



**SONOMA VALLEY HEALTH CARE DISTRICT  
AUDIT COMMITTEE  
REGULAR MEETING AGENDA  
Tuesday, October 21, 2014  
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>	Nevins	Inform
<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. At all times please use the microphone.</i>		
<b>3. CONSENT CALENDAR</b> <ul style="list-style-type: none"> <li>• AC Minutes from 6.3.14</li> </ul>	Nevins	Action
<b>4. SVHCD 2015 AUDIT PLANNING</b>	Moss Adams LLP	Inform/Action
<b>5. ADJOURN</b>	Nevins	

3.

# CONSENT CALENDAR



**SONOMA VALLEY HEALTH CARE DISTRICT  
AUDIT COMMITTEE  
MINUTES  
Tuesday, June 3, 2014  
5:00 p.m.**

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

AGENDA ITEM	RECOMMENDATION	
<p><b>MISSION STATEMENT</b> <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p>		
<p><b>1. CALL TO ORDER/ANNOUNCEMENTS</b> In attendance: Sharon Nevins, Peter Hohorst, Jim Hagood, Dennis Ciocca, Kelly Mather, Gigi Betta, Ben Mack and Monica Li.</p>	Nevins	Inform
<p><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. At all times please use the microphone.</i></p>		
<p><b>3. CONSENT CALENDAR</b></p> <ul style="list-style-type: none"> <li>• AC Minutes from 10.15.13</li> </ul>	Nevins	<b>MOTION</b> by Fogg to approve Minutes and 2 <sup>nd</sup> by Hagood. All in favor.
<p><b>4. SVHCD 2014 AUDIT PLANNING</b> Mr. Mack and Ms. Li presented the audit planning report for 2014 and discussed audit emphasis, risks, timeline, deliverables and expectations.</p>	Moss Adams LLP	Inform/Action
<p><b>5. ADJOURN</b> 6:00 p.m.</p>	Nevins	

4.

# 2015 AUDIT PLANNING



# Sonoma Valley Health Care District Report of Independent Auditors

**Ben Mack**

Health Care Services, Partner

**Monica Nguyen**

Engagement In Charge

(415) 956-1500

**MOSS ADAMS** LLP

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

# AUDIT OBJECTIVES

- Opinion on whether the consolidated financial statements of Sonoma Valley Health Care District are *reasonably* stated and free of material misstatement in accordance with generally accepted accounting principles
- Consideration of internal controls
- Audit required by regulators

# REPORT OF INDEPENDENT AUDITORS

## **Unmodified Opinion**

Consolidated financial statements are fairly presented in accordance with generally accepted accounting principles.

