



*Mission Statement: The Mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.*

**FINANCE COMMITTEE MEETING  
TUESDAY, January 24, 2012 – 5:00 P.M.  
Sonoma Valley Hospital  
Schantz Conference Room  
347 Andrieux Street, Sonoma, CA 95476**

**PLEASE TURN OFF YOUR CELLULAR TELEPHONES AND PAGERS WHILE THE MEETING IS IN SESSION**

## AGENDA

ITEM	RESPONSIBLE	ACTION	
1.	<b><u>CALL TO ORDER/ANNOUNCEMENTS</u></b>	Fogg	Inform/Action
2.	<b><u>PUBLIC COMMENT</u></b>		
	<i>At this time, members of the public may comment on any item <u>not appearing on the agenda</u>. It is recommended that you keep your comments to <b>three minutes or less</b>. 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.	<b><u>CONSENT CALENDAR:</u></b>	Fogg	Action
	A. Prior Meeting Minutes – November 29, 2011		
	B. Prior Meeting Minutes – December 27, 2011		
4.	<b><u>DECEMBER 2011 FINANCIALS</u></b>	Reid	Inform
5.	<b><u>PROPOSED FINANCE COMMITTEE CHARTER</u></b>	Reid	Inform/Approve
6.	<b><u>SECOND QUARTER PATIENT ACTIVITY</u></b>	Reid	Inform
7.	<b><u>ADJOURN TO FEBRUARY 28, 2012</u></b>		

3.A.

MINUTES

11.29.11



*Healing Here at Home*

## FINANCE COMMITTEE MEETING MINUTES

November 29, 2011 – 5:00 p.m.

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

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Committee: Richard Fogg, Chairman; Peter Hohorst, Shari Glago, Sharon Nevins, Mary Smith, Madolyn Agrimonti, Mark Wills, MD, William Boerum

Appointed Staff: Kelly Mather, CEO, Rick Reid, CFO, Jeannette Tarver, Accounting Manager

**I.** CALL TO ORDER/ANNOUNCEMENTS: Mr. Fogg welcomed the Committee and public. A brief discussion took place on whether the meeting will be held on December 27<sup>th</sup>. Ms. Nevins proposed that the meeting be held on December 20<sup>th</sup>. The Committee decided to keep the meeting on the December 27<sup>th</sup> as scheduled. Motion moved to keep the meeting held on the 27<sup>th</sup> as originally scheduled.

**II.** PUBLIC COMMENT: None

**III.** CONSENT CALENDAR: Mr. Fogg proposed revisions on the public comment section of the minutes from the November 29<sup>th</sup> meeting as follows:

- 1) The Committee amends the October minutes to include the public comments regarding the increase of snakebites occurring on Montini Trail Property and that the increase in the number of snake bite incidents can adversely affect the hospital's finances.

The Committee approved the November 29, 2011, meeting minutes as revised above.

**IV.** OCTOBER 2011 FINANCIALS:

Mr. Reid reported in October 2011 we had a net loss for the month of \$164,000 on a budgeted net income of \$111,000. Mr. Reid stated that he meets with every department director and goes over their operating expenses line by line reviewing all accounting and variances within the department. The departments have to report every variance over \$500 or 5%. There was a discussion on the solutions to resolve this issue or what can we do when they do go over these variances.

Mr. Reid reported that on a year-to-date basis our net income was \$104,356 on a budget of \$465,000, or \$360,00 less than what we planned on. Net revenue was below what our planned revenue was by \$944,000 and our expenses were

\$507,000 under budget. Staff continues to do a good job of adjusting the size of the hospital from a financial perspective to meet those volumes. SNF was down by 101 days. The beds that were closed in October were opened on November 4<sup>th</sup>. Total patient revenues were under budget and discharges were under budget. Mr. Reid had spoken to other hospital colleagues and they stated their volumes were also down.

Mr. Fogg commented on Napa State Revenue. Mr. Reid responded that some of Napa State is up in Medicare numbers and commercial numbers. Mr. Reid met with the Director of Napa State and confirmed we are getting approximately 95% of the Napa State volumes.

Mr. Reid reported that our salaries were better than budgeted by \$5,000. Ms. Mather stated the nursing units are at the 50<sup>th</sup> percentile benchmark, which is unheard of for a small hospital. The hospital continues to have good expense management.

**V. 2011 OB FINANCIAL REPORT**

Mr. Reid reviewed the June 30, 2011, financial analysis for the OB department. Ms. Mather stated that Medi-Cal disproportionate share adjustment is credited to OB, but if disproportionate shares go down then we would have to close OB. Ms. Mather reported that we are concerned about volumes, which trended on a regular basis using quarterly volumes for our assumptions. Ms. Mather reviewed 2009, 2010, 2011 data which is where we developed the budget assumptions for 2012.

**VI. 2012 TRENDING AGAINST BUDGET ASSUMPTIONS**

Ms. Mather reported on the quarterly volumes for departments with projected growth from July 2008 through present. She projected the FY 2012 volumes and explained why departments were over/under compared to budget.

**VII. OPERATIONAL IMPROVEMENT IN THE FINANCIAL DEPARTMENT**

Ms. Tarver gave a brief summary on the changes and improvements in the finance department that have allowed for month end to be completed by the 10<sup>th</sup> business day and to gain comfort that the balances are reasonably stated at month end. Ms. Glago wanted to add that she has seen a significant improvement in the staff and hospital and how things are done.

**VIII. ADJOURN TO DECEMBER 27, 2011: Mr. Fogg thanked the public for their interest and attendance. The meeting was adjourned at 7:30 p.m.**

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Richard Fogg, Chairman

3.B.

MINUTES

12.27.11



## FINANCE COMMITTEE MEETING MINUTES

December 27, 2011 – 5:00 p.m.

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

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Committee: Bill Boerum (Acting Chairman); Madolyn Agrimonti (standing in for Sharon Nevins); Shari Glago

Absent: Richard Fogg; Sharon Nevins; Dr. Stephen Licata; Dr. Mark Wills

Appointed Staff: Rick Reid, CFO; Jeannette Tarver, Accounting Manager

**I. CALL TO ORDER/ANNOUNCEMENTS:** Mr. Boerum called the meeting to order at 6:00 p.m. A quorum was not present. Mr. Reid asked that Item V. be changed to inform only.

**II. PUBLIC COMMENT:** None

**III. CONSENT CALENDAR:** Postponed to next meeting.

**IV. NOVEMBER 2011 FINANCIALS:** Mr. Reid reported that net income for the month of November 2011 was \$16,289. Prior year income was \$494,996, with \$400,000 of that being the intergovernmental transfer program. That money was to supplement Medi-Cal; the Hospital should receive around \$250,000 for this year's program. Total operating revenue for the month was \$3.7 million, with total operating revenue for the year to date \$1.3 million below budget. However, total operating expenses were almost \$800 ahead of budget year to date. While SNF patient days were 168 below budget for November, as of December 26<sup>th</sup> those figures had grown to only 6% below budget. As of November 4<sup>th</sup>, SNF was functioning at 100%. Productive FTEs for November were at 256 compared to 268 for the prior year.

Mr. Reid said in response to a question by Mr. Sam McCandless regarding an article which appeared in the paper that the Hospital charges self-pay patients a percentage of what Medicare would pay, so the recent price increase did not affect any self-pay patients at all.

Total net patient revenue was \$3.3 million compared to budget of \$3.7 million, for a variance under budget by \$367,000. Below budget revenue variances directly related to volume and payer mix as follows:

- Total inpatient discharges were under budget by 11, Medicare discharges were under budget by 17. Commercial and Medi-Cal volumes and rates were over budget by 18 days and 5 days. Net impact \$58,265.
- SNF days were under budget by 168 days and a large patient adjustment for \$160,000, resulting in a loss of \$319,526.
- Outpatient charges were over budget by \$56,027, due to the price increase.
- Home Care was over budget by 87 days. Due to higher volume revenue was over budget by \$18,856.
- Charity and bad debt were over budget by \$50,373 and \$130,284 due to higher charity cases in November and \$552,870 in bad debt write-offs.

On the expense side, total expenses for the month at \$3.9 million were \$289,695 under budget. Salaries and wages were \$179,285 under budget, and productivity was very good. Health insurance was over by \$30,000. Rates for a health insurance plan currently under consideration are under current monthly payments by \$1,000 per employee. The plan is from a company targeting smaller employers. Purchased services were over by \$54,000 and were due to repair and maintenance. It also cost the Hospital approximately \$30,000 to host the insurance information session for seniors. Most of the patients affected were going to remain with our Hospital. Utilities were over budget due to higher electricity costs for repairs and a sewer repair bill correction during November.

**V. PROPOSED FINANCE COMMITTEE CHARTER:** Mr. Reid had drafted the Finance Committee charter using a template from a corporation. He would prepare a redline version including any suggestions received. No charter for the Finance Committee currently exists.

