Report of Independent Auditors and Consolidated Financial Statements with Supplementary Information

El Camino Healthcare District

June 30, 2021 and 2020

MOSSADAMS

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Management's Discussion and Analysis

El Camino Healthcare District (the "District") is comprised of five entities: the District, El Camino Hospital (the "Hospital"), El Camino Hospital Foundation (the "Foundation"), CONCERN: Employee Assistance Program ("CONCERN"), and Silicon Valley Medical Development, LLC ("SVMD").

Effective July 26, 2019, El Camino Hospital bought out the partnership that El Camino Surgery Center ("ECSC") had with El Camino Ambulatory Surgery Center ("ECASC"), which operated an outpatient surgery center on the Mountain View campus. ECASC sold many of its capital assets to El Camino Hospital ("ECH") and ECSC received its share of equity in partnership. ECASC completed its business unwinding during the fiscal year and distributed any remaining proceeds to ECSC. The Hospital renovated the former ECASC surgery center building and acquired new equipment that was put into place, and reopened the surgery center as an outpatient hospital department on June 29, 2020.

SVMD was organized as a California Limited Liability Corporation ("LLC") that was formed in 2008. Starting in fiscal year 2019 and continuing into the current fiscal year, SVMD has expanded to 14 clinic and urgent care sites that included certain assets of five clinics acquired through bankruptcy of Verity Health System in April 2019.

Overview of the Consolidated Financial Statements

This annual report consists of the consolidated financial statements and notes to those statements. These statements are organized to present the District as a whole, including all the entities it controls. Financial information for each separate entity is shown in the supplemental schedules on the last pages of the report. In accordance with the Governmental Accounting Standards Board ("GASB") Codification Section 2200, *Comprehensive Annual Financial Report,* the District presents comparative financial highlights for the fiscal years ended June 30, 2021, 2020, and 2019. This discussion and analysis should be read in conjunction with the consolidated financial statements in this report.

The consolidated statements of net position, the consolidated statements of revenues, expenses, and changes in net position, and the consolidated statements of cash flows provide an indication of the District's financial health. The consolidated statements of net position include all the District's assets and liabilities, using the accrual basis of accounting. The consolidated statements of revenues, expenses, and changes in net position report all of the revenues and expenses during the time periods indicated. The consolidated statements of cash flows report the cash provided by the operating activities, as well as other cash sources such as investment income and cash payments for capital additions and improvements.

Consolidated Financial Highlights

Year Ended June 30, 2021

For fiscal year ending June 30, 2021, the District increased its net position by $355 million. In 2021, operating revenues increased by $119 million over 2020; this was the result of increased volume.

Year Ended June 30, 2020

For fiscal year ending June 30, 2020, the District increased its net position by $130 million. In 2020, operating revenues increased by $35 million over 2019; this was the result of an improved payer mix over FY 2019, Inter-Governmental Transfer ("IGT") / cost report settlements of $14.9 million, and Health and Human Services stimulus funds of $19.0 million. In April 2020 the organization received $75.8 million in advance Medicare payments, which will be withheld from future Medicare services starting 120 days after receipt.

Year Ended June 30, 2019

For fiscal year ending June 30, 2019, the District increased its net position by $178 million. In 2019, operating revenues increased by $53 million over 2018; this was the result of good volume, an increase in the commercial payer mix of 1%, and IGT / cost report settlements of $20.4 million.

Summary of Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position
As of June 30, 2021, 2020 and 2019

(In Thousands)

	2021	2020	2019
Assets:			
Current assets	$ 676,761	$ 653,665	$ 578,195
Board designated and restricted funds, net of current portion	1,198,200	872,034	786,202
Funds held by trustee, net of current portion	36,939	50,825	107,101
Capital assets, net	1,160,286	1,166,036	1,096,493
Other assets	151,294	114,359	78,841
Total assets	3,223,480	2,856,919	2,646,832
Deferred outflows:			
Loss on defeasance of bond payable	11,761	12,361	12,962
Deferred outflow of resources	9,324	6,532	7,436
Deferred outflow - actuarial	1,005	1,861	10,546
Total deferred outflows	22,090	20,754	30,944
Total assets and deferred outflows	$ 3,245,570	$ 2,877,673	$ 2,677,776
Liabilities:			
Current liabilities	$ 247,521	$ 221,415	$ 161,709
Bonds payable, net of current portion	589,909	607,953	625,443
Other long-term liabilities	59,834	69,886	59,437
Total liabilities	897,264	899,254	846,589
Deferred inflows:			
Deferred inflow of resources	4,522	3,893	3,893
Deferred inflow - actuarial	41,339	26,806	9,375
Total deferred inflows	45,861	30,699	13,268
Net position:			
Unrestricted and invested in capital assets, net	2,271,363	1,919,091	1,793,704
Restricted by donors - charity and other	22,960	20,606	16,759
Restricted - endowments	8,122	8,023	7,456
Total net position	2,302,445	1,947,720	1,817,919
Total liabilities, deferred inflows, and net position	$ 3,245,570	$ 2,877,673	$ 2,677,776
Operating cash equivalents and short-term investments	$ 456,605	$ 461,221	$ 393,519
Board designated, funds held by trustee, and restricted funds	1,253,796	949,354	917,081
Total available cash & investments	$ 1,710,401	$ 1,410,575	$ 1,310,600

Investments

The District maintains sufficient cash balances to pay daily operational expenses and all short term liabilities. In late fiscal year 2012, the Hospital (exclusive of the District) selected an Investment Consultant to assist the Hospital and its subsidiaries in managing its investments, and both the investment policies for Surplus Cash and Cash Balance Plan were updated and approved by the Hospital Board of Directors (the "Board"). The policies allow for greater diversification in the investment portfolios to balance the need for liquidity with a long-term investment focus in order to improve investment returns and the organization's financial strength.

Capital Assets

In February 2021, the Board of Directors approved the Women's Hospital Expansion Project at a budget of $149 million. A key driver in this expansion was the development of the newly completed Integrated Medical Office Building, known as the Sobrato Pavilion, which opened at the end of June 2020. This allowed for the relocation of physician offices on the 2nd and 3rd floors of the Women's Hospital to the Sobrato Pavilion for then will allow the expansion of Mother/Baby Health Services housed within the Women's Hospital. This project was an element of the Mountain View Campus Development Master Plan that was approved in 2014.

During fiscal year 2021, there was continued work on the final Mountain View Campus Completion Project, that will be done in three (3) phases, with phases 1 and 2 being a temporary shipping and receiving yard, and the demolition of the original hospital that was completed in the early 1960s. A budget of $24.9 million was approved in October 2019 to complete phase 1 and 2. The demolition is to start October 2021 with a completion date of December 2024. Phase 3 is in development, and will include replacement of Lab/Laundry building structure, construction of a corridor link between the new Main Hospital and the recently completed Behavior Health Building, a new service yard with access to shipping and receiving dock at the new Main Hospital, new waste and recycle storage areas, water storage tanks to meet 2030 seismic requirements.

During fiscal year 2021, ongoing general contractor construction payments and holdback retentions were paid out on the major projects of the Sobrato Pavilion and Behavioral Health Building, known as the Taube Pavilion, that were partially financed by the 2017 bond proceeds. Total paid during fiscal year 2021 was $28.8 million.

Revenues and Expenses

The following table displays revenues and expenses for 2021, 2020, and 2019:

Revenues & Expenses
Years Ended June 30, 2021, 2020 and 2019
(In Thousands)

	2021	2020	2019
Operating revenues:			
Net patient service revenue net of bad debt of $26,370, $15,925, and $13,293, in 2021, 2020, and 2019, respectively	$ 1,107,912	$ 982,697	$ 951,610
Other revenue	42,221	48,440	45,064
Total operating revenues	1,150,133	1,031,137	996,674
Operating expenses:			
Salaries, wages and benefits	574,797	541,009	510,178
Professional fees and purchased services	177,981	170,994	133,807
Supplies	171,720	152,466	147,284
Depreciation	67,688	54,038	52,437
Rent and utilities	27,600	26,815	20,414
Other	15,140	22,167	14,265
Total operating expenses	1,034,926	967,489	878,385
Operating income	115,207	63,648	118,289
Nonoperating revenue (expense) items:			
Bond interest expense, net	(20,031)	(12,879)	(8,024)
Intergovernmental transfer expense	(4,460)	(4,048)	(7,262)
Realized investment income	79,736	43,085	34,671
Unrealized investment gains (losses)	151,188	(2,231)	19,598
Property tax revenues	32,464	29,369	27,675
Restricted gifts, grants and other net of contributions to related parties	2,868	8,412	5,816
Unrealized gain (loss) on interest rate swaps	1,883	(3,366)	(2,598)
Community benefit expense	(11,297)	(12,091)	(11,971)
Provider Relief Fund revenue	-	19,000	-
Other, net	7,167	902	2,027
Total nonoperating revenues and expenses	239,518	66,153	59,932
Increase in net position	354,725	129,801	178,221
Total net position, beginning of year	1,947,720	1,817,919	1,639,698
Total net position, end of year	$ 2,302,445	$ 1,947,720	$ 1,817,919

Fiscal Year 2021 Consolidated Financial Analysis

Net Patient Services Revenues

Net patient services revenue in fiscal year 2021 increased by $125.2 million, or 12.7% over fiscal year 2020. This increase was consistent with adjusted patient days increasing by 9.5% and surgical volume increasing by 10.8%.

Specialty	2021 Days	2020 Days
Total days	98,386	92,714

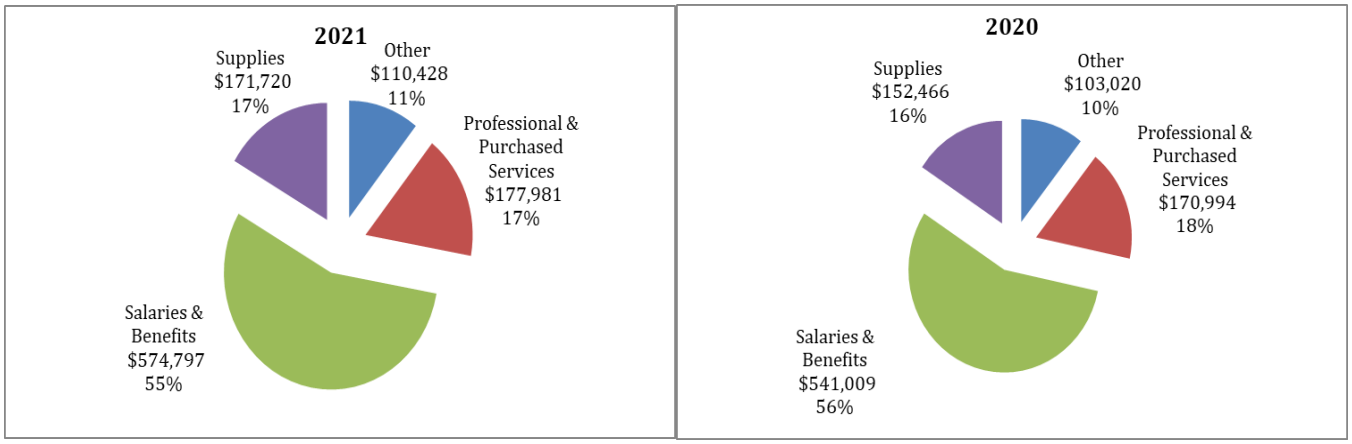
Specialty	2021 LOS	2020 LOS
Average Length of Stay ("LOS")	4.3	4.0

The overall case mix index, which is an indicator of patient acuity, was 1.62 in fiscal year 2021, and 1.54 in fiscal year 2020.

Other Revenue

Other revenues decreased by $6.2 million in fiscal year 2021 over the prior 2020 fiscal year. The primary decrease was due to the termination of a Hospitalist services agreement with the county hospitals.

Operating Expenses



Salaries and Wages

It is to be noted that the District as a stand-alone entity has no employees. All employees are at the Hospital and its related corporations.

Total salaries and wages (including employee benefits) increased by $33.8 million in fiscal year 2021 over 2020, which is 55% of total operating expenses and 1% less than fiscal year 2020. SVMD saw a 35.7 reduction in full-time equivalents ("FTEs") due to reorganization of the workforce during the fiscal year. Other areas within the Hospital also increased due to salary increases and volumes and activities. In total the FTE grew by 81 FTEs over fiscal year 2020.

Employee Benefits

Aggregate employee benefits, including accrued Paid Time Off ("PTO") and Extended Sick Leave, increased by $6.0 million.

Significant changes were as follows:

- PTO accrued expense increased by $5.1 million over the 2020 fiscal year
- Healthcare (medical, dental, and vision) increased by $4.2 million in fiscal year 2021 over 2020.
- Employer match of 403B increased $2.0 million in 2021 over 2020.
- Workers Compensation Expense increased by $1.5 million in 2021 over 2020.
- Employer FICA (Social Security and Medicare) taxes increased by $1.3 million in the current fiscal year.
- Pension expense decreased by $9.4 million, primarily by increased investment returns on the Plan's investment in the past year.

Professional and Purchased Services

Total professional and purchased services increased by $7 million over the prior fiscal year, mainly due to cost associated with COVID-19 testing and consulting fees for major projects (Workday and Construction).

Supplies

Total supplies increased by $19.3 million or 12.6% in fiscal year 2021 over 2020. This was mainly due to an $8.1 million increase in Other Medical Supplies due to COVID-19, including Personal Protective Equipment and testing supplies, $10.7 million in Implants, and $5.7 million in Surgical Supplies.

Depreciation

Depreciation expense this fiscal year increased by $13.7 million over fiscal year 2020. Increases were primarily due to the opening of the Integrated Medical Office Building, Sobrato Pavillion, in June 2020.

Rent and Utilities

Rent and utilities this fiscal year increased by $0.8 million over fiscal year 2020.

Other Expense

Other expense decreased in the current fiscal year by $7.0 million over the prior year, due to an decrease in reserve settlement account.

Nonoperating Revenue (Expense) Items:

Bond Interest Expense, net

The increase of $7.2 million in fiscal year 2021 over the prior year was due to tentative completion of the Integrated Medical Office Building and the Behavioral Health Building in January 2020 that was being partially financed by the 2017 Bond issue.

