Petersburg Medical Center

103 Fram Street
PO Box 589
Petersburg, AK 99833

Phone: 907-772-4291
Fax: 907-772-3085

BOARD MEETING
A g e n d a

DATE: Thursday, March 23, 2023
TIME: 5:00 p.m.
LOCATION: Dorothy Ingle Conference Room/Zoom

		Lead	Handout
I.	CALL TO ORDER	Chair	*N/A*
II.	APPROVAL OF THE AGENDA	Chair	*in packet*
III.	APPROVAL OF BOARD MINUTES – February 23, 2022	Chair	*in packet*
IV.	VISITOR COMMENTS	Chair	*N/A*
V.	BOARD MEMBER COMMENTS	Chair	*N/A*
VI.	COMMITTEE REPORTS	Chair	*N/A*
	A. Resource Committee		
VII.	REPORTS		
	A. Information Technology/EHR *Action required: Informational only*	J. Dormer	*in packet*
	B. Materials Management *Action required: Informational only*	M. Randrup	*in packet*
	C. Medical Records *Action required: Informational only*	K. Randrup	*in packet*
	D. Nursing *Action required: Informational only*	J. Bryner	*in packet*
	E. Quality & Infection Prevention *Action required: Informational only*	S. Romine	*in packet*
	F. Executive Summary *Action required: Informational only*	P. Hofstetter	*in packet*
	G. Financial *Action required: Informational only*	J. McCormick	*in packet*
VIII.	UNFINISHED BUSINESS		

IX. NEW BUSINESS

A. KINDER SKOG PILOT PROGRAM UPDATE Wellness Team *in packet*
Action required: Informational only

X. EXECUTIVE SESSION

By motion, the Board will enter into Executive Session to consider medical staff appointments/reappointments, legal matters, and to discuss matters the immediate knowledge of which would clearly have an adverse effect upon the finances of the hospital.

XI. NEXT MEETING

XII. ADJOURNMENT

Petersburg Medical Center

PO Box 589
Petersburg, Alaska 99833
Phone: (907) 772-4291 | Fax: (907) 772-3085

Meeting: Medical Center Board Meeting
Date: February 23, 2023 **Time:** 5:00 p.m.

Board Members Present: Jerod Cook, Heather Conn, Cindi Lagoudakis, Kim Simbahon, Joe Stratman, Kathi Riemer (Zoom)

Board Members Absent: Marlene Cushing

Others (in person and via Zoom): Bob Lynn, Scott Newman (Assembly members), many PMC staff, representatives from Bettisworth North, several members of the media, PIA CEO

I. CALL TO ORDER: Member Cook called the meeting to order at 5:00 pm.

II. APPROVAL OF THE AGENDA: Member Lagoudakis made a motion to approve the agenda with amendments to add two items under new business: Construction Manager / General Contractor Pre-Construction Services and Site Selection. Motion seconded by Member Conn Motion passed unanimously.

III. APPROVAL OF BOARD MINUTES: Member Stratman made a motion to approve the minutes from January 25, 2023 as presented. Motion seconded by Member Conn. Motion passed unanimously.

IV. VISITOR COMMENTS: Jennifer Bryner commented on a family member's injury and the need to travel south for surgery. She expressed how wonderful it was to be able to come home to PMC for skilled nursing. She recognized the excellent staff, physicians, nurses, CNAs, therapy, lab and appreciated everyone being so accommodating, noting what a difference in level of care at PMC that she didn't see in other hospitals. Thank you from the Bryner family and kudos to all in the facility.

Jason McCormick joined at Phil's request.

V. BOARD MEMBER COMMENTS: Member Lagoudakis shared the information about an on-air KFSK commentary that recognized staff at the hospital for a patient they cared for. She also received unsolicited comments from various people in the community about the great care they received at PMC.

Member Cook thanked board members and all who were able to participate in last week's work session, especially on such unavoidable short notice given timing constraints.

VI. COMMITTEE REPORTS: None

VII. REPORTS:

A. Imaging. S. Paul provided a written report (see copy) and was available to answer questions. She answered questions related to Member Cook's questions for clarification on 3-D machine leasing.

B. Lab. V. Shimek provided a written report (see copy) and was available to answer questions.

C. Long Term Care. H. Boggs provided a written report (see copy) and was available to answer questions. She answered shift questions and schedule questions posed by members Cook and Lagoudakis.

D. Patient Financial Services. C. Lantiegne provided a written report (see copy).

E. Quality & Infection Prevention. P. Hofstetter provided highlights from the written report (see copy).

F. Executive Summary. P. Hofstetter provided highlights from the written report (see copy).

G. Financial. C. Brandt provided a financial management update (see copy) and answered questions about the healthcare industry in general and clarifying questions on the process of Medicare and LTC rate setting.

VIII. UNFINISHED BUSINESS

IX. NEW BUSINESS

A. Construction Manager / General Contractor Pre-Construction Services
Member Stratman motioned that Petersburg Medical Center's Board of Directors approves the recommendation of the Selection Committee, and directs the CEO to enter into an initial contract with Dawson Construction, LLC for Preconstruction Services in the amount of $175,000; and to include a provision that allows PMC to negotiate a Guaranteed Maximum Price (GMP) Amendment(s) for construction services. Motion seconded by Member Lagoudakis.

Roll call vote unanimously approved.

B. Site Selection
Member Conn motioned that Petersburg Medical Center's Board of Directors approves the recommendation of the Steering Committee, and directs the CEO to develop a final site plan based on the Knob Hill and Creek View concepts. Motion seconded by Member Stratman.

Roll call vote unanimously approved.

X. EXECUTIVE SESSION Member Stratman made a motion to enter Executive Session to consider legal matters, medical staff reappointments and to discuss matters the immediate knowledge of which would clearly have an adverse effect upon the finances of the hospital.

Motion seconded by Member Conn. Motion passed unanimously. Board entered Executive Session at 6:37 pm.

Member Conn made a motion to come out of Executive Session. Motion seconded by Member Stratman. Motion passed unanimously. Board came out of Executive Session at 6:42 pm.

Member Lagoudakis made a motion for initial appointment for Joshua Sonkiss, MD, Psych, and reappointment for Stephan Thiede, MD, Radiology to the medical staff. Motion seconded by Member Stratman. Motion passed unanimously.

XI. **NEXT MEETING** The next regularly scheduled meeting was set for Thursday, March 23, 2023 at 5:00 p.m.

XII. **ADJOURNMENT** Member Riemer made a motion to adjourn. Motion was seconded by Member Conn. Motion passed unanimously. The meeting adjourned at 6:44 pm.

Respectfully submitted,

_____

Marlene Cushing, Board Secretary

PETERSBURG MEDICAL CENTER
(A COMPONENT UNIT OF THE PETERSBURG BOROUGH, ALASKA)

Letter to the Board of Directors

Fiscal Year Ended June 30, 2022

MERTZ
CPA & Advisor

MERTZ
CPA & Advisor

Max E. Mertz, CPA
3140 Nowell Avenue
Juneau, Alaska 99801
max@mertzcpa.com
907.957.7131

January 5, 2023

Board of Directors
Petersburg Medical Center
Petersburg, Alaska

I have audited the financial statements of Petersburg Medical Center, a component unit of the Petersburg Borough, Alaska (the Medical Center), as of and for the year ended June 30, 2022, and have issued my report thereon dated January 5, 2023. Professional standards require that I advise you of the following matters relating to my audit.

My Responsibility in Relation to the Financial Statement Audit

As communicated in my engagement letter dated May 1, 2022, my responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. My audit of the financial statements does not relieve you or management of its respective responsibilities.

My responsibility, as prescribed by professional standards, is to plan and perform my audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of my audit, I considered the internal control of the Medical Center solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

I am also responsible for communicating significant matters related to the audit that are, in my professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, I am not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

I conducted my audit consistent with the planned scope and timing that I previously communicated to you.

Compliance with all Ethics Requirements Regarding Independence

I have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies
Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Medical Center is included in Note 1 to the financial statements. During the fiscal year ended June 30, 2022, the Medical Center implemented Governmental Accounting Standards Board (GASB) Statement 87 – *Leases*, and GASB Statement 96 - *Subscription-based Information Technology Arrangements*, as further described in Note 19. No matters have come to my attention that would require me, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates
Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the net realizable value of accounts receivable.

Management's estimate of the net realizable value of accounts receivable is based on historical collections of accounts receivable. I evaluated the key factors and assumptions used to develop the net realizable values and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the useful lives and depreciation is based on the expected life of an asset. I evaluated the key factors and assumptions used to develop the useful lives and depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of the Medical Center's proportionate share of the collective net pension and other post-employment benefit (OPEB) liabilities and related deferred outflows and inflows of resources are based on information furnished by the State of Alaska and actuarial reports generated during the audit of the Public Employees' Retirement System. The liabilities and amortization of deferrals are based on guidance provided by the Governmental Accounting Standards Board. I evaluated the key factors and assumptions used to develop the estimates of the Borough's proportionate share of the collective net pension and OPEB liability and deferred outflows and inflows of resources and related amortization in determining that it is reasonable in relation to the financial statements as a whole.

Financial Statement Disclosures
The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

I encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that I believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require me to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

In addition, professional standards require me to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following adjustments were made by me at the request of management prior to commencing audit procedures. These were recorded by management:

Adjustments to the net OPEB and net pension liabilities and related accounts as of June 30, 2022. The effect of these adjustments was to reduce the net pension liability by $840,000, increase the net OPEB asset by $7,727,000, reduce deferred outflows of resources by $138,000, increase deferred inflows of resources by $8,709,000, and record pension and OPEB expense of $665,000.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Medical Center's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

I have requested certain written representations from management, which are included in the attached letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed me that, and to my knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of my professional association with the Medical Center, I generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to my retention as the Medical Center's auditor.

Internal Control and Other Matters

During my current and prior audits, I noted several opportunities for strengthening internal controls and operating efficiency. The item noted in the current year is below, followed by the current status of the items noted in prior year.

Internal Control Matter Noted During the Current Audit

Improve Patient Billing and Collection Controls

During fiscal year 2022, controls relating to the billing and collection of patient charges were insufficiently designed and implemented. At the end of fiscal year 2021, the Medical Center switched to a new billing contractor. Several issues were noted related to timely and accurate billing. Management has been working to resolve these issues, and it appears that in the later part of fiscal year 2022, progress was being made on several of the matters noted. However, during the period under audit, the following conditions were present:

- Some claims did not have appropriate contractual adjustments applied on a timely basis.
- Follow up on denials and corrections needed for billing errors were in some cases slower that should be expected.

I recommend that management, along with its third-party billing firm, establish a clear plan that identifies the conditions, causes and corrective steps to be taken to resolve these matters, and that it regularly report to the Board of Directors on progress made. Resolving these conditions will require management to continue to focus on these conditions over period of time.

Work to Reduce Patient Accounts Receivable

Net patient accounts receivable at June 30, 2022 was approximately $2.9MM, representing 63 days of net patient service revenue. This compares to $1.3MM, representing 32 days as of June 30, 2020. This level of receivables is unacceptably high and contributes to cashflow issues for the Medical Center. Several factors contribute to the increase, including recent changes in billing contractors. Management has focused on this matter, but additional resources may be needed to reduce and maintain lower receivables balances going forward.

I recommend that management continue to focus on reducing Medical Center patient account receivable.

Current Status of Internal Control Matters Noted During the Prior Audit

During my prior audit, I noted several opportunities for strengthening internal controls and operating efficiency. The current status of those items is reflected below.

Further Develop Policies

Prior Year Recommendation

In prior year, I recommended that management consider developing policies covering revenue cycle, fixed assets and records retention.

Status

Management has begun to revise its policies. Due to the pandemic, I understand this matter will take a higher priority in the future.

This report is intended solely for the information and use of the Board of Directors and management of the Medical Center and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Petersburg Medical Center

103 Fram Street
PO Box 589
Petersburg, AK 99833

Phone: 907-772-4291
Fax: 907-772-3085

January 5, 2023

Max E. Mertz, CPA
3140 Nowell Ave.
Juneau, AK 99801

This representation letter is provided in connection with your audit of the financial statements of Petersburg Medical Center, which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, the related notes to the financial statements, and required supplementary information for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 1, 2022, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to your preparation of the financial statements, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.
- The internal controls over the receipt and recording of contributions are appropriate.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Adequate provisions have been made for:
  - Estimated adjustments to revenue, such as for denied claims, changes to diagnosis related group (DRG) assignments, or other estimated retroactive adjustments by third party payors.
  - Obligations related to third-party payor contracts, including risk sharing and contractual settlements.
  - Audit adjustments by intermediaries, third-party payors, or other regulatory agencies.
  - Obligations related to providing future services under prepaid health care service contracts.
  - Medical malpractice obligations expected to be incurred with respect to services provided through the date of this letter.
  - Self-insurance reserve for employee health care benefits.
- Patient service receivables are recorded at net realizable value.

- The following have been properly recorded or disclosed in the financial statements:
  - Compliance with bond indentures or other debt instruments.
  - Agreements and settlements with third-party payors.
  - Professional liability insurance coverage information.
- Billings to third-party payors comply in all material respects with applicable coding guidelines (for example, ICD-10-CM and CPT-4) and laws and regulations, including those dealing with Medicare and Medicaid antifraud and abuse, and billings reflect only charges for goods and services that were medically necessary; properly approved by regulatory bodies (for example, the Food and Drug Administration), if required; and properly rendered.
- There have been no internal or external investigations, relating to compliance with applicable laws and regulations, including investigations in progress that would have an effect on the amounts reported in the financial statements or on the disclosure in the notes to the financial statements.
- There have been no oral or written communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, including those related to Medicare and Medicaid antifraud and abuse statutes; deficiencies in financial reporting practices; or other matters that could have a material adverse effect on the financial statements
- There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.
- We have no knowledge of any noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing financial statements.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant

the attention of those charged with governance, whether communicated by employees, former employees, vendors, regulators, or others.

- We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.
- We have a process to track the status of audit findings and recommendations.
- We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Medical Center has no plans or intentions that may materially affect the carrying value of classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which The Medical Center is contingently liable.
- We have identified and disclosed to you the laws, regulations and provisions of contracts or grant agreements that could have a direct and material effect on financial statements amounts.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - Unasserted claims or assessments that a lawyer has advised are probable of assertion and must be disclosed in accordance with FASB Accounting Standards CodificationTM (ASC) 450, Contingencies.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by ASC-450.
- The Medical Center has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We have elected to omit the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements, and understand that your opinion on the basic financial statements is not affected by this omission.
- With respect to cost reports:
  - We have filed all required Medicare, Medicaid, and similar reports.
  - We are responsible for the accuracy and propriety of all cost reports filed.
  - All costs reflected on such reports are appropriate, allowable under applicable reimbursement rules and regulations, patient-related, and properly allocated to the applicable payor(s).
  - The reimbursement methodologies and principles employed are in accordance with applicable rules and regulations.
  - Adequate consideration has been given to, and appropriate provision made for, audit adjustments by intermediaries, third-party payors, or other regulatory agencies.

- All items required to be disclosed, including disputed costs that are being claimed to establish a basis for a subsequent appeal, have been fully disclosed in the cost report.
- Recorded third-party settlements include differences between filed (and to be filed) cost reports and calculated settlements, which are necessary based upon historical experience or new or ambiguous regulations that may be subject to differing interpretations. While management believes the entity is entitled to all amounts claimed on the cost reports, management also believes the amounts of these differences are appropriate.

Required Supplementary Information

- With respect to the Medical Center's Proportionate Share of the Net Pension and Other Postemployment Benefit Liabilities, and Schedules of Medical Center Contributions, accompanying the financial statements:
  - We acknowledge our responsibility for the presentation of the supplementary information in accordance with U.S. GAAP.
  - We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
  - The methods of measurement or presentation have not changed from those used in the prior period.
  - We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Phil Hofstetter, CEO, Petersburg Medical Center

CuBrandt

Cynthia Brandt, Financial Management Consultant

PETERSBURG MEDICAL CENTER
(A Component Unit of The Petersburg Borough, Alaska)

FINANCIAL STATEMENTS

June 30, 2022 and 2021

Together with Independent Auditor's Report

MERTZ
CPA & Advisor

PETERSBURG MEDICAL CENTER
(a Component Unit of the Petersburg Borough, Alaska)

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MERTZ
CPA & Advisor

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Petersburg Medical Center
Petersburg, Alaska

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of the Petersburg Medical Center, a component unit of the Petersburg Borough, Alaska (the Medical Center), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Medical Center as of June 30, 2022 and 2021, and the changes in its net assets 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

I conducted my audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*GAS*), issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Medical Center and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Medical Center's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 GAAS and *GAS* 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 GAAS and *GAS*, I:

- 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 Medical Center'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Medical Center's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary pension schedules on pages 32 and 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers them to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. My opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated January 5, 2023 on my consideration of Petersburg Medical Center's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Medical Center's internal control over financial reporting and compliance.

January 5, 2023

PETERSBURG MEDICAL CENTER
(a Component Unit of Petersburg Borough, Alaska)

STATEMENTS OF NET POSITION

June 30, 2022 and 2021

	2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents - unrestricted	$ 1,700,244	$ 4,412,839
Investments	2,597,751	2,600,105
Receivables:		
Patient accounts receivable, less allowance for uncollectible accounts of $2,516,336 and $2,857,200 at June 30, 2022 and 2021, respectively	2,897,132	2,402,077
Other	90,696	141,339
Supplies inventory	356,624	320,886
Prepaid expenses	111,147	1,488,446
Total Current Assets	7,753,594	11,365,692
CAPITAL ASSETS, net	8,237,794	4,439,359
ASSETS LIMITED AS TO USE BY BOARD		
Investments	3,362,424	3,819,014
NET OPEB ASSET	8,781,677	1,054,533
RESTRICTED ASSETS - FOUNDATION PURPOSES		
Cash	164,244	157,721
Investments	276,165	313,399
Total Assets	28,575,898	21,149,718
DEFERRED OUTFLOWS OF RESOURCES	2,756,254	2,894,105
Total Assets and Deferred Outflows of Resources	31,332,152	24,043,823
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
CURRENT LIABILITIES		
Accounts payable	1,286,753	878,886
Accrued payroll and related liabilities	314,809	644,480
Accrued vacation	994,450	1,012,792
Deferred revenue	402,639	98,690
Due to third party payors	2,544,436	2,572,701
Other	3,515	-
Current portion, lease and IT subscription liabilities	333,818	86,973
Total Current Liabilities	5,880,420	5,294,522
LEASES AND IT SUBSCRIPTION LIABILITIES, net	2,734,424	172,395
NET PENSION LIABILITY	12,053,763	12,894,055
Total Liabilities	20,668,607	18,360,972
DEFERRED INFLOWS OF RESOURCES	9,613,036	903,147
Total Liabilities and Deferred Inflows of Resources	30,281,643	19,264,119
NET POSITION		
Invested in capital assets, net of related debt	5,169,552	4,179,991
Restricted for:		
Foundation	440,409	471,120
Unrestricted net position (deficit)	(4,559,452)	128,593
Total Net Position	$ 1,050,509	$ 4,779,704

The accompanying notes to the financial statements are an integral part of these statements.

