Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

El Camino Healthcare District

June 30, 2025 and 2024

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Management's Discussion and Analysis

El Camino Healthcare District
Management's Discussion and Analysis
Years Ended June 30, 2025, 2024, and 2023

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 Network d.b.a. El Camino Health Medical Network ("ECHMN").

ECHMN 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, ECHMN has expanded to 14 clinic and urgent care sites.

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, 2025, 2024, and 2023. 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 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, 2025

For fiscal year ended June 30, 2025, the District increased its net position by $355 million. In 2025, operating revenues increased by $153 million over 2024; this was the result of increased volume and growth of the El Camino Health Medical Network

Year Ended June 30, 2024

For fiscal year ended June 30, 2024, the District increased its net position by $332 million. In 2024, operating revenues increased by $111 million over 2023; this was the result of increased volume.

Year Ended June 30, 2023

For fiscal year ended June 30, 2023, the District increased its net position by $311 million. In 2023, operating revenues increased by $83 million over 2022; this was the result of increased volume.

Summary of Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position
As of June 30, 2025, 2024, and 2023

(In Thousands)

	2025	2024 (as restated)	2023
Assets:			
Current assets	$ 924,580	$ 681,612	$ 715,606
Board designated and restricted funds, net of current portion	1,744,190	1,576,890	1,285,427
Funds held by trustee, net of current portion	35,333	40,234	40,256
Capital assets, net	1,347,026	1,327,296	1,250,440
Right-of-use ("ROU") assets, net of amortization	10,877	15,246	15,077
Subscription assets, net of amortization	7,554	12,436	13,505
Lease receivables, net of current portion	36,439	32,541	32,099
Other assets	168,635	147,005	114,974
Total assets	4,274,634	3,833,260	3,467,384
Deferred outflows:			
Deferred outflows of resources	15,937	11,627	7,638
Deferred outflows of resources - loss on bond defeasance	9,359	9,959	10,560
Deferred outflows of resources - actuarial	15,720	21,340	37,339
Total deferred outflows	41,016	42,926	55,537
Total assets and deferred outflows	$ 4,315,650	$ 3,876,186	$ 3,522,921
Liabilities:			
Current liabilities	$ 251,077	$ 233,880	$ 168,169
Bonds payable, net of current portion	620,593	538,362	554,920
Lease liabilities, net of current portion	10,354	13,405	13,350
Subscription liabilities, net of current portion	2,609	8,674	10,926
Other long-term liabilities	34,402	37,137	39,979
Total liabilities	919,035	831,458	787,344
Deferred inflows:			
Deferred inflows of resources	274	4,067	4,015
Deferred inflows of resources - leases	46,870	47,538	42,923
Deferred inflows of resources - gain on bond defeasance	4,051	-	-
Deferred inflows of resources - actuarial	8,672	11,654	16,745
Total deferred inflows	59,867	63,259	63,683
Net position:			
Unrestricted and invested in capital assets, net	3,272,455	2,936,936	2,627,273
Restricted by donors - charity and other	36,572	33,851	33,278
Restricted - endowments	27,721	10,682	11,343
Total net position	3,336,748	2,981,469	2,671,894
Total liabilities, deferred inflows, and net position	$ 4,315,650	$ 3,876,186	$ 3,522,921
Operating cash equivalents and short-term investments	$ 571,125	$ 361,857	$ 408,955
Board designated, funds held by trustee, and restricted funds	1,806,846	1,641,698	1,348,340
Total available cash & investments	$ 2,377,971	$ 2,003,555	$ 1,757,295

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

Continuing on from the previous two fiscal years was the Women's Hospital Expansion project that was approved in February 2021. At fiscal year end, the project was approximately 87% complete, expending $150 million. The renovated Lobby/Gift Shop was put into service, along with the completion of the 2nd and 3rd floors. The renovated second floor will now house the 20 bed Intensive Care Nursery, previously located on the first floor. The third floor will house a 26 bed Post-Partum, Mom/Baby Unit all in private rooms. Conversion of the existing Mom/Baby Unit on the first floor will be converted into larger rooms with cosmetic upgrades to the interiors later in the project. It is projected that the total project will be completed in late December 2025.

Revenues and Expenses

The following table displays revenues and expenses for 2025, 2024, and 2023:

Revenues & Expenses
Years Ended June 30, 2025, 2024, and 2023
(In Thousands)

	2025	2024 (as restated)	2023
Operating revenues:			
Patient service revenue, net of provision for bad debt of $9,993, $7,085, and $15,361 in 2025, 2024, and 2023, respectively	$ 1,637,497	$ 1,477,847	$ 1,378,050
Other revenue	55,726	62,881	51,212
Total operating revenues	1,693,223	1,540,728	1,429,262
Operating expenses:			
Salaries, wages, and benefits	866,557	783,917	731,536
Professional fees and purchased services	272,493	234,755	190,962
Supplies	237,550	205,326	198,163
Depreciation and amortization	92,080	90,567	87,104
Rent and utilities	26,080	23,653	24,478
Other	22,885	36,202	22,117
Total operating expenses	1,517,645	1,374,420	1,254,360
Operating income	175,578	166,308	174,902
Nonoperating revenues (expenses) items:			
Bond interest expense, net	(25,495)	(22,772)	(22,797)
Intergovernmental transfer expense	(5,193)	(6,093)	(2,178)
Realized investment income	77,753	19,978	31,024
Unrealized investment gains	74,618	142,591	81,205
Property tax revenues	30,842	33,492	36,748
Restricted gifts, grants, and other net of contributions to related parties	17,967	5,367	8,750
Unrealized gain on interest rate swaps	13,151	693	1,328
Community benefit expense	(11,368)	(11,307)	(11,293)
Provider Relief Fund revenue	-	-	11,301
Other, net	7,426	3,916	1,958
Total nonoperating revenues and expenses	179,701	165,865	136,046
Increase in net position	355,279	332,173	310,948
Total net position, beginning of year	2,981,469	2,671,894	2,360,946
CUMULATIVE EFFECT OF RESTATEMENT	-	(22,598)	-
Total net position, beginning of year, as restated	2,981,469	2,649,296	2,360,946
Total net position, end of year	$ 3,336,748	$ 2,981,469	$ 2,671,894

Fiscal Year 2025 Consolidated Financial Analysis

Net Patient Service Revenues

Net patient service revenue in fiscal year 2025 increased by $160 million, or 10.8% over fiscal year 2024.

Specialty	2025 Days	2024 Days
Total days	123,417	122,233

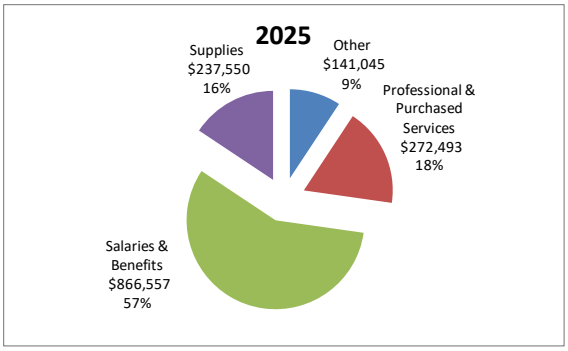
Specialty	2025 LOS	2024 LOS
Average Length of Stay ("LOS")	4.6	4.6

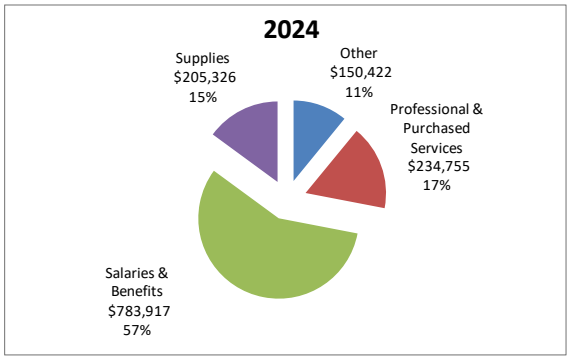
The overall case mix index, which is an indicator of patient acuity, was 1.56 in fiscal year 2025, and 1.60 in fiscal year 2024.

Other Revenue

Other operating revenue decreased by $7.2 million in fiscal year 2025 compared to fiscal year 2024. This decrease was primarily driven by the absence of a one-time settlement received in fiscal year 2024, partially offset by an increase of $3.7 million in rental income during fiscal year 2025.

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 $83 million in fiscal year 2025 over 2024, which is 57% of total operating expenses. Full-time equivalents ("FTEs") increased by 165 along with the increase in labor due the high demand for healthcare workers.

Employee Benefits

Aggregate employee benefits, including accrued Paid Time Off ("PTO") and Extended Sick Leave, increased by $42.5 million.

Significant changes were as follows:

- PTO and extended sick leave increased by $11.2 million compared to 2024.
- Healthcare (medical, dental, and vision) increased by $15.0 million compared to 2024.
- Pension and retirement cost increase by $7.8 million in 2025 compared to 2024.

Professional and Purchased Services

Total professional and purchased services increased by $37.7 million. Professional services increased by $23.6 million, with $23.6 million due to increases in professional services agreements with ECHMN and hospital-based service agreements. Additionally, repairs and maintenance increased by $10.1 million.

Supplies

Total supplies increased by $32.2 million or 15.7% in fiscal year 2025 over 2024. This was mainly due to the increase in volume and inflation factors.

Depreciation and amortization

Depreciation and amortization expense this fiscal year increased by $1.5 million over fiscal year 2024. The increases were mostly related to building improvements, computer equipment and other routine capital purchases, being offset by the retirement of large capital items purchased 15 years now being fully depreciated in 2025.

Rent and Utilities

Rent and utilities increased $2.4 million over fiscal year 2024. Most of the increase was due to the growth of the ECHMN medical clinics in 2025.

Other Expense

Other expenses decreased by $13.3 million over fiscal year 2024. Other expenses decreased by $13.3 million in fiscal year 2024 compared to the prior year. This decrease was mainly associated with legal reserves, which contributed approximately $10.6 million to the overall reduction. The remainder reflected a decrease in insurance and dues and subscriptions. These fluctuations reflect changes in cost structures and risk management strategies during the fiscal year.

