



# AGENDA

## REGULAR MEETING OF THE EL CAMINO HEALTHCARE DISTRICT BOARD OF DIRECTORS

**Tuesday, October 16, 2018 – 5:30pm**

El Camino Hospital | Conference Rooms EF&G (ground floor)  
2500 Grant Road Mountain View, CA 94040

**PURPOSE:** The purpose of the District shall be (i) to establish, maintain and operate, or provide assistance in the operation of, one or more health facilities (as that term is defined in California Health and Safety Code Section 1250) or health services at any location within or without the territorial limits of the District, for the benefit of the District and the people served by the District; (ii) to acquire, maintain and operate ambulances or ambulance services within or without the District; (iii) to establish, maintain and operate, or provide assistance in the operation of free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and such other health care services provider, groups, and organizations that are necessary for the maintenance of good physical and mental health in the communities served by the District; and (iv) to do any and all other acts and things necessary to carry out the provisions of the District's Bylaws and the Local Health District Law.

| AGENDA ITEM  | PRESENTED BY  |                       | ESTIMATED TIMES                                 |
|--|---|-----------------------|---|
| <b>1. CALL TO ORDER/ROLL CALL</b>  | Peter C. Fung, MD, Board Chair  |                       | <b>5:30 – 5:32pm</b>                            |
| <b>2. SALUTE TO THE FLAG</b>   | Peter C. Fung, MD, Board Chair  |                       | <b>5:32 – 5:34pm</b>                            |
| <b>3. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>   | Peter C. Fung, MD, Board Chair  |                       | <b>5:34 – 5:35</b>                              |
| <b>4. PUBLIC COMMUNICATION</b><br>a. Oral Comments<br><i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i><br>b. Written Correspondence   | Peter C. Fung, MD, Board Chair  |                       | <b>information</b><br><b>5:35 – 5:38</b>        |
| <b>5. COMMUNITY BENEFIT SPOTLIGHT: BAY AREA WOMEN'S SPORTS INITIATIVE (BAWSI)</b><br><i>Resolution 2018-11</i><br><a href="#">ATTACHMENT 5</a>   | Jennifer Smith, CEO, BAWSI<br>Barbara Avery,<br>Director, Community Benefit | <i>public comment</i> | <b>motion required</b><br><b>5:38 – 5:48</b>    |
| <b>6. CONSENT CALENDAR</b><br><i>Any Board Member or member of the public may remove an item for discussion before a motion is made.</i><br><br><b>Approval</b><br>a. <a href="#">Minutes of the Open Session of the District Board Meeting (Sept. 12, 2018)</a><br>b. <a href="#">Resolution 2018-12: Adoption Calendar Year 2019 Meeting Dates</a><br>c. <a href="#">Resolution 2018-13: Amending ECHD Conflict of Interest Code</a><br>d. <a href="#">FY18 Consolidated Year-End Financials</a> | Peter C. Fung, MD, Board Chair  | <i>public comment</i> | <b>motion required</b><br><b>5:48 – 5:53</b>    |
| <b>7. FY18 COMMUNITY BENEFIT REPORT</b><br><a href="#">ATTACHMENT 7</a>  | Barbara Avery,<br>Director, Community Benefit                               | <i>public comment</i> | <b>possible motion</b><br><b>5:53 – 6:03</b>    |
| <b>8. FINANCIAL REPORT</b><br>a. <a href="#">ECHD FY18 Year-End Standalone Financials</a><br>b. <a href="#">ECHD FY19 Financials YTD</a>   | Iftikhar Hussain, CFO   | <i>public comment</i> | <b>possible motion(s)</b><br><b>6:03 – 6:18</b> |
| <b>9. FY18 FINANCIAL AUDIT</b><br><a href="#">ATTACHMENT 9</a>   | Brian Conner, Moss Adams  |                       | <b>discussion</b><br><b>6:18 – 6:33</b>         |

A copy of the agenda for the Regular Board Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting.

In observance of the Americans with Disabilities Act, please notify us at (650) 988-7504 prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

| AGENDA ITEM  | PRESENTED BY  |                       | ESTIMATED TIMES                                |
|--|---|-----------------------|--|
| <b>10. ECH BOARD MEMBER ELECTION AD HOC COMMITTEE REPORT</b><br><a href="#">ATTACHMENT 10</a>  | Julia Miller, ECH Member Election<br>Ad Hoc Committee Chair | <i>public comment</i> | <b>information</b><br><b>6:33 – 6:43</b>       |
| <b>11. PROPOSED EL CAMINO HOSPITAL BYLAWS CHANGE</b><br><a href="#">ATTACHMENT 11</a>  | Peter C. Fung, MD, Board Chair                              | <i>public comment</i> | <b>possible motion</b><br><b>6:43 – 7:08</b>   |
| <b>12. ADJOURN TO CLOSED SESSION</b>   | Peter C. Fung, MD, Board Chair                              | <i>public comment</i> | <b>motion required</b><br><b>7:08 – 7:09</b>   |
| <b>13. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>  | Peter C. Fung, MD, Board Chair                              |                       | <b>information</b><br><b>7:09 – 7:10</b>       |
| <b>14. Report involving Gov't Code Section 54957 for discussion and report on personnel performance matters – Senior Management:</b><br>- FY18 Financial Audit   | Brian Conner, Moss Adams                                    |                       | <b>discussion</b><br><b>7:10 – 7:11</b>        |
| <b>15. CONSENT CALENDAR</b><br><i>Any Board Member or member of the public may remove an item for discussion before a motion is made.</i><br><br><b>Approval</b><br><i>Gov't Code Section 54957.2:</i><br>a. Minutes of the Closed Session of the District Board Meeting (June 19, 2018) | Peter C. Fung, MD, Board Chair                              |                       | <b>motion required</b><br><b>7:11 – 7:13</b>   |
| <b>16. Report involving Gov't Code Section 54957 for discussion and report on personnel performance matters – CFO:</b><br>- Annual Evaluation of the ECHD CFO  | Dan Woods, CEO  |                       | <b>discussion</b><br><b>7:13 – 7:18</b>        |
| <b>17. Report involving Gov't Code Section 54957 for discussion and report on personnel performance matters – CEO:</b><br>- Annual Evaluation of the ECHD CEO  | Peter C. Fung, MD, Board Chair                              |                       | <b>discussion</b><br><b>7:18 – 7:28</b>        |
| <b>18. Report involving Gov't Code Section 54957 for discussion and report on personnel performance matters – Senior Management:</b><br>- Executive Session  | Peter C. Fung, MD, Board Chair                              |                       | <b>discussion</b><br><b>7:28 – 7:33</b>        |
| <b>19. ADJOURN TO OPEN SESSION</b>   | Peter C. Fung, MD, Board Chair                              |                       | <b>motion required</b><br><b>7:33 – 7:34</b>   |
| <b>20. RECONVENE OPEN SESSION/ REPORT OUT</b><br>To report any required disclosures regarding permissible actions taken during Closed Session.   | Peter C. Fung, MD, Board Chair                              |                       | <b>7:34 – 7:35</b>                             |
| <b>21. FY18 FINANCIAL AUDIT APPROVAL</b>   | Peter C. Fung, MD, Board Chair                              | <i>public comment</i> | <b>motion required</b><br><b>7:35 – 7:37</b>   |
| <b>22. FY19 PACING PLAN</b><br><a href="#">ATTACHMENT 22</a>   | Peter C. Fung, MD, Board Chair                              |                       | <b>discussion</b><br><b>7:37 – 7:39</b>        |
| <b>23. ADJOURNMENT</b>   | Peter C. Fung, MD, Board Chair                              | <i>public comment</i> | <b>motion required</b><br><b>7:39 – 7:40pm</b> |

# EL CAMINO HEALTHCARE DISTRICT

RESOLUTION 2018-11

## RESOLUTION OF THE BOARD OF DIRECTORS OF EL CAMINO HEALTHCARE DISTRICT REGARDING RECOGNITION OF SERVICE TO THE COMMUNITY

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**WHEREAS**, the Board of Directors of the El Camino Healthcare District values and wishes to recognize the contribution of individuals who serve the District's community as well as individuals who exemplify the El Camino Healthcare District's mission and values.

**WHEREAS**, the Board wishes to honor and recognize Bay Area Women's Sports Initiative (BAWSI) for partnering with the El Camino Healthcare District to deliver physical activity and self-esteem programs for girls at local schools.

The El Camino Healthcare District and BAWSI began a partnership in Fiscal Year 2013 in an effort dedicated to promoting physical fitness and confidence among underserved elementary school girls through after-school programs led by local collegiate athlete volunteers. Conducted at schools reaching underserved students, the BAWSI Girls sessions provide physical activity lessons and social-emotional behavior and attitude skill building. The BAWSI Rollers program additionally provides adaptive physical activities for girls and boys with physical, cognitive and hearing disabilities. Led by female athlete role models, these programs have provided services to 610 youth in the District. The agency also received funding from the El Camino Hospital Community Benefit program and has served an additional 652 youth. In total, these programs have helped 1,262 school children.

**WHEREAS**, the Board would like to acknowledge BAWSI for its commitment to providing the BAWSI Girls and BAWSI Rollers programs for underserved youth.

**NOW THEREFORE BE IT RESOLVED** that the Board does formally and unanimously pay tribute to:

### Bay Area Women's Sports Initiative (BAWSI)

**IN WITNESS THEREOF**, I have here unto set my hand this **16TH DAY OF OCTOBER, 2018**.

**EL CAMINO HEALTHCARE DISTRICT BOARD OF DIRECTORS:**

Neysa Fligor • Peter C. Fung, MD • Julia E. Miller • David Reeder • John Zoglin

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JOHN ZOGLIN  
SECRETARY/TREASURER  
EL CAMINO HEALTHCARE DISTRICT BOARD OF DIRECTORS





**Minutes of the Open Session of the Special Meeting of  
the El Camino Healthcare District Board of Directors  
Wednesday, September 12, 2018**

El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040  
Conference Rooms F&G (ground floor)

**Board Members Present**

**Neysa Fligor**  
**Peter C. Fung, MD, Chair**  
**Julia E. Miller, Vice Chair**  
**David Reeder**  
**John Zoglin, Secretary/Treasurer**

**Board Members Absent**

None

**Members Excused**

None

| Agenda Item  | Comments/Discussion  | Approvals/<br>Action                     |
|--|--|--|
| <b>1. CALL TO ORDER/<br/>ROLL CALL</b>   | The open session of the Special meeting of the El Camino Healthcare District Board of Directors (the “Board”) was called to order at 5:32pm by Chair Fung. A silent roll call was taken. All Board members were present.   |  |
| <b>2. POTENTIAL<br/>CONFLICT OF<br/>INTEREST<br/>DISCLOSURES</b>                                 | No conflicts were reported.  |  |
| <b>3. PUBLIC COMMENT</b>   | None.  |  |
| <b>4. CONSENT<br/>CALENDAR</b>   | <p>Chair Fung asked if any member of the Board or the public wished to remove an item from the consent calendar. No items were removed.</p> <p><b>Motion:</b> To approve the consent calendar: Minutes of the Open Session of the District Board Meeting (June 19, 2018).</p> <p><b>Movant:</b> Reeder<br/><b>Second:</b> Miller<br/><b>Ayes:</b> Fligor, Fung, Miller, Reeder, Zoglin<br/><b>Noes:</b> None<br/><b>Abstentions:</b> None<br/><b>Absent:</b> None<br/><b>Recused:</b> None</p>   | <i>Consent<br/>calendar<br/>approved</i> |
| <b>5. APPROVAL OF EL<br/>CAMINO HOSPITAL<br/>REBRANDING<br/>USING NEW BRAND<br/>ARCHITECTURE</b> | <p>Kelsey Martinez, Director of Marketing &amp; Communications, reported that the El Camino Hospital Board of Directors approved a move to a unified brand and architecture at its August meeting. She provided an overview of 1) consumer preferences, 2) why the shift is being recommended, and 3) the proposed brand architecture model.</p> <p>In response to Director Miller’s question, Ms. Martinez explained that the mark that is part of the logo is not changing.</p> <p>Director Zoglin commented that management bringing forward the concept of changing the name with no customer testing against brand attributes is not in line with best practices and undermines his confidence in the organization’s marketing ability. Ms. Martinez reported that the recommended name was tested with consumers against other proposed names with focus groups and there will be parallel identity and positioning work. She also noted that there is consumer qualitative and quantitative data that has been collected over the last few years that can be shared with the Board. Director Zoglin expressed concerns that focus group data is not sufficient for a decision of this magnitude.</p> <p>Director Fung requested that focus group data be provided to the Board.</p> |  |

|                       |  |                                    |
|-----------------------|--|------------------------------------|
|                       | <p>In response to Director Fligor’s question, Ms. Martinez described the mixed consumer response to the use of “Health Care” for branding.</p> <p>Director Reeder stated his support for the move to “Health” as it reflects the organization’s move to provide broader services and noted the prevalence of organizations using “Health” in the industry.</p> <p>Director Fung commented that most large name health systems use “Health” in their branding.</p> <p><b>Motion:</b> To approve a move to a unified brand name of El Camino Health for El Camino Hospital.</p> <p><b>Movant:</b> Reeder<br/> <b>Second:</b> Miller<br/> <b>Ayes:</b> Fligor, Fung, Miller, Reeder<br/> <b>Noes:</b> Zoglin<br/> <b>Abstentions:</b> None<br/> <b>Absent:</b> None<br/> <b>Recused:</b> None</p> |                                    |
| <b>6. ADJOURNMENT</b> | <p><b>Motion:</b> To adjourn at 5:45pm.</p> <p><b>Movant:</b> Miller<br/> <b>Second:</b> Fligor<br/> <b>Ayes:</b> Fligor, Fung, Miller, Reeder, Zoglin<br/> <b>Noes:</b> None<br/> <b>Abstentions:</b> None<br/> <b>Absent:</b> None<br/> <b>Recused:</b> None</p>   | <i>Meeting adjourned at 5:45pm</i> |

**Attest as to the approval of the foregoing minutes by the Board of Directors of El Camino Healthcare District:**

\_\_\_\_\_  
Peter C. Fung, MD  
Chair, ECHD Board

\_\_\_\_\_  
John Zoglin  
Secretary, ECHD Board

Prepared by: Cindy Murphy, Director of Governance Services  
Sarah Rosenberg, Contracts & Board Services Coordinator

## **DRAFT Resolution 2018-12**

### **Resolution of the Board of Directors of El Camino Healthcare District Establishing Regular Meeting Dates and Time**

RESOLVED, Article VI, Section 3(a) of the Bylaws of El Camino Healthcare District requires the Board to adopt a resolution setting meeting dates; be it further,

RESOLVED, that the regular meeting dates of the District Board for 2019 shall be January 22, 2019, March 19, 2019, May 21, 2019, June 18, 2019, and October 22, 2019, at 5:30PM; be it further,

RESOLVED, that the regular meeting dates shall be posted at El Camino Hospital, on the El Camino Healthcare District website, and shall be mailed or e-mailed to all persons who have requested notice of EL Camino Healthcare District meetings.

DULY PASSED AND ADOPTED at a Regular Meeting held on the 16<sup>th</sup> day of October, 2018 by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

By:

\_\_\_\_\_  
John Zoglin  
Secretary, ECHD Board of Directors

## ECHD BOARD MEETING AGENDA ITEM COVER SHEET

|   |  |
|---|--|
| <b>Item:</b>  | Resolution 2018-13<br><br>Biennial Review of El Camino Healthcare District Conflict of Interest Code |
| <b>Responsible party:</b>   | Cindy Murphy, Director of Governance Services  |
| <b>Action requested:</b>  | Approval   |
| <p><b>Background:</b></p> <p>The Political Reform Act requires every local governmental agency to review its conflict of interest code every even-numbered year. Pursuant to Government Code section 87303, “No conflict of interest code shall be effective until it has been approved by the code-reviewing body.” The County of Santa Clara (“County”) Board of Supervisors is the code-reviewing body for local County agencies, such as the El Camino Healthcare District (“ECHD”).</p> <p>As part of the biennial review process, the County requested that ECHD make a number of specific, very minor amendments to its Conflict of Interest Code. ECHD staff made those amendments (and no others) and provided them to the County for preliminary approval as requested. On review, the County Counsel’s Office has preliminarily approved ECHD’s Draft Revised Conflict of Interest Code.</p> <p>The Draft Revised Conflict of Interest Code is now presented to the ECHD Board of Directors for approval. Following ECHD Board approval, the final step in the biennial review process shall be to present the Draft Revised Conflict of Interest Code to the County Board of Supervisors.</p> |  |
| <p><b>Board Advisory Committees that reviewed the issue and recommendation, if any:</b> None.</p>   |  |
| <p><b>Summary and Session Objectives:</b></p> <p>To obtain approval of Draft Revised Resolution 2018-13 Revising ECHD’s Conflict of Interest Code:</p> <p><u>Specific Changes Requested By the County</u></p> <ol style="list-style-type: none"> <li>1. Section 4 included the following phrase – “Newly designated officials or employees shall file statements within 30 days of the effective date of this Code.” The county described this as not entirely accurate. If a newly created position that is the type to be designated was created in March, for example, anyone holding that position was required to file a Form 700 within 30 days of starting in the position, even if the position was not added to the conflict of interest code until July. (See 2 CCR 18734.) So, even if the position is just added to the code, the person’s filing requirement began when he/she assumed the position. The County recommended rephrasing, “Newly designated officials or employees <b>who were not already required to file by law</b> shall file statements within 30 days of the effective date of this Code.</li> </ol>   |  |

## ECHD BOARD MEETING AGENDA ITEM COVER SHEET

|  |  |
|--|--|
|  | <ol style="list-style-type: none"><li>2. ECHD's COI included footnote 1 to indicate ECHD didn't presently employ a Chief Operating Officer. The County recommended that, since such footnotes are not necessary and would have to be removed if the position were ever filled, it be removed.</li><li>3. Footnote 2 and Category 3 reference several FPPC Regulations. The FPPC renumbered these regulations, so the numbers need to be updated.</li><li>4. A few other clean-up changes for accuracy.</li></ol> |
|  | <b>Suggested discussion questions:</b> None. This is a consent item.   |
|  | <b>Proposed Board motion, if any:</b><br>To approve Draft Resolution 2018-13 and Attachment A.   |
|  | <b>LIST OF ATTACHMENTS:</b> <ol style="list-style-type: none"><li>1. Draft Resolution 2018-13 and Attachment A (redline)<br/>(together, the Conflict of Interest Code)</li></ol>   |

# **EL CAMINO HEALTHCARE DISTRICT**

**Conflict of Interest Code**

**DRAFT 10/16/2018~~8.15.14~~**

RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE EL CAMINO HEALTHCARE DISTRICT ADOPTING BY  
REFERENCE THE MODEL CONFLICT OF INTEREST CODE  
SET FORTH IN TITLE 2, SECTION 18730 OF THE  
CALIFORNIA CODE OF REGULATIONS

RESOLUTION ~~2018-132014—9~~

As Amended ~~October 16, 2018~~ ~~August 25, 2014~~

**WHEREAS**, pursuant to Section 87300 *et. seq.* of the California Government Code, the El Camino Healthcare District is required to adopt and promulgate a Conflict of Interest Code;

**WHEREAS**, the El Camino Healthcare District previously adopted a Conflict of Interest Code on ~~August 25, 2014~~ ~~September 8, 2010~~;

**WHEREAS**, The El Camino Healthcare District desires now to update its formal Conflict of Interest Code so as to comply with changes to the applicable provisions of Section 87300 *et. seq.* of the California Government Code and Title 2, Section 18730 of the California Code of Regulations;

**WHEREAS**, pursuant to Government Code Section 87302, the Conflict of Interest Code must specifically enumerate the positions within the District, other than those specified in Government Code Section 87200, that involve making or participating in making decisions that may have a reasonably foreseeable material effect upon any financial interest, and, for each such enumerated position, the Conflict of Interest Code must state the specific types of investments, business positions, interests in real property and sources of income that are reportable;

**WHEREAS**, Title 2, Section 18730 of the California Code of Regulations contains the terms of a Model Conflict of Interest Code developed by the Fair Political Practices Commission (“FPPC”) that agencies can adopt by reference, which may be amended from time to time by the FPPC after public notice and hearing to conform to amendments in the Political Reform Act; and,

**WHEREAS**, adopting by reference the terms of the FPPC’s Model Conflict of Interest Code set forth in the California Code of Regulations, and amendments thereto, as the Conflict of Interest Code of the El Camino Healthcare District will meet the statutory requirements for adopting such a code and save the District the time and resources by minimizing the actions required to keep the Code in conformity with the Political Reform Act;

**NOW THEREFORE**, the Board of Directors of the El Camino Healthcare District resolves as follows:

1.0 The Model Conflict of Interest Code set forth in Title 2, Section 18730 of the California Code of Regulations, which is incorporated herein by reference, and any amendments to the Model Conflict of Interest Code subsequently adopted by the FPPC, are hereby adopted by the El Camino Healthcare District as its Conflict of Interest Code. The full text of 2, CCR Section 18730 may be found at: <http://www.fppc.ca.gov/content/dam/fppc/NS-Documents/Legal/Div/ZRegulations/Index/Chapter7/Article2/18730.pdf?regs=current/18730.pdf>.

2.0 **Exhibit A**, which is attached hereto and incorporated herein, enumerates the positions within the District (in addition to any of those set forth in Government Code Section 87200) that are subject to the provisions of the Conflict of Interest Code and their respective disclosure categories. This

Resolution and the attached Exhibit A together constitute the Conflict of Interest Code of the El Camino Healthcare District.

3.0 Pursuant to Section 4 of the Model Conflict of Interest Code adopted hereby, public officials and designated employees shall file Statements of Economic Interests with the Clerk of the Board of Directors of the El Camino Healthcare District, who shall be the district's filing official. If a statement is received in signed paper format, the district's filing official shall make and retain a copy and forward the original of this statement to the filing officer, the County of Santa Clara Clerk of the Board of Supervisors. If a statement is electronically filed using the County of Santa Clara's Form 700 e-filing system, both the district's filing official and the County of Santa Clara Clerk of the Board of Supervisors will receive access to the e-filed statement simultaneously. Statements of Economic Interests shall be made on forms prescribed by the FPPC. The district shall make the statements available for public inspection and reproduction pursuant to Government Code Section 81008.

4.0 No Conflict of Interest Code shall be effective until it has been approved by the code reviewing body. Notwithstanding this effective date, the adoption of this Conflict of Interest Code shall not be considered an original adoption as to those designated officials or employees who have already been filing annual statements of economic interest. Those persons shall not be required to file again this year. Newly designated officials or employees who were not already required to file by law shall file statements within 30 days of the effective date of this Code, and all designated officials and employees shall continue to file statements upon assuming or leaving office as directed in Sections of the Model Conflict of Interest Code.

Passed and adopted at a Regular Meeting of the Board of Directors of the El Camino Healthcare District held on the 16<sup>25</sup><sup>th</sup> of October~~August~~ of 20184, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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John Zoglin~~Dennis Chiu~~, Secretary  
El Camino Healthcare District  
Board of Directors

## EXHIBIT A

### DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES

#### Designated Positions:

#### Disclosure Categories:

|                                      |                |
|--------------------------------------|----------------|
| MEMBER OF THE BOARD OF DIRECTORS     | 1              |
| CHIEF EXECUTIVE OFFICER              | 1              |
| CHIEF FINANCIAL OFFICER              | 1              |
| CHIEF OPERATING OFFICER <sup>+</sup> | 2              |
| CONSULTANT                           | 3 <sup>2</sup> |
| NEWLY CREATED POSITION*              |                |

#### \* Newly Created Positions

A newly created position that makes or participates in the making of decisions that may foreseeably have a material effect on any financial interest of the position-holder, and which specific position title is not yet listed in ~~an agency's~~ the district's conflict of interest code is included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation: The CEO may determine in writing that a particular newly created position, although a "designated position," is hired to perform a range of duties that are limited in scope and thus is not required to fully comply with the broadest disclosure requirements, but instead must comply with more tailored disclosure requirements specific to that newly created position. Such written determination shall include a description of the newly created position's duties and, based upon that description, a statement of the extent of disclosure requirements. The district's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Section 81008.)

As soon as the district has a newly created position that must file statements of economic interests, the district shall contact the County of Santa Clara Clerk of the Board of Supervisors Form 700 division to notify it of the new position title to be added in the County's electronic Form 700 record management system, known as eDisclosure. Upon this notification, the Clerk's office shall enter the actual position title of the newly created position into eDisclosure and the district shall ensure that the name of any individual(s) holding the newly created position is entered under that position title in eDisclosure.

Additionally, within 90 days of the creation of a newly created position that must file statements of economic interests, the district shall update this conflict-of-interest code to add the actual position title in its list of designated positions, and submit the amended conflict of interest code to the County of Santa Clara Office of the County Counsel for code-reviewing body approval by the County Board of Supervisors. (Govt. Code Sec. 87306.)

<sup>+</sup> ~~The District does not presently employ a Chief Operating Officer.~~

<sup>2</sup> In general, unless outside legal counsel engaged to represent the District participate in making governmental decisions as defined in regulation 1870~~42-2~~, they shall not be deemed to be "consultants" for purposes of the District's Conflict of Interest Code.

### **Disclosure Categories:**

**Category 1:** A Fiduciary in this category must report all investments and business positions related to the health care industry, which shall include but not be limited to medical equipment suppliers, pharmaceutical companies, insurance companies, and any other entities related to the health care industry. A Fiduciary in this category must also report all interests in real property located entirely or partly within the boundaries of the District, or within two miles of District boundaries, or of any land owned or used by the District, and sources of income (including gifts, loans and travel payments) in the manner set forth under Section VII of 2 Cal. Code of Regulations 18730.

**Category 2:** A Fiduciary in this category must report investments and business positions in business entities, and income (including gifts, loans and travel payments) from sources that are of the type which within the previous two years has provided services, equipment, leased space, materials, or supplies to the District, in the manner set forth under Section VII of 2 Cal. Code of Regulations 18730.

**Category 3:** Consultants, as defined for purposes of the Political Reform Act, shall disclose pursuant to the broadest disclosure category in the conflict of interest code subject to the following limitation: The CEO may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements of the broadest disclosure category, but instead must comply with more tailored disclosure requirements specific to that consultant. Such a determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. All such determinations are public records and shall be retained for public inspection along with this conflict of interest code. A “consultant” is an individual who, pursuant to a contract with the District, makes a governmental decision as defined in regulation 18700.34, or serves in a staff capacity with the district and in that capacity participates in making a governmental decision as defined in regulation 187042.2 or performs the same or substantially all the same duties for the District that would otherwise be performed by an individual holding a position specified in the District's Conflict of Interest Code under Government Code section 87302.



*Dedicated to improving the health and well being of the people in our community.*

**Board Finance Presentation – Consolidated Statement  
Fiscal Year 2018  
7/1/2017- 6/30/2018**

Iftikhar Hussain, CFO

El Camino Healthcare District Board of Directors Meeting  
October 16, 2018

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## **ECHD Consolidated Financial Statements (Includes El Camino Hospital)**

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**NOTE: Accounting standards require that audited financial statements for El Camino Healthcare District be presented in consolidated format, including El Camino Hospital and its controlled affiliates. In an effort to help ensure public accountability and further ensure the transparency of the District’s operations, the District also prepares internal, “Stand-Alone” financial statements which present information for the District by itself.**



# El Camino Healthcare District

## Consolidated Comparative Balance Sheet (\$ Millions)

(Includes El Camino Hospital)

|  | June 30,<br>2018 | June 30,<br>2017<br>Audited w/o<br>Eliminations |  | June 30,<br>2018 | June 30,<br>2017<br>Audited w/o<br>Eliminations |
|--|------------------|---|--|------------------|---|
| <b><u>ASSETS</u></b>                               |                  |   | <b><u>LIABILITIES &amp; FUND BALANCE</u></b> |                  |   |
| <b>Current Assets</b>                              |                  |   | <b>Current Liabilities</b>                   |                  |   |
| Cash & Investments                                 | \$296            | \$287   | Accounts Payable & Accrued Exp               | \$119            | \$105   |
| Patient Accounts Receivable, net                   | \$118            | \$110   | Bonds Payable - Current                      | 7                | 7   |
| Other Accounts and Notes Receivable                | \$6              | \$4   | Bond Interest Payable                        | 16               | 13  |
| Inventories and Prepaids <sup>(1)</sup>            | \$76             | \$51  | Other Liabilities                            | 9                | 5   |
| <b>Total Current Assets</b>                        | <b>495</b>       | <b>453</b>                                      | <b>Total Current Liabilities</b>             | <b>151</b>       | <b>130</b>                                      |
| <b>Board Designated Assets</b>                     |                  |   | <b>Deferred Revenue</b>                      | <b>1</b>         | <b>1</b>  |
| Foundation Reserves                                | 16               | 15  | <b>Deferred Revenue Inflow of Resources</b>  | <b>26</b>        | <b>14</b>                                       |
| Community Benefit Fund                             | 21               | 19  | <b>Long Term Liabilities</b>                 |                  |   |
| Operational Reserve Fund                           | 129              | 102   | Bond Payable                                 | 643              | 657   |
| Workers Comp, Health & PTO Reserves <sup>(2)</sup> | 74               | 63  | Benefit Obligations                          | 47               | 37  |
| Facilities Replacement Fund <sup>(3)</sup>         | 189              | 159   | Other Long-term Obligations                  | 4                | 4   |
| Catastrophic & Malpractice Reserve <sup>(4)</sup>  | 20               | 18  | <b>Total Long Term Liabilities</b>           | <b>695</b>       | <b>698</b>                                      |
| <b>Total Board Designated Assets</b>               | <b>450</b>       | <b>376</b>                                      | <b>Fund Balance</b>                          |                  |   |
| <b>Non-Designated Assets</b>                       |                  |   | Unrestricted                                 | 1,261            | 1,150   |
| Funds Held By Trustee                              | 218              | 305   | Board Designated & Restricted                | 359              | 274   |
| Long Term Investments                              | 346              | 257   | Capital & Retained Earnings                  | 16               | 15  |
| Other Investments                                  | 35               | 34  | <b>Total Fund Balance</b>                    | <b>1,636</b>     | <b>1,439</b>                                    |
| Net Property Plant & Equipment                     | 920              | 810   |  |                  |   |
| Deferred Outflows of Resources                     | 21               | 30  |  |                  |   |
| Other Assets                                       | 23               | 18  |  |                  |   |
| <b>Total Non-Designated Assets</b>                 | <b>1,563</b>     | <b>1,454</b>                                    |  |                  |   |
| <b>TOTAL ASSETS</b>                                | <b>\$2,509</b>   | <b>\$2,282</b>                                  | <b>TOTAL LIAB. &amp; FUND BAL.</b>           | <b>\$2,509</b>   | <b>\$2,282</b>                                  |



*Note: Totals may not agree due to rounding. See page 5 for footnotes.*

# El Camino Healthcare District

## Consolidated Comparative Statement of Revenues & Expenses (\$ Millions)

Year-to-Date through June 30, 2018

(Includes El Camino Hospital)

|   | <u>Actual</u> | <u>Budget</u> | <u>Fav (Unfav)<br/>Variance</u> | <u>Prior YTD FY<br/>Actual</u> |
|---|---------------|---------------|---------------------------------|--------------------------------|
| Net Patient Revenue <sup>(5)</sup>            | 901           | 836           | 65                              | 833                            |
| Other Operating Revenues <sup>(6)</sup>       | 43            | 41            | 2                               | 43                             |
| <b>Total Operating Revenues</b>               | <b>943</b>    | <b>877</b>    | <b>66</b>                       | <b>876</b>                     |
| Wages and Benefits                            | 471           | 481           | 10                              | 453                            |
| Supplies                                      | 128           | 122           | -6                              | 122                            |
| Purchased Services                            | 121           | 112           | -10                             | 112                            |
| Other   | 22            | 31            | 9                               | 29                             |
| Depreciation                                  | 50            | 54            | 4                               | 48                             |
| Interest                                      | 5             | 9             | 3                               | 2                              |
| <b>Total Operating Expense <sup>(7)</sup></b> | <b>799</b>    | <b>809</b>    | <b>11</b>                       | <b>766</b>                     |
| <b>Operating Income</b>                       | <b>144</b>    | <b>68</b>     | <b>77</b>                       | <b>109</b>                     |
| Non-Operating Income <sup>(8)</sup>           | 70            | 25            | 45                              | 68                             |
| <b>Net Income</b>                             | <b>214</b>    | <b>94</b>     | <b>122</b>                      | <b>177</b>                     |



Note: Totals or variances may not agree due to rounding. See page 5 for footnotes.

**El Camino Healthcare District**  
**Notes to Consolidated Financial Statements**  
**Current FY 2018 Actual to Budget**  
(Includes El Camino Hospital)

- 1) Increase over prior year is driven by the increased value of the Cash Balance Plan assets.
- 2) Increase over prior year is due to implementing GASB 75 this year that recognizes the complete actuarial cost of the benefit. This increase is also seen in the “Benefits Obligations” on the Liability side of the Balance Sheet.
- 3) The current period Facilities Replacement Fund is comprised of (\$ Millions):

|   |       |
|---|-------|
| ECHD Appropriation Fund (fka: Capital Outlay)     | \$21  |
| ECHD Capital Replacement Fund (i.e. Funded Depr.) | 5     |
| ECH Capital Replacement Fund (i.e. Funded Depr.)  | 140   |
| ECH BHS Replacement Building Fund                 | 14    |
| ECH Women’s Hospital Expansion                    | 9     |
|   | \$189 |
- 4) The current period Catastrophic & Malpractice Fund is comprised of (\$ Millions):

|  |      |
|--|------|
| ECH Catastrophic Fund (aka: Earthquake Fund) | \$18 |
| ECH Malpractice Reserve                      | 2    |
|  | \$20 |
- 5) Net Patient Revenue is ahead of budget due to: 1) 5.4% higher volume; 2) \$29 million in one-time gains; and 3) outstanding revenue cycle operation by reducing denials and underpayments.
- 6) Other Operating Revenues exceeding budget due to primarily a PRIME payment of \$3M that was not anticipated in the budget and back billing for dietary services provided the LPCH patients on their 4th floor unit (\$700k).
- 7) The positive variance of approximately \$2M remains in the areas of: 1) Wages and Benefits primarily driven by positive variances in pension expense due to investment returns on the Plan Assets during the year, lowered reserves needed for Workers’ Compensation per year end actuarial report, reduced expense for administrative salaries; 2) Building depreciation expense, primarily at Los Gatos; and 3) Bond Interest (net) as a significant portion of the interest on the 2017 Bonds continue to be capitalized as the IMOB and BHS construction continues. Offsets to the positive variance are the areas of: 1) Supplies for structural heart values, surgical ortho/prosthesis supplies, and pharmaceuticals; 2) professional fees in the areas of recruiting, legal, strategic planning, backfilling management and certain IT positions, medical equipment maintenance/repairs.
- 8) The \$48M positive variance to budget is driven by the unrealized gains on investments thus far in the fiscal year.



## ECHD BOARD MEETING AGENDA ITEM COVER SHEET

|   |  |
|---|--|
| <b>Item:</b>  | FY18 Community Benefit Dashboard and Annual Report<br>El Camino Healthcare District Board of Directors<br>October 16, 2018 |
| <b>Responsible Party:</b>   | Barbara Avery, Director Community Benefit  |
| <b>Action Requested:</b>  | For Approval: FY18 Community Benefit Annual Report   |
| <p><b>Background:</b></p> <p>We are pleased to present the FY18 El Camino Healthcare District Community Benefit Dashboard and Annual Report. The dashboard includes results from the District's 58 grant programs. Please note, there is a separate dashboard for the Hospital Community Benefit Program that was provided to the Board on October 10.</p> <p>The El Camino Healthcare District invested \$6,902,005 in 58 grants (\$6,779,515) and 22 sponsorships (\$122,490) in FY18, an 8% increase over FY17. Through this funding, the District served nearly 87,000 community members in the following health priority areas:</p> <ul style="list-style-type: none"> <li>• Healthy Body --\$3,843,017 for 26 grants</li> <li>• Healthy Mind --\$1,066,675 for 12 grants</li> <li>• Healthy Community -- \$1,869,823 for 20 grants</li> </ul> <p>During this grant year, 92% of performance metrics met or exceeded targets, which represents a 3% increase over prior year.</p> <p>Highlights from FY18 include:</p> <ul style="list-style-type: none"> <li>• In response to the increase in homelessness in the north County and corresponding health needs, the District funded a mobile clinic providing integrated primary and behavioral health services as well as social work case management for homeless community members.</li> <li>• In its second year, the Hypertension Initiative continued to reach community members with free blood pressure screenings, education and clinical hypertension management classes, now in three languages (English, Mandarin and Spanish).</li> <li>• Development of a new web-based version of the FY2018 Community Benefit Annual Report to promote accessibility: <a href="http://www.elcaminohospital.org/communitybenefit2018">www.elcaminohospital.org/communitybenefit2018</a>. The report will be promoted and distributed to the community in November.</li> <li>• Well-received launch of online grants management platform to improve partner experience and streamline the process of applications, agreements and reporting.</li> </ul> <p>The District's meaningful investments help individuals in our community get the healthcare and services they need, especially those most at-risk. Thank you for your continued support of our community partners.</p> |  |

## ECHD BOARD MEETING AGENDA ITEM COVER SHEET

|  |   |
|--|---|
|  | <b>Board Advisory Committees that reviewed the issue and recommendation, if any:</b> None   |
|  | <b>Summary and session objectives:</b> To review the results for FY18 Community Benefit program.  |
|  | <b>Suggested discussion questions:</b> None   |
|  | <b>Proposed board motion, if any:</b><br>To approve the FY18 Community Benefit Annual Report  |
|  | <b>LIST OF ATTACHMENTS:</b><br><ul style="list-style-type: none"><li>1. FY18 El Camino Healthcare District Community Benefit Grants Dashboard</li><li>2. FY18 Community Benefit Annual Report</li></ul> |

# Improving Health Changing Lives



EL CAMINO HEALTHCARE DISTRICT



**El Camino Hospital®**  
THE HOSPITAL OF SILICON VALLEY



# Meeting the health needs of our neighbors

**GOOD HEALTH IS THE BASIS FOR AN ENGAGED, PRODUCTIVE LIFE.** Despite the prosperity in Silicon Valley, many people don't have access to the tools they need to stay healthy. The high cost of housing is making it difficult for many to find an affordable place to live, purchase nutritious food, and secure medical insurance. These and other factors impact the health of low-income and vulnerable communities. El Camino Healthcare District and El Camino Hospital together invested \$10 million in grants and sponsorships in fiscal year 2018 to open the doors to better health.

