



**SONOMA VALLEY HEALTH CARE DISTRICT  
FINANCE COMMITTEE  
REGULAR MEETING AGENDA  
Tuesday, September 24, 2013  
5:00 p.m.**

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

AGENDA ITEM	RECOMMENDATION	
<b>MISSION STATEMENT</b> <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>	<i>Fogg</i>	
<b>2. PUBLIC COMMENT SECTION</b> <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>		
<b>3. CONSENT CALENDAR:</b> A. FC Minutes 7.30.13; 8.27.13	<i>Fogg</i>	Action
<b>4. EDUCATION SESSION – COVERED CALIFORNIA AND MEDI-CAL CHANGES</b>	<i>Duarte</i>	Inform
<b>5. FUNDRAISING AND BUILDING PROGRAM UPDATE</b>	<i>Mather</i>	Inform
<b>6. CAPITAL BUDGET APPROVAL</b>	<i>Reid</i>	Action
<b>7. RESOLUTION No. 317 SETTING THE TAX RATE FOR THE 2013-2014 FISCAL YEAR FOR THE PAYMENT OF INTEREST ON THE SVHCD GENERAL OBLIGATION BONDS, ELECTION OF 2008, SERIES A (2009)</b>	<i>Reid</i>	Action
<b>8. RESOLUTION No. 318 OF THE GOVERNING BOARD OF SVHCD REQUESTING FUND TRANSFER UNDER ARTICLE XVI, SECTION 6 OF THE STATE CONSTITUTION</b>	<i>Reid</i>	Action
<b>9. RAC UPDATE</b>	<i>Reid</i>	Inform
<b>10. UPDATES</b>	<i>Reid</i>	Inform
<b>11. AUGUST 2013 FINANCIALS</b>	<i>Reid</i>	Inform
<b>12. PROJECTED CASH FLOWS</b>	<i>Reid</i>	Inform
<b>13. UPDATE ON CELL PHONE TOWER LEASE EASEMENT PURCHASE</b>	<i>Reid</i>	Inform/Action
<b>14. CLOSING COMMENTS/ADJOURN</b> <i>The next Finance Committee meeting is on Tuesday, October 22, 2013 at 5:00 PM.</i>	<i>Fogg</i>	

3.

# CONSENT CALENDAR



**SONOMA VALLEY HEALTH CARE DISTRICT  
FINANCE COMMITTEE  
MEETING MINUTES  
TUESDAY, JULY 30, 2013  
Schantz Conference Room**

<b>Board Members Present</b>	<i>cont.</i>	<b>Staff/ Public/Other</b>	<b>Absent/Excused</b>
Dick Fogg Sharon Nevins Peter Hohorst Steve Barclay Richard Conley	Mary Smith Phil Woodward Keith Chamberlin	Rick Reid Jeannette Tarver Sam McCandless Gigi Betta	Subhash Mishra Kelly Mather Shari Glago

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>ACTIONS</b>	<b>FOLLOW-UP</b>
<b>MISSION AND VISION STATEMENTS</b>	<i>The mission of the SVHCD is to maintain, improve and restore the health of everyone in our community. The vision of the SVHCD is that SVH will be a nationally recognized, compassionate place of healing known for excellence in clinical quality. We serve as the guide and indispensable link in our community members' health care journey.</i>		
<b>1. CALL TO ORDER</b>	<i>Dick Fogg</i>		
	Call to order at 5:05PM Announcements: Kelly Mather is excused and Mary Smith will leave the meeting at 6:00PM.		
<b>2. PUBLIC COMMENT SECTION</b>	<i>Dick Fogg</i>		
	No public comment.		
<b>3. CONSENT CALENDAR</b>	<i>Dick Fogg</i>	Action	
A. FC Minutes 06.25.13		<b>MOTION</b> to approve Item #3.A. by Hohorst, 2 <sup>nd</sup> by Smith. All in favor.	
<b>4. RECOVERY AUDIT CONTRACTOR (RAC) UPDATE</b>	<i>Reid</i>	Inform	
	Mr. Reid updated the Finance Committee on current RAC cases (total of 302) and their status. The majority of the cases fall into the <i>approved</i> category. The Committee discussed the need to restate previous year financial statements, and the opportunity to bring some of the RAC "appeal won money" back into 2013 earnings.		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
<b>5. UPDATES</b>	<i>Reid</i>	Inform	
	<p>The Hospital is within \$4,000 of matching the \$1,000,000 Vadasz matching grant.</p> <p>Implementation of the new accounting software is underway and final training with both MGH and SVH was completed this week.</p> <p>In the past, the SVH payment to Prima Medical has been \$65,000/month. Accounting issues and management turnover have resulted in larger losses for Prima Medical. After negotiation, it was agreed that SVH would increase monthly payments to \$83,000, effective 7/1/13. On their part, Prima has committed to being more cost effective. The maximum monthly amount that SVH is obligated to pay is \$101,000.</p> <p>Bartko, Zankel &amp; Bunzel is the legal representation on the Hospital's HIPAA Class Action Law Suit. The judge for the case has been selected and approved, the first round of interviews with Hospital staff are completed and motions are being filed. SVH has HIPAA insurance coverage of \$2 million with a \$50,000 deductible. SVH legal representation believes that this HIPAA case is not about <i>disclosure</i> but rather <i>exposure</i>.</p> <p>SVH has seen a slow-down in billing payments from insurance companies and CMSP is getting "take-backs".</p>		
<b>6. JUNE 2013 FINANCIALS</b>	<i>Reid</i>	Inform	
	<p>Overall for June, SVH has a net income of \$732,280 on budgeted income of \$63,150, for a favorable difference of \$669,130.</p> <p>Total net patient service revenue was under budget, risk contracts were over budget and other operating revenue was over budget bringing the total operating revenue to \$3,905,311 or (\$7,477) (under budget). Expenses were \$4,693,845 on a budget of \$4,357,080 or (\$336,765) over budget. The EBIDA prior to the restricted donations for the month was (\$191,000) or -4.9%.</p> <p>On a year to date basis, the loss prior to the restricted contributions was \$618,860. This loss includes the Medicare paybacks due to the RAC audits of \$1,109,223. Adjusting for RAC audits, the income prior to the restricted contributions would have by \$490,363 on a budget of \$433,198 or \$57,165 better than budget.</p>		
<b>7. PROJECTED CASH FLOWS</b>	<i>Reid</i>	Inform	
	Mr. Reid presented the 6-month cash projection and summary of the building program.		
<b>8. QUARTERLY CAPITAL SPENDING REPORT</b>	<i>Reid</i>	Inform	
	Mr. Reid presented the Quarterly Capital Spending Report.		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW -UP
<b>9. QUARTERLY VOLUME UPDATE</b>	<i>Reid</i>	Inform	
	Mr. Reid presented the Quarterly Volume Update.		
<b>10. LANDMARK OPTION AGREEMENT-LEASE EASEMENT PURCHASE</b>	<i>Reid</i>	Action	
	<p>Mr. Reid gave the Committee some background on the Option Agreement he is proposing with ATT. Currently, SVH leases space to ATT for a mechanical building and a cell phone tower and very recently, ATT proposed that SVH take a reduction in rent payment.</p> <p>Mr. Reid is recommending approval on the Option Agreement that would assign lease easement rights to Landmark for a period of 40 years for a total of \$217,176.</p> <p>Ms. Nevins recommends adding an end date to due diligence requests. Mr. Fogg suggests having a local expert review the Agreement at no cost to the Hospital.</p>	<p><b>MOTION</b> by Nevins to advise Board that Item#10, the Option Agreement, <i>as amended</i> is in process and will be presented to the Board at a future time; and 2<sup>nd</sup> by Chamberlin. All in favor.</p>	
<b>11. CLOSING COMMENTS/ADJOURN</b>	<p><i>Fogg</i> 6:35 PM The next Finance Committee meets on Tuesday, August 27 at 5:00PM.</p>		



**SONOMA VALLEY HEALTH CARE DISTRICT  
FINANCE COMMITTEE  
MEETING MINUTES  
TUESDAY, AUGUST 27, 2013  
Schantz Conference Room**

<b>Board Members Present</b>	<i>cont.</i>	<b>Staff/ Public/Other</b>	<b>Absent/Excused</b>
Dick Fogg Steve Barclay Shari Glago Phil Woodward Subhash Mishra		Rick Reid Jeannette Tarver Sam McCandless Gigi Betta Lisa Duarte Kelly Mather	Richard Conley Peter Hohorst Keith Chamberlin Mary Smith Sharon Nevins

