



PUBLIC NOTICE

Finance and Management Committee

Wednesday, September 26, 2012

7:30 a.m.

Location: Alameda Hospital (Dal Cielo Conference Room)
2070 Clinton Avenue, Alameda, CA 94501
Office of the Clerk: (510) 814-4001

Members of the public who wish to comment on agenda items will be given an opportunity before or during the consideration of each agenda item. Those wishing to comment must complete a speaker card indicating the agenda item that they wish to address.

This is being noticed as a Board Meeting as a quorum of Directors may be present. Ex-officio members and non-committee members cannot vote on any item, whether or not a quorum of the Board is present.

- I. Call To Order Michael McCormick

- II. Action Items
 - A. Acceptance of August 29, 2012 Minutes [enclosure] Michael McCormick
 - B. Recommendation to Accept August 2012 Unaudited Financial Statements [enclosure] Kerry Easthope

- III. Chief Financial Officer Report Kerry Easthope
 - A. FY 2012 Audit Update
 - B. Revenue Cycle Update

- IV. Chief Executive Officer Report Deborah E. Stebbins
 - A. Federal and State Reimbursement Updates
 - B. PIMMS Contract
 - C. Blue Cross / Long Term Care Beds

- V. Board / Committee / Staff Comments

- VI. Adjournment

NEXT MEETING SCHEDULED: October 31, 2012



Finance and Management Committee Minutes

August 29, 2012

Members Present: (Voting)	Mike McCormick Elliott Gorelick	Ann Evans Ed Kofman	William Sellman, MD
Management Present:	Deborah E. Stebbins Kerry J. Easthope	Richard Espinoza Mary Bond, RN	Katy Silverman
Ex Officio/Guests:	Robert Deutsch, MD		
Absent:	Brian Jung	James Oddie	Jim Yeh, DO
Submitted by:	Kristen Thorson		

TOPIC	DISCUSSION	ACTION FOLLOW-UP
I. Call to Order	Director McCormick called the meeting to order at 7:35 a.m.	
II. Action Items	A. Acceptance of June 27, 2012 Minutes	Ms. Evans made a motion to accept the minutes as presented. Mr. Kofman seconded the motion. The motion carried.
	B. Recommendation to Accept July 2012 Unaudited Financial Statements Kerry Easthope presented the financial statements as referenced in the packet noting the following key points in his presentation. <u>July Performance Overview.</u> Mr. Easthope informed the committee about a FY 2013 budget error, that the Temporary Agency Expense was understated by \$480,000. The will be in part off-set by a higher Skilled Nursing Medi-Cal revenue of \$350,000 as a result of a higher per diem rate (\$326/day vs. budget of \$316/day). July realized a net loss of \$309,000 which was below the budgeted net loss of \$172,000. In July both inpatient and outpatient gross revenues were below budget by \$1.14 million and \$651,000 respectively. Net revenue was \$4.79 million and below a budget of \$4.96 million. Total operating expenses were \$42,000 better than budget. Waters Edge related expenses in July were \$53,000 (wages and purchased services). Cash collections were steady again in July at \$4.8 million	Mr. Kofman made a motion to recommend approval of the July 2012 Unaudited Financial Statements as presented. Ms. Evans seconded the motion. The motion carried.

averaging \$155,000 per day. Cash and cash equivalents decreased to \$3.0 million, which equates to 17.4 days cash on hand, down from 17.7 days in June.

Key Volume Indicators.

Average Daily Census (ADC) was 85.29 versus budget of 84.0 with Acute at 28.42 vs. budget of 30.81 (down 7.7%); Subacute at 33.29 vs. budget of 31.55; and Skilled Nursing at 23.58 vs. budget of 21.65. Outpatient Volumes in the ECC were 1,352 vs. budget of 1,423, below budget by 5%. All other outpatient registrations were 1.3% greater than budget. Inpatient surgery volumes were up slightly by 2.9% over budget and outpatient surgery volumes were below budget by 48.4%. Mr. Easthope stated that management is looking at sources of admissions and admitting physician trends to understand potential reasons for low volumes at the Hospital.

Gross Revenues and Revenue Deductions.

Overall gross revenue was unfavorable to budget. Both inpatient and outpatient revenues were lower than budget. Inpatient revenue below budget by \$1.14 million (7.5%). Outpatient revenue was below budget by \$651,000 (9.0%). Wound Care started mid month and was down \$97,000, but is ramping up better in August. Net patient revenue was \$166,000 (3.3%) below budget. Net revenue as a percent of gross was 22.8% versus budget of 21.6%.

Expenses.

Total Operating Expenses were \$42,000 under budget in July. Labor costs (Salaries & Temporary Agency) were \$133,000 over budget. Benefit expense \$210,000 under budget in July but is expected to normalize throughout the fiscal year. Supply expense was \$17,000 over budget.

Balance Sheet.

Cash & cash equivalents were down \$3.0 million from \$3.3 million in June. Net patient accounts receivable were up \$8.9 million from \$8.8 million in June. Accounts payable & accrued expenses were \$8.6 million, up slightly from \$8.22 million in June. AP Days at the end of July were 144 up from 125 in June.

III. Chief Financial Officer Report

A. AB97 Update

Mr. Easthope reviewed the memo included in the packet regarding follow-up to an inquiry from the committee about potential current and future liability under AB97. There was discussion by the committee regarding the injunction,

		retroactive dates and rates pertaining to AB97. Mr. Gorelick asked for an updated cash flow for the September Board Meeting.	
	B.	Bank of Alameda Updates (Loan and Line of Credit; Loan Covenants) The Jaber Loan is scheduled to close on October 17, 2012. The total amount of the loan is \$1.25 M. Mr. Easthope stated that the Bank of Alameda loan committee met and agreed to wave all of the covenant violations until December 31, 2012 as at fiscal year end, the current ratio and net equity did not meet the required thresholds.	
	C.	Revenue Cycle Update Mr. Easthope updated the committee that Medi-Cal has not yet finished the application for Waters Edge, and the hospital cannot yet bill for services at the facility. In addition, management became aware of an issue with Emdeon our billing vendor. Emdeon has been experiencing system issues that have prevented bills from being transmitted to Medi-Cal, thus impacting cash flow. Management is focused on resolving these issues as soon as possible.	
	D.	FY 2012 Audit The FY 2012 audit has begun. Management is working with the auditors on a number of open items. Management hopes to present the audit report at the September Finance and Management Committee.	
IV. Chief Executive Officer Report	A.	Operational Updates Ms. Stebbins stated that for the month of August, the Wound Care program and Waters Edge are tracking above budget. She also informed the committee about a change in leadership in the Information Systems Department and an Interim Director has been retained for the department.	
	B.	Medi-Cal Reimbursement Methodology Update Ms Stebbins reviewed the memo distributed in the packet regarding proposed fundamental changes in the methodology for reimbursement to non-designated hospitals for Medi-Cal inpatient acute care services retroactive to July 1, 2012. The changes in reimbursement methodology attempt to “close the gap” created in the short-term on the prior payment methodology in order to minimize what originally was a much more extreme reduction to acute Medi-Cal	

	reimbursement.	
V. Board / Committee / Staff Comments	No Board, Committee or Staff comments.	
VI. Adjournment	Being no further business, the meeting was adjourned at 9:09 a.m.	

DRAFT

THE CITY OF ALAMEDA HEALTH CARE DISTRICT

ALAMEDA HOSPITAL

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING AUGUST 31, 2012

**CITY OF ALAMEDA HEALTH CARE DISTRICT
ALAMEDA HOSPITAL
AUGUST 31, 2012**

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ALAMEDA HOSPITAL MANAGEMENT DISCUSSION AND ANALYSIS AUGUST, 2012

The management of Alameda Hospital (the "Hospital") has prepared this discussion and analysis in order to provide an overview of the Hospital's performance for the period ending August 31, 2012 in accordance with the Governmental Accounting Standards Board Statement No. 34, *Basic Financials Statements; Management's Discussion and Analysis for State and Local Governments*. The intent of this document is to provide additional information on the Hospital's financial performance as a whole.

Highlights

During the month of August, the Hospital experienced a combined net operating loss of \$166,000 against a budgeted loss of \$107,000. Lower than expected inpatient acute revenue was the most significant contributor to this negative variance. Waters Edge came on board as of August 1, 2012 as part of the Hospital operations, with a strong start and exceeding its budgeted net margin by \$267,000 in their first month.

