

# **ADDENDUM B**

# Financial Statements

*April 2007*

# Board Financial Report

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# April 2007 Financial Results

## Executive Summary and Highlights

### Statistics:

CONSOLIDATED	Mar	Mar vs Apr		Apr Budget	Act vs Bud % Variance	YTD Actual	YTD Budget	Act vs Bud % Variance
		Apr	% Change					
Patient Days Acute	9,593	9,746	1.6%	9,602	1.5%	93,600	97,299	-3.8%
Patient Days SNF	6,486	6,466	-0.3%	6,378	1.4%	64,223	64,633	-0.6%
ADC Acute	309.46	324.88	5.0%	320.07	1.5%	307.91	320.06	-3.8%
ADC SNF	209.23	215.53	3.0%	212.6	1.4%	211.26	212.61	-0.6%
Surgeries CVS Cases	14	13	-7.1%	10	30.0%	108	106	1.9%
Surgeries Total	1,066	918	-13.9%	1,007	-8.8%	9,655	10,208	-5.4%
Number of Births	443	416	-6.1%	483	-13.9%	4,543	4,894	-7.2%
<b>NORTH</b>								
Patient Days Acute	7,258	7,234	-0.3%	7,157	1.1%	70,280	72,527	-3.1%
Patient Days SNF	2,614	2,635	0.8%	2,658	-0.9%	26,570	26,937	-1.4%
ADC Acute	234.14	241.14	3.0%	238.57	1.1%	231.18	238.57	-3.1%
ADC SNF	84.32	87.83	4.2%	88.6	-0.9%	87.40	88.61	-1.4%
<b>SOUTH</b>								
Patient Days Acute	2,335	2,512	7.6%	2,445	2.7%	23,320	24,772	-5.9%
Patient Days SNF	3,872	3,831	-1.1%	3,720	3.0%	37,653	37,696	-0.1%
ADC Acute	75.32	83.73	11.2%	81.51	2.7%	76.72	81.48	-5.8%
ADC SNF	124.90	127.70	2.2%	124.00	3.0%	123.86	124.00	-0.1%

# April 2007 Financial Results

## Executive Summary and Highlights (cont'd)

### Balance Sheet:

**Current Cash & Cash Equivalents** increased \$7.4 million from \$114.6 million in March to \$122.0 million in April. Total Cash and Investments are \$105.4 million, compared to \$121.6 million at June 30, 2006. Days Cash on Hand went from 102 days in March to 104 in April compared to 128 in June 06.

**Net Accounts Receivable** decreased to \$89.6 million in April as compared to \$90.7 million in March. Gross A/R days increased from 52.3 days in March to 54.6 days in April. April patient account collections including capitation are \$33.6 million compared to budget of \$29.9 million. April YTD collections are \$290.7 million compared to budget of \$299.0 million.

**Construction in Progress** increased \$8.0 million from \$132.6 million in March to \$140.6 million in April. The increase is attributed to Pomerado Phase I construction costs \$2.0 million, Building Expansion A & E Services and construction costs \$2.8 million, OSP Tenant Improvements \$0.7 million and the Enterprise Building project \$0.7 million.

**Other Current Liabilities** decreased \$1.9 million from \$15.6 million to \$13.7 million primarily due to the realization of Deferred Property Tax Revenue of \$1.1 million in April.

# April 2007 Financial Results

## Executive Summary and Highlights (cont'd)

### Income Statement:

**Gross Patient Revenue** for YTD reflects an unfavorable budget variance of \$11.1 million. This unfavorable variance is composed of \$14.7 million unfavorable volume variance and \$3.6 million favorable rate variance.

Routine revenue (inpatient room and board) reflects an unfavorable \$9.1 million budget variance. North is responsible for \$7.9 million of this variance.

Inpatient Ancillary revenue represents a \$15.0 million unfavorable budget variance. North reflects its first favorable variance this fiscal year at \$1.6 million and South reflects \$16.6 million unfavorable variance. The unfavorable variance is primarily due to the Surgery, Pharmacy and supply departments.

Outpatient revenue reflects a favorable budget variance of \$13.0 million. North has a \$12.4 million favorable variance and South has a \$1.6 million favorable variance. These two amounts are decreased by Outreach's \$1.0 million unfavorable variance.

# April 2007 Financial Results

## Executive Summary and Highlights (cont'd)

### Income Statement (cont'd):

**Deductions from Revenue** reflect a YTD favorable variance of \$10.7 million. This is due to lower-than-budgeted volume and budgeted gross revenue. Total Deductions from Revenue is 69.06% of gross revenue compared to a budget of 69.35%. Deductions from Revenue (excluding Bad Debt/Charity/Undocumented expenses) is 64.67% of YTD Gross Revenue compared to budget of 64.78%.

The net capitation reflects a favorable budget variance of \$1.7 million. Cap Premium and Out of Network Claim Expense both show an unfavorable budget variance of \$2.3 million and \$3.3 million respectively. Cap Valuation shows a favorable variance of \$7.3 million to offset.

**Other Operating Revenue** reflects a YTD unfavorable budget variance of \$1.4 million. The two most significant contributors to this variance are the Foundation where actual PPH funding requests are \$582 thousand below budget and PPNC Health Development where actual grants are \$527 thousand below budget.

**Salaries, Wages & Contract Labor** has a YTD favorable budget variance of \$2.5 million. This variance is mostly attributable to lower-than-budgeted volumes and staff flexing. The breakdown is as follows:

	YTD Actual	YTD Budget	Variance
<b>Consolidated</b>	153,878,633	156,353,741	2,475,108
<b>North</b>	88,946,136	89,351,096	404,960
<b>South</b>	37,153,584	38,694,021	1,540,437
<b>Central</b>	20,292,911	21,310,512	1,017,601
<b>Outreach</b>	7,486,002	6,998,112	(487,890)

# April 2007 Financial Results

## Executive Summary and Highlights (cont'd)

### Income Statement (cont'd):

**Benefits Expense** has a YTD unfavorable budget variance of \$2.3 million. This variance is primarily due to the employer's contribution towards deferred compensation and other pension which is unfavorable by \$846 thousand, FICA and Other Benefits which is unfavorable by \$679 thousand, Health and Dental which is unfavorable by \$353 thousand, and Workers Compensation which is unfavorable by \$347 thousand.

**Supplies Expense** reflects a YTD favorable budget variance of \$3.4 million. This favorable variance is composed of a \$762 thousand favorable volume variance and \$2.7 million favorable rate variance. The favorable variance is pharmacy at \$2.3 million, prosthesis at \$596 thousand, other general supplies at \$280 thousand and other medical & non medical at \$224 thousand.

**Prof Fees & Purchased Services** reflect a YTD unfavorable budget variance of \$4.8 million. The unfavorable variance of \$2.6 million in purchased services is due to purchased contracted services. The unfavorable variance of \$2.2 million in professional fees is due to higher legal fees, rehabilitation therapy fees, Pomerado ED calls and IT consulting.

**Non-Operating Income** reflects a favorable YTD variance of \$1.5 million in April. This is due to a favorable investment income variance. Investment income reflects a 4.53% investment rate-of-return through April compared to budget of 4.25%.

### Ratios & Margins:

All required bond covenant ratios were achieved in April 2007.



# Balanced Scorecard

## Financial Indicators

### April 30, 2007

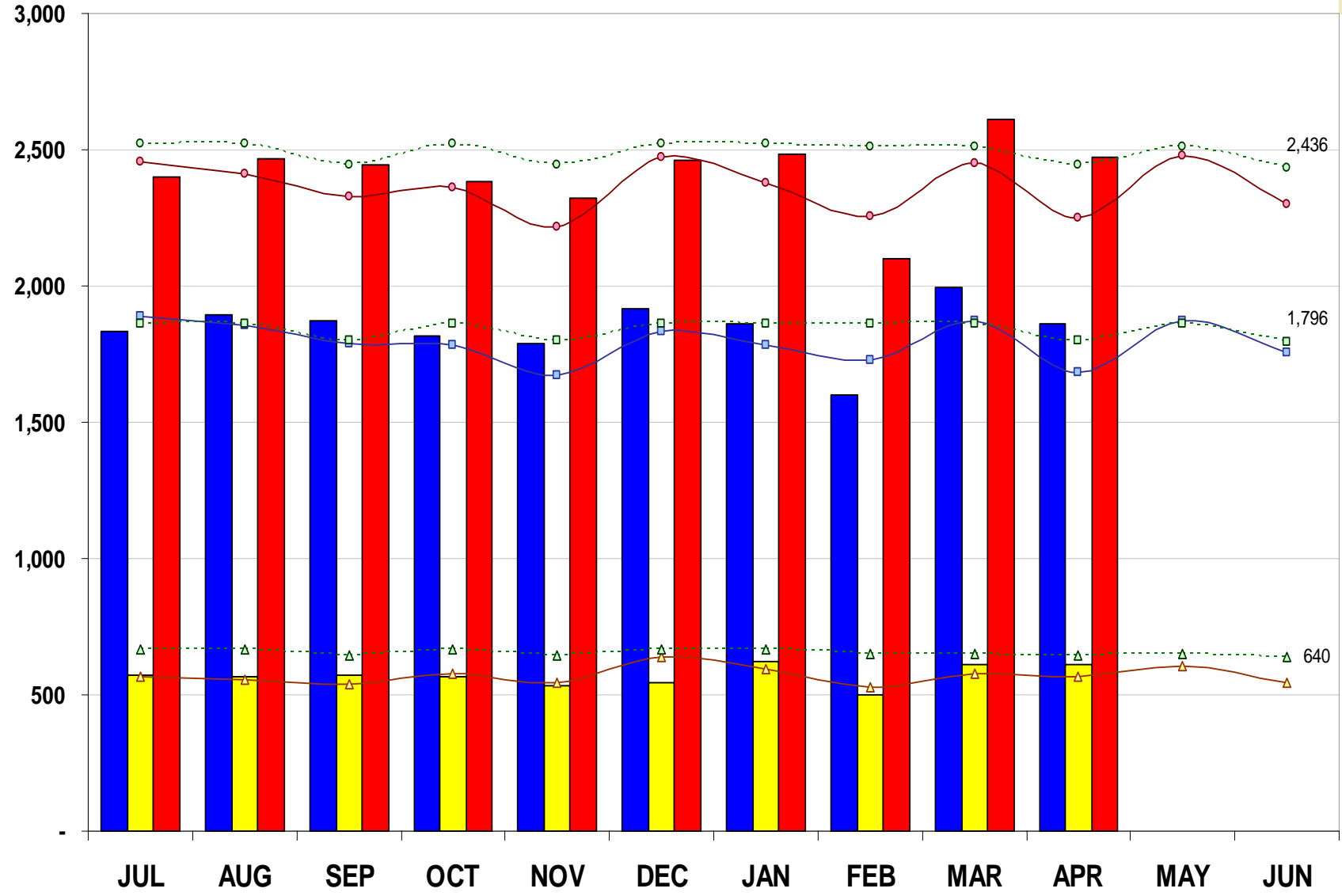
January	February	March	April			YTD 2007						
Actual	Actual	Actual	Actual	Budget / PY	Variance	% Actual to Budget	Actual	Budget	Variance	% Actual to Budget	Prior Year Actual	
<b>PPH Indicators:</b>												
11.0%	6.8%	9.7%	9.9%	9.6%	0.3%	103.1%	OEBITDA Margin w/Prop Tax	9.1%	9.8%	-0.7%	92.9%	8.0%
\$ 2,309.02	\$ 2,628.01	\$ 2,612.71	\$ 2,536.58	\$ 2,500.31	\$ (36.27)	101.5%	Expenses/Wtd Day	2,540.31	\$ 2,493.03	\$ (47.28)	101.9%	2,413.02
\$ 1,359.76	\$ 1,523.73	\$ 1,528.84	\$ 1,489.09	\$ 1,483.45	\$ (5.64)	100.4%	SWB/Wtd Day	1,501.03	\$ 1,481.41	\$ (19.62)	101.3%	1,407.10
5.29	6.07	6.09	5.91	6.13	0.22	96.4%	Prod FTE's/Adj Occupied Bed	6.02	6.12	0.10	98.4%	6.08
14,443	12,191	13,343	13,381	12,095	\$ 1,286.00	110.6%	Weighted Patient Days	128,897	130,743	(1,846)	102.6%	125,644
<b>PPH North Indicators:</b>												
8.8%	7.0%	9.1%	9.5%	9.4%	0.1%	101.1%	OEBITDA Margin w/Prop Tax	9.1%	9.6%	-0.5%	94.8%	8.6%
\$ 2,189.49	\$ 2,521.01	\$ 2,479.67	\$ 2,419.30	\$ 2,378.71	\$ (40.59)	101.7%	Expenses/Wtd Day	2,420.35	\$ 2,372.00	\$ (48.35)	102.0%	2,312.53
\$ 1,152.07	\$ 1,246.47	\$ 1,250.99	\$ 1,213.54	\$ 1,227.99	\$ 14.45	98.8%	SWB/Wtd Day	1,244.17	\$ 1,226.84	\$ (17.33)	101.4%	1,184.61
4.47	5.06	5.07	4.95	5.08	0.13	97.4%	Prod FTE's/Adj Occupied Bed	5.07	5.09	0.02	99.6%	5.14
10,130	8,473	9,345	9,254	8,276	\$ 978.00	111.8%	Weighted Patient Days	89,407	90,251	(844)	101.5%	88,119
<b>PPH South Indicators:</b>												
11.7%	2.4%	12.2%	5.8%	6.7%	-0.9%	86.6%	OEBITDA Margin w/Prop Tax	6.7%	6.7%	0.0%	100.0%	4.6%
\$ 2,260.27	\$ 2,475.70	\$ 2,516.33	\$ 2,400.62	\$ 2,431.87	\$ 31.25	98.7%	Expenses/Wtd Day	2,425.42	\$ 2,425.45	\$ 0.03	100.0%	2,366.50
\$ 1,209.89	\$ 1,254.94	\$ 1,300.24	\$ 1,222.30	\$ 1,287.37	\$ 65.07	94.9%	SWB/Wtd Day	1,253.30	\$ 1,285.47	\$ 32.17	97.5%	1,229.16
4.95	5.36	5.57	5.24	5.59	0.35	93.7%	Prod FTE's/Adj Occupied Bed	5.39	5.58	0.19	96.6%	5.61
4,004	3,494	3,702	3,874	3,706	\$ 168.00	104.5%	Weighted Patient Days	36,924	37,433	(509)	103.2%	35,794

**Weighted Patient Days is compared with Prior Year Actual**

# Admissions – Acute

B-9

FISCAL  
YEAR  
2007

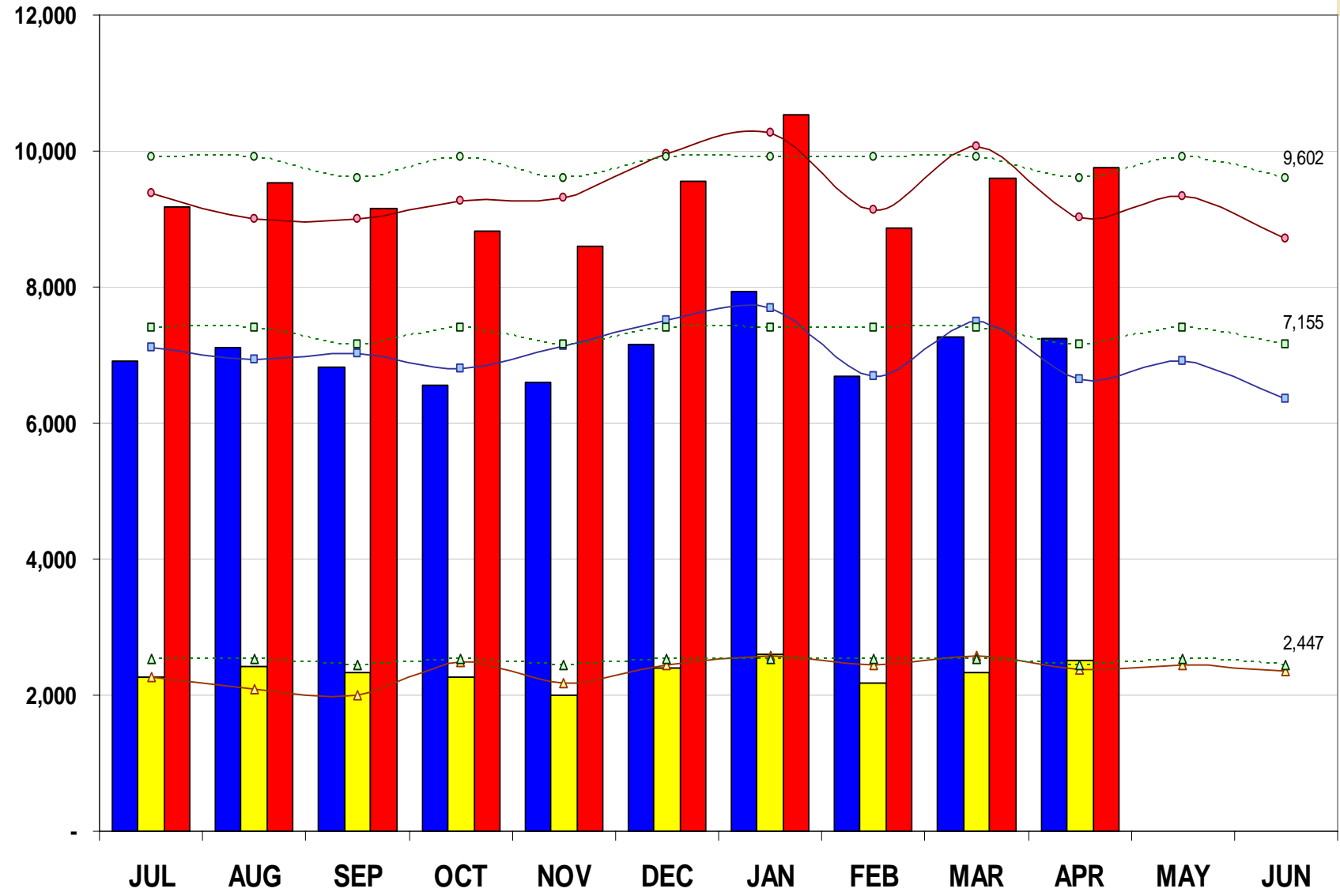


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	1,832	1,895	1,871	1,816	1,791	1,915	1,861	1,601	1,996	1,862	-	-	18,440	18,240
POM	570	569	572	568	532	545	620	498	613	610	-	-	5,697	6,498
CON	2,402	2,464	2,443	2,384	2,323	2,460	2,481	2,099	2,609	2,472	-	-	24,137	24,738