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>ACTIONS</b>	<b>FOLLOW-UP</b>
<b>MISSION AND VISION STATEMENTS</b>	<i>The mission of the SVHCD is to maintain, improve and restore the health of everyone in our community. The vision of the SVHCD is that SVH will be a nationally recognized, compassionate place of healing known for excellence in clinical quality. We serve as the guide and indispensable link in our community members' health care journey.</i>		
<b>1. CALL TO ORDER</b>	<i>Dick Fogg</i>		
	Meeting was called to order at 5:10 PM <b>There were not enough Committee Members in attendance to make a quorum and therefore all action items requiring action or approval will be put forward to the next FC meeting on 9/24/13.</b>		All action items requiring action or approval will be put forward to the next FC meeting on 9/24/13.
<b>2. PUBLIC COMMENT SECTION</b>	<i>Dick Fogg</i>		
	No public comment.		
<b>3. CONSENT CALENDAR</b>	<i>Dick Fogg</i>	Action	
A. FC Minutes 07.30.13			Consent Calendar put forward to 9/24/13.
<b>4. EDUCATION SESSION-COVEREDED CALIFORNIA AND MEDI-CAL CHANGES</b>	<i>Duarte</i>	Inform	

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
			Presentation put forward to 9/24/13.
<b>5. CAPITAL BUDGET APPROVAL</b>	<i>Reid</i>	Action	
	Mr. Reid presented the Capital Budget items for 2014. The largest item is the main lobby remodel and Ms. Mather provided some detail on these plans. Two items <b>not</b> on the list, because they are cost prohibitive, are the fire alarm and pipes. Mr. Reid will bring these items to the Board's attention.		Correction: remove one freezer at \$5,000, it is listed twice.  Capital Budget approval put forward to 9/24/13.
<b>6. RAC UPDATE</b>	<i>Reid</i>	Inform	
	Mr. Reid reviewed the RAC balances as of 8/27/13. RAC updates will be a standing item at both the Finance Committee and Board of Director meetings until further notice.		
<b>7. OTHER UPDATES</b>	<i>Reid</i>	Inform	
	<p><u>Proposed SVH Management Bonus Plan</u> Ms. Mather and Mr. Reid would like to institute a management bonus plan at SVH in an effort to keep good people on staff.</p> <p>It was proposed and if SVH has a minimum budget profit of \$1M (strictly based on operations and prior to any restricted contributions), then currently 28 directors and managers <i>could</i> qualify. Qualification would be based on a weighted system already in use at the Hospital devised by the Studer Group. The maximum bonus amounts are \$6,000 directors and \$3,000 managers.</p> <p>There was a lot of discussion and some push back on the proposed plan. There were several suggestions made about how to present the plan to both Board and public including making it more understandable, objective, clear and include an independent oversight.</p> <p><u>Capital Campaign Update</u> The Capital Campaign total is \$9.3M with a verbal of \$1.3M for a total of \$10.6M.</p> <p><u>Accounting</u> Moss Adams, SVH Auditors, have suggested that SVH account for donations received by <i>booking</i> the income (or pledge) before receiving the cash. Auditors are concerned about the growth of A/R and aging and SVH could receive an A/R adjustment.</p>		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
	<p>Patient Accounting practices are under review and areas of improvement have been discovered. Ideally, the next Patient Accounting manager would have extensive experience with accounting practices, front line management and provide greater oversight.</p> <p>Ms. Tarver has done an excellent job resolving previous personnel issues in the accounting department and has increased department morale.</p>		
<b>8. JULY 2013 FINANCIALS</b>	<i>Reid</i>	Inform	
	<p>Overall for July, SVH has a net income of \$184,544 on budgeted income of \$59,910, for a difference of \$124,634. Total net patient service revenue was under budget (\$7,722). Risk contracts were under budget (\$97,370). Other operating revenue is under budget (\$6,455), bringing the total operating revenue to \$4,081,467 or (\$111,547) under budget. Expenses were \$4,412,550 on a budget of \$4,555,401 or \$142,851 under budget. The EBIDA prior to the restricted donations for the month was \$289,550 or 7.1%.</p> <p>The <i>Operating Indicators</i> report has been added to the financials this month and the order of the reports has been changed...</p>		
<b>9. PROJECTED CASH FLOWS</b>	<i>Reid</i>	Inform	
	<p>In the interest of transparency, Mr. Woodard and Mr. Fogg recommend that the SVH Foundation be audited.</p>		
<b>10. UPDATE ON LANDMARK OPTION AGREEMENT-LEASE EASEMENT PURCHASE</b>	<p><i>Reid</i></p> <p>Since last month, three bids have been received, over 30 lease contracts have been reviewed and there have been several interviews. A company out of San Francisco is up for consideration and Mr. Fogg will do some research on their background.</p>	Inform	
<b>11. CLOSING COMMENTS/ADJOURN</b>	<p><i>Fogg</i></p> <p>Meeting was adjourned at 6:50 PM</p> <p>The next Finance Committee meets on Tuesday, September 24, 2013 at 5:00PM.</p>		



6.

**CAPITAL BUDGET  
APPROVAL**

**Sonoma Valley Hosp**  
**2014 Capital Budget Items**

#	Description	Justification	Reason Code	Estimated Purchase Date	Costs
1	Plant Operation Projects	Main Projects: Fire Alarm \$50,000; SNF pipes \$50,000; Air Handlers \$100,000	Replacement	01/01/2014	\$ 200,000
2	Blinds for all windows in lab	They are the original blinds, dirty, cords breaking, slats are bent. Visible to the public.	Replacement	09/30/2013	\$ 1,081
3	Refrigerator for Micro	Refrigerator is very old & too small for the inventory since adding PDH Micro.	Replacement	09/30/2013	\$ 3,000
4	Freezer	door was dented & no longer seals properly	Replacement	09/30/2013	\$ 5,000
5	Lab Computer Equipment: 1. computer & tracking boards 2. computer & monitor	1. Tracking boards for Lab Assistants & second one in back. 2. Blood Bank inventory system, replacing a handwritten log book.	New service; new technology	10/31/2013	\$ 3,000
6	Blood gas instrument	Outdated, TJC suggested we should replace our instrument at 2011 inspection. Will purchase an instrument which provides backup to the Vitros 5600	End of Equipment Life	01/01/2014	\$ 17,250
7	Microbiology incubators	Our incubators were purchased in 1984. They are obsolete, the seals no longer hold the required CO2 levels. They are no longer repairable.	End of Equipment Life	09/30/2013	\$ 10,000
8	Doppler	Current one is technologically outdated	End of Equipment Life	01/01/2014	\$ 3,000
9	Versacare ICU beds	remaining two beds are very old and do not drop to a low position for patient safety.	End of Equipment Life	11/01/2013	\$ 28,723
10	Temporal Thermometers	Current one is broken, need to replace	Replacement	12/31/2013	\$ 500
11	Bilicheck system	Previously performed by Lab, equipment recently broken and lab has not replaced, instead doing invasive procedure for infants	Replacement	09/30/2013	\$ 4,602
12	Locking Medication carts	Regulatory compliance	End of Equipment Life	10/31/2013	\$ 3,200
13	HRIS	Current system unsupported	Replacement	01/01/2014	\$ 53,137
14	20 Wheelchairs	to replace aging, broken wheelchairs with missing parts	Replacement	11/01/2013	\$ 3,663
15	Surgical Lap instrument set	current instrument set old, surgeons won't use it	Replacement	10/31/2013	\$ 10,301
16	Patient Supply Charging	Increase efficiency of charge capture	New service; new technology	03/31/2014	\$ 40,488
17	Pathways Compliance Advisor & Real Time Eligibility	Implement real time ABN function & Real Time Eligibility with Paragon integration	New service; new technology	03/31/2014	\$ 89,298
18	Outpatient Endo/Cardio			06/30/2014	\$ 100,000
19	HI-Low Table	to replace outdated, malfunctioning table	Replacement	11/01/2013	\$ 1,913
20	Hallway Carpet		Replacement	03/31/2014	\$ 90,000
21	Contingency				\$ 100,844
<b>Capital Budget Amount per 2014 Budget Free Cash Flow</b>					<b>\$ 769,000</b>

7.

**RESOLUTION No. 317**

**SONOMA VALLEY HEALTH CARE DISTRICT**

**RESOLUTION No. 317**

**RESOLUTION SETTING THE TAX RATE FOR THE 2013-2014 FISCAL YEAR  
FOR THE PAYMENT OF INTEREST ON THE SONOMA VALLEY HEALTH  
CARE DISTRICT (SONOMA COUNTY, CALIFORNIA) GENERAL  
OBLIGATION BONDS, ELECTION OF 2008, SERIES A (2009)**

WHEREAS, by resolution, adopted by the Board of Directors (the "Board") of the Sonoma Valley Health Care District (the "District") on October 3, 2013, the Board determined and declared that public interest and necessity demanded the need to raise moneys for the expansion, improvement, acquisition, construction, equipping and renovation of health facilities of the District (the "Project"), and the Board called a mailed ballot election to be held within the boundaries of the District in accordance with the California Elections Code;

WHEREAS, a special municipal election was held in the District on November 4, 2008 and thereafter canvassed pursuant to law;

WHEREAS, at such election there was submitted to and approved by the requisite two-thirds (2/3) vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for the purpose of raising money for the Project in the maximum aggregate principal amount of \$35,000,000, payable from the levy of an *ad valorem* tax against all taxable property in the District;

WHEREAS, pursuant to Chapter 4 of Division 23 (commencing with section 32300) of the California Health and Safety Code (the "Act"), the District is empowered to issue general obligation bonds;

WHEREAS, the District sold, on January 27, 2009, an initial series of bonds for the purpose of raising funds needed for the Project and for other authorized costs in the aggregate principal amount of \$12,000,000, identified as the "Sonoma Valley Health Care District (Sonoma County, California) General Obligation Bonds, Election of 2008, Series A (2009)" (the "Bonds"); and

WHEREAS, the County has requested that the District provide to the County the tax rate required for Fiscal Year 2013-2014 to pay interest on the Bonds and to provide a reasonable reserve;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF SONOMA VALLEY HEALTH CARE DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

*Section 1. Recitals.* All of the recitals herein are true and correct. To the extent that the recitals relate to findings and determinations of the Board, the Board declares such findings or determinations to be made thereby.

