

NORTHERN ARIZONA HEALTHCARE
CONSOLIDATED BALANCE SHEET
(in thousands)
JUNE 2017

CURRENT ASSETS	06/30/17	05/31/17	06/30/16
Cash and Cash Equivalents	68,884	101,944	77,777
Patient Receivables	393,012	389,358	397,715
Allowance for Uncollectibles	(294,732)	(292,198)	(291,450)
Other Receivables	4,136	3,391	3,364
Inventories at Cost	10,682	11,761	11,188
Prepaid Expense	7,708	7,683	6,263
TOTAL CURRENT ASSETS	189,690	221,939	204,856
PROPERTY PLANT AND EQUIPMENT			
Land Improvements	11,920	11,920	9,666
Buildings	322,007	320,577	311,528
Major Movable Equipment	257,385	253,885	248,497
Leasehold Improvements	3,586	3,477	3,279
Ambulance Equipment	33,699	33,363	32,848
Allowance for Depreciation	(420,419)	(417,386)	(393,500)
Land	24,277	13,900	12,620
Construction in Progress	41,179	43,102	34,783
TOTAL PROPERTY PLANT & EQUIP	273,634	262,837	259,722
BOARD DESIGNATED FUNDS			
Funded Depreciation - Unrestricted	580,028	554,287	516,715
Assets Limited to Use	40,000	43,838	3,829
TOTAL BOARD DESIGNATED FUNDS	620,028	598,125	520,544
OTHER ASSETS			
Unamortized Bond Cost	1,226	1,525	1,377
Land Held for Future Use	4,593	14,623	15,903
Deferred Charges & Other	11,180	19,143	19,549
TOTAL OTHER ASSETS	17,000	35,292	36,829
TOTAL ASSETS	1,100,352	1,118,193	1,021,951

NORTHERN ARIZONA HEALTHCARE
CONSOLIDATED BALANCE SHEET
(in thousands)
JUNE 2017

CURRENT LIABILITIES	06/30/17	05/31/17	06/30/16
Accounts Payable	17,612	15,398	12,955
Accrued Payroll	25,355	23,367	29,302
401K Liability	6,417	5,828	2,070
Third-Party Payor Settlements	3,147	1,806	3,256
Current Bond Payable	6,200	6,200	5,930
Malpractice Insurance Reserve	1,098	1,098	1,234
Other	11,950	12,778	11,866
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TOTAL CURRENT LIABILITIES	71,780	66,475	66,613
LONG TERM LIABILITIES			
Malpractice Insurance Reserve - LT	4,365	4,399	4,416
Accrued Pension Liability	70,679	89,146	87,534
Annuity Payable	210	178	239
Fixed Rate Loans	173,148	173,196	179,933
Variable Rate Loans	40,000	40,000	-
Other	1,878	1,878	2,108
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TOTAL LONG-TERM LIABILITIES	290,280	308,796	274,231
TOTAL LIABILITIES	362,060	375,272	340,844
EQUITY			
Beginning Balance	789,180	789,180	763,459
Temporarily Restricted Net Assets	-	-	113
Additional Pension Liability	(89,453)	(108,067)	(108,072)
Current Year Earnings	38,565	61,809	25,607
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TOTAL EQUITY	738,292	742,921	681,107
TOTAL LIABILITIES AND EQUITY	1,100,352	1,118,193	1,021,951
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WORKING CAPITAL	117,910	155,463	138,243
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NORTHERN ARIZONA HEALTHCARE CONSOLIDATED
STATEMENT OF INCOME & EXPENSES
YEAR-TO-DATE JUNE 2017
(in thousands)

