



525 Veterans Blvd.  
Redwood City, CA 94063

650-421-2155 Phone  
650-421-2159 Fax

www.sequoiahealthcaredistrict.com

**A G E N D A**  
**SEQUOIA HEALTHCARE DISTRICT**  
**BOARD OF DIRECTORS MEETING**  
**4:30, Wednesday, December 4, 2013, Conference Room**  
**525 Veterans Boulevard**  
**Redwood City, CA 94063**

1. Call To Order And Roll Call
2. Public Comment On Non-Agenda Items\*
- ACTION 3. Consent Calendar - President Shefren
  - a. Approve August 21, 2013 Regular Meeting Minutes
  - b. Approve October 2, 2013 Regular Meeting Minutes
  - c. Approve November 5, 2013 Special Meeting Minutes
  - d. Accept September and October 2013 Financial Statements
4. CEO & Staff Reports - Mr. Michelson
  - Healthy Schools & PE+ Ms. Kurtzman & Ms. Gabet
  - HeartSafe - Mr. Nielsen
- ACTION 5. New Business
  - a. Accept The District's Annual Audit For The Period Ending June 30, 2013  
As Prepared By The CPA Firm Vavrinek, Trine, Day - Mr. Gharaibeh & Mr. Christian
  - b. Update: Sequoia Hospital-To-Home Program (SHHP) - Ms. Marie Violet
  - ACTION c. Consider Priorities For Community Grants Program - Mr. Michelson & Ms. Kurtzman
  - ACTION d. Consider HeartSafe Program Options - Mr. Michelson & Mr. Nielsen
  - ACTION e. Consider Approval Of Strategic Plan 2014-2017 - Mr. Michelson
  - f. EBIDA Discussion - President Shefren
- ACTION 6. Adjourn to Closed Session For The Purpose Of
  - a. Under Government Code Sections 54957 and 54957.6 for the following purposes:  
PUBLIC EMPLOYEE PERFORMANCE EVALUATION (54957)  
Title: Chief Executive Officer of Sequoia Healthcare District  
CONFERENCE WITH LABOR NEGOTIATOR (54957.6)  
Agency Designated Representative: Gerald Shefren, Board President &  
Kathleen Kane, Secretary/Treasurer  
Unrepresented Employee: Chief Executive Officer of Sequoia Healthcare District
- ACTION 7. Reconvene To Open Session: Announce Any Reportable Actions Taken In Closed Session
8. Adjourn. The Next Regular Meeting Of The Board Of Directors Of Sequoia Healthcare District Is Scheduled For 4:30 PM, Wednesday, February 5, 2014 District Conference Room, 525 Veterans Blvd., Redwood City, CA 94063

\*Public comment will be taken for each agenda item prior to the board's consideration on that item.

Any writings or documents provided to a majority of the Board of Directors regarding any item on this agenda will be made available for public inspection at the District office, 525 Veterans Blvd., Redwood City, CA, during normal business hours. Please telephone 650-421-2155 to arrange an appointment.

If you are an individual with a disability and need an accommodation to participate in this meeting, please contact Sequoia Healthcare District at least 48-hours in advance at 650-421-2155.

Jerry Shefren, Board President

**MINUTES OF REGULAR MEETING  
BOARD OF DIRECTORS  
SEQUOIA HEALTHCARE DISTRICT  
August 21, 2013**

**Conference Room, 525 Veterans Boulevard, Redwood City, CA 94063**

**Directors Present**

Director Faro  
Director Griffin  
Director Hickey  
Director Kane  
Director Shefren

**Directors Excused**

**Also Present**

Mr. Michelson, CEO  
Mr. Hudak, Legal Counsel  
Ms. Johnson, Recorder

**1. Call to Order**

**By:** President Shefren

**Time:** 4:30pm

**2. Public Comment/Non-Agenda Items**

Glenna Vaskelis reported on the progress of the new pavilion at Sequoia Hospital which is to open the early part of 2014.

Director Hickey read from a statement that the public has a right to know why the regular August 7<sup>th</sup> meeting date was changed to the 21<sup>st</sup>.

Director Kane reported that she, President Shefren and Director Faro attended the annual ACHD meeting which featured several very interesting workshops and presentations including media relations, rights of employees of public agencies and the Beach Cities Blue Zone project.

Director Shefren added that he, too, was very impressed by the Blue Zone project and how it can influence community health. In meeting another district's CEO, he was provided with their CEO evaluation package which will be helpful to our District as well.

Director Faro also found the conference to be very informative, commenting that the District's strategic planning process should consider the Blue Zone program.

**3.a. - 3.c. Consent Calendar**

Director Hickey asked that the minutes (Item 3.a) be removed from the Consent Calendar.

**Motion:** To approve the item 3.b. May and June 2013 financials.

**By:** Director Faro

**Seconded by:** Director Kane

**Vote:** 5-0

**Motion Passed**

Citing the next to last paragraph under item 5.e on health care benefits for sitting board members, Director Hickey stated that the decision that directors who received additional benefits not be required to repay those amounts was not part of that item's motion and asked that it be reconsidered and voted on at this meeting.

Mr. Hudak reminded the Board that our meetings are governed by the Brown Act and no action can be taken on items that are not on the agenda. District policy allows for a director to request that an item be added to a future agenda. President Shefren suggested this be discussed under New Business.

**Motion:** To approve the item 3.a. June 5, 2013 minutes.

**By:** Director Faro

**Seconded by:** Director Kane

**Vote:** 4-1 with Director Hickey opposed.

**Motion Passed**

#### 4. CEO/Staff Reports

In addition to Mr. Michelson's written report, he announced that the new SMMC South County Clinic is on schedule to open in November. To date the District has paid \$3 million against our \$4.3 million grant.

Mr. Michelson reported that under the CHI/Healthy Kids program efforts are being made to transfer about 700 children currently enrolled into the expanded Medi-Cal program thereby reducing the overall number of participants. Enrollment will be monitored and may possibly suggest a reduction in the District's financial support to the program for FY 2014-15. As part of her expanded responsibilities, Ms. Kurtzman will be replacing Mr. Michelson on the Healthy Kids planning committee.

Mr. Michelson announced that a taskforce consisting of himself, Directors Kane and Griffin are meeting with Mr. Nielsen to review the HeartSafe program. The taskforce hopes to present its findings and recommendations by yearend.

Healthy Schools Initiative: Ms. Kurtzman reported that she has been working on MOUs and contracts with the school districts and wellness coordinator work plans and schedules. She introduced a video produced by Don Shoecraft at Henry Food School entitled Mustangs Eat Salad to encourage kids healthy eating.

Ms. Gabet reported that she has been training with the coaches in the PE+ program revising the curriculum and working more closely with school food service staff with the goal to promote healthy eating habits.

HeartSafe: Mr. Nielsen announced that since preparing his Board report another life has been saved in Foster City by a District funded AED. Mr. Nielsen also held a CPR/AED training session for coaches who are working in the PE+ program.

#### 5. a. Strategic Planning Update

Mr. Michelson reported that the planning process is currently in the interview phase and 45 of 60 community members invited have confirmed participation. In October, findings will be reviewed and a draft report submitted to the Board for consideration in December.

#### 5. b. Draft Reply to Grand Jury Report

Director Hickey stated the District should take a proactive roll with LAFCo to encourage a service review of the District to determine who is benefitting from tax dollars spent.

**Motion:** To amend the District's response to encourage a service review by LAFCo.

**By:** Director Hickey

**Seconded by:** None

**Motion Dies for Lack of a Second**

Directors discussed responses to F.6 (nursing program) and F.8 (outreach efforts) but determined changes were not necessary.

**Motion:** To approve response to the Grand Jury as presented.

**By:** Director Faro

**Seconded by:** Director Griffin

**Vote:** 4-1 with Director Hickey opposed.

**Motion Passed**

Mr. Michelson stated that the formal response will be submitted to the Grand Jury this week, placed on the District's website and sent to the media.

Director Hickey offered a motion to reconsider the action taken under 5.e of June 5<sup>th</sup> minutes. Mr. Hudak, citing government code 54954.2.(a) stated that no action can be taken on an item that is not on the agenda. He added that District policy allows a Director to request an item be placed on a future agenda if that request is seconded and approved by a majority vote.

Director Hickey requested that item 5.e of the June 5<sup>th</sup> minutes be placed on the next meeting agenda. There was no second to his request.

#### **6. Adjourn**

**Motion:** At 5:30 PM adjourn meeting.

**By:** Director Faro

**Seconded by:** Director Kane

**Vote:** 5-0

**Motion Passed**

The next regular meeting of the Board of Directors of Sequoia Healthcare District is scheduled for 4:30 PM, Wednesday, October 2, 2013, Conference Room, 525 Veterans Blvd., Redwood City, CA.

Respectfully Submitted,

Kathleen Kane  
Secretary

**MINUTES OF REGULAR MEETING  
BOARD OF DIRECTORS  
SEQUOIA HEALTHCARE DISTRICT  
October 2, 2013  
Conference Room, 525 Veterans Boulevard  
Redwood City, CA 94063**

**DRAFT**

**Directors Present**

Director Faro  
Director Griffin  
Director Hickey  
Director Kane via teleconference  
Director Shefren

**Directors Excused**

**Also Present**

Mr. Michelson, CEO  
Mr. Hudak, Legal Counsel  
Ms. Johnson, Recorder

**1. Call to Order**

By: President Griffin  
Time: 4:30pm

**2. Public Comment/Non-Agenda Items**

Karen Routt, CEO and founder of Magnolia Prime introduced herself. Magnolia Prime is a telephone-based service to assist aging and home bound residents prolong their independence.

**3.a. - 3.c. Consent Calendar**

Director Hickey asked that the minutes (Item 3.a) be removed from the Consent Calendar.

**Motion:** To approve item 3.b. July and August 2013 financials.

**By:** Director Faro

**Seconded by:** Director Kane

**Roll Call Vote:** 5-0

**Motion Passed**

Director Hickey cited the first sentence of the first paragraph of the top of page three of the August 21<sup>st</sup> minutes stating he did not offer a motion to reconsider the wording under 5.3 of the June 5<sup>th</sup> minutes but to reconsider the action taken.

Director Hickey provided a handout to change the wording of the August 21<sup>st</sup> minutes referencing his change to the June 5<sup>th</sup> minutes.

Mr. Hudak will review the taped recording of the meeting for clarification of the changes proposed by Director Hickey.

**Motion:** To table action on the August 21, 2013 to until the next meeting.

**By:** Director Faro

**Seconded by:** Director Griffin

**Roll Call Vote:** 5-0

**Motion Passed**

**4. CEO/Staff Reports**

Mr. Michelson presented additional financial information reflecting projected and actual income and expenses for July and August. Staff will continue to provide the report in addition to the balance sheet and income statement now included in the board packet.

Mr. Michelson noted that October 15<sup>th</sup> is the annual fund raiser for Peninsula Volunteers Meals On Wheels program.

The interim executive director of Samaritan House met with Mr. Michelson and reported they are undergoing a nationwide search to replace Kitty Lopez.

Healthy Schools Initiative: Ms. Kurtzman asked if there were questions regarding her report included in the board packet and there were none.

HeartSafe: Mr. Nielsen announced that another life was saved in Foster City using a District AED.

#### **5. a. Strategic Plan Update**

Mr. Michelson reported that to date, the Strategic Plan Committee, consisting of Directors Shefren and Faro and Mr. Michelson, has met with 60 community leaders and others to gather advice and information in guiding the board in the development of a new strategic plan. The findings from the interviews and discussions are included in the board packet. He provided a handout outlining the key points of the majority of those interviewed.

President Shefren discussed next steps. The information provided will be used as a framework to compile a list of goals and options for Board discussion and review at a special meeting to be held within the next few weeks. It is the committee's intention to submit a final plan to the Board for approval at the December meeting.

#### **5.b. HeartSafe Task Force Report**

Mr. Michelson reported that the HeartSafe Task Force, consisting of Directors Kane and Griffin, Mr. Michelson, Ms. Kurtzman and Mr. Nielsen, has met twice with community participants to discuss ideas related to current and future activities. The committee will be meeting again to finalize program options and financial projections to submit to the Board in December.

#### **5.c. Consider Amending Board Policy 5.4 For Audit Services**

Mr. Michelson noted that the current policy requires the District to go to bid for audit services every three years with one two-year extension with Board approval. He discussed the amount of staff time required to provide new auditors with all the required information and documentation on the District, as well as the auditors' time to review same and recommended that the policy be changed. The proposed policy change would provide the Board with more flexibility to either continue with the same auditors or change.

**Motion:** To approve the amendment to Board Policy 5.4

**By:** Director Faro

**Seconded by:** Director Griffin

**Roll Call Vote:** 5-0

**Motion Passed**

#### **6. Adjourn**

**Motion:** At 5:30 PM adjourn meeting.

**By:** Director Shefren

**Seconded by:** Director Faro

**Vote:** 5-0

**Motion Passed**

The next regular meeting of the Board of Directors of Sequoia Healthcare District is scheduled for 4:30 PM, Wednesday, December 4, 2013, District Conference Room, 525 Veterans Blvd., Redwood City, CA.

Respectfully Submitted,

Kathleen Kane, Secretary

**DRAFT**

**MINUTES OF STUDY SESSION MEETING  
BOARD OF DIRECTORS  
SEQUOIA HEALTHCARE DISTRICT  
November 5, 2013  
Conference Room, 525 Veterans Boulevard  
Redwood City, CA 94063**

**Directors Present**

Director Faro  
Director Griffin  
Director Hickey  
Director Kane  
Director Shefren

**Directors Excused**

**Also Present**

Mr. Michelson, CEO  
Ms. Johnson, Recorder

**1. Call to Order**

**By:** President Shefren

**Time:** 10:30 AM

**2. Public Comment/Non-Agenda Items**

President Shefren announced that this was a study session and no action would be taken. He asked if there was public comment and there was none.

**3.a. HeartSafe Program**

Mr. Michelson reported that the HeartSafe Task Force, consisting of himself, Directors Kane and Griffin, Mr. Nielsen and Ms. Kurtzman met twice among themselves and with several first responders. In addition to the information in the packet, a presentation was made starting with a fact sheet on Sudden Cardiac Arrest, HeartSafe Program actions to date and the options of changing the focus of the program. For instance, the District would no longer actively place AEDs but continue to monitor deployed units, creation of Cardiac Support Groups for children and adults was discussed, as well as an AED loaner program. Hands-on CPR training was another option as was a mobile CPR training unit. Estimated budget for 2014-15 was \$220,820 which includes approximately \$68,000 in costs to build out the District's vacant room currently used for storage for CPR training and community education, dropping to \$163,550 for 2015-16 and \$160,200 for 2016-17.

President Shefren thanked the Task Force and said the next step would be a decision whether or not to end the program or consider the new concepts discussed today.

**3. b. Strategic Plan Update**

President Shefren reported that the Strategic Plan Committee, consisting of himself, and Director Faro and Mr. Michelson, has met with 60 community leaders and also from board members and staff.

The results of the most recent county needs assessment and District Board self-assessment were reviewed as were key findings from the committee's interviews. The following goals and measures were discussed for the 2014-17 Strategic Plan:

1. Assure the ongoing prudent oversight and management of District assets.  
**Measure:** Budgeted goals are met annually and reserves are used per policy.
2. Bring new programs to address health care gaps in our community.  
**Measure:** new programs are considered for funding annually.
3. Continue and expand our participation in community efforts to address health problems.  
**Measure:** Increased District engagement in community health issues.

