



Mark Twain Health Care District

P.O. Box 668
San Andreas, CA 95249
(209) 754-4468 Telephone
(209) 754-2675 Fax

**Regular Meeting of the Board of Directors
Wednesday, January 27, 2016
7:30-10:30a.m.
Mark Twain Medical Center Classroom 2
San Andreas, CA**

Agenda

Mark Twain Health Care District Mission Statement

“Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides high quality, professional and compassionate health care”.

1. **Call to order:**
2. **Roll Call:**
3. **Approval of Agenda:** (2 min)...Action
4. **Public Comment on matters not listed on the Agenda:** (5 min.)

The purpose of this section of the agenda is to allow comments and input from the public on matters within the jurisdiction of the Mark Twain Health Care District not listed on the Agenda. (The public may also comment on any item listed on the Agenda prior to Board action on such item.) **Limit of 3 minutes per speaker. Please state your name and town you reside in.**

5. **Consent Agenda:** (10 min)...Action

All Consent items are considered routine and may be approved by the District Board without any discussion by a single roll-call vote. Any Board Member or member of the public may remove any item from the Consent list. If an item is removed, it will be discussed separately following approval of the remainder of the Consent items.

- A. Un-Approved Minutes of Dec. 2, 2015
- B. Approval of Nov. 2015 Financial Statements

C. Correspondence:

- Vicky Reinke’s Letter on the Resignation of Craig Marks, CEO (12-28-2015)
- Mark Twain Medical Center Foundation: Thank you for Donation (1-6-2016)
- Thank you letter from Smart Family for donation in memory of Colleen Smart to the MTMC Foundation (1-19-2016)

6. New Business:Mr. Doss

A. Audited Financial 2014-15: Rick Jackson of JWT & Assoc, LLP: **Action** (30 min)

B. Investment Portfolio Update: Evan Hershey (Handout): **Action** (10 min)

7. Unfinished Business:

A. ACHD Certification Process Update: (5 min).....Ms. Reed

B. Hospice Respite Update: (5 min).....Mr. Doss

8. MTHCD Reports:

A. ACHD Dec Update: (5 min).....Ms. Reed

B. Executive Director Report: (10 min)Mr. Doss

- CPPA Update:
- Golden Health Awards: (5 min)

C. Presidents Report: (5 min).....Dr. Oliver

D. MTMC Corp. Board: (10 min).....Mr. McInturf / Ms. Reed

- CEO Report: None

9. Committee Reports:

A. Ad Hoc Real Estate: (20 min).....Mr. McInturf / Dr. Smart

- Valley Springs Project update: Mr. Doss
 - Project Manager Contract with Facility Management Group
 - Traffic Study: Kittelson & Associates, Inc.
- Proposed Sale of Angels Camp Property on Stanislaus Ave: (20 min)
(APN 058-024-016-000)

B. Assessment of Independent Operation: (45 min).....Carl Gerlach

10. **Board Comment and Request for Future Agenda Items:** (5 min)

11. **Closed Session:** (30 min).....Mr. Doss

Conference with Real Property Negotiators (Govt. Code section 54956.8).
Property: Mark Twain Medical Center, 768 Mt. Ranch Road, San Andreas, CA.
Agency negotiators: Daymon Doss, Lin Reed and Peter Oliver. Negotiating
parties: Mark Twain Medical Center, Inc.; Dignity Health, Inc. Under
negotiations: Price and Terms of Lease.

12. **Reconvene to Open Session:**

A. Report of Action taken (if any) in Closed Session:

13. **Next Meeting:**

- Wednesday, February 24, 2016

14. **Adjournment:**



Mark Twain Health Care District

P.O. Box 668
San Andreas, CA 95249
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**Regular Meeting of the Board of Directors
Wednesday, December 2, 2015
7:30a.m.
Mark Twain Medical Center, Classroom 2
768 Mountain Ranch Road
San Andreas, CA**

Un-Approved Minutes

Mark Twain Health Care District Mission Statement

“Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides high quality, professional and compassionate health care”.

1. Call to order:

The meeting was called to order by President Oliver at 7:32am who then announced the passing (Dec. 1, 2015) of Colleen Smart who had served the MTHCD Board for many years. President Oliver then called for the pledge of allegiance.

2. Roll Call:

Present for roll call was Peter Oliver, MD; Lin Reed, MBA OTR/L; Ken McInturf and Ann Radford. Randy Smart, MD was excused.

3. Approval of Agenda: Action

Ms. Reed moved to accept the agenda. Ms. Radford provided the second and it passed 4-0.

4. Public Comment on matters not listed on the Agenda: Hearing None.

Larry Phillips was in attendance and introduced as interim for Craig Marks who will be returning tomorrow. Mr. Phillips has enjoyed seeing those he met when serving the interim position 3 previous times.

5. Consent Agenda: Action

- A. Un-Approved Minutes of the Board meeting of Oct. 28, 2015
- B. Approval of Sept. and Oct. 2015 Financial Statements

C. Correspondence:

- Dr. Griffin, Chairman MTMC Board of Trustees Letter Regarding Interim President / CEO (11-2-2015).
- Central Calaveras Fire Fighters Association Letter of Thanks (10-24-2015)

Ms. Reed offered the motion seconded by Ms. Radford to accept the Consent Agenda. The motion passed 4-0.

6. **Old Business**: None.

7. **New Business**:

- **Angels Camp Update:**

Mr. Doss reported the escrow is open to sell the property to the MTMC and can close as soon as MTMCCB gives approval.

- **Valley Springs Update:**

Mr. Doss reported;

1. The MTHCD is now the title holder of the property. He had met with the property manager, John Stout, regarding the rental home on the property. Liability insurance has been secured for the home and barn. Mr. Stout processed the deposit and Nov. rent to be forwarded to the MTHCD. Mr. Doss and Mr. Stout agreed there was no need to retain him for future property management needed.

2. The only item lacking for the Calaveras County Application is the traffic study which is being done by Kittelson and Associates, Inc. and due the end of Dec.

3. The District is embarking on the VS project so Mr. Doss met with Pat Van Lieshout of Facilities Management Group in consideration of his project management services. Mr. Van Lieshout has an impressive resume including; USDA; schools; he has worked with Aspen St. Architects and the County of Calaveras; he is ADA and CASp certified and he lives near the project. His services would calculate to approx. \$138,000 for 12 months and receiving a lump sum payment of \$11,500.per month. He is available Jan 1st to begin the background work. Mr. Van Lieshout has excellent credentials and his expertise would save the District money. Mr. Doss fielded questions and yes Mr. Van Lieshout is OSHPD qualified and is green construction oriented.

Community member, George Fry, stated Mr. Van Lieshout was project manager for the \$13 million Mt. Oaks Academy project, is well liked, lives in the community and "knows his stuff".

- ACHD Legislation: Design-Build Construction Process: **Action**

Ms. Reed supports the Design-Build Construction Process and is asking for formal support from the Board. Mr. Phillips added it would allow all districts the opportunity to have a design-build project. Mr. Doss supports the efforts even though it would not benefit the current MTHCD projects. Ms. Reed offered the motion, seconded by Mr. McInturf and it passed. 4-0.

8. Closed Session:

Conference with Real Property Negotiators (Govt. Code section 54956.8).
Property: Mark Twain Medical Center, 768 Mt. Ranch Road, San Andreas, CA.
Agency negotiators: Daymon Doss, Lin Reed and Peter Oliver.
Negotiating parties: Mark Twain Medical Center, Inc.; Dignity Health, Inc.
Under negotiations: Price and Terms of Lease.

9. Reconvene to Open Session:

A. Report of Action taken in Closed Session: None to report.

10. Board Comment and Request for Future Agenda Items:

Dr. Oliver: The second ad hoc Lease Committee meeting will be today and that everyone is invited to the Christmas Party at Ironstone on Dec. 12th.

Ms. Radford: The Golden Health Awards ad hoc committee meeting will be today.

11. Next Meeting:

- Wednesday, January 27, 2016

12. Adjournment:

Ms. Radford moved to adjourn the meeting. Ms. Reed seconded the motion and it passed 4-0 placing adjournment at 10:03am.



Mark Twain Health Care District

768 Mountain Ranch Road
San Andreas, CA 95249
209 754 3521 Telephone

To: Board of Directors
Finance Committee

From: J.R. Krieg, Controller

Subject: November 2015 Financial Results

Date: January 20, 2016

memorandum

MARK TWAIN HEALTH CARE DISTRICT:

The Statement of Revenues and Expenses for the District reported an operating profit **before** Programs and Events of \$20,661 as compared to the budgeted operating income of \$16,447. For the month of November total revenues were slightly **under** budget due to a loss on investments.

Total expenses **before** Programs & Events were 5% **under** budget for the month due to lower than expected utility costs. Year to date, utility costs are 66% of District tax revenue.

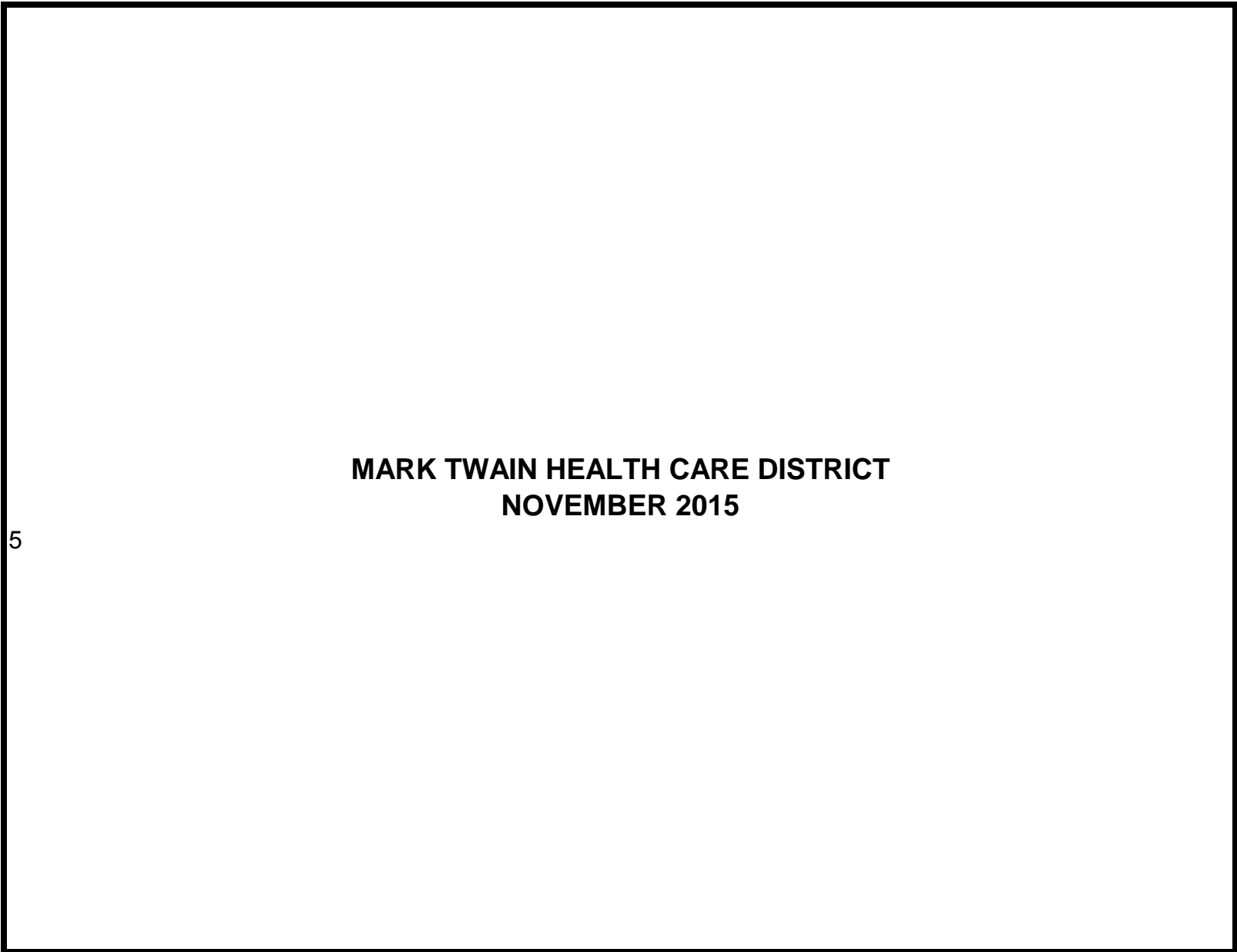
Programs and Events expenses in November were \$1,954 versus a budget of \$11,042. YTD Programs and Events are \$34,293 versus a budget of \$70,709.

Operating income **after** Programs & Events in November was \$18,727 versus a budget of \$5,405. Year to date Operating income **after** Programs and Events was \$35,932 versus a budget of \$11,524.

The Minority Interest in Mark Twain Medical Center **decreased** by \$576,754 in November versus a budgeted loss of <\$174,994>, due to losses from the operation of the Medical Center.

The District's cash and investments balance as of November 30, 2015 is \$1,227,062 as compared to the yearend balance of \$2,386,298; the change is mostly due to the \$903,112 purchase of land for the Valley Springs clinic location.

"Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides competent, professional and compassionate healing".



**MARK TWAIN HEALTH CARE DISTRICT
NOVEMBER 2015**

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**MARK TWAIN HEALTH CARE DISTRICT
STATEMENT OF REVENUES AND EXPENSES
NOVEMBER 2015**

NOVEMBER					Year-to-date					
<u>Actual</u>	<u>Budget</u>	<u>Var %</u>	<u>Last Yr</u>	<u>Var %</u>	<u>Line #</u>	<u>Actual</u>	<u>Budget</u>	<u>Var %</u>	<u>Last Yr</u>	<u>Var %</u>
\$25,837	\$25,837	0%	\$25,837	0%	1	\$129,183	\$129,185	0%	\$129,183	0%
481	481	0%	481	0%	2	2,407	2,407	0%	2,407	0%
17,914	17,937	0%	17,837	0%	3	89,416	89,685	0%	89,032	0%
70,833	70,833	0%	67,667	5%	4	354,165	354,167	0%	338,335	5%
396	917	-57%	14	2744%	5	3,833	4,583	-16%	1,199	220%
(425)	104	-508%	1,635	-126%	6	745	521	43%	4,675	-84%
\$115,037	\$116,109	-1%	\$113,471	1%		\$579,749	\$580,548	0%	\$564,831	3%
1,837	1,750	5%	0	0%	6	9,336	8,750	7%	0	0%
2,150	5	42905%	1,131	90%	7	6,675	5,375	24%	5,656	18%
0	2,083	-100%	1,240	-100%	8	17,357	10,417	67%	3,210	441%
81	1,000	-92%	0	0%	9	11,064	5,000	121%	8,550	29%
6,160	6,160	0%	6,160	0%	10	27,720	30,800	-10%	30,800	-10%
3,800	1,667	128%	0	0%	11	30,018	8,333	260%	130	22956%
6,055	6,237	-3%	6,743	-10%	12	30,276	31,184	-3%	33,714	-10%
43,242	49,583	-13%	46,054	-6%	13	234,053	247,917	-6%	283,739	-18%
17,937	17,937	0%	17,499	3%	14	89,685	89,685	0%	87,494	3%
7,488	8,879	-16%	9,914	-24%	15	37,440	44,395	-16%	46,334	-19%
1,138	833	37%	1,280	-11%	16	3,635	4,167	-13%	6,398	-43%
0	625	-100%	0	0%	17	2,016	3,125	-36%	0	0%
1,000	1,250	-20%	0	0%	18	5,558	6,250	-11%	0	0%
3,469	583	495%	0	0%	19	4,691	2,917	61%	1,817	158%
\$94,356	\$98,592	-4%	\$90,020	5%		\$509,524	\$498,315	2%	\$507,842	0%
\$20,681	\$17,517	18%	\$23,451	-12%		\$70,225	\$82,233	-15%	\$56,989	23%
\$0	\$625	-100%	\$0	0%	20	\$9,016	\$3,125	189%	\$5,235	72%
500	3,333	-85%	0	0%	21	4,808	16,667	-71%	0	0%
0	0	0%	0	0%	22	195	1,500	-87%	2,456	-92%
0	0	0%	0	0%	23	0	10,000	-100%	0	0%
0	2,000	-100%	4,134	-100%	24	0	4,000	-100%	4,134	-100%
1,454	0	0%	0	0%	25	3,024	0	0%	560	440%
0	333	-100%	0	0%	26	0	1,667	-100%	0	0%
0	1,250	-100%	0	0%	27	17,250	6,250	176%	250	6800%
0	2,500	-100%	0	0%	28	0	12,500	-100%	0	0%
0	0	0%	0	0%	29	0	10,000	-100%	0	0%
0	1,000	-100%	0	0%	30	0	5,000	-100%	0	0%
\$1,954	\$11,042	-82%	\$4,134	-53%		\$34,293	\$70,709	-52%	\$12,636	171%
\$18,727	\$6,475	189%	\$19,317	-3%		\$35,932	\$11,524	212%	\$44,353	-19%
(\$624,141)	(\$212,412)	194%	(\$428,747)	46%	31	(\$1,585,014)	(\$892,111)	78%	(\$1,094,637)	45%
47,388	37,418	27%	64,329	-26%	32	(169,366)	187,090	-191%	126,064	-234%
(\$576,754)	(\$174,994)	230%	(\$364,418)	58%		(\$1,754,379)	(\$705,021)	149%	(\$968,573)	81%
(\$558,027)	(\$168,519)	231%	(\$345,101)	62%		(\$1,718,447)	(\$693,497)	148%	(\$924,220)	86%

MARK TWAIN HEALTH CARE DISTRICT
BALANCE SHEET
NOVEMBER 2015

ASSETS	NOVEMBER 2015	JUNE 2015	LIABILITIES AND NET ASSETS	NOVEMBER 2015	JUNE 2015
<u>CURRENT ASSETS</u>			<u>CURRENT LIABILITIES</u>		
Cash and cash equivalents	\$215,012	\$1,377,470	Accounts payable and accrued expenses	\$33,047	\$71,277
Umpqua Investments	1,012,050	1,008,828	Deferred Rental Revenue	37,778	0
Investments - CDARS	0	0	Security Deposits	2,275	2,275
Due from Calaveras County	354,165	48,479	Due to MTMC Corporation - rental clearing	129,192	142,375
Security Deposit	0	0	Payroll Liabilities	1,742	1,269
Accrued Interest Receivable	890	890			
Accounts Receivable (net)	0	0			
Prepaid expenses and other	7,946	7,031			
	<hr/>	<hr/>	Total current liabilities	<hr/>	<hr/>
Total current assets	\$1,590,063	\$2,442,698		\$204,033	\$217,196
<u>LONG TERM INVESTMENTS</u>					
Minority Interest in MTMC	\$18,074,152	\$19,828,531			
Total LT Investments	<hr/>	<hr/>			
	\$18,074,152	\$19,828,531			
<u>PROPERTY, PLANT AND EQUIPMENT</u>					
Land and land improvements	\$1,787,726	\$884,614			
Buildings and improvements	4,570,497	4,570,497			
Construction in Progress (Valley Springs)	62,851	73,199			
Equipment	698,157	698,156			
Total gross PPE	\$7,119,230	\$6,226,467			
Accumulated Depreciation	(5,246,770)	(5,209,800)			
Net property, plant and equipment	<hr/>	<hr/>			
	\$1,872,460	\$1,016,667			
<u>OTHER ASSETS</u>			<u>NET ASSETS (Fund Balances)</u>		
Due from State Prop 1A	\$0	\$0	Fund balance - District	\$3,474,671	\$3,426,695
Capitalized Lease Negotiation	139,255	119,173	Fund balance - Minority Interest in MTMC	19,720,637	19,072,488
Intangible assets	4,965	5,435	Fund balance - District CY	35,932	47,976
			Fund balance - Minority Interest CY	(1,754,379)	648,149
Total other assets	<hr/>	<hr/>	Total net assets	<hr/>	<hr/>
	\$144,220	\$124,608		\$21,476,861	\$23,195,308
Total assets	<hr/>	<hr/>	Total Liabilities and net assets	<hr/>	<hr/>
	\$21,680,895	\$23,412,504		\$21,680,895	\$23,412,504

Mark Twain Health Care District Operating Budget

Mark Twain Health Care District
Budget FY 2016

	2015-2016 BUDGET												
	thru June 2016	Jul '15	Aug '15	Sep '15	Oct '15	Nov '15	Dec '15	Jan '16	Feb '16	Mar '16	Apr '16	May '16	Jun '16
Ordinary Income/Expense													
Income													
550.10 - Rental Revenue	310,044	25,837	25,837	25,837	25,837	25,837	25,837	25,837	25,837	25,837	25,837	25,837	25,837
550.20 - Land Rental Revenue	5,777	481	481	481	481	481	481	481	481	481	481	481	481
550.30 - MOB Lease Rent	215,243	17,937	17,937	17,937	17,937	17,937	17,937	17,937	17,937	17,937	17,937	17,937	17,937
560.10 - District Tax Revenue	850,000	70,833	70,833	70,833	70,833	70,833	70,833	70,833	70,833	70,833	70,833	70,833	70,833
570.10 - Interest Income	11,000	917	917	917	917	917	917	917	917	917	917	917	917
570.20 - Other Miscellaneous Income	1,250	104	104	104	104	104	104	104	104	104	104	104	104
Total Income	1,393,314	116,110	116,110	116,110	116,110	116,110	116,110	116,110	116,110	116,110	116,110	116,110	116,110
Expense													
66000 - Payroll Expense	21,000	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750
710.00 - Insurance	12,900	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075
715.23 - Legal Fees	25,000	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,500
715.24 - Audit Fees	12,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
715.25 - Management Consulting Fees	73,920	6,160	6,160	6,160	6,160	6,160	6,160	6,160	6,160	6,160	6,160	6,160	6,160
715.26 - Operational Consulting Fees	20,000	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667
720.64 - Accounting Services	74,842	6,237	6,237	6,237	6,237	6,237	6,237	6,237	6,237	6,237	6,237	6,237	6,237
730.00 - Utilities	595,000	49,583	49,583	49,583	49,583	49,583	49,583	49,583	49,583	49,583	49,583	49,583	49,583
731.00 - Community Education & Marketing	15,000	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	833
734.00 - MOB Rent	215,243	17,937	17,937	17,937	17,937	17,937	17,937	17,937	17,937	17,937	17,937	17,937	17,937
735.00 - Valley Springs Payment	-	0	0	0	0	0	0	0	0	0	0	0	0
740.86 - Dues and Subscriptions	10,000	833	833	833	833	833	833	833	833	833	833	833	1,250
740.88 - Travel, Meals & Lodging	7,500	625	625	625	625	625	625	625	625	625	625	625	837
740.00 - Miscellaneous	7,000	583	583	583	583	583	583	583	583	583	583	583	683
Total Operating Expense	1,089,405	90,784	90,784	90,784	90,784	90,784	90,784	90,784	90,784	90,784	90,784	90,784	91,512
Operating Income Before Programs & Events	303,909	25,326	25,326	25,326	25,326	25,326	25,326	25,326	25,326	25,326	25,326	25,326	24,597
716.00 - Programs and Events													
716.01 - Pink in the Night	7,500	625	625	625	625	625	625	625	625	625	625	625	625
716.02 - Health Fair	40,000	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333
716.03 - Health Education Forum	3,000	0	1,500	0	0	0	0	1,500	0	0	0	0	0
716.07 - Chronic Disease Program	20,000	0	10,000	0	0	0	0	10,000	0	0	0	0	0
716.08 - Respite Care Program	20,000	0	0	0	0	0	0	20,000	0	0	0	0	0
716.09 - Technology for Students	4,000	0	0	2,000	2,000	0	0	0	0	0	0	0	0
716.10 - Miscellaneous	12,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
716.12 - Golden Health Awards	40,000	0	0	0	0	0	0	10,000	30,000	0	0	0	0
716.13 - Foundation Sponsorships	4,000	333	333	333	333	333	333	333	333	333	333	333	333
716.14 - Community Sponsorships	15,000	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
716.15 - Outpatient Telehealth	30,000	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Total Programs & Events	195,500	9,042	20,542	11,042	11,042	9,042	9,042	50,542	39,042	9,042	9,042	9,042	9,042
Operating Income After Programs & Events	108,409	16,284	4,784	14,284	14,284	16,284	16,284	(25,216)	(13,716)	16,284	16,284	16,284	15,556
735.00 - Depreciation & Amortization	106,548	8,879	8,879	8,879	8,879	8,879	8,879	8,879	8,879	8,879	8,879	8,879	8,879
TOTAL OPERATING INCOME	1,861	7,405	(4,095)	5,405	5,405	7,405	7,405	(34,095)	(22,595)	7,405	7,405	7,405	6,677

Mark Twain Healthcare District
Cash Flow Statement
November 2015 & YTD FY15

	November	YTD
<u>CASH RECEIVED</u>		
Total Income	\$ 115,037	\$ 579,749
Non Cash Items affecting Income		
Tax accrual	\$ (70,833)	\$ (305,686)
Rental Clearing	(2,637)	(13,183)
Umpqua (gain) loss	120	(3,222)
Deferred Revenue	-	37,778
	-	-
Total Items affecting Income	<u>\$ (73,350)</u>	<u>\$ (284,313)</u>
Cash Items not in Income		
Property Tax pymt		\$ -
CDARS Investments	-	-
Security Deposit		-
Receivables	3,336	-
Total Items not in Income	<u>\$ 3,336</u>	<u>\$ -</u>
Cash Received in Month/YTD	<u>\$ 45,023</u>	<u>\$ 295,436</u>
<u>CASH PAID OUT</u>		
Total Expenses	<u>\$ 96,310</u>	<u>\$ 543,817</u>
Non Cash Items affecting Expense		
Depreciation	\$ (7,488)	\$ (37,440)
Angels Camp writeoff	-	
Payroll liab	(380)	(473)
Total Items affecting Expense	<u>\$ (7,868)</u>	<u>\$ (37,913)</u>
Cash Items not in Expense		
Prepays	\$ (2,269)	\$ 915
Vendor Rebates		-
Accounts Payable	-	38,231
Fixed Assets	-	-
Lease Negotiation	2,640	20,082
VS Land Costs	1,721	(10,349)
Land		903,112
Total Items not in Expense	<u>\$ 2,092</u>	<u>\$ 951,990</u>
Cash Paid Out in Month/YTD	<u>\$ 90,534</u>	<u>\$ 1,457,893</u>
NET CHANGE IN CASH BALANCE	<u>\$ (45,511)</u>	<u>\$ (1,162,458)</u>

