## SOUTHERN INYO HEALTHCARE DISTRICT

#### Amended Notice of a Regular Meeting of the Board of Directors

Date: Tuesday, May 14, 2019 Time: 4:30 p.m.

> Location: RCA Church 550 East Post St Lone Pine, CA 93545

President Jaque Hickman will be participating via phone. 61830 Mesa Ct., La Quinta, CA 92253

Treasurer Richard Fedchenko will be participating via phone. 5080 Mansfield, San Diego, CA 92116

Director Mark Lacey will be participating via phone. 571 S. Sierra Hwy, Olancha, CA 93549

#### **AGENDA**

## I. CALL TO ORDER

- A. Pledge of Allegiance
- B. Roll Call
- C. Approval of Agenda

#### II. BUSINESS ITEMS

- A. Audit Reports for Fiscal Years 2017 and 2018 (JWT Auditor)
- **B.** Discussion regarding future of Southern Inyo Hospital facilities. (President/Attorney)
- **C. Consent Agenda:** These items are considered routine and non-controversial and will be approved by one motion. If a member of the Board or public wishes to discuss an item, it will removed from Consent and considered separately at the end of Business Items.
  - 1. Approval of Minutes
    - a. Regular Board Meeting Minutes of 04/09/2019.
    - **b.** Special Board Meeting Minutes of 04/12/2019.
    - c. Special Board Meeting Minutes of 05/01/2019.
    - d. Special Board Meeting Minutes of 05/07/2019.
  - 2. Medical Staff Privileges

- **a**. Nabil H. Abbassi, MD, Clinic Physician, Extended One Year Medical Staff Privileges.
- **b.** Adria Elene Ottoboni, MD, ER Physician, Extended Two Years Medical Staff Privileges.
- **c.** Ramesh Pundi, MD, Clinic Physician, Extended One Year Medical Staff Privileges.
- 3. Approval of Contracts
  - a. Neima Ghassemian, Pharmacist
- 4. Approval of Policies & Procedures
  - a. Code of Conduct
  - b. Compliance & Privacy Reporting Hotline
  - c. Compliance Program Policy
- **D.** Services with Medsphere Systems Corporation (CEO)
- E. American Business Machines (IT)

#### III. REPORTS

- A. Financial Report
- B. CEO Report
- C. Medical Staff Report (Quarterly Report)
- IV. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA
- V. BOARD OF DIRECTORS COMMENTS ON ITEMS NOT ON THE AGENDA
- VI. CLOSED SESSION
  - A. Existing Litigation (Govt Code 54956.9): Chapter 9 Bankruptcy
  - B. Personnel Evaluation: CEO
  - C. Approval of ETB Cash Out-Personal
- VII. CLOSED SESSION REPORT
- VIII. ADJOURNMENT

President

#### **NOTICE TO THE PUBLIC**

#### **PUBLIC COMMENT PERIOD FOR REGULAR MEETINGS**

Members of the public may comment on any item on the agenda before the Board takes action on it. The public may also comment on items of interest to the public that are within the subject matter jurisdiction of the Board; provided, however, the Board may not take action on any item not appearing on the agenda unless the action is otherwise authorized by law. Any person addressing the Board will be limited to a maximum of three (3) minutes so that all interested parties have an opportunity to speak.

#### **COPIES OF PUBLIC RECORDS**

All writings, materials, and information provided to the Board for their consideration relating to any open session agenda item of the meeting are available for public inspection and copying during regular business hours at the Administration Office of the District at 501 E. Locust Street, Lone Pine, California.

#### **COMPLIANCE WITH ADA**

This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (Cal. Gov't Cod. § 54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting should contact the Administrative Office during regular business hours by phone at (760) 876-5501, or in person at the District's Administrative Office at 501 E. Locust St., Lone Pine, California.

## DRAFT

**Audited Financial Statements** 

# SOUTHERN INYO HEALTHCARE DISTRICT

June 30, 2018

JWT & Associates, LLP Certified Public Accountants

## Audited Financial Statements

## SOUTHERN INYO HEALTH CARE DISTRICT

June 30, 2018

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Management's Discussion and Analysis

#### SOUTHERN INYO HEALTH CARE DISTRICT

June 30, 2018

The management of the Southern Inyo Health Care District (the Hospital) has prepared this annual discussion and analysis in order to provide an overview of the Hospital's performance for the fiscal year ended June 30, 2018 in accordance with the Governmental Accounting Standards Board Statement No. 34, Basic Financials Statements; Management's Discussion and Analysis for State and Local Governments. The intent of this document is to provide additional information on the Hospital's historical financial performance as a whole in addition to providing a prospective look at revenue growth, operating expenses, and capital development plans. This discussion should be reviewed in conjunction with the audited financial statements for the fiscal year ended June 30, 2018 and accompanying notes to the financial statements to enhance one's understanding of the Hospital's financial performance.

#### Financial Summary for the Year

- Total assets decreased by \$195,8300 from the prior fiscal year.
- Total operating cash and cash equivalents increased by \$274,744 over the prior year.
- Net patient accounts receivable decreased by \$108,672. Net days in patient a/r were 62.03 for 2018 as compared to 63.14 in 2017.
- Current liabilities increased by \$1,009,053 from the prior fiscal year.
- The operating loss was \$1,892,463 as compared to the prior year operating loss of \$1,463,512.
- The decrease in net position was \$1,204,883 for 2018 as compared to a decrease of \$778,429 in 2017.
- The Hospital is still continuing with proceedings for Chapter 9 bankruptcy as discussed in more detail in other sections of this discussion as well as within the financial statements.

#### Cash and Investments

For the fiscal year ended June 30, 2018, the Hospital's operating cash and cash equivalents totaled \$346,635 as compared to \$71,891 in the prior fiscal year. At June 30, 2018, days cash on hand was 14.24 as compared to the prior year of 2.92. The majority of the Hospital's cash is deposited with local banks and in other short-term money market accounts to maintain liquidity.

Management's Discussion and Analysis (continued)

#### SOUTHERN INYO HEALTH CARE DISTRICT

#### Current Liabilities

As previously noted, current liabilities of the Hospital increased by \$1,009,053 due to the lack of cash flow from Hospital operations. The Hospital is challenged to maintain sufficient cash flow to sustain operations. The current ratio was .32 for 2018 and .36 for 2017 when total liabilities are taken into consideration. For just current operational liabilities, the current ratio was 3.12 for 2018 and

#### Capital Assets

During the year, the Hospital reinvested into the facility \$245,155 in a CT Scanner. Trade in on the old CT Scanner was \$170,000 for a machine which had been fully depreciated on the records of the Hospital. The depreciation expense of \$407,544 for 2018 as compared to \$429,906 for 2017. According to generally accepted accounting principles (GAAP), all property and equipment is recorded at historical costs and depreciated over a useful life as defined by the American Hospital Association. The Hospital does not carry the value of its property and equipment at a fair market value but rather on a historical cost basis less accumulated depreciation. It is management's belief that the fair market value of the Hospital's fixed assets is greater than its recorded historical cost, net of accumulated depreciation.

#### **Volumes**

- Total Skilled nursing patient days were 4,791 for current fiscal year as compared to 9,053 for the prior year. The decrease was due primarily lack of a patient activity for 2018 as compared to 2017.
- Outpatient areas showed slight volume changes as patients utilized the outpatient settings such as in the emergency room, lab and x-ray for example.
- Current year rural health clinic visits were 3,648 as compared to 4,138 visits for the prior year

#### **Gross Patient Charges**

The Hospital charges all its patients equally based on its established pricing structure for the services rendered. The charge master is evaluated on an ongoing basis to ensure that all only allowable charges are billed to comply with Medicare and Medi-cal regulations.

Inpatient gross patient service charges increased by \$1,294,110 from the prior year. This was due primarily to the changes in Skilled nursing days from 9,053 days in the prior year to 4,791 days in the current year offset by rate increases. Outpatient gross patient service charges increased by \$1,018,803 due changes in outpatient volumes and rate increases.

Management's Discussion and Analysis (continued)

#### SOUTHERN INYO HEALTH CARE DISTRICT

#### **Deductions From Revenue**

Deductions from revenue are comprised of contractual allowances and bad debt provisions. Contractual allowances are computed deductions based on the difference between gross charges and the contractually agreed upon rates of reimbursement with third party government-based programs such as Medicare and Medi-Cal and other third party payors such as Blue Cross.

Deductions from revenue (as a percentage of gross patient service charges) were 37.40% for the current fiscal year. The deductions from revenue percentage was favorably impacted by favorable settlements due to Medicare critical access status and governmental QAF and Prime supplemental programs.

#### Net Patient Service Revenues

Net patient service revenues are the resulting difference between gross patient charges and the deductions from revenue. Net patient service revenues decreased by \$503,416 in the current fiscal year over the prior year. This was primarily due to changes in patient volumes and decreases those supplemental programs as previously mentioned.

#### **Operating Expenses**

Total operating expenses were \$9,274,286 for the current fiscal year compared to \$9,339,398 for the prior fiscal year. The changes were as follows:

- A \$570,833 increase in salaries and wages and benefits due to added FTE's.
- A \$1,062,483 decrease in professional fees.
- A \$57,245 decrease in supplies due to patient volumes changes during the year.
- A \$190,655 increase in purchased services.
- A \$192,743 increase in other operating expenses.

Management's Discussion and Analysis (continued)

#### SOUTHERN INYO HEALTH CARE DISTRICT

#### Bankruptcy Proceedings

On or about January 4, 2016, the Hospital filed a voluntary petition for relief under Chapter 9 of title 11 of the United States Code (the Bankruptcy Code) The Hospital is represented by legal counsel in a pending reorganization under Chapter 9 of Title 11 United States Code (the Bankruptcy Code) in the United States Bankruptcy Court - Eastern District of California, Fresno Division. The purpose of the Hospital's plan of reorganization is to restructure certain classifications of the Hospital's debt and provide for their payment in whole or part. Certain debt may be susceptible to being discharged or rendered unenforceable. The ultimate success of the plan will depend primarily on the ability of the Hospital's management to operate the hospital at a level of increased cash flows and thereby generate sufficient cash flows, coupled with Hospital property taxes, to meet their obligations in the normal course of hospital operations.

Hospital management is continuing a program of cost reductions and revenue enhancement which it believes will result in improved cash flows. In order to achieve the goal of continued operations, the Hospital's board of directors has signed an agreement with another local health care district for selected services due to their expertise in hospital operational efficiencies and providing high quality patient care.

## **JWT & Associates, LLP**

A Certified Public Accountancy Limited Liability Partnership
1111 East Herndon Avenue, Suite 211, Fresno, California 93720
Voice: (559) 431-7708 Fax: (559) 431-7685

Report of Independent Auditors

The Board of Directors Southern Inyo Health Care District Lone Pine, California

We have audited the accompanying financial statements of the Southern Inyo Health Care District, a district hospital (the Hospital) which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Hospital's preparation and fair presentation of the financial statements 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 Hospital's internal control. Accordingly, we express no such

opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Other Matters - Bankruptcy Uncertainties

As more fully described in Note N, on or about January 4, 2016, the Hospital filed a voluntary petition for relief under Chapter 9 of title 11 of the United States Code (the Bankruptcy Code). The Hospital has incurred negative cash flows from hospital operations and was unable to meet certain of its future obligations. These conditions raised substantial doubt about the Hospital's ability to continue hospital operations in the future. The Hospital's plans in regard to these matters are also more fully described in Note N. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of assets or the amounts and classifications of liabilities that resulted from the inability of the Hospital to meet its obligations from continued hospital operations.

#### Other Matters - Uncertainties Involving Certain Liabilities

The Hospital has recorded various liabilities as of the date of the Bankruptcy, along with those incurred after January 4, 2016, both of which are reflected in the financial statements as of June 30, 2018 and 2017. As a part of the Bankruptcy proceedings, Hospital creditors have submitted their claims as to how much they believe to be owed by the Hospital. These claims are in process of being analyzed and substantiated litigated for the Bankruptcy Plan of Adjustment (the Plan), as well as other procedures to validate other claims by the Hospital's creditors. As a result, it is too soon to determine the impact on the financial statements as of June 30, 2018 and 2017 until these reconciling procedures can be completed.

#### Other Matters - Uncertainties Related to Pending Litigation

The Hospital is currently involved in several lawsuits related to hospital operations, contracts, agreements and other matters. As of the date of these financial statements, management believes that any possible future financial impact to the Hospital as a result of these actions have been reflected in the Hospital's financial statements. However, until the cases are settled, it isn't possible to determine the full financial impact these actions will have on the financial statements as of June 30, 2018 and 2017.

#### Opinion

In our opinion, except for the matters discussed above, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital at June 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

## Supplementary Information

Management's discussion and analysis is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

JUT & Associates, LLP

Fresno, California April 29, 2019

## Statements of Financial Position

	June 30			
	2018	2017		
Assets				
Current assets:				
Cash and cash equivalents	\$ 346,635	\$ 71,891		
Assets limited as to use available for current obligations	8,613	6,450		
Patient accounts receivable, net of allowances	1,200,173	1,308,845		
Other receivables	688,912	690,825		
Estimated third party payor settlements	305,389	502,040		
Inventories	64,198	65,159		
Prepaid expenses and other current assets	88,409	90,560		
Total current assets	2,702,329	2,735,770		
Assets limited as to use, less available for current obligations	-0-	-0-		
Capital assets, net of accumulated depreciation	1,189,917	1,352,306		
	<u>\$ 3,892,246</u>	<u>\$ 4,088,076</u>		
Liabilities and Net Position				
Current liabilities:				
Current maturities of debt borrowings	\$ -0-	\$ -0-		
Accounts payable and accrued expenses	8,163,834	7,223,251		
Accrued payroll and related liabilities	190,346	142,981		
Estimated third party payor settlements	<u> 153,035</u>	131,930		
Total current liabilities	8,507,215	7,498,162		
Debt borrowings, net of current maturities				
Total liabilities	8,507,215	7,498,162		
Net position:				
Invested in capital assets, net of related debt (deficit)	(303,135)	(140,746)		
Unrestricted net position (deficit)	<u>(4,311,834</u> )	(3,269,340)		
Total net position(deficit)	<u>(4,614,969</u> )	(3,410,086)		
	<u>\$ 3,892,246</u>	<u>\$ 4,088,076</u>		

## Statements of Revenues, Expenses and Changes in Net Position

	Year Ended June 30		
	2018	2017	
Operating revenues			
Net patient service revenue	\$ 7,062,252	\$ 7,565,668	
Other operating revenue	<u>319,571</u>	310,218	
Total operating revenues	7,381,823	7,875,886	
Operating expenses			
Salaries and wages	3,832,812	3,344,549	
Employee benefits	766,562	683,992	
Professional fees	1,490,477	2,552,960	
Supplies	297,450	354,695	
Purchased services	816,293	625,638	
Building and equipment rent	322,093	276,577	
Utilities and phone	254,781	314,062	
Insurance	239,371	102,859	
Depreciation and amortization	407,544	429,906	
Other operating expenses	846,903	654,160	
Total operating expenses	9,274,286	9,339,398	
Operating loss	(1,892,463)	(1,463,512)	
Nonoperating revenues (expenses)			
District tax revenues	887,433	730,473	
Investment income	358	245	
Interest expense	(216,056)	(64,582)	
Grants and contributions	<u> 15,845</u>	<u> 18,947</u>	
Total nonoperating revenues (expenses)	687,580	685,083	
Increase (decrease) in net position	(1,204,883)	(778,429)	
Net position (deficit) at beginning of the year	(3,410,086)	(2,631,657)	
Net position (deficit) at end of the year	<u>\$ (4,614,969</u> )	<u>\$ (3,410,086)</u>	

## Statements of Cash Flows

	Year Ended June 30		
	2018	2017	
Cash flows from operating activities:			
Cash received from patients and third-parties on behalf of patients	\$ 7,388,680	\$ 6,783,786	
Cash received from operations, other than patient services	321,484	477,124	
Cash payments to suppliers and contractors	(3,323,673)	(3,967,651)	
Cash payments to employees and benefit programs	<u>(4,552,009)</u>	(4,074,747)	
Net cash (used in) operating activities	(165,518)	(781,488)	
Cash flows from noncapital financing activities:			
District tax revenues	887,433	730,473	
Grants and contributions	<u>15,845</u>	18,947	
Net cash provided by noncapital financing activities	903,278	749,420	
Cash flows from capital and related financing activities:			
Purchase of capital assets and write offs	(245,155)	31,866	
Interest payments on debt borrowings	(216,056)	(64,582)	
Net cash (used in) capital financing activities	(461,211)	(32,716)	
Cash flows from investing activities:			
Net change in assets limited as to use	(2,163)	2,384	
Interest and dividends received from investments	358	245	
Net cash provided by (used in) investing activities	(1,805)	2,629	
Net increase (decrease) in cash and cash equivalents	274,744	(62,155)	
Cash and cash equivalents at beginning of year	71,891	<u>134,046</u>	
Cash and cash equivalents at end of year	<u>\$ 346,635</u>	<u>\$ 71,891</u>	

## Statements of Cash Flows (continued)

•	Year Ended June 30		
	2018	2017	
Reconciliation of operating income to net cash provided			
by operating activities:			
Operating loss	\$ (1,892,463)	\$ (1,463,512)	
Adjustments to reconcile operating loss to net cash (used in) operating activities:			
Depreciation and amortization	407,544	429,906	
Provision for bad debts	150,907	492,315	
Changes in operating assets and liabilities:			
Patient accounts receivables	(42,235)	(1,014,437)	
Other receivables	1,913	166,906	
Inventories	961	16,440	
Prepaid expenses and deposits	2,151	(38,776)	
Accounts payable and accrued expenses	940,583	935,636	
Accrued payroll and related liabilities	47,365	(46,206)	
Estimated third party payor settlements	217,756	(259,760)	
Net cash provided by (used in) operating activities	<u>\$ (165,518)</u>	<u>\$ (781,488)</u>	

Notes to Financial Statements

#### SOUTHERN INYO HEALTH CARE DISTRICT

June 30, 2018

#### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Southern Inyo Health Care District (the Hospital) is a public entity organized under Local Hospital District Law as set forth in the Health and Safety Code of the State of California. The Hospital is a political subdivision of the State of California and is generally not subject to state or federal income taxes. The Hospital is governed by a five-member board of directors who are elected to specific terms. The Hospital, located in Lone Pine, California, is comprised of a 4-bed acute care unit and a 33-bed distinct-part skilled nursing unit. The Hospital provides services both on an inpatient and outpatient basis.

**Basis of Preparation**: The accounting policies and financial statements of the Hospital generally conform with the recommendations of the audit and accounting guide, *Health Care Organizations*, published by the American Institute of Certified Public Accountants. The financial statements are presented in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operational revenues and expenses.

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on GASB Statement Number 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, as amended, the Hospital has elected to apply the provisions of all relevant pronouncements as the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Management's Discussion and Analysis: Statement 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the Hospital's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of organizations in the private sector.

Use of Estimates: The preparation of 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents and Investments: The Hospital considers cash and cash equivalents to include certain investments in highly liquid debt instruments, when present, with an original maturity of a short-term nature or subject to withdrawal upon request. Exceptions are for those investments which are intended to be continuously invested. Investments in debt securities, when present, are reported at market value. Interest, dividends and both unrealized and realized gains and losses on investments are included as investment income in nonoperating revenues when earned.

#### SOUTHERN INYO HEALTH CARE DISTRICT

## NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

**Patient Accounts Receivable**: Patient accounts receivable consist of amounts owed by various governmental agencies, insurance companies and private patients. The Hospital manages its receivables by regularly reviewing the accounts, inquiring with respective payors as to collectibility and providing for allowances on their accounting records for estimated contractual adjustments and uncollectible accounts. Significant concentrations of patient accounts receivable are discussed further in the footnotes.

*Inventories*: Inventories are consistently reported from year to year at cost determined by average costs and replacement values which are not in excess of market. The Hospital does not maintain levels of inventory values such as those under a first-in, first out or last-in, first out method.

Assets Limited as to Use: Assets limited as to use include contributor restricted funds, amounts designated by the Board of Directors for replacement or purchases of capital assets, and other specific purposes, and amounts held by trustees under specified agreements. Amounts required to meet current obligations of the Hospital, are classified as current assets.

