

**HEALDSBURG DISTRICT HOSPITAL
SUMMARY STATEMENT OF OPERATIONS
(PRELIMINARY - SUBJECT TO CHANGE)**

	Monthly		Year to Date	
	Dec/2017	Dec/2016	Dec/2017	Dec/2016
Net Operating Income (Loss)	(1,000,681)	(772,013)	(9,791,226)	(4,533,920)
Increase(Decrease) in Net Position	(727,021)	56,309	(1,514,160)	1,786,706
		Budget 2017		Budget 2017
		(496,153)		(5,668,270)
		(175,212)		132,929

**HEALDSBURG DISTRICT HOSPITAL
STATEMENT OF NET POSITION
THIS MONTH vs LAST MONTH
(PRELIMINARY - SUBJECT TO CHANGE)**

	This Month Dec-31-2017	Last Month Nov-30-2017	Variance	
			\$	%
1 Assets				
2 Cash and Cash Equivalents				
3 Unrestricted	4,049,425	4,210,140	(160,715)	-3.8%
4 Restricted	2,495,699	2,472,472	23,227	0.9%
5 Investments	446,164	124,254	321,910	259.1%
6 Accounts receivable				
7 Gross	32,659,982	32,791,564	(131,582)	-0.4%
8 Reserves	(28,096,821)	(28,216,368)	119,547	-0.4%
9 Net Accounts Receivable	4,563,161	4,575,196	(12,035)	-0.3%
10 Other Accounts Receivable	1,250,285	2,822,715	(1,572,431)	-55.7%
11 Inventory	811,425	850,634	(39,209)	-4.6%
12 Pre-Paid Expenses	458,473	430,754	27,719	6.4%
13 Total Current Assets	14,074,631	15,486,165	(1,411,534)	-9.1%
14 Fixed Assets				
15 Land & Buildings	13,487,024	13,487,024	0	0.0%
16 Equipment	7,860,010	7,846,769	13,241	0.2%
17 Construction In Process	270,775	206,964	63,811	30.8%
18 Depreciation	(14,349,662)	(14,188,030)	(161,632)	-1.1%
19 Total Property & Equip.	7,268,147	7,352,727	(84,580)	-1.2%
20 Long-Term Investments	247,183	245,136	2,047	0.8%
21 Total Assets	21,589,960	23,084,027	(1,494,067)	-6.5%
22 Liabilities				
23 Vendor AP	3,574,185	4,300,832	(726,647)	-16.9%
24 Other Payables	4,534,864	3,340,663	1,194,201	35.7%
25 Accrued Payroll	1,645,032	1,473,978	171,054	11.6%
26 Accrued Payroll Taxes & Benefits	5,874	24,610	(18,736)	-76.1%
27 Other Current Liabilities	523,662	692,600	(168,938)	-24.4%
28 Total Current Liabilities	10,283,617	9,832,683	450,934	4.6%
29 Long-Term Liabilities	3,680,122	4,898,102	(1,217,980)	-24.9%
30 Total Liabilities	13,963,739	14,730,785	(767,046)	-5.2%
31 Net Position				
32 Prior Year Earnings	9,140,381	9,140,381	0	0
33 Current Earnings	(1,514,160)	(787,139)	(727,021)	92.4%
34 Total Net Position	7,626,221	8,353,242	(727,021)	-8.7%
35 Total Liabilities & Net Position	21,589,960	23,084,027	(1,494,067)	-6.5%

STATEMENT OF NET POSITION AS OF DEC 31, 2017 COMPARED TO NOV 30, 2017 (PAGE 2)

Lines 5: Investments were up \$322 thousand due to the receipt of parcel taxes held by US Bank for future Certificates of Participation (COP) payments.

Line 10: Other Accounts Receivable was down \$1.6 million due to the receipt of parcel tax revenues.

Line 23: Vendor AP was down \$727 thousand as cash was used to pay down outstanding bills.

Line 24 and 29: Other Payables were up \$1.2 million due to year-end reclassifications between short-term and long-term debt for the COP's and Capital Lease (Long-Term Liabilities decreased \$1.2 million).

