

# Broadlawns Medical Center

Financial Report  
June 30, 2014

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## Independent Auditor's Report

Board of Trustees  
Broadlawns Medical Center  
Des Moines, Iowa

### Report on the Financial Statements

We have audited the accompanying financial statements of Broadlawns Medical Center (Medical Center), and Broadlawns Medical Center Foundation (Foundation), a discretely presented component unit, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise Broadlawns Medical Center's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Broadlawns Medical Center and its discretely presented component unit, Broadlawns Medical Center Foundation, as of June 30, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 – 13 and the Budget and Budgetary Accounting schedule and Other Postemployment Benefit Plan schedule of funding progress on pages 40 and 41, respectively, 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 it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We 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 about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for that portion marked "unaudited," has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for that portion marked "unaudited", the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports for the years ended June 30, 2014 and 2013 dated November 7, 2014 and November 8, 2013, respectively, on our consideration of Broadlawns Medical Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of those reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Broadlawns Medical Center's internal control over financial reporting and compliance.

*McGladrey LLP*

Davenport, Iowa  
November 7, 2014

## **Broadlawns Medical Center**

### **Management's Discussion and Analysis Years Ended June 30, 2014 and 2013**

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#### **Introduction**

This section of the Broadlawns Medical Center (Medical Center) annual financial report presents management's discussion and analysis of the Medical Center's financial performance during the years ended June 30, 2014 and 2013. The purpose is to provide an objective analysis of the financial activities of the Medical Center based on currently known facts, decisions and conditions. Please read it in conjunction with the Medical Center's basic financial statements and the notes to basic financial statements.

#### **Overview of the Financial Statements**

This annual report consists of two parts – management's discussion and analysis and the basic financial statements.

#### **Required Financial Statements**

The statement of net position, which is also referred to as the balance sheet, offers short-term and long-term financial information about the Medical Center's activities. The balance sheet includes all of the Medical Center's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Medical Center creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Medical Center and assessing the liquidity and financial flexibility of the Medical Center. All of the current year's revenue and expenses are accounted for in the statement of revenue, expenses and changes in net position. This statement measures the results from the Medical Center's operations over the past year and can be used to determine whether the Medical Center has been able to recover all of its costs through its patient service revenue and other revenue sources. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide answers to such questions as, "Where did cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

#### **Financial Analysis of the Medical Center**

The statement of net position and the statement of revenue, expenses and changes in net position report information about the Medical Center's activities. These two statements report the net position of the Medical Center and changes in them. Increases or decreases in the Medical Center's net position are one indication of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in the health care industry, changes in Medicare and Medicaid regulations and changes in managed care contracting should be considered.

Management's discussion and analysis of Broadlawns Medical Center's financial performance provides an overview of the Medical Center's financial activities for the fiscal years ended June 30, 2014, 2013 and 2012.

#### **Organization**

Broadlawns Medical Center is organized under Chapter 347 of the Iowa Code, not subject to taxes on income or property. The Medical Center is a county public hospital and receives tax support from the property tax levy. A seven-member elected Board of Trustees has the responsibility for overseeing Medical Center operations.

## Broadlawns Medical Center

### Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

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Broadlawns Medical Center Foundation (Foundation) is a legally separate, tax exempt, discretely presented component unit of Broadlawns Medical Center. The Foundation was formed to, among other things, raise funds for the general welfare, maintenance and improvement of the Medical Center. The Board of the Foundation is self-perpetuating and consists of citizens of Polk County. Although the Medical Center does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds are contributed to the Medical Center. Because these resources held by the Foundation have historically been for the benefit of the Medical Center, the Foundation is considered a component unit of the Medical Center and is discretely presented in the Medical Center's financial statements. Complete financial statements for the Foundation can be obtained from Mikki Stier, Broadlawns Medical Center, 1801 Hickman Road, Des Moines, Iowa 50314.

#### Financial Highlights

- During the year the Medical Center increased its net position by \$17,782,566, which is a \$7,723,599 increase from last fiscal year, which ended with an increase in net position of \$10,058,967.
- Total operating expenses for the current fiscal year were \$7,385,250 more than last fiscal year.
- Total operating revenue for the year was \$84,859,625, which is an increase of \$13,028,890.
- Net nonoperating revenue, which includes revenue from the property tax levy, increased \$2,040,396.
- During the fiscal year the Medical Center made capital investments totaling \$4,295,387. Capital investments were more than depreciation expense of \$4,051,624 by \$243,763. The following is a list of significant purchases and improvements placed in service during the fiscal year:

Capital Investments	Vendor	Department	Amount
Medical office building, 2nd floor	Various	General Building	\$ 2,318,357
Meditech hardware upgrade	Various	Information Technology	502,350
SPD disinfection station and remodel	Various	SPD	185,823
Colonvideoscope and gastroscope	Olympus America	Surgical Services	207,244
Eye clinic equipment	Des Moines Retina	Eye Clinic	167,655

The source of funding of these projects is derived from operations and from funds held in a project fund.

## Broadlawns Medical Center

### Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

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#### Net Position

June 30, 2014: Total current assets are \$149,971,142, which is \$30,186,549 greater than last year. The difference is mainly due to an increase in cash and cash equivalents of \$25,740,430, an increase in succeeding year property taxes of \$2,634,215, and an increase in third-party receivables of \$728,807. Total noncurrent assets are \$51,866,102, which is \$4,232,486 less than last year. The decrease resulted from an increase in net capital assets of \$166,353, and a decrease in noncurrent assets limited as to use or restricted of \$4,398,839. The decrease in noncurrent assets limited as to use or restricted included a reduction in funding the self insurance trust accounts and the use of assets restricted for construction. The funding of the self insurance trust accounts meets actuarial recommendations.

Total current liabilities of \$24,291,227 are \$6,528,699 more than last fiscal year. The change is due to increases in current maturities of long-term debt of \$175,000, in accounts payable and other accrued expenses of \$1,024,748, in accrued employee compensation and payroll taxes of \$950,400, in current portion of accrued claims on self-insurance of \$881,864 and in third-party payables of \$3,496,687. Noncurrent liabilities of \$28,915,070 are \$991,417 less than last fiscal year. The decrease is primarily due to the reclassification of debt to current and principal payments and amortization of discounts which total \$1,364,029, offset by an increase in the postemployment benefits of \$245,655.

Deferred inflow of resources totaled \$59,352,594, which relates to revenue for the succeeding year's property taxes which is \$2,634,215 more than last fiscal year.

Net position totaled \$89,278,353, which is \$17,782,566 more than last fiscal year.

June 30, 2013: Total current assets are \$119,784,593, which is \$20,500,405 greater than last year. The difference is mainly due to an increase in cash and cash equivalents of \$13,935,875, an increase in succeeding year property taxes of \$2,032,478, and an increase in third-party receivables of \$4,714,678. Total noncurrent assets are \$56,098,588, which is \$6,909,599 less than last year. The decrease resulted from a decrease in net capital assets of \$3,155,834, a decrease in noncurrent assets limited as to use or restricted of \$3,374,045, and a decrease in other assets of \$379,720. The decrease in noncurrent assets limited as to use or restricted included a reduction in funding the self insurance trust accounts and the write-off of the remaining revenue bond issue costs. The funding of the self insurance trust accounts meets actuarial recommendations.

Total current liabilities are \$17,762,528, which is \$2,500,264 greater than last year. The change is due to an increase in current maturities of long-term debt of \$144,227 and due to third-party payors of \$2,986,484 offset by a decrease in accounts payable and other accrued expenses of \$629,371. Noncurrent liabilities of \$29,906,487 are \$1,000,903 less than last fiscal year. The decrease is primarily due to the reclassification of debt to current and principal payments and amortization of discounts which total \$1,007,001, capital lease payments of \$35,773 offset by an increase in the postemployment benefits of \$231,000.

Deferred inflow of resources totaled \$56,718,379 relates to revenue for the succeeding year's property taxes which is \$2,032,478 more than last fiscal year.

Net position totaled \$71,495,787, which is \$10,058,967 more than last fiscal year.

**Broadlawns Medical Center**

**Management's Discussion and Analysis  
Years Ended June 30, 2014 and 2013**

A summary of the Medical Center's statements of net position are presented in Table 1 below:

**Table 1**

<b>Condensed Statements of Net Position</b>	June 30,		
	2014	2013	2012
Total current assets	\$ 149,971,142	\$ 119,784,593	\$ 99,284,188
Capital assets, net	38,645,861	38,479,508	41,635,342
Other assets, including assets limited as to use or restricted	13,220,241	17,619,080	21,372,845
<b>Total assets</b>	<b>\$ 201,837,244</b>	<b>\$ 175,883,181</b>	<b>\$ 162,292,375</b>
Current liabilities	\$ 24,291,227	\$ 17,762,528	\$ 15,262,264
Long-term debt outstanding and other long-term liabilities	28,915,070	29,906,487	30,907,390
<b>Total liabilities</b>	<b>53,206,297</b>	<b>47,669,015</b>	<b>46,169,654</b>
Deferred inflow of resources, revenue for succeeding year property taxes	59,352,594	56,718,379	54,685,901
Net investment in capital assets	11,807,530	10,452,148	12,815,422
Restricted	6,590,717	9,190,211	9,904,111
Unrestricted	70,880,106	51,853,428	38,717,287
<b>Total net position</b>	<b>89,278,353</b>	<b>71,495,787</b>	<b>61,436,820</b>
<b>Total liabilities, deferred inflow, and net position</b>	<b>\$ 201,837,244</b>	<b>\$ 175,883,181</b>	<b>\$ 162,292,375</b>

**Summary of Revenue, Expenses and Changes in Net Position**

Year Ended June 30, 2014: Net patient revenue is \$76,576,927, which is \$17,589,164 more than last fiscal year. The change is a result of a 19.1% increase in patient days and a 3.2% decrease in outpatient visits. Grants and contract revenue is \$5,911,027, which is \$672,460 more than last fiscal year. Other revenue is \$2,371,671, which is \$5,232,734 less than last year. The decrease in Other Revenue is mainly due to the \$3,381,788 decrease in electronic health record funds, the \$840,270 decrease in contribution of medical supplies and the \$675,000 decrease in recording cafeteria revenue. Salaries increased \$4,751,183 or 9.1% due to the annual cost of living rate increases, increases required by the nursing union contract and a 5.5% increase in FTEs. Some of the FTE increase was to add physicians and their practices. Employee benefits increased \$1,893,602 or 11.7% due mainly to an increase in FTEs, an increase in the IPERS rate and an increase in Health Insurance expense. Physician fees and outside services increased only \$45,344 or 1.0% partially due to the hiring of physicians rather than contracting physicians. Supplies and other expenses increased \$1,263,761 or 3.5%. Property tax revenue is \$56,437,151, which is \$1,843,707 more than last fiscal year. Interest expense decreased \$49,667 or 2.7% due to reduction of debt principal outstanding.

## Broadlawns Medical Center

### Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

Year Ended June 30, 2013: Net patient revenue is \$58,987,763, which is \$6,895,846 more than last fiscal year. The change is a result of a 4.3% increase in patient days and a 6.0% increase in outpatient visits. Grants and contract revenue is \$5,238,567, which is \$477,583 more than last fiscal year. Other revenue is \$7,604,405, which is \$4,117,206 more than last year. The increase in Other Revenue is mainly due to the Electronic Health Record funds of \$3,585,694 recognized this year. Salaries increased \$2,338,783 or 4.7% due to the annual cost of living rate increases, increases required by the nursing union contract and a 3.4% increase in FTEs. Employee benefits increased \$1,032,413 or 6.8% due mainly to an increase in FTEs and an increase in the IPERS rate. Physician and outside services increased \$217,789 or 4.4% due to the additional patient volume and some open physician positions. Supplies and other expenses increased \$4,825,748 or 15.2%. This increase was throughout the Medical Center and related to increased patient volume. Property tax revenue is \$54,593,444, which is \$434,169 more than last fiscal year. Interest expense decreased \$79,270 or 4.2% due to reduction of debt principal outstanding.

The following table presents a summary of the Medical Center's revenue, expenses and changes in net position for the fiscal years ended June 30, 2014, 2013 and 2012.

**Table 2**

Revenue, Expenses and Changes in Net Position	Year Ended June 30,		
	2014	2013	2012
Revenue:			
Net patient service revenue	\$ 76,576,927	\$ 58,987,763	\$ 52,091,917
Grants and contracts	5,911,027	5,238,567	4,760,984
Other	2,371,671	7,604,405	3,487,199
<b>Total operating revenue</b>	<b>84,859,625</b>	<b>71,830,735</b>	<b>60,340,100</b>
Expenses:			
Salaries and employee benefits	74,904,638	68,259,853	64,888,657
Supplies and other expenses	37,854,199	36,590,438	31,764,690
Physician fees and outside services	5,180,146	5,134,802	4,917,013
Depreciation and amortization	4,102,595	4,671,235	4,304,199
<b>Operating expenses</b>	<b>122,041,578</b>	<b>114,656,328</b>	<b>105,874,559</b>
<b>Operating loss</b>	<b>(37,181,953)</b>	<b>(42,825,593)</b>	<b>(45,534,459)</b>
Nonoperating revenue, net	54,889,182	52,848,786	53,257,941
Capital contributions	75,337	35,774	960,977
<b>Increase in net position</b>	<b>\$ 17,782,566</b>	<b>\$ 10,058,967</b>	<b>\$ 8,684,459</b>
Total revenue	\$ 141,590,849	\$ 126,531,667	\$ 116,454,660
Total expenses	\$ 123,808,283	\$ 116,472,700	\$ 107,770,201

## Broadlawns Medical Center

### Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

#### Patient and Medical Center Statistical Data

Year Ended June 30, 2014: Admissions of 3,295 patients for the current fiscal year are 147 more than last fiscal year. Average length of stay for acute patients is 4.0 days, which is 0.4 days more than last fiscal year. Average length of stay for mental health patients is 9.5 days, which is 0.9 days more than last fiscal year. The combined increase in admissions and increase in length of stay results in an increase in patient days of 3,473 days to 21,672 days for the fiscal year ended June 30, 2014.

The outpatient visits for fiscal year ended June 30, 2014 are 207,384, which is 6,888 less than last fiscal year.

Year Ended June 30, 2013: Admissions of 3,148 patients for the current fiscal year are 420 less than last fiscal year. Average length of stay for acute patients is 3.6 days, which is 0.3 days more than last fiscal year. Average length of stay for mental health patients is 8.6 days, which is 0.9 days more than last fiscal year. The combined decrease in admissions and increase in length of stay results in an increase in patient days of 749 days to 18,199 days for the fiscal year ended June 30, 2013.

The outpatient visits for fiscal year ended June 30, 2013 are 214,272, which is 12,117 more than last fiscal year.

**Table 3**

Patient and Medical Center Statistical Data	Year Ended June 30,		
	2014	2013	2012
Total patient days	21,672	18,199	17,450
Admissions	3,295	3,148	3,568
Discharges	3,284	3,137	3,526
Average length of stay (days):			
Acute	4.0	3.6	3.3
Mental health	9.5	8.6	7.7
Outpatient visits:			
Mental health	43,916	40,430	38,308
Walk-in and Peds Clinics	31,634	35,585	31,571
Emergency room	28,439	35,191	35,135
Specialty, Internal Medicine and Podiatry Clinics	45,820	38,344	32,753
Family Health Center	18,801	21,611	19,082
Primary Care Clinic	19,029	19,241	21,529
Oral Medicine	8,021	9,063	9,192
Women's Health Clinic	6,760	7,532	6,772
Addiction medicine	4,964	7,275	7,813
<b>Total outpatient visits</b>	<b>207,384</b>	<b>214,272</b>	<b>202,155</b>

## Broadlawns Medical Center

### Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

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#### Sources of Revenue

##### Net Patient Revenue

Year Ended June 30, 2014: The Medical Center is the safety net for the indigent uninsured and underinsured of Polk County and is dependent on two major sources of revenue, which are net patient revenue and property taxes. During fiscal year 2014 the Medical Center recorded \$76,576,927 in net patient revenue representing 54.1% of total revenue. The \$76,576,927 in net patient revenue represents 35.3% of gross patient charges compared to 29.8% last fiscal year. The majority of net patient revenue is paid by Medicare, Medicaid, IowaCare and third-party payors based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Any patient falling under 200% of the federal poverty guidelines without a third-party payor is considered indigent and eligible for charity care.

The IowaCare program began in July 2005 and ended December 31, 2013. The Iowa Marketplace program began January 1, 2014, with the implementation of the Affordable Care Act (ACA). The Iowa Marketplace program covers those that are at or less than 138% of federal poverty guidelines and the related net patient service revenue is reported as Medicaid. Patients that were previously in the IowaCare program or who were uninsured, generally enrolled in the Iowa Marketplace program.

