

**CITY OF SAINT PETER, MINNESOTA
AGENDA AND NOTICE OF MEETING**

Regular Workshop Session of Monday, July 6, 2015
Library Meeting Room – 5:30 p.m.
601 South Washington Avenue

- I. **CALL TO ORDER**

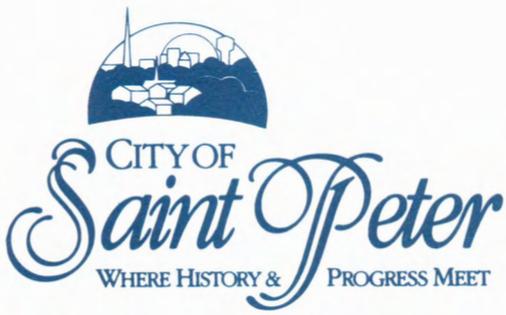
- II. **DISCUSSION**
 - A. Building Department Presentation
 - B. Hospital Audit Presentation
 - C. City/School Subdivision Development
 - D. Others

- III. **ADJOURNMENT**

Office of the City Administrator
Todd Prafke

TP/bal

**CITY ADMINISTRATOR
FILE COPY**



Memorandum

TO: Honorable Mayor Strand
Members of the City Council

DATE: 6/30/15

FROM: Todd Prafke
City Administrator

RE: Department Presentation: Building

ACTION/RECOMMENDATION

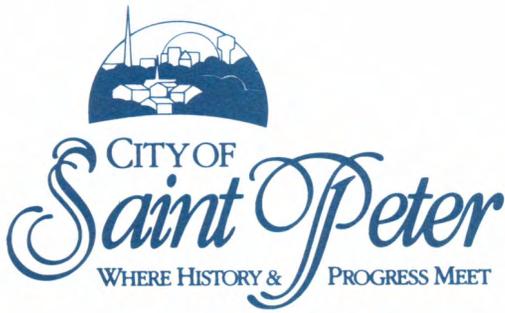
None needed. For your information only.

BACKGROUND

As has been our past practice, time has been set aside on this workshop agenda for a presentation on one of the City's Departments. Director of Building Dean Busse will be at the workshop on Monday evening to provide information on activities in his Department.

Please feel free to contact me if you have any questions or concerns on this agenda item.

TP/bal



Memorandum

TO: Honorable Mayor Strand
Members of the City Council

DATE: 7/1/15

FROM: Todd Prafke
City Administrator

RE: Hospital Audit Presentation

ACTION/RECOMMENDATION

None needed. For your information only.

BACKGROUND

Monday's workshop agenda includes a presentation of the 2014 audit results for River's Edge Hospital and Clinic. CEO George Rohrich will present the audit findings.

In addition, Mr. Rohrich will introduce the new Hospital CFO Gregg Chartrand.

Please feel free to contact me if you have any questions or concerns on this agenda item.

TP/bal



River's Edge Hospital and Clinic



Contents

- Required Auditor's Communication
- Internal Control Matters
- Financial and Operational Analysis
 - Balance Sheet Performance Ratios
 - Financial Performance Ratios
 - Operating Activities
 - Market Share

Required Auditor's Communication

1. Auditor's responsibility under generally accepted auditing standards
 - Responsibility for financial statements – management
 - Audit consists of tests, not complete verification – we obtain reasonable, not absolute, assurance about whether the financial statements are free of material misstatements
 - Engaged to perform audit in accordance with auditing standards generally accepted in the United States of America
2. Significant accounting policies
 1. Described in notes to financial statements
 2. No changes in existing accounting policies

Required Auditor's Communication

3. Management judgments and accounting estimates and qualitative aspects of accounting practices
 - Estimated third-party payor settlements
 - Allowance for doubtful accounts and contractual adjustments
 - Depreciation expense
4. Corrected and uncorrected misstatements
 - Corrected
 - To increase the estimated Medicare liability - \$141,000
 - Uncorrected
 - To increase MN Care tax liability - \$45,600

Required Auditor's Communication

5. Difficulties encountered in performing the audit
 - No difficulties in dealing with management
6. Disagreements with management
 - None
7. Management consultations with other independent accountants
 - None noted
8. Other matters discussed prior to retention
 - None
9. Supplementary information accompanies the financial statements