*Section 2. Tax Rate; Remittance.*

(a) Based upon the County's estimate of assessed valuation of all secured property in the District (\$7,181,776,085), the tax rate required to assure payment of the principal of, interest on and a reasonable reserve for the Bonds for Fiscal Year 2013-2014 is \$27.10 per \$100,000 of assessed valuation. It is the intent of the District to provide to the County, by resolution, the tax rate required to assure payment of the principal of, interest on and a reasonable reserve for the Bonds for Fiscal Year 2014-2015 and each Fiscal Year thereafter, so long as the Bonds remain outstanding. However, in the event the District fails to provide a tax rate in any year, the County is directed to apply the most recently provided tax rate in such year.

(b) The District hereby delegates to the County Board of Supervisors the authority to annually levy and collect the annual *ad valorem* property taxes required for the payment of the principal of and interest on the Bonds.

(c) The District hereby requests that such amounts, as collected, be remitted directly to The Bank of New York Mellon Trust Company, N.A., the District's paying agent for the Bonds.

*Section 3. Request for Necessary County Actions.* The County Board of Supervisors and the County Auditor-Controller-Treasurer-Tax Collector, and other officials of the County, are hereby directed to take whatever action that may be necessary pursuant to law to provide for the levy and collection of a property tax on all taxable property within the District at the tax rate specified in Section 2(a) above.

*Section 4. General Authority.* The Chair, the Secretary, the Chief Executive Officer and the Chief Financial Officer, and their respective designees, are each hereby authorized, empowered and directed in the name and on behalf of the District to take any and all steps which they or any of them might deem necessary or appropriate in order to give effect to this resolution.

Section 5. Effective Date. This resolution shall take effect immediately on and after its adoption.

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PASSED AND ADOPTED this 3<sup>rd</sup> day of OCTOBER 2013, by the following vote:

AYES:

NAYS:

ABSENT:

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Chair, Board of Directors  
Sonoma Valley Health Care District

ATTEST:

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Secretary, Board of Directors  
Sonoma Valley Health Care District

8.

**RESOLUTION No. 318**

SONOMA VALLEY HEALTH CARE DISTRICT

**RESOLUTION No. 318**

RESOLUTION OF THE GOVERNING BOARD OF SONOMA VALLEY HEALTH  
CARE DISTRICT OF THE COUNTY OF SONOMA, STATE OF CALIFORNIA,  
**REQUESTING FUND TRANSFER** UNDER ARTICLE XVI, SECTION 6 OF THE  
STATE CONSTITUTION

RESOLVED by the Governing Board of the Sonoma Valley Health Care District, a District of the County of Sonoma, State of California, that:

WHEREAS, this District does not have sufficient funds on hand to provide for the operation of the District during the 2014 fiscal year, and

WHEREAS, Article XVI, Section 6 of the State Constitution authorizes a temporary transfer of funds in the custody of the County Treasurer upon approval of the Board of Supervisors, and

WHEREAS, the revenues to said District for the current fiscal year, \$51,665,000;

NOW, THEREFORE, IT IS DETERMINED AND ORDERED as follows:

1. That the Board of Supervisors of the County of Sonoma be and it is hereby requested to authorize a temporary transfer to this District on an as-needed basis of not to exceed \$2,500,000 during the 2014 fiscal year; said sum will not exceed 85% of the revenues to said District during said fiscal year.
2. For the convenience of the County Treasurer and County Auditor a schedule of monthly anticipated cash flow is attached hereto.
3. That the County Treasurer of the County of Sonoma be requested to recommend and the County Auditor of the County of Sonoma be requested to acknowledge said transfer.
4. That certified copies of this resolution be forwarded by the Clerk of this Board to the Board of Supervisors of the County of Sonoma, the County Auditor and County Treasurer of this County.



The foregoing resolution was introduced by \_\_\_\_\_,  
Who moved its adoption, seconded by \_\_\_\_\_, and  
adopted on roll call on \_\_\_\_\_ [Date], by the following  
vote:

<u>Board Member</u>	<u>Vote</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Ayes: \_\_\_\_\_ Noes: \_\_\_\_\_ Absent or not voting: \_\_\_\_\_

WHEREUPON, the Chairman declared the foregoing resolution adopted, and  
SO ORDERED.

\_\_\_\_\_  
Chairman

SONOMA VALLEY HEALTH CARE DISTRICT

PARCEL TAX FUND  
ANTICIPATED MONTHLY ENDING BALANCES

From July 1, 2013 to June 30, 2014

	<u>Cash</u> <u>Income</u>	<u>Cash</u> <u>Expenditures</u>	<u>Cash</u> <u>Balances</u>
<u>Beginning Cash Balance:</u>			<u>\$189,656</u>
<u>July</u>		<u>\$189,656</u>	
<u>August</u>			
<u>September</u>			
<u>October</u>		<u>450,000</u>	<u>(450,000)</u>
<u>November</u>			<u>(450,000)</u>
<u>December</u>	<u>\$1,500,000</u>	<u>450,000</u>	<u>600,000</u>
<u>January</u>		<u>600,000</u>	
<u>February</u>		<u>450,000</u>	<u>(450,000)</u>
<u>March</u>			<u>(450,000)</u>
<u>April</u>	<u>1,200,000</u>	<u>450,000</u>	<u>300,000</u>
<u>May</u>		<u>200,000</u>	<u>100,000</u>
<u>June</u>	<u>100,000</u>		<u>200,000</u>
Carry Over			
Capital Outlay (Current Year)			
General Reserves			
Approp. for Contingencies			
	<u><b>\$2,800,000</b></u>	<u><b>\$2,789,656</b></u>	<u><b>\$200,000</b></u>

**NOTE:** Copies of the Cash Flow Statement are to be attached to each Resolution.

\* Total cash income includes secured and unsecured taxes to be raised in current year budget plus estimated revenues (other than current property taxes).

**CLERK'S CERTIFICATE**

I, \_\_\_\_\_, Clerk of the Governing Board of the Sonoma Valley Health Care District of the County of Sonoma, State of California, do hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a special/regular meeting of the Governing Board of said District, regularly held at the regular meeting place thereof, on **October 3, 2013**, of which meeting all the members of said Governing Board had due notice.

I further certify that said resolution has not been amended, modified, or rescinded since the date of its adoption and the same is now in full force and effect.

ATTEST: This \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Clerk of the Governing Board of the  
Sonoma Valley Health Care District,  
County of Sonoma, State of California

**COUNTY TREASURER'S AUTHORIZATION**

(Per County of Sonoma Resolution 91-0271)

The attached request for borrowing is in compliance with the requirements of Article XVI, Section 6, of the State Constitution and with Resolution 91-0271 of the County of Sonoma.

Approved By:

\_\_\_\_\_  
David E. Sundstrom  
Auditor-Controller/Treasurer-Tax Collector  
County of Sonoma

Date: \_\_\_\_\_

Amount to be collected on Property Tax Bill \_\_\_\_\_

Amount requested \_\_\_\_\_

Percent of Property Tax Bill Requested \_\_\_\_\_  
(Not to exceed 85% of outstanding property taxes)

11.

