

ADDENDUM I

Financial Statements

July 2007

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

Board Financial Report

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July 2007 Financial Results

Executive Summary and Highlights

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Statistics:

CONSOLIDATED	Jun	Jul	Jun vs Jul % Change	Jul Budget	Act vs Bud % Variance
Patient Days Acute	9,116	9,000	-1.3%	9,666	-6.9%
Patient Days SNF	6,103	6,453	5.7%	6,546	-1.4%
ADC Acute	303.86	290.32	-4.5%	311.82	-6.9%
ADC SNF	203.43	208.16	2.3%	211.16	-1.4%
Surgeries CVS Cases	14	7	-50.0%	12	-41.7%
Surgeries Total	1,003	1,001	-0.2%	984	1.7%
Number of Births	433	461	6.5%	466	-1.1%
NORTH					
Patient Days Acute	6,676	6,516	-2.4%	7,298	-10.7%
Patient Days SNF	2,459	2,681	9.0%	2,720	-1.4%
ADC Acute	222.53	210.19	-5.5%	235.43	-10.7%
ADC SNF	81.97	86.48	5.5%	87.74	-1.4%
SOUTH					
Patient Days Acute	2,440	2,484	1.8%	2,368	4.9%
Patient Days SNF	3,644	3,772	3.5%	3,826	-1.4%
ADC Acute	81.32	80.12	-1.5%	76.38	4.9%
ADC SNF	121.47	121.68	0.2%	123.42	-1.4%

July 2007 Financial Results

Executive Summary and Highlights (cont'd)

Balance Sheet:

Current Cash & Cash Equivalents decreased \$55.2 million from \$131.1 million in June to \$75.9 million in July. This decrease is due to the reclass of funds to Board Designated for Funded Depreciation. Total Cash and Investments are \$105.1 million, compared to \$113.4 million at June 30, 2007. Days Cash on Hand went from 112 days in June to 101 in July.

Net Accounts Receivable increased to \$87.9 million in July as compared to \$85.3 million in June. Gross A/R days increased from 46.7 days in June to 52.4 days in July. July patient account collections including capitation are \$30.2 million compared to budget of \$33.1 million.

Construction in Progress increased \$6.5 million from \$122.0 million in June to \$128.5 million in July. The increase is attributed to Pomerado Phase I construction costs \$1.8 million, Building Expansion A & E Services and construction costs \$1.3 million, and the purchase of a new office building located on Grand Avenue, Escondido \$3.1 million.

Other Current Liabilities increased \$12.4 million from \$10.7 million to \$23.1 million. This is due to the posting of deferred property tax for the new fiscal year of \$13.5 million less the realized portion of \$1.1 million.

July 2007 Financial Results

Executive Summary and Highlights (cont'd)

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Income Statement:

Gross Patient Revenue reflects an unfavorable budget variance of \$2.8 million. This unfavorable variance is composed of \$4.6 million unfavorable volume variance and \$1.8 million favorable rate variance.

Routine revenue (inpatient room and board) reflects an unfavorable \$1.8 million budget variance.

Inpatient Ancillary revenue represents a \$1.8 million unfavorable budget variance. North has a \$3.2 million unfavorable variance. South has a \$1.4 million favorable variance.

Outpatient revenue reflects a favorable budget variance of \$0.8 million. North \$1.3 million favorable variance is offset by South \$0.1 million unfavorable variance and Outreach \$0.4 million unfavorable variance.

Deductions from Revenue reflect a favorable variance of \$1.4 million. This is due to lower-than-budgeted volume and budgeted gross revenue. Total Deductions from Revenue is 69.85% of gross revenue compared to a budget of 69.38%. Deductions from Revenue (excluding Bad Debt/Charity/Undocumented expenses) is 68.52% of Gross Revenue compared to budget of 65.03%.

July 2007 Financial Results

Executive Summary and Highlights (cont'd)

Income Statement (cont'd):

The net capitation reflects an unfavorable budget variance of \$1.3 million. Cap Premium and Out of Network Claim Expense both show a favorable budget variance of \$1.0 million and \$0.4 million, respectively. Cap Valuation shows an unfavorable variance of \$2.7 million due to using bill drop date instead of discharge date and an additional adjustment from recalculation.

Other Operating Revenue reflects an unfavorable budget variance of \$557 thousand. Foundation and PPNC Health Development July budget is \$294 thousand and \$117 thousand, respectively. The July actual for both is \$0. After the budget was prepared, the procedure to record funding requests changed. Instead of recording funding requests in revenue, it will be recorded as a reduction in expense. This unfavorable YTD variance in “Other Revenue” section will grow throughout the year. It will be offset by a favorable YTD variance in “Other Expense” section.

Also contributing to this variance is the Grant program for Welcome Home Baby and Home Health Outreach where the variances are unfavorable by \$93,195 and \$31,562 respectively.

Salaries, Wages & Contract Labor has a favorable budget variance of \$547 thousand. This variance is mostly attributable to lower-than-budgeted volumes and staff flexing. The breakdown is as follows:

	Actual	Budget	Variance
Consolidated	16,158,669	16,705,972	547,303
North	9,227,329	9,653,518	426,189
South	4,020,633	3,908,693	(111,940)
Central	2,163,912	2,288,017	124,105
Outreach	746,795	855,744	108,949

July 2007 Financial Results

Executive Summary and Highlights (cont'd)

I-7

Income Statement (cont'd):

Benefits Expense has a favorable budget variance of \$5 thousand. The Pension \$84 thousand favorable variance and Other Benefits \$103 thousand favorable variance is reduced by Health and Dental \$124 thousand unfavorable variance and FICA \$58 thousand unfavorable variance.

Supplies Expense reflects a favorable budget variance of \$384 thousand. This favorable variance is composed of a \$215 thousand favorable volume variance and \$169 thousand favorable rate variance. The favorable variance is prosthesis at \$170 thousand, pharmacy at \$74 thousand and other general supplies at \$140 thousand.

Prof Fees & Purchased Services reflect a favorable budget variance of \$1.2 million.. The favorable variance of \$0.9 million in professional fees is due to physician income guarantees not realized and consulting fees in both Design/Facility and Revenue Cycle. The favorable variance of \$0.3 million in purchased services is due to purchased contracted services

Non-Operating Income reflects a favorable variance of \$265 thousand in July. This is due to a favorable investment income variance of \$140 thousand. Interest expense is favorable by \$33 thousand.

Ratios & Margins:

All required bond covenant ratios were achieved in July 2007.

Balanced Scorecard

Financial Indicators

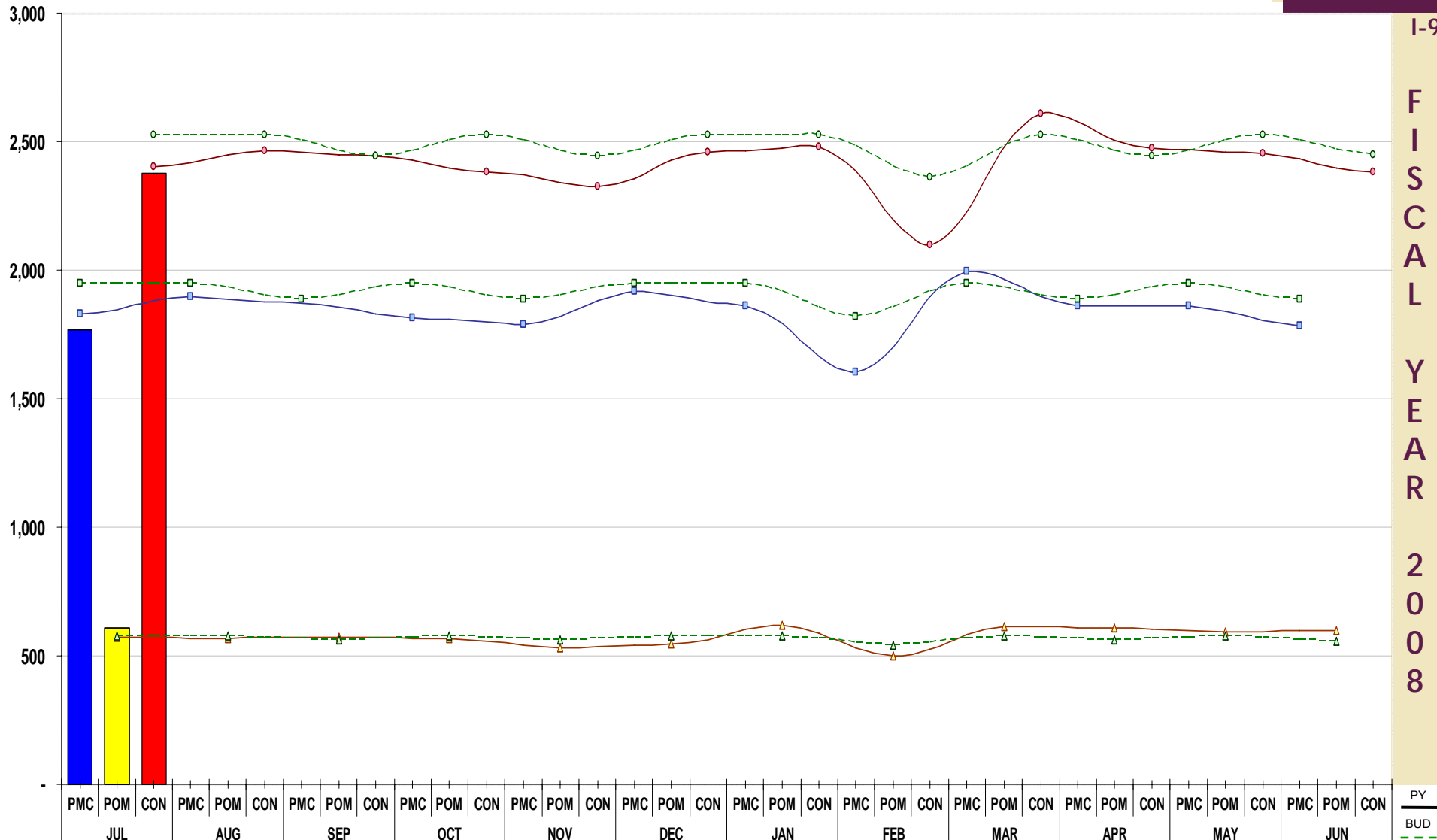
July 31, 2007

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April						May		June		July		YTD 2008			% Actual to Budget	Prior Year Actual	
Actual	Actual	Actual	Actual	Budget / PY	Variance	% Actual to Budget						Actual	Budget	Variance	% Actual to Budget	Prior Year Actual	
PPH Indicators:																	
9.9%	11.1%	7.0%	10.1%	9.1%	1.0%	111.0%	OEBITDA Margin w/Prop Tax	10.1%	9.1%	1.0%	111.0%	10.1%	9.1%	1.0%	111.0%	10.1%	
\$2,536.58	\$2,585.86	\$2,236.80	\$2,720.58	\$2,730.26	\$ 9.68	99.6%	Expenses/Wtd Day	2,720.58	\$2,730.26	\$ 9.68	99.6%	2,546.07	2,720.58	\$2,730.26	\$ 9.68	99.6%	2,546.07
\$1,489.09	\$1,513.14	\$1,296.25	\$1,618.11	\$1,577.84	\$ (40.27)	102.6%	SWB/Wtd Day	1,618.11	\$1,577.84	\$ (40.27)	102.6%	1,532.71	1,618.11	\$1,577.84	\$ (40.27)	102.6%	1,532.71
5.91	6.13	6.00	6.35	6.24	-0.11	101.8%	Prod FTE's/Adj Occupied Bed	6.35	6.24	(0.11)	101.8%	6.33	6.35	6.24	(0.11)	101.8%	6.33
13,381	13,476	13,021	12,587	12,517	70	100.6%	Weighted Patient Days	12,587	13,258	(671)	100.6%	12,517	12,587	13,258	(671)	100.6%	12,517
PPH North Indicators:																	
9.5%	10.7%	-6.6%	8.4%	10.3%	-1.9%	81.6%	OEBITDA Margin w/Prop Tax	8.4%	10.3%	-1.9%	81.6%	11.2%	8.4%	10.3%	-1.9%	81.6%	11.2%
\$2,419.30	\$2,478.25	\$2,035.21	\$2,661.58	\$2,562.81	\$ (98.77)	103.9%	Expenses/Wtd Day	2,661.58	\$2,562.81	\$ (98.77)	103.9%	2,428.82	2,661.58	\$2,562.81	\$ (98.77)	103.9%	2,428.82
\$1,213.54	\$1,257.06	\$1,138.99	\$1,357.29	\$1,304.67	\$ (52.62)	104.0%	SWB/Wtd Day	1,357.29	\$1,304.67	\$ (52.62)	104.0%	1,307.07	1,357.29	\$1,304.67	\$ (52.62)	104.0%	1,307.07
4.95	5.19	5.04	5.41	5.16	-0.25	104.8%	Prod FTE's/Adj Occupied Bed	5.41	5.16	(0.25)	104.8%	5.32	5.41	5.16	(0.25)	104.8%	5.32
9,254	9,129	8,843	8,530	8,712	(182)	97.9%	Weighted Patient Days	8,530	9,226	(696)	97.9%	8,712	8,530	9,226	(696)	97.9%	8,712
PPH South Indicators:																	
5.8%	10.3%	19.1%	10.5%	4.6%	5.9%	228.3%	OEBITDA Margin w/Prop Tax	10.5%	4.6%	5.9%	228.3%	5.0%	10.5%	4.6%	5.9%	228.3%	5.0%
\$2,400.62	\$2,440.57	\$2,208.01	\$2,485.96	\$2,594.17	\$ 108.21	95.8%	Expenses/Wtd Day	2,485.96	\$2,594.17	\$ 108.21	95.8%	2,481.80	2,485.96	\$2,594.17	\$ 108.21	95.8%	2,481.80
\$1,222.30	\$1,242.64	\$1,137.60	\$1,320.81	\$1,303.06	\$ (17.75)	101.4%	SWB/Wtd Day	1,320.81	\$1,303.06	\$ (17.75)	101.4%	1,328.81	1,320.81	\$1,303.06	\$ (17.75)	101.4%	1,328.81
5.24	5.32	5.26	5.48	5.52	0.04	99.3%	Prod FTE's/Adj Occupied Bed	5.48	5.52	0.04	99.3%	5.79	5.48	5.52	0.04	99.3%	5.79
3,874	4,026	3,874	3,809	3,554	255	107.2%	Weighted Patient Days	3,809	3,760	49	107.2%	3,554	3,809	3,760	49	107.2%	3,554

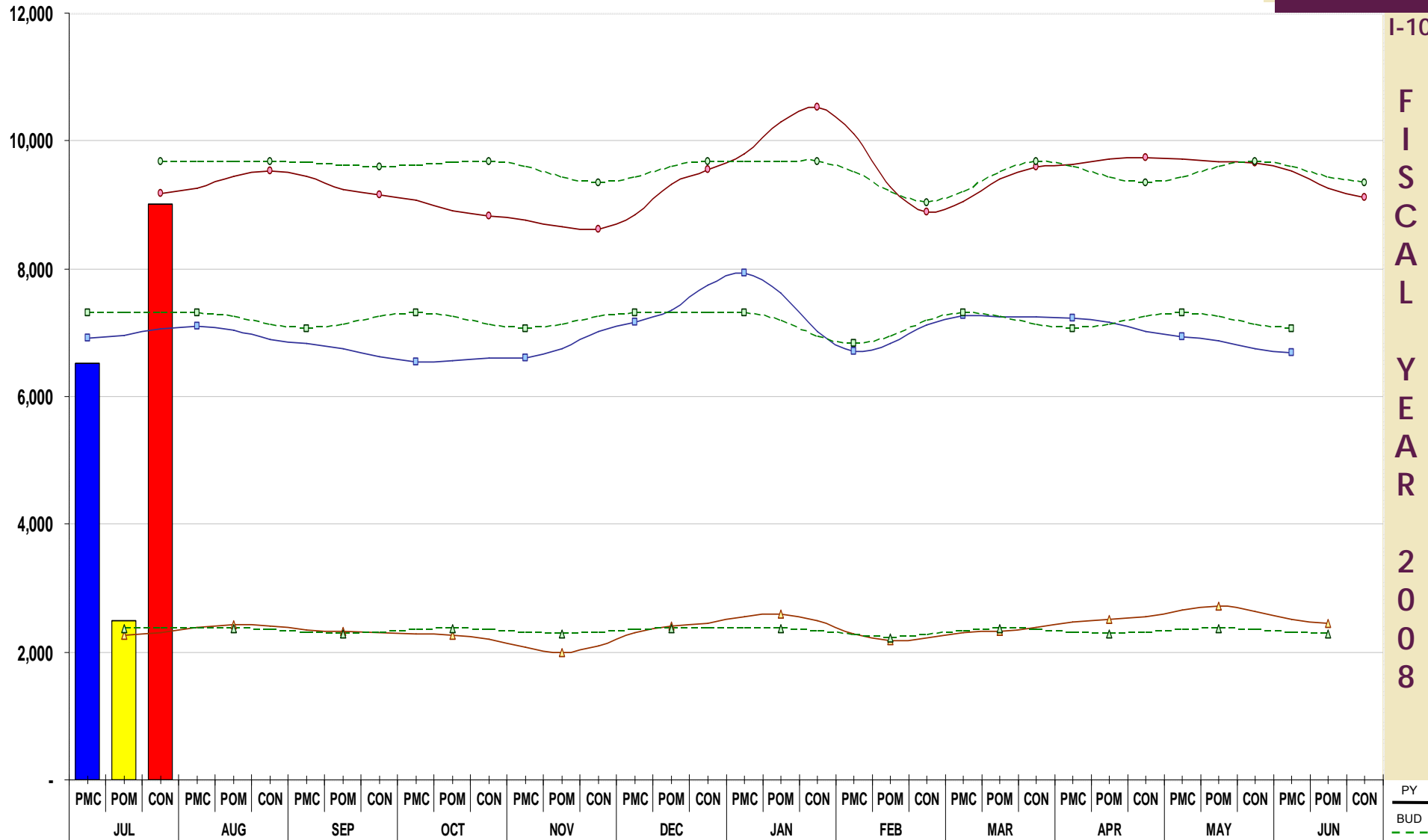
Weighted Patient Days is compared with Prior Year Actual

Admissions - Acute



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	1,770	-	-	-	-	-	-	-	-	-	-	-	1,770	1,948
POM	608	-	-	-	-	-	-	-	-	-	-	-	608	578
CON	2,378	-	-	-	-	-	-	-	-	-	-	-	2,378	2,526

Patient Days - Acute



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	6,516	-	-	-	-	-	-	-	-	-	-	-	6,516	7,298
POM	2,484	-	-	-	-	-	-	-	-	-	-	-	2,484	2,368
CON	9,000	-	-	-	-	-	-	-	-	-	-	-	9,000	9,666