# Patient Days - Acute

B-10

FISCAL  
YEAR  
2007

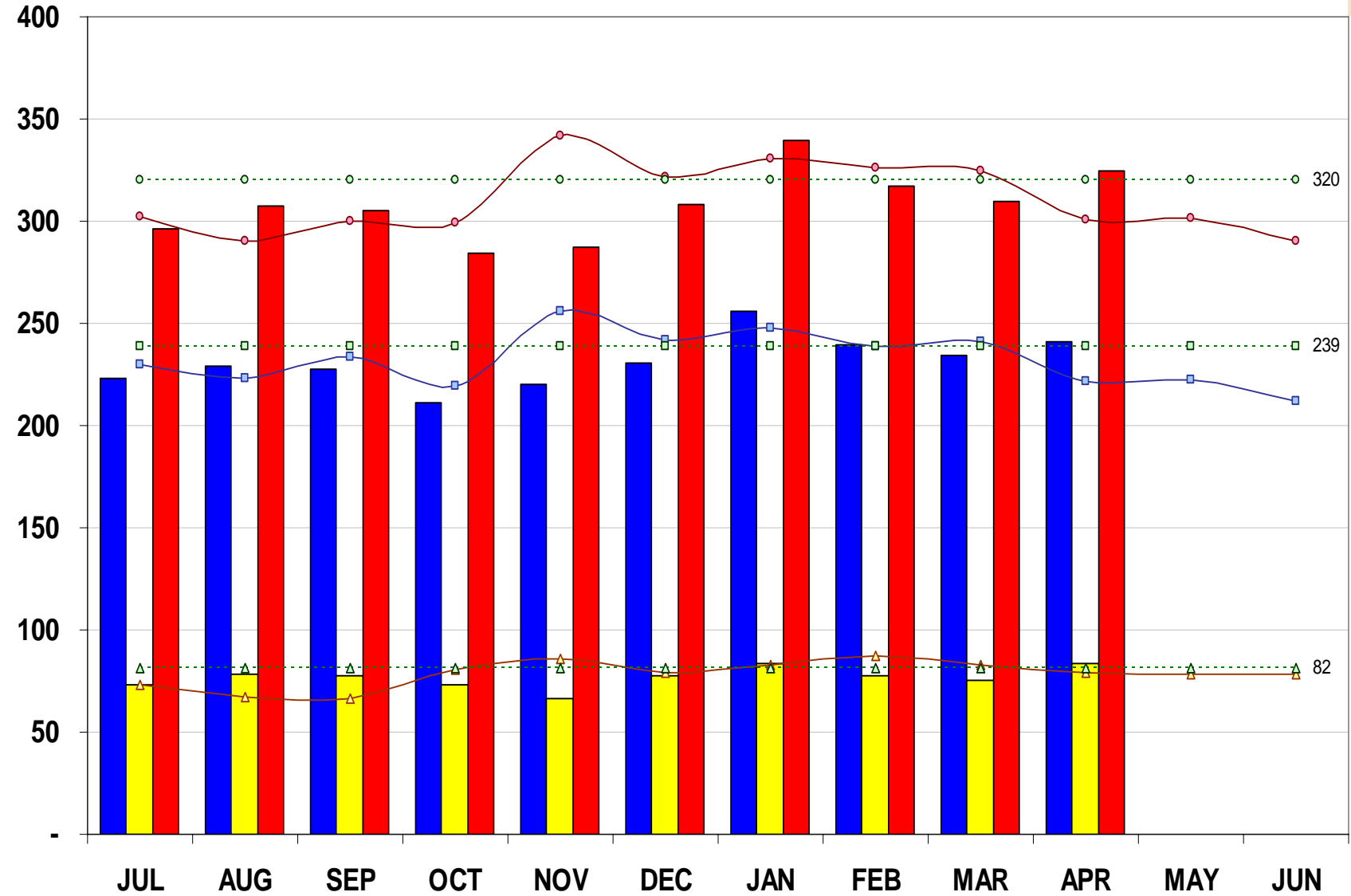


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	6,919	7,102	6,822	6,547	6,607	7,153	7,939	6,699	7,258	7,234	-	-	70,280	72,527
POM	2,261	2,433	2,329	2,272	2,003	2,406	2,591	2,178	2,335	2,512	-	-	23,320	24,772
CON	9,180	9,535	9,151	8,819	8,610	9,559	10,530	8,877	9,593	9,746	-	-	93,600	97,299

# Average Daily Census – Acute

B-11

FISCAL  
YEAR  
2007

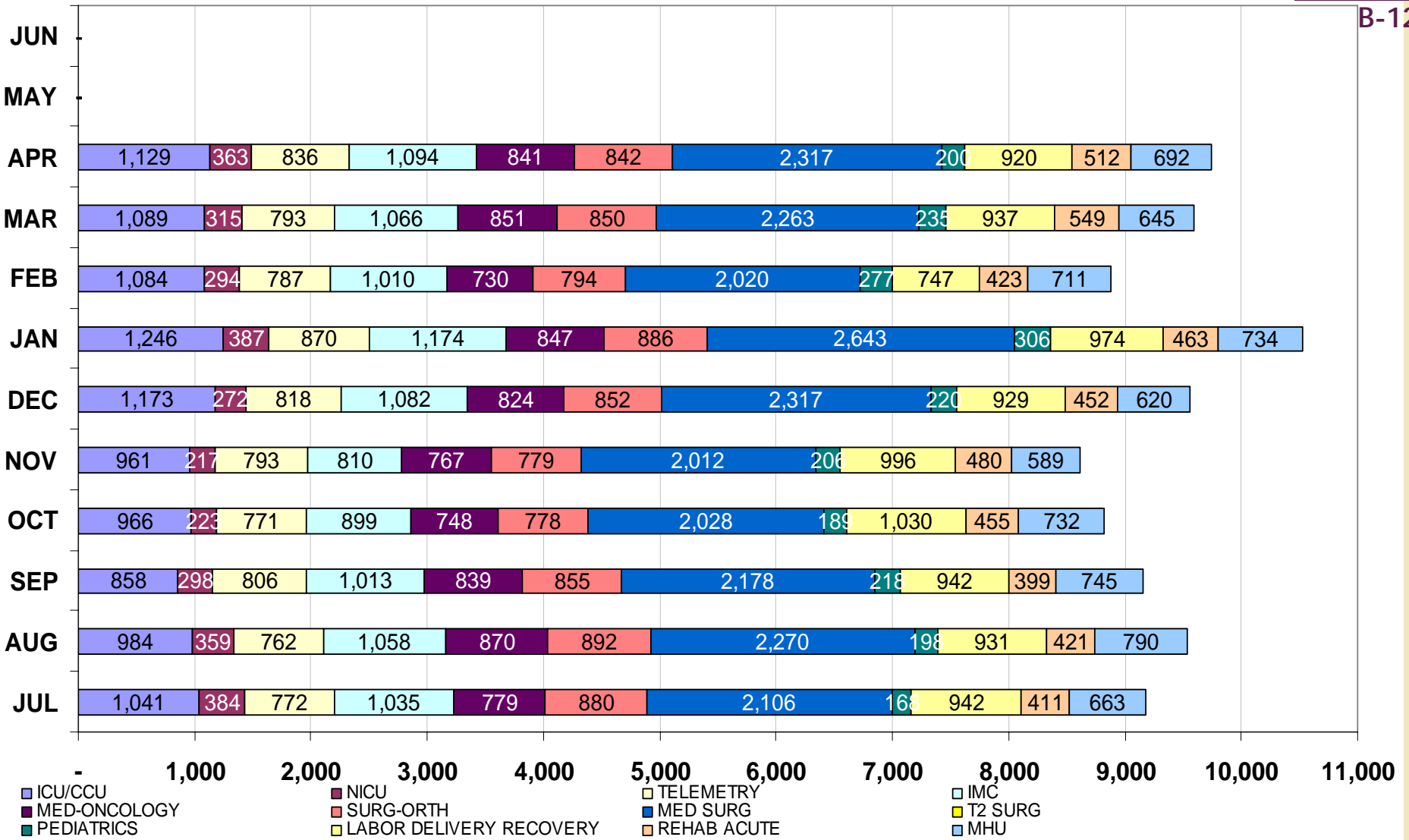


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	223	229	227	211	220	231	256	239	234	241	-	-	231	239
POM	73	78	78	73	67	78	84	78	75	84	-	-	77	81
CON	296	308	305	284	287	308	340	317	309	325	-	-	308	320

# Patient Days

B-12

FISCAL YEAR 2007

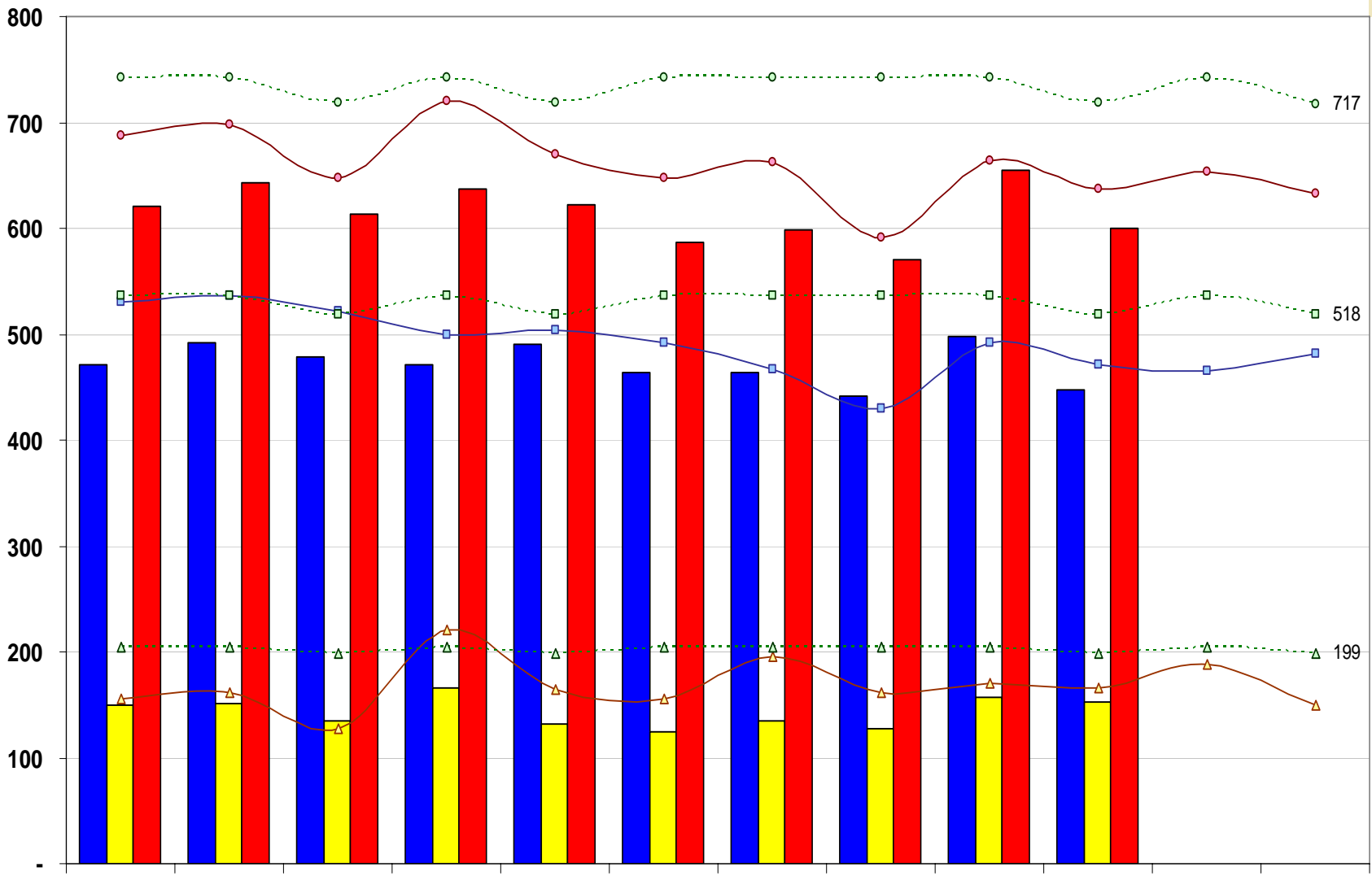


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	6,919	7,102	6,822	6,547	6,607	7,153	7,939	6,699	7,258	7,234	-	-	70,280	72,527
POM	2,261	2,433	2,329	2,272	2,003	2,406	2,591	2,178	2,335	2,512	-	-	23,320	24,772
CON	9,180	9,535	9,151	8,819	8,610	9,559	10,530	8,877	9,593	9,746	-	-	93,600	97,299

# Surgeries (In-Patient)

B-13

FISCAL  
YEAR  
2007

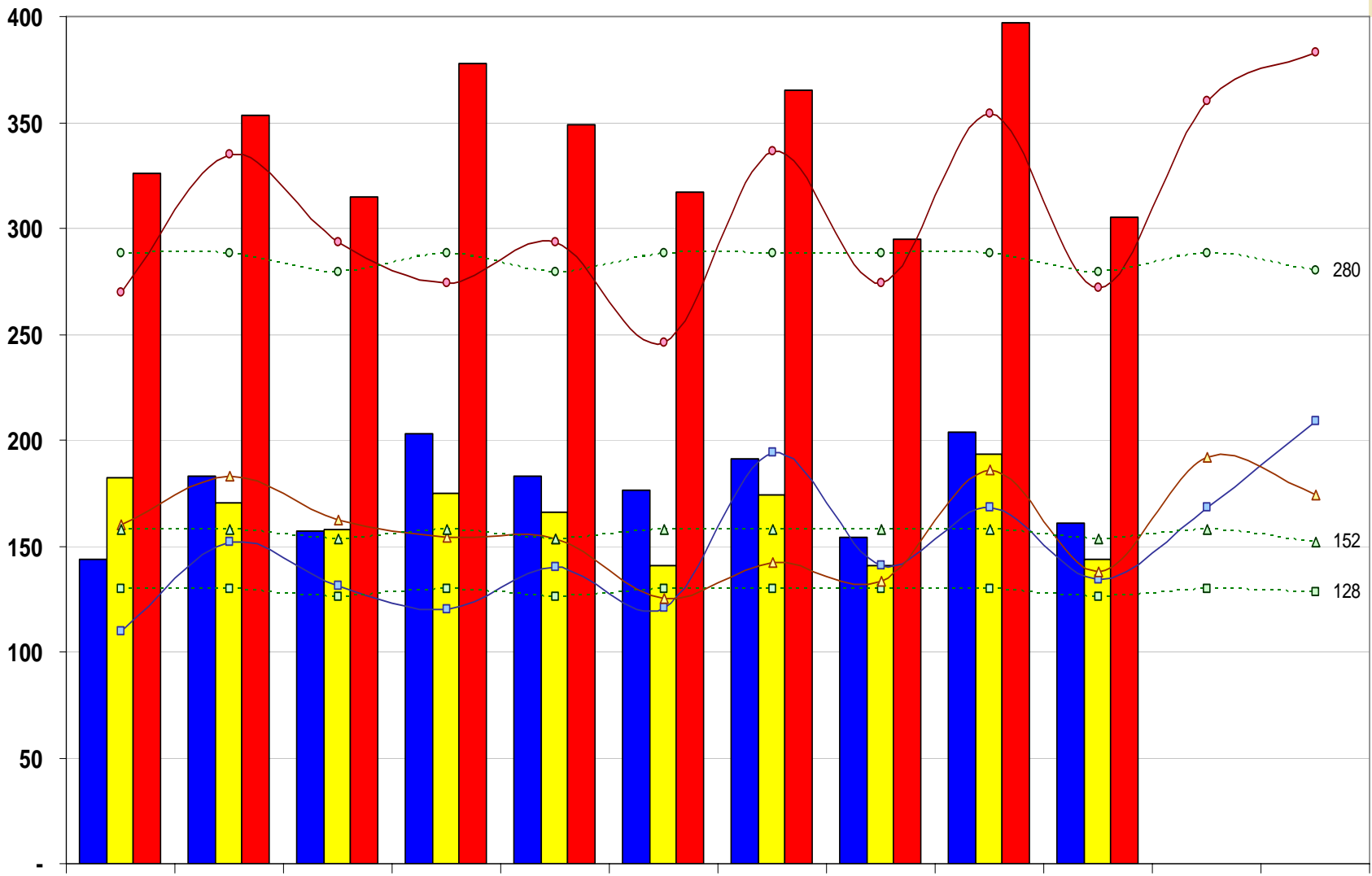


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	471	492	478	471	490	463	464	442	498	447	-	-	4,716	5,264
POM	150	151	135	166	132	124	135	128	157	153	-	-	1,431	2,012
CON	621	643	613	637	622	587	599	570	655	600	-	-	6,147	7,276

# Surgeries (Out-Patient)

B-14

FISCAL  
YEAR  
2007

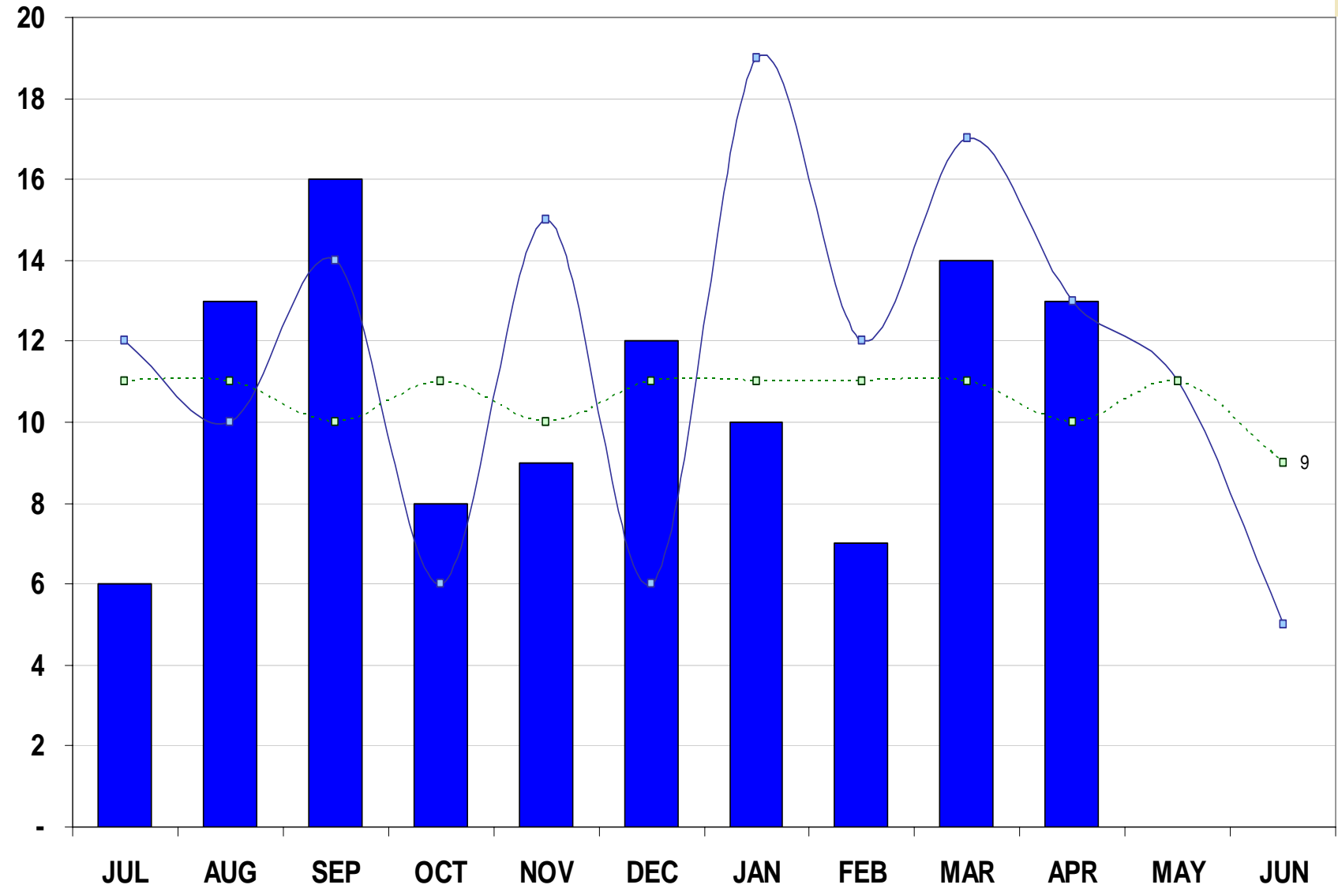


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	144	183	157	203	183	176	191	154	204	161	-	-	1,756	1,276
POM	182	170	158	175	166	141	174	141	193	144	-	-	1,644	1,550
CON	326	353	315	378	349	317	365	295	397	305	-	-	3,400	2,826

