operating income of \$1,899,612 for fiscal year 2022. Net patient revenue increased by 8% and expenses from operations increased 9%.
- Eastern Plumas Health Care recognized \$3,023,267 in provider relief funding to offset expenses and lost revenues as a result of COVID-19. These funds are reflected in other operating revenue.
- The new Loyalton clinic is set to open early 2024, after many months of preparation, including improvements to the existing building and working with CMS and DHCS on licensure.



# EASTERN PLUMAS HEALTH CARE DISTRICT

## Management's Discussion and Analysis

June 30, 2023 and 2022

### Overview of Eastern Plumas Health Care and Financial Statements

This annual report consists of the financial statements and notes to those statements which reflect EPHC's financial position and results of its operations for the fiscal year ended June 30, 2023 and 2022. The financial statements of EPHC include the statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows.

- The statements of net position includes all of EPHC's assets and liabilities, using the accrual basis of accounting, as well as an indication about which assets are designated to fund future capital asset expenditures, which are designated as a matter of the Board of Director's policy.
- The statements of revenues, expenses and changes in net position presents the results of operating activities during the fiscal year and the resulting operating loss. Non-operating revenues and expenses consist primarily of property taxes, contributions, grants, and financing costs.
- The statements of cash flows reports the net cash provided by operating activities, as well as other sources and uses of cash from investing, noncapital financing activities, and capital and related financing activities.

### Statements of Net Position as of June 30, 2023 and 2022

	2023	2022
<b>Assets</b>		
Total current assets	\$ 11,488,546	\$ 5,801,159
Assets limited as to use	15,470,234	25,096,060
Capital assets, net	<u>11,613,487</u>	<u>9,075,093</u>
Total Assets	<u>\$ 38,572,267</u>	<u>\$ 39,972,312</u>
<b>Liabilities and Net Position</b>		
Total current liabilities	\$ 1,989,900	\$ 6,895,370
Debt borrowings, net of current portion	<u>4,160,177</u>	<u>4,486,141</u>
Total Liabilities	<u>6,150,077</u>	<u>11,381,511</u>
Net Position		
Invested in capital assets, net of debt	7,130,039	4,278,909
Unrestricted	<u>25,292,151</u>	<u>24,311,892</u>
Total Net Position	<u>32,422,190</u>	<u>28,590,801</u>
Total Liabilities and Net Position	<u>\$ 38,572,267</u>	<u>\$ 39,972,312</u>

# EASTERN PLUMAS HEALTH CARE DISTRICT

## Management's Discussion and Analysis

June 30, 2023 and 2022

### Cash, Cash Equivalents and Investments

For the fiscal year ended June 30, 2023, the District's cash increased by \$619,764 from the fiscal year ended June 30, 2022. As of June 30, 2023, days cash on hand, a financial measurement to determine how many days of current operating expenses our cash represents, was 166. The following table shows EPHC's cash, cash equivalents and investments as of June 30, 2023:

	2023	2022
Cash, Cash Equivalents and Investments	\$16,815,615	\$25,821,677

### Current Liabilities

Total current liabilities of the District decreased \$4,905,470 from fiscal year 2022. Accounts payable decreased \$29,512, and current maturities of debt increased \$13,228. The current maturities of debt include amounts due within the next year on USDA construction and mortgage loans, a land loan, and capital leases.

### Capital Assets

Capital assets increased to \$34,707,529 in fiscal year 2023 from \$31,373,822 in fiscal year 2022, an increase of \$3,333,707. This relates to new equipment purchases and improvements, mainly for the new Loyalton Clinic.

There are ongoing projects and capital asset acquisitions. These are listed below with an estimated completion date:

**Project Description**  
Loyalton Clinic Buildout

**Completion Date**  
January 2024

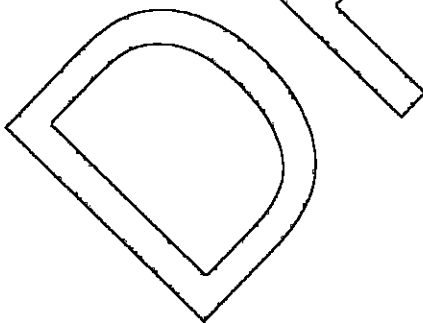
# EASTERN PLUMAS HEALTH CARE DISTRICT

## Management's Discussion and Analysis

June 30, 2023 and 2022

### Condensed Statements of Revenue, Expenses and Changes in Net Position for the Years Ended June 30, 2023 and 2022

	2023	2022	Change From 2022
Total Operating Revenue	<u>\$ 41,610,909</u>	<u>\$ 36,534,103</u>	<u>\$ 5,076,806</u>
Total Operating Expenses	<u>37,902,852</u>	<u>34,634,491</u>	<u>3,268,361</u>
Operating Income (Loss)	<u>3,708,057</u>	<u>1,899,612</u>	<u>1,808,445</u>
Total Non-Operating Revenue	<u>2,123,847</u>	<u>3,918,483</u>	<u>(1,794,636)</u>
Excess of revenue over expenses	<u>5,831,904</u>	<u>5,818,095</u>	<u>13,809</u>
Capital Donations	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Inter-governmental Transfers	<u>(2,000,515)</u>	<u>(1,992,527)</u>	<u>(7,988)</u>
Increase (decrease) in net position	<u>3,831,389</u>	<u>3,825,568</u>	<u>5,821</u>
Net position - Beginning of Year	<u>28,590,801</u>	<u>24,765,233</u>	<u>3,825,568</u>
Net position - End of Year	<u>\$ 32,422,190</u>	<u>\$ 28,590,801</u>	<u>\$ 3,831,389</u>





# EASTERN PLUMAS HEALTH CARE DISTRICT

## Management's Discussion and Analysis

June 30, 2023 and 2022

### **Gross Patient Charges**

The District charges all patients equally based on its established pricing structure for the services rendered. Under antitrust statutes and Medicare regulations, all hospitals are required to charge their patients equally if the same level of service is rendered.

Inpatient and Swing-bed gross charges increased \$968,466 or 32%. Skilled Nursing Facility gross charges decreased \$245,801 or 3%. Outpatient gross charges decreased \$1,941,858 or 6%.

### **Deductions from Revenue**

Contractual allowances are computed deductions based on the difference between gross charges and the contractually agreed-upon rates with third party government-based programs such as Medicare and Medi-Cal and other third-party insurers. Contractual allowances (as a percentage of gross patient charges) were 35% for fiscal year 2023 and 37% for fiscal year 2022.

### **Net Patient Service Revenue**

Net patient service revenue is the resulting difference between gross patient charges and the deductions from revenue. Compared to fiscal year 2022, net patient services revenues increased \$2,815,257 or 8% in fiscal year 2023.

### **Operating Expenses**

Total operating expenses were \$37,902,852 in fiscal year 2023 compared to \$34,634,491 in fiscal year 2022. The increase of \$3,268,361 resulted primarily from employee wages and benefits, purchased services, insurance, and depreciation.

# EASTERN PLUMAS HEALTH CARE DISTRICT

## Management's Discussion and Analysis

June 30, 2023 and 2022

### **Salaries and Benefits**

The District continues to focus on providing a comprehensive salary and benefit package to all employees in addition to wage adjustments and educational benefits for mission critical positions in health care. Effective in July 2023, Eastern Plumas Health Care increased wages overall by 3%. Average full-time equivalents (FTEs) for fiscal year 2023 was 204 and 2022 was 209.

### **Economic Factors and Next Fiscal Year's Budget**

EPHC's Board of Directors approved the fiscal 2024 budget at its August 2023 meeting. The financial goals of the fiscal year 2024 budget are to increase Skilled Nursing utilization, continue expansion of clinic services, control of operating expenses and increase cash reserves. Net revenue for the District is projected to be \$39,665,708 and total operating expenses are projected to be \$39,159,174 for fiscal year end 2024. The projected change in net position is \$(651,716).

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# EASTERN PLUMAS HEALTH CARE DISTRICT

## Statements of Net Position

June 30, 2023 and 2022

	2023	2022
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 1,345,381	\$ 725,617
Patient accounts receivable, net of allowances	7,948,381	4,454,560
Other receivables	419,467	46,202
Estimated third-party payor settlements	1,172,887	-
Supplies	549,293	482,121
Prepaid expenses and deposits	53,137	92,659
Total current assets	11,488,546	5,801,159
Assets whose use is limited	15,470,234	25,096,060
Capital assets, net of accumulated depreciation	11,613,487	9,075,093
Total assets	38,572,267	39,972,312
<b>Liabilities and Net Position</b>		
Current liabilities		
Current maturities of long-term debt	\$ 323,271	\$ 310,043
Accounts payable and accrued expenses	637,089	666,601
Accrued payroll and related liabilities	1,029,540	1,139,613
Estimated third-party payor settlements	-	4,779,113
Total current liabilities	1,989,900	6,895,370
Long-term debt, net of current maturities	4,160,177	4,486,141
Total liabilities	6,150,077	11,381,511
Net position		
Invested in capital assets, net of related debt	7,130,039	4,278,909
Unrestricted	25,292,151	24,311,892
Total net position	32,422,190	28,590,801
Total liabilities and net position	\$ 38,572,267	\$ 39,972,312

