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PALOMAR POMERADO HEALTH

A California Health Care District

BOARD FINANCIAL REPORT

APRIL 2006

(UNAUDITED)

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PALOMAR POMERADO HEALTH

A California Health Care District

BOARD FINANCIAL REPORT

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PALOMAR POMERADO HEALTH
APRIL 2006 and YTD FY 2006 FINANCIAL RESULTS
EXECUTIVE SUMMARY and HIGHLIGHTS

Statistics:

Consolidated acute patient days decreased 1,033 days (-10%) to 9,024 in April compared to March's 10,057 days. However, actual patient days for April were 73 days higher than budget of 8,951. YTD acute patient days of 94,403 are higher (4%) than budget of 90,706. The acute Average Daily Census (ADC) was 301 in April, compared to 324 in March. Acute admissions for April YTD were 23,585, compared to budget of 23,064 (2.3% higher than budget). YTD April SNF patient days were 63,112, compared to budget of 62,968 (.2% variance).

Palomar's YTD acute patient days of 70,973 are above budget of 68,841 (3.1% higher), resulting in a YTD actual ADC of 233, compared to budget of 226. YTD PMC is experiencing 20% fewer trauma cases than budget. Total surgery cases were down 5.9% from budget (cardiovascular surgery cases are down 10.8% from budget).

Pomerado's YTD acute patient days are 1,565 days (7.2%) greater than budget (actual = 23,430, budget = 21,865). YTD actual ADC was 77, compared to budget of 72; and the last 3 months' averaged ADC was 84. Admissions of 5,694 were lower (-1%) than budget of 5,740.

Balance Sheet:

Current Cash & Cash Equivalents increased \$4.3 million to \$125 million in April (from \$121 million in March). The increase is mainly due to \$3 million in Property Tax receipts. Total Cash and Investments are \$141.5 million, compared to \$131 million at June 30, 2005. Days' cash on hand are 151, compared to 148 at June. Master Facility Plan expenses remaining to be reimbursed are approximately \$18 million, or 19 days of cash on hand.

Net Accounts Receivable decreased slightly to \$70.1 million in April as compared to \$71.5 million in March. Gross A/R days were 50.8 in April, down slightly from March's 51.2 days. June 2005 and 2004 gross A/R days were 70 and 40, respectively. April patient account collections (excluding Capitation) were \$23.9 million, compared to budget of \$26.1 million. YTD patient account collections (excluding capitation) are \$12 million below budget at \$249 million (budget was \$261 million).

Construction in Progress increased \$4.3 million, mainly due to the Facility Master Plan construction activities.

Accounts Payable increased \$1.9 million, primarily due to the timing of vendor payments.

Income Statement:

Gross Patient Revenue for YTD April reflects a favorable budget variance of \$38 million. This favorable variance is composed of a \$35.6 million favorable volume variance and a \$2.2 million favorable rate variance.

Routine revenue (inpatient room and board) reflects a favorable \$3.0 million budget variance. PPH North reflects an unfavorable variance of \$644 thousand, and PPH South reflects a favorable variance of \$3.7 million (\$1.5 million of this variance is reflected at Villa Pomerado & Sub-Acute).

Inpatient Ancillary gross revenue represents a YTD \$27 million favorable budget variance in April. PPH North reflects a favorable variance of \$27 million, and PPH South reflects a \$300 thousand favorable variance. The main contributors to Palomar's favorable variance are reflected in the Pharmacy, Emergency Room, and Patient supply departments, totaling \$26.1 million higher than budget.

Outpatient revenue reflects a YTD favorable budget variance of \$7.7 million. The majority of this favorable variance is reflected at PPH North at \$8.1 million, with Emergency at \$5.0 million and Pharmacy at \$1.4 million above budget.

Deductions from Revenue reflects a YTD unfavorable variance of \$34.7 million. This variance is due to 1) Disproportional IP Ancillary revenue compared to routine nursing revenue (which results in additional contractual adjustments of approximately \$23 million, the result of most payer payments being based upon case rate or per diem reimbursement for inpatient services) at Palomar; and, 2) An increase in uninsured patients, resulting in charity, undocumented and bad debt write-offs. Total Deductions from Revenue is 68.1% of gross revenue, compared to a budget of 67.1%.

Deductions from Revenue (excluding Capitation revenue and Bad Debt/Charity/Undocumented expenses), was 64.1% of Gross Revenue for April YTD compared to budget of 62.8%.

The Capitation monies retained by PPH are reflecting a \$4.7 million favorable variance as of April. The capitation pools are reflecting a significant reduction in Net Income for the year as compared to budget; however, PPH is retaining significantly more of the capitation dollars as patients are being treated at PPH facilities.

Bad debt, charity & undocumented care write-offs reflected a YTD unfavorable \$3.7 million budget variance. PPH North is experiencing a higher proportion of uncompensated care than experienced in previous years. Bad debt, charity and undocumented write-offs as a percent of gross revenue is 4.9%, compared to budget of 4.7%. The .2% variance approximates \$1.8 million.

Other Operating Revenue reflects an unfavorable budget variance of \$1.3 million. A large portion of this variance, \$873 thousand, is related to laboratory services that were budgeted in Other Operating Revenue but are being recognized in OP revenue. Included in other operating revenue is the Welcome Home Baby Program's recognized YTD revenue of \$686 thousand, which is lower than budget by \$425 thousand.

Salaries, Wages & Contract Labor reflects a YTD unfavorable variance of \$6.5 million. This YTD unfavorable variance is composed of: 1) Salaries and Wages – (\$3,128,000 (actual \$133 million); and, 2) Contract Labor – (\$3,341,000) (actual \$10.8 million). These YTD variances are composed of: PPH North unfavorable \$4.8 million; PPH South unfavorable \$2.1 million; and Central Office unfavorable \$273 thousand. The month of April reflected an unfavorable variance of \$1.5 million, which is reflected in all areas; however, PPH South's variance was primarily due to higher patient volumes, whereas other zones were the result of rate variances.

Benefits Expense is reflecting a YTD favorable budget variance of \$834 thousand. The month of April includes a favorable variance of \$605 thousand, primarily the result of positive workers' compensation expenses.

Supplies Expense is reflecting a YTD unfavorable budget variance of \$2.7 million. April reflected an unfavorable \$118 thousand budget variance, mainly from Pomerado and due to higher volume. PPH North reflected a YTD unfavorable \$2.8 million variance from budget. The majority of PPH North's variance is in Pharmacy for \$1.1 million, prosthesis for \$817 thousand, and general surgery supplies for \$684 thousand.

Prof Fees & Purch Services reflected a YTD favorable budget variance of \$249 thousand. April reflects a \$270 thousand unfavorable variance to budget, primarily the result of increased expenses for legal fees, Information Technology expenses, and ED call coverage.

Non-Operating Income reflects a YTD favorable variance of \$1.6 million in April, including a \$752 thousand favorable investment income variance. YTD Investment income reflects a 2.9% investment rate of return compared to budget of 2.5%.

Ratios & Margins:

All required bond covenant ratios were achieved in April 2006.

**PALOMAR POMERADO HEALTH
CONSOLIDATED
MTD 2006
APR 2006**

	Month Activity			Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	2,250	2,276	(26)					
Admissions - SNF	98	112	(14)					
Patient Days - Acute	9,024	8,951	73					
Patient Days - SNF	6,236	6,214	22					
LOS - Acute	3.97	4.00	(0.03)					
LOS - SNF	40.23	37.98	2.25					
Weighted Pt Days	12,095	11,917	178					
Revenue:								
Gross Revenue	\$ 86,432,429	\$ 86,863,917	\$ (431,488) U	\$ 1,297,456	\$ (1,728,944)	\$ 7,146.13	\$ 7,289.08	\$ (142.95)
Deductions from Rev	(58,107,487)	(58,267,446)	159,959 F	(870,320)	1,030,279	(4,804.26)	(4,889.44)	85.18
Net Patient Revenue	28,324,942	28,596,471	(271,529) U	427,135	(698,664)	2,341.87	2,399.64	(57.76)
Other Oper Revenue	625,007	848,479	(223,472) U	12,673	(236,145)	51.67	71.20	(19.52)
Total Net Revenue	28,949,949	29,444,950	(495,001) U	439,809	(934,810)	2,393.55	2,470.84	(77.29)
Expenses:								
Salaries, Wages & Contr Labor	15,025,501	13,549,504	(1,475,997) U	(202,384)	(1,273,613)	1,242.29	1,136.99	(105.30)
Benefits	2,739,895	3,345,069	605,174 F	(49,964)	655,138	226.53	280.70	54.17
Supplies	4,970,676	4,851,934	(118,742) U	(72,472)	(46,270)	410.97	407.14	(3.83)
Prof Fees & Purch Svc	4,143,045	3,872,627	(270,418) U	(57,844)	(212,574)	342.54	324.97	(17.58)
Depreciation	1,492,706	1,435,958	(56,748) U	(21,448)	(35,300)	123.42	120.50	(2.92)
Other	1,769,648	1,665,852	(103,796) U	(24,882)	(78,914)	146.31	139.79	(6.52)
PPH Allocation	-	(1)	(1) U	0	(1)	-	(0.00)	(0.00)
Total Expenses	30,141,471	28,720,943	(1,420,528) U	(428,995)	(991,533)	2,492.06	2,410.08	(81.98)
Net Inc Before Non-Oper Income	(1,191,522)	724,007	(1,915,529) U	10,814	(1,926,343)	(98.51)	60.75	(159.27)
Property Tax Revenue	1,601,333	908,333	693,000 F	13,567	679,433	132.40	76.22	56.17
Non-Operating Income	70,086	(168,307)	238,393 F	(2,514)	240,907	5.79	(14.12)	19.92
Net Income (Loss)	\$ 479,897	\$ 1,464,033	\$ (984,136) U	\$ 21,868	\$ (1,006,004)	\$ 39.68	\$ 122.85	\$ (83.18)
Net Income Margin	1.6%	4.7%	-3.1%					
OEBITDA Margin w/o Prop Tax	1.0%	6.9%	-5.9%					
OEBITDA Margin with Prop Tax	6.5%	9.8%	-3.3%					