Change in Net Unrealized Gains and Losses on Investments

The Hospital experienced a change in net unrealized gains and losses on investments of $151.2 million during fiscal year 2021 and the change in net unrealized gains and losses for fiscal year 2021 was a year-over-year ("YOY") increase of $153.4 million. The change in net unrealized gains and losses in 2021 was a result of strong investment results across all asset classes with the largest gains generated from equity and hedge fund investments. Equities and mutual funds-equity experienced a change in net unrealized gains and losses of $17.2 million and $95.0 million, respectively. Global equities as represented by the MSCI AC World Index gained 39.9% during fiscal year 2021. Hedge funds experienced a change in net unrealized gains and losses of $22.0 million during fiscal year 2021 as equity long/short, credit oriented, and macro hedge fund strategies performed well. The change in net unrealized gains and losses for fixed income was modest at $2.0 million as the Bloomberg U.S. Aggregate Index experienced a loss of 0.3% during the same time-period; however, the Hospital's active managers were able to add value in relation to the benchmark.

The year-over-year increase in net unrealized gains and losses was broad-based across asset classes, with the most significant increases resulting from equities, mutual funds-equity, hedge fund investments, and collective funds. Equities and mutual funds-equity combined to experience modest net unrealized gains in fiscal year 2020, while net unrealized gains in fiscal year 2021 were large. Hedge funds and collective funds experienced net unrealized losses in fiscal year 2020, while fiscal year 2021 saw solid net unrealized gains.

Economic Factors and Next Year's Budget

The Board approved the fiscal year 2022 budget at the June 2021 meeting. For the fiscal year 2022, budgeted patient days are projected to increase 4% over FY2021 actuals.

Fiscal Year 2020 Consolidated Financial Analysis

Net Patient Services Revenues

Net patient services revenue in fiscal year 2020 increased by $31.1 million, or 3.3% over fiscal year 2019. This increase was consistent with cost of inflation.

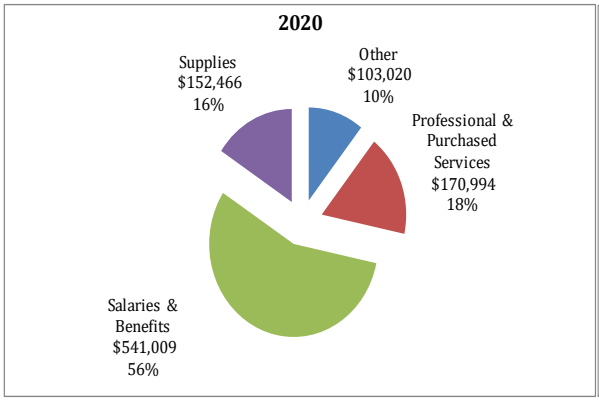
Specialty	2020 Days	2019 Days
Total days	92,714	98,061
Specialty	**2020 LOS**	**2019 LOS**
Average LOS	4.0	4.3

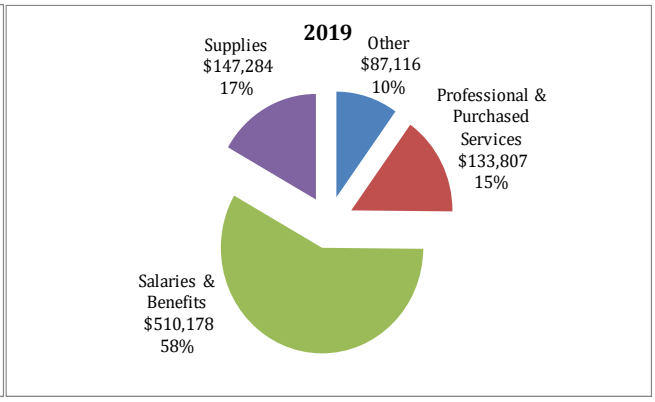
The overall case mix index, which is an indicator of patient acuity, was 1.54 in fiscal year 2020, and 1.52 in fiscal year 2019.

Other Revenue

Other revenues increased by $3.4 million in fiscal year 2020 over the prior 2019 fiscal year. The primary increase of $8.7 million was due to new payer capitation contracts that were assumed with the acquisition of San Jose Medical Group, along with an agreement to continue to provide Hospitalist services to the county hospitals for one year. This increase was offset by a loss of revenue in the Employee Assistance Program ("EAP"). In addition, there was a reduction of $2.1 million in retail operations due to COVID-19.

Operating Expenses





Salaries and Wages

It is to be noted that the District as a stand-alone entity has no employees. All employees are at the Hospital and its related corporations.

Total salaries and wages (including employee benefits) increased by $30.8 million in fiscal year 2020 over 2019, which is 56% of total operating expenses and a reduction of 2% from fiscal year 2019, which was 58% of total operating expenses. Salaries and wages (exclusive of employee benefits) increased by $29.3 million over fiscal year 2019. Registered Nurses' ("RN"), including registries, payroll salaries increased by $19.5 million in fiscal year 2020 compared to 2019 primarily driven by contractual increase that occurred September 22, 2019, for Hospital RNs, along with additional increases for longevity at years of service of 10 and 25. Another area that saw growth in salary expense was in SVMD as it began operations supporting the San Jose Medical Group and other physician initiatives in April 2019, thus salaries within SVMD grew by $9.6 million in fiscal year 2020 over fiscal year 2019. Other areas within the Hospital also increased due to salary increases and volumes and activities. In total the FTE grew by 81 FTEs over fiscal year 2019. Again a significant portion of the FTE increase was the employee growth in SVMD given the support of the San Jose Medical Group that began in April 2019.

Employee Benefits

Aggregate employee benefits, including accrued Paid Time Off ("PTO") and Extended Sick Leave, increased by $1.4 million.

Significant changes were as follows:

- Pension expense decreased by $4.2 million, primarily by increased investment returns on the Plan's investment in the past year.
- PTO accrued expense increased by $2.5 million over the 2019 fiscal year.
- Employer FICA (Social Security and Medicare) taxes increased by $3.0 million in the current fiscal year.
- Healthcare (medical, dental, and vision) increased by $1.3 million in fiscal year 2020 over 2019.
- Worker's Compensation expense decreased $2.2 million in fiscal year 2020 over 2019.
- Other employee benefits increased $1.0 million in fiscal year 2020 over 2019.

Professional and Purchased Services

Total professional and purchased services increased by $37.2 million over the prior fiscal year.

The significant increases were as follows:

- Professional Service Agreements and Purchased Services associated with SVMD increased by $26.5 million over prior year, mainly due to the acquisition of the San Jose Medical Group in April 2019.
- Purchases Services increased by $7.1 million over prior year at the Hospital due to cost associated with COVID-19 testing and consulting fee for major projects (Workday and Construction).

Supplies

Total supplies increased by $5.2 million or 3.5% in fiscal year 2020 over 2019. Volume at the Cancer Infusion Center increased by 11% along with higher acuity patients. The retail pharmacy volume increased by 26%, and normal inflation factors accounted for the remaining variance.

Depreciation

Depreciation expense this fiscal year increased by $1.6 million over fiscal year 2019. Increases were in the areas of a full year of depreciation on a Central Utility Plant upgrade at the Mountain View campus that came on-line the later part of fiscal year 2019 and various structure upgrades at the Los Gatos campus.

Rent and Utilities

Rent and utilities this fiscal year was increased by $6.4 million over fiscal year 2019, and was primarily driven by leased building cost, of which $4.0 million was attributable to new leases of properties by SVMD for its various San Jose Medical Group sites that began in April 2019.

Other Expense

Other expense increased in the current fiscal year by $7.9 million over the prior year, principally for annual dues and subscription fees and offsite seminars and associated travel expense, with a $5.0 million increase in legal reserve.

Nonoperating Revenue (Expense) Items:

Bond Interest Expense, net

The increase of $4.9 million in fiscal year 2020 over the prior year was due to tentative completion of the Integrated Medical Office Building and the Behavioral Health Building in January 2020 that was being partially financed by the 2017 Bond issue.

Change in Net Unrealized Gains and Losses on Investments

The Hospital experienced a change in net unrealized gains and losses on investments of -$2.2 million during fiscal year 2020 and the change in net unrealized gains and losses for fiscal year 2020 was a year-over-year ("YOY") decrease of $21.8 million. The change in net unrealized gains and losses in 2020 were a result of poor investment results primarily from hedge fund and private real estate investments. Hedge funds experienced a change in net unrealized gains and losses of -$11.1 million during fiscal year 2020 as distressed credit-oriented strategies lagged broader markets. The positive change in net unrealized gains and losses from equity and fixed income investments helped offset the impact of hedge fund and private real estate investments. Global equities as represented by the MSCI AC World Index gained 2.6% during fiscal year 2020, while fixed income as represented by the Bloomberg Barclays U.S. Aggregate Index gained 8.7% during the same time-period.

The YOY decrease in net unrealized gains and losses was broad-based across asset classes, with the most significant declines resulting from fixed income and hedge fund investments. Fixed income investments experienced larger net unrealized gains in fiscal year 2019 in comparison to fiscal year 2020, while hedge fund investments experienced modest net unrealized losses in fiscal year 2019 in relation to larger net unrealized losses in fiscal year 2020.

FIDUCIARY MD&A

Overview

The El Camino Hospital Cash Balance Plan (the "Cash Balance Plan") was established on July 1, 1963, by El Camino Hospital (the "Hospital") and has been amended from time to time since that date.

The Hospital also provides healthcare benefits and life insurance under the El Camino Hospital Postretirement Health and Life Insurance Benefit Plan (the "OPEB Plan"), a single-employer defined benefit Postretirement Benefits Plan, for retired employees who meet eligibility requirements as outlined in the plan document, as approved by the board of directors of the Hospital.

Financial Highlights – 2021

Cash Balance Plan – During the year ended June 30, 2021, the net position held in trust for pension benefits increased by approximately 14%. Employer contributions were $10.6 million in 2021 compared to $13.0 million in 2020. Benefit payments were $12.2 million in 2021 compared to $14.7 million in 2020. Net investment income was $43.8 million in 2021 compared to $45.7 million in 2020, which was the primary reason for the overall 14% increase in net position as of June 30, 2021.

OPEB Plan – Benefit payments were $0.9 million in 2021 compared to $0.8 million in 2020.

Financial Highlights – 2020

Cash Balance Plan – During the year ended June 30, 2020, the net position held in trust for pension benefits increased by approximately 17%. Employer contributions were $13.0 million in 2020 compared to $12.2 million in 2019. Benefit payments were $14.7 million in 2020 compared to $13.7 million in 2019. Net investment income was $45.7 million in 2020 compared to a loss of $6.9 million in 2019, which was the primary reason for the overall 17% increase in net position as of June 30, 2020.

OPEB Plan – Benefit payments were $0.8 million in 2020 compared to $0.7 million in 2019.

Overview of the Fiduciary Financial Statements

The basic financial statements present information about the Cash Balance Plan and OPEB Plan's fiduciary net position and changes in fiduciary net position for the respective years. The basic financial statements also include notes to explain some of the information in the financial statements and to provide more details. The statement of fiduciary net position displays the assets and liabilities and resulting net position of the Plan as of the end of the year. All assets are valued at fair value.

The following is the abbreviated statement of fiduciary net position and statement of changes in fiduciary net position (in thousands):

	CASH BALANCE PLAN		
	2021	2020	2019
ASSETS			
Investments, at fair value	$ 336,548	$ 294,470	$ 250,733
Receivables	3,557	3,385	3,278
Net pending trades	-	-	(94)
NET POSITION RESTRICTED FOR PENSIONS	$ 340,105	$ 297,855	$ 253,917
ADDITIONS			
Investments income (loss)	$ 43,836	$ 45,683	$ (6,921)
Contributions	10,636	13,042	12,210
Total additions	54,472	58,725	5,289
DEDUCTIONS			
Deductions	12,222	14,787	13,988
INCREASE (DECREASE) IN NET POSITION RESTRICTED FOR PENSIONS	$ 42,250	$ 43,938	$ (8,699)

	OPEB PLAN		
	2021	2020	2019
ASSETS			
Investments, at fair value	-	-	-
Receivables	-	-	-
NET POSITION RESTRICTED FOR PENSIONS	$ -	$ -	$ -
ADDITIONS			
Contributions	881	820	748
Total additions	881	820	748
DEDUCTIONS			
Deductions	881	820	748
INCREASE (DECREASE) IN NET POSITION RESTRICTED FOR PENSIONS	$ -	$ -	$ -

Cash Balance Plan – During the year ended June 30, 2021, the Cash Balance Plan's fiduciary net position increased by 14%. The Cash Balance Plan's policies allow investments consisting of fixed income and equity marketable securities, alternatives, and cash. During the year ended June 30, 2020, the Cash Balance Plan's fiduciary net position increased by 17%. The Cash Balance Plan's policies allow investments consisting of fixed income and equity marketable securities, alternatives, and cash.

The statement of changes in fiduciary net position reflects the employer contributions and investment return, net of investment expenses, less benefits paid.

The decrease in investment income during the year ended June 30, 2021, compared to 2020, is due to a decrease in the net appreciation of fair value of investments due to smaller returns in global security markets and on the Cash Balance Plan's investments during the year. Benefit payments decreased from the prior year due to a decrease in the number of retirees and beneficiaries receiving benefits. The increase in investment income during the year ended June 30, 2020, compared to 2019, is due to an increase in the net appreciation of fair value of investments due to positive returns in global security markets and increased returns on the Cash Balance Plan's investments during the year. Benefit payments continue to increase each year due to the increased number of retirees and beneficiaries receiving benefits.

OPEB Plan – Benefit payments were $0.9 million in 2021 compared to $0.8 million in 2020.