PETERSBURG MEDICAL CENTER
(a Component Unit of Petersburg Borough, Alaska)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended June 30, 2022 and 2021

	2022	2021
OPERATING REVENUES:		
Net patient service revenue	$ 16,703,912	$ 15,476,648
Rural Health Care Program - Universal Service Fund Assistance	692,013	435,527
PERS on-behalf contribution	386,831	425,184
Grant revenues	1,742,652	7,141,383
Pandemic-related contract revenue and other	684,696	868,092
Total Operating Revenues	20,210,104	24,346,834
OPERATING EXPENSES:		
Salaries	11,272,272	10,885,264
Contract labor	507,949	894,617
Employee benefits	4,364,978	3,728,062
Supplies	1,715,612	1,321,047
Purchased services	1,817,338	1,790,420
Repairs and maintenance	524,643	592,060
Minor equipment	280,758	376,092
Rentals and leases	192,645	181,156
Utilities	1,073,393	812,733
Training and education	95,340	63,677
Depreciation	1,014,562	705,623
Insurance	134,567	119,839
Other	346,331	249,551
Total Operating Expenses	23,340,388	21,720,141
Operating Income (loss)	(3,130,284)	2,626,693
NON-OPERATING REVENUES (EXPENSES):		
Restricted Foundation donations	35,566	39,055
Investment income (loss)	(493,406)	868,594
Interest expense	(110,665)	(11,705)
Foundation expenses	(31,411)	(35,067)
Other non-operating revenue	1,005	13,562
Non-operating Revenues, net	(598,911)	874,439
Change in Net Position	(3,729,195)	3,501,132
Net Position, Beginning of Year	4,779,704	1,278,572
Net Position, End of Year	$ 1,050,509	$ 4,779,704

The accompanying notes to the financial statements are an integral part of these statements.

PETERSBURG MEDICAL CENTER
(a Component Unit of Petersburg Borough, Alaska)

STATEMENTS OF CASH FLOWS

June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from patient services	$ 18,949,661	$12,684,419
Cash received from CARES Provider Relief Fund (PRF)	1,358,524	31,750
Cash received from (paid on) Provider Advances	(2,744,048)	(97,646)
Cash from grants and other sources	1,401,910	3,550,078
Cash paid to suppliers	(4,247,135)	(7,245,851)
Cash paid to employees	(15,318,128)	(14,354,360)
Net Cash Used for Operating Activities	(599,216)	(5,431,610)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Restricted donations and other, net of related expenses	5,160	17,550
Net Cash Provided by Noncapital Financing Activities	5,160	17,550
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash payments on obligations under capital leases	(351,791)	(97,667)
Purchase of property and equipment	(1,762,997)	(698,852)
Net Cash Used for Capital and Related Financing Activities	(2,114,788)	(796,519)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for investments, net of related investment expenses	(3,751)	(2,903)
Net Cash Provided by Investing Activities	(3,751)	(2,903)
Net change in cash and cash equivalents	(2,712,595)	(6,213,482)
Cash and cash equivalents, beginning of year	4,412,839	10,626,321
Cash and cash equivalents, end of year	$ 1,700,244	$ 4,412,839
RECONCILIATION OF OPERATING INCOME TO NET CASH LEASES AND IT SUBSCRIPTION LIABILITIES, net		
Operating Income (loss)	$ (3,130,284)	$ 2,626,693
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	1,014,562	705,623
Pension and OPEB related	280,304	(369,925)
Provision for (recovery of) bad debts	(367,245)	216,935
(Increase) decrease in assets:		
Patient accounts receivable	(127,810)	(1,275,417)
Other receivables	50,643	(71,490)
Supplies inventory	(35,738)	(33,851)
Prepaid expenses	1,377,299	(1,392,719)
Increase (decrease) in liabilities:		
Accounts payable	407,867	146,384
Accrued payroll and related liabilities	(348,013)	203,707
Paycheck Protection Program Advance	-	(1,800,000)
Deferred revenue and other	307,464	(2,556,157)
Due to third party payors	(28,265)	(1,831,393)
Net Cash Used for Operating Activities	$ (599,216)	$ (5,431,610)
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Equipment acquired with capital lease	$ 3,050,000	$ 189,956

The accompanying notes to the financial statements are an integral part of these statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Petersburg Medical Center (the Medical Center), a component unit of Petersburg Borough, Alaska, commenced operations in May 1922 in order to provide healthcare services primarily to residents of Petersburg and the surrounding area. The Long-Term Care Facility opened in July 1969 and the Physicians' Clinic opened in October 1994. A seven-member, elected Board of Directors sets policies and procedures for the Medical Center and associated facilities. Operations of the Medical Center are carried out through an unrestricted enterprise fund. The Medical Center is considered a component unit of Petersburg Borough, Alaska because it is accountable to Petersburg Borough, Alaska.

Reporting Entity

These financial statements include all of the activities of Petersburg Medical Center and its component unit, Petersburg Medical Center Foundation, Inc. (the Foundation). This component unit is included in the Medical Center's reporting entity because of its operational and financial relationships with the Medical Center.

The Foundation was incorporated on May 3, 1990 and began operations in July 1990. Its Board of Directors consists of the Medical Center Board of Directors and the Medical Center Administrator. The Foundation's stated purposes are "to establish and maintain a support and assistance association for the general Medical Center in Petersburg, Alaska; to enhance the quality of Medical Center care through benevolent assistance by providing capital improvements and other financial assistance to the Medical Center, the employees, and patients; to establish a scholarship fund; and to attract potential physicians and other healthcare providers to Petersburg, Alaska."

Even though the Foundation is a legally separate entity, it is reported as if it were part of the Medical Center because the Medical Center Board, along with the Administrator, serve as the governing board of the Foundation and it provides services and benefits almost exclusively for the Medical Center.

Basis of Presentation

The basic financial statements of the Medical Center have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting standards which, along with subsequent GASB pronouncements (Statements and Interpretations) constitute GAAP for governmental units. The more significant of these accounting policies are described below.

Proprietary Fund Accounting

The proprietary fund financial statements are prepared using the economic resources measurement focus. The Medical Center utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual.

Net position is categorized as follows:

- **Unrestricted Net Position (Deficit)** – Assets, net of related liabilities, which are not subject to externally imposed restrictions and are not considered invested in capital assets, net of related debt. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.
- **Restricted Net Position** – Net position whose use is constrained externally by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- **Invested in Capital Assets, Net of Related Debt** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

The Medical Center 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 employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. Effective January 1, 1989, the Medical Center became self-insured with respect to unemployment insurance claims made by former employees.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Medical Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Investments

Investments are stated at fair value. Unrealized gains and losses are included in investment income.

Patient Accounts Receivable

Patient accounts receivable are stated at unpaid balances less an allowance for doubtful accounts. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance. Valuation of uncollectible amounts is based upon management's review and estimation of individual accounts it judges likely to not be paid. It is reasonably possible that this estimate will change within one year of the date of these financial statements and the effect of the change would be material.

Capital Assets

Capital assets include land, land improvements, buildings, fixed equipment, moveable equipment, and construction work in progress. Capital assets with acquisition costs in excess of $5,000 are carried at original acquisition cost or estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is computed by the straight-line method at rates calculated to depreciate the cost of the assets over their estimated useful lives of 5 to 40 years.

Inventories

Inventories are stated at the lower of cost or market, which approximates cost on a first-in, first-out method.

Compensated Absences

The Medical Center accrues vacation pay as it is earned, and sick leave for certain grand-fathered employees, capped at $5,000 per employee. Sick pay related to other employees is expensed when taken.

Assets Limited as to Use by the Board and Restricted Foundation Assets

The Board retains control over designated assets and may, at its discretion, subsequently use them for other purposes. Gifts, bequests, and grants restricted by the donor for the Foundation for specific operating purposes are included as operating income in the financial statements of the period in which expenses are made for the purpose intended by the donor. Unrestricted contributions are reported as nonoperating income in the year received.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statements of net position report separate sections for deferred outflows and inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Alaska Public Employees' Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as PERS, and assuming the State's pension support under AS 39.35.280 is a "Special Funding Situation" as defined by GASB 68. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Alaska Public Employees' Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as PERS, and assuming the State's OPEB support under AS 39.35.280 is a "Special Funding Situation" as defined by GASB 75. For this purpose, benefit payments

(including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Operating Revenues and Expenses and Non-operating Items

The Medical Center distinguishes operating from non-operating revenues and expenses. Operating revenues and expenses generally result from delivering services in connection with the Medical Center's principal ongoing operations. The principal operating revenues of the Medical Center are charges to patients for Medical Center and health clinic services provided. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amount from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Income Taxes

The Medical Center is organized as a component unit of the Petersburg Borough. It has also been approved by the Internal Revenue Service under Section 501(c) (3) of the U.S. Internal Revenue Code as a nonprofit, tax exempt organization. In addition, the Medical Center qualifies for the charitable contribution deduction under IRC Section 170(b) (1) (A) and has been classified as an organization other than a private foundation under IRC Section 509(a) (2).

The Foundation is organized under Section 501(c) (3) of the U.S. Internal Revenue Code as a nonprofit, tax exempt organization. In addition, the Foundation qualifies for the charitable contribution deduction under IRC Section 170(b) (1) (A) and has been classified as an organization other than a private foundation under IRC Section 509(a) (2).

The Medical Center and Foundation follow the provisions of FASB ASC 740 Income Taxes and management believes that it has appropriate support for any tax position taken. The Medical Center and Foundation's federal information returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statutes of limitations on those returns, which, in general, is three years.

Charity Care

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Limits of total charity care provided on an annual basis are set by the Medical Center's Board. Charity care charges are estimated to be $111,873 in 2022 and $136,659 in 2021.

Reclassification

Certain amounts presented for the prior year have been reclassified to conform to the current year presentation.

NOTE 2 – NET PATIENT SERVICE REVENUE

Net patient service revenue, as reported in the Statements of Revenues, Expenses, and Changes in Net Position, is reported net of bad debt expense and contractual allowances. Bad debt expenses (recovery) were $(367,245) and $216,935 for the years ended June 30, 2022 and 2021, respectively. Contractual allowances, including pending settlements with third-party payors were $4,325,934 and $2,567,057 for the years ended June 30, 2022 and 2021, respectively.

The Medical Center has contractual agreements with several third-party payors that provide for prospective payment and cost reimbursement at specified rates. For the years ended June 30, 2022 and 2021, revenue and the related accounts receivable for such care are recorded at established rates and unreimbursed charges are accounted for as a contractual allowance, which is an adjustment to patient service revenue. A summary of the basis of reimbursement with major third-party payors follows:

Medicare

The Medical Center is designated as a Rural Critical Access Medical Center by the Centers for Medicare and Medicaid Services (CMS). Inpatient acute care and outpatient Medical Center services rendered to Medicare program beneficiaries are paid based upon cost reimbursement methods. These cost reimbursements occur on an interim basis and these tentative rates are settled with final amounts determined after annual cost reports are submitted and audited by the Medicare Fiscal Intermediary. Long-term care services are paid based upon the Resource Utilization Group (RUGs) payment system, a prospectively determined amount with rates which vary according to a classification system that is based upon clinical factors, with no final settlements.

In order to increase cash flow to providers of services and suppliers impacted by the 2019 Novel Coronavirus (COVID-19) pandemic, CMS expanded the Accelerated and Advance Payment Program to a broader group of Medicare Part A providers and Part B suppliers. The expansion of this program is only for the duration of the public health emergency consistent with the passage of the CARES Act (P.L. 116-136). Under the program, the Medical Center received advances totaling $3,573,422 in the fiscal year ended June 30, 2020. The Medical Center had one year from the date the accelerated payment was made, April 15, 2020, to repay the balance. PMC did not repay the balance by April 15, 2021. CMS then began recoupment of any remaining unpaid balances by withholding twenty-five percent of Medicare payments due to the Medical Center for eleven months, and then fifty percent for six months. During the years ended June 30, 2022 and 2021, Medicare withheld payments were $2,692,048 and $97,646, respectively, leaving a balance due of $783,728 as of June 30, 2022. If a balance remains after the sixteen-month withholding period, CMS will issue letters requiring payment of the balance, subject to a four percent rate of interest. The advance is included in Due to Third-Party Payors in the accompanying financial statements.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a prospective reimbursement methodology. Inpatient, outpatient and long-term care services rendered to Medicaid program beneficiaries are reimbursed under a prospective reimbursement methodology based upon actual costs. The Medical Center is reimbursed at prospectively determined rates that are preset for a four-year period, based upon actual costs in a two year look back period. No final settlements occur. In management's opinion, the final contractual allowances for the years ended June 30, 2022 and 2021 will not be significantly different from the estimates reflected in the accompanying financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents

Cash and cash equivalents include deposits in checking and savings accounts. At June 30, 2022, the bank balances on all deposits was $4,528,167. The following are the components of the carrying cash and cash equivalents presented in the statement of net position at June 30:

	2022	2021
Current Assets		
Cash and cash equivalents	$ 1,700,244	$ 4,412,839
Restricted Assets:		
Cash and cash equivalents	164,244	157,721
	$ 1,864,488	$ 4,570,560

Custodial Credit Risk – Cash and Cash Equivalents

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. As of June 30, 2022, the Medical Center maintains a collateral agreement with a depository financial institution, First Bank Alaska. All collateral consists of obligations issued, or fully insured or guaranteed as to payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation, with market value not less than the collateralized deposit balances.

Restricted Cash and Cash Equivalents

The Medical Center receives contributions that include donor-imposed restrictions regarding the use of the funds. The funds are classified as restricted cash and cash equivalents on the accompanying statements of net position. The components of restricted cash arise from Foundation activities.

NOTE 4 – INVESTMENTS

Custodial Credit risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Medical Center will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. To mitigate custodial credit risk for its investments, the Medical Center's investments are registered in the Medical Center's name.

Credit risk – Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligation. To limit its exposure to custodial credit risk, the Medical Center's investment policy authorizes investments with the following target allocations:

	Medical Center	Foundation
U.S. Equity (stocks, ETFs, UITs)	45%	45%
Non-U.S. Equity (stocks, ETFs, UITs)	15%	15%
Fixed Income (Bonds, CDs, UITs, ETFs)	40%	40%

In addition, the Medical Center's policy prohibits investments in companies who invest in or profit from the sale of alcohol, tobacco or the producers of firearms. The Foundation prohibits investment in limited

partnerships, commodities and futures contracts, private placements, options, venture capital, and collateralized mortgage obligations.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from increasing interest rates, the Medical Center's short-term investments are in securities that are restricted to maturities of less than one year.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Medical Center's investment in a single issuer. The Medical Center does not have a policy concerning concentration of credit risk.

Fair market value of securities is determined by established trading market prices.

Investments made by the Medical Center are summarized below:

June 30, 2022					
	Investment Maturities (in years)				
	Less than 1	1-5	6-10	Over 10	Total
Investments held by agent in the Medical Center's name					
U.S. treasury bills and notes	$ 2,689,787	$ -	$ -	$ -	$ 2,689,787
Total debt securities	$ 2,689,787	$ -	$ -	$ -	2,689,787
Exchange traded funds					3,546,553
Total Investments made by the Medical Center					$ 6,236,340
Reconciliation to statement of net position:					
Short-term investments					2,597,751
Investments limited as to use by the Board of Directors					3,362,424
Restricted assets - Foundation					276,165
Total Investments made by the Medical Center					$ 6,236,340

June 30, 2021					
	Investment Maturities (in years)				
	Less than 1	1-5	6-10	Over 10	Total
Investments held by agent in the Medical Center's name					
Certificates of deposit and cash	$ 1,824,199	$ -	$ -	$ -	$ 1,824,199
U.S. treasury bills and notes	866,991	-	-	-	866,991
Total debt securities	$ 2,691,190	$ -	$ -	$ -	2,691,190
Exchange traded funds					4,041,328
Total Investments made by the Medical Center					$ 6,732,518
Reconciliation to statement of net position:					
Short-term investments					2,600,105
Investments limited as to use by the Board of Directors					3,819,014
Restricted assets - Foundation					313,399
Total Investments made by the Medical Center					$ 6,732,518

Fair Value Measurements

The Medical Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 is used when there are no observable inputs. The Medical Center does not have any securities classified in Level 3.

At June 30, the Medical Center had the following recurring fair value measurements:

June 30, 2022				
Investments by Fair Value Level	Fair Value	Fair Value Measurements Using Level 1	Level 2	Level 3
Investments in Exchange Traded Funds	$ 3,546,553	$ 3,546,553	$ -	$ -
U.S. Government Instruments	2,689,787	-	2,689,787	-
Total Investment By Fair Value Level	$ 6,236,340	$ 3,546,553	$ 2,689,787	$ -

June 30, 2021				
Investments by Fair Value Level	Fair Value	Fair Value Measurements Using Level 1	Level 2	Level 3
Investments in Exchange Traded Funds	$ 4,132,413	$ 4,132,413	$ -	$ -
Certificates of Deposit	1,733,114	-	1,733,114	-
U.S. Government Instruments	866,991	-	866,991	-
Total Investment By Fair Value Level	$ 6,732,518	$ 4,132,413	$ 2,600,105	$ -

NOTE 5 – CAPITAL ASSETS

The Medical Center owns land, buildings, equipment and construction work in progress, and holds assets under capital leases and subscription IT assets as follows:

	Balance at June 30, 2020	Additions	Transfers and Retirements	Balance at June 30, 2021	Additions	Transfers and Retirements	Balance at June 30, 2022
Land	$ 347,944	$ -	$ -	$ 347,944	$ -	$ -	$ 347,944
Land improvements	137,741	-	-	137,741	-	-	137,741
Buildings	13,382,691	475,841	-	13,858,532	-	-	13,858,532
Equipment	7,872,231	541,945	-	8,414,176	71,142	104,982	8,590,300
Leased equipment	378,015	189,956	-	567,971	-	-	567,971
Subscription IT assets	-	-	-	-	4,350,000	336,374	4,686,374
Construction in progress	441,798	246,414	(565,348)	122,864	593,031	(642,532)	73,363
Total property and equipment	22,560,420	1,454,156	(565,348)	23,449,228	5,014,173	(201,176)	28,262,225
Accumulated depreciation	(18,036,470)	(630,020)	-	(18,666,490)	(637,830)	-	(19,304,320)
Accumulated amortization - Leased assets	(267,776)	(75,603)	-	(343,379)	(75,772)	-	(419,151)
Subscription IT assets	-	-	-	-	(300,960)	-	(300,960)
Net property and equipment	$ 4,256,174	$ 748,533	$ (565,348)	$ 4,439,359	$ 3,999,611	$ (201,176)	$ 8,237,794

Depreciation and amortization expense was $1,014,562 and $705,623 for the years ending June 30, 2022 and 2021, respectively.

