



AGENDA

REGULAR MEETING OF THE BOARD OF DIRECTORS

Tuesday, December 7, 2021

6:00 PM

IN AN EFFORT TO PREVENT THE SPREAD OF COVID-19 (CORONAVIRUS), AND IN ACCORDANCE WITH THE GOVERNOR'S EXECUTIVE ORDER N-29-20 (PENDING AB 361 IMPLEMENTATION), THERE WILL BE NO PUBLIC LOCATION FOR ATTENDING THIS BOARD MEETING IN PERSON. MEMBERS OF THE PUBLIC MAY JOIN THE MEETING BY FOLLOWING THE INSTRUCTIONS BELOW:

Meeting Information

Meeting link: <https://sangorgoniomemorialhospital-ajd.my.webex.com/sangorgoniomemorialhospital-ajd.my/j.php?MTID=mff59f6b57ca146c5086f166f799b8cea>

Meeting number: 2551 966 6567

Password: 1234

More ways to join

Join by video system

Dial [25519666567@webex.com](tel:25519666567)

You can also dial 173.243.2.68 and enter your meeting number.

Join by phone

+1-510-338-9438 USA Toll

Access code: 2551 966 6567

Password: 1234

Emergency phone number if WebEx tech difficulties

951-846-2846

code: 3376#

THE TELEPHONES OF ALL MEMBERS OF THE PUBLIC LISTENING IN ON THIS MEETING MUST BE "MUTED".

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at (951) 769-2160. **Notification 48 hours prior to the meeting** will enable the Healthcare District to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.02-35.104 ADA Title II].

TAB

I. Call to Order

D. Tankersley, Chair

II. Public Comment

Members of the public who wish to comment on any item on the agenda may speak during public comment or submit comments by emailing publiccomment@sgmh.org on or before 1:00 PM on Tuesday, December 7, 2021, which will become part of the board meeting record.

A five-minute limitation shall apply to each member of the public who wishes to address the Healthcare District Board of Directors on any matter under the subject jurisdiction of the Board. A thirty-minute time limit is placed on this section. No member of the public shall be permitted to “share” his/her five minutes with any other member of the public. (Usually, any items received under this heading are referred to staff for future study, research, completion and/or future Board Action.) (PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.)

On behalf of the Healthcare District Board of Directors, we want you to know that the Board acknowledges the comments or concerns that you direct to this Board. While the Board may wish to occasionally respond immediately to questions or comments if appropriate, they often will instruct the Hospital CEO, or other Hospital Executive personnel, to do further research and report back to the Board prior to responding to any issues raised. If you have specific questions, you will receive a response either at the meeting or shortly thereafter. The Board wants to ensure that it is fully informed before responding, and so if your questions are not addressed during the meeting, this does not indicate a lack of interest on the Board’s part; a response will be forthcoming.

NOTE: ALL MEMBERS OF THE SAN GORGONIO MEMORIAL HOSPITAL BOARD OF DIRECTORS ARE INVITED PARTICIPANTS AND MAY ADDRESS THE SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT BOARD OF DIRECTORS AT ANY TIME DURING THIS MEETING.

TAB

OLD BUSINESS

- | | | | |
|------|---|-----|---|
| III. | * Proposed Action - Approve Minutes
<ul style="list-style-type: none"> • November 2, 2021, regular meeting | All | A |
|------|---|-----|---|

NEW BUSINESS

- | | | | |
|-------|---|-------------------------------|------------|
| IV. | Healthcare District Board Chair monthly report | D. Tankersley | verbal |
| V. | * Proposed Action - Approve October 2021 Financial Report
<ul style="list-style-type: none"> ▪ ROLL CALL • Informational: Measure A Funds Report – October 2021 | M. Kammer | B

C |
| VI. | For Review – Healthcare District Bylaws
(Scheduled for approval at January 2022 meeting per bylaws section 9, (b)) | D. Tankersley | D |
| VII. | * Proposed Action – Approve FY21 Financial Audit
<ul style="list-style-type: none"> ▪ ROLL CALL | D. Heckathorne/
Wipfli LLP | E |
| VIII. | 2022 Slate of Officers
(2021 Slate of Officers included in packet for reference)

<ul style="list-style-type: none"> • * Proposed Action - Nominate/Approve 2022 Healthcare District Board Chair
 <ul style="list-style-type: none"> ▪ ROLL CALL | D. Tankersley | F |

- *** Proposed Action – Nominate/Approve 2022 Healthcare District Board Vice Chair**
 - **ROLL CALL**

- *** Proposed Action – Nominate/Approve 2022 Healthcare District Board Secretary/Treasurer**
 - **ROLL CALL**

IX. Committee Reports:

- Measure D Community Oversight Committee D. Tankersley
 - November 16, 2021, regular meeting minutes G
 - Report

- Measure A Community Oversight Committee D. Tankersley
 - November 16, 2021, regular meeting minutes – No Quorum H
 - Report

X. General Information

***** ITEMS FOR DISCUSSION/APPROVAL IN CLOSED SESSION**

D. Tankersley

- Proposed Action – Approve Medical Staff Credentialing
(*Health & Safety Code §32155; and Evidence Code §1157*)

XI. **ADJOURN TO CLOSED SESSION**

RECONVENE TO OPEN SESSION

***** REPORT ON ACTIONS TAKEN DURING CLOSED SESSION**

D. Tankersley

XII. Future Agenda Items

XIII. Adjournment

D. Tankersley

***Action Required**

In accordance with The Brown Act, *Section 54957.5*, all public records relating to an agenda item on this agenda are available for public inspection at the time the document is distributed to all, or a majority of all, members of the Board. Such records shall be available at the Healthcare District Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

I certify that on December 3, 2021, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of San Gorgonio Memorial Healthcare District, and on the San Gorgonio Memorial Hospital website, said time being at least 72 hours in advance of the regular meeting of the Board of Directors
(*Government Code Section 54954.2*).

Executed at Banning, California on December 3, 2021



Ariel Whitley, Executive Assistant

TAB A

REGULAR MEETING OF THE
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
BOARD OF DIRECTORS

November 2, 2021

The regular meeting of the Board of Directors of the San Gorgonio Memorial Healthcare District was held on Tuesday, November 2, 2021. In an effort to prevent the spread of COVID-19 (coronavirus), and in accordance with the Governor’s Executive Order N-29-20, there was no public location for attending this board meeting in person. Board members and members of the public participated via WebEx.

Members Present: Phillip Capobianco III, Howard Katz, Joel Labha, D.O., Ehren Ngo (Vice Chair)

Excused Absence: Dennis Tankersley (Chair)

Required Hospital: Steve Barron (CEO), Pat Brown (CNO/COO), Daniel Heckathorne (CFO), Annah Karam (CHRO), Karan Singh, MD (CMO), Margaret Kammer (Controller), Ariel Whitley (Executive Assistant)

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
Call To Order	Vice Chair, Ehren Ngo, called the meeting to order at 6:04 pm.	
Public Comment	Members of the public who wished to comment on any item on the agenda were encouraged to submit comments by emailing publiccomment@sgmh.org prior to this meeting. No public comment emails were received.	
OLD BUSINESS		
Proposed Action - Approve Minutes October 5, 2021, regular meeting.	Vice Chair Ngo asked for any changes or corrections to the minutes of the October 5, 2021, regular meeting.	The minutes of the October 5, 2021, regular meeting will stand correct as presented.
NEW BUSINESS		
Healthcare District Board Chair Monthly report	Vice Chair Ngo reported that Chair Tankersley is attending a Beaumont City Council meeting to discuss Measure H.	

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
<p>Proposed Action – Approve the September 2021 Financial Report</p>	<p>Margaret Kammer reviewed the September 2021 Finance Report as included on the board tablets.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="407 457 1214 573"> <tr> <td>Capobianco</td> <td>Yes</td> <td>Katz</td> <td>Yes</td> </tr> <tr> <td>Labha</td> <td>Absent</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Absent</td> <td colspan="2">Motion carried.</td> </tr> </table>	Capobianco	Yes	Katz	Yes	Labha	Absent	Ngo	Yes	Tankersley	Absent	Motion carried.		<p>M.S.C., (Capobianco/Katz), the SGMHD Board of Directors approved the September 2021 Financial report as presented.</p>
Capobianco	Yes	Katz	Yes											
Labha	Absent	Ngo	Yes											
Tankersley	Absent	Motion carried.												
<p>• Informational - Measure A expenditures – September 2021</p>	<p>Vice Chair Ngo noted that a copy of the Measure A funds and expenditures – September 2021 were included on the board tablets.</p>													
<p>Quarterly Common Areas Maintenance fees report</p>	<p>Margaret Kammer, SGMH Controller, noted that the Quarterly Common Area Maintenance fees report was included on the board tablets.</p>													
<p>Proposed Action – Approve 2022 Meeting Dates</p>	<p>Vice Chair Ngo reported that included on the board tablets is a list of suggested meeting dates for 2022.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="407 1129 1214 1245"> <tr> <td>Capobianco</td> <td>Yes</td> <td>Katz</td> <td>Yes</td> </tr> <tr> <td>Labha</td> <td>Absent</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Absent</td> <td colspan="2">Motion carried.</td> </tr> </table>	Capobianco	Yes	Katz	Yes	Labha	Absent	Ngo	Yes	Tankersley	Absent	Motion carried.		<p>M.S.C., (Katz/Capobianco), the SGMHD Board of Directors approved the 2022 Meeting Dates as presented.</p>
Capobianco	Yes	Katz	Yes											
Labha	Absent	Ngo	Yes											
Tankersley	Absent	Motion carried.												
<p>Proposed Action – Approve to enter a Lease Agreement and Use, License and Service Agreement between Intuitive Surgical and San Gorgonio Memorial Healthcare District for a da Vinci robotics surgical equipment system.</p>	<p>There was no further discussion as this proposed action was recommended by the Hospital board for approval.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="407 1478 1214 1593"> <tr> <td>Capobianco</td> <td>No</td> <td>Katz</td> <td>Yes</td> </tr> <tr> <td>Labha</td> <td>Absent</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Absent</td> <td colspan="2">Motion carried.</td> </tr> </table>	Capobianco	No	Katz	Yes	Labha	Absent	Ngo	Yes	Tankersley	Absent	Motion carried.		<p>M.S.C. (Ngo/Katz), the SGMHD Board of Directors voted to enter a Lease Agreement and Use, License and Service Agreement between Intuitive Surgical and San Gorgonio Memorial Healthcare District for a da Vinci robotics surgical equipment system.</p>
Capobianco	No	Katz	Yes											
Labha	Absent	Ngo	Yes											
Tankersley	Absent	Motion carried.												
<p>Informational – Price Increase Letter</p>	<p>The Price Increase Letter was included as informational. This letter explains the increase in landscaping fees for the Hospital. The landscaped areas include the main hospital, the MOB</p>													

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
	<p>buildings, and the helipad area.</p> <p>Director Joel Labha joined the meeting at 6:21 pm.</p>	
FOR REVIEW – Existing 2021 Slate of Officers	<p>Vice Chair Ngo noted that a copy of the 2021 Slate of Officers was included on the Board tablets as informational. Officers are scheduled to be elected at the December board meeting becoming effective in January 2022.</p>	
General Information	<p>None</p>	
Adjourn to Closed Session	<p>Vice Chair Ngo reported the items to be reviewed and discussed and/or acted upon during Closed Session will be:</p> <ul style="list-style-type: none"> ➤ Proposed Action – Approve Medical Staff Credentialing <p>The meeting adjourned to Closed Session at 6:28 pm.</p>	
Reconvene to Open Session	<p>The meeting reconvened to Open Session at 6:34 pm.</p> <p>At the request of Vice Chair, Ngo, Ariel Whitley reported on the actions taken/ information received during closed session as follows:</p> <ul style="list-style-type: none"> ➤ Approved Medical Staff Credentialing 	
Future Agenda Items	<p>None.</p>	
Adjournment	<p>The meeting was adjourned at 6:34 pm.</p>	

In accordance with The Brown Act, *Section 54957.5*, all reports and handouts discussed during this Open Session meeting are public records and are available for public inspection. These reports and/or handouts are available for review at the Healthcare District Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

Minutes respectfully submitted by Ariel Whitley, Executive Assistant

TAB B



SAN GORGONIO
MEMORIAL HEALTHCARE
DISTRICT

October 2021 Unaudited Financial Report

FY 2022

Presented by:

M. Kammer

Page 1

**SAN GORGONIO MEMORIAL DISTRICT
BANNING, CALIFORNIA**

10/31/21

PAGE 2

	FY 2022	ACT CUR 10/31/21	BUD CUR 10/31/21	PRIOR YR 10/31/20	ACT YTD 10/31/21	BUD YTD 10/31/21	Prior YTD 10/31/20
Gross Patient Revenue							
Inpatient Routine Revenue		\$0	\$0	\$0	\$0	\$0	\$0
Inpatient Ancillary Revenue		\$0	\$0	\$0	\$0	\$0	\$0
Outpatient Revenue		\$0	\$0	\$0	\$0	\$0	\$0
Long Term Care Revenue		\$0	\$0	\$0	\$0	\$0	\$0
Home Health Revenue		\$0	\$0	\$0	\$0	\$0	\$0
Total Gross Patient Revenue		\$0	\$0	\$0	\$0	\$0	\$0
Discounts and Allowances							
Discounts and Allowances		\$0	\$0	\$0	\$0	\$0	\$0
Bad Debt Expense (Governmental Provic		\$0	\$0	\$0	\$0	\$0	\$0
Prior Year Settlements		\$0	\$0	\$0	\$0	\$0	\$0
Charity Care		\$0	\$0	\$0	\$0	\$0	\$0
Total Deductions From Revenue		\$0	\$0	\$0	\$0	\$0	\$0
Net Patient Revenue		\$0	\$0	\$0	\$0	\$0	\$0
Other Operating Revenue							
Other Operating Revenue		\$0	\$13,836	\$0	\$0	\$55,343	\$0
Clinic Revenues		\$0	\$0	\$55,127	\$0	\$0	\$78,551
Tax Subsidies Measure D		\$233,333	\$239,583	\$377,500	\$699,999	\$958,333	\$755,000
Tax Subsidies Advelorum		\$150,000	\$166,667	(\$75,010)	\$450,000	\$666,667	(\$75,010)
Other Non-Operating Revenue - Grants		\$0	\$4,064	\$0	\$0	\$16,254	\$0
		\$383,333	\$424,149	\$357,617	\$1,149,999	\$1,696,597	\$758,541
EXPENSES							
Salaries and Wages		\$0	\$0	\$0	\$0	\$0	\$0
Fringe Benefits		\$0	\$0	\$0	\$0	\$0	\$0
Contract Labor		\$0	\$0	\$0	\$0	\$0	\$0
Physicians Fees		\$0	\$0	\$0	\$0	\$0	\$0
Purchased Services		\$37,272	\$27,563	\$210,887	\$122,030	\$110,250	\$211,282
Supply Expense		\$0	\$0	\$0	\$0	\$0	\$0
Utilities		\$1,765	\$2,481	\$2,694	\$8,425	\$9,922	\$6,491
Repairs and Maintenance		\$6,500	\$7,000	\$6,857	\$37,484	\$28,000	\$28,636
Insurance Expense		\$0	\$0	\$0	\$0	\$0	\$0
All Other Operating Expenses		\$0	\$234,333	\$0	\$0	\$937,333	\$169
IGT Expense		\$0	\$0	\$0	\$0	\$0	\$0
Leases and Rentals		\$0	\$0	\$0	\$0	\$0	\$0
Clinic Expenses		\$0	\$0	\$47,944	\$0	\$0	\$191,372
		\$45,537	\$271,376	\$268,382	\$167,939	\$1,085,505	\$437,950
EBIDA		\$337,796	\$152,773	\$89,235	\$982,060	\$611,092	\$320,591
Depreciation							
Depreciation		\$504,865	\$504,865	\$494,658	\$2,019,460	\$2,019,460	\$1,978,633
Interest Expense (Non-Governmental Pr		\$360,607	\$402,229	\$398,082	\$1,441,398	\$1,608,916	\$833,331
		\$865,472	\$907,094	\$892,740	\$3,460,858	\$3,628,376	\$2,811,964
Contributions							
Contributions		\$1,523	\$75,000	\$20,264	\$36,022	\$300,000	\$28,550
Tax Subsidies for GO Bonds - M-A		\$613,966	\$666,667	\$597,442	\$2,455,863	\$2,666,667	\$2,389,767
Total Non Operating Revenue/(Expens		\$615,489	\$741,667	\$617,706	\$2,491,885	\$2,966,667	\$2,418,317
NET INCOME		\$87,813	(\$12,654)	(\$185,799)	\$13,087	(\$50,617)	(\$73,056)

