



Northern Inyo County Local Hospital District

Board of Directors Regular Meeting

Wednesday, September 20, 2006

*Conference Room, Hospice of the
Owens Valley*

DRAFT AGENDA

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT BOARD OF DIRECTORS MEETING

September 20, 2006 at 5:30 P.M.

In the Conference Room of the *Hospice of the Owens Valley*

1. Call to Order (at 5:30 P.M.)
2. Opportunity for members of the public to comment on any items on this Agenda
3. Approval of minutes of the July 19, 2006 regular meeting
4. Financial and Statistical Reports for the months of June 2006 and July 2006 – J. Halfen
5. Administrator's Report – John Halfen
 - A. Building Update
 - B. Bid Process, Turner Construction
 - C. Regional Service Planning meeting report
 - D. Ground Breaking
 - E. CMSP Contract
 - F. Leased Parking Proposal
 - G. Other
6. Chief of Staff Report – Taema Weiss, M.D.
 - A. Action Items:
 - Appointment of Chief of Medicine / Intensive Care
 - Appointment of Chief of Pediatrics
 - Reinstatement of Staff membership and privileges for Michael Dillon, M.D., following a leave of absence
 - Appointment of Vasuki Sittampalam, M.D. to the provisional Active Medical Staff with requested privileges
 - B. Other
7. Old Business
 - A. Critical Access status
 - B. Other
8. New Business
 - A. Employee Satisfaction Survey
 - B. GE Centricity software purchase, RHC Electronic Health Record (action item)

C. Policy and Procedure Manual Approvals (action item):

1. Mammography
2. MRI Safety (2)
3. Radiation Safety
4. Nuclear Medicine
5. Radiology (2)

D. Alltel Lease Proposal (*action item*)

E. Actuarial Valuation as of January 1, 2006

F Other

9. Reports from Board Members on Items of Interest

10. Opportunity for members of the public to comment on any items on this Agenda, and/or on any items of interest.

11. Adjournment to closed session to:

- A. Hear reports on the hospital quality assurance activities, and hear a report from the Medical Staff Executive Committee (Section 32155 of the Health and Safety Code, and Government Code Section 54962).
- B. Confer with legal counsel regarding claim filed by Noam E. Scott against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).
- C Confer with legal counsel regarding claim filed by Jeffrey L. Montgomery against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).
- D. To hear complaints brought against an employee (Government Code Section #54957).

12. Return to open session, and report of any action taken in closed session

13. Opportunity for Members of the Public to Address the Board of Directors on Items of Interest.

14. Adjournment

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INTENTIONALLY

- CALL TO ORDER** The meeting was called to order at 5:35 p.m. by Peter Watercott, President.
- PRESENT** Peter Watercott, President
D. Scott Clark, M.D., Vice President
Pat Calloway, Secretary
John Ungersma, M.D., Treasurer
- ALSO PRESENT** John Halfen, Administrator
Taema Weiss, M.D., Chief of Staff
Douglas Buchanan, Esq., Hospital District Legal Counsel
Sandy Blumberg, Administrative Secretary
- ABSENT** Michael Phillips, M.D.
- PUBLIC COMMENTS ON AGENDA** Mr. Watercott asked if any members of the public wished to address the Board on any items listed on the agenda for this meeting. No comments were heard.
- MINUTES** The minutes of the June 21, 2006 regular meeting were approved.
- FINANCIAL AND STATISTIAL REPORTS** John Halfen, Chief Financial Officer, reviewed with the Board the financial and statistical reports for the month of May, 2006. Mr. Halfen noted the statement of operations shows a bottom line excess of revenues over expenses of \$341,430. Mr. Halfen called attention to the following:
- In- patient revenue was 38% over budget*
The revenue overage was partially offset by contractual adjustments being higher than expected
Total Expenses were under budget
Employee benefits were under budget
Total Assets continue to grow steadily
Year-to-date net revenue is \$4,685,576
- A motion was made by Pat Calloway, seconded by D. Scott Clark, M.D., and passed to approve the financial reports for the month of May, 2006.
- ADMINISTRATOR'S REPORT**
- BUILDING UPDATE** Mr. Halfen reported the design for the new Radiology unit has been finalized and only minor design issues remain unresolved on the plans for the rebuild project. Parking allowances for the new Hospital facility are currently being reviewed, with the current plan allowing for 40 percent more parking than what currently exists.

REGIONAL SERVICE
PLANNING REPORT

Mr. Halfen reported representatives from Northern Inyo Hospital (NIH), Mammoth Hospital, and the Bishop Care Center recently met with personnel from Cerro Coso Community College to discuss the possibility of reinstating an LVN training program in this area, and starting-up an LVN to RN program as well. The meeting was productive and it is likely that by combining the census of both hospitals it might be possible to instate LVN and RN programs as early as September of 2007. It is hoped these programs will help encourage healthcare as a profession in general, and that the programs may eventually help increase the number of available RNs and LVNs in our local community.

CHIEF OF STAFF
REPORT

Chief of Staff Taema Weiss, M.D., reported that the results of the 2006-2007 Medical Staff Election are as follows:

Chief of Staff; Taema Weiss, M.D.

Vice Chief of Staff; Richard Nicholson, M.D.

Immediate Past Chief of Staff; Catherine Leja, M.D.

Chief of Surgery; Stephen Kobayashi, M.D.

Chief of Pediatrics; Charlotte Helvie, M.D.

Chief of Medicine/Intensive Care Services; unassigned at this time
Member-At-Large; Alice Casey, M.D.

It was moved by Ms. Calloway, seconded by Doctor Clark and passed to approve the 2006-2007 Medical Staff Officers and Chiefs as presented.

Doctor Weiss also reported the following:

Non-resident orthopaedic surgeon Eliot Carlisle, M.D. has withdrawn his application for Consulting Staff membership

The application of William Wayne Hooper, M.D. is still incomplete, therefore his application is considered to have been withdrawn at this time

Michael Dillon, M.D. has applied for reinstatement to Active Medical Staff following a three-month leave of absence

Family Health Centre Internist Vasuki Sittampalam, M.D. has applied for Active Medical Staff membership and privileges.

Doctor Weiss additionally reported that temporary privileges have been granted to Doctors Dillon and Sittampalam, following review by applicable Service Chiefs, until such time as the Credentials and Executive Committees are able to meet and make their recommendation to the District Board.

OLD BUSINESS

RECONSIDERATION OF
DEFIBRILLATOR AND
EMERGENCY CART
PURCHASE

Director of Nursing Susan Batchelder, R.N. asked that the District Board reconsider the purchase of biphasic defibrillators and new emergency carts as presented at the last regular meeting of the Board. Ms. Batchelder feels both purchases should be made in order to maintain the

integrity of emergency services available at NIH. She noted that the Hospital's existing defibrillators are old and need to be replaced. The defibrillators currently in use at NIH average 10 years of age, with the life expectancy of the equipment normally being only 7 years. Though new equipment would be costly, Ms. Batchelder feels the purchase should be made in the best interest of Hospital patients. Additionally, per the NIH BioMed Department, the aging equipment currently in use is becoming increasingly difficult to repair and to find replacement parts for.

Following discussion, it was moved by Doctor Clark, seconded by Ms. Calloway, and passed to approve the purchase of new defibrillators and new emergency carts as presented.

NEW BUSINESS

Mr. Halfen reviewed a proposed agreement with Daniel Eventov, M.D. to purchase inventory from his former urology practice in Bishop, and to terminate his tenancy at 157 Pioneer Lane, Bishop, California. Following discussion, it was moved by John Ungersma, M.D., seconded by Doctor Clark, and passed to approve the agreement with Doctor Eventov as presented.

AUTOLOGUS BLOOD PROGRAM

Laboratory Director Cathy Creekmur informed the Board that the autologous blood draw program at NIH will be discontinued in the near future. The Hospital is experiencing difficulty maintaining qualified personnel to administrate the program, and new technology makes the program no longer necessary.

CHANGE TO SHIFT DIFFERENTIAL SECTION OF PAYROLL POLICIES AND GUIDELINES

Carrie Petersen, Controller asked that a section of the Payroll Policies and Guidelines be changed to correctly state the current shift differential pay allowance at NIH. The corrected section of the Policy Guidelines will read as follows in regard to shift differential pay: *"The shift differential is excluded from pay for vacations, holidays, sick leave, and paid absence. In designated non-patient care departments of the hospital, employees may sign a "No-Shift Differential Agreement" when an employer requests a flexible schedule option. This agreement excludes hours worked at any time of the day from shift differential."* It was moved by Ms. Calloway, seconded by Doctor Ungersma, and passed to restate the section of the Payroll Policies and Guidelines as presented.

PLATELET INCUBATOR/AGITATOR PURCHASE

Laboratory Director Cathy Creekmur presented information regarding the proposed purchase of blood platelet incubator/agitator equipment for Laboratory Department. The equipment would lengthen the life of stored platelets and decrease the need to destroy platelets that are not used within a short period of time. The cost of the platelet incubator/agitator is relatively low and the machine requires very little space for storage. It was moved by Ms. Calloway, seconded by Doctor Ungersma, and passed to approve the purchase of the platelet incubator/agitator as presented.

COMPUTER LICENSING
AGREEMENT, BACKUP
DISASTER RECOVERY
UPGRADE, AND
VIRTUAL SERVERS
PURCHASES

Information Technology Director Adam Taylor presented three proposals to purchase computer software for the Hospital. The first purchase would update the Hospital's computer licensing agreement and bring NIH into compliance with Microsoft standards regarding the number of software licenses owned and operated by the Hospital. The second proposal allows for upgrading the Hospital's computer backup and disaster and recovery systems to an adequate level to meet current needs. The third proposal allows for the purchase of virtual servers to improve communication between existing computer programs and keep Hospital computer operations up and running at an improved level. Mr. Taylor feels each purchase is necessary in order to prepare NIH's computer systems for future technology.

It was moved by Doctor Clark, seconded by Ms. Calloway and passed to approve the three purchases of computer software as presented.

SUBORDINATION, NON-
DISTURBANCE, AND
ATTORNMENT
AGREEMENT, GOLDEN
STATE CYCLE LEASE

Mr. Halfen referred to a *Subordination, Non-Disturbance, and Attornment Agreement* that RJG Investments, leasor of NIH's warehouse/storage space has asked the Board to approve. The building the Hospital's storage space is located in is being refinanced, and NIH as lessee of the space is being asked to sign the agreement for the new financing company. The document has been reviewed by District Legal Counsel Doug Buchanan and meets with his approval. It was moved by Doctor Ungersma, seconded by Doctor Clark, and passed to approve signing the agreement for RJG Investments (dba Golden State Cycle) as requested.

NIH PERFORMANCE
IMPROVEMENT PLAN

Mr. Halfen reported that the NIH Performance Improvement Plan will be presented at the next regular meeting of the District Board.

BOARD MEMBER
REPORTS

Mr. Watcrott asked if any members of the Board of Directors wished to report on any items of interest.

Doctor Ungersma reported he was unable to attend the mandatory ethics training offered by Inyo County last month, so he will take a similar course on August 10th that will be held in Mountain View, California.

Michael Phillips, M.D. complimented Mr. Halfen on his response to the negative letter to the editor recently published in the Inyo Register. Doctor Phillips also suggested it may be a good idea to issue a press release on the subject of the 8 percent increase to Hospital rates, in order to inform the public that the increase is being made to offset MediCal and Medicare payment shortages, rather than to increase the profit made by the Hospital.

OPPORTUNITY FOR
PUBLIC COMMENT

In keeping with the Brown Act, Mr. Watercott asked if any members of the public wished to address the Board of Directors on items of interest. No comments were heard.

CLOSED SESSION

At 6:50 p.m., Mr. Watercott announced the meeting was being adjourned to closed session to allow the Board of Directors to:

- A. Hear reports on the Hospital quality assurance activities, and hear a report from the Medical Staff Executive Committee (Section 32155 of the Health and Safety Code, and Government Code Section 54962).
- B. Confer with legal counsel regarding claim filed by Noam E. Scott against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).
- C. Confer with legal counsel regarding claim filed by Jeffrey L. Montgomery against Northern Inyo County Local Hospital District and other Defendants (Government Code Section 54956.9(a)).

OPEN SESSION

At 6:54 p.m., the meeting was returned to open session. Mr. Watercott announced the Board voted to reject the claim filed by Jeffrey L. Montgomery against Northern Inyo County Local Hospital District and other Defendants.

OTHER

Mr. Halfen requested the Board approve proposed Resolution 06-02 to combine the Hospital District Board election with the General Election held on November 7, 2006. It was moved by Doctor Clark, seconded by Doctor Ungersma, and passed to approve Resolution 06-02 to combine the elections on November 7.

PUBLIC COMMENT

Mr. Watercott again asked if any members of the public wished to address the Board on any items listed on the agenda for this meeting. No comments were heard.

ADJOURNMENT

The meeting was adjourned at 6:55 p.m.

Peter Watercott, President

Attest:

Patricia Ann Calloway, Secretary

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BUDGET VARIANCE ANALYSIS

Jun-06 PERIOD ENDING

In the month, NIH was

13% over budget in IP days and over in OP Revenue resulting in
\$ 598,497 (11.7%) over in gross patient revenue from budget and
\$ 298,937 (9.6%) under in net patient revenue from budget

Total Expenses were:

\$ (553,751) (-17.9%) under budget. Wages and Salaries were
\$ (46,716) (-4.0%) under budget and Employee Benefits were
\$ (66,538) (-8.7%) under budget
\$ 184,973 of other income resulted in a net gain of
\$ 1,083,275 \$ 963,503 over budget.

The expense overage was primarily

\$ 92,579 96.8 Bad Debt Expense

Other Information:

43.39% Contractual Percentages for month

43.18% Contractual Percentages for Year

\$ 5,768,851 Year-to-date Net Revenue

Year end Adjustments that are included in the June Income statement include:

\$ 12,101 Partnership Investment Income
\$ 282,479 Public Hospital OP Supplemental Reimbursement from DHS
\$575,213 Year End Inventory Adjustment reducing Supplies Expense
and increasing the Inventory Assets; mainly a result of the
increase in Chemotherapy and Orthopedic Surgery.

\$ 869,793 Total of year-end adjustments affect to income.

NORTHERN INYO HOSPITAL

Balance Sheet

June 30, 2006

Preliminary

Assets

| | <u>Current Month</u> | <u>Prior Month</u> | <u>FYE 2005</u> |
|---|----------------------|--------------------|-------------------|
| Current assets: | | | |
| Cash and cash equivalents | 3,148,845 | 3,262,267 | 1,209,407 |
| Short-term investments | 6,637,435 | 6,847,941 | 5,938,984 |
| Assets limited as to use | 603,039 | 364,367 | 206,901 |
| Plant Expansion and Replacement Cash | 15,515,948 | 15,459,733 | - |
| Other Investments (Partnership) | 369,561 | 357,460 | 357,460 |
| Patient receivable, less allowance for doubtful accounts 526,131 | 6,374,400 | 5,886,492 | 5,175,247 |
| Other receivables | 212,005 | 176,837 | 205,118 |
| Inventories | 1,922,367 | 1,351,624 | 1,323,562 |
| Prepaid expenses | 470,018 | 472,720 | 511,295 |
| Total current assets | <u>35,253,617</u> | <u>34,179,440</u> | <u>14,927,975</u> |
| Assets limited as to use: | | | |
| Internally designated for capital acquisitions | 652,606 | 646,182 | 635,130 |
| Specific purpose assets | 474,914 | 474,627 | 34,307 |
| | <u>1,127,520</u> | <u>1,120,808</u> | <u>669,437</u> |
| Revenue bond construction funds held by trustee | <u>1,632,595</u> | <u>1,779,338</u> | <u>2,620,400</u> |
| Less amounts required to meet current obligations | 603,039 | 364,367 | 206,901 |
| Net Assets limited as to use: | <u>2,157,076</u> | <u>2,535,779</u> | <u>3,082,936</u> |
| Long-term investments | <u>8,307,321</u> | <u>8,105,818</u> | <u>6,861,196</u> |
| Property and equipment, net of accumulated depreciation and amortization | <u>10,895,169</u> | <u>10,764,333</u> | <u>9,511,509</u> |
| Unamortized bond costs | <u>344,269</u> | <u>344,755</u> | <u>169,784</u> |
| Total assets | <u>56,957,453</u> | <u>55,930,126</u> | <u>34,553,401</u> |

NORTHERN INYO HOSPITAL

Balance Sheet

June 30, 2006

Preliminary

Liabilities and net assets

| | <u>Current Month</u> | <u>Current Month</u> | <u>FYE 2005</u> |
|--|----------------------|----------------------|-------------------|
| Current liabilities: | | | |
| Current maturities of long-term debt | 235,000 | 12,500 | 278,464 |
| Accounts payable | 683,397 | 556,164 | 417,303 |
| Accrued salaries, wages and benefits | 2,954,330 | 3,170,091 | 2,544,519 |
| Accrued interest and sales tax | 168,166 | 265,325 | 43,393 |
| Deferred income | 97,853 | 136,470 | 99,485 |
| Due to third-party payors | 2,864,110 | 2,702,466 | 2,795,532 |
| Due to specific purpose funds | - | - | - |
| Total current liabilities | <u>7,002,857</u> | <u>6,843,015</u> | <u>6,178,697</u> |
| Long-term debt, less current maturities | <u>22,646,755</u> | <u>22,869,255</u> | <u>7,787,987</u> |
| Net assets: | | | |
| Unrestricted | 26,832,928 | 25,743,229 | 20,552,410 |
| Temporarily restricted | 474,914 | 474,627 | 34,307 |
| Total net assets | <u>27,307,841</u> | <u>26,217,855</u> | <u>20,586,717</u> |
| Total liabilities and net assets | <u>56,957,453</u> | <u>55,930,126</u> | <u>34,553,401</u> |

