

ADDENDUM B

Financial Statements

March 2007

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

Board Financial Report

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March 2007 Financial Results

Executive Summary and Highlights

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Statistics:

CONSOLIDATED	Feb	Mar	Feb vs Mar % Change	Mar Budget	Act vs Bud % Variance	YTD Actual	YTD Budget	Act vs Bud % Variance
Patient Days Acute	8,877	9,593	8.1%	9,922	-3.3%	83,854	87,697	-4.4%
Patient Days SNF	5,914	6,486	9.7%	6,591	-1.6%	57,757	58,255	-0.9%
ADC Acute	317.03	309.46	-2.4%	320.08	-3.3%	306.03	320.05	-4.4%
ADC SNF	211.21	209.23	-0.9%	212.61	-1.6%	210.79	212.61	-0.9%
Surgeries CVS Cases	7	14	100.0%	11	27.3%	95	96	-1.0%
Surgeries Total	872	1,066	22.2%	1,041	2.4%	8,737	9,201	-5.0%
Number of Births	378	443	17.2%	499	-11.2%	4,127	4,411	-6.4%
NORTH								
Patient Days Acute	6,699	7,258	8.3%	7,396	-1.9%	63,046	65,370	-3.6%
Patient Days SNF	2,477	2,614	5.5%	2,747	-4.8%	23,935	24,279	-1.4%
ADC Acute	239.25	234.14	-2.1%	235.59	-0.6%	230.10	238.57	-3.6%
ADC SNF	88.46	84.32	-4.7%	88.61	-4.8%	87.35	88.61	-1.4%
SOUTH								
Patient Days Acute	2,178	2,335	7.2%	2,526	-7.6%	20,808	22,327	-6.8%
Patient Days SNF	3,437	3,872	12.7%	3,844	0.7%	33,822	33,976	-0.5%
ADC Acute	77.79	75.32	-3.2%	81.49	-7.6%	75.94	81.48	-6.8%
ADC SNF	122.75	124.90	1.8%	124.00	0.7%	123.44	124.00	-0.5%

March 2007 Financial Results

Executive Summary and Highlights (cont'd)

B4

Balance Sheet:

Current Cash & Cash Equivalents increased \$4.2 million from \$110.4 million in February to \$114.6 million in March. Total Cash and Investments are \$103.0 million, compared to \$121.6 million at June 30, 2006. Days Cash on Hand went from 107 days in February to 102 in March compared to 128 in June.

Net Accounts Receivable increased to \$90.7 million in March as compared to \$89.4 million in February. Gross A/R days increased from 50.4 days in February to 52.3 days in March. February patient account collections including capitation are \$31.70 million compared to budget of \$29.9 million. Mar YTD collections are \$257.2 million compared to budget of \$269.0 million.

Construction in Progress increased \$11.5 million from \$ 121.1 million in February to \$132.6 million in March. The increase is attributed to Pomerado Phase I construction costs \$4.8 million, Building Expansion A & E Services \$1.7 million, OSP Tenant Improvements \$0.7 million, radiology equipment \$1.5 million and Cerner Optimization & upgrade \$0.6 million.

Other Current Liabilities decreased \$1.1 million from \$16.7 million to \$15.6 million primarily due to the realization of Deferred Property Tax Revenue of \$1.1 million in March.

March 2007 Financial Results

Executive Summary and Highlights (cont'd)

B5

Income Statement:

Gross Patient Revenue for YTD March reflects an unfavorable budget variance of \$14.3 million. This unfavorable variance is composed of \$18.5 million unfavorable volume variance and \$4.2 million favorable rate variance.

Routine revenue (inpatient room and board) reflects an unfavorable \$9.1 million budget variance. North is responsible for \$7.4 million of this variance.

Inpatient Ancillary revenue represents a \$16.2 million unfavorable budget variance. North reflects an unfavorable variance of \$0.4 million and South reflects \$15.8 million unfavorable variance. The unfavorable variance is primarily due to the Surgery, Pharmacy and supply departments.

Outpatient revenue reflects a favorable budget variance of \$11.0 million. North has a \$10.3 million favorable variance and South has a \$1.5 million favorable variance. These two amounts are decreased by Outreach's \$0.8 million unfavorable variance.

March 2007 Financial Results

Executive Summary and Highlights (cont'd)

B6

Income Statement (cont'd):

Deductions from Revenue reflect a YTD favorable variance of \$12.0 million. This is due to lower-than-budgeted volume and budgeted gross revenue. Total Deductions from Revenue is 69.12% of gross revenue compared to a budget of 69.35%. Deductions from Revenue (excluding Bad Debt/Charity/Undocumented expenses) is 64.62% of YTD Gross Revenue compared to budget of 64.78%.

The net capitation reflects a favorable budget variance of \$2.2 million. Cap Premium and Out of Network Claim Expense both show an unfavorable budget variance of \$2.2 million and \$3.1 million respectively. Cap Valuation shows a favorable variance of \$7.5 million to offset.

Other Operating Revenue reflects a YTD unfavorable budget variance of \$1.2 million. The two most significant contributors to this variance are the Foundation where actual PPH funding requests are \$501 thousand below budget and PPNC Health Development where actual grants are \$472 thousand below budget.

Salaries, Wages & Contract Labor has a YTD favorable budget variance of \$2.7 million. This variance is mostly attributable to lower-than-budgeted volumes and staff flexing. The breakdown is as follows:

	YTD Actual	YTD Budget	Variance
Consolidated	138,212,385	140,917,021	2,704,636
North	80,055,125	80,533,333	478,208
South	33,389,018	34,874,013	1,484,995
Central	18,057,096	19,202,189	1,145,093
Outreach	6,711,146	6,307,486	(403,660)

March 2007 Financial Results

Executive Summary and Highlights (cont'd)

B7

Income Statement (cont'd):

Benefits Expense has a YTD unfavorable budget variance of \$1.7 million. This variance is primarily due to the employer's contribution towards deferred compensation which is unfavorable by \$708 thousand, Health and Dental which is unfavorable by \$230 thousand and Workers Compensation which is unfavorable by \$303 thousand.

Supplies Expense reflects a YTD favorable budget variance of \$3.2 million. This favorable variance is composed of a \$959 thousand favorable volume variance and \$2.3 million favorable rate variance. The favorable variance is pharmacy at \$2.1 million, prosthesis at \$585 thousand, other medical & non medical at \$167 thousand and other general supplies at \$348 thousand.

Prof Fees & Purchased Services reflect a YTD unfavorable budget variance of \$4.0 million. The unfavorable variance of \$1.8 million in professional fees is due to higher legal fees, rehabilitation therapy fees and Pomerado ED calls. The unfavorable variance of \$2.2 million in purchased services is due to purchased contracted services.

Non-Operating Income reflects a favorable YTD variance of \$1.5 million in March. This is due to a favorable investment income variance. Investment income reflects a 4.69% investment rate-of-return through March compared to budget of 4.25%.

Ratios & Margins:

All required bond covenant ratios were achieved in March 2007.

Balanced Scorecard

Financial Indicators

March 31, 2007

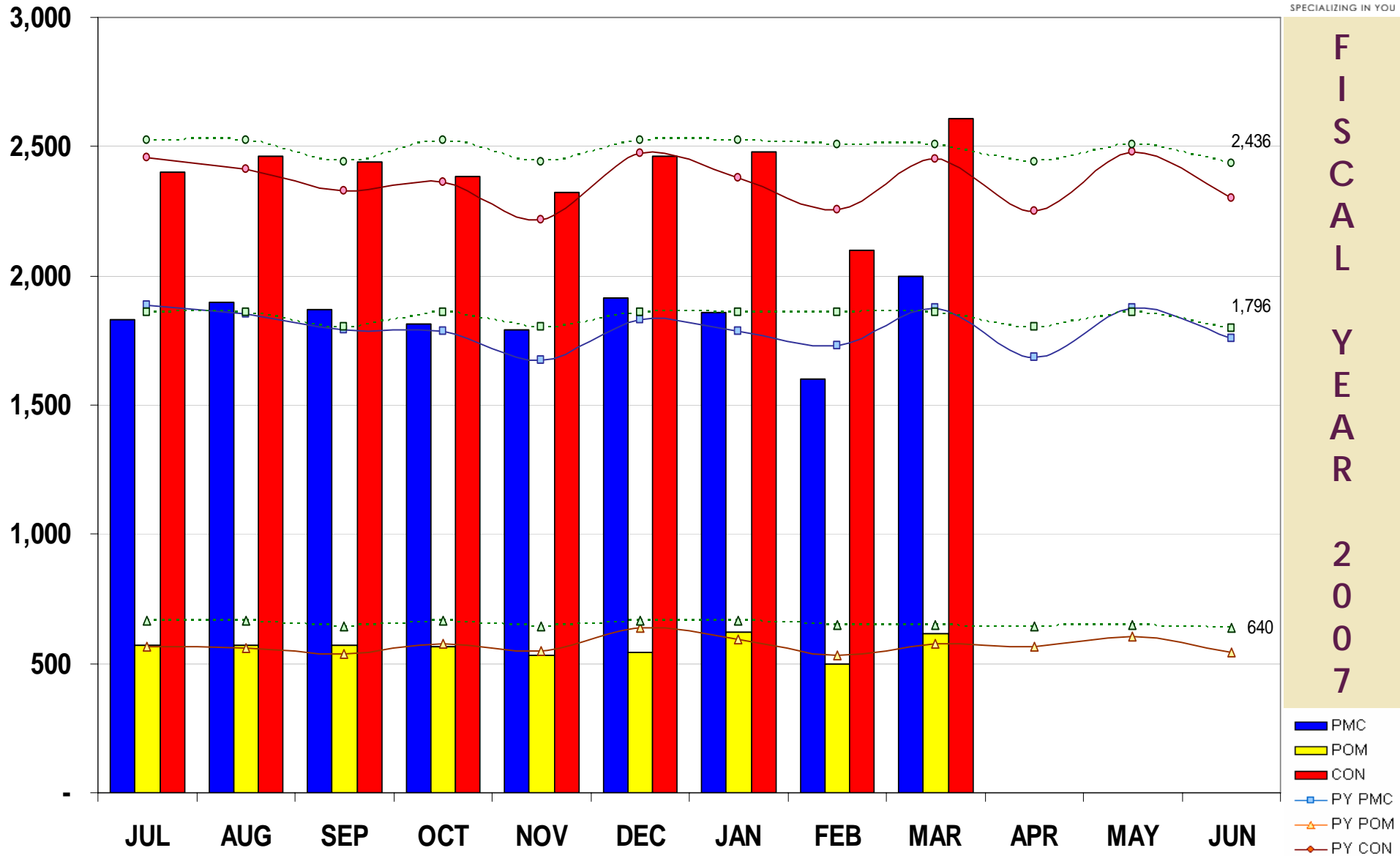
B8

December							January							February							March							YTD 2007																																																														
Actual							Actual							Actual							Actual							Actual							Budget / PY							Variance							% Actual to Budget							Actual							Budget							Variance							% Actual to Budget							Prior Year Actual						
PPH Indicators:																																																																																										
10.0%							11.0%							6.8%							9.7%							10.0%							-0.3%							97.0%							OEBITDA Margin w/Prop Tax							9.0%							9.8%							-0.8%							91.8%							8.2%						
\$ 2,576.57							\$ 2,309.02							\$ 2,628.01							\$ 2,612.71							\$ 2,481.25							\$(131.46)							105.3%							Expenses/Wtd Day							2,540.74							\$ 2,492.25							\$(48.49)							101.9%							2,400.84						
\$ 1,556.33							\$ 1,359.76							\$ 1,523.73							\$ 1,528.84							\$ 1,476.98							\$(51.86)							103.5%							SWB/Wtd Day							1,502.41							\$ 1,481.20							\$(21.21)							101.4%							1,400.48						
6.24							5.29							6.07							6.09							6.12							0.03							99.5%							Prod FTE's/Adj Occupied Bed							6.04							6.12							0.08							98.7%							6.05						
12,813							14,443							12,191							13,343							13,539							(196.00)							98.6%							Weighted Patient Days							115,516							117,838							(2,322)							101.7%							113,552						
PPH North Indicators:																																																																																										
14.3%							8.8%							7.0%							9.1%							9.8%							-0.7%							92.9%							OEBITDA Margin w/Prop Tax							9.1%							9.6%							-0.5%							94.8%							8.6%						
\$ 2,441.50							\$ 2,189.49							\$ 2,521.01							\$ 2,479.67							\$ 2,362.17							\$(117.50)							105.0%							Expenses/Wtd Day							2,420.47							\$ 2,371.27							\$(49.20)							102.1%							2,297.93						
\$ 1,254.46							\$ 1,152.07							\$ 1,246.47							\$ 1,250.99							\$ 1,224.57							\$(26.42)							102.2%							SWB/Wtd Day							1,247.71							\$ 1,226.71							\$(21.00)							101.7%							1,178.35						
5.23							4.47							5.06							5.07							5.08							0.01							99.8%							Prod FTE's/Adj Occupied Bed							5.09							5.09							-							100.0%							5.11						
8,911							10,130							8,473							9,345							9,354							(9.00)							99.9%							Weighted Patient Days							80,153							81,343							(1,190)							100.4%							79,843						
PPH South Indicators:																																																																																										
-1.7%							11.7%							2.4%							12.2%							6.9%							5.3%							176.8%							OEBITDA Margin w/Prop Tax							6.8%							6.8%							0.0%							100.0%							5.0%						
\$ 2,440.73							\$ 2,260.27							\$ 2,475.70							\$ 2,516.33							\$ 2,411.15							\$(105.18)							104.4%							Expenses/Wtd Day							2,428.48							\$ 2,424.75							\$(3.73)							100.2%							2,363.69						
\$ 1,263.74							\$ 1,209.89							\$ 1,254.94							\$ 1,300.24							\$ 1,280.70							\$(19.54)							101.5%							SWB/Wtd Day							1,257.01							\$ 1,285.26							\$ 28.25							97.8%							1,232.12						
5.54							4.95							5.36							5.57							5.58							0.01							99.8%							Prod FTE's/Adj Occupied Bed							5.41							5.58							0.17							97.0%							5.63						
3,700							4,004							3,494							3,702							4,003							(301.00)							92.5%							Weighted Patient Days							33,048							33,739							(691)							103.0%							32,093						

Weighted Patient Days is compared with Prior Year Actual

Admissions - Acute

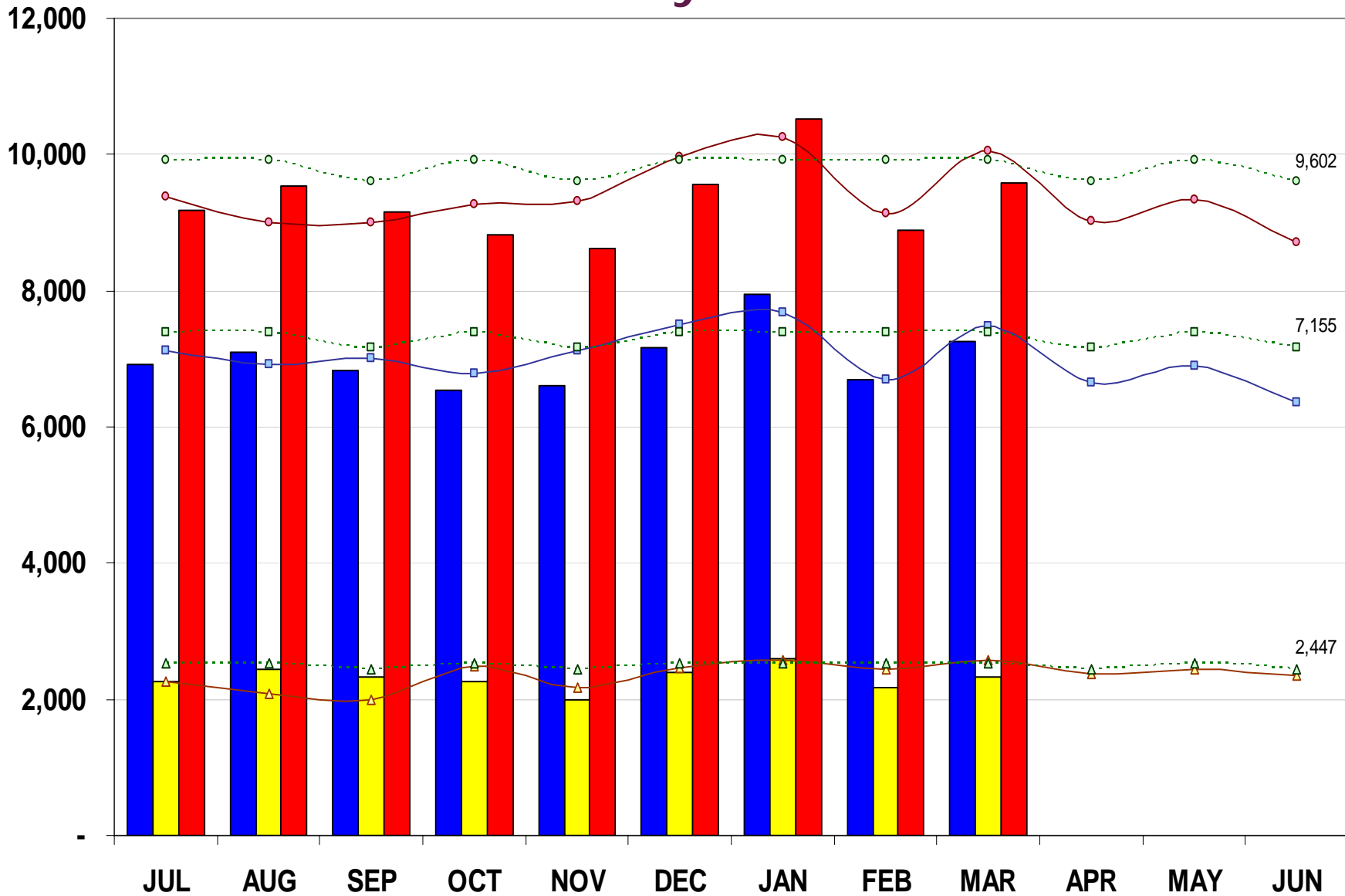
FISCAL YEAR 2007



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMc	1,832	1,895	1,871	1,816	1,791	1,915	1,861	1,601	1,996	-	-	-	16,578	16,440
POM	570	569	572	568	532	545	620	498	613	-	-	-	5,087	5,855
CON	2,402	2,464	2,443	2,384	2,323	2,460	2,481	2,099	2,609	-	-	-	21,665	22,295