Internal Control Matters

Current Year Internal Control Matters

Significant Deficiency

1. Preparation of financial statements
2. Limited size of office staff

Health Care Environmental Trends

Market trends affecting your industry both nationally and locally are key to understanding the impact to your future strategy:

Rising Costs; Reduced Reimbursement	• Although the medical care consumer price index continues to increase, reimbursement rates and physician services fees have not been able to keep pace.
Health Care Reform	• New requirements for reporting and maintaining quality standards, in addition to changes in reimbursement will challenge internal operational efficiencies.
Physician Recruitment & Retention	• A reduction in the supply of primary care physicians at a national level is creating an increasing challenge to attract and retain physicians.
Health Information Technology	• Health information technology requirements passed by ARRA will begin to penalize CAH facilities in 2015 for non-compliance. Significant investment in resources and time will be required to meet compliance.

Balance Sheet Performance Ratios

Balance Sheets

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,942,074	\$ 5,481,046
Cash and cash equivalents - Foundation	33,723	36,718
Receivables		
Payees, net of estimated uncollectibles of approximately \$407,000 in 2014 and \$388,000 in 2013 and contractual adjustments of approximately \$1,770,000 in 2014 and \$816,000 in 2013	4,519,128	1,948,820
Other	7,488	14,942
Supplies	374,643	275,229
Prepaid expenses	201,544	142,633
Total current assets	9,082,614	7,899,420
Noncurrent Cash and Investments		
Designated by Commission	3,669,379	5,198,398
Capital Assets		
Capital assets not being depreciated	30,527	1,413,781
Depreciable capital assets, net of accumulated depreciation	9,504,090	8,015,212
Total capital assets	9,534,617	9,428,993
Other Assets		
Long-term prepaid investments in joint venture	82,906	87,176
	903,676	652,527
Total other assets	986,582	740,703
Total assets	\$ 22,869,592	\$ 23,072,824

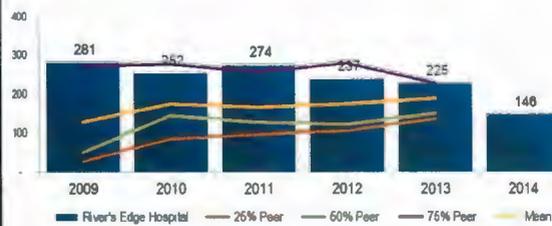
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Balance Sheets

	2014	2013
Liabilities and Net Position		
Current Liabilities		
Current maturities of long-term debt	\$ 661,739	\$ 300,000
Accounts payable	1,153,307	728,053
Trade	546,000	19,413
Estimated third-party payor settlements		
Accrued expenses	1,149,304	1,022,672
Salaries, wages, and benefits	150,798	152,558
Interest		
Total current liabilities	3,660,948	2,422,498
Long-Term Debt, Less Current Maturities		
Total liabilities	12,376,958	12,360,000
	16,037,906	14,782,498
Net Position		
Net investment in capital assets	(3,504,080)	(3,431,007)
Unrestricted	10,335,766	11,172,333
Total net position	6,831,686	8,299,326
Total liabilities and net position	\$ 22,869,592	\$ 23,072,824

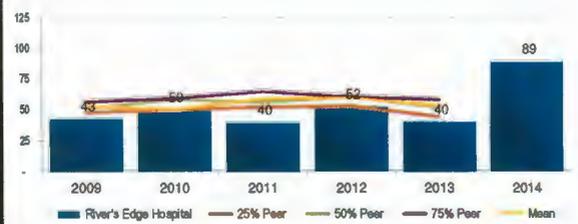
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Days Cash On Hand



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Days Revenue In Patient Receivables



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Current Ratio



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Financial Performance Ratios

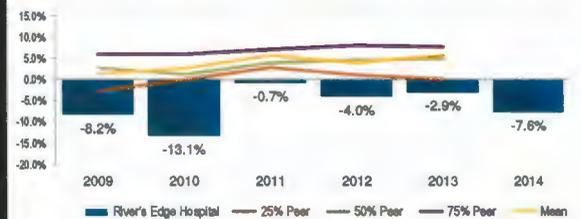
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Statements of Revenues, Expenses, and Changes in Net Position

