SONOMA VALLEY HEALTH CARE DISTRICT

BOARD OF DIRECTORS

AGENDA

THURSDAY, NOVEMBER 7, 2024

SPECIAL SESSION 5:30 P.M.

REGULAR SESSION 6:00 P.M.

Held in Person at
Council Chambers
177 First Street West, Sonoma
and via Zoom Videoconferencing

To participate via Zoom videoconferencing, use the link below:
https://sonomavalleyhospital-org.zoom.us/j/98359610569

Meeting ID: 983 5961 0569

One tap mobile
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+12133388477,,98359610569#

In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a District meeting, please contact Whitney Reese, Board Clerk at wreese@sonomavalleyhospital.org at least 48 hours prior to the meeting.	**RECOMMENDATION**		
AGENDA ITEM			
MISSION STATEMENT *The mission of SVHCD is to maintain, improve, and restore the health of everyone in our community.*			
SPECIAL SESSION *5:30PM* • **BOARD SELF ASSESSMENT REVIEW**			
1. CALL TO ORDER	*Judith Bjorndal, MD*		
2. PUBLIC COMMENT *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.*			
3. BOARD CHAIR COMMENTS	*Judith Bjorndal, MD*		
4. REPORT ON SPECIAL SESSION	*Judith Bjorndal, MD*		
5. CONSENT CALENDAR a. BOD Minutes – 10.03.24 b. BOD Minutes – 10.25.24 c. Finance Committee Minutes – 09.23.24 d. Quality Committee Minutes – 09.24.24 e. Audit Committee Minutes – 08.29.24 f. Medical Staff Credentialing g. Policies and Procedures	*Judith Bjorndal, MD*	Action	Pages a. 3 – 5 b. 6 c. 7 – 8 d. 9 – 10 e. 11 – 12 g. 13 – 16

6. RESOLUTION #379 – HONORING DAVE PIER	*Judith Bjorndal, MD*	Inform	Page 17
7. VALLEY OF THE MOON	*Ryan Goldbarg*	Inform	Pages 18 – 24
8. MARKETING/PR UPDATE	*Dawn Castelli*	Inform	Pages 25 – 35
9. UCSF AFFILIATION UPDATE	*John Hennelly*	Inform	Page 36
10. CEO REPORT	*John Hennelly*	Inform	Pages 37 – 40
11. PT PROJECT: LEASE EXTENSION	*John Hennelly*	Action	Pages 41 – 43
12. AUDIT REVIEW AND APPROVAL **a. Auditor Presentation** **b. Audit Report: FY 24**	*Bill Boerum* *Ben Armfield*	Action	Pages a. 44 – 62 b. 63 – 114
13. FINANCIALS FOR MONTH END OCTOBER 2024	*Ben Armfield*	Inform	Pages 115 – 129
14. COMMITTEE UPDATES **a. Finance Committee Quarterly Report**	*Board of Directors* *Bill Boerum*	Inform	
15. BOARD COMMENTS	*Board of Directors*	Inform	
16. ADJOURN	*Judith Bjorndal, MD*	Inform	

Note: To view this meeting, you may visit http://sonomatv.org/ or YouTube.com.

SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS' REGULAR MEETING

MINUTES

THURSDAY, OCTOBER 3, 2024

HELD IN PERSON AT 177 FIRST STREET WEST, SONOMA,
AND VIA ZOOM TELECONFERENCE

SONOMA VALLEY HOSPITAL BOARD MEMBERS 1. Judith Bjorndal, MD, Chair, Present 2. Susan Kornblatt Idell, Secretary, Excused 3. Denise M. Kalos, Second Vice Chair, Present 4. Bill Boerum, Treasurer, Present 5. Wendy Myatt Lee, First Vice Chair, Present	**RECOMMENDATION**	
MISSION STATEMENT *The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.*		
CLOSED SESSION *With respect to every item of business to be discussed in closed session pursuant to Section 54957.8:* ***CASE REVIEW/PLANNING***		
1. CALL TO ORDER	*Bjorndal*	
Meeting called to order at 6:00 p.m.		
2. PUBLIC COMMENT		
None		
3. BOARD CHAIR COMMENTS	*Bjorndal*	
1. The Board had a retreat on Monday, September 30th with past, present, and future Board members, SVH staff, UCSF Staff. Very positive meeting with 2. The Board will complete a self-assessment shortly.		
4. REPORT ON CLOSED SESSIONS: 09.30.24 & 10.03.23		
5. CONSENT CALENDAR	*Bjorndal*	Action
a. BOD Minutes – 09.05.24 b. Finance Committee Minutes – 08.27.24 c. Quality Committee Minutes – 08.28.24 d. Governance Committee Minutes – 06.19.24 e. Medical Staff Credentialing f. Policies and Procedures	**MOTION:** by Boerum to approve, 2nd by Kalos. All in favor.	
6. REACTIVATING THE JOINT CONFERENCE COMMITTEE AND ENGAGEMENT WITH THE MEDICAL EXECUTIVE COMMITTEE	*Bill Boerum*	Action
Discussion and clarification was had regarding Boerum's proposal for reactivating the Joint Conference Committee and enhancing engagement with the Medical Executive Committee (MEC). In response, the MEC highlighted its review of the Medical Staff Bylaws and agreed to convene the Joint Conference Committee as necessary, which ensures equal representation from the Board, MEC, and administration. The MEC does not include Board members in its composition to prevent potential conflicts of interest, particularly since the Board may act as an Appeal Board. Additionally, MEC cited existing communication channels between the Medical Staff and the Board, including the Chief Medical Officer, Chief of Staff, and the Board Quality Committee, reaffirming a commitment to collaborate through these channels. No action taken.		
7. ODC – MRI Bids (request to reject all bids and direct staff to rebid the project with modifications)	*Kimberly Drummond*	Action

	MOTION: by Boerum to reject all bids and direct staff to rebid the project with modifications, 2nd by Myatt Lee. All in favor.	
8. AGE FRIENDLY HEALTH SYSTEM	*Becky Spear, DNP, ARNP, AGNP-C, GS-C*	Inform
Spear discussed SVH's progress in implementing age-friendly care for patients 65 and older, focusing on the 4Ms framework: what matters, medication, mentation, and mobility. SVH has seen positive outcomes, including fewer discharges to skilled nursing facilities, reduced restraint use, and improved patient readmissions, particularly among female patients. The hospital's commitment has earned Level 2 recognition from the Institute for Healthcare Improvement, which does not charge for this accreditation, allowing accessible participation. Plans are in place to expand these practices to outpatient, emergency, and surgical departments and to engage more with the community, especially the Latino population. Additionally, recent outreach includes their first Golden Harvest Wellness event and participation in the Sonoma County Master Plan for Aging. The team is focused on sustaining these initiatives across departments and sharing their success through community marketing and peer-reviewed publications.		
9. IS ANNUAL REPORT	*Bryan Lum, EMBA*	Inform
Lum presented the 2024 IT initiatives to the board, emphasizing core principles such as security, efficiency, resource utilization, and system scalability aimed at enhancing patient care. Current projects span system integrations, patient interface improvements, and digital transformation efforts. These include lab and radiology interface enhancements across multiple electronic medical records, the implementation of self-check-in kiosks, ongoing Windows 11 upgrades, and converting analog fax lines to digital. Strategic priorities also include robust data protection, modern infrastructure upgrades, disaster recovery, and improving hospital communication tools. Lum highlighted long-term goals to advance UCSF Health integration, which is expected to be costly and require careful budgeting. Board members praised Lum's contributions and discussed potential funding, urging collaboration with UCSF for financial support, especially on projects like the transition to a unified Epic system to enhance clinical integration and patient service efficiency.		
10. CEO REPORT	*John Hennelly*	Inform
Hennelly reported positive outcomes for July and August and updated on capital projects. The Physical Therapy project is delayed due to a 16-week HVAC system lead time, pushing completion into early next year. The ICU project remains on schedule for December completion, and the MRI installation requires a reissued bid for contractors. Cost impacts due to delays are not expected, pending bid reviews.		
11. CMO UPDATE	*Sabrina Kidd, MD*	Inform
Kidd announced her final meeting and expressed excitement about recent healthcare advancements, including the initiation of MRI prostate exams and upcoming emergency power support for the CT scanner, which is critical during blackouts. Despite efforts, there remains a gap in filling the Director of Quality position, and Dr. Kidd will depart in two weeks, with her replacement still under review. Dr. Lee's retirement from surgical duties has created additional staffing challenges, prompting collaboration with outside physicians and local surgeons who have been stepping up to cover additional shifts. Kidd highlighted ongoing work to support patients' social and mental health needs, acknowledged the hospital's dedicated medical staff, and expressed deep gratitude for her eight years in the community. Board members shared heartfelt thanks for Kidd's dedication, resilience, and personal impact on their lives and the hospital community.		
12. RESOLUTION #377 – PARCEL TAX ADVANCE	*Ben Armfield*	Action
Armfield presented a resolution to approve an advance agreement with Sonoma County for one month of parcel tax revenue to help stabilize cash flow through a financial period in November and December. The hospital would receive an advance of $1.6 million, with a short-term interest cost of about $10,000, to cover working capital needs, particularly an upcoming $5 million payment for the IGT matching fee. This measure provides financial flexibility to manage operations until significant IGT funds are received in January, avoiding potential cash shortages. Net benefit of $6 million from the IGT payment after reimbursement.		
Resolution passed with roll call vote: "AYE" Bjorndal, "AYE" Kalos, "AYE" Boerum, "AYE" Myatt Lee, (Kornblatt Idell excused)		
13. FINANCIALS FOR MONTH END AUGUST 2024	*Ben Armfield*	Inform
Armfield presented August's positive financials. SVH exceeded budget expectations in various performance indicators and posting a positive Operating EDA for the second consecutive month. Although inpatient volumes dipped slightly, operating		

room activity surged by 20% compared to July, driven by the addition of a new orthopedic surgeon who performed 11 surgeries. The hospital also recorded a record 180 MRI exams and set new highs in physical therapy visits. Overall, the hospital is over $1 million ahead of budget and has seen a 10% increase in operating revenue while maintaining flat expenses. Additionally, the loan from Summit State Bank has been approved, and the audit process is on track for completion by the end of October, with a report expected for the board next month. The outlook for the fiscal year remains optimistic.		
14. COMMITTEE UPDATES	*Bjorndal*	Inform
• **Quality Committee Update**	*Jessica Winkler, DNP, RN, NEA-BC, CCRN*	
Winkler presented Quality Committee update. Quality metrics such as stroke care, readmission rates, length of stay, and adverse events are meeting or exceeding targets. There was a slight dip in sepsis cases, with ongoing reviews to identify issues. HCAHPS survey scores remain competitive nationally, with improvements noted in medication communication and discharge instructions. Out of 1,500 surveys, SVH received an average score of 4.8 out of 5 from patients across various departments, including the ER, inpatient radiology, surgery, and outpatient physical therapy. The feedback is collected via an immediate texting service, allowing for prompt scoring after appointments. Reports are generated daily, enabling staff to address patient concerns and feedback quickly, resulting in improved patient satisfaction data from the queue review surveys.		
15. BOARD COMMENTS	*Board Members*	Inform
16. ADJOURN	*Bjorndal*	
Adjourned at 7:34 p.m.		

SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS' REGULAR MEETING

MINUTES

FRIDAY, OCTOBER 25, 2024

HELD IN PERSON AT SONOMA VALLEY HOSPITAL
347 ANDRIEUX STREET, SONOMA, CA
AND VIA ZOOM TELECONFERENCE

SONOMA VALLEY HOSPITAL BOARD MEMBERS 1. Judith Bjorndal, MD, Chair, Present 2. Susan Kornblatt Idell, Secretary, Excused 3. Denise M. Kalos, Second Vice Chair, Present 4. Bill Boerum, Treasurer, Present 5. Wendy Myatt Lee, First Vice Chair, Present	**RECOMMENDATION**	
MISSION STATEMENT *The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.*		
1. CALL TO ORDER	*Bjorndal*	
Meeting called to order at 3:00 p.m.		
2. PUBLIC COMMENT		
None		
3. BOARD CHAIR COMMENTS	*Bjorndal*	
Susan Kornblatt Idell is excused.		
4. PT EXPANSION PROJECT – BID AWARD	*John Hennelly*	Action
Hennelly presented an updated budget and timeline for the PT Expansion Project and explained that an HVAC system delay would push the opening to June 2025, five months later than initially planned. The HVAC system for the project requires a major upgrade, and its specialized nature means it must be ordered and installed through the general contractor. The system has a lengthy lead time of 16 weeks (four months) for delivery due to an industry-wide delay caused by a retooling for new refrigerant standards. This delay is unavoidable, as major manufacturers paused production to transition to the updated refrigerants, with new units expected to start shipping after January 1. Despite the delay, the project remains under budget, with the sole bid coming in under the anticipated $1.5 million. Discussion included ensuring the project remains focused on serving local patients, as well as managing any potential risks, such as unexpected building conditions. Motion to award bid by Ridgeview by Boerum, 2nd by Kalos. All in favor.		
5. RESOLUTION #381 - Authorizing Execution of Summit State Bank Loan	*Ben Armfield*	Action
Execution of the Summit State Bank loan is essential for completing the audit and managing additional funding needs in November. The resolution was approved, contingent on a legal review, expected Monday, 10/28.		
Resolution passed with roll call vote: "AYE" Bjorndal, "AYE" Kalos, "AYE" Boerum, "AYE" Lee Myatt, (Kornblatt Idell excused)		
16. ADJOURN	*Bjorndal*	
Adjourned at 3:23 p.m.		

SVHCD
FINANCE COMMITTEE MEETING

MINUTES

TUESDAY, JULY 23, 2024
In Person at Sonoma Valley Hospital
347 Andrieux Street
and Via Zoom Teleconference

Present	Not Present/Excused	Staff/Public
Bill Boerum, in person Wendy Myatt Lee, in person Dennis Bloch, in person Ed Case, in person Catherine Donahue, via zoom Subhash Mishra, MD, via zoom Graham Smith, via zoom	Robert Crane Carl Gerlach	Ben Armfield, SVH CFO, in person John Hennelly, SVH CEO, in person Whitney Reese, SVH Board Clerk, in person Lois Fruzynski, SVH Accounting Manager, in person Dawn Kuwahara, RN BSN, SVH Chief Ancillary Officer, in person Dan Kittleson, via zoom

MISSION & VISION STATEMENT
The mission of SVHCD is to maintain, improve, and restore the health of everyone in our community.

AGENDA ITEM	DISCUSSION	ACTIONS
1. CALL TO ORDER/ANNOUNCEMENTS	*Bill Boerum*	Meeting called to order 6:00pm
2. PUBLIC COMMENT SECTION	None	
3. CONSENT CALENDAR	*Bill Boerum*	Action
Finance Committee Minutes 08.27.24		**MOTION:** Motion to approve by Bloch, 2nd by Donahue. All in favor
4. RESOLUTION #377 – PARCEL TAX ADVANCE	*Ben Armfield*	Action
Armfield presents Resolution for recommendation to the BOD. SVH anticipates cash pressures in November due to a large payment, and they propose borrowing up to 85% of the December parcel tax allotment (about $1.6 million) to cover working capital needs. This loan is intended to provide flexibility without locking in the full amount if it isn't necessary. The interest on the loan is minimized by taking the loan only when absolutely needed and paying it off as soon as the tax revenue is received. The committee members discussed the benefits of this financial flexibility, agreeing that it is a prudent move to maintain liquidity and avoid cash flow problems.		**MOTION:** Motion to recommend to the BOD to approve by Case, 2nd by Bloch. All in favor
5. FINANCIAL REPORTS FOR MONTH END AUGUST 2024	*Ben Armfield*	Inform

Armfield presented Financial Reports for August 2024. The hospital saw continued strong performance in August, following July's positive momentum. Both months exceeded budget expectations, with a second consecutive positive Operating EBDA margin, a significant improvement over last fiscal year. Key drivers included the launch of Dr. Walter's surgeries and the new 3T MRI, which boosted surgical cases by 20%, MRI volumes by 40%, and set records in outpatient physical therapy and ER visits. While future budget targets will be more challenging, this strong start to FY 2025 is promising.		
6. ADJOURN	*Bill Boerum*	Meeting adjourned at 6:36pm

SONOMA VALLEY HEALTH CARE DISTRICT
QUALITY COMMITTEE
Wednesday, September 25, 2024, 5:00 PM
MINUTES
Via Zoom Teleconference

Members Present – In Person	Excused/Not Present	Public/Staff – Via Zoom
Susan Kornblatt Idell Howard Eisenstark, MD Kathy Beebe, RN PhD Carol Snyder Carl Speizer, MD Paul Amara, MD, FACOG, via zoom	Michael Mainardi, MD Denise Kalos	Jessica Winkler, DNP, RN, NEA-BC, CCRN-K, CNO Whitney Reese, Board Clerk Judy Bjorndal, MD, via zoom David Young, via zoom Dan Kittleson, via zoom Wendy Myatt Lee Sabrina Kidd, MD

AGENDA ITEM	DISCUSSION	ACTION
1. CALL TO ORDER/ANNOUNCEMENTS	*Kornblatt Idell*	
	Kornblatt Idell called meeting to order at 5:00pm.	
2. PUBLIC COMMENT SECTION	*Kornblatt Idell*	
	No public comments	
3. CONSENT CALENDAR Minutes 08.28.24	*Kornblatt Idell*	ACTION
	Motion to approve by Eisenstark, 2nd by Beebe	
4. IMAGING QA/PI	*David Young, SVH Director*	INFORM
Young provided an overview of quality assurance measures for a radiology department, discussing both ongoing and new metrics being tracked for the year. Key measures include CT dose tracking, contrast complications, repeat analysis, MRI safety, and new metrics such as CT start times, mammography recall rates, and inventory management. He highlighted the department's compliance with national standards and praised the staff's performance, especially in stroke-related CT processes. Additionally, Young clarified that stroke performance data includes patients suspected of having a stroke, not just confirmed cases.		

6. QUALITY INDICATOR PERFORMANCE & PLAN	*Jessica Winkler, DNP, RN, NEA-BC, CCRN-K, SVH CNO*	INFORM
Winkler presented the Quality department's August 2024 data. Key points included that mortality and readmission rates are within target, while one patient safety complication is still under review due to confusion about the timing of a pressure ulcer. Adverse events were minimal, with no significant medication errors or infections reported. Some falls occurred but without injury, and sepsis metrics showed a minor issue with order timing. Patient satisfaction scores (HCAHPS) reflect good communication with doctors but indicate areas for improvement in responsiveness and hospital environment. Overall, SVH maintains high ratings across outpatient and inpatient services.		
7. POLICIES AND PROCEDURES	*Jessica Winkler, DNP, RN, NEA-BC, CCRN-K, SVH CNO*	INFORM
	Winkler presented for approval to the Board of Directors: • NEW: Delirium Screening Protocol • NEW: Hypersensitivity Reaction Medications/Treatment Protocol-Adult	*Winkler presented to committee.*
8. CLOSED SESSION: a. Calif. Health & Safety Code §32155: Medical Staff Credentialing & Peer Review Report	*Kornblatt Idell*	ACTION
	Motion to recommend to Board of Directors for approval by Eisenstark, 2nd by Mainardi	
9. ADJOURN	*Kornblatt Idell*	
	Meeting adjourned at 5:35 pm	

SVHCD
AUDIT COMMITTEE MEETING
MINUTES
THURSDAY, AUGUST 29, 2024 6:00 PM
In Person at Sonoma Valley Hospital
347 Andrieux Street
Administration Conference Room
and Via Zoom Teleconference

Present	Excused	Staff / Public
Bill Boerum Dennis Bloch Art Grandy, remote	Wendy Lee Myatt	Ben Armfield, CFO Lois Fruzynski, Accounting Manager Whitney Reese, Board Clerk
AGENDA ITEM	**DISCUSSION**	**ACTIONS**
MISSION & VISION STATEMENT *The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.*		
1. CALL TO ORDER/ANNOUNCEMENTS	*Boerum*	Inform
	Called to order at 6:04 pm.	
2. PUBLIC COMMENT SECTION	*Boerum*	Inform
	None	
3. CONSENT CALENDAR	*Boerum*	Action
a. Audit Committee Minutes 03.19.24 b. Audit Committee Charter (formatting revision)		**MOTION:** by Bloch to approve both, 2nd by Grandy. All in favor.
4. AUDIT PROJECT UPDATE BY MOSS ADAMS	*Moss Adams*	Inform
Katherine Djiauw & Chris Pritchard discussed key topics related to SVH's financials, audit processes, and upcoming deadlines. Chris and Katherine from the audit team presented an overview of the audit's scope, including fraud risk assessment and the timeline for finalizing reports, with a goal of delivering draft financial statements by late October for board approval by November 7. The committee also addressed debt obligations, such as those with the state of California, the general obligation bond, and the parcel tax. Boerum emphasized the need to clearly communicate the hospital's debt structure to the public and requested additional financial insight through graphical comparisons with peer hospitals. Djiauw provided updates on new accounting		

standards affecting compensated absences and concentration of risk, and clarified that a single audit would no longer be necessary due to the fact that the hospital did not recieve any COVID provider relief funds that would trigger such audit. The committee expressed satisfaction with the audit team's performance and commitment to meeting deadlines, while ensuring transparent financial reporting and continued collaboration.		
5. ADJOURN	*Boerum*	
	Meeting adjourned at 6:52 pm	

Document Tasks By Committee

Listing of currently pending and/or upcoming document tasks grouped by committee.

Sonoma Valley Hospital

Run by: Reese, Whitney (wreese)
Run date: 11/01/2024 7:45 PM

Report Parameters

Filtered by: Document Set: - All Available Document Sets -
Committee: 09 BOD-Board of Directors
Include Current Tasks: Yes
Include Upcoming Tasks: No

Grouped by: Committee

Sorted by: Document Title

Report Statistics

Total Documents: 14

Committee: **09 BOD-Board of Directors**

Committee Members: **Finn, Stacey (sfinn), Newman, Cindi (cnewman), Reese, Whitney (wreese)**

Current Approval Tasks (due now)

Document	Task/Status	Pending Since	Days Pending
Billing Procedure *Diagnostic Services Dept Policies*	**Pending Approval**	10/3/2024	29

Summary Of Changes: **No changes.**
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Ashford, Troy (tashford)**
Approvers: **Kuwahara, Dawn (dkuwahara) -> Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

C-II Controlled Substance Wholesaler Invoice Management Procedure 8390-04 *Pharmacy Dept*	**Pending Approval**	10/3/2024	29

Summary Of Changes: **Reviewed, no changes**
Moderators: **Kutza, Chris (ckutza), Newman, Cindi (cnewman)**
Lead Authors: **Kutza, Chris (ckutza)**
Approvers: **Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Code of Ethics *Governance and Leadership Policies*	**Pending Approval**	10/3/2024	29

Summary Of Changes: **Reviewed, grammatical changes only. Added reviewers**
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Hennelly, John (jhennelly)**
ExpertReviewers: **Director, QUALITY (QDIR), Kidd, Sabrina (skidd), Winkler, Jessica (jwinkler)**
Approvers: **01 P&P Committee -> 09 BOD-Board of Directors - (Committee)**

Encouraging Patients and Families to Report Concerns About Safety *Patient Rights Policies (PR)*	**Pending Approval**	11/1/2024	0

Summary Of Changes: **Reviewed no changes**

Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**Director, QUALITY (QDIR)**
ExpertReviewers:	**Kidd, Sabrina (skidd)**
Approvers:	**Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Ergonomics Safety Program — **Pending Approval** — 10/1/2024 — 31

Human Resources Policies (HR)\Employee Health

Summary Of Changes:	**Updated process of requesting ergonomic evaluations to reflect current practices. Updated employee training methods (removed Employee Handbook and added online training modules) Update name of form used for reporting injuries/illness. Other minor language edits to provide clarity.**
Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**McKissock, Lynn (lmckissock)**
ExpertReviewers:	**Gallo, Christopher (cgallo), Montecino, Stephanie (smontecino)**
Approvers:	**Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Facsimile (FAX) Confidentiality and Security — **Pending Approval** — 10/1/2024 — 31

Patient Rights Policies (PR)

Summary Of Changes:	**Grammatical, Spelling and/or Formatting Corrections made. Privacy Officer changed to SVH Compliance Officer.**
Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**Cracraft, Kevin (kcracraft)**
ExpertReviewers:	**Lum, Bryan (blum), Pryszmant, Rosemary (rpryszmant), Street, Mark (mstreet)**
Approvers:	**Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Fixed Asset Disposal — **Pending Approval** — 10/1/2024 — 31

Governance and Leadership Policies

Summary Of Changes:	**Reviewed, added owner, reviewers & approval information**
Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**Armfield, Ben (barmfield)**
Approvers:	**Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Hazardous Material Handling in the Outpatient Rehabilitation Clinic — **Pending Approval** — 10/1/2024 — 31

Rehabilitation Services Dept

Summary Of Changes:	**Added reference as given for survey findings of 2020. Title Change Current: Hazardous Material in OP Rehabilitation Services Clinic NEW: Hazardous Material **Handling** in the **Outpatient** Rehabilitation Clinic**
Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**Gallo, Christopher (cgallo)**
ExpertReviewers:	**12-Safety Committee, Ramirez, Joseph (jramirez)**
Approvers:	**Kuwahara, Dawn (dkuwahara) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Health Screening of Contract Workers and Students — **Pending Approval** — 10/1/2024 — 31

Human Resources Policies (HR)\Employee Health

Summary Of Changes:	**Added the requirement of schools/agencies to provide copies or verification of required health screenings to SVH upon request. Corrected typos.**

Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**McKissock, Lynn (lmckissock)**
ExpertReviewers:	**Montecino, Stephanie (smontecino)**
Approvers:	**Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

HIPAA Security – Assigned Security Responsibility Policy **Pending Approval** 10/1/2024 31

HIPAA policies

Summary Of Changes:	**Grammatical, Spelling and/or Formatting Corrections made.** **Moderate content change to identify the HIPAA Compliance Officer as official responsible for HIPAA security.**
Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**Cracraft, Kevin (kcracraft)**
ExpertReviewers:	**Lum, Bryan (blum), Pryszmant, Rosemary (rpryszmant), Street, Mark (mstreet)**
Approvers:	**Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

HIPAA Transmission Security **Pending Approval** 10/1/2024 31

HIPAA policies

Summary Of Changes:	**Grammatical, Spelling and/or Formatting Corrections made. Light content changes to reflect current practices.**
Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**Cracraft, Kevin (kcracraft)**
ExpertReviewers:	**Lum, Bryan (blum), Pryszmant, Rosemary (rpryszmant), Street, Mark (mstreet)**
Approvers:	**Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

HIPAA Workforce Regulations **Pending Approval** 10/1/2024 31

HIPAA policies

Summary Of Changes:	**Grammatical, Spelling and/or Formatting Corrections made, NO content changes made.**
Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**Cracraft, Kevin (kcracraft)**
ExpertReviewers:	**Director, QUALITY (QDIR), Lum, Bryan (blum), McKissock, Lynn (lmckissock), Pryszmant, Rosemary (rpryszmant)**
Approvers:	**Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Hiring Process Recruitment and Selection **Pending Approval** 10/1/2024 31

Human Resources Policies (HR)

Summary Of Changes:	**Removed redundant language related to equal employment opportunities and referred to the Equal Employment Opportunity policy instead.** **Updated the policy/procedure for recruitment, selection, pre-screening requirements, and onboarding to reflect current systems and processes.** **Added information regarding the employee referral program** **Updated language to clarify the Signing & Retention Bonus details and removed the Appendix (outdated).**
Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**McKissock, Lynn (lmckissock)**
Approvers:	**Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Infectious Disease Work Restrictions Exposures **Pending Approval** 10/1/2024 31

Human Resources Policies (HR)\Employee Health

Summary Of Changes:	**Minor spelling and punctuation edits throughout.** **Updated Appendices and References**

Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**McKissock, Lynn (lmckissock)**
ExpertReviewers:	**Montecino, Stephanie (smontecino)**
Approvers:	**Hennelly, John (jhennelly) -> 01 P&P Committee - (Committee) -> 09 BOD-Board of Directors - (Committee)**

SONOMA VALLEY HEALTH CARE DISTRICT BOARD OF DIRECTORS
RESOLUTION NO. 382

HONORING DAVID PIER, SONOMA VALLEY HOSPITAL FOUNDATION EXECUTIVE DIRECTOR

Whereas, David Pier, has rendered extraordinary service to the Sonoma Valley Hospital Foundation, Sonoma Valley Health Care District and our community; and

Whereas, David has been an employee of Sonoma Valley Hospital since 2015; and

Whereas, David has been an exemplary member of the Sonoma Valley Hospital Leadership Team; and

Whereas, David has devoted hundreds volunteer hours representing the hospital in the community; and

Whereas, David has been a valuable part of the Community Trust Team; and

Whereas, David has been instrumental in organizing significant community events like the Women's Health Symposium seamlessly; and

Whereas, David always has a ready warm smile for colleagues, patients, community and Board members; and

Whereas, David has a unique way of finding patience and calm in almost any situation; and

Whereas, David can always be counted on to give recognition and appreciation to staff and colleagues; and

Whereas, David always seeks to find positive solutions; and

Whereas, David procured hundreds of thousands of dollars for hospital equipment upgrades; including the Germ Zapper, nurse call system, EKG and Ultrasound machines, an Audiometer and a biopsy machine; and

Whereas, David leadership, experience, and trust by the community was the foundation to raising the funds for the Skilled Nursing Facility pipes, third floor refurbishment and currently the ICU refurbishment.