# Surgeries – CVS (PMC)

B-15

FISCAL  
YEAR  
2007



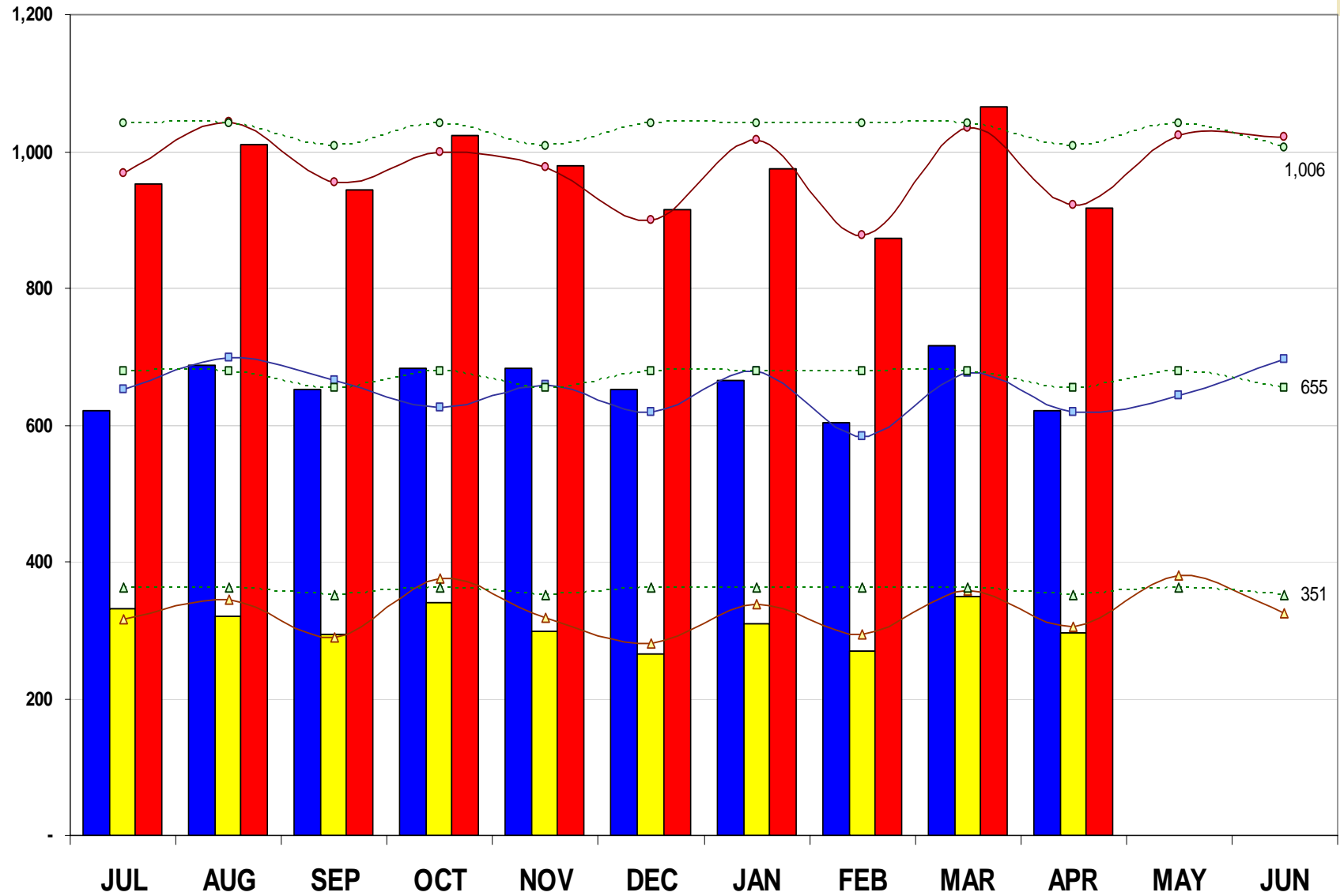
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	6	13	16	8	9	12	10	7	14	13	-	-	108	106



# Total Surgeries

B-16

FISCAL  
YEAR  
2007

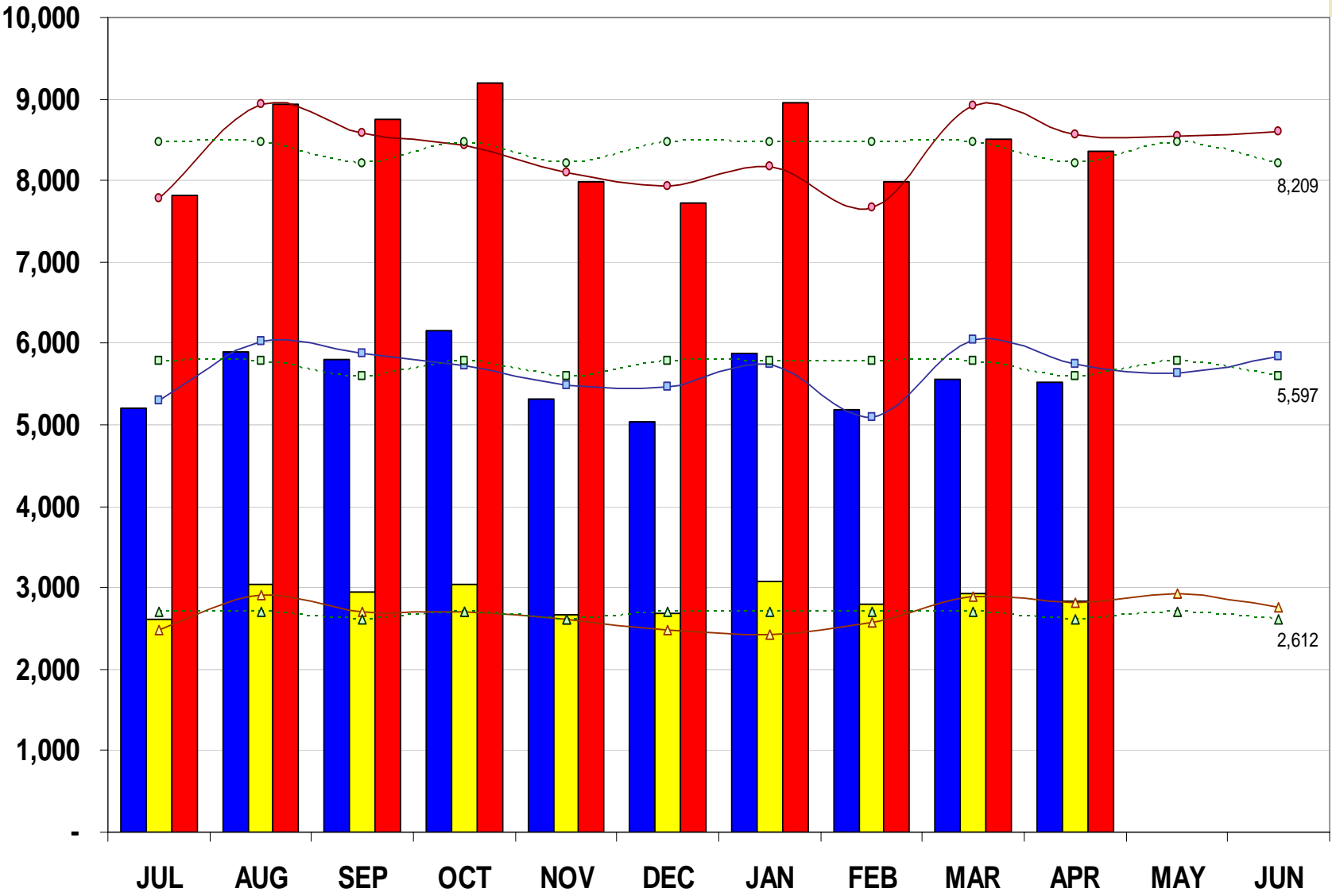


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	621	688	651	682	682	651	665	603	716	621	-	-	6,580	6,646
POM	332	321	293	341	298	265	309	269	350	297	-	-	3,075	3,562
CON	953	1,009	944	1,023	980	916	974	872	1,066	918	-	-	9,655	10,208

# Outpatient Registration

B-17

FISCAL  
YEAR  
2007

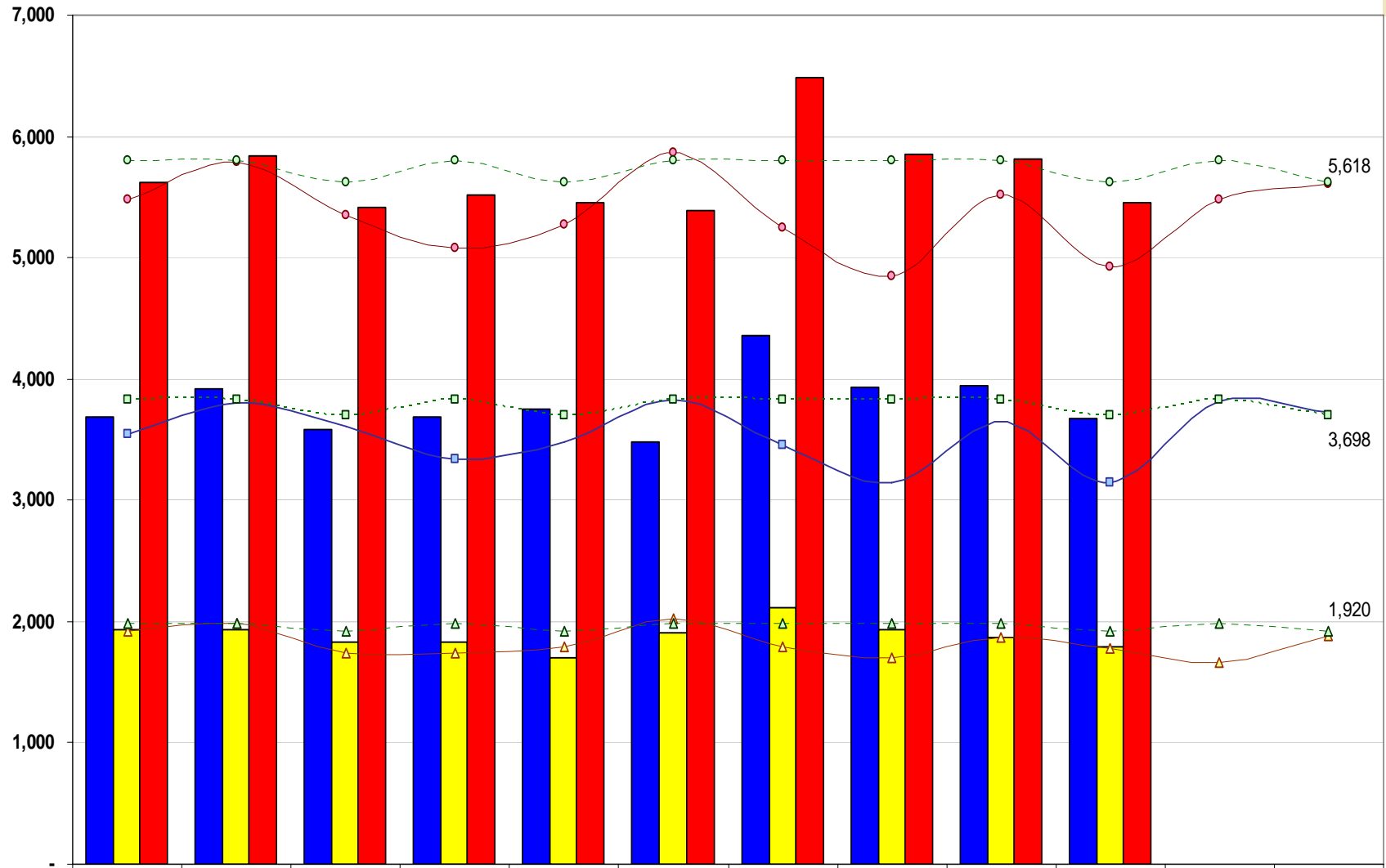


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	5,204	5,900	5,800	6,158	5,326	5,030	5,872	5,183	5,569	5,526	-	-	55,568	56,683
POM	2,615	3,044	2,944	3,033	2,659	2,690	3,086	2,800	2,930	2,834	-	-	28,635	26,448
CON	7,819	8,944	8,744	9,191	7,985	7,720	8,958	7,983	8,499	8,360	-	-	84,203	83,131

# ER Visits includes Trauma

B-18

FISCAL  
YEAR  
2007

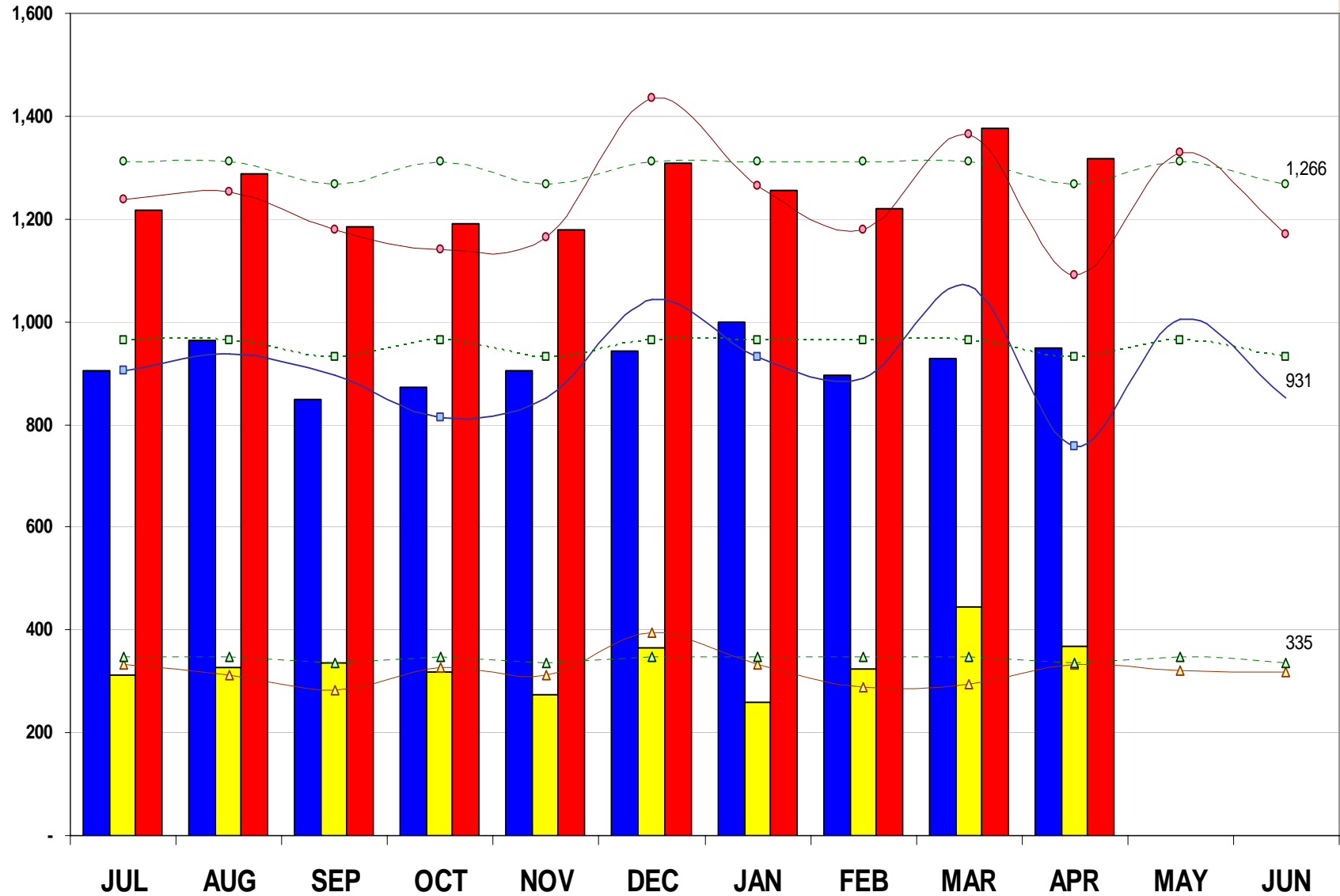


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
<b>PMC</b>	3,685	3,916	3,589	3,686	3,751	3,478	4,359	3,928	3,951	3,670	-	-	38,013	37,510
<b>POM</b>	1,930	1,930	1,828	1,828	1,703	1,910	2,120	1,931	1,867	1,789	-	-	18,836	19,440
<b>CON</b>	5,615	5,846	5,417	5,514	5,454	5,388	6,479	5,859	5,818	5,459	-	-	56,849	56,950