Year Ended June 30, 2013: The Medical Center is the safety net for the indigent uninsured and underinsured of Polk County and is dependent on two major sources of revenue, which are net patient revenue and property taxes. During fiscal year 2013 the Medical Center recorded \$58,987,763 in net patient revenue representing 46.6% of total revenue. The \$58,987,763 in net patient revenue represents 29.8% of gross patient charges compared to 31.0% last fiscal year. The majority of net patient revenue is paid by Medicare, Medicaid, IowaCare and third-party payors based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Any patient falling under 200% of the federal poverty guidelines without a third-party payor is considered indigent and eligible for charity care.

The IowaCare program began in July 2005. During fiscal year ended June 30, 2013, the IowaCare program continued to increase as a percentage of gross charges due to the increased number of counties cared for by Broadlawns under the statewide expansion.

**Broadlawns Medical Center**

**Management's Discussion and Analysis  
Years Ended June 30, 2014 and 2013**

Table 4 presents the relative percentage of gross charges billed for patient services by payor for the last three fiscal years.

**Table 4**

Payor Mix by Percentages	Year Ended June 30,		
	2014	2013	2012
Medicare	15%	11%	11%
IowaCare (a)	25	56	50
Medicaid (b)	36	15	17
Third-party payors	6	4	5
Polk County Health Services, Inc.	1	2	3
Wellmark	5	3	3
Self pay, including charity care and bad debts	12	9	11
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

- (a) The IowaCare program ended December 31, 2013.
- (b) Includes revenue from the Iowa Marketplace program effective January 1, 2014.

Year Ended June 30, 2014: Deductions from revenue consist of charity care totaling \$16,245,062, contractual adjustments totaling \$105,490,108 and bad debts totaling \$18,397,377. As a percentage of gross patient charges, charity care increased 1.4%, contractual adjustments decreased 8.7% and bad debts increased 1.8%, resulting in an increase of 5.5% for net patient revenue as compared to gross patient charges.

Year Ended June 30, 2013: Deductions from revenue consist of charity care totaling \$12,016,479, contractual adjustments totaling \$113,511,270 and bad debts totaling \$13,173,959. As a percentage of gross patient charges, charity care decreased 0.1%, contractual adjustments increased 1.7% and bad debts decreased 0.4%, resulting in a decrease of 1.2% for net patient revenue as compared to gross patient charges.

Table 5 presents the amounts of charity care, contractual adjustments, bad debts and net patient revenue as compared to gross patient charges for the years ended June 30, 2014, 2013 and 2012.

**Table 5**

Net Patient Revenue	Year Ended June 30,		
	2014	2013	2012
Gross patient revenue	\$ 216,709,474	\$ 197,689,471	\$ 168,117,967
Charity care	(16,245,062)	(12,016,479)	(10,472,582)
Contractual adjustments	(105,490,108)	(113,511,270)	(93,719,161)
Bad debt	(18,397,377)	(13,173,959)	(11,834,307)
<b>Net patient service revenue</b>	<b>\$ 76,576,927</b>	<b>\$ 58,987,763</b>	<b>\$ 52,091,917</b>

## Broadlawns Medical Center

### Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

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#### Grant/Contract Revenue

Year Ended June 30, 2014: Grant and contract revenue for the year ended June 30, 2014 totaled \$1,937,989 and \$3,973,038, respectively, for a total of \$5,911,027, which represents 4.2% of total revenue compared to a total of \$5,238,567 in 2013.

Year Ended June 30, 2013: Grant and contract revenue for the year ended June 30, 2013 totaled \$2,059,143 and \$3,179,424, respectively, for a total of \$5,238,567, which represents 4.1% of total revenue compared to a total of \$4,760,984 in 2012.

#### Other Revenue

Other revenue consists of Medicaid and Medicare incentive payments for meaningful use of electronic health records, cafeteria revenue, sale of supplies and services provided to other entities. Other revenue totals \$2,371,671 and \$7,604,405, which represent 1.7% and 6.0% of total revenue for the years ended June 30, 2014 and 2013, respectively.

#### Tax Revenue

Year Ended June 30, 2014: Broadlawns Medical Center has the taxing authority under the Code of Iowa to support its operations. For the year ended June 30, 2014, the Medical Center's tax revenue totaled \$56,437,151, which is an increase of \$1,843,707 or 3.4% more than the prior year. The tax revenue represented 39.9% of total revenue.

Year Ended June 30, 2013: Broadlawns Medical Center has the taxing authority under the Code of Iowa to support its operations. For the year ended June 30, 2013, the Medical Center's tax revenue totaled \$54,593,444, which is an increase of \$434,169 or 0.8% more than the prior year. The tax revenue represented 43.1% of total revenue.

**Table 6**

<b>Tax Receipts</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>Increase (Decrease)</b>	<b>Levied Taxes June 30, 2015</b>
Improvement and maintenance	\$ 38,621,127	\$ 37,578,709	\$ 37,997,661	\$ 1,042,418	\$ 39,026,593
FICA Fund	3,384,343	3,447,525	3,910,977	(63,182)	4,048,676
IPERS Fund	4,460,269	3,984,076	3,189,949	476,193	5,058,608
Unemployment	99,096	157,096	121,593	(58,000)	117,270
Tort (Insurance) Fund	9,872,316	9,426,038	8,939,095	446,278	11,101,447
<b>Total taxes</b>	<b>\$ 56,437,151</b>	<b>\$ 54,593,444</b>	<b>\$ 54,159,275</b>	<b>\$ 1,843,707</b>	<b>\$ 59,352,594</b>

## Broadlawns Medical Center

### Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

#### Capital Assets

June 30, 2014: As of June 30, 2014 the Medical Center had \$38,645,861 invested in capital assets. Capital expenditures in 2014 were more than the 2014 depreciation expense, resulting in an increase of \$166,353 in net capital assets from 2013 to 2014.

June 30, 2013: As of June 30, 2013 the Medical Center had \$38,479,508 invested in capital assets. Capital expenditures in 2013 were less than the 2013 depreciation expense, resulting in a decrease of \$3,155,834 in net capital assets from 2012 to 2013.

**Table 7**

	June 30,		
	2014	2013	2012
Capital assets not being depreciated:			
Land	\$ 58,276	\$ 58,276	\$ 58,276
Construction in progress	6,432	23,083	135,677
Capital assets net of depreciation:			
Land improvements	2,706,045	2,985,197	3,264,475
Buildings	14,358,989	15,046,910	15,791,176
Building equipment	15,633,407	14,863,590	15,946,794
Fixed equipment	119,049	134,771	124,860
Vehicles	98,214	109,515	86,484
Major movable equipment	5,665,449	5,258,166	6,164,092
Equipment under capital lease	-	-	63,508
<b>Total capital assets, net</b>	<b>\$ 38,645,861</b>	<b>\$ 38,479,508</b>	<b>\$ 41,635,342</b>

Additional information relating to capital assets can be found in Note 5 to the basic financial statements.

#### Long-Term Debt

Long-term debt consists of hospital revenue bonds described in more detail in Note 6 to the basic financial statements. The principal balance on the outstanding obligations net of unamortized discounts was \$26,838,331 as of June 30, 2014, \$28,027,360 as of June 30, 2013 and \$29,070,134 as of June 30, 2012. The decrease between years represents payment of debt with no new debt being issued.

#### Fiscal Year 2015 Outlook

The Board of Trustees has approved and set the budget for the 2015 fiscal year. The budget projects an increase in net position of \$1,905,632.

Despite the challenges and uncertainties of the Affordable Care Act and the Iowa Marketplace program, management believes that its conservative management approach relative to the operations of the Medical Center will continue to ensure the health care needs of the residents of Polk County are being met and the organization remains a viable and ongoing concern. In addition, the strong results of this conservative management approach and operational success of recent years will allow the Medical Center to weather the financial uncertainties of the Affordable Care Act and the Iowa Marketplace program.

## **Broadlawns Medical Center**

### **Management's Discussion and Analysis Years Ended June 30, 2014 and 2013**

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Given management's ongoing emphasis on revenue growth, the Medical Center continues to engage in physician recruitment especially in the areas of family medicine and mental health in order to address the growing healthcare needs – particularly those of the most vulnerable – within the community. Cost reduction initiatives have been put into place to ensure that the Medical Center will continue to be a low cost provider of healthcare in our service area.

#### **Contacting the Medical Center's Financial Management**

The financial report provides the citizens of Polk County, our patients, bondholders and creditors with a general overview of the Medical Center's finances and operations. If you have any questions about this report, please contact Mr. Karl Vilums, Chief Financial Officer (CFO), Broadlawns Medical Center, 1801 Hickman Road, Des Moines, Iowa 50314.

## Broadlawns Medical Center

### Statements of Net Position June 30, 2014 and 2013

Assets	Medical Center		Component Unit (Foundation)	
	2014	2013	2014	2013
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 63,487,047	\$ 37,746,617	\$ 50,122	\$ 51,321
Assets limited as to use or restricted, required for current liabilities, cash and cash equivalents	4,191,002	3,147,134	-	-
<b>Receivables:</b>				
Patient, less estimated allowances for uncollectibles and contractals 2014				
\$15,790,428; 2013 \$13,866,311	10,373,896	9,866,993	-	-
Property taxes	439,294	386,376	-	-
Succeeding year property taxes	59,352,594	56,718,379	-	-
Federal grants	282,703	308,090	-	-
Nonfederal grants	228,997	152,238	-	-
Other	34,318	220,562	-	-
Due from third-party payors	10,097,228	9,368,421	-	-
Inventories	658,546	722,490	-	-
Prepaid expenses and other assets	825,517	1,147,293	-	-
<b>Total current assets</b>	<b>149,971,142</b>	<b>119,784,593</b>	<b>50,122</b>	<b>51,321</b>
<b>Noncurrent Assets:</b>				
Assets limited as to use or restricted, net of current portion:				
Cash and cash equivalents	10,496,216	13,995,695	581,339	428,968
Investments	2,724,025	3,623,385	369,592	352,151
	13,220,241	17,619,080	950,931	781,119
<b>Capital assets:</b>				
Nondepreciable	64,708	81,359	-	-
Depreciable, net	38,581,153	38,398,149	-	-
	38,645,861	38,479,508	-	-
Other assets	-	-	30,780	26,897
<b>Total noncurrent assets</b>	<b>51,866,102</b>	<b>56,098,588</b>	<b>981,711</b>	<b>808,016</b>
	\$ 201,837,244	\$ 175,883,181	\$ 1,031,833	\$ 859,337

See Notes to Basic Financial Statements.

<b>Liabilities and Net Position</b>	Medical Center		Component Unit (Foundation)	
	2014	2013	2014	2013
<b>Current Liabilities:</b>				
Current maturities of long-term debt	\$ 1,415,000	\$ 1,240,000	\$ -	\$ -
Accounts payable and other accrued expenses	5,087,643	4,062,895	23,170	1,026
Accrued employee compensation and payroll taxes	8,826,120	7,875,720	-	-
Due to third-party payors	6,483,171	2,986,484	-	-
Current portion of accrued claims on self-insurance	2,479,293	1,597,429	-	-
<b>Total current liabilities</b>	<b>24,291,227</b>	<b>17,762,528</b>	<b>23,170</b>	<b>1,026</b>
<b>Noncurrent Liabilities:</b>				
Other postemployment benefits	1,156,655	911,000	-	-
Accrued claims on self-insurance, less current portion	2,335,084	2,208,127	-	-
Long-term debt, less current maturities	25,423,331	26,787,360	-	-
<b>Total noncurrent liabilities</b>	<b>28,915,070</b>	<b>29,906,487</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>53,206,297</b>	<b>47,669,015</b>	<b>23,170</b>	<b>1,026</b>
Deferred inflow of resources, revenue for succeeding year property taxes	59,352,594	56,718,379	-	-
<b>Commitments and Contingencies (Note 8)</b>				
<b>Net Position:</b>				
Net investment in capital assets	11,807,530	10,452,148	-	-
Restricted:				
For debt service	3,423,870	3,372,244	-	-
For enabling legislation	3,100,412	5,749,834	-	-
For specific activities	66,435	68,133	981,711	808,016
Unrestricted	70,880,106	51,853,428	26,952	50,295
<b>Total net position</b>	<b>89,278,353</b>	<b>71,495,787</b>	<b>1,008,663</b>	<b>858,311</b>
	<b>\$ 201,837,244</b>	<b>\$ 175,883,181</b>	<b>\$ 1,031,833</b>	<b>\$ 859,337</b>

## Broadlawns Medical Center

### Statements of Revenue, Expenses and Changes in Net Position Years Ended June 30, 2014 and 2013

	Medical Center		Component Unit (Foundation)	
	2014	2013	2014	2013
Operating revenue:				
Net patient service revenue	\$ 76,576,927	\$ 58,987,763	\$ -	\$ -
Contracts	3,973,038	3,179,424	-	-
Operating grants	1,937,989	2,059,143	-	-
Other	2,371,671	7,604,405	74,719	36,465
<b>Total operating revenue</b>	<b>84,859,625</b>	<b>71,830,735</b>	<b>74,719</b>	<b>36,465</b>
Operating expenses:				
Salaries and wages	56,815,539	52,064,356	-	-
Employee benefits	18,089,099	16,195,497	-	-
Physician fees and outside services	5,180,146	5,134,802	-	-
Supplies and other expenses	37,854,199	36,590,438	102,775	106,955
Depreciation and amortization	4,102,595	4,671,235	-	-
<b>Total operating expenses</b>	<b>122,041,578</b>	<b>114,656,328</b>	<b>102,775</b>	<b>106,955</b>
<b>Operating (loss)</b>	<b>(37,181,953)</b>	<b>(42,825,593)</b>	<b>(28,056)</b>	<b>(70,490)</b>
Nonoperating revenue:				
Property taxes	56,437,151	54,593,444	-	-
Noncapital grants and contributions	91,528	34,087	173,695	269,585
Investment earnings	39,044	29,428	4,713	10,899
Interest expense	(1,766,705)	(1,816,372)	-	-
Other, net	88,164	8,199	-	-
<b>Total nonoperating revenue, net</b>	<b>54,889,182</b>	<b>52,848,786</b>	<b>178,408</b>	<b>280,484</b>
Capital contributions	75,337	35,774	-	-
<b>Change in net position</b>	<b>17,782,566</b>	<b>10,058,967</b>	<b>150,352</b>	<b>209,994</b>
Net position:				
Beginning	71,495,787	61,436,820	858,311	648,317
Ending	\$ 89,278,353	\$ 71,495,787	\$ 1,008,663	\$ 858,311

See Notes to Basic Financial Statements.

## Broadlawns Medical Center

### Statements of Cash Flows Years Ended June 30, 2014 and 2013

	Medical Center		Component Unit (Foundation)	
	2014	2013	2014	2013
<b>Cash Flows from Operating Activities:</b>				
Receipts from and on behalf of patients	\$ 84,748,931	\$ 62,391,949	\$ -	\$ -
Payments to suppliers and contractors	(40,245,635)	(41,812,499)	-	-
Payments to employees	(73,954,238)	(68,286,358)	-	-
Other receipts and payments, net	2,359,081	7,736,020	(9,795)	(76,861)
<b>Net cash (used in) operating activities</b>	<b>(27,091,861)</b>	<b>(39,970,888)</b>	<b>(9,795)</b>	<b>(76,861)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Property taxes	56,384,233	54,646,257	-	-
Noncapital grants and contributions	91,528	34,087	173,695	269,585
Other	88,164	8,199	-	-
<b>Net cash provided by noncapital financing activities</b>	<b>56,563,925</b>	<b>54,688,543</b>	<b>173,695</b>	<b>269,585</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Principal paid on long-term debt	(1,240,000)	(1,095,773)	-	-
Interest paid on long-term debt, net of interest capitalized	(1,755,599)	(1,807,207)	-	-
Proceeds from sale of capital assets	90,000	6,000	-	-
Purchase of capital assets	(4,295,387)	(1,220,297)	-	-
Capital contributions	75,337	35,774	-	-
<b>Net cash (used in) capital and related financing activities</b>	<b>(7,125,649)</b>	<b>(4,081,503)</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Investing Activities:</b>				
Investment income	39,044	29,428	4,713	10,899
(Purchase of) proceeds from investments	899,360	2,042,972	(17,441)	783
<b>Net cash provided by (used in) investing activities</b>	<b>938,404</b>	<b>2,072,400</b>	<b>(12,728)</b>	<b>11,682</b>
<b>Net increase in cash and cash equivalents</b>	<b>23,284,819</b>	<b>12,708,552</b>	<b>151,172</b>	<b>204,406</b>
<b>Cash and cash equivalents:</b>				
Beginning	54,889,446	42,180,894	480,289	275,883
Ending	\$ 78,174,265	\$ 54,889,446	\$ 631,461	\$ 480,289
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets:</b>				
Cash and cash equivalents in current assets	\$ 63,487,047	\$ 37,746,617	\$ 50,122	\$ 51,321
Assets limited as to use or restricted, required for current liabilities, cash and cash equivalents	4,191,002	3,147,134	-	-
Assets limited as to use or restricted, noncurrent	10,496,216	13,995,695	581,339	428,968
<b>Total cash and cash equivalents</b>	<b>\$ 78,174,265</b>	<b>\$ 54,889,446</b>	<b>\$ 631,461</b>	<b>\$ 480,289</b>

(Continued)

**Broadlawns Medical Center**

**Statements of Cash Flows (Continued)  
Years Ended June 30, 2014 and 2013**

	Medical Center		Component Unit (Foundation)	
	2014	2013	2014	2013
Reconciliation of Operating Income (Loss) to Net Cash (Used in) Operating Activities:				
Operating (loss)	\$ (37,181,953)	\$ (42,825,593)	\$ (28,056)	\$ (70,490)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:				
Depreciation and amortization	4,102,595	4,671,235	-	-
(Gain) loss on disposal of capital assets	(12,590)	131,615	-	-
Changes in assets and liabilities:				
Patient receivables	(506,903)	(106,187)	-	-
Inventories, prepaid expenses, other assets and other receivables	520,592	339,750	(3,883)	(7,397)
Due from/to third-party payors	2,767,880	(1,728,194)	-	-
Accounts payable and accrued expenses	3,218,518	(453,514)	22,144	1,026
<b>Net cash (used in) operating activities</b>	<b>\$ (27,091,861)</b>	<b>\$ (39,970,888)</b>	<b>\$ (9,795)</b>	<b>\$ (76,861)</b>
Noncash Capital and Related Financing Activities, forgiveness of accounts payable	\$ -	\$ -	\$ 173,695	\$ 269,585

See Notes to Basic Financial Statements.