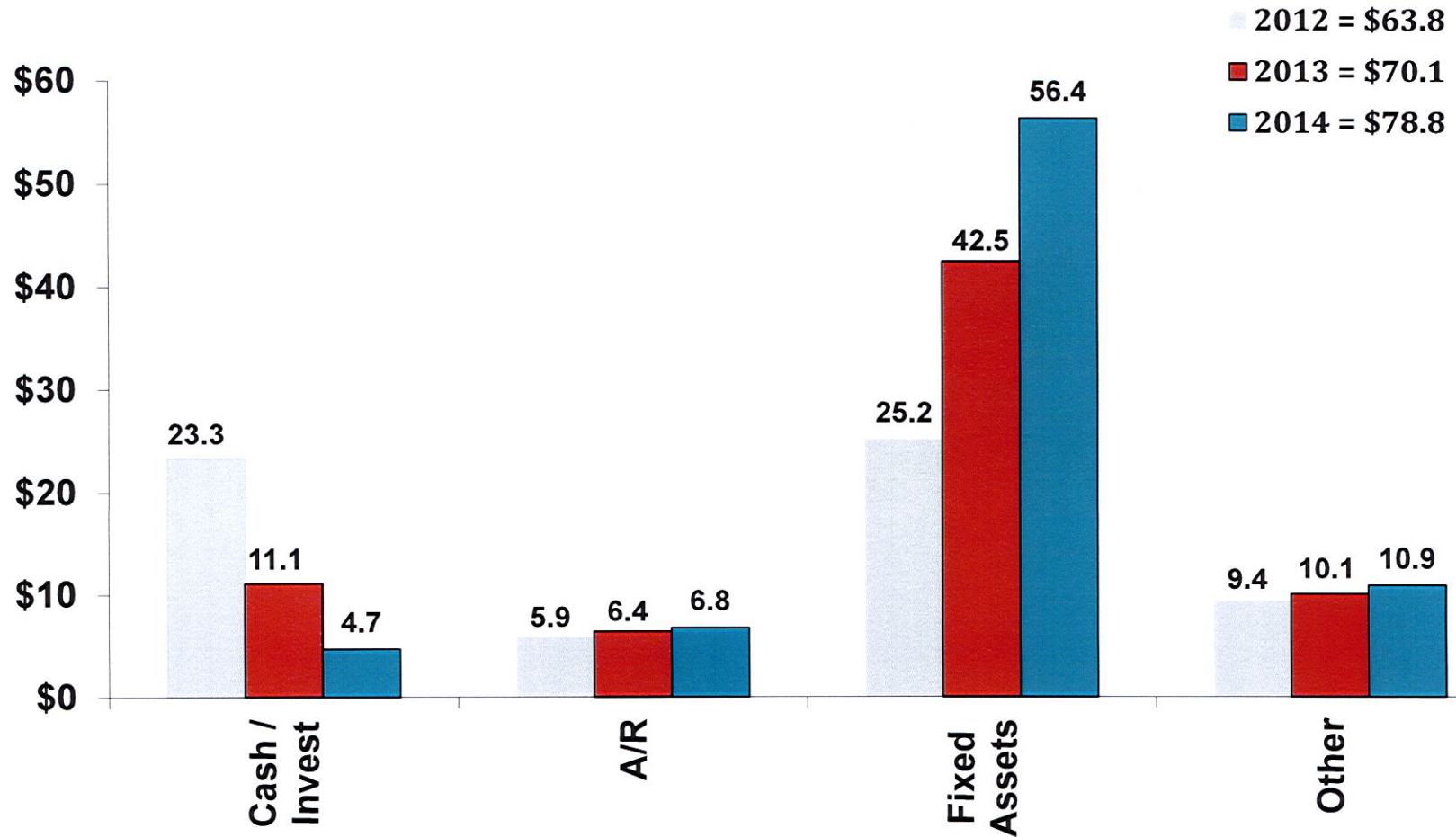


# CONSOLIDATED STATEMENTS OF NET POSITION



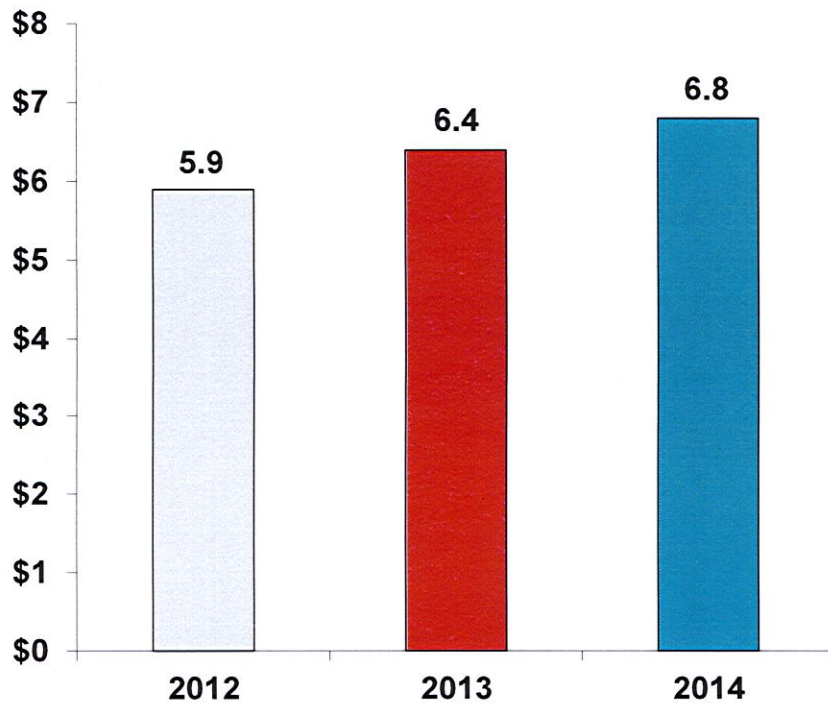
# ASSET COMPOSITION

(IN MILLIONS)

