



**SONOMA VALLEY HEALTH CARE DISTRICT
FINANCE COMMITTEE
REGULAR MEETING AGENDA
Tuesday, January 22, 2013
5:00 p.m.**

**Location: Schantz Conference Room
Sonoma Valley Hospital – 347 Andrieux Street, Sonoma CA 95476**

AGENDA ITEM	RECOMMENDATION	
MISSION STATEMENT <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
1. CALL TO ORDER/ANNOUNCEMENTS	Fogg	Inform/Action
2. PUBLIC COMMENT SECTION <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration.</i>		
3. CONSENT CALENDAR: A. Prior Meeting Minutes – January 2, 2013	Fogg	Action
4. BUILDING PROJECT FINANCING PLAN	Reid	Inform/Action
5. UPDATES	Reid	Inform
6. DECEMBER 2012 FINANCIALS	Reid	Inform
7. PROJECTED CASH FLOWS	Reid	Inform
8. QUARTERLY CAPITAL SPENDING SUMMARY	Reid	Inform
9. SECOND QUARTER VOLUME SUMMARY	Reid	Inform
10. CONFIDENTIALITY STATEMENT	Fogg	Inform
11. ADJOURN TO FEBRUARY 26, 2013	Fogg	

3.A.

PRIOR MINUTES

01.02.13



**SONOMA VALLEY HEALTH CARE DISTRICT
FINANCE COMMITTEE
MEETING MINUTES
Wednesday, January 2, 2013
Schantz Conference Room**

Committee Members Present	Committee Members Absent	Administrative Staff Present
Dick Fogg, Chair Bill Boerum Steve Barclay Sharon Nevins Shari Glago Peter Hohorst Mary Smith Richard Conley Phil Woodward Dr. Subhash Mishra Jane Hirsch		Rick Reid, CFO Jeannette Tarver, Director of Finance Michelle Donaldson, Director of Surgical Services

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
MISSION AND VISION STATEMENTS	<p><i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p> <p><i>The vision of the SVHCD is that: SVH will be a nationally recognized, compassionate place of healing and known for excellence in clinical quality. We serve as the guide and indispensable link for our community's health care journey.</i></p>		
1. CALL TO ORDER	<p>5:02 p.m.</p> <p>Mr. Boerum reported that Ms. Nevins became Board Treasurer so she becomes a permanent member of the Finance Committee. Of the two Board members on the Committee, one is ex officio (Ms. Nevins), and as long as the Board ratified it, he recommended Mr. Hohorst as the second Board member on the Committee. Also Ms. Hirsch is an ex officio member. This was Mr. Boerum's last meeting. He thanked everyone for serving on the Committee and welcomed new members.</p> <p>Mr. Fogg mentioned the Committee owed the Board an annual performance review which was not on the agenda. After discussion, everyone felt doing it at the end of the fiscal year was a good idea. The Committee had a consensus to forward this on to the Board.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	Membership of the Audit Committee was also discussed.		
<p>2. PUBLIC COMMENT <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration. At all times please use the microphone.</i></p>	There was no public comment.		
<p>3. CONSENT CALENDAR: A. Prior Meeting Minutes – December 4, 2012</p>	Ms. Glago asked if the minutes held an action item for Projected Cash Flows. Mr. Reid said that was not an action item.	MOTION: by Boerum, seconded by Smith, and carried. All in favor; none opposed.	
<p>4. BUILDING PROJECT CASH FLOWS</p>	<i>Rick Reid, CFO</i>		
	Mr. Reid said there was no action due for the January Board meeting. He reviewed several handouts regarding funding for the project. Funding sources and uses included donations from the capital campaign. Mr. Reid was investigating a five-year lease on equipment need for the new wing at 3% through one equipment lease vendor. Projected cash flows and a financing plan were discussed. No loans would be made until fiscal year 2014. Management was proposing using the previously approved CEC loan, as well as a capital lease of \$2.2 million. Amortization schedules for the CEC loan and equipment lease were discussed. Ms. Glago asked where the Hospital would have the operational income to pay for the new debt. Mr. Reid planned to bring a narrative of assumptions and projected cash flow for next three years to the next meeting. He also indicated he would be requesting action on this item at the January 22 nd meeting.		Clerk to schedule a meeting for new Committee members to hear additional background and information on the capital campaign.
<p>5. UPDATES</p>	<i>Rick Reid, CFO</i>		
	<ul style="list-style-type: none"> • Mr. Reid said that the Hospital more for employee insurance coverage under United Health Care than was paid out in claims; the remainder would come back to the Hospital. With new employee insurance company Western Health Advantage, the Hospital was saving \$100,000/month. • An outside collection agency was reviewing old claims and items automatically 		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>sent to collection after a certain number of days. They would also be reviewing resolved accounts up to a year old.</p> <ul style="list-style-type: none"> • A new contractual process was in the process of being implemented by April 1 with dual systems running through the end of the fiscal year. The Hospital would then be able to connect with both Marin General and Palm Drive and should also be able to generate accurate bad debt figures. • IT department work flow processes were being reconfigured through the IT Steering Committee for prioritization. The Hospital would be entering Phase 2 of the EHR in July with Marin General and Palm Drive. • Cash exceeded goal in December by \$119,000 and was \$300,000 short for the year to date. • A contingency company was looking at revenue and reducing expenses, guaranteeing a 7 to 1 return, and would only be paid after actual savings were realized. • The 2014 budget process was coming up quickly, and a budget timeline would be prepared shortly. • Mr. Fogg also asked about a timeline of items going to the Board for approval. Mr. Reid said a draft had been started. 		
6. NOVEMBER 2012 FINANCIALS	<i>Rick Reid, CFO</i>		
	<p>Mr. Reid discussed the November 2012 financials. Lower inpatient volumes were typical across the industry right now. Ms. Glago asked if the loss was directly picked up as outpatient volume, or if there was a gap, and what the gap was attributed to. Mr. Reid said the Hospital just received State data from OSHPD for 2011 in September 2012, so this year's data will not be received until September 2013. Ms. Glago asked if he would report on this at a future meeting. Supplies were \$119,000 over budget in November, primarily in surgery due to orthopedic revisions (replacing an existing implant). Management was reviewing whether to stay in the revision business because the cost was significantly higher than new work. Surgeries took much longer, complications were higher, and the cost could be much higher. Outcomes could not be predicted well prior to surgery. Total expenses were still under budget by \$106,000.</p> <p>Payer mix was added to the financial narrative. Variance would be added shortly.</p> <p>Mr. Reid said the clinical lab loss was primarily due to the Community Health Center not using Hospital lab services. Mr. Fogg asked for a review of several items here next time, such as Imaging and Occupational Health.</p>		
7. PROJECTED CASH FLOWS	<i>Rick Reid, CFO</i>		
	<p>Mr. Reid briefly discussed the cash flow projection. When cash is low, the accounts</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	payable process is slowed. The EHR Medicare reimbursement was received in December and those funds were used to pay vendors.		
8. ADJOURN	6:50 p.m.		

Richard Fogg, Chairman

DRAFT

4.

BUILDING PROJECT FINANCING PLAN

January 22, 2013

To: SVH Finance Committee

From: Rick Reid, CFO

Re: Building Project Supplemental Financing Plan

Management's Proposal

Management recommends to the finance committee and to the District Board that the building project be completed and that the following financing components be adopted to finance the timing differences in the receipt of the pledged capital contributions and to execute the following to fill the remaining funding shortfalls:

- Utilize the Board Approved California Energy Commission Loan of \$1,065,000 for 15 years at 3%.
- Obtaining a 5 year Capital Lease for the movable equipment and furniture at approximately 3%.
- Utilize the Line of Credit (LOC) or a Loan using the Pledges as Collateral, to cover the timing differences of the receipts of the contributions. (Management anticipates the final approval from Union Bank for the LOC by the end of January 2013.)

The plan will impact the operational costs starting in fiscal year 2014 for interest and principle payments on the CEC loan and the capital lease. The proposal is not anticipated to have a material impact on the 2013 financial results. Only LOC interest expense will hit the operational budget for the LOC draws. All principle payments will be made out of the donations received in the month received. The interest calculations reflect a full period of expense. This allows for the projections to be conservatively stated accounting for any adverse timing of the donations. The amortization schedule is a straight line estimate schedule. This is also meant to be conservative. The actual payment schedule should not be materially different from the stated amounts in this proposal.

The following is a summary of the principle and interest payments for the next 3 fiscal years. This includes the principle and interest for the CEC loan and the Capital lease and the interest only for the LOC. The principle payments do not include the LOC principle payments; those will be paid from the donations as they are received.

Summary of 3 year Impact of Financing Plan				
	1	2	3	4
	Fiscal Year	Interest	Principle	Total
1	2014	\$ 180,909	\$ 511,000	\$ 691,909
2	2015	\$ 108,405	\$ 511,000	\$ 619,405
3	2016	\$ 70,056	\$ 511,000	\$ 581,056

Sonoma Valley Hospital
 Building Project Supplemental Funding Proposal

For Details on the above amounts, please see the attached Operational Impact of Financing Plan Document.

Management is recommending to the finance committee that they recommend to the District Board the following financing plan. 1) The CFO be authorized to negotiate and enter into a 5 year capital lease for approximately \$2.2 million at a rate estimated to be at or around 3%. At least 5 vendors will be included in this process. 2) Timing differences between the required payment of project costs be funded using the Union Bank LOC and that once the monies are received from the donors, those amounts will be paid to Union Bank to reduce the LOC outstanding balance. This plan will incur additional interest costs for the next 5 years ranging from approximately \$148,959 (Equipment lease \$66,000 plus LOC of \$82,959 See Operation Impact on Financing plan attached) in 2014 to \$26,000 in 2017. (The annual interest costs of the CEC loan are not included in this because the CEC loan was already approved by the District Board.) The annual principle payments are approximately \$511,000 per year.

Sources and Uses of Project Funds

The following is the sources and uses statement for the building project.

Sources of Fundings		11/30/2012
1	GO Bond	\$ 31,000,000
2	Interest Earned on Bond Money	\$ 500,000
3	Donations Received	\$ 2,064,354
4	Pledges to be collected	\$ 2,980,022
5	Matching Gift	\$ 2,000,000
6	Gifts to be Match	\$ 2,000,000
7	Equipment Lease	\$ 2,200,000
8	CEC Loan	\$ 1,065,000
9	Total Project Funding	\$ 43,809,376
Uses of Funds		
1	Board Approved Budget	\$ 41,239,376
2	Adjustment due to OSHPD Approvals Delays	\$ 1,370,000
3	2nd Floor Projects	\$ 1,200,000
4	Total Project Costs	\$ 43,809,376

The project is estimated to be completed in November 2013. The project has approximately \$7 million dollars of pledges and anticipated future donations that will be received over the next 4 years. The chart below is the cash balance by month through the construction period and includes the anticipated receipt of the donations, receipt of the CEC loan, capital leases and the monthly project payments. The

Board approved CC loan is expected to be received in November 2013. This will be a repayment to the Hospital for the items covered under the loan. The capital leases are expected to be paid out over a 4 month period from July 2013 through October 2013. The difference in the remaining balance and the construction payments is proposed to be covered with the use of the Union Bank LOC.

The projected cash flows for the building project are attached to this report. Please see the attachment titled Building Project – Projected Cash Flow and Financing Plan.

Union Bank Line of Credit or a Loan against the Donation Pledges

Management anticipates the final approval of the Union Bank LOC by the end of January 2013. The total amount of the LOC will be \$5 million. One of the requirements of Union Bank is that the LOC will be used to replace the GE operational loan, as previously presented to Finance Committee and the District Board, due to the fact that the current GE loan is secured by the District’s Accounts Receivable and Assets. The balance of the GE loan is approximately \$800,000. The Union Bank LOC will be secured by the District’s Accounts Receivable. The LOC is not anticipated to be used during FY 2013 and therefore will have no impact on the 2013 operational financial performance.

The alternative to using the LOC is to take out a loan against the pledges. Management will work with financing companies and bring back to the Finance Committee and the District Board what the solution will be. Management has not made any formal request at this time.

The following is the listing of anticipated draws and repayments all will be used to cover the timing differences between the receipt of the pledged donations and the projected payments.

Period	Draws/ (Payments)	LOC Balance	Interest Expense
7/31/2013	\$ 61,767	\$ 61,767	\$ 206
8/31/2013	\$ 1,406,456	\$ 1,468,223	\$ 4,894
9/30/2013	\$ 1,083,824	\$ 2,552,047	\$ 8,507
10/31/2013	\$ 462,431	\$ 3,014,478	\$ 10,048
11/30/2013	\$ 272,049	\$ 3,286,527	\$ 10,955
Remainder of FY 2014	\$ (1,345,388)	\$ 1,941,139	\$ 45,293
FY 2015	\$ (1,335,389)	\$ 605,750	\$ 24,230
FY 2016	\$ (575,492)	\$ 30,258	\$ 1,210
FY 2017	\$ (30,258)	\$ 0	\$ 0

5 Year Capital Leases

Management is currently getting proposals for at least 5 financing companies. Based upon the discussions to date, the anticipated interest rate is not expected to exceed 3%. Equipment and furniture

Sonoma Valley Hospital
 Building Project Supplemental Funding Proposal

will be leased as a capital lease. The lease will include a \$1 bargain purchase option that will be payable at the end of the lease term.