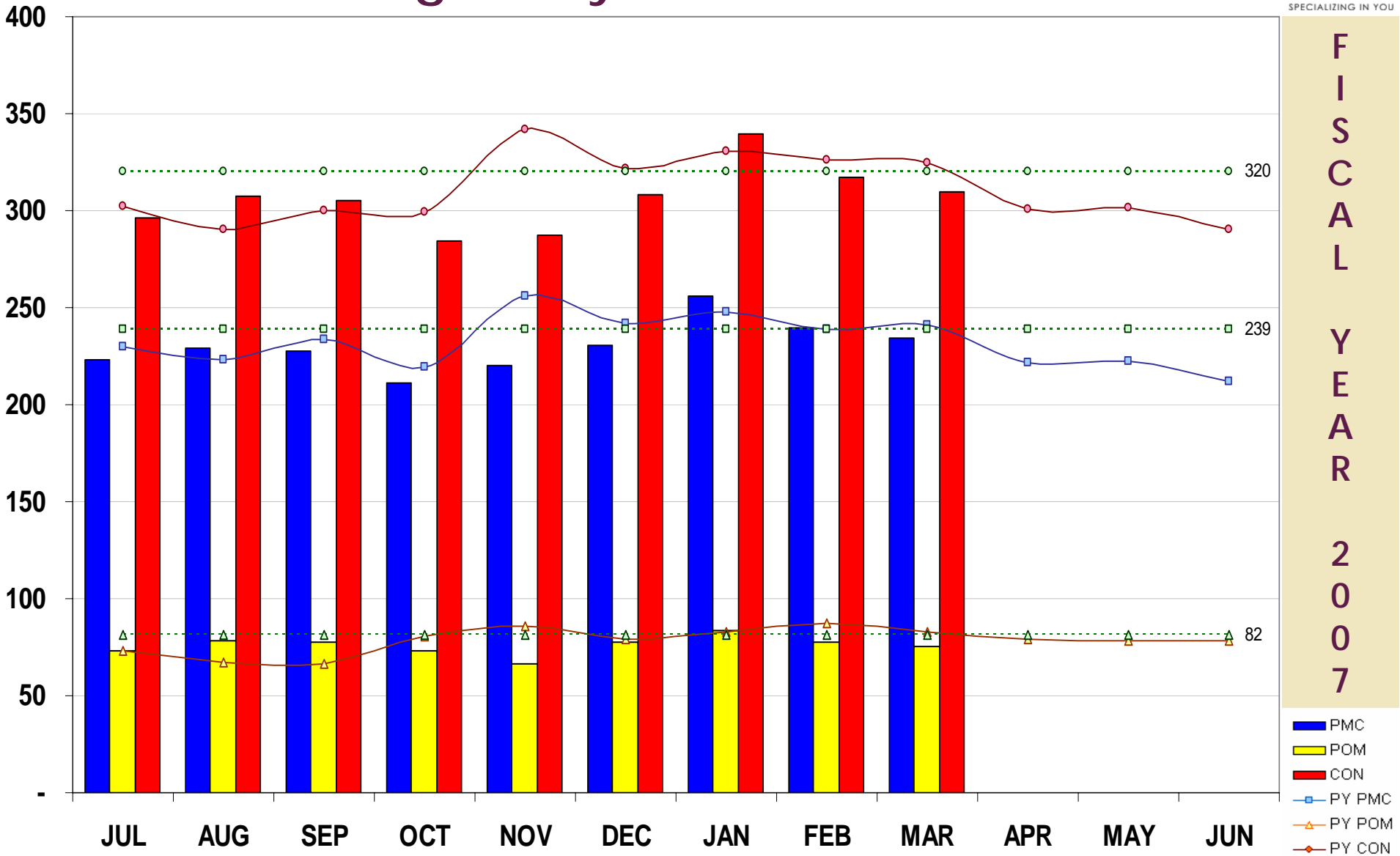
Patient Days - Acute

FISCAL YEAR 2007



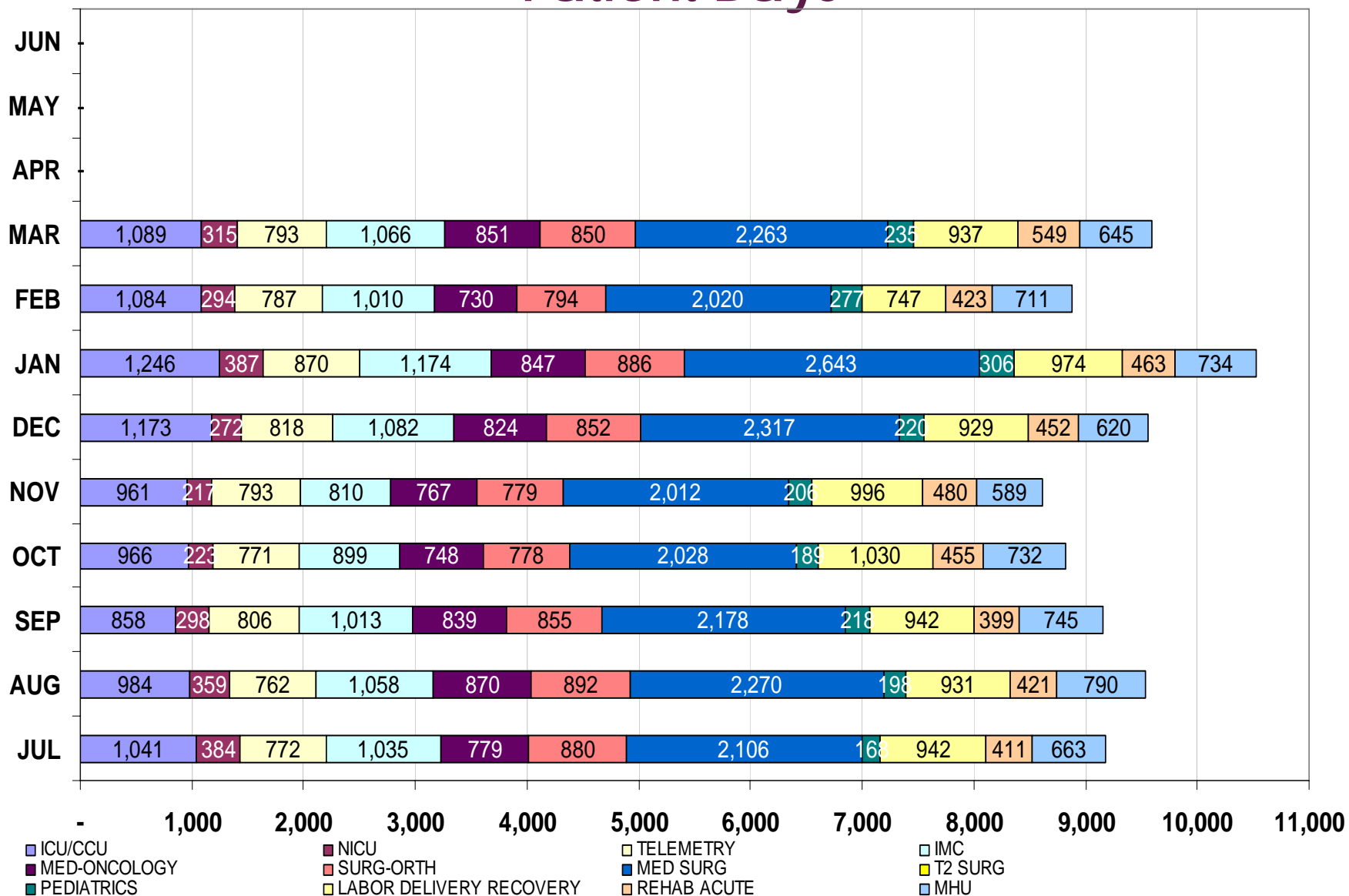
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	6,919	7,102	6,822	6,547	6,607	7,153	7,939	6,699	7,258	-	-	-	63,046	65,370
POM	2,261	2,433	2,329	2,272	2,003	2,406	2,591	2,178	2,335	-	-	-	20,808	22,327
CON	9,180	9,535	9,151	8,819	8,610	9,559	10,530	8,877	9,593	-	-	-	83,854	87,697

Average Daily Census - Acute



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	223	229	227	211	220	231	256	239	234	-	-	-	230	239
POM	73	78	78	73	67	78	84	78	75	-	-	-	76	81
CON	296	308	305	284	287	308	340	317	309	-	-	-	306	320

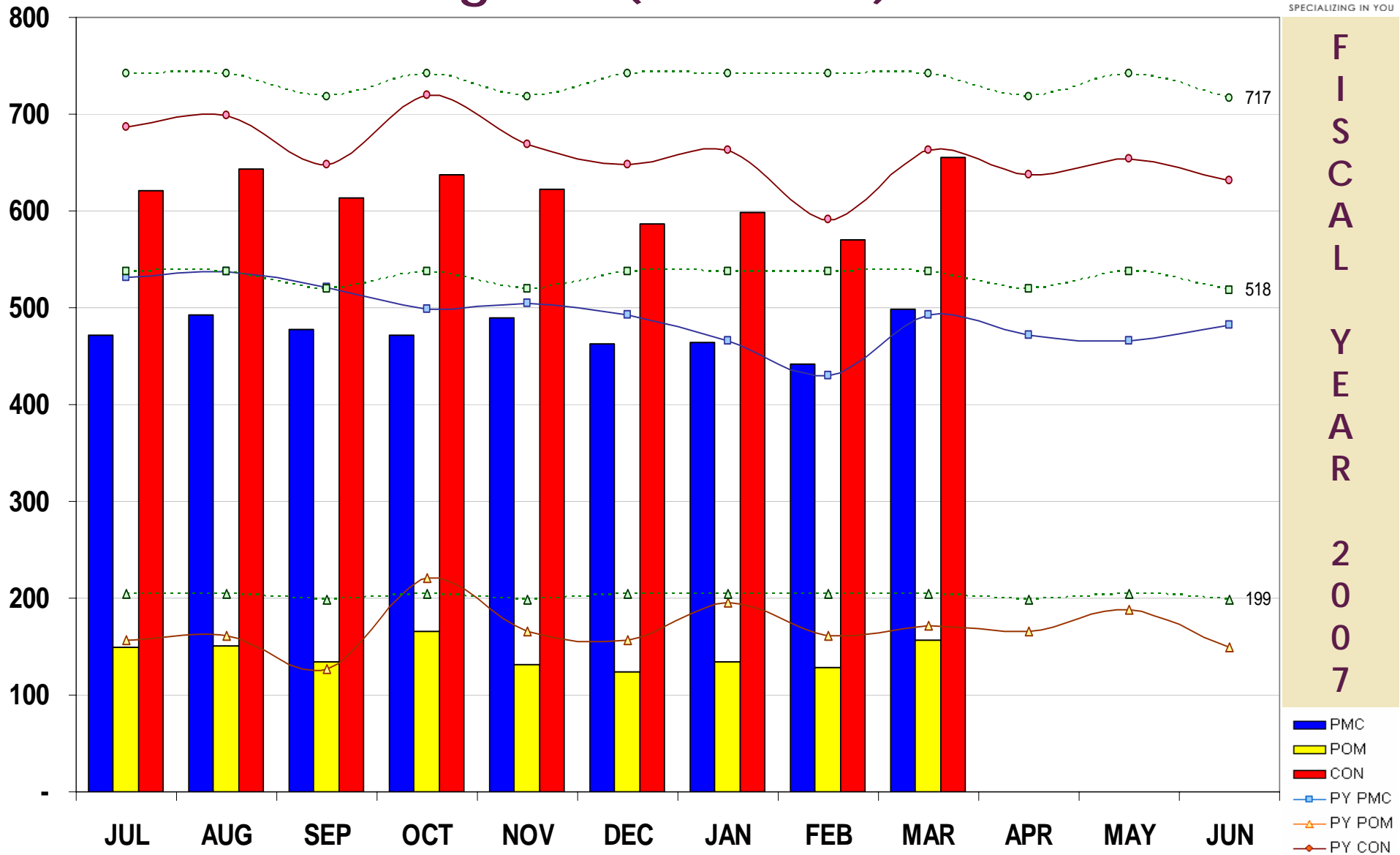
Patient Days



FISCAL YEAR 2007

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	6,919	7,102	6,822	6,547	6,607	7,153	7,939	6,699	7,258	-	-	-	63,046	65,370
POM	2,261	2,433	2,329	2,272	2,003	2,406	2,591	2,178	2,335	-	-	-	20,808	22,327
CON	9,180	9,535	9,151	8,819	8,610	9,559	10,530	8,877	9,593	-	-	-	83,854	87,697

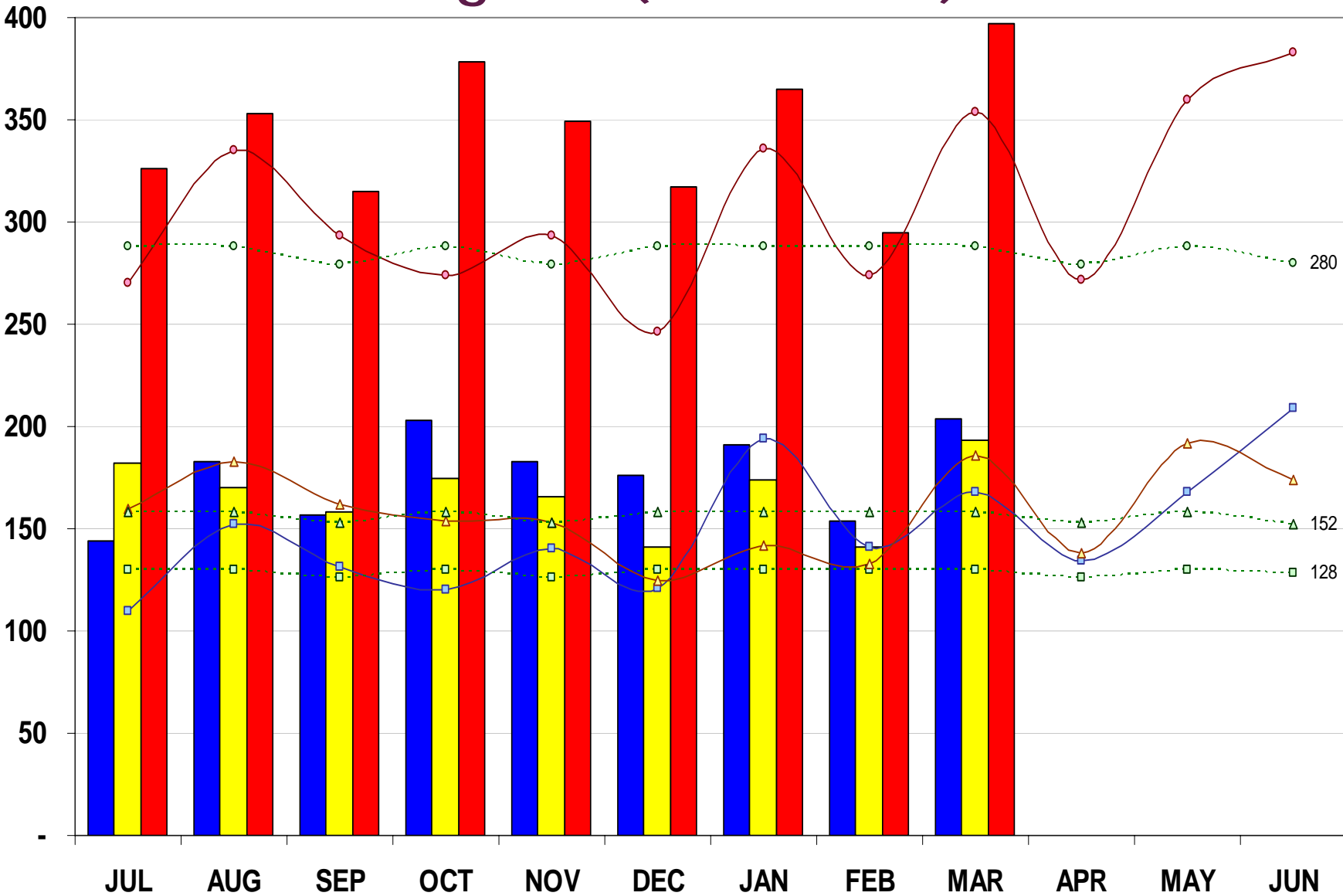
Surgeries (In-Patient)



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	471	492	478	471	490	463	464	442	498	-	-	-	4,269	4,745
POM	150	151	135	166	132	124	135	128	157	-	-	-	1,278	1,813
CON	621	643	613	637	622	587	599	570	655	-	-	-	5,547	6,558

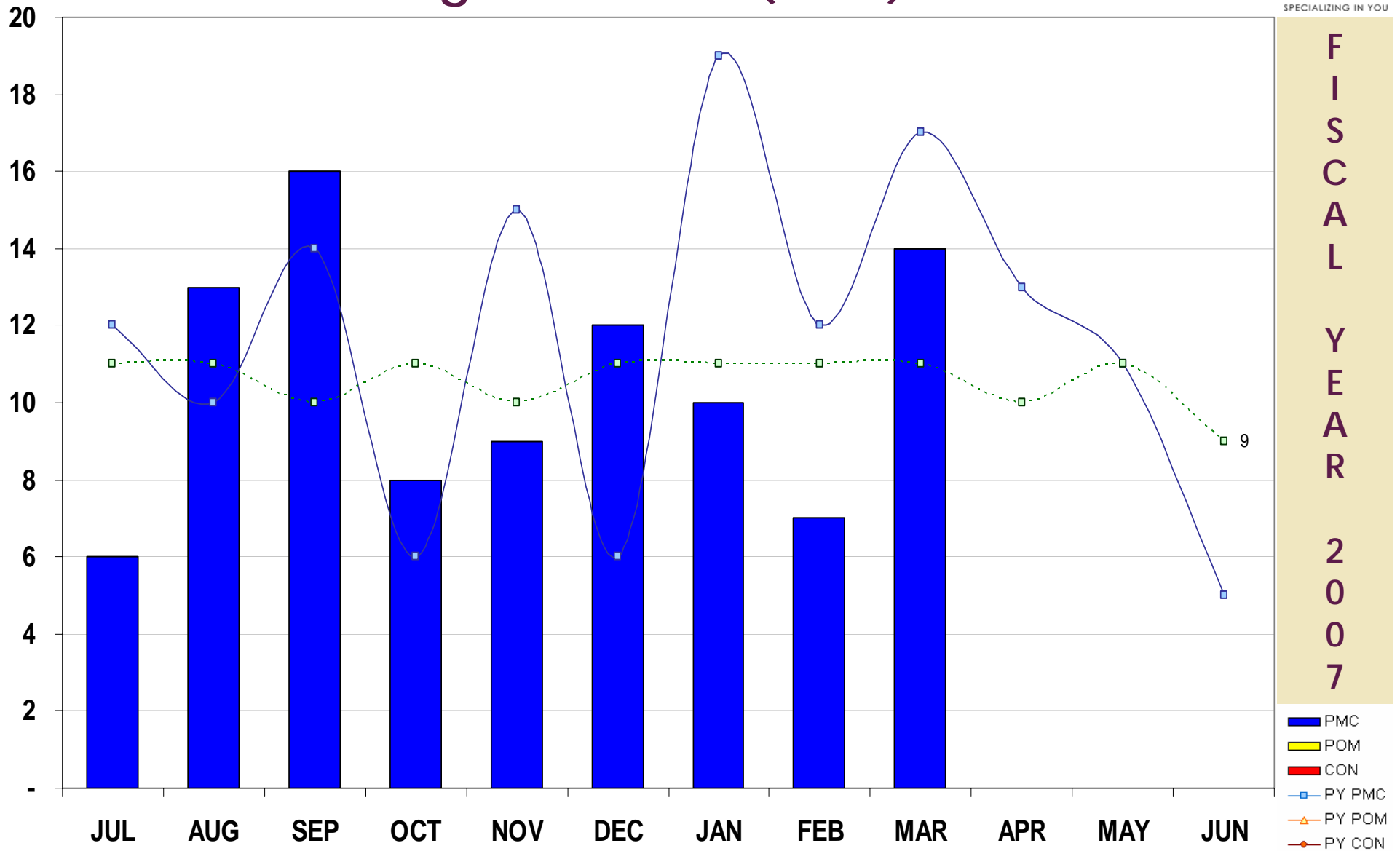
Surgeries (Out-Patient)

FISCAL YEAR 2007



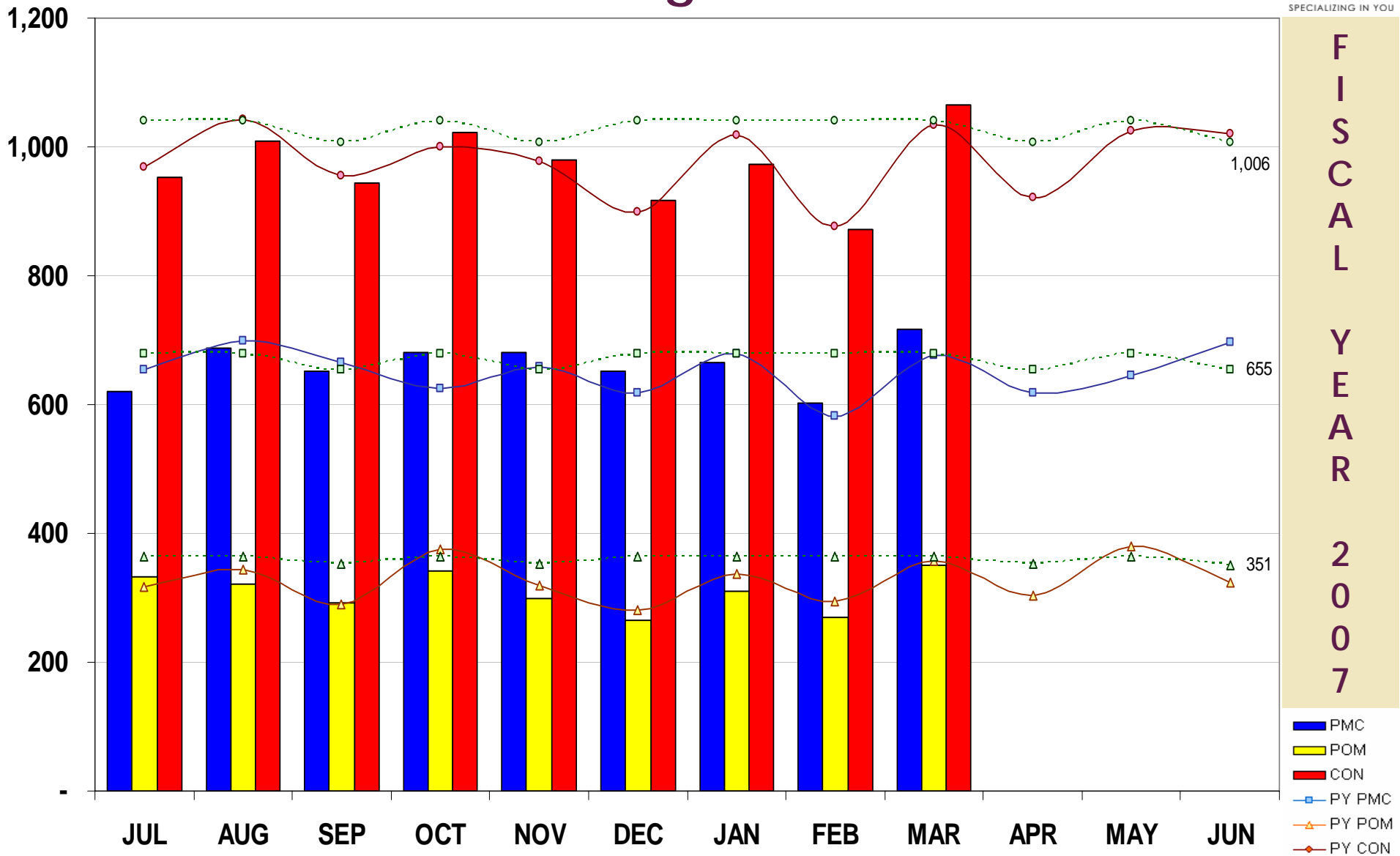
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	144	183	157	203	183	176	191	154	204	-	-	-	1,595	1,150
POM	182	170	158	175	166	141	174	141	193	-	-	-	1,500	1,397
CON	326	353	315	378	349	317	365	295	397	-	-	-	3,095	2,547

