



SVHCD FINANCE COMMITTEE MEETING

AGENDA

TUESDAY, June 27, 2023

6:00 p.m. Regular Session

**To Be Held in Person at
 Sonoma Valley Hospital, 347 Andrieux Street
 Basement Conference Room
 Sonoma, CA 95476
 and Via Zoom Videoconference**

To Participate via Zoom Videoconferencing,
 use the link below:

<https://sonomavalleyhospital-org.zoom.us/j/98352087178>

Meeting ID: 983 5208 7178 Passcode: 384245

Dial by your location:

1 669 219 2599 or 1 669 900 9128

AGENDA ITEM	RECOMMENDATION	
MISSION STATEMENT <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Lee Myatt</i>	
2. PUBLIC COMMENT SECTION <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board 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 Board consideration.</i>	<i>Lee Myatt</i>	
3. CONSENT CALENDAR a. Joint Board/Finance Committee Minutes 05.23.23 b. Finance Committee Minutes 05.23.23	<i>Lee Myatt</i>	Action
4. ODC UPDATE	<i>Hennelly</i>	Inform
5. EPIC UPDATE	<i>Hennelly</i>	Inform
6. UCSF AFFILIATION UPDATE	<i>Hennelly</i>	Inform
7. FINANCIAL REPORT FOR MONTH END MAY 2023	<i>Armfield</i>	Inform
8. REVIEW CAPITAL SPENDING PLAN FOR FY 2024	<i>Armfield</i>	Inform
9. ARMANINO FY24 BUDGET FOLLOW-UP	<i>Armfield</i>	Inform
10. ADJOURN	<i>Lee Myatt</i>	



**SVHCD
JOINT BOARD OF DIRECTORS AND
FINANCE COMMITTEE MEETING
MINUTES**

**TUESDAY, MAY 23, 2023
5:00 P.M.**

**In Person at Sonoma Valley Hospital
347 Andrieux Street
and Via Zoom Teleconference**

Present	Not Present/Excused	Staff	Public	
Judith Bjorndal, M.D., SVHCD Board Chair, in person Bill Boerum, SVHCD Finance Committee Chair, in person Wendy Lee Myatt, Member, SVHCD Board of Directors and SVHCD Finance Committee, in person Susan Kornblatt Idell, Member, SVHCD Board of Directors, in person Peter Hohorst, Member, SVHCD Finance Committee, in person Ed Case, Member, SVHCD Finance Committee, in person Bob Crane, Member, SVHCD Finance Committee, in person Graham Smith, Member, SVHCD Finance Committee, via Zoom Catherine Donahue, Member, SVHCD Finance Committee, via Zoom Subhash Mishra, MD, Member, SVHCD Finance Committee, via Zoom	Denise Kalos, Member, SVHCD Board of Directors Carl Gerlach, Member, SVHCD Finance Committee	John Hennelly, CEO, via Zoom Ben Armfield, CFO, in person Jessica Winkler, via Zoom Lynn Mckissock via Zoom Kimberly Drummond, via Zoom David Pier, via Zoom Dawn Kuwahara, via Zoom	Brian Sackstein, Partner, Armanino, LLP, via Zoom	
AGENDA ITEM	DISCUSSION		ACTIONS	FOLLOW-UP
MISSION & VISION STATEMENT <i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.</i>				
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Bjorndal</i>			

	Called to order at 5:02 p.m.		
2. PUBLIC COMMENT SECTION	None		
3. REVIEW AND RECOMMEND FY 2023/2024 BUDGET PROPOSAL	<i>Armfield</i>	Inform	
	Mr. Armfield presented the FY 2024 budget. He stated that there would be a 9% increase in net patient revenue, and overall improved reimbursement. He then discussed potential budget risks including the impact of the ongoing labor and nursing shortages. Overall, Mr. Armfield stated that he is hopeful that budget assumptions will be met for the upcoming fiscal year. Following Mr. Armfield's presentation, there was general discussion on a number of points as well as questions and clarifications sought by Board members and Finance Committee members of CEO Hennelly and CFO Armfield. No changes were requested.		
4. ADJOURN	<i>Bjorndal</i>		
	Meeting adjourned at 6:10 p.m.		



**SVHCD
FINANCE COMMITTEE MEETING
MINUTES**

**TUESDAY, MAY 23, 2023
6:00 pm**

**In Person at Sonoma Valley Hospital
347 Andrieux Street
and Via Zoom Teleconference**

Present	Not Present/Excused	Staff	Public	
Bill Boerum in person Wendy Lee Myatt in person Peter Hohorst in person Ed Case in person Bob Crane in person Graham Smith via Zoom Catherine Donahue via Zoom Subhash Mishra, MD, via Zoom	Carl Gerlach	Ben Armfield, CFO, in person	Dennis Bloch, in person	
AGENDA ITEM	DISCUSSION		ACTIONS	FOLLOW-UP
MISSION & VISION STATEMENT <i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.</i>				
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Boerum</i>			
	Called to order at 6:11 p.m.			
2. PUBLIC COMMENT SECTION	None			
3. CONSENT CALENDAR	<i>Boerum</i>		Action	
a. Finance Committee Minutes 04.25.23			MOTION: by Lee-Myatt to approve, 2 nd by Crane. All in favor.	
4. REVIEW AND RECOMMEND FY 2023/2024 BUDGET PROPOSAL	<i>Armfield</i>		Action	
	Mr. Armfield presented the FY 2024 budget highlighting a 9% increase in net patient revenue, and improved reimbursement.		MOTION: by Case to recommend to the	

	He then highlighted potential risks of the FY24 budget, which included the impact of the ongoing labor and nursing shortage, the timing of the MRI project given the dependencies on external factors the hospital cannot control, and timing related to the recruitment of a Gastroenterologist. Overall, Mr. Armfield stated that he is positive that budget assumptions will be met for the fiscal year.	Board that they approve the FY 2024 budget proposal. 2 nd by Smith. All in favor.	
5. ODC UPDATE	<i>Hennelly</i>	Inform	
	Postponed. Update expected at 6.1.23 Board meeting.		
6. EPIC UPDATE	<i>Hennelly</i>	Inform	
	Postponed. Update expected at 6.1.23 Board meeting		.
7. UCSF AFFILIATION UPDATE	<i>Hennelly</i>	Inform	
	Postponed. Presentation expected at 6.1.23 Board meeting. The Committee also requested a review of the current extension agreement with UCSF. Staff will follow-up with the committee regarding next steps.		
8. FINANCIAL REPORT FOR MONTH END APRIL 2023	<i>Armfield</i>	Inform	
	Mr. Armfield stated that April was another positive month and continues a run of now five months in a row where financial performance from operations has exceeded both budget and the prior year.	Inform	
9. ADJOURN	<i>Boerum</i>		
	Meeting adjourned at 6:49 p.m.		