**HEALDSBURG DISTRICT HOSPITAL
STATEMENT OF NET POSITION
THIS YEAR vs LAST YEAR
(PRELIMINARY - SUBJECT TO CHANGE)**

	This Fiscal Year Dec-31-2017	Last Fiscal Year Dec-31-2016	Variance	
			\$	%
1 Assets				
2 Cash and Cash Equivalents				
3 Unrestricted	4,049,425	5,755,004	(1,705,579)	-29.6%
4 Restricted	2,495,699	390,083	2,105,615	539.8%
5 Investments	446,164	27,078	419,085	1547.7%
6 Accounts receivable				
7 Gross	32,659,982	29,845,041	2,814,942	9.4%
8 Reserves	(28,096,821)	(25,085,186)	(3,011,636)	-12.0%
9 Net Accounts Receivable	4,563,161	4,759,855	(196,694)	-4.1%
10 Other Accounts Receivable	1,250,285	2,270,243	(1,019,958)	-44.9%
11 Inventory	811,425	850,159	(38,734)	-4.6%
12 Pre-Paid Expenses	458,473	476,187	(17,714)	-3.7%
13 Total Current Assets	14,074,631	14,528,609	(453,979)	-3.1%
14 Fixed Assets				
15 Land & Buildings	13,487,024	13,429,869	57,155	0.4%
16 Equipment	7,860,010	7,736,100	123,910	1.6%
17 Construction In Process	270,775	7,239	263,537	3640.7%
18 Depreciation	(14,349,662)	(12,410,078)	(1,939,584)	15.6%
19 Total Property & Equip.	7,268,147	8,763,129	(1,494,982)	-17.1%
20 Long Term Investments	247,183	386,232	(139,050)	-36.0%
21 Total Assets	21,589,960	23,677,971	(2,088,011)	-8.8%
22 Liabilities				
23 Vendor AP	3,574,185	3,811,136	(236,951)	-6.2%
24 Other Payables	4,534,864	3,526,030	1,008,834	28.6%
25 Accrued Payroll	1,645,032	1,481,900	163,132	11.0%
26 Accrued Payroll Taxes & Benefits	5,874	269,106	(263,232)	-97.8%
27 Other Current Liabilities	523,662	551,317	(27,655)	-5.0%
28 Total Current Liabilities	10,283,617	9,639,489	644,129	6.7%
29 Long Term Liabilities	3,680,122	4,898,102	(1,217,980)	-24.9%
30 Total Liabilities	13,963,739	14,537,590	(573,851)	-3.9%
31 Net Position				
32 Prior Year Earnings	9,140,381	7,353,675	1,786,706	0.243
33 Current Earnings	(1,514,160)	1,786,706	(3,300,866)	-184.7%
34 Total Net Position	7,626,221	9,140,381	(1,514,160)	-16.6%
35 Total Liabilities & Net Position	21,589,960	23,677,971	(2,088,011)	-8.8%

STATEMENT OF NET POSITION AS OF DEC 31, 2017 COMPARED TO DEC 31, 2016 (PAGE 3)

Lines 3 & 4: Unrestricted Cash was down \$1.7 million primarily from fiscal year-to-date losses. Restricted Cash was up \$2.1 million primarily due to the MRI restricted fund in the amount of \$2.2 million.

Lines 5: Investments were up \$419 thousand due primarily to the receipt of parcel taxes held by US Bank for future COP payments.

Line 10: Other Accounts Receivable was down \$1 million primarily due a decrease in the IGT Receivable of \$555 thousand and a \$552 thousand decrease in the accounts receivable for meaningful use incentive funds.

Line 24: Other Payables were up \$1 million due to an increase in the current portion of the COP's by \$200 thousand and an increase in amounts payable to Medicare and MediCal from cost reports of \$744 thousand. The amounts due to/from cost reports will be finalized when the cost reports are completed in May 2018.

Line 29: Long-Term Liabilities were down \$1.2 million primarily due to scheduled principal payments made in 2017 for the COP and Capital Lease.