NOTE 6 – ASSETS LIMITED AS TO USE BY BOARD OF DIRECTORS AND RESTRICTED ASSETS

Unrestricted resources may be appropriated or designated by the Board of Directors and are reported as assets limited as to use by Board as described in Note 1. The Board of Directors has designated certain investments carried at fair value in fiscal years ended June 30, 2022 and 2021 of $3,362,424 and $3,819,014, respectively, for capital acquisitions and equipment replacement. Assets included in the Foundation and carried at fair value in fiscal years ended June 30, 2022 and 2021 totaling $440,409 and $471,120, respectively as reflected in Restricted Assets – Foundation Purposes, are restricted to activities furthering the Foundation's purposes as described in Note 1.

NOTE 7 – LEASE AND IT SUBSCRIPTION LIABILITIES

The Medical Center leases medical equipment from financing companies under capital leases. The assets are depreciated over their estimated productive lives, with the related expense included in depreciation expense.

Capital leases consists of the following as of June 30:

	2022	2021
Present value of lease payments payable to a financing company in monthly payments of $3,512, at a rate of 4.16%, for diagnostic ultrasound equipment; due in fiscal year 2026.	$ 158,016	$ 189,956
Present value of lease payments payable to a financing company in monthly payments of $4,336, at a rate of 1.21%, for a CT scanner; due in fiscal year 2023	17,344	69,412
Present value of IT subscription payments to a software provider in monthly payments of $34,875, at a discount rate of 5% through December 2030	2,892,882	-
Total leases and subscription IT liabilities	3,068,242	259,368
Less – current portion	(333,818)	(86,973)
	$ 2,734,424	$ 172,395

Changes in long-term debt obligations for the year ended June 30 are as follows. The Medical Center did not remeasure any of its lease of subscription IT liabilities in the years ending June 30, 2022 or 2021:

	Balance at June 30, 2020	Additions	Deductions	Balance at June 30, 2021	Additions	Deductions	Balance at June 30, 2022
Lease liabilities	$ 155,374	$ 189,956	$ (85,962)	$ 259,368	$ -	$ (84,008)	$ 175,360
Subscription IT liabilities	-	-	-	-	3,050,000	(157,118)	2,892,882
Total	$ 155,374	$ 189,956	$ (85,962)	$ 259,368	$ 3,050,000	$ (241,126)	$ 3,068,242

Minimum lease payments under capital lease obligations, together with the present value of the net minimum lease payable, for future years ending June 30 are as follows:

	Total Payments	Less amounts Representing Interest	Capital Lease Obligations
2023	477,984	144,166	333,818
2024	460,637	128,291	332,346
2025	460,637	111,619	349,018
2026	460,637	94,109	366,528
2027	422,006	76,394	345,612
Thereafter	1,464,432	123,512	1,340,920
	$3,746,333	$ 678,091	$3,068,242

NOTE 8 – PETERSBURG MEDICAL CENTER FOUNDATION, INC.

As discussed in Note 1, the Medical Center has established the Foundation as an Alaska tax-exempt nonprofit organization. The assets of the Foundation are restricted and amounts are reflected on the Statements of Net Position as Restricted Assets – Foundation Purposes along with a corresponding amount of Restricted Net Position. As of June 30, 2022 and 2021, total restricted assets and related restricted net position totaled $440,409 and $471,120, respectively.

Contributions to the Foundation are considered restricted and are reflected as Restricted Foundation donations in the accompanying Statements of Revenues, Expenses, and Changes in Net Position, which totaled $35,566 and $39,055 as of June 30, 2022 and 2021, respectively. The Foundation uses its funding in according with its tax-exempt mission. Total expenses are reflected as Foundation expenses in the accompanying Statements of Revenues, Expenses, and Changes in Net Position, which totaled $31,411 and $35,067 as of June 30, 2022 and 2021, respectively.

NOTE 9 – RURAL HEALTHCARE PROGRAM

The Medical Center participates in the Rural Health Care Program (RHC) of the Universal Service Fund (USF), which is administered by the Universal Service Administrative Company (USAC). RHC is a support program authorized by Congress and designed by the Federal Communications Commission (FCC) to provide reduced rates to rural health care providers for telecommunications services and internet access charges related to the use of telemedicine and tele-health. RHC is intended to ensure that rural health care providers pay no more for telecommunication in the provision of health care services than their urban counterparts. Payments under RHC are made directly by USF to the Corporation's telecommunications provider upon submission by the Corporation of the required FCC forms. The Medical Center's contribution benefit under the program, which meets the definition of contributed services under generally accepted accounting principles, was $692,013 and $435,527 for the years ended June 30, 2022 and 2021, respectively, and is included in the RHC – USF in the accompanying Statements of Revenues, Expenses and Changes in Net Position. In the event that the Medical Center does not file all required FCC forms and payment is not made by USF, the telecommunications provider may seek payment from the Medical Center for amounts unpaid.

NOTE 10 – RETIREMENT PLANS

The Medical Center participates in the State of Alaska Public Employees' Retirement System (PERS). The plans are governed by the Alaska Retirement Management Board (the "Board" or the "System"), which consists of nine trustees, as follows: the Commissioner of the Department of Administration, the Commissioner of the Department of Revenue, two trustees who are members of the general public, one trustee who is employed as a finance officer for a political subdivision participating in either the PERS or Teachers' Retirement System (TRS), two trustees who are members of PERS, and two trustees who are members of TRS. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. PERS issues a publicly available financial report that can be obtained at http://doa.alaska.gov/drb/pers/employee/resources/index.html.

Description of Plans Available to Employees

PERS provides a cost-sharing multiple-employer defined benefit (DB) pension plan administered by the State of Alaska which includes a defined benefit health plan under the State of Alaska Retiree Healthcare Trust (ARHCT), a healthcare trust fund of the State of Alaska. The DB, including ARHCT, was closed to all new members effective July 1, 2006.

A Defined Contribution Pension Plan (DC Plan) provides retirement benefits for eligible employees hired after July 1, 2006, as described in the Defined Contribution Pension Plan section below. PERS also includes a Retiree Medical plan (RMP) which provides major medical coverage to all employees of the DC Plan.

An Occupational Death and Disability (ODD) plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. Together the ARHCT, RMP and ODD plans are referred to as Other Postemployment Benefits ("OPEB"), which are further described in the Defined Benefit Other Postemployment Benefit Plans (OPEB) section below.

State of Alaska PERS Defined Benefit Plan

Benefits Provided

PERS provides retirement, disability, death, and postemployment health benefits. Benefits vest with five years of credited service. Employees enrolled prior to July 1, 1986 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For employees enrolled after June 30, 1986, but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit.

Retirement benefits are calculated by multiplying the average monthly compensation (AMC) times credited PERS service times the percentage multiplier. The AMC is determined by averaging the salaries earned during the five highest (three highest for Police/Fire members or members hired prior to July 1, 1996) consecutive payroll years. Members must earn at least 115 days of credit in the last year worked to include it in the AMC calculation. The PERS pays a minimum benefit of $25 per month for each year of service when the calculated benefit is less.

The percentage multipliers for police/fire personnel are 2.00% for the first ten years of service and 2.50% for all service over 10 years. The percentage multipliers for all other participants are 2.00% for the first 10 years, 2.25% for the next 10 years, and 2.50% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2.00%.

Postemployment healthcare benefits are provided without cost to all members first enrolled before July 1, 1986. Members first enrolled after June 30, 1986 and who have not reached age 60 may elect to pay for major medical benefits; thereafter they are provided at no cost.

The Plan has two types of postretirement pension adjustments (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients, when the cost-of-living increases in the previous calendar year. The automatic PRPA increase is paid beginning July 1 of each year. The discretionary PRPA may be granted to eligible recipients by the Plan's Administrator if the funding ratio of the Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, and a retiree is eligible for both adjustments, the one that provides the retiree the greater increase will be paid.

Contributions

Contribution requirements of the active plan members and the participating employers are actuarially determined and approved by the Board as an amount that, when combined, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The DB Plans members' contribution rates are 7.5% for peace officers and firefighters, 9.6% for some school district employees, and 6.75% for general DB Plan members, as required by statute. The Medical Center's effective contribution rate is 22.00% of annual payroll. Alaska Statute 39.35.280 states that the State of Alaska, as a non-employer contributing entity, shall contribute each July 1, or as soon after July 1 for the ensuing fiscal year, an amount that when combined with the total employer contributions is sufficient to pay the System's past service liability at the actuarially determined contribution rate adopted by the Board for that fiscal year. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the Defined Contribution Retirement (DC) Plan payroll. The DBUL amount is computed as the difference between:

(A) The amount calculated for the 22.00% statutory employer contribution rate on eligible salary, less
(B) The total of the employer contributions for
    (1) the defined contribution employer matching amount,
    (2) major medical,
    (3) occupational death & disability, and
    (4) health reimbursement arrangement.

The difference is deposited based on an actuarial allocation into the DB Plan's pension and healthcare funds.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Medical Center reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Medical Center. The amount recognized by the Medical Center as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Medical Center were as follows:

Medical Center's proportionate share of the net pension liability	$	12,053,763
State's proportionate share of the net pension liability Associated with the Medical Center		1,631,922
Total Net Pension Liability	$	13,685,685

The Medical Center will record the entire net pension liability, including the State's proportionate share, if the State of Alaska no longer contributes its proportionate share as measured by the annual State contributions and provided under Alaska Statute 39.35.280. By changing the existing statute to a higher rate above and up to the actuarially determined rate, the Medical Center may be required to record some or all of the State's proportion and its contribution amounts will increase accordingly.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Medical Center's proportion of the net pension liability was based on a projection of the Medical Center's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2021, the Medical Center's proportion was .32121%, which was an increase of .10271% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Medical Center recognized pension benefit of $4,521,010 including revenue of $2,729 for support provided by the State. At June 30, 2022, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and differences between employer contributions	$ 952,566	$ -
Differences between expected and actual experience	-	53,401
Differences between projected and actual investment earnings	-	4,753,371
Medical Center contributions subsequent to measurement date	984,207	-
Total	$ 1,936,773	$ 4,806,772

Of the total amount reported as deferred outflows of resources related to pensions, $984,207 resulting from Medical Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the measurement year (fiscal year) as follows:

Year ended June 30:	
2022 (2023)	$ (205,456)
2023 (2024)	(1,088,811)
2024 (2025)	(1,177,792)
2025 (2026)	(1,382,147)

Actuarial Assumptions

The total pension liability at the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.5% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 healthy annuitant table benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/ firefighters, 40% of the time for all others.

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017. As a result of this experience study, the Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.50%):

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	28.00%	6.63%
Global ex-US equity	19.00	5.41
Aggregate bonds	22.00	0.76
Opportunistic	6.00	4.39
Real assets	13.00	3.16
Private equity	12.00	9.29
Cash equivalents	-	.13

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. The projection of cash flows used to determine the discount rate assumed that employer and nonemployer contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Medical Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Medical Center's proportionate share of the net pension liability calculated using the discount rate of 7.38 percent, as well as what the Medical Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.38 percent) or 1-percentage-point higher (8.38 percent) than the current rate:

	1% Decrease (6.38%)	Current Discount rate (7.38%)	1% Increase (8.38%)
Medical Center's proportionate share of the net pension liability	$ 17,853,304	$ 12,053,763	$ 7,181,407

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Defined Contribution Pension Plan

Plan Description

The Medical Center participates in the State of Alaska Defined Contribution Pension Plan (DC Plan), Tier 4, which provides pension benefits and certain Other Postemployment Benefits (OPEB) benefits similar to those of the defined benefit plan for eligible employees hired after July 1, 2006. The State of Alaska Healthcare Reimbursement Arrangement Plan is also provided to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. The OPEB benefits are described further below. Additionally, certain active members of the DB Plan were eligible to transfer to the DC Plan if that member had not vested in the DB Plan. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The DC Plan is administered by the System.

Pension Benefits

A participating member is immediately and fully vested in that member's contributions and related earnings (losses). A member shall be fully vested in the employer contributions made on that member's behalf, and related earnings (losses), after five years of service. A member is partially vested in the employer contributions made on that member's behalf, and the related earnings, in the ratio of (a) 25% with two years of service; (b) 50% with three years of service; (c) 75% with four years of service; and (d) 100% with five years of service.

Contributions

Alaska statutes require an 8.0% contribution rate for DC Plan members. Employers are required to contribute 5.0% of the member's compensation. For the year ended June 30, 2022 and 2021, employee contributions totaled $616,877 and $578,545, respectively, and the Medical Center recognized pension expense of $385,548 and $361,591 respectively.

Refunds

A member is eligible to elect distribution of their account 60 days after termination of employment.

Participant Accounts

Participant accounts under the DC Plan are self-directed with respect to investment options. Each participant designates how contributions are to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the appreciation or depreciation in unit value for the investment funds.

Record-keeping/administrative fees, consisting of a fixed amount, applied in a lump sum each calendar year, and a variable amount, applied monthly, are deducted from each participant's account, applied pro rata to all the funds in which the employee participates. This fee is for all costs incurred by the record keeper and by the State. The investment management fees are netted out of the funds' performance.

Defined Benefit Other Postemployment Benefit Plans (OPEB)

OPEB Benefits Provided

Major medical benefits under ARHCT are provided to retirees and their surviving spouses at no premium cost for all members hired before July 1, 1986 (Tier 1), and disabled retirees. Members hired after June 30, 1986 (Tier 2), and their surviving spouses with five years of credited service (or ten years of credited service for those first hired after June 30, 1996 (Tier 3) must pay the full monthly premium if they are under age 60 and will receive benefits at no premium cost if they are over age 60. Tier 3 members with between five and ten years of credited service must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 members with less than five years of credited service are not eligible for postemployment healthcare benefits. Tier 2 members who are receiving a conditional benefit and are age eligible are eligible for postemployment healthcare benefits. In addition, peace officers and their surviving spouses with 25 years of peace officer membership service and all other members and their surviving spouses with 30 years of membership service receive benefits at no premium cost, regardless of their age or date of hire. Peace officers/firefighters between 20 and 25 years who are disabled must pay the full monthly premium.

The Occupational Death and Disability Plan (ODD) provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System.

The Retiree Medical Plan (RMP) provides major medical coverage to retirees of the DC Plan. The RMP is self-insured. Members are not eligible to use this plan until they have at least 10 years of service, and are Medicare age eligible.

Contributions

Employer contribution rates for major medical OPEB benefits to the ARHCT are actuarially determined and adopted by the Board as described in the PERS defined pension plan above. The 2022 employer effective contribution rate is 22.00% of member's compensation.

Employer contributions for the ODD plan are made to each member's account based on the member's compensation. For fiscal year 2022, the rates are 0.70% for occupational death and disability for peace officers and firefighters, and 0.31% for occupational death and disability all other members.

Employer contribution rates for the RMP plan are actuarially determined and adopted by the Alaska Retirement Management Board (Board). For fiscal year 2022, the employer rate is 1.27% of member's compensation.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2022, the Medical Center reported a liability (asset) for its proportionate share of the net OPEB liability for each OPEB plan which reflected a reduction for State OPEB support provided to the Medical Center. The amount recognized by the Medical Center as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability (asset) that was associated with the Medical Center were as follows:

	ARHCT	ODD	RMP	Total
Medical Center's proportionate share of the net OPEB liability (asset)	$ (8,463,606)	$ (185,237)	$ (132,834)	$ (8,781,677)
State's proportionate share of the net OPEB liability associated the Medical Center	(1,108,162)	-	-	(1,108,162)
Total Net OPEB Liability (Asset)	$ (9,571,768)	$ (185,237)	$ (132,834)	$ (9,889,839)

The Medical Center will record the entire net ARHCT OPEB liability, including the State's proportionate share, if the State of Alaska no longer contributes its proportionate share as measured by the annual State contributions and provided under Alaska Statute 39.35.280. By changing the existing statute to a higher rate above and up to the actuarially determined rate, the Medical Center may be required to record some or all of the State's proportion and its contribution amounts will increase accordingly.

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Medical Center's proportion of the net OPEB liability was based on a projection of the Medical Center's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2021, the Medical Center's proportion was .3734% for ARHCT, .42030% for ODD and .49487% for RM, which was an increase of 0.11550 % for ARHCT, .06376% for ODD, and .04988% for RM from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Medical Center recognized an OPEB benefit of $3,075,429 including benefit of $-0- for support provided by the State. At June 30, 2022, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and differences between employer contributions	$ 21,443	$ 151,228
Changes in Assumptions	41,286	400,191
Differences between projected and actual investment earnings	-	4,109,054
Differences between expected and actual experience	9,876	145,791
Medical Center contributions subsequent to measurement date	746,876	-
Total	$ 819,481	$ 4,806,264

Of the total amount reported as deferred outflows of resources related to OPEB, $746,876 resulting from Medical Center contributions subsequent to the measurement date and before the end of the fiscal year will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense in the measurement year (fiscal year) as follows:

Year ended June 30:	
2022 (2023)	$ (1,515,321)
2023 (2024)	(960,327)
2024 (2025)	(1,029,143)
2025 (2026)	(1,195,721)
2026 (2027)	(12,639)
Thereafter	(20,508)

Actuarial Assumptions

The total OPEB liability at the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50% per year
Salary increases	Graded by service, from 7.75% to 2.75% for peace officer/firefighter Graded by service, from 6.75% to 2.75% for all others
Investment rate of return	7.38%, net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 7.5% grading down to 4.5%

	Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 8.5% grading down to 4.5% Employee Group Waiver Plan (EGWP): 8.5% grading down to 4.5%
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Post-commencement mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table projected with MP-2017 generational improvement. The rates for pre-commencement mortality were 100% of the RP-2014 employee table with MP-2017 generational improvement.
Participation	100% of system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible. 20% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1,2013 to June 30, 2017. As a result of this experience study, the Board adopted updated actuarial assumptions for the June 30, 2019 actuarial valuation to better reflect expected future experience.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.50%):

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	28.00%	6.63%
Global ex-US equity	19.00	5.41
Aggregate bonds	22.00	0.76
Opportunistic	6.00	4.39
Real assets	13.00	3.16
Private equity	12.00	9.29
Cash equivalents	-	.13

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. The projection of cash flows used to determine the discount rate assumed that employer and non-employer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the Plan's

fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability in accordance with the method prescribed by GASB Statement No. 67, *Financial Reporting for Pension Plans*.

