

AGENDA

NORTHERN INYO COUNTY LOCAL HOSPITAL DISTRICT BOARD OF DIRECTORS MEETING

October 17, 2007 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 September 19 2007 regular meeting.
4. Financial and Statistical Reports for the month of August 2007 – John Halfen.
5. Administrator’s Report – John Halfen.
 - A. Building Update
 - Follow-up regarding M. Kelley concerns
 - B. FYI Section:
 - Proposal for Mechanical Engineering Oversight
 - Proposed State Tax on Hospitals
 - C. Other
6. Chief of Staff Report – Richard Nicholson, M.D.
 - A. Resignation of Orthopaedic fellow Alexander E. Denes, Jr., M.D.
 - B. Other
7. Old Business
 - A. Reaffirmation of John Halfen as negotiator regarding potential acquisition of real property at 2957 Birch Street, Bishop, California. Negotiation will be with the designee(s) of Southern Mono County Healthcare District.
8. New Business
 - A. Affirmation of John Halfen as negotiator regarding potential acquisition of real property at 152-H Pioneer Lane, Bishop, California. Negotiation will be with the designee(s) of Pioneer Medical Associates and/or Alice Casey, M.D. and Clifford Beck, M.D.. (*action item*)
 - B. Accept Audit for Fiscal Year Ending June 30 2007 (*action item*)
 - C. Network Upgrade and New Building Equipment (*action item*)
 - D. Replacement Infusion Pumps for Patient Controlled Analgesia (*action item*).
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.

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CALL TO ORDER The meeting was called to order at 5:30 p.m. by D. Scott Clark, M.D.,
Vice President.

PRESENT D. Scott Clark, M.D., Vice President
Michael Phillips, M.D., Secretary
John Ungersma, M.D., Treasurer
M.C. Hubbard, Director

ALSO PRESENT John Halfen, Administrator
Richard Nicholson, M.D., Chief of Staff
Douglas Buchanan, Esq., Hospital District Legal Counsel
Sandy Blumberg, Administrative Secretary

ABSENT Peter Watercott, President

ALSO PRESENT FOR
RELEVANT PORTION(S) Dianne Shirley, R.N., Performance Improvement Coordinator

PUBLIC COMMENTS
ON AGENDA D. Scott Clark, M.D. 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.

Doctor Clark referred to area resident Mike Kelley, who asked to be placed on the agenda for this meeting to discuss Northern Inyo Hospital's (NIH's) policy of not disclosing names of Emergency Room (ER) physicians on duty.

Mr. Kelly stated his feeling that patients should have the right to know which physician they will be treated by when they present to the ER. He stated that patients often have physician preferences, and patients from remote areas should not have to travel long distances to the Hospital only to find that a physician they do not wish to be seen by is on duty. Doctor Clark responded that the policy was created in part for the safety of the physician on duty, and that some physicians have strong feelings about their name being disclosed to the general public and/or to incoming patients. Doctor Clark also noted if a patient is in need of emergency care they should come to the ER regardless of who is on duty at the time. Emergency Room physician Michael Phillips, M.D. stated the current policy originated first from a State referendum then later from a Federal referendum, and that NIH did not create the policy lightly or without careful consideration of all of the issues involved. Chief of Staff Richard Nicholson, M.D. stated a visit to the ER should truly be for emergency reasons, and if the visit were elective the policy would no doubt be different. He agreed with Doctor Clark that any patient in need emergency treatment should be seen immediately by a physician for his or her own well being.

Mr. Kelly additionally conveyed his disappointment that the Hospital's Rural Health Clinic (RHC) is effectively not an urgent care facility, as he believed it was intended to be at the time it opened. He further stated his impression that RHC is no longer a walk-in facility, and that it is difficult if not impossible to be seen by RHC physicians on short notice. Doctor Clark responded that the Rural Health Clinic does still accept walk in patients, and that RHC nurse manager Tracy Aspel, RN would no doubt appreciate the opportunity to respond to Mr. Kelley's concerns personally. Doctor Phillips also encouraged Mr. Kelly to speak to Ms. Aspel regarding the function and purpose of the Clinic, and he stated that RHC staff routinely stays late to accommodate as many patients as possible.

MINUTES

The minutes of the July 18 2007 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 June 2007. Mr. Halfen noted the statement of operations shows a bottom line excess of revenues over expenses of \$585,179. Mr. Halfen noted the June 30 2007 financial reports have been audited and three audit adjustments have decreased year- to-date net income by approximately \$12,000, for a total net income for the year of \$4,616,326.48. Following review of revenue and expense totals income will be budgeted lower in 2007-2008, and expenses will be budgeted approximately the same. Mr. Halfen also noted the only expense that was over budget for the year was professional fees expense.

Mr. Halfen then reviewed with the Board the financial and statistical reports for the month of July 2007. Mr. Halfen noted the statement of operations shows a bottom line excess of revenues over expenses of \$720,949. Mr. Halfen called attention to the following:

- *Inpatient and outpatient revenue were over budget*
- *Total expenses were under budget*
- *Wages, salaries, and benefits were under budget*
- *The Balance Sheet did not experience significant change*
- *Net assets continue to grow steadily*
- *Year-to-date net income is \$720,949*

Mr. Halfen noted accounts receivable days are up due to a temporary staffing shortage in the Medical Records department. Short-term investments have increased in order to make cash readily accessible during the rebuild project. It was moved by John Ungersma, M.D., seconded by Michael Phillips, M.D. and passed to approve the financial and statistical reports for June and July of 2007 as presented.

ADMINISTRATOR'S
REPORT
BUILDING UPDATE

Mr. Halfen reported that construction of the Support and Radiology buildings is progressing and that laundry equipment and boilers for the Support building have arrived. Mr. Halfen will travel to Sacramento tomorrow to meet with the Office of Statewide Health Planning and Development (OSHPD) to discuss concerns regarding the connector

- between the Radiology building and the main hospital building, and to discuss problems OSHPD has with the plans for phase II of the building project.
- FYI SECTION
- CRITICAL ACCESS HOSPITAL O.B. SERVICES
- Mr. Halfen called attention to results of a survey of 25 Critical Access Hospitals regarding obstetric (OB) services. Nine out of 25 hospitals surveyed do not provide OB services, primarily due to the small size of the facilities. The survey results were provided as a point of interest only.
- EMS FUNDS
- Mr. Halfen noted that NIH again received Emergency Services (EMS) funds in the amount of \$56,194.99 for the year. EMS funds are intended to offset the cost on non-paying patients who present to the ER for services.
- HEALTH COVERAGE EXPANSION PROPOSALS
- Mr. Halfen called attention to a comparison of California Health Coverage Expansion Proposals, which details expansion of programs to increase health insurance coverage for a larger number of California residents.
- CHIEF OF STAFF REPORT
- Chief of Medical Staff Richard Nicholson, M.D. introduced OB/GYN physician Lara Jeanine Arndal, M.D., and welcomed her to practice at NIH's Rural Health Clinic.
- Doctor Nicholson reported the Medical Staff Executive Committee recently met and recommends the Board approve the following two policies and procedures:
- *Language Services General Policy*
 - *Adult Immunizations in the Health Care Worker*
- Doctor Nicholson also noted 44 re-credentialing packets have been mailed to practitioners whose privileges are due to expire December 31 2007. He additionally reported the Medical Staff Executive Committee requests Board approval of the following six items:
1. Appointment of Board-eligible OB-GYN physician Lara Jeanine Arndal, M.D. to the Northern Inyo Hospital Provisional Active Medical Staff with requested privileges
 2. Appointment of retired practitioners Stephen Kobayashi, M.D. and Robert Denton, M.D. to the NIH Honorary Medical Staff, for their many years of dedicated healthcare service
 3. Appointment of Board-certified anesthesiologist John Daniel Cowan, M.D. to the Northern Inyo Hospital Provisional Consulting Medical Staff with requested privileges
 4. Appointment of Board-certified pathologist Reda Michael Tadros, M.D. to the Northern Inyo Hospital Provisional Consulting Medical Staff with requested privileges
 5. Appointment of Board-eligible orthopaedic fellow Bret R. Winter, M.D. to the NIH Provisional Consulting Medical Staff with requested privileges; and

6. Acceptance of the resignation of Staff anesthesiologist Richard Citrenbaum, M.D.

It was moved by M.C. Hubbard, seconded by Doctor Phillips and passed to approve all six recommendations as one block.