Surgeries – CVS (PMC)



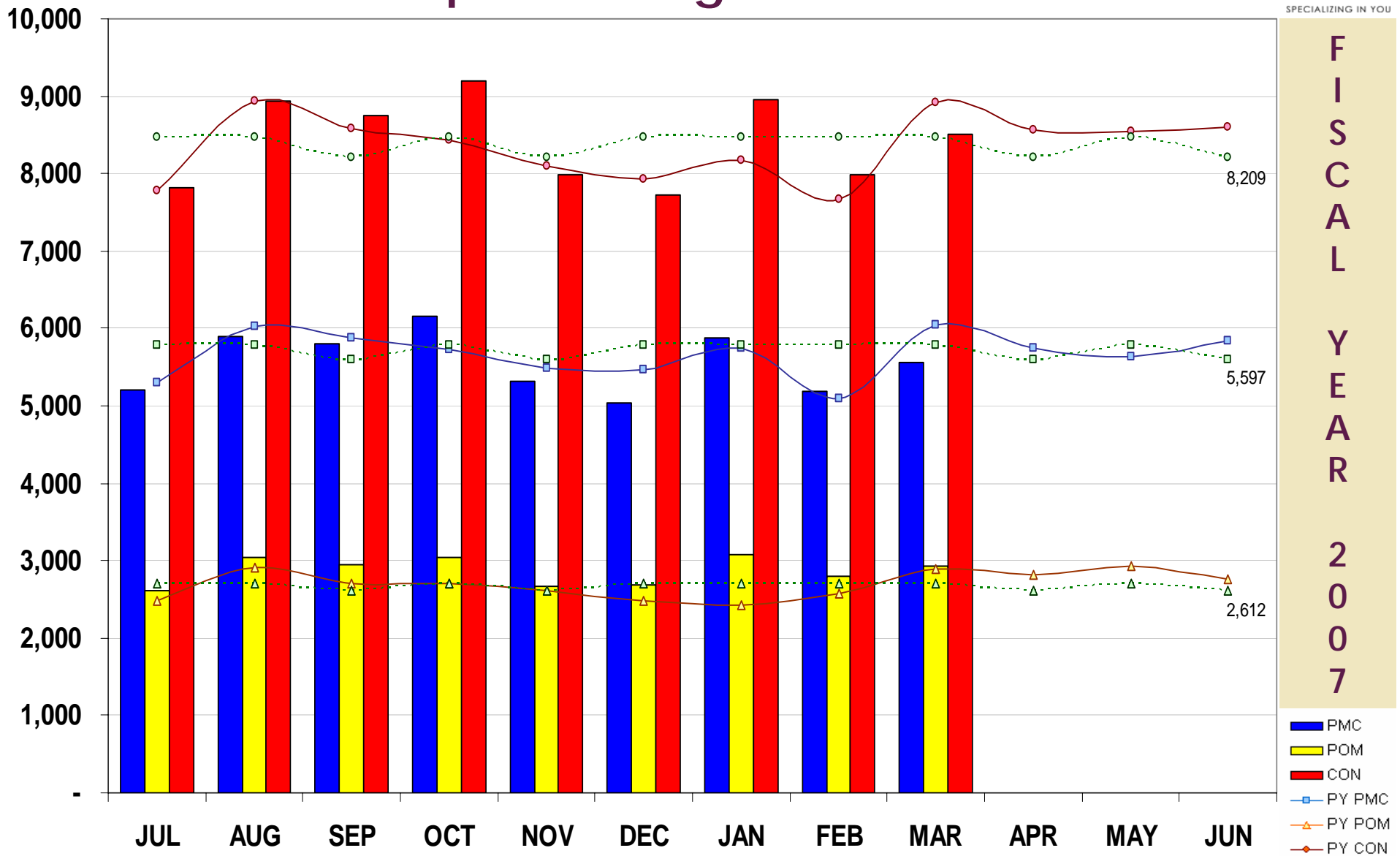
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	6	13	16	8	9	12	10	7	14	-	-	-	95	96

Total Surgeries



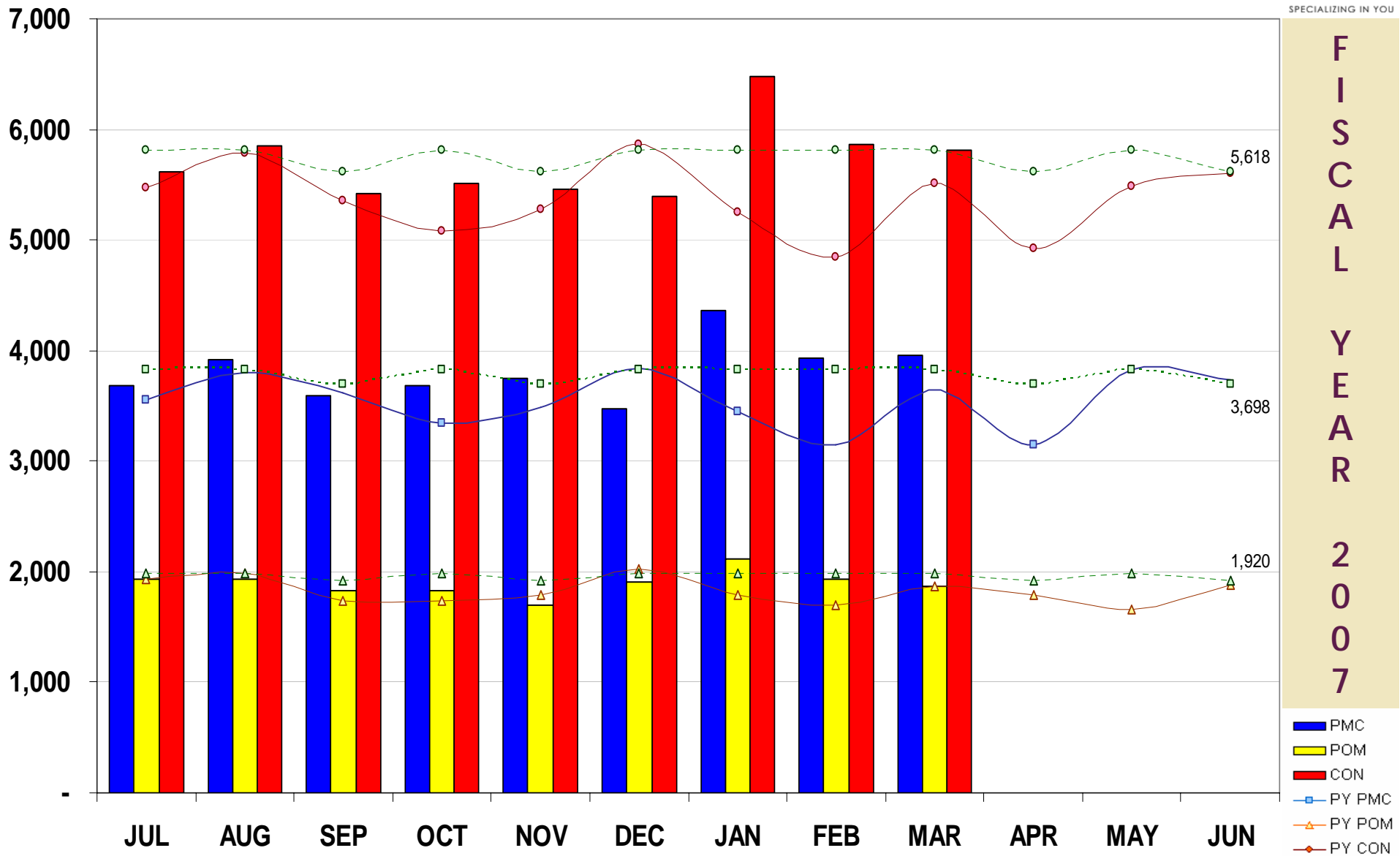
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	621	688	651	682	682	651	665	603	716	-	-	-	5,959	5,991
POM	332	321	293	341	298	265	309	269	350	-	-	-	2,778	3,210
CON	953	1,009	944	1,023	980	916	974	872	1,066	-	-	-	8,737	9,201

Outpatient Registration



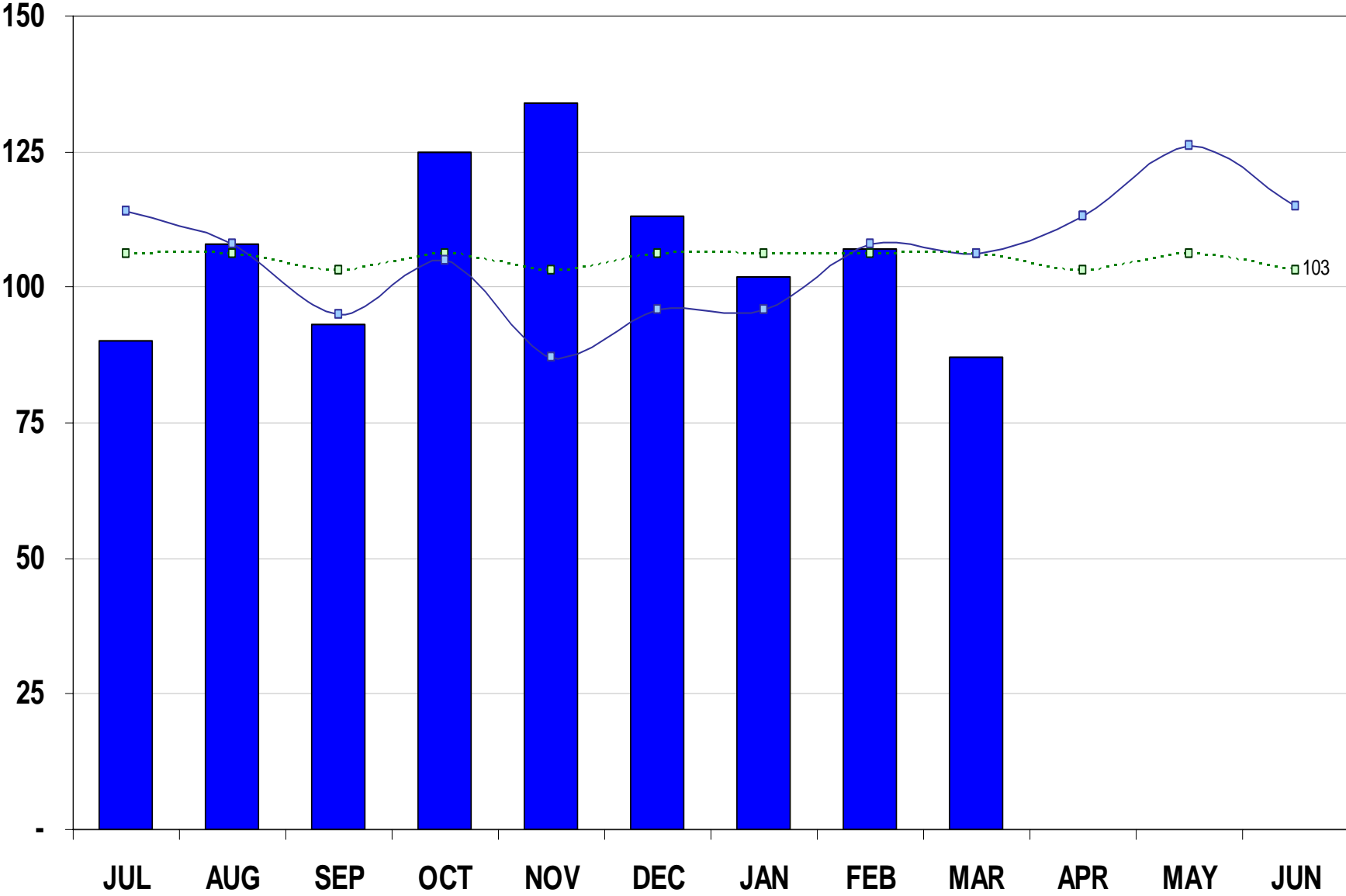
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	5,204	5,900	5,800	6,158	5,326	5,030	5,872	5,183	5,569	-	-	-	50,042	51,089
POM	2,615	3,044	2,944	3,033	2,659	2,690	3,086	2,800	2,930	-	-	-	25,801	23,838
CON	7,819	8,944	8,744	9,191	7,985	7,720	8,958	7,983	8,499	-	-	-	75,843	74,927

ER Visits includes Trauma



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	3,685	3,916	3,589	3,686	3,751	3,478	4,359	3,928	3,951	-	-	-	34,343	33,808
POM	1,930	1,930	1,828	1,828	1,703	1,910	2,120	1,931	1,867	-	-	-	17,047	17,521
CON	5,615	5,846	5,417	5,514	5,454	5,388	6,479	5,859	5,818	-	-	-	51,390	51,329

Trauma Cases (PMC)

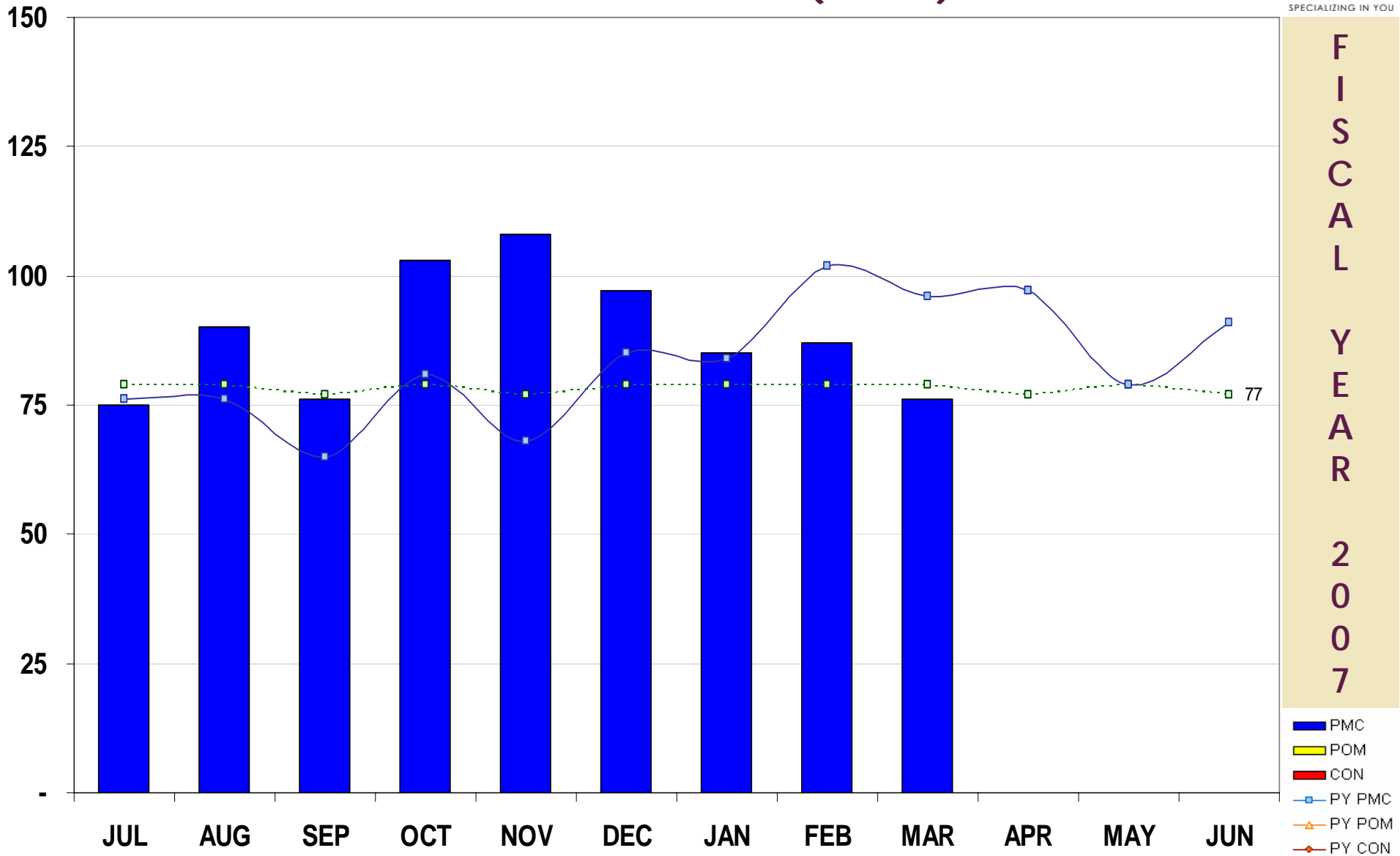


FISCAL YEAR 2007

- PMC
- POM
- CON
- PY PMC
- - -■ - - - PY POM
- - -◇ - - - PY CON

	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	90	108	93	125	134	113	102	107	87	-	-	-	959	937

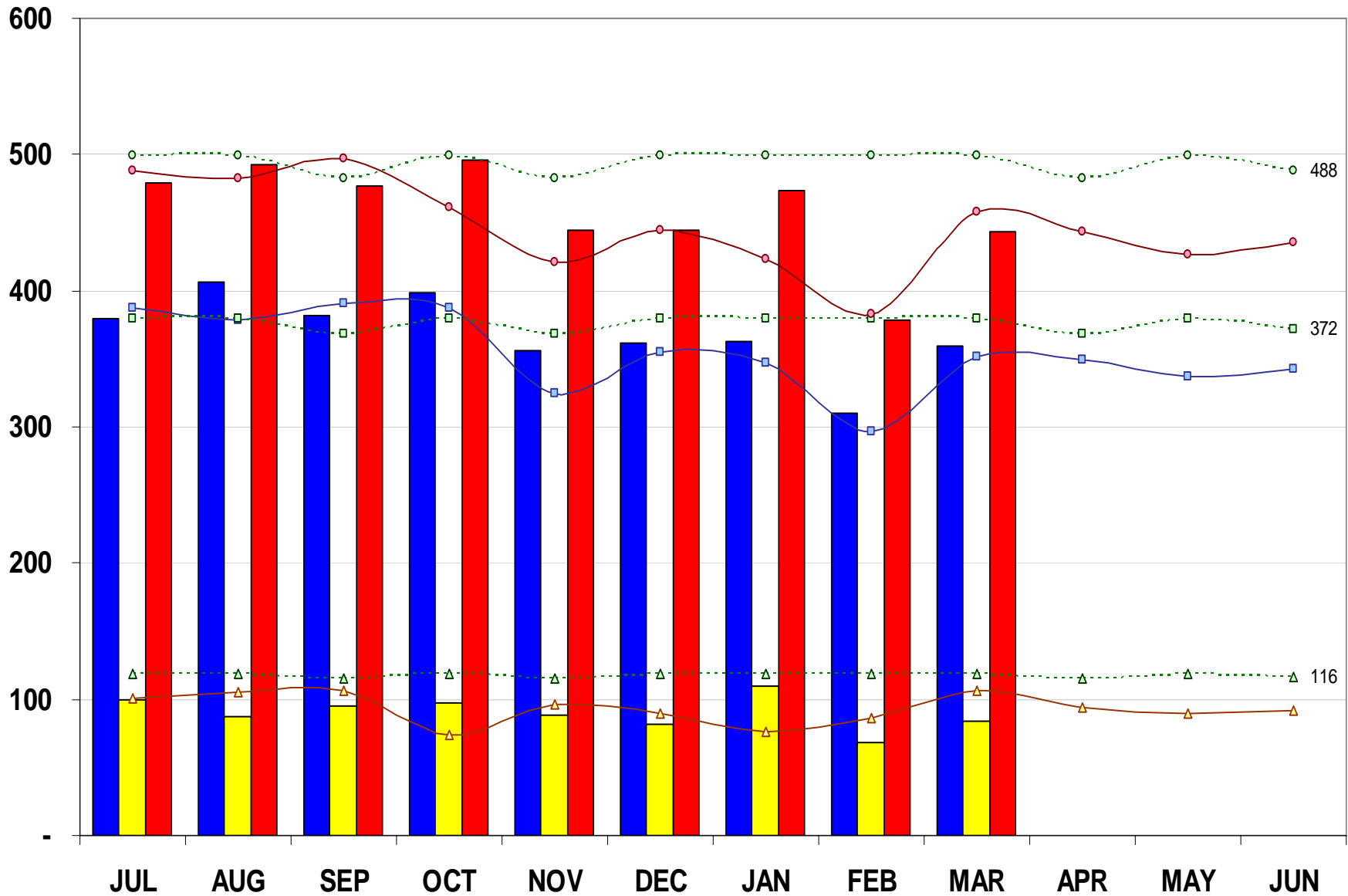
Trauma Admissions (PMC)