Through our Community Benefit grant programs, we partner with organizations working on the frontlines to improve the health and well-being of our most vulnerable neighbors, including disadvantaged families, at-risk youth, the homeless, older adults, and immigrants. Addressing unmet health needs can be complex in an area rich with cultural diversity. Our Community Benefit programs fund culturally sensitive and multilingual services focused on preventing disease, improving mental health, and making healthcare and healthy choices more accessible. We are creating a more vibrant community where everyone can fully participate in their lives.

## Investing in Our Community's Health FY 2018

**\$6.9M** COMMUNITY BENEFIT  
El Camino Healthcare District

**\$63.5M** COMMUNITY BENEFIT  
El Camino Hospital

## From Our Leadership

### DEAR COMMUNITY MEMBERS,

We are pleased to share with you the FY 2018 Community Benefit Report for El Camino Healthcare District and El Camino Hospital, "Improving Health, Changing Lives." To make the report more accessible, we are introducing a new web version at [www.elcaminohospital.org/communitybenefit2018](http://www.elcaminohospital.org/communitybenefit2018). The report highlights how our Community Benefit programs are addressing the unmet health needs of many of our neighbors.

The District and the Hospital together support local efforts to provide access to quality health and wellness services through partnerships with the nonprofits, school districts, clinics, and community service agencies highlighted in this report. These investments have made a difference in the lives of thousands of our neighbors, young and old, and from diverse backgrounds. In FY 2018, we contributed:

- \$63.5 million in total El Camino Hospital Community Benefit, including \$3.1 million for community health grants and sponsorships
- \$6.9 million in community health grants and sponsorships from the El Camino Healthcare District
- 100 grants and 51 sponsorships for a combined total of \$10 million

Although the District and the Hospital have separate, individually funded Community Benefit programs, they share the same goals:

- Make meaningful investments that help individuals in our community — especially the economically disadvantaged — get the healthcare they need
- Fund local programs and activities that contribute to the health and well-being of the entire community

We invite you to read how our Community Benefit commitment is helping our neighbors through vital support services, such as primary care and dental care for low-income and homeless individuals, school-based health programs, mental health counseling, diabetes and hypertension prevention, food pantries, and support for at-risk youth and victims of domestic violence. Together, we can meet the challenges of preventing disease, supporting good health at every stage of life, and helping all members of our community access healthcare that meets the highest standards of excellence.

Read our report online at [www.elcaminohospital.org/communitybenefit2018](http://www.elcaminohospital.org/communitybenefit2018)

Peter C. Fung, MD  
Chair, Board of Directors  
El Camino Healthcare District

Lanhee J. Chen  
Chair, Board of Directors  
El Camino Hospital

Dan Woods  
Chief Executive Officer  
El Camino Hospital

- El Camino Healthcare District  
Board of Directors**
- Peter C. Fung, MD, MS, FACP, FAAN, FAHA**, FY18 Chair, FY18 Community Benefit Advisory Council (CBAC) Board Liaison
- Neysa Fligor, JD**
- Julia E. Miller**, FY18 Vice Chair, FY18 CBAC Board Liaison
- David Reeder, MS**
- John L. Zoglin**, FY18 Secretary/Treasurer
- 
- El Camino Hospital  
Board of Directors**
- Lanhee J. Chen, JD, PhD**, FY18 Chair
- Neysa Fligor, JD**
- Peter C. Fung, MD, MS, FACP, FAAN, FAHA**, FY18 CBAC Board Liaison
- Jeffrey M. Davis, MD, MPH**
- Gary Kalbach**
- Julie Kliger, MPA, BSN, RN**
- Julia E. Miller**, FY18 Secretary/Treasurer, FY18 CBAC Board Liaison
- Bob Rebitzer**
- David Reeder, MS**
- John L. Zoglin**, FY18 Vice Chair
- 
- El Camino Hospital**
- Dan Woods**, CEO, El Camino Hospital



EL CAMINO HEALTHCARE DISTRICT



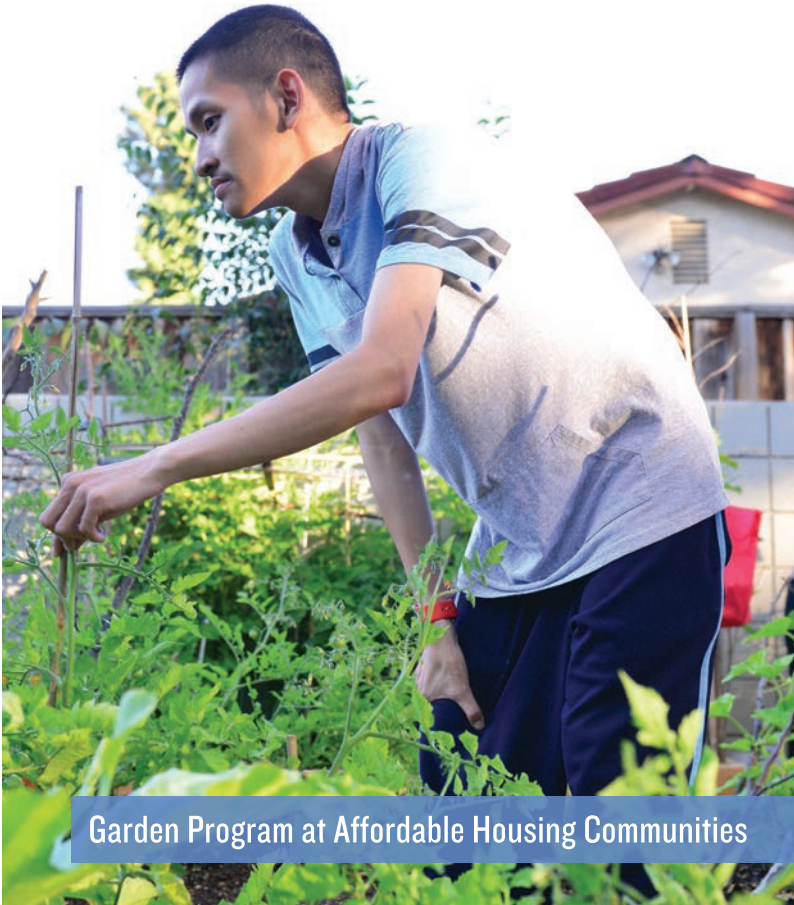
El Camino Hospital®  
THE HOSPITAL OF SILICON VALLEY

COMMUNITY BENEFIT AT A GLANCE

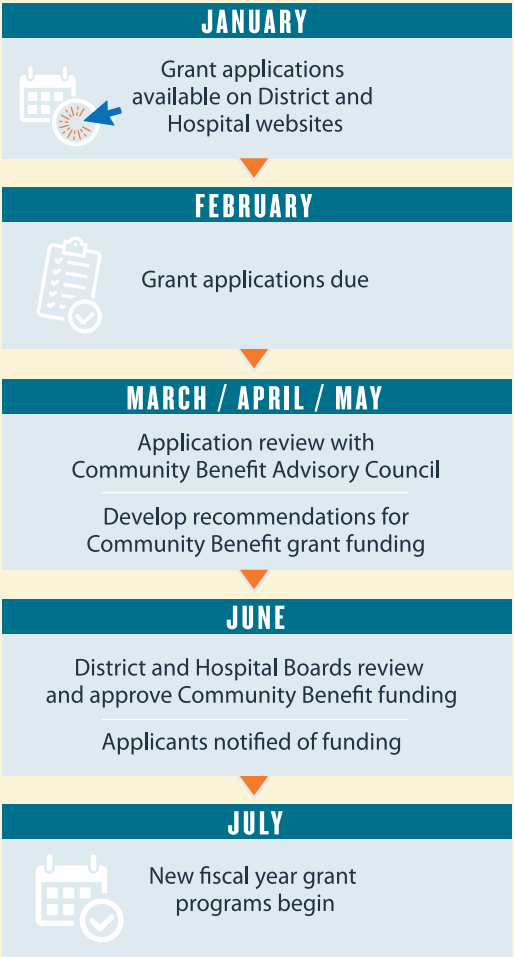
Social Determinants of Health

OUR HEALTH IS INFLUENCED by a complex set of conditions based on where we live, work, and age, as well as our race, ethnicity, and socioeconomic status. These are called social determinants of health. Factors that impact health such as diet, exercise, stress, and access to healthcare are affected by these conditions. If we are born into a family with enough resources to buy nutritious food, live in a safe neighborhood, afford healthcare, and pay for education, our chances of living a healthy life are much greater. On the other hand, if we are born into a family struggling to make ends meet and healthy food is scarce, doctor visits are few and far between, and there is little chance of a solid education or job training, our health prospects are much worse.

El Camino Healthcare District and El Camino Hospital support local efforts to address these social determinants of health through our Community Benefit grant programs. We conduct a Community Health Needs Assessment with other healthcare leaders to determine the most pressing health issues in our region.



Garden Program at Affordable Housing Communities



Grant Cycle and Timeline

EL CAMINO HEALTHCARE DISTRICT AND EL CAMINO HOSPITAL PROVIDE ANNUAL GRANTS to community-based organizations, clinics, and schools to address local unmet health needs. This annual Community Benefit Report provides an overview of these funded programs and the critical services they deliver.

The Community Health Needs Assessment (CHNA) is conducted every three years to identify the top unmet health needs in partnership with six other local hospitals, the Santa Clara County Public Health Department, the Hospital Council of Northern and Central California, and the Palo Alto Medical Foundation. This process includes collecting data on key health conditions, capturing input from a wide spectrum of community members through surveys and focus groups, and prioritizing the unmet needs to be addressed.

El Camino Healthcare District and El Camino Hospital use the most recent 2016 CHNA to guide the Community Benefit grant programs with the following priority area framework: **Healthy Body**, **Healthy Mind**, and **Healthy Community**. These include programs that serve the health needs of our most vulnerable community members.

The annual grant cycle opens in January. For more information visit: [www.elcaminohospital.org/communitybenefit](http://www.elcaminohospital.org/communitybenefit), or [www.elcaminohealthcaredistrict.org/communitybenefit](http://www.elcaminohealthcaredistrict.org/communitybenefit)  
See the list of our grant partners for FY 2018 on pages 9 through 11 of this report.

Caring for Vulnerable Neighbors

WHEN PEOPLE STRUGGLE JUST TO MAKE ENDS MEET, their health can suffer. Low-income communities face higher rates of diseases like diabetes and hypertension. Many don't have access to regular healthcare, making it difficult to get preventive health screenings and other medical services. Healthy food is often too expensive to buy on a regular basis, if at all. Cultural and language barriers can make it even harder to get care. Through Community Benefit grants, many of our partners provided free culturally appropriate health and wellness services in multiple languages.

Vital health services provided to vulnerable community members include:

- Primary care access
- Dental services
- Health screenings
- Social work case management
- Psychiatric and counseling services
- Falls prevention for older adults
- Food pantries and healthy food access programs



Primary Care & Chronic Disease Management

20 GRANTS  
\$3.6M FUNDED  
23,600 PEOPLE SERVED



Older Adult Programs

18 GRANTS  
\$1.4M FUNDED  
13,750 PEOPLE SERVED



Free Health Screenings and Education



### Vision Screenings in Schools



**Our Community Benefit grants made possible free services in schools such as:**

- Dental, hearing, and vision screenings
- Mental health counseling
- Nursing care
- Care for medically fragile children
- Physical activity programs
- Anti-bullying and school climate programs
- Nutrition education and school garden

### Health Programs at Our Schools



**35** GRANTS

**24** DISTRICTS

**176** SCHOOLS

**463** PROGRAM SITES

**111,385** PEOPLE SERVED

**\$2.9M** INVESTED

## Cultivating Health in Schools

**SCHOOLS OFFER KEY OPPORTUNITIES FOR INSTILLING HEALTHY CHOICES AND PROVIDING SERVICES WHERE THEY ARE LACKING.**

Many families in our community don't have enough resources to ensure their children eat a healthy diet and get the care they need to stay healthy. Poor health can lead to school absences and other issues that keep children and teens from succeeding at school. Without treatment, physical and mental health conditions can spiral out of control.

School is a great place to reach children and teens, and their families, with programs that can improve physical, emotional, and mental health. Community Benefit grants helped our partners give those in preschool through high school a healthier start in life.

“The provision of two school nurses to support our families in ensuring access to healthcare is a tremendous benefit. Other benefits are getting much needed glasses to our students through our Vision To Learn partnership, increasing students' health with 5-2-I-0, and enhancing their physical fitness awareness through PlayWorks. None of this would have been possible without El Camino Hospital.”

Dr. Shelly Viramontez, Superintendent,  
Campbell Union School District

## Improving Mental Health

**GOOD MENTAL HEALTH IS CRITICAL FOR A FULL AND SATISFYING LIFE.** Mental health conditions can take a toll on relationships, get in the way of job and school success, and impact other health issues. Getting help can be difficult, especially for people with limited resources. Those who go untreated are at higher risk for addiction, self-destructive behavior, and suicide. With our funding, Community Benefit partners were able to address issues such as anxiety, depression, dementia, domestic violence, substance abuse, and bullying.

**Services provided to people of all ages include:**

- Counseling and psychiatric care
- Crisis intervention
- Case management
- Group support
- Peer counseling
- Addiction services
- Substance abuse



### Mental Health Services

**25** GRANTS

**\$1.9M** FUNDED

**9,030** PEOPLE SERVED



**15,410 HOURS**  
Mental Health Counseling in Local Schools

“We're so grateful for having the clinic around. It really is the only spot here. The psychiatrist here, he's the only hookup we've got to mental health services. He's helped to get a lot of us leveled out.”

Peninsula Healthcare Connection patient and formerly homeless community member

“My healing began when I started coming to support groups at Next Door Solutions. I remember crying the whole time, listening to women telling their stories. At that moment, I realized I'm not alone.”

Participant, Next Door Solutions to Domestic Violence

Community Benefit Financial Report

El Camino Healthcare District  
\$6,902,005 GRANTS & SPONSORSHIPS

El Camino Hospital  
\$3,096,213 GRANTS & SPONSORSHIPS

\$63.5M El Camino Hospital  
TOTAL COMMUNITY BENEFIT



+ \$105M in Uncompensated Medicare  
(Not included in Community Benefit total)

Read our report online at [www.elcaminohospital.org/communitybenefit2018](http://www.elcaminohospital.org/communitybenefit2018)



2018 GRANT FUNDING PROGRAM PARTNERS

\$10M Combined Investments for 151 Grants & Sponsorships  
to Address Unmet Health Needs in Our Community

Healthy Body  
PARTNERS

These grants support efforts to prevent the onset of disease and improve access to primary care, chronic disease management, health and wellness education, and oral health.

**5210 Health Awareness Program Partnership** — School-based nutrition and health program at Cambrian, Campbell, Cupertino Union, Fremont and Sunnyvale School Districts  
Funding: **El Camino Healthcare District (ECHD)**  
**El Camino Hospital (ECH)**

**Bay Area Women’s Sports Initiative (BAWSI)** — Physical activity and self-esteem program for girls at Campbell and Sunnyvale School Districts  
**ECHD, ECH**

**Breathe California** — Screenings, education, and home assessment for families of children with asthma and seniors with respiratory conditions  
**ECHD, ECH**

**Cambrian School District** — School Nurse Program: Filling the gap in care for students • **ECH**

**Campbell Union School District** — School Nurse Program: Filling the gap in care for students • **ECH**

**Challenge Diabetes Program** — Prediabetes screening and education for community service agencies • **ECH**

**Community Service Agency, Mountain View** — Intensive case management for seniors with chronic disease • **ECHD**

**Cristo Rey Network** — School health and wellness program • **ECH**

**Cupertino Union School District** — School Nurse Program: Filling the gap in care for students • **ECHD, ECH**

**Day Worker Center** — Health programming and nutritious meals for the underserved • **ECHD**

**Fresh Approach** — Mobile Farmers’ Market and nutrition education • **ECHD**

**Gardner Family Health Network** — Clinical and healthy behavior change program for prediabetic and diabetic patients • **ECH**

**GoNoodle** — Brain breaks, activities designed to help students focus at 183 schools in 20 districts • **ECHD, ECH**

**Health Mobile** — Mobile dental services for homeless and low-income community members • **ECHD**

**Healthier Kids Foundation** — Dental and hearing screenings, and healthy lifestyle education for parents • **ECHD, ECH**

**Hope’s Corner** — Nutritious meals for the homeless and food insecure  
**ECHD**

**Indian Health Center** — Clinical and healthy behavior change program for at-risk and diabetic youth • **ECH**

**Living Classroom** — Garden-based school nutrition program at Mountain View Whisman and Sunnyvale School Districts • **ECHD**

**Lucile Packard Foundation for Children’s Health** — Teen Health Van at Mountain View Los Altos High School District for at-risk youth  
**ECHD**

**MayView Community Health Center** — Medical preventive care for the uninsured • **ECHD**

**Medical Respite** — Medical care and social services for homeless patients • **ECHD, ECH**

**Mountain View Whisman School District** — School Nurse Program: Filling the gap in care for students • **ECHD**

**New Directions** — Coordination of care and connection to safety-net services for homeless and at-risk community members • **ECHD**

**Pathways Home Health and Hospice** — Compassionate care for the uninsured and underinsured • **ECHD**

**Planned Parenthood Mar Monte** — Medical care for the underserved  
**ECHD**

**Pre-diabetes Initiative** — Awareness, screening, and management resources for pre-diabetes • **ECHD**

**Playworks** — Physical activity and school climate program in Campbell Union, Mountain View Whisman and Sunnyvale School Districts  
**ECHD, ECH**

**Santa Clara County Office of Education** — Early Head Start Advocacy Program • **ECH**

**Santa Clara Valley Medical Center** — Primary and behavioral mobile healthcare for the homeless, and dental services for low-income and homeless adults • **ECHD**

**Sunnyvale School District** — School Nurse Program: Filling the gap in care for students • **ECHD**

**Vision to Learn** — Mobile clinic providing vision screening and delivering eye glasses to low-income students at schools  
**ECHD, ECH**

# Healthy Mind

## PARTNERS

These grants provide access to mental health services for youth and adults. Issues addressed include depression, anxiety, dementia, domestic violence, and substance abuse.

**Acknowledge Alliance** — Resilience and social emotional learning lessons for students • **ECHD**

**Almaden Valley Counseling Service** — School-based social emotional skill building • **ECH**

**Alum Rock Counseling Center** — Mentoring for at-risk youth • **ECH**

**Alzheimer’s Association** — Asian Dementia Initiative: culturally based services for patients and caregivers • **ECHD**

**Asian Americans for Community Involvement (AACI)** — Senior isolation and depression program • **ECH**

**Avenidas** — Adult day health program • **ECHD**

**Bill Wilson Center** — Therapy for abused children • **ECH**

**Cambrian School District** — Mental health counseling • **ECH**

**CHAC** — Mental health counseling at Sunnyvale School District **ECHD**

**Child Advocates of Silicon Valley** — Advocacy and support services for foster teens • **ECH**

**Cupertino Union School District** — Mental health counseling • **ECH**

**Eating Disorders Resource Center** — Support for recovery **ECHD**

**Hope Services** — Peer-to-peer counseling/advocacy for adults with developmental disabilities • **ECH**

**Law Foundation of Silicon Valley** — Removing legal barriers to mental health services • **ECHD**

**Los Altos School District** — Mental health counseling • **ECHD**

**Momentum for Mental Health** — Psychiatric services and medication management for the underinsured and uninsured • **ECHD, ECH**

**Mountain View Los Altos Union High School District** — Mental health counseling • **ECHD**

**National Alliance on Mental Illness (NAMI) Santa Clara County** — Peer support for mental health conditions • **ECHD**

**Peninsula HealthCare Connection** — Psychiatric services and medication management for homeless and at-risk community members • **ECH**

**Prevention Partnership, Int.** — Culturally based family education for substance use and mental health disorders • **ECHD**

**Uplift Family Services** — Mental health counseling and addiction prevention services for Campbell Union High School District • **ECH**

# Healthy Community

## PARTNERS

These grants promote the improvement of overall health in the community. Programs focus on issues such as access to transportation, fall prevention, and health screenings and education.

**American Heart Association** — Hypertension initiative: blood pressure awareness, screening and blood pressure management • **ECHD**

**Cancer CAREpoint** — Nutrition education and support • **ECH**

**Chinese Health Initiative** — Screenings and education • **ECHD, ECH**

**Family & Children Services (a division of Caminar)** — Domestic violence survivor services • **ECHD**

**Farewell to Falls** — In-home assessment, education, and exercise recommendations • **ECHD**

**Friends for Youth** — Connecting at-risk youth with supportive mentors **ECHD**

**Great Nonprofits** — Hypertension initiative text-based awareness program • **ECHD**

**Health Library & Resource Center Mountain View and Los Gatos** — Eldercare support, health information, and medical searches **ECHD, ECH**

**The Health Trust** — Meals on Wheels Program for older adults • **ECHD**

**#KnowYourBloodPressure** — Hypertension initiative public awareness campaign • **ECHD**

**Latinas Contra Cancer** — Breast cancer awareness and resources for Latinas • **ECH**

**Maitri** — Culturally focused crisis counseling and legal representation for domestic violence victims • **ECHD**

**Matter of Balance** — Falls prevention classes for seniors • **ECHD**

**Mountain View Police Department, Youth Services Unit** — Camps for at-risk youth • **ECHD**

**Next Door Solutions** — Crisis counseling, shelter services, and support for victims of domestic violence • **ECH**

**Racing Hearts** — Automated External Defibrillator (AED) Program, placing nearly 800 devices throughout Santa Clara County, including all public schools • **ECH**

**Reach Potential Movement** — Physical activity and health programs for low-income youth in Sunnyvale • **ECHD**

**Rebuilding Together** — Home repair program for seniors at risk for falls • **ECHD**

**RoadRunners** — Patient transportation program • **ECHD**

**Second Harvest Food Bank** — Nutrition education • **ECH**

**Silicon Valley Bicycle Coalition** — Promoting safe physical activity in affordable housing communities • **ECH**

**South Asian Heart Center** — Screenings and education for heart disease and diabetes • **ECHD, ECH**

**Sunnyvale Community Services** — Emergency assistance and social work case management • **ECHD**

**Teen Success, Inc.** — Promoting self-sufficiency and health education for teen mothers • **ECH**

**Valley Verde** — Home gardens and nutrition education for low-income households • **ECH**

**West Valley Community Services** — Social work case management, benefits assistance, and nutrition workshops; case management for at-risk seniors • **ECH**

**Working Partnerships, USA** — Coverage initiative for the remaining uninsured • **ECHD**

**YMCA Silicon Valley** — Summer camp for low-income youth **ECHD**

**YWCA of Silicon Valley** — Support for at-risk women • **ECH**

## SPONSORSHIP RECIPIENTS

### El Camino Healthcare District

American Red Cross  
Avenidas Housing Conference  
BAWSI (Bay Area Women’s Sports Initiative)  
CHAC (Community Health Awareness Council)  
Child Advocates of Silicon Valley  
City of Mountain View Senior Center  
City of Sunnyvale Senior Center  
Community Services Agency Mountain View  
Downtown Streets Team  
Healthier Kids Foundation  
HomeFirst  
Hope’s Corner  
Mentor Tutor Connection  
Momentum for Mental Health  
Our Kids, Our Community Summer Meals Fundraiser (Sunnyvale Rotary Foundation/Sunnyvale School District/Sunnyvale Community Services)  
Outlet, a Program of Adolescent Counseling Services  
Pacific Stroke Association  
Pathways Home Health and Hospice  
Project WeHOPE  
Sunnyvale PAL (Police Athletics League) — Kick, Lead and Dream Soccer Camp  
Valley Medical Foundation

### El Camino Hospital

AACI (Asian Americans for Community Involvement)  
Abilities United  
Aging Services Collaborative  
Alum Rock Counseling Center  
Alzheimer’s Association  
American Kidney Fund  
Bay Area Older Adults  
Cancer CAREpoint  
Chinese American Coalition for Compassionate Care  
City of San Jose Senior Winter Walk and Resource Fair  
Congregation Shir Hadash Health Fair  
Cystic Fibrosis Foundation  
Heart of Hope Asian American Hospice Care  
Hunger at Home  
Jenny’s Light Run  
Joint Venture Silicon Valley — Self-Sufficiency Standard Report for California  
Los Gatos Lions Club Youth Mental Health Event  
National Alliance on Mental Illness (NAMI) Santa Clara County  
Next Door Solutions  
People Acting in Community Together (PACT)

Planned Parenthood Mar Monte  
Kids in Common Children’s Summit  
Preeclampsia Foundation  
Project Cornerstone  
Services for Brain Injury  
Silicon Valley Leadership Group  
Turkey Trot and Heart & Soles Run  
Standup for Kids  
Strides for Life Colon Cancer  
Uplift Family Services  
West Valley Services  
YWCA Silicon Valley

“Thank you for helping us. We never thought we would be in this situation. You were very kind and patient. I would be homeless without your assistance and appreciate your compassion and help.”

61-year-old senior client with 24-year-old disabled son, Sunnyvale Community Services



Getting Kids and Families Active

## El Camino Healthcare District

### El Camino Hospital

2500 Grant Road  
Mountain View, CA 94040

See this report online:

[www.elcaminohospital.org/  
communitybenefit2018](http://www.elcaminohospital.org/communitybenefit2018)

**El Camino Healthcare District** was formed pursuant to the California Local Health Care District Law (California Health and Safety Code Sections 32000 et seq.) to provide healthcare services that foster good physical and mental health. The District boundaries, set in the late 1950s, encompass Mountain View and Los Altos, large portions of Sunnyvale and Los Altos Hills, and small sections of Cupertino, Santa Clara, and Palo Alto. The District is governed by a five-member publicly elected Board and provides oversight of El Camino Hospital, a nonprofit community hospital. The District also administers a Community Benefit Program, which addresses unmet health needs through grants and collaborations with local schools, nonprofits, and social and health service providers.



**El Camino Hospital** is an acute-care, 443-bed, nonprofit and locally governed organization with campuses in Mountain View and Los Gatos, California. Key medical specialties include cancer, heart and vascular, men's health, mental health, neuroscience, orthopedic and spine, senior health, urology, and the first Women's Hospital in Northern California. The hospital is recognized as a national leader in the use of health information technology and wireless communications, and has been awarded the Gold Seal of Approval from The Joint Commission as a Primary Stroke Center as well as three consecutive ANCC Magnet Recognitions for Nursing Care.



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EL CAMINO HEALTHCARE DISTRICT

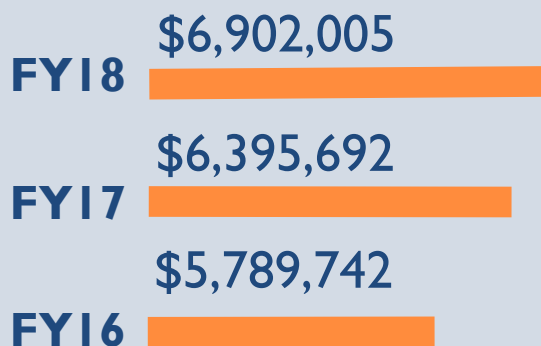


**El Camino Hospital**  
THE HOSPITAL OF SILICON VALLEY



# Community Benefit FY18 Annual Summary

## FINANCIAL SUMMARY



8% INCREASE IN  
COMMUNITY BENEFIT OVER FY17

**\$6,902,005 INVESTED**  
IN GRANTS AND SPONSORSHIPS

**58 GRANT PROGRAMS**

**44 PROGRAM GRANTS**

**14 SUPPORT (SMALL)  
GRANTS (UP TO \$25,000 EACH)**

**22 SPONSORSHIPS**





# Community Benefit FY18 Annual Summary

## GRANT PROGRAM & METRIC PERFORMANCE SUMMARY

---

Grant programs that met at least 80% of their program's metrics  
(see column AA of Dashboard) **91%**

---

Total individual metrics across all **58** grant programs  
(see column C of Dashboard) **212**

---

Individual metrics that achieved annual targets  
(see column Z of Dashboard) **92%**

---

Individual metrics that were new or revised to be more robust **34%**

---

Individual year-over-year (trending) metrics **66%**

---

Individual trending metric targets that:

Increased **50%**

Decreased **15%**

Remained the same **35%**



# Community Benefit FY18 Annual Summary

## FY18 Dashboard Guide

---

The FY18 Expanded Annual Dashboard provides data for programs funded in FY18, FY17, and/or FY16.

Column C: All FY18 metrics

Columns D – Z: 6-month and annual targets and actuals, and percent of all metrics achieved by grant

FY16 6-month target and actual (Columns D & E)

FY16 annual target and actual (Columns H & I)

FY17 6-month target and actual (Columns L & M)

FY17 annual target and actual (Columns P & Q)

FY18 6-month target and actual (Columns T & U)

FY18 annual target and actual (Column X & Y)

FY16, FY17 and FY18 6-month & annual percent of metrics met (Columns G, K, O, S, W & AA)

*Note: Only those with FY18 trending metrics appear on this dashboard*

A dash “–” represents either 1) agency is a new FY18 partner so no metrics from prior years, or 2) new metric with no previous data

- A metric receives a “green dot” if the target was met, exceeded or within 10% of the target goal
- A metric receives a “red dot” if the target was not met in excess of 10% of the target goal

**N/A** There are some 6-month metric targets with “N/A” because the client/patient has not had significant exposure to the intervention in order to accurately evaluate effectiveness or because activities or surveys are not scheduled until the second half of the year


| Health Priority Area<br><i>(Column A)</i> | Partner<br><i>(Column B)</i>   | FY18 Metrics<br><i>(Column C)</i>   | FY16 6-month target<br><i>(Column D)</i> | FY16 6-month actual<br><i>(Column E)</i> | FY16 % of ALL 6-month metrics met<br><i>(Column G)</i> | FY16 Annual target<br><i>(Column H)</i> | FY16 Annual Actual<br><i>(Column I)</i> | FY16 % of ALL annual metrics met<br><i>(Column K)</i> | FY17 6-month target<br><i>(Column L)</i> | FY17 6-month actual<br><i>(Column M)</i> | FY17 % 6-month metrics met<br><i>(Column O)</i> | FY17 Annual Target<br><i>(Column P)</i> | FY17 Annual Actual<br><i>(Column Q)</i> | FY17 % Annual metrics met<br><i>(Column S)</i> | FY18 6-month target<br><i>(Column T)</i> | FY18 6-month actual<br><i>(Column U)</i> | FY18 % 6-month metrics met<br><i>(Column W)</i> | FY18 Annual Target<br><i>(Column X)</i> | FY18 Annual Actual<br><i>(Column Y)</i> | FY18 % Annual metrics met<br><i>(Column AA)</i> | 6-MONTH Supporting Details for Variance and Trending<br><i>(Column AA)</i>   |   |
|---|--|---|--|--|--|---|---|---|--|--|---|---|---|--|--|--|---|---|---|---|--|---|
| <div>HEALTHY BODY</div>                   | CSA-MV: Senior Intensive Case Management<br><small>FY18 Approved: \$221,401<br/>FY18 Spent: \$180,087<br/>FY17 Approved: \$151,551<br/>FY17 Spent: \$116,894<br/>FY16 Approved: \$133,500<br/>FY16 Spent: \$122,188<br/><br/>New Metrics: 2 of 5</small>           | Clients served  | 85                                       | 75                                       | ●  | 98                                      | 98                                      | ●   | 62                                       | 58                                       | ●   | 90                                      | 71                                      | ●  | 97                                       | 64                                       | ●   | 142                                     | 83                                      | ●   | Agency experienced a decline in referrals from what has historically been the primary source. As a result, agency has refunded a significant portion of this grant and developed other sources of referrals. |   |
|   |  | Services provided   | 1,703                                    | 1,468                                    | ●  | 2,898                                   | 2,917                                   | ●   | 1,181                                    | 1,220                                    | ●   | 2,362                                   | 3,042                                   | ●  | 2,249                                    | 1,753                                    | ●   | 4,532                                   | 3,931                                   | ●   |  |   |
|   |  | Clients who were re-hospitalized within 30 days for reasons related to a chronic health condition*<br><i>*Lower percentage desired</i>  | -  | -  | 25%  | -                                       | -                                       | 83%   | -  | -  | 100%  | -                                       | -                                       | 83%  | 1%                                       | 1.5%<br>Lower percentage desired         | ●   | 40%                                     | 1%                                      | 2.5%<br>Lower percentage desired                |  | ● |
|   |  | Clients who were re-hospitalized within 90 days for reasons related to a chronic health condition*<br><i>*Lower percentage desired</i>  | -  | -  |  | -                                       | -                                       |   | -  | -  |   | -                                       | -                                       |  | 4%                                       | 0%<br>Lower percentage desired           | ●   |   | 4%                                      | 0%<br>Lower percentage desired                  |  | ● |
|   |  | Patients with hypertension who attained or maintained blood pressure <140/90 mm Hg or blood pressure goal recommended by physician  | 85%                                      | 37%                                      | ●  | 85%                                     | 83%                                     | ●   | 35%                                      | 67%                                      | ●   | 80%                                     | 86%                                     | ●  | 60%                                      | 67%                                      | ●   | 60%                                     | 75%                                     | ●   | Agency exceeded target as no patients had to be re-hospitalized at 90-days related to a chronic health condition.  |   |
|   | Cupertino Union School District<br><small>School Nurse Program<br/>FY18 Approved: \$72,481<br/>FY18 Spent: \$72,481<br/>FY17 Approved: \$68,997<br/>FY17 Spent: \$68,997<br/>FY16 Approved: \$34,411<br/>FY16 Spent: \$34,411<br/><br/>New Metrics: 0 of 4</small> | Students served   | 350                                      | 433                                      | ●  | 740                                     | 671                                     | ●   | 578                                      | 821                                      | ●   | 1,458                                   | 1,848                                   | ●  | 850                                      | 930                                      | ●   | 1,848                                   | 1,859                                   | ●   | Trending on this metric is not applicable as school district requested changes in the schools served by grant to reflect the shifting demographics.  |   |
|   |  | Students who failed a mandated health screening who saw a healthcare provider   | 35%                                      | 22%                                      | ●  | 72%                                     | 74%                                     | ●   | 22%                                      | 54%                                      | ●   | 74%                                     | 91%                                     | ●  | 45%                                      | 61%                                      | ●   | 80%                                     | 86%                                     | ●   |  |   |
|   |  | Students in Kindergarten who were identified as needing early intervention or urgent dental care through on-site screenings who saw a dentist   | N/A                                      | N/A                                      |  | 55%                                     | 79%                                     | ●   | N/A                                      | N/A                                      |   | 75%                                     | 92%                                     | ●  | N/A                                      | N/A                                      |   | 82%                                     | 83%                                     | ●   |  |   |
|   |  | Teachers/staff at target schools that receive training on severe allergies, anaphylaxis, and EpiPen usage   | -  | -  |  | -                                       | -                                       |   | 20%                                      | 70%                                      | ●   | 20%                                     | 72%                                     | ●  | 60%                                      | 72%                                      | ●   | 65%                                     | 72%                                     | ●   |  |   |
|   | Fresh Approach<br><small>FY18 Approved: \$70,000<br/>FY18 Spent: \$70,000<br/>FY17 Approved: \$35,000<br/>FY17 Spent: \$29,572<br/>FY16 Approved: N/A<br/>FY16 Spent: N/A<br/><br/>New Metrics: 2 of 4</small>   | Individuals participating in VeggieRX classes   | -  | -  |  | -                                       | -                                       |   | 120                                      | 113                                      | ●   | 120                                     | 113                                     | ●  | 70                                       | 0  | ●   | 105                                     | 117                                     | ●   | 100%   |   |
|   |  | Mobile farmer's market community site visits in Sunnyvale   |  |  | N/A  |   |   | N/A   |  |  | 50%   |   |   | 50%  | 25                                       | 44                                       | ●   | 76                                      | 95                                      | ●   |  |   |
|   |  | Participants who attend 6 or more classes will lose 2% or more of their original body weight and/or improve their BMI   |  |  |  |   |   |   |  |  |   |   |   |  | N/A                                      | N/A                                      |   | 30%                                     | 32%                                     | ●   |  |   |
|   |  | Participants who attended 6 or more classes will report regularly eating 2 additional servings of fruits and vegetables at the end of the program than they did at the beginning of the program | -  | -  |  | -                                       | -                                       |   | N/A                                      | N/A                                      |   | 80%                                     | 89%                                     | ●  | N/A                                      | N/A                                      |   | 82%                                     | 80%                                     | ●   |  |   |
|   | GoNoodle<br><small>FY18 Approved: \$35,000<br/>FY18 Spent: \$35,000<br/>FY17 Approved: \$35,000<br/>FY17 Spent: \$35,000<br/>FY16 Approved: \$21,000<br/>FY16 Spent: \$21,000<br/><br/>New Metrics: 0 of 5</small>   | Schools served  | 26                                       | 26                                       | ●  | 26                                      | 26                                      | ●   | 25                                       | 25                                       | ●   | 25                                      | 25                                      | ●  | 25                                       | 27                                       | ●   | 25                                      | 24                                      | ●   | 100%   |   |
|   |  | GoNoodle physical activity breaks played  | 10,000                                   | 18,265                                   | ●  | 20,000                                  | 36,847                                  | ●   | 15,000                                   | 14,652                                   | ●   | 30,000                                  | 34,000                                  | ●  | 15,000                                   | 18,354                                   | ●   | 30,000                                  | 35,320                                  | ●   |  |   |
|   |  | Student physical activity minutes achieved  | 400,000                                  | 904,100                                  | ●  | 1,000,000                               | 1,995,165                               | ●   | 800,000                                  | 833,546                                  | ●   | 1,600,000                               | 1,987,357                               | ●  | 820,000                                  | 995,635                                  | ●   | 1,640,000                               | 1,987,135                               | ●   |  |   |
|   |  | Teachers who believe GoNoodle benefits their students' focus and attention in the classroom   | N/A                                      | N/A                                      |  | 80%                                     | 96%                                     | ●   | N/A                                      | N/A                                      |   | 90%                                     | 96%                                     | ●  | N/A                                      | N/A                                      |   | 90%                                     | 92%                                     | ●   |  |   |
|   |  | Teachers who agree that GoNoodle Plus physical activity breaks are a valuable resource in helping their students succeed in core subjects   | N/A                                      | N/A                                      |  | 80%                                     | 98%                                     | ●   | N/A                                      | N/A                                      |   | 90%                                     | 90%                                     | ●  | N/A                                      | N/A                                      |   | 90%                                     | 86%                                     | ●   |  |   |
|   | Health Mobile<br><small>FY18 Approved: \$148,832<br/>FY18 Spent: \$148,832<br/>FY17 Approved: \$148,832<br/>FY17 Spent: \$148,832<br/>FY16 Approved: N/A<br/>FY16 Spent: N/A<br/><br/>New Metrics: 0 of 4</small>  | Low-income and homeless individuals served  | -  | -  |  | -                                       | -                                       |   | 250                                      | 149                                      | ●   | 500                                     | 451                                     | ●  | 145                                      | 152                                      | ●   | 500                                     | 485                                     | ●   | 100%   |   |
|   |  | Dental procedures provided  | -  | -  | N/A  | -                                       | -                                       | N/A   | 510                                      | 690                                      | ●   | 75%                                     | 1,152                                   | 3,126  | ●  | 725                                      | 619   | ●                                       | 2,500                                   | 2,792   |  | ● |
|   |  | Patients who report increased knowledge about their oral health   | -  | -  |  | -                                       | -                                       |   | 80%                                      | 86%                                      | ●   | 80%                                     | 86%                                     | ●  | 83%                                      | 91%                                      | ●   | 83%                                     | 91%                                     | ●   |  |   |
|   |  | Patients who report no pain after their first visit   | -  | -  |  | -                                       | -                                       |   | 80%                                      | 87%                                      | ●   | 80%                                     | 88%                                     | ●  | 83%                                      | 92%                                      | ●   | 83%                                     | 92%                                     | ●   |  |   |
|   |  |   |  |  |  |   |   |   |  |  |   |   |   |  |  |  |   |   |   |   |  |   |