F= Favorable variance
U= Unfavorable variance

**Palomar Pomerado Health
Balanced Scorecard
Financial Indicators
April 30, 2006**

January	February	March	April		% Actual			YTD 2006			% Actual
Actual	Actual	Actual	Actual	Bud/PY	Variance	to Bud/PY		Actual	Bud/PY	Variance	
PPH Indicators:											
9.6%	9.0%	9.4%	6.5%	9.8%	-0.4%	66.3%	OEBITDA Margin w/Prop Tax	8.0%	9.8%	-1.8%	81.6%
\$ 2,332.54	\$ 2,507.56	\$ 2,333.17	\$ 2,526.80	\$ 2,444.87	\$ 111.70	103.4%	Expenses/Wtd Day	2,413.02	\$ 2,439.76	\$ 26.74	98.9%
\$ 1,346.58	\$ 1,470.53	\$ 1,331.13	\$ 1,468.82	\$ 1,417.69	\$ 86.56	103.6%	SWB/Wtd Day	1,407.08	\$ 1,417.34	\$ 10.26	99.3%
6.08	6.06	5.95	6.27	6.18	0.23	101.5%	Prod FTE's/Adj Occupied Bed	6.08	6.17	0.09	98.5%
13,278	12,083	13,539	12,095	12,398	1,141	97.6%	Weighted Patient Days	125,644	120,759	4,885	104.0%
PPH North Indicators:											
12.3%	10.2%	10.1%	8.7%	11.7%	-1.6%	74.4%	OEBITDA Margin w/Prop Tax	8.6%	11.8%	-3.2%	72.9%
\$ 2,250.84	\$ 2,452.12	\$ 2,258.43	\$ 2,453.41	\$ 2,317.52	\$ 59.09	105.9%	Expenses/Wtd Day	2,312.53	\$ 2,312.59	\$ 0.06	100.0%
\$ 1,122.55	\$ 1,225.03	\$ 1,118.84	\$ 1,245.04	\$ 1,181.84	\$ 63.00	105.3%	SWB/Wtd Day	1,184.61	\$ 1,181.31	\$ (3.30)	100.3%
5.07	5.20	5.06	5.33	5.10	0.04	104.5%	Prod FTE's/Adj Occupied Bed	5.14	5.10	(0.04)	100.8%
9,345	8,261	9,354	8,276	8,918	436	92.8%	Weighted Patient Days	88,119	85,286	2,833	103.3%
PPH South Indicators:											
2.2%	7.0%	3.8%	-0.1%	1.3%	2.5%	-7.7%	OEBITDA Margin w/Prop Tax	4.6%	1.3%	3.3%	353.8%
\$ 2,247.26	\$ 2,289.05	\$ 2,235.87	\$ 2,373.34	\$ 2,454.26	\$ 218.39	96.7%	Expenses/Wtd Day	2,349.73	\$ 2,449.99	\$ 100.26	95.9%
\$ 1,156.12	\$ 1,225.33	\$ 1,143.02	\$ 1,194.03	\$ 1,262.34	\$ 119.32	94.6%	SWB/Wtd Day	1,219.87	\$ 1,262.29	\$ 42.42	96.6%
5.53	5.45	5.36	5.32	5.88	0.52	90.5%	Prod FTE's/Adj Occupied Bed	5.61	5.88	0.27	95.4%
3,772	3,653	4,003	3,706	3,231	772	114.7%	Weighted Patient Days	35,794	33,097	2,697	108.1%

**Palomar Pomerado Health
Consolidated Balance Sheet
As of April 30, 2006**

	Current Month	Prior Month	Prior Fiscal Year End
Assets			
Current Assets			
Cash on Hand	\$7,368,533	\$670,771	\$12,663,073
Cash Marketable Securities	117,923,512	120,285,978	96,380,135
Total Cash & Cash Equivalents	125,292,045	120,956,749	109,043,208
Patient Accounts Receivable	153,177,570	161,407,207	190,388,774
Allowance on Accounts	-83,010,129	-89,864,055	-120,586,401
Net Accounts Receivable	70,167,440	71,543,152	69,802,373
Inventories	6,418,568	6,542,965	6,320,951
Prepaid Expenses	2,259,607	2,541,761	2,383,903
Other	2,018,982	6,255,195	828,210
Total Current Assets	206,156,642	207,839,822	188,378,645
Non-Current Assets			
Restricted Assets	57,051,403	53,350,763	12,026,055
Restricted by Donor	286,158	285,594	281,473
Board Designated	16,234,283	19,936,985	22,388,648
Total Restricted Assets	73,571,845	73,573,342	34,696,176
Property Plant & Equipment	324,488,377	325,625,782	337,484,770
Accumulated Depreciation	-216,231,558	-216,695,069	-218,491,576
Construction in Process	81,529,191	77,249,434	28,023,698
Net Property Plant & Equipment	189,786,010	186,180,147	147,016,892
Investment in Related Companies	6,442,655	6,478,419	6,175,837
Deferred Financing Costs	3,322,656	3,325,959	2,311,702
Other Non-Current Assets	1,156,297	1,169,307	1,274,318
Total Non-Current Assets	274,279,463	270,727,174	191,474,925
Total Assets	\$480,436,105	\$478,566,995	\$379,853,570

	Current Month	Prior Month	Prior Fiscal Year End
Liabilities			
Current Liabilities			
Accounts Payable	\$17,048,574	\$15,084,488	\$18,090,054
Accrued Payroll	19,027,907	18,355,006	19,511,491
Accrued PTO	10,988,087	10,728,529	10,212,195
Accrued Interest Payable	3,112,395	2,501,814	708,785
Current Portion of Bonds	12,745,000	12,745,000	6,125,000
Est Third Party Settlements	-2,289,581	-2,333,192	-4,522,051
Other Current Liabilities	8,494,887	11,345,292	6,642,463
Total Current Liabilities	69,127,270	68,426,936	56,767,937
Long Term Liabilities			
Bonds & Contracts Payable	151,297,233	151,272,152	79,819,688
General Fund Balance			
Unrestricted	243,491,159	238,645,327	220,595,825
Restricted for Other Purpose	286,158	285,594	281,473
Board Designated	16,234,283	19,936,985	22,388,648
Total Fund Balance	260,011,600	258,867,906	243,265,946
Total Liabilities / Fund Balance	\$480,436,105	\$478,566,995	\$379,853,570

**PALOMAR POMERADO HEALTH
CONSOLIDATED
FYTD 2006
APRIL 06**

	Month Activity			Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	23,585	23,064	521					
Admissions - SNF	1,017	1,131	(114)					
Patient Days - Acute	94,403	90,706	3,697					
Patient Days - SNF	63,112	62,968	144					
LOS - Acute	3.97	4.00	(0.03)					
LOS - SNF	40.07	37.96	2.11					
Weighted Pt Days	125,644	120,759	4,885					
Revenue:								
Gross Revenue	\$ 917,933,719	\$ 880,113,695	\$ 37,820,024 F	\$ 35,602,774	\$ 2,217,250	\$ 7,305.83	\$ 7,288.18	\$ 17.65
Deductions from Rev	(625,081,703)	(590,375,115)	(34,706,588) U	(23,882,132)	(10,824,456)	(4,975.02)	(4,888.87)	(86.15)
Net Patient Revenue	292,852,016	289,738,580	3,113,436 F	11,720,642	(8,607,206)	2,330.81	2,399.31	(68.50)
Other Oper Revenue	7,212,110	8,484,790	(1,272,680) U	343,231	(1,615,911)	57.40	70.26	(12.86)
Total Net Revenue	300,064,126	298,223,370	1,840,756 F	12,063,872	(10,223,116)	2,388.21	2,469.57	(81.37)
Expenses:								
Salaries, Wages & Contr Labor	143,738,301	137,268,166	(6,470,135) U	(5,552,837)	(917,298)	1,144.01	1,136.71	(7.30)
Benefits	33,054,801	33,888,302	833,501 F	(1,370,866)	2,204,367	263.08	280.63	17.54
Supplies	51,883,900	49,195,280	(2,688,620) U	(1,990,071)	(698,549)	412.94	407.38	(5.56)
Prof Fees & Purch Svc	38,786,855	39,035,875	249,020 F	(1,579,098)	1,828,118	308.70	323.25	14.55
Depreciation	14,718,792	14,317,088	(401,704) U	(579,162)	177,458	117.15	118.56	1.41
Other	16,814,502	16,772,292	(42,210) U	(678,481)	636,271	133.83	138.89	5.06
PPH Allocation	-	2	2 F	(0)	2	-	0.00	0.00
Total Expenses	298,997,151	290,477,005	(8,520,148) U	(11,750,513)	3,230,367	2,379.72	2,405.43	25.71
Net Inc Before Non-Oper Income	1,066,975	7,746,365	(6,679,391) U	313,360	(6,992,750)	8.49	64.15	(55.66)
Property Tax Revenue	9,776,330	9,083,330	693,000 F	367,443	325,557	77.81	75.22	2.59
Non-Operating Income	(735,631)	(1,683,070)	947,439 F	(68,084)	1,015,523	(5.85)	(13.94)	8.08
Net Income (Loss)	\$ 10,107,674	\$ 15,146,625	\$ (5,038,952) U	\$ 612,718	\$ (5,651,669)	\$ 80.45	\$ 125.43	\$ (44.98)
Net Income Margin	3.2%	4.8%	-1.6%					
OEBITDA Margin w/o Prop Tax	5.0%	6.9%	-1.9%					
OEBITDA Margin with Prop Tax	8.0%	9.8%	-1.8%					