* Ties out to Check Register

Mark Twain Healthcare District
Simplified Cash Flow
November 2015

CASH RECEIVED

Mark Twain Medical Center	\$	23,200
Stockton Cardiology		6,672
Mark Twain Medical Center		14,578
Jake Koplen		482
Calaveras County		-
Umpqua Bank		91
Prepaid Rent Revenue		-
Total Cash Received in Month	\$	<u>45,023</u>

Comment

Hospital Lease Agreement
MOB rental suite 101 2 mos
MOB rental suites 102,103,104,105
Land Lease - parcel #5
Final apportionment of 5% due in August
Money Market interest
Received in October and November

CASH PAID OUT

IRS/EDD payments		-
Check Register	\$	<u>90,534</u>
NET CHANGE IN CASH BALANCE	\$	<u>(45,511)</u>

See check register for detail

**Mark Twain Health Care District
List of Renters and Leases
November 30, 2015**

1/18/2016

Name	Contract Date	Commencement Date	Lease Term	expire date	MOB Suite	Location	District Pays Utilities	Type	Monthly Rent	Sq ft Rate	CAM	Total	Sq Ft.	Comments
					First Floor	704 Mountain Ranch Rd, Building E								
Medical Office Building Subleases														
Stockton Cardiology	8/15/2007	8/15/2007	5 years	8/14/2017	101	see above	N	Office	\$ 2,783.63	2.18	\$ 552.50	\$ 3,336.13	1,276	Current thru 11/2015
Specialty Clinic - GI	9/1/2012	9/1/2012	5 years	9/1/2017	102	see above	Y	Office	\$ 2,688.67	2.11	\$ 552.50	\$ 3,241.17	1,276	Current thru 11/2015
San Andreas FMC	9/22/2008	1/1/2009	5 years	7/1/2019	103/104	see above	Y	Clinic	\$ 7,026.63	3.05	*	\$ 7,026.63	2,304	Current thru 11/2015
San Andreas FMC	7/1/2014	7/1/2014	5 years	7/1/2019	105	see above	Y	Office	\$ 3,757.72	2.29	\$ 552.50	\$ 4,310.22	1,644	Current thru 11/2015
Total MOB lease income									\$ 16,256.65		\$ 1,657.50	\$ 17,914.15	6,500	
Hospital Lease Agreement w/ Corporation														
Mark Twain Medical Center	1/1/1990	1/1/1990	30 years	12/31/2019		768 Mountain Ranch	Reimburse	Hospital	\$ 23,200.00		NA	\$ 23,200.00		
Office Lease														
San Andreas Medical and Professional Offices (Diede)	3/1/2007	3/1/2007	20 years	2/28/2027	First Floor	704 Mountain Ranch Rd, Building E	N	Office	\$ 15,043.54		\$ 2,893.39	\$ 17,936.93	6,500	Rent increases 3% each year.
Land Lease														
Jake Koplen	5/3/1994	5/3/1994	50 years	5/2/2044		Parcel 5, 700 Mountain Ranch Road, MOB Bldgs A, B, C	Y	Land	\$ 481.42		NA	\$ 481.42	NA	At term of lease Improvements (buildings) become District property. May terminate lease after 35 years and purchase Improvements.
San Andreas Medical and Professional Offices (Diede)	5/20/2004	5/20/2004	50 years	5/19/2054		Parcel 3, Building E (MOB Property)	N	Land	\$ 1 / Yr		NA	\$ 1 / Yr	NA	At term of lease Improvements (buildings) become District property. May terminate lease after 35 years and purchase Improvements.
											* CAM charges included in rent			

Mark Twain Healthcare District
Transaction Detail by Account
November 2015

Type	Date	Num	Name	Memo	Clr	Amount
Check	11/13/2015	119	Peggy Stout	period ending 9/30	√	(967.12)
Check	11/30/2015	120	Peggy Stout	period ending 9/30	√	(489.57)
Check	11/01/2015	13230	San Andreas Medical & Professional Office		√	(17,936.93)
Check	11/01/2015	13235	AT&T Mobilty		√	(331.84)
Check	11/01/2015	13236	San Andreas Sanitary District		√	(5,357.72)
Check	11/11/2015	13238	PG&E VS 46578486352 Clinic Ste 10		√	(169.65)
Check	11/11/2015	13239	PG&E 46995152991 VS Clinic Ste 9		√	(231.00)
Check	11/11/2015	13240	PG&E 89195984003 #B1		√	(577.93)
Check	11/11/2015	13241	PG&E 71068388090 MOB Condo		√	(578.92)
Check	11/11/2015	13242	PG&E 39918320076		√	(211.90)
Check	11/11/2015	13243	PG&E 74021406306 SAFMC		√	(699.10)
Check	11/11/2015	13244	Calaveras First		√	(1,416.55)
Check	11/11/2015	13245	USPS	BRM Replenishment	√	(175.00)
Check	11/11/2015	13246	Amerigas		√	(57.59)
Check	11/11/2015	13247	J.S. West		√	(14.09)
Check	11/11/2015	13248	City of Angels		√	(170.40)
Check	11/11/2015	13249	Columbia Communications, Inc.		√	(645.00)
Check	11/11/2015	13250	Calaveras Telephone		√	(405.52)
Check	11/11/2015	13251	AT&T 0518795579001	248137000754/952	√	(37.62)
Check	11/11/2015	13252	AT&T 457-7		√	(17.38)
Check	11/11/2015	13253	Calaveras County Tax Collector		√	(3,135.00)
Check	11/11/2015	13254	California Waste Recovery			(337.79)
Check	11/11/2015	13255	PG&E 2306121143-1 ortho		√	(585.28)
Check	11/11/2015	13256	AT&T OneNet		√	(1,481.28)
Check	11/11/2015	13257	CPPA		√	(24,157.00)
Check	11/11/2015	13258	Productivity Plus Systems		√	(4,400.00)
Check	11/11/2015	13259	Computer Fireman		√	(25.00)
Check	11/11/2015	13260	The Union Democrat		√	(1,037.21)
Check	11/11/2015	13261	Peggy Stout	period ending 9/30	√	(133.68)
Check	11/11/2015	13262	American Modern Insurance Company	Ins - 1 yr - 1934 S Highway 26 Valley Springs CA	√	(1,019.00)
Check	11/11/2015	13263	Tribble and Ayala		√	(81.20)

Mark Twain Healthcare District
Transaction Detail by Account
November 2015

Check	11/11/2015	13264	GO-Team Consulting, LLC	√	(3,800.00)
Check	11/11/2015	13265	Valley Springs Elementary School		(500.00)
Check	11/19/2015	13266	Mark Twain Medical Center Healthcare Corp		(6,055.16)
Check	11/19/2015	13267	Productivity Plus Systems	√	(4,400.00)
Check	11/19/2015	13268	Aspen Street Architects	√	(1,721.05)
Check	11/19/2015	13269	AT&T 754-9362	√	(374.28)
Check	11/19/2015	13270	PG&E 42630399709 Hospital	√	(5,130.34)
Check	11/19/2015	13271	La Contenta Plaza	√	(1,072.43)
Check	11/19/2015	13272	Mosbaugh Properties, Inc.	√	(597.70)
			Total		<u>(90,534.23)</u>

December 28, 2015

Mark Twain Health Care District
Board of Directors
P.O. Box 668
San Andreas, CA 95249

Dear Peter Oliver, MD, President and Board Members

I am writing regards to the resignation of Craig Marks, CEO Mark Twain Medical Center.

I was very surprised and dis-heartened to read in the newspaper of his resignation.

I am sure you are aware that the Mark Twain Hospital and Medical Care facilities has been an issue with local citizens prior to Mr. Marks arrival. As a matter of fact, when my husband and I moved here over 10 years ago we took our medical needs to Sonora because of the negative comments we heard. Since Craig Marks has been the CEO these conditions have changed dramatically. He has made some very positive changes to the Mark Twain Medical Center by hiring new doctors and added new services to the hospital so patients could get their health care needs met locally rather than driving to Stockton, Modesto or Sonora. What Mr. Marks has done has been very positive for our rural communities.

I am now a patient with the Mark Twain Medical because of the recent changes that have been made and am very concerned that I may need to return to Sonora if Mark Twain Medical does not continue to move forward.

It is my hope that you, as an elected official, will look into this matter and consider a possible reinstatement of Mr. Marks. This community needs forward thinking leaders such as Marks to provide the kind of medical services the community deserves.

Remember your mission:

“Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides high quality, professional and compassionate health care”.

Respectfully Submitted,



Vicky Reinke
Resident of Angels Camp
209 736-0233

cc: John VanBoening, Senior VP – Dignity Health
Lloyd Dean, President – Dignity Health



Dear Peter Oliver MD. President MTHCD

A gift given in memory of someone's passing is one of the most thoughtful tributes that friends and colleagues can make. Thank you for your most generous gift in memory of Colleen Smart.

We have notified Dr. Randal Smart and family of your thoughtfulness. The amount of your gift will remain confidential.

Your donation will help to support Mark Twain Medical Center Foundation give life and hope to others by providing education, equipment, health care services, to our community. Your continued friendship, dedication, and support are greatly appreciated.

The Foundation acknowledges your generous gift. Your ongoing support is highly valued.

Sincerely,

A handwritten signature in black ink that reads "Peggy H. Lucas". The signature is fluid and cursive, with a long horizontal line extending from the end.

Peggy H. Lucas
VP of Philanthropy
Mark Twain Medical Center

Mark Twain Health Care District
Gift Amount: \$1,000.00
Check Number: 013331
Dated: 1/6/2016

Tax ID #68-0023507- 501(c)3

To all of the members of the
Mank-Juvin Health Care District-

It is with our sincere
thanks that I send this

note for your generous
donation to the Mank-Juvin
Medical Foundation in the name
of Colleen Smart. As you all
know, the medical foundation
was such an important part
of Colleen's life, she would be
greatly touched by your
care and your generosity.

On behalf of all of the
Smart family - Thank you.

Sincerely,
Sally



Audited Financial Statements

MARK TWAIN
HEALTH CARE DISTRICT

June 30, 2015

JWT & Associates, LLP
Certified Public Accountants

Audited Financial Statements

MARK TWAIN HEALTH CARE DISTRICT

June 30, 2015

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Audited Financial Statements

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Management's Discussion and Analysis

MARK TWAIN HEALTH CARE DISTRICT

June 30, 2015

The management of the Mark Twain Health Care District (the District) has prepared this annual discussion and analysis in order to provide an overview of the District's performance for the fiscal year ended June 30, 2015 in accordance with the Governmental Accounting Standards Board Statement No. 34, *Basic Financials Statements; Management's Discussion and Analysis for State and Local Governments*. The intent of this document is to provide additional information on the District's financial performance as a whole in addition to providing a prospective look at revenue growth, operating expenses, and capital development plans. This discussion should be reviewed in conjunction with the audited financial statements for the fiscal year ended June 30, 2015 and accompanying notes to the financial statements to enhance one's understanding of the District's financial performance.

Financial Highlights

The District's financial statements consist of three statements: balance sheet; statement of revenues, expenses, and changes in net position; and statement of cash flows. These financial statements and related notes provide information about the activities of the District, including resources held by the District but restricted for specific purposes by contributors, grantors, or enabling legislation.

The balance sheet includes all of the District's assets and liabilities, using the accrual basis of accounting, as well as an indication about which assets can be used for general purposes and which are designated for a specific purpose.

Highlights within the balance sheet for the year ended June 30, 2015 were:

- (1) Total assets increased by \$47,607 due mainly to a \$55,245 increase in the District's interest in Mark Twain Medical Center;
- (2) Cash and cash equivalents decreased by \$42,741 due mainly to property and equipment purchases of \$167,591 and other asset increases of \$40,026, both of which were funded mainly by operating cash during the year;
- (3) Other receivables decreased slightly by \$11,431 as most of the rent due from tenants by June 30, 2015 was collected before year end as opposed to the prior year when there was \$16,045 due in rent and other receivables at June 30, 2014;
- (4) Property and equipment increased by \$13,495 as additions were \$167,591, less depreciation expense of \$108,084 and a loss on disposal of \$46,012. The loss occurred due to the write off of previously capitalized costs associated with the a possible purchase of a location for a rural health care clinic in Angels Camp, California
- (5) Other assets increased due mainly to the further capitalization of lease negotiation costs of \$41,154 during the year.
- (6) Accounts payable increased by \$30,002 due to the closeness of the timing of certain services towards year end which were paid subsequent to year end.

Management's Discussion and Analysis (continued)

MARK TWAIN HEALTH CARE DISTRICT

The statement of revenues, expenses and changes in net position reports all of the revenues earned and expenses incurred during the time period indicated. Net position (the difference between total assets and total liabilities) is one way to measure the financial health of the District.