Whereas, David led the charge of meeting the goal of $21 million dollars for the Outpatient Diagnostic center; and

Whereas, David raised $2 million dollars for the ICU refurbishment; and

Whereas, David established grant funding for continuing education for staff; and

Whereas, David Pier will be sorely missed by all as a cherished and valued member of the Sonoma Valley Hospital staff and Leadership Team

NOW THEREFORE BE IT RESOLVED, that his colleagues and admirers salute David Pier's leadership, thank him for his outstanding service to the Hospital, the District, and the Community and wish him well in all future endeavors, both personal and professional.

PASSED AND ADOPTED this 7 th day of November, by unanimous vote.

_____
Judith Bjorndal, MD, Chair
Sonoma Valley Health Care District

Valley of The Moon Post Acute

2024

Health Inspections

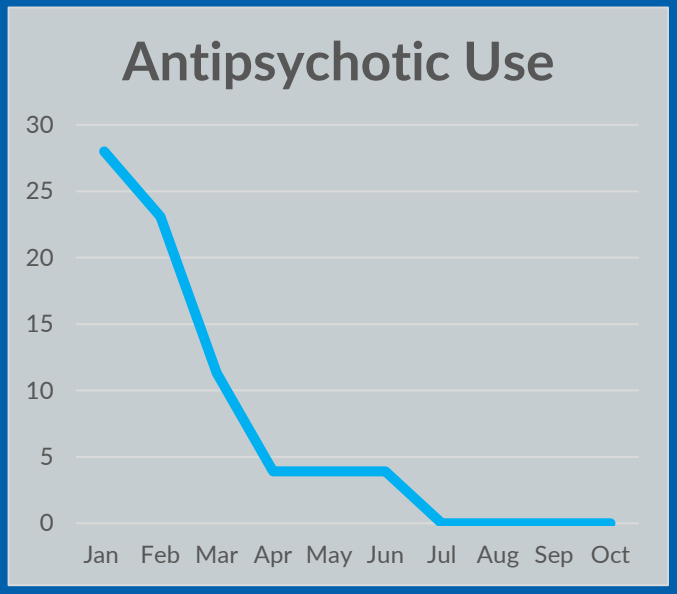
50% Better Than CA Avg

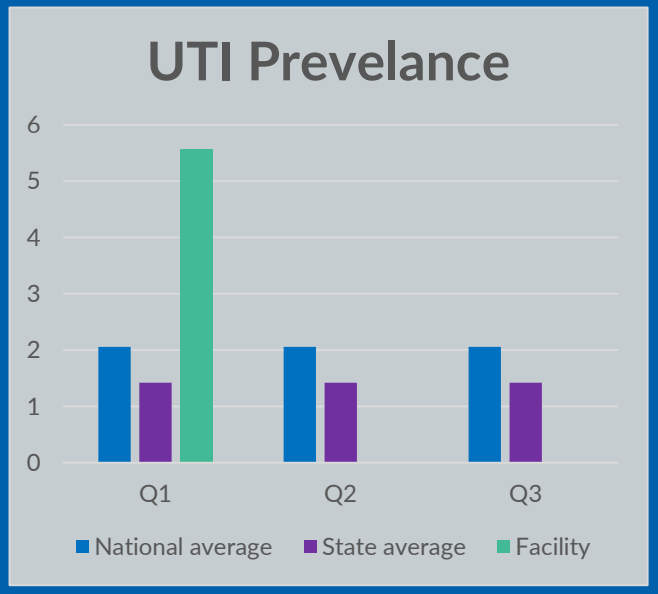
Valley of the Moon received just seven deficiencies on its most recent annual survey, scoring significantly better than the CA average of 14 deficiencies.

While we are extremely proud of our annual health inspection result, we are even prouder that Valley of the Moon has had 1 complaint visit from CDPH in the last 12 months, and that no complaints have resulted in a citation for > 4 years as this speaks to the overall satisfaction of our residents and their families.

VALLEY OF THE MOON
POST ACUTE

Clinical Outcomes



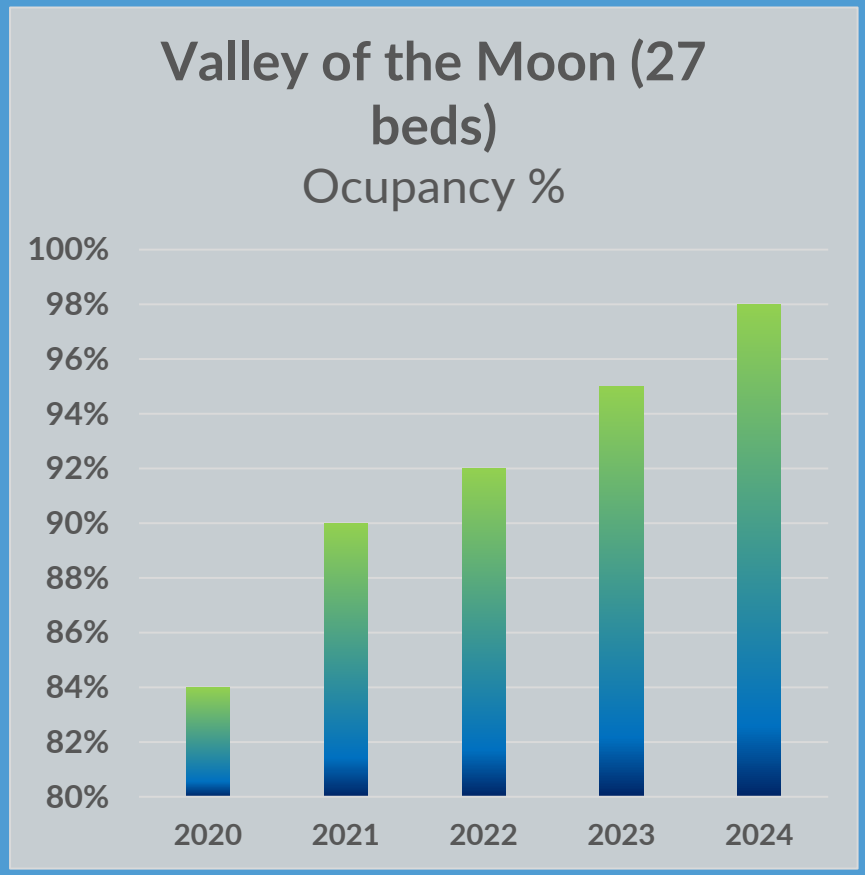


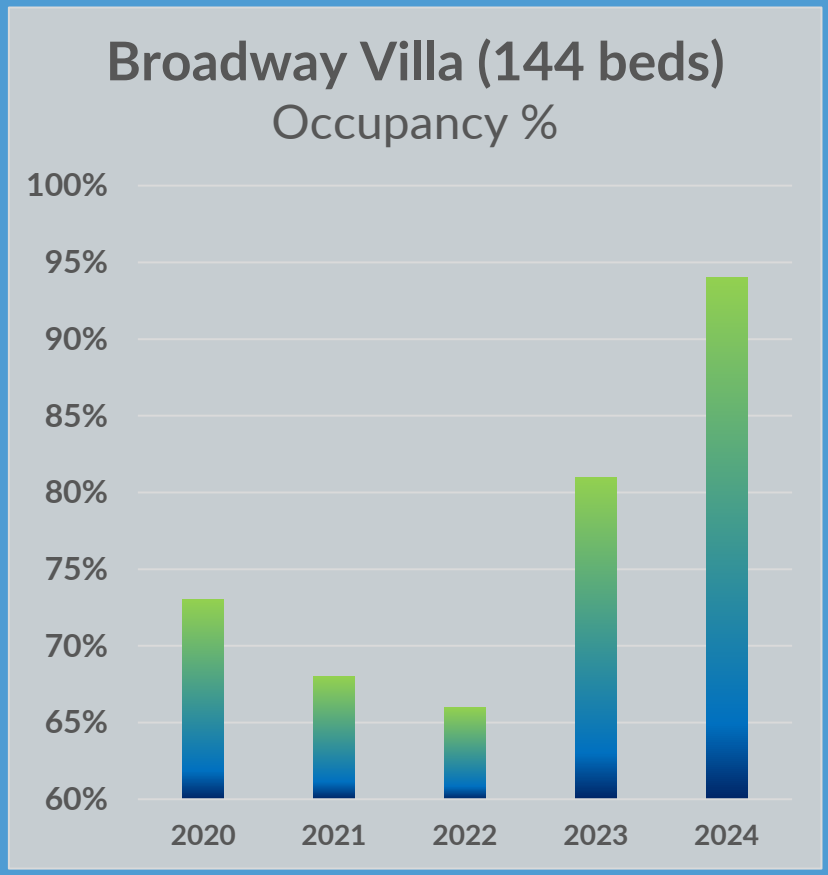
Current Challenges

RN coverage impacting ability to take higher frequency IVs

VALLEY OF THE MOON POST ACUTE

SNF Community Statistics





VALLEY OF THE MOON POST ACUTE

Financial Health in 2024

Revenue for Sonoma Valley Hospital

- Gain share: $106,112
- Shared Services: $830,507
- Total Revenue YTD 2024: $936,619
- **Projected Year-end total:** $1,124,000

Valley of the Moon Earnings

- Exceeded 2024 year over year financial growth commitment

VALLEY OF THE MOON
POST ACUTE


Thank You For Your Time

Community Outreach & Marketing Annual Board Report

November 7, 2024

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
AN AFFILIATE OF UCSF HEALTH


Healing Here At Home
VALENCIA
STOP!
SONOMA
VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
AN AFFILIATE OF UCSF HEALTH

LOOK LIKE A LEADER: BRAND OVERVIEW

Warm, strong color palette.

Healing Here at Home logo to promote our hospital's excellent care, right here at home in Sonoma Valley.

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
HEALING HERE AT HOME

UCSF Affiliate logo used to broaden our reach outside our community.

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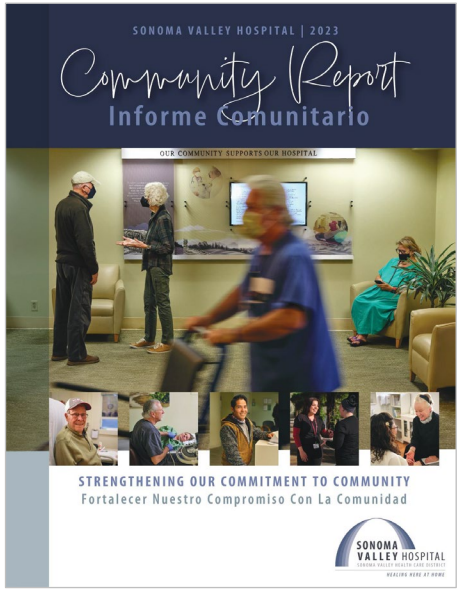

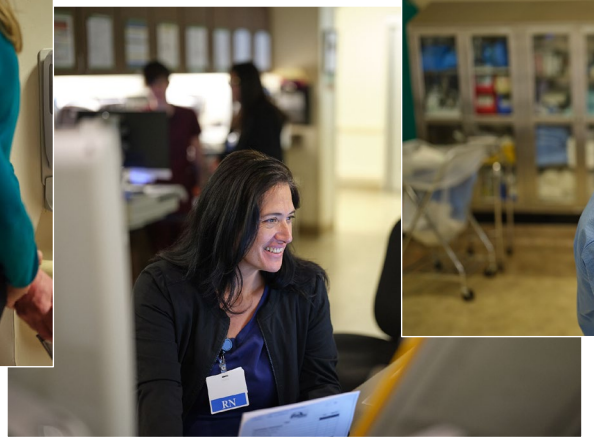

November 2023, update of photo library highlighting story of what makes SVH special – THE STAFF.


Healing Here At Home
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SUPPORT OUR SONOMA VALLEY HOSPITAL TEAM

Community flyers & internal SVH newsletters showcase our outstanding team.

Incredible SVH staff driving our messaging to the community.

SONOMA VALLEY HOSPITAL

AGE-FRIENDLY GERIATICS

GERIATRIC NURSE PRACTITIONER

Becky Spear is a dedicate career focused on servin Science in Nursing from S Practice from the Universi vention in post-acute care Wolanin Outstanding Diss Vulnerable Populations, is journal in October 2024.

Becky holds national cer Care Nurse Practitioner and a Gerontology Specia Nurse Practitioner for Sonoma Valley Hospital, where care for older adults, helping the hospital achieve re committed to care excellence. Additionally, Becky w with a specialty in dementia care at Sonoma Valley

Beyond her professional roles, Becky is actively inv Northern California chapter of GAPNA (Gerontolog the American Delirium Society, is a grant reader for t Board of Directors for the Village of Sonoma Valley. *hot air balloons on the weekend.*

Most insurances accepted Please call 707-938-313 appointment.

Becky's office hours:
Monday 2pm-5pm • Tuesday 8:30am - 5pm • Wedne

se habla Español

SONOMA VALLEY HOSPITAL

Medical Imaging
3Tesla MRI

Sonoma Valley Hospital's cutting-edge 3Tesla MRI scan **diagnostic suite.** This advanced technology enhances ou and and patient care, right here at home. There are only a in the entire Bay Area, ensuring top-ranking diagnostics i introduction of the 3T MRI strengthens SVH's affiliation w form many scans previously requiring travel to San Franci care in a local, accessible setting. Breast and prostate scar

Our 3Tesla MRI:

- Allows higher resolution & shorter scan times
- Able to perform breast and prostate scans
- Enables us to conduct non-invasive studies
- Offers a faster, more efficient way to scan multiple the strength of traditional MRIs, it can help detect a new post-processing software assists the radiologi

Patients will experience notable improvements with th

- Larger bore design makes scans less intrusive & mo
- Faster scan times reduce overall procedure length
- Reduced claustrophobia contributes to a superior overall healthcare

MRI appointments available - *often-times within 48 hours* through Friday, 7:30 am to 5:00 pm.

Orders can be sent via fax at 707-935-5207

Contact Carmen Ramos, Patient Access Manager
at 707-935-5021, cramos@sonomavalleyhospital.org
for more information on orders or scheduling.

SONOMA VALLEY HOSPITAL

WOUND CARE
SKIN TEARS

A skin tear is where the epidermal layer of the skin is pe **layer.** This most commonly happens in the older populati adult skin is most vulnerable due to the way the epiderma are interlocked like a zipper.

As the skin ages, several changes take place:

- The epidermal layer thins & flattens resulting in less i
- Less collagen & elastin in older skin means less elasti
- The support structure for your blood vessels is also co of collagen & elastin in the skin.
- This causes capillary beds to rupture more easily res (senile purpura) & bruising.
- Senile purpura in the skin creates even more separa susceptibility to skin tears.

The most advanced way to prevent skin tears is also amo

- Wearing garments that protect & cushion the arms
- Wearing long sleeves, long pants, or products such a skin tears.
- Avoid harsh soap and frequent bathing which can re leading to dry skin.
- Switching to gentle cleansers such as baby shampo legs DAILY to aid in keeping the skin moist and supp
- If you are a frequent showerer, do not use soap with drying out.

The bottom line is to keep your skin moisturized and protecte

References: Acute & Chronic wounds current management concepts fifth edition, Elsevier

SONOMA VALLEY HOSPITAL | MAY 2024

Pharmacy Newsletter

Ambulatory Care Prescribing Cascades

Pharmacotherapy

A prescribing cascade involves a medication that is used to treat an adverse event caused by an index medication. Investigators reviewed published observational studies (N=88) pertaining to 94 potential prescribing cascades relevant to the ambulatory setting. The 94 prescribing cascades consisted of 30 adverse drug reaction types (e.g., constipation, edema) affecting ten body systems (e.g., nervous system). The prescribing cascades were evaluated based on observational study evidence, U.S. Food and Drug Administration (FDA)-approved product labeling, and mechanism of action of the medication. Evidence was strong, moderate, fair, and poor for 18 (19.1%), 61 (64.9%), 13 (13.8%), and 2 (2.1%) of reported prescribing cascades, respectively. The most commonly reported adverse drug events were nausea/dyspepsia/pep ulcer, lower urinary tract symptoms, dizziness, and depression. The prescribing c associated with the greatest number of high-quality studies were effect → cascade medication):

- Calcium channel blockers → edema →
- Gastroprokinetic/antipsychotics → extra (N=9)
- Cholinesterase inhibitors → urinary incont

Product labeling approved by the FDA did mentio eight prescribing cascades not mentioned in produc medications as listed below:

- Warfarin → osteoporosis
- Oral anticoagulants → constipation
- Varenicline → neuropsychiatric symptoms (sleep
- Vitamin K antagonists → depression

Refer to the original publication for a list of all 94 prescribin evidence. Some prescribing cascades are appropriate (e.g., u amiodarone-induced hypothyroidism). For inappropriate cas which may reduce adverse drug events, improve medication a savings.

– Page 1 of 7 –


Healing Here At Home
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AN AFFILIATE OF UCSF HEALTH

COMMUNITY OUTREACH & MARKETING: APRIL – JUNE 2024

APRIL NEWSLETTER Celebrating Age-Friendly Care at Sonoma Valley Hospital | Sonoma Valley Hospital

Age-Friendly Month: Highlighting SVH Age Friendly Health System with Becky Spear.

Age-Friendly Health Systems
Committed to Care Excellence

MAY NEWSLETTER Mental Health Awareness Month | Sonoma Valley Hospital

Mental Health Awareness Month: Support each other and reinforce our community's health and well-being.

JUNE NEWSLETTER Men's Health Month | Sonoma Valley Hospital

Men's Health Month: Bring awareness to men's health and encourage men to prioritize their well-being through prevention, early detection, and healthy lifestyle choices, Expert Q & A Dr. Peter Carroll.

Lown Institute Recognition

- Press Release: Sonoma Valley Hospital named among nation's most socially responsible | Sonoma Valley Hospital
- Sonoma Index Tribune article: Sonoma Valley hospital recognized for social responsibility - The Sonoma Index-Tribune (sonomanews.com)

APRIL - JUNE BY THE NUMBERS:

NEWSLETTERS
~9,000 subscribers
Average 8.5/10 score

Napa Valley Register
Digital reach: 77,895 impression
Print circulation: 3,000 subscriptions
Increase Lab volumes: 391 Mar - Apr


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FIRST QUARTER SUMMARY: JULY – SEPTEMBER 2024






- Emergency Department News Articles
- Spotlight Nonprofit at Farmer's Market
- Cancer Support Sonoma Wig Out Sponsor
- Healing Here at Home Ad Campaign
- 3T MRI Opening & Ad Campaign
- Focus on our Age-Friendly Health System
- Sonoma Valley People's Choice Sponsors
- Back-to-School Health Fair
- Active Aging at Vintage House
- Golden Harvest Senior Wellness & Resource Faire at Community Center
- Monthly Expert Talks on KSVY with Wound Care Expert Joe Cornett
- CA Senator Bill Dobb's Commendation

1st QUARTER BY THE NUMBERS:

SVH Services Volume:

MRI: up 105/mo • ER: up 35% • Wound Care: up 18 visits/wk

Golden Harvest:
31 community partners
100 attendees

Active Aging:
175 attendees
over 4 sessions

Back to School Health Fair:
70 backpacks donated
12 SVH volunteers

COMMUNITY OUTREACH & MARKETING: JULY – SEPTEMBER 2024

JULY NEWSLETTER Summer Safety Month | Sonoma Valley Hospital

A Focus on Summer Safety and Celebrating 10 years of the ER: Over the past decade, this vital facility has been a lifeline for *over 100,000 patients*, providing critical care and support to our community:
- A Look Back: The Opening of the New Wing
- Summer Safety Tips with Dr. Cusick
- SVH is spotlight nonprofit at Sonoma Valley Farmer's Market

JULY
- article in Sonoma Sun: What's new in the Emergency Department at Sonoma Valley Hospital – Sonoma Sun | Sonoma, CA
- Healing Here at Home campaign: digital advertising on Press Democrat, PD Napa edition, Sonoma Index Tribune, and geo-targeted digital 101 corridor

AUGUST NEWSLETTER Back to School Month | Sonoma Valley Hospital

Back to School Edition: Back to School Health Fair, Lown Institute, MRI opens. Highlights:
- backpack drive and back to school health fair
- Importance of immunizations
- MRI starts scans on August 6
- Dr. Walter starts seeing patients

AUGUST
- Press release for MRI opening Sonoma Valley Hospital Unveils State-of-The-Art 3 Tesla MRI, Elevating Diagnostic Capabilities | Sonoma Valley Hospital
- MRI campaign: digital advertising on Press Democrat, PD Napa edition, Sonoma Index Tribune, and geo-targeted digital 101 corridor and ~90-mile radius around Sonoma Valley

SEPTEMBER NEWSLETTER Healthy Aging Month | Sonoma Valley Hospital

Healthy Aging Month - What Matters, Mentation, Mobility, Medication: Healthy Aging Month encourages everyone to take personal responsibility for their health across all aspects of life—physical, social, mental, and financial:
- Focus on our Age-Friendly Health System
- Expert Insight: Staying Healthy with Becky Spear
- Active Aging: 9/6, 9/13, 9/20, 9/27 at Vintage House
- Golden Harvest Senior Wellness & Resource Faire: 9/28 at Community Center

SEPTEMBER
- article in SIT on Golden Harvest: Community partners organize senior wellness event - The Sonoma Index-Tribune (sonomanews.com)
- MRI campaign continues
- implement monthly Expert Talks on KSVY local radio station; Wound Care expert Joe Cornett 9/11
- CA Senator Bill Dobb gives SVH commendation for good work Senator Bill Dodd Commends Sonoma Valley Hospital and Sonoma Valley Hospital Foundation for Outstanding Service to the Community | Sonoma Valley Hospital


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Revision Date: 08/25/22

Tactic Completed	Tactics under way now	Tactics to begin in the next 12 months	Tactics in conceptual form

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	24/7 availability of neuro consult for stroke cases in ED	2019	2019	complete	7/19
			Infectious Disease coverage for hospital	Specialty coverage for ED and inpatient units			complete	7/19
			Intensivist Coverage of ICU	Expanded medical team would increase the types of cases that could be treated at SVH.	2022	2024	Project on hold with transition of CMO.	9/24
	1.2	Beta Site for Capacity Management (transfer) Center	Integration of SVH into the UCSF capacity management system	The integration will improve both site's ability to place patients in the right setting for their needs. Impact to SVH increased transfers both in and out as needed.	Summer 2023	2024	System live. UCSF continues working on processes. SVH participation pending.	12/23
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	Provision of service currently unavailable in Sonoma and highly in demand.	2021	in process	Candidate identified and has signed LOC. Intent is to be on site in early 2025	9/24
			Joint recruitment of orthopedic surgeon based in Sonoma	Orthopedics is in strong demand in Sonoma. Planning to insure availablity over coming years.		2023	Dr Walter started 6/24/24. Second recruit on hold until Dr Walter assimilates.	6/24
			Engagement of UCSF faculty in growth or under represented service lines	Engagement can increase the types of care available in Sonoma and increase connectivity with programs at UCSF.	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. Finalizing funding. Delayed due to competing priorities	6/24
	2.2	Expansion of Clinically Integrated Network	Opportunity to contractually link Sonoma providers to UCSF network improving network access, quality oversight, and financial stability for practices	Helps insure stability of practices in Sonoma and improved access to broader network.		2025	Program being redesigned. No ETA.	12/22
	2.3	UCSF Cancer Care	Explore opportunity to introduce UCSF cancer care in Sonoma	Provision of service currently unavailable in Sonoma and highly in demand.	2023		No capacity from UCSF cancer team at this time. Pursuing infusion center independently	9/24
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 operating rooms			EPIC installation has removed key barrier. Improvement to interfaces underway. First target, **Dr Carroll** (urologist) failed to launch. Seeking other candidates.	9/24
	3.2	Explore collaborative opportunites 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	2024	While this process remains in formation stage within UCSF, the new MRI in Sonoma has seen no referrals. Referral team at UCSF reports being unable to build interest by patients.	9/24
	3.4	Development of Post Acute program	Objective is to insure adequate postacute care is abvailable in Sonoma	Meeting market demand and insuring Sonoma has the right setting for care. Activation of dormant space at SVH.		2024	Reviewing possible partnership to expand SNF capacity	6/24
	3.6	Market the affiliation	Promote the affilation and successes within the Sonoma community	Increase interest and loyalty to both organizations	2024	on going	NPR ad campaign underway	6/24
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	Installation of EPIC will improve connectivity between UCSF and SVH.	January 2022	Dec '22	Complete	12/22
			Optimize EPIC data transfer between instances	Maximizing data integration between SVH Epic and UCSF Epic will optimize utilization by clinicians and patients	Summer 2023	2025	Interfaces complete. Exploring how to further data integration between UCSF and SVH instances of Epic	2/24
	4.2	Integration of IT management	Contract executed between UCSF and SVH for the provision of management services to SVH		2022	2022	Complete	1/22
5 Share Resources/Reduce Costs - by collaborating, can the two organizations save money?	5.1	Integration of coordination of care w UCSF and/or Marin Health						
	5.2	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	On hold due to competing priorties within both organizations	4/24
Parking Lot		Exploration of ways to integrate purchase of goods and services		Cooperating with UCSF on purchasing could yield signicant 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. Exploring possibility of UCSF providing insurance contracting services.	4/24

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
HEALING HERE AT HOME

To: SVHCD Board of Directors
From: John Hennelly
Date: 11.7.24
Subject: CEO Report

Strategic Plan

As related to our new **strategic plan**, our efforts in FY25 will focus on:

- *Campus Realignment*: discussions with UCSF regarding how they might participate, business plan development on SNF, Sub Acute, Memory Care service lines; working to engage a firm to assist with the development of a master facility plan.
- *Community Care*: market sizing for various community opportunities, urgent care, diagnostic center, specialty clinics, PT/OT
- *Sustainability*: business plan development on GI, cardiology, orthopedics, and UCSF clinical services
- *Seismic*: continued research on possible options. The hospital has engaged HED to assist in the assessment.

We are excited that the hospital was again recognized by the Lown Institute for its performance across various facets of outcomes, value and equity. The hospital ranked **2nd in the state** out of 258 and ranked **10th nationally** out of 2758 acute care hospitals.

Sonoma Valley Health Care District - Lown Institute Hospital Index (lownhospitalsindex.org)

Operations

The hospital closed the first quarter of FY25 strong. For a third month in a row, volumes met or exceeded budget in almost all areas. Continuing the trend, ER, imaging, and physical therapy led the way. Surgical volumes just met budget as Dr Kidd's activity dropped in preparation for her October departure. In concert with strong expense management, the hospital exceeded all performance targets. Operating Margin again exceeded budget in September by 13%. For the quarter, performance exceeded budget by 39% ($1.8m). EBDA exceeded budget by 31% coming in at ($356k) and Net Income at ($362k) on a budget of ($503k). For the quarter, the hospital's Net Income was ($352k) or roughly a $125k loss per month on a budget of $500k loss per month.