Overall, August discharges were below budget 9.3% but total patient days were greater than budget by 2.2%. Total patient days for inpatient acute services were down 11.1%, Subacute days were down 2.9%, but skilled nursing days were up with South Shore up by 5.3% and Waters Edge up by 7.9%. As will be discuss later, the low acute patient days in August had a big impact on gross and net revenue for the month.

Overall outpatient activity was mixed this month. Outpatient registrations were up 4.0% while emergency room visits were 24 below budget or 1.7%. Outpatient surgeries were below budget for the month by 58 or 30.5%.

The Wound Care program started operations in the mid July and will be ramping up quickly over the next 2 to 3 months. In August there were 96 visits, compared to a budget of 100, just 4% below budget. The program did not start until the later part of July and August was the first full month of operation. In August there were 5 hyperbaric oxygen (HBO) treatments. As this number increases it will also contribute to greater gross and net revenue for the program.

Total gross revenue in August is generally in line with activity. Overall gross revenues were 2.0% below budget, with the overall inpatient component down 5.2% and outpatient up 5.8%. Acute gross revenues were under budget by 11.3%.

The overall Case Mix Index (CMI) in August was 1.4229; significantly higher than last month's of 1.2481, and above the FY 2012 average of 1.333. This CMI is still doing well in September, however not as high as seen in August.

Overall expenses were \$6.73 million in August, \$167,000 or 2.5% above the budget of \$6.56 million. Benefits, temporary agency fees, supplies and rents/leases were over budget while salaries were below budget. These variances will be discussed in more detail later in the narrative.

Cash and cash equivalents were \$1.8 million at the end of August down \$1.2 million from prior month. There were three payrolls in August which contributed to the expected decrease in cash.

Cash collections in August were \$4.5 million. Net accounts receivable increased by about \$1.4 million from prior month due to a problem with our billing vendor (Emdeon) which delayed Medi-Cal payments. In addition, about \$938,000 of the A/R increase is associated with the addition of Waters Edge. We have been able to bill for private pay and as of last week Medicare Part A & B, however we have not received approval from the State to submit claims for Waters Edge Medi-Cal patients but are expecting this approval soon.

Accounts payable and other accrued expenses increased by \$1.5 million from \$8.6 million to \$10.1 million.

Lastly, the current ratio remained steady at .95 just below the required 1.0 of our bank covenants. The Bank of Alameda has agreed to waive these covenants until the end of 2nd quarter of FY 2013 as has previously been discussed.

ACTIVITY

ACUTE, SUBACUTE AND SNF SERVICES

Overall patient days were 2.2% above budget for the month but below August of last year. This month's acute days were below budget by 11.1%, Subacute was down 2.9%, South Shore was up 5.3% and Waters Edge was up 7.8%.

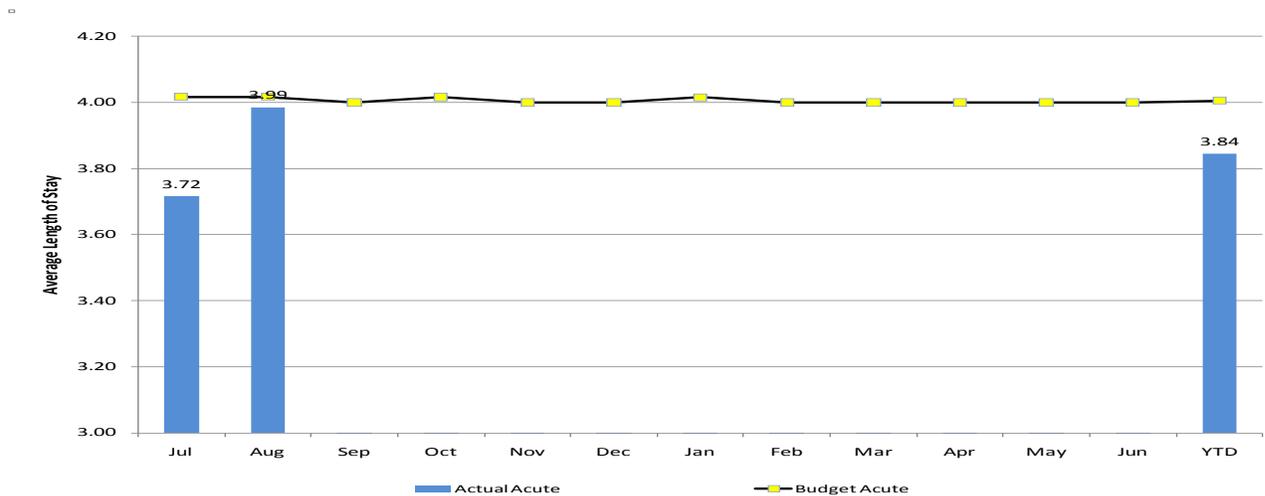
August's acute patient days were 106 days (11.1%) lower than budget for the month and 8.3% lower than August 2011. The acute care program is comprised of the Critical Care Unit (4.5 ADC, 2.2% above budget), Telemetry / Definitive Observation Unit (10.5 ADC, 7.6% below budget) and Med/Surg Unit (12.5 ADC, 17.4% below budget).

Acute Average Daily Census

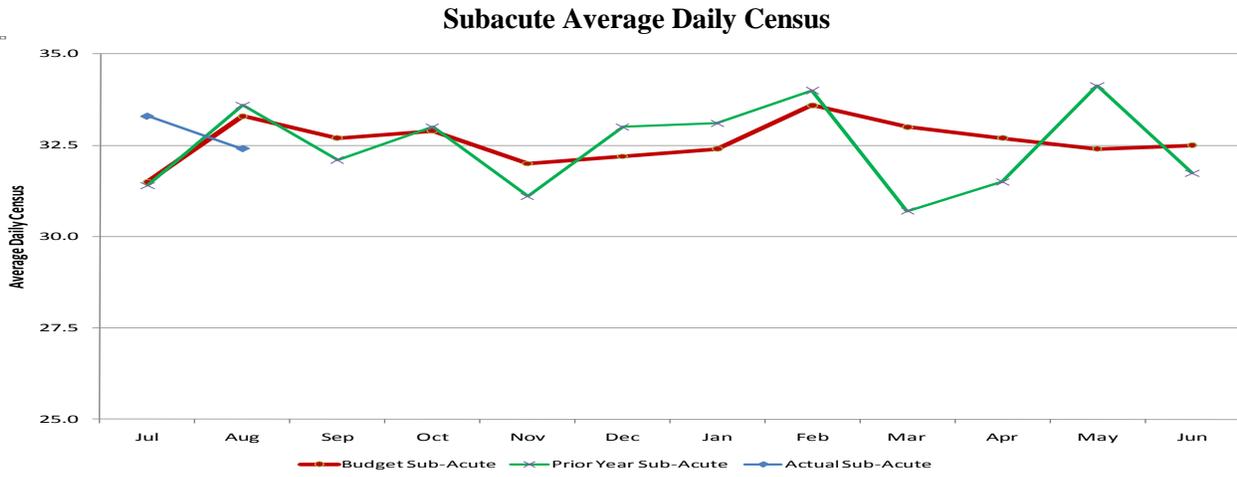


The acute Average Length of Stay (ALOS) increased from 3.72 in July to 3.99 in August and is below the budget of 4.02. The YTD acute ALOS for FY 2012 was 3.84. The graph below shows the ALOS by month compared to the budget.

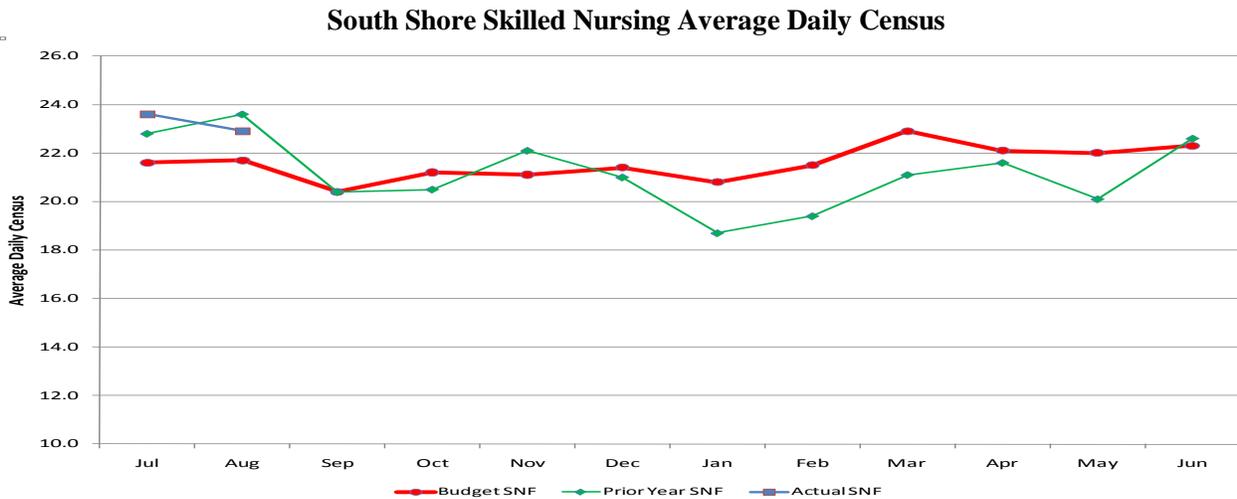
Acute Average Length of Stay



The Subacute program ADC of 32.35 was below budgeted projections by .97 ADC or 2.9%. The graph below shows the Subacute programs ADC for the current fiscal year as compared to budget and the prior year.