NORTHERN INYO HOSPITAL

Statement of Operations

As of June 30, 2006

Preliminary

| | | | MTD | MTD | | | YTD | YTD |
|--|------------------|------------------|------------------|---------------|-------------------|-------------------|--------------------|---------------|
| | MTD Actual | MTD Budget | Variance \$ | Variance % | YTD Actual | YTD Budget | Variance \$ | Variance % |
| Unrestricted revenues, gains and other support: | | | | | | | | |
| In-patient service revenue: | | | | | | | | |
| Routine | 520,004 | 450,156 | 69,848 | 15.5 | 6,268,855 | 5,401,872 | 866,983 | 16.1 |
| Ancillary | 2,092,214 | 1,671,466 | 420,748 | 25.2 | 23,844,922 | 20,057,592 | 3,787,330 | 18.9 |
| Total in-patient service revenue | 2,612,218 | 2,121,622 | 490,596 | 23.1% | 30,113,777 | 25,459,464 | 4,654,313 | 18.3% |
| Out-patient service revenue | 3,111,304 | 3,003,403 | 107,901 | 3.6 | 37,358,150 | 36,040,836 | 1,317,314 | 3.7 |
| Gross patient service revenue | 5,723,522 | 5,125,025 | 598,497 | 11.70 | 67,471,927 | 61,500,300 | 5,971,627 | 9.7 |
| Less deductions from patient service revenue: | | | | | | | | |
| Patient service revenue adjustments | | | | | | | | |
| | 88,387 | 123,556 | 35,169 | 28.5 | 1,414,573 | 1,482,672 | 68,099 | 4.6 |
| Contractual adjustments | 2,206,854 | 1,872,125 | (334,729) | (17.9) | 26,223,363 | 22,465,500 | (3,757,863) | (16.7) |
| Total deductions from patient service revenue | 2,295,241 | 1,995,681 | (299,560) | (15.0) | 27,637,936 | 23,948,172 | (3,689,764) | (15.4) |
| Net patient service revenue | 3,428,281 | 3,129,344 | 298,937 | 10% | 39,833,991 | 37,552,128 | 2,281,863 | 6% |
| Other revenue | 27,564 | 17,513 | 10,051 | 57.4 | 259,549 | 210,156 | 49,393 | 23.5 |
| Total revenue, gains and other support | 3,455,845 | 3,146,857 | 308,988 | 57.5 | 40,093,540 | 37,762,284 | 2,331,256 | 23.6 |
| Expenses: | | | | | | | | |
| Salaries and wages | 1,111,829 | 1,158,545 | 46,716 | 4.0 | 13,309,434 | 13,902,501 | 593,067 | 4.3 |
| Employee benefits | 698,902 | 765,440 | 66,538 | 8.7 | 8,241,125 | 9,185,275 | 944,150 | 10.3 |
| Professional fees | 202,602 | 236,645 | 34,043 | 14.4 | 2,803,369 | 2,839,740 | 36,371 | 1.3 |
| Supplies | (97,285) | 346,994 | 444,279 | 128.0 | 4,431,084 | 4,163,921 | (267,163) | (6.4) |
| Purchased services | 112,970 | 159,680 | 46,710 | 29.3 | 1,464,378 | 1,916,160 | 451,782 | 23.6 |
| Depreciation | 138,163 | 146,781 | 8,618 | 5.9 | 1,577,197 | 1,761,372 | 184,175 | 10.5 |
| Interest | 28,336 | 34,337 | 6,001 | 17.5 | 405,912 | 412,044 | 6,132 | 1.5 |
| Bad debts | 188,187 | 95,608 | (92,579) | (96.8) | 1,498,910 | 1,147,296 | (351,614) | (30.7) |
| Other | 158,723 | 152,149 | (6,574) | (4.3) | 1,678,259 | 1,825,789 | 147,530 | 8.1 |
| Total expenses | 2,542,428 | 3,096,179 | 553,751 | 17.9 | 35,409,667 | 37,154,098 | 1,744,431 | 4.7 |
| Operating income (loss) | 913,416 | 50,678 | 862,738 | 39.6 | 4,683,873 | 608,186 | 4,075,687 | 18.9 |
| Other income: | | | | | | | | |
| District tax receipts | 94,955 | 36,985 | 57,970 | 156.7 | 501,790 | 443,820 | 57,970 | 13.1 |
| Interest | 57,860 | 34,422 | 23,438 | 68.1 | 754,054 | 413,064 | 340,990 | 82.6 |
| Other | 10,056 | 25,640 | (15,584) | (60.8) | 169,605 | 307,636 | (138,032) | (44.9) |
| Grants and Other Non-Restricted Contributions | 10,000 | 4,911 | 5,089 | 103.6 | 16,299 | 58,932 | (42,633) | (72.3) |
| Partnership Investment Income | 12,101 | - | 12,101 | N/A | 12,101 | - | 12,101 | N/A |
| Total other income, net | 184,973 | 101,958 | 83,015 | 81 | 1,453,849 | 1,223,452 | 230,397 | 18.8 |
| Non-Operating Expense | | | | | | | | |
| Medical Office Expense | 7,067 | 32,864 | 25,797 | 78.5 | 278,554 | 394,368 | 115,814 | 29.4 |
| Urology Office | 8,047 | - | (8,047) | N/A | 90,317 | - | (90,317) | N/A |
| Total Non-Operating Expense | 15,114 | 32,864 | 17,750 | 54.0 | 368,871 | 394,368 | 25,497 | 6.5 |
| Excess (deficiency) of revenues over expenses | 1,083,275 | 119,772 | 963,503 | 804.5 | 5,768,851 | 1,437,270 | 4,331,581 | 301.4 |

NORTHERN INYO HOSPITAL
Statement of Operations--Statistics
As of June 30, 2006
Preliminary

| | Month Actual | Month Budget | Month Variance | Variance Percentage | YTD Actual | YTD Budget | Year Variance | Year Percentage |
|---|---------------------|---------------------|-----------------------|----------------------------|-------------------|-------------------|----------------------|------------------------|
| Operating statistics: | | | | | | | | |
| Beds | 32.00 | 32.00 | N/A | N/A | 32.00 | 32.00 | N/A | N/A |
| Patient days | 307.00 | 271.00 | 36.00 | 1.13 | 3,710.00 | 3,252.00 | 458.00 | 1.14 |
| Maximum days per bed capacity | 960.00 | 960.00 | N/A | N/A | 11,680.00 | 11,680.00 | N/A | N/A |
| Percentage of occupancy | 31.98 | 28.23 | 3.75 | 1.13 | 31.76 | 27.84 | 3.92 | 1.14 |
| Average daily census | 10.23 | 9.03 | 1.20 | 1.13 | 10.16 | 8.91 | 1.25 | 1.14 |
| Average length of stay | 3.16 | 3.08 | 0.09 | 1.03 | 3.10 | 3.08 | 0.02 | 1.01 |
| Discharges | 97.00 | 88.00 | 9.00 | 1.10 | 1,197.00 | 1,056.00 | 141.00 | 1.13 |
| Admissions | 91.00 | 89.00 | 2.00 | 1.02 | 1,199.00 | 1,068.00 | 131.00 | 1.12 |
| Gross profit-revenue depts. | 4,321,994.99 | 3,151,059.00 | 1,170,935.99 | 1.37 | 44,937,046.12 | 37,812,708.00 | 7,124,338.12 | 1.19 |
| Percent to gross patient service revenue: | | | | | | | | |
| Deductions from patient service revenue and bad debts | 43.47 | 40.81 | 2.66 | 1.07 | 43.28 | 40.81 | 2.47 | 1.06 |
| Salaries and employee benefits | 31.60 | 37.54 | (5.94) | 0.84 | 31.90 | 37.54 | (5.64) | 0.85 |
| Occupancy expenses | 3.26 | 4.27 | (1.01) | 0.76 | 3.23 | 4.27 | (1.04) | 0.76 |
| General service departments | 5.21 | 5.05 | 0.16 | 1.03 | 5.26 | 5.05 | 0.21 | 1.04 |
| Fiscal services department | 3.86 | 4.41 | (0.55) | 0.88 | 3.87 | 4.41 | (0.54) | 0.88 |
| Administrative departments | 4.30 | 6.27 | (1.97) | 0.69 | 4.49 | 6.27 | (1.78) | 0.72 |
| Operating income (loss) | 16.08 | 0.44 | 15.64 | 36.55 | 6.44 | 0.44 | 6.00 | 14.64 |
| Excess (deficiency) of revenues over expenses | 18.93 | 2.34 | 16.59 | 8.09 | 8.55 | 2.34 | 6.21 | 3.65 |
| Payroll statistics: | | | | | | | | |
| Average hourly rate (salaries and benefits) | 36.72 | 39.21 | (2.49) | 0.94 | 36.24 | 39.21 | (2.97) | 0.92 |
| Worked hours | 42,826.88 | 43,114.00 | (287.12) | 0.99 | 523,673.20 | 517,511.00 | 6,162.20 | 1.01 |
| Paid hours | 49,251.49 | 49,066.00 | 185.49 | 1.00 | 593,927.52 | 588,791.00 | 5,136.52 | 1.01 |
| Full time equivalents (worked) | 248.99 | 250.66 | (1.67) | 0.99 | 251.77 | 248.80 | 2.96 | 1.01 |
| Full time equivalents (paid) | 286.35 | 285.27 | 1.08 | 1.00 | 285.54 | 283.07 | 2.47 | 1.01 |

NORTHERN INYO HOSPITAL

Statements of Changes in Net Assets

As of June 30, 2006

| | <u>Month-to-date</u> | <u>Year-to-date</u> |
|---|-----------------------------|-----------------------------|
| Unrestricted net assets: | | |
| Excess (deficiency) of revenues over expenses | 1,083,274.85 | 5,768,851.14 |
| Net Assets due/to transferred from unrestricted | - | (6,298.84) |
| Net assets released from restrictions used for operations | - | 500,489.92 |
| Net assets released from restrictions used for payment of long-term debt | - | - |
| Contributions and interest income | 6,424.19 | 17,475.64 |
| Increase in unrestricted net assets | <u>1,089,699.04</u> | <u>6,280,517.86</u> |
| Temporarily restricted net assets: | | |
| District tax allocation | - | 935,480.33 |
| Net assets released from restrictions | - | (500,489.92) |
| Restricted contributions | - | 5,000.00 |
| Interest income | 287.30 | 616.24 |
| Increase (decrease) in temporarily restricted net assets | <u>287.30</u> | <u>440,606.65</u> |
| Increase (decrease) in net assets | 1,089,986.34 | 6,721,124.51 |
| Net assets, beginning of period | 26,217,855.13 | 20,586,716.96 |
| Net assets, end of period | <u><u>27,307,841.47</u></u> | <u><u>27,307,841.47</u></u> |

NORTHERN INYO HOSPITAL

Statements of Cash Flows

As of June 30, 2006

| | Month-to-date | Year-to-date |
|---|---------------------|-----------------------|
| Cash flows from operating activities: | | |
| Increase (decrease) in net assets | 1,089,986.34 | 6,721,124.51 |
| Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: | - | - |
| Depreciation | 138,163.49 | 1,577,196.76 |
| Provision for bad debts | 188,187.11 | 1,498,909.90 |
| Loss (gain) on disposal of equipment | (647.33) | 291,944.36 |
| (Increase) decrease in: | | |
| Patient and other receivables | (711,262.34) | (2,704,949.44) |
| Other current assets | (568,041.32) | (557,527.70) |
| Plant Expansion and Replacement Cash | (56,215.38) | (15,515,948.38) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | (224,302.11) | 799,046.38 |
| Third-party payors | 161,643.44 | 68,577.57 |
| Net cash provided (used) by operating activities | 17,511.90 | (7,821,626.04) |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (268,999.82) | (3,089,514.29) |
| Purchase of investments | (3,097.66) | (2,156,676.12) |
| Proceeds from disposal of equipment | 647.33 | (163,287.36) |
| Net cash provided (used) in investing activities | (271,450.15) | (5,409,477.77) |
| Cash flows from financing activities: | | |
| Long-term debt | - | 14,815,304.28 |
| Issuance of revenue bonds | 146,742.69 | 987,804.62 |
| Unamortized bond costs | 485.24 | (174,484.96) |
| Increase (decrease) in donor-restricted funds, net | (6,711.49) | (458,082.29) |
| Net cash provided by (used in) financing activities | 140,516.44 | 15,170,541.65 |
| Increase (decrease) in cash and cash equivalents | (113,421.81) | 1,939,437.84 |
| Cash and cash equivalents, beginning of period | 3,262,267.05 | 1,209,407.40 |
| Cash and cash equivalents, end of period | 3,148,845.24 | 3,148,845.24 |

Northern Inyo Hospital
Summary of Cash and Investment Balances
Calendar Year 2006

| Month | Operations Checking Account | | | | Time Deposit Month-End Balances | | | | | | | | | |
|------------|-------------------------------|-----------|---------------|-------------------------|---------------------------------|----------------------------|----------------------------|--------------------------|----------------|------------------|-------------------------|-----------------------------|-------------------------------|------------------------------|
| | Balance at Beginning of Month | Deposits | Disbursements | Balance at End of Month | Premium Interest Checking | Investment Operations Fund | Bond and Interest Fund (2) | Equipment Donations Fund | Childrens Fund | Scholarship Fund | Tobacco Settlement Fund | Total Revenue Bond Fund (1) | Project Revenue Bond Fund (1) | General Obligation Bond Fund |
| January | 503,459 | 2,956,639 | 2,747,467 | 712,630 | 1,515,896 | 14,369,650 | 405,366 | 19,073 | 2,789 | 5,462 | 619,624 | 2,064,655 | 1,354,819 | 15,228,009 |
| February | 712,630 | 2,872,585 | 2,729,386 | 855,830 | 1,522,540 | 14,060,252 | 405,366 | 19,073 | 2,789 | 5,462 | 620,110 | 2,110,126 | 1,354,822 | 15,274,852 |
| March | 855,830 | 3,154,458 | 3,317,840 | 692,448 | 1,528,083 | 14,462,252 | 405,677 | 19,086 | 2,791 | 5,465 | 620,684 | 1,893,590 | 1,092,699 | 15,330,565 |
| April | 692,448 | 4,468,398 | 3,568,419 | 1,592,427 | 1,533,222 | 14,281,849 | 201,464 | 19,086 | 2,791 | 5,465 | 626,433 | 1,939,392 | 1,092,702 | 15,382,132 |
| May | 1,592,427 | 2,852,264 | 3,493,876 | 950,815 | 1,539,308 | 14,932,849 | 466,295 | 19,086 | 2,791 | 5,465 | 627,096 | 1,779,338 | 867,196 | 15,443,286 |
| June | 950,815 | 3,272,613 | 3,109,328 | 1,114,100 | 1,544,902 | 14,932,849 | 466,576 | 24,896 | 2,793 | 5,469 | 627,709 | 1,632,595 | 867,200 | 15,499,501 |
| Prior Year | | | | | | | | | | | | | | |
| July | 927,007 | 2,401,283 | 2,646,850 | 681,440 | | 13,221,578 | 2,741 | 18,983 | 2,786 | 460 | 616,387 | 2,664,738 | 1,872,755 | |
| August | 681,440 | 3,860,687 | 3,012,095 | 1,530,032 | | 13,471,560 | 2,741 | 18,983 | 2,786 | 460 | 616,660 | 2,563,588 | 1,727,131 | |
| September | 1,530,032 | 2,628,615 | 3,288,264 | 870,383 | 1,002,293 | 13,757,623 | 2,745 | 19,063 | 2,788 | 461 | 616,906 | 2,608,176 | 1,727,133 | 15,039,286 |
| October | 870,383 | 2,533,574 | 2,895,822 | 508,135 | 1,005,208 | 14,557,305 | 3,524 | 19,063 | 2,788 | 461 | 618,256 | 2,652,889 | 1,727,134 | 15,083,773 |
| November | 508,135 | 3,524,877 | 3,799,669 | 233,343 | 1,008,257 | 14,450,700 | 3,524 | 19,063 | 2,788 | 461 | 618,629 | 2,548,065 | 1,558,118 | 15,128,734 |
| December | 233,343 | 3,726,751 | 3,456,635 | 503,459 | 1,011,394 | 14,499,600 | 405,366 | 19,073 | 2,789 | 5,462 | 619,106 | 2,222,618 | 1,558,120 | 15,175,801 |

Notes: (1) The difference between the Total and Project Revenue Bond Funds represents amounts held by the trustee to make payments on the District's behalf and about \$575,000 to cover the Bond Reserve Account Requirement with respect to the Series 1998 Bonds. The Project amount represents the balance available to spend on the building project; however, the district accumulates invoices and only requests reimbursement quarterly.

(2) The Bond and Interest Fund now contains the Debt Service amount from the County for both the original Bond and the 2005 Bond.

Investments as of 06/30/06

| ID | Purchase Date | Maturity Date | Institution | Rate | Principal Invested |
|--------------|----------------------|----------------------|------------------------------|-------------|---------------------------|
| 1 | 02-Jun-06 | 01-Jul-06 | Local Agency Investment Fund | 4.70% | 2,762,837.96 |
| 2 | 02-Jun-06 | 01-Jul-06 | Local Agency Investment Fund | 4.70% | 275,858.24 |
| 3 | 30-Aug-04 | 30-Aug-06 | County Bank | 3.25% | 99,000.00 |
| 4 | 22-Aug-05 | 22-Nov-06 | Federal Home Loan Bank-FNC | 4.18% | 250,000.00 |
| 5 | 19-Dec-03 | 19-Mar-07 | Camden National Bank ME | 3.00% | 97,000.00 |
| 6 | 11-Mar-04 | 19-Mar-07 | Commercial Savings Bank | 2.75% | 98,000.00 |
| 7 | 19-Mar-04 | 19-Mar-07 | Summit State Bank | 3.00% | 99,000.00 |
| 8 | 28-Mar-05 | 23-Mar-07 | Discover Bank | 4.00% | 100,000.00 |
| 9 | 27-Jul-05 | 27-Apr-07 | Federal Home Loan Bank-MBS | 4.00% | 250,000.00 |
| 10 | 07-May-04 | 07-May-07 | Five Star Bank Natomas | 3.31% | 99,000.00 |
| 11 | 11-May-04 | 11-May-07 | Bear Stearns Security | 3.25% | 1,000,000.00 |
| 12 | 22-Jun-05 | 22-Jun-07 | Federal Home Loan Bank-FNC | 4.00% | 1,000,000.00 |
| 13 | 08-Jul-05 | 29-Jun-07 | FANNIE MAE FNMA-MBS | 4.00% | 500,000.00 |
| 14 | 05-Jul-05 | 05-Jul-07 | Federal Home Loan Bank-MBS | 4.00% | 500,000.00 |
| 15 | 14-Mar-06 | 14-Sep-07 | Federal Home Loan Bank-FNC | 5.13% | 600,000.00 |
| 16 | 28-Nov-05 | 28-Nov-07 | Federal Home Loan Bank-MBS | 5.00% | 500,000.00 |
| 17 | 05-Apr-06 | 01-Dec-07 | Cantella & Co., Inc | 4.50% | 109,007.36 |
| 18 | 27-Dec-05 | 27-Dec-07 | Federal Home Loan Bank-FNC | 5.00% | 500,000.00 |
| 19 | 24-Jan-03 | 24-Jan-08 | Capital One Bank | 4.31% | 100,000.00 |
| 20 | 24-Jan-03 | 24-Jan-08 | Capital One, F.S.B. | 4.30% | 100,000.00 |
| 21 | 24-Jan-03 | 24-Jan-08 | Key Bank USA | 3.50% | 100,000.00 |
| 22 | 18-Mar-05 | 18-Mar-08 | First Federal Bank | 4.00% | 100,000.00 |
| 23 | 14-Dec-04 | 27-May-08 | Cantella & Co., Inc | 3.50% | 225,000.00 |
| 24 | 11-Mar-05 | 11-Jun-08 | Community Bank | 4.00% | 98,000.00 |
| 25 | 11-Mar-05 | 11-Jun-08 | Equity Bank | 4.00% | 100,000.00 |
| 26 | 30-Jan-06 | 28-Jul-08 | Federal Home Loan Bank-FNC | 5.00% | 500,000.00 |
| 27 | 21-Apr-05 | 07-Oct-08 | Federal Home Loan Bank-MBS | 4.00% | 1,335,000.00 |
| 28 | 15-Oct-03 | 15-Oct-08 | R-G Crown Bank | 4.00% | 97,000.00 |
| 29 | 31-Oct-05 | 27-Oct-08 | Federal Home Loan Bank-MBS | 5.00% | 500,000.00 |
| 30 | 26-May-05 | 26-Nov-08 | Federal Home Loan Bank-FNC | 4.50% | 1,000,000.00 |
| 31 | 15-Dec-03 | 15-Dec-08 | Bear, Stearns Securities | 3.00% | 300,000.00 |
| 32 | 04-Jan-05 | 05-Jan-09 | Mututal Bank | 4.36% | 99,000.00 |
| 33 | 07-Jan-04 | 07-Jan-09 | Bear Stearns Security | 4.08% | 100,000.00 |
| 34 | 05-Apr-06 | 01-Nov-09 | Cantella & Co., Inc | 4.50% | 141,145.77 |
| 35 | 30-Dec-04 | 30-Dec-09 | Capital City Bank and Trust | 4.75% | 99,000.00 |
| 36 | 22-Apr-05 | 22-Apr-10 | Bank of Waukegan | 4.75% | 99,000.00 |
| 37 | 24-Feb-06 | 24-Feb-11 | Federal Home Loan Bank-MBS | 6.00% | 1,000,000.00 |
| Total | | | | | \$ 14,932,849.33 |