FISCAL YEAR 2007

	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	75	90	76	103	108	97	85	87	76	-	-	-	797	699

Deliveries

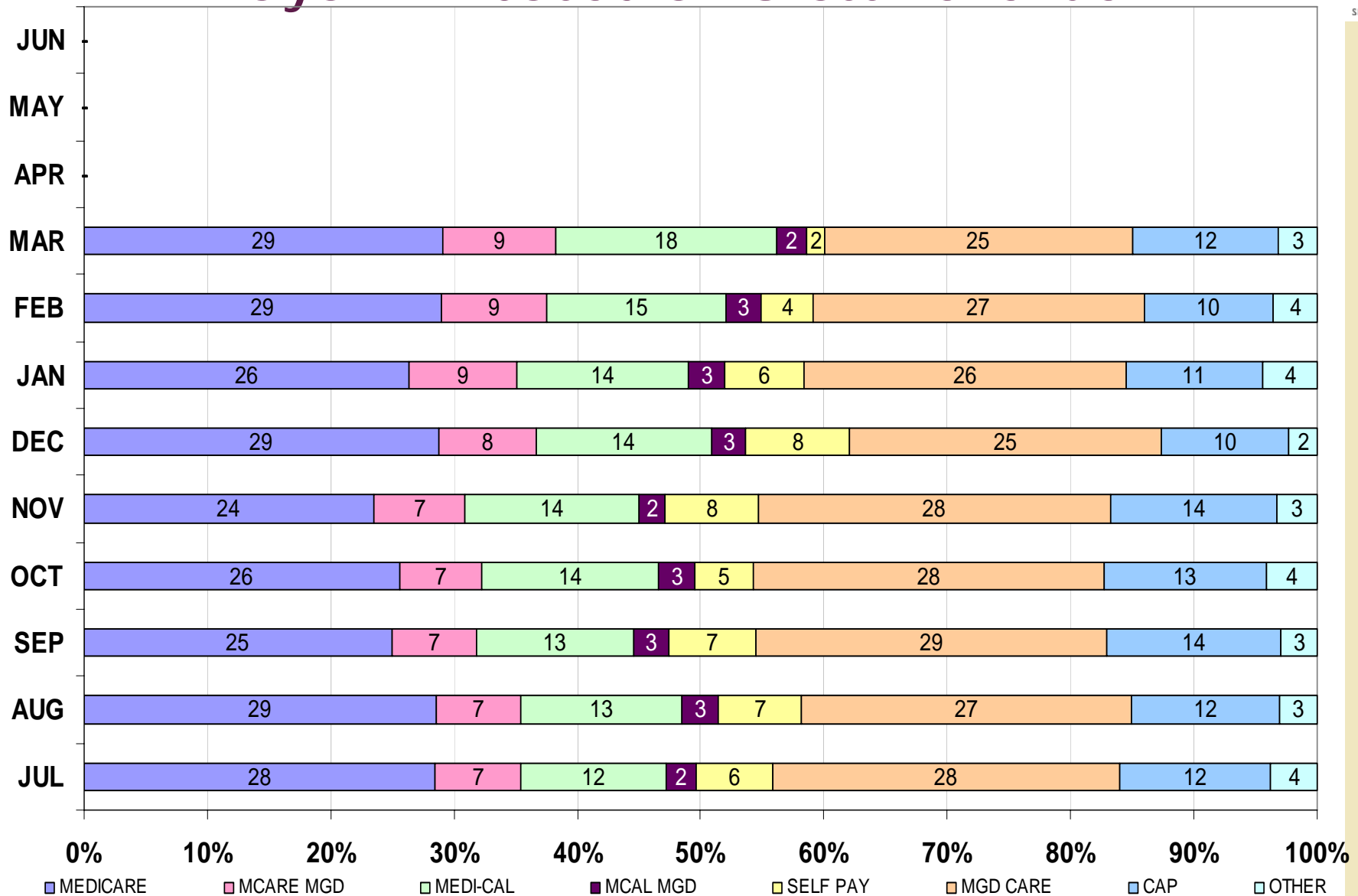


FISCAL YEAR 2007

- PMc
- POM
- CON
- PY PMc
- ▲— PY POM
- PY CON

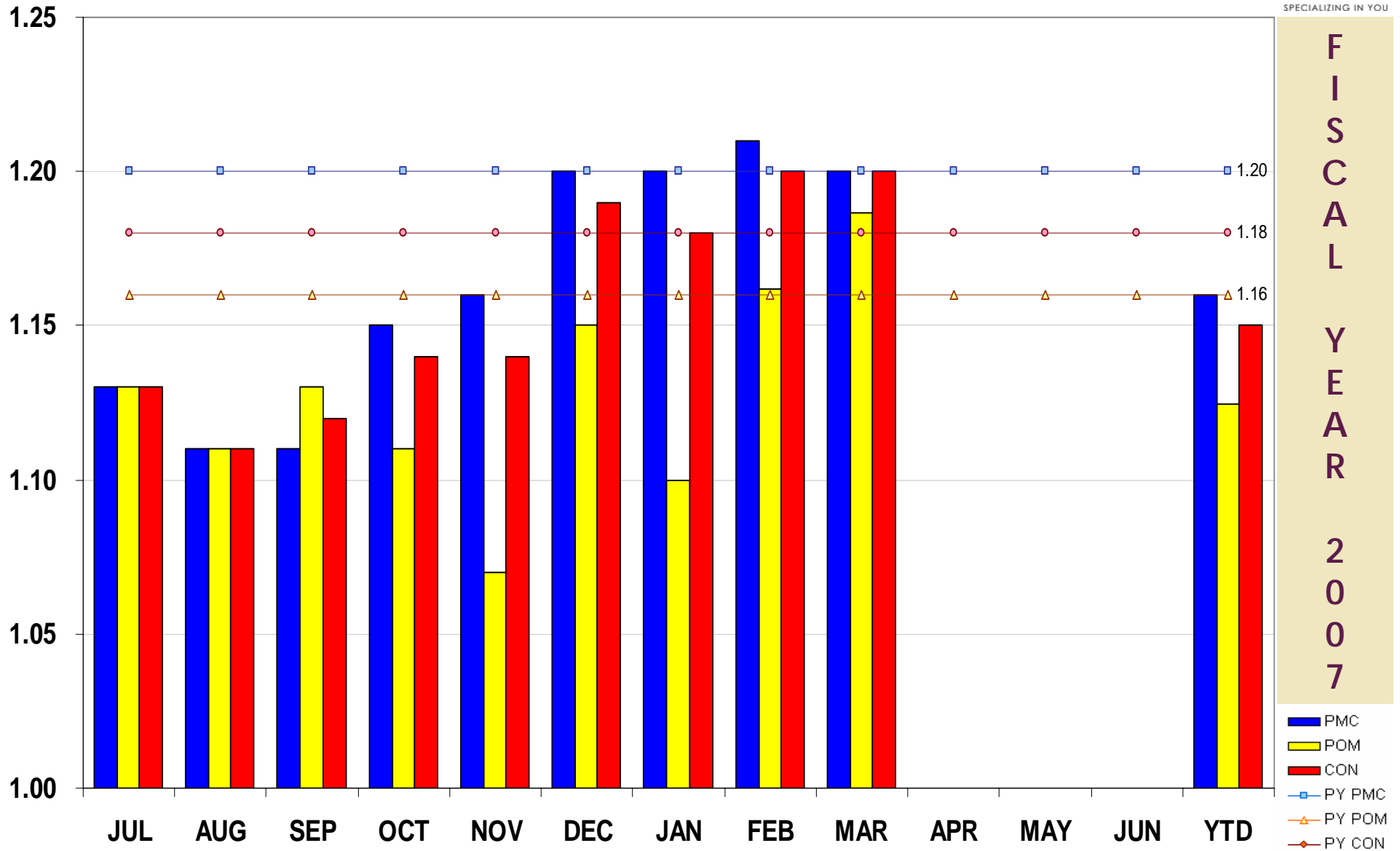
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMc	379	406	382	399	356	362	363	310	359	-	-	-	3,316	3,360
POM	100	87	95	97	88	82	110	68	84	-	-	-	811	1,051
CON	479	493	477	496	444	444	473	378	443	-	-	-	4,127	4,411

Payor Mix based on Gross Revenue



FISCAL YEAR 2007

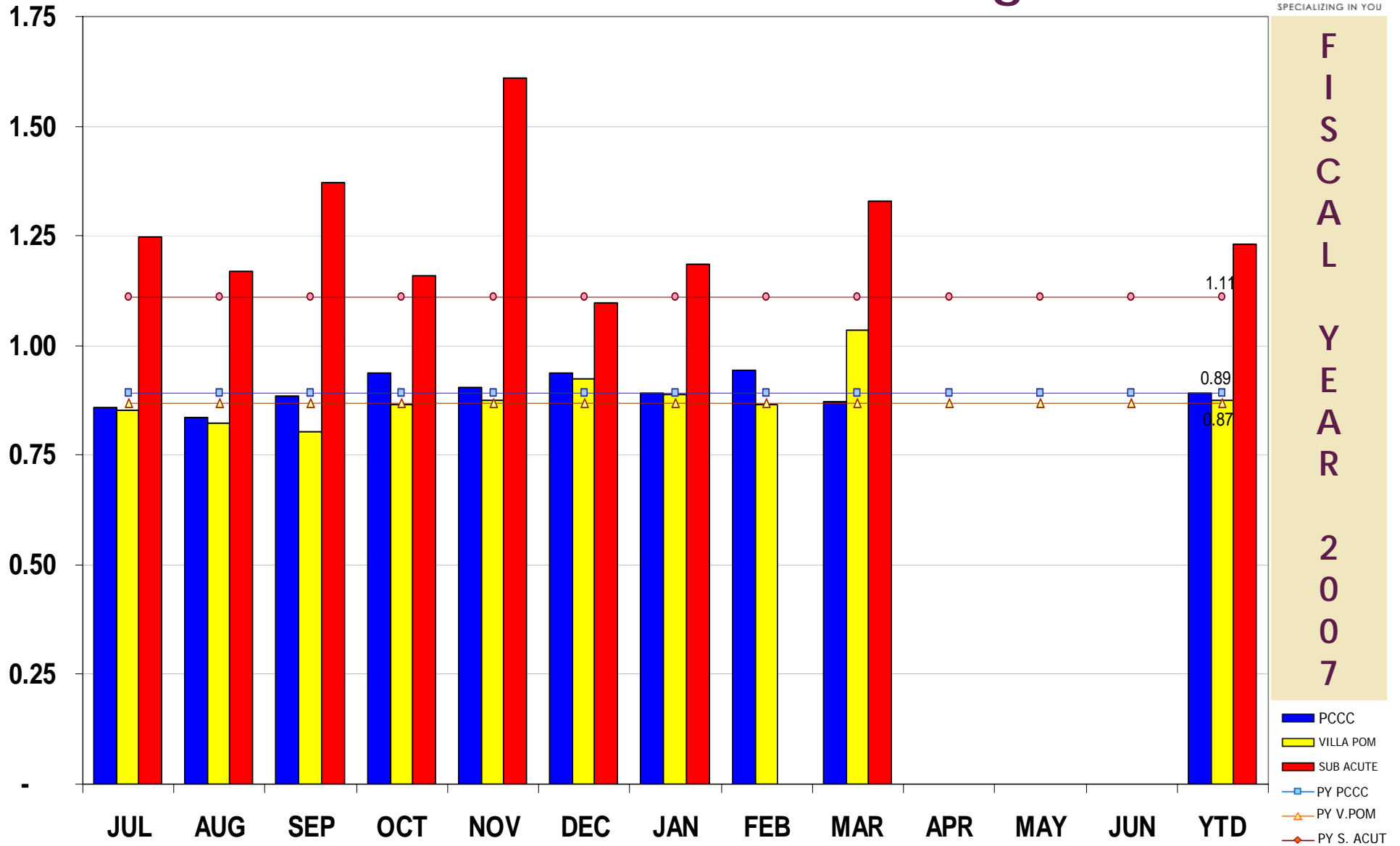
Case Mix Index



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
PMC	1.13	1.11	1.11	1.15	1.16	1.20	1.20	1.21	1.20	-	-	-	1.16
POM	1.13	1.11	1.13	1.11	1.07	1.15	1.10	1.16	1.19	-	-	-	1.12
CON	1.13	1.11	1.12	1.14	1.14	1.19	1.18	1.20	1.20	-	-	-	1.15

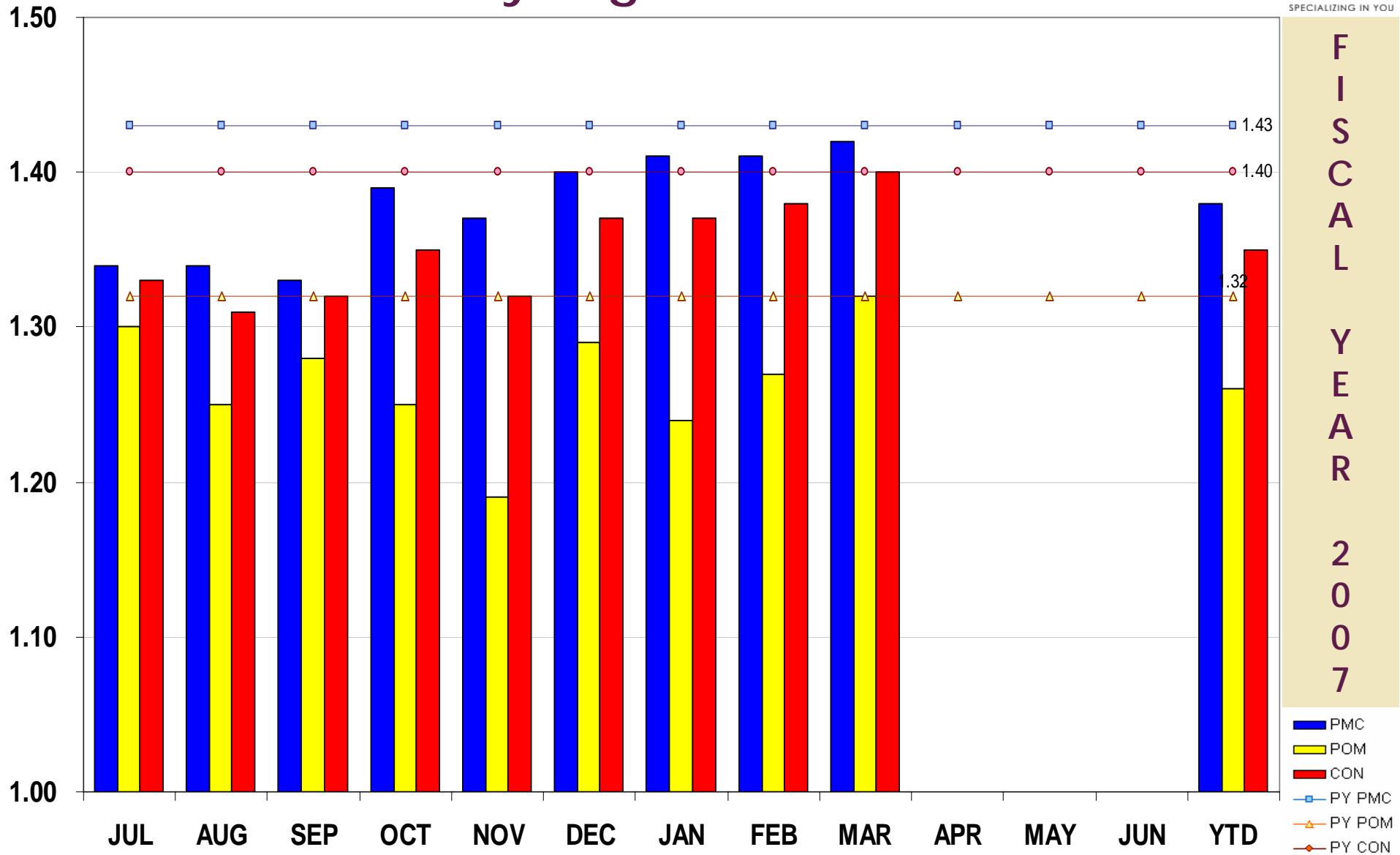
Case Mix Index – Skilled Nursing

FISCAL YEAR 2007



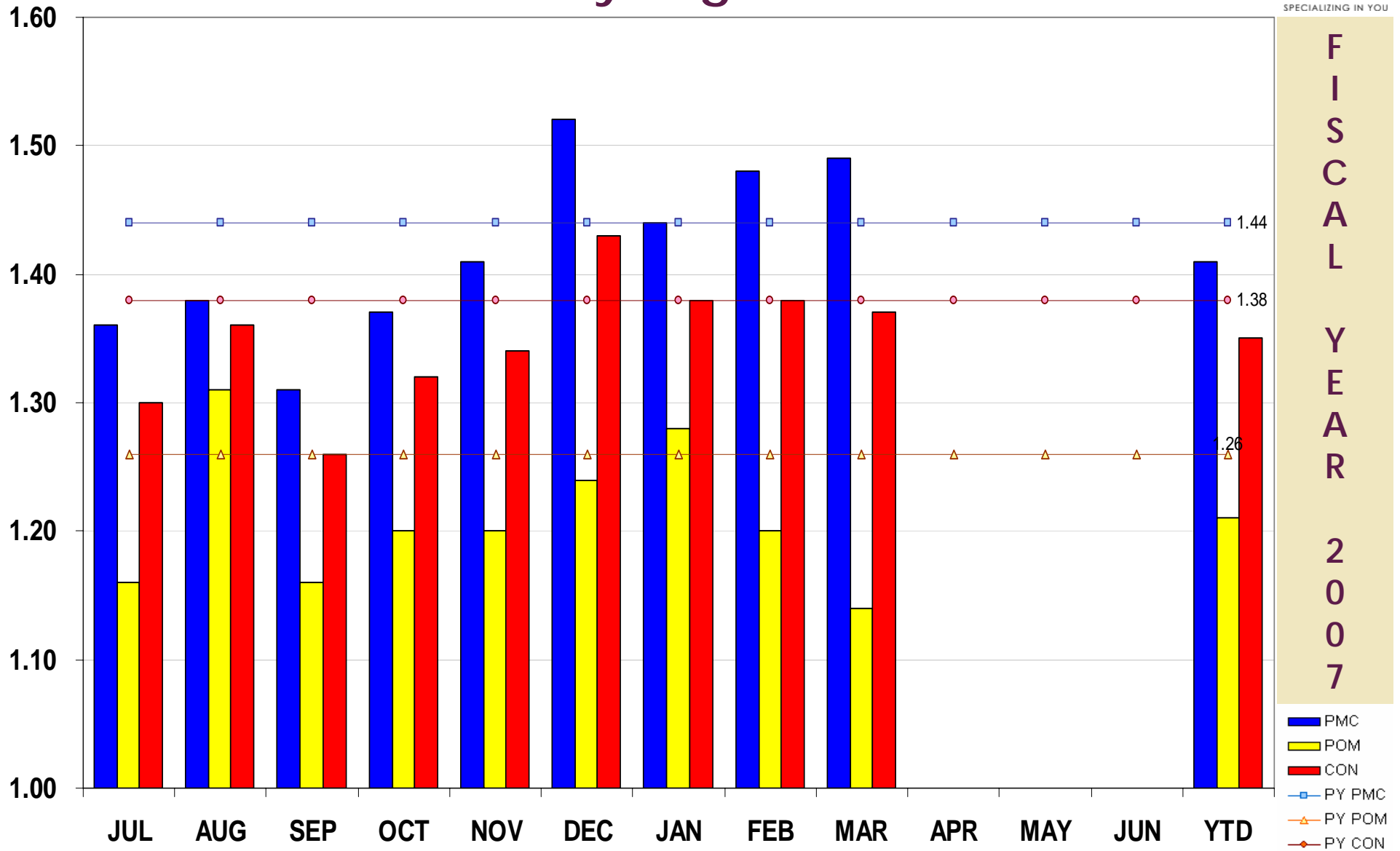
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
PCCC	0.86	0.84	0.88	0.94	0.90	0.94	0.89	0.94	0.87	-	-	-	0.89
VILLA POM	0.85	0.82	0.80	0.87	0.87	0.92	0.89	0.86	1.03	-	-	-	0.87
SUB ACUTE	1.25	1.17	1.37	1.16	1.61	1.10	1.18	-	1.33	-	-	-	1.23