## Broadlawns Medical Center

### Notes to Basic Financial Statements

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#### Note 1. Nature of Business and Significant Accounting Policies

##### Nature of Business:

Broadlawns Medical Center (Medical Center) is a county public hospital created in 1917 and organized under the provisions of Chapter 347 of the Code of Iowa. As a county public hospital, the Medical Center is a political subdivision of the State of Iowa. The Medical Center is controlled by a seven-member Board of Trustees elected from qualified residents of Polk County, Iowa, for terms of six years. The Board of Trustees has all the power and duties granted to it by the General Assembly of Iowa.

The Medical Center provides primary and secondary health care services through the operation of an acute care hospital, various clinics and other comprehensive health care programs. Patients are primarily from Polk County, Iowa. Care is provided to any resident of Polk County, Iowa, including those lacking adequate financial resources.

Broadlawns Medical Center Foundation (Foundation) is a legally separate, tax exempt, discretely presented component unit of Broadlawns Medical Center. The Foundation was formed to, among other things, raise funds for the general welfare, maintenance and improvement of the Medical Center. The Board of the Foundation is self-perpetuating and consists of citizens of Polk County. Although the Medical Center does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds are contributed to the Medical Center. Because these resources held by the Foundation have historically been for the benefit of the Medical Center, the Foundation is considered a component unit of the Medical Center and is discretely presented in the Medical Center's financial statements. The Foundation has a June 30 fiscal year-end. Individual financial statements can be obtained from the Foundation's office at 1801 Hickman Road, Des Moines, Iowa 50314.

##### Significant accounting policies:

Basis of presentation: The financial statements include all funds of the above mentioned entities. The Medical Center does not have any other component units, agencies or organizations for which it is financially accountable under criteria set forth by the Governmental Accounting Standards Board (GASB), other than the Foundation which is discretely presented in these financial statements.

Accounting 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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in estimates and assumptions in the near term would be material to the financial statements. Estimates that are particularly susceptible to significant changes in the near term and which require significant judgments by management include the allowances for doubtful accounts and contractual adjustments, third-party payor settlements, the liability for self-insured health and dental, malpractice and worker's compensation programs, the liability for other postemployment benefits assumptions, and depreciable lives of property and equipment.

Accrual basis of accounting: The accrual basis of accounting is used by the Medical Center and Foundation. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when the liability has been incurred.

Cash and cash equivalents: Cash and cash equivalents include temporary cash investments whose use is not limited or restricted. The temporary cash investments have original maturities of three months or less at date of issuance.

## Broadlawns Medical Center

### Notes to Basic Financial Statements

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#### Note 1. Nature of Business and Significant Accounting Policies (Continued)

Patient receivables: Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors.

Patient receivables due directly from the patients, net of any third-party payor responsibility, are carried at the original charge for the service provided less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. The Medical Center does not charge interest on patient receivables. Patient receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received. Provision for bad debts was \$18,397,377 and \$13,173,959 for the years ended June 30, 2014 and 2013, respectively.

Receivables or payables related to estimated settlements on various risk contracts that the Medical Center participates in are reported as estimated third-party payor receivables or payables.

Inventories: Inventories are stated at lower of cost or market, with cost determined using the first-in, first-out, or average cost method. Inventories are recorded as an expenditure at the time of consumption.

Property tax levy receivable/succeeding year property tax levy receivable: The property tax levy is recognized as a receivable on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors and is thereby an enforceable legal claim. Property taxes receivable represents unpaid taxes for the 2014 fiscal year. The succeeding year property tax levy receivable represents taxes certified by the Board of Supervisors to be collected in the 2015 fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Trustees is required to certify the budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year county property tax levy receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Investments: Assets limited as to use or restricted and investments are recorded at fair value. Interest-bearing investments are intended to be held until maturity. Donated investments are reported at fair value at date of receipt, which becomes the asset cost. Realized gains or losses are determined based on the specific-identification method.

The Medical Center invests in Iowa Public Agency Investment Trust which is a 2a-7-Like pool. The Iowa Public Agency Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

Capital assets: Capital assets are carried at cost or, if donated, at fair value at date of donation. Depreciation is computed by the straight-line method over the assets' estimated useful lives ranging from three to 40 years. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets and is depreciated over the estimated useful lives of the constructed assets. No interest was capitalized on construction during the years ended June 30, 2014 and 2013.

## Broadlawns Medical Center

### Notes to Basic Financial Statements

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#### Note 1. Nature of Business and Significant Accounting Policies (Continued)

Net patient service revenue: Net patient service revenue is reported at the estimated net realizable amounts 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. Net patient service revenue is reported net of provision for bad debts.

Operating income: The Medical Center distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from the primary purpose of the Medical Center, which is to provide medical services to the region. Other operating revenue consists of revenue from grants, contracts and other miscellaneous services. Operating expenses consist of salaries and wages, employee benefits, physician fees and outside services, depreciation and amortization, supplies and other. All revenue and expenses not meeting these criteria are considered nonoperating.

For the Foundation, operating revenue and expenses generally result from operations of the Foundation. Other operating revenue consists of contributions received. Operating expenses consist of salaries and wages, employee benefits, depreciation, supplies and other. All revenue and expenses not meeting these criteria are considered nonoperating.

Operating grants revenue: Grants are recognized as revenue when earned. Expense-driven grants are recognized as revenue when the qualifying expenses have been incurred and all other grant requirements have been met. Operating grants revenue for the years ended June 30, 2014 and 2013 were \$1,937,989 and \$2,059,143, respectively.

Contracts and other operating revenue: The basic financial statements include contracts and other operating revenue which primarily represent contracts with Polk County and Magellan and contributions of medical supplies.

The electronic health records incentive program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for incentive payments under both the Medicare and Medicaid programs to eligible health systems that demonstrate meaningful use of certified electronic health records (EHR) technology. Payments under both the Medicare and Medicaid programs are for five and six years, respectively, based on a statutory formula. The Medicaid programs are determined on a state-by-state basis, which are approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the Medical Center initially attesting to being a meaningful user of EHR technology and then continuing to meet escalating criteria, including other specific requirements that are applicable, for consecutive reporting periods. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ from the initial payments under the program, although management does not anticipate material adjustments, as input data for the EHR incentive amounts has remained relatively consistent over time. The Medical Center accounts for the incentive payments under the gain contingency model, which means it has met the meaningful use criteria and receipt of the incentive payments was certain. Income from incentive payments is recognized as revenue after the Medical Center has demonstrated that it complied with the meaningful use criteria over the entire applicable compliance period. For the years ended June 30, 2014 and 2013, the Medical Center has recognized approximately \$204,000 and \$3,586,000, respectively, of other operating revenue related to the Medicare and Medicaid EHR incentive programs.

## Broadlawns Medical Center

### Notes to Basic Financial Statements

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#### Note 1. Nature of Business and Significant Accounting Policies (Continued)

Regulatory investigations: Congress passed the Medicare Modernization Act in 2003, which among other things established a demonstration of the Medicare Recovery Audit Contractor (RAC) program. During fiscal year 2007, the RACs identified and corrected a significant amount of improper overpayments to providers in the demonstration states, which did not include Iowa. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states. The Medical Center has been subject to such audits and will continue to be subject to additional audits in the future. The Medical Center has recorded an estimated liability as a reduction of due from third-party payors on the accompanying balance sheets as of June 30, 2014 and 2013, as a reserve for the RAC program. It is reasonably possible that the recorded estimates will change materially in the near term.

Net Position: Net position is classified in three components.

- *Net investment in capital assets* – this component of net position consists of capital assets net of accumulated depreciation and amortization and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. There were no unspent bond proceeds for the years ended June 30, 2014 and 2013.
- *Restricted* – this component of net position consists of constraints placed on net position when there are limitations imposed on their use either through the enabling legislation adopted by the Organization or through external constraints that must be used for a particular purpose, as specified by creditors, grantors or contributors external to the Organization, including amounts deposited as required by debt agreements. Net position restricted through enabling legislation consists of \$640,757 and \$795,114 for IPERS contributions, \$2,020,277 and \$4,198,270 for tort immunity, \$313,931 and \$659,878 for employer payroll taxes, and \$125,447 and \$96,572 for unemployment funds as of June 30, 2014 and 2013, respectively.
- *Unrestricted* – this component of net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted”, above.

It is the Medical Center’s policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted are available.

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. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue. Charity care services rendered by the Medical Center at established rates totaled \$16,245,062 and \$12,016,479 for the years ended June 30, 2014 and 2013, respectively.

## Broadlawns Medical Center

### Notes to Basic Financial Statements

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#### Note 1. Nature of Business and Significant Accounting Policies (Continued)

Effective July 1, 2005, some of the patients who previously qualified for charity care became qualified for the IowaCare program. The IowaCare program was a limited expansion of the Medicaid Program and includes reform initiatives targeted at IowaCare members and the Medicaid Program as a whole. The waiver has been approved by the Centers for Medicare and Medicaid Services (CMS). Under this waiver a funding mechanism has been established that allows the state to provide a limited medical benefit to those persons previously classified as "state papers" recipients, recipients of care at Broadlawns Medical Center in Polk County, at the state's four mental health institutions and at the University of Iowa Hospital and Clinics. The benefit allows them to continue to receive medical services with financial participation by the federal government. The program is funded through appropriation of the state papers to the University of Iowa and a portion of the tax levy of Broadlawns Medical Center which also allows for federal matching dollars under the FMAP state match. During 2012-2013 fiscal year the funding and FMAP dollars were increased to allow the program to have a regional expansion of the provider network to include Federally Qualified Health Centers (FQHCs) and patient reassignment to improve access to care. Charges for patients eligible for the IowaCare program, net of the annual appropriation amount related to the IowaCare program, are written off as contractual adjustments.

The Affordable Care Act substantially increased the federally and state-funded Medicaid insurance program, and authorized states to establish federally subsidized non-Medicaid health plans for low-income residents not eligible for Medicaid. Patients that were previously in the IowaCare program or who were uninsured generally enrolled in the Iowa Marketplace program or other commercial insurance. The IowaCare program expired effective December 31, 2013.

Broadlawns has been a legislatively recognized and authorized provider under the IowaCare program that ended December 31, 2013, with the advent of the Iowa Marketplace program taking effect January 1, 2014. The Iowa General Assembly authorized Broadlawns's continued receipt of disproportionate share hospital (DSH) funding Broadlawns had been receiving pursuant to the IowaCare program. This continued DSH funding is required to be with local tax-based funding from the County to provide the nonfederal share for these DSH payments, instead of what has previously been state appropriated funds for the nonfederal share under the IowaCare program. During the year ended June 30, 2014, the Medical Center entered into an agreement which covered the period from January 1, 2014 to June 30, 2014 and provided for a DSH payment of \$7,130,972 to the Medical Center in exchange for the Medical Center paying \$3,000,000.

Tax revenue: Tax revenue, generated from property taxes, is recognized in revenue during the year for which it is levied. The Medical Center may receive tax support for maintenance and operations, certain payroll and other expenses, and property and equipment improvements and replacements, subject to specified limits.

## Broadlawns Medical Center

### Notes to Basic Financial Statements

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#### Note 1. Nature of Business and Significant Accounting Policies (Continued)

State legislation requires the Medical Center to distribute certain property tax proceeds to the treasurer of state, which are then to be used for the IowaCare program. The amount distributed by the Medical Center plus a federal match is then available to be paid to the Medical Center as services are provided to patients included in the IowaCare program. For the years ended June 30, 2014 and 2013, the guaranteed appropriation available to the Medical Center for providing services to patients in the IowaCare program is \$32,500,000 and \$65,000,000, respectively. Total property taxes and IowaCare appropriation is reported in the statements of revenue, expenses and changes in net position as follows:

	2014	2013
Property taxes and IowaCare appropriations:		
General fund	\$ 38,621,127	\$ 37,578,709
Payroll, tort and other	17,816,024	17,014,735
Total property taxes appropriation	56,437,151	54,593,444
Less allocation from Medical Center to treasurer of state for IowaCare program	(19,000,000)	(38,000,000)
Less allocation from Medical Center for pharmacy and DME services	(2,000,000)	(4,000,000)
	35,437,151	12,593,444
IowaCare appropriation	32,500,000	65,000,000
	<u>\$ 67,937,151</u>	<u>\$ 77,593,444</u>
Statements of revenue, expenses, and changes in net position:		
Net patient service revenue	\$ 11,500,000	\$ 23,000,000
Property taxes	56,437,151	54,593,444
	<u>\$ 67,937,151</u>	<u>\$ 77,593,444</u>

Income taxes: The Medical Center and Foundation are organizations described in Section 501(c)(3) and 509(a)(3), respectively, of the Internal Revenue Code (the Code) and, therefore, are exempt from federal taxes on related income pursuant to Sections 501(a) and 509(a) of the Code.

Reclassification: Certain items on the statements of net position as of and for the year ended June 30, 2013 were reclassified with no effect on net position, the statements of revenue, expenses and changes in net position or the statements of cash flows, to be consistent with the classification used on the June 30, 2014 financial statements.

#### Note 2. Net Patient Service Revenue

As a provider of health care services, the Medical Center generally grants credit to patients without requiring collateral or other securities; however, it routinely obtains assignments of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies that are considered third-party payors.

A significant portion of net patient service revenue relates to patients covered by the IowaCare program, Medicare, Medicaid, Wellmark, Iowa Marketplace, Polk County Health Services, Inc. (PCHS) and other reimbursement agreements. Patient revenue is recorded at the Medical Center's established rates when patient services are performed.

## Broadlawns Medical Center

### Notes to Basic Financial Statements

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#### Note 2. Net Patient Service Revenue (Continued)

The Medical Center has agreements with these third-party payors that provide for payments to the Medical Center at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- *IowaCare*. Inpatient and outpatient services rendered to IowaCare program beneficiaries are reimbursed based on an annual appropriation amount with additional payments above this level to a claims payment maximum. Weekly reimbursement is based on service claims with a monthly fixed payment for disproportionate share (DSH) costs based on Medicare and Medicaid program formulas. The reimbursements received under the IowaCare program are included on the accompanying statement of revenues, expenses and changes in net position as property taxes and net patient service revenue. As described in Note 1 to the basic financial statements, the IowaCare program was in place through December 31, 2013.
- *Medicare*. Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient nonacute services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare fiscal intermediary.
- *Medicaid*. Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Medical Center is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicaid fiscal intermediary.
- *Iowa Marketplace*. The Iowa Marketplace program is a result of the Affordable Care Act which went into effect January 1, 2014. This payor group is made up of two separate programs: the Iowa Wellness Plan for individuals ages 19 to 64 with incomes between 0% and 100% of the Federal Poverty Level (FPL) and Iowa Marketplace Choice Plan for individuals ages 19 to 64 with incomes between 101% and 138% of the FPL. Inpatient and outpatient services rendered under the Iowa Wellness Plan are reimbursed at the same prospectively determined rates as Medicaid. Services provided under Iowa Marketplace Choice Plan, while funded by Medicaid, are paid at rates agreed upon in commercial payor contracts.