Financial Indicators

| | Target | Jun-06 | May-06 | Apr-06 | Mar-06 | Feb-06 | Jan-06 | Dec-05 | Nov-05 | Oct-05 | Sep-05 |
|-------------------|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Current Ratio | >1.5-2.0 | 5.03 | 4.99 | 5.05 | 4.76 | 4.77 | 4.93 | 5.02 | 4.76 | 4.43 | 4.45 |
| Quick Ratio | >1.33-1.5 | 4.66 | 4.70 | 4.75 | 4.44 | 4.37 | 4.62 | 4.69 | 4.47 | 4.16 | 4.16 |
| Days Cash on Hand | >75 | 390.80 | 336.95 | 330.17 | 284.11 | 326.36 | 295.71 | 294.69 | 290.98 | 296.59 | 301.22 |

Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2005
As of June 30, 2006

| MONTH | APPROVED | AMOUNT |
|--|--|-------------------------|
| BY BOARD DESCRIPTION OF APPROVED CAPITAL EXPENDITURES | | |
| FY 1995-96 | Hospital Information System | \$1,300,000 |
| FY 2004-05 | Photodynamic Therapy Laser | 50,000 |
| AMOUNT APPROVED BY THE BOARD IN PRIOR FISCAL YEARS TO BE EXPENDED IN THE CURRENT FISCAL YEAR | | <u>1,350,000</u> |
| FY 2005-06 | MRI Upgrades-GE | 542,848 * |
| | MRI Extremity and Wrist Array Coils-Invivo | 45,147 * |
| | MRI Shoulder Coils-MEDRAD | 16,183 * |
| | Ultrasound Upgrades-GE | 111,521 * |
| | Nuclear Medicine Upgrades-Siemens | 17,031 * |
| | ACMI Urology Surgical Equipment | 40,137 * |
| | Hitachi EUB-2000 Ultrasound | 39,141 * |
| AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR | | <u>812,009</u> |
| Amount Approved by the Board in Prior Fiscal Years to be Expended in the Current Fiscal Year | | 1,350,000 |
| Amount Approved by the Board in the Current Fiscal Year to be Expended in the Current Fiscal Year | | <u>812,009</u> |
| Year-to-Date Board-Approved Amount to be Expended | | 1,350,000 |
| Year-to-Date Administrator-Approved Amount Actually Expended in Current Fiscal Year | | 624,653 * |
| | | <u>812,009 *</u> |
| TOTAL FUNDS APPROVED TO BE EXPENDED | | <u><u>2,786,662</u></u> |
| Total-to-Date Spent on Incomplete Board Approved Expenditures (Hospital Information System and Building Project) | | 1,257,056 |

**Northern Inyo Hospital
 Monthly Report of Capital Expenditures
 Fiscal Year Ending JUNE 30, 2005
 As of June 30, 2006**

| MONTH | AMOUNT |
|---|--------------------------------|
| APPROVED | |
| BY BOARD DESCRIPTION OF APPROVED CAPITAL EXPENDITURES | |
| Reconciling Totals: | |
| Actually Capitalized in the Current Fiscal Year Total-to-Date | 1,436,662 |
| Plus: Lease Payments from a Previous Period | 0 |
| Less: Lease Payments Due in the Future | 0 |
| Less: Funds Expended in a Previous Period | 0 |
| Plus: Other Approved Expenditures | <u>1,350,000</u> |
| ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE | <u><u>2,786,662</u></u> |
| | |
| Donations by Auxiliary | 0 |
| Donations by Hospice of the Owens Valley | 0 |
| Donations by Others | <u>0</u> |
| | <u><u>0</u></u> |

*Completed Purchase

(Note: The budgeted amount for capital expenditures for the fiscal year ending June 30, 2006, is \$3,600,000 coming from existing hospital funds.)

**Completed in prior fiscal year

**Northern Inyo Hospital
 Monthly Report of Capital Expenditures
 Fiscal Year Ending JUNE 30, 2005
 As of June 30, 2006**

| MONTH APPROVED | DESCRIPTION OF APPROVED CAPITAL EXPENDITURES | AMOUNT |
|---|--|--------------------------|
| Board Approved Construction and Remodel amounts to be Reimburse from Revenue Bonds: | | |
| FY 1996-97 | Central Plant and Emergency Power Generator | 3,000,884 ** |
| FY 1997-98 | Administration/Office Building (Includes Furniture and Landscaping) | 1,617,772 ** |
| FY 2000-01 | New Water Line Construction | 89,962 ** |
| FY 2001-02 | Siemens ICU Patient Monitoring Equipment | 170,245 ** |
| | Central Plant and Emergency Power Generator OSHPD Fee | 18464.5 ** |
| FY 2003-04 | Emergency Room Remodel (Included in New Building & Remodel) | 0 |
| FY 2004-05 | Emergency Room Remodel (add to \$500,000) (In New Building & Remodel) | 0 |
| FY 2005-06 | Hospital Building and Remodel | 39,500,000 |
| FY 2005-06 | Construction Cost Overrun Approval | 15,250,000 |
| Total-To-Date Board Approved Construction Amounts to be reimbursed from Revenue Bonds & General Obligation Bond | | <u><u>59,647,328</u></u> |
| Total-To-Date Spent on Construction In Progress from Rev Bonds for Incomplete Projects (Includes Architect Fees for Future Phases) | | |

*Completed Purchase

**Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2005
As of June 30, 2006**

| Administrator-Approved Item(s) | Department | Amount | Month Total | Grand Total |
|---|-------------------|---------------|------------------------|------------------------|
| Month Ending May 31, 2006 | | | 65,817 | 603,660 |
| New ER parking area | ER | 3,466 | | |
| HP LASERJET 9050N | BUSINESS OFFICE | 3,480 | | |
| PLATE HOLDING FORCEPS WITH SWIVEL FOR SURGERY | | 952 | | |
| ROD CUTTER | SURGERY | 1,908 | | |
| 5TH WHEEL MOBILITY SOLUTION STRETCH PACU | | 5,134 | | |
| SCOPE CABINET | SURGERY | 4,327 | | |
| SECURITY FENCING IN WAREHOUSE | ACCOUNTING | 1,725 | | |
| Month Ending June 30, 2006 | | | 20,992 | 624,653 |

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BUDGET VARIANCE ANALYSIS

Jul-06 PERIOD ENDING

In the month, NIH was

16% over budget in IP days and under in OP Revenue resulting in
\$ (241,766) (-4.0%) under in gross patient revenue from budget and
\$ (231,676) (-6.4%) under in net patient revenue from budget

Total Expenses were:

\$ (4,641) (-0.1%) under budget. Wages and Salaries were
\$ (41,376) (-3.4%) under budget and Employee Benefits were
\$ 22,784 (2.9%) over budget
\$ 110,640 of other income resulted in a net gain of
\$ 182,907 \$ (297,418) under budget.

The expense overage was primarily

| | | |
|-----------|------|-------------------|
| \$ 61,659 | 44.4 | Bad Debt Expense |
| \$ 22,784 | 2.9 | Employee Benefits |
| \$ 14,116 | 6.5 | Professional Fees |

Other Information:

45.20% Contractual Percentages for month

45.20% Contractual Percentages for Year

\$ 182,907 Year-to-date Net Revenue

NORTHERN INYO HOSPITAL

Balance Sheet

July 31, 2006

Preliminary

Assets

| | <u>Current Month</u> | <u>Prior Month</u> | <u>FYE 2006</u> |
|---|----------------------|--------------------|-------------------|
| Current assets: | | | |
| Cash and cash equivalents | 3,129,192 | 3,148,845 | 3,148,845 |
| Short-term investments | 7,418,059 | 6,637,435 | 6,637,435 |
| Assets limited as to use | 208,778 | 603,039 | 603,039 |
| Plant Expansion and Replacement Cash | 15,575,070 | 15,515,948 | 15,515,948 |
| Other Investments (Partnership) | 369,561 | 369,561 | 369,561 |
| Patient receivable, less allowance for doubtful accounts 608,294 | 6,483,731 | 6,374,400 | 6,374,400 |
| Other receivables | 234,370 | 212,005 | 212,005 |
| Inventories | 1,912,128 | 1,922,367 | 1,922,367 |
| Prepaid expenses | 556,326 | 470,018 | 470,018 |
| Total current assets | <u>35,887,214</u> | <u>35,253,617</u> | <u>35,253,617</u> |
| Assets limited as to use: | | | |
| Internally designated for capital acquisitions | 653,280 | 652,606 | 652,606 |
| Specific purpose assets | 443,351 | 474,914 | 474,914 |
| | <u>1,096,631</u> | <u>1,127,520</u> | <u>1,127,520</u> |
| Revenue bond construction funds held by trustee | <u>1,121,978</u> | <u>1,632,595</u> | <u>1,632,595</u> |
| Less amounts required to meet current obligations | 208,778 | 603,039 | 603,039 |
| Net Assets limited as to use: | <u>2,009,831</u> | <u>2,157,076</u> | <u>2,157,076</u> |
| Long-term investments | <u>8,307,321</u> | <u>8,307,321</u> | <u>8,307,321</u> |
| Property and equipment, net of accumulated depreciation and amortization | <u>11,211,701</u> | <u>10,895,169</u> | <u>10,895,169</u> |
| Unamortized bond costs | <u>343,784</u> | <u>344,269</u> | <u>344,269</u> |
| Total assets | <u>57,759,852</u> | <u>56,957,453</u> | <u>56,957,453</u> |

NORTHERN INYO HOSPITAL

Balance Sheet

July 31, 2006

Preliminary

Liabilities and net assets

| | <u>Current Month</u> | <u>Current Month</u> | <u>Current Mont</u> |
|--|----------------------|----------------------|---------------------|
| Current liabilities: | | | |
| Current maturities of long-term debt | 205,000 | 235,000 | 235,000 |
| Accounts payable | 941,531 | 683,397 | 683,397 |
| Accrued salaries, wages and benefits | 3,132,294 | 2,954,330 | 2,954,330 |
| Accrued interest and sales tax | 260,476 | 168,166 | 168,166 |
| Deferred income | 62,685 | 97,853 | 97,853 |
| Due to third-party payors | 3,017,377 | 2,864,110 | 2,864,110 |
| Due to specific purpose funds | - | - | - |
| Total current liabilities | <u>7,619,362</u> | <u>7,002,857</u> | <u>7,002,857</u> |
| Long-term debt, less current maturities | <u>22,646,755</u> | <u>22,646,755</u> | <u>22,646,755</u> |
| Net assets: | | | |
| Unrestricted | 27,050,384 | 26,832,928 | 26,832,928 |
| Temporarily restricted | 443,351 | 474,914 | 474,914 |
| Total net assets | <u>27,493,735</u> | <u>27,307,841</u> | <u>27,307,841</u> |
| Total liabilities and net assets | <u>57,759,852</u> | <u>56,957,453</u> | <u>56,957,453</u> |

NORTHERN INYO HOSPITAL
Statement of Operations--Statistics
As of July 31, 2006
Preliminary

| | Month Actual | Month Budget | Month Variance | Variance Percentage | YTD Actual | YTD Budget | Year Variance | Year Percentage |
|-------------------------------|---------------------|---------------------|-----------------------|----------------------------|-------------------|-------------------|----------------------|------------------------|
| Operating statistics: | | | | | | | | |
| Beds | 32.00 | 32.00 | N/A | N/A | 32.00 | 32.00 | N/A | N/A |
| Patient days | 313.00 | 271.00 | 42.00 | 1.15 | 313.00 | 271.00 | 42.00 | 1.15 |
| Maximum days per bed capacity | 992.00 | 960.00 | N/A | N/A | 992.00 | 960.00 | N/A | N/A |
| Percentage of occupancy | 31.55 | 28.23 | 3.32 | 1.12 | 31.55 | 28.23 | 3.32 | 1.12 |
| Average daily census | 10.10 | 9.03 | 1.06 | 1.12 | 10.10 | 9.03 | 1.06 | 1.12 |
| Average length of stay | 3.23 | 3.08 | 0.15 | 1.05 | 3.23 | 3.08 | 0.15 | 1.05 |
| Discharges | 97.00 | 88.00 | 9.00 | 1.10 | 97.00 | 88.00 | 9.00 | 1.10 |
| Admissions | 99.00 | 89.00 | 10.00 | 1.11 | 99.00 | 89.00 | 10.00 | 1.11 |
| Gross profit-revenue depts. | 3,666,082.99 | 3,937,409.00 | (271,326.01) | 0.93 | 3,666,082.99 | 3,937,409.00 | (271,326.01) | 0.93 |

Percent to gross patient service revenue:

| | | | | | | | | |
|---|-------|-------|--------|------|-------|-------|--------|------|
| Deductions from patient service revenue and bad debts | 45.32 | 42.63 | 2.69 | 1.06 | 45.32 | 42.63 | 2.69 | 1.06 |
| Salaries and employee benefits | 34.16 | 33.14 | 1.02 | 1.03 | 34.16 | 33.14 | 1.02 | 1.03 |
| Occupancy expenses | 3.09 | 3.08 | 0.01 | 1.00 | 3.09 | 3.08 | 0.01 | 1.00 |
| General service departments | 5.40 | 5.17 | 0.23 | 1.04 | 5.40 | 5.17 | 0.23 | 1.04 |
| Fiscal services department | 4.16 | 4.54 | (0.38) | 0.92 | 4.16 | 4.54 | (0.38) | 0.92 |
| Administrative departments | 4.39 | 5.16 | (0.77) | 0.85 | 4.39 | 5.16 | (0.77) | 0.85 |
| Operating income (loss) | 1.26 | 4.83 | (3.57) | 0.26 | 1.26 | 4.83 | (3.57) | 0.26 |
| Excess (deficiency) of revenues over expenses | 3.16 | 7.97 | (4.81) | 0.40 | 3.16 | 7.97 | (4.81) | 0.40 |

Payroll statistics:

| | | | | | | | | |
|---|-----------|-----------|----------|------|-----------|-----------|----------|------|
| Average hourly rate (salaries and benefits) | 39.45 | 40.34 | (0.89) | 0.98 | 39.45 | 40.34 | (0.89) | 0.98 |
| Worked hours | 44,006.02 | 41,075.00 | 2,931.02 | 1.07 | 44,006.02 | 41,075.00 | 2,931.02 | 1.07 |
| Paid hours | 50,125.67 | 49,534.00 | 591.67 | 1.01 | 50,125.67 | 49,534.00 | 591.67 | 1.01 |
| Full time equivalents (worked) | 250.03 | 237.43 | 12.61 | 1.05 | 250.03 | 237.43 | 12.61 | 1.05 |
| Full time equivalents (paid) | 284.80 | 286.32 | (1.52) | 0.99 | 284.80 | 286.32 | (1.52) | 0.99 |

NORTHERN INYO HOSPITAL

Statements of Changes in Net Assets

As of July 31, 2006

| | <u>Month-to-date</u> | <u>Year-to-date</u> |
|---|-----------------------------|-----------------------------|
| Unrestricted net assets: | | |
| Excess (deficiency) of revenues over expenses | 182,906.75 | 182,906.75 |
| Net Assets due/to transferred from unrestricted | - | - |
| Net assets released from restrictions used for operations | 33,875.00 | 33,875.00 |
| Net assets released from restrictions used for payment of long-term debt | - | - |
| Contributions and interest income | 674.74 | 674.74 |
| Increase in unrestricted net assets | <u>217,456.49</u> | <u>217,456.49</u> |
| Temporarily restricted net assets: | | |
| District tax allocation | 2,056.96 | 2,056.96 |
| Net assets released from restrictions | (33,875.00) | (33,875.00) |
| Restricted contributions | 254.91 | 254.91 |
| Interest income | - | - |
| Increase (decrease) in temporarily restricted net assets | <u>(31,563.13)</u> | <u>(31,563.13)</u> |
| Increase (decrease) in net assets | 185,893.36 | 185,893.36 |
| Net assets, beginning of period | 27,307,841.47 | 27,307,841.47 |
| Net assets, end of period | <u><u>27,493,734.83</u></u> | <u><u>27,493,734.83</u></u> |

NORTHERN INYO HOSPITAL

Statements of Changes in Net Assets

As of July 31, 2006

| | <u>Month-to-date</u> | <u>Year-to-date</u> |
|--|-----------------------------|-----------------------------|
| Unrestricted net assets: | | |
| Excess (deficiency) of revenues over expenses | 182,906.75 | 182,906.75 |
| Net Assets due/to transferred from unrestricted | - | - |
| Net assets released from restrictions used for operations | 33,875.00 | 33,875.00 |
| Net assets released from restrictions used for payment of long-term debt | - | - |
| Contributions and interest income | 674.74 | 674.74 |
| Increase in unrestricted net assets | <u>217,456.49</u> | <u>217,456.49</u> |
| Temporarily restricted net assets: | | |
| District tax allocation | 2,056.96 | 2,056.96 |
| Net assets released from restrictions | (33,875.00) | (33,875.00) |
| Restricted contributions | 254.91 | 254.91 |
| Interest income | - | - |
| Increase (decrease) in temporarily restricted net assets | <u>(31,563.13)</u> | <u>(31,563.13)</u> |
| Increase (decrease) in net assets | 185,893.36 | 185,893.36 |
| Net assets, beginning of period | 27,307,841.47 | 27,307,841.47 |
| Net assets, end of period | <u><u>27,493,734.83</u></u> | <u><u>27,493,734.83</u></u> |

