CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA)

FUNDING SUMMARY

Applicant:	Seneca Healthcare District ("Seneca" or "Borrower")	**Amount Requested:**	Not to exceed $750,000 *
Applicant Address:	130 Brentwood Drive Chester, CA 96020 Plumas County	**Resolution Number:**	2008-09
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, Seneca is seeking funding to bridge this financial gap in order to finance vital health services for its communities.
Purpose:	Loan proceeds will be used to offset Medi-Cal reimbursements delays due to the State's budget impasse.
Financial Overview:	Based on the most recent audited financial statements, Seneca's revenues from FY 2005 to FY 2007 appears to have continued to increase, resulting in improved operations during this period. Additionally, Seneca appears to meet CHFFA's minimum requirements for debt service coverage of 1.10X with a ratio of 1.91X. This funding is expected to facilitate Seneca's daily operations until the State budget passes.
Financing Structure:	▪ The aggregate loan balance shall be repaid in full no later than 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 fixed interest rate of 3%. ▪ Lien on gross revenues.
Due Diligence:	Due diligence of the following items has been completed or will be completed prior to closing: ▪ Religious Due Diligence ▪ Legal Review ▪ Community Service Obligation ▪ CEQA/Seismic/Pass through (Not required)
Staff Recommendation:	Staff recommends the Authority approve a Resolution in an amount not to exceed $750,000 for Seneca Healthcare District 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.

Seneca Healthcare District
Statement of Activities
(Unrestricted)

	For the Year Ended June 30,		
	2007	2006	2005
Revenue and support:			
Net patient service revenue	$ 11,321,501	$ 10,017,666	$ 10,269,168
Other operating revenues	146,530	70,722	23,733
District tax revenue	979,393	912,523	866,470
Capital grants and contributions	75,246	44,541	115,751
Non-capital grant revenues	9,401	4,031	38,157
Investment income	9,944	9,199	5,807
Total revenue and support	12,542,015	11,058,682	11,319,086
Expenses:			
Salaries and wages	3,967,722	3,783,570	4,165,268
Employee benefits	1,145,705	1,276,088	1,423,151
Professional fees	2,744,771	2,835,084	2,477,858
Purchased services	813,945	524,257	560,344
Supplies	851,767	750,988	1,012,133
Repairs and Maintenance	108,449	153,014	150,941
Utilities and telephone	281,181	269,204	290,138
Rental and Leases	153,903	176,061	130,393
Insurance	122,490	97,871	81,623
Depreciation and Amortization	462,717	414,650	441,155
Provision for bad debts	1,468,880	745,915	705,952
Interest expense	187,952	134,204	120,968
Other non-operating expenses	-	96,728	22,004
Other operating expense	109,292	108,934	150,136
Total expenses	12,418,774	11,366,568	11,732,064
Change in net assets	**123,241**	**(307,886)**	**(412,978)**
Net assets, beginning of year	2,456,239	2,764,125	3,177,103
Net assets, end of year	$ 2,579,480	$ 2,456,239	$ 2,764,125

Seneca Healthcare District
Financial Position

	As of June 30,		
	2007	2006	2005
Assets:			
Current assets:			
Cash and equivalents	$ 81,236	$ 67,686	$ 73,008
Patients account receivable, net	2,373,919	1,580,773	1,366,404
Other receivables	122,841	74,605	75,888
Estimated third party payor settlements receivables	-	48,392	101,059
Inventories	267,849	275,585	262,427
Prepaid expenses and deposits	17,250	28,960	28,913
Total Current assets	2,863,095	2,076,001	1,907,698
Other assets:			
Assets limited to use	148,931	183,445	215,510
Capital assets - net	3,417,073	3,273,427	3,564,488
Other assets	21,639	23,782	26,353
Total Other assets	3,587,643	3,480,654	3,806,351
Total assets	$ 6,450,738	$ 5,556,655	$ 5,714,049
Liabilities and net assets:			
Current liabilities:			
Current maturities of long-term debt	$ 310,593	$ 218,131	$ 202,709
Accounts payable and accred expenses	1,461,856	1,070,257	820,913
Accrued payroll and related liabilities	249,444	240,886	214,748
Estimated third party payor settlements	82,703	-	-
Total current liabilities	2,104,596	1,529,273	1,238,370
Long term debt, net of current maturities	1,766,662	1,571,143	1,711,554
Total liabilities	3,871,258	3,100,416	2,949,924
Net assets:			
Invested in capital assets, net of related debt	1,339,818	1,484,153	1,650,225
Unrestricted net assets	1,239,662	972,086	1,113,900
Total net assets	2,579,480	2,456,239	2,764,125
Total liabilities and net assets	$ 6,450,738	$ 5,556,655	$ 5,714,049

Financial Ratios:	**Proforma (a) FYE June, 2007**	2007	2006	2005
Debt service coverage (x)	1.91	1.91	0.72	0.45
Debt/Unrestricted Net Assets (x)	0.97	0.81	0.15	0.69
Margin (%)		(3.65)	(2.78)	(0.98)
Current Ratio (x)		1.36	1.36	1.54

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