Committee Discussion: Mr. Boerum asked about consolidation of financial services. Mr. Reid said a plan was to centralize some back office functions in order to save costs for all hospitals involved. Palm Drive and SVH functions would be consolidated at Marin General. The finance office move to Highway 12 would cost about half a million dollars. The accounting office could move to Marin for very little money with offices and furniture already available. Over time the plan was to merge accounting functions for all three hospitals. This would increase the knowledge base of all employees involved and provide more growth opportunities. Ms. Glago asked if there was a consolidation going on and how that impacted employees. Mr. Reid said there would be an elimination of existing finance staff at Palm Drive, but no one would have to re-apply for their jobs. One person would remain here at SVH. The others would commute to Marin. He said that a consolidated staff was not possible when contracting with insurance companies. He also said the systems would not be consolidated into one big department. The data from MGH would not be mixed in with SVH - separate companies would be set up in the database. Firewalls would be built in, and access to the database would be job specific. Ms. Glago asked if the auditor had been consulted regarding this concept, and Mr. Reid replied that they had been involved the whole time. Existing staff plus several additional staff would be doing the billing. Conversations had been held with the software vendor on how to convert the data. Palm Drive would be added to SVH but would not bring over all their historical data. Ms. Glago asked about savings. Mr. Reid said SVH would be taking over the IT function at Palm Drive and would probably save \$600,000-700,000, Palm Drive would save about \$1.2 million,

and MGH would save \$600,000. SVH was still on track to reach EHR meaningful use by June 1, 2012. Palm Drive would wait a bit on this. There would be some savings in helping to implement that. He added that the plan should result in more personnel and more time available to do financial analysis and watch for variances or problems. All of these savings are estimates and Mr. Reid will provide more detail in the future.

**VI. REVENUE CYCLE PERFORMANCE INDICATORS:** Mr. Reid said he had asked Ms. Marni Richards to attend the meetings starting in January 2012. The majority of the gap in cash collections was a Medicare slow down. He discussed A/R aging by payer category by month. SVH has very good aging for Medicare, but did not do as good a job at Medi-Cal. The Hospital had been working with an outside vendor to take follow-up past 60 days old. He asked the Committee to let him know if there was any other information that would be helpful to show.

Mr. Glago asked about recruitment expenses from last year to this year. Mr. Reid said that recruitment of physicians had become Prima's expense vs. SVH's expense. Palm Drive would also have access to the physician group and be able to restructure their clinic. Ms. Glago asked that physician recruitment data be included since it was so crucial to the Hospital's success. Mr. Reid added that SVH was still actively recruiting an OB/GYN.

**VII. ADJOURN TO JANUARY 24, 2012:** The meeting was adjourned at 6:05 p.m.

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Bill Boerum, Acting Chairman

4.

**DECEMBER 2011  
FINANCIALS**

**Sonoma Valley Hospital  
Sonoma Valley Health Care District  
December 31, 2011 Financial  
Report**

Finance Committee

January 24, 2012

# Summary Statement of Revenues and Expenses Month of December 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
<b>Total Operating Revenue</b>	\$ 4,260,885	\$ 4,100,092	\$ 160,793	4%	\$ 4,044,274
<b>Total Operating Expenses</b>	\$ 4,583,683	\$ 4,312,534	\$ (271,149)	-6%	\$ 4,183,498
<b>Operating Margin</b>	\$ (322,798)	\$ (212,442)	\$ (110,356)	-52%	\$ (139,224)
<b>NonOperating Rev/Exp</b>	\$ 310,279	\$ 302,600	\$ 7,679	3%	\$ 381,622
<b>Net Income</b>	\$ (12,519)	\$ 90,158	\$ (102,677)	-114%	\$ 242,398
<b>EBIDA</b>	\$ 195,612	\$ 326,942	\$ (131,330)		\$ 446,266
<b>EBIDA Percentage</b>	5%	8%	-3%		11%
<b>Net Income without GO Bond Activity</b>	\$ (136,075)	\$ (32,637)	\$ (103,438)		\$ 113,314

# Summary Statement of Revenues and Expenses Year to Date December 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
<b>Total Operating Revenue</b>	\$ 23,436,363	\$ 24,568,052	\$ (1,131,689)	-5%	\$ 22,614,846
<b>Total Operating Expenses</b>	<u>\$ 25,234,244</u>	<u>\$ 25,759,837</u>	<u>\$ 525,593</u>	2%	<u>\$ 22,929,937</u>
<b>Operating Margin</b>	\$ (1,797,881)	\$ (1,191,785)	\$ (606,096)	-51%	\$ (315,091)
<b>NonOperating Rev/Exp</b>	<u>\$ 1,906,007</u>	<u>\$ 1,815,590</u>	<u>\$ 90,417</u>	-5%	<u>\$ 1,801,285</u>
<b>Net Income</b>	\$ 108,126	\$ 623,805	\$ (515,679)	-83%	\$ 1,486,194
<b>EBIDA</b>	\$ 1,383,874	\$ 1,992,297	\$ (608,423)		\$ 2,639,323
<b>EBIDA Percentage</b>	6%	8%	-2%		12%
<b>Net Income without GO Bond Activity</b>	\$ (633,210)	\$ (112,965)	\$ (520,245)		\$ 1,003,215

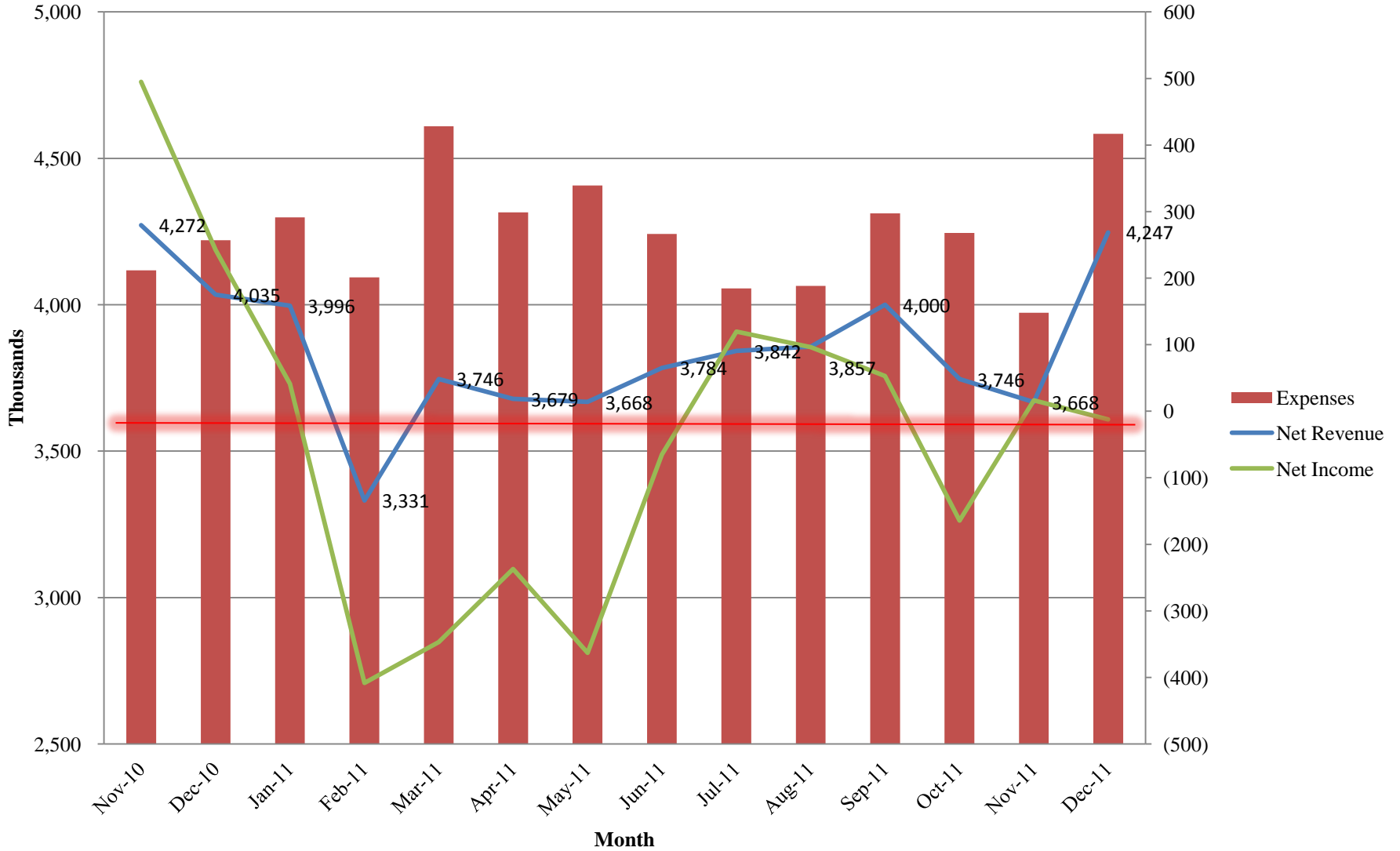
# December's Patient Volumes

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Prior Year</b>
<b>Acute Discharges</b>	<b>130</b>	<b>149</b>	<b>-19</b>	<b>144</b>
<b>Acute Patient Days</b>	<b>455</b>	<b>536</b>	<b>-81</b>	<b>513</b>
<b>SNF Patient Days</b>	<b>685</b>	<b>734</b>	<b>-49</b>	<b>815</b>
<b>Outpatient Gross Revenue (in thousands)</b>	<b>\$7,838</b>	<b>\$7,575</b>	<b>263</b>	<b>\$6,313</b>
<b>Surgical Cases</b>	<b>132</b>	<b>146</b>	<b>-14</b>	<b>123</b>
<b>Productive FTE</b>	<b>274</b>	<b>280</b>	<b>6</b>	<b>275</b>
<b>Total FTEs</b>	<b>302</b>	<b>313</b>	<b>11</b>	<b>309</b>