NORTHERN INYO HOSPITAL

Statements of Cash Flows

As of July 31, 2006

| | <u>Month-to-date</u> | <u>Year-to-date</u> |
|---|-----------------------|-----------------------|
| Cash flows from operating activities: | | |
| Increase (decrease) in net assets | 185,893.36 | 185,893.36 |
| Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: | - | - |
| Depreciation | 127,417.79 | 127,417.79 |
| Provision for bad debts | 200,481.57 | 200,481.57 |
| Loss (gain) on disposal of equipment | - | - |
| (Increase) decrease in: | | |
| Patient and other receivables | (332,177.74) | (332,177.74) |
| Other current assets | (76,068.55) | (76,068.55) |
| Plant Expansion and Replacement Cash | (59,121.99) | (59,121.99) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | 493,238.62 | 493,238.62 |
| Third-party payors | 153,267.00 | 153,267.00 |
| Net cash provided (used) by operating activities | <u>692,930.06</u> | <u>692,930.06</u> |
| | | |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (443,949.52) | (443,949.52) |
| Purchase of investments | (780,624.39) | (780,624.39) |
| Proceeds from disposal of equipment | - | - |
| Net cash provided (used) in investing activities | <u>(1,224,573.91)</u> | <u>(1,224,573.91)</u> |
| | | |
| Cash flows from financing activities: | | |
| Long-term debt | (30,000.00) | (30,000.00) |
| Issuance of revenue bonds | 510,616.93 | 510,616.93 |
| Unamortized bond costs | 485.24 | 485.24 |
| Increase (decrease) in donor-restricted funds, net | 30,888.39 | 30,888.39 |
| Net cash provided by (used in) financing activities | <u>511,990.56</u> | <u>511,990.56</u> |
| | | |
| Increase (decrease) in cash and cash equivalents | (19,653.29) | (19,653.29) |
| | | |
| Cash and cash equivalents, beginning of period | <u>3,148,845.24</u> | <u>3,148,845.24</u> |
| | | |
| Cash and cash equivalents, end of period | <u>3,129,191.95</u> | <u>3,129,191.95</u> |

NORTHERN INYO HOSPITAL

Statement of Operations

As of July 31, 2006

| | | | MTD | MTD | | | YTD | YTD |
|--|------------------|------------------|------------------|---------------|------------------|------------------|------------------|---------------|
| | MTD Actual | MTD Budget | Variance \$ | Variance % | YTD Actual | YTD Budget | Variance \$ | Variance % |
| Unrestricted revenues, gains and other support: | | | | | | | | |
| In-patient service revenue: | | | | | | | | |
| Routine | 599,428 | 557,910 | 41,518 | 7.4 | 599,428 | 557,910 | 41,518 | 7.4 |
| Ancillary | 1,880,151 | 2,122,312 | (242,161) | (11.4) | 1,880,151 | 2,122,312 | (242,161) | (11.4) |
| Total in-patient service revenue | 2,479,580 | 2,680,222 | (200,642) | -7.5% | 2,479,580 | 2,680,222 | (200,642) | -7.5% |
| Out-patient service revenue | 3,309,091 | 3,350,214 | (41,123) | (1.2) | 3,309,091 | 3,350,214 | (41,123) | (1.2) |
| Gross patient service revenue | 5,788,670 | 6,030,436 | (241,766) | (4.00) | 5,788,670 | 6,030,436 | (241,766) | (4.0) |
| Less deductions from patient service revenue: | | | | | | | | |
| Patient service revenue adjustments | 129,369 | 131,706 | 2,337 | 1.8 | 129,369 | 131,706 | 2,337 | 1.8 |
| Contractual adjustments | 2,286,632 | 2,294,385 | 7,753 | 0.3 | 2,286,632 | 2,294,385 | 7,753 | 0.3 |
| Total deductions from patient service revenue | 2,416,001 | 2,426,091 | 10,090 | 0.4 | 2,416,001 | 2,426,091 | 10,090 | 0.4 |
| Net patient service revenue | 3,372,669 | 3,604,345 | (231,676) | -6% | 3,372,669 | 3,604,345 | (231,676) | -6% |
| Other revenue | 25,873 | 20,957 | 4,916 | 23.5 | 25,873 | 20,957 | 4,916 | 23.5 |
| Total revenue, gains and other support | 3,398,542 | 3,625,302 | (226,760) | 23.4 | 3,398,542 | 3,625,302 | (226,760) | 23.4 |
| Expenses: | | | | | | | | |
| Salaries and wages | 1,176,543 | 1,217,919 | 41,376 | 3.4 | 1,176,543 | 1,217,919 | 41,376 | 3.4 |
| Employee benefits | 803,636 | 780,852 | (22,784) | (2.9) | 803,636 | 780,852 | (22,784) | (2.9) |
| Professional fees | 230,834 | 216,718 | (14,116) | (6.5) | 230,834 | 216,718 | (14,116) | (6.5) |
| Supplies | 475,703 | 475,251 | (452) | (0.1) | 475,703 | 475,251 | (452) | (0.1) |
| Purchased services | 127,715 | 161,810 | 34,095 | 21.1 | 127,715 | 161,810 | 34,095 | 21.1 |
| Depreciation | 127,418 | 136,247 | 8,829 | 6.5 | 127,418 | 136,247 | 8,829 | 6.5 |
| Interest | 33,043 | 33,043 | (0) | - | 33,043 | 33,043 | (0) | - |
| Bad debts | 200,482 | 138,823 | (61,659) | (44.4) | 200,482 | 138,823 | (61,659) | (44.4) |
| Other | 135,120 | 154,472 | 19,352 | 12.5 | 135,120 | 154,472 | 19,352 | 12.5 |
| Total expenses | 3,310,494 | 3,315,135 | 4,641 | 0.1 | 3,310,494 | 3,315,135 | 4,641 | 0.1 |
| Operating income (loss) | 88,048 | 310,167 | (222,119) | 23.3 | 88,048 | 310,167 | (222,119) | 23.3 |
| Other income: | | | | | | | | |
| District tax receipts | 35,168 | 102,713 | (67,545) | (65.8) | 35,168 | 102,713 | (67,545) | (65.8) |
| Interest | 71,047 | 70,588 | 459 | 0.7 | 71,047 | 70,588 | 459 | 0.7 |
| Other | 3,675 | 15,785 | (12,110) | (76.7) | 3,675 | 15,785 | (12,110) | (76.7) |
| Grants and Other Non-Restricted Contributions | 750 | 121 | 629 | 519.8 | 750 | 121 | 629 | 519.8 |
| Partnership Investment Income | - | - | - | N/A | - | - | - | N/A |
| Total other income, net | 110,640 | 189,207 | (78,567) | (42) | 110,640 | 189,207 | (78,567) | (41.5) |
| Non-Operating Expense | | | | | | | | |
| Medical Office Expense | 11,230 | 13,858 | 2,628 | 19.0 | 11,230 | 13,858 | 2,628 | 19.0 |
| Urology Office | 4,551 | 5,191 | 640 | 12.3 | 4,551 | 5,191 | 640 | 12.3 |
| Total Non-Operating Expense | 15,781 | 19,049 | 3,268 | 17.2 | 15,781 | 19,049 | 3,268 | 17.2 |
| Excess (deficiency) of revenues over expenses | 182,907 | 480,325 | (297,418) | (61.9) | 182,907 | 480,325 | (297,418) | (61.9) |

Northern Inyo Hospital

Investments as of 7/31/2006

| | Purchase Dt | Maturity Dt | Institution | Rate | Principal |
|----|--------------------|--------------------|------------------------------|-------------|------------------------|
| 1 | 7/14/2006 | 8/1/2006 | Local Agency Investment Fund | 4.85% | 278,872.44 |
| 2 | 7/14/2006 | 8/1/2006 | Local Agency Investment Fund | 4.85% | 2,790,458.15 |
| 3 | 8/30/2004 | 8/30/2006 | County Bank | 3.25% | 99,000.00 |
| 4 | 7/31/2006 | 8/31/2006 | WM Financial | 4.74% | 104.66 |
| 5 | 7/31/2006 | 10/26/2006 | United States Treasury Bills | 4.98% | 499,075.34 |
| 6 | 8/22/2005 | 11/22/2006 | Federal Home Loan Bank-FNC | 4.18% | 250,000.00 |
| 7 | 7/31/2006 | 1/25/2007 | United States Treasury Bills | 5.06% | 250,810.00 |
| 8 | 12/19/2003 | 3/19/2007 | Camden National Bank ME | 3.00% | 97,000.00 |
| 9 | 3/11/2004 | 3/19/2007 | Commercial Savings Bank | 2.75% | 98,000.00 |
| 10 | 3/19/2004 | 3/19/2007 | Summit State Bank | 3.00% | 99,000.00 |
| 11 | 3/28/2005 | 3/23/2007 | Discover Bank | 4.00% | 100,000.00 |
| 12 | 7/27/2005 | 4/27/2007 | Federal Home Loan Bank-MBS | 4.00% | 250,000.00 |
| 13 | 5/7/2004 | 5/7/2007 | Five Star Bank Natomas | 3.31% | 99,000.00 |
| 14 | 5/11/2004 | 5/11/2007 | Bear Stearns Security | 3.25% | 1,000,000.00 |
| 15 | 6/22/2005 | 6/22/2007 | Federal Home Loan Bank-FNC | 4.00% | 1,000,000.00 |
| 16 | 7/8/2005 | 6/29/2007 | FANNIE MAE FNMA-MBS | 4.00% | 500,000.00 |
| 17 | 7/5/2005 | 7/5/2007 | Federal Home Loan Bank-MBS | 4.00% | 500,000.00 |
| 18 | 3/14/2006 | 9/14/2007 | Federal Home Loan Bank-FNC | 5.13% | 600,000.00 |
| 19 | 11/28/2005 | 11/28/2007 | Federal Home Loan Bank-MBS | 5.00% | 500,000.00 |
| 20 | 4/5/2006 | 12/1/2007 | Cantella & Co., Inc | 4.50% | 109,007.36 |
| 21 | 12/27/2005 | 12/27/2007 | Federal Home Loan Bank-FNC | 5.00% | 500,000.00 |
| 22 | 1/24/2003 | 1/24/2008 | Capital One Bank | 4.31% | 100,000.00 |
| 23 | 1/24/2003 | 1/24/2008 | Capital One, F.S.B. | 4.30% | 100,000.00 |
| 24 | 1/24/2003 | 1/24/2008 | Key Bank USA | 3.50% | 100,000.00 |
| 25 | 3/18/2005 | 3/18/2008 | First Federal Bank | 4.00% | 100,000.00 |
| 26 | 12/14/2004 | 5/27/2008 | Cantella & Co., Inc | 3.50% | 225,000.00 |
| 27 | 3/11/2005 | 6/11/2008 | Community Bank | 4.00% | 98,000.00 |
| 28 | 3/11/2005 | 6/11/2008 | Equity Bank | 4.00% | 100,000.00 |
| 29 | 1/30/2006 | 7/28/2008 | Federal Home Loan Bank-FNC | 5.00% | 500,000.00 |
| 30 | 4/21/2005 | 10/7/2008 | Federal Home Loan Bank-MBS | 4.00% | 1,335,000.00 |
| 31 | 10/15/2003 | 10/15/2008 | R-G Crown Bank | 4.00% | 97,000.00 |
| 32 | 10/31/2005 | 10/27/2008 | Federal Home Loan Bank-MBS | 5.00% | 500,000.00 |
| 33 | 5/26/2005 | 11/26/2008 | Federal Home Loan Bank-FNC | 4.50% | 1,000,000.00 |
| 34 | 12/15/2003 | 12/15/2008 | Bear, Stearns Securities | 3.00% | 300,000.00 |
| 35 | 1/4/2005 | 1/5/2009 | Mututal Bank | 4.36% | 99,000.00 |
| 36 | 1/7/2004 | 1/7/2009 | Bear Stearns Security | 4.08% | 100,000.00 |
| 37 | 4/5/2006 | 11/1/2009 | Cantella & Co., Inc | 4.50% | 141,145.77 |
| 38 | 12/30/2004 | 12/30/2009 | Capital City Bank and Trust | 4.75% | 99,000.00 |
| 39 | 4/22/2005 | 4/22/2010 | Bank of Waukegan | 4.75% | 99,000.00 |
| 40 | 2/24/2006 | 2/24/2011 | Federal Home Loan Bank-MBS | 6.00% | 1,000,000.00 |
| | | | Total | | \$15,713,473.72 |

**Northern Inyo Hospital
Summary of Cash and Investment Balances
Calendar Year 2006**

Operations Checking Account

Time Deposit Month-End Balances

| Month | Balance at Beginning of Month | Deposits | Disbursements | Balance at End of Month | Premium Interest Checking | Investment Operations Fund | Bond and Interest Fund (2) | Equipment Donations Fund | Childrens Fund | Scholarship Fund | Tobacco Settlement Fund | Total Revenue Bond Fund (1) | Project Revenue Bond Fund (1) | General Obligation Bond Fund |
|------------|-------------------------------|-----------|---------------|-------------------------|---------------------------|----------------------------|----------------------------|--------------------------|----------------|------------------|-------------------------|-----------------------------|-------------------------------|------------------------------|
| | | | | | | | | | | | | | | |
| January | 503,459 | 2,956,639 | 2,747,467 | 712,630 | 1,515,896 | 14,369,650 | 405,366 | 19,073 | 2,789 | 5,462 | 619,624 | 2,064,655 | 1,354,819 | 15,228,009 |
| February | 712,630 | 2,872,585 | 2,729,386 | 855,830 | 1,522,540 | 14,060,252 | 405,366 | 19,073 | 2,789 | 5,462 | 620,110 | 2,110,126 | 1,354,822 | 15,274,852 |
| March | 855,830 | 3,154,458 | 3,317,840 | 692,448 | 1,528,083 | 14,462,252 | 405,677 | 19,086 | 2,791 | 5,465 | 620,684 | 1,893,590 | 1,092,699 | 15,330,565 |
| April | 692,448 | 4,468,398 | 3,568,419 | 1,592,427 | 1,533,222 | 14,281,849 | 201,464 | 19,086 | 2,791 | 5,465 | 626,433 | 1,939,392 | 1,092,702 | 15,382,132 |
| May | 1,592,427 | 2,852,264 | 3,493,876 | 950,815 | 1,539,308 | 14,932,849 | 466,295 | 19,086 | 2,791 | 5,465 | 627,096 | 1,779,338 | 867,196 | 15,443,286 |
| June | 950,815 | 3,272,613 | 3,109,328 | 1,114,100 | 1,544,902 | 14,932,849 | 466,576 | 24,896 | 2,793 | 5,469 | 627,709 | 1,632,595 | 867,200 | 15,499,501 |
| July | 1,114,100 | 2,592,650 | 2,845,491 | 861,259 | 1,550,786 | 15,713,474 | 434,758 | 24,896 | 2,793 | 5,724 | 628,384 | 1,121,978 | 310,860 | 15,558,623 |
| Prior Year | | | | | | | | | | | | | | |
| August | 681,440 | 3,860,687 | 3,012,095 | 1,530,032 | | 13,471,560 | 2,741 | 18,983 | 2,786 | 460 | 616,660 | 2,563,588 | 1,727,131 | |
| September | 1,530,032 | 2,628,615 | 3,288,264 | 870,383 | 1,002,293 | 13,757,623 | 2,745 | 19,063 | 2,788 | 461 | 616,906 | 2,608,176 | 1,727,133 | 15,039,286 |
| October | 870,383 | 2,533,574 | 2,895,822 | 508,135 | 1,005,208 | 14,557,305 | 3,524 | 19,063 | 2,788 | 461 | 618,256 | 2,652,889 | 1,727,134 | 15,083,773 |
| November | 508,135 | 3,524,877 | 3,799,669 | 233,343 | 1,008,257 | 14,450,700 | 3,524 | 19,063 | 2,788 | 461 | 618,629 | 2,548,065 | 1,558,118 | 15,128,734 |
| December | 233,343 | 3,726,751 | 3,456,635 | 503,459 | 1,011,394 | 14,499,600 | 405,366 | 19,073 | 2,789 | 5,462 | 619,106 | 2,222,618 | 1,558,120 | 15,175,801 |

- Notes:
- (1) The difference between the Total and Project Revenue Bond Funds represents amounts held by the trustee to make payments on the District's behalf and about \$575,000 to cover the Bond Reserve Account Requirement with respect to the Series 1998 Bonds. The Project amount represents the balance available to spend on the building project; however, the district accumulates invoices and only requests reimbursement quarterly.
 - (2) The Bond and Interest Fund now contains the Debt Service amount from the County for both the original Bond and the 2005 Bond.