Community Benefit Dashboard Notes

● A metric receives a “green” dot if the target was met, exceeded or within 10% of the target goal

● A metric receives a “red” dot if the target was not met by an excess of 10% of the target goal

N/A There are some 6-month metric targets with “N/A” because the client/patient has not had significant exposure to the intervention in order to accurately evaluate effectiveness or because activities or surveys are not scheduled until the second half of the year

| Health Priority Area<br>(Column A)   | Partner<br>(Column B)  | FY18 Metrics<br>(Column C)  | FY16 6-month target<br>(Column D) | FY16 6-month actual<br>(Column E) | FY16 % of ALL 6-month metrics met<br>(Column G) | FY16 Annual target<br>(Column H) | FY16 Annual Actual<br>(Column I) | FY16 % of ALL 6-month metrics met<br>(Column K) | FY17 6-month target<br>(Column L) | FY17 6-month actual<br>(Column M) | FY17 % 6-month metrics met<br>(Column O) | FY17 Annual Target<br>(Column P) | FY17 Annual Actual<br>(Column Q) | FY17 % Annual metrics met<br>(Column S) | FY18 6-month target<br>(Column T) | FY18 6-month actual<br>(Column U) | FY18 % 6-month metrics met<br>(Column W) | FY18 Annual Target<br>(Column X) | FY18 Annual Actual<br>(Column Y) | FY18 % Annual metrics met<br>(Column AA) | 6-MONTH Supporting Details for Variance and Trending<br>(Column AA)   |
|--|--|---|-----------------------------------|-----------------------------------|---|----------------------------------|----------------------------------|---|-----------------------------------|-----------------------------------|--|----------------------------------|----------------------------------|---|-----------------------------------|-----------------------------------|--|----------------------------------|----------------------------------|--|---|
|  | <b>Healthier Kids Foundation</b><br><i>10 Steps Program</i><br>FY18 Approved: \$30,000<br>FY18 Spent: \$30,000<br>FY17 Approved: \$30,000<br>FY17 Spent: \$30,000<br>FY16 Approved: N/A<br>FY16 Spent: N/A<br><br>New Metrics: 3 of 4  | Individuals served: Parents   | -                                 | -                                 | N/A   | -                                | -                                | N/A   | 90                                | 69                                | 33%                                      | 180                              | 289                              | 67%                                     | 100                               | 64                                | 25%                                      | 200                              | 152                              | 0%                                       | Program struggled to recruit targeted number of parents; program not re-funded in FY19.   |
|  |  | Encounters provided   | -                                 | -                                 |   | -                                | -                                |   | -                                 | -                                 |  | -                                | -                                |   | 175                               | 98                                |  | 350                              | 298                              |  |   |
|  |  | Increase in participants who serve vegetables 5 or more days per week   | -                                 | -                                 |   | -                                | -                                |   | -                                 | -                                 |  | -                                | -                                |   | 25%                               | 38%                               |  | 25%                              | 10%                              |  |   |
|  |  | Decrease in participants who serve juice 2 or more days per week  | -                                 | -                                 |   | -                                | -                                |   | -                                 | -                                 |  | -                                | -                                |   | 25%                               | 17%                               |  | 25%                              | 20%                              |  |   |
|  | <b>Living Classroom</b><br>FY18 Approved: \$78,000<br>FY18 Spent: \$78,000<br>FY17 Approved: \$78,000<br>FY17 Spent: \$78,000<br>FY16 Approved: \$74,000<br>FY16 Spent: \$74,000<br><br>New Metrics: 0 of 4                            | Students served   | 3,700                             | 2,885                             | 50%   | 4,500                            | 3,950                            | 33%   | 2,500                             | 2,830                             | 75%                                      | 4,300                            | 4,834                            | 100%                                    | 2,610                             | 2,795                             | 75%                                      | 4,500                            | 4,512                            | 100%                                     | In October agency was notified by school district that a County Health Department requirement changed how they could delivery this portion of program, resulting in inability to execute on this portion. Activity continued but made this target N/A.                                |
|  |  | Students eating vegetables and fruits grown in school gardens during lunch-time taste testing days  | 1,900                             | 1,670                             |   | 3,500                            | 2,914                            |   | 1,500                             | 2000                              |  | 3,200                            | 3,987                            |   | 2,000                             | 1,650                             |  | N/A                              | N/A                              |  |   |
|  |  | Students involved in planting and harvesting fruits and vegetables for Farm-to-Lunch Program  | 1,500                             | 2,066                             |   | 2,700                            | 2,650                            |   | 75                                | 75                                |  | 150                              | 150                              |   | 145                               | 135                               |  | 250                              | 235                              |  |   |
|  |  | Living Classroom lessons given to classroom across all grades T/K - 5   | -                                 | -                                 |   | -                                | -                                |   | 250                               | 222                               |  | 570                              | 564                              |   | 190                               | 170                               |  | 330                              | 348                              |  |   |
|  | <b>LPFCH - TeenVan</b><br>FY18 Approved: \$92,000<br>FY18 Spent: \$92,000<br>FY17 Approved: \$85,000<br>FY17 Spent: \$85,000<br>FY16 Approved: \$82,000<br>FY16 Spent: \$82,000<br><br>New Metrics: 0 of 5                             | Students served   | 45                                | 38                                | 75%   | 90                               | 63                               | 67%   | 45                                | 104                               | 100%                                     | 90                               | 135                              | 100%                                    | 55                                | 46                                | 66%                                      | 110                              | 102                              | 100%                                     | This year, funding is focused solely on uninsured patients rather than a mix of Medi-Cal and uninsured patients, resulting in non-trending metrics. Agency experienced a higher demand for services among uninsured than in previous years and used temporary locums to provide care. |
|  |  | Services provided   | 182                               | 163                               |   | 365                              | 281                              |   | 182                               | 382                               |  | 365                              | 523                              |   | 200                               | 248                               |  | 400                              | 441                              |  |   |
|  |  | Students screened for depression who receive social worker consultation, treatment by a Packard Hospital psychiatrist, and/or medications | 95%                               | 96%                               |   | 95%                              | 96%                              |   | 95%                               | 95%                               |  | 95%                              | 95%                              |   | 95%                               | 95%                               |  | 95%                              | 98%                              |  |   |
|  |  | Students who receive nutrition consultations and demonstrate improvement in at least one lifestyle behavior related to weight management  | N/A                               | N/A                               |   | 60%                              | 40%                              |   | N/A                               | N/A                               |  | 60%                              | 60%                              |   | N/A                               | N/A                               |  | 60%                              | 62%                              |  |   |
|  |  | Students who decrease their use of alcohol or drugs by 1 level out of 5   | N/A                               | N/A                               |   | 55%                              | 55%                              |   | N/A                               | N/A                               |  | 55%                              | 60%                              |   | N/A                               | N/A                               |  | 55%                              | 56%                              |  |   |
|  | <b>MayView Community Health Center</b><br>FY18 Approved: \$858,400<br>FY18 Spent: \$858,400<br>FY17 Approved: \$700,000<br>FY17 Spent: \$700,000<br>FY16 Approved: \$437,320<br>FY16 Spent: \$437,320<br><br>New Metrics: 7 of 7       | Uninsured patients served   | -                                 | -                                 | N/A   | -                                | -                                | N/A   | -                                 | -                                 | N/A                                      | -                                | -                                | -                                       | 425                               | 983                               | 86%                                      | 850                              | 1763                             | 100%                                     | Increased patient volume resulted in a larger number of visits and labs.  |
|  |  | Patient visits provided   | -                                 | -                                 |   | -                                | -                                |   | -                                 | -                                 |  | -                                | -                                |   | 1,125                             | 1,813                             |  | 2,250                            | 3,829                            |  |   |
|  |  | Lab services for uninsured  | -                                 | -                                 |   | -                                | -                                |   | -                                 | -                                 |  | -                                | -                                |   | 1,125                             | 1,210                             |  | 2,250                            | 3,118                            |  |   |
|  |  | Diabetic patients with LDL less than 130 mg/dL  | -                                 | -                                 |   | -                                | -                                |   | -                                 | -                                 |  | -                                | -                                |   | 71%                               | 64%                               |  | 71%                              | 68%                              |  |   |
|  |  | Diabetic patients with HbA1c Levels less than 9 points  | -                                 | -                                 |   | -                                | -                                |   | -                                 | -                                 |  | -                                | -                                |   | 72%                               | 77%                               |  | 72%                              | 73%                              |  |   |
|  |  | Hypertension patients whose blood pressure is less than 140/90 mm Hg  | -                                 | -                                 |   | -                                | -                                |   | -                                 | -                                 |  | -                                | -                                |   | 78%                               | 80%                               |  | 78%                              | 80%                              |  |   |
|  |  |   |                                   |                                   |   |                                  |                                  |   |                                   |                                   |  |                                  |                                  |   |                                   |                                   |  |                                  |                                  |  |   |
|  |  |   |                                   |                                   |   |                                  |                                  |   |                                   |                                   |  |                                  |                                  |   |                                   |                                   |  |                                  |                                  |  |   |
|  |  |   |                                   |                                   |   |                                  |                                  |   |                                   |                                   |  |                                  |                                  |   |                                   |                                   |  |                                  |                                  |  |   |
|  |  | Patients aged 51-75 years with completed annual colorectal screening  | -                                 | -                                 |   | -                                | -                                |   | -                                 | -                                 |  | -                                | -                                |   | 48%                               | 36%                               |  | 86%                              | 88%                              |  |   |
|  | <b>Medical Respite</b><br>FY18 Approved: \$80,000<br>FY18 Spent: \$80,000<br>FY17 Approved: \$80,000<br>FY17 Spent: \$80,000<br>FY16 Approved: \$55,000<br>FY16 Spent: \$55,000<br><br>New Metrics: 0 of 4                             | Patients served   | 70                                | 71                                | 100%  | 145                              | 250                              | 100%  | 70                                | 111                               | 100%                                     | 145                              | 221                              | 100%                                    | 100                               | 134                               | 100%                                     | 200                              | 248                              | 100%                                     | Decreased length of stay resulted in additional beds for new patients.  |
|  |  | Program patients linked to Primary Care home  | 92%                               | 93%                               |   | 92%                              | 87%                              |   | 92%                               | 91%                               |  | 92%                              | 90%                              |   | 92%                               | 90%                               |  | 92%                              | 95%                              |  |   |
|  |  | Patients served with overflow beds program  | -                                 | -                                 |   | -                                | -                                |   | 18                                | 17                                |  | 36                               | 33                               |   | 18                                | 19                                |  | 36                               | 42                               |  |   |
|  |  | Hospital days avoided for total program (based on full Medical Respite program)   | 250                               | 260                               |   | 530                              | 1,025                            |   | 275                               | 444                               |  | 550                              | 884                              |   | 400                               | 536                               |  | 800                              | 992                              |  |   |
|  | <b>Mountain View Whisman School District</b><br>FY18 Approved: \$190,488<br>FY18 Spent: \$190,488<br>FY17 Approved: \$220,321<br>FY17 Spent: \$196,265<br>FY16 Approved: \$227,238<br>FY16 Spent: \$227,238<br><br>New Metrics: 0 of 5 | Students served   | 1,600                             | 1,757                             | 100%  | 3,500                            | 3,404                            | 100%  | 1,700                             | 1,544                             | 100%                                     | 3,400                            | 3,459                            | 60%                                     | 1,700                             | 1,730                             | 100%                                     | 3,400                            | 3,461                            | 80%                                      |   |
|  |  | Students with failed screenings who saw a provider  | 30%                               | 1%                                |   | 85%                              | 77%                              |   | N/A                               | N/A                               |  | 78%                              | 74%                              |   | N/A                               | N/A                               |  | 78%                              | 75%                              |  |   |
|  |  | Students needing a Child Health and Disability Program exam who saw a provider  | 30%                               | 30%                               |   | 70%                              | 63%                              |   | 30%                               | 27%                               |  | 64%                              | 48%                              |   | 30%                               | 33%                               |  | 55%                              | 59%                              |  |   |
|  |  | Students needing an oral health exam who saw a provider   | 30%                               | 27%                               |   | 70%                              | 69%                              |   | 30%                               | 27%                               |  | 70%                              | 66%                              |   | 30%                               | 30%                               |  | 70%                              | 63%                              |  |   |
|  |  | Students who report decreased anxiety levels  | N/A                               | N/A                               |   | 80%                              | 80%                              |   | N/A                               | N/A                               |  | 80%                              | 67%                              |   | N/A                               | N/A                               |  | 80%                              | 67%                              |  |   |

Community Benefit Dashboard Notes

 A metric receives a “green” dot if the target was met, exceeded or within 10% of the target goal

 A metric receives a “red” dot if the target was not met by an excess of 10% of the target goal

N/A There are some 6-month metric targets with “N/A” because the client/patient has not had significant exposure to the intervention in order to accurately evaluate effectiveness or because activities or surveys are not scheduled until the second half of the year

| Health Priority Area<br><i>(Column A)</i> | Partner<br><i>(Column B)</i>  | FY18 Metrics<br><i>(Column C)</i>   | FY16 6-month target<br><i>(Column D)</i> | FY16 6-month actual<br><i>(Column E)</i> | FY16 % of ALL 6-month metrics met<br><i>(Column G)</i> | FY16 Annual target<br><i>(Column H)</i> | FY16 Annual Actual<br><i>(Column I)</i> | FY16 % of ALL annual metrics met<br><i>(Column K)</i> | FY17 6-month target<br><i>(Column L)</i> | FY17 6-month actual<br><i>(Column M)</i> | FY17 % 6-month metrics met<br><i>(Column O)</i> | FY17 Annual Target<br><i>(Column P)</i> | FY17 Annual Actual<br><i>(Column Q)</i> | FY17 % Annual metrics met<br><i>(Column S)</i> | FY18 6-month target<br><i>(Column T)</i> | FY18 6-month actual<br><i>(Column U)</i> | FY18 % 6-month metrics met<br><i>(Column W)</i> | FY18 Annual Target<br><i>(Column X)</i> | FY18 Annual Actual<br><i>(Column Y)</i> | FY18 % Annual metrics met<br><i>(Column AA)</i> | 6-MONTH Supporting Details for Variance and Trending<br><i>(Column AA)</i> |       |      |      |   |                                 |       |   |
|---|---|---|--|--|--|---|---|---|--|--|---|---|---|--|--|--|---|---|---|---|--|-------|------|------|---|---------------------------------|-------|---|
| <div>HEALTHY BODY</div>                   | <b>New Directions</b><br>FY18 Approved: \$140,000<br>FY18 Spent: \$140,000<br>FY17 Approved: \$140,000<br>FY17 Spent: \$140,000<br>FY16 Approved: \$140,000<br>FY16 Spent: \$140,000<br>New Metrics: 0 of 3                                     | Individuals served  | 15                                       | 18                                       | ●  | 100%                                    | 22                                      | 25  | ●  | 100%                                     | 100%  | 25                                      | 33                                      | ●  | 100%                                     | 20                                       | 22  | ●                                       | 100%                                    | 28  | 30   | ●     | 100% |      |   |                                 |       |   |
|   |   | Services provided   | 262                                      | 485                                      | ●  |   | 525                                     | 994   | ●  |  |   | 300                                     | 368                                     | ●  |  | 660                                      | 938   | ●                                       |   | 400   | 510  | ●     |      |      | 700   | 949                             | ●     |   |
|   |   | Enrolled patients in need of mental health or substance abuse treatment or services will be referred to and seen by a treatment provider                                  | 40%                                      | 42%                                      | ●  |   | 65%                                     | 67%   | ●  |  |   | 40%                                     | 50%                                     | ●  |  | 65%                                      | 67%   | ●                                       |   | 45%   | 75%  | ●     |      |      | 65%   | 71%                             | ●     |   |
|   | <b>Pathways</b><br>FY18 Approved: \$50,000<br>FY18 Spent: \$50,000<br>FY17 Approved: \$70,000<br>FY17 Spent: \$70,000<br>FY16 Approved: \$45,000<br>FY16 Spent: \$45,000<br>New Metrics: 2 of 4   | Patients served   | 15                                       | 30                                       | ●  | 100%                                    | 30                                      | 45  | ●  | 100%                                     | 50%   | 50%                                     | 40                                      | 39   | ●  | 50%                                      | 15  | 28                                      | ●                                       | 100%  | 30   | 51    | ●    | 100% | Program experienced an increase in referrals of newly many uninsured patients.  |                                 |       |   |
|   |   | Services provided   | 95                                       | 255                                      | ●  |   | 190                                     | 405   | ●  |  |   |   | 256                                     | 81   | ●  |  | 512   | 291                                     | ●                                       |   | 105  | 261   | ●    |      |   | 210                             | 328   | ● |
|   |   | Home Health 30-day re-hospitalization rates*<br><b>*Lower percentage desired</b>  |  |  |  |   |   |   |  |  |   |   |   |  |  |  |   |   | 12%                                     |   | 12.7%<br>Lower percentage desired  | ●     | 12%  |      |   | 10%<br>Lower percentage desired | ●     |   |
|   |   | Hospice patients who report getting as much help with pain as they needed   |  |  |  |   |   |   |  |  |   |   |   |  |  |  |   |   | 78%                                     |   | 79%  | ●     | 78%  |      |   | 83%                             | ●     |   |
|   | <b>Planned Parenthood Mar Monte</b><br>FY18 Approved: \$100,000<br>FY18 Spent: \$100,000<br>New Metrics: N/A  | Patients served   | -  | -  |  | N/A                                     | -                                       | -   |  | N/A                                      | N/A   | N/A                                     | -                                       | -  |  | N/A                                      | 120   | 159                                     | ●                                       | 100%  | 240  | 256   | ●    | 80%  | This metric is changing in FY19 to reflect industry standard.   |                                 |       |   |
|   |   | Visits provided   | -  | -  |  |   | -                                       | -   |  |  |   |   | -                                       | -  |  |  | -   | -                                       |   |   | 225  | 227   | ●    |      |   | 450                             | 426   | ● |
|   |   | Patients who are able to get appointments within three days   | -  | -  |  |   | -                                       | -   |  |  |   |   | -                                       | -  |  |  | -   | -                                       |   |   | 70%  | 65%   | ●    |      |   | 70%                             | 100%  | ● |
|   |   | Hemoglobin A1c of less than 8 for diabetes patients   | -  | -  |  |   | -                                       | -   |  |  |   |   | -                                       | -  |  |  | -   | -                                       |   |   | 60%  | 63%   | ●    |      |   | 60%                             | 57%   | ● |
|   |   | Annual colon cancer screening completed as appropriate for target age group   | -  | -  |  |   | -                                       | -   |  |  |   |   | -                                       | -  |  |  | -   | -                                       |   |   | 50%  | 50%   | ●    |      |   | 50%                             | 44%   | ● |
|   | <b>Playworks</b><br>FY18 Approved: \$278,000<br>FY18 Spent: \$278,000<br>FY17 Approved: \$270,000<br>FY17 Spent: \$270,000<br>FY16 Approved: \$261,000<br>FY16 Spent: \$261,000<br>New Metrics: 3 of 4  | Students served   | 6,260                                    | 6,310                                    | ●  | 100%                                    | 6,260                                   | 6,300   | ●  | 100%                                     | 100%  | 100%                                    | 6,950                                   | 6,400  | ●  | 100%                                     | 5,916   | 5,948                                   | ●                                       | 100%  | 5,916  | 5,944 | ●    | 100% | The metrics are not trending because organization developed new national metrics.   |                                 |       |   |
|   |   | School staff who report Playworks helps teach students cooperation and respect  | -  | -  |  |   | -                                       | -   |  |  |   |   | -                                       | -  |  |  | -   | -                                       |   |   | N/A  | N/A   |      |      |   | 90%                             | 91%   | ● |
|   |   | Teachers reporting that overall student engagement increased use of positive language, attentiveness and participation in class   | -  | -  |  |   | -                                       | -   |  |  |   |   | -                                       | -  |  |  | -   | -                                       |   |   | N/A  | N/A   |      |      |   | 75%                             | 93%   | ● |
|   |   | Teachers/administrators reporting that Playworks positively impacts school climate  | -  | -  |  |   | -                                       | -   |  |  |   |   | -                                       | -  |  |  | -   | -                                       |   |   | N/A  | N/A   |      |      |   | 90%                             | 98%   | ● |
|   | <b>Santa Clara Valley Health Center - Sunnyvale</b><br>FY18 Approved: \$1,00,000<br>FY18 Spent: \$1,000,000<br>FY17 Approved: \$968,000<br>FY17 Spent: \$968,000<br>FY16 Approved: \$1,039,000<br>FY16 Spent: \$850,031<br>New Metrics: 8 of 10 | Primary Care and Behavioral Health patients   |  |  |  | 56%                                     |   |   |  | 78%                                      | 83%   | 83%                                     |   |  |  | 100%                                     | 100   | 95                                      | ●                                       | 100%  | 200  | 267   | ●    | 100% | Improvements in scheduling and workflow allowed for returning patients to be seen despite the overall increase in new patients. |                                 |       |   |
|   |   | Primary Care and Behavioral Health encounters   |  |  |  |   |   |   |  |  |   |   |   |  |  |  |   |   |   |   | 300  | 309   | ●    |      |   | 800                             | 851   | ● |
|   |   | Dental Clinic patients  | 700                                      | 608                                      | ●  |   | 1,100                                   | 979   | ●  |  |   |   | 450                                     | 485  | ●  |  | 1,000   | 941                                     | ●                                       |   | 530  | 693   | ●    |      |   | 1,240                           | 1,169 | ● |
|   |   | Dental Clinic encounters  | 1,500                                    | 1,408                                    | ●  |   | 3,000                                   | 3,367   | ●  |  |   |   | 1,600                                   | 1,640  | ●  |  | 3,000   | 3,155                                   | ●                                       |   | 1,410  | 1,338 | ●    |      |   | 3,480                           | 3,667 | ● |
|   |   | Behavioral health patients who adhere to treatment plans after receiving neuropsychological testing and motivational interviews.  | -  | -  |  |   | -                                       | -   |  |  |   |   | -                                       | -  |  |  | -   | -                                       |   |   | 50%  | 60%   | ●    |      |   | 85%                             | 80%   | ● |
|   |   | Patients whose blood pressure is less than 140/90 mmHg  | -  | -  |  |   | -                                       | -   |  |  |   |   | -                                       | -  |  |  | -   | -                                       |   |   | 56%  | 60%   | ●    |      |   | 66%                             | 70%   | ● |
|   |   | Patients screened for housing and placement using the Vulnerability Index-Service Prioritization Decision Assistance Tool   | -  | -  |  |   | -                                       | -   |  |  |   |   | -                                       | -  |  |  | -   | -                                       |   |   | 55%  | 84%   | ●    |      |   | 65%                             | 69%   | ● |
|   |   | Dental patients who have at least one dental health maintenance procedure completed within 3 months of examination  | -  | -  |  |   | -                                       | -   |  |  |   |   | -                                       | -  |  |  | -   | -                                       |   |   | 70%  | 79%   | ●    |      |   | 70%                             | 98%   | ● |
|   |   | Emergency/urgent dental patients who return for maintenance exam within 6-months  | -  | -  |  |   | -                                       | -   |  |  |   |   | -                                       | -  |  |  | -   | -                                       |   |   | 40%  | 66%   | ●    |      |   | 40%                             | 97%   | ● |
|   |   | Dental or emergency dental patients that requires oral surgery treatment of a wisdom tooth/surgical extraction and has the treatment completed in specialty dental clinic | -  | -  |  |   | -                                       | -   |  |  |   |   | -                                       | -  |  |  | -   | -                                       |   |   | 25%  | 24%   | ●    |      |   | 40%                             | 43%   | ● |






Community Benefit Dashboard Notes

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N/A

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| Health Priority Area<br><i>(Column A)</i>  | Partner<br><i>(Column B)</i>   | FY18 Metrics<br><i>(Column C)</i>  | FY16 6-month target<br><i>(Column D)</i>   | FY16 6-month actual<br><i>(Column E)</i> | FY16 % of ALL 6-month metrics met<br><i>(Column G)</i> | FY16 Annual target<br><i>(Column H)</i> | FY16 Annual Actual<br><i>(Column I)</i> | FY16 % of ALL annual metrics met<br><i>(Column K)</i> | FY17 6-month target<br><i>(Column L)</i> | FY17 6-month actual<br><i>(Column M)</i> | FY17 % 6-month metrics met<br><i>(Column O)</i> | FY17 Annual Target<br><i>(Column P)</i> | FY17 Annual Actual<br><i>(Column Q)</i> | FY17 % Annual metrics met<br><i>(Column S)</i> | FY18 6-month target<br><i>(Column T)</i> | FY18 6-month actual<br><i>(Column U)</i> | FY18 % 6-month metrics met<br><i>(Column W)</i> | FY18 Annual Target<br><i>(Column X)</i> | FY18 Annual Actual<br><i>(Column Y)</i> | FY18 % Annual metrics met<br><i>(Column AA)</i> | 6-MONTH Supporting Details for Variance and Trending<br><i>(Column AA)</i> |                        |                        |   |   |
|--|--|--|--|--|--|---|---|---|--|--|---|---|---|--|--|--|---|---|---|---|--|------------------------|------------------------|---|---|
|  | Sunnyvale School District<br><small>FY18 Approved: \$275,000<br/>FY18 Spent: \$275,000<br/>FY17 Approved: \$275,000<br/>FY17 Spent: \$275,000<br/>FY16 Approved: \$265,000<br/>FY16 Spent: \$265,000<br/><br/>New Metrics: 2 of 5</small>                    | Students served  | 2,259  | 2,235                                    | <div><div></div></div>                                 | 100%                                    | 4,517                                   | 4,488   | <div><div></div></div>                   | 2,230                                    | 2,200   | <div><div></div></div>                  | 100%                                    | 4,450  | 4,395                                    | <div><div></div></div>                   | 2,216   | 2,206                                   | <div><div></div></div>                  | 75%   | 4,432  | 4,401                  | <div><div></div></div> | 100%  |   |
|  |  | Students with failed vision or hearing screenings who saw their health care provider   | 42%  | 0%                                       | <div><div></div></div>                                 |   | 77%                                     | 72%   | <div><div></div></div>                   | 43%                                      | 50%   | <div><div></div></div>                  |   | 74%  | 73%                                      | <div><div></div></div>                   | 50%   | 45%                                     | <div><div></div></div>                  |   | 75%  | 73%                    | <div><div></div></div> |   |   |
|  |  | Students chronically absent due to illness (> 10% of school days) who improved attendance  | 62%  | 63%                                      | <div><div></div></div>                                 |   | 62%                                     | 64%   | <div><div></div></div>                   | 64%                                      | 60%   | <div><div></div></div>                  |   | 65%  | 66%                                      | <div><div></div></div>                   | 65%   | 61%                                     | <div><div></div></div>                  |   | 66%  | 67%                    | <div><div></div></div> |   |   |
|  |  | Kindergarten students who received a well-child exam as measured by the receipt of a completed CHDP (Child Health and Disability Prevention Program) "Health Exam for School Entry" Form | -  | -  |  |   | -                                       | -   |  | -  | -   |   |   | 35%  | 30%                                      | <div><div></div></div>                   | 70%   | 63%                                     | <div><div></div></div>                  |   |  |                        |                        |   |   |
|  |  | Staff who received CPR/AED training during Staff Development Days and who reported increased knowledge and confidence in the ability to perform CPR and use of an AED                    | -  | -  |  |   | -                                       | -   |  | -  | -   |   |   | 80%  | N/A                                      |  | 90%   | 100%                                    | <div><div></div></div>                  |   |  |                        |                        |   |   |
|  | Vision to Learn<br><small>FY18 Approved: \$17,124<br/>FY18 Spent: \$17,124<br/>FY17 Approved: \$31,979<br/>FY17 Spent: \$16,623<br/>FY16 Approved: N/A<br/>FY16 Spent: N/A<br/><br/>New Metrics: N/A</small>   | Free eye exams provided  | -  | -  | N/A  | -                                       | -                                       | N/A   | 100                                      | 24                                       | <div><div></div></div>                          | 0%                                      | 411                                     | 209  | <div><div></div></div>                   | 100                                      | 209   | <div><div></div></div>                  | 100%                                    | 224   | 209  | <div><div></div></div> | 50%                    | Program completed grant and used all resources in first half of year. |   |
|  |  | Free eyeglasses provided   | -  | -  |  | -                                       | -                                       |   |  | 100                                      | 17  |   | <div><div></div></div>                  | 329  | 180                                      | <div><div></div></div>                   | 80  | 156                                     |   | <div><div></div></div>                          | 177  | 156                    |                        |   | <div><div></div></div>  |
|  | Acknowledge Alliance<br><small>FY18 Approved: \$35,000<br/>FY18 Spent: \$35,000<br/>FY17 Approved: \$35,000<br/>FY17 Spent: \$35,000<br/>FY16 Approved: N/A<br/>FY16 Spent: N/A<br/><br/>New Metrics: 0 of 4</small>   | Students who receive direct social emotional learning lessons and/or classroom resilience support  | -  | -  | N/A  | -                                       | -                                       | N/A   | 250                                      | 240                                      | <div><div></div></div>                          | 100%                                    | 946                                     | 955  | <div><div></div></div>                   | 240                                      | 0   | <div><div></div></div>                  | 0%                                      | 950   | 900  | <div><div></div></div> | 100%                   |   |   |
|  |  | Teachers who receive resilience support services through: one on one training, classroom observations, professional development, and/or teacher support groups                           | -  | -  |  | -                                       | -                                       |   |  | 50                                       | 101   |   | <div><div></div></div>                  | 101  | 101                                      | <div><div></div></div>                   | 50  | 33                                      |   | <div><div></div></div>                          | 100  | 153                    |                        | <div><div></div></div>  |   |
|  |  | Teachers will report using at least one strength-based strategy to engage and reach their students at least monthly.   | -  | -  |  | -                                       | -                                       |   |  | N/A                                      | N/A   |   |   | 80%  | 93%                                      | <div><div></div></div>                   | N/A   | N/A                                     |   |   | 90%  | 94%                    |                        | <div><div></div></div>  |   |
|  |  | Students who report applying the techniques learned from the social emotional lessons "sometimes" or "more often"  | -  | -  |  | -                                       | -                                       |   |  | N/A                                      | N/A   |   |   | 60%  | 53%                                      | <div><div></div></div>                   | N/A   | N/A                                     |   |   | 50%  | 53%                    |                        | <div><div></div></div>  |   |
|  | Alzheimer's Association: Asian Dementia Initiative<br><small>FY18 Approved: \$70,000<br/>FY18 Spent: \$70,000<br/>FY17 Approved: \$70,000<br/>FY17 Spent: \$70,000<br/>FY16 Approved: \$60,000<br/>FY16 Spent: \$60,000<br/><br/>New Metrics: 2 of 4</small> | Individual served  | 410  | 338                                      | <div><div></div></div>                                 | 80%                                     | 820                                     | 899   | <div><div></div></div>                   | 500                                      | 513   | <div><div></div></div>                  | 100%                                    | 830  | 1,869                                    | <div><div></div></div>                   | 364   | 341                                     | <div><div></div></div>                  | 100%  | 595  | 1,002                  | <div><div></div></div> | 100%  | Prevalence and awareness of Alzheimer's disease has increased and agency has seen more people enrolling in core services than expected and larger attendance at educational sessions and forum. |
|  |  | Encounters provided  | 825  | 881                                      | <div><div></div></div>                                 |   | 1700                                    | 1844  | <div><div></div></div>                   | 830                                      | 837   | <div><div></div></div>                  |   | 1,720  | 2,307                                    | <div><div></div></div>                   | 850   | 884                                     | <div><div></div></div>                  |   | 1,740  | 1,901                  | <div><div></div></div> |   |   |
|  |  | Participants in Educational Sessions/Forums who indicated they agree or strongly agree that they learned material to help them better care for their loved one with AD/RD                | -  | -  | -  |   | -                                       |   | -  | -  |   | -                                       |   | -  |  | 95%                                      | 98%   | <div><div></div></div>                  | 95%                                     |   | 95%  | <div><div></div></div> |                        |   |   |
|  |  | Participants in Support Groups who agree or strongly agree that they know about how family, friends and others can assist them with care and support                                     | -  | -  | -  |   | -                                       |   | -  | -  |   | -                                       |   | -  |  | N/A                                      | N/A   |   | 95%                                     |   | 100%   | <div><div></div></div> |                        |   |   |
|  | Alzheimer's Association: Latino Family Connections<br><small>FY18 Approved: \$70,000<br/>FY18 Spent: \$70,000<br/>FY17 Approved: \$70,000<br/>FY17 Spent: \$70,000<br/>FY16 Approved: \$60,000<br/>FY16 Spent: \$60,000<br/><br/>New Metrics: 2 of 4</small> | Individual served  | 250  | 260                                      | <div><div></div></div>                                 | 100%                                    | 500                                     | 508   | <div><div></div></div>                   | 252                                      | 292   | <div><div></div></div>                  | 100%                                    | 503  | 757                                      | <div><div></div></div>                   | 180   | 124                                     | <div><div></div></div>                  | 100%  | 360  | 406                    | <div><div></div></div> | 100%  |   |
|  |  | Encounters provided  | 50   | 55                                       | <div><div></div></div>                                 |   | 100                                     | 103   | <div><div></div></div>                   | 514                                      | 622   | <div><div></div></div>                  |   | 1,116  | 1,180                                    | <div><div></div></div>                   | 980   | 965                                     | <div><div></div></div>                  |   | 1,580  | 1,660                  | <div><div></div></div> |   |   |
|  |  | Participants in Educational Sessions/Forums who agree or strongly agree that they learned material to help them better care for their loved one with AD/RD                               | -  | -  | -  |   | -                                       |   | -  | -  |   | -                                       |   | -  |  | 95%                                      | 99%   | <div><div></div></div>                  | 95%                                     |   | 100%   | <div><div></div></div> |                        |   |   |
|  |  | Participants in Support Groups who said they agree or strongly agree that they know how family, friends and others can assist them with care and support                                 | -  | -  | -  |   | -                                       |   | -  | -  |   | -                                       |   | -  |  | N/A                                      | N/A   |   | 95%                                     |   | 100%   | <div><div></div></div> |                        |   |   |
|  |    | Avenidas<br><small>FY18 Approved: \$45,000<br/>FY18 Spent: \$45,000<br/><br/>New Metrics: N/A</small>  | Older adults and family members served   | -  | -  | N/A                                     | -                                       | -   | N/A                                      | -  | -   | N/A                                     | -                                       | -  | N/A                                      | 75                                       | 78  | <div><div></div></div>                  | 100%                                    | 98  | 108  | <div><div></div></div> | 100%                   |   |   |
|  |  |  | Services provided  | -  | -  |   | -                                       | -   |  |  | -   |   | -                                       |  |  | 955                                      | 1,012   | <div><div></div></div>                  |   | 1,910   | 2,033  | <div><div></div></div> |                        |   |   |
|  |  |  | Older adults who maintain at least 3 essential Activities of Daily Living                              | -  | -  |   | -                                       | -   |  |  | -   |   | -                                       |  |  | 90%                                      | 88%   | <div><div></div></div>                  |   | 90%   | 91%  | <div><div></div></div> |                        |   |   |
|  |  |  | Family members/caregivers who report an increase in their knowledge of successful self-help strategies | -  | -  |   | -                                       | -   |  |  | -   |   | -                                       |  |  | 90%                                      | 95%   | <div><div></div></div>                  |   | 90%   | 96%  | <div><div></div></div> |                        |   |   |