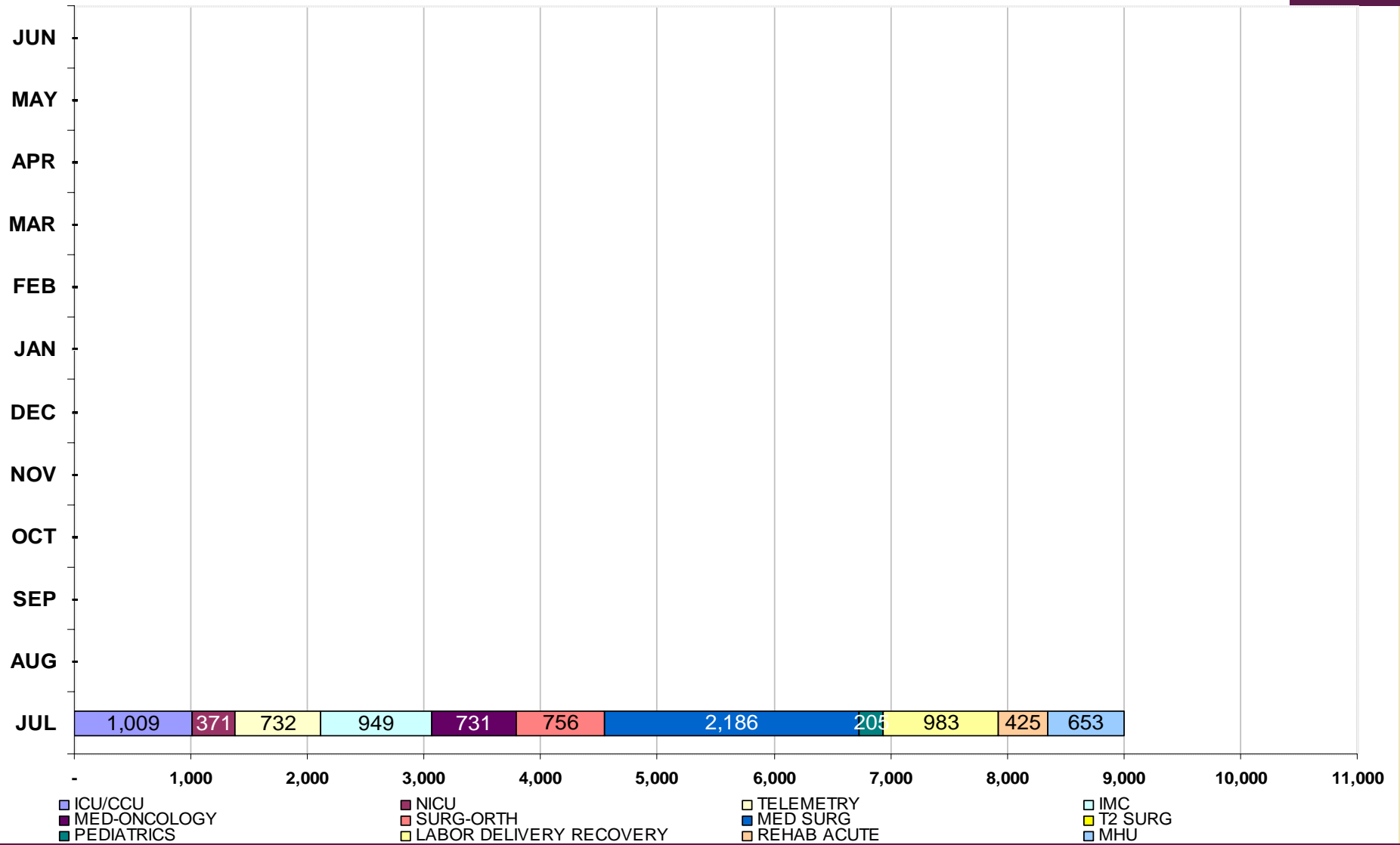
Average Daily Census – Acute



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	210	-	-	-	-	-	-	-	-	-	-	-	210	235
POM	80	-	-	-	-	-	-	-	-	-	-	-	80	76
CON	290	-	-	-	-	-	-	-	-	-	-	-	290	312

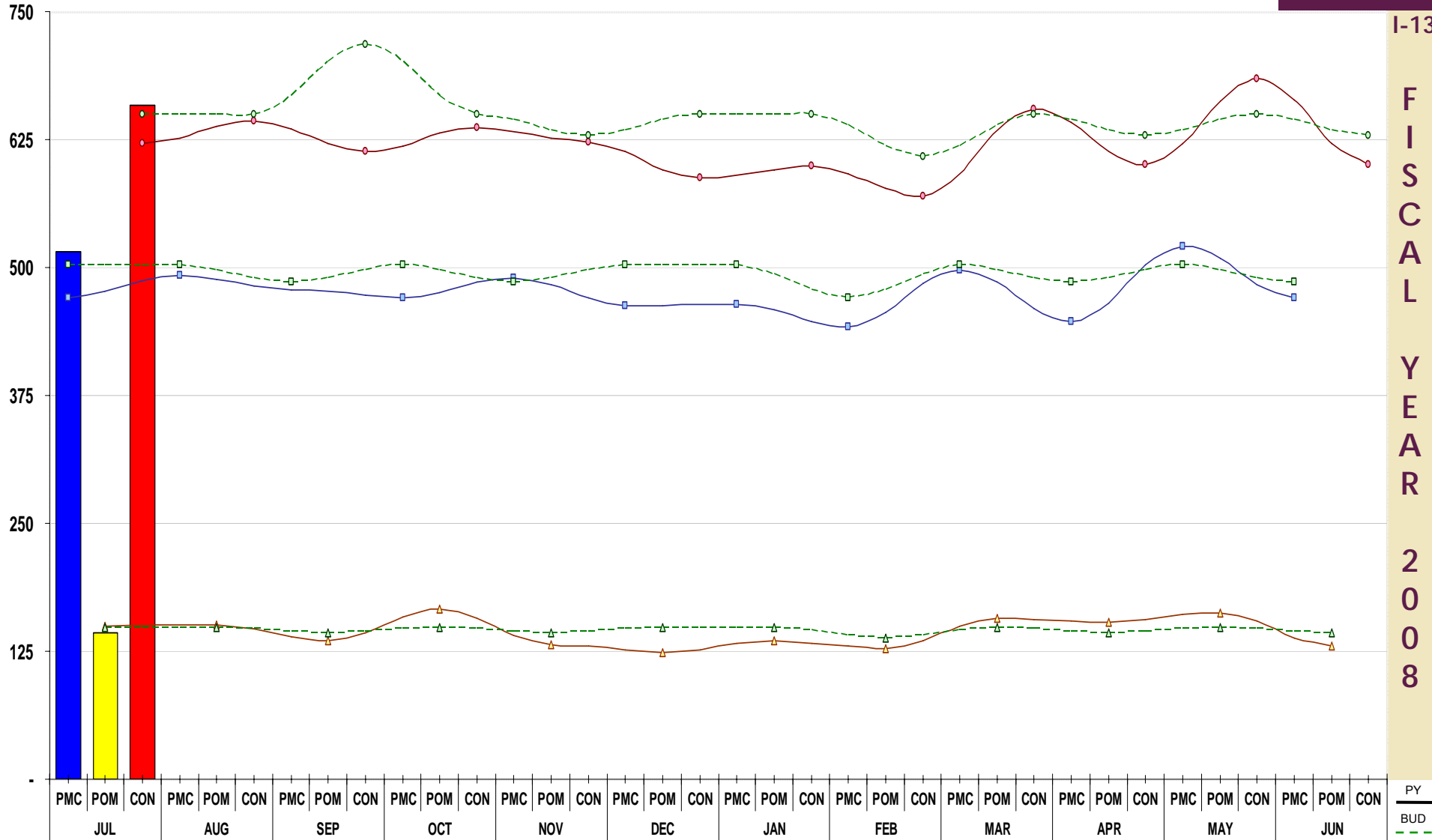
Patient Days

I-12
F
I
S
C
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Y
E
A
R
2
0
0
8



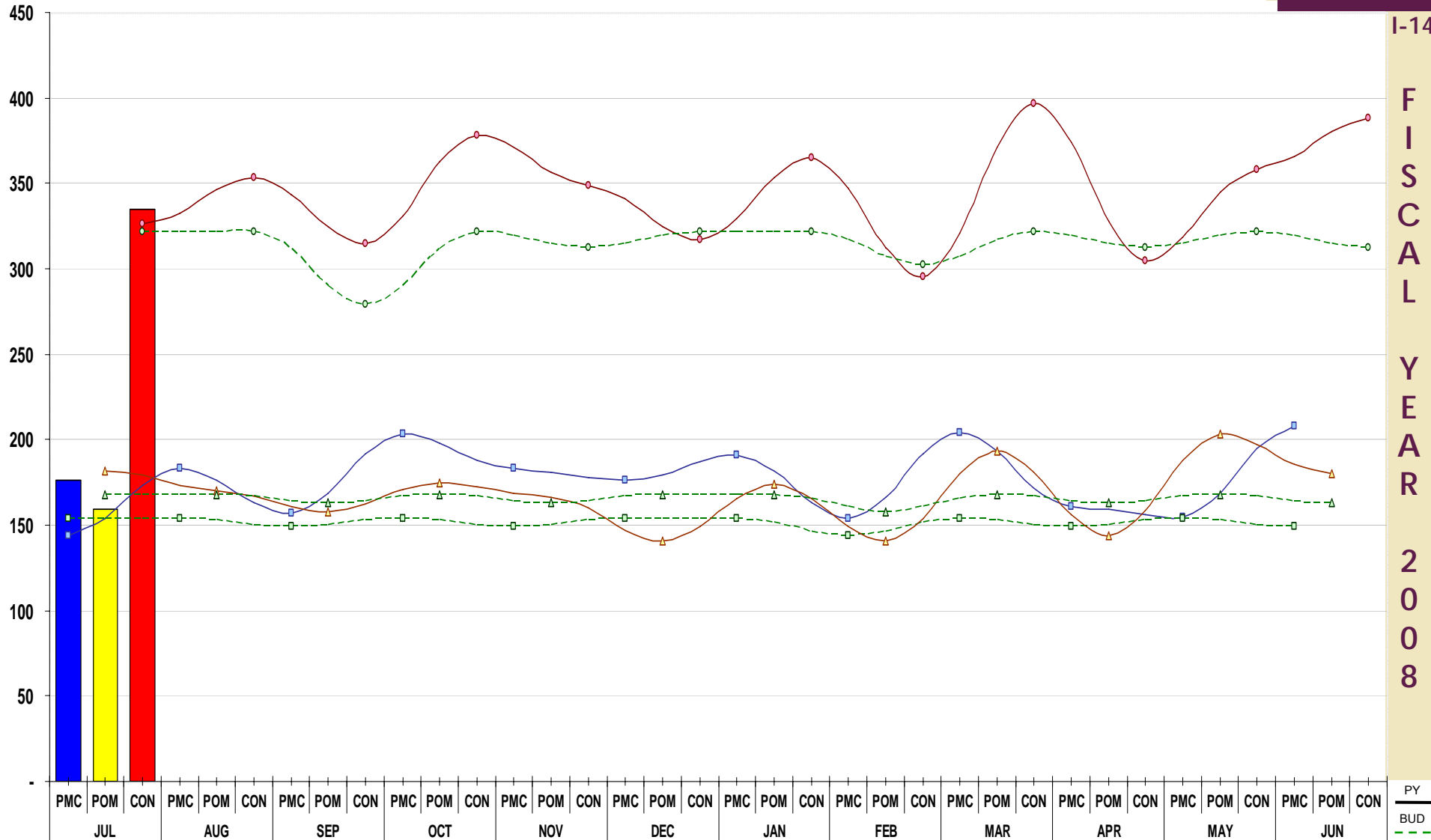
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	6,516	-	-	-	-	-	-	-	-	-	-	-	6,516	7,298
POM	2,484	-	-	-	-	-	-	-	-	-	-	-	2,484	2,368
CON	9,000	-	-	-	-	-	-	-	-	-	-	-	9,000	9,666

Surgeries (In-Patient)



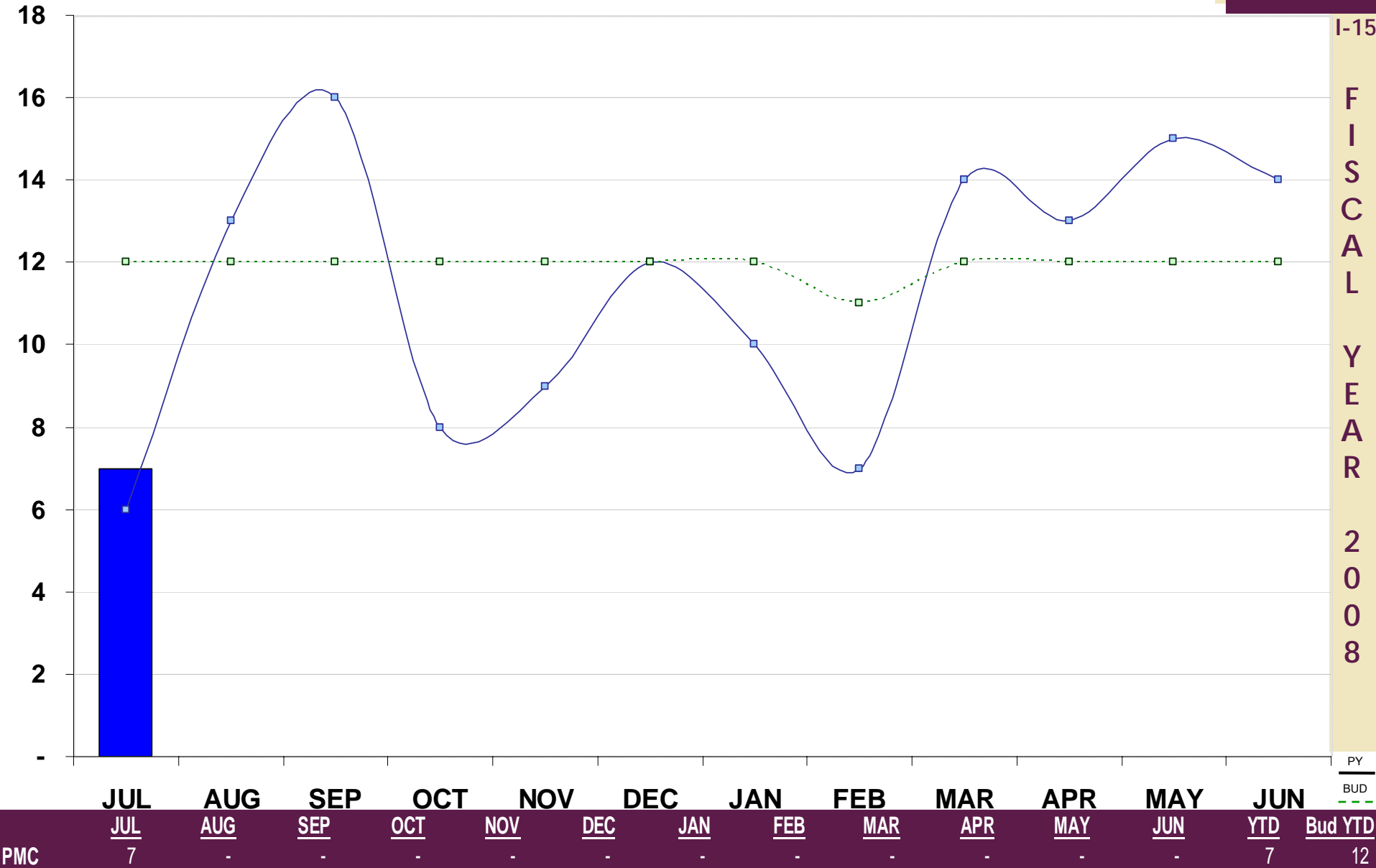
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	516	-	-	-	-	-	-	-	-	-	-	-	516	502
POM	143	-	-	-	-	-	-	-	-	-	-	-	143	148
CON	659	-	-	-	-	-	-	-	-	-	-	-	659	650

Surgeries (Out-Patient)

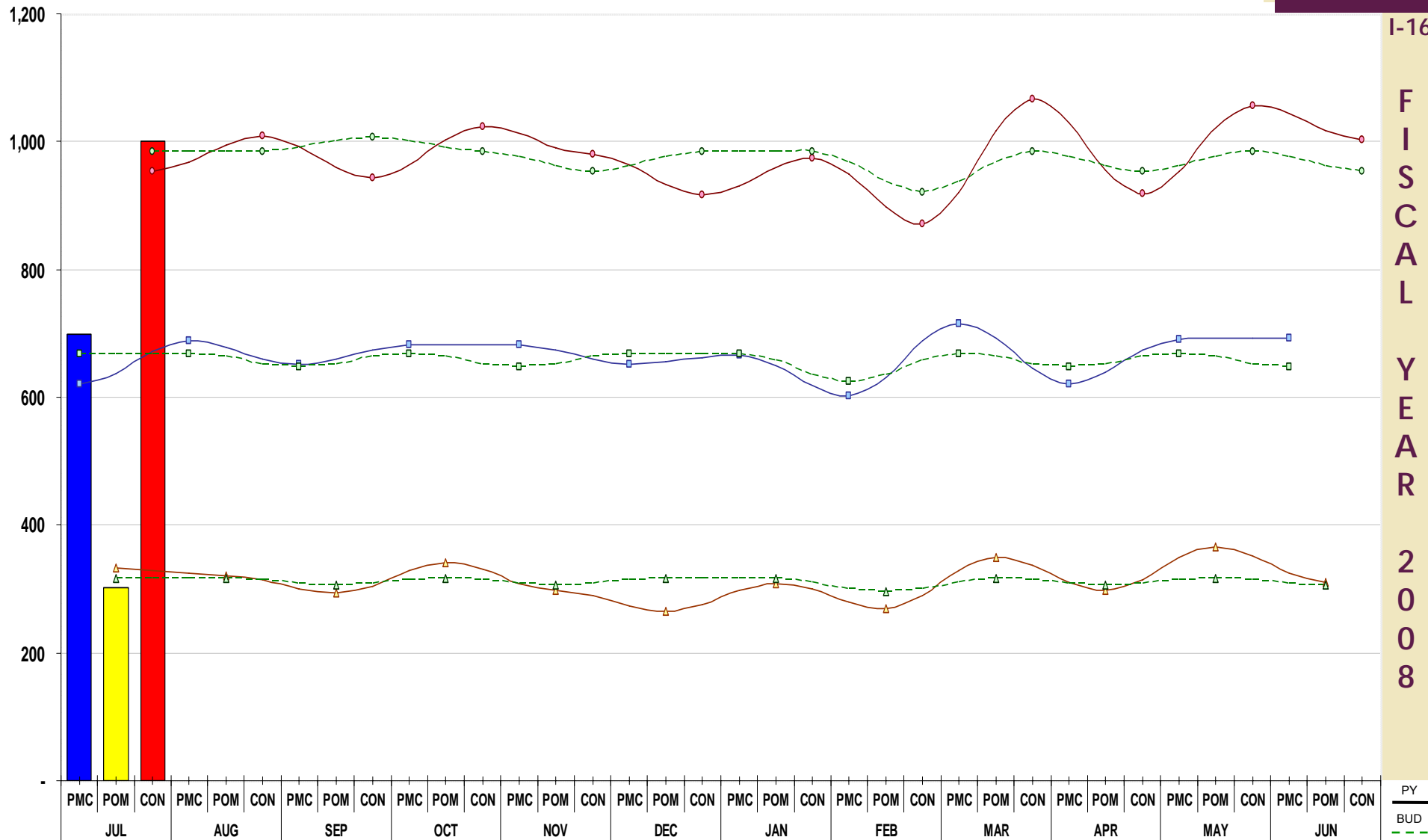


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	176	-	-	-	-	-	-	-	-	-	-	-	176	154
POM	159	-	-	-	-	-	-	-	-	-	-	-	159	168
CON	335	-	-	-	-	-	-	-	-	-	-	-	335	322

Surgeries – CVS (PMC)



Total Surgeries

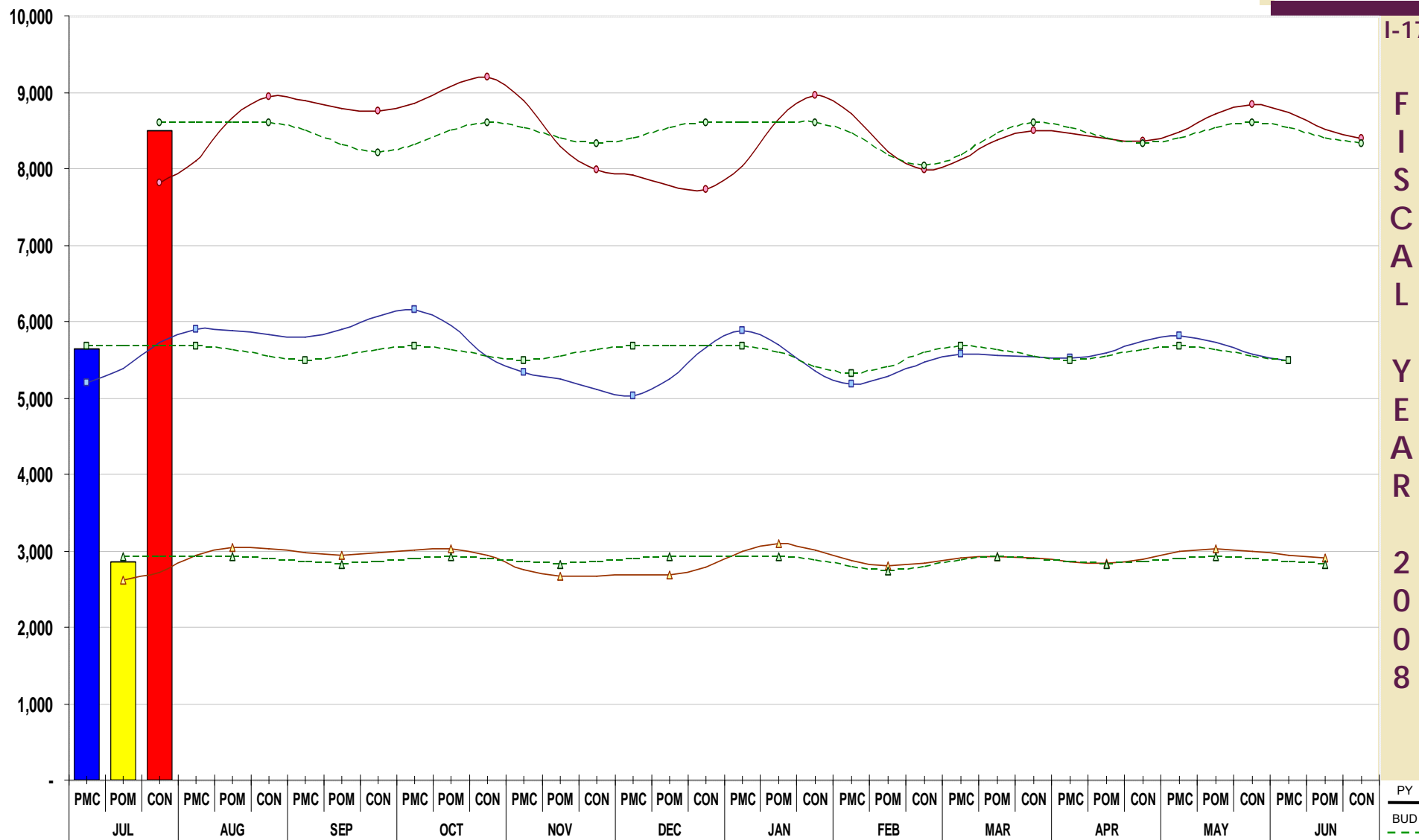


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	699	-	-	-	-	-	-	-	-	-	-	-	699	668
POM	302	-	-	-	-	-	-	-	-	-	-	-	302	316
CON	1,001	-	-	-	-	-	-	-	-	-	-	-	1,001	984