*See accompanying notes to the financial statements*

# EASTERN PLUMAS HEALTH CARE DISTRICT

## Statements of Revenues, Expenses and Changes in Net position

For The Years Ended June 30, 2023 and 2022

	2023	2022
<b>Operating revenues</b>		
Net patient service revenue	\$ 38,066,531	\$ 35,251,274
Other operating revenue	3,544,378	1,282,829
<b>Total operating revenues</b>	<b>41,610,909</b>	<b>36,534,103</b>
<b>Operating expenses</b>		
Salaries & wages	16,598,969	15,438,245
Employee benefits	5,278,324	4,128,938
Professional Fees	3,455,443	3,154,161
Purchased services	5,755,785	4,642,567
Supplies	2,700,214	3,152,809
Repairs & maintenance	748,474	750,492
Utilities	1,065,765	1,113,220
Rentals and leases	74,415	64,154
Insurance	403,885	328,555
Depreciation & amortization	1,150,158	1,107,962
Other operating expenses	671,420	753,388
<b>Total operating expenses</b>	<b>37,902,852</b>	<b>34,634,491</b>
<b>Operating income</b>	<b>3,708,057</b>	<b>1,899,612</b>
<b>Nonoperating revenues (expenses)</b>		
District tax revenues	785,562	721,562
Investment income	324,768	66,613
Interest expense	(218,722)	(209,429)
Other non-operating income	1,232,239	3,339,737
<b>Total nonoperating revenues (expenses)</b>	<b>2,123,847</b>	<b>3,918,483</b>
<b>Excess of revenues</b>	<b>5,831,904</b>	<b>5,818,095</b>
Inter-governmental transfers	(2,000,515)	(1,992,527)
<b>Increase in net position</b>	<b>3,831,389</b>	<b>3,825,568</b>
Net position, beginning of the year	28,590,801	24,765,233
Net position, end of year	<b>\$ 32,422,190</b>	<b>\$ 28,590,801</b>

*See accompanying notes to the financial statements*



# EASTERN PLUMAS HEALTH CARE DISTRICT

## Statements of Cash Flows

For The Years Ended June 30, 2023 and 2022

	2023	2022
<b>Cash flows from operating activities</b>		
Cash received from patients and third-party payers	\$ 28,620,710	\$ 34,747,546
Other receipts	3,171,113	5,019,865
Cash payments to suppliers and contractors	(14,932,563)	(14,413,344)
Cash payments to employees and benefit programs	(21,987,366)	(19,492,223)
Net cash provided by (used in) operating activities	(5,128,106)	5,861,844
<b>Cash flows from non-capital and related financing activities</b>		
District tax revenue	785,562	721,562
Other non-operating revenue	1,232,239	3,339,737
Inter-governmental transfers	(2,000,515)	(1,992,527)
Net cash provided by non-capital and related financing activities	17,286	2,068,772
<b>Cash flows from capital and related financing activities</b>		
Purchase of property, plant & equipment	(3,688,552)	(568,686)
Proceeds from debt borrowings	-	-
Payments of long-term debt	(312,736)	(3,550,452)
Interest paid on capital debt	(218,722)	(209,429)
Net cash used in capital and related financing activities	(4,220,010)	(4,328,567)
<b>Cash flows from investing activities</b>		
Net change in assets limited as to use	9,625,826	(3,166,045)
Investment income	324,768	66,613
Net cash provided by (used in) investing activities	9,950,594	(3,099,432)
Increase (decrease) in cash and cash equivalents	619,764	502,617
Cash and cash equivalents at beginning of year	725,617	223,000
Cash and cash equivalents at end of year	\$ 1,345,381	\$ 725,617
Cash paid for interest payments	\$ 218,722	\$ 209,429

*See accompanying notes to the financial statements*



EASTERN PLUMAS HEALTH CARE DISTRICT

Statements of Cash Flows (continued)

For The Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Reconciliation of income from operations to net cash provided by operating activities</b>		
Operating income	\$ 3,708,057	\$ 1,899,612
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	1,150,158	1,107,962
Changes in operating assets and liabilities		
Patient accounts receivable	(3,493,821)	(197,292)
Other receivables	(373,265)	3,737,036
Supplies	(67,172)	(155,688)
Prepaid expenses	39,522	(82,754)
Accounts payable and accrued expenses	(29,512)	(215,556)
Accrued payroll and related expenses	(110,073)	74,960
Third-party payor settlements	(5,952,000)	(306,436)
Net cash provided by (used in) operating activities	<u>\$ (5,128,106)</u>	<u>\$ 5,861,844</u>

*See accompanying notes to the financial statements*

# EASTERN PLUMAS HEALTH CARE DISTRICT

## Notes to Financial Statements

June 30, 2023 and 2022

### NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES

**Reporting Entity:** Eastern Plumas Health Care District (the District) is a political subdivision of the state of California organized under the Local Health Care District Law as set forth in the Health and Safety Code of the state of California. The District owns and operates Eastern Plumas Hospital (the Hospital), which is located in Portola, California. The Hospital was formed in 1964 under the Local Healthcare District Law (Section 32.00 et. seq.) to provide health care services to the citizens of Plumas County. The Hospital serves the surrounding community, as well as visitors to the area throughout the year, deriving a significant portion of revenue from third-party payors, including private insurance, Medicare, and Medi-Cal.

The District maintains its financial records in conformity with guidelines set forth by the Local Health Care District Law and the Office of Statewide Health Planning and Development of the state of California.

**Basis of Preparation:** The accounting policies and financial statements of the District generally conform with the recommendations of the audit and accounting guide, *Health Care Organizations*, published by the American Institute of Certified Public Accountants. The financial statements are presented in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operational revenues and expenses.

The District uses proprietary fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Pursuant to Government Accounting Standard Board ("GASB") Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board ("FASB") and AICPA Pronouncements*, the District's proprietary fund accounting and financial reporting practices are based on all applicable GASB pronouncements as well as codified pronouncements issued on or before November 30, 1989. The District has elected to apply the provisions of all relevant pronouncements as the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

**Financial Statement Presentation:** The District applies the provisions of GASB 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (Statement 34), as amended by GASB 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and Statement 38, *Certain Financial Statement Note Disclosures*. Statement 34 established financial reporting standards for all state and local governments and related entities. Statement 34 primarily relates to presentation and disclosure requirements. The impact of this change was related to the format of the financial statements; the inclusion of management's discussion and analysis; and the preparation of the statement of cash flows on the direct method. The application of these accounting standards had no impact on the total net assets.

# EASTERN PLUMAS HEALTH CARE DISTRICT

## Notes to Financial Statements

June 30, 2023 and 2022

### NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES (continued)

**Management's Discussion and Analysis:** Statement 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the District's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of organizations in the private sector.

**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 and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents:** The District's cash and cash equivalents include cash on hand, demand deposits and short-term investments at financial institutions, and deposits in the state of California Local Agency Investment Fund (LAIF), a pooled investment fund. The District considers short-term investments with original maturity of three months or less from the date of acquisition as cash and cash equivalents. The District records its deposits at fair value, which approximates cost.

**Patient Accounts Receivable:** Patient accounts receivable consist of amounts owed by various governmental agencies, insurance companies and private patients. The District manages its receivables by regularly reviewing the accounts, inquiring with respective payors as to collectibility and providing for allowances on their accounting records for estimated contractual adjustments and uncollectible accounts. Significant concentrations of patient accounts receivable are discussed further in the footnotes.

**Supplies:** Inventories are consistently reported from year to year at cost determined by average costs and replacement values which are not in excess of market. The District does not maintain levels of inventory values such as those under a first-in, first out or last-in, first out method.

**Assets Limited as to Use:** Assets limited as to use are comprised of board designated assets. Assets limited as to use consist primarily of cash and cash equivalents.

**Capital Assets:** Capital assets consist of property and equipment and are reported on the basis of cost, or in the case of donated items, on the basis of fair market value at the date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures which increase values, change capacities, or extend useful lives are capitalized. Depreciation of property and equipment and amortization of property under capital leases are computed by the straight-line method for both financial reporting and cost reimbursement purposes over the estimated useful lives of the assets, which range from 10 to 30 years for buildings and improvements, and 3 to 10 years for equipment. The District periodically reviews its capital assets for value impairment. As of June 30, 2023 and 2022, the District has determined that no capital assets are impaired.



# EASTERN PLUMAS HEALTH CARE DISTRICT

## Notes to Financial Statements

June 30, 2023 and 2022

### **NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES (continued)**

**Compensated Absences:** The employees of the District earn vacation benefits at varying rates. These rates are determined based on the employee's years of service. This benefit can accumulate up to specified maximum levels. Accumulated vacation benefits are paid to an employee upon either termination or retirement. Accrued vacation liabilities as of June 30, 2023 and 2022 are \$748,400 and \$737,900, respectively.

**Classification of Net Position:** Net position of the District is classified into three categories. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of net assets with limits on their use that are externally imposed by creditors (such as through debt covenants), grantors, contributors or by laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consist of net assets and net deferred outflows and inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

**Net Patient Service Revenues:** Net patient service revenues are reported in the period at the estimated net realized amounts from patients, third-party payors and others including estimated retroactive adjustments under reimbursement agreements with third-party programs. Normal estimation differences between final reimbursement and amounts accrued in previous years are reported as adjustments of current year's net patient service revenues.