Sensitivity of the Medical Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Medical Center's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.38 percent, as well as what the Medical Center's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.38 percent) or 1-percentage-point higher (8.38 percent) than the current rate:

	1% Decrease (6.38%)	Current Discount rate (7.38%)	1% Increase (8.38%)
ARHCT	$ (5,535,071)	$ (8,463,606)	$ (11,180,223)
ODD	$ (177,373)	$ (185,237)	$ (191,499)
RMP	$ 22,694	$ (132,834)	$ (78,173)

Sensitivity of the Medical Center's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the net OPEB liability (asset) for the ARHCT and ODD plans as of June 30, 2021, calculated using the healthcare cost trend rates as summarized in the 2018 actuarial valuation report, as well as what the respective amount for each plan's net OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (trend not provided for ODD as healthcare is not a component of the measurement of the liability or asset):

	1% Decrease	Current trend rate	1% Increase
ARHCT	$ (11,180,223)	$ (8,463,606)	$ (5,185,356)
RMP	$ (84,386)	$ (132,832)	$ 32,834

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERS financial report.

Total Deferred Outflows of Resources and Inflows of Resources

Total deferred outflows of resources and deferred inflows of resources presented in the Statements of Net Position consists of the following at June 30, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Related	$ 1,936,773	$ 4,806,772
OPEB Related	819,481	4,806,264
Total	$ 2,756,254	$ 9,613,036

NOTE 11 – RENTAL INCOME

Pursuant to rental agreements, the Medical Center leases office space to visiting physicians and to the State of Alaska for public health nurse offices on short-term bases. Rental income totaled $19,200 and $17,600 and in fiscal years 2022 and 2021, respectively.

NOTE 12 - DEFERRED COMPENSATION PLANS

The Medical Center offers its employees a choice of two deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, available to all employees who have been employed by the Medical Center at least one year, permit them to defer a portion of their salary until future years. The deferred compensation is generally not available to employees until termination, retirement, death, or unforeseeable emergency although the plan organized under Section 403(b) allows employees to borrow against their accounts subject to certain restrictions.

In accordance with the Internal Revenue Code, all assets and income of the plans are held in trust for the exclusive benefit of participants and their beneficiaries.

NOTE 13 – CONCENTRATION OF CREDIT RISK

The Medical Center provides credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at June 30, is as follows:

	2022	2021
Medicare	43%	47%
Medicaid	17	16
Third-party payers	28	30
Patients	12	7
	100%	100%

NOTE 14 – CONTINGENT LIABILITIES

Grant Revenues

Amounts received or receivable under grant programs from the State of Alaska are subject to audit and adjustment. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Medical Center expects such amounts, if any, to be immaterial.

Revenue from Third Party Payors

Payments made under the Medicaid and Medicare programs are subject to audit. Paid claims could be disallowed upon audit if there is inadequate documentation to substantiate the services provided to beneficiaries. The amount, if any, of claims which may be disallowed cannot be determined at this time, although the Medical Center expects such amounts, if any, to be immaterial.

Legal and Regulatory Matters

The Medical Center, in the normal course of its activities, is involved in various claims and pending litigation. While the outcome of certain of these matters in not presently determinable, in the opinion of

management, the Medical Center has adequate insurance coverage and reserves to prevent these matters from having a material adverse effect on the financial statements.

NOTE 15 – RISK MANAGEMENT

The Medical Center faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., malpractice, errors and omissions, (d) workers' compensation; i.e., employee injuries, and (e) medical insurance costs of employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for employee medical costs, property and content damage, workers' compensation, employee torts, and professional liabilities. Coverage limits and deductibles on the commercial policies have stayed relatively constant for the last few years.

NOTE 16 – PANDEMIC

On March 11, 2020, Governor Dunleavy declared a public health disaster emergency under State law, as a result of COVID-19. On March 13, 2020, President Trump declared a national emergency due to the COVID-19 outbreak. On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act" (P.L. 116-136). On April 9, 2020, President Trump declared that a major disaster exists in the State of Alaska and ordered federal assistance to supplement State, tribal, and local recovery efforts in the areas affected by COVID-19.

As further discussed in Notes 17 and 18, the Medical Center received advances under the Paycheck Protection Program and the CARES Act Emergency Fund for Provider Relief ("Relief Fund" CFDA 93.498).

The Medical Center experienced a significant decline in its revenue in the fourth quarter of fiscal year 2020 and hasn't fully recovered in fiscal year 2021 and fiscal year 2022. The continued spread of COVID-19 and its impact on social interaction, travel, economies, and financial markets could adversely impact the Medical Center's financial condition, results of operations or liquidity due to: (1) adversely affecting the ability of the Medical Center to conduct its operations and adversely affect the cost of operations, (2) adversely affecting financial markets and consequently adversely affect the returns on and value of the Medical Center's investments, and (3) adversely affect its federal and state revenue sources. Management will continue to evaluate the impact on the Medical Center and take steps necessary to manage these challenges.

NOTE 17 – PAYCHECK PROTECTION PROGRAM ADVANCE

Due to the uncertainty related to the pandemic, on April 16, 2020, the Medical Center received loan proceeds in the amount of $1,800,000 under the Paycheck Protection Program (PPP). The PPP, established as part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks provided the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels at those prior to the pandemic. The Medical Center submitted required documentation during fiscal year 2021 and received notification that all of the loan proceeds were forgiven on November 30, 2020. The Medical Center recorded the

forgiveness as revenue in fiscal year 2021, which is included in grant revenues in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

NOTE 18 – CARES ACT PROVIDER RELIEF FUND GENERAL AND TARGETED DISTRIBUTION PAYMENTS

During the fiscal year 2020, the Medical Center received and retained payments from the U.S. Department of Health and Social Services under the CARES Act Emergency Fund for Provider Relief ("Relief Fund" CFDA 93.498). The Medical Center received $3,917,676 in funds and recognized revenue related to the advance based on the revenue loss due to lower utilization resulting from the pandemic. An additional $31,750 was received in fiscal year 2021. During the fiscal year ended June 30, 2020, the Medical Center recognized $1,405,042 in related revenue, which was determined following the requirements of the Health Resources and Services Administration (HRSA) *General and Targeted Distribution Post-Payment Notice of Reporting Requirements* (HRSA Requirements) dated October 22, 2020. The Medical Center recognized the balance of the initial $3,917,676 in the fiscal year ended June 30, 2021, totaling $2,512,634, which is included in grant revenues in the accompanying Statements of Revenues, Expenses, and Changes in Net Position, based on updated guidance issued by HRSA dated December 9, 2021.

During fiscal year 2022, the Medical Center received $1,100,912 in Phase 4 PRF General Distribution funds and $257,612 rural distribution funds, and recognized $1,055,668 as revenue, which was determined following the HRSA Requirements. The Medical Center anticipates that the remaining amount of $302,856 will be recognized in fiscal year 2023. Amounts not yet recognized are included in deferred revenue in the accompanying financial statements.

NOTE 19 – NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates. The following new standards were implemented by the Medical Center during the current fiscal year:

GASB 87 - *Leases* - This statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Through its implementation of the new standard, Medical Center management evaluated all of its existing contracts for applicability of the new standard. No such contracts were identified other than the two existing leases that it already had recorded; accordingly, no restatement was required. No remeasurement of these leases was necessary under GASB 87.

GASB 96 – *Subscription-based Information Technology Arrangements* – Through its implementation of the new standard, Medical Center management reviewed its existing contracts to determine if any met the criteria for reporting as subscription-based information technology arrangements (SBITAs) under the new standards. One such contract was identified that became effective in the fiscal year ended June 30, 2022. See Notes 5 and 7. No restatement was required.

The following standards are required to be implemented in coming financial reporting periods. Management has not fully evaluated the potential effects of these statements. In May 2020, the GASB issued GASB 95 - *Postponement of The Effective Dates of Certain Authoritative Guidance* in order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The implementation dates below are updated to reflect the impact of GASB 95.

GASB 91 – *Conduit Debt Obligations* – Effective for fiscal year 2023, the primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

GASB 94 – *Public-private and Public-public Partnerships and Availability Payment Arrangements* – Effective for fiscal year 2023, the objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB 101 – *Compensated Absences* – Effective for fiscal year 2024, the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB 101 also establishes guidance for measuring a liability for leave that has not been used.

REQUIRED SUPPLEMENTARY INFORMATION

PETERSBURG MEDICAL CENTER
(a Component Unit of Petersburg Medical Center, Alaska)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF THE MEDICAL CENTER'S PROPORTIONATE SHARE OF THE NET PENSION AND OTHER POSTEMPLOYMENT BENEFIT LIABILITIES (ASSETS)

Fiscal Years 2015 through 2022 for Pension and Fiscal Years 2018 through 2022 for OPEB

	2022	2021	2020	2019	2018	2017	2016	2015
PENSION								
Medical Center's proportion of the net pension liability	0.32121%	0.21850%	0.20589%	0.23333%	0.19889%	0.23244%	0.18393%	0.12188%
Medical Center's proportionate share of the net pension liability	$ 12,053,763	$ 12,894,055	$ 11,270,762	$ 11,593,911	$ 10,281,573	$ 12,992,572	$ 8,920,507	$ 5,684,599
State's proportionate share of the net pension liability associated with the Medical Center	1,631,922	5,334,046	4,474,539	3,357,015	3,831,571	1,638,008	2,388,454	5,281,256
Total	$ 13,685,685	$ 18,228,101	$ 15,745,301	$ 14,950,926	$ 14,113,144	$ 14,630,580	$ 11,308,961	$ 10,965,855
Medical Center's covered payroll	$ 9,621,050	$ 9,232,524	$ 8,041,130	$ 6,238,636	$ 6,283,534	$ 6,626,472	$ 6,473,191	$ 6,130,645
Medical Center's proportionate share of the net pension liability as a percentage of its covered employee payroll	125.29%	139.66%	140.16%	185.84%	164.00%	196.00%	138.00%	93.00%
Plan fiduciary net position as a percentage of the total pension liability	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%	62.37%

This schedule is presented to illustrate the requirements to show information for 10 years. However, GASB 68 was implemented in the fiscal year ended June 30, 2015, and, until a full 10-year trend is compiled, the Medical Center has only presented information for the years in which information is available.

OTHER POSTEMPLOYMENT BENEFIT					
Medical Center's proportion of the net OPEB liability (asset)	-0.21840%	-0.34000%	0.30160%	0.35288%	0.43425%
Medical Center's proportionate share of the net OPEB liability (asset)	$ (8,781,677)	$ (1,054,533)	$ 323,644	$ 2,366,512	$ 1,645,401
State's proportionate share of the net OPEB liability (asset) associated with the Medical Center	(1,108,162)	(410,448)	121,493	695,285	626,211
Total	$ (9,889,839)	$ (1,464,981)	$ 445,137	$ 3,061,797	$ 2,271,612
Medical Center's covered payroll	$ 9,621,050	$ 9,232,524	$ 8,041,130	$ 6,238,636	$ 6,283,534
Medical Center's proportionate share of the net OPEB liability (asset) as a percentage of its LEASES AND IT SUBSCRIPTION LIABILITIES, net	-91.28%	-11.42%	4.02%	37.93%	26.19%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	-135.54%	-106.15%	98.13%	88.12%	89.68%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in the fiscal year ended June 30, 2018, and, until a full 10-year trend is compiled, the Medical Center has only presented information for the years in which information is available.

PETERSBURG MEDICAL CENTER
(a Component Unit of Petersburg Medical Center, Alaska)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF THE MEDICAL CENTER'S CONTRIBUTIONS

Fiscal Years 2015 through 2022 for Pension and Fiscal Years 2018 through 2022 for OPEB

	2022	2021	2020	2019	2018	2017	2016	2015
PENSION								
Contractually required contribution	$ 984,207	$ 886,351	$ 852,428	$ 781,374	$ 835,198	$672,520	$543,714	$501,699
Contributions in relation to the contractually required contribution	(984,207)	(886,351)	(852,428)	(781,374)	(835,198)	(672,520)	(543,714)	(501,699)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Medical Center's covered payroll	$ 9,621,050	$ 9,232,524	$ 8,041,130	$ 6,865,099	$ 6,238,636	$6,283,534	$6,626,472	$6,473,191
Contributions as a percentage of covered employee payroll	10.23%	9.60%	10.60%	11.38%	13.39%	10.70%	8.21%	7.75%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the fiscal year ended June 30, 2015, and, until a full 10-year trend is compiled, the Medical Center has only presented information for the years in which information is available.

OTHER POSTEMPLOYMENT BENEFIT					
Contractually required contribution	$ 746,876	$ 783,213	$ 615,951	$ 485,889	$ 287,903
Contributions in relation to the contractually required contribution	(746,876)	(783,213)	(615,951)	(485,889)	(287,903)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Medical Center's covered payroll	$ 9,621,050	$ 9,232,524	$ 8,041,130	$ 6,865,099	$ 6,722,654
Contributions as a percentage of covered employee payroll	7.76%	8.48%	7.66%	7.08%	4.28%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in the fiscal year ended June 30, 2018, and, until a full 10-year trend is compiled, the Medical Center has only presented information for the years in which information is available.

MERTZ
CPA & Advisor

INDEPENDENT AUDITOR'S 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*

Board of Directors
Petersburg Medical Center
Petersburg, Alaska

I have audited, 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, the financial statements of Petersburg Medical Center, a component unit of the Petersburg Borough, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Petersburg Medical Center's basic financial statements, and have issued my report thereon dated January 5, 2023.

Internal Control over Financial Reporting
In planning and performing my audit of the financial statements, I considered Petersburg Medical Center's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Petersburg Medical Center's internal control. Accordingly, I do not express an opinion on the effectiveness of Petersburg Medical Center'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 entity'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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control over financial reporting that I 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 Petersburg Medical Center's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such

an opinion. The results of my 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 my 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.

January 5, 2023

Petersburg Medical Center

Information Technology Report March 2023

Workforce Wellness

The IT department staff share many common interests which make planning team events enjoyable. Our small team works hard to support the various technology needs throughout all PMC departments. I am proud of the dedication from the IT team to provide excellent service while also maintaining a supportive and enjoyable work environment.

One of the ways in which PMC can give back to our staff is by providing flexible scheduling within the IT department. We have several staff members who opt for a split shift schedule to accommodate their interests outside of work. The split shift allows for staff to work half of a shift in the morning and the other later in the day/evening. This opens up part of the workday for them to pursue interests such as teaching classes at the library, coaching student sports and other volunteer work within the community. Creative scheduling is needed to accommodate these shifts, however, we are able to fully support the facility while also allowing for a positive work-life balance.

Community Engagement

The IT department is collaborating with several community organizations to increase access to care. PMC is assisting the school district with a school-based nursing pilot and our department was enlisted to coordinate a workflow for documentation within PowerSchool (a cloud-based software that stores student records) for student nurse visits. Our goal is to also increase efficiency between PowerSchool and VacTrak (State of Alaska Immunization Information System).

The IT department is also working closely with the Mountain View Manor director to optimize the technical structure utilized throughout the MVM facility. Support will be given to increase internet capabilities for better communication as well as software-based programs to assist with operations.

Within PMC departments, our team has daily opportunities to collaborate with and support many initiatives and projects. Recently, we have been working with our clinic-based case management team to support chronic care management. To date, our reporting team has built efficiency reports to assist with the identification and support for patients with diabetes and hypertension. We expect that this support will be ongoing as we develop community-based services through case management.

Patient Centered Care

PMC engaged Cerner CommunityWorks to replace our Electronic Health Record (EHR) vendor on December 6, 2021. PMC staff facility-wide have expressed new efficiencies found in the new software platform. As with any new technology, there is fine tuning that is needed to assist with adapting the new electronic environment with the PMC workflows. I meet weekly with the Cerner system support manager to relay any unresolved software issues that need quick response. Our department continues to meet with each PMC department utilizing the EHR to work towards optimization of the software.

As the PMC Home Health department continues to grow and offer additional services, the IT department is given the opportunity to assist them with tools to support their operations. Recently, we were able to procure, distribute and provide education to the home health nurses and nursing assistants with RingCentral. This is a HIPAA compliant, cloud-based application that allows for phone calls, text messaging and after-hours instructions to be used with patient care that does not disclose the staff member's personal cell phone

information. The mobile application allows for better patient-provider communication from anywhere in the field or on campus.

PMC recently partnered with DropBox Sign, a HIPAA compliant application that lets you virtually and legally sign or send documents to collect legally binding signatures. This will make the process of obtaining the various patient consent forms used throughout the facility much easier for both staff and patients. The IT department is in the process of migrating patient fillable documents into this new platform. The project is expected to be completed by May 2023.

Facility

Telemedicine/Telehealth enables video or phone appointments between a patient and their healthcare practitioner. The IT department is excited to support this growing service line. PMC received grant funding which allowed for the development of three telehealth rooms. The installation of two rooms has been completed and are in use for services. Initial feedback from both patients and staff has been positive. The third room is in process and is expected to be complete by May 2023.

Associated Computer Systems (ACS) assisted IT staff with the replacement of two major servers during the month of March. The server replacement project was part of a capital budget request to ensure the health and reliability of the hardware in the server room. All data is set to be migrated and the project completed by March 31.

Financial Wellness

Healthcare accounts receivable refers to the outstanding reimbursement owed to healthcare providers for issued treatments and services, whether the financial responsibility falls to the patient or their insurance company. PMC IT and finance staff are collaborating to optimize workflows in the Cerner EHR to assist with efficient claims generation and collections of billable services. As part of this initiative, our department is coordinating with the State of Alaska Medicaid claims processing management team. Medicaid claims denials continue to affect the aged accounts receivable. Our goal is to work with the state Medicaid team and ensure that PMC claims are crossing over accurately and to significantly lower the denials rate.

Submitted by: Jill Dormer, CIO

Petersburg Medical Center

Materials Department Report March 2023

Workforce Wellness

Our part-time assistant is now a PRN status. We were fortunate to have her as a part time for almost three years. Earlier this month, Materials Department was short staffed. We are thankful to the HR department for stepping in and helping to cover some tasks during our short staffing issue. In the absence of a manager and or assistant, day-to-day activities change, and critical tasks take priority and some services have to be temporarily dropped. Unfortunately, when there is only one person in Materials, we cannot go to the department to replenish and staff have to send a requisition so we can fill their orders for pick up. It is difficult for wellness opportunities when there is only one person working. We are still hoping for a part-time assistant.