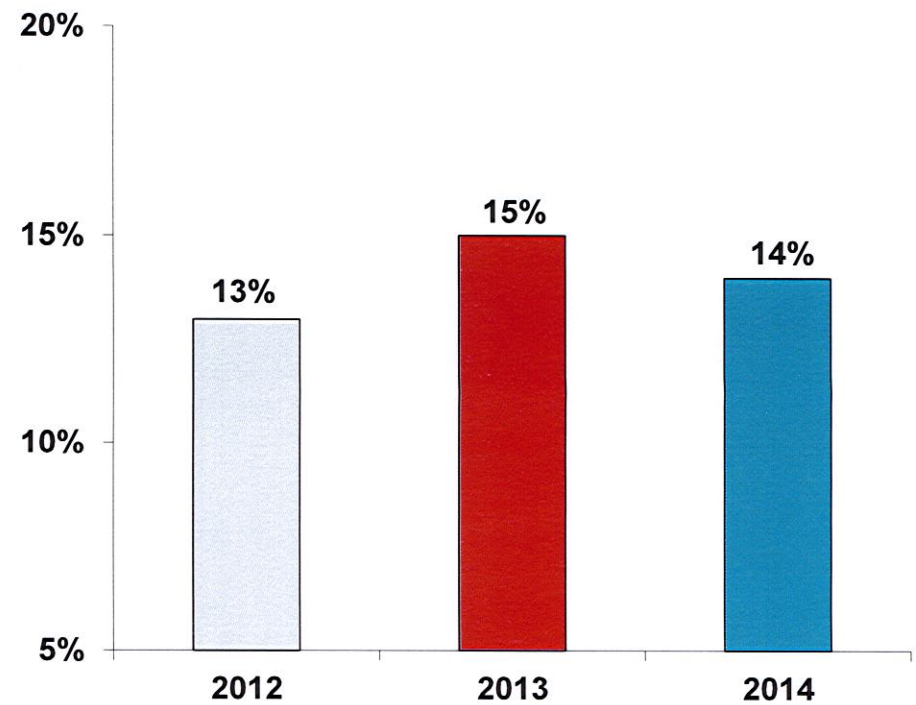


# ACCOUNTS RECEIVABLE

Dollars (in Millions)