OLD BUSINESS

REAFFIRMATION OF
NEGOTIATOR

Mr. Halfen asked for reaffirmation of himself as negotiator regarding a potential acquisition of real property at 2957 Birch Street, Bishop, California. Negotiation will be with the designee(s) of Southern Mono County Health District. It was moved by Doctor Ungersma, seconded by Ms. Hubbard, and passed to reaffirm Mr. Halfen as negotiator for the potential acquisition.

TRIBE LEASE

Mr. Halfen reported there is no progress toward reaching an agreement with the Bishop Paiute Tribe to lease land for additional parking during rebuild construction. However, NIH's Community Relations Coordinator Cheryl Underhill has recently re-opened discussion on this subject with the Bishop Paiute Tribe.

NEW BUSINESS

LANGUAGE SERVICES
GENERAL POLICY

Mr. Halfen introduced Jose Garcia, Interpretive Services Manager at NIH to present the *Language Services General Policy* for Board approval. Mr. Garcia noted the policy has been reviewed and approved by all appropriate committees within the hospital, and improvements made to the policy have brought interpretive services at NIH to a higher quality level. Mr. Halfen stated Mr. Garcia is a welcome addition to the Hospital staff, and noted he has done much to improve the quality of interpretive services available at NIH. It was moved by Doctor Phillips, seconded by Doctor Ungersma, and passed to approve the *Language Services General Policy* as presented

POLICY AND
PROCEDURE
MANUALS

Mr. Halfen noted that per regulations established by the Joint Commission on Accreditation of Hospital Organizations (JCAHO), the following policy and procedure manuals were present at this meeting for review and annual approval by the Board:

- | | |
|----------------------|----------------------------|
| 1. Central Supply | 12. Mammography & MSQA |
| 2. Emergency Room | 13. Med-Surg Unit |
| 3. Employee Health | 14. MRI Safety |
| 4. ICU Unit | 15. Nuclear Medicine |
| 5. Infection Control | 16. Nursing Administration |
| 6. Mammography | 17. OB Unit |
| 7. Outpatient Unit | 18. Rural Health Clinic |
| 8. PACU Unit | 19. Safety |
| 9. Radiology | 20. Staff Development |
| 10. Pediatric Unit | 21. Surgical Services Unit |
| 11. Radiation Safety | |

It was moved by Doctor Phillips, seconded by Ms. Hubbard, and passed to approve the policy and procedure manuals as presented.

REMOTE ACCESS
POLICY

Mr. Halfen noted the policy and procedure titled "*Remote Access Policy*" was included in the Board packet but will not be approved at this meeting.

RADIOLOGIST
COVERAGE
AGREEMENT

Mr. Halfen called attention to a proposed Agreement for Radiologist Coverage with John Nesson, M.D.. The agreement is largely the same as the previous version, but provides better clarification of guidelines regarding adequate coverage by the Radiologist. It was moved by Doctor Phillips, seconded by Ms. Hubbard, and passed to approve the proposed Agreement with Radiologist John Nesson M.D. as presented.

NIH AUXILIARY
BYLAWS REVIEW

Mr. Halfen referred to an updated version of the Northern Inyo Hospital Auxiliary (NIHA) bylaws, which was presented for review and approval of the District Board. It was moved by Doctor Ungersma, seconded by Ms. Hubbard, and passed to approve the Auxiliary bylaws as presented.

BLOOD CULTURE
INSTRUMENT
REPLACEMENT

Mr. Halfen also referred to a proposal to purchase a new Blood Culture Instrument for the Lab, at a total cost of \$43,875.00. The instrument currently being used at the Hospital is nine years old, and its computer controller is soon to be obsolete and non-supported. If the new instrument is purchased and installed to coincide with the Laboratory moving to the new Support building, it will save the Hospital over \$8,000 in moving and installation costs. It was moved by Ms. Hubbard, seconded by Doctor Ungersma, and passed to approve the purchase of the new blood culture instrument as presented.

FLYING OF POW FLAG

Mr. Halfen called attention to a letter received from Mr. Terry Bowers, who objects to the Hospital flying a POW/MIA flag at the Hospital's main entrance. Mr. Bowers stated his opinion that many POW's and MIAs captured during the Vietnam war were dishonorable service personnel who do not deserve to be glorified by displaying a flag in their honor. Following discussion and careful consideration it was determined that the majority opinion is that the flag is supportive of war veterans and is a positive rather than negative symbol. It was moved by Doctor Ungersma, seconded by Doctor Phillips, and passed to take no action to remove the flag currently being flown.

PATIENT SECURITY
SYSTEM

Mr. Halfen referred to the *Manageware* proposal for purchase of the patient security system recently installed at NIH. The proposal provides details on the system and shows the total cost to be \$48,145.00. It was moved by Ms. Hubbard, seconded by Doctor Ungersma, and passed to approve purchase of the patient security system as presented.

CONTRACT
MANAGEMENT
SOFTWARE

Mr. Halfen also referred to a proposal to purchase contract management software for the purpose of making management of Hospital contracts easier. NIH currently has over one hundred contracts to manage, and at a cost of \$3,500 the software would save enough employee time to make it well worth the investment. It was moved by Ms. Hubbard, seconded by

Doctor Ungersma, and passed to approve the purchase of the contract management software as presented.

RHC CALL
CONTRACTS

Mr. Halfen called attention to proposed agreements for physician call coverage at the NIH Rural Health Clinic (RHC). The proposed contracts are renewal agreements with no changes from the previous versions. It was moved by Doctor Ungersma, seconded by Ms. Hubbard, and passed to approve the RHC call coverage agreements as presented.

CHIEF OF EKG
DEPARTMENT
CONTRACT

Mr. Halfen referred to a proposed agreement for the services of Chief of NIH's Electrocardiograph (EKG) Department, Asao Kamei, M.D.. Mr. Halfen noted the current agreement with Dr. Kamei has many deficiencies in the area of compensation to the physician, and that Dr. Kamei is currently not being reimbursed in an equitable manner. The new agreement sets a flat monthly rate for Doctor Kamei's services, with a net payment increase of approximately \$1,800 per month. Doctor Clark noted Doctor Kamei's services are well worth the increase and that an adjustment to his agreement has been long overdue. It was moved by Doctor Phillips, seconded by Ms. Hubbard, and passed to approve the agreement for the EKG services of Doctor Kamei as presented.

ANESTHESIA
CONTRACTS

Mr. Halfen called attention to proposed agreements for General Anesthesia Co-Medical Director and Professional Services for Doctors Curtis Schweizer, M.D., and John Daniel Cowan M.D.. Significant changes from previous anesthesia agreements include definition of both physicians as Co-Medical Directors, and an increase to the income guarantee of 8%. It was moved by Doctor Phillips, seconded by Doctor Ungersma, and passed to approve the anesthesia Co-Medical Director agreements with Doctors Schweizer and Cowan as presented.

RELOCATION EXPENSE
AGREEMENT, JOHN
DANIEL COWAN, M.D.

Mr. Halfen also referred to a proposed Relocation Expense Agreement for Anesthesiologist John Daniel Cowan, M.D.. The agreement is standard for physicians moving to this area to open practice at NIH, and is established once the Board finds there is a need in the best interest of the community to obtain a physician to provide specific services. It was moved by Doctor Ungersma, seconded by Ms. Hubbard, and passed to first approve the need for Doctor Cowan's services, and second to approve the Relocation & Expense Agreement for Doctor Cowan as well.