Community Benefit Dashboard Notes

A metric receives a "green" dot if the target was met, exceeded or within 10% of the target goal

A metric receives a "red" dot if the target was not met by an excess of 10% of the target goal

N/A

There are some 6-month metric targets with "N/A" because the client/patient has not had significant exposure to the intervention in order to accurately evaluate effectiveness or because activities or surveys are not scheduled until the second half of the year

| Health Priority Area<br><i>(Column A)</i>   | Partner<br><i>(Column B)</i>   | FY18 Metrics<br><i>(Column C)</i>  | FY16 6-month target<br><i>(Column D)</i> | FY16 6-month actual<br><i>(Column E)</i> | <div><div></div><div></div></div> FY16 % of ALL 6-month metrics met<br><i>(Column G)</i> | FY16 Annual target<br><i>(Column H)</i> | FY16 Annual Actual<br><i>(Column I)</i> | <div><div></div><div></div></div> FY16 % of ALL annual metrics met<br><i>(Column K)</i> | FY17 6-month target<br><i>(Column L)</i> | FY17 6-month actual<br><i>(Column M)</i> | <div><div></div><div></div></div> FY17 % 6-month metrics met<br><i>(Column O)</i> | FY17 Annual Target<br><i>(Column P)</i> | FY17 Annual Actual<br><i>(Column Q)</i> | <div><div></div><div></div></div> FY17 % Annual metrics met<br><i>(Column S)</i> | FY18 6-month target<br><i>(Column T)</i> | FY18 6-month actual<br><i>(Column U)</i> | <div><div></div><div></div></div> FY18 % 6-month metrics met<br><i>(Column W)</i> | FY18 Annual Target<br><i>(Column X)</i> | FY18 Annual Actual<br><i>(Column Y)</i> | <div><div></div><div></div></div> FY18 % Annual metrics met<br><i>(Column AA)</i> | 6-MONTH Supporting Details for Variance and Trending<br><i>(Column AA)</i>   |   |   |   |   |
|---|--|--|--|--|--|---|---|---|--|--|---|---|---|--|--|--|---|---|---|---|--|---|---|---|---|
| <div>HEALTHY MIND<br/></div>   | <b>CHAC</b><br><small>FY18 Approved: \$181,000<br/>FY18 Spent: \$181,000<br/>FY17 Approved: \$181,000<br/>FY17 Spent: \$181,000<br/>FY16 Approved: \$192,700<br/>FY16 Spent: \$192,700<br/><br/>New Metrics: 4 of 6</small>                                      | Students served through counseling   | -  | -  |  | -                                       | -                                       |   | 250                                      | 353                                      |   | 700                                     | 561                                     |  | 314                                      | 364                                      |   | 786                                     | 1,010                                   |   | Piloting a new survey, agency found pre-test results skewed baseline impacting validity of post-test results. A separate assessment showed 83% of students in this program learned new coping skills and how to identify feelings. A revised evaluation plan is in place for FY19. |   |   |   |   |
|   |  | Services hours provided  | -  | -  |  | -                                       | -                                       |   | 2,180                                    | 3,179                                    |   | 6,008                                   | 6,380                                   |  | 2,808                                    | 2,210                                    |   | 7,040                                   | 6,681                                   |   |  | Piloting a new survey, agency found pre-test results skewed baseline impacting validity of post-test results. Agency found flaws with survey tool. A separate assessment showed 85% of students in this program learned new coping skills and how to identify feelings. A revised evaluation plan is in place for FY19. |   |   |   |
|   |  | Students who improve by at least 3 points from pre-test to post-test on the 40-point scale Strengths and Difficulties Questionnaire and Impact Assessment based on self-report (for students age 11-17)  | -  | -  |  | -                                       | -                                       |   | -  | -  |   | -                                       | -                                       |  | N/A                                      | N/A                                      |   | 50%                                     | 36%                                     |   |  |   | Piloting a new survey, agency found pre-test results skewed baseline impacting validity of post-test results. Agency found flaws with survey tool. A separate assessment showed 85% of students in this program learned new coping skills and how to identify feelings. A revised evaluation plan is in place for FY19. |   |   |
|   |  | Students who improve by at least 3 points from pre-test to post test on the 40-point scale Strengths and Difficulties Questionnaire and Impact Assessment based on teacher report for ages 10 and under  | -  | -  |  | -                                       | -                                       |   | -  | -  |   | -                                       | -                                       |  | N/A                                      | N/A                                      |   | 50%                                     | 46%                                     |   |  |   |   | Piloting a new survey, agency found pre-test results skewed baseline impacting validity of post-test results. Agency found flaws with survey tool. A separate assessment showed 85% of students in this program learned new coping skills and how to identify feelings. A revised evaluation plan is in place for FY19. |   |
|   |  | JFK students served who showed a 15% or better improvement on the JFK Survey   | -  | -  |  | -                                       | -                                       |   | -  | -  |   | -                                       | -                                       |  | N/A                                      | N/A                                      |   | 80%                                     | 31%                                     |   |  |   |   |   | Piloting a new survey, agency found pre-test results skewed baseline impacting validity of post-test results. Agency found flaws with survey tool. A separate assessment showed 85% of students in this program learned new coping skills and how to identify feelings. A revised evaluation plan is in place for FY19. |
|   |  | Tween Talk students served who show a 15% or better improvement on the Tween Talk Survey   | -  | -  |  | -                                       | -                                       |   | -  | -  |   | -                                       | -                                       |  | N/A                                      | N/A                                      |   | 80%                                     | 38%                                     |   |  |   |   |   |   |
|   | <b>Law Foundation - Mental Health Advocacy Project</b><br><small>FY18 Approved: \$62,000<br/>FY18 Spent: \$62,000<br/>FY17 Approved: \$61,919<br/>FY17 Spent: \$61,919<br/>FY16 Approved: \$50,000<br/>FY16 Spent: \$50,000<br/><br/>New Metrics: 0 of 4</small> | Individuals served through representation  | -  | -  |  | -                                       | -                                       |   | 31                                       | 37                                       |   | 62                                      | 65                                      |  | 31                                       | 34                                       |   | 62                                      | 58                                      |   | 100%   |   |   |   |   |
|   |  | Healthcare providers served through educational presentation   | -  | -  |  | -                                       | -                                       |   | 62                                       | 0  |   | 124                                     | 85                                      |  | 62                                       | 43                                       |   | 124                                     | 111                                     |   |  | 100%  |   |   |   |
|   |  | Providers receiving training who increase their understanding of their patients' rights to medical benefits and other forms of public assistance   | 75%                                      | 100%                                     |  | 75%                                     | 100%                                    |   | 75%                                      | 0%                                       |   | 75%                                     | 80%                                     |  | 75%                                      | 100%                                     |   | 75%                                     | 100%                                    |   |  |   | 100%  |   |   |
|   |  | Clients receiving services for benefits issues who successfully access or maintain health benefits or other safety-net benefits  | 75%                                      | 100%                                     |  | 75%                                     | 82%                                     |   | 75%                                      | 83%                                      |   | 75%                                     | 68%                                     |  | 75%                                      | 80%                                      |   | 75%                                     | 93%                                     |   |  |   |   | 100%  |   |
|   | <b>Los Altos School District</b><br><small>FY18 Approved: \$100,000<br/>FY18 Spent: \$100,000<br/>FY17 Approved: \$100,000<br/>FY17 Spent: \$100,000<br/>FY16 Approved: N/A<br/>FY16 Spent: N/A<br/><br/>New Metrics: 2 of 4</small>                             | Students served  | -  | -  |  | -                                       | -                                       |   | 20                                       | 42                                       |   | 50                                      | 74                                      |  | 45                                       | 50                                       |   | 90                                      | 127                                     |   | 100%   |   |   |   |   |
|   |  | Services provided/encounters (in hours)  | -  | -  |  | -                                       | -                                       |   | 280                                      | 386                                      |   | 1,180                                   | 1,162                                   |  | 201                                      | 393                                      |   | 403                                     | 760                                     |   |  | 100%  |   |   |   |
|   |  | Students who improved from pre-test (at the beginning of counseling services) to post-test (prior to termination of services) on the Strength and Difficulties Questionnaire and Impact Assessment based on self-report for students age 11-17           | -  | -  |  | -                                       | -                                       |   | -  | -  |   | -                                       | -                                       |  | N/A                                      | N/A                                      |   | 50%                                     | 55%                                     |   |  |   | 100%  |   |   |
|   |  | Students who improved from pre-test (at the beginning of counseling services) to post-test (prior to termination of services) on the Strength and Difficulties Questionnaire and Impact Assessment based on teacher report for students age 10 and under | -  | -  |  | -                                       | -                                       |   | -  | -  |   | -                                       | -                                       |  | N/A                                      | N/A                                      |   | N/A                                     | N/A                                     |   |  |   |   | 100%  |   |
|   | <b>Momentum for Mental Health</b><br><small>FY18 Approved: \$241,000<br/>FY18 Spent: \$241,000<br/>FY17 Approved: \$241,000<br/>FY17 Spent: \$241,000<br/>FY16 Approved: \$236,000<br/>FY16 Spent: \$236,000<br/><br/>New Metrics: 1 of 4</small>                | Patients served  | 100                                      | 94                                       |  | 118                                     | 118                                     |   | 100                                      | 81                                       |   | 118                                     | 114                                     |  | 100                                      | 92                                       |   | 118                                     | 118                                     |   | 100%   |   |   |   |   |
|   |  | Services provided  | 808                                      | 820                                      |  | 1,615                                   | 1,635                                   |   | 808                                      | 690                                      |   | 1,615                                   | 1,541                                   |  | 808                                      | 859                                      |   | 1,615                                   | 1,699                                   |   |  | 100%  |   |   |   |
|   |  | Patients who avoid psychiatric hospitalization for 12 months after admission after beginning services with Momentum  | 90%                                      | 100%                                     |  | 95%                                     | 99%                                     |   | 95%                                      | 100%                                     |   | 95%                                     | 99%                                     |  | 97%                                      | 99%                                      |   | 97%                                     | 91%                                     |   |  |   | 100%  |   |   |
|   |  | Patients who report a reduction of two points or more in Generalized Anxiety Disorder-7 (GAD-7) to measure severity of anxiety   | -  | -  |  | -                                       | -                                       |   | -  | -  |   | -                                       | -                                       |  | 85%                                      | 85%                                      |   | 85%                                     | 99%                                     |   |  |   |   | 100%  |   |
| Piloting a new survey, agency found pre-test results skewed baseline impacting validity of post-test results. A separate assessment showed 83% of students in this program learned new coping skills and how to identify feelings. A revised evaluation plan is in place for FY19.                                      |  |  |  |  |  |   |   |   |  |  |   |   |   |  |  |  |   |   |   |   |  |   |   |   |   |
| Piloting a new survey, agency found pre-test results skewed baseline impacting validity of post-test results. Agency found flaws with survey tool. A separate assessment showed 85% of students in this program learned new coping skills and how to identify feelings. A revised evaluation plan is in place for FY19. |  |  |  |  |  |   |   |   |  |  |   |   |   |  |  |  |   |   |   |   |  |   |   |   |   |
| This year saw in increase in need for therapy and also awareness of the service available. Program also added a support group responding to increased need, which contributed to higher number of students served.  |  |  |  |  |  |   |   |   |  |  |   |   |   |  |  |  |   |   |   |   |  |   |   |   |   |
| Due to the increased needs of the students, therapist saw some students twice a week, increasing total hours serviced.  |  |  |  |  |  |   |   |   |  |  |   |   |   |  |  |  |   |   |   |   |  |   |   |   |   |
| All students served were ages 11 and over so no students were applicable for this evaluation for ages 10 and under.   |  |  |  |  |  |   |   |   |  |  |   |   |   |  |  |  |   |   |   |   |  |   |   |   |   |

Community Benefit Dashboard Notes

A metric receives a “green” dot if the target was met, exceeded or within 10% of the target goal

A metric receives a “red” dot if the target was not met by an excess of 10% of the target goal

N/A

There are some 6-month metric targets with “N/A” because the client/patient has not had significant exposure to the intervention in order to accurately evaluate effectiveness or because activities or surveys are not scheduled until the second half of the year

| Health Priority Area<br>(Column A)  | Partner<br>(Column B)  | FY18 Metrics<br>(Column C)   | FY16 6-month target<br>(Column D)  | FY16 6-month actual<br>(Column E) | FY16 % of ALL 6-month metrics met<br>(Column G) | FY16 Annual target<br>(Column H) | FY16 Annual Actual<br>(Column I) | FY16 % of ALL annual metrics met<br>(Column K) | FY17 6-month target<br>(Column L) | FY17 6-month actual<br>(Column M) | FY17 % 6-month metrics met<br>(Column O) | FY17 Annual Target<br>(Column P) | FY17 Annual Actual<br>(Column Q) | FY17 % Annual metrics met<br>(Column S) | FY18 6-month target<br>(Column T) | FY18 6-month actual<br>(Column U) | FY18 % 6-month metrics met<br>(Column W) | FY18 Annual Target<br>(Column X) | FY18 Annual Actual<br>(Column Y) | FY18 % Annual metrics met<br>(Column AA) | 6-MONTH Supporting Details for Variance and Trending<br>(Column AA) |           |      |    |
|---|--|--|--|-----------------------------------|---|----------------------------------|----------------------------------|--|-----------------------------------|-----------------------------------|--|----------------------------------|----------------------------------|---|-----------------------------------|-----------------------------------|--|----------------------------------|----------------------------------|--|---|-----------|------|----|
| <div>HEALTHY COMMUNITY</div>  | Mountain View Los Altos High School District<br><div>FY18 Approved: \$160,000<br/>FY18 Spent: \$160,000<br/>FY17 Approved: \$160,000<br/>FY17 Spent: \$160,000<br/>FY16 Approved: \$160,000<br/>FY16 Spent: \$160,000<br/><br/>New Metrics: 4 of 6</div> | Students served  | 75   | 135                               | ●   | 100%                             | 150                              | 199  | ●                                 | 75                                | 96                                       | ●                                | 150                              | 150                                     | ●                                 | 75                                | 87                                       | ●                                | 150                              | 159                                      | ●   | 100%      |      |    |
|   |  | Hours of services provided   | 1,260  | 1,512                             | ●   |                                  | 2,520                            | 3,157  | ●                                 | 1,260                             | 1,591                                    | ●                                |                                  | 2,520                                   | 3,137                             | ●                                 | 1,260                                    | 1,405                            | ●                                | 2,520                                    | 3,031   |           | ●    |    |
|   |  | Students who reduce high risk behaviors by at least 25%  | -  | -                                 |   |                                  | -                                | -  |                                   | -                                 | -  |                                  |                                  | -                                       | -                                 |                                   | 5%                                       | N/A                              |                                  | 10%                                      | 58%   |           | ●    |    |
|   |  | Students who decrease exposure to violence by at least 25%   | -  | -                                 |   |                                  | -                                | -  |                                   | -                                 | -  |                                  |                                  | -                                       | -                                 |                                   | 5%                                       | N/A                              |                                  | 10%                                      | 88%   |           | ●    |    |
|   |  | Students who increase use of coping skills for trauma, depression, anxiety and/or anger by at least 25%  | -  | -                                 |   |                                  | -                                | -  |                                   | -                                 | -  |                                  |                                  | -                                       | -                                 |                                   | 18%                                      | N/A                              |                                  | 25%                                      | 100%  |           | ●    |    |
|   |  | Students who decrease suicidal thoughts and feelings by at least 25%   | -  | -                                 |   |                                  | -                                | -  |                                   | -                                 | -  |                                  |                                  | -                                       | -                                 |                                   | 18%                                      | N/A                              |                                  | 25%                                      | 63%   |           | ●    |    |
|   |  | NAMI SCC<br><div>FY18 Approved: \$80,000<br/>FY18 Spent: \$80,000<br/>FY17 Approved: \$100,000<br/>FY17 Spent: \$100,000<br/>FY16 Approved: \$100,000<br/>FY16 Spent: \$88,794<br/><br/>New Metrics: 0 of 5</div>                          | Participants   | -                                 | -   |                                  |                                  | N/A  | -                                 | -                                 |  | 36                               |                                  | 43                                      | ●                                 | 71                                | 79                                       | ●                                | 31                               | 38                                       | ●   |           | 62   | 73 |
|   | Peer PALS and Peer Mentors visits  | -  | -  |                                   | -   | -                                |                                  |  | 450                               | 477                               | ●  | 900                              | 868                              | ●                                       | 388                               |                                   | 410                                      | ●                                | 776                              | 792                                      | ●   |           |      |    |
|   | Peer PALS and Peer Mentors phone calls   | -  | -  |                                   | -   | -                                |                                  |  | 901                               | 1,105                             | ●  | 1,801                            | 1,887                            | ●                                       | 782                               |                                   | 830                                      | ●                                | 1,563                            | 1,661                                    | ●   |           |      |    |
|   | Participants reporting that the program helped them feel more hopeful about their futures and their recovery   | -  | -  |                                   | -   | -                                |                                  |  | 70%                               | 78%                               | ●  | 70%                              | 76%                              | ●                                       | 70%                               |                                   | 75%                                      | ●                                | 70%                              | 80%                                      | ●   |           |      |    |
|   | Participants reporting that the program helped them be more cooperative with their treatment plan  | -  | -  |                                   | -   | -                                |                                  |  | 65%                               | 94%                               | ●  | 65%                              | 93%                              | ●                                       | 80%                               |                                   | 80%                                      | ●                                | 80%                              | 77%                                      | ●   |           |      |    |
|   | <div>HEALTHY COMMUNITY</div>   | Caminar (Family & Children Services)<br><div>FY18 Approved: \$50,000<br/>FY18 Spent: \$50,000<br/>FY17 Approved: \$50,000<br/>FY17 Spent: \$50,000<br/>FY16 Approved: \$50,000<br/>FY16 Spent: \$50,000<br/><br/>New Metrics: 0 of 4</div> | Individuals served   | 50                                | 16  | ●                                | 60%                              | 104  | 100                               | ●                                 | 30                                       | 69                               | ●                                | 66                                      | 112                               | ●                                 | 32                                       | 52                               | ●                                | 69                                       | 69  | ●         | 75%  |    |
|   |  |  | Service units provided (counseling, support groups, advocacy, and education)                             | 552                               | 80  | ●                                |                                  | 1,210  | 604                               | ●                                 | 96                                       | 139                              | ●                                |   | 230                               | 248                               | ●  | 257                              | 220                              | ●  | 628   | 531       |      | ●  |
|   |  |  | Counseling/advocacy beneficiaries who will report achieving the goal(s) for which they sought assistance | -                                 | -   |                                  |                                  | -  | -                                 |                                   | 75%                                      | 100%                             | ●                                |   | 80%                               | 99%                               | ●  | 80%                              | 100%                             | ●  | 85%   | 100%      |      | ●  |
|   |  |  | Counseling/advocacy beneficiaries who will report increased knowledge of DV and safety strategies        | 75%                               | 100%  | ●                                |                                  | 80%  | 100%                              | ●                                 | 80%                                      | 100%                             | ●                                |   | 90%                               | 100%                              | ●  | 90%                              | 100%                             | ●  | 90%   | 100%      |      | ●  |
|   |  | CHI<br><div>FY18 Approved: \$234,000<br/>FY18 Spent: \$234,000<br/>FY17 Approved: \$215,200<br/>FY17 Spent: \$210,235<br/>FY16 Approved: \$198,200<br/>FY16 Spent: \$190,200<br/><br/>New Metrics: 1 of 4</div>                            | Individuals served   | 300                               | 413   | ●                                | 67%                              | 625  | 864                               | ●                                 | 300                                      | 326                              | ●                                | 625                                     | 706                               | ●                                 | 400                                      | 419                              | ●                                | 800                                      | 850   | ●         | 100% |    |
|   |  |  | Services provided  | 700                               | 519   | ●                                |                                  | 1,450  | 1,541                             | ●                                 | 700                                      | 638                              | ●                                |   | 1,450                             | 1,785                             | ●  | 800                              | 706                              | ●  | 1,700   | 1,723     |      | ●  |
|   |  |  | World Journal impressions from hypertension awareness campaign   | -                                 | -   |                                  |                                  | -  | -                                 |                                   | -  | -                                |                                  |   | -                                 | -                                 |  | N/A                              | N/A                              |  | 925,000   | 1,051,959 |      | ●  |
| Individuals who received assistance from CHI to help them better access care (e.g. referrals to physicians, getting connected to services, providing healthcare resources)                                    |  |  | 80   | 87                                | ●   | 160                              |                                  | 144  | ●                                 | 80                                | 85                                       | ●                                | 165                              |   | 205                               | ●                                 | 83                                       | 82                               | ●                                | 165                                      | 175   | ●         |      |    |
| Participants who strongly agree or agree that the program's health education or screening helps them better manage their health   |  |  | N/A  | N/A                               |   | 95%                              |                                  | 96%  | ●                                 | N/A                               | N/A                                      |                                  | 85%                              |   | 86%                               | ●                                 | N/A                                      | N/A                              | ●                                | 90%                                      | 95%   | ●         |      |    |
| Farewell to Falls<br><div>FY18 Approved: \$35,000<br/>FY18 Spent: \$24,899<br/>FY17 Approved: \$25,160<br/>FY17 Spent: \$19,510<br/>FY16 Approved: N/A<br/>FY16 Spent: N/A<br/><br/>New Metrics: 0 of 3</div> |  | Older adults served  | -  | -                                 |   | N/A                              | -                                | -  |                                   | 20                                | 20                                       | ●                                | 60                               | 57                                      | ●                                 | 22                                | 29                                       | ●                                | 68                               | 62                                       | ●   | 67%       |      |    |
|   |  | Older adults who are compliant with exercise recommendations   | -  | -                                 |   |                                  | -                                | -  |                                   | 50%                               | 55%                                      | ●                                |                                  | 50%                                     | 81%                               | ●                                 | 60%                                      | 62%                              | ●                                | 60%                                      | 50%   |           | ●    |    |
|   | Older adults who decrease injurious falls that require a 911 call, Emergency Department, or doctor's visit   | -  | -  |                                   | -   |                                  | -                                |  | 80%                               | 100%                              | ●  | 70%                              |                                  | 92%                                     | ●                                 | 80%                               | 87%                                      | ●                                | 80%                              | 95%                                      | ●   |           |      |    |
| <div>HEALTHY COMMUNITY</div>  | HLRC - MV<br><div>FY18 Approved: \$373,491<br/>FY18 Spent: \$364,891<br/>FY17 Approved: \$393,491<br/>FY17 Spent: \$388,874<br/>FY16 Approved: \$393,491<br/>FY16 Spent: \$393,491<br/><br/>New Metrics: 1 of 6</div>                                    | Individuals served   | 12,000   | 12,310                            | ●   | 100%                             | 24,000                           | 21,985   | ●                                 | 12,015                            | 10,768                                   | ●                                | 24,030                           | 21,149                                  | ●                                 | 12,015                            | 11,198                                   | ●                                | 23,900                           | 22,101                                   | ●   | 100%      |      |    |
|   |  | New members registered   | 325  | 358                               | ●   |                                  | 650                              | 628  | ●                                 | 328                               | 306                                      | ●                                |                                  | 656                                     | 631                               | ●                                 | 328                                      | 289                              | ●                                | 656                                      | 661   |           | ●    |    |
|   |  | Health consultations provided  | -  | -                                 |   |                                  | -                                | -  |                                   | -                                 | -  |                                  |                                  | -                                       | -                                 |                                   | 140                                      | 212                              | ●                                | 280                                      | 396   |           | ●    |    |
|   |  | Individuals who strongly agree or agree that eldercare referrals appropriate to their needs  | N/A  | N/A                               |   |                                  | 95%                              | 100%   | ●                                 | 95%                               | 83%                                      | ●                                |                                  | 95%                                     | 87%                               | ●                                 | 95%                                      | 100%                             | ●                                | 95%                                      | 100%  |           | ●    |    |
|   |  | Individuals who strongly agree or agree that eldercare consultations increased their knowledge of care options   | N/A  | N/A                               |   |                                  | 95%                              | 94%  | ●                                 | 95%                               | 100%                                     | ●                                |                                  | 95%                                     | 100%                              | ●                                 | 95%                                      | 100%                             | ●                                | 95%                                      | 100%  |           | ●    |    |

Community Benefit Dashboard Notes

● A metric receives a “green” dot if the target was met, exceeded or within 10% of the target goal

● A metric receives a “red” dot if the target was not met by an excess of 10% of the target goal

N/A There are some 6-month metric targets with “N/A” because the client/patient has not had significant exposure to the intervention in order to accurately evaluate effectiveness or because activities or surveys are not scheduled until the second half of the year


| Health Priority Area<br>(Column A)  | Partner<br>(Column B)   | FY18 Metrics<br>(Column C)  | FY16 6-month target<br>(Column D) | FY16 6-month actual<br>(Column E) | FY16 % of ALL 6-month metrics met<br>(Column G) | FY16 Annual target<br>(Column H) | FY16 Annual Actual<br>(Column I) | FY16 % of ALL annual metrics met<br>(Column K) | FY17 6-month target<br>(Column L) | FY17 6-month actual<br>(Column M) | FY17 % 6-month metrics met<br>(Column O) | FY17 Annual Target<br>(Column P) | FY17 Annual Actual<br>(Column Q) | FY17 % Annual metrics met<br>(Column S) | FY18 6-month target<br>(Column T) | FY18 6-month actual<br>(Column U) | FY18 % 6-month metrics met<br>(Column W) | FY18 Annual Target<br>(Column X) | FY18 Annual Actual<br>(Column Y) | FY18 % Annual metrics met<br>(Column AA) | 6-MONTH Supporting Details for Variance and Trending<br>(Column AA) |         |         |       |   |
|---|---|---|-----------------------------------|-----------------------------------|---|----------------------------------|----------------------------------|--|-----------------------------------|-----------------------------------|--|----------------------------------|----------------------------------|---|-----------------------------------|-----------------------------------|--|----------------------------------|----------------------------------|--|---|---------|---------|-------|---|
| <div>HEALTHY COMMUNITY</div>  | <b>Hypertension Initiative - American Heart Association Health Screenings and Check. Change. Control Program</b><br><small>FY18 Approved: \$76,734<br/>FY18 Spent: \$76,734<br/>FY17 Requested: \$66,500<br/>FY17 Approved: \$66,500<br/><br/>New Metrics: 0 of 6</small> | Participants reached through education and community screenings   | -                                 | -                                 | N/A   | -                                | -                                | N/A  | 250                               | 351                               | ●  | 1,000                            | 1,023                            | ●                                       | N/A                               | 400                               | 443                                      | ●                                | 1,000                            | 873                                      | ●   | 80%     |         |       |   |
|   |   | Individuals served through Check.Change.Control blood pressure program  | -                                 | -                                 |   | -                                | -                                |  | 50                                | 54                                | ●  |                                  | 100                              | 105                                     |                                   | ●                                 | 50                                       | 85                               |                                  | ●  | 150   |         | 196     | ●     |   |
|   |   | Participants who improve blood pressure by 5mmHg  | -                                 | -                                 |   | -                                | -                                |  | N/A                               | N/A                               |  |                                  | 30%                              | 41%                                     |                                   | ●                                 | N/A                                      | N/A                              |                                  |  | 30%   |         | 58%     | ●     |   |
|   |   | Participants who are compliant with measuring their blood pressure eight times within the four months of the Check.Change.Control program   | -                                 | -                                 |   | -                                | -                                |  | N/A                               | N/A                               |  |                                  | 50%                              | 58%                                     |                                   | ●                                 | N/A                                      | N/A                              |                                  |  | 50%   |         | 54%     | ●     |   |
|   |   | Participants who report adopting healthy behaviors to improve blood pressure (including increasing intake of fruits and vegetables to 4 servings/day and increasing exercise to 30 minutes/day) | -                                 | -                                 |   | -                                | -                                |  | N/A                               | N/A                               |  |                                  | 30%                              | 25%                                     |                                   | ●                                 | N/A                                      | N/A                              |                                  |  | 30%   |         | 37%     | ●     |   |
|   |   | Heart Health Hub events coordinated   | -                                 | -                                 |   | -                                | -                                |  | 2                                 | 2                                 | ●  |                                  | 4                                | 6                                       |                                   | ●                                 | 4  | 5                                |                                  | ●  | 8   |         | 10      | ●     |   |
|   | <b>Hypertension Initiative - Know Your Blood Pressure Awareness Campaign</b><br><small>FY18 Approved: \$60,280<br/>FY18 Spent: \$54,546<br/>FY17 Requested: \$95,127<br/>FY17 Approved: \$85,127<br/><br/>New Metrics: 0 of 4</small>                                     | District population reached through views of bus shelter ads  | -                                 | -                                 | N/A   | -                                | -                                | N/A  | N/A                               | N/A                               |  | 25%                              | 25%                              | ●                                       | 20%                               | 20%                               | ●  | 20%                              | 20%                              | ●  | 100%  |         |         |       |   |
|   |   | Impressions from local newspaper print ads  |                                   |                                   |   |                                  |                                  |  | N/A                               | N/A                               |  |                                  | 347,000                          | 347,448                                 |                                   | ●                                 | 200,000                                  |                                  | 194,184                          | ●  |   | 500,000 | 582,552 | ●     |   |
|   |   | Impressions from Mercury News digital banner ads  | -                                 | -                                 |   | -                                | -                                |  | N/A                               | N/A                               |  |                                  | 200,000                          | 300,004                                 |                                   | ●                                 | 150,000                                  |                                  | 150,000                          | ●  |   | 300,000 | 300,000 | ●     |   |
|   |   | Impressions from social media campaign  | -                                 | -                                 |   | -                                | -                                |  | N/A                               | N/A                               |  |                                  | 36,000                           | 340,368                                 |                                   | ●                                 | 100,000                                  |                                  | 204,159                          | ●  |   | 200,000 | 940,005 | ●     |   |
|   | <b>Hypertension Initiative - Great NonProfits Text-based Program</b><br><small>FY18 Approved: \$25,000<br/>FY18 Spent: \$25,000<br/><br/>New Metrics: N/A</small>   | Participants  | -                                 | -                                 | N/A   | -                                | -                                | N/A  | -                                 | -                                 |  | -                                | -                                |   | N/A                               | 150                               | 150                                      | ●                                | 100%                             | 150                                      | 150   | ●       | 100%    |       |   |
|   |   | Participants who report an increase in their basic knowledge of hypertension  | -                                 | -                                 |   | -                                | -                                |  | -                                 | -                                 |  |                                  | 10%                              | 12%                                     |                                   | ●                                 | 10%                                      | 12%                              |                                  | ●  |   |         |         |       |   |
|   | <b>Maitri</b><br><small>FY18 Approved: \$40,000<br/>FY18 Spent: \$40,000<br/>FY17 Approved: \$30,000<br/>FY17 Spent: \$30,000<br/>FY16 Approved: N/A<br/>FY16 Spent: N/A<br/><br/>New Metrics: 2 of 4</small>   | Adults served   | -                                 | -                                 | N/A   | -                                | -                                | N/A  | 5                                 | 14                                | ●  | 10                               | 26                               | ●                                       | 10                                | 30                                | ●  | 100%                             | 20                               | 39                                       | ●   | 100%    |         |       |   |
|   |   | Helpline clients who report receiving emotional support after they call the crisis line seeking help  | -                                 | -                                 |   | -                                | -                                |  | 80%                               | 88%                               | ●  |                                  | 80%                              | 82%                                     |                                   | ●                                 | -  |                                  | -                                |  | -   |         | -       |       |   |
|   |   | Services provided   | -                                 | -                                 |   | -                                | -                                |  | -                                 | -                                 |  |                                  | 45                               | 64                                      |                                   | ●                                 | 91                                       |                                  | 111                              | ●  |   |         |         |       |   |
|   |   | Peer counseling clients surveyed will report increased emotional well being due peer counseling   | -                                 | -                                 |   | -                                | -                                |  | -                                 | -                                 |  |                                  | 70%                              | 80%                                     |                                   | ●                                 | 70%                                      |                                  | 80%                              | ●  |   |         |         |       |   |
|   |   | Legal clients who report increased awareness of their legal rights  | -                                 | -                                 |   | -                                | -                                |  | 70%                               | 88%                               | ●  |                                  | 75%                              | 89%                                     |                                   | ●                                 | 70%                                      |                                  | 69%                              | ●  | 75%   |         | 88%     | ●     |   |
|   | <b>Rebuilding Together</b><br><small>FY18 Approved: \$65,000<br/>FY18 Spent: \$65,000<br/>FY17 Approved: \$50,000<br/>FY17 Spent: \$50,000<br/>FY16 Approved: N/A<br/>FY16 Spent: N/A<br/><br/>New Metrics: 0 of 4</small>  | Homes assessed and modification planned for seniors aged 62+ or individuals at higher risk of fall (i.e. disability or illness)   | -                                 | -                                 | N/A   | -                                | -                                | N/A  | 5                                 | 6                                 | ●  | 14                               | 14                               | ●                                       | 6                                 | 7                                 | ●  | 100%                             | 25                               | 23                                       | ●   | 100%    |         |       |   |
|   |   | Recipients who report not having an unintentional injury resulting from a fall in their home after completed home repairs   | -                                 | -                                 |   | -                                | -                                |  | N/A                               | N/A                               |  |                                  | 80%                              | 100%                                    |                                   | ●                                 | N/A                                      |                                  |                                  | 85%                                      | 77%   |         | ●       |       |   |
|   |   | Recipients who report feeling safer in their homes after completed home repairs   | -                                 | -                                 |   | -                                | -                                |  | 80%                               | 100%                              | ●  |                                  | 80%                              | 100%                                    |                                   | ●                                 | N/A                                      |                                  |                                  | 80%                                      | 81%   |         | ●       |       |   |
|   |   | Recipients who would recommend or highly recommend this program to a friend   | -                                 | -                                 |   | -                                | -                                |  | 80%                               | 100%                              | ●  |                                  | 80%                              | 100%                                    |                                   | ●                                 | N/A                                      |                                  |                                  | 80%                                      | 86%   |         | ●       |       |   |
|   | <b>RoadRunners - MV</b><br><small>FY18 Approved: \$275,353<br/>FY18 Spent: \$275,353<br/>FY17 Approved: \$313,353<br/>FY17 Spent: \$288,361<br/>FY16 Approved: \$313,353<br/>FY16 Spent: \$313,353<br/><br/>New Metrics: 0 of 4</small>                                   | Older adults served   | 500                               | 732                               | ●   | 1,000                            | 1,528                            | ●  | 532                               | 727                               | ●  | 1,200                            | 1,272                            | ●                                       | 727                               | 856                               | ●  | 100%                             | 1,200                            | 1,869                                    | ●   | 100%    |         |       |   |
|   |   | Rides provided  | 5,000                             | 4,230                             | ●   |                                  | 8,237                            | ●  |                                   | 4,230                             | 4,322                                    |                                  | ●                                | 8,460                                   |                                   | 8,223                             | ●  |                                  | 4,322                            | 4,703                                    | ●   |         | 8,460   | 9,724 | ● |
|   |   | Older adults who strongly agree or agree that having RoadRunners services helped in maintaining their independence  | 90%                               | 99%                               | ●   |                                  | 92%                              | ●  |                                   | 90%                               | 96%                                      |                                  | ●                                | 92%                                     |                                   | 92%                               | ●  |                                  | 96%                              | 96%                                      | ●   |         | 95%     | 92%   | ● |
|   |   | Older adults who strongly agree or agree with the statement that having RoadRunners services made it possible to get to their medical appointments  | 95%                               | 96%                               | ●   |                                  | 92%                              | ●  |                                   | 95%                               | 96%                                      |                                  | ●                                | 95%                                     |                                   | 93%                               | ●  |                                  | 96%                              | 88%                                      | ●   |         | 95%     | 94%   | ● |
|   | <b>South Asian Heart Center</b><br><small>FY18 Approved: \$160,000<br/>FY18 Spent \$160,000<br/>FY17 Approved: \$180,000<br/>FY17 Spent: \$180,000<br/>FY16 Approved: \$180,000<br/>FY16 Spent: \$180,000<br/><br/>New Metrics: 0 of 6</small>                            | Individuals served  | 275                               | 301                               | ●   | 100%                             | 550                              | 858  | ●                                 | 220                               | 231                                      | ●                                | 440                              | 471                                     | ●                                 | 73                                | 79                                       | ●                                | 100%                             | 147                                      | 151   | ●       | 100%    |       |   |
|   |   | Services provided   | 1,500                             | 1,612                             | ●   |                                  | 2,804                            | ●  | 950                               |                                   | 921                                      | ●                                |                                  | 2,600                                   | 2,600                             |                                   | ●  | 295                              |                                  | 321                                      | ●   | 798     |         | 785   | ● |
|   |   | Improvement in average level of weekly physical activity from baseline  | -                                 | -                                 | -   |                                  | -                                | 14%  | 18%                               |                                   | ●  | 16%                              |                                  | 17%                                     | ●                                 |                                   | 19%                                      | 21%                              |                                  | ●  | 20%   | 21%     |         | ●     |   |
| Improvement in average levels of daily servings of vegetables from baseline |   | -   | -                                 | -                                 | -   |                                  | 11%                              | 18%  | ●                                 |                                   | 13%                                      | 14%                              |                                  | ●                                       | 18%                               |                                   | 20%                                      | ●                                |                                  | 20%                                      | 20%   | ●       |         |       |   |
| Improvement in levels of HDL-C as measured by follow-up lab test            |   | -   | -                                 | -                                 | -   |                                  | 3%                               | 5%   | ●                                 |                                   | 4%                                       | 4%                               |                                  | ●                                       | 4%                                |                                   | 5%                                       | ●                                |                                  | 4%                                       | 5%  | ●       |         |       |   |
| Improvement in cholesterol ratio as measured by follow-up lab test          |   | -   | -                                 | -                                 | -   |                                  | 5%                               | 6%   | ●                                 |                                   | 6%                                       | 6%                               |                                  | ●                                       | 7%                                |                                   | 7%                                       | ●                                |                                  | 7%                                       | 7%  | ●       |         |       |   |

