



BOARD OF DIRECTORS
SPECIAL BOARD MEETING MINUTES

AGENDA ITEM	DISCUSSIONS/CONCLUSIONS	ACTIONS/FOLLOW-UP/ RESPONSIBLE PARTY
PRESENT AT MEETING:	<p>Board Members: John Mohun, Board President; Larry Long, Vice President; Karen Sessler, M.D., Secretary; Dale Chamblin, Treasurer; Roger Kahn, Board Member</p> <p>Staff: Bob Schapper, CEO; Virginia Razo, COO; Crystal Betts, CFO; Judy Newland, CNO; Gail Betz, Compliance Officer; Jayne O’Flanagan, Director Human Resources; Patricia Barrett, Executive Assistant/Clerk of the Board</p> <p>Others: Steve Gross, Legal Counsel;</p> <p>Roll Call reflected that all Board Members were present.</p>	
1. Call to Order	Director Mohun called the meeting to order at 3:03 p.m.	
2. Roll Call	The Roll Call reflected that all Board members were present.	
3. Clear the Agenda/Items Not On the Posted Agenda	None.	
4. Input -- Audience Employee Associations	None provided.	
5. Presentation of 2013/2014 Annual Audit Report	<p>CFO Introduced Bill Peterson with Matson & Isom to present the audited financials.</p> <p>Mr. Peterson provided a summary of his professional background. Mr. Peterson and his firm work with a number of hospitals in the state and use this to assist with assessing methodologies, etc. used by TFHD.</p> <p>Mr. Peterson provided the Board with bound hard copy versions</p>	



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of the Report to the Board, Report on Internal Control, and Financial Statements with Independent Auditors' Report included as part of the agenda packet.

Mr. Peterson provided an overview of the Report to the Board of Directors outlining the auditor's responsibility in relation to the financial Statement Audit, Areas reviewed include:

- ◆ Planned scope and timing of the audit,
- ◆ Compliance with all ethics requirement regarding independence;
- ◆ Qualitative aspects of the district's significant accounting practice;
- ◆ Significant difficulties encountered during the audit,
- ◆ Incorrect and corrected misstatement
- ◆ Disagreement with management – no disagreements occurred
- ◆ Representation requested from management
- ◆ Management consultation with other accountants
- ◆ Other significant matters, finding, or issues.
- ◆ Modifications if the auditors report (related to the Foundations) Financials for the Foundation are audited separately and tied to the District's audit

The Report on Internal Controls identifying certain deficiencies was reviewed. The CFO has implemented compensating controls as recommended. Nothing incongruent was identified;



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	<p>and no fraudulent activity was identified during the audit.</p> <p>The Financial Statements with Independent Auditors' Report was reviewed. This report includes a summary of Management's responsibility for the financial statement, auditors' reasonability, and basis for the qualified opinion, and qualified opinion. With the exception of the one modification related to the auditing of the Foundation, a clean opinion is presented.</p> <p>Discussion took place regarding the inclusion of the Foundation financials in the Districts audit and related qualified opinion.</p> <p>Statements of Net position was reviewed. It was shared that all of the hospitals Mr. Peterson has audited have experienced challenges with EMR implementations.</p> <p>Discussion took place regarding the AR breakdown by payor type. Uncollectable accounts; Medi-cal outpatient is the lowest and private/self-pay is the highest percentage of uncollectable AR.</p> <p>Discussion took place regarding the Medicare Claw Back.</p> <p><i>Jane O'Flanagan joined the meeting at 3:54 p.m.</i></p>	



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	<p>Discussion took place related to the placement of the depreciation and amortization line compared to management reports which place it below the EBIDA line.</p> <p>The Importance of educating the community on the significance of EBIDA was noted. TFHD has not had to rely on property tax for operations; a sign of a well run organization.</p> <p>Discussion took place regarding the types of hospitals audited by Matson & Isom.</p> <p><i>The public entering the room for the scheduled 4PM meeting were reminded that the Board has been in special session related to the audit and the Auditor is provided an opportunity to complete his report.</i></p> <p>Notes to the Finance Statement were reviewed. Management estimates have been conservative and reflective of strong management.</p> <p>Clarification related to the Employee Health Insurance deductible was provided by the Director of HR.</p> <p>Hospital Financial Ratios reflecting data from 2 years ago provided for review and discussion.</p>	



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	<p>Mr. Peterson shared that as more patients are becoming self pay and as the affordable care act is rolled out, reimbursement becomes a challenge and costs go up. TFHD is positioned much better to face the future than other clients with whom Matson & Isom work.</p> <p>Mr. Peterson reiterated for those members of the public having just joined the meeting that he has been hired to audit the financial position of the district. Mr. Peterson shared that compared with most rural, critical access, district hospitals TFHD is very well position for the future; noting that the ACO, AB57 and other mandates will make for a challenging future. TFHD balance sheet is “head and shoulders above” other districts with whom Matson & Isom work.</p>	
<p>9. Adjourn</p>	<p>The meeting adjourned at 4:27 p.m.</p>	

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