

Management's Discussion and Analysis, Continued  
For the Year Ending March 31, 2020

The Statement of Cash Flows

The final required statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. It provides answers to such questions as "Where did cash come from?" "What is cash used for?" and "What was the change in cash balance during the reporting period?"

The Authority's Net Position

The Authority's net position is the difference between its assets and liabilities reported on the balance sheet. The following table summarizes the balance sheets as of March 31, 2020, 2019 and 2018:

Balance Sheet Data

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current assets	\$ 12,127,500	\$ 12,566,454	\$ 11,181,485
Capital assets, net	11,950,684	12,895,210	13,088,003
Other non-current assets	<u>2,807,989</u>	<u>2,093,615</u>	<u>3,004,278</u>
Total assets	<u>\$ 26,886,173</u>	<u>\$ 27,555,279</u>	<u>\$ 27,273,766</u>
Current liabilities	\$ 13,791,632	\$ 13,485,859	\$ 11,353,467
Long-term debt	<u>9,575,061</u>	<u>10,445,379</u>	<u>11,286,596</u>
Total liabilities	<u>23,366,693</u>	<u>23,931,238</u>	<u>22,640,063</u>
Net position:			
Net investments in capital assets	2,884,196	3,560,955	4,332,506
Restricted	1,717,650	1,100,111	1,441,301
Unrestricted	<u>(1,082,366)</u>	<u>(1,037,025)</u>	<u>(1,140,104)</u>
Total net position	<u>3,519,480</u>	<u>3,624,041</u>	<u>4,633,703</u>
Total liabilities and net position	<u>\$ 26,886,173</u>	<u>\$ 27,555,279</u>	<u>\$ 27,273,766</u>

Current assets decreased by approximately \$438,954 primarily due to a decrease in net patient accounts receivable offset by an increase in other receivables of \$490,665. The Authority has worked to improve its revenue cycle and, while improvements have been made, work still needs to continue to reduce their accounts receivable. Management is also working to continue the improvement in upfront collections, as well as educating clinical and non-clinical staff on how to improve documentation which will help the Authority accurately reflect the care and acuity of their patients. Even with this improvement, the effects of industry trends in health care insurance, such as shifting more responsibility to the patient through increased coinsurance and deductibles continues to challenge the Authority's ability to collect.

Current liabilities increased by \$305,773 due to an increase in accounts payable of \$1,069,003 which was offset by a reduction in the short-term debt of \$654,850.

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The following table summarizes the revenues and expenses for the years ended March 31, 2020, 2019 and 2018:

Statement of Revenue and Expense Data

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenue	\$ 45,466,128	\$ 45,063,480	\$ 46,292,654
Expenses:			
Operating expenses	45,557,153	47,190,301	47,799,738
Depreciation and amortization	<u>1,352,478</u>	<u>1,377,298</u>	<u>1,549,641</u>
Total expenses	<u>46,909,631</u>	<u>48,567,599</u>	<u>49,349,379</u>
Operating loss	(1,443,503)	(3,504,119)	(3,056,725)
Nonoperating revenues (expenses)	(65,195)	224,668	(279,394)
Rural Hospital Tax Credit	828,830	1,666,043	307,748
Capital contributions	<u>575,307</u>	<u>603,746</u>	<u>632,338</u>
Change in net position	(104,561)	(1,009,662)	(2,396,033)
Net position at beginning of year	<u>3,624,041</u>	<u>4,633,703</u>	<u>7,029,736</u>
Net position at end of year	<u>\$ 3,519,480</u>	<u>\$ 3,624,041</u>	<u>\$ 4,633,703</u>

Slight increases in overall volumes for the Authority resulted in increases in gross patient charges of \$4,049,537 while net patient service revenue increased \$820,579 or 2.0%. This was offset by a slight decrease in reference lab revenue of \$636,866 as a result of the closure of the reference lab service line. The Authority's provision for bad debts increased by \$1,411,961, primarily due to increased volumes.

Total operating expenses decreased by \$1,657,968 or 3.4%. Salaries and wages decreased by \$1,339,488 or 6.0%. Employee health and welfare costs decreased by approximately \$1.4 million primarily due to lower employee health claim costs, while purchased services increased by \$192,429 or 5.6%. Medical supply costs also dropped by \$570,845 or 5.7% while purchased services increased by \$1,551,545 or 5.6% due to outsourcing of environmental services and the revenue cycle departments.

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