Capital Assets: Capital assets consist of property and equipment and are reported on the basis of cost, or in the case of donated items, on the basis of fair market value at the date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures which increase values, change capacities, or extend useful lives are capitalized. Depreciation of property and equipment and amortization of property under capital leases are computed by the straight-line method for both financial reporting and cost reimbursement purposes over the estimated useful lives of the assets, which range from 10 to 30 years for buildings and improvements, and 5 to 7 years for equipment. The Hospital periodically reviews its capital assets for value impairment. As of June 30, 2018 and 2017, the Hospital has determined that no capital assets are significantly impaired.

Other Assets: Other assets are comprised of loan fees associated with specific debt borrowings. Amortization of these loan fees is computed by the straight-line method over the life of the repayment agreements.

Compensated Absences: The Hospital's employees earn paid-time-off (PTO) benefits at varying rates depending on years of service. Benefits can accumulate up to specified maximum levels. Employees are paid for accumulated PTO if they leave either upon termination or retirement. Accrued PTO liabilities as of June 30, 2018 and 2017 were \$101,858 and \$80,679 respectively.

**Risk Management:** Commercial insurance is generally purchased to cover the Hospital against 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; and employee health, dental, and accidental benefits. Settled claims have not exceeded this commercial coverage in any of the two preceding years. The Hospital is also insured for medical malpractice claims and judgements, as discussed later in these footnotes.

#### SOUTHERN INYO HEALTH CARE DISTRICT

## NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

**Net Positions**: Net positions are presented in three categories. The first category is net position "invested in capital assets, net of related debt". This category of net position consists of capital assets (both restricted and unrestricted), net of accumulated depreciation and reduced by the outstanding principal balances of any debt borrowings that were attributable to the acquisition, construction, or improvement of those capital assets.

The second category is "restricted" net position. This category consists of externally designated constraints placed on those assets by creditors (such as through debt covenants), grantors, contributors, law or regulations of other governments or government agencies, or law or constitutional provisions or enabling legislation.

The third category is "unrestricted" net position. This category consists of net position that does not meet the definition or criteria of the previous two categories

Net Patient Service Revenues: Net patient service revenues are reported in the period at the estimated net realized amounts from patients, third-party payors and others including estimated retroactive adjustments under reimbursement agreements with third-party programs. Normal estimation differences between final reimbursement and amounts accrued in previous years are reported as adjustments of current year's net patient service revenues.

Charity Care: The Hospital accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the Hospital. Essentially, these policies define charity services as those services for which no payment is anticipated. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient revenues. Services provided are recorded through the accounting records of the Hospital as gross patient service revenues and then entirely written off.

District Tax Revenues: The Hospital receives approximately 10% of its financial support from property taxes. These funds are used to support operations and meet required debt service agreements. They are classified as non-operating revenue as the revenue is not directly linked to patient care. Property taxes are levied by the County on the Hospital's behalf during the year, and are intended to help finance the Hospital's activities during the same year. Amounts are levied on the basis of the most current property values on record with the County. The County has established certain dates to levy, lien, mail bills, and receive payments from property owners during the year. Property taxes are considered delinquent on the day following each payment due date.

Grants and Contributions: From time to time, the Hospital receives grants from various governmental agencies and private organizations. The Hospital also receives contributions from related foundation and auxiliary organizations, as well as from individuals and other 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 capital acquisitions. These amounts, when recognized upon meeting all requirements, are reported as components of the statement of revenues, expenses and changes in net position.

#### SOUTHERN INYO HEALTH CARE DISTRICT

## NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Revenues and Expenses: The Hospital's statement of revenues, expenses and changes 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 Hospital's principal activity. Operating expenses are all expenses incurred to provide health care services, other than financing costs. Nonoperating revenues and expenses are those transactions not considered directly linked to providing health care services.

## NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS

As of June 30, 2018 and 2017, the Hospital had deposits invested in various financial institutions in the form of operating cash and cash equivalents amounted to \$319,475 and \$41,900. All of these funds were held in deposits, which are collateralized in accordance with the California Government Code (CGC), except for \$250,000 per account that is federally insured.

Under the provisions of the CGC, California banks and savings and loan associations are required to secure the Hospital's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the Hospital's deposits. California law also allows financial institutions to secure Hospital deposits by pledging first trust deed mortgage notes having a value of 150% of the Hospital's total deposits. The pledged securities are held by the pledging financial institution's trust department in the name of the Hospital.

Investments consist of funds deposited in the LAIF funds which invests in several market pools as allowed according to public restrictions on investments. Changes in market value between years are reflected as a component of investment income in the accompanying statement of revenues, expenses and changes in net position.

#### NOTE C - NET PATIENT SERVICE REVENUES

Gross and net patient service revenues summarized by payor are as follows:

	<u> 2018</u>	2017
Daily hospital services	\$ 5,007,889	\$ 3,731,717
Inpatient ancillary services	644,575	626,637
Outpatient services	<u>5,628,491</u>	4,609,688
Gross patient service revenues	11,280,955	8,968,042
Less deductions from gross revenues	<u>(4,218,703</u> )	(1,402,374)
Net patient service revenues	<u>\$ 7,062,252</u>	<u>\$ 7,565,668</u>

#### SOUTHERN INYO HEALTH CARE DISTRICT

### NOTE C - NET PATIENT SERVICE REVENUES (continued)

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare: Payments for acute care services rendered to Medicare program beneficiaries are paid on cost reimbursement principles. The Hospital was classified as a critical access hospital effective April 1, 2001. The Hospital is paid for services at an interim rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. At June 30, 2018, cost reports through June 30, 2016, have been audited or otherwise final settled.

Medi-Cal: Payments for inpatient services rendered to Medi-Cal patients are made based on reasonable costs through December 31, 2013. Effective January 1, 2014, the State of California's Medi-Cal program changed inpatient reimbursement to Diagnosis-Related Groups (DRG), similar to the Medicare inpatient payment methodology. Outpatient payments continue to be paid on pre-determined charge screens. The Hospital is paid for cost-based inpatient services at an interim rate with final settlement determined after submission of annual cost reports and audits thereof by Medi-Cal. The Hospital's rural health care clinic is paid under a prospective payment system (PPS) which requires submission of an annual PPS reconciliation to be filed with the State of California, after which it is subject to audit by the State. At June 30, 2018, cost reports through June 30, 2014, have been audited or otherwise final settled.

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

#### NOTE D - CONCENTRATION OF CREDIT RISK

Financial Instruments: Financial instruments, potentially subjecting the Hospital to concentrations of credit risk, consist primarily of bank deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limits of \$250,000. There are no deposits as of June 30, 2018 and 2017 that exceed the FDIC limit in any of the Hospital's bank accounts. Furthermore, management believes that any risk of loss is minimal due to the high financial quality of the bank with which the Hospital does business. Management further believes that there is no risk of material loss due to government held investments in the Local Agency Investment Fund or with Inyo County due to the nature of those accounts as government owned. In addition, the Hospital has no investments in equity funds, closed-end funds, exchange-traded products, or other perceived "at risk" alternatives as of June 30, 2018 and 2017.

#### SOUTHERN INYO HEALTH CARE DISTRICT

#### NOTE D - CONCENTRATION OF CREDIT RISK (continued)

The Hospital grants credit without collateral to its patients and third-party payors. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the Hospital and management does not believe that there are any credit risks associated with these governmental agencies. Contracted and other patient accounts receivable consist of various payors including individuals involved in diverse activities, subject to differing economic conditions and do not represent any concentrated credit risks to the Hospital. Concentration of patient accounts receivable are as follows:

·	2018	<u>2017</u>
Medicare	\$ 2,262,697	\$ 2,066,599
Medi-Cal	2,033,325	1,241,477
Commercial insurances	1,513,676	1,109,057
Self pay and others	1,565,475	1,091,712
Gross patient accounts receivable	7,375,173	5,508,845
Less allowances for contractual adjustments and bad debts	(6,175,000)	(4,200,000)
Net patient accounts receivable	<u>\$ 1,200,173</u>	<u>\$ 1,308,845</u>

#### **NOTE E - OTHER RECEIVABLES**

Other receivables were comprised of the following:

	2018	<u> 2017</u>
Inyo County property tax receivable	\$ 37,329	\$ 30,825
Other government-related receivables	651,583	660,000
-	<u>\$ 688,912</u>	<u>\$ 690,825</u>

The Hospital may from time to time enter into physician guarantee agreements due to possible needs to recruit physicians in certain specialties to the area. These agreements generally provide for a certain level of income for a specified period of time. The physician is then expected to practice in the area for another specified period of time, during which the amounts paid to the physicians are ratably forgiven. FASB guidelines require the Hospital to establish both an asset and a liability for the estimated fair value of its physician income guarantees at the inception of contracts entered into after January 1, 2006. The asset is amortized to expense using the straight-line amortization method over the life of the guarantee, while the liability is reduced by actual amounts paid on the guarantee. As the Hospital's contracts of this nature are not considered material, both the asset and the liability are netted and recorded as a net other receivable. Recourse provisions in the contracts provide for the recovery from the physicians if all the terms of the contract are not fulfilled. Generally, in the healthcare industry, advances to physicians are comprised of physician income guarantees and/or business loans to those physicians requiring assistance to begin a local practice. Healthcare entities may enter into agreements with certain physicians whereby the healthcare entity

## SOUTHERN INYO HEALTH CARE DISTRICT

NOTE G - CAPITAL ASSETS

Capital assets were comprised of the following:

Land and land improvements Buildings and improvements Equipment Construction in progress Totals at historical cost	Balance at  June 30, 2017  \$ 693,511  2,982,474  4,422,690  8,098,675	Transfers & Additions  \$ 245,155  245,155	Retirements \$ (316,700)  316,700	Balance at <u>June 30, 2018</u> \$ 693,511  2,982,474  4,351,145
Less accumulated depreciation for: Land and land improvements Buildings and improvements Equipment Total accumulated depreciation Capital assets, net	(108,315) (2,781,394) (3,856,660) (6,746,369) \$ 1,352,306	(19,443) (25,219) (362,882) (407,544) \$ (162,389)	316,700 \$ 316,700 \$	(69,427) (2,730,955) (3,056,303) (6,837,213) \$ 1,189,917
Land and land improvements Buildings and improvements Equipment Construction in progress Totals at historical cost	Balance at <u>June 30, 2016</u> \$ 693,511 2,982,474 4,422,690 31,866 8,130,541	Transfers & Additions \$	Write-offs & Retirements  \$ (31,866) (31,866)	Balance at June 30, 2017 \$ 693,511 2,982,474 4,422,690  8,098,675
Less accumulated depreciation for: Land and land improvements Buildings and improvements Equipment Total accumulated depreciation Capital assets, net	(88,871) (2,756,174) (3,471,418) (6,316,463) \$ 1,814,078	(19,444) (25,220) (385,242) (429,906) \$ (429,906)	<u>\$ (31,866)</u>	(108,315) (2,781,394) (3,856,660) (6,746,369) \$ 1,352,306

#### SOUTHERN INYO HEALTH CARE DISTRICT

#### NOTE H - EMPLOYEES' RETIREMENT PLANS

The Hospital has a defined contribution retirement plan covering substantially all of the Hospital's employees. The Hospital's policy is to fund pension costs incurred. The Hospital's pension expense for the plan, which is based on a percentage of the employees' compensation, was approximately \$52,000 and \$48,000 during the years ended June 30, 2018 and 2017, respectively.

#### NOTE I - RELATED PARTY TRANSACTIONS

The Southern Inyo Hospital Auxiliary (the Auxiliary), has been established to solicit contributions on behalf of the Hospital. Substantially all funds raised except for funds required for operation of the Auxiliary, are distributed to the Hospital or held for the benefit of the Hospital. The Auxiliary's funds, which represent the Auxiliary's unrestricted resources, are distributed to the Hospital in amounts and in periods determined by the Auxiliary board and management, who may also restrict the use of funds for Hospital property and equipment replacement, Hospital expansion, reimbursement of expenses, or other specific purposes. Donations in this regard were considered minor for the years ended June 30, 2018 and 2017 respectively.

The Hospital was formerly managed by Healthcare Conglomerate Associates, LLC (HCCA) during 2016 and part of 2017. As of June 30, 2018 and 2017, related party payables attributed to HCCA due to management contracts and loans to the Hospital amounted to approximately \$1.4 million as of June 30, 2018 and \$1.1 million as of June 30, 2017. These amounts are currently in process of being litigated and or settled and it is too soon to determine what impact those actions will have upon the financial presentation of the Hospital.

HCCA also managed Tulare Regional Medical Center (TRMC) in Tulare, California. During the time HCCA managed the Hospital, resources from TRMC were advanced to the Hospital by way of loans, supplies, personnel time, equipment and other. The Hospital has repaid any loans advanced by TRMC and remaining payables of approximately \$430,000 as of June 30, 2018 and \$175,000 as of June 30, 2017 are currently in process of being litigated and or settled and it is too soon to determine what impact those actions will have upon the financial presentation of the Hospital.

#### **NOTE J - DEBT BORROWINGS**

As of June 30, 2018 and 2017, debt borrowings are shown as accounts payable due to the fact that they have been included in the Bankruptcy Plan (the Plan) as secured creditors. Secured creditor amounts within the Plan are \$2,146,786 for both June 30, 2018 and 2017. No new significant debt borrowings exist since the Plan was effected. The secured debt is in process of negotiations and settlements and it is unknown as of the date of these financial statements what impact those actions will have on the Hospital's financial statements going forward.

#### SOUTHERN INYO HEALTH CARE DISTRICT

#### NOTE K - COMMITMENTS AND CONTINGENCIES

Construction-in-Progress: As of June 30, 2018 and 2017, the Hospital had \$-0- in amounts recorded as construction-in-progress representing cost capitalized for various remodeling, major repair, or expansion projects on the Hospital's premises. During times of construction, interest expense associated with construction debt can be capitalized under FAS 62. No interest was capitalized during the year. Future commitments for these projects are considered minor.

**Operating Leases**: The Hospital leases various equipment and facilities under operating leases expiring at various dates. Total building and equipment rent expense for the years ended June 30, 2018 and 2017, were \$322,903 and \$276,577, respectively. Future minimum lease payments for the succeeding years under operating leases as of June 30, 2018, that have initial or remaining lease terms in excess of one year are not considered material.

Litigation: The Hospital is involved in certain litigation which have arisen in the normal course of bankruptcy proceedings. After consultation with legal counsel, although the potential financial impact is undeterminable at this time, management has recorded any possible losses as a result of these proceedings and estimates that matters existing as of June 30, 2018 will be resolved without further significant material adverse effect on the Hospital's future financial position, results from operations or cash flows.

Medical Malpractice Claims: The Hospital maintains commercial malpractice liability insurance coverage under various claims-made policies covering losses up to \$5 million per claim with a per claim deductible of \$5,000. The Hospital plans to maintain the coverage by renewing its current policy or by replacing it with equivalent insurance.

Workers Compensation Program: The Hospital is a participant in the Beta Risk Management Authority (the Fund) which administers a self-insured worker's compensation plan for participating hospital employees of its member hospitals. The Hospital pays premiums to the Fund which are adjusted annually. If participation in the Fund is terminated by the Hospital, the Hospital would be liable for its share of any additional premiums necessary for final disposition of all claims and losses covered by the Fund

Health Care Reform: 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. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statues and regulations by health care providers. Violations of these laws and regulations 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. Management believes that the Hospital is in compliance with fraud and abuse as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, 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.

#### SOUTHERN INYO HEALTH CARE DISTRICT

#### **NOTE L-INVESTMENTS**

The Hospital's investment balances and average maturities were as follows at June 30, 2018 and 2017:

		Investment Maturities in Years				
As of June 30, 2018	Fair Value	Less than 1	1 to 5	Over 5		
Local agency investment fund Cash Inyo County treasury Total investments	\$ 5,681 30,091 \$ 35,772	\$ 5,681 30,091 \$ 35,772	\$ -0-	\$ -0-		
		Invest	tment Maturities in	Years		
As of June 30, 2017	Fair Value	Less than 1	1 to 5	Over 5		
Local agency investment fund	\$ 5,614	\$ 5,614				
Cash in Inyo County treasury	30,825	30,825	<u> </u>			
Total investments	<u>\$ 36,439</u>	<u>\$ 36,439</u>	<u>\$ -0-</u>	<u>\$ -0-</u>		

The Hospital's investments are reported at fair value as previously discussed. The Hospital's investment policy allows for various forms of investments generally held with government agencies. Policies generally identify certain provisions which address interest rate risk, credit risk and concentration of credit risk.

Interest Rate Risk: Interest 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 rates. One of the ways a hospital may manage its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a position of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for hospital operations. Information about the sensitivity of the fair values of the Hospital's investments to market interest rate fluctuations is provided by the preceding schedules that shows the distribution of the Hospital's investments by maturity.

*Credit Risk*: Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, such as Moody's Investor Service, Inc. Generally a hospital's investment policy for corporate bonds and notes would be to invest in companies with total assets in excess of \$500 million and having a "A" or higher rating by agencies such as Moody's or Standard and Poor's.

#### SOUTHERN INYO HEALTH CARE DISTRICT

#### **NOTE L -INVESTMENTS (continued)**

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. brokerdealer), a hospital would not be able to recover the value of its investment or collateral securities that are in the possession of another party. A hospital's investments are generally held by broker-dealers or in the case of many healthcare district's, in government-pooled short-term cash equivalents such as mutual funds.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a hospital's investment in a single issuer. A hospital's investment policy generally allows for different concentrations in selected investment portfolios such as government-backed securities, which are deemed to be lower risk.

#### NOTE M - CHAPTER 9 BANKRUPTCY

On or about January 4, 2016, the Hospital filed a voluntary petition for relief under Chapter 9 of title 11 of the United States Code (the Bankruptcy Code) The Hospital is represented by legal counsel in a pending reorganization under Chapter 9 of Title 11 United States Code (the Bankruptcy Code) in the United States Bankruptcy Court - Eastern District of California, Fresno Division. The purpose of the Hospital's plan of reorganization is to restructure certain classifications of the Hospital's debt and provide for their payment in whole or part. Certain debt may be susceptible to being discharged or rendered unenforceable. The ultimate success of the plan will depend primarily on the ability of the Hospital's management to operate the hospital at a level of increased cash flows and thereby generate sufficient cash flows, coupled with Hospital property taxes, to meet their obligations in the normal course of hospital operations.

Hospital management is continuing a program of cost reductions and revenue enhancement which it believes will result in improved cash flows. In order to achieve the goal of continued operations, the Hospital's board of directors has signed an with another local health care district for selected services due to their expertise in hospital operational efficiencies and providing high quality patient care.

The financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the amounts and classification of liabilities that might be necessary should the Hospital be unable to continue hospital operations.

#### **NOTE N - SUBSEQUENT EVENTS**

Management evaluated the effect of subsequent events on the financial statements through April 29, 2018, the date the financial statements are issued, and determined that there are no material subsequent events that have not been disclosed

## SOUTHERN INYO HEALTHCARE DISTRICT

## **Regular Meeting of the Board of Directors Minutes**

Date: Tuesday, April 9, 2019 Time: 4:30 p.m.

Location: RCA Church 550 East Post St Lone Pine, CA 93545

Richard Fedchenko will be participating via phone. 1093 Shahar Ave. Lone Pine, CA 93545

#### **AGENDA**

#### **PRESENT**

Jaque Hickman, President Charles Carson, Vice President Richard Fedchenko, Treasurer (via phone)

#### **ABSENT**

Carma Roper, Secretary Mark Lacey, Director

#### **OTHERS**

Brian Cotter, CEO Shannon Jimerson, CNO Chester Beedle, Financial Consultant Scott Nave, Attorney (via phone) Ashley McDow, Attorney (via phone)

#### I. CALL TO ORDER

The meeting was called to order at 4:35 p.m.

Vice President Carson moved to approve the Regular Board Meeting agenda for April, 9, 2019. Treasurer Fedchenko seconded. All Approved.

#### Roll Call

Charles Carson "AYE" Richard Fedchenko "AYE" Jaque Hickman "AYE"

#### II. <u>BUSINESS ITEMS</u>

A. Discussion regarding future of Southern Inyo Hospital facilities. (President/Attorney)

Mark Lacey

Director

The Court is arranging dates. Set dates are May 1, 2019 and June 21, 2019.