Nonoperating Revenue (Expense) Items:

Bond Interest Expense, net

Bond interest increased $2.7 million compared to 2024. This increase was primarily due to associated costs of the refinancing transaction (Series 2025), which were expensed in accordance with applicable GASB standard.

Change in Net Unrealized Gains and Losses on Investments

The Hospital's net unrealized gains on investments were $75 million in fiscal year 2025, compared to $143 million in fiscal year 2024. The decrease of $68 million in fiscal year 2025 was primarily due to portfolio rebalancing and shifts in market conditions. Conversely, the increase of $62 million in fiscal year 2024 reflected favorable market performance and investment strategy adjustments.

Change in Unrealized Gain on Interest Rate Swaps

Unrealized gain on interest rate swaps increased $12.5 million compared to 2024. This increase was primarily due to the recognition of an unrealized gain on a newly effective interest rate swap associated with the Series 2025B Bonds.

Economic Factors and Next Year's Budget

The Board approved the fiscal year 2026 budget at the June 2025 meeting. For the fiscal year 2026, budgeted patient days are projected to be flat when comparing to FY2025 actuals.

Fiscal Year 2024 Consolidated Financial Analysis

Net Patient Service Revenues

Net patient service revenue in fiscal year 2024 increased by $100 million, or 7.2% over fiscal year 2023. This increase was consistent with adjusted patient days increasing by 9%.

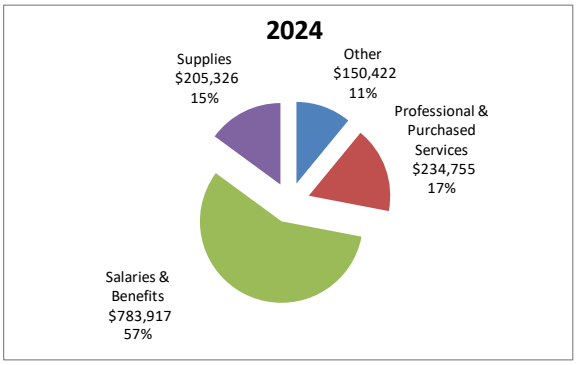
Specialty	2024 Days	2023 Days
Total days	122,233	121,703
Specialty	**2024 LOS**	**2023 LOS**
Average LOS	4.6	4.6

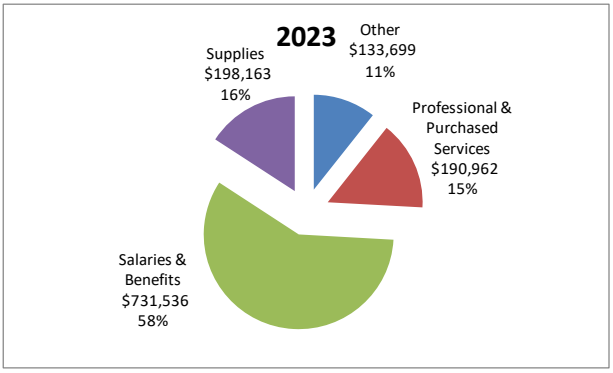
The overall case mix index, which is an indicator of patient acuity, was 1.6 in fiscal year 2024, and 1.57 in fiscal year 2023.

Other Revenue

Other revenue increased by $12 million in fiscal year 2024 over the prior 2023 fiscal year. The primary increase was due to a $9.3 million in miscellaneous income and $1.7 million in capitated revenue.

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 $52.4 million in fiscal year 2024 over 2023, which is 57% of total operating expenses. Full-time equivalents ("FTEs") increased by 133 along with the increase in labor due the high demand for healthcare workers.

Employee Benefits

Aggregate employee benefits, including accrued Paid Time Off ("PTO") and Extended Sick Leave, increased by $25.1 million.

Significant changes were as follows:

- PTO accrued expense increased by $6.2 million over the 2023 fiscal year.
- Healthcare (medical, dental, and vision) increased by $12.1 million in fiscal year 2023.
- Employer match of 403B increased $2.6 million in 2024 over 2023.
- Adoption of GASB 101 resulting in a $3.0 million impact in fiscal year 2024.

Professional and Purchased Services

Total professional and purchased services increased by $43.8 million. Professional services increased by $21.1 million, with $12.5 million due to increases in professional services agreements with ECHMN and hospital-based service agreements. Purchased services increase of $14.7 million was due to inflation and increase in additional support services. Additionally, repairs and maintenance also increased by $5.8 million.

Supplies

Total supplies increased by $7.2 million or 4% in fiscal year 2024 over 2023. This was mainly due to the increase in volume and inflation factors.

Depreciation and amortization

Depreciation and amortization expense this fiscal year increased by $3.5 million over fiscal year 2023. The increases were mostly related to building improvements, computer equipment and other routine capital purchases.

Rent and Utilities

Rent and utilities stayed relatively flat year over year.

Other Expense

Other expenses increased by $14 million over 2023. This was mainly due to $1.6 million for annual dues, taxes, and insurance and the remaining was legal reserves.

Nonoperating Revenue (Expense) Items:

Bond Interest Expense, net

Bond interest stayed relatively flat year over year.

Change in Net Unrealized Gains and Losses on Investments

The Hospital's net unrealized gains on investments were $143 million in fiscal year 2024, compared to $81 million in fiscal year 2024. The increase of $62 million in fiscal year 2024 was driven primarily by the performance of U.S. equities, primarily U.S. growth equities which outperformed value stocks.

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 – 2025

Cash Balance Plan – During the year ended June 30, 2025, the net position held in trust for pension benefits increased by approximately 10.6%. Employer contributions were $17 million in 2025 compared to $14 million in 2024. Benefit payments were $15.0 million in 2024 compared to $13.0 million in 2024. Net investment income was $35.3 million in 2025 compared to net investment income of $43.4 million in 2024, which was the primary reason for the overall 10.6% increase in net position as of June 30, 2025.

Financial Highlights – 2024

Cash Balance Plan – During the year ended June 30, 2024, the net position held in trust for pension benefits increased by approximately 14.4%. Employer contributions were $14 million in 2024 compared to $12 million in 2023. Benefit payments were $13.0 million in 2024 compared to $14.2 million in 2023. Net investment income was $43.4 million in 2024 compared to net investment loss of $53.1 million in 2023, which was the primary reason for the overall 14% increase in net position as of June 30, 2024.

OPEB Plan – Benefit payments were $1 million in 2025 and 2024.

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		
	2025	2024	2023
ASSETS			
Investments, at fair value	$ 386,507	$ 350,717	$ 305,344
Receivables	5,100	3,405	3,580
Noninterest-bearing cash	-	-	749
Net pending trades	(112)	-	-
NET POSITION RESTRICTED FOR PENSIONS	$ 391,495	$ 354,122	$ 309,673
ADDITIONS			
Investments income (loss)	$ 35,332	$ 43,427	$ (53,125)
Contributions	17,000	14,035	12,000
Total additions, net	52,332	57,462	(41,125)
DEDUCTIONS			
Deductions	14,959	13,013	14,207
INCREASE (DECREASE) IN NET POSITION RESTRICTED FOR PENSIONS	$ 37,373	$ 44,449	$ (55,332)

	OPEB PLAN		
	2025	2024	2023
ASSETS			
Investments, at fair value	$ -	$ -	$ -
Receivables	-	-	-
NET POSITION RESTRICTED FOR OPEB	$ -	$ -	$ -
ADDITIONS			
Contributions	$ 1,071	$ 1,024	$ 1,001
Total additions	1,071	1,024	1,001
DEDUCTIONS			
Deductions	1,071	1,024	1,001
INCREASE IN NET POSITION RESTRICTED FOR OPEB	$ -	$ -	$ -

Cash Balance Plan – During the year ended June 30, 2025, the Cash Balance Plan's fiduciary net position increased by 10.6%. 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, 2024, the Cash Balance Plan's fiduciary net position decreased by 14%. 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 increase in investment income during the year ended June 30, 2025, compared to 2024, is due to a net appreciation in fair value of investments due to positive returns in global security markets and increased returns on the Plan's investments. Benefit payments increased from the prior year due to an increase in the number of retirees and beneficiaries receiving benefits. The increase in investment income during the year ended June 30, 2024, compared to 2023, is due to a net appreciation in fair value of investments due to positive returns in global security markets and increased returns on the Plan's investments. Benefit payments decreased from the prior year due to a decrease in the number of retirees and beneficiaries receiving benefits.

Report of Independent Auditors

The Board of Directors
El Camino Healthcare District

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's consolidated financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of El Camino Healthcare District as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year beyond the consolidated financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 18 to the consolidated financial statements, effective July 1, 2024, the District adopted GASB Statement No. 101, Compensated Absences, requiring retroactive application. Accordingly, the fiscal year 2024 consolidated financial statements have been restated to apply this new accounting standard. Our opinion on the consolidated financial statements is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 through 12, and the accompanying supplemental pension and post-retirement benefit information on pages 68 through 69, be presented to supplement the consolidated financial statements. Such information is the responsibility of management and, although not a part of the consolidated financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise the District's consolidated financial statements. The consolidating statement of net position and consolidating statement of revenues, expenses, and changes in net position, on page 65 through 67, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of 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 consolidating statement of net position and consolidating statement of revenues, expenses, and changes in net position is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The accompanying supplemental schedule of community benefit on page 70 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.