AUGUST 2013  
FINANCIALS

**Sonoma Valley Hospital  
Sonoma Valley Health Care District  
August 31, 2013 Financial Report**

Finance Committee  
September 24, 2013

# August's Patient Volumes

	Actual	Budget	Variance	Prior Year
Acute Discharges	102	120	-18	117
Acute Patient Days	385	394	-9	432
SNF Patient Days	615	592	23	682
Outpatient Gross Revenue (in thousands)	\$9,801	\$9,486	\$315	\$9,014
Surgical Cases	130	128	2	138

# Summary Statement of Revenues and Expenses Month of August 31, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1 Total Operating Revenue	\$ 4,351,410	\$ 4,180,393	\$ 171,017	4%	\$ 3,986,975
2 Total Operating Expenses	\$ 4,440,552	\$ 4,465,566	\$ 25,014	1%	\$ 4,312,179
3 Operating Margin	\$ (89,142)	\$ (285,173)	\$ 196,031	69%	\$ (325,204)
4 NonOperating Rev/Exp	\$ 407,804	\$ 417,942	\$ (10,138)	-2%	\$ 449,887
5 Net Income before Restricted Cont.	\$ 318,662	\$ 132,769	\$ 185,893	140%	\$ 124,683
6 Restricted Contribution	\$ 121,011	\$ 3,853	\$ 117,158	3041%	\$ 2,683
7 Net Income with Restricted Contributions	\$ 439,673	\$ 136,622	\$ 303,051	222%	\$ 127,366
8 EBIDA before Restricted Contributions	\$ 531,952	\$ 370,112	\$ 161,840		\$ 361,086
9 EBIDA before Restricted Cont. %	12%	9%	3%		9%
10 Net Income without GO Bond Activity	\$ 322,272	\$ 13,049	\$ 309,223		\$ 3,810

# Summary Statement of Revenues and Expenses Year to Date August 31, 2013 (2 months)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1 Total Operating Revenue	\$ 8,432,877	\$ 8,373,407	\$ 59,470	1%	\$ 7,822,896
2 Total Operating Expenses	\$ 8,853,102	\$ 9,086,597	\$ 233,495	3%	\$ 8,569,010
3 Operating Margin	\$ (420,225)	\$ (713,190)	\$ 292,965	41%	\$ (746,114)
4 NonOperating Rev/Exp	\$ 801,042	\$ 830,972	\$ (29,930)	-4%	\$ 899,987
5 Net Income before Restricted Cont.	\$ 380,817	\$ 117,782	\$ 263,035	223%	\$ 153,873
6 Restricted Contribution	\$ 243,400	\$ 13,120	\$ 230,280	1755%	\$ 4,433
7 Net Income with Restricted Contributions	\$ 624,217	\$ 130,902	\$ 493,315	377%	\$ 158,306
8 EBIDA before Restricted Contributions	\$ 821,430	\$ 642,705	\$ 178,725		\$ 626,915
9 EBIDA before Restricted Cont. %	10%	8%	2%		8%
10 Net Income without GO Bond Activity	\$ 146,015	\$ (124,450)	\$ 270,465		\$ (93,239)



# August'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	\$ 1,846,121	\$ 1,607,907	\$ 238,214	15%	\$ 1,513,553
2 Skilled Nursing Facility	\$ 382,668	\$ 391,864	\$ (9,196)	-2%	\$ 371,686
3 Outpatient and Emergency	\$ 1,765,517	\$ 2,086,563	\$ (321,046)	-15%	\$ 2,160,855
4 HomeCare	\$ 204,899	\$ 137,160	\$ 67,739	49%	\$ 252,171
5 Community Benefit (Charity)	\$ (70,000)	\$ (175,043)	\$ 105,043	60%	\$ (21,000)
6 Bad Debt Expense	\$ (200,000)	\$ (209,544)	\$ 9,544	5%	\$ (645,000)
7 Prior Period Adjustment	\$ 71,644	\$ -	\$ 71,644	0%	\$ -
8 TOTAL NET PATIENT REVENUE	\$ 4,000,849	\$ 3,838,907	\$ 161,942	4%	\$ 3,632,265
RISK CONTRACTS					
9 Capitation Revenue	\$ 174,443	\$ 164,178	\$ 10,265	6%	\$ 181,554
10 Napa State Hospital Revenue	\$ 75,570	\$ 157,739	\$ (82,169)	-52%	\$ 112,000
11 TOTAL RISK CONTRACTS	\$ 250,013	\$ 321,917	\$ (71,904)	-22%	\$ 293,554
12 OTHER OPER REVENUE	\$ 100,548	\$ 19,569	\$ 80,979	414%	\$ 61,156
13 TOTAL HOSPITAL NET REVENUE	\$ 4,351,410	\$ 4,180,393	\$ 171,017	4%	\$ 3,986,975

# Revenue Variances

- Total Operating Revenue over budget by \$171,017
  - Overall inpatient volume was under budget by 18 discharges
  - Net Revenue does include the accrual of the IGT.
  - Skilled Nursing Home volume was under budget by 23 days
  - Outpatient was over budget in volume but had a higher mix of Medi-Cal patient and lower commercial insured patients.
  - Home Care volume was over budget by 85 visits.
  - Bad Debts and Charity Care were favorable to budget by \$114,587. This was due to less charity care during the month.
  - Prior Period Adjustments are for the settlement of the 2010 Medi-Cal cost report.
- Risk Contract Revenue was under budget due to lower Napa State volume.
- Other Operating Revenue is over budget due to the insurance dividend of \$84,557 from our liability insurance carrier.

# August'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	\$ 2,050,118	\$ 1,949,892	\$ (100,226)	-5%	\$ 1,940,198
2 Employee Benefits	\$ 730,321	\$ 773,379	\$ 43,058	6%	\$ 775,711
3 Total People Cost	\$ 2,780,439	\$ 2,723,271	\$ 57,168	2%	\$ 2,715,909
4 Medical and Prof Fees (excl'd Agency)	\$ 373,670	\$ 386,494	\$ 12,824	3%	\$ 424,265
5 Supplies	\$ 561,884	\$ 488,296	\$ (73,588)	-15%	\$ 397,082
6 Purchased Services	\$ 358,869	\$ 436,002	\$ 77,133	18%	\$ 387,461
7 Depreciation	\$ 165,771	\$ 187,558	\$ 21,787	12%	\$ 173,159
8 Utilities	\$ 78,269	\$ 77,354	\$ (915)	-1%	\$ 82,504
9 Insurance	\$ 18,888	\$ 18,699	\$ (189)	-1%	\$ 19,375
10 Interest	\$ 12,582	\$ 19,774	\$ 7,192	36%	\$ 33,233
11 Other	\$ 90,180	\$ 128,118	\$ 37,938	30%	\$ 79,191
12 TOTAL OPERATING EXPENSE	\$ 4,440,552	\$ 4,465,566	\$ (25,014)	-1%	\$ 4,312,179

# Expense Variances

Total operating expenses were under budget by \$25,014

- Total productivity FTE's were over budget at 286. Total salaries and Agency were over budget by (\$100,226). Agency was over budget by (\$24,012) due to Radiology (\$12,943), ICU (\$5,106) and Labor and Delivery (\$6,248). Salaries were over budget by (\$76,214) due to the Electronic Health Records in Home Health Care of (\$59,967) and due to Surgery volume (\$19,594).
- Employee benefits were under budget by \$43,058.
- Supplies were over budget due to volume in Surgery (\$27,740), Blood Bank (\$14,674).
- Purchase services were under budget by \$77,133 due to Information Systems and Plant Operation budgeted projects not starting in August.
- Other expenses were under budget by \$37,938 due to the reclass of sales tax for July and August for \$18,526.

# August's Non-Operating Items

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
NON OPERATING					
Electronic Health Record & Misc.					
1 Rev.	\$ 134,773	\$ 119,167	\$ 15,606	13%	\$ 146,943
2 Donations	\$ -	\$ 3,332	\$ (3,332)	0%	\$ -
Professional Center / Phys					
3 Recruitment	\$ -	\$ -	\$ -	0%	\$ -
4 Physician Practice Support - Prima	\$ (81,870)	\$ (65,630)	\$ (16,240)	0%	\$ (65,630)
5 Tax Assessment Revenue-Parcel Tax	\$ 237,500	\$ 237,500	\$ -	0%	\$ 245,018
6 Tax Assessment Revenue - GO Bond	\$ 152,326	\$ 153,584	\$ (1,258)	-1%	\$ 153,567
7 GO Bond Interest	\$ (34,925)	\$ (30,011)	\$ (4,914)	16%	\$ (30,011)
8 NON-OPERATING REV/EXP	\$ 407,804	\$ 417,942	\$ (10,138)	-2%	\$ 449,887
9 Capital Campaign Contribution	\$ 121,011	\$ 3,853	\$ 117,158	3041%	\$ 2,683
10 Restricted Foundation Contribution	\$ -	\$ -	\$ -	0%	\$ -
11 TOTAL NON-OPERATING REV/EXP	\$ 528,815	\$ 421,795	\$ 107,020	25%	\$ 452,570



**To:** SVH Finance Committee  
**From:** Rick Reid, CFO  
**Date:** September 24, 2013  
**Subject:** Financial Report for the Month Ending August 31, 2013

**Overall Results for August 2013**

Overall for August, SVH has income of \$439,673 on budgeted income of \$136,622, for a favorable difference of \$303,051. Total net patient service revenue was over budget by \$161,942. Risk contracts were under budget by (\$71,904). Other operating revenue is over budget by \$80,979, bringing the total operating revenue to \$4,351,410 or \$171,017 over budget. Expenses were \$4,440,552 on a budget of \$4,465,566 or \$25,014 under budget. The EBIDA prior to the restricted donations for the month was \$531,952 or 12.2%.