Tactic Completed	Tactics under way now	Tactics to begin in the next 12 months	Tactics in conceptual form
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UCSF/SVH Joint Operating Dashboard

Strategic Objective	Initiative	Description/Tactic	Benefits/Impact	Start Date	Target Completion Date	Update	Updated		
1 Increase Access to San Francisco based UCSF Care - ability for Sonomans to access care at UCSF in the city has been difficult. This objective seeks to improve pathways to access care.	1.1	Expansion of Telemedicine Services with UCSF Affiliate Network	Neurology coverage for stroke and inpatient care Infectious Disease coverage for hospital Intensivist Coverage of ICU	24/7 availability of neuro consult for stroke cases in ED Specialty coverage for ED and inpatient units	2019	2019	complete complete	7/19 7/19	
		1.2	Beta Site for Capacity Management (transfer) Center	Integration of SVH into the UCSF capacity management system	Expanded medical team would increase the types of cases that could be treated at SVH. The integration will improve both site's ability to place patients in the right setting for their needs. Impact to SVH increased	Summer 2023	2023-2024	Engaging UCSF and third party vendors on contracting. Dr Sankaran has lead. Conversations progressing. Ongoing. System live. UCSF working on process. SVH participation pending.	6/23 1/23
	2 Increase Access to Locally Provided Specialists/Primary Care - establishment of care sites in Sonoma will aid in access to UCSF care.		2.1	Physician Employment	Joint recruitment of GI specialists based in Sonoma Joint recruitment of orthopedic surgeon based in Sonoma	Provision of service currently unavailable in Sonoma and highly in demand. Orthopedics is in strong demand in Sonoma. Planning to insure availability over coming years.	2021	in process	Interviewing candidates
		2.2		Expansion of Clinically Integrated Network	Engagement of UCSF faculty in growth or under represented service lines Opportunity to contractually link Sonoma providers to UCSF network improving network access, quality oversight, and financial stability for practices	Engagement can increase the types of care available in Sonoma and increase connectivity with orograms at UCSF. Helps insure stability of practices in Sonoma and improved access to broader network.	2022	2023	Issuance of RFP to faculty to identify programs which could be cited in Sonoma. Proposals must address market need. RFP to be issued
3 Increase Facility Utilization - objective is to use available space and resources at SVH to alleviate capacity issues at UCSF where needs align. The result will be more availability of services in Sonoma.			3.1	Grow UCSF surgical presence in Sonoma	Objective is to engage UCSF surgicians to practice in Sonoma and at SVH.	Increase availability of surgical services in Sonoma/increase utilization of SVH operatrine rooms			EPIC installation has removed key barrier. Improvement to interfaces underway. Dr Carrol (urologist)to provide services in Sonoma in 07/23
		3.2	Explore collaborative opportunities in orthopedics	Details listed in section 2. Listed here to note it serves this objective.					
	3.3	Increase utilization of ODC by UCSF	Online scheduling	UCSF is moving to self scheduling which enables the patient to select the best location for their service based upon availability or location. This could optimize utilization of SVH assets.	2022	2023	On going conversations with UCSF Affiliates team on build requirements. Work on going.	12/22	
	3.4	Development of Post Acute program	Objective is to insure adequate postacute care is available in Sonoma	Meeting market demand and insuring Sonoma has the right setting for care. Activation of dormant space at SVH. Improve access for veterans and increase utilization of SVH services		2024	This is in concept stage at this point.	8/22	
	3.5	Develop relationship with VA for the provision of care to veterans at SVH			2023	2024	Connecting with VA leadership through UCSF contacts	2/22	
4 Enhance IT Integration - maximize connectivity between two organizations to improve integration of data available to community and patients	4.1	Maximize data availability between sites	EPIC implementation Optimize EPIC data transfer between instances	Installation of EPIC will improve connectivity between UCSF and SVH. Maximizing data integration between SVH Epic and UCSF Epic will optimize utilization by clinicians and patients	January 2022	12/3/2022	Complete	12/22	
		4.2	Integration of IT management	Contract executed between UCSF and SVH for the provision of management services to SVH	Summer 2023	2025	Interface builds still underway - final interface scheduled to be completed Summer 23	6/23	
					2022	2022	Complete	1/22	
5 Share Resources/Reduce Costs - by collaborating, can the two organizations save money?	6 Share Resources/Reduce Costs - by collaborating, can the two	Integration of coordination of care w UCSF and/or Marin Health							
		Explore JV opportunities around ODC	Develop a business case for a joint venture between SVH and UCSF around the ODC and surgical services	A joint venture would provide both capital and focus from UCSF on Sonoma.	CY2023	2024	Investment models under review. On going.	12/22	
Parking Lot		Exploration of ways to integrate purchase of goods and services		Cooperating with UCSF on purchasing could yield significant savings			Management continually on the look out for such opportunities. Supplies were reviewed in 2022 - no opportunity. Reimbursement rates - not allowed unless UCSF has a controlling interest	9/22	



To: Sonoma Valley Health Care District Finance Committee
From: Ben Armfield, Chief Financial Officer
Date: June 27, 2023
Subject: Financial Report for May 2023

1. OVERALL PERFORMANCE:

May continues a trend of positive months since our Epic go-live and also represents one of the better financial months we have had this fiscal year. We continue to make progress in growing volumes in key areas as May brought busier than normal activity, particularly on the outpatient side in some of our ancillary volumes.

May also delivered strong revenues, both in total and as a % of gross revenue. An uptick in commercial procedural volume helped drive the favorable increase in net patient revenue as we ended up exceeding budget by 6% in May. On the flip side, operating expenses did end up exceeding budget, but only missed the mark by 1%.

There was IGT revenue budgeted for the month related to a reconciliation payment for one of our 'smaller' Medical IGT programs. We will be receiving these funds in June and that activity will be recorded when the funds are received. Without IGT activity (Table 1c) we have now exceeded budget 6 months in a row.

SVH Trended Operating Margin (excl IGT funding)

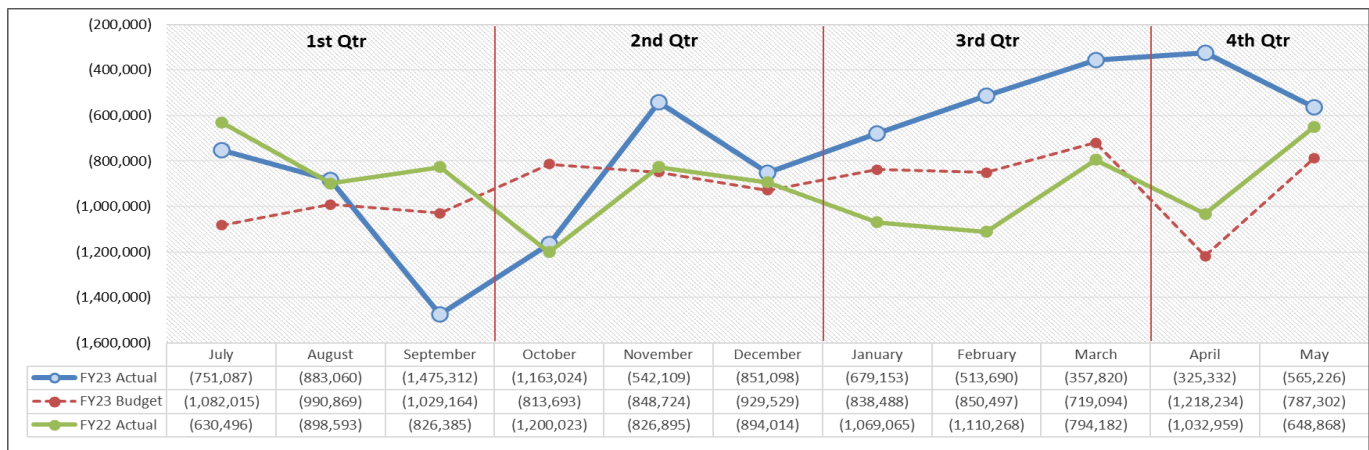


Table 1a | Overall Performance - May 2023 (Including IGT)