4. Identify and fund programs that provide health services to our residents.

**Measure:** District uses selection criteria focused on health impact when evaluating and selecting programs to fund.

5. Increase electronic connectivity with District residents.

**Measure:** Increase use of electronic and print options.

6. Measure impact of District funded programs.

**Measure:** Require that all programs establish performance measures, monitor progress and compile both quantitative and qualitative data.

Recommended changes in the District's mission and vision statements were reviewed.

Suggested new wording for the mission of the District is "to improve the health of District residents by enhancing access to care and promoting wellness."

Suggested new wording for the vision of the District is "to improve the health of our community through responsible stewardship of District taxpayer dollars."

Mr. Michelson suggested that a work plan for staff be established based on the budget and the strategic plan goals, and reviewed at least annually to see those goals are being met.

It is the committee's intention to submit a final plan to the Board for approval at the December meeting.

#### 4. Adjourn

**Motion:** At 12:30 PM adjourn meeting.

**By:** Director Hickey

**Seconded by:** Director Faro

**Vote:** 5-0

**Motion Passed**

The next regular meeting of the Board of Directors of Sequoia Healthcare District is scheduled for 4:30 PM, Wednesday, December 4, 2013, District Conference Room, 525 Veterans Blvd., Redwood City, CA.

Respectfully Submitted,

Kathleen Kane  
Secretary



		July	August	September	October	November	December	January	February	March	April	May	June
ASSETS													
Current Assets													
Cash (WF-MWA)	\$	1,178,273.77	\$	2,778,833.39	\$	2,179,314.22	\$	1,779,741.38					
Cash (WF)		247,688.23		43,489.47		77,458.67		240,885.27					
Cash from Investments		748,711.70		748,711.70		748,711.70		748,711.70					
Cash Equivalents		14,237,091.51		11,223,661.51		11,260,463.51		11,282,038.51					
Accounts Receivable		0.00		0.00		0.00		0.00		0.00			
Total Current Assets		16,411,765.21		14,794,696.27		14,265,948.10		14,051,376.86		0.00		0.00	0.00
Property, Plant & Equipment													
Land		138,927.00		138,927.00		138,927.00		138,927.00					
Land Improvements		144,158.05		144,158.05		144,158.05		144,158.05					
Buildings		1,249,382.30		1,249,382.30		1,249,382.30		1,249,382.30					
Building Improvements		513,129.57		513,129.57		513,129.57		513,129.57					
Tenant Improvements		215,113.29		215,113.29		215,113.29		215,113.29					
Equipment		60,169.05		60,169.05		60,169.05		60,169.05					
Furniture		28,259.91		28,259.91		28,259.91		28,259.91					
Accumulated Depreciation		(1,585,644.62)		(1,592,039.28)		(1,598,433.94)		(1,604,828.60)					
Net Property/Plant/Equipment		763,494.55		757,099.89		750,705.23		744,310.57		0.00		0.00	0.00
Total Assets		17,175,259.76		15,551,796.16		15,016,653.33		14,795,687.43		0.00		0.00	0.00
LIABILITIES & FUND BALANCE													
Current Liabilities													
Accounts Payable	\$	3,750.00	\$	0.00	\$	0.00	\$	0.00					
Deposit Payable		3,165.00		3,165.00		3,165.00		3,165.00					
Grants Payable		1,817,418.96		1,473,384.96		1,473,384.96		1,473,384.96					
Accrued Payroll		0.00		0.00		0.00		0.00					
Total Current Liabilities		1,824,333.96		1,476,549.96		1,476,549.96		1,476,549.96		0.00		0.00	0.00
Fund Balances													
Invested in Capital Assets		766,724.21		766,724.21		766,724.21		766,724.21					
Fund Balance		16,670,942.38		16,670,942.38		16,670,942.38		16,670,942.38					
Net Surplus/Loss		(2,086,740.79)		(3,362,420.39)		(3,897,563.22)		(4,118,529.12)					
Total Fund Balance		15,350,925.80		14,075,246.20		13,540,103.37		13,319,137.47		0.00		0.00	0.00
Total Liabilities & Fund Balance		17,175,259.76		15,551,796.16		15,016,653.33		14,795,687.43		0.00		0.00	0.00

**SEQUOIA HEALTHCARE DISTRICT**  
**Income Statements**

Agenda Item No.3.d  
Board of Directors Meeting  
12/4/13

	July	August	September	October	November	December	January	February	March	April	May	June	Year to Date	Budget 13-14
<b>INCOME</b>														
Rental Income	3,422.94	3,559.86	3,559.86	3,559.86									14,102.52	42,700.00
Tax Revenue	9,599.00	0.00	6,907.63	14,492.95									30,999.58	8,900,000.00
Investment Income	34,307.00	(13,430.00)	36,802.00	21,575.00									79,254.00	150,000.00
ROI-Sequoia Hospital EBIDA	0.00	0.00	0.00	127,000.00									127,000.00	
Interest Income	574.56	569.44	481.78	428.63									2,054.41	7,600.00
Pension Income	0.00	0.00	0.00	0.00									0.00	2,800,000.00
<b>Total Income</b>	<b>47,903.50</b>	<b>(9,300.70)</b>	<b>47,751.27</b>	<b>167,056.44</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>253,410.51</b>	<b>11,900,300.00</b>
<b>EXPENSES</b>														
<b>Administrative Expenses</b>														
Admin. Expense	239.18	573.56	781.38	761.69									2,355.81	12,000.00
Admin. Payroll	12,737.46	24,701.76	16,277.27	16,277.26									69,993.75	228,000.00
Board Health Insurance	3,336.75	6,936.75	3,336.75	6,132.39									19,742.64	75,000.00
Employee Health Insurance	1,569.20	3,635.35	3,282.90	2,422.65									10,910.10	48,000.00
Employee Retirement Benefit	1,026.95	2,073.66	1,402.96	1,402.96									5,906.53	17,000.00
Investment Fees	0.00	0.00	0.00	12,396.99									12,396.99	65,000.00
Office Supplies/Equip Maint	125.36	499.12	572.50	304.39									1,501.37	7,500.00
Accounting fees	0.00	1,405.40	0.00	0.00									1,405.40	17,000.00
Board Expense	0.00	0.00	0.00	0.00									0.00	8,000.00
Associations/Membership	0.00	7,500.00	0.00	0.00									7,500.00	10,300.00
Communications	31.71	0.00	162.20	320.10									514.01	25,000.00
Public Relations	4,200.00	4,200.00	4,200.00	4,200.00									16,800.00	50,000.00
Web Site/IT	5,515.00	865.00	500.00	2,647.50									9,527.50	22,000.00
Pension Plan	0.00	0.00	0.00	0.00									0.00	2,800,000.00
Insurance/D&O	26,587.04	(2,004.75)	0.00	2,669.00									27,251.29	21,000.00
Election Fees	0.00	0.00	0.00	0.00									0.00	
LAFCO fees	0.00	0.00	0.00	0.00									0.00	8,000.00
Legal Fees	0.00	89.00	1,648.50	0.00									1,737.50	25,000.00
Bank Fees	0.00	0.00	0.00	3.00									3.00	100.00
<b>Total Admin. Expenses</b>	<b>55,368.65</b>	<b>50,474.85</b>	<b>32,164.46</b>	<b>49,537.93</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>187,545.89</b>	<b>3,438,900.00</b>
<b>Property Expenses</b>														
Maintenance	2,160.10	2,546.57	737.50	2,314.16									7,758.33	25,000.00
Utilities	1,188.69	2,499.73	2,606.64	2,096.46									8,391.52	20,000.00
Property Insurance	1,844.32	0.00	0.00	0.00									1,844.32	2,000.00
Depreciation	6,394.66	6,394.66	6,394.66	6,394.66									25,578.64	85,000.00
<b>Total Property Expenses</b>	<b>11,587.77</b>	<b>11,440.96</b>	<b>9,738.80</b>	<b>10,805.28</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>43,572.81</b>	<b>132,000.00</b>

**SEQUOIA HEALTHCARE DISTRICT**  
**Income Statements**

Agenda Item No.3.d  
Board of Directors Meeting  
12/4/13

	July	August	September	October	November	December	January	February	March	April	May	June	Year to Date	Budget 13-14
<b>Grant Expenses</b>														
Grant Admin Expenses	76.93	100.00	600.00	500.00									1,276.93	6,000.00
Grant Admin Payroll	3,267.86	7,026.03	5,547.80	5,547.82									21,389.51	59,000.00
Children's Health Initiative	675,000.00	0.00	0.00	0.00									675,000.00	1,350,000.00
SFSU Nursing Program	0.00	0.00	500,000.00	0.00									500,000.00	1,000,000.00
Samaritan House Grant	153,174.00	0.00	0.00	153,174.00									306,348.00	612,700.00
Other Grants	4,500.00	1,300.00	0.00	1,500.00									7,300.00	20,000.00
San Mateo Medical Ctr. So County	0.00	0.00	0.00	0.00									0.00	1,000,000.00
Ravenswood-Belle Haven Clinic	0.00	0.00	0.00	0.00									0.00	500,000.00
Community Grants Program	0.00	0.00	0.00	0.00									0.00	1,340,000.00
Chronic Disease Management	641.19	429.28	3,408.92	2,540.11									7,019.50	20,000.00
<b>Total Grant Expenses</b>	<b>836,659.98</b>	<b>8,855.31</b>	<b>509,556.72</b>	<b>163,261.93</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,518,333.94</b>	<b>5,907,700.00</b>
<b>Program Expenses</b>														
HeartSafe Admin Expense	15,000.00	76.70	77.71	201.03									15,355.44	17,000.00
HeartSafe Payroll	3,302.15	6,604.42	4,402.95	4,402.94									18,712.46	28,000.00
HeartSafe Training & Equipment	118.64	126.63	727.12	244.86									1,217.25	55,000.00
School Health Admin	41.93	415.29	1,133.52	5,013.05									6,603.79	87,000.00
School Health Payroll	7,915.17	15,678.24	10,092.82	10,092.82									43,779.05	131,500.00
School Health Grants	204,650.00	172,706.50	15,000.00	144,462.50									536,819.00	2,611,500.00
<b>Total Program Expenses</b>	<b>231,027.89</b>	<b>195,607.78</b>	<b>31,434.12</b>	<b>164,417.20</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>622,486.99</b>	<b>2,930,000.00</b>
<b>Total Expenses</b>	<b>1,134,644.29</b>	<b>266,378.90</b>	<b>582,894.10</b>	<b>388,022.34</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,371,939.63</b>	<b>12,408,600.00</b>
<b>Net Surplus/Loss</b>	<b>(1,086,740.79)</b>	<b>(275,679.60)</b>	<b>(535,142.83)</b>	<b>(220,965.90)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(2,118,529.12)</b>	<b>(508,300.00)</b>
A one time grant of \$4.3 million approved 2/3/10 for the rebuild of the South County Health Center will be paid from District reserves & is not included in the operating budget														
San Mateo Medical Ctr. Rebuild	1,000,000.00	1,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00	0.00
<b>Total Expenses With Rebuild</b>	<b>2,134,644.29</b>	<b>1,266,378.90</b>	<b>582,894.10</b>	<b>388,022.34</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,297,486.99</b>	
<b>Net Surplus/Loss After Rebuild</b>	<b>(2,086,740.79)</b>	<b>(1,275,679.60)</b>	<b>(535,142.83)</b>	<b>(220,965.90)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(4,118,529.12)</b>	

**SEQUOIA HEALTHCARE DISTRICT**  
Actual Versus Budget

Agenda Item No.3.d  
Board of Directors Meeting  
12/4/13

	July	August	September	October	November	December	January	February	March	April	May	June	Actual YTM	Four month budget
<b>INCOME</b>														
Rental Income	3,422.94	3,559.86	3,559.86	3,559.86									14,102.52	14,233.33
Tax Revenue (1)	9,599.00	0.00	6,907.63	14,492.95									30,999.58	11,317.00
Investment Income	34,307.00	(13,430.00)	36,802.00	21,575.00									79,254.00	50,000.00
ROI-Sequoia Hospital EBIDA	0.00	0.00	0.00	127,000.00									127,000.00	0.00
Interest Income	574.56	569.44	481.78	428.63									2,054.41	2,533.33
Pension Income (2)	0.00	0.00	0.00	0.00									0.00	0.00
Total Income	47,903.50	(9,300.70)	47,751.27	167,056.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	253,410.51	78,083.67
<b>EXPENSES</b>														
<b>Administrative Expenses</b>														
Admin. Expense	239.18	573.56	781.38	761.69									2,355.81	4,000.00
Admin. Payroll	12,737.46	24,701.76	16,277.27	16,277.26									69,993.75	76,000.00
Board Health Insurance	3,336.75	6,936.75	3,336.75	6,132.39									19,742.64	25,000.00
Employee Health Insurance	1,569.20	3,635.35	3,282.90	2,422.65									10,910.10	16,000.00
Employee Retirement Benefit	1,026.95	2,073.66	1,402.96	1,402.96									5,906.53	5,666.67
Investment Fees	0.00	0.00	0.00	12,396.99									12,396.99	21,666.67
Office Supplies/Equip Maint	125.36	499.12	572.50	304.39									1,501.37	2,500.00
Accounting fees	0.00	1,405.40	0.00	0.00									1,405.40	5,666.67
Board Expense	0.00	0.00	0.00	0.00									0.00	2,666.67
Associations/Memberships (3)	0.00	7,500.00	0.00	0.00									7,500.00	10,300.00
Communications (4)	31.71	0.00	162.20	320.10									514.01	1,000.00
Public Relations	4,200.00	4,200.00	4,200.00	4,200.00									16,800.00	16,666.67
Web Site/IT	5,515.00	865.00	500.00	2,647.50									9,527.50	7,333.33
Pension Plan (5)	0.00	0.00	0.00	0.00									0.00	0.00
Insurance/D&O (6)	26,587.04	(2,004.75)	0.00	2,669.00									27,251.29	21,000.00
Election Fees	0.00	0.00	0.00	0.00									0.00	0.00
LAFCO fees (7)	0.00	0.00	0.00	0.00									0.00	0.00
Legal Fees	0.00	89.00	1,648.50	0.00									1,737.50	8,333.33
Bank Fees	0.00	0.00	0.00	3.00									3.00	33.33
Total Admin. Expenses	55,368.65	50,474.85	32,164.46	49,537.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	187,545.89	223,833.33
<b>Property Expenses</b>														
Maintenance	2,160.10	2,546.57	737.50	2,314.16									7,758.33	8,333.33
Utilities	1,188.69	2,499.73	2,606.64	2,096.46									8,391.52	6,666.67
Property Insurance (8)	1,844.32	0.00	0.00	0.00									1,844.32	2,000.00
Depreciation	6,394.66	6,394.66	6,394.66	6,394.66									25,578.64	28,333.33
Total Property Expenses	11,587.77	11,440.96	9,738.80	10,805.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	43,572.81	45,333.33