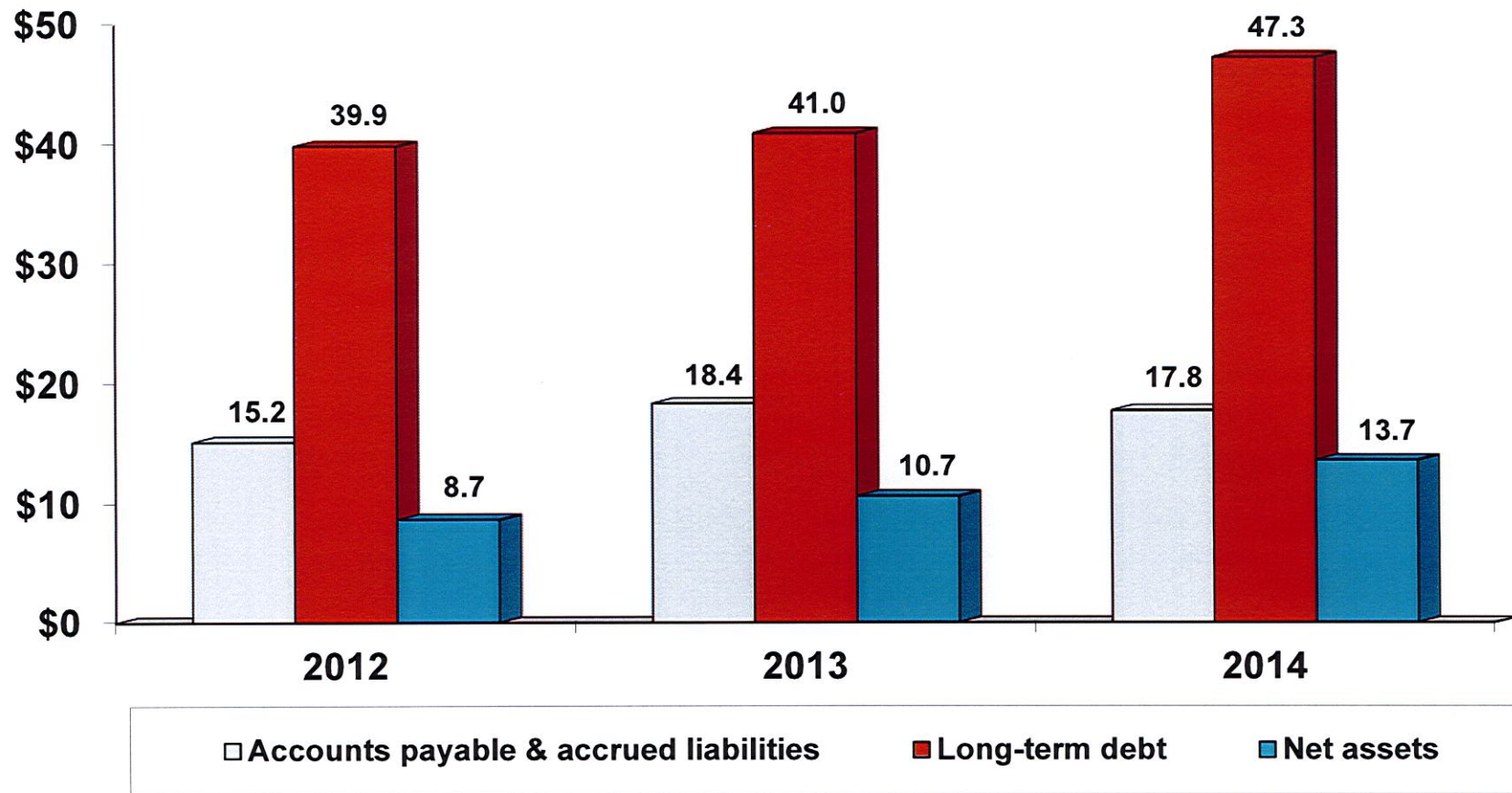


% of Net Patient Service Revenues



# LIABILITIES AND NET POSITION

(IN MILLIONS)