Balance Sheet - Assets

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
BANNING, CALIFORNIA

10/31/21

PAGE 3

	Current Month 10/31/2021	Prior Month 09/30/2021	ASSETS Positive/ (Negative) Variance	Percentage Variance	Prior Year 06/30/2021
					\$12,264,322
Current Assets -DISTRICT ONLY					
Cash and Cash Equivalents	\$662,870	\$667,528	(\$4,658)	-1%	\$748,291
Gross Patient Accounts Receivable	\$0	\$0	\$0	0.00%	\$514,806
Less: Bad Debt and Allowance Reserve	\$0	\$0	\$0	0.00%	(\$428,743)
Net Patient Accounts Receivable	\$0	\$0	\$0	0.00%	\$86,063
Interest Receivable	\$4,425,236	\$3,432,483	\$992,753	29%	\$542,747
Other Receivables	\$0	\$0	\$0	0.00%	\$0
Inventories	\$0	\$0	\$0	0.00%	\$0
Prepaid Expenses	\$126,169	\$126,169	\$0	0%	\$55
Due From Third Party Payers	\$0	\$0	\$0	0.00%	\$0
Due From Affiliates/Related Organization	\$0	\$0	\$0	0.00%	\$0
Other Current Assets	\$0	\$0	\$0	0.00%	\$0
Total Current Assets	\$5,214,275	\$4,226,180	\$988,095	23%	\$1,377,156
Assets Whose Use is Limited					
Cash	\$0	\$0	\$0	0.00%	\$0
Investments	\$6,225,882	\$6,221,176	\$4,706	0%	\$15,465,582
Bond Reserve/Debt Retirement Fund	\$0	\$0	\$0	0.00%	\$0
Trustee Held Funds	\$0	\$0	\$0	0.00%	\$0
Funded Depreciation	\$0	\$0	\$0	0.00%	\$0
Board Designated Funds	\$0	\$0	\$0	0.00%	\$0
Other Limited Use Assets	\$0	\$0	\$0	0.00%	\$0
	\$0	\$0	\$0	0.00%	\$0
Total Limited Use Assets	\$6,225,882	\$6,221,176	\$4,706	0%	\$15,465,582
Property, Plant, and Equipment					
Land and Land Improvements	\$4,828,182	\$4,828,182	\$0	0%	\$4,828,182
Building and Building Improvements	\$129,281,491	\$128,669,491	\$612,000	0%	\$129,257,409
Equipment	\$26,710,049	\$26,704,444	\$5,605	0%	\$26,562,627
Construction In Progress	\$299,244	\$299,244	\$0	0%	\$229,244
Capitalized Interest	\$0	\$0	\$0	0.00%	\$0
Gross Property, Plant, and Equipment	\$161,118,966	\$160,501,361	\$617,605	0%	\$160,947,462
Less: Accumulated Depreciation	(\$85,106,747)	(\$84,601,882)	(\$504,865)	1%	(\$83,087,287)
Net Property, Plant, and Equipment	\$76,012,219	\$75,899,479	\$112,740	0%	\$77,860,175
Other Assets					
Unamortized Loan Costs	\$718,164	\$720,753	(\$2,589)	0%	\$728,520
Assets Held for Future Use	\$0	\$0	\$0	0.00%	\$0
Investments in Subsidiary/Affiliated Org.	\$16,951,383	\$16,951,383	\$0	0%	\$16,860,221
Other	\$0	\$0	\$0	0.00%	\$0
Total Other Assets	\$17,669,547	\$17,672,136	(\$2,589)	0%	\$17,588,741
TOTAL UNRESTRICTED ASSETS	\$105,121,923	\$104,018,971	\$1,102,952	1%	\$112,291,654
Restricted Assets	\$0	\$0	\$0	0.00%	\$0
TOTAL ASSETS	\$105,121,923	\$104,018,971	\$1,102,952	1%	\$112,291,654

Balance Sheet - Liabilities and Net Assets
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
BANNING, CALIFORNIA

10/31/21

PAGE 4

	Cur Month 10/31/2021	Cur Month 10/31/2021	Positive/ (Negative) Variance	Percentage Variance	Prior Year 06/30/2020
Current Liabilities					
Accounts Payable	\$391,623	\$324,841	\$66,782	21%	\$291,294
Notes and Loans Payable	\$0	\$0	\$0	0.00%	\$0
Accounts Payable- Construction	\$0	\$0	\$0	0.00%	\$0
Accrued Payroll Taxes	\$0	\$0	\$0	0.00%	\$0
Accrued Benefits	\$0	\$0	\$0	0.00%	\$0
Accrued Pension Expense (Current Portion)	\$0	\$0	\$0	0.00%	\$0
Other Accrued Expenses	\$0	\$0	\$0	0.00%	\$0
Accrued GO Bond Interest Payable	\$1,642,582	\$1,271,014	\$371,568	29%	\$2,484,778
Property Tax Payable	\$0	\$0	\$0	0.00%	\$0
Due to Third Party Payers	\$0	\$0	\$0	0.00%	\$0
Advances From Third Party Payers	\$0	\$0	\$0	0.00%	\$0
Current Portion of LTD (Bonds/Mortgages)	\$2,335,000	\$2,335,000	\$0	0%	\$2,335,000
Current Portion of LTD (Leases)	\$0	\$0	\$0	0.00%	\$0
Other Current Liabilities	\$0	\$0	\$0	0.00%	\$0
Total Current Liabilities	\$4,369,205	\$3,930,855	(\$438,350)	-11%	\$5,111,072
Long Term Debt					
Bonds/Mortgages Payable	\$102,983,577	\$102,996,935	(\$13,358)	0%	\$105,677,009
Revenue Bond Payable	\$315,000	\$315,000	\$0	0%	\$315,000
Current Portion	\$0	\$0	\$0	0.00%	\$0
Total Long Term Debt	\$103,298,577	\$103,311,935	(\$13,358)	0%	\$105,992,009
Other Long Term Liabilities					
Deferred Revenue	\$0	\$0	\$0	0.00%	\$0
Accrued Pension Expense (Net of Curren	\$0	\$0	\$0	0.00%	\$0
Other	\$0	\$0	\$0	0.00%	\$0
Total Other Long Term Liabilities	\$0	\$0	\$0	0.00%	\$0
TOTAL LIABILITIES	\$107,667,782	\$107,242,790	(\$424,992)	0%	\$111,103,081
Net Assets:					
Unrestricted Fund Balance	(\$2,558,946)	(\$3,311,632)	\$752,686	-23%	\$2,012,369
Temporarily Restricted Fund Balance	\$0	\$0	\$0	0.00%	\$0
Restricted Fund Balance	\$0	\$0	\$0	0.00%	\$0
Net Revenue/(Expenses)	\$13,087	\$87,813	(\$74,726)	-85%	(\$823,796)
TOTAL NET ASSETS	(\$2,545,859)	(\$3,223,819)	(\$677,960)	21%	\$1,188,573
TOTAL LIABILITIES AND NET ASSETS	\$105,121,923	\$104,018,971	(\$1,102,952)	-1%	\$112,291,654
	\$0	\$0			\$0

TAB C

San Gorgonio Memorial Healthcare District

Measure A analysis of Project Funds Paid by General Category

10/31/2021

	Measure A	Current Month-Measure A	District Funds
	<u>Project-to-Date</u>	<u>10/31/2021 UPDATE</u>	<u>10/31/2021 UPDATE</u>
Computer Equipment	\$ 5,311,028	\$ -	
Radiology Equipment	\$ 1,526,641	\$ -	
Legal/Regulatory/Bonds	\$ 3,143,910	\$ -	
Architectural (HDR)-ALL PHASE 1 PROJ	\$ 11,756,851	\$ -	
Construction Management-ALL PHASE 1	\$ 12,875,601	\$ -	
Contractors 1-A (HELIPAD/COOLING TOW	\$ 7,814,103	\$ -	
Other	\$ 3,021,460	\$ -	
Contractors 1-B (CENTRAL PLANT)	\$ 20,800,201	\$ -	
Contractors 1-C (ED/ICU)	\$ 28,157,355	\$ -	
Contractors 1-E Dietary Remodel	\$ 5,225,946	\$ -	
Contractors 1-Medley Project	\$ 4,796,620	\$ -	
Previous Expenditures for Measure A-Phase 1	\$ 104,429,717	\$ -	
Contractors, Architect, Mgmt - 2-A Patient Facility prior to 10/31/2021	\$ 7,015,575		
Expenditures prior to 9/01/14 all phases	<u>\$ 111,445,293</u>		
Project expenditures using District Funds			
TCU Conversion 0001	\$0.00	\$0.00	\$ 108,612
Medical Records Conversion 0004	\$0.00	\$0.00	\$ 13,618
Pharmacy Conversion 0005	\$0.00	\$0.00	\$ 50,447
CIP Patient Care Facility-0008	\$0.00	\$0.00	\$ 2,100
Project Expenditures using Measure A funds			
TCU Conversion 0001	\$ 539,852.53	\$0.00	
Medical Records Conversion 0004	\$0.00	\$0.00	
Pharmacy Conversion 0005	\$0.00	\$0.00	
CIP Patient Care Facility-0008	\$1,338,416.28	\$0.00	\$0.00
OR Electrical Conversion	\$0.00	\$0.00	\$39,751.00
Other Construction Costs	\$150,247.92	\$0.00	
Other Non-Construction Costs	\$193,576.42	\$0.00	\$5,955.22
Total Expenditures	\$ 113,667,386	\$ -	\$ 220,483

Measure A Project General Obligation Funds
Statement of Funds Flows

PROCEEDS SUMMARY:	
Initial Project Fund transfer from sale of General Obligation Bonds 2006 A to FSA	25,200,349
Initial Project Fund Transfer from sale of General Obligation Bonds 2006 B (08/08/	24,876,964.91
Initial Project Fund from sale of General Obligation Bonds 2006 C (08/14/2009)	57,800,000
Planholder Checks project to date and refunds for overpayments	24,072
HDR Returned payments	139,979
Initial Proceeds	108,041,365
Investment Income	
FSA Inc. (Series 2006 A)	1,762,060
BB&T GIC (Series 2008 B)	1,461,176
Bank of Hemet Series A	1,001
City National Money Market	81
GE Capital (Series 2009 C)	2,638,823
Security Bank Money Market	39,067
Interest Income SUBTOTAL	5,902,208
Total Proceeds Available for Measure A:	\$ 113,943,573

Projected Interest by end of Project>	5,912,351
Total Projected Proceeds Available for Measure A:	\$ 113,953,716

FUND FLOWS:		
Total Measure A Funds Initial Proceeds (from above)		108,041,364.81
Add:	<u>Rate</u>	<u>Interest Income</u>
FSA Inc. (Series 2006 A), FY 07	5.27%	1,030,536.43
FSA Inc. (Series 2006 A), FY 08	5.27%	635,706.73
FSA Inc. (Series 2006 A), FY 09	5.27%	95,817.32
BB&T GIC (Series 2008 B) FY 09	4.94%	680,384
BB&T GIC (Series 2008 B) FY 10	4.94%	648,151
BB&T GIC (Series 2008 B) FY 11	4.94%	132,640
GE Capital (Series 2009 C) FY 10	1.75%	688,722
GE Capital (Series 2009 C) FY 11	1.75%	956,529
GE Capital (Series 2009 C) FY 12	1.75%	591,104.24
GE Capital (Series 2009 C) FY 13	1.75%	293,402.39
GE Capital (Series 2009 C) FY 14	1.75%	109,065.59
Bank of Hemet Series A		1,001
City National Money Market		81
Security Bank Construction funds		1,126
Security Bank Construction Money Market		37,940
Total Interest Income earned		\$ 5,902,208
Project Expenditures (from above)	\$	113,667,386
Total Consolidated Funds available:	\$	276,187.25
	spent to date	100%

MEASURE A BALANCES:		
	Balances as of 10/31/2021	
Bank of Hemet Series A	4310	-
Security Bank of California Construction Ft	1812	5,990
Security Bank of California Money Market	2509	270,197
Total Balances		\$ 276,187
	VARIANCE	\$ (0.00)

TAB D

**AMENDED AND RESTATED BYLAWS
OF THE
SAN GORGONIO MEMORIAL
HEALTHCARE DISTRICT**

TABLE OF CONTENTS

ARTICLE I. PURPOSES _____ **1**

Section 1. Specific Purposes. _____ **1**

Section 2. Public Body. _____ **1**

ARTICLE II. ORGANIZATION _____ **1**

Section 1. Name. _____ **1**

Section 2. Principle Office. _____ **1**

Section 3. Board of Directors. _____ **1**

Section 4. Seal. _____ **1**

Section 5. District Service Area. _____ **2**

ARTICLE III. BOARD OF DIRECTORS _____ **2**

Section 1. Number and Qualification. _____ **2**

Section 2. Term. _____ **2**

Section 3. Electorate. _____ **2**

Section 4. Successors. _____ **2**

Section 5. Vacancies. _____ **2**

Section 6. Quorum. _____ **2**

Section 7. Agenda. _____ **2**

Section 8. Regular Meetings _____ **2**

Section 9. Organizational Meeting. _____ **2**

Section 10. Special Meetings. _____ **2**

Section 11. Management. _____ **2**

Section 12. Sessions of Board Open to Public. _____ **3**

Section 13. Adjournment. _____ **3**

Section 14. Notice of Adjournment. _____ **3**

Section 15. Compensation and Expenses. _____ **3**

Section 16. Duties. _____ **3**

ARTICLE IV. OFFICERS _____ **4**

Section 1. Officers. _____ **4**

Section 2. Duties of Officers. _____ **4**

 (a) Chair. _____ **4**

(b) Vice-Chair. _____	4
(c) Treasurer. _____	4
(d) Secretary. _____	4
ARTICLE V. MISCELLANEOUS _____	4
Section 1. Contracts and How Executed. _____	4
Section 2. Checks, Drafts, etc. _____	4
Section 3. Conflict of Interest and Employment Restriction. _____	4
(a) Prohibited Conflict of Interest. _____	4
(b) No Employment with District or Hospital. _____	4
(c) No Significant Financial Interest in Transaction or Contract. _____	5
(d) One Year Restriction. _____	5
(e) Compliance with District’s Conflict of Interest Code. _____	5
ARTICLE VI. COMMITTEES _____	5
ARTICLE VII. CHIEF EXECUTIVE OFFICER _____	5
ARTICLE VIII. MEDICAL STAFF _____	6
Section 1. Medical Staff Organization. _____	6
Section 2. Allied Health Professionals. _____	6
Section 3. Nondiscrimination. _____	6
Section 4. Medical Staff Bylaws. _____	6
Section 5. Delegation of Authority. _____	6
Section 6. Medical Staff Appointment and Reappointment. _____	6
Section 7. Corrective Action, Hearings and Appeals. _____	7
Section 8. Medical Staff Communication. _____	7
Section 9. Medical Staff Membership and Clinical Privileges. _____	7
Section 10. Medical Records. _____	7
ARTICLE VIIIa. QUALITY OF PROFESSIONAL SERVICES _____	7
Section 1. Accountability. _____	7
Section 2. Professional Services. _____	8
ARTICLE IX. AMENDMENTS _____	8
ARTICLE X. CERTIFICATE OF SECRETARY _____	8

AMENDED AND RESTATED BYLAWS
OF THE
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT

ARTICLE I. PURPOSES

Section 1. Specific Purposes. The purposes of this healthcare district shall be:

- (a) To establish and maintain a hospital for the care of persons suffering from illnesses or disabilities which require that the patients receive hospital care.
- (b) To carry on any activities related to health services which, in the opinion of the Board of Directors, may be justified by the facilities, personnel, funds or other requirements that are or can be made available.
- (c) To promote and carry on scientific research related to the care of the sick and injured insofar as, in the opinion of the Board of Directors, such research and education can be carried on in, or in connection with, the hospital.
- (d) To participate, so far as circumstances may warrant, in any activity designed and carried on to promote the general health of the community.

Section 2. Public Body. This district is organized as a public body. No part of its earnings will inure to the benefit of any member, director, officer or individual.

ARTICLE II. ORGANIZATION

Section 1. Name. The name of this healthcare district shall be "San Gorgonio Memorial Healthcare District".

Section 2. Principal Office. The function and governance of this District shall be conducted at the principal office of the San Gorgonio Memorial Hospital, which is located at the southeastern corner of Highland Springs Avenue and West Wilson Street in the City of Banning, in the County of Riverside, State of California or such other place or places in the District as the Board of Directors may from time to time designate.

Section 3. Board of Directors. The administrative powers of this District shall be vested in a Board of Directors of five members who have charge, control and management of the property, affairs and funds of the District and who have the power and authority to perform all acts and functions not inconsistent with these bylaws or with the Healthcare District Laws of the State of California.

Section 4. Seal. The District shall have a seal which shall be circular in form and have in the perimeter thereof the following inscription:

San Gorgonio Memorial Healthcare District

Organized October 9, 1947

California

Section 5. District Service Area. The District is entirely located in Riverside County and the State of California. Communities serviced are as follows: CALIMESA - CHERRY VALLEY - BANNING - BEAUMONT - CABAZON - WHITEWATER. The present boundary of San Gorgonio Memorial HealthCare District is as shown on attached map.

ARTICLE III. BOARD OF DIRECTORS

Section 1. Number and Qualification. There shall be five (5) directors of this District, each of whom shall be a registered voter residing in this District.

Section 2. Term. The term of each Director shall be four (4) years. These terms shall be staggered. In each year divisible by four, two (2) Directors shall be elected for four (4) year terms. In the other even years, three (3) Directors shall be elected for four (4) years.