	2014	2013
Operating Revenues		
Net patient service revenues (net of provision for bad debts of \$552,561 in 2014 and \$350,072 in 2013)	\$ 18,616,713	\$ 17,742,848
Other revenues	265,281	271,180
Total operating revenues	18,881,994	18,014,028
Operating Expenses		
Nursing services	1,847,942	1,295,442
Other professional services	10,155,089	9,639,752
General and administrative services	5,949,107	5,257,808
Property and household services	678,279	646,295
Depreciation	1,284,572	1,285,060
Total operating expenses	19,914,889	18,126,357
Operating Loss	(1,032,895)	(112,329)
Nonoperating Revenues (Expenses)		
Interest expense	(456,010)	(664,033)
Investment income	28,561	31,957
Noncapital contributions and grants	923	14,711
Other	881	161
Nonoperating expenses, net	(427,645)	(417,204)
Expense in Excess of Revenues and Change in Net Position	(1,458,640)	(529,533)
Net Position, Beginning of Year	8,290,326	8,819,859
Net Position, End of Year	\$ 6,831,686	\$ 8,290,326

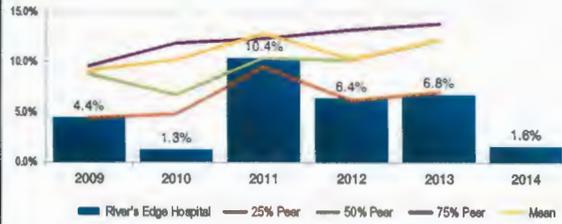
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Net Margin Percentage



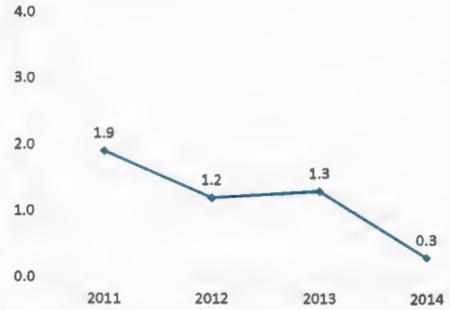
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EBIDA Percentage



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River's Edge Hospital and Clinic Debt Service Coverage Ratio

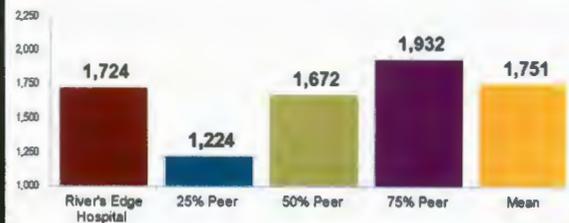


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Operating Activities

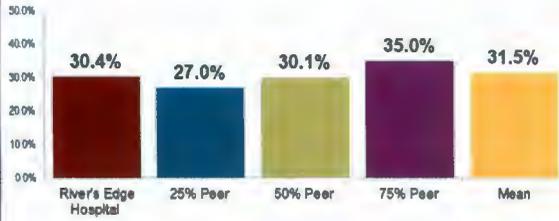
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Total Patient Days (Adult & Swing)

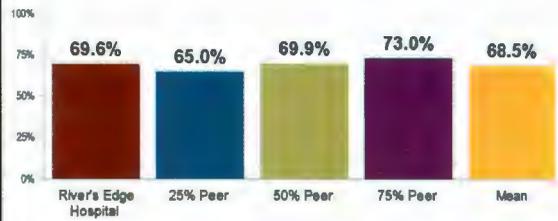


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Inpatient Revenue to Total Revenue Percentage



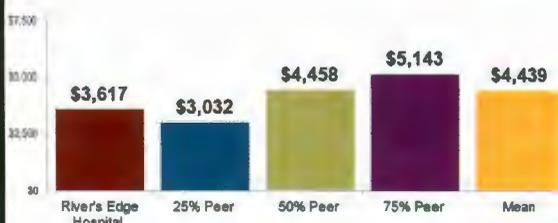
Outpatient Revenue to Total Revenue Percentage