Outpatient Registration

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FISCAL
YEAR
2008

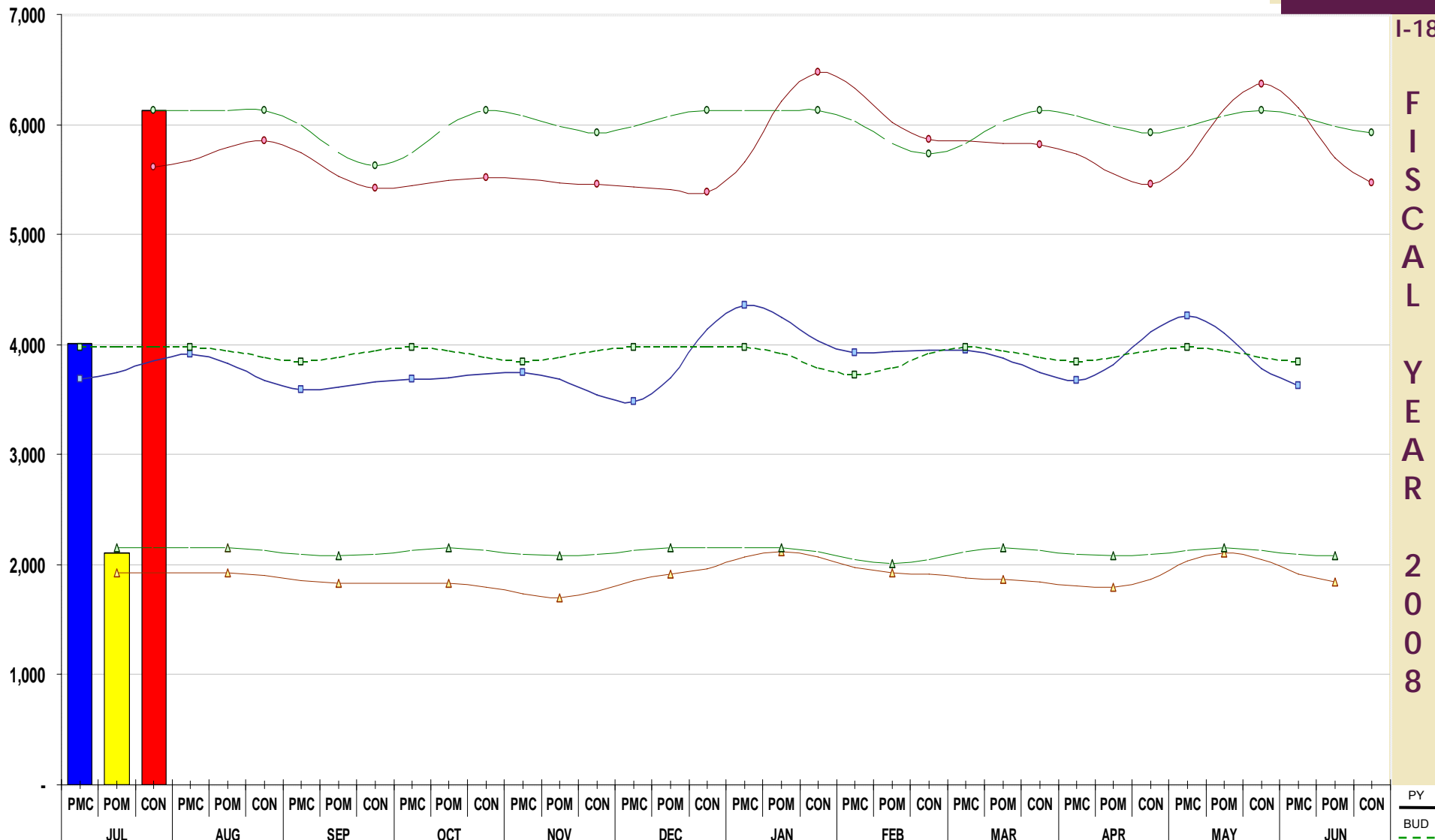


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	5,645	-	-	-	-	-	-	-	-	-	-	-	5,645	5,674
POM	2,850	-	-	-	-	-	-	-	-	-	-	-	2,850	2,920
CON	8,495	-	-	-	-	-	-	-	-	-	-	-	8,495	8,594

ER Visits includes Trauma

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FISCAL
YEAR
2008



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	4,014	-	-	-	-	-	-	-	-	-	-	-	4,014	3,974
POM	2,110	-	-	-	-	-	-	-	-	-	-	-	2,110	2,151
CON	6,124	-	-	-	-	-	-	-	-	-	-	-	6,124	6,125

ER Admissions includes Trauma

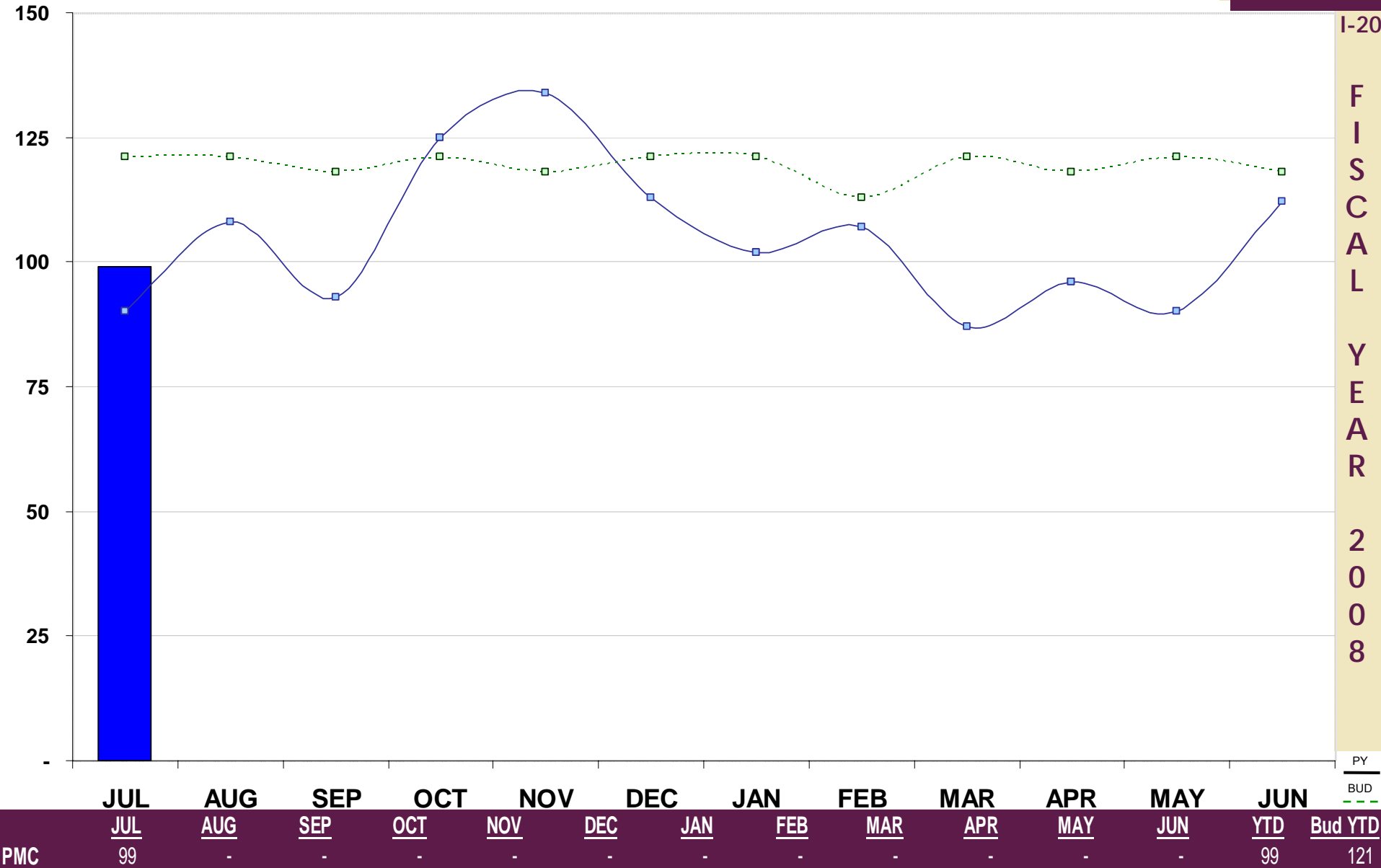


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	902	-	-	-	-	-	-	-	-	-	-	-	902	969
POM	371	-	-	-	-	-	-	-	-	-	-	-	371	321
CON	1,273	-	-	-	-	-	-	-	-	-	-	-	1,273	1,290

Trauma Cases (PMC)

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FISCAL
YEAR
2008



PMC

JUL
99

AUG
-

SEP
-

OCT
-

NOV
-

DEC
-

JAN
-

FEB
-

MAR
-

APR
-

MAY
-

JUN
-

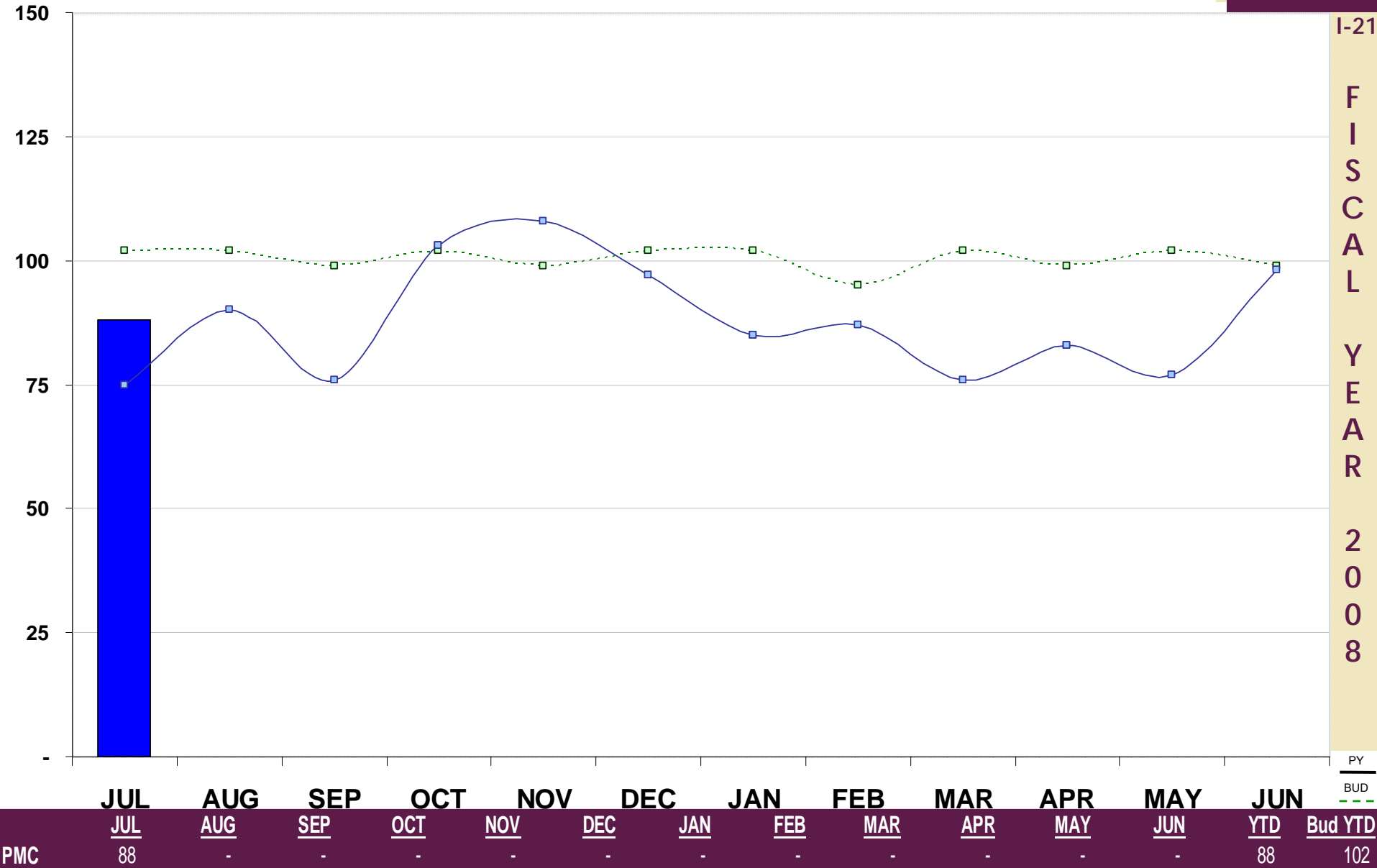
YTD
99

PY
BUD
Bud YTD
121

Trauma Admissions (PMC)

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FISCAL
YEAR
2008



PMC

JUL
88

AUG
-

SEP
-

OCT
-

NOV
-

DEC
-

JAN
-

FEB
-

MAR
-

APR
-

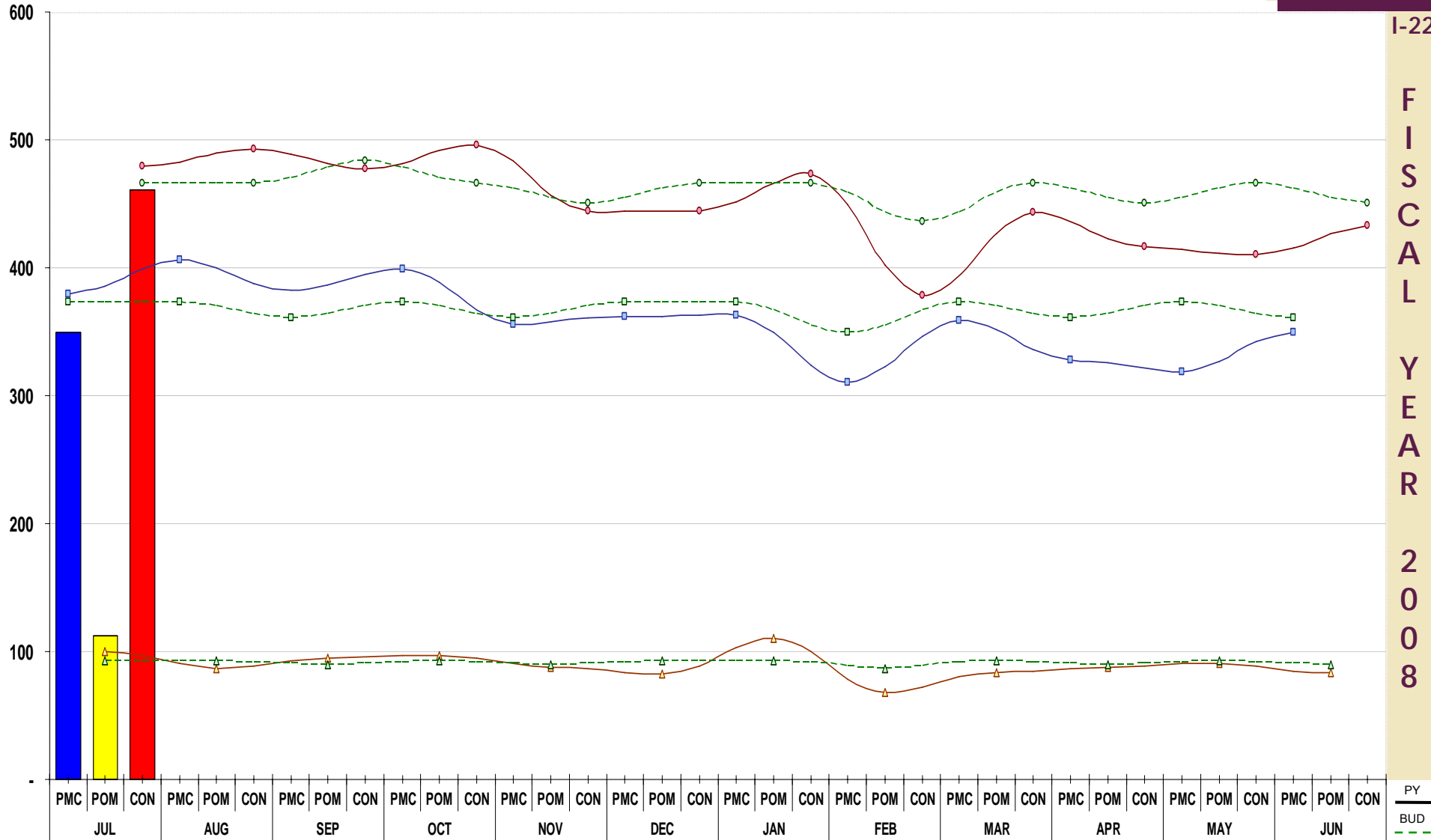
MAY
-

JUN
88

YTD
88

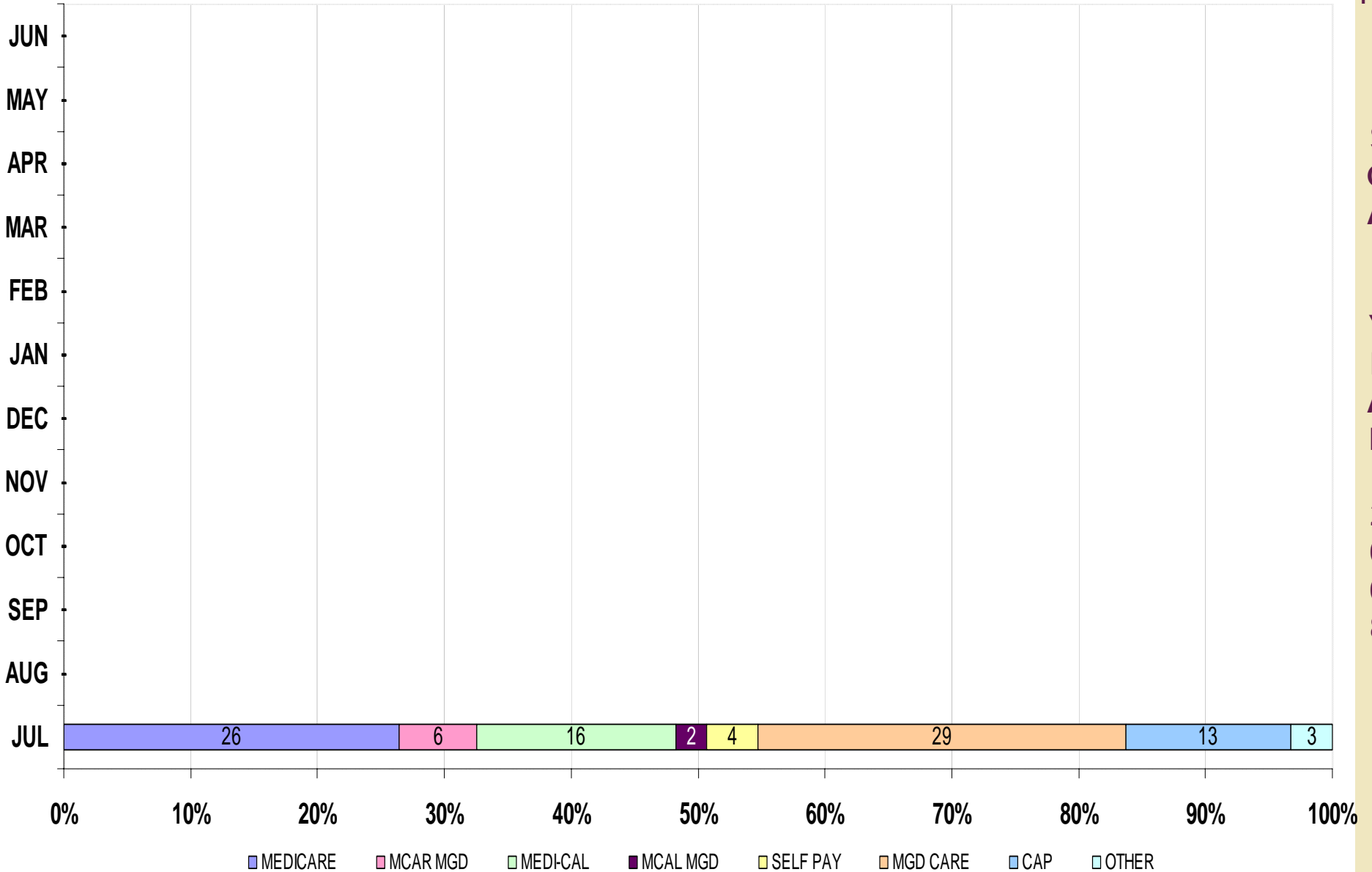
PY
BUD
Bud YTD
102

Deliveries



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	349	-	-	-	-	-	-	-	-	-	-	-	349	373
POM	112	-	-	-	-	-	-	-	-	-	-	-	112	93
CON	461	-	-	-	-	-	-	-	-	-	-	-	461	466