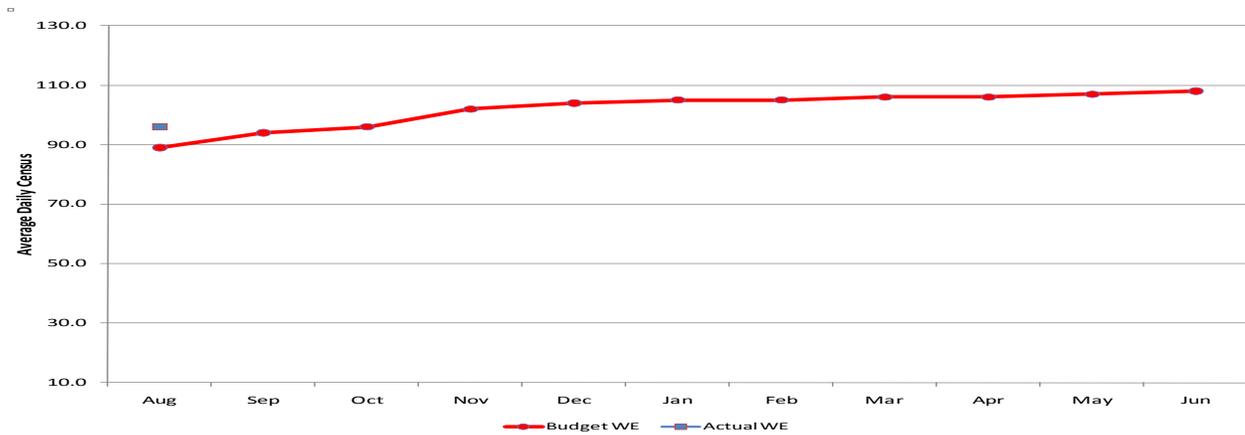


The South Shore ADC was higher than budget by 1.16 or 5.3% for the month of August. The graph below shows the South Shore monthly ADC as compared to budget and the prior year. In August there was again a greater number of Medicare A skilled patients (4.6 ADC or 20% of the patients), which has resulted in a greater number of discharges and net revenue.



Waters Edge came onboard as part of Alameda Hospital on August 1, 2012. As you can see the ADC was higher than budget by 6.97 or 7.8% in the initial month. The Medicare census was 8.6 ADC or 9% of the total patients.

Waters Edge Skilled Nursing Average Daily Census

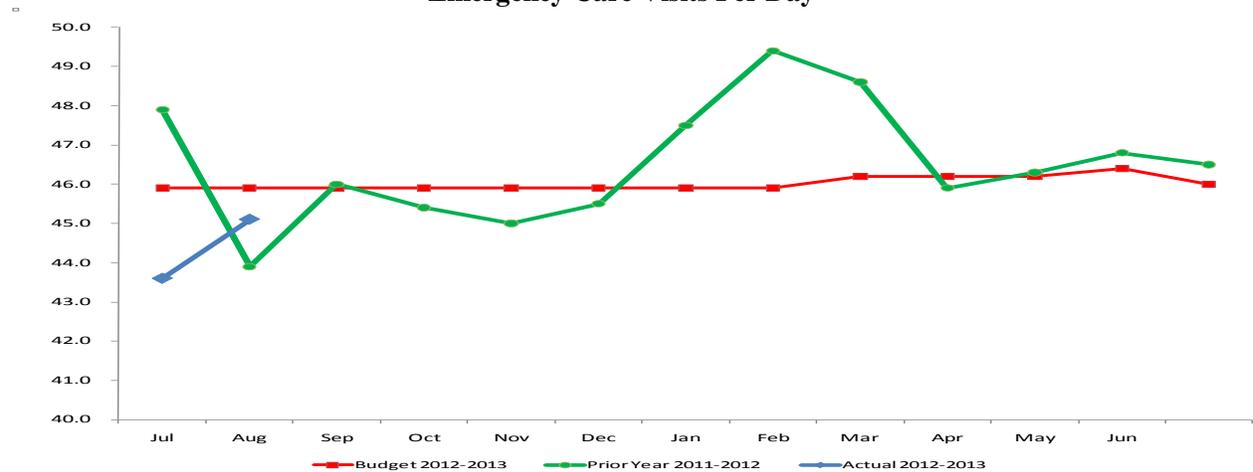


ANCILLARY SERVICES

Outpatient Services

Emergency Care Center (ECC) visits in August were 1,399, 24 visits (1.7%) under the budget of 1,423. The inpatient admission rate from the ECC was 14.4% down from 18.5% in July. On a per day basis, the total visits represent an increase of 3.4% from the prior month daily average. In August, there were 289 ambulance arrivals versus 278 in the prior month. Of the 289 ambulance arrivals in the current month, 181 or 62.6% were from Alameda Fire Department (AFD).

Emergency Care Visits Per Day



Outpatient registrations were 2,023, or 4.0% above budget. This month Laboratory and Speech Therapy were down 62 and 10 visits respectively. On the other hand visits were up in Physical Therapy (85 visits), Occupational Therapy (40 visits), Radiology (40 visits) and IV Therapy (20 visits).

Wound Care started operation in the middle of July and almost met the budgeted 100 visits in August, just 4 below budget. We are working to have the clinic staffed more hours each week by physicians to accommodate the growth in patient visits and the increased utilization of hyperbaric oxygen (HBO) treatments which constitutes about 40% of the anticipated revenue for the program.

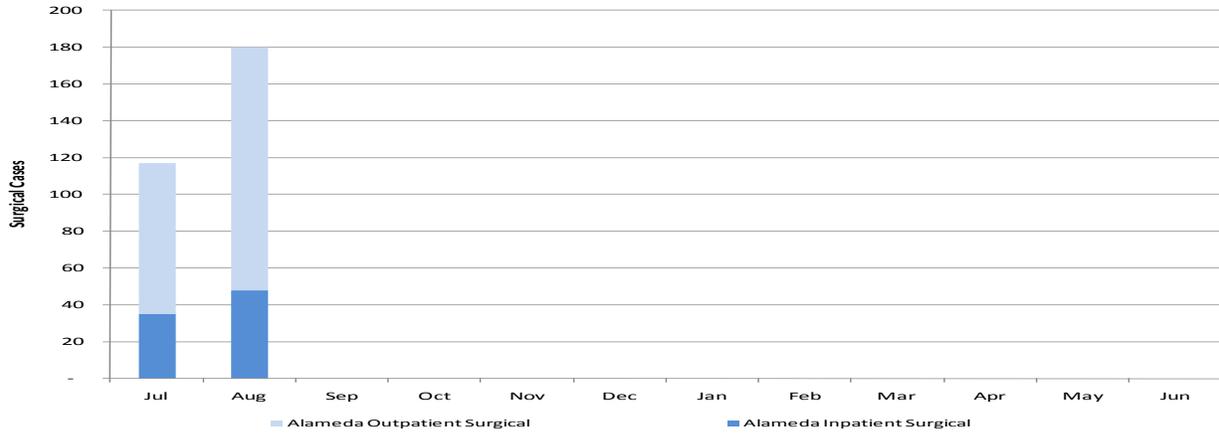
The Hospital has just begun implementation of a new lab service agreement with Diagnostics Lab that provides reference lab services to many of the long term care facilities in the area. This new agreement will help increase outpatient lab activity and revenue.

Surgery

The surgery cases for August were 180 or 21.4% below the budget of 229 and below last year's case volume of 231. Inpatient cases were above budget by 9 (23.1%) while outpatient cases were 58 (30.5%) below budget. Inpatient and outpatient cases totaled 48 and 132 respectively versus 35 and 82 during the prior month. Gastroenterology (GI) is the surgical service area that has seen the most significant decline from budget and prior year.