Section 3. Electorate. Directors shall be elected by the qualified electors of the District. All registered voters residing in the District are qualified electors.

Section 4. Successors. Directors shall go out of office upon the election and qualification of their successors after each healthcare district general election in even numbered years, as provide by California Health and Safety Code Section 32100.

Section 5. Vacancies. A vacancy upon the Board can occur upon the happening of any of the events set forth in Government Code Section 1770. Any vacancy shall be filled in accordance with Section 1780 of the Government Code and in accordance with other applicable statutes. Any person appointed to fill such vacancy shall hold office for the unexpired term.

Section 6. Quorum. A quorum for the transaction of business at regular or special meetings shall consist of a majority of the members of the Board of Directors.

Section 7. Agenda. The agenda at any meeting of the Board of Directors shall be as required from time to time by the Local Healthcare District Law.

Section 8. Regular Meetings. The Board of Directors shall hold regular meetings at such times as may be prescribed from time to time by resolution of the Board of Directors, but not less than ten times annually. Such meetings shall be held on the campus of the San Gorgonio Memorial Hospital or at such other place within the boundaries of the District as may be designated from time to time by the Healthcare District Board of Directors.

Section 9. Organizational Meeting.

- (a) At the first meeting following a regular hospital election, the Board of Directors shall meet for the purpose of organization, including election of officers, committee assignments and the transaction of other necessary business.
- (b) At the regular meeting in January, the Board of Directors shall meet for the purpose of reviewing the Bylaws and updating them as necessary.

Section 10. Special Meetings. Special meetings of the Board may be called by the Chair, or shall be called at the written request of three members of the Board. Written notice of special meetings shall be mailed from a point within the District to each member of the Board at least forty-eight hours before the date of such special meeting. This notice shall state the business to be conducted and no business other than that stated in the notice shall be conducted at such special meeting.

Section 11. Management. . Subject to the limitations of the Local Healthcare District Law, or as the same may hereafter be amended, and subject to the duties of Directors as prescribed by these bylaws, it is the responsibility of the Board of Directors to ensure that any hospital operated by the District is properly managed in accordance with the Health and Safety Code and applicable regulations promulgated thereunder, and to establish policy, maintain quality patient care, and provide for institutional management and planning. The Board of Directors may provide for the management and operation of its hospital

by an independent management company (“Manager”) which shall assist the Board of Directors in its duties and responsibilities.

Section 12. Sessions of Board Open to Public. All of the sessions of the Board of Directors, whether regular or special, shall be open to the public, except as authorized by Government Codes 54950 et seq., Health and Safety Code Sections 32106 and 32155, and such additional statutory authority as may exist from time to time relating to public meetings of local health care districts.

Section 13. Adjournment. A quorum of the Directors may adjourn any Directors meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum those present at any directors meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 14. Notice of Adjournment. Notice of the time and place of holding an adjourned meeting shall be given to absent directors.

Section 15. Compensation and Expenses. The members of the District Board of Directors are entitled to receive amounts per meeting as provided by California Administrative Codes. Such amounts shall not be mandatory and Board Members choosing not to accept compensation may do so. Additionally, each Board member is also entitled to receive reimbursement for expenses incurred in conjunction with educational seminars.

Section 16. Duties. The Board of Directors has the responsibility to establish policy for San Gorgonio Memorial Hospital (the “Hospital”) and its business, including, but not limited, to all matters pertaining to the quality of care rendered within the Hospital. The Board of Directors shall exercise this authority in conformity with applicable laws, regulations, and accreditation requirements. In furtherance of the foregoing, the role of the Board of Directors shall be as follows:

- (a) Establish policy for the operation, maintenance and development of the Hospital and its business, including, but not limited to assuring the quality of care within the Hospital.
- (b) Provide for the appointment of a competent and experienced Chief Executive Officer who shall be its direct representative in the management of the Hospital.
- (c) On an annual basis, review the performance of the Chief Executive Officer, unless such Chief Executive Officer is an employee of a Manager for the Hospital, in which case it will review the performance of the Manager.
- (d) Approve an annual operating budget and capital expenditures.
- (e) Approve the strategic plan on an annual basis.
- (f) Review and approve periodic financial statements and other financial matters of the Hospital.
- (g) Assure that adequate revenues are retained by the Hospital and spent appropriately.
- (h) Review and act on financing arrangements recommended by the Chief Executive Officer for the Hospital.
- (i) Review these Bylaws, the Medical Staff Bylaws, and all committees as needed, and approve needed changes.
- (j) Review and, when appropriate, approve policies and procedures to promote care, treatment, and rehabilitation of patients.
- (k) Review and revise, as appropriate, all department and service policies and procedures when warranted and ensure that the Medical Staff participates, as appropriate.
- (l) Act as the final decision-making authority with respect to all matters pertaining to credentialing and privileges. Upon the recommendation and advice of the Medical Staff, the Board shall appoint members of

the Medical Staff and grant such privileges as may, in their judgment, be warranted by the experience and training of the applicant.

ARTICLE IV. OFFICERS

Section 1. Officers. The officers of the Board of Directors shall be a Chair, a Vice Chair, a Secretary, a Treasurer and such other officers as the Board of Directors may authorize. They shall hold office for a period of one year or until their successor shall have been duly elected and qualified. All officers, agents and employees shall be bonded in such amounts as may be determined from time to time by the District Board of Directors.

Section 2. Duties of Officers.

- (a) **Chair.** The Chair shall call and preside at all meetings and shall be ex-officio, a member of all committees.
- (b) **Vice Chair.** The Vice Chair shall act as Chair, in the absence of the Chair and when so acting shall have all the power and authority of the Chair.
- (c) **Treasurer.** The Treasurer's duties shall correspond with those delineated in Section 32127 of the Health and Safety Code of the State of California or as the same may hereafter be amended.
- (d) **Secretary.** The Secretary shall: (i) act as or cause to be provided a Secretary of the Board, (ii) act as or cause to be provided a custodian of all records and reports of the District and of the Board (iii) be responsible for or cause to be maintained the keeping and reporting of adequate records of all transactions and of the minutes of all meetings of the Board of Directors. The Secretary shall also be responsible for causing the copying and forwarding to the County Clerk of the disclosure forms required to be filed with the Secretary under the California Political Reform Act.

ARTICLE V. MISCELLANEOUS

Section 1. Contracts and How Executed. Except as otherwise provided by these bylaws, the Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the District, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors no officer, agent or employee shall have any power or authority to bind the District by any contract or engagement or to pledge its credit or render it liable for any purpose or to any amount.

Section 2. Checks, Drafts, etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the District, shall be signed or endorsed by such person or persons and in the manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 3. Conflict of Interest and Employment Restriction.

(a) **Prohibited Conflict of Interest.** Members of the Board of Directors shall not have a prohibited conflict of interest and may not make, participate in making, or in any way use or attempt to use his or her official position to influence a District decision when he or she knows or has reason to know he or she has a disqualifying financial interest. A disqualifying conflict of interest arises when a Director, or his or her immediate family, can reasonably foresee a direct and material monetary gain or suffer any direct and material monetary loss as a result of his or her official activity or on any financial interest described by Title 2 of the California Code of Regulations §18700. A disqualifying conflict does not exist if, as a member of a business profession, occupation or group, a Director accrues no greater of a benefit or detriment than any other Director. As may be permitted by Government Code Sections 1091-1091.5, if a member of the Board of Directors has a disqualifying conflict of interest with certain matters before the Board, such Member shall recuse himself/herself from any discussion on the matter as well as any vote on the matter.

(b) **No Employment with District or Hospital.** An employee of the District or the Hospital shall not be sworn into office as an elected or appointed member of the Board unless the elected or appointed member resigns as an employee. If

the elected or appointed member does not resign, the employment shall be deemed automatically terminated upon his or her being sworn into office.

(c) No Significant Financial Interest in Transaction or Contract. An elected or appointed member of the Board of Directors shall not be sworn into office as long as the member has a significant financial interest in a pending transaction or existing contractual arrangement with the District or the Hospital. A significant financial interest exists where the Director, or his or her immediate family, has a direct and material monetary gain or would suffer direct and material monetary loss as a result of the transaction or contractual arrangement with the District, including any financial interest described by Title 2 of the California Code of Regulations §18700.

(d) One Year Restriction. A former member of the Board of Directors may not be hired by the District in the capacity of an employee, or have a significant financial interest in any transaction or contractual arrangement with the District for one (1) year after the former member has ceased to be a Director. This prohibition shall not apply to any Director who was at the inception of his or her term of office an employee, or had a significant financial interest with the District and terminated such employment status or such significant financial interest upon the commencement of his or her term.

(e) Compliance with District’s Conflict of Interest Code. Members of the Board of Directors shall comply with the District’s Conflict of Interest Code, as it may be amended or supplemented from time to time, applicable provisions of the Political Reform Act, Government Code Section 81000, et seq. Government Code Section 1090 et seq. and other policies adopted by the Board, including but not limited to confidentiality and conflict of interest policies. As required by the foregoing laws, Board members shall file an FPPC Form 700 with the District within 30 days of taking office, annually, and within 30 days of leaving office.

ARTICLE VI. COMMITTEES

The Committees of the Board shall be standing or special. The Chair of each Committee must be a member of the Board of Directors. All Committee appointments shall be made by the Chair of the Board of Directors.

All Standing Committees shall meet annually, unless the specific description of a Standing Committee specifies a different frequency of meeting, or except as a different frequency of meeting is set by the Board of Directors.

Ad hoc committees may be appointed by the Chair with the concurrence of the majority of the Board and in such numbers and for such special tasks as circumstances warrant. Such special Committees shall limit their activities to the accomplishment of the task for which created and appointed, and shall have no power to act except such as is specifically conferred by action of the Board. Upon completion of the tasks for which appointed, each such special committee shall stand discharged.

All appointments to committees shall terminate with the reorganization of the Board of Directors at the organizational meeting held following regular district elections or upon the special election or appointment of any new Board member(s).

ARTICLE VII. CHIEF EXECUTIVE OFFICER

The Board of Directors may employ or arrange as part of the services provided by a Manager an experienced Chief Executive Officer (“CEO”) approved by the Board of Directors. The CEO shall be the direct executive representative in the management of the Hospital and shall supervise, direct, and control the activities, affairs, and officers of the Hospital. This CEO shall have the necessary authority and shall be held responsible for the administration of the Hospital in all its activities and departments, subject only to such policies as may be adopted, and such orders as may be issued by the Board of Directors or by any of its officers or committees to which it has delegated power for such action. The CEO shall act as the duly authorized administrative representative of the Board of Directors in all matters concerning the Hospital and shall have such other powers and duties as the Board of Directors of these Bylaws may prescribe.

ARTICLE VIII. MEDICAL STAFF

Section 1. Medical Staff Organization. The Board of Directors shall serve as the Governing Body of San Geronio Memorial Hospital, and shall cause to be created a self-governing medical staff, to be known as the Medical Staff of San Geronio Memorial Hospital. The Medical Staff shall be comprised of all duly licensed physicians and surgeons, podiatrists, dentists, and clinical psychologists who are privileged to attend patients at the Hospital. Membership in this Medical Staff shall be a prerequisite to the exercise of clinical privileges in the Hospital, except as otherwise specifically provided in the San Geronio Memorial Hospital Medical Staff Bylaws.

Section 2. Allied Health Professionals. Allied Health Professionals shall not be eligible for Medical Staff membership but may be granted appropriate practice privileges if they meet the eligibility criteria adopted by the Medical Staff and approved by the Board of Directors, as may be set forth in the San Geronio Memorial Hospital Medical Staff Bylaws or other Medical Staff or Hospital documents.

Section 3. Nondiscrimination. No applicant to the Medical Staff shall be denied Medical Staff membership on the basis of sex, race, creed, color or national origin, or on the basis of any other criterion lacking professional justification. The Hospital shall not discriminate with respect to staff privileges or the provision of professional services against a licensed clinical psychologist within the scope of his/her licensure, or against a licensed physician and surgeon or podiatrist on the basis of whether the physician and surgeon or podiatrist holds an M.D., D.O. or D.P.M. degree.

Section 4. Medical Staff Bylaws. The Medical Staff shall propose and adopt bylaws, rules, and regulations, which shall be known as the San Geronio Memorial Hospital Medical Staff Bylaws ("Medical Staff Bylaws"), and which shall be effective when approved by the Board of Directors. Approval shall not be unreasonably withheld. The Medical Staff Bylaws shall include provisions required by law and regulation, including as required by California Health & Safety Code section 32128, and shall state the purposes, functions and policies by which the Medical Staff exercises its responsibilities. The Medical Staff shall be organized in accordance with the Medical Staff Bylaws, and shall govern its own affairs, elect its own officers, and conduct meetings in accordance with the Medical Staff Bylaws.

The Medical Staff shall have the initial responsibility to formulate, adopt and recommend Medical Staff Bylaws to the Board of Directors, and amendments thereto as necessary from time to time. The Board of Directors may request that the Medical Staff adopt specific amendments to the Medical Staff Bylaws, but may not unilaterally amend the Medical Staff Bylaws.

Section 5. Delegation of Authority. The Board of Directors hereby delegates to the Medical Staff the responsibility and authority to investigate and evaluate all matters relating to Medical Staff membership status, clinical privileges, and corrective action, and shall require that the Medical Staff adopt and forward to it specific written recommendations with appropriate supporting documentation that will allow the Board of Directors to take informed action on Medical Staff matters.

If the Medical Staff fails to investigate or take disciplinary action contrary to the weight of evidence, the Board of Directors may, in a manner provided by the Medical Staff Bylaws, direct the Medical Staff to initiate investigation or disciplinary action, but only after consultation with the Medical Staff. The Board of Directors' request for Medical Staff action shall be in writing and shall set forth the basis for the request. If the Medical Staff fails to take action in response to the Board of Directors' directive, the Board of Directors may take corrective action, provided it has first given written notice to the Medical Staff and provided the Board of Directors' action is in accord with the Medical Staff Bylaws.

When no person authorized under the Medical Staff Bylaws is available to summarily suspend or restrict clinical privileges, the Board of Directors, or its designee, may immediately suspend a practitioner's clinical privileges if a failure to summarily suspend those privileges is likely to result in imminent danger to the health of any individual, provided the Board of Directors has, before the suspension, made reasonable attempts to contact the persons authorized by the Medical Staff Bylaws to suspend or restrict privileges. A suspension by the Board of Directors which has not been ratified by the Medical Staff within two working days, excluding weekends and holidays, after the suspension shall terminate automatically.

Section 6. Medical Staff Appointment and Reappointment. The Medical Staff Bylaws shall establish controls to ensure the achievement and maintenance of high standards of professional ethical practices including a provision that all members of the Medical Staff be required to demonstrate their ability to perform surgical and/or other procedures competently

and to the satisfaction of an appropriate committee or committees of the Medical Staff, at the time of original application for appointment to the staff and at least every two years thereafter.

The Medical Staff Bylaws shall specify eligibility for Medical Staff membership and the procedure by which establishment of professional privileges is determined. Medical Staff members shall be appointed initially and reappointed for no more than two years per appointment term. At a minimum, applications for membership shall include complete information regarding the applicant's education, licensure, practice, previous hospital experience, and any unfavorable history regarding licensure or privileges. This information shall be verified by the appropriate individual on behalf of the Medical Staff. The applicant shall agree in writing to follow the Medical Staff Bylaws, and these Bylaws as applicable, and all other policies of the Hospital, upon appointment.

The Medical Staff Bylaws shall provide that all applications be reviewed by the Medical Staff, or a committee or committees thereof, and that the Medical Staff study the qualifications of all applicants in the establishment of professional privileges. Selection shall be based on individual character, competence, training, experience, and judgment. Applications for appointments to the Medical Staff shall be considered in a timely and good faith manner. The Medical Staff shall submit to the Board of Directors recommendations regarding each application.

Final action on all matters relating to Medical Staff membership status, clinical privileges, and corrective action shall be taken by the Board of Directors after considering Medical Staff recommendations, or as otherwise provided in the Medical Staff Bylaws. Medical Staff recommendations shall be considered by the Board, but shall not be binding upon the Board.

Section 7. Corrective Action, Hearings and Appeals. When an appointment is denied or not renewed or when privileges have been proposed to be reduced, altered, suspended, or terminated, the applicant or Medical Staff member shall have the procedural rights, if applicable, set forth in the Medical Staff Bylaws. With respect to hearings and appeals, inasmuch as Article IX of the Medical Staff Bylaws provides for procedure for hearing and appeals, Article IX of the Medical Staff Bylaws is hereby adopted and by reference incorporated herein as though fully set forth, including any amendments to Article IX as may be made from time to time.

Section 8. Medical Staff Communication. Communication between the Medical Staff and the Board of Directors is facilitated by the attendance of the Chief of the Medical Staff, or his/her designee, at the regular monthly meetings of the Board of Directors. A member of the Medical Staff who is an elected member of the Board shall not represent the Medical Staff. Communication between the Board of Directors and the Chief of the Medical Staff, or his/her designee, shall include discussion of matters related to the quality of medical care provided to patients of the Hospital, and shall allow for the Chief of the Medical Staff, or his/her designee, on behalf of the Medical Staff, to participate in the development of Hospital policy.