Payor Mix based on Gross Revenue



Summary of Key Indicators and Results

July 2007

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	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2007</u>
<u>ADMISSIONS - Acute:</u>				
Palomar Medical Center	1,770	1,948	(178)	1,832
Pomerado Hospital	608	578	30	570
Total:	<u>2,378</u>	<u>2,526</u>	<u>(148)</u>	<u>2,402</u>
<u>ADMISSIONS - SNF:</u>				
Palomar Medical Center	50	50	-	59
Pomerado Hospital	48	47	1	45
Total:	<u>98</u>	<u>97</u>	<u>1</u>	<u>104</u>
<u>PATIENT DAYS - Acute:</u>				
Palomar Medical Center	6,516	7,298	(782)	6,919
Pomerado Hospital	2,484	2,368	116	2,261
Total:	<u>9,000</u>	<u>9,666</u>	<u>(666)</u>	<u>9,180</u>
<u>PATIENT DAYS- SNF:</u>				
Palomar Medical Center	2,681	2,720	(39)	2,737
Pomerado Hospital	3,772	3,826	(54)	3,898
Total:	<u>6,453</u>	<u>6,546</u>	<u>(93)</u>	<u>6,635</u>

Summary of Key Indicators and Results

July 2007 (cont'd)

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2007</u>
<u>WEIGHTED PATIENT DAYS</u>				
Palomar Medical Center	8,530	9,226	(696)	8,712
Pomerado Hospital	3,809	3,760	49	3,554
Other Activities	248	272	(24)	251
Total:	12,587	13,258	(671)	12,517
<u>ADJUSTED DISCHARGES</u>				
Palomar Medical Center	2,316	2,464	(148)	2,293
Pomerado Hospital	890	867	23	833
Other Activities	77	90	(13)	76
Total:	3,283	3,421	(138)	3,202
<u>AVERAGE LENGTH OF STAY- Acute:</u>				
Palomar Medical Center	3.68	3.75	(0.07)	3.81
Pomerado Hospital	4.04	4.10	(0.06)	4.01
Total:	3.77	3.83	(0.06)	3.86
<u>AVERAGE LENGTH OF STAY - SNF:</u>				
Palomar Medical Center	62.35	55.51	6.84	52.63
Pomerado Hospital	85.73	81.40	4.33	97.45
Total:	74.17	68.19	5.98	72.12

Summary of Key Indicators and Results

July 2007 (cont'd)

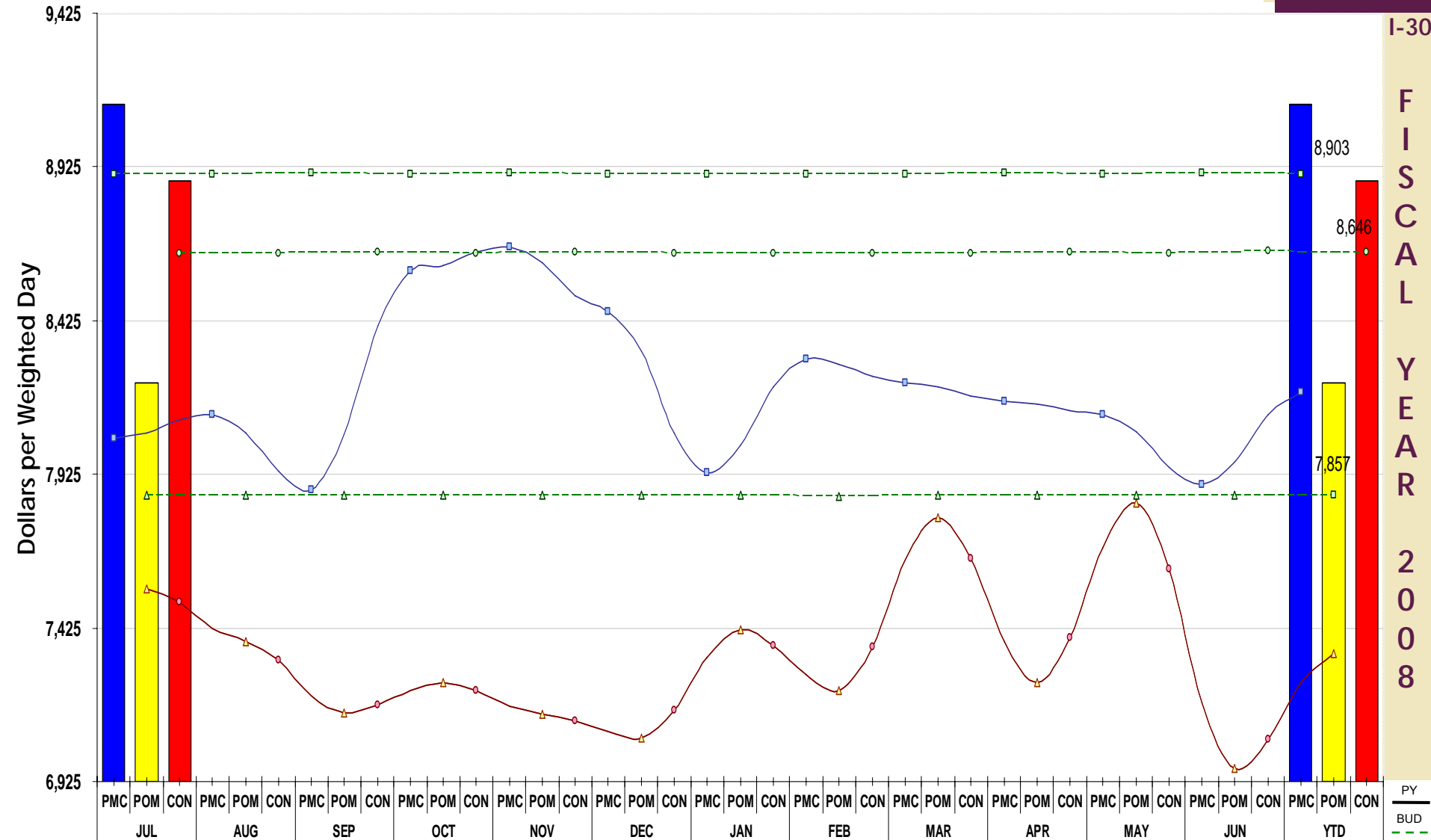
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	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2007</u>
<u>EMERGENCY ROOM VISITS & TRAUMA CASES:</u>				
Palomar Medical Center	4,014	3,974	40	3,685
Pomerado Hospital	2,110	2,151	(41)	1,930
Total:	<u>6,124</u>	<u>6,125</u>	<u>(1)</u>	<u>5,615</u>
<u>EMERGENCY & TRAUMA ADMISSIONS:</u>				
Palomar Medical Center	902	969	(67)	905
Pomerado Hospital	371	321	50	311
Total:	<u>1,273</u>	<u>1,290</u>	<u>(17)</u>	<u>1,216</u>
<u>SURGERIES:</u>				
Palomar Medical Center	699	668	31	621
Pomerado Hospital	302	316	(14)	332
Total:	<u>1,001</u>	<u>984</u>	<u>17</u>	<u>953</u>
<u>BIRTHS:</u>				
Palomar Medical Center	349	373	(24)	379
Pomerado Hospital	112	93	19	100
Total:	<u>461</u>	<u>466</u>	<u>(5)</u>	<u>479</u>

Gross Patient Revenue per Weighted Patient Days

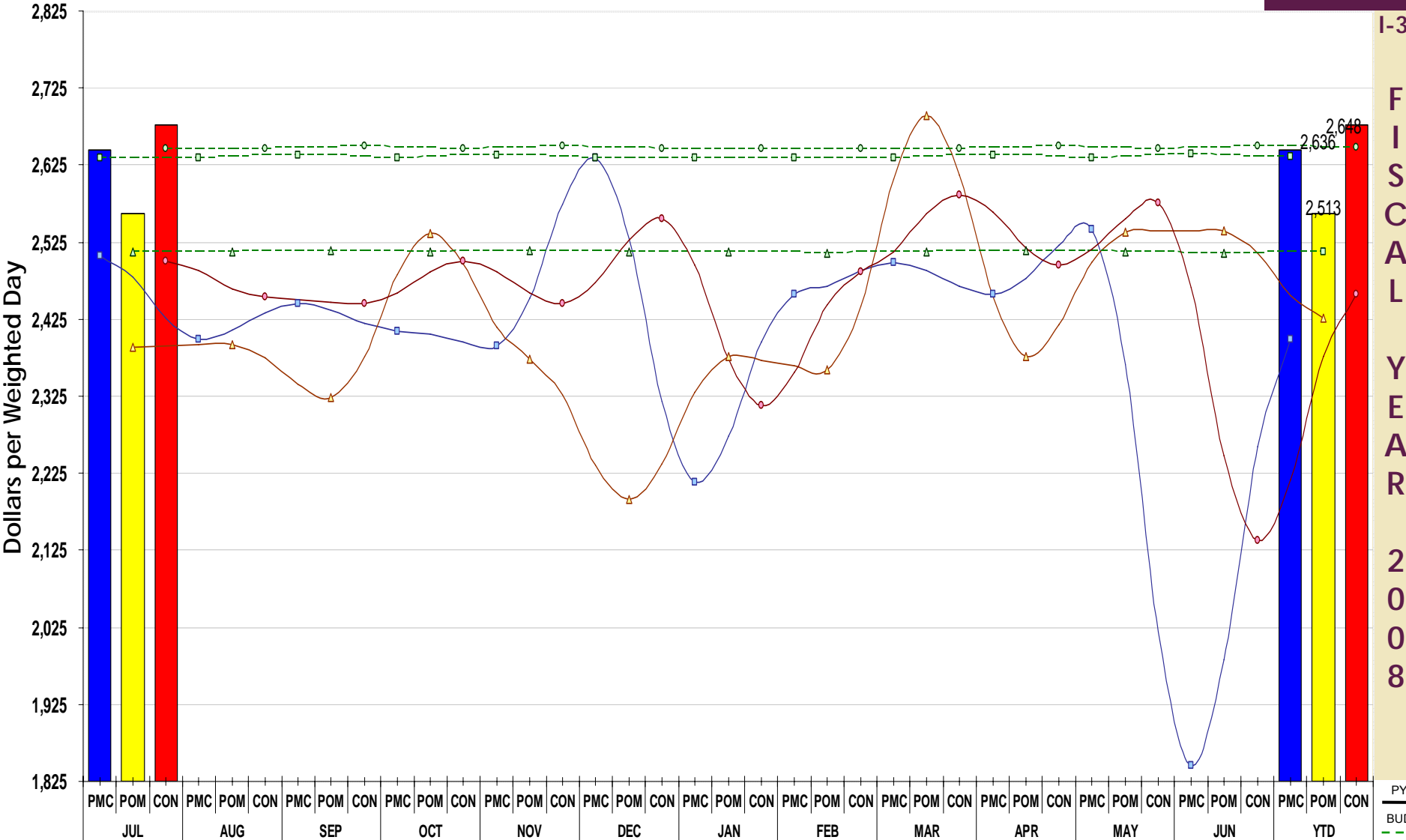
I-30

FISCAL YEAR 2008



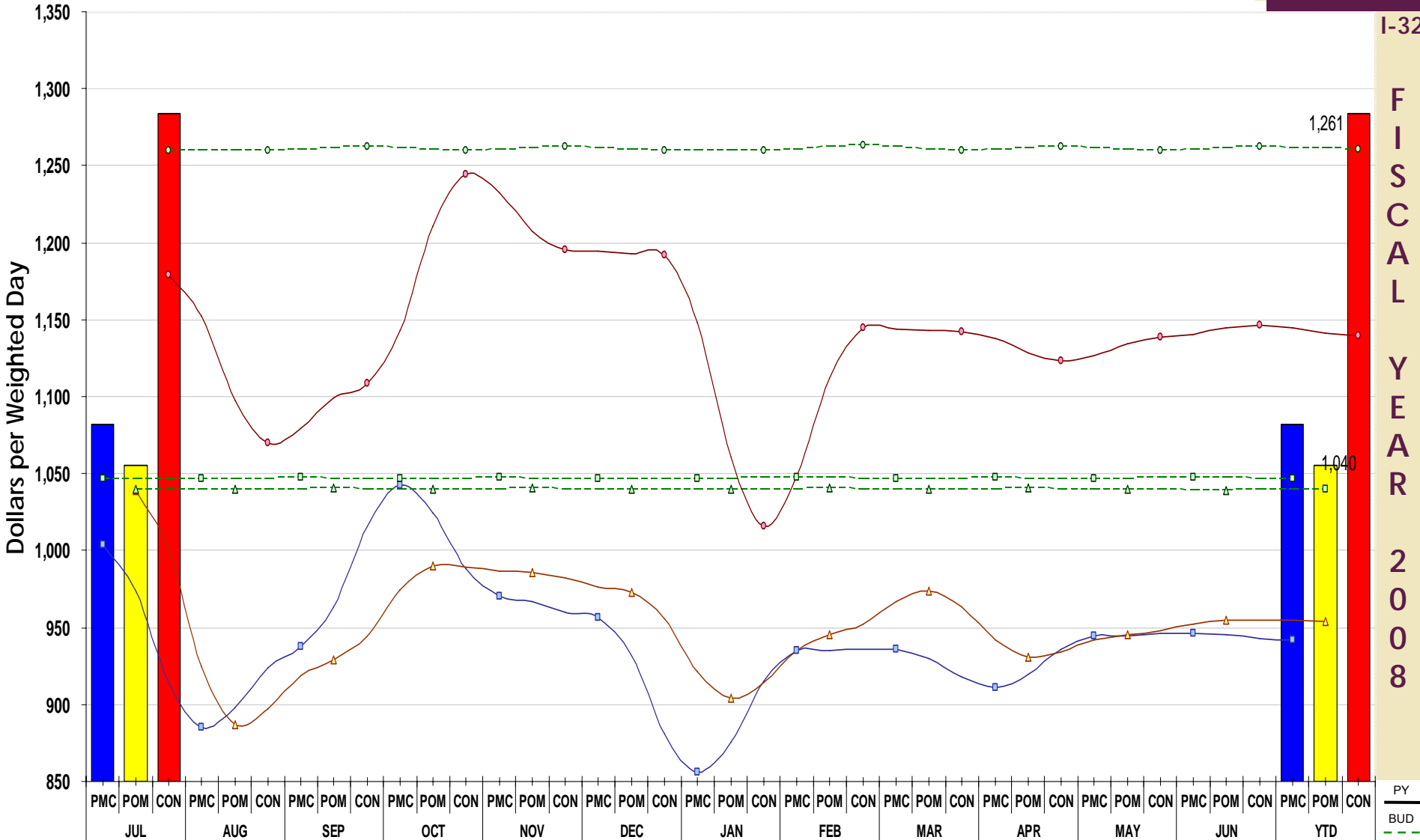
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	9,130	-	-	-	-	-	-	-	-	-	-	-	9,130	8,903
POM	8,222	-	-	-	-	-	-	-	-	-	-	-	8,222	7,857
CON	8,880	-	-	-	-	-	-	-	-	-	-	-	8,880	8,646

Net Patient Revenue per Weighted Patient Days



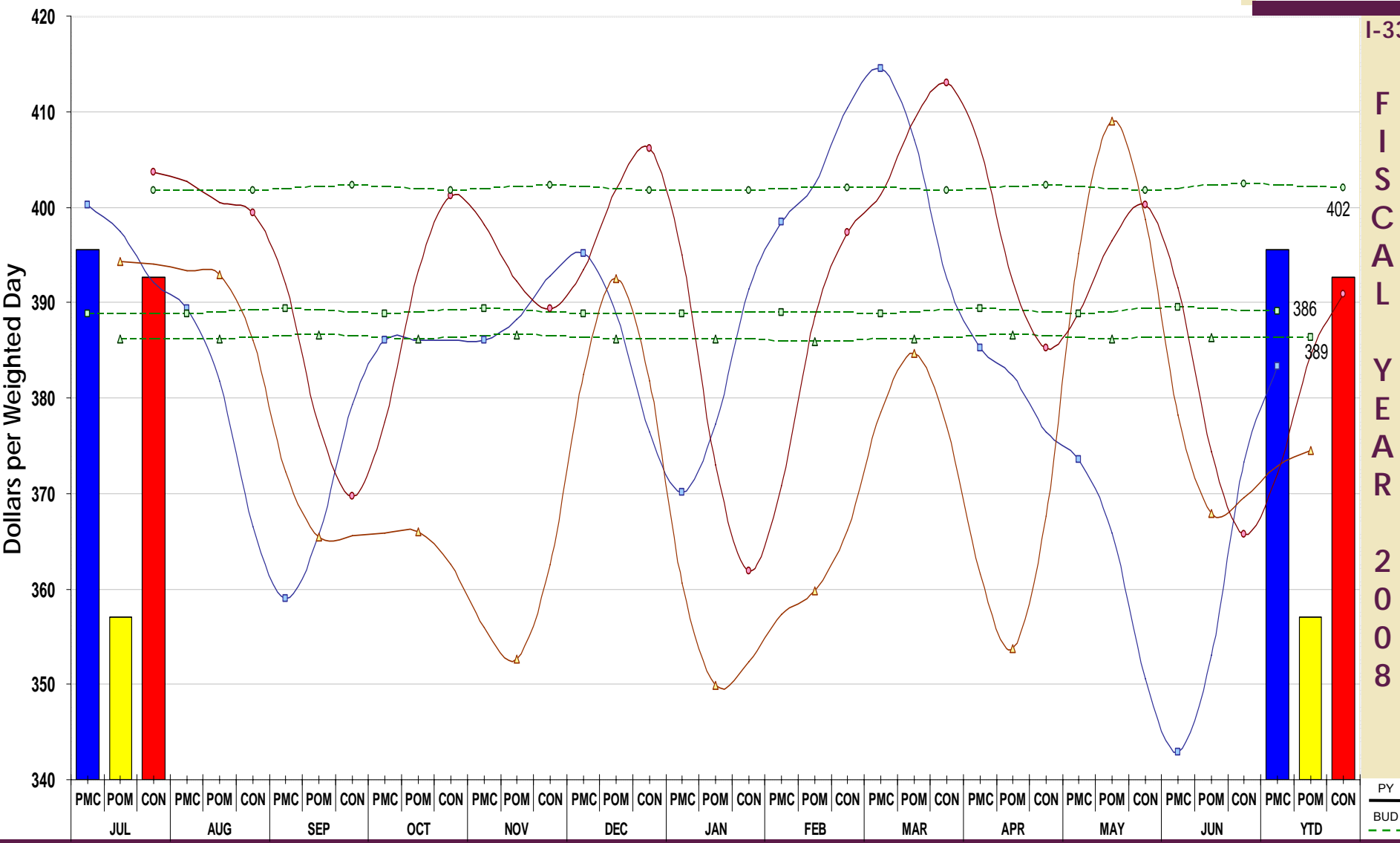
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	2,644	-	-	-	-	-	-	-	-	-	-	-	2,644	2,636
POM	2,562	-	-	-	-	-	-	-	-	-	-	-	2,562	2,513
CON	2,678	-	-	-	-	-	-	-	-	-	-	-	2,678	2,648