Baker Tilly US, LLP

San Francisco, California
October 15, 2025

Consolidated Financial Statements

El Camino Healthcare District
Consolidated Statements of Net Position
June 30, 2025 and 2024
(In Thousands)

	2025	2024 (as restated)
ASSETS AND DEFERRED OUTFLOWS		
Current assets		
Cash and cash equivalents	$ 434,491	$ 232,205
Short-term investments	136,634	129,652
Current portion of board-designated funds	27,323	24,574
Patient accounts receivable, net of allowance for doubtful accounts of $11,407 and $12,901 in 2025 and 2024, respectively	240,346	212,990
Current portion of lease receivables	8,229	13,672
Prepaid expenses and other current assets	77,557	68,519
Total current assets	924,580	681,612
Non-current cash and investments		
Board-designated funds	1,744,040	1,576,740
Restricted funds	150	150
Funds held by trustee	35,333	40,234
	1,779,523	1,617,124
Capital assets		
Nondepreciable	345,748	289,495
Depreciable, net	1,001,278	1,037,801
Total capital assets	1,347,026	1,327,296
Right-of-use ("ROU") assets, net of amortization	10,877	15,246
Subscription assets, net of amortization	7,554	12,436
Lease receivables, net of current portion	36,439	32,541
Pledges receivable, net of current portion	2,068	4,349
Prepaid pension asset	115,330	101,925
Investments in healthcare affiliates	39,645	36,664
Interest rate swaps	11,318	-
Beneficial interest in charitable remainder unitrusts	274	4,067
Total assets	4,274,634	3,833,260
Deferred outflows of resources		
Deferred outflows of resources	15,937	11,627
Deferred outflows of resources - loss on bond defeasance	9,359	9,959
Deferred outflows of resources - actuarial	15,720	21,340
Total deferred outflows of resources	41,016	42,926
Total assets and deferred outflows of resources	$ 4,315,650	$ 3,876,186

See accompanying notes.

El Camino Healthcare District
Consolidated Statements of Net Position (Continued)
June 30, 2025 and 2024
(In Thousands)

	2025	2024 (as restated)
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses	$ 78,327	$ 71,918
Salaries, wages, and related liabilities	111,448	99,942
Other current liabilities	26,284	26,410
Estimated third-party payor settlements	8,509	13,419
Current portion of lease liabilities	1,418	2,973
Current portion of subscription liabilities	6,065	4,900
Current portion of bonds payable	19,026	14,318
Total current liabilities	251,077	233,880
Bonds payable, net of current portion	620,593	538,362
Lease liabilities, net of current portion	10,354	13,405
Subscription liabilities, net of current portion	2,609	8,674
Other long-term obligations	-	1,589
Workers' compensation, net of current portion	12,374	12,811
Post-retirement medical benefits	22,028	22,737
Total liabilities	919,035	831,458
Deferred inflows of resources		
Deferred inflows of resources	274	4,067
Deferred inflows of resources - leases	46,870	47,538
Deferred inflows of resources - gain on bond defeasance	4,051	-
Deferred inflows of resources - actuarial	8,672	11,654
Total deferred inflows of resources	59,867	63,259
Net position		
Invested in capital assets, net of related debt	738,524	812,580
Restricted - expendable	36,572	33,851
Restricted - nonexpendable	27,721	10,682
Unrestricted	2,533,931	2,124,356
Total net position	3,336,748	2,981,469
Total liabilities, deferred inflows of resources, and net position	$ 4,315,650	$ 3,876,186

See accompanying notes.

El Camino Healthcare District
Consolidated Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2025 and 2024
(In Thousands)

	2025	2024 (as restated)
OPERATING REVENUES		
Net patient service revenue (net of provision for bad debts of $9,993 and $7,085 in 2025 and 2024, respectively)	$ 1,637,497	$ 1,477,847
Other revenue	55,726	62,881
Total operating revenues	1,693,223	1,540,728
OPERATING EXPENSES		
Salaries, wages, and benefits	866,557	783,917
Professional fees and purchased services	272,493	234,755
Supplies	237,550	205,326
Depreciation and amortization	92,080	90,567
Rent and utilities	26,080	23,653
Other	22,885	36,202
Total operating expenses	1,517,645	1,374,420
Income from operations	175,578	166,308
NONOPERATING REVENUES (EXPENSES)		
Investment income, net	152,371	162,569
Property tax revenue		
Designated to support community benefit programs and operating expenses	11,450	11,294
Designated to support capital expenditures	15,646	14,278
Levied for debt service	3,746	7,920
Bond interest expense, net	(25,495)	(22,772)
Intergovernmental transfer expense	(5,193)	(6,093)
Restricted gifts, grants and bequests, and other, net of contributions to related parties	17,967	5,367
Unrealized gain on interest rate swaps	13,151	693
Community benefit expense	(11,368)	(11,307)
Other, net	7,426	3,916
Total nonoperating revenues (expenses)	179,701	165,865
Increase in net position	355,279	332,173
TOTAL NET POSITION, beginning of year	2,981,469	2,671,894
CUMULATIVE EFFECT OF RESTATEMENT (note 18)	-	(22,598)
TOTAL NET POSITION, beginning of year, as restated	2,981,469	2,649,296
TOTAL NET POSITION, end of year	$ 3,336,748	$ 2,981,469

See accompanying notes.

El Camino Healthcare District
Consolidated Statements of Cash Flows
Years Ended June 30, 2025 and 2024
(In Thousands)

	2025	2024 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from and on behalf of patients	$ 1,600,038	$ 1,478,870
Other cash receipts	58,007	63,158
Cash payments to employees	(873,073)	(792,575)
Cash payments to suppliers	(600,348)	(524,682)
Net cash provided by operating activities	184,624	224,771
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	27,096	25,572
Restricted contributions and investment income	13,967	5,367
Net cash provided by noncapital financing activities	41,063	30,939
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property, plant, and equipment	(87,050)	(147,558)
Payments on lease liabilities	(2,779)	(2,818)
Payments on subscription liabilities	(4,900)	(4,501)
Proceeds from lease receivables	14,594	13,016
Interest paid on General Obligation ("GO") bonds payable	(5,218)	(5,098)
Proceeds from issuance of bonds payable	274,446	-
Repayments of bonds payable	(185,578)	(13,693)
Proceeds from tax revenue related to GO bonds payable	3,746	7,920
Net cash provided by (used in) capital and related financing activities	7,261	(152,732)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,749,668)	(2,829,458)
Sales of investments	1,572,637	2,554,563
Proceeds from investment income, net	152,371	162,569
Community benefit and other investing activities	(11,368)	(11,307)
Proceeds from maturity of beneficial interest in trust	4,000	-
Payments to acquire healthcare affiliates	(3,535)	(7,980)
Proceeds from funds held by trustee, net	4,901	22
Net cash used in investing activities	(30,662)	(131,591)
Net increase (decrease) in cash and cash equivalents	202,286	(28,613)
CASH AND CASH EQUIVALENTS at beginning of year	232,205	260,818
CASH AND CASH EQUIVALENTS at end of year	$ 434,491	$ 232,205

See accompanying notes.

El Camino Healthcare District
Consolidated Statements of Cash Flows (Continued)
Years Ended June 30, 2025 and 2024
(In Thousands)

	2025	2024 (as restated)
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income from operations	$ 188,729	$ 166,308
Adjustments to reconcile income from operations to net cash from operating activities		
Gain on disposal of property, plant, and equipment	-	(208)
Amortization of bond premium	(1,929)	(2,240)
Depreciation and amortization	92,080	90,567
Amortization of deferred inflows - leases	(13,717)	(12,702)
Deferred inflows/outflows of resources - actuarial	2,638	10,908
Provision for bad debts	9,993	7,085
Deferred inflows of resources - gain on bond defeasance	4,051	-
Unrealized gain on interest rate swaps	(13,151)	(693)
Changes in assets and liabilities		
Patient accounts receivable, net	(37,349)	(2,093)
Prepaid pension asset	(13,405)	(26,820)
Prepaid expenses and other current assets	(9,913)	(12,887)
Current liabilities	(17,591)	6,180
Other long-term obligations	(5,103)	2,173
Subscription liabilities/assets	-	698
Post-retirement medical benefits	(709)	(1,505)
Net cash provided by operating activities	$ 184,624	$ 224,771
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Noncash purchase of property, plant, and equipment	$ 17,688	$ 12,338
Change in fair value of beneficial interest in charitable remainder unitrusts, and deferred inflow of resources, net	$ (3,793)	$ 52
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES		
Noncash acquisition of ROU assets	$ 453	$ 3,132
Acquisition of lease receivables	$ 13,049	$ 17,317
Noncash acquisition of subscription assets	$ -	$ 3,435

See accompanying notes.

El Camino Healthcare District
Statements of Fiduciary Net Position
June 30, 2025 and 2024
(In Thousands)

	CASH BALANCE PLAN		OPEB PLAN		TOTAL	
	2025	2024	2025	2024	2025	2024
ASSETS						
Investments						
Mutual funds	$ 246,528	$ 226,517	$ -	$ -	$ 246,528	$ 226,517
Limited liability companies	67,317	59,591	-	-	67,317	59,591
Common stock	40,187	34,075	-	-	40,187	34,075
Partnerships	6,010	7,693	-	-	6,010	7,693
Pooled, common, and collective trusts	13,023	12,168	-	-	13,023	12,168
Corporate bonds	66	123	-	-	66	123
U.S. government securities	3,468	2,487	-	-	3,468	2,487
Cash and cash equivalents	9,908	8,063	-	-	9,908	8,063
Total investments, at fair value	386,507	350,717	-	-	386,507	350,717
Receivables						
Employer contributions	5,000	3,303	-	-	5,000	3,303
Interest and dividends	100	102	-	-	100	102
Total receivables	5,100	3,405	-	-	5,100	3,405
Net pending trades	(112)	-	-	-	(112)	-
NET POSITION RESTRICTED FOR PENSIONS	$ 391,495	$ 354,122	$ -	$ -	$ 391,495	$ 354,122

See accompanying notes.