# ER Admissions includes Trauma

B-19

FISCAL  
YEAR  
2007

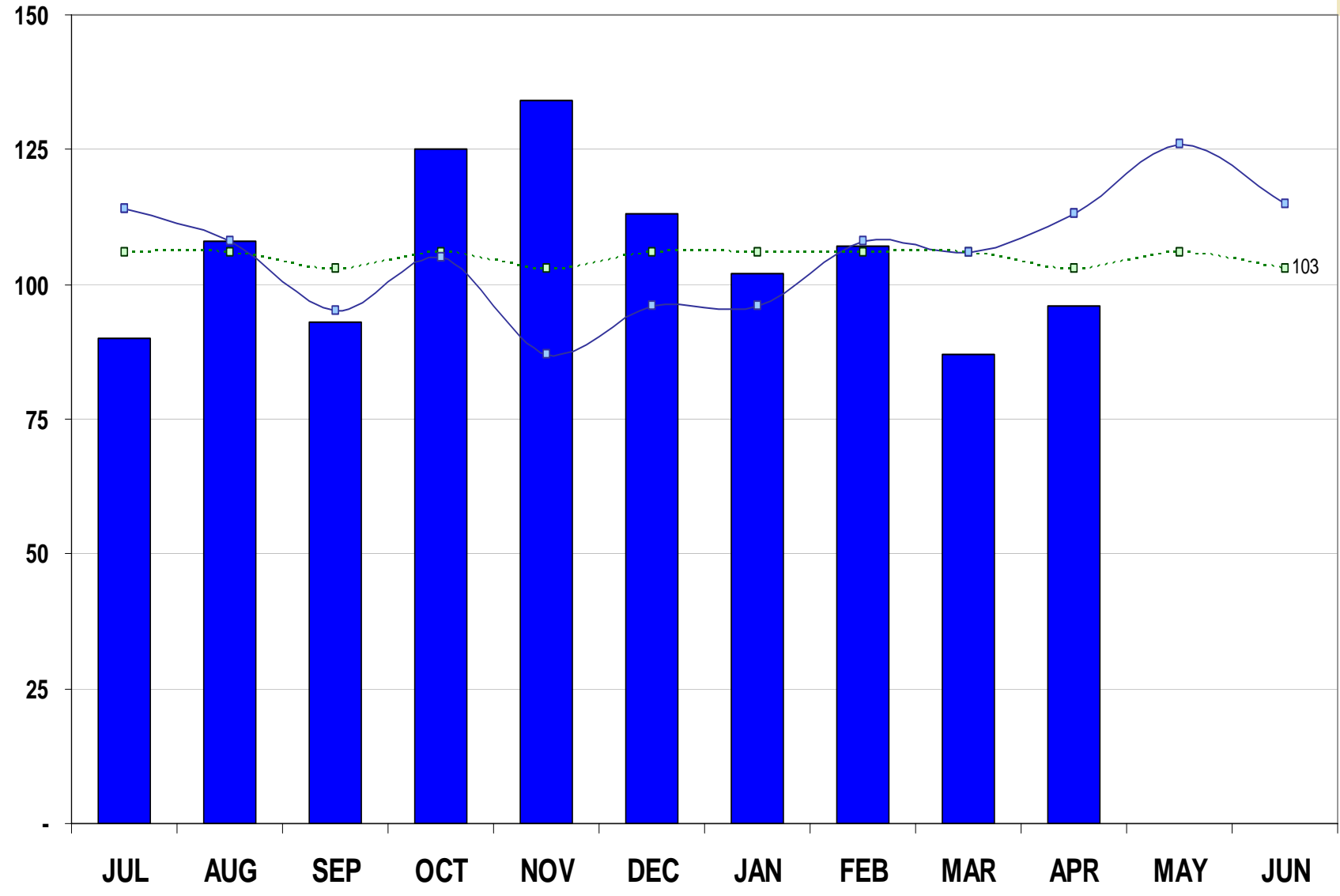


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	905	963	850	873	906	944	998	895	929	949	-	-	9,212	9,450
POM	311	326	335	318	274	364	258	324	446	367	-	-	3,323	3,403
CON	1,216	1,289	1,185	1,191	1,180	1,308	1,256	1,219	1,375	1,316	-	-	12,535	12,853

# Trauma Cases (PMC)

B-20

FISCAL  
YEAR  
2007

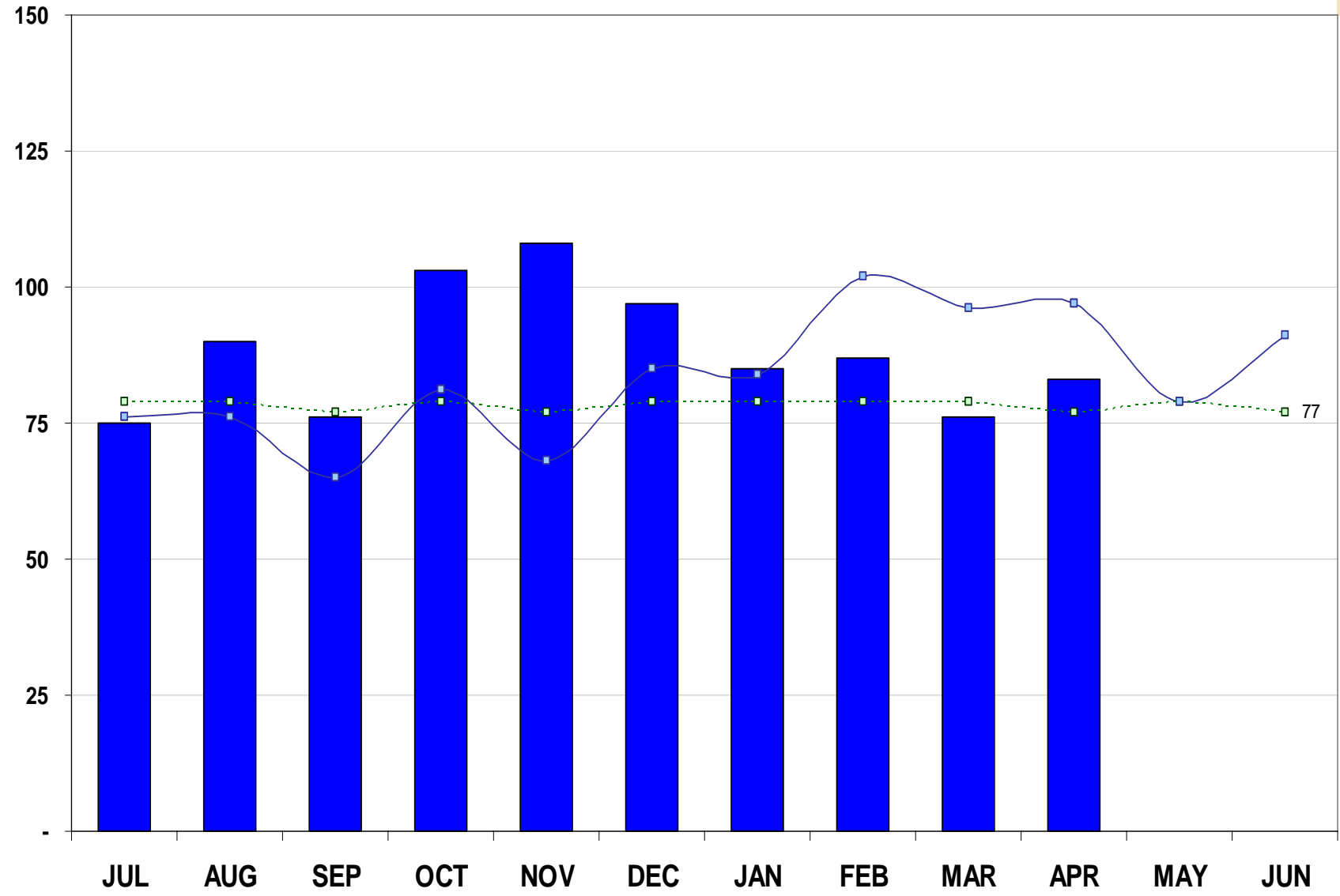


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	90	108	93	125	134	113	102	107	87	96	-	-	1,055	1,040

# Trauma Admissions (PMC)

B-21

FISCAL  
YEAR  
2007



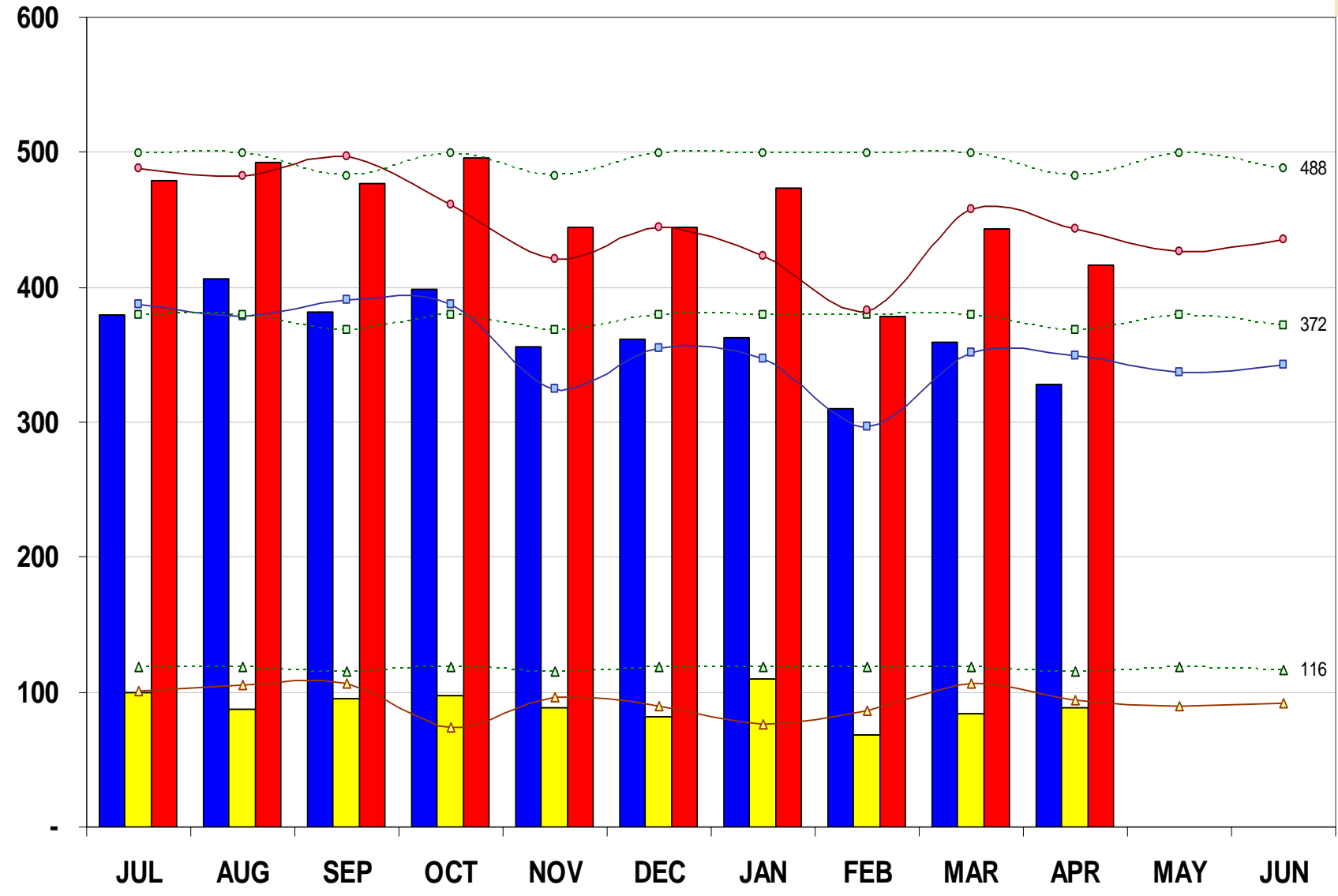
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	75	90	76	103	108	97	85	87	76	83	-	-	880	776

- PMC
- POM
- CON
- PY PMC
- ▲— PY POM
- ◆— PY CON

# Deliveries

B-22

FISCAL  
YEAR  
2007

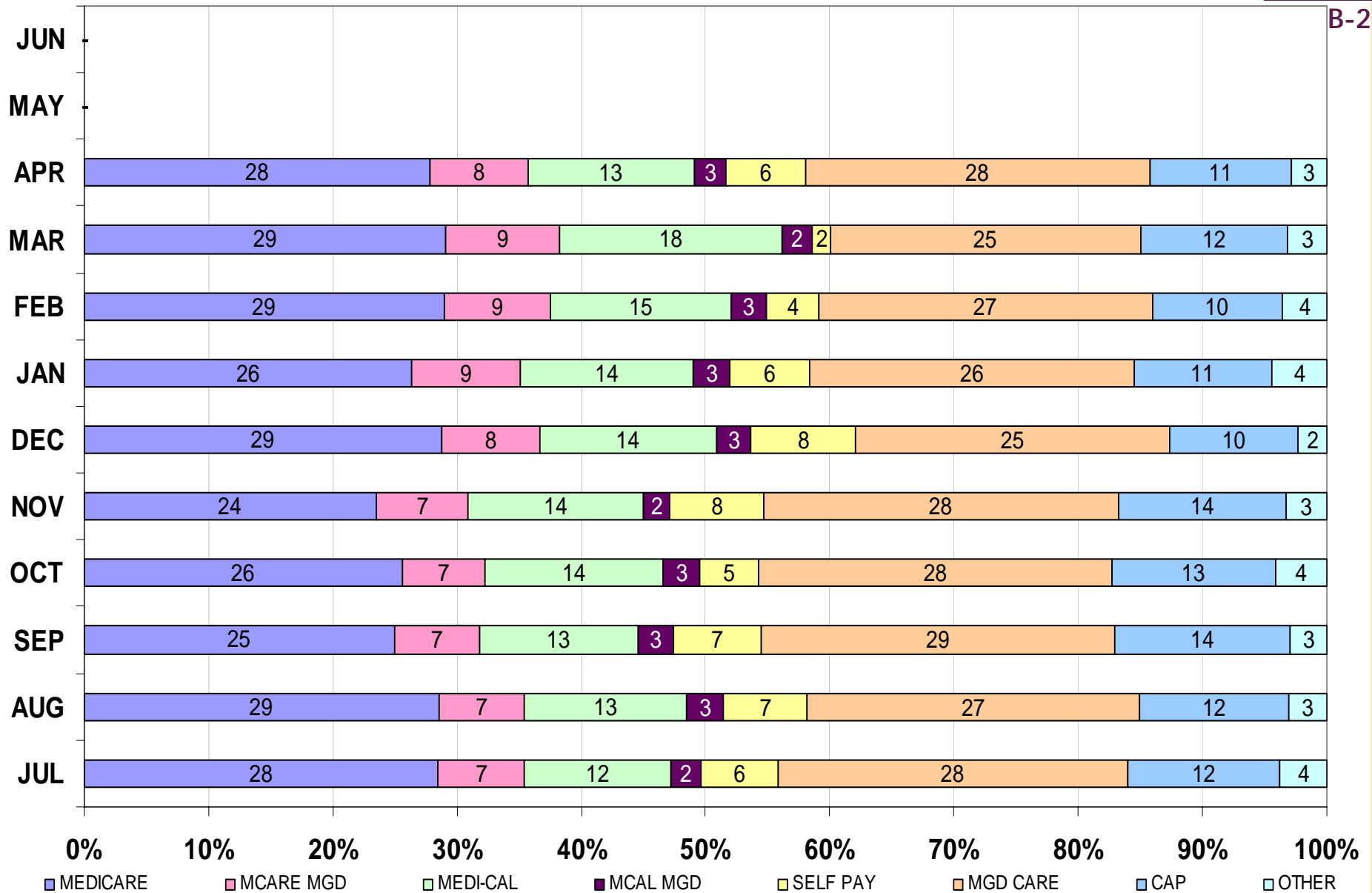


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	379	406	382	399	356	362	363	310	359	328	-	-	3,644	3,728
POM	100	87	95	97	88	82	110	68	84	88	-	-	899	1,166
CON	479	493	477	496	444	444	473	378	443	416	-	-	4,543	4,894

# Payor Mix based on Gross Revenue

B-23

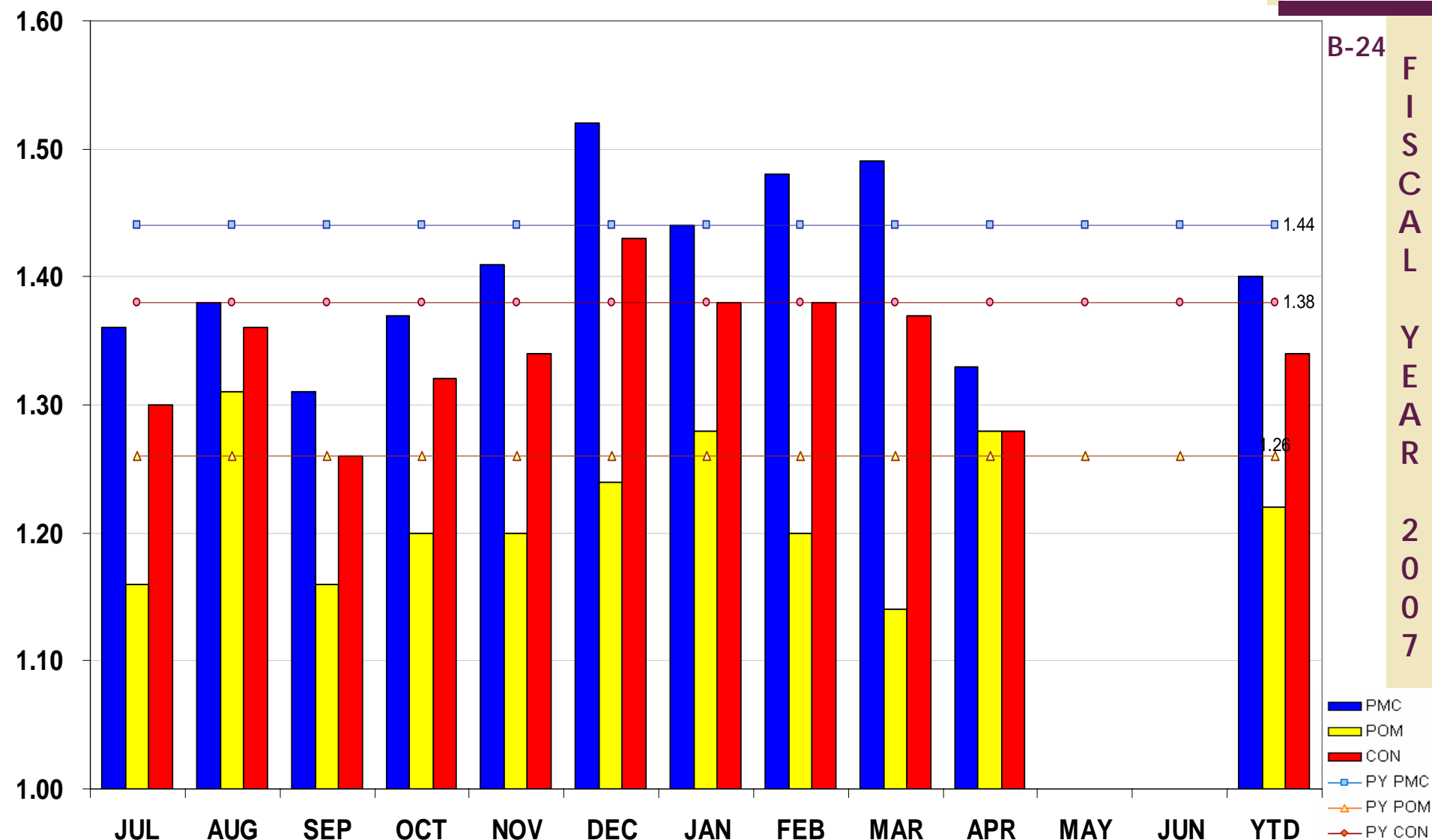
FISCAL  
YEAR  
2007





# Case Mix Index by Region – MediCare

B-24  
FISCAL  
YEAR  
2007



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD
PMC	1.36	1.38	1.31	1.37	1.41	1.52	1.44	1.48	1.49	1.33	-	-	1.40
POM	1.16	1.31	1.16	1.20	1.20	1.24	1.28	1.20	1.14	1.28	-	-	1.22
CON	1.30	1.36	1.26	1.32	1.34	1.43	1.38	1.38	1.37	1.28	-	-	1.34