Salaries per Weighted Patient Days



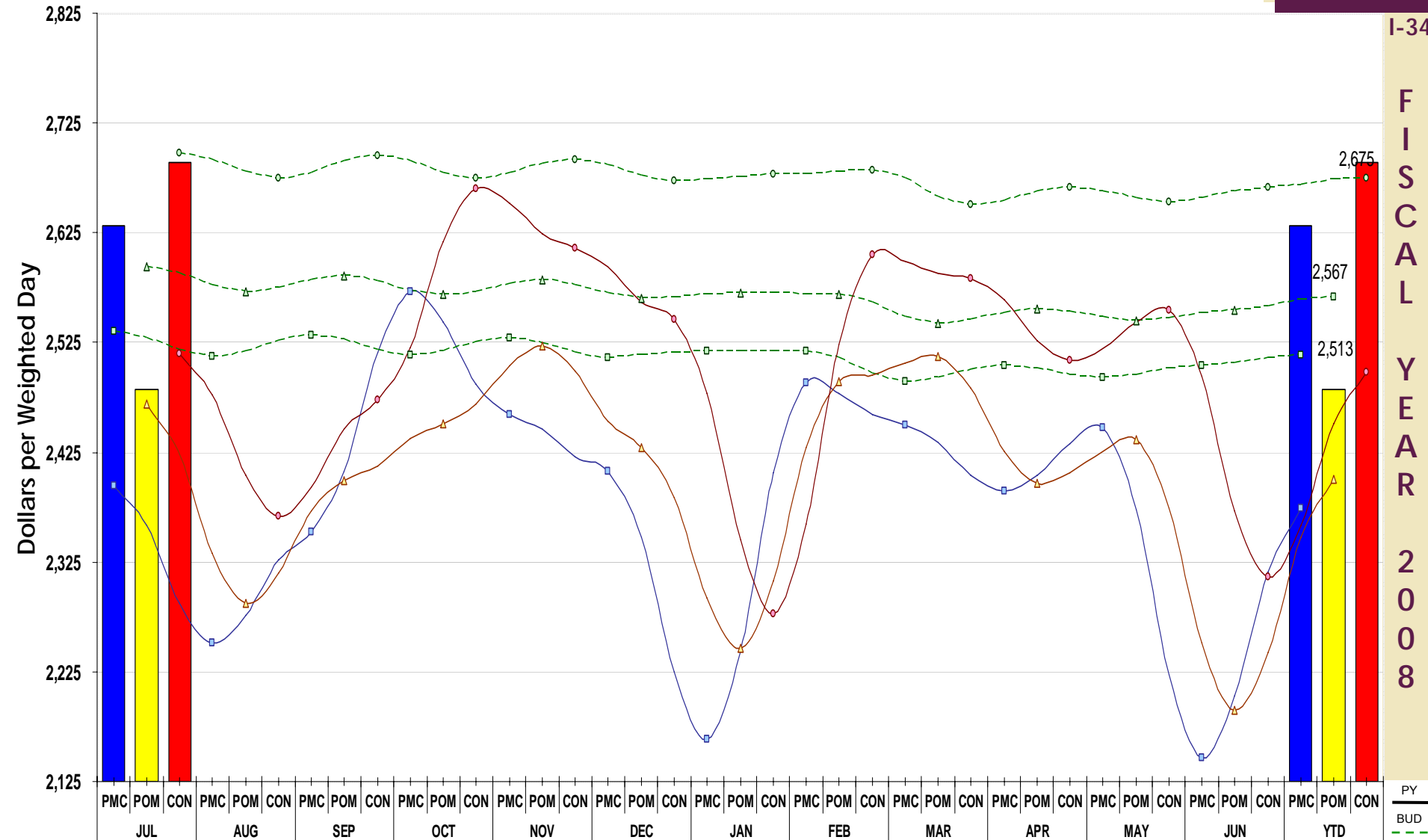
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	1,082	-	-	-	-	-	-	-	-	-	-	-	1,082	1,047
POM	1,056	-	-	-	-	-	-	-	-	-	-	-	1,056	1,040
CON	1,284	-	-	-	-	-	-	-	-	-	-	-	1,284	1,261

Supplies per Weighted Patient Days



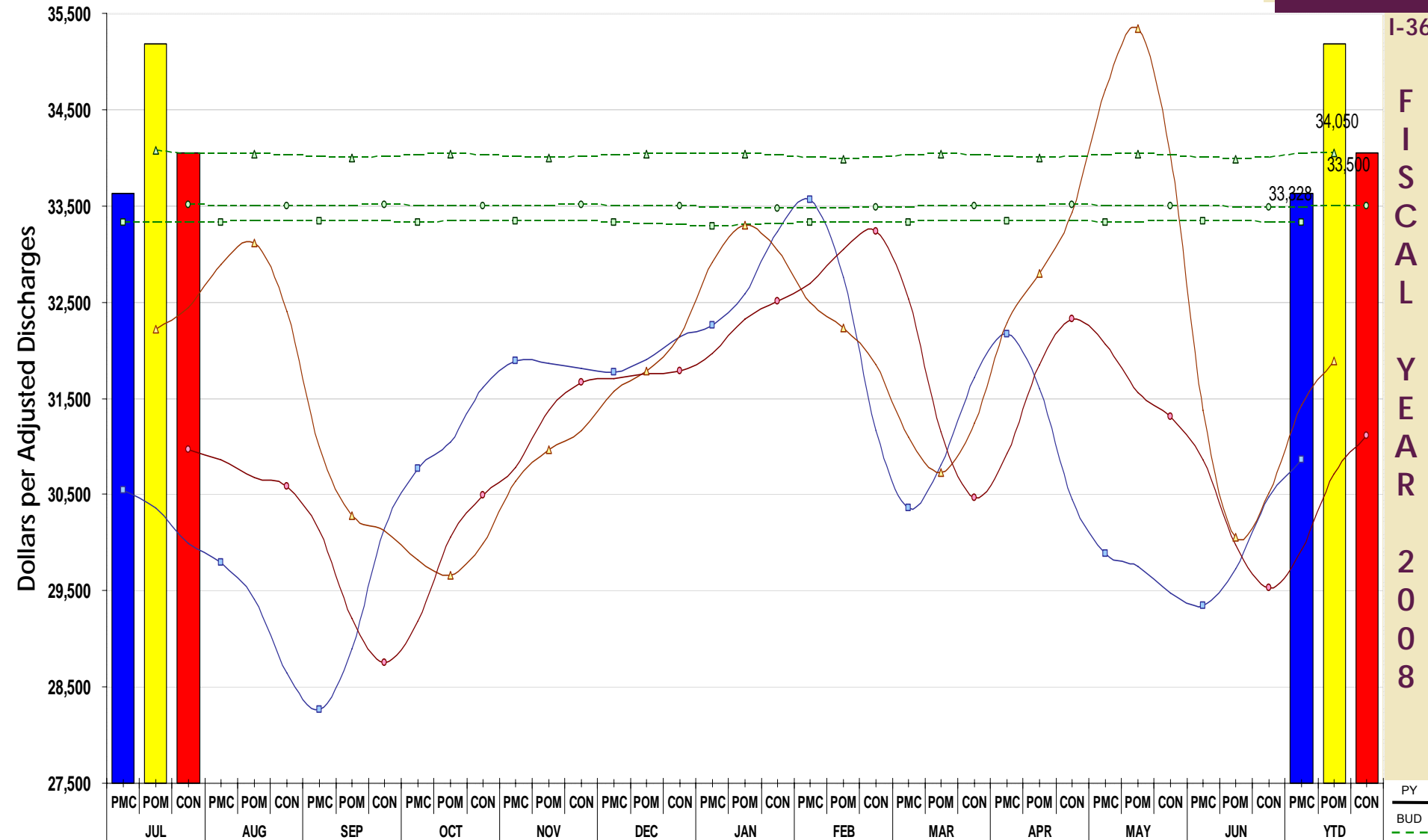
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	396	-	-	-	-	-	-	-	-	-	-	-	396	389
POM	357	-	-	-	-	-	-	-	-	-	-	-	357	386
CON	393	-	-	-	-	-	-	-	-	-	-	-	393	402

Total Expenses per Weighted Patient Days



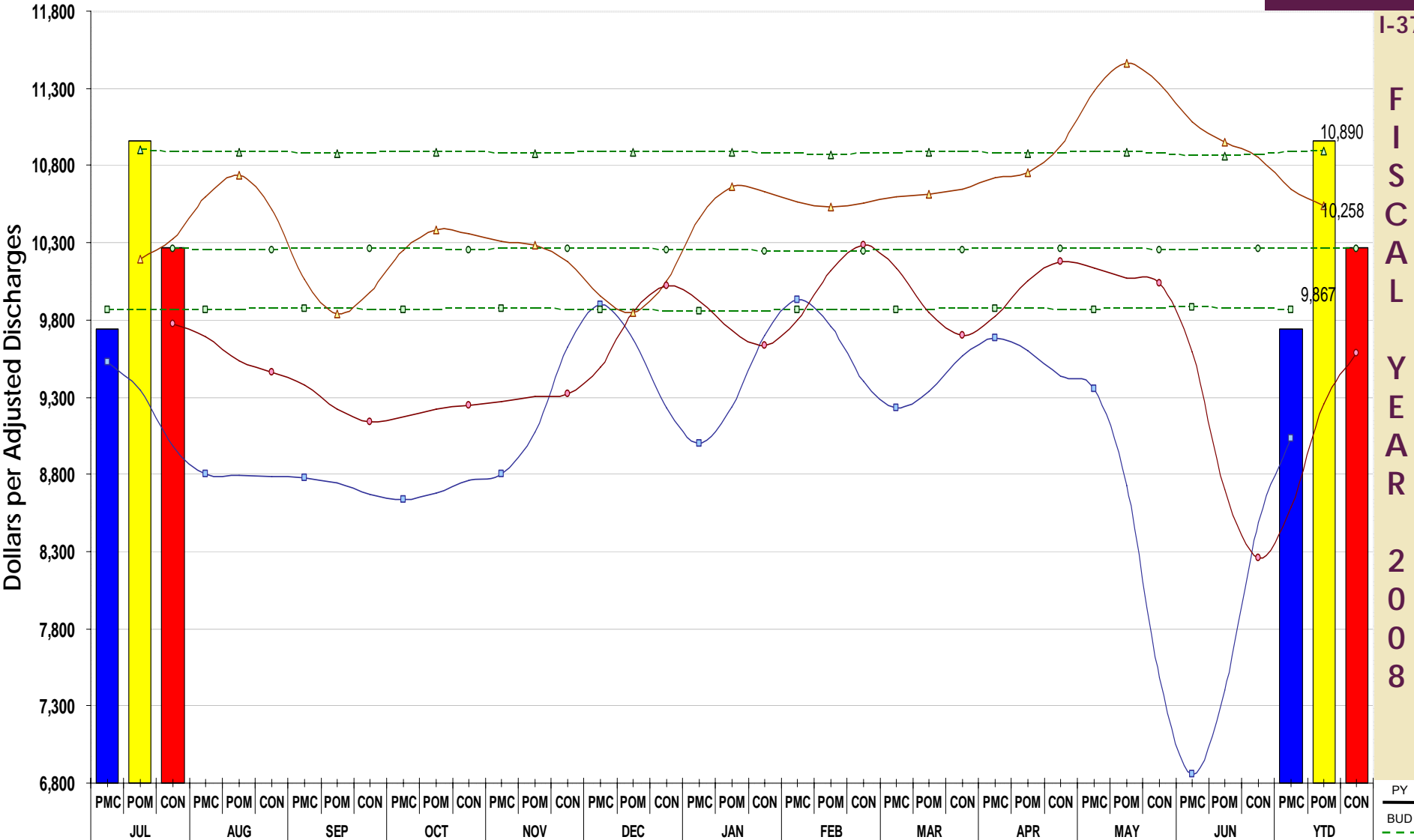
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	2,632	-	-	-	-	-	-	-	-	-	-	-	2,632	2,535
POM	2,482	-	-	-	-	-	-	-	-	-	-	-	2,482	2,594
CON	2,689	-	-	-	-	-	-	-	-	-	-	-	2,689	2,698

Gross Patient Revenue per Adjusted Discharges



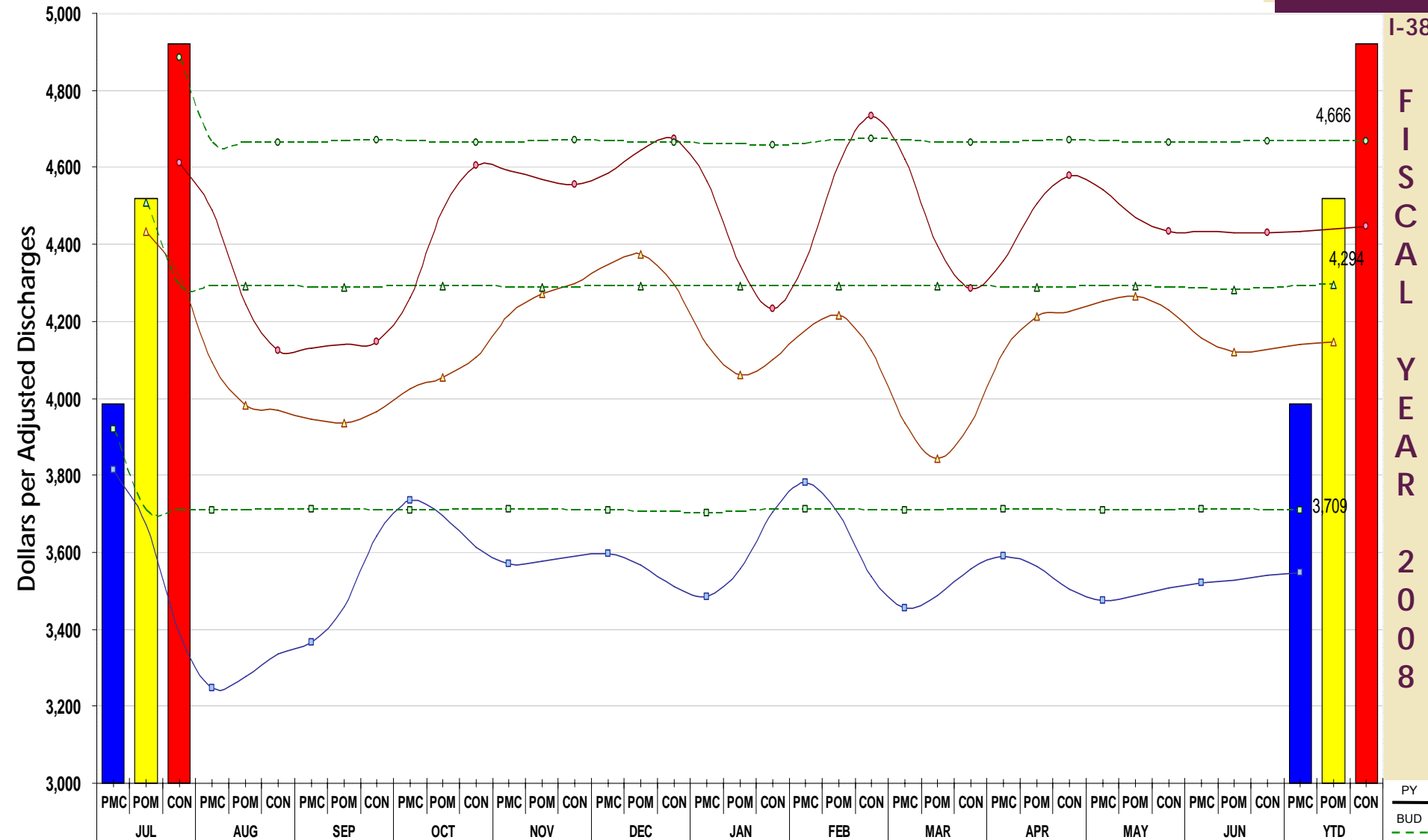
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	33,628	-	-	-	-	-	-	-	-	-	-	-	33,628	33,329
POM	35,188	-	-	-	-	-	-	-	-	-	-	-	35,188	34,073
CON	34,046	-	-	-	-	-	-	-	-	-	-	-	34,046	33,504

Net Patient Revenue per Adjusted Discharges



	<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	9,737	-	-	-	-	-	-	-	-	-	-	-	9,737	9,866
POM	10,963	-	-	-	-	-	-	-	-	-	-	-	10,963	10,898
CON	10,266	-	-	-	-	-	-	-	-	-	-	-	10,266	10,258

Salaries per Adjusted Discharges



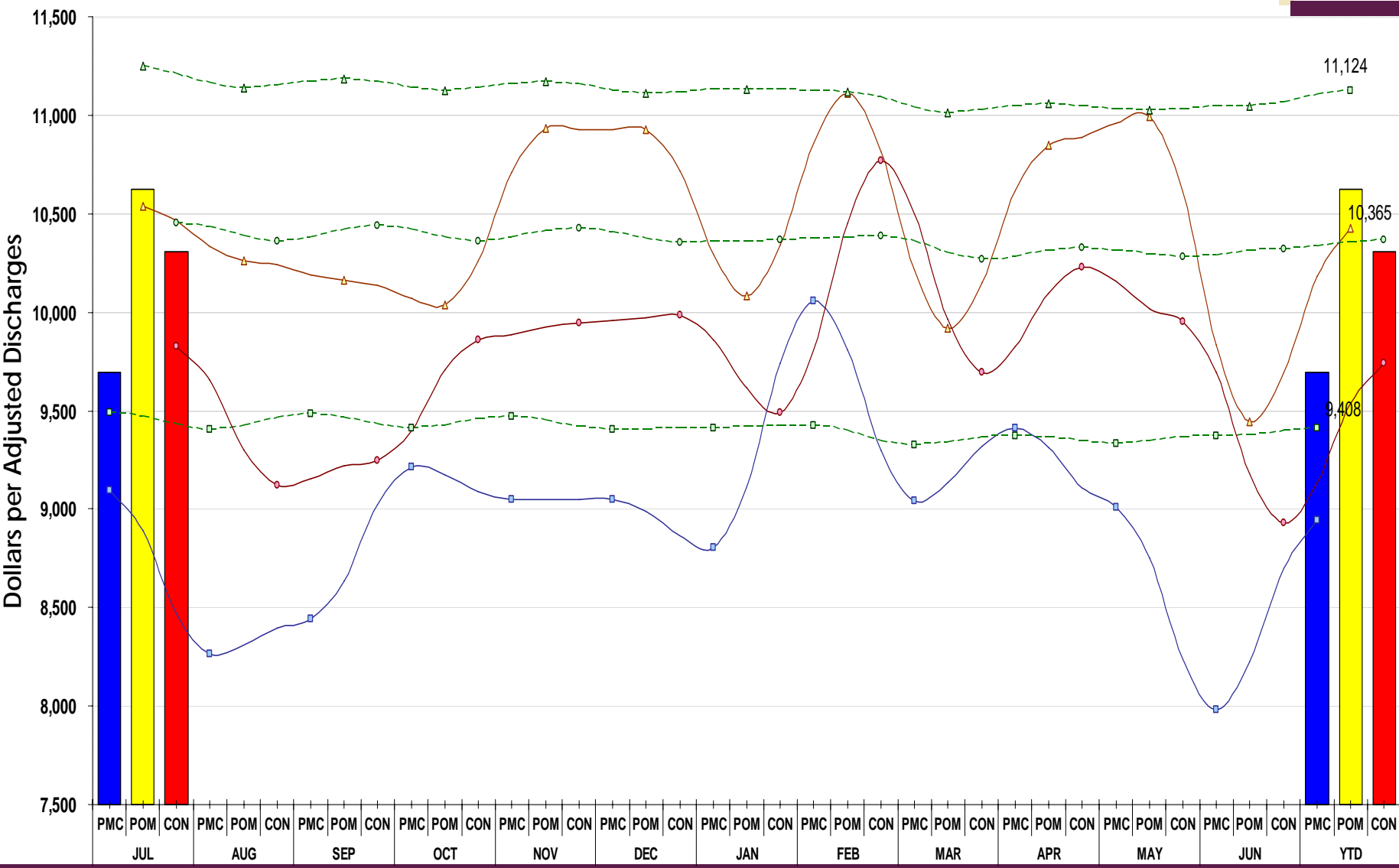
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	3,984	-	-	-	-	-	-	-	-	-	-	-	3,984	3,918
POM	4,518	-	-	-	-	-	-	-	-	-	-	-	4,518	4,508
CON	4,922	-	-	-	-	-	-	-	-	-	-	-	4,922	4,883