The new 3-tesla MRI is open and seeing patients for a third month. All training is complete, and the system is available for all services. Volumes have ramped up and are approaching targets. August saw 182 scans on a budget of 196 and September saw 182 on a budget of 184. October's volumes will exceed the budget of 214.

Dr Chris Walter continues to grow his practice. Volumes in all related areas are growing as his clinic expands.

Our Chief Medical Officer recruitment continues. The team has reviewed two slates of candidates and is working to identify qualified matches. Once qualified candidates are identified, an internal search committee comprised of medical staff members and hospital management will work to select our next CMO.

Capital

The Outpatient Diagnostic Center (ODC) project is 75% complete. The temporary location for the new **MRI** is complete. The permanent MRI location is under renovation. The demolition phase was awarded to GMH to take place through the fall. The project review with HCAI is proceeding.

The **ICU renovation** has been approved by HCAI and awarded to Ridgeview Builders. The contractor is working with the hospital team to schedule the work. We expect construction to begin in the next few weeks. The project is scheduled for completion in early 2025.

The **PT project** construction bid was awarded to Ridgeview Builders at the special Board meeting on 10/25/24. The contractor will begin by ordering the HVAC system. Construction will begin in November and be completed in May 2025 (with the installation of the HVAC system). Fundraising is completed at $2m.

Strategic Planning

The team is developing costing models for the options presented at the Board retreat. Follow up discussion at spring Board meeting.

SVH Performance Score Card

1. Quality and Safety

Objective	Target	AUG. 24	SEP. 24	Trend	Supporting detail
Infection Prevention					
Central Line Blood Stream Infection CLABSI per 10k pt days	<1	0.00	0.00	⇆	
Catheter Associated Urinary Tract Infection- CAUTI per 10k pt days	<1	0.00	0.00	⇆	
CDIFF Infection per 10k pt days	<0.9	0.00	2.00	↑	
Patient Fall per 1000 pt days	<3.75	0.00	0.00	⇆	
Patient fall with injury per 1000 pt days	<3.75	0.00	0.00	⇆	
Surgical Site Infections per 1000 Acute Care Admissions	0.00	0.00	0.00	⇆	
Core Measures					
Sepsis Early Management Bundle % compliant	>81%	100 (N=1)			No patients qualified
Severe Sepsis 3 hour Bundle % compliant	>94%	100 (N=1)			
Severe Sepsis 6 hr Bundle % compliant	100.00	100 (n=1)			No patients qualified
Core OP 23- Head CT within 45 mins % compliant	70.00	100 (N=2)			No patients qualified
Mortality					
Acute Care Mortality Rate %	<15.3	5.70	4.00	↓	Lower is better
ED					
Core OP 18b Median Time ED arrival to ED Departure mins	<132	118 (n=25)	163.00	↑	Lower is better
Core Op 22 ED Left without being seen LWBS	<2%	0.0 (n=0)	0.1 (n=1)	↑	
PSI 90					
PSI 90 Composite Acute Care Admissions	0.00	0.00	0.00	↑	
Preventable Harm					
Preventable Harm Events Rate % of risk events graded Minor-Major	0.00	0.12	0.00	↓	
Readmissions to Acute Care within 30 days %	<15.3	4.17 (n=2)	6.52 (n=3)	↑	Lower is better

2. Employees

Objective	Target	AUG.24	SEPT.24	Trend	Supporting Detail
Turnover	<3%	1.4	1.1	↑	
Workplace Injuries	<20 Per Year	0 (QTR 3)	0 (QTR3)	⇆	

3.Patient Experience

Objective	Target	JULY.24	AUG. 24	Trend	Supporting Detail
Outpatient Ambulatory Services					
Recommend Facility	>90%	93.33 (n=15)	94.4 (n=19)	↑	Top Box Scores. % of patients that ranked us 5/5
Communication	>90%	88.95 (n=15)	98.95 (n=21)	↑	
Discharge Instructions	>95%	95.48 (n=15)	99.12 (n=21)	↑	
HCAHPS					
Recommend the hospital	>90%	52.62 (n=19)	100 (n=4)	↑	Top Box Scores. % of patients that ranked us 5/5
Communication with Nurse	>90%	85.19 (n=18)	91.67 (n=4)	↑	
Communication with Doctor	>90%	83.30 (n=19)	83.33 (n=4)	↑	
Cleanliness of Hospital	>90%	83.33 (n=18)	100 (n=4)	↑	
Communicaiton about medicines	>90%	63.88 (n=10)	100 (n=2)	↑	
Discharge Information	>90%	68.33 (n=10)	87.5	↑	

4. Volume

Objective	Target	AUG. 24	SEPT. 24	Trend	Supporting Detail
Patient Visits					
Emergency Visits	>855	919.0	862.0	↓	
Surgical Volume Outpatient	>140	148.0	135.0	↓	
Surgical Volume Inpatient	>13	12.0	8.0	↓	
Inpatient Discharges	>70	54.0	52.0	↓	

5. Financial

Objective	Target	AUG.24	SEPT.24	Trend	Supporting Detail
Operating EBDA in %	>-4.5%	1.4%	-7.2%	↓	
Days Cash on Hand @ FYE	>30	19.8	17.8	↓	Projecting 33.5 @FYE
Net Operating Revenue ($M) (annualized)	>$62	$ 62.7	$ 62.2	⇆	

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
HEALING HERE AT HOME

Scorecard Definitions for Quality Metrics

Central Line Associated Blood Stream Infection (CLABSI)
Blood stream infection found in a patient with a central line in place and has been >48 hours since admission.

Catheter Associated Urinary Tract Infection (CAUTI)
Urinary tract infection found in a patient who has a catheter in place and has been >48hrs since admission.

CDIFF (Clostridium Difficile)
Clostridium Difficile found from a stool sample in a patient that has been admitted >48hrs

Sepsis Early Management
Obtain Blood Cultures BEFORE antibiotics
Administer Antibiotics
Obtain Lactate Level
Lactate Level repeated (if elevated)

Severe Sepsis 3 hour bundle
All above included plus-
Administer 30ml/kg of crystalloid for hypotension or Lactate >4
Focused MD exam

Severe Sepsis 6 hour bundle (septic shock only)
Lactate greater than 4 or
If persistent hypotension with 1 hour of fluid administration add Vasopressor
Shock reassessment by physician

Mortality
Acute care mortality benchmark is derived from CMS 5-star rating benchmark which is 15.3%.
Our average mortality rate each month is around 2-6%, most of our deaths are expected and are related to palliative care/hospice patients.

PSI 90
Summarizes patient safety across multiple indicators including-
Pressure Ulcers
Falls with Hip Fracture
Perioperative (while in surgery) complications
Postoperative complications

Preventable Harm
Unintended physical injury resulting from or contributed to by medical care (including the absence of indicated medical treatment), that requires additional monitoring, treatment or hospitization, or that results in death.This is a percentage of risk events that have a significance level of minor-major harm.
Derived from the risk events entered into our risk reporting platform.
Examples of risk events are- patient falls, surgical complications, mis-diagnosis, repeat visits, code blue, AMA, transfers to other facilities, documentaiton issues.
Goal is 0. Alarm is set at 5.0 which is the benchmark set by UCSF and chosen by Dr Kidd

Readmissions
Percentage of patients that get readmitted to the hospital within 30 days of discharge.

To: Sonoma Valley Health Care District Board of Directors
From: John Hennelly
Date: November 7, 2024
Re: Approval of extension of Physical Therapy Lease

Fundraising for the expansion of our physical therapy program is complete. The Foundation successfully raised $2 million, far exceeding prior year annual goals in support of this initiative. The hospital will fund the remaining $300k in capital through working capital ($100k) and lease agreements ($200k) covered below. In parallel to the fundraising efforts, we have been negotiating with the landlord to extend our lease. We have a strong, profitable program. Given the community's need for physical therapy and the hospital's focus on orthopedics, expansion of the program is logical. Our current space runs at or near capacity on a daily basis. Over the past 12 months we've squeezed two additional providers into the space as we await the planned expansion, and patients have begun complaining about the noise (of so many people).

What: Approval of new lease to expand the physical therapy program
Where: 19312 Sonoma Highway leased by the hospital since 2011
How: $2m in philanthropic funding to renovate leased space plus $300k in operating capital/TI
When: Winter 2024-25
Outcome:

1. Doubling of patient visits from 13,000/yr to 29,000/yr within 3 years
2. Doubling of patient revenue from $1.6m/yr to $3.6m/yr within 3 years
3. +50% improvement in annual Net Margin within 3 years
4. Cumulative incremental Net Margin of $2.1m over 6 years
5. Estimated payback period of 6 years (based on $2.1m outlay)
6. Space capacity for 20% further growth in out years.

Details:

New lease starts 7/1/24 (retro) for 7 years. (7/24-6/31)

No rent charged for space to be remodeled for 12 months (from 7/1/24 through 6/30/25)

New rate $2.35psf (current $2.24) ~7200sf rented

Annual escalation of SF/Oakland CPI not to exceed 3%

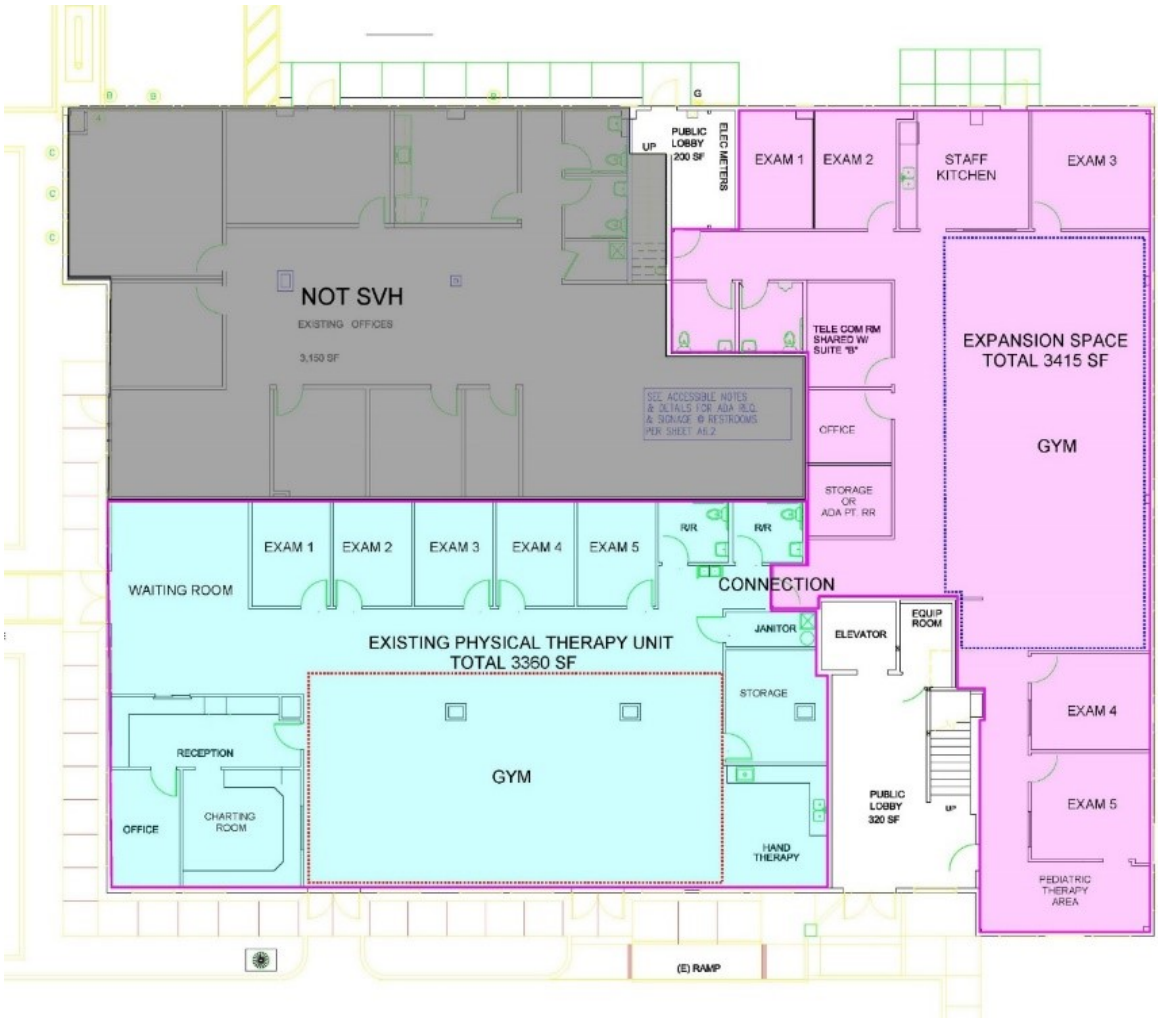
CAM annual escalation not to exceed 6%

Tennant Improvement Allowance of $200k available during first 12 months. $115k is included in the lease agreement and $85k is available with a 3-year payback baked into the lease.

3 renewal options of 4 years each

The hospital has leased the therapy space at 19312 Sonoma Highway since 2011. The current lease, the second and final 5-year renewal, expires in 2026. In late 2022, the Board and the Foundation approved

an initiative to expand the program by adding contiguous space, formerly leased to house the SVH finance department, to the physical therapy department.



Market for leased space:
There are few spaces in Sonoma available to meet this need.

1. https://www.loopnet.com/Listing/18615-Sonoma-Hwy-Sonoma-CA/17323207/
    1. 7000+sf of retail space in similar area to current space.
    2. Needs major improvements and has inadequate parking.
    3. $1.80psf
2. https://www.loopnet.com/Listing/470-1st-St-E-Sonoma-CA/30340785/
    1. Up to 6200sf of space on 2nd floor.
    2. Inadequate parking. Difficult to access.
    3. $1.50psf
3. https://www.loopnet.com/Listing/10-Maple-St-Sonoma-CA/29167133/
    1. ~1500sf per floor 3 floors (5000 total)
    2. Would need complete remodel
    3. $35.76/psf

The hospital requests that the District Board approve the proposed lease, as recommended by the Finance Committee.

Physical Therapy Expansion Project Pro Forma
FY24-FY29

		EXPANSION COMPLETE →					
	CURRENT STATE	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030
Staffing - FTEs							
Physical Therapists	5.40	7.40	9.00	10.00	10.00	10.00	10.00
PTAs	1.00	2.00	3.00	4.00	4.00	4.00	4.00
Total Provider FTEs	**6.40**	**9.40**	**12.00**	**14.00**	**14.00**	**14.00**	**14.00**
Registration Staff	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Total FTEs	**9.40**	**12.40**	**16.00**	**18.00**	**18.00**	**18.00**	**18.00**
% of current staffing	*100%*	*132%*	*170%*	*191%*	*191%*	*191%*	*191%*
Volumes							
Total Patient Visits	**12,929**	**18,137**	**23,693**	**29,133**	**29,442**	**29,849**	**30,362**
YoY Volume Growth		40%	31%	23%	1%	1%	2%
Cumulative Volume Growth		40%	83%	125%	128%	131%	135%
Net Revenue							
Estimated Net Patient Revenue	**$ 1,587,900**	**$ 2,209,100**	**$ 2,919,900**	**$ 3,608,000**	**$ 3,724,900**	**$ 3,854,200**	**$ 3,994,400**
per visit	$ 122.82	$ 121.80	$ 123.24	$ 123.85	$ 126.52	$ 129.12	$ 131.56
Estimated Operating Expenses							
Total Labor (incl. Benefits)	$ 1,096,400	$ 1,634,000	$ 2,116,100	$ 2,538,900	$ 2,612,600	$ 2,688,400	$ 2,766,500
Supply Costs	$ 13,200	$ 18,500	$ 24,200	$ 29,700	$ 30,000	$ 30,400	$ 31,000
Rent Expense	$ 110,958	$ 115,500	$ 261,400	$ 268,300	$ 275,000	$ 251,200	$ 258,800
Incremental Depreciation	$ -	$ 76,700	$ 153,300	$ 153,300	$ 153,300	$ 153,300	$ 153,300
Estimated Operating Expenses	**$ 1,220,558**	**$ 1,844,700**	**$ 2,555,000**	**$ 2,990,200**	**$ 3,070,900**	**$ 3,123,300**	**$ 3,209,600**
Estimated Net Margin	**$ 367,342**	**$ 364,400**	**$ 364,900**	**$ 617,800**	**$ 654,000**	**$ 730,900**	**$ 784,800**
Incremental Net Margin (Expansion Project vs. Status Quo)							
Status Quo (Do Nothing)	$ 367,342	$ 382,100	$ 390,900	$ 344,500	$ 345,000	$ 345,300	$ 345,400
Expansion (excl Depr)	$ 367,342	$ 441,100	$ 518,200	$ 771,100	$ 807,300	$ 884,200	$ 938,100
Incremental Net Margin	**$ -**	**$ 59,000**	**$ 127,300**	**$ 426,600**	**$ 462,300**	**$ 538,900**	**$ 592,700**
Working Capital / Cash Flow Analysis							
Project Cost / Capital Outlay		$ (2,100,000)	$ -	$ -	$ -	$ -	$ -
Incremental Margin (excl. Depr)		$ 59,000	$ 127,300	$ 426,600	$ 462,300	$ 538,900	$ 592,700
Net Working Capital		**$ (2,041,000)**	**$ 127,300**	**$ 426,600**	**$ 462,300**	**$ 538,900**	**$ 592,700**
Cumulative Net Working Capital		**$ (2,041,000)**	**$ (1,913,700)**	**$ (1,487,100)**	**$ (1,024,800)**	**$ (485,900)**	**$ 106,800**

Based on construction timeline and volume assumptions, we expect the payback period on this project to be right around 6 years which will result in positive cumulative net working capital by the end of FY 2030.

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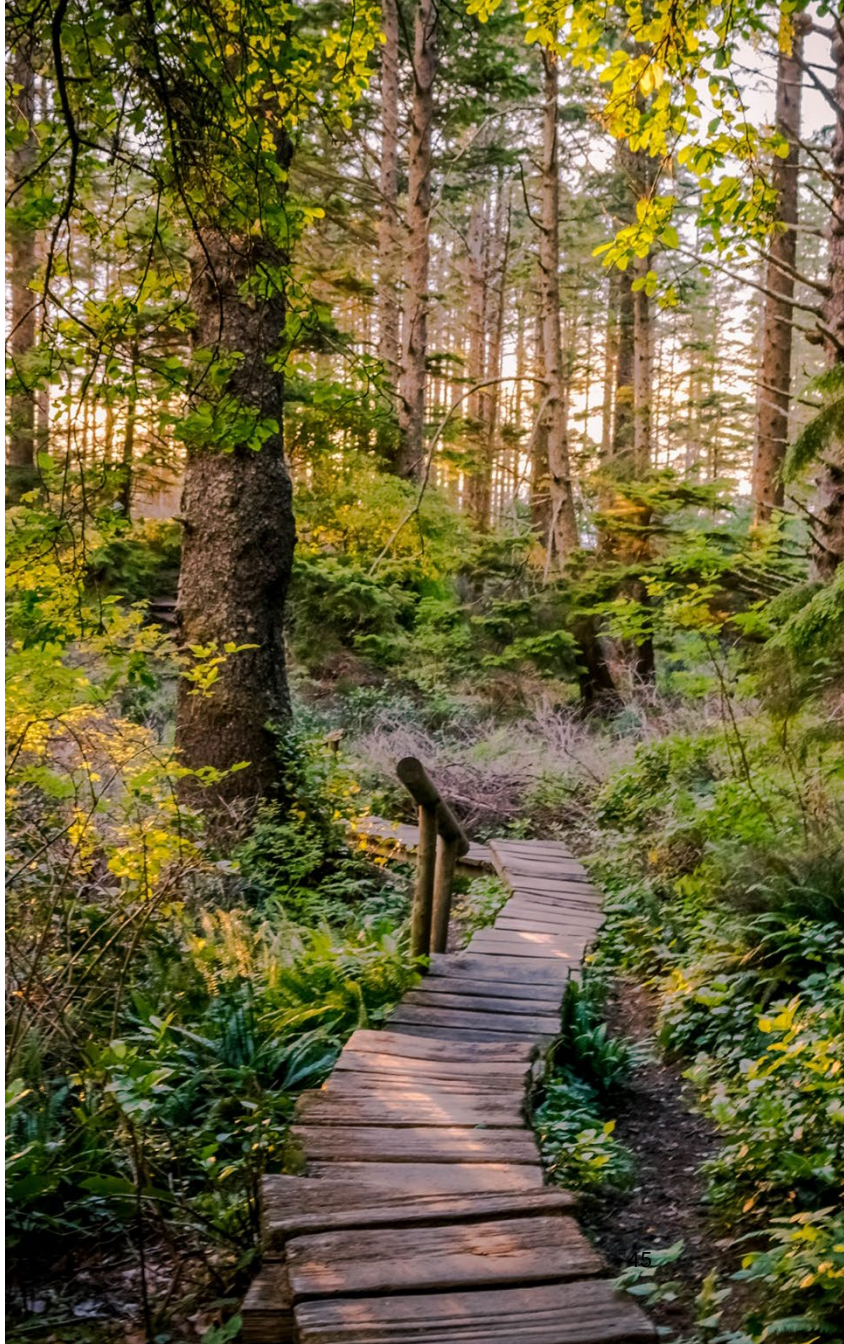
Sonoma Valley Health Care District

2024 AUDIT RESULTS

Agenda

1. Scope of Services
2. Auditor Opinion and Report
3. Significant Risks Identified
4. Matters to Be Communicated to the Governing Body
5. Statements of Net Position
6. Operations
7. Other Information



Scope of Services

We have performed the following services for Sonoma Valley Health Care District:

Annual Audits

- Annual financial statement audit as of and for the year ended June 30, 2024.

Non-Attest Services

- Assisted in drafting the financial statements and related footnotes as of and for the year ended June 30, 2024.

Auditor Report on the Financial Statements

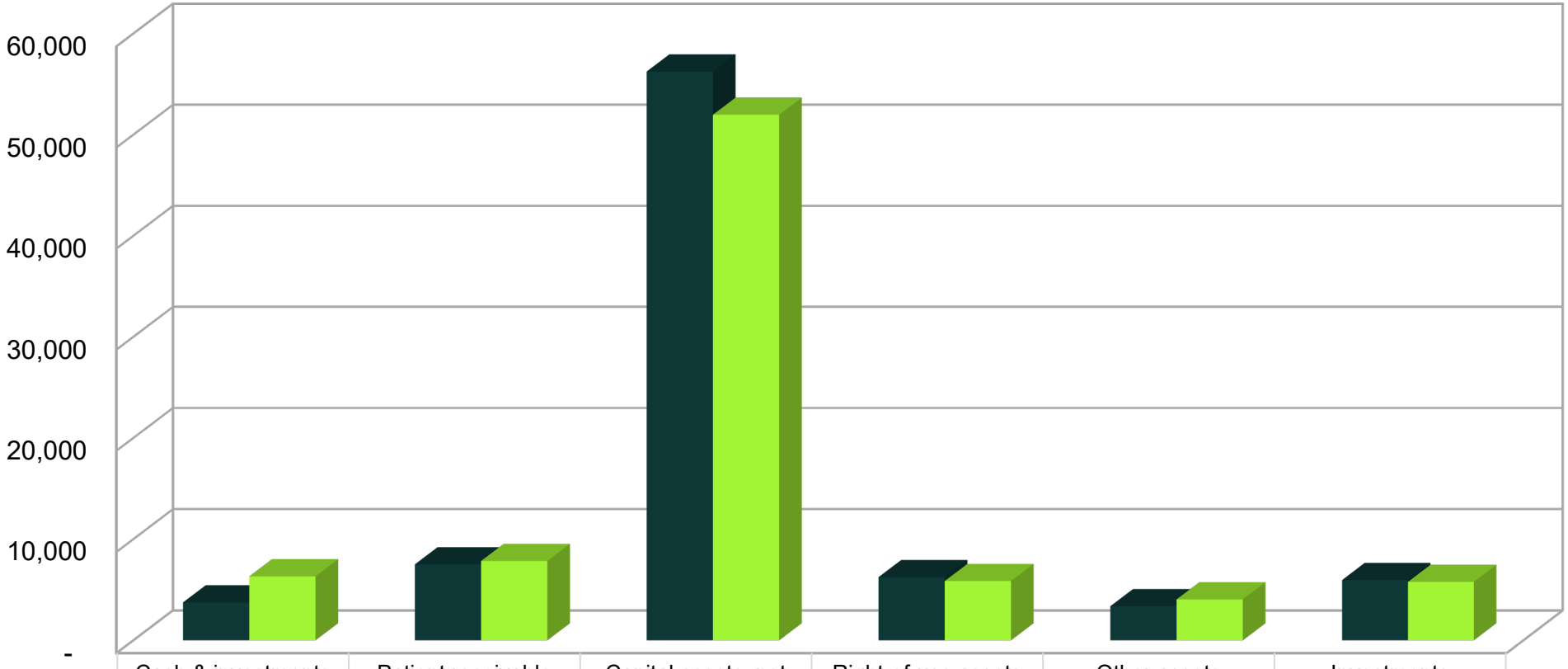
Significant Risks Identified

During the audit, we identified the following:

Significant Risks	Procedures
Valuation of patient accounts receivable	- Tie out of reserving schedules - Zero Balance Accounts (“ZBA”) analysis - Lookback analysis & subsequent collections analysis
Revenue recognition	- Hospital patient revenue analysis & cut-off analysis - Journal entry testing focusing on revenue reversals - Contribution revenue cut-off testing
Management override of controls	- Inquiries of accounting and operational personnel - Perform risk assessment procedure - Test of design and operational effectiveness of financial reporting controls - Testing of risk-based manual journal entry selections

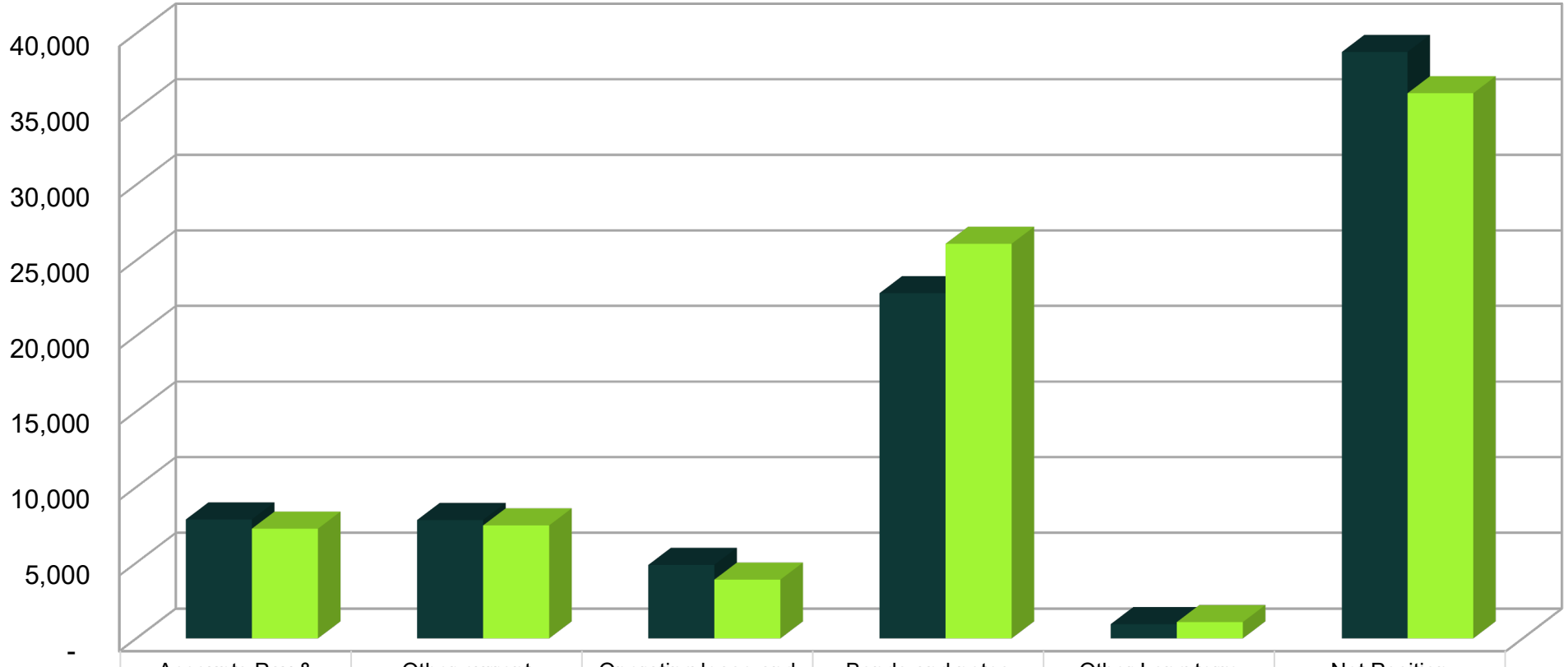
Statements of Net Position

Assets (in thousands)



