



**BOARD OF DIRECTORS  
SPECIAL BOARD MEETING MINUTES**

AGENDA ITEM	DISCUSSIONS/CONCLUSIONS	ACTIONS/FOLLOW-UP/ RESPONSIBLE PARTY
<b>PRESENT AT MEETING:</b>	<p><b>Board Members:</b> Roger Kahn, President; John Mohun, Vice President; Larry Long, Treasurer; Karen Sessler, M.D., Secretary</p> <p><b>Staff:</b> Bob Schapper, Chief Executive Officer; Crystal Betts, Chief Financial Officer; Virginia Razo, Chief Operating Officer; Jaye Chasseur, Controller; Michelle Cook, Executive Assistant</p> <p><b>Other:</b> Steve Gross, Legal Counsel; Matson and Isom</p> <p>Auditors: Marilyn Everett and Karli Olsen</p>	
1. <b>Call to Order</b>	Mr. Kahn called the meeting to order at 3:03 p.m.	
2. <b>Roll Call</b>	The roll called showed Four Board Members were present.	
3. <b>Clear the Agenda/Items Not On the Posted Agenda</b>	The agenda was cleared. There were no changes to the agenda as posted.	
4. <b>Input -- Audience Employee Associations</b>	Audience input was sought, but none was offered. No Employee Association representative was present.	
5. <b>Presentation of 2012/2013 Annual Audit Report</b>	<p>Ms. Betts introduced from Matson and Isom, Marilyn Everett, who is the partner in charge of the audit. She indicated that Ms. Everett will be reviewing the findings of the audit and the Report to the Board of Director's.</p> <p>Ms. Everett stated:</p> <ul style="list-style-type: none"> <li>• She introduced Karli Olsen as the Supervising Senior Staff member who assisted with the audit;</li> <li>• She indicated the Financials Statements included the Board packet are the completed audited government financials;</li> <li>• Page 18 of the Financial Statements, Statements of Revenues, Expenses, and Changes in net position was reviewed, highlights as follows:                             <ul style="list-style-type: none"> <li>○ She explained the new reporting format for net position with all governmental entities;</li> <li>○ Operating Revenue was reviewed. The Total Operating</li> </ul> </li> </ul>	



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	<p>Revenues had a 1.8% increase from 2012. She noted that a lot of the changes were driven by the Cancer Center and Radiation/Oncology;</p> <ul style="list-style-type: none"> <li>○ Operating Expenses were reviewed and explained. Total Operating Expenses is approximately \$113 million for 2013 and \$103 million for 2012. The major expense was for salary and wages and employee benefits. The depreciation changed because of the Cancer Center building and equipment;</li> <li>○ Operating Income was reviewed and explained;</li> <li>○ The Property Tax Revenue of \$5 million for operations offset the \$5 million lost in operating income loss;</li> <li>○ The interest expense is capitalized as part of the building cost. \$1.9 million of the interest expense is for the General Obligation Bond that is required to be done;</li> <li>○ Operating Income was reviewed and explained;</li> <li>● Page 43, Notes to the Financial Statements, Impairment Losses was reviewed and explained, highlights as follows:             <ul style="list-style-type: none"> <li>○ The Impairment losses were discussed in depth at the Finance Committee;</li> <li>○ The Change in Accounting Principle was reviewed and explained;</li> </ul> </li> <li>● Page 19 of the Financial Statements, Statements of Cash Flows was reviewed and discussed, highlights as follows:             <ul style="list-style-type: none"> <li>○ The Net Cash Provided by Operating Activities was approximately \$7 million;</li> <li>○ The Property tax revenues helped support the cash position;</li> <li>○ Net Cash Used by Capital and Related Financing Activities is approximately \$5.6 million;</li> </ul> </li> </ul>	



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	<ul style="list-style-type: none"> <li>○ Cash and Cash Equivalents for the End of the Year is \$10.3 million. It was noted that \$10 million cash flow is good for a Critical Access Hospital;</li> <li>○ Mr. Long asked Ms. Everett about the \$6 million loss in cash flow;</li> <li>○ Ms. Everett replied that the loss was due to paying the principal and interest paid on long term debt and capital leases;</li> <li>● Page 16 from the Financial Statements, Statement of Net Position was reviewed, highlights as follows:             <ul style="list-style-type: none"> <li>○ Cash is at approximately \$10 million;</li> <li>○ Patient Accounts Receivable - net of allowance for uncollectible in 2013 is \$24.8 million and prior year is \$13.1 million;</li> <li>○ Total Current Assets is \$42.9 million and prior year is \$41.3 million;</li> <li>○ Assets limited as to use – net is \$72 million;</li> <li>○ Total Assets in net investment and property capital is up because of the investment in new facilities;</li> </ul> </li> <li>● Page 17 from the Financial Statements, Statements of Net Position was reviewed, highlights as follows:             <ul style="list-style-type: none"> <li>○ Current Liabilities is \$22.2 million and the prior year is \$22.7 million;</li> <li>○ Total Liabilities is \$160 million and \$133 for the prior year;</li> <li>○ Total Net Position is \$97.2 million and \$100.9 million prior year;</li> <li>○ Net investment in capital assets is \$39 million; Restricted is at \$641,000 and Unrestricted is at \$57 million;</li> </ul> </li> </ul>	



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	<ul style="list-style-type: none"> <li>○ She noted for the Board members to read Management’s Discussion and Analysis on Page 4 and the footnotes as they are both an integral part of the audit;</li> <li>● She dispersed and explained the Tahoe Forest Hospital District, Hospital Financial Ratios, June 30, 2013 handout, highlights as follows:                         <ul style="list-style-type: none"> <li>○ The ratios are comparative for the hospital for 2011-2013;</li> <li>○ The Current Ratio of 1.9 is constant;</li> <li>○ Days Cash on Hand is up;</li> <li>○ Days in Patient Accounts Receivable is up;</li> <li>○ Average Payment Period is down which is good;</li> <li>○ Leverage Ratio: Debt Service Coverage is 1.1;</li> <li>○ Salaries per FTE, Staff per FTE, and Total Benefits were Higher than comparables. She noted the comparables are not for 2013;</li> <li>○ The Average Age of Plant is negative;                                 <ul style="list-style-type: none"> <li>▪ Page 30 of the Financial Statements, Capital Assets, was reviewed. A discussion was held on accumulated depreciation;</li> </ul> </li> <li>○ The Total Margin is a negative 3.4. The net loss is because of the write downs for negative margin and on return on equity;</li> </ul> </li> <li>● Report to the Board of Director’s, June 30, 2013 was reviewed and explained, highlights as follows:                         <ul style="list-style-type: none"> <li>○ She is required to give this report to the Board;</li> <li>○ Page 1 and 2 were reviewed and explained. The auditor’s responsibility in relation to the Financial Statement Audit was done. The audit was consistent</li> </ul> </li> </ul>	



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	<p>with the planned scope and timing communicated to the Board. They completed all relevant ethical requirements regarding independence;</p> <ul style="list-style-type: none"> <li>○ Page 3 was reviewed and explained. The uncorrected and corrected misstatements were identified and corrected by management;</li> <li>○ Page 4 was reviewed and explained. It was noted that there were no disagreements with management relating to the performance of the audit;</li> <li>● She dispersed and reviewed the Tahoe Forest Hospital District, Report on Internal Control, June 30, 2013 and indicated that there were no problems with internal control;</li> <li>● Discussion was held about the Audit Presentation.</li> </ul>	
6. <b>Adjournment</b>	The meeting adjourned at 4:33 pm.	

mcc