Section 9. Medical Staff Membership and Clinical Privileges. Each member of the Medical Staff shall have the authority and responsibility for the care of his/her patients, subject to such limitations as contained in these Bylaws, the Medical Staff Bylaws, Rules, policies and procedures, and other Medical Staff documents, and as attached to his/her appointment. Each member of the Medical Staff shall be required to obtain and maintain malpractice insurance as specified in the Medical Staff Bylaws.

Section 10. Medical Records. All members of the Medical Staff shall be responsible for accurate and complete documentation of the care they provide, so that accurate and complete medical records are prepared and maintained for all patients.

ARTICLE VIIIa. QUALITY OF PROFESSIONAL SERVICES

Section 1. Accountability. The Board of Directors is legally responsible for the conduct of the Hospital, and the Medical Staff shall be accountable to the Board of Directors for the quality of professional services provided to patients. To fulfill its responsibilities, the Board of Directors assures:

(a) Every patient is under the care of a duly licensed doctor of medicine or osteopathy, doctor of podiatric medicine, doctor of dental surgery or dental medicine, or clinical psychologist; provided, however, that a doctor of medicine or osteopathy is responsible for the care of each patient with respect to any medical or psychiatric problem that is not specifically within the scope of practice of a doctor of dental surgery, dental medicine, podiatric medicine, or clinical psychologist.

(b) Patients are admitted to the Hospital only on the recommendation of a licensed practitioner permitted by the State to admit patients to a hospital.

(c) Services performed under a contract are provided in a safe and effective manner.

(d) Financial oversight and provision of management and administrative assistance, as well as appropriate physical resources and personnel, to meet the needs of patients and support and facilitate the ongoing operations of the Hospital.

(e) It participates in planning to meet the health needs of the community.

(f) All reasonable steps are taken to conform to all applicable federal, state and local laws and regulations, including those relating to licensure, fire inspection and other safety measures.

(g) Such other support as the Board of Directors deems necessary for the preservation and improvement of the quality, safety, and efficiency of patient care.

Section 2. Professional Services. The Medical Staff shall be self-governing with respect to the professional work performed in the Hospital, and the Medical Staff or one or more committees thereof shall meet periodically to review and analyze at regular intervals the clinical experience of the members of the Medical Staff. Patient medical records shall be the basis for such review and analysis. The Medical Staff shall provide periodic reports to the Board of Directors regarding its review and evaluation of the care provided at the Hospital, including documentation necessary for the Board of Directors to take informed action as appropriate.


ARTICLE IX. AMENDMENTS

The Bylaws may be amended at a regular or special meeting by affirmative vote of a majority of all members of the District Board of Directors.

ARTICLE X. CERTIFICATE OF SECRETARY


I certify that I am the duly elected and acting Secretary of SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT, and that the above Amended and Restated Bylaws, consisting of 12 pages, including this page, are the Bylaws of the San Gorgonio Memorial Healthcare District as adopted by the Healthcare District's Board of Directors on January 5, 2021 and that they have not been amended or modified since that date.

Executed on January 6, 2021 at Banning, California.



Joel Labha, Secretary/Treasurer

TAB E

Date: December 2, 2021
To: Steve Barron, CEO
San Geronio Memorial Healthcare District and Hospital Board Members
From: Dan Heckathorne, CFO 
Subject: June 30, 2021 Financial Audit

Enclosed in the Board packet is a DRAFT version of the audited financial statements for June 30, 2021.

Due to the complexity of this year's audit which involved combining information from the Paragon system and the Allscripts systems, along with meeting the deadline dates for the CARES Act reporting, the audit was unable to be completed until now.

At this point in time, the SGMH team believes that the DRAFT audit will end up being final and correct, however, the Wipfli Partner is unavailable this week to perform the final review and add (if any) other adjustments that he deems appropriate.

We are hoping that the Partner will be able to do that review early next week so that the official and final audited financial statement is available for your approvals at the December 7 Board meetings.

In the meantime, we are providing this DRAFT for you to have time to review prior to a special Finance Committee meeting which we are planning to be held prior to the Board meeting.

Thank you for your patience and understanding, and feel free to let me know if you have any questions.

San Geronio Healthcare District

Financial Statements and Supplementary
Information

Years ended June 30, 2021 and 2020

DRAFT



San Geronio Healthcare District

Years Ended June 30, 2021 and 2020

Table of Contents

Independent Auditor's Report.....	1
Financial Statements	
Statements of Net Position.....	3
Statements of Revenues, Expenses, and Changes in Net Position.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	8
Supplementary Information	
Combining Statement of Net Position.....	27
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	29
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	31
Schedule of Findings and Responses.....	33

San Gorgonio Healthcare District

Statements of Net Position

June 30,	2021	2020
Current assets:		
Cash and cash equivalents:		
Unrestricted	\$ 2,395,672	\$ 11,938,600
Restricted, available for current debt service	25,281	955,807
Receivables:		
Patient accounts - Net	7,939,203	7,142,879
Other accounts	2,015,108	13,630,773
Estimated third-party payor settlements	1,169,887	-
Inventories	1,776,554	1,789,075
Prepaid expenses and other	21,485	288,583
Total current assets	15,343,190	35,745,717
Noncurrent assets:		
Capital assets - Nondepreciable	1,173,206	998,204
Capital assets - Net of accumulated depreciation	76,702,825	82,436,721
Cash and cash equivalents - Restricted, net of amount available for current debt service	9,566,747	8,880,833
Cash and cash equivalents - Board designated	279,619	424,176
Beneficial interest in the net assets of San Gorgonio Hospital Foundation	551,194	496,107
Total noncurrent assets	88,273,591	93,236,041
Deferred outflows of resources - Loss on bond refunding	645,507	759,389
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 104,262,288	\$ 129,741,147

San Gorgonio Healthcare District

Statements of Net Position (Continued)

June 30,	2021	2020
Current liabilities:		
Accounts payable	\$ 10,897,079	\$ 5,316,508
Accrued salary, payroll taxes, and benefits	4,865,852	4,124,703
Estimated third-party payor settlements	-	2,435,348
Accrued interest	1,945,116	2,020,229
Line of credit	-	6,000,000
Current portion of refundable advance	402,258	322,211
Current maturities of long-term debt	2,640,000	2,335,000
Total current liabilities	20,750,305	22,553,999
Noncurrent liabilities:		
Long-term debt, less current portion	105,840,892	108,192,847
Refundable advance, less current portion	1,718,319	2,255,479
Total noncurrent liabilities	107,559,211	110,448,326
Total liabilities	128,309,516	133,002,325
Net position:		
Net investment in capital assets	(29,959,354)	(26,333,533)
Restricted	9,592,028	9,836,640
Unrestricted	(3,679,902)	13,235,715
Total net position	(24,047,228)	(3,261,178)
TOTAL LIABILITIES AND NET POSITION	\$ 104,262,288	\$ 129,741,147

San Gorgonio Healthcare District

Statements of Revenues, Expenses, and Changes in Net Position

Years End June 30,	2021	2020
Operating revenue:		
Net patient service revenue	\$ 55,369,825	\$ 59,357,335
Other operating income	2,171,553	1,762,890
Total operating revenue	57,541,378	61,120,225
Operating expenses:		
Salaries and wages	37,501,904	37,250,689
Employee benefits	10,282,665	9,032,491
Legal and professional fees	4,024,802	4,851,019
Contract labor	992,041	714,190
Supplies	10,846,597	9,012,301
Utilities	1,107,443	968,157
Purchased service	7,348,384	5,596,307
Building and equipment rent	953,082	950,799
Depreciation	5,936,648	6,077,964
Other operating expense	9,484,585	6,887,922
Total operating expenses	88,478,151	81,291,839
Loss from operations	(30,936,773)	(20,171,614)
Nonoperating revenue (expenses):		
Taxes	11,558,266	11,874,709
Grants, contributions, and other nonoperating revenue	3,976,185	7,523,322
Interest expense	(5,375,928)	(5,065,130)
Total nonoperating revenue - Net	10,158,523	14,332,901
Deficit in revenue over expenses	(20,778,250)	(5,838,713)
Impairment loss on capital assets	(7,800)	(8,274,886)
Capital grants and contributions	-	52,112
Decrease in net position	(20,786,050)	(14,061,487)
Net position - Beginning of year, as previously reported	(3,261,178)	11,490,596
Restatement - Change in accounting principle	-	(690,287)
Net position - End of year	\$ (24,047,228)	\$ (3,261,178)

San Gorgonio Healthcare District

Statements of Cash Flows

Years Ended June 30,	2021	2020
Cash flows from operating activities:		
Receipts from and on behalf of patients	\$ 50,511,153	\$ 62,921,582
Receipts from other operating revenue	13,303,817	2,937,922
Payments to employees	(47,043,419)	(45,210,146)
Payments to suppliers, contractors, and others	(28,896,744)	(28,727,118)
Net cash used in operating activities	(12,125,193)	(8,077,760)
Cash flows from noncapital financing activities:		
Taxation for operations	1,860,424	1,477,494
Cash received from grants and stimulus funding	4,621,512	7,523,322
Proceeds from line of credit	-	12,000,000
Payments on line of credit	(6,000,000)	(6,000,000)
Net cash provided by noncapital financing activities	481,936	15,000,816
Cash flows from capital and related financing activities:		
Principal payments on debt	(24,538,866)	(2,306,366)
Proceeds from debt	22,491,911	-
Interest paid on debt	(5,499,085)	(5,075,723)
Purchase of capital assets	(377,004)	(787,310)
Taxation for debt service	9,697,842	10,397,215
Cash received from capital grants and contributions	-	52,112
Other	(63,638)	-
Net cash provided by capital and related financing activities	1,711,160	2,279,928
Change in cash and cash equivalents	(9,932,097)	9,353,076
Cash and cash equivalents - Beginning of year	22,199,416	12,846,340
Cash and cash equivalents - End of year	\$ 12,267,319	\$ 22,199,416

San Gorgonio Healthcare District

Statements of Cash Flows (Continued)

Years Ended June 30,	2021	2020
Reconciliation of loss from operations to net cash used in operating activities:		
Loss from operations	\$ (30,936,773)	\$ (20,171,614)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	5,936,648	6,077,964
Provision for bad debt	10,122,151	8,534,560
Change in assets and liabilities:		
Patient accounts receivable	(10,918,475)	(7,227,501)
Other accounts receivable	11,132,264	(1,402,658)
Estimated third-party payor settlements	(3,605,235)	2,257,188
Inventories	12,521	(120,219)
Prepaid expenses and other	267,098	64,664
Accounts payable	5,580,571	259,132
Accrued salary, payroll taxes, and benefits	741,150	1,073,034
Refundable advance	(457,113)	2,577,690
Total adjustments	18,811,580	12,093,854
Net cash used in operating activities	\$ (12,125,193)	\$ (8,077,760)

San Gorgonio Healthcare District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Reporting Entity

San Gorgonio Healthcare District (the "District") was organized in 1944 under the terms of the Local Health Care District Law and is operated and governed by five elected directors. The District includes a 79-bed acute care facility that provides inpatient, outpatient, primary care clinic, and emergency care services in Banning, California, and its surrounding area.

San Gorgonio Memorial Hospital (the "Hospital") is a nonprofit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Hospital provides healthcare services primarily to individuals who reside in the geographic boundaries of the District under a lease agreement with the District. The Hospital is governed by a nine-member Board of Directors. All of the District's Board members are also members of the Hospital's Board. For this reason, the Hospital is a blended component unit of the District.

Basis of Accounting

The accounting policies of the District conform to accounting principles generally accepted in the United States (GAAP) as applicable to proprietary funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body in the United States for establishing governmental accounting and financial reporting principles. The District's statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when the liability is incurred, regardless of the timing of the cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements have been met. Unbilled hospital services receivable are recorded at year-end.

Use of Estimates

The preparation of the accompanying financial statements in conformity with GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

The District considers significant accounting estimates to be those which require significant judgments and include the valuation of patient accounts receivable, including contractual adjustments and allowance for uncollectible accounts and estimated third-party payor settlements.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with original maturity dates of three months or less. Cash and cash equivalents are carried at cost, which approximates fair value.

San Gorgonio Healthcare District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Patient Accounts Receivable and Credit Policy

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from local residents, most of whom are insured under third-party payor agreements. The District bills third-party payors on the patients' behalf, or if a patient is uninsured, the patient is billed directly. Once claims are settled with the primary payor, any secondary insurance is billed, and patients are billed for copay and deductible amounts that are the patients' responsibility. Payments on patient accounts receivable are applied to the specific claim identified on the remittance advice or statement.

Patient accounts receivable are recorded in the accompanying statements of net position, net of contractual adjustments and allowances for doubtful accounts, which reflect management's estimate of the amounts that won't be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of net patient revenue and a credit to a contractual allowance.

In addition, management provides for probable uncollectible amounts, primarily for uninsured patients and amounts patients are personally responsible for, through a reduction of net patient revenue and a credit to a valuation allowance.

In evaluating the collectibility of patient accounts receivable, the District analyzes past results and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. Specifically, for receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Property Taxes

The District received approximately 17.30% and 18.80% of its financial support from property taxes for the years ended June 30, 2021 and 2020, respectively.

Property taxes are levied by the District and collected by the Riverside County Treasurer for operations and debt service obligations. Taxes estimated to be collectible are recorded as revenue in the year of the levy. No allowance for doubtful taxes receivable is considered necessary. Taxes levied are recorded as nonoperating revenue. The taxes are levied on July 1 each year and are intended to finance the District's activities of the same fiscal year.

San Gorgonio Healthcare District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes (Continued)

Amounts levied are based on assessed property values as of September 30 each year.

The funds used to support operations and for debt service were \$11,558,266 and \$11,874,709, for the years ended June 30, 2021, and June 30, 2020, respectively.

Inventories

Inventories are valued at the lower of cost, determined on the first-in, first-out method, or net realizable value. Inventories consist of pharmaceutical, medical-surgical, and other supplies used in the operation of the District.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents include certain cash and other assets whose use is limited under debt instruments, by donors, and by grant and service contracts.

Capital Assets and Depreciation

Capital asset acquisitions exceeding \$5,000 are capitalized and recorded at cost. Expenditures for maintenance and repairs are charged to expense as incurred. Contributed capital assets are reported at their acquisition value at the time of their donation. All capital assets other than land are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using these asset lives:

Land improvements	15 to 20 years
Buildings and building improvements	5 to 40 years
Equipment, computers, and furniture	3 to 20 years

Except for capital assets acquired through gifts, contributions, or capital grants, interest cost on borrowed funds during the period of construction is capitalized as a component of the cost of acquiring those assets.

Impairment of Long-Lived Assets

The District reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset.

San Gorgonio Healthcare District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future periods and so will not be recognized as an outflow of resources (expense) until then. The District has one item that qualifies for reporting in this category, the deferred charge on refunding reported in the statements of net position.

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Compensated Absences

The District's employees earn paid time off (PTO) benefits at varying rates depending on years of service and the number of hours worked. PTO benefits can accumulate up to specified maximum levels. Employees are paid for PTO accumulated benefits upon separation.

The District considers compensated absence liabilities to be a current liability of the District. These obligations are expected to be liquidated with current assets.

Net Position

Net position is reported in three categories:

Net investment in capital assets - This category consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build, acquire, or improve those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the construction, acquisition, or improvement of those assets or the related debt are also included in this category.

Restricted - This category consists of noncapital assets whose use is restricted, reduced by liabilities and deferred inflows of resources related to those assets. Net position is reported as restricted when there are limitations imposed on an asset's use through external restrictions imposed by creditors, donors, grantors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This category consists of the remaining net position that does not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first.

San Geronio Healthcare District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Operating Revenue and Expenses

The District's statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with providing healthcare services, the District's principal activity. Nonexchange revenue, including grants, property taxes, and contributions received for purposes other than capital asset acquisition, is reported as nonoperating revenue. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amount from patients, governmental programs, health maintenance, and preferred provider organizations and insurance contracts under applicable laws, regulations, and program instructions. Net realizable amounts are generally less than the District's established rates. Final determination of certain amounts payable is subject to audit by appropriate third-party representatives. Subsequent adjustments, if any, arising from such audits are recorded in the year the final settlement becomes known.

Charity Care

The District provides care to patients who meet certain criteria under its charity care (financial assistance) policy without charge or according to a sliding scale based on income. The District maintains records to identify and monitor the level of charity care provided.

Grants and Contributions

From time to time, the District receives grants from the federal government and the State of California as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue in the year received.

Gifts, grants, and bequests restricted by donors for specific purposes are recorded as restricted net position and transferred to unrestricted net position when amounts are expended for their restricted purpose. When restricted funds are used for operations, these amounts are reflected in the statements of revenues, expenses, and changes in net position as other operating revenue.

Advertising Costs

Advertising costs are expensed as incurred.

San Gorgonio Healthcare District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Reclassification

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation. The amounts of previously reported net position were unchanged by these reclassifications.