Community Engagement

Earlier this month, I met with the materials manager of Bartlett Regional Hospital in Juneau to discuss how we can collaborate when ordering medical supplies (especially the items with high shipping costs). I will follow up on how we can continue the process. I am also collaborating with our GPO Regional Manager and Contract Advisor Team so they can help me find a freight transportation network-GPO shipping. During the Manor COVID outbreak, we were able to help them with their PPE supply needs. It's a good feeling when we have supplies available and to be able to help.

Patient Centered Care

Materials replenishes all the storerooms Monday, Wednesday and Friday (LTC, Acute Med-room, Acute Care and the ER). We make sure supplies are available for staff when needed. We also have a requisition system when the supplies are not available in the storerooms. We put signs on new items that require feedback or comments to improve communications with staff.

Facility

We are hoping to return to using a computer to scan items for expensing. The current system creates more work. We are experiencing several issues with the current process, including incorrect item numbers being written on the form, missing item numbers and quantities, and difficulty interpreting unclear or illegible handwriting. Space constraints have been an ongoing challenge, and we have had to rearrange our supply carts multiple times because of inadequate storage. Despite these challenges, our mid-inventory conducted in January showed a favorable net variance.

PETE Med Center	Physical Count Summary				
Location :	PETE INVENTORY STOREROOM			Total Variance :	$2,620.59
Count # :	128160445	Pre Perp Count Value :	$110,175.37	Positive Variance :	$1,199.06
Committed :	1/18/2023 12:59	Post Perp Count Value :	$109,952.90	Negative Variance :	($1,421.53)
Committed By :	Randrup, Melva Yere	Non-Perp Count Value :	$0.00	Net Variance :	($222.47)

Financial Wellness

We are doing our best to compare prices of each vendor when placing orders. The challenge with high shipping costs continue. Mostly, supply availability is better and backorder waiting time period is shorter.

Submitted by: Melva Randrup, Materials Manager

Petersburg Medical Center

Health Information Management (HIM)/Medical Records Report March 2023

Workforce Wellness

We currently have a clinic coding/medical record position open, and we do have a contract coder who is helping out with the clinic coding. Being down one person creates a challenge because we are a small department already and our tasks do not allow for overlapping in coverage of positions. We were down one employee December – February but were able to contract this out to keep up on lab coding.

Community Engagement

HIM is a work from home department. While the staff of the department enjoy having this opportunity, we still need to take time to connect as a department. To stay engaged within the department we try to have on-site work sessions at least once a month in the conference room. This has proven to be a good way to connect with each other and collaborate, particularly if anyone needs additional assistance in addressing a challenge.

Patient Centered Care

We have implemented CommonWell which is a Health Information Exchange (HIE). This allows Petersburg Medical Center to streamline the secure sharing of health data with the goal of improving care coordination and health outcomes. Some of the benefits are improving clinical communication, decreasing delays in the transfer of patient records to other facilities, and transferring of documentation from external sources back to PMC.

Facility

I have proactively logged an IT issue related to one of my staff's computers. This is a new development, but we did not want to wait until the computer had a major failure before it is addressed.

Financial Wellness

We are working collectively to get the coding done and out the door. We are all being diligent working our Rev Cycle queues in order for a quick turnaround. Cerner is still not quite working for the clinic medication and our clinic coders need to manually batch many medications. This remains a challenge and causes a hold up on the coding side. The issue is being worked on.

Submitted by: Kim Randrup, RHIT

CommonWell FAQs

- **What is CommonWell?**
  - CommonWell Health Alliance® Services is a national network of organizations aligned to streamline the secure sharing of health data with a goal of improving care coordination and health outcomes. Petersburg Medical Center has entered into a partnership with CommonWell Alliance to bring this platform to our EHR.
- **What does it do?**
  - This secure national platform allows healthcare providers to share documentation across separate EHR systems.
- **What is shared?**
  - **ADTs** (Admit/Discharge/Transfer HL7 Interface messages) includes only patient demographic info for the purpose of enrollment in CommonWell and patient ma~~tchin~~g
  - **CCDs** (Transition of Care, Summary of Care, CCDA) – regulatory required template summary of care shared today through Direct Secure Messaging.
  - **Provider Notes** (PDFs)
    - Notes Types shared to CommonWell
      - Consultation Notes (multiple)
      - InPatient Progress Notes (multiple)
      - Clinic Notes (multiple)
      - Operative Report - Full
      - Discharge Notes
      - History & Physical
      - ED Provider Notes
- **What is the benefit?**
  - Improves clinical communication.
  - Decreases delays in scheduling and care awaiting documentation from external sources.
  - Decreases the potential for unnecessary or repeated costly tests and procedures.
  - Decreases the potential of patient negative reactions or side effects of treatment regimens.
- **Is it Secure?**
  - CommonWell has governance, policies and procedures in which the adopters of the service agree to operate.
  - CommonWell itself never stores clinical data, the platform uses a layered security approach to help ensure the safety of the clinical and demographic data being transferred. Only trusted systems are permitted to execute requests against the platform.
- **What about sequestered data from behavioral health or Substance Use disorder visits?**
  - Sequestered clinic locations and documentation is NOT included in CommonWell sharing.
- **Who is connected?**
  - Thousands of health care practitioners, from single-physician offices to multi-hospital systems, are sharing patient data seamlessly across disparate health systems, different venues of care, various health IT systems and geographies – both next door and across the nation.
  - This list of participating practices changes daily refer to www.commonwellalliance.org

- **How do patients get enrolled?**
  - Our patients are automatically enrolled into CommonWell.
  - At their first visit after go-live the information from the visit will flow to CommonWell. Historical information in the chart from visits prior to the first visit after go-live are not shared to CommonWell.
  - Information about CommonWell will be posted and available in clinical areas for patients.
  - No registration changes are needed.
- **What if the patient states they do not want us (our shared EHR sites) to share their visit information with CommonWell?**
  - Patients have the right to opt out.
  - Assure patient has the information on the benefits of the system.
  - Clinic front desk staff and registration staff can update a registration field to document "Do Not Share" for CommonWell.
  - An opt out form must be signed by the patient.
  - This document will be scanned into the chart and the original sent to HIM.
  - Until the patient decides to opt back in no data from any shared domain visit during the time opted out will go to CommonWell.
- **What if the patient states they do not want their information shared between any providers on the CommonWell platform?**
  - Staff have the ability to Un-enroll patients within the CommonWell page in PowerChart.
  - Be aware this is not just about care here but will prevent external sites sharing anything for this patient between each other as well.
  - Be sure patient has full understanding of this decision.
  - Once unenrolled from CommonWell no site will be able to access any past or present visit data on CommonWell.
- **Where do I find this data in PowerChart?**
  - Providers and support staff will have a CommonWell page added to the table of contents along the left side of your view in PowerChart.
  - Many positions will also have a link to this within the workflow pages or playbooks view they use during visits.
- **What can clinicians do on the CommonWell page?**
  - View any documents from external sources that are available for the patient.
  - Save the external document to our local chart if desired (the document will automatically save to the appropriate folder).
    - For provider type notes they will save to the appropriate Outside Record folder
    - For CCDA Summary of Care documents they will file to the transitions folder
  - Reconcile new information if available from external sources for allergies, medications, Immunizations and Problems if desired.
    - These new items may be added into our system as written, added with modification or deleted.
- **What if I don't see visit information from an external source the patient has told me about?**
  - Potential causes:
    - The external provider/site may not be connected to CommonWell yet.
    - The patient may have opted out of sharing information from that provider/site (a registration process at the external site).
    - The external provider/site may not have included that particular documentation type in their CommonWell design. Each organization decides what note types are included to go out to CommonWell. We can only control what is shared out from our shared EHR.

4th Quarter Utilization Review of Acute Care 10/1-12/31/2022

MRN	Visit #	Admit Dt/Ti	LOS	Discharge To	Doctor	DX	Dx1 Desc
[redacted]		12/7/22	2	medivac	Hyer, Jennifer MD	U07.1	COVID-19
		11/23/22	10	medivac	Burt, Selina DO, Hess, Cortney MD	U07.1	COVID-19
		12/30/22	3	Home	Hyer, Jennifer MD	A04.9	Bacterial intestinal infection
		11/10/22	3	Home Health	Hyer, Jennifer MD	R60.0	Localized edema
		12/9/22	4	Home	Hyer, Jennifer MD	F10.20	Alcohol dependence
		11/13/22	2	Home	Hyer, Jennifer MD	G43.909	Migraine, unspecified, not intractable
		10/9/22	2	Home	Burt, Selina DO	F10.939	Alcohol use
		10/16/22	1	Home	Hess, Cortney MD	R45.851	Suicidal ideations
		10/24/22	2	Home	Hyer, Jennifer MD	R45.851	Suicidal ideations
		10/26/22	3	Home Health	Tuccillo, Mark DO	M54.50	Low back pain
		10/15/22	2	LTC	Hess, Cortney MD	J47.1	Bronchiectasis w/ exacerbation
		10/20/22	5	LTC	Burt, Selina DO, Hyer, Jennifer MD	J44.1	COPD w/ exacerbation
		11/10/22	2	Discharge /Trar	Burt, Selina DO, Hyer, Jennifer MD	K94.23	Gastrostomy malfunction
		11/3/22	5	SNF	Hess, Cortney MD, Hyer, Jennifer MD	R19.7	Diarrhea, unspecified
		10/15/22	5	Home	Hyer, Jennifer MD	K85.90	Acute pancreatitis w/o necrosis or infection
		11/16/22	3	Medivac	Hulebak, Alice MD, Hyer, Jennifer MD	I11.0	Hypertensive heart disease w/heart failure
		10/9/22	2	Home	Burt, Selina DO	R11.2	Nausea w/vomiting
		11/7/22	3	Home	Hyer, Jennifer MD	K85.90	Acute pancreatitis w/o necrosis or infection
		11/22/22	5	LTC	Burt, Selina DO, Hess, Cortney MD	J69.0	Pneumonitis due to inhalation of food and vomit
		11/26/22	2	Home	Hess, Cortney MD	K75.4	Autoimmune hepatitis
		12/16/22	3	Home	Hess, Cortney MD, Tuccillo, Mark DO	K72.90	Hepatic failure
		12/28/22	3	Medivac	Hyer, Jennifer MD, Tuccillo, Mark DO	K75.4	Autoimmune hepatitis
		12/17/22	7	Home	Hulebak, Alice MD	J10.1	Influenza w/ identified virus w/ respiratory manifestations
		11/20/22	2	Home	Hulebak, Alice MD	F10.939	Alcohol use
		11/19/22	4	LTC	Hulebak, Alice MD	S09.90XA	injury of head
		12/26/22	4	SNF	Burt, Selina DO	J09.X1	Novel influenza A virus with pneumonia
		11/9/22	4	Home	Burt, Selina DO	N39.0	Urinary tract infection

Patient	**27**
Days:	**93**
LOS:	**3.4**

Readmissions:	Diagnosis	Days Betw	Discharge Status
[redacted]	Suicidal ideations	7 days	Home
	Suicidal ideations		Home
[redacted]	Bronchiectasis w/ exacerbation		
	COPD w/ exacerbation	5 days	LTC
	Gastrostomy malfunction	20 days	Transfer different facility
[redacted]	Autoimmune hepatitis		Home
	Hepatic failure	21 days	Home
	Autoimmune hepatitis	9 days	Medivac

Petersburg Medical Center

Nursing Department Report March 15, 2023

Workforce Wellness

The nursing department staff has been quite stable, with 90% of our staff being permanent employees who live in Petersburg. This stability and longevity have been vital to the excellent care that is given and the support that is given to each other during difficult times. Staff have felt stressed, overwhelmed, and frustrated with difficult systems and requirements. I believe their connection to each other and true commitment to the residents and patients has enabled their resiliency through hard times.

We have a total of four (fantastic) travelers: two nurses and two CNAs. Even with the travelers, we continue to have lean staffing that is stressed during very busy times and when multiple staff are on PTO or sick leave. We have several CNAs who work many extra shifts, which helps tremendously with staffing. Without them, we would be in a desperate spot.

We continue to try to "grow our own" by offering the OJT CNA class several times a year and by continuing to partner with University of Alaska to host and educate nursing students. Our most recent CNA student received her certification today. Two UAA students are nearing the end of their first year of nursing school. We are so excited for their future success as nurses.

The bottom line is that our department is truly blessed with a fantastic group of people.

Community Engagement

We continue to work with Petersburg High School to teach the CNA class, giving opportunity for students to gain an insight into the medical field and teaching valuable knowledge and skills, that can be used anywhere. Many of our past students worked as CNAs to help support themselves through college. One of our first students is now an OB nurse in Anchorage.

Several of our nurses recently visited community preschools and amazed kids with their stethoscopes—hopefully planting the seed of healthcare in the youngest population. The Activities departments works with many other people and organizations around town to enhance the lives of our residents.

Patient Centered Care

Congratulations for the LTC staff who had a deficiency-free survey, the first time this has ever happened for the health recertification survey. This is an excellent indicator of the care that is given by our LTC staff, which includes almost every person in the department.

Providing patient centered care is one of the true strengths of the nursing department. Staff learn what is important to patients and families and work their hardest to provide care and options that are aligned with the patient's goals.

Collaboration with other hospital departments is vital to providing the care we give to our patients and residents. We work closely with the laboratory, radiology, rehabilitation, dietary services, EVS, plant, materials, clinic and IT nearly every day. Over the past month, we have worked especially closely with the laboratory to coordinate COVID testing during the recent outbreak. We were thankful for all their extra effort and flexibility.

Communication continues to be one of the most important and most difficult things to do well. We continue to work toward effective, clear, and collaborative communication within our department and with all the partners we work with.

Facility

We continue to struggle with space, especially storage space for equipment and meeting/learning areas. Our UAA students are set up in the operating room, alongside the CPR training equipment. The CNAs do their skills in empty patient rooms. Our nursing break room cannot accommodate staff meetings.

We have a new need for bariatric supplies, which require even more storage space than regular equipment, and are waiting for them to arrive.

To prepare for restarting colonoscopy clinics, we sent in our scopes for repair and are scheduling a PM visit for our anesthesia machine. The endoscopy system is aged and is nearing the end of its life. The cost for a new system is substantial, about $140,000 for pre-owned equipment that is one generation newer than ours, but not the most current generation.

Financial Wellness

We utilize cross training in all our departments. The same nurses cover inpatient areas, outpatient treatment, ER and other assorted areas, making it possible to use one staff for many different areas that are usually staffed separately. We often treat ER patients on the nursing floor to eliminate calling in extra staff. This also helps improves communication, as patients are passed from one person to another when moving between areas.

We try to have at least a few swing bed patients and routinely reach out to surrounding hospitals for referrals for skilled care.

When the census is low, we minimize our staffing by having the 2nd day nurse go home if they are not needed to help in LTC or with special projects. We also don't cover empty shifts during low census to be fiscally responsible. Our nurse leaders help when staffing is low or when census is high to avoid calling in extra staff. Because of tight staffing, several people work a lot of extra shifts, resulting in high overtime pay.

Submitted by: Jennifer Bryner, MSN, RN

Petersburg Medical Center

Infection Control and Prevention Report March 2023

Workforce Wellness

I assumed the role of Infection Preventionist in early January. I am doing my best to get the program going to meet all requirements. I've been focusing on Long Term Care and am incorporating the hospital side. I've been enlisting help with some of the task-related work from the nurses in my department. There are excellent resources available, but I struggle to have the time to research them. I will develop a system and maintain it for the coming year. This is a time-consuming role, and it impacts my other responsibilities.

Community Engagement

Infection prevention is closely associated with Environmental Services, and I have been working with EVS to transition to a new line of cleaning agents that will help staff be more efficient, use fewer chemicals, and ensure their safety by improving training for staff.

The LTC COVID outbreak response required many hours coordinating with the LTC Staff, Director of Nursing, lab, the Employee Health Physician and the LTC Medical Director. We ensured proper PPE was used correctly and implemented our plans for stopping the spread of COVID.

Infection control rates, observation data and other pertinent information is given at the monthly QAPI meetings.

Patient Centered Care

In the past few months, I developed an enhanced Bloodborne Pathogen Exposure Control Plan and the Respiratory Protection Plan that follow the OSHA standards. We have improved our process for respirator fit testing, and all staff who are required to wear a respirator are up to date. Training was provided for all PMC employees. This was a huge task and could not have been done without the help of many others!

During our recent LTC COVID outbreak, staff used excellent infection control principles to guide their processes. All residents and staff involved are now recovered. I was pleased that there were no infection prevention related findings on our recent LTC survey.

Staff flu vaccines for the year remain at 80%, which is 15% below our pre-COVID baseline.

Facility

Cerner has some functionality for Infection Control and has pre-built reports for some information. I have not yet learned how to use it in a meaningful way and am planning on learning the system to aide in my work.

Financial Wellness

Adding a new person to this role would be costly, as it requires an RN or laboratory technologist level of education.

Submitted by: Jennifer Bryner, MSN, RN

Petersburg Medical Center

Quality Board Report March 2023

Workforce Wellness

The interim Quality Director oversees shared initiatives led by department heads and Home Health Quality. Jennifer Bryner, CNO, continues to lead the Infection Preventionist responsibilities. Brandy Boggs has gained certification as a Care Coordinator for waiver services through Senior and Disability Services.

Community Engagement

PMC is now an approved waiver service provider with a certified care coordinator. A waiver provider can apply to provide the following waiver services: adult day program, personal care services, respite care, and transportation and meal support services. The benefits of these programs have potential to reach many patients and families throughout Petersburg, address identified community service needs, and provide opportunity for collaboration with local service and business entities.

Patient Centered Care

The February Quality Committee meeting included review of both LTC and CAH reports and action items. The meetings allow for a collective review of current quality measures and performance standards to identify areas requiring attention and opportunities to improve patient care, safety, and satisfaction. Reporting requirements and the meeting course continue to be refined with the goal of establishing a consistent collective quality review process for all departments throughout PMC.

The Home Health department will be having a staff work session (March 21) to review the annual performance improvement project data to address the patient fall rate within the department. Additional interventions involving multiple disciplines will be instituted with the goal of decreasing incidence of falls and improving patient safety. This improvement project will be ongoing to ensure added interventions are successful in meeting this goal.

PMC has provided training for all staff for Hazardous Chemical, Respiratory, and Bloodborne Pathogen Exposure plans to address needs of OSHA-AKOSH Survey.

PMC staff are working to increase communication and collaboration for discharge and service planning during transitions of care throughout PMC departments to best meet patients needs and ensure appropriate support is available and timely.

Primary Care Clinic is focusing their quality initiatives on cardiovascular disease, OB pre- and post-natal care and child wellness visits as patient registries. The case management team is providing case review, letters and opportunities for focused patient visits to improve prevention and access to care for these patients. Only 64% of pediatric children under the age of 3 have received a well child visit in the past year. Primary care would like to increase this to be closer to 90-100%.