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Report of Independent Auditors

To the Board of Directors
El Camino Healthcare District

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the business-type activities and the aggregate remaining fund information of El Camino Healthcare District (the "District"), as of and for the years ended June 30, 2021 and 2020, 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the District as of June 30, 2021 and 2020, and the consolidated results of operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The accompanying Management's Discussion and Analysis on pages 1 through 14, and the accompanying supplemental pension and post-retirement benefit information on pages 65 and 66, are not required parts of the consolidated financial statements but are supplementary information required by the Governmental Accounting Standards Board, who considers them to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational economic or historical context. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated financial statements, and other knowledge we obtained during our audit of the consolidated financial statements. We do not express an opinion or provide any assurance on the supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the District's consolidated financial statements. The accompanying consolidating statement of net position and consolidating statement of revenues, expenses, and changes in net position, on pages 62 through 64, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of the District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the District's consolidated financial statements. The accompanying supplemental schedule of community benefit on page 67 is presented for purpose of additional analysis and is not a required part of the consolidated financial statements. This supplementary information is the responsibility of the District's management. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Moss Adams LLP

San Francisco, California
October 20, 2021

Consolidated Financial Statements

El Camino Healthcare District
Consolidated Statements of Net Position
June 30, 2021 and 2020
(In Thousands)

	2021	2020
ASSETS AND DEFERRED OUTFLOWS		
Current assets		
Cash and cash equivalents	$ 161,915	$ 235,381
Short-term investments	294,690	225,840
Current portion of board-designated funds	18,657	26,495
Patient accounts receivable, net of allowances for doubtful accounts of $81,194 and $60,439 in 2021 and 2020, respectively	169,289	129,485
Prepaid expenses and other current assets	32,210	36,464
Total current assets	676,761	653,665
Non-current cash and investments		
Board-designated funds	1,197,550	871,384
Restricted funds	650	650
Funds held by trustee	36,939	50,825
	1,235,139	922,859
Capital assets		
Nondepreciable	164,226	582,752
Depreciable, net	996,060	583,284
Total capital assets	1,160,286	1,166,036
Pledges receivable, net of current portion	3,053	4,402
Prepaid pension asset	111,162	78,615
Investments in healthcare affiliates	32,557	27,449
Beneficial interest in charitable remainder unitrusts	4,522	3,893
Total assets	3,223,480	2,856,919
Deferred outflows of resources		
Loss on defeasance of bonds payable	11,761	12,361
Deferred outflows of resources	9,324	6,532
Deferred outflows - actuarial	1,005	1,861
Total deferred outflows of resources	22,090	20,754
Total assets and deferred outflows of resources	$ 3,245,570	$ 2,877,673

See accompanying notes.

(In Thousands)

	2021	2020
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses	$ 39,788	$ 35,465
Salaries, wages, and related liabilities	83,236	63,333
Medicare accelerated payments	65,635	75,076
Other current liabilities	31,392	23,165
Estimated third-party payor settlements	12,990	10,956
Current portion of bonds payable	14,480	13,420
Total current liabilities	247,521	221,415
Bonds payable, net of current portion	589,909	607,953
Other long-term obligations	12,175	22,674
Workers' compensation, net of current portion	17,002	16,482
Post-retirement medical benefits, net of current portion	30,657	30,730
Total liabilities	897,264	899,254
Deferred inflow of resources		
Deferred inflow of resources	4,522	3,893
Deferred inflow of resources - actuarial	41,339	26,806
Total deferred inflow of resources	45,861	30,699
Net position		
Invested in capital assets, net of related debt	592,836	595,488
Restricted - expendable	22,960	20,606
Restricted - nonexpendable	8,122	8,023
Unrestricted	1,678,527	1,323,603
Total net position	2,302,445	1,947,720
Total liabilities, deferred inflows of resources, and net position	$ 3,245,570	$ 2,877,673

El Camino Healthcare District
Consolidated Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2021 and 2020
(In Thousands)

	2021	2020
OPERATING REVENUES		
Net patient service revenue (net of provision for bad debts of $26,370 and $15,925 in 2021 and 2020, respectively)	$ 1,107,912	$ 982,697
Other revenue	42,221	48,440
Total operating revenues	1,150,133	1,031,137
OPERATING EXPENSES		
Salaries, wages, and benefits	574,797	541,009
Professional fees and purchased services	177,981	170,994
Supplies	171,720	152,466
Depreciation	67,688	54,038
Rent and utilities	27,600	26,815
Other	15,140	22,167
Total operating expenses	1,034,926	967,489
Income from operations	115,207	63,648
NONOPERATING REVENUES (EXPENSES)		
Investment income, net	230,924	40,854
Property tax revenue		
Designated to support community benefit programs and operating expenses	9,532	9,170
Designated to support capital expenditures	11,129	9,706
Levied for debt service	11,803	10,493
Bond interest expense, net	(20,031)	(12,879)
Intergovernmental transfer expense	(4,460)	(4,048)
Restricted gifts, grants and bequests, and other, net of contributions to related parties	2,868	8,412
Unrealized gain (loss) on interest rate swaps	1,883	(3,366)
Community benefit expense	(11,297)	(12,091)
Provider Relief Fund revenue	-	19,000
Other, net	7,167	902
Total nonoperating revenues	239,518	66,153
Increase in net position	354,725	129,801
TOTAL NET POSITION, beginning of year	1,947,720	1,817,919
TOTAL NET POSITION, end of year	$ 2,302,445	$ 1,947,720

See accompanying notes.

El Camino Healthcare District
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020
(In Thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from and on behalf of patients	$ 1,056,241	$ 979,666
Other cash receipts	42,221	67,613
Medicare accelerated payments	-	75,076
Cash payments to employees	(555,737)	(534,911)
Cash payments to suppliers	(413,412)	(431,515)
Net cash provided by operating activities	129,313	155,929
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	20,661	18,876
Restricted contributions and investment income	2,868	8,412
Net cash provided by noncapital financing activities	23,529	27,288
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property, plant, and equipment	(67,965)	(107,239)
Payments on bonds payable	(13,420)	(12,430)
Interest paid on General Obligation bonds payable	(3,071)	(2,829)
Tax revenue related to General Obligation bonds payable	11,803	10,493
Net cash used in capital and related financing activities	(72,653)	(112,005)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,061,579)	(1,257,978)
Sales of investments	1,674,401	1,205,746
Investment income, net	230,924	40,854
Community benefit and other investing activities	(11,287)	(12,091)
Change in funds held by trustee, net	13,886	56,276
Net cash (used in) provided by investing activities	(153,655)	32,807
Net (decrease) increase in cash and cash equivalents	(73,466)	104,019
CASH AND CASH EQUIVALENTS at beginning of year	235,381	131,362
CASH AND CASH EQUIVALENTS at end of year	$ 161,915	$ 235,381
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income from operations	$ 115,204	$ 63,648
Adjustments to reconcile income from operations to net cash net cash from operating activities		
Amortization of bond premium and bond issuance costs	(3,564)	(4,070)
Depreciation	67,688	54,038
Provision for bad debts	26,370	15,925
Changes in assets and liabilities		
Patient accounts receivable, net	(66,174)	(14,708)
Prepaid expenses and other current assets	(34,244)	(40,281)
Medicare accelerated payments	(9,441)	75,076
Current liabilities	24,220	(26,698)
Other long-term obligations	(6,062)	5,633
Deferred inflows/outflows of resources - actuarial	15,389	26,116
Post-retirement medical benefits	(73)	1,250
Net cash provided by operating activities	$ 129,313	$ 155,929
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Noncash purchase of property, plant, and equipment	$ 5,848	$ 11,875
Change in fair value of beneficial interest in charitable remainder unitrusts, and deferred inflow of resources, net	$ 629	$ -

See accompanying notes.

El Camino Healthcare District
Statements of Fiduciary Net Position
June 30, 2021 and 2020
(In Thousands)

	CASH BALANCE PLAN		OPEB PLAN		TOTAL	
	2021	2020	2021	2020	2021	2020
ASSETS						
Investments						
Mutual funds	$ 230,806	$ 200,645	$ -	$ -	$ 230,806	$ 200,645
Limited liability companies	49,390	39,023	-	-	49,390	39,023
Common stock	23,649	21,921	-	-	23,649	21,921
Partnerships	11,044	12,682	-	-	11,044	12,682
Pooled, common and collective trusts	9,158	8,008	-	-	9,158	8,008
Corporate bonds	5,304	5,119	-	-	5,304	5,119
U.S. government securities	3,310	3,954	-	-	3,310	3,954
Cash and cash equivalents	3,887	3,118	-	-	3,887	3,118
Total investments, at fair value	336,548	294,470	-	-	336,548	294,470
Receivables						
Employer contributions	3,500	3,300	-	-	3,500	3,300
Interest and dividends	57	85	-	-	57	85
Total receivables	3,557	3,385	-	-	3,557	3,385
Net pending trades	-	-	-	-	-	-
NET POSITION RESTRICTED FOR PENSIONS	$ 340,105	$ 297,855	$ -	$ -	$ 340,105	$ 297,855

See accompanying notes.

El Camino Healthcare District
Statements of Changes in Fiduciary Net Position
June 30, 2021 and 2020
(In Thousands)

	EL CAMINO HOSPITAL CASH BALANCE PLAN		EL CAMINO HOSPITAL POSTRETIREMENT HEALTH AND LIFE INSURANCE BENEFIT PLAN		TOTAL	
	2021	2020	2021	2020	2021	2020
ADDITIONS						
Investments income						
Net appreciation in fair value of investments	$ 39,954	$ 40,512	$ -	$ -	$ 39,954	$ 40,512
Dividends	3,635	4,592	-	-	3,635	4,592
Interest	247	579	-	-	247	579
Total investment income	43,836	45,683	-	-	43,836	45,683
Contributions						
Employer contributions	10,500	13,000	881	820	11,381	13,820
Pending investment settlements	136	42	-	-	136	42
Total contributions	10,636	13,042	881	820	11,517	13,862
Total additions	54,472	58,725	881	820	55,353	59,545
DEDUCTIONS						
Benefits paid to participants	12,167	14,687	881	820	13,048	15,507
Administrative expenses	55	100	-	-	55	100
Total deductions	12,222	14,787	881	820	13,103	15,607
INCREASE IN NET POSITION	42,250	43,938	-	-	42,250	43,938
NET POSITION RESTRICTED FOR PENSIONS						
Beginning of year	297,855	253,917	-	-	297,855	253,917
End of year	$ 340,105	$ 297,855	$ -	$ -	$ 340,105	$ 297,855

See accompanying notes.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The El Camino Healthcare District (the "District") includes the following component units, which are included as blended component units of the District's consolidated financial statements: El Camino Hospital (the "Hospital"), El Camino Hospital Foundation (the "Foundation"), CONCERN: Employee Assistance Program ("CONCERN"), and Silicon Valley Medical Development, LLC ("SVMD").

The District is organized as a political subdivision of the State of California and was created for the purpose of operating an acute care hospital and providing management services to certain related corporations. The District is the sole member of the Hospital, and the Hospital is the sole corporate member of the Foundation and CONCERN. As sole member, the District (with respect to the Hospital) and the Hospital (with respect to the Foundation and CONCERN) have certain powers, such as the appointment and removal of the boards of directors and approval of changes to the articles of incorporation and bylaws.

SVMD was organized as a California Limited Liability Corporation ("LLC") that was formed in 2008. Starting in fiscal year 2019 and continuing into the current fiscal year, SVMD has expanded to 14 clinic and urgent care sites that included certain assets of five clinics acquired through bankruptcy of Verity Health System in April 2019.

All significant inter-entity accounts and transactions have been eliminated in the consolidated financial statements.

The District utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis and consolidated financial statements are prepared using the economic resources measurement focus.

The District has fiduciary responsibility for the El Camino Hospital Cash Balance Plan and El Camino Hospital Postretirement Health and Life Insurance Benefit Plan. See Notes 7 and 8.

El Camino Hospital Cash Balance Plan – The Plan was originally adopted as a defined benefit plan and was amended and restated in its entirety to a cash-balance formula effective January 1, 1995. Effective January 1, 2014, the Plan was restated and amended. The Plan is administered by the sponsor, El Camino Hospital (the "Hospital"), and Plan assets are held by the custodian of the Plan, Wells Fargo Bank, N.A. ("Wells Fargo"). The Plan is a noncontributory defined benefit plan intended to qualify under Section 401(a) of the Internal Revenue Code ("IRC"). At December 31, 2020, there were 4,389 Plan participants consisting of 2,824 active participants and 1,565 inactive or separated participants, and at December 31, 2019, there were 4,283 Plan participants consisting of 2,735 active participants and 1,548 inactive or separated participants.

El Camino Hospital Postretirement Health and Life Insurance Benefit Plan – The Hospital also provides healthcare benefits and life insurance under the El Camino Hospital Postretirement Health and Life Insurance Benefit Plan (the "OPEB Plan"), a single-employer defined benefit Postretirement Benefits Plan, for retired employees who meet eligibility requirements as outlined in the plan document, as approved by the board of directors of the Hospital.

Accounting standards – Pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the District's proprietary fund accounting and financial reporting practices are based on all applicable GASB pronouncements as well as codified pronouncements issued on or before November 30, 1989, and the California Code of Regulations, Title 2, Section 1131, State Controller's *Minimum Audit Requirements* for California Special Districts and the State Controller's Office prescribed reporting guidelines.

Use of estimates – The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Estimates include contractual allowances related to net patient service revenue, provision for uncollectible accounts, fair market values of investments, uninsured losses for professional liability, minimum pension liability, workers' compensation liability, post-retirement medical benefits liability, valuation of gift annuities and beneficial interest in charitable remainder unitrusts, and useful lives of capital assets. Actual results could differ from those estimates.

Cash and cash equivalents – Cash and cash equivalents include deposits with financial institutions, and investments in highly liquid debt instruments with an original maturity of three months or less. In addition, in fiscal years 2021 and 2020, cash and cash equivalents include repurchase agreements, which consist of highly liquid obligations of U.S. governmental agencies. Cash and cash equivalents exclude amounts whose use is limited by board designation or by legal restriction.

Investments – Investments consist primarily of highly liquid debt instruments and other short-term interest-bearing certificates of deposit, U.S. Treasury bills, U.S. government obligations, hedge funds, hedge fund of funds, and corporate debt, excluding amounts whose use is limited by board designation or other arrangements under trust agreements.

Board-designated and restricted funds include assets set aside by the Board of Directors (the "Board") for future capital improvements and other operational reserves, over which the Board retains control and may at its discretion use for other purposes; assets set aside for qualified capital outlay projects in compliance with state law; and assets restricted by donors or grantors.

Investment income, realized gains and losses, and unrealized gains and losses on investments are reflected as nonoperating revenue or expense.

Funds held by trustee – According to the terms of both indenture agreements (General Obligation and Revenue Bonds), these amounts are held by the bond trustee and paying agent and are maintained and managed by an investment manager or the trustee. These assets are available for the settlement of future current bond obligations and capital expenditures.

Capital assets – Capital asset acquisitions are recorded at cost. Donated property is recorded at its fair market value on the date of donation. All purchases over $2,500 are capitalized. Equipment under capital lease is amortized on the straight-line basis over the shorter of the lease term or the estimated useful life of the equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the related assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Land improvements	16 years
Buildings and fixtures	25 to 47 years
Equipment	3 to 16 years

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Impairment losses on capital assets are measured using the method that best reflects the diminished service utility of the capital asset.