# Sonoma Valley Hospital

## Net Revenue / Expenses / Net Income

### FY 2011 - 2012



# December's Operating Revenues

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>	
<b>REVENUE</b>						
<b>NET PATIENT REVENUE</b>						
1	<b>Acute Inpatient</b>	\$ 2,215,092	\$ 1,671,557	\$ 543,535	33%	\$ 1,795,216
2	<b>Skilled Nursing Facility</b>	\$ 393,638	\$ 516,025	\$ (122,387)	-24%	\$ 524,596
3	<b>Outpatient and Emergency</b>	\$ 1,665,149	\$ 1,795,139	\$ (129,990)	-7%	\$ 1,549,013
4	<b>Home Care</b>	\$ 177,667	\$ 186,365	\$ (8,698)	-5%	\$ 184,846
5	<b>Community Benefit (Charity)</b>	\$ (100,000)	\$ (22,052)	\$ (77,948)	353%	\$ -
6	<b>Bad Debt Expense</b>	\$ (350,000)	\$ (351,490)	\$ 1,490	0%	\$ (500,000)
7	<b>TOTAL NET PATIENT REVENUE</b>	\$ 4,001,546	\$ 3,795,544	\$ 206,002	5%	\$ 3,553,671
<b>RISK CONTRACTS</b>						
8	<b>Capitation Revenue</b>	\$ 185,681	\$ 187,961	\$ (2,280)	-1%	\$ 198,050
9	<b>Napa State Hospital Revenue</b>	\$ 60,000	\$ 104,409	\$ (44,409)	-43%	\$ 282,912
10	<b>TOTAL RISK CONTRACTS</b>	\$ 245,681	\$ 292,370	\$ (46,689)	-16%	\$ 480,962
11	<b>OTHER OPER REVENUE</b>	\$ 13,658	\$ 12,178	\$ 1,480	12%	\$ 9,641
12	<b>TOTAL HOSPITAL NET REVENUE</b>	\$ 4,260,885	\$ 4,100,092	\$ 160,793	4%	\$ 4,044,274

# Revenue Variances

- Total Patient Revenue over budget by \$159,313
- Over budget revenue directly relate to the receipt of the Medi-Cal Intergovernmental Transfer of \$262,000
  - Total Inpatient Discharges under budget by 19, Medicare discharges under budget by 16. Medi-Cal volumes and rates were over budget by 32 days – Net Impact \$543,535
  - SNF Days under budget by for a loss of (\$122,387).
  - Outpatient Charges under budget by (\$129,990).
  - Home Care is under budget by 3 days or (\$8,698).
  - Charity over budget by \$77,948 due to higher charity cases in December.

# December's Operating Expense

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
<b>OPERATING EXPENSES</b>					
1 <b>Salary and Wages</b>	\$ 1,902,568	\$ 1,884,885	\$ (17,683)	-1%	\$ 1,887,513
2 <b>Employee Benefits</b>	\$ 634,900	\$ 623,561	\$ (11,339)	-2%	\$ 609,713
3 <b>Medical Agency Fees</b>	\$ 39,011	\$ 46,253	\$ 7,242	16%	\$ 94,487
4 <b>Total People Cost</b>	\$ 2,576,479	\$ 2,554,699	\$ (21,780)	-1%	\$ 2,591,713
<b>Medical and Prof Fees (excl'd Agency)</b>					
5 <b>Medical and Prof Fees (excl'd Agency)</b>	\$ 488,704	\$ 449,418	\$ (39,286)	-9%	\$ 381,300
6 <b>Supplies</b>	\$ 486,873	\$ 544,092	\$ 57,219	11%	\$ 563,970
7 <b>Purchased Services</b>	\$ 407,978	\$ 311,479	\$ (96,499)	-31%	\$ 290,292
8 <b>Depreciation</b>	\$ 155,294	\$ 164,824	\$ 9,530	6%	\$ 149,271
9 <b>Utilities</b>	\$ 76,090	\$ 72,425	\$ (3,665)	-5%	\$ 63,004
10 <b>Insurance</b>	\$ 20,084	\$ 20,847	\$ 763	4%	\$ 19,075
11 <b>Interest</b>	\$ 22,826	\$ 41,140	\$ 18,314	45%	\$ 17,764
12 <b>Other</b>	\$ 349,355	\$ 153,610	\$ (195,745)	-127%	\$ 107,109
13 <b>TOTAL OPERATING EXPENSE</b>	\$ 4,583,683	\$ 4,312,534	\$ (271,149)	-6%	\$ 4,183,498

# Expense Variances

- Total operating expenses were over budget by \$271,149
- Total productivity FTE's were under budget at 274 on a budget of 280. Total salaries over budget by a total of \$17,683.
- Employee benefits were over budget by \$11,339. Health insurance is over budget by \$18,541.
- Professional Fees are over budget by \$39,286 due to \$26,335 in Anesthesia fees, \$13,789 in legal fees and Capital Campaign fees of \$32,072.
- Supplies are under budget by \$57,219 due to lower than budgeted volumes
- Purchased Services over budget by \$96,499 due to repair & maintenance costs.
- Other Expenses were over by \$195,745 largely due to the IGT administration cost of \$218,822.

# December's Non-Operating Items

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
<b>NON OPERATING</b>					
1 Revenue	\$ 9,851	\$ 3,001	\$ 6,850	228%	\$ 9,716
2 Donations	\$ -	\$ 10,000	\$ (10,000)	-100%	\$ 500
3 Professional Center / Phys Recruitment	\$ (146)	\$ (696)	\$ 550	-79%	\$ (1,678)
4 Physician Practice Support - Prima	\$ (68,000)	\$ (70,000)	\$ 2,000	0%	\$ -
5 Tax Assessment Revenue-Parcel Tax	\$ 245,018	\$ 237,500	\$ 7,518	3%	\$ 244,000
6 Tax Assessment Revenue - GO Bond	\$ 153,567	\$ 153,615	\$ (48)	0%	\$ 165,917
7 GO Bond Interest	\$ (30,011)	\$ (30,820)	\$ 809	-3%	\$ (36,833)
<hr/>					
8 <b>TOTAL NON-OPERATING REV/EXP</b>	<b>\$ 310,279</b>	<b>\$ 302,600</b>	<b>\$ 7,679</b>	<b>3%</b>	<b>\$ 381,622</b>



**To:** SVH Finance Committee  
**From:** Rick Reid, CFO  
**Date:** January 24, 2011  
**Subject:** Financial Report for the Month Ending December 31, 2011

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Presented below are the results and analysis for the month ending December 31, 2011.

### **Overall Results for December 2011**

Overall for December, SVH has a net loss of \$12,519 on a budgeted income of \$90,158, an unfavorable difference of \$102,677. Total net revenue was over by budget by \$159,313. This brought the total operating revenue to \$4,260,885 or \$160,793 over budget. The overage from revenue was reduced by total expenses being \$4,583,683 on a budget of \$4,312,534 or \$271,149 over budget. The EBIDA for the month was \$195,612.

### **Net Operating Revenues**

Net operating revenues for December were \$4.3 million on a budget of \$4.1 million or \$161,000 / 4% over budget.

Inpatient Net Revenue:

- 19 discharges under budget
- 16 Medicare discharges under budget, the impact was (\$204,104)
- Medi-Cal volume was higher than budget by 32 days and payment rate was higher than budget by \$394,355. The payment rate was higher than budget due to the recording of the IGT funds of \$262,000.

Skilled Nursing Home:

- Volume was under budget by 31 days, impact (\$122,387)

Outpatient:

- Reimbursement was under budget by (\$129,991)

Charity care:

- Over budget by \$77,948. This is due to more charity care write offs for the month of December.

### **Expenses**

December's expenses were \$4.6 million on a budget of \$4.3 million or over budget by \$271,000.

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

- Total productivity FTE's were under budget at 274 on a budget of 280. Total salaries over budget by a total of \$17,683.
- Employee benefits were over budget by \$11,339. Health insurance is over budget by \$18,541.