Facility

CMS fire life safety came onsite to PMC to complete the annual LTC survey March 9-10. Overall there were a few recommendations related to electrical but the full report is pending.

Vendor evaluation continues with the goal of instituting a remote patient monitoring program that is a collaboration between Home Health and Joy Janssen clinic. This patient monitoring program has the potential to increase provider access and communication for patients experiencing challenges with chronic disease.

Submitted by: Stephanie Romine, RN

Petersburg Medical Center

CEO Board Report March 2023

Mission Statement: Excellence in healthcare services and the promotion of wellness in our community.
Guiding Values: Dignity, Integrity, Professionalism, Teamwork, Quality

Highlights:
During the past month, we continue to focus on our financial challenges, including the development and implementation of a comprehensive management plan to address Accounts Receivable (A/R) charges/denials, grant resources, and position controls across all departments. This has been the priority across the organization as we focus on stopping the need to tap into our reserves for expenses. There was a meeting in Juneau with Bartlett to discuss collaborative agreements between facilities and potential resource allocation improvements. Through HRSA funding, PMC commissioned an online qualitative focus group about healthcare and the new facility project. We will take what we learned from that initial focus group to develop a comprehensive plan to gather input from the community about the new facility project. We worked hard to complete and submit an application for appropriation funding from Senator Murkowski, in addition to sending letters providing background and the need for a new facility to Senator Stedman and Representative Peltola.

Financial Wellness: Goal: To achieve financial stability and sustainability for the hospital.
FY23 Benchmarks for Key Performance Indicators (KPIs): A/R days to be less than 45, DNFB < then 5 days, and 90 Days Cash on Hand

- See Table 1 for a graphical representation of our current status.
- Monthly financials for February 2023 are included in the board packet.
- The Resource Committee met and reviewed the annual audit with a presentation from Max Mertz and a hand-off presentation from the new consulting CFO, Jason McCormick. We also discussed the Kinder Skog program and challenges in healthcare finance leading into the budget for FY24.
- I want to thank and acknowledge Rasmuson Foundation for providing an additional $50,000 towards our Kinder Skog program.
- There has been considerable activity with grant deadlines (Table 2).

Table 1

6 Month Environment Summary Trend as of Thursday, 16-Mar-2023

Download Billing Entity Level Data

Select Billing Entities

Petersburg Medical Center

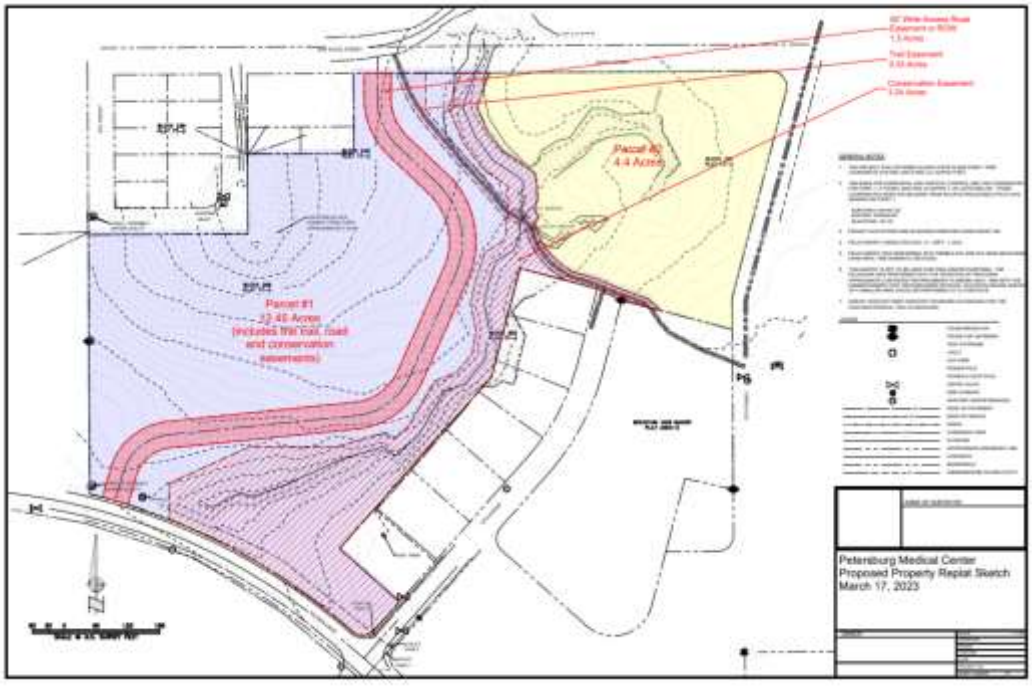
Download Facility Level Data

	Historical Avg	Sep-2022	Oct-2022	Nov-2022	Dec-2022	Jan-2023	Feb-2023	Mar-2023
Charges	$1,597,321	$1,841,125	$2,162,793	$2,104,023	$2,249,203	$2,135,274	$1,989,284	$1,000,061
Payments	($1,154,788)	($1,583,210)	($1,567,518)	($1,484,880)	($1,248,432)	($1,140,335)	($1,545,148)	($838,499)
Adjustments	($302,391)	($412,683)	($423,997)	($389,563)	($449,397)	($415,191)	($370,524)	($296,367)
Net Change in A/R		($154,868)	$311,248	$229,579	$551,374	$579,748	$73,613	($144,706)
Average Daily Revenue	$52,551	$63,575	$65,657	$66,465	$71,007	$70,686	$70,720	$70,762
A/R Balance	$5,104,540	$3,967,242	$4,978,490	$4,358,066	$4,859,434	$5,439,181	$5,512,869	$5,368,015
A/R Days	97.9	62.40	62.12	64.68	68.44	77.03	77.95	75.84
A/R > 90 Days		$1,369,293	$1,427,991	$1,636,019	$1,544,679	$1,881,887	$2,071,513	$1,919,817
A/R > 90 Days %		34.51%	35.81%	37.98%	31.79%	33.13%	37.58%	35.76%
DNFB Dollars	$221,138	$1,584,650	$1,983,527	$1,485,156	$1,947,842	$1,313,489	$1,191,548	$1,045,696
DNFB Days	10.0	23.68	16.26	22.06	23.21	16.80	16.85	14.78

Revenue Cycle - Millennium	Wednesday, 15-Feb-2023 to Thursday, 16-Mar-2023	vs January 2023
Average Daily Revenue	$70,782.39 Dollars	174.87 (0.25%)
Gross A/R Days	75.8 Days	1.2 (1.6%)

Table 2

New Facility: Goal: To expand the capacity and capabilities of the community borough-owned rural hospital through the construction of a new facility, while taking into account the needs and priorities of the local community.



Update:

- HRSA Senator Murkowski Appropriations $8M- received.
- State sponsored Department of Treasury $20M- pending
- Activities include:
    - Borough Assembly/PMC Board work session on concept designs and site selection
    - Departmental meetings with Bettisworth North to have a final space program for departments
    - Completing the RFP selection and scoring process for the general contractor.

At the last board meeting:

- Petersburg Medical Center's Board of Directors approved the recommendation of the Steering Committee, and directed the CEO to develop a final site plan based on the Knob Hill and Creek View concepts.
    - *Background: Bettisworth North developed three preliminary site plans for the New Medical Center Project, referred to as Excel, Knob Hill and Creek View. The Project Steering Committee which is composed of representatives from the PMC Hospital Board, Administration, Clinical, and Facilities unanimously recommends that design of the project proceed based on the Knob Hill and Creek View concepts.*
- Next steps in this process include working with the Borough Planning and Zoning through the public process over the next couple of months. The site is based on a hybrid of the Knob Hill and Creek View site concepts that were reviewed at a joint work session with the Borough Assembly and the hospital board, (see diagram above).
- Petersburg Medical Center's Board of Directors approved the recommendation of the Selection Committee, and directed the CEO to enter into an initial contract with Dawson Construction, LLC for Preconstruction Services in the amount of $175,000; and to include a provision that allows PMC to negotiate a Guaranteed Maximum Price (GMP) Amendment(s) for construction services.
    - *Background: An open Request For Proposals (RFP) that included both qualification and price criteria was used to solicit proposals from general contractors to provide pre-construction services during the design phase of the new Petersburg Medical Center Project. The RFP included provisions that would allow PMC to also negotiate a guaranteed maximum price contract with the selected firm for construction phase services if desired. A five-member Selection Committee composed of representatives from the PMC Hospital Board, administration, clinical, facilities and the design team scored the written proposals and then conducted interviews. Following the interviews the committee unanimously concluded that Dawson Construction, LLC would provide the best overall value to PMC, and recommended that the selection of Dawson be submitted to the PMC Hospital Board for approval.*

Community Engagement: Goal: To strengthen the hospital's relationship with the local community and promote health and wellness within the community.

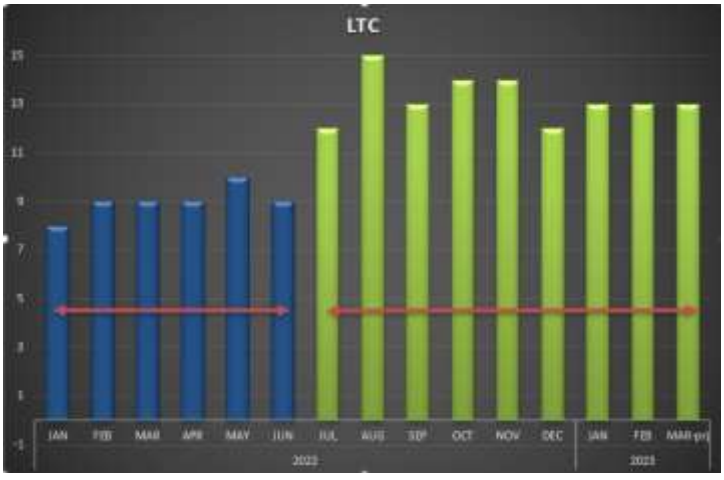
- PMC reports out at March Borough Assembly Meetings
- PMC/Borough department head meeting related to site selection following the assembly work session in February.
- KFSK Radio PMC Live monthly March.
- The recent episode of KFSK Radio's The Common Good program featured Brandy Boggs, a Patient Navigator at PMC, who shared insights into her role and the significant impact of the Home Health program on our community. Boggs highlighted her efforts in helping individuals navigate complex health insurance processes, including enrollment and eligibility for payors such as Medicaid, Medicare, VA, and others. The outreach of the Home Health program has been on the rise, thanks to Boggs' and the entire Home Health team's efforts, and we are proud of the positive impact that she and the program are having on the lives of our patients.
- Ongoing projects include partnering with Mountain View Manor; waiver and care coordinating services, and development of a program through a partnership with Beat the Odds to assist individuals affected by cancer.

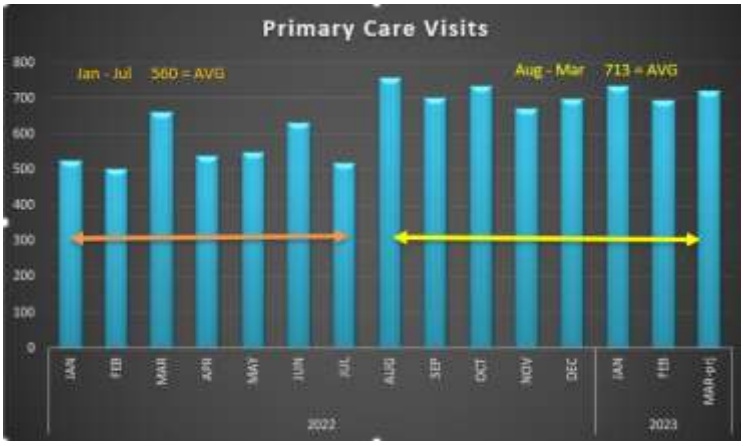
Workforce Wellness: Goal: To create a supportive work environment and promote the physical and mental well-being of hospital staff, in order to improve retention rates and overall productivity.

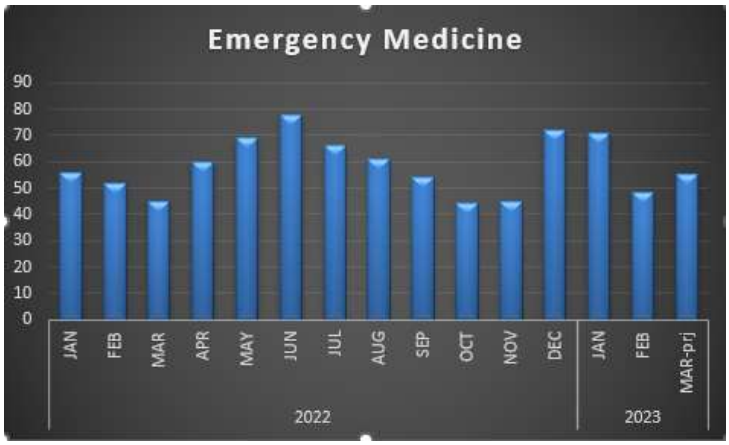
Our turnover rates seem to be stable in the past two months. This coming week we are hosting employee wellness checks for the Bravo Wellness Incentive Program. This program provides the opportunity for employees and eligible spouses to earn up to $300 based on completing wellness activities or health outcome goals.

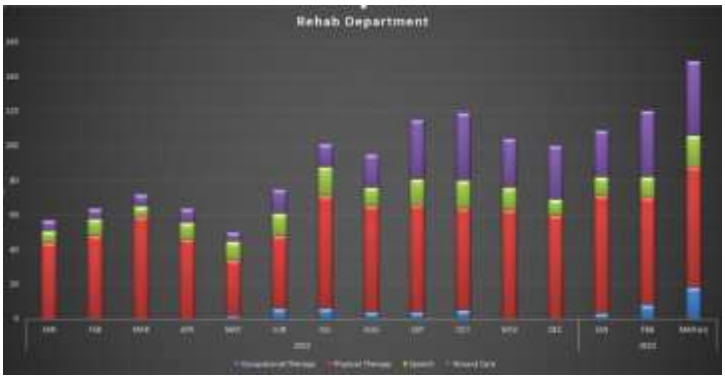
Patient-Centered Care and Wellness: Goal: To provide high-quality, patient-centered care and promote wellness for all patients.

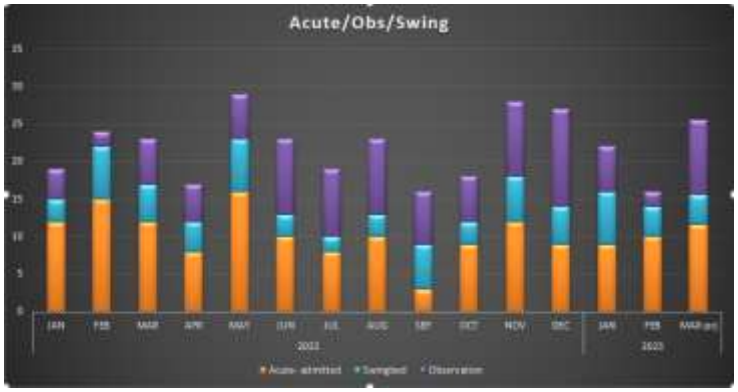
Our volumes appear to be slowly returning. We have endured many fluctuations in the post-COVID timeframe but our overall census in LTC has been stable at 13 and our patient visits are returning. The long-term impact of our wellness, prevention, and home-based programs are having an overall positive impact in our continuity of care and prevention programs.