OB/PELVIC
ULTRASOUND FOR
RHC

Mr. Halfen referred to a proposal to purchase General Electric (GE) Ultrasound equipment for use at NIH's Rural Health Clinic. The cost of the ultrasound equipment (which was not budget for previously) totals \$44,170. Discussion followed on the importance of obtaining ultrasound equipment to provide improved patient services at RHC. Lara Jeanine Arndal, M.D. commented on the high quality of the equipment being considered for purchase, and on the ability of the machine to grow with the practice at RHC. She noted the Hospital would be purchasing a base

model machine which could be added to in the future. Doctor Arndal also stated her belief that the equipment would be revenue producing and would improve the standard of patient care at RHC. It was moved by Doctor Phillips, seconded by Ms. Hubbard, and passed to approve the purchase of the GE Ultrasound equipment as presented.

BOARD MEMBER
REPORTS

Doctor Clark asked if any members of the Board of Directors wished to report on items of interest. Doctor Ungersma reported he recently attended an Association of California Healthcare Districts (ACHD) meeting in Sacramento, where discussion took place on Governor Schwarzenegger's intention to pass a healthcare program during this year. Doctor Ungersma feels this issue bears looking into in more detail and suggested it will be a topic of discussion in the future.

OPPORTUNITY FOR
PUBLIC COMMENT

In keeping with the Brown Act, Doctor Clark 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 6:54 p.m., Dr. Clark 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 received from XXXXX XXXX against Northern Inyo County Local Hospital District (Government Code Section 54956.9(a)).
- C. Confer with legal counsel regarding claim received from Landon and Lisa Kleeman against Northern Inyo County Local Hospital District and other defendants (Government Code Section 54956.9(a)).
- D. Confer with legal counsel regarding claim received from Ellen Wilmoth against Northern Inyo County Local Hospital District (Government Code Section 54956.0(a)).
- E. Instruction of negotiator regarding price and terms of payment for the purchase, sale, exchange, or lease of real property (Government Code Section 54956.8).
- F. Discussion with counsel of pending litigation and whether or not the District shall initiate litigation. This discussion will be held under the authority of Government Code Section 54956.9(c).
- G. Discussion with counsel of pending litigation and whether or not the District shall initiate a second litigation. This discussion will be held under the authority of Government Code Section 54956.9(c).

OPEN SESSION

At 7:56 p.m., the meeting was returned to open session. Doctor Clark announced the Board took no reportable action.

PUBLIC COMMENT Doctor Clark 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 7:58 p.m.

D. Scott Clark, M.D., Vice President

Attest:

Michael Phillips, M.D., Secretary

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BUDGET VARIANCE ANALYSIS

Aug-07 PERIOD ENDING PRIOR TO AUDIT

In the month, NIH was

**30% over budget in IP days;over in IP Ancillary and
over in OP Revenue resulting in**

**\$ 910,778 (15.0%) over in gross patient revenue from budget and
\$ 254,375 (7.3%) over in net patient revenue from budget**

Total Expenses were:

**\$ 86,428 (2.5%) over budget. Wages and Salaries were
\$ 10,569 (0.8%) over budget and Employee Benefits
\$ 14,776 (1.9%) over budget
\$ 134,175 of other income resulted in a net income of
\$ 307,563 \$ 74,639 over budget.**

The following expense areas were over budget for the month:

**\$ 86,538 42% Professional Fees; registry staff & Physicians
\$ 18,989 4% Supplies**

Other Information:

**48.34% Contractual Percentages for month
48.12% Contractual Percentages for Year**

\$ 1,028,512 Year-to-date Net Revenue

Special Notes for Month:

High Revenue month

NORTHERN INYO HOSPITAL

Balance Sheet

August 31, 2007

Assets

	<i>Current Month</i>	<i>Prior Month</i>	<i>FYE 2007</i>
Current assets:			
Cash and cash equivalents	1,139,398	687,350	1,341,678
Short-term investments	14,988,947	15,045,614	12,719,858
Assets limited as to use	48,122	46,288	1,057,115
Plant Expansion and Replacement Cash	8,000,350	8,999,586	10,944,955
Other Investments (Partnership)	386,880	386,880	386,880
Patient receivable, less allowance for doubtful accounts 734,474	8,132,234	7,929,892	7,625,080
Other receivables	182,838	156,988	207,225
Inventories	2,083,549	2,080,989	2,077,353
Prepaid expenses	792,278	771,590	620,550
Total current assets	35,754,595	36,105,178	36,980,693
Assets limited as to use:			
Internally designated for capital acquisitions	456,207	455,775	455,329
Specific purpose assets	487,089	449,590	482,715
	943,296	905,365	938,044
Revenue bond construction funds held by trustee	872,949	830,478	788,195
Less amounts required to meet current obligations	48,122	46,288	1,057,115
Net Assets limited as to use:	1,768,123	1,689,554	669,125
Long-term investments	5,741,537	5,741,537	5,741,537
Property and equipment, net of accumulated depreciation and amortization	19,418,525	18,449,306	17,498,027
Unamortized bond costs	325,456	325,941	326,426
Total assets	63,008,235	62,311,516	61,215,807

NORTHERN INYO HOSPITAL

Balance Sheet

August 31, 2007

Liabilities and net assets

	<u>Current Month</u>	<u>Prior Month</u>	<u>FYE 2007</u>
Current liabilities:			
Current maturities of long-term debt	240,000	240,000	270,000
Accounts payable	647,084	617,973	559,389
Accrued salaries, wages and benefits	2,840,174	2,686,997	2,565,601
Accrued interest and sales tax	357,724	259,896	168,394
Deferred income	31,138	68,151	105,164
Due to third-party payors	3,499,388	3,390,060	3,219,011
Due to specific purpose funds	-	-	-
Total current liabilities	<u>7,615,507</u>	<u>7,263,077</u>	<u>6,887,558</u>
Long-term debt, less current maturities	22,180,000	22,180,000	22,180,000
Bond Premium	403,859	405,065	406,270
Total long-term debt	<u>22,583,859</u>	<u>22,585,065</u>	<u>22,586,270</u>
Net assets:			
Unrestricted	32,321,779	31,980,659	31,259,264
Temporarily restricted	487,089	482,715	482,715
Total net assets	<u>32,808,868</u>	<u>32,463,374</u>	<u>31,741,979</u>
Total liabilities and net assets	<u>63,008,235</u>	<u>62,311,516</u>	<u>61,215,807</u>