HEALDSBURG DISTRICT HOSPITAL
STATEMENT OF OPERATIONS
2017 ACTUAL vs BUDGET
(PRELIMINARY - SUBJECT TO CHANGE)

	MONTHLY			YEAR TO DATE		
	Budget		Variance	Dec-17		Variance
	Actual			Actual	Budget	
		\$	\$	\$	%	
1 GROSS REVENUE:						
2 Inpatient Routine	2,303,880	2,625,290	(321,410)	26,274,824	28,442,256	-7.6%
3 Inpatient Ancillary	1,817,036	1,719,851	97,185	21,309,889	18,823,351	13.2%
4 Total Inpatient	4,120,916	4,345,141	(224,225)	47,584,713	47,265,607	0.7%
5 Outpatient	5,856,771	5,207,316	649,455	62,484,231	62,894,676	-0.7%
6 Total Gross Patient Revenue	9,977,688	9,552,457	425,231	110,068,943	110,160,283	-0.1%
7 Contractual Expenses	6,450,858	5,864,610	(586,248)	70,197,848	67,631,515	-3.8%
8 Bad Debt Expense	164,065	171,945	7,880	1,979,310	1,982,889	0.2%
9 Total Revenue Deductions	6,614,923	6,036,555	(578,368)	72,177,157	69,614,404	-3.7%
10 NET PATIENT REVENUE	3,362,765	3,515,902	(153,137)	37,891,786	40,545,879	-6.5%
11 Other Revenue	75,112	67,425	7,687	1,368,162	1,181,583	15.8%
12 Total Net Revenue	3,437,877	3,583,327	(145,450)	39,259,948	41,727,462	-5.9%
13 Operating Expense:						
14 Salaries & Wages	1,947,874	1,635,414	312,460	19,244,477	19,262,908	-0.1%
15 Benefits	785,542	570,319	215,223	7,425,111	6,786,761	9.4%
16 Contract Labor	197,304	131,265	66,039	2,410,456	1,602,435	50.4%
17 Medical Pro Fees	434,422	495,353	(60,931)	5,733,383	5,650,296	1.5%
18 Other Professional Fees	61,216	32,784	28,432	622,147	473,942	31.3%
19 Purchased Services	163,510	130,436	33,074	1,693,437	1,594,669	6.2%
20 Supplies	415,027	415,488	(461)	4,984,921	4,493,564	10.9%
21 Repairs & Maintenance	123,054	107,069	15,985	1,264,412	1,269,715	-0.4%
22 Rents & Leases	96,140	97,170	(1,030)	1,153,259	1,184,017	-2.6%
23 Utilities	49,967	59,427	(9,460)	648,525	709,270	-8.6%
24 Other Direct Expenses	173,498	112,303	61,195	1,650,249	1,382,299	19.4%
25 Interest Expense	(170,627)	47,487	(218,114)	281,212	587,939	-52.2%
26 Depreciation & Amortization	161,632	244,965	(83,333)	1,939,584	2,397,917	-19.1%
27 Total Operating Expenses	4,438,558	4,079,480	359,078	49,051,174	47,395,732	3.5%
28 Net Operating Income (Loss)	(1,000,681)	(496,153)	(504,528)	(9,791,226)	(5,666,270)	-72.7%
29 Total Non-Operating	273,661	320,941	(47,280)	8,277,066	5,801,199	42.7%
30 Revenue Over (Under) Expenses	(727,021)	(175,212)	(551,809)	(1,514,160)	132,929	1239.1%
31 Capital Contributions	0	0	0	0	0	
32 Change in Fund Balance	(727,021)	(175,212)	(551,809)	(1,514,160)	132,929	1239.1%

SUMMARY STATEMENT OF OPERATIONS ACTUAL VS BUDGET (PAGE 4)

Line 10: Net Patient Revenue was \$145 thousand under budget for the month and \$2.5 million under budget for the year. With our payor mix, (72% Medicare and MediCal) the vast majority of the effect of price increases causes an increase in deductions.

Line 14 & 15: Salaries, Wages, and Benefits were \$528 thousand over budget for the month and \$620 thousand over budget for the year. For the month salaries and wages were over budget \$312 thousand, benefits were over budget \$96 thousand, and PTO was over budget \$118 thousand. For the year employment taxes were over budget \$108 thousand, workers compensation was over budget \$203 thousand, and PTO was over budget \$285 thousand.

Line 16: Contract Labor was over budget \$66 thousand for the month and \$808 thousand over budget for the year. Administration and ICU were over budget for the month by \$24 thousand and \$40 thousand, respectively. For the year, the following departments were over budget as follows: Physical Therapy - \$328 thousand; Administration - \$206 thousand; ICU - \$183 thousand; Med/Surg - \$89 thousand.