Highlights within the statement of revenues, expenses and changes in net position for the year ended June 30, 2015 were:

- (1) An excess of operating revenues over operating expenses of \$21,823 as compared to the prior year excess of \$28,120. Operating revenues were \$1,406,172 (an increase of \$116,103 over the prior year) while operating expenses were \$1,384,349 (an increase of \$122,400 over the prior year);
- (2) A \$29,093 non-operating expense in debt financing costs related to the forthcoming debt borrowings as described in the subsequent events footnote;
- (3) A \$55,245 gain in the interest in Mark Twain Medical Center for the year ended June 30, 2015 as compared to the 2014 gain of \$669,164.

The statement of cash flows reports the cash provided by and used by the District's operating activities, as well as other cash sources such as investment income and cash payments for capital additions and improvements. This statement provides meaningful information on how the District's cash was generated and how it was used during the fiscal year.

Cash and Investments

For the fiscal year ended June 30, 2015, the District's operating cash and investments totaled \$2,386,298 as compared to \$2,429,039 in fiscal year 2014. At June 30, 2015, days cash on hand were 683 as compared to June 30, 2014 when days cash on hand were 780. The District maintains sufficient cash and cash equivalent balances to pay all short-term liabilities.

Current Assets and Liabilities

Current assets decreased by \$61,159 due mainly to a decrease in cash and cash equivalents of \$42,741 and a decrease in other receivables of \$11,431 for reasons previously described. Accounts payable of the District increased by \$30,002 as the average pay period increased from 13.98 in 2014 to 21.05 in 2015. These changes also produced a current ratio of 11.25 for June 30, 2015 as compared to 11.51 for June 30, 2014.

Management's Discussion and Analysis (continued)

MARK TWAIN HEALTH CARE DISTRICT

Capital and Other Assets

Capital asset additions were comprised of property and equipment, and construction in progress purchases. During the year ended June 30, 2015, these purchases amounted to \$167,591 and were funded by operating cash and cash equivalents. These additions, coupled with \$108,084 in depreciation expense and a write off of previously capitalized costs of \$46,012, resulted in a net increase in capital assets of \$13,495. During the year the District wrote off \$46,012 of previously capitalized costs related toward the purchase of a new site for a rural health clinic in the neighboring town of Angels Camp. Negotiations for this site were terminated during the year and a new site in Valley Springs, California was selected. There was \$73,199 purchased and capitalized in construction in progress projects as of June 30, 2015 towards this new site.

The District also spent an additional \$41,154 in costs towards the lease negotiations for a new long-term lease with Mark Twain Medical Center. These costs have also been capitalized as an other asset for an accumulated total of \$119,173 as of June 30, 2015.

District Revenues and Rental Income

The District receives approximately 65% of its operating support from property taxes. These funds are used to support operations of the District. They are classified as operating revenue as the revenue is directly linked to the operations of the District. Property taxes are levied by the County on the District's behalf during the year, and are intended to help finance the District's activities during the same year. Amounts are levied on the basis of the most current property values on record with the County. Property taxes increased in 2015 by \$60,906 from 2014.

The District also rents and/or leases hospital facilities, private office for physicians and land to various entities and individuals for purposes of supplying healthcare to the residents in the surrounding area. Rental income for the year ended June 30, 2015 also increased by \$52,689 over the previous year.

Operating Expenses

Total operating expenses were \$1,384,349 for fiscal year 2015 compared to \$1,126,949 for the prior fiscal year. The 9% increase is mainly due primarily to:

- (1) A \$9,502 slight increase in professional fees. However other professional fees have been capitalized as they pertained to the new clinic site and the negotiations of the new lease amendment with Mark Twain Medical Center.
- (2) A \$77,531 increase in program and event expenses as the District offered more programs and events for the general public during the year in efforts to educate those interested in on-going healthcare issues.

Management's Discussion and Analysis (continued)

MARK TWAIN HEALTH CARE DISTRICT

(3) A \$35,476 increase in tenant services as those service agreements were updated during the year.

(4) A \$28,703 decrease in utilities due mainly to revised accountability with Mark Twain Medical Center and better efficiencies added during the year.

All other expenses were very comparable to the prior year.

Economic Factors and Next Fiscal Year's Budget

The District's board approved the fiscal year ending June 30, 2016 budget at a recent 2015 Board meeting. For fiscal year 2016, the District is budget has the following assumptions:

Property taxes were budgeted at the approximately the same levels of 2015 while rents increased slightly.

Utilities were budgeted to increase slightly.

Professional fees and other operating expenses are expected to remain fairly consistent for the year as compared to 2015.

As noted in the footnotes, the District has negotiated the sixth amendment of the current lease agreement with Mark Twain Medical Center and is currently in negotiations with the new long-term lease agreement which should be put into place in the near future.

JWT & Associates, LLP

A Certified Public Accountancy Limited Liability Partnership

1111 East Herndon Avenue, Suite 211, Fresno, California 93720
Voice: (559) 431-7708 Fax: (559) 431-7685 Email: rjetcpa@aol.com

Report of Independent Auditors

The Board of Directors
Mark Twain Health Care District
San Andreas, California

We have audited the accompanying financial statements of the Mark Twain Health Care District, (the District) which comprise the balance sheet as of June 30, 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the District at June 30, 2015, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

The June 30, 2014 financial statements of the District were audited by TCA Partners, LLP, who merged into JWT & Associates, LLP as of April 1, 2015. The June 30, 2014 audit report was issued on December 2, 2014 on which an unmodified opinion was expressed.

Supplementary Information

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

JWT & Associates, LLP

Fresno, California
October 20, 2015

Balance Sheets

MARK TWAIN HEALTH CARE DISTRICT

	June 30	
	<u>2015</u>	<u>2014</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,386,298	\$ 2,429,039
Other receivables	49,369	60,800
Prepaid expenses and deposits	<u>7,031</u>	<u>14,018</u>
Total current assets	2,442,698	2,503,857
Property and equipment:		
Land	734,307	734,307
Land improvements	150,308	150,308
Buildings and improvements	4,560,258	4,478,938
Equipment	708,395	698,156
Construction in progress	<u>73,199</u>	<u>43,179</u>
	6,226,467	6,104,888
Less accumulated depreciation	<u>(5,209,800)</u>	<u>(5,101,716)</u>
	1,016,667	1,003,172
Interest in Mark Twain Medical Center	19,828,531	19,773,286
Other assets	<u>124,608</u>	<u>84,582</u>
Total assets	<u>\$ 23,412,504</u>	<u>\$ 23,364,897</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable and accrued expenses	\$ 73,552	\$ 43,550
Accrued payroll and related liabilities	1,269	
Due to Mark Twain Medical Center	<u>142,375</u>	<u>174,014</u>
Total current liabilities	217,196	217,564
Unrestricted net position	<u>23,195,308</u>	<u>23,147,333</u>
Total liabilities and net position	<u>\$ 23,412,504</u>	<u>\$ 23,364,897</u>

See accompanying notes

Statements of Revenues, Expenses and Changes in Net Position

MARK TWAIN HEALTH CARE DISTRICT

	Year Ended June 30	
	<u>2015</u>	<u>2014</u>
Revenues:		
District taxes	\$ 864,924	\$ 804,018
Rental income	529,704	477,015
Interest and other income	<u>11,544</u>	<u>9,036</u>
Total revenues, gains and losses	1,406,172	1,290,069
Expenses:		
Salaries, wages and administrative benefits	10,480	21,330
Professional fees	122,560	113,058
Programs and events	152,691	75,160
Tenant services	77,476	42,000
Medical office building rent	209,985	204,880
Utilities and phone	598,074	626,777
Insurance	14,447	10,485
Repairs and maintenance	807	
Depreciation and amortization	109,212	124,961
Loss on disposal	46,012	
Other operating expenses	<u>42,605</u>	<u>43,298</u>
Total expenses	<u>1,384,349</u>	<u>1,261,949</u>
Excess of revenues over expenses	21,823	28,120
Nonoperating revenues (expenses):		
Debt financing costs	(29,093)	
Gain (loss) in interest in Mark Twain Medical Center	<u>55,245</u>	<u>669,164</u>
Increase (decrease) in net position	47,975	697,284
Net position at the beginning of the year	<u>23,147,333</u>	<u>22,450,049</u>
Net position at the end of the year	<u>\$ 23,195,308</u>	<u>\$ 23,147,333</u>

See accompanying notes

Statements of Cash Flows

MARK TWAIN HEALTH CARE DISTRICT

	Year Ended June 30	
	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from district taxes	\$ 860,045	\$ 893,301
Cash received from rental & other activities	448,443	408,403
Cash paid for administrative benefits	(9,211)	(21,330)
Cash paid for suppliers and outside vendors	<u>(1,104,180)</u>	<u>(1,091,712)</u>
Net cash provided by operating activities	195,097	188,662
Cash flows from financing and investing activities:		
Purchases of property and equipment, net of disposals	(113,474)	(34,378)
Debt financing costs	(29,093)	
Change in other assets	<u>(95,271)</u>	<u>(58,535)</u>
Net cash used in financing activities	<u>(237,838)</u>	<u>(92,913)</u>
Net increase in cash and cash equivalents	(42,741)	95,749
Cash and cash equivalents at beginning of year	<u>2,429,039</u>	<u>2,333,290</u>
Cash and cash equivalents at end of year	<u>\$ 2,386,298</u>	<u>\$ 2,429,039</u>
 Reconciliation of changes in net position to net cash provided by operating activities		
Excess of revenues over expenses	\$ 21,823	\$ 28,120
Adjustments to reconcile changes in net position to net cash provided by operating activities:		
Depreciation and amortization	109,212	124,961
Loss on disposal	46,012	
Changes in operating assets and liabilities:		
District tax and other receivables	11,431	85,273
Prepaid expenses	6,987	2,785
Accounts payable and accrued expenses	30,002	(20,839)
Accrued payroll and related liabilities	1,269	
Due to Mark Twain Medical Center	<u>(31,639)</u>	<u>(31,638)</u>
Net cash provided by operating activities	<u>\$ 195,097</u>	<u>\$ 188,662</u>

See accompanying notes

MARK TWAIN HEALTH CARE DISTRICT

June 30, 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Mark Twain Health Care District (the District) is a tax-exempt political subdivision of the State of California operating under the California Health and Safety Code and is governed by a five-member elected Board of Directors. The District was organized in 1946, and began operating a healthcare facility located in San Andreas, California, in 1951. Effective January 1, 1990, the District obtained regulatory approval to lease the hospital facilities to Mark Twain Medical Center (the Corporation), a nonprofit public benefit corporation organized without membership in 1987, under the California Nonprofit Public Benefit Corporation Law for the purpose of leasing the hospital facilities from the District. In January 1990, the Corporation entered into a management agreement with St. Joseph's Regional Health System ("SJRHS") of Stockton, California, an affiliate of Dignity Health ("DH"). As of September 2001, the management agreement was amended to replace SJRHS with DH, as SJRHS had been dissolved as part of a CHW reorganization. The Corporation's Board of Trustees is appointed by the District and DH whereby DH appoints three members of the seven-member Corporation Board of Trustees and holds significant reserve powers. In the event of its dissolution, the Corporation's bylaws require that its net position be divided equally between the District and DH.

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

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

Changes in Financial Statement Presentation: The District has adopted the provisions of GASB 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (Statement 34), as amended by GASB 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and Statement 38, *Certain Financial Statement Note Disclosures*. Statement 34 established financial reporting standards for all state and local governments and related entities. Statement 34 primarily relates to presentation and disclosure requirements. The impact of this change was related to the format of the financial statements; the inclusion of management's discussion and analysis; and the preparation of the statement of cash flows on the direct method. The application of these accounting standards had no impact on the total net position.

MARK TWAIN HEALTH CARE DISTRICT

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Recent Pronouncements: The District has incorporated the following recent GASB issued statements within the financial statement presentation: (1) GASB 61 - *The Financial Reporting Entity: Omnibus* which helps better define financial presentation and component units (the District has no component units as of June 30, 2015); (2) GASB 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* which supercedes GASB 20; (3) GASB 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* - which establishes new standards involving consumption of net position and the acquisition of net position, both of which are applicable to future periods as well as further defining net position (formerly net assets); and (4) GASB 65 - *Items Previously Reported as Assets and Liabilities* which has the affect of expensing debt related financing costs which were previously capitalized as debt issuance costs and amortized over the life of the related debt borrowing. For purposes of financial statement presentation, deferred outflows, when present, are shown with the assets of the District on the combined balance sheet and deferred inflows, when present, are considered deferred revenues and grouped with the liabilities of the District on the balance sheet. As of June 30, 2015, the District has neither deferred outflows or deferred inflows recorded within their financial records.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported results of operations for the period. Actual results could differ from those estimates.

Risk Management: To cover the District against various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accidental benefits, commercial insurance coverage is purchased.

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

MARK TWAIN HEALTH CARE DISTRICT

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment: Property and equipment are reported on the basis of cost, or in the case of donated items, on the basis of fair market value at the date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures which increase values, change capacities, or extend useful lives are capitalized. Depreciation of property and equipment and amortization of property under capital leases are computed by the straight-line method for both financial reporting and cost reimbursement purposes over the estimated useful lives of the assets, which range from 5 to 40 years for buildings and improvements, and 5 to 20 years for equipment.