# Summary of Key Indicators and Results

## FYTD April 2007

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2006</u>
<b><u>ADMISSIONS - Acute:</u></b>				
Palomar Medical Center	18,440	18,240	200	17,891
Pomerado Hospital	5,697	6,498	(801)	5,694
<b>Total:</b>	<b><u>24,137</u></b>	<b><u>24,738</u></b>	<b><u>(601)</u></b>	<b><u>23,585</u></b>
<b><u>ADMISSIONS - SNF:</u></b>				
Palomar Medical Center	489	644	(155)	511
Pomerado Hospital	457	522	(65)	506
<b>Total:</b>	<b><u>946</u></b>	<b><u>1,166</u></b>	<b><u>(220)</u></b>	<b><u>1,017</u></b>
<b><u>PATIENT DAYS - Acute:</u></b>				
Palomar Medical Center	70,280	72,527	(2,247)	70,973
Pomerado Hospital	23,320	24,772	(1,452)	23,430
<b>Total:</b>	<b><u>93,600</u></b>	<b><u>97,299</u></b>	<b><u>(3,699)</u></b>	<b><u>94,403</u></b>
<b><u>PATIENT DAYS- SNF:</u></b>				
Palomar Medical Center	26,570	26,937	(367)	25,425
Pomerado Hospital	37,653	37,696	(43)	37,687
<b>Total:</b>	<b><u>64,223</u></b>	<b><u>64,633</u></b>	<b><u>(410)</u></b>	<b><u>63,112</u></b>

# Summary of Key Indicators and Results

## FYTD April 2007 (cont'd)

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2006</u>
<b><u>WEIGHTED PATIENT DAYS:</u></b>				
Palomar Medical Center	89,407	90,251	(844)	88,119
Pomerado Hospital	36,924	37,433	(509)	35,794
Other Activities	2,566	3,059	(493)	1,731
<b>Total:</b>	<u>128,897</u>	<u>130,743</u>	<u>(1,846)</u>	<u>125,644</u>
<b><u>AVERAGE LENGTH OF STAY- Acute:</u></b>				
Palomar Medical Center	3.78	4.02	(0.24)	4.01
Pomerado Hospital	4.08	3.96	0.12	4.07
<b>Total:</b>	<u>3.85</u>	<u>4.00</u>	<u>(0.15)</u>	<u>4.02</u>
<b><u>AVERAGE LENGTH OF STAY - SNF:</u></b>				
Palomar Medical Center	56.17	40.57	15.60	47.79
Pomerado Hospital	81.85	73.63	8.22	77.07
<b>Total:</b>	<u>68.83</u>	<u>54.96</u>	<u>13.87</u>	<u>61.81</u>

# Summary of Key Indicators and Results

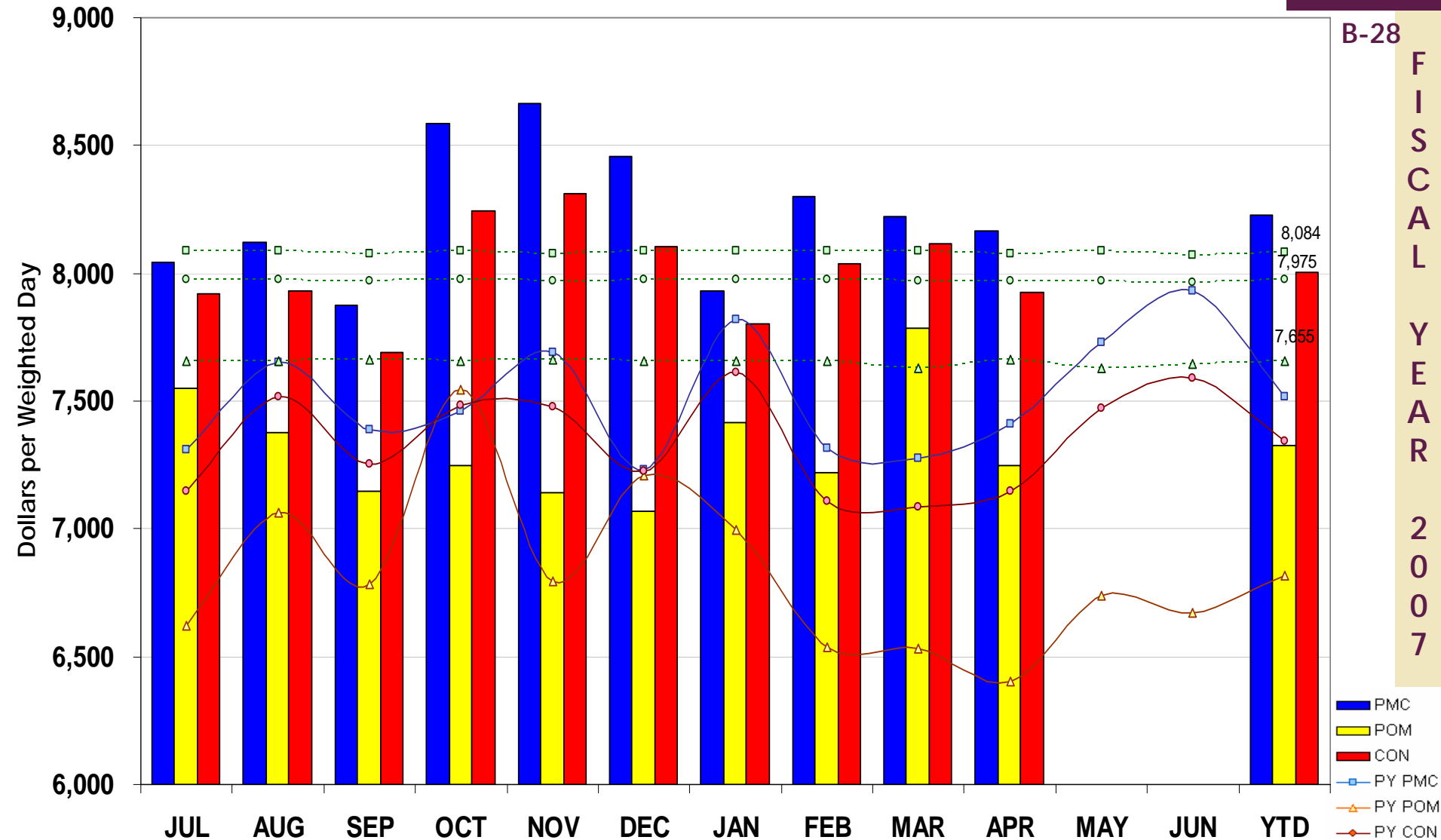
## FYTD April 2007 (cont'd)

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2006</u>
<b><u>EMERGENCY ROOM VISITS &amp; TRAUMA CASES:</u></b>				
Palomar Medical Center	38,013	37,510	503	35,005
Pomerado Hospital	18,836	19,440	(604)	18,353
<b>Total:</b>	<u>56,849</u>	<u>56,950</u>	<u>(101)</u>	<u>53,358</u>
<b><u>EMERGENCY &amp; TRAUMA ADMISSIONS:</u></b>				
Palomar Medical Center	9,212	9,450	(238)	9,094
Pomerado Hospital	3,323	3,403	(80)	3,210
<b>Total:</b>	<u>12,535</u>	<u>12,853</u>	<u>(318)</u>	<u>12,304</u>
<b><u>SURGERIES:</u></b>				
Palomar Medical Center	6,580	6,646	(66)	6,478
Pomerado Hospital	3,075	3,562	(487)	3,216
<b>Total:</b>	<u>9,655</u>	<u>10,208</u>	<u>(553)</u>	<u>9,694</u>
<b><u>BIRTHS:</u></b>				
Palomar Medical Center	3,644	3,728	(84)	3,568
Pomerado Hospital	899	1,166	(267)	933
<b>Total:</b>	<u>4,543</u>	<u>4,894</u>	<u>(351)</u>	<u>4,501</u>

# Gross Patient Revenue per Weighted Patient Days

B-28

FISCAL  
YEAR  
2007

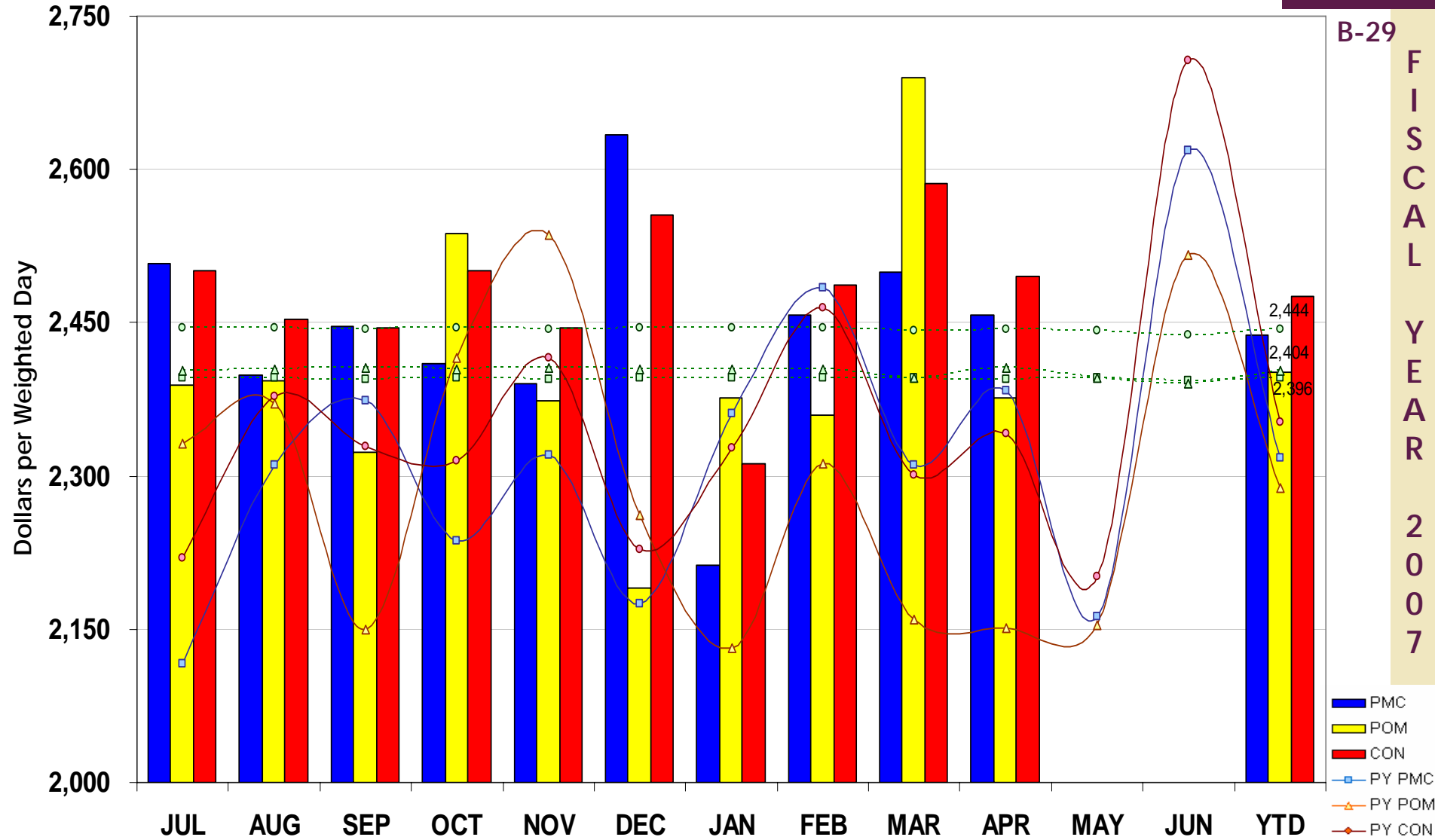


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	8,041	8,120	7,875	8,587	8,665	8,455	7,929	8,301	8,224	8,163	-	-	8,228	8,084
POM	7,552	7,379	7,149	7,247	7,142	7,068	7,418	7,222	7,786	7,248	-	-	7,324	7,655
CON	7,921	7,932	7,690	8,242	8,311	8,106	7,803	8,036	8,118	7,927	-	-	8,003	7,975

# Net Patient Revenue per Weighted Patient Days

B-29

FISCAL  
YEAR  
2007

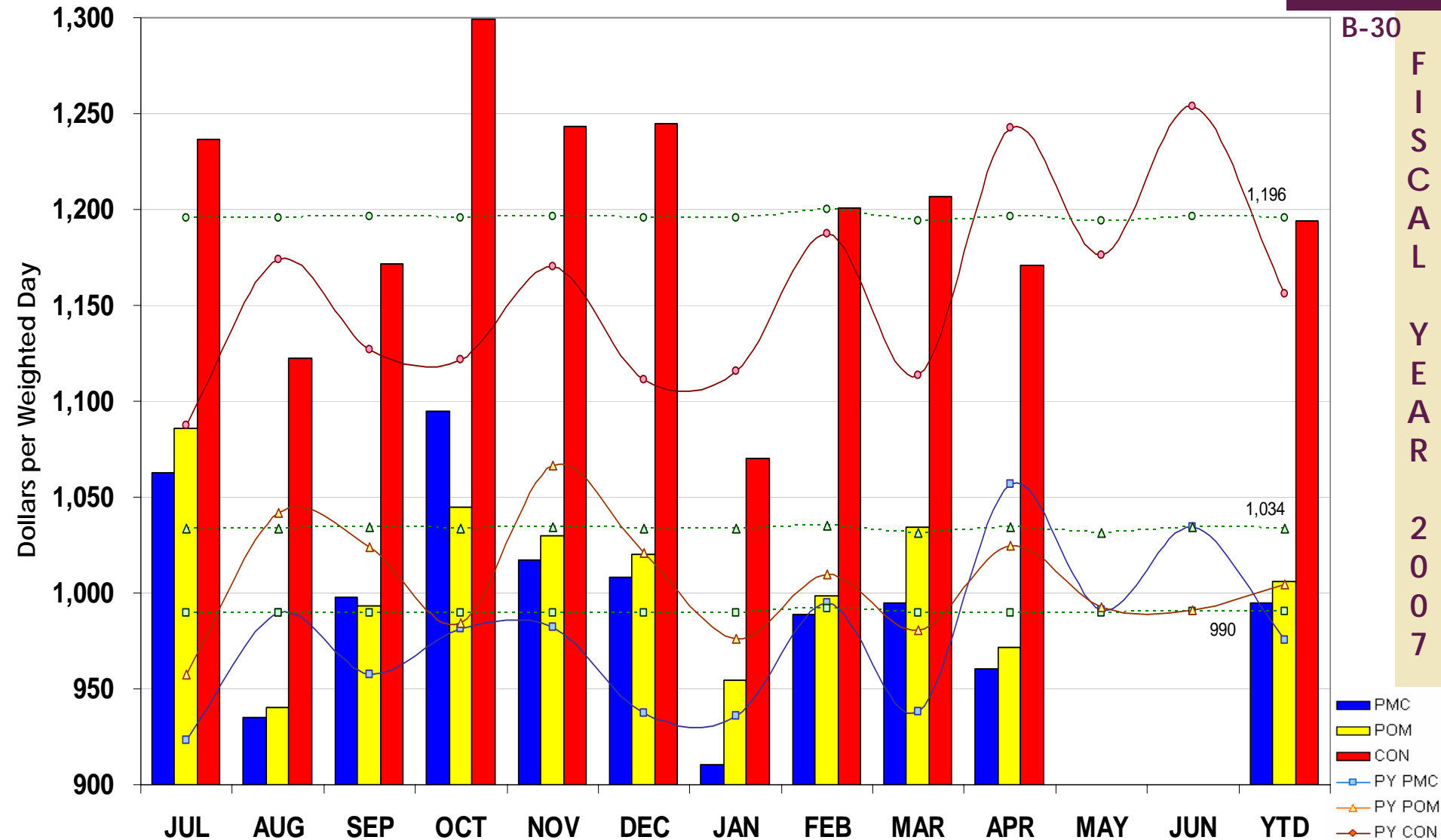


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	2,508	2,398	2,446	2,410	2,391	2,634	2,213	2,457	2,499	2,457	-	-	2,439	2,396
POM	2,389	2,393	2,323	2,537	2,373	2,191	2,376	2,360	2,689	2,376	-	-	2,401	2,404
CON	2,500	2,453	2,445	2,500	2,445	2,556	2,312	2,487	2,586	2,495	-	-	2,476	2,444

# Salaries per Weighted Patient Days

B-30

FISCAL  
YEAR  
2007

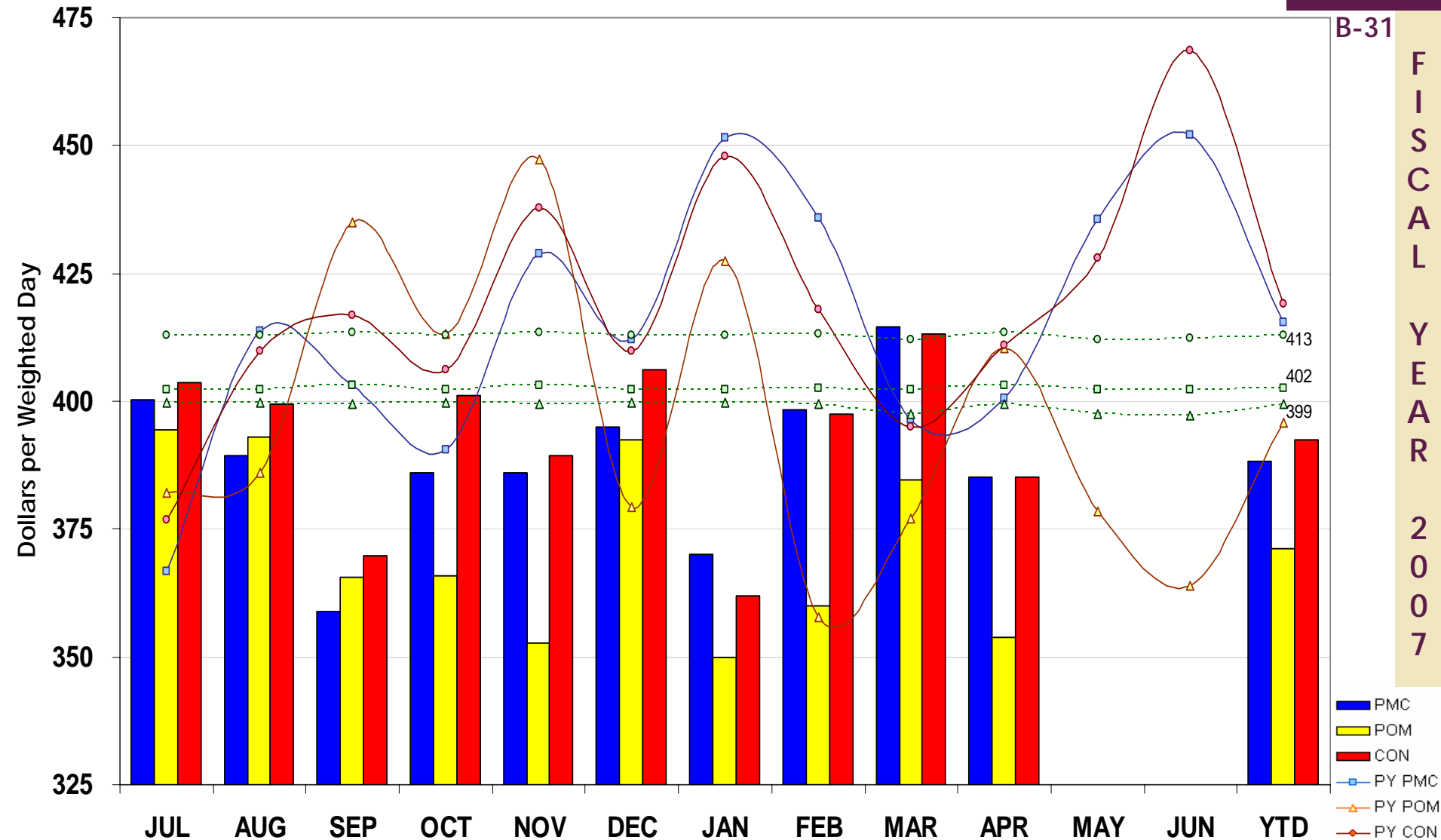


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	1,063	935	998	1,095	1,017	1,008	910	989	995	961	-	-	995	990
POM	1,086	940	993	1,045	1,030	1,020	955	999	1,034	972	-	-	1,006	1,034
CON	1,236	1,122	1,172	1,299	1,243	1,244	1,070	1,201	1,206	1,171	-	-	1,194	1,196