F= Favorable variance
U= Unfavorable variance

**PALOMAR POMERADO HEALTH
CONSOLIDATED
MTD 2006
APR 2006**

	Month Activity			Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
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Admissions - SNF	98	112	(14)					
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Weighted Pt Days	12,095	11,917	178					
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Gross Revenue	\$ 86,432,429	\$ 86,863,917	\$ (431,488) U	\$ 1,297,456	\$ (1,728,944)	\$ 7,146.13	\$ 7,289.08	\$ (142.95)
Deductions from Rev	(58,107,487)	(58,267,446)	159,959 F	(870,320)	1,030,279	(4,804.26)	(4,889.44)	85.18
Net Patient Revenue	28,324,942	28,596,471	(271,529) U	427,135	(698,664)	2,341.87	2,399.64	(57.76)
Other Oper Revenue	625,007	848,479	(223,472) U	12,673	(236,145)	51.67	71.20	(19.52)
Total Net Revenue	28,949,949	29,444,950	(495,001) U	439,809	(934,810)	2,393.55	2,470.84	(77.29)
Expenses:								
Salaries, Wages & Contr Labor	15,025,501	13,549,504	(1,475,997) U	(202,384)	(1,273,613)	1,242.29	1,136.99	(105.30)
Benefits	2,739,895	3,345,069	605,174 F	(49,964)	655,138	226.53	280.70	54.17
Supplies	4,970,676	4,851,934	(118,742) U	(72,472)	(46,270)	410.97	407.14	(3.83)
Prof Fees & Purch Svc	4,143,045	3,872,627	(270,418) U	(57,844)	(212,574)	342.54	324.97	(17.58)
Depreciation	1,492,706	1,435,958	(56,748) U	(21,448)	(35,300)	123.42	120.50	(2.92)
Other	1,769,648	1,665,852	(103,796) U	(24,882)	(78,914)	146.31	139.79	(6.52)
PPH Allocation	-	(1)	(1) U	0	(1)	-	(0.00)	(0.00)
Total Expenses	30,141,471	28,720,943	(1,420,528) U	(428,995)	(991,533)	2,492.06	2,410.08	(81.98)
Net Inc Before Non-Oper Income	(1,191,522)	724,007	(1,915,529) U	10,814	(1,926,343)	(98.51)	60.75	(159.27)
Property Tax Revenue	1,601,333	908,333	693,000 F	13,567	679,433	132.40	76.22	56.17
Non-Operating Income	70,086	(168,307)	238,393 F	(2,514)	240,907	5.79	(14.12)	19.92
Net Income (Loss)	\$ 479,897	\$ 1,464,033	\$ (984,136) U	\$ 21,868	\$ (1,006,004)	\$ 39.68	\$ 122.85	\$ (83.18)
Net Income Margin	1.6%	4.7%	-3.1%					
OEBITDA Margin w/o Prop Tax	1.0%	6.9%	-5.9%					
OEBITDA Margin with Prop Tax	6.5%	9.8%	-3.3%					

F= Favorable variance
U= Unfavorable variance

Palomar Pomerado Health
STATEMENTS OF CASH FLOWS
Fiscal Year 2006

	<u>April</u>	<u>YTD</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss from operations)	\$ (1,191,522)	\$ 1,066,970
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation Expense	1,492,705	14,718,790
Provision for bad debts	945,313	24,779,267
Changes in operating assets and liabilities		
Patient accounts receivable	430,399	(25,144,334)
Property Tax and other receivable	(741,877)	(11,918,807)
Inventories	124,397	(97,617)
Prepaid expenses and Other Non-Current asset	339,193	(266,650)
Accounts payable	1,964,086	(219,730)
Accrued comp	932,459	292,308
Estimated settlement amounts due third-party payor	43,611	2,232,470
Other current liabilities	(1,942,072)	10,935,754
Net cash provided by operating activities	<u>2,396,692</u>	<u>16,378,425</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (purchases) sales on investment	2,363,964	(60,419,045)
Interest (Loss) received on investment	478,130	3,184,742
Investment in affiliate	(147,207)	(676,953)
Net cash used in investing activities	<u>2,694,887</u>	<u>(57,911,256)</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:		
Other	0	0
Receipt of G.O. Bond Taxes	2,718,167	8,062,030
Receipt of District Taxes	3,039,437	10,111,275
Net cash used in activities	<u>5,757,604</u>	<u>18,173,305</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of property plant and equipment	(4,151,422)	(54,567,281)
Proceeds from sale of asset	0	781,634
G.O. Bond Interest paid	0	(2,083,619)
Revenue Bond Interest paid	0	(2,126,354)
Proceeds from issuance of debt	0	82,185,607
Payments of LT Debt	0	(6,125,000)
Net cash used in activities	<u>(4,151,422)</u>	<u>18,064,987</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,697,761	(5,294,539)
CASH AND CASH EQUIVALENTS - Beginning of period	670,773	12,663,073
CASH AND CASH EQUIVALENTS - End of period	<u>\$ 7,368,534</u>	<u>\$ 7,368,534</u>

PALOMAR POMERADO HEALTH BOND COVENANT RATIOS

Prelim # 7

CUSHION RATIO	Jun-04	Jun-05	Apr-06
Cash and Cash Equivalents	140,057,417	109,043,208	125,290,833
Board Designated Reserves	27,374,261	22,388,648	16,234,283
Trustee-held Funds	11,853,970	12,026,055	12,309,559
Total	179,285,648	143,457,911	153,834,675
Divided by:			
Max Annual Debt Service (Bond Year 2012)	10,697,594	10,697,594	10,697,594
CUSHION RATIO	16.8	13.4	14.4
REQUIREMENT	1.5	1.5	1.5
	Achieved	Achieved	Achieved

DAYS CASH ON HAND	Jun-04	Jun-05	Apr-06
Cash and Cash Equivalents	140,057,417	109,043,208	125,290,833
Board Designated Reserves	27,374,261	22,388,648	16,234,283
Total	167,431,678	131,431,856	141,525,116
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	311,614,910	340,338,156	298,997,151
Less: Depreciation	14,546,550	16,394,985	14,718,792
Adjusted Expenses	297,068,360	323,943,171	284,278,359
Number of days in period	366	365	304
Average Adjusted Expenses per Day	811,662	887,516	935,126
DAYS CASH ON HAND	206	148	151
REQUIREMENT	90	90	90
	Achieved	Achieved	Achieved

Net Income Available for Debt Service	Jun-04	Jun-05	Apr-06
Excess of revenue over expenses Cur Mo.	2,905,196	1,490,930	479,897
Excess of revenues over expenses YTD (General Funds)	16,053,177	17,052,649	10,107,673
ADD:			
Depreciation and Amortization	14,546,550	16,394,985	14,718,792
Interest Expense	5,581,454	5,272,031	4,184,151
Net Income Available for Debt Service	36,181,181	38,719,665	29,010,616
Aggregate Debt Service			
1993 Insured Refunding Revenue Bonds	6,017,132	6,020,301	3,231,674
1999 Insured Refunding Revenue Bonds	4,357,728	4,356,844	5,575,845
Aggregate Debt Service	10,374,860	10,377,145	8,807,519
Net Income Available for Debt Service	3.49	3.73	3.29
Required Coverage	1.15	1.15	1.15
	Achieved	Achieved	Achieved

Financial Statements

April 2006

Melanie Van Winkle
Corporate Controller
May 30, 2006

PALOMAR POMERADO HEALTH



**PALOMAR POMERDO HEALTH
SUMMARY OF KEY INDICATORS AND RESULTS
FISCAL YEAR TO DATE - APRIL 2006**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2005</u>
<u>ADMISSIONS - Acute:</u>				
Palomar Medical Center	17,891	17,324	567	17,481
Pomerado Hospital	5,694	5,740	(46)	5,694
Total:	<u>23,585</u>	<u>23,064</u>	<u>521</u>	<u>23,175</u>
<u>ADMISSIONS - SNF:</u>				
Palomar Medical Center	511	443	68	409
Pomerado Hospital	506	688	(182)	564
Total:	<u>1,017</u>	<u>1,131</u>	<u>(114)</u>	<u>973</u>
<u>PATIENT DAYS - Acute:</u>				
Palomar Medical Center	70,973	68,841	2,132	69,161
Pomerado Hospital	23,430	21,865	1,565	21,078
Total:	<u>94,403</u>	<u>90,706</u>	<u>3,697</u>	<u>90,239</u>
<u>PATIENT DAYS- SNF:</u>				
Palomar Medical Center	25,425	27,096	(1,671)	26,505
Pomerado Hospital	37,687	35,872	1,815	35,471
Total:	<u>63,112</u>	<u>62,968</u>	<u>144</u>	<u>61,976</u>

PALOMAR POMERDO HEALTH
SUMMARY OF KEY INDICATORS AND RESULTS
FISCAL YEAR TO DATE - APRIL 2006

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2005</u>
<u>WEIGHTED PATIENT DAYS:</u>				
Palomar Medical Center	88,119	85,286	2,833	87,217
Pomerado Hospital	35,794	33,097	2,697	32,971
Other Activities	1,731	2,376	(645)	2,216
Total:	<u>125,644</u>	<u>120,759</u>	<u>4,885</u>	<u>122,404</u>
<u>AVERAGE LENGTH OF STAY- Acute:</u>				
Palomar Medical Center	4.05	4.07	(0.02)	4.04
Pomerado Hospital	3.72	3.81	(0.09)	3.72
Total:	<u>3.97</u>	<u>4.00</u>	<u>(0.03)</u>	<u>3.96</u>
<u>AVERAGE LENGTH OF STAY - SNF:</u>				
Palomar Medical Center	50.44	50.44	-	49.57
Pomerado Hospital	28.78	29.55	(0.77)	28.06
Total:	<u>40.07</u>	<u>37.96</u>	<u>2.11</u>	<u>37.08</u>

**PALOMAR POMERADO HEALTH
SUMMARY OF KEY INDICATORS AND RESULTS
FISCAL YEAR TO DATE - APRIL 2006**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2005</u>
<u>EMERGENCY ROOM VISITS & TRAUMA CASES:</u>				
Palomar Medical Center	35,005	34,244	761	34,102
Pomerado Hospital	18,353	17,437	916	17,467
Total:	<u>53,358</u>	<u>51,681</u>	<u>1,677</u>	<u>51,569</u>
<u>EMERGENCY & TRAUMA ADMISSIONS:</u>				
Palomar Medical Center	9,094	8,453	641	8,422
Pomerado Hospital	3,210	2,727	483	2,855
Total:	<u>12,304</u>	<u>11,180</u>	<u>1,124</u>	<u>11,277</u>
<u>SURGERIES:</u>				
Palomar Medical Center	6,478	6,883	(405)	6,704
Pomerado Hospital	3,216	3,384	(168)	3,093
Total:	<u>9,694</u>	<u>10,267</u>	<u>(573)</u>	<u>9,797</u>
<u>BIRTHS:</u>				
Palomar Medical Center	3,568	3,787	(219)	3,670
Pomerado Hospital	933	1,011	(78)	995
Total:	<u>4,501</u>	<u>4,798</u>	<u>(297)</u>	<u>4,665</u>