Surgical Cases

Alameda Hospital
 August 2012 Management Discussion and Analysis



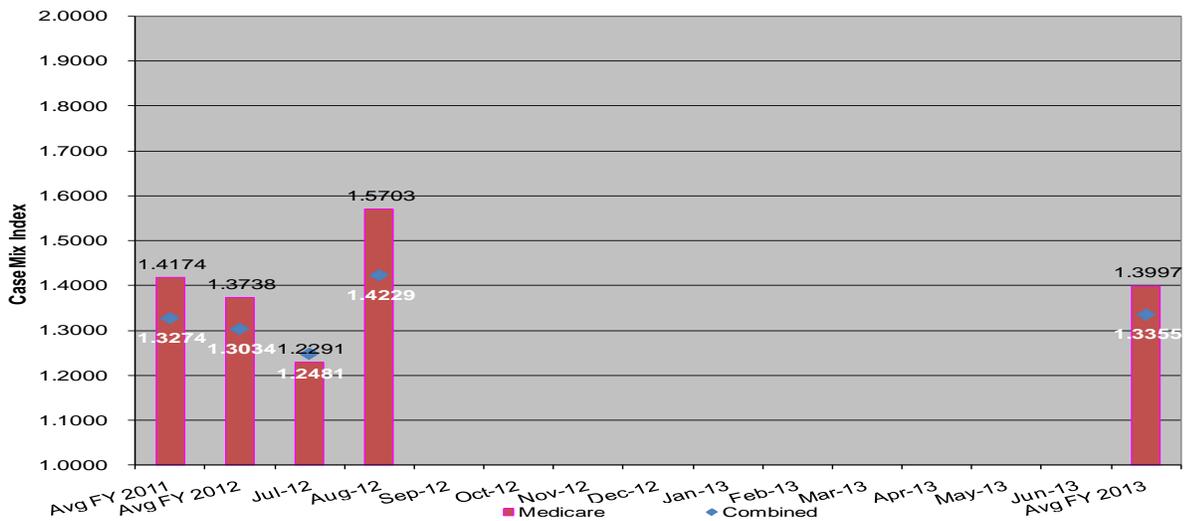
Payer Mix

The Hospital's overall payer mix compared to budget is illustrated below. Note the increase in the Medi-Cal percent with the onset of Waters Edge which has a large number of patients with Medi-Cal insurance.

	July Actual	August Actual	August Budget
Medicare	50.3%	48.3%	46.6%
Medi-Cal	22.5%	25.5%	27.4%
Managed Care	17.9%	17.1%	15.4%
Other	2.9%	3.2%	3.0%
Commerical	0.2%	1.3%	3.1%
Self-Pay	6.2%	4.6%	4.4%
Total	100.0%	100.0%	100.0%

Case Mix Index

The Hospital's overall Case Mix Index (CMI) for August was 1.4229, up from the prior month of 1.2451. The Medicare CMI was 1.5703 in August, higher than experienced over the last several years. There were a several high weight DRG's during the month contributing to this CMI. The graph below shows the Medicare CMI for the Hospital during the current Fiscal Year as compared to the prior two years.



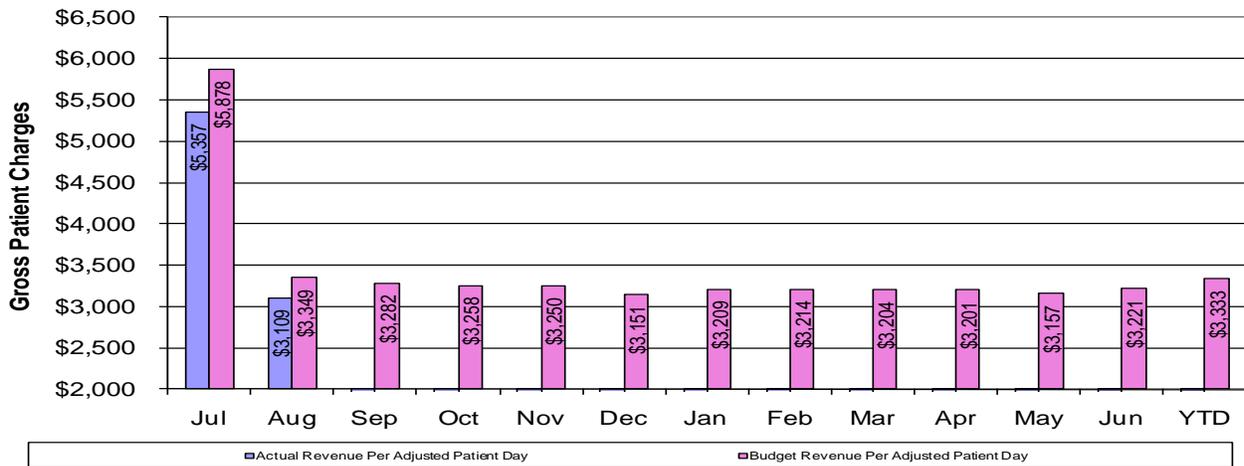
Revenue

Gross patient charges in August were below budget by \$507,000, or 2.0%. Inpatient revenues were \$941,000 below the budget and outpatient revenues were up \$433,000. Acute inpatient days were below budget by 11.1% contributing to the inpatient gross revenue being under budget. Two-thirds of the inpatient variance is due to inpatient acute nursing services (\$640,000).

Outpatient gross revenues were greater than budget by \$433,000 (5.8%) due to higher outpatient registrations and visits. Imaging (\$162,000), Surgery (\$132,000) and Pharmacy (\$120,000) were the largest contributors to this positive variance. The improvements in the ECC revenue cycle process that went into effect August 1, 2012 are being seen and revenue is almost at budget. While Wound Care volume is close to budget, revenue is down due to the ramp up of higher intensity services such as hyperbaric oxygen treatments. These treatments are slowly increasing as the program grows and more physicians become aware of the capabilities of the program.

On an adjusted patient day basis, total patient revenue was \$3,108 below the budget of \$3,349 for the month of August. The table below shows the Hospital's monthly gross revenue per adjusted patient day by month and year-to-date for Fiscal Year 2013 compared to budget. Note the overall revenue per day has dropped in August with the addition of Waters Edge days and revenue in the mix. Waters Edge provides a significant amount of days (almost double) yet these patients have primarily room and board charges and very little ancillary services compared to acute patients.

Gross Charges per Adjusted Patient



Contractual Allowances

Contractual allowances are computed as deductions from gross patient revenues based on the difference between gross patient charges and the contractually agreed upon rates of reimbursement with third party government-based programs such as Medicare, Medi-Cal and other third party payers such as Blue Cross. A collection ratio of 22.8% was budgeted and 24.0% was realized. Medi-Cal reimbursement at both South Shore and Waters Edge were calculated at a per diem rate of \$316 which is consistent with budget and the anticipated rate if AB97 were to become effective. The average RUG score of Medicare A patients at both Waters Edge and South Shore was high than budget resulting in approximately \$20,000 additional net revenue.

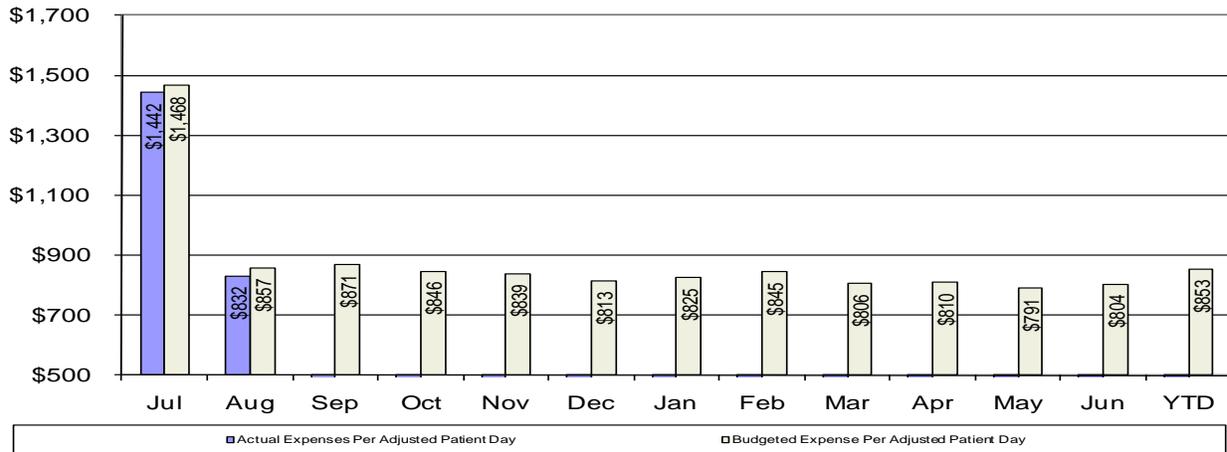
Expenses

Total Operating Expenses

Total operating expenses were \$6.7 million and higher than the fixed budget by \$166,000 or 2.5%. Benefits, temporary agency fees, supplies and rents/leases were above budget while salaries were significantly below budget. All other expense categories were reasonably close to budget. As mentioned at the July meeting the temporary agency budget is understated by \$40,000 per month.