- Professional Fees are over budget due to higher anesthesia fees of \$26,335. Legal fees for union issues of \$13,789 and capital fund raising campaign fees of \$32,072.
- Supplies are under budget by \$57,219 due to lower than budgeted volumes.
- Purchased services variance is over budget by \$96,499 due to higher repair & maintenance costs.
- Other Expenses were over budget by \$195,745 largely due to the payment to the IGT for \$218,822.



**Sonoma Valley Health Care District**  
**Statement of Revenue and Expenses**  
**Comparative Results**  
**Current Month December 2011**

	This Year		Variance		Last Year Actual
	Actual	Budget	\$	%	
<b>Volume Information</b>					
1 Acute Discharges	130	149	(19)	-13%	144
2 SNF Days	685	734	(49)	-7%	815
3 Home Care Visits	913	916	(3)	0%	888
4 Gross O/P Revenue (000's)	7,838	7,575	263	3%	6,313
<b>Financial Results</b>					
Net Fee For Service Revenue					
5 Acute Inpatient	\$ 2,215,092	\$ 1,671,557	543,535	33%	\$ 1,795,216
6 SNF	393,638	516,025	(122,387)	-24%	524,596
7 Outpatient	1,665,149	1,795,139	(129,990)	-7%	1,549,013
8 Home Care	177,667	186,365	(8,698)	-5%	184,846
9 Charity Care Provision	(100,000)	(22,052)	(77,948)	-353%	0
10 Bad Debt	(350,000)	(351,490)	1,490	0%	(500,000)
11 Total Net Revenue	\$ 4,001,546	\$ 3,795,544	206,002	5%	\$ 3,553,671
12 Risk contract revenue	\$ 245,681	\$ 292,370	(46,689)	-16%	\$ 480,962
13 Net Hospital Revenue	\$ 4,247,227	\$ 4,087,914	159,313	4%	\$ 4,034,633
14 Other Operating Revenue	\$ 13,658	\$ 12,178	1,480	12%	\$ 9,641
15 Total Operating Revenue	\$ 4,260,885	\$ 4,100,092	160,793	4%	\$ 4,044,274
Operating Expenses					
16 Salary and Wages	\$ 1,902,568	\$ 1,884,885	(17,683)	-1%	\$ 1,887,513
17 Employee Benefits	634,900	\$ 623,561	(11,339)	-2%	609,713
18 Medical Agency Fees	39,011	46,253	7,242	16%	94,487
19 Total People Cost	\$ 2,576,479	\$ 2,554,699	(21,780)	-1%	\$ 2,591,713
20 Med and Prof Fees (excl'd Agency)	\$ 488,704	\$ 449,418	(39,286)	-9%	\$ 381,300
21 Supplies	486,873	544,092	57,219	11%	563,970
22 Purchased Services	407,978	311,479	(96,499)	-31%	290,292
23 Depreciation	155,294	164,824	9,530	6%	149,271
24 Utilities	76,090	72,425	(3,665)	-5%	63,004
25 Insurance	20,084	20,847	763	4%	19,075
26 Interest	22,826	41,140	18,314	45%	17,764
27 Other	349,355	153,610	(195,745)	-127%	107,109
28 Operating expenses	\$ 4,583,683	\$ 4,312,534	(271,149)	-6%	\$ 4,183,498
29 Operating Margin	\$ (322,798)	\$ (212,442)	(110,356)	-52%	\$ (139,224)
Non Operating Rev and Expense					
30 Revenue	\$ 9,851	\$ 3,001	6,850	228%	\$ 9,716
31 Donations	0	10,000	(10,000)	-100%	500
32 Professional Center/Phys Recruit	(146)	(696)	550	-79%	(1,678)
33 Physician Practice Support-Prima	(68,000)	(70,000)	2,000	-3%	0
34 Parcel Tax Assessment Rev	245,018	237,500	7,518	3%	244,000
35 GO Bond Tax Assessment Rev	153,567	153,615	(48)	0%	165,917
37 GO Bond Interest	(30,011)	(30,820)	809	-3%	(36,833)
37 Total Non-Operating Rev/Exp	\$ 310,279	\$ 302,600	7,679	3%	\$ 381,622
38 Net Income / (Loss)	\$ (12,519)	\$ 90,158	(102,677)	-114%	\$ 242,398
39 Net Income w/o GO Bond Activity	\$ (136,075)	\$ (32,637)	(103,438)	317%	\$ 113,314

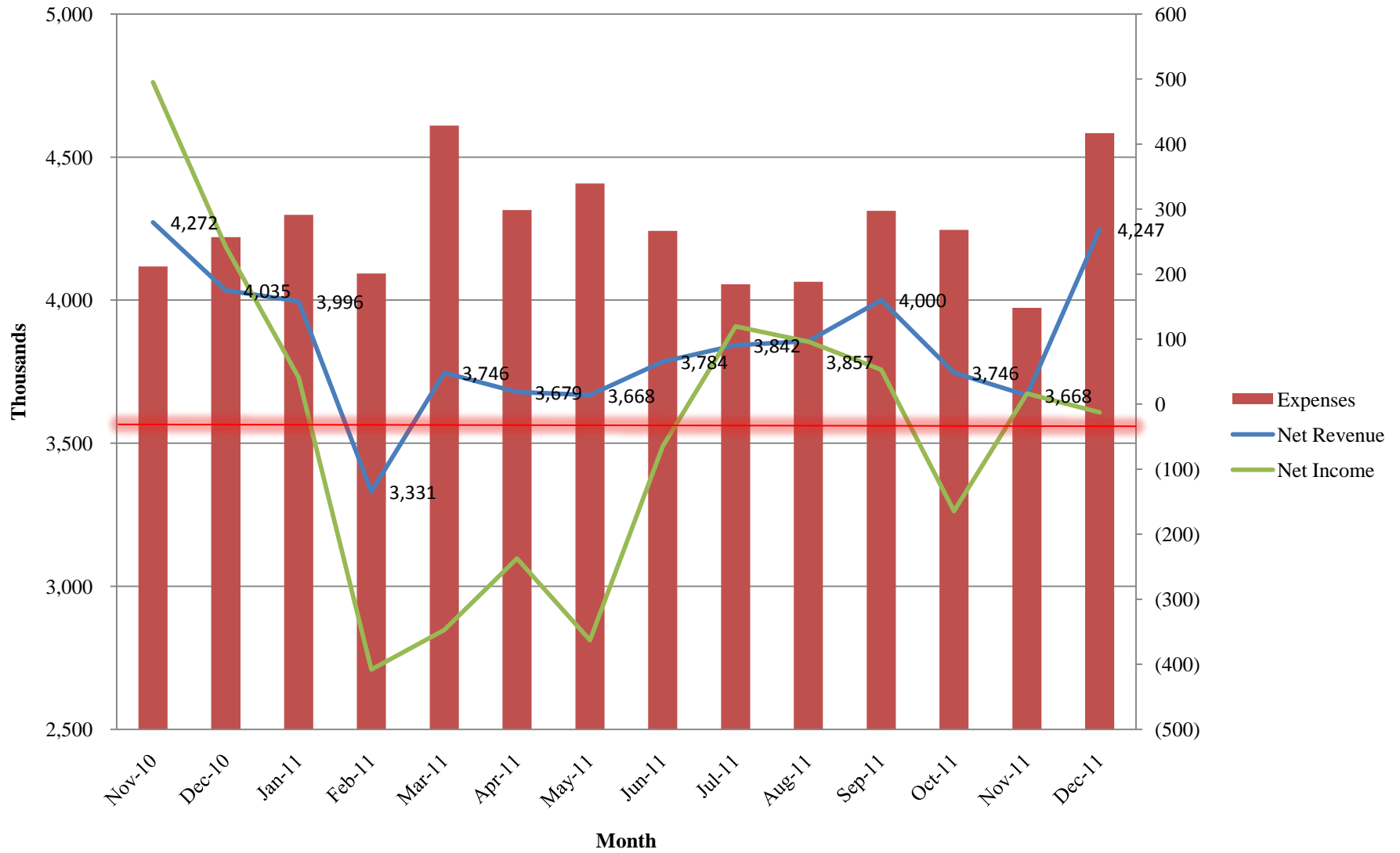
**Sonoma Valley Health Care District**  
**Statement of Revenue and Expenses**  
**Comparative Results**  
**Fiscal Year 2012**