Note 2: Cash and Cash Equivalents

The District maintains depository relationships with area financial institutions that are Federal Deposit Insurance Corporation (FDIC) insured institutions. Depository accounts are insured by the FDIC up to \$250,000 for demand deposits and an additional \$250,000 for time deposits per insured institution.

Credit risk - The risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is typically measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of credit risk - The inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party, caused by a lack of diversification (investments acquired from a single issuer).

Interest rate risk - The possibility that an interest rate change could adversely affect an investment's fair value.

Custodial credit risk - The risk that in the event of a bank failure the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk.

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

California law also allows financial institutions to secure public deposits by pledging first deed of mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

For the years ended June 30, 2021, and June 30, 2020, the District had a bank balance of \$13,103,307 and \$22,831,104, respectively. Of this balance, \$1,500,000 was covered by federal deposit insurance, and \$10,711,261 and \$12,826,260 were collateralized (i.e., with securities held by the pledging financial institutions of at least 110% of the District's cash deposits, in accordance with the California Government Code), for the years ended June 30, 2021, and June 30, 2020, respectively.

San Gorgonio Healthcare District

Notes to Financial Statements

Note 2: Cash and Cash Equivalents (Continued)

Cash and cash equivalents consisted of the following:

<i>June 30,</i>	2021	2020
Demand deposits	\$ 12,258,043	\$ 22,190,140
Cash on hand	4,448	4,448
Local government investment pool	4,828	4,828
Total cash and cash equivalents	\$ 12,267,319	\$ 22,199,416

The composition of cash and cash equivalents consisted of the following:

<i>June 30,</i>	2021	2020
Current:		
Unrestricted cash and cash equivalents	\$ 2,395,672	\$ 11,938,600
Restricted for debt service	25,281	955,807
Noncurrent:		
Restricted for debt service, net of amount currently available for debt service	9,566,747	8,880,833
Unrestricted board designated	279,619	424,176
Totals	\$ 12,267,319	\$ 22,199,416

Restricted for Debt Service

County deposits held in trust for debt service payments.

Board-Designated Held-for-Capital Projects and Equipment

Capital project funds are funded with bond proceeds and consist of assets restricted to fund future construction of capital assets.

San Gorgonio Healthcare District

Notes to Financial Statements

Note 3: Patient Accounts Receivable - Net

Patient accounts receivable - net consisted of the following:

<i>June 30,</i>	2021	2020
Patient receivables:		
Medicare	\$ 23,731,821	\$ 17,665,666
Medicaid	10,978,470	9,165,985
Commercial and other	16,020,448	12,183,351
Self-pay	8,069,264	5,221,847
Total patient receivables	58,800,003	44,236,849
Less:		
Contractual adjustments	45,854,887	32,262,162
Allowance for uncollectible amounts	5,005,913	4,831,808
Patient accounts receivable - Net	\$ 7,939,203	\$ 7,142,879

San Gorgonio Healthcare District

Notes to Financial Statements

Note 4: Capital Assets

Capital assets consisted of the following:

	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Nondepreciable capital assets:					
Land	\$ 881,760	\$ -	\$ -	\$ -	\$ 881,760
Construction in progress	116,444	175,002	-	-	291,446
Total nondepreciable capital assets	998,204	175,002	-	-	1,173,206
Depreciable capital assets:					
Land improvements	2,774,116	-	-	-	2,774,116
Buildings and improvements	122,335,676	-	-	-	122,335,676
Equipment	34,478,318	202,002	-	-	34,680,320
Total depreciable capital assets	159,588,110	202,002	-	-	159,790,112
Total capital assets before depreciation	160,586,314	377,004	-	-	160,963,318
Less accumulated depreciation	(77,151,389)	(5,935,898)	-	-	(83,087,287)
Capital assets - Net	\$ 83,434,925	\$ (5,558,894)	\$ -	\$ -	\$ 77,876,031

San Geronio Healthcare District

Notes to Financial Statements

Note 4: Capital Assets (Continued)

	Balance July 1, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Nondepreciable capital assets:					
Land	\$ 874,391	\$ 7,369	\$ -	\$ -	\$ 881,760
Construction in progress	8,390,250	1,080	(8,274,886)	-	116,444
Total nondepreciable capital assets	9,264,641	8,449	(8,274,886)	-	998,204
Depreciable capital assets:					
Land improvements	2,773,975	141	-	-	2,774,116
Buildings and improvements	122,338,069	5,397	(7,790)	-	122,335,676
Equipment	33,704,995	773,323	-	-	34,478,318
Total depreciable capital assets	158,817,039	778,861	(7,790)	-	159,588,110
Total capital assets before depreciation	168,081,680	787,310	(8,282,676)	-	160,586,314
Less accumulated depreciation	(71,081,215)	(6,077,964)	7,790	-	(77,151,389)
Capital assets - Net	\$ 97,000,465	\$ (5,290,654)	\$ (8,274,886)	\$ -	\$ 83,434,925

The District recorded an impairment loss of \$7,800 and \$8,274,886 for the years ended June 30, 2021 and 2020, respectively, related to the write-off of a defunct tower project. This impairment loss is also recorded in the statements of revenues, expenses, and changes in net position.

Construction in progress (CIP) at June 30, 2021 consisted of equipment upgrades. The estimated remaining cost to complete projects in CIP is \$2,788,286 and the estimated date projects in CIP will be completed is January 2022.

San Gorgonio Healthcare District

Notes to Financial Statements

Note 5: Long-Term Debt Obligations

Long-term debt obligations consisted of the following:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Long-term debt-					
Direct placements:					
GO Refunding Bonds 2013	\$ 22,395,000	\$ -	\$ (22,395,000)	\$ -	\$ -
GO Refunding Bonds 2014	60,150,000	-	(1,245,000)	58,905,000	1,375,000
GO Refunding Bonds 2015	24,020,000	-	(470,000)	23,550,000	530,000
GO Refunding Bonds 2020	-	20,275,000	-	20,275,000	735,000
GO Refunding Bonds 2021	-	315,000	-	315,000	-
Premium - 2020 Series	-	1,901,911	-	1,901,911	-
Premium - 2013 Series	231,921	-	(231,921)	-	-
Premium - 2014 Series	3,234,409	-	(169,489)	3,064,920	-
Premium - 2015 Series	496,517	-	(27,456)	469,061	-
Total long-term debt	\$ 110,527,847	\$ 22,491,911	\$ (24,538,866)	\$ 108,480,892	\$ 2,640,000

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Long-term debts-					
Direct placements:					
GO Refunding Bonds 2013	\$ 22,955,000	\$ -	\$ (560,000)	\$ 22,395,000	\$ 620,000
GO Refunding Bonds 2014	61,275,000	-	(1,125,000)	60,150,000	1,245,000
GO Refunding Bonds 2015	24,430,000	-	(410,000)	24,020,000	470,000
Premium - 2013 Series	246,341	-	(14,420)	231,921	-
Premium - 2014 Series	3,403,898	-	(169,489)	3,234,409	-
Premium - 2015 Series	523,974	-	(27,457)	496,517	-
Total long-term debt	\$ 112,834,213	\$ -	\$ (2,306,366)	\$ 110,527,847	\$ 2,335,000

San Gorgonio Healthcare District

Notes to Financial Statements

Note 5: Long-Term Debt Obligations (Continued)

The terms of the District's long-term obligations are as follows:

- General Obligation Refunding Bonds, Series 2013; principal due each August 1 at various amounts through August 1, 2036; interest is variable at 3%-5%, due semiannually each August 1 and February 1; collateralized by property tax revenue.
- General Obligation Refunding Bonds, Series 2014; principal due each August 1 at various amounts through August 1, 2038; interest is variable at 3%-5%, due semiannually each August 1 and February 1; collateralized by property tax revenue.
- General Obligation Refunding Bonds, Series 2015; principal due each August 1 at various amounts through August 1, 2038; interest is variable at 3%-5%, due semiannually each August 1 and February 1; collateralized by property tax revenue.
- General Obligation Refunding Bonds, Series 2020; principal due each August 1 at various amounts through August 1, 2029; interest is variable at 3%-5%, due semiannually each August 1 and February 1; collateralized by property tax revenue.
- General Obligation Refunding Bonds, Series 2021; principal due each August 1 at various amounts through August 1, 2042; interest is variable at 3%-5%, due semiannually each August 1 and February 1; collateralized by property tax revenue. The total advances of the bond are not to exceed \$2,350,000 and were \$315,000 at June 30, 2021.

Scheduled principal and interest payments on long-term obligation are as follows:

Years Ending June 30,	Direct Placements		
	Principal	Interest	Total
2022	\$ 2,640,000	\$ 7,130,625	\$ 9,770,625
2023	2,917,257	7,270,600	10,187,857
2024	3,214,895	7,421,625	10,636,520
2025	3,527,611	7,575,250	11,102,861
2026	3,785,237	7,738,250	11,523,487
2027-2031	24,095,000	32,510,141	56,605,141
2032-2037	36,805,000	52,721,147	89,526,147
2038-2042	26,060,000	40,133,619	66,193,619
Totals	\$ 103,045,000	\$ 162,501,257	\$ 265,546,257

San Gorgonio Healthcare District

Notes to Financial Statements

Note 5: Long-Term Debt Obligations (Continued)

Bond premium amortization in the amount of \$196,945 and \$211,366 was recognized for the years ended June 30, 2021 and 2020, respectively. The annual amortization of the bond premium will result in reductions in interest expense as follows:

Years Ending June 30,

2022	\$ 216,989
2023	236,536
2024	258,113
2025	281,582
2026	302,529
2027-2031	1,168,375
2032-2037	1,970,224
2038-2042	1,001,544

Totals	\$ 5,435,892
---------------	---------------------

Note 6: Line of Credit

The District maintains a line of credit with Pacific Premier Bank in the amount of \$12,000,000 with interest at 4.25%. The line of credit had a balance of \$0 and \$6,000,000 at June 30, 2021 and 2020, respectively. The line of credit is collateralized by receivables and capital assets.

Note 7: Patient Service Revenue

Patient service revenue consisted of the following:

<i>Years Ended June 30,</i>	2021	2020
Gross patient service revenue:		
Inpatient	\$ 111,976,457	\$ 88,815,381
Outpatient	143,204,184	181,689,365
Totals	255,180,641	270,504,746
Less:		
Contractual adjustments	189,688,665	202,612,851
Provision for bad debt	10,122,151	8,534,560
Net patient service revenue	\$ 55,369,825	\$ 59,357,335

San Geronio Healthcare District

Notes to Financial Statements

Note 7: Patient Service Revenue (Continued)

The contractual adjustments above include an overpayment resulting in a contractual adjustment of \$0 and \$1,806,957 during the years ended June 30, 2021, and June 30, 2020, respectively.

The following table reflects the percentage of gross patient service revenue by payor source:

<i>Years Ended June 30,</i>	2021	2020
Medicare	43 %	41 %
Medicaid	31 %	32 %
Blue Cross	6 %	5 %
Other third-party payors	15 %	15 %
Self-pay	5 %	7 %
Totals	100 %	100 %

Note 8: Intergovernmental Transfer Program

The District participates in the intergovernmental transfer (IGT) program and other related supplemental programs sponsored by the State of California for the state's local healthcare districts. These programs are an integral part of the overall Quality Assurance Fee programs, supported by funding from the federal government. IGT and related program revenue, net of related expenses, was \$10,436,480 and \$12,574,110 for the years ended June 30, 2021 and 2020, respectively, and is recorded as a reduction to contractual adjustments in the statements of revenues, expenses, and changes in net position.

Note 9: Charity Care

The District provides healthcare services and other financial support through various programs that are designed to enhance the health of the community, including the health of low-income patients. Consistent with the mission of the District, care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources.

Patients who meet certain criteria for charity care, generally based on federal poverty guidelines, are provided care based on criteria defined in the District's charity care policy. The District maintains records to identify and monitor the level of charity care it provides.

Gross charges related to patients under the District's charity care policy were \$496,340 and \$1,038,200 during the years ended June 30, 2021 and 2020, respectively, and were not included in patient service revenue because there is no effort to collect these charges.

San Gorgonio Healthcare District

Notes to Financial Statements

Note 10: Retirement Plan

The District offers a tax-sheltered annuity (TSA) program covering substantially all employees with at least 90 days of service. Matching contributions are made at the discretion of the District's management and are based on a percentage of gross salary. District contributions to the TSA program were \$1,483,611 and \$1,125,639 during the years ended June 30, 2021, and June 30, 2020, respectively.

Note 11: Risk Management

Liability Insurance

The District has its professional liability insurance coverage with Beta Risk Management Authority ("Beta"). The policy provides protection on a "claims made" basis whereby malpractice claims related to services provided in the current year are covered by the current policy.

Coverage is provided a policy with limits of \$20,000,000 for each medical incident and a \$30,000,000 annual aggregate limit.

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with the District. The District does not believe potential claims are significant and, accordingly, has not provided a reserve for potential claims from services provided to patients through June 30, 2021, that have not yet been asserted.

The District is also exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for these risks of loss. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three years.

Contingent Liabilities

The District is a defendant in a legal matter wherein the plaintiff is seeking in damages for breach of contract. The District intends to vigorously defend itself in this matter. Although a loss is reasonably possible, it is not possible to reasonably estimate the amount of any obligation that would be material to the District's financial statements at {INSERT REPORT DATE}.

Note 12: Concentration of Credit Risk

Financial instruments that potentially subject the District to credit risk consist principally of patient and resident accounts receivable. Patient accounts receivable consist of amounts due from patients, their insurers, or governmental agencies (primarily Medicare and Medicaid) for healthcare provided to the patients.

San Gorgonio Healthcare District

Notes to Financial Statements

Note 12: Concentration of Credit Risk (Continued)

The mix of receivables from patients, residents, and third-party payors consisted of the following:

<i>June 30,</i>	2021	2020
Medicare	40 %	40 %
Medicaid	21 %	21 %
Blue Cross	4 %	4 %
Other third-party payors	23 %	23 %
Self-pay	12 %	12 %
Totals	100 %	100 %

Note 13: Beneficial Interest in Assets Held by San Gorgonio Hospital Foundation

San Gorgonio Hospital Foundation, Inc. (the "Foundation") was established to solicit contributions for the District and to support healthcare services in the geographical areas of Banning and Beaumont, California. The Foundation has a Board of Directors separate from the District but exists primarily to support the District. The Foundation contributed \$551,194 and \$331,846 during the years ended June 30, 2021 and 2020, respectively.

The District records its interest in the net assets of the Foundation, assets that have been collected by the Foundation but not yet distributed to the District as of the end of each fiscal year. The District recorded \$551,194 and \$496,107 at June 30, 2021 and 2020, respectively, as interest in the net assets of the Foundation in the statements of net position.

Note 14: COVID-19 Relief Funds and Grant Revenue

During the years ended June 30, 2021 and 2020, the District received \$2,800,425 and \$6,299,026, respectively, in grant funding from the HHS Provider Relief Fund (PRF), which was established as a result of the CARES Act. Based on the terms and conditions of the grant, the District earns the grant by incurring healthcare-related expenses attributable to COVID-19 that another source has no reimbursed and is not obligated to reimburse or by incurring lost revenues, defined as a negative change in year-over-year net patient service revenue. During the years ended June 30, 2021 and 2020, the District recognized \$2,800,425 and \$6,299,026, respectively, in revenue related to this program which reflects management's estimate of the amount of the grant earned, including consideration for uncertainties related to reporting guidance still developing as of the date the financial statements were available to be issued.

Note 15: Medicare Refundable Advance

As a result of the COVID-19 pandemic, CMS offered an accelerated and advance payment program that gave healthcare providers the opportunity to receive an advance on future Medicare payments. The District received a non-interest-bearing Medicare Refundable Advance of \$2,577,690 during the year ended June 30, 2020.

San Gorgonio Healthcare District

Notes to Financial Statements

Note 15: Medicare Refundable Advance (Continued)

The balance of the Medicare Refundable Advance liability was \$2,120,577 and \$2,577,690 at June 30, 2021 and 2020, respectively.

Note 16: Change in Accounting Principle

During 2020, the District implemented GASB Statement No. 65 - *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 was adopted on a retrospective basis, resulting in a reduction in assets and net position at July 1, 2019, of \$690,287, which represents unamortized bond issue costs previously reported as an asset.