The following is an amortization schedule of the repayments:

Fiscal Year	Beginning Lease Balance	Principle Payment	Interest Expense	Total Annual Payment	Ending Balance
2014	\$ 2,200,000	\$ 440,000	\$ 66,000	\$ 506,000	\$ 1,760,000
2015	\$ 1,760,000	\$ 440,000	\$ 52,800	\$ 492,800	\$ 1,320,000
2016	\$ 1,320,000	\$ 440,000	\$ 39,600	\$ 479,600	\$ 880,000
2017	\$ 880,000	\$ 440,000	\$ 26,400	\$ 466,400	\$ 440,000
2018	\$ 440,000	\$ 440,000	\$ 13,200	\$ 453,200	\$ 0

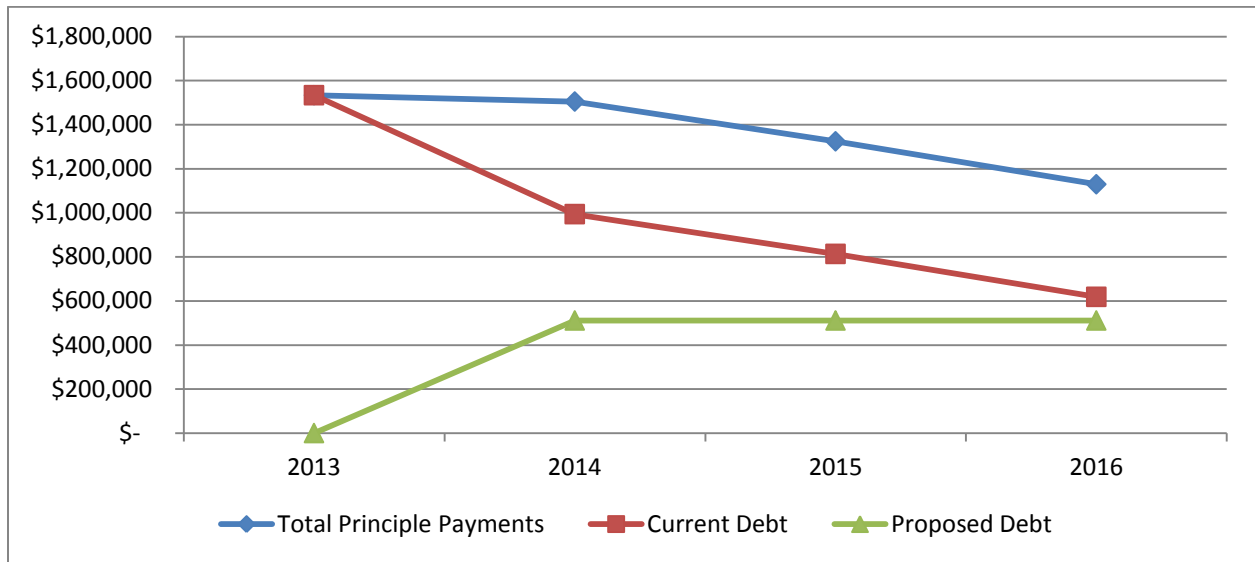
Cash Flow for New Debt Principle Payments

Over the period of 2014 – 2016, a current non-GO bond debt will be paid down from \$1,533,382 to \$618,261. The required payments for the new debt will be made from the amounts currently being paid on the existing debt. The principle payments for the GO bond are not included in this schedule because the funding source is not the operations of the hospital but the GO bond tax revenue. Also the principle payments for the line of credit or other donation financing will be made from future donations and not from hospital operations. The following table and graph show the current principle payments and the proposed principle payments:

Non GP Bond Principle Payments

	2013	2014	2015	2016
	\$	\$	\$	\$
Current Debt	1,533,382	993,657	813,095	618,261
	\$	\$	\$	\$
Proposed Debt	\$ -	511,000	511,000	511,000
	\$	\$	\$	\$
Total Principle Payments	1,533,382	1,504,657	1,324,095	1,129,261

Sonoma Valley Hospital
Building Project Supplemental Funding Proposal



**Sonoma Valley Hospital
Building Project - Sources and Uses**

Sources of Fundings

1	GO Bond	\$ 31,000,000	
2	Interest Earned on Bond Money	\$ 500,000	
3	Donations Received, at 9/30	\$ 2,049,788	
4	Additional Amounts Received after 9/30	\$ 267,455	Col 4 line 19
5	Pledges to be collected	\$ 2,487,132	Col 3 line 19
6	Matching Gift	\$ 2,000,000	Col 5 line 19
7	Additional Pledges	\$ 2,240,000	Col 6 line 19
8	Equipment Lease	\$ 2,200,000	Col 8 line 19
9	CEC Loan	\$ 1,065,000	Col 7 Line 19
10	Total Project Funding	<u>\$ 43,809,376</u>	

Uses of Funds

1	Board Approved Budget	\$ 41,239,376	
2	Adjustments from the Oct 9 Board Meeting	\$ 1,370,000	
3	2nd Floor Projects	\$ 1,200,000	
4	Total Project Costs	<u>\$ 43,809,376</u>	

**Sonoma Valley Hospital
Building Project - Projected Cash Flow & Financing Plan**

	1	2	3	4	5	6	7	8	9	10	11
	Periods	Cash Balance At Beginning of Month	Current Pledges at 9/30/2012	Pledged Collected	Pledged to be Matched	Anticipated Pledges	Approved CEC Loan	Capital Leases	Project Payments	LOC Draws or Other Financing	Cash After LOC Draws or Other Financing
1	10/31/2012	\$ 17,844,383		\$ 14,565		\$ -			\$ (1,199,807)		\$ 16,659,141
2	11/30/2012	\$ 16,659,141		\$ 252,890		\$ -			\$ (1,496,339)		\$ 15,415,692
3	12/31/2012	\$ 15,415,692	\$ 1,115			\$ -			\$ (1,747,985)		\$ 13,668,822
4	1/31/2013	\$ 13,668,822	\$ 4,345			\$ 10,000			\$ (2,285,594)		\$ 11,397,574
5	2/28/2013	\$ 11,397,574	\$ 1,267			\$ 10,000			\$ (2,440,537)		\$ 8,968,304
6	3/31/2013	\$ 8,968,304	\$ 151,667		\$ 1,000,000	\$ -			\$ (3,228,851)		\$ 6,891,121
7	4/30/2013	\$ 6,891,121	\$ 2,684			\$ 210,000			\$ (2,534,295)		\$ 4,569,510
8	5/31/2013	\$ 4,569,510	\$ 5,600			\$ 200,000			\$ (2,108,206)		\$ 2,666,905
9	6/30/2013	\$ 2,666,905	\$ 503,283		\$ 1,000,000	\$ -			\$ (2,425,910)		\$ 1,744,278
10	7/31/2013	\$ 1,744,278	\$ 4,684			\$ 10,000		\$ 550,000	\$ (2,709,615)	\$ 400,652	\$ (0)
11	8/31/2013	\$ (0)	\$ 1,267			\$ 150,000		\$ 550,000	\$ (1,957,723)	\$ 1,256,456	\$ (0)
12	9/30/2013	\$ (0)	\$ 2,067			\$ 150,000		\$ 550,000	\$ (1,635,891)	\$ 933,824	\$ (0)
13	10/31/2013	\$ (0)	\$ 1,017			\$ -		\$ 550,000	\$ (1,013,448)	\$ 462,431	\$ (0)
14	11/30/2013	\$ (0)	\$ 1,267			\$ -	\$ 1,065,000		\$ (1,338,316)	\$ 272,049	\$ (0)
15	Remainder of 2014	\$ (0)	\$ 595,388			\$ 750,000				\$ (1,345,388)	\$ 0
16	FY 2015	\$ 0	\$ 585,389			\$ 750,000				\$ (1,335,389)	\$ 0
17	FY 2016	\$ 0	\$ 575,491			\$ -				\$ (575,491)	\$ 0
18	FY 2017	\$ 0	\$ 50,600			\$ -				\$ (50,600)	\$ 0
19			\$ 2,487,132	\$ 267,455	\$ 2,000,000	\$ 2,240,000	\$ 1,065,000	\$ 2,200,000	\$ (28,122,514)		

Sources and Uses Document Reference

Sources Ln 5

Sources Ln 4

Sources Ln 6

Sources Ln 7

Sources Ln 9

Sources Ln 8

Notes:

Anticipated Project Costs, Approved and Proposed

\$ 43,809,012

Less Payment Through 9/30

\$ 15,686,498

Remaining Payments

\$ 28,122,514

Agrees to Col 9 line 19

CEC Loan of \$1,065,000 will be received in November 2013 after payments have been made - See Column 7

Capital Leases will start to purchase equipment starting in July and are estimated over the next 4 months - See Column 8

LOC available up to \$4 million, maximum draw \$3.3 million - See Column K

Borrowing on the Pledges will be pursued as an option to using the LOC - See Column K

Sonoma Valley Hospital
Financing Plan - Amortization Schedules

	Principle Amounts	Term	Interest
California Energy Commission	\$ 1,065,000	15	3%
Equipment Lease	\$ 2,200,000	5	3%

4 year

	2014 Interest	2014 Principle	2015 Interest	2015 Principle	2016 Interest	2016 Principle	2017 Interest	2017 Principle
California Energy Commission	\$ 31,950	\$ 71,000	\$ 29,820	\$ 71,000	\$ 27,690	\$ 71,000	\$ 25,560	\$ 71,000
Equipment Lease	\$ 66,000	\$ 440,000	\$ 52,800	\$ 440,000	\$ 39,600	\$ 440,000	\$ 26,400	\$ 440,000
	\$ 97,950	\$ 511,000	\$ 82,620	\$ 511,000	\$ 67,290	\$ 511,000	\$ 51,960	\$ 511,000

	Total Interest	Total Principle	Total
2014	\$ 97,950	\$ 511,000	\$ 608,950
2015	\$ 82,620	\$ 511,000	\$ 593,620
2016	\$ 67,290	\$ 511,000	\$ 578,290
2017	\$ 51,960	\$ 511,000	\$ 562,960
	\$ 299,820	\$ 2,044,000	\$ 2,343,820

	Beginning Balance	Principle Payment	Interest Payment	Total Annual Payment	Ending Balance
California Energy Commission					
2014	\$ 1,065,000	\$ 71,000	\$ 31,950	\$ 102,950	\$ 994,000
2015	\$ 994,000	\$ 71,000	\$ 29,820	\$ 100,820	\$ 923,000
2016	\$ 923,000	\$ 71,000	\$ 27,690	\$ 98,690	\$ 852,000
2017	\$ 852,000	\$ 71,000	\$ 25,560	\$ 96,560	\$ 781,000
2018	\$ 781,000	\$ 71,000	\$ 23,430	\$ 94,430	\$ 710,000
2019	\$ 710,000	\$ 71,000	\$ 21,300	\$ 92,300	\$ 639,000
2020	\$ 639,000	\$ 71,000	\$ 19,170	\$ 90,170	\$ 568,000
2021	\$ 568,000	\$ 71,000	\$ 17,040	\$ 88,040	\$ 497,000
2022	\$ 497,000	\$ 71,000	\$ 14,910	\$ 85,910	\$ 426,000
2023	\$ 426,000	\$ 71,000	\$ 12,780	\$ 83,780	\$ 355,000
2024	\$ 355,000	\$ 71,000	\$ 10,650	\$ 81,650	\$ 284,000
2025	\$ 284,000	\$ 71,000	\$ 8,520	\$ 79,520	\$ 213,000
2026	\$ 213,000	\$ 71,000	\$ 6,390	\$ 77,390	\$ 142,000
2027	\$ 142,000	\$ 71,000	\$ 4,260	\$ 75,260	\$ 71,000
2028	\$ 71,000	\$ 71,000	\$ 2,130	\$ 73,130	\$ -

	Beginning Lease Balance	Principle Payment	Interest Payment	Total Annual Payment	Ending Balance
Equipment Lease					
2014	\$ 2,200,000	\$ 440,000	\$ 66,000	\$ 506,000	\$ 1,760,000
2015	\$ 1,760,000	\$ 440,000	\$ 52,800	\$ 492,800	\$ 1,320,000
2016	\$ 1,320,000	\$ 440,000	\$ 39,600	\$ 479,600	\$ 880,000
2017	\$ 880,000	\$ 440,000	\$ 26,400	\$ 466,400	\$ 440,000
2018	\$ 440,000	\$ 440,000	\$ 13,200	\$ 453,200	\$ -

**Sonoma Valley Hospital
Debt Coverage Payment Schedule**

	2013			2014			2015			2016			2017		
	Interest	Principle	Total	Interest	Principle	Total	Interest	Principle	Total	Interest	Principle	Total	Interest	Principle	Total
Capital Leases	\$ 200,690	\$ 832,322	\$ 985,407	\$ 143,157	\$ 810,679	\$ 953,837	\$ 86,528	\$ 813,095	\$ 899,623	\$ 28,709	\$ 618,261	\$ 646,970	\$ 5,908	\$ 164,872	\$ 170,780
GE Secured Loan	\$ 39,331	\$ 701,061	\$ 740,392	\$ 2,120	\$ 182,978	\$ 185,098	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GO BOND Series A	\$ 769,200	\$ -	\$ 769,200	\$ 768,106	\$ 25,000	\$ 793,106	\$ 762,856	\$ 95,000	\$ 857,856	\$ 752,138	\$ 150,000	\$ 902,138	\$ 735,731	\$ 225,000	\$ 960,731
GO BOND Series B	\$ 945,030	\$ -	\$ 945,030	\$ 945,030	\$ -	\$ 945,030	\$ 945,030	\$ -	\$ 945,030	\$ 914,711	\$ 945,000	\$ 1,859,711	\$ 800,674	\$ 975,000	\$ 1,775,674
	\$ 1,954,251	\$ 1,533,382	\$ 3,440,029	\$ 1,858,414	\$ 1,018,657	\$ 2,877,071	\$ 1,794,414	\$ 908,095	\$ 2,702,509	\$ 1,695,558	\$ 1,713,261	\$ 3,408,819	\$ 1,542,313	\$ 1,364,872	\$ 2,907,185
Less GO Capitalized Interest	\$ (919,624)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current Debt Totals	\$ 1,034,627	\$ 1,533,382	\$ 3,440,029	\$ 1,858,414	\$ 1,018,657	\$ 2,877,071	\$ 1,794,414	\$ 908,095	\$ 2,702,509	\$ 1,695,558	\$ 1,713,261	\$ 3,408,819	\$ 1,542,313	\$ 1,364,872	\$ 2,907,185
New Debt															
Equipment Lease	\$ -	\$ -	\$ -	\$ 66,000	\$ 440,000	\$ 506,000	\$ 52,800	\$ 440,000	\$ 492,800	\$ 39,600	\$ 440,000	\$ 479,600	\$ 26,400	\$ 440,000	\$ 466,400
2013 CEC Loan	\$ -	\$ -	\$ -	\$ 31,950	\$ 71,000	\$ 102,950	\$ 29,820	\$ 71,000	\$ 100,820	\$ 27,690	\$ 71,000	\$ 98,690	\$ 25,560	\$ 71,000	\$ 96,560
LOC/Pledges	\$ -	\$ -	\$ -	\$ 82,959	\$ -	\$ 82,959	\$ 25,785	\$ -	\$ 25,785	\$ 2,766	\$ -	\$ 2,766	\$ 742	\$ -	\$ 742
Totals for New Debt	\$ -	\$ -	\$ -	\$ 180,909	\$ 511,000	\$ 691,909	\$ 108,405	\$ 511,000	\$ 619,405	\$ 70,056	\$ 511,000	\$ 581,056	\$ 52,702	\$ 511,000	\$ 563,702
Grand Totals	\$ 1,034,627	\$ 1,533,382	\$ 3,440,029	\$ 2,039,323	\$ 1,529,657	\$ 3,568,980	\$ 1,902,819	\$ 1,419,095	\$ 3,321,915	\$ 1,765,614	\$ 2,224,261	\$ 3,989,875	\$ 1,595,015	\$ 1,875,872	\$ 3,470,887
Non GO Bond Amounts	\$ 240,021	\$ 1,533,382	\$ 1,725,799	\$ 326,187	\$ 1,504,657	\$ 1,830,844	\$ 194,933	\$ 1,324,095	\$ 1,519,028	\$ 98,765	\$ 1,129,261	\$ 1,228,026	\$ 58,610	\$ 675,872	\$ 734,482
Above the Line Interest	\$ 240,021			\$ 326,187			\$ 194,933			\$ 98,765			\$ 58,610		
Below the line Interest	\$ 794,606 *			\$ 1,713,136			\$ 1,707,886			\$ 1,666,849			\$ 1,536,405		
	\$ 1,034,627			\$ 2,039,323			\$ 1,902,819			\$ 1,765,614			\$ 1,595,015		

*Below the line interest does not agree to income statement due to capitalizing interest during construction period.