	This Year		Variance		Last Year Actual
	Actual	Budget	\$	%	
<b>Volume Information</b>					
1 Acute Discharges	776	881	(105)	-12%	803
2 SNF Days	3,554	4,357	(803)	-18%	4,400
3 Home Care Visits	5,645	5,508	137	2%	5,278
4 Gross Outpatient Revenue (000's)	\$ 45,840	\$ 45,668	172	0%	\$ 37,737
<b>Financial Results</b>					
Net Fee For Service Revenue					
5 Acute Inpatient	\$ 9,871,422	\$ 9,973,388	(101,966)	-1%	\$ 9,286,404
6 SNF	2,115,469	3,060,911	(945,442)	-31%	2,910,202
7 Outpatient	10,661,490	10,818,002	(156,512)	-1%	9,364,212
8 Home Care	1,118,583	1,118,760	(177)	0%	1,133,900
9 Charity Care Provision	(221,100)	(131,666)	(89,434)	-68%	(97,600)
10 Bad Debt Expense	(2,025,000)	(2,098,631)	73,631	4%	(1,727,185)
11 Total Net Revenue	21,520,864	22,740,764	(1,219,900)	-5%	20,869,933
12 Risk Contract Revenue	1,839,062	1,754,220	84,842	5%	1,681,491
13 Net Hospital Revenue	23,359,926	24,494,984	(1,135,058)	-5%	22,551,424
14 Other Operating Revenue	76,437	73,068	3,369		63,422
15 Total Operating Revenue	\$ 23,436,363	\$ 24,568,052	(1,131,689)	-5%	\$ 22,614,846
Operating Expenses					
16 Salary and Wages	\$ 10,786,568	\$ 11,263,873	477,305	4%	\$ 10,658,377
17 Employee Benefits	3,808,248	3,718,174	(90,074)	-2%	3,519,462
18 Medical Agency Fees	338,902	273,739	(65,163)	-24%	548,358
19 Total People Cost	14,933,718	15,255,786	322,068	2%	14,726,197
20 Med and Prof Fees (excl'd Agency)	2,761,724	2,699,382	(62,342)	-2%	1,594,063
21 Supplies	2,925,344	3,253,651	328,307	10%	3,068,353
22 Purchased Services	1,962,644	1,867,025	(95,619)	-5%	1,424,073
23 Depreciation	934,500	988,944	54,444	6%	898,287
24 Utilities	471,425	434,550	(36,875)	-8%	440,880
25 Insurance	121,461	125,082	3,621	3%	114,450
26 Interest	161,184	194,628	33,444	17%	75,467
27 Other	962,244	940,789	(21,455)	-2%	588,167
28 Operating Expenses	\$ 25,234,244	\$ 25,759,837	525,593	2%	\$ 22,929,937
29 Operating Margin	\$ (1,797,881)	\$ (1,191,785)	(606,096)	-51%	\$ (315,091)
Non Operating Rev and Expense					
30 Revenue	32,063	18,006	14,057	78%	52,204
31 Donations	15,117	60,000	(44,883)	75%	4,000
32 Professional Center/Phys Recruit	(1,566)	(4,186)	2,620	-63%	(34,966)
33 Physician Practice Support-Prima	(351,050)	(420,000)	68,950	-16%	(375,079)
34 Parcel Tax Assessment Rev	1,470,107	1,425,000	45,107	3%	1,672,147
35 GO Bond Tax Assessment Rev	921,400	921,690	(290)	0%	662,354
37 GO Bond Interest	(180,064)	(184,920)	4,856	-3%	(179,375)
37 Total Non-Operating Rev/Exp	1,906,007	1,815,590	90,417	5%	1,801,285
38 Net Income / (Loss)	108,126	623,805	(515,679)	-83%	1,486,194
39 Net Income w/o GO Bond Activity	(633,210)	(112,965)	(520,245)	461%	1,003,215

Sonoma Valley Health Care District  
Balance Sheet  
Fiscal Year 2012  
As of December 31, 2011

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
<b>Assets</b>			
Current Assets:			
1	\$ 2,093,462	\$ 2,697,044	\$ 4,623,629
2	143,815	143,815	-
3	7,590,193	6,977,434	6,365,007
4	3,726,806	4,570,601	4,588,196
5	(1,930,774)	(1,616,977)	(2,319,880)
6	1,067,337	945,763	663,108
7	-	-	-
8	1,025,861	949,504	683,371
9	1,554,511	1,236,571	2,464,918
10	<u>\$ 15,271,211</u>	<u>\$ 15,903,755</u>	<u>\$ 17,068,349</u>
11	\$ 253,467	\$ 253,467	\$ 252,226
12	9,810,607	9,747,141	7,794,864
13	11,329,510	10,749,182	5,585,839
14	20,791,945	21,595,995	25,595,633
15	36,984	36,984	36,074
16	547,976	545,976	64,378
17	515,689	517,350	291,970
18	<u>\$ 58,557,389</u>	<u>\$ 59,349,850</u>	<u>\$ 56,689,333</u>
<b>Liabilities &amp; Fund Balances</b>			
Current Liabilities:			
19	\$ -	\$ -	\$ 17,125
20	4,255,300	4,034,944	2,455,616
21	2,912,420	3,439,951	2,692,009
22	714,308	575,138	692,370
23	241,014	391,007	1,874,041
24	613,602	605,696	68,440
25	2,391,503	2,790,087	2,459,499
26	1,383,216	1,383,480	1,152,766
27	<u>\$ 12,511,363</u>	<u>\$ 13,220,303</u>	<u>\$ 11,411,866</u>
28	\$ 38,412,770	\$ 38,503,773	\$ 37,623,845
29	Fund Balances:		
30	\$ 7,564,612	\$ 7,577,130	\$ 7,589,371
31	68,644	48,644	64,251
32	<u>\$ 7,633,256</u>	<u>\$ 7,625,774</u>	<u>\$ 7,653,622</u>
33	<u>\$ 58,557,389</u>	<u>\$ 59,349,850</u>	<u>\$ 56,689,333</u>

# Sonoma Valley Hospital Net Revenue / Expenses / Net Income FY 2011 - 2012



**Sonoma Valley Hospital**  
**Statistical Analysis**  
**FY 2012**

	ACTUAL	BUDGET
	Dec-11	Dec-11
<b>Statistics</b>		
<b>Acute</b>		
Acute Patient Days	455	536
Acute Discharges	130	149
SNF Days	685	734
HHA Visits	913	916
Gross Outpatient Revenue (000's)	\$7,838	\$7,575
Equivalent Patient Days	2,374	2,460
Births	17	15
Surgical Cases - Inpatient	43	44
Surgical Cases - Outpatient	89	102
Total Surgical Cases	132	146
Medicare Case Mix Index	1.47	1.40
<b>Income Statement</b>		
Net Revenue (000's)	4,247	4,088
Operating Expenses (000's)	4,584	4,383
Net Income (000's)	(13)	90
<b>Productivity</b>		
Total Operating Expense Per Equivalent Patient Day	\$1,931	\$1,782
Productive FTEs	274	280
Non-Productive FTE's	27	33
Total FTEs	302	313
FTEs per Adjusted Occupied Bed	3.94	
<b>Balance Sheet</b>		
Days of Expense In General Operating Cash	18	
Days of Revenue in AR	61	
Bad Debt Write-Offs as a % of Priv\Othr Rev	81.0%	
Bad Debt Recoveries as a % of Write-Offs	7.6%	

<b>ACTUAL</b>												
Nov-11	Oct-11	Sep-11	Aug-11	Jul-11	Jun-11	May-11	Apr-11	Mar-11	Feb-11	Jan-11	Dec-10	Nov-10
449	456	552	372	444	468	548	515	586	480	518	513	525
133	134	136	115	128	144	159	130	148	130	146	144	145
543	633	567	470	656	520	555	579	712	636	622	815	664
911	1,024	881	962	954	1,082	970	1,047	841	854	858	899	905
\$7,863	\$7,493	\$7,667	\$7,569	\$7,409	\$6,961	\$6,489	\$6,727	\$6,628	\$6,364	\$6,949	\$6,313	\$6,263
2,115	2,281	2,272	1,956	2,341	2,113	2,190	2,231	2,427	2,227	2,264	2,482	2,226
19	11	17	18	16	18	19	16	14	11	13	13	17
43	39	43	30	36	35	40	34	59	36	40	42	51
101	87	83	95	92	108	105	101	81	92	94	81	107
144	126	126	125	128	143	145	135	140	128	134	123	158
1.39	1.44	1.52	1.25	1.38	1.34	1.41	1.42	1.44	1.31	1.48	1.50	1.69
3,668	3,746	4,000	3,857	3,842	3,784	3,668	3,679	3,746	3,331	3,996	4,035	4,272
3,973	4,245	4,312	4,064	4,056	4,242	4,407	4,315	4,610	4,093	4,299	4,220	4,118
16	(164)	53	96	120	(65)	(363)	(237)	(347)	(408)	41	242	495
\$1,878	\$1,861	\$1,898	\$2,116	\$1,765	\$2,008	\$2,015	\$1,934	\$1,899	\$1,838	\$1,899	\$1,700	\$1,850
256	283	280	272	271	268	279	285	297	290	282	275	268
39	30	34	37	36	35	27	36	27	27	26	34	38
295	314	314	309	306	303	307	321	324	317	308	309	306
4.19	4.26	4.14	4.90	4.06	4.31	4.34	4.32	4.14	3.98	4.21	3.86	4.12
23	29	27	18	22	29	42	33	34	37	34	41	41
58	57	57	56	54	51	47	50	50	53	56	48	52
78.5%	69.2%	68.6%	56.5%	81.1%	80.3%	80.4%	79.9%	80.6%	79.0%	76.5%	78.7%	72.7%
7.5%	9.0%	12.2%	7.5%	6.2%	7.5%	7.8%	9.7%	8.6%	8.5%	9.7%	9.2%	10.2%