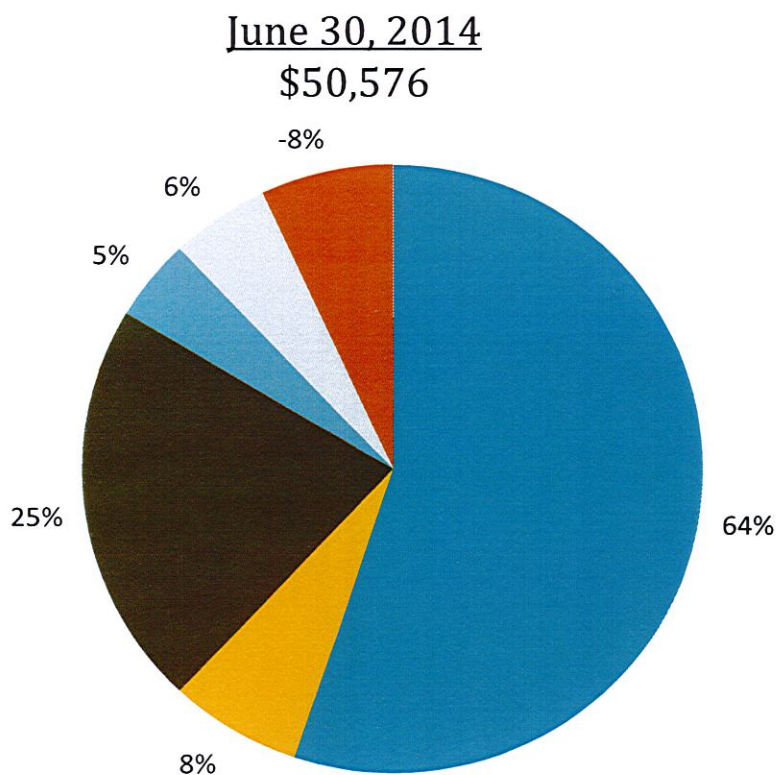


# OPERATIONS

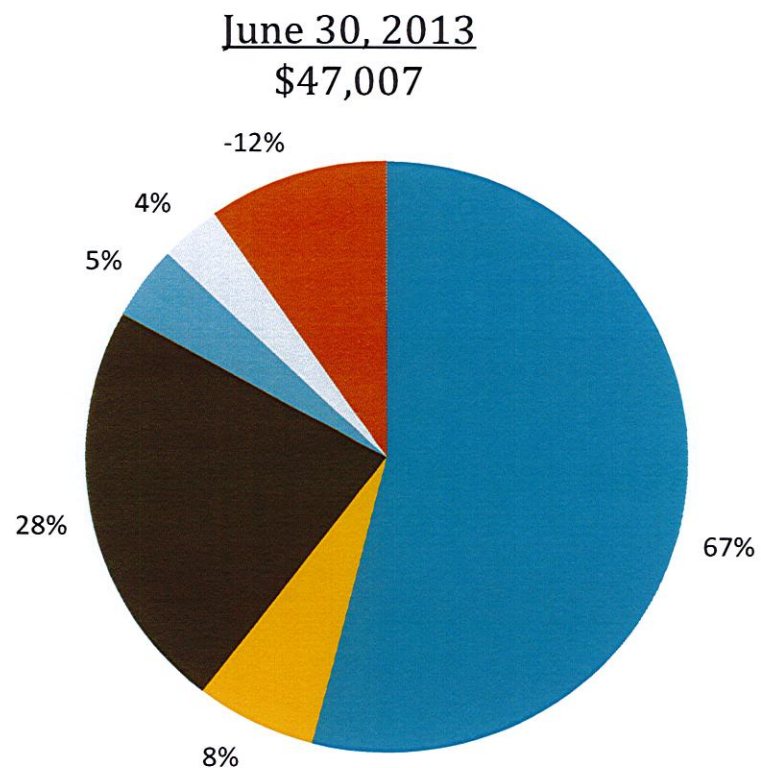
# INCOME STATEMENT (IN THOUSANDS)