Community Benefit Dashboard Notes

● A metric receives a “green” dot if the target was met, exceeded or within 10% of the target goal

● A metric receives a “red” dot if the target was not met by an excess of 10% of the target goal

N/A There are some 6-month metric targets with “N/A” because the client/patient has not had significant exposure to the intervention in order to accurately evaluate effectiveness or because activities or surveys are not scheduled until the second half of the year

| Health Priority Area<br>(Column A)  | Partner<br>(Column B)  | FY18 Metrics<br>(Column C)  | FY16 6-month target<br>(Column D) | FY16 6-month actual<br>(Column E) | <div><div></div><div></div></div> FY16 % of ALL 6-month metrics met<br>(Column G) | FY16 Annual target<br>(Column H) | FY16 Annual Actual<br>(Column I) | <div><div></div><div></div></div> FY16 % of ALL annual metrics met<br>(Column K) | FY17 6-month target<br>(Column L) | FY17 6-month actual<br>(Column M) | <div><div></div><div></div></div> FY17 % 6-month metrics met<br>(Column O) | FY17 Annual Target<br>(Column P) | FY17 Annual Actual<br>(Column Q) | <div><div></div><div></div></div> FY17 % Annual metrics met<br>(Column S) | FY18 6-month target<br>(Column T) | FY18 6-month actual<br>(Column U) | <div><div></div><div></div></div> FY18 % 6-month metrics met<br>(Column W) | FY18 Annual Target<br>(Column X) | FY18 Annual Actual<br>(Column Y) | <div><div></div><div></div></div> FY18 % Annual metrics met<br>(Column AA) | 6-MONTH Supporting Details for Variance and Trending<br>(Column AA) |
|---|--|---|-----------------------------------|-----------------------------------|---|----------------------------------|----------------------------------|--|-----------------------------------|-----------------------------------|--|----------------------------------|----------------------------------|---|-----------------------------------|-----------------------------------|--|----------------------------------|----------------------------------|--|---|
| <div>HEALTHY COMMUNITY</div> <div></div> | <b>Sunnyvale Community Services</b><br><i>Social Work Case Mgmt.</i><br>FY18 Approved: \$85,400<br>FY18 Spent: \$85,400<br>FY17 Approved: \$75,000<br>FY17 Spent: \$75,000<br>FY16 Approved: \$65,000<br>FY16 Spent: \$65,000<br><br>New Metrics: 0 of 4 | Individuals enrolled in Comprehensive Case Management   | 60                                | 30                                | <div><div></div><div></div></div>   | 100                              | 101                              | <div><div></div><div></div></div>  | 45                                | 46                                | <div><div></div><div></div></div>  | 100                              | 93                               | <div><div></div><div></div></div>   | 40                                | 50                                | <div><div></div><div></div></div>  | 105                              | 107                              | <div><div></div><div></div></div>  | 100%  |
|   |  | Services provided   | -                                 | -                                 | 50%   | -                                | -                                | 100%   | 270                               | 292                               | <div><div></div><div></div></div>  | 600                              | 590                              | <div><div></div><div></div></div>   | 240                               | 298                               | <div><div></div><div></div></div>  | 630                              | 671                              | <div><div></div><div></div></div>  |   |
|   |  | Sheltered clients who maintain housing for 60 days after financial assistance and referrals   | -                                 | -                                 |   | -                                | -                                |  | 90%                               | 100%                              | <div><div></div><div></div></div>  | 90%                              | 90%                              | <div><div></div><div></div></div>   | 90%                               | 0%                                | <div><div></div><div></div></div>  | 90%                              | 100%                             | <div><div></div><div></div></div>  |   |
|   |  | Homeless clients who are moved to temporary/permanent housing within 6 months of case plan  | -                                 | -                                 |   | -                                | -                                |  | 80%                               | 81%                               | <div><div></div><div></div></div>  | 80%                              | 81%                              | <div><div></div><div></div></div>   | 80%                               | 0%                                | <div><div></div><div></div></div>  | 80%                              | 100%                             | <div><div></div><div></div></div>  |   |
|   | <b>Sunnyvale Community Services</b><br><i>Emergency Assistance</i><br>FY18 Approved: \$100,000<br>FY18 Spent: \$100,000<br>FY17 Approved: \$85,000<br>FY17 Spent: \$85,000<br>FY16 Approved: \$75,000<br>FY16 Spent: \$75,000<br><br>New Metrics: 0 of 4 | Individuals served  | 750                               | 2,480                             | <div><div></div><div></div></div>   | 780                              | 981                              | <div><div></div><div></div></div>  | 2,450                             | 2,384                             | <div><div></div><div></div></div>  | 2,600                            | 2,600                            | <div><div></div><div></div></div>   | 2,000                             | 2,476                             | <div><div></div><div></div></div>  | 3,000                            | 3,086                            | <div><div></div><div></div></div>  | 100%  |
|   |  | Individuals receiving financial assistance  | 30                                | 18                                | 50%   | 60                               | 59                               | 66%  | 16                                | 10                                | <div><div></div><div></div></div>  | 33                               | 30                               | <div><div></div><div></div></div>   | 20                                | 59                                | <div><div></div><div></div></div>  | 45                               | 66                               | <div><div></div><div></div></div>  |   |
|   |  | Individuals receiving financial assistance for medically related bills who are still housed 60 days after assistance - if they are not homeless when assisted | -                                 | -                                 |   | -                                | -                                |  | 75%                               | 100%                              | <div><div></div><div></div></div>  | 75%                              | 100%                             | <div><div></div><div></div></div>   | 75%                               | 100%                              | <div><div></div><div></div></div>  | 75%                              | 80%                              | <div><div></div><div></div></div>  |   |
|   |  | Individuals who rate emergency assistance service as effective in meeting their needs as 4 or 5 on a 5-point scale  | -                                 | -                                 |   | -                                | -                                |  | N/A                               | N/A                               | <div><div></div><div></div></div>  | 80%                              | 95%                              | <div><div></div><div></div></div>   | N/A                               | N/A                               | <div><div></div><div></div></div>  | 80%                              | 84%                              | <div><div></div><div></div></div>  |   |
|   | <b>The Health Trust</b><br><i>Meals on Wheels</i><br>FY18 Approved: \$100,000<br>FY18 Spent: \$100,000<br><br>New Metrics: N/A   | Individuals served  | -                                 | -                                 | N/A   | -                                | -                                | N/A  | -                                 | -                                 | <div><div></div><div></div></div>  | -                                | -                                | <div><div></div><div></div></div>   | 55                                | 28                                | <div><div></div><div></div></div>  | 75                               | 100                              | <div><div></div><div></div></div>  | 80%   |
|   |  | Meals delivered   | -                                 | -                                 |   | -                                | -                                |  | -                                 | -                                 | <div><div></div><div></div></div>  | -                                | -                                | <div><div></div><div></div></div>   | 3,600                             | 1,048                             | <div><div></div><div></div></div>  | 8,800                            | 7,964                            | <div><div></div><div></div></div>  |   |
|   |  | Wellness checks administered  | -                                 | -                                 |   | -                                | -                                |  | -                                 | -                                 | <div><div></div><div></div></div>  | -                                | -                                | <div><div></div><div></div></div>   | 2,340                             | 681                               | <div><div></div><div></div></div>  | 5,720                            | 5,122                            | <div><div></div><div></div></div>  |   |
|   |  | Decrease in clients who are "Socially Isolated" as measured on the Lubbens Social Network Scale-6   | -                                 | -                                 |   | -                                | -                                |  | -                                 | -                                 | <div><div></div><div></div></div>  | -                                | -                                | <div><div></div><div></div></div>   | 20%                               | 0%                                | <div><div></div><div></div></div>  | 30%                              | 0%                               | <div><div></div><div></div></div>  |   |
|   | <b>Working Partnerships USA</b><br>FY18 Approved: \$65,000<br>FY18 Spent: \$65,000<br>FY17 Approved: \$65,000<br>FY17 Spent: \$65,000<br>FY16 Approved: \$100,000<br>FY16 Spent: \$83,706<br><br>New Metrics: 2 of 5                                     | Decrease in the number of emergency room visits reported by clients   | -                                 | -                                 |   | -                                | -                                |  | -                                 | -                                 | <div><div></div><div></div></div>  | -                                | -                                | <div><div></div><div></div></div>   | 25%                               | 100%                              | <div><div></div><div></div></div>  | 25%                              | 68%                              | <div><div></div><div></div></div>  | 100%  |
|   |  | Individuals served  | 1,800                             | 5,242                             | <div><div></div><div></div></div>   | 2,700                            | 4,313                            | <div><div></div><div></div></div>  | 693                               | 1,546                             | <div><div></div><div></div></div>  | 2,079                            | 3,970                            | <div><div></div><div></div></div>   | 800                               | 677                               | <div><div></div><div></div></div>  | 3,200                            | 7,446                            | <div><div></div><div></div></div>  |   |
|   |  | Encounters provided   | 4,000                             | 5,242                             | 25%   | 6,000                            | 8,890                            | 100%   | 2,100                             | 2,004                             | <div><div></div><div></div></div>  | 6,300                            | 9,029                            | <div><div></div><div></div></div>   | 2,000                             | 1,520                             | <div><div></div><div></div></div>  | 8,000                            | 8,901                            | <div><div></div><div></div></div>  |   |
|   |  | Residents contacted who accept information about available coverage programs  | -                                 | -                                 |   | -                                | -                                |  | -                                 | -                                 | <div><div></div><div></div></div>  | -                                | -                                | <div><div></div><div></div></div>   | 40%                               | 45%                               | <div><div></div><div></div></div>  | 40%                              | 84%                              | <div><div></div><div></div></div>  |   |
|   |  | Residents contacted who accept/provide referral information   | -                                 | -                                 |   | -                                | -                                |  | -                                 | -                                 | <div><div></div><div></div></div>  | -                                | -                                | <div><div></div><div></div></div>   | 13%                               | 15%                               | <div><div></div><div></div></div>  | 13%                              | 13%                              | <div><div></div><div></div></div>  |   |
|   | <b>YMCA</b><br>FY18 Approved: \$70,000<br>FY18 Spent: \$70,000<br>FY17 Approved: \$70,000<br>FY17 Spent: \$70,000<br>FY16 Approved: N/A<br>FY16 Spent: N/A<br><br>New Metrics: 0 of 3  | Individuals directly connected to enrollment entities for processing  | 600                               | 0                                 | <div><div></div><div></div></div>   | 900                              | 1,527                            | <div><div></div><div></div></div>  | 231                               | 1,134                             | <div><div></div><div></div></div>  | 693                              | 1,220                            | <div><div></div><div></div></div>   | 260                               | 225                               | <div><div></div><div></div></div>  | 1,040                            | 1,266                            | <div><div></div><div></div></div>  | 100%  |
|   |  | Campers served (K-8)  | -                                 | -                                 | N/A   | -                                | -                                | N/A  | 200                               | 227                               | <div><div></div><div></div></div>  | 400                              | 408                              | <div><div></div><div></div></div>   | 225                               | 277                               | <div><div></div><div></div></div>  | 420                              | 437                              | <div><div></div><div></div></div>  |   |
|   |  | Families who agree or strongly that their children were more physically active after attending camp   | -                                 | -                                 |   | -                                | -                                |  | 70%                               | 83%                               | <div><div></div><div></div></div>  | 70%                              | 70%                              | <div><div></div><div></div></div>   | 75%                               | 83%                               | <div><div></div><div></div></div>  | 75%                              | 94%                              | <div><div></div><div></div></div>  |   |
|   |  | Families who agree or strongly agree that their child eats more fruits and vegetables after attending camp  | -                                 | -                                 |   | -                                | -                                |  | 40%                               | 49%                               | <div><div></div><div></div></div>  | 40%                              | 49%                              | <div><div></div><div></div></div>   | 50%                               | 51%                               | <div><div></div><div></div></div>  | 50%                              | 85%                              | <div><div></div><div></div></div>  |   |

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A metric receives a "red" dot if the target was not met by an excess of 10% of the target goal

N/A There are some 6-month metric targets with "N/A" because the client/patient has not had significant exposure to the intervention in order to accurately evaluate effectiveness or because activities or surveys are not scheduled until the second half of the year

| Health Priority Area<br><i>(Column A)</i> | Partner<br><i>(Column B)</i>  | FY18 Metrics<br><i>(Column C)</i>        | FY16 6-month target<br><i>(Column D)</i> | FY16 6-month actual<br><i>(Column E)</i> | <div><div></div><div></div></div> FY16 % of ALL 6-month metrics met<br><i>(Column G)</i> | FY16 Annual target<br><i>(Column H)</i> | FY16 Annual Actual<br><i>(Column I)</i> | <div><div></div><div></div></div> FY16 % of ALL annual metrics met<br><i>(Column K)</i> | FY17 6-month target<br><i>(Column L)</i> | FY17 6-month actual<br><i>(Column M)</i> | <div><div></div><div></div></div> FY17 % 6-month metrics met<br><i>(Column O)</i> | FY17 Annual Target<br><i>(Column P)</i> | FY17 Annual Actual<br><i>(Column Q)</i> | <div><div></div><div></div></div> FY17 % Annual metrics met<br><i>(Column S)</i> | FY18 6-month target<br><i>(Column T)</i> | FY18 6-month actual<br><i>(Column U)</i> | <div><div></div><div></div></div> FY18 % 6-month metrics met<br><i>(Column W)</i> | FY18 Annual Target<br><i>(Column X)</i> | FY18 Annual Actual<br><i>(Column Y)</i> | <div><div></div><div></div></div> FY18 % Annual metrics met<br><i>(Column AA)</i> | 6-MONTH Supporting Details for Variance and Trending<br><i>(Column AA)</i>  |  |
|---|---|--|--|--|--|---|---|---|--|--|---|---|---|--|--|--|---|---|---|---|---|--|
| Small Grants                              |   |  |  |  |  |   |   |   |  |  |   |   |   |  |  |  |   |   |   |   |   |  |
| <div>HEALTHY BODY</div>                   | <b>5-2-1-0</b><br>FY18 Approved: \$25,000<br>FY18 Spent: \$25,000<br>FY17 Approved: \$30,000<br>FY17 Spent: \$12,809<br>FY16 Approved: \$30,150<br>FY16 Spent: \$9,478                                    | Students served                          | -  | -  | N/A  | -                                       | -                                       | N/A   | 5,000                                    | 6,627                                    | <div><div></div><div></div></div> 100%  | 7,000                                   | 7,500                                   | <div><div></div><div></div></div> 100%   | 5,000                                    | 4,943                                    | <div><div></div><div></div></div> 100%  | 7,000                                   | 6,917                                   | <div><div></div><div></div></div> 100%  |   |  |
|   | <b>BAWSI</b><br><b>BAWSI Girls (Small Grant)</b><br>FY18 Approved: \$16,605<br>FY18 Spent: \$16,605<br>FY17 Approved: \$16,000<br>FY17 Spent: \$16,000<br>FY16 Approved: \$15,000<br>FY16 Spent: \$15,000 | Youth served                             | -  | -  | N/A  | -                                       | -                                       | N/A   | 60                                       | 60                                       | <div><div></div><div></div></div> 100%  | 112                                     | 98                                      | <div><div></div><div></div></div> 0%   | 60                                       | 65                                       | <div><div></div><div></div></div> 100%  | 120                                     | 113                                     | <div><div></div><div></div></div> 100%  |   |  |
|   | <b>BAWSI</b><br><b>BAWSI Rollers (Small Grant)</b><br>FY18 Approved: \$16,000<br>FY18 Spent: \$16,000   | Youth served                             | -  | -  | N/A  | -                                       | -                                       | N/A   | -  | -  | N/A   | -                                       | 5,000                                   | N/A  | 25                                       | 23                                       | <div><div></div><div></div></div> 100%  | 25                                      | 26                                      | <div><div></div><div></div></div> 100%  |   |  |
| <div>HEALTHY BODY</div>                   | <b>Breathe California (Small Grant)</b><br>FY18 Approved: \$20,000<br>FY18 Spent: \$20,000<br>FY17 Approved: \$25,000<br>FY17 Spent: \$25,000<br>FY16 Approved: N/A<br>FY16 Spent: N/A                    | Older adults served                      | -  | -  | N/A  | -                                       | -                                       | N/A   | N/A                                      | N/A                                      | N/A   | 1,000                                   | 1,045                                   | <div><div></div><div></div></div> 100%   | 400                                      | 373                                      | <div><div></div><div></div></div> 100%  | 1,000                                   | 2,230                                   | <div><div></div><div></div></div> 100%  |   |  |
|   | <b>Day Worker Center (Small Grant)</b><br>FY18 Approved: \$25,000<br>FY18 Spent: \$25,000<br>FY17 Approved: \$25,000<br>FY17 Spent: \$25,000<br>FY16 Approved: \$20,000<br>FY16 Spent: \$20,000           | Individuals served with nutritious meals | -  | -  | N/A  | -                                       | -                                       | N/A   | 300                                      | 431                                      | <div><div></div><div></div></div> 100%  | 460                                     | 535                                     | <div><div></div><div></div></div> 100%   | 325                                      | 302                                      | <div><div></div><div></div></div> 100%  | 475                                     | 523                                     | <div><div></div><div></div></div> 100%  |   |  |
|   | <b>Healthier Kids Foundation DentalFirst (Small Grant)</b><br>FY18 Approved: \$10,000<br>FY18 Spent: \$10,000   | Children screened                        | -  | -  | N/A  | -                                       | -                                       | N/A   | -  | -  | N/A   | -                                       | -                                       | N/A  | 110                                      | 100                                      | <div><div></div><div></div></div>   | 225                                     | 247                                     | <div><div></div><div></div></div>   | At end of grant year, a number of cases remained open as case managers were still working with many of those who received a referral to ensure that they make and follow through with attending their dental appointment. |  |
|   | Case managers who confirm that those children who received a referral received appropriate services by a dentist  | -  | -  | -  |  | -                                       | -                                       |   | -  | -  |   | 75%                                     | 71%                                     |  | <div><div></div><div></div></div>        | 75%                                      | 56%   | <div><div></div><div></div></div>       |   |   |   |  |
|   | <b>Healthier Kids Foundation HearingFirst (Small Grant)</b><br>FY18 Approved: \$10,000<br>FY18 Spent: \$10,000  | Children screened                        | -  | -  | N/A  | -                                       | -                                       | N/A   | -  | -  | N/A   | -                                       | -                                       | N/A  | 110                                      | 256                                      | <div><div></div><div></div></div>   | 225                                     | 256                                     | <div><div></div><div></div></div>   |   |  |
|   | Case managers confirmed that those children who received a referral accessed services   | -  | -  | -  |  | -                                       | -                                       |   | -  | -  |   | 35%                                     | 10%                                     |  | <div><div></div><div></div></div>        | 35%                                      | 34%   | <div><div></div><div></div></div>       |   |   |   |  |
|   | <b>Hope's Corner (Small Grant)</b><br>FY18 Approved: \$25,000<br>FY18 Spent: \$25,000<br>FY17 Approved: \$25,000<br>FY17 Spent: \$25,000<br>FY16 Approved: \$15,768<br>FY16 Spent: \$15,768               | Individuals served                       | -  | -  | N/A  | -                                       | -                                       | N/A   | 325                                      | 350                                      | <div><div></div><div></div></div> 100%  | 325                                     | 327                                     | <div><div></div><div></div></div> 100%   | 350                                      | 350                                      | <div><div></div><div></div></div> 100%  | 350                                     | 350                                     | <div><div></div><div></div></div> 100%  |   |  |

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N/A

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| Health Priority Area<br><small>(Column A)</small> | Partner<br><small>(Column B)</small>   | FY18 Metrics<br><small>(Column C)</small> | FY16 6-month target<br><small>(Column D)</small> | FY16 6-month actual<br><small>(Column E)</small> | <div><div></div><div></div></div> FY16 % of ALL 6-month metrics met<br><small>(Column G)</small> | FY16 Annual target<br><small>(Column H)</small> | FY16 Annual Actual<br><small>(Column I)</small> | <div><div></div><div></div></div> FY16 % of ALL annual metrics met<br><small>(Column K)</small> | FY17 6-month target<br><small>(Column L)</small> | FY17 6-month actual<br><small>(Column M)</small> | <div><div></div><div></div></div> FY17 % 6-month metrics met<br><small>(Column O)</small> | FY17 Annual Target<br><small>(Column P)</small> | FY17 Annual Actual<br><small>(Column Q)</small> | <div><div></div><div></div></div> FY17 % Annual metrics met<br><small>(Column S)</small> | FY18 6-month target<br><small>(Column T)</small> | FY18 6-month actual<br><small>(Column U)</small> | <div><div></div><div></div></div> FY18 % 6-month metrics met<br><small>(Column W)</small> | FY18 Annual Target<br><small>(Column X)</small> | FY18 Annual Actual<br><small>(Column Y)</small> | <div><div></div><div></div></div> FY18 % Annual metrics met<br><small>(Column AA)</small> | 6-MONTH Supporting Details for Variance and Trending<br><small>(Column AA)</small> |  |
|---|--|---|--|--|--|---|---|---|--|--|---|---|---|--|--|--|---|---|---|---|--|--|
| Small Grants (Continued) ⓘ                        |  |   |  |  |  |   |   |   |  |  |   |   |   |  |  |  |   |   |   |   |  |  |
| <div>HEALTHY MIND</div>                           | EDRC<br>(Small Grant)<br>FY18 Approved: \$20,000<br>FY18 Spent: \$20,000<br>FY17 Approved: \$20,000<br>FY17 Spent: \$20,000<br>FY16 Approved: \$17,600<br>FY16 Spent: \$17,600                 | Individuals served                        | -  | -  | N/A  | -   | -   | N/A   | 196  | 265  | <div><div></div><div></div></div> 100%  | 350   | 335   | <div><div></div><div></div></div> 100%   | 78   | 78   | <div><div></div><div></div></div> 100%  | 375   | 342   | <div><div></div><div></div></div> 100%  |  |  |
|   | Prevention Partnership, Int.<br>(Small Grant)<br>FY18 Approved: \$18,000<br>FY18 Spent \$2,675<br>FY17 Approved: \$22,500<br>FY17 Spent: \$22,500<br>FY16 Approved: N/A<br>FY16 Spent: N/A     | Individuals trained                       | -  | -  | N/A  | -   | -   | N/A   | -  | -  | N/A   | -   | -   | N/A  | 10   | 12   | <div><div></div><div></div></div> 100%  | 10  | 12  | <div><div></div><div></div></div> 100%  |  |  |
| <div>HEALTHY COMMUNITY</div>                      | Friends for Youth<br>(Small Grant)<br>FY18 Approved: \$15,000<br>FY18 Spent: \$15,000<br>FY17 Approved: \$20,000<br>FY17 Spent: \$20,000<br>FY16 Approved: \$20,000<br>FY16 Spent: \$20,000    | Youth served                              | -  | -  | N/A  | -   | -   | N/A   | 25   | 37   | <div><div></div><div></div></div> 100%  | 47  | 60  | <div><div></div><div></div></div> 100%   | 35   | 40   | <div><div></div><div></div></div> 100%  | 48  | 56  | <div><div></div><div></div></div> 100%  |  |  |
|   | Matter of Balance<br>(Small Grant)<br>FY18 Approved: \$14,000<br>FY18 Spent: \$14,000<br>FY17 Approved: \$10,628<br>FY17 Spent: \$ 10,032<br>FY16 Approved: N/A<br>FY16 Spent: N/A             | At-risk older adults served               | -  | -  | N/A  | -   | -   | N/A   | 50   | 35   | <div><div></div><div></div></div> 0%  | 120   | 117   | <div><div></div><div></div></div> 100%   | 40   | 41   | <div><div></div><div></div></div> 100%  | 135   | 155   | <div><div></div><div></div></div> 100%  |  |  |
|   | MVPD - Dreams and Futures Camp<br>(Small Grant)<br>FY18 Approved: \$25,000<br>FY18 Spent: \$25,000<br>FY17 Approved: \$25,000<br>FY17 Spent: \$25,000<br>FY16 Approved: N/A<br>FY16 Spent: N/A | Youth served                              | -  | -  | N/A  | -   | -   | N/A   | 40   | 32   | <div><div></div><div></div></div> 0%  | 95  | 64  | <div><div></div><div></div></div> 0%   | 40   | 49   | <div><div></div><div></div></div> 100%  | 80  | 97  | <div><div></div><div></div></div> 100%  |  |  |
|   | Reach Potential Movement<br>(Small Grant)<br>FY18 Approved: \$20,000<br>FY18 Spent \$20,000  | Youth served                              | -  | -  | N/A  | -   | -   | N/A   | -  | -  | N/A   | -   | -   | N/A  | 125  | 119  | <div><div></div><div></div></div> 100%  | 150   | 138   | <div><div></div><div></div></div> 100%  |  |  |

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N/A

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*Dedicated to improving the health and well being of the people in our community.*

**Board Finance Presentation – ECHD Stand-Alone  
Fiscal Year 2018  
7/1/2017- 6/30/2018**

Iftikhar Hussain, CFO

El Camino Healthcare District Board of Directors Meeting  
October 16, 2018

# Contents

## **ECHD **Stand-Alone** Financial Statements**

|  |                  |
|--|------------------|
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| <b>Statement of Revenues &amp; Expenses Year to Date thru June 30, 2018.....</b> | <b>Page 4</b>    |
| <b>Statement of Fund Balance Activity as of June 30, 2018.....</b>               | <b>Page 5</b>    |
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| <b>Sources &amp; Uses of Property Taxes .....</b>                                | <b>Page 8</b>    |

**NOTE: Accounting standards require that audited financial statements for El Camino Healthcare District be presented in consolidated format, including El Camino Hospital and its controlled affiliates. In an effort to help ensure public accountability and further ensure the transparency of the District’s operations, the District also prepares internal, “Stand-Alone” financial statements which present information for the District by itself.**



# El Camino Healthcare District

## Stand-Alone Comparative Balance Sheet (\$ Thousands)

*These financial statements **exclude** the District's El Camino Hospital Corporation and its controlled affiliates*

|   | June 30,<br>2018 | June 30,<br>2017 |  | June 30,<br>2018  | June 30,<br>2017  |
|---|------------------|------------------|--|-------------------|-------------------|
| <b><u>ASSETS</u></b>                      |                  |                  | <b><u>LIABILITIES &amp; FUND BALANCE</u></b> |                   |                   |
| Cash & cash equiv                         | \$4,306          | \$2,960          | Accounts payable <sup>(8)</sup>              | \$0               | \$0               |
| Short term investments                    | 2,377            | 1,710            | Current portion of bonds                     | 3,310             | 3,570             |
| Due fm Retiree Health Plan <sup>(1)</sup> | 10               | 30               | Bond interest payable                        | 2,603             | 2,152             |
| S.C. M&O Taxes Receivable                 | 0                | 0                | Other Liabilities                            | 106               | 161               |
| Other current assets                      | 21               | 0                |  |                   |                   |
| <b>Total current assets</b>               | <b>\$6,714</b>   | <b>\$4,700</b>   | <b>Total current liabilities</b>             | <b>\$6,019</b>    | <b>\$5,883</b>    |
| Operational Reserve Fund <sup>(2)</sup>   | 1,500            | 1,500            |  |                   |                   |
| Capital Appropriation Fund <sup>(3)</sup> | 20,964           | 13,133           |  |                   |                   |
| Capital Replacement Fund <sup>(4)</sup>   | 5,298            | 4,998            | Deferred income                              | 47                | 46                |
| Community Benefit Fund <sup>(5)</sup>     | 5,596            | 7,011            | Bonds payable - long term                    | 125,687           | 129,642           |
| <b>Total Board designated funds</b>       | <b>\$33,358</b>  | <b>\$26,642</b>  | <b>Total liabilities</b>                     | <b>\$131,753</b>  | <b>\$135,571</b>  |
| Funds held by trustee <sup>(6)</sup>      | <b>\$20,837</b>  | <b>\$18,363</b>  | <b>Fund balance</b>                          |                   |                   |
| <b>Capital assets, net <sup>(7)</sup></b> | <b>\$10,978</b>  | <b>\$11,209</b>  | Unrestricted fund balance                    | \$50,692          | \$42,344          |
|   |                  |                  | Restricted fund balance <sup>(9)</sup>       | (110,558)         | (117,001)         |
|   |                  |                  | <b>Total fund balance</b>                    | <b>(\$59,866)</b> | <b>(\$74,657)</b> |
| <b>TOTAL ASSETS</b>                       | <b>\$71,888</b>  | <b>\$60,914</b>  | <b>TOTAL LIAB &amp; FUND BALANCE</b>         | <b>\$71,888</b>   | <b>\$60,914</b>   |



*Note: Totals may not agree due to rounding. See page 9 for footnotes.*

# El Camino Healthcare District

## YTD **Stand-Alone** Stmt of Revenue and Expenses (\$ Thousands)

### Comparative Year-to-Date June 30, 2018

*These financial statements **exclude** the District's El Camino Hospital Corporation and its controlled affiliates*

|  | Actual          | Current Year<br>Budget | Variance          | Prior Full Year<br>Actual |
|--|-----------------|------------------------|-------------------|---------------------------|
| <b><u>REVENUES</u></b>   |                 |                        |                   |                           |
| (A) Ground Lease Revenue <sup>(10)</sup>                                       | \$ 92           | \$ 91                  | \$ 1              | \$ 90                     |
| (B) Redevelopment Taxes <sup>(11)</sup>  | 256             | 140                    | 116               | 244                       |
| (B) Unrestricted M&O Property Taxes <sup>(11)</sup>                            | 8,025           | 7,888                  | 137               | 7,658                     |
| (B) Restricted M&O Property Taxes <sup>(11)</sup>                              | 7,831           | 5,620                  | 2,211             | 6,959                     |
| (B) G.O. Taxes Levied for Debt Service <sup>(11)</sup>                         | 9,266           | 10,200                 | (934)             | 10,679                    |
| (B) IGT/PRIME Medi-Cal Program <sup>(12)</sup>                                 | (6,469)         | (510)                  | (5,959)           | (10,328)                  |
| (B) Investment Income (net)  | 29              | 156                    | (127)             | (17)                      |
| (B) Other income   | 0               | 0                      | -                 | 0                         |
| <b>TOTAL NET REVENUE</b>   | <b>19,030</b>   | <b>23,585</b>          | <b>(4,555)</b>    | <b>16,267</b>             |
| <b><u>EXPENSES</u></b>   |                 |                        |                   |                           |
| (A) Wages & Benefits <sup>(13)</sup>   | 0               | 0                      | -                 | 0                         |
| (A) Professional Fees & Purchased Svcs <sup>(14)</sup>                         | 439             | 467                    | 28                | 456                       |
| (A) Supplies & Other Expenses  | 153             | 156                    | 3                 | 187                       |
| (B) G.O. Bond Interest Expense (net) <sup>(15)</sup>                           | 3,037           | 3,908                  | 871               | 4,333                     |
| (B) Donations to Outside Organizations <sup>(16)</sup>                         | 6,847           | 7,000                  | 153               | 6,484                     |
| (A) Depreciation / Amortization  | 231             | 231                    | -                 | 240                       |
| <b>TOTAL EXPENSES</b>  | <b>10,707</b>   | <b>11,762</b>          | <b>1,055</b>      | <b>12,682</b>             |
| <b>NET INCOME</b>  | <b>\$ 8,323</b> | <b>\$ 11,823</b>       | <b>\$ (3,500)</b> | <b>\$ 3,585</b>           |
| <br>(A) Operating Revenues & Expenses<br>(B) Non-operating Revenues & Expenses |                 |                        |                   |                           |
| <b><u>RECAP STATEMENT OF REVENUES &amp; EXPENSE</u></b>                        |                 |                        |                   |                           |
| (A) Net Operating Revenues & Expenses  | \$ (731)        |                        |                   |                           |
| (B) Net Non-Operating Revenues & Expenses                                      | 9,054           |                        |                   |                           |
| <b>NET INCOME</b>  | <b>\$ 8,323</b> |                        |                   |                           |



Note: Totals may not agree due to rounding. See page 9 for footnotes.