Net Position: Net position, under the new GASB requirements, are to be presented in three categories. The first category is net position “invested in capital assets, net of related debt”. This category of net position consists of capital assets (both restricted and unrestricted), net of accumulated depreciation and reduced by the outstanding principal balances of any debt borrowings that were attributable to the acquisition, construction, or improvement of those capital assets. The second category is “restricted” net position. This category consists of externally designated constraints placed on certain assets by creditors (such as through debt covenants), grantors, contributors, law or regulations of other governments or government agencies, or law or constitutional provisions or enabling legislation. The third category is “unrestricted” net position. This category consists of the net position that does not meet the definition or criteria of the previous two categories. As of June 30, 2015 and 2014, the District is only required to present unrestricted net position in the presentation of the financial statements as there are no restrictions present under category one or two.

District Tax Revenues: The District receives approximately 65% of its operating support from property taxes. These funds are used to support operations of the District. They are classified as operating revenue as the revenue is directly linked to the operations of the District. Property taxes are levied by the County on the District’s behalf during the year, and are intended to help finance the District’s activities during the same year. Amounts are levied on the basis of the most current property values on record with the County. The County has established certain dates to levy, lien, mail bills, and receive payments from property owners during the year. Property taxes are considered delinquent on the day following each payment due date.

Grants and Contributions: From time to time, the District may receive grants from various governmental agencies and private organizations. The District may also receive contributions from related foundation and auxiliary organizations, as well as from individuals and other private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or capital acquisitions. These amounts, when recognized upon meeting all requirements, are reported as components of the statement of revenues, expenses and changes in net position.

Operating Revenues and Expenses: The District’s statement of revenues, expenses and changes in net position distinguishes only operating revenues and expenses. Operating revenues result from exchange transactions associated with supporting health care services, which is the District’s principal activity. Operating expenses are all expenses incurred to support health care services.

Notes to Financial Statements (continued)

MARK TWAIN HEALTH CARE DISTRICT

NOTE B - BANK DEPOSITS

Collateral: As of June 30, 2015 and 2014, the District had deposits invested in a bank of \$2,386,298 and \$2,429,039, respectively. All of these funds were held in deposits, which are collateralized in accordance with the California Government Code (CGC), or federally insured.

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

Investments, at times, may consist of state and local agency funds invested in various permissible securities and are stated at quoted market values. Changes in market value between years are reflected as a component of investment income in the accompanying statement of revenues, expenses and changes in net position.

Statements of Cash Flows: For purposes of the statements of cash flows, all highly liquid investments with original maturities of three months or less are considered to be cash equivalents.

NOTE C - TRANSACTIONS BETWEEN RELATED ORGANIZATIONS

The Corporation provides the District with accounting and administrative services for which the Corporation charges a fee to cover the salaries and benefits of the personnel. This fee totaled \$77,476 and \$63,330 for the years ended June 30, 2015 and 2014, respectively. At June 30, 2015 and 2014, the District had \$142,375 and \$174,014, respectively, in unamortized prepaid rent income resulting from the redemption of the 1986 Bonds made by the Corporation. This amount is being amortized over the period of the lease agreement.

The Corporation leases the District's healthcare facilities in order to conduct patient care services in an acute-care hospital setting. Lease revenue from the Corporation for the years ended June 30, 2015 and 2014 were \$310,039 and \$310,039, respectively.

The hospital facility lease expires on December 31, 2019. The lease payments were initially in amounts adequate to cover payment of utilities, debt service and insurance on the Series 1986A Bonds not covered by the tax and other revenues of the District, and to maintain ratios and fund accounts pursuant to the terms of a Joint Obligor Agreement between the District and the Corporation dated December 31, 1989, and the Bond Indenture dated August 1, 1986, between the District and Harris Trust Company of California, the bond trustee.

As outlined in Note D, the Corporation repaid the Series 1986A Bond debt of the District in exchange for a prepayment of rent originally intended to fund the District's principal debt service. As of June 30, 2005, the prepaid rent transactions have completed their term.

Notes to Financial Statements (continued)

MARK TWAIN HEALTH CARE DISTRICT

NOTE C - TRANSACTIONS BETWEEN RELATED ORGANIZATIONS (continued)

During the year ended June 30, 2008, the District entered into a land and medical office building lease agreement with San Andreas Medical and Professional Office Building (SAMPO). The District leases land located at 704 Mountain Ranch Road in San Andreas to SAMPO at no cost due to the fact that the development of the property by SAMPO was deemed sufficient to offset any future lease payments. SAMPO built and owns the medical office building (MOB) located on the aforementioned land and then leases the MOB to the District. Lease expense for the years ended June 30, 2015 and 2014 regarding this agreement were \$209,985 and \$204,880, respectively. The District has subleased portions of the MOB to the Stockton Cardiology Medical Group and others, and to the Corporation. Lease revenues under the subleasing arrangements and other arrangements were \$213,888 and \$161,199 for the years ended June 30, 2015 and 2014, respectively.

NOTE D - DEBT BORROWINGS

On May 1, 1996, the Corporation borrowed \$11,175,000 to finance a new health facility and to defease the Mark Twain Hospital District Insured Revenue Bonds Series 1986A (the Series 1986A Bonds) previously issued by the District. In exchange for assuming the District's debt obligation, the Corporation has been granted a prepaid lease payment to the District that has been recorded as a long-term liability in the accompanying financial statements. The prepaid rent will be amortized over the remaining life of the Series 1986A Bonds, originally scheduled to be repaid in full in 2004.

NOTE E - INTEREST IN MARK TWAIN MEDICAL CENTER

In an agreement between Mark Twain Medical Center (the Corporation) and Mark Twain Health Care District (the District), in the event of a dissolution or a winding up of the Corporation, 50% of its assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation, shall be distributed to Dignity Health, a California nonprofit public benefit corporation. The other 50% shall be distributed to the District. As a result of this agreement, the District has recorded \$19,828,531 and \$19,773,286 as of June 30, 2015 and 2014, respectively, as its portion of its interest in the Corporation. These amounts represent the 50% of the net difference between the assets and the liabilities of the Corporation as of its June 30, 2015 and 2014 audited financial statements.

Notes to Financial Statements (continued)

MARK TWAIN HEALTH CARE DISTRICT

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2015 and 2014 were comprised of the following:

	<u>Balance at June 30, 2014</u>	<u>Transfers & Additions</u>	<u>Disposals & Retirements</u>	<u>Balance at June 30, 2015</u>
Land and land improvements	\$ 884,614			\$ 884,614
Buildings and improvements	4,478,938	\$ 81,320		4,560,258
Equipment	698,156	10,239		708,395
Construction-in-progress	<u>43,180</u>	<u>76,032</u>	\$ (46,012)	<u>73,200</u>
Totals at historical cost	6,104,888	167,591	(46,012)	6,226,467
Less accumulated depreciation for:				
Land and land improvements	(126,478)	(3,147)		(129,625)
Buildings and improvements	(4,306,483)	(96,139)		(4,402,622)
Equipment	<u>(668,755)</u>	<u>(8,798)</u>		<u>(677,553)</u>
Total accumulated depreciation	<u>(5,101,716)</u>	<u>(108,084)</u>		<u>(5,209,800)</u>
Total property and equipment, net	<u>\$ 1,003,172</u>	<u>\$ 59,507</u>	<u>\$ (46,012)</u>	<u>\$ 1,016,667</u>

	<u>Balance at June 30, 2013</u>	<u>Transfers & Additions</u>	<u>Disposals & Retirements</u>	<u>Balance at June 30, 2014</u>
Land and land improvements	\$ 884,614			\$ 884,614
Buildings and improvements	4,478,938			4,478,938
Equipment	698,156			698,156
Construction-in-progress	<u>8,802</u>	\$ 34,378		<u>43,180</u>
Totals at historical cost	6,070,510	34,378		6,104,888
Less accumulated depreciation for:				
Land and land improvements	(123,332)	(3,146)		(126,478)
Buildings and improvements	(4,212,110)	(94,373)		(4,306,483)
Equipment	<u>(660,353)</u>	<u>(8,402)</u>		<u>(668,755)</u>
Total accumulated depreciation	<u>(4,995,795)</u>	<u>(105,921)</u>		<u>(5,101,716)</u>
Total property and equipment, net	<u>\$ 1,074,715</u>	<u>\$ (71,543)</u>	<u>\$</u>	<u>\$ 1,003,172</u>

MARK TWAIN HEALTH CARE DISTRICT

NOTE G - COMMITMENTS AND CONTINGENCIES

Construction-in-Progress: As of June 30, 2015, the District has recorded \$73,200 as construction-in-progress representing cost capitalized towards the purchase of land and construction of a rural health care clinic in Valley Springs, California. Future costs to complete this project as of June 30, 2015 is approximately \$8,870,000.

Medical Office Building Rent: The District leases various office space under operating leases expiring at various dates. Total building rent expense for the years ended June 30, 2015 and 2014, was \$209,985 and \$204,880, respectively. Future minimum lease payments for the succeeding years under these leases as of June 30, 2015, that have initial or remaining lease terms in excess of one year are not significant for disclosure.

Litigation: The District may from time-to-time be involved in litigation and regulatory investigations which arise in the normal course of doing business. After consultation with legal counsel, management estimates that matters existing as of June 30, 2015 will be resolved without material adverse effect on the District's future financial position, results from operations or cash flows.

Regulatory Environment: The District is subject to several laws and regulations. These laws and regulations include matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Government activity has increased with respect to possible violations of statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with all applicable government laws and regulations and is not aware of any future actions or unasserted claims at this time.

NOTE H - SUBSEQUENT EVENTS

On September 28, 2015, subsequent to year end, the District has signed a "Letter of Condition" with the United States Department of Agriculture (USDA) which therefore allows the District to continue to in the process of finalizing the issuance of \$6,782,000 of debt borrowing from the USDA Rural Development's Community Facilities Program. The proceeds from this forthcoming borrowing will be used to fund the construction of a new rural health care clinic in Valley Springs, California. Additional funding will be obtained from District operations (\$961,146) and from Mark Twain Medical Center (\$1,200,000) for a total project costs of \$8,943,146. The District's management anticipates issuance of this loan sometime during the next fiscal year.

The District's management has evaluated the effect of other significant subsequent events on the combined financial statements through October 20, 2015, the date the financial statements are issued, and determined that there are no other material subsequent events that have not been disclosed.

Monthly Update for December 2015



ACHD Executive Director Report

It's hard to believe that 2016 is upon us, and it's now time to look forward to an active legislative session with a number of items that ACHD will be monitoring that may impact Healthcare Districts. ACHD will be pursuing "design build" legislation in support of all Healthcare Districts. We'll need your support to identify specific projects that will illustrate the need for Healthcare Districts to have this authority, as well as individuals who will be willing to advocate and testify before the Legislature.

It's not too late to register for The Leadership Conference on January 21 & 22 in Sacramento. An exciting and knowledgeable group of speakers promises to provide attendees with a very engaging and useful learning session.

Congratulations to both Peninsula and Eden Township Healthcare Districts on achieving Certified Healthcare District status in December.

I am looking forward to a successful 2016.



ACHD's 2016 Events

Please mark your calendars for our events taking place in 2016! Registration is now open. To register for ACHD's 2016 events, click [here](#). Additionally, our nomination forms for District and Trustee of the Year are now available! Access the Trustee of the Year form [here](#) and the District of the Year form [here](#). Awards will be presented at ACHD's 64th Annual Meeting in Monterey, California, on May 5, 2016. Submit your forms by March 4, 2016.



2 0 1 6

REGISTER NOW!

Leadership Academy	Legislative Day	Annual Meeting
Jan 21–22, 2016	April 4–5, 2016	May 3–5, 2016
Sacramento, CA	Sacramento, CA	Monterey, CA

WWW.ACHD.ORG



ACHD Healthcare District Data Survey

ACHD is seeking information about your Healthcare Districts! At your earliest convenience, please complete the short, ten question [survey](#) regarding your District demographics. The answers you provide will allow ACHD to better represent your District.



Healthcare District Study

ACHD is working with Via Consulting to collect valuable information about Healthcare Districts. Healthcare Districts are an essential part of California's health system and are among those most affected by the continually shifting landscape of health care. Governing a public entity in these challenging times can be difficult. Compounding these challenges is a distinct lack of information regarding governance best practices specific to District boards to reference. To assist our Members in strengthening their ability to respond to these challenges, ACHD, in collaboration with Via Healthcare Consulting is conducting a study to identify effective governance practices particular to District boards.

The objectives of the study include:

- Identify structures, tools, and practices which promote effective District governance;
- Elicit feedback on the barriers/challenges to effective governance, and;
- Collect data on real-life governance success stories as well as efforts that were not successful.

We would like to invite Board Chairs and Chief Executive Officers to participate in this study by taking part in a brief 20-30 minute telephone interview. Given your unique position within your Healthcare District, ACHD believes you are in an ideal position to give us valuable firsthand information on lessons learned and pitfalls to avoid. Your participation will be a valuable addition to study the findings of which we believe can become valuable District governance reference material. To schedule a telephone interview, please contact [Sheila Johnston](#).