NORTHERN INYO HOSPITAL

Statement of Operations

As of August 31, 2007

	MTD		MTD Variance		YTD		YTD Variance	
	MTD Actual	MTD Budget	Variance \$	%	YTD Actual	YTD Budget	Variance \$	%
Unrestricted revenues, gains and other support:								
In-patient service revenue:								
Routine	683,519	592,334	91,185	15.4	1,415,150	1,184,704	230,446	19.5
Ancillary	2,062,935	1,926,340	136,595	7.1	4,416,250	3,852,617	563,633	14.6
Total in-patient service revenue	2,746,454	2,518,674	227,780	9.0%	5,831,399	5,037,321	794,078	15.8%
Out-patient service revenue	4,225,355	3,542,358	682,997	19.3	8,083,300	7,084,632	998,668	14.1
Gross patient service revenue	6,971,810	6,061,032	910,778	15.00	13,914,699	12,121,953	1,792,746	14.8
Less deductions from patient service revenue:								
Patient service revenue adjustments	113,181	180,594	67,413	37.3	230,338	361,197	130,859	36.2
Contractual adjustments	3,131,724	2,407,909	(723,815)	(30.1)	6,137,034	4,815,809	(1,321,225)	(27.4)
Total deductions from patient service revenue	3,244,905	2,588,503	(656,402)	(25.4)	6,367,371	5,177,006	(1,190,365)	(23.0)
Net patient service revenue	3,726,904	3,472,529	254,375	7%	7,547,328	6,944,947	602,381	9%
Other revenue	21,362	26,497	(5,135)	(19.4)	58,596	52,978	5,618	10.6
Transfers from Restricted Funds for Other Operating Expenses	-	65,541	(65,541)	(100.0)	-	131,080	(131,080)	(100.0)
Total Other revenue	21,362	92,038	(70,676)	(76.8)	58,596	184,058	(125,462)	(68.2)
Total revenue, gains and other support	3,748,266	3,564,567	183,699	(76.7)	7,605,924	7,129,005	476,919	(68.1)
Expenses:								
Salaries and wages	1,313,919	1,303,350	(10,569)	(0.8)	2,605,678	2,606,702	1,024	-
Employee benefits	795,063	780,287	(14,776)	(1.9)	1,369,843	1,560,551	190,708	12.2
Professional fees	294,690	208,152	(86,538)	(41.6)	566,017	416,282	(149,735)	(36.0)
Supplies	486,877	467,888	(18,989)	(4.1)	921,000	935,798	14,798	1.6
Purchased services	156,900	153,588	(3,312)	(2.2)	298,426	307,112	8,686	2.8
Depreciation	123,293	162,839	39,546	24.3	246,473	325,682	79,209	24.3
Interest	32,271	32,271	0	-	64,542	64,545	3	-
Bad debts	125,616	150,682	25,066	16.6	328,307	301,365	(26,942)	(8.9)
Other	214,923	198,066	(16,857)	(8.5)	420,309	396,139	(24,170)	(6.1)
Total expenses	3,543,551	3,457,123	(86,428)	(2.5)	6,820,594	6,914,176	93,582	1.4
Operating income (loss)	204,716	107,444	97,272	(74.2)	785,330	214,829	570,501	(69.5)
Other income:								
District tax receipts	37,013	41,816	(4,803)	(11.5)	74,026	83,630	(9,604)	(11.5)
Interest	95,210	83,333	11,877	14.3	196,964	166,670	30,294	18.2
Other	1,952	4,663	(2,711)	(58.2)	12,189	9,323	2,866	30.7
Grants and Other Non-Restricted Contributions	-	12,500	(12,500)	(100.0)	10,000	25,000	(15,000)	(60.0)
Partnership Investment Income	-	-	-	N/A	-	-	-	N/A
Total other income, net	134,175	142,312	(8,137)	(6)	293,180	284,623	8,557	3.0
Non-Operating Expense								
Medical Office Expense	13,575	10,111	(3,464)	(34.3)	22,059	20,221	(1,838)	(9.1)
Urology Office	17,753	6,721	(11,032)	(164.1)	27,938	13,444	(14,494)	(107.8)
Total Non-Operating Expense	31,328	16,832	(14,496)	(86.1)	49,997	33,665	(16,332)	(48.5)
Excess (deficiency) of revenues over expenses	307,563	232,924	74,639	32.0	1,028,512	465,787	562,725	120.8

NORTHERN INYO HOSPITAL
Statement of Operations--Statistics
As of August 31, 2007

	Month Actual	Month		Month		YTD Actual	YTD Budget	Year		Year Percentage
		Month Budget	Variance	Variance	Percentage			Variance	Percentage	
Operating statistics:										
Beds	25.00	25.00	N/A	N/A	N/A	25.00	25.00	N/A	N/A	N/A
Patient days	353.00	271.00	82.00	1.30	1.30	741.00	542.00	199.00	1.37	1.37
Maximum days per bed capacity	775.00	775.00	N/A	N/A	N/A	1,550.00	1,550.00	N/A	N/A	N/A
Percentage of occupancy	45.55	34.97	10.58	1.30	1.30	47.81	34.97	12.84	1.37	1.37
Average daily census	11.39	8.74	2.65	1.30	1.30	11.95	8.74	3.21	1.37	1.37
Average length of stay	3.18	3.08	0.10	1.03	1.03	3.46	3.08	0.38	1.12	1.12
Discharges	111.00	88.00	23.00	1.26	1.26	214.00	176.00	38.00	1.22	1.22
Admissions	100.00	89.00	11.00	1.12	1.12	207.00	178.00	29.00	1.16	1.16
Gross profit-revenue depts.	4,747,369.63	3,956,919.00	790,450.63	1.20	1.20	9,678,328.47	7,913,783.00	1,764,545.47	1.22	1.22
Percent to gross patient service revenue:										
Deductions from patient service revenue and bad debts	48.34	45.24	3.10	1.07	1.07	48.12	45.24	2.88	1.06	1.06
Salaries and employee benefits	30.21	34.38	(4.17)	0.88	0.88	28.54	34.38	(5.84)	0.83	0.83
Occupancy expenses	2.52	3.54	(1.02)	0.71	0.71	2.51	3.54	(1.03)	0.71	0.71
General service departments	5.51	5.65	(0.14)	0.98	0.98	4.82	5.65	(0.83)	0.85	0.85
Fiscal services department	3.89	4.56	(0.67)	0.85	0.85	3.72	4.56	(0.84)	0.82	0.82
Administrative departments	4.42	5.46	(1.04)	0.81	0.81	4.43	5.46	(1.03)	0.81	0.81
Operating income (loss)	2.49	1.70	0.79	1.46	1.46	5.36	1.70	3.66	3.15	3.15
Excess (deficiency) of revenues over expenses	4.41	3.84	0.57	1.15	1.15	7.39	3.84	3.55	1.92	1.92
Payroll statistics:										
Average hourly rate (salaries and benefits)	40.18	41.24	(1.06)	0.97	0.97	37.65	41.24	(3.59)	0.91	0.91
Worked hours	46,149.94	44,676.00	1,473.94	1.03	1.03	91,445.16	89,352.00	2,093.16	1.02	1.02
Paid hours	52,418.01	50,524.00	1,894.01	1.04	1.04	105,484.60	101,048.00	4,436.60	1.04	1.04
Full time equivalents (worked)	262.22	253.84	8.37	1.03	1.03	259.79	253.84	5.95	1.02	1.02
Full time equivalents (paid)	297.83	287.07	10.76	1.04	1.04	299.67	287.07	12.60	1.04	1.04

NORTHERN INYO HOSPITAL

Statements of Changes in Net Assets

As of August 31, 2007

	<u>Month-to-date</u>	<u>Year-to-date</u>
Unrestricted net assets:		
Excess (deficiency) of revenues over expenses	307,563.03	1,028,512.43
Net Assets due/to transferred from unrestricted	-	-
Net assets released from restrictions used for operations	-	33,125.00
Net assets released from restrictions used for payment of long-term debt	-	-
Contributions and interest income	432.02	877.49
Increase in unrestricted net assets	<u>307,995.05</u>	<u>1,062,514.92</u>
Temporarily restricted net assets:		
District tax allocation	37,499.32	37,499.32
Net assets released from restrictions	-	(33,125.00)
Restricted contributions	-	-
Interest income	-	-
Increase (decrease) in temporarily restricted net assets	<u>37,499.32</u>	<u>4,374.32</u>
Increase (decrease) in net assets	345,494.37	1,066,889.24
Net assets, beginning of period	32,463,373.81	31,741,978.94
Net assets, end of period	<u>32,808,868.18</u>	<u>32,808,868.18</u>

NORTHERN INYO HOSPITAL

Statements of Cash Flows

As of August 31, 2007

	<u>Month-to-date</u>	<u>Year-to-date</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	345,494.37	1,066,889.24
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: (correcting debt payment)	-	-
Depreciation	123,292.70	246,473.48
Provision for bad debts	125,615.62	328,306.81
Loss (gain) on disposal of equipment	-	145.00
(Increase) decrease in:		
Patient and other receivables	(353,807.66)	(811,074.14)
Other current assets	(23,247.34)	(177,923.89)
Plant Expansion and Replacement Cash	999,235.69	2,944,605.33
Increase (decrease) in:		
Accounts payable and accrued expenses	243,102.32	477,572.28
Third-party payors	109,328.00	280,377.00
Net cash provided (used) by operating activities	<u>1,569,013.70</u>	<u>4,355,371.11</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,092,510.94)	(2,166,971.33)
Purchase of investments	56,667.46	(2,269,089.03)
Proceeds from disposal of equipment	-	(145.00)
Net cash provided (used) in investing activities	<u>(1,035,843.48)</u>	<u>(4,436,205.36)</u>
Cash flows from financing activities:		
Long-term debt	(1,205.55)	(32,411.10)
Issuance of revenue bonds	(42,471.04)	(84,753.74)
Unamortized bond costs	485.24	970.48
Increase (decrease) in donor-restricted funds, net	(37,931.34)	(5,251.81)
Net cash provided by (used in) financing activities	<u>(81,122.69)</u>	<u>(121,446.17)</u>
Increase (decrease) in cash and cash equivalents	452,047.53	(202,280.42)
Cash and cash equivalents, beginning of period	<u>687,350.36</u>	<u>1,341,678.31</u>
Cash and cash equivalents, end of period	<u>1,139,397.89</u>	<u>1,139,397.89</u>