**PALOMAR POMERADO HEALTH
CONSOLIDATED
MTD 2006
APR 2006**

	Month Activity			Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	2,250	2,276	(26)					
Admissions - SNF	98	112	(14)					
Patient Days - Acute	9,024	8,951	73					
Patient Days - SNF	6,236	6,214	22					
LOS - Acute	3.97	4.00	(0.03)					
LOS - SNF	40.23	37.98	2.25					
Weighted Pt Days	12,095	11,917	178					
Revenue:								
Gross Revenue	\$ 86,432,429	\$ 86,863,917	\$ (431,488) U	\$ 1,297,456	\$ (1,728,944)	\$ 7,146.13	\$ 7,289.08	\$ (142.95)
Deductions from Rev	(58,107,487)	(58,267,446)	159,959 F	(870,320)	1,030,279	(4,804.26)	(4,889.44)	85.18
Net Patient Revenue	28,324,942	28,596,471	(271,529) U	427,135	(698,664)	2,341.87	2,399.64	(57.76)
Other Oper Revenue	625,007	848,479	(223,472) U	12,673	(236,145)	51.67	71.20	(19.52)
Total Net Revenue	28,949,949	29,444,950	(495,001) U	439,809	(934,810)	2,393.55	2,470.84	(77.29)
Expenses:								
Salaries, Wages & Contr Labor	15,025,501	13,549,504	(1,475,997) U	(202,384)	(1,273,613)	1,242.29	1,136.99	(105.30)
Benefits	2,739,895	3,345,069	605,174 F	(49,964)	655,138	226.53	280.70	54.17
Supplies	4,970,676	4,851,934	(118,742) U	(72,472)	(46,270)	410.97	407.14	(3.83)
Prof Fees & Purch Svc	4,143,045	3,872,627	(270,418) U	(57,844)	(212,574)	342.54	324.97	(17.58)
Depreciation	1,492,706	1,435,958	(56,748) U	(21,448)	(35,300)	123.42	120.50	(2.92)
Other	1,769,648	1,665,852	(103,796) U	(24,882)	(78,914)	146.31	139.79	(6.52)
PPH Allocation	-	(1)	(1) U	0	(1)	-	(0.00)	(0.00)
Total Expenses	30,141,471	28,720,943	(1,420,528) U	(428,995)	(991,533)	2,492.06	2,410.08	(81.98)
Net Inc Before Non-Oper Income	(1,191,522)	724,007	(1,915,529) U	10,814	(1,926,343)	(98.51)	60.75	(159.27)
Property Tax Revenue	1,601,333	908,333	693,000 F	13,567	679,433	132.40	76.22	56.17
Non-Operating Income	70,086	(168,307)	238,393 F	(2,514)	240,907	5.79	(14.12)	19.92
Net Income (Loss)	\$ 479,897	\$ 1,464,033	\$ (984,136) U	\$ 21,868	\$ (1,006,004)	\$ 39.68	\$ 122.85	\$ (83.18)
Net Income Margin	1.6%	4.7%	-3.1%					
OEBITDA Margin w/o Prop Tax	1.0%	6.9%	-5.9%					
OEBITDA Margin with Prop Tax	6.5%	9.8%	-3.3%					

F= Favorable variance
U= Unfavorable variance

**PALOMAR POMERADO HEALTH
CONSOLIDATED
FYTD 2006
APRIL 06**

	Month Activity			Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	23,585	23,064	521					
Admissions - SNF	1,017	1,131	(114)					
Patient Days - Acute	94,403	90,706	3,697					
Patient Days - SNF	63,112	62,968	144					
LOS - Acute	3.97	4.00	(0.03)					
LOS - SNF	40.07	37.96	2.11					
Weighted Pt Days	125,644	120,759	4,885					
Revenue:								
Gross Revenue	\$ 917,933,719	\$ 880,113,695	\$ 37,820,024 F	\$ 35,602,774	\$ 2,217,250	\$ 7,305.83	\$ 7,288.18	\$ 17.65
Deductions from Rev	(625,081,703)	(590,375,115)	(34,706,588) U	(23,882,132)	(10,824,456)	(4,975.02)	(4,888.87)	(86.15)
Net Patient Revenue	292,852,016	289,738,580	3,113,436 F	11,720,642	(8,607,206)	2,330.81	2,399.31	(68.50)
Other Oper Revenue	7,212,110	8,484,790	(1,272,680) U	343,231	(1,615,911)	57.40	70.26	(12.86)
Total Net Revenue	300,064,126	298,223,370	1,840,756 F	12,063,872	(10,223,116)	2,388.21	2,469.57	(81.37)
Expenses:								
Salaries, Wages & Contr Labor	143,738,301	137,268,166	(6,470,135) U	(5,552,837)	(917,298)	1,144.01	1,136.71	(7.30)
Benefits	33,054,801	33,888,302	833,501 F	(1,370,866)	2,204,367	263.08	280.63	17.54
Supplies	51,883,900	49,195,280	(2,688,620) U	(1,990,071)	(698,549)	412.94	407.38	(5.56)
Prof Fees & Purch Svc	38,786,855	39,035,875	249,020 F	(1,579,098)	1,828,118	308.70	323.25	14.55
Depreciation	14,718,792	14,317,088	(401,704) U	(579,162)	177,458	117.15	118.56	1.41
Other	16,814,502	16,772,292	(42,210) U	(678,481)	636,271	133.83	138.89	5.06
PPH Allocation	-	2	2 F	(0)	2	-	0.00	0.00
Total Expenses	298,997,151	290,477,005	(8,520,148) U	(11,750,513)	3,230,367	2,379.72	2,405.43	25.71
Net Inc Before Non-Oper Income	1,066,975	7,746,365	(6,679,391) U	313,360	(6,992,750)	8.49	64.15	(55.66)
Property Tax Revenue	9,776,330	9,083,330	693,000 F	367,443	325,557	77.81	75.22	2.59
Non-Operating Income	(735,631)	(1,683,070)	947,439 F	(68,084)	1,015,523	(5.85)	(13.94)	8.08
Net Income (Loss)	\$ 10,107,674	\$ 15,146,625	\$ (5,038,952) U	\$ 612,718	\$ (5,651,669)	\$ 80.45	\$ 125.43	\$ (44.98)
Net Income Margin	3.2%	4.8%	-1.6%					
OEBITDA Margin w/o Prop Tax	5.0%	6.9%	-1.9%					
OEBITDA Margin with Prop Tax	8.0%	9.8%	-1.8%					

F= Favorable variance
U= Unfavorable variance

Palomar Pomerado Health



**PALOMAR POMERADO HEALTH
CONSOLIDATED
Actual Apr 06 YTD+ 2 Month Budget
FY06 Projection**

				Variance			\$/Wtg Pt Day	
	Projected	Budgeted	Variance	Volume	Rate/Eff	Actual	Budget	
Statistics:								
Admissions - Acute	28,207	27,686	521					
Admissions - SNF	1,244	1,358	(114)					
Patient Days - Acute	112,600	108,903	3,697					
Patient Days - SNF	75,743	75,599	144					
Weighted Pt Days	149,870	144,985	4,885					
Revenue:								
Gross Revenue	\$ 1,094,607,455	\$ 1,056,787,431	\$ 37,820,024 F	\$ 35,606,488	\$ 2,213,536	\$ 7,303.71	\$ 7,288.94	
Deductions from Rev	(743,592,761)	(708,886,173)	(34,706,588) U	(23,884,602)	(10,821,986)	(4,961.59)	(4,889.38)	
Net Patient Revenue	351,014,694	347,901,258	3,113,436 F	11,721,886	(8,608,450)	2,342.13	2,399.57	
Other Oper Revenue	8,909,068	10,181,748	(1,272,680) U	343,055	(1,615,735)	59.45	70.23	
Total Net Revenue	359,923,762	358,083,006	1,840,756 F	12,064,941	(10,224,185)	2,401.57	2,469.79	
Expenses:								
Salaries, Wages & Contr Labor	171,276,958	164,806,821	(6,470,137) U	(5,552,859)	(917,278)	1,142.84	1,136.72	
Benefits	39,853,699	40,687,200	833,501 F	(1,370,880)	2,204,381	265.92	280.63	
Supplies	61,762,461	59,073,841	(2,688,620) U	(1,990,383)	(698,237)	412.11	407.45	
Prof Fees & Purch Svc	46,609,513	46,858,531	249,018 F	(1,578,811)	1,827,829	311.00	323.20	
Depreciation	17,590,708	17,189,004	(401,704) U	(579,152)	177,448	117.37	118.56	
Other	20,174,651	20,132,441	(42,210) U	(678,325)	636,115	134.61	138.86	
PPH Allocation	-	2	2 F	(0)	2	-	0.00	
Total Expenses	357,267,990	348,747,840	(8,520,152) U	(11,750,410)	3,230,260	2,383.85	2,405.41	
Net Inc Before Non-Oper Income	2,655,772	9,335,166	(6,679,395) U	314,531	(6,993,925)	17.72	64.39	
Property Tax Revenue	11,592,996	10,899,996	693,000 -	367,255	325,745	77.35	75.18	
Non-Operating Income	(1,072,245)	(2,019,684)	947,439 F	(68,049)	1,015,488	(7.15)	(13.93)	
Net Income (Loss)	\$ 13,176,523	\$ 18,215,478	\$ (5,038,956) U	\$ 613,737	\$ (5,652,692)	\$ 87.92	\$ 125.64	
Net Income Margin	3.5%	4.8%	-1.3%					
OEBITDA Margin w/o Prop Tax	5.3%	7.0%	-1.7%					
OEBITDA Margin with Prop Tax	8.3%	9.8%	-1.5%					