- **B. Consent Agenda:** These items are considered routine and non-controversial and will be approved by one motion. If a member of the Board or public wishes to discuss an item, it will removed from Consent and considered separately at the end of Business Items.
  - 1. Approval of Minutes
    - a. Regular Board Meeting Minutes of 03/12/2019.
  - 2. Approval of Policies & Procedures
    - a. Med Staff-
    - 1. Choice of Physician Policy
    - 2. Comprehensive Interdisciplinary Assessment
    - 3. Comprehensive Interdisciplinary Care plan
    - 4. Concern Grievance
    - 5. Dental Care
    - 6. Discharge or Transfer from Swing bed
    - 7. Financial Obligation
    - 8. Grievance Procedure
    - 9. Identify the process for identifying medically related social services, including discharge planning.
    - 10. Leave of Absence Policy
    - 11. Leave of Absence Medication Policy
    - 12. Medication During Leave of Absence
    - 13. Nutritional Care
    - 14. Nutritional Risk Indicators
    - 15. Performing services for the facility
    - 16. Personal Privacy and Confidentiality
    - 17. Pre-Admission and Admission to Swing Bed & Skilled Nursing
    - 18. Resident Rights
    - 19. Swing bed activities
    - 20. Visitation
    - 21. Homeless Law Policy
    - 22. Discharge Homeless Worksheet
    - 23. Employee Health Program
    - 24. TB Screening Program
    - 3. Medical Staff Privileges
      - **a**. Nabil H. Abbassi, MD Clinic Physician, 90 day Temporary Medical Staff Privileges.

**Action:** Vice President Carson moved to approve the Consent Agenda-Approval of minutes for 03/12/2019, Med Staff Policies and Procedures and 90 days of Medical Staff Privileges for Nabil H. Abbassi, MD, Clinic Physician. Treasurer Fedchenko seconded. All approved.

#### Roll Call

Richard Fedchenko"AYE" Charles Carson "AYE" Jaque Hickman "AYE"

C. SIH Salvation- copier usage (Foundation Board Member)

Anne Bramhall stated that SIH Salvation is having an event May 11, 2019 and the foundation wants to know if they can use the copy machines in order to print event flyers.

President Hickman stated that if using the copier is benefiting the hospital, SIH Salvation is able to use the copiers.

**D.** SIH Salvation as a Certificate Holder (Foundation Board Member)

It is SIH Salvation's sole purpose to provide financial support to Southern Inyo Healthcare District. Maritza Perkins spoke with Gari Mungo with Beta Healthcare Insurance. Mr. Mungo stated that if it is SIH Salvation's sole purpose is to benefit the hospital, they can be added to SIHD's insurance policy.

President Hickman stated SIHD can add SIH Salvation as a Certificate of Additional Insured.

Anne Bramhall provided copies of the SIH Salvation Membership application form, if the Board Members want to join.

**E.** Budget Heating & Air Conditioning Proposal (Director of Facilities)

This proposal is a sole source. Purchase of materials only proposal. The company will only deliver the unit, they will not install. The District staff will be installing.

**Action:** Treasurer Fedchenko moved to approve the Budget Heating & Air Conditioning Proposal. Vice President Carson seconded. All approved.

#### Roll Call

Richard Fedchenko "AYE" Charles Carson "AYE" Jaque Hickman "AYE"

**F.** Upcoming IGT's (execution of contracts) due on or before April 30, 2019 (Financial Consultant/CEO)

Chet Beedle provided a brief explanation of upcoming IGT's.
The IGT's are for the rate interest increase. SIHD gets paid by
Blue Cross, Medi-cal, Manage Care or CA Health and Wellness, they pay at an interim
rate. At the end of the year SIHD needs to file a report based upon what our costs were.
The IGT amounts are additional amounts that they will give SIHD. But we need to agree

to the amount they come up with by signing a contract, Contract 16-93587 A1 and Contract 16-93598 A1.

**Action:** Vice President Carson moved to approve that SIHD executes DHCS IGT Contract # 16-93598 A1 and Contract # 16-93587 A1 with the updated administration info. Treasurer Fedchenko seconded. All approved.

#### Roll Call

Charles Carson "AYE" Richard Fedchenko "AYE" Jaque Hickman "AYE"

G. Resolution 19-5 Provision of Legal Services by the Inyo Co. Counselor's Office

President Hickman gave a brief explanation of Resolution 19-5 Provision of Legal Services by the Inyo Co. Counselor's Office. The district is entitled of legal services by the county counselor's office because we are a special district. They will provide up to 10 hours a year for each school or special district. The previous resolution has a list of the authorized people who can request the services. SIHD will just need change the Administration contact information on resolution if the Board decides to adopt Resolution 19-5.

**Action:** Vice President Carson moved to approve and adopt the Resolution 19-5 Provision of Legal Services by the Inyo Co. Counselor's Office with the Board of Directors and the addition of Brian Cotter, CEO as an authorized person to request legal services. Treasurer Fedchenko seconded. All Approved.

#### Roll Call-

Charles Carson "AYE" Richard Fedchenko "AYE" Jaque Hickman "AYE"

#### III. REPORTS

#### **A.** Financial Report

Chet Beedle, Financial Consultant reviewed the financial reports presented at the Finance Committee Meeting April 2, 2019.

#### **B.** CEO Report

Brian Cotter, CEO reviewed the monthly volumes for each department and graphs. The payroll overtime has decreased from 240-250 to the 190's.

The IOR for the roof project will be coming out which will make more rooms available in service.

At this time, SIHD is about two weeks out for the roof permit. Also, the inspector and contractor are doing job walk. Once completed, we will just need to sign a final contract. The Clinic is up on visits, 343 patients. Dr. Pundi, in two weeks, has seen 97 patients. Prime project will need to be completed on April 30<sup>th</sup>. There are areas that need improvement.

There was miscommunication with Barton Locums and Dr. Pundi. Dr. Pundi will only be here a short time. Barton resigned Dr. Pundi to another location. SIHD is working on a new 6 month agreement for a Dr. Abbassi.

Dragon speak, phone and computer was set up for the ER physicians.

Need to get the ER Physicians to use the EMR.

Healthy Communities of Inyo County was able to help SIHD to order a television and infusion chair.

The infusion chair was ordered and should be in about 4 weeks. SIHD would like to send out a press release.

Brian gave a demonstration of the EKG service to the Clinic.

The Physical Therapist will be leaving in May. SIHD is searching for a replacement.

Referrals- will need to look into the referral from clinic to lab.

**C.** Medical Staff Report (Quarterly Report) No report this meeting (quarterly only)

## IV. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA NONE

#### V. BOARD OF DIRECTORS COMMENTS ON ITEMS NOT ON THE AGENDA

President Hickman researched the employee benefits & employee discount that Teresa McFarland, FNP suggested at the last Regular Board Meeting. The Board will need to look into more. Northern Inyo Hospital provides some discounts. Sources tried the option to provide pharmacy for employees but had to pull due to expense. This needs to be a group effort to gather more info.

Northern Inyo Hospital undertook the County Health Survey using data from NIH and SIHD. Document will be available in May. In Inyo Co. and possibly statewide, the demographics show that we are losing about 200 pediatric patients. But gaining people over 65 years of age. The survey will let us know what types of services that benefit our demographics. Also, what health services to pursue.

#### VI. <u>CLOSED SESSION</u>

A. Existing Litigation (Govt Code 54956.9): Chapter 9 Bankruptcy

B. Personnel Evaluation: CEO

#### VII. CLOSED SESSION REPORT

The Board and Legal Team discussed Items A & B under Closed Session. No action taken.

VIII.	ADJOURNMENT The meeting adjourned at 5:50 p.m.		
Board	President or Secretary	Date	
Regula	ar Board Minutes of April 9, 2019		

## SOUTHERN INYO HEALTHCARE DISTRICT

## **Special Meeting of the Board of Directors Minutes**

Date: Sunday, April 14, 2018 Time: 2:30 p.m.

Location: Southern Inyo Hospital-Conference Room 501 East Locust St Lone Pine, CA 93545

#### **AGENDA**

#### **PRESENT**

Jaque Hickman, President Charles Carson, Vice President Richard Fedchenko, Treasurer Mark Lacey, Director

#### **OTHERS**

Brian Cotter, CEO (via phone) Scott Nave, Attorney (via phone) Ashley McDow, Attorney (via phone)

#### **ABSENT**

Carma Roper, Secretary

#### I. CALL TO ORDER

The meeting was called to order at 2:30 pm.

Treasurer Fedcehnko moved to approve the agenda for Sunday, April 14, 2018. Vice President Carson seconded. All approved.

#### II. CLOSED SESSION

A. Existing Litigation (Govt Code 54956.9): Chapter 9 Bankruptcy

#### III. CLOSED SESSION REPORT

The Board and Counsel discussed the status of the Chapter 9 case. No other items were discussed.

#### IV. ADJOURNMENT

The closed session adjourned at 4:20 pm.

Board President or Secretary

Date

Special Board Minutes of April 14, 2019

**Board of Directors:** 

Jaqueline Hickman President Charles Carson Vice President Carma Roper Secretary Richard Fedchenko Treasurer

Mark Lacey Director

## SOUTHERN INYO HEALTHCARE DISTRICT

## **Special Meeting of the Board of Directors Minutes**

Date: Wednesday, May 1, 2019 Time: 3:30 p.m.

Location: Southern Inyo Hospital-Employee Dining Room 501 East Locust St Lone Pine, CA 93545

Director Mark Lacey will be participating via phone. 335 Indian Springs Drive, Lone Pine, CA 93555

#### **AGENDA**

#### **PRESENT**

Jaque Hickman, President Charles Carson, Vice President Richard Fedchenko, Treasurer Mark Lacey, Director (via phone)

#### **ABSENT**

Carma Roper, Secretary

#### **OTHERS**

Brian Cotter, CEO Chester Beedle, Financial Consultant (via phone) Scott Nave, Attorney (via phone) Jeffrey Golden, Attorney with W&GG, LLP (via phone)

#### I. CALL TO ORDER

The meeting was called to order at 3:30 p.m.

Treasurer Fedchenko moved to approve the Special Meeting agenda of May 1, 2019. Vice President Carson seconded. All approved.

Roll Call-

Richard Fedchenko "AYE"
Charles Carson "AYE"
Mark Lacey "AYE"
Jaque Hickman "AYE"

#### II. CLOSED SESSION

Closed Session began at 3:37 p.m.

- A. Existing Litigation (Govt Code 54956.9): Chapter 9 Bankruptcy
- B. Personnel Evaluation: CEO

#### **Board of Directors:**

 Jaqueline Hickman
 Charles Carson
 Carma Roper
 Richard Fedchenko
 Mark Lacey

 President
 Vice President
 Secretary
 Treasurer
 Director

#### III. CLOSED SESSION REPORT

The Board and the Legal Counsel discussed Item A. under Closed Session. Item B. will be discussed after the close of the Open Session.

The Open Session reconvened at 4:08 p.m.

#### IV. BUSINESS ITEMS

The Board requested to switch item A. and B.

A. Approval of Contract for Bankruptcy Legal Counsel

Note on \$15k Retainer-Attorney Nave stated the Jeff Shinbrot has been working with HCCA to try and get the amount of money released from tax funds being held by Inyo County. From there, SIHD can pay Jeff Golden's firm. At this time, Shinbrot is working on the stipulation.

Treasurer Fedchenko questions page 1 under delinquent account.

Jeffrey Golden, Attorney with W&GG, LLP will edit Item 4. Attorney Nave will then review and will send his comments to the President Hickman.

**Action:** Treasurer Fedchenko moved to approve the W&GG, LLP Bankruptcy Legal Counsel Contract with subject to Attorney Scott Nave's review and input and instructions by the Board members. Vice President Carson seconded. All Approved.

Roll Call

Mark Lacey "AYE"
Richard Fedchenko "AYE"
Charles Carson "AYE"
Jaque Hickman "AYE"

President Hickman explained the reason for the action on Item IV. A. Approval of Contract for Bankruptcy Legal Counsel.

HCCA filed to disqualify Foley & Lardner and Attorney Ashley McDow. The judge granted the motion on April 10, 2019. Foley & Lardner and Ashley McDow will represent Southern Inyo Healthcare District until May 10, 2019. McDow and Golden are working together to transfer information and material.

**B.** Services with Medsphere Systems Corporation Item B. Services with Medsphere Systems Corporation under Business Items is a discussion item only.

SIHD is trying to work through the issues with billing and Medsphere. How do we address these issues? SIHD cannot do it without building a team of people who are involved that can put in their input and look at scenarios.

Brian Cotter gave a brief report on the Revenue Cycle situation. Monthly operating revenue has been up and down. There has been several IGT's that SIHD has paid into but have yet to receive. Looking for an IGT return in May.

The operating revenue in the month of December, January and February were not as good as SIHD had hope for. March was good, about \$800k. April was not a good month, about \$390k. SIHD received a \$345k from old EHR monies.

SIHD is on its Fourth Amendment with Medsphere agreement. Currently SIHD's payments are at \$14k a month but deferring into a lump sum payments once a year.

President Hickman and Brian Cotter had many discussions with Irv Lichtenwald with Medsphere. Irv understands our financial situation. Irv has offered options and has been flexible and open to different ways on handling the situation.

Medsphere provided the following options for SIHD-

<u>Alternative 1:</u> Keep things as they stand now per the signed Fourth Amendment: Monthly Payments of \$14k plus annual catch up lump sum payments of 151,200 in October 2019, 2020, 2021, 2022, 2023 and then \$324,080 due July 2024.

<u>Alternative 2:</u> Upgrade to RCM Cloud and add the billing services but do not add the GL related services. Keep payments same as Alternative 1 for everything but the billing services. Billing services would be based on 2.5% of collections.

Alternative 3: Upgrade to RCM Cloud, add the billing services and add the GL related products.

Alternative 4: Upgrade to RCM Cloud, add the billing services, add the GL related products and delete the \$14k monthly payments but keep the annual lump payments: Medsphere would take 4.5% of the monthly collections for everything. The annual lump sum payments in October (July for 2024) would remain, so you would have to budget for those lump sum amounts.

<u>Alternative 5:</u> Upgrade to RCM Cloud, add the billing services, add the GL related products and delete the \$14k monthly payments: AND delete the annual lump sum payments: No budgeting for any checks to Medsphere as Medsphere would take 8% of monthly collections and move the contract term date to 10/2024.

Currently, SIHD has Steering Meetings with Medsphere every other week. The meetings are for discussing, dealing and working on issues for each department. For example: meeting our needs, modifications and training. The ER Dept. will need training on the EMR system. ER Dept. will need to join the Steering Meeting. The Patient Portal is still being worked on.

President Hickman stated the Board doesn't use the program. The Board relies on the staff to get an overview. If we have a contractual issue with Medsphere, we want to work through the contractual issues in a way that it works for both parties. SIHD wants to look at what Medsphere can offer. President Hickman requested that Chet Beedle join in on the discussions with Irv and present any questions.

Per President Hickman, SIHD needs to put together a team to move through the process to see what works for SIHD. Bottom line is that SIHD needs to have a billing system that works.

Treasurer Fedchenko requested more detailed info on the provided spreadsheets from Medsphere, the NET outcome.

**Board of Directors:** 

Mark Lacev

Director

Director Lacey stated that if we make it through legal issues and continue to move forward. We still don't have enough yearly revenue to break even.

President Hickman asked Traci Gilmore, Revenue Cycle Manager "What is needed to work denials". Traci stated that we need help with the back log and aging. There is a new hire that will be working on self-pay and collections.

Karen Sheffield stated that she needs more feedback from the billing dept. and a list/spreadsheet of all errors or denials.

President Hickman requested a list of reports that SIHD us required to file every year.

SIHD will continue to review and discuss the services with Medsphere Systems Corporation and the options provided.

V.	ADJOURNMENT The open session meeting adjourned at 5:47	o.m.
Boar	rd President or Secretary	Date
Spec	cial Board Minutes of May 1, 2019	

### **Special Meeting of the Board of Directors Minutes**

Date: Tuesday, May 7, 2019 Time: 3:50 p.m.

Location: Southern Inyo Hospital-Conference Room 501 East Locust St Lone Pine, CA 93545

Secretary Carma Roper will be participating via phone. 230 N. Webster St., Independence, CA 93526

### **AGENDA**

### **PRESENT**

Charles Carson, Vice President Richard Fedchenko, Treasurer Carma Roper, Secretary (via phone)

### **ABSENT**

Jaque Hickman, President Mark Lacey, Director

### **OTHERS**

Brian Cotter, CEO Chet Beedle, Financial Consultant Anita Sonke, AP

### I. CALL TO ORDER

The meeting was called to order at 3:54~p.m. There was no quorum at that time. Meeting was postponed till 5:00~p.m. same day, Tuesday, May  $7^{th}$ .

The meeting reconvened at 5:18 p.m.

Treasurer Fedchenko moved to approve the Special Board meeting agenda for Tuesday, May 7, 2019. Vice President Carson seconded. All approved.

### Roll Call

Carma Roper "AYE"
Richard Fedchenko "AYE"
Charles Carson "AYE"

### II. **Approval of Medical Staff Privileges**

Special Board Minutes of May 7, 2019

- a. Teresa McFarland, FNP, Nurse Practitioner, Extended Two Year Medical Staff Privileges. **b.** Sonia Sanga. MD. ER Physician, Temporary 90 days Medical Staff Privileges.

Staff ed.

	<b>b.</b> Sonia Sanga, MD, E	R Physician, Temporary	90 days Medical Staff Privileg
	Privileges for Teresa M	cFarland, FNP and Tem	Extended Two Year Medical Sporary 90 days Medical Staff Chenko seconded. All Approve
III.	Roll Call Richard Fedchenko"AY Carma Roper Charles Carson  ADJOURNMENT The meeting adjourned at	"AYE" "AYE"	
Board	President or Secretary		Date



### Southern Inyo Hospital

501 E. LOCUST ST. • P.O. BOX 1009 LONE PINE, CALIFORNIA 93545 Telephone (760) 876-5501 Fax (760) 876-4388 Admin Fax (760) 876-2268

May 14, 2019

Board of Directors Southern Inyo Hospital P.O. Box 1009 Lone Pine, CA 93545

Provisional Medical Staff Privileges are extended to Nabil H. Abbassi, MD, Clinic Physician for a period of one year, from May 14, 2019 to May 14, 2020 by the Board of Directors of Southern Inyo Healthcare District, in accordance with the Medical Staff Bylaws of Southern Inyo Healthcare District.

Respectfully,

Vickie Torix

Medical Staff Secretary

Whie Tour

Ronald Ostrom, DO, Medical Director of ER	Date
Brian Cotter, CEO	Date
Jaque Hickman, Board President	Date



### Southern Inyo Hospital

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May 14, 2019

Board of Directors Southern Inyo Hospital P.O. Box 1009 Lone Pine, CA 93545

Active Medical Staff Privileges are extended to Adria Elene Ottoboni, MD, Emergency Department Physician for a period of two years, from May 14, 2019 to May 14, 2021by the Board of Directors of Southern Inyo Healthcare District, in accordance with the Medical Staff Bylaws of Southern Inyo Healthcare District.

Respectfully,

Vickie Torix
Medical Staff Secretary

Ronald Ostrom, DO, Medical Director of ER	Date
Brian Cotter, CEO	Date
Jaque Hickman, Board President	Date



### Southern Inyo Hospital

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May 14, 2019

Board of Directors Southern Inyo Hospital P.O. Box 1009 Lone Pine, CA 93545

Provisional Medical Staff Privileges are extended to Ramesh Pundi, MD, Clinic Physician for a period of one year, from May 14, 2019 to May 14, 2020 by the Board of Directors of Southern Inyo Healthcare District, in accordance with the Medical Staff Bylaws of Southern Inyo Healthcare District.

Respectfully,

Vickie Torix

Medical Staff Secretary

Ronald Ostrom, DO, Medical Director of ER	Date
Brian Cotter, CEO	Date
Jaque Hickman, Board President	Date

### FIRST AMENDMENT TO PHARMACIST SERVICES AGREEMENT

THIS FIRST AMENDMENT TO PHARMACIST SERVICES AGREEMENT ("First Amendment") is entered into by and between Southern Inyo Healthcare District, a public entity ("District"), and Neima Ghassemian, and individual ("Pharmacist") as of May , 2019.

### **RECITALS**

- A. District and Pharmacist entered into a Pharmacist Services Agreement, dated May 1, 2108 ("Agreement").
  - B. The Parties desire to amend that Agreement to extend the Term for one year.

Now, therefore, for valuable consideration received, the parties agree as follows.

### **AMENDMENT**

- 1. <u>Term of Agreement</u>. The Term of the Agreement is extended for one year commencing May 1, 2019, and terminating April 30, 2020, unless terminated sooner as authorized in the Agreement.
- 2. <u>Continuing Effect of Agreement</u>. Except as herein provided, all of the terms and conditions of the Agreement remain in full force and effect.
- 3. <u>Authority</u>. By their signatures below, each of the following represent that they have authority to execute this Agreement and to bind the party on whose behalf their execution is made.