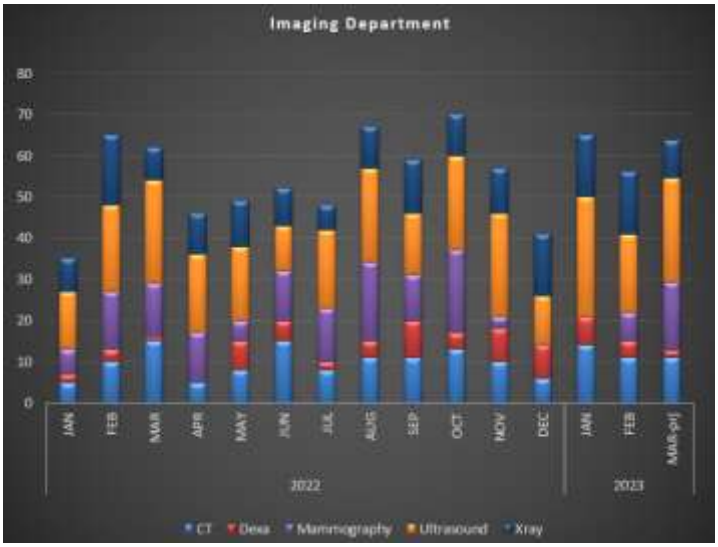


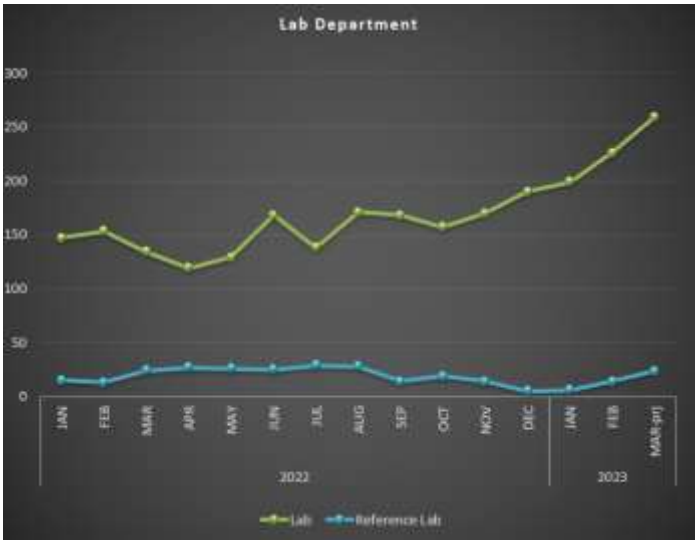












Submitted by: Phil Hofstetter, CEO

PETERSBURG MEDICAL CENTER

FINANCIAL REPORTING PACKAGE

FISCAL YEAR 2023

For the eight months ended February 28, 2023

PETERSBURG MEDICAL CENTER

Statement of Revenues and Expenses

For the eight months ended February 28, 2023

Month Actual	Month Budget	$ Variance	% Variance			YTD Actual	YTD Budget	$ Variance	% Variance	Prior YTD	% Variance
					Gross Patient Revenue:						
$348,648	$436,009	($87,361)	-20.0%	1.	Inpatient	$2,353,865	$3,282,961	($929,096)	-28.3%	$2,566,734	-8.3%
1,169,035	1,487,337	(318,302)	-21.4%	2.	Outpatient	10,919,806	11,605,190	(685,384)	-5.9%	8,605,255	26.9%
450,908	421,740	29,168	6.9%	3.	Long-term Care	3,482,088	3,245,254	236,834	7.3%	2,334,397	49.2%
1,968,591	2,345,086	(376,495)	-16.1%	4.	**Total gross patient revenue**	16,755,759	18,133,405	(1,377,645)	-7.6%	13,506,386	24.1%
					Deductions from Revenue:						
423,842	448,680	24,838	5.5%	5.	Contractual adjustments	3,464,101	3,297,052	(167,049)	-5.1%	2,152,687	-60.9%
0	0	0	n/a	6.	Prior year settlements	0	0	0	n/a	0	n/a
23,824	29,795	5,971	20.0%	7.	Bad debt expense	387,881	229,767	(158,114)	-68.8%	(170,523)	-327.5%
28,953	63,984	35,031	54.7%	8.	Charity and other deductions	197,076	493,414	296,338	60.1%	406,783	51.6%
476,619	542,459	65,840	12.1%	9.	**Total deductions from revenue**	4,049,058	4,020,233	(28,825)	-0.7%	2,388,947	-69.5%
1,491,972	1,802,627	(310,655)	-17.2%	10.	**Net patient revenue**	12,706,701	14,113,171	(1,406,470)	-10.0%	11,117,439	14.3%
					Other Revenue						
79,682	117,610	(37,928)	-32.2%	11.	Inkind Service - PERS/USAC	646,456	940,883	(294,427)	-31.3%	941,289	-31.3%
147,903	8,272	139,631	1687.9%	12.	Grant revenue	313,775	124,985	188,790	151.1%	441,114	-28.9%
0	0	0	n/a	13.	Federal & State Relief	0	0	0	n/a	862,747	-100.0%
22,115	12,708	9,407	74.0%	14.	Other revenue	981,817	927,054	54,763	5.9%	617,800	58.9%
249,700	138,591	111,109	80.2%	15.	**Total other operating revenue**	1,942,048	1,992,922	(50,874)	-2.6%	2,862,950	-32.2%
1,741,672	1,941,218	(199,546)	-10.3%	16.	**Total operating revenue**	14,648,749	16,106,093	(1,457,344)	-9.0%	13,980,389	4.8%
					Expenses:						
914,951	894,548	(20,403)	-2.3%	17.	Salaries and wages	7,872,209	7,763,406	(108,803)	-1.4%	7,415,174	-6.2%
77,152	45,784	(31,368)	-68.5%	18.	Contract labor	532,924	392,423	(140,501)	-35.8%	406,916	-31.0%
338,889	367,641	28,752	7.8%	19.	Employee benefits	2,805,453	3,119,727	314,274	10.1%	2,892,110	3.0%
99,097	151,793	52,696	34.7%	20.	Supplies	1,159,440	1,214,346	54,906	4.5%	1,149,920	-0.8%
130,201	121,066	(9,135)	-7.5%	21.	Purchased services	1,114,901	1,018,406	(96,495)	-9.5%	1,375,678	19.0%
28,769	33,763	4,994	14.8%	22.	Repairs and maintenance	368,083	324,103	(43,980)	-13.6%	496,485	25.9%
10,635	12,190	1,555	12.8%	23.	Minor equipment	117,413	97,520	(19,893)	-20.4%	108,606	-8.1%
22,766	17,296	(5,470)	-31.6%	24.	Rentals and leases	167,020	138,367	(28,653)	-20.7%	125,526	-33.1%
93,753	91,382	(2,371)	-2.6%	25.	Utilities	735,677	731,052	(4,625)	-0.6%	717,119	-2.6%
4,732	6,778	2,046	30.2%	26.	Training and travel	47,580	54,224	6,644	12.3%	64,771	26.5%
92,837	102,952	10,115	9.8%	27.	Depreciation	799,596	823,613	24,017	2.9%	461,303	-73.3%
14,520	12,784	(1,736)	-13.6%	28.	Insurance	119,612	102,272	(17,340)	-17.0%	90,734	-31.8%
43,767	28,091	(15,676)	-55.8%	29.	Other operating expense	260,912	224,725	(36,187)	-16.1%	225,283	-15.8%
1,872,069	1,911,177	39,108	2.0%	30.	**Total expenses**	16,100,820	16,004,183	(96,637)	-0.6%	15,529,625	-3.7%
(130,397)	30,041	(160,438)	534.1%	31.	**Income (loss) from operations**	(1,452,071)	101,910	(1,553,981)	1524.9%	(1,549,236)	6.3%
					Nonoperating Gains(Losses):						
(84,680)	12,500	(97,180)	-777.4%	32.	Investment income	160,915	100,000	60,915	60.9%	(66,391)	-342.4%
(17,386)	(4,088)	(13,298)	-325.3%	33.	Interest expense	(164,141)	(69,510)	(94,631)	-136.1%	(4,364)	-3661.3%
0	0	0	n/a	34.	Gain (loss) on disposal of assets	0	0	0	n/a	0	n/a
3,477	0	3,477	n/a	35.	Other non-operating revenue	(140,406)	0	(140,406)	n/a	(32,014)	338.6%
(98,589)	8,412	(107,001)	-1272.0%	36.	**Net nonoperating gains (losses)**	(143,632)	30,490	(174,122)	-571.1%	(102,769)	-39.8%
($228,986)	$38,453	($267,439)	-695.5%	37.	**Change in Net Position (Bottom Line)**	($1,595,703)	$132,400	($1,728,103)	-1305.2%	($1,652,005)	3.4%

( ) or - indicates unfavorable variance

PETERSBURG MEDICAL CENTER

Key Volume Indicators

For the eight months ended February 28, 2023

	Current Month						Year-To-Date					
	Actual	Budget	Variance Amount	Variance %			Actual	Budget	Variance Amount	Variance %	Prior YTD	Variance %
						Hospital Inpatient						
	19	27	(8)	-29.6%	1.	Patient Days - Acute Care	209	216	(7)	-3.2%	206	1.5%
	56	67	(11)	-16.4%	2.	Patient Days - Swing Bed	349	536	(187)	-34.9%	392	-11.0%
	75	94	(19)	-20.2%	3.	Patient Days - Total	558	752	(194)	-25.8%	598	-6.7%
	0.7	1.0	(0.3)	-29.6%	4.	Average Daily Census - Acute Care	0.9	0.9	(0.0)	-3.2%	0.8	1.5%
	2.0	2.4	(0.4)	-16.4%	5.	Average Daily Census - Swing Bed	1.4	2.2	(0.8)	-34.9%	1.6	-11.0%
	2.7	3.4	(0.7)	-20.2%	6.	Average Daily Census - Total	2.3	3.1	(0.8)	-25.8%	2.5	-6.7%
	22.3%	28.0%	-5.7%	-20.2%	7.	Percentage of Occupancy	19.1%	25.8%	-6.7%	-25.8%	20.5%	-6.7%
						Long Term Care						
	365	336	29	8.6%	8.	Resident Days	2,918	2,640	278	10.5%	2,232	30.7%
	13.0	12.0	1	8.6%	9.	Average Daily Census	12.0	10.9	1.1	10.5%	9.2	30.7%
	86.9%	80.0%	6.9%	8.6%	10.	Percentage of Occupancy	80.1%	72.4%	7.6%	10.5%	61.2%	30.7%
						Other Services						
	55	67	(12)	-17.9%	11.	Emergency Room Visits	518	536	(18)	-3.4%	548	-5.5%
	180	190	(10)	-5.3%	12.	Radiology Procedures	1,653	1,520	133	8.8%	1,495	10.6%
	1,965	2,200	(235)	-10.7%	13.	Lab Tests (excluding QC)	14,515	17,600	(3,085)	-17.5%	16,272	-10.8%
	887	752	135	18.0%	14.	Rehab Services Units	7,010	6,016	994	16.5%	5,286	32.6%
	257	267	(10)	-3.7%	15.	Home Health Visits	1,959	2,136	(177)	-8.3%	1,759	11.4%
**	755	1,233	(478)	-38.8%	16.	Clinic Visits	5,751	9,864	(4,113)	-41.7%	7,876	-27.0%

** Stats under review

( ) or - indicates an unfavorable variance

PETERSBURG MEDICAL CENTER

Key Operational Indicators

For the eight months ended February 28, 2023

Current Month						*Year-To-Date*					
		Variance						Variance		Prior	Prior
Actual	Budget	Amount	%			Actual	Budget	Amount	%	YTD $	YTD %
21.5%	19.1%	-2.4%	-12.5%	1.	Contractual Adj. as a % of Gross Revenue	20.7%	18.2%	-2.5%	-13.7%	15.9%	-29.7%
1.5%	2.7%	1.3%	46.1%	2.	Charity/Other Ded. as a % of Gross Revenue	1.2%	2.7%	1.5%	56.8%	3.0%	60.9%
1.2%	1.3%	0.1%	4.7%	3.	Bad Debt as a % of Gross Revenue	2.3%	1.3%	-1.0%	-82.7%	-1.3%	283.4%
-7.5%	1.5%	-9.0%	-583.8%	4.	Operating Margin	-9.9%	0.6%	-10.5%	-1666.6%	-11.1%	10.5%
-13.9%	2.0%	-15.9%	-806.6%	5.	Total Margin	-11.0%	0.8%	-11.8%	-1440.8%	-11.9%	7.6%
				6.	Days Cash on Hand (Including Investments)	68.6				177.2	-61.3%
				7.	Days in A/R	67.2				50.8	-32.3%

Future months to include FTE's and Salary related indicators.

PETERSBURG MEDICAL CENTER

Balance Sheet

February 28, 2023

ASSETS	Feb 2023	Jan 2023	June 2022	Feb 2022
Current Assets:				
1. Cash - operating	($6,711)	$118,055	$916,516	$1,974,101
2. Cash - insurance advances	314,274	352,973	783,728	1,955,432
3. Investments	295,019	793,209	2,597,751	2,600,303
4. Total cash	602,582	1,264,237	4,297,995	6,529,836
5. Patient receivables	7,393,957	7,480,826	6,260,353	5,581,609
6. Allowance for contractuals & bad debt	(3,786,556)	(3,749,583)	(3,363,222)	(3,393,109)
7. Net patient receivables	3,607,401	3,731,243	2,897,131	2,188,500
8. Other receivables	78,796	53,793	90,695	38,560
9. Inventories	325,631	326,286	356,624	277,522
10. Prepaid expenses	250,669	276,566	111,147	1,480,845
11. Total current assets	4,865,079	5,652,125	7,753,592	10,515,263
Property and Equipment:				
12. Assets in service	28,298,828	28,298,828	28,188,862	23,401,906
13. Assets in progress	327,927	305,902	73,363	426,487
14. Total property and equipment	28,626,755	28,604,730	28,262,225	23,828,393
15. Less: accumulated depreciation	(20,824,025)	(20,731,189)	(20,024,431)	(19,471,171)
16. Net propery and equipment	7,802,730	7,873,541	8,237,794	4,357,222
Assets Limited as to Use by Board				
17. Investments	2,875,679	2,945,539	2,768,388	3,090,455
18. Building fund	620,187	634,817	594,036	660,033
19. Total Assets Limited as to Use	3,495,866	3,580,356	3,362,424	3,750,488
Pension Assets:				
20. OPEB Asset	8,781,677	8,781,676	8,781,677	1,054,533
Deferred Outflows:				
21. Pension	2,756,254	2,756,254	2,756,254	2,894,105
22. Total assets	**$27,701,606**	**$28,643,952**	**$30,891,741**	**$22,571,611**

LIABILITIES & FUND BALANCE	Feb 2023	Jan 2023	June 2022	Feb 2022
Current Liabilities:				
23. Accounts payable	$1,406,457	$1,964,642	$1,286,742	$1,259,864
24. Accrued payroll	332,360	317,503	152,464	264,643
25. Payroll taxes and other payables	281,046	257,364	162,345	176,259
26. Accrued PTO and extended sick	1,005,852	1,009,401	994,445	990,196
27. Deferred revenue	484,290	438,462	402,639	598,353
28. Due to Medicare	223,414	382,791	1,760,708	665,066
29. Due to Medicare - Advance	314,274	352,974	783,728	1,955,432
30. Due to Blue Cross - Advance	0	0	0	0
31. Other current liabilities	3,515	3,516	3,515	3,552
32. Loan Payable - SBA	0	0	0	0
33. Current portion of long-term debt	366,936	366,808	333,818	70,455
34. Total current liabilities	4,418,144	5,093,461	5,880,404	5,983,820
Long-Term Debt:				
35. Capital leases payable	2,602,263	2,640,304	2,734,425	134,011
Pension Liabilities:				
36. Net Pension Liability	12,053,763	12,053,764	12,053,763	12,894,055
37. OPEB Liablity	-	-	-	-
38. Total pension liabilities	12,053,763	12,053,764	12,053,763	12,894,055
39. Total liabilities	19,074,170	19,787,529	20,668,592	19,011,886
Deferred Inflows:				
40. Pension	9,613,036	9,613,036	9,613,036	903,147
Net Position:				
41. Unrestricted	610,104	610,104	4,308,584	4,308,584
42. Current year net income (loss)	(1,595,703)	(1,366,717)	(3,698,471)	(1,652,005)
43. Total net position	(985,600)	(756,613)	610,113	2,656,578
44. Total liabilities and fund balance	**$27,701,606**	**$28,643,952**	**$30,891,741**	**$22,571,611**

****Note: Cash on line 1 is for presenation purposes only. The total cash in bank is the sum of Lines 1 and 2.**

PETERSBURG MEDICAL CENTER
Statement of Revenues and Expenses
FISCAL YEAR 2023

		July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total	Prior YTD	% VAR
	Gross Patient Revenue:															
1.	Inpatient	110,635	219,327	187,992	239,705	408,468	509,790	329,300	348,648	-	-	-	-	2,353,865	2,566,734	-8.3%
2.	Outpatient	1,474,881	1,527,070	1,216,750	1,390,421	1,345,169	1,375,357	1,421,123	1,169,035	-	-	-	-	10,919,806	8,605,255	26.9%
3.	Long-term Care	337,364	403,790	478,750	515,061	409,984	412,653	473,578	450,908	-	-	-	-	3,482,088	2,334,397	49.2%
4.	**Total gross patient revenue**	1,922,880	2,150,187	1,883,492	2,145,187	2,163,621	2,297,800	2,224,001	1,968,591	-	-	-	-	16,755,759	13,506,386	24.1%
	Deductions from Revenue:															
5.	Contractual adjustments	306,903	337,334	381,521	428,308	427,813	559,551	598,829	423,842	-	-	-	-	3,464,101	2,152,687	-60.9%
6.	Prior year settlements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a
7.	Bad debt expense	24,800	(8,744)	78,233	162,903	84,834	69,327	(47,296)	23,824	-	-	-	-	387,881	(170,523)	327.5%
8.	Charity and other deductions	42,847	21,429	59,180	37,909	3,608	818	2,332	28,953	-	-	-	-	197,076	406,783	51.6%
9.	**Total deductions from revenue**	374,550	350,019	518,934	629,120	516,255	629,696	553,865	476,619	-	-	-	-	4,049,058	2,388,947	-69.5%
10.	**Net patient revenue**	1,548,330	1,800,168	1,364,558	1,516,067	1,647,366	1,668,104	1,670,136	1,491,972	-	-	-	-	12,706,701	11,117,439	14.3%
	Other Revenue															
11.	Inkind Service - PERS/USAC	77,682	77,682	77,682	77,682	96,682	79,682	79,682	79,682	-	-	-	-	646,456	941,289	-31.3%
12.	Grant revenue	5,223	17,658	12,816	16,504	12,583	76,027	25,061	147,903	-	-	-	-	313,775	441,114	-28.9%
13.	Federal & State Relief	-	-	-	-	-	-	-	-	-	-	-	-	-	862,747	-100.0%
14.	Other revenue	4,418	6,940	8,340	854,525	18,523	18,736	48,220	22,115	-	-	-	-	981,817	617,800	58.9%
15.	**Total other operating revenue**	87,323	102,280	98,838	948,711	127,788	174,445	152,963	249,700	-	-	-	-	1,942,048	2,862,950	-32.2%
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
16.	**Total operating revenue**	1,635,653	1,902,448	1,463,396	2,464,778	1,775,154	1,842,549	1,823,099	1,741,672	-	-	-	-	14,648,749	13,980,389	4.8%
														-		
	Expenses:															
17.	Salaries and wages	1,036,772	989,802	1,014,624	1,016,320	968,061	986,620	945,059	914,951	-	-	-	-	7,872,209	7,415,174	-6.2%
18.	Contract labor	59,887	40,627	64,147	85,560	48,050	56,344	101,157	77,152	-	-	-	-	532,924	406,916	-31.0%
19.	Employee benefits	337,894	339,159	339,417	360,170	360,555	360,313	369,056	338,889	-	-	-	-	2,805,453	2,892,110	3.0%
20.	Supplies	145,725	178,766	166,585	162,546	133,975	138,116	134,630	99,097	-	-	-	-	1,159,440	1,149,920	-0.8%
21.	Purchased services	101,527	146,944	158,279	142,565	134,531	162,533	138,321	130,201	-	-	-	-	1,114,901	1,375,678	19.0%
22.	Repairs and maintenance	110,459	77,766	(28,678)	58,320	33,513	21,800	66,134	28,769	-	-	-	-	368,083	496,485	25.9%
23.	Minor equipment	11,860	16,007	15,346	27,143	6,639	18,015	11,768	10,635	-	-	-	-	117,413	108,606	-8.1%
24.	Rentals and leases	16,915	16,505	20,607	19,935	23,783	24,766	21,743	22,766	-	-	-	-	167,020	125,526	-33.1%
25.	Utilities	89,596	85,720	90,044	88,714	93,398	99,050	95,402	93,753	-	-	-	-	735,677	717,119	-2.6%
26.	Training and travel	5,539	8,932	9,405	6,795	4,220	4,185	3,772	4,732	-	-	-	-	47,580	64,771	26.5%
27.	Depreciation	57,347	57,347	186,329	100,341	108,355	98,531	98,509	92,837	-	-	-	-	799,596	461,303	-73.3%
28.	Insurance	14,520	14,520	14,520	17,657	14,712	14,520	14,643	14,520	-	-	-	-	119,612	90,734	-31.8%
29.	Other operating expense	24,935	31,029	38,445	26,189	32,301	30,671	33,575	43,767	-	-	-	-	260,912	225,283	-15.8%
30.	**Total expenses**	2,012,976	2,003,124	2,089,070	2,112,255	1,962,093	2,015,464	2,033,769	1,872,069	-	-	-	-	16,100,820	15,529,625	-3.7%
31.	**Income (loss) from operations**	(377,323)	(100,676)	(625,674)	352,523	(186,939)	(172,915)	(210,670)	(130,397)	-	-	-	-	(1,452,071)	(1,549,236)	6.3%
	Nonoperating Gains(Losses):															
32.	Investment income	188,666	(110,840)	(235,348)	146,826	175,094	(111,428)	192,625	(84,680)	-	-	-	-	160,915	(66,391)	-342.4%
33.	Interest expense	(5,118)	(12,652)	(23,427)	(10,086)	(8,786)	(8,911)	(77,775)	(17,386)	-	-	-	-	(164,141)	(4,364)	-3661.3%
34.	Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35.	Other non-operating revenue	(14,790)	(42,306)	(54,591)	(6,088)	(408)	(5,865)	(19,835)	3,477	-	-	-	-	(140,406)	(32,014)	338.6%
36.	**Net nonoperating gains (losses)**	168,758	(165,798)	(313,366)	130,652	165,900	(126,204)	95,015	(98,589)	-	-	-	-	(143,632)	(102,769)	39.8%
37.	**Change in Net Position (Bottom Line)**	(208,565)	(266,474)	(939,040)	483,175	(21,039)	(299,119)	(115,655)	(228,986)	-	-	-	-	(1,595,703)	(1,652,005)	-3.4%
38.	**FY21 Budget**	(261,924)	(236,181)	(21,128)	743,604	5,066	(60,172)	(75,318)	38,453					132,400	-	-
39.	**FY21 Variance**	53,360	(30,293)	(917,912)	(260,429)	(26,105)	(238,947)	(40,337)	(267,439)					(1,728,103)	-	-