# Supplies per Weighted Patient Days

B-31

FISCAL  
YEAR  
2007



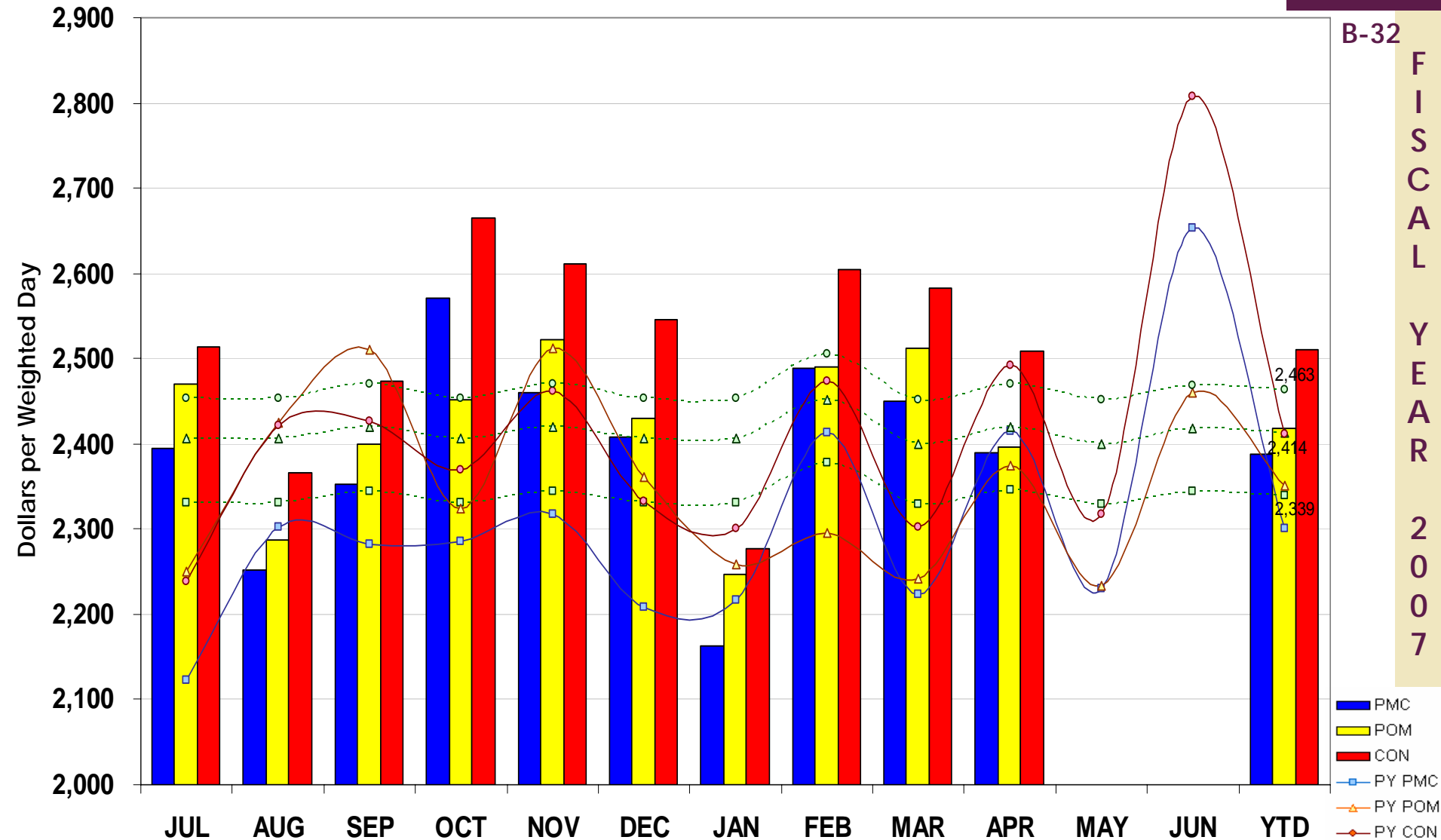
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	400	389	359	386	386	395	370	398	414	385	-	-	388	402
POM	394	393	365	366	353	392	350	360	385	354	-	-	371	399
CON	404	399	370	401	389	406	362	397	413	385	-	-	392	413



# Total Expenses per Weighted Patient Days

B-32

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	2,395	2,252	2,352	2,571	2,459	2,408	2,164	2,488	2,450	2,389	-	-	2,388	2,339
POM	2,469	2,287	2,400	2,451	2,522	2,430	2,247	2,490	2,512	2,397	-	-	2,417	2,414
CON	2,514	2,367	2,473	2,665	2,610	2,546	2,278	2,604	2,583	2,508	-	-	2,510	2,463

# Key Variance Explanations

## April 2007

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>Weighted Patient Days</b>	13,381	12,904	477
<b>Gross Patient Revenue:</b>	106,070,900	102,882,411	3,188,489
Volume Variance			3,803,077
<b>Contractuals:</b>	72,201,352	71,412,887	(788,465)
Due to higher than budgeted revenue			
<b>Net Capitation:</b>	(477,974)	61,870	(539,844)
Recalculation of valuation for prior year			
<b>Other Operating Revenue:</b>	895,400	1,007,597	(112,197)
PPH Foundation			(80,859)
PPNC Health Development			(54,699)
Health Source			27,589
<b>Salaries &amp; Wages:</b>	15,029,559	14,780,140	(249,419)
Volume variance			(546,352)
Market & performance one-time adjustments			(213,551)
Productivity			510,484
<b>Benefits:</b>	4,259,311	3,705,658	(553,653)
Pension			(138,520)
Health and Dental			(123,283)
Other Benefits			(109,886)
FICA			(104,844)
Worker's Compensation			(44,012)
<b>Contract Labor:</b>	636,689	656,580	19,891

# Key Variance Explanations

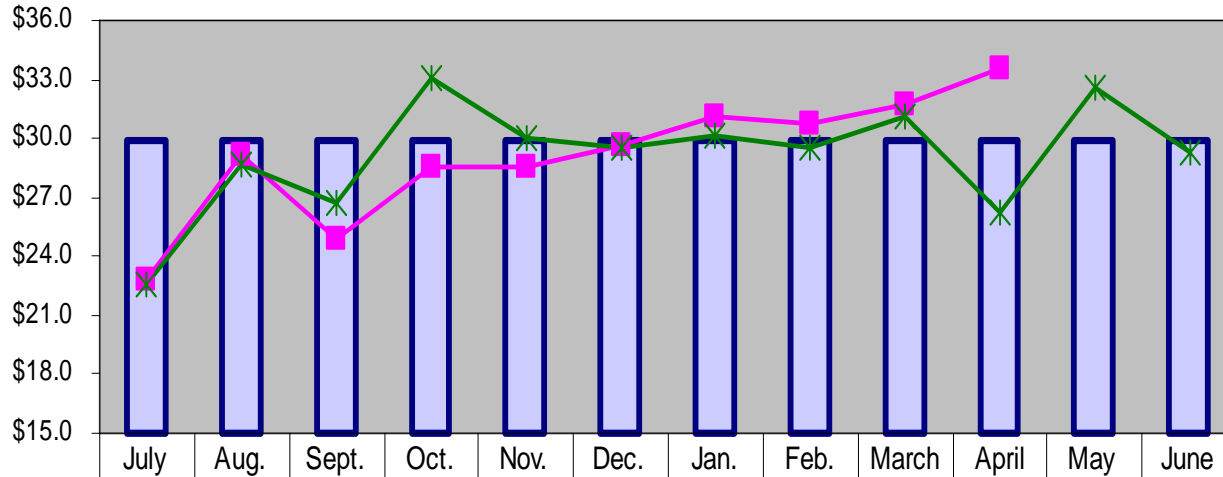
## April 2007 (cont'd)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>Professional Fees:</b>	<b>2,162,064</b>	<b>1,808,001</b>	<b>(354,063)</b>
IT Consulting			(294,980)
Legal Fees			(98,229)
<b>Supplies:</b>	<b>5,155,141</b>	<b>5,334,291</b>	<b>179,150</b>
Rate variance			376,334
Volume variance			(197,184)
Cath Lab			(72,630)
Lab			(28,031)
Emergency			(19,778)
<b>Purchased Services:</b>	<b>2,475,522</b>	<b>2,094,669</b>	<b>(380,853)</b>
Repairs & Maintenance			(116,980)
IT purchased services			(48,038)
PBS			(44,478)
HIM annual document purge			(41,366)
Food services			(39,698)
Gateway/Parkway contracted services			(37,344)
MRI purchased services			(20,970)
Budget software services			(20,510)
<b>Depreciation:</b>	<b>1,817,490</b>	<b>1,573,192</b>	<b>(244,298)</b>
Additional CIP's closed			(199,420)
Escondido Surgery Center			(37,066)
<b>Other Direct Expenses:</b>	<b>2,029,548</b>	<b>1,919,344</b>	<b>(110,204)</b>
Marketing/recruiting			(133,705)
 <b>Net Income From Operations</b>	 <b><u>\$721,650</u></b>	 <b><u>\$667,116</u></b>	 <b><u>\$54,534</u></b>

# Key Variance Explanations for April 2007 YTD

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>Benefits:</b>	<b>39,599,766</b>	<b>37,330,814</b>	<b>(2,268,952)</b>
Pension			(846,577)
FICA and Other Benefits			(679,142)
Health and Dental			(353,134)
Worker's Compensation			(347,315)
<b>Professional Fees:</b>	<b>20,305,348</b>	<b>18,110,740</b>	<b>(2,194,608)</b>
Legal Fees			(1,104,833)
Pomerado ED calls			(462,366)
IT Consulting			(456,712)
Rehabcare Therapist fees			(421,097)
<b>Purchased Services:</b>	<b>23,789,455</b>	<b>21,226,006</b>	<b>(2,563,449)</b>
Collection fees			(1,394,990)
Gateway/Parkway contracted services			(715,699)
Biomed			(225,631)
Management services			(203,242)
<b>Depreciation:</b>	<b>16,646,806</b>	<b>15,701,272</b>	<b>(945,534)</b>
Additional depreciation on closed CIP's			(598,775)
Escondido Surgery Center			(346,759)

### PBS Monthly Collections in Millions



	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June
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	\$33.6		

Palomar Pomerado Health  
Consolidated Balance Sheet  
As of April 30, 2007

	Current Month	Prior Month	Prior Fiscal Year End
<b>Assets</b>			
<b>Current Assets</b>			
Cash on Hand	\$5,405,321	\$4,427,667	\$2,001,279
Cash Marketable Securities	116,594,446	110,199,171	110,035,151
<b>Total Cash &amp; Cash Equivalents</b>	<b>121,999,767</b>	<b>114,626,838</b>	<b>112,036,430</b>
<b>Patient Accounts Receivable</b>	<b>190,407,193</b>	<b>184,285,857</b>	<b>149,045,009</b>
Allowance on Accounts	-100,762,033	-93,623,528	-78,078,378
<b>Net Accounts Receivable</b>	<b>89,645,160</b>	<b>90,662,329</b>	<b>70,966,631</b>
Inventories	6,987,825	7,016,699	6,937,645
Prepaid Expenses	2,626,641	1,954,329	2,293,992
Other	3,072,931	8,484,102	3,868,903
<b>Total Current Assets</b>	<b>224,332,324</b>	<b>222,744,297</b>	<b>196,103,601</b>
<b>Non-Current Assets</b>			
Restricted Assets	202,496,024	200,267,666	66,734,609
Restricted by Donor	294,738	294,738	288,265
Board Designated	-16,901,820	-11,886,962	9,267,526
<b>Total Restricted Assets</b>	<b>185,888,942</b>	<b>188,675,442</b>	<b>76,290,400</b>
Property Plant & Equipment	334,888,037	337,529,441	343,335,572
Accumulated Depreciation	-223,101,695	-223,942,913	-220,455,460
Construction in Process	140,632,551	132,647,580	85,858,842
<b>Net Property Plant &amp; Equipment</b>	<b>252,418,893</b>	<b>246,234,108</b>	<b>208,738,954</b>
Investment in Related Companies	1,860,579	1,597,032	268,203
Deferred Financing Costs	4,948,960	4,980,604	3,354,469
Other Non-Current Assets	2,563,124	2,604,637	2,594,765
<b>Total Non-Current Assets</b>	<b>447,680,498</b>	<b>444,091,823</b>	<b>291,246,791</b>
<b>Total Assets</b>	<b>\$672,012,822</b>	<b>\$666,836,120</b>	<b>\$487,350,392</b>

**Liabilities**

**Current Liabilities**

	Current Month	Prior Month	Prior Fiscal Year End
Accounts Payable	\$23,679,476	\$23,269,505	\$23,154,953
Accrued Payroll	20,433,736	17,048,936	13,504,395
Accrued PTO	12,315,623	11,973,055	11,133,368
Accrued Interest Payable	2,697,055	2,213,152	2,265,274
Current Portion of Bonds	13,220,000	13,220,000	12,745,000
Est Third Party Settlements	-845,493	-662,263	-995,051
Other Current Liabilities	13,716,104	15,619,546	9,482,924
<b>Total Current Liabilities</b>	<b>85,216,501</b>	<b>82,681,931</b>	<b>71,290,863</b>

**Long Term Liabilities**

Bonds & Contracts Payable	297,169,587	297,173,804	151,347,395
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**General Fund Balance**

Unrestricted	306,233,819	298,572,728	255,156,342
Restricted for Other Purpose	294,738	294,738	288,265
Board Designated	-16,901,820	-11,886,962	9,267,526
<b>Total Fund Balance</b>	<b>289,626,737</b>	<b>286,980,504</b>	<b>264,712,133</b>

**Total Liabilities / Fund Balance**

<b>\$672,012,822</b>	<b>\$666,836,120</b>	<b>\$487,350,392</b>
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**PALOMAR POMERADO HEALTH**  
**CONSOLIDATED**  
Year-to-Date as of April FY 2007

				Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	24,137	24,738	(601)					
Admissions - SNF	946	1,166	(220)					
Patient Days - Acute	93,600	97,299	(3,699)					
Patient Days - SNF	64,223	64,633	(410)					
ALOS - Acute	3.85	4.00	(0.15)					
ALOS - SNF	68.83	54.96	13.87					
Weighted Pt Days	128,897	130,743	(1,846)					
<b>Revenue:</b>								
Gross Revenue	\$ 1,031,547,037	\$ 1,042,646,753	\$ (11,099,716) U	\$ (14,721,445)	\$ 3,621,729	\$ 8,002.88	\$ 7,974.78	\$ 28.10
Deductions from Rev	(712,380,441)	(723,103,659)	10,723,218 F	10,209,719	513,499	(5,526.74)	(5,530.73)	3.98
Net Patient Revenue	319,166,596	319,543,094	(376,498) U	(4,511,726)	4,135,228	2,476.14	2,444.06	32.08
Other Oper Revenue	8,716,167	10,075,970	(1,359,803) U	(142,266)	(1,217,537)	67.62	77.07	(9.45)
<b>Total Net Revenue</b>	<b>327,882,763</b>	<b>329,619,064</b>	<b>(1,736,301) U</b>	<b>(4,653,991)</b>	<b>2,917,690</b>	<b>2,543.76</b>	<b>2,521.12</b>	<b>22.64</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	153,878,633	156,353,741	2,475,108 F	2,207,606	267,502	1,193.81	1,195.89	2.08
Benefits	39,599,766	37,330,814	(2,268,952) U	527,085	(2,796,037)	307.22	285.53	(21.69)
Supplies	50,566,975	53,989,731	3,422,756 F	762,297	2,660,459	392.31	412.95	20.64
Prof Fees & Purch Svc	44,094,803	39,336,746	(4,758,057) U	555,407	(5,313,464)	342.09	300.87	(41.22)
Depreciation	16,646,806	15,701,272	(945,534) U	221,691	(1,167,225)	129.15	120.09	(9.06)
Other	18,757,924	19,312,783	554,859 F	272,683	282,176	145.53	147.72	2.19
<b>Total Expenses</b>	<b>323,544,907</b>	<b>322,025,087</b>	<b>(1,519,820) U</b>	<b>4,546,770</b>	<b>(6,066,589)</b>	<b>2,510.10</b>	<b>2,463.04</b>	<b>(47.07)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>4,337,856</b>	<b>7,593,977</b>	<b>(3,256,121) U</b>	<b>(107,222)</b>	<b>(3,148,898)</b>	<b>33.65</b>	<b>58.08</b>	<b>(24.43)</b>
Property Tax Revenue	10,541,660	10,541,660	- -	(148,841)	148,841	81.78	80.63	1.15
Non-Operating Income	2,232,721	730,580	1,502,141 F	(10,315)	1,512,456	17.32	5.59	11.73
<b>Net Income (Loss)</b>	<b>\$ 17,112,237</b>	<b>\$ 18,866,217</b>	<b>\$ (1,753,980) U</b>	<b>\$ (266,378)</b>	<b>\$ (1,487,601)</b>	<b>\$ 132.76</b>	<b>\$ 144.30</b>	<b>\$ (11.54)</b>
Net Income Margin	4.9%	5.5%	-0.6%					
OEBITDA Margin w/o Prop Tax	6.0%	6.7%	-0.7%					
OEBITDA Margin with Prop Tax	9.1%	9.8%	-0.7%					

