

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA)

FUNDING SUMMARY

Applicant:	Eastern Plumas Health Care ("Eastern Plumas")	Amount Requested:	Not to exceed \$750,000 *
Applicant Address:	500 First Avenue Portola, CA 96122 Plumas County	Resolution Number:	2008-13
Date Requested:	July 10, 2008	Loan Term:	No later than 45 days following the adoption of a 2008-2009 budget by the State of California

Background of Financing:	Many rural hospitals are facing unanticipated and staggering financial burdens associated with the anticipated State budget impasse and delayed Medi-Cal reimbursements; hence they are not receiving their regular Medi-Cal reimbursements. Consequently, Eastern Plumas is seeking funding to bridge this financial gap in order to finance vital health services for its communities.
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Purpose:	Loan proceeds will be used to offset Medi-Cal reimbursements delays due to the State's budget impasse.
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Financial Overview:	Eastern Plumas was founded in 1964. Eastern Plumas' FY 2007 (-0.46)X debt service coverage ratio does not meet the minimum CHFFA debt service coverage requirement of 1.10X. In FY 2007 Eastern Plumas realized an operating loss of \$731,000 as a result of an increase in costs of insurance and supplies. Significant operating losses can also be attributed to significant turnover in medical staff. This loan is expected to sustain Eastern Plumas' daily operations until the State budget passes.
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Financing Structure:	<ul style="list-style-type: none">▪ The entire loan balance shall be repaid in full no later 45 days following the adoption of a 2008-2009 budget by the State of California.▪ Loan proceeds are to be disbursed on an as-needed basis in a total amount not to exceed the hospital's third-party-approved Medi-Cal claim.▪ Loan origination fee of 1.25%.▪ Possible reduction of the Authority's 3% fixed interest rate.▪ Lien on gross revenues.
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Due Diligence:	Due diligence of the following items has been completed or will be completed prior to closing: <ul style="list-style-type: none">▪ Religious Due Diligence▪ Legal Review▪ Community Service Obligation▪ CEQA/Seismic/Pass through (Not required)
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Staff Recommendation:	Staff recommends the Authority approve a Resolution in an amount not to exceed \$750,000 for Eastern Plumas Health Care subject to financing terms acceptable to the Authority.
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* In addition, sum shall not exceed the maximum amount of Medi-Cal reimbursement ever received from the Department of Health Services over the course of the last three fiscal years for the same period of time the borrower now seeks to cover with Authority financing. Borrower will provide historical data demonstrating its Medi-Cal reimbursements for the last three fiscal years on or before the July 11th board meeting.

Eastern Plumas Health Care
Financial Position

	As of June 30,		
	2007	2006	2005
Assets:			
Current assets:			
Cash and cash equivalents	\$ 618,195	\$ 168,012	\$ 582,177
Patient accounts receivable	3,340,491	3,799,892	3,614,729
Estimated third-party payor settlements	127,979	537,000	411,001
Other receivables	759,211	864,258	78,288
Inventories	183,616	243,764	210,574
Prepaid expenses	124,465	157,526	146,222
Total Current Assets	<u>5,153,957</u>	<u>5,770,452</u>	<u>5,042,991</u>
Noncurrent Cash:			
Debt service fund	330,177	532,449	508,103
Capital improvement fund	23,135	36,810	99,206
Total Noncurrent Cash	<u>353,312</u>	<u>569,259</u>	<u>607,309</u>
Capital assets:			
Capital assets - net	9,325,865	9,895,358	10,161,228
Debt Issuance Costs - net	20,121	33,748	41,940
Total assets	<u>\$ 14,853,255</u>	<u>\$ 16,268,817</u>	<u>\$ 15,853,468</u>
Liabilities and net assets:			
Current liabilities:			
Bank overdraft	\$ 337,765	\$ 246,797	\$ 85,347
Accounts payable	956,451	1,070,616	827,659
Accrued expenses	850,933	871,852	900,363
Accrued interest	23,174	15,000	20,312
Estimated third party payor settlements	754,752	489,341	169,609
Current maturities of long-term obligations	1,052,944	922,486	738,661
Other current liabilities	155,118	206,810	218,131
Total current liabilities	<u>4,131,137</u>	<u>3,822,902</u>	<u>\$ 2,960,082</u>
Long-Term Obligations:			
Net of current maturities	7,794,262	8,786,150	8,229,303
Total liabilities	<u>\$ 11,925,399</u>	<u>\$ 12,609,052</u>	<u>\$ 11,189,385</u>
Net assets:			
Invested in capital assets, net of related debt	478,659	186,722	1,027,675
Restricted for debt service	330,177	532,449	508,103
Restricted for capital improvements	690,347	824,822	99,206
Unrestricted	1,428,673	2,115,772	3,029,099
Total net assets	<u>2,927,856</u>	<u>3,659,765</u>	<u>4,664,083</u>
Total liabilities and net assets	<u>\$ 14,853,255</u>	<u>\$ 16,268,817</u>	<u>\$ 15,853,468</u>

Financial Ratios:

Proforma (a)
FYE June, 2007

Debt service coverage (x)	0.46	0.46	0.31	1.20
Debt/Unrestricted Net Assets (x)	3.28	3.02	2.65	1.92
Margin (%)		(3.87)	(5.36)	0.49
Current Ratio (x)		1.25	1.51	1.70

(a) Recalculates 2007 audited results to include the impact of this proposed financing.

Eastern Plumas Health Care
Statement of Activities
 Unrestricted

	For the Year Ended June 30,		
	2007	2006	2005
Revenue and support:			
Net patient service revenue	\$ 18,158,708	\$ 17,986,291	\$ 19,019,104
Contributions and grants	160,074	194,063	389,167
Property taxes	526,324	499,713	435,353
Other income	56,657	66,546	55,696
Total revenue and support	18,901,763	18,746,613	19,899,320
Expenses:			
Salaries and wages	8,461,958	8,535,211	8,485,907
Professional fees	2,883,754	2,796,687	2,791,155
Benefits	2,235,723	2,514,468	2,708,263
Supplies	1,920,246	1,810,145	1,900,280
Depreciation and amortization	905,243	932,601	898,367
Purchased services	849,919	844,444	960,390
Utilities and telephone	652,308	552,406	484,898
Repairs and maintenance	411,615	499,564	441,837
Other expenses	263,433	356,373	266,308
Insurance	417,788	317,402	271,451
Rent and lease expense	67,975	70,476	65,116
Interest expense	563,710	521,154	528,378
Total expenses	19,633,672	19,750,931	19,802,350
Change in net assets	(731,909)	(1,004,318)	96,970
Net assets, beginning of year	3,659,765	4,664,083	4,567,113
Net assets, end of year	\$ 2,927,856	\$ 3,659,765	\$ 4,664,083