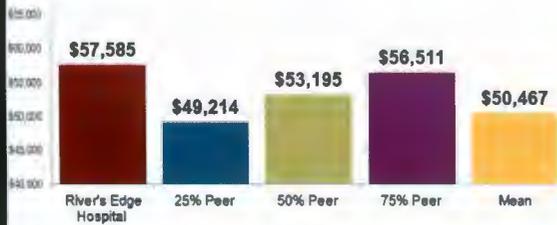
Charges per Adjusted Patient Day



Total Expenses Per Adjusted Patient Day

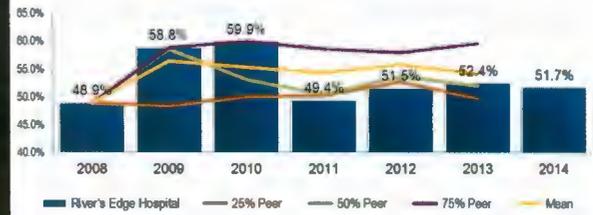


Salaries Per FTE



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Personnel Expense as a Percent of Total Operating Revenue

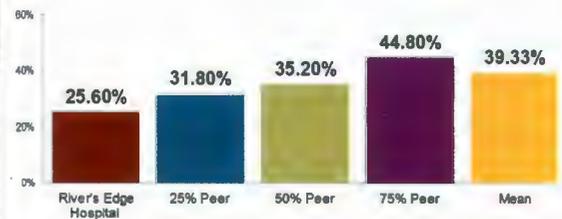


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Market Share

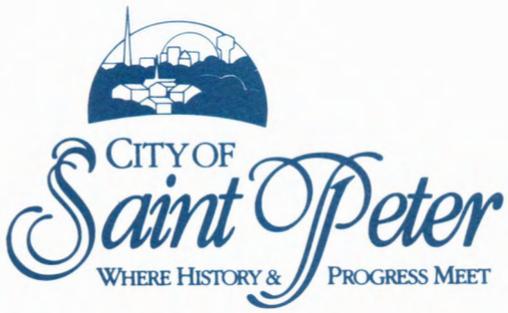
Primary Zip Code Market Share

Below displays the zip code in River's Edge and the peer group's service area with the largest number of discharges.



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Memorandum

TO: Honorable Mayor Strand
Members of the City Council

DATE: 7/2/2015

FROM: Todd Prafke
City Administrator

RE: Housing Subdivision

ACTION/RECOMMENDATION

None needed. For your information and discussion.

BACKGROUND

It is my hope to have updated information related to a housing subdivision at your workshop. As you may know, we have had about 2.5 days to get things together so the information in your packet is limited. I do hope to have additional information for you on Monday evening.

The goals for our discussion will be:

- Review of the updated design
- Discussion of financing issues including use of Tax Increment Financing
- Review of the affordability data that was initially reviewed at your goal session
- Discussion of Market
- Discussion on ideas to benefit other segments of the market place

If we are unable to get the data all together, I may ask to have this item removed from the agenda and moved to the next workshop. I have included what we have assembled so far and look forward to our discussion.

Please feel free to contact me if you have any questions or concerns about this agenda item.

TP/bal

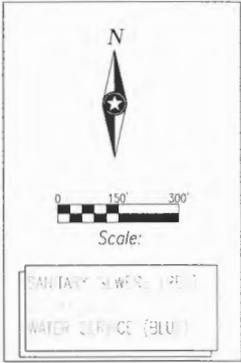
SITE DATA

83.3 = TOTAL SITE ACRES
 26.0 = SCHOOL ACRES
 57.3 = NET ACRES FOR HOME UNITS

201 = TOTAL HOME UNITS
 76 = WITH-ALLEY HOMES (APX 55' x 125') (37.8%)
 97 = NO-ALLEY HOMES (APX 65' x 125') (48.3%)
 28 = TOWNHOMES (13.9%)

3.51 = HOME UNITS PER ACRE (201/57.3)

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- PHASE 1
- PHASE 2
- PHASE 3
- PHASE 4
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PROJECT

SAINT PETER SCHOOL PROPERTY

SAINT PETER MINNESOTA

REVISION SCHEDULE	
NO	DESCRIPTION

PROJECT NO	
FILE NAME	1602 CONC15A
DRAWN BY	JAGCWT
DESIGNED BY	CWT
REVIEWED BY	
ISSUE DATE	04/17/15
CLIENT PROJECT NO	

TITLE

**CONCEPT 19
 A**

SHEET