Northern Inyo Hospital
Summary of Cash and Investment Balances
Calendar Year 2007

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	936,738	3,349,146	3,230,137	1,055,747	519	17,418,118	525,863	25,122	2,798	5,734	715,405	744,735	16,654	15,331,544
February	1,055,747	3,012,726	3,529,773	538,700	8	18,118,118	525,863	25,122	2,789	5,834	716,060	786,899	16,717	15,376,280
March	538,700	3,711,798	3,700,602	549,896	0	19,014,106	526,320	25,141	2,900	5,839	716,764	829,159	16,775	13,996,056
April	549,896	7,165,639	5,972,745	1,742,790	0	16,533,747	473,447	25,141	2,900	5,839	429,339	872,431	17,616	13,275,050
May	1,742,790	3,030,162	4,660,401	112,551	0	20,225,400	473,447	25,141	3,029	5,839	429,769	934,534	17,680	10,891,486
June	112,551	5,152,683	4,224,606	1,040,628	0	18,456,227	473,766	25,157	3,031	5,842	430,173	788,259	17,745	10,944,955
July *	1,040,628	3,387,765	3,921,993	506,401	0	20,781,983	440,641	25,157	3,031	5,842	430,618	830,478	17,810	8,999,586
August	506,401	4,397,557	4,059,627	844,331	0	20,725,316	478,140	25,157	3,031	5,842	431,050	872,949	17,876	8,000,350
Prior Year														
September	1,217,820	2,891,026	2,829,293	1,279,553	1,562,539	16,338,426	435,194	24,970	2,796	5,729	629,705	1,214,051	310,866	15,676,672
October	1,279,553	3,513,782	3,902,742	890,593	1,568,930	17,134,630	16,934	24,970	2,796	5,729	713,160	965,952	16,501	15,740,837
November	890,593	4,105,103	4,512,789	482,906	74,468	17,384,630	16,934	25,100	2,796	5,729	713,912	1,032,481	16,530	15,802,765
December	482,906	3,745,997	3,292,165	936,738	545	17,384,630	528,988	25,122	2,798	5,734	714,632	702,720	16,591	15,802,073

* Cash for July corrected after report due to late posting of Medicare deposits

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 \$75,000 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.

Financial Indicators

	Target	Aug-07	Jul-07	Jun-07	May-07	Apr-07	Mar-07	Feb-07	Jan-07	Dec-06	Nov-06	Oct-06	Sep-06
Current Ratio	>1.5-2.0	4.69	4.97	5.37	5.35	5.40	4.76	5.35	5.54	5.48	5.43	4.77	4.65
Quick Ratio	>1.33-1.5	4.29	4.56	4.95	4.93	5.00	4.38	4.95	5.11	5.06	5.01	4.44	4.33
Days Cash on Hand	>75	283.51	310.04	353.49	289.37	354.74	327.83	331.37	327.96	349.52	339.70	363.56	324.75

NORTHERN INYO HOSPITAL
STATISTICS

MONTHS 2007	IP		SURGERIES		TOTAL		BIRTHS		ADMITTS		ER		VISITS		OP REFERRALS		ADMITTS (W/NB)		PT DAYS (W/O NB)		PT DAYS (W/NB)		DISCH (W/NB)																																																																																																																																																
	05 / 06 / 07	07 / 06 / 07	05 / 06 / 07	07 / 06 / 07	05 / 06 / 07	07 / 06 / 07	05 / 06 / 07	07 / 06 / 07	05 / 06 / 07	07 / 06 / 07	05 / 06 / 07	07 / 06 / 07	05 / 06 / 07	07 / 06 / 07	05 / 06 / 07	07 / 06 / 07	05 / 06 / 07	07 / 06 / 07	05 / 06 / 07	07 / 06 / 07	05 / 06 / 07	07 / 06 / 07	05 / 06 / 07	07 / 06 / 07																																																																																																																																															
JANUARY	35 / 40 / 38	65 / 72 / 73	100 / 112 / 111	17 / 19 / 17	49 / 60 / 47	540 / 563 / 510	3048 / 3135 / 3331	109 / 126 / 111	275 / 370 / 299	320 / 410 / 350	115 / 124 / 106	FEBRUARY	29 / 29 / 24	81 / 62 / 59	110 / 91 / 83	15 / 20 / 19	54 / 44 / 14	422 / 467 / 521	2777 / 3100 / 2891	121 / 106 / 107	319 / 255 / 251	358 / 303 / 291	111 / 113 / 105	MARCH	34 / 50 / 25	78 / 101 / 53	112 / 151 / 78	20 / 26 / 17	59 / 63 / 49	606 / 543 / 460	3163 / 3387 / 3079	123 / 152 / 117	356 / 333 / 286	395 / 399 / 322	127 / 149 / 116	APRIL	27 / 31 / 31	68 / 81 / 59	95 / 112 / 90	9 / 18 / 17	43 / 54 / 48	466 / 474 / 525	3119 / 3145 / 3251	97 / 114 / 105	244 / 310 / 245	262 / 346 / 276	104 / 116 / 112	MAY	41 / 31 / 38	74 / 73 / 95	115 / 104 / 133	16 / 20 / 19	49 / 53 / 40	594 / 564 / 580	2968 / 3313 / 3343	113 / 111 / 112	349 / 345 / 299	385 / 381 / 342	103 / 106 / 103	JUNE	32 / 49 / 27	60 / 76 / 70	92 / 125 / 97	16 / 16 / 12	53 / 44 / 41	631 / 552 / 511	3287 / 3235 / 3186	113 / 107 / 104	288 / 307 / 297	318 / 342 / 323	126 / 97 / 107	JULY	40 / 31 / 41	89 / 59 / 85	129 / 90 / 126	21 / 30 / 24	51 / 36 / 49	587 / 619 / 624	2997 / 3012 / 3109	128 / 129 / 132	306 / 313 / 388	345 / 371 / 445	122 / 126 / 127	AUGUST	30 / 40 / 35	84 / 117 / 115	114 / 157 / 150	14 / 26 / 26	66 / 54 / 46	716 / 580 / 565	3276 / 3401 / 3402	117 / 138 / 126	292 / 350 / 353	321 / 408 / 421	116 / 134 / 140	SEPTEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	OCTOBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	NOVEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	DECEMBER	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	/ / /	CALENDAR YEAR	268 / 301 / 259	599 / 641 / 609	867 / 942 / 868	128 / 175 / 151	424 / 408 / 334	4562 / 4362 / 4296	24635 / 25728 / 25692	921 / 983 / 914	2429 / 2583 / 2418	2704 / 2960 / 2770	924 / 965 / 916	MONTHLY AVERAGE	34 / 38 / 32	75 / 80 / 76	108 / 118 / 109	16 / 22 / 19	53 / 51 / 42	570 / 545 / 537	3,079 / 3,216 / 3,212	115 / 123 / 114	304 / 323 / 302	338 / 370 / 346	116 / 121 / 115