**Sonoma Valley Hospital**  
**Statement of Cash Flows**  
**Fiscal Year 2012**

	<u>Current Month</u>	<u>Year To Date</u>
<b>Operating Activities</b>		
Net Income (Loss)	(12,518)	108,127
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Depreciation and amortization	155,293	934,499
Net changes in operating assets and liabilities:		
(Increase)/Decrease Patient accounts receivable - net	(298,962)	(1,031,291)
(Increase)/Decrease Other receivables and other assets	723,882	4,756,710
(Increase)/Decrease Prepaid expenses	(317,940)	(355,488)
(Increase)/Decrease in Inventories	(76,357)	(150,449)
(Decrease)/Increase in Deferred revenues	(390,678)	(1,886,190)
(Decrease)/Increase in Accounts payable, accrued expenses	(317,998)	657,626
<b>Net Cash Provided/(Used) by operating activities</b>	<u>(535,278)</u>	<u>3,033,544</u>
<b>Investing Activities</b>		
Net Purchases of property, plant and equipment - Other Fixed Assets	270,051	(4,770,684)
Net Purchases of property, plant and equipment - GO Bond Purchases	(1,069,138)	(1,855,367)
Net Proceeds and Distributions from investments	-	(924)
Net Book Value of Assets Disposed	-	-
Change in Restricted Funds	20,000	37,926
Change in Limited Use Cash	802,050	3,069,652
(Payment)/Refund of Deposits		
<b>Net cash Provided/(Used) by investing activities</b>	<u>22,963</u>	<u>(3,519,397)</u>
<b>Financing Activities</b>		
Proceeds (Repayments) from Borrowings - Banks & Carriers	(91,267)	(607,229)
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>(91,267)</u>	<u>(607,229)</u>
<b>Net increase/(Decrease) in cash and cash equivalents</b>	<u>(603,582)</u>	<u>(1,093,082)</u>
Cash and Equivalents at beginning of period	<u>2,697,044</u>	<u>3,186,544</u>
<b>Cash and Equivalents at December 31, 2011</b>	<u>2,093,462</u>	<u>2,093,462</u>



5.

# FINANCE CHARTER

**SONOMA VALLEY HOSPITAL  
SONOMA VALLEY HEALTHCARE DISTRICT**

**FINANCE COMMITTEE CHARTER**

This charter (the “Charter”) sets forth the duties and responsibilities and governs the operations of the Finance Committee (the “Committee”) of the Board of Directors (the “Board”) of Sonoma Valley Healthcare District (the “District”), a nonprofit corporation organized and existing under the California Law.

**I. Purpose**

The Committee’s purpose is to assist the Board in its oversight of the District’s financial affairs, including District’s financial condition, financial planning, operational and capital budgeting, debt structure, debt financing and refinancing and other significant financial matters involving the District. The Finance Committee is the body that recommends to the District Board on all financial decisions.

**II. Duties and Responsibilities**

The Finance Committee’s Purpose is to provide a forum for transparency for the community and to provide an oversight of the financial decisions and condition of the District. The Committee’s primary duties and responsibilities are as follows:

**A. Review Monthly Financial Operating Performance**

1. Review the District’s monthly financial operating performance. The committee will review the monthly financial statements, including but not limited to the Statement of Revenues and Expenses, Balance Sheet and Statement of Cash Flows, prepared by management. The committee will also review other financial indicators as warranted.
2. Review management’s plan for improved financial and operational performance including but not limited to new patient care programs, cost management plans, and new financial arrangements. The committee will make recommendations to the Board when necessary.

**B. Budgets**

1. Review and recommend to the Board for approval an annual operating budget for the District.
2. Review the management’s budget assumptions including volume, growth, inflation and other budget assumptions.

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3. Review and recommend to the Board for approval an annual capital expenditures budget for the District. If deemed appropriate by the Committee, review and recommend to the Board for approval projected capital expenditures budgets for one or more succeeding years.

CB. Debt, Financing and Refinancing

1. Evaluate and monitor the District's long and short-term indebtedness, debt structure, collateral or security therefore, cash flows, and uses and applications of funds.

- ~~1~~.2. Evaluate and recommend to the Board for approval proposed new debt financing, including lines of credit, financings and refinancing, including (i) interest rate and whether the rate will be fixed or floating rate; (ii) collateral or security, if any; (iii) issuance costs; (iv) banks, investment banks and underwriters retained or compensated by the District in connection with any financing or refinancing.

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3. Review and recommend approve to the Board all guarantees or other obligations for the indebtedness of any third party.

DC. Insurance

1. Review and recommend to the Board for approval the District's on an annual basis all insurance coverage's, including (i) identity and rating of carriers; (ii) premiums; (iii) retentions; (iv) self-insurance; (v) stop-loss policies; and (vi) all other aspects of insurance coverage for healthcare institutions.

ED. Investment Policies

1. Review and recommend to the Board approve the District's cash management and cash investment policies, utilizing the advice of financial consultants as the Committee deems necessary or desirable.
2. Review and recommend to the Board approve the District's investment policies relating to assets of any employee benefit plans maintained and controlled by the District, utilizing the advice of financial consultants as the Committee deems necessary or desirable.

EF. General

1. ~~Select and terminate~~Review and recommend the services of all outside financial advisors, financial consultants, banks, investment banks, and underwriters for the District. Review ~~periodically~~annually the District's significant commercial and investment bank relationships.

- ~~1~~.2. Perform any other duties and responsibilities as the Board may deem necessary, advisable or appropriate for the Committee to perform.

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- ~~1~~.3. Perform such other duties and responsibilities as the Committee deems appropriate to carry out its purpose as provided in this Charter.

4. Report on monthly basis to the Board concerning the District's financial affairs. Urgent and time sensitive matters shall be reported at the next regular or special Board meeting.

~~5.~~The finance committee will also serve as the District's Audit Committee. The Finance Committee will be invited to attend the presentation by the District's independent auditors.

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### III. Organization

The Committee's membership, the chairperson, the call and conduct of Committee meetings, the preparation of Committee minutes, and the Committee's other activities shall be appointed, conducted and accomplished in accordance with applicable provisions of the Bylaws and the Corporate Governance Principles adopted by the ~~District's Nominating and Governance Board-Committee.~~

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The committee's membership is subject to the Approval of the District Board. The membership shall include the following:

1. Two(2) Board Members, one being the Treasurer
- ~~1-2.~~ Six(6) District Citizens
- ~~1-3.~~ At least one(1) member of the Medical Staff
- ~~1-4.~~ District Chief Executive Officer (non-voting)
- ~~1-5.~~ District's Chief Financial Officer (non-voting)

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### IV. Performance Evaluation

The Committee shall prepare and review with the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation shall also recommend to the Board any amendments to this Charter deemed necessary or desirable by the Committee. The performance evaluation shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson or any other member of the Committee designated by the Committee to make the report.

### V. Resources and Authority of the Committee

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the sole authority to select, retain, terminate, and approve the engagement and other retention terms of special counsel or other experts or consultants, as it deems appropriate.

### VI. Amendment

This Charter shall not be amended except upon approval by the Board.

Adopted by the Board on \_\_\_\_\_, 2012.

6.