**SEQUOIA HEALTHCARE DISTRICT**  
**Actual Versus Budget**

Agenda Item No.3.d  
Board of Directors Meeting  
12/4/13

	July	August	September	October	November	December	January	February	March	April	May	June	Actual YTM	Four month budget
<b>Grant Expenses</b>														
Grant Admin Expenses	76.93	100.00	600.00	500.00									1,276.93	2,000.00
Grant Admin Payroll	3,267.86	7,026.03	5,547.80	5,547.82									21,389.51	19,666.67
Children's Health Initiative (9)	675,000.00	0.00	0.00	0.00									675,000.00	675,000.00
SFSU Nursing Program (10)	0.00	0.00	500,000.00	0.00									500,000.00	500,000.00
Samaritan House Grant	153,174.00	0.00	0.00	153,174.00									306,348.00	306,348.00
Other Grants	4,500.00	1,300.00	0.00	1,500.00									7,300.00	6,666.67
San Mateo Medical Ctr. (11)	0.00	0.00	0.00	0.00									0.00	0.00
Ravenswood-Belle Haven Clinic (12)	0.00	0.00	0.00	0.00									0.00	0.00
Community Grants Program (13)	0.00	0.00	0.00	0.00									0.00	0.00
Chronic Disease Management	641.19	429.28	3,408.92	2,540.11									7,019.50	6,666.67
<b>Total Grant Expenses</b>	<b>836,659.98</b>	<b>8,855.31</b>	<b>509,556.72</b>	<b>163,261.93</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,518,333.94</b>	<b>1,516,348.00</b>
<b>Program Expenses</b>														
HeartSafe Admin Expense	15,000.00	76.70	77.71	201.03									15,355.44	17,000.00
HeartSafe Payroll	3,302.15	6,604.42	4,402.95	4,402.94									18,712.46	9,333.33
HeartSafe Training & Equipment	118.64	126.63	727.12	244.86									1,217.25	18,333.33
School Health Admin	41.93	415.29	1,133.52	5,013.05									6,603.79	29,000.00
School Health Payroll	7,915.17	15,678.24	10,092.82	10,092.82									43,779.05	43,833.33
School Health Grants	204,650.00	172,706.50	15,000.00	144,462.50									536,819.00	870,500.00
<b>Total Program Expenses</b>	<b>231,027.89</b>	<b>195,607.78</b>	<b>31,434.12</b>	<b>164,417.20</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>622,486.99</b>	<b>988,000.00</b>
<b>Total Expenses</b>	<b>1,134,644.29</b>	<b>266,378.90</b>	<b>582,894.10</b>	<b>388,022.34</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,371,939.63</b>	<b>2,773,514.67</b>
<b>Net Surplus/Loss</b>	<b>(1,086,740.79)</b>	<b>(275,679.60)</b>	<b>(535,142.83)</b>	<b>(220,965.90)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(2,118,529.12)</b>	<b>(2,695,431.00)</b>
A one time grant of \$4.3 million approved 2/3/10 for the rebuild of the South County Health Center will be paid from District reserves & is not included in the operating budget														
San Mateo Medical Ctr. Rebuild	1,000,000.00	1,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00	0.00
<b>Total Expenses With Rebuild</b>	<b>2,134,644.29</b>	<b>1,266,378.90</b>	<b>582,894.10</b>	<b>388,022.34</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,297,486.99</b>	
<b>Net Surplus/Loss After Rebuild</b>	<b>(2,086,740.79)</b>	<b>(1,275,679.60)</b>	<b>(535,142.83)</b>	<b>(220,965.90)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(4,118,529.12)</b>	

## Footnotes

- (1) July-Oct. 2012, tax revenue was \$11,317
- (2) In 2012 pension income was paid in November
- (3) Association/Memberships full 2013 budgeted amount was paid July-Oct.
- (4) July-Oct. 2012 Communications expense was \$9,408
- (5) No pension costs will be incurred until November
- (6) D&O insurance budget was paid July
- (7) LAFCO is paid in December
- (8) Property insurance was paid July
- (9) We only have incurred \$675,000 for CHI at this time
- (10) We only have incurred \$500,000 for Nursing at this time
- (11) We will not incur SMMC expense until December
- (12) No billing from Ravenswood at this time
- (13) No Community Grant payments at this time

## **CEO Report: December 2013**

### **Communications**

1. The annual report was sent to homeowners in November. The theme was “neighbors assisting neighbors,” local residents working or volunteering in District supported programs that serve our community.
2. A major focus over the next couple of months will be the re-working of our website. This effort will be led by Gwen with content provided by all staff members.
3. I was a featured speaker in October at a forum presented by the San Mateo County League of Women Voters.

### **Programs**

1. Jerry Shefren and I have been meeting with representatives from the hospice community about a future inpatient hospice facility. A presentation will be made to the Board at an upcoming Board meeting.
2. We will be hosting a meeting on December 3rd to discuss “Food Friends”, a special fitness and nutrition program geared for pre-school children. This program was developed at Colorado state university and has spread throughout the United States.
3. Both Lynette Landry and Skip Davis will be retiring from the SFSU Nursing program at the end of the current semester.
4. The Service League will be dedicating a new transitional housing program in honor of the memory of Mike Nevin. The date of the dedication is December 3<sup>rd</sup>.
5. The Sequoia Hospital SHHP program will be honored on November 22<sup>nd</sup> by The Association of Fundraising Professionals at their annual awards luncheon. Also honored will be Peninsula Family Service, Peninsula Volunteers and Samaritan House.

## **Community Involvement**

1. I have joined the San Mateo County Oral Health Coalition.
2. We recently hosted the Special District Association and The Senior Roundtable.
3. Katie Kane and I recently attended ACHD's Education Committee meeting in Sacramento.

## **Financial**

1. Eric Reynolds has left Fiduciary Trust and our new contact is Ron Sanchez.

## **Other**

1. The public grand opening for the South County Clinic in North Fair Oaks will be on Saturday, February 1<sup>st</sup>.
2. The Sequoia Hospital Grand Opening will be March 6-8, 2014.

Lee Michelson  
November 20, 2013





## Activity Summary for October - November 2013

---

### **Highlights- Pamela**

*Much of my focus since early October has been centered on our two grants programs and on our collaborative projects with community agencies. A few highlights of my activities are below.*

#### **HSI Grants**

- Healthy Schools mid-year reports are due January 18 and as part of the mid- year review process, I've begun conducting more thorough site visits among the grantees. I've been impressed with the work I've seen and the deep level of commitment they have to the students. I've been exploring ways to maximize the potential impact the programs have on the students by helping connect the agencies with other school district-funded wellness efforts and I've been amazed at the enthusiasm the grantees have to more effectively collaborate.
- I've also been working with Wellness Coordinators and school district administration to formalize the reporting structure for grantees whose funding we pass through the school district rather than funding directly to the agency. The Wellness Coordinators will be responsible to receive those reports and visit the programs at least quarterly and then report to me. This approach will help strengthen the connection among the non-profit service provider, wellness coordinators and school district administration, improve accountability and program monitoring, and alignment of the program's and school district's goals.
- I am planning for the 2014-15 Healthy Schools Grants Program and have tentative dates scheduled in December for our first grants committee meeting.

#### **Community Collaboration**

- I'm working with County Health Policy and Planning, County Office of Education and Peninsula Healthcare District's Healthy Schools program in planning a summit that will be held on February 27, and 28 to help school districts complete their wellness policies and implement the Coordinated School Health model to support those policies.
- I've been meeting regularly with partners from the County Health Dept Policy and Planning, PHD, SMCOE, Stanford School of Education, and PAMF and making big gains on the curriculum development for adopting a standardized approach within the county schools to address ATOD prevention and education for middle school students.

#### **Caring Community Grants**

- This is an agenda item for this Board meeting and this information is presented separately.

**Project Management:**

- Provided training to PE+ coaches (4 schools) on evaluation tools developed by Applied Survey Research. Observed PE classes at Henry Ford and Hawes.
- Coordinated “The Big Crunch” activity on Food Day, October 24 within PE+, in conjunction with the San Mateo County Nutrition Action Plan. Coaches from seven schools gave away locally-grown Jonathon apples provided by the Child Nutrition Department of Redwood City School District. This was the first time that in-class taste testing was conducted within PE+. This activity made a positive connection between the PE program and Child Nutrition and because it was successful, more in-class taste testing opportunities will be planned for the future. Photos taken by Gwen Hautefeuille are posted on the Healthy Schools Initiative website.
- Mentored a dietetic intern from San Francisco State University for 3 weeks. She pilot-tested a curriculum for Redwood High School PE program and worked with San Carlos School District on nutrition education projects.
- Worked with PE+ Management Team, Pamela and Lee to prepare for PE+ Board Meeting held November 19 between all the partners: PCC, PRCS, Redwood City School District, and SHD. Co-facilitated meeting with Pamela.

**Other Meetings, Committees, and Events:**

- County Nutrition Action Plan
- Redwood City School District Wellness Committee
- San Mateo Healthy Beverages in Child Care Study Community Advisory Board (UCSF)



***Highlights from our School District Partners:***

*Each District Wellness Coordinator has a specific set of objectives and a plan for achieving them.*

**Sequoia Union**, as part of their efforts to building a positive school climate including stress reduction, an anti-bullying campaign, and resilience training, the District's pilot program the Sequoia Community Day School to Implement the Quiet Time Program has been VERY successful so far. Students are learning Transdental Meditation (TM) in their classroom and teachers cannot believe the change in the students and the change in school climate.

**Redwood City** was awarded a Get Healthy San Mateo County Grant to help support their Drink Water First program. Andrea served as expert panelist for Best Practices for Improving Water Access in Schools webinar (University of California San Francisco (UCSF), California Food Policy Advocates (CFPA), and Tapping Into Water™, a project of Enigami Ventures, LLC partnership) and is working with Fair Oaks Clinic physicians and local preschool and pre-K education partners to discuss how medical clinic can work with school district and partners to ensure that students are ready for school at Kindergarten.

**San Carlos** school Board approved a health education science curriculum that will be implemented this Spring. Next steps are to include the modified standards-based ATOD curriculum that we are looking to implement County Wide. Parent education events to promote drug and alcohol prevention, tolerance, and social emotional resilience and acceptance are now underway.

**Belmont-Redwood Shores** has a new Superintendent who is very supportive of the Healthy Schools Initiative and the whole child approach. The District's priorities are health education (resiliency training and citizenship), physical education, and staff wellness.

# HeartSafe Program

Activity Summary for Oct and Nov 2013

---

## **HeartSafe Region Task Force Meetings**

Attend and participate in regional planning and support.

## **AED Placements In-Progress (application stage, site visits, etc.)**

- Redwood Shores School

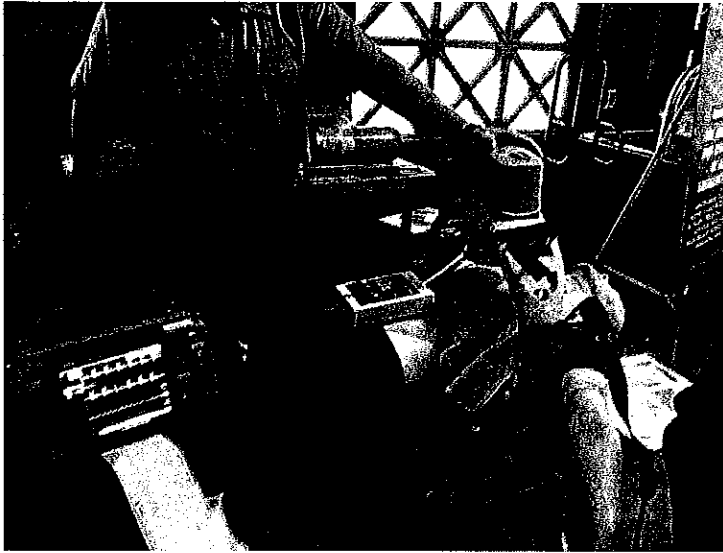
## **AED / CPR Trainings**

- Town of Woodside Community Event
- Regional Building Committee
- San Mateo County Lions Club Guardian Angel Program
- Redwood City Police Department's Citizen Police Academy

## **AED / CPR Scheduled Trainings**

- Redwood City Elementary School Teachers
- San Mateo County Controller's Office

## Photographs



← Town of Woodside Fire Department's  
Annual Community Event



← San Mateo County Lions Club  
Guardian Angel Program ↓





← Redwood City Police Department's  
Citizen Police Academy ↓



**DRAFT**

Agenda Item No. 5. A.

Board of Directors Meeting

Date 12-4-13

**SEQUOIA HEALTHCARE DISTRICT**

**Annual Financial Report**

**For the Year Ended**

**June 30, 2013**

# SEQUOIA HEALTHCARE DISTRICT

## TABLE OF CONTENTS

JUNE 30, 2013

---

	<u>Page Number</u>
I Independent Auditor's Report	1-2
II Management's Discussion and Analysis	3-8
III Basic Financial Statements	
Government --Wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Governmental Fund -- Balance Sheet	11
Governmental Fund -- Statement of Revenues, Expenditures and Change in Fund Balances	12
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	13
Statement of Net Position -- Proprietary Fund	14
Statement of Revenues, Expenses and Changes in Fund Net Position -- Proprietary Fund	15
Statement of Cash Flows -- Proprietary Fund	16
Notes to Financial Statements	17-25
IV Required Supplementary Information	
General Fund -- Budgetary Comparison Schedule	27
V Supplementary Information	
Proprietary Fund -- Budgetary Comparison Schedule	29
All Funds -- Budgetary Comparison Schedule	30
VI Auditor's Report on Internal Control and Compliance	
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>	32-33
VII Summary of Auditor's Results	34
VIII Financial Statement Findings	35





## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Sequoia Healthcare District  
Redwood City, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Sequoia Healthcare District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the General Fund budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Proprietary Fund and all funds budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Proprietary Fund and all funds budgetary comparison information are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Proprietary Fund and all funds budgetary comparison information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Vavrinek, Trine, Day & Co. LLP*

Palo Alto, California  
November 19, 2003

# **SEQUOIA HEALTHCARE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013**

---

### **INTRODUCTION**

This report presents Management's analysis of Sequoia Healthcare District's (the "District") financial condition and activities as of and for the year ending June 30, 2013. Management's Discussion and Analysis ("MDA") is intended to serve as an introduction to the District's basic financial statements. This document has been prepared based on reporting requirements included in Statement No. 34 of the Governmental Accounting Standards Board (GASB). GASB 34 has made changes to the contents and the format of the financial statements of governmental agencies, which include the Government-wide Financial Statements on a full accrual basis including the cost of the capital assets and related depreciation.

This information should be read in conjunction with the District's audited financial statements.

The information in the MDA includes the following elements:

- Organization and Business
- Overview of Basic Financial Statements
- Financial Analysis
- Capital Assets
- Economic Factors and Future Plans
- Request for Information

### **ORGANIZATION AND BUSINESS**

Sequoia Healthcare District is a governmental entity legally constituted as a special district under California law, and is located in Redwood City, California. Sequoia Healthcare District identifies local healthcare needs and collaboratively develops solutions. District tax revenues are used for programs and activities designed to achieve health, wellness and disease prevention in southern San Mateo County. Communities in the District include Redwood City, San Carlos, Belmont, Menlo Park, Woodside, Atherton and Portola Valley.