El Camino Healthcare District
Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2025 and 2024
(In Thousands)

	CASH BALANCE PLAN		OPEB PLAN		TOTAL	
	2025	2024	2025	2024	2025	2024
ADDITIONS						
Investments income						
Net appreciation in fair value of investments	$ 27,697	$ 36,831	$ -	$ -	$ 27,697	$ 36,831
Dividends	6,535	5,852	-	-	6,535	5,852
Interest	1,100	744	-	-	1,100	744
Total investment income	35,332	43,427	-	-	35,332	43,427
Contributions						
Employer contributions	17,000	14,035	1,071	1,024	18,071	15,059
Pending investment settlements	-	-	-	-	-	-
Total contributions	17,000	14,035	1,071	1,024	18,071	15,059
Total additions, net	52,332	57,462	1,071	1,024	53,403	58,486
DEDUCTIONS						
Benefits paid to participants	15,125	12,975	1,071	1,024	16,196	13,999
Administrative expenses	(166)	38	-	-	(166)	38
Total deductions	14,959	13,013	1,071	1,024	16,030	14,037
INCREASE IN NET POSITION	37,373	44,449	-	-	37,373	44,449
NET POSITION RESTRICTED FOR PENSIONS						
Beginning of year	354,122	309,673	-	-	354,122	309,673
End of year	$ 391,495	$ 354,122	$ -	$ -	$ 391,495	$ 354,122

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 Network d.b.a. El Camino Health Medical Network ("ECHMN").

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.

ECHMN 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, ECHMN has expanded to 19 clinic and urgent care sites.

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) – 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, 2024, there were 5,007 Plan participants consisting of 4,363 active participants and 644 inactive or separated participants, and at December 31, 2023, there were 5,148 Plan participants consisting of 3,360 active participants and 1,788 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, fair value of interest rate swaps, 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, useful lives of capital assets, discount rate for leases, useful lives of right-of-use assets, deferred inflows of resources, probability of accumulated leave being used or settled and the timing of those payments related to calculation of employee sick leave accrual, subscription term of subscription assets, and discount rates used for subscription liabilities. 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 2025 and 2024, 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.

Lease receivables – The District's lease receivables are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of each lease in an amount equal to the initial recording of the lease receivable. The deferred inflows of resources are amortized on an effective interest method basis over the term of each lease.

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 $7,500 are capitalized. 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	15 years
Buildings and fixtures	25 to 40 years
Equipment	5 to 10 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.

Right-of-use assets – The District has recorded right-to-use lease assets as a result of implementing Governmental Accounting Standards Board ("GASB") No. 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liabilities plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Subscription assets – The District has recorded subscription assets as a result of implementing GASB No. 96. The subscription assets are initially measured at an amount equal to the initial measurement of the related subscription liabilities plus any contract payments made to the SBITA vendor at the commencement of the subscription term, capitalizable initial implementation cost, less any incentive payments received from the SBITA vendor at the commencement of the subscription term. The subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying 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 ECHMN. Prepaid expenses and other current assets consisted of the following at June 30:

	2025	2024
Inventory	$ 23,815	$ 27,826
Prepaid expense and other deposits	40,233	27,607
Other receivables	13,509	13,086
	$ 77,557	$ 68,519

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.

	2025	2024
Deferred outflows of resources as of June 30:		
Deferred outflows of resources - loss on bond defeasance	$ 9,359	$ 9,959
Deferred outflows of resources - goodwill	4,437	4,627
Deferred outflows of resources - employee benefit plan contributions	11,500	7,000
Deferred outflows - actuarial, employee benefit plan	15,720	21,340
Total	$ 41,016	$ 42,926
Deferred inflows of resources as of June 30:		
Deferred inflows of resources - charitable remainder unitrusts	$ 274	$ 4,067
Deferred inflows of resources - leases	46,870	47,538
Deferred inflows of resources - gain on bond defeasance	4,051	-
Deferred inflows - actuarial, employee benefit plan	8,624	11,539
Deferred inflows - actuarial, post-retirement medical benefits	48	115
Total	$ 59,867	$ 63,259

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 $500,000 deductible. Additionally, the Hospital is self-insured for workers' compensation benefits up to $1,000,000 per occurrence. The Hospital also maintains excess workers' compensation insurance for claims greater than the $1,000,000 per occurrence limit. 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
2025	$ 15,111	$ 2,196	$ 2,633	$ 14,674	$ 2,300

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2024	$ 15,798	$ 1,146	$ 1,833	$ 15,111	$ 2,300

Compensated absences – Effective July 1, 2024, the District retroactively adopted GASB Statement No. 101, *Compensated Absences*, to establish a unified model for recognizing and measuring the liability for employee leave, such as vacation and sick leave, that is attributable to services rendered, accumulates, and is more likely than not to be used or settled. The liability is generally measured using the employee's pay rate as of the financial statement date and includes directly and incrementally associated salary-related payments. This change in accounting policy resulted in a restatement of beginning net position as of July 1, 2023, of $22.6 million and an increase to benefit expense for the fiscal year ended June 30, 2024, of $3.0 million. For most employees, the maximum accumulated vacation is 400 hours. The disclosure of the compensated absences liability in the footnotes shows the net change during the period, with the District no longer disclosing gross changes or the funds typically used for liquidation. See Note 18 for restatement footnote.

The following is a summary of changes in compensated absences transactions, as included in salaries, wages, and related liabilities in the consolidated statements of net position, for the years ended June 30 (in thousands):

	Beginning Balance	Net change	Ending Balance	Current Portion
2025	$ 64,228	$ 7,383	$ 71,611	$ 71,611

	Beginning Balance	Net change	Ending Balance	Current Portion
2024	$ 58,702	$ 5,526	$ 64,228	$ 64,228

Lease liabilities – The District recognizes lease contracts or equivalents that have a term exceeding one year and the cumulative future payments on the contract exceeding $12,000 that meet the definition of an other than short-term lease. The District uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the District's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

The following is a summary of changes in lease liabilities, net for the years ended June 30 (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2025	$ 15,111	$ 2,196	$ 2,633	$ 14,674	$ 2,300

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2024	$ 15,798	$ 1,146	$ 1,833	$ 15,111	$ 2,300

Subscription liabilities – The District entered into various agreements for IT subscriptions. These agreements range in terms up to year 2028. Total lease payments were $5.3 million and $4.5 million for fiscal years 2025 and 2024, respectively. Some SBITAs include one or more options to renew and may also include options to terminate the subscription. SBITAs do not contain any material incentive paid, material restrictive covenants or material termination penalties. The District measures the SBITA liability at the present value of payments expected to be made during the subscription term. SBITAs with a term of 12 months or less, or arrangements that have a term exceeding one year and the cumulative future payments on the contract are less than $1 million, are recognized as operating expense on a straight-line basis over the subscription term. If the interest rate implicit in the SBITA cannot be readily determined, the District uses an incremental borrowing rate to discount the SBITA payments, which is an estimate of the interest rate that would be charged for borrowing the SBITA payment amounts during the subscription term.

The following is a summary of changes in subscription liabilities, net for the years ended June 30 (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2025	$ 13,574	$ -	$ 4,900	$ 8,674	$ 6,065

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2024	$ 14,090	$ 3,128	$ 3,644	$ 13,574	$ 4,900

Interest rate swap agreements – During the prior fiscal year, the Hospital held interest rate swap agreements related to variable rate debt issued in 2009 (Series 2009), which were intended to mitigate exposure to interest rate variability but were not designated as hedging derivative instruments under GASB Statement No. 53. In the current fiscal year, the Series 2009 debt was refunded with the issuance of Series 2025 Bonds, and the related swaps were effectively replaced with new derivative instruments. A forward-starting fixed payor swap executed in 2020 became effective in February 2025 in connection with the Series 2025B Bonds. An additional swap, also not designated as a hedge, is associated with the Series 2025C Bonds and economically offsets a portion of the Hospital's variable rate exposure. Refer to Note 10 for a full description of the interest rate swap agreements and their accounting treatment.

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 $738,524,000 and $812,850,000 at June 30, 2025 and 2024, respectively, represent investments in all capital assets (building and building improvements, furniture and fixtures, and information and technology equipment), net of depreciation and amortization 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 swap, 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,	
	2025	2024
Medicare	11%	13%
Medi-Cal	3%	3%
Commercial and other	83%	81%
Self pay	3%	3%
	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 $4,275,000 and $5,262,000 for the years ended June 30, 2025 and 2024, respectively.

Property tax revenue – The District received approximately 9% in 2025 and 10% in 2024 of its total increase in net position from property taxes. These funds were designated as follows (in thousands):

	2025	2024
Designated to support community benefit programs and operating expenses	$ 11,450	$ 11,294
Designated to support capital expenditures	$ 15,646	$ 14,278
Levied for debt service	$ 3,746	$ 7,920

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. ECHMN is a limited liability company and is treated as a pass-through entity for federal income tax purposes. Accordingly, no recognition has been given to federal income taxes in the accompanying consolidated financial statements.

New accounting pronouncements – In May 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement modifies the basic financial statements and MD&A to enhance governmental financial reports. Changes include revisions to MD&A, modifications to proprietary fund statements, elimination of separate extraordinary and special item presentations, and changes to budgetary comparison information. This Statement is effective for fiscal years beginning after June 15, 2025. The District is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires separate disclosure of certain capital assets in the notes, such as lease, intangible right-to-use, and subscription assets, each by major class. It also establishes new disclosure requirements for capital assets that a government has decided to sell and for which a sale is probable within one year. This Statement is effective for fiscal years beginning after June 15, 2025, with retroactive application required upon adoption. The District is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

Reclassifications – Certain reclassifications of prior years' balances and disclosures have been made to conform with the current year presentations. These reclassifications did not affect the total increase in net position or total current or long-term assets or liabilities. The restatement related to the adoption of GASB Statement No. 101, which resulted in adjustments to beginning net position and expense, is separately disclosed in Note 18.

Note 2 – Operating Revenues

The Hospital and ECHMN have agreements with third-party payors that provide for payments to the Hospital and ECHMN 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 increase 2025 income from operations by $4,910,000, compared to 2024 which was a decrease to income from operations by $2,125,000 The Hospital's cost reports have been audited by the Medicare fiscal intermediary through June 30, 2018.

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, 2025 and 2024, the Hospital recognized amounts under the IGT program of $14,016,000 and $14,886,000, 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 revenue for the years ended June 30, consisted of the following:

	2025	2024
Rental income	$ 14,062	$ 12,990
Prime IGT	5,520	4,526
ECHMN other revenue	4,603	2,267
CONCERN & ECHMN capitated revenue	17,790	18,975
Other operating revenue	13,751	24,123
	$ 55,726	$ 62,881

Note 3 – Cash Deposits

The District has deposits held by various financial institutions in the form of operating cash and cash equivalents. At June 30, 2025 and 2024, District cash deposits had carrying amounts of $434,491,000 and $232,205,000, respectively, and bank balances of $441,211,000 and $236,352,000, 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"). Under the provision of the CGC, California banks and savings and loan associations are required to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage having a value of 150% of the District's deposits. The pledged securities are held by the pledging financial institution's trust department in the name of the District.