# El Camino Healthcare District

## Comparative YTD **Stand-Alone** Stmt of Fund Balance Activity (\$ Thousands)

*These financial statements **exclude** the District's El Camino Hospital Corporation and its controlled affiliates*

|  | <u>June 30, 2018</u>      | <u>June 30, 2017</u>      |
|--|---------------------------|---------------------------|
| <b>Fiscal year beginning balance</b>           | \$ (74,657)               | \$ (79,881)               |
| Net income year-to-date                        | \$ 8,323                  | \$ 3,585                  |
| Transfers (to)/from ECH:                       |                           |                           |
| IGT/PRIME Funding <sup>(17)</sup>              | \$ 6,469                  | \$ 10,912                 |
| Capital Appropriation projects <sup>(18)</sup> | \$ -                      | (9,274)                   |
| <b>Fiscal year ending balance</b>              | <u><u>\$ (59,866)</u></u> | <u><u>\$ (74,657)</u></u> |



*Note: Totals may not agree due to rounding. See page 10 for footnotes.*

# El Camino Healthcare District

## Notes to Stand-Alone Financial Statements

*These financial statements exclude the District's El Camino Hospital Corporation and its controlled affiliates*

- (1) **Due from Retiree Health Plan** – The monies due from Trustee for District's Retiree Healthcare Plan.
- (2) **Operational Reserve Fund** – Starting in FY 2014, the Board established an operational reserve for unanticipated operating expenses of the District.
- (3) **Capital Appropriation Fund** – Formerly known as the Capital Outlay Fund, which accumulates at the end of each fiscal year those M&O property taxes that are over the Gann limit and thus become restricted for plant and equipment projects. This amount reflects the accumulation of the fiscal year ended 2018. Note, at each fiscal year end the amount placed into this fund must be board designated for a capital project (must be a value greater than \$100,000 and a minimum life of 10 years) within the next two fiscal years. At the District's June 2018 meeting the Board authorized a transfer to the Hospital in support of the Women's Hospital impending renovation in the amount of \$6.2 million which will occur in the beginning of FY2019.
- (4) **Capital Replacement Fund** – Formerly known as the Plant Facilities Fund (AKA - Funded Depreciation) which reserves monies for the major renovation or replacement of the portion of the YMCA (Park Pavilion) owned by the District.
- (5) **Community Benefit Fund** – Newly established fund at the District in FY 2014, as the District retains its unrestricted M&O property taxes to pay for its operations and support its Community Benefit Program.
- (6) **Funds Held by Trustee** – Funds from General Obligation tax monies, being held to make the debt payments when due.
- (7) **Capital Net Assets** - The land on which the Mountain View Hospital resides, a portion of the YMCA building, and a vacant lot located at El Camino Real and Phyllis.
- (8) **Accounts Payable and Accrued Expenses** – Expenses due which have not yet been paid.
- (9) **Fund Balance** – The negative fund balance is a result of the General Obligation bonds which assisted in funding the replacement hospital facility in Mountain View. Accounting rules required the District to recognize the obligation in full at the time the bonds were issued ; receipts from taxpayers will be recognized in the year they are levied, slowly reducing the negative fund balance over the next 19 years.



# El Camino Healthcare District

## Notes to Stand-Alone Financial Statements

*These financial statements exclude the District's El Camino Hospital Corporation and its controlled affiliates*

(10) **Other Operating Revenue** – Lease income from El Camino Hospital for its ground lease with the District.

(11) **Taxes: Redevelopment, M&O, G.O.** – Tax receipts (either received or to be received) during the period. Note amount for the G.O. Taxed Levied for Debt is lower than budget and the prior year mostly due to the March 2017 G.O. Refunding that the District did that reduced the previously \$12.90 of assessed property valuation per \$100,000 to a current \$10.00 per \$100,000.

(12) **IGT/PRIME Expense** – Which returned to the Hospital approximately double this amount.

(13) **Wages & Benefits** – The District employs no employees. Employees are based at the Hospital, CONCERN, or SVMD entities. The District does contract with the Hospital and outside professional and general services organizations (see item 14).

(14) **Professional Fees & Services** – Detailed below:

|  |               |
|--|---------------|
| • Community Benefit/Admin Support from ECH | \$ 370        |
| • Grant Writer                             | 17            |
| • Management Services Support from ECH     | 10            |
| • Legal                                    | 28            |
| • Other                                    | 14            |
|  | <u>\$ 439</u> |

(15) **G.O. Bond Interest Expense** – It is to be noted that on March 22, 2017 the District refunded \$99M of its remaining \$132M 2006 G.O. bond issue. Refunding of the 2006 G.O. debt, given current interest rates, caused a net present value savings of \$7M.

(16) **Donations to Outside Organizations** – Starting in FY 2014, the District is directly operating its Community Benefit Program at the District level. This represents amounts expended to grantees and sponsorships thus far in this fiscal year. Note the major payments to recipients are made in August and February of the fiscal year.

(17) **IGT/PRIME Funding** – Transfers from ECH for participation in the two programs thus far in FY 2018.

(18) **Capital Appropriation Projects Transfer** – This amount for FY2017 was the approved amount at the Board's June 2016 meeting to be transferred to the Hospital during FY2017 for the future renovation of the Women's Hospital after the IMOB is completed in the Spring 2019.



# El Camino Healthcare District

## Sources & Uses of Tax Receipts (\$Thousands)

*These financial statements **exclude** the District's El Camino Hospital Corporation and its controlled affiliates*

| <u>Sources of District Taxes</u>  | 6/30/2018       |
|---|-----------------|
| (1) Maintenance and Operation and Government Obligation Taxes                         | \$25,122        |
| (2) Redevelopment Agency Taxes  | 256             |
| <b>Total District Tax Receipts</b>  | <b>\$25,378</b> |
| <u>Uses Required Obligations / Operations</u>   |                 |
| (3) Government Obligation Bond  | 9,266           |
| <b>Total Cash Available for Operations, CB Programs, &amp; Capital Appropriations</b> | <b>16,112</b>   |
| (4) Capital Appropriation Fund – Excess Gann Initiative Restricted*                   | 7,831           |
| <b>Subtotal</b>   | <b>8,281</b>    |
| (5) Operating Expenses  | 592             |
| <b>Subtotal</b>   | <b>7,689</b>    |
| (6) Capital Replacement Fund (Park Pavilion)  | 300             |
| <b>Funds Available for Community Benefit Programs</b>                                 | <b>\$7,389</b>  |

\*Gann Limit Calculation for FY2018 \$8,025

|                                |  |
|--------------------------------|--|
| (1) M&O and G.O. Taxes         | • Cash receipts from the 1% ad valorem property taxes and Measure D taxes  |
| (2) Redevelopment Agency Taxes | • Cash receipts from dissolution of redevelopment agencies   |
| (3) Government Obligation Bond | • Levied for debt service  |
| (4) Capital Appropriation Fund | • Excess amounts over the Gann Limit are restricted for use as capital   |
| (5) Operating Expenses         | • Expenses incurred in carrying out the District's day-to-day activities   |
| (6) Capital Replacement Fund   | • Fund to ensure that the District has adequate resources to fund repair and replacement of its capital assets (Park Pavilion) |





*Dedicated to improving the health and well being of the people in our community.*

**Board Finance Presentation  
Fiscal Year 2019  
7/1/2018- 8/31/2018**

Iftikhar Hussain, CFO

El Camino Healthcare District Board of Directors Meeting  
October 16, 2018

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## **ECHD Consolidated Financial Statements (Includes El Camino Hospital)**

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## **ECHD Stand-Alone Financial Statements**

|  |                   |
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**NOTE: Accounting standards require that audited financial statements for El Camino Healthcare District be presented in consolidated format, including El Camino Hospital and its controlled affiliates. In an effort to help ensure public accountability and further ensure the transparency of the District’s operations, the District also prepares internal, “Stand-Alone” financial statements which present information for the District by itself.**



# El Camino Healthcare District

## Consolidated Comparative Balance Sheet (\$ Millions)

(Includes El Camino Hospital)

|   | Aug 31,<br>2018 | June 30,<br>2018<br>Un-Audited w/o<br>Eliminations |   | Aug 31,<br>2018 | June 30,<br>2018<br>Un-Audited w/o<br>Eliminations |
|---|-----------------|--|---|-----------------|--|
| <b><u>ASSETS</u></b>                              |                 |  | <b><u>LIABILITIES &amp; FUND BALANCE</u></b>  |                 |  |
| <b>Current Assets</b>                             |                 |  | <b>Current Liabilities</b>                    |                 |  |
| Cash & Investments                                | \$256           | \$296  | Accounts Payable & Accrued Exp <sup>(4)</sup> | \$91            | \$119  |
| Patient Accounts Receivable, net                  | \$118           | \$118  | Bonds Payable - Current                       | 8               | 7  |
| Other Accounts and Notes Receivable               | \$8             | \$6  | Bond Interest Payable                         | 7               | 16   |
| Inventories and Prepaids                          | \$79            | \$76   | Other Liabilities                             | 9               | 9  |
| <b>Total Current Assets</b>                       | <b>460</b>      | <b>495</b>   | <b>Total Current Liabilities</b>              | <b>115</b>      | <b>151</b>   |
| <b>Board Designated Assets</b>                    |                 |  | <b>Deferred Revenue</b>                       | <b>1</b>        | <b>1</b>   |
| Foundation Reserves                               | 17              | 16   | <b>Deferred Revenue Inflow of Resources</b>   | <b>26</b>       | <b>26</b>  |
| Community Benefit Fund                            | 20              | 21   | <b>Long Term Liabilities</b>                  |                 |  |
| Operational Reserve Fund <sup>(1)</sup>           | 141             | 129  | Bond Payable                                  | 640             | 643  |
| Workers Comp, Health & PTO Reserves               | 74              | 74   | Benefit Obligations                           | 48              | 47   |
| Facilities Replacement Fund <sup>(2)</sup>        | 196             | 189  | Other Long-term Obligations                   | 4               | 4  |
| Catastrophic & Malpractice Reserve <sup>(3)</sup> | 21              | 20   | <b>Total Long Term Liabilities</b>            | <b>691</b>      | <b>695</b>   |
| <b>Total Board Designated Assets</b>              | <b>469</b>      | <b>450</b>   | <b>Fund Balance</b>                           |                 |  |
| <b>Non-Designated Assets</b>                      |                 |  | Unrestricted                                  | 1,278           | 1,261  |
| Funds Held By Trustee                             | 191             | 218  | Board Designated & Restricted                 | 379             | 359  |
| Long Term Investments                             | 368             | 346  | Capital & Retained Earnings                   | 16              | 16   |
| Other Investments                                 | 36              | 35   | <b>Total Fund Balance</b>                     | <b>1,673</b>    | <b>1,636</b>                                       |
| Net Property Plant & Equipment                    | 938             | 920  |   |                 |  |
| Deferred Outflows of Resources                    | 21              | 21   |   |                 |  |
| Other Assets                                      | 24              | 23   |   |                 |  |
| <b>Total Non-Designated Assets</b>                | <b>1,577</b>    | <b>1,563</b>                                       |   |                 |  |
| <b>TOTAL ASSETS</b>                               | <b>\$2,506</b>  | <b>\$2,509</b>                                     | <b>TOTAL LIAB. &amp; FUND BAL.</b>            | <b>\$2,506</b>  | <b>\$2,509</b>                                     |



*Note: Totals may not agree due to rounding. See page 5 for footnotes.*

# El Camino Healthcare District

## Consolidated Comparative Statement of Revenues & Expenses (\$ Millions)

Year-to-Date through August 31, 2018

(Includes El Camino Hospital)

|   | <u>Actual</u> | <u>Budget</u> | <u>Fav (Unfav)<br/>Variance</u> | <u>Prior YTD FY<br/>Actual</u> |
|---|---------------|---------------|---------------------------------|--------------------------------|
| Net Patient Revenue <sup>(5)</sup>            | 149           | 146           | 3                               | 140                            |
| Other Operating Revenues                      | 6             | 7             | -1                              | 8                              |
| <b>Total Operating Revenues</b>               | <b>155</b>    | <b>153</b>    | <b>2</b>                        | <b>148</b>                     |
| Wages and Benefits                            | 82            | 84            | 2                               | 79                             |
| Supplies                                      | 22            | 21            | -1                              | 20                             |
| Purchased Services                            | 20            | 22            | 2                               | 17                             |
| Other   | 5             | 6             | 1                               | 4                              |
| Depreciation                                  | 9             | 9             | 0                               | 8                              |
| Interest                                      | 0             | 1             | 0                               | 1                              |
| <b>Total Operating Expense <sup>(6)</sup></b> | <b>139</b>    | <b>143</b>    | <b>4</b>                        | <b>129</b>                     |
| <b>Operating Income</b>                       | <b>16</b>     | <b>10</b>     | <b>6</b>                        | <b>19</b>                      |
| Non-Operating Income <sup>(7)</sup>           | 22            | 6             | 16                              | 9                              |
| <b>Net Income</b>                             | <b>37</b>     | <b>16</b>     | <b>22</b>                       | <b>28</b>                      |



Note: Totals or variances may not agree due to rounding. See page 5 for footnotes.

**El Camino Healthcare District**  
**Notes to Consolidated Financial Statements**  
**Current FY 2019 Actual to Budget**  
**(Includes El Camino Hospital)**

- 1) The increase is due to the annual resetting of a 60 day reserve of expenses based on the current fiscal year's Hospital budget.
- 2) The current period Facilities Replacement Fund is comprised of (\$ Millions):

|   |              |
|---|--------------|
| ECHD Appropriation Fund (fka: Capital Outlay)     | \$16         |
| ECHD Capital Replacement Fund (i.e. Funded Depr.) | 5            |
| ECH Capital Replacement Fund (i.e. Funded Depr.)  | 146          |
| ECH BHS Replacement Building Fund                 | 14           |
| ECH Women's Hospital Expansion                    | <u>14</u>    |
|   | <u>\$195</u> |

- 3) The current period Catastrophic & Malpractice Fund is comprised of (\$ Millions):

|  |             |
|--|-------------|
| ECH Catastrophic Fund (aka: Earthquake Fund) | \$19        |
| ECH Malpractice Reserve                      | <u>2</u>    |
|  | <u>\$21</u> |

- 4) The decrease is principally due to the fiscal year 2018 accruals for construction projects that was relieved as payments were made in July.
- 5) The increase in Net Patient Revenue was driven by outpatient volumes exceeding budgets in the Operating Room, CT Imaging, the Emergency Department, and Pharmacy.
- 6) The positive variance in expenses was driven by productive salary expense being less than budget in the I/P clinical departments and in Purchased Services for SVMMD as it begins to increase activity
- 7) The \$16M positive variance to budget is driven by the unrealized gains on investments thus far in the fiscal year.



# El Camino Healthcare District

## Stand-Alone Comparative Balance Sheet (\$ Thousands)

*These financial statements **exclude** the District's El Camino Hospital Corporation and its controlled affiliates*

|   | August 31,<br>2018 | June 30,<br>2018 |  | August 31,<br>2018 | June 30,<br>2018  |
|---|--------------------|------------------|--|--------------------|-------------------|
| <b><u>ASSETS</u></b>                      |                    |                  | <b><u>LIABILITIES &amp; FUND BALANCE</u></b> |                    |                   |
| Cash & cash equiv                         | \$1,303            | \$4,306          | Accounts payable <sup>(8)</sup>              | \$0                | \$0               |
| Short term investments                    | 2,992              | 2,377            | Current portion of bonds                     | 3,800              | 3,310             |
| Due fm Retiree Health Plan <sup>(1)</sup> | 10                 | 10               | Bond interest payable <sup>(9)</sup>         | 1,174              | 2,603             |
| S.C. M&O Taxes Receivable                 | 3185               | 0                | Other Liabilities                            | 138                | 106               |
| Other current assets                      | 14                 | 21               |  |                    |                   |
| <b>Total current assets</b>               | <b>\$7,504</b>     | <b>\$6,714</b>   | <b>Total current liabilities</b>             | <b>\$5,112</b>     | <b>\$6,019</b>    |
| Operational Reserve Fund <sup>(2)</sup>   | 1,500              | 1,500            |  |                    |                   |
| Capital Appropriation Fund <sup>(3)</sup> | 16,297             | 20,964           |  |                    |                   |
| Capital Replacement Fund <sup>(4)</sup>   | 5,348              | 5,298            | Deferred income                              | 31                 | 47                |
| Community Benefit Fund <sup>(5)</sup>     | 5,043              | 5,596            | Bonds payable - long term                    | 121,887            | 125,687           |
| <b>Total Board designated funds</b>       | <b>\$28,188</b>    | <b>\$33,358</b>  | <b>Total liabilities</b>                     | <b>\$127,030</b>   | <b>\$131,753</b>  |
| Funds held by trustee <sup>(6)</sup>      | <b>\$17,314</b>    | <b>\$20,837</b>  | <b>Fund balance</b>                          |                    |                   |
| <b>Capital assets, net <sup>(7)</sup></b> | <b>\$10,940</b>    | <b>\$10,978</b>  | Unrestricted fund balance                    | \$46,257           | \$50,692          |
|   |                    |                  | Restricted fund balance <sup>(10)</sup>      | (109,342)          | (110,558)         |
|   |                    |                  | <b>Total fund balance</b>                    | <b>(\$63,085)</b>  | <b>(\$59,866)</b> |
| <b>TOTAL ASSETS</b>                       | <b>\$63,945</b>    | <b>\$71,888</b>  | <b>TOTAL LIAB &amp; FUND BALANCE</b>         | <b>\$63,945</b>    | <b>\$71,888</b>   |



*Note: Totals may not agree due to rounding. See page 9 for footnotes.*

# El Camino Healthcare District

## YTD **Stand-Alone** Stmt of Revenue and Expenses (\$ Thousands)

### Comparative Year-to-Date August 31, 2018

*These financial statements **exclude** the District's El Camino Hospital Corporation and its controlled affiliates*

|  | Actual          | Current Year<br>Budget | Variance      | Prior Full Year<br>Actual |
|--|-----------------|------------------------|---------------|---------------------------|
| <b><u>REVENUES</u></b>                                 |                 |                        |               |                           |
| (A) Ground Lease Revenue <sup>(11)</sup>               | \$ 16           | \$ 16                  | \$ -          | \$ 92                     |
| (B) Redevelopment Taxes <sup>(12)</sup>                | -               | 26                     | (26)          | 256                       |
| (B) Unrestricted M&O Property Taxes <sup>(12)</sup>    | 1,873           | 1,873                  | -             | 8,025                     |
| (B) Restricted M&O Property Taxes <sup>(12)</sup>      | 1,383           | 1,383                  | -             | 7,831                     |
| (B) G.O. Taxes Levied for Debt Service <sup>(12)</sup> | 1,700           | 1,700                  | -             | 9,266                     |
| (B) IGT/PRIME Medi-Cal Program <sup>(13)</sup>         | -               | -                      | -             | (6,469)                   |
| (B) Investment Income (net)                            | 99              | 47                     | 52            | 29                        |
| (B) Other income                                       | -               | -                      | -             | 0                         |
| <b>TOTAL NET REVENUE</b>                               | <b>5,071</b>    | <b>5,045</b>           | <b>26</b>     | <b>19,030</b>             |
| <b><u>EXPENSES</u></b>                                 |                 |                        |               |                           |
| (A) Wages & Benefits <sup>(14)</sup>                   | -               | -                      | -             | 0                         |
| (A) Professional Fees & Purchased Svcs <sup>(15)</sup> | 70              | 147                    | 77            | 439                       |
| (A) Supplies & Other Expenses                          | -               | -                      | -             | 153                       |
| (B) G.O. Bond Interest Expense (net) <sup>(16)</sup>   | 486             | 515                    | 29            | 3,037                     |
| (B) Donations to Outside Organizations <sup>(17)</sup> | 3,028           | 3,220                  | 192           | 6,847                     |
| (A) Depreciation / Amortization                        | 38              | 38                     | -             | 231                       |
| <b>TOTAL EXPENSES</b>                                  | <b>3,622</b>    | <b>3,920</b>           | <b>298</b>    | <b>10,707</b>             |
| <b>NET INCOME</b>                                      | <b>\$ 1,450</b> | <b>\$ 1,125</b>        | <b>\$ 324</b> | <b>\$ 8,323</b>           |

(A) Operating Revenues & Expenses

(B) Non-operating Revenues & Expenses

#### **RECAP STATEMENT OF REVENUES & EXPENSE**

|   |                 |
|---|-----------------|
| (A) Net Operating Revenues & Expenses     | \$ (92)         |
| (B) Net Non-Operating Revenues & Expenses | 1,542           |
| <b>NET INCOME</b>                         | <b>\$ 1,450</b> |



*Note: Totals may not agree due to rounding. See page 9 for footnotes.*

# El Camino Healthcare District

## Comparative YTD **Stand-Alone** Stmt of Fund Balance Activity (\$ Thousands)

*These financial statements **exclude** the District's El Camino Hospital Corporation and its controlled affiliates*

|  | <u>August 31, 2018</u>           | <u>June 30, 2018</u>             |
|--|----------------------------------|----------------------------------|
| <b>Fiscal year beginning balance</b>           | <b>\$ (59,866)</b>               | <b>\$ (74,657)</b>               |
| Net income year-to-date                        | \$ 1,450                         | \$ 8,323                         |
| Transfers (to)/from ECH:                       |                                  |                                  |
| IGT/PRIME Funding <sup>(18)</sup>              | \$ -                             | \$ 6,469                         |
| Capital Appropriation projects <sup>(19)</sup> | \$ (4,669)                       | -                                |
| <b>Fiscal year ending balance</b>              | <b><u><u>\$ (63,085)</u></u></b> | <b><u><u>\$ (59,866)</u></u></b> |



*Note: Totals may not agree due to rounding. See page 10 for footnotes.*

# El Camino Healthcare District

## Notes to Stand-Alone Financial Statements

*These financial statements exclude the District's El Camino Hospital Corporation and its controlled affiliates*

- (1) **Due from Retiree Health Plan** – The monies due from Trustee for District's Retiree Healthcare Plan.
- (2) **Operational Reserve Fund** – Starting in FY 2014, the Board established an operational reserve for unanticipated operating expenses of the District.
- (3) **Capital Appropriation Fund** – Decrease is due to partial funding of the committed \$6.2M of the Women's Hospital renovation project to commence after the IMOB is completed. The remaining funding will occur in the October / November timeframe.
- (4) **Capital Replacement Fund** – Formerly known as the Plant Facilities Fund (AKA - Funded Depreciation) which reserves monies for the major renovation or replacement of the portion of the YMCA (Park Pavilion) owned by the District.
- (5) **Community Benefit Fund** – Newly established fund at the District in FY 2014, as the District retains its unrestricted M&O property taxes to pay for its operations and support its Community Benefit Program.
- (6) **Funds Held by Trustee** – Funds from General Obligation tax monies, being held to make the debt payments when due.
- (7) **Capital Net Assets** - The land on which the Mountain View Hospital resides, a portion of the YMCA building, and a vacant lot located at El Camino Real and Phyllis.
- (8) **Accounts Payable and Accrued Expenses** – Expenses due which have not yet been paid.
- (9) **Bond Interest Payable** – The decrease is due to the semi-annual payment to G.O. bondholders made in August.
- (10) **Fund Balance** – The negative fund balance is a result of the General Obligation bonds which assisted in funding the replacement hospital facility in Mountain View. Accounting rules required the District to recognize the obligation in full at the time the bonds were issued ; receipts from taxpayers will be recognized in the year they are levied, slowly reducing the negative fund balance over the next 18 years.



# El Camino Healthcare District

## Notes to Stand-Alone Financial Statements

*These financial statements exclude the District's El Camino Hospital Corporation and its controlled affiliates*

(11) **Other Operating Revenue** – Lease income from El Camino Hospital for its ground lease with the District.

(12) **Taxes: Redevelopment, M&O, G.O.** – Tax receipts (either received or to be received) during the period. Note amount for the G.O. Taxed Levied for Debt is lower than budget and the prior year mostly due to the March 2017 G.O. Refunding that the District did that reduced the previously \$12.90 of assessed property valuation per \$100,000 to a current \$10.00 per \$100,000.

(13) **IGT/PRIME Expense** – No activity at this point in time.

(14) **Wages & Benefits** – The District employs no employees. Employees are based at the Hospital, CONCERN, or SVMD entities. The District does contract with the Hospital and outside professional and general services organizations (see item 15).

(15) **Professional Fees & Services** – Detailed below:

|                                      |              |
|--------------------------------------|--------------|
| • Community Benefit Support from ECH | \$ 66        |
| • Legal                              | <u>4</u>     |
|                                      | <u>\$ 70</u> |

(16) **G.O. Bond Interest Expense** – It is to be noted that on March 22, 2017 the District refunded \$99M of its remaining \$132M 2006 G.O. bond issue. Refunding of the 2006 G.O. debt, given current interest rates, caused a net present value savings of \$7M.

(17) **Donations to Outside Organizations** – Starting in FY 2014, the District is directly operating its Community Benefit Program at the District level. This represents amounts expended to grantees and sponsorships thus far in this fiscal year . Note the major payments to recipients are made in August and February of the fiscal year.

(18) **IGT/PRIME Funding** – Transfers from ECH for participation in the two programs thus far in FY 2019.

(19) **Capital Appropriation Projects Transfer** – This amount for FY2019 was the approved amount at the Board's June 2018 meeting to be transferred to the Hospital during FY2019 for the future renovation of the Women's Hospital after the IMOB is completed in the Spring 2019.



# El Camino Healthcare District

## Sources & Uses of Tax Receipts (\$Thousands)

*These financial statements **exclude** the District's El Camino Hospital Corporation and its controlled affiliates*

| <u>Sources of District Taxes</u>  | 8/31/2018      |
|---|----------------|
| (1) Maintenance and Operation and Government Obligation Taxes                         | \$4,956        |
| (2) Redevelopment Agency Taxes  | 0              |
| <b>Total District Tax Receipts</b>  | <b>\$4,956</b> |
| <u>Uses Required Obligations / Operations</u>   |                |
| (3) Government Obligation Bond  | 1,700          |
| <b>Total Cash Available for Operations, CB Programs, &amp; Capital Appropriations</b> | <b>3,256</b>   |
| (4) Capital Appropriation Fund – Excess Gann Initiative Restricted*                   | 1,383          |
| <b>Subtotal</b>   | <b>1,873</b>   |
| (5) Operating Expenses  | 70             |
| <b>Subtotal</b>   | <b>1,803</b>   |
| (6) Capital Replacement Fund (Park Pavilion)  | 49             |
| <b>Funds Available for Community Benefit Programs</b>                                 | <b>\$1,754</b> |

\*Gann Limit Calculation for FY2019

\$8,429

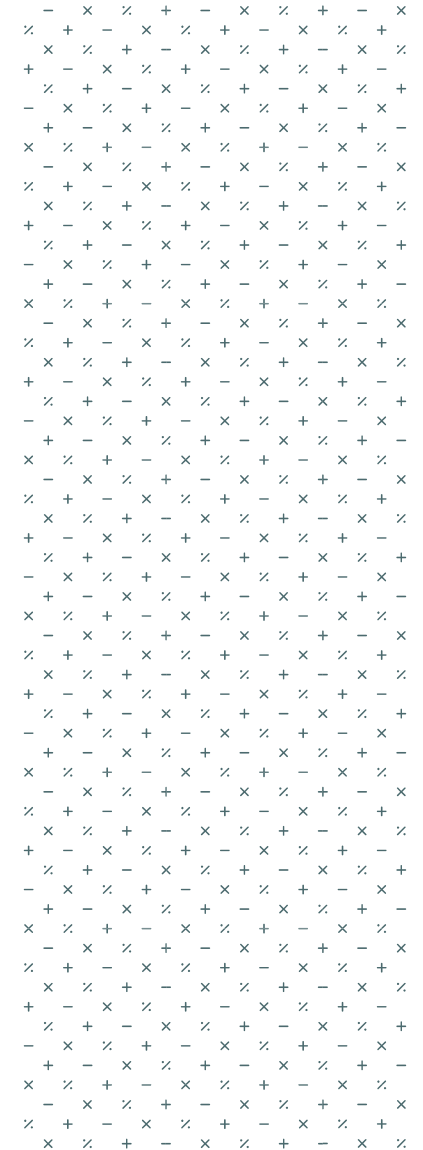
|                                |  |
|--------------------------------|--|
| (1) M&O and G.O. Taxes         | • Cash receipts from the 1% ad valorem property taxes and Measure D taxes  |
| (2) Redevelopment Agency Taxes | • Cash receipts from dissolution of redevelopment agencies   |
| (3) Government Obligation Bond | • Levied for debt service  |
| (4) Capital Appropriation Fund | • Excess amounts over the Gann Limit are restricted for use as capital   |
| (5) Operating Expenses         | • Expenses incurred in carrying out the District's day-to-day activities   |
| (6) Capital Replacement Fund   | • Fund to ensure that the District has adequate resources to fund repair and replacement of its capital assets (Park Pavilion) |





# 2018 Audit Results: El Camino Healthcare District

June 30, 2018



# Board of Directors

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El Camino Healthcare  
District



Dear Board of Directors Members:

Thank you for your continued engagement of Moss Adams LLP. We are pleased to have the opportunity to meet with you to discuss the results of our audit of the consolidated financial statements of El Camino Healthcare District (“the District”), for the year ended June 30, 2018.

The accompanying report, which is intended solely for the use of the Board of Directors and management, presents important information regarding the El Camino Healthcare District’s consolidated financial statements and our audit that we believe will be of interest to you. It is not intended and should not be used by anyone other than these specified parties.

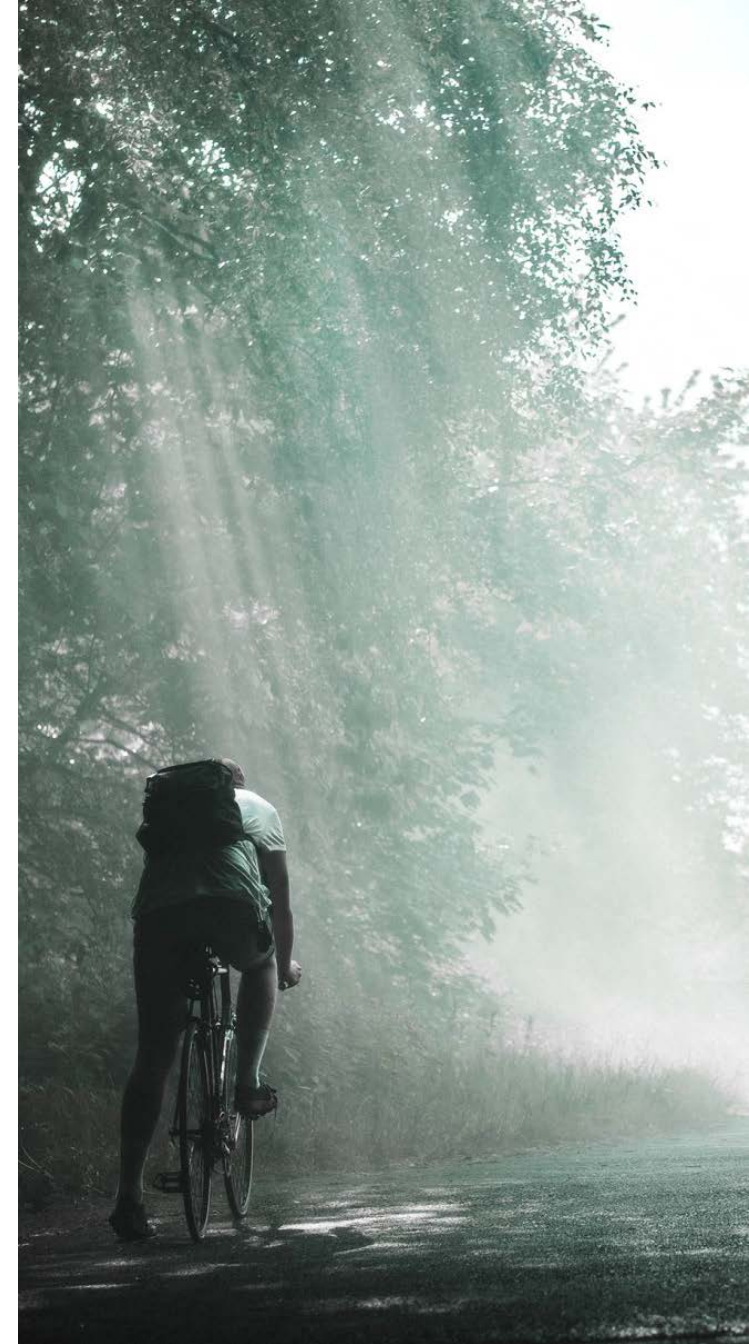
We conducted our audit with the objectivity and independence that you would expect. We received the full support and assistance of the District’s personnel. We are pleased to serve and be associated with El Camino Healthcare District as its independent public accountants and look forward to our continued relationship.

We look forward to discussing our report, or any other matters of interest, with you during this meeting.