Note 17: Condensed Financial Information for Component Units

The following is condensed financial information for the blended component unit of the District:

Condensed statements of net position - Blended component unit - Hospital		
June 30,	2021	2020
Assets:		
Current assets	\$ 12,523,968	\$ 30,596,288
Noncurrent assets	558,167	496,107
Total assets	\$ 13,082,135	\$ 31,092,395
Liabilities:		
Current liabilities	\$ 33,900,652	\$ 30,709,409
Noncurrent liabilities	1,718,319	2,255,479
Total liabilities	35,618,971	32,964,888
Net position	(22,536,836)	(1,872,493)
Total liabilities and net position	\$ 13,082,135	\$ 31,092,395

San Gorgonio Healthcare District

Notes to Financial Statements

Note 17: Condensed Financial Information for Component Units (Continued)

Condensed statements of revenues, expenses, and changes in net position - Blended component unit - Hospital

<i>Years Ended June 30,</i>	2021	2020
Operating revenue	\$ 57,497,222	\$ 60,926,262
Operating expenses	81,722,621	73,875,191
Loss from operations	(24,225,399)	(12,948,929)
Nonoperating revenue (expense)	3,561,056	6,899,487
Decrease in net position	(20,664,343)	(6,049,442)
Net Position - Beginning of year	(1,872,493)	4,176,949

Net position - End of year **\$ (22,536,836) \$ (1,872,493)**

Condensed statements of cash flows - Blended component unit - Hospital

<i>Years Ended June 30,</i>	2021	2020
Cash flows from operating activities	\$ (5,743,096)	\$ (4,501,706)
Cash flows from noncapital financing activities	(2,010,631)	12,893,519
Change in cash and cash equivalents	(7,753,727)	8,331,813
Cash and cash equivalents - Beginning of year	9,393,778	1,061,965
Cash and cash equivalents - End of year	\$ 1,640,051	\$ 9,393,778

Supplementary Information

DRAFT

San Gorgonio Healthcare District

Combining Statement of Net Position

June 30, 2021	Hospital	District	Eliminations	Total
Current assets:				
Cash and cash equivalents:				
Unrestricted	\$ 1,633,078	\$ 762,594	\$ -	\$ 2,395,672
Restricted, available for current debt service	-	25,281	-	25,281
Receivables:				
Patient accounts - net	7,939,203	-	-	7,939,203
Other accounts	1,015,047	19,022,739	(18,022,678)	2,015,108
Estimated third-party payor settlements	138,601	1,031,286	-	1,169,887
Inventories	1,776,554	-	-	1,776,554
Prepaid expenses and other	21,485	-	-	21,485
Total current assets	12,523,968	20,841,900	(18,022,678)	15,343,190
Noncurrent assets:				
Capital assets - Nondepreciable	-	1,173,204	-	1,173,204
Capital assets - Net of accumulated depreciation	-	76,702,827	-	76,702,827
Cash and cash equivalents - Restricted, net of amount available for current debt service	-	9,566,747	-	9,566,747
Cash and cash equivalents - Board designated	6,973	272,646	-	279,619
Beneficial interest in the net assets of San Gorgonio Hospital Foundation	551,194	-	-	551,194
Total noncurrent assets	558,167	87,715,424	-	88,273,591
Deferred outflows of resources - Loss on bond refunding	-	645,507	-	645,507
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 13,082,135	\$ 109,202,831	\$ (18,022,678)	\$ 104,262,288

San Gorgonio Healthcare District

Combining Statement of Net Position (Continued)

<i>June 30, 2021</i>	Hospital	District	Eliminations	Total
Current liabilities:				
Current portion of long-term debt	\$ -	\$ 2,640,000	\$ -	\$ 2,640,000
Accounts payable	28,632,542	287,215	(18,022,678)	10,897,079
Accrued salary, payroll taxes, and benefits	4,865,852	-	-	4,865,852
Current portion of refundable advance	402,258	-	-	402,258
Accrued interest	-	1,945,116	-	1,945,116
Total current liabilities	33,900,652	4,872,331	(18,022,678)	20,750,305
Noncurrent liabilities:				
Long-term debt, less current portion	-	105,840,892	-	105,840,892
Refundable advance, less current portion	1,718,319	-	-	1,718,319
Total noncurrent liabilities	1,718,319	105,840,892	-	107,559,211
Total liabilities	35,618,971	110,713,223	(18,022,678)	128,309,516
Net position:				
Net investment in capital assets	-	(29,959,354)	-	(29,959,354)
Restricted	-	9,592,028	-	9,592,028
Unrestricted	(22,536,836)	18,856,934	-	(3,679,902)
Total net position	(22,536,836)	(1,510,392)	-	(24,047,228)
TOTAL LIABILITIES AND NET POSITION	\$ 13,082,135	\$ 109,202,831	\$ (18,022,678)	\$ 104,262,288

San Gorgonio Healthcare District

Combining Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2021	Hospital	District	Eliminations	Total
Operating revenue:				
Net patient service revenue	\$ 55,369,825	\$ -	-	\$ 55,369,825
Other operating revenue	2,127,397	44,156	-	2,171,553
Total operating revenue	57,497,222	44,156	-	57,541,378
Operating expenses:				
Salaries and wages	37,501,904	-	-	37,501,904
Employee benefits	10,282,665	-	-	10,282,665
Legal and professional fees	3,560,988	463,814	-	4,024,802
Contract labor	992,041	-	-	992,041
Supplies	10,846,597	-	-	10,846,597
Utilities	1,107,443	-	-	1,107,443
Purchased services	7,142,171	206,213	-	7,348,384
Building and equipment rent	953,082	-	-	953,082
Depreciation	-	5,936,648	-	5,936,648
Other operating expense	9,335,730	148,855	-	9,484,585
Total operating expenses	81,722,621	6,755,530	-	88,478,151
Loss from operations	(24,225,399)	(6,711,374)	-	(30,936,773)
Non operating revenue (expense):				
Taxes	-	11,558,266	-	11,558,266
Grants, contributions, and other nonoperating revenue	3,875,065	101,120	-	3,976,185
Interest expense	(314,009)	(5,061,919)	-	(5,375,928)
Total nonoperating revenue - Net	3,561,056	6,597,467	-	10,158,523
Deficit in revenue over expenses	(20,664,343)	(113,907)	-	(20,778,250)
Impairment loss on capital assets	-	(7,800)	-	(7,800)
Decrease in net position	(20,664,343)	(121,707)	-	(20,786,050)
Net position - Beginning of year	(1,872,493)	(1,388,685)	-	(3,261,178)
Net position - End of year	\$ (22,536,836)	\$ (1,510,392)	-	\$ (24,047,228)

Other Reporting Required by Government Auditing Standards

DRAFT

San Gorgonio Healthcare District

Schedule of Findings and Responses

Year Ended June 30, 2021

Finding 2021.001 – Internal Control Over Account Reconciliation Process

Condition: The District's internal control over preparation of the financial statements includes review and approval of key account reconciliations, including cash deposits. It is the responsibility of management to design procedures to ensure timely and meaningful approvals of account reconciliations. Because there were instances when reconciliations were not being approved or approvals were not being documented, a significant deficiency exists in the District's internal controls.

Criteria: Government Auditing Standards considers the lack of evidence of account reconciliations, including sufficient reviews and approvals, to be a significant deficiency in internal controls.

Cause: As with many organizations, the turnover experienced in key accounting positions and existing resources being limited create an environment where internal control deficiencies can exist.

Effect: The accuracy of the cash balances on the financial statements and related disclosures and the accuracy of the overall financial presentation can be negatively impacted, since there is a level of review missing for the cash cycle.

Recommendations: We recommend management and those charged with governance continue to evaluate the degree of risk associated with this condition and implement a review process that includes meaningful review of each cash account reconciliation.

Views of Responsible Officials and Planned Corrective Actions: Management has indicated an approach to correcting this deficiency that involves bringing additional staff into the process as well as retaining outside consultants for the purposes of staff training and to improve the control environment. While this condition still existed, there was significant turnover in the accounting department. The exit of a Chief Financial Officer (CFO) and an accounts payable clerk had put an undue burden on the remaining accounting staff. Temporary staffing was brought in for special reporting needed for COVID-19 and for the system conversion, but time constraints prevented this assistance for regular key reconciliations. Throughout the year, a daily cash report was maintained by staff other than those who processed payables and made payments, so there was a degree of separation to ensure control. Regular reports were made to the CEO and new CFO regarding deficiencies in reporting and status updates as to where the staffing requirements were and what was needed. In the new fiscal year (2022), an accounts payable person and a staff accountant have been added. Duty separations have been reviewed and revised to ensure maximum compliance even though staffing is minimal. Cross-training has started to ensure coverage of all duties. Multiple checks and balances are being established, with the CFO taking a more active role in verifying information and establishing controls over the division of duties. Multiple checklists have been enacted to track accuracy and completeness of the financial standings for the District.

**San Gorgonio Memorial Hospital
Report from Management - Financial Overview: FYE June 30, 2021**

Overview

The fiscal year ended June 30, 2021 saw challenges for San Gorgonio Memorial Hospital (SGMH or Hospital) such has never previously been encountered. The Covid-19 pandemic was a huge disrupter of “business as usual”, and the impact was unprecedented. The pandemic officially started in mid-March 2020, thus impacting about 3½ months of the previous fiscal year ended June 30, 2020. Nevertheless, the pandemic continued into the 2021 fiscal year, including a tremendous surge of patients starting in December 2020 and continuing through mid-February 2021.

The strain from the pandemic, both for the provision of patient care services along with the overall financial drain to SGMH was brutal. It is remarkable and noteworthy that, had it not been for the tremendous commitment of the District and Hospital Boards, the leadership team, the staff, physicians, and overwhelming support from the surrounding communities, the Hospital would not have been able to remain viable and provide the life sustaining services that were so needed by its patients. Although there was some financial support from the federal and local governmental agencies, the cost impact, coupled with the loss of routine business, cost the Hospital several million dollars throughout this pandemic.

In a nutshell, the Operating Revenues for the year were \$3.6M (5.8%) lower than the previous year, the Operating Expenses for the year were \$7.2M (8.8%) higher than the previous year, and the Non-Operating Revenues dropped by \$4.2M (29%) from the previous year. The results are a combined negative delta of \$15M as compared to the previous year.

Services and Workloads

The Hospital was forced to basically go on “lockdown” starting in March 2020 in order to minimize and contain the transmission of the Covid disease. The Hospital facilities were only directly accessible to patients seeking care, along with care providers and support staff required to keep the services operational. This “lockdown” has basically continued until the date of this writing. Given these circumstances, there were unusual changes in the “mix” of services provided. In a sense, many patients who did not have the virus avoided seeking Hospital services unless absolutely necessary, and the unusual growth or decrease in services was as follows:

	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>FYE 2019</u>
<u>Increase in Services:</u>			
Patient Days in the Hospital	11,008	10,046	9,991
<u>Decrease in Services:</u>			
Inpatient Stays in the Hospital	2,667	2,896	2,857
Emergency Room Visits	33,299	41,997	43,687
Surgery Cases	837	926	1,162
Gastrointestinal Procedures	307	1,820	1,042
Newborn Deliveries	158	246	268

Statement of Revenues and Expenses

Net Patient Revenues (Directly related to Patient Services)

The overall total patient charges for services provided were 15% below budget. Medicare and some other payors increased the pay for covid-specific patients, however we discovered that these increases were insufficient to cover the overwhelming cost increases associated with caring for and protecting all patients and staff in the hospital from the covid virus. These incremental safety, construction, and supply costs were required for the safety of all patients and staff, not just for those patients who had a positive covid diagnosis. In summary, the Net Patient Revenues were 20% below budget.

Operating Expenses

Total Operating Expenses were over budget by \$5.8M. Some of the variances which were impacted by pandemic costs included Salaries, Benefits, and Contract Labor (\$1.2M), and Supplies (\$1.1M). Physician fees were over budget by \$664K due to changes in certain physician contracts which were modified in February 2021. Other Expenses were also impacted by the pandemic and these exceeded budget by \$2.3M (15%).

It should also be noted that various expenses increased due to the installation and subsequent fine-tuning of a new Electronic Health Records (EHR) system which went "live" in September, along with the entire organization preparing for its 3- year accreditation survey, which was successfully completed in May 2021.

Grants, Contributions, and Other Non-Operating Revenues

These funds totaled \$3.98M compared to \$7.56M the previous year. The current year included \$2.8M from CARES Act funds.

Statement of Revenues and Expenses - Summarized (000's)

	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>FYE 2019</u>
Total Operating Revenues	\$57,541	\$61,120	\$67,410
Total Operating Expenses	(\$88,478)	(\$81,291)	(\$74,614)
Non-Operating Revenues/Expenses	\$10,159	\$14,333	\$ 7,549
Capital Grants & Impairments	\$ (8)	(\$8,223)	\$ 93
Increase (Decrease) in Net Assets	(\$20,786)	(\$14,061)	\$ 438
Net Assets at Beginning of Year & Other	<u>(\$ 3,261)</u>	<u>\$10,800</u>	<u>\$11,053</u>
Net Assets at End of Year	<u>(\$24,047)</u>	<u>(\$ 3,261)</u>	<u>\$11,491</u>

Balance Sheet

Assets

There was a drop in overall Current Assets of \$20.4M from the previous year end. Significant changes included a drop in Cash of \$10.5M and a reduction in Supplemental Funds Receivable of \$10.9M. Other notable increases included Net Patient Receivables (\$796K) and Other Receivables (\$738K). Other Non-Current Assets dropped by \$5M during the current year

Liabilities and Net Position

Current Liabilities of \$20.8M were \$1.8M lower than the previous year although the Line of Credit balance dropped from \$6.0M in 2020 to -0- in 2021. Conversely, the Accounts Payable increased by \$5.6M and Accrued Payroll increased by \$740K during the current year. Note: The District entered a new \$12M (up from the previous \$6M) operating line of credit in FY 2021, however, the mandated 30 day/year payoff was in effect at the end of June 2021.

Long-Term Debt and Other Liabilities

These balances dropped by \$2.9M during the current year based on the requisite bond payments.

Net Position

The overall Net Position of the Hospital and District dropped from a negative \$3.3M on June 30, 2020 to a negative \$24M at June 30, 2021.

Statement of Net Position (Balance Sheet) - Summarized (000's)

	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>FYE 2019</u>
Current Assets	\$15,343	\$35,746	\$31,580
Non-Current Assets	\$88,274	\$93,236	\$102,880
Deferred Outflows	\$ 645	\$ 759	\$ 762
Total Assets and Deferred Outflows	<u>\$104,262</u>	<u>\$129,741</u>	<u>\$135,222</u>
Current Liabilities	\$ 20,750	\$ 22,554	\$ 12,992
Non-Current Liabilities	\$107,559	\$110,448	\$110,739
Net Position	<u>(\$ 24,047)</u>	<u>(\$ 3,261)</u>	<u>\$ 11,491</u>
Total Liabilities and Net Position	<u>\$104,262</u>	<u>\$129,741</u>	<u>\$135,222</u>

Summary

Fiscal Year 2020/2021 was a very difficult year in numerous ways. It is a testament to everyone in the organization that there was a collective commitment, resilience, and passionate resolve to provide quality medical care and services to so many patients who desperately needed them. It was quite appropriate that the Associates of San Geronio Memorial Hospital were recognized as the "2021 Citizens of the Year" by the Beaumont Chamber of Commerce, with Official Certificates of Recognition of this honor from the City of Banning, the City of Beaumont, the County of Riverside, the California State Senate, and the California State Assembly.

TAB F



2021 SLATE OF OFFICERS

<u>POSITION</u>	<u>NAME</u>
Chair	Dennis Tankersley
Vice Chair	Ehren Ngo
Secretary/Treasurer	Joel Labha

TAB G

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
 MEASURE D COMMUNITY OVERSIGHT COMMITTEE
 November 16, 2021

The regular meeting of the San Gorgonio Memorial Healthcare District’s Measure D Community Oversight Committee was held on Wednesday, November 16, 2021. In an effort to prevent the spread of COVID-19 (coronavirus), and in accordance with the Governor’s Executive Order N-29-20, there was no public location for attending this board meeting in person. Board members and members of the public participated via Webex.

Members Present: Amy Herr, Ron Rader, Dennis Tankersley

Members Absent: Jim Walling

Hospital Staff: Ariel Whitley (Executive Assistant), Margaret Kammer (Controller)

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
Call To Order	Chair Tankersley called the meeting to order at 5:04 pm.	
Public Comment	<p>No public comment emails were received.</p> <p>Roger Berg – Roger Berg stated that he would like to see exactly how the Measure D monies are being spent in a format that is easily understandable to the public.</p>	
OLD BUSINESS		
Proposed Action - Approve Minutes of May 19, 2021.	Chair Tankersley asked for any additions or corrections to the minutes of the May 19, 2021, meeting. There were none.	The minutes of the May 19, 2021, meeting will stand correct as presented.
NEW BUSINESS		
Review Measure D parcel tax receipts and expenditures	<p>Margaret Kammer, Controller, briefly reviewed the Measure D parcel tax receipts and expenditures as shown in the packet.</p> <p>Margaret stated that this reporting period covers April 1, 2021, through October 31, 2021.</p> <p>She noted that the expenditures for this period covered</p>	

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
	<p>emergency room payroll and medical supplies issued to the emergency department. The ending balance as of October 31, 2021, was \$222,460.40.</p> <p>Margaret reported that the ending balance as of March 31, 2021, was \$2,481,433.31. The reason for the significant change in ending balances was because a transfer was not able to be done during that period, so no expenses were able to be covered by Measure D.</p>	
Next meeting	The next Measure D Community Oversight Committee meeting will be held on Wednesday, May 18, 2022, at 5:00 pm.	
Adjournment	The meeting was adjourned at 5:18 pm.	