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, comprised the following (in thousands) as of June 30:

	2025	2024
Included in the following consolidated statements of net position captions:		
Short-term investments	$ 136,634	$ 129,652
Current portion of board designated and funds held by trustee	27,323	24,574
Board designated, funds held by trustee, and restricted funds, less current portion	1,779,523	1,617,124
Total carrying amount of deposits and investments	$ 1,943,480	$ 1,771,350

At June 30, 2025, 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	$ 145,621	$ 145,621	$ -	$ -	$ -
Government and agencies	400,894	101,098	95,588	35,746	168,462
Corporate bonds	180,999	11,563	122,868	30,945	15,623
Domestic fixed income	1,453	1,453	-	-	-
	728,967	$ 259,735	$ 218,456	$ 66,691	$ 184,085
Equities	112,814				
Mutual funds	442,364				
Real estate funds	185,669				
Hedge funds	473,666				
Total	$ 1,943,480				

At June 30, 2024, 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	$ 103,087	$ 103,087	$ -	$ -	$ -
Government and agencies	334,321	21,220	121,890	5,094	186,117
Corporate bonds	189,850	18,209	105,123	32,961	33,557
Domestic fixed income	42,418	42,418	-	-	-
	669,676	$ 184,934	$ 227,013	$ 38,055	$ 219,674
Equities	101,706				
Mutual funds	392,895				
Real estate funds	171,059				
Hedge funds	436,014				
Total	$ 1,771,350				

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):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value
2025				
Cash and cash equivalents	$ 145,621	$ -	$ -	$ 145,621
Mutual funds	237,362	207,223	(2,221)	442,364
Real estate funds	138,932	46,737	-	185,669
Hedge funds	358,075	118,475	(2,884)	473,666
Equities	94,576	23,053	(4,815)	112,814
Fixed income securities	582,984	8,083	(7,721)	583,346
	$ 1,557,550	$ 403,571	$ (17,641)	$ 1,943,480

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value
2024				
Cash and cash equivalents	$ 104,091	$ -	$ -	$ 104,091
Mutual funds	222,216	173,150	(2,471)	392,895
Real estate funds	138,055	33,004	-	171,059
Hedge funds	345,540	92,045	(1,571)	436,014
Equities	79,546	25,294	(3,134)	101,706
Fixed income securities	572,593	4,970	(11,978)	565,585
	$ 1,462,041	$ 328,463	$ (19,154)	$ 1,771,350

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, 2025 and 2024, 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 swap: 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	2025
Investments by fair value level				
Asset backed securities				
Asset backed obligations	$ -	$ 10,752	$ -	$ 10,752
Mortgage backed obligations	-	66,994	-	66,994
U,S. Government Mortgage Pool	-	102,118	-	102,118
Common stock				
ADR & U.S. foreign stock	19,436	-	-	19,436
Consumer discretionary	10,012	-	-	10,012
Energy	22,638	-	-	22,638
Financial services industry	20,059	-	-	20,059
Healthcare industry	8,152	-	-	8,152
Industrials	3,562	-	-	3,562
Information Technology	18,034	-	-	18,034
Materials	10,921	-	-	10,921
Corporate, municipal, and foreign bonds				
Corporate bonds	-	134,969	-	134,969
Foreign corporate bonds	-	21,889	-	21,889
Foreign government bonds	-	3,246	-	3,246
Municipal taxable	-	3,950	-	3,950
Preferred stocks	1,453	-	-	1,453
Private placement - factored	-	1,853	-	1,853
Private placements	-	19,043	-	19,043
Mutual funds				
Mutual funds - equity	428,551	-	-	428,551
Mutual funds - taxable	13,814	-	-	13,814
U.S. Government securities				
U.S. treasury notes and bonds	217,078	-	-	217,078
Limited partnership interests	-	-	32,868	32,868
Total investments by fair value level	$ 773,710	$ 364,814	$ 32,868	1,171,392
Cash equivalents				145,718
Investments measured at NAV				
Pooled, common & collective trusts				172,422
Equity hedge funds				203,687
Credit hedge funds				29,588
Macro hedge funds				14,591
Relative value hedge funds				161,614
Fixed income limited partnership				44,468
Total investments measured at NAV				626,370
Total investments				$ 1,943,480
Beneficial interest in charitable remainder unitrusts	$ -	$ -	$ 274	$ 274
Interest rate swaps	$ -	$ 11,318	$ -	$ 11,318

Description	Level 1	Level 2	Level 3	2024
Investments by fair value level				
Asset backed securities				
Corporate backed obligations	$ -	$ 20,330	$ -	$ 20,330
Mortgage backed obligations	-	55,056	-	55,056
U,S. Government Mortgage Pool	-	88,029	-	88,029
Common stock				
ADR & U.S. foreign stock	13,790	-	-	13,790
Consumer discretionary	20,270	-	-	20,270
Energy	18,659	-	-	18,659
Financial services industry	10,255	-	-	10,255
Healthcare industry	10,235	-	-	10,235
Information Technology	17,314	-	-	17,314
Materials	11,183	-	-	11,183
Corporate, municipal, and foreign bonds				
Corporate bonds	-	133,189	-	133,189
Foreign corporate bonds	-	22,542	-	22,542
Foreign government bonds	-	2,349	-	2,349
Municipal taxable	-	2,919	-	2,919
Preferred stocks	1,446	-	-	1,446
Private placement - factored	-	2,069	-	2,069
Private placements	-	29,702	-	29,702
Mutual funds				
Mutual funds - equity	379,923	-	-	379,923
Mutual funds - taxable	12,972	-	-	12,972
U.S. Government securities				
U.S. treasury notes and bonds	167,987	-	-	167,987
Limited partnership interests	-	-	43,720	43,720
Total investments by fair value level	$ 664,034	$ 356,185	$ 43,720	1,063,939
Cash equivalents				104,091
Investments measured at NAV				
Pooled, common & collective trusts				156,686
Equity hedge funds				189,087
Credit hedge funds				38,297
Macro hedge funds				19,018
Relative value hedge funds				159,260
Fixed income limited partnership				40,972
Total investments measured at NAV				603,320
Total investments				$ 1,771,350
Beneficial interest in charitable remainder unitrusts	$ -	$ -	$ 4,067	$ 4,067
Interest rate swaps	$ -	$ (1,585)	$ -	$ (1,585)

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

	2025 Fair Value	2024 Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice
Pooled, common & collective trusts	$ 172,422	$ 41,774	$ -	Monthly	30 days
Equity hedge funds	203,687	189,087	-	Quarterly	90 days
Credit hedge funds	29,588	38,297	-	Monthly, Quarterly	15 - 60 days
Macro hedge funds	14,591	133,930	-	Monthly, Quarterly	5 - 90 days
Relative value hedge funds	161,614	159,260	-	Quarterly, Annually	45 days
Fixed income limited partnership	44,468	40,972	-	Monthly	1 day
Total investments measured at NAV	$ 626,370	$ 603,320	$ -		
Limited partnership interests	$ 32,868	$ 43,720	$ 13,585	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. Approximately 76% and 73% as of June 30, 2025 and 2024, respectively, 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.

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 8% 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 are 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 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.

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. Approximately 35% and 33% as of June 30, 2025 and 2024, respectively, 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):

	2025			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 9,908	$ -	$ -	$ 9,908
Common stock	40,187	-	-	40,187
Corporate bonds	-	66	-	66
Mutual funds	246,528	-	-	246,528
U.S. government securities	3,468	-	-	3,468
Total assets in the fair value hierarchy	$ 300,091	$ 66	$ -	300,157
Investments measured at NAV practical expedient				86,350
Total assets, at fair value				$ 386,507

	2024			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 8,063	$ -	$ -	$ 8,063
Common stock	34,075	-	-	34,075
Corporate bonds	-	123	-	123
Mutual funds	226,517	-	-	226,517
U.S. government securities	2,487	-	-	2,487
Total assets in the fair value hierarchy	$ 271,142	$ 123	$ -	271,265
Investments measured at NAV practical expedient				79,452
Total assets, at fair value				$ 350,717

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, 2025	Fair Value June 30, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Liability Company	$ 67,317	$ 59,591	$ -	Monthly/Semi-Annual	90 days
Common Collective Trust	13,023	12,168	-	Daily	Daily
Partnerships	6,010	7,693	6,257	No redemptions	N/A
	$ 86,350	$ 79,452			

Note 6 – Capital Assets

Capital assets activity for the year ended June 30, 2025, was as follows (in thousands):

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets not being depreciated				
Land	$ 116,444	$ 596	$ -	$ 117,040
Construction in progress	173,051	55,657	-	228,708
	289,495	56,253	-	345,748
Capital assets being depreciated				
Land improvement	19,600	942	-	20,542
Buildings	1,383,259	15,114	-	1,398,373
Capital equipment	515,644	32,429	-	548,073
	1,918,503	48,485	-	1,966,988
Less accumulated depreciation for				
Land improvement	13,152	255	-	13,407
Buildings	436,123	42,614	-	478,737
Capital equipment	431,427	42,139	-	473,566
	880,702	85,008	-	965,710
Total capital assets being depreciated, net	1,037,801	(36,523)	-	1,001,278
Total capital assets, net	$ 1,327,296	$ 19,730	$ -	$ 1,347,026

Capital assets activity for the year ended June 30, 2024, was as follows (in thousands):

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated				
Land	$ 115,327	$ 1,117	$ -	$ 116,444
Construction in progress	170,675	2,376	-	173,051
	286,002	3,493	-	289,495
Capital assets being depreciated				
Land improvement	19,600	-	-	19,600
Buildings	1,261,676	121,583	-	1,383,259
Capital equipment	480,830	34,820	6	515,644
	1,762,106	156,403	6	1,918,503
Less accumulated depreciation for				
Land improvement	12,209	943	-	13,152
Buildings	389,423	46,700	-	436,123
Capital equipment	396,036	35,605	214	431,427
	797,668	83,248	214	880,702
Total capital assets being depreciated, net	964,438	73,155	(208)	1,037,801
Total capital assets, net	$ 1,250,440	$ 76,648	$ (208)	$ 1,327,296

Construction contracts of approximately $345.0 million were approved for various projects, including the Women's Hospital Expansion, Demolition of the "Old Main" hospital and site work as well as replacement of the Diagnostic Imaging equipment at the Mountain Views campus. At June 30, 2025, the remaining commitment on these contracts is approximately $40.5 million There was no capitalized interest for the years ended June 30, 2025 and 2024, 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 3.98% and 1.58% for the years beginning January 1, 2024 and 2023, respectively.