# Agenda

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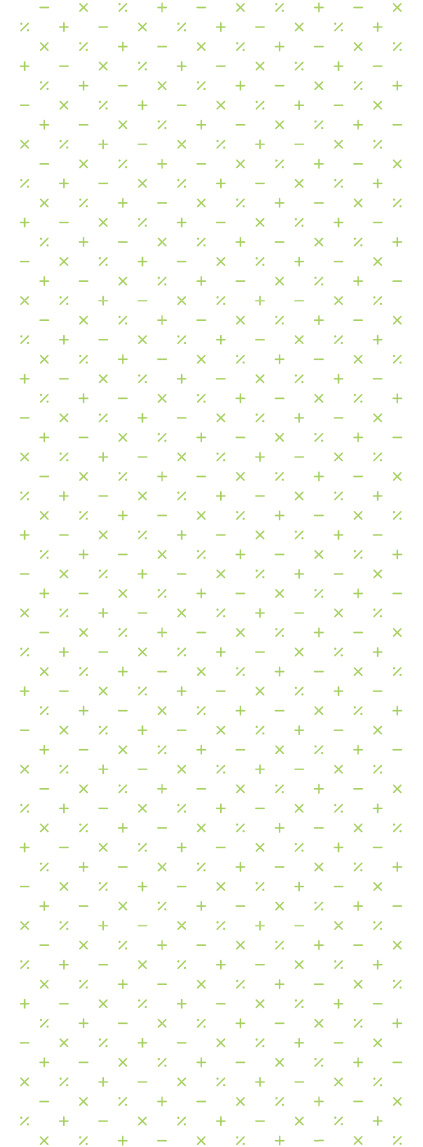
- Auditor Opinions and Reports
- Communication with Those Charged with Governance
- Other Information





# Auditor Opinions & Reports

*Better Together: Moss Adams & El Camino Healthcare District*



# Scope of Services

---

**We have performed the following services for El Camino Healthcare District:**

- Annual consolidated financial statement audit for the year ended June 30, 2018
- Annual El Camino Hospital Auxiliary financial statement audit for the year ended June 30, 2018

**We have also performed the following non-attest services:**

- Assisted in the drafting of the consolidated financial statements of El Camino Healthcare District
- Assisted in the drafting of the financial statements of El Camino Hospital Auxiliary

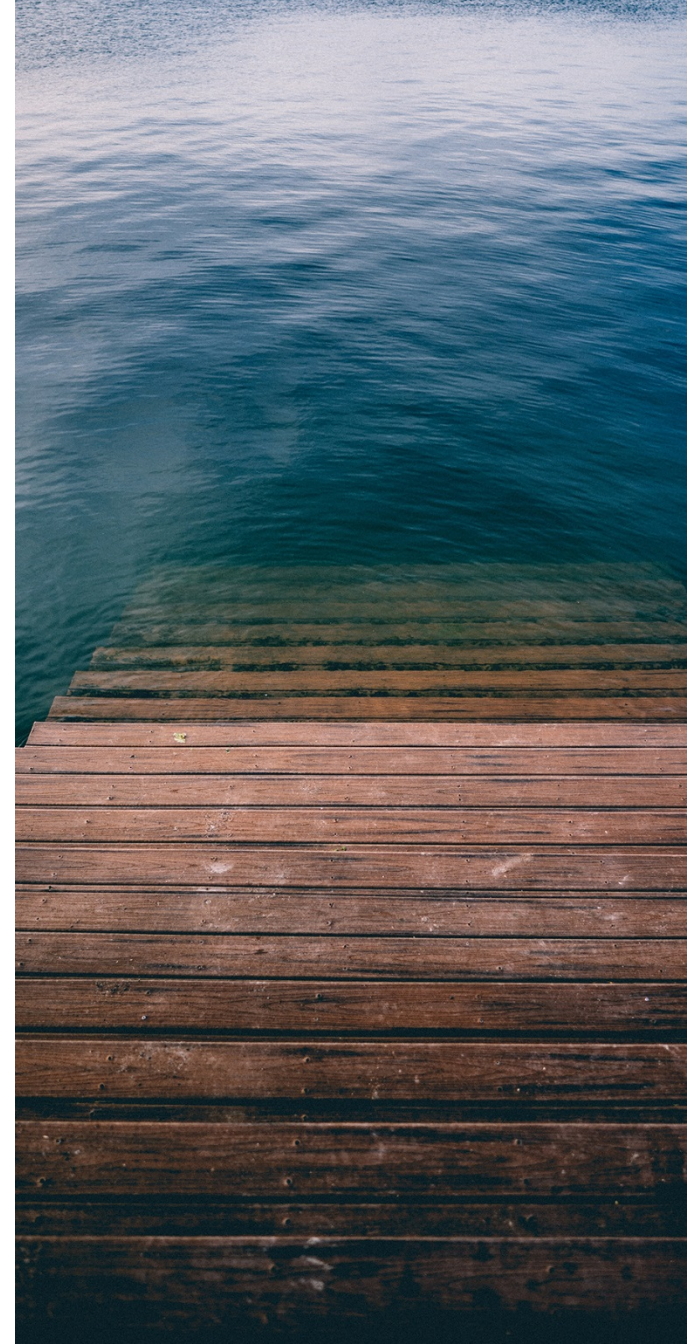


# Auditor Report on the Financial Statements

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## Unmodified Opinion

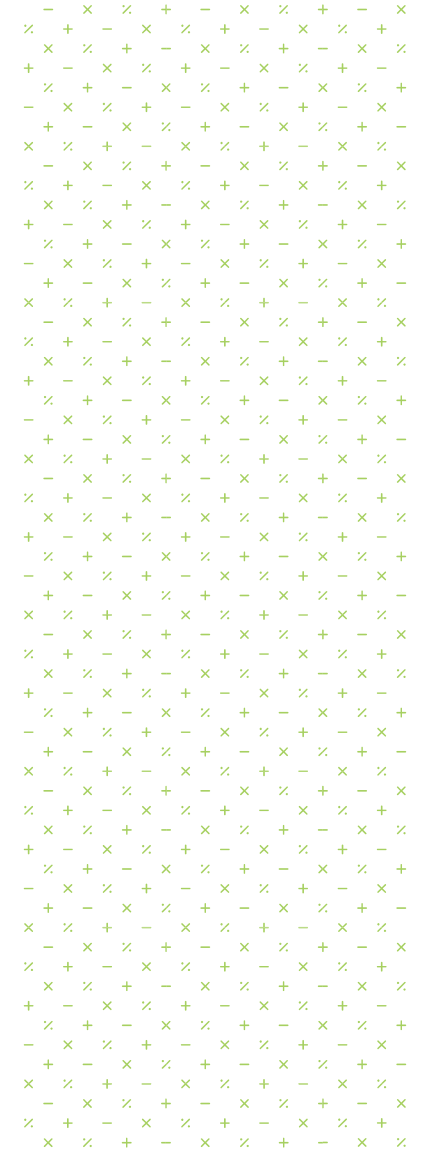
- Consolidated financial statements are presented fairly and in accordance with U.S. GAAP



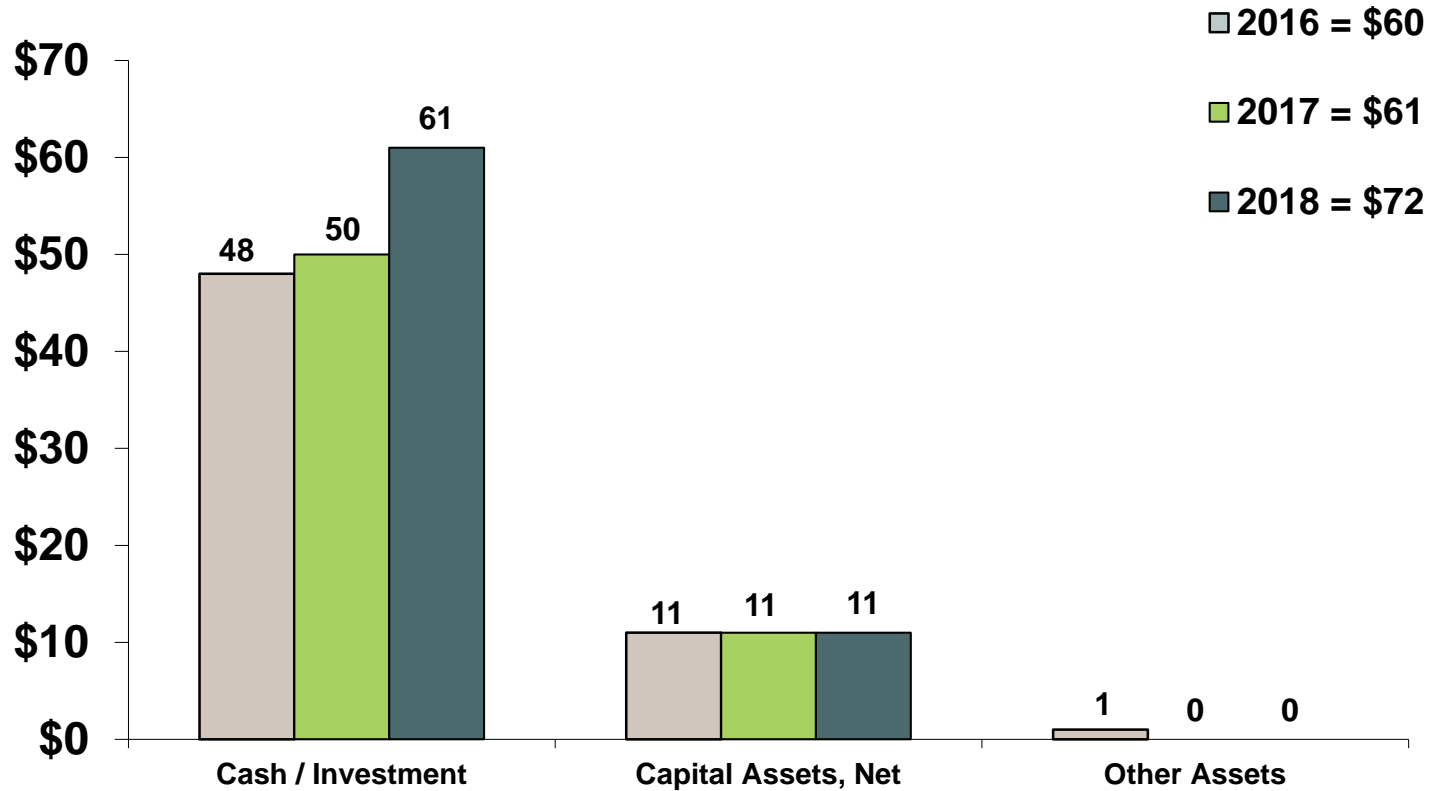


# Statements of Net Position

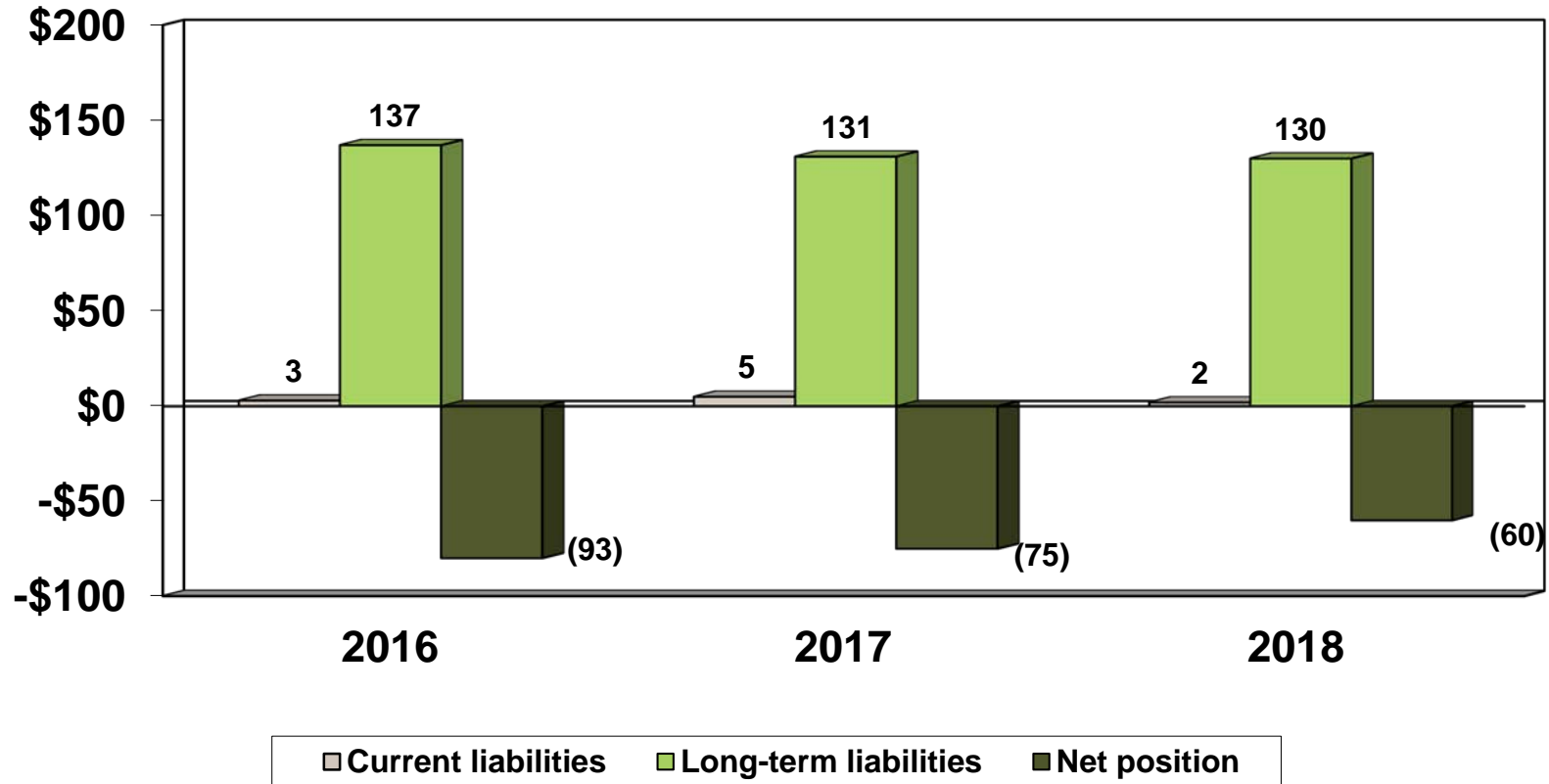
*Better Together: Moss Adams & El Camino Healthcare District*



# Assets and Deferred Outflows (in millions)



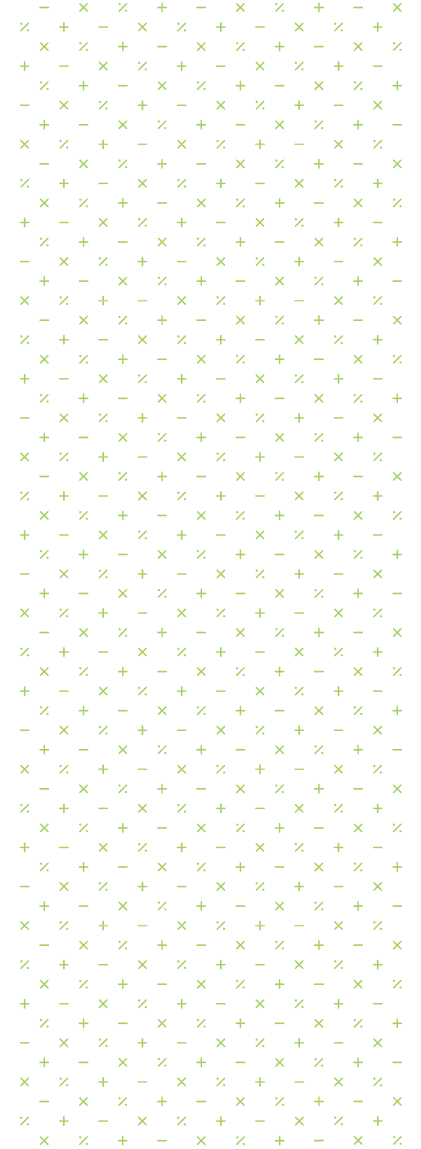
# Liabilities, Deferred Inflows, and Net Position (in millions)





# Operations

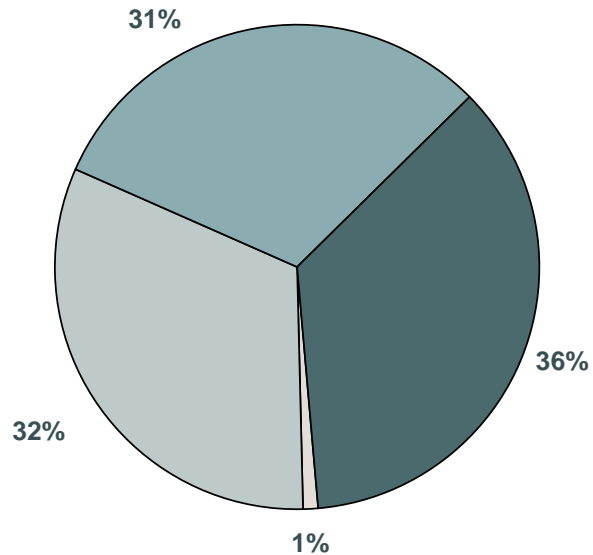
*Better Together: Moss Adams & El Camino Healthcare District*



# Income Statement Year to Year Comparison

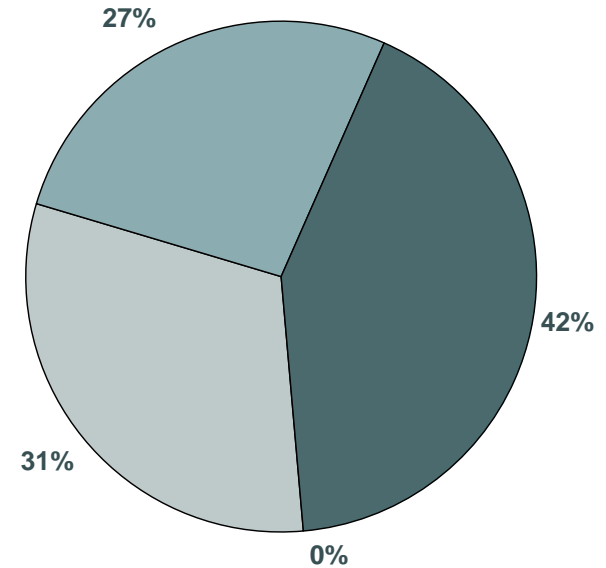
## Sources of Nonoperating Revenues (in thousands)

**June 30, 2018**  
\$25,553



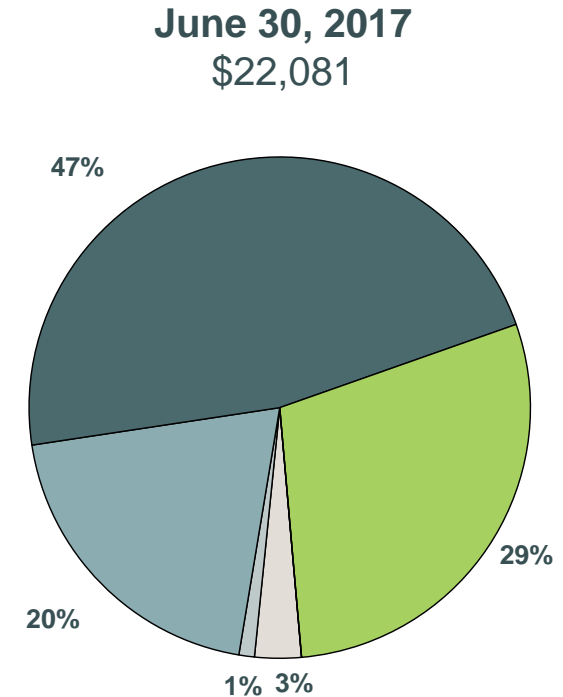
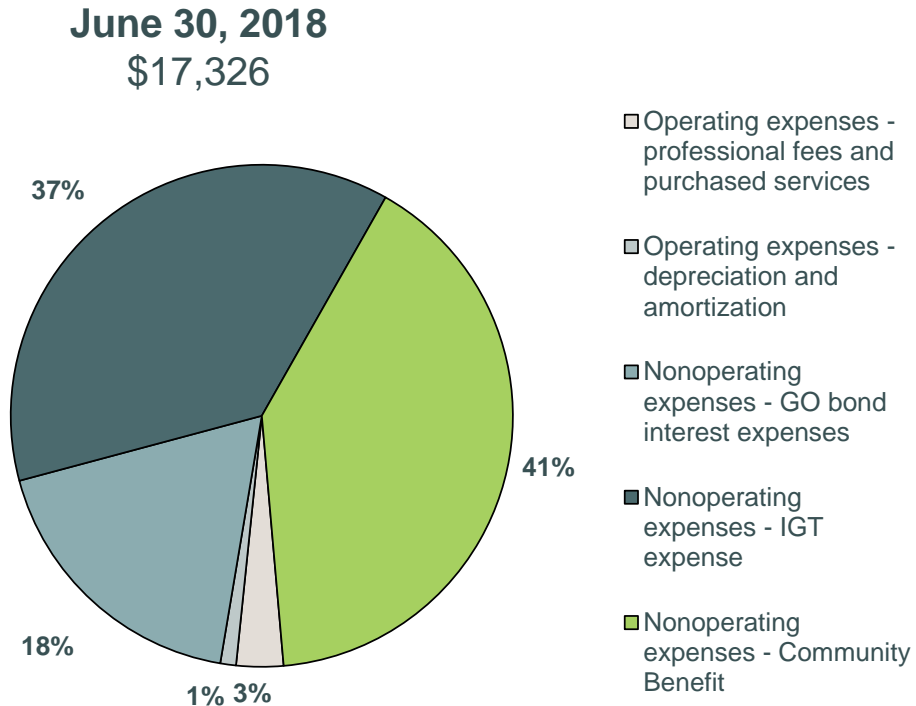
- Investment income, net
- Property tax revenue - designated for community benefit programs & operating expenses
- Property tax revenue - designated for capital expenditures
- Property tax revenue - levied for debt services

**June 30, 2017**  
\$25,578



# Income Statement Year to Year Comparison

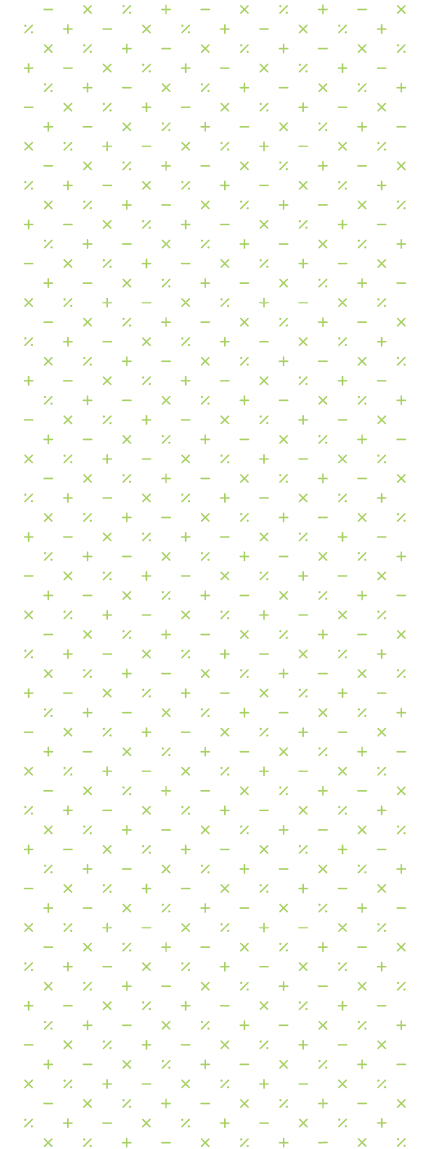
## Outflow of Expenses (in thousands)





# Communication with Those Charged with Governance

*Better Together: Moss Adams & El Camino Healthcare District*



# Our Responsibility

## Our responsibility under U.S. Generally Accepted Auditing Standards

1

To express our opinion on whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with U.S. GAAP. However, our audit does not relieve you or management of your responsibilities.

2

To perform an audit in accordance with generally accepted auditing standards issued by the AICPA, and design the audit to obtain reasonable, rather than absolute, assurance about whether the consolidated financial statements are free of material misstatement.

3

To consider internal control over financial reporting and internal control over compliance as a basis for designing audit procedures but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.

4

To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.



# Significant Accounting Policies & Unusual Transactions

The auditor should determine that the Board of Directors is informed about the initial selection of and changes in significant accounting policies or their application. The auditor should also determine that the Board of Directors is informed about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

## OUR COMMENTS

- Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the consolidated financial statements. Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application, and the initial selection and implementation of new policies. During the year, the District adopted Governmental Accounting Standards Board (“GASB”) Statement No. 75 (“GASB 75”), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- There were other changes to significant accounting policies for the year ended June 30, 2018.
- We believe management has selected and applied significant accounting policies appropriately and consistent with those of the prior year for the exception of the adoption of GASB 75.



# Management Judgements & Accounting Estimates

The Board of Directors should be informed about the process used by management in formulating particularly sensitive accounting estimates and about the basis for the auditor's conclusions regarding the reasonableness of those estimates.

## OUR COMMENTS

- Management's judgements and accounting estimates are based on knowledge and experience about past and current events and assumptions about future events. We apply audit procedures to management's estimates to ascertain whether the estimates are reasonable under the circumstances and do not materially misstate the consolidated financial statements.
- Significant management estimates impacting the consolidated financial statements include the following: net patient service revenue, provision for uncollectible accounts, fair market values of investments, uninsured losses for professional liability, minimum pension liability, liability for workers' compensation claims, liability for post-retirement medical benefits, valuation of gift annuities and beneficial interest in charitable remainder unitrusts, and useful life of capital assets.
- We deem them to be reasonable.

# Management Judgements & Accounting Estimates

**Our views about the quantitative aspects of the entity's significant accounting policies, accounting estimates, and consolidated financial statement disclosures.**

## OUR COMMENTS

- The disclosures in the consolidated financial statements are clear and consistent. Certain consolidated financial statement disclosures are particularly sensitive because of their significance to financial statements users, however we do not believe any of the disclosures are particularly sensitive. We call your attention to the following notes:
  - Note 2 – Significant concentration of net patient accounts receivable
  - Note 5 – Fair value of investments
  - Note 6 – Capital assets
  - Note 7 – Employee benefit plans
  - Note 8 – Post-retirement medical benefits
  - Note 10 – Long-term debt
  - Note 13 – Related party transactions



# Significant Audit Adjustments & Unadjusted Differences Considered by Management to Be Immaterial

---

The Board of Directors should be informed of all significant audit adjustments arising from the audit. Consideration should be given to whether an adjustment is indicative of a significant deficiency or a material weakness in the District's internal control over financial reporting, or in its process for reporting interim financial information, that could cause future consolidated financial statements to be materially misstated.

The Board of Directors should also be informed of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the consolidated financial statements as a whole.

## OUR COMMENTS

- There were no corrected and uncorrected misstatements.



# Deficiencies in Internal Control

---

**Any material weaknesses and significant deficiencies in the design or operation of internal control that came to the auditor's attention during the audit must be reported to the Board of Directors.**

## OUR COMMENTS

- Material weakness
  - None noted
- Significant deficiencies
  - Nothing to communicate





THANK  
YOU

FINAL DRAFT

*Report of Independent Auditors and  
Consolidated Financial Statements with  
Supplementary Information*

**El Camino Healthcare District**

*June 30, 2018 and 2017*

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## **Management's Discussion and Analysis**

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FINAL DRAFT

# **El Camino Healthcare District**

## **Management's Discussion and Analysis**

### **For the Years Ended June 30, 2018, 2017, and 2016**

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El Camino Healthcare District (the "District") is comprised of six (6) entities: the District, El Camino Hospital (the "Hospital"), El Camino Hospital Foundation (the "Foundation"), CONCERN: Employee Assistance Program ("CONCERN"), El Camino Surgery Center ("ECSC"), and Silicon Valley Medical Development, LLC ("SVMD").

Effective May 6, 2013, ECSC sold certain medical equipment, furnishings, fixtures, inventories, and other tangible personal property in exchange for a seven and one half percent (7.5%) interest in El Camino Ambulatory Surgery Center, ("ECASC"). As of March 2015, ECSC's interest in ECASC has increased to 33.4%. ECSC has provided a working capital line of credit to ECASC in a principal amount of \$750,000 represented by a Promissory Note and has a term of 39 months with an interest rate of 5% per annum. At June 30, 2018, 2017, and 2016, there were total draws of \$0, \$0, and \$484,000 against the line of credit, respectively. The Hospital leases the space to ECASC and provides certain services, such as utilities and building/equipment maintenance. There was \$658,000 of rental income recorded for the year ended June 30, 2018, \$498,000 of rental income recorded for the year ended June 30, 2017, and \$771,000 of rental income recorded for the year ended June 30, 2016 related to the lease. On August 29, 2016, ECSC paid off the line of credit of \$483,000.

Silicon Valley Medical Development, LLC is organized as a California limited liability company and was formed in 2008. In fiscal year 2018, SVMD completed extensive tenant improvements (in November 2017) at a San Jose location and opened a Primary Care Clinic and in May 2018 opened a Specialty Care Clinic for Spine and Neurology services at the Hospital's Mountain View site. SVMD then opened its first Urgent Care Clinic in June 2018 at a location in Cupertino. Subsequent to year end it opened a second Urgent Care Clinic in Mountain View.

#### ***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, 2018, 2017, and 2016. 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 consolidated statements of cash flows provide an indication of the District's financial health. The consolidated statements of net position include all the District's assets and liabilities, using the accrual basis of accounting. The consolidated statements of revenues, expenses, and changes in net position report all of the revenues and expenses during the time periods indicated. The consolidated statements of cash flows report the cash provided by the operating activities, as well as other cash sources such as investment income and cash payments for capital additions and improvements.

#### **Consolidated Financial Highlights**

##### ***Year Ended June 30, 2018***

Exceeding a positive 2017 fiscal year, this year topped the prior year in producing the now greatest net income by creating an increase in net position of \$215 million in the 2018 fiscal year, which is \$37 million over the fiscal year of 2017, which had been the most successful year in the District's history. This \$37 million increase was entirely earned out of operations with significant growth in operating revenues.

**El Camino Healthcare District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2018, 2017, and 2016**

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***Year Ended June 30, 2017***

In March 2017, El Camino Hospital issued Revenue Bonds in the amount of \$292,435,000 to be used in its completion of the Master Facilities Plan at the Hospital's Mountain View campus. The primary projects that started in July 2016 are the Behavior Health Building replacement, expansion of the North Drive parking structure, and the construction of an integrated medical office building and associated parking structure.

Also in March 2017, El Camino Healthcare District refunded \$99,035,000 of its \$131,370,000 outstanding G.O. bonds that were issued in 2006 that assisted in building the Mountain View replacement hospital that was completed in November 2009. This refinancing resulted in a reduction of future interest payments with a present value of approximately \$7,000,000 and along with increased assessed property values reduced District residents' G.O. tax rate from the original \$12.90 per \$100,000 of assessed valuation to \$10.00 per \$100,000 of current assessed valuation.

The 2017 fiscal year ended with an increase to net position of \$177 million, of which \$106 million was produced from operations and another \$71 million in non-operating revenues, significantly driven by realized and unrealized gains from investments.

# **El Camino Healthcare District** **Management's Discussion and Analysis** **For the Years Ended June 30, 2018, 2017, and 2016**

## **Summary of Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position** **As of June 30, 2018, 2017 and 2016**

(In Thousands)

|   | 2018                | 2017                | 2016                |
|---|---------------------|---------------------|---------------------|
| <b>Assets:</b>  |                     |                     |                     |
| Current assets  | \$ 539,161          | \$ 494,644          | \$ 411,110          |
| Board designated and restricted funds, net of current portion | 715,395             | 568,776             | 491,544             |
| Funds held by trustee, net of current portion                 | 218,457             | 305,415             | 46,293              |
| Capital assets, net   | 920,200             | 809,611             | 743,127             |
| Other assets  | 96,160              | 70,095              | 59,399              |
| <b>Total assets</b>   | <b>2,489,373</b>    | <b>2,248,541</b>    | <b>1,751,473</b>    |
| <b>Deferred Outflows:</b>                                     |                     |                     |                     |
| Loss on defeasance of bond payable                            | 13,562              | 14,163              | 14,764              |
| Deferred outflow of resources                                 | 5,200               | 5,700               | 5,100               |
| Deferred outflow - actuarial                                  | 2,414               | 9,097               | 9,950               |
| <b>Total deferred outflows</b>                                | <b>21,176</b>       | <b>28,960</b>       | <b>29,814</b>       |
| <b>Total assets and deferred outflows</b>                     | <b>\$ 2,510,549</b> | <b>\$ 2,277,501</b> | <b>\$ 1,781,287</b> |
| <b>Liabilities:</b>   |                     |                     |                     |
| Current liabilities   | \$ 145,514          | \$ 124,876          | \$ 112,214          |
| Bonds payable, net of current portion                         | 642,235             | 654,027             | 351,361             |
| Other long-term liabilities                                   | 56,629              | 48,289              | 52,220              |
| <b>Total liabilities</b>                                      | <b>844,378</b>      | <b>827,192</b>      | <b>515,795</b>      |
| <b>Deferred Inflows:</b>                                      |                     |                     |                     |
| Deferred inflow of resources                                  | 3,638               | 3,521               | 3,596               |
| Deferred inflow - actuarial                                   | 22,835              | 10,666              | 2,892               |
| <b>Total deferred inflows</b>                                 | <b>26,473</b>       | <b>14,187</b>       | <b>6,488</b>        |
| <b>Net position:</b>  |                     |                     |                     |
| Unrestricted and invested in capital assets, net              | 1,620,328           | 1,421,009           | 1,244,697           |
| Restricted by donors - charity and other                      | 15,652              | 11,651              | 11,599              |
| Restricted - endowments                                       | 3,718               | 3,462               | 2,708               |
| <b>Total net position</b>                                     | <b>1,639,698</b>    | <b>1,436,122</b>    | <b>1,259,004</b>    |
| <b>Total liabilities, deferred inflow, and net position</b>   | <b>\$ 2,510,549</b> | <b>\$ 2,277,501</b> | <b>\$ 1,781,287</b> |
| Operating cash equivalents & short-term investments           | \$ 370,877          | \$ 350,689          | \$ 285,907          |
| Board designated, funds held by trustee, & restricted funds   | 954,815             | 887,324             | 534,267             |
| <b>Total available cash &amp; investments</b>                 | <b>\$ 1,325,692</b> | <b>\$ 1,238,013</b> | <b>\$ 820,174</b>   |

**El Camino Healthcare District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2018, 2017, and 2016**

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***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 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. Beginning early in fiscal year 2013, an Investment Committee was formed to perform the following responsibilities, among others: monitor performance of investment managers, monitor allocations across investment styles and investment managers, review compliance with the policies, and make recommendations for revisions to the policies. The number of money managers expanded from two money managers in fiscal year 2014 for Surplus Cash to approximately thirty managers in fiscal year 2018.

***Capital Assets***

Continuing on from fiscal year 2017, in fiscal year 2018 the Hospital continued construction on the four (4) major projects at its Mountain View campus. These four projects total \$432 million in expenditures. The Hospital issued \$292,435,000 in tax-exempt revenue bonds in March 2017 to assist in covering the expenditures of these projects. The remaining monies to complete the projects will come from surplus cash. The projects are:

Replacement of the Behavior Health Services building, this project is projected to be completed in late spring of calendar year 2019 at a current total cost of \$96.1 million, with approximately \$42.9 million in costs incurred at the end fiscal year 2018.

Construction of an integrated medical office building ("IMOB") and associated parking structure to be completed in early summer of 2019 at a current total cost of \$302.1 million, with approximately \$113.0 million incurred at the end of fiscal year 2018.

An upgrade to the Central Utility Plant, this project is to be completed in the summer of 2018 at the current cost of \$9 million, with approximately \$7.0 million incurred at the end of fiscal year 2018.

Expansion of the North Drive Parking Garage was completed in August 2017 at its projected cost of \$24.5M. The project included installing a one megawatt solar panel on the top floor of the parking structure. The power provided by the solar panels is providing all the required energy in the Women's Hospital on the Mountain View campus and has reduced our reliance on Pacific Gas & Electric. Savings in consumption are being realized, but the exact amount of savings has not been calculated as the fiscal year ended.

Expansion and renovation of the Women's Hospital at the Mountain View campus which will occur after the completion of the IMOB and the current physician tenants in the building on the second and third floors move into the completed IMOB in the summer of 2019. The Board approved initial funding in fiscal year 2017 for \$6 million of which \$3.2 million has been spent to for design work. Current total project is estimated at \$138 million.

In November 2017 the tenant improvements for the new Primary Care Clinic on Winchester Road in San Jose was completed at a cost of \$3.6 million and opened for business.

**El Camino Healthcare District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2018, 2017, and 2016**

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At the Los Gatos campus, the significant capital renovation and upgrade projects continued in its Imaging (including a new state-of-the-art CT scanner) and Surgery services and in the Central Sterile Processing unit that was financed by \$42 million of the \$160 million 2015A tax exempt bonds issue.

Also at the Los Gatos campus, the completion of major renovations to its Medical Office Building was completed in May 2018 at a cost of \$4.9 million.

Each campus received a new da Vinci surgical robot in August 2017 at a total cost of \$3.8 million.

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**Revenues and Expenses**

The following table displays revenues and expenses for 2018, 2017, and 2016:

| <b>Revenues &amp; Expenses</b>  |                     |                     |                     |
|---|---------------------|---------------------|---------------------|
| <b>Years Ended June 30, 2018, 2017 and 2016</b>   |                     |                     |                     |
| (In Thousands)  |                     |                     |                     |
|   | <b>2018</b>         | <b>2017</b>         | <b>2016</b>         |
| <b>Operating revenues:</b>  |                     |                     |                     |
| Net patient service revenue net of bad debt of \$21,407, \$19,405<br>\$18,966 in 2018, 2017, and 2016, respectively | \$ 901,023          | \$ 832,573          | \$ 772,173          |
| Other revenue   | 42,692              | 37,916              | 34,237              |
| <b>Total operating revenues</b>   | <b>\$ 943,715</b>   | <b>\$ 870,489</b>   | <b>\$ 806,410</b>   |
| <b>Operating expenses:</b>  |                     |                     |                     |
| Salaries, wages & benefits  | \$ 471,132          | \$ 451,416          | \$ 439,877          |
| Professional fees and purchased services  | 120,569             | 111,990             | 106,838             |
| Supplies  | 128,072             | 121,888             | 118,096             |
| Depreciation  | 49,957              | 48,179              | 49,051              |
| Rent and utilities  | 15,783              | 16,265              | 15,669              |
| Other   | 13,898              | 14,595              | 19,456              |
| <b>Total operating expenses</b>   | <b>\$ 799,411</b>   | <b>\$ 764,333</b>   | <b>\$ 748,987</b>   |
| <b>Operating income</b>   | <b>\$ 144,304</b>   | <b>\$ 106,156</b>   | <b>\$ 57,423</b>    |
| <b>Nonoperating revenue (expense) items:</b>  |                     |                     |                     |
| Bond interest expense, net  | (9,011)             | (6,697)             | (10,891)            |
| Intergovernmental transfer expense  | (6,469)             | (10,328)            | (802)               |
| Realized investment income  | 27,936              | 15,913              | 16,672              |
| Unrealized investment gain (loss)   | 30,727              | 47,552              | (16,886)            |
| Property tax revenues   | 25,378              | 25,540              | 23,633              |
| Restricted gifts, grants and other<br>net of contributions to related parties                                       | 4,349               | 4,201               | 7,038               |
| Unrealized gain (loss) on interest rate swap  | 1,151               | 3,429               | (3,214)             |
| Community benefit expense   | (10,505)            | (9,970)             | (9,295)             |
| Other, net  | 6,757               | 1,322               | 441                 |
| <b>Total nonoperating revenues and expenses</b>   | <b>\$ 70,313</b>    | <b>\$ 70,962</b>    | <b>\$ 6,696</b>     |
| <b>Increase in net position</b>   | <b>\$ 214,617</b>   | <b>\$ 177,118</b>   | <b>\$ 64,119</b>    |
| <b>Total net position, beginning of year</b>  | <b>1,436,122</b>    | <b>1,259,004</b>    | <b>1,194,885</b>    |
| <b>CUMULATIVE EFFECT OF RESTATEMENT</b>   | <b>(11,041)</b>     | <b>-</b>            | <b>-</b>            |
| <b>Total net position, beginning of year, as restated</b>   | <b>1,425,081</b>    | <b>1,259,004</b>    | <b>1,194,885</b>    |
| <b>Total net position, end of year</b>  | <b>\$ 1,639,698</b> | <b>\$ 1,436,122</b> | <b>\$ 1,259,004</b> |

**El Camino Healthcare District**  
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**Fiscal Year 2018 Consolidated Financial Analysis**

***Net Patient Services Revenues***

Net patient services revenue in fiscal year 2018 increased by \$68.5 million, or 8.2% over fiscal year 2017. This increase was due to several factors which include a IGT payment of \$8.4 million, along with FY 2018 participation being paid of \$1.7 million; a \$2.3 million of cost report settlement; volume increases in General Medicine (8.5%), Imaging (6.0%), General Surgery (5.2%) and Neurosciences (14.5%) also contributed. Another increase to this year's net patient revenue was due to the revision to the model that is done for calculating certain reserves, which provided a one-time reduction to estimated reserves in 2018.

| <b>Specialty</b> | <b>2018 Days</b> | <b>2017 Days</b> | <b>% Change</b> |
|------------------|------------------|------------------|-----------------|
| Medical/Surgical | 61,869           | 61,187           | 1%              |
| Maternity        | 14,200           | 14,413           | -1%             |
| Pediatrics       | 25               | 29               | -14%            |
| NICU             | 4,350            | 5,089            | -15%            |
| Psychiatry       | 6,823            | 6,558            | 4%              |
| Normal newborn   | 10,467           | 10,498           | 0%              |
| <b>Total</b>     | <b>97,734</b>    | <b>97,774</b>    | <b>0.0%</b>     |

| <b>Specialty</b>                      | <b>2018 LOS</b> | <b>2017 LOS</b> | <b>% Change</b> |
|---------------------------------------|-----------------|-----------------|-----------------|
| Medical/Surgical                      | 4.5             | 4.7             | -4%             |
| Maternity                             | 3.0             | 3               | 0%              |
| Pediatrics                            | 1.7             | 1.6             | 6%              |
| NICU                                  | 10.5            | 9.7             | 8%              |
| Psychiatry                            | 7.9             | 9.2             | -14%            |
| Normal newborn                        | 2.5             | 2.4             | 4%              |
| <b>Average Length of Stay ("LOS")</b> | <b>4.2</b>      | <b>4.3</b>      | <b>-2.3%</b>    |

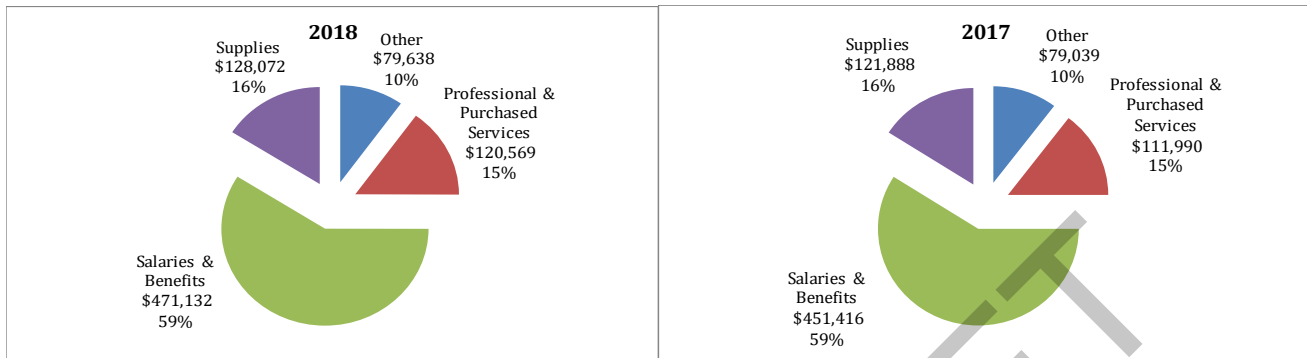
The overall case mix index, which is an indicator of patient acuity, was 1.54 in fiscal year 2018, and 1.48 in fiscal year 2017.