Sonoma Valley Hospital

3 year Financial Plan

FOR DISCUSSION PURPOSES

The purpose of this plan was to project the income effect and the cash flows for the next 3 fiscal years of Sonoma Valley Hospital implementation of Management’s proposal for financing the remaining portion of the building project. Management’s plan consists of the following:

- Utilize the Board Approved California Energy Commission Loan of \$1,065,000 for 15 years at 3%.
- Obtaining a 5 year Capital Lease for the movable equipment and furniture at approximately 3%.
- Utilize the Line of Credit (LOC) or a Loan using the Pledges as Collegial, to cover the timing differences of the receipts of the contributions.

The Sonoma Valley Hospital’s 3 year financial plan was based on the operating performance from 2010 to 2012 and the Budgeted 2013 trended forward. The years reported in the projection refer to the fiscal year of Sonoma Valley Hospital, July 1 through June 30. The main operating assumption for this projection is safe, quality patient care will be provided at Sonoma Valley Hospital in a cost effective manner.

There is an overall philosophy at the hospital that costs will be controlled and the hospital will be operated with the right amount of resources being expended that is required for the patients being served. In short, there will be an environment where good cost control and good stewardship of the hospital’s limit resources will be maintained. The assumptions that were used to create the plan are detailed below

Over the period of 2014 – 2016, a current non-GO bond debt will be paid down from \$1,533,382 to \$618,261. The required payments for the new debt will be made from the amounts currently being paid on the existing debt. The principle payments for the GO bond are not included in this schedule because the funding source is not the operations of the hospital but the GO bond tax revenue. Also the principle payments for the line of credit or other donation financing will be made from future donations and not from hospital operations. The following table and graph show the current principle payments and the proposed principle payments:

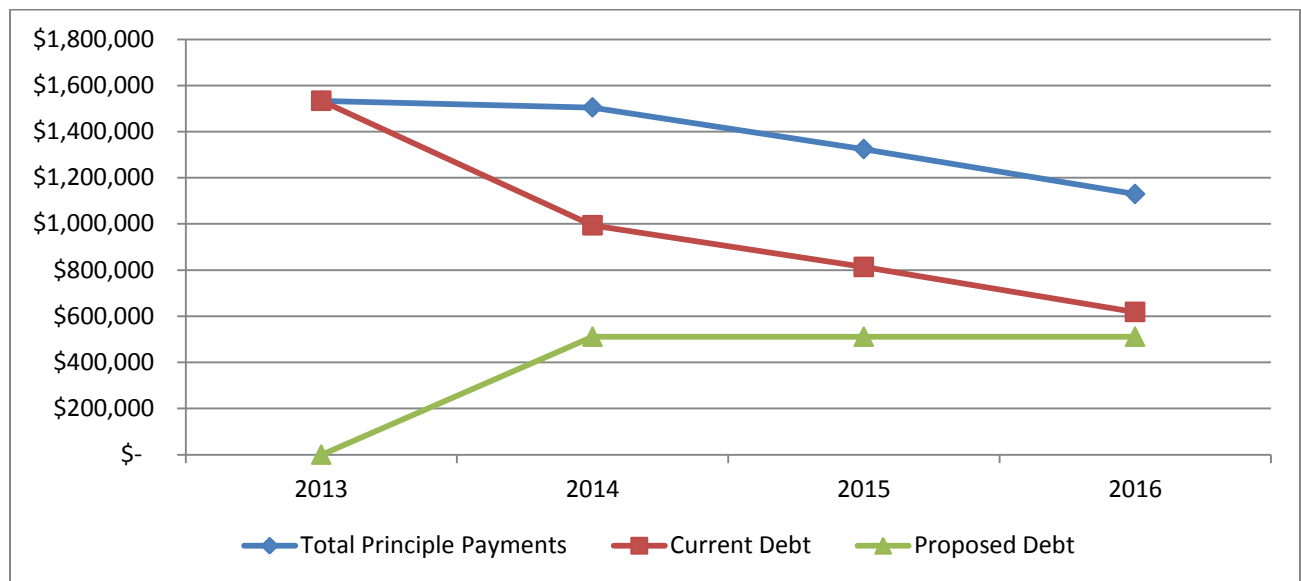
Non GP Bond Principle Payments

	2013	2014	2015	2016
Current Debt	\$ 1,533,382	\$ 993,657	\$ 813,095	\$ 618,261
Proposed Debt	\$ -	\$ 511,000	\$ 511,000	\$ 511,000
Total Principle Payments	<u>\$ 1,533,382</u>	<u>\$ 1,504,657</u>	<u>\$ 1,324,095</u>	<u>\$ 1,129,261</u>

Sonoma Valley Hospital

3 year Financial Plan

FOR DISCUSSION PURPOSES



Based upon the projections and the above non-GO Bond principle payment schedules, the new debt will not be an additional drain on the hospital's limited resources, but it will not have a negative effect due to the fact that the total principle debt payments are decreasing from \$1,533,382 in 2013 to \$1,129,261 in 2016. This is an increase in available cash of \$404,121.

The projections show operating income improvements due to the following factors:

1. Minor improvements in number of patients due to the expansion of the market per the market study.
2. Increases in reimbursement due to recent contract negotiations completed in 2013.
3. Consistent cost management of the daily hospital operations.

Based upon the projections, the following are Key Financial Indicators:

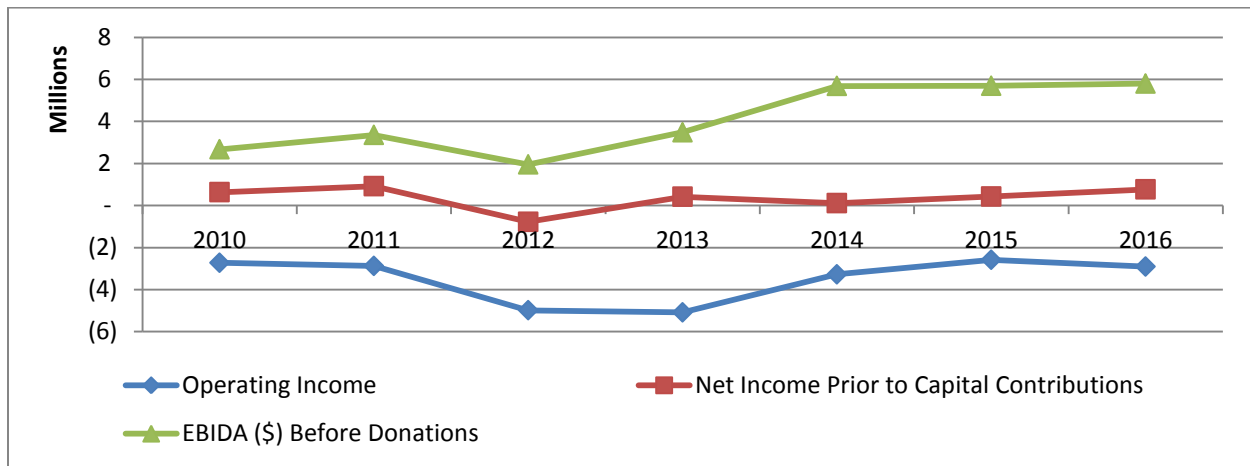
	2014	2015	2016
Operating Income	(\$3,276,930)	(\$2,584,893)	(\$2,906,798)
Net Income before Contributions	\$110,514	\$423,703	\$765,798
EBIDA before Contributions	\$3,480,570	\$5,693,094	\$5,797,983
EBIDA Margin before Contributions	7.3%	10.9%	11.0%
Cash Balance	\$2,483,821	\$3,996,953	\$4,533,455
Days Cash on Hand	20	30	34

As the graph shows, that is improvement in the operating performance indicators.

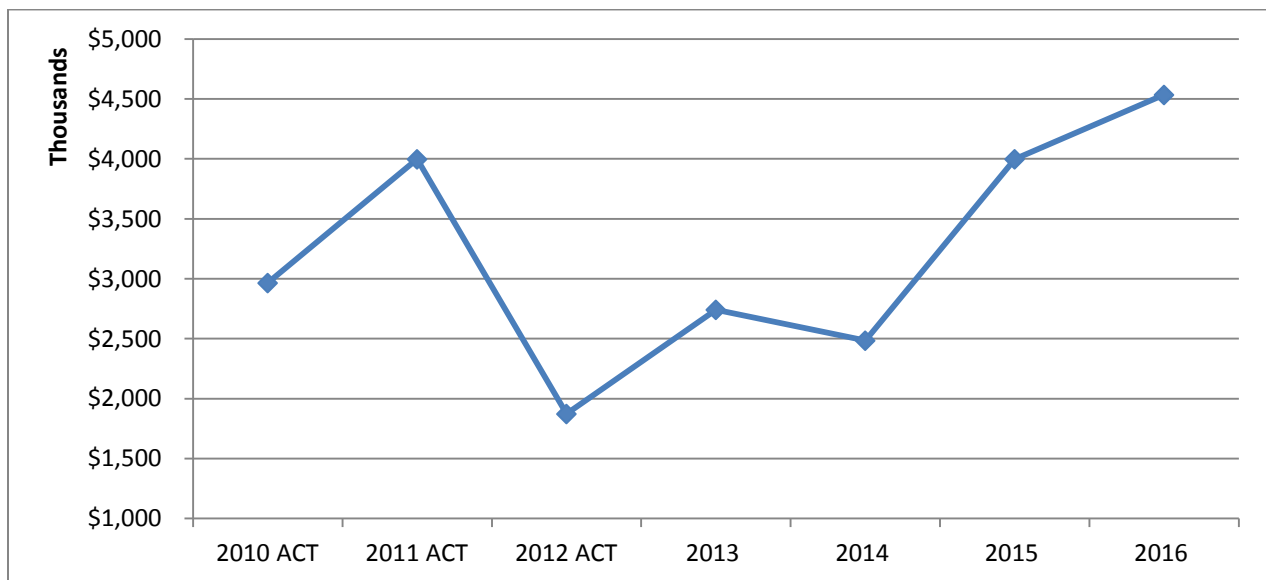
Sonoma Valley Hospital

3 year Financial Plan

FOR DISCUSSION PURPOSES



The cash balances also show good improvement over the projection period.



The following is a listing of the critical assumptions underlying the 3 year projection:

1. The operating performance from 2010 -2012 and budgeted 2013 has been trended forward.
2. Inpatient volume for 2014-2015 is projected to increase by 0.5% and 0.0% in 2016. This increase is due to the projected market increase from 2012 to 2016 adjusted for the market utilization per the market study. This represents approximately 7 inpatients per year. This is consistent with the 3 year strategic plan.

FOR DISCUSSION PURPOSES

3. Outpatient volume for 2014 – 2016 is projected to increase by 1%. This is based upon the increase in the primary market per the recently completed market study. It is also consistent with the trend in outpatient utilization.
4. There is no volume growth related to the new building.
5. Prices are projected to increase by 5% per year with an effective increase of 1.7% for 2014 and 2015. 2016 is projected to increase by 0.2%. The decrease in the effective reimbursement increase is due to the Medicare projected increase decreasing from 2.% to 0.0% in 2016. The rationalization that health care reform will be funded by decreases in Medicare funding.
6. Length of stay is held constant at the 2013 level of 3.8 days.
7. Case mix is held constant at the 2013 budgeted level. This is a conservative assumption. With surgeries increasing the case mix will increase.
8. The patient mix of inpatient and outpatients is held constant at the 2013 budgeted level.
9. Staffing is increased consistent with the increase in patients per adjusted occupied bed. There are no productivity improvements built into the projection. Even though management is implementing a variety of improvements, none are included.
10. Payer mix is fairly consistent with the budgeted 2013 amounts. This does not include any changes resulting from the introduction of Western Health Advantage or the health insurance exchanges. Self pay is also consistent with current utilization.
11. FTE per occupied bed are consistent with budgeted 2013. The projection does not include any productivity improvements that are currently being made. This increases the conservatism of the projections.
12. Wage increases will be 3% effective in January of each year, yielding an effective wage increase of 1.5%. The 3% increase is higher than in the past by 1%.
13. The benefit to salary percentage is increased by 1% per year. This is reflective of the improvements in SVH's benefit plan that will start to be implemented in 2013.
14. General inflation is 2.5% and supply inflation is 4%, consistent with the 2013 budgeted levels
15. Rental costs are consistent with 2013 budgeted amounts.
16. Utilities are estimated to increase by 25% in 2014 with the completion of the new building.
17. GO bond revenue is equal to the GO Bonds principle plus interest payments.
18. Property Tax Revenues are composed of the Parcel tax plus GO bond Revenue.
19. GO Bond interest starts to be fully expensed in 2014. It is being capitalized as part of the project for those amounts related to the projects not put into service, consistent with the accounting rules.
20. The new building is put into service in 2014. This causes an increase in depreciation expense and GO bond interest expense. Approximately \$1.5 million per year starting in 2014. The 2013 interest is less because the project will not be put into service until the end of 2013.
21. The capital budget in 2013 and 2014 will be reduced to \$500,000. This is due to the implementation of the new building and the fact that the OR and ED will be new and will not

FOR DISCUSSION PURPOSES

have equipment replacement needs outside of the building project. The capital budget will be increased in 2015 to \$1,250,000.