Employee contributions – Contributions by participants are not required or permitted by the 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 2025 and 2024 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 ("GAAP") as applied to governmental units, using the accrual method of accounting. The 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 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, 2025 and 2024, as determined by an actuarial valuation as of December 31, 2024 and 2023, rolled forward to June 30, 2025 and 2024, 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:

	2025	2024
Active	3,797	3,360
Retirees and beneficiaries	700	677
Vested terminated	1,113	1,111
Total participants	5,610	5,148

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):

	2025	2024
Service cost	$ 11,933	$ 10,406
Interest	16,977	15,747
Differences between expected and actual experience	6,106	2,041
Changes of assumptions	2,379	2,585
Benefit payments	(15,125)	(12,953)
Net change in total pension liability	22,270	17,826
Total pension liability beginning of fiscal year	248,894	231,068
Total pension liability end of fiscal year	$ 271,164	$ 248,894

	2025	2024
Deferred outflows of resources as of June 30:		
Difference between expected and actual experience	$ 7,830	$ 3,218
Changes in assumptions	3,856	2,202
Difference between projected and actual investment earnings	4,034	15,920
Total	$ 15,720	$ 21,340
Deferred inflows of resources as of June 30:		
Difference between expected and actual experience	$ (3,311)	$ (4,621)
Changes in assumptions	(5,313)	(6,918)
Total	$ (8,624)	$ (11,539)
Contributions between the measurement date and fiscal year end recognized as a deferred outflows of resources	$ 11,500	$ 7,000

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

2026	$ 4,760
2027	7,631
2028	(7,105)
2029	(1,097)
2030	1,743
Thereafter	1,159
	$ 7,091

The following table summarizes changes in pension liability for fiscal years ended June 30, 2025 and 2024, with a measurement date of December 31, 2024 and 2023, respectively, (in thousands):

	2025	2024
Contributions	$ 15,500	$ 14,000
Net investment income	35,313	43,599
Benefit payments, including refunds of member contributions	(15,125)	(12,953)
Net change in Plan fiduciary net position	35,688	44,646
Plan fiduciary net position beginning of fiscal year	350,819	306,173
Plan fiduciary net position end of fiscal year	386,507	350,819
Plan's net pension asset end of the fiscal year	$ (115,343)	$ (101,925)
Covered payroll	$ 541,258	$ 457,580
Net pension asset as a percentage of covered payroll	-21.31%	-22.27%
Contributions	$ 11,500	$ 7,000

The following table summarizes the actuarial assumptions used to determine net pension asset and plan fiduciary net position as of June 30, 2025 and 2024:

Valuation Date	January 1, 2025 and 2024 for reporting date June 30, 2025 and 2024, respectively. 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% for reporting date June 30, 2025 and 2024, respectively
Mortality	Based on the Pri-2012 Total Employee and Retiree Mortality Tables (base year 2012) and projected with Mortality Improvement Scale MP-2021, 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-2021.
Discount Rate	6.7% for both reporting dates June 30, 2025 and 2024

Sensitivity of net pension asset (in thousands):

	1% Decrease 5.7%	Current Discount Rate 6.7%	1% Increase 7.7%
Net pension asset as of June 30, 2025	$ 89,485	$ 115,330	$ 137,650

	1% Decrease 5.7%	Current Discount Rate 6.7%	1% Increase 7.7%
Net pension asset as of June 30, 2024	$ 78,609	$ 101,925	$ 122,094

The following table summarizes target asset class for the plan fiduciary net position as of June 30, 2025 and 2024:

Asset Class	Neutral	Asset Rebalancing Range	Expected Long-Term Real Rate of Return
Domestic Equities	32%	27% - 37%	6.40%
International Equities	18%	15% - 21%	8.20%
Alternatives	20%	17% - 23%	8.00%
Broad Fixed Income	25%	20% - 30%	4.40%
Cash	5%	0% - 8%	3.00%
Total	100%		6.70%

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 $19,079,000 and $17,247,000 in 2025 and 2024, 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:

	2025	2024
Active	375	375
Inactive plan members or beneficiaries currently receiving benefits	155	155
Total participants	530	530

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:

	2025	2024
Service cost	$ 89	$ 100
Interest	921	975
Changes of benefit terms	-	-
Differences between expected and actual experience	(458)	(86)
Changes of assumptions	(143)	(1,354)
Current period recognition of prior years' deferred inflows and outflows of resources	(115)	(1,852)
Total post-retirement medical benefits expense	$ 294	$ (2,217)

	2025	2024
Deferred outflows of resources as of June 30:		
Changes in benefit terms	$ -	$ -
Difference between expected and actual experience	-	-
Changes in assumptions	-	-
Total	$ -	$ -
Deferred inflows of resources as of June 30:		
Changes in benefit terms	$ -	$ -
Difference between expected and actual experience	(11)	(7)
Changes in assumptions	(37)	(108)
Total	$ (48)	$ (115)

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):

2026	$ (48)
2027	-
2028	-
2029	-
2030	-
Thereafter	-
	$ (48)

The following table summarizes changes in post-retirement medical benefits liability for fiscal years ended June 30, 2025 and 2024, with a measurement date of July 1, 2024 and 2023, respectively (in thousands):

	2025	2024
Service cost	$ 89	$ 100
Interest	921	975
Differences between expected and actual experience	(494)	(93)
Changes in assumptions or other input	(154)	(1,463)
Benefit payments	(1,071)	(1,024)
Net changes	(709)	(1,505)
Net post-retirement medical benefits liability at beginning of year	22,737	24,242
Net post-retirement medical benefits liability at end of year	$ 22,028	$ 22,737

The following table summarizes the actuarial assumptions used to determine net post-retirement medical benefits as of June 30, 2025 and 2024:

Valuation Date	June 30, 2025; measurement date of June 30, 2024
Actuarial Cost Method	Entry Age Normal, level percent of pay
Asset Valuation Method	Not applicable
Actuarial Assumptions	
Projected Salary Increases	4.00%
Mortality	Mortality Tables projected generationally using projection scale MP-2021.
Discount Rate	4.21% for 2025; 4.13% for 2024
Healthcare cost trend rates:	7% for 2023, graded to 4.5% for years 2032 for ages pre-65; and 5.4% for 2023, graded to 4.50% for year 2032 for ages post-65.

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

	2025		
	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
Net post-retirement medical benefits liability	$ 24,094	$ 22,028	$ 20,242

	2024		
	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
Net post-retirement medical benefits liability	$ 24,946	$ 22,737	$ 20,835

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, 2025	$ 21,933	$ 22,028	$ 22,126
June 30, 2024	$ 22,646	$ 22,737	$ 22,832

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 $500,000 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, 2025	June 30, 2024
El Camino Hospital District		
2006 General Obligation Bonds		
Principal	$ 25,642	$ 29,042
2017 General Obligation Bonds		
Principal	73,145	73,145
Unamortized premium	140	154
El Camino Hospital Revenue Bonds		
Series 2009		
Principal	-	50,000
Series 2015A		
Principal	-	122,155
Unamortized premium	-	4,850
Series 2017A		
Principal	260,700	266,655
Unamortized premium	5,546	6,679
Series 2025A		
Principal	155,055	-
Unamortized premium	10,151	-
Series 2025B/C		
Principal	109,240	-
Total long-term debt	639,619	552,680
Less current maturities	19,026	14,318
Maturities due after one year	$ 620,593	$ 538,362

	2025			
	Balance at June 30, 2024	Increases	Decreases	Balance at June 30, 2025
General obligation bonds	$ 102,341	$ -	$ 3,425	$ 98,916
Revenue bonds	450,339	274,447	184,083	540,703
	$ 552,680	$ 274,447	$ 187,508	$ 639,619

	2024			
	Balance at June 30, 2023	Increases	Decreases	Balance at June 30, 2024
General obligation bonds	$ 105,648	$ -	$ 3,307	$ 102,341
Revenue bonds	462,965	-	12,626	450,339
	$ 568,613	$ -	$ 15,933	$ 552,680

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 were 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.

The outstanding balance of Series 2009 bonds was refunded as part of issuance of Series 2025 Revenue Bonds.

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. The outstanding balance of Series 2015A bonds was refunded as part of issuance of Series 2025 Revenue 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.

Revenue Bonds, Series 2025 - On June 10, 2025, the Hospital issued Series 2025A (Fixed Rate), 2025B/C (Variable Rate) Revenue Bonds totaling $264,295,000 to currently refund the outstanding Series 2009A and 2015A Bonds and finance the Women's Hospital Expansion project. This refunding resulted in a deferred gain on refunding of approximately $4,051,000, which is reported as a deferred inflow of resources and will be amortized over the life of the remaining Series 2025 bonds. The refunded bonds were paid in full, and the liability has been removed from the consolidated financial statements.

Letter of credit – On June 1, 2025, in connection with the issuance of the 2009 Series Revenue bonds, the Hospital obtained an irrevocable Letter of Credit issued by a bank for $109,240,000 (combined), with initial maturity date(s) of June 10, 2030. The letter of credit requires the Hospital to maintain a long-term debt service coverage ratio of 1.10 to 1.00.

Management believes all financial debt covenants were met for the years ended June 30, 2025 and 2024.