The graph below shows the actual Hospital operating expenses on an adjusted patient day basis for the Fiscal Year 2013 by month as compared to budget. Note that expenses per patient day were under budget again this month, and as with revenue the overall expense per adjusted patient day is much lower with the additional Waters Edge days.

Expenses per Adjusted Patient Day



Following are explanations of the significant areas of variance that were experienced in the current month.

Salary and Temporary Agency Expenses

Salary and temporary agency costs combined were unfavorable to the fixed budget by just \$5,300. While the temporary agency expenses were budgeted lower than they should have been, there were several areas using temporary staff to replace vacant positions. The departments utilizing temporary staff to replace budgeted vacant positions were Nursing Administration, Laboratory and the 1206(b) clinic. An non-budgeted agency expense (\$17,000) in Rehabilitation Services was eliminated in September.

We have had ongoing meetings with C.N.A regarding implementation of a skill-mix change in Subacute. The change would decrease the utilization of RN's and increase the use of LVN's which is the industry standard for subacute services. This skill mix change is part of our FY 2013 budget and would equate to about a \$20,000 decrease in payroll expense once implemented.

During August, the overtime and doubletime has been better controlled and is running just under the prior 12 month average. However, there was almost \$20,000 in overtime at the Waters Edge facility associated with additional work required during the transition (new patient assessments (MDS), TARS, etc.). This Waters Edge overtime will not be recurring.

Benefits

Benefits were unfavorable to the fixed budget by \$127,000 or 14.4%. This offsets the favorable variance from last month, leaving year-to-date benefits \$84,000 under budget. Driving this expense was a higher IBNR reserve for health claim experience (\$34,000), and the remainder (\$68,000) current actual claims processed.

Professional Fees

Professional fees which had been running over budget most of the prior year were again favorable by \$16,000 this month, and \$23,000 YTD.

Supplies

Supplies expenses were \$54,000 greater than budget, primarily due to IVT pharmaceuticals and laboratory supplies. IVT Therapy had 20 more infusion visits in August than was budgeted, and the Laboratory placed unusually high orders of supplies in August that should carry the department into September; proper ordering has been addressed in this department

Purchased Services

Purchased services were right on budget for the month of August, as this area was monitored closely after the significant variance over budget last month. In September we were able to complete the terms for hiring our onw in-house Director of Pharmacy which will eliminate the pharmacy management contract. There is one month remaining on this contract, but once ended will result in the annualized budget savings of \$50,000.

Rents and Leases

Rents and leases were over the fixed budget by \$12,000. A portion of this negative variance is attributable to Central Supply equipment leases and a portion is in Administration copier expense. Year-to-date these expenses are at budget.

Other Operating Expense

Other operating expenses were \$18,000 under the fixed budget in August. Again both dues/subscriptions and travel/training are contributing to this positive variance.

Balance Sheet

Total assets increased by \$487,000 from the prior month. The following items make up the increase in current assets:

- Total unrestricted cash and cash equivalents for August decreased by almost \$1.3 million and days cash on hand including restricted use funds decreased to 8.6 days cash on hand in August from 17.4 days cash on hand in July. Patient collections in August averaged \$145,000 per day, down slightly from the prior month.
- Net patient accounts receivable increased in August by almost \$1.4 million mostly due to the addition of Waters Edge accounts (\$938,000) plus two weeks of no Medi-Cal (about \$500,000) as a result of the Emdeon system issues affecting transmission to Medi-Cal claims. In early September we received \$500,000 cash advance from Emdeon to assist with vendor payments while the system issues were being resolved. A second \$250,000 advance was provided on September 19, 2012. All long term care claims totaling \$4.3 million have been re-submitted to Medi-Cal and both the Hospital and Emdeon are watching their progress as they move through the Medi-Cal adjudication process. We have also experienced a delay in collection of Waters Edge receivables due to the State approval to submit claims for Medi-Cal. Medicare is now able to be billed and are expecting our first payment on October 1, 2012.
- Days in outstanding receivables were 59.2 at August month end, another slight increase from July of 58.5 days. Collections in August were \$4.5 million compared to \$4.9 million in July.
- Prepaids and other increased by \$171,000 for annual fees that will be amortized over the course of the fiscal year.
- Construction in progress decreased by a net amount of \$756,000 as the wound care center buildout funding was complete and reclassified to depreciable assets to be depreciated over the 10 year term of the lease.

Overall, total liabilities increased by \$694,000 from prior month. However, there were a couple of changes in accrual and liability activity.

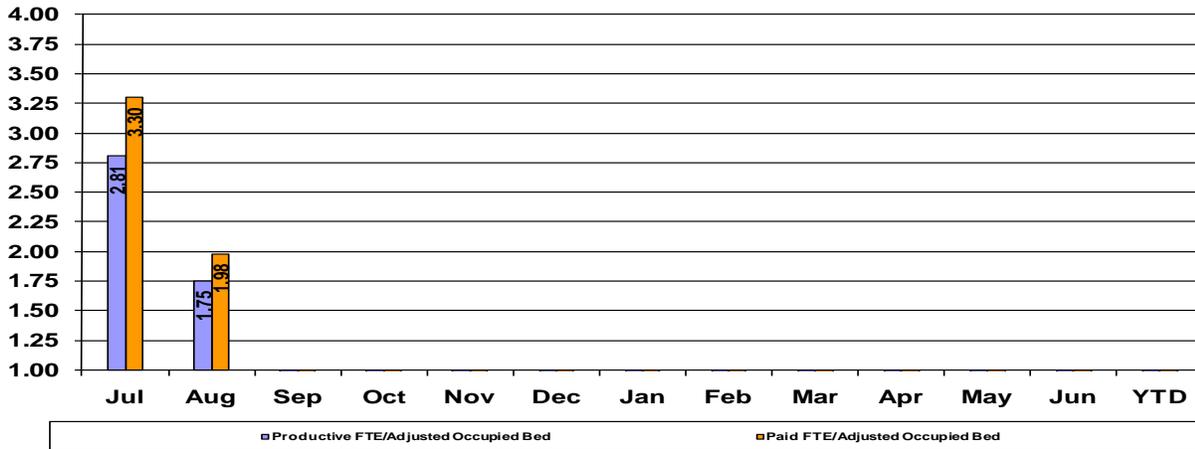
Accounts payable increased by almost \$1.5 million in August to \$10.1 million which equates to 141 AP Days, down from 144 days in July. AP Days and vendor relations remains one of our top concerns. The cash advances from Emdeon were used in September to help reduce vendor payables. However, once we begin receiving positive cash flow from Waters Edge and other revenue programs, the Hospital will need to reduce our outstanding vendor balances and days in AP as a top priority.

- Payroll related accruals had a net decrease of almost \$600,000 as there were three payrolls processed in August.
- Deferred revenues decreased by \$477,000 due to the recognition of one-twelfth of the 2012/2013 parcel tax revenues.

Key Statistics

FTE's Per Adjusted Occupied Bed

For the month of August Productive FTE's per Adjusted Occupied Bed were 1.75, below the budget of 1.83 FTE's by 4.6%, and paid FTE's were 1.98 or 4.7% below budget. The graph below shows the productive and paid FTE's per Adjusted Occupied Bed for FY 2013 by month.



Current Ratio

The current ratio for August is again 0.95. The current ratio needs to be above 1.0 by the end of the 2nd quarter of FY 2013 (December 31, 2012) to be in compliance with our bank covenants. In addition, Total Net Assets need to be greater than \$7.50 million and is currently at \$6.66 million.

The Bank of Alameda loan committee agreed to waive the loan covenants that we have been in non-compliance with until the end of the 2nd quarter of FY 2013. We will in turn be providing them with monthly financials to closely monitor our progress in achieving the budget objectives set forth in this new Fiscal Year.