### **OVERVIEW OF BASIC FINANCIAL STATEMENTS**

The District's basic financial statements comprise the Government-Wide Statement of Net Position and Statement of Activities; the Governmental Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance; and the Proprietary Fund Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Assets, and Statement of Cash Flows; and the Notes to the Financial Statements.

#### ***Government-Wide Financial Statements***

Government-Wide Financial Statements utilize the economic resources measurement focus using the full accrual basis of accounting similar to commercial enterprises. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

# SEQUOIA HEALTHCARE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

---

For the current year the only difference between the Government-Wide Financial Statements and the Fund Financial Statements is the classification within the fund balances. Under GASB 34 board assigned reserves of fund balances are considered unrestricted. The Fund Financial Statements reduce the unrestricted portion of the fund balance by the amounts assigned for specific purposes by the District. Therefore, the following discussion and analysis will generally be equally applicable to the Government-Wide and Fund Financial Statements.

### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses Government and Proprietary fund accounting to ensure and demonstrate compliance with financial-related legal requirements. As indicated above, the Governmental Fund is used to account for the District's basic services and the Proprietary Fund is used to account for the District's leasing activity.

Governmental fund accounting uses a flow of current resources measurement focus and the modified accrual basis of accounting. Modified accrual accounting recognizes revenues when available for current operations, normally those revenues that will be received within 90 days of year end. For the current year, substantially all revenues receivable at year end were collected within the 90 day period resulting in no difference between modified and full accrual in these financial statements. Proprietary (Enterprise) fund accounting uses the full accrual basis of accounting.

The District's financial statements include:

### ***Balance Sheet***

The Governmental Fund Balance Sheet presents information on the District's assets and liabilities, with the difference between the two reported as fund balance. Over time, increases or decreases in fund balance may serve as a useful indicator of the financial health of the District. To assess the overall health of the District, achievement of the District's mission needs to be considered as well.

The Governmental Fund Balance Sheet provides detail of assets and liabilities and describes the components of the \$16.7 million fund balance.

### ***Statement of Revenues, Expenses, and Changes in Fund Balance***

While the balance sheet provides information about the nature and amount of resources and obligations at year-end, the Statement of Revenues, Expenditures, and Changes in Fund Balance presents the results of the District's operations over the course of the fiscal year and information as to how the fund balance changed over the year. This can be used as an indicator of the extent to which the District has successfully recovered its costs through user fees (rental income) or other funds received (tax revenues). All changes in fund balance are reported during the period on the modified accrual method of accounting which had no significant differences from full accrual accounting, in which the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

# **SEQUOIA HEALTHCARE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2013**

---

### ***Statement of Cash Flows***

The Proprietary Fund Statement of Cash Flows presents changes in cash and cash equivalents resulting from operational, capital, non-capital, and investing activities. This statement summarizes the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt and excludes non-cash accounting measures of depreciation or amortization of assets.

### ***Notes to Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to basic financial statements can be found following the financial statements in the audited financial statements.

### ***Other Information***

In addition to the basic financial statements and accompanying notes, this report may present certain required supplementary information comparing budget to actual results of operations. The District is not required to adopt an annual budget; however, during fiscal 2013 the District approved and adopted a budget.

## **FINANCIAL ANALYSIS**

### ***Financial Highlights***

- The government-wide total assets of the District exceed the total liabilities by \$17.4 million (net position) (Table 1).
- Net Position decreased by \$1,547,000 (Table 2).

### ***Financial Position***

During the year, the District's net position decreased by \$1,547,000. The net position includes \$16.7 million in unrestricted funds.

Tables 1 and 2 provide summarized Government-Wide comparative information reported by Fund statement classifications. The functional expenses are detailed on the Statement of Activities and consist of grants to the Sequoia Hospital and Community non-profit organizations and General Administration expenses.

# SEQUOIA HEALTHCARE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

### *Net Position*

**Table 1**  
**Comparative Statement of Net Position**  
**(in thousands)**

	2012-2013	2011-2012	Dollar Change	Percent Change
Current and Other Assets	\$ 18,636	\$ 19,874	\$ (1,238)	-6.23%
Capital Assets - Net	770	855	(85)	-9.94%
Total Assets	19,406	20,729	(1,323)	-6.38%
Current Liabilities	1,969	1,744	225	12.90%
Invested in Capital Assets	766	851	(85)	-9.99%
Unrestricted	16,671	18,133	(1,462)	-8.06%
Total Net Position	\$ 17,437	\$ 18,984	\$ (1,547)	-8.15%

### *Results of Operations*

The following table shows changes in the District's net assets for the year. The net asset classifications are on the fund basis showing the Board Assignments.

**Table 2**  
**Comparative Statement of Activities**  
**(in thousands)**

	2012-2013	2011-2012	Dollar Change	Percent Change
Revenues				
EBIDA	\$ 2,114	\$ 2,158	\$ (44)	-2.04%
Lease Income	41	39	2	5.13%
Tax	8,693	8,266	427	5.17%
Investment	125	426	(301)	-70.66%
Pension	2,800	2,500	300	100.00%
Total Revenues	13,773	13,389	384	2.87%
Expenditures				
Administrative	3,612	3,083	529	17.16%
Property	147	155	(8)	-5.16%
Grant	8,470	7,906	564	7.13%
Program	3,091	2,677	414	
Total Expenditures	15,320	13,821	1,499	10.85%
Change in Net Position	(1,547)	(432)	(1,115)	
Net Position beginning of Year	18,984	19,416	(432)	-2.22%
Net Position End of Year	\$ 17,437	\$ 18,984	\$ (1,547)	-8.15%

The District's total revenues and support of \$13.8 million for the year and total expenses of \$15.3 million resulted in a decrease of \$1.5 million.

# SEQUOIA HEALTHCARE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

---

The District's revenues and support are currently generated from three main categories: tax income (the District is apportioned a fraction of the 1 percent property Ad Valorem tax collected by the County of San Mateo), interest earned from investments, and a profit sharing arrangement with Sequoia Hospital. Revenues also include pension income of \$2.8 million, which is reimbursed by Dignity Health for funding of Sequoia Healthcare District's Employee Pension Plan. Note that an expense offset for the same amount is included on the expenses; therefore, pension activity has no bottom line impact.

The increase in operational expenses is due to activity in each of the following expense categories:

- Administrative: The pension expense is offset by pension income, which results in no bottom line impact; however, a Board election took place in 2012 resulting in an expense of \$197,869.
- Grants: Grants comprised the majority of the District's expenses for the year. The District supports various health care programs in the local community. Of all the grants, seven represent the majority of the expense. They include:
  1. Children's Health Initiative (CHI). San Mateo County created CHI for the provision of health insurance for children throughout the County who would otherwise not have access to care. The funds provided by Sequoia Healthcare District as a partner in this program are earmarked for District residents enrolled in the Children's Health Initiative insurance plan.
  2. Samaritan House. The purpose of this grant is to financially support Samaritan House Medical Clinic in Redwood City to provide clinical services for the medically underserved.
  3. Baccalaureate Nursing Program. The Nursing program is a ten-year grant program, in which the District will pay \$25,000 per student up to 40 students per year who attends the Bachelor of Science in Nursing Degree (BSN) program at Cañada College to offset the program's administrative costs in an effort to increase the number of nurses in this area to ensure a ready supply of nurses to serve District residents.
  4. Sequoia Hospital Foundation. This contribution is for Sequoia Hospital Homecoming program and the Sequoia Community Care program.
  5. Community Grants Program. Sequoia Healthcare District allocates funds to support qualified agencies, programs, and services that improve the health status of Sequoia Healthcare District residents. Under the law, Sequoia Healthcare District may provide assistance to health care programs, services, facilities, and activities at any location within or without the District for the benefit of the District and the people served by the District and to nonprofit provider groups and clinics functioning in the community in order to provide for adequate health services to communities served by the District. (California Health & Safety Code Sections 31212(j) and 32126.5).
  6. San Mateo Medical Center's Fair Oaks Medical Clinic for the purpose of covering the unreimbursed costs and related ancillary services (fees related to laboratory, radiology and specialty referrals) for indigent and uninsured patients at San Mateo Medical Center's Fair Oaks Medical Clinic. Additionally, the District also paid \$1 million toward their \$4.3 million pledge to rebuild the clinic.
  7. Ravenswood Health Center for clinic services for Belle Haven residents.

## **SEQUOIA HEALTHCARE DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2013**

---

In addition to providing grants, Sequoia Healthcare District operates two signature programs and employs staff to oversee the management of these programs. The two programs are:

- HeartSafe which provides lifesaving equipment including AEDs, Code Blue Towers and Lucas Devices throughout our District at sites such as schools, parks and libraries as well as arranges for instruction of teachers, government employees and others in CPR.
- Healthy School Initiative which offers a comprehensive school health model to area school districts providing resources related to school nursing, wellness programs, improved nutritional programs, increased physical education and fitness as well as mental health services.

#### **CAPITAL ASSETS**

During fiscal 2013, there were no major capital additions.

#### **ECONOMIC FACTORS AND FUTURE PLANS**

The Sequoia Healthcare District will continue to obtain revenues from property tax as well as a share of income over expenses from Sequoia Hospital. As a result, we anticipate a steady stream of income that will allow us to provide a minimum of \$9 million a year in community support in the years ahead without having to significantly reduce current reserves.

#### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances and demonstrate the District's accountability for the monies it receives. If you have any questions about this report or need additional information, please contact Sequoia Healthcare District, 525 Veterans Blvd. Redwood City, CA 94063.



# SEQUOIA HEALTHCARE DISTRICT

## STATEMENT OF NET POSITION JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 4,409,535	\$ -	\$ 4,409,535
Investments	14,202,784	-	14,202,784
Taxes Receivable	24,136	-	24,136
Capital Assets - Net	-	769,889	769,889
Total Other Assets	<u>18,636,455</u>	<u>769,889</u>	<u>19,406,344</u>
<b>Liabilities</b>			
Accounts Payable	16,353	-	16,353
Accrued Payroll	9,468	-	9,468
Grants Payable	1,939,692	-	1,939,692
Deposit Payable	-	3,165	3,165
Total Current Liabilities	<u>1,965,513</u>	<u>3,165</u>	<u>1,968,678</u>
<b>Net Position</b>			
Net Investment in Capital Assets	-	766,724	766,724
Unrestricted	16,670,942	-	16,670,942
Total Net Position	<u>\$ 16,670,942</u>	<u>\$ 766,724</u>	<u>\$ 17,437,666</u>

The accompanying notes are an integral part of these financial statements.

# SEQUOIA HEALTHCARE DISTRICT

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Governmental Activities:</b>						
Grant Expenses						
Grants to Community Non-Profit Organizations	\$ 8,410,916	\$ -	\$ -	\$ (8,410,916)	\$ -	\$ (8,410,916)
Grant Administration	58,725	-	-	(58,725)	-	(58,725)
<b>General Administration:</b>						
Administrative Services	494,521	-	-	(494,521)	-	(494,521)
Hospital Replacement Project	0	-	-	-	-	-
Insurance	131,197	-	-	(131,197)	-	(131,197)
Investment and Banking Fees	73,414	-	-	(73,414)	-	(73,414)
Legal	26,672	-	-	(26,672)	-	(26,672)
Office Supplies and Maintenance	6,621	-	-	(6,621)	-	(6,621)
Pension Contribution	2,800,000	-	2,800,000	-	-	-
Public Relations	80,509	-	-	(80,509)	-	(80,509)
Other Outgo	3,090,537	-	-	(3,090,537)	-	(3,090,537)
<b>Total Governmental Activities</b>	<b>15,173,112</b>	<b>-</b>	<b>2,800,000</b>	<b>(12,373,112)</b>	<b>-</b>	<b>(12,373,112)</b>
<b>Business Type Activities:</b>						
Leasing	146,909	40,944	-	-	(105,965)	(105,965)
<b>Total Business Activities</b>	<b>146,909</b>	<b>40,944</b>	<b>-</b>	<b>-</b>	<b>(105,965)</b>	<b>(105,965)</b>
<b>Total Primary Government</b>	<b>\$ 15,320,021</b>	<b>\$ 40,944</b>	<b>\$ 2,800,000</b>	<b>(12,373,112)</b>	<b>(105,965)</b>	<b>(12,479,077)</b>
<b>General Revenues:</b>						
Property Taxes				8,693,473	-	8,693,473
Return on Contributions - EBIDA				2,114,000	-	2,114,000
Interest and Investment Earnings				124,758	-	124,758
Transfers Between Funds				(20,768)	20,768	-
<b>Subtotal - General Revenue</b>				<b>10,911,463</b>	<b>20,768</b>	<b>10,932,231</b>
<b>Change in Net Position</b>				<b>(1,461,649)</b>	<b>(85,197)</b>	<b>(1,546,846)</b>
<b>Net Position - Beginning of Year</b>				<b>18,132,591</b>	<b>851,921</b>	<b>18,984,512</b>
<b>Net Position - End of Year</b>				<b>\$ 16,670,942</b>	<b>\$ 766,724</b>	<b>\$ 17,437,666</b>

The accompanying notes are an integral part of these financial statements.

# SEQUOIA HEALTHCARE DISTRICT

## GOVERNMENTAL FUND

### BALANCE SHEET

JUNE 30, 2013

---

	<u>General Fund</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 4,409,535
Investments	14,202,784
Taxes Receivable	24,136
Total Assets	<u>\$ 18,636,455</u>
<b>Liabilities</b>	
Accounts Payable	\$ 16,353
Accrued Payroll	9,468
Grants Payable	1,939,692
Total Liabilities	<u>1,965,513</u>
<b>Fund Balance</b>	
Assigned for construction, equipment and furniture	4,300,000
Unassigned	12,370,942
Total Fund Balance	<u>16,670,942</u>
Total Liabilities and Fund Balance	<u>\$ 18,636,455</u>

There were no reconciling items between the Governmental Fund Balance Sheet and the Statement of Net Position.

The accompanying notes are an integral part of these financial statements.

# SEQUOIA HEALTHCARE DISTRICT

## GOVERNMENTAL FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

YEAR ENDED JUNE 30, 2013

	<u>General Fund</u>
<b>Revenues</b>	
Tax Revenue	\$ 8,693,473
Prop 1A Revenue	622,336
Return on Contributions - EBIDA	2,114,000
Investment Income	75,112
Interest Income	49,646
Pension Reimbursement	2,800,000
Total Revenues	<u>14,354,567</u>
<b>Expenditures</b>	
Administrative Services	494,521
Grant Expenses	8,469,641
Insurance	131,197
Investment and Banking Fees	73,414
Legal	26,672
Office Supplies and Maintenance	6,621
Pension Contribution	2,800,000
Other Outgo	3,090,537
Public Relations	80,509
Total Expenditures	<u>15,173,112</u>
Excess of Expenditures Over Revenue	(818,545)
Transfers To Other Funds	<u>(20,768)</u>
Net Change in Fund Balance	(839,313)
Fund Balance - Beginning of Year	<u>17,510,255</u>
Fund Balance - End of Year	<u>\$ 16,670,942</u>

The accompanying notes are an integral part of these financial statements.