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

Prepaid expenses and other current assets – Prepaid expenses and other current assets consist primarily of premiums paid in advance, inventories, dues, and other receivables related to new capitation and hospitalist contracts associated with Silicon Valley Medical Development. Prepaid expenses and other current assets consisted of the following at June 30:

	2021	2020
Inventory	$ 13,765	$ 13,690
County of Santa Clara receivable	-	7,478
Prepaid expense and other deposits	9,920	8,876
Other receivables	8,525	6,420
	$ 32,210	$ 36,464

Investments in healthcare affiliates – The Hospital holds an interest in Pathways Home Health & Hospice (“Pathways”), and five Satellite Dialysis Centers, which are reported using the equity method of accounting.

Affiliate	Percent interest
Pathways	50%
Satellite Dialysis	30%

Deferred outflows and inflows – The District records deferred outflows or inflows of resources in its consolidated financial statements for consumption or acquisition of its consolidated net position that is applicable to a future reporting period. These financial statement elements are distinct from assets and liabilities.

	2021	2020
Deferred outflows of resources as of June 30:		
Loss on defeasance of bonds payable	$ 11,761	$ 12,361
Deferred outflows of resources - employee benefit plan contribution	7,000	3,300
Deferred outflows of resources - goodwill	2,324	3,232
Deferred outflows - actuarial, employee benefit plan	915	1,244
Deferred outflows - actuarial, post-retirement medical benefit	90	617
Total	$ 22,090	$ 20,754
Deferred inflows of resources as of June 30:		
Deferred inflows of resources - charitable remainder unitrusts	$ 4,522	$ 3,893
Deferred inflows - actuarial, employee benefit plan	41,141	26,456
Deferred inflows - actuarial, post-retirement medical benefit	198	350
Total	$ 45,861	$ 30,699

Risk management – The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. 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.

Self-insurance plans – The Hospital maintains professional liability insurance on a claims-made basis, with liability limits of $40,000,000 in aggregate, which is subject to a $50,000 deductible. Additionally, the Hospital is self-insured for workers' compensation benefits. The Hospital purchases a Workers' Compensation Excess Policy that insures claims greater than $1,000,000 with a limit of statutory and a $1,000,000 deductible. Actuarial estimates of uninsured losses for professional liability and workers' compensation have been accrued as other current liabilities and workers' compensation, net of current portion, respectively, in the accompanying consolidated financial statements.

The following is a summary of changes in workers' compensation liabilities for the years ended June 30 (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2021	$ 18,782	$ 2,827	$ 2,307	$ 19,302	$ 2,300

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2020	$ 20,732	$ 893	$ 2,843	$ 18,782	$ 2,300

Compensated absences – Vested or accumulated vacation and sick leave are recorded as an expense and liability of the Hospital as the benefits accrue to employees. For most employees, the maximum accumulated vacation is 400 hours. Sick leave is accumulated indefinitely at a maximum of 40 hours for a full-time employee per year, and is not vested with the employee upon termination.The following is a summary of changes in compensated absences transactions for the years ended June 30, (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2021	$ 28,124	$ 52,815	$ 47,742	$ 33,197	$ 33,197

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2020	$ 26,502	$ 51,435	$ 49,813	$ 28,124	$ 28,124

Medicare accelerated payments and CARES Act grant – On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect operations and the general population. Management has not yet determined the full financial impact of these events. Centers for Medicare & Medicaid Services (“CMS”) distributed $50 billion of the $100 billion in the form of grants to hospitals. The Hospital received approximately $19.0 million of provider relief funds for the year ended June 30, 2020, included as “Provider Relief Fund revenue” (nonoperating revenue) in the consolidated statement of revenues, expenses, and changes in net position, and will have to submit reports documenting lost revenue and expenses incurred to support the grant funds, among other terms and conditions. There were no additional funds received for the year ended June 30, 2021.

Separately, CMS initiated an Accelerated Payment Program to hospitals. The Accelerated Payments represent advance payments for services to be provided and were based on a hospital’s historical Medicare volume. In April 2020, the Hospital received approximately $75.1 million in Accelerated Payments. CMS began recoupment of these accelerated payments in April 2021 and will continue to recoup the accelerated payments from billings for services rendered until they are fully repaid. Any accelerated payments still open after 29 months from receipt will be charged interest at 4%. As of June 30, 2021 and 2020, the Hospital had $65.6 million and $75.1 million, respectively, in accelerated payments, included in Medicare accelerated payments in the consolidated statement of financial position. During the year ended June 30, 2021, approximately $9.5 million had been recouped.

Interest rate swap agreements – During the fiscal year ended June 30, 2007, the Hospital entered into derivative instruments in the form of three swap agreements to hedge variable interest rate exposure. During the fiscal year ended June 30, 2008, the underlying variable rate debt was refunded for fixed rate debt, leaving the Hospital with speculative derivative instruments that largely offset the variable rate debt issued in 2009. Two of these swaps were terminated in the fiscal year ended June 30, 2010. Refer to Note 10 for a full description of the interest rate swap agreements.

Net position – Net position of the District is classified as invested in capital assets, restricted-expendable, restricted-nonexpendable, and unrestricted net position.

Invested in capital assets, net of related debt – Invested in capital assets of $592,836,000 and $595,488,000 at June 30, 2021 and 2020, respectively, represent investments in all capital assets (building and building improvements, furniture and fixtures, and information and technology equipment), net of depreciation less any debt issued to finance those capital assets.

Restricted-expendable – The restricted-expendable net position is restricted through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation and includes assets in self-insurance trust funds, revenue bond reserve fund assets, and net position restricted to use by donors.

Restricted-nonexpendable – The restricted-nonexpendable net position is equal to the principal portion of permanent endowments.

Unrestricted net position – Unrestricted net position consists of net position that does not meet the definition of invested in capital assets, net of related debt, or restricted.

Statements of revenues, expenses, and changes in net position – For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provisions of healthcare services are reported as revenues and expenses. Peripheral or incidental transactions are reported as gains and losses. These peripheral activities include investment income, property tax revenue, gifts, grants and bequests, change in net unrealized gains and losses on short-term investments, unrealized losses or gains on interest rate swaps, and nonexchange contributions received from the Foundation's fundraising activities and are reported as nonoperating. Investments in Pathways Home Health & Hospice and Satellite Dialysis of Mountain View, LLC, are accounted for under the equity method. The Hospital's share of the operating income of these entities is included as other, net in the consolidated financial statements.

Net patient service revenue and patient accounts receivable – Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are determined. The distribution of net patient accounts receivable by payor is as follows:

	June 30,	
	2021	2020
Medicare	13%	14%
Medi-Cal	3%	2%
Commercial and other	83%	83%
Self pay	1%	1%
	100%	100%

Provision for uncollectible accounts – The Hospital provides care to patients without requiring collateral or other security. Patient charges not covered by a third-party payor are billed directly to the patient if it is determined that the patient has the ability to pay. A provision for uncollectible accounts is recognized based on management's estimate of amounts that ultimately may be uncollectible.

Charity care – The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of estimated costs for services and supplies furnished under the Hospital's charity care policy aggregated approximately $2,586,000 and $2,362,000 for the years ended June 30, 2021 and 2020, respectively.

Property tax revenue – The District received approximately 9% in 2021 and 23% in 2020 of its total increase in net position from property taxes. These funds were designated as follows (in thousands):

	2021	2020
Designated to support community benefit programs and operating expenses	$ 9,532	$ 9,170
Designated to support capital expenditures	$ 11,129	$ 9,706
Levied for debt service	$ 11,803	$ 10,493

Property taxes are levied by the County of Santa Clara on the District's behalf on January 1 and are intended to finance the District's activities of the same calendar year. Amounts levied are based on assessed property values as of the preceding July 1. Property taxes are considered delinquent on the day following each payment due date. Property taxes are recorded as nonoperating revenue by the District when they are earned.

Grants and contributions – From time to time, the District receives grants as well as contributions from individuals and private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues.

Income taxes – The District operates under the purview of the Internal Revenue Code (the "Code"), Section 115, and corresponding California Revenue and Taxation Code provisions. As such, it is not subject to state or federal taxes on income. CONCERN has also been granted tax-exempt status. However, income from the unrelated business activities of the Hospital and the Foundation is subject to income taxes. ECSC and SVMD are limited liability companies and are treated as pass-through entities for federal income tax purposes. Accordingly, no recognition has been given to federal income taxes in the accompanying consolidated financial statements.

New accounting pronouncements – The GASB issued Statement No. 84, *Fiduciary Activities* ("GASB No. 84"), which provides improved guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The GASB also issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation* ("GASB No. 97"). GASB 97 amends the criteria for reporting governmental fiduciary component units – separate legal entities included in a government's financial statements. GASB 97 clarifies rules related to reporting of fiduciary activities under Statements No. 14 and No. 84 for defined contribution plans and to enhance the relevance, consistency, and comparability of the accounting and financial reporting of IRC Code section 457 plans that meet the definition of a pension plan. The District adopted GASB No. 84 and GASB No. 97 in the current fiscal year and has reflected the activities of the Cash Balance Plan and OPEB Plan funds in the accompanying statements of fiduciary net position and statements of changes in fiduciary net position.

The GASB also issued GASB Statement No. 87, *Leases* ("GASB No. 87"), which intends to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB No. 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB No. 95 extended the effective date for GASB No. 87 to reporting periods beginning July 1, 2021. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

The GASB also issued GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* ("GASB No. 89"). GASB No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB No. 95 extended the effective date for GASB No. 89 to reporting periods beginning July 1, 2021. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

The GASB also issued GASB Statement No. 91, *Conduit Debt Obligation* ("GASB No. 91"). GASB No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB No. 95 extended the effective date for GASB No. 91 to reporting periods beginning July 1, 2022. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

The GASB also issued Statement No. 93, *Replacement of Interbank Offered Rates* ("GASB No. 93"). GASB No. 93 establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates such as the London Interbank Offered Rate ("LIBOR") for hedging derivative instruments. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form after December 31, 2021. The requirements of this statement, except for paragraphs 11b, 13, and 14, are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. GASB No. 95 extended the effective date for paragraphs 13 and 14 to fiscal years beginning after June 15, 2021. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

NOTE 2 – OPERATING REVENUES

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, fee schedules, prepaid payments per member, and per diem payments or a combination of these methods. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated settlements under reimbursement agreements with third-party payors.

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Inpatient services are paid at prospectively determined rates per discharge. Payments for outpatient services are based on a stipulated amount per procedure. The Hospital is reimbursed for cost reimbursable items at a tentative rate, with final settlements determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The effect of updating prior-year estimates for Medicare and other liabilities was to decrease 2021 income from operations by $5,519,000, and increase 2020 income from operations by $2,068,000. The Hospital's cost reports have been audited by the Medicare fiscal intermediary through June 30, 2017.

Non-Designated Public Hospitals ("NDPHs"), including the Hospital, were authorized, in 2011's Assembly Bill ("AB") 113, to use intergovernmental transfers ("IGTs") to obtain federal supplemental funds for Medi-Cal inpatient fee-for-service. The IGTs are used to bring NDPHs, in the aggregate, up to their upper payment limit ("UPL"). The UPL is the federal maximum available under the Medicaid program, as calculated based on the actual costs of providing care. For the years ended June 30, 2021 and 2020, the Hospital recognized amounts under the IGT program of $12,974,000 and $9,615,000, respectively, which have been reported as net patient service revenue.

Medi-Cal and contracted rate payors are paid on a percentage of charges, per diem, per discharge, fee schedule, or a combination of these methods.

Laws and regulations governing the Medicare and Medi-Cal programs are complex and are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term.

Other revenues for the year ended June 30, consisted of the following:

	2021	2020
Rental income	$ 13,496	$ 13,242
Prime IGT	3,616	5,244
SVMD other revenue	9,043	14,095
Concern & SVMD capitated revenue	11,843	11,565
Other operating revenue	4,223	4,294
	$ 42,221	$ 48,440

NOTE 3 – CASH DEPOSITS

At June 30, 2021 and 2020, District cash deposits had carrying amounts of $161,915,000 and $235,381,000, respectively, and bank balances of $167,845,000 and $242,759,000, respectively. All of these funds were held in cash deposits, which are collateralized with the California Government Code ("CGC"), except for $250,000 per account that is federally insured by the Federal Deposit Insurance Corporation ("FDIC").

The District participated in a cash management program provided by its primary depository institution that allows cash in District concentration accounts to be swept daily and invested overnight in reverse agreements that are not exposed to custodial credit risk because the underlying securities are held by the buyer-lender.

NOTE 4 – BOARD-DESIGNATED FUNDS, FUNDS HELD BY TRUSTEE, RESTRICTED FUNDS, AND INVESTMENTS

Board-designated funds, funds held by trustee, restricted funds, and short-term investments, collectively, as of June 30, 2021 and 2020, comprised the following (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value
2021				
Cash and cash equivalents	$ 106,812	$ -	$ -	$ 106,812
Mutual funds	299,020	190,509	-	489,529
Real estate funds	60,736	17,824	(23)	78,537
Hedge funds	180,072	36,628	(4,102)	212,598
Equities	57,211	20,811	(327)	77,695
Fixed income securities	561,274	23,931	(1,890)	583,315
	$ 1,265,125	$ 289,703	$ (6,342)	$ 1,548,486

2020				
Cash and cash equivalents	$ 104,578	$ 2	$ (2)	$ 104,578
Mutual funds	282,569	109,503	(13,980)	378,092
Real estate funds	26,302	2,815	-	29,117
Hedge funds	147,707	16,899	(6,370)	158,236
Equities	35,062	6,350	(3,047)	38,365
Fixed income securities	446,802	22,975	(2,971)	466,806
	$ 1,043,020	$ 158,544	$ (26,370)	$ 1,175,194

At June 30, 2021, investment balances and average maturities were as follows:

Investment Type	Fair Value (in thousands)	Investment Maturities (in years) Less than 1	1 to 5	6 to 10	More than 10
Short-term money market	$ 107,614	$ 107,614	$ -	$ -	$ -
Government and agencies	383,153	52,241	165,644	32,733	132,535
Corporate bonds	157,451	19,499	73,689	25,560	38,703
Domestic fixed income	41,909	528	21,470	11,380	8,531
	690,127	$ 179,882	$ 260,803	$ 69,673	$ 179,769
Equities	77,695				
Mutual funds	489,529				
Real estate funds	78,537				
Hedge funds	212,598				
Total	$ 1,548,486				

At June 30, 2020, investment balances and average maturities were as follows:

Investment Type	Fair Value (in thousands)	Investment Maturities (in years) Less than 1	1 to 5	6 to 10	More than 10
Short-term money market	$ 105,885	$ 105,885	$ -	$ -	$ -
Government and agencies	213,760	17,446	66,665	8,379	121,270
Corporate bonds	196,925	20,720	95,372	21,120	59,713
Domestic fixed income	54,814	20,085	12,431	12,197	10,101
	571,384	$ 164,136	$ 174,468	$ 41,696	$ 191,084
Equities	38,365				
Mutual funds	378,092				
Real estate funds	29,117				
Hedge funds	158,236				
Total	$ 1,175,194				

Interest rate risk – Through its investment policies, the District manages its exposure to fair value losses arising from increasing interest rates by limiting duration of fixed-income securities in its portfolio to no more than 30% of the designated benchmark.