	Current Year - Month		Variance		Current Year - YTD		Variance		Prior YTD		Variance	
	Actual	Budget	\$	%	Actual	Budget	\$	%	Actual	\$	%	
Operating Margin	\$ (565,226)	\$ (428,086)	\$ (137,140)	-32%	\$ (4,641,672)	\$ (5,551,939)	\$ 910,267	16%	\$ (6,440,855)	\$ 1,799,183	28%	
Operating EBDA	\$ (327,897)	\$ (198,999)	\$ (128,898)	-65%	\$ (1,915,975)	\$ (3,031,982)	\$ 1,116,007	37%	\$ (3,887,655)	\$ 1,971,680	51%	
Net Income (Loss)	\$ (73,677)	\$ 530,859	\$ (604,536)	-114%	\$ 3,028,546	\$ 4,998,941	\$ (1,970,395)	-39%	\$ (442,755)	\$ 3,471,301	784%	

Table 1b | IGT Amounts in Income Statement – May 2023

	Current Year - Month		Current Year - YTD		Prior YTD
	Actual	Budget	Actual	Budget	Actual
IGT Revenue	\$ -	\$ 380,000	\$ 6,048,734	\$ 6,695,531	\$ 5,142,896
IGT Expense	\$ -	\$ (20,784)	\$ (2,583,495)	\$ (2,519,861)	\$ (1,652,003)
IGT Net Income	\$ -	\$ 359,216	\$ 3,465,239	\$ 4,175,670	\$ 3,490,893

Table 1c | Overall Performance – May 2023 (Excluding IGT)

	Current Year - Month		Variance		Current Year - YTD		Variance		Prior YTD		Variance	
	Actual	Budget	\$	%	Actual	Budget	\$	%	Actual	\$	%	
Operating Margin	\$ (565,226)	\$ (787,302)	\$ 222,076	28%	\$ (8,106,911)	\$ (9,727,609)	\$ 1,620,698	17%	\$ (9,931,748)	\$ 1,824,837	18%	
Operating EBDA	\$ (327,897)	\$ (558,215)	\$ 230,318	41%	\$ (5,381,214)	\$ (7,207,652)	\$ 1,826,438	25%	\$ (7,378,548)	\$ 1,997,334	27%	
Net Income (Loss)	\$ (73,677)	\$ 171,643	\$ (245,320)	-143%	\$ (436,693)	\$ 823,271	\$ (1,259,964)	-153%	\$ (3,933,648)	\$ 3,496,955	89%	

2. NET REVENUE SUMMARY:

Table 2 | Net Patient Revenue – Actual vs. Budget - May 2023 (Excluding IGT)

	Month of May 2023				Year To Date May 2023							
	Current Year - Month		Variance		Current Year - YTD		Variance		Prior YTD		Variance	
	Actual	Budget	Var	%	Actual	Budget	\$	%	Actual	\$	%	
Gross Revenue	\$ 27,885,066	\$ 27,269,190	\$ 615,876	2%	\$ 296,922,475	\$ 283,318,178	\$13,604,297	5%	\$ 267,280,585	\$ 29,641,890	11%	
Net Patient Revenue	\$ 4,393,025	\$ 4,132,251	\$ 260,774	6%	\$ 45,020,710	\$ 42,948,337	\$ 2,072,373	5%	\$ 41,037,369	\$ 3,983,341	10%	
NPR as a % of Gross	15.8%	15.2%	4%		15.2%	15.2%	0%		15.4%	-1%		
Tot Operating Revenue	\$ 4,485,022	\$ 4,236,974	\$ 248,048	6%	\$ 46,275,045	\$ 44,100,290	\$ 2,174,755	5%	\$ 42,091,186	\$ 4,183,859	10%	

3. OPERATING EXPENSE SUMMARY:

Table 3 | Operating Expenses – Actual vs. Budget – May 2023 (Excluding IGT)

	Month of May 2023				Year To Date May 2023							
	Current Year - Month		Variance		Current Year - YTD		Variance		Prior YTD		Variance	
	Actual	Budget	Var	%	Actual	Budget	\$	%	Actual	\$	%	
Operating Expenses	\$ 5,050,249	\$ 5,024,276	\$ (25,973)	-1%	\$ 54,381,955	\$ 53,827,899	\$ (554,056)	-1%	\$ 52,022,934	\$ (2,359,021)	-5%	
Worked FTEs	213.5	222.4	8.9	4%	212.9	219.2	6.3	3%	205.4	(7.5)	-4%	

4. VOLUME SUMMARY:

Table 4 | Patient Volumes – May 2023

	Month of May 2023				Year To Date May 2023							
	Current Year		Variance		Current Year		Variance		Prior Year		Variance	
	Actual	Budget	Var	%	Actual	Budget	Var	%	Actual	Var	%	
Acute Patient Days	280	267	13	5%	3,016	2,888	128	4%	2,945	71	2%	
Average Daily Census	9.0	8.6	0.4	5%	9.0	8.6	0.4	4%	8.8	0.2	2%	
Acute Discharges	71	64	7	11%	750	694	56	8%	705	45	6%	
IP Surgeries	15	13	2	15%	170	142	28	20%	142	28	20%	
OP Surgeries/Spec Proc	152	178	(26)	-15%	1,586	1,819	(233)	-13%	1,699	(113)	-7%	
Total Surgeries / Procedures	167	191	(24)	-13%	1,756	1,961	(205)	-10%	1,841	(85)	-5%	
Total Outpatient Visits	4,917	4,876	41	1%	50,587	50,360	227	0%	51,298	(711)	-1%	
Total ER Visits	879	903	(24)	-3%	8,889	9,201	(312)	-3%	8,446	443	5%	