A/R days

Net days in net accounts receivable are currently at 59.2. This is up slightly from prior month of 58.5.

Days Cash on Hand

Days cash on hand for August was 8.6 a decrease from prior month of 17.4. This decrease was anticipated as there were three payrolls processed during August.

The following pages include the detailed financial statements for the first (2) months ended August 31, 2012, of Fiscal Year 2013.

**ALAMEDA HOSPITAL
KEY STATISTICS
AUGUST 2012**

	<u>ACTUAL AUGUST 2012</u>	<u>CURRENT FIXED BUDGET</u>	<u>VARIANCE (UNDER) OVER</u>	<u>%</u>	<u>AUGUST 2011</u>	<u>YTD AUGUST 2012</u>	<u>YTD FIXED BUDGET</u>	<u>VARIANCE</u>	<u>%</u>	<u>YTD AUGUST 2011</u>
Discharges:										
Total Acute	214	239	(25)	-10.4%	220	451	477	(26)	-5.4%	444
Total Sub-Acute	2	2	-	0.0%	2	4	4	-	0.0%	4
Total South Shore	5	3	2	66.7%	3	10	10	-	0.0%	10
Total Waters Edge	10	11	(1)	-9.1%	-	10	11	(1)	-9.1%	-
	231	255	(24)	-9.3%	225	475	502	(27)	-5.3%	458
Patient Days:										
Total Acute	853	959	(106)	-11.1%	928	1,734	1,914	(180)	-9.4%	1,794
Total Sub-Acute	1,003	1,033	(30)	-2.9%	1,042	2,035	2,011	24	1.2%	2,015
Total South Shore	709	673	36	5.3%	731	1,440	1,344	96	7.1%	1,437
Total Waters Edge	2,977	2,759	218	7.9%	-	2,977	2,759	218	7.9%	-
	5,542	5,424	118	2.2%	2,701	8,186	8,028	158	2.0%	5,246
Average Length of Stay										
Total Acute	3.99	4.02	(0.03)	-0.8%	4.22	3.84	4.02	(0.17)	-4.3%	4.04
Average Daily Census										
Total Acute	27.52	30.94	(3.42)	-11.1%	29.94	27.97	30.87	(2.90)	-9.4%	28.94
Total Sub-Acute	32.35	33.32	(0.97)	-2.9%	33.61	32.82	32.44	0.39	1.2%	32.50
Total South Shore	22.87	21.71	1.16	5.3%	23.58	23.23	21.68	1.55	7.1%	23.18
Total Waters Edge	96.03	89.00	7.03	7.9%	-	48.02	89.00	(40.98)	-46.0%	-
	178.77	174.97	3.81	2.2%	87.13	132.03	173.98	(2.52)	-1.4%	84.61
Emergency Room Visits	1,399	1,423	(24)	-1.7%	1,360	2,751	2,846	(95)	-3.3%	2,845
Wound Care Clinic Visits	96	100	(4)	-4.0%	-	103	150	(47)	-31.3%	-
Outpatient Registrations	2,023	1,946	77	4.0%	1,916	3,864	3,764	100	2.7%	3,691
Surgery Cases:										
Inpatient	48	39	9	23.1%	38	85	73	12	16.4%	71
Outpatient	132	190	(58)	-30.5%	193	214	349	(135)	-38.7%	357
	180	229	(49)	-21.4%	231	299	422	(123)	-29.1%	428
Adjusted Occupied Bed (AOB)	261.00	247.10	13.90	5.6%	126.87	193.06	206.17	(13.11)	-6.4%	125.52
Productive FTE	455.71	452.35	3.36	0.7%	340.52	405.08	402.07	3.01	0.7%	341.80
Total FTE	517.30	514.02	3.27	0.6%	394.46	467.53	461.42	6.10	1.3%	398.31
Productive FTE/Adj. Occ. Bed	1.75	1.83	(0.08)	-4.6%	2.68	2.10	1.95	0.15	7.6%	2.72
Total FTE/ Adj. Occ. Bed	1.98	2.08	(0.10)	-4.7%	3.11	2.42	2.24	0.18	8.2%	3.17

City of Alameda Health Care District
Statements of Financial Position
August 31, 2012

	Current Month	Prior Month	Prior Year End
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 1,772,165	\$ 3,032,212	\$ 3,313,385
Patient Accounts Receivable, net	10,292,757	8,911,003	8,835,256
Other Receivables	6,588,527	6,536,740	6,462,932
Third-Party Payer Settlement Receivables	12,623	22,897	214,363
Inventories	970,149	965,566	990,056
Prepays and Other	533,985	362,549	263,419
Total Current Assets	20,170,206	19,830,967	20,079,411
Assets Limited as to Use, net	84,663	73,113	64,183
Fixed Assets			
Land	877,945	877,945	877,945
Depreciable capital assets	44,452,604	43,433,948	43,405,170
Construction in progress	3,622,132	4,378,434	4,337,208
Depreciation	(39,810,146)	(39,736,159)	(39,670,499)
Property, Plant and Equipment, net	9,142,535	8,954,168	8,949,824
Total Assets	\$ 29,397,404	\$ 28,858,248	\$ 29,093,418
Liabilities and Net Assets			
Current Liabilities:			
Current Portion of Long Term Debt	\$ 1,270,704	\$ 1,297,471	\$ 1,472,605
Accounts Payable and Accrued Expenses	10,087,152	8,605,669	8,220,804
Payroll Related Accruals	4,118,345	4,712,932	4,321,671
Deferred Revenue	4,772,138	5,249,221	5,726,305
Employee Health Related Accruals	644,742	610,986	691,942
Third-Party Payer Settlement Payable	291,170	365,170	439,170
Total Current Liabilities	21,184,251	20,841,449	20,872,497
Long Term Debt, net	1,707,635	1,356,920	1,260,917
Total Liabilities	22,891,886	22,198,369	22,133,414
Net Assets:			
Unrestricted	6,210,855	6,376,765	6,685,821
Temporarily Restricted	294,663	283,113	274,183
Total Net Assets	6,505,518	6,659,878	6,960,004
Total Liabilities and Net Assets	\$ 29,397,404	\$ 28,858,247	\$ 29,093,418

City of Alameda Health Care District

Statements of Operations

August 31, 2012

\$'s in thousands

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Patient Days	5,542	5,424	118	2.2%	2,701	5,209	5,269	(60)	-1.1%	5,246
Discharges	231	255	(24)	-9.3%	225	465	252	213	84.5%	458
ALOS (Average Length of Stay)	23.99	21.29	2.70	12.7%	12.00	11.20	20.91	(9.71)	-46.4%	11.45
ADC (Average Daily Census)	178.8	175.0	3.81	2.2%	87.1	84.0	85.0	(0.97)	-1.1%	84.6
CMI (Case Mix Index)	1.4229				1.3537	1.3330				1.3453
Revenues										
Gross Inpatient Revenues	\$ 17,225	\$ 18,166	\$ (941)	-5.2%	\$ 15,263	\$ 31,389	\$ 33,473	\$ (2,084)	-6.2%	\$ 29,438
Gross Outpatient Revenues	7,923	7,489	433	5.8%	7,325	14,535	14,753	(218)	-1.5%	14,668
Total Gross Revenues	25,148	25,655	(507)	-2.0%	22,588	45,924	48,226	(2,302)	-4.8%	44,107
Contractual Deductions	15,890	18,923	3,033	16.0%	16,620	30,978	35,732	4,754	13.3%	32,886
Bad Debts	3,108	705	(2,403)	-341.0%	881	3,925	1,426	(2,499)	-175.2%	1,218
Charity and Other Adjustments	122	171	49	28.9%	249	246	346	100	29.0%	514
Net Patient Revenues	6,029	5,856	172	2.9%	4,838	10,775	10,722	53	0.5%	9,488
Net Patient Revenue %	24.0%	22.8%			21.4%	23.5%	22.2%			21.5%
Net Clinic Revenue	38	42	(4)	-8.8%	31	77	83	(6)	-7.5%	66
Other Operating Revenue	8	50	(42)	-83.5%	168	15	101	(86)	-85.5%	174
Total Revenues	6,075	5,948	127	2.1%	5,037	10,867	10,906	(39)	-0.4%	9,729
Expenses										
Salaries	3,323	3,455	132	3.8%	2,861	6,330	6,427	97	1.5%	5,738
Temporary Agency	195	66	(129)	-195.6%	122	349	123	(227)	-185.0%	232
Benefits	1,005	879	(127)	-14.4%	1,057	1,636	1,720	84	4.9%	1,817
Professional Fees	351	367	16	4.3%	282	686	710	23	3.3%	596
Supplies	808	754	(54)	-7.1%	634	1,456	1,385	(71)	-5.1%	1,246
Purchased Services	531	531	1	0.1%	330	990	940	(50)	-5.3%	651
Rents and Leases	214	202	(12)	-5.9%	80	329	328	(2)	-0.5%	167
Utilities and Telephone	83	87	4	4.2%	64	150	159	9	5.5%	132
Insurance	46	40	(6)	-16.1%	35	80	68	(12)	-18.2%	60
Depreciation and amortization	77	68	(9)	-13.6%	77	143	136	(7)	-5.1%	153
Other Operating Expenses	94	113	18	16.1%	78	173	204	31	15.2%	143
Total Expenses	6,729	6,562	(167)	-2.5%	5,617	12,323	12,198	(125)	-1.0%	10,936
Operating gain (loss)	(654)	(613)	(40)	-6.6%	(580)	(1,456)	(1,292)	(164)	12.7%	(1,207)
Non-Operating Income / (Expense)										
Parcel Taxes	477	500	(23)	-4.6%	477	954	1,000	(46)	-4.6%	955
Investment Income	1	-	1	0.0%	1	3	-	3	0.0%	1
Interest Expense	(18)	(8)	(10)	-123.6%	(21)	(31)	(8)	(23)	281.2%	(31)
Other Income / (Expense)	27	15	12	82.8%	23	55	30	25	82.8%	46
Net Non-Operating Income / (Expense)	488	507	(19)	-3.8%	480	981	1,022	(41)	-4.0%	971
Excess of Revenues Over Expenses	\$ (166)	\$ (107)	\$ (59)	55.8%	\$ (100)	\$ (475)	\$ (270)	\$ (204)	75.6%	\$ (236)