**Charity Care:** The District accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the District. Essentially, these policies define charity services as those services for which no payment is anticipated. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenues. Services provided are recorded as gross patient service revenues and then written off entirely as an adjustment to net patient service revenues.

**Grants and Contributions:** From time to time, the District receives grants from various governmental agencies and private organizations. The District also receives contributions from related foundation and auxiliary organizations, as well as from individuals and other private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or capital acquisitions. These amounts, when recognized upon meeting all requirements, are reported as components of the statement of revenues, expenses and changes in net assets.

# EASTERN PLUMAS HEALTH CARE DISTRICT

## Notes to Financial Statements

June 30, 2023 and 2022

### NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES (continued)

**Operating Revenues and Expenses:** The District's statement of revenues, expenses and changes in net assets distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, which is the District's principal activity. Operating expenses are all expenses incurred to provide health care services, other than financing costs. Non-operating revenues and expenses are those transactions not considered directly linked to providing health care services.

**Property Tax:** Property taxes are levied by Plumas County on the District's behalf and are intended to support operations and to service debt. The amount of property tax received is dependent upon the assessed real property valuations as determined by the Plumas County Assessor.

Property taxes are levied on July 1 for the following fiscal year based on values as of March of that year. The county collects the taxes and pays the District based on The Teeter Plan by contract. Under this plan, the county pays the District 45% of the estimated tax collections on December 15, 42% to 43% on April 15, and the balance in August of the following year after reconciling all accounts. The county charges a collection fee of 1.7% of the taxes remitted.

**Recently Adopted Accounting Pronouncement:** In June, 2017 the Governmental Accounting Standards Board released GASB 87 regarding changes in the way leases are accounted for. GASB 87 superseded GASB 13 and GASB 62 and more accurately portrays lease obligations by recognizing lease assets and lease liabilities on the statement of net position and disclosing key information about leasing arrangements. The District has adopted GASB 87 effective July 1, 2022 in accordance with the timetable established by GASB 87. The District reviewed future minimum lease payments for the succeeding years under operating leases as of June 30, 2023 and 2022, with initial or remaining lease terms in excess of one year and determined they were not considered material.

**Reclassifications:** Certain financial statement amounts as presented in the prior year financial statements have been reclassified in these, the current year financial statements, in order to conform to the current year financial statement presentation.



# EASTERN PLUMAS HEALTH CARE DISTRICT

## Notes to Financial Statements

June 30, 2023 and 2022

### NOTE 2 - INFORMATION REGARDING LIQUIDITY AND AVAILABILITY OF RESOURCES

The District regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. The District has various sources of liquidity at its disposal as itemized in the table presented below. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the District considers all expenditures related to its ongoing activities of providing health care services as well as the conduct of services undertaken to support those activities, to be general expenditures.

The District strives to maintain liquid financial assets sufficient to cover at least 30 days of expenditures. The District's policy is that excess cash on hand is invested in investment instruments with liquidity requirements to enable District usage of those assets within a short time period.

The following table reflects the District's financial assets as of June 30, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 16,815,615	\$ 25,821,677
Patient accounts receivable, net of allowances	7,948,381	4,454,560
Other receivables	419,467	46,202
Total financial assets	<u>25,183,463</u>	<u>30,322,439</u>
Less reduction of financial assets not available for general expenses	(15,470,234)	(25,096,060)
Total financial assets available for one year of general expenses	<u>\$ 9,713,229</u>	<u>\$ 5,226,379</u>

In addition to financial assets available to meet general expenditures over the next 12-month period, the District operates a balanced budget and anticipates collecting sufficient patient service revenue to cover general expenditures not covered by assets limited as to use and donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the District's cash flow and shows positive cash generated by operations for fiscal years 2023 and 2022.

# EASTERN PLUMAS HEALTH CARE DISTRICT

## Notes to Financial Statements

June 30, 2023 and 2022

### **NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

As of June 30, 2023 and 2022, the District had deposits invested in various financial institutions in the form of cash and cash equivalents amounting to \$16,813,266 and \$25,819,326, respectively. All of these funds were held in deposits, which are collateralized in accordance with the California Government Code (CGC), except for \$250,000 per account that is federally insured.

Under the provisions of the CGC, California banks and savings and loan associations are required to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure Hospital deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. The pledged securities are held by the pledging financial institution's trust department in the name of the District.

Investments consist of money market accounts, U.S. Government securities and state and local agency funds invested in U. S. Government securities and are stated at quoted market values. Changes in market value between years are reflected as a component of investment income in the accompanying statement of revenues, expenses and changes in net assets.

### **NOTE 4 - NET PATIENT SERVICE REVENUES AND REIMBURSEMENT PROGRAMS**

The District renders services to patients under contractual arrangements with the Medicare and Medi-Cal programs, commercial insurance companies, health maintenance organizations (HMOs) and preferred provider organizations (PPOs). Patient service revenues from these programs approximate 98% and 97% of gross patient service revenues for the years ended June 30, 2023 and 2022, respectively.

The Medicare Program reimburses the District on a cost basis payment system for inpatient and outpatient hospital services. The cost based reimbursement is determined based on filed Medicare cost reports. Skilled nursing services are reimbursed on a predetermined amount based on the Medicare rates for the services.

The District contracts to provide services to Medi-Cal, HMO and PPO inpatients on negotiated rates. Certain outpatient reimbursement is subject to a schedule of maximum allowable charges for Medi-Cal and to a percentage discount for HMOs and PPOs. The skilled nursing facility (SNF) is reimbursed by the Medi-Cal program on a prospective per diem basis subject to audit by the state. The results of the state audits are incorporated prospectively and are subject to appeal by the provider.



# EASTERN PLUMAS HEALTH CARE DISTRICT

## Notes to Financial Statements

June 30, 2023 and 2022

### **NOTE 4 - NET PATIENT SERVICE REVENUES AND REIMBURSEMENT PROGRAMS (continued)**

Both the Medicare and Medi-Cal program's administrative procedures preclude final determination of amounts due to the District for services to program patients until after patients' medical records are reviewed and cost reports are audited or otherwise reviewed by and settled with the respective administrative agencies. The Medicare and Medi-Cal cost reports are subject to audit and possible adjustment. Management is of the opinion that no significant adverse adjustment to the recorded settlement amounts will be required upon final settlement.

Medicare and Medi-Cal revenue accounted for approximately 79% of the District's net patient revenues for the year ended June 30, 2023 and 83% for the year ended June 30, 2022. Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

### **NOTE 5 - ASSETS LIMITED AS TO USE**

Assets limited as to use as of June 30, 2023 and 2022 were comprised of government investment funds and are assets designated by the board for specific purposes. Assets limited as to use as of June 30, 2023 and 2022 totaled \$15,470,234 and \$25,096,060, respectively.

Investment income related to assets limited as to use is recorded as investment income. Total investment income was \$324,768 and \$66,613 for the years ended June 30, 2023 and 2022, respectively. Total investment income includes both income from operating cash and cash equivalents and cash and cash equivalents related to assets limited as to use.



# EASTERN PLUMAS HEALTH CARE DISTRICT

## Notes to Financial Statements

June 30, 2023 and 2022

### NOTE 6 - INVESTMENTS

The District's investment balances, and average maturities were as follows at June 30, 2023 and 2022:

2023				
	Fair Value	Investment Maturities in Years		
		Less than 1	1 to 5	Over 5
Government investment funds	\$ 15,470,234	\$ 15,470,234	\$ -	\$ -
Money market accounts	1,404,899	1,404,899	-	-
<b>Total investments</b>	<b>\$ 16,875,133</b>	<b>\$ 16,875,133</b>	<b>\$ -</b>	<b>\$ -</b>
2022				
	Fair Value	Investment Maturities in Years		
		Less than 1	1 to 5	Over 5
Government investment funds	\$ 25,096,060	\$ 25,096,060	\$ -	\$ -
Money market accounts	935,425	935,425	-	-
<b>Total investments</b>	<b>\$ 26,031,485</b>	<b>\$ 26,031,485</b>	<b>\$ -</b>	<b>\$ -</b>

The District's investments are reported at fair value as previously discussed. The District's investment policy allows for various forms of investments generally set to mature within a few months to others over 15 years. The policy identifies certain provisions which address interest rate risk, credit risk and concentration of credit risk.

**Interest Rate Risk:** Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District's exposure to interest rate risk is minimal as 100% of their investments have a maturity of less than one year. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the preceding schedules that shows the distribution of the District's investments by maturity.

**Credit Risk:** Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, such as Moody's Investor Service, Inc. The District's investments in such obligations are in U.S. government funds. The District believes that there is minimal credit risk with these obligations at this time.

# EASTERN PLUMAS HEALTH CARE DISTRICT

## Notes to Financial Statements

June 30, 2023 and 2022

### NOTE 6 – INVESTMENTS (continued)

**Custodial Credit Risk:** Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer), the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investments are generally held by banks, investment companies or government agencies. The District believes that there is minimal custodial credit risk with their investments at this time. District management monitors the entities which hold the various investments to ensure they remain in good standing.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investments are held as follows: governmental agencies 92% and banks 8%. The District believes that there is minimal custodial credit risk with their investments at this time. District management monitors the entities which hold the various investments to ensure they remain in good standing.