F= Favorable variance
U= Unfavorable variance

**PALOMAR POMERADO HEALTH
CONSOLIDATED
MONTHLY TREND - FY 2006**

	Jul-06	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	FYTD
Statistics:											
Admissions - Acute	2,455	2,411	2,328	2,362	2,218	2,472	2,380	2,257	2,452	2,250	23,585
Admissions - SNF	95	113	101	94	108	98	99	91	120	98	1,017
Patient Days - Acute	9,372	9,005	9,011	9,277	9,304	9,960	10,258	9,135	10,057	9,024	94,403
Patient Days - SNF	6,514	6,434	6,284	6,331	6,293	6,452	6,482	5,727	6,359	6,236	63,112
LOS - Acute	3.97	3.97	3.97	3.97	3.97	3.97	3.97	3.97	3.97	3.97	3.97
LOS - SNF	40.42	38.38	40.68	42.38	40.73	39.15	40.26	38.69	39.71	40.23	40.07
Weighted Pt Days	12,568	12,363	12,099	12,214	12,331	13,089	13,278	12,083	13,539	12,095	125,644
Revenue:											
Gross Revenue	\$ 89,796,156	\$ 92,899,063	\$ 87,768,291	\$ 91,401,103	\$ 92,231,910	\$ 94,575,189	\$ 101,036,758	\$ 85,868,709	\$ 95,924,111	\$ 86,432,429	\$ 917,933,719
Deductions from Rev	(61,907,280)	(63,501,913)	(59,585,069)	(63,119,951)	(62,448,821)	(65,407,152)	(70,137,875)	(56,085,860)	(64,780,297)	(58,107,487)	(625,081,703)
Net Patient Revenue	27,888,876	29,397,150	28,183,222	28,281,152	29,783,089	29,168,037	30,898,883	29,782,849	31,143,814	28,324,942	292,852,016
Other Oper Revenue	676,323	779,264	750,898	659,462	885,609	880,873	487,382	587,938	879,354	625,007	7,212,110
Total Net Revenue	28,565,200	30,176,414	28,934,119	28,940,614	30,668,698	30,048,910	31,386,265	30,370,787	32,023,168	28,949,949	300,064,126
Expenses:											
Salaries, Wages & Contr Labor	13,665,176	14,511,787	13,633,115	13,695,914	14,430,050	14,545,538	14,810,465	14,344,581	15,076,174	15,025,501	143,738,301
Benefits	3,350,961	3,484,804	3,814,310	3,497,830	3,449,201	3,278,526	3,069,404	3,423,858	2,946,012	2,739,895	33,054,801
Supplies	4,735,610	5,067,417	5,043,180	4,960,031	5,397,869	5,364,677	5,945,923	5,050,659	5,347,858	4,970,676	51,883,900
Prof Fees & Purch Svc	3,370,185	3,675,947	3,622,882	3,504,352	4,019,717	4,026,089	3,875,056	3,990,109	4,559,474	4,143,045	38,786,855
Depreciation	1,418,082	1,446,865	1,450,271	1,451,680	1,482,124	1,459,591	1,532,681	1,441,886	1,542,906	1,492,706	14,718,792
Other	1,583,527	1,753,047	1,786,337	1,830,660	1,581,043	1,865,910	1,319,203	1,628,675	1,696,451	1,769,648	16,814,502
Total Expenses	28,123,543	29,939,867	29,350,093	28,940,467	30,360,004	30,540,331	30,552,732	29,879,768	31,168,875	30,141,471	298,997,151
Net Inc Before Non-Oper Inco	441,657	236,547	(415,974)	147	308,694	(491,421)	833,533	491,019	854,293	(1,191,522)	1,066,975
Property Tax Revenue	908,333	908,333	908,333	908,333	908,333	908,333	908,333	908,333	908,333	1,601,333	9,776,330
Non-Operating Income	(565,643)	12,880	225,990	(436,912)	81,321	141,690	(89,686)	(159,953)	(15,404)	70,086	(735,631)
Net Income (Loss)	\$ 784,346	\$ 1,157,760	\$ 718,350	\$ 471,568	\$ 1,298,348	\$ 558,602	\$ 1,652,180	\$ 1,239,399	\$ 1,747,222	\$ 479,897	\$ 10,107,674
Net Income Margin	2.5%	3.6%	2.5%	1.5%	4.2%	1.7%	4.9%	3.9%	4.9%	1.6%	3.2%
OEBITDA Margin w/o Prop Tax	6.0%	5.2%	3.5%	4.7%	5.7%	3.0%	7.0%	6.1%	6.8%	1.0%	5.0%
OEBITDA Margin with Prop Tax	9.0%	8.0%	6.6%	7.6%	8.6%	5.8%	9.6%	9.0%	9.4%	6.5%	8.0%

F= Favorable variance

U= Unfavorable variance

Palomar Pomerado Health



Palomar Pomerado Health
Consolidated Balance Sheet
As of April 30, 2006

	Current Month	Prior Month	Prior Fiscal Year End
Assets			
Current Assets			
Cash on Hand	\$7,368,533	\$670,771	\$12,663,073
Cash Marketable Securities	117,923,512	120,285,978	96,380,135
Total Cash & Cash Equivalents	125,292,045	120,956,749	109,043,208
Patient Accounts Receivable	153,177,570	161,407,207	190,388,774
Allowance on Accounts	-83,010,129	-89,864,055	-120,586,401
Net Accounts Receivable	70,167,440	71,543,152	69,802,373
Inventories	6,418,568	6,542,965	6,320,951
Prepaid Expenses	2,259,607	2,541,761	2,383,903
Other	2,018,982	6,255,195	828,210
Total Current Assets	206,156,642	207,839,822	188,378,645
Non-Current Assets			
Restricted Assets	57,051,403	53,350,763	12,026,055
Restricted by Donor	286,158	285,594	281,473
Board Designated	16,234,283	19,936,985	22,388,648
Total Restricted Assets	73,571,845	73,573,342	34,696,176
Property Plant & Equipment	324,488,377	325,625,782	337,484,770
Accumulated Depreciation	-216,231,558	-216,695,069	-218,491,576
Construction in Process	81,529,191	77,249,434	28,023,698
Net Property Plant & Equipment	189,786,010	186,180,147	147,016,892
Investment in Related Companies	6,442,655	6,478,419	6,175,837
Deferred Financing Costs	3,322,656	3,325,959	2,311,702
Other Non-Current Assets	1,156,297	1,169,307	1,274,318
Total Non-Current Assets	274,279,463	270,727,174	191,474,925
Total Assets	\$480,436,105	\$478,566,995	\$379,853,570

	Current Month	Prior Month	Prior Fiscal Year End
Liabilities			
Current Liabilities			
Accounts Payable	\$17,048,574	\$15,084,488	\$18,090,054
Accrued Payroll	19,027,907	18,355,006	19,511,491
Accrued PTO	10,988,087	10,728,529	10,212,195
Accrued Interest Payable	3,112,395	2,501,814	708,785
Current Portion of Bonds	12,745,000	12,745,000	6,125,000
Est Third Party Settlements	-2,289,581	-2,333,192	-4,522,051
Other Current Liabilities	8,494,887	11,345,292	6,642,463
Total Current Liabilities	69,127,270	68,426,936	56,767,937
Long Term Liabilities			
Bonds & Contracts Payable	151,297,233	151,272,152	79,819,688
General Fund Balance			
Unrestricted	243,491,159	238,645,327	220,595,825
Restricted for Other Purpose	286,158	285,594	281,473
Board Designated	16,234,283	19,936,985	22,388,648
Total Fund Balance	260,011,600	258,867,906	243,265,946
Total Liabilities / Fund Balance	\$480,436,105	\$478,566,995	\$379,853,570