Credit risk – District investment policies require fixed income investments to have a minimum of 85% of a money manager's assets in investment grade assets. The investment policy requires investment managers maintain an average of A- or higher ratings as issued by a nationally recognized rating organization. Additionally, the investment policy requires no more than 5% of a money manager's portfolio at the time of purchase shall be invested in the securities of any one issuer, with the exception of a United States government agency, agency MBS, or other Sovereign issues rated AAA or Aaa.

Foreign currency risk – The District's investment policy permits it to invest up to 30% of total investments in foreign currency denominated investments.

Alternative investments risk – The District's alternative investments include ownership interest in a wide variety of partnership and fund structures that may be domestic or offshore. Generally, there is little or no regulation of these investments by the Securities and Exchange Commission or U.S. state attorneys general. These investments employ a wide variety of strategies including absolute return, hedge, venture capital, private equity, and other strategies. Investments in this category may employ leverage to enhance the investment return. The District's holdings can include financial assets such as marketable securities, nonmarketable securities, derivatives, and synthetic and structured instruments; real assets; tangible and intangible assets; and other funds and partnerships. Generally, these investments do not have a ready market. Interest in these investments may not be traded without approval of the general partner or fund management.

Alternative investments are subject to all of the risks described previously relating to equities and fixed-income instruments. In addition, alternative strategies and their underlying assets and rights are subject to a broad array of economic and market vagaries that can limit or erode value. The underlying assets may not be held by a custodian either because they cannot be, or because the entity has chosen not to hold them in this form. Valuations determined by the investment manager, who has a conflict of interest in that he or she is compensated for performance, are considered and reviewed by the District's Investment Committee and the Board of Directors. Real assets may be subject to physical damage from a variety of means, loss from natural causes, theft of assets, lawsuits involving rights, and other loss and damage including mortgage foreclosure risk. These risks may not be insured or insurable. Tangible assets are subject to loss from theft and other criminal actions and from natural causes. Intangible assets are subject to legal challenge and other possible impairment.

The carrying amount of deposits and investments are included in the District's consolidated statements of net position as follows (in thousands):

	2021	2020
Included in the following consolidated statement of net position captions:		
Short-term investments	$ 294,690	$ 225,840
Current portion of board designated and funds held by trustee	18,657	26,495
Board designated, funds held by trustee, and restricted funds, less current portion	1,235,139	922,859
Total carrying amount of deposits and investments	$ 1,548,486	$ 1,175,194

NOTE 5 – FAIR VALUE

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the consolidated statements of net position at June 30, 2021 and 2020, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Mutual funds: Shares of mutual funds are valued at the net asset value ("NAV") of shares held by the District and are valued at the closing price reported on the active market on which the individual securities are traded.

Common stock: Common stock is valued at the closing price reported on the active market on which the individual securities are traded.

Asset-backed securities: Asset-backed securities are valued via model using various inputs such as but not limited to daily cash flow, U.S. Treasury market, floating rate indices such as LIBOR and Prime as a benchmark yield, spread over index, periodic and life caps, next coupon adjustment date, and convertibility of the bond.

Corporate bonds, foreign bonds, and municipal bonds: Valued using pricing models maximizing the use of observable inputs for similar securities which includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

U.S. government securities: Fixed income funds are valued at the NAV of shares held by the District and are valued at the closing price reported on the active market on which the individual securities are traded.

Pooled, common & collective trusts: Investments are valued using the NAV of the fund. The NAV of a pooled or collective investment fund is calculated based on a compilation of primarily observable market information. The number of units of the fund that are outstanding on the calculation date is derived from observable purchase and redemption activity in the fund.

Hedge funds: The fair value of the investments is recorded at the investment manager's net asset values, as determined by the fund administrator and subsequently audited by an external third party. The administrator has the appropriate expertise to determine the NAV. The District assesses the NAV and takes into consideration events such as suspended redemptions, restructuring, secondary sales, and investor defaults to determine if an adjustment is necessary. Additionally, asset holdings are reviewed within investment managers' audited financial statements.

Limited Liability Company and Limited Partnership Interests: The valuation of partnership interests may require significant management judgement. The District's ownership is based upon their percentage of limited partnership interests divided by the total commitment of the fund. Specifically, inputs used to determine fair value include financial statements provided by the investment partnerships, which typically include fair market value capital account balances.

Interest rate swaps: The fair value is estimated by a third party using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Beneficial interest in charitable remainder unitrusts: The beneficial interest in charitable remainder unitrusts is measured at fair value, which is estimated as the present value of the expected future cash flows from trusts.

The following table presents the fair value measurements of financial instruments for the consolidated District financials, recognized in the accompanying consolidated statements of net position measured at fair value on a recurring basis and the level within the GASB No. 72 fair value hierarchy in which the fair value measurements fall at June 30 (in thousands):

Description	Level 1	Level 2	Level 3	2021
Investments by fair value level				
Asset backed securities				
Corporate backed obligations	$ -	$ 17,317	$ -	$ 17,317
Mortgage backed obligations	-	30,013	-	30,013
Mutual funds - taxable	-	24,248	-	24,248
U.S. Government Mortgage Pool	-	75,847	-	75,847
Common stock				
ADR & U.S. foreign stock	-	6,217	-	6,217
Consumer discretionary	15,566	-	-	15,566
Consumer staples	3,791	-	-	3,791
Energy	7,255	-	-	7,255
Financial services industry	15,024	-	-	15,024
Healthcare industry	6,474	-	-	6,474
Industrials	10,992	-	-	10,992
Information Technology	8,554	-	-	8,554
Other	3,821	-	-	3,821
Corporate, municipal and foreign bonds				
Corporate bonds	-	157,451	-	157,451
Private placements	41,909	-	-	41,909
Municipal taxable	-	4,239	-	4,239
Preferred stocks	1,378	-	-	1,378
Mutual funds				
Mutual funds - equity	489,529	-	-	489,529
U.S. Government securities				
U.S. Treasury notes and bonds	246,022	-	-	246,022
Limited Partnership Interests	-	-	30,128	30,128
Total investments by fair value level	$ 850,315	$ 315,332	$ 30,128	1,195,775
Cash equivalents				106,576
Investments measured at NAV				
Pooled, common & collective trusts				37,609
Equity hedge funds				66,641
Credit hedge funds				26,116
Macro hedge funds				24,164
Relative value hedge funds				89,266
Fixed income limited partnership				2,339
Total investments measured at NAV				246,135
Total investments				$ 1,548,486
Beneficial interest in charitable remainder unitrusts	$ -	$ -	$ 4,522	$ 4,522
Interest rate swap	$ -	$ (7,923)	$ -	$ (7,923)

Description	Level 1	Level 2	Level 3	2020
Investments by fair value level				
Asset backed securities				
Corporate backed obligations	$ -	$ 15,013	$ -	$ 15,013
Mortgage backed obligations	-	35,070	-	35,070
Mutual funds - taxable	-	18,886	-	18,886
U.S. Government Mortgage Pool	-	80,653	-	80,653
Common stock				
ADR & U.S. foreign stock	-	3,401	-	3,401
Customer discretionary	6,990	-	-	6,990
Energy	3,225	-	-	3,225
Financial services industry	7,745	-	-	7,745
Healthcare industry	2,877	-	-	2,877
Information Technology	4,608	-	-	4,608
Other	9,518	-	-	9,518
Corporate, municipal and foreign bonds				
Corporate bonds	-	180,833	-	180,833
Private placements	-	36,277	-	36,277
Municipal taxable	-	5,071	-	5,071
Mutual funds				
Mutual funds - equity	378,092	-	-	378,092
U.S. Government securities				
U.S. Treasury notes and bonds	95,005	-	-	95,005
Limited Partnership Interests	-	-	22,778	22,778
Total investments by fair value level	$ 508,060	$ 375,204	$ 22,778	906,042
Cash equivalents				104,781
Investments measured at NAV				
Pooled, common & collective trusts				18,117
Equity hedge funds				63,696
Credit hedge funds				15,667
Macro hedge funds				20,411
Relative value hedge funds				43,834
Fixed income limited partnership				2,646
Total investments measured at NAV				164,371
Total investments				$ 1,175,194
Beneficial interest in charitable remainder unitrusts	$ -	$ -	$ 3,893	$ 3,893
Interest rate swap	$ -	$ (10,862)	$ -	$ (10,862)

The following table provides the fair value and redemption terms and restrictions for investments redeemable NAV at June 30 (in thousands):

	2021 Fair Value	2020 Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice
Pooled, common & collective trusts	$ 37,609	$ 18,117	$ -	Monthly	30 days
Equity hedge funds	66,641	63,696	-	Quarterly	90 days
Credit hedge funds	26,116	15,667	-	Monthly, Quarterly	15 to 60 days
Macro hedge funds	24,164	20,411	-	Monthly, Quarterly	5 to 90 days
Relative value hedge funds	89,266	43,834	-	Quarterly, Annually	45 days
Fixed income limited partnership	2,339	2,646	-	Monthly	1 day
Total investments measured at NAV	$ 246,135	$ 164,371	$ -		
Limited Partnership Interests	$ 30,128	$ 22,778	$ 29,531	n/a	n/a

Pooled, common & collective trusts – includes investments that invest in domestic equity. Investments are valued using the NAV per share of the fund. The NAV per share is based on the value of the underlying assets owned by the fund, minus its liabilities, divided by the number of shares outstanding.

Equity hedge funds – includes investments that employ both long and short strategies primarily in common stocks. Equity hedge strategies typically have a directional bias (long or short) and trade in equities and equity related derivatives. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 18% of the value of the investments in this type include restrictions such as certain classes with side pocket investments which may only be redeemed upon realization of the underlying investments.

Credit hedge funds – includes investments that is comprised of distressed securities, credit long/short, emerging market debt and credit event driven. Credit hedge strategies typically have a directional bias and involve the purchase of various types of debt, equity, trade claims and fixed income securities. The fair values of the investments in this type have been determined using the NAV per share of the investments. All of the investments in this type include restrictions that do not allow for redemptions in the first year after acquisition and other imposed gates.

Macro hedge funds – includes investments that invests in global macro, managed futures, commodities and currencies. Macro hedge strategies typically have a directional bias and involve the purchase of a variety of securities and/or derivatives related to major markets. Managed future strategies trade similar instruments but are typically implemented by computerized system. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 47% of the value of the investments in this type include restrictions such as certain classes with side pocket investments which may only be redeemed upon realization of the underlying investments.

Relative value hedge funds – includes investments that typically does not display a distinct directional bias. Relative value encompasses a range of strategies covering different asset classes. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Less than 1% of the value of the investments may include lock up, imposed gates, and other restrictions that preclude them from redeeming their share or ownership interest for an uncertain or extended period of time from the measurement date.

Fixed-income limited partnership – includes investments in a limited partnership fund of funds that invest primarily in investment grade non-U.S. dollar denominated fixed income securities. The fund may enter into swap agreements, forward settlement agreements, futures, contracts, and options on future contracts as well as purchase and sell covered put and call options. Investments are valued using the NAV per share of the fund. There is a provision in the limited partnership agreement that allows the general partner to limit redemption under certain circumstances.

Limited partnership interests – investments in closed-end, commitment based private equity real estate partnerships. The valuation of partnership interests in these funds may require significant management judgement. The District's ownership is based upon their percentage of limited partnership interests divided by the total commitment of the fund. Inputs used to determine fair value include financial statements provided by the investment partnerships, which typically include fair market value capital account balances. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund.

The following table presents the fair value measurements of financial instruments recognized in the accompanying fiduciary statements of net position measured at fair value on a recurring basis and the level within the GASB No. 72 fair value hierarchy in which the fair value measurements fall at June 30 (in thousands):

	2021			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 3,887	$ -	$ -	$ 3,887
Common stock	23,649	-	-	23,649
Corporate bonds	-	5,304	-	5,304
Mutual funds	230,806	-	-	230,806
U.S. government securities	3,310	-	-	3,310
Total assets in the fair value hierarchy	$ 261,652	$ 5,304	$ -	266,956
Investments measured at NAV practical expedient				69,592
Total assets, at fair value				$ 336,548

	2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 3,118	$ -	$ -	$ 3,118
Common stock	21,921	-	-	21,921
Corporate bonds	-	5,119	-	5,119
Mutual funds	200,645	-	-	200,645
U.S. government securities	3,954	-	-	3,954
Total assets in the fair value hierarchy	$ 229,638	$ 5,119	$ -	234,757
Investments measured at NAV practical expedient				59,713
Total assets, at fair value				$ 294,470

The following table provides the fair value and redemption terms and restrictions for investments redeemable NAV at June 30 (in thousands), for the fiduciary funds investments:

	Fair value June 30, 2021	Fair value June 30, 2020	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Liability Company	$ 49,391	$ 39,023	$ -	Monthly/Semi-Annual	90 days
Common Collective Trust	9,158	8,008	-	Daily	Quarterly
Partnerships	11,043	12,682	9,981	No redemptions	N/A
	$ 69,592	$ 59,713			

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, was as follows (in thousands):

	Balance June 30. 2020	Increases	Decreases	Balance June 30. 2021
Capital assets not being depreciated				
Land	$ 92,904	$ 1,821	$ -	$ 94,725
Construction in progress	489,848	-	420,347	69,501
	582,752	1,821	420,347	164,226
Capital assets being depreciated				
Land improvement	15,768	3,433	-	19,201
Buildings	850,756	449,725	-	1,300,481
Capital equipment	399,247	27,306	42	426,511
	1,265,771	480,464	42	1,746,193
Less accumulated depreciation for				
Land improvement	11,891	670	-	12,561
Buildings	358,983	39,080	-	398,063
Capital equipment	311,613	27,938	42	339,509
	682,487	67,688	42	750,133
Total capital assets being depreciated, net	583,284	412,776	-	996,060
Total capital assets, net	$ 1,166,036	$ 414,597	$ 420,347	$ 1,160,286

Capital assets activity for the year ended June 30, 2020, was as follows (in thousands):

	Balance June 30. 2019	Increases	Decreases	Balance June 30. 2020
Capital assets not being depreciated				
Land	$ 92,904	$ -	$ -	$ 92,904
Construction in progress	391,005	98,843	-	489,848
	483,909	98,843	-	582,752
Capital assets being depreciated				
Land improvement	15,768	-	-	15,768
Buildings	836,052	14,704	-	850,756
Capital equipment	389,595	9,997	345	399,247
	1,241,415	24,701	345	1,265,771
Less accumulated depreciation for				
Land improvement	10,639	1,252	-	11,891
Buildings	332,947	26,036	-	358,983
Capital equipment	285,245	26,750	382	311,613
	628,831	54,038	382	682,487
Total capital assets being depreciated, net	612,584	(29,337)	(37)	583,284
Total capital assets, net	$ 1,096,493	$ 69,506	$ (37)	$ 1,166,036

Construction contracts of approximately $741,000,000 was approved for various projects, including the construction of the four major projects at the Mountain View campus of the Integrated Medical Office Building ("IMOB"), Behavior Health Services replacement building, North Drive parking structure expansion, and Women's Hospital Expansion, as well as continued improvements at the Los Gatos site for the Imaging department, medical office building, and seismic upgrades. At June 30, 2021, the remaining commitment on these contracts approximated $193,000,000.