	Cash & investments	Patient receivable	Capital assets, net	Right-of-use assets and subscription assets	Other assets	Investments restricted for debt service
2024	3,749	7,506	56,250	6,244	3,374	5,957
2023	6,323	7,843	51,970	5,861	4,045	5,774

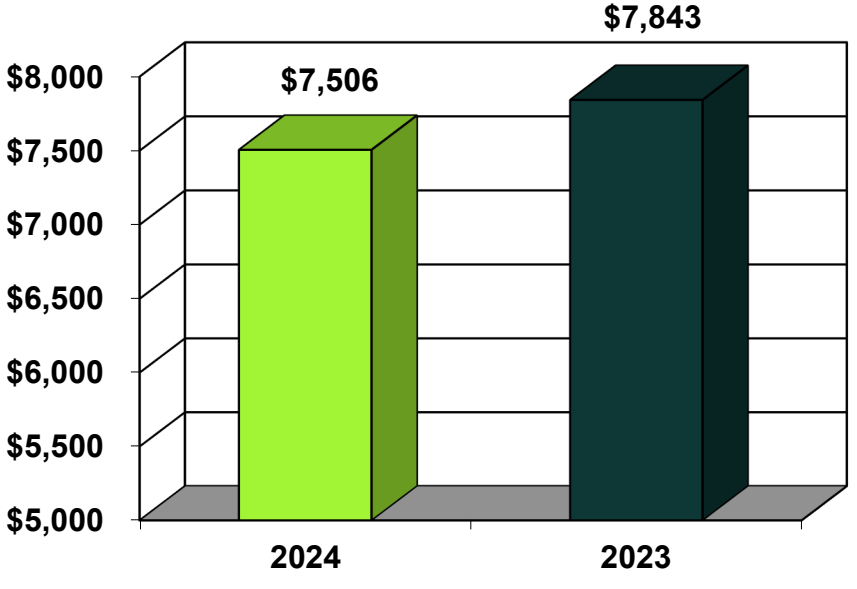
Liabilities and Net Position (in thousands)



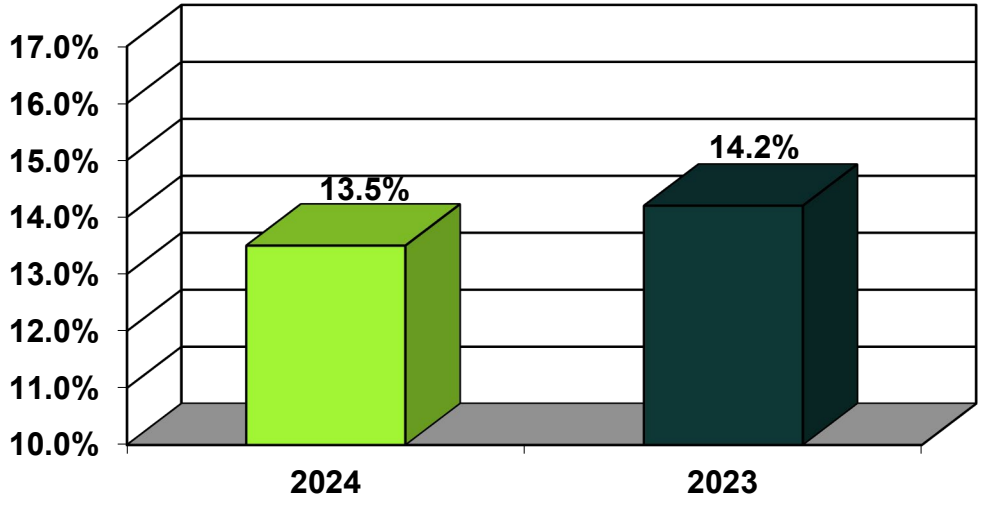
	Accounts Pay & Accrued Liabilities	Other current liabilities	Operating lease and subscription liabilities	Bonds and notes payable	Other Long term Liabilities	Net Position
2024	7,859	7,822	4,856	22,820	945	38,778
2023	7,250	7,467	3,883	26,089	1,079	36,048

Net Patient Service Accounts Receivable

Dollars (in thousands)



% Net Revenues



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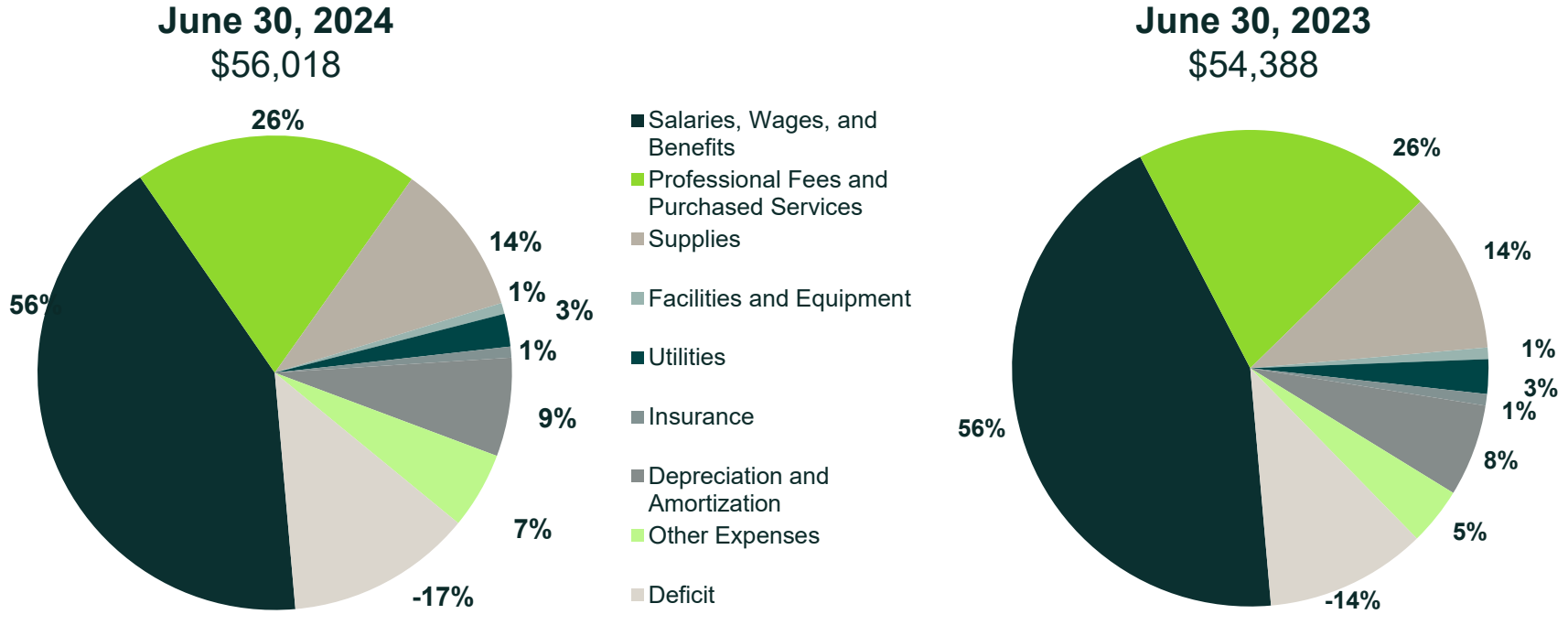
Operations

Income Statements Year to Year Comparison

Total Operating Revenue (in thousands)



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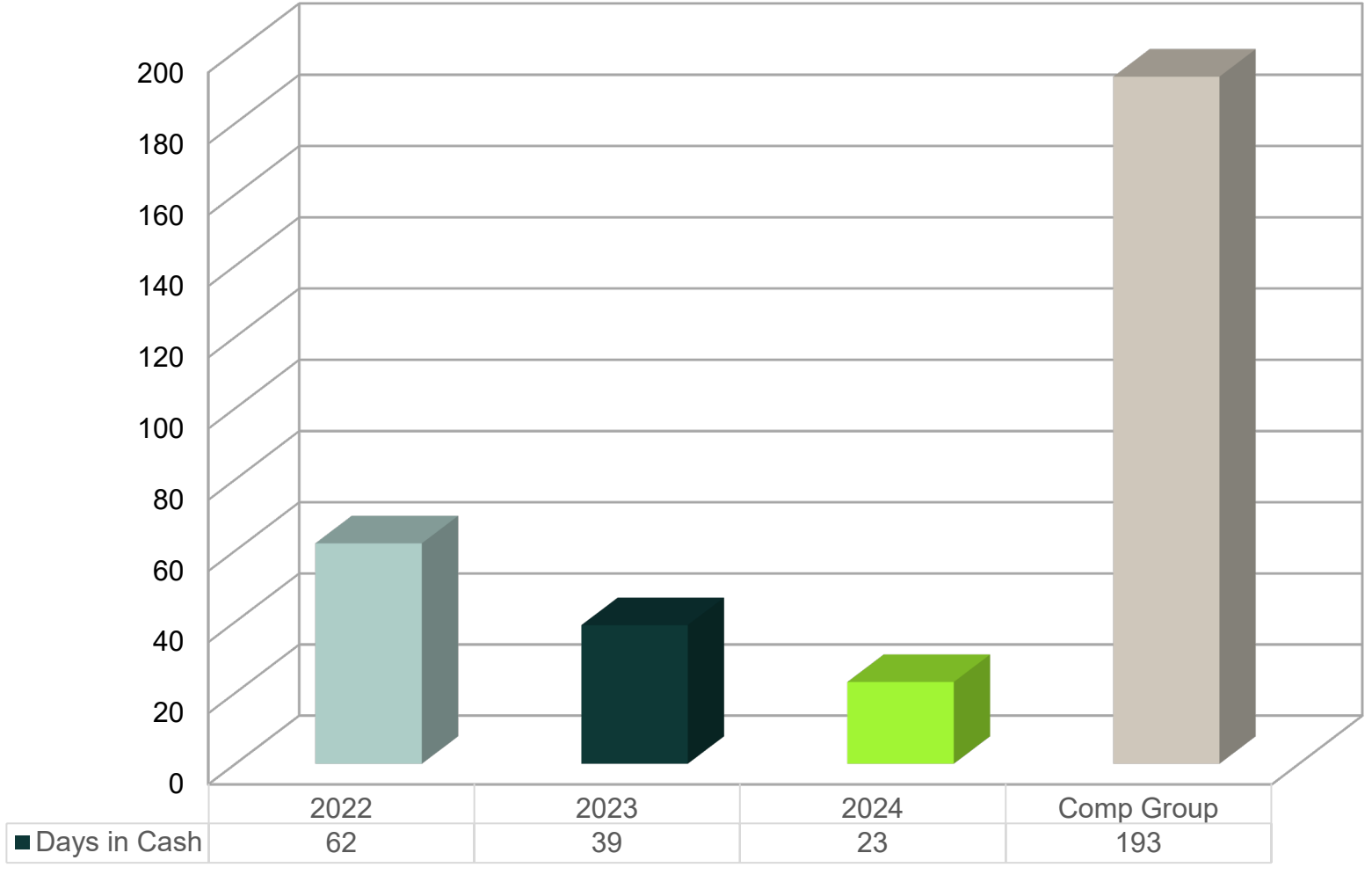
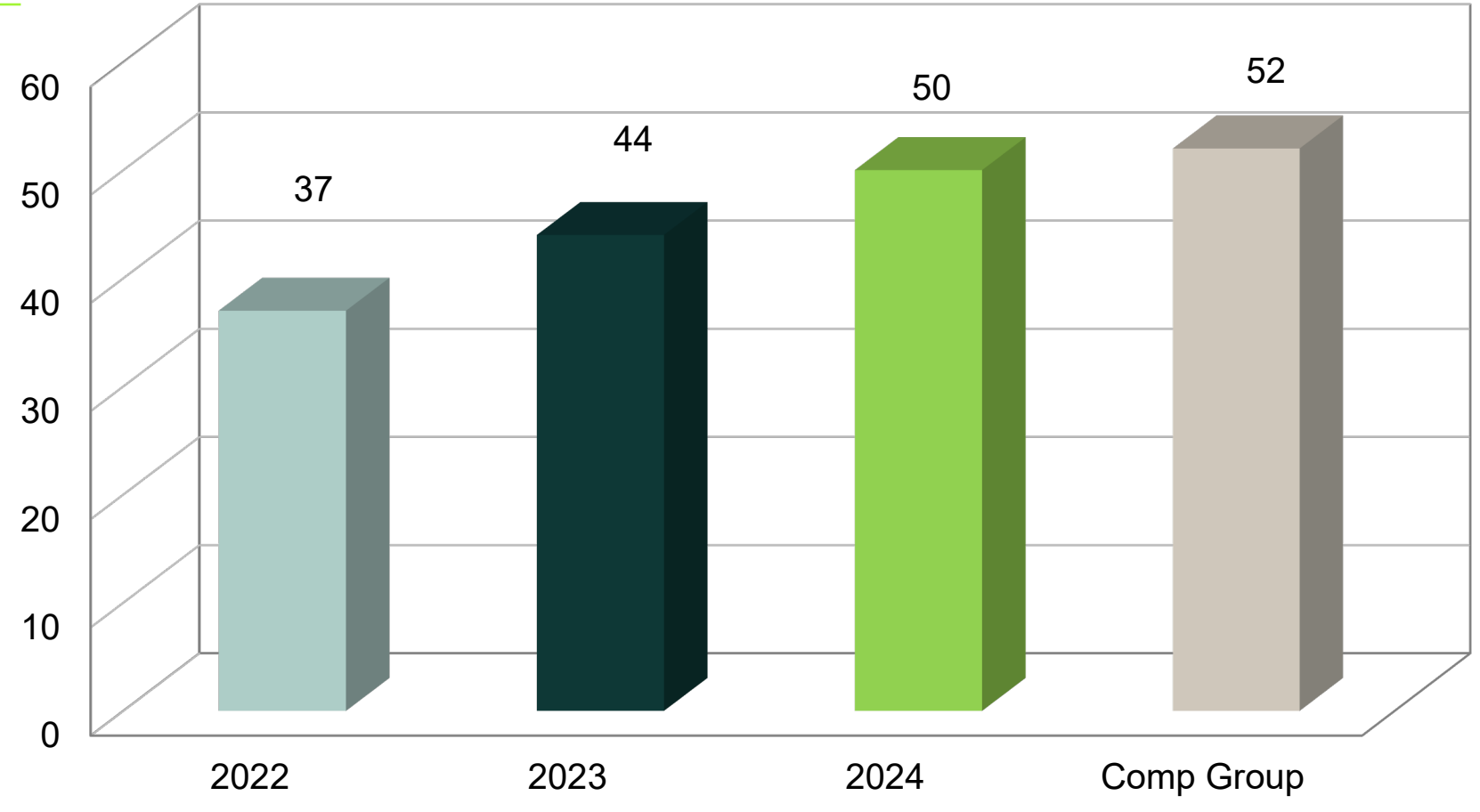
Other information

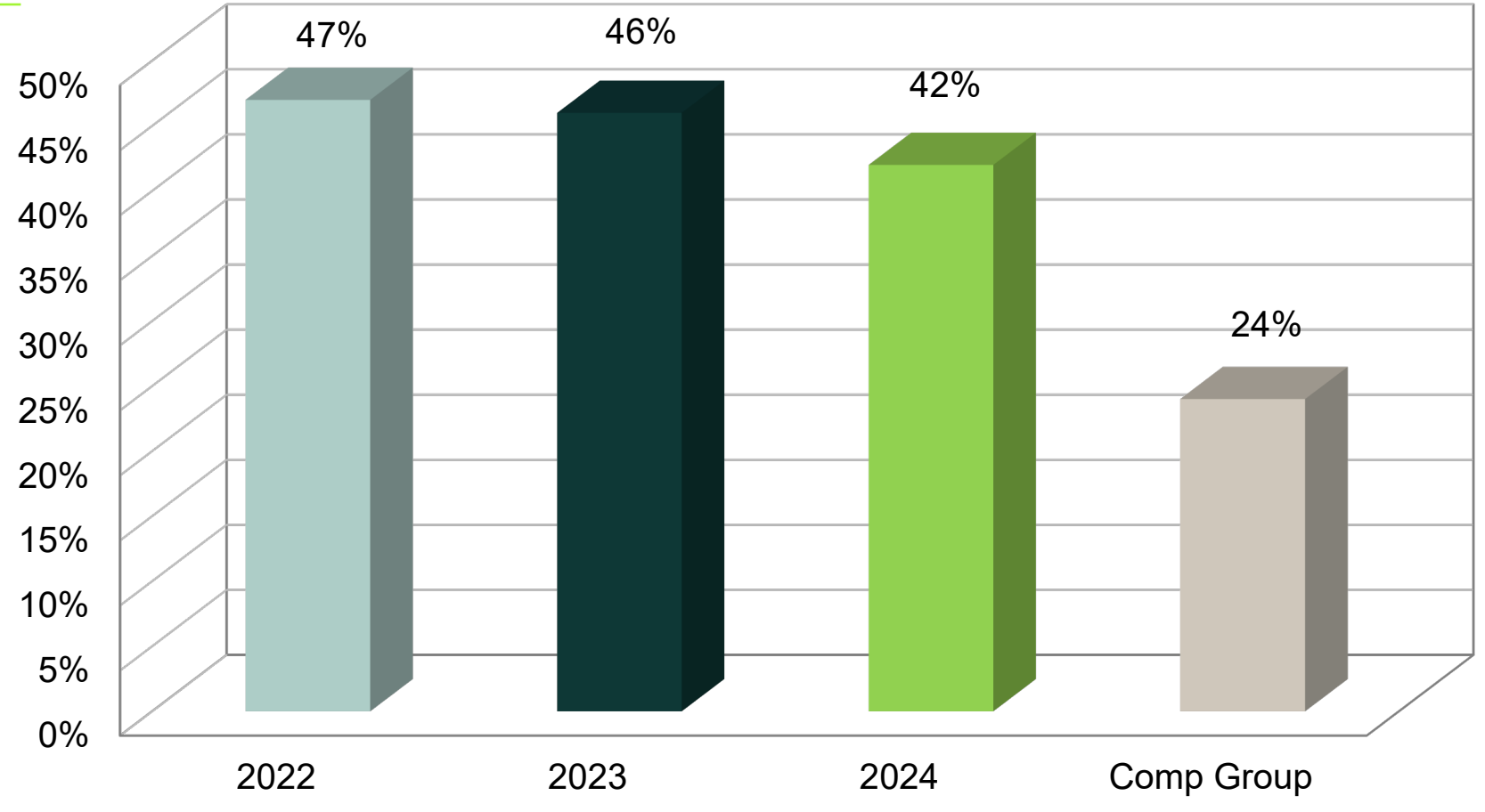
Days in Unrestricted Cash and Investments



Days in Net Accounts Receivable



Debt to Capitalization



Important Board Communications

- AU-C Section 260 – *The Auditor's Communication with Those Charged with Governance*
- Significant accounting policies
- Accounting estimates are reasonable
- No audit adjustments
- No issues discussed prior to our retention as auditors
- No disagreements with management
- No awareness of instances of fraud or noncompliance with laws and regulations

GASB Accounting Updates

- GASB Statement No. 101, Compensated Absences. Effective for the District beginning July 1, 2024.

Your Service Team

Chris Pritchard, CPA
Relationship Partner

Chris.Pritchard@
mossadams.com
(415) 677-8262

Joelle Pulver, CPA
Concurring Review Partner

Joelle.Pulver@
mossadams.com
(415) 677-8291

Katherine Djiauw
CPA
Engagement Reviewer

Katherine.Djiauw@
mossadams.com
(415) 677-8294

THANK YOU

Communications with Those
Charged with Governance

Sonoma Valley Health Care District

June 30, 2024 and 2023

Communications with Those Charged with Governance

The Board of Directors
Sonoma Valley Health Care District

We have audited the financial statements of Sonoma Valley Health Care District (the District) as of and for the year ended June 30, 2024, and have issued our report thereon dated _____, 2024. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated May 10, 2024, we are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), and the California Code of Regulations, Title 2 Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. As part of an audit conducted in accordance with the standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we considered the District's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statements audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated May 10, 2024.

Significant Audit Findings and issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. During the year ended June 30, 2024, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. No other new accounting policies were adopted and there were no changes in the application of existing policies during the year. We noted no transactions entered into by the District during the year for, which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. We evaluated the key factors and assumptions used to develop the estimated net realizable amounts. We found management's basis to be reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the provision for uncollectible accounts is recognized based on management's estimate of amounts that ultimately may be uncollectible. Sonoma Valley Hospital provides care to patients without requiring collateral or other security. Patient charges not covered by a third-party payor are billed directly to the patient if it is determined that the patient has the ability to pay. We evaluated the key factors and assumptions used to develop the provision for uncollectible accounts. We found management's basis to be reasonable in relation to the financial statements taken as a whole.
- Management's estimated liability for workers' compensation claims is recognized based on management's estimate of historical claims experience and known activity subsequent to year end. We evaluated the key factors and assumptions used to develop the actuarial estimates of uninsured losses for professional liabilities and workers' compensation. We found management's basis to be reasonable in relation to the financial statements taken as a whole.
- Management's estimates of useful lives of capital assets are based on the intended use and are within accounting principles generally accepted in the United States of America. We found management's basis to be reasonable in relation to the financial statements taken as a whole.

- Management's estimates of the discount rate, useful lives, lease terms related to the District's operating lease right-of-use assets and lease liabilities. We have gained an understanding of management's key factors and assumptions and examined the documentation supporting the estimates. We found management's basis to be reasonable in relation to the District's financial statements taken as a whole.
- Management's estimates of the discount rate, subscription terms, and other assumptions related to the District's subscription assets and subscription liabilities. We have gained an understanding of management's key factors and assumptions and examined the documentation supporting the estimates. We found management's basis to be reasonable in relation to the District's financial statements taken as a whole.

Actual results could differ from these estimates. In accordance with accounting principles generally accepted in the Unites States of America, any change in these estimates is reflected in the financial statements in the year of change.

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were disclosures relating to significant concentration of net patient service revenue, capital assets, bonds and notes payable, operating leases, and subscription-based IT arrangements.

Significant Unusual Transactions

We encountered no significant unusual transactions during our audit of the District's financial statements.

Significant Difficulties Encountered in Performing the Audit

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. No significant difficulties were encountered during our audit of the District's financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor's Report

There may be circumstances in, which we would consider it necessary to include additional information in the auditor's report in accordance with auditing standards generally accepted in the United States of America (GAAS) and the California Code of Regulations, Title 2 Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. There were no circumstances that affected the form and content of the auditor's report.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no uncorrected financial statement misstatements whose effects, as determined by management, are material, either individually or in the aggregate, to the financial statements taken as a whole.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated _____, 2024.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified.

This information is intended solely for the use of the Board of Directors and management of the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

San Francisco, California
_____, 2024

Report of Independent Auditors and
Financial Statements with
Supplementary Information

Sonoma Valley Health Care District

June 30, 2024 and 2023

Table of Contents

Management's Discussion and Analysis

Sonoma Valley Health Care District
Management's Discussion and Analysis
Years Ended June 30, 2024, 2023, and 2022

Introduction

This management's discussion and analysis of the financial performance of Sonoma Valley Health Care District (the District), provides an overview of the District's financial activities for the years ended June 30, 2024 and 2023. The District operates Sonoma Valley Hospital (the Hospital) located in Sonoma, California. Management's discussion and analysis should be read in conjunction with the accompanying financial statements and notes to financial statements of the District.

Financial highlights

- The District's Net Position before restricted funds decreased by approximately $2,790,000 in 2024 and $1,870,000 in 2023. After consideration of restricted funds the District's net position increased in 2024 by approximately $2,730,000 or 8%, and increased in 2023 by approximately $1,068,000 or 3%. After consideration of depreciation, the District generated a positive EBDA (Earnings Before Depreciation and Amortization) Excluding Restricted Funds of approximately $2,480,000 in 2024 compared to approximately $2,680,000 in 2023.

- Cash and cash equivalents decreased in 2024 by approximately $2,574,000 or 41% and decreased in 2023 by approximately $3,016,000 or 32%. The decrease in 2024 was primarily due to the loss of the hospital's busiest surgeon during the year, repayments of two zero-interest bridge loans from CHFFA totaling over $700,000, as well as incremental cash outlay to complete the hospital's new electronic medical record (EMR). The decrease in 2023 was primarily driven by an increase in operating expenses and incremental cash outlays to fund the implementation of the hospital's EMR. The District also made a separate paydown on its existing line of credit in the amount of $500,000 during 2023.

- Net patient accounts receivable decreased in 2024 by approximately $337,000 or 4% and increased in 2023 by approximately $2,547,000 or 48%. The decrease in 2024 is attributable to increased volumes offset by increased write offs compared to the prior year. The increase in 2023 is attributable primarily to the District's conversion to a new Electronic Medical Record system.

- Operating expenses increased by approximately $2,640,000, or 4%, from 2023 to 2024. The increase in operating expenses primarily relates to an increase in Intergovernmental Transfer (IGT) matching fees of approximately $826,000, or 36%, as well as increases in both salary and wages and professional fee expenses due to the filling of open positions and annual merit increases.

- Operating revenues increased by $1,629,000 or 3% in 2024 compared to 2023. The increase in 2024 is due to an increase in IGT revenue compared to the prior year and continued growth in key outpatient areas such as emergency medicine and outpatient physical therapy.

Operational Changes and Future Plans

Fiscal year 2024 was a year of transition for the hospital and one that was marked by both challenges and opportunities. As the hospital continues to regain and surpass pre-pandemic volume levels, there was notable growth in some key service areas while other key business lines experienced declines. The unexpected loss of our busiest orthopedic surgeon presented significant financial challenges throughout the year, leading to reduced surgical volumes and contributing to an overall decline in the hospital's financial and cash position compared to the prior year. Despite these setbacks, the hospital also experienced positive developments during fiscal year 2024, including growth in key areas that are essential to its long-term success.

Although the direct effects of the COVID-19 pandemic have lessened compared to prior years, the hospital continues to deal with lingering financial implications resulting from the epidemic, with elevated per unit operational costs still putting pressure on the hospital's resources. An ongoing national staffing shortage, amplified by the COVID-19 pandemic, added additional pressures for the hospital in the recruitment and retention of hospital staff. Operational strategies and initiatives were implemented to mitigate these pressures, which helped contain rising operational costs as much as possible.

Part of the operational disruption in 2024 was related to the loss of an orthopedist, who was the hospital's most active surgeon. This orthopedist also staffed the orthopedics clinic, which is managed by Marin Health and operated out of the hospital. This loss drove a reduction in surgical and ancillary revenue as the hospital experienced a sharp drop in orthopedic surgeries and imaging volumes related to those cases. Therapy remained busy despite the loss of referral source. The District was successful in the recruitment of a local orthopedist which will backfill the recent departure. The orthopedics clinic restarted in June 2024 and the new orthopedic recruit started performing surgeries at the hospital in August 2024.

Work continues on the hospital's expansive Outpatient Diagnostic Center (ODC) project which seeks to revamp outpatient ancillary services at the hospital. While the 1st phase of the CT project was completed and operationalized during fiscal year 2023, construction work continues on the 2nd phase of the CT project, which is focused on the repurposing of the vacated space in the Radiology Department along with a few remaining required improvements. This work is anticipated to be completed during fiscal year 2025. Work also continues on the MRI project, which is the 2nd phase of the Outpatient Diagnostic Center project. The scope for fiscal year 2025 includes construction of the permanent MRI module slated to house the new MRI in its final destination. The project is estimated to be completed during fiscal year 2025. The hospital was successful in operationalizing a temporary MRI structure that allows the hospital to gain occupancy of the new 3-Tesla MRI prior to the completion of the permanent module. While initially planned to receive occupancy by the end of calendar year 2023, numerous external factors pushed that timeline to the summer. The hospital officially gained occupancy of the temporary structure in August 2024.