Line 20: Supplies were nearly equal to budget for the month and \$491 thousand over budget for the year – Surgery supplies were \$523 thousand over budget for the year.

Line 25: Interest expense was \$218 thousand under budget for the month and \$307 under budget for the year due to the budget and monthly accrual for expenses being recorded under the assumption that the COP would be drawn down in full. This was tried up for the year in the month of December.

Line 26: Depreciation and amortization was \$83 thousand under budget for the month and \$458 thousand for the year due to projects planned from the COP funds that were not done in 2017.

Line 29: Total Non-Operating was reasonable to budget for the month and \$2.5 million over budget for the year primarily due to the receipt of \$2.2 million of MRI grant funds.

HEALDSBURG DISTRICT HOSPITAL
STATEMENT OF OPERATIONS
ACTUAL 2017 vs ACTUAL 2016
(PRELIMINARY - SUBJECT TO CHANGE)

	MONTHLY			YEAR TO DATE			
	ACTUAL		Variance \$	ACTUAL		Variance \$	
	Dec-17	Dec-16		Dec-17	Dec-16		
						%	
1 GROSS REVENUE:							
2 Inpatient Routine	2,303,880	2,254,504	49,376	26,274,824	27,410,516	(1,135,692)	-4.1%
3 Inpatient Ancillary	1,817,036	1,186,707	630,329	21,309,889	17,365,395	3,944,494	22.7%
4 Total Inpatient	4,120,916	3,441,211	679,705	47,584,713	44,775,911	2,808,802	6.3%
5 Outpatient	5,856,771	4,440,675	1,416,096	62,484,231	58,458,620	4,025,611	6.9%
6 Total Gross Patient Revenue	9,977,688	7,881,886	2,095,802	110,068,943	103,234,530	6,834,413	6.6%
7 Contractual Expenses	6,450,858	4,732,008	(1,718,850)	70,197,848	61,799,484	(8,398,364)	-13.6%
8 Bad Debt Expense	164,065	104,807	(59,258)	1,979,310	1,821,462	(157,848)	-8.7%
9 Total Revenue Deductions	6,614,923	4,836,815	(1,778,108)	72,177,157	63,620,946	(8,556,211)	-13.4%
10 NET PATIENT REVENUE	3,362,765	3,045,071	317,694	37,891,786	39,613,584	(1,721,799)	-4.3%
11 Other Revenue	75,112	393,456	(318,344)	1,368,162	1,940,839	(572,677)	-29.5%
12 Total Net Revenue	3,437,877	3,438,527	(650)	39,259,948	41,554,423	(2,294,475)	-5.5%
13 Operating Expense:							
14 Salaries & Wages	1,947,874	1,583,598	364,276	19,244,477	17,889,673	1,354,804	7.6%
15 Benefits	785,542	458,485	327,057	7,425,111	6,947,101	478,010	6.9%
16 Contract Labor	197,304	244,501	(47,197)	2,410,456	2,250,783	159,673	7.1%
17 Medical Pro Fees	434,422	452,803	(18,381)	5,733,383	5,355,396	377,988	7.1%
18 Other Professional Fees	61,216	301,319	(240,103)	622,147	957,230	(335,082)	-35.0%
19 Purchased Services	163,510	174,089	(10,579)	1,693,437	1,496,591	196,846	13.2%
20 Supplies	415,027	445,466	(30,439)	4,984,921	4,487,887	497,034	11.1%
21 Repairs & Maintenance	123,054	97,766	25,288	1,264,412	1,199,849	64,564	5.4%
22 Rents & Leases	96,140	103,387	(7,247)	1,153,259	1,109,251	44,008	4.0%
23 Utilities	49,967	60,883	(10,916)	648,525	636,150	12,375	1.9%
24 Other Direct Expenses	173,498	124,249	49,249	1,650,249	1,621,103	29,146	1.8%
25 Interest Expense	(170,627)	7,085	(177,712)	281,212	280,544	668	0.2%
26 Depreciation & Amortization	161,632	156,909	4,723	1,939,584	1,856,787	82,797	4.5%
27 Total Operating Expenses	4,438,558	4,210,540	228,018	49,051,174	46,088,343	2,962,831	6.4%
28 Net Operating Income (Loss)	(1,000,681)	(772,013)	(228,668)	(9,791,226)	(4,533,920)	(5,257,306)	-116.0%
29 Total Non-Operating	273,661	828,322	(554,661)	8,277,066	6,320,626	1,956,440	31.0%
30 Revenue Over (Under) Expenses	(727,021)	56,309	(783,330)	(1,514,160)	1,786,706	(3,300,866)	184.7%
31 Capital Contributions	0	0	0	0	0	0	0
32 Change in Fund Balance	(727,021)	56,309	(783,330)	(1,514,160)	1,786,706	(3,300,866)	184.7%