Capitalized interest was $0 and $7,528,000 for the years ended June 30, 2021 and 2020, respectively.

NOTE 7 – EMPLOYEE BENEFIT PLANS

The Hospital sponsors a cash-balance pension plan (the "Cash Balance Plan"), which has been in effect since January 1, 1995. The Plan covers employees who are 21 years of age and have completed one year of credited service. Participants are entitled to a lump-sum distribution or monthly benefits at age 65 based on a predetermined formula that considers years of service and compensation. Effective July 1, 1999, employer benefits are calculated as 5% of a participant's annual plan compensation, and the annual interest is an indexed rate based on the return on 10-year U.S. Treasury securities. Participants are fully vested in their account balances after five pension years.

Participant accounts – The Cash Balance Plan maintains "participant account balances" equal to a participant's account balance established as of January 1, 1995, upon the conversion to the cash-balance formula, plus subsequent contribution credits and interest credits related to the participant's accumulated cash balance, participant match contribution credits, and participant match interest credits.

Contribution credits of 5% of eligible compensation for the year are credited to a participant's account as of the last day of the Cash Balance Plan year. Each year, interest credits related to a participant's cash balance are credited to the participant's account in an amount that is equal to a percentage of a participant's account balance at the beginning of the Cash Balance Plan year. The percentage rate used is the annual rate of return on 10-year treasury securities in effect for the third month (October) immediately preceding the first day of the applicable Cash Balance Plan year. The rates credited were 3.15% and 2.36% for the years beginning January 1, 2020 and 2019, respectively.

Employee contributions – Contributions by participants are not required or permitted by the Cash Balance Cash Balance Plan.

Employer contributions – The Hospital's funding policy is to contribute amounts to the Cash Balance Plan necessary to meet minimum funding requirements. The Hospital's contributions for 2019 and 2018 exceeded the minimum funding requirements of the Employee Retirement Income Security Act of 1974 ("ERISA").

Although it has not expressed any intention to do so, the Hospital has the right under the Cash Balance Plan to discontinue its contributions at any time and to terminate the Cash Balance Plan subject to the provisions set forth in ERISA.

Eligibility – Hospital employees are eligible to participate on the first day of the month succeeding the later of the date on which they complete one year of service, which is defined as working 12 months for a minimum of 1,000 hours, and they reach age 21.

Funding policy – The amount of employer contributions is determined based on actuarial valuations and recommendations as to the amounts required to fund benefits. Contributions are made by the Hospital based on the results of the actuarial recommendations. The Hospital intends to make contributions in amounts not less than the minimum required by the funding standards of ERISA and is required to keep the Cash Balance Plan qualified under Section 401(a) of the IRC. Participants are not permitted to contribute to the Cash Balance Plan.

Vesting – Participants are fully vested with their third year of service.

Pension benefits – Monthly benefit payments, based upon a formula described in the Cash Balance Plan document, commence within 30 days of the normal retirement date, early retirement date, or deferred retirement date. A participant may elect to defer retirement past the normal retirement age, which will result in benefits greater than 100%, based on a published scale. The eligibility requirement for early retirement is age 55. Early retirement benefits are calculated by multiplying the accrued benefit as of the early retirement date by a percentage defined in the Cash Balance Plan document.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are 2.00% compounded annually.

On termination of service, a participant may elect to receive either a lump-sum amount equal to the value of the participant's account balance or annuity payments based upon formulas described in the Cash Balance Plan document.

Death benefits – The Cash Balance Plan provides death benefits in the form of a qualified pre-retirement survivor annuity for life equal to the annuity that would have been payable to the spouse if the participant had retired on the day preceding the participant's death. At the option of the beneficiary, the benefit may be paid in a lump-sum.

Basis of accounting – The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental units, using the accrual method of accounting. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein; disclosure of contingent assets and liabilities; and the actuarial present value of accumulated Cash Balance Plan benefits, at the date of the financial statements. Actual results could differ from those estimates.

Investment valuation – The Cash Balance Plan's investments are stated at fair value, as certified by the Cash Balance Plan's custodian, based generally on quoted market prices.

Fair value is the price that would be received to sell an asset or paid to transfer a liability (the "exit price") in an orderly transaction between market participants at the measurement date. See Note 6 for discussion of fair value measurements.

Income recognition – Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The net appreciation or depreciation in fair value of investments consists of both the realized gains or losses and unrealized appreciation (depreciation) of those investments.

Benefits paid to participants – Benefit payments to participants are recorded upon distribution.

Administrative expenses – Administrative fees, such as custodian, actuarial, and certain other administrative expenses, may be paid by the Cash Balance Plan or the Hospital.

The Hospital's net pension asset was measured as of June 30, 2021 and 2020, as determined by an actuarial valuation as of December 31, 2020 and 2019, rolled forward to June 30, 2021 and 2020, respectively.

Certain retired and terminated employees and certain participants covered by a collective bargaining agreement continue to participate under provisions of a defined-benefit retirement plan in effect prior to January 1, 1995. Participant data for the Plan, as of the measurement date January 1 for the indicated years is as follows:

	2021	2020
Active	3,001	2,824
Retirees and beneficiaries	600	592
Vested terminated	982	973
Total participants	4,583	4,389

Components of pension cost and deferred outflows and inflows of resources as calculated under the requirements of GASB No. 68 are as follows (in thousands):

	2021	2020
Deferred outflows of resources as of June 30:		
Difference between expected and actual experience	$ 915	$ 1,244
Total	$ 915	$ 1,244
Deferred inflows of resources as of June 30:		
Difference between expected and actual experience	$ (2,930)	$ (2,834)
Changes in assumptions	(3,732)	(4,885)
Difference between projected and actual investment earnings	(34,479)	(18,737)
Total	$ (41,141)	$ (26,456)
Contributions between the measurement date and fiscal year end recognized as a deferred outflow of resources	$ 7,000	$ 3,300

Amounts reported as deferred outflows and inflows of resources to pensions will be recognized in pension expense are as follows (in thousands):

2022	$ (12,855)
2023	(8,711)
2024	(12,156)
2025	(5,813)
2026	(465)
Thereafter	(226)
	$ (40,226)

The following table summarizes changes in pension liability for fiscal years ended June 30, 2021 and 2020, with a measurement date of December 31, 2020 and 2019, respectively, (in thousands):

	2021	2020
Service cost	$ 10,166	$ 9,675
Interest	13,206	12,744
Differences between expected and actual experience	(1,152)	(1,095)
Changes of assumptions	(550)	(652)
Benefit payments	(12,167)	(14,687)
Net change in total pension liability	9,503	5,985
Total pension liability beginning of fiscal year	215,940	209,955
Total pension liability end of fiscal year	$ 225,443	$ 215,940

	2021 with Measurement Date of December 31, 2021	2020 with Measurement Date of December 31, 2019
Total pension liability	$ 225,443	$ 215,940
Plan fiduciary net position	336,605	294,555
Net pension asset	$ (111,162)	$ (78,615)
Plan's fiduciary net position as a percentage of total pension liability	149.31%	136.41%
Covered payroll	$ 359,322	$ 335,696
Net pension asset as a percentage of covered payroll	-30.94%	-23.42%
Contributions between the measurement date and year ended June 30, as deferred outflow of resources	$ 7,000	$ 3,300

The following table summarizes the actuarial assumptions used to determine net pension asset and plan fiduciary net position as of June 30, 2021 and 2020:

Valuation Date	January 1, 2021 Actuarially determined contribution rates are calculated as of January 1.
Actuarial Cost Method	Entry Age Normal Method as a level percent of pay in accordance with GASB
Asset Valuation Method	Market Value
Actuarial Assumptions	
Projected Salary Increases	4.00%
Mortality	Based on the Pri-2012 Total Employee and Retiree Mortality Tables (base year 2012) and projected with Mortality Improvement Scale MP-2020, except for current and future beneficiaries of deceased participants. For current and future beneficiaries of deceased participants, mortality is based on the Pri-2012 Contingent Survivor Mortality Tables and projected with Mortality Improvement Scale MP-2020.
Discount Rate	6.00%

Sensitivity of net pension asset (in thousands):

	1% Decrease 5%	Current Discount Rate 6%	1% Increase 7%
Net pension asset as of June 30, 2021	$ (88,863)	$ (111,162)	$ (130,388)
Net pension asset as of June 30, 2020	$ (57,180)	$ (78,615)	$ (97,090)

The following table summarizes target asset class for the plan fiduciary net position as of June 30, 2021 and 2020:

Asset Class	Neutral	Asset Rebalancing Range	Expected Long-Term Real Rate of Return
Domestic Equities	32%	27% to 37%	8.69%
International Equities	18%	15% to 21%	7.66%
Alternatives	20%	17% to 23%	5.38%
Broad Fixed Income	25%	20% to 30%	2.86%
Cash	5%	0% to 8%	1.04%
Total	100%		6.00%

Eligible employees of the Hospital may also elect to participate in a separate deferred compensation plan (the 403(b) plan) pursuant to Section 403(b) of the Code. The Hospital acts as the administrator and sponsor, and the 403(b) plan's assets are held by trustees designated by the Hospital's management. Employees are eligible to participate upon employment, and participants are immediately vested in their elective contributions plus actual earnings thereon. The Hospital will match employee contributions to the 403(b) plan, subject to a maximum of 4% of each participant's annual plan compensation. Participants are eligible for employer match in the second plan year in which they work at least 1,000 hours, and they must be on the payroll at the end of the plan year (December 31). Employer matching contributions under the 403(b) plan are made to the cash-balance pension plan and earn interest as defined by that plan. Employer matching contributions to the 403(b) plan of $13,373,000 and $12,289,000 in 2021 and 2020, respectively, are included in benefits expense. Participants are immediately vested in the employer contributions included in the cash-balance pension plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the consolidated financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 8 – POST-RETIREMENT MEDICAL BENEFITS

The Hospital provides healthcare benefits and life insurance for retired employees who meet eligibility requirements as outlined in the plan document, as approved by the board of directors of the Hospital. All employees who attain age 55 with a minimum of 20 years of enrollment in the Hospital's healthcare program and are enrolled in one of the plans upon retirement, and who were hired prior to July 1, 1994, are eligible. Under the plan, employees are credited with employment history accumulated under a prior Hospital plan.

Benefits are funded by the Hospital on a pay-as-you go basis. If a participant terminates from the Hospital after 20 years of enrollment but before reaching age 62, he or she can choose to contribute to the plan between ages 55 and 61 to retain the plan's benefits. At age 62, eligible retirees are given an annual credit based on years of service to pay for health benefits.

Employees covered – At June 30, the following employees were covered by the Hospital:

	2021	2020
Active	250	250
Inactive plan members or beneficiaries currently receiving benefits	327	327
Total participants	577	577

Components of post-retirement medical benefits expense and deferred inflows and outflows of resources as calculated under the requirements of GASB No. 75 are as follows (in thousands) as of June 30:

	2021	2020
Service cost	$ 255	$ 254
Interest	852	874
Differences between expected and actual experience	(284)	(66)
Changes of assumptions	107	531
Current period recognition of prior years' deferred inflows and outflows of	253	(506)
Total post-retirement medical benefits expense	$ 1,183	$ 1,087

	2021	2020
Deferred outflows of resources as of June 30:		
Changes in benefit terms	$ -	$ -
Difference between expected and actual experience	-	-
Changes in assumptions	90	617
Total	$ 90	$ 617
Deferred inflows of resources as of June 30:		
Changes in benefit terms	$ -	$ -
Difference between expected and actual experience	(198)	(189)
Changes in assumptions	-	(161)
Total	$ (198)	$ (350)

Amounts reported as deferred outflows and inflows of resources to post-retirement medical benefits will be recognized in post-retirement medical benefits expense are as follows (in thousands):

2022	$ (108)
2023	-
2024	-
2025	-
2026	-
Thereafter	-
	$ (108)

The following table summarizes changes in post-retirement medical benefits liability for fiscal year ended June 30, 2021 and 2020, with a measurement date of July 1, 2020 and 2019, respectively (in thousands):

	2021	2020
Service cost	$ 255	$ 254
Interest	852	874
Differences between expected and actual experience	(479)	(133)
Changes in assumptions or other input	181	1,076
Benefit payments	(881)	(821)
Net changes	(72)	1,250
Net post-retirement medical benefits liability at beginning of year	30,730	29,480
Net post-retirement medical benefits liability at end of year	$ 30,658	$ 30,730

The following table summarizes the actuarial assumptions used to determine net post-retirement medical benefits as of June 30, 2021 and 2020:

Valuation Date	June 30, 2019; measurement date of June 30, 2020
Actuarial Cost Method	Entry Age Normal, level percent of pay
Asset Valuation Method	Not applicable
Actuarial Assumptions	
Projected Salary Increases	4.00%
Mortality	RP-2014 Healthy Annuitant and Employee tables for males and females scaled back to 2006 using scale MP-2014, and then projected generationally using projection scale MP-2018 to the Pri-2012 Total Employee and Retiree Mortality Tables projected generationally using projection scale MP-2019. For current beneficiaries of deceased participants, mortality is based on the Pri-2012 Contingent Survivor Mortality Tables projected generationally using projection scale MP-2019.
Discount Rate	2.66%
Healthcare cost trend rates:	8% for 2019, graded to 4.5% for year 2027 and beyond for ages pre-65; and 6% for 2018, graded to 4.50% for year 2027 and beyond for ages post-65.