Northern Inyo Hospital
Investments as of 8/31/2007

ID	Purchase Date	Maturity Date	Institution	Rate	Principal Invested
1	29-Aug-07	01-Sep-07	Local Agency Investment Fund	5.25%	9,879,243.14
2	02-Aug-07	01-Sep-07	Local Agency Investment Fund	5.25%	292,942.75
3	14-Mar-06	14-Sep-07	Federal Home Loan Bank-FNC	5.13%	600,000.00
4	30-Apr-07	25-Oct-07	United States Treasury Bills	4.88%	379,981.77
5	28-Nov-05	28-Nov-07	Federal Home Loan Bank-MBS	5.00%	500,000.00
6	16-Aug-07	01-Dec-07	Cantella & Co., Inc	4.50%	56,992.04
7	27-Dec-05	27-Dec-07	Federal Home Loan Bank-FNC	5.00%	500,000.00
8	24-Jan-03	24-Jan-08	Capital One Bank	4.31%	100,000.00
9	24-Jan-03	24-Jan-08	Capital One, F.S.B.	4.30%	100,000.00
10	24-Jan-03	24-Jan-08	Key Bank USA	3.50%	100,000.00
11	30-Aug-07	28-Feb-08	United States Treasury Bills	4.08%	379,296.77
12	18-Mar-05	18-Mar-08	First Federal Bank	4.00%	100,000.00
13	23-Mar-07	24-Mar-08	Farmers Bank	5.00%	100,000.00
14	05-Jul-07	22-Apr-08	Federal Home Loan Mtg Corp-MBS	5.24%	492,680.00
15	14-Dec-04	27-May-08	Cantella & Co., Inc	3.50%	225,000.00
16	11-Mar-05	11-Jun-08	Community Bank	4.00%	98,000.00
17	11-Mar-05	11-Jun-08	Equity Bank	4.00%	100,000.00
18	20-Jun-07	15-Jun-08	FANNIE MAE FNMA-MBS	5.29%	486,750.00
Short Term Investments					14,490,886.47
Maturing Fiscal Year 2008					
19	30-Jan-06	28-Jul-08	Federal Home Loan Bank-FNC	5.00%	500,000.00
20	21-Apr-05	07-Oct-08	Federal Home Loan Bank-MBS	4.00%	1,335,000.00
21	15-Oct-03	15-Oct-08	R-G Crown Bank	4.00%	97,000.00
22	31-Oct-05	27-Oct-08	Federal Home Loan Bank-MBS	5.00%	500,000.00
23	26-May-05	26-Nov-08	Federal Home Loan Bank-FNC	4.50%	1,000,000.00
24	15-Dec-03	15-Dec-08	Bear, Stearns Securities	3.00%	300,000.00
25	04-Jan-05	05-Jan-09	Mututal Bank	4.36%	99,000.00
26	07-Jan-04	07-Jan-09	Bear Stearns Security	4.08%	100,000.00
27	20-Feb-07	20-Feb-09	Federal Home Loan Bank-FNC	5.28%	500,000.00
Maturing Fiscal Year 2009					4,431,000.00
28	16-Aug-07	01-Nov-09	Cantella & Co., Inc	4.50%	105,429.30
29	30-Dec-04	30-Dec-09	Capital City Bank and Trust	4.75%	99,000.00
30	22-Apr-05	22-Apr-10	Bank of Waukegan	4.75%	99,000.00
Maturing Fiscal Year 2010					303,429.30
31	23-Jul-07	23-Jul-10	Federal Home Loan Bank-MBS	5.50%	500,000.00
32	24-Feb-06	24-Feb-11	Federal Home Loan Bank-MBS	6.00%	1,000,000.00
Maturing Fiscal Year 2011					1,500,000.00
Long-Term Investments					6,234,429.30
Total Investments					20,725,315.77

Northern Inyo Hospital
Monthly Report of Capital Expenditures
Fiscal Year Ending JUNE 30, 2008
As of August 31, 2007

MONTH	APPROVED	BY BOARD DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
FY 1995-96		Hospital Information System	\$1,300,000
FY 2006-07		Platelet Incubator/Agitator Purchase (non-budget)	2,600
		QuadraMed Tempus One Scheduling System (Includes Surgery Module)	233,750
		GE Centricity RHC Electronic Health Record Software	75,950
		Hologic Stereotactic Breast Biopsy System	156,000
		AMOUNT APPROVED BY THE BOARD IN PRIOR FISCAL YEARS TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>1,768,300</u>
FY 2007-08		Biomerieux Blood Culture Instrument	44,375
		Manageware Infant Security Solution	45,001 *
		Contract Management Software	3,499
		GE Pelvic Ultrasound for RHC	44,170
		AMOUNT APPROVED BY THE BOARD IN THE CURRENT FISCAL YEAR TO BE EXPENDED IN THE CURRENT FISCAL YEAR	<u>137,045</u>
		Amount Approved by the Board in Prior Fiscal Years to be Expended in the Current Fiscal Year	1,768,300
		Amount Approved by the Board in the Current Fiscal Year to be Expended in the Current Fiscal Year	<u>137,045</u>
		Year-to-Date Board-Approved Amount to be Expended	1,860,344
		Year-to-Date Administrator-Approved Amount	46,927 *
		Actually Expended in Current Fiscal Year	<u>45,001 *</u>
		TOTAL FUNDS APPROVED TO BE EXPENDED	1,952,271

**Northern Inyo Hospital
 Monthly Report of Capital Expenditures
 Fiscal Year Ending JUNE 30, 2008
 As of August 31, 2007**

MONTH APPROVED BY BOARD DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	<u>AMOUNT</u>
Total-to-Date Spent on Incomplete Board Approved Expenditures (Hospital Information System and Building Project)	1,199,399
 Reconciling Totals:	
Actually Capitalized in the Current Fiscal Year Total-to-Date	91,927
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>1,860,344</u>
ACTUAL FUNDS APPROVED IN THE CURRENT FISCAL YEAR TOTAL-TO-DATE	<u><u>1,952,271</u></u>
Donations by Auxiliary	0
Donations by Hospice of the Owens Valley	0
Donations by Others (Barry Miller & Associates for Infant Security System)	<u>5,000</u>
	<u><u>5,000</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, 2008
As of August 31, 2007**

MONTH	DESCRIPTION OF APPROVED CAPITAL EXPENDITURES	AMOUNT
APPROVED		
BY BOARD		
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, 2008
As of August 31, 2007

Administrator-Approved Item(s)	Department	Amount	Month Total	Grand Total
STERIS PROCESSOR MODEL 99A2	SURGERY/CS	18,865		
SURGICAL OFFICE ASSETS	SURGERY CLINIC	9,595		
Month Ending July 31, 2007			28,460	28,460
Maico EroScan System	Nursery	4,001		
HP Laserjet Printer	OP Registration	2,155		
CAPNOGRAPH OXIMETER	RESP THERAPY	4,144		
FLOORING FOR MEDICAL OFFICE	MED OFF EXPENSE	8,166		
Month Ending August 31, 2007			18,467	46,927

THIS SHEET

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INTENTIONALLY

To: John Halfen
Subject: FW: Proposed State Tax on Hospitals

From: Alan Burgess [mailto:aburgess@tvhd.org]
Sent: Wednesday, September 26, 2007 1:21 PM
To: 'C. Duane Dauner'; 'Lynne Ashbeck'
Subject: RE: Proposed State Tax on Hospitals

Lynne,

I spent an hour and a half discussing the California Democratic and Republican healthcare legislative proposals with Assemblymember Jean Fuller and her district staff yesterday. Neither she nor I can fathom the California Hospital Association's support of the general/global approach of the Governor towards California healthcare reform. I find ANY tax on hospitals particularly reprehensible and misguided. The initial exemption of Critical Access Hospitals and small hospitals (under 50 beds) provides absolutely NO COMFORT to me or most of my colleagues. That is one of the many reasons why not a single Republican legislator has been willing to sponsor the "Governator's" bill. His position is far too out-of-reach with the grass roots sentiments in rural California - and the CHA's endorsement of his plan brings me no confidence that they are advocating for me or my hospital's interests either. Based on this "out of touch with its membership" position, I cannot support or urge anyone else's financial support of the California Hospital Association's Political Action Committee. Indeed, I am not even sure if I can recommend to my Board its ongoing membership in the Association. I will not be attending the Summit.