### NOTE 7 - CONCENTRATION OF CREDIT RISK

The District grants credit without collateral to its patients and third-party payors. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the District and management does not believe that there is any credit risk associated with these governmental agencies. Contracted and other patient accounts receivable consist of various payors including individuals involved in diverse activities, subject to differing economic conditions and do not represent any concentrated credit risks to the District. Concentration of patient accounts receivable at June 30, 2023 and 2022 were as follows:

	2023	2022
Medicare	\$ 3,940,461	\$ 2,661,249
Medi-Cal and Medi-Cal pending	5,349,725	1,193,753
Other third party payors	2,762,800	2,440,324
Self pay and other	1,126,018	614,609
Gross patient accounts receivable	13,179,004	6,909,935
Less allowances for contractual adjustments and bad debts	(5,230,623)	(2,455,375)
Net patient accounts receivable	\$ 7,948,381	\$ 4,454,560

# EASTERN PLUMAS HEALTH CARE DISTRICT

## Notes to Financial Statements

June 30, 2023 and 2022

### NOTE 8 - CAPITAL ASSETS

Capital assets as of June 30, 2023 and 2022 were comprised of the following:

	Balance at June 30, 2022	Transfers & Additions	Transfers & Retirements	Balance at June 30, 2023
Land and land improvements	\$ 1,123,344	\$ 43,000	\$ -	\$ 1,166,344
Buildings and improvements	14,931,290	350,369	-	15,281,659
Equipment	14,825,652	1,092,357	(354,845)	15,563,164
Construction-in-progress	493,536	2,202,826	-	2,696,362
<b>Totals at historical cost</b>	<b>31,373,822</b>	<b>\$ 3,688,552</b>	<b>\$ (354,845)</b>	<b>34,707,529</b>
Less accumulated depreciation	(22,298,729)	\$ (1,150,158)	\$ 354,845	(23,094,042)
<b>Capital assets, net</b>	<b>\$ 9,075,093</b>			<b>\$ 11,613,487</b>

	Balance at June 30, 2021	Transfers & Additions	Transfers & Retirements	Balance at June 30, 2022
Land and land improvements	\$ 1,123,344	\$ -	\$ -	\$ 1,123,344
Buildings and improvements	14,850,753	80,537	-	14,931,290
Equipment	14,416,638	562,321	(153,307)	14,825,652
Construction-in-progress	567,708	117,358	(191,530)	493,536
<b>Totals at historical cost</b>	<b>30,958,443</b>	<b>\$ 760,216</b>	<b>\$ (344,837)</b>	<b>31,373,822</b>
Less accumulated depreciation	(21,344,074)	\$ (1,107,962)	\$ 153,307	(22,298,729)
<b>Capital assets, net</b>	<b>\$ 9,614,369</b>			<b>\$ 9,075,093</b>

### NOTE 9 - RETIREMENT PLANS

The District established the Eastern Plumas Health Care District Executive Deferred Compensation Plan funded exclusively through the purchase of annuity contracts from The Variable Annuity Life Insurance Company. District employees are eligible after completion of one year of service and continued participation requires at least 1,000 hours of service each year. The District's contributions are discretionary. District contributions are vested 20% after one year of service with vesting increasing by 20% each year thereafter until fully vested. Total discretionary pension expense for the years ended June 30, 2023 and 2022, was \$313,839 and \$268,727, respectively.



# EASTERN PLUMAS HEALTH CARE DISTRICT

## Notes to Financial Statements

June 30, 2023 and 2022

### NOTE 10 - DEBT BORROWINGS

Long-term debt consists of notes payable and capital lease obligations as follows:

	2023	2022
Note payable to USDA, original amount of \$4,600,000, bearing interest at 4.5%, principal and interest payable monthly in the amount of \$23,322, maturing in December 2031, secured by property and improvements.	\$ 1,966,385	\$ 2,153,168
Note payable to the City of Portola, original amount of \$348,000, bearing interest at 1.5%, principal and interest payable monthly in the amount of \$2,454, maturing in October 2026, secured by property.	104,643	134,499
Note payable to the Rural Communities Assistance Corporation, original amount of \$2,800,000, bearing interest at 4.0%, principal and interest payable monthly in the amount of \$16,967, maturing in November 2033, secured by property and building.	2,412,420	2,508,517
Total debt borrowings	4,483,448	4,796,184
Less current maturities	(323,271)	(310,043)
Debt borrowings, net of current maturities	\$ 4,160,177	\$ 4,486,141

Future principal maturities for debt borrowings for the next five years are: \$323,271 in 2024; \$338,348 in 2025; \$353,507 in 2026; \$360,343 in 2027; \$356,702 in 2028; and \$2,751,277 thereafter.

**Line of Credit:** The District has a bank line of credit available for \$3,000,000 at an interest rate of 8.25%. The line of credit matures on April 15, 2024 at which time all outstanding principal and interest would be due. At June 30, 2023, there is no balance outstanding.

# EASTERN PLUMAS HEALTH CARE DISTRICT

## Notes to Financial Statements

June 30, 2023 and 2022

### NOTE 11 - COMMITMENTS AND CONTINGENCIES

**Risk Management:** The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters.

**Litigation:** The District may from time-to-time be involved in litigation and regulatory investigations which arise in the normal course of doing business. After consultation with legal counsel, management estimates that matters existing as of June 30, 2023 will be resolved without material adverse effect on the District's future financial position, results from operations or cash flows.

**Workers Compensation Program:** The District is a member of the BETA Risk Management Authority (BETA) which administers a self-insured worker's compensation plan for participating hospital employees of its member hospitals. The District pays premiums to BETA which are adjusted annually. If participation in BETA is terminated by the District, the District would be liable for its share of any additional premiums necessary for final disposition of all claims and losses covered by BETA.

**Health Insurance Portability and Accountability Act:** The Health Insurance Portability and Accountability Act (HIPAA) was enacted August 21, 1996, to ensure health insurance portability, reduce health care fraud and abuse, guarantee security and privacy of health information, and enforce standards for health information. Organizations are subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations. Management continues to evaluate the impact of this legislation on its operations including future financial commitments that will be required.

**Operating leases -** The Hospital leases various equipment and facilities under operating leases expiring at various dates. Lease and rental expense under such agreements was \$74,415 and \$64,154 for the years ended June 30, 2023 and 2022 respectively. Future minimum lease payments for the succeeding years under operating leases as of June 30, 2023, with initial or remaining lease terms in excess of one year are not considered material.



# EASTERN PLUMAS HEALTH CARE DISTRICT

## Notes to Financial Statements

June 30, 2023 and 2022

### **NOTE 11 - COMMITMENTS AND CONTINGENCIES (continued)**

**Construction-in-Progress:** As of June 30, 2023 and 2022, the District had recorded \$2,696,362 and \$493,536, respectively, as construction-in-progress representing cost capitalized for various remodeling, major repair, and EMR projects on the District's premises. Estimated costs to complete current obligated construction-in-progress projects as of June 30, 2023 are approximately \$950,000. Costs are to be financed with District reserves, grant and donation funds and continued Hospital operations.

**Health Care Reform:** The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statues and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with fraud and abuse as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

### **NOTE 12 - INCOME TAXES**

The District is a political subdivision of the State of California organized under the Local Health Care District Law as set forth in the Health and Safety Code of the State of California. The District has been determined to be exempt from income taxes under Local Health Care District Law. Accordingly, no provision for income taxes is included in the accompanying financial statements. In accordance with guidance on accounting for uncertainty in income taxes, the District's management has evaluated the District's tax positions and does not believe the District has any uncertain tax positions that require disclosure or adjustment to the financial statements. The District is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

# EASTERN PLUMAS HEALTH CARE DISTRICT

## Notes to Financial Statements

June 30, 2023 and 2022

### NOTE 11- CHARITY CARE AND COMMUNITY BENEFIT EXPENSE

The Hospital maintains records to identify and monitor the level of charity care and community service it provides. These records include: the amount of charges foregone (based on established rates) for services and supplies furnished under its charity care and community service policies and the estimated cost of those services and supplies.

The following is a summary of the Hospital's charity care and community benefit expense for the years ended June 30, 2023 and 2022, in terms of services to the poor and benefits to the broader community:

	2023	2022
Benefits for the poor		
Traditional charity care and related programs	\$ 153,985	\$ 125,974
Total quantifiable benefits for the poor	153,985	125,974
Benefits for the broader community		
Unpaid Medicare program charges	8,235,689	9,491,506
Unpaid MediCal program charges	7,156,302	5,653,093
Total quantifiable benefits for the broader community	15,391,991	15,144,599
Total quantifiable community benefits	\$ 15,545,976	\$ 15,270,573

### NOTE 13 – EASTERN PLUMAS HEALTHCARE DISTRICT FOUNDATION

The Eastern Plumas Healthcare District Foundation (the Foundation) has been established as a nonprofit public benefit corporation to solicit contributions on behalf of the District. Substantially all funds raised, except for funds required for operation of the Foundation, are distributed to the District or held for the benefit of the District. The Foundation's funds, which represent the Foundation's unrestricted resources, are distributed to the District in amounts and in periods determined by the Foundation's Board of Trustees, who may also restrict the use of such funds for District property and equipment replacement, expansion, or other specific purposes. Because management believes the resources of the Foundation are significant to the Hospital, the Foundation is considered a component unit of the District. The District is not financially accountable for the activities of the Foundation and has determined that disclosure of unaudited condensed financial statements of the Foundation is the most appropriate presentation of component unit data.