**Patient Volumes - August**

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	102	120	-18	117
Acute Patient Days	385	394	-9	432
SNF Patient Days	615	592	23	682
OP Gross Revenue	\$9,801	\$9,486	\$315	\$9,014
Surgical Cases	130	128	2	138

**Overall Payer Mix - August**

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	49.3%	48.7%	0.6%	48.6%	48.9%	-0.3%
Medi-Cal	15.4%	13.3%	2.1%	14.3%	13.4%	0.9%
Self Pay	4.4%	3.9%	0.5%	4.4%	3.9%	0.5%
Commercial	20.8%	24.1%	-3.3%	21.6%	23.8%	-2.2%
Managed MC	5.5%	2.8%	2.7%	4.8%	2.8%	2.0%
Workers Comp	1.9%	1.5%	0.4%	3.3%	1.5%	2.2%
Capitated	2.7%	5.7%	-3.0%	3.0%	5.7%	-2.3%
Total	100%	100%		100%	100%	

**Total Operating Revenues**

Total operating revenues for August were \$4.4 million on a budget of \$4.2 million or \$171,017 over budget.

Net Patient Revenue is over budget by \$161,942 or 4%, due to the following:

- Overall inpatient volume was under budget by 18 discharges
- Net Revenue does include the accrual of the IGT.
- Skilled Nursing Home volume was under budget by 23 days
- Outpatient was over budget in volume but had a higher mix of Medi-Cal patient and lower commercial insured patients.
- Home Care volume was over budget by 85 visits.
- Bad Debts and Charity Care were favorable to budget by \$114,587. This was due to less charity care during the month.
- Prior Period Adjustments are for the settlement of the 2010 Medi-Cal cost report.

Risk Contract Revenue was under budget due to lower Napa State volume.

Other Operating Revenue is over budget due to the insurance dividend of \$84,557 from our liability insurance carrier.

### Expenses

August's expenses were \$4.4million on a budget of \$4.5 million or under budget by \$25,014.

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

- Total productivity FTE's were over budget by 17 at 286, on a budget of 269. Total salaries and Agency fees were over budget by a total of (\$100,226). Salaries were over budget by (\$76,214) due to Home Health Care training of their Electronic Health Records and higher patient volume by (\$59,967) or 7 FTE's, Surgery was over budget by (\$19,594) or 2 FTE's due to volume. Agency fees were over budget by (\$24,012) due to the use of registry in Radiology by (\$12,943), ICU by (\$5,106) and Labor and Delivery by (\$6,248).
- Employee benefits were under budget by \$43,058, of this health insurance was under budget.
- Supplies were over budget by (\$73,588) due to volume in Surgery by (\$27,740), Blood Bank by (\$14,674), IV Therapy by (\$17,404) and Pharmacy by (\$16,144).
- Purchased services are under budget by \$77,133 due to Information Systems and Plant Operation budgeted projects not starting in August.
- Other expenses are under budget by \$37,938 due to the reclass of sales tax for July and August for \$18,526.

### Cash Collections on Patient Receivables:

For the month of August, the cash collection goal was \$3,224,017, the Hospital collected \$3,265,144 or over the goal by \$41,097. Year to date the Hospital patient collections goal was \$6,371,836 and had collection of \$6,536,583 or \$164,747 better than the goal. The cash collection goal is based upon net hospital revenue from 60 days ago.

### RAC Activity

	August	Year to Date
Payments to Medicare	\$130,614	\$185,369
Appeals Won and Repaid to the Hospital	\$47,430	\$47,430
Payments from Rebilling Received	\$0	\$0

**Capital Campaign Summary:**

For the month of August the Hospital received \$121,011 in capital campaign donations. The total amount received from the Capital Campaign to date is \$4,145,279 offset with spending of \$962,056. The funds are included on line 16, Specific Funds on the Balance Sheet. Included on line 16 is also \$21,456 for miscellaneous restricted funds, \$114,552 received from the Foundation for the X-ray machine and \$32,270 for the Health Round Table.

	Receipts	Spending	Balance
Emergency Dept.	\$1,011,046	\$0	\$1,011,046
Operating Room	\$0	\$0	\$0
Art Work/Lobby	\$400,000	\$67,000	\$333,000
General	\$2,484,242	\$895,056	\$1,589,186
Children's Area	\$250,000	\$0	\$250,000
Interest Earned	\$10,115	\$0	\$10,115
<b>Total Capital Campaign</b>	<b>\$4,155,403</b>	<b>\$962,056</b>	<b>\$3,193,347</b>
X-Ray Machine	\$114,552	\$0	\$114,552
Misc. Restricted Funds	\$21,456	\$0	\$21,456
Health Round Table	\$32,515	\$245	\$32,270
<b>Total Specific Funds</b>	<b>\$4,323,926</b>	<b>\$962,301</b>	<b>\$3,361,625</b>

These comparisons are for actual FY 2014 compared to actual FY 2013. These are not budget comparisons.

**ER Visits**

	ER – Inpatient				ER - Outpatient			
	CY	PY	Change	%	CY	PY	Change	%
July	109	109	0	0%	641	729	-88	-12.1%
Aug	94	106	-12	-11.3%	695	778	-83	-10.7%
YTD	203	215	-12	-5.6%	1,336	1,507	-171	-11.3%



**OPERATING INDICATORS  
SONOMA VALLEY HOSPITAL**

**For the month ended August,2013**

	CURRENT MONTH			YEAR-TO-DATE			
	Actual 08/31/13	Budget 08/31/13	Favorable (Unfavorable) Variance	Actual 08/31/13	Budget 08/31/13	Favorable (Unfavorable) Variance	Prior Year 08/31/12
<b>Inpatient Utilization</b>							
<b>Discharges</b>							
1 Acute	89	99	(10)	166	196	(30)	214
2 ICU	13	21	(8)	36	42	(6)	18
3 Total Discharges	102	120	(18)	202	238	(36)	232
4 Newborn	11	14	(3)	26	27	(1)	25
5 Total Discharges inc. Newborns	113	120	(21)	228	265	(37)	257
<b>Patient Days:</b>							
6 Acute	277	270	7	503	571	(68)	698
7 ICU	108	124	(16)	220	248	(28)	130
8 Total Patient Days	385	394	(9)	723	819	(96)	828
9 Newborn	23	30	(7)	51	60	(9)	57
10 Total Patient Days inc. Newborns	408	424	(16)	774	879	(105)	885
<b>Average Length of Stay:</b>							
11 Acute	3.1	2.7	0.4	3.0	2.9	0.1	3.3
12 ICU	8.3	5.9	2.4	6.1	5.9	0.2	7.2
13 Avg. Length of Stay	3.8	3.3	0.5	3.6	3.4	0.1	3.6
14 Newborn ALOS	2.1	2.2	(0.1)	2.0	2.2	0.2	2.3
<b>Average Daily Census:</b>							
15 Acute	8.9	8.7	0.2	8.1	9.2	(1.1)	11.3
16 ICU	3.5	4.0	(0.5)	3.5	4.0	(0.5)	2.1
17 Avg. Daily Census	12.4	12.7	(0.3)	11.7	13.2	(1.5)	13.4
18 Newborn	0.7	1.0	(0.2)	0.8	1.0	(0.1)	0.9
<b>Long Term Care:</b>							
19 SNF Patient Days	615	592	23	1,072	1,255	(183)	1,315
20 SNF Discharges	35	36	(1)	56	74	(18)	70
21 Average Daily Census	19.8	19.1	1	17.3	20.2	(3)	21.2
<b>Other Utilization Statistics</b>							
<b>Emergency Room Statistics</b>							
22 Total ER Visits	789	865	(76)	1,539	1,735	(196)	1,722
<b>Outpatient Statistics:</b>							
23 Total Outpatients Visits	4,235	4,490	(255)	8,444	8,625	(181)	8,483
24 IP Surgeries	35	36	(1)	68	73	(5)	81
25 OP Surgeries	95	92	3	197	188	9	180
26 Special Procedures	11	33	(22)	51	84	(33)	91
27 Home Health Visits	760	675	85	1,520	1,150	370	1,989
28 Adjusted Discharges	309	361	(52)	605	698	(93)	663
29 Adjusted Patient Days	2,256	2,280	(24)	4,212	4,638	(426)	4,707
30 Adj. Avg. Daily Census	72.8	73.6	(0.8)	67.9	74.8	(6.9)	75.9
31 Case Mix Index - Medicare	1.6409	1.4000	0.241	1.5904	1.4000	0.190	1.5244
32 Case Mix Index - All payers	1.6647	1.4000	0.265	0.0000	1.4000	(1.400)	1.4863
<b>Labor Statistics</b>							
33 FTE's - Worked	286	269	(16.7)	282	269	(12.6)	282
34 FTE's - Paid	315	304	(10.8)	315	305	(10.0)	321
35 Average Hourly Rate	36.82	35.55	(1.27)	35.98	35.84	(0.14)	33.90
36 Manhours / Adj. Pat Day	24.7	23.6	(1.1)	26.4	23.2	(3.2)	24.1
37 Manhours / Adj. Discharge	180.1	148.9	(31.2)	183.9	154.3	(29.6)	171.2
38 Benefits % of Salaries	22%	24%	2.5%	23%	24%	1.7%	22%
<b>Non-Labor Statistics</b>							
39 Supply Expense % Revenue	3%	3%	0%	3%	3%	0%	3%
40 Supply Exp. / Adj. Discharge	1,444.71	1,352.46	(92)	1,583.72	1,416.65	(167)	1,449.27
41 Total Expense / Adj. Discharge	13,886.38	12,633.39	(1,253)	14,573.50	13,196.68	(1,377)	13,207.11
<b>Other Indicators</b>							
42 Days Cash - Operating Funds	11.0			11.0			
43 Days in Net AR	53.0	50.0	3.0	51.5	50.0	1	50.47
44 Collections % of Net Revenue	89%			84%			
45 Days in Accounts Payable	64.0	60.0	4.0	59	60.0	(1)	-
46 % Net revenue to Gross revenue	19.5%	23.0%	-3.5%	21.0%	23.3%	-2.3%	22.6%
47 % Net AR to Gross AR	22.7%			24.5%			20.2%