The Medicare and Medicaid programs, which include the Iowa Marketplace program effective January 1, 2014, accounted for approximately 70% and 40% of the Medical Center's net patient service revenue for the years ended June 30, 2014 and 2013, respectively. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

## Broadlawns Medical Center

### Notes to Basic Financial Statements

#### Note 2. Net Patient Service Revenue (Continued)

In 2011, the Federal Centers for Medicare and Medicaid Services (CMS) approved the State of Iowa's Hospital Provider Tax Program. Under the Program, which was retroactive to July 1, 2010, a hospital is required to pay a quarterly provider tax assessment. The tax assessments collected by the State are used to fund a health care access improvement fund and are used to obtain federal matching funds, all of which must be distributed to Iowa hospitals to help bring Medicaid reimbursement closer to the cost of providing care. The allocation of these funds to specific health care providers is based primarily on the amount of care provided to Medicaid recipients. The Program increases inpatient DRG reimbursement rates and also implements several supplemental inpatient and outpatient methodologies. The Medical Center's additional reimbursement has been recorded in the accompanying financial statements as a reduction of contractual adjustment expense. Total assessments incurred by the Medical Center related to this Program amounted to approximately \$243,000 for each of the years ended June 30, 2014 and 2013, which is included in other operating expenses.

The Medical Center also has entered into payment agreements with certain commercial insurance carriers, HMOs and preferred provider organizations. The basis for payment to the Medical Center under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Reimbursement by third-party payor programs under the provisions of case payment and cost reimbursement programs in effect generally result in amounts received being less than the established billing rates of the Medical Center. Amounts due from and to third-party payors represent settlement amounts due from and to Medicare and other programs based upon the application of reimbursement formulas, applicable law, regulations and program instructions.

A reconciliation of gross patient service revenue to net patient service revenue for the years ended June 30, 2014 and 2013 is as follows:

	2014	2013
Gross patient service revenue:		
Inpatient	\$ 49,934,272	\$ 40,461,889
Outpatient	166,775,202	157,227,582
	<u>216,709,474</u>	<u>197,689,471</u>
Less charity care	16,245,062	12,016,479
<b>Gross patient service revenue</b>	<u>200,464,412</u>	<u>185,672,992</u>
Less provisions for bad debts	<u>18,397,377</u>	<u>13,173,959</u>
Less contractual and other adjustments:		
Employee discounts	72,169	101,206
Contractual adjustments under third-party reimbursement programs:		
IowaCare	40,306,210	82,492,468
Medicare	17,367,765	10,226,198
Medicaid:		
Iowa Marketplace	16,976,397	-
All other	12,371,875	11,902,335
Magellan	4,312,181	1,336,320
Wellmark	3,528,300	1,937,974
PCHS	2,263,548	2,365,865
Other commercial insurance	6,366,378	1,791,335
Other	1,925,285	1,357,569
	<u>105,490,108</u>	<u>113,511,270</u>
<b>Net patient service revenue</b>	<u>\$ 76,576,927</u>	<u>\$ 58,987,763</u>

## Broadlawns Medical Center

### Notes to Basic Financial Statements

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#### Note 3. Cash and Investments

As of June 30, 2014, the Medical Center has the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Federal Farm Credit Bank	02/25/15	\$ 300,501
Federal Home Loan Bank	03/13/15	312,252
Federal Home Loan Bank	01/16/15	300,165
Federal Home Loan Bank	03/13/15	300,933
Federal Home Loan Mortgage Corp	09/19/14	300,777
Federal Home Loan Mortgage Corp	11/25/14	303,463
Federal Home Loan Mortgage Corp	12/05/14	300,610
Federal Home Loan Mortgage Corp	08/07/17	300,000
Federal National Mortgage Association	10/30/14	301,824
Artwork	NA	3,500
		<u>\$ 2,724,025</u>

*Interest rate risk:* In accordance with the Organization's investment policy, the Medical Center and Foundation strive to obtain a reasonable return. Neither policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk:* The Iowa Code authorizes the Medical Center and Foundation to invest in obligations of the U.S. government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions; prime banker's acceptances that mature within 270 days and that are eligible for purchase by a federal reserve bank; commercial paper or other short-term corporate debt that matures within 270 days and that is rated within the two highest classifications, as established by at least one of the standard rating services approved by the superintendent of banking; repurchase agreements whose underlying collateral consists of obligations of the U.S. government, its agencies and instrumentalities; an open-end management investment company registered with federal securities and exchange commission under the Federal Investment Company Act of 1940; a joint investment trust organized pursuant to Chapter 28E prior to and existing in good standing on April 28, 1992, or is rated within the two highest classifications by at least one of the standard rating services approved by the superintendent of banking; and warrants or improvement certificates of a levee or drainage district. The Medical Center and Foundation's investment policies do not further limit its investment choices.

As of June 30, 2014, the Medical Center's investments were rated as follows:

<u>Investment Type</u>	<u>Moody's Investor Services</u>	<u>Standard &amp; Poor's</u>
Federal Home Loan Mortgage Corp.	Aaa	AA+
Federal National Mortgage Association	Aaa	AA+
Federal Home Loan Bank	Aaa	AA+
Federal Farm Credit Bank	Aaa	AA+

## Broadlawns Medical Center

### Notes to Basic Financial Statements

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#### Note 3. Cash and Investments (Continued)

*Concentration of credit risk:* The Medical Center places no limit on the amount the Medical Center may invest in any one issuer. More than 5% of the Medical Center's investments are in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corp and Federal National Mortgage Association. The Foundation places no limit on the amount the Foundation may invest in any one issuer.

*Custodial credit risk:* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. It is the Medical Center and Foundation's policy to avoid default risks with financial institutions with which the Chief Financial Officer deposits monies by determining in advance of the deposit that each depository in which monies are to be placed is an approved depository for purposes of Chapter 453 of Iowa Code. As of June 30, 2014, the Medical Center and Foundation's deposits and investments were not exposed to custodial credit risk.

#### Note 4. Assets Limited as to Use or Restricted

Assets limited as to use or restricted include assets set aside by the Board of Trustees for plant replacement and expansion, recognition of memorial contributions, funding of the Medical Center's self-insured retention fund, and by agreement with others. Assets limited as to use by the Board of Trustees may, at the Board's discretion, be subsequently used for other purposes. Assets limited as to use are classified as current assets, to the extent available, to meet current liabilities.

Assets limited as to use or restricted as of June 30, 2014 and 2013 were designated as follows:

	2014	2013
Board designated for:		
Memorial funds	\$ 3,500	\$ 3,500
Building project	3,077,255	5,132,996
Self-insured retention funds:		
Medical malpractice	5,091,856	4,665,570
Workers' compensation	1,123,541	1,085,472
Health insurance trust	3,922,403	5,954,145
Equipment maintenance trust	265,596	116,875
Dental	436,786	367,279
Under terms of bond indentures (Note 6):		
Bond principal service	2,876,206	2,876,206
Bond sinking and interest service	547,665	496,038
Patient trust fund	13,121	15,011
Alumni fund	53,314	53,122
	<u>\$ 17,411,243</u>	<u>\$ 20,766,214</u>

These balances are presented in the accompanying balance sheets as summarized below:

	2014	2013
Assets limited as to use or restricted, required for current liabilities	\$ 4,191,002	\$ 3,147,134
Assets limited as to use or restricted	13,220,241	17,619,080
	<u>\$ 17,411,243</u>	<u>\$ 20,766,214</u>

Assets limited as to use or restricted for the Foundation as of June 30, 2014 and 2013 of \$950,931 and \$781,119, respectively, are designated primarily for departments of the Medical Center and specific health care related causes.

## Broadlawns Medical Center

### Notes to Basic Financial Statements

#### Note 5. Capital Assets

Activity in capital assets and accumulated depreciation and amortization for the years ended June 30, 2014 and 2013 was as follows:

	Medical Center			
	June 30, 2013	Additions	Transfers and Disposals	June 30, 2014
Capital assets not being depreciated:				
Land	\$ 58,276	\$ -	\$ -	\$ 58,276
Construction in progress	23,083	2,413,985	(2,430,636)	6,432
<b>Total capital assets not being depreciated</b>	<b>81,359</b>	<b>2,413,985</b>	<b>(2,430,636)</b>	<b>64,708</b>
Capital assets being depreciated:				
Land improvements	6,306,079	-	-	6,306,079
Buildings	29,210,889	-	-	29,210,889
Building equipment	35,326,292	153,628	1,900,845	37,380,765
Fixed equipment	449,394	-	(8,448)	440,946
Vans	354,139	25,450	(24,035)	355,554
Major moveable equipment	21,901,516	1,702,324	(975,399)	22,628,441
Equipment under capital lease	57,322	-	-	57,322
<b>Total capital assets being depreciated</b>	<b>93,605,631</b>	<b>1,881,402</b>	<b>892,963</b>	<b>96,379,996</b>
Less accumulated depreciation for:				
Land improvements	3,320,882	279,152	-	3,600,034
Buildings	14,163,979	687,921	-	14,851,900
Building equipment	20,462,702	1,331,197	(46,541)	21,747,358
Fixed equipment	314,623	15,722	(8,448)	321,897
Vans	244,624	36,751	(24,035)	257,340
Major moveable equipment	16,643,350	1,700,881	(1,381,239)	16,962,992
Equipment under capital lease	57,322	-	-	57,322
<b>Total accumulated depreciation</b>	<b>55,207,482</b>	<b>4,051,624</b>	<b>(1,460,263)</b>	<b>57,798,843</b>
Total capital assets, being depreciated, net	38,398,149	(2,170,222)	2,353,226	38,581,153
<b>Capital assets, net</b>	<b>\$ 38,479,508</b>	<b>\$ 243,763</b>	<b>\$ (77,410)</b>	<b>\$ 38,645,861</b>

**Broadlawns Medical Center**

**Notes to Basic Financial Statements**

**Note 5. Capital Assets (Continued)**

	Medical Center			
	June 30, 2012	Additions	Transfers and Disposals	June 30, 2013
Capital assets not being depreciated:				
Land	\$ 58,276	\$ -	\$ -	\$ 58,276
Construction in progress	135,677	220,318	(332,912)	23,083
<b>Total capital assets not being depreciated</b>	<b>193,953</b>	<b>220,318</b>	<b>(332,912)</b>	<b>81,359</b>
Capital assets being depreciated:				
Land improvements	6,441,854	-	(135,775)	6,306,079
Buildings	30,450,373	-	(1,239,484)	29,210,889
Building equipment	35,743,492	344	(417,544)	35,326,292
Fixed equipment	608,249	12,526	(171,381)	449,394
Vans	330,895	48,203	(24,959)	354,139
Major moveable equipment	26,246,400	938,906	(5,283,790)	21,901,516
Equipment under capital lease	1,116,048	-	(1,058,726)	57,322
<b>Total capital assets being depreciated</b>	<b>100,937,311</b>	<b>999,979</b>	<b>(8,331,659)</b>	<b>93,605,631</b>
Less accumulated depreciation for:				
Land improvements	3,177,379	279,278	(135,775)	3,320,882
Buildings	14,659,197	719,941	(1,215,159)	14,163,979
Building equipment	19,796,698	1,369,476	(703,472)	20,462,702
Fixed equipment	483,389	15,030	(183,796)	314,623
Vans	244,411	25,173	(24,960)	244,624
Major moveable equipment	20,082,308	1,791,634	(5,230,592)	16,643,350
Equipment under capital lease	1,052,540	42,929	(1,038,147)	57,322
<b>Total accumulated depreciation</b>	<b>59,495,922</b>	<b>4,243,461</b>	<b>(8,531,901)</b>	<b>55,207,482</b>
Total capital assets, being depreciated, net	41,441,389	(3,243,482)	200,242	38,398,149
<b>Capital assets, net</b>	<b>\$ 41,635,342</b>	<b>\$ (3,023,164)</b>	<b>\$ (132,670)</b>	<b>\$ 38,479,508</b>

## Broadlawns Medical Center

### Notes to Basic Financial Statements

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#### Note 6. Long-Term Debt

Long-term debt as of June 30, 2014 and 2013 consists of the following:

	2014	2013
Hospital Revenue Bonds, Series 2008, net of discount (A)	\$ 8,515,110	\$ 9,119,580
Hospital Revenue Bonds, Series 2009, net of discount (B)	9,228,287	9,512,729
Hospital Revenue Bonds, Series 2009A, net of discount (C)	9,094,934	9,395,051
	<u>26,838,331</u>	<u>28,027,360</u>
Less current maturities	1,415,000	1,240,000
	<u>\$ 25,423,331</u>	<u>\$ 26,787,360</u>

- (A) On December 30, 2008, the Medical Center issued Hospital Revenue Bonds, Series 2008 in the principal amount of \$10,000,000 to finance a portion of the cost of construction, equipping and furnishing an addition to the hospital facilities for a new emergency department, an MRI suite, public entrances and public access/registration/reception areas. The proceeds were used for renovations to the current hospital facilities, construction of a two-story medical office building and parking areas, landscaping and related site improvements to the existing hospital facilities, fund a debt service reserve fund and pay costs of issuance. The bonds are due in annual installments ranging from \$150,000 to \$1,270,000 through 2023 at interest rates ranging from 5.5% to 7.0%. The bonds are collateralized by net revenue of the Medical Center.
- (B) On March 26, 2009, the Medical Center issued Hospital Revenue Bonds, Series 2009 in the principal amount of \$10,000,000 to finance a portion of the cost of construction, equipping and furnishing an addition to the current hospital facilities for a new emergency department, an MRI suite, public entrances and public access/registration/reception areas. The proceeds were used for renovations to the current hospital facilities, construction of a two-story medical office building and parking areas, landscaping and related site improvements to the existing hospital facilities, fund a debt service reserve fund and pay costs of issuance. The bonds are due in annual installments ranging from \$625,000 to \$1,005,000 through 2029 at interest rates ranging from 5.25% to 7.0%. The bonds are collateralized by net revenue of the Medical Center.
- (C) On November 13, 2009, the Medical Center issued Hospital Revenue Bonds, Series 2009A in the principal amount of \$10,000,000 to finance a portion of the cost of acquisition, construction, equipping and furnishing an addition to the current hospital facilities for a new emergency department, an MRI suite, public entrances and public access/ registration/reception areas. The proceeds were used for renovations to the current hospital facilities, construction of a two-story medical office building and parking areas, landscaping and related site improvements to the existing hospital facilities, fund a debt service reserve fund and pay costs of issuance. The bonds are due in annual installments ranging from \$145,000 to \$845,000 through 2030 at interest rates ranging from 4.25% to 6.0%. The bonds are collateralized by net revenue of the Medical Center.

The Hospital has pledged future net revenue to repay the Hospital Revenue Bonds, Series 2008, 2009 and 2009A. Proceeds from the bonds were used to renovate and expand facilities of the Medical Center. The bonds are payable solely from net revenues and are payable through May 2030. Annual principal and interest payments on the bonds are expected to require less than 5% of annual net revenue. The total principal and interest remaining to be paid on the Hospital Revenue Bonds is \$41,507,817. Principal and interest paid for the bonds during the current year and total net revenue of the Medical Center were \$3,008,163 and \$2,883,150, respectively.

The bond agreements require the Medical Center to comply with certain covenants. The covenants require the Medical Center to maintain certain financial ratios, the most restrictive of which is the maintenance of a specified debt service coverage ratio of 1.25.

**Broadlawns Medical Center**

**Notes to Basic Financial Statements**

**Note 6. Long-Term Debt (Continued)**

Long-term debt activity as of and for the years ended June 30, 2014 and 2013 is as follows:

	June 30, 2013	Borrowings	Payments and Amortization of Discount	June 30, 2014	Amounts Due Within 1 Year
Bonds payable:					
Hospital Revenue Bonds, Series 2008	\$ 9,119,580	\$ -	\$ 604,470	\$ 8,515,110	\$ 680,000
Hospital Revenue Bonds, Series 2009	9,512,729	-	284,442	9,228,287	350,000
Hospital Revenue Bonds, Series 2009A	9,395,051	-	300,117	9,094,934	385,000
<b>Total bonds payable</b>	<b>\$ 28,027,360</b>	<b>\$ -</b>	<b>\$ 1,189,029</b>	<b>\$ 26,838,331</b>	<b>\$ 1,415,000</b>
	June 30, 2012	Borrowings	Payments and Amortization of Discount	June 30, 2013	Amounts Due Within 1 Year
Bonds payable:					
Hospital Revenue Bonds, Series 2008	\$ 9,672,760	\$ -	\$ 553,180	\$ 9,119,580	\$ 625,000
Hospital Revenue Bonds, Series 2009	9,771,749	-	259,020	9,512,729	300,000
Hospital Revenue Bonds, Series 2009A	9,589,852	-	194,801	9,395,051	315,000
<b>Total bonds payable</b>	<b>29,034,361</b>	<b>-</b>	<b>1,007,001</b>	<b>28,027,360</b>	<b>1,240,000</b>
Capital lease obligations, equipment	35,773	-	35,773	-	-
	<b>\$ 29,070,134</b>	<b>\$ -</b>	<b>\$ 1,042,774</b>	<b>\$ 28,027,360</b>	<b>\$ 1,240,000</b>

Aggregate principal and interest maturities for the Medical Center's long-term debt as of June 30, 2014 are as follows:

Year ending June 30:	Principal	Interest
2015	\$ 1,415,000	\$ 1,701,526
2016	1,560,000	1,621,438
2017	1,645,000	1,532,838
2018	1,745,000	1,435,338
2019	1,870,000	1,328,513
2020 - 2024	10,170,000	4,714,339
2025 - 2029	7,990,000	1,883,125
2030	845,000	50,700
	27,240,000	\$ 14,267,817
Less unamortized discount	401,669	
	<b>\$ 26,838,331</b>	

## Broadlawns Medical Center

### Notes to Basic Financial Statements

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#### **Note 7. Retirement System**

The Medical Center contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

During the fiscal year ended June 30, 2014, plan members were required to contribute 5.95% of their annual covered salary up to \$260,000; and the Medical Center was required to contribute 8.93% of annual covered payroll up to \$260,000 per individual salary. Contribution requirements are established by state statute. The Medical Center's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$4,614,625, \$4,195,017 and \$3,644,442, respectively, equal to the required contributions for each year.