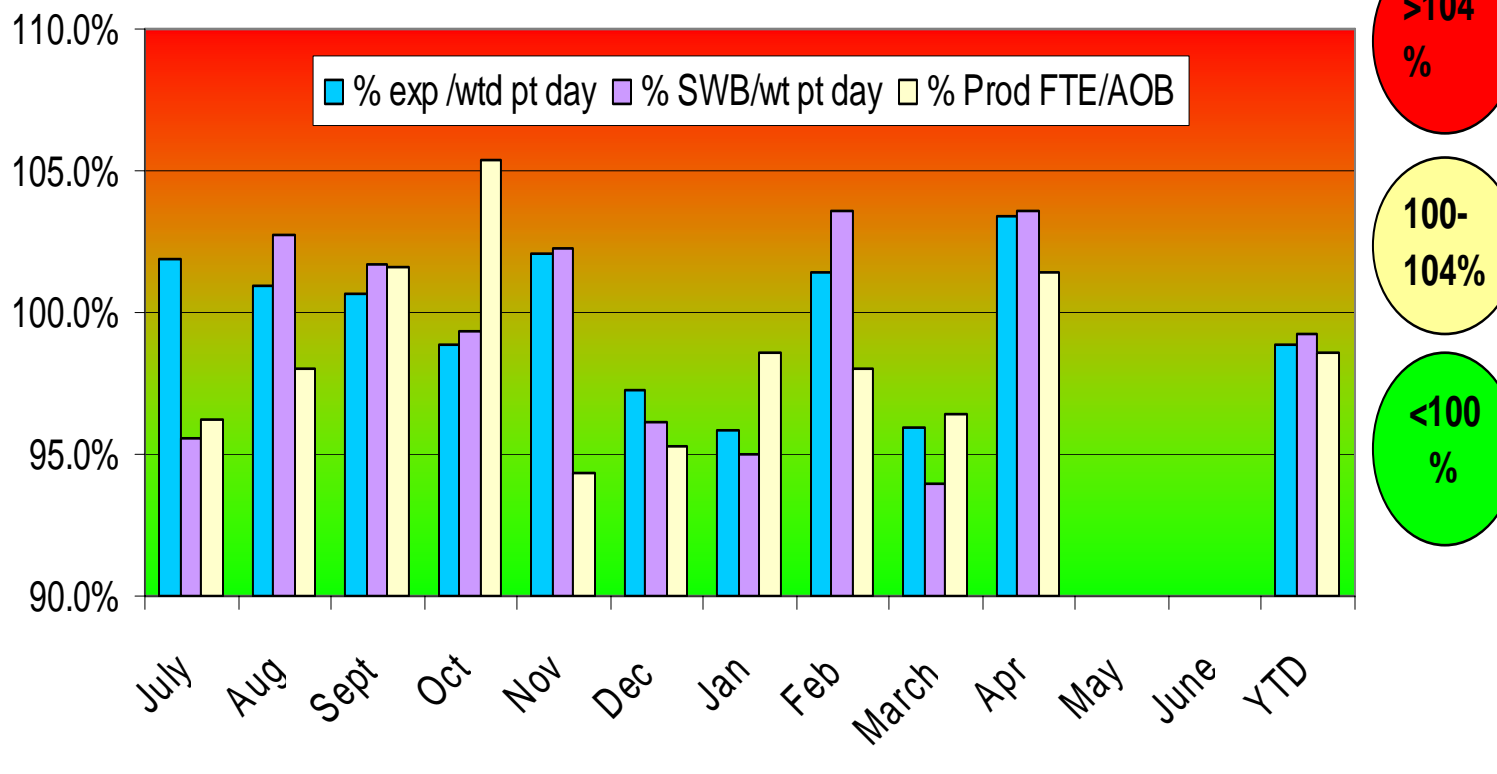
Palomar Pomerado Health



**Palomar Pomerado Health
Balanced Scorecard
Financial Indicators
April 30, 2006**

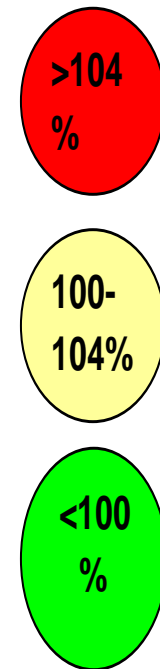
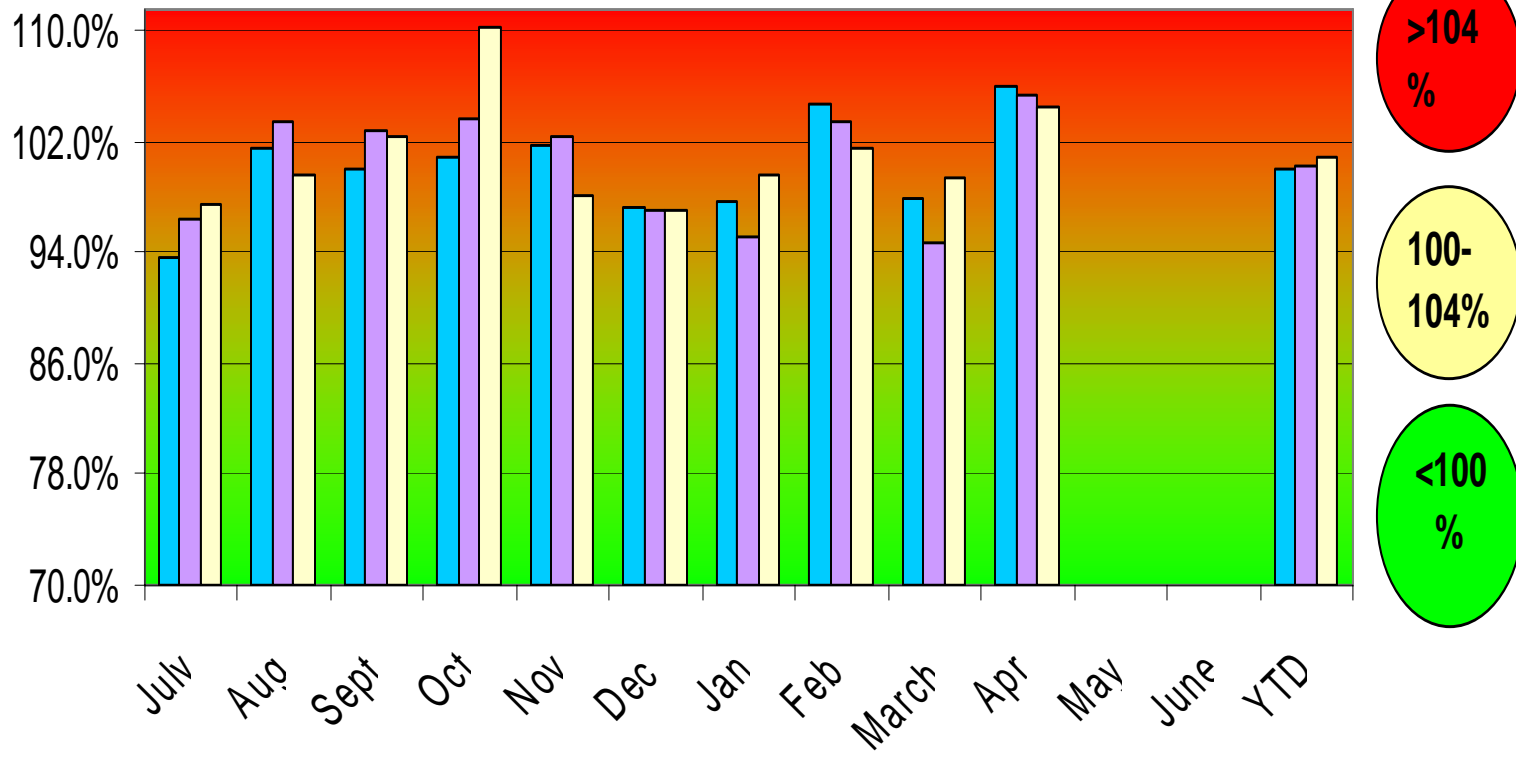
January Actual	February Actual	March Actual	April		Variance	% Actual to Bud/PY		YTD 2006			% Actual to Bud/PY
			Actual	Bud/PY				Actual	Bud/PY	Variance	
PPH Indicators:											
9.6%	9.0%	9.4%	6.5%	9.8%	-0.4%	66.3%	OEBITDA Margin w/Prop Tax	8.0%	9.8%	-1.8%	81.6%
\$ 2,332.54	\$ 2,507.56	\$ 2,333.17	\$ 2,526.80	\$ 2,444.87	\$ 111.70	103.4%	Expenses/Wtd Day	2,413.02	\$ 2,439.76	\$ 26.74	98.9%
\$ 1,346.58	\$ 1,470.53	\$ 1,331.13	\$ 1,468.82	\$ 1,417.69	\$ 86.56	103.6%	SWB/Wtd Day	1,407.08	\$ 1,417.34	\$ 10.26	99.3%
6.08	6.06	5.95	6.27	6.18	0.23	101.5%	Prod FTEs/Adj Occupied Bed	6.08	6.17	0.09	98.5%
13,278	12,083	13,539	12,095	12,398	1,141	97.6%	Weighted Patient Days	125,644	120,759	4,885	104.0%
PPH North Indicators:											
12.3%	10.2%	10.1%	8.7%	11.7%	-1.6%	74.4%	OEBITDA Margin w/Prop Tax	8.6%	11.8%	-3.2%	72.9%
\$ 2,250.84	\$ 2,452.12	\$ 2,258.43	\$ 2,453.41	\$ 2,317.52	\$ 59.09	105.9%	Expenses/Wtd Day	2,312.53	\$ 2,312.59	\$ 0.06	100.0%
\$ 1,122.55	\$ 1,225.03	\$ 1,118.84	\$ 1,245.04	\$ 1,181.84	\$ 63.00	105.3%	SWB/Wtd Day	1,184.61	\$ 1,181.31	\$ (3.30)	100.3%
5.07	5.20	5.06	5.33	5.10	0.04	104.5%	Prod FTEs/Adj Occupied Bed	5.14	5.10	(0.04)	100.8%
9,345	8,261	9,354	8,276	8,918	436	92.8%	Weighted Patient Days	88,119	85,286	2,833	103.3%
PPH South Indicators:											
2.2%	7.0%	3.8%	-0.1%	1.3%	2.5%	-7.7%	OEBITDA Margin w/Prop Tax	4.6%	1.3%	3.3%	353.8%
\$ 2,247.26	\$ 2,289.05	\$ 2,235.87	\$ 2,373.34	\$ 2,454.26	\$ 218.39	96.7%	Expenses/Wtd Day	2,349.73	\$ 2,449.99	\$ 100.26	95.9%
\$ 1,156.12	\$ 1,225.33	\$ 1,143.02	\$ 1,194.03	\$ 1,262.34	\$ 119.32	94.6%	SWB/Wtd Day	1,219.87	\$ 1,262.29	\$ 42.42	96.6%
5.53	5.45	5.36	5.32	5.88	0.52	90.5%	Prod FTEs/Adj Occupied Bed	5.61	5.88	0.27	95.4%
3,772	3,653	4,003	3,706	3,231	772	114.7%	Weighted Patient Days	35,794	33,097	2,697	108.1%