Southern Inyo Healthcare District	Neima Ghassemian
By	By
Jaque Hickman, President	Neima Ghassemian

POLICY/PROCEDURE

**TITLE:** Code of Conduct

DEPARTMENT: ADMINISTRATION PAGE 1 OF 8

**SCOPE:** All Employees, Board of Directors, Medical Staff and Contractors

**POLICY STATEMENT:** All employees, Board members, Medical Staff members and contractors shall follow the Code of Conduct in the performance of their job duties and related functions.

### Policy:

This Code of Conduct has been established to serve as a guideline for personnel to follow in the performance of their job duties and related functions within the organization. Additionally, the Code of Conduct applies to outside consultants, contractors and temporary personnel. The primary objective of the Code of Conduct is to create a work environment that promotes cooperation, professionalism, and compliance with the law. Compliance with the Code of Conduct is a significant factor in employment performance evaluations.

### **Compliance with Laws:**

Southern Inyo Healthcare District (SIHD) expects that its employees, affiliates and contractors will comply with all applicable laws. When the application of the law is uncertain, SIHD will seek guidance from legal counsel.

### **Open Communication:**

SIHD encourages open lines of communication between personnel. There are several ways to report unlawful or unethical situations:

- 1. The supervisor is the best place to start:
- 2. Call the Compliance Hotline
- 3. Compliance Officer
- 4. Contact the Human Resources Director;
- 5. Contact the Chief Executive Officer (CEO)
- 6. Contact the Board of Directors; or
- 7. Contact General Counsel.

All reports of unlawful or unethical conduct will be investigated promptly by the Compliance Officer. SIHD will not tolerate threats or acts of retaliation or retribution.

### **Personal Conduct:**

SIHD's reputation for high standards of conduct rests on the highest measure of mutual trust and responsibility that exists between those working at SIHD. It is based on all individuals exercising good judgment and acting in accordance with this Code of Conduct and the law.

POLICY/PROCEDURE

**TITLE: Code of Conduct** 

DEPARTMENT: ADMINISTRATION PAGE 2 OF 8

Ethical behavior on the job essentially comes down to honesty and fairness in dealing with other employees, medical staff, contractors, patients, vendors, competitors, the government and the public. It is no exaggeration to say that SIHD's integrity and reputation are in each individual's hands.

SIHD's basic belief in the importance of respect for the individual has led to a strict regard for the privacy and dignity of personnel. When management determines that personal conduct adversely affects performance or the legitimate interests of KVHD, the organization may be required to take action.

### **The Work Environment:**

SIHD strives to provide personnel with a safe and productive work environment. The work environment also must be free from discrimination and harassment based on race, color, religion, sex, sexual orientation, age, national origin, disability, veteran status, or other factors that are unrelated to SIHD's legitimate business interests. SIHD will not tolerate sexual advances, actions, comments, or any other conduct in the workplace that creates an intimidating or otherwise offensive environment. Similarly, the use of racial or religious slurs — or any other remarks, jokes, or conduct that encourages or permits an offensive work environment — will not be tolerated.

Anyone who has knowledge of or believes they have experienced such conduct should bring such activity to the attention of SIHD either by informing their supervisor, calling the Compliance Hotline, contacting the Compliance Officer, the Human Resources Director, and CEO or, as a last resort, the chair of the Board of Directors. SIHD considers all complaints of such conduct to be serious matters, and all complaints will be thoroughly investigated promptly.

Other prohibited activities include:

- Threats;
- Violent behavior;
- The possession of weapons not in accordance with the KVHD weapons policy;
- The distribution of offensive jokes or other offensive materials via e-mail or any other manner; and
- The use, distribution, sale or possession of illegal drugs or any other controlled substance, except to the extent permitted by law for approved medical purposes.

In addition, personnel may not be on SIHD premises or in SIHD work environment if they are under the influence of or affected by illegal drugs, alcohol, or controlled substances used other than as prescribed, or the use of prescription or legal drugs that may cause an altered state that renders personnel unable to perform assigned duties.

POLICY/PROCEDURE

**TITLE:** Code of Conduct

DEPARTMENT: ADMINISTRATION PAGE 3 OF 8

### **Employee Privacy:**

SIHD collects and maintains personal information that relates to employment, including limited medical and benefit information. Access to personal information is restricted solely to people with a need to know. Personal information is released outside SIHD or its agents only with employee approval, except in response to appropriate investigatory or legal requirements, or in accordance with other applicable law. Employees who are responsible for maintaining personal information and those who are provided access to such information must ensure that the information is not disclosed in violation of SIHD's Personnel policies or practices.

### **Use of Hospital Property:**

Hospital equipment, systems, facilities, corporate charge cards and supplies must be used only for Hospital business. Personal items, messages or information that the Individual considers private should not be placed or kept in telephone systems, computer systems, offices, work spaces, desks, credenzas or file cabinets. Employees have no expectation of privacy with regard to items or information stored or maintained on hospital equipment or premises, including computers. Management is permitted to access these areas at any time for any reason and without warning. Employees shall not search for or retrieve articles from another employee's workspace without prior approval from that employee or management.

Since supplies of certain everyday items are readily available at hospital work locations, the question of making personal use of them frequently arises. The answer is clear: employees may not use hospital supplies for personal use.

### **Use of Hospital Computers:**

The increasing reliance placed on computer systems, internal information and communications equipment in carrying out SIHD business makes it absolutely essential to ensure their integrity. Like other SIHD assets, this equipment and the information made available through a variety of databases should be used only for conducting SIHD business. Their unauthorized use, whether or not for personal gain, is a misappropriation of SIHD assets and a gift of public funds in violation of the California Constitution.

While SIHD conducts audits to help ensure that the organization's systems, networks and databases are being used properly, it is everyone's responsibility to make sure that each use of any hospital system is authorized and proper.

**TITLE: Code of Conduct** 

DEPARTMENT: ADMINISTRATION PAGE 4 OF 8

Personnel are not allowed to load or download software or data onto SIHD computer systems unless it is for business purposes and is approved in advance by the appropriate supervisor. Personnel shall not use hospital e-mail systems to deliver or forward inappropriate jokes, unauthorized political materials, religious messages, or any other potentially offensive materials. Personnel are strictly forbidden from using computers to access the Internet for purposes of gambling, viewing pornography, or engaging in any illegal activities.

Employees have no expectation of privacy with regard to items or information stored or maintained on SIHD equipment or premises.

### **Use of Proprietary Information**

Proprietary information is generally confidential information that is developed by SIHD as part of its business and operations. Such information includes, but is not limited to, the business, financial, marketing, and contract arrangements associated with hospital services and products. It also includes computer-access passwords, procedures used in producing computer or data processing records, personnel and medical records, and payroll data. Other proprietary information includes management know-how and processes; hospital business and product plans with outside vendors; a variety of internal databases; and copyrighted material, such as software.

SIHD is entitled to determine who may possess its proprietary information and what use may be made of it, except for specific legal requirements such as the publication of certain reports and the California Public Records Act.

Personnel often have access to information that SIHD considers proprietary. Therefore, it is very important not to use or disclose proprietary information except as authorized.

### **Inadvertent Disclosure:**

The unintentional disclosure of proprietary information can be just as harmful as intentional disclosure. To avoid unintentional disclosure, never discuss with any unauthorized person proprietary information that has not been made public by SIHD. This information includes unannounced products or services, prices, earnings, procurement plans, business volumes, capital requirements, confidential financial information, marketing and service strategies, business plans, salaries, and other confidential information. Furthermore, confidential information should not be discussed with authorized hospital employees in the presence of others who are not authorized — for example, at a conference reception or in a public area such as an airplane. This also applies to discussions with family members or with friends, who might innocently or inadvertently pass the information on to someone else.

**TITLE: Code of Conduct** 

DEPARTMENT: ADMINISTRATION PAGE 5 OF 8

### **Proprietary and Competitive Information about Others:**

In the normal course of business, it is not unusual to acquire information about many other organizations, including competitors (competitors are other hospitals and health facilities). Doing so is a normal business activity and is not unethical in itself. However, there are limits to the ways that information should be acquired and used. Improper solicitation of confidential data about a competitor from a competitor's employees or from hospital patients is prohibited. SIHD will not tolerate any form of questionable intelligence-gathering.

### **Direct Requests for Information:**

If an employee receives a request for information or to conduct an interview from an attorney, investigator, or any law enforcement officer, and it concerns SIHD's business, the request will be referred to the office of SIHD's Chief Executive Officer.

### **Recording and Reporting Information:**

Record and report all information accurately and honestly. To submit a document that contains false information — an expense report for meals not eaten, miles not driven, or for any other expense not incurred — is dishonest reporting and is prohibited. Dishonest reporting of information to organizations and people outside SIHD is also strictly prohibited and could lead to civil or even criminal liability. This includes not only reporting information inaccurately, but also organizing it in a way that is intended to mislead or misinform those who receive it. Do not make false or misleading statements in oral or written communications.

### **Exception:**

Nothing contained herein is to be construed as prohibiting conduct legally protected by the National Labor Relations Act or other applicable state or federal law.

### Gifts and Entertainment:

SIHD understands that vendors and others doing business with the organization may wish to provide gifts, promotional items, and entertainment to hospital personnel as part of such vendors' own marketing activities. SIHD also understands that there may be occasions where the organization may wish to provide reasonable business gifts to promote the district's services. However, the giving and receipt of such items can easily be abused and have unintended consequences; giving and receiving gifts, particularly in the health care industry, can create substantial legal risks.

POLICY/PROCEDURE

TITLE: Code of Conduct

DEPARTMENT: ADMINISTRATION PAGE 6 OF 8

### **General Policy**

It is the general policy of SIHD that no one may solicit, receive, offer, or pay any money or gift that is, or could be reasonably construed to be, an inducement in exchange for influence or assistance in conducting hospital business. It is the intent of SIHD that this policy be construed broadly such that all business transactions with vendors, contractors, and other third parties are transacted to avoid even the appearance of improper activity.

### Spending Limits — Gifts, Dining and Entertainment

SIHD has developed policies that clearly define the spending limits permitted for items such as gifts, dining and entertainment. All personnel are strictly prohibited from making any expenditures of hospital or personal funds for gifts, dining or entertainment in any way related to hospital business unless such expenditures are made in strict accordance with hospital policies.

### Marketing and Promotions in Health Care

As a provider of health care services, the marketing and promotional activities of SIHD may be subject to Anti-Kickback and other laws that specifically apply to the health care industry. SIHD has adopted policies elsewhere in this Compliance Program to specifically address the requirements of such laws.

It is the policy of SIHD that personnel are not allowed to solicit, offer or receive any payment or remuneration of any kind (regardless of the value) in exchange for referring, or recommending the referral of, patients or customers to SIHD.

### Marketing

This Compliance Program contains various policies applicable to specific business activities of SIHD. In addition to those policies, it is the general policy of SIHD that no personnel engage in any advertising, marketing, or other promotional activities on behalf of SIHD unless such activities are approved in advance by the CEO. Employees should ask their supervisor to determine the appropriate District representative to contact. In addition, no advertising, marketing, or other promotional activities targeted at health care providers or potential patients may be conducted unless approved in advance by Southern Inyo Healthcare District administration.

All content posted on Internet websites maintained by SIHD must be approved in advance by SIHD's CEO, or designee.

### **Conflicts of Interest**

A conflict of interest may arise when engaging in any activities or advancing any personal interests at the expense of SIHD's interests. An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in personal gain for that employee, a relative, or a friend as a result of SIHD's business dealings. Avoid situations in which one's loyalty may become divided.

**TITLE: Code of Conduct** 

DEPARTMENT: ADMINISTRATION PAGE 7 OF 8

Providing assistance to an organization that provides services and products in competition with SIHD's current or potential services or products is an obvious conflict of interest. Prior consent is required to work for such a competing organization as an employee, a consultant, or a member of its governing board. Such activities are prohibited because they divide one's loyalty between SIHD and that organization. Failure to obtain prior consent from SIHD's administration may be grounds for termination.

### **Outside Employment and Business Interests**

Do not work on any personal business venture on SIHD premises or while working on District time. In addition, do not use SIHD equipment, telephones, computers, materials, resources or proprietary information for any outside work. Abstain from any decision or discussion affecting SIHD when serving as a member of an outside organization or board or in public office, except when specific permission to participate has been granted by SIHD's administration.

### Contracting with SIHD

Do not contract with SIHD to be a supplier, to represent a supplier to SIHD, or to work for a supplier to SIHD while employed by SIHD unless prior consent has been obtained. In addition, do not accept money or benefits, of any kind, for any advice or services provided to a supplier in connection with its business with SIHD.

### **Anti-Competitive Activities**

SIHD expects all employees, directors, and medical staff members to perform their job duties effectively and fairly. False or misleading statements about a competitor are inappropriate, invite disrespect and complaints, and may violate the law. Be sure that any comparisons made about competitors' products and services are fair and accurate. (Competitors include other hospitals and health facilities.)

### **Reporting Violations**

SIHD supports and encourages each employee, director, medical staff member and contractor to maintain individual responsibility for monitoring and reporting any activity that violates or appears to violate any applicable statutes, regulations, policies, or this Code of Conduct.

SIHD has established a reporting mechanism that permits anonymous reporting, if the person making the report desires anonymity. Employees who become aware of a violation of SIHD Compliance Program, including this Code of Conduct, must report the improper conduct to the Compliance Officer. That officer, or a designee, will then investigate all reports and ensure that appropriate follow-up actions are taken.

**TITLE: Code of Conduct** 

DEPARTMENT: ADMINISTRATION PAGE 8 OF 8

Hospital policy prohibits retaliation against anyone who makes such a report in good faith. In addition, it is the policy of SIHD that no one will be punished on the basis that he/she reported what he/she reasonably believed to be improper activity or a violation of this Program.

Employees are subject to disciplinary action if after an investigation, SIHD reasonably concludes that the reporting employee knowingly fabricated, or knowingly distorted, exaggerated, or minimized the facts to either cause harm to someone else or to protect or benefit themselves.

### **REFERENCES:**

<u>Federal Register</u>, OIG Compliance Program Guidance for Hospitals, Office of Inspector General, Department of Health and Human Services, February 23, 1998.

Hospital Compliance Manual, 1st Edition, California Hospital Association, January 2010.

APPROVAL	DATE	APPROVAL	DATE
Department/Division Manager	Inte	erdisciplinary Team	
Unit Medical Director (if applicable)	Go	verning Board	
Medical Staff Committee (if applicable)	Adı	ministration/Compliance	

TITLE: Compliance and Privacy Reporting Hotline

DEPARTMENT: COMPLIANCE PAGE 1 of 3

**SCOPE:** All Staff

**POLICY STATEMENT:** A Hotline is available for reporting any actual or potential violations of hospital compliance including violations of law, regulation, policy, procedure, or code of conduct and privacy concerns. This number is directed to the San Bernardino District Office who serves the Inyo County.

### PROCEDURE:

- A. The Hotline number (800) 383-4777 is available at all times by any individual to report actual or potential violations.
- B. The Chief Executive Officer, Privacy Officer, and Compliance Officer are the only individuals able to access hotline reports.
- C. All reports made to the Hotline will be investigated in a prompt and reasonable manner by the Compliance Officer and/or Privacy Officer or, if appropriate, by a member of the Compliance Oversight Committee.
- D. Individuals shall not be subject to retaliation on the part of any person employed by or contracted with the District based on reports that are submitted in good faith. Any such retaliation is a violation of the Compliance Program and should be reported immediately to the Compliance Officer.
- E. Individuals are afforded full anonymity. The reporter is NOT required to submit an occurrence.
- F. The Hotline recordings are checked Monday through Friday by either the Privacy Officer or the Compliance Officer.
- G. An individual who has concerns and does not want to use the Hotline or any other reporting structure because of the individuals involved in the report, may contact the Chief Executive Officer, General Counsel, or Chairman of the Board of Directors.
- H. Any message left on the Hotline will be entered into the Compliance and Privacy Tracking Log. This log is a confidential document. If a concern is received in person, the individual will be requested to put the concern in writing.
- I. The Compliance Officer or Privacy Officer will initiate a *Report of Suspected Non-Compliance*, and deliver the report to the appropriate administrative personnel for investigation.
- J. The Compliance Officer or Privacy Officer will investigate each report depending on the subject of the report. If the report is an employee-related issue, the report will be forwarded to the Human Resources Department for follow up.
- K. Following each investigation, the Report of Suspected Non-Compliance will be forwarded to the Chief Executive Officer for signature.

**TITLE: Compliance and Privacy Reporting Hotline** 

DEPARTMENT: COMPLIANCE PAGE 2 of 3

L. All completed reports will be filed in the Compliance/Privacy Office.

**REFERENCES:** OIG Compliance Program Guidance for Hospitals Hospital Compliance Manual, California Hospital Association

APPROVAL	DATE	APPROVAL	DATE
Department/Division Manager		Interdisciplinary Team	
Unit Medical Director (if applicable)		Governing Board	
Medical Staff Committee (if applicable)		Administration	
Reviewed By:		Reviewed By:	
Reviewed By:		Reviewed By:	

SIHD# New/Revised File name:

**Southern Inyo Healthcare District** 

POLICY/PROCEDURE

TITLE: Compliance and Privacy Reporting Hotline

DEPARTMENT: COMPLIANCE

PAGE 3 of 3

Southern Inyo Healthcare District POLICY/PROCEDURE

TITLE: Compliance Program

DEPARTMENT: ADMINISTRATION PAGE 1 of 6

**SCOPE:** All Employees, Board of Directors, Medical Staff, and Contractors

**POLICY:** Southern Inyo Healthcare District (SIHD) is committed to ensuring compliance with all applicable statutes, regulations, and policies governing our daily business activities. To that end, SIHD's Compliance Program serves as a practical guidebook that can be used by all employees, medical staff and contractors to assist them in performing their job functions in a manner that complies with applicable laws and policies. The Compliance Program is intended to further our day-to-day commitment that our operations comply with federal and state laws, to provide guidance for all employees, and to serve as a mechanism for preventing and reporting any violation of those laws.

- All personnel, medical staff, contractors and Board of Directors are educated about applicable laws and trained in matters of compliance;
- There is periodic auditing, monitoring, and oversight of compliance with those laws;
- An atmosphere exists that encourages and enables reporting of non-compliance without fear of retribution; and
- Mechanisms exist to investigate, discipline, and correct non-compliance.

### A. OUR CORE VALUES:

- **1. Understanding:** Exhibited by the presence of receptivity, openness and generosity. Creating an environment for fruitful communication.
- **2. Trust:** Our behavior is composed of sincerity, mutual respect and genuineness leading to honest communication.
- **3. Leadership:** We each take responsibility in creating a positive organizational environment in which our values can flourish. We lead by modeling "we go there first."
- **4. Quality:** Is our constant commitment as evidenced by positive customer outcomes, financial performance, and continuous operational improvement.
- **5. Accountability:** Taking ownership of our responsibilities and actions and following through to contribute to the success of our organization.

### B. Goals of the SIHD Compliance Program:

DEPARTMENT: ADMINISTRATION PAGE 2 of 6

1. Create an overall culture of compliance and ethics within the entire organization;

- 2. Ensure that all administrative and managerial staff support, promote and adhere to the elements of the Compliance Program and the Code of Conduct;
- Ensure that all personnel, medical staff, contractors and Board of Directors are both knowledgeable and respectful of the SIHD Compliance Program and adhere to the Code of Conduct; and
- 4. Ensure that all billing, coding and accounting matters adhere to the ethical standards contained in the Compliance Program.

### C. Compliance as an Element of Performance:

- 1. The promotion of, and adherence to, the elements of this Compliance Program is a factor in evaluating the performance of all District employees. Employees will be periodically trained regarding the Compliance Program, and new compliance policies as they are adopted. In particular, all managers and supervisors involved in any processes related to the evaluation, preparation, or submission of medical claims must do the following:
  - a. Discuss, as applicable, the compliance policies and legal requirements described in this Compliance Program with all supervised Personnel.
  - b. Inform all supervised personnel that strict compliance with this Compliance Program is a condition of continued employment.
  - c. Inform all supervised personnel that disciplinary action will be taken, up to and including termination of employment or contractor status, for violation of this Compliance Program.
- 2. Managers and supervisors are expected to adequately instruct their subordinates on matters covered by the Compliance Program. Managers and supervisors will also be subject to discipline for failing to detect violations of the Compliance Program where reasonable diligence on the part of the manager or supervisor would have led to the discovery of a problem or violation and thus would have provided the District with the opportunity to take corrective action.