Sensitivity of post-retirement medical benefits liability (in thousands) due to change in discount rates as of June 30:

	2021		
	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
Net post-retirement medical benefits liability	$ 34,399	$ 30,658	$ 27,508

	2020		
	1% Decrease 1.79%	Current Discount Rate 2.79%	1% Increase 3.79%
Net post-retirement medical benefits liability	$ 34,587	$ 30,730	$ 27,492

Sensitivity of post-retirement medical benefits liability (in thousands) due to change in healthcare cost trend:

	1% Decrease	Current Trend Rate	1% Increase
June 30, 2021	$ 30,141	$ 30,658	$ 31,278
June 30, 2020	$ 30,234	$ 30,730	$ 31,328

NOTE 9 – INSURANCE PLANS

The Hospital purchases professional, general, automobile, and directors and officers liability insurance from BETA Healthcare Group ("BHG"), and also purchases all-risk property insurance (including limited flood), fiduciary, crime, cyber, and excess workers' compensation coverage needs from Alliant Insurance Services ("Alliant"). The Hospital's coverage is under a claims-made policy with limits of $30 million per occurrence, $40 million in the annual aggregate, and with a self-insured retention level of $50,000 per claim.

There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted from services provided to patients. The Hospital has actuarial estimates performed annually on its self-insurance plans of professional liability and workers' compensation benefits. Estimated liabilities (which have not been discounted) have been actuarially determined at an expected 75% confidence level and include an estimate of incurred, but not reported, claims. The balances are included in salaries and wages payable, workers' compensation, and other long-term liabilities in the accompanying consolidated statements of net position.

NOTE 10 – BONDS PAYABLE

Bonds payable consists of the following obligations (in thousands):

	June 30, 2021	June 30, 2020
El Camino Hospital District		
2006 General Obligation Bonds		
Principal	$ 32,335	$ 32,335
Unamortized premium	178	341
2017 General Obligation Bonds		
Principal	83,955	88,355
Unamortized premium	183	361
El Camino Hospital Revenue Bonds		
Series 2009		
Principal	50,000	50,000
Series 2015A		
Principal	135,670	139,795
Unamortized premium	8,070	9,416
Series 2017A		
Principal	282,875	287,770
Unamortized premium	11,123	13,000
Total long-term debt	604,389	621,373
Less current maturities	14,480	13,420
Maturities due after one year	$ 589,909	$ 607,953

	2021			
	Balance at June 30, 2020	Increases	Decreases	Balance at June 30, 2021
General obligation bonds	$ 121,392	$ -	$ 4,741	$ 116,651
Revenue bonds	499,981	-	12,243	487,738
	$ 621,373	$ -	$ 16,984	$ 604,389

	2020			
	Balance at June 30, 2019	Increases	Decreases	Balance at June 30, 2020
General obligation bonds	$ 125,687	$ -	$ 4,295	$ 121,392
Revenue bonds	512,186	-	12,205	499,981
	$ 637,873	$ -	$ 16,500	$ 621,373

2006 General Obligation Bonds – Upon voter approval, in November 2003, the District issued in 2006, $148,000,000 principal amount of 2006 General Obligation Bonds, which consists of $115,665,000 of Current Interest Bonds. Interest on the Current Interest Bonds is payable semiannually at rates ranging from 4% to 5% and principal maturities ranging from $2,065,000 in 2016 to $18,050,000 in 2036 are due annually on August 1. Interest at rates ranging from 4.38% to 4.48% and principal of the Capital Appreciation Bonds are payable only at maturity. In March 2017, the District advanced refunded a portion of the 2006 General Obligation Bonds, through the issuance of the 2017 General Obligation Refunding Bonds.

The Current Interest Bonds maturing on or after August 1, 2017, may be redeemed prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after February 1, 2017, at a redemption price equal to the principal amount of the Current Interest Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

2017 General Obligation Bonds – Upon voter approval, in March 2017, the District advanced refunded a portion of the 2006 General Obligation Bonds, through the issuance of the $99,035,000 2017 General Obligation Refunding Bonds, which consists of $115,665,000 of Current Interest Bonds, and $32,335,000 of Capital Appreciation Bonds. Interest on the 2017 General Obligation Refunding Bonds is payable semiannually at rates ranging from 2% to 5% and principal maturities ranging from $3,570,000 in 2017 to $17,480,000 in 2036 are due annually on August 1. This refinancing resulted in a reduction of future interest payments with a present value of approximately $7,000,000.

Both the 2006 and 2017 G.O. Bonds are general obligations of the District payable from ad valorem taxes. Payment of principal, interest and maturity value of the Bonds, when due, is insured by a municipal bond insurance policy.

Revenue Bonds, Series 2009 – In April 2009, the Hospital issued $50,000,000 of Santa Clara County Financing Authority Insured Revenue Bonds, Series 2009A, to fund completion of the Hospital replacement construction project. Interest on the bonds is payable on the business day immediately following the applicable remarketing period. Principal maturities on the bonds range from $100,000 in 2025 to $10,920,000 in 2044, and are due annually on February 1.

The 2009 Series Revenue bond agreement contains various restrictive covenants which include, among other things, minimum debt service coverage, maintenance of minimum liquidity, and requirement to maintain certain financial ratios.

The bonds are secured by a pledge of gross revenues to an Indenture of Trust ("Indenture") dated March 16, 2007. The Indenture contains certain covenants that, among other things, require the District to deposit all gross revenues of the Hospital as soon as practicable upon receipt. The Indenture also requires the Hospital to maintain a long-term debt service coverage ratio of 1.15 to 1.00. Failure to comply with the restrictive covenants of the Indenture could result in all of the unpaid principal and accrued interest of the bonds becoming due immediately, at the option of the trustee.

Revenue Bonds, Series 2015A – In May 2015, the Hospital advance refunded its Series 2007 Santa Clara County Financing Authority Insured Revenue Bonds ("Series 2007") through the issuance of the $160,455,000 of Santa Clara County Financing Authority Insured Revenue Bonds ("Series 2015A"). The issuance of the Series 2015A is to (i) finance and refinance certain capital expenditures owned by the Hospital (the Project – $40,300,000), (ii) advance refund ($120,100,000) the Santa Clara County Financing Authority Insured Revenue Bonds of the Hospital Series 2007A, 2007B, and 2007C, and (iii) pay costs incurred in the connection of the issuance of the Bonds.

Revenue Bonds, Series 2017A – In February 2017, the Hospital issued $292,435,000 of California Health Facilities Financing Authority Revenue Bonds ("Series 2017") to finance certain capital expenditures at facilities owned or operated by the Hospital, to finance a portion of the interest payable of the Series 2017 through January 31, 2019, and to pay costs incurred in connection with the issuance of the Series 2017. The Series 2017 consists of $130,660,000 Serial Bonds and $161,775,000 Term Bonds. Principal maturities for the Serial Bonds range from $4,665,000 in 2020 to $10,565,000 in 2037, and are due annually on February 1. Principal maturities for the Term Bonds range from $60,710,000 in 2042 to $101,065,000 in 2047, and are due annually on February 1.

Letter of credit – In March 2009, in connection with the issuance of the 2009 Series Revenue bonds, the Hospital obtained an irrevocable Letter of Credit issued by a bank for $50,000,000. This Letter of Credit expires October of 2022 and requires the Hospital to maintain a long-term debt service coverage ratio of 1.20 to 1.00.

Management believes all financial debt covenants were met for the years ended June 30, 2021 and 2020.

Debt service requirements for bonds payable are as follows (in thousands):

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	$ 5,050	$ 3,406	$ 9,430	$ 19,902
2023	5,760	3,154	9,905	19,431
2024	3,293	6,343	10,400	18,935
2025	3,398	6,788	10,920	18,415
2026	-	2,866	11,460	17,874
2027 to 2031	17,977	41,017	66,430	80,368
2032 to 2036	47,382	26,086	84,000	63,360
2037 to 2041	33,430	699	58,535	42,526
2042 to 2046	-	-	106,400	22,165
2047 to 2051	-	-	101,065	1,398
	$ 116,290	$ 90,359	$ 468,545	$ 304,374

Interest rate swap – On March 7, 2007, the Hospital entered into three interest rate swap agreements in connection with the issuance of the Series 2007 Revenue Bonds. The intention of the swap is to create debt with a synthetic, fixed interest rate on the variable-rate Revenue Bonds. The swaps were effective March 23, 2007, with a termination date of February 1, 2041, and notional amounts of $50 million each; these terms match the terms of the underlying Series 2007 Revenue Bonds. Under each swap transaction, the Hospital pays a fixed rate of interest of 3.204% and the counterparty pays a variable rate of interest equal to the sum of (i) 56% of USD-LIBOR-BBA plus (ii) 0.23%. In March 2008, the Hospital Board directed management to terminate the floating to fixed interest rate swap when economically prudent in connection with the refunding of their Series 2007 Revenue Bonds. In December 2009, two of the three swaps were terminated. The fair value of the remaining swap is a liability of $7,923,000 at June 30, 2021, and $10,862,000 at June 30, 2020, included in other long-term obligations in the consolidated statements of net position.

Risks associated with the swap agreements – From the Hospital's perspective, the following risks are generally associated with swap agreements:

Credit risk – The counterparty becomes insolvent or is otherwise not able to perform its financial obligations. In the event the counterparty becomes insolvent or their credit rating falls below BBB-/Baa2, the Hospital has the right to terminate the swap. Upon exercise of early termination, the amounts due from or to the counterparty will be determined by the market pricing of the swaps at the time of termination.

Termination risk – The Hospital or counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If, at the time of the termination, the swap has a negative fair value, the Hospital would be liable to the counterparty for that payment.

NOTE 11 – RESTRICTED NET POSITION

Restricted net position consists of donor-restricted contributions and grants and cash restricted for regulatory requirements, which are to be used as follows (in thousands):

	2021	2020
Charity and other	$ 22,960	$ 20,606
Endowments	7,472	7,373
Restricted by donor for specific uses	30,432	27,979
Restricted by Department of Managed Health Care	650	650
Total restricted net position	$ 31,082	$ 28,629

Permanently restricted contributions (“endowments”) remain intact, with the earnings on such funds providing an ongoing source of revenue to be used primarily for education.

NOTE 12 – CHARITABLE REMAINDER UNITRUSTS

The Foundation is the beneficiary of several irrevocable charitable remainder unitrusts in which the gift assets are held by trustees and administered for the benefit of the Foundation and other beneficiaries. The assets are held under trust agreements with an outside trustee. The donors maintain the right to income earned on the assets during their lifetime and, in some cases, during the lifetime of their survivors.

Pursuant to GASB No. 81, the Foundation recognizes an asset and a deferred inflow of resources when it becomes aware of the agreements and has sufficient information to measure the beneficial interest, in accordance with the asset recognition criteria in GASB No. 81. The beneficial interest asset is measured at fair value, which is estimated as the present value of the expected future cash flows from trusts. The applicable federal discount rate for June 2021 and June 2020 of 2.5% and 2.4% per annum, respectively, and The Standard Ordinary Mortality Rate Table were used to arrive at the present value. Change in the fair value of the beneficial interest asset is recognized as an increase or decrease in the related deferred inflow of resources. As the remainder interest beneficiary, the Foundation recognizes revenue for the beneficial interest at the termination of the agreement, as stipulated in the agreements.

NOTE 13 – RELATED-PARTY TRANSACTIONS

The Hospital pays vendor-related expenses on behalf of the Foundation and is reimbursed for these costs incurred. The Hospital also pays employee-related expenses, which are reimbursed by the Foundation. The Foundation's employees also participate in the cash-balance pension plan, sponsored by the Hospital. Full footnote disclosures relating to the cash-balance pension plan is included in the consolidated financial statements. The Hospital performs certain administrative functions on behalf of the Foundation for which no amounts are charged to the Foundation. As of June 30, 2021 and 2020, the Foundation has a payable to the Hospital in the amount of $191,000 and $595,000, respectively. During the fiscal years 2021 and 2020, the Foundation paid the Hospital $3,629,000 and $3,522,000 for such expenses, respectively, which included amounts for operations, but also disbursements from Donor Restricted Funds in support of Hospital operations and capital acquisitions.

In June 2012, the Hospital Board approved the funding of the Foundation's salaries, wages, benefits, and rent for a maximum of $1,783,000 annually on an ongoing basis. All related-party transactions are eliminated upon consolidation.

As of June 30, 2021 and 2020, CONCERN has a payable to the Hospital in the amount of $2,543,000 and $3,603,000, respectively. During the fiscal years ended June 30, 2021 and 2020, CONCERN paid the Hospital $7,041,000 and $5,786,000 for these expenses, respectively. All related party transactions are eliminated upon consolidation.

As of June 30, 2021 and 2020, SVMD has a payable to the Hospital of $8,400,000 and $43,664,000, respectively. During fiscal years ended June 30, 2021 and 2020, SVMD paid the Hospital $22,688,000 and $14,945,000 for its expenses, respectively. All related-party transactions are eliminated upon consolidation.

The Hospital leases the space to ECASC and provides certain services, such as utilities and building/equipment maintenance. There was $0 of rental income recorded for the year ended June 30, 2021, and $64,000 of rental income recorded for the year ended June 30, 2020, related to the lease.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Litigation – The District is a defendant in various legal proceedings arising out of the normal conduct of its business. In the opinion of management and its legal representatives, the District has valid and substantial defenses, and settlements or awards arising from legal proceedings, if any, will not exceed existing insurance coverage, nor will they have a material adverse effect on the financial position, results of operations, or liquidity of the District.