In accordance with The Brown Act, *Section 54957.5*, all reports and handouts discussed during this Open Session meeting are public records and are available for public inspection. These reports and/or handouts are available for review at the Hospital Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

Minutes respectfully submitted by Ariel Whitley, Executive Assistant

List of Possible Measure D Uses

- 1) Payment of ER hospital salaries
- 2) Re- payment of PNC loan that furnished all the equipment used in the new ED.
- 3) CT scanner maintenance Fees
- 4) Payment of ER on call Docs
- 5) Medical Supply costs used in the ED
- 6) Drug Supply costs used in the ED
- 7) Reimbursement of Other ancillary department labor costs

List of Ancillary Depts servicing the ED:

- EKGs
- Lab
- Respiratory
- Diagnostic Imaging
- Housekeeping
- Echocardiography

Bank Statement Summary

2020 04/01/2021-10/31/2021

0

Measure D account

0390004501

(Note: Deposits include prior year collection on delinquencies)

4/1/2021 Beginning Balance

\$ 2,481,433.31

<u>Date</u>	<u>Deposits</u> <u>Amount</u>	<u>Withdrawal</u> <u>Amount</u>	<u>Change</u>
5/26/2021 Deposit from Riv	\$ 993,394.87	\$ -	
7/22/2021 Deposit from Riv	\$ 59,861.35		
8/2/2021 Deposit from Riv	\$ 131,959.84		
8/6/2021 Deposit from Riv	\$ 5,299.62		
5/7/2021 Payroll coverage		\$ 2,400,000.00	
6/29/2021 Payroll coverage		\$ 1,050,000.00	
Misc Interest	\$ 511.41		
3/31/2021 Ending Balance		\$ 222,460.40	
Beg Balance		\$ 2,481,433.31	
TOTALS	\$ 1,191,027.09	\$ 3,450,000.00	\$ (2,258,972.91)

ER Payroll 04/01/2021 thru 10/31/2021 covered by Measure D

4/9/2021 Emergency room payroll plus FICA	(\$213,465.14)	
4/23/2021 Emergency room payroll plus FICA	(\$217,815.60)	
4/26/2021 Medical Supplies issued to Emergency	(\$9,998.90)	Full issue was \$31,990.03
5/7/2021 Emergency room payroll plus FICA	(\$226,299.42)	
5/21/2021 Emergency room payroll plus FICA	(\$225,584.68)	
6/4/2021 Emergency room payroll plus FICA	(\$229,761.15)	
6/18/2021 Emergency room payroll plus FICA	(\$221,766.00)	
7/2/2021 Emergency room payroll plus FICA	(\$213,392.84)	
7/16/2021 Emergency room payroll plus FICA	(\$228,248.15)	
7/30/2021 Emergency room payroll plus FICA	(\$223,113.59)	
8/13/2021 Emergency room payroll plus FICA	(\$226,218.83)	
8/27/2021 Emergency room payroll plus FICA	(\$231,259.72)	
9/10/2021 Emergency room payroll plus FICA	(\$244,149.16)	
9/24/2021 Emergency room payroll plus FICA	(\$233,682.67)	
10/8/2021 Emergency room payroll plus FICA	(\$247,299.45)	
10/22/2021 Emergency room payroll plus FICA	(\$257,944.70)	
	(\$3,450,000.00)	

TAB H

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
 MEASURE A COMMUNITY OVERSIGHT COMMITTEE
 November 17, 2021

The regular meeting of the San Gorgonio Memorial Healthcare District’s Measure A Community Oversight Committee was held on Wednesday, November 17, 2021. In an effort to prevent the spread of COVID-19 (coronavirus), and in accordance with the Governor’s Executive Order N-29-20, there was no public location for attending this board meeting in person. Board members and members of the public participated via Webex.

Members Present: Ron Rader, Dennis Tankersley

Members Absent: Vicki Grunewald, Estelle Lewis

Hospital Staff: Ariel Whitley (Executive Assistant), Margaret Kammer (Controller)

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
Call To Order	Quorum not met. No business conducted.	
Public Comment	None.	
OLD BUSINESS		
Proposed Action - Approve Minutes of May 19, 2021.	Quorum not met. No business conducted.	The minutes of the May 19, 2021, meeting was reviewed and will stand correct as presented.
NEW BUSINESS		
Measure A Expenditures – April, May, June, July, August, and September 2021.	Quorum not met. No business conducted.	
Next meeting	The next Measure A Community Oversight Committee meeting will be held on Wednesday, May 18, 2022, at 5:15 pm.	

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
Future Agenda Items	None.	
Adjournment	Quorum not met. No business conducted.	

In accordance with The Brown Act, *Section 54957.5*, all reports and handouts discussed during this Open Session meeting are public records and are available for public inspection. These reports and/or handouts are available for review at the Hospital Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

Minutes respectfully submitted by Ariel Whitley, Executive Assistant

San Geronio Memorial Healthcare District

Measure A analysis of Project Funds Paid by General Category

4/30/2021

		Measure A	Current Month-Measure A	District Funds
		<u>Project-to-Date</u>	<u>04/30/2021 UPDATE</u>	<u>04/30/2021 UPDATE</u>
Computer Equipment	\$	5,311,028	\$ -	
Radiology Equipment	\$	1,526,641	\$ -	
Legal/Regulatory/Bonds	\$	3,143,910	\$ -	
Architectural (HDR)-ALL PHASE 1 PROJ	\$	11,756,851	\$ -	
Construction Management-ALL PHASE 1	\$	12,875,601	\$ -	
Contractors 1-A (HELIPAD/COOLING TOW	\$	7,814,103	\$ -	
Other	\$	3,021,460	\$ -	
Contractors 1-B (CENTRAL PLANT)	\$	20,800,201	\$ -	
Contractors 1-C (ED/ICU)	\$	28,157,355	\$ -	
Contractors 1-E Dietary Remodel	\$	5,225,946	\$ -	
Contractors 1-Medley Project	\$	4,796,620	\$ -	
Previous Expenditures for Measure A-Phase 1	\$	104,429,717	\$ -	
Contractors, Architect, Mgmt - 2-A Patient Facility prior to	\$	7,015,575		
Expenditures prior to 9/01/14 all phases	\$	<u>111,445,293</u>		
Project expenditures using District Funds				
TCU Conversion 0001		\$0.00	\$0.00	\$ 108,612
Medical Records Conversion 0004		\$0.00	\$0.00	\$ 13,618
Pharmacy Conversion 0005		\$0.00	\$0.00	\$ 50,447
CIP Patient Care Facility-0008		\$0.00	\$0.00	\$ 2,100
Project Expenditures using Measure A funds				
TCU Conversion 0001	\$	539,852.53	\$0.00	
Medical Records Conversion 0004		\$0.00	\$0.00	
Pharmacy Conversion 0005		\$0.00	\$0.00	
CIP Patient Care Facility-0008		\$1,338,416.28	\$8,880.00	\$0.00
OR Electrical Conversion		\$0.00	\$0.00	\$39,751.00
Other Construction Costs		\$150,247.92	\$0.00	
Other Non-Construction Costs		\$193,576.42	\$0.00	\$5,955.22
Total Expenditures	\$	113,667,386	\$ 8,880	\$ 220,483

Measure A Project General Obligation Funds
Statement of Funds Flows

PROCEEDS SUMMARY:	
Initial Project Fund transfer from sale of General Obligation Bonds 2006 A to FSA	25,200,349
Initial Project Fund Transfer from sale of General Obligation Bonds 2006 B (08/08/	24,876,964.91
Initial Project Fund from sale of General Obligation Bonds 2006 C (08/14/2009)	57,800,000
Planholder Checks project to date and refunds for overpayments	24,072
HDR Returned payments	139,979
Initial Proceeds	108,041,365
Investment Income	
FSA Inc. (Series 2006 A)	1,762,060
BB&T GIC (Series 2008 B)	1,461,176
Bank of Hemet Series A	1,001
City National Money Market	81
GE Capital (Series 2009 C)	2,638,823
Security Bank Money Market	38,968
Interest Income SUBTOTAL	5,902,110
Total Proceeds Available for Measure A:	\$ 113,943,475

Projected Interest by end of Project>	5,912,351
Total Projected Proceeds Available for Measure A:	\$ 113,953,716

FUND FLOWS:		
Total Measure A Funds Initial Proceeds (from above)		108,041,364.81
Add:	<u>Rate</u>	<u>Interest Income</u>
FSA Inc. (Series 2006 A), FY 07	5.27%	1,030,536.43
FSA Inc. (Series 2006 A), FY 08	5.27%	635,706.73
FSA Inc. (Series 2006 A), FY 09	5.27%	95,817.32
BB&T GIC (Series 2008 B) FY 09	4.94%	680,384
BB&T GIC (Series 2008 B) FY 10	4.94%	648,151
BB&T GIC (Series 2008 B) FY 11	4.94%	132,640
GE Capital (Series 2009 C) FY 10	1.75%	688,722
GE Capital (Series 2009 C) FY 11	1.75%	956,529
GE Capital (Series 2009 C) FY 12	1.75%	591,104.24
GE Capital (Series 2009 C) FY 13	1.75%	293,402.39
GE Capital (Series 2009 C) FY 14	1.75%	109,065.59
Bank of Hemet Series A		1,001
City National Money Market		81
Security Bank Construction funds		1,126
Security Bank Construction Money Market		37,842
Total Interest Income earned	\$	5,902,110
Project Expenditures (from above)	\$	113,667,386
Total Consolidated Funds available:	\$	276,089.00
	spent to date	100%

MEASURE A BALANCES:		
	Balances as of 04/30/2021	
Bank of Hemet Series A	4310	-
Security Bank of California Construction Ft	1812	5,990
Security Bank of California Money Market	2509	270,099
Total Balances	\$	276,089
	VARIANCE	\$ (0.00)

San Geronio Memorial Healthcare District

Measure A analysis of Project Funds Paid by General Category

5/31/2021

	Measure A	Current Month-Measure A	District Funds
	<u>Project-to-Date</u>	<u>05/31/2021 UPDATE</u>	<u>05/31/2021 UPDATE</u>
Computer Equipment	\$ 5,311,028	\$ -	
Radiology Equipment	\$ 1,526,641	\$ -	
Legal/Regulatory/Bonds	\$ 3,143,910	\$ -	
Architectural (HDR)-ALL PHASE 1 PROJ	\$ 11,756,851	\$ -	
Construction Management-ALL PHASE 1 I	\$ 12,875,601	\$ -	
Contractors 1-A (HELIPAD/COOLING TOW	\$ 7,814,103	\$ -	
Other	\$ 3,021,460	\$ -	
Contractors 1-B (CENTRAL PLANT)	\$ 20,800,201	\$ -	
Contractors 1-C (ED/ICU)	\$ 28,157,355	\$ -	
Contractors 1-E Dietary Remodel	\$ 5,225,946	\$ -	
Contractors 1-Medley Project	\$ 4,796,620	\$ -	
Previous Expenditures for Measure A-Phase 1	\$ 104,429,717	\$ -	
Contractors, Architect, Mgmt - 2-A Patient Facility prior to 9/01/14	\$ 7,015,575		
Expenditures prior to 9/01/14 all phases	\$ 111,445,293		
Project expenditures using District Funds			
TCU Conversion 0001	\$0.00	\$0.00	\$ 108,612
Medical Records Conversion 0004	\$0.00	\$0.00	\$ 13,618
Pharmacy Conversion 0005	\$0.00	\$0.00	\$ 50,447
CIP Patient Care Facility-0008	\$0.00	\$0.00	\$ 2,100
Project Expenditures using Measure A funds			
TCU Conversion 0001	\$ 539,852.53	\$0.00	
Medical Records Conversion 0004	\$0.00	\$0.00	
Pharmacy Conversion 0005	\$0.00	\$0.00	
CIP Patient Care Facility-0008	\$1,338,416.28	\$8,880.00	\$0.00
OR Electrical Conversion	\$0.00	\$0.00	\$39,751.00
Other Construction Costs	\$150,247.92	\$0.00	
Other Non-Construction Costs	\$193,576.42	\$0.00	\$5,955.22
Total Expenditures	\$ 113,667,386	\$ 8,880	\$ 220,483

Measure A Project General Obligation Funds
Statement of Funds Flows

PROCEEDS SUMMARY:	
Initial Project Fund transfer from sale of General Obligation Bonds 2006 A to FSA	25,200,349
Initial Project Fund Transfer from sale of General Obligation Bonds 2006 B (08/08/	24,876,964.91
Initial Project Fund from sale of General Obligation Bonds 2006 C (08/14/2009)	57,800,000
Planholder Checks project to date and refunds for overpayments	24,072
HDR Returned payments	139,979
Initial Proceeds	108,041,365
Investment Income	
FSA Inc. (Series 2006 A)	1,762,060
BB&T GIC (Series 2008 B)	1,461,176
Bank of Hemet Series A	1,001
City National Money Market	81
GE Capital (Series 2009 C)	2,638,823
Security Bank Money Market	38,991
Interest Income SUBTOTAL	5,902,133
Total Proceeds Available for Measure A:	\$ 113,943,498

Projected Interest by end of Project>	5,912,351
Total Projected Proceeds Available for Measure A:	\$ 113,953,716

FUND FLOWS:		
Total Measure A Funds Initial Proceeds (from above)		108,041,364.81
Add:	<u>Rate</u>	<u>Interest Income</u>
FSA Inc. (Series 2006 A), FY 07	5.27%	1,030,536.43
FSA Inc. (Series 2006 A), FY 08	5.27%	635,706.73
FSA Inc. (Series 2006 A), FY 09	5.27%	95,817.32
BB&T GIC (Series 2008 B) FY 09	4.94%	680,384
BB&T GIC (Series 2008 B) FY 10	4.94%	648,151
BB&T GIC (Series 2008 B) FY 11	4.94%	132,640
GE Capital (Series 2009 C) FY 10	1.75%	688,722
GE Capital (Series 2009 C) FY 11	1.75%	956,529
GE Capital (Series 2009 C) FY 12	1.75%	591,104.24
GE Capital (Series 2009 C) FY 13	1.75%	293,402.39
GE Capital (Series 2009 C) FY 14	1.75%	109,065.59
Bank of Hemet Series A		1,001
City National Money Market		81
Security Bank Construction funds		1,126
Security Bank Construction Money Market		37,865
Total Interest Income earned	\$	5,902,133
Project Expenditures (from above)	\$	113,667,386
Total Consolidated Funds available:	\$	276,111.94
	spent to date	100%

MEASURE A BALANCES:		
	Balances as of 05/31/2021	
Bank of Hemet Series A	4310	-
Security Bank of California Construction F	1812	5,990
Security Bank of California Money Market	2509	270,122
Total Balances	\$	276,112
	VARIANCE	\$ (0.00)

San Geronio Memorial Healthcare District

Measure A analysis of Project Funds Paid by General Category

6/30/2021

		Measure A	Current Month-Measure A	District Funds
		<u>Project-to-Date</u>	<u>06/30/2021 UPDATE</u>	<u>06/30/2021 UPDATE</u>
Computer Equipment	\$	5,311,028	\$	-
Radiology Equipment	\$	1,526,641	\$	-
Legal/Regulatory/Bonds	\$	3,143,910	\$	-
Architectural (HDR)-ALL PHASE 1 PROJ	\$	11,756,851	\$	-
Construction Management-ALL PHASE 1	\$	12,875,601	\$	-
Contractors 1-A (HELIPAD/COOLING TOW	\$	7,814,103	\$	-
Other	\$	3,021,460	\$	-
Contractors 1-B (CENTRAL PLANT)	\$	20,800,201	\$	-
Contractors 1-C (ED/ICU)	\$	28,157,355	\$	-
Contractors 1-E Dietary Remodel	\$	5,225,946	\$	-
Contractors 1-Medley Project	\$	4,796,620	\$	-
Previous Expenditures for Measure A-Phase 1	\$	104,429,717	\$	-
Contractors, Architect, Mgmt - 2-A Patient Facility prior to	\$	7,015,575		
Expenditures prior to 9/01/14 all phases	\$	<u>111,445,293</u>		
Project expenditures using District Funds				
TCU Conversion 0001		\$0.00	\$0.00	\$ 108,612
Medical Records Conversion 0004		\$0.00	\$0.00	\$ 13,618
Pharmacy Conversion 0005		\$0.00	\$0.00	\$ 50,447
CIP Patient Care Facility-0008		\$0.00	\$0.00	\$ 2,100
Project Expenditures using Measure A funds				
TCU Conversion 0001	\$	539,852.53	\$0.00	
Medical Records Conversion 0004		\$0.00	\$0.00	
Pharmacy Conversion 0005		\$0.00	\$0.00	
CIP Patient Care Facility-0008		\$1,338,416.28	\$8,880.00	\$0.00
OR Electrical Conversion		\$0.00	\$0.00	\$39,751.00
Other Construction Costs		\$150,247.92	\$0.00	
Other Non-Construction Costs		\$193,576.42	\$0.00	\$5,955.22
Total Expenditures	\$	113,667,386	\$	8,880 \$ 220,483