DEPARTMENT: ADMINISTRATION PAGE 3 of 6

### D. Training and Education:

- 1. SIHD acknowledges that this Compliance Program will be effective only if it is communicated and explained to personnel on a routine basis and in a manner that clearly explains its requirements. For this reason, the District requires all personnel to attend specific training programs on a periodic basis. Training requirements and scheduling are established by the Human Resource and Staff Development Departments in conjunction with the Compliance Department. Training programs include appropriate training in federal and state statutes, regulations, guidelines, the policies described in this Compliance Program, the SIHD Code of Conduct in addition to specific Code of Conduct for the Business Office and Code of Ethics for personnel responsible for coding. Training on the Code of Conduct will be given to all personnel, medical staff, contractors and Board of Directors annually.
- 2. Employee training will be conducted annually and may include training sessions led by qualified individuals, webinars and teleconferences. New employees are trained by attending the New Hire Orientation. New employees acknowledge in writing that they understand the SIHD Code of Conduct and other compliance policies necessary for their specific position.
- 3. The Compliance Officer evaluates the content of the training program at least annually to ensure that the subject content is both appropriate and sufficient to cover the range of issues confronting the District's employees. The training program is modified as necessary to keep up-to-date with any changes in federal and state healthcare program requirements, and to address results of the District's audits and investigations; results from previous training and education programs; trends in Hotline reports; and guidance from applicable federal and state agencies.
- 4. Specific training for Board of Directors, managers, medical staff and other employees will include areas such as:
  - a. Restrictions on marketing activities;
  - b. General prohibitions on paying or receiving remuneration to induce referrals;
  - c. Proper claims processing techniques;
  - d. Monitoring of compliance with this Compliance Program;
  - e. Methods for educating and training employees; and
  - f. Duty to report misconduct.

DEPARTMENT: ADMINISTRATION

PAGE 4 of 6

5. The members of the District's Board of Directors and personnel who are required to submit a form to the County Clerk's office will be provided with periodic training, not less than two hours bi-annually. This will include training on fraud and abuse laws and other compliance matters and is specifically designed to meet the requirements of Assembly Bill 1234.

6. Attendance and participation in compliance training programs is a condition of continued employment. Every employee's understanding of and participation in the SIHD Compliance Program is an element of their annual evaluation.

### E. Non-Retaliation Policy

Southern Inyo Healthcare District prohibits any employee, medical staff member or contractor from retaliating against or engaging in harassment of another employee who has reported suspected wrongdoing. Every supervisor, manager, and director has the responsibility to create a work environment in which ethical and legal concerns can be raised and openly discussed without fear of retaliation or retribution.

### F. Enforcing Standards and Policies

It is the policy of the District to appropriately discipline District personnel who fail to comply with the Code of Conduct or the policies set forth in this Compliance Program or any federal or state statutes or regulations. Refer to the Human Resource Manual for the Disciplinary Action policy.

### G. Auditing and Monitoring

- The District conducts periodic monitoring of the Compliance Program. Compliance reports
  created by the monitoring, including reports of suspected non-compliance, will be reviewed
  and maintained by the Compliance Officer.
- 2. The Compliance Officer will develop and implement an audit plan in conjunction with the Quality Improvement Manager. The plan will be reviewed at least annually to determine whether it addresses the proper areas of concern. The audit plan will include compliance audits designed to audit billing, coding, reimbursement, charting compliance and laws governing compliance issues.

DEPARTMENT: ADMINISTRATION

PAGE 5 of 6

3. Audits will be performed when possible by qualified SIHD employees. When required, outside auditors will be contracted to perform the audits. Additionally, regulatory reports submitted to State and Federal governmental agencies will be reviewed and compared to previously submitted reports to recognize trends, outliers or any non-compliant issue.

4. Compliance error rates will be evaluated and compared to compliance error rates for prior periods as well as available norms. If the error rates are not decreasing or within acceptable levels, the District shall conduct a further investigation into other aspects of the Compliance Program in an effort to determine hidden weaknesses and deficiencies.

### H. Corrective Action and Investigations

- 1. Violations of this Compliance Program, failures to comply with applicable federal or state laws, and other types of misconduct threaten the District's status as a reliable and honest provider of health care services. Detected but uncorrected misconduct can seriously endanger the District's business and reputation, and can lead to serious sanctions against the District. Consequently, upon reports or reasonable indications of suspected non-compliance, prompt steps to investigate the conduct in question will be initiated under the direction and control of the Compliance Officer to determine whether a material violation of applicable law or the requirements of the Compliance Program has occurred.
- 2. If such a violation has occurred, prompt steps will be taken to correct the problem, taking into account the root cause of the problem. As appropriate, such steps may include an immediate referral to criminal and/or civil law enforcement authorities, a corrective action plan, a report to the Office of Inspector General (OIG) or any other appropriate government organization, and/or submission of any overpayments. The specific steps that are appropriate in any given case will be determined after consultation with the District's Legal Counsel.
- 3. If an investigation of an alleged violation is undertaken and the Compliance Officer believes the integrity of the investigation may be at stake because of the presence of employees under investigation, those employees will be removed from their current work activity until the investigation is completed. Where necessary, the Compliance Officer will take appropriate steps to secure or prevent the destruction of documents or other evidence relevant to the investigation.

DEPARTMENT: ADMINISTRATION PAGE 6 of 6

### I. Reporting

- 1. If the Compliance Officer or a management official discovers credible evidence of misconduct from any source and, after reasonable inquiry, has reason to believe that the misconduct may violate criminal, civil, or administrative law, then the misconduct will promptly be reported as appropriate to the OIG or any other appropriate governmental authority or federal and/or state law enforcement agency having jurisdiction over such matter. Such reports will be made by the Compliance Officer on a timely basis.
- 2. All overpayments identified by the District shall be promptly disclosed and/or refunded to the appropriate public or private payer or other entity.

**REFERENCES:** Federal Register, Supplemental OIG Compliance Program Guidance for hospitals, Office of Inspector General, Department of Health and Human Services, January 31, 2005: Federal Register, OIG Compliance Program Guidance for hospitals, Office of Inspector General, Department of Health and Human Services, February 23, 1998; Hospital Compliance Manual, 1st Edition, California Hospital Association, January 2010.

APPROVAL	DATE	APPROVAL	DATE
Department/Division Manager		Interdisciplinary Team	
Unit Medical Director (if applicable)		Governing Board	
Medical Staff Committee (if applicable)		Administration	
Reviewed By:		Reviewed By:	
Reviewed By:		Reviewed By:	

SIHD# New/Revised File name:

**Southern Inyo Healthcare District** 

POLICY/PROCEDURE

TITLE: Compliance Program

**DEPARTMENT: ADMINISTRATION** 

PAGE 7 of 6

## Alternative 1: Keep things as they stand now per the signed Fourth Amendment:

Monthly Payments of \$14K plus annual catch up lump sum payments of \$151,200 in October 2019, 2020, 2021, 2022, 2023, and then \$324,080 due July 2024.

# Alternative 2: Upgrade to RCM Cloud and add the billing services but do not add the GL related services

Keep payments same as Alternative 1 for everything but the billing services. Billing Services would be based on 2.5% of collections.

## Alternative 3: Upgrade to RCM Cloud, add the billing services and add the GL related products

Keep monthly payments same as Alternative 1, but add 2.8% of collections for the billing services and the GL related products.

### Alternative 4: Upgrade to RCM Cloud, add the billing services, add the GL related products and delete the 14K monthly payments but KEEP the annual lump payments:

Medsphere would take 4.5% of the monthly collections for everything. The annual lump sum payments in October (July for 2024) would remain, so you would have to budget for those lump sum amounts.

### Alternative 5: Upgrade to RCM Cloud, add the billing services, add the GL related products and delete the \$14K monthly payments payments: AND delete the annual lump sum payments:

No budgeting for any checks to Medsphere as Medsphere would take 8% of monthly collections and move the contract term date date to 10.2024. Medsphere Projection on \$700,000

Estimated Revenue	\$700,000	Month	Year	5 Years
Alternative 2	0.025	\$17,500	\$210,000	\$1,050,000
Alternative 3	0.028	\$19,600	\$235,200	\$1,176,000
Alternative 4	0.045	\$31,500	\$378,000	\$1,890,000
Alternative 5	0.08	\$56,000	\$672,000	\$3,360,000

Current Annual Costs	S Annual Balloon Payment	Projected Annual Costs	Projected 5 Year Costs
\$168,000	\$151,000	\$529,000	\$2,645,000
\$168,000	\$151,000	\$554,200	\$2,771,000
\$0	\$151,000	\$529,000	\$2,645,000
\$0	\$0	\$672,000	\$3,360,000

5 Year Revenue	\$42,000,000	\$36,000,000	\$6,000,000
Annual Revenue 5	\$8,400,000	\$7,200,000	\$1,200,000
Monthly Revenue	\$700,000	\$600,000	\$100,000
	Projected	Current avg	Variance

Projected 5 Year Gain	\$3,355,000	\$3,229,000	\$3,355,000	
Projected Annual Gain	\$671,000	\$645,800	\$671,000	000
	Alternative 2	Alternative 3	Alternative 4	F

Medsphere Projection on \$750,000

Estimated Revenue	\$750,000	Month	Year	5 Years
Alternative 2	0.025	\$18,750	\$225,000	\$1,125,000
Alternative 3	0.028	\$21,000	\$252,000	\$1,260,000
Alternative 4	0.045	\$33,750	\$405,000	\$2,025,000
Alternative 5	0.08	\$60,000	\$720,000	\$3,600,000

Current Monthly Costs	Current Annual Costs	Annual Balloon Payment	Projected Annual Costs	Projected 5 Year Costs
\$14,000	\$168,000	\$151,000	\$544,000	\$2,720,000
\$14,000	\$168,000	\$151,000	\$571,000	\$2,855,000
\$0	\$0	\$151,000	\$556,000	\$2,780,000
\$0	\$0	\$0	\$720,000	\$3,600,000

	Monthly Revenue	Annual Revenue	5 Year Revenue
Projected	\$750,000	000'000'6\$	\$45,000,000
Current avg	\$600,000	\$7,200,000	\$36,000,000
Variance	\$150,000	\$1,800,000	\$9,000,000

<u>.</u> ⊆				
Projected 5 Year Gain	\$6,280,000	\$6,145,000	\$6,220,000	\$5,400,000
Projected Annual Gain	\$1,256,000	\$1,229,000	\$1,244,000	\$1,080,000
	Alternative 2	Alternative 3	Alternative 4	Alternative 5

Medsphere Projection on \$800,000

Month Year 5 Years	\$20,000 \$240,000 \$1,200,000	\$22,400 \$1,344,000	\$36,000 \$432,000 \$2,160,000	\$64,000 \$3,840,000
\$800,000	0.025	0.028	0.045	0.08
Estimated Revenue	Alternative 2	Alternative 3	Alternative 4	Alternative 5

Current Monthly Costs	Current Annual Costs	Annual Balloon Payment	Projected Annual Costs	Projected 5 Year Costs
\$14,000	\$168,000	\$151,000	\$559,000	\$2,795,000
\$14,000	\$168,000	\$151,000	\$587,800	\$2,939,000
\$0	\$0	\$151,000	\$583,000	\$2,915,000
\$0	\$0	0\$	\$768,000	\$3,840,000

	Monthly Revenue	Annual Revenue	5 Year Revenue
Projected	\$800,000	\$9,600,000	\$48,000,000
Current avg	\$600,000	\$7,200,000	\$36,000,000
Variance	\$200,000	\$2,400,000	\$12,000,000

	Projected Annual Gain	Projected 5 Year Gain
Alternative 2	\$1,841,000	\$9,205,000
Alternative 3	\$1,812,200	\$9,061,000
Alternative 4	\$1,817,000	\$9,085,000
Alternative 5	\$1,632,000	\$8,160,000

Medsphere Projection on \$850,000

Estimated Revenue	\$850,000	Month	Year	5 Years
Alternative 2	0.025	\$21,250	\$255,000	\$1,275,000
Alternative 3	0.028	\$23,800	\$285,600	\$1,428,000
Alternative 4	0.045	\$38,250	\$459,000	\$2,295,000
Alternative 5	0.08	\$68,000	\$816,000	\$4,080,000

Projected 5 Year Costs	\$2,870,000	\$3,023,000	\$3,050,000	\$4.080.000
Projected	\$2,87	\$3,02	\$3,05	\$4,08
Projected Annual Costs	\$574,000	\$604,600	\$610,000	\$816,000
Annual Balloon Payment	\$151,000	\$151,000	\$151,000	\$0
Current Annual Costs	\$168,000	\$168,000	\$0	\$0
Current Monthly Costs	\$14,000	\$14,000	\$0	\$0

5 Year Revenue	\$51,000,000	\$36,000,000	\$15,000,000
Annual Revenue	\$10,200,000	\$7,200,000	\$3,000,000
Monthly Revenue	\$850,000	\$600,000	\$250,000
	Projected	Current avg	Variance

	Projected Annual Gain	Projected 5 Year Gain
Alternative 2	\$2,426,000	\$12,130,000
Alternative 3	\$2,395,400	\$11,977,000
Alternative 4	\$2,390,000	\$11,950,000
Alternative 5	\$2,184,000	\$10,920,000

### Southern Inyo Healthcare District

501 E. Locust St. P.Ö. Box 1009 Lone Pine, CA 93545 Phone: 760-876-5501 Fax: 760-264-4292

### **STAFF MEMORANDUM**

**TO:** Board of Directors

FROM: Chris Marks (IT Department)

SUBJECT: ABM quotes to repair 9 copiers before service agreement is approved

**MEETING DATE: 05.14.2019** 

### **Purpose**:

Before ABM agrees and approves the service agreement, they require that the 9 copiers be brought up to spec (Wearable items replaced, and current defective parts replaced) before they approve the agreement (Which was already signed).

### **Impacts:**

<u>Fiscal</u>: 9 quotes to bring the copiers up to spec before ABM will approve the service agreement.

Regulatory: No Regulatory laws

Environmental: Env. study Yes / No

<u>Legal Review</u>: Reviewed by counsel Yes / No. Issues: None

### **Recommended Action:**

Recommend to pay the 9 quotes totaling \$4,678.79. The service agreement was already signed. This will allow the current copiers to be brought up to spec, document feeders fixed, as well as wearable-items replaced.

Individual Quote per copier. They will come out and cover the installation, travel, and labor under the new service agreement.

Quote:	Price:	
03460	\$124.25	
05480	\$502.22	•
06982	\$660.36	
06987	\$583.53	
07604	\$583.53	
08644	\$698.05	
08645	\$508.95	
08646	\$508.95	
08647	\$508.95	

TOTAL: \$4,678.79



### American Business Machines

821 18th Street/P.O. Box 2737 (93303)

Bakersfield, CA 93301 Office: (661) 324-4741

Fax: (661) 324-1148

Date:

3/7/2019

Call #:

173904

Customer SN: Expiration Date:

DRL15270 30 Days

To:

Southern Inyo Healthcare District

Re: Service Inspections 501 E. Locust Street Lone Pine, CA 93545

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	hour will be prorated to the quarter hour, at the		A Company of the Comp		
	same rate.				
			Subtotal	\$	115.31
			Sales Tax Rate		7.75%
			TAX	100	8.94
Quotation prepared by:	Karyna Bandy		Travel		N/A
	this offer may be withdrawn at any time.		Labor	judan.	N/A
	omissions, this offer is void and will be corrected on request. Parts quote substituted with equal or better parts. At time of order price may be revi		Total	\$	124.25



### American Business Machines

821 18th Street/P.O. Box 2737 (93303)

Bakersfield, CA 93301

Office: (661) 324-4741

Fax: (661) 324-1148

Date:

3/7/2019

Call #:

173908

Customer SN : Expiration Date: HHC15155 30 Days

To:

Southern Inyo Healthcare District

Re: Service Inspections 501 E. Locust Street Lone Pine, CA 93545 760-876-2201

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					Charles	
	GPR-39 Drum	2773B004AA	\$	166.46	\$	166.46
1	Fixing Assembly	FM1-B701-000	\$	231.51	\$	231.51
1	Transfer Roller Unit	FM4-6522-000	\$	14.28	\$	14.28
1	Roller, Paper Pickup	FB6-3405-000	\$	3.89	\$	3.89
1	Holder, Eliminator	FM1-A131-000	\$	5.10	\$	5.10
1	Roller, Feed/Separation	FC0-5080-000	\$	3.16	\$	3.16
1	Roller, Separation	FC6-6661-000	\$	5.44	\$	5.44
1	Paper Pickup Roller	FM4-7732-000	\$	36.26	\$	36.26
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Subtotal	\$	466.10
Sales Tax Rate		7.75%
TAX	\$	36.12
Travel	N	/A
Labor	N,	/A
Total	\$	502.22

availability and may be substituted with equal or better parts. At time of order price may be reviewed.



### American Business Machines

821 18th Street/P.O. Box 2737 (93303)

Bakersfield, CA 93301

Office: (661) 324-4741

Fax: (661) 324-1148

Date:

3/7/2019

Call #:

173905

Customer SN : Expiration Date: NMU11950 30 Days

To:

Southern Inyo Healthcare District

Re: Service Inspections 501 E. Locust Street Lone Pine, CA 93545 760-876-2201

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	Description				5	
1	1st Corona Assembly	FM3-7288-00R	\$	58.87	\$	58.87
1	Pre-Transfer Corona Assembly	FM3-7297-000	\$	60.21	\$	60.21
1	Fixing Assembly, Upper	FM3-7358-00R	\$	371.20	\$	371.20
1	Roller, Pressure	FM4-3160-010	\$	100.83	\$	100.83
. 1	Roller, Sponge	FB2-7777-020	.\$	11.74	\$	11.74
1	Roller, Separation	FC5-2528-000	\$	10.01	\$	10.01
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	hour will be prorated to the quarter hour, at the					
	same rate.					
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			Sa	les Tax Rate		7.75%
				TAX	\$	47.50
Quotation prepared	by:Karyna Bandy			Travel		N/A
Prices subject to ch	ange, this offer may be withdrawn at any time.			Labor		N/A
	rs or omissions, this offer is void and will be corrected on request. Parts qu	oted are subject to		Total	\$	660.36



### American Business Machines

821 18th Street/P.O. Box 2737 (93303)

Bakersfield, CA 93301

Office: (661) 324-4741

Fax: (661) 324-1148

Date:

3/7/2019

Call #:

173906

Customer SN: Expiration Date:

QGF04453 30 Days

To:

Southern Inyo Healthcare District

Re: Service Inspections 501 E. Locust Street Lone Pine, CA 93545

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1	GPR-39 Drum		2773B004AA	\$	166.46	\$	166.40
1	Transfer Roller Unit		FM4-6522-000	\$	14.28	\$	14.2
1	Holder, Eliminator	The second secon	FM1-A131-000	\$	5.10	\$	5.10
1	Roller, Paper Pickup		FB6-3405-000	\$	3.89	\$	3.89
1	Roller, Feed/Separation	on :	FC0-5080-000	\$	3.16	\$	3.16
1	Roller, Separation		FC6-6661	\$	5.44	\$	5.44
1	Paper Pickup Roller (	Jnit	FM4-7732-000	\$	36.26	\$	36.26
1	Pad, Separation		FL3-7878-000	\$	6.24	\$	6.24
1	Paper Feed Assembly		FM4-7736-000	\$	183.77	\$	183.77
1	Motor, Stepping	n der der die einschmissen kwieden der den der de den keinen versen.	FK3-1633-000	\$	20.76	\$	20.76
: 1	Reader Connecting P	CB Assembly	FM1-B815-000	\$	96.20	\$	96.20
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		to the quarter hour, at the					** .
	same rate.						1.
					Subtotal	\$	541.56
				Sa	ales Tax Rate		7.759
					TAX	\$	41.97
Quotation prepared	B by:Karyna Band	у			Travel		N/A
Prime publication ab	ange, this offer may be withdrawn	st ann lima			Labor		N/A
	ange, this oner may be withdrawn rs or omissions, this offer is void an		quoted are subject to		Total	•	583.53



Total \$

583.53

#### American Business Machines

821 18th Street/P.O. Box 2737 (93303)

Bakersfield, CA 93301

Office: (661) 324-4741

Fax: (661) 324-1148

Date:

3/7/2019

Call #: Customer SN: 173907

Expiration Date:

QGF04451 30 Days

To:

Southern Inyo Healthcare District

Re: Service Inspections 501 E. Locust Street Lone Pine, CA 93545 760-876-2201

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1	GPR-39 Drum	2773B004AA	\$	166.46	\$	166.46
1	Transfer Roller Unit	FM4-6522-000	\$	14.28	\$	14.28
1	Holder, Eliminator	FM1-A131-000	\$	5.10	\$	5.10
1	Roller, Paper Pickup	FB6-3405-000	\$	3.89	\$	3.89
1	Roller, Feed/Separation	FC0-5080-000	\$	3.16	\$	3.16
1	Roller, Separation	FC6-6661-000	\$	5.44	\$	5.44
1	Paper Pickup Roller Unit	FM4-7732-000	\$	36.26	\$	36.26
1	Pad, Separation	FL3-7878-000	\$	6.24	\$	6.24
1	Paper Feed Assembly	FM4-7736-000	\$	183.77	\$	183.77
1	Motor, Stepping	FK3-1633-000	\$	20.76	5	20.70
1	Reader Connecting PCB Assembly	FM1-B815-000	\$	96.20	S	96.20
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	*Labor to be billed at \$135 per hour. Labor beyond 1					
	hour will be prorated to the quarter hour, at the same rate.					
				Subtotal	\$	541.56
			Sa	ales Tax Rate		7.75°
				TAX	\$	41.97
Quotation prepared by	:Karyna Bandy			Travel		N/A

Frices subject to change, this offer may be withdrawn at any time.