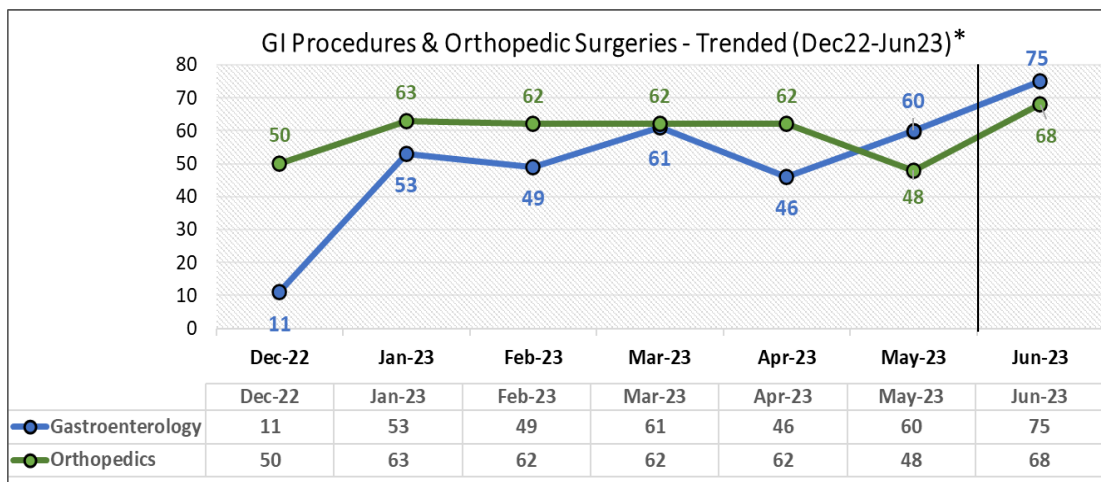
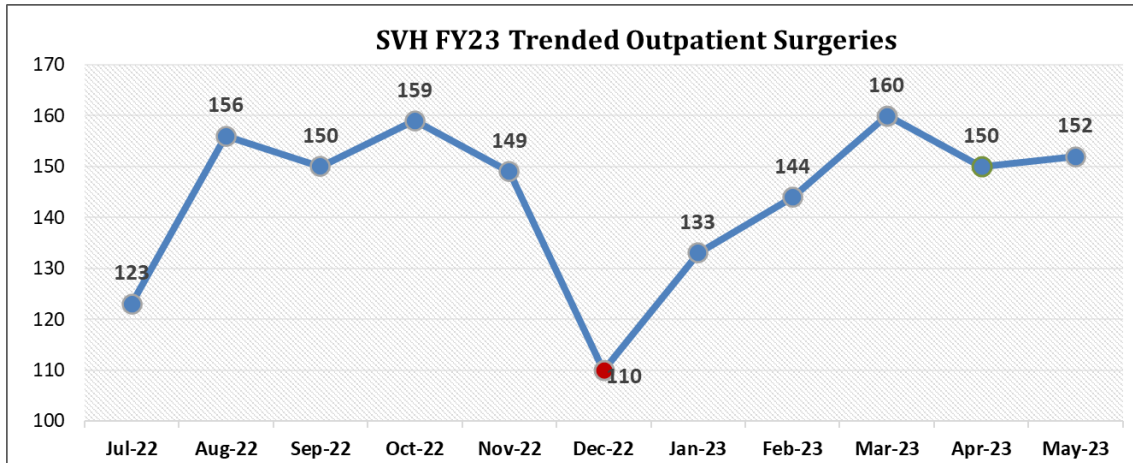
Volumes continue to be strong. Our inpatient census came in under our current year average but still exceeded budget for the month. We also continue to get busier on the outpatient side. We experienced a big jump in outpatient activity as our nearly 5,000 outpatient visits were nearly 10% higher than our monthly average post-Epic. This is significant as it provides further validation that our departments are getting more comfortable in Epic and also able to better facilitate incremental volume. We saw increases across most of our outpatient departments in May but none greater than CT, where we had nearly 400 CT visits. This is a fiscal year high and exceeds our fiscal year average by over 15%.

Surgical volumes in May followed our overall recent trend. We continue to stay consistent on the IP side and outpace both budget and the prior year. Outpatient surgical volume was off budget by over 10%, although case volumes stayed consistent with prior months. As has been discussed, the variance to budget in surgical volume relates to incremental cases that were budgeted in anticipation of a successful recruitment of a GI physician this fiscal year.



We did see a decrease in Orthopedic surgeries in May, as our 48 OP ortho cases fell off from our recent volume levels in the low 60s. The drop in Ortho volumes very much look to be short lived as based on activity through earlier in the week, are projected to get back and also exceed recent levels.

Mitigating the ortho decrease in May was a corresponding increase in GI volume. Much of this is related to a returning surgeon coming back into the market that started performing cases at SVH in May. We are very encouraged about the growth potential in this service, and June looks like it will be a big month in volume for GI cases as we are on track to set a fiscal year high.



* June 2023 volumes projected based on activity through 6/21/23

5. CASH ACTIVITY SUMMARY:

Table 5 | Cash / Revenue Cycle Indicators - May 2023

	May-23	Apr-23	Var	%
Days Cash on Hand	56.4	62.8	(6.4)	-10%
A/R Days	53.9	55.5	(1.6)	-3%
A/P Days	50.2	62.0	(11.8)	-19%

We have been steadily building back our cash ever since hitting our low point in February, and have now gotten back to where our cash levels are strong. We did see an infusion of cash in April and that coupled with exceeding our cash collections goal in May, took the opportunity to make additional payments on some of our outstanding payables and reduce our A/P days (which decreased by ~20% from April to May). We will look to continue to lower our payables in June, as well as pay down on our existing line of credit.

ATTACHMENTS:

- Attachment A is the Payer Mix Analysis
- Attachment B is the Operating Indicators Report
- Attachment C is the Balance Sheet
- Attachment D (two pages) is the Statement of Revenue and Expense. The first page breaks out the hospital operations and page two includes all other activity.
- Attachment E is the Cash Projection



Sonoma Valley Hospital
Payer Mix for the month of May 31, 2023

ATTACHMENT A

Gross Revenue	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	9,689,766	10,121,584	-431,818	-4.3%	107,978,328	105,300,493	2,677,835	2.5%
Medicare Managed Care	5,102,155	4,558,967	543,188	11.9%	51,133,218	47,319,565	3,813,653	8.1%
Medi-Cal	4,931,887	4,568,356	363,531	8.0%	55,848,301	47,245,476	8,602,825	18.2%
Self Pay	510,996	484,686	26,310	5.4%	4,317,817	4,998,559	-680,742	-13.6%
Commercial & Other Gov't	7,029,948	6,719,467	310,481	4.6%	67,117,967	69,876,919	-2,758,952	-3.9%
Worker's Comp.	593,761	797,593	-203,832	-25.6%	10,271,925	8,373,259	1,898,666	22.7%
Total	27,858,514	27,250,653	607,861	2.2%	296,667,557	283,114,271	13,553,286	4.8%

Net Revenue	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	1,172,017	1,183,810	-11,793	-1.0%	11,809,926	12,412,730	-602,804	-4.9%
Medicare Managed Care	592,713	524,382	68,332	13.0%	5,972,526	5,498,357	474,169	8.6%
Medi-Cal	467,278	474,787	-7,509	-1.6%	4,708,569	4,978,339	-269,769	-5.4%
Self Pay	115,088	142,236	-27,148	-19.1%	1,099,984	1,491,399	-391,415	-26.2%
Commercial & Other Gov't	1,908,493	1,654,541	253,952	15.3%	19,231,086	17,348,535	1,882,550	10.9%
Worker's Comp.	137,436	152,495	-15,060	-9.9%	1,860,298	1,598,977	261,321	16.3%
Prior Period Adj./IGT	-	-	0	*	-	-	0	*
Total	4,393,025	4,132,251	260,774	6.3%	44,682,389	43,328,337	1,354,052	3.1%

Payor Mix	Month			Year-to-Date		
	Actual	Budget	% Variance	Actual	Budget	% Variance
Medicare	34.8%	37.1%	-6.4%	36.4%	37.2%	-2.1%
Medicare Managed Care	18.3%	16.7%	9.5%	17.2%	16.7%	3.1%
Medi-Cal	17.7%	16.8%	5.6%	18.8%	16.7%	12.8%
Self Pay	1.8%	1.8%	3.1%	1.5%	1.8%	-17.6%
Commercial & Other Gov't	25.2%	24.7%	2.3%	22.6%	24.7%	-8.3%
Worker's Comp.	2.1%	2.9%	-27.2%	3.5%	3.0%	17.1%
Total	100.0%	100.0%	0.0%	100.0%	100.0%	0.0%