# EASTERN PLUMAS HEALTH CARE DISTRICT

## Notes to Financial Statements

June 30, 2023 and 2022

### NOTE 13 – EASTERN PLUMAS HEALTHCARE DISTRICT FOUNDATION (continued)

Eastern Plumas Healthcare District Foundation  
Unaudited Condensed Statement of Net Assets  
June 30, 2023 and 2022

	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 160,751	\$ 153,502
Restricted cash and cash equivalents	193,863	198,516
Commercial property	466,408	496,408
Other assets	3,510	3,510
Total assets	824,532	851,936
<b>Liabilities</b>		
Mortgage payable	500,969	520,956
Total liabilities	500,969	520,956
Net assets	\$ 323,563	\$ 330,980

Unaudited Condensed Statements of Activities  
For the Years Ended June 30, 2023 and 2022

	2023	2022
Total support	\$ 70,212	\$ 48,706
Expenses	(77,629)	(76,619)
Donations to District	-	-
Net increase (decrease) in net assets	(7,417)	(27,913)
Net assets, beginning	330,980	358,893
Net assets, end	\$ 323,563	\$ 330,980

The District received no contributions from the Foundation in the years ended June 30, 2023 and 2022. The District provides office space to the Foundation at no charge and the Foundation's directors and computer equipment are covered under the District's general liability, directors and officers and property insurance.



# JWT & Associates, LLP

## Advisory Assurance Tax

1111 E. Herndon Avenue, Suite 211, Fresno, California 93720  
Voice: (559) 431-7708 Fax: (559) 431-7685

### 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

The Board of Directors  
Eastern Plumas Health Care District  
Portola, California

We have audited, in accordance with the 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 Eastern Plumas Health Care District (the District), which comprise the statement of net position as of June 30, 2023, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated January 25, 2024.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District'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 determination of financial statement amounts. 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.

*JWT & Associates, LLP*

Fresno, California  
January 25, 2024

DRAFT

EASTERN PLUMAS HEALTH CARE DISTRICT

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

**I. Summary of Auditor's Results**

Type of auditor's report issued:

Unmodified

Internal Control over financial reporting:

Material weakness identified?

yes

no

Significant deficiency(ies) identified that are not considered to be material weaknesses?

yes

no

Noncompliance material to financial statements noted?

yes

no

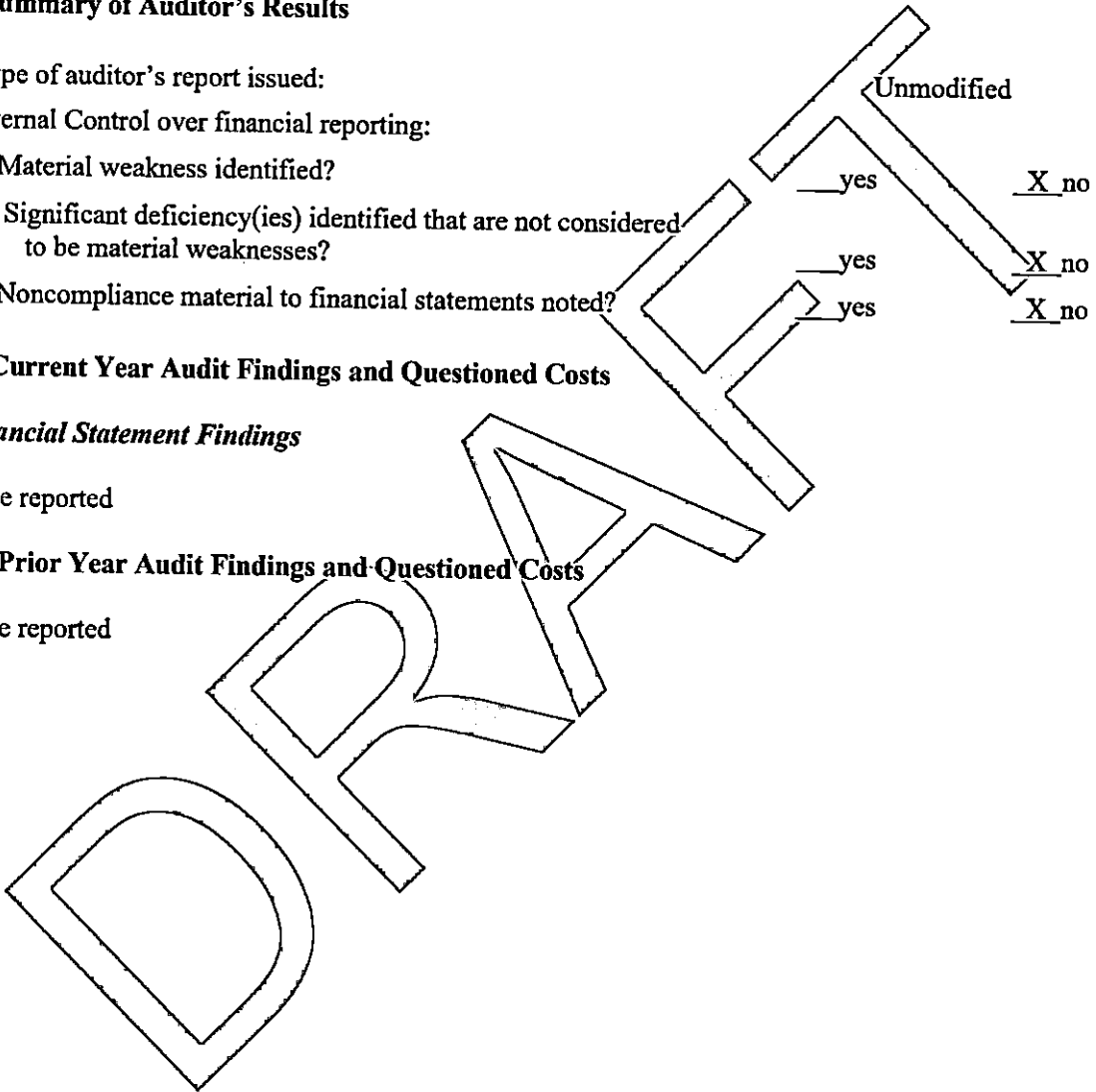
**II. Current Year Audit Findings and Questioned Costs**

*Financial Statement Findings*

None reported

**III. Prior Year Audit Findings and Questioned Costs**

None reported



**Eastern Plumas Health Care**  
**Financial Statements – Board Report**  
**December 2023**

**Summary**

Total Patient Revenues year-to-date were under budget by \$543,893. Total Operating Revenues were over budget by \$1,797,240 as the HQAF IGT was over budget by \$1,153,870. Total Operating Expenses were over budget by \$152,422. Net Income was over budget by \$1,810,160.

**Revenues (Year-to-Date)**

Overall, total Inpatient Revenues were under budget by \$234,761, with Skilled Nursing Revenues over budget by \$261,129. Pro Fees were over budget by \$132,411. Total Outpatient Revenues were under budget by \$227,311 and Clinic Revenues were under budget by \$205,232.

**Expenses (Year-to-Date)**

**Salaries and Benefits:** Combined Salaries and Benefits were over budget by \$573,404.

**Purchased Services:** Purchased Services were under budget by \$488,942.

**Professional Fees:** Professional Fees were under budget by \$183,167.

**Repairs & Maintenance:** Repairs & Maintenance were over budget by \$60,968.

**Utilities:** Utilities were over budget by \$69,793.

**Supplies:** Supplies were over budget by \$202,435.

**Depreciation Expense:** Depreciation Expense was under budget by \$71,817.

**Other Expenses:** Other Expenses were over budget by \$157,772. These include training, travel, and dues and subscriptions.

**Revenue Cycle**

Gross Accounts Receivable as of December 31, 2023 was \$21 million. The increase is due to the Cerner transition. We are working on catching up on payment posting.

**Balance Sheet**

Total Cash decreased 18.76%. Net AR increased 83.12% and Net Fixed Assets increased 11.74%. Total Liabilities decreased 32.69%.

**Additional Information**

Days cash on hand on December 31, 2023, was 138. December 31, 2022, days cash on hand was 169. We have spent \$1,175,460 on capital equipment so far this year. Included in the current year-to-date operating income is \$2,245,289 for the HQAF IGT that was returned to us in November. As mentioned above, this was \$1,153,870 over the budgeted amount of \$1,091,419. We will be funding the remaining IGT's in February for approximately \$2,695,200 and will net approximately \$5,692,200 in return. We expect to receive those funds before the end of the fiscal year.

Compared to the six months ended December 31, 2022, our Gross Patient Revenue is up 8% with total Operating Expenses being up 1%.