F= Favorable variance

U= Unfavorable variance

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

	Month Activity			Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	2,472	2,443	29					
Admissions - SNF	84	115	(31)					
Patient Days - Acute	9,746	9,602	144					
Patient Days - SNF	6,466	6,378	88					
ALOS - Acute	3.99	4.00	(0.01)					
ALOS - SNF	82.90	54.98	27.92					
Weighted Pt Days	13,381	12,904	477					
<b>Revenue:</b>								
Gross Revenue	\$ 106,070,900	\$ 102,882,411	\$ 3,188,489 F	\$ 3,803,077	\$ (614,588)	\$ 7,926.98	\$ 7,972.91	\$ (45.93)
Deductions from Rev	(72,679,326)	(71,351,017)	(1,328,309) U	(2,637,510)	1,309,201	(5,431.53)	(5,529.37)	97.84
Net Patient Revenue	33,391,574	31,531,394	1,860,180 F	1,165,567	694,613	2,495.45	2,443.54	51.91
Other Oper Revenue	895,400	1,007,597	(112,197) U	37,246	(149,443)	66.92	78.08	(11.17)
<b>Total Net Revenue</b>	<b>34,286,974</b>	<b>32,538,991</b>	<b>1,747,983 F</b>	<b>1,202,813</b>	<b>545,170</b>	<b>2,562.36</b>	<b>2,521.62</b>	<b>40.74</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	15,666,248	15,436,720	(229,528) U	(570,623)	341,095	1,170.78	1,196.27	25.49
Benefits	4,259,311	3,705,658	(553,653) U	(136,981)	(416,672)	318.31	287.17	(31.14)
Supplies	5,155,141	5,334,291	179,150 F	(197,184)	376,334	385.26	413.38	28.12
Prof Fees & Purch Svc	4,637,586	3,902,670	(734,916) U	(144,263)	(590,653)	346.58	302.44	(44.14)
Depreciation	1,817,490	1,573,192	(244,298) U	(58,153)	(186,145)	135.83	121.92	(13.91)
Other	2,029,548	1,919,344	(110,204) U	(70,949)	(39,255)	151.67	148.74	(2.93)
<b>Total Expenses</b>	<b>33,565,324</b>	<b>31,871,875</b>	<b>(1,693,449) U</b>	<b>(1,178,153)</b>	<b>(515,296)</b>	<b>2,508.43</b>	<b>2,469.92</b>	<b>(38.51)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>721,650</b>	<b>667,116</b>	<b>54,534 F</b>	<b>24,660</b>	<b>29,874</b>	<b>53.93</b>	<b>51.70</b>	<b>2.23</b>
Property Tax Revenue	1,054,166	1,054,166	-	38,968	(38,968)	78.78	81.69	(2.91)
Non-Operating Income	95,509	73,058	22,451 F	2,701	19,750	7.14	5.66	1.48
<b>Net Income (Loss)</b>	<b>\$ 1,871,325</b>	<b>\$ 1,794,340</b>	<b>\$ 76,985 F</b>	<b>\$ 66,328</b>	<b>\$ 10,657</b>	<b>\$ 139.85</b>	<b>\$ 139.05</b>	<b>\$ 0.80</b>
Net Income Margin	5.2%	5.3%	-0.1%					
OEBITDA Margin w/o Prop Tax	7.0%	6.6%	0.4%					
OEBITDA Margin with Prop Tax	9.9%	9.6%	0.3%					

F= Favorable variance  
U= Unfavorable variance



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

				Variance		\$/Wtg Pt Day		
	Apr 07 YTD	Apr 06 YTD	Variance	Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	24,137	23,585	552					
Admissions - SNF	946	1,017	(71)					
Patient Days - Acute	93,600	94,403	(803)					
Patient Days - SNF	64,223	63,112	1,111					
ALOS - Acute	3.85	4.02	(0.17)					
ALOS - SNF	68.83	61.81	7.02					
Weighted Pt Days	128,897	125,644	3,253					
<b>Revenue:</b>								
Gross Revenue	\$ 1,031,547,037	\$ 917,933,719	\$ 113,613,318 F	\$ 23,765,865	\$ 89,847,453	\$ 8,002.88	\$ 7,305.83	\$ 697.05
Deductions from Rev	(712,380,441)	(625,081,703)	(87,298,738) U	(16,183,748)	(71,114,990)	(5,526.74)	(4,975.02)	(551.72)
Net Patient Revenue	319,166,596	292,852,016	26,314,580 F	7,582,118	18,732,462	2,476.14	2,330.81	145.33
Other Oper Revenue	8,716,167	7,212,110	1,504,057 F	186,726	1,317,331	67.62	57.40	10.22
<b>Total Net Revenue</b>	<b>327,882,763</b>	<b>300,064,126</b>	<b>27,818,637 F</b>	<b>7,768,844</b>	<b>20,049,793</b>	<b>2,543.76</b>	<b>2,388.21</b>	<b>155.55</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	153,878,633	143,738,301	(10,140,332) U	(3,721,473)	(6,418,859)	1,193.81	1,144.01	(49.80)
Benefits	39,599,766	33,054,801	(6,544,965) U	(855,809)	(5,689,156)	307.22	263.08	(44.14)
Supplies	50,566,975	51,883,900	1,316,925 F	(1,343,306)	2,660,231	392.31	412.94	20.64
Prof Fees & Purch Svc	44,094,803	38,786,855	(5,307,948) U	(1,004,215)	(4,303,733)	342.09	308.70	(33.39)
Depreciation	16,646,806	14,718,792	(1,928,014) U	(381,079)	(1,546,935)	129.15	117.15	(12.00)
Other	18,757,924	16,814,502	(1,943,422) U	(435,338)	(1,508,084)	145.53	133.83	(11.70)
<b>Total Expenses</b>	<b>323,544,907</b>	<b>298,997,151</b>	<b>(24,547,755) U</b>	<b>(7,741,219)</b>	<b>(16,806,536)</b>	<b>2,510.10</b>	<b>2,379.72</b>	<b>(130.39)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>4,337,856</b>	<b>1,066,975</b>	<b>3,270,882 F</b>	<b>27,625</b>	<b>3,243,257</b>	<b>33.65</b>	<b>8.49</b>	<b>25.16</b>
Property Tax Revenue	10,541,660	9,776,330	765,330 F	253,115	512,215	81.78	77.81	3.97
Non-Operating Income	2,232,721	(735,631)	2,968,352 F	(19,046)	2,987,398	17.32	(5.85)	23.18
<b>Net Income (Loss)</b>	<b>\$ 17,112,237</b>	<b>\$ 10,107,674</b>	<b>\$ 7,004,564 F</b>	<b>\$ 261,694</b>	<b>\$ 6,742,870</b>	<b>\$ 132.76</b>	<b>\$ 80.45</b>	<b>\$ 52.31</b>
Net Income Margin	4.9%	3.2%	1.7%					
OEBITDA Margin w/o Prop Tax	6.0%	5.0%	1.0%					
OEBITDA Margin with Prop Tax	9.1%	8.0%	1.1%					

F= Favorable variance  
 U= Unfavorable variance

**PALOMAR POMERADO HEALTH  
CONSOLIDATED  
MONTHLY TREND**

**B-41**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	YTD
<b>Statistics:</b>											
Admissions - Acute	2,402	2,464	2,443	2,384	2,323	2,460	2,481	2,099	2,609	2,472	24,137
Admissions - SNF	104	99	90	104	87	99	105	80	94	84	946
Patient Days - Acute	9,180	9,535	9,151	8,819	8,610	9,559	10,530	8,877	9,593	9,746	93,600
Patient Days - SNF	6,635	6,517	6,308	6,590	6,278	6,503	6,526	5,914	6,486	6,466	64,223
LOS - Acute	3.86	3.82	3.70	3.64	3.74	3.88	4.11	4.07	3.69	3.99	3.85
LOS - SNF	72.12	63.27	64.37	69.37	64.72	71.46	66.59	73.01	64.86	82.90	68.83
Weighted Pt Days	12,517	13,150	12,568	12,431	12,042	12,813	14,443	12,191	13,343	13,381	128,897
<b>Revenue:</b>											
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	\$ 106,070,900	\$ 1,031,547,037
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)	(72,679,326)	(712,380,441)
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	33,391,574	319,166,596
Other Oper Revenue	872,741	1,024,339	917,501	836,197	790,479	777,515	875,290	856,254	870,451	895,400	8,716,167
<b>Total Net Revenue</b>	<b>32,168,526</b>	<b>33,282,012</b>	<b>31,640,648</b>	<b>31,917,641</b>	<b>30,234,892</b>	<b>33,527,612</b>	<b>34,272,330</b>	<b>31,176,639</b>	<b>35,375,493</b>	<b>34,286,974</b>	<b>327,882,763</b>
<b>Expenses:</b>											
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	15,666,248	153,878,633
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	4,259,311	39,599,766
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	5,155,141	50,566,975
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	4,637,586	44,094,803
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	1,817,490	16,646,806
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	2,029,548	18,757,924
<b>Total Expenses</b>	<b>31,469,388</b>	<b>31,121,804</b>	<b>31,081,320</b>	<b>33,134,296</b>	<b>31,435,368</b>	<b>32,622,160</b>	<b>32,897,570</b>	<b>31,749,411</b>	<b>34,468,267</b>	<b>33,565,324</b>	<b>323,544,907</b>
<b>Net Inc Before Non-Oper Inc</b>	<b>699,138</b>	<b>2,160,208</b>	<b>559,328</b>	<b>(1,216,655)</b>	<b>(1,200,476)</b>	<b>905,452</b>	<b>1,374,760</b>	<b>(572,772)</b>	<b>907,226</b>	<b>721,650</b>	<b>4,337,856</b>
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	1,054,166	10,541,659
Non-Operating Income	427,875	505,503	338,114	190,429	298,286	(223,879)	(78,623)	529,360	150,153	95,509	2,232,722
<b>Net Income (Loss)</b>	<b>\$ 2,181,179</b>	<b>\$ 3,719,874</b>	<b>\$ 1,951,605</b>	<b>\$ 27,940</b>	<b>\$ 151,976</b>	<b>\$ 1,735,739</b>	<b>\$ 2,350,303</b>	<b>\$ 1,010,754</b>	<b>\$ 2,111,544</b>	<b>\$ 1,871,325</b>	<b>\$ 17,112,237</b>
Net Income Margin	6.5%	10.0%	6.1%	0.1%	0.5%	4.8%	6.5%	3.2%	5.7%	5.2%	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%	7.0%	6.0%
OEBITDA Margin with Prop T	10.1%	13.2%	10.2%	4.4%	4.6%	10.0%	11.0%	6.8%	9.7%	9.9%	9.1%

# Statement of Cash Flows

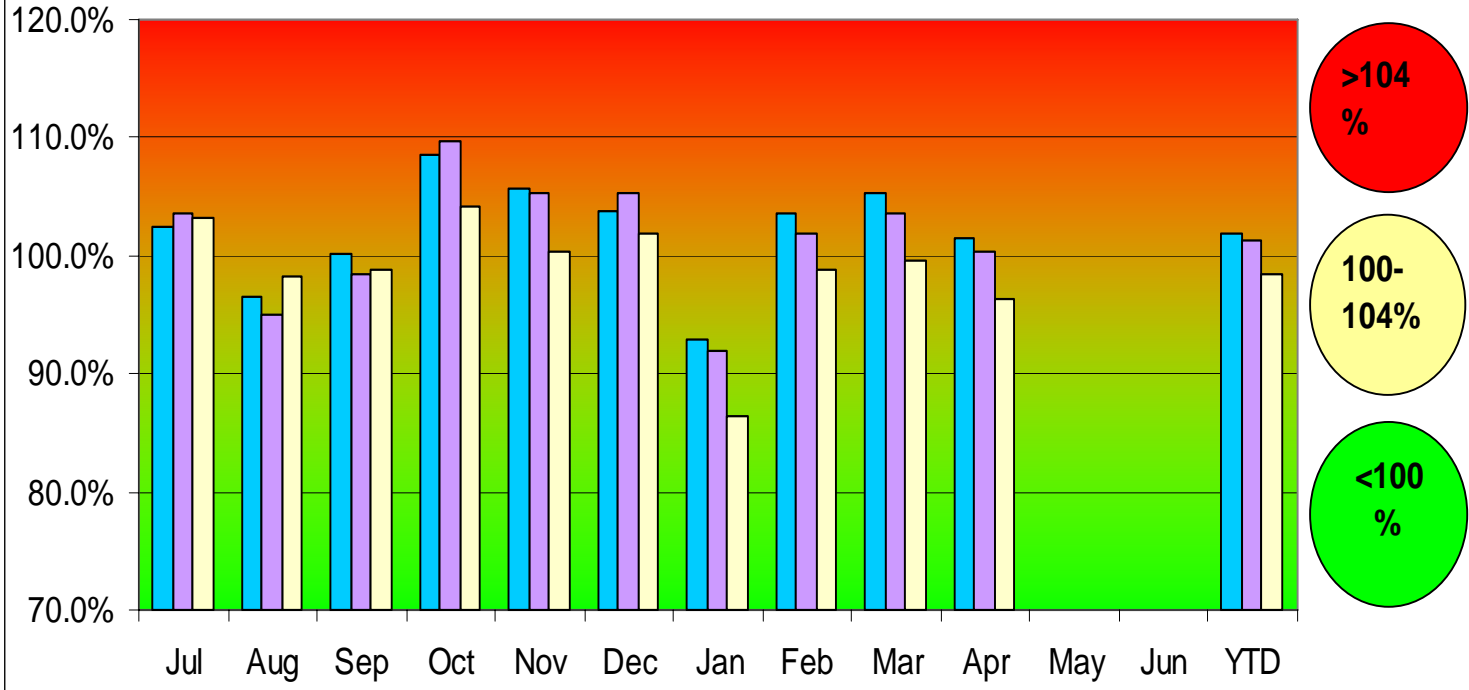
Fiscal Year 2007	<u>April</u>	<u>YTD</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss from operations)	721,650	4,337,356
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	1,817,490	16,646,806
Provision for bad debts	2,731,045	27,743,118
Changes in operating assets and liabilities:		
Patient accounts receivable	(1,713,877)	(46,421,649)
Property Tax and other receivables	(60,886)	(1,620,274)
Inventories	28,874	(50,180)
Prepaid expenses and Other Non-Current assets	(935,859)	(1,877,111)
Accounts payable	409,971	524,523
Accrued comp	3,727,368	7,836,113
Estimated settlement amounts due third-party payors	(183,230)	149,558
Other current liabilities	<u>(849,276)</u>	<u>2,124,848</u>
Net cash provided by operating activities	5,693,270	9,393,108
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales on investments	(3,608,775)	(116,157,837)
Interest (Loss) received on investments	519,627	6,260,322
Investment in affiliates	<u>(57,595)</u>	<u>977,922</u>
Net cash used in investing activities	(3,146,743)	(108,919,593)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	2,882,411	9,671,482
Receipt of District Taxes	<u>3,180,048</u>	<u>11,087,522</u>
Net cash used in activities	6,062,459	20,759,004
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property plant and equipment	(7,631,332)	(58,469,290)
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>(7,631,332)</u>	<u>82,171,519</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	977,654	3,404,042
CASH AND CASH EQUIVALENTS - Beginning of period	<u>4,427,667</u>	<u>2,001,279</u>
CASH AND CASH EQUIVALENTS - End of period	<u>5,405,321</u>	<u>5,405,321</u>

## PALOMAR POMERADO HEALTH BOND COVENANT RATIOS

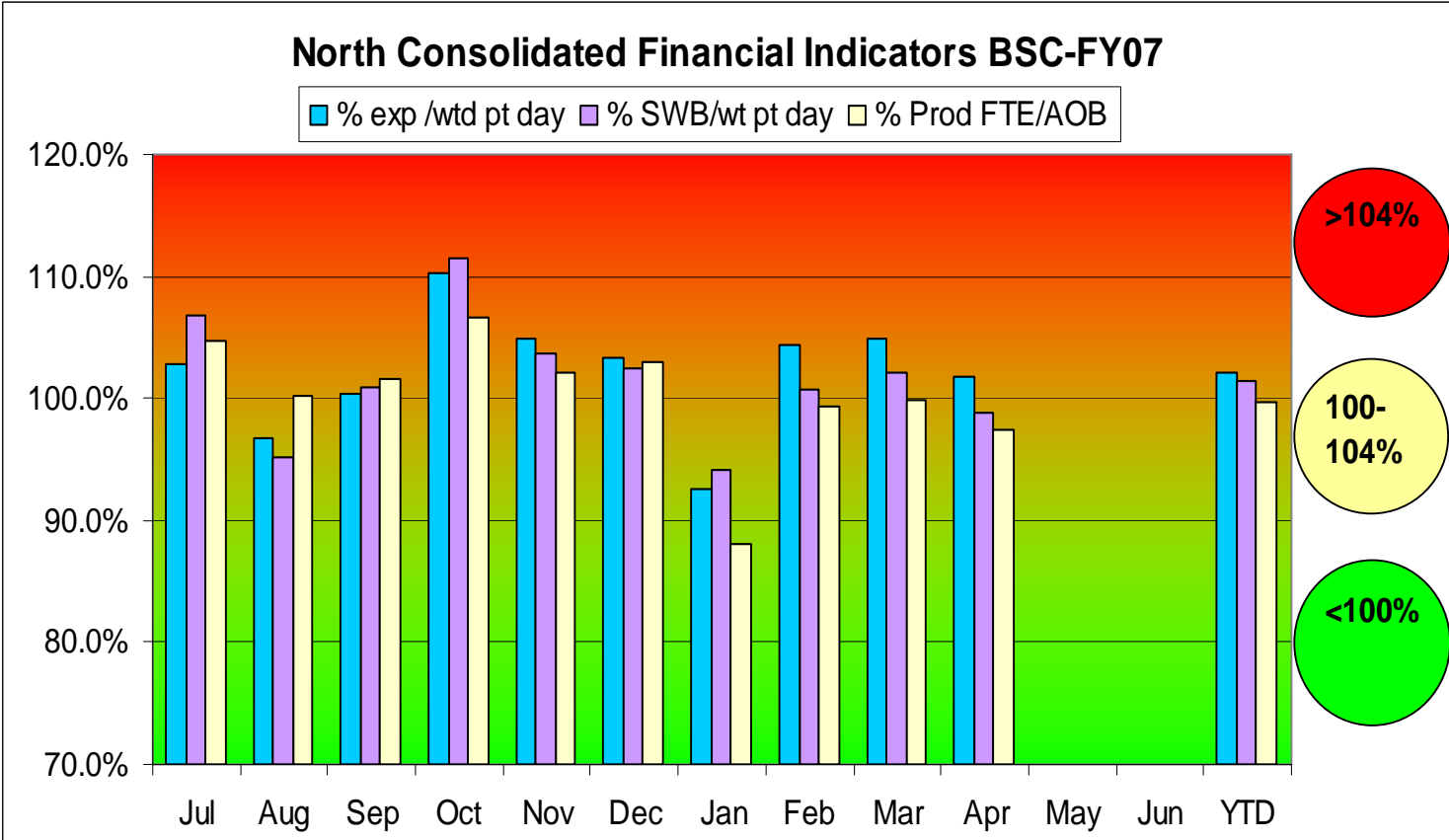
<b>CUSHION RATIO</b>	<b>Jun-05</b>	<b>Jun-06</b>	<b>Apr-07</b>
Cash and Cash Equivalents	109,043,208	112,036,430	121,999,767
Board Designated Reserves	22,388,648	9,267,526	(16,901,820)
Trustee-held Funds	12,026,055	12,170,183	169,043,988
Total	143,457,911	133,474,139	274,141,935
Divided by:			
Max Annual Debt Service (Bond Year 2008)	10,697,594	10,697,594	16,972,692
<b>CUSHION RATIO</b>	<b>13.4</b>	<b>12.5</b>	<b>16.2</b>
<b>REQUIREMENT</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>
<b>DAYS CASH ON HAND</b>	<b>Jun-05</b>	<b>Jun-06</b>	<b>Apr-07</b>
Cash and Cash Equivalents	109,043,208	112,036,430	121,999,767
Board Designated Reserves	22,388,648	9,267,526	(16,901,820)
Total	131,431,856	121,303,956	105,097,947
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	340,338,156	364,120,335	323,544,907
Less: Depreciation	16,394,985	18,737,467	16,646,806
Adjusted Expenses	323,943,171	345,382,868	306,898,101
Number of days in period	365	365	304
Average Adjusted Expenses per Day	887,516	946,254	1,009,533
<b>DAYS CASH ON HAND</b>	<b>148</b>	<b>128</b>	<b>104</b>
<b>REQUIREMENT</b>	<b>90</b>	<b>90</b>	<b>90</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>
<b>Net Income Available for Debt Service</b>	<b>Jun-05</b>	<b>Jun-06</b>	<b>Apr-07</b>
Excess of revenue over expenses Cur Mo.	1,490,930	1,315,850	1,871,325
Excess of revenues over expenses YTD (General Funds)	17,052,649	11,558,633	17,112,237
ADD:			
Depreciation and Amortization	16,394,985	18,737,467	16,646,806
Interest Expense	5,272,031	4,405,929	3,892,990
Net Income Available for Debt Service	38,719,665	34,702,029	37,652,033
<b>Aggregate Debt Service</b>			
1993 Insured Refunding Revenue Bonds	6,020,301	3,639,772	0
1999 Insured Refunding Revenue Bonds	4,356,844	6,950,508	6,874,769
2006 Certificates of Participation			3,123,815
Aggregate Debt Service	10,377,145	10,590,280	6,874,769
<b>Net Income Available for Debt Service</b>	<b>3.73</b>	<b>3.28</b>	<b>5.48</b>
<b>Required Coverage</b>	<b>1.15</b>	<b>1.15</b>	<b>1.15</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>