Percent of Net Revenue	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	26.7%	28.6%	-2.0%	-6.9%	26.4%	28.6%	-2.3%	-8.1%
Medicare Managed Care	13.5%	12.7%	0.8%	6.3%	13.4%	12.7%	0.7%	5.3%
Medi-Cal	10.6%	11.5%	-0.9%	-7.4%	10.5%	11.5%	-1.0%	-8.3%
Self Pay	2.6%	3.4%	-0.8%	-23.9%	2.5%	3.4%	-1.0%	-28.5%
Commercial & Other Gov't	43.4%	40.0%	3.4%	8.5%	43.0%	40.0%	3.0%	7.5%
Worker's Comp.	3.1%	3.7%	-0.6%	-15.2%	4.2%	3.7%	0.5%	12.8%
Total	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%	-0.1%	-0.1%

Net Revenue as a % of Gross	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	12.1%	11.7%	0.4%	3.4%	10.9%	11.8%	-0.9%	-7.2%
Medicare Managed Care	11.6%	11.5%	0.1%	1.0%	11.7%	11.6%	0.1%	0.5%
Medi-Cal	9.5%	10.4%	-0.9%	-8.8%	8.4%	10.5%	-2.1%	-20.0%
Self Pay	22.5%	29.3%	-6.8%	-23.3%	25.5%	29.8%	-4.4%	-14.6%
Commercial & Other Gov't	27.1%	24.6%	2.5%	10.3%	28.7%	24.8%	3.8%	15.4%
Worker's Comp.	23.1%	19.1%	4.0%	21.1%	18.1%	19.1%	-1.0%	-5.2%
TOTAL	15.8%	15.2%			15.1%	15.3%		

**SONOMA VALLEY HOSPITAL
OPERATING INDICATORS
For the Period Ended May 31, 2023**

ATTACHMENT B

	<u>CURRENT MONTH</u>				<u>YEAR-TO-DATE</u>			<u>YTD</u>
	<u>Actual</u> <u>05/31/23</u>	<u>Budget</u> <u>05/31/23</u>	<u>Favorable</u> <u>(Unfavorable)</u> <u>Variance</u>		<u>Actual</u> <u>05/31/23</u>	<u>Budget</u> <u>05/31/23</u>	<u>Favorable</u> <u>(Unfavorable)</u> <u>Variance</u>	<u>Prior</u> <u>Year</u> <u>05/31/22</u>
Inpatient Utilization								
Discharges								
1	50	50	0	Med/Surg	535	538	(3)	539
2	21	14	7	ICU	215	156	59	166
3	71	64	7	Total Discharges	750	694	56	705
Patient Days:								
4	195	178	17	Med/Surg	1,917	1,922	(5)	1,911
5	85	89	(4)	ICU	1,099	966	133	1,034
6	280	267	13	Total Patient Days	3,016	2,888	128	2,945
7	16	-	16	Observation days	168	-	168	193
Average Length of Stay:								
8	3.9	3.6	0.3	Med/Surg	3.58	3.57	0.01	3.5
9	4.0	6.2	(2.2)	ICU	5.11	6.20	(1.09)	6.2
10	3.9	4.2	(0.2)	Avg. Length of Stay	4.02	4.16	(0.14)	4.2
Average Daily Census:								
11	6.3	5.7	0.5	Med/Surg	5.7	5.7	(0.0)	5.7
12	2.7	2.9	(0.1)	ICU	3.3	2.9	0.4	3.1
13	9.0	8.6	0.4	Avg. Daily Census	9.0	8.6	0.4	8.8
Other Utilization Statistics								
Emergency Room Statistics								
14	879	903	(24)	Total ER Visits	8,889	9,201	(312)	8,446
Outpatient Statistics:								
15	4,917	4,876	41	Total Outpatients Visits	50,587	50,360	227	51,298
16	15	13	2	IP Surgeries	170	142	28	142
17	152	178	(26)	OP Surgeries / Special Procedures	1,586	1,819	(233)	1,699
18	316	284	32	Adjusted Discharges	3,165	2,955	210	3,019
19	1,246	1,185	62	Adjusted Patient Days	13,931	12,297	1,634	12,643
20	40.2	38.2	2.0	Adj. Avg. Daily Census	41.6	36.7	4.9	37.7
21	1.3711	1.4000	(0.029)	Case Mix Index - Medicare	1.4810	1.4000	0.081	1.4481
22	1.4469	1.4000	0.047	Case Mix Index - All payers	1.4594	1.4000	0.059	1.4245
Labor Statistics								
23	213	222	9	FTE's - Worked	213	219	6.3	205
24	236	245	9	FTE's - Paid	235	241	6.2	227
25	54.04	47.59	(6.45)	Average Hourly Rate	50.33	47.07	(3.26)	46.72
26	5.86	6.41	0.54	FTE / Adj. Pat Day	5.65	6.58	0.92	6.03
27	33.4	36.5	3.1	Manhours / Adj. Pat Day	32.2	37.5	5.3	34.3
28	131.8	152.3	20.5	Manhours / Adj. Discharge	141.8	155.9	14.1	143.9
29	22.7%	24.6%	1.9%	Benefits % of Salaries	23.7%	25.1%	1.4%	24.5%
Non-Labor Statistics								
30	14.1%	14.1%	0.0%	Supply Expense % Net Revenue	14.0%	16.0%	2.0%	15.0%
31	1,957	2,243	286	Supply Exp. / Adj. Discharge	2,254	2,327	73	2,291
32	16,131	17,941	1,809	Total Expense / Adj. Discharge	18,164	19,254	1,090	17,982
Other Indicators								
33	56.5			Days Cash - Operating Funds				
34	53.9	50.0	3.9	Days in Net AR	46.9	50.0	(3.1)	41.3
35	102%			Collections % of Cash Goal	97%			99.3%
36	50.9	55.0	(4.1)	Days in Accounts Payable	50.9	55.0	(4.1)	46.1
37	15.8%	16.6%	-0.8%	% Net revenue to Gross revenue	17.2%	15.2%	2.0%	17.3%
38	32.4%			% Net AR to Gross AR	32.4%			15.0%