City of Alameda Health Care District
Statements of Operations - Per Adjusted Patient Day
August 31, 2012

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Revenues										
Gross Inpatient Revenues	\$ 2,129	\$ 2,371	\$ (243)	-10.2%	\$ 3,818	\$ 4,119	\$ 4,409	\$ (291)	-6.6%	\$ 3,745
Gross Outpatient Revenues	979	978	1	0.2%	1,833	1,907	1,943	(36)	-1.9%	1,866
Total Gross Revenues	3,108	3,349	(241)	-7.2%	5,651	6,026	6,353	(327)	-5.1%	5,612
Contractual Deductions	1,964	2,470	506	20.5%	4,158	4,065	4,707	642	13.6%	4,184
Bad Debts	384	92	(292)	-317.5%	220	515	188	(327)	-174.1%	155
Charity and Other Adjustments	15	22	7	32.6%	62	32	46	13	29.3%	65
Net Patient Revenues	745	765	(19)	-2.5%	1,210	1,414	1,412	1	0.1%	1,207
Net Patient Revenue %	24.0%	22.8%			21.4%	23.5%	22.2%			21.5%
Net Clinic Revenue	5	5	(1)	-13.7%	8	10	11	(1)	-7.9%	8
Other Operating Revenue	1	7	(6)	-84.4%	42	2	13	(11)	-85.6%	22
Total Revenues	751	777	(26)	-3.3%	1,260	1,426	1,437	(11)	-0.7%	1,238
Expenses										
Salaries	411	451	40	8.9%	716	831	847	16	1.9%	730
Temporary Agency	24	9	(15)	-179.9%	30	46	16	(30)	-183.9%	30
Benefits	118	115	(3)	-2.6%	264	208	227	19	8.3%	231
Professional Fees	43	48	4	9.4%	71	90	93	3	3.7%	76
Supplies	100	98	(1)	-1.4%	159	191	182	(9)	-4.7%	159
Purchased Services	66	69	4	5.4%	82	130	124	(6)	-4.9%	83
Rents and Leases	26	26	(0)	-0.3%	20	43	43	(0)	-0.1%	21
Utilities and Telephone	10	11	1	9.3%	16	20	21	1	5.9%	17
Insurance	6	5	(1)	-9.9%	9	11	9	(2)	-17.8%	8
Depreciation and Amortization	10	9	(1)	-7.6%	19	19	18	(1)	-4.7%	19
Other Operating Expenses	12	13	1	8.0%	19	23	27	4	15.6%	18
Total Expenses	825	855	30	3.5%	1,405	1,610	1,607	(3)	-0.2%	1,391
Operating Gain / (Loss)	(74)	(78)	4	4.9%	(145)	(184)	(170)	(14)	8.1%	(154)
Non-Operating Income / (Expense)										
Parcel Taxes	59	65	(6)	-9.6%	119	125	132	(6)	-4.9%	121
Investment Income	0	-	0	0.0%	0	0	-	0	0.0%	0
Interest Expense	(2)	(1)	(1)	-111.7%	(5)	(4)	(2)	(2)	89.9%	(4)
Other Income / (Expense)	3	2	1	73.1%	6	7	4	3	82.1%	6
Net Non-Operating Income / (Expense)	60	66	(6)	-8.9%	120	129	134	(5)	-3.6%	124
Excess of Revenues Over Expenses	\$ (14)	\$ (12)	\$ (2)	17.2%	\$ (25)	\$ (55)	\$ (36)	\$ (19)	51.1%	\$ (30)

City of Alameda Health Care District
Wound Care - Statement of Operations
August 31, 2012

	Current Month				Year-to-Date			
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Visits	96	100	(4)	-4.0%	103	150	(47)	-31.3%
Revenue								
Gross Revenue	83,247	210,392	(127,145)	-60.4%	93,950	315,588	(221,638)	-70.2%
Deductions from Revenue	<u>64,133</u>	<u>162,086</u>	<u>(97,953)</u>		<u>70,926</u>	<u>243,129</u>	<u>(172,203)</u>	
Net Revenue	<u>19,114</u>	<u>48,306</u>	<u>(29,192)</u>	<u>-60.4%</u>	<u>23,024</u>	<u>72,459</u>	<u>(49,435)</u>	<u>-68.2%</u>
Expenses								
Salaries	11,846	14,911	3,065	20.6%	23,138	29,822	6,684	22.4%
Benefits	2,482	4,220	1,738	41.2%	4,958	8,440	3,482	41.3%
Professional Fees	9,674	26,351	16,677	63.3%	9,674	41,027	31,353	76.4%
Supplies	(10,246)	7,532	17,778	236.0%	14,793	15,064	271	1.8%
Purchased Services	11,311	-	(11,311)	-100.0%	17,500	-	(17,500)	-100.0%
Rents and Leases	5,981	5,080	(901)	-17.7%	11,117	10,160	(957)	-9.4%
Depreciation	240	4,900	4,660	95.1%	480	9,800	9,320	95.1%
Other	649	5,917	5,268	89.0%	2,418	11,834	9,416	79.6%
Total Expenses	<u>31,937</u>	<u>68,911</u>	<u>36,974</u>	<u>53.7%</u>	<u>84,078</u>	<u>126,147</u>	<u>42,069</u>	<u>33.3%</u>
Excess of Revenue over Expenses	<u>(12,823)</u>	<u>(20,605)</u>	<u>7,782</u>	<u>37.8%</u>	<u>(61,054)</u>	<u>(53,688)</u>	<u>(7,366)</u>	<u>-13.7%</u>

City of Alameda Health Care District
Waters Edge Skilled Nursing - Statement of Operations
August 31, 2012