Legislative Report



EDUCATE

ADVOCATE

TRANSFORM



ACHD invites you to our Annual Legislative Day • April 4–5, 2016

ACHD's Annual Legislative Day: *Educate. Advocate. Transform.*, is just a few months away. Our 2016 Legislative Day will take place on April 4 & 5, 2016 in Sacramento. This year's Legislative Reception with Legislators and staff will be held at an exciting new location, The California Museum. Find additional event details and the link to register [here](#).



Advocacy Team Update

ACHD's Senior Legislative Advocate, Amber King, will be leaving at the end of January to go on maternity leave for approximately 4 months. Please make a note to contact ACHD's Legislative Assistant, Samantha Kesner, with any inquiries during her absence, at Samantha.Kesner@achd.org or (916) 266-5204. Additionally, ACHD's contract lobbying firm, HBE Advocacy, will be taking over legislative activity. Please contact Jean Hurst at ikh@hbeadvocacy.com and Kelly Brooks at kbl@hbeadvocacy.com.



Medicaid Section 1115 Waiver Renewal

The Department of Health Care Services (DHCS) announced on December 30 that the Special Terms and Conditions (STCs) for California's Medicaid Section 1115 Waiver, Medi-Cal 2020, are complete. The STCs are available on DHCS' website:

http://www.dhcs.ca.gov/provgovpart/Documents/MC2020_FINAL_STC_12-30-15.pdf

The STCs reflect the high-level agreement that was announced at the end of October:

- \$6.2 billion in federal funds over five years
- Public Hospital Redesign and Incentives in Medi-Cal (PRIME): A successor to the Delivery System Reform Incentive Program, the program will provide \$3.27 billion for designated public hospitals and \$466.5 million for District and municipal hospitals.
- Global Payment Program: Intended to incentivize primary and preventive care to the remaining uninsured through a value-based payment structure. A combination of Disproportionate Share Hospital (DSH) funding and \$236 million in federal funding from the prior Safety Net Care Pool. The non-DSH funding in years 2 through 5 will be determined following an independent assessment of uncompensated care due to be completed in the spring of 2016.
- Dental Transformation Initiative: Up to \$750 million total for five years to improve preventive and continuity of care.
- Whole Person Care: Up to \$300 million per year for five years for county-based pilots to target high-risk populations.

There will be additional work with the Centers for Medicare and Medicaid Services (CMS) and DHCS over the next few months to craft attachments to the terms and conditions, which will contain important details for effectuating the program elements described above. Find additional legislative information [here](#).



Opportunity to Become a Member of Californians Allied for Patient Protection

The Association of California Healthcare Districts (ACHD) is a member of Californians Allied for Patient Protection (CAPP), the coalition created to protect access to health care and patient safety through California's Medical Injury Compensation Reform Act (MICRA). ACHD strongly supports the preservation of MICRA.



In 2014, California voters definitively rejected Proposition 46, an attempt by trial lawyers to quadruple MICRA's non-economic damages cap. Had this ballot measure passed, California would have seen higher health care costs and decreased access to care, especially among vulnerable populations who are most in need. Despite this victory, the battle to protect MICRA continues and ACHD strongly encourages Healthcare Districts to become members of CAPP. There is no cost to be a member of CAPP and you will be in good company.

Seventeen ACHD Member Healthcare Districts and individual hospitals are current CAPP supporters, as well as more than 1,000 other organizations representing community clinics, hospitals, physicians, nurses, EMTs, labor unions, local governments, dentists and other health care providers. A complete coalition list can be found on the [CAPP](#) website. Please take a moment to complete the attached CAPP Coalition Sign-Up [Form](#). There is no cost to join CAPP. The form can be returned to AJ Kennedy, CAPP's Communication Director, via [e-mail](#), fax or mail. For questions or concerns, please contact CAPP at (916) 448-7992.



ACHD Special District Leadership Foundation Announces Scholarship Opportunities

The [Special District Leadership Foundation](#) (SDLF) offers a number of scholarships, designed to help special district elected/appointed officials and staff participate in the foundation's programs and other educational offerings.

The scholarships offered are as follows:

Dr. James Kohnen Scholarship: This scholarship is for registration fees for all four modules of the Special District Leadership Academy or the Special District Leadership Academy Conference and is open to elected/appointed special district board members from districts with budgets of less than \$10 million, who have not previously completed the Special District Leadership Academy.

John Yeakley Special District Administrator Scholarship: This scholarship is for registration fees for continuing education related to special district governance and operations for general managers and executive staff of districts with budgets of less than \$10 million. Applicants must be currently pursuing their Special District Administrator (SDA) designation.

Education Allowance Fund: Provides financial assistance to elected officials and staff from districts with annual budgets of less than \$10 million, who are first-time attendees at select events and/or programs.

Applications for all scholarships can be found [here](#).



ACHD Partners with Capella University

ACHD is pleased to announce an education alliance with Capella University. Capella will extend a \$3000 tuition grant to all ACHD employees and Members and their immediate family members who enroll in and begin a bachelor's, master's, doctoral, specialist, or post-master's certificate program between now and August 2016. This is in addition to the 10% tuition discount. For all details simply visit www.capella.edu/ACHD.

Capella University, an accredited online university, offers a wide range of online bachelor's, master's, MBA, PhD, and certificate programs through its Schools of Healthcare and Nursing, Business and Technology, Education, Psychology, Human Services, and Public Service Leadership. Teammates will also benefit from:



- **Complimentary nursing & professional development webinar series** which taps into the subject matter expertise of Capella faculty
- **Potential additional military discounts** and benefits to any ACHD teammate who is an Armed Forces veteran, Active Duty service member, or Reserve or National Guard – to include credit for military training, participation in the Yellow Ribbon program, and assistance with Post-9/11 GI Bill benefits
- **Disability services support** to any Member needing such services through Capella’s Disability Services Department
- **Prior learning assessment options** for transfer credit including evaluation of technical knowledge and skills gained from real-world experience, training, certifications, and previous education may be eligible for credit, shortening the time to degree completion and reducing your costs
- **Over 140 degree and certificate program specializations** offered on the undergraduate and graduate levels

For more information, visit the ACHD – Capella Welcome Page at www.capella.edu/ACHD



ACHD CEO Evaluation

Available free of charge to all Member Healthcare Districts, ACHD offers an online Healthcare District CEO Evaluation Tool for assessing how each District Trustee perceives the CEO to be performing. There are two options; one for District CEOs no longer managing a hospital and one for District CEOs who do manage a hospital. The ACHD Board strongly encourages each District Board to complete a CEO Evaluation on an annual basis. Members interested in completing the CEO Evaluation may contact [Sheila Johnston](#).



ACHD Board Self-Assessment Tool

ACHD makes available at no charge to its Members, an on-line Board Self-Assessment Tool for assessing how each Trustee perceives the Board to be functioning. There are two Self-Assessment options; one for Districts no longer managing a hospital and one for Districts which do manage a hospital. The survey takes about 35 minutes to complete, responses are anonymous and the results are only shared with the participating Board and Associations’ Education Committee. The ACHD Board strongly encourages each District Board to complete a Self-Assessment on an annual basis. For more information, please contact [Sheila Johnston](#).



ACHD Certified Healthcare District

As public entities, Healthcare Districts have well-defined obligations for conducting business in a manner that is open and transparent. To assist ACHD Members in demonstrating compliance with these obligations, the ACHD Governance Committee has developed a core set of standards referred to as Best Practices in Governance. Healthcare Districts that demonstrate compliance with these practices will receive the designation of ACHD Certified Healthcare District.



Districts achieve Certification by demonstrating compliance with public agency reporting requirements in the following areas:

- Transparency
- Website Content
- Executive Compensation and Benefits
- State Agency Reporting
- Financial Reporting

To date, the following Healthcare Districts have achieved certification status:

- Antelope Valley Healthcare District: November, 2014
- Beach Cities Health District: October, 2014
- Eden Township Healthcare District: November, 2015
- John C. Fremont Healthcare District: March, 2015
- Palomar Health: August, 2014
- Peninsula Health Care District: November, 2015
- Petaluma Health Care District: May, 2015
- Sequoia Healthcare District: August, 2014

Members interested in applying for Certified Healthcare District status should contact [Ken Cohen](#).

Mailing Address:
Government Center
891 Mountain Ranch Road
San Andreas, CA 95249-9709

Phone: (209) 293-7211
Cell Phone (209) 768-4200
Email: dda@volcano.net

November 2, 2015

TO: Member Agencies
FROM: Dennis Dickman

Please find enclosed the following:

1. Electrical Energy Use & Estimated Dollar Savings FY 2014/15
2. Independent Auditor's Report and Financial Statements as of June 30, 2015
3. Minutes of the October 21, 2015, Board of Directors Meeting

ELECTRICAL ENERGY USE (Kwh) and ESTIMATED DOLLAR SAVINGS
Calaveras Public Power Agency (CPPA)
Fiscal Year FY 2014/15

Agency Number	Member Agency	FY 2014/15 Annual (kWh)	FY 2014/15 Savings (\$)
0001	39th Dist. Ag. Assoc.	289,360	35,687
0002	Utica Power Authority	65,120	8,031
0221	Altaville-Melones FPD	28,627	3,531
0224	Mokelumne Hill FPD	10,036	1,238
0225	Murphys FPD	50,261	6,199
0227	San Andreas FPD	40,620	5,010
0228	West Point FPD	31,939	3,939
0229	Ebbetts Pass FPD	137,168	16,917
0241	Calaveras PUD	1,367,165	168,612
0242	Union PUD	45,381	5,597
0243	Valley Springs PUD	434,643	53,605
0252	Mokelumne Hill Sanitary	88,079	10,863
0253	Murphys Sanitary	269,485	33,236
0254	San Andreas Sanitary	598,301	73,788
0262	Ebbetts Pass Veterans	7,311	902
0263	Jenny Lind Veterans	55,607	6,858
0271	CCWD	9,801,755	1,208,850
0272	Mark Twain Health Care Dist.	3,333,417	411,110
0273	San Andreas Rec. & Parks	49,040	6,048
05C1	Superior Courthouse	589,280	72,676
1010	County of Calaveras	4,015,147	495,188
2201	Central Calaveras Fire Dist.	25,940	3,199
2203	Calaveras Consolidated Fire Dist.	73,703	9,090
2220	Copperopolis Fire District	45,889	5,659
2640	Mokelumne Hill Veterans	9,403	1,160
3000	County Office of Education	468,506	57,781
3010	Mark Twain School Dist.	696,798	85,936
3110	Bret Harte HS District	2,081,008	256,651
3210	Calaveras Unified School Dist.	3,449,012	425,367
3310	Vallecito School District	773,910	95,446
5301	City of Angels	1,572,669	193,957
6100	Council of Governments	23,960	2,955
	TOTAL	30,528,540	3,765,085

Estimated savings based upon a calculated rate difference of 12.333 cents per kWh between PG&E's A-1 General Commerical Rate Schedule and CPPA's Electric Rate Schedule

Does not include additional meter fee savings and avoided demand charge savings

FACILITY MANAGEMENT GROUP

December 1, 2015

Mark Twain Health Care District
Mr. Daymon Doss, Executive Director
768 Mountain Ranch Road
San Andreas, California 95249

Proposal: Owner Representative/Project/Construction Management Services
Medical Facility – Valley Springs, California

The Facility Management Group (FMG) is a local Construction/Project management firm that specializes in providing site services to owners that request to have a continuous owner's representation on site during the project duration.

FMG has finished since 2000 over \$90,000,000.00 of State of California defined "Complex" projects within 50 miles of this site. The completed projects include scopes that are similar to your proposed infrastructure project. Projects range included raw land development, rough grading, storm sewer, waste water, packaged lift stations, water, site electrical, engineered pads, roads, retaining walls, masonry structures, parking lots, new and remodeled modular buildings, foundations, new building construction (wood, masonry and steel) and ADA compliance projects.

The scope of this proposal includes a combination of construction/project management services that would ensure the project is built to the plans and specifications developed by Aspen Street Architects.

Sincerely,

Patrick Van Lieshout

Patrick Van Lieshout

Facility Management Group
Patrick Van Lieshout
CASP #253
P.O. Box 1046
Valley Springs, California 95252
209-772-9300 o/f

CONTENT of PROPOSAL

Development/Pre-Construction Services:

- Provide oversight and recommendations as needed or required to be dictated by the District.
- Act as the liaison as the District Representative on the development phase of the proposed project.
- Attend all MTHCD Board meetings and/or meetings dictated by the District.
- Provide availability (phone and/or in person) Monday through Friday as needed.

Construction/Project Management Services:

- Provide continuous management of all construction activities.
- Ensure all construction activities are performed in a safe manner and report any hazardous conditions that may affect the District.
- Prepare and provide status reports of the project construction to the District as requested.
- Maintain and update project documents onsite which would include the following:
 1. Record plan set.
 2. RFI's.
 3. Submittals.
 4. CD's.
 5. Change Orders.
 6. Weekly project inspection updates and deviation notices.
 7. Special Inspection log/reports.
 8. Corrective log items – new/old business.
- Attend/participate in by-weekly meetings and prepare documents as required.
- Review Pay Applications and provide recommendations.
- Assist/prepare a N.O.C. for project close out.