22. Contributions from the capital campaign total \$9,000,000. These amounts will be received over the next 4 years.
23. The GO Bond covered \$31 million of the project. The funding gap is approximately 11 million dollars. \$9 million will be covered from contributions. Another \$1 million will be funded through the prior approved California Energy Commission (CEC) loan. This leaves a difference of \$2 million. Management's financing plan calls for taking out a capital lease for the furniture and equipment for \$2 million. The debt service requirements of the lease and the CEC loan are approximately \$600,000 per year. The principle portion is approximately \$511,000 and will be paid from the available funds from the repayment of the existing debt. The interest portion of approximately \$100,000 is included in the operating costs. The current capital leases, which expire during the projection period, will not be renewed.

Sonoma Valley Hospital
Projected Income Statement
2010 - 2016

Income Statement	2010	2011	2012	2013	2014	2015	2016
Operating Revenues							
Net Patient Service Revenue	\$ 39,853,946	\$ 46,032,662	\$ 50,246,768	\$ 48,170,813	\$ 51,608,474	\$ 52,874,894	\$ 53,272,914
Capitation and Other Revenue	\$ 2,781,680	\$ 4,054,690	\$ 2,271,934	\$ 3,704,352	\$ 4,104,352	\$ 4,304,352	\$ 4,304,352
Less Bad Debts	\$ (2,230,000)	\$ (3,515,000)	\$ (3,567,000)	\$ (4,013,997)	\$ (4,302,782)	\$ (4,408,368)	\$ (4,441,552)
Less Charity Care	\$ (134,200)	\$ (357,697)	\$ (1,773,335)	\$ (463,020)	\$ (468,373)	\$ (479,867)	\$ (483,479)
Total Revenues	40,271,426	46,214,655	47,178,367	47,398,148	50,941,671	52,291,012	52,652,235
Operating Expenses							
Salaries and Wages	22,840,610	24,405,437	24,612,964	25,874,496	26,549,649	26,962,803	27,325,102
Employee Benefits	4,317,062	4,630,070	5,382,052	5,705,089	5,224,130	5,555,251	5,883,735
Pro Fees & Purchased Services	6,833,351	10,065,936	10,489,265	9,627,731	9,577,731	9,602,731	9,627,731
Supplies	5,132,163	6,355,544	6,277,139	5,922,938	6,100,626	6,283,645	6,440,736
Depreciation and Amortization	1,641,257	1,833,671	1,997,462	2,396,064	3,536,571	3,366,571	3,266,571
Rentals and Leases	1,048,784	428,901	1,849,481	1,213,767	1,213,767	1,213,767	1,213,767
Interest	66,938	246,168	376,083	308,303	326,187	194,933	98,765
Other	1,118,681	1,125,761	1,177,533	1,435,997	1,689,939	1,696,204	1,702,626
Total Operating Expenses	42,998,847	49,091,488	52,161,981	52,484,385	54,218,601	54,875,906	55,559,033
Operating Income	(2,727,421)	(2,876,833)	(4,983,614)	(5,086,237)	(3,276,930)	(2,584,893)	(2,906,798)
Interest Income	(1,745)	29,155	32,191	23,004	23,004	23,004	23,004
Tax Revenue	3,685,017	4,794,000	4,757,572	4,899,996	4,738,136	4,782,038	5,741,001
GO Bond Interest Expense	(330,427)	(359,032)	(360,000)	(360,000)	(1,713,136)	(1,707,886)	(1,666,849)
Electronic Health Record Reimbursement	-	-	432,000	1,700,000	1,100,000	672,000	336,000
Non Operating Income	8,043	55,814	125,040	27,000	27,000	27,000	27,000
Investment in Beneficial Interest	-	(725,815)	(782,817)	(787,560)	(787,560)	(787,560)	(787,560)
Non-Operating Income	3,360,888	3,794,122	4,203,986	5,502,440	3,387,444	3,008,596	3,672,596
Net Income Prior to Capital Contributions	633,467	917,289	(779,628)	416,203	110,514	423,703	765,798
Donations	208,222	7,711	2,187,799	2,586,996	2,500,000	1,335,389	575,491
Net Income After Capital Contributions	841,689	925,000	1,408,171	3,003,199	2,610,514	1,759,092	1,341,289
Operating Margin	-6.8%	-6.2%	-10.6%	-10.7%	-6.4%	-4.9%	-5.5%
Net Income Margin	0.0%	0.1%	0.3%	0.1%	0.1%	-1.5%	-1.5%
EBIDA Margin	7.2%	7.3%	8.8%	12.8%	16.1%	13.4%	12.1%
EBIDA (\$)	\$ 2,880,311	\$ 3,363,871	\$ 4,141,717	\$ 6,067,566	\$ 8,186,409	\$ 7,028,483	\$ 6,373,474
EBIDA (\$) Before Donations	\$ 2,672,089	\$ 3,356,160	\$ 1,953,918	\$ 3,480,570	\$ 5,686,409	\$ 5,693,094	\$ 5,797,983
EBIDA Margin Before Donations	6.6%	7.3%	4.1%	7.3%	11.2%	10.9%	11.0%
Capital Expense Ratio	4.2%	5.3%	5.8%	6.5%	10.9%	10.1%	9.6%

**Sonoma Valley Hospital
Projected Income Statement**

2010 - 2016

	2010	2011	2012	2013	2014	2015	2016
Annual Growth % - Discharges				0.0%	0.5%	0.5%	0.0%
Total Patient Days	12,433	13,996	14,973	13,887	13,917	13,946	13,946
Average Census	34.1	38.3	41.0	38.0	38.1	38.2	38.2
Acute Discharges	1,615	1,659	1,539	1,543	1,551	1,558	1,558
Avg Length of Stay (ALOS)	3.80	3.80	3.80	3.80	3.80	3.80	3.80
IP/OP Ratio (IP Rev/total Rev)	0.49	0.51	0.51	0.46	0.49	0.48	0.48
Adjusted Patient Days	6,144	7,106	7,653	6,432	6,759	6,756	6,722
Gross IP Revenue	\$ 67,194,918	\$ 80,289,977	\$ 95,102,000	\$ 86,769,444	\$ 100,719,801	\$ 106,284,570	\$ 111,598,799
Gross OP Revenue	\$ 68,783,254	\$ 77,855,723	\$ 90,971,000	\$ 100,566,557	\$ 106,650,834	\$ 113,103,209	\$ 119,945,953
Total Gross Patient Revenue	\$ 135,978,172	\$ 158,145,700	\$ 186,073,000	\$ 187,336,001	\$ 207,370,635	\$ 219,387,780	\$ 231,544,752
Gross IP Revenue per Patient Day	\$ 5,404.56	\$ 5,736.64	\$ 6,351.57	\$ 6,248.07	\$ 7,237.32	\$ 7,621.05	\$ 8,002.10
Effective Net Rate Increase		0.0%	0.6%	1.7%	1.7%	1.7%	0.2%
Net Revenue per APD	\$ 6,555	\$ 6,504	\$ 6,165	\$ 7,369	\$ 7,536	\$ 7,740	\$ 7,833
Net Revenue as a % of Gross		29.1%	27.0%	25.7%	24.9%	24.1%	23.0%
Total Exp per APD	\$ 6,999	\$ 6,909	\$ 6,816	\$ 8,160	\$ 8,021	\$ 8,122	\$ 8,266
Salaries Exp per APD	\$ 4,420	\$ 4,086	\$ 3,920	\$ 4,910	\$ 4,701	\$ 4,813	\$ 4,941
Supplies Exp per APD	\$ 835	\$ 894	\$ 820	\$ 921	\$ 903	\$ 930	\$ 958
Bad Debt % of Net Revenue	5.5%	7.6%	7.6%	8.5%	8.4%	8.4%	8.4%
Depreciation on Building Program				\$ 392,726	\$ 1,570,904	\$ 1,570,904	\$ 1,570,904
FTE's	293.0	303.0	313.5	321.5	322.2	322.9	322.9
FTE's per AOB	8.60	7.90	7.64	8.45	8.45	8.45	8.45
Effective Salary % Increase	0.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Salary Per FTE	\$ 77,954	\$ 79,124	\$ 78,510	\$ 72,615	\$ 73,705	\$ 74,810	\$ 75,932
Benefit Ratio	18.9%	19.0%	21.9%	22.0%	22.0%	23.0%	24.0%
Sal/Ben \$/FTE	\$92,688	\$95,827	\$95,678	\$88,591	\$89,920	\$92,016	\$94,156

**Sonoma Valley Hospital
Projected Balance Sheet
2010 - 2016**

	2010	2011	2012	2013	2014	2015	2016
Assets							
Current Assets							
Cash and Cash Equivalents	\$ 2,964,506	\$ 3,996,544	\$ 1,872,506	\$ 2,741,248	\$ 2,483,821	\$ 3,996,953	\$ 4,533,455
Assets Held by Trustee	\$ 290,696	\$ 892,813	\$ 276,368	\$ 276,368	\$ 276,368	\$ 276,368	\$ 276,368
Net Patient Accounts Receivable	\$ 4,025,943	\$ 5,110,977	\$ 5,927,300	\$ 6,653,075	\$ 6,804,136	\$ 6,958,399	\$ 7,115,929
Other Current Assets	\$ 6,377,533	\$ 8,205,016	\$ 9,366,499	\$ 7,900,000	\$ 7,900,000	\$ 7,900,000	\$ 7,900,000
Total Current Assets	\$ 13,658,678	\$ 18,205,350	\$ 17,442,673	\$ 17,570,691	\$ 17,464,325	\$ 19,131,720	\$ 19,825,752
Non-Current Investments (Donor)							
Investments in Related Entities	\$ 36,131	\$ 36,060	\$ 36,839	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000
Property and Equipment, Net	\$ 10,744,140	\$ 15,498,151	\$ 25,216,307	\$ 46,309,857	\$ 50,750,083	\$ 47,432,311	\$ 44,915,740
Other Non-Current Assets	\$ 321,651	\$ 326,892	\$ 2,879,351	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Board Designated Assets	\$ 251,560	\$ 253,000	\$ 185,910	\$ 185,910	\$ 185,910	\$ 185,910	\$ 185,910
Trusted Funds (District GO Bond)	\$ 4,782,777	\$ 23,629,061	\$ 18,791,007	\$ -	\$ -	\$ -	\$ -
Total Assets	\$ 29,794,937	\$ 57,948,514	\$ 64,552,087	\$ 64,162,458	\$ 68,496,318	\$ 66,845,942	\$ 65,023,402
Liabilities and Net Assets							
Current Liabilities							
Accounts Payable & Accrued Expenses	\$ 5,524,971	\$ 9,895,816	\$ 10,455,043	\$ 9,381,294	\$ 9,381,294	\$ 8,631,305	\$ 8,231,305
Current Portion LTD (see below)	\$ 510,787	\$ 1,166,571	\$ 1,571,247	\$ 1,057,452	\$ 947,279	\$ 1,752,829	\$ 1,404,846
Other Current Liabilities	\$ 3,888,108	\$ 108,288	\$ 4,769,308	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000
Total Current Liabilities	\$ 9,923,866	\$ 11,170,675	\$ 16,795,598	\$ 15,238,746	\$ 15,128,573	\$ 15,184,134	\$ 14,436,151
Line of Credit/Pledge Financing	\$ -	\$ -	\$ -	\$ -	\$ 1,980,024	\$ 644,635	\$ 69,144
Less Current portion of LT Debt	\$ (510,787)	\$ (1,166,571)	\$ (1,571,247)	\$ (1,057,452)	\$ (947,279)	\$ (1,752,829)	\$ (1,404,846)
Bond Issue	\$ 11,751,101	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000	\$ 33,865,432
Capital Leases	\$ 2,349,337	\$ 4,815,874	\$ 3,083,165	\$ 2,419,750	\$ 1,609,071	\$ 795,976	\$ 177,713
Other Non-Current Liabilities	\$ -	\$ 1,753,526	\$ 2,275,245	\$ 588,888	\$ 1,142,888	\$ 631,894	\$ 196,387
Total Long Term Debt	\$ 13,589,651	\$ 40,402,829	\$ 38,787,163	\$ 36,951,187	\$ 38,784,704	\$ 35,319,675	\$ 32,903,829
Temp or Perm Restricted Funds	\$ 30,373	\$ 30,718	\$ 2,079,926	\$ 2,079,926	\$ 2,079,926	\$ 2,079,926	\$ 2,079,926
Net Assets	\$ 6,251,047	\$ 6,344,293	\$ 6,889,401	\$ 9,892,600	\$ 12,503,114	\$ 14,262,206	\$ 15,603,495
Total Liabilities and Net Assets	\$ 29,794,937	\$ 57,948,515	\$ 64,552,088	\$ 64,162,459	\$ 68,496,318	\$ 66,845,942	\$ 65,023,402
Financial Ratios							
	2010	2011	2012	2013	2014	2015	2016
Days Cash on Hand	28.8	38.0	15.8	22.1	20.0	30.4	33.6
Net Days in Accounts Receivable	36.5	44.2	48.2	55.6	53.0	52.9	53.7
Net Days in Accounts Payable	47.8	91.9	89.1	72.8	71.3	56.0	47.7
Current Ratio	1.38	1.63	1.04	1.15	1.15	1.26	1.37
Debt to Capitalization Ratio	68.4%	86.4%	81.2%	75.5%	72.7%	68.4%	65.0%
Debt to EBIDA Ratio	5.33	13.45	9.36	6.09	4.74	5.03	5.16

Sonoma Valley Hospital
Projected Cash Flow Statement
2010 - 2016

Statement of Cash Flow	2010 ACT	2011 ACT	2012 ACT	2013	2014	2015	2016
Net Income	\$ 841,689	\$ 925,000	\$ (779,628)	\$ 3,003,199	\$ 2,610,514	\$ 1,759,092	\$ 1,341,289
Depreciation	\$ 1,641,257	\$ 1,833,671	\$ 1,997,462	\$ 2,396,064	\$ 3,536,571	\$ 3,366,571	\$ 3,266,571
(Inc)/Dec in Current Assets	\$ -	\$ (3,514,634)	\$ (1,361,361)	\$ 740,724	\$ (151,061)	\$ (154,263)	\$ (157,530)
Inc/(Dec) in Current Liabilities	\$ -	\$ 4,359,273	\$ 307,463	\$ (1,200,000)	\$ -	\$ (749,989)	\$ (400,000)
(Inc)/Dec in CIP	\$ -	\$ (11,572)	\$ (108,288)	\$ -	\$ -	\$ -	\$ -
(Inc)/Dec in Deferred Tax Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inc/(Dec) in Curr Mat. LTD	\$ -	\$ 655,784	\$ 404,676	\$ -	\$ -	\$ -	\$ -
Cash from Operations	\$ 2,482,945	\$ 3,591,738	\$ 55,649	\$ 4,939,987	\$ 5,996,024	\$ 4,221,412	\$ 4,050,331
Routine Capital Expenditures	\$ (2,805,583)	\$ (1,401,663)	\$ (1,600,000)	\$ (500,000)	\$ (750,000)	\$ (1,250,000)	\$ (1,250,000)
Hospital Renewal Program	\$ -	\$ -	\$ -	\$ (4,200,000)	\$ (5,000,000)	\$ -	\$ -
Purchase of Capital Assets	\$ (2,805,583)	\$ (1,401,663)	\$ (1,600,000)	\$ (4,700,000)	\$ (5,750,000)	\$ (1,250,000)	\$ (1,250,000)
Restricted Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Long Term Debt	\$ -	\$ (1,673,254)	\$ (654,188)	\$ (738,924)	\$ (246,773)	\$ (134,184)	\$ (1,134,568)
Misc Adjustment	\$ -	\$ -	\$ 27,407	\$ -	\$ -	\$ -	\$ -
Capital Leases	\$ -	\$ (1,100,000)	\$ (696,825)	\$ (832,322)	\$ (810,679)	\$ (813,095)	\$ (618,261)
New Debt	\$ -	\$ 1,615,217	\$ 743,920	\$ -	\$ -	\$ -	\$ -
Project Gap Debt - CEC,Lease. LOC	\$ -	\$ -	\$ -	\$ 2,200,000	\$ 554,000	\$ (511,000)	\$ (511,000)
Cash From Financing	\$ -	\$ (1,158,037)	\$ (579,686)	\$ 628,755	\$ (503,452)	\$ (1,458,279)	\$ (2,263,829)
Net Change in Cash Flow	\$ (322,638)	\$ 1,032,038	\$ (2,124,037)	\$ 868,742	\$ (257,427)	\$ 1,513,133	\$ 536,502
Ending Cash	\$ 2,964,506	\$ 3,996,544	\$ 1,872,506	\$ 2,741,248	\$ 2,483,821	\$ 3,996,953	\$ 4,533,455
Days in Cash	29	38	16	22	20	30	34

6.