## SEQUOIA HEALTHCARE DISTRICT

### RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2013

---

Net change in fund balances - governmental fund	\$ (839,313)
---	--------------

Amounts reported for Governmental Activities in the Statement of Activities  
are different from those reported in the Governmental Funds above because of the following:

Proceeds from the collection of amounts receivable under Proposition IA are recorded as revenue in the statement of revenues, expenditures and change in fund balance but were recognized in a prior year in the statement of activities	<u>(622,336)</u>
Change in Net Position of Governmental Activities	<u>\$ (1,461,649)</u>

The accompanying notes are an integral part of these financial statements.

# SEQUOIA HEALTHCARE DISTRICT

## STATEMENT OF NET POSITION PROPRIETARY FUND JUNE 30, 2013

---

	<u>Enterprise Leasing Fund</u>
<b>Assets</b>	
Noncurrent Assets:	
Capital Assets	
Building and Improvements	\$ 1,762,512
Land	138,927
Land Improvements	144,158
Tenant Improvements	215,113
Furniture and Equipment	88,429
Less Accumulated Depreciation	<u>(1,579,250)</u>
Capital Assets - Net	<u>769,889</u>
<b>Liabilities</b>	
Deposits Payable	<u>3,165</u>
<b>Net Position</b>	
Net Investment in Capital Assets	<u>766,724</u>
Total Net Position	<u><u>\$ 766,724</u></u>

The accompanying notes are an integral part of these financial statements.

# SEQUOIA HEALTHCARE DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION PROPRIETARY FUND YEAR ENDED JUNE 30, 2013

---

	Enterprise Leasing Fund
<b>Operating Revenues</b>	
Rental Income	\$ 40,944
<b>Operating Expenses</b>	
Administrative Services	12,522
Depreciation	85,197
Insurance	1,662
Maintenance and Supplies	25,345
Utilities	22,183
Total Operating Expenses	146,909
Operating Loss Before Transfers	(105,965)
<b>Transfers In</b>	20,768
<b>Change in Net Position</b>	(85,197)
<b>Net Position - Beginning</b>	851,921
<b>Net Position - Ending</b>	\$ 766,724

The accompanying notes are an integral part of these financial statements.

# SEQUOIA HEALTHCARE DISTRICT

## STATEMENT OF CASH FLOWS PROPRIETARY FUND YEAR ENDED JUNE 30, 2013

---

	<b>Enterprise Leasing Fund</b>
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Tenants	\$ 40,944
Cash Paid to Suppliers	(61,712)
Net Cash Used for Operating Activities	<u>(20,768)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers from the General Fund	<u>20,768</u>
<b>Net Increase in Cash and Cash Equivalents</b>	-
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>-</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><u>\$ -</u></u>
<b>Reconciliation of Net Income to Net Cash Provided by Operating Activities</b>	
Loss from Operations	\$ (105,965)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	85,197
Net Cash Used by Operating Activities	<u><u>\$ (20,768)</u></u>

The accompanying notes are an integral part of these financial statements.



# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

---

### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

Sequoia Healthcare District (the District), formerly known as Sequoia Hospital District (the Hospital), was established in 1947 in accordance with the provisions of the Health and Safety Code of the State of California. The District is a governmental entity legally constituted as a special district under California law, and is located in Redwood City, California.

The District's primary mission as adopted by the Board is to improve the quality of life for District residents enhancing access to healthcare services and by supporting and encouraging programs and activities designed to achieve health, wellness, and disease prevention.

#### Basis of Presentation

The District's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Standards require that the financial statements described below be presented.

**Government-wide Statements:** The Statement of Net Position and the Statement of Activities display information about the primary government (the District). These statements include the financial activities of the overall District. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the District's funds. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

---

### Major Funds

The District's major governmental and proprietary funds are identified and presented separately in the fund financial statements.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The District may also select other funds it believes should be presented as major funds.

The District reported the following major funds in the accompanying financial statements:

**General Fund** - The general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**Proprietary Fund** - This enterprise fund accounts for the operation, maintenance and capital improvement projects for the building which are funded by rental income.

### Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

### Investments

Investments held at June 30, 2013 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end.

### Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

---

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

	Lives of Assets
Land and Building Improvements	15-20
Equipment and Furniture	3-5
Leasehold Improvements	Life of Lease
Improvements to Common Areas	3-5

### Property Tax Revenue

The District has the authority to collect taxes on property within its political subdivision. Taxes are received from the County of San Mateo, which has responsibility for their collection. The District received approximately 62% in 2012 and 59% in 2011 of its financial support from property taxes. Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments due November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31. The County of San Mateo bills and collects the taxes for the District. Tax revenues are recognized by the District when received.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruptions; errors and omissions; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Coverage is provided as follows:

Company Name	Type of Coverage	Limits
BETA Healthcare Group	Comprehensive Liability	\$ 5,000,000
BETA Healthcare Group	D & O Liability	5,000,000
Driver Alliant Insurance Services, Inc.	Property	1,000,000,000
State Compensation Insurance Fund	Workers' Compensation	1,000,000

### Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the fiscal year 2009-10 budget package passed by the California State legislature on July 28, 2009, the State of California borrowed 8% of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fees, triple flip in lieu sales taxes, and supplemental property taxes, apportioned to the District. The State repaid the \$622,336 it borrowed from the District, plus interest, during the year ended June 30, 2013.

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

---

### NOTE 2 – DEPOSITS AND INVESTMENTS

#### Summary of Deposits and Investments

Deposits and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Governmental Activities	\$ 18,612,319
-------------------------	---------------

Deposits and investments as of June 30, 2013, consist of the following:

Cash on Hand and in Banks	\$ 4,409,535
Investments	14,202,784
Total Deposits and Investments	<u>\$ 18,612,319</u>

#### Policies and Practices

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the District's name and places the District ahead of general creditors of the institution.

The District invests in individual investments. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the District employs the Trust Department of a bank as the custodian of certain District managed investments, regardless of their form. The District's investments are carried at fair value, as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

The District considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist principally of money market accounts and short term certificates of deposit.

The District is in compliance with the Board approved Investment Policy and California Government Code requirements.

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

---

### General Authorizations

Limitations as they relate to interest rate risk and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

### Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months
U.S Treasuries	\$ 5,925,979	\$ 3,241,825	\$ 982,214	\$ 1,701,940
U.S Agencies	3,654,550	1,063,878	-	2,590,672
Municipal Bonds	917,602	411,621	-	505,981
Corporate Bonds	3,704,653	1,049,171	1,006,269	1,649,213
Total	<u>\$ 14,202,784</u>	<u>\$ 5,766,495</u>	<u>\$ 1,988,483</u>	<u>\$ 6,447,806</u>

### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the Districts' investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Fair Value	Not Required To Be Rated	S&P Rating as of Year End		
			AAA	AA+	AA
U.S Treasuries	\$ 5,925,979	\$ 5,925,979	\$ -	\$ -	\$ -
U.S Agencies	3,654,550	-	268,690	3,385,860	-
Municipal Bonds	917,602	-	205,633	405,524	-
Corporate Bonds	3,704,653	-	343,755	236,864	202,128
Total	<u>\$ 14,202,784</u>	<u>\$ 5,925,979</u>	<u>\$ 818,078</u>	<u>\$ 4,028,248</u>	<u>\$ 202,128</u>

Investment Type	S&P Rating as of Year End			
	AA-	A+	A	A-
U.S Treasuries	\$ -	\$ -	\$ -	\$ -
U.S Agencies	-	-	-	-
Municipal Bonds	99,499	-	206,946	-
Corporate Bonds	-	1,356,851	955,622	609,433
Total	<u>\$ 99,499</u>	<u>\$ 1,356,851</u>	<u>\$ 1,162,568</u>	<u>\$ 609,433</u>

# **SEQUOIA HEALTHCARE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

---

### **Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, 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 trust deed 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. As of June 30, 2013 the total carrying amount was \$4,409,535 with a corresponding bank balance of \$4,561,833. The District's bank balance of \$4,061,833 was exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

### **Custodial Credit Risk – Investments**

The custodial risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District manages custodial risk by investing its assets in County and State investment pools. The California government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial risk for investments.

### **NOTE 3 - COMMITMENTS**

The District has approved conditional grants, not yet paid, for various projects. Conditional grants are only recognized when the conditions on which they depend are substantially met. The following grants have been approved but not yet recognized.

The Ravenswood Family Health Center is to receive a \$500,000 grant annually through fiscal year ending June 30, 2015.

The San Mateo County Children's Health Initiative is to receive a maximum of \$1,350,000 annually through fiscal year ending June 30, 2014. The annual payments have been made through the fiscal year 2012-2013.

The District has approved a contract with San Francisco State University to pay a maximum of \$1,000,000 each year based on the enrollment of students in the Sequoia Hospital/SFSU Baccalaureate Nursing Program at Canada College. The District will pay \$25,000 per enrollee for up to forty enrollees per year. The payment shall be made in July of each year for the students admitted for class beginning in August of the same year. The last payment of this commitment shall occur in July 2013.

The remaining \$3.3 million pledged for the rebuild of the San Mateo Medical Center's Fair Oaks Medical Clinic is scheduled to be paid in 2013-14.

# SEQUOIA HEALTHCARE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

### NOTE 4 – CAPITAL ASSETS

Activity in capital assets for the year ended June 30, 2013 was as follows:

	Beginning Balance June 30, 2012	Current Year Additions	Current Year Deletions	Ending Balance June 30, 2013
Land	\$ 138,927	\$ -	\$ -	\$ 138,927
Land Improvements	144,158	-	-	144,158
Buildings & Improvements	1,762,512	-	-	1,762,512
Tenant Improvements	215,113	-	-	215,113
Equipment	60,169	-	-	60,169
Furniture	28,260	-	-	28,260
Total	2,349,139	-	-	2,349,139
Less Accumulated Depreciation	1,494,053	85,197	-	1,579,250
Capital Assets - Net	\$ 855,086	\$ (85,197)	\$ -	\$ 769,889

### NOTE 5 – LEASES (RENTAL INCOME)

In October, 2009, the District rented out a part of its building to a tenant and entered into a long-term lease. The District received rental income of \$3,165 monthly on the first year lease which increases up to \$4,004 monthly at the seventh year.

Fiscal Year Ended	Rental Income
2014	\$ 42,581
2015	44,285
2016	46,056
2017	47,898
2018	4,004
Total	\$ 184,824



# **SEQUOIA HEALTHCARE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

---

### **NOTE 6 – PENSION PLAN**

Prior to October 1, 1996, the District maintained two pension plans, a defined contribution plan and a defined benefit plan. The defined contribution plan was formed under Internal Revenue Service code section 457(b) and is titled the Master Deferred Compensation Plan. The defined benefit plan is titled the Sequoia Healthcare District Employee Pension Plan.

#### **Deferred Compensation Plan**

The Master Deferred Compensation Plan allowed covered employees to contribute a portion of their pre-tax earnings to the plan. These contributions, called deferrals and the earnings on these deferrals remain in the plan, and are not taxable to the participants until they are withdrawn. Deferrals ceased as of September 30, 1996. The assets of the plan are invested in group annuity contracts held by and in the name of a trust established for this purpose and mutual funds, which are subject to stock market risks associated with price changes.

#### **The Sequoia Healthcare District Pension Plan**

The Sequoia Healthcare District Employee Pension Plan, adopted on January 1, 1959, as amended is a defined benefit plan. The plan was last amended on August 19, 1998. The employer made contributions to the plan for the benefit of covered employees, the participants. Effective October 1, 1996 all benefit accruals under the plan were suspended indefinitely, provided however that vesting services credit will continue to accrue for participants who continue to be employed. Benefits are distributed to participants when they retire in accordance with the terms of the plan, based on certain actuarial computations. As stated in Note 1, the liability for this plan was assumed by Sequoia Health Services. The plan cannot be transferred to Sequoia Health Services. The District remains contingently liable for funding of the plan in the event of default by Sequoia Health Services. Based on the advice of the plan actuary, the Pension Plan Committee determined that the plan should be funded in the amount of \$2,800,000 for calendar year 2013. The District has funded the \$2,800,000 additional contribution to the plan and Sequoia Health Services has reimbursed this amount to the District.

### **NOTE 7 – EMPLOYEE RETIREMENT SYSTEM**

As established by Federal law, all public sector employees who are not members of a retirement system such as the state Public Employee Retirement System must be covered by social security or an alternate plan. The District has elected to use Social Security to cover its five employees. Statutory rates are paid by the employee and the District.

### **NOTE 8 – ECONOMIC RETURN**

Pursuant to the Development Agreement executed on December 7, 2007 with Catholic Healthcare West (now known as Dignity Health), the District is entitled to an economic return on its contribution which equals 50% of annual Sequoia Hospital Operating Earnings Before Interest Expense, Depreciation and Amortization (EBIDA) exceeding an aggregate 9.3% annual Operating EBIDA Margin (the Return Formula). The District shall be entitled to an economic return pursuant to the Return Formula through December 7, 2047.

During the fiscal year ended June 30, 2013 the District received \$2,114,000 from Dignity Health representing the Return Formula Payable for fiscal year ended June 30, 2012.

### **Required Supplementary Information**

# SEQUOIA HEALTHCARE CARE DISTRICT

## GENERAL FUND BUDGETARY COMPARISON SCHEDULE JUNE 30, 2013

	Budgetary Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues</b>				
Tax Revenue	\$ 8,600,000	\$ 8,600,000	\$ 8,693,473	\$ 93,473
Investment Income	400,000	400,000	75,112	(324,888)
Interest Income	7,600	7,600	49,646	42,046
Pension Income	2,600,000	2,600,000	2,800,000	200,000
Return on Investment - EBIDA	2,100,000	2,100,000	2,114,000	14,000
Total Revenues	13,707,600	13,707,600	13,732,231	24,631
<b>Expenditures</b>				
Administration Expense	230,000	230,000	221,415	8,585
Board Health Insurance	60,000	60,000	60,860	(860)
Employee Health Insurance	26,000	26,000	36,526	(10,526)
Employee Retirement Benefit	17,000	17,000	15,653	1,347
Investment Fees	55,000	55,000	73,378	(18,378)
Office Supplies/Equipment Maintenance	7,500	7,500	6,621	879
Purchased Services	1,000	1,000	-	1,000
Accounting Fees	27,000	27,000	24,000	3,000
Board Expense	10,000	10,000	5,346	4,654
Association/Membership Fees	15,000	15,000	10,300	4,700
Public Relations	50,000	50,000	50,400	(400)
Communications	25,000	25,000	30,109	(5,109)
Web Site/IT	22,000	22,000	28,092	(6,092)
Pension Plan Expense	2,600,000	2,600,000	2,800,000	(200,000)
Insurance/D&O	21,000	21,000	18,158	2,842
LAFCO Fees	7,000	7,000	7,509	(509)
Legal Fees	25,000	25,000	26,672	(1,672)
Bank Fees	100	100	36	64
Grant Expenses	70,000	70,000	58,725	11,275
Children's Health Initiative	1,350,000	1,350,000	1,350,000	-
SFSU Nursing Program	1,000,000	1,000,000	1,000,000	-
Samaritan House Medical Clinic	612,000	627,000	618,352	8,648
Other Grants	20,000	20,000	20,577	(577)
San Mateo Medical Center	2,000,000	2,000,000	3,000,000	(1,000,000)
Ravenswood-Belle Haven Clinic	500,000	500,000	500,000	-
Community Grants Program	1,340,000	1,340,000	1,340,000	-
Sequoia Hospital Foundation Match	630,166	630,166	505,156	125,010
Sequoia Hospital Foundation Match	20,000	20,000	16,821	3,179
Chronic Disease Management	60,000	60,000	60,000	-
HeartSafe Program	200,000	200,000	167,793	32,207
School Health Program	2,900,000	2,900,000	2,922,744	(22,744)
Total Expenditures	14,060,766	14,075,766	15,173,112	(1,097,346)
<b>Deficiency of Revenues Over Expenditures</b>	(353,166)	(368,166)	(1,440,881)	(1,072,715)
<b>Transfer to Proprietary Fund</b>	-	-	(20,768)	(20,768)
<b>Fund Balance - Beginning of Year</b>	18,132,591	18,132,591	18,132,591	-
<b>Fund Balance - End of Year</b>	\$ 17,779,425	\$ 17,764,425	\$ 16,670,942	\$ (1,093,483)