Sonoma Valley Health Care District  
Balance Sheet  
For The Period Ended  
As of August 31, 2013

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
<b>Assets</b>			
Current Assets:			
1 Cash	\$ 1,361,592	\$ 1,103,756	\$ 1,721,263
2 Trustee Funds	540,405	1,263,697	339,459
3 Net Patient Receivables	8,256,117	8,310,157	9,146,081
4 Allow Uncollect Accts	(1,635,908)	(1,568,133)	(2,896,731)
5 Net A/R	6,620,209	6,742,024	6,249,350
6 Other Accts/Notes Rec	7,699,672	7,487,988	5,440,549
7 3rd Party Receivables, Net	1,054,321	583,673	954,637
8 Due Frm Restrict Funds	-	-	-
9 Inventory	759,696	755,936	890,431
10 Prepaid Expenses	1,190,381	1,185,586	676,779
11 Total Current Assets	<u>\$ 19,226,276</u>	<u>\$ 19,122,660</u>	<u>\$ 16,272,468</u>
12 Board Designated Assets	\$ 5,381	\$ 5,381	\$ 186,028
13 Property, Plant & Equip, Net	11,010,557	10,877,433	10,898,541
14 Hospital Renewal Program	32,304,149	31,884,478	15,776,640
15 Unexpended Hospital Renewal Funds	1,680,075	3,909,629	17,729,962
16 Investments	-	-	(3,639)
17 Specific Funds	3,361,624	3,307,614	2,071,531
18 Other Assets	267,516	270,175	447,507
19 Total Assets	<u><u>\$ 67,855,578</u></u>	<u><u>\$ 69,377,370</u></u>	<u><u>\$ 63,379,038</u></u>
<b>Liabilities &amp; Fund Balances</b>			
Current Liabilities:			
20 Accounts Payable	\$ 4,462,252	\$ 5,724,431	\$ 5,775,961
21 Accrued Compensation	3,688,749	3,352,333	3,340,704
22 Interest Payable	139,670	857,115	142,852
23 Accrued Expenses	1,329,475	1,421,080	104,198
24 Advances From 3rd Parties	1,835,174	1,573,699	1,155,160
25 Deferred Tax Revenue	4,045,951	4,435,776	3,972,140
26 Current Maturities-LTD	846,035	850,707	1,542,287
27 Other Liabilities	2,423,891	2,424,891	212,223
28 Total Current Liabilities	<u>\$ 18,771,197</u>	<u>\$ 20,640,032</u>	<u>\$ 16,245,525</u>
29 Long Term Debt, net current portion	\$ 37,600,238	\$ 37,692,868	\$ 38,077,931
Fund Balances:			
31 Unrestricted	\$ 5,155,287	\$ 4,836,625	\$ 6,909,806
32 Restricted	6,328,856	6,207,845	2,145,776
33 Total Fund Balances	<u>\$ 11,484,143</u>	<u>\$ 11,044,470</u>	<u>\$ 9,055,582</u>
34 Total Liabilities & Fund Balances	<u><u>\$ 67,855,578</u></u>	<u><u>\$ 69,377,370</u></u>	<u><u>\$ 63,379,038</u></u>

**Sonoma Valley Health Care District  
Statement of Revenue and Expenses  
Comparative Results  
For the Period Ended August 2013**

	Month				Year-To-Date				YTD Prior Year
	This Year		Variance		This Year		Variance		
	Actual	Budget	\$	%	Actual	Budget	\$	%	
<b>Volume Information</b>									
1 Acute Discharges	102	120	(18)	-15%	202	238	(36)	-15%	232
2 SNF Days	615	592	23	4%	1,072	1,255	(183)	-15%	1,315
3 Home Care Visits	760	675	85	13%	1,520	1,150	370	32%	1,989
4 Gross O/P Revenue (000's)	9,801	9,486	315	3%	\$ 19,872	\$ 18,382	1,489	8%	\$ 17,167
<b>Financial Results</b>									
<b>Gross Patient Revenue</b>									
5 Inpatient	\$ 5,441,722	\$ 5,172,322	269,400	5%	\$ 10,598,694	\$ 10,530,759	67,935	1%	\$ 10,284,287
6 Outpatient & Emergency	9,569,368	9,309,359	260,009	3%	19,408,639	18,088,297	1,320,342	7%	16,578,993
7 SNF	2,358,966	2,053,546	305,420	15%	4,161,432	4,339,826	(178,394)	-4%	4,064,501
8 Home Care	231,484	176,572	54,912	31%	462,968	294,164	168,804	57%	587,553
9 Total Gross Patient Revenue	\$ 17,601,540	\$ 16,711,799	889,741	5%	\$ 34,631,733	\$ 33,253,046	1,378,687	4%	\$ 31,515,334
<b>Deductions from Revenue</b>									
10 Contractual Discounts	\$ (13,385,741)	\$ (12,531,690)	(854,051)	-7%	\$ (26,297,951)	\$ (24,878,424)	(1,419,527)	-6%	\$ (23,311,148)
11 Bad Debt	(200,000)	(209,544)	9,544	5%	(400,000)	(416,949)	16,949	4%	(790,000)
12 Charity Care Provision	(86,594)	(131,658)	45,064	34%	(89,127)	(267,238)	178,111	67%	(279,036)
13 Prior Period Adjustments	71,644	-	71,644	0%	71,644	-	71,644	0%	-
14 Total Deductions from Revenue	\$ (13,600,691)	\$ (12,872,892)	(727,799)	6%	\$ (26,787,078)	\$ (25,562,611)	(1,224,467)	5%	\$ (24,380,184)
15 Net Patient Service Revenue	\$ 4,000,849	\$ 3,838,907	161,942	4%	\$ 7,844,655	\$ 7,690,435	154,220	2%	\$ 7,135,150
16 Risk contract revenue	\$ 250,013	\$ 321,917	(71,904)	-22%	\$ 474,560	\$ 643,834	(169,274)	-26%	\$ 613,164
17 Net Hospital Revenue	\$ 4,250,862	\$ 4,160,824	90,038	2%	\$ 8,319,215	\$ 8,334,269	(15,054)	0%	\$ 7,748,314
18 Other Operating Revenue	\$ 100,548	\$ 19,569	80,979	-414%	\$ 113,662	\$ 39,138	74,524	190%	\$ 74,582
19 Total Operating Revenue	\$ 4,351,410	\$ 4,180,393	171,017	4%	\$ 8,432,877	\$ 8,373,407	59,470	1%	\$ 7,822,896
<b>Operating Expenses</b>									
20 Salary and Wages and Agency Fees	\$ 2,050,118	\$ 1,949,892	(100,226)	-5%	\$ 4,004,925	\$ 3,899,779	(105,146)	-3%	\$ 3,849,972
21 Employee Benefits	730,321	773,379	43,058	6%	1,475,159	1,546,758	71,599	5%	1,404,477
22 Total People Cost	\$ 2,780,439	\$ 2,723,271	(57,168)	-2%	\$ 5,480,084	\$ 5,446,537	(33,547)	-1%	\$ 5,254,449
23 Med and Prof Fees (excl Agency)	\$ 373,670	\$ 386,494	12,824	3%	\$ 766,038	\$ 848,062	82,024	10%	\$ 734,691
24 Supplies	561,884	488,296	(73,588)	-15%	1,073,980	989,450	(84,530)	-9%	961,309
25 Purchased Services	358,869	436,002	77,133	18%	748,153	873,000	124,847	14%	835,383
26 Depreciation	165,771	187,558	21,787	12%	332,283	423,980	91,697	22%	346,776
27 Utilities	78,269	77,354	(915)	-1%	162,383	184,708	22,325	12%	170,827
28 Insurance	18,888	18,699	(189)	-1%	37,776	37,398	(378)	-1%	38,750
29 Interest	12,582	19,774	7,192	36%	38,480	36,007	(2,473)	-7%	66,244
30 Other	90,180	128,118	37,938	30%	213,925	247,455	33,530	14%	160,581
31 Operating expenses	\$ 4,440,552	\$ 4,465,566	25,014	1%	\$ 8,853,102	\$ 9,086,597	233,495	3%	\$ 8,569,010
32 Operating Margin	\$ (89,142)	\$ (285,173)	196,031	69%	\$ (420,225)	\$ (713,190)	292,965	41%	\$ (746,114)
<b>Non Operating Rev and Expense</b>									
33 Electronic Health Records & Misc. Rev.	\$ 134,773	\$ 119,167	15,606	13%	\$ 254,032	\$ 238,334	15,698	7%	\$ 294,099
34 Donations	-	3,332	(3,332)	0%	948	6,666	(5,718)	86%	0
35 Professional Center/Phys Recruit	-	-	-	0%	-	-	-	0%	0
36 Physician Practice Support-Prima	(81,870)	(65,630)	(16,240)	25%	(163,740)	(131,260)	(32,480)	25%	(131,260)
37 Parcel Tax Assessment Rev	237,500	237,500	-	0%	475,000	475,000	-	0%	490,036
38 GO Bond Tax Assessment Rev	152,326	153,584	(1,258)	-1%	304,652	307,168	(2,516)	-1%	307,134
39 GO Bond Interest	(34,925)	(30,011)	(4,914)	16%	(69,850)	(64,936)	(4,914)	8%	(60,022)
40 Total Non-Operating Rev/Exp	\$ 407,804	\$ 417,942	(10,138)	-2%	\$ 801,042	\$ 830,972	(29,930)	-4%	\$ 899,987
41 Net Income / (Loss) prior to Restricted Contributor	\$ 318,662	\$ 132,769	185,893	140%	\$ 380,817	\$ 117,782	263,035	223%	\$ 153,873
42 Capital Campaign Contribution	\$ 121,011	\$ 3,853	117,158	3041%	\$ 243,400	\$ 13,120	230,280	1755%	\$ 4,433
43 Restricted Foundation Contributions	\$ -	\$ -	-	0%	\$ -	\$ -	-	100%	\$ -
44 Net Income / (Loss) w/ Restricted Contributions	\$ 439,673	\$ 136,622	303,051	222%	\$ 624,217	\$ 130,902	493,315	377%	\$ 158,306
45 Net Income w/o GO Bond Activity	\$ 322,272	\$ 13,049	309,223	-2370%	\$ 146,015	\$ (124,450)	270,465	217%	\$ (93,239)