Case Mix Index by Region excludes Deliveries



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
PMC	1.34	1.34	1.33	1.39	1.37	1.40	1.41	1.41	1.42	-	-	-	1.38
POM	1.30	1.25	1.28	1.25	1.19	1.29	1.24	1.27	1.32	-	-	-	1.26
CON	1.33	1.31	1.32	1.35	1.32	1.37	1.37	1.38	1.40	-	-	-	1.35

Case Mix Index by Region – MediCare



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
PMC	1.36	1.38	1.31	1.37	1.41	1.52	1.44	1.48	1.49	-	-	-	1.41
POM	1.16	1.31	1.16	1.20	1.20	1.24	1.28	1.20	1.14	-	-	-	1.21
CON	1.30	1.36	1.26	1.32	1.34	1.43	1.38	1.38	1.37	-	-	-	1.35

Summary of Key Indicators and Results FYTD March 2007

B27

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2006</u>
<u>ADMISSIONS - Acute:</u>				
Palomar Medical Center	16,578	16,440	138	16,205
Pomerado Hospital	5,087	5,855	(768)	5,130
Total:	<u>21,665</u>	<u>22,295</u>	<u>(630)</u>	<u>21,335</u>
<u>ADMISSIONS - SNF:</u>				
Palomar Medical Center	447	581	(134)	466
Pomerado Hospital	415	470	(55)	453
Total:	<u>862</u>	<u>1,051</u>	<u>(189)</u>	<u>919</u>
<u>PATIENT DAYS - Acute:</u>				
Palomar Medical Center	63,046	65,370	(2,324)	64,333
Pomerado Hospital	20,808	22,327	(1,519)	21,046
Total:	<u>83,854</u>	<u>87,697</u>	<u>(3,843)</u>	<u>85,379</u>
<u>PATIENT DAYS- SNF:</u>				
Palomar Medical Center	23,935	24,279	(344)	22,887
Pomerado Hospital	33,822	33,976	(154)	33,989
Total:	<u>57,757</u>	<u>58,255</u>	<u>(498)</u>	<u>56,876</u>

Summary of Key Indicators and Results

FYTD March 2007 (cont'd)

B28

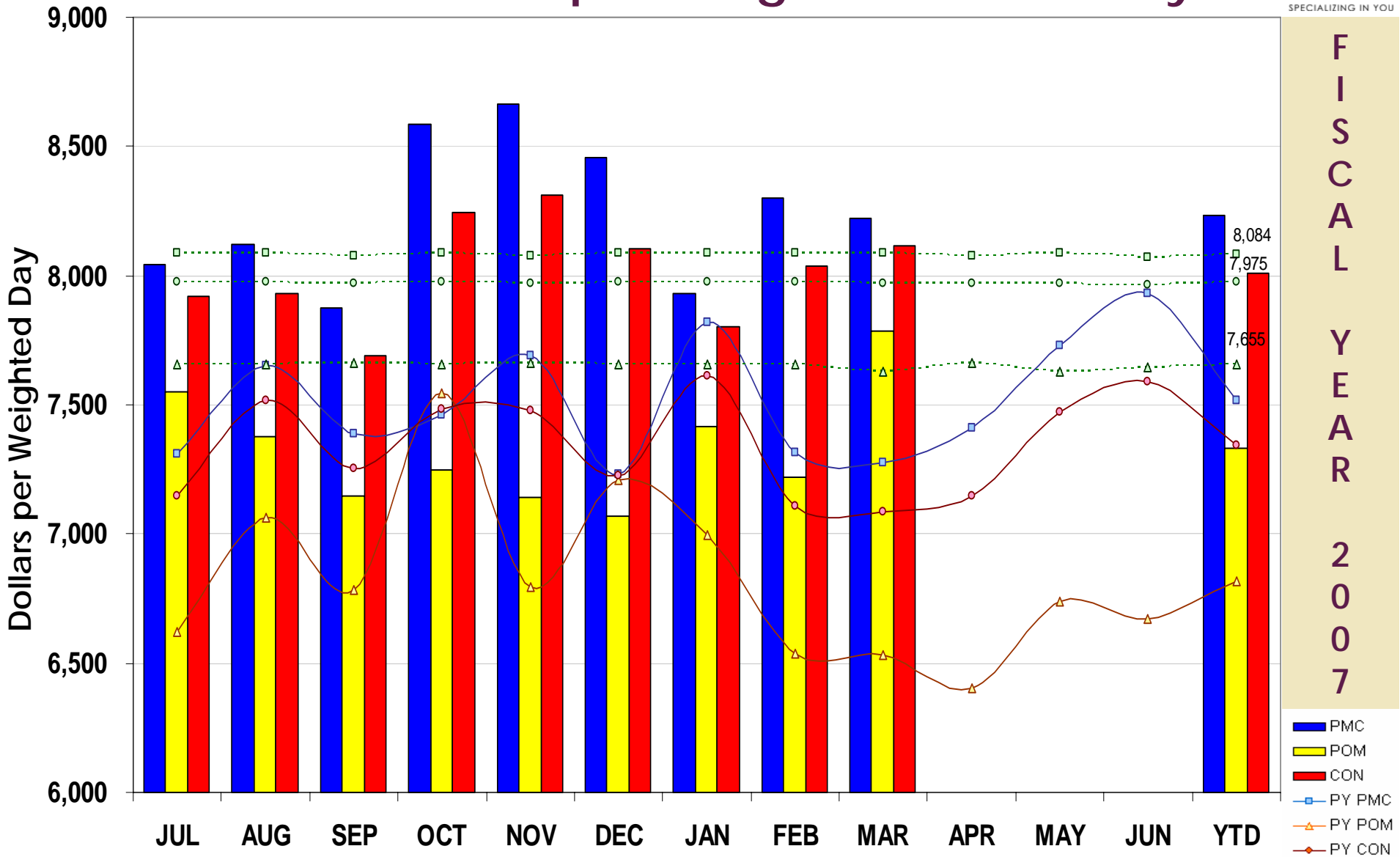
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2006</u>
<u>WEIGHTED PATIENT DAYS:</u>				
Palomar Medical Center	80,153	81,343	(1,190)	79,843
Pomerado Hospital	33,048	33,976	(928)	33,989
Other Activities	2,315	2,519	(204)	(280)
Total:	<u><u>115,516</u></u>	<u><u>117,838</u></u>	<u><u>(2,322)</u></u>	<u><u>113,552</u></u>
<u>AVERAGE LENGTH OF STAY- Acute:</u>				
Palomar Medical Center	3.76	4.02	(0.26)	4.01
Pomerado Hospital	4.06	3.96	0.10	4.07
Total:	<u><u>3.83</u></u>	<u><u>4.00</u></u>	<u><u>(0.17)</u></u>	<u><u>4.02</u></u>
<u>AVERAGE LENGTH OF STAY - SNF:</u>				
Palomar Medical Center	55.02	40.53	14.49	47.98
Pomerado Hospital	80.53	73.70	6.83	77.25
Total:	<u><u>67.55</u></u>	<u><u>54.96</u></u>	<u><u>12.59</u></u>	<u><u>62.02</u></u>

Summary of Key Indicators and Results FYTD March 2007 (cont'd)

B29

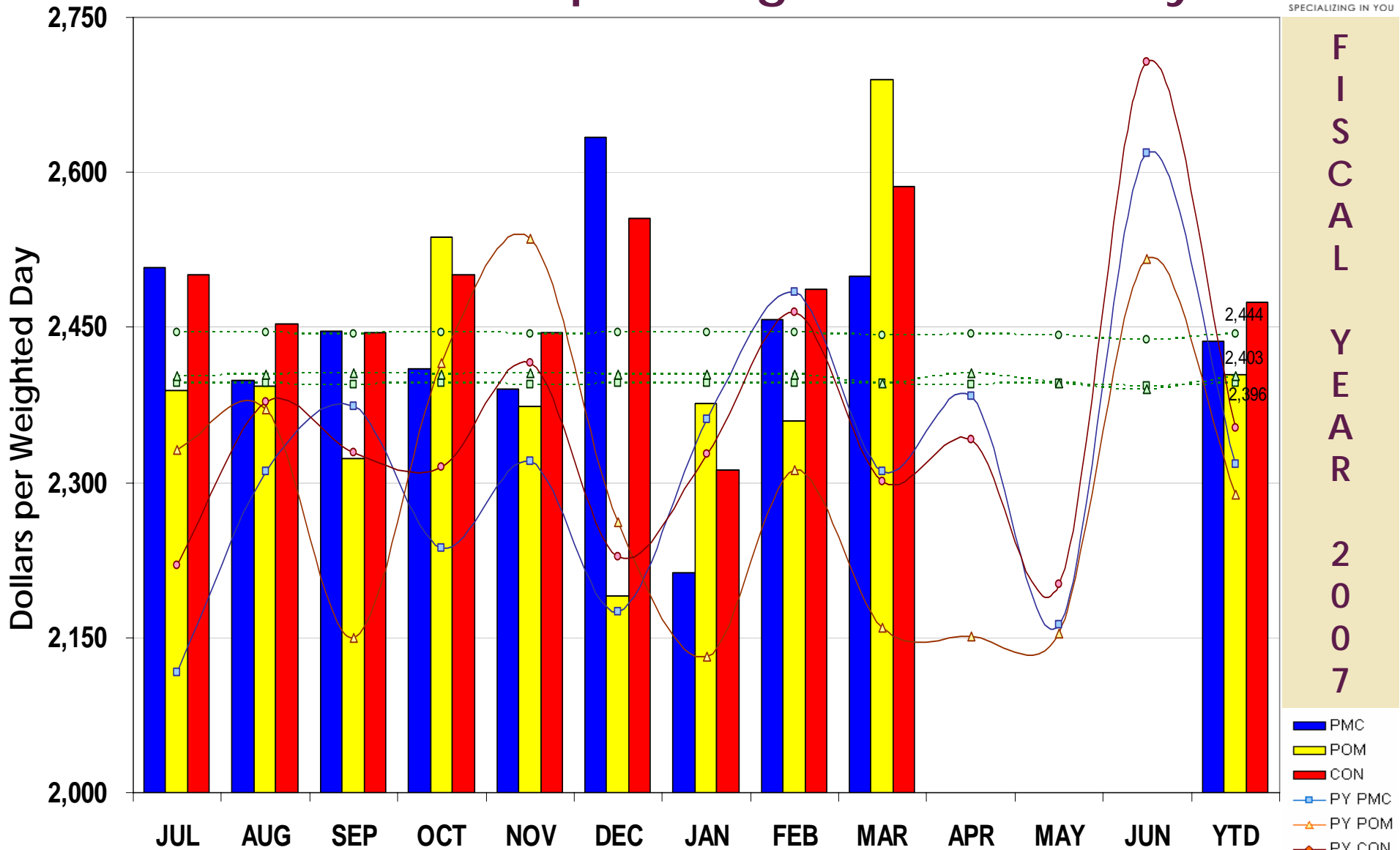
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2006</u>
<u>EMERGENCY ROOM VISITS & TRAUMA CASES:</u>				
Palomar Medical Center	34,343	33,808	535	31,863
Pomerado Hospital	17,047	17,521	(474)	16,568
Total:	<u>51,390</u>	<u>51,329</u>	<u>61</u>	<u>48,431</u>
<u>EMERGENCY & TRAUMA ADMISSIONS:</u>				
Palomar Medical Center	8,263	8,518	(255)	8,337
Pomerado Hospital	2,956	3,067	(111)	2,876
Total:	<u>11,219</u>	<u>11,585</u>	<u>(366)</u>	<u>11,213</u>
<u>SURGERIES:</u>				
Palomar Medical Center	5,959	5,991	(32)	5,860
Pomerado Hospital	2,778	3,210	(432)	2,912
Total:	<u>8,737</u>	<u>9,201</u>	<u>(464)</u>	<u>8,772</u>
<u>BIRTHS:</u>				
Palomar Medical Center	3,316	3,360	(44)	3,219
Pomerado Hospital	811	1,051	(240)	839
Total:	<u>4,127</u>	<u>4,411</u>	<u>(284)</u>	<u>4,058</u>

Gross Patient Revenue per Weighted Patient Days



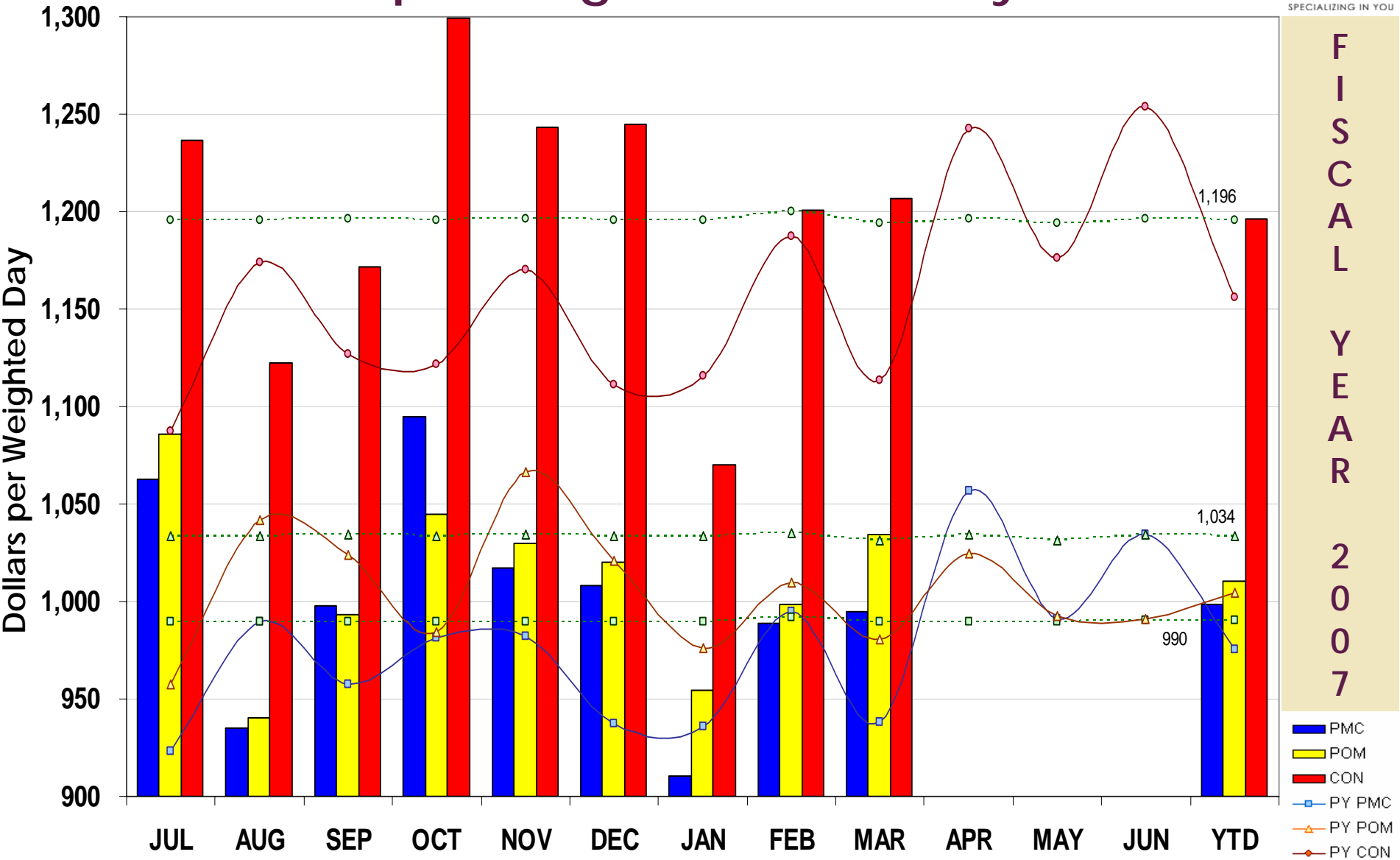
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	8,041	8,120	7,875	8,587	8,665	8,455	7,929	8,301	8,224	-	-	-	8,236	8,084
POM	7,552	7,379	7,149	7,247	7,142	7,068	7,418	7,222	7,786	-	-	-	7,333	7,655
CON	7,921	7,932	7,690	8,242	8,311	8,106	7,803	8,036	8,118	-	-	-	8,012	7,975

Net Patient Revenue per Weighted Patient Days



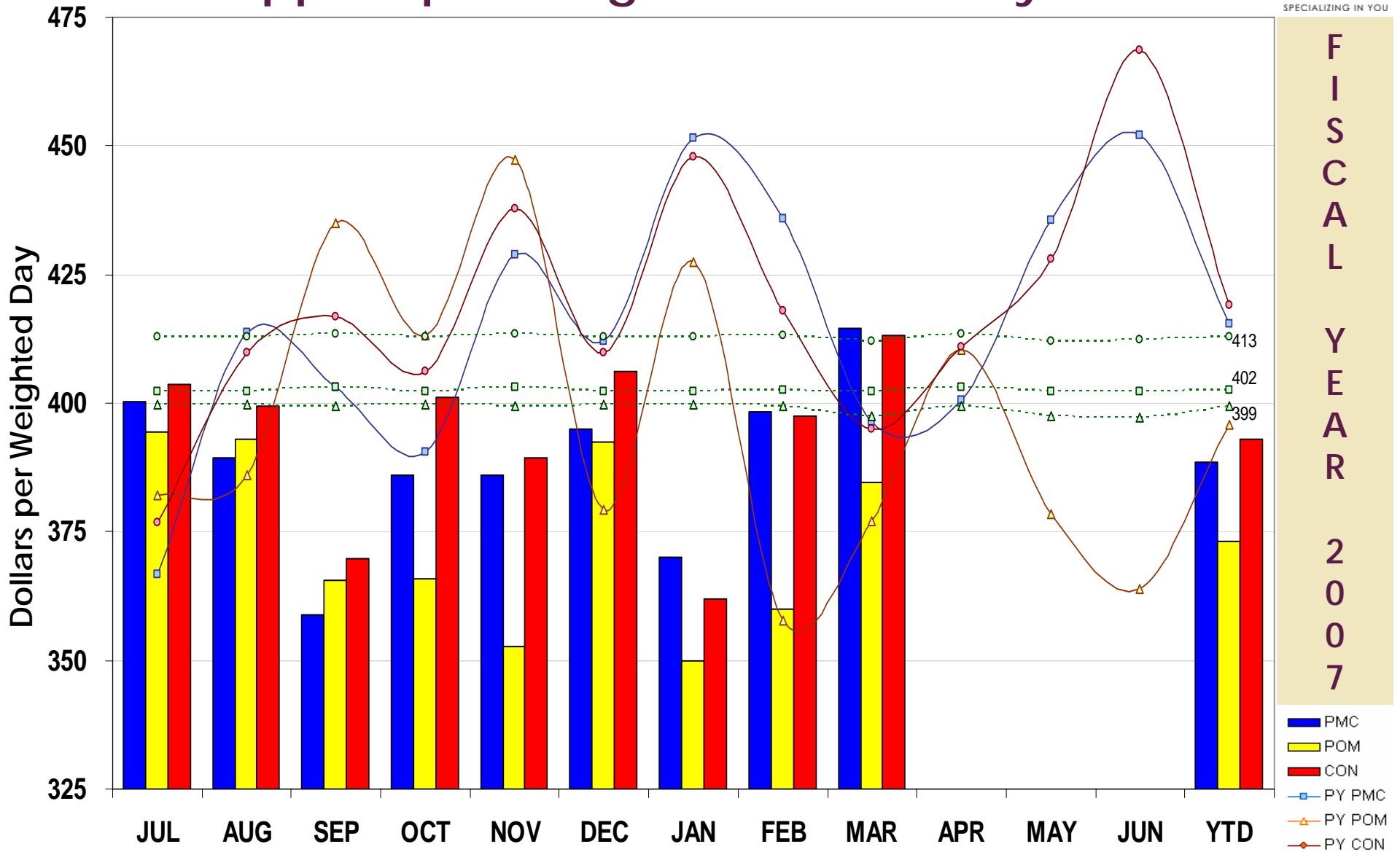
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	2,508	2,398	2,446	2,410	2,391	2,634	2,213	2,457	2,499	-	-	-	2,436	2,396
POM	2,389	2,393	2,323	2,537	2,373	2,191	2,376	2,360	2,689	-	-	-	2,404	2,403
CON	2,500	2,453	2,445	2,500	2,445	2,556	2,312	2,487	2,586	-	-	-	2,474	2,444