Sonoma Valley Health Care District
Balance Sheet
As of May 31, 2023
UNAUDITED

ATTACHMENT C

		<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Assets				
Current Assets:				
1	Cash	\$ 2,294,112	\$ 1,874,510	\$ 3,687,036
2	Cash - Money Market	6,852,065	8,350,067	5,845,048
3	Net Patient Receivables	9,706,196	9,295,766	6,458,134
4	Allow Uncollect Accts	(1,770,548)	(1,581,837)	(1,401,209)
5	Net A/R	7,935,648	7,713,929	5,056,925
6	Other Accts/Notes Rec	1,411,388	1,578,759	1,737,108
7	Parcel Tax Receivable	203,861	203,861	207,928
8	GO Bond Tax Receivable	906,105	906,105	260,172
9	3rd Party Receivables, Net	112,552	402,417	173,533
10	Inventory	1,115,954	1,088,633	1,035,056
11	Prepaid Expenses	746,495	810,133	873,195
12	Total Current Assets	\$ 21,578,180	\$ 22,928,415	\$ 18,876,001
13	Property, Plant & Equip, Net	\$ 56,523,752	\$ 56,679,223	\$ 52,153,382
14	Trustee Funds - GO Bonds	4,684,039	4,666,114	5,751,245
15	Designated Funds - Board Approved	-	-	1,000,000
16	Total Assets	\$ 82,785,971	\$ 84,273,752	\$ 77,780,628
Liabilities & Fund Balances				
Current Liabilities:				
17	Accounts Payable	\$ 5,637,514	\$ 6,680,915	\$ 4,328,839
18	Accrued Compensation	4,324,666	4,169,775	4,193,635
19	Interest Payable - GO Bonds	147,163	99,460	165,504
20	Accrued Expenses	1,355,523	1,339,706	1,834,206
21	Advances From 3rd Parties	-	-	-
22	Deferred Parcel Tax Revenue	316,663	633,330	316,667
23	Deferred GO Bond Tax Revenue	207,092	414,182	231,813
24	Current Maturities-LTD	217,475	217,475	348,292
25	Line of Credit - Union Bank	5,473,734	5,473,734	5,473,734
26	Other Liabilities	57,511	57,511	1,492,509
27	Total Current Liabilities	\$ 17,737,341	\$ 19,086,089	\$ 18,385,199
28	Long Term Debt, net current portion	\$ 27,052,746	\$ 27,111,937	\$ 25,443,604
29	Fund Balances:			
30	Unrestricted	\$ 19,577,369	\$ 19,657,212	\$ 17,979,645
31	Restricted	18,418,515	18,418,515	15,972,180
32	Total Fund Balances	\$ 37,995,884	\$ 38,075,727	\$ 33,951,825
33	Total Liabilities & Fund Balances	\$ 82,785,971	\$ 84,273,752	\$ 77,780,628

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
For the Period Ended May 31, 2023**

ATTACHMENT D

	Month				Volume Information	Year-To-Date				YTD	
	This Year		Variance			This Year		Variance			Prior Year
	Actual	Budget	\$	%		Actual	Budget	\$	%		
1	71	64	7	11%	Acute Discharges	737	694	43	6%	705	
2	280	267	13	5%	Patient Days	3,078	2,888	190	7%	2,945	
3	16	-	16	0%	Observation Days	168	-	168	*	193	
4	\$ 21,623	\$ 21,128	\$ 496	2%	Gross O/P Revenue (000's)	\$ 226,480	\$ 216,827	\$ 9,654	4%	\$ 204,333	
					Financial Results						
					Gross Patient Revenue						
5	\$ 6,261,804	\$ 6,141,132	\$ 120,672	2%	Inpatient	\$ 70,442,310	\$ 66,491,661	3,950,649	6%	\$ 62,737,480	
6	13,316,733	12,980,750	335,983	3%	Outpatient	136,388,974	134,244,991	2,143,983	2%	122,230,687	
7	8,306,529	8,147,308	159,221	2%	Emergency	90,091,191	82,581,526	7,509,665	9%	82,312,418	
8	\$ 27,885,066	\$ 27,269,190	615,876	2%	Total Gross Patient Revenue	\$ 296,922,475	\$ 283,318,178	13,604,297	5%	\$ 267,280,585	
					Deductions from Revenue						
9	(23,273,302)	(22,913,951)	(359,351)	-2%	Contractual Discounts	\$ (249,722,524)	\$ (238,307,293)	(11,415,231)	-5%	\$ (224,172,429)	
10	(150,000)	(200,000)	50,000	25%	Bad Debt	(1,774,039)	(1,820,000)	45,961	3%	(1,850,000)	
11	(68,739)	(22,988)	(45,751)	-199%	Charity Care Provision	(405,202)	(242,548)	(162,654)	-67%	(220,787)	
12	-	380,000	(380,000)	-100%	Prior Period Adj/Government Program Revenue	6,048,734	6,695,531	(646,797)	-10%	5,142,896	
13	\$ (23,492,041)	\$ (22,756,939)	(735,102)	3%	Total Deductions from Revenue	\$ (245,853,031)	\$ (233,674,310)	(12,178,721)	5%	\$ (221,100,320)	
14	\$ 4,393,025	\$ 4,512,251	(119,226)	-3%	Net Patient Service Revenue	\$ 51,069,444	\$ 49,643,868	1,425,576	3%	\$ 46,180,265	
15	\$ 91,998	\$ 104,723	(12,725)	-12%	Other Op Rev & Electronic Health Records	\$ 1,254,335	\$ 1,151,953	102,382	9%	\$ 1,053,817	
16	\$ 4,485,022	\$ 4,616,974	(131,952)	-3%	Total Operating Revenue	\$ 52,323,779	\$ 50,795,821	\$ 1,527,958	3%	\$ 47,234,082	
					Operating Expenses						
17	\$ 2,251,024	\$ 2,058,745	(192,279)	-9%	Salary and Wages and Agency Fees	\$ 22,589,354	\$ 21,688,584	(900,770)	-4%	\$ 20,290,953	
18	721,537	722,291	754	0%	Employee Benefits	7,832,907	7,688,944	(143,963)	-2%	7,609,068	
19	\$ 2,972,561	\$ 2,781,036	(191,525)	-7%	Total People Cost	\$ 30,422,262	\$ 29,377,528	(1,044,734)	-4%	\$ 27,900,021	
20	\$ 537,975	\$ 598,846	60,871	10%	Med and Prof Fees (excl Agency)	\$ 6,167,559	\$ 6,572,099	404,540	6%	\$ 6,196,500	
21	618,615	637,047	18,432	3%	Supplies	7,135,440	6,876,002	(259,438)	-4%	6,915,516	
22	355,409	469,603	114,194	24%	Purchased Services	4,525,771	4,964,192	438,421	9%	4,795,951	
23	237,329	229,087	(8,242)	-4%	Depreciation	2,725,697	2,519,957	(205,740)	-8%	2,553,200	
24	99,138	111,458	12,320	11%	Utilities	1,710,668	1,372,328	(338,340)	-25%	1,429,380	
25	53,384	52,833	(551)	-1%	Insurance	605,107	581,163	(23,944)	-4%	565,485	
26	41,937	16,476	(25,461)	-155%	Interest	425,135	181,236	(243,899)	*	367,325	
27	133,901	127,890	(6,011)	-5%	Other	664,317	1,383,394	719,077	52%	1,299,556	
28	-	20,784	20,784	-100%	Matching Fees (Government Programs)	2,583,495	2,519,861	(63,634)	3%	1,652,003	
29	\$ 5,050,249	\$ 5,045,060	(5,189)	0%	Operating expenses	\$ 56,965,450	\$ 56,347,760	(617,690)	-1.1%	\$ 53,674,937	
30	\$ (565,226)	\$ (428,086)	\$ (137,140)	-32%	Operating Margin	\$ (4,641,672)	\$ (5,551,939)	910,267	16%	\$ (6,440,855)	

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
For the Period Ended May 31, 2023**