PPH Total Consolidated Financial Indicators BSC-FY06

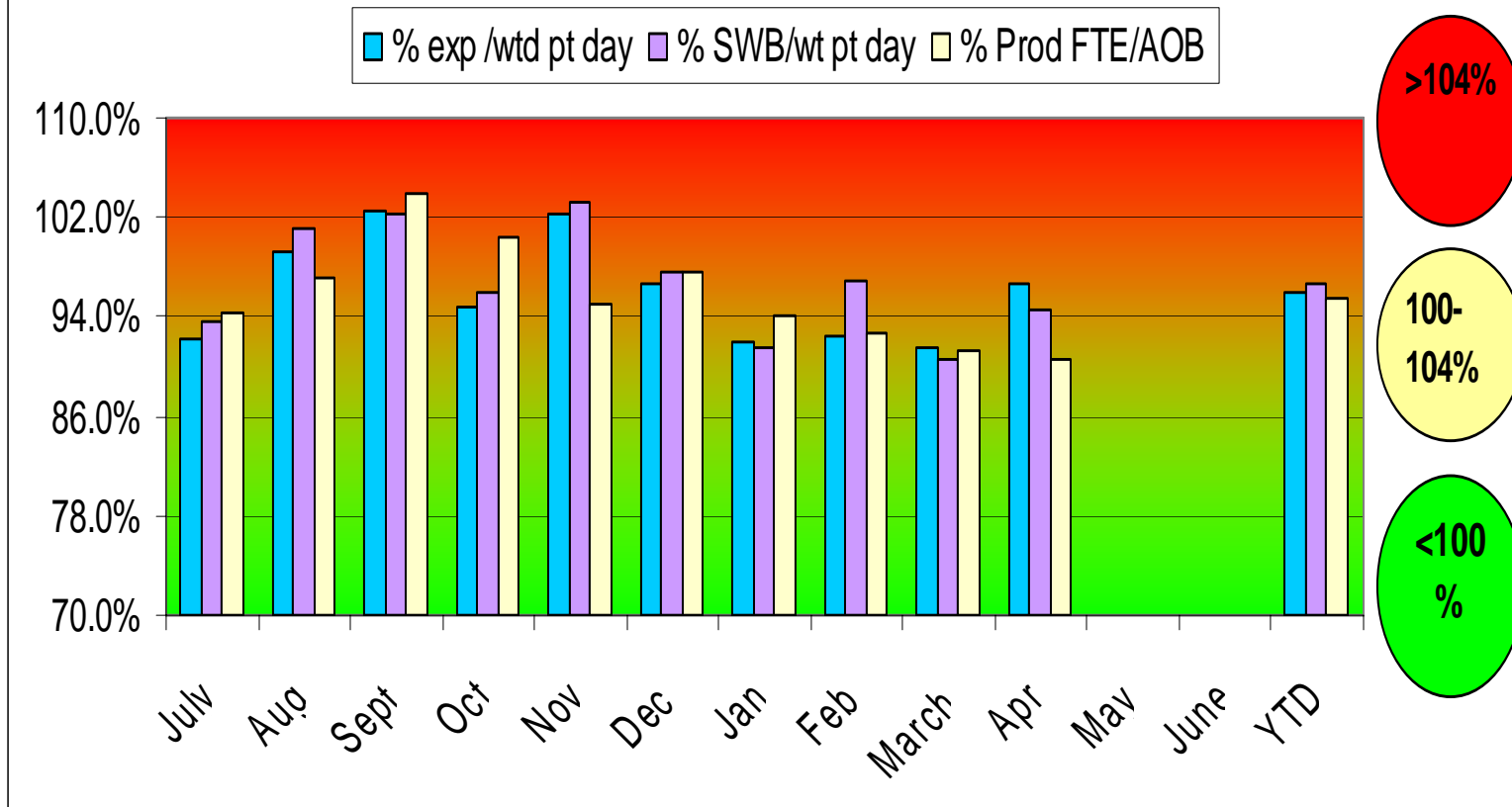


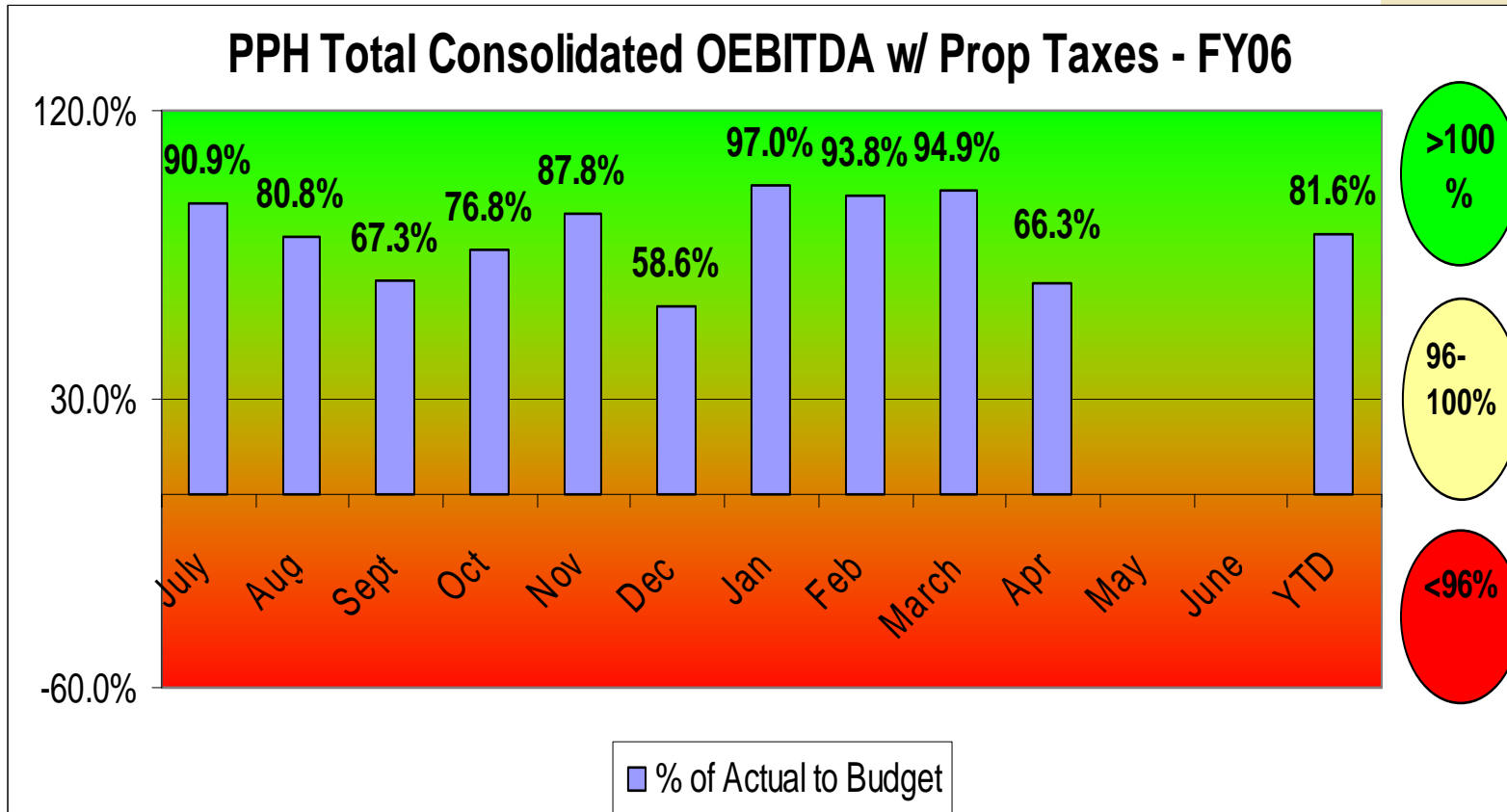
PPH North Consolidated Financial Indicators BSC-FY06