Supplies per Adjusted Discharges



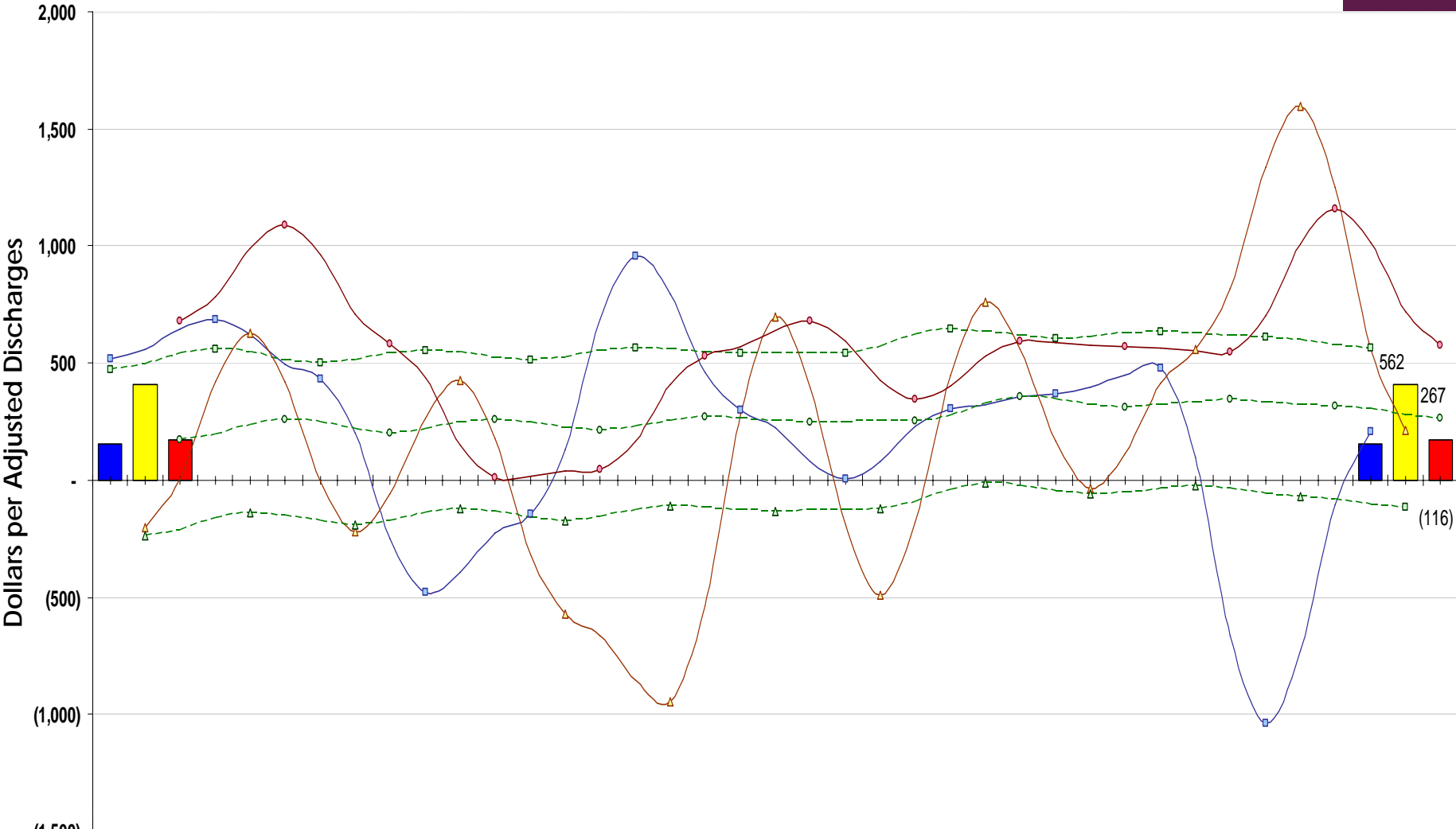
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud</u>	<u>YTD</u>
PMC	1,457	-	-	-	-	-	-	-	-	-	-	-	1,457	1,456	1,456
POM	1,528	-	-	-	-	-	-	-	-	-	-	-	1,528	1,675	1,675
CON	1,506	-	-	-	-	-	-	-	-	-	-	-	1,506	1,557	1,557

Total Expenses per Adjusted Discharges



	<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	9,693	-	-	-	-	-	-	-	-	-	-	-	9,693	9,492
POM	10,622	-	-	-	-	-	-	-	-	-	-	-	10,622	11,250
CON	10,309	-	-	-	-	-	-	-	-	-	-	-	10,309	10,455

Net Operating Income per Adjusted Discharges



	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PY										
	JUL			AUG			SEP			OCT			NOV			DEC			JAN			FEB			MAR			APR			MAY			JUN			YTD	Bud YTD
PMC	158	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	158	475									
POM	411	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	411	(236)									
CON	171	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	171	171									

Key Variance Explanations

July 2007

I-42

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Adjusted Discharges (Contractual %)	3,283 68.79%	3,421 69.48%	(138)
Gross Patient Revenue:	111,773,221	114,616,558	(2,843,337)
Contractuals:	76,887,685	79,630,009	2,742,324
Net Capitation:	(1,181,565)	107,136	(1,288,701)
Retro 2006 Premium Adj and Copay Recal			1,200,000
Valuation increased by using Bill Drop date instead of Discharge Date			(1,400,000)
Valuation Recal (Jan-Jun 07)			(1,480,000)
OON expense decreased by Cap loss			730,000
Reversal of IBNR over D&T max			(450,000)
Other Operating Revenue:	701,388	1,258,134	(556,746)
PPH Foundation			(294,835)
PPNC Health Development			(116,864)
Welcome Home Baby			(93,195)
Home Health Outreach			(31,562)
Salaries & Wages:	15,337,320	15,955,133	617,813
Volume variance			643,615
Productivity			(25,802)
Benefits:	4,208,437	4,212,966	4,529
Health and Dental			(123,842)
FICA			(58,017)
Worker's Compensation			(16,238)
Pension			84,461
Other Benefits			117,388
Contract Labor:	821,349	750,839	(70,510)

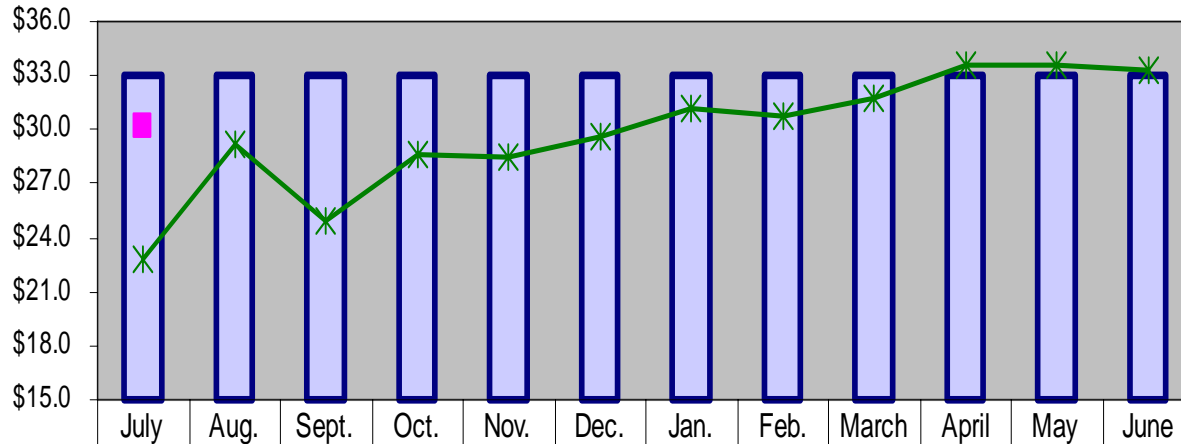
Key Variance Explanations

July 2007 (cont'd)

I-43

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Professional Fees:	1,993,996	2,883,882	889,886
Physician Income Guarantees Not Realized			253,496
Design/Facility Consulting Fees			241,000
Revenue Cycle Mgmt Jacobus Consulting Fees			183,286
WHB Other Pro Fees (for First Five Commission Subcontractors)			67,599
IT Consulting			58,287
Supplies:	4,942,769	5,326,861	384,092
Rate variance			214,881
Volume variance			169,211
Purchased Services:	2,297,560	2,643,404	345,844
Repairs & maintenance			(178,521)
Contracting-Triage			(63,352)
Other			587,717
Depreciation:	1,787,630	1,774,857	(12,773)
Other Direct Expenses:	2,455,357	2,217,336	(238,021)
Insurance (malpractice)			(600,000)
PPH Foundation			261,551
Other			100,428
Net Income From Operations	560,941	586,542	(25,601)

PBS Monthly Collections in Millions



FY08 Goal	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1
Pr. Yr Actual	\$22.8	\$29.1	\$24.9	\$28.6	\$28.5	\$29.7	\$31.1	\$30.8	\$31.7	\$33.6	\$33.6	\$33.3
Curr. Yr Actual	\$30.2											

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

I-45

	Current Month	Prior Month	Prior Fiscal Year End
Assets			
Current Assets			
Cash on Hand	\$7,718,264	\$5,261,349	\$5,261,349
Cash Marketable Securities	68,153,794	125,846,582	125,846,582
Total Cash & Cash Equivalent	75,872,058	131,107,931	131,107,931
Patient Accounts Receivable	180,505,171	160,552,740	160,552,740
Allowance on Accounts	-92,564,648	-75,255,899	-75,255,899
Net Accounts Receivable	87,940,523	85,296,841	85,296,841
Inventories	7,096,351	7,041,272	7,041,272
Prepaid Expenses	3,123,868	2,071,008	2,071,008
Other	19,897,063	4,959,948	4,959,948
Total Current Assets	193,929,863	230,477,000	230,477,000
Non-Current Assets			
Restricted Assets			
Restricted by Donor	296,184	296,184	296,184
Board Designated	28,952,972	-17,999,058	-17,999,058
Total Restricted Assets	211,303,023	163,404,566	163,404,566
Property Plant & Equipment	372,297,900	373,271,092	373,271,092
Accumulated Depreciation	-224,076,752	-222,304,232	-222,304,232
Construction in Process	128,482,248	121,922,826	121,922,826
Net Property Plant & Equipment	276,703,396	272,889,686	272,889,686
Investment in Related Companies	1,795,017	1,790,449	1,790,449
Deferred Financing Costs	4,842,781	4,877,002	4,877,002
Other Non-Current Assets	3,255,281	3,255,281	3,255,281
Total Non-Current Assets	497,899,498	446,216,984	446,216,984
Total Assets	\$691,829,361	\$676,693,984	\$676,693,984

Liabilities

Current Liabilities

	Current Month	Prior Month	Prior Fiscal Year End
Accounts Payable	\$30,178,435	\$31,565,407	\$31,565,407
Accrued Payroll	14,719,107	15,324,611	15,324,611
Accrued PTO	12,470,515	12,638,138	12,638,138
Accrued Interest Payable	2,292,550	1,906,574	1,906,574
Current Portion of Bonds	13,220,000	13,220,000	13,220,000
Est Third Party Settlements	53,461	-1,584,197	-1,584,197
Other Current Liabilities	23,071,607	10,609,707	10,609,707
Total Current Liabilities	96,005,675	83,680,240	83,680,240

Long Term Liabilities

Bonds & Contracts Payable	294,741,869	294,723,824	294,723,824
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General Fund Balance

Unrestricted	271,832,674	315,992,799	315,992,799
Restricted for Other Purpose	296,184	296,184	296,184
Board Designated	28,952,972	-17,999,058	-17,999,058
Total Fund Balance	301,081,830	298,289,925	298,289,925

Total Liabilities / Fund Balance

	\$691,829,361	\$676,693,984	\$676,693,984
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**PALOMAR POMERADO HEALTH
CONSOLIDATED
JULY 2007**

I-46

				Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	2,378	2,526	(148)					
Admissions - SNF	98	97	1					
Patient Days - Acute	9,000	9,666	(666)					
Patient Days - SNF	6,453	6,546	(93)					
ALOS - Acute	3.77	3.83	(0.06)					
ALOS - SNF	74.17	68.19	5.98					
Weighted Patients Days	12,587	13,258	(671)					
Revenue:								
Gross Revenue	\$ 111,773,221	\$ 114,616,558	\$ (2,843,337) U	\$ (5,800,853)	\$ 2,957,516	\$ 8,880.05	\$ 8,645.09	\$ 234.97
Deductions from Rev	(78,069,250)	(79,522,873)	1,453,623 F	4,024,728	(2,571,105)	(6,202.37)	(5,998.10)	(204.27)
Net Patient Revenue	33,703,971	35,093,685	(1,389,714) U	(1,776,125)	386,411	2,677.68	2,646.98	30.70
Other Oper Revenue	701,388	1,258,134	(556,746) U	(63,675)	(493,071)	55.72	94.90	(39.17)
Total Net Revenue	34,405,359	36,351,819	(1,946,460) U	(1,839,800)	(106,660)	2,733.40	2,741.88	(8.47)
Expenses:								
Salaries, Wages & Contr Labor	16,158,669	16,705,972	547,303 F	845,505	(298,202)	1,283.76	1,260.07	(23.69)
Benefits	4,208,437	4,212,966	4,529 F	213,222	(208,693)	334.35	317.77	(16.58)
Supplies	4,942,769	5,326,861	384,092 F	269,598	114,494	392.69	401.78	9.10
Prof Fees & Purch Svc	4,291,556	5,527,286	1,235,730 F	279,741	955,989	340.95	416.90	75.95
Depreciation	1,787,630	1,774,857	(12,773) U	89,827	(102,600)	142.02	133.87	(8.15)
Other	2,455,357	2,216,811	(238,546) U	112,195	(350,741)	195.07	167.21	(27.87)
Total Expenses	33,844,418	35,765,277	1,920,858 F	1,810,115	110,744	2,688.84	2,697.64	8.80
Net Inc Before Non-Oper Income	560,941	586,542	(25,602) U	(29,685)	4,084	44.57	44.24	0.32
Property Tax Revenue	1,125,000	1,125,000	- -	(56,937)	56,937	89.38	84.85	4.52
Non-Operating Income	331,466	66,318	265,148 F	(3,356)	268,504	26.33	5.00	21.33
Net Income (Loss)	\$ 2,017,407	\$ 1,777,860	\$ 239,546 F	\$ (89,979)	\$ 329,526	\$ 160.28	\$ 134.10	\$ 26.18
Net Income Margin	5.8%	4.7%	1.1%					
OEBITDA Margin w/o Prop Tax	6.8%	6.2%	0.6%					
OEBITDA Margin with Prop Tax	10.1%	9.1%	1.0%					

F= Favorable variance
U= Unfavorable variance

**PALOMAR POMERADO HEALTH
CONSOLIDATED
JULY 2007**

I-47

				Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	2,378	2,526	(148)					
Admissions - SNF	98	97	1					
Patient Days - Acute	9,000	9,666	(666)					
Patient Days - SNF	6,453	6,546	(93)					
ALOS - Acute	3.77	3.83	(0.06)					
ALOS - SNF	74.17	68.19	5.98					
Adjusted Discharges	3,283	3,421	(138)					
Revenue:								
Gross Revenue	\$ 111,773,221	\$ 114,616,558	\$ (2,843,337) U	\$ (4,623,527)	\$ 1,780,190	\$34,046.06	\$ 33,503.82	\$ 542.24
Deductions from Rev	(78,069,250)	(79,522,873)	1,453,623 F	3,207,880	(1,754,257)	(23,779.85)	(23,245.51)	(534.35)
Net Patient Revenue	33,703,971	35,093,685	(1,389,714) U	(1,415,647)	25,933	10,266.21	10,258.31	7.90
Other Oper Revenue	701,388	1,258,134	(556,746) U	(50,752)	(505,994)	213.64	367.77	(154.13)
Total Net Revenue	34,405,359	36,351,819	(1,946,460) U	(1,466,399)	(480,061)	10,479.85	10,626.08	(146.23)
Expenses:								
Salaries, Wages & Contr Labor	16,158,669	16,705,972	547,303 F	673,904	(126,601)	4,921.92	4,883.36	(38.56)
Benefits	4,208,437	4,212,966	4,529 F	169,947	(165,418)	1,281.89	1,231.50	(50.39)
Supplies	4,942,769	5,326,861	384,092 F	214,881	169,211	1,505.56	1,557.11	51.54
Prof Fees & Purch Svc	4,291,556	5,527,286	1,235,730 F	222,966	1,012,764	1,307.21	1,615.69	308.49
Depreciation	1,787,630	1,774,857	(12,773) U	71,596	(84,369)	544.51	518.81	(25.70)
Other	2,455,357	2,216,811	(238,546) U	89,424	(327,970)	747.90	648.00	(99.90)
Total Expenses	33,844,418	35,765,277	1,920,858 F	1,442,738	478,121	10,308.99	10,454.63	145.64
Net Inc Before Non-Oper Income	560,941	586,542	(25,602) U	(23,661)	(1,940)	170.86	171.45	(0.59)
Property Tax Revenue	1,125,000	1,125,000	- -	(45,381)	45,381	342.67	328.85	13.82
Non-Operating Income	331,466	66,318	265,148 F	(2,675)	267,823	100.96	19.39	81.58
Net Income (Loss)	\$ 2,017,407	\$ 1,777,860	\$ 239,546 F	\$ (71,717)	\$ 311,264	\$ 614.50	\$ 519.69	\$ 94.81
Net Income Margin	5.8%	4.7%	1.1%					
OEBITDA Margin w/o Prop Tax	6.8%	6.2%	0.6%					
OEBITDA Margin with Prop Tax	10.1%	9.1%	1.0%					

F= Favorable variance
U= Unfavorable variance

PALOMAR POMERADO HEALTH
CONSOLIDATED
July 2007 vs. July 2006

				Variance		\$/Wtg Pt Day		
	July 07	July 06	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	2,378	2,402	(24)					
Admissions - SNF	98	104	(6)					
Patient Days - Acute	9,000	9,180	(180)					
Patient Days - SNF	6,453	6,635	(182)					
ALOS - Acute	3.77	3.86	(0.09)					
ALOS - SNF	74.17	72.12	2.05					
Weighted Pt Days	12,587	12,517	70					
Revenue:								
Gross Revenue	\$ 111,773,221	\$ 99,141,914	\$ 12,631,307 F	\$ 554,441	\$ 12,076,866	\$ 8,880.05	\$ 7,920.58	\$ 959.47
Deductions from Rev	(78,069,250)	(67,846,129)	(10,223,121) U	(379,422)	(9,843,699)	(6,202.37)	(5,420.32)	(782.05)
Net Patient Revenue	33,703,971	31,295,785	2,408,186 F	175,018	2,233,168	2,677.68	2,500.26	177.42
Other Oper Revenue	701,388	872,741	(171,353) U	4,881	(176,234)	55.72	69.72	(14.00)
Total Net Revenue	34,405,359	32,168,526	2,236,833 F	179,899	2,056,934	2,733.40	2,569.99	163.42
Expenses:								
Salaries, Wages & Contr Labor	16,158,669	15,474,327	(684,342) U	(86,539)	(597,803)	1,283.76	1,236.26	(47.49)
Benefits	4,208,437	3,710,570	(497,867) U	(20,751)	(477,116)	334.35	296.44	(37.91)
Supplies	4,942,769	5,053,134	110,365 F	(28,259)	138,624	392.69	403.70	11.01
Prof Fees & Purch Svc	4,291,556	3,957,884	(333,672) U	(22,134)	(311,538)	340.95	316.20	(24.75)
Depreciation	1,787,630	1,647,189	(140,441) U	(9,212)	(131,229)	142.02	131.60	(10.43)
Other	2,455,357	1,626,284	(829,073) U	(9,095)	(819,978)	195.07	129.93	(65.14)
Total Expenses	33,844,418	31,469,388	(2,375,030) U	(175,989)	(2,199,041)	2,688.84	2,514.13	(174.71)
Net Inc Before Non-Oper Income	560,941	699,138	(138,197) U	3,910	(142,107)	44.57	55.86	(11.29)
Property Tax Revenue	1,125,000	1,054,166	70,834 F	5,895	64,939	89.38	84.22	5.16
Non-Operating Income	331,466	427,875	(96,409) U	2,393	(98,802)	26.33	34.18	(7.85)
Net Income (Loss)	\$ 2,017,407	\$ 2,181,179	\$ (163,772) U	\$ 12,198	\$ (175,970)	\$ 160.28	\$ 174.26	\$ (13.98)
Net Income Margin	5.8%	6.5%	-0.7%					
OEBITDA Margin w/o Prop Tax	6.8%	6.9%	-0.1%					
OEBITDA Margin with Prop Tax	10.1%	10.1%	0.0%					