## YEAR-TO-YEAR COMPARISON

### Total Operating Revenues



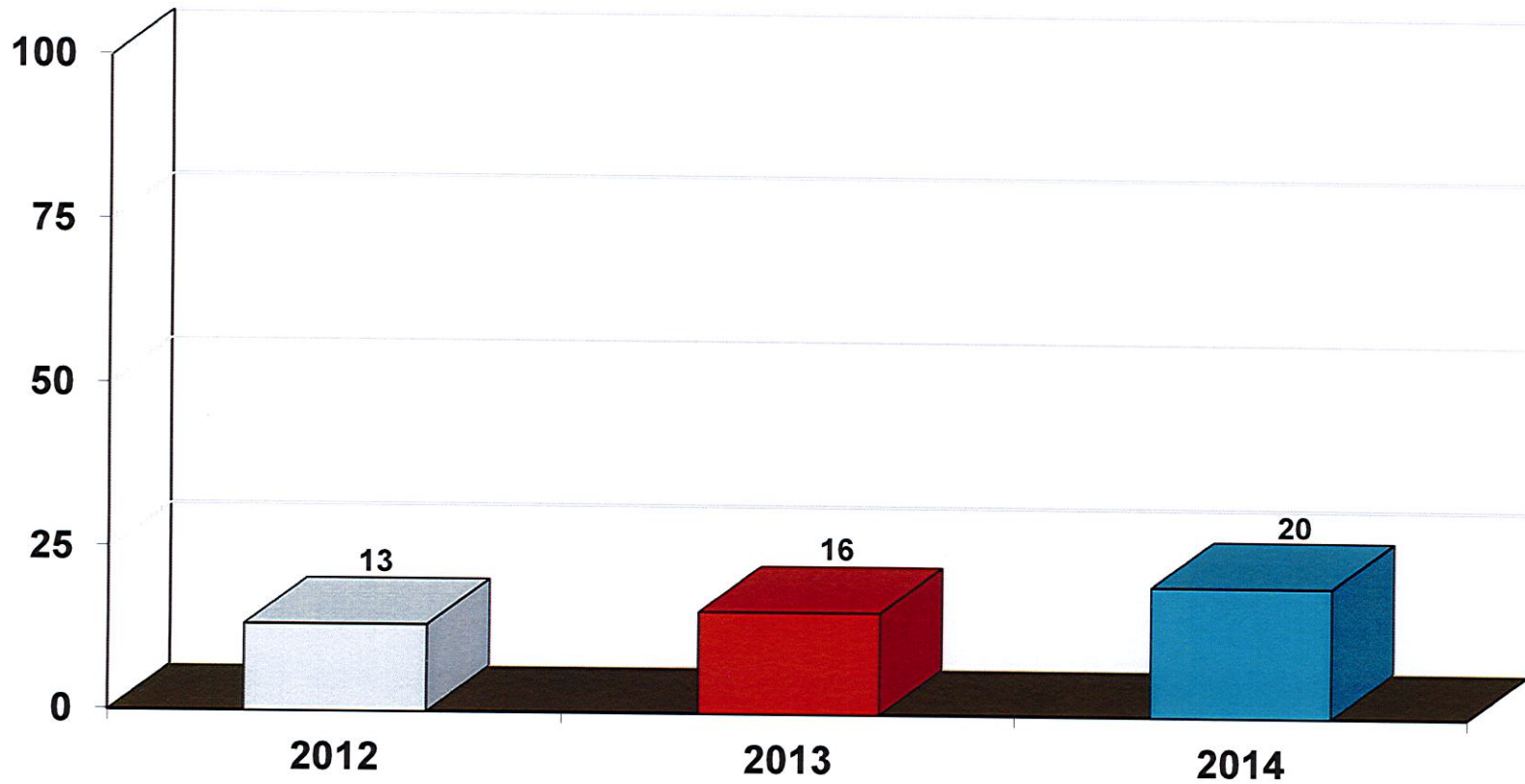
- Salaries, wages, and benefits
- Medical fees
- Supplies and purchased services
- Depreciation
- Other
- Operating Loss



## DAYS CASH AND INVESTMENTS

- Liquidity indicator
- Measures the ability of the hospital to sustain operations with existing cash
- The higher the number - the more cash reserves available
- $(\text{Unrestricted cash and investments plus funds designated for capital improvements} \times 365) / (\text{total operating expenses} - \text{depreciation and amortization expenses})$