Earlier in fiscal year 2024 the District's Board of Directors approved hospital management to enter into a formal agreement to receive $3.1 million in funding as part of the Distressed Hospital Loan Program (DHLP). This funding was used to paydown existing liabilities that were tied to variable interest rates. Although the loan was approved in December of 2023, funding was not fully complete until July 2024. This funding will help alleviate the pressures of volatile interest rates and will deliver significant cost savings starting in fiscal year 2025.

The hospital was again recognized by the Lown Institute for the facility's high performance across all spectrums of their survey. The Lown Institute is a non-profit think tank focused on transforming the American healthcare system to make it more equitable, affordable, and effective. The institute is known for its Lown Institute Hospitals Index, which ranks hospitals across the United States based on metrics such as social responsibility, patient outcomes, value of care, and equity, aiming to promote accountability and improvements in healthcare institutions. In 2023 the hospital was ranked in the top 25 of all hospitals surveyed across the country. This past year in 2024 the hospital was recognized as the 10th best hospital in the country based upon their metrics, and the 2nd best hospital in California.

Despite the challenges faced this past year, the hospital demonstrated resilience through various strategic initiatives that helped mitigate the impact of the various disruptions. Positive movement was observed in key service lines, and management remains focused on leveraging these growth areas in fiscal year 2025. The recruitment of an additional orthopedic surgeon, operationalizing the 3T MRI Magnet, and completing construction on the expansion of the hospital's outpatient physical therapy area will enhance operational performance in the years ahead. Furthermore, efforts to increase Intergovernmental Transfer (IGT) funding as well as the renegotiation of specific payor reimbursement contracts have been successful, providing additional financial support to sustain operations and planned improvements. These mitigating actions, along with upcoming investments in technology, facility upgrades, and community outreach, have positioned the hospital for enhanced operational performance in the years ahead. While the challenges of the past year were considerable, the hospital remains focused on its mission to provide high-quality patient care and improve overall financial stability.

Using this Annual Report

The District's financial statements consist of three statements—statement of net position, a statement of revenues, expenses and change in net position, and a statement of cash flows. These statements provide information about the activities of the District, including resources held by the District but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The District is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Statement of Net Position and Statement of Revenues, Expenses, and Change in Net Position

The statements of net position and the statement of revenues, expenses and change in net position report information about the District's resources and its activities. One of the most important questions asked about the District's finances is, "Is the District as a whole, better or worse off as a result of the year's activities?" The statements of net position and the statement of revenues, expenses and change in net position report information about the District's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes thereto. The District's net position – the difference between assets and liabilities – is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the District's patient base and measures of the quality of service it provides to the community, should be considered, as well as local economic factors.

The Statement of Cash Flows

The final required statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to questions such as where did cash come from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

The District's Net Position

The District's net position is the difference between its assets and liabilities reported in the statement of net position. The District's net position increased by approximately $2,730,000, or 8% in 2024 from 2023, and increased by approximately $1,068,000, or 3% in 2023 from 2022, as shown in Table 2.

Table 1: Statements of Net Position

	2024	2023	2022
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 3,748,581	$ 6,322,741	$ 9,338,887
Patient accounts receivable, net of allowance for doubtful accounts of $4,353,661, $1,806,659, and $1,426,077 in 2024, 2023, and 2022, respectively	7,505,623	7,842,950	5,295,597
Estimated third-party payor settlements	-	61,347	168,520
Property tax receivable	303,260	179,983	192,599
Other receivables	1,520,491	1,663,396	1,533,590
Inventories	913,408	978,625	1,037,597
Prepaid expenses and other current assets	637,493	1,160,940	828,300
Total current assets	14,628,856	18,209,982	18,395,090
Capital assets, net			
Nondepreciable	6,394,562	8,567,864	12,363,023
Depreciable, net of accumulated depreciation and amortization	49,855,214	43,402,253	39,758,374
Total capital assets, net	56,249,776	51,970,117	52,121,397
Operating right-of-use assets, net	1,498,904	1,033,640	1,429,057
Subscription assets, net	4,744,851	4,827,627	-
Investment restricted for debt service	5,957,336	5,774,189	5,754,812
Total noncurrent assets	68,450,867	63,605,573	59,305,266
Total assets	$ 83,079,723	$ 81,815,555	$ 77,700,356
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	$ 7,859,449	$ 7,249,685	$ 6,511,304
Accrued payroll and related liabilities	2,703,820	2,406,779	2,560,559
Estimated third-party payor settlements	144,884	-	-
Line of credit	4,973,734	4,973,734	5,473,734
Bonds payable, current portion	2,406,000	2,277,000	2,159,000
Notes payable, current portion	1,142,589	992,688	45,648
Other current liabilities	-	85,976	174,908
Operating lease obligations, current portion	286,518	372,131	393,336
Subscription liability, current portion	1,030,797	1,536,345	-
Total current liabilities	20,547,791	19,894,338	17,318,489
LONG-TERM LIABILITIES			
Accrued workers' compensation liability	945,000	1,079,260	945,000
Bonds payable, net of current portion	18,047,000	20,453,000	22,730,000
Other liabilities	-	-	71,314
Notes payable, net of current portion	1,224,003	2,366,484	608,487
Operating lease obligations, net of current position	1,213,244	692,446	1,046,818
Subscription liability, net of current portion	2,325,128	1,282,029	-
Total long-term liabilities	23,754,375	25,873,219	25,401,619
Total liabilities	44,302,166	45,767,557	42,720,108
NET POSITION			
Net investment in capital assets	28,456,450	20,821,235	20,858,306
Restricted for debt service	5,957,336	5,774,189	5,754,812
Unrestricted	4,363,771	9,452,574	8,367,130
Total net position	38,777,557	36,047,998	34,980,248
Total liabilities and net position	$ 83,079,723	$ 81,815,555	$ 77,700,356

Receivables

As discussed previously, net patient accounts receivable decreased in 2024 by approximately $337,000 or 4%, which is attributable primarily to increased volumes offset by increased write offs compared to the prior year. In 2024, estimated third party cost report settlement receivables decreased by approximately $61,000 or 100% compared to 2023. Property tax receivable increased by approximately $123,000 or 68% from 2023. Other receivables decreased by approximately $143,000 or 9% from 2023. The majority of the balance sitting in other receivables relates to the hospital's insurance claim resulting from a cyberattack the hospital experienced in November of 2020.

Capital Assets

At the end of 2024 and 2023, the District had approximately $56,250,000 and $51,970,000, respectively, invested in capital assets, net of accumulated depreciation, as detailed in Note 8 to the financial statements.

Debt

At June 30, 2024 and 2023, the District had approximately $22,820,000 and $26,089,000, respectively, in bonds, equipment notes payable and notes payable outstanding as detailed in Note 12 to the financial statements.

The District had a line of credit agreement with a bank for an amount not to exceed $5,500,000 with an interest of 8.25% plus Term SOFR and maturity date of January 31, 2024. This letter of credit was due in full in April 30, 2024, and subsequently amended to mature November 28, 2024. The outstanding balance was $4,973,734 at both June 30, 2024 and 2023.

Table 2: Statements of Revenues, Expenses and Changes in Net Position

In 2024 the District's operating loss increased by $1,013,000 or 12% from 2023. In 2023 the operating loss increased by $578,000 or 7% from 2022, as shown in Table 2 below:

	2024	2023	2022
OPERATING REVENUES			
Net patient service revenue	$ 55,773,479	$ 54,185,879	$ 49,882,545
Capitation revenue	244,147	202,502	218,140
	56,017,626	54,388,381	50,100,685
OPERATING EXPENSES			
Salaries and wages	25,142,587	24,777,605	23,150,818
Employee benefits	6,153,443	5,859,077	5,488,972
Purchased services	4,750,529	5,222,623	5,464,343
Professional fees, medical	7,487,831	6,938,546	6,426,196
Professional fees, non medical	2,059,989	1,960,260	2,042,947
Supplies	7,693,639	7,882,605	7,569,438
Facilities and equipment	407,419	358,744	398,062
Utilities	1,945,774	1,813,069	1,589,238
Insurance	819,515	658,491	614,358
Depreciation and amortization	5,267,168	4,550,776	3,006,014
Other expenses	3,901,723	2,965,788	2,371,883
Total operating expenses	65,629,617	62,987,584	58,122,269
Loss from operations	(9,611,991)	(8,599,203)	(8,021,584)
Nonoperating income (expenses)			
General obligation bond tax assessment revenues	2,928,571	2,628,829	2,521,572
Parcel tax assessment revenues	3,702,140	3,776,123	3,784,676
General obligation bond interest	(521,562)	(578,627)	(838,430)
Interest expense	(710,443)	(519,385)	(275,108)
Gain on sale of assets	45,915	-	-
Provider relief funds	-	-	1,377,724
Contributions from Prima Medical Foundation	-	-	121,360
Investment income	305,860	171,954	19,312
Other income, net	1,073,399	1,250,587	1,011,410
Total nonoperating income (expenses), net	6,823,880	6,729,481	7,722,516
Capital contributions	5,517,670	2,937,472	884,739
Changes in net position	2,729,559	1,067,750	585,671
Net position, beginning of year	36,047,998	34,980,248	34,394,577
Net position, end of year	$ 38,777,557	$ 36,047,998	$ 34,980,248

*The District's net patient service revenue is comprised of comprehensive services that span the continuum of healthcare services: inpatient and outpatient hospital patient care services and emergency room services. Net patient service revenue represents payments made by government programs, insurance companies and patients and is not the gross billed charges.

The following chart shows the percentage of government programs (Medicare, Medicare HMO, Medi-Cal, and Medi-Cal Managed Care), commercial insurance and other net patient revenue. Government programs generally do not cover the cost of providing patient care services and; therefore, are augmented by commercial insurance payments. The District's payor mix is the reason that the parcel tax is so critical to the ongoing operations of the District.

Payor mix - distribution of net patient revenue:

	2024	2023	2022
Medicare	23.7%	22.5%	24.8%
Medicare HMO	10.0%	10.4%	10.9%
Medi-Cal	1.4%	1.4%	1.0%
Medi-Cal Managed Care	19.5%	19.6%	17.5%
Commercial Insurance	36.6%	33.6%	34.5%
Workers Compensation	2.1%	3.0%	3.3%
Capitated	1.0%	0.4%	0.1%
Self-pay/Other	2.2%	3.6%	3.4%
Other Government	3.5%	5.5%	4.5%
	100.0%	100.0%	100.0%

Over the period, the District has continued to experience the shift from inpatient to outpatient care. The District's experience with this shift in patient care services is consistent across all hospitals in the United States. Insurance companies, including Medicare, the District's largest payor, are more frequently requiring services to be provided in the outpatient setting.

Operating Revenues

Total operating revenues increased by $1,629,000 or 3% in 2024 compared to 2023. Total operating revenues increased by $4,288,000 or 9% in 2023. The increase in 2024 is due to continued growth in key outpatient areas such as emergency room and outpatient physical therapy. The hospital also experienced an increase in Intergovernmental Transfer (IGT) revenue compared to the prior year.

Operating Losses

The first component of the overall change in the District's net position is its operating income or loss; generally, the difference between net patient services and other operating revenues and the expenses incurred to perform those services. In each of the past three years, the District has reported an operating loss. This is consistent with the District's operating history as the District was formed and operates primarily to serve residents of Sonoma Valley, regardless of their ability to pay. The District levies property taxes to provide sufficient resources to enable the facility to serve lower income and other residents.

Operating Expenses

Salaries and wages and benefits increased in 2024 by $659,000 or 2% compared to 2023 and increased in 2023 by $1,997,000 or 7% compared to 2022. Salaries, wages, and benefits increased during 2023 in clinical departments related to a continued increase in patient volumes, particularly in outpatient departments, including outpatient physical therapy, and emergency services.

Purchased services decreased in 2024 by $472,000 or 9% compared to 2023 and decreased in 2023 by $242,000 or 4% compared to 2022. The decrease in 2024 is due to a reduction in various third-party expenses related to IT as well as a reduction in EMR training costs that were incurred during 2023. The decrease in 2023 is due to decreased costs related to COVID-19, including a reduction in the outsourcing of test processing and COVID screening resources.

Medical professional fees increased in 2024 by $549,000 or 8% from 2023 due to renegotiation of various physician service agreements during the year. Medical professional fees increased in 2023 by $512,000 or 8% from 2022 due to continued increases in usage of nursing and clinical registry staff to fill critical vacancies, and incremental costs related to the renegotiation of various physician service agreements during the year.

Non-medical professional fees increased in 2024 by $100,000, or 5% from 2023 due to the filling of some key senior management positions that had been vacant for portions of the prior year. Non-medical professional fees decreased in 2023 by $83,000, or 4% from 2022. The primary driver of this decrease is due to specific short-term vacancies in the District's senior management positions. Both the CMO and IT Director roles were vacant for portions of 2023, resulting in a reduction in spend compared to 2022.

Supplies decreased in 2024 by $189,000 or 2% from 2023, due to a reduction in surgical implant costs associated with the departure of the hospital's key orthopedic surgeon in March of 2024. Supplies increased in 2023 by $313,000 or 4% from 2022. The primary driver in this increase is continued growth in patient volumes year over year, specifically with outpatient, emergency, and procedural volumes. High inflation during the year also increased overall supply spend.

Facilities and equipment increased in 2024 by $49,000 or 14% from 2023 due to an increase in general facilities repair and maintenance expenses throughout the hospital. Facilities and equipment decreased in 2023 by $39,000 or 10% from 2022 due to the reduction in the right-of-use lease assets liability.

Depreciation and amortization increased in 2024 by $716,000 or 16% from 2023 and increased in 2023 by $1,545,000 or 51% from 2022 due to operationalizing large components of the Outpatient Diagnostic Center in both fiscal years, as well as the implementation of a new audit standard, Governmental Accounting Standards Board (GASB) No. 96, *Subscription-Based Information Technology Arrangements*.

Other expenses increased in 2024 by $1,229,000 or 23% compared to 2023 and increased in 2023 by $862,000 or 19% compared to 2022. The primary driver of this increase in both fiscal years is due to an increase in the IGT matching fee that was paid during the year.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of general obligation bond tax assessment revenues, parcel taxes levied by the District, investment income, interest expense and noncapital grants and gifts.

General obligation bond tax assessment revenues increased in 2024 by $300,000 or 11% compared to 2023. General obligation bond tax assessment revenues increased in 2023 by $107,000 or 4% compared to 2022. Parcel taxes decreased in 2024 by $74,000 or 2% compared to 2023. Parcel taxes decreased in 2023 by $9,000 compared to 2022. In 2024, general obligation bond and other interest expense increased by $134,000 or 12% primarily due to a full year of interest payments on a CHFFA Help II Loan that was executed during the 4th quarter of 2023. In 2023, interest expense increased by $16,000 or 1% due to a significant change in interest rates, which started during the 4th quarter of fiscal year 2022. This primarily impacted interest expense on the hospital's line of credit.

Capital Grants and Gifts

The District received gifts from Sonoma Valley Hospital Foundation and various individuals for the construction costs related to the outpatient diagnostic center and to purchase capital assets in the amount of $5,518,000 in 2024, and $2,937,000 in 2023; an increase of $2,580,000 in 2024 compared to 2023. Capital grants and gifts decreased by $2,052,000 in 2023 over 2022.

The District's Cash Flows

Changes in the District's cash flows are consistent with changes in operating losses and nonoperating revenues and expenses, as discussed earlier.

Contacting the District's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions about this report, and requests for additional financial information should be directed to the Chief Financial Officer by telephoning (707) 935-5003.

Report of Independent Auditors

The Board of Directors
Sonoma Valley Healthcare District

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sonoma Valley Healthcare District (the District), which comprise the statement of net position as of June 30, 2024, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Sonoma Valley Healthcare District as of June 30, 2024, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matters

Prior Period Financial Statements

The financial statements of Sonoma Valley Health Care District as of and for the year ended June 30, 2023, were audited by other auditors whose report thereon dated March 21, 2024, expressed an unmodified opinion on those financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 through 11 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The accompanying supplemental schedule of community support on page 43 has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

San Francisco, California
_____, 2024

Financial Statements

Sonoma Valley Health Care District
Statements of Net Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 3,748,581	$ 6,322,741
Patient accounts receivable, net of allowance for uncollectible accounts of $4,353,661 and $1,806,659 in 2024 and 2023, respectively	7,505,623	7,842,950
Estimated third-party payor settlements	-	61,347
Property tax receivable	303,260	179,983
Other receivables	1,520,491	1,663,396
Inventories	913,408	978,625
Prepaid expenses and other current assets	637,493	1,160,940
Total current assets	14,628,856	18,209,982
Capital assets, net		
Nondepreciable	6,394,562	8,567,864
Depreciable, net of accumulated depreciation and amortization	49,855,214	43,402,253
Total capital assets, net	56,249,776	51,970,117
Operating right-of-use assets, net	1,498,904	1,033,640
Subscription assets, net	4,744,851	4,827,627
Investment restricted for debt service	5,957,336	5,774,189
Total noncurrent assets	68,450,867	63,605,573
Total assets	$ 83,079,723	$ 81,815,555

See accompanying notes.

Sonoma Valley Health Care District
Statements of Net Position (Continued)
June 30, 2024 and 2023

	2024	2023
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses	$ 7,859,449	$ 7,249,685
Accrued payroll and related liabilities	2,703,820	2,406,779
Estimated third-party payor settlements liability	144,884	-
Line of credit	4,973,734	4,973,734
Bonds payable, current portion	2,406,000	2,277,000
Notes payable, current portion	1,142,589	992,688
Other current liabilities	-	85,976
Operating lease obligations, current portion	286,518	372,131
Subscription liability, current portion	1,030,797	1,536,345
Total current liabilities	20,547,791	19,894,338
Long-term liabilities		
Accrued workers' compensation liability	945,000	1,079,260
Bonds payable, net of current portion	18,047,000	20,453,000
Notes payable, net of current portion	1,224,003	2,366,484
Operating lease obligations, net of current position	1,213,244	692,446
Subscription liability, net of current position	2,325,128	1,282,029
Total long-term liabilities	23,754,375	25,873,219
Total liabilities	44,302,166	45,767,557
Net position		
Net investment in capital assets	28,456,450	20,821,235
Investment restricted for debt service	5,957,336	5,774,189
Unrestricted	4,363,771	9,452,574
Total net position	38,777,557	36,047,998
Total liabilities and net position	$ 83,079,723	$ 81,815,555

See accompanying notes.

Sonoma Valley Health Care District
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
OPERATING REVENUES		
Net patient service revenue	$ 55,773,479	$ 54,185,879
Capitation revenue	244,147	202,502
Total operating revenues	56,017,626	54,388,381
OPERATING EXPENSES		
Salaries and wages	25,142,587	24,777,605
Employee benefits	6,153,443	5,859,077
Purchased services	4,750,529	5,222,623
Professional fees, medical	7,487,831	6,938,546
Professional fees, non medical	2,059,989	1,960,260
Supplies	7,693,639	7,882,605
Facilities and equipment	407,419	358,744
Utilities	1,945,774	1,813,069
Insurance	819,515	658,491
Depreciation and amortization	5,267,168	4,550,776
Other expenses	3,901,723	2,965,788
Total operating expenses	65,629,617	62,987,584
Loss from operations	(9,611,991)	(8,599,203)
NONOPERATING INCOME (EXPENSES)		
General obligation bond tax assessment revenues	2,928,571	2,628,829
Parcel tax assessment revenues	3,702,140	3,776,123
General obligation bond interest	(521,562)	(578,627)
Interest expense	(710,443)	(519,385)
Gain on sale of assets	45,915	-
Investment income	305,860	171,954
Other income, net	1,073,399	1,250,587
Total nonoperating income, net	6,823,880	6,729,481
Capital contributions	5,517,670	2,937,472
Change in net position	2,729,559	1,067,750
NET POSITION, beginning of year	36,047,998	34,980,248
NET POSITION, end of year	$ 38,777,557	$ 36,047,998

See accompanying notes.

Sonoma Valley Health Care District
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from patients and third parties	$ 56,704,089	$ 51,954,197
Cash payments to contractors, vendors, and suppliers	(28,713,512)	(27,342,107)
Cash payments to employees and benefit programs	(31,133,249)	(30,656,202)
Net cash used in operating activities	(3,142,672)	(6,044,112)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Noncapital grants, contributions, and other	1,073,399	1,114,785
District tax revenues	3,739,667	3,788,739
Net cash provided by noncapital financing activities	4,813,066	4,903,524
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(6,571,603)	(2,791,349)
Proceeds from sale of capital assets	53,700	-
Principal payments on notes payable	(992,580)	(45,623)
Principal payments on lease obligations	(377,544)	(571,529)
Principal payments on subscription obligations	(1,255,672)	(3,186,276)
Principal payments on bonds payable	(2,277,000)	(2,159,000)
Interest paid on long-term debt	(1,232,005)	(1,091,318)
Proceeds on notes payable	-	2,750,660
Paydown of line of credit	-	(500,000)
Tax revenue related to general obligation bonds	2,767,767	2,628,829
Capital grants and gifts	5,517,670	2,937,472
Net cash used in capital financing activities	(4,367,267)	(2,028,134)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(2,767,767)	(19,377)
Sale of investments	2,820,826	-
Investment income	69,654	171,953
Net cash provided by investing activities	122,713	152,576
Net decrease in cash and cash equivalents	(2,574,160)	(3,016,146)
CASH AND CASH EQUIVALENTS, beginning of year	6,322,741	9,338,887
CASH AND CASH EQUIVALENTS, end of year	$ 3,748,581	$ 6,322,741

See accompanying notes.

Sonoma Valley Health Care District
Statements of Cash Flows (Continued)
Years Ended June 30, 2024 and 2023

	2024	2023
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH USED IN OPERATING ACTIVITIES		
Loss from operations	$ (9,611,991)	$ (8,599,203)
Adjustments to reconcile loss from operations to net cash used in operating activities		
Depreciation and amortization	5,267,168	4,550,776
Provision for doubtful accounts	2,547,002	1,850,000
Changes in operating assets and liabilities		
Patient accounts receivable, net	(2,209,675)	(4,391,357)
Inventories	65,217	58,972
Prepaid expenses and deposits	523,447	(332,640)
Estimated third-party payor settlements	206,231	107,173
Accounts payable and accrued expenses	(149,781)	731,687
Other operating assets and liabilities	219,710	(19,520)
Net cash used in operating activities	$ (3,142,672)	$ (6,044,112)
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Noncash acquisition of fixed assets	$ 759,545	$ -
Noncash acquisition of right-of-use lease assets	$ 812,729	$ 34,385
Noncash acquisition of lease obligation liabilities	$ (812,729)	$ (18,216)
Noncash acquisition of subscription assets	$ 1,793,223	$ 6,040,356
Noncash acquisition of subscription liabilities	$ (1,793,223)	$ (3,023,565)

See accompanying notes.

Note 1 – Nature of Operations

Sonoma Valley Health Care District (the District) is a political subdivision of the State of California organized under the State of California Local Health Care District Law as set forth in the Health and Safety Code of the State of California. The Health Care District is governed by an elected Board of Directors and is considered the primary government for financial reporting purposes.

The Health Care District owns and operates Sonoma Valley Hospital (the Hospital). The Hospital is located in Sonoma, California, and is licensed for 24 general acute care beds and 27 skilled nursing beds. It also provides 24-hour basic emergency care, outpatient diagnostic and therapeutic services. The Hospital derives a significant portion of its revenues from third-party payors, including Medicare, Medi-Cal and commercial insurance organizations.

The District Board has approved the planning phase and construction of a new outpatient diagnostic center (the Center). The construction of the center commenced during fiscal year 2020 and is funded entirely by donor contributions raised by the Sonoma Valley Hospital Foundation. See Note 16 for further discussion.

Note 2 – Summary of Significant Accounting Policies

Basis of preparation

The District's financial statements are presented in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). The financial statement presentation, required by GASB Statements No. 34, 37, and 38 provides a full accrual basis, comprehensive, entity-wide perspective of the District's assets, results of operations and cash flows. The District follows the "business-type activities" reporting requirements of GASB Statement No. 34. For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating revenues and expenses.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 76), which is effective for financial statements for periods beginning after June 15, 2015. The objective of GASB 76 is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The GAAP hierarchy consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. Statement no. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

Proprietary fund accounting and financial statement presentation

The District utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis and the financial statements are prepared using the economic resources measurement focus.

Net position of the District is comprised of the following three components:

Net investment in capital assets - consists of capital assets (both restricted and unrestricted), net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.

Investment restricted for debt service - consists of net position with limits on their use that are externally imposed by creditors (such as through debt covenants).

Unrestricted net position - consists of the remaining net position that does not meet the definition of invested in capital assets, and investment restricted for debt service.

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include deposits with financial institutions and investments in highly liquid debt instruments with an original maturity of three months or less. Cash and cash equivalents exclude amounts whose use is limited by Board designation or by legal restriction.

Patient accounts receivable and concentration of credit risk

Patient accounts receivable consist of amounts owed by various governmental agencies, insurance companies, and private patients. The District manages its receivables by regularly reviewing the accounts, providing appropriate reserves for contractual allowances and uncollectible accounts based upon historical net collections, the aging of individual accounts, as well as current economic and regulatory conditions. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the District and management does not believe there are any material credit risks associated with these governmental agencies.

Contracted and other private patient accounts receivable consist of various payors including individuals involved in diverse activities, subject to differing economic conditions. While the overall concentration of these other payor receivables is significant, they do not represent any individual concentrated credit risk to the District. Estimated net receivables from all Medicare and Medi-Cal programs combined account for approximately 34% and 33% of net patient accounts receivable at June 30, 2024 and 2023, respectively.

Allowance for uncollectible patient accounts receivable

The District provides care to patients without requiring collateral or other security. Patient charges not covered by a third-party payor are billed directly to the patient if it is determined that the patient has the ability to pay. A provision for uncollectible accounts is recognized based on management's estimate of amounts that ultimately may be uncollectible given historical collection trends. At June 30, 2024 and 2023, the District recorded an allowance for uncollectible accounts receivable for amounts due directly from patients totaling $4,353,661 and $1,806,659, respectively.

Investment restricted for debt service

Noncurrent investments consist of Board designated and restricted funds set aside by the Board for future capital improvements and other operational reserves, over, which the Board retains control and may at its discretion, use for other purposes; assets set aside for qualified capital outlay projects in compliance with state law and assets restricted by donors or grantors.

Investment income realized gains and losses and unrealized gains and losses on investments are reflected as nonoperating income or expense.

Fair value measurements

GASB Statement No. 72, Fair Value Measurement and Application (GASB 72), addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The District reports the fair value of its investments in accordance with GASB 72. This standard requires an entity to maximize the use of observable inputs (such as quoted prices in active markets), and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. In addition, the District reports certain investments using the net asset value per share as determined by investment managers under the so called "practical expedient". The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value measurement standards also require the District to classify these financial instruments into a three level hierarchy based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 reporting depending on lock-up and notice periods associated with the underlying funds.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument, as well as the effects of market, interest and credit risk.

Instruments with readily available active quoted prices or for, which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in the District's financial statements.

Inventories

Inventories consist primarily of hospital operating supplies and pharmaceuticals and are stated at lower of cost or market basis, determined by the first-in, first-out method (FIFO).

Investment restricted for debt service

According to the terms of the General Obligation Bond indenture agreements, certain amounts are held by the bond trustee and paying agent and are maintained and managed by the trustee and are noncurrent investments. These assets are available for the settlement of future current bond obligations.