DECEMBER 2012
FINANCIALS

**Sonoma Valley Hospital
Sonoma Valley Health Care District
December 31, 2012 Financial
Report**

Finance Committee

January 22, 2013

December's Patient Volumes

	Actual	Budget	Variance	Prior Year
Acute Discharges	117	135	-18	130
Acute Patient Days	456	476	-20	455
SNF Patient Days	671	781	-110	685
Outpatient Gross Revenue (in thousands)	\$8,302	\$8,032	\$270	\$7,838
Surgical Cases	126	132	-6	132

Summary Statement of Revenues and Expenses Month of December 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1 Total Operating Revenue	\$ 4,095,592	\$ 3,999,018	\$ 96,574	2%	\$ 4,260,885
2 Total Operating Expenses	\$ 4,481,870	\$ 4,414,413	\$ (67,457)	-2%	\$ 4,583,683
3 Operating Margin	\$ (386,278)	\$ (415,395)	\$ 29,117	7%	\$ (322,798)
4 NonOperating Rev/Exp	\$ 476,130	\$ 459,942	\$ 16,188	4%	\$ 310,279
5 Net Income before Restricted Cont.	\$ 89,852	\$ 44,547	\$ 45,305	102%	\$ (12,519)
6 Restricted Contribution	\$ 43,788	\$ 47,500	\$ (3,712)	-8%	\$ -
7 Net Income with Restricted Contributions	\$ 133,640	\$ 92,047	\$ 41,593	45%	\$ (12,519)
8 EBIDA before Restricted Contributions	\$ 328,466	\$ 299,911	\$ 28,555		\$ 195,612
9 EBIDA before Restricted Cont. %	8%	7%	1%		5%
10 Net Income without GO Bond Activity	\$ 10,084	\$ (36,275)	\$ 46,359		\$ (136,075)

Summary Statement of Revenues and Expenses Year to Date December 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1 Total Operating Revenue	\$ 23,306,653	\$ 23,478,642	\$ (171,989)	-1%	\$ 23,436,363
2 Total Operating Expenses	\$ 25,913,252	\$ 26,205,245	\$ 291,993	1%	\$ 25,234,244
3 Operating Margin	\$ (2,606,599)	\$ (2,726,603)	\$ 120,004	4%	\$ (1,797,881)
4 NonOperating Rev/Exp	\$ 2,776,580	\$ 2,759,652	\$ 16,928	1%	\$ 1,906,007
5 Net Income before Restricted Cont.	\$ 169,981	\$ 33,049	\$ 136,932	414%	\$ 108,126
6 Restricted Contribution	\$ 428,078	\$ 285,000	\$ 143,078	50%	\$ -
Net Income with Restricted					
7 Contributions	\$ 598,059	\$ 318,049	\$ 280,010	88%	\$ 108,126
8 EBIDA before Restricted Contributions	\$ 1,612,212	\$ 1,565,233	\$ 46,979		\$ 1,384,866
9 EBIDA before Restricted Cont. %	7%	7%	0%		6%
10 Net Income without GO Bond Activity	\$ (571,355)	\$ (736,883)	\$ 165,528		\$ (633,210)

December's Operating Revenues

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>	
REVENUE						
NET PATIENT REVENUE						
1	Acute Inpatient	\$ 1,553,277	\$ 1,681,405	\$ (128,128)	-8%	\$ 2,215,092
2	Skilled Nursing Facility	\$ 403,938	\$ 460,025	\$ (56,087)	-12%	\$ 393,638
3	Outpatient and Emergency	\$ 1,721,862	\$ 1,714,043	\$ 7,819	0%	\$ 1,665,149
4	HomeCare	\$ 220,317	\$ 213,348	\$ 6,969	3%	\$ 177,667
5	Community Benefit (Charity)	\$ (51,967)	\$ (39,145)	\$ (12,822)	-33%	\$ (100,000)
6	Bad Debt Expense	\$ (250,000)	\$ (339,354)	\$ 89,354	26%	\$ (350,000)
7	TOTAL NET PATIENT REVENUE	\$ 3,597,427	\$ 3,690,322	\$ (92,895)	-3%	\$ 4,001,546
RISK CONTRACTS						
8	Capitation Revenue	\$ 173,560	\$ 183,325	\$ (9,765)	-5%	\$ 185,681
9	Napa State Hospital Revenue	\$ 314,145	\$ 113,333	\$ 200,812	177%	\$ 60,000
10	TOTAL RISK CONTRACTS	\$ 487,705	\$ 296,658	\$ 191,047	64%	\$ 245,681
11	OTHER OPER REVENUE	\$ 10,460	\$ 12,038	\$ (1,578)	-13%	\$ 13,658
12	TOTAL HOSPITAL NET REVENUE	\$ 4,095,592	\$ 3,999,018	\$ 96,574	2%	\$ 4,260,885

Revenue Variances

- Total Operating Revenue over budget by \$96,575
- Revenue is over budget by 2%
 - Medicare discharges were under budget by 4 with over budget rates for a net impact of \$38,251
 - Medi-Cal days were under budget by 47, with under budget rates for a net impact of (\$166,785)
 - Commercial days were over budget by 11 with over budget rates for a net impact of \$110,885
 - Other patient days were under budget by 10 with under budget rates for a net impact of (\$110,479)
 - SNF days under budget by 110, with acuity over budget for a net impact of (\$56,087)
 - Outpatient volumes were over budget, off set with self pay discount for a net impact of \$34,412
 - Home Care is over budget by \$6,969
 - Napa State is over budget by \$200,812, due to two large cases

December's Operating Expense

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
OPERATING EXPENSES					
1 Salary and Wages and Agency	\$ 1,994,500	\$ 1,995,025	\$ 525	0%	\$ 1,941,579
2 Employee Benefits	\$ 715,160	\$ 710,588	\$ (4,572)	-1%	\$ 634,900
3 Total People Cost	\$ 2,709,660	\$ 2,705,613	\$ (4,047)	0%	\$ 2,576,479
4 Medical and Prof Fees (excl'd Agency)	\$ 420,096	\$ 390,004	\$ (30,092)	-8%	\$ 556,704
5 Supplies	\$ 503,958	\$ 487,619	\$ (16,339)	-3%	\$ 486,873
6 Purchased Services	\$ 470,671	\$ 387,954	\$ (82,717)	-21%	\$ 339,978
7 Depreciation	\$ 180,238	\$ 199,672	\$ 19,434	10%	\$ 155,294
8 Utilities	\$ 85,711	\$ 82,610	\$ (3,101)	-4%	\$ 76,090
9 Insurance	\$ 19,375	\$ 20,374	\$ 999	5%	\$ 20,084
10 Interest	\$ 28,365	\$ 25,681	\$ (2,684)	-10%	\$ 22,826
11 Other	\$ 63,796	\$ 114,886	\$ 51,090	44%	\$ 349,355
12 TOTAL OPERATING EXPENSE	\$ 4,481,870	\$ 4,414,413	\$ (67,457)	-2%	\$ 4,583,683

Expense Variances

Total operating expenses were over budget by (\$67,457), of which \$90,063 relates to Napa State

- Total productivity FTE's were under budget at 284. Total salaries and Agency were equal to budget.
- Professional Fees were over budget by (\$30,092) due to the Napa State adjustment to actual for fiscal year 2012, (\$30,178).
- Supplies were over budget by (\$16,339) due to Special Procedures 6 month inventory count, (\$16,957) and Pharmacy's purchase of high dollar drugs, (\$23,508).
- Purchase services were over budget by (\$82,717) due to Napa State patients being sent to MGH, (\$59,885).
- Other expenses were under budget by \$51,090 due to reduced spending in Administration.

December's Non-Operating Items

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
NON OPERATING					
1 Electronic Health Record & Misc. Rev.	\$ 163,772	\$ 147,250	\$ 16,522	11%	\$ 9,851
2 Donations	\$ 10,000	\$ -	\$ 10,000	0%	\$ -
3 Professional Center / Phys Recruitment	\$ -	\$ -	\$ -	0%	\$ (146)
4 Physician Practice Support - Prima	\$ (65,630)	\$ (65,630)	\$ -	0%	\$ (68,000)
5 Tax Assessment Revenue-Parcel Tax	\$ 244,432	\$ 250,000	\$ (5,568)	-2%	\$ 245,018
6 Tax Assessment Revenue - GO Bond	\$ 153,567	\$ 158,333	\$ (4,766)	-3%	\$ 153,567
7 GO Bond Interest	\$ (30,011)	\$ (30,011)	\$ -	0%	\$ (30,011)
8 NON-OPERATING REV/EXP	\$ 476,130	\$ 459,942	\$ 16,188	4%	\$ 310,279
9 Capital Campaign Contribution	\$ 43,788	\$ 47,500	\$ (3,712)	-8%	\$ -
10 Restricted Foundation Contribution	\$ -	\$ -	\$ -	0%	\$ -
11 TOTAL NON-OPERATING REV/EXP	\$ 519,918	\$ 507,442	\$ 12,476	2%	\$ 310,279



To: SVH Finance Committee
From: Rick Reid, CFO
Date: January 22, 2013
Subject: Financial Report for the Month Ending December 31, 2012

Overall Results for December 2012

Overall for December, SVH has net income of \$133,641 on budgeted income of \$92,047, for a favorable difference of \$41,593. Total net patient service revenue was under budget by (\$92,895). Risk contracts were over budget by \$191,047, bringing the total operating revenue to \$4,095,593 or \$96,575 over budget. Expenses were \$4,481,870 on a budget of \$4,414,413 or (\$67,457) over budget. The EBIDA prior to the restricted donations for the month was \$328,475 or 8.0%.

Patient Volumes

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	117	135	-18	130
Acute Patient Days	456	476	-20	455
SNF Patient Days	671	781	-110	685
OP Gross Revenue	\$8,302	\$8,032	\$270	\$7,838
Surgical Cases	126	132	-6	132

Overall Payer Mix - December

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	51.7%	48.3%	3.4%	48.8%	47.4%	1.4%
Medi-Cal	10.9%	13.3%	-2.4%	14.1%	13.3%	0.8%
Commercial	35.2%	35.0%	0.2%	33.6%	35.9%	-2.3%
Self Pay	2.2%	3.4%	-1.2%	3.5%	3.4%	0.1%
Total	100%	100%		100%	100%	

Net Operating Revenues

Net operating revenues for December were \$4.1 million on a budget of \$4.0 million or \$96,575 over budget.

Inpatient Net Revenue is under budget by (\$128,128) or 8%, due to the following:

- Medicare discharges under budget by 4, the impact was (\$47,405), offset by favorable rates of \$85,656, net variance over budget \$38,251
- Medi-Cal patient days under budget by 47, with an unfavorable rate variance for a total impact of (\$166,785)

- Other patient days under budget by 10, with an unfavorable rate variance for a total impact of (\$110,479)
- Commercial patient days over budget by 11, with a favorable rate variance for a total impact of \$110,885

Skilled Nursing Home:

- Volume was under budget by 110 days and patient acuity was over budget, net impact (\$56,087)

Outpatient:

- Volume was over budget by \$34,412, due to higher volume and better commercial insurance utilization, offset by self pay discounts taken.

Home Care:

- Volume was over budget by 34 visits or \$6,969 over budget

Contract Revenue:

- Napa State volume was over budget due to two large cases. Napa State revenue was over budget by \$200,812, in addition fiscal year 2012 was adjusted to actual for an increase of \$41,145

Expenses

December's expenses were \$4.5 million on a budget of \$4.4 million or over budget by (\$67,457). The primary cause was the two large Napa State cases.

The following is a summary of the operating expense variances for the month of December:

- Total productivity FTE's were under budget at 284, on a budget of 288. Total salaries and Agency Fees were on budget by a total of \$525.
- Professional Fees are over budget by \$30,092 due to the adjustment of the Napa State revenue to actual for 7/1/11-6/30/12. The additional expense for prior year was \$30,178, which is off set by the \$41,145 of income in the contract revenue.
- Supplies are over budget by (\$16,339) due to Special Procedures inventory count adjustment being over (\$16,957) and the high dollar drugs ordered by the pharmacy being over (\$23,508). Surgery supplies were on budget.
- Purchase services are over budget by (\$82,717) due to a Napa State patient being transferred to Marin General being over (\$59,885).
- Other expenses were under budget by \$51,090 due to reduced spending in Administration.