In the event of errors or omissions, this offer is void and will be corrected on request. Parts quoted are subject to availability and may be substituted with equal or better parts. At time of order price may be reviewed.



#### American Business Machines

821 18th Street/P.O. Box 2737 (93303)

Bakersfield, CA 93301

Office: (661) 324-4741

Fax: (661) 324-1148

Date:

3/7/2019

Call #:

173909

Customer SN:

RKJ11785

Expiration Date:

30 Days

To:

Southern Inyo Healthcare District

Re: Service Inspections 501 E. Locust Street Lone Pine, CA 93545 760-876-2201

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1	Rolle	er, Transfer		FC9-0693-000	\$	9.37	والأراب	9.3
1	Elim	inator Holder Assem	bly	FM3-9296-000	\$	2.16	7. Î	2.1
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1	Rolle	er, Separation		FC6-6661-000	\$	5.44		5.4
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	*Lab	or to be billed at \$135	per hour. Labor beyond	∄ 1	in the second		·	
			e quarter hour, at the					
	same	rate.	Alaman da la manda da la		يند د د الله			
						Subtotal		647.84
					Sal	les Tax Rate		7.75°
						TAX	\$	50.23
Quotation pri	epared by:	Karyna Bandy				Travel		N/A
rices subject	t to change, this offe	er may be withdrawn at any	time.			Labor		N/A
a the event o	of errors or omission and may be substitut	s, this offer is void and will I	oe corrected on request. Parts quest. At time of order price may be	noted are subject to		Total	\$	698.05



#### American Business Machines

821 18th Street/P.O. Box 2737 (93303)

Bakersfield, CA 93301

Office: (661) 324-4741

Fax: (661) 324-1148

Date:

3/7/2019

Call #:

173912

Customer SN: Expiration Date:

QLA22533 30 Days

To:

Southern Inyo Healthcare District

Re: Service Inspections 501 E. Locust Street Lone Pine, CA 93545 760-876-2201

	760-876-2201					
cinicialization in human proportiones dissociativities	a Smith iR Adv 400iF					
	Discription					
1	GPR-39 Drum	2773B004AA	\$	166.46	S	166.4
1	Fixing Assembly	FM1-B701-000	\$	231.51	\$	231.5
1	Transfer Roller Unit	FM4-6522-000	\$	14.28	\$	14.2
1	Holder, Eliminator	FM1-A131-000	\$	5.10	\$	5.1
1	Roller, Paper Pickup	FB6-3405-000	\$	3.89	\$	3.8
1	Roller, Feed/Separation	FC0-5080-000	S	3.16	\$	3.1
1	Roller, Separation	FC6-6661-000	\$	5.44	s	5.4
1	Paper Pickup Roller Unit	FM4-7732-000	T <b>S</b>	36.26		36.2
1	Pad, Separation	FL3-7878-000	\$	6.24	\$	6.2
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	hour will be prorated to the quarter hour, at the	•				٠
	same rate.					
				Subtotal	\$	472.34
			Sales	Tax Rate		7.75°
				TAX	\$	36.61
Quotation prepared by	nKaryna Bandy			Travel	N/	Ą
Prices subject to change	ge, this offer may be withdrawn at any time.			Labor	N/.	
In the event of errors of	or omissions, this offer is void and will be corrected on request. Part	e anotad are cultimat to		Total		508.95



#### American Business Machines

821 18th Street/P.O. Box 2737 (93303)

Bakersfield, CA 93301

Office: (661) 324-4741

Fax: (661) 324-1148

Date:

3/7/2019

Call #:

173911

Customer SN : Expiration Date: QLA21857 30 Days

To:

Southern Inyo Healthcare District

Re: Service Inspections 501 E. Locust Street Lone Pine, CA 93545 760-876-2201

1 1 1 1 1 1 1 1	GPR-39 Drum  Fixing Assembly  Transfer Roller Unit  Holder, Eliminator  Roller, Paper Pickup  Roller, Feed/Separation  Roller, Separation  Paper Pickup Roller Unit  Pad, Separation	2773B004AA FM1-B701-000 FM4-6522-000 FM1-A131-000 FB6-3405-000 FC0-5080-000 FC6-6661-000 FM4-7732-000 FL3-7878-000	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	166.46 231.51 14.28 5.10 3.89 3.16 5.44 36.26	\$ \$ \$ \$	166.4 231.5 14.2 5.1 3.8 3.1 5.4
1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Fixing Assembly Transfer Roller Unit Holder, Eliminator Roller, Paper Pickup Roller, Feed/Separation Roller, Separation Paper Pickup Roller Unit	FM1-B701-000 FM4-6522-000 FM1-A131-000 FB6-3405-000 FC0-5080-000 FC6-6661-000 FM4-7732-000	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	231.51 14.28 5.10 3.89 3.16 5.44 36.26	\$ \$ \$ \$	231.5 14.2 5.1 3.8 3.1 5.4
1 1 1 1 1 1	Transfer Roller Unit Holder, Eliminator Roller, Paper Pickup Roller, Feed/Separation Roller, Separation Paper Pickup Roller Unit	FM1-B701-000 FM4-6522-000 FM1-A131-000 FB6-3405-000 FC0-5080-000 FC6-6661-000 FM4-7732-000	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	231.51 14.28 5.10 3.89 3.16 5.44 36.26	\$ \$ \$ \$	231.5 14.2 5.1 3.8 3.1 5.4
1 1 1 1 1 1	Holder, Eliminator Roller, Paper Pickup Roller, Feed/Separation Roller, Separation Paper Pickup Roller Unit	FM1-A131-000 FB6-3405-000 FC0-5080-000 FC6-6661-000 FM4-7732-000	\$ \$ \$ \$ \$	14.28 5.10 3.89 3.16 5.44 36.26		14.2 5.1 3.8 3.1 5.4
1 1 1 1 1	Roller, Paper Pickup Roller, Feed/Separation Roller, Separation Paper Pickup Roller Unit	FM1-A131-000 FB6-3405-000 FC0-5080-000 FC6-6661-000 FM4-7732-000	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	3.89 3.16 5.44 36.26		3.8 3.1 5.4
1 1 1 1	Roller, Feed/Separation Roller, Separation Paper Pickup Roller Unit	FC0-5080-000 FC6-6661-000 FM4-7732-000	\$ \$ \$ \$	3.89 3.16 5.44 36.26		3.1 5.4
1 1 1	Roller, Separation Paper Pickup Roller Unit	FC6-6661-000 FM4-7732-000	\$ \$ \$	5.44 36.26		3.1 5.4
1 1	Paper Pickup Roller Unit	FM4-7732-000	\$ \$ \$	36.26		2.83.0000
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1	Pad, Separation	FL3-7878-000	\$			
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	*Labor to be billed at \$135 per hour. Labor beyond 1		orani arismoi arasan T	anandara d	*	
(Projection and A	hour will be prorated to the quarter hour, at the	£				
	same rate.	J	ere et er egenerale generale generale.			d a samena
				Subtotal	\$	472.3
			Sales	Tax Rate	John J.	7.75
				TAX		36.6
Quotation prepared by:	Karyna Bandy			Travel		N/A
rices subject to change	e, this offer may be withdrawn at any time. r omissions, this offer is void and will be corrected on request. Parts quote			Labor		N/A



#### American Business Machines

821 18th Street/P.O. Box 2737 (93303)

Bakersfield, CA 93301

Office: (661) 324-4741

Fax: (661) 324-1148

Date:

3/7/2019

Call #:

173910

Customer SN : Expiration Date: QLA21862 30 Days

To:

Southern Inyo Healthcare District

Re: Service Inspections 501 E. Locust Street Lone Pine, CA 93545 760-876-2201

	760-876-2201						
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1	GPR-39 Drum		2773B004AA	\$	166.46	\$	166.4
1	Fixing Assembly		FM1-B701-000	\$	231.51	\$	231.5
	Transfer Roller Uni	it if I govern	FM4-6522-000	\$	14.28	\$	14.2
1	Holder, Eliminator		FM1-A131-000	\$	5.10	\$	5.1
1	Roller, Paper Picku	P	FB6-3405-000	\$	3.89	\$	3.8
1	Roller, Feed/Separa	ıtion	FC0-5080-000	\$	3.16	\$	3.1
1	Roller, Separation		FC6-6661-000	\$	5.44	\$	5.4
1	Paper Pickup Rolle	r Unit	FM4-7732-000	\$	36.26	\$	36.2
1	Pad, Separation		FL3-7878-000	\$	6.24	s	6.2
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	hour will be prorate	ed to the quarter hour, at the					
	same rate.	en e	and the second second		i de la companya de La companya de la co		
					Subtotal	\$	472.3
				Sa	les Tax Rate	ÀIJ	7.75°
					TAX	\$	36.6
Quotation prej	pared by:Karyna Ba	endy			Travel		N/A
Prices subject	to change, this offer may be withdraw	en at any time.			Labor		N/A
in the event of	errors or omissions, this offer is void	and will be corrected on request. Parts of	moteri are subject to		Total	··· ···	508.95





#### **MAINTENANCE AGREEMENT**

BILL TO:			SERVICE ADDRES	S:		
nvoice #		11 - 12 - 13 , 2000 1	· Date			11/27/2018
Acct #		, , , , , , , , , , , , , , , , , , , ,	Acct #			
Purchase Order #			Purchase Order#			
Company Name	Southern Inyo Healthca	re District	Company Name	Southern Inv	o Healthcare	District
Address	501 E. Locust Street		Address	501 E. Locus		
City	Lone Pine		City	Lone Pine		
State	CA Zip	93545	State	CA		
Phone	760-876-2201 Fax		Phone #	760-876-2201	Zip	93545
Contact	Accounts Payable	· · · · · · · · · · · · · · · · · · ·	Meter Contact		Fax	00040
PRACTICAL EXTENDED  X FULL COMP. NO CONTRACT	Includes all parts, labor, se Includes drum, all parts, labo Includes toner, drum, all parts Charge per call basis on drum	rvice calls, mileage, r, service calls, mile s, labor, service call	age, and inspections (Ex s, mileage, and inspectio	xcludes <u>ALL</u> toner, ons (Excludes <u>ALL</u>	paper and staple	es.)
	,		EQUIPMENT	meage. (Flourly Fau	e (0 \$65.00)	
MODEL#	SERIAL#	START METER	CONTRACTED VOLUME	QUARTERLY COPY VOLUME	BASE CHARGE	OVERAGE / PER COPY CHARGE
	See Attachment			117,500	\$3,196.25	0.018
Renewal: Y or N						
	Agreement End Date:			TOTAL	\$3,196.25	
TSA INCLUDED*  MONTHLY  X QUARTERLY  SEMI-ANNUAL  ANNUAL	*Must have attached TSA Agreement This maintenance plan is effective contracted volume, whichever oce in the service price for 24 month p  Special Instructions: Aggregate Copies per	e for 12 months or curs first. Base chargo period.	☐ 24 months from the ac	with overages billed in	n arrears. 24 month Dasis. Includes	contract will lock
f this agreement listed on the re- riting by an officer of American	d American Business Machines agrees to prov are authorized unless they appear on the orig verse side are incorporated in and made part Business Machines. No course or dealing or o	of this agreement No chang	ire signed by the customer and an	officer of American Busines	s Machines. The additio	nal terms and condition
Accepted by Custon	ner		Accepted by Ame	erican Business Machi	nes	
CUSTOMER SIGNATI	AQUE Hicks		AUTHORIZED SIG	GNATURE		
PRINTED NAME TITLE	ldent		PRINTED NAME			
2-14	-19	VIII.				
DATE	,		DATE			

#### **ABM MAINTENANCE AGREEMENT - TERMS & CONDITIONS**

- During the term of this Agreement, and for each unit of Equipment listed on the front of this document, American Business Machines (ABM) will provide, during ABM's normal business hours, without additional charge; labor, emergency service, preventative maintenance service and all replacement parts, except as noted in the terms and conditions of this agreement. This agreement does not cover: installation or de-installation of the equipment, performing electrical work external to the equipment or transportation of the equipment to another location.
- 2. The maintenance services provided in this Agreement shall not cover, and customer shall pay ABM's then current labor, parts and/or supplies charges for, any service calls, repairs and supplies required as a result of (a) inadequate customer operator involvement or service performed by personnel other than those of ABM, (b) causes other than normal use, customer's willful act, negligence or misuse, accident, transportation, electrical power failure, air conditioning or humidity control, or any other cause external to the equipment, (c) use of supplies (other than paper) or parts other than the supplies or parts supplied by ABM, (d) retrofits or modifications not designated by Canon U.S.A., Inc. as optional. ABM shall not be responsible for delay's in providing service due to strikes, accidents, embargoes, acts of God, or any other event beyond its control.
- 3. Maintenance calls under this Agreement will be made during normal business hours. Travel and labor time for service calls after normal hours, on weekends and on holidays, if and when available, will be charged at after hours rates in effect at the time the call is made.
- 4. Labor performed during a service call includes lubrication and cleaning of the equipment and the adjustment, repair or replacement of parts described as follows; all parts necessary to the operation of the equipment, with the exception of the parts listed below, and subject to the general scope of coverage, will be repaired or replaced free of charge during a service call included in the maintenance service provided by this Agreement. Exceptions are, but not limited to; Paper Cassettes, Document Feeder Covers and Belts and any other "Cosmetic" parts.
- 5. Rebuilding or major overhauls are not covered by this Agreement. In addition, when at its sole discretion, ABM determines that a reconditioning is necessary, as a result of expected wear and tear of materials and age factors caused by normal office environment usage, in order to keep the equipment in working condition, ABM will submit to customer an estimate of needed repairs and their cost, which will be in addition to the charge payable under this Agreement. If the customer does not authorize such reconditioning, ABM may discontinue service of the equipment under this Agreement or may refuse to renew this Agreement upon its expiration. Thereafter, ABM will make service available on the time and materials rates in effect at the time of service.
- 6. Supply inclusive plans will include all supplies, as indicated on the front of this Agreement, necessary for the operation of the equipment based on manufacturer specifications. ABM shall have the option to charge the customer the current retail price for any excessive consumption of supplies used in the equipment.
- 7. The initial charge for maintenance under this Agreement shall be the amount set forth on the reverse side of this Agreement. At the end of each successive twelve month period, ABM may, at its discretion, increase the service base and cost per copy charge by a maximum of fifteen percent of the charge previously in effect.
- 8. ABM's obligations and warranties under this Agreement are in lieu of (a) all other warranties, express or implied, including implied warranties of merchantability and fitness for a particular purpose and (b) all other obligations or liabilities for damages, including, but not limited to, personal injury or property damage (unless caused by ABM's negligence), loss of profit or other consequential damages, arising out of or in connection with this Agreement or the maintenance services performed hereunder.
- 9. If the customer does not pay all charges for maintenance as provided for under this Agreement, promptly when due: (1) ABM may (a) refuse to service the equipment or (b) furnish service on a C.O.D. per call basis at the then current rate for time and materials and (2) the customer agrees to pay to ABM (a) its cost and expense of collection including reasonable attorney's fees and (b) all charges for service provided before payment of the contract on a per call basis at current rates.
- This Agreement can be immediately cancelled by ABM upon any breach of the terms and conditions contained herein. Customer may cancel this agreement for non-performance. Customer must forward to ABM, via registered letter to the address listed on the front of this document, the specific problems with the system or other area(s) of non-performance. ABM shall have 30 days to correct the problem. If ABM has not corrected the problem within 30 days, Customer may notify us of your intent to cancel the Agreement in 30 days. Customer termination of an Agreement prior to the expiration of the contract period, for any reason other than listed above, will be billed in accordance with terms in effect on the termination date, subject to the monthly minimum charge through the last day of the termination month and the following early termination charges based on the number of full months remaining to contract expiration. At the expiration of the initial term, this Maintenance Agreement will automatically renew unless customer provides ABM with written notice of customers intent not to renew this Maintenance Agreement at least sixty (60) days prior to the expiration of the then current term.

Full Months Remaining to  Contract Expiration	Multiple Times Full Monthly Minimum
24 or more	12
18 - 23	10
12 - 17	9
7 ~ 11	8
0 - 6	Balance of Agreement

....

- 11. In the event of any litigation arising out of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs from the other.
- 12. This Agreement shall be governed by and construed according to the laws of the State of California. It constitutes the entire agreement between the parties and may not be modified except in writing and signed by duly authorized officers of ABM and the customer.



#### **Unaudited Financial Statements**

for

**Eight Months Ended February 28, 2019** 

#### **Certification Statement:**

To the best of my knowledge, I certify for the hospital that the attached financial statements do not contain any untrue statement of a material fact or omit to state a material fact that would make the financial statements misleading. I further certify that the financial statements present in all material respects the financial condition and results of operation of the hospital and all related organizations reported herein.