NORTHERN INYO HOSPITAL
STATISTICS

| 7 MONTHS 2006 | SURGERIES | | | | | | TOTAL | | | | | | BIRTHS | | | ADMITTS | | | ER | | | OP REFERRALS | | | ADMITTS (W/NB) | | | PT DAYS (W/O NB) | | | PT DAYS (W/NB) | | | DISCH (W/NB) | | |
|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------------|-----------------|--------------------|--------------------|-----------------|-----------------------|-----------------|--------------------|--------------------|-----------------|-----------------------|-----------------|--------------------|--------------------|-----------------|-----------------------|-----------------|--------------------|--------------------|-----------------|-----------------------|------------------|--------------------|--------------------|-----------------|-------|-------|--------------|-------|--|
| | IP | | OP | | TOTAL | | 04 / 05 / 06 | | 04 / 05 / 06 | | 04 / 05 / 06 | | 04 / 05 / 06 | | 04 / 05 / 06 | | 04 / 05 / 06 | | 04 / 05 / 06 | | 04 / 05 / 06 | | 04 / 05 / 06 | | 04 / 05 / 06 | | 04 / 05 / 06 | | 04 / 05 / 06 | | 04 / 05 / 06 | | | | | |
| | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | | | | | |
| JANUARY | 24 / 35 / 40 | 76 / 65 / 72 | 100 / 100 / 112 | 15 / 17 / 19 | 43 / 49 / 60 | 494 / 540 / 563 | 2701 / 3048 / 3135 | 101 / 109 / 126 | 287 / 275 / 370 | 335 / 320 / 410 | 102 / 115 / 124 | 2701 / 3048 / 3135 | 101 / 109 / 126 | 287 / 275 / 370 | 335 / 320 / 410 | 102 / 115 / 124 | 2701 / 3048 / 3135 | 101 / 109 / 126 | 287 / 275 / 370 | 335 / 320 / 410 | 102 / 115 / 124 | 2701 / 3048 / 3135 | 101 / 109 / 126 | 287 / 275 / 370 | 335 / 320 / 410 | 102 / 115 / 124 | 2701 / 3048 / 3135 | 101 / 109 / 126 | 287 / 275 / 370 | 335 / 320 / 410 | 102 / 115 / 124 | | | | | |
| FEBRUARY | 36 / 29 / 29 | 79 / 81 / 62 | 115 / 110 / 91 | 21 / 15 / 20 | 45 / 54 / 44 | 467 / 422 / 467 | 2567 / 2777 / 3100 | 117 / 121 / 106 | 334 / 319 / 255 | 383 / 358 / 303 | 122 / 111 / 113 | 2567 / 2777 / 3100 | 117 / 121 / 106 | 334 / 319 / 255 | 383 / 358 / 303 | 122 / 111 / 113 | 2567 / 2777 / 3100 | 117 / 121 / 106 | 334 / 319 / 255 | 383 / 358 / 303 | 122 / 111 / 113 | 2567 / 2777 / 3100 | 117 / 121 / 106 | 334 / 319 / 255 | 383 / 358 / 303 | 122 / 111 / 113 | 2567 / 2777 / 3100 | 117 / 121 / 106 | 334 / 319 / 255 | 383 / 358 / 303 | 122 / 111 / 113 | | | | | |
| MARCH | 30 / 34 / 50 | 113 / 78 / 101 | 143 / 112 / 151 | 9 / 20 / 26 | 49 / 59 / 63 | 555 / 606 / 543 | 3086 / 3163 / 3387 | 101 / 123 / 152 | 291 / 356 / 333 | 320 / 395 / 399 | 94 / 127 / 149 | 3086 / 3163 / 3387 | 101 / 123 / 152 | 291 / 356 / 333 | 320 / 395 / 399 | 94 / 127 / 149 | 3086 / 3163 / 3387 | 101 / 123 / 152 | 291 / 356 / 333 | 320 / 395 / 399 | 94 / 127 / 149 | 3086 / 3163 / 3387 | 101 / 123 / 152 | 291 / 356 / 333 | 320 / 395 / 399 | 94 / 127 / 149 | 3086 / 3163 / 3387 | 101 / 123 / 152 | 291 / 356 / 333 | 320 / 395 / 399 | 94 / 127 / 149 | | | | | |
| APRIL | 23 / 27 / 31 | 98 / 68 / 81 | 121 / 95 / 112 | 19 / 9 / 18 | 51 / 43 / 54 | 530 / 466 / 474 | 2932 / 3119 / 3145 | 106 / 97 / 114 | 300 / 244 / 310 | 350 / 262 / 346 | 107 / 104 / 116 | 2932 / 3119 / 3145 | 106 / 97 / 114 | 300 / 244 / 310 | 350 / 262 / 346 | 107 / 104 / 116 | 2932 / 3119 / 3145 | 106 / 97 / 114 | 300 / 244 / 310 | 350 / 262 / 346 | 107 / 104 / 116 | 2932 / 3119 / 3145 | 106 / 97 / 114 | 300 / 244 / 310 | 350 / 262 / 346 | 107 / 104 / 116 | 2932 / 3119 / 3145 | 106 / 97 / 114 | 300 / 244 / 310 | 350 / 262 / 346 | 107 / 104 / 116 | | | | | |
| MAY | 25 / 41 / 31 | 87 / 74 / 73 | 112 / 115 / 104 | 21 / 16 / 20 | 42 / 49 / 53 | 515 / 594 / 564 | 2548 / 2968 / 3313 | 104 / 113 / 111 | 249 / 349 / 345 | 299 / 365 / 381 | 112 / 103 / 106 | 2548 / 2968 / 3313 | 104 / 113 / 111 | 249 / 349 / 345 | 299 / 365 / 381 | 112 / 103 / 106 | 2548 / 2968 / 3313 | 104 / 113 / 111 | 249 / 349 / 345 | 299 / 365 / 381 | 112 / 103 / 106 | 2548 / 2968 / 3313 | 104 / 113 / 111 | 249 / 349 / 345 | 299 / 365 / 381 | 112 / 103 / 106 | 2548 / 2968 / 3313 | 104 / 113 / 111 | 249 / 349 / 345 | 299 / 365 / 381 | 112 / 103 / 106 | | | | | |
| JUNE | 22 / 32 / 49 | 75 / 60 / 76 | 97 / 92 / 125 | 17 / 16 / 16 | 56 / 53 / 44 | 641 / 631 / 552 | 2886 / 3287 / 3235 | 96 / 113 / 107 | 286 / 288 / 307 | 328 / 318 / 342 | 92 / 126 / 97 | 2886 / 3287 / 3235 | 96 / 113 / 107 | 286 / 288 / 307 | 328 / 318 / 342 | 92 / 126 / 97 | 2886 / 3287 / 3235 | 96 / 113 / 107 | 286 / 288 / 307 | 328 / 318 / 342 | 92 / 126 / 97 | 2886 / 3287 / 3235 | 96 / 113 / 107 | 286 / 288 / 307 | 328 / 318 / 342 | 92 / 126 / 97 | 2886 / 3287 / 3235 | 96 / 113 / 107 | 286 / 288 / 307 | 328 / 318 / 342 | 92 / 126 / 97 | | | | | |
| JULY | 31 / 40 / 31 | 96 / 89 / 59 | 127 / 129 / 90 | 11 / 21 / 30 | 48 / 51 / 36 | 571 / 587 / 619 | 2822 / 2997 / 3012 | 90 / 128 / 129 | 252 / 306 / 313 | 278 / 345 / 371 | 93 / 122 / 126 | 2822 / 2997 / 3012 | 90 / 128 / 129 | 252 / 306 / 313 | 278 / 345 / 371 | 93 / 122 / 126 | 2822 / 2997 / 3012 | 90 / 128 / 129 | 252 / 306 / 313 | 278 / 345 / 371 | 93 / 122 / 126 | 2822 / 2997 / 3012 | 90 / 128 / 129 | 252 / 306 / 313 | 278 / 345 / 371 | 93 / 122 / 126 | 2822 / 2997 / 3012 | 90 / 128 / 129 | 252 / 306 / 313 | 278 / 345 / 371 | 93 / 122 / 126 | | | | | |
| AUGUST | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | | | | |
| SEPTEMBER | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | | | |
| OCTOBER | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | | | |
| NOVEMBER | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | | |
| DECEMBER | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | |
| CALENDAR YEAR | 191 / 238 / 261 | 624 / 515 / 524 | 815 / 753 / 785 | 113 / 114 / 149 | 334 / 358 / 354 | 3773 / 3846 / 3762 | 19342 / 21559 / 22327 | 715 / 804 / 845 | 1999 / 2137 / 2233 | 2293 / 2383 / 2552 | 722 / 808 / 831 | 19342 / 21559 / 22327 | 715 / 804 / 845 | 1999 / 2137 / 2233 | 2293 / 2383 / 2552 | 722 / 808 / 831 | 19342 / 21559 / 22327 | 715 / 804 / 845 | 1999 / 2137 / 2233 | 2293 / 2383 / 2552 | 722 / 808 / 831 | 19342 / 21559 / 22327 | 715 / 804 / 845 | 1999 / 2137 / 2233 | 2293 / 2383 / 2552 | 722 / 808 / 831 | 19342 / 21559 / 22327 | 715 / 804 / 845 | 1999 / 2137 / 2233 | 2293 / 2383 / 2552 | 722 / 808 / 831 | | | | | |
| MONTHLY AVERAGE | 27 / 34 / 37 | 89 / 74 / 75 | 116 / 108 / 112 | 16 / 16 / 21 | 48 / 51 / 51 | 539 / 549 / 540 | 2,763 / 3,051 / 3,190 | 102 / 115 / 121 | 286 / 305 / 319 | 328 / 340 / 365 | 103 / 115 / 119 | 2,763 / 3,051 / 3,190 | 102 / 115 / 121 | 286 / 305 / 319 | 328 / 340 / 365 | 103 / 115 / 119 | 2,763 / 3,051 / 3,190 | 102 / 115 / 121 | 286 / 305 / 319 | 328 / 340 / 365 | 103 / 115 / 119 | 2,763 / 3,051 / 3,190 | 102 / 115 / 121 | 286 / 305 / 319 | 328 / 340 / 365 | 103 / 115 / 119 | 2,763 / 3,051 / 3,190 | 102 / 115 / 121 | 286 / 305 / 319 | 328 / 340 / 365 | 103 / 115 / 119 | | | | | |

NORTHERN INYO HOSPITAL
DEPARTMENTAL NON-EMERGENCY OUTPATIENT VISITS

| MONTHS 2006 | DIAGNOSTIC RADIOLOGY | MAMMOGRAPHY | NUCLEAR MEDICINE | ULTRASOUND | CT SCANNING | MRI | LABORATORY | EKG/ EEG | PHYSICAL THERAPY | RESPIRATORY THERAPY | RURAL HEALTH CLINIC | TOTALS |
|---------------------|-------------------------|--------------------|---------------------|-----------------|------------------|-----------------|-----------------------|-----------------|---------------------|------------------------|------------------------|-----------------------|
| | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 | 04 / 05 / 06 |
| JANUARY | 309 / 340 / 312 | 240 / 202 / 229 | 32 / 47 / 29 | 97 / 102 / 107 | 98 / 151 / 123 | 92 / 86 / 85 | 1755 / 1968 / 1686 | 97 / 127 / 103 | 515 / 313 / 302 | 16 / 16 / 12 | 953 / 1014 / 1029 | 4204 / 4366 / 4017 |
| FEBRUARY | 225 / 323 / 250 | 221 / 203 / 211 | 40 / 52 / 60 | 104 / 119 / 135 | 115 / 142 / 111 | 64 / 77 / 92 | 1719 / 1753 / 1633 | 95 / 83 / 82 | 502 / 306 / 361 | 21 / 12 / 19 | 841 / 921 / 970 | 3947 / 3991 / 3924 |
| MARCH | 306 / 413 / 329 | 257 / 201 / 83 | 47 / 52 / 52 | 121 / 113 / 133 | 110 / 161 / 126 | 93 / 92 / 105 | 2067 / 2105 / 1853 | 99 / 81 / 132 | 648 / 315 / 425 | 15 / 12 / 14 | 1099 / 1240 / 1099 | 4862 / 4785 / 4351 |
| APRIL | 256 / 349 / 254 | 217 / 232 / 237 | 41 / 40 / 35 | 126 / 137 / 109 | 100 / 180 / 107 | 88 / 84 / 84 | 2022 / 1815 / 1984 | 82 / 97 / 84 | 567 / 378 / 397 | 11 / 18 / 21 | 910 / 1103 / 915 | 4420 / 4433 / 4227 |
| MAY | 275 / 304 / 263 | 204 / 221 / 241 | 45 / 54 / 41 | 121 / 98 / 122 | 97 / 161 / 110 | 85 / 96 / 88 | 1833 / 1782 / 1741 | 84 / 85 / 95 | 372 / 333 / 374 | 12 / 17 / 18 | 828 / 971 / 958 | 3956 / 4122 / 4051 |
| JUNE | 325 / 302 / 257 | 235 / 208 / 220 | 57 / 47 / 32 | 126 / 117 / 128 | 116 / 146 / 119 | 73 / 81 / 111 | 2007 / 1902 / 1828 | 133 / 87 / 104 | 281 / 420 / 370 | 26 / 15 / 10 | 993 / 1016 / 859 | 4372 / 4341 / 4038 |
| JULY | 207 / 236 / 228 | 207 / 145 / 134 | 55 / 46 / 35 | 126 / 119 / 126 | 102 / 113 / 121 | 95 / 84 / 71 | 1865 / 1742 / 1615 | 83 / 93 / 93 | 234 / 375 / 379 | 16 / 15 / 13 | 1019 / 952 / 946 | 4009 / 3920 / 3761 |
| AUGUST | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / |
| SEPTEMBER | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / |
| OCTOBER | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / |
| NOVEMBER | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / |
| DECEMBER | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / | / / / |
| CALENDAR YEAR | 1903 / 2267 / 1893 | 1581 / 1412 / 1355 | 317 / 338 / 284 | 821 / 805 / 860 | 738 / 1054 / 817 | 590 / 600 / 636 | 13268 / 13067 / 12340 | 673 / 653 / 693 | 3119 / 2440 / 2608 | 117 / 105 / 107 | 6643 / 7217 / 6776 | 29770 / 29958 / 28169 |
| MONTHLY AVERAGES | 272 / 324 / 270 | 226 / 202 / 194 | 45 / 48 / 41 | 117 / 115 / 123 | 105 / 151 / 117 | 84 / 86 / 91 | 1895 / 1867 / 1763 | 96 / 93 / 99 | 446 / 349 / 373 | 17 / 15 / 15 | 949 / 1031 / 968 | 4253 / 4280 / 4053 |

Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2005
As of July 31, 2006

| MONTH | APPROVED | AMOUNT |
|--|--|-------------------------|
| BY BOARD DESCRIPTION OF APPROVED CAPITAL EXPENDITURES | | |
| FY 1995-96 | Hospital Information System | \$1,300,000 |
| | AMOUNT APPROVED BY THE BOARD IN PRIOR FISCAL YEARS TO BE EXPENDED IN THE CURRENT FISCAL YEAR | <u>1,300,000</u> |
| FY 2006-07 | Philips Biphasic Defibrillators (eight) | 94,095 |
| | Crash Carts | 13,857 |
| | Urology Office Equipment & Charts (Purchased from Dr. Evantov) (Half of \$35,000 buy-up amount) | 17,000 |
| | Platelet Incubator/Agitator Purchase (non-budget) | 2,600 |
| | Computer Backup/Disaster Recovery Upgrade | 59,122 |
| | Virtual Servers | 36,888 |
| | AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR | <u>223,562</u> |
| | Amount Approved by the Board in Prior Fiscal Years to be Expended in the Current Fiscal Year | 1,300,000 |
| | Amount Approved by the Board in the Current Fiscal Year to be Expended in the Current Fiscal Year | <u>223,562</u> |
| | Year-to-Date Board-Approved Amount to be Expended | 1,300,000 |
| | Year-to-Date Administrator-Approved Amount Actually Expended in Current Fiscal Year | 275,436 * |
| | TOTAL FUNDS APPROVED TO BE EXPENDED | <u><u>1,575,436</u></u> |
| | Total-to-Date Spent on Incomplete Board Approved Expenditures (Hospital Information System and Building Project) | 1,199,399 |

Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2005
As of July 31, 2006

MONTH

APPROVED

Reconciling Totals:

| | |
|---|------------------|
| Actually Capitalized in the Current Fiscal Year Total-to-Date | 275,436 |
| Plus: Lease Payments from a Previous Period | 0 |
| Less: Lease Payments Due in the Future | 0 |
| Less: Funds Expended in a Previous Period | 0 |
| Plus: Other Approved Expenditures | <u>1,300,000</u> |

ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE 1,575,436

| | |
|--|-----------------|
| Donations by Auxiliary | 0 |
| Donations by Hospice of the Owens Valley | 0 |
| Donations by Others | <u>0</u> |
| | <u><u>0</u></u> |

*Completed Purchase

(Note: The budgeted amount for capital expenditures for the fiscal year ending June 30, 2006, is \$3,600,000 coming from existing hospital funds.)

**Completed in prior fiscal year

**Northern Inyo Hospital
 Monthly Report of Capital Expenditures
 Fiscal Year Ending JUNE 30, 2005
 As of July 31, 2006**

**MONTH
 APPROVED**

Board Approved Construction and Remodel amounts to be Reimburse from Revenue Bonds:

| | | |
|------------|--|--------------------------|
| FY 1996-97 | Central Plant and Emergency Power Generator | 3,000,884 ** |
| FY 1997-98 | Administration/Office Building (Includes Furniture and Landscaping) | 1,617,772 ** |
| FY 2000-01 | New Water Line Construction | 89,962 ** |
| FY 2001-02 | Siemens ICU Patient Monitoring Equipment | 170,245 ** |
| | Central Plant and Emergency Power Generator OSHPD Fee | 18464.5 ** |
| FY 2003-04 | Emergency Room Remodel (Included in New Building & Remodel) | 0 |
| FY 2004-05 | Emergency Room Remodel (add to \$500,000) (In New Building & Remodel) | 0 |
| FY 2005-06 | Hospital Building and Remodel | 39,500,000 |
| FY 2005-06 | Construction Cost Overrun Approval | 15,250,000 |
| | Total-To-Date Board Approved Construction Amounts to be reimbursed from Revenue Bonds & General Obligation Bond | <u><u>59,647,328</u></u> |

**Total-To-Date Spent on Construction In Progress from Rev Bonds for
 Incomplete Projects (Includes Architect Fees for Future Phases)**

*Completed Purchase

**Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2005
As of July 31, 2006**

| Administrator-Approved Item(s) | Department | Amount | Month Total | Grand Total |
|---|-------------------|---------------|------------------------|------------------------|
| Omnicell 3-Cell RX Dispensing System with Flex Lock | | 110,632 | | |
| Omnicell 2-Cell RX Dispensing System with Flex Lock | | 75,720 | | |
| Omnicell 1-Cell RX Dispensing System with Flex Lock | | 48,871 | | |
| Medication Order Software and Installation | | 18,318 | | |
| 12-Bin Sensing Drawer | | 7,952 | | |
| Verifynow Instrument | | 5,344 | | |
| Verifynow Printer | | 715 | | |
| Verifynow Aspirin Test/P2Y12 Assay | | 1,746 | | |
| Complete Cool Vest System | | 2,242 | | |
| MTS ID-Centrifuge | | 3,897 | | |
| Month Ending July 31, 2006 | | | 275,436 | 275,436 |

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Memorandum #10

August 30, 2006

To: John Halfen
Cc: Donna Afflerbach, John DeVries
From: Steve Schultz – Turner Construction Company
Subject: Prequalification and bid process.

The following is our written proposed plan for pre-qualification and bidding for Phase 1 (support building and radiology building). We are proceeding as follows to assemble the bid documents and with advertising.