Capital assets

Capital asset acquisitions over $5,000 are capitalized and recorded at cost. Donated property is recorded at its fair value on the date of donation. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the related assets.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Land improvements	10 - 20 years
Buildings and improvements	20 - 40 years
Equipment	2 - 10 years

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered, the District, using its best estimates and projections, reviews for impairment the carrying value of long lived identifiable assets to be held and used in the future. Any impairment losses identified are recognized when determined. Recoverability of assets is measured by comparison of the carrying amount of the asset to the net undiscounted future cash flows expected to be generated from the asset. If the future undiscounted cash flows are not sufficient to recover the carrying value of the assets, the asset's carrying value is adjusted to fair value. As of June 30, 2024 and 2023 , the District has determined that no capital assets are significantly impaired.

Right-of-use assets

The District has recorded right-of-use lease assets as a result of implementing GASB No. 87. The right-of-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-of-use assets are amortized on a straight-line basis over the life of the related lease.

Subscription assets

The District has recorded subscription assets as a result of implementing GASB No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). The subscription assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any contract payments made to the SBITA vendor at the commencement of the subscription term, capitalizable initial implementation cost, less any incentive payments received from the SBITA vendor at the commencement of the subscription term. The subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying assets.

Risk management

The District is exposed to various risks of loss from torts; theft of damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; employee health, dental and accidents; and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The District maintains professional liability insurance on a claims-made basis, with liability limits of $15,000,000 per claim and $25,000,000 in aggregate, which is subject to a $5,000 per claim deductible. Additionally, the District is self-insured for workers' compensation benefits. The District purchases a workers' compensation excess policy that insures claims with no limits in the amounts and a $500,000 deductible. An actuarial estimate of uninsured losses from workers' compensation claims has been accrued as a liability in the accompanying financial statements.

Statements of revenues, expenses and change in net position

The District's statements of revenues, expenses, and change in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, which is the District's principal activity. Operating expenses are all expenses incurred to provide health care services, other than financing costs. Other transactions such as property tax revenue, interest expense, investment income, gain on sale of capital assets, gifts and contributions, and government grants and bequests are reported as nonoperating income.

Net patient service revenue

Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are determined.

The distribution of net patient revenue, which represents both cash collected and expected to be collected, by payor is as follows:

	2024	2023
Medicare	23.6%	23.4%
Medicare HMO	10.1%	10.7%
Medi-Cal	1.5%	1.4%
Medi-Cal Managed Care	19.7%	20.2%
Commercial Insurance	37.0%	34.5%
Workers Compensation	2.1%	3.1%
Capitated	1.1%	0.8%
Self-pay/Other	1.4%	2.1%
Other Government	3.5%	3.8%
	100.0%	100.0%

Charity care

The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Capitation revenues

The Hospital, in association with Meritage Medical Network (formerly Marin Independent Practice Association) (Meritage) has an agreement with a health maintenance organization (HMO) to provide medical services to subscribing participants. Under this agreement, the Hospital receives monthly capitation payments based on the number of each HMO's participants, regardless of the services actually performed by the Hospital. The Hospital is not responsible for the cost of services provided to subscribing participants by other hospitals. The Hospital reassesses the profitability of the agreements for exposure risks in the event future medical costs to provide medical services exceed the related future capitation payments.

Property tax revenues

Taxes for District operations and for debt service payments related to District General Obligation Bonds are levied annually on the taxable property within the District.

The purpose of the special parcel tax is to ensure continued local access to emergency room and acute hospital care and other medical services for residents of the District and for visitors to the area.

Property tax revenue funds were designated as follows:

	2024	2023
Designated for hospital operations	$ 3,702,140	$ 3,776,123
Levied for hospital operations and debt service payments	2,928,571	2,628,829
	$ 6,630,711	$ 6,404,952

Grants and contributions

The District receives grants as well as contributions from individuals and private organizations.

Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating income.

Compensated absences

District policies permit most employees to accumulate paid time off benefits that may be realized as paid time off or as a cash payment upon termination. The expense and the related liability are recognized as paid time off benefits when earned. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of financial position date plus an additional amount for compensation related payments, such as social security and Medicare taxes computed using rates in effect at the date of computation. The following is a summary of changes in compensated absences transactions for the years ended June 30, included in accrued payroll and related liabilities in statements of net position:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2024	$ 1,666,017	$ 2,802,586	$ 2,675,786	$ 1,792,817	$ 1,792,817

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2023	$ 1,614,350	$ 2,477,299	$ 2,425,632	$ 1,666,017	$ 1,666,017

Income taxes

The District operates under the purview of the Internal Revenue Code (IRC), Section 115, and corresponding California Revenue and Taxation Code provisions. As such, it is not subject to state or federal taxes on income. However, income from the unrelated business activities of the District may be subject to income taxes.

New accounting pronouncements

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections. It defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity. This statement requires that (1) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (2) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (3) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District adopted this standard in the current fiscal year. The adoption did not result in a material impact to the District's financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The Statement updates the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used, and (2) leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. The statement amends the existing requirements to disclose only the net change in the liability instead of the gross additions and deductions to the liability. This statement is effective for the fiscal year ending June 30, 2025. The District is currently evaluating the impact of the adoption of this standard on its financial statements.

Reclassifications

Certain reclassifications of prior years' balances and disclosures have been made to conform with the current year presentations. Such reclassifications did not affect the total increase in net position or total current or long-term assets or liabilities.

Subsequent events

Subsequent events are events or transactions that occur after the statements of net position date but before financial statements are available to be issued. The District recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of net position, including the estimates inherent in the process of preparing the financial statements. The District's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statements of net position but arose after the statements of net position date and before financial statements are available to be issued.

On August 31, 2024, the District entered into an amendment with U.S. Bank National Association, to extend the maturity date of Line of Credit to November 28, 2024. See Note 11.

In October of 2024, the District executed a new term loan with a principal amount of $1.9 million with a maturity date of November 2029, to refinance the existing line of credit previously held with US bank. See Note 11.

In November of 2024, the District executed a new revolving line of credit with a maximum draw of $5.5 million with a maturity date of November 2031.

The District has evaluated subsequent events through _____, 2024, which is the date the financial statements were issued.

Note 3 – Affiliation Agreement with UCSF Health

The District has entered into an affiliation agreement with UCSF Health dated August 20, 2018, to share best practices, increase patient, family and community satisfaction with patient care and create over time a comprehensive, sustainable, and integrated health care network to serve the needs of the Sonoma Community.

The District and UCSF Health have formed a Joint Operations Committee (JOC) that is responsible for coordinating activities and discussing and negotiating any agreements necessary to support the affiliation agreement. Effective January 1, 2021, the District and UCSF Health entered into a first amendment of the affiliation agreement which extended the initial term of the agreement to commence on the effective date of the first amendment and to end on the fifth anniversary of such date. The first amendment also redefines the structure and authority of the JOC and adds a management services section whereby certain executive leadership roles are directly employed by UCSF Health and shall manage the District in accordance with the term of the affiliation agreement.

Note 4 – Cash Deposits

At June 30, 2024 and 2023, the District's cash deposits had carrying amounts of $3,748,581 and $6,322,741, respectively, and bank balances of $3,929,957 and $7,582,909, respectively.

All of these funds were held in cash deposits, which are collateralized with the California Government Code (CGC), except for $250,000 per account that is federally insured by the Federal Deposit Insurance Corporation (FDIC). Under the provision of the CGC, California banks and savings and loan associations are required to secure the District’s deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District’s deposits. California law also allows financial institutions to secure the District’s deposits by pledging first trust deed mortgage having a value of 150% of the District’s deposits. The pledged securities are held by the pledging financial institution’s trust department in the name of the District.

Note 5 – Net Patient Service Revenues

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. The difference between the Hospital's established rates and the amounts paid under third-party contracts are reflected as contractual adjustments.

Medicare and Medi-Cal settlements are estimated and recorded in the financial statements in the year services are provided, or when amounts are estimable. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation. The District believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquires have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medi-Cal programs. Changes in Medicare, Medi-Cal, or other programs or the reduction of program funding could have an adverse impact on future net patient service revenues.

A summary of the payment arrangements with major third-party payors is as follows:

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The District's classification of inpatients under the Medicare program and the appropriateness of their admissions are subject to an independent review by a peer review organization under contract with the District. Most outpatient services at the District provided to Medicare beneficiaries are paid at prospectively determined rates per encounter that vary according to procedures performed. At June 30, 2024, the District's Medicare cost reports have been audited and final settled by the fiscal intermediary through June 30, 2020.

Medi-Cal - Payments for inpatient acute care services rendered to Medi-Cal program beneficiaries are reimbursed under a diagnostic related group (DRG) methodology. Under this methodology, similar to Medicare, services are paid at prospectively determined rates per discharge according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient skilled nursing care services rendered to Medi-Cal program beneficiaries are reimbursed at prospectively determined per diem rates. Outpatient services rendered to Medi-Cal program beneficiaries are reimbursed based on prospectively determined fee schedules. At June 30, 2024, the District's Medi-Cal cost reports have been audited and final settled through June 30, 2020.

Others - Payments for services rendered to other than Medicare and Medi-Cal patients are based on established rates or agreements with certain commercial insurance companies, health maintenance organizations, Napa State, and preferred provider organizations, which provide for various discounts from established rates.

Net patient service revenues consisted of the following:

	2024	2023
Services provided to Medicare patients	$ 181,406,838	$ 172,702,928
Services provided to Medi-Cal patients	54,526,061	60,968,241
Services provided to other patients	95,942,535	90,292,533
Gross patient service revenues	331,875,434	323,963,702
Contractual allowances and allowance for doubtful accounts	(276,101,955)	(269,777,823)
Total net patient service revenue	$ 55,773,479	$ 54,185,879

The District receives funds under Assembly Bill No. 915 legislation for MediCal services provided through an Inter-Governmental Transfer (IGT) whereby funds are advanced by the District to be matched by the federal government. The District recognized gross revenues of $8,243,787 and IGT expense of $3,097,493 for the year ended June 30, 2024. As a result of participation in the Hospital Provider Fee and the Rate Range IGT programs, the District recognized gross revenues of $6,075,168 and IGT expense of $2,271,852 for the year ended June 30, 2023. Revenue and expense under these programs are recorded upon notification by the Department of Health Care Services of final earned amounts for MediCal services in the specific service year of calculation. The revenues recognized under these programs are recorded within net patient service revenues, and the IGT expense paid into the programs is reflected within other expenses.

Note 6 – Investments Restricted for Debt Service

District investment balances and average maturities were as follows at June 30, 2024:

	Fair Value	Less than 1 year	1 to 5 years
Money market mutual fund	$ 5,957,336	$ 5,957,336	$ -

District investment balances and average maturities were as follows at June 30, 2023:

	Fair Value	Less than 1 year	1 to 5 years
Money market mutual fund	$ 5,774,189	$ 5,774,189	$ -

The investment policy does not specifically address interest rate risk, credit risk, custodial credit risk, concentration of credit risk, or foreign currency risk.

Inherent rate risk

Inherent rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest. The money market mutual fund has a maturity of less than one year and is redeemable in full immediately.

Credit risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2024 and 2023, the District's investment in a money market mutual fund was rated AAA by both Moody's Investors Service and Standard and Poor's.

Concentration of credit risk

This risk relates to the risk of loss attributed to the magnitude of the District's investment in a single issuer. For the years ended June 30, 2024 and 2023, the District had a single money market mutual fund investment.

Note 7 – Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2024:

	Level 1	Level 2	Level 3	Fair Value
Money market mutual fund	$ 5,957,336	$ -	$ -	$ 5,957,336

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	Fair Value
Money market mutual fund	$ 5,774,189	$ -	$ -	$ 5,774,189

Note 8 – Capital Assets

Capital assets activity as of June 30, 2024, consisted of the following:

	Balance, June 30, 2023	Purchases and Transfers	Sales, Transfers, and Retirements	Balance, June 30, 2024
Non-depreciable capital assets				
Land	$ 646,687	$ -	$ -	$ 646,687
Construction in progress	7,921,177	6,351,113	(8,524,415)	5,747,875
Total non-depreciable capital assets	8,567,864	6,351,113	(8,524,415)	6,394,562
Depreciable capital assets				
Land improvements	794,811	-	-	794,811
Building and improvements	68,994,876	141,893	4,492,039	73,628,808
Equipment	33,770,784	785,163	1,627,184	36,183,131
	103,560,471	927,056	6,119,223	110,606,750
Less accumulated depreciation	(60,158,218)	(3,044,425)	2,451,107	(60,751,536)
Total depreciable capital assets	43,402,253	(2,117,369)	8,570,330	49,855,214
Total capital assets, net	$ 51,970,117	$ 4,233,744	$ 45,915	$ 56,249,776

Capital assets activity as of June 30, 2023, consisted of the following:

	Balance, June 30, 2022	Purchases and Transfers	Sales, Transfers, and Retirements	Balance, June 30, 2023
Non-depreciable capital assets				
Land	$ 646,687	$ -	$ -	$ 646,687
Construction in progress	11,716,336	5,291,998	(9,087,157)	7,921,177
Total non-depreciable capital assets	12,363,023	5,291,998	(9,087,157)	8,567,864
Depreciable capital assets				
Land improvements	794,811	-	-	794,811
Building and improvements	64,934,887	4,059,989	-	68,994,876
Equipment	31,512,734	504,970	1,753,080	33,770,784
	97,242,432	4,564,959	1,753,080	103,560,471
Less accumulated depreciation	(57,484,058)	(2,908,243)	234,083	(60,158,218)
Total depreciable capital assets	39,758,374	1,656,716	1,987,163	43,402,253
Total capital assets, net	$ 52,121,397	$ 6,948,714	$ (7,099,994)	$ 51,970,117

Note 9 – Leases

The District is a lessee for noncancellable lease of office space and equipment with lease terms through 2027. There are no residual value guarantees included in the measurement of District's lease liability nor recognized as an expense for the years ended June 30, 2024 and 2023. The District does not have any commitments that were incurred at the commencement of the leases. The District is subject to variable equipment usage payments that are expensed when incurred. There were no amounts recognized as variable lease payments as lease expense on the statements of changes of net position for the years ended June 30, 2024 and 2023. No termination penalties were incurred during the fiscal year.

The District has the following operating right-of-use lease assets activities as of June 30:

2024	Beginning Balance	Additions	Ending Balance
Building	$ 1,194,167	$ 783,768	$ 1,977,935
Equipment	351,769	28,961	380,730
	1,545,936	812,729	2,358,665
Less accumulated amortization	(512,296)	(347,465)	(859,761)
	$ 1,033,640	$ 465,264	$ 1,498,904

2023	Beginning Balance	Additions	Ending Balance
Building	$ 1,194,167	$ -	$ 1,194,167
Equipment	317,384	34,385	351,769
	1,511,551	34,385	1,545,936
Less accumulated amortization	(82,494)	(429,802)	(512,296)
	$ 1,429,057	$ (395,417)	$ 1,033,640

The District has the following operating lease obligations activities as of June 30:

2024	Beginning Balance	Additions	Payments	Ending Balance
Buildings	$ 858,475	$ 783,768	$ (263,952)	$ 1,378,291
Equipment	206,102	28,961	(113,592)	121,471
	$ 1,064,577	$ 812,729	$ (377,544)	$ 1,499,762

2023	Beginning Balance	Additions	Payments	Ending Balance
Buildings	$ 1,107,304	$ -	$ (248,829)	$ 858,475
Equipment	332,850	18,216	(144,964)	206,102
	$ 1,440,154	$ 18,216	$ (393,793)	$ 1,064,577

For the years ended June 30, 2024 and 2023, the District recognized $347,465 and $429,802, respectively, in amortization expense included in depreciation and amortization expense on the statements of activities and changes in net position.

The future principal and interest lease payments as of June 30, 2024, were as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2025	$ 286,518	$ 80,316	$ 366,834
2026	213,122	60,964	274,086
2027	204,737	56,843	261,580
2028	191,634	58,799	250,433
2029	188,429	49,496	237,925
Thereafter	415,322	68,259	483,581
	$ 1,499,762	$ 374,677	$ 1,874,439

The District evaluated the right-of-use assets for impairment and determined there was no impairment for the years ended June 30, 2024 and 2023.

Note 10 – Subscriptions

The District has the following subscription assets activities as of June 30:

2024	Beginning Balance	Additions	Ending Balance
Subscription assets	$ 6,040,356	$ 1,793,223	$ 7,833,579
Less accumulated amortization	(1,212,729)	(1,875,999)	(3,088,728)
	$ 4,827,627	$ (82,776)	$ 4,744,851

2023	Beginning Balance	Additions	Ending Balance
Subscription assets	$ -	$ 6,040,356	$ 6,040,356
Less accumulated amortization	-	(1,212,729)	(1,212,729)
	$ -	$ 4,827,627	$ 4,827,627

The District has the following subscription liability activities as of June 30:

2024	Beginning Balance	Additions	Payments	Ending Balance
Subscription liabilities	$ 2,818,374	$ 1,793,223	$ (1,255,672)	$ 3,355,925

2023	Beginning Balance	Additions	Payments	Ending Balance
Subscription liabilities	$ -	$ 3,023,565	$ (205,191)	$ 2,818,374

For the years ended June 30, 2024 and 2023, the District recognized $1,875,999 and $1,212,729, respectively, in amortization expense included in depreciation and amortization expense on the statements of activities and changes in net position.

The future subscription payments as of June 30, 2024, were as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2025	$ 1,030,797	$ 67,575	$ 1,098,372
2026	884,635	79,996	964,631
2027	553,103	110,057	
2028	576,609	82,446	
2029	310,781	30,208	340,989
	$ 3,355,925	$ 370,282	$ 2,403,992

The District evaluated the subscription assets for impairment and determined there was no impairment for the years ended June 30, 2024 and 2023.

Note 11 – Line of Credit

The District had a line of credit agreement with a bank for an amount not to exceed $6,750,000 that matured on January 31, 2022. On this date, the line of credit was extended for an amount not to exceed $5,500,000, with an interest rate of 8.25% plus Term SOFR, and a maturity date of January 31, 2024. The line of credit was renewed on January 23, 2024, and was due in full on April 30, 2024. On June 6, 2024, the District entered into an amendment with U.S. Bank National Association, to extend the maturity date to August 31, 2024. On August 31, 2024, the District entered into an amendment with U.S. Bank National Association, to extend the maturity date to November 28, 2024. The line of credit is collateralized with the District's cash, cash equivalents and receivables.

As of June 30, 2024 and 2023, the District is required to comply with certain restrictive covenants. Management believes all financial covenants were met for the years ended June 30, 2024 and 2023.

The District had unused credit remaining on the line of credit of $526,266 at June 30, 2024 and 2023, respectively.

The District entered into a new banking arrangement as of October 30, 2024. This arrangement refinanced the existing line of credit the District had previously held with U.S. Bank for the entire principal outstanding. On this date, the District entered into a term loan with Summit State Bank with a principal amount of $1,900,000 and an annual interest rate of 7.75%. The maturity date of the loan is November 16, 2029.

Note 12 – Long-Term Debt

The District's long-term debt transactions as of June 30, 2024, consisted of the following:

	Balance, June 30, 2023	Additions	Decreases/ Amortization	Balance, June 30, 2024
GO Bond principal	$ 22,730,000	$ -	$ (2,277,000)	$ 20,453,000
Notes payable	3,359,172	-	(992,580)	2,366,592
	$ 26,089,172	$ -	$ (3,269,580)	$ 22,819,592

The District's long-term debt transactions as of June 30, 2023, consisted of the following:

	Balance, June 30, 2022	Additions	Decreases/ Amortization	Balance, June 30, 2023
GO Bond principal	$ 24,889,000	$ -	$ (2,159,000)	$ 22,730,000
Notes payable	654,135	2,750,660	(45,623)	3,359,172
	$ 25,543,135	$ 2,750,660	$ (2,204,623)	$ 26,089,172

General obligation bonds payable

In February 2014, the District issued $12,437,000 of additional general obligation bonds (2014 General Obligation Refunding Bonds), bearing interest at 3.78% and maturing on August 1, 2029. Interest on the 2014 General Obligation Refunding Bonds is payable semi-annually at a fixed rate of 3.78% with principal payments due annually beginning August 1, 2022 through August 1, 2029. The balance of the 2014 General Obligation Refunding Bonds is $7,493,000 and $8,320,000 as of June 30, 2024 and 2023, respectively.

On August 10, 2021, the District issued $15,825,000 in par value 2021 General Obligation Refunding Bonds (2021 Bonds) to refund in full the outstanding District General Obligations Bonds, Election of 2008, Series B (2010). Interest on the 2021 Bonds is payable semi-annually at a fixed rate of 1.79% with principal payments due annually beginning August 1, 2022 through August 1, 2031. The balance of the 2021 Bonds is $12,960,000 and $14,410,000 as of June 30, 2024 and 2023, respectively.

Notes payable

Notes payable are detailed as follows:

	2024	2023
California Health Facilities Financing Authority NDPH Bridge Loans, 3 loan agreements, 0% interest, due in fiscal year 2025. Secured by Medi-Cal payments.	$ 750,000	$ 1,359,147
California Health Facilities Financing Authority loan dated April 1, 2023; bearing interest at 2% with a maturity date of June 15, 2028. Secured by Medi-Cal payments.	1,616,592	2,000,000
CEC Loan Phase 1	-	25
	2,366,592	3,359,172
Current portion	(1,142,589)	(992,688)
	$ 1,224,003	$ 2,366,484

Debt service requirements

The future maturities of the long-term debt are as follows:

	General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
Year Ending June 30,				
2025	$ 2,406,000	$ 257,609	$ 1,142,589	$ 28,737
2026	2,561,000	226,863	399,840	20,826
2027	2,728,000	193,583	407,911	12,755
2028	2,901,000	157,546	416,252	4,522
2029	3,091,000	118,637	-	-
2030 - 2033	6,766,000	123,433	-	-
	$ 20,453,000	$ 1,077,671	$ 2,366,592	$ 66,840

Interest costs

Interest costs incurred on all outstanding debt during the years ended June 30, 2024 and 2023 is summarized as follows:

	2024	2023
Interest cost		
Paid	$ 1,060,979	$ 903,145
Accrued	171,026	194,867
Total interest expense	$ 1,232,005	$ 1,098,012

Note 13 – Employee Benefit Plans

Defined contribution plan

The District contributes to a defined contribution pension plan (the Plan) covering substantially all employees. Pension expense is recorded for the amount of the District's required contributions, determined in accordance with the terms of the Plan. The Plan is administered by the District's Board of Directors. The Plan provides retirement benefits to Plan members and death benefits to beneficiaries of Plan members. Benefit provisions are contained in the Plan document and are established and can be amended by action of the District's governing body. The Plan contribution by the District, expressed as a percentage of covered payroll, was 3.45% and 3.01% for 2024 and 2023, respectively.

Deferred compensation plans

The District offers its employees a deferred compensation plan (the DC Plan) created in accordance with IRC Section 457. The DC Plan is available to all employees and permits them to defer a portion of their salary. An employer match is also provided and is vested at the rate of 16.7% per year.

The District's contributions to both the defined contribution and the deferred compensation plans totaled $563,825 and $470,653 for 2024 and 2023, respectively.

Note 14 – Medical Malpractice Coverage and Claims

The District has joined together with other providers of health care services to form Beta Healthcare Group (Beta), a public entity risk pool (the Pool), currently operating as a common risk management and insurance program for its members. The District purchases medical malpractice insurance from the Pool under a claims-made policy. The District pays an annual premium to the Pool for its tort insurance coverage. The District purchases excess liability insurance through a commercial insurer for amounts in excess of the coverage provided under Beta. The Pool's governing agreements specifies that the Pool will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of stop-loss amounts. The District will accrue any malpractice losses in excess of all policy limits, if they are determined to be estimable and probable of occurrence. As of June 30, 2024 and 2023 , the District has determined that no accrual is required for such losses under the various medical malpractice policies in place.

Note 15 – Workers' Compensation Claims

The District is self-insured for workers' compensation claims of its employees up to $500,000, with commercial stop-loss insurance coverage purchased for claims in excess of these amounts through June 30, 2024. A liability is accrued for self-insured workers' compensation claims, including both claims reported, and claims incurred but not yet reported of $945,000 and $1,079,260 as of June 30, 2024 and 2023, respectively. The District utilizes an actuary to estimate the ultimate costs to settle such claims. Estimated future payments related to workers' compensation claims have been discounted at a rate of 1.5% and 1.0%, respectively at June 30, 2024 and 2023. It is reasonably possible that the District's estimate could change by a material amount in the near term. The following is a summary of changes in workers’ compensation liabilities for the years ended June 30:

	Beginning Balance	Increases	Decreases	Ending Balance
2024	$ 1,079,260	$ -	$ 134,260	$ 945,000

	Beginning Balance	Increases	Decreases	Ending Balance
2023	$ 945,000	$ 134,260	$ -	$ 1,079,260

Note 16 – Transactions with Sonoma Valley Hospital Foundation

Sonoma Valley Hospital Foundation, Inc. (the Foundation) is authorized by the District to solicit contributions on behalf of the Hospital. In the absence of donor restrictions, the Foundation has discretionary control over the amounts, timing, and use of their distributions. The District recorded contributions from the Foundation of $5,517,670 and $2,937,472, respectively, for the years ended June 30, 2024 and 2023.

The Foundation is not considered a component unit of the District because the Foundation is not controlled by the District.

Note 17 – Commitments and Contingencies

Litigation

The District is a defendant in various legal proceedings arising out of the normal conduct of its business. In the opinion of management and its legal representatives, the District has valid and substantial defenses, and settlements or awards arising from legal proceedings, if any, will not exceed existing insurance coverage, nor will they have a material adverse effect on the financial position, results of operations, or liquidity of the District.

Regulatory environment

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services and Medicare and Medi-Cal fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. The District is subject to routine surveys and reviews by federal, state, and local regulatory authorities.

The District has also received inquiries at times from health care regulatory authorities regarding its compliance with laws and regulations. Although the District's management is not aware of any violations of laws and regulations, it has periodically received corrective action requests as a result of completed and ongoing surveys from applicable regulatory authorities. Management continually works in a timely manner to implement operational changes and procedures to address all corrective action requests from regulatory authorities. Breaches of these laws and regulations and non-compliance with survey corrective action requests could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Note 18 – Charity Care

During the years ended June 30, 2024 and 2023, the District incurred estimated costs of $53,810 and $113,240, respectively, in free or discounted services for underserved. This includes services provided to persons who have health care needs and are uninsured, under insured, and ineligible for a government program and are otherwise unable to pay for medically necessary care based on their individual financial situation. Costs are computed based on a relationship of costs to charges similar to a Medicare cost to charge ratio. During the years ended June 30, 2024 and 2023, there were 71 and 77 patient cases under this policy, respectively.

Supplementary Information

Uncompensated care

In September 2004, the District adopted a formal community benefits policy, developed under guidelines provided by the California Hospital Association, and began to identify those patients who are medically indigent. The District's policy is to provide service to all who require it, regardless of their ability to pay. As such, it provides substantial amounts of uncompensated care. When this care is provided to patients who lack financial resources (and therefore are deemed medically indigent), it is classified as community benefits. When it is provided to patients who have the means to pay but decline to do so, it is classified as a provision for uncollectible accounts. Neither community benefits nor the provision for uncollectible accounts is reflected in net patient service revenues.

In addition, the District provides services to other medically indigent patients under certain government-reimbursed public aid programs. Such programs pay providers amounts that are less than established charges for the services provided to the recipients and frequently the payments are less than the cost of rendering the services. Finally, some undetermined portion of the provision for uncollectible accounts represents care to indigent patients whom the District has been unable to identify.

Uncompensated charges relating to these services are as follows:

	2024	2023
Community benefits (charity care) allowances	$ 93,006	$ 113,240
State Medi-Cal and other public aid programs	54,526,061	60,919,568
Provision for uncollectible accounts	1,906,299	1,850,000
	$ 56,525,366	$ 62,882,808

The District's estimated costs of providing uncompensated care and community benefits to the poor and the broader community are as follows:

	2024	2023
Uncompensated costs of community benefits and uncollectible accounts	$ 10,614	$ 20,703
Medi-Cal and other public aid programs	6,366,939	5,976,754
	$ 6,377,553	$ 5,997,457

Benefits for the broader community include the unpaid costs of providing service to the elderly, providing health screenings and other health-related services, training health professionals, educating the community with various seminars and classes and the costs associated with providing free clinics and other community service programs.