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

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2026	$ 3,398	$ 7,144	$ 15,628	$ 18,770
2027	3,552	7,709	12,730	21,654
2028	3,598	8,172	13,355	21,030
2029	3,674	8,712	14,010	20,376
2030	3,742	9,279	14,695	19,689
2031-2035	47,382	27,614	84,695	87,219
2036-2040	33,441	2,036	69,735	67,366
2041-2045	-	-	117,550	45,860
2046-2050	-	-	145,795	16,862
2051-2055	-	-	36,802	3,613
	$ 98,787	$ 70,666	$ 524,995	$ 322,439

Interest rate swaps – The Hospital holds a fixed payor interest rate swap originally executed in connection with variable rate debt issued in 2009 (Series 2009), which was refunded during fiscal year 2025 with the issuance of the Series 2025 Revenue Bonds. The swap is now associated with the Series 2025C Bonds and is used to synthetically fix the interest rate on the related variable rate debt. The swap has an original notional amount of $50 million, amortized to $30.38 million at June 30, 2025. Under the terms of the agreement, the Hospital pays a fixed rate of 3.204% and receives a variable rate equal to 56% of USD-LIBOR-BBA plus 0.23%. Following the discontinuation of LIBOR, the variable leg transitioned to SOFR in accordance with industry protocols. The swap became effective March 23, 2007, and terminates on February 1, 2041. This swap is not designated as a hedging derivative instrument under GASB Statement No. 53. The fair value of the swap was a liability of $1.8 million at June 30, 2025.

In 2020, the Hospital executed a forward-starting fixed payor swap, which became effective in February 2025 in connection with the issuance of the Series 2025B Revenue Bonds. The swap has a notional amount of $59,240,000, requires the Hospital to pay a fixed rate of 1.297%, and receive a variable rate based on the SIFMA index. The swap matures on February 1, 2045. This instrument is not designated as a hedging derivative under GASB 53 and is classified as an investment derivative instrument. As such, changes in fair value are recognized in nonoperating revenues (expenses). The fair value of the swap was an asset of $13.1 million at June 30, 2025, and is reported as interest rate swap asset in the consolidated statement of net position.

The Hospital is exposed to credit risk in the event of nonperformance by the counterparties to the swap agreements. The Hospital actively monitors counterparty creditworthiness and maintains collateral posting requirements, where applicable, under the terms of its International Swaps and Derivatives Association (ISDA) agreements. The Hospital is also subject to termination risk, which could result in a requirement to make or receive a payment if a swap is terminated prior to its stated maturity

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):

	2025	2024
Charity and other	$ 36,572	$ 33,851
Endowments	27,571	10,532
Restricted by donor for specific uses	64,143	44,383
Restricted by Department of Managed Health Care	150	150
Total restricted net position	$ 64,293	$ 44,533

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 2025 and June 2024 of 5.0% and 5.6% 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 – Leases

The District is a lessee for noncancellable lease of office space and equipment with lease terms through 2039. There are no residual value guarantees included in the measurement of District’s lease liabilities nor recognized as an expense for the years ended June 30, 2025 and 2024. The District does not have any commitments that were incurred at the commencement of the leases. The District is subject to variable equipment usage payments that are expensed when incurred. There were no amounts recognized as variable lease payments as lease expense on the statement of changes of net position for the years ended June 30, 2025 and 2024. No termination penalties were incurred during the fiscal year.

The District has the following right-to-use assets as of June 30:

2025	Beginning Balance	Increases	Decreases	Ending Balance
Right-of-use assets	$ 30,334	$ 453	$ 2,280	$ 28,507
Less accumulated amortization	15,088	2,542	-	17,630
Right-of-use assets, net	$ 15,246	$ (2,089)	$ 2,280	$ 10,877

2024	Beginning Balance	Increases	Decreases	Ending Balance
Right-of-use assets	$ 27,202	$ 3,132	$ -	$ 30,334
Less accumulated amortization	12,125	2,963	-	15,088
Right-of-use assets, net	$ 15,077	$ 169	$ -	$ 15,246

For the years ended June 30, 2025 and 2024, the District recognized $2,542,000 and $2,963,000, respectively, in amortization expense included in depreciation and amortization expense on the consolidated statements of activities and changes in net position.

The future principal and interest lease payments as of June 30, 2025, were as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2026	$ 1,418	$ 607	$ 2,025
2027	946	539	1,485
2028	1,034	470	1,504
2029	1,072	394	1,466
2030	1,072	318	1,390
Thereafter	6,230	1,241	7,471
	$ 11,772	$ 3,569	$ 15,341

The District evaluated the right-to-use assets for impairment and determined there was no impairment for the years ended June 30, 2025 and 2024.

The District is also a lessor for noncancellable leases of office space with lease terms through 2034. For the years ended June 30, 2025 and 2024, the District recognized $11,483,000 and $10,672,000 in lease revenue released from the deferred inflows of resources related to the office lease included in other revenue on the statements of changes in net position. No inflows of resources were recognized in the year related to termination penalties or residual value guarantees during fiscal years ended 2025 and 2024.

Note 14 – Subscription Based Information Technology Arrangements

The District has the following subscription asset activities as of June 30:

2025	Beginning Balance	Increases	Decreases	Ending Balance
Subscription assets	$ 22,815	$ -	$ -	$ 22,815
Less accumulated amortization	10,379	4,882	-	15,261
Subscription assets, net	$ 12,436	$ (4,882)	$ -	$ 7,554

2024	Beginning Balance	Increases	Decreases	Ending Balance
Subscription assets	$ 22,693	$ 3,435	$ 3,313	$ 22,815
Less accumulated amortization	9,188	4,356	3,165	10,379
Subscription assets, net	$ 13,505	$ (921)	$ 148	$ 12,436

For the years ended June 30, 2025 and 2024, the District recognized $4,882,000 and $4,356,000, respectively, in amortization expense included in depreciation and amortization expense on the consolidated statements of activities and changes in net position.

The future subscription payments as of June 30, 2025 were as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2026	$ 6,065	$ 377	$ 6,442
2027	1,279	106	1,385
2028	1,330	54	1,384
2029	-	-	-
	$ 8,674	$ 537	$ 9,211

The District evaluated the subscription assets for impairment and determined there was no impairment for the years ended June 30, 2025 and 2024.

Note 15 – 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, 2025 and 2024, the Foundation has a payable to the Hospital in the amount of $2,946,000 and $578,000, respectively. During the fiscal years 2025 and 2024, the Foundation paid the Hospital $4,765,000 and $2,596,000 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, 2025 and 2024, CONCERN has a payable to the Hospital in the amount of $2,999,000 and $3,087,000, respectively. During the fiscal years ended June 30, 2025 and 2024, CONCERN paid the Hospital $9,995,000 and $9,198,000 for its expenses, respectively. All related party transactions are eliminated upon consolidation.

As of June 30, 2025 and 2024, ECHMN has a payable to the Hospital of $10,011,000 and $9,665,000, respectively. During fiscal years ended June 30, 2025 and 2024, ECHMN paid the Hospital $43,812,000 and $31,857,000 for its expenses, respectively. All related-party transactions are eliminated upon consolidation.

Note 16 – 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.

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 79.2% of the Hospital's employees are covered by collective bargaining agreements. These employees are members of three unions.

Note 17 – 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 issued.

Note 18 – Restatement

The adoption of GASB 101 resulted in adjustments to the prior period consolidated financial statements as follows at June 30, 2024:

	As previously presented	Adjustment	As restated
Statement of net position			
Liabilities, deferred inflows, and net position:			
Salaries, wages, and related liabilities	$ 74,348	$ 25,594	$ 99,942
Net position, end of year	$ 3,007,063	$ (25,594)	$ 2,981,469
Statements of revenues, expenses and changes in net position:			
Salaries, wages, and benefits	$ 780,921	$ 2,996	$ 783,917
Income from operations	$ 169,304	$ (2,996)	$ 166,308
Increase in net position	$ 335,169	$ (2,996)	$ 332,173

Supplementary Information

El Camino Healthcare District
Consolidating Statement of Net Position
June 30, 2025
(In Thousands)

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	ECHMN	Eliminations	El Camino Healthcare District and Affiliates
ASSETS AND DEFERRED OUTFLOWS							
Current assets							
Cash and cash equivalents	$ 27,374	$ 368,914	$ 18,842	$ 4,574	$ 14,787	$ -	$ 434,491
Short-term investments	5,638	112,757	4,341	13,898	-	-	136,634
Current portion of board-designated funds	27,323	-	-		-	-	27,323
Patient accounts receivable, net of allowance for doubtful accounts of $11,407	-	225,541	-	-	14,805	-	240,346
Current portion of lease receivables	-	16,130	-	-	-	(7,901)	8,229
Prepaid expenses and other current assets	68	85,550	751	1,867	7,153	(17,832)	77,557
Total current assets	60,403	808,892	23,934	20,339	36,745	(25,733)	924,580
Non-current cash and investments							
Board-designated funds	19,196	1,657,305	67,539	-	-	-	1,744,040
Restricted funds	-	-	-	150	-	-	150
Funds held by trustee	35,333	-	-	-	-	-	35,333
	54,529	1,657,305	67,539	150	-	-	1,779,523
Capital assets							
Nondepreciable	10,638	335,110	-	-	-	-	345,748
Depreciable, net	-	992,512	986	735	7,045	-	1,001,278
Total capital assets	10,638	1,327,622	986	735	7,045	-	1,347,026
Right-of-use assets, net of amortization	-	7,616	-	-	22,160	(18,899)	10,877
Subscription assets, net of amortization	-	7,554	-	-	-	-	7,554
Lease receivables, net of current portion	-	49,638	-	-	-	(13,199)	36,439
Pledges receivable, net of current portion	-	-	2,068	-	-	-	2,068
Prepaid pension asset	-	115,330	-	-	-	-	115,330
Investments in healthcare affiliates	-	39,645	-	-	-	-	39,645
Interest rate swaps	-	11,318	-	-	-	-	11,318
Beneficial interest in charitable remainder unitrusts	-	-	274	-	-	-	274
Total assets	125,570	4,024,920	94,801	21,224	65,950	(57,831)	4,274,634
Deferred outflows of resources							
Deferred outflows of resources	-	15,937	-	-	-	-	15,937
Deferred outflows of resources - loss on bond defeasance	-	9,359	-	-	-	-	9,359
Deferred outflows of resources - actuarial	-	15,720	-	-	-	-	15,720
Total deferred outflows of resources	-	41,016	-	-	-	-	41,016
Total assets and deferred outflows of resources	$ 125,570	$ 4,065,936	$ 94,801	$ 21,224	$ 65,950	$ (57,831)	$ 4,315,650