Salaries per Weighted Patient Days



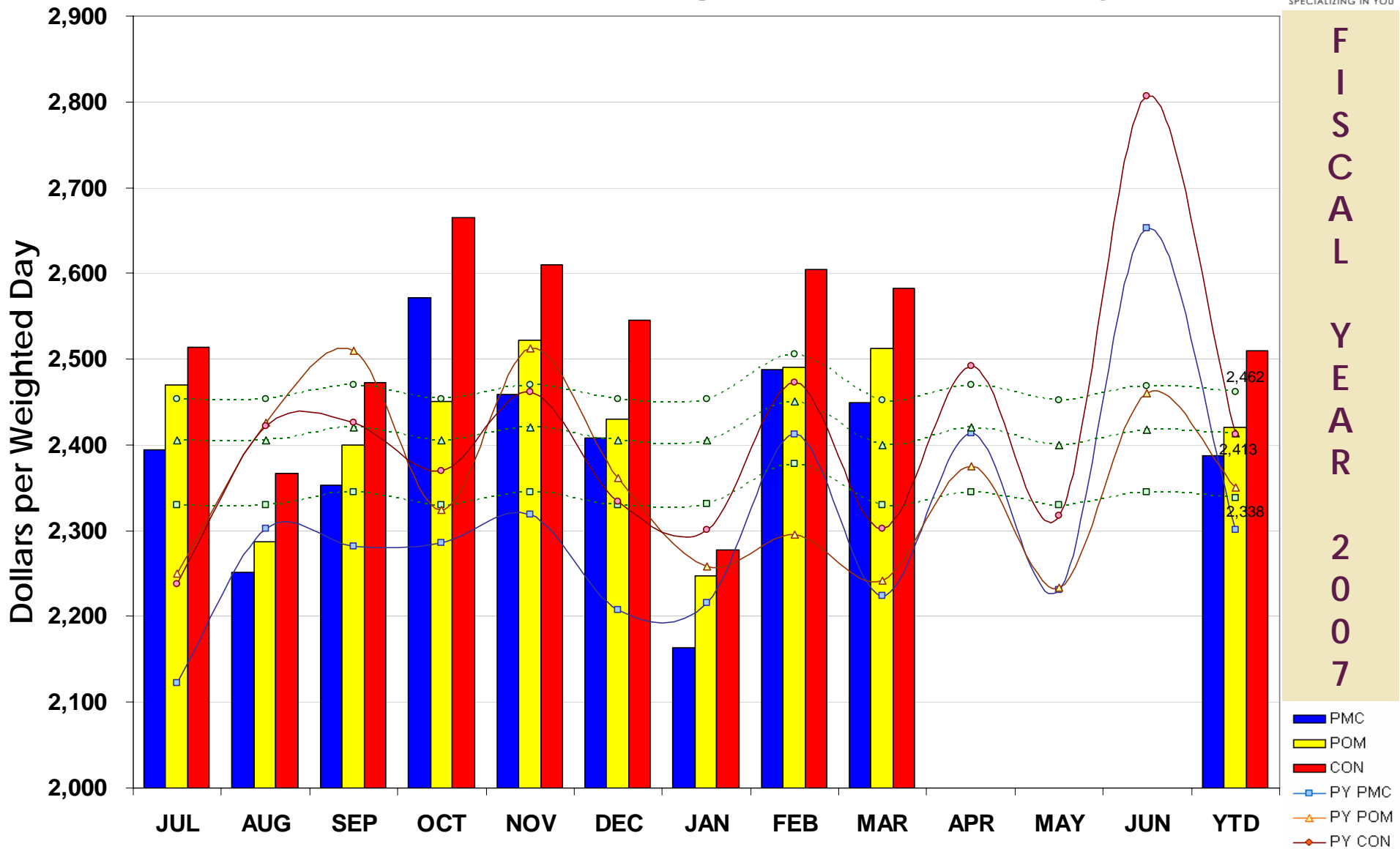
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	1,063	935	998	1,095	1,017	1,008	910	989	995	-	-	-	999	990
POM	1,086	940	993	1,045	1,030	1,020	955	999	1,034	-	-	-	1,010	1,034
CON	1,236	1,122	1,172	1,299	1,243	1,244	1,070	1,201	1,206	-	-	-	1,196	1,196

Supplies per Weighted Patient Days



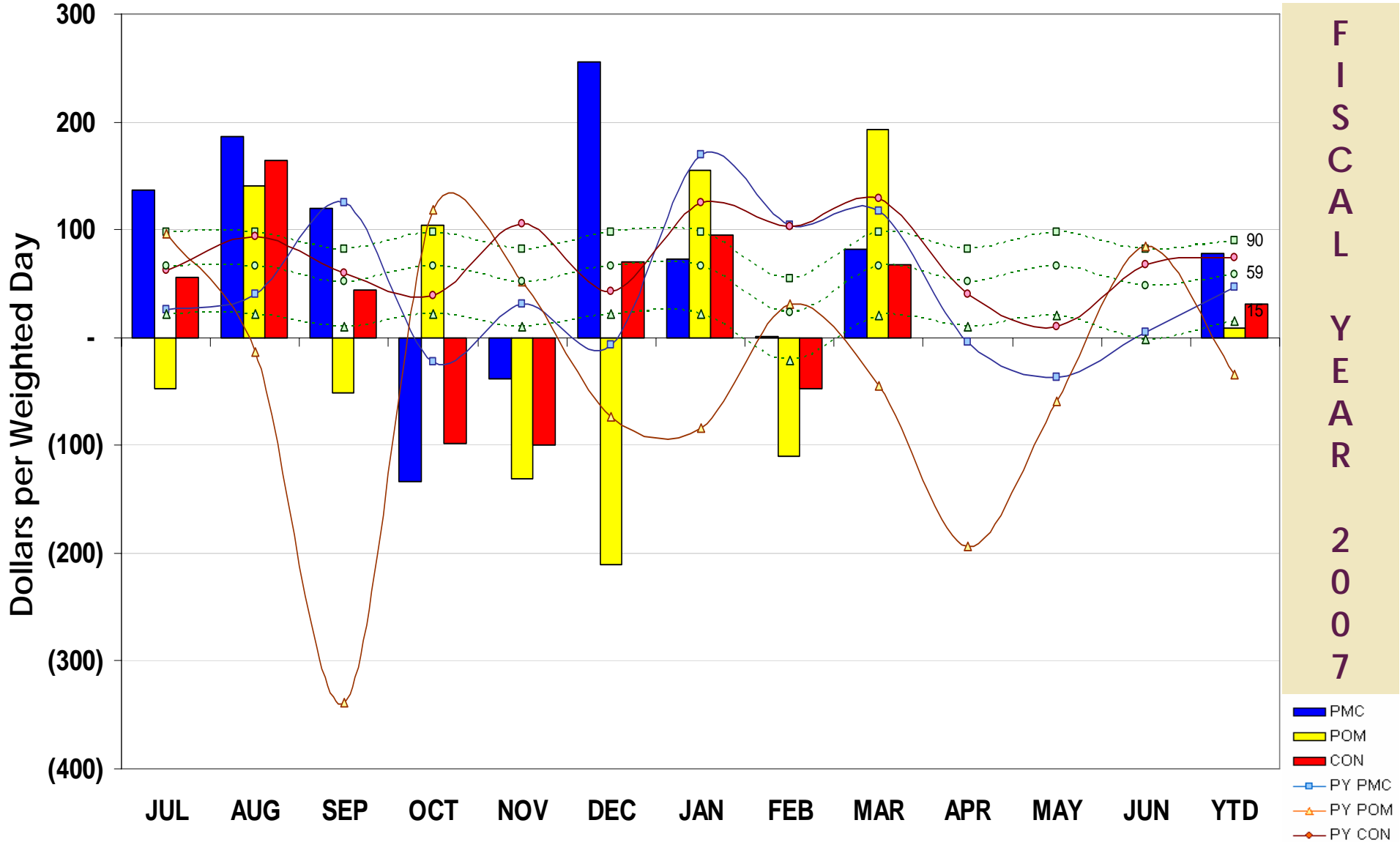
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	400	389	359	386	386	395	370	398	414	-	-	-	389	402
POM	394	393	365	366	353	392	350	360	385	-	-	-	373	399
CON	404	399	370	401	389	406	362	397	413	-	-	-	393	413

Total Expenses per Weighted Patient Days



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	2,395	2,252	2,352	2,571	2,459	2,408	2,164	2,488	2,450	-	-	-	2,388	2,338
POM	2,469	2,287	2,400	2,451	2,522	2,430	2,247	2,490	2,512	-	-	-	2,420	2,413
CON	2,514	2,367	2,473	2,665	2,610	2,546	2,278	2,604	2,583	-	-	-	2,510	2,462

Net Operating Income per Weighted Patient Days^{B35}



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	137	186	120	(133)	(39)	255	73	1	82	-	-	-	78	90
POM	(48)	140	(52)	105	(132)	(211)	155	(110)	192	-	-	-	9	15
CON	56	164	45	(98)	(100)	71	95	(47)	68	-	-	-	31	59

Key Variance Explanations March 2007

B36

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Weighted Patient Days	13,343	13,333	10
Gross Patient Revenue:	108,311,925	106,260,557	2,051,368
Volume Variance			79,697
Contractuals:	74,457,060	73,758,952	(698,108)
Due to higher than budgeted revenue			
Net Capitation:	650,177	63,892	586,285
Other Operating Revenue:	870,451	1,007,597	(137,146)
PPH Foundation			(82,861)
PPNC Health Development			(65,316)

Key Variance Explanations March 2007 (cont'd)

B37

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Salaries & Wages:	15,239,743	15,241,258	1,515
Volume variance			12,946
Market & performance one-time adjustments			(157,094)
Productivity			142,633
Benefits:	4,302,222	3,772,448	(529,774)
Pension			(145,111)
Health and Dental			(129,246)
FICA			(103,602)
Other benefits			(98,060)
Worker's Compensation			(39,989)
Contract Labor:	857,321	678,828	(178,493)
Ultrasound			(83,865)
Patient Accounting			(55,922)
Professional Fees:	2,197,869	1,815,681	(382,188)
Legal Fees			(144,716)
IT Consulting			(101,008)
Rehabcare Therapist fees			(78,435)
Administration			(70,634)

Key Variance Explanations March 2007 (cont'd)

B38

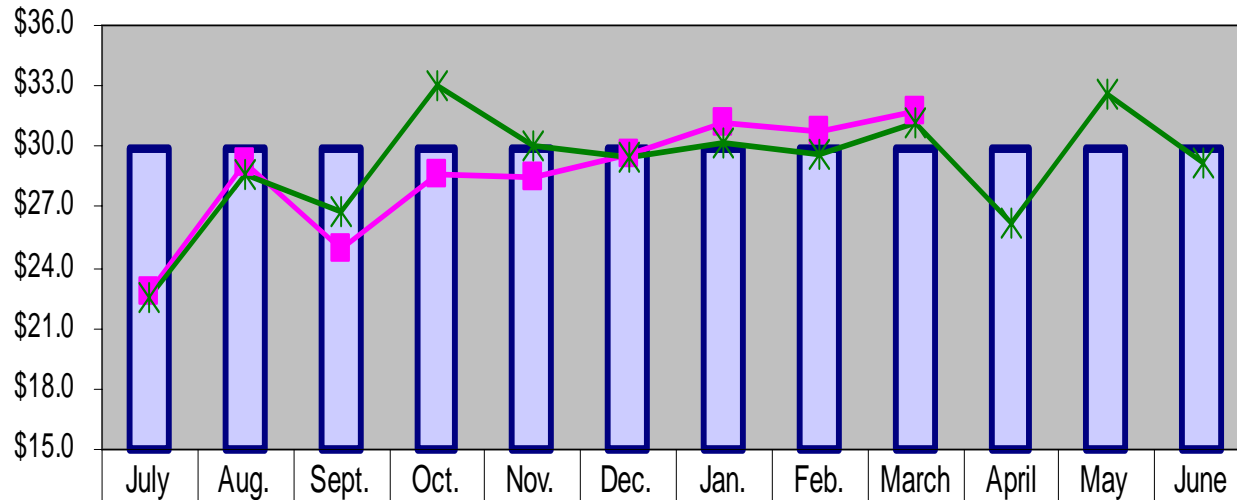
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Supplies:	5,511,182	5,495,300	(15,882)
Volume variance			(11,983)
Cath Lab			(164,845)
Implants			(117,098)
Food Services			(40,071)
Patient Supplies			(29,329)
Purchased Services:	2,666,875	2,164,495	(502,380)
PBS			(212,204)
Repairs & maintenance			(148,758)
Gateway/Parkway contracted services			(47,424)
IT purchased services			(43,931)
Food services			(24,185)
Triage			(21,870)
Depreciation:	1,647,658	1,573,192	(74,466)
Additional CIP's closed			(46,205)
Escondido Surgery Center			(28,261)
Other Direct Expenses:	2,045,397	1,949,209	(96,188)
Travel			(60,000)
 Net Income From Operations	 <u>\$907,226</u>	 <u>\$882,683</u>	 <u>\$24,543</u>



Key Variance Highlights March 2007 YTD

B39

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Benefits:	35,340,455	33,625,156	(1,715,299)
Pension			(708,057)
FICA and Other Benefits			(464,413)
Worker's Compensation			(303,303)
Health and Dental			(229,851)
Professional Fees:	18,143,284	16,302,739	(1,840,545)
Legal Fees			(1,006,604)
Rehabcare Therapist fees			(502,942)
Pomerado ED calls			(407,250)
Purchased Services:	21,313,934	19,131,337	(2,182,597)
Collection fees			(1,340,651)
Gateway/Parkway contracted services			(666,671)
Biomed			(200,555)
Depreciation:	14,829,315	14,128,080	(701,235)
Additional depreciation on closed CIP's			(391,542)
Escondido Surgery Center			(309,693)

PBS Monthly Collections in Millions



 FY07 Goal	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9
 Pr. Yr Actual	\$22.6	\$28.7	\$26.8	\$33.1	\$30.1	\$29.5	\$30.2	\$29.6	\$31.2	\$26.2	\$32.6	\$29.2
 Curr. Yr Actual	\$22.8	\$29.1	\$24.9	\$28.6	\$28.5	\$29.7	\$31.1	\$30.8	\$31.7			

Palomar Pomerado Health
Consolidated Balance Sheet
As of March 31, 2007

	Current Month	Prior Month	Prior Fiscal Year End
Assets			
Current Assets			
Cash on Hand	\$4,427,667	\$7,752,435	\$2,001,279
Cash Marketable Securities	110,199,171	102,634,804	110,035,151
Total Cash & Cash Equivalents	114,626,838	110,387,239	112,036,430
Patient Accounts Receivable	184,285,857	175,465,403	149,045,009
Allowance on Accounts	-93,623,528	-86,072,433	-78,078,378
Net Accounts Receivable	90,662,329	89,392,970	70,966,631
Inventories	7,016,699	6,992,599	6,937,645
Prepaid Expenses	1,954,329	2,098,236	2,293,992
Other	8,484,102	8,914,794	3,868,903
Total Current Assets	222,744,297	217,785,838	196,103,601
Non-Current Assets			
Restricted Assets	200,267,666	200,780,836	66,734,609
Restricted by Donor	294,738	293,948	288,265
Board Designated	-11,886,962	-3,319,513	9,267,526
Total Restricted Assets	188,675,442	197,755,271	76,290,400
Property Plant & Equipment	337,529,441	337,118,824	343,335,572
Accumulated Depreciation	-223,942,913	-222,348,892	-220,455,460
Construction in Process	132,647,580	121,133,335	85,858,842
Net Property Plant & Equipment	246,234,108	235,903,267	208,738,954
Investment in Related Companies	1,597,032	1,535,190	268,203
Deferred Financing Costs	4,980,604	4,948,997	3,354,469
Other Non-Current Assets	2,604,637	2,501,158	2,594,765
Total Non-Current Assets	444,091,823	442,643,883	291,246,791
Total Assets	\$666,836,120	\$660,429,721	\$487,350,392

	Current Month	Prior Month	Prior Fiscal Year End
Liabilities			
Current Liabilities			
Accounts Payable	\$23,269,505	\$19,365,859	\$23,154,953
Accrued Payroll	17,048,936	16,748,358	13,504,395
Accrued PTO	11,973,055	11,757,409	11,133,368
Accrued Interest Payable	2,213,152	1,796,078	2,265,274
Current Portion of Bonds	13,220,000	13,220,000	12,745,000
Est Third Party Settlements	-662,263	-480,491	-995,051
Other Current Liabilities	15,619,546	16,747,857	9,482,924
Total Current Liabilities	82,681,931	79,155,070	71,290,863
Long Term Liabilities			
Bonds & Contracts Payable	297,173,804	297,178,020	151,347,395
General Fund Balance			
Unrestricted	298,572,728	287,122,393	255,156,342
Restricted for Other Purpose	294,738	293,948	288,265
Board Designated	-11,886,962	-3,319,513	9,267,526
Total Fund Balance	286,980,504	284,096,828	264,712,133
Total Liabilities / Fund Balance	\$666,836,120	\$660,429,721	\$487,350,392

PALOMAR POMERADO HEALTH
CONSOLIDATED
Year-to-Date as of March FY 2007

				Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	21,665	22,295	(630)					
Admissions - SNF	862	1,051	(189)					
Patient Days - Acute	83,854	87,697	(3,843)					
Patient Days - SNF	57,757	58,255	(498)					
ALOS - Acute	3.83	4.00	(0.17)					
ALOS - SNF	67.55	54.96	12.59					
Weighted Pt Days	115,516	117,838	(2,322)					
Revenue:								
Gross Revenue	\$ 925,476,135	\$ 939,764,342	\$ (14,288,207) U	\$ (18,518,074)	\$ 4,229,867	\$ 8,011.67	\$ 7,975.05	\$ 36.62
Deductions from Rev	(639,701,117)	(651,752,642)	12,051,525 F	12,842,798	(791,273)	(5,537.77)	(5,530.92)	(6.85)
Net Patient Revenue	285,775,018	288,011,700	(2,236,682) U	(5,675,276)	3,438,594	2,473.90	2,444.13	29.77
Other Oper Revenue	7,820,767	9,068,373	(1,247,606) U	(178,692)	(1,068,914)	67.70	76.96	(9.25)
Total Net Revenue	293,595,785	297,080,073	(3,484,288) U	(5,853,968)	2,369,680	2,541.60	2,521.09	20.51
Expenses:								
Salaries, Wages & Contr Labor	138,212,385	140,917,021	2,704,636 F	2,776,773	(72,137)	1,196.48	1,195.85	(0.62)
Benefits	35,340,455	33,625,156	(1,715,299) U	662,584	(2,377,883)	305.94	285.35	(20.58)
Supplies	45,411,834	48,655,440	3,243,606 F	958,756	2,284,850	393.12	412.90	19.78
Prof Fees & Purch Svc	39,457,218	35,434,076	(4,023,142) U	698,229	(4,721,371)	341.57	300.70	(40.87)
Depreciation	14,829,315	14,128,080	(701,235) U	278,394	(979,629)	128.37	119.89	(8.48)
Other	16,728,376	17,393,439	665,063 F	342,738	322,325	144.81	147.60	2.79
Total Expenses	289,979,583	290,153,212	173,629 F	5,717,474	(5,543,845)	2,510.30	2,462.31	(47.99)
Net Inc Before Non-Oper Income	3,616,202	6,926,861	(3,310,659) U	(136,494)	(3,174,165)	31.30	58.78	(27.48)
Property Tax Revenue	9,487,494	9,487,494	-	(186,951)	186,951	82.13	80.51	1.62
Non-Operating Income	2,137,213	657,522	1,479,691 F	(12,956)	1,492,647	18.50	5.58	12.92
Net Income (Loss)	\$ 15,240,909	\$ 17,071,877	\$ (1,830,968) U	\$ (336,402)	\$ (1,494,566)	\$ 131.94	\$ 144.88	\$ (12.94)
Net Income Margin	4.9%	5.5%	-0.6%					
OEBITDA Margin w/o Prop Tax	5.9%	6.7%	-0.8%					
OEBITDA Margin with Prop Tax	9.0%	9.8%	-0.8%					