#### **Note 8. Risk Management, Self-Insurance and Commitments**

Broadlawns Medical Center is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks, except those self-insured by the Medical Center, are covered by the purchase of commercial insurance. Settled claims for these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

##### **Self-Insurance:**

The Medical Center self-insures its professional liability with annual limits of \$1,000,000 per claim and \$3,000,000 in aggregate. Thereafter, excess liability insurance coverage is maintained on a claims-made basis, with an annual aggregate liability limit of \$35,000,000. The Medical Center also self-insures workers' compensation, with limits of \$450,000 per claim and \$3,000,000 aggregate limit through April 14, 2010; and \$400,000 per claim and \$3,000,000 aggregate limit effective after April 15, 2010. The Medical Center is self-insured for dental insurance with a limit of \$1,200 per covered person per year, and is self-insured for employee health expenses with limits of \$200,000 per covered person per year with an additional aggregated limit of \$50,000 and no limit during such person's lifetime. The Medical Center has insurance coverage for general liability and automobile liability, with aggregate limits of \$2,000,000 and \$1,000,000, respectively.

The Medical Center has a revocable trust for each self-insurance plan for the purpose of setting aside assets based on actuarial funding recommendations. Under the trust agreements, the trust assets can only be used for payment of professional liability losses, related expenses and the cost of administering the trust. Income earned on trust fund assets (primarily U.S. treasury securities and money market funds invested in government securities) is included in nonoperating revenue. In addition, the Medical Center had a letter of credit agreement with a financial institution, which allowed for draws of up to approximately \$738,600 through April 2014, which could also have been used for payment of losses. There were no borrowings on the letter of credit during the year ending June 30, 2014.

The annual provision for professional liability losses and expenses included in the accompanying statements of revenue, expenses and changes in net position is based on the actuarially determined estimate of the present value of liabilities and related expenses resulting from asserted and unasserted incidents, discounted at 1.5% in 2014 and 1.5% in 2013.

**Broadlawns Medical Center**

**Notes to Basic Financial Statements**

**Note 8. Risk Management, Self-Insurance and Commitments (Continued)**

The Medical Center has accrued liabilities of \$4,814,377 and \$3,805,556 for self-insured losses as of June 30, 2014 and 2013, respectively. These accrued liabilities are based on management's evaluation of the merits of various claims, historical experience and consultation with external insurance consultants and include estimates for incurred but not reported claims. Losses estimated to be settled within one year have been classified as current liabilities.

	June 30, 2013	Additions	Reductions	June 30, 2014	Amounts Due Within 1 Year
Malpractice insurance	\$ 2,468,493	\$ 849,119	\$ 110,481	\$ 3,207,131	\$ 1,171,125
Workers' compensation insurance	628,634	291,103	205,659	714,078	415,000
Equipment maintenance insurance	55,000	265,518	247,518	73,000	73,000
Dental insurance	39,376	528,978	527,428	40,926	40,926
Health insurance	614,053	9,217,944	9,052,755	779,242	779,242
<b>Total</b>	<b>\$ 3,805,556</b>	<b>\$ 11,152,662</b>	<b>\$ 10,143,841</b>	<b>\$ 4,814,377</b>	<b>\$ 2,479,293</b>

	June 30, 2012	Additions	Reductions	June 30, 2013	Amounts Due Within 1 Year
Malpractice insurance	\$ 2,412,770	\$ 215,837	\$ 160,114	\$ 2,468,493	\$ 491,000
Workers' compensation insurance	586,259	302,985	260,610	628,634	398,000
Equipment maintenance insurance	26,000	300,477	271,477	55,000	55,000
Dental insurance	40,000	499,889	500,513	39,376	39,376
Health insurance	760,000	7,282,778	7,428,725	614,053	614,053
<b>Total</b>	<b>\$ 3,825,029</b>	<b>\$ 8,601,966</b>	<b>\$ 8,621,439</b>	<b>\$ 3,805,556</b>	<b>\$ 1,597,429</b>

**Lease commitments:**

The Medical Center leases equipment and real estate under operating agreements which expire through 2017. Rental expense under those agreements was approximately \$756,000 and \$787,000 for the years ended June 30, 2014 and 2013, respectively. The schedule of minimum rental payments due under these agreements is as follows:

Year ending June 30:	Equipment	Real Estate
2015	\$ 331,536	\$ 434,913
2016	331,536	434,913
2017	180,415	-
	<b>\$ 843,487</b>	<b>\$ 869,826</b>

## Broadlawns Medical Center

### Notes to Basic Financial Statements

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#### Note 8. Risk Management, Self-Insurance and Commitments (Continued)

##### Laws and regulations:

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. The Medical Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

##### Health care reform:

As a result of recently added enacted federal health care reform legislation, substantial changes are anticipated in the United States health care system. Such legislation includes numerous provisions affecting the delivery of health care services, the financing of health care costs, reimbursement of health care providers and the legal obligations of health insurers, providers and employers. These provisions are currently slated to take effect at specified times over approximately the next decade.

The Affordable Care Act substantially increased the federally and state-funded Medicaid insurance program, and authorized states to establish federally subsidized non-Medicaid health plans for low-income residents not eligible for Medicaid. Management expects that in the coming years, patients that were previously enrolled in the IowaCare program through December 31, 2013 or were uninsured and unable to pay for care will have basic insurance coverage, and amounts for reimbursement for services from both public and private payors will be reduced and made conditional on various quality measures. Management continues to study and evaluate the anticipated impact, but at this point cannot estimate the ultimate effect of these changes.

#### Note 9. Concentrations of Credit Risk

The Medical Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements or who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The mix of net receivables from patients and third-party payors as of June 30, 2014 and 2013 was as follows:

	2014	2013
Medicare	27%	23%
PCHS	1	7
Medicaid (a)	44	13
Private pay	16	33
Other	12	24
<b>Total</b>	<b>100%</b>	<b>100%</b>

(a) Includes receivables due from the Iowa Marketplace program, which is new effective January 1, 2014.

## Broadlawns Medical Center

### Notes to Basic Financial Statements

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#### Note 10. Other Postemployment Benefits (OPEB)

Plan description and funding policy: The Medical Center sponsors a single-employer health care plan that provides self-insured medical, prescription drug and dental benefits to all active and retired employees and their eligible dependents until age 65. Benefits terminate upon attaining Medicare eligibility.

Eligible retirees receive health care coverage through the Medical Center's self-insured plan.

Contributions are required for both retiree and dependent coverage. The retiree contributions are based on the historical full cost of active members. Retiree expenses are then offset by monthly contributions.

Funding policy: The Medical Center, with assistance from the third-party administrator, establishes and amends contribution requirements for both active and retiree members on an annual basis.

The current funding policy of the Medical Center is to pay health claims as they occur. This arrangement does not qualify as OPEB plan assets under GASB guidance for current GASB reporting.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2014, the Medical Center contributed approximately \$6,000. Retirees receiving benefits contributed \$45,521 through their required contributions.

Annual OPEB cost and net OPEB obligation: The Medical Center's annual other postemployment benefit cost expense is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. Fiscal year 2009 was the transition year of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Medical Center's annual OPEB cost for the years ended June 30, 2014 and 2013, the amount actually contributed to the plan and changes in the Medical Center's net OPEB obligation:

	2014	2013
Annual required contribution	\$ 246,000	\$ 230,000
Interest on net OPEB obligation	41,000	31,000
Adjustment to annual required contribution	(35,000)	(26,000)
Annual OPEB cost/expense	252,000	235,000
Contributions and payments made	(6,345)	(4,000)
Increase in net OPEB obligation	245,655	231,000
Net OPEB obligation, beginning of year	911,000	680,000
Net OPEB obligation, end of year	<u>\$ 1,156,655</u>	<u>\$ 911,000</u>

## Broadlawns Medical Center

### Notes to Basic Financial Statements

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#### Note 10. Other Postemployment Benefits (OPEB) (Continued)

The Medical Center's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for fiscal years 2014, 2013 and 2012 were as follows:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Fiscal year ended June 30:			
2014	\$ 252,000	2.52%	\$ 1,156,655
2013	235,000	1.70	911,000
2012	230,000	22.61	680,000

Funded status and funding progress: As of July 1, 2012 projected to July 1, 2013, the most recent valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$1,844,000 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$1,844,000. The covered payroll was \$53,925,887 and the ratio of the UAAL to the covered payroll was 3.23%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 projected to July 1, 2013 actuarial valuation, projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 9.5%, reduced by decrements of .5% annually to an ultimate rate of 5%. The UAAL is being amortized as a level percentage of projected payroll. The amortization of UAAL is done over a period of 30 years on an open basis.

## Broadlawns Medical Center

### Notes to Basic Financial Statements

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#### Note 11. Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

The Medical Center implemented the following Governmental Accounting Standards Board (GASB) Statements during the year ended June 30, 2014:

GASB Statement No. 66, *Technical Corrections - 2012*, issued April 2012, was effective for the Medical Center beginning with its year ending June 30, 2014. This Statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This Statement amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state or local government's risk financing activities to the general fund and the internal service fund types. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement also amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for: (a) operating lease payments that vary from a straight-line basis; (b) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans; and (c) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The adoption of this statement had no effect on the financial statements.

GASB Statement No. 67, *Financial Reporting for Pension Plans*, issued June 2012, was effective for the Medical Center beginning with its year ending June 30, 2014. This Statement replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. This Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. This Statement enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. This Statement also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules. The adoption of this statement had no effect on the financial statements.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, issued April 2013, was effective for the Organization beginning with its year ending June 30, 2014. This Statement provides accounting and financial reporting guidance to state and local governments that offer nonexchange financial guarantees and for governments that receive guarantees on their obligations. This Statement requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is *more likely than not* that the guarantor will be required to make a payment to the obligation holders under the agreement. A nonexchange financial guarantee is a credit enhancement or assurance offered by a guarantor without receiving equal or approximately equal value in exchange. The guarantor agrees to pay an obligation holder in the event that the issuer of the obligation is not able to make its required payments to the obligation holder. Nonexchange financial guarantees can include guarantees by a state for bonds issued by local governments within that state or guarantees of mortgage loans to individuals, if equal or approximately equal value is not received in exchange. The adoption of this statement had no effect on the financial statements.

## Broadlawns Medical Center

### Notes to Basic Financial Statements

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#### Note 11. Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

As of June 30, 2014, the GASB has issued several Statements not yet implemented by the Organization. The Statements which might impact the Medical Center and Foundation (collectively the Organization) are as follows:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the Organization beginning with its year ending June 30, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013, will be effective for the Organization beginning with its year ending June 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement provides guidance for:

- Determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations;
- Using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations;
- Measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based upon their acquisition values in a government acquisition; and
- Reporting the disposal of government operations that have been transferred or sold.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*, issued November 2013, will be effective for the Organization beginning with its year ending June 30, 2015. This Statement eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. To correct this potential understatement, Statement 71 requires a state or local government, when transitioning to the new pension standards, to recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. This amount will be recognized regardless of whether it is practical to determine the beginning amounts of all other deferred outflows of resources and deferred inflows of resources related to pensions.

The Organization's management has not yet determined the effect these Statements will have on the Organization's financial statements.

**Broadlawns Medical Center**

**Required Supplementary Information, Budget and Budgetary Accounting  
Year Ended June 30, 2014**

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In accordance with the Code of Iowa, the Board of Trustees annually adopts a budget following required public notice and hearings for all funds. The annual budget may be amended during the year utilizing similar statutorily-prescribed procedures. During the current year, there was one budget amendment. The budgetary basis is non-GAAP basis adjusted for depreciation and amortization, equipment improvements, lease payments and restricted expenses.

The following is a comparison of actual expenses to budget for the year ended June 30, 2014:

GAAP Expenses	Adjustments to Budgetary Basis	Budgetary Basis	Adopted Budget	Budget to Actual Variance, Over (Under) Budget
\$ 122,041,578	\$ 3,199,498	\$ 125,241,076	\$ 125,194,069	\$ 47,007

**Broadlawns Medical Center**

**Required Supplementary Information, Other Postemployment Benefit Plan  
Year Ended June 30, 2014**

Schedule of Funding Progress							
Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2009	7/1/2008	\$ -	\$ 1,166,000	\$ 1,166,000	- %	\$ 41,466,780	2.81%
2010	7/1/2008	-	1,166,000	1,166,000	-	36,606,367	3.19
2011	7/1/2010	-	1,381,000	1,381,000	-	46,906,532	2.94
2012	7/1/2010	-	1,381,000	1,381,000	-	45,677,336	3.02
2013	7/1/2012	-	1,610,000	1,610,000	-	49,809,332	3.23
2014	7/1/2012	-	1,844,000	1,844,000	-	53,925,887	3.42

NOTE: Fiscal year 2009 was the transition year for GASB Statement No. 45.

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as of July 1, 2012 projected to July 1, 2013. Additional information follows:

1. The cost method used to determine the annual required contribution is the Projected Unit Credit Actuarial Cost method.
2. There are no plan assets.
3. Economic assumptions are as follows: health care cost trend rates of 5.0%-9.5%; with an ultimate rate of 5%; discount rate of 4.5%.
4. The amortization method is open period, level percentage.

## Broadlawns Medical Center

### Combining Statements of Net Position, by Department June 30, 2014

Assets	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 63,151,708	\$ 27,604	\$ 307,735	\$ -	\$ 63,487,047
Assets limited as to use or restricted, required for current liabilities, cash and cash equivalents	4,177,881	13,121	-	-	4,191,002
<b>Receivables:</b>					
Patients, net	10,235,221	95,090	43,585	-	10,373,896
Property taxes	439,294	-	-	-	439,294
Succeeding year property taxes	59,352,594	-	-	-	59,352,594
Federal grants	282,703	-	-	-	282,703
Nonfederal grants	228,997	-	-	-	228,997
Other	1,716,753	-	-	1,682,435 (1)	34,318
Due from third-party payors	10,097,228	-	-	-	10,097,228
Inventories	658,546	-	-	-	658,546
Prepaid expenses and other assets	825,517	-	-	-	825,517
<b>Total current assets</b>	<b>151,166,442</b>	<b>135,815</b>	<b>351,320</b>	<b>1,682,435</b>	<b>149,971,142</b>
<b>Noncurrent Assets:</b>					
Assets limited as to use or restricted, net of current portion:					
Cash and cash equivalents	10,496,216	-	-	-	10,496,216
Investments	2,724,025	-	-	-	2,724,025
	<b>13,220,241</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,220,241</b>
<b>Capital assets:</b>					
Nondepreciable	64,708	-	-	-	64,708
Depreciable, net	38,482,320	5,943	92,890	-	38,581,153
	<b>38,547,028</b>	<b>5,943</b>	<b>92,890</b>	<b>-</b>	<b>38,645,861</b>
<b>Total noncurrent assets</b>	<b>51,767,269</b>	<b>5,943</b>	<b>92,890</b>	<b>-</b>	<b>51,866,102</b>
	<b>\$ 202,933,711</b>	<b>\$ 141,758</b>	<b>\$ 444,210</b>	<b>\$ 1,682,435</b>	<b>\$ 201,837,244</b>

(1) To eliminate interdepartment receivables and payables.