PETERSBURG MEDICAL CENTER

Key Volume Indicators

FISCAL YEAR 2023

		July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total	Prior YTD	% Change
Hospital Inpatient																
1. Patient Days - Acute Care		19	29	18	20	41	38	25	19					209	206	1.5%
2. Patient Days - Swing Bed		9	31	39	30	36	96	52	56					349	392	-11.0%
3. Patient Days - Total		28	60	57	50	77	134	77	75					558	598	-6.7%
4. Average Daily Census - Acute Care		0.6	0.9	0.6	0.6	1.4	1.2	0.8	0.7					0.9	0.8	1.5%
5. Average Daily Census - Swing Bed		0.3	1.0	1.3	1.0	1.2	3.1	1.7	2.0					1.4	1.6	-11.0%
6. Average Daily Census - Total		0.9	1.9	1.9	1.6	2.6	4.3	2.5	2.7					2.3	2.5	-6.7%
7. Percentage of Occupancy		7.5%	16.1%	15.8%	13.4%	21.4%	36.0%	20.7%	22.3%					19.1%	20.5%	-6.7%
Long Term Care																
8. Resident Days		322	384	398	414	326	330	379	365					2,918	2,232	30.7%
9. Average Daily Census		10.4	12.4	13.3	13.4	10.9	10.6	12.2	13.0					12.0	9.2	30.7%
10. Percentage of Occupancy		69.2%	82.6%	88.4%	89.0%	72.4%	71.0%	81.5%	86.9%					80.1%	61.2%	30.7%
Other Services																
11. Emergency Room Visits		75	69	54	53	51	85	76	55					518	548	-5.5%
12. Radiology Procedures		181	232	203	215	198	201	243	180					1,653	1,495	10.6%
13. Lab Tests (excluding QC)		1,870	1,886	1,669	1,616	1,824	1,875	1,810	1,965					14,515	16,272	-10.8%
14. Rehab Services Units		986	1,330	611	757	712	833	894	887					7,010	5,286	32.6%
15. Home Health Visits		267	250	209	234	242	214	286	257					1,959	1,759	11.4%
16. Clinic Visits	**	541	716	719	804	696	760	760	755					5,751	7,876	-27.0%

** **Stats under review**

PETERSBURG MEDICAL CENTER

Key Operational Indicators

For the eight months ended February 28, 2023

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	YTD	Prior YTD	% Change
1. Contractual Adj. as a % of Gross Revenue	16.0%	15.7%	20.3%	20.0%	19.8%	24.4%	26.9%	21.5%					20.7%	15.9%	-29.7%
2. Charity/Other Ded. as a % of Gross Revenue	2.2%	1.0%	3.1%	1.8%	0.2%	0.0%	0.1%	1.5%					1.2%	3.0%	60.9%
3. Bad Debt as a % of Gross Revenue	1.3%	-0.4%	4.2%	7.6%	3.9%	3.0%	-2.1%	1.2%					2.3%	-1.3%	-283.4%
4. Operating Margin	-23.1%	-5.3%	-42.8%	14.3%	-10.5%	-9.4%	-11.6%	-7.5%					-9.9%	-11.1%	10.5%
5. Total Margin	-11.6%	-15.3%	-81.7%	18.6%	-1.1%	-17.4%	-6.0%	-13.9%					-11.0%	-11.9%	7.6%
6. Days Cash on Hand (Including Investments)	116.8	110.0	101.5	96.9	94.4	86.1	79.5	67.2	-	-	-	-	68.6	177.2	-61.3%
7. Days in A/R	73.9	74.7	59.2	56.9	58.6	62.5	68.9	67.2	-	-	-	-	67.2	50.8	-32.3%

KINDER SKOG

PILOT PROGRAM REVIEW

MARCH 2023

Prepared by Katherine Holmlund
Youth Program Coordinator

SUMMARY

Kinder Skog is in month seven with the Petersburg Medical Center. The transition has allowed the program to enroll more school-year participants than in past years and we are at full capacity with an extensive waitlist. Mentors remain committed to facilitating high quality, participant led programming which allows youth to develop a sense of autonomy and ownership within the program. The program currently has three staff members, Katie Holmlund serves as the administrator, Kaili Watkins is a child care associate (CCA), and Becca Madsen is a mentor.

KINDER SKOG

Grant-Funded Kinder Skog Initiatives:

This initiative provides a free MiPs rated, multi-sport helmets to any youth in Petersburg in need of a new helmet.

SKOG + STEM
CURIOUS BY NATURE

Skog + STEM fosters relationships with local experts to provide youth with real-world experiences.

HIP
KIDS
Supporting Humanity in Progress

Since 2021, the Skoggies have been filling bags with food items to support Humanity in Progress and our food-insecure community members.

ENROLLMENT INFORMATION

In the January – end of May session we have 38 participants enrolled, 29% of which are Petersburg Medical Center staff children. We enroll to our capacity of 20 kids most days and have a "drop-in" list we are utilizing more frequently this session. Our enrollment increased by two participants from the fall session to the spring session. The Kinder Skog waitlist currently has 53 families on it.

- PMC employee children enrolled – 11
- Non-PMC children enrolled – 27
- Total enrollment - 38

OPERATING STRUCTURE

Kinder Skog is a program of the Wellness Department of Petersburg Medical Center. Katie Holmlund is the program's co-founder and administrator. Julie Walker is the PMC Wellness Manager and oversees the program. Kinder Skog developed an advisory committee consisting of managers, Human Resources representatives, parents/guardians, and a finance officer. The advisory committee would welcome a member of the Petersburg Board of Directors to join the committee which meets quarterly to discuss program growth, policies, and finances.

SAFETY STANDARDS & LIABILITY

Kinder Skog carries separate insurance for our childcare program. In addition to this insurance Kinder Skog staff also have the following certifications which help facilitate risky activities:

- Cedar Song Forest Kindergarten Certificate: Katie Holmlund
- American Camps Association, Camps Director Certificate: Katie Holmlund
- CDC Concussion training: All staff
- First Aid/CPR: All staff
- Ice and Cold-Water Rescue Training: Katie Holmlund & Becca Madsen
- Archery Instructor Certificate: Katie Holmlund
- Youth Mental Health First Aid: Katie Holmlund & Becca Madsen(pending)

Staff also participate in trainings pertaining to outdoor programming and safety practices. Each staff member carries a full first aid kit while out with youth and bear spray during months it is recommended.

Kinder Skog has a risk mitigation for activities spreadsheet which staff, and enrolled families, have access to at any time and staff are continuously instructed on. We practice monthly fire and mega-fauna drills with the participants to help ensure safe reactions if a situation were to occur. Staff also walk through our emergency procedures annually. We are continuously evaluating procedures and keeping best practices in mind.

FINANCIAL INFORMATION

FY 2023 Financial Information:

Expenses:											
Salaries and Wages	16,736	11,534	12,914	11,170	11,387	9,338	10,625	10,625	10,625	10,625	115,578
Supplies	12	40	693	673	264	2	300	300	300	300	2,885
Minor Equipment	0	577	(577)	0	3,291	0	0	0	0	0	3,291
Building Rentals	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	11,000
Other Operating Expenses	0	0	2,585	0	(15)	0	0	0	0	0	2,570
Total Expenses	17,847	13,251	16,715	12,943	16,026	10,441	12,025	12,025	12,025	12,025	135,323
Income(Loss) from Operations	**(11,619)**	**(4,786)**	**(9,612)**	**(7,893)**	**(3,236)**	**(2,696)**	**6,100**	**6,676**	**8,025**	**8,025**	**(11,016)**

* Shaded columns are estimate
** Net profit if we absorb future FY23 expenses with Stabilization Gra
*** Other Sources of Revenue

Rasmuson Foundatior	50,000	secured
Stabilization Gran	48,000	secured
Lutheran Church Init. Deposit	9,500	secured
ACF Camps Grant	38,539	pending

To help with the additional costs of operating the program since the transition to PMC we have created new enrollment options for families:

- **Kinder Skog Kinder Squad Enrollment:** this is only offered Monday-Wednesday from 13:15-14:45. This will add an additional $2,709.00 of income for January-June 1st.
- **Drop-In Enrollment:** staff are working with families to try and get their travel dates ahead of time so we can offer drop-in days to participants on our list. In January this added about an additional $400.00 to our income. Families are still required to pay for days when they are traveling as well, since we do not have a travel policy.

ADDITIONAL FUNDING SOURCES

FUNDRAISERS:

- **Elks Dinner**: set for April 2023. The Elks have been generously supporting local non-profits with their fundraiser dinners, we look forward to this opportunity and are grateful to the Elks for continued support of our program.
- **Bonfire Campaigns**: This is the online Kinder Skog merchandise store. The January Campaign raised about $300.00 in sales/donations.
- **Artshow**: Mentors are planning an art show to display participants artwork following the theme *"Time"*. Community members will be invited to order mugs, cards, prints of artwork to support our program.

GRANTS:

- ***received*Childcare Stabilization Round III:** This is the final round of funding from thread. Kinder Skog was awarded $48.580.00 through this stabilization.
- ***received*Alaska Community Foundation: Child and Family Wellbeing Fund:** Kinder Skog was awarded $50,000 from a generous donation made through this fund. The $50,000 will be utilized to cover staff wages.
- ***applied for*Alaska Community Foundation Camps Initiative Grant:** Kinder Skog has been successful in receiving this funding for the past two summers. This year we plan to request funding to support three separate camp programs. PODs (Play Outside Days), Kinder Skog Summer Camp, and ORCA (Outdoor Recreation Creation Adventure) Camps in the amount of about $39,000.
- **Crossett Grant:** If we do not receive funding from the Camps grant to support ORCA Camps, the plan is to request funding through the Crossett Fund in Ketchikan to help support the enriching activities we facilitate and our new Skog + STEM initiative.

SPONSORSHIPS:

We will seek sponsorships for the Kinder Skog program to support our daily operations, our community service projects, scholarships. Sponsorship structure is shown on the left. We will begin a sponsorship drive in April to correspond with our Elks fundraiser dinner.

NEW PROGRAM FEES:
These fees would go into effect for summer 2023.

- **New Participant Enrollment Fee:** $35.00/participant. A new participant is any youth who has not been enrolled in the program or has a gap in enrollment. This fee will help cover the administrative time needed to enroll a new participant.
- **Safety Gear Fee:** $15.00 per participant due at the beginning of each session (January, June, September). Funds collected from this fee will help cover the expenses of updating/replacing safety gear such as headlamps, first aid kits, hand/foot warmers, bear spray, and reflectors as well as helping to support safety related trainings for staff. This fee will add roughly $500.00/session to the program.

BUSINESS PRIORITIES

- Utilize the 2023 workplan to continue to grow and stabilize the program.
- Continue grant-seeking.
- Establish online tuition payment.
- Launch sponsorship and fundraising opportunities.

GOALS

WORK PLAN

Kinder Skog and Wellness Department staff developed a Kinder Skog work plan for 2023 which focuses on making the "CASE" for afterschool programming. We have four target areas we will be working on this year including:

- **C**ommunity Involvement
- **A**dvocacy Efforts
- **S**tabilization & Structure
- **E**nrichment Opportunities

Meeting these goals will allow Kinder Skog to increase capacity while elevating the enriching nature of the program. The program will be more stable due to having more qualified staff which will help meet the childcare needs of the community of Petersburg. Collaborations will be fostered which will expose youth to various career paths while building positive connections with local experts. Kinder Skog will use our strengths to provide a safe, nurturing, and engaging program built on foundational knowledge of protective factors and a passion for the outdoors.

SUMMER CAMP

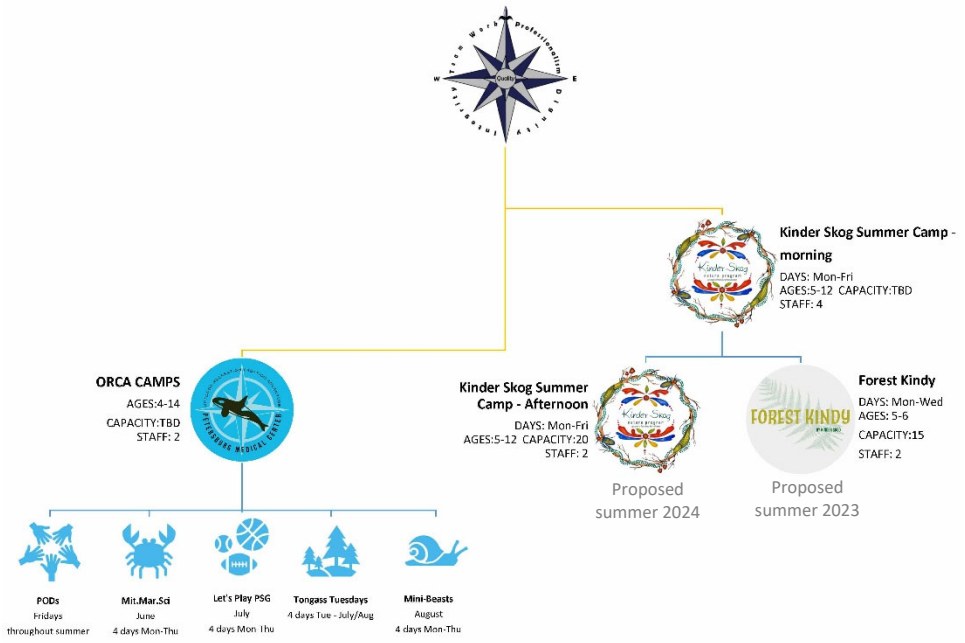
Programming Shift:

After discussions with the State Department of Health it was determined that Kinder Skog would qualify as a license exempt recreation program which would reduce several of the barriers we have experienced, including staff qualifications and limited capacity. An exemption would allow the Wellness Department to operate Kinder Skog in the manner which best serves Petersburg while maintaining our high level of safety standards and the philosophy and integrity of the program. With the information from the state staff have developed a "Goal Plan" for the summer. This goal programming structure is contingent upon having a full staff, which includes filling two new seasonal positions. Shifting to an "exempt from licensure" program is an option, we are still working through how this would impact programming and our enrolled families.

Benefits of Exemption:

- Increased capacity, while still maintaining a 10:1 participant to staff ratio.
- Increased age-range for programming.
- Ability to structure the program to best meet the needs of Petersburg.
- Ability to have a deeper substitute pool.
- Families receiving State Child Care Assistance or Central Council of Tlingit Haida assistance will still have the opportunity to receive support.
- Increased financial stability due to increased capacity.

Summer Program Structure *GOAL PLAN*:



Goal Plan Explanation:

- **Kinder Skog Summer Camp** - Morning: We would continue to offer our morning session of Kinder Skog with an increase in hours served.
- **Kinder Skog Summer Camp** – Afternoon: this is proposed for the summer of 2024 and would allow families the choice to enroll in either a morning or afternoon session, or both!
- **Forest Kindy** - proposed for the summer of 2023. This afternoon session would target five and six year olds and provide a nature-based curriculum which would support social/emotional development, fine-motor development as well as kindergarten readiness/ 1st grade readiness skills in an effort to keep children engaged and learning throughout the summer. It is our hope to work with the Petersburg City School District to help support their goals with the READS act implementation and ignite a spark of learning with our young adventurers. Holmlund will oversee the development of this program utilizing her elementary education degree and Forest Kindergarten teaching certificate.
- **ORCA Camps** - again, these will not fall directly under the Kinder Skog program anymore, however staff will be shared between the programs and thus is relevant to our planning process to ensure adequate staffing to provide program consistency.

AmeriCorps:

Kinder Skog has applied with the Alaska Afterschool Network for a summer STEM AmeriCorp member. We are hopeful to have an individual placed with us to help implement STEM related activities. AK Afterschool pays for a housing stipend and the

individual will receive an educational award from them upon completion of their service. This position would be funded by the Alaska Afterschool Network.

SPRING SESSION UPDATES & NOTES:

The kids were incredibly interested in practicing their fire building skills throughout January and it was fun to see their skills and critical thinking develop as they practiced and worked together to build fire. Thanks to the late season snow the Skoggies have been kicksledding, building snow forts, and we even got to enjoy some fresh snow ice cream. Getting kids outside in all weather helps to foster an appreciation of each season. The addition of the kicksleds have given youth another type of recreational activity to enjoy, and we have noticed some kids who typically do not enjoy the snow as much have really taken an interest to kicksledding and seem happier and more excited about our snowy adventures.

In December, the assembly voted 6-1 to approve of the Early Childcare Professional Education Incentive program, since then we proud to say we have already had one staff member move up from a “care giver” to a “child care associate”. Kaili spent winter break completing trainings and working towards this goal which will allow her to keep the program open in the absence of the administrator.

Kinder Skog has launched our Skog + STEM initiative and are already filling our calendar up with STEM related opportunities with the Forest Service (trees, frogs), PMC (bacteria, body science), Alaska Sea Grant (invasive crabs), Sitka 4-H Jasmine Shaw (Jams & Pickling) and many more opportunities with local experts.

Kinder Skog now has a page onto the PMC website, you will find us under the “services” tab. Hopefully having a presence on the PMC website will allow interested families to access information about the program more easily.