F= Favorable variance
U= Unfavorable variance

PALOMAR POMERADO HEALTH
CONSOLIDATED
Month-to-Date as of March FY 2007

	Month Activity			Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	2,609	2,509	100					
Admissions - SNF	94	119	(25)					
Patient Days - Acute	9,593	9,922	(329)					
Patient Days - SNF	6,486	6,591	(105)					
ALOS - Acute	3.69	4.00	(0.31)					
ALOS - SNF	64.86	54.93	9.93					
Weighted Pt Days	13,343	13,333	10					
Revenue:								
Gross Revenue	\$ 108,311,925	\$ 106,260,557	\$ 2,051,368 F	\$ 79,697	\$ 1,971,671	\$ 8,117.51	\$ 7,969.74	\$ 147.77
Deductions from Rev	(73,806,883)	(73,695,060)	(111,823) U	(55,273)	(56,550)	(5,531.51)	(5,527.27)	(4.24)
Net Patient Revenue	34,505,042	32,565,497	1,939,545 F	24,425	1,915,120	2,586.00	2,442.47	143.53
Other Oper Revenue	870,451	1,007,597	(137,146) U	756	(137,902)	65.24	75.57	(10.34)
Total Net Revenue	35,375,493	33,573,094	1,802,399 F	25,180	1,777,219	2,651.24	2,518.05	133.19
Expenses:								
Salaries, Wages & Contr Labor	16,097,064	15,920,086	(176,978) U	(11,940)	(165,038)	1,206.41	1,194.04	(12.37)
Benefits	4,302,222	3,772,448	(529,774) U	(2,829)	(526,945)	322.43	282.94	(39.49)
Supplies	5,511,182	5,495,300	(15,882) U	(4,122)	(11,760)	413.04	412.16	(0.88)
Prof Fees & Purch Svc	4,864,744	3,980,176	(884,568) U	(2,985)	(881,583)	364.59	298.52	(66.07)
Depreciation	1,647,658	1,573,192	(74,466) U	(1,180)	(73,286)	123.48	117.99	(5.49)
Other	2,045,397	1,949,209	(96,188) U	(1,462)	(94,726)	153.29	146.19	(7.10)
Total Expenses	34,468,267	32,690,411	(1,777,856) U	(24,518)	(1,753,338)	2,583.25	2,451.84	(131.41)
Net Inc Before Non-Oper Income	907,226	882,683	24,543 F	662	23,881	67.99	66.20	1.79
Property Tax Revenue	1,054,165	1,054,166	(1) U	791	(792)	79.01	79.06	(0.06)
Non-Operating Income	150,153	73,058	77,095 F	55	77,040	11.25	5.48	5.77
Net Income (Loss)	\$ 2,111,544	\$ 2,009,907	\$ 101,637 F	\$ 1,507	\$ 100,130	\$ 158.25	\$ 150.75	\$ 7.50
Net Income Margin	5.7%	5.7%	0.0%					
OEBITDA Margin w/o Prop Tax	6.9%	7.0%	-0.1%					
OEBITDA Margin with Prop Tax	9.7%	10.0%	-0.3%					

F= Favorable variance
U= Unfavorable variance

**PALOMAR POMERADO HEALTH
CONSOLIDATED
March 2007 YTD vs. March 2006 YTD**

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				Variance			\$/Wtg Pt Day		
	Mar 07 YTD	Mar 06 YTD	Variance	Volume	Rate/Eff	Actual	Budget	Variance	
Statistics:									
Admissions - Acute	21,665	21,335	330						
Admissions - SNF	862	919	(57)						
Patient Days - Acute	83,854	85,379	(1,525)						
Patient Days - SNF	57,757	56,876	881						
ALOS - Acute	3.83	4.02	(0.19)						
ALOS - SNF	67.55	62.02	5.53						
Weighted Pt Days	115,516	113,552	1,964						
Revenue:									
Gross Revenue	\$ 925,476,135	\$ 831,501,290	\$ 93,974,845 F	\$ 14,381,680	\$ 79,593,165	\$ 8,011.67	\$ 7,322.65	\$ 689.02	
Deductions from Rev	(639,701,117)	(566,974,218)	(72,726,899) U	(9,806,409)	(62,920,490)	(5,537.77)	(4,993.08)	(544.69)	
Net Patient Revenue	285,775,018	264,527,072	21,247,946 F	4,575,271	16,672,675	2,473.90	2,329.57	144.33	
Other Oper Revenue	7,820,767	6,587,103	1,233,664 F	113,931	1,119,733	67.70	58.01	9.69	
Total Net Revenue	293,595,785	271,114,175	22,481,610 F	4,689,202	17,792,408	2,541.60	2,387.58	154.03	
Expenses:									
Salaries, Wages & Contr Labor	138,212,385	128,712,800	(9,499,585) U	(2,226,222)	(7,273,363)	1,196.48	1,133.51	(62.96)	
Benefits	35,340,455	30,314,906	(5,025,549) U	(524,328)	(4,501,221)	305.94	266.97	(38.97)	
Supplies	45,411,834	46,913,224	1,501,390 F	(811,413)	2,312,803	393.12	413.14	20.02	
Prof Fees & Purch Svc	39,457,218	34,643,810	(4,813,408) U	(599,201)	(4,214,207)	341.57	305.09	(36.48)	
Depreciation	14,829,315	13,226,086	(1,603,229) U	(228,759)	(1,374,470)	128.37	116.48	(11.90)	
Other	16,728,376	15,044,854	(1,683,522) U	(260,216)	(1,423,306)	144.81	132.49	(12.32)	
Total Expenses	289,979,583	268,855,680	(21,123,903) U	(4,650,139)	(16,473,764)	2,510.30	2,367.69	(142.61)	
Net Inc Before Non-Oper Income	3,616,202	2,258,495	1,357,707 F	39,063	1,318,644	31.30	19.89	11.42	
Property Tax Revenue	9,487,494	8,174,997	1,312,497 F	141,395	1,171,102	82.13	71.99	10.14	
Non-Operating Income	2,137,213	(805,717)	2,942,930 F	(13,936)	2,956,866	18.50	(7.10)	25.60	
Net Income (Loss)	\$ 15,240,909	\$ 9,627,775	\$ 5,613,134 F	\$ 166,522	\$ 5,446,612	\$ 131.94	\$ 84.79	\$ 47.15	
Net Income Margin	4.9%	3.3%	1.6%						
OEBITDA Margin w/o Prop Tax	5.9%	5.4%	0.5%						
OEBITDA Margin with Prop Tax	9.0%	8.2%	0.8%						

F= Favorable variance
U= Unfavorable variance

**PALOMAR POMERADO HEALTH
CONSOLIDATED
MONTHLY TREND**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD
Statistics:										
Admissions - Acute	2,402	2,464	2,443	2,384	2,323	2,460	2,481	2,099	2,609	21,665
Admissions - SNF	104	99	90	104	87	99	105	80	94	862
Patient Days - Acute	9,180	9,535	9,151	8,819	8,610	9,559	10,530	8,877	9,593	83,854
Patient Days - SNF	6,635	6,517	6,308	6,590	6,278	6,503	6,526	5,914	6,486	57,757
LOS - Acute	3.86	3.82	3.70	3.64	3.74	3.88	4.11	4.07	3.69	3.83
LOS - SNF	72.12	63.27	64.37	69.37	64.72	71.46	66.59	73.01	64.86	67.55
Weighted Pt Days	12,517	13,150	12,568	12,431	12,042	12,813	14,443	12,191	13,343	115,516
Revenue:										
Gross Revenue	\$ 99,141,914	\$ 104,303,733	\$ 96,648,451	\$ 102,455,908	\$ 100,077,561	\$ 103,866,051	\$ 112,702,867	\$ 97,967,724	\$ 108,311,925	\$ 925,476,135
Deductions from Rev	(67,846,129)	(72,046,060)	(65,925,304)	(71,374,464)	(70,633,148)	(71,115,954)	(79,305,827)	(67,647,339)	(73,806,883)	(639,701,117)
Net Patient Revenue	31,295,785	32,257,673	30,723,147	31,081,444	29,444,413	32,750,097	33,397,040	30,320,385	34,505,042	285,775,018
Other Oper Revenue	872,741	1,024,339	917,501	836,197	790,479	777,515	875,290	856,254	870,451	7,820,767
Total Net Revenue	32,168,526	33,282,012	31,640,648	31,917,641	30,234,892	33,527,612	34,272,330	31,176,639	35,375,493	293,595,785
Expenses:										
Salaries, Wages & Contr Lal	15,474,327	14,754,829	14,727,754	16,146,815	14,968,840	15,945,604	15,457,289	14,639,864	16,097,064	138,212,385
Benefits	3,710,570	3,719,161	3,639,220	4,022,437	3,833,574	3,995,671	4,181,695	3,935,903	4,302,222	35,340,455
Supplies	5,053,134	5,252,262	4,645,918	4,986,864	4,688,222	5,203,199	5,226,986	4,844,066	5,511,182	45,411,834
Prof Fees & Purch Svc	3,957,885	4,023,887	4,535,289	4,491,200	4,212,258	4,164,990	4,603,211	4,603,755	4,864,744	39,457,218
Depreciation	1,647,188	1,661,866	1,661,093	1,668,606	1,672,974	1,680,349	1,555,220	1,634,362	1,647,658	14,829,315
Other	1,626,284	1,709,799	1,872,046	1,818,374	2,059,500	1,632,347	1,873,169	2,091,461	2,045,397	16,728,376
Total Expenses	31,469,388	31,121,804	31,081,320	33,134,296	31,435,368	32,622,160	32,897,570	31,749,411	34,468,267	289,979,583
Net Inc Before Non-Oper Inc	699,138	2,160,208	559,328	(1,216,655)	(1,200,476)	905,452	1,374,760	(572,772)	907,226	3,616,202
Property Tax Revenue	1,054,166	1,054,166	1,054,166	1,054,166	1,054,166	1,054,166	1,054,166	1,054,166	1,054,165	9,487,494
Non-Operating Income	427,875	505,503	338,114	190,429	298,286	(223,879)	(78,623)	529,360	150,153	2,137,213
Net Income (Loss)	\$ 2,181,179	\$ 3,719,874	\$ 1,951,605	\$ 27,940	\$ 151,976	\$ 1,735,739	\$ 2,350,303	\$ 1,010,754	\$ 2,111,544	\$ 15,240,909
Net Income Margin	6.5%	10.0%	6.1%	0.1%	0.5%	4.8%	6.5%	3.2%	5.7%	4.9%
OEBITDA Margin w/o Prop T	6.9%	10.3%	6.9%	1.3%	1.4%	7.1%	8.1%	3.4%	6.9%	5.9%
OEBITDA Margin with Prop T	10.1%	13.2%	10.2%	4.4%	4.6%	10.0%	11.0%	6.8%	9.7%	9.0%

Statement of Cash Flows

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	<u>March</u>	<u>YTD</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss from operations)	907,226	3,615,707
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	1,647,658	14,829,317
Provision for bad debts	2,607,716	25,012,073
Changes in operating assets and liabilities:		
Patient accounts receivable	(3,877,075)	(44,649,422)
Property Tax and other receivables	(746,180)	(5,299,404)
Inventories	(24,100)	(79,054)
Prepaid expenses and Other Non-Current assets	82,065	(941,252)
Accounts payable	3,638,116	(7,355,143)
Accrued comp	516,224	2,294,909
Estimated settlement amounts due third-party payors	(181,772)	402,834
Other current liabilities	<u>(74,145)</u>	<u>5,526,530</u>
Net cash provided by operating activities	4,495,733	(6,642,905)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales on investments	1,515,462	(112,549,062)
Interest (Loss) received on investments	587,190	5,740,695
Investment in affiliates	<u>99,618</u>	<u>1,222,599</u>
Net cash used in investing activities	2,202,270	(105,585,768)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	501,164	6,789,071
Receipt of District Taxes	<u>585,648</u>	<u>7,907,474</u>
Net cash used in activities	1,086,812	14,696,545
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property plant and equipment	(11,109,583)	(48,391,273)
Proceeds from sale of asset	0	11,400
G.O. Bond Interest paid	0	(3,584,201)
Revenue Bond Interest paid	0	(2,068,283)
Proceeds from issuance of debt	0	159,026,893
Payments of LT Debt	<u>0</u>	<u>(12,745,000)</u>
Net cash used in activities	<u>(11,109,583)</u>	<u>92,249,536</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,324,767)	(5,282,591)
CASH AND CASH EQUIVALENTS - Beginning of period	<u>7,752,434</u>	<u>9,710,258</u>
CASH AND CASH EQUIVALENTS - End of period	<u>4,427,667</u>	<u>4,427,667</u>

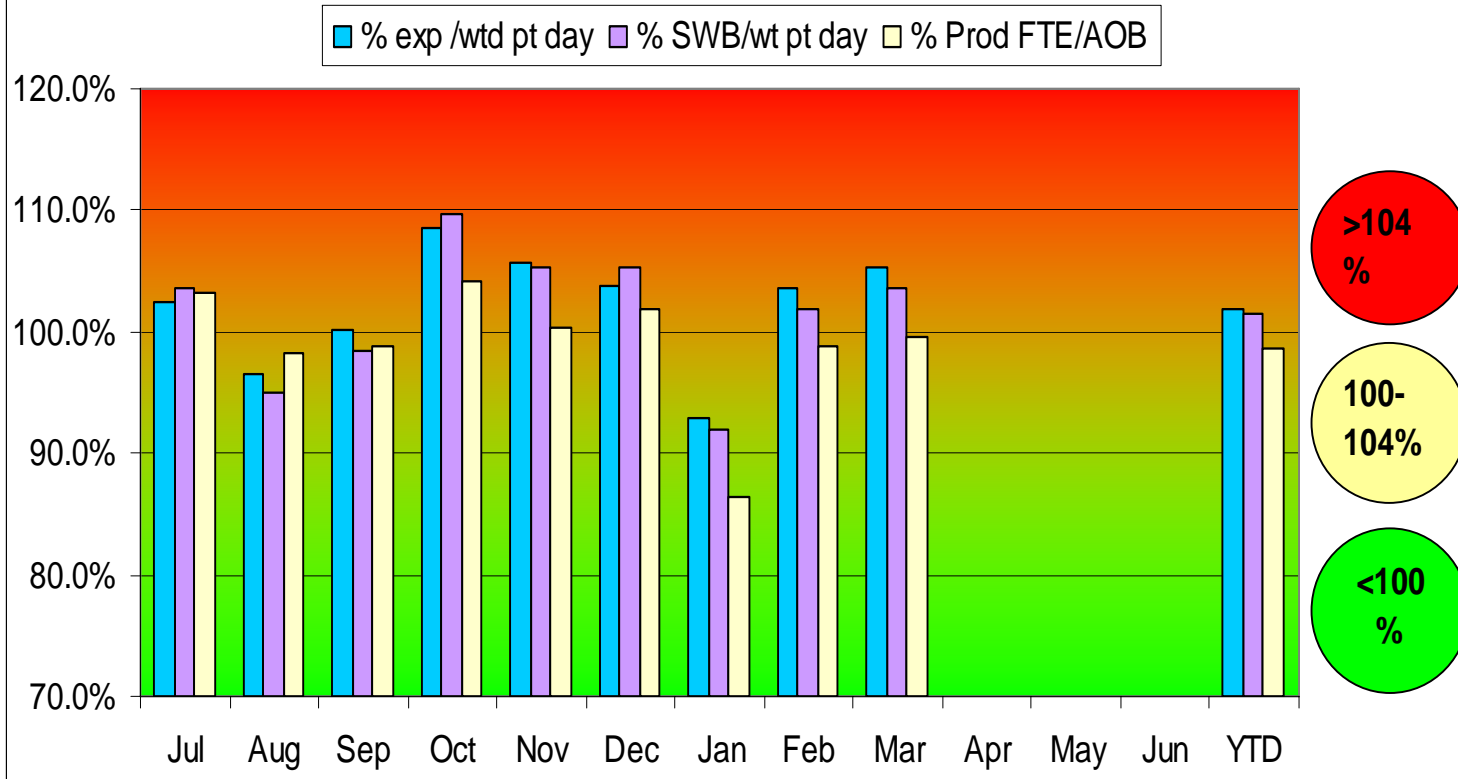
BOND COVENANT RATIOS

CUSHION RATIO	Jun-05	Jun-06	Mar-07
Cash and Cash Equivalents	109,043,208	112,036,430	114,626,838
Board Designated Reserves	22,388,648	9,267,526	(11,886,962)
Trustee-held Funds	12,026,055	12,170,183	168,073,057
Total	143,457,911	133,474,139	270,812,933
Divided by:			
Max Annual Debt Service (Bond Year 2008)	10,697,594	10,697,594	16,972,692
CUSHION RATIO	13.4	12.5	16.0
REQUIREMENT	1.5	1.5	1.5
	Achieved	Achieved	Achieved
DAYS CASH ON HAND	Jun-05	Jun-06	Mar-07
Cash and Cash Equivalents	109,043,208	112,036,430	114,626,838
Board Designated Reserves	22,388,648	9,267,526	(11,886,962)
Total	131,431,856	121,303,956	102,739,876
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	340,338,156	364,120,335	289,979,583
Less: Depreciation	16,394,985	18,737,467	14,829,315
Adjusted Expenses	323,943,171	345,382,868	275,150,268
Number of days in period	365	365	274
Average Adjusted Expenses per Day	887,516	946,254	1,004,198
DAYS CASH ON HAND	148	128	102
REQUIREMENT	90	90	90
	Achieved	Achieved	Achieved
Net Income Available for Debt Service	Jun-05	Jun-06	Mar-07
Excess of revenue over expenses Cur Mo.	1,490,930	1,315,850	2,111,544
Excess of revenues over expenses YTD (General Funds)	17,052,649	11,558,633	15,240,909
ADD:			
Depreciation and Amortization	16,394,985	18,737,467	14,829,315
Interest Expense	5,272,031	4,405,929	3,516,378
Net Income Available for Debt Service	38,719,665	34,702,029	33,586,602
Aggregate Debt Service			
1993 Insured Refunding Revenue Bonds	6,020,301	3,639,772	0
1999 Insured Refunding Revenue Bonds	4,356,844	6,950,508	6,187,195
2006 Certificates of Participation			2,499,052
Aggregate Debt Service	10,377,145	10,590,280	6,187,195
Net Income Available for Debt Service	3.73	3.28	5.43
Required Coverage	1.15	1.15	1.15
	Achieved	Achieved	Achieved