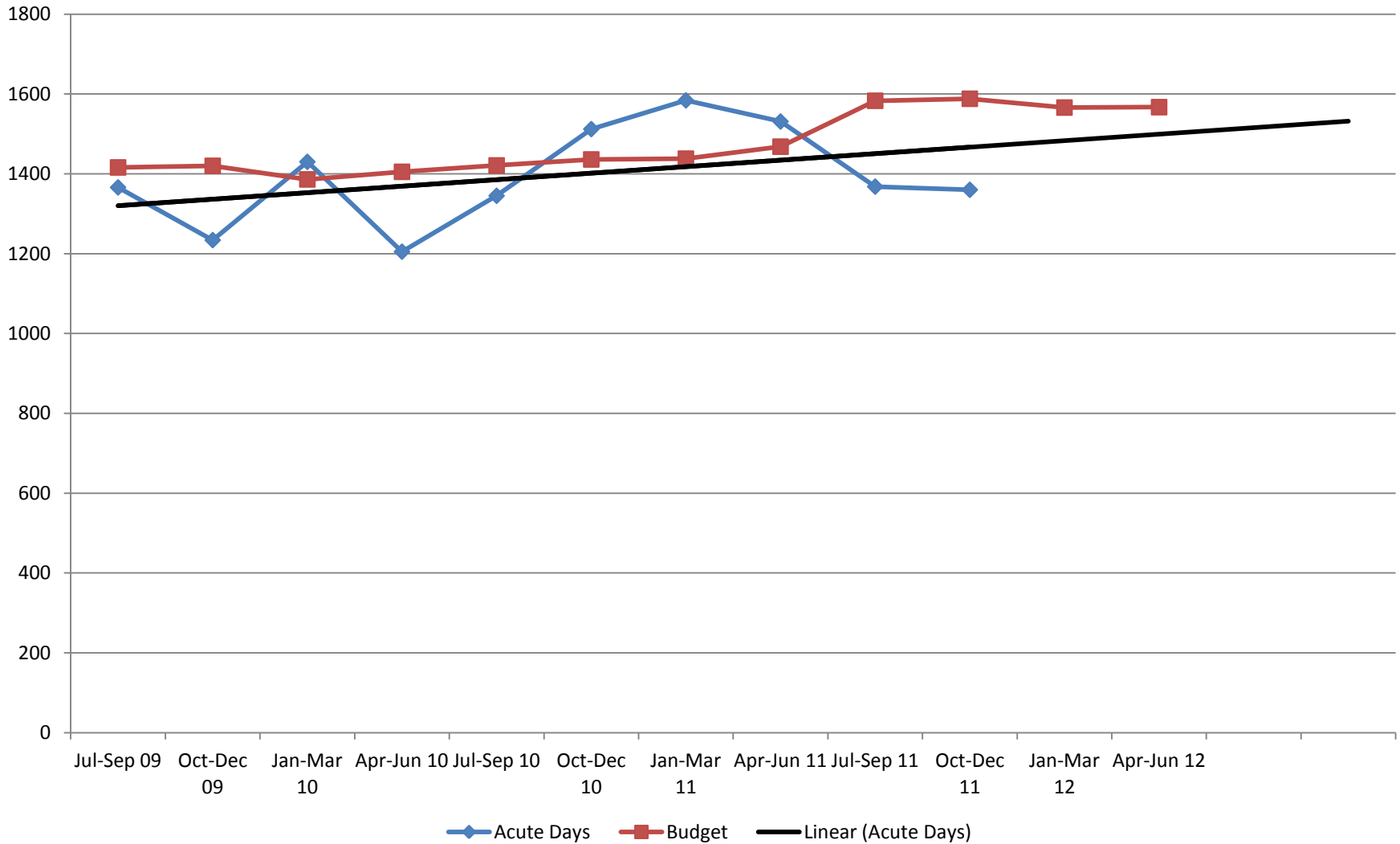
QUARTERLY  
PATIENT  
ACTIVITY

# Sonoma Valley Hospital

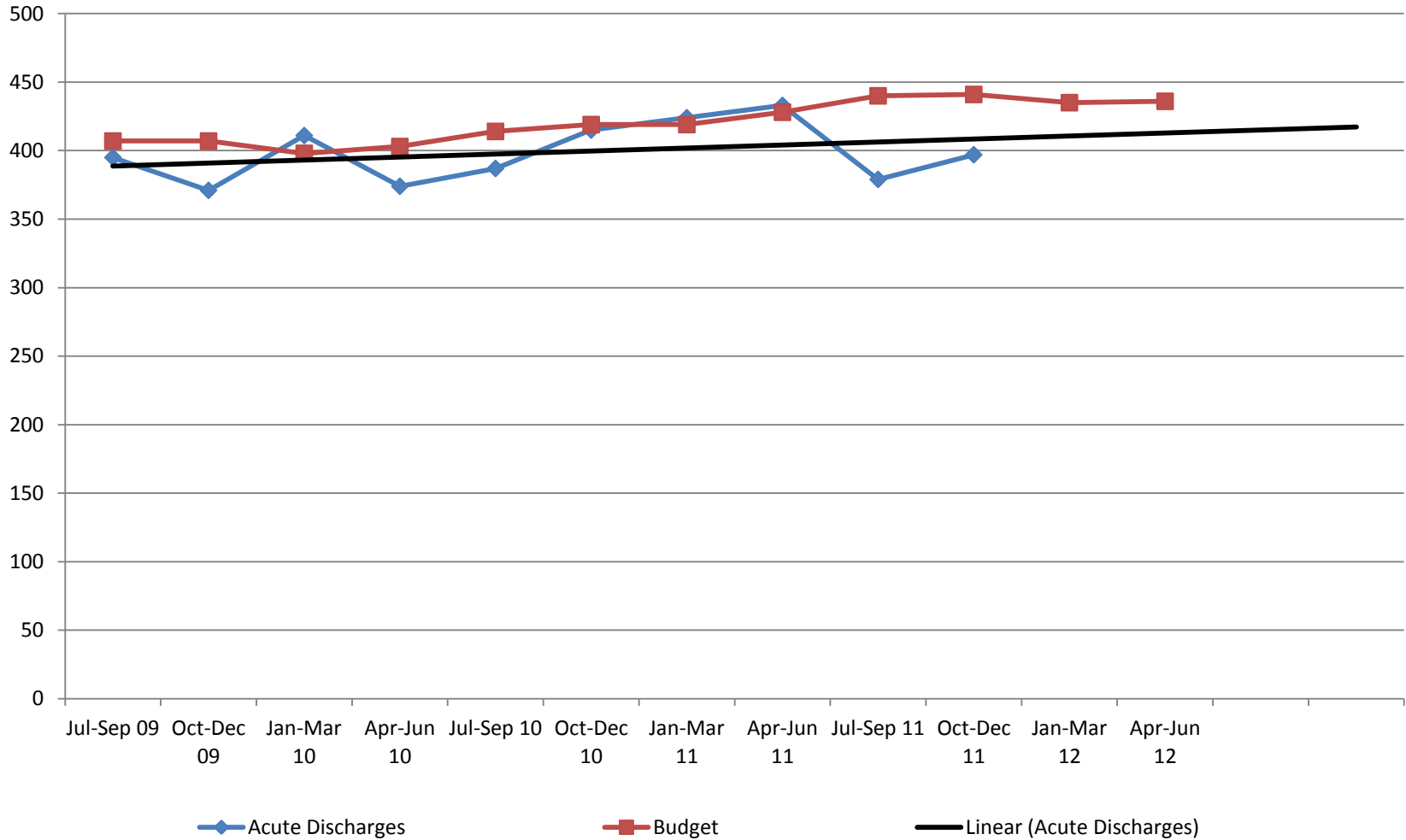
Quarterly Patient Volumes

December 2011 Report

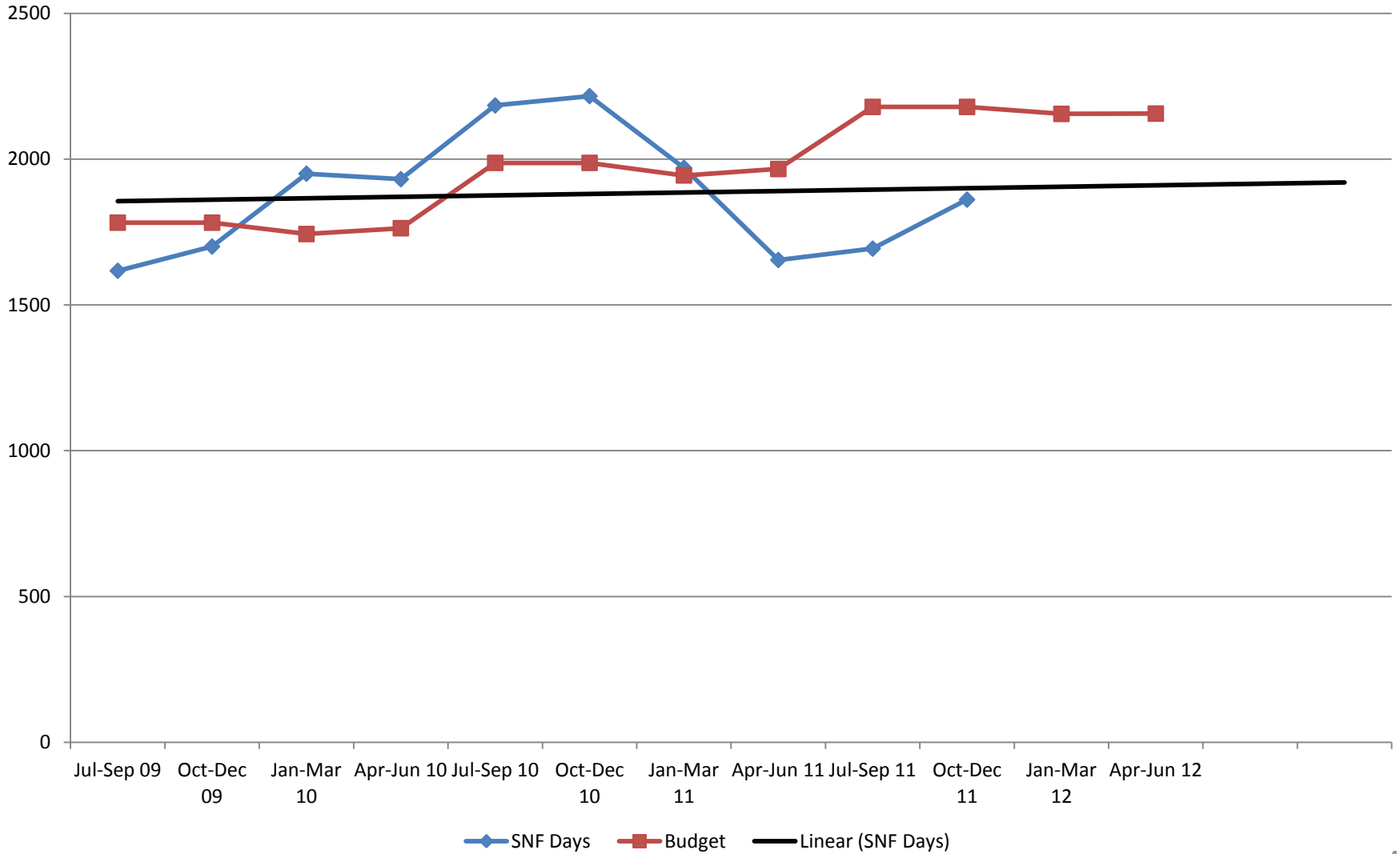