Certified by:

Chester Beedle Chief Financial Officer

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### SOUTHERN INYO HEALTHCARE DISTRICT LONE PINE, CALIFORNIA Eight Months Ended February 28, 2019

PAGE 1

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BALANCE SHEET - LIABILITIES AND NET ASSETS	PAGE 4
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STATEMENT OF OPERATIONS - YEAR-TO-DATE	PAGE 6
13 MONTH - PROFIT & LOSS	PAGE 7 & 8
KEY OPERATING STATISTICS	PAGE 9
EINANCIAL DATIOS AND BENCHMARKS	DACE 10

#### SOUTHERN INYO HEALTHCARE DISTRICT

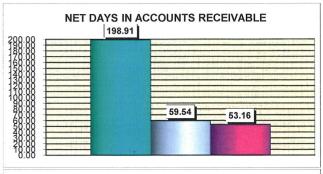
#### **EXECUTIVE FINANCIAL SUMMARY**

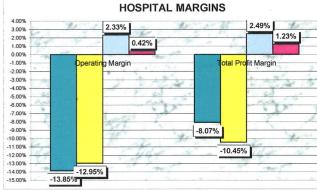
Eight Months Ended February 28, 2019

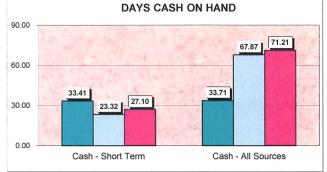
BALANCE SI	HEET	
	2/28/2019	6/30/2018
ASSETS		
Current Assets	\$5,862,335	\$2,540,681
Assets Whose Use is Limited	14,738	8,613
Property, Plant and Equipment (Net)	1,062,085	1,189,917
Other Assets	0	0
Total Unrestricted Assets	6,939,158	3,739,211
Restricted Assets	0	0
Total Assets	\$6,939,158	\$3,739,211
LIABILITIES AND NET ASSETS		
Current Liabilities	\$4,909,792	\$8,354,180
Long-Term Debt	7,156	0
Other Long-Term Liabilities	576,265	0
Total Liabilities	5,493,212	8,354,180
Net Assets	1,441,586	(4,614,969)
Total Liabilities and Net Assets	\$6,934,799	\$3,739,211

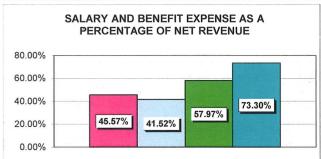
STATEMENT OF REVENUE A	ND EXPENSES	- YTD
	ACTUAL	BUDGET
Revenue:		
Gross Patient Revenues	\$8,253,801	\$6,634,720
Deductions From Revenue	(2,546,231)	(1,828,529)
Net Patient Revenues	5,707,570	4,806,191
Other Operating Revenue	255,983	250,199
Total Operating Revenues	5,963,553	5,056,390
Expenses:		
Salaries, Benefits & Contract Labor	4,371,410	4,172,622
Purchased Services & Physician Fees	930,943	573,170
Supply Expenses	286,533	262,071
Other Operating Expenses	1,142,839	595,039
Bad Debt Expense	0	0
Depreciation & Interest Expense	58,025	108,264
Total Expenses	6,789,749	5,711,165
NET OPERATING SURPLUS	(826,196)	(654,775)
Non-Operating Revenue/(Expenses)	344,977	126,530
TOTAL NET SURPLUS	(\$481,219)	(\$528,245)

KEY STATISTICS AND RATIOS - YTD						
	ACTUAL	BUDGET				
Total Acute Patient Days	109	32				
Average Acute Length of Stay	2.5	1.3				
Total Emergency Room Visits	771	602				
Outpatient Visits	2,254	1,785				
Total Surgeries	0	0				
Total Worked FTE's	103.11	96.20				
Total Paid FTE's	96.84	101.80				
Productivity Index	0.9330	1.0000				
EBITDA - YTD	-15.78%	-12.98%				
Current Ratio	1.19					
Days Expense in Accounts Payable	241.99					









SOUTHERN INYO HEALTHCARE DISTR	ICT
□ Budget	02/28/19
☐ California	Hospitals
CAH Hospitals	Rural
Prior Fiscal Year End	06/30/18
FINANCIAL STRENGTH INDEX -	(2.90)
Excellent - Greater than 3.0 Good -	3.0 to 0.0

Poor -

Less than (2.0)

0.0 to (2.0)

Fair -

# SOUTHERN INYO HEALTHCARE DISTRICT LONE PINE, CALIFORNIA

PAGE 3

			ASSETS		
	Current Month 2/28/2019	Prior Month 1/31/2019	Positive/ (Negative) Variance	Percentage Variance	Prior Year End 6/30/2018
Current Assets	2/20/2019	1/31/2019	variance	variance	0/30/2018
Cash and Cash Equivalents	\$925,608	\$1,205,593	(\$279,985)	-23.22%	\$346,635
Gross Patient Accounts Receivable	8,490,058	7,551,618	938,440	12.43%	6,944,937
Less: Bad Debt and Allowance Reserves	(3,650,725)	(3,247,196)	(403,529)	-12.43%	(5,744,764)
Net Patient Accounts Receivable	4,839,333	4,304,422	534,911	12.43%	1,200,173
Interest Receivable	0	0	0	0.00%	0
Other Receivables	0	0	0	0.00%	688,912
Inventories	89,894	84,504	5,390	6.38%	64,198
Prepaid Expenses	7,500	7,500	0	0.00%	88,409
Due From Third Party Payers	0	0	0	0.00%	152,354
Due From Affiliates/Related Organizations	0	138	(138)	-100.00%	0
Other Current Assets	0	0	0	0.00%	0
Total Current Assets	5,862,335	5,602,157	260,178	4.64%	2,540,681
Assets Whose Use is Limited					
Cash	8,288	11,448	(3,160)	-27.61%	8,613
Investments	0	0	0	0.00%	0
Bond Reserve/Debt Retirement Fund	0	0	0	0.00%	0
Trustee Held Funds	0	0	0	0.00%	0
Funded Depreciation	0	0	0	0.00%	0
Board Designated Funds	0	0	0	0.00%	0
Other Limited Use Assets	6,450	7,892	(1,442)	-18.28%	0
Total Limited Use Assets	14,738	19,340	(4,603)	-23.80%	8,613
Property, Plant, and Equipment					
Land and Land Improvements	693,510	693,510	0	0.00%	693,510
Building and Building Improvements	2,587,666	2,587,666	0	0.00%	2,587,666
Equipment	3,041,639	3,041,639	0	0.00%	2,966,485
Construction In Progress	0	0	0	0.00%	0
Capitalized Interest	0	0	0	0.00%	0
Gross Property, Plant, and Equipment	6,322,815	6,322,815	0	0.00%	6,247,661
Less: Accumulated Depreciation	(5,260,730)	(5,152,471)	(108, 259)	-2.10%	(5,057,744)
Net Property, Plant, and Equipment	1,062,085	1,170,344	(108,259)	-9.25%	1,189,917
Other Assets					
Unamortized Loan Costs	0	0	0	0.00%	0
Assets Held for Future Use	0	0	0	0.00%	0
Investments in Subsidiary/Affiliated Org.	0	0	0	0.00%	. 0
Other	0	. 0	0	0.00%	0
Total Other Assets	0	0	0	0.00%	0
TOTAL UNRESTRICTED ASSETS	6,939,158	6,791,842	147,316	2.17%	3,739,211
Restricted Assets	0	0	0	0.00%	0
	-				
TOTAL ASSETS	\$6,939,158	\$6,791,842	\$147,316	2.17%	\$3,739,211

## SOUTHERN INYO HEALTHCARE DISTRICT LONE PINE, CALIFORNIA

		LIABILITI	ES AND FUND E	BALANCE	
	Current	Prior	Positive/		Prior
	Month	Month	(Negative)	Percentage	Year End
	2/28/2019	1/31/2019	Variance	Variance	6/30/2018
0					
Current Liabilities	<b>*</b> 4 000 440	04.070.450	(000,000)	0.440/	00.400.004
Accounts Payable	\$4,366,418	\$4,276,158	(\$90,260)	-2.11%	\$8,163,834
Notes and Loans Payable	4,619	775,093	770,474	99.40%	0
Accrued Payroll	0	104,291	104,291	100.00%	190,346
Accrued Payroll Taxes	0	45,983	45,983	100.00%	0
Accrued Benefits	232,876	232,876	0	0.00%	0
Accrued Pension Expense (Current Portion)	0	0	0	0.00%	0
Other Accrued Expenses	43,168	52,637	9,469	17.99%	0
Patient Refunds Payable	2,287	1,245	(1,042)	-83.71%	0
Property Tax Payable	0	0	0	0.00%	0
Due to Third Party Payers	32,539	20,813	(11,7.26)	-56.34%	0
Advances From Third Party Payers	0	0	0	0.00%	0
Current Portion of LTD (Bonds/Mortgages)	Ó	0	0	0.00%	0
Current Portion of LTD (Leases)	3,640	19,450	15,810	81.29%	0
Other Current Liabilities	224,246	0	(224,246)	0.00%	0
Total Current Liabilities	4,909,792	5,528,545	618,753	11.19%	8,354,180
Long Term Debt					
Bonds/Mortgages Payable	0	0	. 0	0.00%	0
Leases/Notes Payable	10,796	36,691	25,895	70.58%	0
Less: Current Portion Of Long Term Debt	3,640	19,450	15,810	81.29%	0
Total Long Term Debt (Net of Current)	7,156	17,241	10,085	58.49%	0
Other Long Term Liabilities					
Deferred Revenue	0	0	0	0.00%	0
Accrued Pension Expense (Net of Current)	0	0	0	0.00%	0
Other	576,265	376,725	(199,540)	52.97%	0
Total Other Long Term Liabilities	576,265	376,725	(199,540)	-52.97%	0
TOTAL LIABILITIES	5,493,212	5,922,511	429,299	7.25%	8,354,180
TOTAL LIABILITIES	0,430,212	0,322,011	720,200	7.2370	0,334,100
Net Assets:					
Unrestricted Fund Balance	1,922,806	1,397,576	(525,230)	-37.58%	(4,311,834)
Inter-Departmental Transfer (DSH)	0	0	0	0.00%	(4,011,004)
Restricted Fund Balance	0	0	0	0.00%	0
Net Revenue/(Expenses)		-			•
Net Revenue/(Expenses)	(481,219)	(528,245)	(47,026)	8.90%	(303,135)
TOTAL NET ASSETS	1,441,586	869,331	(572,256)	-65.83%	(4,614,969)
TOTAL LIABILITIES					
AND NET ASSETS	\$6,934,799	\$6,791,842	(\$142,957)	-2.10%	\$3,739,211
AND NET ASSETS	Ψυ,υυΨ,1 σσ	Ψ0,7 3 1,042	(ψ142,997)	-2.10/0	ψυ, ευθ, ει τ

## Statement of Revenue and Expense SOUTHERN INYO HEALTHCARE DISTRICT **LONE PINE, CALIFORNIA**

		C	URRENT MONT	Н	
			Positive		Prior
	Actual 02/28/19	Budget 02/28/19	(Negative) Variance	Percentage Variance	Year 02/28/18
Gross Patient Revenue	02/20/19	02/20/19	variance		02/20/10
Inpatient Revenue	\$60,551	\$24,037	\$36,514	151.91%	\$22,465
Clinic Revenue	41,075	27,269	13,806	50.63%	25,485
Outpatient Revenue	539,612	290,699	248,912	85.63%	271,682
Long Term Care Revenue	381,661	271,144	110,517	40.76%	253,406
Other	0	866	(866)	-100.00%	810
Total Gross Patient Revenue	1,022,899	614,016	408,883	66.59%	573,847
Deductions From Revenue					
Discounts and Allowances	(286,412)	(156,328)	(130,083)	-83.21%	(146,041)
Bad Debt Expense (Governmental Providers Only)	(30,687)	(12,280)	(18,407)	-149.89%	(17,215)
	0	0	0	0.00%	0
Charity Care	(7,500)	(614)	(6,886)	-1121.47%	(5,738)
Total Deductions From Revenue	(324,599)	(169,223)	(155,376)	-91.82%	(168,995)
Net Patient Revenue	698,300	444,793	253,507	56.99%	404,852
Deduction % of Gross Revenue	-31.7%	-27.6%			-29.4%
Other Operating Revenue	6,487	31,982	(25,494)	-79.72% _	30,900
Total Operating Revenue	704,787	476,775	228,013	47.82%	435,752
Operating Expenses				Exp %/Net Rev	
Salaries and Wages	422,010	477,028	(55,018)	100.1%	458,680
Fringe Benefits	105,503	119,257	(13,754)	25.0%	114,670
Contract Labor	30,484	14,128	16,356	3.0%	13,584
Physicians Fees	73,748	55,000	18,748	11.5%	52,885
Purchased Services	3,896	872	3,024	0.2%	839
Supply Expense	39,400	32,140	7,259	6.7%	31,204
Utilities	11,002	10,313	689	2.2%	9,822
Repairs and Maintenance	2,418	5,081	(2,663)	1.1%	4,885
Insurance Expense	19,816	11,455	8,361	2.4%	10,910
All Other Operating Expenses	77,664	26,885	50,780	5.6%	25,975
Bad Debt Expense (Non-Governmental Providers)	0	0	-	0.0%	0
Leases and Rentals	2,750	5,141	(2,391)	1.1%	5,141
Depreciation and Amortization Interest Expense (Non-Governmental Providers)	279	13,533 0	(13,254)	2.8% 0.0%	13,533 0
Total Operating Expenses	788,970	770,834	18,136	161.7%	742,130
Net Operating Surplus/(Loss)	(84,183)	(294,059)	209,877	-71.37%	(306,379)
Non-Operating Revenue:					
Contributions	0	0	0	0.00%	0
Investment Income	0	0	0	0.00%	0
Income Derived from Property Taxes	55,070	21,967	33,103	150.70%	23,863
Interest Expense (Governmental Providers Only)	(21,624)	(39,183)	(17,559)	44.81%	(5,007)
Other Non-Operating Revenue/(Expenses)  Total Non Operating Revenue/(Expense)	9,048 <b>42,494</b>	5,065	3,983 <b>54,645</b>	78.65% <b>-449.70%</b>	14,226
rotal Non Operating Revenue/(Expense)	42,494	(12,152)	54,045	-449.70%	33,081
Total Net Surplus/(Loss)	(\$41,689)	(\$306,211)	\$264,522	-86.39%	(\$273,297)
Operating Margin	-11.94%	-61.68%			-70.31%
Total Profit Margin	-5.92%	-64.23%			-62.72%
EBITDA	-14.97%	-67.06%			-68.35%
Cash Flow Margin	-2.81%	-53.17%			-58.46%

## Statement of Revenue and Expense SOUTHERN INYO HEALTHCARE DISTRICT LONE PINE, CALIFORNIA

		,	YEAR-TO-DATE		
		arlay o Micropula final distribution a see his orbit and the collection and although	Positive		Prior
	Actual 02/28/19	Budget 02/28/19	(Negative) Variance	Percentage Variance	Year 02/28/18
Gross Patient Revenue	\$624.400	¢254 277	¢270.242	145.59%	¢274 400
Inpatient Revenue Clinic Revenue	\$624,490 450,867	\$254,277 292,924	\$370,212 157,943	53.92%	\$374,490 277,991
Outpatient Revenue	3,951,999	3,132,685	819,314	26.15%	2,961,062
Long Term Care Revenue	3,220,365	2,929,967	290,397	9.91%	2,767,019
Other	6,081	24,866	(18,785)	-75.55%	20,194
Total Gross Patient Revenue	8,253,801	6,634,720	1,619,082	24.40%	6,400,757
Deductions From Revenue					
Discounts and Allowances	(2,289,378)	(1,689,200)	(600, 178)	-35.53%	(1,629,373)
Bad Debt Expense (Governmental Providers Only)	(219,354)	(132,694)	(86,659)	-65.31%	(164, 183)
	0	0	0	0.00%	0
Charity Care	(37,500)	(6,635)	(30,865)	-465.21%	(54,728)
Total Deductions From Revenue Deductions as % of Gross Revenue	(2,546,231)	(1,828,529)	(717,703)	-39.25%	(1,848,283)
Net Patient Revenue	-30.8% 5,707,570	-27.6% 4,806,191	901,379	18.75%	-28.9% 4,552,473
Other Operating Revenue	255,983	250,199	5,783	2.31%	210,092
Total Operating Revenue	5,963,553	5,056,390	907,163	17.94%	4,762,566
·					1,1 02,000
Operating Expenses				Exp %/Net Rev	
Salaries and Wages	3,162,206	3,165,506	3,300	62.6%	3,043,755
Fringe Benefits	790,551	791,376	825	15.7%	760,939
Contract Labor Physicians Fees	418,652	215,740	(202,913)	4.3% 11.0%	207,442
Purchased Services	830,444 100,500	554,464 18,706	(275,980) (81,793)	0.4%	533,138 17,987
Supply Expense	286,533	262,071	(24,462)	5.2%	254,438
Utilities	133,434	85,666	(47,768)	1.7%	81,587
Repairs and Maintenance	50,007	56,766	6,759	1.1%	54,583
Insurance Expense	152,648	103,537	(49,111)	2.0%	98,607
All Other Operating Expenses	724,311	290,508	(433,804)	5.7%	280,684
Bad Debt Expense (Non-Governmental Providers)	0	. 0	0	0.0%	0
Leases and Rentals	82,438	58,561	(23,877)	1.2%	58,561
Depreciation and Amortization	58,025	108,264	50,240	2.1%	108,264
Interest Expense (Non-Governmental Providers)	0	0	0	0.0%	0
Total Operating Expenses	6,789,749	5,711,165	(1,078,584)	112.9%	5,499,985
Net Operating Surplus/(Loss)	(826,196)	(654,775)	(171,421)	26.18%	(737,419)
Non-Operating Revenue:					
Contributions	0	0	0	0.00%	0
Investment Income	0	0	0	0.00%	0
Income Derived from Property Taxes	445,587	189,398	256,189	135.26%	190,902
Interest Expense (Governmental Providers Only)	(172,994)	(109,582)	(63,412)	57.87%	(40,806)
Other Non-Operating Revenue/(Expenses)	72,384	46,714	25,670	54.95%	71,002
Total Non Operating Revenue/(Expense)	344,977	126,530	218,447	172.64%	221,098
Total Net Surplus/(Loss)	(\$481,219)	(\$528,245)	\$47,026	-8.90%	(\$516,321)
Operating Margin	-13.85%	-12.95%			-15.48%
Total Profit Margin	-8.07%	-10.45%			-10.84%
EBITDA	-15.78%	-12.98%			-14.07%
Cash Flow Margin	-4.20%	-6.14%			-7.71%

## Statement of Revenue and Expense - 13 Month Trend SOUTHERN INYO HEALTHCARE DISTRICT LONE PINE, CALIFORNIA

PAGE 7

· · · · · · · · · · · · · · · · · · ·	Actual 6/30/2018	Actual 7/31/2018	Actual 8/31/2018	Actual 9/30/2018	Actual 10/31/2018
Gross Patient Revenue					
Inpatient Revenue	\$155,738	\$144,006	\$126,525	\$56,063	\$58,832
Clinic Revenue	59,053	38,668	41,384	69,875	107,871
Outpatient Revenue	547,017	489,492	502,826	473,329	401,154
Long Term Care Revenue	408,805	331,035	418,027	361,149	458,729
Other	0	6,081	0	0	0
Total Gross Patient Revenue	1,170,613	1,009,282	1,088,762	960,416	1,026,586
Deductions From Revenue					
Discounts and Allowances	(327,772)	(260,912)	(304,854)	(268,916)	(287,444)
Bad Debt Expense (Governmental Providers Only)	(39,185)	(2,019)	(32,663)	(28,812)	(30,798)
Prior Year Settlements	0	0	0	0	0
Charity Care	(14,427)	24,851	(10,088)	(9,604)	(7,500)
Total Deductions From Revenue	(381,384)	(238,080)	(347,605)	(307,333)	(325,742)
Net Patient Revenue	789,229	771,202	741,157	653,083	700,844
Other Operating Revenue	0	192,504	25,000	850	0
Total Operating Revenue	789,229	963,706	766,157	653,933	700,844
-		•			
Operating Expenses					
Salaries and Wages	247,247	362,000	326,589	382,500	395,250
Fringe Benefits	55,573	90,500	81,647	95,625	98,813
Contract Labor	31,728	33,097	2,253	24,767	45,502
Physicians Fees	116,425	103,963	107,799	78,567	110,089
Purchased Services	19,703	18,169	24,891	17,734	19,290
Supply Expense Utilities	16,131	8,329	14,092	57,110	63,047
Repairs and Maintenance	20,856 5,636	4,305 7,262	14,183 1,132	22,639 3,745	15,226 17,610
Insurance Expense	12,507	18,257	18,167	9,097	17,316
All Other Operating Expenses	185,242	311,507	161,149	60,245	20,990
Bad Debt Expense (Non-Governmental Providers)	0	0	0	0	0
Leases and Rentals	4,650	8,333	17,175	9,922	19,837
Depreciation and Amortization	53,401	27,673	27,673	781	781
Interest Expense (Non-Governmental Providers)	0	0	0	0	0
Total Operating Expenses	769,099	993,395	796,750	762,732	823,751
Net Operating Surplus/(Loss)	20,131	(29,689)	(30,593)	(108,799)	(122,907)
not operating outplus/(2005)	20,101	(23,003)	(50,555)	(100,733)	(122,301)
Non-Operating Revenue:					
Contributions	\$0	0	0	0	0
Investment Income	0	0	0	0	0
Income Derived from Property Taxes	56,327	56,327	56,327	56,327	56,327
Interest Expense (Governmental Providers Only)	(5,382)	(5,382)	(5,382)	(5,382)	(5,382)
Other Non-Operating Revenue/(Expenses)	0	9,049	9,048	9,048	9,048
Total Non Operating Revenue/(Expense)	\$50,945	\$59,994	\$59,993	59,993	59,993
Total Net Surplus/(Loss)	\$71,076	\$30,305	\$29,400	(\$48,806)	(\$62,914)
On austinus Mausin	0.770/	0.000/	0.000/	40.0404	45 7 404
Operating Margin	2.55%	-3.08%	-3.99%	-16.64%	-17.54%
Total Profit Margin	9.01%	3.14%	3.84%	-7.46%	-8.98%
EBITDA	8.63%	-0.77%	-1.08%	-17.34%	-18.19%
Cash Flow Margin	16.45%	6.57%	8.15%	-6.52%	-8.10%