SUMMARY STATEMENT OF OPERATIONS ACTUAL 2017 VS ACTUAL 2016 (PAGE 5)

Line 6: Total Gross Patient Revenues were up \$6.8 million, which is consistent with the 5.0% price increase effective January 1, 2017.

Line 9: Total Revenue Deductions were up \$1.8 million for the month, and 8.6 million year-to-date. With our payor mix, the vast majority of the effect of price increases causes an increase in deductions (72% Medicare and MediCal).

Line 11: Other revenue was down \$573 thousand year-to-date due to a decrease in 340B revenues of \$230 thousand and a decrease in meaningful use incentive revenue of \$410 thousand. Fiscal year 2016 was the final year of meaningful use incentive revenue.

Lines 14 & 15: Salaries, Wages, and Benefits were up \$691 thousand for the month and \$1.8 million for the year. The primary reason for the increase is the wage adjustments in July of this year which were estimated to result in a \$1 million increase in salaries and PTO. We also hired 4 physicians at high salaries during the year and have seen some very high cost medical claims.

Line 17: Medical Professional Fees were up \$378 thousand for the year. Departments with the largest increases from the prior year were as follows: ER - \$105 thousand; Behavioral Health - \$105 thousand; Women's Health - \$94 thousand; Med/Surg -\$76 thousand.

Line 20: Supplies were up \$497 thousand primarily due to increased surgery supplies expense of \$545 thousand.

Line 29: Total Non-Operating was up \$2 million for the year primarily due to the receipt of \$2.2 million of MRI grant funds

HEALDSBURG DISTRICT HOSPITAL
Key Statistics
Actual 2017 vs Actual 2016 & Budget 2017 (December)
(PRELIMINARY - SUBJECT TO CHANGE)