Lease commitments – The District is obligated for land and office rental under the terms of various operating lease agreements. Following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2021 (in thousands):

	Operating Lease Commitments	Lease Income	Net Lease Benefit (Expense)
2022	$ 5,304	$ 13,278	$ 7,974
2023	4,647	11,572	6,925
2024	4,464	10,803	6,339
2025	4,358	9,710	5,352
2026	2,409	6,493	4,084
Thereafter	22,757	20,804	(1,953)
	$ 43,939	$ 72,660	$ 28,721

Total rental expense in 2021 and 2020 for all operating leases was approximately $11,432,000 and $11,004,000, respectively.

Regulatory environment – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. The District is subject to routine surveys and reviews by federal, state and local regulatory authorities. The District has also received inquiries from healthcare regulatory authorities regarding its compliance with laws and regulations. Although the District management is not aware of any violations of laws and regulations, it has received corrective action requests as a result of completed and ongoing surveys from applicable regulatory authorities. Management continually works in a timely manner to implement operational changes and procedures to address all corrective action requests from regulatory authorities. Breaches of these laws and regulations and noncompliance with survey corrective action requests could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Hospital Seismic Safety Act – In the 2010 fiscal year, the Mountain View campus completed its three-year construction of the Hospital Replacement Project with the opening of its new five story, 450,000-square-foot, state-of-the-art hospital facility on November 15, 2009. This completion made the Mountain View hospital campus in compliance with the State of California's Senate Bill ("SB") 1953 in meeting all requirements of the Hospital Seismic Safety Act of 1994.

At the Los Gatos campus, where most of the buildings were constructed in the 1960s, the campus has been going through a seismic compliance review. During 2015, all required seismic upgrades were made to the Los Gatos site for seismic compliance up to 2030.

Collective bargaining agreement – Approximately 78.8% of the Hospital's employees are covered by collective bargaining agreements. These employees are members of three unions.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated statement of net position date but before the consolidated financial statements are available to be issued. The District recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the consolidated statement of net position date, including the estimates inherent in the process of preparing the consolidated financial statements. The District's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the consolidated statement of net position date but arose after the consolidated statement of net position date and before consolidated financial statements are available to be issued.

Supplementary Information

El Camino Healthcare District
Consolidating Statement of Net Position
June 30, 2021
(In Thousands)

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Silicon Valley Medical Development	Eliminations	El Camino Healthcare District and Affiliates
ASSETS AND DEFERRED OUTFLOWS							
Current assets							
Cash and cash equivalents	$ 8,662	$ 141,504	$ 4,236	$ 1,539	$ 5,974	$ -	$ 161,915
Short-term investments	12,042	266,278	1,841	14,529	-	-	294,690
Current portion of board designated funds	18,657	-	-	-	-	-	18,657
Patient accounts receivable, net of allowances for doubtful accounts of $81,194	-	158,552	-	-	10,737	-	169,289
Prepaid expenses and other current assets	3,082	41,001	531	662	3,312	(16,378)	32,210
Total current assets	42,443	607,335	6,608	16,730	20,023	(16,378)	676,761
Non-current cash and investments							
Board-designated funds	10,177	1,140,542	46,831	-	-	-	1,197,550
Restricted funds	-	-	-	650	-	-	650
Funds held by trustee	31,245	5,694	-	-	-	-	36,939
	41,422	1,146,236	46,831	650	-	-	1,235,139
Capital assets							
Nondepreciable	10,657	153,569	-	-	-	-	164,226
Depreciable, net	-	979,419	112	1,487	15,042	-	996,060
Total capital assets	10,657	1,132,988	112	1,487	15,042	-	1,160,286
Pledges receivable, net of current portion	-	-	3,053	-	-	-	3,053
Prepaid pension asset	-	111,162	-	-	-	-	111,162
Investments in healthcare affiliates	-	34,170	-	-	-	(1,613)	32,557
Beneficial interest in charitable remainder unitrust	-	-	4,522	-	-	-	4,522
Total assets	94,522	3,031,891	61,126	18,867	35,065	(17,991)	3,223,480
Deferred outflows of resources							
Loss on defeasance of bonds payable	-	11,761	-	-	-	-	11,761
Deferred outflows of resources	-	8,815	-	-	509	-	9,324
Deferred outflows - actuarial	-	1,005	-	-	-	-	1,005
Total deferred outflows of resources	-	21,581	-	-	509	-	22,090
Total assets and deferred outflows of resources	$ 94,522	$ 3,053,472	$ 61,126	$ 18,867	$ 35,574	$ (17,991)	$ 3,245,570

El Camino Healthcare District
Consolidating Statement of Net Position (continued)
June 30, 2021
(In Thousands)

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Silicon Valley Medical Development	Eliminations	El Camino Healthcare District and Affiliates
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION							
Current liabilities							
Accounts payable and accrued expenses	$ 1,690	$ 41,825	$ 192	$ 2,946	$ 9,513	(16,378)	$ 39,788
Salaries, wages, and related liabilities	-	81,455	-	615	1,166	-	83,236
Medicare accelerated payments	-	65,635	-	-	-	-	65,635
Other current liabilities	1,471	23,810	472	220	5,419	-	31,392
Estimated third-party payor settlements	-	12,990	-	-	-	-	12,990
Current portion of bonds payable	5,050	9,430	-	-	-	-	14,480
Total current liabilities	8,211	235,145	664	3,781	16,098	(16,378)	247,521
Bonds payable, net of current portion	111,600	478,309	-	-	-	-	589,909
Other long-term obligations	-	12,136	-	-	39	-	12,175
Workers' compensation, net of current portion	-	17,002	-	-	-	-	17,002
Post-retirement medical benefits, net of current portion	-	30,657	-	-	-	-	30,657
Total liabilities	119,811	773,249	664	3,781	16,137	(16,378)	897,264
Deferred inflows of resources							
Deferred inflows of resources	-	-	4,522	-	-	-	4,522
Deferred inflows of resources - actuarial	-	41,339	-	-	-	-	41,339
Total deferred inflows of resources	-	41,339	4,522	-	-	-	45,861
Net position							
Invested in capital assets, net of related debt	(74,748)	650,943	112	1,487	15,042	-	592,836
Restricted - expendable	-	-	22,960	-	-	-	22,960
Restricted - nonexpendable	-	-	7,472	650	-	-	8,122
Unrestricted	49,459	1,587,941	25,396	12,949	4,395	(1,613)	1,678,527
Total net position	(25,289)	2,238,884	55,940	15,086	19,437	(1,613)	2,302,445
Total liabilities, deferred inflows of resources, and net position	$ 94,522	$ 3,053,472	$ 61,126	$ 18,867	$ 35,574	$ (17,991)	$ 3,245,570

El Camino Healthcare District
Consolidating Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2021
(In Thousands)

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Silicon Valley Medical Development	Eliminations	El Camino Healthcare District and Affiliates
Operating revenues							
Net patient service revenue (net of provision for bad debts of $26,370)	$ -	$ 1,071,177	$ -	$ -	$ 36,735	$ -	$ 1,107,912
Other revenue	101	24,112	-	10,178	14,141	(6,311)	42,221
Total operating revenues	101	1,095,289	-	10,178	50,876	(6,311)	1,150,133
Operating expenses							
Salaries, wages and benefits	-	550,865	1,575	2,241	20,116	-	574,797
Professional fees and purchased services	850	126,643	156	5,502	48,320	(3,490)	177,981
Supplies	4	166,452	130	24	5,110	-	171,720
Depreciation	53	64,493	13	141	2,988	-	67,688
Rent and utilities	-	20,024	134	29	8,205	(792)	27,600
Other	74	13,750	54	375	1,971	(1,084)	15,140
Total operating expenses	981	942,227	2,062	8,312	86,710	(5,366)	1,034,926
(Loss) income from operations	(880)	153,062	(2,062)	1,866	(35,834)	(945)	115,207
Nonoperating revenues (expenses):							
Investment income, net	140	224,664	5,908	212	-	-	230,924
Property tax revenue							
Designated for community benefit programs and operating expenses	9,532	-	-	-	-	-	9,532
Designated for capital expenditures	11,129	-	-	-	-	-	11,129
Levied for debt service	11,803	-	-	-	-	-	11,803
Bond interest expense, net	(3,071)	(16,960)	-	-	-	-	(20,031)
Intergovernmental transfer expense	(4,460)	-	-	-	-	-	(4,460)
Restricted gifts, grants and bequests, and other, net of contributions to related parties	-	-	4,651	-	-	(1,783)	2,868
Unrealized gain on interest rate swaps	-	1,883	-	-	-	-	1,883
Community benefit expense	(7,189)	(3,415)	-	(1,638)	-	945	(11,297)
Other, net	(179)	4,455	-	7	229	2,655	7,167
Total nonoperating revenues (expenses)	17,705	210,627	10,559	(1,419)	229	1,817	239,518
Excess (deficit) of revenues over expenses before capital transfers	16,825	363,689	8,497	447	(35,605)	872	354,725
Capital transfers	(3,378)	(48,528)	-	(724)	52,630	-	-
Increase (decrease) in net position	13,447	315,161	8,497	(277)	17,025	872	354,725
Total net (deficit) position, beginning of year	(38,736)	1,923,723	47,443	15,363	2,412	(2,485)	1,947,720
Total net (deficit) position, end of year	$ (25,289)	$ 2,238,884	$ 55,940	$ 15,086	$ 19,437	$ (1,613)	$ 2,302,445

Supplemental pension information – The following tables summarize changes in net pension asset (in thousands):

	2021	2020
Service cost	$ 10,166	$ 9,675
Interest	13,206	12,744
Differences between expected and actual experience	(1,152)	(1,095)
Changes of assumptions	(550)	(652)
Benefit payments	(12,167)	(14,687)
Net change in total pension liability	9,503	5,985
Total pension liability beginning of fiscal year	215,940	209,955
Total pension liability end of fiscal year	$ 225,443	$ 215,940

	2021	2020
Contributions	$ 10,300	$ 12,900
Net investment income	43,917	45,625
Benefit payments, including refunds of member contributions	(12,167)	(14,687)
Net change in Plan fiduciary net position	42,050	43,838
Plan fiduciary net position beginning of fiscal year	294,555	250,717
Plan fiduciary net position end of fiscal year	336,605	294,555
Plan's net pension asset end of the fiscal year	$ (111,162)	$ (78,615)
Covered payroll	$ 359,322	$ 335,696
Net pension asset as a percentage of covered payroll	-30.94%	-23.42%
Contributions	$ 7,000	$ 3,300

The following table summarizes the contribution status of the Hospital's cash-balance pension plan (in thousands) over the last 10 years:

	FY2021	FY2020	FY2019	FY2018	FY2017
Actuarially determined contribution	$ -	$ 7,801	$ 10,888	$ 10,154	$ 8,445
Contributions related to actuarially determined contribution	$ 7,000	$ 10,300	$ 12,900	$ 11,600	$ 10,900
Contribution deficiency (excess)	(7,000)	(2,499)	(2,012)	(1,446)	(2,455)
Covered payroll	359,322	335,696	$ 315,317	$ 297,737	$ 283,435
Contribution as % of covered payroll	1.95%	3.07%	4.09%	3.90%	3.85%
Contributions made during the fiscal year	$ 14,000	$ 9,800	$ 12,800	$ 10,400	$ 10,900

	FY2016	FY2015	FY2014	FY2013	FY2012
Actuarially determined contribution	$ 2,735	$ -	$ 8,463	$ 7,613	$ 1,400
Contributions related to actuarially determined contribution	$ 10,500	$ 10,800	$ 14,400	$ 12,000	$ 11,005
Contribution deficiency (excess)	(7,765)	(10,800)	(5,937)	(4,387)	(9,605)
Covered payroll	$ 283,776	$ 266,844	$ 242,343	$ 223,754	$ 208,910
Contribution as % of covered payroll	3.70%	4.05%	5.94%	5.36%	5.27%
Contributions made during the fiscal year	$ 9,900	$ 14,400	$ 12,600	$ 23,610	$ 11,249

Actuarially determined contributions are calculated as of January 1 and are based on the IRS minimum funding requirement. The contributions related to the actuarially determined contributions are amounts made for the plan year January 1 to December 31. Contributions made during the fiscal year are contribution amounts made during July 1 and June 30.

Supplemental post-retirement benefit information – As of June 30, 2020 and 2021, post-retirement medical benefits plan's fiduciary net position as a percentage of the total OPEB liability is 0%.

The 2020 and 2019 covered payroll for the active population eligible to participate in the post-retirement medical benefits plan is $29,963,700. The net post-retirement medical benefits liability as of July 1, 2020 and 2019, is $30,658,400 and $30,731,400, respectively. The net post-retirement medical benefits liability as a percentage of covered-employee payroll, as of the same time period, was 102.32% and 102.56%, respectively.

El Camino Healthcare District
Supplemental Schedule of Community Benefit (unaudited)
For the Years Ended June 30, 2021 and 2020

The District and the Hospital maintain records to identify and monitor the level of direct community benefit it provides. These records include the charges foregone for providing the patient care furnished under its charity care policy. For the years ended June 30, 2021 and 2020, the estimated costs of providing community benefit in excess of reimbursement from governmental programs were as follows (in thousands):

	2021	2020
Unpaid costs of Medi-Cal & Indigent programs	$ 51,224	$ 39,891
Other community-based programs		
Psychiatric	12,880	8,621
Clinical trial	290	309
Ambulatory care	11,659	12,501
Psychiatric outpatient	2,785	2,650
Total other community-based programs	27,614	24,081
Total community benefits	$ 78,838	$ 63,972

In furtherance of its purpose to benefit the community, the Hospital provides numerous other services to the community for which charges are not generated and revenues have not been accounted for in the accompanying consolidated financial statements. These services include providing access to healthcare through interpreters, referral and transport services, healthcare screening, community support groups and health educational programs, and certain home care and hospice programs. The estimated costs of Medicare programs in excess of reimbursement from Medicare were $123,810,000 and $118,139,000 for the years ended June 30, 2021 and 2020, respectively.

The Hospital also provides services to the community through the operations of the El Camino Hospital Auxiliary, Inc. (the “Auxiliary”). Services provided by volunteers of the Auxiliary, free of charge to the community, include assistance and counseling to patients and visitors, provision of scholarship awards to qualifying paramedical students, and daily personal contact with members of the community who are living alone. In 2021 and 2020, these volunteers contributed approximately 12,000 hours and 50,000 hours, in providing these services, the value of which is not recorded in the accompanying consolidated financial statements.


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