	FMC	VVMC	NAH	NAH ADMIN	NAHOSC	Subtotal Obligated Group			NAHPG	CONSOLIDATED		
						Actual	Budget	% Var		Actual	Budget	% Var
PATIENT REVENUE												
INPATIENT:	655,408	269,042	0	0	0	924,450	926,271	0%	0	924,450	926,271	0%
OUTPATIENT:	427,394	285,735	213	0	23,024	736,366	736,239	0%	0	736,366	736,239	0%
PHYSICIAN REVENUE	3,642	0	0	0	0	3,642	3,709	-2%	68,959	72,602	76,175	-5%
TOTAL PATIENT REVENUE	1,086,445	554,777	213	0	23,024	1,664,458	1,666,220	0%	68,959	1,733,417	1,738,686	0%
DEDUCTIONS FROM REVENUE												
CONTRACTUALS ADJUSTMENTS	621,402	392,348	(1,617)	0	18,628	1,030,761	1,033,502	0%	39,963	1,070,724	1,074,426	0%
DENIALS	21,390	9,380	0	0	18	30,788	8,259	273%	0	30,788	8,259	273%
BAD DEBT EXPENSE	25,154	14,024	1,552	0	(482)	40,247	59,036	-32%	512	40,760	59,786	-32%
TOTAL DEDUCTIONS FROM REVENUE	667,946	415,752	(65)	0	18,164	1,101,797	1,100,797	0%	40,476	1,142,272	1,142,471	0%
NET PATIENT REVENUE	418,499	139,025	279	0	4,859	562,661	565,422	0%	28,484	591,145	596,215	-1%
OTHER OPERATING REV.	13,454	2,939	29	1,100	1,005	18,526	19,579	-5%	1,001	19,528	19,997	-2%
NET OPERATING REV.	431,953	141,964	307	1,100	5,864	581,188	585,001	-1%	29,485	610,673	616,212	-1%
EXPENSES												
SALARIES & WAGES	127,609	49,825	470	27,178	2,389	207,472	205,020	1%	41,657	249,129	246,927	1%
CONTRACT LABOR	2,296	1,784	0	372	18	4,469	3,444	30%	28	4,497	3,444	31%
EMPLOYEE BENEFITS	37,939	12,263	139	7,271	643	58,255	54,497	7%	8,469	66,724	63,010	6%
INSURANCE	2,247	1,134	9	197	29	3,617	3,480	4%	209	3,826	3,710	3%
INTEREST	3,420	1,314	0	0	1,236	5,970	6,143	-3%	0	5,970	6,143	-3%
DEPRECIATION/AMORTIZATION	16,528	9,094	215	8,632	961	35,430	37,509	-6%	691	36,121	38,184	-5%
LEGAL & ACCTG. FEES	837	312	0	649	12	1,811	1,257	44%	125	1,935	1,262	53%
PROFESSIONAL FEES	23,836	4,651	0	39	0	28,526	28,854	-1%	2,096	30,622	30,249	1%
MEDICAL SUPPLIES	70,384	16,241	5	113	3,141	89,884	87,989	2%	1,373	91,256	89,525	2%
OTHER SUPPLIES	9,881	3,454	10	457	145	13,947	13,630	2%	151	14,098	13,795	2%
UTILITIES	2,973	2,360	46	569	214	6,162	7,145	-14%	262	6,424	7,387	-13%
PURCHASED SERVICES	32,077	9,281	182	27,301	920	69,762	74,252	-6%	5,289	75,051	81,096	-7%
NAH ADMINISTRATION OH	48,432	18,759	166	(71,677)	516	(3,805)	(3,684)	3%	3,805	0	0	N/A
TOTAL	378,461	130,473	1,242	1,100	10,224	521,500	519,536	0%	64,154	585,653	584,732	0%
NET OPERATING GAIN (LOSS)	53,492	11,491	(935)	0	(4,359)	59,688	65,465	-9%	(34,669)	25,020	31,480	-21%
NON-OPERATING INVEST/INTEREST	43,995	15,651	0	0	0	59,233	21,046	181%	0	59,646	21,046	181%
GAIN/LOSS ON JV/OTHER	348	117	(5)	(9)	(7,899)	(7,447)	42	N/A	0	(7,447)	42	N/A
CONTRIBUTIONS	(33,488)	(5,165)	0	0	0	(38,653)	1,322	N/A	0	(38,653)	1,322	N/A
NET INCOME (LOSS)	64,347	22,093	(940)	(9)	(12,258)	72,821	87,875	-17%	(34,669)	38,565	53,890	-29%
OPERATING EBITDA - \$										67,111	75,807	
OPERATING EBITDA MARGIN - %										11.0%	12.3%	
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Northern Arizona Healthcare Corporation Obligated Group

Consolidated Statements of Cash Flows

(In Thousands)