	Month				YTD							
	Current 2017	Prior 2016	Variance #	Variance %	Current 2017	Prior 2016	Variance \$	Variance %	Goals or Budget	Variance \$	Variance %	
Days Cash on Hand:												
Cash and Cash Equivalents	28.23	47.84	(19.61)	-41.00%			(21.33)	-40.33%				
Gross Days Revenue in Accounts Receivable:												
101.47	118.22	(16.75)	-14.17%				1.73	1.63%				
Net Days Revenue in Accounts Receivable:												
41.15	48.08	(6.93)	-14.42%				(2.54)	-5.64%				
Days Expense in Accounts Payable	24.91	28.42	(3.51)	-12.34%			(3.56)	-11.34%				
Case Mix												
Medicare	1,063.6	0.995	0.0886	0.9950	1,200.00	(0.1164)	1,158.1	(0.0019)	1,200.0	(0.0438)	-3.65%	
All Payers	1,059.6	1,057.7	0.0018	0.0020	1,200.00	(0.1405)	1,198.9	(0.0350)	1,200.0	(0.0361)	-3.01%	
Patient Days												
Med/Surg	168	181	(13)	-7.20%	290	(122.00)	2,698	(602)	2,255	(159.00)	-7.05%	
ICU	45	33	12	36.40%	23	22.00	345	114	279	180.00	64.52%	
Swing	15	39	(24)	-61.50%	40	(25.00)	297	(196)	416	(119.00)	-28.61%	
Sub-Acute	457	471	(14)	-3.00%	511	(54.00)	4,963	(808)	4,814	149.00	3.10%	
Patient Admissions												
Med/Surg	49	43	6	14.00%	49	0.00	615	(46)	516	53.00	10.27%	
ICU	11	14	(3)	-21.40%	8	3.00	111	(6)	86	19.00	22.09%	
Swing	4	4	0	0.00%	4	0.00	54	8	45	17.00	37.78%	
Sub-Acute	0	2	(2)	-100.00%	0	0.00	11	2	10	3.00	30.00%	
Average Length of Stay												
Med/Surg	3.20	3.90	(0.70)	-17.90%	5.50	(2.3000)	3.68	(0.76)	4.07	(0.39)	-9.50%	
ICU	9.00	5.50	3.50	63.60%	7.70	1.3000	4.37	0.78	6.49	(2.12)	-32.63%	
Swing	3.80	7.80	(4.00)	-51.30%	8.00	(4.2000)	4.79	(3.58)	8.49	(3.70)	-43.58%	
Sub-Acute	0.00	67.30	(67.30)	-100.00%	0.00	0.0000	381.77	21.08	687.71	(305.95)	-44.49%	
Average Daily Census												
Med/Surg	5.40	5.80	(0.40)	-6.90%	9.40	(4.0000)	5.74	(1.63)	6.18	(0.44)	-7.05%	
ICU	1.50	1.10	0.40	36.40%	0.70	0.8000	1.26	0.31	0.76	0.49	64.52%	
Swing	0.50	1.30	(0.80)	-61.50%	1.30	(0.8000)	0.81	(0.53)	1.14	(0.33)	-28.61%	
Sub-Acute	14.70	15.20	(0.50)	-3.30%	16.50	(1.8000)	13.60	(2.17)	13.19	0.41	3.10%	
Total Surgeries	141	55	86	156.40%			919	255	38.40%			
Total Outpatient Visits	3,619	3,641	(22)	-0.60%	3,034	585	44,689	(1,695)	32,756	11,933.00	36.43%	
Total Clinic Visits	1,007	1,128	(83)	-7.60%	1,088	(81)	11,865	(842)	11,153	712.00	6.38%	
Total ER Visits	828	720	108	15.00%	698	130	9,104	8,956	7,493	1,611.00	21.50%	

KEY STATISTICS - DEFINITIONS AND CONTEXT (PAGE 6)

- **Days Cash on Hand:** Measures the number of days the hospital could continue paying its operating expenses from existing unrestricted cash and investments in the absence of any future cash collections. A higher ratio indicates greater financial flexibility. A good days cash on hand for a critical access hospital is at least 60 days.
- **Days Revenue in Accounts Receivable:** Measures the amount of time between patient discharge and when payment is received. This directly impacts cash flows for the facility and is a measure of the efficiency of the billing and collection in the revenue cycle. Gross and net days in accounts receivable are close in value in high functioning revenue cycles. A lower ratio indicates greater financial flexibility. A good days in AR for a critical access hospital is 45 days.
- **Days Expense in Accounts Payable:** Measures the average amount of time that elapses before the hospital meets its current liabilities. In other words, the number of days of cash expenses that are outstanding (not currently paid). High values for the average payment period often indicate a lack of liquidity.
- **Case Mix:** Case Mix Index (CMI) is a measure of the average severity level of a hospital's procedures. The CMI of a hospital reflects the diversity, clinical complexity and the needs for resources in the population of all the patients in the hospital. Hospitals with a higher CMI receive a higher reimbursement rate for its cases than a hospital with a lower CMI.
- **Patient Days:** The total number of days for all patients for an episode of care
- **Patient Admissions:** Patient admission to the hospital
- **Average Length of Stay (ALOS):** The average length of stay in hospitals is often used as an indicator of efficiency. All other things being equal, a shorter stay will reduce the cost per discharge and shift care from inpatient to less expensive post-acute settings.
- **Average Daily Census:** The average number of patients treated during a day.
- **Surgeries:** There is a strong correlation in hospitals between surgery volumes and operating margins.
- **Outpatient Visits:** An outpatient hospital service is any type of medical or surgical care performed at a hospital that your doctor does not expect will be an overnight hospital stay. In some cases, you may stay overnight in the hospital, but not be admitted as an inpatient (this would be considered outpatient service).
- **Clinic Visits:** a patient who is not hospitalized overnight but who visits clinic or associated facility for diagnosis or treatment
- **ER Visits:** Significant not only because of the visit, but also the transfer of patients to the hospital for other services.