1. We will bid the two buildings together to minimize costs associated with the bid process and administration of construction. Our plan is to release for bid plans for both buildings in early September. As we will not have the fully permitted documents, we will incorporate by addendum changes required as a result of permit review. Currently, we plan to have two bid dates. The first will be critical trades such as earthwork, concrete, steel, plumbing and electrical. We will evaluate whether we need two bid dates during the bid period based on trade contractor coverage and progress of permitting comments. We are proposing this approach to reduce the time to the start of construction. It should be acknowledged that bidding before documents are fully permitted will add complexity and hours to manage the bid process and subsequent document control. The reason we are doing so is to get the excavation started as soon as possible relative to minimizing winter working conditions.
2. We have placed adds in the following publications to obtain contractor interest, begin the prequalification process, and meet advertising requirements for DVBE and public bidding. Turner is advertising for the entire project. This means each individual trade contractor does not need to implement a DVBE advertising program (which would be detrimental to getting trade contractor bid coverage as trade contractors are not used to doing this at their level of participation.
 - A. Daily Pacific Builder
 - B. Daily Reporter
 - C. Inyo Register
 - D. The Daily Bulletin
3. Our prequalification process will be executed as follows;
 - A. Upon request from contractors reached by our phone campaign and advertising, we will issue the pre-qualification form for information that addresses financial capability, safety record, and relevant experience. A copy is attached.

- B. We will accept pre-qualification forms up until 5 business days prior to bid. We will endeavor to provide feedback to contractors that submit pre-qualifications within 5 business days for those received early, and with 72 hours for those received close to the 5 day deadline.
 - C. Bids from prequalified contractors only will be opened.
4. Our risk management approach relative to bonds and insurance is proposed as follows, with options for some of these items.
- A. Performance and Payment Bond. Turner will provide to the hospital a performance and payment bond in the amount of the final maximum price. This ensures the project will be completed should Turner default on the contract for any reason, and provides assurance for payment to trade contractors.
 - B. Trade Contractor Default. The risk of trade contractor default will be addressed by using a subcontractor default policy. Turner's policy (which is similar for most large contractors) for all work, public and private, is to either purchase a sub default policy (1st choice), or bond all contracts that exceed \$100,000. The reasons we prefer to address risk management of potential trade contractor default by utilizing a "subcontractor default insurance policy", are as follows:
 - 1. In the event of a subcontractor failure, the subcontractor default policy allows for a much quicker response time to replace that contractor and keep the project moving. Dealing with bonding companies is a notoriously slow process that can affect the entire project schedule.
 - 2. Because a subcontractor default policy allows us to deal with a failure more rapidly, collateral costs for project delays are minimized. Collecting on collateral costs from a bonding company due to schedule loss caused by a failed subcontractor is difficult at best.
 - 3. The use of contractor default insurance allows inclusion in the bid pool of contractors that may have exhausted their bonding capacity, or that do not have a bonding company. This will obviously increase the bid pool and the likelihood of participation by local contractors.
 - 4. For smaller contracts under \$100,000, such as specialties, most trade contractors do not have a bonding company as the contractors they work for do not require a bond. Should bonds be required by trade contractors, we would have to consolidate a number of trades into a single bid package and then find a contractor willing to bid this aggregated scope at a reasonable price. Our experience with this approach in the past is that the owner pays more for this work than it's value if bid separately.
 - 5. Due to the remote location of this project and the very busy marketplace, Turner is proposing a somewhat abbreviated prequalification process, and is willing to cover subcontractor default

through a default policy to increase the subcontractor bid coverage and maximize the hospital's dollars. In recognition of this added risk, Turner may have to reject a low bid if post bid financial information indicates that the risk is too great in awarding a contract. In most cases we can mitigate the risk by using joint check payments or other risk management techniques.

Based on the above, we are proceeding to utilize trade contractor default insurance to address this risk. We will include the cost of this insurance in each trade contractor's contract. After the contracts are assigned to Turner, we will aggregate the costs within each trade contract and purchase the default insurance.

- C. Bid bonds. The issue of bid bonds is related to item B above. Trade contractors bidding to a general contractor in the traditional lump sum scenario do not provide bid bonds to the general contractor. Most trade contractors that would be bidding a project of this size would never have provided a bid bond with their bids. While this issue may not be as significant for a very large project (over \$20 million), it is problematic for a smaller project – particularly in a remote location in a busy market. Therefore, we will not require trade contractors to submit bid bonds with their bids. If requested by the Hospital, Turner can provide a bid bond for our proposed maximum cost.

Listing of subcontractors. Listing of subcontractors that represent more than ½% of the bid amount will be required. Most trade contractors will not have subcontractors to list as they will be performing the work themselves. Some trades may have sub tier trades such as rebar for concrete, or controls for HVAC systems.

We are proceeding as indicated above. Please feel free to call should you have any questions regarding this information.

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**PROPOSED
LEASED
PARKING**

0.79 ACRE

LOT 15
1.20 ACRES

PACU W LANE

W

32 SPACES

Drainage and Utility
Easements

LINE ST.

Cottonwood

TREES

S

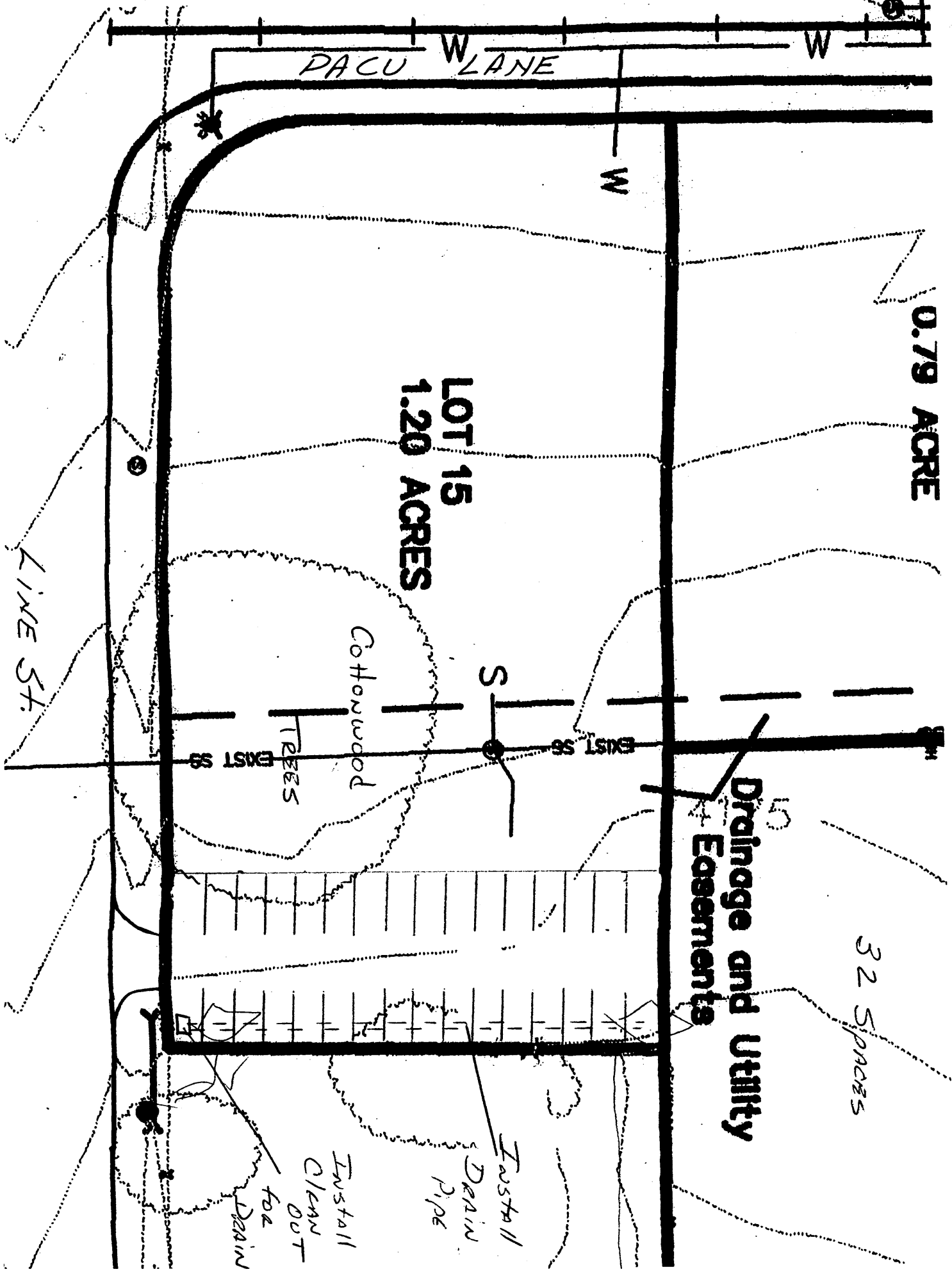
EXIST S6

EXIST S6

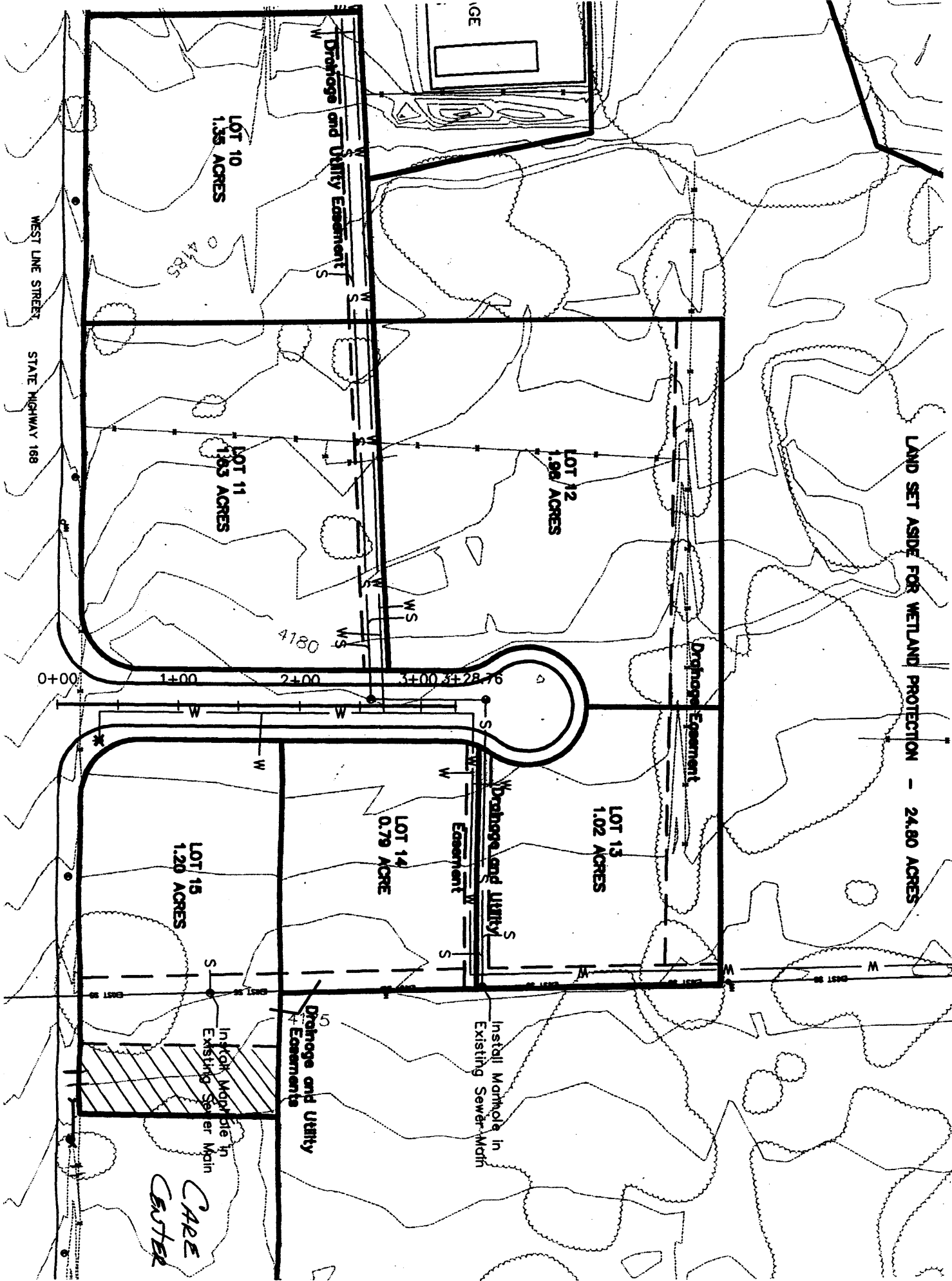
Install
DRAIN
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for
DRAIN



LAND SET ASIDE FOR WETLAND PROTECTION - 24.80 ACRES



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NORTHERN INYO HOSPITAL
Northern Inyo County Local Hospital District
150 Pioneer Lane, Bishop, California 93514

Medical Staff Office
(760) 873-2136 voice
(760) 872-5836 fax


TO: NICLHD Board of Directors
FROM: Taema Weiss, M.D.
Chief of Staff
DATE: August 1, 2006
RE: Report of Executive Committee Meeting on August 1, 2006

The Executive Committee met on August 1, 2006 to consider the recommendations of the Credentials Committee. Following careful review and consideration, the Committee agreed to recommend to the District Board of Directors the following:

1. The reinstatement of Staff membership and privileges for Valley Emergency Affiliate Michael Dillon, M.D., following a three-month personal leave of absence;
2. The appointment of Family Health Centre Internist Vasuki Sittampalam, M.D. to the Northern Inyo Hospital Provisional Active Medical Staff with requested privileges related to her private practice in internal medicine.

The Committee also discussed the following credentialing issues:

1. William Wayne Hooper, M.D., pulmonologist practicing locally on a part-time basis, has not provided the Medical Staff office with all the necessary documentation to complete his application for appointment. Per the Medical Staff Bylaws, Doctor Hooper's application is being considered to have been voluntarily withdrawn.
2. Elliot R. Carlisle, M.D., non-resident orthopaedic surgeon seeing patients in Bishop, notified the Medical Staff office in writing of his desire to withdraw his application for Consulting Staff status.
3. Doris Lin, M.D., Valley Emergency Group affiliate who applied to the NIH Medical Staff for appointment to the Active Staff with privileges in emergency medicine, was granted temporary privileges for 60 days, effective March 30, 2006, following review and approval by applicable Service Chiefs, the Credentials Chair, myself, and the Hospital Administrator. Doctor Lin does not currently live in the state of California. It is this Committee's recommendation that consideration of Doctor Lin's application for Staff membership continue to be deferred until such time as it is known if she plans to relocate to the area.



Taema Weiss, M.D.
Chief of Staff

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COMMUNICATIONS SITE LEASE AGREEMENT

THIS COMMUNICATIONS SITE LEASE AGREEMENT ("Lease") is entered into this ____ day of _____, 200__ ("Effective Date"), by and between _____, ("Owner"), and Alltel Communications, Inc. ("Tenant").

The parties hereto agree as follows:

1. **Definitions.** The following terms shall have the meanings indicated:

"Commencement Date" shall mean that date upon which Tenant notifies Owner that Tenant has elected to construct the Communications Facility.

"Communications Facility" shall mean towers, antennas, buildings, and other incidental uses.

"Easement" shall mean that certain real property described on the attached Exhibit "B".

"Government Approvals" shall mean all licenses and permits required for Tenant's Use of the Premises.

"Hazardous Materials" shall mean hazardous or toxic materials, wastes or substances, any pollutants, and/or contaminants, or any other similar substances or materials which are defined or identified as such in any federal, state or local laws, rules or regulations (whether now existing or hereinafter enacted) pertaining to environmental regulations, contamination, cleanup or any judicial or administrative interpretation of such laws, rules or regulations.

"Inspections" shall mean tests, borings, surveys, studies, inspections, and investigations of the Premises or Easement, and interviews of persons familiar with the Premises or the Easement, including, without limitation, tests of structures, wells, septic tanks, underground storage tanks, soils, geologic hazards, utility lines and systems and environmental hazards.

"Inspection Period" shall mean that period of time which begins on the Effective Date and ends 12 months after the Effective Date.

"Premises" shall mean that certain real property described on the attached Exhibit "A".

"Tenant's Use" shall mean constructing, installing, maintaining, improving, and operating a Communications Facility on the Premises.

"Term" shall mean the initial term and any applicable renewal terms.

2. **The Premises.** Subject to this Lease, Owner hereby leases to Tenant the Premises for Tenant's Use. Owner also grants to Tenant a non-exclusive easement during the Term of this Lease for ingress and egress and for the installation and transmission of utilities on and under the Easement. Tenant shall have unencumbered access to the Premises and the Easement 24 hours each day.

Upon completion of a survey in form and content satisfactory to Tenant, the description of the Premises and the description of the Easement shall be substituted for its respective description on Exhibit "A" and Exhibit "B" and, in the event of conflict, the description from the survey shall control.

3. **Term.**

(a) **Initial Term.** The initial term of this Lease shall commence on the Effective Date and expire 5 years after the Commencement Date, unless extended or sooner terminated in accordance with this Lease.

(b) **Renewal Term.** Tenant shall have the right to extend this Lease for 5 additional terms of 5 years each on the same terms and conditions as set forth in this Lease. Unless Tenant notifies Owner of its election not to exercise any renewal term at least 60 days prior to the expiration of the initial term or the

current renewal term, each renewal term shall automatically be exercised without notice or other action of any kind by Tenant.

4. Rent.

(a) Beginning on the Commencement Date, Tenant shall pay Owner the sum of \$1800.00 per month as rental. Rent shall be payable on the first day of each month in advance at Owner's address or as otherwise specified by Owner and shall be prorated for any partial month at the commencement, expiration or earlier termination of this Lease, based upon the number of days in that month.

(b) Rent for each successive five-year Renewal Term will increase by 15% over the rent in effect for the prior five-year term.

(c) In the event of termination for any reason other than nonpayment of rent, all prepaid rent shall be refunded to Tenant.

5. Owner's Representations and Warranties. Owner represents and warrants the following:

(a) Tenant's Use is not prohibited by any covenant, restriction, subdivision rule or other contract;

(b) Tenant's Use is not prohibited by any easement, license, right of use or other encumbrance of the Premises or the Easement;

(c) The Premises and the Easement are free of Hazardous Materials as of the Effective Date;

(d) Any use, storage, treatment or transportation of Hazardous Materials which has occurred on the Premises or the Easement prior to the Effective Date has been in compliance with all applicable federal, state and local laws, regulations and ordinances;

(e) Owner has the full right, power and authority to execute this Lease;

(f) Owner has fee simple, marketable title to the Premises and the Easement free and clear of any liens, encumbrances, or mortgages which would interfere with Tenant's Use;

(g) Tenant shall, during the Term, have the quiet enjoyment of the Premises and the Easement;
and

(h) There are no brokerage commissions or finders' fees owed in connection with this Lease.