Eastern Plumas Health Care  
Income Statement  
DRAFT  
For the Quarter 10/1/23 - 12/31/23

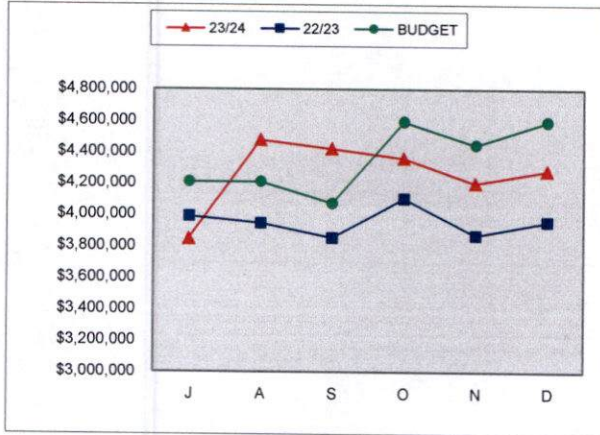
	% Net Pt Revenue	Quarter-to-Date Actual	Quarter-to-Date Budget	\$ Variance	% Net Pt Revenue	Year-to-Date Actual	Year-to-Date Budget	\$ Variance
<b>1 REVENUE</b>								
2 Inpatient Revenue		\$ 588,999	\$ 724,086	\$ (135,087)		\$ 1,040,857	\$ 1,448,186	\$ (407,329)
3 Inpatient Revenue - Swing Bed		\$ 579,000	\$ 675,947	\$ (96,947)		\$ 981,000	\$ 1,078,561	\$ (97,561)
4 Inpatient Revenue - SNF		\$ 2,654,791	\$ 2,445,726	\$ 209,065		\$ 5,288,115	\$ 5,026,986	\$ 261,129
Inpatient Revenue		\$ 3,822,790	\$ 3,845,759	\$ (22,969)		\$ 7,309,972	\$ 7,553,733	\$ (243,761)
5 All Pro Fees		\$ 1,004,885	\$ 993,359	\$ 11,526		\$ 1,975,773	\$ 1,843,362	\$ 132,411
7 Outpatient Revenue		\$ 6,678,100	\$ 7,134,641	\$ (456,541)		\$ 13,587,919	\$ 13,815,230	\$ (227,311)
8 Clinics		\$ 1,348,289	\$ 1,656,865	\$ (308,576)		\$ 2,702,708	\$ 2,907,940	\$ (205,232)
9 Total Patient Revenue		\$ 12,854,064	\$ 13,630,625	\$ (776,561)		\$ 25,576,372	\$ 26,120,265	\$ (543,893)
11 Contractual Allowances		\$ (4,070,440)	\$ (5,000,925)	\$ 930,485		\$ (8,823,794)	\$ (10,001,850)	\$ 1,178,056
12 Charity Discounts		\$ (28,642)	\$ (29,636)	\$ 994		\$ (56,810)	\$ (59,272)	\$ 2,462
13 Other Allowances		\$ (92,870)	\$ (96,095)	\$ 3,225		\$ (184,207)	\$ (192,189)	\$ 7,982
14 Bad Debt		\$ (185,987)	\$ (193,479)	\$ 6,492		\$ (370,887)	\$ (386,958)	\$ 16,071
15 Total Deductions		\$ (4,378,939)	\$ (5,320,135)	\$ 941,196		\$ (9,435,698)	\$ (10,640,269)	\$ 1,204,571
16 Net Patient Revenue		\$ 8,475,125	\$ 8,310,490	\$ 164,636		\$ 16,140,674	\$ 15,479,996	\$ 660,678
17 % of Gross Revenue	65.93%		60.97%	4.96%		63.11%	59.26%	3.84%
18 Meaningful Use Revenue		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
19 Quality Payments		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
20 IGT Payments		\$ 2,245,289	\$ 1,091,419	\$ 1,153,870		\$ 2,245,289	\$ 1,091,419	\$ 1,153,870
21 Other Operating Revenue		\$ 25,501	\$ 26,547	\$ (1,046)		\$ 35,786	\$ 53,094	\$ (17,308)
22 Total Operating Revenue		\$ 10,745,915	\$ 9,428,456	\$ 1,317,460		\$ 18,421,749	\$ 16,624,509	\$ 1,797,240
<b>23 EXPENSES</b>								
24 Salaries and Wages	48.3%	\$ (4,095,699)	\$ (4,313,452)	\$ 217,753	50.4%	\$ (8,134,831)	\$ (8,626,897)	\$ 492,066
25 Employee Benefits	20.1%	\$ (1,704,116)	\$ (1,707,066)	\$ 2,950	20.6%	\$ (3,332,795)	\$ (3,414,133)	\$ 81,338
26 Professional Fees - Medical	10.3%	\$ (872,521)	\$ (959,518)	\$ 86,997	10.8%	\$ (1,744,447)	\$ (1,919,034)	\$ 174,587
27 Professional Fees - Other	0.3%	\$ (24,763)	\$ (34,781)	\$ 10,018	0.4%	\$ (60,984)	\$ (69,563)	\$ 8,580
28 Supplies	8.1%	\$ (686,371)	\$ (608,907)	\$ (77,464)	8.9%	\$ (1,438,570)	\$ (1,236,135)	\$ (202,435)
29 Purchased Services	14.3%	\$ (1,210,077)	\$ (1,039,434)	\$ (170,643)	15.9%	\$ (2,567,812)	\$ (2,078,870)	\$ (488,942)
30 Insurance	1.6%	\$ (134,177)	\$ (132,267)	\$ (1,910)	1.7%	\$ (266,445)	\$ (264,534)	\$ (1,911)
31 Rental and Leases	0.2%	\$ (18,193)	\$ (19,605)	\$ 1,412	0.2%	\$ (38,200)	\$ (39,210)	\$ 1,010
32 Repairs and Maintenance	1.8%	\$ (155,569)	\$ (148,954)	\$ (6,614)	2.2%	\$ (360,023)	\$ (299,055)	\$ (60,968)
33 Utilities and Telephone	3.9%	\$ (334,416)	\$ (275,647)	\$ (58,769)	3.8%	\$ (621,085)	\$ (551,292)	\$ (69,793)
34 Depreciation Amortization	3.9%	\$ (329,236)	\$ (357,584)	\$ 28,348	4.0%	\$ (643,352)	\$ (715,169)	\$ 71,817
35 Other Expenses	3.3%	\$ (275,995)	\$ (223,788)	\$ (52,207)	3.4%	\$ (551,119)	\$ (393,347)	\$ (157,772)
36 Total Operating Expenses	116.1%	\$ (9,841,132)	\$ (9,821,003)	\$ (20,129)	122.4%	\$ (19,759,661)	\$ (19,607,239)	\$ (152,422)
37 Income From Operations	10.7%	\$ 904,784	\$ (392,547)	\$ 1,297,331	-8.3%	\$ (1,337,912)	\$ (2,982,730)	\$ 1,644,818
38 Tax Revenue	-1.9%	\$ 162,600	\$ 162,500	\$ 100	-2.0%	\$ 325,200	\$ 325,002	\$ 198
39 Non Capital Grants and Donations	-1.9%	\$ 157,566	\$ 37,500	\$ 120,066	-1.1%	\$ 180,404	\$ 75,000	\$ 105,404
40 Interest Income	-1.8%	\$ 153,681	\$ 100,000	\$ 53,681	-1.7%	\$ 266,833	\$ 200,000	\$ 66,833
41 Interest Expense	0.6%	\$ (51,959)	\$ (45,599)	\$ (6,360)	0.7%	\$ (105,110)	\$ (91,200)	\$ (13,910)
42 Non-Operating Income (Expenses)	-0.6%	\$ 54,912	\$ 33,645	\$ 21,267	-0.5%	\$ 74,459	\$ 67,641	\$ 6,818
43 Total Non-Operating Gain (Lo)	-5.6%	\$ 476,800	\$ 288,046	\$ 188,754	-4.6%	\$ 741,786	\$ 576,443	\$ 165,343
44 Net Income	16.3%	\$ 1,381,583	\$ (104,502)	\$ 1,486,085	-3.7%	\$ (596,127)	\$ (2,406,287)	\$ 1,810,160
45 Operating Margin %		8.42%	-4.16%	12.58%		-7.26%	-17.94%	10.68%
46 Net Margin %		12.86%	-1.11%	13.97%		-3.24%	-14.47%	11.24%
47 Payroll as % of Operating Expense		58.93%	61.30%			58.04%	61.41%	