F= Favorable variance
U= Unfavorable variance

PALOMAR POMERADO HEALTH
CONSOLIDATED
July 2007 vs. July 2006

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				Variance		\$/Wtg Pt Day			
	July 07	July 06	Variance	Volume	Rate/Eff	Actual	Budget	Variance	
Statistics:									
Admissions - Acute	2,378	2,402	(24)						
Admissions - SNF	98	104	(6)						
Patient Days - Acute	9,000	9,180	(180)						
Patient Days - SNF	6,453	6,635	(182)						
ALOS - Acute	3.77	3.86	(0.09)						
ALOS - SNF	74.17	72.12	2.05						
Adjusted Discharges	3,283	3,202	81						
Revenue:									
Gross Revenue	\$ 111,773,221	\$ 99,141,914	\$ 12,631,307 F	\$ 2,507,962	\$ 10,123,345	\$34,046.06	\$ 30,962.50	\$ 3,083.57	
Deductions from Rev	(78,069,250)	(67,846,129)	(10,223,121) U	(1,716,282)	(8,506,839)	(23,779.85)	(21,188.67)	(2,591.18)	
Net Patient Revenue	33,703,971	31,295,785	2,408,186 F	791,680	1,616,506	10,266.21	9,773.82	492.39	
Other Oper Revenue	701,388	872,741	(171,353) U	22,077	(193,430)	213.64	272.56	(58.92)	
Total Net Revenue	34,405,359	32,168,526	2,236,833 F	813,757	1,423,076	10,479.85	10,046.39	433.47	
Expenses:									
Salaries, Wages & Contr Labor	16,158,669	15,474,327	(684,342) U	(391,449)	(292,893)	4,921.92	4,832.71	(89.21)	
Benefits	4,208,437	3,710,570	(497,867) U	(93,865)	(404,002)	1,281.89	1,158.83	(123.06)	
Supplies	4,942,769	5,053,134	110,365 F	(127,828)	238,193	1,505.56	1,578.12	72.55	
Prof Fees & Purch Svc	4,291,556	3,957,884	(333,672) U	(100,121)	(233,551)	1,307.21	1,236.07	(71.14)	
Depreciation	1,787,630	1,647,189	(140,441) U	(41,668)	(98,773)	544.51	514.43	(30.09)	
Other	2,455,357	1,626,284	(829,073) U	(41,140)	(787,933)	747.90	507.90	(240.00)	
Total Expenses	33,844,418	31,469,388	(2,375,030) U	(796,071)	(1,578,959)	10,308.99	9,828.04	(480.95)	
Net Inc Before Non-Oper Income	560,941	699,138	(138,197) U	17,686	(155,883)	170.86	218.34	(47.48)	
Property Tax Revenue	1,125,000	1,054,166	70,834 F	26,667	44,167	342.67	329.22	13.45	
Non-Operating Income	331,466	427,875	(96,409) U	10,824	(107,233)	100.96	133.63	(32.66)	
Net Income (Loss)	\$ 2,017,407	\$ 2,181,179	\$ (163,772) U	\$ 55,177	\$ (218,949)	\$ 614.50	\$ 681.19	\$ (66.69)	
Net Income Margin	5.8%	6.5%	-0.7%						
OEBITDA Margin w/o Prop Tax	6.8%	6.9%	-0.1%						
OEBITDA Margin with Prop Tax	10.1%	10.1%	0.0%						

F= Favorable variance
U= Unfavorable variance

Statement of Cash Flows

Fiscal Year 2008	July
CASH FLOWS FROM OPERATING ACTIVITIES:	
Income (Loss from operations)	560,441
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation Expense	1,787,630
Provision for bad debts	837,390
Changes in operating assets and liabilities:	
Patient accounts receivable	(3,481,071)
Property Tax and other receivables	(15,263,032)
Inventories	(55,079)
Prepaid expenses and Other Non-Current assets	(1,057,428)
Accounts payable	(1,386,982)
Accrued comp	(773,127)
Estimated settlement amounts due third-party payors	1,637,658
Other current liabilities	13,586,900
Net cash provided by operating activities	(3,606,700)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net (purchases) sales on investments	9,794,331
Interest (Loss) received on investments	621,603
Investment in affiliates	268,349
Net cash used in investing activities	10,684,283
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:	
Receipt of G.O. Bond Taxes	107,948
Receipt of District Taxes	147,175
Net cash used in activities	255,123
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of property plant and equipment	(4,875,791)
Proceeds from sale of asset	0
G.O. Bond Interest paid	0
Revenue Bond Interest paid	0
Proceeds from issuance of debt	0
Payments of LT Debt	0
Net cash used in activities	(4,875,791)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,456,915
CASH AND CASH EQUIVALENTS - Beginning of period	5,261,349
CASH AND CASH EQUIVALENTS - End of period	7,718,264

PALOMAR POMERADO HEALTH BOND COVENANT RATIOS

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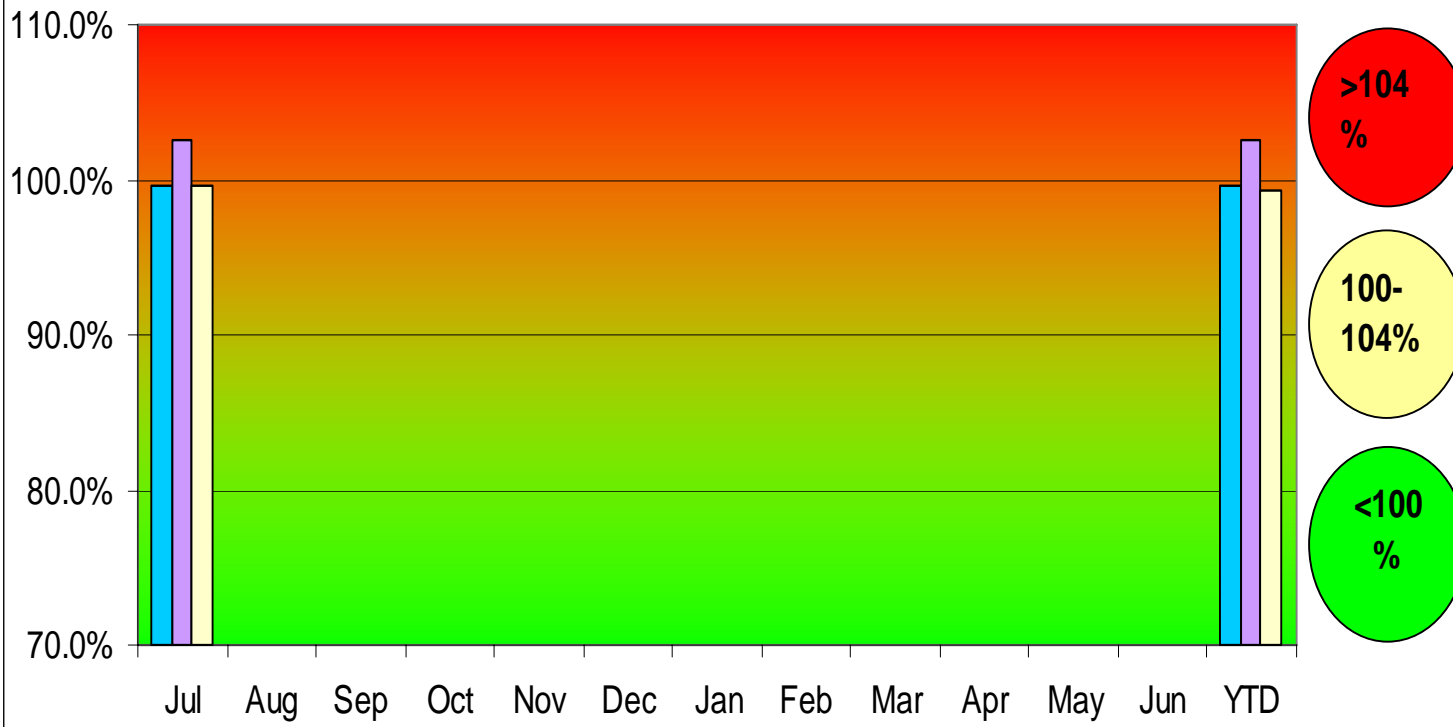
CUSHION RATIO	Jun-06	Jun-07	Jul-07
Cash and Cash Equivalents	112,036,430	131,107,931	75,872,058
Board Designated Reserves	9,267,526	(17,999,058)	28,952,972
Trustee-held Funds	12,170,183	151,337,563	152,055,656
Total	133,474,139	264,446,436	256,880,686
Divided by:			
Max Annual Debt Service (Bond Year 2008)	10,697,594	16,972,692	16,972,692
CUSHION RATIO	12.5	15.6	15.1
REQUIREMENT	1.5	1.5	1.5
	Achieved	Achieved	Achieved

DAYS CASH ON HAND	Jun-06	Jun-07	Jul-07
Cash and Cash Equivalents	112,036,430	131,107,931	75,872,058
Board Designated Reserves	9,267,526	(17,999,058)	28,952,972
Total	121,303,956	113,108,873	104,825,030
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	364,120,335	388,181,714	33,844,418
Less: Depreciation	18,737,467	19,482,444	1,787,630
Adjusted Expenses	345,382,868	368,699,270	32,056,788
Number of days in period	365	365	31
Average Adjusted Expenses per Day	946,254	1,010,135	1,034,090
DAYS CASH ON HAND	128	112	101
REQUIREMENT	90	80	80
	Achieved	Achieved	Achieved

Net Income Available for Debt Service	Jun-06	Jun-07	Jul-07
Excess of revenue over expenses Cur Mo.	1,315,850	3,795,437	2,017,407
Excess of revenues over expenses YTD (General Funds)	11,558,633	22,806,500	2,017,407
ADD:			
Depreciation and Amortization	18,737,467	19,482,444	1,787,630
Interest Expense	4,405,929	3,441,118	399,083
Net Income Available for Debt Service	34,702,029	45,730,062	4,204,120
Aggregate Debt Service			
1993 Insured Refunding Revenue Bonds	3,639,772	0	0
1999 Insured Refunding Revenue Bonds	6,950,508	8,249,916	687,574
2006 Certificates of Participation		4,373,342	624,763
Aggregate Debt Service	10,590,280	12,623,258	1,312,337
Net Income Available for Debt Service	3.28	3.62	3.20
Required Coverage	1.15	1.15	1.15
	Achieved	Achieved	Achieved

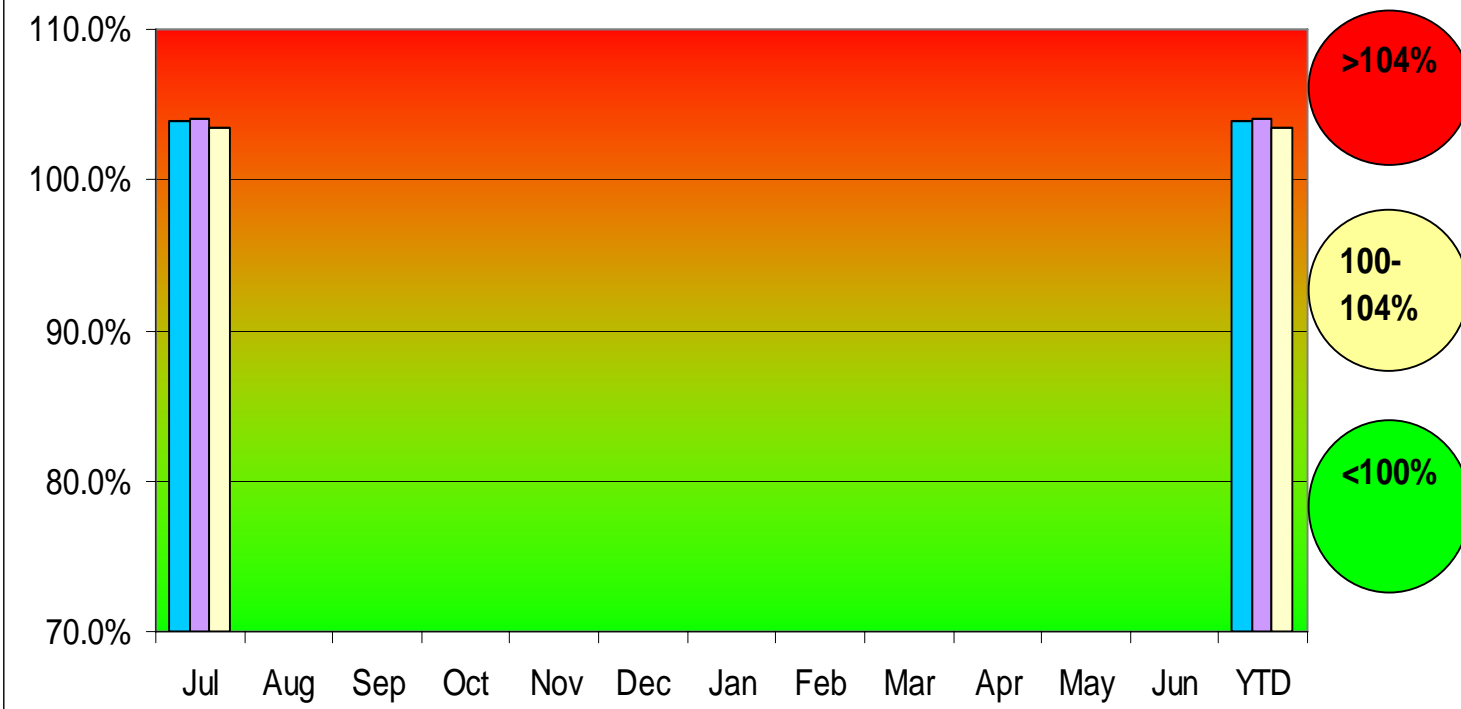
Total Consolidated Financial Indicators BSC-FY08