# Acute Patient Days



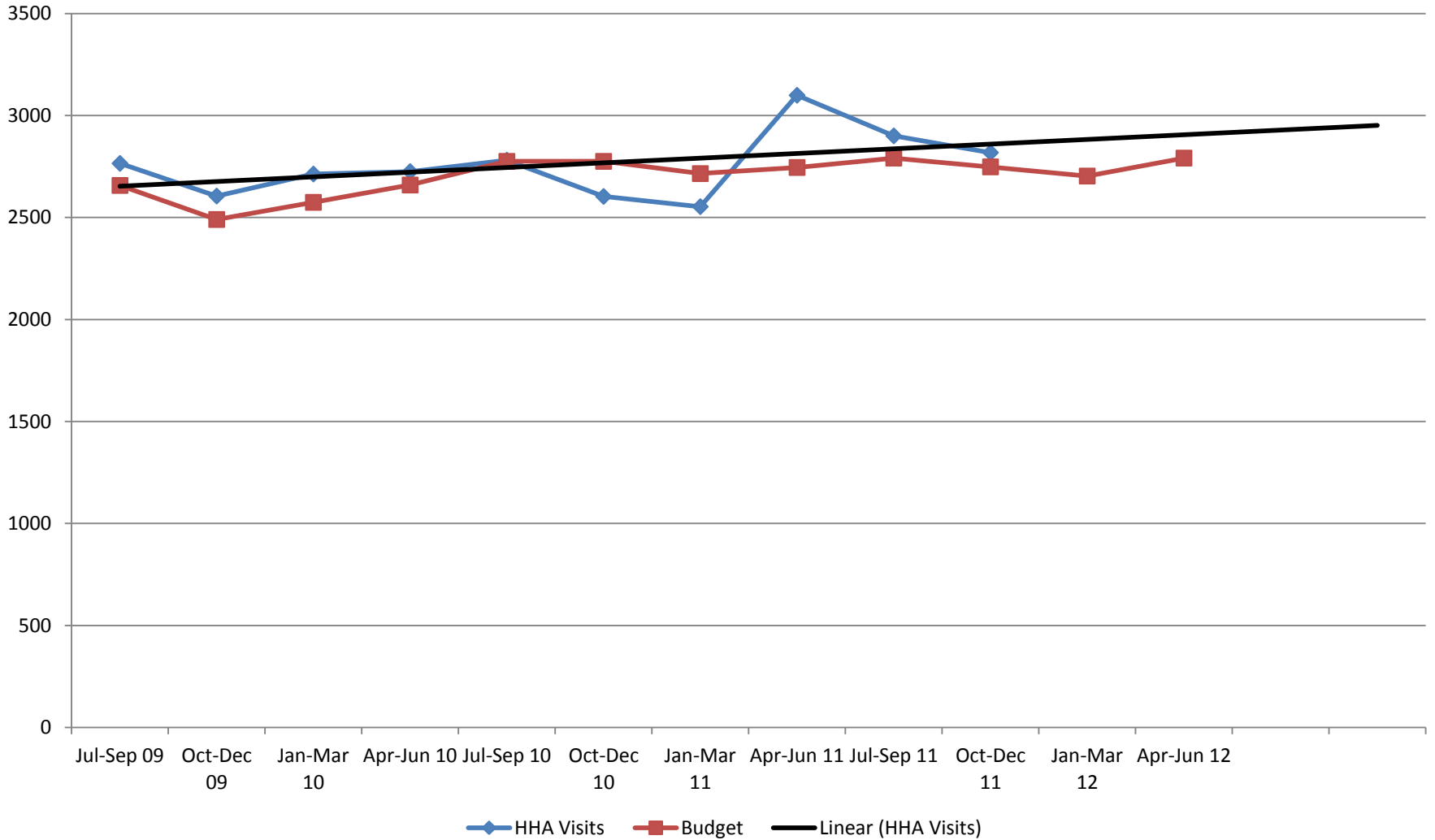
# Acute Discharges



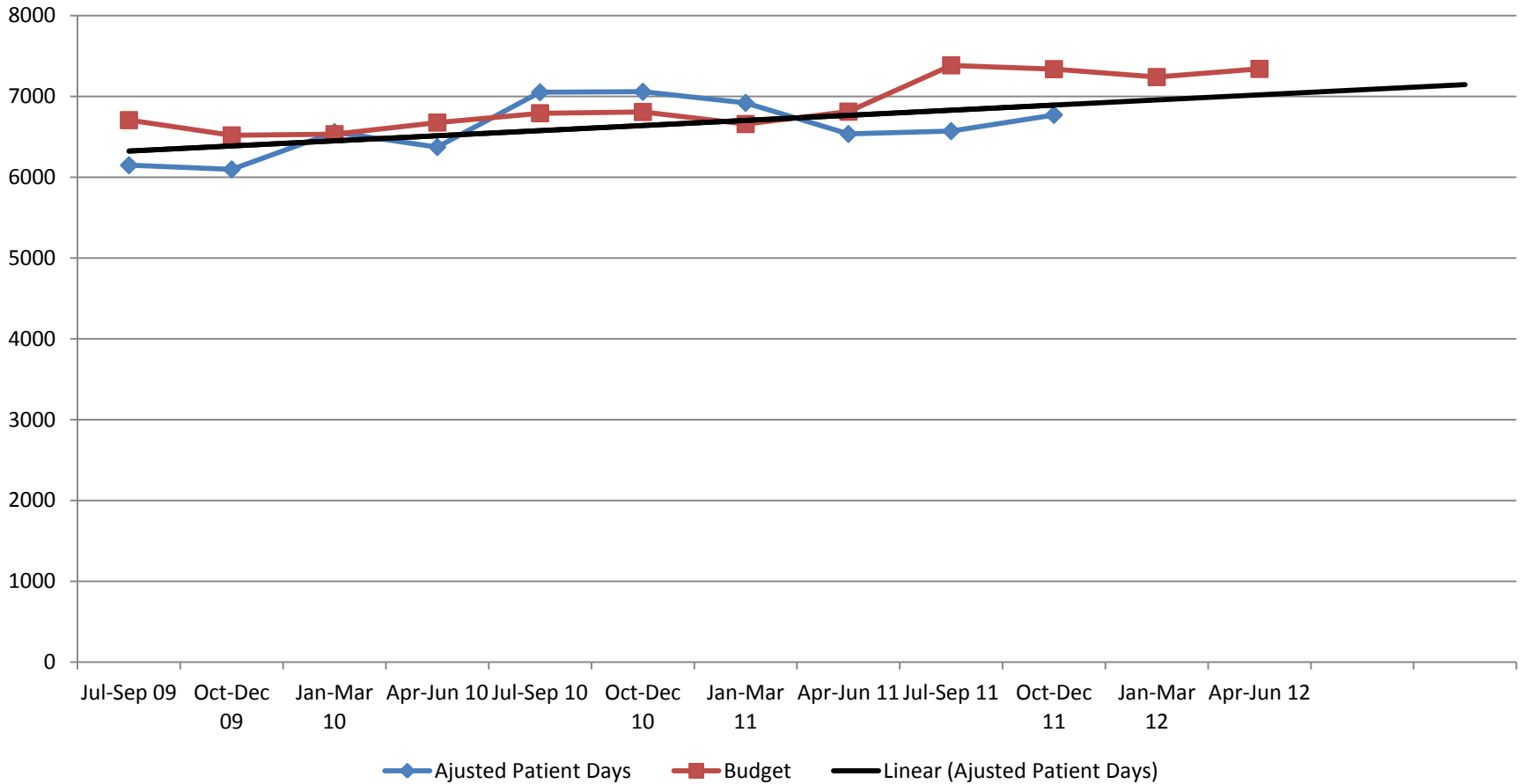
# SNF Days



# Home Health Visits



# Adjusted Patient Days



# Surgical Cases