Capital Campaign Summary:

For the month of December the Hospital received \$43,788 in capital campaign donations. The total amount received from the Capital Campaign to date is \$2,361,724, offset with spending of \$648,056. The funds are included on line 16, Specific Funds on the Balance Sheet. Included on line 16 is also \$21,764 for miscellaneous restricted funds and \$114,334 received from the Foundation for the X-ray machine.

	Receipts	Spending	Balance
Emergency Dept.	\$1,001,000	\$0	\$1,001,000
Operating Room	\$0	\$0	\$0
General	\$1,360,724	\$648,056	\$712,668
Total Capital Campaign	\$2,361,724	\$648,056	\$1,713,668
X-Ray Machine	\$114,334	\$0	\$114,334
Misc. Restricted Funds	\$21,764	\$0	\$21,764
Total Specific Funds	\$2,497,822	\$648,056	\$1,849,766

Other Outpatient Volume Comparison

These comparisons are for actual FY 2013 compared to actual FY 2012. These are not budget comparisons.

Outpatient & ER Visits

	OP Visits				ER – Inpatient				ER - Outpatient			
	CY	PY	Change	%	CY	PY	Change	%	CY	PY	Change	%
July	4,091	4,304	-213	-5.0%	109	114	-5	-4.4%	729	772	-43	-5.6%
Aug	4,392	4,692	-300	-6.4%	106	105	1	.9%	778	718	60	8.4%
Sept	3,888	4,757	-869	-18.3%	111	107	4	3.1%	677	693	-16	2.3%
Oct	4,456	4,640	-184	-4.0%	95	108	-13	-12%	706	679	27	4.0%
Nov	3,931	4,582	-651	-14.2%	101	107	-6	-5.6%	631	632	-1	-0.2%
Dec	3,583	4,212	-629	-14.9%	100	119	-19	-16%	693	622	71	11.4%
YTD	24,341	27,187	-2,247	-8.4%	622	660	-38	-2.9%	4,214	4,116	98	1.1%

Outpatient Procedures

	Dec 2012	Dec 2011	Change	CY YTD	PY YTD	Change
Labor & Delivery	1	1	0	4	1	3
ACU	1	5	-4	10	11	-1
Clinical Lab	1,145	1,370	-225	7,897	9,223	-1,326
ECHO	57	54	3	320	360	-41
EKG	142	152	-10	857	921	-64
Medical Imaging	491	614	-123	3,174	3,867	-693
Mammography	230	267	-37	1,495	1,592	-87
Nuclear Medicine	20	22	-2	133	147	-14
MRI	80	75	5	476	483	-7
Ultrasound	222	220	2	1,380	1,401	-21
CT Scanner	163	164	-1	1,015	1,047	-32
Wound Care	110	70	40	575	538	37
Offsite PT	581	827	-246	4,498	4,863	-365
Occ. Health	234	254	-20	1,746	2,034	-288
Speech Therapy	16	11	5	109	128	-19
Offsite Occ. Therapy	90	106	-16	652	570	82
Total	3,583	4,212	-629	24,341	27,187	-2,846

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended December 2012**

	Month				Year-To-Date				YTD Prior Year	
	This Year		Variance		This Year		Variance			
	Actual	Budget	\$	%	Actual	Budget	\$	%		
Volume Information										
1	Acute Discharges	117	135	(18)	-13%	683	760	(77)	-10%	776
2	SNF Days	671	781	(110)	-14%	3,817	4,141	(324)	-8%	3,554
3	Home Care Visits	940	906	34	4%	5,695	5,514	181	3%	5,645
4	Gross O/P Revenue (000's)	8,302	8,032	270	3%	\$ 51,040	\$ 49,705	1,334	3%	\$ 45,840
Financial Results										
Gross Patient Revenue										
5	Inpatient	\$ 5,347,313	\$ 5,538,095	(190,782)	-3%	\$ 30,327,356	\$ 31,133,382	(806,026)	-3%	\$ 29,622,520
6	Outpatient & Emergency	8,027,351	7,765,612	261,739	3%	49,359,779	48,083,933	1,275,846	3%	44,319,264
7	SNF	2,285,338	2,268,056	17,282	1%	12,472,738	12,153,136	319,602	3%	11,138,396
8	Home Care	275,001	266,137	8,864	3%	1,679,744	1,621,493	58,251	4%	1,521,058
9	Total Gross Patient Revenue	\$ 15,935,003	\$ 15,837,900	97,103	1%	\$ 93,839,617	\$ 92,991,944	847,673	1%	\$ 86,601,238
Deductions from Revenue										
10	Contractual Discounts	\$ (11,844,585)	\$ (11,631,521)	(213,064)	-2%	\$ (69,916,834)	\$ (68,335,457)	(1,581,377)	-2%	\$ (62,219,729)
11	Bad Debt	(250,000)	(339,354)	89,354	26%	(1,600,000)	(1,992,512)	392,512	20%	(2,025,000)
12	Charity Care Provision	(242,990)	(176,703)	(66,287)	-38%	(1,195,532)	(1,037,509)	(158,023)	-15%	(835,643)
13	Prior Period Adjustments	-	-	-	0%	-	-	-	0%	-
14	Total Deductions from Revenue	\$ (12,337,575)	\$ (12,147,578)	(189,997)	*	\$ (72,712,366)	\$ (71,365,478)	(1,346,888)	*	\$ (65,080,372)
15	Net Patient Service Revenue	\$ 3,597,428	\$ 3,690,322	(92,894)	-3%	\$ 21,127,251	\$ 21,626,466	(499,215)	-2%	\$ 21,520,866
16	Risk contract revenue	\$ 487,705	\$ 296,658	191,047	64%	\$ 2,055,531	\$ 1,779,948	275,583	15%	\$ 1,839,062
17	Net Hospital Revenue	\$ 4,085,133	\$ 3,986,980	98,153	2%	\$ 23,182,782	\$ 23,406,414	(223,632)	-1%	\$ 23,359,928
18	Other Operating Revenue	\$ 10,460	\$ 12,038	(1,578)	-13%	\$ 123,872	\$ 72,228	51,644	72%	\$ 76,437
19	Total Operating Revenue	\$ 4,095,593	\$ 3,999,018	96,575	2%	\$ 23,306,654	\$ 23,478,642	(171,988)	-1%	\$ 23,436,365
Operating Expenses										
20	Salary and Wages and Agency Fees	\$ 1,994,500	\$ 1,995,025	525	0%	\$ 11,588,955	\$ 11,769,312	180,357	2%	\$ 11,125,470
21	Employee Benefits	715,160	710,588	(4,572)	-1%	4,332,086	4,234,283	(97,803)	-2%	3,808,248
22	Total People Cost	\$ 2,709,660	\$ 2,705,613	(4,047)	0%	\$ 15,921,041	\$ 16,003,595	82,554	1%	\$ 14,933,718
23	Med and Prof Fees (excl Agency)	\$ 420,096	\$ 390,004	(30,092)	-8%	\$ 2,278,180	\$ 2,353,144	74,964	3%	\$ 2,761,724
24	Supplies	503,958	487,619	(16,339)	-3%	3,003,664	2,896,266	(107,398)	-4%	2,925,344
25	Purchased Services	470,671	387,954	(82,717)	-21%	2,353,109	2,293,620	(59,489)	-3%	1,962,644
26	Depreciation	180,238	199,672	19,434	10%	1,079,035	1,198,032	118,997	10%	934,500
27	Utilities	85,711	82,610	(3,101)	-4%	503,443	495,660	(7,783)	-2%	470,433
28	Insurance	19,375	20,374	999	5%	121,250	122,244	994	1%	121,461
29	Interest	28,365	25,681	(2,684)	-10%	183,130	154,086	(29,044)	-19%	162,176
30	Other	63,796	114,886	51,090	44%	470,400	688,598	218,198	32%	962,244
31	Operating expenses	\$ 4,481,870	\$ 4,414,413	(67,457)	-2%	\$ 25,913,252	\$ 26,205,245	291,993	1%	\$ 25,234,244
32	Operating Margin	\$ (386,277)	\$ (415,395)	29,118	7%	\$ (2,606,598)	\$ (2,726,603)	120,005	4%	\$ (1,797,879)
Non Operating Rev and Expense										
33	Electronic Health Records & Misc. Rev.	\$ 163,772	\$ 147,250	16,522	11%	\$ 949,502	\$ 883,500	66,002	7%	\$ 32,063
34	Donations	10,000	-	10,000	0%	10,000	-	10,000	0%	15,117
35	Professional Center/Phys Recruit	-	-	-	0%	-	-	-	0%	(1,566)
36	Physician Practice Support-Prima	(65,630)	(65,630)	-	0%	(393,780)	(393,780)	-	0%	(351,050)
37	Parcel Tax Assessment Rev	244,432	250,000	(5,568)	-2%	1,469,522	1,500,000	(30,478)	-2%	1,470,107
38	GO Bond Tax Assessment Rev	153,567	158,333	(4,766)	-3%	921,402	949,998	(28,596)	-3%	921,400
39	GO Bond Interest	(30,011)	(30,011)	-	0%	(180,066)	(180,066)	-	0%	(180,064)
40	Total Non-Operating Rev/Exp	\$ 476,130	\$ 459,942	16,188	4%	\$ 2,776,580	\$ 2,759,652	16,928	1%	\$ 1,906,007
41	Net Income / (Loss) prior to Restricted Contributor	\$ 89,853	\$ 44,547	45,306	102%	\$ 169,982	\$ 33,049	136,933	*	\$ 108,128
42	Capital Campaign Contribution	\$ 43,788	\$ 47,500	(3,712)	-8%	\$ 313,744	\$ 285,000	28,744	10%	\$ -
43	Restricted Foundation Contributions	\$ -	\$ -	-	0%	\$ 114,334	\$ -	114,334	100%	\$ -
44	Net Income / (Loss) w/ Restricted Contributions	\$ 133,641	\$ 92,047	41,594	45%	\$ 598,060	\$ 318,049	280,011	88%	\$ 108,128
45	Net Income w/o GO Bond Activity	\$ 10,085	\$ (36,275)	46,360	128%	\$ (571,354)	\$ (736,883)	165,529	22%	\$ (633,208)

Sonoma Valley Health Care District
Balance Sheet
For The Period Ended
As of December 31, 2012

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Assets			
Current Assets:			
1 Cash	\$ 2,006,788	\$ 1,046,269	\$ 2,093,462
2 Trustee Funds	339,459	339,459	143,815
3 Net Patient Receivables	8,172,226	8,080,021	7,590,193
4 Other Accts/Notes Rec	4,552,278	4,360,687	3,726,806
5 Allow Uncollect Accts	(1,629,821)	(1,675,948)	(1,930,774)
6 3rd Party Receivables	44,923	1,467,524	1,067,337
7 Due Frm Restrict Funds	-	-	-
8 Inventory	887,934	933,079	1,025,861
9 Prepaid Expenses	1,198,317	1,255,270	1,554,511
10 Total Current Assets	<u>\$ 15,572,104</u>	<u>\$ 15,806,361</u>	<u>\$ 15,271,211</u>
11 Board Designated Assets	\$ 186,193	\$ 186,193	\$ 253,467
12 Property, Plant & Equip, Net	10,669,234	10,701,170	9,810,607
13 Hospital Renewal Program	20,592,634	18,571,818	11,329,510
14 Unexpended Hospital Renewal Funds	14,541,543	14,008,248	20,791,945
15 Investments	-	-	36,984
16 Specific Funds	1,849,766	2,453,340	547,976
17 Other Assets	313,616	315,277	515,689
18 Total Assets	<u>\$ 63,725,090</u>	<u>\$ 62,042,407</u>	<u>\$ 58,557,389</u>
Liabilities & Fund Balances			
Current Liabilities:			
19 Accounts Payable	\$ 7,349,043	\$ 5,590,883	\$ 4,255,300
20 Accrued Compensation	3,038,895	2,831,352	2,912,420
21 Interest Payable	714,262	571,410	714,308
22 Accrued Expenses	255,629	228,312	241,014
23 Advances From 3rd Parties	1,305,849	1,349,994	613,602
24 Deferred Tax Revenue	2,377,805	2,776,389	2,391,503
25 Current Maturities-LTD	1,365,409	1,398,707	1,383,216
26 Other Liabilities	83,975	83,975	-
27 Total Current Liabilities	<u>\$ 16,490,867</u>	<u>\$ 14,831,022</u>	<u>\$ 12,511,363</u>
28 Long Term Debt, net current portion	\$ 37,738,378	\$ 37,849,221	\$ 38,412,770
29 Fund Balances:			
30 Unrestricted	\$ 6,929,057	\$ 6,849,164	\$ 7,564,612
31 Restricted	2,566,788	2,513,000	68,644
32 Total Fund Balances	<u>\$ 9,495,845</u>	<u>\$ 9,362,164</u>	<u>\$ 7,633,256</u>
33 Total Liabilities & Fund Balances	<u>\$ 63,725,090</u>	<u>\$ 62,042,407</u>	<u>\$ 58,557,389</u>