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

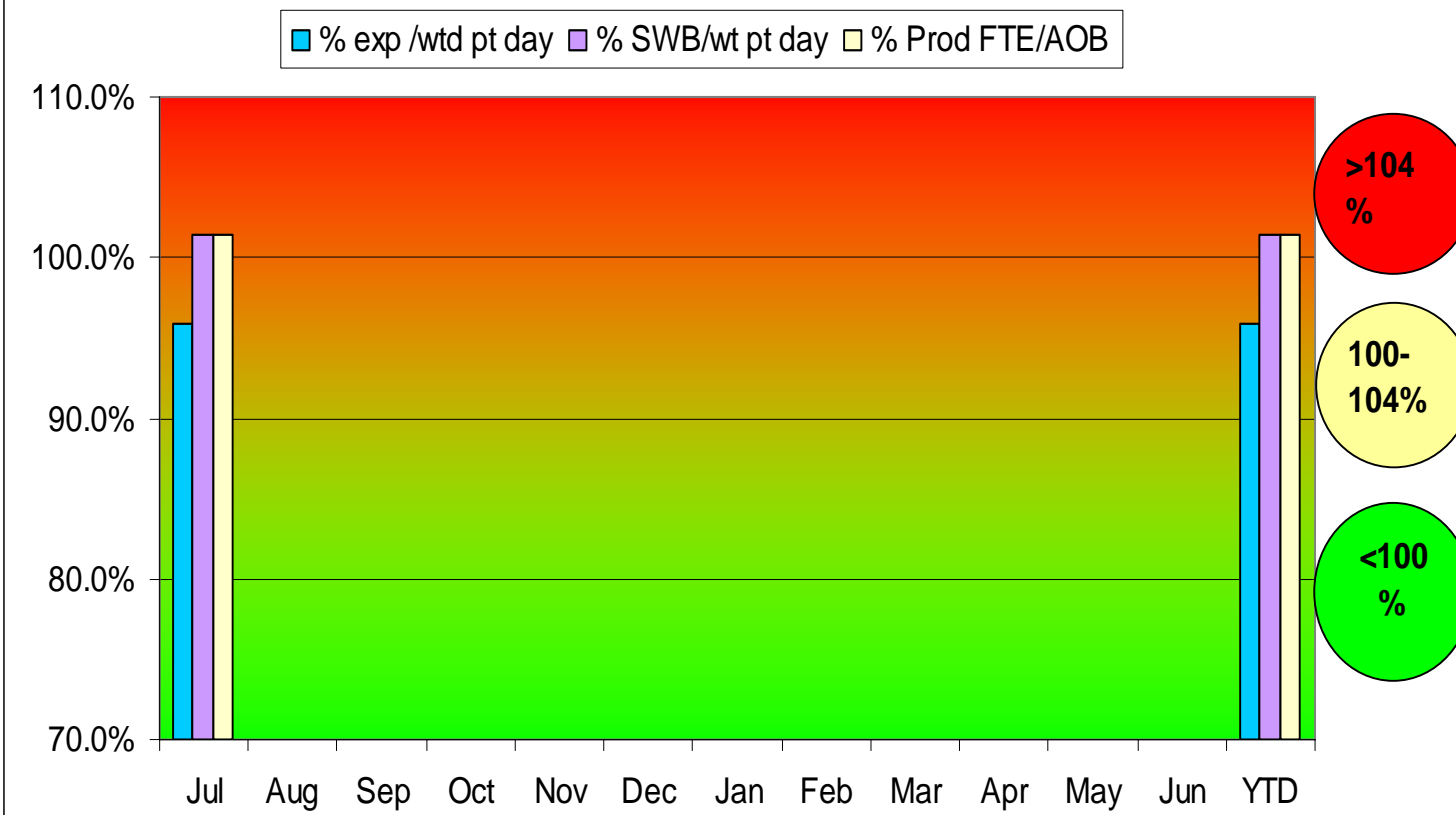


North Consolidated Financial Indicators BSC-FY08

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

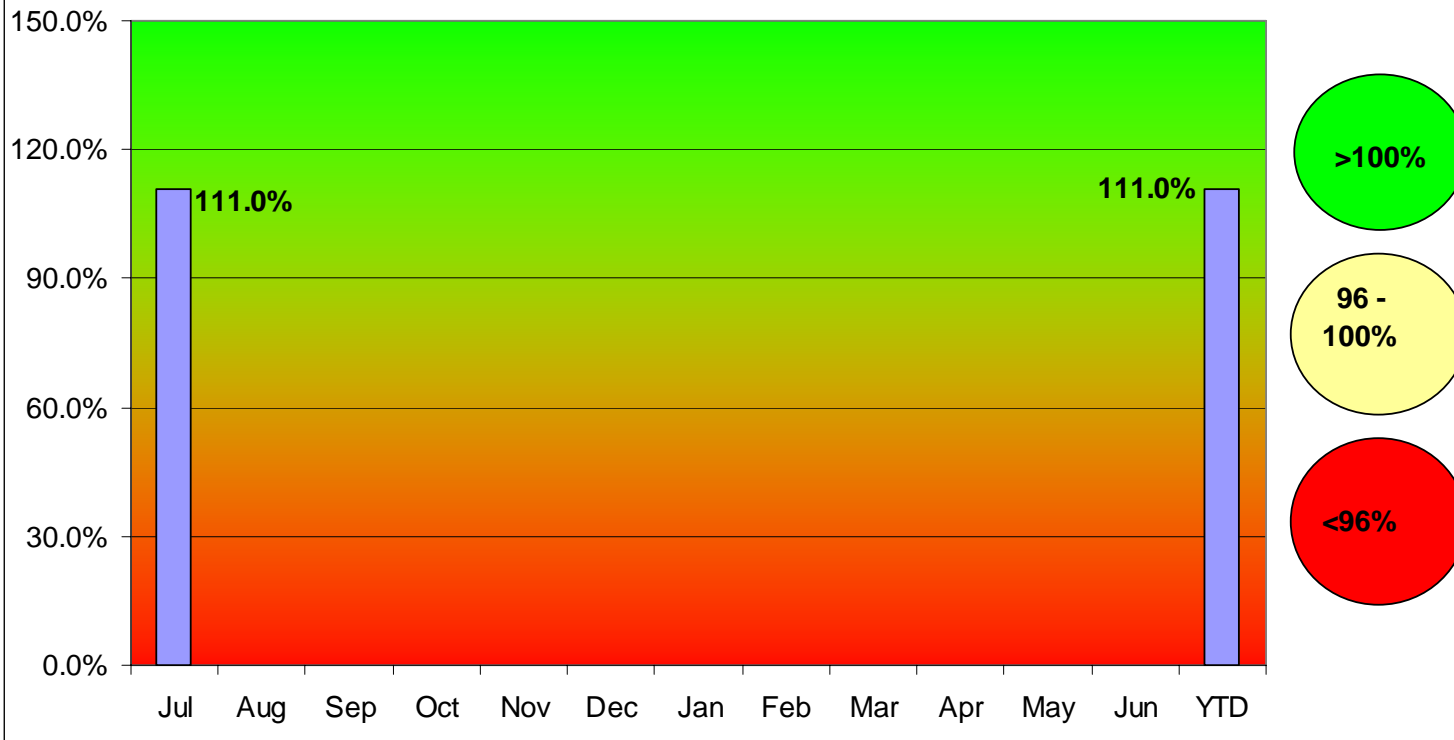


South Consolidated Financial Indicators BSC-FY08

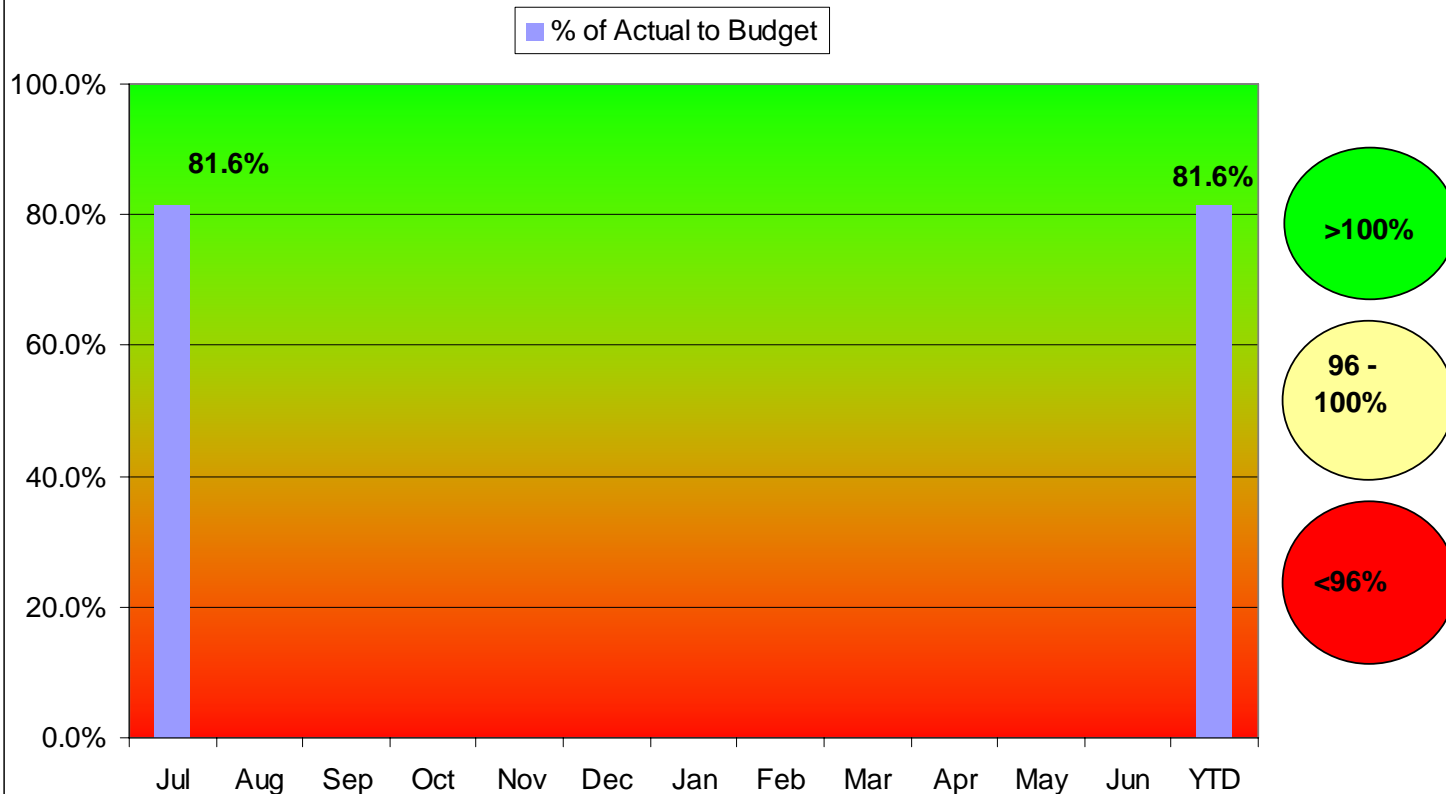


Total Consolidated OEBITDA w/ Prop Taxes -FY08

■ % of Actual to Budget

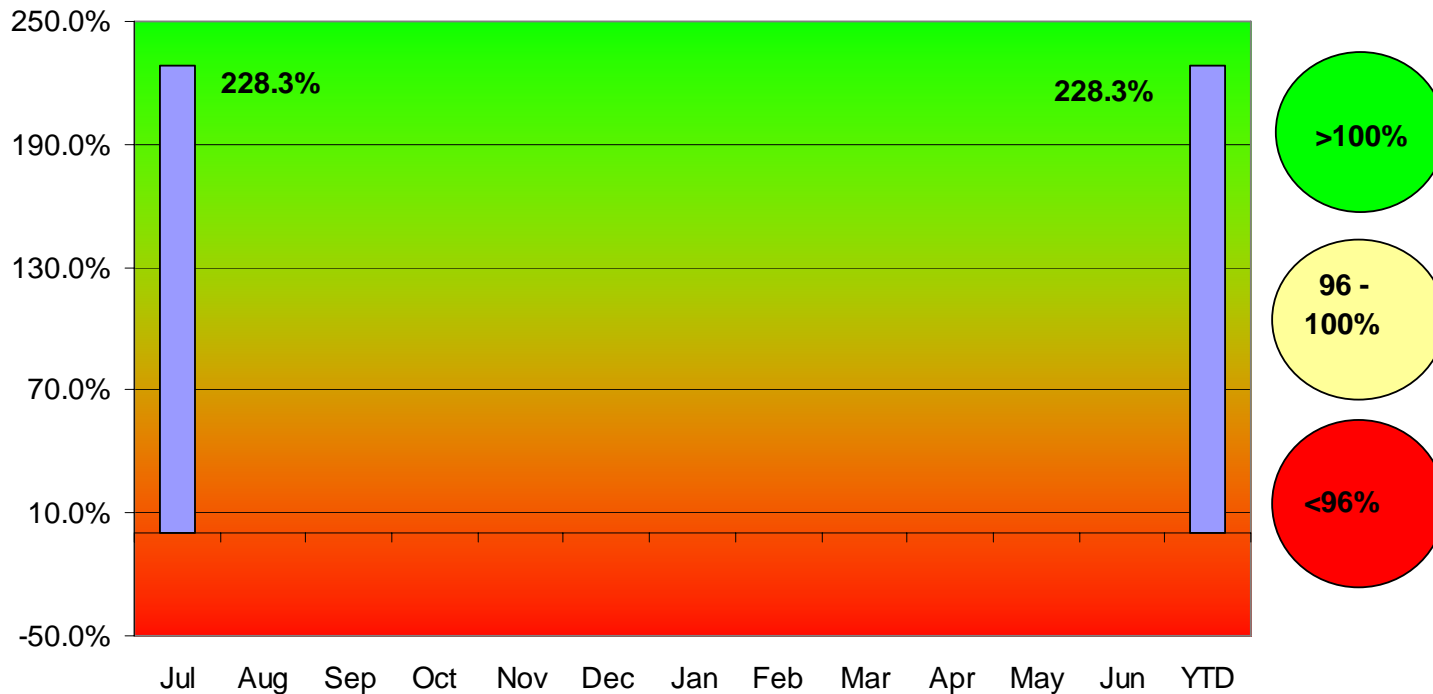


North Consolidated OEBITDA w/ Prop Taxes - FY08



South Consolidated OEBITDA w/ Prop Taxes - FY08

■ % of Actual to Budget



Revenue Cycle Key Indicators Trending Report

The purpose of this report is to provide a summary comparative of the Current month, to the Prior Month, Prior Year End, and Same

Source	Most Recent Month End	Prior Month	Prior Month	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D	Change from Prior Month
Period Ending Days in Period	7/31/2007 31	6/30/2007 30	5/31/2007 31	7/31/2007 31	6/30/2007 365	7/31/2006 31	
Revenue							
Gross for Month (Month to Date)	109,075,942	96,600,123	\$ 105,651,623	\$ 34,904,301	\$ 1,205,732,433	\$ 96,891,295	\$ 12,475,819
Net Revenue	34,904,301	26,425,401	33,836,703	34,904,301	371,016,682	30,335,272	\$ 8,478,900
Net:Gross %	32.0%	27.4%	32.0%	100.0%	30.8%	31.3%	5%
Last 3 Month Daily Average (Gross)	3,383,997	3,423,402	3,425,521	1,125,945	3,303,377	3,125,526	(39,405)
Last 3 Month Daily Average (Net)	1,034,417	1,084,192	1,067,150	1,125,945	1,016,484	978,557	(49,774)
Cash Collections							
Month to Date	30,206,037	33,327,834	\$ 33,633,457	\$ 30,206,037	\$ 357,733,249	\$ 22,825,722	\$ (3,121,797)
Month to Date Goal	32,940,934	29,880,107	29,880,107	32,940,934	358,561,284	29,880,107	3,060,827
Over (under) Goal	(2,734,897)	3,447,727	\$ 3,753,350	(2,734,897)	(828,035)	(7,054,385)	\$ (6,182,624)
% of Goal	91.7%	112%	113%	91.7%	99.8%	76.4%	-20%
Point of Service Collections	\$ 259,551	\$ 281,626	\$ 278,822	\$ 259,551	\$ 3,244,728	\$ 256,014	\$ (22,075)
Month to Date Goal	297,000	272,145	272,145	4,725,000	3,265,740	272,145	24,855
Over (under) Goal	\$ (37,449)	\$ 9,481	\$ 6,677	(4,465,449)	(21,012)	(16,131)	\$ (46,930)
% of Goal	87.4%	103%	102%	5.5%	99.4%	94.1%	-16%
Accounts Receivable							
0-30	\$ 82,051,803	\$ 73,718,929	\$ 76,748,530		\$ 73,718,929	\$ 81,271,894	\$ 8,332,874
31-60	28,187,224	19,857,146	27,600,592		19,857,146	27,557,841	8,330,078
61-90	16,736,720	13,499,609	20,107,145		13,499,609	13,550,557	3,237,111
91-180	26,960,335	26,694,468	31,281,514		26,694,468	23,964,040	265,867
Over 180	21,357,821	21,653,269	28,006,331		21,653,269	28,340,001	(295,448)
Total	\$ 175,293,903	\$ 155,423,421	\$ 183,744,112		\$ 155,423,421	\$ 174,684,333	\$ 19,870,482
A/R Days (Gross)	51.80	45.40	53.64		47.05	55.89	6.40
% of AR aged over 180 days	12.2%	13.9%	15.2%		14%	16.2%	
Number of Accounts	61,890	61,809	76,039				81
Credit Balance Accounts:							
Dollars ATB	\$ (5,082,562)	\$ (3,955,501)	\$ (7,314,948)		\$ (3,955,501)		\$ (1,127,061)
Number of Accounts ATB	2,114	1,642	9,957		1,642.00		472

Revenue Cycle Key Indicators Trending Report

The purpose of this report is to provide a summary comparative of the Current month, to the Prior Month, Prior Year End, and Same

Source	Most Recent Month End	Prior Month	Prior Month	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D	Change from Prior Month
Period Ending	7/31/2007	6/30/2007	5/31/2007	7/31/2007	6/30/2007	7/31/2006	
Days in Period	31	30	31	31	365	31	
Accounts Receivable by Major Payer							
Medicare	AR Comp	\$ 32,376,461	\$ 31,212,504	\$ 34,406,197	\$ 31,212,504	\$ 39,672,582	\$ 1,163,957
Last 3 months daily average revenue	Lawson	956,013	965,874	1,001,018	965,874	838,995	(9,861)
Gross Days revenue outstanding	Calc	33.87	32.32	34.37	32.32	47.29	1.55
MediCal (Includes M-Cal HMO)	AR Comp	31,440,704	23,655,071	23,441,370	23,655,071	24,238,390	7,785,633
Last 3 months daily average revenue	Lawson	553,913	522,046	586,936	522,046	481,317	31,867
Gross Days revenue outstanding	Calc	56.76	45.31	39.94	45.31	50.36	11.45
Comm/Managed Care (Incl Mcare HMO)	AR Comp	80,947,010	72,445,182	87,784,940	72,445,182	75,750,310	8,501,828
Last 3 months daily average revenue	Lawson	1,706,627	1,679,046	1,694,504	1,679,046	1,552,385	27,580
Gross Days revenue outstanding	Calc	47.43	43.15	51.81	43.15	48.80	4.28
Self-Pay	AR Comp	30,529,728	28,110,665	38,111,605	28,110,665	35,023,052	2,419,063
Last 3 months daily average revenue	Lawson	139,183	165,713	140,944	165,713	161,440	(26,531)
Gross Days revenue outstanding	Calc	219.35	169.63	270.40	169.63	216.94	49.72
Bad Debt Write-offs							
M-T-D Amount net of Recovery	Adj Rpt	939,542	11,923,986	\$ 2,260,242	939,542	\$ 1,301,173	\$ (10,984,443)
% of Gross Revenue (Target < 2%)		0.9%	12.3%	2.1%	2.7%	1.3%	-11.5%
Charity & Undocumented Write-offs	Adj Rpt						
M-T-D Amount		953,499	3,784,487	\$ 1,330,331	0	\$ 423,757	\$ (2,830,988)
% of Gross Revenue (Target < 2%)		0.9%	3.9%	1.3%	0.0%	0.4%	-3.0%
Denial & Other Admin Adjustments	Adj Rpt						
M-T-D Amount		467,382	771,144	\$ 264,153	-	\$ 149,098	\$ (303,762)
% of Gross Revenue (Target < 1%)		0.4%	0.8%	0.3%	0.0%	0.2%	-0.4%

Revenue Cycle Key Indicators Trending Report

The purpose of this report is to provide a summary comparative of the Current month, to the Prior Month, Prior Year End, and Same

Source	Most Recent Month End	Prior Month	Prior Month	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D	Change from Prior Month
Period Ending	7/31/2007	6/30/2007	5/31/2007	7/31/2007	6/30/2007	7/31/2006	
Days in Period	31	30	31	31	365	31	
Discharged Not Final Billed (DNFB)							
DNFB Action Required							
HIM (Waiting for Coding) DNFB Rpt	\$ 4,285,067	\$ 6,249,765	\$ 4,584,967	4,285,067			\$ (1,964,698)
PBS (Correction required) DNFB Rpt	920,196	18,284	356,709	920,196			901,912
Other holds requiring correction DNFB Rpt	-	-	120,286	-			-
Total Action Required	5,205,263	6,268,049	5,061,962	5,205,263			(1,062,786)
# of AR Days action Required	1.54	1.83	1.48	1.54			-0.29
DNFB No Action Required							
4 Day Standard Delay DNFB Rpt	\$ 22,693,400	\$ 22,948,148	\$ 21,443,733	22,693,400			\$ (254,748)
Other DNFB Rpt	518,698	664,451	2,381,159	518,698			(145,753)
Total No Action Required	23,212,098	23,612,599	23,824,892	23,212,098			(400,501)
Total DNFB	\$ 28,417,361	\$ 29,880,648	\$ 28,886,854	28,417,361			\$ (1,463,287)
Total Days in DNFB	8.40	8.73	8.43	8.40			(0.33)
Late Charges							
Late Charges from Date of Service 5 to 20 Days							
Number of line items	8,244	7,531	7,030	\$ 8,244			713
Dollar amount of Charges	675,398	1,093,899	663,842	\$ 675,398			\$ (418,501)
Dollar amount of Credits	(361,624)	(681,315)	(391,848)	\$ (361,624)			\$ 319,690
Net Dollar Amount	313,774	412,585	271,994	\$ 313,774			\$ (98,811)
Absolute Dollar Amount	\$ 1,037,023	\$ 1,775,214	\$ 1,055,690	\$ 1,037,023			\$ (738,191)
Late Charges from Date of Service > 21 Days							
Number of line items	28,876	34,621	20,720	\$ 28,876			(5,745)
Dollar amount of Charges	402,554	1,527,843	990,626	\$ 402,554			\$ (1,125,289)
Dollar amount of Credits	(1,546,665)	(3,325,012)	(1,264,113)	\$ (1,546,665)			\$ 1,778,347
Net Dollar Amount	(1,144,111)	(1,797,169)	(273,488)	\$ (1,144,111)			\$ 653,058
Absolute Dollar Amount	\$ 1,546,665	\$ 3,325,012	\$ 2,254,739	\$ 1,546,665			\$ (1,778,347)
Denials:							
Inventory of open denials (# encounters)	(All Denials) 1,219	(All Denials) 1,219	(All Denials) 817	(All Denials) 1,219			0
Inventory of open denials (Dollars at Risk)	\$ 21,403,453	\$ 21,403,453	\$ 14,313,961	\$ 21,403,453			\$ -

Weekly Flash Report

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August 07	Jul27-Aug2	Aug3-9	Aug10-16	Aug17-23	MTD Total	MTD Budget	% Variance
ADC (Acute)	273	301	310	326	302	312	(3.03)
PMC	199	226	225	245	224	235	(4.93)
POM	74	74	85	81	79	76	2.81
PCCC	87	87	87	88	87	88	(0.80)
VP	125	126	126	126	126	123	1.83
Patient Days (Acute)	1909	2104	2169	2284	8,466	8,731	(3.03)
PMC	1391	1583	1577	1716	6,267	6,592	(4.93)
POM	518	521	592	568	2,199	2,139	2.81
PCCC	610	608	606	613	2,437	2,457	(0.80)
VP	874	880	880	885	3,519	3,456	1.83
Discharges	515	551	513	596	2,175	2,282	(4.67)
PMC	381	425	391	432	1,629	1,759	(7.42)
POM	134	126	122	164	546	522	4.58
Number of Surgeries	231	217	239	239	926	889	4.19
PMC	150	155	151	173	629	603	4.25
POM	81	62	88	66	297	285	4.06
Number of Births	101	98	105	110	414	421	(1.64)
PMC	80	77	78	87	322	337	(4.42)
POM	21	21	27	23	92	84	9.52
Outpatient Visits (inc. Lab)	1999	2038	1962	1968	7,967	7,762	2.64
PMC	1394	1357	1287	1290	5,328	5,125	3.96
POM	605	681	675	678	2,639	2,637	0.06
ER Visits	1654	1676	1703	1713	6,746	6,697	0.73
PMC	1134	1153	1181	1188	4,656	4,465	4.29
POM	520	523	522	525	2,090	2,233	(6.39)

Weekly Flash Report (cont'd)

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August 07	Jul27-Aug2	Aug3-9	Aug10-16	Aug17-23	MTD Total	MTD Budget	% Variance
ADC (Acute)	273	301	310	326	302	312	(3.03)
PMC	199	226	225	245	224	235	(4.93)
POM	74	74	85	81	79	76	2.81
PCCC	87	87	87	88	87	88	(0.80)
VP	125	126	126	126	126	123	1.83
Patient Days (Acute)	1909	2104	2169	2284	8,466	8,731	(3.03)
PMC	1391	1583	1577	1716	6,267	6,592	(4.93)
POM	518	521	592	568	2,199	2,139	2.81
PCCC	610	608	606	613	2,437	2,457	(0.80)
VP	874	880	880	885	3,519	3,456	1.83
Discharges	515	551	513	596	2,175	2,282	(4.67)
PMC	381	425	391	432	1,629	1,759	(7.42)
POM	134	126	122	164	546	522	4.58
Number of Surgeries	231	217	239	239	926	889	4.19
PMC	150	155	151	173	629	603	4.25
POM	81	62	88	66	297	285	4.06
Number of Births	101	98	105	110	414	421	(1.64)
PMC	80	77	78	87	322	337	(4.42)
POM	21	21	27	23	92	84	9.52
Outpatient Visits (inc. Lab)	1999	2038	1962	1968	7,967	7,762	2.64
PMC	1394	1357	1287	1290	5,328	5,125	3.96
POM	605	681	675	678	2,639	2,637	0.06
ER Visits	1654	1676	1703	1713	6,746	6,697	0.73
PMC	1134	1153	1181	1188	4,656	4,465	4.29
POM	520	523	522	525	2,090	2,233	(6.39)