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

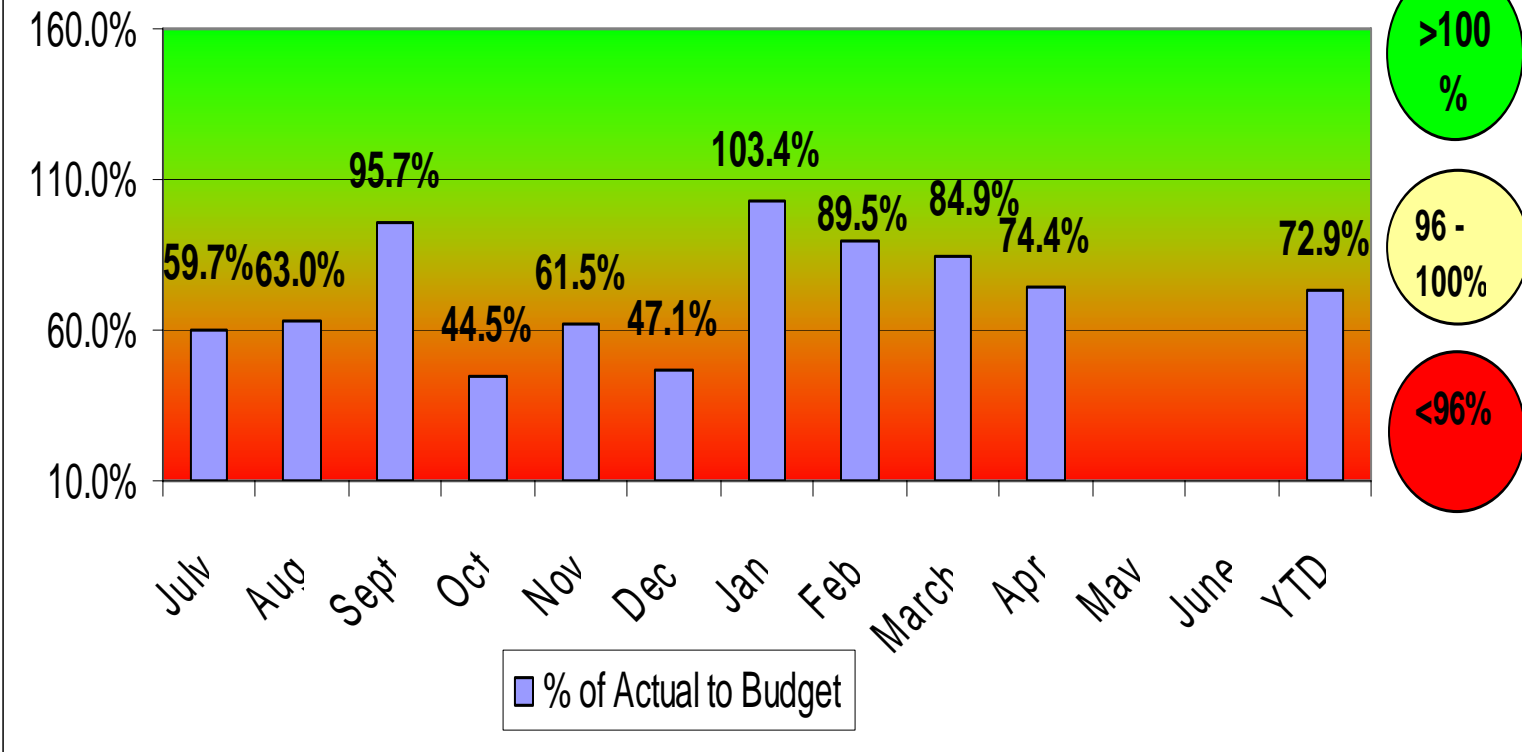


PPH South Consolidated Financial Indicators BSC-FY06

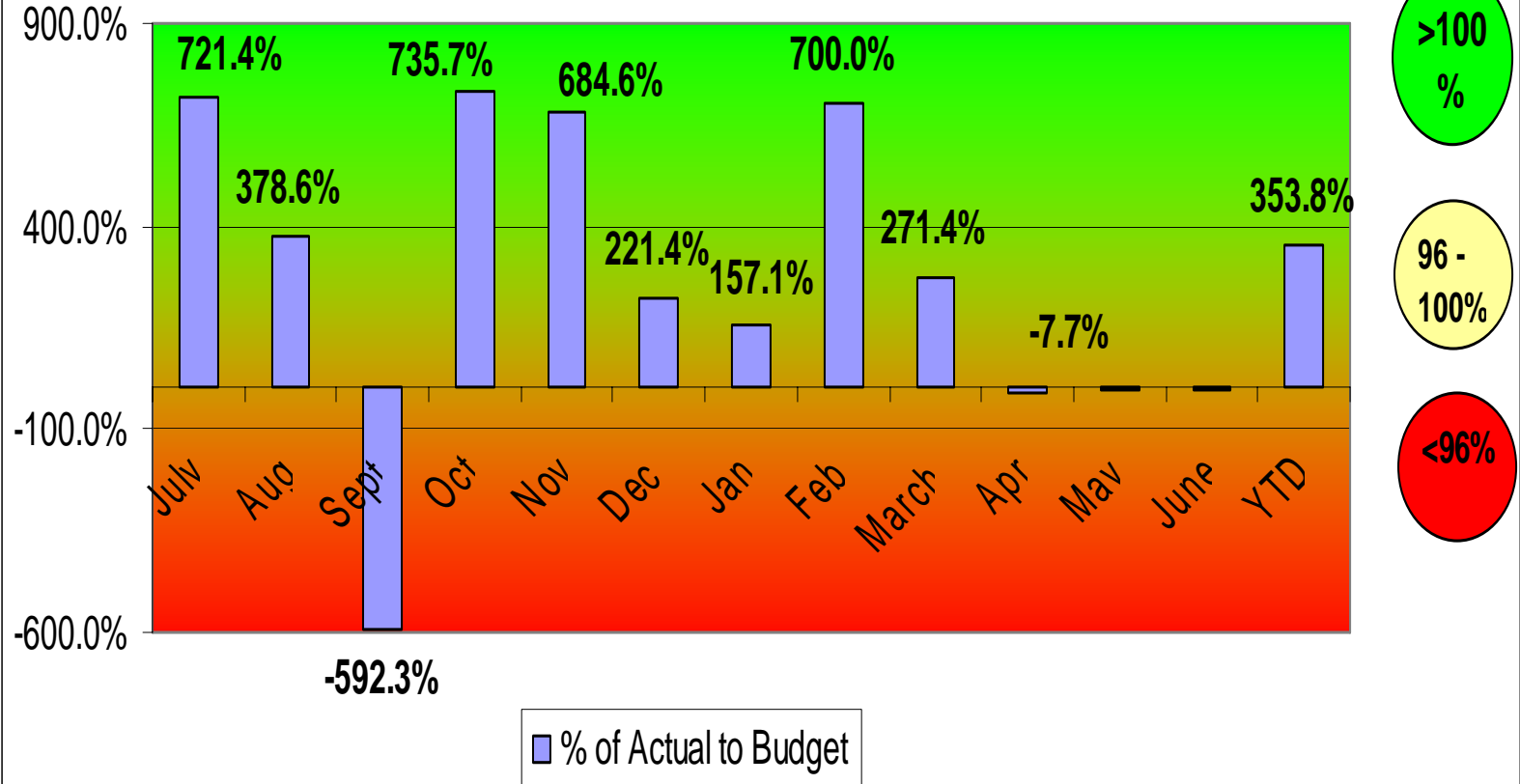




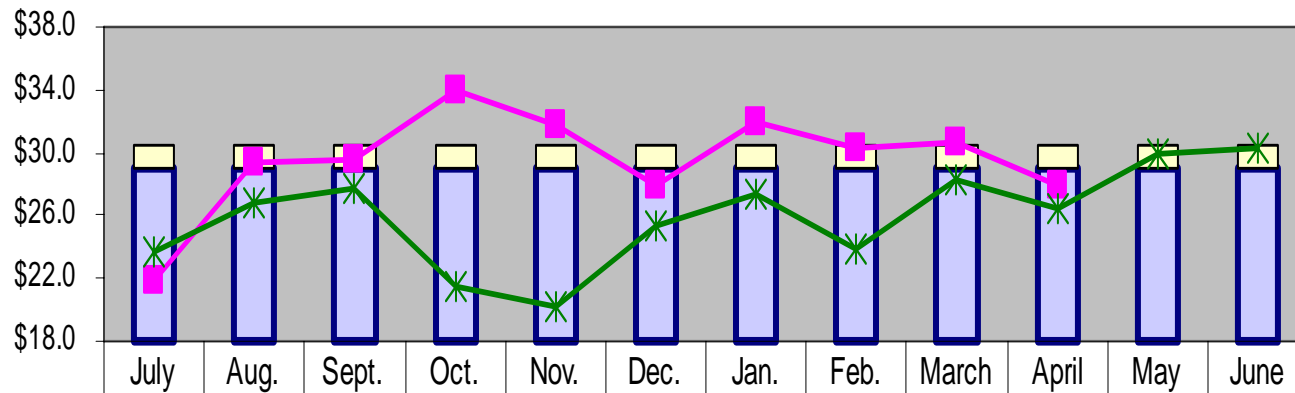
PPH North Consolidated OEBITDA w/ Prop Taxes - FY06



PPH South Consolidated OEBITDA w/ Prop Taxes - FY06

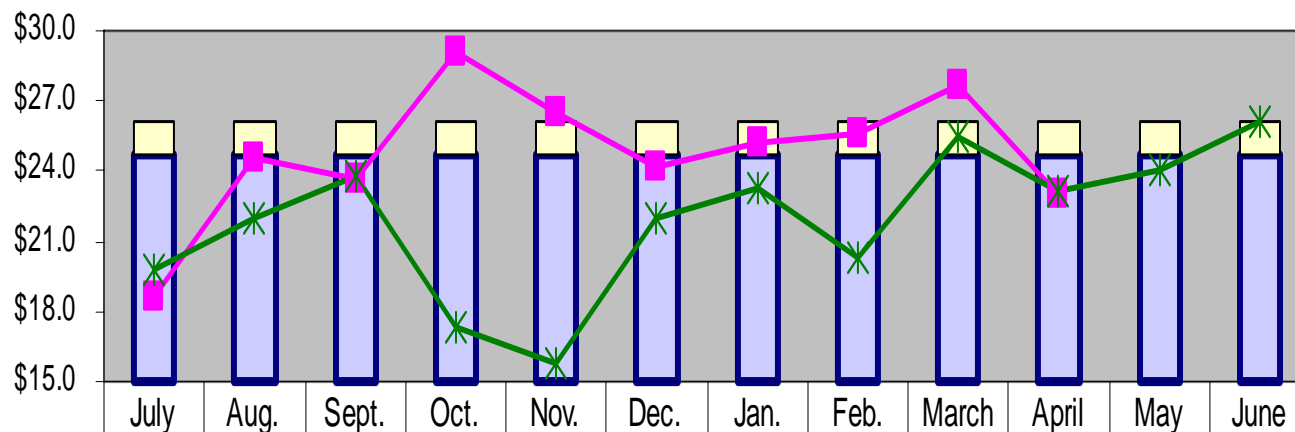



PPH Monthly Collections in Millions



 FY05 Recovery	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5
 FY06 Goal	\$29.0	\$29.0	\$29.0	\$29.0	\$29.0	\$29.0	\$29.0	\$29.0	\$29.0	\$29.0	\$29.0	\$29.0
 Pr. Yr Actual	\$23.6	\$26.9	\$27.7	\$21.5	\$20.1	\$25.3	\$27.3	\$24.0	\$28.4	\$26.5	\$29.8	\$30.2
 Curr. Yr Actual	\$21.9	\$29.4	\$29.6	\$33.9	\$31.7	\$27.8	\$31.9	\$30.3	\$30.6	\$27.8		

PBS Monthly Collections in Millions



 FY05 Recovery	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5
 FY06 Goal	\$24.6	\$24.6	\$24.6	\$24.6	\$24.6	\$24.6	\$24.6	\$24.6	\$24.6	\$24.6	\$24.6	\$24.6
 Pr. Yr Actual	\$19.7	\$22.0	\$23.8	\$17.3	\$15.8	\$22.0	\$23.3	\$20.3	\$25.5	\$23.2	\$24.0	\$26.2
 Curr. Yr Actual	\$18.7	\$24.6	\$23.7	\$29.0	\$26.5	\$24.2	\$25.3	\$25.6	\$27.6	\$23.0		

Palomar Pomerado Health
STATEMENTS OF CASH FLOWS
Fiscal Year 2006

	<u>April</u>	<u>YTD</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss from operations)	\$ (1,191,522)	\$ 1,066,970
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	1,492,705	14,718,790
Provision for bad debts	945,313	24,779,267
Changes in operating assets and liabilities:		
Patient accounts receivable	430,399	(25,144,334)
Property Tax and other receivables	(857,594)	(12,522,034)
Inventories	124,397	(97,617)
Prepaid expenses and Other Non-Current assets	227,654	(691,195)
Accounts payable	1,964,086	(219,730)
Accrued comp	932,459	292,308
Estimated settlement amounts due third-party payors	43,611	2,232,470
Other current liabilities	(1,942,072)	10,935,754
Net cash provided by operating activities	<u>2,169,436</u>	<u>15,350,653</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales on investments	2,363,964	(60,419,047)
Interest (Loss) received on investments	478,130	3,184,742
Investment in affiliates	(41,490)	73,227
Net cash used in investing activities	<u>2,800,604</u>	<u>(57,161,078)</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:		
Other	0	0
Receipt of G.O. Bond Taxes	2,718,167	8,062,030
Receipt of District Taxes	<u>3,039,437</u>	<u>10,111,275</u>
Net cash used in activities	<u>5,757,604</u>	<u>18,173,305</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property plant and equipment	(4,031,095)	(54,290,901)
Proceeds from sale of asset	0	781,634
G.O. Bond Interest paid	0	(2,083,619)
Revenue Bond Interest paid	0	(2,126,354)
Proceeds from issuance of debt	0	82,185,607
Payments of LT Debt	<u>0</u>	<u>(6,125,000)</u>
Net cash used in activities	<u>(4,031,095)</u>	<u>18,341,367</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,696,549	(5,295,753)
CASH AND CASH EQUIVALENTS - Beginning of period	<u>670,771</u>	<u>12,663,073</u>
CASH AND CASH EQUIVALENTS - End of period	<u>\$ 7,367,320</u>	<u>\$ 7,367,320</u>