# DAYS UNRESTRICTED CASH AND INVESTMENTS

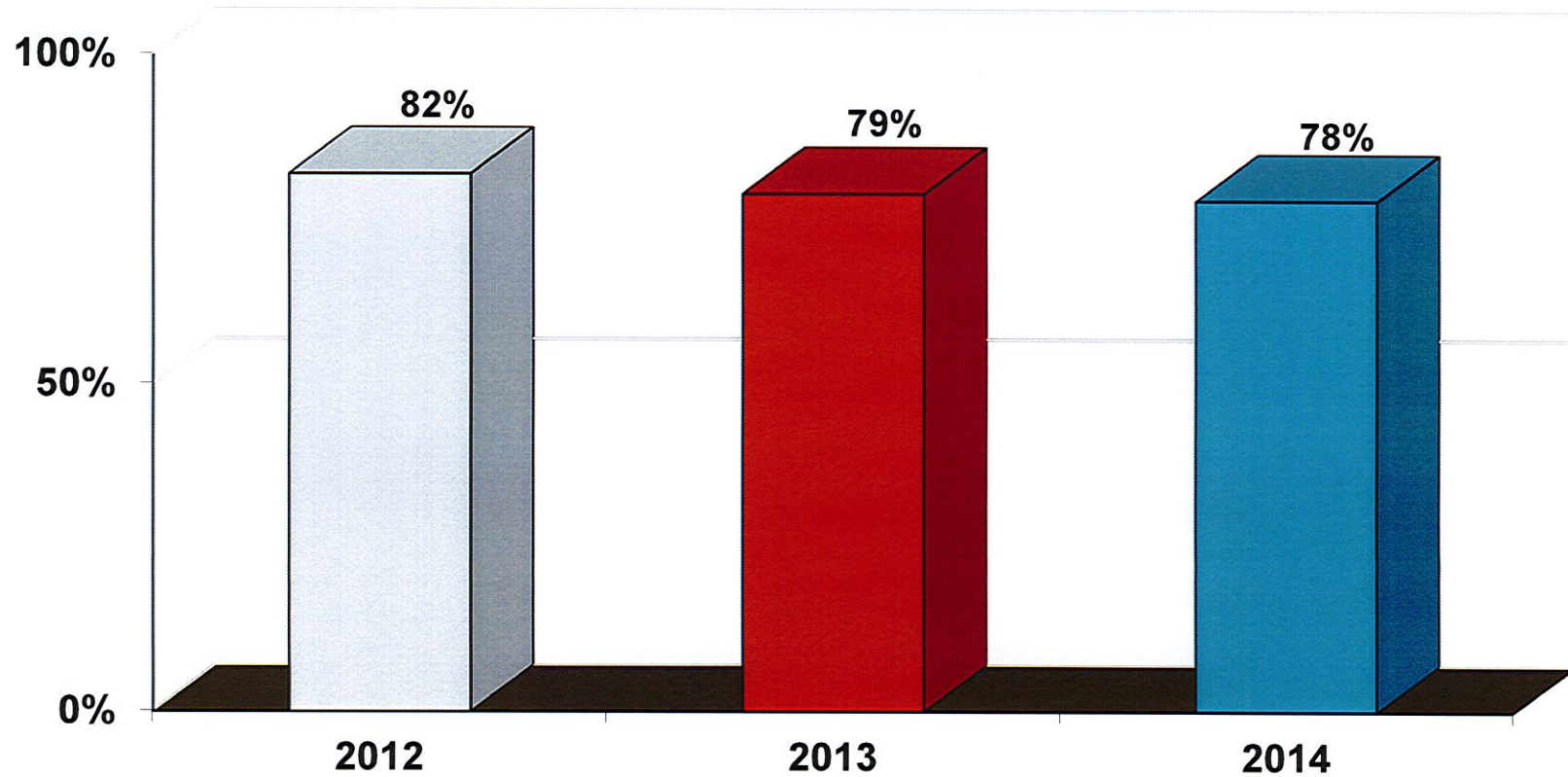


## DEBT TO CAPITALIZATION

- Leverage indicator
- Indicates extent assets are financed with debt as opposed to paid for with cash
- Lower number indicates assets are “bought and paid for”
- $(\text{Long-term and short-term debt}) / (\text{long-term and short-term debt plus net assets})$