Facility Management Group
Patrick Van Lieshout
CASp #253
P.O. Box 1046
Valley Springs, California 95252
209-772-9300 o/f

FACILITY MANAGEMENT GROUP

Provide continuous oversight during critical phases:

- Mobilization
- Survey/project controls
- Security/temporary fence
- Site work
- Building construction

Development/Pre-Construction Compensation

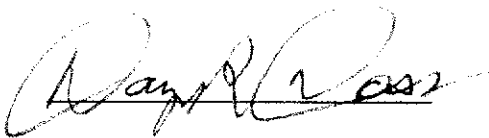
- Duration will be continuous until the start of the construction phase.
- \$11,520.00 lump sum paid monthly.
- Hourly rate above 96 hours per month will be billed \$120.00 an hour.

Liability Insurance:

- \$1,000,000.00 Individual Occurrence/ \$2,000,000.00 Aggregate with Mark Twain Health Care District as additional insured.
- All additional insurance requirement will billed as a pass through.

Daymon Doss

Executive Director



Date Dec 18, 2015

Facility Management Group
Patrick Van Lieshout
CASp #253
P.O. Box 1046
Valley Springs, California 95252
209-772-9300 o/f

Facility Management Group

Construction Management Services Fee Schedule (2015)

\$0	\$499,999.00	10%
\$500,000.00	\$999,999.00	7.5%
\$1,000,000.00	\$1,999,999.00	6.5%
\$2,000,000.00	\$2,999,999.00	5%
\$3,000,000.00	\$3,999,999.00	4.5%
\$4,000,000.00	\$4,999,999.00	4%
\$5,000,000.00	\$7,499,000.00	3.5%
\$7,500,000.00	\$9,999,999.00	3.0%
\$10,000,000.00		2.0%

Typical additional reimbursements, travel time, phone, office and all insurance over general liability

Transportation Impact Analysis

MARK TWAIN MEDICAL CENTER

Valley Springs, CA

January 2016

Prepared for:

Mark Twain Health Care District
Daymon Doss, Executive Director
P.O. Box 668, San Andreas, CA 95249
(707) 481-4564

Prepared by:

Kittelsohn & Associates, Inc.
428 J Street, Suite 500
Sacramento, CA 95814
(916) 226-2190



MOVING **FORWARD** THINKING™

Transportation Impact Analysis

Mark Twain Family Medical Center

Valley Springs, California

January 2016

Transportation Impact Analysis

Mark Twain Family Medical Center

Valley Springs, California

Prepared For:
Daymon Doss
Mark Twain Health Care District
P.O. Box 668, San Andreas, CA 95249
(707) 481-4564

Prepared By:
Kittelson & Associates, Inc.
428 J Street, Suite 500
Sacramento, CA 95814
(916) 226-2190

Project Manager: Franklin Cai, T.E.
Project Principal: Jim Damkowitz

Project No. 19450

January 2016

ENGINEER'S CERTIFICATION

This traffic analysis was prepared by
Franklin Cai
Registered Traffic Engineer in the State of California
A Senior Engineer with the firm of
Kittelson & Associates, Inc.



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Section 1 Executive Summary

EXECUTIVE SUMMARY

Proposed Development Plan

Mark Twain Health Care District is proposing a 14.55-acre, two-phase development on Assessor's Parcels 073-049-002, -003, -004, -005, -006, and 073-047-001, located at the southwest corner of the state route (SR) 26 and Vista Del Lago Drive just south of Valley Springs, CA. Phase 1 is a two story, 18,512 square feet outpatient medical clinic, which is expected to open in the beginning of 2017. Once opened, this proposed medical clinic would have 12 full-time employees and would replace the existing Mark Twain medical clinic situated diagonally across from the proposed clinic, at the northeast quadrant of the intersection in La Contenta Plaza. Phase 2 (buildout) is consist of a hotel, a retail store, a fast food restaurant, a sit-down restaurant and a grocery store, and the staffing of the clinic is expected to double to 24. Phase 2 is expected to occur by 2030. One minor-stop full access to the project site, expected by Phase 1, would be located on Vista Del Lago Drive, utilizing an existing opening. Two other right-in-right-out (RIRO) only accesses are expected along SR 26 – the northern access is expected by Phase 1 (the clinic only) while the southern access is expected by buildout.

Trip Generation

Based on the Institute of Transportation Engineers (ITE) Trip Generation, 9th Edition (commonly referred to as the ITE Trip Generation Manual), the proposed medical clinic would generate an estimated total of 10 a.m. and 12 p.m. peak hour trips in Phase 1 and the buildout of the site would generate 361 a.m. and 387 p.m. peak hour trips in Phase 2.

The project's traffic impacts were estimated by considering the amount of traffic to be generated by the project and the directional distribution of that traffic. Existing/opening year and future a.m. and p.m. peak hour conditions with and without the project were analyzed for this project.

FINDINGS

Existing Conditions

Under Existing No Project conditions, the intersection of SR 26 and Vista Del Lago Drive with eastbound and westbound stops is expected to perform below the applicable level of service standards for this area (LOS C for Calaveras County and LOS D for Caltrans District 10), and the westbound queue can at times extend past three vehicles during the peak hour, which may hinder the right-turning vehicles who wish to use the flare, which can accommodate no more than two vehicles.

Opening Year No Project Conditions

Under Opening Year (2017) No Project conditions, the intersection of SR 26 and Vista Del Lago Drive, which would become signalized, is expected to operate acceptably by the applicable level of service standards. No queueing issues were found for this scenario.

Opening Year Plus Project Phase 1 Conditions

With the addition of project traffic from Phase 1, the medical clinic, the signalized SR 26 and Vista Del Lago Drive intersection and the two driveways (see project site plan for the clinic in Appendix A) are expected to operate acceptably by the applicable level of service standards at opening year (2017). Neither of the driveway intersections would meet the peak-hour signal warrant, nor were any queueing issues found for this scenario. The driveway that's an encroachment to SR 26 as depicted in the project site plan would be right-in-right-out (RIRO) only and is approximately 460 feet from the southern edge of the Vista Del Lago intersection, and its location satisfies both the stopping sight distance and the corner sight distance requirements. It is recommended that the driveway openings be as unobstructed as possible on both sides.

Cumulative (2030) No Project Conditions

Using a 2 percent per year growth rate derived from count data (2001 to 2014) of the stretch of SR 26 in the vicinity of the project, existing a.m. and p.m. peak hour turning movement volumes at SR 26 and Vista Del Lago Drive were increased to turning movement volumes in the Cumulative (2030) year. Under the Cumulative No Project conditions, the signalized intersection of SR 26 and Vista Del Lago Drive is expected to operate acceptably by the applicable level of service standards. No queueing issues were found for this scenario.

Cumulative (2030) Plus Project Phase 2 (Buildout) Conditions

With the addition of project traffic from Phase 2 (Buildout), the signalized SR 26 and Vista Del Lago Drive intersection and the three project driveways (see project site plan for buildout in Appendix B) are expected to operate acceptably by the applicable level of service standards under cumulative (2030) conditions. None of the driveway intersections would meet the peak-hour signal warrant and no queueing issues were found for this scenario. The two driveways that encroach on SR 26 would be right-in-right-out only. They are approximately 460 feet and 1220 feet from the southern edge of the Vista Del Lago intersection respectively; the southern of the two driveways would be the enhanced version of an existing driveway at the same location. Both RIRO encroachment (driveway) locations would satisfy both the stopping sight distance and the corner sight distance requirements. It is recommended that the driveway openings be as unobstructed as possible on both sides. It is also recommended that sidewalks be constructed along the eastern edge of the project site between the corner of SR 26 at Vista Del Lago Drive and the northern encroachment to SR 26 to facilitate pedestrian access to and from all the proposed developments under buildout.

Assessment of Independent Operation

For Mark Twain Health Care District

January 27, 2016

Question

What considerations should the MTCHD Board make in assessing the option of operating an entity independent from a larger healthcare system?

Critical Point of View: MTCHD situation

- “Rural dilemma” → Market data

Inpatient Services Market

Mark Twain Inpatient Market Share FY 2013-14													
	PT ZIP CODES:	95252	95249	95222	95247	95246	95223	95245	95228	95225	95255	TOTAL	MKT
<u>Inpatient Elective</u>												SHARES	
MARK TWAIN MEDICAL CENTER		58	33	21	18	25	13	10	5	3	3	189	4.7%
SUTTER AMADOR HOSPITAL		260	136	21	18	21	14	67	18	14	57	626	15.5%
SONORA REGIONAL MEDICAL CENTER - GREENLEY		20	40	112	108	11	104	4	156	1		556	13.7%
ST. JOSEPH'S MEDICAL CENTER OF STOCKTON		157	42	24	27	16	13	21	14	13	6	333	8.2%
UNIVERSITY OF CALIFORNIA DAVIS MEDICAL CENTER		74	23	23	13	14	12	13	11	3	14	200	4.9%
DOCTORS MEDICAL CENTER		25	13	16	14	2	16	6	42		5	139	3.4%
KAISER FND HOSP-MANTECA		95	2	4	2	1	3		14	1	1	123	3.0%
LODI MEMORIAL HOSPITAL		72	8	4	4	4	4	3	2	1	7	109	2.7%
DAMERON HOSPITAL		65	3	7		4	1	1	6	4	2	93	2.3%
MEMORIAL HOSPITAL MEDICAL CENTER - MODESTO		25	5	4	4		5	2	17	1		63	1.6%
TOP 10 SUBTOTAL		851	305	236	208	98	185	127	285	41	95	2431	60.1%
OTHER SUBTOTAL		437	210	168	157	81	154	91	133	44	138	1613	39.9%
TOTAL		1288	515	404	365	179	339	218	418	85	233	4044	
MARK TWAIN ZIP CODE MARKET SHARES		5%	6%	5%	5%	14%	4%	5%	1%	4%	1%	5%	
<u>Inpatient from ED</u>													
MARK TWAIN MEDICAL CENTER		622	385	246	161	122	97	84	74	36	28	1855	42%
SONORA REGIONAL MEDICAL CENTER - GREENLEY		7	18	153	159	17	136	1	217			708	16%
SUTTER AMADOR HOSPITAL		110	44	5	5	11		93		17	193	478	11%
ST. JOSEPH'S MEDICAL CENTER OF STOCKTON		156	73	27	16	24	23	14	17	12	5	367	8%
LODI MEMORIAL HOSPITAL		138	14			2		9		20	5	188	4%
DOCTORS MEDICAL CENTER		24	7	32	22	3	33	3	33		1	158	4%
UNIVERSITY OF CALIFORNIA DAVIS MEDICAL CENTER		40	24	10	7	5	3	6	9	3	5	112	3%
MEMORIAL HOSPITAL MEDICAL CENTER - MODESTO		31	4	13	10	5	14	2	24		3	106	2%
KAISER FND HOSP-MANTECA		37	3	4	4	5	6	1	6	2	1	69	2%
DAMERON HOSPITAL		30				2	1	2	5	2	1	43	1%
TOP 10 SUBTOTAL		1195	572	490	384	196	313	215	385	92	242	4084	92%
OTHER SUBTOTAL		106	22	38	28	5	57	20	46	10	33	365	8%
TOTAL		1301	594	528	412	201	370	235	431	102	275	4449	
MARK TWAIN ZIP CODE MARKET SHARES		48%	65%	47%	39%	61%	26%	36%	17%	35%	10%	42%	

Ambulatory Services Market

Mark Twain Market Share for Hospital Ambulatory and ED visits: FY 2013-2014												
PT ZIP CODES:	95252	95249	95228	95222	95247	95223	95255	95245	95246	95225	TOTAL	MKT
Ambulatory Services												SHARES
MARK TWAIN MEDICAL CENTER	633	380	83	282	280	190	95	96	219	32	2290	30%
SONORA REGIONAL MEDICAL CENTER - GREENLEY	132	134	502	385	466	406	12	21	67	10	2135	28%
SUTTER AMADOR HOSPITAL	163	85	5	21	25	10	176	101	42	16	644	8%
ST. JOSEPH'S MEDICAL CENTER OF STOCKTON	149	38	13	26	20	15	3	14	13	8	299	4%
LODI MEMORIAL HOSPITAL	136	15	3	4	2	4	6	14	9	10	203	3%
KAISER FND HOSP-MANTECA	95	4	14	4	10	12	5	1	5	6	156	2%
UNIVERSITY OF CALIFORNIA DAVIS MEDICAL CENTER	79	31	31	15	13	8	23	9	10	6	225	3%
DOCTORS MEDICAL CENTER	16	2	34	22	4	8	7	3	5	1	102	1%
DAMERON HOSPITAL	54	6		7	6	4		2	5	8	92	1%
MEMORIAL HOSPITAL MEDICAL CENTER - MODESTO	30	5	49	15	9	15			4	2	129	2%
TOP 10 SUBTOTAL	1487	700	734	781	835	672	327	261	379	99	6275	81%
OTHER SUBTOTAL	486	109	199	148	131	146	76	83	65	28	1471	19%
TOTAL	1,973	809	933	929	966	818	403	344	444	127	7,746	
MARK TWAIN ZIP CODE MARKET SHARES	32%	47%	9%	30%	29%	23%	24%	28%	49%	25%		30%
ED Only												
MARK TWAIN MEDICAL CENTER	4862	3338	461	1127	656	555	217	539	858	309	12922	53%
SUTTER AMADOR HOSPITAL	1123	453	18	48	29	23	1412	685	148	122	4061	17%
SONORA REGIONAL MEDICAL CENTER - GREENLEY	70	124	1360	696	791	663	4	8	37	11	3764	16%
LODI MEMORIAL HOSPITAL	446	33	4	12	5	9	8	15	5	48	585	2%
KAISER FND HOSP-MANTECA	282	21	87	23	30	34	4	9	11	5	506	2%
ST. JOSEPH'S MEDICAL CENTER OF STOCKTON	221	33	22	12	18	12	7	19	13	12	369	2%
DAMERON HOSPITAL	148	5	12	6	1	3	3	4	4	8	194	1%
DOCTORS MEDICAL CENTER	26	3	41	15	11	22		4	4	2	128	1%
MEMORIAL HOSPITAL MEDICAL CENTER - MODESTO	41	3	36	8	16	8	1	2	2	1	118	0%
UNIVERSITY OF CALIFORNIA DAVIS MEDICAL CENTER	43	18	2	3	4	6	1	6	4		87	0%
TOP 10 SUBTOTAL	7262	4031	2043	1950	1561	1335	1657	1291	1086	518	22734	94%
OTHER SUBTOTAL	546	135	184	139	129	135	77	76	51	33	1505	6%
TOTAL	7,808	4,166	2,227	2,089	1,690	1,470	1,734	1,367	1,137	551	24,239	
MARK TWAIN ZIP CODE MARKET SHARES	62%	80%	21%	54%	39%	38%	13%	39%	75%	56%		53%