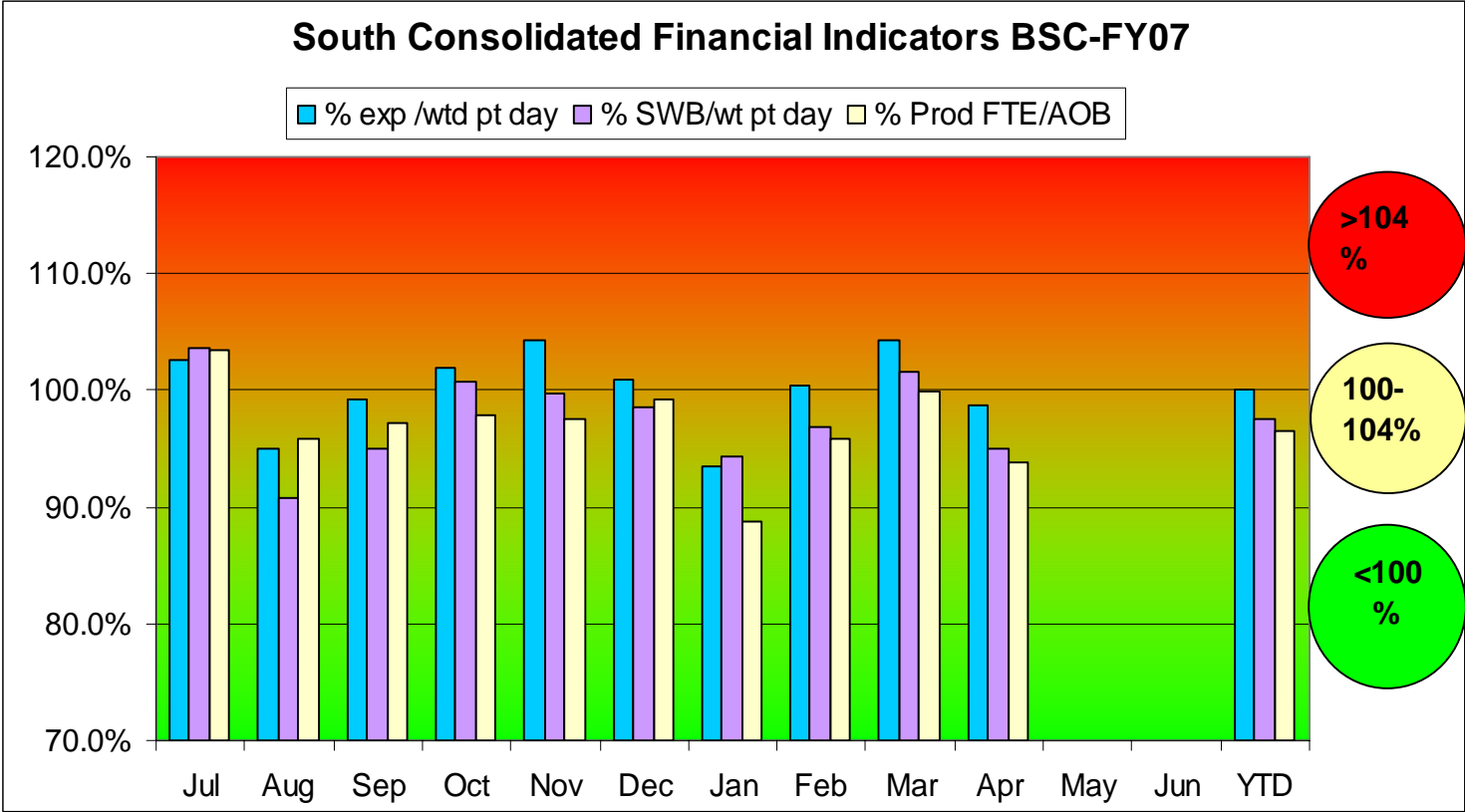
### Total Consolidated Financial Indicators BSC-FY07

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



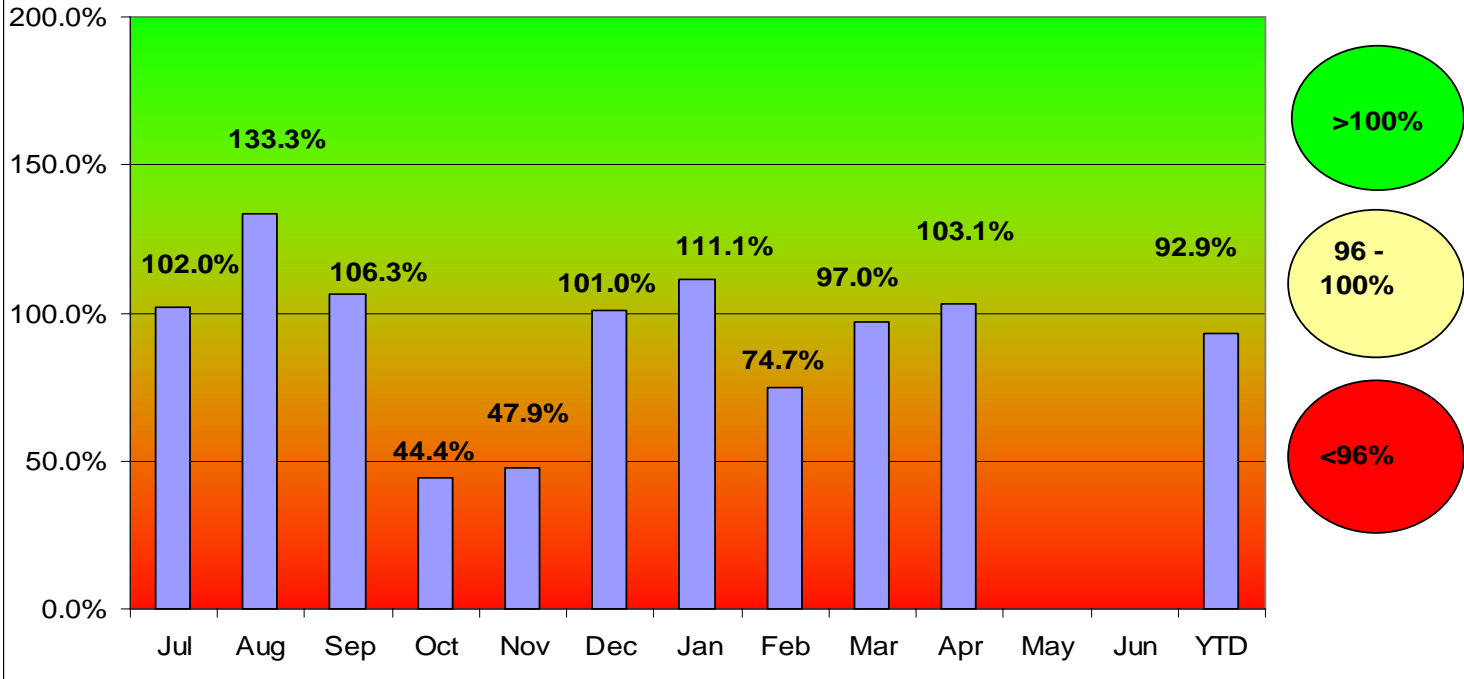
- >104 %
- 100-104%
- <100 %



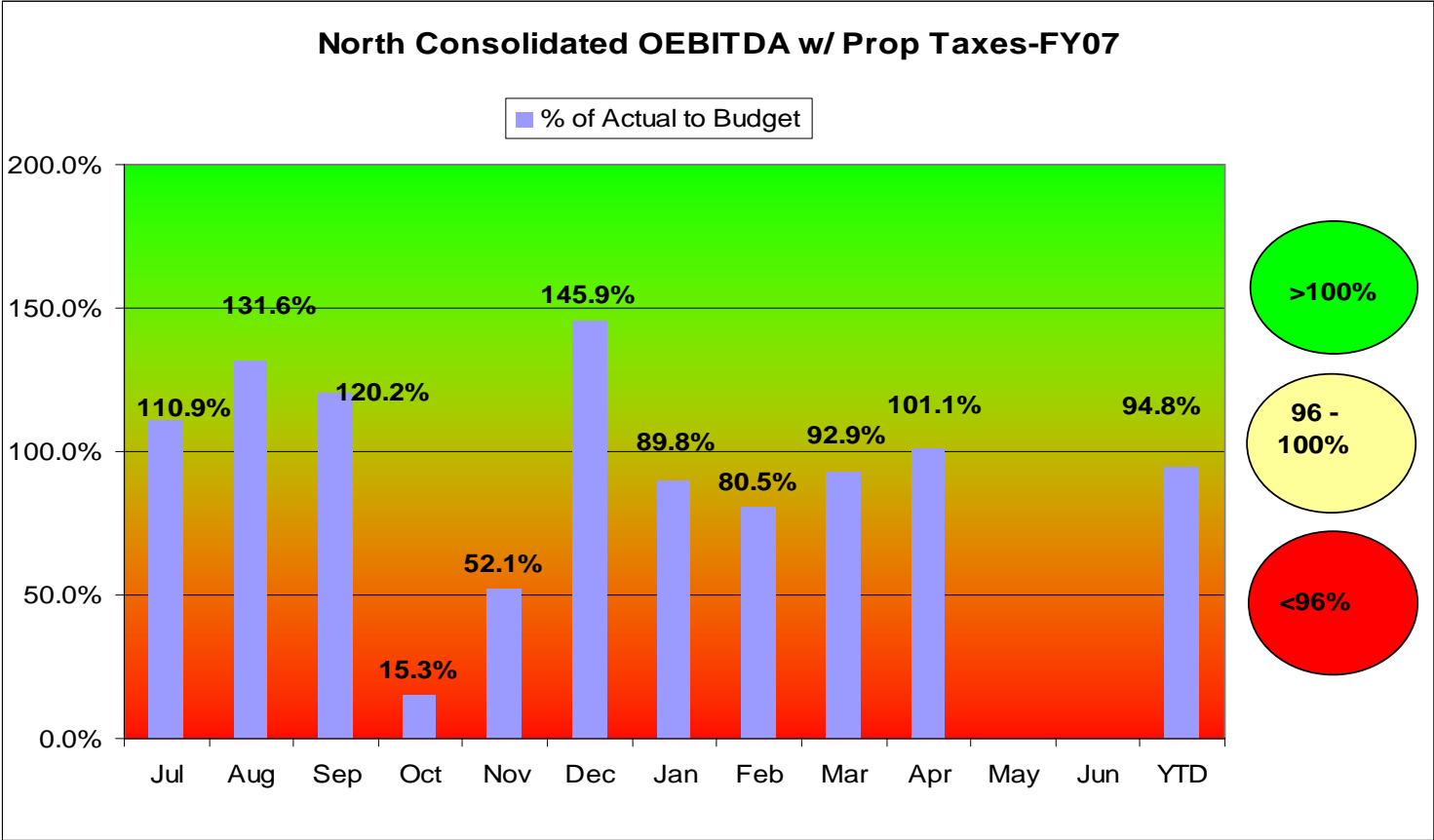


### Total Consolidated OEBITDA w/ Prop Taxes-FY07

■ % of Actual to Budget

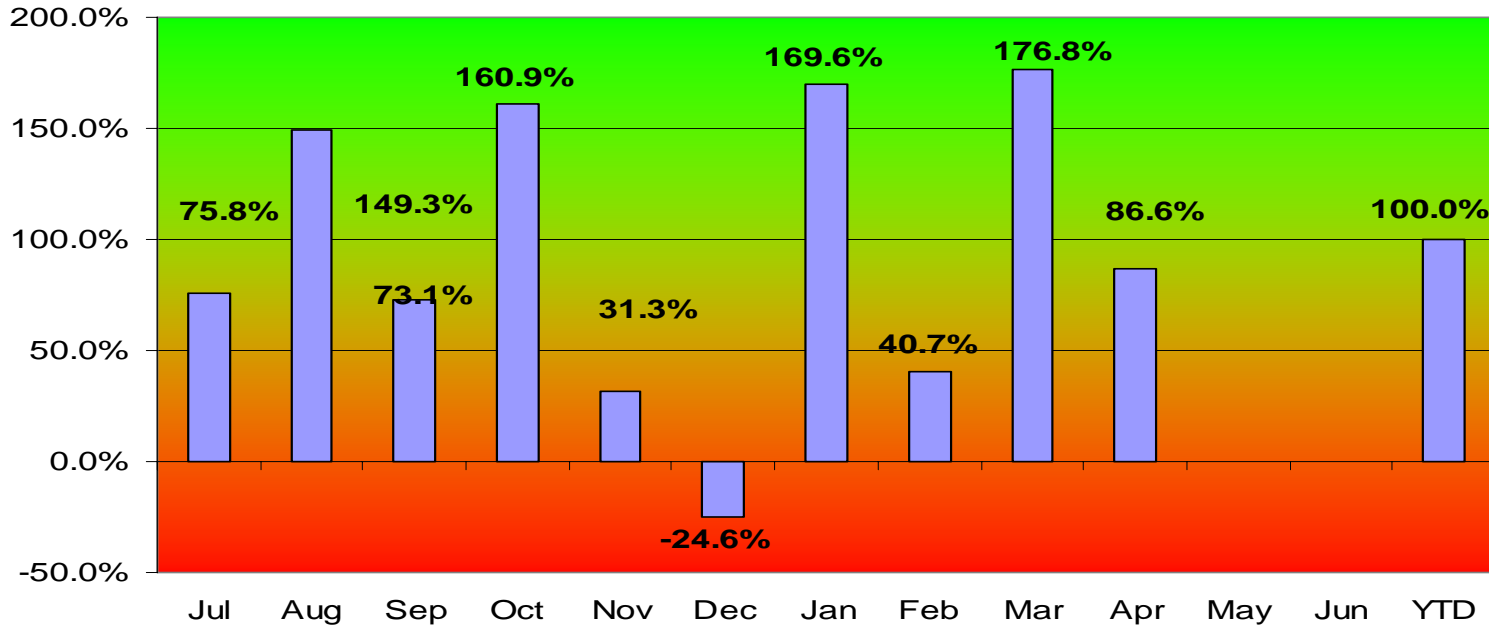






### South Consolidated OEBITDA w/ Prop Taxes-FY07

■ % of Actual to Budget



>100%

96 - 100%

<96%

# Weekly Flash Report

B-50

May 07	Apr27-May3	May 4-10	May 11-17		MTD Total	MTD Budget	% Variance
ADC (Acute)	316	306	317	0	313	320	(2.24)
PMC	235	225	224	0	228	239	(4.47)
POM	81	81	93	0	85	81	4.32
PCCC	92	89	85	0	89	89	0.11
VP	125	123	125	0	124	124	0.23
Patient Days (Acute)	2213	2141	2217	0	6,571	6,721	(2.24)
PMC	1645	1572	1569		4,786	5,010	(4.47)
POM	568	569	648		1,785	1,711	4.32
PCCC	645	625	593		1,863	1,861	0.11
VP	875	861	874		2,610	2,604	0.23
Discharges	555	564	574	0	1,693	1,700	(0.39)
PMC	418	446	432		1,296	1,260	2.86
POM	137	118	142		397	440	(9.70)
Number of Surgeries	213	237	242	0	692	705	(1.87)
PMC	143	151	166		460	459	0.15
POM	70	86	76		232	246	(5.65)
Number of Births	92	93	104	0	289	338	(14.51)
PMC	69	74	82		225	257	(12.59)
POM	23	19	22		64	81	(20.61)

# Weekly Flash Report (cont'd)

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May 07	Apr27-May3	May 4-10	May 11-17	0	MTD Total	MTD Budget	% Variance
Outpatient Visits (inc. L	2439	2024	1775	0	6,238	5,742	8.63
PMC	1587	1281	1175		4,043	3,915	3.26
POM	852	743	600		2,195	1,827	20.14
ER Visits	1705	1782	1723	0	5,210	4,822	8.05
PMC	1154	1217	1193		3,564	3,244	9.86
POM	551	565	530		1,646	1,578	4.33
Trauma Visits	31	17	17	0	65	72	(9.48)
IP	26	13	15		54	54	0.90
OP	5	4	2		11	18	(39.86)
Gross IP Revenue	18,781,754	18,581,813	16,005,208		53,368,775	56,140,147	(4.94)
Gross OP Revenue	5,948,214	5,460,682	4,869,803		16,278,699	15,840,874	2.76
Cash Collection	3,834,595	7,392,406	7,655,944		18,882,945	19,014,614	(0.69)
Days cash on hand	99	98	100		100	80	
Prod Hrs (PP 22 & 23)	213,751		214,928		428,679	435,934	1.66
PMC - North	123,600		122,575		246,175	250,314	1.65
POM - South	53,658		54,965		108,623	113,690	4.46
Others	36,493		37,388		73,881	71,930	(2.71)
Prod \$ (PP 22 & 23)	6,437,339		6,452,473		12,889,812	13,155,377	2.02
PMC - North	3,726,772		3,661,107		7,387,879	7,553,491	2.19
POM - South	1,523,935		1,597,795		3,121,730	3,326,281	6.15
Others	1,186,632		1,193,571		2,380,203	2,275,605	(4.60)