Sonoma Valley Hospital
Statistical Analysis
FY 2013

	ACTUAL		ACTUAL												
	Dec-12	BUDGET Dec-12	Nov-12	Oct-12	Sep-12	Aug-12	Jul-12	Jun-12	May-12	Apr-12	Mar-12	Feb-12	Jan-12	Dec-11	Nov-11
Statistics															
Acute															
Acute Patient Days	456	476	351	443	347	432	396	354	363	436	435	399	448	455	449
Acute Discharges	117	135	104	121	109	117	115	107	116	129	128	145	125	130	133
SNF Days															
SNF Days	671	781	638	576	617	682	633	688	729	618	672	567	662	685	543
HHA Visits															
HHA Visits	940	906	921	1,043	802	1,052	937	941	989	997	1,023	950	967	913	911
Emergency Room Visits															
Emergency Room Visits	793	768	732	801	788	884	838	810	863	717	783	692	791	741	739
Gross Outpatient Revenue (000's)															
Gross Outpatient Revenue (000's)	\$8,302	\$8,032	\$8,485	\$8,935	\$8,151	\$9,014	\$8,153	\$7,667	\$8,120	\$7,880	\$8,707	\$7,983	\$8,640	\$7,838	\$7,863
Equivalent Patient Days															
Equivalent Patient Days	2,353	2,550	2,213	2,214	2,202	2,509	2,202	2,355	2,362	2,236	2,451	2,214	2,412	2,374	2,115
Births															
Births	13	17	14	9	11	16	9	15	6	23	11	10	9	17	19
Surgical Cases - Inpatient															
Surgical Cases - Inpatient	32	38	35	37	37	40	41	28	37	38	37	31	33	43	43
Surgical Cases - Outpatient															
Surgical Cases - Outpatient	94	94	95	91	97	98	82	92	99	99	117	84	99	89	101
Total Surgical Cases															
Total Surgical Cases	126	132	130	128	134	138	123	120	136	137	154	115	132	132	144
Medicare Case Mix Index															
Medicare Case Mix Index	1.51	1.40	1.47	1.29	1.49	1.40	1.61	1.50	1.64	1.36	1.29	1.40	1.32	1.47	1.39
Income Statement															
Net Revenue (000's)	4,085	3,987	3,679	3,963	3,707	3,926	3,822	4,832	3,741	3,739	3,925	3,867	3,924	4,247	3,668
Operating Expenses (000's)	4,482	4,414	4,235	4,407	4,221	4,312	4,257	5,278	4,686	4,413	4,372	4,160	4,250	4,584	3,973
Net Income (000's)	134	92	174	67	65	127	31	889	343	(14)	24	36	23	(13)	16
Productivity															
Total Operating Expense Per Equivalent Patient Day	\$1,905	\$1,731	\$1,914	\$1,990	\$1,917	\$1,719	\$1,933	\$2,241	\$1,984	\$1,974	\$1,784	\$1,879	\$1,746	\$1,931	\$1,878
Productive FTEs	284	288	266	281	291	284	281	285	285	274	271	272	266	274	256
Non-Productive FTEs	33	30	47	36	39	37	41	34	28	28	28	26	35	27	39
Total FTEs	317	318	313	316	330	321	322	318	313	302	303	299	300	302	295
FTEs per Adjusted Occupied Bed	4.24		4.24	4.43	4.37	3.97	4.53	4.05	4.11	4.05	3.84	3.80	3.84	3.94	4.19
Balance Sheet															
Days of Expense In General Operating Cash	14		7	12	14	13	14	13	15	20	16	20	25	23	23
Net Days of Revenue in AR	53		52	53	50	50	50	48	47	46	45	44	45	45	43

Sonoma Valley Hospital
Statement of Cash Flows
For the Period Ended

	<u>Current Month</u>	<u>Year To Date</u>
Operating Activities		
Net Income (Loss)	133,641	598,060
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	180,238	1,079,035
Net changes in operating assets and liabilities:		
(Increase)/Decrease Patient accounts receivable - net	(138,332)	(610,819)
(Increase)/Decrease Other receivables and other assets	1,232,671	3,409,624
(Increase)/Decrease Prepaid expenses	56,953	(628,837)
(Increase)/Decrease in Inventories	45,145	(23,797)
(Decrease)/Increase in Deferred revenues	(442,729)	(2,035,907)
(Decrease)/Increase in Accounts payable, accrued expenses	2,135,912	1,905,840
Net Cash Provided/(Used) by operating activities	<u>3,203,499</u>	<u>3,693,199</u>
Investing Activities		
Net Purchases of property, plant and equipment - Other Fixed Assets	(146,840)	(472,820)
Net Purchases of property, plant and equipment - GO Bond Purchases	(2,020,816)	(6,650,317)
Net Proceeds and Distributions from investments	-	36,839
Net Book Value of Assets Disposed	(1,462)	(1,462)
Change in Restricted Funds	-	-
Change in Limited Use Cash	70,279	4,378,708
(Payment)/Refund of Deposits	-	-
Net cash Provided/(Used) by investing activities	<u>(2,098,839)</u>	<u>(2,709,052)</u>
Financing Activities		
Proceeds (Repayments) from Borrowings - Banks & Carriers	(144,141)	(768,208)
Proceeds (Repayments) from Borrowings - Other		
Net Intercompany Borrowings/(Repayments)		
Change in Post Retirement Obligations & Other Net Assets	-	-
Net Equity Transfers to related entities (Cash and Non-Cash)		
Net cash Provided/(Used) by financing activities	<u>(144,141)</u>	<u>(768,208)</u>
Net increase/(Decrease) in cash and cash equivalents	<u>960,519</u>	<u>215,939</u>
Cash and Equivalents at beginning of period	<u>1,046,269</u>	<u>1,790,849</u>
Cash and Equivalents at December 31, 2012	<u><u>2,006,788</u></u>	<u><u>2,006,788</u></u>

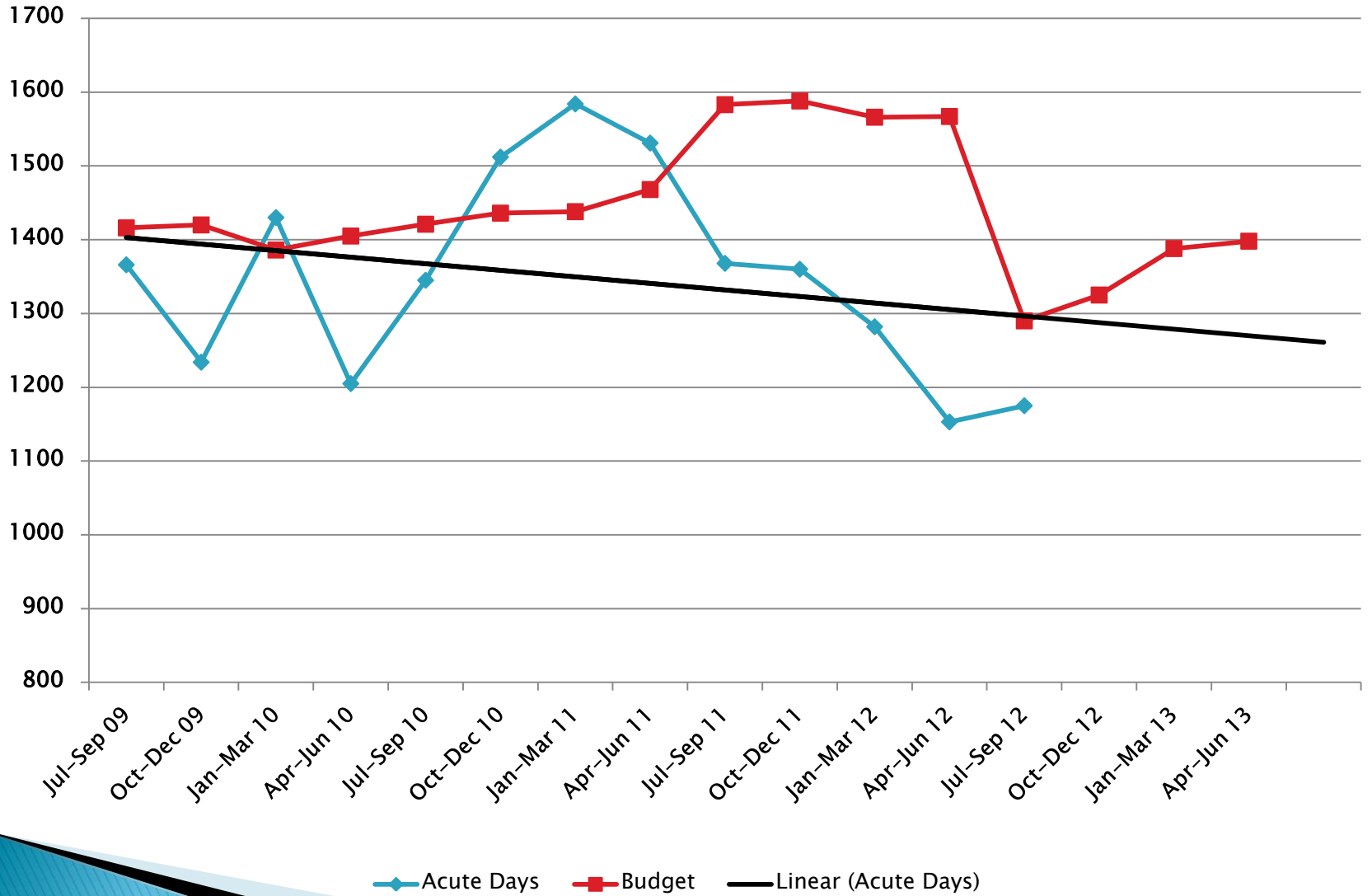
9.

SECOND QUARTER
VOLUME SUMMARY

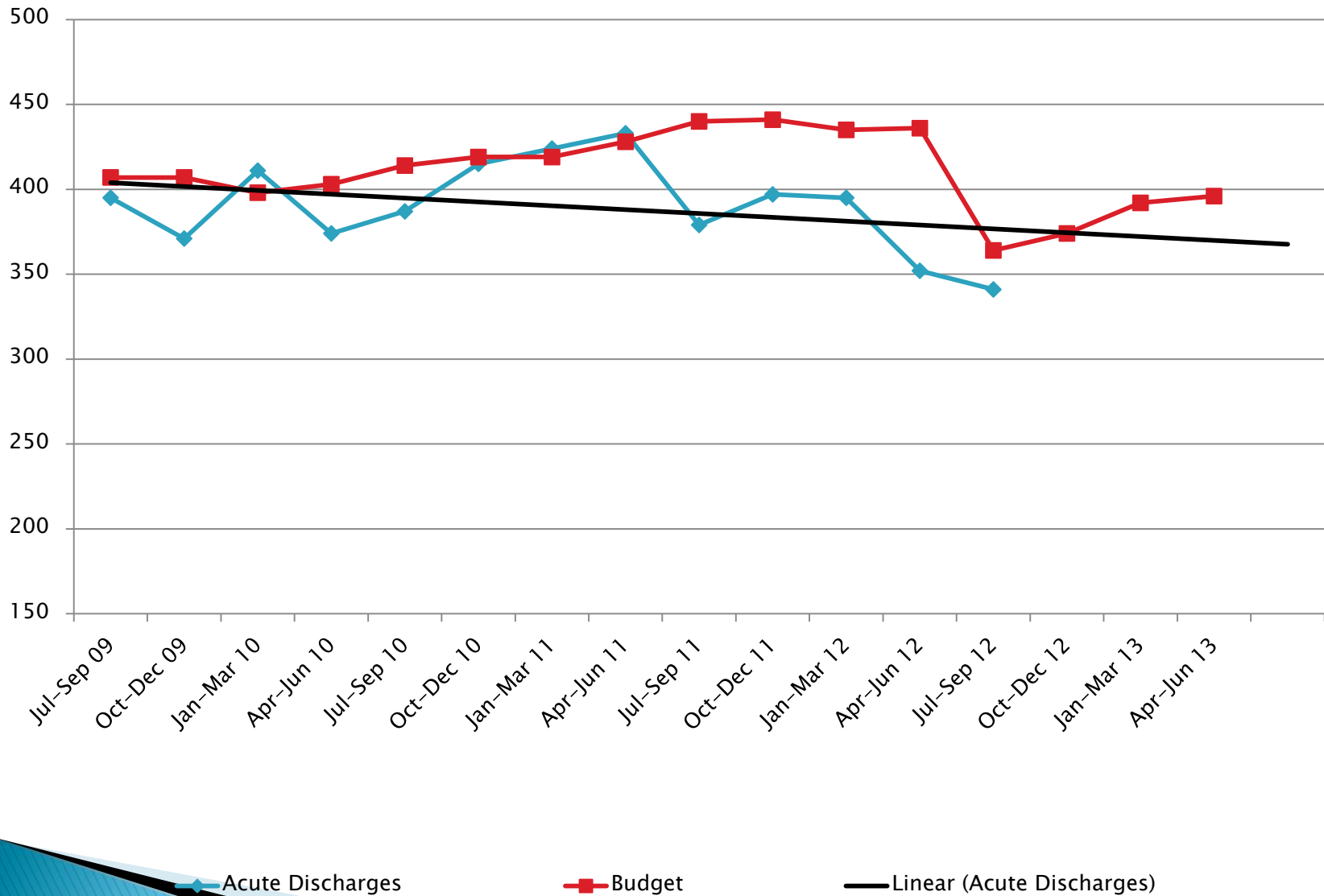
Sonoma Valley Hospital Quarterly Volume Update