Sonoma Valley Health Care District
Supplementary Information Related to Community Support
For the Years Ended June 30, 2024 and 2023

Community support

The District recorded the following amounts related to community support as follows:

	2024	2023
Noncapital gifts and grants included in nonoperating income	$ -	$ 15,345
Capital grants and contributions from Sonoma Valley Hospital Foundation	5,517,670	2,922,127
	$ 5,517,670	$ 2,937,472

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
HEALING HERE AT HOME

To: SVHCD Board of Directors
From: Ben Armfield, Chief Financial Officer
Date: November 7, 2024
Subject: Financial Report for September 2024

OVERALL PERFORMANCE SUMMARY

Despite a slight decrease in some areas compared to the high watermark set in July and August, September maintained the hospital's positive financial and operational trajectory by exceeding both budget and prior year results by over 10%. This was again driven primarily by an increase in revenues resulting from robust volumes in outpatient services such as physical therapy, MRI and emergency room visits.

September did 'break' a string of consecutive months where the hospital posted a positive Operating EBDA, but that was somewhat to be expected given the historical 'soft' performance this month usually brings. September has been one of our worst performing months the last couple of fiscal years so given that history this performance exceeded expectations.

1ST QUARTER SUMMARY

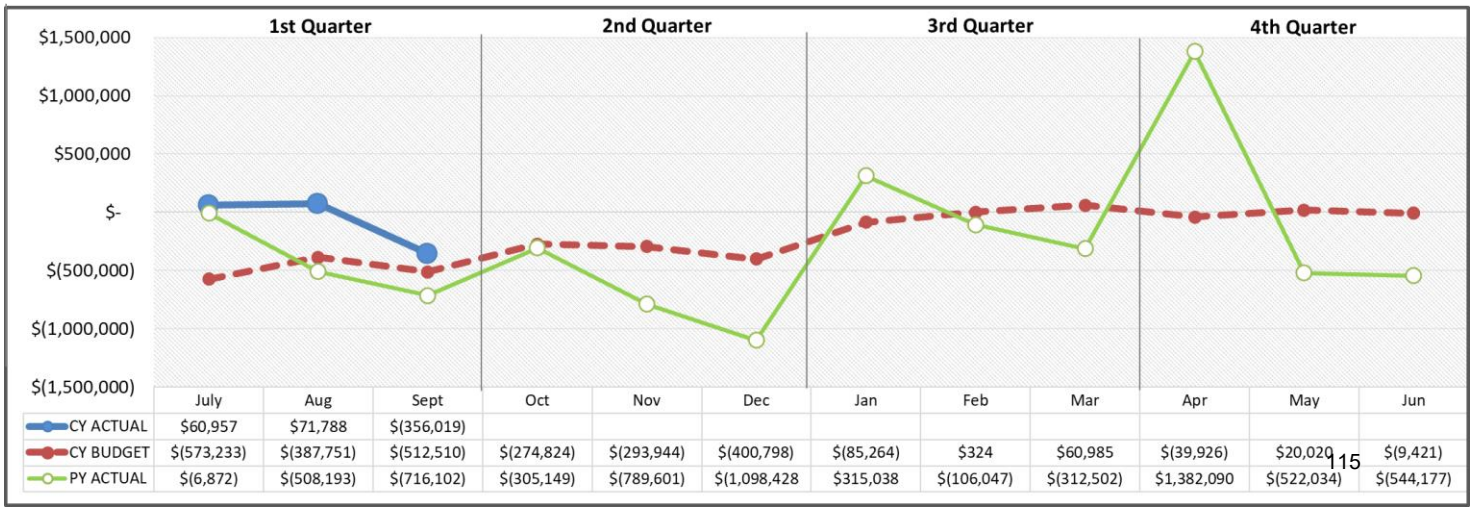
The conclusion of September also signifies the end of the 1st fiscal quarter, which has been remarkably positive, especially considering the challenges faced during FY 2024. Key financial metrics from the first quarter are exceptionally strong, providing a solid platform for the remainder of the fiscal year. Some high-level highlights of our 1st quarter performance include:

- Operating Margin | Exceeded budget by 40% and FY24 by nearly 20%
- Operating EBDA | Exceeded both budget and FY24 by over 80%
- Net Income (Loss) | Exceeded budget by over 75% and FY24 by 40%
- Operating Revenues | Exceeded budget by 9% and FY24 by nearly 20%
- Operating Expenses | Flat with budget but exceeded FY24 by 9%

Table 1 | Overall Performance - September 2024

	Current Year Month		Variance		Current Year YTD		Variance		PY YTD	Variance	
Metric	Actual	Budget	$	%	Actual	Budget	$	%	Actual	$	%
Operating Margin	$ (875,134)	$ (1,004,214)	$ 129,081	13%	$ (1,839,950)	$ (3,033,608)	$ 1,193,658	39%	$ (2,212,007)	$ 372,056	17%
Op Margin w Parcel	$ (558,467)	$ (691,714)	$ 133,248	19%	$ (889,949)	$ (2,096,108)	$ 1,206,159	58%	$ (1,262,006)	$ 372,056	29%
Operating EBDA	$ (356,019)	$ (512,510)	$ 156,490	31%	$ (223,274)	$ (1,473,494)	$ 1,250,220	85%	$ (1,231,166)	$1,007,892	82%
Op EBDA w Parcel	$ (39,352)	$ (200,010)	$ 160,657	80%	$ 726,727	$ (535,994)	$ 1,262,721	236%	$ (281,165)	$1,007,892	358%
Net Income (Loss)	$ (362,082)	$ (503,610)	$ 141,528	28%	$ (352,082)	$ (1,531,796)	$ 1,179,713	77%	$ (581,087)	$ 229,004	39%

Graph 1.1 | SVH Trended Operating EBDA



	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
CY ACTUAL	$60,957	$71,788	$(356,019)									
CY BUDGET	$(573,233)	$(387,751)	$(512,510)	$(274,824)	$(293,944)	$(400,798)	$(85,264)	$324	$60,985	$(39,926)	$20,020	$(9,421)
PY ACTUAL	$(6,872)	$(508,193)	$(716,102)	$(305,149)	$(789,601)	$(1,098,428	$315,038	$(106,047)	$(312,502)	$1,382,090	$(522,034)	$(544,177)

DRIVERS IN MONTHLY PERFORMANCE

Revenues: Operating revenues exceeded budget by 6% in September, with most of the main drivers in August also driving the strong performance this past month. We did see a pullback in operating room volumes, but some key areas such as physical therapy, MRI, and emergency room volumes continued to operate at their newly established levels as all three continue to show strong demand month after month.

Expenses: Operating expenses came in 3% over budget in September, totaling $5.31 million (excl depr). We did make an adjusting entry to true-up some of our insurance expenses in September, adding nearly $70,000 of expense that relates to July and August. We also experienced an uptick in utility costs, primarily relating to the incredibly hot month we just went through as well as the new activity from the 3T MRI. Year-to-date, operating expenses are basically flat with the budget, despite operating revenues exceeding budget by nearly 10%.

Volumes: Overall, volumes remained strong in September despite pulling back a bit from the previous two months. We continue to see a bit of a downturn in inpatient census as our ADC continues to run under 10.0. Some of this is seasonality, some certainly relates to the departure of Dr. Brown, who tended to admit more of his patients than his peers. We do expect to see our inpatient census increase as we get into the fall and winter months.

The hospital however continues to be very busy on the outpatient side, with outpatient activity significantly outpacing both budget and prior year.

Surgical Volumes: Surgical volumes did pull back from August but still managed to at least meet budget in September. We performed 135 surgeries last month, which is a drop-off from the 157 we performed last month and 1 short of the 136 that was budgeted.

- **GI** Gastroenterology volumes took a pretty big hit in September and was the main cause of a depression in surgical volumes when compared to last month. The big reason for this is the departure of our CMO and surgeon, Dr. Kidd. Dr. Kidd has been averaging around 25 surgeries/procedures per month since she rejoined SVH medical staff back in the summer of 2023. She started sunsetting her surgical practice in September in preparation for her departure in October. September is the first month where you can see the impact of this loss, and while recruitment efforts are currently ongoing, her departure will certainly affect our overall surgical volumes in the near term.
- **Orthopedics** September marked the 1st full month of surgical work from Dr. Walter and his volumes continue to rise. He performed 17 surgeries this past month, including more hip and knee replacement surgeries. Our Orthopedic service as a whole dropped from the prior month, however, which is primarily due to a pullback in volume from the other two orthopods here at SVH. Dr. Walter's contributions have already proved to be critical by providing growth in the

orthopedics department, and we expect volumes to continue to grow as referral pathways continue to expand.

Despite losing close to 50% of his operating time due to injury, Dr. Walter is +30% over budget in case volumes through the 1st quarter of this fiscal year.

Other Outpatient Volumes: Other outpatient volumes continue to be robust. Both total outpatient visits and total emergency room volumes surpassed their budget targets by over 10% in September. The consistent growth in these areas is encouraging as both areas for the year are up nearly 20% compared to budget and nearly 10% higher than the first quarter of last fiscal year.

- **MRI Volumes** With the new 3T MRI magnet becoming operational in August, we observed a significant spike in MRI volumes. September was first full month of the new 3T magnet, and the department again performed over 180 exams, which represents a 40% increase compared to historical baseline levels. The 180 exams are about 70% of where we need to be, so there is more work to be done. Efforts are ongoing to drive additional referrals and fill this remaining capacity, with further growth expected in the coming months as marketing efforts and partnerships with referring physicians are strengthened.
- **Emergency Room** ER volumes remained strong, continuing to exceed budget by over 10%. Although ER visits have come down slightly from the peak in July, we continue to average right around 30 visits per day. We expect this demand to continue increasing as we head into the busier fall and winter months.
- **OP Physical Therapy** We didn't quite set another all-time high in physical therapy volumes, but it was another VERY busy month with over 1,400 visits. PT volumes for the year are 35% over budget through the first quarter! The team has done a great job as they continue to meet the ever-growing demand for PT services as we work on construction to expand capacity later this year.

Other Finance Updates: We've been very busy wrapping up the FY24 audit as well as continuing to work through the bank transition, but couple of updates to provide:

Cyber Insurance Claim: We received our final payment for what were outstanding costs as part of our insurance claim related to the cyberattack the hospital experienced back in the fall of 2021. We've been going back and forth on a large portion of costs that were initially not approved by our insurance adjuster, and we are pleased to report that all outstanding costs were both approved and paid in October. This resulted in a $652,987 payment earlier this October, which closes out our insurance claim. In total, we received over $1.5 million in recoupment, which is 95% of our initial claim.

Banking Update: Our loan has been fully approved by Summit State Bank and are working through the NorCal Guarantee process. We should be closing soon.

Audit Update: Our fiscal year 2024 financial statement audit is progressing well. Moss Adams will be presenting our draft FY24 audit report to the SVH Audit Committee on Thursday October 24th.

Rate Range IGT: As mentioned last month, we received notification that our matching fee pay-in for the Rate Range IGT program will be due November 22nd.

HQAF IGT: On the heals of the Rate Range IGT funding, our HQAF (Hospital Quality Assurance Fee) IGT matching fee will be due in late December. We've been approved to IGT $410,000 and expect to receive $1,334,000 back in January/February, netting $924,000 through this program.

ERP (Enterprise Resource Planning): We are evaluating next steps in regards to our ERP system. Our current agreement terminates March 2026, and while that may seem like a long time from now, we need to make a decision on vendor selection in the next 3-4 months. We've engaged numerous vendors and have participated in all of their demonstrations, and are currently working with prospective vendors in regards to their proposals. We will have a recommendation to bring forward to the finance committee sometime during the 1st quarter of CY 2025.

Contract Process: We are rolling out a new contractual process that includes revised approval forms and documentation for both capital and non-capital purchases in November. This will help both streamline the approval process as well as strengthen our ability to effectively manage contracts.

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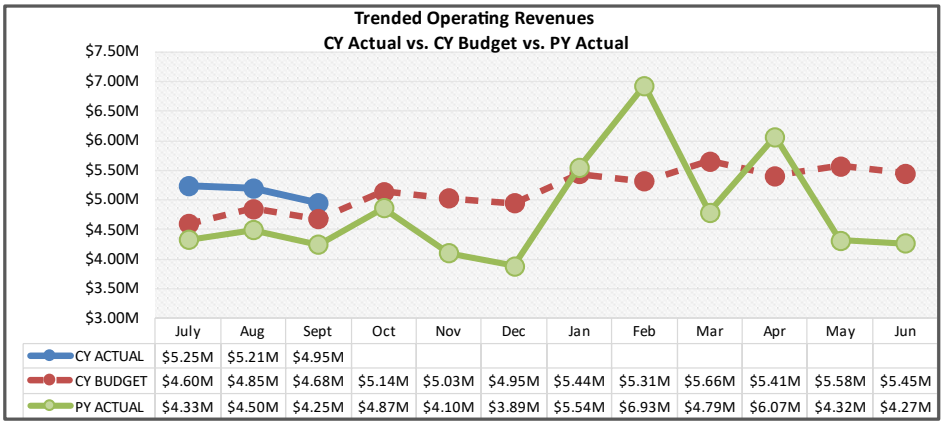
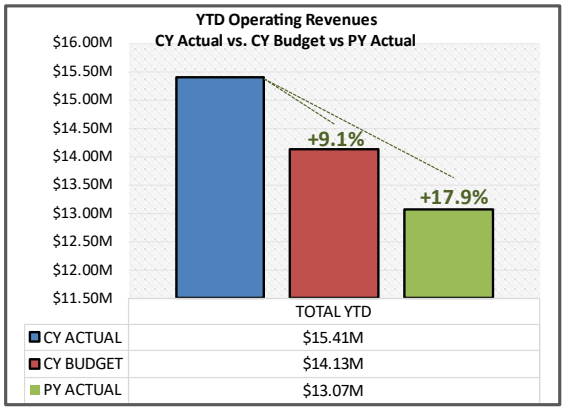
2. NET REVENUE AND VOLUME SUMMARY:

Table 2 | Net Patient Revenue – Actual vs. Budget – September 2024

	Current Year Month		Variance		Current Year YTD		Variance		PY YTD	Variance	
	Actual	Budget	Var	%	Actual	Budget	$	%	Actual	$	%
Gross Revenue	$ 28.18M	$ 25.71M	$ 2.47M	10%	$ 85.17M	$ 77.86M	$ 7.31M	9%	$ 84.90M	$ 0.27M	0%
Net Patient Revenue	$ 4.85M	$ 4.58M	$ 0.27M	6%	$ 15.12M	$ 13.85M	$ 1.26M	9%	$ 12.82M	$ 2.30M	18%
NPR as a % of Gross	17.2%	17.8%	-3.4%		17.7%	17.8%	-0.3%		15.1%	17.6%	
Total Operating Revenue	$ 4.95M	$ 4.68M	$ 0.27M	6%	$ 15.41M	$ 14.13M	$ 1.28M	9%	$ 13.07M	$ 2.33M	18%

Graph 2.1 | SVH Trended Operating Revenue





Graph 2.2 | SVH Trended Surgeries (Total) - 13 Month Trend

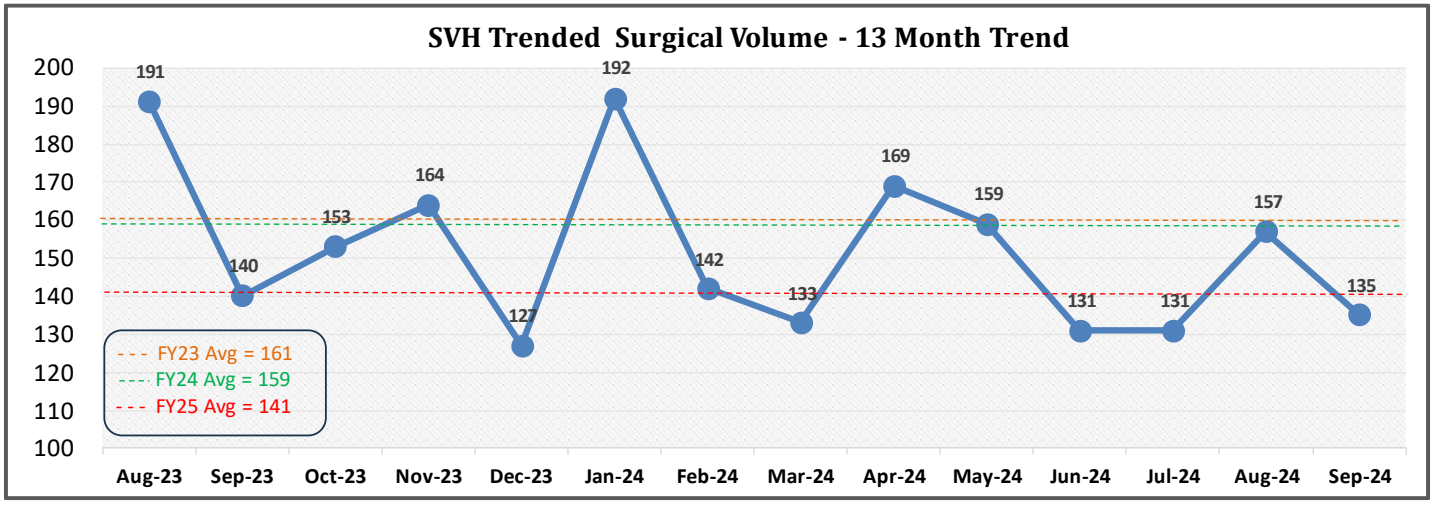


Table 2.3 | Surgical Volumes Top 4 Service Lines | Sept 2024 vs Prior Month & 6-Mth Trend

	Current Mth vs. Previous Mth				6 Month Trend						Current Mth vs. 6 Mth Trend		
Service Line	**Sep24**	**Aug24**	**Var**	**% Var**	**Mar24**	**Apr24**	**May24**	**Jun24**	**Jul24**	**Aug24**	**6 Month Trend**	**Var**	**% Var**
Orthopedics	37	43	(6)	-14%	33	46	27	35	26	43	35	2	6%
Gastroenterology	48	71	(23)	-32%	62	73	85	53	77	71	70	(22)	-32%
Ophthalmology	26	20	6	30%	18	18	20	23	14	20	19	7	38%
General	17	15	2	13%	15	17	14	14	5	15	13	4	28%
SubTotal	**128**	**149**	**(21)**	**-14%**	**128**	**154**	**146**	**125**	**122**	**149**	**137**	**(9)**	**-7%**
Other	7	8	(1)	-13%	5	15	13	6	9	8	9	(2)	-25%
Grand Total	**135**	**157**	**(22)**	**-14%**	**133**	**169**	**159**	**131**	**131**	**157**	**147**	**(12)**	**-8%**

Table 2.4 | Patient Volumes – September 2024

	Current Year Month		Variance		Current Year YTD		Variance		PY YTD	Variance	
	Actual	**Budget**	**Var**	**%**	**Actual**	**Budget**	**Var**	**%**	**Actual**	**Var**	**%**
Acute Patient Days	206	257	(51)	-20%	644	774	(130)	-17%	773	(129)	-17%
Average Daily Census	6.9	8.6	(1.7)	-20%	7.0	8.4	(1.4)	-17%	8.4	(1.4)	-17%
Acute Discharges	52	72	(20)	-28%	171	217	(46)	-21%	194	(23)	-12%
IP Surgeries	8	10	(2)	-16%	27	33	(6)	-18%	43	(16)	-37%
OP Surgeries	127	126	1	1%	396	393	3	1%	470	(74)	-16%
Total Surgeries	**135**	**136**	**(1)**	**0%**	**423**	**426**	**(3)**	**-1%**	**513**	**(90)**	**-18%**
Total Outpatient Visits	5,244	3,997	1,247	31%	16,587	13,195	3,392	26%	14,994	1,593	11%
Emergency Room Visits	862	773	89	12%	2,787	2,395	392	16%	2,614	173	7%

Table 2.5 | Outpatient Volumes Trended – Last 6 Months

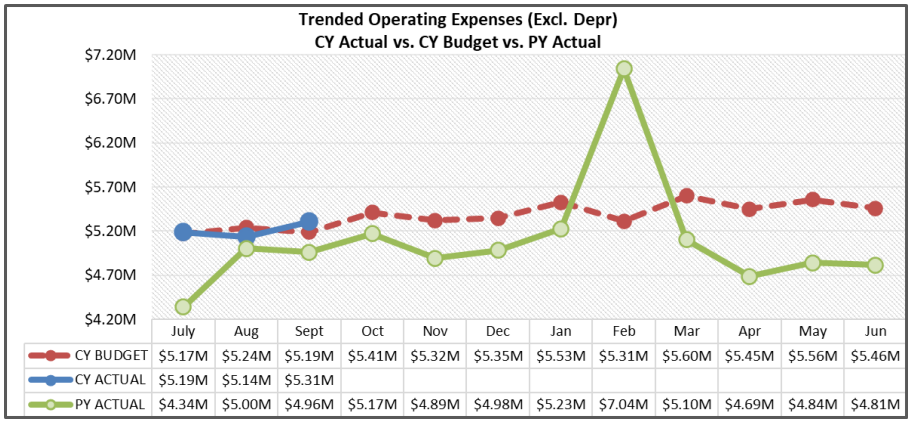
Department	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Last 6 Months
Lab	1,407	1,364	1,282	1,363	1,313	1,269	
Medical Imaging	857	900	830	923	947	878	
Physical Therapy	1,365	1,196	1,095	1,415	1,426	1,411	
CT Scanner	387	398	409	411	466	458	
Occ. Health	300	315	308	295	295	162	
Mammography	241	217	211	167	251	215	
Occupational Therapy	224	197	190	196	219	294	
Ultrasound	198	222	182	256	219	233	
Wound Care	201	213	152	205	238	209	
MRI	127	135	121	130	182	182	
ECHO	104	132	106	116	107	141	
Speech Therapy	53	43	53	93	62	66	
Other	22	25	14	23	25	26	
TOTAL	**5,486**	**5,357**	**4,953**	**5,593**	**5,750**	**5,544**	
Emergency Room	862	867	912	1,006	919	862	

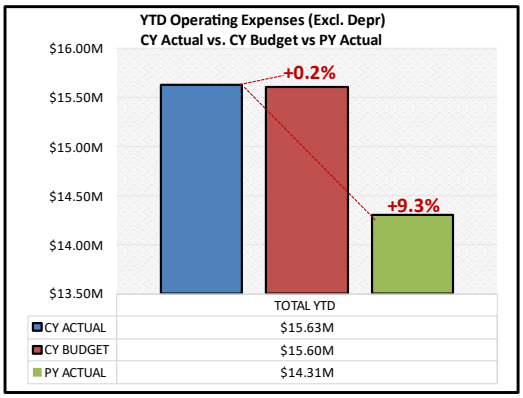
3. OPERATING EXPENSE SUMMARY:

Table 3 | Operating Expenses – Actual vs. Budget – September 2024

Metric	Current Year Month		Variance		Current Year YTD		Variance		PY YTD	Variance	
	Actual	Budget	Var	%	Actual	Budget	$	%	Actual	$	%
Operating Expenses	$ 5.83M	$ 5.68M	$ 0.14M	3%	$ 17.25M	$ 17.16M	$ 0.09M	0%	$ 15.29M	$ 1.96M	13%
Operating Exp. Excl. Depr.	$ 5.31M	$ 5.19M	$ 0.12M	2%	$ 15.63M	$ 15.60M	$ 0.03M	0%	$ 14.31M	$ 1.33M	9%
Worked FTEs	216.1	213.9	2.2	1%	215.3	212.7	2.6	1%	214.8	0.6	0%

Graph 3.1 | SVH Trended Operating Expenses (excluding Depreciation)





4. CASH ACTIVITY SUMMARY:

Table 4 | Cash / Revenue Cycle Indicators - September 2024

	Sep-24	Aug-24	Var	%
Days Cash on Hand	17.8	19.8	(2.0)	-10%
A/R Days	54.4	58.3	(3.9)	-7%
A/P Days	59.9	60.7	(0.8)	-1%

ATTACHMENTS:

- Attachment A is the Payer Mix Analysis
- Attachment B is the Operating Indicators Report
- Attachment C is the Balance Sheet
- Attachment D is the Balance Sheet Variance Analysis
- Attachment E (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 F is the Trended Income Statement
- Attachment G is the Cash Projection

Sonoma Valley Hospital
Payer Mix for the month of September, 2024

ATTACHMENT A

	MONTH				YEAR TO DATE			
Gross Revenue	**Actual**	**Budget**	**Variance**	**% Variance**	**Actual**	**Budget**	**Variance**	**% Variance**
Medicare	10,885,122	9,790,944	1,094,177	4.2%	31,894,310	29,646,932	2,247,377	2.9%
Medicare Managed Care	5,996,078	4,717,637	1,278,441	5.0%	17,085,892	14,289,009	2,796,883	3.6%
Medi-Cal	5,194,974	4,151,478	1,043,496	4.1%	14,941,590	12,582,905	2,358,685	3.0%
Self Pay	252,268	302,973	-50,705	-0.2%	1,233,449	919,391	314,058	0.4%
Commercial & Other Governn	5,405,810	6,115,479	-709,670	-2.8%	18,077,971	18,535,902	-457,931	-0.6%
Worker's Comp.	425,952	677,167	-251,215	-1.0%	1,868,330	2,054,161	-185,831	-0.2%
Total	**28,160,205**	**25,755,679**	**2,404,525**	**9.3%**	**85,101,542**	**78,028,300**	**7,073,242**	**9.1%**

	MONTH			YEAR TO DATE		
Payor Mix	**Actual**	**Budget**	**Variance**	**Actual**	**Budget**	**Variance**
Medicare	38.7%	38.0%	0.6%	37.5%	38.0%	-0.5%
Medicare Managed Care	21.3%	18.3%	3.0%	20.1%	18.3%	1.8%
Medi-Cal	18.4%	16.1%	2.3%	17.6%	16.1%	1.4%
Self Pay	0.9%	1.2%	-0.3%	1.4%	1.2%	0.3%
Commercial & Other Governn	19.2%	23.7%	-4.5%	21.2%	23.8%	-2.5%
Worker's Comp.	1.5%	2.6%	-1.1%	2.2%	2.6%	-0.4%
Total	**100.0%**	**100.0%**		**100.0%**	**100.0%**	

SONOMA VALLEY HOSPITAL
OPERATING INDICATORS
For the Period Ended September 30, 2024