**Eastern Plumas Health Care**  
**Comparative Balance Sheets - Board Report**  
**DRAFT**  
**Dates as Indicated**

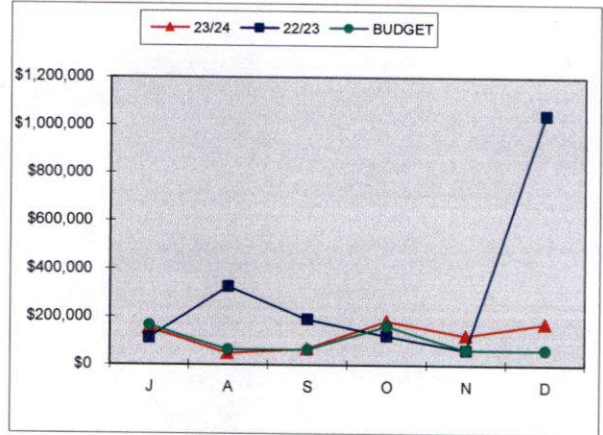
	FYE	FYE	FYE	FYE	FYE 2024-2023	
	as of 12/31/23	12/31/2022	12/31/2021	12/31/2020	\$ Change	% Change
<b>Assets</b>						
<b>Current Assets</b>						
Cash	\$ 450,416	\$ 963,530	\$ 2,255,349	\$ 976,578	\$ (513,114)	-53.25%
Short-term Investments (LAIF)	\$ 13,918,847	\$ 16,723,992	\$ 23,161,916	\$ 19,029,412	\$ (2,805,145)	-16.77%
<b>Total Cash and Equivalents</b>	<b>\$ 14,369,263</b>	<b>\$ 17,687,522</b>	<b>\$ 25,417,265</b>	<b>\$ 20,005,990</b>	<b>\$ (3,318,259)</b>	<b>-18.76%</b>
Patient Accounts Receivable	\$ 20,926,538	\$ 8,478,648	\$ 6,137,871	\$ 5,361,920	\$ 12,447,890	146.81%
Accounts Receivable Reserves	\$ (11,698,276)	\$ (3,439,254)	\$ (2,202,519)	\$ (2,052,928)	\$ (8,259,022)	240.14%
<b>Net Accounts Receivable</b>	<b>\$ 9,228,262</b>	<b>\$ 5,039,394</b>	<b>\$ 3,935,352</b>	<b>\$ 3,308,992</b>	<b>\$ 4,188,868</b>	<b>83.12%</b>
<b>% of Gross Account Receivables</b>	<b>44.1%</b>	<b>59.4%</b>	<b>64.1%</b>	<b>61.7%</b>		
Inventory	\$ 582,547	\$ 481,936	\$ 422,778	\$ 256,399	\$ 100,611	20.88%
Other Assets	\$ 1,052,768	\$ 577,457	\$ 1,153,770	\$ 920,304	\$ 475,311	82.31%
<b>Total Other Assets</b>	<b>\$ 1,635,315</b>	<b>\$ 1,059,393</b>	<b>\$ 1,576,548</b>	<b>\$ 1,176,703</b>	<b>\$ 575,922</b>	<b>54.36%</b>
<b>Total Current Assets</b>	<b>\$ 25,232,841</b>	<b>\$ 23,786,309</b>	<b>\$ 30,929,165</b>	<b>\$ 24,491,685</b>	<b>\$ 1,446,531</b>	<b>6.08%</b>
<b>Fixed Assets</b>						
Land	\$ 1,166,344	\$ 1,166,344	\$ 1,123,344	\$ 1,123,344	\$ -	0.00%
Buildings	\$ 15,220,840	\$ 15,128,491	\$ 14,869,048	\$ 14,811,132	\$ 92,349	0.61%
Capital Equipment	\$ 16,142,881	\$ 15,273,074	\$ 14,804,930	\$ 14,281,888	\$ 869,807	5.70%
In Progress	\$ 3,349,037	\$ 2,074,754	\$ 464,776	\$ -	\$ 1,274,283	61.42%
<b>Total Plant &amp; Equipment</b>	<b>\$ 35,879,101</b>	<b>\$ 33,642,663</b>	<b>\$ 31,262,098</b>	<b>\$ 30,216,364</b>	<b>\$ 2,236,438</b>	<b>6.65%</b>
Accumulated Depreciation	\$ (23,737,392)	\$ (22,776,359)	\$ (21,896,986)	\$ (20,839,955)	\$ (961,033)	4.22%
<b>Net Fixed Assets</b>	<b>\$ 12,141,709</b>	<b>\$ 10,866,304</b>	<b>\$ 9,365,112</b>	<b>\$ 9,376,409</b>	<b>\$ 1,275,405</b>	<b>11.74%</b>
<b>Total Assets</b>	<b>\$ 37,374,549</b>	<b>\$ 34,652,613</b>	<b>\$ 40,294,277</b>	<b>\$ 33,868,094</b>	<b>\$ 2,721,936</b>	<b>7.85%</b>
<b>LIABILITIES AND RETAINED EARNINGS</b>						
<b>Current Liabilities</b>						
Accounts Payable	\$ 817,339	\$ 845,571	\$ 623,325	\$ 608,170	\$ (28,232)	-3.34%
Accrued Payroll & Benefits	\$ 1,139,333	\$ 1,919,282	\$ 950,808	\$ 889,131	\$ (779,949)	-40.64%
Other Current Liabilities	\$ 2,476	\$ 1,922,500	\$ 10,478,064	\$ 12,528,095	\$ (1,920,024)	-99.87%
<b>Total Current Liabilities</b>	<b>\$ 1,959,149</b>	<b>\$ 4,687,353</b>	<b>\$ 12,052,197</b>	<b>\$ 14,025,396</b>	<b>\$ (2,728,204)</b>	<b>-58.20%</b>
<b>Long-Term Liabilities</b>						
Loans	\$ 4,322,165	\$ 4,644,437	\$ 4,953,043	\$ 5,784,249	\$ (322,271)	-6.94%
Capitalized Leases	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
<b>Total Long Term Liabilities</b>	<b>\$ 4,322,165</b>	<b>\$ 4,644,437</b>	<b>\$ 4,953,043</b>	<b>\$ 5,784,249</b>	<b>\$ (322,271)</b>	<b>-6.94%</b>
Deferred Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
<b>TOTAL LIABILITIES</b>	<b>\$ 6,281,314</b>	<b>\$ 9,331,790</b>	<b>\$ 17,005,240</b>	<b>\$ 19,809,645</b>	<b>\$ (3,050,476)</b>	<b>-32.69%</b>
<b>Fund Balance</b>	<b>\$ 31,093,235</b>	<b>\$ 25,320,823</b>	<b>\$ 23,289,037</b>	<b>\$ 14,058,449</b>	<b>\$ 5,772,412</b>	<b>22.80%</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 37,374,549</b>	<b>\$ 34,652,613</b>	<b>\$ 40,294,277</b>	<b>\$ 33,868,094</b>	<b>\$ 2,721,936</b>	<b>7.85%</b>

# EASTERN PLUMAS HEALTH CARE MONTHLY FINANCIAL GRAPHS FOR THE YEAR ENDED JUNE 30, 2024

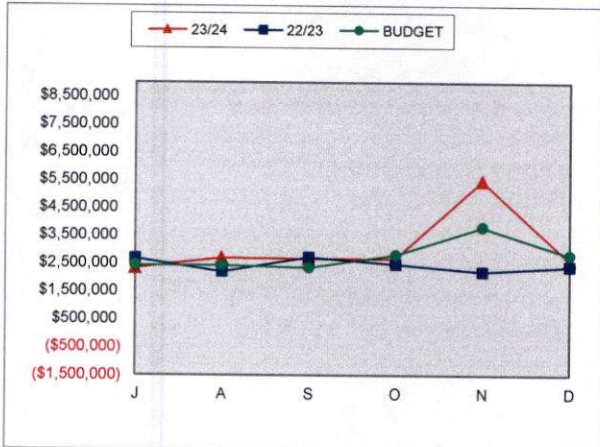
## 1. GROSS PATIENT REVENUE



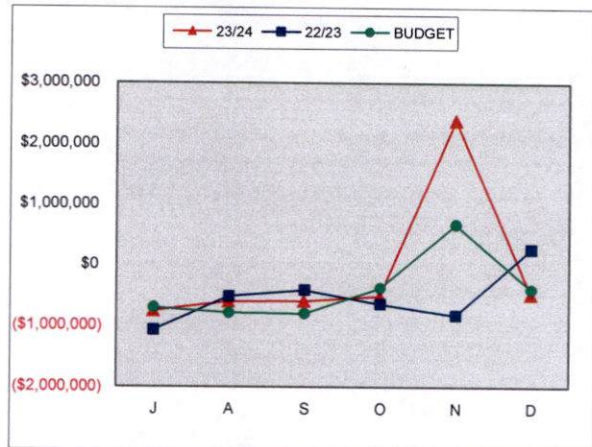
## 4. NON-OPERATING INCOME



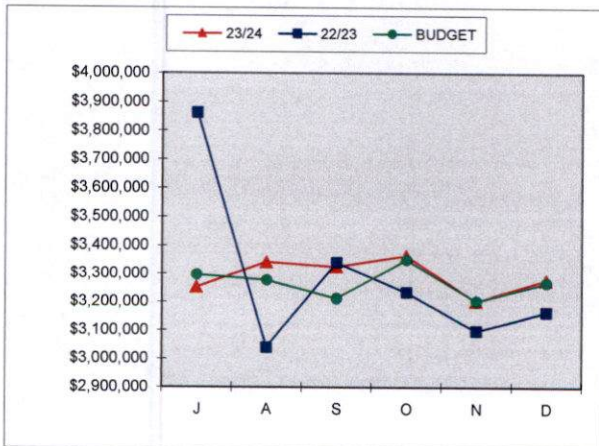
## 2. ESTIMATED NET REVENUE



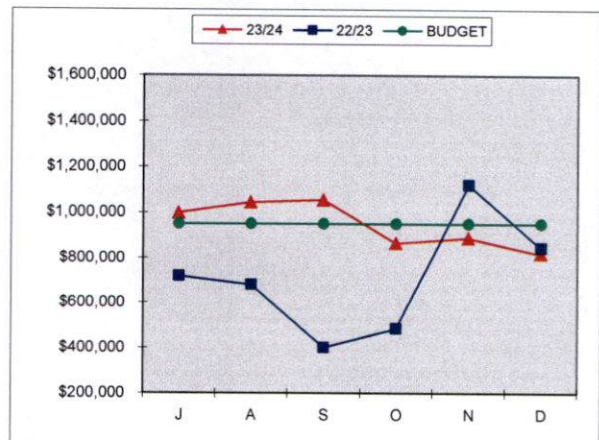
## 5. NET INCOME (LOSS)