Critical Point of View: MTCHD situation

✓ “Rural dilemma”

- Real assets
- District capabilities
- Critical Access Hospital
- Dignity relationship
- Non-profit operating board
- Existing: policies, procedures, systems (EMR), participation in larger clinical network, cash reserves

Healthcare Consolidation

- Response to economics, medical practice trends and legislation
- Major trend --- more in this region than anywhere else: Kaiser, Sutter, Dignity, Adventist

“Independence”

- A continuum
- Varies with business/clinical functions
- Examples to illustrate:
 - Purchasing materials/supplies
 - Organization of physicians
 - Responsibility for clinical quality & fiduciary matters

Objective for this presentation

Provide a framework for understanding the “functions”, the considerations that need to be made in deciding about independence, and the relative importance of independence (or not) for each

Fine points

- Being independent versus becoming independent: the elapsed time and cost to become independent must be considered
- We will look at specific business functions which are presented in order of financial and (to a lesser extent) clinical importance

Three preliminary questions:

- Role of MTHCD: hospital or healthcare organization?
- Economies of scale
- Performance of systems versus independents

MTHCD Role: Hospital or Healthcare?

- Public mission?
- Reality: hospital activity is a decreasing percentage of the economic activity --- measure this by the percent of direct expenses and net patient revenue

“Economies of scale” for a small rural hospital

- Low volume → higher costs per unit
- Administrative core costs spread over fewer units and dollars of revenue
- Minimal staffing levels required for clinical services
- Professional services (e.g., legal, cost report)
- Capital projects
- Is CAH cost-reimbursement a sufficient offset?

Compare financial performance

- Small rural independent vs system managed
- OSHPD data

Financial Performance Comparison

COMPARISON OF FINANCIAL MEASURES FOR CALIFORNIA RURAL SMALL HOSPITALS BY SYSTEM (EXCLUDES FACILITIES WITH LONG TERM CARE)						
	SYSTEM					
	ADVENTIST	DIGNITY	ST JOSEPH	SUTTER	NO SYSTEM	ALL
NUMBER	3	3	1	4	11	22
AVERAGES						
NET PATIENT REVENUE	86,023,689	59,963,464	39,113,836	63,978,164	37,515,283	52,075,276
TOTAL OPERATING EXPENSE	82,329,193	63,071,835	36,044,529	61,132,938	37,233,966	51,197,863
NET INCOME	6,391,359	3,942,738	10,269,169	4,541,797	1,483,760	3,443,637
NON OPERATING REVENUE	1,304,587	6,089,421	6,258,990	565,706	1,925,977	2,358,618
BEDS AVAILABLE	37	42	25	44	29	34
OP VISIT TOTAL	195,672	80,174	38,867	64,990	37,821	70,109
ER VISITS	23,933	18,202	11,871	22,334	12,401	16,547
CLINIC VISITS	113,435	22,126	-	10,764	13,152	27,018
NET REV PER ADJ PT DAY	3,631	4,420	3,209	3,844	3,810	3,834
OP EXP PER ADJ PT DAY	3,476	4,649	2,958	3,673	3,781	3,769

Compare financial performance

- Independent small rurals compare favorably
- Why? How?
- Does this mean that systems provide no relative financial benefit?

Limits to the comparison

Comps do not take into account the following

- The future. Independents have worked hard and smart to survive. Can they continue given industry trends? Trends in these areas:
 - Consolidation of competition and medical providers
 - Consolidation of payers
 - Government reimbursement and consequential behavior of other payers
- Quality --- perceived by the market (and represented by “market share” and other measures)
- Feasibility of recruiting, retaining physicians and integrating them into both the local market but also a larger network
- Capital costs of facility, equipment, and system upgrades and maintenance

The critical functions

- ➔ The Appendix contains a long, but not exhaustive list
- For each function:
 - Weighed the relative merits of “centralization” versus “local”
 - Feasibility: what has been centralized, what cannot be
 - Financial impact on cash flow, the bottom line
 - Impact on the quality performance of the function
 - Time to implement a change
 - Capital costs of a change

“High Value” Functions

- Physician recruitment, retention, participation in larger network.
- Management (C and mid-level) recruitment, retention, and development.
 - Second most significant variable in predicting hospital financial success
- Clinical staff (nurses, techs, therapists) recruitment, retention, and development
- IT systems and support
- Purchasing and supply chain management
- Professional services
 - Legal
 - Reimbursement
 - Regulatory compliance
 - Business planning (includes decision support analysis)
- Developed and supported policies, procedures, and systems for managing financial and clinical services --- “Policies, Procedures, and Systems” --- **“PPS”**
- Commercial insurance contract rates.

Conclusion

- There are many critical functions that need to be considered in assessing independence
- The most important require significant time and capital investment to change from existing arrangements
- There are also legal considerations in changing from existing arrangements
- The historical financial performance of independent small rural hospitals in California does not incorporate the future impact of major trends in the industry in California
- The list of functions can be used as a frame of reference for evaluating specific alternatives

Appendix

LIST OF CRITICAL FUNCTIONS

HOSPITAL FUNCTIONS TO CONSIDER IN AFFILIATIONS							
	<u>Can services be centralized or local?</u>		<u>Relative benefit from consolidation financially (bottom line) or in quality of performance of the specific function</u>		<u>Time to implement</u>	<u>Relative Investment cost to build from scratch</u>	<u>Other Considerations</u>
	1 = full ; 2 = partial		0=? ; 3-1: hi-low		1 = 3 mos; 2 = 6 mos; 3 = 12 mos	3 - 1: hi - low	Relative measures based upon industry experience. Actual measures require specific analysis
<u>Function/service</u>	<u>Centralized</u>	<u>Local</u>	<u>Financial impact</u>	<u>Quality & performance of function</u>			
High Value Services							
Physician recruiting, retention, integration, participation in networks	1	2	3	3	3	3	Location; transportation time to more urban areas; existing referral patterns; existence of neighboring groups of organized physicians
Management --- C-level and mid-level	2	2	3	2	2	2	Regional competition with other healthcare organizations; proximity to more urban areas
Clinical staff --- nursing, technicians	2	2	3	2	3	2	Existing culture and history
IT/IS	1	2	3	3	3+	3	Status of existing systems and ability to convert
Finance - Health Plan contracting	1		3	3	2	1	Location & regional competition
Finance - Revenue Cycle	2	2	3	3	2	2	Existing system & policies; current staff competence; working capital requirements of change in systems
Finance - Purchasing	1		3	3	2	2	Ability to obtain better terms; access to GPOs; physical storage and distribution issues
Administrative Services							
HR - benefits	1		3	2	2	2	Existing benefits of existing employees; organized labor
Finance - Accounting & Reporting	1		2	3	2	1	Existing system & policies
Marketing & advertising	1	2	2	2	3	1	Existing market patterns (see market shares)
Admin - Budget	2	2	1	2	2	1	Existing PPS
Admin - Business investment decisions	2	2	2	2	1	1	
Admin - Capital expenditure decisions	2	2	2	2	1	1	
Admin - Communications - community		1	1	1	1	1	
Admin - Communications - physicians		1	1	1	1	1	
Admin - Communications - press	2	2	1	2	2	1	History; top leadership
Admin - Planning	2	2	2	2	2	1	Existing plan documents and history
Finance - Accounts Payable	1		1	3	2	1	Part of overall financial management system; recommend one integrated system
Finance - Payroll	1		1	3	2	1	Part of overall financial management system; recommend one integrated system
Fund raising		1	2	1	3	1	Demographics; local conditions

HOSPITAL FUNCTIONS TO CONSIDER IN AFFILIATIONS							
Function/service	Can services be centralized or local?		Relative benefit from consolidation financially (bottom line) or in quality of performance of the specific function		Time to implement	Relative Investment cost to build from scratch	Other Considerations
	Centralized	Local	Financial impact	Quality & performance of function			
	1 = full ; 2 = partial		0=? ; 3-1: hi-low		1 = 3 mos; 2 = 6 mos; 3 = 12 mos	3 - 1: hi - low	Relative measures based upon industry experience. Actual measures require specific analysis
HR - administration	2	2	1	2	2	1	Existing PPS; organized labor
HR - employee health		1	1	2	2	1	
HR - licensing & certification	2	2	1	2	2	1	History; current status
HR - recruiting	2	2	1	2	2	1	Location
HR - workers comp	2	2	1	2	2	1	History
Medical staff - admin		1	1	1	1	1	
Medical staff CME	1		1	2	2	1	Can be outsourced
Medical staff credentialling	1		1	2	2	1	Can be outsourced
Quality Management /Risk Management/ TJC	2	2	1	2	2	1 - 3	History; current status
Operational Support Services							
Health Information Mgmt (Med. Records)	2	2	2	2	3	1 - 3	History; current status
Environmental Services	2	1	1	3	2	1	Local labor supply; facility condition
Plant engineering & maintenance	2	2	2	2	2	2	Existing PPS; condition of facility
Food/nutrition services	2	2	1	1	2	1 - 3	History; current status
Clinical Ancillary Services							
Pharmacy	1	2	3	2	1 - 3	2	Condition of facility and systems
Lab	1	2	2	2	1	2	Condition of facility and systems
Surgery	2	1	1	2	3	3	Importance of procedure volume and mix to bottom line
Diagnostic Imaging	2	1	2	2	3	3	Importance of OP imaging to bottom line & as backup for ER
Therapy- PT/OT/CR/ST		1	1	2	2	2	

HOSPITAL FUNCTIONS TO CONSIDER IN AFFILIATIONS							
<u>Function/service</u>	<u>Can services be centralized or local?</u>		<u>Relative benefit from consolidation financially (bottom line) or in quality of performance of the</u>		<u>Time to implement</u>	<u>Relative Investment cost to build from scratch</u>	<u>Other Considerations</u>
	<u>Centralized</u>	<u>Local</u>	<u>Financial impact</u>	<u>Quality & performance of function</u>			
	1 = full ; 2 = partial		0=? ; 3-1: hi-low		1 = 3 mos; 2 = 6 mos; 3 = 12 mos	3 - 1: hi - low	Relative measures based upon industry experience. Actual measures require specific analysis
Clinical Service Lines							
Cardiology	2	2	0	0	2	1 - 3	Location and ER transfer practices; existing referral patterns; supporting clinic and physician network; demographics
Home Health	2	2	0	0	3	2	Existing referral patterns; supporting clinic and physician network; demographics
Infusion therapy	2	2	0	0	3	3	Existing referral patterns; supporting clinic and physician network; demographics
Inpatient services	2	1	1	2			Location and ER transfer practices; existing referral patterns; supporting clinic and physician network; demographics
Occupational Health	2	2	0	2	1	1	Location and ER transfer practices; existing referral patterns; supporting clinic and physician network; demographics
Vascular surgery	2	2	0	0	2	1 - 3	Existing referral patterns; supporting clinic and physician network; demographics
Women's Health OB/Gyn service line	2	2	0	0	2	1 - 3	Existing referral patterns; supporting clinic and physician network; demographics
Wound care	2	2	0	0	2	1	Existing referral patterns; supporting clinic and physician network; demographics
Hospital Based Physician Services							
Anesthesiology	2	1	0	0	2	2	Regional competition of groups; surgical volumes
ER	2	1	0	0	2	2	Location and ER transfer practices; existing referral patterns; supporting clinic and physician network; demographics
Hospitalists	2	1	0	0	2	2	Utilization volumes; location; med staff practices
Pathologists	2	2	0	2	2	1	Regional supply/locations
Radiologists	2	2	0	0	2	2	Regional competition of groups