For the Period Ending 06/30/17

	Consolidated June 2017	Obligated Group	
		June 2017	June 2016
Operating activities			
Increase in net assets	\$ 56,772	\$ 65,533	\$ (22,895)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Increase in investments designated as trading	(99,065)	(99,065)	(33,868)
Unrecognized pension cost	(31,242)	(31,242)	43,116
Provision for doubtful accounts	40,760	40,247	53,678
Depreciation and amortization	36,121	35,430	33,083
Loss on extinguishment of debt	—	—	—
Net change in current assets and current liabilities, exclusive of cash and cash equivalents	(15,203)	(30,114)	(66,853)
Increase/(decrease) in other liabilities	(311)	(311)	1,786
Net cash provided by operating activities	(12,168)	(19,522)	8,047
Investing activities			
Purchases of property and equipment	(49,666)	(49,895)	(32,404)
Decrease in deferred charges and other assets	19,456	19,823	8,083
Net cash used in investing activities	(30,210)	(30,072)	(24,321)
Financing activities			
Proceeds from long-term debt	40,000	40,000	—
Repayments of long-term debt	(6,515)	(6,515)	(6,290)
Net cash (used in) provided by financing activities	33,485	33,485	(6,290)
Increase in cash and cash equivalents	(8,893)	(16,109)	(22,564)
Cash and cash equivalents at beginning of year	77,777	72,301	94,865
Cash and cash equivalents at end of year	\$ 68,884	\$ 56,192	\$ 72,301
Supplemental cash flow information			
Cash paid for interest	\$ 4,410	\$ -	\$ -

rthern Arizona Healthcare System (AZ)

Series 2011

Utilization Statistics

Fiscal Year 2016 and 2017	Fiscal YTD 6/30/16	Fiscal YTD 9/30/16	Fiscal YTD 12/31/16	Fiscal YTD 3/31/17	Fiscal YTD 6/30/17
Staffed Acute Care Beds					
Flagstaff Facility	245	245	245	245	245
Verde Valley Facility	99	99	99	99	99
Total	344	344	344	344	344
Acute Care Patient Days					
Flagstaff Facility	12,781	12,751	12,877	13,964	13,808
Verde Valley Facility	4,038	4,014	3,991	4,387	4,173
Total	16,819	16,765	16,868	18,351	17,981
Acute Care Admissions					
Flagstaff Facility	2,999	2,824	2,955	3,040	3,082
Verde Valley Facility	1,039	993	1,045	1,085	1,065
Total	4,038	3,817	4,000	4,125	4,147
Acute Care Occupancy Rate (Staffed Beds)					
Flagstaff Facility	57.3%	56.6%	57.1%	62.0%	61.9%
Verde Valley Facility	44.8%	44.1%	43.8%	48.2%	46.3%
Obligated Group Total	53.7%	53.0%	53.3%	58.0%	57.4%
Acute Care Avg Length of Hospital Stay					
Flagstaff Facility	4.3	4.5	4.4	4.6	4.5
Verde Valley Facility	3.9	4.0	3.8	4.0	3.9
Inpatient Surgeries					
Flagstaff Facility	1,295	1,335	1,391	1,265	1,385
Verde Valley Facility	226	239	217	243	225
Total	1,521	1,574	1,608	1,508	1,610
Outpatient Surgeries					
Flagstaff Facility	1,369	1,435	1,316	1,337	1,364
Verde Valley Facility	387	377	395	479	449
NAHOSC	1,336	1,162	1,199	1,156	1,297
Total	3,092	2,974	2,910	2,972	3,110
Emergency Room Visits					
Flagstaff Facility	11,626	12,072	11,505	11,740	12,449
Verde Valley Facility	6,154	6,217	5,951	6,459	6,401
Verde Valley – Sedona Facility	1,846	1,793	1,464	1,665	1,785
Total	19,626	20,082	18,920	19,864	20,635
Rehabilitation/ Psychiatric Days					
Flagstaff Rehabilitation	-	-	-	-	-
Verde Valley Behavioral Health	569	540	422	432	406
Flagstaff Behavioral Health	1,616	1,597	1,503	1,455	1,455
Rehabilitation Average Length of Stay					
Flagstaff Rehabilitation	-	-	-	-	-
Verde Valley Behavioral Health	10.7	10.6	8.0	8.3	8.1
Flagstaff Behavioral Health	8.6	9.2	8.0	9.4	8.4