	Current Month				Year-to-Date			
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Patient Days								
Medicare	276	248	28	11.3%	276	248	28	11.3%
Medi-Cal	2,390	2,263	127	5.6%	2,390	2,263	127	5.6%
Managed Care	26	93	(67)	-72.0%	26	93	(67)	-72.0%
Self Pay/Other	<u>285</u>	<u>155</u>	<u>130</u>	<u>83.9%</u>	<u>285</u>	<u>155</u>	<u>130</u>	<u>83.9%</u>
Total	2,977	2,759	218	7.9%	2,977	2,759	218	7.9%
Revenue								
Routine Revenue	2,289,858	2,132,448	157,410	7.4%	2,289,858	2,132,448	157,410	7.4%
Ancillary Revenue	<u>267,839</u>	<u>436,783</u>	<u>(168,944)</u>	<u>-38.7%</u>	<u>267,839</u>	<u>436,783</u>	<u>(168,944)</u>	<u>-38.7%</u>
Total Gross Revenue	2,557,697	2,569,231	(11,534)	-0.4%	2,557,697	2,569,231	(11,534)	-0.4%
Deductions from Revenue	<u>1,505,954</u>	<u>1,670,000</u>	<u>164,046</u>	<u>9.8%</u>	<u>1,505,954</u>	<u>1,670,000</u>	<u>164,046</u>	<u>9.8%</u>
Net Revenue	<u>1,051,743</u>	<u>899,231</u>	<u>152,512</u>	<u>17.0%</u>	<u>1,051,743</u>	<u>899,231</u>	<u>152,512</u>	<u>17.0%</u>
Expenses								
Salaries	405,650	457,884	52,234	11.4%	429,332	457,884	28,552	6.2%
Benefits	91,933	137,365	45,432	33.1%	91,933	137,365	45,432	33.1%
Professional Fees	18,644	13,999	(4,645)	-33.2%	18,644	13,999	(4,645)	-33.2%
Supplies	88,420	98,067	9,647	9.8%	97,148	98,067	919	0.9%
Purchased Services	110,836	122,522	11,686	9.5%	134,203	122,522	(11,681)	-9.5%
Rents and Leases	76,468	76,552	84	0.1%	76,468	76,552	84	0.1%
Utilities	20,794	14,999	(5,795)	-38.6%	24,529	14,999	(9,530)	-63.5%
Insurance	10,949	12,165	1,216	10.0%	10,949	12,165	1,216	10.0%
Other	<u>15,927</u>	<u>21,049</u>	<u>5,122</u>	<u>24.3%</u>	<u>16,862</u>	<u>21,049</u>	<u>4,187</u>	<u>19.9%</u>
Total Expenses	<u>839,621</u>	<u>954,602</u>	<u>114,981</u>	<u>12.0%</u>	<u>900,068</u>	<u>954,602</u>	<u>54,534</u>	<u>5.7%</u>
Excess of Revenue over Expenses	<u>212,122</u>	<u>(55,371)</u>	<u>267,493</u>	<u>483.1%</u>	<u>151,675</u>	<u>(55,371)</u>	<u>207,046</u>	<u>373.9%</u>

City of Alameda Health Care District
Statement of Cash Flows
For the Two Months Ended August 31, 2012

	<u>Current Month</u>	<u>Year-to-Date</u>
Cash flows from operating activities		
Net Income / (Loss)	\$ (166,013)	\$ (474,812)
Items not requiring the use of cash:		
Depreciation and amortization	77,263	\$ 142,923
Write-off of Kaiser liability	-	\$ -
Changes in certain assets and liabilities:		
Patient accounts receivable, net	(1,381,754)	(1,457,501)
Other Receivables	(51,787)	(125,595)
Third-Party Payer Settlements Receivable	(63,726)	53,740
Inventories	(4,583)	19,907
Prepays and Other	(171,436)	(270,566)
Accounts payable and accrued liabilities	1,481,483	1,866,348
Payroll Related Accruals	(594,587)	(203,326)
Employee Health Plan Accruals	33,756	(47,200)
Deferred Revenues	(477,083)	(954,167)
Cash provided by (used in) operating activities	<u>(1,318,467)</u>	<u>(1,450,249)</u>
Cash flows from investing activities		
(Increase) Decrease in Assets Limited As to Use	(11,550)	(20,480)
Additions to Property, Plant and Equipment	(265,630)	(335,634)
Other	103	(154)
Cash provided by (used in) investing activities	<u>(277,077)</u>	<u>(356,268)</u>
Cash flows from financing activities		
Net Change in Long-Term Debt	323,948	244,817
Net Change in Restricted Funds	11,550	20,480
Cash provided by (used in) financing and fundraising activities	<u>335,498</u>	<u>265,297</u>
Net increase (decrease) in cash and cash equivalents	(1,260,046)	(1,541,220)
Cash and cash equivalents at beginning of period	3,032,212	3,313,385
Cash and cash equivalents at end of period	<u>\$ 1,772,166</u>	<u>\$ 1,772,166</u>

**City of Alameda Health Care District
Ratio's Comparison**

Financial Ratios	<u>Audited Results</u>		<u>Unaudited Results</u>		YTD 8/31/2013
	FY 2009	FY 2010	FY 2011	YTD 6/30/2012	
<u>Profitability Ratios</u>					
Net Patient Revenue (%)	22.69%	24.16%	23.58%	22.73%	23.46%
Earnings Before Depreciation, Interest, Taxes and Amortization (EBITA)	3.62%	4.82%	-1.01%	-1.48%	-1.48%
EBIDAP ^{Note 5}	-5.49%	-3.66%	-13.41%	-11.22%	-0.83%
Total Margin	1.03%	2.74%	-2.61%	-3.21%	-0.82%
<u>Liquidity Ratios</u>					
Current Ratio	1.15	1.23	1.05	0.96	0.95
Days in accounts receivable ,net	57.26	51.83	46.03	55.21	59.22
Days cash on hand (with restricted)	13.6	21.6	14.1	17.7	8.6
<u>Debt Ratios</u>					
Cash to Debt	115.3%	249.0%	123.3%	123.56%	62.34%
Average pay period (includes payroll)	58.03	57.11	62.68	72.94	77.52
Debt service coverage	3.87	5.98	(0.70)	(0.53)	(0.07)
Long-term debt to fund balance	0.20	0.14	0.18	0.28	0.31
Return on fund balance	8.42%	18.87%	-19.21%	-27.35%	-1.37%
Debt to number of beds	13,481	10,482	11,515	16,978	16,978

**City of Alameda Health Care District
Ratio's Comparison**

Financial Ratios	<u>Audited Results</u>		<u>Unaudited Results</u>		YTD 8/31/2013
	FY 2009	FY 2010	FY 2011	YTD 6/30/2012	
Patient Care Information					
Bed Capacity	161	161	161	161	161
Patient days(all services)	30,463	30,607	30,270	30,448	8,186
Patient days (acute only)	11,787	10,579	10,443	10,880	1,734
Discharges(acute only)	2,812	2,802	2,527	2,799	451
Average length of stay (acute only)	4.19	3.78	4.13	3.89	3.84
Average daily patients (all sources)	83.46	83.85	82.93	83.19	132.03
Occupancy rate (all sources)	52.94%	52.08%	51.51%	51.67%	82.01%
Average length of stay	4.19	3.78	4.13	3.89	3.84
Emergency Visits	17,337	17,624	16,816	16,964	2,751
Emergency visits per day	47.50	48.28	46.07	46.35	44.37
Outpatient registrations per day ^{Note 1}	82.05	79.67	65.19	60.67	62.32
Surgeries per day - Total	16.12	13.46	6.12	6.12	4.79
Surgeries per day - excludes Kaiser	5.14	5.32	6.12	6.12	4.79

Notes:

1. Includes Kaiser Outpatient Sugercial volume in Fiscal Years 2008, 2009 and through March 31, 2010.
2. In addition to these general requirements a feasibility report will be required.
3. Based upon Moody's FY 2008 preliminary single-state provider medians.
4. EBIDA - Earnings before Interest, Depreciation and Amoritzation
5. EBIDAP - Earnings before Interest, Depreciation and Amortization and Parcel Tax Proceeds

Glossary of Financial Ratios

Term	What is it? Why is it Important?	How is it calculated?
EBIDA	A measure of the organization's cash flow	Earnings before interest, depreciation, and amortization (EBIDA)
Operating Margin	Income derived from patient care operations	Total operating revenue less total operating expense divided by total operating revenue
Current Ratio	The number of dollars held in current assets per dollar of liabilities. A widely used measure of liquidity. An increase in this ratio is a positive trend.	Current assets divided by current liabilities
Days cash on hand	Measures the number of days of average cash expenses that the hospital maintains in cash or marketable securities. It is a measure of total liquidity, both short-term and long-term. An increasing trend is positive.	Cash plus short-term investments plus unrestricted long-term investments over total expenses less depreciation divided by 365.
Cash to debt	Measures the amount of cash available to service debt.	Cash plus investments plus limited use investments divided by the current portion and long-term portion of the organization's debt instruments.
Debt service coverage	Measures total debt service coverage (interest plus principal) against annual funds available to pay debt service. Does not take into account positive or negative cash flow associated with balance sheet changes (e.g. work down of accounts receivable). Higher values indicate better debt repayment ability.	Excess of revenues over expenses plus depreciation plus interest expense over principal payments plus interest expense.
Long-term debt to fund balance	Higher values for this ratio imply a greater reliance on debt financing and may imply a reduced ability to carry additional debt. A declining trend is positive.	Long-term debt divided by long-term debt plus unrestricted net assets.