ATTACHMENT B

	CURRENT MONTH				YEAR-TO-DATE			YTD
	Actual 09/30/24	Budget 09/30/24	Favorable (Unfavorable) Variance		Actual 09/30/24	Budget 09/30/24	Favorable (Unfavorable) Variance	Prior Year 09/30/23
				Inpatient Utilization				
				Discharges				
1	38	54	(16)	Med/Surg	119	162	(43)	146
2	14	18	(4)	ICU	52	55	(3)	48
3	52	72	(20)	Total Discharges	171	217	(46)	194
				Patient Days:				
4	124	172	(48)	Med/Surg	405	517	(112)	528
5	82	85	(3)	ICU	239	257	(18)	245
6	206	257	(51)	Total Patient Days	644	774	(130)	773
7	25	-	25	**Observation days**	66	-	66	54
				Average Length of Stay:				
8	3.26	3.17	0.1	Med/Surg	3.40	3.18	0.22	3.62
9	5.86	4.69	1.2	ICU	4.60	4.70	(0.11)	5.10
10	3.96	3.55	0.4	Avg. Length of Stay	3.77	3.57	0.20	3.98
				Average Daily Census:				
11	4.1	5.7	(1.6)	Med/Surg	4.4	5.6	(1.2)	5.7
12	2.7	2.8	(0.1)	ICU	2.6	2.8	(0.2)	2.7
13	6.9	8.6	(1.7)	Avg. Daily Census	7.0	8.4	(1.4)	8.4
				Other Utilization Statistics				
				Emergency Room Statistics				
14	862	773	89	OP ER Visits	2,787	2,395	392	2,614
				Outpatient Statistics:				
15	5,544	3,997	1,547	Total Outpatients Visits	16,887	13,195	3,692	14,994
16	8	10	(2)	IP Surgeries	27	33	(6)	43
17	127	126	1	OP Surgeries / Special Procedures	396	378	18	470
18	299	318	(19)	Adjusted Discharges	934	961	(27)	895
19	1,185	1,146	39	Adjusted Patient Days	3,534	3,471	64	3,636
20	39.5	38.2	1.3	Adj. Avg. Daily Census	38.4	37.7	0.7	39.5
21	1.363	1.400	(0.037)	Case Mix Index -Medicare	1.385	1.400	(0.015)	1.441
22	1.444	1.400	0.044	Case Mix Index - All payers	1.420	1.400	0.020	1.380
				Labor Statistics				
23	216	214	(2)	FTE's - Worked	215	213	(2.6)	215
24	242	235	(6)	FTE's - Paid	240	235	(5.2)	237
25	49.90	49.27	(0.63)	Average Hourly Rate	49.27	49.44	0.18	48.32
26	6.12	6.16	0.04	FTE / Adj. Pat Day	6.25	6.23	(0.02)	5.99
27	34.9	35.1	0.2	Manhours / Adj. Pat Day	35.6	35.5	(0.1)	34.2
28	138.3	126.4	(11.8)	Manhours / Adj. Discharge	134.9	128.3	(6.6)	138.8
29	22.9%	28.6%	5.7%	Benefits % of Salaries	24.3%	28.8%	4.5%	25.0%
				Non-Labor Statistics				
30	13.0%	13.3%	0.3%	Supply Expense % Net Revenue	10.7%	11.6%	0.9%	16.2%
31	2,107	1,910	(197)	Supply Exp. / Adj. Discharge	1,725	1,671	(53)	2,319
32	19,607	17,991	(1,616)	Total Expense / Adj. Discharge	18,598	18,010	(587)	17,230
				Other Indicators				
33	17.8			Days Cash - Operating Funds				
34	54.4	50.0	4.4	Days in Net AR	56.8	50.0	6.8	64.2
35	93%			Collections % of Cash Goal	99%			94.1%
36	59.9	55.0	4.9	Days in Accounts Payable	59.9	55.0	4.9	-
37	17.2%	17.8%	-0.6%	% Net revenue to Gross revenue	17.8%	17.8%	0.0%	15.1%
38	37.2%			% Net AR to Gross AR	37.2%			34.8%

ATTACHMENT C

Sonoma Valley Health Care District
Balance Sheet
As of September 30, 2024
UNAUDITED

		Current Month	Prior Month	Prior Year
	Assets			
	Current Assets:			
1	Cash	2,674,451	2,969,124	3,722,817
3	Net Patient Receivables	9,483,164	12,194,645	10,825,277
4	Allow Uncollect Accts	(1,919,835)	(4,639,598)	(2,109,722)
5	Net A/R	7,563,330	7,555,047	8,715,555
6	Other Accts/Notes Rec	1,122,992	1,383,800	2,003,276
7	Parcel Tax Receivable	3,800,000	3,800,000	3,800,000
8	GO Bond Tax Receivable	2,407,523	2,568,326	2,617,464
9	3rd Party Receivables, Net	1,269,623	780,586	150,975
10	Inventory	932,329	932,321	1,005,748
11	Prepaid Expenses	772,245	977,566	1,091,455
12	Total Current Assets	$ 20,542,493	$ 20,966,770	$ 23,107,290
13	Property,Plant & Equip, Net	$ 61,589,796	$ 61,951,867	$ 57,544,553
14	Trustee Funds - GO Bonds	3,506,171	5,982,661	3,259,368
15	Designated Funds - Board Approved	-	-	-
16	**Total Assets**	**$ 85,638,460**	**$ 88,901,298**	**$ 83,911,211**
	Liabilities & Fund Balances			
	Current Liabilities:			
17	Accounts Payable	$ 6,651,126	$ 6,825,538	$ 6,499,350
18	Accrued Compensation	4,276,848	4,049,786	4,000,416
19	Interest Payable - GO Bonds	306,411	268,600	60,604
20	Accrued Expenses	322,466	202,921	565,355
21	Advances From 3rd Parties	-	-	-
22	Deferred Parcel Tax Revenue	2,849,999	3,166,666	2,849,999
23	Deferred GO Bond Tax Revenue	1,805,642	2,006,269	1,963,099
24	Current Maturities-LTD	217,475	217,475	217,475
25	Line of Credit - Union Bank	1,903,899	1,895,519	4,973,734
26	Other Liabilities	29,371	57,510	57,511
27	Total Current Liabilities	$ 18,363,237	$ 18,690,284	$ 21,187,544
28	Long Term Debt, net current portion	$ 27,619,627	$ 30,371,050	$ 27,044,483
29	Fund Balances:			
30	Unrestricted	$ 16,280,523	$ 16,464,892	$ 15,033,672
31	Restricted	23,375,073	23,375,073	20,645,512
32	Total Fund Balances	$ 39,655,596	$ 39,839,964	$ 35,679,184
33	**Total Liabilities & Fund Balances**	**$ 85,638,460**	**$ 88,901,298**	**$ 83,911,211**

Sonoma Valley Health Care District
Balance Sheet Variance Analysis
As of September 30, 2024

ATTACHMENT D

Assets	Monthly Change	Current Month	Prior Month	Prior Year	Variance Commentary
CURRENT ASSETS					
Cash	(294,673)	2,674,451	2,969,124	3,722,817	Cash receipts of $4.3 million vs. $4.6 million in AP payments. Only capital activity was $177K of payments made related to progress payments on the ODC project which were fully reimbursed by the Foundation.
Net A/R	8,283	7,563,330	7,555,047	8,715,555	Comparable
Other Receivables	67,426	8,600,138	8,532,712	8,571,715	Change relates to the recording of the current fiscal year income receivables for the bond and parcel taxes monthly amortization
Inventory	8	932,329	932,321	1,005,748	
Prepaid Expenses	(205,321)	772,245	977,566	1,091,455	Monthly expense recognition of prepaid expenditures
TOTAL CURRENT ASSETS	**(424,277)**	**20,542,493**	**20,966,770**	**23,107,290**	
NON-CURRENT ASSETS					
Net Fixed Assets	(362,071)	61,589,796	61,951,867	57,544,553	Invoices related to progress billings for ODC project
Trustee Funds - GO Bonds	(2,476,490)	3,506,171	5,982,661	3,259,368	
TOTAL ASSETS	**(3,262,837)**	**85,638,460**	**88,901,298**	**83,911,211**	

Liabilities / Fund Balance	Monthly Change	Current Month	Prior Month	Prior Year	Variance Commentary
CURRENT LIABILITIES					
Accounts Payable	(174,412)	6,651,126	6,825,538	6,499,350	Small decrease from prior month
Accrued Expenses	346,607	4,599,314	4,252,707	4,565,772	Comparable
Interest Payable	37,811	306,411	268,600	60,604	Go Bond interest accrual
Deferred Revenues	*(517,294)*	4,655,641	5,172,935	4,813,098	Monthly amortization of annual Parcel Tax and IGT funds
Line of Credit	8,380	1,903,899	1,895,519	4,973,734	True-up of accrued interest exp for LOC
Other Liabilities	*(28,139)*	246,846	274,985	274,986	GASB amortization
TOTAL CURRENT LIABILITIES	**(327,047)**	**18,363,237**	**18,690,284**	**21,187,544**	
NON-CURRENT LIABILITIES					
Long Term Debt	(2,751,423)	27,619,627	30,371,050	27,044,483	Comparable
TOTAL LIABILITIES	**(3,078,470)**	**45,982,864**	**49,061,334**	**48,232,027**	
FUND BALANCES					
Fund Balance	(184,368)	39,655,596	39,839,964	35,679,184	Change in Net Position for September $(184,368)
TOTAL LIABILITIES & FUND BALANCES	**(3,262,838)**	**85,638,460**	**88,901,298**	**83,911,211**	

Sonoma Valley Health Care District
Statement of Revenue and Expenses
For the Period Ended September 30, 2024

ATTACHMENT E

		Month				Year-To- Date						
		This Year		Variance		This Year		Variance			Variance	
		CYM Actual	CYM Budget	Var	%	YTD Actual	YTD Budget	Var	%	PYTD Actual	Var	%
	Volume Information											
1	Acute Discharges	52	72	(20)	-28%	171	217	(46)	-21%	194	(23)	-12%
2	Patient Days	206	257	(51)	-20%	644	774	(130)	-17%	773	(129)	-17%
3	Observation Days	25	-	25	n/a	66	-	66	n/a	54	12	22%
4	Gross O/P Revenue (000's)	23,287	19,878	3,409	17%	69,592	60,307	9,285	15%	66,357	3,234	5%
	Financial Results											
	Gross Patient Revenue	**CYM Actual**	**CYM Budget**	**Var**	**%**	**YTD Actual**	**YTD Budget**	**Var**	**%**	**PYTD Actual**	**Var**	**%**
5	Inpatient	4,896,552	5,830,729	(934,178)	-16%	15,581,697	17,557,654	(1,975,958)	-11%	18,498,880	(2,917,183)	-16%
6	Outpatient	13,650,299	12,189,612	1,460,687	12%	38,906,725	36,972,110	1,934,615	5%	40,575,389	(1,668,664)	-4%
7	Emergency	9,636,758	7,688,314	1,948,444	25%	30,684,815	23,334,559	7,350,256	31%	25,829,803	4,855,012	19%
8	**Total Gross Patient Revenue**	**28,183,608**	**25,708,655**	**2,474,953**	**10%**	**85,173,236**	**77,864,323**	**7,308,913**	**9%**	**84,904,073**	**269,164**	**0%**
	Deductions from Revenue											
9	Contractual Discounts	(24,100,734)	(21,926,028)	(2,174,706)	10%	(72,102,130)	(66,415,222)	(5,686,908)	9%	(71,406,247)	(695,883)	1%
10	Bad Debt	(164,500)	(121,721)	(42,779)	35%	(486,750)	(368,699)	(118,051)	32%	(400,286)	(86,464)	22%
11	Charity Care Provision	64,180	52,293	11,887	23%	(83,094)	158,399	(241,493)	-152%	(279,956)	196,863	-70%
12	Supplemental Funding	871,547	871,547	0	0%	2,614,641	2,614,640	1	0%	-	2,614,641	n/a
13	**Total Deductions from Revenue**	**(23,329,507)**	**(21,123,909)**	**(2,205,599)**	**10%**	**(70,057,333)**	**(64,010,882)**	**(6,046,451)**	9%	**(72,086,489)**	**2,029,156**	**-3%**
14	**Net Patient Service Revenue**	**4,854,101**	**4,584,746**	**269,355**	**6%**	**15,115,903**	**13,853,441**	**1,262,462**	**9%**	**12,817,583**	**2,298,320**	**18%**
15	Other Operating Revenue	96,570	91,993	4,576	5%	292,922	275,980	16,941	6%	257,017	35,905	14%
16	**Total Operating Revenue**	**4,950,671**	**4,676,740**	**273,931**	**6%**	**15,408,825**	**14,129,421**	**1,279,403**	**9%**	**13,074,600**	**2,334,225**	**18%**
	Operating Expenses	**CYM Actual**	**CYM Budget**	**Var**	**%**	**YTD Actual**	**YTD Budget**	**Var**	**%**	**PYTD Actual**	**Var**	**%**
17	Salary and Wages and Agency Fees	2,063,255	1,983,572	79,684	4%	6,206,660	6,095,110	111,551	2%	6,000,982	205,679	3%
18	Employee Benefits	738,758	795,719	(56,961)	-7%	2,304,486	2,437,020	(132,534)	-5%	2,186,379	118,108	5%
19	Total People Cost	2,802,013	2,779,291	22,722	1%	8,511,147	8,532,130	(20,983)	0%	8,187,360	323,786	4%
20	Med and Prof Fees (excld Agency)	670,464	656,466	13,998	2%	1,968,860	1,977,886	(9,026)	0%	1,699,145	269,715	16%
21	Supplies	630,036	608,081	21,955	4%	1,611,032	1,606,142	4,890	0%	2,075,769	(464,737)	-22%
22	Purchased Services	352,482	400,738	(48,255)	-12%	1,184,504	1,252,220	(67,715)	-5%	1,153,230	31,274	3%
23	Depreciation	519,114	491,705	27,410	6%	1,616,676	1,560,114	56,563	4%	980,840	635,836	65%
24	Utilities	205,277	175,209	30,068	17%	608,990	525,627	83,363	16%	515,760	93,230	18%
25	Insurance	144,155	74,736	69,419	93%	263,555	224,208	39,346	18%	214,440	49,114	23%
26	Interest	13,642	29,445	(15,802)	-54%	55,765	88,334	(32,568)	-37%	157,411	(101,646)	-65%
27	Other	123,429	100,093	23,336	23%	332,672	300,796	31,876	11%	302,650	30,022	10%
28	Supplemental Funding Fees	365,191	365,191	0	0%	1,095,573	1,095,572	1	0%	-	1,095,573	n/a
29	**Operating Expenses**	**5,825,804**	**5,680,954**	**144,850**	**3%**	**17,248,775**	**17,163,030**	**85,746**	**0%**	**15,286,606**	**1,962,169**	**13%**
30	**Operating Margin**	**(875,134)**	**(1,004,214)**	**129,081**	**13%**	**(1,839,950)**	**(3,033,608)**	**1,193,658**	**39%**	**(2,212,007)**	**372,056**	**20%**

Sonoma Valley Health Care District
Statement of Revenue and Expenses
For the Period Ended September 30, 2024

ATTACHMENT E

		Month				Year-To- Date						
		This Year		Variance		This Year		Variance			Variance	
		CYM Actual	CYM Budget	Var	%	YTD Actual	YTD Budget	Var	%	PYTD Actual	Var	%
	Non Operating Rev and Expense											
31	Miscellaneous Revenue/(Expenses)	33,567	14,488	19,080	132%	59,668	43,463	16,206	37%	160,126	(100,458)	-63%
32	Donations	-	(3,955)	3,955	-100%	-	(11,864)	11,864	-100%	-	-	n/a
33	Parcel Tax Assessment Rev	316,667	312,500	4,167	1%	950,001	937,500	12,501	1%	950,001	-	0%
34	Extraordinary Items	-	-	-	n/a	-	-	-	n/a	-	-	n/a
35	**Total Non-Operating Revenue/(Expense)**	**350,234**	**323,033**	**27,201**	**8%**	**1,009,669**	**969,098**	**40,571**	**4%**	**1,110,127**	**(100,458)**	**-9%**
36	**Net Income / (Loss) prior to GO Bond(net)**	**(524,899)**	**(681,181)**	**156,282**	**23%**	**(830,281)**	**(2,064,510)**	**1,234,228**	**60%**	**(1,101,880)**	**271,598**	**25%**
37	GO Bond Activity, Net	162,817	177,571	(14,754)	-8%	478,199	532,714	(54,515)	-10%	520,793	(42,594)	-8%
38	**Net Income / (Loss) with GO Bond(net)**	**(362,082)**	**(503,610)**	**141,528**	**28%**	**(352,082)**	**(1,531,796)**	**1,179,713**	**77%**	**(581,087)**	**229,004**	**39%**
39	Restricted Foundation Contributions	177,715	157,410	20,305	13%	1,230,120	472,229	757,891	160%	-	1,230,120	n/a
40	**Change in Net Position**	**(184,367)**	**(346,201)**	**161,833**	**47%**	**878,038**	**(1,059,567)**	**1,937,605**	**183%**	**(581,087)**	**1,459,124**	**251%**
	Operating EBDA	**(356,019)**	**(512,510)**	**156,490**	**-31%**	**(223,274)**	**(1,473,494)**	**1,250,220**	**85%**	**(1,231,166)**	**1,007,892**	**82%**
	Total EBDA - Excl Rest Contributions	**157,032**	**(11,905)**	**168,937**	**-1419%**	**1,264,594**	**28,318**	**1,236,276**	**4366%**	**399,754**	**864,840**	**216%**

Sonoma Valley Health Care District
FY24 Trended Income Statement - Last 6 Months
For the Period Ended September 30, 2024

ATTACHMENT F

		April FY24	May FY24	June FY24	July *FY25*	August *FY25*	September *FY25*	FY25 YTD Mth Avg	FY24 YTD Mth Avg
1	Acute Discharges	70	63	58	65	54	52	57	68
2	Patient Days	230	197	201	230	208	206	215	245
3	Observation Days	19	22	29	18	23	25	22	22
4	Gross O/P Revenue (000's)	$ 21,913	$ 21,663	$ 21,914	$ 27,960	$ 28,981	$ 28,160	$ 28,367	$ 21,821
	Financial Results								
	Gross Patient Revenue								
5	Inpatient	$ 6,001,401	$ 4,589,215	$ 5,247,297	$ 5,899,154	$ 4,785,991	$ 4,896,552	$ 5,193,899	$ 5,855,907
6	Outpatient	12,349,015	12,028,739	11,630,429	11,683,143	13,524,993	13,626,895	12,945,010	12,948,617
7	Emergency	9,563,637	9,634,326	10,284,037	10,377,802	10,670,255	9,636,758	10,228,272	8,872,108
8	**Total Gross Patient Revenue**	**$ 27,914,053**	**$ 26,252,280**	**$ 27,161,763**	**$ 27,960,099**	**$ 28,981,239**	**$ 28,160,205**	**$ 28,367,181**	**$ 27,676,632**
	Deductions from Revenue								
9	Contractual Discounts	(21,690,696)	(22,184,344)	(22,711,319)	(23,449,018)	(24,552,378)	(24,100,734)	(24,034,043)	(23,322,102)
10	Bad Debt	(2,013,340)	(72,256)	(151,047)	(150,000)	(172,250)	(164,500)	(162,250)	(274,192)
11	Discounts / Other Deductions	(102,784)	22,408	(118,043)	(105,349)	(41,925)	64,180	(27,698)	(8,882)
12	IGT Revenue	1,861,463	207,222	-	871,547	871,547	871,547	871,547	656,761
13	**Total Deductions from Revenue**	**$ (21,945,357)**	**$ (22,026,970)**	**$ (22,980,409)**	**$ (22,832,820)**	**$ (23,895,006)**	**$ (23,329,507)**	**$ (23,352,444)**	**$ (22,948,415)**
14	**Net Patient Service Revenue**	**$ 5,968,696**	**$ 4,225,310**	**$ 4,181,354**	**$ 5,127,279**	**$ 5,086,233**	**$ 4,830,697**	**$ 5,014,736**	**$ 4,728,217**
15	Other Operating Revenue	$ 102,300	$ 92,828	$ 89,091	$ 122,004	$ 122,638	$ 119,973	$ 121,538	$ 92,739
16	**Total Operating Revenue**	**$ 6,070,996**	**$ 4,318,138**	**$ 4,270,445**	**$ 5,249,283**	**$ 5,208,871**	**$ 4,950,671**	**$ 5,136,275**	**$ 4,820,956**
	Operating Expenses								
17	Salary and Wages and Agency	$ 2,054,463	$ 2,080,929	$ 1,996,137	$ 2,008,288	$ 2,135,117	$ 2,063,255	$ 2,068,887	$ 2,026,203
18	Employee Benefits	856,322	808,621	842,715	844,382	721,346	738,758	768,162	785,416
19	Total People Cost	$ 2,910,785	$ 2,889,550	$ 2,838,852	$ 2,852,670	$ 2,856,463	$ 2,802,013	$ 2,837,049	2,811,618
20	Med and Prof Fees (excld Agency)	$ 579,135	$ 643,707	$ 652,661	$ 760,435	$ 537,961	$ 670,464	$ 656,287	$ 598,762
21	Supplies	361,713	550,525	608,089	436,999	543,997	630,036	537,011	626,803
22	Purchased Services	403,065	307,662	463,462	350,330	481,692	352,482	394,835	413,583
23	Depreciation	422,819	441,840	500,000	519,093	578,469	519,114	538,892	441,044
24	Utilities	151,806	135,364	227,263	204,101	199,612	205,277	202,997	162,052
25	Insurance	98,995	68,544	34,172	102,750	16,650	144,155	87,852	68,293
26	Interest	20,453	50,300	120,563	12,973	29,150	13,642	18,588	59,272
27	Other	115,482	108,036	88,499	102,876	106,367	123,429	110,891	100,025
28	Matching Fees (IGT)	47,472	86,484	-	365,191	365,191	365,191	365,191	266,458
29	**Operating expenses**	**$ 5,111,725**	**$ 5,282,012**	**$ 5,533,561**	**$ 5,707,419**	**$ 5,715,552**	**$ 5,825,804**	**$ 5,749,592**	**$ 5,547,909**
30	**Operating Margin**	**$ 959,271**	**$ (963,874)**	**$ (1,263,116)**	**$ (458,136)**	**$ (506,681)**	**$ (875,134)**	**$ (613,317)**	**$ (726,953)**
	Non Operating Rev and Expense								
31	Miscellaneous Revenue/(Exp)	$ 40,512	$ 41,366	$ 64,651	$ (12,506)	$ 38,607	$ 33,567	$ 19,889	$ 36,743
32	Donations	67	-	-	-	-	-	-	(1,005)
33	Parcel Tax Assessment Rev	316,667	316,668	316,663	316,667	316,667	316,667	316,667	316,667
34	Extraordinary Items	-	-	-	-	-	-	-	-
35	**Total Non-Operating Rev/Exp**	**$ 357,246**	**$ 358,034**	**$ 381,314**	**$ 304,161**	**$ 355,274**	**$ 350,234**	**$ 336,556**	**$ 352,405**
36	**Net Income / (Loss) Excl GO Bond**	**$ 1,316,517**	**$ (605,840)**	**$ (881,802)**	**$ (153,975)**	**$ (151,407)**	**$ (524,899)**	**$ (276,760)**	**$ (374,548)**
37	GO Bond Activity, Net	175,187	175,187	175,188	157,691	157,691	162,817	159,400	174,790
38	**Net Income/(Loss) Incl GO Bond**	**$ 1,491,704**	**$ (430,653)**	**$ (706,614)**	**$ 3,716**	**$ 6,284**	**$ (362,082)**	**$ (117,361)**	**$ (199,759)**
39	Restricted Foundation Contr	$ 1,202,053	$ 153,261	$ 448,716	$ 65,959	$ 986,446	$ 177,715	$ 410,040	$ 449,199
40	**Change in Net Position**	**$ 2,693,757**	**$ (277,392)**	**$ (257,898)**	**$ 69,675**	**$ 992,730**	**$ (184,367)**	**$ 292,679**	**$ 249,440**
	Operating EBDA	**$ 1,382,090**	**$ (522,034)**	**$ (763,116)**	**$ 60,957**	**$ 71,788**	**$ (356,019)**	**$ (74,425)**	**$ (285,910)**
	Total EBDA - Excl Rest Contr	$ 1,914,523	$ 11,187	$ (206,614)	$ 522,809	$ 584,753	$ 157,032	$ 421,531	$ 241,285

Sonoma Valley Hospital
Cash Forecast
FY 2024

ATTACHMENT G

		Actual July	Actual Aug	Actual Sept	*Forecast* Oct	*Forecast* Nov	*Forecast* Dec	*Forecast* Jan	*Forecast* Feb	*Forecast* Mar	*Forecast* Apr	*Forecast* May	*Forecast* Jun	TOTAL
	Hospital Operating Sources													
1	Patient Payments Collected	4,211,654	4,169,523	4,265,657	4,000,000	4,100,000	4,100,000	4,100,000	4,100,000	4,200,000	4,200,000	4,250,000	4,250,000	49,946,833
2	Other Operating Revenue	316,656	106,836	45,980	95,000	200,000	93,000	115,000	150,000	20,000	110,000	100,000	100,000	1,452,472
3	Other Non-Operating Revenue	12,149	20,866	11,418	46,651	19,716	11,380	24,169	9,420	11,309	18,628	3,587	8,000	197,293
4	Unrestricted Contributions		8,192	9,519										17,711
	Sub-Total Hospital Sources	**4,540,458**	**4,305,417**	**4,332,574**	**4,141,651**	**4,319,716**	**4,204,380**	**4,239,169**	**4,259,420**	**4,231,309**	**4,328,628**	**4,353,587**	**4,358,000**	**51,614,309**
	Hospital Uses of Cash													
5	Operating Expenses / AP Payments	5,002,977	4,703,643	4,628,108	5,447,000	5,057,000	5,139,000	5,257,200	4,878,000	4,954,000	5,030,000	5,278,000	4,977,000	60,351,928
6	Term Loan Paydown - $1.9M LOC	-	-	-	-	-	38,525	38,525	38,525	38,525	38,525	38,525	38,525	269,675
7	Bridge Loan Payback							750,000						750,000
8	Capital Expenditures	65,959	1,047,616	177,566	25,000	25,000	-	100,000	125,000	100,000	200,000	225,000	50,000	2,141,141
	SVH Capital	-	105,290		25,000	25,000		100,000	125,000	100,000	200,000	225,000	50,000	955,290
	Foundation Capital	65,959	942,326	177,566										1,185,851
	Total Hospital Uses	**5,068,936**	**5,751,259**	**4,805,674**	**5,472,000**	**5,082,000**	**5,177,525**	**6,145,725**	**5,041,525**	**5,092,525**	**5,268,525**	**5,541,525**	**5,065,525**	**63,512,744**
	Net Hospital Sources/Uses of Cash	**(528,478)**	**(1,445,842)**	**(473,100)**	**(1,330,349)**	**(762,284)**	**(973,145)**	**(1,906,556)**	**(782,105)**	**(861,216)**	**(939,897)**	**(1,187,938)**	**(707,525)**	**(11,898,435)**
	Non-Hospital Sources													
9	Restricted Capital Donations	65,959	986,446	177,566										1,229,971
10	Parcel Tax Revenue	142,457				1,612,000	285,250				1,754,793			3,794,500
11	Other Payments				652,987									652,987
12	Other:													-
13	IGT - QIP (PY 6/CY23)			861										861
14	IGT - Rate Range (CY23)							11,105,844						11,105,844
15	IGT - HQAF VIII (CY23)								1,334,373					1,334,373
16	IGT - NDPH (SFY23-24)												-	-
17	IGT - NDPH (SFY24-25)												160,600	160,600
18	IGT - DHDP (CY23)											838,658		838,658
19	Distressed Hospital Loan Program	3,100,000												3,100,000
20	Line of Credit Draw - New Bank					5,400,000								5,400,000
	Sub-Total Non-Hospital Sources	**3,308,416**	**986,446**	**178,427**	**652,987**	**7,012,000**	**285,250**	**11,105,844**	**1,334,373**	**-**	**1,754,793**	**838,658**	**160,600**	**27,617,794**
	Non-Hospital Uses of Cash													
21	IGT Matching Fee Payments	-	-	-	-	5,157,563	409,882	-	293,530	-	86,480	-	-	5,947,455
22	Line of Credit Repayment - Existing LOC	3,100,000												3,100,000
23	Line of Credit Repayment - New LOC							5,400,000						5,400,000
	Sub-Total Non-Hospital Uses of Cash	**3,100,000**	**-**	**-**	**-**	**5,157,563**	**409,882**	**5,400,000**	**293,530**	**-**	**86,480**	**-**	**-**	**14,447,455**
	Net Non-Hospital Sources/Uses of Cash	**208,416**	**986,446**	**178,427**	**652,987**	**1,854,437**	**(124,632)**	**5,705,844**	**1,040,843**	**-**	**1,668,313**	**838,658**	**160,600**	**13,170,339**
	Net Sources/Uses	**(320,062)**	**(459,396)**	**(294,673)**	**(677,362)**	**1,092,153**	**(1,097,777)**	**3,799,288**	**258,738**	**(861,216)**	**728,416**	**(349,280)**	**(546,925)**	**1,271,904**
	Total Cash at beginning of period	3,748,581	3,428,519	2,969,124	2,674,451	1,997,089	3,089,242	1,991,465	5,790,753	6,049,491	5,188,275	5,916,691	5,567,411	
	Total Cash at End of Period	**3,428,519**	**2,969,124**	**2,674,451**	**1,997,089**	**3,089,242**	**1,991,465**	**5,790,753**	**6,049,491**	**5,188,275**	**5,916,691**	**5,567,411**	**5,020,486**	
	Days of Cash on Hand at End of Month	**22.0**	**19.8**	**17.8**	**13.3**	**20.6**	**13.3**	**38.6**	**40.3**	**34.6**	**39.4**	**37.1**	**33.5**	
	Days Cash on Hand Forecasted from Previous Month			13.2										