## **Supplementary Information**

**SEQUOIA HEALTHCARE DISTRICT****PROPRIETARY FUND  
BUDGETARY COMPARISON SCHEDULE  
JUNE 30, 2013**

	Budgetary Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues</b>				
Rental Income	\$ 41,076	\$ 41,076	\$ 40,944	\$ (132)
<b>Expenditures</b>				
Administration Expense	-	-	12,522	(12,522)
Maintenance - Property	25,000	25,000	25,345	(345)
Utilities	20,000	20,000	22,183	(2,183)
Insurance - Properties	2,000	2,000	1,662	338
Depreciation	100,000	100,000	85,197	14,803
Total Expenditures	147,000	147,000	146,909	91
<b>Excess of Revenues Over Expenditures</b>	(105,924)	(105,924)	(105,965)	(41)
<b>Transfer from General Fund</b>	-	-	20,768	20,768
<b>Fund Balance - Beginning of Year</b>	851,921	851,921	851,921	-
<b>Fund Balance - End of Year</b>	\$ 745,997	\$ 745,997	\$ 766,724	\$ 20,727

# SEQUOIA HEALTHCARE DISTRICT

## ALL FUNDS

## BUDGETARY COMPARISON SCHEDULE

JUNE 30, 2013

	<u>Budgetary Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>				
Rental Income	\$ 41,076	\$ 41,076	\$ 40,944	\$ (132)
Tax Revenue	8,600,000	8,600,000	8,693,473	93,473
Investment Income	400,000	400,000	75,112	(324,888)
Interest Income	7,600	7,600	49,646	42,046
Pension Income	2,600,000	2,600,000	2,800,000	200,000
Return on Investment - EBIDA	2,100,000	2,100,000	2,114,000	14,000
Total Revenues	<u>13,748,676</u>	<u>13,748,676</u>	<u>13,773,175</u>	<u>24,499</u>
<b>Expenditures</b>				
Administration Expense	230,000	230,000	233,937	(3,937)
Board Health Insurance	60,000	60,000	60,860	(860)
Employee Health Insurance	26,000	26,000	36,526	(10,526)
Employee Retirement Benefit	17,000	17,000	15,653	1,347
Investment Fees	55,000	55,000	73,378	(18,378)
Office Supplies/Equipment Maintenance	7,500	7,500	6,621	879
Purchased Services	1,000	1,000	-	1,000
Accounting Fees	27,000	27,000	24,000	3,000
Board Expense	10,000	10,000	5,346	4,654
Association/Membership Fees	15,000	15,000	10,300	4,700
Public Relations	50,000	50,000	50,400	(400)
Communications	25,000	25,000	30,109	(5,109)
Web Site/IT	22,000	22,000	28,092	(6,092)
Pension Plan Expense	2,600,000	2,600,000	2,800,000	(200,000)
Insurance/D&O	21,000	21,000	18,158	2,842
Election Fees	160,000	160,000	197,869	(37,869)
LAFCO Fees	7,000	7,000	7,509	(509)
Legal Fees	25,000	25,000	26,672	(1,672)
Bank Fees	100	100	36	64
Grant Expenses	70,000	70,000	58,725	11,275
Children's Health Initiative	1,350,000	1,350,000	1,350,000	-
SFSU Nursing Program	1,000,000	1,000,000	1,000,000	-
Samaritan House Medical Clinic	612,000	627,000	618,352	8,648
Other Grants	20,000	20,000	20,577	(577)
San Mateo Medical Center	2,000,000	2,000,000	3,000,000	(1,000,000)
Ravenswood-Belle Haven Clinic	500,000	500,000	500,000	-
Community Grants Program	1,340,000	1,340,000	1,340,000	-
Sequoia Hospital Foundation Match	630,166	630,166	505,156	125,010
Chronic Disease Management	20,000	20,000	16,821	3,179
SMART Program Grant	60,000	60,000	60,000	-
Maintenance - Property	25,000	25,000	25,345	(345)
Utilities	20,000	20,000	22,183	(2,183)
Insurance - Properties	2,000	2,000	1,662	338
Depreciation	100,000	100,000	85,197	14,803
HeartSafe Program	200,000	200,000	167,793	32,207
School Health Program	2,900,000	2,900,000	2,922,744	(22,744)
Total Expenditures	<u>14,207,766</u>	<u>14,222,766</u>	<u>15,320,021</u>	<u>(1,097,255)</u>
<b>Deficiency of Revenue Over Expenditures</b>	<b>(459,090)</b>	<b>(474,090)</b>	<b>(1,546,846)</b>	<b>(1,072,756)</b>
<b>Fund Balance - Beginning of Year</b>	<b>18,984,512</b>	<b>18,984,512</b>	<b>18,984,512</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ 18,525,422</b>	<b>\$ 18,510,422</b>	<b>\$ 17,437,666</b>	<b>\$ (1,072,756)</b>

## **Compliance**







**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 *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Sequoia Healthcare District  
Redwood City, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sequoia Healthcare District as of and for the year ended June 30, 2013, which collectively comprise the Sequoia Healthcare District's basic financial statements and have issued our report thereon dated November 19, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Sequoia Healthcare District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sequoia Healthcare District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sequoia Healthcare District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Sequoia Healthcare District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California  
November 19, 2013

## SEQUOIA HEALTHCARE DISTRICT

### SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2013

---

#### FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>No</u>
Noncompliance material to financial statements noted?	<u>No</u>

**SEQUOIA HEALTHCARE DISTRICT**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

None reported.

Agenda Item No. 5. B.

Board of Directors Meeting

Date 12-4-13

### Executive Summary

In June 2012, the Sequoia Healthcare District awarded Sequoia Hospital Foundation two grants. The first provided “incubator funding” to explore the design and development of a Community Continuing Care Program. The second grant was to expand the existing Sequoia Hospital Homecoming Program to meet current and anticipated volumes resulting from a new design. This final report is intended to share the outcomes of these grants with the Sequoia Healthcare District Board.

#### Accomplishments:

A Program consultant experienced in “community-based care efforts” was engaged to guide our work.

A Steering Committee, made up of decision-makers from Sequoia Hospital’s leadership team, the Sequoia Healthcare District, Pathways family of services, Peninsula Family Service, Peninsula Volunteers, Samaritan House, the San Mateo County Fall Prevention Task Force and the Ravenswood Clinic, conducted a data-driven design process.

Seven sub-committees of members of the Steering Committee worked together on a regular basis for five months.

The Steering Committee proposed the Sequoia Community Care ...across the Continuum (SCC) program to provide an integrated and coordinated system for patients, their primary care physicians, and their caregivers to identify, evaluate and access the services they require to maintain good health, better manage chronic conditions and safely transition from hospital to home.

The phase one action plan focused on leveraging current capabilities and relationships as well as building the infrastructure to ensure growth, expand offerings, streamline communication among providers, organize care delivery and support referrals from case managers, physicians, the hospital emergency department team and community members.

The Sequoia Hospital Health & Wellness Center is positioned as the “HUB” through which the program components of the SCC will be organized. This includes program leadership and accountability; standardization and consistency around intake, referral, care development and delivery of care; quality control and outcome tracking; management of electronic connectivity among service providers.

Two essential components that must be addressed to ensure program success were identified. Fund raising is currently being conducted by the Sequoia Hospital Foundation in order to address these key SCC program needs.

- An IT solution must be identified, purchased and implemented to allow for efficient communication and organization among providers as well as to reduce duplication. Freed Associates were hired and led a process of software vendor evaluation and identification of a software product to address the needs of the SCC HUB and partners, while adhering to Dignity Health information technology standards. The outcome of the four month process of analysis of commercially available vendor solutions was the identification and selection of two finalists by the Steering Committee.

- A Transitional Care Nurse must be hired to assume leadership and accountability for coordinating the care and services for the beneficiaries who are enrolled in the SCC program.

As designed, Sequoia Community Care (SCC) is a referral-based program with “at risk” individuals identified by case managers and social workers at Sequoia Hospital as well as primary care physicians throughout the community. Our goal is to provide a personalized connection with these individuals to assist them in learning how to make the most of their own resources and those resources available within our community so their health is maintained and they don’t relapse for preventable reasons. For the purposes of this program “at risk” individuals are those who are age fifty and above, live in Atherton, Belmont, Menlo Park, Portola Valley, Redwood City, San Carlos, Southern San Mateo or Woodside AND meet at least one of the following:

- Live at home with limited or no community support
- Require assistance with medication management
- Require assistance with activities of daily living
- Have three or more chronic conditions
- Take six or more medications
- Have had multiple hospital admissions

The following cases represent very real examples of those the Sequoia Community Care program aims to serve.

**Mr. Smith** is self-employed and lives alone with no immediate family and limited social support. He slipped and fell in his home causing a fracture of his left hip. When discharged from the hospital, a referral was made to Sequoia Community Care which provided case coordination to help Mr. Smith access the community services necessary to successfully transition back to his own home and prevent readmission to the hospital.

- An in-home assessment was conducted.
- 20 hours of private duty care in the home was provided to insure Mr. Smith’s safe return to independence.
- Transportation to/from allied services was arranged.
- Delivery of 7 nutritious meals each week for 30 days was arranged.
- Follow-up phone meetings with the RN Case Manager were held.
- Mr. Smith was provided with information and assistance in submitting a Medi-Cal application.

Mr. Smith was able to stay in his own home with no readmission to the hospital.

“I didn’t know what I was going to do when I got home. I just knew I needed to get out of the hospital as fast as possible because of the cost. I was also stressed about not being able to work for awhile. Then, when I got home it dawned on me that I needed to get the basics done like pick-up my meds and eat! That’s when Nurse Linda called. She not only hooked up food service, she got me a ride to the pharmacy and on top of that someone to help me with chores. Thanks to her and the team I got through a scary time. Thank you Sequoia and Nurse Linda.”

**Mrs. Jones** is retired and lives with her brother for whom she is the primary care giver. She recently presented at Sequoia’s Emergency Department with complaints of dizziness. During her evaluation and

treatment in the Emergency Department, a referral was made to the Sequoia Community Care program. Case coordination was requested to help Mrs. Jones identify and access the community services necessary to successfully transition back to her own home and prevent a hospital admission.

- An in-home assessment was conducted.
- 20 hours of private duty care in the home should be provided to insure Mrs. Jones' return to independence.
- Delivery of 7 nutritious meals each week for 30 days was arranged.
- Health coaching and follow-up phone meetings with the Case Manager were held.

Mrs. Jones was able to stay in her home with no admission to the hospital and continues to attend a caregiver support group as well as diabetes follow-up education classes.

"I just felt so tired all the time and didn't know what to do about it. I now know I was not taking care of myself. I am learning to eat better to control my diabetes. I also have a nice group that I go to that helps me with my depression."

Caring Community Grants 2014

Proposal to the SHD Board

December 4, 2013

## I. Overview

The grants committee met twice (October and November) in preparation of the 2014-15 grants cycle to determine the grants procedures, selection criteria, and priorities for the new funding cycle. Minor changes were made to our current Letter of Intent (LOI) and selection criteria for both the LOI and full application and new funding priorities are being proposed that effectively align with the District's new strategic plan.

**Committee:** The current committee is comprised of the following members:

*SHD Board members:* Kim Griffin, Katie Kane; *Community members:* Tom Mohr, Peter Burchyns, Ruth West, Marie Violet; *SHD Staff:* Pamela Kurtzman, Lee Michelson

**Timeline:** A timeline has been established. Public information sessions will be held in January. *The timeline is attached for your review.*

**Procedure:** We will continue to use a two-step process; Letter of Intent and then full application. *The LOI is attached for your review.*

**Selection Criteria:** A selection criteria and scoring system has been established for both the LOI and full application. *The selection criteria and scoring form are attached for your review.*

## II. Board Action: Approval of the proposed funding priority areas is requested

Three priority areas are being proposed. These are:

1. Active and Healthy Living
2. Preventive Healthcare Services
3. Treatment of Priority Health Conditions

*The Priority Areas, including strategic focus areas and key objectives, are attached for your review along with a PowerPoint presentation.*



## Sequoia Healthcare District Caring Community Grants

### Timeline 2014

<b>Oct. 30, 2013</b> First Grants Committee meeting	Discuss committee purpose, provide framework for meetings, determine selection criteria, create options for Board (the Board will make final decisions), set tentative priorities, set action calendar, and provide additional info as needed.
<b>Nov. 8, 2013</b> Second Grants Committee meeting	Conclude unfinished work from meeting 1
<b>November</b>	Review and update packet which includes; written guidelines, FAQ, letter of intent form, application form, scope of change form, mid-year reporting form and final reporting form
<b>December 4</b> Board meeting	Present grants program options, seek approval
<b>Late December</b>	Publicize upcoming informational meetings
<b>January 7 (Tues)</b> at 9:30 <b>January 9 (Thurs)</b> at 4p	Hold informational meetings with agencies and give out packets
<b>February 10, 14</b> 2014	Receive and conduct initial review of letters of intent due Feb 10. Distribute to committee by Feb 14th
<b>February 21,</b> 2014	Hold committee meeting to discuss and select letters of intent
<b>Late February- Early March</b>	Notify grantees whether or not they have been selected for full proposal
<b>March 28, 2014</b>	Receive and review applications. Distribute to committee
<b>April</b>	Meet with committee to review and select recommended grants
<b>May special Board meeting</b>	Present list for approval at Board meeting
<b>May</b>	Notify grantees of their approval and grant amount. If needed send scope of change form
<b>June</b>	Prepare grant agreements and mail to agencies
<b>By July 1</b>	Send first half checks with reporting form

## Letter of Intent: Initial Application

The Community Grants Program of Sequoia Healthcare District (SHD) has identified the following as priority outcome areas: **1) Active and Healthy Living 2) Preventive Healthcare Services 3) Treatment of Priority Health Conditions.** Please refer to SHD's Information Packet for the Caring Community Grants Program for a full description of these outcomes.

Sequoia Healthcare District seeks qualified agencies to help achieve the above outcomes. All prospective grantees are asked to complete and submit this Letter of Intent to Pamela Kurtzman (contact information below), by 5 pm, Feb 10, 2013. After the District reviews your LOI, you will be notified whether or not if you will be asked to submit a full application. If so, a full application form will be mailed to you, and will due March 28, 2014. Please complete the following information.