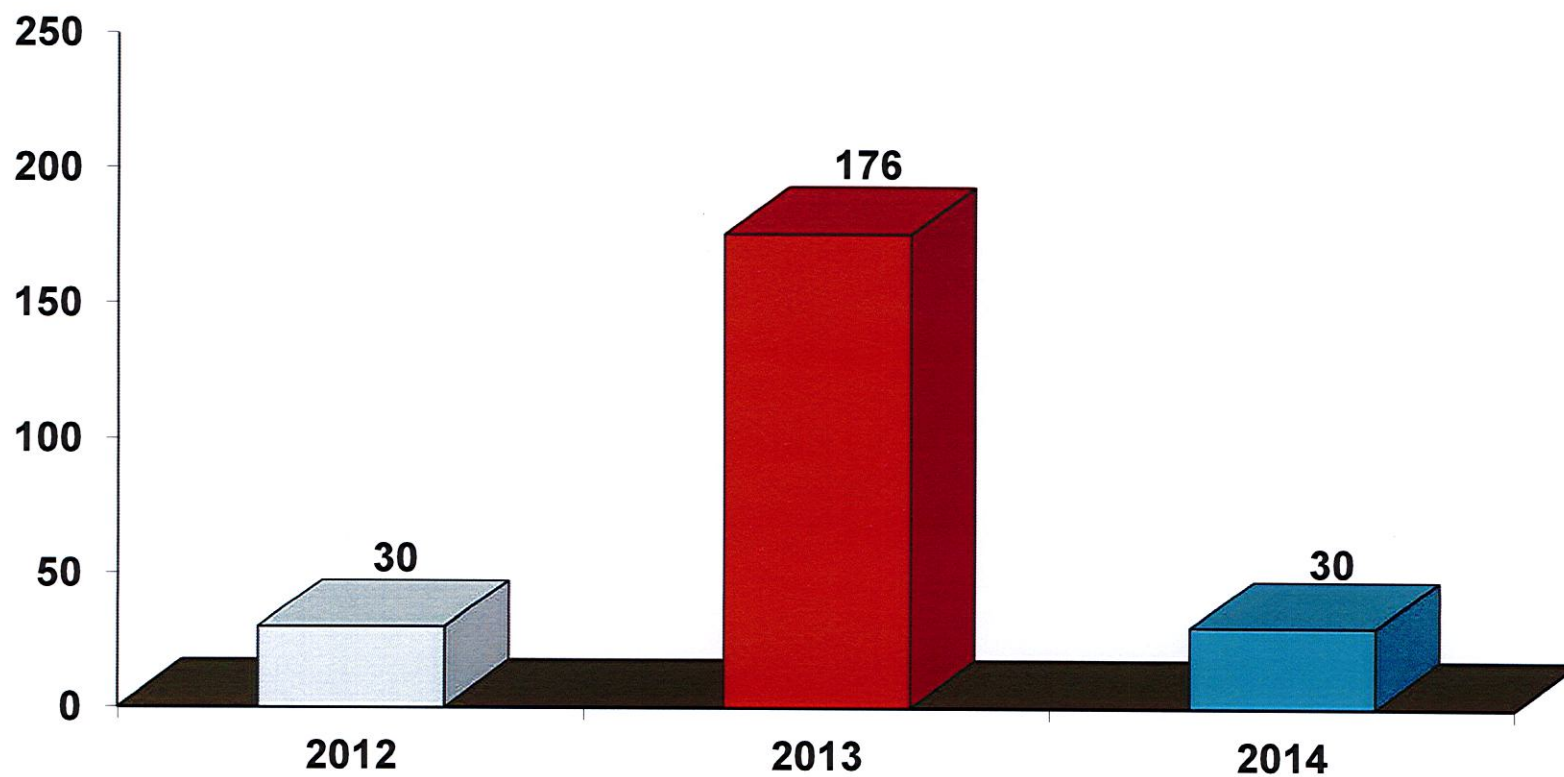
# DEBT TO CAPITALIZATION (CONTINUED)



## DEBT TO CASH FLOW

- Profitability and leverage indicator
- Measures ability to generate ongoing cash flow to service debt
- Lower numbers indicate better ability to make debt payments
- $(\text{Long-term debt and short-term debt}) / (\text{excess of revenues over expenses} + \text{depreciation expense})$

## DEBT TO CASH FLOW (CONTINUED)



# IMPORTANT BOARD COMMUNICATIONS

- AU-C Section 260 – *The Auditor’s Communication with Those Charged with Governance*
- Significant accounting policies
- Accounting estimates are reasonable
- Two audit adjustments
  - Increase to patient accounts receivable
  - Decrease to revenues relating to a proposed government program
- No issues discussed prior to our retention as auditors
- No disagreements with management
- See our AU-C 265 letter for control matters communicated
- Other matters

# QUESTIONS?



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