Duane's response was very lacking in detail. I want to understand the rationale. The fact that CAH's would be initially exempted brings no comfort or assurance that tomorrow we won't be included. Meanwhile, AB 661 is stalled in the appropriations committee and unlikely to see the light of day. California's small and rural hospitals are in crisis. Do we need to close another 70 hospitals so the CHA can claim that it accurately represents the majority of hospitals in the state (once the small and rural hospitals cease to exist)? I believe the Hospital Council of Northern and Central California needs to invite Duane here to defend the Association's position(s) and be held accountable for the aims, actions and direction of the PAC before the council and take questions from the CEOs.

Respectfully,

ALAN

Alan J. Burgess, FACHE, CFAAMA
Chief Executive Officer, Tehachapi Hospital
Tehachapi Valley Healthcare District
115 West "E" Street, P.O. Box 1900
Tehachapi, CA 93581-1900
Work (661) 823-3001
Fax (661) 823-3082

Good afternoon, Alan! Hope your week is going well!

As 2007 begins to come to a close (amazing as that seems =]), one of the outstanding goals for our Hospital Council section is the CHPAC contributions. To date, the Kern / Eastern Sierra Hospital Section is at 21% of our annual goal of \$15,515 -- off just a bit from the 2006 pace. I am writing in hopes of getting some help in one or more ways!

.. The easiest, perhaps, is to identify one or more significant vendors your hospital is doing business with (contractors, equipment, technology, HR

software, etc.). If you could provide me with their name and contact information, I will do the rest. A quick e-mail from you asking for their consideration of making a CHPAC contribution would help immensely.

.. The second is to consider making a CHPAC contribution yourself if that item still remains on your "to do" list. I have attached a form for your use for some, simply using a charge card for the contributions is the easiest way to do this! And, if you have successfully crossed that item from your list through your contribution, thank you.

.. Third, if there are members of your executive team who might also consider contributing, that request coming from you would make a big difference.

Thank you for your support of CHA, the Hospital Council and all hospitals in California. Political advocacy is essential for our work hard to actually define or measure on some occasions a key element of ensuring the viability of California hospitals and requires resources to work with both our local legislators as well as those in other districts who may not understand the uniqueness of our hospitals or our communities.

Again, thanks so much. Your help is much appreciated.

Lynne

Lynne Ashbeck
Regional Vice President
Hospital Council of Northern and Central California
1625 E. Shaw Avenue, Suite 139
Fresno CA 93710
(T) 559.650.5694
(F) 559.221.1678
(C) 559.284.9731
lashbeck@hospitalcouncil.net

-----Quoted Original Message-----

From: C. Duane Dauner [mailto:cddauner@calhealth.org]
Sent: Wednesday, September 19, 2007 10:24 PM
To: Alan Burgess
Subject: RE: Proposed State Tax on Hospitals

We have endorsed the general/global approach of the Governor. Critical access and rural hospitals with fewer than 50 beds are exempted from the fee. It is a long way from becoming a reality. Please let me know if you wish to discuss it further.

Thanks.

From: Alan Burgess [mailto:aburgess@tvhd.org]
Sent: Wed 9/19/2007 8:36 AM
To: C. Duane Dauner
Subject: Proposed State Tax on Hospitals

Dear Mr. Dauner:

I keep hearing a persistent rumor that the California Hospital Association is now supporting the proposed state legislation that will initiate the State's taxing of hospitals, based on their gross billings. I really need to know whether this is correct. As the CEO of a small and rural Critical Access Hospital and a career professional, I need to understand not only the proposed tax better, but where the CHA stands on this issue. Is there a "White Paper" or other documentation you might have to help my understanding?

Alan J. Burgess, FACHE, CFAAMA
Chief Executive Officer, Tehachapi Hospital
Tehachapi Valley Healthcare District
115 West "E" Street, P.O. Box 1900
Tehachapi, CA 93581-1900
Work (661) 823-3001

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INTENTIONALLY

Network Switch Upgrade/New Building Network – Capital Expenditure (Total: \$148,812)

A. Currently

- a. The network is supported by switches that are at least five years old.
- b. These switches are 100 Mbps speed.
- c. They do not support modern technologies such as Virtual Local Area Networks or Power Over Ethernet.

B. Proposed

- a. Upgrade all switches in the hospital to Cisco 3750 and core switch to Catalyst 4700. (Quote S0871471)
 - i. We will purchase a core switch for the server room and three 3750 switches for our “wiring closets”.
 - ii. We will also leverage 4 existing 3750 switches.
 - iii. These switches support 1000 Mbps (1 Gbps).
 1. As the hospital begins to move larger amounts of data (PACS is a good example), we will need the higher speeds.
 - iv. These switches have VLAN capabilities
 1. These switches also allow us to segment high traffic areas, such as radiology, from the rest of the network
 - v. These switches can provide power over Ethernet.
 1. When the hospital moves to IP telephones and greater wireless coverage, power over Ethernet will prevent having to make a power supply available to each device.
- b. We also need to purchase four switches to put the new buildings on the hospital network. (Quote S0871251)
- c. I would like to add some of our existing equipment to a Cisco service agreement. (Quote S0872657)

C. Budget

- a. During the budgeting period, I requested two capital expenditures, a Catalyst 6500 core switch and Catalyst Express switch upgrade for a total of \$151,500.
- b. After working with our vendor and Cisco, we were able to get a core switch, upgrade our existing switches and get the switches for the new buildings for less than we had budgeted for just the core switch and switch upgrades.
- c. Cisco can provide us with this type of pricing because we will send them our old Hewlett Packard switches.

CAPITAL EXPENDITURE BUDGET REQUEST

Department: 8480 - IT
Requested by: Adam Taylor

Budget year: 2007/2008
Estimated cost: \$96,000.00
Requested
Priority: \$1.00

GENERAL INFORMATION:

Item description:
Catalyst 6500 series core switch chassis

Purpose:
Provides highest levels of availablility for the network, integrated security, virtualization, enhanced managability, IP communication (video, voice, IP Phones, Vocera), as well as wireless and applications support. Provides 10Gb backbone for large radiology files with future PACS (internal and external). Mammoth has one.

Is this item required or recommended by third-party or regulatory agencies?
Yes No N/A
If yes, please explain:

Is this item a replacement item?
Yes No N/A
If yes, please explain:

Describe any associated installation costs, site preparation, construction costs, additional equipment or supply costs or additional staffing requirements:

Additional comments:

Department Head Signature: _____ Date: 10/09/2007

CAPITAL EXPENDITURE BUDGET REQUEST

Department: 8480 - IT
Requested by: Adam Taylor

Budget year: 2007/2008
Estimated cost: \$55,500.00
Requested
Priority: \$1.00

GENERAL INFORMATION:

Item description:
20 Cisco Catalyst Express Switches

Purpose:
Replace existing obsolete HP Switches. Provides future IP telephony, wireless networking and security requirements.