ATTACHMENT D

	Month					Year-To-Date				YTD
	This Year		Variance			This Year		Variance		Prior Year
	Actual	Budget	\$	%		Actual	Budget	\$	%	
31	\$ 15,494	\$ (13,385)	28,879	*						
32	-	-	-	0%						
33	-	-	-	*						
34	316,667	316,667	-	0%						
35	-	-	-	0%						
36	<u>\$ 332,161</u>	<u>\$ 303,282</u>	<u>28,879</u>	<u>10%</u>						
37	<u>\$ (233,065)</u>	<u>\$ (124,804)</u>	<u>(108,261)</u>	<u>-87%</u>	Non Operating Rev and Expense					
					Miscellaneous Revenue/(Expenses)	\$ 69,219	\$ (144,750)	213,969	*	\$ (110,043)
					Donations	-	-	-	0%	26,864
					Physician Practice Support-Prima	-	-	-	*	0
					Parcel Tax Assessment Rev	3,483,337	3,483,337	-	0%	3,483,337
					Extraordinary Items	-	-	-	0%	(97,933)
					Total Non-Operating Rev/Exp	<u>\$ 3,552,556</u>	<u>\$ 3,338,587</u>	<u>213,969</u>	<u>6%</u>	<u>\$ 3,302,225</u>
					Net Income / (Loss) prior to Restricted Contributions	<u>\$ (1,089,115)</u>	<u>\$ (2,213,352)</u>	<u>1,124,237</u>	<u>51%</u>	<u>\$ (3,138,630)</u>
					Capital Campaign Contribution	\$ -	\$ -	-	0%	\$ -
38	\$ -	\$ -	-	0%	Restricted Foundation Contributions	\$ 2,368,336	\$ 5,429,523	(3,061,187)	100%	\$ 754,624
39	\$ -	\$ 493,593	(493,593)	0%	Net Income / (Loss) w/ Restricted Contributions	<u>\$ 1,279,221</u>	<u>\$ 3,216,171</u>	<u>(1,936,950)</u>	<u>-60%</u>	<u>\$ (2,384,006)</u>
40	<u>\$ (233,065)</u>	<u>\$ 368,789</u>	<u>(601,854)</u>	<u>*</u>						
41	159,388	162,070	(2,682)	-2%	GO Bond Activity, Net	1,749,326	1,782,770	(33,444)	-2%	1,941,251
42	<u>\$ (73,677)</u>	<u>\$ 530,859</u>	<u>(604,536)</u>	<u>114%</u>	Net Income/(Loss) w GO Bond Activity	<u>\$ 3,028,546</u>	<u>\$ 4,998,941</u>	<u>(1,970,395)</u>	<u>-39%</u>	<u>\$ (442,755)</u>
	\$ 4,264	\$ 104,283	(100,019)		EBDA - Not including Restricted Contributions	\$ 1,636,581	\$ 306,605	1,329,976		\$ (585,430)
	<u>\$ (327,897)</u>	<u>\$ (198,999)</u>	<u>(128,898)</u>	<u>-65%</u>	Operating EBDA - Not including Restricted Contributions	<u>\$ (1,915,975)</u>	<u>\$ (3,031,982)</u>	<u>1,116,007</u>	<u>37%</u>	<u>\$ (3,887,655)</u>

Sonoma Valley Hospital
Cash Forecast
FY 2023

ATTACHMENT E

	Actual July	Actual Aug	Actual Sept	Actual Oct	Actual Nov	Actual Dec	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Forecast Jun	TOTAL	
Hospital Operating Sources														
Patient Payments Collected	3,924,051	4,613,392	3,735,746	3,656,614	4,177,640	3,497,534	2,406,320	4,286,383	4,595,033	3,686,973	4,539,132	4,700,000	47,818,818	
Other Operating Revenue	19,072	182,649	33,561	250,527	23,522	40,390	43,299	222,918	65,455	376,174	229,619	104,732	1,591,919	
Other Non-Operating Revenue	10,204	12,925	10,096	11,916	10,007	11,764	10,501	17,591	7,906	9,810	11,970	10,806	135,498	
Unrestricted Contributions				3,200	2,051	202	5,829	285	1,920	4,362	9,901		27,749	
Line of Credit													-	
Sub-Total Hospital Sources	3,953,328	4,808,966	3,779,404	3,922,256	4,213,220	3,549,890	2,465,949	4,527,177	4,670,313	4,077,319	4,790,623	4,815,538	49,573,983	
Hospital Uses of Cash														
Operating Expenses	4,913,977	4,894,375	5,088,864	4,586,736	4,470,658	5,948,370	4,634,254	4,503,661	4,193,763	4,845,190	5,715,093	5,635,061	59,430,000	
Add Capital Lease Payments	13,501	13,354	13,280	13,354	45,386	55,162	45,517	33,948	58,750	55,531	37,919		385,701	
Line of Credit Payment												750,000	750,000	
Capital Expenditures	774,009	749,295	117,435	170,157	216,084	418,400	269,571	50,333	277,411	1,177,179	81,758	500,000	4,801,634	
Total Hospital Uses	5,701,487	5,657,024	5,219,578	4,770,247	4,732,128	6,421,932	4,949,342	4,587,942	4,529,924	6,077,900	5,834,770	6,885,061	65,367,335	
Net Hospital Sources/Uses of Cash	(1,748,159)	(848,058)	(1,440,175)	(847,991)	(518,907)	(2,872,042)	(2,483,394)	(60,765)	140,390	(2,000,581)	(1,044,147)	(2,069,523)	(15,793,352)	
Non-Hospital Sources														
Restricted Cash/Money Market	750,000	750,000	1,000,000	500,000	750,000		1,250,000	1,500,000	-	(7,000,000)	2,500,000		2,000,000	
Restricted Capital Donations	210	696,111	1,483	259,524	125,306	377,052	530,877	29,019	269,654	77,179			2,366,416	
Parcel Tax Revenue	192,601					2,058,767		-		1,537,372			3,788,739	
Other Payments - Ins. Claims/HHS/Grants/Loans Other:													-	
IGT - RATE RANGE (CY 2021)										4,519,302				4,519,302
IGT - AB915 (FY 21/22)												150,000		150,000
IGT - QIP (PY 4/CY21) SNF					17,290					1,393,721	(27,813)			1,383,198
IGT - DPNF 15/16 SVH											12,386	100,000		112,386
HELP II LOAN										2,000,000				2,000,000
BRIDGE LOAN YR 2								750,660						750,660
Sub-Total Non-Hospital Sources	942,811	1,446,111	1,001,483	759,524	892,596	2,435,819	1,780,877	2,279,679	269,654	2,527,574	2,484,573	250,000	17,070,701	
Non-Hospital Uses of Cash														
Matching Fees						3,642		2,214,224		57,627			2,275,493	
Sub-Total Non-Hospital Uses of Cash	-	-	-	-	-	3,642	-	2,214,224	-	57,627	-	-	2,275,493	
Net Non-Hospital Sources/Uses of Cash	942,811	1,446,111	1,001,483	759,524	892,596	2,432,177	1,780,877	65,455	269,654	2,469,947	2,484,573	250,000	14,795,208	
Net Sources/Uses	(805,349)	598,053	(438,691)	(88,467)	373,689	(439,865)	(702,516)	4,690	410,044	469,365	1,440,426	(1,819,523)		
Operating Cash at beginning of period	2,493,558	1,688,209	2,286,262	1,847,571	1,759,104	2,132,793	1,692,928	990,411	995,101	1,405,145	1,874,510	3,314,937		
Operating Cash at End of Period	1,688,209	2,286,262	1,847,571	1,759,104	2,132,793	1,692,928	990,411	995,101	1,405,145	1,874,510	3,314,937	1,495,414		
Money Market Account Balance - Undesignated	5,095,597	4,345,597	3,346,052	2,846,649	2,096,825	2,097,663	1,848,555	1,349,026	1,349,370	8,349,370	5,849,370	5,849,370		
Total Cash at End of Period	6,783,806	6,631,859	5,193,623	4,605,753	4,229,618	3,790,590	2,838,967	2,344,128	2,754,515	10,223,881	9,164,307	7,344,784		
Average Days of Cash on Hand	54.2	45.1	35.2	30.2	28.8	24.6	19.0	15.1	17.7	62.8	59.4			
Days of Cash on Hand at End of Month	53.8	42.0	34.1	31.1	27.9	24.5	18.5	14.3	16.9	65.4	56.5	<i>42.0</i>		