**Sonoma Valley Hospital**  
**Statement of Cash Flows**  
**For the Period Ended**

	<u>Current Month</u>	<u>Year To Date</u>
<b>Operating Activities</b>		
Net Income (Loss)	439,673	624,217
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Depreciation and amortization	163,771	330,283
Net changes in operating assets and liabilities:		
(Increase)/Decrease Patient accounts receivable - net	121,815	(94,187)
(Increase)/Decrease Other receivables and other assets	(679,673)	(655,431)
(Increase)/Decrease Prepaid expenses	(4,795)	(115,969)
(Increase)/Decrease in Inventories	(3,760)	34,938
(Decrease)/Increase in Deferred revenues	(128,350)	(633,831)
(Decrease)/Increase in Accounts payable, accrued expenses	(1,735,813)	(2,246,540)
<b>Net Cash Provided/(Used) by operating activities</b>	<u>(1,827,132)</u>	<u>(2,756,520)</u>
<b>Investing Activities</b>		
Net Purchases of property, plant and equipment - Other Fixed Assets	(296,894)	(666,387)
Net Purchases of property, plant and equipment - GO Bond Purchases	(419,672)	(502,273)
Net Proceeds and Distributions from investments	-	-
Net Book Value of Assets Disposed	-	-
Change in Restricted Funds	-	-
Change in Limited Use Cash	2,898,836	3,317,561
(Payment)/Refund of Deposits	-	-
<b>Net cash Provided/(Used) by investing activities</b>	<u>2,182,270</u>	<u>2,148,901</u>
<b>Financing Activities</b>		
Proceeds (Repayments) from Borrowings - Banks & Carriers	(97,302)	(169,191)
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)		
<b>Net cash Provided/(Used) by financing activities</b>	<u>(97,302)</u>	<u>(169,191)</u>
<b>Net increase/(Decrease) in cash and cash equivalents</b>	<u>257,836</u>	<u>(776,810)</u>
Cash and Equivalents at beginning of period	<u>1,103,756</u>	<u>2,138,402</u>
<b>Cash and Equivalents at August 31, 2013</b>	<u><u>1,361,592</u></u>	<u><u>1,361,592</u></u>



**Sonoma Valley Hospital**  
**Statistical Analysis**  
**FY 2014**

Statistics	ACTUAL	BUDGET	ACTUAL												
	Aug-13	Aug-13	Jul-13	Jun-13	May-13	Apr-13	Mar-13	Feb-13	Jan-13	Dec-12	Nov-12	Oct-12	Sep-12	Aug-12	Jul-12
<b>Acute</b>															
Acute Patient Days	385	394	338	323	396	315	447	449	613	456	351	443	347	432	396
Acute Discharges	102	120	100	87	99	88	122	128	159	117	104	121	109	117	115
<b>SNF Days</b>	615	592	457	470	638	589	725	678	707	671	638	576	617	682	633
<b>HHA Visits</b>	760	675	760	990	1,140	1,101	1,067	1,001	1,076	940	921	1,043	802	1,052	937
<b>Emergency Room Visits</b>	789	865	750	716	795	729	757	710	852	793	732	801	788	884	838
<b>Gross Outpatient Revenue (000's)</b>	\$9,801	\$9,486	\$10,071	\$8,353	\$9,289	\$8,906	\$8,167	\$8,065	\$8,805	\$8,302	\$8,485	\$8,935	\$8,151	\$9,014	\$8,153
<b>Equivalent Patient Days</b>	2,256	2,280	1,945	1,892	2,266	2,237	2,422	2,314	2,594	2,353	2,213	2,214	2,202	2,509	2,202
<b>Births</b>	11	14	15	8	15	12	16	11	19	13	14	9	11	16	9
<b>Surgical Cases - Inpatient</b>	35	36	33	30	42	25	35	33	38	32	35	37	37	40	41
<b>Surgical Cases - Outpatient</b>	95	92	102	86	105	90	96	80	78	94	95	91	97	98	82
<b>Total Surgical Cases</b>	130	128	135	116	147	115	131	113	116	126	130	128	134	138	123
<b>Medicare Case Mix Index</b>	1.64	1.40	1.54	1.58	1.62	1.50	1.55	1.36	1.52	1.51	1.47	1.29	1.49	1.40	1.61
<b>Income Statement</b>															
Net Revenue (000's)	4,251	4,161	4,068	3,821	3,324	3,986	3,945	3,938	4,006	4,085	3,679	3,963	3,707	3,926	3,822
Operating Expenses (000's)	4,441	4,466	4,413	4,694	4,529	4,407	4,577	4,353	4,632	4,482	4,235	4,407	4,221	4,312	4,257
Net Income (000's)	440	137	185	732	(651)	149	251	114	237	134	174	67	65	127	31
<b>Productivity</b>															
Total Operating Expense Per Equivalent Patient Day	\$1,968	\$1,959	\$2,269	\$2,481	\$1,999	\$1,970	\$1,890	\$1,881	\$1,786	\$1,905	\$1,914	\$1,990	\$1,917	\$1,719	\$1,933
Productive FTEs	286	269	279	277	282	286	291	290	284	284	266	281	291	284	281
Non-Productive FTE's	30	36	36	40	28	34	31	32	37	33	47	36	39	37	41
Total FTEs	315	304	315	317	311	320	322	322	321	317	313	316	330	321	322
FTEs per Adjusted Occupied Bed	4.33		4.25	4.25	4.25	4.29	4.12	3.77	3.84	4.24	4.24	4.43	4.37	3.97	4.53
<b>Balance Sheet</b>															
Days of Expense In General Operating Cash	11		8	7	12	17	15	9	9	14	7	12	14	13	14
Net Days of Revenue in AR	53		50	62	59	55	51	53	51	53	52	53	50	50	50

13.

UPDATE ON CELL  
PHONE TOWER  
LEASE EASEMENT  
PURCHASE

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## Term Sheet

September 10, 2013

*Confidential*

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By executing this agreement, you grant Telecom Lease Advisors, LLC ("TLA") an option to purchase an easement and the lease (the "Lease") on land (the "Site") owned by Seller. TLA may exercise the option at any time within the Option Period.

If TLA exercises the option, you will sell and TLA will purchase the Lease. Seller agrees to cooperate fully with TLA in connection with its evaluation of this transaction. Seller shall not, directly or indirectly, (a) offer the Lease or the Site for sale or assignment to any other person; (b) negotiate, solicit or entertain any offers to sell or assign any interest in the Lease or Site to any other person; or (c) modify, amend, supplement, extend, renew, terminate, alter or cancel the Lease. For \$10.00 consideration and other services provided, this letter is intended as and shall be a legally binding commitment. In the event of a breach of this letter agreement by you, TLA shall, in addition to its other rights and remedies, be entitled to compensation for its time, effort and expense to evaluate this transaction and, in any action to enforce this letter agreement, to recovery of its reasonable attorneys' fees. As a condition of this transaction, Purchaser agrees to close the transaction and will not allow a third party to complete the contemplated lease purchase.