Is this item required or recommended by third-party or regulatory agencies?
Yes No N/A
If yes, please explain:

Is this item a replacement item?
Yes No N/A
If yes, please explain:

Describe any associated installation costs, site preparation, construction costs, additional equipment or supply costs or additional staffing requirements:

Additional comments:

Department Head Signature: _____ Date: 10/09/2007



09/27/2007

Account # 0011969169

NORTHERN INYO HOSPITAL A/P
150 PIONEER LN
BISHOP CA 93514
Phone : (760) 873-5811

Ship To :
NORTHERN INYO HOSPITAL
ADAM TAYLOR
150 PIONEER LN
BISHOP CA 93514
Phone : (760) 873-2168

Quote : S0871041
PO# : 4510 Chassis Core

Hardware quotes are valid for 7 business days
Memory Prices are valid for 24 hours only, call for verification

Zones, Inc
1102 15th St. SW Suite 102
Auburn, WA 98001
Phone: (800) 419-9663

Zones Corporate Solutions
1102 15th St. SW, Suite 254
Auburn, WA 98001
Phone: (800) 706-0056

Cherri Heller
Account Executive
Phone: (253) 205-3000

Email: cherri.heller@zones.com

Item#	Qty	Description	Manufacturers Part #	Unit Price	Total
P 01222321	1	CATALYST 4500 10SLOT CHAS-W/FAN NO PS RED SUP CPBL	WS-C4510R	7,497.00	7,497.00
A 01420899	2	CATALYST 4500 4200W AC DUAL INPUT PWR SUPPLY DATA	PWR-C45-4200ACV=	2,397.00	4,794.00
P 01150268	2	CATALYST 4500 SUPERVISOR II-PLUS IOS 2GE CONSOLE R	WS-X4013+=	3,597.00	7,194.00
P 01218165	2	CATALYST 4500 48PT POE-802.3AF 10/100/1000 RJ45	WS-X4548-GB-RJ45V=	4,497.00	8,994.00
P 01150266	2	CATALYST 4500 ENHANCED 48PORT 10/100/1000 BASE-T R	WS-X4548-GB-RJ45=	3,297.00	6,594.00
P 05045847	1	Cisco Catalyst 4418 - Switch - Gigabit EN 18 x GBIC empty - plug-in module	WS-X4418-GB=	5,997.00	5,997.00
A 00613872	8	Cisco 1000Base-SX Short Wavelength GBIC Multimode	WS-G5484=	300.00	2,400.00
P 01317113	3	CATALYST 3750 48PT POE-10/100/1000T 4 SFP SMI	WS-C3750G-48PS-S	9,297.00	27,891.00
P 00970888	3	CISCO 12000 GE SFP LC-CONN SX XCVR	GLC-SX-MM=	300.00	900.00
A 00325650	2	Cisco SMARTnet Premium extended service agreement - 1 year	CON-SNTP-SMS-1000	900.00	1,800.00
A 00325649	9992	Cisco SMARTnet Premium extended service agreement - 1 year	CON-SNTP-SMS-1	0.90	8,992.80
A 05091612	1	CiscoWorks LAN Management Solution - v. 3.0 - license - 1 server 100 devices	CWLMS-3.0-100-K9	7,099.52	7,099.52

ASK US ABOUT
Installations: Server
Installations: General
On-Site Technical Services
Remote Help Desk Support
Remote Network OS Support
Hourly On-site Technical Service Rates

Visit us on the web: <http://www.zones.com>

Sub-Total: \$90,153.32
Sales Tax: \$5,739.73
FedEx Ground: \$301.50
Grand Total: \$96,194.55

24 Mo. FMV lease for \$3,807.24 per month
36 Mo. FMV lease for \$2,739.88 per month

Please Note: Lease Amounts Exclude Tax



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as an NMBC
MINORITY BUSINESS
ENTERPRISE
by the NMSDC

Shipping Terms: For all shipments, Zones and its affiliates will arrange for shipping to the customer's destination; however, such costs are the responsibility of the customer. And, except as noted above, Zones and its affiliates will assume any risk of loss during shipment to the customer's destination; title and risk of loss will pass to the customer upon delivery to the customer. For shipments made during the seven calendar days preceding the end of each calendar quarter, title and risk of loss will pass to the customer upon delivery by Zones and its affiliates to the carrier. For all orders shipped within this seven day period, Zones and its affiliates will obtain third-party insurance at its own expense and will assist the customer in filing any claims with the insurance company arising from loss or damage to the shipment during transit. Prices are quoted by volume, and are subject to change without notice. Products sold by Zones and its affiliates are third party products and are subject to the warranties and representations of the applicable manufacturers. Additional Terms and Conditions apply and are available on our website.

We appreciate this opportunity to earn your business, and look forward to serving you soon! Thank you!



09/27/2007

Account # 0011969169

NORTHERN INYO HOSPITAL A/P
150 PIONEER LN
BISHOP CA 93514
Phone : (760) 873-5811

Ship To :
NORTHERN INYO HOSPITAL
ADAM TAYLOR
150 PIONEER LN
BISHOP CA 93514
Phone : (760) 873-2168

Quote : S0871251
PO# : 3750 New Building

Hardware quotes are valid for 7 business days
Memory Prices are valid for 24 hours only, call for verification

Zones, Inc
1102 15th St. SW Suite 102
Auburn, WA 98001
Phone: (800) 419-9663

Zones Corporate Solutions
1102 15th St. SW, Suite 254
Auburn, WA 98001
Phone: (800) 706-0056

Cherri Heller
Account Executive
Phone: (253) 205-3000

Email: cherri.heller@zones.com

Item#	Qty	Description	Manufacturers Part #	Unit Price	Total
P 01317113	3	CATALYST 3750 48PT POE-10/100/1000T 4 SFP SMI	WS-C3750G-48PS-S	9,297.00	27,891.00
P 00970888	3	CISCO 12000 GE SFP LC-CONN SX XCVR	GLC-SX-MM=	300.00	900.00
A 00325649	1	Cisco SMARTnet Premium extended service agreement - 1 year	CON-SNTP-SMS-1	0.90	0.90

ASK US ABOUT
Installations: Server
Installations: General
On-Site Technical Services
Remote Help Desk Support
Remote Network OS Support
Hourly On-site Technical Service Rates

Visit us on the web: <http://www.zones.com>

Sub-Total: \$28,791.90
Sales Tax: \$2,231.30
FedEx Ground: \$77.00
Grand Total: \$31,100.20

24 Mo. FMV lease for \$1,222.02 per month
36 Mo. FMV lease for \$880.21 per month
Please Note: Lease Amounts Exclude Tax



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by the NMSDC

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We appreciate this opportunity to earn your business, and look forward to serving you soon! Thank you!

Additional Items - Quote #S0871251

Item#	Qty	Description	Manufacturers Part #	Unit Price	Total
P 01317113	1	CATALYST 3750 48PT POE-10/100/1000T 4 SFP SMI	WS-C3750G-48PS-S	9,297.00	9,297.00
P 00970888	4	CISCO 12000 GE SFP LC-CONN SX XCVR	GLC-SX-MM=	300	1200
				Subtotal	10,497.00
				Tax	813.52
				Total	11,310.52
				Quote S0871251	31,100.00
				Total Including Quote S0871251	42,410.52



Corporate Solutions

09/28/2007

Account # 0011969169

NORTHERN INYO HOSPITAL A/P
150 PIONEER LN
BISHOP CA 93514
Phone : (760) 873-5811

Ship To :
NORTHERN INYO HOSPITAL
ADAM TAYLOR
150 PIONEER LN
BISHOP CA 93514
Phone : (760) 873-2168

Quote : S0872657
PO# : Smartnet Std. No Upd

Hardware quotes are valid for 7 business days
Memory Prices are valid for 24 hours only, call for verification

Zones, Inc
1102 15th St. SW Suite 102
Auburn, WA 98001
Phone: (800) 419-9663

Zones Corporate Solutions
1102 15th St. SW, Suite 254
Auburn, WA 98001
Phone: (800) 706-0056

Cherri Heller
Account Executive
Phone: (253) 205-3042
Fax: (253) 205-2042

Email: cherri.heller@zones.com

Item#	Qty	Description	Manufacturers Part #	Unit Price	Total
A 00343333	4207	SMARTNET MAINTENANCE SMS 8X5XNBD	CON-SNT-SMS-1	1.00	4,207.00

ASK US ABOUT
Installations: Server
Installations: General
On-Site Technical Services
Remote Help Desk Support
Remote Network OS Support
Hourly On-site Technical Service Rates

Sub-Total: \$4,207.00
Sales Tax: \$0.00
FedEx Ground: \$0.00
Grand Total: \$4,207.00

Visit us on the web: <http://www.zones.com>

24 Mo. FMV lease for \$181.66 per month
36 Mo. FMV lease for \$131.17 per month

Please Note: Lease Amounts Exclude Tax



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We appreciate this opportunity to earn your business, and look forward to serving you soon! Thank you!

END