## 3. OPERATING EXPENSES



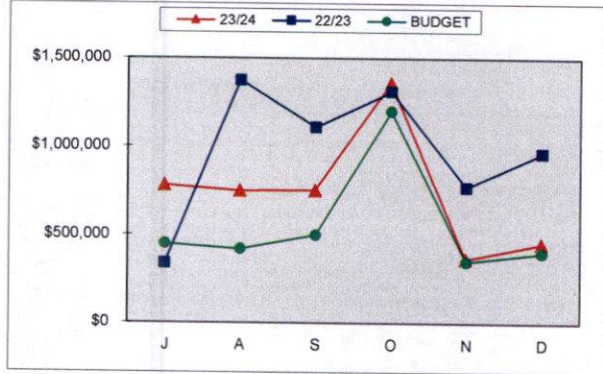
## 6. ACCOUNTS PAYABLE



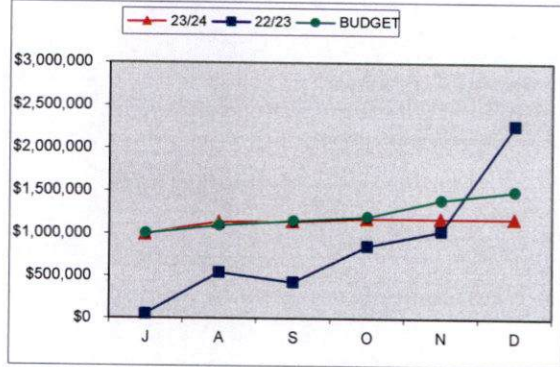


**EASTERN PLUMAS HEALTH CARE  
MONTHLY FINANCIAL GRAPHS  
FOR THE YEAR ENDED JUNE 30, 2024**

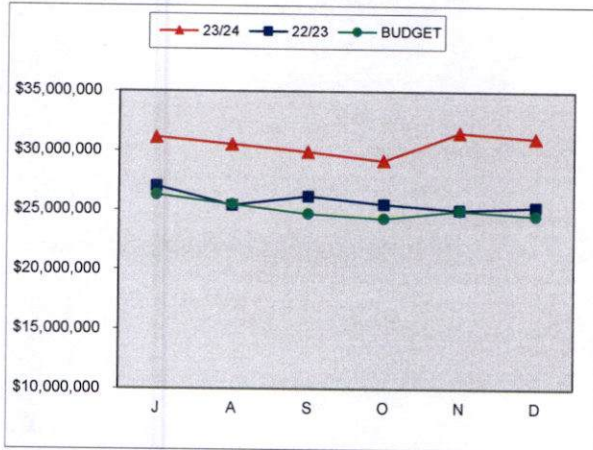
**7. OPERATING CASH**



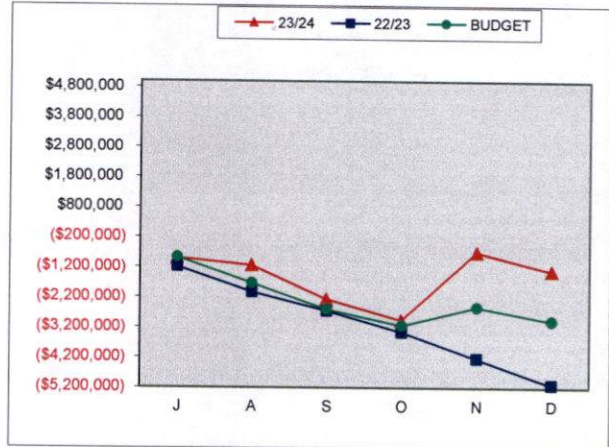
**10. CAPITAL EXPENDITURES-YTD**



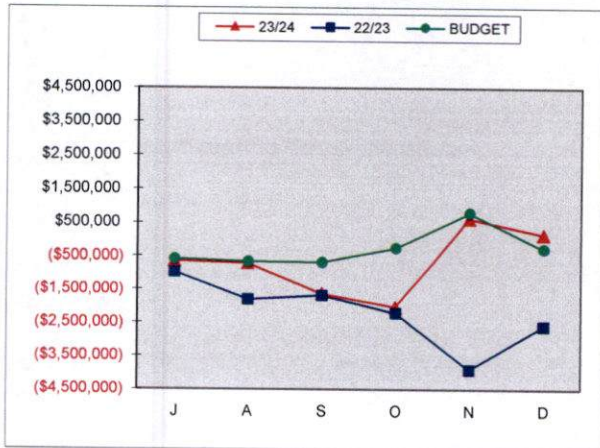
**8. FUND BALANCE + NET INCOME (LOSS)**



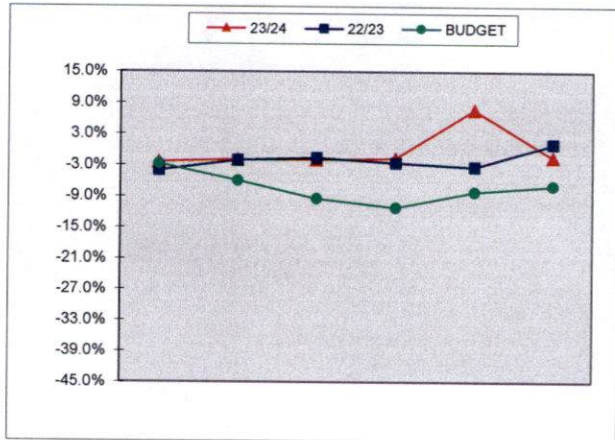
**11. YEAR TO DATE OPERATING INCOME (LOSS)**



**9. EARNINGS BEFORE INTEREST, DEPRECIATION & AMORTIZATION**



**12. RETURN ON EQUITY**







**Eastern Plumas Health Care  
Board Report  
Mid-Year Financial Report – Fiscal Year 2023/24**

**Date: January 25, 2024**

**OVERVIEW**

Due to the Cerner transition, year-to-date financials for 2022/23 were unavailable for the four months prior to submission of the 2023/24 operating budget. Without this information and specifics regarding IGT funding, leadership provided an operating budget which included a net income of \$1,841,114 and a net decrease to the general fund balance of (\$651,716) after accounting for the cash payment for IGT funding. The 2023/24 fiscal year leadership goal is to exceed the net income budget to eliminate the negative fund balance and outperform 2022/23 financial performance.

**MID-YEAR FINANCIAL PERFORMANCE METRICS**

In evaluating the mid-year financial performance the two specific areas of comparison will be the 2023/24 operating budget and the 2022/23 actual performance through December 31. To offset the (\$651,716) fund balance, the net income performance for the 2023/24 fiscal year needs to exceed \$2,492,830. The 2022/23 net income was \$4,852,959, therefore if our performance exceeds the prior year we will not only eliminate the negative fund balance but create positive funding through June 30<sup>th</sup>.

Total Operating Revenue:

<u>12/31/23 YTD</u>	<u>12/31/22 YTD</u>	<u>Variance</u>	<u>Budget</u>	<u>Variance</u>
\$18,421,749	\$14,651,270	<b>\$3,770,479</b>	\$16,624,509	<b>\$1,797,571</b>

Analysis – Total operating revenue has significantly exceeded both the prior year and current budget forecast. The receipt of the November 2023 IGT assisted with the variance, but patient revenues less contractual adjustments still exceeded budget by \$660,678 and prior year by \$1,709,161.

Total Operating Expense:

<u>12/31/23 YTD</u>	<u>12/31/22 YTD</u>	<u>Variance</u>	<u>Budget</u>	<u>Variance</u>
\$19,759,661	\$19,642,775	<b>(\$116,886)</b>	\$19,607,239	<b>(\$152,422)</b>

Analysis – While 2023/24 expenses are over both the prior year and budget, they grew at a rate of 2% versus a revenue growth rate of 8%. The expense increase includes the 3% annual COLA adjustment made in July 2023. That alone would have increased expenses approximately \$240,000 over the prior year. Extracting the COLA increase indicates that expenses, less the COLA increase, actually went down approximately \$120,000 versus the prior year.

Net Income:

<u>12/31/23 YTD</u>	<u>12/31/22 YTD</u>	<u>Variance</u>	<u>Budget</u>	<u>Variance</u>
(\$569,127)	(\$3,218,914)	\$2,622,787	(2,406,287)	\$1,810,160

Analysis – Although the YTD net income is negative, it is outperforming this fiscal year budget and the prior year. Our main IGT funding will be received in the final quarter of the fiscal year (April-June) and the net effect after we fund the IGT will be approximately 5.4 million dollars.

Overall Outlook – Through the mid-year we are exceeding both the prior year and fiscal budget in all categories. Without any additional funding through our cost report reconciliation, quality incentive payments, etc., if we maintain the current operational run rate we would have a net income of 4.26 million dollars. To achieve a net zero fund balance we would need a net income of 2.49 million, so our current run rate would forecast an additional 1.77 million to the fund balance at the end of June.