### *Terms, Lease and Site Information:*

---

<b>Purchaser:</b>	Telecom Lease Advisors, LLC	
<b>Seller:</b>	Sonoma Valley Health Care District	
<b>Purchase Price:</b>	\$230,000.00	
<b>Purchase Term:</b>	480 Months	
<b>Option Period:</b>	60 Days from Seller execution of Term Sheet	
<b>Other Terms (if applicable):</b>	N/A	
<hr/>		
<b>Site Address:</b>	347 Andrieux St	
<b>City, St, Zip:</b>	Sonoma, CA	95476
<b>Tenant:</b>	AT&T	
<b>Current Rent:</b>	\$1,688.14	
<b>Escalation Amount:</b>	9%	
<b>Next Escalation Date:</b>	3/1/2017	
<b>Settlement Statement:</b>	Issued for signature prior to closing	
<b>Seller Closing Costs:</b>	\$0.00	
<b>Future Revenue Share:</b>	75% to Seller / 25% to Purchaser	

---

Your signature below indicates an agreement to the foregoing and provides authorization for TLA to proceed with the evaluation of this transaction. If this agreement is not executed within 14 days of the date hereof, the terms of this agreement shall be null and void.

---

Telecom Lease Advisors, LLC  
Date:

---

Sonoma Valley Health Care District  
Date:



**Due Diligence Items**

September 10, 2013

*Confidential*

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- \_\_\_\_\_ Signed Term Sheet
- \_\_\_\_\_ Signed & Completed Application
- \_\_\_\_\_ Lease & all Amendments
- \_\_\_\_\_ Easement and Lease Purchase Agreement Approval
- \_\_\_\_\_ Proof of Payments (last 3 months)
- \_\_\_\_\_ Confirmation of Lease Economics
- \_\_\_\_\_ Entity Documentation

# TELECOM LEASE ADVISORS, LLC

*This application must be completed in its entirety including the landlord due diligence survey.*

## LEASE PURCHASE APPLICATION

Portfolio Manager:

Date:

### I. LANDLORD LEGAL NAME (IF LANDLORD IS AN INDIVIDUAL):

First Name:		Last Name:	Email:
Address:		Office Phone #:	Home Phone #:
City:	State:	Fax #:	Cell Phone #:
Zip code:	County:	Marital Status: <i>(circle one)</i> <i>Single</i> <i>Married</i> <i>Widow</i>	

### II. LANDLORD LEGAL NAME (IF LANDLORD IS AN ENTITY): LIST ALL OWNERS > 20%

Company Name:	Entity Type (Corp., LLC, Partnership)	Tax ID (EIN):
Full Name:	Title: Owner	Ownership %:
Full Name:	Title:	Ownership %
Full Name:	Title:	Ownership %:
Full Name:	Title:	Ownership %:

### III. COMPANY CONTACT INFORMATION (PRIMARY CONTACT):

First Name:	Last Name:	Title:
Address:	Office Phone #:	Cell Phone #:
City:	State:	Fax #:
Zip Code:	County:	Email:

IV. PROPERTY INFORMATION			
Property Address:		1 <sup>st</sup> Mortgage Amount:	1 <sup>st</sup> Mortgage Balance:
City:	State:	Date of Mortgage:	Property Value:
Zip Code:	County:	# Additional Mortgages/\$ Amt:	LTV (%):
Property Type : (i.e. Residential/Commercial/etc)		Name of Lender:	
Closest Major Cross Streets:			

V. TENANT/CARRIER INFORMATION	
Name of Tenant(s):	Name of Payor (if different):
Proof of Payment Type : (paystubs, Acct. Statements, 1099)	# of Paystubs:
Other Carriers on Site (list them all):	Site Type: (circle one) (T) Tower or (R) Rooftop

VI. LEASE INFORMATION (Carrier Name)		
Lease Type (Ground, Equip, License, etc):	Execution Date:	Commencement Date:
Initial Term (months):	# Renewal Terms:	Each Renewal Term (months):
Current Term Start Date:	Current Term End Date:	Days to Terminate (Lessee):
Rent / Frequency:	Escalator / Frequency:	Next Escalation Date:

VII. LANDLORD DUE DILIGENCE CERTIFICATION		
<b>YES</b>	<b>NO</b>	<u>Please answer the following questions. If you answer "No", please provide a brief explanation.</u>
<input type="radio"/>	<input type="radio"/>	1. Is/are the Landlord(s) the sole owner(s) of the property? _____
<input type="radio"/>	<input type="radio"/>	2. Is/are the Landlord(s) the current landlord(s) and payee of rent under the lease? _____
<input type="radio"/>	<input type="radio"/>	3. Is the lease in full force and effect? (check "yes", if the lease is paying currently and has not been cancelled) _____
<input type="radio"/>	<input type="radio"/>	4. To the best of your knowledge is the site currently in full operation? _____
		<u>Please answer the following questions. If you answer "Yes", please provide a brief explanation in the space provided</u>
<input type="radio"/>	<input type="radio"/>	5. Does the Landlord(s) physically reside at the property? _____
<input type="radio"/>	<input type="radio"/>	6. Is the real property currently for sale or in escrow? _____
<input type="radio"/>	<input type="radio"/>	7. Has the tenant delivered any written or verbal notice of termination or default by the Landlord(s)? _____

**VII. LANDLORD DUE DILIGENCE CERTIFICATION (CONTINUED)**

- | <b>YES</b>            | <b>NO</b>             | <u>Please answer the following questions. If you answer "Yes", please provide a brief explanation.</u>                           |
|-----------------------|-----------------------|--|
| <input type="radio"/> | <input type="radio"/> | 8. Has the Landlord(s) been in default under the lease for any reason at any time? _____   |
| <input type="radio"/> | <input type="radio"/> | 9. Is the tenant currently withholding or asserted any rights of offset against the Landlord(s)? _____                           |
| <input type="radio"/> | <input type="radio"/> | 10. Has the tenant been over-paying on the lease to the Landlord(s)? _____   |
| <input type="radio"/> | <input type="radio"/> | 11. Has the tenant been delinquent in payment of any rent, or been in default at any time in the last 12 months? _____           |
| <input type="radio"/> | <input type="radio"/> | 12. Has the landlord(s) previously sold, assigned or encumbered the lease? _____   |
| <input type="radio"/> | <input type="radio"/> | 13. Does the lease prohibit or restrict a sale or assignment by the Landlord(s)? _____   |
| <input type="radio"/> | <input type="radio"/> | 14. Do any mortgages encumber the real property? _____   |
| <input type="radio"/> | <input type="radio"/> | 15. Do any liens, other than mortgages, encumber the real property? _____  |
| <input type="radio"/> | <input type="radio"/> | 16. Has the Landlord(s) ever had any previous tax liens? _____   |
| <input type="radio"/> | <input type="radio"/> | 17. Has the Landlord(s) ever been in bankruptcy? _____   |
| <input type="radio"/> | <input type="radio"/> | 18. Are there any judgments or litigation, pending or otherwise, against the owner of the property? _____                        |
| <input type="radio"/> | <input type="radio"/> | 19. Has the Landlord(s) ever been in default on any loan secured by the real property? _____                                     |
| <input type="radio"/> | <input type="radio"/> | 20. Has the Landlord(s) ever been in default on real property taxes for the real property? _____                                 |
| <input type="radio"/> | <input type="radio"/> | 21. Have any hazardous materials been stored, discharged or released on the property? _____                                      |
| <input type="radio"/> | <input type="radio"/> | 22. Has any government agency threatened or commenced eminent domain, condemnation or zoning change for the real property? _____ |

**ADDITIONAL COMMENTS:**

**VIII . BUILDING INFORMATION (FOR ROOFTOP LEASES ONLY)**

23. Building height: \_\_\_\_\_
24. Number of stories: \_\_\_\_\_
25. Existing building use: \_\_\_\_\_
26. Year building was built: \_\_\_\_\_
27. Is the building a national historic landmark, or eligible for listing on the national register? \_\_\_\_\_
28. Is the building in or within 200 feet of a historic district? \_\_\_\_\_
29. Does the building or roof have confirmed presence of lead paint and/ or asbestos? \_\_\_\_\_
30. Does the building of confirmed presences or protected species (especially birds)? \_\_\_\_\_
31. Does the building have a current FAA determination of no hazard? \_\_\_\_\_
32. Does the building have rooftop obstruction lighting? If so, how is it monitored? \_\_\_\_\_

Additional Comments:

I hereby certify that all the above statements above are true and correct.

By: \_\_\_\_\_

By: \_\_\_\_\_

**IX . ACKNOWLEDGMENT AND AGREEMENT**

By signing below, I authorize company to use the information I have provided to order and receive a copy of my credit report from any credit reporting service. I understand that company may consider my credit as a factor in preparing for closing of the transaction.

I hereby certify that the above stated information is true and correct to the best of my knowledge. I understand that company will use the information provided by me to prepare a transaction for closing, and may incur significant costs in doing so, and I agree to provide any information I may later receive or become aware of that would change any answer I have provided here.

\_\_\_\_\_  
**Landlord Signature**

\_\_\_\_\_  
**Printed Name**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Social Security #**

\_\_\_\_\_  
**Landlord Signature**

\_\_\_\_\_  
**Printed Name**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Social Security #**