A California Health Care District
Investment Fund Balances
Quarterly Report

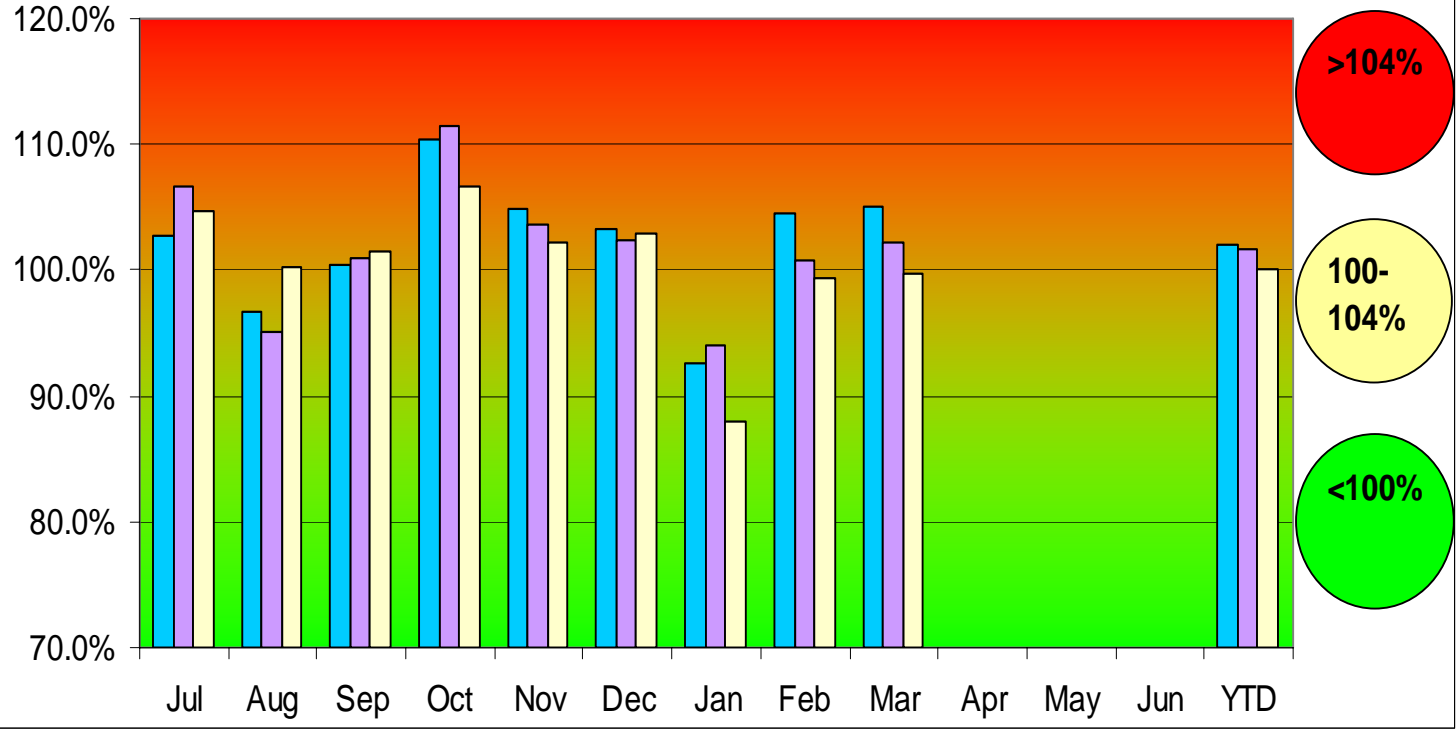
<u>Investment Account:</u>	<u>Interest Payable</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>March 31, 2007</u>	<u>Dec. 31, 2006</u>	<u>IN/(DE)CREASE</u>
Fidelity-Institutional Portfolio Treasury Fund	Monthly	5.22%	Demand	\$ 954,043	\$ 942,137	\$ 11,906
State Treasurer Local Agency Investment Fund	Quarterly	5.36%	Demand	569,118	561,798	7,320
Salomon Brothers	Various	Various	Various	32,657,945	32,208,974	448,971
Pacific Income Advisors, Inc.	Various	Various	Various	31,437,794	31,035,134	402,660
Morgan Stanley & Co.	Various	Various	Various	32,888,131	30,328,349	2,559,782
TOTAL INVESTMENTS AT CURRENT FAIR MARKET VALUE				<u>\$ 98,507,031</u>	<u>\$ 95,076,392</u>	<u>\$ 3,430,639</u>
ACCRUED INTEREST INCOME RECEIVABLE				1,053,960	868,554	185,406
Bank of America - Cash in Checking/COR Acct.				595,770	166,522	429,248
TOTAL VALUE OF INVESTMENT PORTFOLIO				<u>\$ 100,156,761</u>	<u>\$ 96,111,468</u>	<u>\$ 4,045,293</u>
<u>INVESTMENTS COMPARATIVE</u>		<u>SUMMARY OF INVESTMENT PORTFOLIO BY FUND</u>				
03/07	\$ 98,507,031	Palomar Pomerado Unrestricted Fund		\$ 99,862,023	\$ 95,818,782	\$ 4,043,241
03/06	\$ 140,082,650	Palomar Pomerado Restricted Fund		294,738	292,686	2,052
03/05	\$ 130,365,773					<u>\$ 100,156,761</u>
03/04	\$ 151,512,216					<u>\$ 96,111,468</u>
03/03	\$ 139,732,611					<u>\$ 4,045,293</u>

Total Consolidated Financial Indicators BSC-FY07



North Consolidated Financial Indicators BSC-FY07

■ % exp /wtd pt day ■ % SWB/wt pt day ■ % Prod FTE/AOB



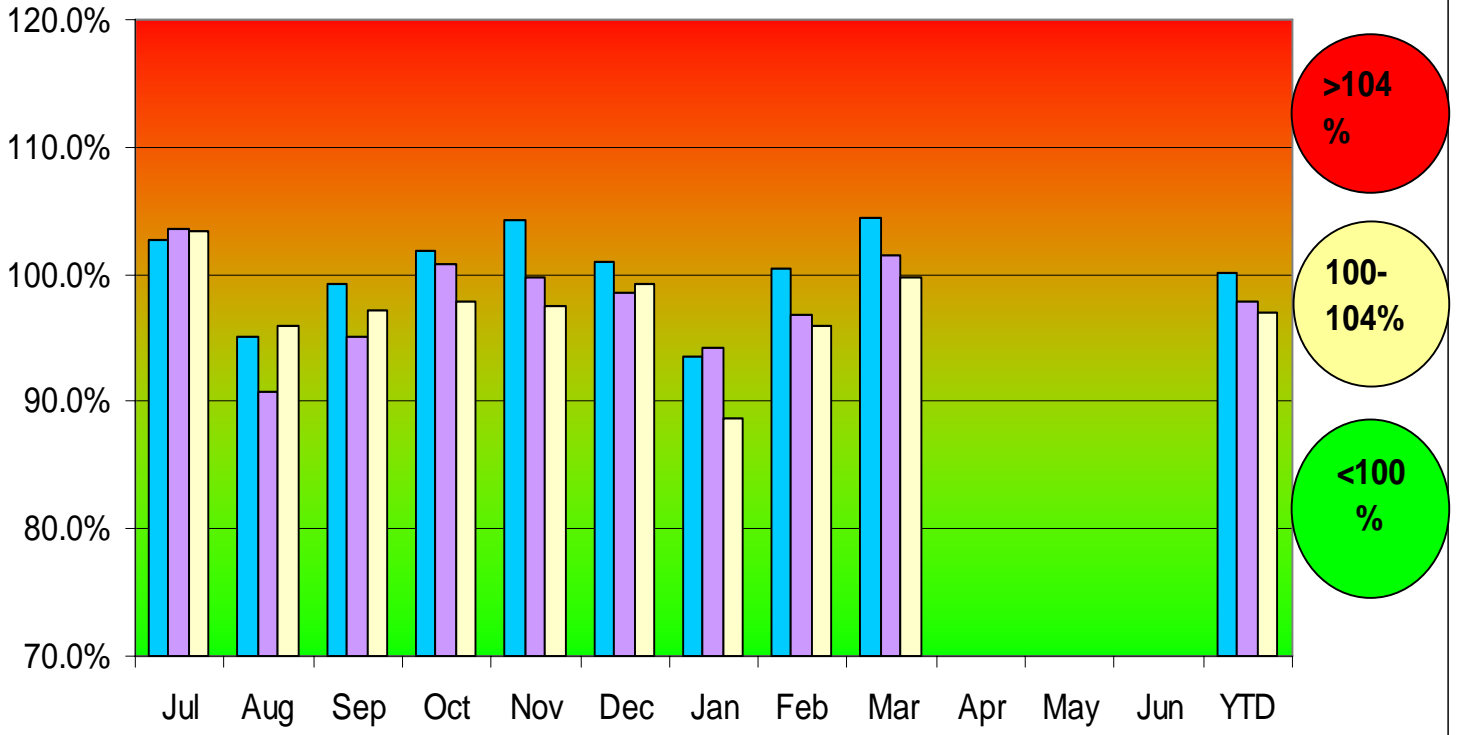
>104%

100-104%

<100%

South Consolidated Financial Indicators BSC-FY07

■ % exp /wtd pt day ■ % SWB/wt pt day ■ % Prod FTE/AOB



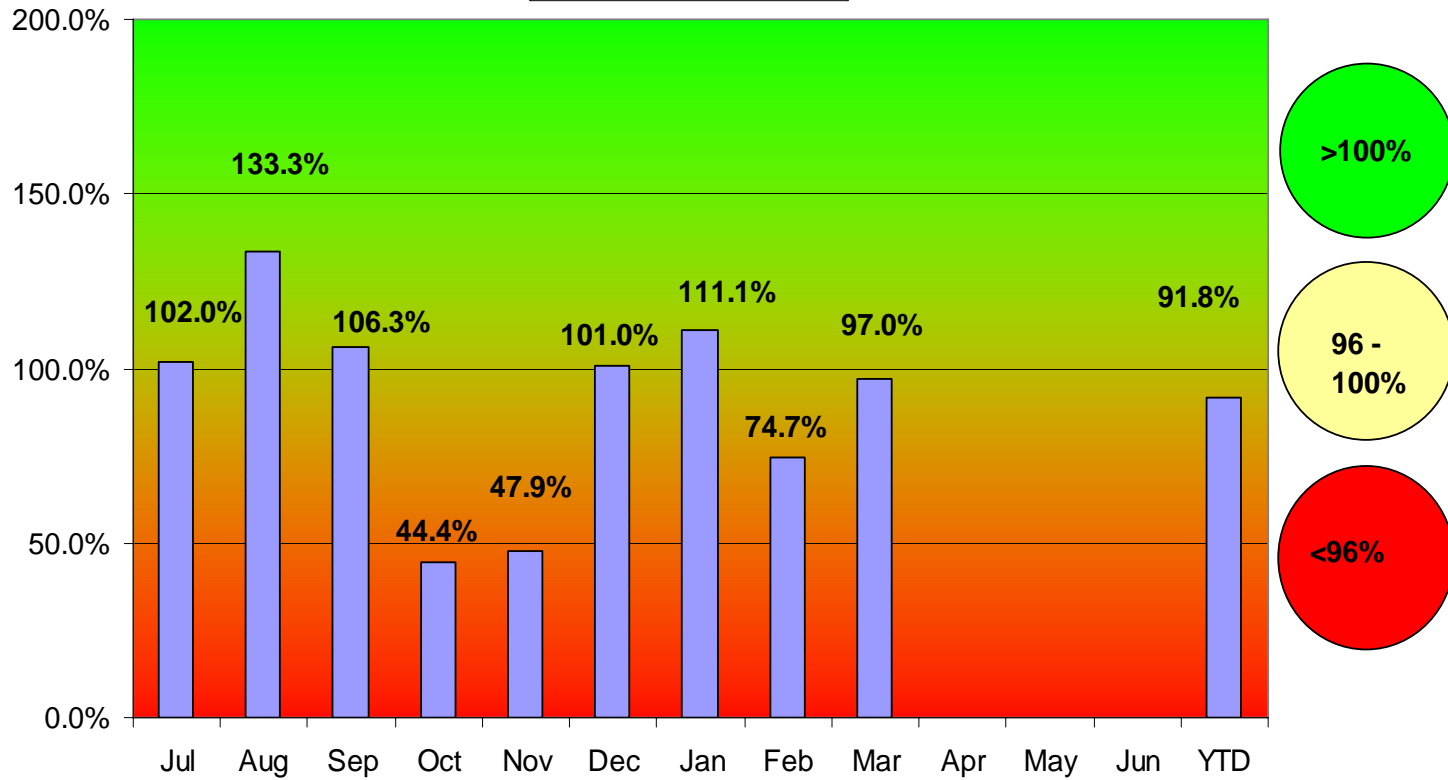
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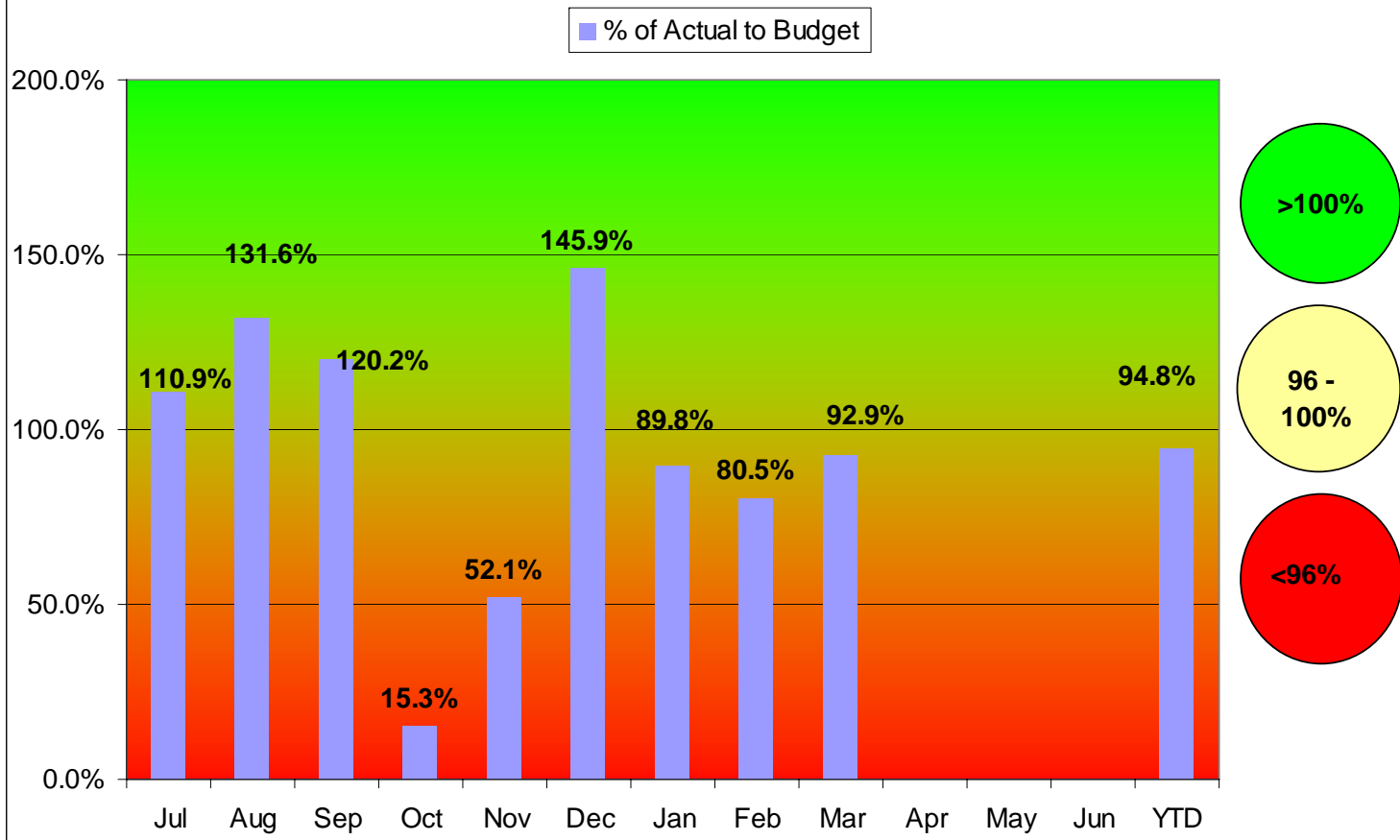
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Total Consolidated OEBITDA w/ Prop Taxes -FY07

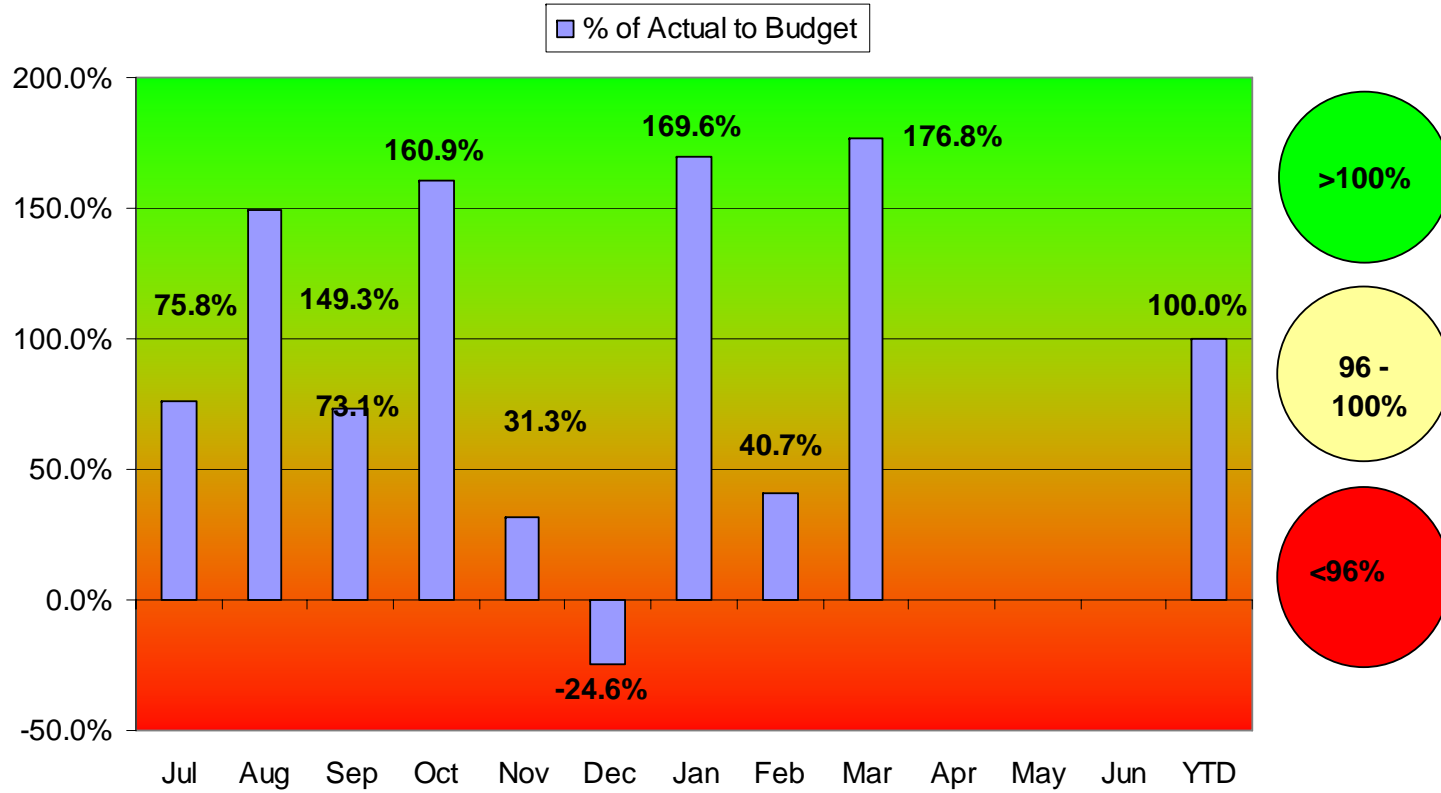
■ % of Actual to Budget



North Consolidated OEBITDA w/ Prop Taxes - FY07



South Consolidated OEBITDA w/ Prop Taxes - FY07



Weekly Flash Report

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April 07	Mar 30-Apr 5	Apr 6-12			MTD Total	MTD Budget	% Variance
ADC (Acute)	308	319			314	320	(1.98)
PMC	229	231			230	239	(3.53)
POM	79	88			84	82	2.54
PCCC	86	88			87	89	(1.81)
VP	125	126			125	124	1.04
Patient Days (Acute)	2159	2233			4,392	4,481	(1.98)
PMC	1605	1617			3,222	3,340	(3.53)
POM	554	616			1,170	1,141	2.54
PCCC	602	616			1,218	1,240	(1.81)
VP	875	879			1,754	1,736	1.04
Discharges	516	566			1,082	1,140	(5.09)
PMC	397	415			812	840	(3.33)
POM	119	151			270	300	(10.02)
Number of Surgeries	222	223			445	470	(5.31)
PMC	154	149			303	306	(0.87)
POM	68	74			142	164	(13.56)
Number of Births	96	98			194	225	(13.75)
PMC	72	79			151	171	(11.83)
POM	24	19			43	54	(19.88)

Weekly Flash Report (cont'd)

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April 07	Mar 30-Apr 5	Apr 6-12			MTD Total	MTD Budget	% Variance
Outpatient Visits (inc. L	2393	1821			4,214	3,829	10.07
PMC	1588	1172			2,760	2,611	5.73
POM	805	649			1,454	1,218	19.38
ER Visits	1726	1698			3,424	3,215	6.51
PMC	1171	1174			2,345	2,163	8.44
POM	555	524			1,079	1,052	2.53
Trauma Visits	18	21			39	48	(18.86)
IP	17	18			35	36	(2.60)
OP	1	3			4	12	(67.03)
Gross IP Revenue	19,405,312	18,461,010			37,866,322	37,441,064	1.14
Gross OP Revenue	5,173,075	4,978,806			10,151,881	10,569,400	(3.95)
Cash Collection	7,532,403	7,446,783			14,979,186	14,228,622	5.28
Days cash on hand	100	101			101	80	
Prod Hrs (PP 20)		211,212			211,212	215,831	2.14
PMC - North		121,264			121,264	123,203	1.57
POM - South		53,425			53,425	54,007	1.08
Others		36,523			36,523	38,621	5.43
Prod \$ (PP 20)		6,338,255			6,338,255	6,456,639	1.83
PMC - North		3,639,743			3,639,743	3,709,525	1.88
POM - South		1,526,313			1,526,313	1,572,758	2.95
Others		1,172,199			1,172,199	1,174,356	0.18