Measure A Project General Obligation Funds
Statement of Funds Flows

PROCEEDS SUMMARY:	
Initial Project Fund transfer from sale of General Obligation Bonds 2006 A to FSA	25,200,349
Initial Project Fund Transfer from sale of General Obligation Bonds 2006 B (08/08/	24,876,964.91
Initial Project Fund from sale of General Obligation Bonds 2006 C (08/14/2009)	57,800,000
Planholder Checks project to date and refunds for overpayments	24,072
HDR Returned payments	139,979
Initial Proceeds	108,041,365
Investment Income	
FSA Inc. (Series 2006 A)	1,762,060
BB&T GIC (Series 2008 B)	1,461,176
Bank of Hemet Series A	1,001
City National Money Market	81
GE Capital (Series 2009 C)	2,638,823
Security Bank Money Market	39,009
Interest Income SUBTOTAL	5,902,151
Total Proceeds Available for Measure A:	\$ 113,943,516

Projected Interest by end of Project>	5,912,351
Total Projected Proceeds Available for Measure A:	\$ 113,953,716

FUND FLOWS:		
Total Measure A Funds Initial Proceeds (from above)		108,041,364.81
Add:	<u>Rate</u>	<u>Interest Income</u>
FSA Inc. (Series 2006 A), FY 07	5.27%	1,030,536.43
FSA Inc. (Series 2006 A), FY 08	5.27%	635,706.73
FSA Inc. (Series 2006 A), FY 09	5.27%	95,817.32
BB&T GIC (Series 2008 B) FY 09	4.94%	680,384
BB&T GIC (Series 2008 B) FY 10	4.94%	648,151
BB&T GIC (Series 2008 B) FY 11	4.94%	132,640
GE Capital (Series 2009 C) FY 10	1.75%	688,722
GE Capital (Series 2009 C) FY 11	1.75%	956,529
GE Capital (Series 2009 C) FY 12	1.75%	591,104.24
GE Capital (Series 2009 C) FY 13	1.75%	293,402.39
GE Capital (Series 2009 C) FY 14	1.75%	109,065.59
Bank of Hemet Series A		1,001
City National Money Market		81
Security Bank Construction funds		1,126
Security Bank Construction Money Market		37,883
Total Interest Income earned		\$ 5,902,151
Project Expenditures (from above)	\$	113,667,386
Total Consolidated Funds available:	\$	276,130.07
	spent to date	100%

MEASURE A BALANCES:		
	Balances as of 06/30/2021	
Bank of Hemet Series A	4310	-
Security Bank of California Construction Ft	1812	5,990
Security Bank of California Money Market	2509	270,140
Total Balances		\$ 276,130
	VARIANCE \$	(0.00)

San Geronio Memorial Healthcare District

Measure A analysis of Project Funds Paid by General Category

7/31/2021

		Measure A	Current Month-Measure A	District Funds
		<u>Project-to-Date</u>	<u>07/31/2021 UPDATE</u>	<u>07/31/2021 UPDATE</u>
Computer Equipment	\$	5,311,028	\$ -	
Radiology Equipment	\$	1,526,641	\$ -	
Legal/Regulatory/Bonds	\$	3,143,910	\$ -	
Architectural (HDR)-ALL PHASE 1 PROJ	\$	11,756,851	\$ -	
Construction Management-ALL PHASE 1	\$	12,875,601	\$ -	
Contractors 1-A (HELIPAD/COOLING TOV	\$	7,814,103	\$ -	
Other	\$	3,021,460	\$ -	
Contractors 1-B (CENTRAL PLANT)	\$	20,800,201	\$ -	
Contractors 1-C (ED/ICU)	\$	28,157,355	\$ -	
Contractors 1-E Dietary Remodel	\$	5,225,946	\$ -	
Contractors 1-Medley Project	\$	4,796,620	\$ -	
Previous Expenditures for Measure A-Phase 1	\$	104,429,717	\$ -	
Contractors, Architect, Mgmt - 2-A Patient Facility prior to	\$	7,015,575		
Expenditures prior to 9/01/14 all phases	\$	<u>111,445,293</u>		
Project expenditures using District Funds				
TCU Coversion 0001		\$0.00	\$0.00	\$ 108,612
Medical Records Conversion 0004		\$0.00	\$0.00	\$ 13,618
Pharmacy Conversion 0005		\$0.00	\$0.00	\$ 50,447
CIP Patient Care Facility-0008		\$0.00	\$0.00	\$ 2,100
Project Expenditures using Measure A funds				
TCU Coversion 0001	\$	539,852.53	\$0.00	
Medical Records Conversion 0004		\$0.00	\$0.00	
Pharmacy Conversion 0005		\$0.00	\$0.00	
CIP Patient Care Facility-0008		\$1,338,416.28	\$8,880.00	\$0.00
OR Electrical Conversion		\$0.00	\$0.00	\$39,751.00
Other Construction Costs		\$150,247.92	\$0.00	
Other Non-Construction Costs		\$193,576.42	\$0.00	\$5,955.22
Total Expenditures	\$	113,667,386	\$ 8,880	\$ 220,483

Measure A Project General Obligation Funds
Statement of Funds Flows

PROCEEDS SUMMARY:	
Initial Project Fund transfer from sale of General Obligation Bonds 2006 A to FSA	25,200,349
Initial Project Fund Transfer from sale of General Obligation Bonds 2006 B (08/08)	24,876,964.91
Initial Project Fund from sale of General Obligation Bonds 2006 C (08/14/2009)	57,800,000
Planholder Checks project to date and refunds for overpayments	24,072
HDR Returned payments	139,979
Initial Proceeds	108,041,365
Investment Income	
FSA Inc. (Series 2006 A)	1,762,060
BB&T GIC (Series 2008 B)	1,461,176
Bank of Hemet Series A	1,001
City National Money Market	81
GE Capital (Series 2009 C)	2,638,823
Security Bank Money Market	39,032
Interest Income SUBTOTAL	5,902,174
Total Proceeds Available for Measure A:	\$ 113,943,539

Projected Interest by end of Project>	5,912,351
Total Projected Proceeds Available for Measure A:	\$ 113,953,716

FUND FLOWS:		
Total Measure A Funds Initial Proceeds (from above)		108,041,364.81
Add:	<u>Rate</u>	<u>Interest Income</u>
FSA Inc. (Series 2006 A), FY 07	5.27%	1,030,536.43
FSA Inc. (Series 2006 A), FY 08	5.27%	635,706.73
FSA Inc. (Series 2006 A), FY 09	5.27%	95,817.32
BB&T GIC (Series 2008 B) FY 09	4.94%	680,384
BB&T GIC (Series 2008 B) FY 10	4.94%	648,151
BB&T GIC (Series 2008 B) FY 11	4.94%	132,640
GE Capital (Series 2009 C) FY 10	1.75%	688,722
GE Capital (Series 2009 C) FY 11	1.75%	956,529
GE Capital (Series 2009 C) FY 12	1.75%	591,104.24
GE Capital (Series 2009 C) FY 13	1.75%	293,402.39
GE Capital (Series 2009 C) FY 14	1.75%	109,065.59
Bank of Hemet Series A		1,001
City National Money Market		81
Security Bank Construction funds		1,126
Security Bank Construction Money Market		37,906
Total Interest Income earned		\$ 5,902,174
Project Expenditures (from above)	\$	113,667,386
Total Consolidated Funds available:	\$	276,153.01
	spent to date	100%

MEASURE A BALANCES:		
	Balances as of 07/31/2021	
Bank of Hemet Series A	4310	-
Security Bank of California Construction F	1812	5,990
Security Bank of California Money Market	2509	270,163
Total Balances		\$ 276,153
	VARIANCE \$	(0.00)

San Geronio Memorial Healthcare District

Measure A analysis of Project Funds Paid by General Category

8/31/2021

		Measure A	Current Month-Measure A	District Funds
		<u>Project-to-Date</u>	<u>08/31/2021 UPDATE</u>	<u>08/31/2021 UPDATE</u>
Computer Equipment	\$	5,311,028	\$ -	
Radiology Equipment	\$	1,526,641	\$ -	
Legal/Regulatory/Bonds	\$	3,143,910	\$ -	
Architectural (HDR)-ALL PHASE 1 PROJ	\$	11,756,851	\$ -	
Construction Management-ALL PHASE 1	\$	12,875,601	\$ -	
Contractors 1-A (HELIPAD/COOLING TOW	\$	7,814,103	\$ -	
Other	\$	3,021,460	\$ -	
Contractors 1-B (CENTRAL PLANT)	\$	20,800,201	\$ -	
Contractors 1-C (ED/ICU)	\$	28,157,355	\$ -	
Contractors 1-E Dietary Remodel	\$	5,225,946	\$ -	
Contractors 1-Medley Project	\$	4,796,620	\$ -	
Previous Expenditures for Measure A-Phase 1	\$	104,429,717	\$ -	
Contractors, Architect, Mgmt - 2-A Patient Facility prior to	\$	7,015,575		
Expenditures prior to 9/01/14 all phases	\$	<u>111,445,293</u>		
Project expenditures using District Funds				
TCU Conversion 0001		\$0.00	\$0.00	\$ 108,612
Medical Records Conversion 0004		\$0.00	\$0.00	\$ 13,618
Pharmacy Conversion 0005		\$0.00	\$0.00	\$ 50,447
CIP Patient Care Facility-0008		\$0.00	\$0.00	\$ 2,100
Project Expenditures using Measure A funds				
TCU Conversion 0001	\$	539,852.53	\$0.00	
Medical Records Conversion 0004		\$0.00	\$0.00	
Pharmacy Conversion 0005		\$0.00	\$0.00	
CIP Patient Care Facility-0008		\$1,338,416.28	\$8,880.00	\$0.00
OR Electrical Conversion		\$0.00	\$0.00	\$39,751.00
Other Construction Costs		\$150,247.92	\$0.00	
Other Non-Construction Costs		\$193,576.42	\$0.00	\$5,955.22
Total Expenditures	\$	113,667,386	\$ 8,880	\$ 220,483

Measure A Project General Obligation Funds
Statement of Funds Flows

PROCEEDS SUMMARY:	
Initial Project Fund transfer from sale of General Obligation Bonds 2006 A to FSA	25,200,349
Initial Project Fund Transfer from sale of General Obligation Bonds 2006 B (08/08/	24,876,964.91
Initial Project Fund from sale of General Obligation Bonds 2006 C (08/14/2009)	57,800,000
Planholder Checks project to date and refunds for overpayments	24,072
HDR Returned payments	139,979
Initial Proceeds	108,041,365
Investment Income	
FSA Inc. (Series 2006 A)	1,762,060
BB&T GIC (Series 2008 B)	1,461,176
Bank of Hemet Series A	1,001
City National Money Market	81
GE Capital (Series 2009 C)	2,638,823
Security Bank Money Market	39,032
Interest Income SUBTOTAL	5,902,174
Total Proceeds Available for Measure A:	\$ 113,943,539

Projected Interest by end of Project>	5,912,351
Total Projected Proceeds Available for Measure A:	\$ 113,953,716

FUND FLOWS:		
Total Measure A Funds Initial Proceeds (from above)		108,041,364.81
Add:	<u>Rate</u>	<u>Interest Income</u>
FSA Inc. (Series 2006 A), FY 07	5.27%	1,030,536.43
FSA Inc. (Series 2006 A), FY 08	5.27%	635,706.73
FSA Inc. (Series 2006 A), FY 09	5.27%	95,817.32
BB&T GIC (Series 2008 B) FY 09	4.94%	680,384
BB&T GIC (Series 2008 B) FY 10	4.94%	648,151
BB&T GIC (Series 2008 B) FY 11	4.94%	132,640
GE Capital (Series 2009 C) FY 10	1.75%	688,722
GE Capital (Series 2009 C) FY 11	1.75%	956,529
GE Capital (Series 2009 C) FY 12	1.75%	591,104.24
GE Capital (Series 2009 C) FY 13	1.75%	293,402.39
GE Capital (Series 2009 C) FY 14	1.75%	109,065.59
Bank of Hemet Series A		1,001
City National Money Market		81
Security Bank Construction funds		1,126
Security Bank Construction Money Market		37,906
Total Interest Income earned	\$	5,902,174
Project Expenditures (from above)	\$	113,667,386
Total Consolidated Funds available:	\$	276,153.01
	spent to date	100%

MEASURE A BALANCES:		
	Balances as of 08/31/2021	
Bank of Hemet Series A	4310	-
Security Bank of California Construction Ft	1812	5,990
Security Bank of California Money Market	2509	270,163
Total Balances	\$	276,153
	VARIANCE	\$ (0.00)

San Geronio Memorial Healthcare District

Measure A analysis of Project Funds Paid by General Category

9/30/2021

	Measure A	Current Month-Measure A	District Funds
	<u>Project-to-Date</u>	<u>09/30/2021 UPDATE</u>	<u>09/30/2021 UPDATE</u>
Computer Equipment	\$ 5,311,028	\$ -	
Radiology Equipment	\$ 1,526,641	\$ -	
Legal/Regulatory/Bonds	\$ 3,143,910	\$ -	
Architectural (HDR)-ALL PHASE 1 PROJ	\$ 11,756,851	\$ -	
Construction Management-ALL PHASE 1	\$ 12,875,601	\$ -	
Contractors 1-A (HELIPAD/COOLING TOW	\$ 7,814,103	\$ -	
Other	\$ 3,021,460	\$ -	
Contractors 1-B (CENTRAL PLANT)	\$ 20,800,201	\$ -	
Contractors 1-C (ED/ICU)	\$ 28,157,355	\$ -	
Contractors 1-E Dietary Remodel	\$ 5,225,946	\$ -	
Contractors 1-Medley Project	\$ 4,796,620	\$ -	
Previous Expenditures for Measure A-Phase 1	\$ 104,429,717	\$ -	
Contractors, Architect, Mgmt - 2-A Patient Facility prior to 9/01/14	\$ 7,015,575		
Expenditures prior to 9/01/14 all phases	\$ 111,445,293		
Project expenditures using District Funds			
TCU Conversion 0001	\$0.00	\$0.00	\$ 108,612
Medical Records Conversion 0004	\$0.00	\$0.00	\$ 13,618
Pharmacy Conversion 0005	\$0.00	\$0.00	\$ 50,447
CIP Patient Care Facility-0008	\$0.00	\$0.00	\$ 2,100
Project Expenditures using Measure A funds			
TCU Conversion 0001	\$ 539,852.53	\$0.00	
Medical Records Conversion 0004	\$0.00	\$0.00	
Pharmacy Conversion 0005	\$0.00	\$0.00	
CIP Patient Care Facility-0008	\$1,338,416.28	\$0.00	\$0.00
OR Electrical Conversion	\$0.00	\$0.00	\$39,751.00
Other Construction Costs	\$150,247.92	\$0.00	
Other Non-Construction Costs	\$193,576.42	\$0.00	\$5,955.22
Total Expenditures	\$ 113,667,386	\$ -	\$ 220,483

Measure A Project General Obligation Funds
Statement of Funds Flows

PROCEEDS SUMMARY:	
Initial Project Fund transfer from sale of General Obligation Bonds 2006 A to FSA	25,200,349
Initial Project Fund Transfer from sale of General Obligation Bonds 2006 B (08/08/	24,876,964.91
Initial Project Fund from sale of General Obligation Bonds 2006 C (08/14/2009)	57,800,000
Planholder Checks project to date and refunds for overpayments	24,072
HDR Returned payments	139,979
Initial Proceeds	108,041,365
Investment Income	
FSA Inc. (Series 2006 A)	1,762,060
BB&T GIC (Series 2008 B)	1,461,176
Bank of Hemet Series A	1,001
City National Money Market	81
GE Capital (Series 2009 C)	2,638,823
Security Bank Money Market	39,032
Interest Income SUBTOTAL	5,902,174
Total Proceeds Available for Measure A:	\$ 113,943,539

Projected Interest by end of Project	5,912,351
Total Projected Proceeds Available for Measure A:	\$ 113,953,716

FUND FLOWS:		
Total Measure A Funds Initial Proceeds (from above)		108,041,364.81
Add:	<u>Rate</u>	<u>Interest Income</u>
FSA Inc. (Series 2006 A), FY 07	5.27%	1,030,536.43
FSA Inc. (Series 2006 A), FY 08	5.27%	635,706.73
FSA Inc. (Series 2006 A), FY 09	5.27%	95,817.32
BB&T GIC (Series 2008 B) FY 09	4.94%	680,384
BB&T GIC (Series 2008 B) FY 10	4.94%	648,151
BB&T GIC (Series 2008 B) FY 11	4.94%	132,640
GE Capital (Series 2009 C) FY 10	1.75%	688,722
GE Capital (Series 2009 C) FY 11	1.75%	956,529
GE Capital (Series 2009 C) FY 12	1.75%	591,104.24
GE Capital (Series 2009 C) FY 13	1.75%	293,402.39
GE Capital (Series 2009 C) FY 14	1.75%	109,065.59
Bank of Hemet Series A		1,001
City National Money Market		81
Security Bank Construction funds		1,126
Security Bank Construction Money Market		37,906
Total Interest Income earned		\$ 5,902,174
Project Expenditures (from above)		\$ 113,667,386
Total Consolidated Funds available:		\$ 276,153.01
	spent to date	100%

MEASURE A BALANCES:		
	Balances as of 09/30/2021	
Bank of Hemet Series A	4310	-
Security Bank of California Construction Fu	1812	5,990
Security Bank of California Money Market	2509	270,163
Total Balances		\$ 276,153
	VARIANCE	\$ (0.00)