### Executive Summary

1. Name of organization: \_\_\_\_\_
2. Program Director: \_\_\_\_\_ Title: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_
3. Name of program for which you seek funding: \_\_\_\_\_
4. Is this a new program or an existing program:  
☐ NEW  
☐ EXISTING (if existing, for how many years) \_\_\_\_\_
5. Specific outcomes you hope to achieve:
6. How many District residents will this program serve: \_\_\_\_\_ How many non-residents: \_\_\_\_\_
7. Amount requested from SHD: \_\_\_\_\_
8. Total cost of program: \_\_\_\_\_

## Organizational Overview

1. What year was your organization incorporated: \_\_\_\_\_
2. Is it an Independent organization or chapter of national organization: \_\_\_\_\_
3. Are you a 501-c-3 organization or government agency: \_\_\_\_\_
4. Mission statement:
5. Service area: \_\_\_\_\_
6. Number of programs your organization offers: \_\_\_\_\_
7. Number of clients your organization serves annually: \_\_\_\_\_
8. Name of CEO: \_\_\_\_\_
9. What year did your CEO become CEO: \_\_\_\_\_ Please submit short bio.
10. Name of Board President: \_\_\_\_\_
11. Number of Board members: \_\_\_\_\_
12. Number of full-time employees: \_\_\_\_\_
13. Number of part-time employees: \_\_\_\_\_
14. Number of volunteers: \_\_\_\_\_

## Funding Request

15. Which SHD priority area does your program serve (select all that apply):

\_\_\_\_\_ Active and Healthy Living  
\_\_\_\_\_ Preventive Healthcare Services  
\_\_\_\_\_ Treatment of Priority Health Conditions

16. Is this a new request to SHD, or a renewal of a program District is currently funding:

☐ NEW

- RENEWAL- currently being funded

**17. Is this grant request for your agency alone, or for a collaborative of agencies:**

- Own agency request
- Collaborative request
  - If collaborative, with whom? \_\_\_\_\_

**18. Basic description of the program. Include what is unique or special about your approach (*Please limit answer to 3 paragraphs*):**

**19. Approximately how many units of service will each participant receive: \_\_\_\_\_**

- How do you define a unit of service:

**20. Why do you think that this program is needed at this time (*Please limit your answer to 2 paragraphs*):**

**21. What evidence do you have that indicates that this program will effectively address the problem stated above? For new programs you may want to indicate what research that you have done that has led you to this conclusion (*Please limit your answer to 2 paragraphs*):**

**\*\* Please attach a roster of your Board of Directors**

**Submit no later than Monday, February 10, 2014 to:**

Pamela Kurtzman: [pkurtzman@sequoiahealthcaredistrict.com](mailto:pkurtzman@sequoiahealthcaredistrict.com)

525 Veterans Boulevard, Redwood City, CA 94063

Office: 650 421-2155 x 203 Fax: 650 421-2159

Hard copy or email is acceptable. Please note that late applications will not be accepted.

## Caring Community Grants Program 2014-15

### Criteria for Determining Whether to Move an Applicant from Step 1 to Step 2

- Org Name: \_\_\_\_\_
- Amount Requested: \_\_\_\_\_
- Name of program for this funding request: \_\_\_\_\_
- NEW ☐ RENEWAL ☐

The criteria for determining whether to move an applicant from Step 1 (Letter of Intent) to Step 2 (Full Application) are listed in the table below. Please rate the degree to which the applicant satisfies the criteria using a scale from 1 to 6 (6 meets all that criteria). The maximum number of points that may be earned is **48**. Applicants with less than a score of **30** will not be asked to submit a full proposal.

<i>Criteria</i>	<i>Score 1-6</i>	<i>Comments</i>
The organization appears to be financially strong and stable		
Program addresses a current health problem and unmet need and/or Compliments current program services		
The project relates to one or more of our three priority areas		
The program will serve an appropriate number of District Residents		
The program design appears to be well thought out and doable within the budget requested and the grant year ending June 30, 2014		
The cost per unit of service appears reasonable and appropriate		
The program outcomes appear to be specific, measureable, and evidence based.		
The program shows promise of success		
Total Score (out of 48)		
Request full proposal?    Yes <input type="checkbox"/> No <input type="checkbox"/> Other action?		

## Sequoia Healthcare District Caring Community Grants

### Proposed Selection Criteria for Full Application 2014

1. **Agency Providing Service(s).** Only health-related agencies that are 501c3 charitable organizations or government agencies serving the residents within the boundaries of the Sequoia Healthcare District may apply.

The agency, collaborators, and program staff must be well suited to the program or service. If a new program, agency must demonstrate sufficient evidence that their program is needed and their approach is most effective. If established, agency must demonstrate an ongoing record of accomplishments that have positively impacted the health of those it serves. If the project is collaborative, the agencies have complementary and integrated expertise, leadership, approach, governance and organizational structure appropriate for the program/ service.

2. **Overall Impact-** The program or service will exert a sustained and powerful impact on the health of the individuals it serves.
3. **Reach-** The program serves a significant number of residents. If it serves a limited number then it must deeply impact the individuals' health/quality of life.
4. **Measurable Outcomes-** The evaluation component is clearly defined, the program is evidence-based, and the agency demonstrates the capacity to evaluate outcomes, strategies, and impact
5. **Significance-** The proposal addresses an identified priority, important health problem or a critical barrier to healthcare and addresses one or more of the District's 3 priority areas.
6. **Approach-** The applicant must demonstrate that their overall strategy, method of delivery, and analyses is well-reasoned and appropriate to accomplish the specific aims of the program or service.
7. **Financial Stability-** The organization appears to be financially strong and stable and has other sources of funding for the program.
8. **Feasibility-** The program design is well thought out and appears to be doable within the budget requested and timeframe described. The cost per unit of service appears reasonable and appropriate.

#### Key questions considered in determining selection criteria:

1. *Severity:* How detrimental are the consequences for not funding the program or service?
2. *Magnitude:* How many District residents are affected?
3. *Disparities:* Are our most vulnerable populations worse off?
4. Are there existing promising approaches to meeting the health need?
5. Can SHD make a meaningful contribution?

# Sequoia Healthcare District Caring Community Grants










## PRIORITY FUNDING AREAS 2014 (Proposed)

<b>I. Active and Healthy Living</b>	
<b>Strategic Focus</b>	<i>To enhance the overall health of District residents and reduce chronic disease risk by supporting programs that provide opportunities for physical activity, nutrition education and health literacy, and access to nutritious foods</i>
<b>Key Indicators</b> <i>(major health concerns)</i>	<b>Proportion of District residents experiencing:</b> <ol style="list-style-type: none"> <li>1. Unhealthy bodyweight</li> <li>2. Type II Diabetes</li> <li>3. High Blood Pressure</li> <li>4. Cardiovascular Disease</li> <li>5. Stress and poor emotional health</li> <li>6. Certain cancers</li> <li>7. Poor nutritional status</li> <li>8. Poor health literacy</li> </ol>
<b>Key Objectives</b>  <i>Health literacy is a cornerstone of each of the Impact areas</i>	<ol style="list-style-type: none"> <li>1. Increase knowledge and literacy regarding nutrition</li> <li>2. Increase knowledge and literacy on key health topics</li> <li>3. Increase food provision (e.g. meals served, delivered) and increase access to nutritious food</li> <li>4. Increase opportunities for participation in physical fitness activities and weight management classes</li> <li>5. Increase literacy of stress and emotional health</li> <li>6. Increase reports of improved quality of life</li> </ol> <p><b>**Sequoia Healthcare District will seek innovative and data-driven approaches to meet the above objectives</b></p>
<b>Potential Strategies</b>	<ul style="list-style-type: none"> <li>☞ District residents needing food security will be identified by service providers</li> <li>☞ District residents will have increased access to food, through activities such as:               <ul style="list-style-type: none"> <li>○ Mobile food banks/food delivery services</li> <li>○ Farmers markets</li> <li>○ Soup lines</li> <li>○ Food “throw away” rescue</li> </ul> </li> <li>☞ District residents will receive application assistance for WIC and Cal Fresh</li> <li>☞ District residents will have access to recreation and physical fitness programs/ classes</li> <li>☞ Health educators will:               <ul style="list-style-type: none"> <li>○ Provide group presentations</li> <li>○ Provide one-on-one sessions</li> <li>○ Provide peer support</li> <li>○ Lead workshops/classes</li> </ul> </li> </ul>
<b>Priority Populations</b>	<ul style="list-style-type: none"> <li>☞ Vulnerable populations               <ul style="list-style-type: none"> <li>▪ Children</li> <li>▪ Elderly</li> <li>▪ Low income/underserved</li> <li>▪ Homeless</li> <li>▪ Homebound</li> <li>▪ Undernourished</li> </ul> </li> </ul>

## 2. Preventive Healthcare Services

Strategic Focus	<i>To prevent the onset of disease or worsening of chronic diseases amongst District residents by providing access to disease screenings, health education and access to preventive health care services</i>
Key Indicators (major health concerns)	<p>Proportion of District residents lacking access to:</p> <ol style="list-style-type: none"> <li>1. Immunizations</li> <li>2. Mental health screenings</li> <li>3. Prenatal care</li> <li>4. Reproductive healthcare/ screenings</li> <li>5. Oral healthcare/screenings</li> <li>6. Chronic disease management</li> <li>7. Knowledge of how to access services</li> </ol> <p>Proportion of District residents whose behavioral habits include:</p> <ol style="list-style-type: none"> <li>8. Tobacco use</li> <li>9. Alcohol and Substance abuse</li> <li>10. Risky sexual behavior</li> <li>11. Lack of adequate physical activity</li> <li>12. Choosing an unhealthy diet</li> </ol>
Key Objectives  <i>Health literacy is a cornerstone in each of the Impact areas</i>	<ol style="list-style-type: none"> <li>1. Increase knowledge and literacy regarding importance of preventive health</li> <li>2. Increase knowledge and literacy to help residents make informed health decisions</li> <li>3. Increase use of preventive health services such as: <ul style="list-style-type: none"> <li>o Mammograms</li> <li>o Oral health screenings</li> <li>o Blood pressure screenings</li> <li>o Weight: BMI screenings</li> <li>o Diabetes: glucose screenings</li> <li>o Reproductive health services (STD's, birth planning)</li> <li>o Vaccinations</li> </ul> </li> <li>4. Increased screening and identification of domestic violence, stress, isolation, depression and/ or substance use</li> <li>5. Increase understanding of navigating through health care system/health plans), and accessing service</li> <li>6. Increase understanding of stress and emotional health</li> <li>7. Increase compliance and completion of treatment plans/ medications</li> <li>8. Reduce admissions to ER due to falls</li> <li>9. Reduce medical costs per client</li> <li>10. Increase reports of improved quality of life</li> </ol> <p><b>**Sequoia Healthcare District will seek innovative and data-driven approaches to meet the above objectives</b></p>



<b>Potential Strategies</b>	<ul style="list-style-type: none"> <li>  District residents will have access to:               <ul style="list-style-type: none"> <li>○ Low cost/free screening programs</li> <li>○ Certain mobile screening services (i.e., medical and dental)</li> <li>○ Information on other screening services</li> </ul> </li> <li>  District residents with behavioral health concerns will be identified via screenings             </li> <li>  District residents will have access to case managers and will be referred to:               <ul style="list-style-type: none"> <li>○ Transitional housing for mentally ill</li> <li>○ Friendship centers</li> <li>○ Bereavement counseling</li> <li>○ Screenings for depression</li> </ul> </li> <li>  District residents will be provided with home safety inspection services             </li> <li>  Health educators will:               <ul style="list-style-type: none"> <li>○ Provide group presentations</li> <li>○ Provide one-on-one sessions</li> <li>○ Provide peer support</li> <li>○ Lead workshops/classes</li> </ul> </li> <li>  District residents who need transportation will receive transportation to and from their medical appointment and/or health program             </li> <li>  District resident will have increased knowledge and literacy through health educators for managing chronic conditions, and accessing health services             </li> <li>  Increased use of case management for:               <ul style="list-style-type: none"> <li>○ Diabetes management</li> <li>○ Heart disease (CHF)</li> <li>○ Cancer</li> <li>○ Asthma/ COPD</li> <li>○ Arthritis</li> <li>○ Chronic pain</li> <li>○ HIV</li> </ul> </li> </ul>
<b>Priority Populations</b>	<ul style="list-style-type: none"> <li>  Vulnerable populations               <ul style="list-style-type: none"> <li>▪ Children</li> <li>▪ Elderly</li> <li>▪ Low income/underserved</li> <li>▪ Homeless</li> <li>▪ Homebound</li> <li>▪ District residents discharged from public and private hospitals</li> <li>▪ Linguistically isolated families</li> </ul> </li> </ul>

### 3. Treatment of Priority Health Conditions

Strategic Focus	<i>To assure District residents have access to necessary medical treatment for priority health conditions</i>
<b>Key Indicators</b> <i>(major health concerns)</i>	<p><b>Proportion of District Residents lacking access to necessary medical treatment of:</b></p> <ol style="list-style-type: none"> <li>1. Emotional and Behavioral Health               <ul style="list-style-type: none"> <li>○ Depression/ anxiety</li> <li>○ Drug, alcohol, tobacco dependency</li> <li>○ Effects of domestic violence</li> <li>○ Trauma</li> <li>○ Family members affected by the above</li> <li>○ Transitional housing for mentally ill</li> </ul> </li> </ol> <p><b>Proportion of District Residents lacking access to necessary medical or health maintenance support services such as:</b></p> <ol style="list-style-type: none"> <li>2. In-home nursing care for frail elderly, physically or intellectually disabled, Hospice</li> <li>3. Day care programs for elderly, physically or intellectually disabled</li> <li>4. Oral health</li> <li>5. Pre-natal</li> <li>6. Diabetes</li> <li>7. Cardiovascular health</li> </ol>
<b>Key Objectives</b> <i>Health literacy is a cornerstone in each of the Impact areas</i>	<ol style="list-style-type: none"> <li>1. Increase the number of non-insured and underinsured District residents who receive medical treatment for their health condition</li> <li>2. Increase compliance and completion of treatment plans</li> <li>3. Build prevention and education into every treatment plan</li> <li>4. Decrease admissions or readmissions to hospital/ ER</li> <li>5. Decrease number of preventable deaths</li> </ol>
<b>Potential Strategies</b>	<ul style="list-style-type: none"> <li>▣ District residents will receive necessary medical treatment and support services and will complete their service plans</li> <li>▣ District residents discharged from public and private hospitals will be assigned Case Managers to ensure recommended follow-up care is received.</li> <li>▣ Care providers will build prevention and education strategies into treatment Plans</li> </ul>
<b>Priority Populations</b>	<ul style="list-style-type: none"> <li>▣ Vulnerable populations               <ul style="list-style-type: none"> <li>▪ Children</li> <li>▪ Elderly</li> <li>▪ Low income/underserved</li> <li>▪ Homeless</li> <li>▪ Homebound</li> </ul> </li> </ul>

## Memorandum

To: Sequoia Healthcare District Board of Directors

From: Lee Michelson, CEO and Glenn Nielsen

Date: For the meeting of December 4, 2013

Re: Agenda Item Pertaining to Sequoia Healthcare District's HeartSafe Program

---

Please see the attached proposal discussing the District's HeartSafe Program in its current and proposed forms. Feel free to contact me or Glenn Nielsen if you have any questions.

Approval of the proposal to continue the HeartSafe Program is recommended.