6. Improvements.

(a) Tenant shall, in Tenant's discretion, design and construct the Communications Facility in any manner Tenant deems appropriate. The Communications Facility shall remain the exclusive property of Tenant and Tenant shall have the option, but not the obligation, to remove the Communications Facility or any portion thereof following the expiration of the Term or earlier termination of this Lease.

(b) Tenant will use commercially reasonable efforts to install utilities on the Easement. If installation on the Easement is not possible, Owner agrees to cooperate with Tenant in executing additional easements or agreements, as required by applicable utility companies and which are necessary to protect Tenant's rights under this Lease or Tenant's Use of the Premises.

7. Default. A default shall occur if either party shall fail to keep and perform any express written provision of this Lease and such failure shall continue for a period of 30 days after receipt of written notice, unless such failure cannot be cured within a period of 30 days and, prior to the expiration of 30 days after receipt of notice, the party failing to keep or perform the provision commences to eliminate such failure and proceeds diligently to take steps to cure the same. On the occurrence of default, the non-defaulting party may, without limitation, remedy the default and deduct the cost thereof from subsequent payments to the defaulting party or pursue any available remedies at law or in equity. In no event shall Owner be entitled to accelerate rent due from Tenant or to take possession of the Premises, the

Communications Facility or other personal property owned by Tenant on the Premises. Both parties shall have the duty to use commercially reasonable efforts to mitigate damages in the event of default.

8. Interference. Owner shall not use, nor shall Owner permit the use of any portion of the Premises or the Easement or adjoining or proximate property of Owner in any way which interferes with Tenant's Use. If Owner violates this Section and the violation continues for 24 hours after Tenant has given Owner oral notice of such violation, Tenant may, beginning on the date of the violation, withhold rent payments until such violation is remedied.

9. Termination. Tenant may, without limiting rights otherwise set forth in this Lease or available at law or in equity, terminate this Lease without penalty or further liability, as follows:

- (a) Immediately during the Inspection Period for any reason or no reason;
- (b) After the Commencement Date, upon 6 months written notice to Owner for any reason or no reason;
- (c) Immediately if Tenant is unable to obtain or maintain any Government Approvals necessary to the construction and operation of the Communications Facility or Tenant's Use;
- (d) Immediately if the Premises or Communications Facility is damaged so as to, in Tenant's discretion, hinder Tenant's Use;
- (e) Immediately in the event that, in Tenant's discretion, interference, whether or not from Owner's activities or any other source, hinders Tenant's Use and which interference may not, in Tenant's discretion, be adequately corrected or eliminated by Tenant; and
- (f) Immediately if Hazardous Materials are discovered to exist on or under the Premises or the Easement.

10. Sublease and Assignment. Tenant may, in its sole discretion, sublease or license the Premises or any portion thereof to others. Tenant may, in its sole discretion, assign this Lease. Tenant's sublessees, licensees, or assignees shall be permitted the same rights granted to Tenant in accordance with this Lease including, without limitation, ingress and egress to the Premises. Upon assignment, Tenant shall owe no further duties or obligations under this Lease. Tenant may, upon notice to Owner, mortgage or grant a security interest in this Lease and the Communications Facility, and may assign this Lease and the Communications Facility to any such mortgagees or holders of security interests including their successors and assigns. In such event, Owner shall execute such consent to leasehold financing as may reasonably be required by such mortgagees. Owner agrees to notify Tenant's mortgagees simultaneously with any notice to Tenant of any default by Tenant and to give mortgagees the same right to cure any default of Tenant as is afforded Tenant in accordance with this Lease.

11. Taxes. Owner shall pay all real property taxes and all other fees and assessments attributable to the Premises when due. Tenant shall pay any personal property taxes assessed on, or any portion of such taxes attributable to, the Communications Facility.

12. Insurance. Tenant may, at Tenant's expense, purchase and maintain in full force and effect throughout the Term, such insurance policies as Tenant may deem necessary. Landlord shall have no interest in the proceeds of such insurance.

13. Condemnation. If a condemning authority takes, or acquires by deed in lieu of condemnation, all or a portion of the Premises or the Easement, this Lease shall, at the option of Tenant, terminate as of the date the title vests in the condemning authority. Owner and Tenant shall share in the condemnation proceeds in proportion to the values of their respective interests in the Premises (which for Tenant shall include, where applicable, the value of its Communications Facility, moving expenses, prepaid rent and business dislocation expenses). Should Tenant elect not to terminate this Lease, the rent due during the remainder of the Lease Term shall be reduced in proportion to the area taken, effective on the date physical possession is taken by the condemning authority.

19. Waiver of Liability. TENANT SHALL NOT BE RESPONSIBLE OR LIABLE TO THE OWNER FOR ANY LOSS OR DAMAGE ARISING FROM ANY CLAIM TO THE EXTENT ATTRIBUTABLE TO (1) ANY ACTS OR OMISSIONS OF ASSIGNEES, SUBLESSEES OR LICENSEES OR ANY OTHER PERSON, ENTITY OR ENTERPRISE OCCUPYING THE COMMUNICATIONS FACILITY; (2) VANDALISM; (3) ANY STRUCTURAL OR POWER FAILURES; OR (4) DESTRUCTION OR DAMAGE OF THE COMMUNICATIONS FACILITY. UNDER NO CIRCUMSTANCES SHALL TENANT BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES OF ANY NATURE WHATSOEVER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE INCLUDING, WITHOUT LIMITATION, LOST PROFITS OR LOSS OF BUSINESS.

20. Miscellaneous.

(a) The prevailing party in any litigation arising under this Lease shall be entitled to its reasonable attorney's fees and court costs, including those incurred in any appeals.

(b) This Lease constitutes the entire agreement and understanding of Owner and Tenant, and supersedes all offers, negotiations and other agreements pertaining to the Premises and Easement. Any amendments to this Lease must be in writing and executed by Owner and Tenant.

(c) Owner and its successors or assigns shall cooperate with Tenant in executing any documents or tax forms Tenant deems necessary to protect Tenant's rights under this Lease or Tenant's use of the Premises. Tenant may record this Lease or a Memorandum of Lease executed by all parties and the cost of any recording fees shall be paid by Tenant.

(d) This Lease shall be construed in accordance with the laws of the state in which the Premises are located.

(e) All judicial proceedings to be brought with respect to this Lease shall be brought in Pulaski County, Arkansas, in a State or Federal Court of competent jurisdiction and each party accepts generally and unconditionally the exclusive jurisdiction of such a court and irrevocably waives any objection, including any objection to venue based upon forum non-conveniens, which either of them may now have or hereafter have to the bringing of any such proceeding with respect to this Lease.

(f) If any portion of this Lease is found to be void or invalid, such invalidity shall not affect the remaining terms of this Lease, which shall continue in full force and effect unless the invalidity, in Tenant's discretion, hinders Tenant's Use or defeats the overall intent of the Lease.

(g) Each of the undersigned warrants that he or she has the full right, power, and authority to execute this Lease on behalf of the party indicated.

(h) This Lease shall run with the Premises and shall be binding upon and inure to the benefit of the parties, their respective heirs, successors, personal representatives and assigns.

(i) Each party agrees to furnish to the other, within 10 days after request, such estoppel information as the other may reasonably request.

(Signature Pages Follow)

Rev 1/11/06

IN WITNESS WHEREOF, Owner has executed this Agreement as of the day and year first above written.

Signed, sealed, and delivered
in the presence of:

Unofficial Witness

Notary Public

My Commission Expires: _____

(Affix Notary Seal)

OWNER: [Name of Owner]

By: _____

Title: _____

Date: _____

IN WITNESS WHEREOF, Tenant has executed this Agreement as of the day and year first above written.

Signed, sealed, and delivered
in the presence of:

Unofficial Witness

Notary Public

My Commission Expires: _____

(Affix Notary Seal)

TENANT: [Alltel Entity]

By: _____

Title: _____

Date: _____

EXHIBIT "A"

LEGAL DESCRIPTION
OF PREMISES

The property referred to herein as Premises is located within the parent parcel described as follows:

[Insert legal description from vesting deed]

The Premises are located generally as indicated in the sketch attached hereto as Exhibit "B". Owner and Tenant agree that upon the Commencement Date, Tenant may replace this Exhibit "A" with a revised Exhibit "A" which shall be a surveyed metes and bounds legal description of the Premises, and which shall specifically identify the length and dimension of the Premises upon which Tenant may construct, operate and maintain its Communications Facility.

EXHIBIT "B"

**LEGAL DESCRIPTION OF
EASEMENT**

The Easement for ingress, egress and utilities across the parent parcel described on Exhibit "A" will be _____ feet (__) wide and located within the hatchmarked area on the sketch below. Owner and Tenant agree that upon the Commencement Date, Tenant may replace this Exhibit "B" with a revised Exhibit "B" which shall be a metes and bounds legal description of the ingress, egress and utility easement which will specifically identify the location and dimensions of the aforesaid easement.

Owner agrees that Tenant may use the existing access drive which is also shown.

**[insert a sketch after this page which shows the easement
and the access drive until receipt of surveyed easement description]**

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INTENTIONALLY



Milliman

Consultants and Actuaries

*Sept
Board*

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San Francisco, CA 94108-2702
Tel +1 415 403.1333
Fax +1 415 403.1334
www.milliman.com

August 24, 2006

Mr. John Halfen
Chief Financial Officer
Northern Inyo Hospital
150 Pioneer Lane
Bishop, California 93514-2599

***Northern Inyo County Local Hospital District Retirement Plan
Actuarial Valuation as of January 1, 2006***

Dear John:

I am pleased to enclose two copies of the Actuarial Valuation as of January 1, 2006.

We are recommending an annual contribution of \$1,872,000. This means the current monthly contribution rate of \$109,000 should be increased to \$156,000, effective July 1, 2006.

If you have any questions or would like to review the report with me, please give me a call at (415) 403-1333, extension 116.

Sincerely,

Richard A. Wright

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enc.

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**Northern Inyo County
Local Hospital District
Retirement Plan**

Actuarial Valuation as of January 1, 2006

Prepared by:

Richard A. Wright, F.S.A.

August 24, 2006



Milliman

Consultants and Actuaries

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www.milliman.com

August 24, 2006

Northern Inyo Hospital
150 Pioneer Lane
Bishop, California 93514-2599

***Northern Inyo County Local Hospital District Retirement Plan
Actuarial Valuation as of January 1, 2006***

At the request of the Hospital, we have made an actuarial valuation of the Northern Inyo County Local Hospital District Retirement Plan for the plan year beginning January 1, 2006.

In preparing our report, we relied on financial information provided by New York Life Insurance Company and employee data furnished to us by the Hospital. While Milliman has not audited the financial and census data, they have been reviewed for reasonableness and are, in our opinion, sufficient and reliable for the purposes of our calculations. If any of this information as summarized in this report is inaccurate or incomplete, the results shown could be materially affected and this report may need to be revised.

The actuarial cost method and assumptions used as well as the supporting data and principal plan provisions upon which the valuation is based are set forth in the following report. In our opinion, each actuarial assumption, method, and technique used (a) is reasonable taking into account the experience of the Plan and reasonable expectations or (b) would, in the aggregate, result in a total contribution equivalent to that which would be determined if each such assumption, method, or technique were reasonable. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions.

The calculations reported herein have been made in accordance with the applicable provisions of the Internal Revenue Code. The results of this valuation are applicable only for the current year and are intended to be used only by the plan sponsor for the specific purposes described herein. Accordingly, this report may not be distributed to any third party without Milliman's written consent. Reliance on information contained in this report by anyone for anything other than the intended purpose puts the relying entity at risk of being misled.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, all costs, liabilities, and other factors under the Plan were determined in accordance with generally accepted actuarial principles and practices which are consistent with the applicable Actuarial Standards of Practice of the American Academy of Actuaries. We further certify that, to the best of our knowledge, the report is complete and accurate and the information presented herein, in our opinion, fully and fairly discloses the actuarial position of the Plan.



Northern Inyo Hospital
August 24, 2006
Page 2

The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,

Richard A. Wright
Consulting Actuary

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SECTION I. VALUATION SUMMARY

Introduction

This report sets forth the results of our valuation of the Northern Inyo County Local Hospital District Retirement Plan, as of January 1, 2006. In Section II we furnish certain financial statements and actuarial exhibits of the Fund for the 2005 plan year. Section III presents the determination of the contribution requirement for the 2006 plan year.

A summary of the Plan is set forth in Appendix A, and the actuarial assumptions and cost method used in determining the costs and liabilities are described in Appendix B. The membership data is shown in Appendix C.

Highlights

The investment performance of the fund showed a return of 5.3% for 2005 in comparison with 5.8% for 2004. For this valuation, we have lowered the pre-retirement investment return assumption from 8.0% to 7.25%. This assumption is still higher than recent returns, and if future returns do not improve, the assumption may need to be lowered even more. We have kept the post-retirement interest assumption at 8.0%, since most distributions are paid as lump sums and are calculated using an interest rate of 8.0%.

The normal cost increased from \$1,492,913 (12.9% of payroll) in last year's valuation to \$1,763,743 (14.0% of payroll) this year. The increase is due mostly to the decrease in the assumed investment return. Had the assumption remained at 8.0%, the normal cost would have been \$1,600,930 (12.7% of payroll).

The Full Funding Limitation is a measure of the funding status of the plan as of the valuation date. It is normally used to determine minimum required contributions and the maximum tax-deductible limit for taxable entities. For the 2006 Plan Year, the Full Funding Limitation would limit contributions to the Plan to \$6,494,006 for the year.

The recommended contribution is based on a target funding level of 125% of the Accumulated Benefit Obligation (ABO). Since the plan is currently funded well in excess of 125% of the ABO, the surplus is being amortized over a 25-year period beginning on January 1, 2002, reducing the recommended



SECTION I. VALUATION SUMMARY

contribution to the plan. The recommended contribution for the 2006 Plan Year is \$1,872,000, or \$156,000 per month if paid in 12 monthly installments during the 7/1/2006-6/30/2007 fiscal year.

Results of Valuation

The following table summarizes the principal valuation results and compares them with the prior plan year.

| | <u>January 1, 2006</u> | <u>January 1, 2005</u> |
|---|------------------------|------------------------|
| <i>Number of Participants</i> | | |
| Active – Fully vested | 108 | 110 |
| – Partially vested | 62 | 56 |
| – Nonvested | <u>93</u> | <u>87</u> |
| – Total | 263 | 253 |
| Part-time employees with accrued benefits | 20 | 23 |
| Disabled employees with accrued benefits | 1 | 1 |
| Terminated vested | 39 | 37 |
| Retired | <u>0</u> | <u>0</u> |
| Total participants | 323 | 314 |
| <i>Participant Payroll</i> | \$ 12,606,609 | \$ 11,587,741 |
| <i>Actuarial Liability (PBO)</i> | \$ 26,182,884 | \$ 22,308,214 |
| <i>Funding Target – 125% of Accumulated Benefit Obligation (ABO)</i> | \$ 20,402,665 | \$ 17,168,228 |
| <i>Actuarial Assets</i> | \$ 21,891,610 | \$ 20,869,277 |
| <i>Normal Cost at Beginning of Year</i> | \$ 1,763,743 | \$ 1,492,913 |
| As a percentage of applicable payroll | 14.0% | 12.9% |
| <i>Full Funding Limitation</i> | \$ 6,494,006 | \$ 3,166,398 |
| <i>Recommended Contribution</i> | \$ 1,872,000 | \$ 1,308,000 |
| As a percentage of applicable payroll | 14.0% | 11.3% |
| <i>Investment Return</i> | | |
| Current annual yield | 5.3% | 5.8% |
| Average annual yield for last 5 years | 6.4% | 7.0% |



SECTION I. VALUATION SUMMARY

Monthly Contributions

To satisfy the funding requirement for the 2006 plan year, we recommend the schedule of contributions shown below. Contributions for a fiscal year (July 1 to June 30) are being applied to the plan year (January 1 to December 31) ending within the fiscal year.

| <i>Approximate Date of Contribution</i> | <i>Contributions for the 2006 Plan Year</i> |
|---|---|
| 07/15/2006 | \$ 156,000 |
| 08/15/2006 | 156,000 |
| 09/15/2006 | 156,000 |
| 10/15/2006 | 156,000 |
| 11/15/2006 | 156,000 |
| 12/15/2006 | 156,000 |
| 01/15/2007 | 156,000 |
| 02/15/2007 | 156,000 |
| 03/15/2007 | 156,000 |
| 04/15/2007 | 156,000 |
| 05/15/2007 | 156,000 |
| 06/15/2007 | <u>156,000</u> |
| Total | \$ 1,872,000 |



SECTION II. FINANCIAL EXHIBITS

Exhibit 1. Summary of Plan Assets

The valuation assets as of January 1, 2006, are the sum of the accrued balances in the contractual Fixed Dollar Account (GA-928) and the Indexed Bond Fund (account #11344) as of December 31, 2005, maintained by New York Life, plus any accrued but unpaid contributions and minus any distributions payable. The balance in the contractual Pension Account is allocated to retired participants and beneficiaries and is excluded from the valuation. Development of the assets is as follows:

| | <u>January 1, 2006</u> | <u>January 1, 2005</u> |
|---------------------------------|------------------------|------------------------|
| Plan Assets | | |
| Fixed Dollar Account (GA-928) | \$ 14,334,405 | \$ 13,544,197 |
| Indexed Bond Fund (Acc. #11344) | <u>6,903,205</u> | <u>6,761,080</u> |
| Total | \$ 21,237,610 | \$ 20,305,277 |
| Accrued Contributions | <u>654,000</u> | <u>564,000</u> |
| Actuarial Assets | \$ 21,891,610 | \$ 20,869,277 |
| Asset Allocation | | |
| Fixed Dollar Account | 65.5% | 64.9% |
| Indexed Bond Fund | 31.5% | 32.4% |
| Accrued Contributions | <u>3.0%</u> | <u>2.7%</u> |
| Total | 100.0% | 100.0% |

Note: We have not audited the fund's assets shown above. We have relied on the information furnished by New York Life Insurance Company.