Finance Committee
January 22, 2013

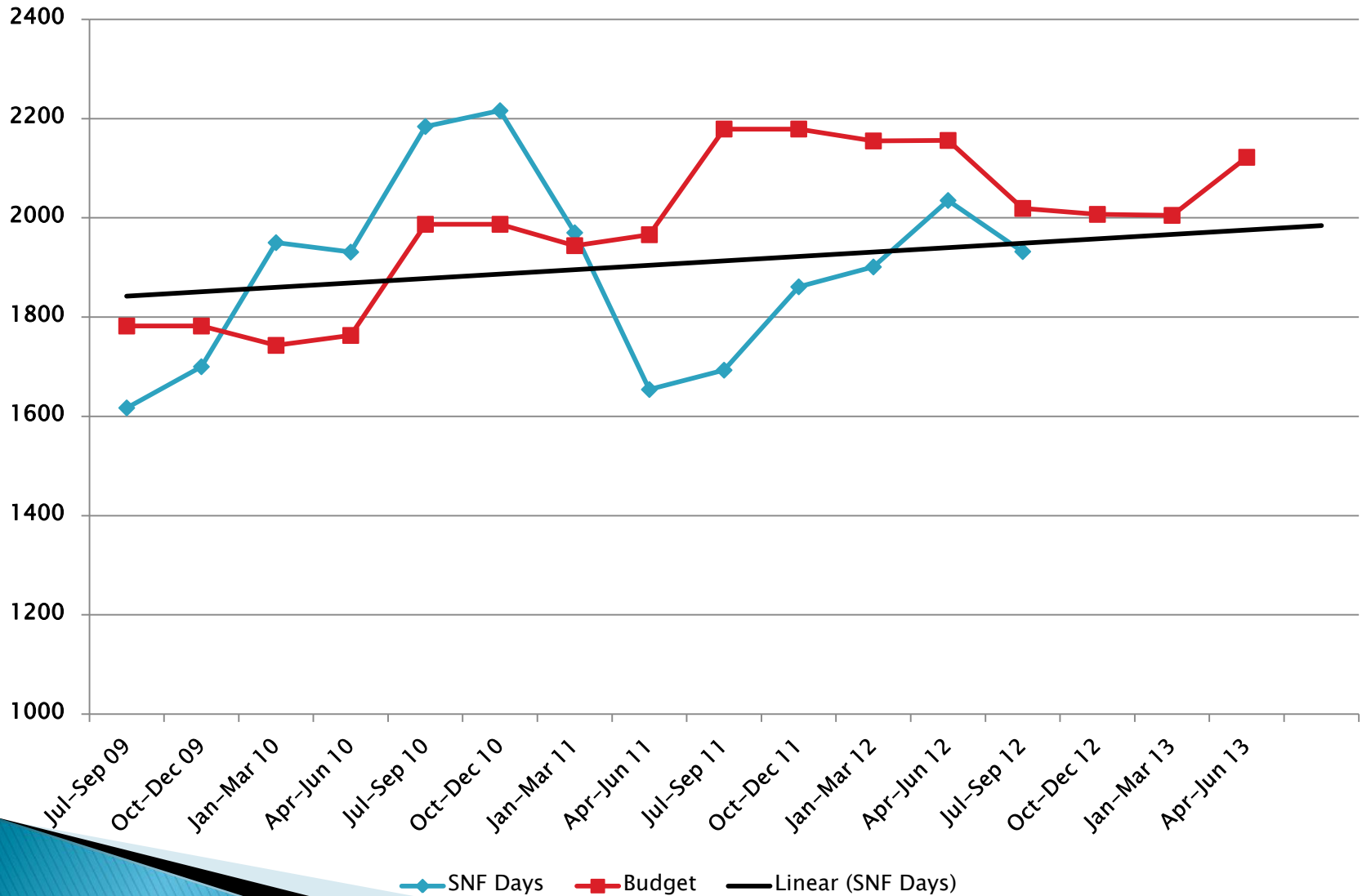
Acute Days



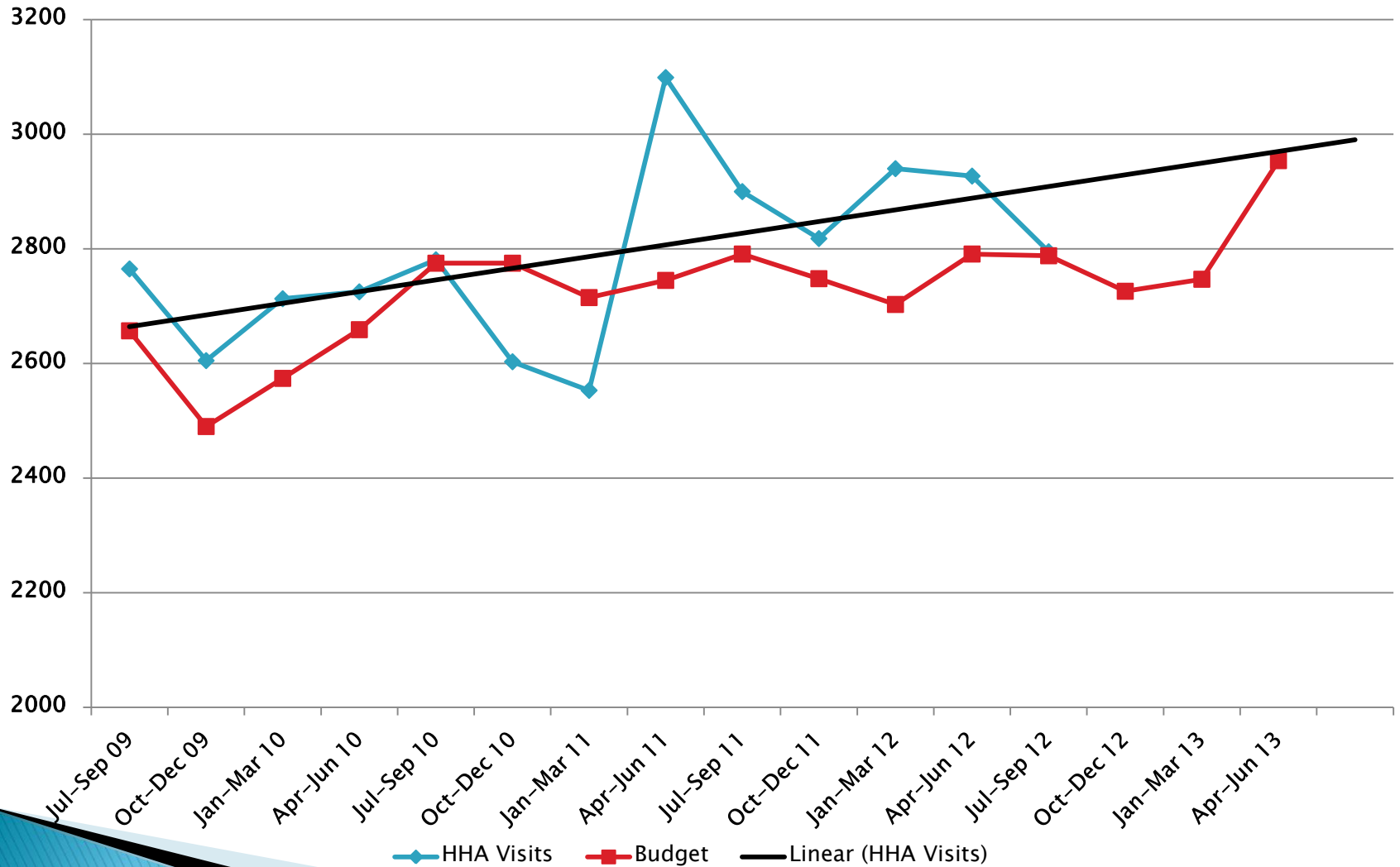
Acute



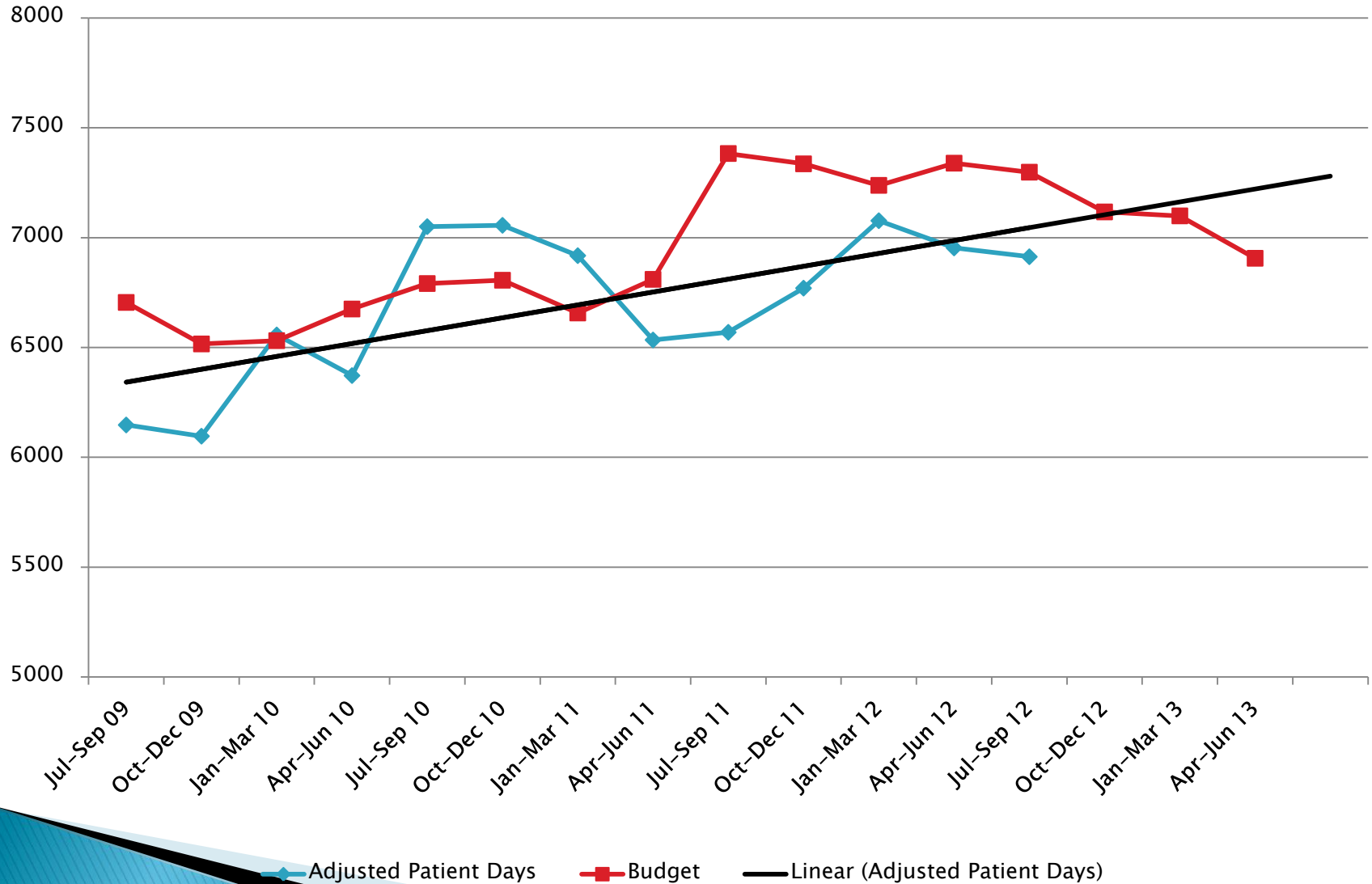
SNF Days



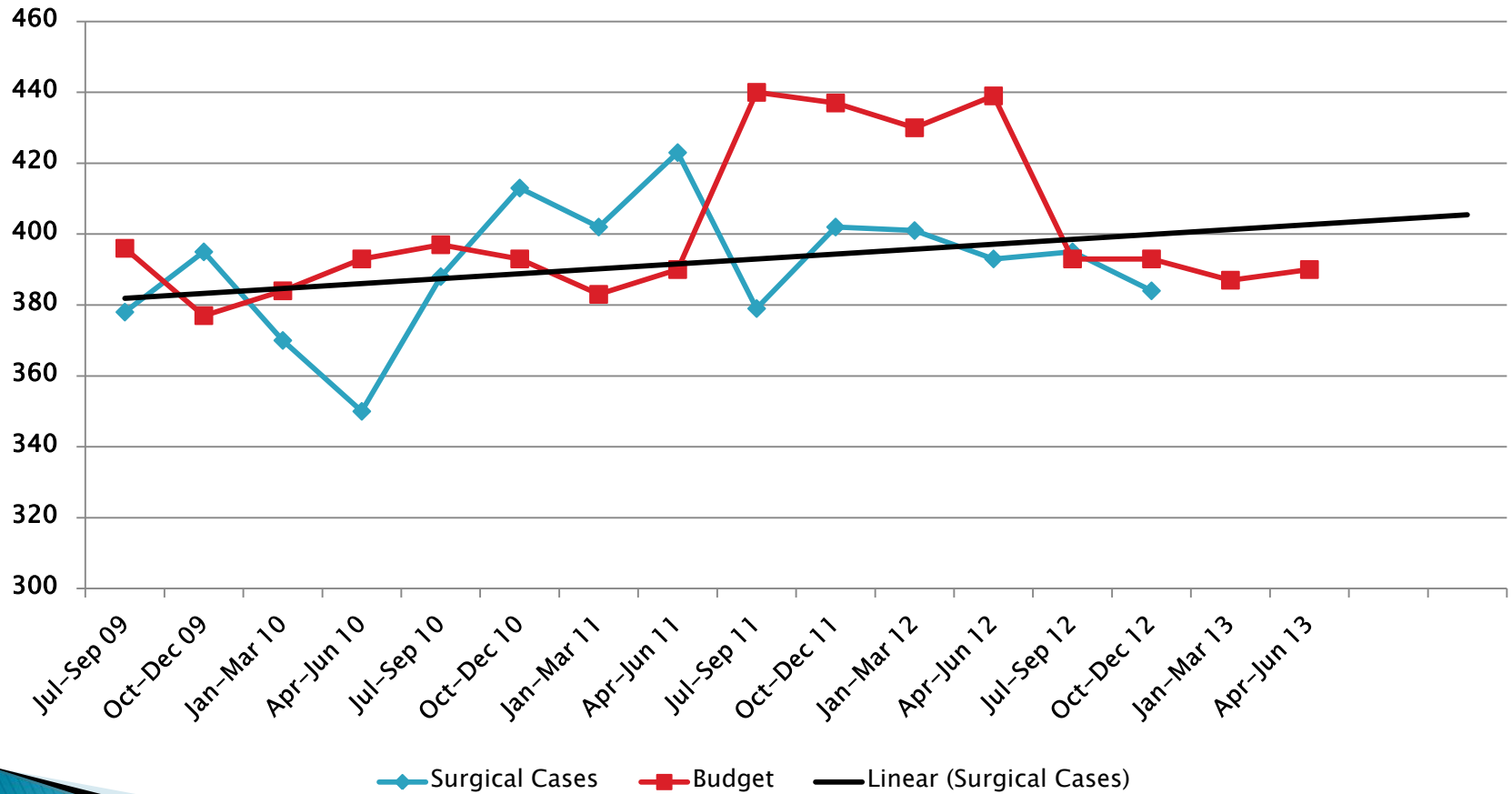
HHA Visits



Adjusted Patient Days

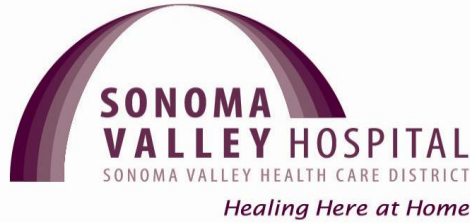


Surgical



10.

**CONFIDENTIALITY
STATEMENT**



(Date) _____ 2013

Re: PUBLIC MEMBERS OF HOSPITAL COMMITTEES / POLICY CONCERNING CONFIDENTIAL HOSPITAL INFORMATION

Dear _____:

State and Federal laws, as well as ethical obligations, require that information concerning the care, condition and treatment of our patients be treated as confidential matters. Moreover, public agency transparency laws recognize that other Health Care District matters are appropriately confidential, including Medical Staff reports (care assessments, credentialing, and peer review), personnel matters and negotiations, legal privileges, and trade secret and real estate matters. These topics and other confidential matters designated by law, unless appropriately disclosed publicly by the District, are considered District Confidential Information (“DCI”). Accordingly, DCI, including related departmental, operational, statistical and financial information, should be held in confidence. No DCI may be used by any individual connected with the hospital for their own purposes.

Any and all inquiries by members of the media concerning the Hospital and/or its patients shall be referred to the office of the President/CEO or Board Chair. DCI is not to be shared or communicated to the press, public or staff. Any questions concerning the status of information as confidential or subject to public records laws shall be submitted to administration for a determination.

In agreeing to assist the District, SVH, and the Board of Directors in the role of a public member of a Hospital committee, you are reminded that failure to adhere to this policy may have significant legal ramifications for the Hospital, its patients, the Board, and you and your committee.

ACKNOWLEDGEMENT

I acknowledge that I understand my obligation to protect District Confidential Information.

Signature

Date

Print Name