El Camino Healthcare District
Consolidating Statement of Net Position (continued)
June 30, 2025
(In Thousands)

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	ECHMN	Eliminations	El Camino Healthcare District and Affiliates
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION							
Current liabilities							
Accounts payable and accrued expenses	$ 479	$ 75,463	$ 3,630	$ 3,230	$ 13,357	$ (17,832)	$ 78,327
Salaries, wages, and related liabilities	-	109,103	4	430	1,911	-	111,448
Other current liabilities	5,116	12,583	62	384	8,139	-	26,284
Estimated third-party payor settlements	-	8,509	-	-	-	-	8,509
Current portion of lease liabilities	-	546	-	-	8,773	(7,901)	1,418
Current portion of subscription liabilities	-	6,065	-	-	-	-	6,065
Current portion of bonds payable	3,411	15,615	-	-	-	-	19,026
Total current liabilities	9,006	227,884	3,696	4,044	32,180	(25,733)	251,077
Bonds payable, net of current portion	95,517	525,076	-	-	-	-	620,593
Lease liabilities, net of current portion	-	7,685	-	-	15,868	(13,199)	10,354
Subscription liabilities, net of current portion	-	2,609	-	-	-	-	2,609
Other long-term obligations	-	-	-	-	-	-	-
Workers' compensation, net of current portion	-	12,374	-	-	-	-	12,374
Post-retirement medical benefits	-	22,028	-	-	-	-	22,028
Total liabilities	104,523	797,656	3,696	4,044	48,048	(38,932)	919,035
Deferred inflows of resources							
Deferred inflows of resources	-	-	274	-	-	-	274
Deferred inflows of resources - leases	-	65,769	-	-	-	(18,899)	46,870
Deferred inflows of resources - gain on bond defeasance	-	4,051	-	-	-	-	4,051
Deferred inflows of resources - actuarial	-	8,672	-	-	-	-	8,672
Total deferred inflows of resources	-	78,492	274	-	-	(18,899)	59,867
Net position							
Invested in capital assets, net of related debt	(52,957)	785,196	986	735	4,564	-	738,524
Restricted - expendable	-	-	36,572	-	-	-	36,572
Restricted - nonexpendable	-	-	27,571	150	-	-	27,721
Unrestricted	74,004	2,404,592	25,702	16,295	13,338	-	2,533,931
Total net position	21,047	3,189,788	90,831	17,180	17,902	-	3,336,748
Total liabilities, deferred inflows of resources, and net position	$ 125,570	$ 4,065,936	$ 94,801	$ 21,224	$ 65,950	$ (57,831)	$ 4,315,650

El Camino Healthcare District
Consolidating Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2025
(In Thousands)

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	ECHMN	Eliminations	El Camino Healthcare District and Affiliates
Operating revenues							
Net patient service revenue (net of provision for bad debts of $9,993)	$ -	$ 1,551,978	$ -	$ -	$ 85,519	$ -	$ 1,637,497
Other revenue	105	44,596	-	12,824	20,578	(22,377)	55,726
Total operating revenues	105	1,596,574	-	12,824	106,097	(22,377)	1,693,223
Operating expenses							
Salaries, wages, and benefits	29	823,820	2,592	2,314	37,802	-	866,557
Professional fees and purchased services	986	183,728	1,133	6,926	89,410	(9,690)	272,493
Supplies	1	228,623	26	-	8,900	-	237,550
Depreciation and amortization	5	88,756	292	254	2,773	-	92,080
Rent and utilities	-	22,425	134	6	9,793	(6,278)	26,080
Other	28	26,010	113	741	1,446	(5,453)	22,885
Total operating expenses	1,049	1,373,362	4,290	10,241	150,124	(21,421)	1,517,645
(Loss) income from operations	(944)	223,212	(4,290)	2,583	(44,027)	(956)	175,578
Nonoperating revenues (expenses):							
Investment income, net	3,187	143,184	4,924	860	216	-	152,371
Property tax revenue							
Designated to support community benefit programs and operating expenses	11,450	-	-	-	-	-	11,450
Designated to support capital expenditures	15,646	-	-	-	-	-	15,646
Levied for debt service	3,746	-	-	-	-	-	3,746
Bond interest expense, net	(5,218)	(20,277)	-	-	-	-	(25,495)
Intergovernmental transfer expense	(5,193)	-	-	-	-	-	(5,193)
Restricted gifts, grants and bequests, and other, net of contributions to related parties	-	-	19,750	-	-	(1,783)	- 17,967
Unrealized gain on interest rate swaps	-	13,151	-	-	-	-	13,151
Community benefit expense	(7,358)	(3,349)	-	(1,614)	(3)	956	(11,368)
Other, net	(26)	5,511	46	75	37	1,783	7,426
Total nonoperating revenues (expenses)	16,234	138,220	24,720	(679)	250	956	179,701
Excess (deficit) of revenues over expenses before capital transfers	15,290	361,432	20,430	1,904	(43,777)	-	355,279
Capital transfers	(6,394)	(35,323)	(400)	(631)	42,748	-	-
Increase (decrease) in net position	8,896	326,109	20,030	1,273	(1,029)	-	355,279
Total net position, beginning of year, as previously reported	12,151	2,889,273	70,801	15,907	18,931	-	3,007,063
Cumulative effect of restatement	-	(25,594)	-	-	-	-	(25,594)
Total net position, beginning of year, as restated	12,151	2,863,679	70,801	15,907	18,931	-	2,981,469
Total net position, end of year	$ 21,047	$ 3,189,788	$ 90,831	$ 17,180	$ 17,902	$ -	$ 3,336,748

El Camino Healthcare District
Supplemental Pension and Post-Retirement Benefit Information
For the Years Ended June 30, 2025 and 2024

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

	2025	2024
Service cost	$ 11,933	$ 10,406
Interest	16,977	15,747
Differences between expected and actual experience	6,106	2,041
Changes of assumptions	2,379	2,585
Benefit payments	(15,125)	(12,953)
Net change in total pension liability	22,270	17,826
Total pension liability beginning of fiscal year	248,894	231,068
Total pension liability end of fiscal year	$ 271,164	$ 248,894

	2025	2024
Contributions	$ 15,500	$ 14,000
Net investment income	35,313	43,599
Benefit payments, including refunds of member contributions	(15,125)	(12,953)
Net change in Plan fiduciary net position	35,688	44,646
Plan fiduciary net position beginning of fiscal year	350,819	306,173
Plan fiduciary net position end of fiscal year	386,507	350,819
Plan's net pension asset end of the fiscal year	$ (115,343)	$ (101,925)
Covered payroll	$ 541,258	$ 457,580
Net pension asset as a percentage of covered payroll	-21.31%	-22.27%
Contributions	$ 11,500	$ 7,000

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

	FY2025	FY2024	FY2023	FY2022	FY2021
Actuarially determined contribution	TBD	$ 4,872	$ -	$ -	$ -
Contributions related to actuarially determined contribution	TBD	$ 14,000	$ 14,000	$ 10,000	$ 8,500
Contribution deficiency (excess)	TBD	(9,128)	(14,000)	(10,000)	(8,500)
Covered payroll	$ 541,258	$ 457,580	$ 409,092	$ 389,552	$ 359,322
Contribution as % of covered payroll	TBD	3.06%	3.42%	2.57%	2.37%
Contributions made during the fiscal year	$ 20,000	$ 14,000	$ 14,000	$ 4,500	$ 14,000

	FY2020	FY2019	FY2018	FY2017	FY2016
Actuarially determined contribution	$ 7,801	$ 10,888	$ 10,155	$ 8,445	$ 2,736
Contributions related to actuarially determined contribution	$ 10,300	$ 12,900	$ 11,600	$ 10,900	$ 10,500
Contribution deficiency (excess)	(2,499)	(2,012)	(1,445)	(2,455)	(7,764)
Covered payroll	$ 335,696	$ 315,317	$ 297,737	$ 283,435	$ 283,776
Contribution as % of covered payroll	3.07%	4.09%	3.90%	3.85%	3.70%
Contributions made during the fiscal year	$ 9,800	$ 12,800	$ 10,400	$ 10,900	$ 9,900

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, 2025 and 2024, post-retirement medical benefits plan's fiduciary net position as a percentage of the total OPEB liability is 0% for both years.

The 2025 and 2024 covered payroll for the active population eligible to participate in the post-retirement medical benefits plan is $22,558,900 and $22,558,900 for 2025 and 2024, respectively. The net post-retirement medical benefits liability for the fiscal year ended June 30, 2025 and 2024, is $22,027,500 and $22,737,800, respectively. The net post-retirement medical benefits liability as a percentage of covered-employee payroll, as of the same time period, was 97.64% and 100.79%, respectively.

El Camino Healthcare District
Supplemental Schedule of Community Benefit (unaudited)
For the Years Ended June 30, 2025 and 2024

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, 2025 and 2024, the estimated costs of providing community benefit in excess of reimbursement from governmental programs were as follows (in thousands):

	2025	2024
Unpaid costs of Medi-Cal & Indigent programs	$ 86,026	$ 78,306
Other community-based programs		
Psychiatric	19,492	12,892
Clinical trial	115	82
Ambulatory care	17,168	18,612
Psychiatric outpatient	2,730	2,615
Total other community-based programs	39,505	34,201
Total community benefits	$ 125,531	$ 112,507

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 $168,056,000 and $143,509,000 for the years ended June 30, 2025 and 2024, 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.