<b>Liabilities and Net Position</b>	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
<b>Current Liabilities:</b>					
Current maturities of long-term debt	\$ 1,415,000	\$ -	\$ -	\$ -	\$ 1,415,000
Accounts payable and other accrued expenses	5,085,825	1,522,372	161,881	1,682,435	(1) 5,087,643
Accrued employee compensation and payroll taxes	8,742,395	23,244	60,481	-	8,826,120
Due to third-party payors	6,483,171	-	-	-	6,483,171
Current portion of accrued claims on self-insurance	2,479,293	-	-	-	2,479,293
<b>Total current liabilities</b>	<b>24,205,684</b>	<b>1,545,616</b>	<b>222,362</b>	<b>1,682,435</b>	<b>24,291,227</b>
<b>Noncurrent Liabilities:</b>					
Other postemployment benefits	1,156,655	-	-	-	1,156,655
Accrued claims on self-insurance, less current portion	2,335,084	-	-	-	2,335,084
Long-term debt, less current maturities	25,423,331	-	-	-	25,423,331
<b>Total noncurrent liabilities</b>	<b>28,915,070</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,915,070</b>
<b>Total liabilities</b>	<b>53,120,754</b>	<b>1,545,616</b>	<b>222,362</b>	<b>1,682,435</b>	<b>53,206,297</b>
Deferred inflow of resources, revenue for succeeding year property taxes	59,352,594	-	-	-	59,352,594
<b>Net Position:</b>					
Net investment in capital assets	11,708,697	5,943	92,890	-	11,807,530
Restricted:					
For debt service	3,423,870	-	-	-	3,423,870
For enabling legislation	3,100,412	-	-	-	3,100,412
For specific activities	53,314	13,121	-	-	66,435
Unrestricted	72,174,070	(1,422,922)	128,958	-	70,880,106
<b>Total net position</b>	<b>90,460,363</b>	<b>(1,403,858)</b>	<b>221,848</b>	<b>-</b>	<b>89,278,353</b>
	<b>\$ 202,933,711</b>	<b>\$ 141,758</b>	<b>\$ 444,210</b>	<b>\$ 1,682,435</b>	<b>\$ 201,837,244</b>

## Broadlawns Medical Center

### Combining Statements of Net Position, by Department June 30, 2013

Assets	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 37,397,241	\$ 19,412	\$ 329,964	\$ -	\$ 37,746,617
Assets limited as to use or restricted, required for current liabilities, cash and cash equivalents	3,132,123	15,011	-	-	3,147,134
<b>Receivables:</b>					
Patients, net	9,673,767	165,768	27,458	-	9,866,993
Property taxes	386,376	-	-	-	386,376
Succeeding year property taxes	56,718,379	-	-	-	56,718,379
Federal grants	308,090	-	-	-	308,090
Nonfederal grants	152,238	-	-	-	152,238
Other	1,765,625	-	-	1,545,063 (1)	220,562
Due from third-party payors	9,368,421	-	-	-	9,368,421
Inventories	722,490	-	-	-	722,490
Prepaid expenses and other assets	1,147,293	-	-	-	1,147,293
<b>Total current assets</b>	<b>120,772,043</b>	<b>200,191</b>	<b>357,422</b>	<b>1,545,063</b>	<b>119,784,593</b>
<b>Noncurrent Assets:</b>					
Assets limited as to use or restricted, net of current portion:					
Cash and cash equivalents	13,995,695	-	-	-	13,995,695
Investments	3,623,385	-	-	-	3,623,385
	17,619,080	-	-	-	17,619,080
<b>Capital assets:</b>					
Nondepreciable	(31,235)	-	-	-	(31,235)
Depreciable, net	38,399,807	11,430	99,506	-	38,510,743
	38,368,572	11,430	99,506	-	38,479,508
<b>Total noncurrent assets</b>	<b>55,987,652</b>	<b>11,430</b>	<b>99,506</b>	<b>-</b>	<b>56,098,588</b>
	<b>\$ 176,759,695</b>	<b>\$ 211,621</b>	<b>\$ 456,928</b>	<b>\$ 1,545,063</b>	<b>\$ 175,883,181</b>

(1) To eliminate interdepartment receivables and payables.

<b>Liabilities and Net Position</b>	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
<b>Current Liabilities:</b>					
Current maturities of long-term debt	\$ 1,240,000	\$ -	\$ -	\$ -	\$ 1,240,000
Accounts payable and other accrued expenses	4,045,516	1,486,351	76,091	1,545,063	(1) 4,062,895
Accrued employee compensation and payroll taxes	7,772,857	43,901	58,962	-	7,875,720
Due to third-party payors	2,986,484	-	-	-	2,986,484
Current portion of accrued claims on self-insurance	1,597,429	-	-	-	1,597,429
<b>Total current liabilities</b>	<b>17,642,286</b>	<b>1,530,252</b>	<b>135,053</b>	<b>1,545,063</b>	<b>17,762,528</b>
<b>Noncurrent Liabilities:</b>					
Other postemployment benefits	911,000	-	-	-	911,000
Accrued claims on self-insurance, less current portion	2,208,127	-	-	-	2,208,127
Long-term debt, less current maturities	26,787,360	-	-	-	26,787,360
<b>Total noncurrent liabilities</b>	<b>29,906,487</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,906,487</b>
<b>Total liabilities</b>	<b>47,548,773</b>	<b>1,530,252</b>	<b>135,053</b>	<b>1,545,063</b>	<b>47,669,015</b>
Deferred inflow of resources, revenue for succeeding year property taxes	56,718,379	-	-	-	56,718,379
<b>Net Position:</b>					
Net investment in capital assets	10,341,212	5,943	127,103	-	10,474,258
Restricted:					
For debt service	3,372,244	-	-	-	3,372,244
For enabling legislation	5,749,834	-	-	-	5,749,834
For specific activities	53,122	15,011	-	-	68,133
Unrestricted	52,976,131	(1,339,585)	194,772	-	51,831,318
<b>Total net position</b>	<b>72,492,543</b>	<b>(1,318,631)</b>	<b>321,875</b>	<b>-</b>	<b>71,495,787</b>
	<b>\$ 176,759,695</b>	<b>\$ 211,621</b>	<b>\$ 456,928</b>	<b>\$ 1,545,063</b>	<b>\$ 175,883,181</b>

## Broadlawns Medical Center

### Combining Statements of Revenue, Expenses and Changes in Net Position, by Department Year Ended June 30, 2014

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
Operating revenue:					
Net patient service revenue	\$ 74,813,072	\$ 605,963	\$ 1,201,940	\$ 44,048 (1)	\$ 76,576,927
Contracts	3,973,038	-	-	-	3,973,038
Operating grants	1,937,989	-	-	-	1,937,989
Other	2,395,843	-	-	24,172 (1)	2,371,671
<b>Total operating revenue</b>	<b>83,119,942</b>	<b>605,963</b>	<b>1,201,940</b>	<b>68,220</b>	<b>84,859,625</b>
Operating expenses:					
Salaries and wages	55,816,605	364,855	634,079	-	56,815,539
Employee benefits	17,637,565	222,233	229,301	-	18,089,099
Physician fees and outside services	5,180,146	-	-	-	5,180,146
Supplies and other expenses	37,414,079	98,616	409,724	68,220 (1)	37,854,199
Depreciation and amortization	4,065,042	5,487	32,066	-	4,102,595
<b>Total operating expenses</b>	<b>120,113,437</b>	<b>691,191</b>	<b>1,305,170</b>	<b>68,220</b>	<b>122,041,578</b>
<b>Operating (loss)</b>	<b>(36,993,495)</b>	<b>(85,228)</b>	<b>(103,230)</b>	<b>-</b>	<b>(37,181,953)</b>
Nonoperating revenue (expense):					
Property taxes	56,437,151	-	-	-	56,437,151
Noncapital grants and contributions	91,528	-	-	-	91,528
Investment earnings	38,940	1	103	-	39,044
Interest expense	(1,766,705)	-	-	-	(1,766,705)
Other, net	85,064	-	3,100	-	88,164
<b>Total nonoperating revenue (expense), net</b>	<b>54,885,978</b>	<b>1</b>	<b>3,203</b>	<b>-</b>	<b>54,889,182</b>
Capital contributions	75,337	-	-	-	75,337
<b>Change in net position</b>	<b>17,967,820</b>	<b>(85,227)</b>	<b>(100,027)</b>	<b>-</b>	<b>17,782,566</b>
Net position:					
Beginning	72,492,543	(1,318,631)	321,875	-	71,495,787
Ending	\$ 90,460,363	\$ (1,403,858)	\$ 221,848	\$ -	\$ 89,278,353

(1) To eliminate interdepartment transactions.

## Broadlawns Medical Center

### Combining Statements of Revenue, Expenses and Changes in Net Position, by Department Year Ended June 30, 2013

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
Operating revenue:					
Net patient service revenue	\$ 56,797,550	\$ 1,016,080	\$ 1,209,980	\$ 35,847 (1)	\$ 58,987,763
Contracts	3,179,424	-	-	-	3,179,424
Operating grants	2,059,143	-	-	-	2,059,143
Other	7,636,183	-	-	31,778 (1)	7,604,405
<b>Total operating revenue</b>	<b>69,672,300</b>	<b>1,016,080</b>	<b>1,209,980</b>	<b>67,625</b>	<b>71,830,735</b>
Operating expenses:					
Salaries and wages	50,845,975	611,196	607,185	-	52,064,356
Employee benefits	15,629,658	340,907	224,932	-	16,195,497
Physician fees and outside services	5,134,802	-	-	-	5,134,802
Supplies and other expenses	36,191,552	206,191	260,320	67,625 (1)	36,590,438
Depreciation and amortization	4,645,142	5,487	20,606	-	4,671,235
<b>Total operating expenses</b>	<b>112,447,129</b>	<b>1,163,781</b>	<b>1,113,043</b>	<b>67,625</b>	<b>114,656,328</b>
<b>Operating income (loss)</b>	<b>(42,774,829)</b>	<b>(147,701)</b>	<b>96,937</b>	<b>-</b>	<b>(42,825,593)</b>
Nonoperating revenue (expense):					
Property taxes	54,593,444	-	-	-	54,593,444
Noncapital grants and contributions	34,087	-	-	-	34,087
Investment earnings	29,282	2	144	-	29,428
Interest expense	(1,816,372)	-	-	-	(1,816,372)
Other, net	(10,587)	9,000	9,786	-	8,199
<b>Total nonoperating revenue (expense), net</b>	<b>52,829,854</b>	<b>9,002</b>	<b>9,930</b>	<b>-</b>	<b>52,848,786</b>
Capital contributions	35,774	-	-	-	35,774
<b>Change in net position</b>	<b>10,090,799</b>	<b>(138,699)</b>	<b>106,867</b>	<b>-</b>	<b>10,058,967</b>
Net position:					
Beginning	62,401,744	(1,179,932)	215,008	-	61,436,820
Ending	\$ 72,492,543	\$ (1,318,631)	\$ 321,875	\$ -	\$ 71,495,787

(1) To eliminate interdepartment transactions.

**Broadlawns Medical Center**

**Analysis of Net Patient Receivables  
June 30, 2014 and 2013**

	2014		2013	
	Amounts	Percent to Total	Amounts	Percent to Total
0 - 30 (in-house and unbilled)	\$ 16,382,789	63%	\$ 12,482,073	52%
31 - 60	3,258,790	12	3,690,632	15
61 - 90	2,290,605	9	1,833,427	8
91 - 120	1,133,749	4	1,596,388	7
121 - 150	824,395	3	1,119,742	5
151 - 180	2,273,996	9	3,011,042	13
	<u>26,164,324</u>	<u>100%</u>	<u>23,733,304</u>	<u>100%</u>
Allowance for doubtful accounts	4,251,000		3,063,825	
Allowance for charity care	1,884,000		1,619,452	
Allowance for contractual and other adjustments	9,655,428		9,183,034	
	<u>\$ 10,373,896</u>		<u>\$ 9,866,993</u>	
Medicare	\$ 2,782,463	27%	\$ 2,278,273	23%
PCHS	126,952	1	668,600	7
Medicaid	4,582,723	44	1,255,337	13
Private pay	1,624,945	16	3,267,130	33
Other	1,256,813	12	2,397,653	24
<b>Total</b>	<u>\$ 10,373,896</u>	<u>100%</u>	<u>\$ 9,866,993</u>	<u>100%</u>

**Broadlawns Medical Center**

**Inventories**

**June 30, 2014 and 2013**

	<b>2014</b>	2013
General stores	<b>\$ 330,255</b>	\$ 333,849
Pharmacy	<b>328,291</b>	388,641
	<b><u>\$ 658,546</u></b>	<u>\$ 722,490</u>

**Broadlawns Medical Center**

**Changes in Capital Assets and Accumulated Depreciation and Amortization  
Year Ended June 30, 2014**

	Capital Assets			
	June 30, 2013	Additions	Transfers and Disposals	June 30, 2014
<b>Medical Center:</b>				
Land	\$ 38,210	\$ -	\$ -	\$ 38,210
Land improvements	6,034,603	-	-	6,034,603
Buildings	22,250,788	-	-	22,250,788
Building equipment	28,806,801	153,628	1,900,845	30,861,274
Fixed equipment	449,394	-	(8,448)	440,946
Major moveable equipment	21,214,842	1,702,324	(975,399)	21,941,767
Equipment under capital lease	57,322	-	-	57,322
Construction in progress	23,083	2,413,985	(2,430,636)	6,432
	<u>78,875,043</u>	<u>4,269,937</u>	<u>(1,513,638)</u>	<u>81,631,342</u>
<b>Mental health facility:</b>				
Land	20,066	-	-	20,066
Land improvements	271,476	-	-	271,476
Buildings	6,960,101	-	-	6,960,101
Building equipment	6,517,038	-	-	6,517,038
Major moveable equipment	586,427	-	-	586,427
	<u>14,355,108</u>	<u>-</u>	<u>-</u>	<u>14,355,108</u>
<b>Total Medical Center</b>	<u>93,230,151</u>	<u>4,269,937</u>	<u>(1,513,638)</u>	<u>95,986,450</u>
<b>Residential facilities:</b>				
Building equipment	1,518	-	-	1,518
Major moveable equipment	6,919	-	-	6,919
Vehicles	35,742	-	-	35,742
<b>Total residential facilities</b>	<u>44,179</u>	<u>-</u>	<u>-</u>	<u>44,179</u>
<b>Positive Alternative to Hospitalization (PATH):</b>				
Building equipment	935	-	-	935
Vehicles	318,397	25,450	(24,035)	319,812
Major moveable equipment	93,328	-	-	93,328
<b>Total PATH</b>	<u>412,660</u>	<u>25,450</u>	<u>(24,035)</u>	<u>414,075</u>
	<u>\$ 93,686,990</u>	<u>\$ 4,295,387</u>	<u>\$ (1,537,673)</u>	<u>\$ 96,444,704</u>

Accumulated Depreciation and Amortization

June 30, 2013	Current Provision	Deductions	June 30, 2014
\$ -	\$ -	\$ -	\$ -
3,049,406	279,152	-	3,328,558
9,150,954	512,530	-	9,663,484
14,520,954	1,267,810	(46,541)	15,742,223
314,623	15,722	(8,448)	321,897
15,958,097	1,700,079	(1,381,239)	16,276,937
57,322	-	-	57,322
-	-	-	-
<u>43,051,356</u>	<u>3,775,293</u>	<u>(1,436,228)</u>	<u>45,390,421</u>
-	-	-	-
271,476	-	-	271,476
5,013,025	175,391	-	5,188,416
5,939,295	63,387	-	6,002,682
586,427	-	-	586,427
<u>11,810,223</u>	<u>238,778</u>	<u>-</u>	<u>12,049,001</u>
<u>54,861,579</u>	<u>4,014,071</u>	<u>(1,436,228)</u>	<u>57,439,422</u>
1,518	-	-	1,518
6,919	-	-	6,919
24,312	5,487	-	29,799
<u>32,749</u>	<u>5,487</u>	<u>-</u>	<u>38,236</u>
935	-	-	935
220,312	31,264	(24,035)	227,541
91,907	802	-	92,709
<u>313,154</u>	<u>32,066</u>	<u>(24,035)</u>	<u>321,185</u>
<u>\$ 55,207,482</u>	<u>\$ 4,051,624</u>	<u>\$ (1,460,263)</u>	<u>\$ 57,798,843</u>

**Broadlawns Medical Center**

**Changes in Capital Assets and Accumulated Depreciation and Amortization  
Year Ended June 30, 2013**

	Capital Assets			
	June 30, 2012	Additions	Transfers and Disposals	June 30, 2013
<b>Medical Center:</b>				
Land	\$ 38,210	\$ -	\$ -	\$ 38,210
Land improvements	6,170,378	-	(135,775)	6,034,603
Buildings	23,490,272	-	(1,239,484)	22,250,788
Building equipment	29,199,741	344	(393,284)	28,806,801
Fixed equipment	608,249	12,526	(171,381)	449,394
Major moveable equipment	25,544,987	938,906	(5,269,051)	21,214,842
Equipment under capital lease	1,116,048	-	(1,058,726)	57,322
Construction in progress	135,677	220,318	(332,912)	23,083
	<u>86,303,562</u>	<u>1,172,094</u>	<u>(8,600,613)</u>	<u>78,875,043</u>
<b>Mental health facility:</b>				
Land	20,066	-	-	20,066
Land improvements	271,476	-	-	271,476
Buildings	6,960,101	-	-	6,960,101
Building equipment	6,541,298	-	(24,260)	6,517,038
Major moveable equipment	586,427	-	-	586,427
	<u>14,379,368</u>	<u>-</u>	<u>(24,260)</u>	<u>14,355,108</u>
<b>Total Medical Center</b>	<u>100,682,930</u>	<u>1,172,094</u>	<u>(8,624,873)</u>	<u>93,230,151</u>
<b>Residential facilities:</b>				
Building equipment	1,518	-	-	1,518
Major moveable equipment	6,919	-	-	6,919
Vehicles	35,742	-	-	35,742
<b>Total residential facilities</b>	<u>44,179</u>	<u>-</u>	<u>-</u>	<u>44,179</u>
<b>Positive Alternative to Hospitalization (PATH):</b>				
Building equipment	935	-	-	935
Vehicles	295,153	48,203	(24,959)	318,397
Major moveable equipment	108,067	-	(14,739)	93,328
<b>Total PATH</b>	<u>404,155</u>	<u>48,203</u>	<u>(39,698)</u>	<u>412,660</u>
	<u>\$ 101,131,264</u>	<u>\$ 1,220,297</u>	<u>\$ (8,664,571)</u>	<u>\$ 93,686,990</u>