Sonoma Valley Hospital
Master Capital Plan | FY23 - FY26

Prioritized Capital Projects

Project/Equipment	Projected Cost	FY23 Actual	FY24 Projected	FY25 Projected	FY26 Projected	Project Description / Comments:
CT Epic Implementation	\$ 3,400,000	\$ 3,400,000				Costs directly related to Epic implementation (net of foundation funding)
Air Handler & Exhaust Fan	\$ 3,160,000	\$ 30,000	\$ 1,562,000	\$ 1,568,000		AH 3 has failed. Need to replace and upsize to handle load from SNF.
ODC Completion	\$ 3,000,000			\$ 3,000,000		Additional costs over ODC budget
2nd Floor Hospital / GI Clinic	\$ 1,765,000	\$ 15,000	\$ 1,750,000			To support strategic GI growth
Elevators - NPC Compliance - Replace Jacks/Doors	\$ 550,000				\$ 550,000	2030 Seismic Regulation
Enterprise Resource Planning (ERP) Implementation	\$ 500,000				\$ 500,000	Projected cost to implement new ERP system
Physical Therapy Lateral Expansion	\$ 500,000		\$ 500,000			Expand PT services in existing location Costs TBD
Security Access - Exterior doors	\$ 250,000			\$ 250,000		Enhanced security badge access doors
Seismic Structural - SPC4D Compliance, NPC Analysis	\$ 200,000		\$ 200,000			2030 Seismic Regulation
GE Portable X-Ray Machine	\$ 150,000			\$ 150,000		End of life equipment need
Nursing - 10 Defibrillators	\$ 150,000	\$ 150,000				End of life equipment need
Hematology Analyzer (x2)	\$ 100,000		\$ 100,000			End of life equipment need - Critical
Kitchen - Cooking & Serving Table	\$ 85,000			\$ 85,000		To support enhanced nutrition and dining operations
Kronos Upgrade	\$ 82,000		\$ 82,000			Needed upgrade of SVH clocking/time & attendance system
Cardiology - Muse Interface	\$ 71,000		\$ 71,000			Needed interface for Epic
Apex Interface (UCSF/Epic)	\$ 70,000		\$ 70,000			Needed interface for Epic
Ventilators (x2)	\$ 67,000	\$ 67,000				End of life equipment need
MRI Patient Monitor	\$ 60,000		\$ 60,000			End of life equipment need
Surgical Trays	\$ 60,000		\$ 30,000	\$ 30,000		To support OR surgical growth
Elevators - Door Controls	\$ 50,000			\$ 50,000		Cost excludes permit fees
Cataract Surgery Equipment	\$ 50,000	\$ 10,000		\$ 40,000		Needed cataract surgical equipment
Sewer Pumps in the basement	\$ 40,000			\$ 40,000		Replacement of existing sewer pumps
Medivator Scopes Room Compliance	\$ 33,220	\$ 33,220				Regulatory/Compliance item
Bi Pap Machines (x2)	\$ 30,000			\$ 30,000		Equipment approaching end of life
Endoscopy Cabinet/Scopes	\$ 25,600	\$ 25,600				Replacement of endo storage cabinets and scopes Regulatory
East Wing Pipe Replacement	\$ 25,000		\$ 25,000			Corroded pipes - critical need
Trophon Probe Disinfection - Medical Imaging	\$ 10,000			\$ 10,000		End of life replacement
Physical Therapy / OP Services Expansion	TBD	\$ 22,000	TBD	TBD	TBD	To support larger strategic growth efforts in growing PT & OP services
Campus Redevelopment	TBD			TBD	TBD	To support larger strategic growth campus redevelopment efforts
Routine Capital Pool / Contingency	\$ 600,000	\$ -	\$ 150,000	\$ 150,000	\$ 150,000	\$150,000 / year for routine capital items starting in FY24
TOTAL PROPOSED CAPITAL SPENDING	\$ 15,083,820	\$ 3,752,820	\$ 4,600,000	\$ 5,403,000	\$ 1,200,000	

* SVH Master Capital Plan reflects projected capital expenditures funded directly by Sonoma Valley Hospital. Schedule excludes capital items and/or funding coming from Sonoma Valley Hospital Foundation.



To: Sonoma Valley Health Care District Finance Committee
From: Ben Armfield, Wendy Lee Myatt
Date: June 27, 2023
Subject: **FY24 Budget Discussion with Armanino LLP**

SVHCD has been an audit client of Armanino LLP for some time. Due to their familiarity with not only the healthcare industry but also our health care district, Brian Sackstein, the principal partner on our audit, was invited to our joint budget meeting on May 23, 2023 by Finance Committee Chair, Bill Boerum.

Brian did attend our session and as a result of his attendance, a meeting was scheduled between Armanino LLP, Sonoma Valley Hospital CFO Ben Armfield, and SVHCD Finance Committee and Board of Directors Member Wendy Lee Myatt. Bill was unable to attend.

The discussion revolved around gleaned any insights and recommendations into both the budget process and associated timelines involved, as well as operational observations for hospital leadership and respective committees and SVH boards to potentially consider. The highlights of the discussion are summarized below:

- SVH was commended on the amount of detail presented during the joint finance budget meeting.
- Now through the Epic implementation, there should be opportunities to refine the process for further committee engagement, if desired.
- Operationally, the hospital should look closer at other creative ways to drive revenue growth. I.e. solar generation, rental income, cafeteria revenues.
- Brian encouraged SVH to perform additional review of the new Epic system and related controls to ensure protection and robust internal controls in place.
- Brian encouraged SVH to prioritize the review and renegotiation of managed care contracts.
- There was discussion around the hospital's depreciation schedule and fixed assets. Armanino does perform fixed asset testing during the annual financial statement audit process, but now that the Epic project is complete and with a significant amount of assets coming online, Armanino agreed that an additional review of the hospital's depreciation schedule would be beneficial. Both to review assets reported to be in-service as well as to verify and ensure the useful lives for the new assets being put into service are accurate.
- We also discussed the overall timing of the budget process itself. Armanino agreed there should be opportunities to refine the timeline if desired. SVH leadership agreed to make it a priority to work with the finance committee on opportunities to move forward the process of reviewing budget progress for next fiscal year.