SECTION II. FINANCIAL EXHIBITS

Exhibit 2. Summary of Changes in Plan Assets

Plan assets increase or decrease each year due to employer contributions, investment income, benefit payments to retiring participants, plan expenses paid by the trust fund, and any realized and unrealized gains and losses from investments.

| | <i>Plan Year Ending</i> | |
|---------------------------------|---------------------------------|---------------------------------|
| | <u><i>December 31, 2005</i></u> | <u><i>December 31, 2004</i></u> |
| <i>Beginning Balance</i> | \$ 20,305,277 | \$ 19,138,890 |
| <i>Additions:</i> | | |
| Employer contributions | 1,218,000 | 972,000 |
| Investment income | 1,123,422 | 1,146,875 |
| Experience adjustment | <u>(805)</u> | <u>25,892</u> |
| Total | 2,340,617 | 2,144,767 |
| <i>Subtractions:</i> | | |
| Benefit payments | (1,376,930) | (948,399) |
| Expenses & related charges | (31,354) | (29,981) |
| Experience adjustment | <u>0</u> | <u>0</u> |
| Total | (1,408,284) | (1,408,284) |
| <i>Ending Balance</i> | \$ 21,237,610 | \$ 20,305,277 |



SECTION II. FINANCIAL EXHIBITS

Exhibit 3. Historical Returns on Plan Assets

The following table shows the historical return on plan assets since 1993:

| <i>Plan Year</i> | <i>Return</i> |
|---------------------------|---------------|
| 2005 | 5.32% |
| 2004 | 5.84% |
| 2003 | 5.41% |
| 2002 | 8.18% |
| 2001 | 7.33% |
| 2000 | 8.48% |
| 1999 | 4.42% |
| 1998 | 7.90% |
| 1997 | 8.64% |
| 1996 | 5.70% |
| 1995 | 12.16% |
| 1994 | 2.89% |
| 1993 | 8.89% |
| Average for last 5 years | 6.41% |
| Average for last 10 years | 6.71% |

The actuarial valuation rate for the 2006 plan year is 7.25%.



SECTION II. FINANCIAL EXHIBITS

Exhibit 4. Present Value of Accumulated Plan Benefits (ABO)

The present value of accumulated plan benefits (also known as the Accumulated Benefit Obligation or ABO) is the value of benefits that have been accrued to date.

| | <i>As of</i> <i>January 1, 2006</i> | <i>As of</i> <i>January 1, 2005</i> |
|--|--|--|
| <i>Vested Benefits</i> | | |
| Active participants | \$ 13,171,859 | \$ 11,527,762 |
| Part-time participants with accrued benefits | 475,728 | 299,754 |
| Terminated vested participants | 1,666,588 | 1,188,398 |
| Disabled participants | 10,520 | 8,981 |
| Participants currently receiving payments | <u>0</u> | <u>0</u> |
| Total | \$ 15,324,695 | \$ 13,024,895 |
| | | |
| <i>Nonvested Benefits</i> | <u>997,437</u> | <u>709,687</u> |
| | | |
| Total | \$ 16,322,132 | \$ 13,734,582 |
| | | |
| Valuation Assets | \$ 21,891,610 | \$ 20,869,277 |
| | | |
| Funding Ratio | 134.1% | 151.9% |



SECTION II. FINANCIAL EXHIBITS

Exhibit 5. Changes in Accumulated Plan Benefits

The changes in the present value of accumulated plan benefits for the last two plan years are summarized below.

| | <i>Plan Year Ending</i> | |
|--|---------------------------------|---------------------------------|
| | <u><i>December 31, 2005</i></u> | <u><i>December 31, 2004</i></u> |
| <i>Beginning of Year</i> | \$ 13,734,582 | \$ 12,371,604 |
| Benefits accumulated and actuarial experience | 1,725,306 | 1,321,649 |
| Increase for interest due to the decrease in the discount period | 1,098,767 | 989,728 |
| Plan amendment | 0 | 0 |
| Change in actuarial assumptions | 1,140,407 | 0 |
| Benefits paid | <u>(1,376,930)</u> | <u>(948,399)</u> |
| <i>End of Year</i> | \$ 16,322,132 | \$ 13,734,582 |



SECTION III. DETERMINATION OF CONTRIBUTION

Exhibit 6. Development of Normal Cost

The normal cost is calculated according to the actuarial cost method. Under the projected unit credit cost method, the normal cost is equal to the value of the benefits accrued during the year based on compensation projected to retirement. The normal cost is as follows:

| | <i>Plan Year Beginning</i> | |
|--|----------------------------|------------------------|
| | <i>January 1, 2006</i> | <i>January 1, 2005</i> |
| Normal cost as of beginning of plan year | \$ 1,763,743 | \$ 1,492,913 |
| Estimated payroll for plan participants | 12,606,609 | 11,587,741 |
| Normal Cost as % of payroll | 14.0% | 12.9% |
| Normal cost as of end of plan year | 1,891,614 | 1,612,346 |



SECTION III. DETERMINATION OF CONTRIBUTION

Exhibit 7. Actuarial Liability (PBO)

In the Projected Unit Credit method, the actuarial liability is equal to that portion of an employee's projected benefit that is allocated to past service periods and includes the value of assumed future compensation increases. This is also known as the Projected Benefit Obligation or PBO. Any actuarial liability in excess of the plan's assets is called an unfunded liability.

| | <i>As of</i> <i>January 1, 2006</i> | <i>As of</i> <i>January 1, 2005</i> |
|--|--|--|
| <i>Actuarial Liability (PBO)</i> | | |
| Active participants | \$ 24,030,048 | \$ 20,811,081 |
| Part-time participants with accrued benefits | 475,728 | 299,754 |
| Terminated vested participants | 1,666,588 | 1,188,398 |
| Disabled participants | 10,520 | 8,981 |
| Participants currently receiving payments | <u>0</u> | <u>0</u> |
| Total | \$ 26,182,884 | \$ 22,308,214 |
| <i>Actuarial Assets</i> | \$ 21,891,610 | \$ 20,869,277 |
| <i>Unfunded Actuarial Liability</i> | \$ 4,291,274 | \$ 1,438,937 |



SECTION III. DETERMINATION OF CONTRIBUTION

Exhibit 8. Full Funding Limitation

The full funding limitation is defined by the Internal Revenue Code and limits minimum required and maximum deductible contributions of well-funded retirement plans.

| | <i>Plan Year Ending</i> | |
|--|---------------------------------|---------------------------------|
| | <i><u>December 31, 2006</u></i> | <i><u>December 31, 2005</u></i> |
| Actuarial Liability | \$ 26,182,884 | \$ 22,308,214 |
| Normal Cost | <u>1,763,743</u> | <u>1,492,913</u> |
| Total | \$ 27,946,627 | \$ 23,801,127 |
| | | |
| Actuarial assets | \$ 21,891,610 | \$ 20,869,277 |
| | | |
| Full Funding Limitation, beginning of year | \$ 6,055,017 | \$ 2,931,850 |
| Interest | <u>438,989</u> | <u>234,548</u> |
| Full Funding Limitation, end of year | \$ 6,494,006 | \$ 3,166,398 |



SECTION III. DETERMINATION OF CONTRIBUTION

Exhibit 9. Recommended Contribution

The recommended contribution targets a funding level of 125% of the Accumulated Benefit Obligation (ABO). Since the plan is currently funded well in excess of 125% of ABO, the surplus is used to reduce the normal contribution requirements over the 25 years starting from January 1, 2002. The recommended contribution is reduced, if necessary, to the Full Funding Limitation.

| | <i>Plan Year Ending</i> | |
|--|--------------------------|--------------------------|
| | <u>December 31, 2006</u> | <u>December 31, 2005</u> |
| <i>Target Surplus</i> | | |
| Accumulated Benefit Obligation (ABO) | \$ 16,322,132 | \$ 13,734,582 |
| Funding Target % | <u>x 125%</u> | <u>x 125%</u> |
| Funding Target (125% of ABO) | \$ 20,402,665 | \$ 17,168,228 |
| Actuarial Assets | <u>21,891,610</u> | <u>20,869,277</u> |
| Surplus Funding | \$ 1,488,945 | \$ 3,701,049 |
| <i>Recommended Contribution</i> | | |
| ABO Normal Cost | \$ 1,875,911 | \$ 1,549,407 |
| Amortization of Surplus Funding | <u>(130,710)</u> | <u>(335,946)</u> |
| Total as of beginning of year | \$ 1,745,201 | \$ 1,213,461 |
| Interest | <u>126,527</u> | <u>97,077</u> |
| Total as of end of year | \$ 1,871,728 | \$ 1,310,538 |
| <i>Full Funding Limitation, end of year</i> | \$ 6,494,006 | \$ 3,166,398 |
| <i>Recommended Contribution</i> | \$ 1,871,728 | \$ 1,310,538 |



SECTION IV. APPENDICES

Appendix A. Summary of Pension Plan

The following paragraphs are only a brief summary of the more important provisions of the plan. In the event there are any inconsistencies between statements contained in this Appendix and the plan document, the provisions of the plan document shall control.

Effective Date: March 1, 1975; last restatement January 1, 2002.

Plan Eligibility: An employee becomes a participant of the plan on the earliest January 1 or July 1 following the later of attainment of age 21 and completion of 1 year of service.

Vesting: 50% vesting after 5 years of Credited Service increasing 10% per year until 100% vested after 10 years of service. Active participants automatically become 100% vested upon attainment of normal retirement age or if they become totally and permanently disabled.

Normal Retirement Date: The first day of the month coinciding with or following the later of Participant's attainment of age 65 or completion of 5 years of plan participation. However, the Normal Retirement Date shall not be later than age 70.

Normal Retirement Benefit: 2.50% of Average Annual Compensation multiplied by years of Credited Service, but not less than \$600.

Average Annual Compensation: Average of annual compensations for the highest consecutive 36-month period within the 10 years immediately preceding the determination date. Compensation includes wages, shift differential, standby pay, and 50% of the value of any unused and unpaid sick leave existing at the time of termination of employment, and accrued after April 26, 1997.

Accrued Benefit: Normal Retirement Benefit prorated on credited service.

Normal Form of Retirement Benefit: Life Annuity.

Early Retirement: The first day of the month coinciding with or following the Participant's attainment of age 55 and completion of at least 5 years of credited service. Then the normal retirement benefit will be reduced by 5/9 % for each month that payment starts before normal retirement age.

Pre-Retirement Death Benefit: If a vested participant dies prior to retirement, his or her beneficiary will receive the actuarially determined present value of his or her accrued benefit.



SECTION IV. APPENDICES

Appendix B. Actuarial Cost Method and Assumptions

The following cost method and assumptions were used in valuing the benefits of all participants.

| | <i>January 1, 2006</i> | <i>January 1, 2005</i> |
|--------------------------------|---|---|
| Actuarial Cost Method | Projected Unit Credit | Projected Unit Credit |
| Funding Interest Rate | | |
| Pre-retirement | 7.25% | 8.00% |
| Post-retirement | 8.00% | 8.00% |
| Salary Scale | 6.00% | 6.00% |
| Administrative Expenses | None. | None. |
| Mortality | 1984 UP Mortality Table set back 4 years. | 1984 UP Mortality Table set back 4 years. |
| Disability | | |
| Disablement Rate | None. | None. |
| Disabled Annuitants Mortality | None. | None. |
| Withdrawal Rates | Table T-5, <u>The Actuary's Pension Handbook</u> , Crocker-Sarason-Straight. | Table T-5, <u>The Actuary's Pension Handbook</u> , Crocker-Sarason-Straight. |
| Retirement Age | The later of age 65 or the 5th anniversary of date of participation; or age 70, if earlier. | The later of age 65 or the 5th anniversary of date of participation; or age 70, if earlier. |
| Asset Valuation Method | Market value | Market value |



SECTION IV. APPENDICES

Appendix C. Summary of Participant Data

Active Participants

| <i>Age</i> | <i>Number of Participants</i> | | | <i>Annual Salaries</i> | | |
|------------|-------------------------------|----------------|--------------|------------------------|----------------|--------------|
| | <i>Males</i> | <i>Females</i> | <i>Total</i> | <i>Males</i> | <i>Females</i> | <i>Total</i> |
| Under 25 | 1 | 6 | 7 | \$ 60,142 | \$ 118,173 | \$ 178,315 |
| 25 - 29 | 3 | 12 | 15 | 141,191 | 324,078 | 465,269 |
| 30 - 34 | 5 | 10 | 15 | 234,824 | 331,706 | 566,530 |
| 35 - 39 | 4 | 13 | 17 | 224,707 | 479,046 | 703,753 |
| 40 - 44 | 7 | 25 | 32 | 341,907 | 1,125,132 | 1,467,039 |
| 45 - 49 | 6 | 48 | 54 | 311,901 | 2,129,449 | 2,441,350 |
| 50 - 54 | 9 | 50 | 59 | 414,726 | 2,453,651 | 2,868,377 |
| 55 - 59 | 9 | 35 | 44 | 598,398 | 1,726,455 | 2,324,853 |
| 60 - 64 | 4 | 15 | 19 | 399,357 | 834,976 | 1,234,333 |
| 65 - 69 | 0 | 1 | 1 | 0 | 49,705 | 49,705 |
| 70 & Over | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 48 | 215 | 263 | \$ 2,727,153 | \$ 9,572,371 | \$12,299,524 |

Other Participants

| <i>Participant Status</i> | <i>Number of Participants</i> | | | <i>Annual Benefits</i> | | |
|---------------------------|-------------------------------|----------------|--------------|------------------------|----------------|--------------|
| | <i>Males</i> | <i>Females</i> | <i>Total</i> | <i>Males</i> | <i>Females</i> | <i>Total</i> |
| Part-time | 2 | 18 | 20 | \$ 41,520 | \$ 101,837 | \$ 143,357 |
| Disabled | 0 | 1 | 1 | 0 | 1,480 | 1,480 |
| Terminated Vested | 7 | 32 | 39 | 74,678 | 306,530 | 381,208 |
| Retired | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 9 | 51 | 60 | \$ 116,198 | \$ 409,847 | \$ 526,045 |

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NORTHERN INYO HOSPITAL
Rural Health Clinic

153 Pioneer Lane
Suite B
Bishop, CA 93514
(760) 873-2849
Fax (760) 873-2836

September 11, 2006

Northern Inyo Hospital Board Members

Re: Rural Health Clinic Electronic Health Record

Dear Board Members,

I have spent a year investigating Electronic Health Record software for use at the NIH RHC. After visiting other clinics and seeing presentations on various products, I have chosen GE Centricity Software. The NIH Information Technology department has reviewed the specification and approve of this product for use with our current Hospital Information System, Affinity.

Dr. Brown and I will be presenting information on this product and hope to answer your questions at the upcoming September 1006 Board of Directors Meeting. We plan to describe how this system will help decrease NIH liability risks and improve patient care, as well as improve efficiency in providing care.

I look forward to meeting with you at the next Board Meeting.

Respectfully,

A handwritten signature in cursive script that reads 'Tracy Aspel'.

Tracy Aspel, RN, BSN

Clinic Nurse Manager

Northern Inyo Rural Health

| Centricity Software | | Unit Price | Unit Price | Sell Price |
|----------------------------|--|-------------------|-------------------|---------------------|
| | ELECTRONIC MEDICAL RECORD SOFTWARE | | | |
| 4 | Electronic Medical Records Physician Access License with Media | \$ 8,925.00 | \$ 8,925.00 | \$ 35,700.00 |
| 4 | Electronic Medical Records Physician Access Annual Software Subscription | \$ 1,400.00 | \$ 1,400.00 | \$ 5,600.00 |
| 1 | Visual Form Editor and Annual Software Subscription | \$ 1,500.00 | \$ 1,500.00 | \$ 1,500.00 |
| 1 | Basic LinkLogic Package (DemographicsLink Import, NotesLink Import, LabLink Import, Cross Reference Editor, ImageLink and ScheduLink Import) and Annual Software Subscription. | \$ 3,025.00 | \$ 3,025.00 | \$ 3,025.00 |
| 1 | Bizcom Fax Solution with 2 Line Fax Board <i>(This cost does not include the \$295 annual maintenance fee to be paid in advance)</i> | \$ 1,995.00 | \$ 1,995.00 | \$ 1,995.00 |
| | ENHANCED EMR CLINICAL CONTENT | | | |
| 1 | Clinical Content - Primary Care Subscription | \$ - | \$ - | \$ - |
| | Total Centricity Software Cost | | | \$ 47,820.00 |

| Professional Services - Software | | Unit Price | Unit Price | Sell Price |
|---|---|-------------------|-------------------|--------------------|
| 8 | Electronic Medical Record Training Days | \$ 1,000.00 | \$ 1,000.00 | \$ 8,000.00 |
| 2 | 8 Hours of Development for Interfaces | \$ 800.00 | \$ 800.00 | \$ 1,600.00 |
| | Total Professional Services - Software | | | \$ 9,600.00 |



Proposal Summary

| | |
|--|---------------------------------------|
| <i>Doctor:</i> Northern Inyo Rural Health | <i>Presented To:</i> Tracy Aspel |
| <i>Date:</i> April 19, 2006 | <i>Presented By:</i> Daniel Gallagher |
| <u>Total Network Hardware/ Software</u> | |
| Centricity Software | \$ 47,820.00 |
| Centricity Professional Services | \$ 10,000.00 |
| Total Project Cost | \$ 57,820.00 |
| | |
| Monthly Centricity Maintenance Fees | \$ 500.00 |
| Alliance Monthly Support Fees | \$ 400.00 |

Customer Acceptance

Client Name

Alliance Name

Signature

Signature

Title

Title

Date

Date

There are two primary options for financing -You can coordinate with our Leasing Agent (HPSC, see "Leasing Options" page for information), or 50% down payment at time of proposal signing with the remaining 50% due at "Go-Live".

Hardware and software prices are good for 30 days from the above date. Merchandise is subject to availability and substitutes may become necessary. Alliance Healthcare Solutions, Inc. reserves the right to charge for connector when needed.

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Independence Office
P. O. Box 427
168 N. Edwards St.
Independence, CA 93526
(760) 878-0238

COUNTY of INYO
Department of Environmental Health Services

Bishop Office
207 W. South St.
Bishop, CA 93514
(760) 873-7866

FOOD FACILITY INSPECTION REPORT

| | |
|--|--------------------------------|
| Business Name: <u>NORTHERN INYO HOSPITAL</u> | Inspection Date: <u>7-6-06</u> |
| Business Address: <u>BISHOP</u> | Recheck Date: |
| Owner's Name: | Computer #: |
| Operator's Name: <u>GLEAN FOREHAND</u> | Permit #: |

Routine Re-check Construction Penalty Complaint

Critical items checked below require a mandatory recheck if in violation; any other violations may require a recheck.

- Temperature Control/Operation Temperature Control/Equipment Chemicals, Cleaners, Poisons
 Food Adulteration Hot and Cold Water Proper Dishwashing Procedure Vector Control

OFFICIAL NOTICE TO COMPLY

THE CONDITIONS NOTED BELOW ARE VIOLATIONS OF CALIFORNIA UNIFORM RETAIL FOOD FACILITY LAW (CURFFL)

Walk-in Refrigerator: 40
Walk-in Freezer: 4
Line Refrigerator: 33, 38
Upright Refrigerator: 34, 36
Upright Freezer:
Other Refrigerating units:

SUPER CLEAN, SANITARY, WELL MAINTAINED.

An inspection of your establishment on this date found the above items in need of correction. Failure to comply with this notice by the recheck date listed above may subject you to penalties as provided by law.

Glean Forehand
Received By

ANDREW KISK
E. H. Specialist

END