			3					
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	11/30/2018	12/31/2018	1/31/2019	2/28/2019	3/31/2019	4/30/2019	5/31/2019	6/30/2019
			•					
	\$59,417	\$81,121	\$37,974	\$60,551	\$989,030	\$947,071	\$1,098,894	\$924,063
	\$50,528	50,867	50,599	41,075	1,207,680	1,212,399	1,200,065	1,222,595
	486,424	473,457	585,705	539,612	3,981,664	4,162,507	4,357,690	4,096,937
	\$335,371	510,328	424,064	381,661	1,878,461	1,878,074	1,920,982	1,909,800
	0	0	0	0	128,913	125,283	147,454	121,680
_	931,740	1,115,773	1,098,342	1,022,899	8,185,749	8,325,334	8,725,084	8,275,075
		OPENNO SELETTE E SECULIA DE LA LA CALLACTURA DE LA CALLAC						
	(\$260,887)	(312,417)	(307,535)	(286,412)	(5,904,698)	(5,818,673)	(6,097,683)	(5,880,457)
	(\$27,952)	(33,473)	(32,950)	(30,687)	(137,275)	(222,339)	(172,119)	(124,021)
	\$0	0	0	0	0	0	0	0
	(\$7,500)	<b>(7,500)</b>	(7,500)	(7,500)	0	0	(1,601)	0
_	(296,339)	(353,390)	(347,985)	(324,599)	(6,041,973)	(6,041,012)	(6,271,404)	(6,004,478)
-								
	635,401	762,383	750,357	698,300	2,143,776	2,284,322	2,453,680	2,270,597
	\$18,167	6,487	6,487	6,487	58,437	14,318	24,742	34,285
		· · · · · · · · · · · · · · · · · · ·	·					
	653,568	768,870	756,844	704,787	2,202,213	2,298,640	2,478,422	2,304,882
-				•				
	\$379,286	442,857	451,714	422,010	1,080,785	1,053,061	1,086,188	993,620
	\$94,821	110,714	112,929	105,503	196,008	258,449	258,162	299,007
	\$153,788	83,541	45,222	30,484	64,927	89,805	83,186	104,719
	\$70,690	119,712	165,877	73,748	282,396	290,007	332,687	291,164
	\$6,510	6,461	3,548	3,896	107,956	107,712	103,922	127,814
	\$39,060	29,518	35,977	39,400	250,765	249,604	305,948	252,909
	\$21,417	22,852	21,810	11,002	52,492	33,269	53,725	51,659
	\$6,048	4,051	7,742	2,418	5,272	2,782	5,944	9,990
	\$32,754	19,923	17,317	19,816	47,441	68,027	33,109	47,753
	\$16,397	11,245	65,113	77,664	146,431	146,243	163,082	171,809
	\$0	0	0	0	0	0	0	0
	\$9,269	4,167	10,987	2,750	15,191	17,100	16,663	17,785
	\$279	279	279	279	37,061	37,061	42,731	42,731
	\$0	0	0	0	0	0	0	0
_	830,318	855,320	938,515	788,970	2,286,725	2,353,122	2,485,347	2,410,959
=								
	(176,750)	(86,450)	(181,671)	(84,183)	(84,512)	(54,482)	(6,925)	(106,077)
100	(170,700)	(00,400)	(101,071)	(04,100)	(04,012)	(04,402)	(0,520)	(100,011)
	0	\$0	\$0	0	\$0	0	0	\$0
	\$0	0	0	0	30,139	614	363	17,726
	\$55,070	55,070	55,070	55,070	23,863	23,863	23,863	9,331
	(\$5,382)	(5,382)	(5,382)	(21,624)	(47,251)	(47,600)	(49,961)	(45,935)
	\$9,048	9,048	9,048	9,048	8,391	(10,275)	10,303	1,224
_	58,736	58,736	58,736	42,494	\$15,143	(33,398)	(15,432)	(\$17,654)
=		00,700	00,700	12,101	Ψ.0,1.10	(00,000)	(10,102)	(411,004)
	(\$118,015)	(\$27,714)	(\$122,935)	(\$41,689)	(\$69,369)	(\$87,880)	(\$22,357)	(\$123,731)
	(ψ110,013)	(VZI, I 14)	(Ψ122,933)	(ψ-1,003)	(\$03,503)	(407,000)	(ΨΣΣ,331)	(ψ120,751)
	-27.04%	-11.24%	-24.00%	-11.94%	-3.84%	-2.37%	-0.28%	-4.60%
	-18.06%	-3.60%	-16.24%	-5.92%	-3.15%	-3.82%	-0.90%	-5.37%
	-18.00 %	-3.00 % -11.91%	-24.68%	-3.92 % -14.97%	-3.15 <i>%</i> -4.30%	-2.83%	-0.57%	-3.37 % -4.74%
	-17.19%	-2.87%	-24.66 <i>%</i> -15.50%	-14.97 % -2.81%	-4.30 <i>%</i> 0.68%	-2.63 <i>%</i> -0.14%	2.84%	-4.74% -1.52%
	-17.13/0	-2.01 70	-10.50%	-2.0170	0.00%	-0.1470	2.04 /0	-1.5270

#### SOUTHERN INYO HEALTHCARE DISTRICT LONE PINE, CALIFORNIA Eight Months Ended February 28, 2019

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	Curren	t Month				Year-T	o-Date	
Actual	Budget	Positive/ (Negative)	Prior Year		Actual	Budget	Positive/ (Negative)	Prior Year
02/28/19	02/28/19	Variance	02/28/18	STATISTICS	02/28/19	02/28/19	Variance	02/28/18
				Discharges				
5	3	2	2	Acute	44	24	20	10
0	0	0	0	Swing Beds	8	4	4	2
0	0	0	0	Psychiatric/Rehab	0	0	0	0
0	0	0	0	Respite	0	0	0	0
5	3	2	2	Total Adult Discharges	52	28	24	12
0	0	0	0	Newborn	0	0	0	0
5	3	2	2	Total Discharges	52	28	24	12
	ž ,			Patient Days:				
12	8	4	7	Acute	109	32	77	35
0	0	0	0	Swing Beds	12	0	12	0
0	0	0	0	Psychiatric/Rehab	0	0	0	0
0	0	0	0	Respite	0	0	0	0
12	8	4	7	Total Adult Patient Days	121	32	89	35
0	0	0	0	Newborn	0	0	0	0
12	8	4	7	Total Patient Days	121	32	89	35
				Average Length of Stay (ALOS)				
2.4	2.7	0.3	3.5	Acute	2.5	1.3	(1.1)	3.5
N/A	N/A	N/A	N/A	Swing Bed	1.5	0.0	(1.5)	0.0
N/A	N/A	N/A	N/A	Psychiatric/Rehab	N/A	N/A	N/A	N/A
2.4	2.7	0.3	3.5	Total Adult ALOS	2.3	1.1	(1.2)	2.9
N/A	N/A	N/A	N/A	Newborn ALOS	N/A	N/A	N/A	N/A
				Average Daily Census (ADC)				
0.4	0.3	0.1	0.3	Acute	0.4	0.1	0.3	` 0.1
0.0	0.0	0.0	0.0	Swing Beds	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	All Other Adult	0.0	0.0	0.0	0.0
0.4	0.3	0.1	0.3	Total Adult ADC	0.5	0.1	0.4	0.1
0.0	0.0	0.0	0.0	Newborn	0.0	0.0	0.0	0.0
				Long Term Care:				
692	744	(52)	775	SNF/ECF Resident Days	5,503	5,188	315	5,425
3	3	(0)	3	SNF/ECF Resident Discharges	17	19	(2)	13
0	0	0	0	CBRF/Assisted Living Days	0	0	0	0
24.7	26.6	(1.9)	27.7	Average Daily Census	22.6	21.3	1.3	22.3
		(112)		Emergency Room Statistics				
2	1	1	0	ER Visits - Admitted	4	2	2	0
92	131	(39)	140	ER Visits - Discharged	728	600	128	640
11	0	11	0	ER - Urgent Care Visits	39	0	39	0
105	132	(27)	140	Total ER Visits	771	602	169	640
1.90%	0.76%	(=.)	0.00%	% of ER Visits Admitted	0.52%	0.33%	100	0.00%
40.00%	25.00%		0.00%	ER Admissions as a % of Total	9.09%	12.50%		0.00%
					0.0070	12.0070		0.0070
515	255	260	250	Outpatient Statistics:	2,254	1 705	460	1 004
4	0	4	250 0	Total Outpatients Visits Observation Bed Days	2,254 5	1,785 0	469 5	1,094 0
200	375	(175)	371	Clinic Visits - Primary Care	1,789	2,555		-
31	0	31	0	Clinic Visits - Primary Care Clinic Visits - Specialty Clinics	31		(766) 31	2,533
0	0	0	0	IP Surgeries	0	0	0	0
0	0	0	0	OP Surgeries	0	0	0	0
0	0	0	0	Outpatient Scopes	0	0	0	0
0	0	0	0	Retail Pharmacy Scripts	0	0	0	0
0	Ö	0	0	retail i Harridey Compts	0	. 0	0	0
3	3	Ü	3	Broductivity Statistics	U	. 0	U	U
99.79	97.20	(2.59)	96.84	Productivity Statistics: FTE's - Worked	103.11	96.20	(6.04)	00.44
99.79	97.20 97.20	(2.59)	96.84	FTE's - vvorked FTE's - Paid	96.84	101.80	(6.91) 4.96	90.41 95.84
0.9160	0.9260	0.01	0.9260	Case Mix Index -Medicare	0.9456	0.9484	0.00	95.84 0.9484
0.8990	0.9270	0.01	0.9260	Case Mix Index - All payers	0.8990	0.9484	0.00	0.9484
0.0330	0.0210	0.03	0.0210	Case Mix Huex - All payers	0.0380	0.0704	0.00	0.8704

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#### SOUTHERN INYO HEALTHCARE DISTRICT LONE PINE, CALIFORNIA Eight Months Ended February 28, 2019

		Prior	<b>Prior Fiscal</b>	Peer	National
	Year to Date	Year to Date	Year End	California	Rural
	2/28/2019	7/31/2017	6/30/2018	Hospitals	<b>CAH Hospitals</b>
				(See Note 1)	(See Note 2)
Profitability:					
Operating Margin	-13.85%	3.42%	2.66%	2.33%	0.42%
Total Profit Margin	-8.07%	3.75%	2.37%	2.49%	1.23%
Cash Flow Margin	-7.10%	5.13%	3.91%	8.40%	5.91%
Contractual Allowance %	28.19%	48.00%	48.00%	50.62%	39.92%
Inpatient Gross Revenue as a % of Total	47.07%	36.41%	36.74%	38.85%	28.48%
Outpatient Gross Revenue as % of Total	52.93%	63.59%	63.26%	64.83%	74.43%
Average Daily Census Acute Care	0.43	0.00	0.00	5.57	3.22
Average Daily Census Swing Bed	0.00	0.00	0.00	0.37	1.52
Liquidity:					
Days of Cash on Hand, Short Term	33.41	3.64	3.20	23.32	27.10
Days Cash, All Sources	33.71	4.70	3.50	67.87	71.21
Net Days in Accounts Receivable	198.91	85.78	97.15.	59.54	53.16
Average Payment Period	158.91	163.13	231.47	56.65	53.00
Current Ratio	1.19	0.69	0.66	2.31	1.12
Medicare Cost to charge ratio	59.08%	52.20%	53.20%	38.00%	47.00%
Capital Structure:					
Average Age of Plant (Annualized)	13.88	13.76	13.87	11.13	11.45
Capital Costs as a % of Total Expenses	3.32%	3.63%	3.58%	7.51%	5.30%
Long Term Debt to Equity	0.5%	-190.6%	-202.7%	53.99%	60.32%
Long Term Debt to Capitalization	0.5%	210.4%	197.3%	20.13%	29.00%
Debt Service Coverage Ratio	(1.43)	1.54	0.92	2.27	3.16
Medicare IN Patient Payer mix	10.09%	37.84%	40.22%	57.90%	73.01%
Medicare Out Patient Payer mix	34.55%	29.68%	33.46%	38.89%	37.90%
Productivity and Efficiency:					
Paid FTE's per Adjusted Occupied Bed	14.71	9.91	9.42	10.34	5.86
Total Net Revenue per FTE	\$92,499	\$37,092	\$27,279	\$117,848	\$77,243
Salary Expense per Paid FTE	\$49,532	\$54,697	\$50,287	\$59,647	\$50,845
Salary and Benefits as a % of Net Revenue	73.30%	58.21%	57.97%	41.52%	45.57%
Employee Benefits %	25.00%	24.57%	24.02%	41.29%	25.20%
Supply Expense Per Adj. Discharge - CMI Ad	\$463.75	\$499.95	\$791.51	\$2,476.27	\$1,050.00
FTE's Per Occupied Bed	7.37	4.33	4.97	5.31	5.80
		YTD - Actual	YTD - Actual	YTD - Budget	
	2/28/2019	7/31/2017	6/30/2018	2/28/2019	
Other Ratios:					
Gross Days in Accounts Receivable	240.77	671.65	679.07	60.00	
Net Revenue per Adjusted Discharge	\$8,677	\$9,042	\$9,886	\$6,921	

\$16,703

\$7,817

Note 1 - CHA Financial Indicators Report 2016 (U. of North Carolina)

Operating Expenses per Adj. Discharge

Note 2 - Per CAH Financial Indicators Report 2016 (U. of North Carolina)

\$9,879

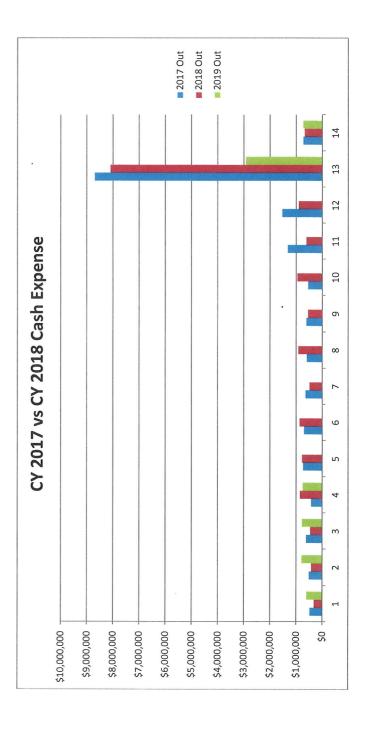
#### Southern Inyo Healthcare District

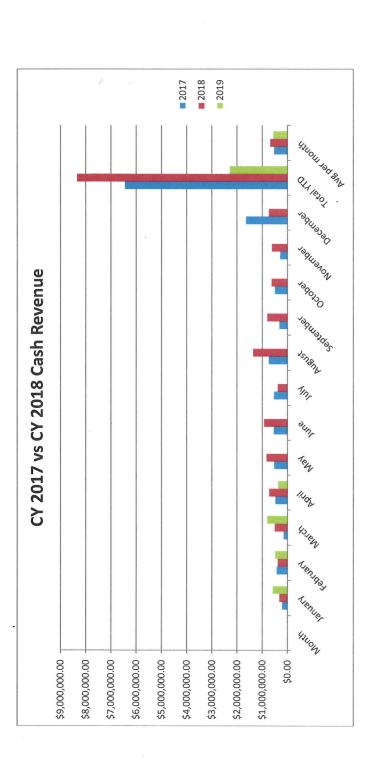
	Actual	Proj
Month of MARCH 2019	Mar-19	Apr-19
Average Daily Census	19101 10	7101 10
Acute Care	0.2	0.00
Swing	0.0	0.00
SNF	24.6	0.00
ON	24.0	0.00
Beginning Balance	639,160	639,160
Cash Receipts		
Medicare	91,878	57,230
Medi-Cal	188,737	123,240
Insurance	67,077	96,325
Managed Care	21,077	5,521
Self-Pay Mail	15,026	4,796
Private Pay	25,172	35,740
Rebates & Refunds/Taxes/IGT	335,531	00,740
Miscellaneous Cash	24,873	68,320
Unapplied	24,073	58,456
Oriappired	U	30,430
Total Cash Received	769,371	449,628
Salaries	410,000	313,000
Professional Fees	69,282	89,596
Supplies	18,064	31,589
Other/Purchased Services/Cont Labor	303,467	218,143
Inyo County Treasury Repayment	1,410	210,143
IGT Matching/Hosp Lic./Insurance	1,410	0
101 Matching/110sp Etc./filsurance	U	U
TOTAL EXPENSE	802,222	652,328
Return of Medicare/Cal Overpayment	0	0
Investment Account	0	0
Ad Valorem Tax Reserve	0	Ō
Total Payments	802,222	652,328
·	0	
Cash Over/(Under)	606,308	436,460
Sweep & Prop.Tax Acct	0	0
Patient Trust Account	7,466	7,466
Fatient Hust Account	7,400	7,400
Medicare Overpayment Reserve	0	0
Reserve Add or Transfer	0	0
1.000.10 / tud of Transfer	J	v
Net Cash Balance	613,774	443,926
<del></del>	3.5,111	

# Calendar Years 2017 2018 Cash Revenue and Expense

	2017	2018	2019
Month	ul	п	ul
January	\$220,057	\$332,781	\$595,827
February	\$436,521	\$395,019	\$506,713
March	\$161,595	\$519,190	\$817,806
April	\$483,870	\$738,592	\$382,328
May	\$536,961	\$840,176	
June	\$549,697	\$934,762	
Alnt	\$542,926	\$397,697	
August	\$743,975	\$1,369,716	
September	\$329,209	\$809,298	
October	\$502,823	\$637,583	
November	\$292,577	\$629,401	
December	\$1,647,896	\$742,519	
Total YTD	\$6,448,107	\$8,346,734	\$2,302,674
Avg per month	\$537,342	\$695,561	\$575,668

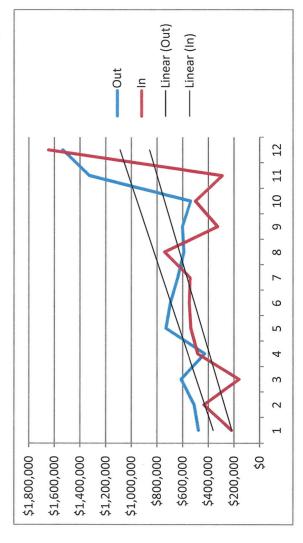
	2017	2018	2019
Month	Out	Out	Out
January	\$476,828	\$317,536	\$605,018
February	\$510,559	\$426,049	\$793,133
March	\$613,992	\$460,422	\$777,553
April	\$428,689	\$855,654	\$751,404
May	\$731,026	\$774,279	
June	\$697,022	\$865,755	
July	\$638,898	\$481,547	
August	\$591,725	\$919,194	
September	\$604,046	\$545,545	
October	\$538,715	\$948,227	
November	\$1,329,108	\$611,855	
December	\$1,535,963	\$903,443	
Total YTD	\$8,696,571	\$8,109,506	\$2,927,108
Avg per month	\$724,714	\$675,792	\$731,777





Calendar Year 2017 Revenue versus Expense from El Dorado Bank Statements

Month	Out	ln	Variance
January	\$476,828	\$220,057	-\$256,771
February	\$510,559	\$436,521	-\$74,038
March	\$613,992	\$161,595	-\$452,397
April	\$428,689	\$483,870	\$55,181
Мау	\$731,026	\$536,961	-\$194,065
June	\$697,022	\$549,697	-\$147,325
July	\$638,898	\$542,926	-\$95,972
August	\$591,725	\$743,975	\$152,250
September	\$604,046	\$329,209	-\$274,837
October	\$538,715	\$502,823	-\$35,892
November	\$1,329,108	\$292,577	-\$1,036,531
December	\$1,535,963	\$1,647,896	\$111,933
Total YTD	\$8,696,571	\$6,448,107	-\$2,248,464
Avg per month	\$724,714	\$537,342	-\$187,372



Calendar Year 2018 Revenue versus Expense from El Dorado Bank Statements

Month	Out	ln	Variance
January	\$317,536	\$332,781	\$15,245
February	\$426,049	\$395,019	-\$31,030
March	\$460,422	\$519,190	\$58,768
April	\$855,654	\$738,592	-\$117,062
May	\$774,279	\$840,176	\$65,897
June	\$865,755	\$934,762	\$69,007
July	\$481,547	\$397,697	-\$83,850
August	\$919,194	\$1,369,716	\$450,522
September	\$545,545	\$803,298	\$263,753
<b>October</b>	\$948,227	\$637,583	-\$310,644
November	\$611,855	\$629,401	\$17,546
December	\$903,443	\$742,519	-\$160,923
Total YTD	\$8,109,506	\$8,346,734	\$237,229
Avg per month	\$675,792	\$695,561	\$19,769