Accumulated Depreciation and Amortization

June 30, 2012	Current Provision	Deductions	June 30, 2013
\$ -	\$ -	\$ -	\$ -
2,905,903	279,278	(135,775)	3,049,406
9,821,563	544,550	(1,215,159)	9,150,954
13,921,712	1,293,826	(694,584)	14,520,954
483,389	15,030	(183,796)	314,623
19,383,237	1,790,714	(5,215,854)	15,958,097
1,052,540	42,929	(1,038,147)	57,322
-	-	-	-
47,568,344	3,966,327	(8,483,315)	43,051,356
-	-	-	-
271,476	-	-	271,476
4,837,634	175,391	-	5,013,025
5,872,533	75,650	(8,888)	5,939,295
586,427	-	-	586,427
11,568,070	251,041	(8,888)	11,810,223
59,136,414	4,217,368	(8,492,203)	54,861,579
1,518	-	-	1,518
6,919	-	-	6,919
18,825	5,487	-	24,312
27,262	5,487	-	32,749
935	-	-	935
225,586	19,686	(24,960)	220,312
105,725	920	(14,738)	91,907
332,246	20,606	(39,698)	313,154
\$ 59,495,922	\$ 4,243,461	\$ (8,531,901)	\$ 55,207,482

## Broadlawns Medical Center

### Patient Service Revenue

Years Ended June 30, 2014 and 2013

	2014		
	Totals	Inpatients	Outpatients
Daily patient services:			
Medical, Surgical	\$ 10,662,914	\$ 7,514,840	\$ 3,148,074
Mental Health	12,047,644	11,901,190	146,454
Intensive Care	2,798,147	2,798,147	-
Family Birthing Center	2,228,954	2,056,001	172,953
Transitional Facilities	482,400	482,400	-
Residential Facilities	606,575	606,575	-
	<u>28,826,634</u>	<u>25,359,153</u>	<u>3,467,481</u>
Other nursing services:			
Operating Rooms	17,124,179	3,184,299	13,939,880
Medical and surgical supplies	7,694,858	4,301,679	3,393,179
Ambulatory care services:			
Specialty Clinic	4,345,108	2,852	4,342,256
Emergency	17,215,213	2,337,574	14,877,639
Family Health Center	2,894,050	10,784	2,883,266
Geriatrics	125,719	-	125,719
Internal Medicine Clinics	724,821	349	724,472
Interventional Pain	240,115	-	240,115
Oncology	754,093	-	754,093
Primary Care Clinic	3,178,396	-	3,178,396
Peds Clinic	397,610	-	397,610
Walk-in Clinic	3,348,936	5,801	3,343,135
Dental Clinic	1,090,957	-	1,090,957
Addiction Medicine	410,657	-	410,657
Women's Health Clinic	957,531	86	957,445
Mental Health	6,598,127	96,451	6,501,676
PATH	1,201,940	-	1,201,940
	<u>68,302,310</u>	<u>9,939,875</u>	<u>58,362,435</u>
Other physician services:			
Anesthesiology	3,916,661	276,913	3,639,748
ENT	274,753	-	274,753
Family Practice	5,255,662	7,288	5,248,374
Internal Medicine	2,693,283	-	2,693,283
Neurology	950,091	-	950,091
Obstetrics and Gynecology	1,736,907	-	1,736,907
Ophthalmology	603,472	-	603,472
Orthopedics	2,369,161	-	2,369,161
Optometry	819,699	-	819,699
Pediatrics	422,517	52	422,465
Podiatry	2,335,118	-	2,335,118
Psychiatry	6,557,192	-	6,557,192
Surgery	1,125,631	-	1,125,631
Cardiology	236,604	12,100	224,504
Emergency Medicine	8,348,634	1,086,605	7,262,029
Medical Education	3,310,810	-	3,310,810
Other physician services	1,251,992	-	1,251,992
	<u>42,208,187</u>	<u>1,382,958</u>	<u>40,825,229</u>
Other professional services:			
Laboratory	21,158,035	4,564,805	16,593,230
Pharmacy	18,457,863	3,147,568	15,310,295
Radiology	29,653,933	3,165,200	26,488,733
Respiratory Therapy	3,048,584	1,630,091	1,418,493
Diagnostic services	2,384,188	429,669	1,954,519
Physical and Occupational Therapy	2,537,786	282,867	2,254,919
Speech and Hearing Therapy	176,002	32,086	143,916
	<u>77,416,391</u>	<u>13,252,286</u>	<u>64,164,105</u>
<b>Gross charges at established rates</b>	<u>216,753,522</u>	<u>\$ 49,934,272</u>	<u>166,819,250</u>
Less interdepartment elimination	44,048		44,048
Charity care charges forgone, based on established rates	16,245,062		\$ 166,775,202
<b>Total gross patient service revenue</b>	<u>200,464,412</u>		
Provisions for contractual and other adjustments	105,490,108		
Provisions for bad debts	18,396,765		
Provisions for bad debts - Residential	612		
<b>Total net patient services revenue</b>	<u>\$ 76,576,927</u>		

2013		
Totals	Inpatients	Outpatients
\$ 9,927,795	\$ 6,435,370	\$ 3,492,425
8,146,780	8,146,780	-
2,711,319	2,711,319	-
2,054,196	1,952,925	101,271
-	-	-
1,017,125	1,017,125	-
<u>23,857,215</u>	<u>20,263,519</u>	<u>3,593,696</u>
14,741,244	3,051,173	11,690,071
3,991,859	1,719,220	2,272,639
4,015,024	2,847	4,012,177
18,361,659	2,207,820	16,153,839
3,417,468	8,389	3,409,079
-	-	-
937,801	662	937,139
-	-	-
-	-	-
3,385,213	-	3,385,213
529,229	-	529,229
3,687,294	5,239	3,682,055
1,243,895	-	1,243,895
577,071	-	577,071
1,127,157	760	1,126,397
5,570,356	60,130	5,510,226
1,209,980	-	1,209,980
<u>62,795,250</u>	<u>7,056,240</u>	<u>55,739,010</u>
3,341,735	-	3,341,735
215,796	-	215,796
5,191,266	3,013	5,188,253
2,672,388	-	2,672,388
800,863	-	800,863
2,145,980	2,280	2,143,700
437,953	-	437,953
1,277,912	-	1,277,912
739,801	138	739,663
579,563	1,111	578,452
1,851,107	-	1,851,107
5,149,397	-	5,149,397
1,263,598	-	1,263,598
164,342	-	164,342
10,046,088	1,079,939	8,966,149
3,067,032	-	3,067,032
928,753	-	928,753
<u>39,873,574</u>	<u>1,086,481</u>	<u>38,787,093</u>
20,382,523	4,465,335	15,917,188
14,905,145	2,565,727	12,339,418
27,816,594	2,854,785	24,961,809
3,072,012	1,538,223	1,533,789
2,224,667	398,824	1,825,843
2,651,624	197,140	2,454,484
146,714	35,615	111,099
<u>71,199,279</u>	<u>12,055,649</u>	<u>59,143,630</u>
197,725,318	<u>\$ 40,461,889</u>	157,263,429
35,847		35,847
12,016,479		<u>\$ 157,227,582</u>
185,672,992		
113,511,270		
13,172,914		
1,045		
<u>\$ 58,987,763</u>		

**Broadlawns Medical Center**

**Provisions for Contractual and Other Adjustments  
Years Ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
Employee discounts	<b>\$ 72,169</b>	\$ 101,206
Contractual adjustments under third-party reimbursement programs:		
IowaCare	<b>40,306,210</b>	82,492,468
Medicare	<b>17,367,765</b>	10,226,198
Medicaid:		
Iowa Marketplace	<b>16,976,397</b>	-
All other Medicaid	<b>12,371,875</b>	11,902,335
Magellan	<b>4,312,181</b>	1,336,320
Wellmark	<b>3,528,300</b>	1,937,974
PCHS	<b>2,263,548</b>	2,365,865
Other commercial insurance	<b>6,366,378</b>	1,791,335
Other	<b>1,925,285</b>	1,357,569
	<b><u>\$ 105,490,108</u></b>	<b><u>\$ 113,511,270</u></b>

**Broadlawns Medical Center**

**Other Operating Revenue  
Years Ended June 30, 2014 and 2013**

	2014	2013
Grants:		
Broadlawns Medical Center:		
Women, Infants, and Children Program, State of Iowa	\$ 1,599,676	\$ 1,462,199
WIC Breast Pump Program	32,792	40,020
Hospital Preparedness Program	18,688	34,038
Farmers Market Nutrition Program, State of Iowa (IDALS)	2,929	1,185
Merit/Magellan, Iowa Plan, Iowa State Department of Public Health	256,463	260,388
Magellan, Meth Funds (Iowa Plan)	22,476	21,204
Area Health Education Center Grant and other	4,965	240,109
<b>Total grants</b>	<b>1,937,989</b>	<b>2,059,143</b>
Contracts:		
Polk County Health Services:		
Day Treatment	40,000	40,000
Community Access Program, Case Management	119,877	1,408,521
Community Access Program, Service Coordination	438,203	454,703
Influenza Surveillance	-	5,000
Addiction Medicine	317,322	312,018
Other:		
Medical and Dental Education, University of Iowa	314,233	312,736
IowaCare, State of Iowa	166,887	646,446
Integrated Health Home, Magellan	2,576,516	-
<b>Total contracts</b>	<b>3,973,038</b>	<b>3,179,424</b>
Other:		
Electronic Health Records incentive programs	203,906	3,585,694
Family Practice Program, Iowa Methodist Medical Center	145,000	115,000
Contribution of medical supplies	693,639	1,533,909
Cafeteria	-	675,000
Refunds and rebates	181,428	450,551
Sales and supplies, services, and salvage	953,090	1,160,827
Des Moines Consortium contribution	47,000	48,000
Research	14,110	1,027
Miscellaneous	133,498	34,397
<b>Total other</b>	<b>2,371,671</b>	<b>7,604,405</b>
<b>Total other operating revenue</b>	<b>\$ 8,282,698</b>	<b>\$ 12,842,972</b>

## Broadlawns Medical Center

### Certain Operating Expenses Information Years Ended June 30, 2014 and 2013

	2014			
	Salaries and Wages	Physician Fees and Outside Services	Supplies and Other	Total
Nursing and medical services:				
Nursing Administration and Education	\$ 879,009	\$ -	\$ 86,917	\$ 965,926
Medical, Surgical	2,663,496	-	611,967	3,275,463
Mental Health Administration	744,821	-	7,176	751,997
Mental Health	2,079,793	-	452,836	2,532,629
Intensive Care	888,594	-	86,757	975,351
Family Birthing Center	879,374	-	120,457	999,831
Oncology	178,806	-	-	178,806
Operating rooms	1,234,052	-	1,302,277	2,536,329
Central services	280,033	-	3,018,005	3,298,038
Specialty Clinics	939,182	-	1,721,722	2,660,904
Care Coordination Center	-	-	-	-
Emergency	2,100,158	-	328,369	2,428,527
Family Health Center	556,588	-	136,205	692,793
Internal Medicine Clinic	171,977	-	21,673	193,650
Internal Medicine Continuity Clinic	-	-	831	831
Primary Care Clinic	609,609	-	51,732	661,341
Women's Health Clinic	162,632	-	70,736	233,368
Peds Clinic	79,086	-	11,389	90,475
Walk-in Clinic	501,491	-	33,405	534,896
Pain Clinic	66,505	-	2,702	69,207
Interventional Pain Clinic	79,057	-	-	79,057
Dental Clinic	600,410	23,465	315,091	938,966
Addiction Medicine	181,287	-	3,626	184,913
Mental Health, Clinical Services	1,988,651	-	211,545	2,200,196
Residential Facilities	31,655	-	4,280	35,935
PATH	-	-	98,793	98,793
Less interdepartment transactions	-	-	44,048	44,048
<b>Total nursing and medical services</b>	<b>17,896,266</b>	<b>23,465</b>	<b>8,654,443</b>	<b>26,574,174</b>
Physician Services:				
Anesthesiology	425,583	796,755	85,048	1,307,386
ENT	-	203,522	-	203,522
Family Practice	2,969,127	22,814	44,405	3,036,346
Internal Medicine	1,097,636	478,234	10,945	1,586,815
Neurology	300,867	-	25,853	326,720
Obstetrics & Gynecology	668,830	7,500	5,997	682,327
Oncology	488,528	-	2,377	490,905
Ophthalmology	299,059	-	5,110	304,169
Orthopedics	1,221,264	-	469,164	1,690,428
Pediatrics	355,891	3,800	4,618	364,309
Podiatry	957,581	-	18,584	976,165
Psychiatry	2,720,993	220,183	43,432	2,984,608
Surgery	757,164	331,977	6,464	1,095,605
Cardiology	-	90,973	-	90,973
Emergency Medicine	3,422,320	134,366	26,542	3,583,228
Medical Education	1,145,287	270,168	15,903	1,431,358
Other physician services	826,040	46,210	-	872,250
<b>Total physician services</b>	<b>\$ 17,656,170</b>	<b>\$ 2,606,502</b>	<b>\$ 764,442</b>	<b>\$ 21,027,114</b>

2013

	Salaries and Wages	Physician Fees and Outside Services	Supplies and Other	Total
\$	823,055	\$ -	\$ 109,626	\$ 932,681
	2,639,910	-	683,335	3,323,245
	660,211	-	8,412	668,623
	2,218,687	-	461,650	2,680,337
	867,082	-	93,745	960,827
	888,885	-	72,300	961,185
	-	-	-	-
	1,028,380	-	1,200,791	2,229,171
	248,688	-	1,880,877	2,129,565
	686,684	-	2,175,340	2,862,024
	165,777	-	6,387	172,164
	2,195,242	-	455,103	2,650,345
	547,186	-	142,331	689,517
	143,735	-	37,386	181,121
	(27)	-	1,539	1,512
	525,165	-	35,149	560,314
	155,278	-	79,525	234,803
	112,847	-	13,227	126,074
	519,829	-	44,367	564,196
	58,924	-	1,914	60,838
	-	-	-	-
	562,680	69,674	217,266	849,620
	174,545	-	5,612	180,157
	2,576,077	-	239,368	2,815,445
	19,612	-	9,143	28,755
	-	-	151,953	151,953
	-	-	35,847	35,847
	17,818,452	69,674	8,090,499	25,978,625
	-	1,428,000	65,717	1,493,717
	-	202,609	-	202,609
	2,519,144	29,939	442,362	2,991,445
	986,561	467,419	20,601	1,474,581
	259,859	-	7,831	267,690
	704,203	7,200	4,356	715,759
	-	-	97	97
	71,807	72,175	2,929	146,911
	94,548	-	1,442,911	1,537,459
	405,180	44,517	1,599	451,296
	920,836	-	19,274	940,110
	2,423,309	356,842	33,446	2,813,597
	831,832	332,917	3,876	1,168,625
	-	96,148	-	96,148
	3,440,376	-	18,404	3,458,780
	1,063,054	215,805	17,796	1,296,655
	397,727	22,570	-	420,297
\$	14,118,436	\$ 3,276,141	\$ 2,081,199	\$ 19,475,776