# **Sequoia Healthcare District**

## **HeartSafe Program**

Sequoia Healthcare District's mission is to improve the quality of life for District residents by enhancing access to healthcare services and by supporting and encouraging programs and activities designed to achieve health, wellness, and disease prevention.

Sequoia Healthcare District

525 Veterans Blvd.

Redwood City, CA 94063

## **Executive Summary**

### **Sudden Cardiac Arrest**

Sudden Cardiac Arrest (SCA) is the leading cause of death among adults over the age of 40 in the United States and other countries. In the US alone, 359,400 people of all ages experience out-of-hospital SCA each year. Without intervention, nine out of ten victims die. Effective bystander CPR provided immediately after sudden cardiac arrest can double or triple a victim's chance of survival, but only 32 percent of cardiac arrest victims get CPR from a bystander<sup>1</sup>.

SCA is the sudden, abrupt loss of the heart function. It is not the same as a heart attack. SCA occurs when the electrical impulses in the heart become rapid or chaotic, which causes the heart to suddenly stop beating. The most common reason for SCA is heart disease. Other factors are respiratory arrest, electrocution, drowning, choking and trauma.

SCA can be treated successfully through early intervention and cardiopulmonary resuscitation and defibrillation. When bystanders intervene by giving CPR and using automated external defibrillators (AEDs), four out of ten victims survive. Four out of five incidents of SCA occur in the home.

The number of people who die from SCA is roughly equivalent to the number of people who die from Alzheimer disease, assault with firearms, breast cancer, cervical cancer, colorectal cancer, diabetes, HIV, house fires, motor vehicle accidents, prostate cancer and suicides combined. The American Heart Association reports that more than 10,000 children under the age of 18 experience SCA each year.

San Mateo County has an extraordinary emergency response system. The average arrival time for a paramedic at a medical emergency in this county is 4 minutes and 59 seconds. But with SCA minutes count. In 2012, there were 412 out-of-hospital cardiac arrests in San Mateo County. Prompt action by bystanders is critical to patient survival.

---

<sup>1</sup> American Heart Association

## **Proposed Program Description**

The HeartSafe program has placed over 340 defibrillators throughout the Sequoia Healthcare District in police and sheriff vehicles, parks, schools, community centers and public buildings. Through our extraordinary collaborations with local fire departments and American Heart Association certified CPR instructors, we have trained in excess of 6,000 community members in CPR and AED use. As has been reported over the years, a number of lives have been saved within our District from bystander CPR and the application of an AED or a Lucas Device.

### **AED Placements**

The HeartSafe Program will no longer primarily focus on the placements of AEDs within the District, but will continue to entertain future requests. The Program's original placement goals have essentially been met. We will continue to monitor the deployed units to maintain compliant with California's Health and Safety Code and to assure batteries and electrode pads are current. Clients are obligated to replace their own batteries and electrode pads, but hardship requests will be considered on a case-by-case basis.

### **Cardiac Support Group**

The HeartSafe Program will work with local Cardiologists and Sequoia Hospital's Health & Wellness Center to develop a support group for the parents of children suffering from abnormal heart conditions. Other referrals can come from a variety of sources including private practice physicians, hospitals, county medical offices and county assistance programs.

Sequoia Hospital offers a number of support programs, but not a cardiac support program. Stanford Hospital offers a support group to heart transplant patients, but not to those susceptible to cardiac arrest.

The program goal will be to offer professional and peer-to-peer support for parents and families. Lifestyle changes, depression, recovery and treatment issues can be discussed. AED and Lucas Device survivors will be invited to participate. Should this program prove to be successful, a spinoff program for afflicted children can be considered.

The American Heart Association representatives have encouraged this effort and have offered to be of assistance.

### **AED Loaner Program**

The HeartSafe Program currently lends AEDs to groups that may have a special event, like an organized bicycle ride, community event or other large gathering. Expanding this program to

include lending these units to families who have a family member at home who is susceptible to cardiac arrest is proposed.

Within guidelines to be created by an oversight committee, AEDs can be loaned to families within the district at no cost via a partnership with local hospitals and cardiologists. An agreement with that family that safeguards the District and provides for the return of the unit will be developed. Family members would be required to attend CPR/AED training.

Cost for these units vary by manufacturer and options, but \$1,000 each is a fair estimate. Monitoring of units to ensure batteries and electrode pads are functional can be accomplished by our existing monitoring system.

### **CPR Training**

CPR training will be the foundation of the HeartSafe Program and the promotion of hands-only CPR will become the primary focus of our efforts over the next three years. Early intervention is critical in patient survival while the rescuer(s) await the arrival of paramedics. Each minute the cardiac arrest patient's heart is not pumping oxygenated blood reduces the chance of survival by 10%.

Focus areas will continue to be fully certified American Heart Association CPR / AED courses for those who require certification, and Hand-Only CPR/AED courses for the majority of students. We plan on reaching thousands of residents annually through this program including audiences that traditionally do not get trained.

Hands-Only CPR training (which included AED) has become very popular. The elimination of the mouth-to-mouth portion of traditional CPR training has increased potential rescuers willingness to "get involved". Further, the training is typically completed in 1.5 hours, rather than the 3.5 hour class requirements for fully certified CPR/AED training.

It should be noted that staff met with representatives of the American Heart Association to learn more about hands-only CPR training opportunities within the District. They reported that the AHA has had this program in place since 2004, but to date has not offered a single class within all of San Mateo County and no future classes are scheduled.

Currently, members of the public who seek out certified CPR and AED training must find a local provider who offers certified training. Advertisements and/or marketing of these programs are nil. There are local vendors who do provide this specialized training, but all for a cost. No other local organization is offering free CPR training.

- American Heart Association                      \$70

• All-Care Plus	\$80
• Woodside Fire District	\$45
• American Red Cross	\$70
• Lucile Packard Hospital	\$75
• In-Home CPR	\$70
• Pulse Check CPR	\$70

Many organizations like the public schools in our District cannot afford CPR and AED training. Many residents are low income and shy away from any programs that bear a cost. Offering free training to teachers, residents and others who otherwise would never receive such instruction will increase the number of individuals in our District who are ready to save a life.

The Sequoia Healthcare District has a large storage room within the walls of 525 Veterans Boulevard that could easily be remodeled into a classroom. This storage room is largely unused and the items stored within can easily be stored in a much smaller space. Developing this space into a classroom will allow the HeartSafe Program to offer regular CPR and AED training classes to the community we serve and subsequently place successful trainees into our neighborhoods and in a position to save a life.

This Classroom would be multi-functional. Not only would this be our location for in-house CPR and AED training, it would also be available for other District training classes and for community use.

Training will be provided by the Program Director, staff trainers and volunteers. The scheduling of the training sessions and issuing of completion cards will be coordinated by the Program Director. Certification will continue to be governed by the Sequoia Health and Wellness Center as it does today.

A financial analysis of remodeling that storage room into a classroom has been completed and is attached. Additionally, the cost of furniture, audio-visual equipment and other classroom items is presented at an estimated cost of \$67,120.80.

### **Mobile CPR Training**

With a similar argument as for the construction of a classroom to offer AED and CPR training here, this project would take the training classes on the road to schools, businesses, parks, etc.



Studies have shown that lower income people do not receive AED and CPR training. The New England Journal of Medicine reports that people who went into cardiac arrest in a poor neighborhood were half as likely to get CPR from a bystander before emergency personnel arrived as were people in middle-income or wealthier neighborhoods. With a mobile unit, we can bring the training to them.

Equipment includes: speakers, PA system, microphones, big screen monitor, cables, carts, yoga mats, mannequins, projectors, cargo trailer, etc. with an estimated cost of \$9,841.66\*.

\*insurance/registration not included

### **CPR Training Goals**

We believe the HeartSafe Program can train over 3,000 people each year in our District. This will be accomplished through a variety of approaches including the targeting of specific population groups and partnerships.

The significant groups that the HeartSafe Program will focus on CPR/AED training includes:

- Existing HeartSafe Clients (to maintain their training requirements)
- SHCD Grantees, staff and the people they serve
- Community Outreach (co-sponsored CPR events, fairs, public events and the poor)
- High School Freshman
- Seventh Grade Students

Existing HeartSafe Clients	60
SHCD Grantees, staff and the people they serve	100
Community Outreach	1,000
High School Freshman	2,000
Seventh Grade Students	400

<b>Total Annual CPR Training Goal</b>	<b>3,560</b>
<b>Three Year CPR Training Goal</b>	<b>10,680</b>

## **Conclusion**

The HeartSafe Program has been a very valuable community health program, developed and operated by the Sequoia Healthcare District. The next few years provides an opportunity to again serve the residents in an important and meaningful way.

This new effort that focuses on CPR will save lives and provide greater security against the devastating impact of sudden cardiac arrest.

## HeartSafe Program Budget

	Management	AED Placements & services	Cardiac Support Group	AED Loaner Program	CPR Training	Mobile CPR	Meetings/ Conferences	Community Events	Total
<b>2014-15</b>	13540	40124	4208	10708	118700	8124	4950	18208	218562
<b>2015-16</b>	13960	41336	4292	2792	56420	18516	4950	18792	161058
<b>2016-17</b>	14580	42748	4416	3416	57660	10248	4950	19416	157434
<b>Total</b>	42080	124208	12916	16916	232780	36888	4950	56416	527154

### Notes

Twenty percent of Program Coordinator costs are assigned to HeartSafe Program management.

The remaining 80% is assigned to the specific programs as reflected below:

15%	5%	5%	50%	15%	5%	5%
-----	----	----	-----	-----	----	----

CPR Training in 2014/2015 higher due to construction of classroom.

**PROPOSED STRATEGIC PLAN 2014 – 2017**

**SEQUOIA HEALTHCARE DISTRICT**

**DECEMBER 4, 2013**

## **PROPOSED STRATEGIC PLAN: 2014-2017**

### **1. Introduction**

This document serves as the strategic plan for the District for the three year period starting July 2014 and ending June 2017. A draft of this plan was discussed at a special meeting of the Board of Directors held November 5, 2013 and recommended changes to the Mission Statement and Vision Statement are incorporated.

The Strategic Planning Committee conducted an analysis of the District's current strategic plan and interviewed more than 60 community representatives including: interested citizens, elected officials, District Staff, District Board and selected grant recipients. The Strategic Planning Committee also reviewed the recently published County Health Assessment and the 2013 Grand Jury report.

## **2. Table of Contents**

- A. SWOT Assessment
- B. Mission and Vision
- C. Goals and Success Measures
- D. Strategies to Achieve Goals

## **A. SWOT Assessment**

### **Strengths**

1. District has wide support from those interviewed and of our efforts to provide access to care and health prevention services.
2. Tax revenue provides a dependable source of income.
3. District has financial reserves and they are invested in low-risk instruments in conformance with State law.
4. District is staffed to allow for proper management of District functions.

### **Opportunities**

1. There continues to be significant unmet health care needs in our community.
2. The complicated nature of health care creates the need for better coordination and collaboration of services.
3. Improve electronic connectivity with District residents.

### **Weaknesses**

1. EBIDA payments are anticipated to be less than projected.
2. There is insufficient awareness of the services provided through the Sequoia Healthcare District and by potential recipients of services and residents in general.
3. Low rate of return on invested dollars.

### **Threats**

1. Unmet community health care needs will continue to outweigh our funding capacity.
2. Public support for programs impacting undocumented residents may erode.
3. Unknown effects of the Affordable Healthcare Act on our residents.

**B. Mission Statement**

To improve the health of the District residents by enhancing access to care and promoting wellness.

**Vision Statement**

To improve the health of our community through responsible stewardship of District taxpayer dollars.



### **C. 2014-17 Goals**

1. Assure the ongoing prudent oversight and management of District assets.

**Measure:** Budgeted goals are met annually and reserves are used per policy.

2. Incorporate new programs to address health care gaps in our community.

**Measure:** new programs are considered for funding annually.

3. Continue and expand our participation in community efforts to address health problems.

**Measure:** Increased District engagement in community health issues.

4. Identify and fund programs that provide health services to our residents.

**Measure:** District uses selection criteria focused on health impact when evaluating and selecting programs to fund.

5. Increase electronic connectivity with District residents.

**Measure:** Increase use of electronic media options.

6. Measure impact of District funded programs.

**Measure:** Require that all programs establish performance measures, monitor progress and compile both quantitative and qualitative data.

#### **D. Strategies to Achieve Goals**

1. Ensure the ongoing prudent oversight and management of District assets.

##### **Strategies:**

- A. Regular auditing of financial performance to assure compliance with accounting standards and District fiscal policies.
- B. Monitor investment performance to assure that assets are being invested in low-risk instruments and that fees charged by investment advisors are as low as possible.
- C. Keep expenditures within budget and use 100 percent of tax dollars collected each year on community health problems per District policy.

2. Bring new programs to address health gaps in our community.

##### **Strategies:**

- A. Meet with current and prospective grantees to encourage new approaches to service delivery.
- B. Look for health service programs that are currently not being offered in our community and evaluate whether or not such programs may be beneficial and feasible in our effort to provide the best health programs available.
- C. Serve as an incubator in developing new health programs.

3. Continue our participation in community efforts to address health problems.

##### **Strategies:**

- A. Be active in County-wide efforts to address health issues and other issues that impact the health of our residents.
- B. Be active in local efforts that are addressing health concerns of certain segments of our population.
- C. Participate on committees and commissions that are health issue focused.

4. Identify and fund programs that provide health services to our residents.

**Strategies:**

- A. Be responsive to requests from service providers through a formal grants making process as well as major initiatives that are larger in scope and impact than what is usually addressed in our grants program.
- B. Identify health issues or concerns that the District wishes to address and seek partners willing and able to provide services.
- C. Evaluate District grant making performance to assure that decisions are consistent with the priority issues and demographic groups established annually by the Board of Directors.

5. Increase electronic connectivity with District residents.

**Strategies:**

- A. Use our website to inform District residents of our activities and actively promote visits to our website.
- B. Explore the use of social media to better communicate with residents.
- C. Use email and possibly an email newsletter to inform and possibly educate residents about health issues.

6. Measure impact of District funded programs.

**Strategies:**

- A. Understand and utilize the best evaluation techniques and share our understanding with our selected funded partners.
- B. Visit programs and talk with key staff and when possible recipients of services to discuss how these services are improving their health.
- C. Collect demographic data to understand who is being served or not served by our funded programs.

### **EBIDA Performance Summary**

1. The District has received EBIDA funds for six fiscal years.
2. The actual return to District exceeded projections once and trailed projections five times.
3. Overall the return has trailed projections by \$16.5 million.
4. The lowest return was realized this fiscal year.
5. The projections for the next four years are \$16.5 million or \$4.1 million per year.

Note: The projections were made in 2007 by Goldman Sachs, which was hired by the District.

<b>Year</b>	<b>EBIDA Projected</b>	<b>EBIDA Received</b>	<b>Difference</b>
2008	\$5,187,000	2,142,000	(3,045,000)
2009	\$5,759,000	6,272,000	513,000
2010	\$6,138,000	2,479,000	(3,659,000)
2011	\$5,697,000	2,158,000	(3,539,000)
2012	\$5,239,000	2,114,000	(3,125,000)
2013	\$3,853,000	127,000	(3,726,000)
Total	\$31,873,000	15,292,000	(16,518,000)
2014-17	\$16,848,000		