**Broadlawns Medical Center**

**Certain Operating Expenses Information  
Years Ended June 30, 2014 and 2013**

	2014			
	Salaries and Wages	Physician Fees and Outside Services	Supplies and Other	Total
<b>Other professional services:</b>				
Laboratory	\$ 1,262,771	\$ 296,987	\$ 2,237,229	\$ 3,796,987
Pharmacy	1,996,085	-	9,469,662	11,465,747
Radiology	1,351,330	2,077,174	1,708,943	5,137,447
Anesthesiology	165,733	-	82	165,815
Respiratory Therapy	629,917	-	152,953	782,870
Diagnostic services	139,350	-	27,143	166,493
Physical and Occupational Therapy	568,923	-	49,867	618,790
Medical Information Management	1,227,437	-	13,063	1,240,500
Social Services	210,257	-	1,508	211,765
Registration	1,412,589	-	118,860	1,531,449
Women, Infants and Children Program	833,613	-	231,130	1,064,743
Special services	-	-	8,692	8,692
Medical Education	1,742,749	176,018	470,145	2,388,912
Library	29,619	-	79,939	109,558
Medical Services	431,352	-	209,505	640,857
Managed Care	507,865	-	41,509	549,374
Interpreter Services	254,062	-	201,438	455,500
Speech and Hearing	9,425	-	56,503	65,928
Residential Facilities	277,132	-	19,140	296,272
PATH	602,945	-	-	602,945
<b>Total other professional services</b>	<b>13,653,154</b>	<b>2,550,179</b>	<b>15,097,311</b>	<b>31,300,644</b>
<b>General services:</b>				
Dietary	57,309	-	1,595,110	1,652,419
Plant Operations	1,092,929	-	2,358,452	3,451,381
Environmental Services	1,055,079	-	603,526	1,658,605
Laundry and Linen	59,007	-	256,483	315,490
Risk Management	137,865	-	197,618	335,483
Security	62,153	-	412,292	474,445
Residential Facilities	-	-	27,294	27,294
PATH	-	-	30,502	30,502
<b>Total general services</b>	<b>\$ 2,464,342</b>	<b>\$ -</b>	<b>\$ 5,481,277</b>	<b>\$ 7,945,619</b>

2013

	Salaries and Wages	Physician Fees and Outside Services	Supplies and Other	Total
\$	1,225,298	\$ 247,584	\$ 1,989,032	\$ 3,461,914
	1,997,390	-	9,115,716	11,113,106
	1,187,523	1,375,000	1,294,869	3,857,392
	25,157	-	-	25,157
	630,338	-	160,824	791,162
	80,471	-	19,968	100,439
	510,947	-	73,219	584,166
	1,272,528	-	46,325	1,318,853
	249,988	-	3,493	253,481
	1,378,257	-	140,569	1,518,826
	820,348	-	215,861	1,036,209
	-	-	(3,322)	(3,322)
	1,759,569	166,403	433,484	2,359,456
	44,223	-	71,039	115,262
	485,671	-	397,419	883,090
	259,273	-	22,921	282,194
	247,440	-	188,846	436,286
	8,644	-	58,381	67,025
	491,640	-	39,371	531,011
	584,496	-	-	584,496
	13,259,201	1,788,987	14,268,015	29,316,203
	-	-	2,259,851	2,259,851
	1,114,158	-	1,880,044	2,994,202
	1,016,551	-	560,940	1,577,491
	61,241	-	244,800	306,041
	132,337	-	71,578	203,915
	60,746	-	435,833	496,579
	-	-	56,244	56,244
	-	-	36,480	36,480
\$	2,385,033	\$ -	\$ 5,545,770	\$ 7,930,803

**Broadlawns Medical Center**

**Certain Operating Expenses Information  
Years Ended June 30, 2014 and 2013**

	2014			
	Salaries and Wages	Physician Fees and Outside Services	Supplies and Other	Total
Fiscal and administrative services and unassigned expenses:				
Fiscal and administrative services:				
Administration	\$ 1,782,091	\$ -	\$ 1,339,469	\$ 3,121,560
Accounting	588,082	-	134,067	722,149
Payroll	87,231	-	443	87,674
Information Technology	848,977	-	1,426,655	2,275,632
Patient Accounting	685,754	-	739,070	1,424,824
Patient Advocate	100,067	-	11,878	111,945
Telecommunication	207,069	-	239,178	446,247
Government and External Relations	252,186	-	82,003	334,189
Minor equipment	-	-	-	-
Print Shop	40,673	-	252,510	293,183
Purchasing, Receiving and Stores	182,039	-	52,173	234,212
Human Resources	259,356	-	142,363	401,719
Occupational health	24,880	-	25,906	50,786
Residential facilities	56,068	-	31,198	87,266
PATH	31,134	-	232,544	263,678
<b>Total fiscal and administrative services</b>	<b>5,145,607</b>	<b>-</b>	<b>4,709,457</b>	<b>9,855,064</b>
Unassigned expenses:				
Employee benefits:				
Iowa Public Employees				
Retirement System (IPERS)	-	-	4,531,825	4,531,825
FICA	-	-	3,659,366	3,659,366
Health insurance	-	-	8,441,550	8,441,550
Life insurance	-	-	426,278	426,278
Unemployment compensation	-	-	70,221	70,221
Workers' compensation	-	-	416,836	416,836
Other benefits	-	-	91,489	91,489
Insurance	-	-	2,419,649	2,419,649
Medical Center dues	-	-	179,428	179,428
Consulting fees	-	-	507,775	507,775
	-	-	20,744,417	20,744,417
Depreciation and amortization	\$ -	\$ -	\$ 4,065,042	\$ 4,065,042

2013

	Salaries and Wages	Physician Fees and Outside Services	Supplies and Other	Total
\$	741,345	\$ -	\$ 754,925	\$ 1,496,270
	769,408	-	169,174	938,582
	83,212	-	470	83,682
	834,415	-	1,365,602	2,200,017
	701,613	-	739,153	1,440,766
	97,243	-	3,260	100,503
	205,373	-	228,250	433,623
	426,160	-	520,985	947,145
	-	-	(82)	(82)
	41,753	-	253,074	294,827
	167,217	-	49,977	217,194
	256,812	-	120,882	377,694
	36,050	-	28,765	64,815
	99,944	-	68,860	168,804
	22,689	-	21,419	44,108
	4,483,234	-	4,324,714	8,807,948
	-	-	4,098,520	4,098,520
	-	-	3,393,098	3,393,098
	-	-	7,247,777	7,247,777
	-	-	362,785	362,785
	-	-	86,989	86,989
	-	-	403,944	403,944
	-	-	36,545	36,545
	-	-	1,769,396	1,769,396
	-	-	166,787	166,787
	-	-	292,795	292,795
	-	-	17,858,636	17,858,636
\$	-	\$ -	\$ 4,645,142	\$ 4,645,142

**Broadlawns Medical Center**

**Certain Operating Expenses Information  
Years Ended June 30, 2014 and 2013**

	2014			
	Salaries and Wages	Physician Fees and Outside Services	Supplies and Other	Total
Residential facilities:				
Employee benefits:				
IPERS	\$ -	\$ -	\$ 35,787	\$ 35,787
FICA	-	-	29,794	29,794
Health and life insurance	-	-	156,652	156,652
Insurance	-	-	5,220	5,220
Depreciation and amortization	-	-	5,487	5,487
Rent of building and equipment	-	-	11,484	11,484
<b>Total residential facilities</b>	-	-	<b>244,424</b>	<b>244,424</b>
PATH:				
Employee benefits:				
IPERS	-	-	47,013	47,013
FICA	-	-	41,130	41,130
Health and life insurance	-	-	141,158	141,158
Insurance	-	-	5,556	5,556
Depreciation and amortization	-	-	32,066	32,066
Rent of building and equipment	-	-	42,329	42,329
<b>Total PATH</b>	-	-	<b>309,252</b>	<b>309,252</b>
Less interdepartment transactions	-	-	24,172	24,172
	-	-	<b>285,080</b>	<b>285,080</b>
<b>Total fiscal and administrative services and unassigned expenses</b>	<b>5,145,607</b>	-	<b>30,048,420</b>	<b>35,194,027</b>
<b>Total operating expenses</b>	<b>\$ 56,815,539</b>	<b>\$ 5,180,146</b>	<b>\$ 60,045,893</b>	<b>\$ 122,041,578</b>

2013

2013			
Salaries and Wages	Physician Fees and Outside Services	Supplies and Other	Total
\$ -	\$ -	\$ 51,676	\$ 51,676
-	-	45,476	45,476
-	-	243,755	243,755
-	-	13,473	13,473
-	-	5,487	5,487
-	-	19,100	19,100
-	-	378,967	378,967
-	-	44,821	44,821
-	-	40,458	40,458
-	-	139,653	139,653
-	-	9,779	9,779
-	-	20,606	20,606
-	-	40,689	40,689
-	-	296,006	296,006
-	-	31,778	31,778
-	-	264,228	264,228
4,483,234	-	27,471,687	31,954,921
\$ 52,064,356	\$ 5,134,802	\$ 57,457,170	\$ 114,656,328

## Broadlawns Medical Center

### Combining Statements of Revenue, Expenses and Changes in Net Position, by Function Year Ended June 30, 2014

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
Operating revenue:					
Net patient service revenue	\$ 74,813,072	\$ 605,963	\$ 1,201,940	\$ 44,048 (1)	\$ 76,576,927
Contracts	3,973,038	-	-	-	3,973,038
Operating grants	1,937,989	-	-	-	1,937,989
Other	2,395,843	-	-	24,172 (1)	2,371,671
<b>Total operating revenue</b>	<b>83,119,942</b>	<b>605,963</b>	<b>1,201,940</b>	<b>68,220</b>	<b>84,859,625</b>
Operating expenses:					
Nursing and medical services	26,483,494	35,935	98,793	44,048 (1)	26,574,174
Physician services	21,027,114	-	-	-	21,027,114
Other professional service	30,401,427	296,272	602,945	-	31,300,644
General services	7,887,823	27,294	30,502	-	7,945,619
Fiscal and administrative service and unassigned expenses	30,248,537	326,203	540,864	24,172 (1)	31,091,432
Depreciation and amortization	4,065,042	5,487	32,066	-	4,102,595
<b>Total operating expenses</b>	<b>120,113,437</b>	<b>691,191</b>	<b>1,305,170</b>	<b>68,220</b>	<b>122,041,578</b>
<b>Operating income (loss)</b>	<b>(36,993,495)</b>	<b>(85,228)</b>	<b>(103,230)</b>	<b>-</b>	<b>(37,181,953)</b>
Nonoperating revenue (expense):					
Property taxes	56,437,151	-	-	-	56,437,151
Noncapital grants and contributions	91,528	-	-	-	91,528
Investment earnings	38,940	1	103	-	39,044
Interest expense	(1,766,705)	-	-	-	(1,766,705)
Other, net	85,064	-	3,100	-	88,164
<b>Total nonoperating revenue (expense), net</b>	<b>54,885,978</b>	<b>1</b>	<b>3,203</b>	<b>-</b>	<b>54,889,182</b>
Capital contribution	75,337	-	-	-	75,337
<b>Change in net position</b>	<b>17,967,820</b>	<b>(85,227)</b>	<b>(100,027)</b>	<b>-</b>	<b>17,782,566</b>
Net position:					
Beginning	72,492,543	(1,318,631)	321,875	-	71,495,787
Ending	\$ 90,460,363	\$ (1,403,858)	\$ 221,848	\$ -	\$ 89,278,353

(1) To eliminate interdepartment transactions.

## Broadlawns Medical Center

### Combining Statements of Revenue, Expenses and Changes in Net Position, by Function Year Ended June 30, 2013

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
Operating revenue:					
Net patient service revenue	\$ 56,797,550	\$ 1,016,080	\$ 1,209,980	\$ 35,847 (1)	\$ 58,987,763
Contracts	3,179,424	-	-	-	3,179,424
Operating grants	2,059,143	-	-	-	2,059,143
Other	7,636,183	-	-	31,778 (1)	7,604,405
<b>Total operating revenue</b>	<b>69,672,300</b>	<b>1,016,080</b>	<b>1,209,980</b>	<b>67,625</b>	<b>71,830,735</b>
Operating expenses:					
Nursing and medical services	25,833,764	28,755	151,953	35,847 (1)	25,978,625
Physician services	19,475,776	-	-	-	19,475,776
Other professional service	28,200,696	531,011	584,496	-	29,316,203
General services	7,838,079	56,244	36,480	-	7,930,803
Fiscal and administrative service and unassigned expenses	26,453,672	542,284	319,508	31,778 (1)	27,283,686
Depreciation and amortization	4,645,142	5,487	20,606	-	4,671,235
<b>Total operating expenses</b>	<b>112,447,129</b>	<b>1,163,781</b>	<b>1,113,043</b>	<b>67,625</b>	<b>114,656,328</b>
<b>Operating income (loss)</b>	<b>(42,774,829)</b>	<b>(147,701)</b>	<b>96,937</b>	<b>-</b>	<b>(42,825,593)</b>
Nonoperating revenue (expense):					
Property taxes	54,593,444	-	-	-	54,593,444
Noncapital grants and contributions	34,087	-	-	-	34,087
Investment earnings	29,282	2	144	-	29,428
Interest expense	(1,816,372)	-	-	-	(1,816,372)
Other, net	(10,587)	9,000	9,786	-	8,199
<b>Total nonoperating revenue (expense), net</b>	<b>52,829,854</b>	<b>9,002</b>	<b>9,930</b>	<b>-</b>	<b>52,848,786</b>
Capital contribution	35,774	-	-	-	35,774
<b>Change in net position</b>	<b>10,090,799</b>	<b>(138,699)</b>	<b>106,867</b>	<b>-</b>	<b>10,058,967</b>
Net position:					
Beginning	62,401,744	(1,179,932)	215,008	-	61,436,820
Ending	\$ 72,492,543	\$ (1,318,631)	\$ 321,875	\$ -	\$ 71,495,787

(1) To eliminate interdepartment transactions.

**Broadlawns Medical Center**

**Patient and Medical Center Statistical Data  
Years Ended June 30, 2014 and 2013  
(Unaudited)**

	2014	2013
Patient days:		
Medical, Surgical	6,922	6,149
Obstetrics	640	717
Intensive Care	1,080	1,154
Mental Health	10,746	9,473
Transitional Mental Health	1,714	123
Nursery	570	583
<b>Total patient days</b>	<b>21,672</b>	<b>18,199</b>
Admissions	3,295	3,148
Discharges	3,284	3,137
Average length of stay (days):		
Acute	4.0	3.6
Mental Health	9.5	8.6
Outpatient visits:		
Emergency	28,439	35,191
Walk-in Clinic	27,261	30,553
Specialty Clinics	19,293	12,311
Pediatric Clinic	4,373	5,032
Internal Medicine Clinic	7,017	7,524
Pain Clinic	3,803	3,808
Ortho Clinic	6,299	4,626
Surgery Clinic	1,501	1,798
Primary Care Clinic	19,029	19,241
Podiatry Clinic	7,907	8,277
Women's Health Clinic	6,760	7,532
Family Health Center	18,801	21,611
Mental Health	43,916	40,430
Dental Clinic	8,021	9,063
Addiction Medicine	4,964	7,275
	<b>207,384</b>	<b>214,272</b>

**Broadlawns Medical Center**

**Organization Data  
Year Ended June 30, 2014**

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	Expiration of Term
Board of Trustees:	
Ms. Janet Metcalf, Chair	December 31, 2016
Ms. Jean Logan, RN PhD, Vice Chair	December 31, 2016
Ms. Mary Krieg, RNC, PhD, Secretary	December 31, 2016
Ms. Mary Fuller, Treasurer	December 31, 2018
Members:	
Ms. Cynthia Gray	December 31, 2014
Mr. Bob O'Brien	December 31, 2014
Mr. Dave Harkness	December 31, 2018
President and Chief Executive Officer, Mr. Jody Jenner	
Chief Financial Officer, Mr. Karl Vilums	

**Broadlawns Medical Center**

**Schedule of Revenue, Expenses and Balances - Completed Contracts  
Year Ended June 30, 2014**

	Special Supplemental Nutrition Program for Women, Infants, and Children #5880A031
<hr/>	
Revenue:	
Managed care	\$ -
Other federal	1,635,397
County government	-
<b>Total revenue</b>	<u>1,635,397</u>
Expenses:	
Salaries	757,670
Personnel benefits	272,761
Travel	507
Staff training	2,347
Space costs:	
Cash	135,202
In-kind	-
Supplies	69,903
Telephone	2,375
Other expenses	-
<b>Total allowable expenses</b>	<u>1,240,765</u>
Distribution of management and general	<u>274,767</u>
<b>Total expenses</b>	<u><u>\$ 1,515,532</u></u>
	<u><u>\$ 119,865</u></u>

Non-IDPH PCHS Chem Dep	Magellan MBC Iowa Plan OP Chem Dep SVCS DPH Funded Clients Non-Medicaid	Management and General	Total
\$ -	\$ 256,463	\$ -	\$ 256,463
-	22,476	-	1,657,873
317,322	-	-	317,322
317,322	278,939	-	2,231,658
60,356	60,356	136,517	1,014,899
15,089	15,089	42,483	345,422
-	-	-	507
392	392	196	3,327
-	-	13,552	148,754
17,399	17,399	-	34,798
1,059	1,059	7,536	79,557
-	-	238	2,613
-	-	206,958	206,958
94,295	94,295	407,480	1,836,835
66,357	66,356	(407,480)	-
160,652	160,651	-	1,836,835
\$ 156,670	\$ 118,288	\$ -	\$ 394,823