***Other Revenue***

Other Revenues increased by \$4.8 million in fiscal year 2018 over the prior 2017 fiscal year. The primary increases were medical office building lease billings, IT services provided Pathways Home Care and Hospice, participation in in Public Redesign and Incentives in Medi-Cal ("PRIME"), and dietary services to Lucile Packard Children's Hospital patients that occupy a wing of the further floor of the Mountain View main hospital.

# El Camino Healthcare District Management's Discussion and Analysis For the Years Ended June 30, 2018, 2017, and 2016

## 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 \$19.7 million in fiscal year 2018 over 2017, which is 59% of total operating expenses and consistent with fiscal year 2017. Salaries and wages (exclusive of employee benefits) increased by \$21.1 million over fiscal year 2017. Registered Nurses ("RN"), including registries, payroll salaries increased by \$10.7 million in fiscal year 2018 compared to 2017 primarily driven by patient volumes and including in this year the Hospital started a nursing new grad program to provide greater training in nursing operations at the Hospital at a cost of \$1.2 million. A number of other clinical areas saw growth as in respiratory care, operating rooms, imaging, and interventional services. In total the FTE (Full Time Equivalent) grew by 88 FTE's over fiscal year 2017.

With an RN turnover rate of 2.2%, the Hospital continues to do better than the statewide rate of 2.5%, as published by the California Hospital Association ("CHA") at the end of the first quarter of the calendar year 2018.

Employees represented by the Professional Resources for Nurses ("PRN") are currently under contract. The Memorandum of Understanding ("MOU") was dated October 26, 2016 with an expiration date of June 30, 2019. Employees of PRN received a 4% contractual increase effective May 20, 2018.

Employees represented by SEIU United Healthcare Workers ("SEIU – UHW") are under a current contract that extends through June 2019. In fiscal year 2018 received a 3.0% contractual wage increase effective July 1, 2017.

The Hospital's Stationary Engineers – Local 39 members ratified a 5-year contract that began November 1, 2016 through October 31, 2021, receiving a 3% contractual increase on November 5, 2017.

Hospital-represented, non-management staff on a merit based compensation structure received annual merit increases averaging 2.7% in July 2017.

Management and Executive staff received market-based adjustments or merit increases averaging 2.7%; Management in August 2017.

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

# **El Camino Healthcare District**

## **Management's Discussion and Analysis**

### **For the Years Ended June 30, 2018, 2017, and 2016**

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Significant decreases/increases were as follows:

- For the employees of PRN as they ratified their contract in fiscal year 2017, all members (1,218) were provided a Ratification Bonus that totaled \$2.5 million that was paid out in December 2016. This was a one-time event and did not occur in the current fiscal year
- Pension expense decreased by \$4.2 million, primarily by increased investment returns on the Plan's investment in the past year.
- Self-funded worker compensation expenses decreased by \$1.3 million primary in third party payments for employee injuries.
- Paid Time Off ("PTO") accrued expense increased by \$3.5 million over the 2017 fiscal year.
- Employer FICA (Social Security and Medicare) taxes increased by \$1.6 million in the current fiscal year.

#### ***Professional and Purchased Services***

Total professional and purchased services increased by \$8.6 million over the prior fiscal year.

**The significant increases were as follows:**

- Continued on-going repairs in maintaining buildings and grounds to look and perform as they did when they came on line at the campuses of Mountain View and Los Gatos are these days a significant expense, thus in current fiscal year \$4.9 million was expended over fiscal year 2017. Maintaining the many state-of-the-art medical equipment added \$900 thousand in the 2018 fiscal year over the prior year.
- Maintenance and upgrades to various software applications saw a \$1.4 million increase over the prior year.
- Physician services of participating on required on-call panels at both campuses and medical directorship fees increased by \$1.7 million in the current fiscal year.

#### ***Supplies***

Total supplies increased by \$6.2 million in fiscal year 2018 over 2017. Pharmaceuticals increased by \$3.0 million over the 2017 year. At the Cancer Infusion Center, the service saw increased patient volumes, along with a higher acuity of the patients. The pharmaceutical industry saw an overall inflation rate of 4.1% for the year. Spine surgery had increased utilization causing a \$1.7 million in medical supplies. Other areas that saw increases were for certain heart and vascular devices, prosthesis and orthopedics devices, respiratory materials, and oxygen and other medical gases had significant increases.

#### ***Depreciation***

Depreciation expense this fiscal year increased by \$1.8 million over fiscal year 2017. Primarily the increase was for buildings and structures, in particular the new North Drive parking structure at the Mountain View campus coming on line and various major upgrades to the Los Gatos facilities, including the HVAC system and medical office buildings

**El Camino Healthcare District**  
**Management's Discussion and Analysis**  
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***Rent and Utilities***

Rent and utilities this fiscal year was decreased by an insignificant \$482,000 over fiscal year 2017.

***Other Expense***

Other expense decreased in current fiscal year by \$697,000 over the prior year, principally for annual dues and subscription fees and offsite seminars and associated travel expense.

**Non-operating Revenue and Expenses**

***Interest Expense***

The increase of \$2.3 million in fiscal year 2018 over the prior year is due a full year of the May 2017 \$292 million issue being placed. Though a majority of its interest is being capitalized as the major projects remain being constructed, the Parking Structure addition at the Mountain View campus was completed in August 2017 as was some significant renovation projects at the Los Gatos campus that were funded by the 2015A bonds.

***Change in Net Unrealized Gains and Losses on Investments***

For fiscal year 2018, the Hospital had approximately 30 money managers with different investment objectives for the Hospital's surplus cash investments. Total net unrealized gains/losses are reported in the consolidated financial statements during this fiscal year.

The Hospital experienced a change in net unrealized gains and losses on investments of \$30.7 million during fiscal year 2018 and the change in net unrealized gains and losses for fiscal year 2018 was a Year over Year ("YOY") decrease of \$16.8 million. The change in net unrealized gains and losses in 2018 were a result of strong investment results that were widespread across investment portfolios with the exception of fixed income portfolios. Externally held funds (excluding hedge funds) and mutual fund investments generated \$24.4 million in change in unrealized gains and losses. Within mutual funds, all equity funds generated significant unrealized gains throughout fiscal year 2018. These results were consistent with strong equity market returns within domestic and international equity markets as the S&P 500 Index returned +14.4% and the MSCI All Country World Index ex USA (net) returned +7.3% during fiscal year 2018. Separate account equities also experienced positive changes in net unrealized gains and losses of \$2.1 million primarily driven by results from the portfolio's U.S. small-cap growth equity and U.S. large-cap value equity manager. Hedge fund investments added \$9.8 million to the change in unrealized gains and losses with strong results across all four underlying strategies; equity, credit, relative value, and macro. Fixed income investments partially offset the impact of other asset classes as they experienced a negative change in net unrealized gains and losses of \$6.1 million during fiscal year 2018. An increase in interest rates led to unrealized losses for fixed income investments during fiscal year 2018.

## **El Camino Healthcare District Management's Discussion and Analysis For the Years Ended June 30, 2018, 2017, and 2016**

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The YOY decrease in net unrealized gains and losses was primarily due to a \$17.2 million decrease in externally held funds (excluding hedge funds) and mutual fund investments and a \$4.8 million decrease due to fixed income investments. This was partially offset by a \$4.6 million increase due to hedge fund investments. Within mutual fund investments, despite strong absolute gains in fiscal year 2018, equity funds were not able to keep pace with the level of gains experienced in fiscal year 2017, primarily within international equity holdings. The MSCI All Country World Index ex USA (net) returned +7.3% during fiscal year 2018, whereas the Index gained +20.5% in fiscal year 2017. Conversely, hedge fund investments returned +8.7% during fiscal year 2018, whereas they returned +5.6% in fiscal year 2017.

### ***Economic Factors and Next Year's Budget***

The Board approved the fiscal year 2019 budget at their June 2018 meeting. The District is budgeting a combined increase in net position of \$125.6 million. Volumes are budgeted to grow by 2.5%. Reimbursement rates are projected to increase by 3%, as well as expenses to also grow by 3% over the 2018 fiscal year. The organization is focused on being a value-based healthcare provider offering top decile, acute care quality at mid-level pricing, moving towards continuum partnerships that integrate physician networks, care coordination, and delivery strategies, while maintaining our "triple aim" of quality, service, and affordability.

### **Fiscal Year 2017 Consolidated Financial Analysis**

#### ***Net Patient Services Revenues***

Net patient services revenue in fiscal year 2017 increased by \$60.4 million, or 7.8% over fiscal year 2016. This increase was due to several factors which include a delayed IGT payment of \$6.5 million from FY 2016 received in FY 2017, along with the FY 2017 participation being paid in June 2017 in the amount of \$6.5 million; the participation in Public Redesign and Incentives in Medi-Cal ("PRIME") program in which an additional \$4.0 million was received in FY 2017 over FY 2016; a \$1.6 million of cost report settlement; volume increase in a number of product lines including heart and vascular (10.14%), Spine surgery (13.20%), outpatient surgery (9.20%), outpatient infusion (29.40%), and urology (11.20%).

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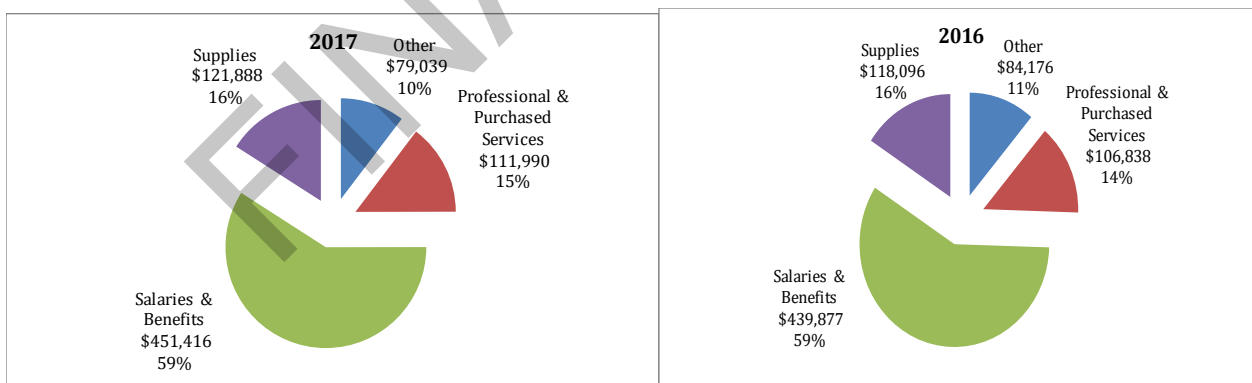
| <b>Specialty</b> | <b>2017 Days</b> | <b>2016 Days</b> | <b>% Change</b> |
|------------------|------------------|------------------|-----------------|
| Medical/Surgical | 58,467           | 61,046           | -4.2%           |
| Maternity        | 11,406           | 14,465           | -21.1%          |
| Pediatrics       | 29               | 4                | 625.0%          |
| NICU             | 5,089            | 5,199            | -2.1%           |
| Psychiatry       | 6,558            | 7,990            | -17.9%          |
| Rehab            | 5,727            | -                | 0.0%            |
| Normal newborn   | 10,498           | 10,717           | -2.0%           |
| <b>Total</b>     | <b>97,774</b>    | <b>99,421</b>    | <b>-1.7%</b>    |

| <b>Specialty</b>   | <b>2017 LOS</b> | <b>2016 LOS</b> | <b>% Change</b> |
|--------------------|-----------------|-----------------|-----------------|
| Medical/Surgical   | 4.6             | 4.9             | -6.1%           |
| Maternity          | 2.4             | 3.0             | -20.0%          |
| Pediatrics         | 1.6             | 1.9             | -15.8%          |
| NICU               | 9.7             | 9.8             | -1.0%           |
| Psychiatry         | 9.2             | 10.0            | -8.0%           |
| Normal newborn     | 2.4             | 2.5             | -4.0%           |
| <b>Average LOS</b> | <b>4.2</b>      | <b>4.3</b>      | <b>-2.3%</b>    |

The overall case mix index, which is an indicator of patient acuity, was 1.48 in fiscal year 2017 and fiscal year 2016.

**Operating Expenses**



# **El Camino Healthcare District**

## **Management's Discussion and Analysis**

### **For the Years Ended June 30, 2018, 2017, and 2016**

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#### ***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 \$11.5 million in fiscal year 2017 over 2016, which is 59% of total operating expenses and consistent with fiscal year 2016. Salaries and wages (exclusive of employee benefits) increased by \$4.5 million over fiscal year 2016. Registered Nurse ("RN") payroll salaries increased by \$3.5 million in fiscal year 2017 compared to 2016. A significant decrease in labor costs in fiscal year 2017 was for outside labor in the amount of \$4.7 million, as in fiscal year 2016 the implementation of the Hospital's new Electronic Health Record ("EHR") system (Epic) was being completed [live in November 2015] and significant outside labor was brought in to allow certain clinical personnel to perform final testing and for a large segment of the employees to complete training classes on the use of the new system.

The RN turnover rate at the end of the first quarter of calendar year 2017 was 2.7% for the Hospital compared to Northern California rate of 1.9% and a statewide rate of 2.4%. The greatest reason for terminations of the Hospital's RN staff during the current fiscal year was for relocation which may be driven by the ever increasing prices in housing/rental market in and around Silicon Valley in which the Hospital resides.

In fiscal year 2017, the Hospital reduced Full Time Equivalents ("FTE") by 33 over 2016. This reduction was principally due to that in fiscal year 2016 with the implementation of Epic that went live November 2015 significant additional labor was needed to complete the testing of the system and training of all clinical staff and others in the use of Epic.

Employees represented by the Professional Resources for Nurses ("PRN") are currently under contract. The Memorandum of Understanding ("MOU") was dated October 26, 2016 with an expiration date of June 30, 2019. Employees of PRN received a 3% contractual increase effective November 20, 2016 and another 3% increase effective April 9, 2017.

Employees represented by SEIU United Healthcare Workers ("SEIU – UHW") are under a current contract that extends through June 2019. In fiscal year 2017 they received 3.0% increases in starting on September 25, 2016.

The Hospital's Stationary Engineers – Local 39 members ratified a 5-year contract that began November 1, 2016 through October 31, 2021, receiving a 3% contractual increase on November 1, 2016.

Hospital-represented, non-management staff on a merit based compensation structure received annual merit increases averaging 2.7% in July 2016.

Management and Executive staff received market-based adjustments or merit increases averaging just under 3%; Management in August 2016 and Executives in October 2016.

Aggregate employee benefits, including accrued Paid Time Off ("PTO") and Extended Sick Leave increased by \$6.7 million.

Significant increases were as follows:

For the employees of PRN as they ratified their contract in October 2016, all members (1,218) were provided a Ratification Bonus that totaled \$2.5 million that was paid out in December 2016.

**El Camino Healthcare District**  
**Management's Discussion and Analysis**  
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Healthcare expense (medical, dental, and vision) increased by \$2.2 million over 2016.

Performance bonuses to management and rank and file employees based on the outstanding financial outcome for the 2017 fiscal year were accrued by \$700 thousand over fiscal year 2016.

FICA/Social Security employer expense and severance payments combined to become a \$1 million increase over fiscal year 2016.

***Professional and Purchased Services***

Total professional and purchased services increased by \$5.2 million over the prior fiscal year.

Significant increases/decreases were as follows:

Bond issuance costs associated with issuing the 2017 Revenue Bonds in the amount of \$292,435,000 caused the most significant single increase over fiscal year 2016 by \$2.7 million.

Professional consulting fees for the retention of the interim CEO of the Hospital for ten months during fiscal year 2017, recruitment fees to locate the permanent CEO (begins in late August 2017) and other senior critical leadership positions during fiscal year, along with the consulting expense to fill these open positions in the interim as they became permanently hired, and outside legal expenses lead to an increase of \$3.3 million in fiscal year 2017 over 2016 in the aggregate.

Within the CONCERN employee assistance program, the expense for outside provider counselors to provide services to the covered employees of CONCERN's client base increased by \$1.4 million in fiscal year 2017 over the prior 2016 fiscal year. This increase was due in part by increased clients and employee head count being covered, but also increased utilization of those counseling services.

A significant decrease of \$2.2 million was for information system software maintenance as in fiscal year 2016 before migrating to Epic the Hospital was maintaining its then current EHR system and a number of supporting sub-systems. As Epic went live and became stabilized maintaining a number of the legacy systems were sunset towards to end of fiscal year 2016, thus reducing the annual software maintenance coming into fiscal year 2017.

***Supplies***

Total supplies increased by \$3.8 million in fiscal year 2017 over 2016. Pharmaceuticals increased by \$3.0 million over the 2016 year. With the expansion of the Cancer Infusion Center that opened the end of the 2016 fiscal year, the service saw increased patient volumes, along with a higher acuity of the patients. The pharmaceutical industry saw an overall inflation rate of 4.1% for the year. Medical supplies saw increases in heart and vascular devices, offset by a decrease in general medical surgical supplies.

***Depreciation***

Depreciation expense this fiscal year decreased by \$872,000 over fiscal year 2016. Primarily the decrease was due to that in fiscal year 2016 a portion of the Mountain View old tower (the "North Addition") was on accelerated depreciation to end June 2016 as it was demolished the beginning of fiscal year 2017 to make way for the construction of the Integrated Medical Office Building. In addition, a number of significant pieces of capital equipment became fully depreciated.

# **El Camino Healthcare District**

## **Management's Discussion and Analysis**

### **For the Years Ended June 30, 2018, 2017, and 2016**

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#### ***Rent and Utilities***

Rent and utilities this fiscal year was increased by an insignificant \$596,000 over fiscal year 2016.

#### ***Other Expense***

There was a decrease of \$4.9 million in fiscal year 2017 over 2016. Primarily this was due to going "live" with new EHR Epic system in the prior fiscal year, in which all of the clinical staff and certain administrative support departments had to be trained on the new system in November 2015. This training expense was in excess of \$7.8 million that was not repeated in fiscal year 2017.

#### **Non-operating Revenue and Expenses**

##### ***Interest Expense***

Interest expense is primarily related to the 2015A Revenue Bonds ("2015A bonds") which refunded its 2007 Series Bonds (\$120.1 million) and financed certain capital expenditures (\$40.3 million) at the Hospital's Los Gatos campus. The advance refunding of the 2007 Series Bonds caused a loss on defeasance of \$15.3 million which is being amortized as additional interest expense of the life of the 2015A Bonds, which adds an additional \$600 thousand in interest expense per year. Secondly, with 2017 Revenue Bond issue in late March 2017 has added to operating interest, but a vast majority is being capitalized as part of the construction costs of the current four (4) major projects at the Mountain View campus.

##### ***Change in Net Unrealized Gains and Losses on Investments***

For fiscal year 2017, the Hospital had 28 money managers with different investment objectives for the Hospital's surplus cash investments. Total net unrealized gains/losses are reported in the consolidated financial statements during this fiscal year.

The Hospital experienced net unrealized gains on investments of \$47.5 million during fiscal year 2017 and the change in net unrealized gains and losses for fiscal year 2017 was a YOY increase of \$64.5 million. The net unrealized gains in 2017 were a result of strong investment results that were widespread across investment portfolios with the exception of fixed income portfolios. Externally held funds (excluding hedge funds) and mutual fund investments generated \$41.5 million in unrealized gains. Within mutual funds, all equity funds generated significant unrealized gains throughout fiscal year 2017. These results were consistent with strong equity market returns within domestic and international equity markets as the S&P 500 Index returned +17.9% and the MSCI All Country World Index ex USA (net) returned +20.5% during fiscal year 2017. Separate account equities also experienced net unrealized gains of \$2.1 million primarily driven by results from the portfolio's U.S. large-cap value equity manager. Hedge fund investments added \$5.2 million to unrealized gains with particularly strong results from credit and equity oriented strategies. Fixed income investments partially offset the impact of other asset classes as they experienced net unrealized losses of \$1.3 million during fiscal year 2017. An increase in interest rates led to unrealized losses for fixed income investments during fiscal year 2017.

**El Camino Healthcare District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2018, 2017, and 2016**

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The YOY increase in net unrealized gains and losses was primarily due to a \$48.8 million increase in externally held funds (excluding hedge funds) and mutual fund investments, a \$13.9 million increase due to hedge fund investments, and a \$6.6 million increase due to separate account equities. Within mutual fund investments all equity funds contributed to YOY gains; however, the portfolio experienced particularly strong YOY gains from internationally equity funds (+17.6% during fiscal year 2017 versus -6.0% in fiscal year 2016) and the U.S. large-cap growth equity fund (+24.5% in fiscal year 2017 versus -10.6% in fiscal year 2016). Also, hedge fund investments returned +5.6% during fiscal year 2017, whereas they returned -7.2% in fiscal year 2016.

FINAL DRAFT

# **Report of Independent Auditors**

To the Board of Directors  
El Camino Healthcare District

## **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of El Camino Healthcare District (the "District"), which comprise the consolidated statements of net position as of June 30, 2018 and 2017, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the District as of June 30, 2018 and 2017, and the consolidated results of operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 1 to the consolidated financial statements, for the fiscal year ended June 30, 2018, the District adopted new Government Accounting Standard Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As required by the standard, net position was restated as of July 1, 2017, and therefore the required disclosures are for fiscal year ended June 30, 2018, only. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

The accompanying Management's Discussion and Analysis on pages 1 through 16, and the accompanying supplemental pension and post-retirement benefit information on pages 59 and 60, are not required parts of the consolidated financial statements but are supplementary information required by the Governmental Accounting Standards Board who considers them to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational economic, or historical context. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated financial statements, and other knowledge we obtained during our audit of the consolidated financial statements. We do not express an opinion or provide any assurance on the supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the District's consolidated financial statements. The accompanying consolidating statement of net position and consolidating statement of revenues, expenses, and changes in net position, on pages 56 through 58, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of the District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the District's consolidated financial statements. The accompanying supplemental schedule of community benefit on page 61 is presented for purpose of additional analysis and is not a required part of the consolidated financial statements. This supplementary information is the responsibility of the District's management. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

San Francisco, California

October 18, 2018

FINAL DRAFT

## **Consolidated Financial Statements**

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FINAL DRAFT

**El Camino Healthcare District**  
**Consolidated Statements of Net Position**  
**June 30, 2018 and 2017**  
**(In Thousands)**

|   | <u>2018</u>         | <u>2017</u>         |
|---|---------------------|---------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS</b>   |                     |                     |
| Current assets  |                     |                     |
| Cash and cash equivalents   | \$ 126,821          | \$ 131,563          |
| Short-term investments  | 244,056             | 219,126             |
| Current portion of board designated and funds held by trustee   | 20,963              | 13,133              |
| Patient accounts receivable, net of allowances for doubtful<br>accounts of \$41,009 and \$32,537 in 2018 and 2017, respectively | 124,914             | 110,005             |
| Prepaid expenses and other current assets   | 22,407              | 20,817              |
| Total current assets  | <u>539,161</u>      | <u>494,644</u>      |
| Non-current cash and investments  |                     |                     |
| Board-designated funds  | 714,995             | 568,376             |
| Restricted funds  | 400                 | 400                 |
| Funds held by trustee   | 218,457             | 305,415             |
|   | <u>933,852</u>      | <u>874,191</u>      |
| Capital assets  |                     |                     |
| Nondepreciable  | 305,797             | 221,478             |
| Depreciable, net  | 614,403             | 588,133             |
| Total capital assets  | <u>920,200</u>      | <u>809,611</u>      |
| Pledges receivable, net of current portion  | 4,170               | 2,630               |
| Prepaid pension asset   | 57,084              | 32,682              |
| Investments in healthcare affiliates  | 31,268              | 31,262              |
| Beneficial interest in charitable remainder unitrusts   | 3,638               | 3,521               |
| Total assets  | <u>2,489,373</u>    | <u>2,248,541</u>    |
| Deferred outflows of resources  |                     |                     |
| Loss on defeasance of bond payable  | 13,562              | 14,163              |
| Deferred outflows of resources  | 5,200               | 5,700               |
| Deferred outflows - actuarial   | 2,414               | 9,097               |
| Total deferred outflows of resources  | <u>21,176</u>       | <u>28,960</u>       |
| Total assets and deferred outflows of resources   | <u>\$ 2,510,549</u> | <u>\$ 2,277,501</u> |

**El Camino Healthcare District**  
**Consolidated Statements of Net Position (continued)**  
**June 30, 2018 and 2017**  
**(In Thousands)**

|   | <u>2018</u>         | <u>2017</u>         |
|---|---------------------|---------------------|
| <b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>            |                     |                     |
| Current liabilities   |                     |                     |
| Accounts payable and accrued expenses                             | \$ 51,036           | \$ 38,986           |
| Salaries, wages, and related liabilities                          | 54,006              | 51,688              |
| Other current liabilities   | 23,244              | 16,459              |
| Estimated third-party payor settlements                           | 10,068              | 10,438              |
| Current portion of bonds payable                                  | 7,160               | 7,305               |
| Total current liabilities   | <u>145,514</u>      | <u>124,876</u>      |
| Bonds payable, net of current portion                             | 642,235             | 654,027             |
| Other long-term obligations                                       | 9,454               | 11,364              |
| Workers' compensation, net of current portion                     | 17,963              | 17,707              |
| Post-retirement medical benefits, net of current portion          | 29,212              | 19,218              |
| Total liabilities   | <u>844,378</u>      | <u>827,192</u>      |
| Deferred inflow of resources                                      |                     |                     |
| Deferred inflow of resources                                      | 3,638               | 3,521               |
| Deferred inflow of resources - actuarial                          | 22,835              | 10,666              |
| Total deferred inflow of resources                                | <u>26,473</u>       | <u>14,187</u>       |
| Net position  |                     |                     |
| Invested in capital assets, net of related debt                   | 510,225             | 466,827             |
| Restricted - expendable   | 15,652              | 11,651              |
| Restricted - nonexpendable  | 3,718               | 3,462               |
| Unrestricted  | 1,110,103           | 954,182             |
| Total net position  | <u>1,639,698</u>    | <u>1,436,122</u>    |
| Total liabilities, deferred inflow of resources, and net position | <u>\$ 2,510,549</u> | <u>\$ 2,277,501</u> |

**El Camino Healthcare District**  
**Consolidated Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2018 and 2017**  
**(In Thousands)**

|   | <u>2018</u>                | <u>2017</u>                |
|---|----------------------------|----------------------------|
| <b>OPERATING REVENUES</b>   |                            |                            |
| Net patient service revenue (net of provision for<br>bad debts of \$21,407 and \$19,405 in 2018 and 2017, respectively) | \$ 901,023                 | \$ 832,573                 |
| Other revenue   | 42,692                     | 37,916                     |
| Total operating revenues  | <u>943,715</u>             | <u>870,489</u>             |
| <b>OPERATING EXPENSES</b>   |                            |                            |
| Salaries, wages, and benefits   | 471,132                    | 451,416                    |
| Professional fees and purchased services  | 120,569                    | 111,990                    |
| Supplies  | 128,072                    | 121,888                    |
| Depreciation  | 49,957                     | 48,179                     |
| Rent and utilities  | 15,783                     | 16,265                     |
| Other   | 13,898                     | 14,595                     |
| Total operating expenses  | <u>799,411</u>             | <u>764,333</u>             |
| Income from operations  | <u>144,304</u>             | <u>106,156</u>             |
| <b>NONOPERATING REVENUES (EXPENSES)</b>   |                            |                            |
| Investment income, net  | 58,663                     | 63,465                     |
| Property tax revenue  |                            |                            |
| Designated to support community benefit programs and<br>operating expenses  | 8,281                      | 7,902                      |
| Designated to support capital expenditures  | 7,831                      | 6,959                      |
| Levied for debt service   | 9,266                      | 10,679                     |
| Bond interest expense, net  | (9,011)                    | (6,697)                    |
| Intergovernmental transfer expense  | (6,469)                    | (10,328)                   |
| Restricted gifts, grants and bequests, and other,<br>net of contributions to related parties                            | 4,349                      | 4,201                      |
| Unrealized gain on interest rate swap   | 1,151                      | 3,429                      |
| Community benefit expense   | (10,505)                   | (9,970)                    |
| Other, net  | 6,757                      | 1,322                      |
| Total nonoperating revenues   | <u>70,313</u>              | <u>70,962</u>              |
| Increase in net position  | 214,617                    | 177,118                    |
| <b>TOTAL NET POSITION, beginning of year</b>  | <u>1,436,122</u>           | <u>1,259,004</u>           |
| <b>CUMULATIVE EFFECT OF RESTATEMENT</b>   | <u>(11,041)</u>            | <u>-</u>                   |
| <b>TOTAL NET POSITION, beginning of year, as restated</b>   | <u>1,425,081</u>           | <u>1,259,004</u>           |
| <b>TOTAL NET POSITION, end of year</b>  | <u><u>\$ 1,639,698</u></u> | <u><u>\$ 1,436,122</u></u> |

**El Camino Healthcare District**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2018 and 2017**  
**(In Thousands)**

|  | 2018        | 2017       |
|--|-------------|------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |             |            |
| Cash received from and on behalf of patients   | \$ 857,868  | \$ 832,934 |
| Other cash receipts  | 42,692      | 37,917     |
| Cash payments to employees   | (468,814)   | (442,947)  |
| Cash payments to suppliers   | (253,530)   | (269,942)  |
| Net cash provided by operating activities  | 178,216     | 157,962    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |             |            |
| Property taxes   | 16,112      | 14,861     |
| Restricted contributions and investment income   | 4,349       | 4,254      |
| Transfers to restricted funds and other  | -           | (350)      |
| Net cash provided by noncapital financing activities   | 20,461      | 18,765     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |             |            |
| Purchases of property, plant, and equipment  | (157,934)   | (112,510)  |
| Payments on bonds payable  | (7,305)     | (3,635)    |
| Proceeds from bond issuance  | -           | 413,458    |
| Interest paid on General Obligation bonds payable  | (3,183)     | (4,387)    |
| Refunding of bonds payable   | -           | (103,945)  |
| Tax revenue related to General Obligation bonds payable  | 9,266       | 10,679     |
| Net cash (used in) provided by capital and related financing activities  | (159,156)   | 199,660    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |             |            |
| Purchases of investments   | (1,304,891) | (766,314)  |
| Sales of investments   | 1,125,512   | 661,111    |
| Investment income, net   | 58,663      | 64,727     |
| Community benefit and other investing activities   | (10,505)    | (8,648)    |
| Change in funds held by trustee, net   | 86,958      | (259,122)  |
| Net cash used in investing activities  | (44,263)    | (308,246)  |
| Net (decrease) increase in cash and cash equivalents   | (4,742)     | 68,141     |
| <b>CASH AND CASH EQUIVALENTS at beginning of year</b>  | 131,563     | 63,422     |
| <b>CASH AND CASH EQUIVALENTS at end of year</b>  | \$ 126,821  | \$ 131,563 |
| <b>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES</b>                                |             |            |
| Income from operations   | \$ 144,304  | \$ 106,156 |
| Adjustments to reconcile income from operations to net cash from operating activities                                |             |            |
| Loss on disposal of property, plant and equipment  | 2,838       | 1,262      |
| Amortization of bond premium and bond issuance costs   | (4,632)     | (2,027)    |
| Depreciation   | 49,957      | 48,179     |
| Provision for bad debts  | 21,407      | 19,405     |
| Changes in assets and liabilities  |             |            |
| Patient accounts receivable, net   | (36,316)    | (8,716)    |
| Prepaid expenses and other current assets  | (26,437)    | (9,531)    |
| Current liabilities  | 10,163      | 6,628      |
| Other long-term obligations  | (873)       | (1,464)    |
| Deferred inflow/outflow of resources - actuarial   | 18,852      | (2,892)    |
| Post-retirement medical benefits   | (1,047)     | 962        |
| Net cash provided by operating activities  | \$ 178,216  | \$ 157,962 |
| <b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES</b>   |             |            |
| Noncash purchase of property, plant, and equipment   | \$ 5,450    | \$ 3,415   |
| Change in fair value of beneficial interest in charitable remainder unitrusts, and deferred inflow of resources, net | \$ 117      | \$ 75      |

See accompanying notes.

# El Camino Healthcare District

## Notes to Consolidated Financial Statements

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The District is organized as a political subdivision of the State of California and was created for the purpose of operating an acute care hospital and providing management services to certain related corporations. The District is the sole member of the Hospital, and the Hospital is the sole corporate member of the Foundation and CONCERN. As sole member, the District (with respect to the Hospital) and the Hospital (with respect to the Foundation and CONCERN) have certain powers, such as the appointment and removal of the boards of directors and approval of changes to the articles of incorporation and bylaws. As of June 30, 2018 and 2017, the Hospital owns 100% of ECSC.

SVMD was formed in September 2008 as a Limited Liability Corporation ("LLC"), a wholly owned subsidiary of the Hospital focused on the expansion of the clinical enterprise outside of the Hospital through various business ventures and physician alignment initiatives that improve access for the Hospital's current patients and new, underserved members of the community, extend healthcare into people's homes through the applications of electronic connectivity and assist independent physicians in clinical integration with the Hospital, among other initiatives. In fiscal year 2018, SVMD completed extensive tenant improvements at a San Jose location and opened a Primary Care Clinic and, in May 2018, opened a Specialty Care Clinic for Spine and Neurology services at the Hospital's Mountain View site. SVMD then opened its first Urgent Care Clinic in June at a location in Cupertino. Subsequent to year end it opened a second Urgent Care Clinic in Mountain View.

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.

**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.

## El Camino Healthcare District

### Notes to Consolidated Financial Statements

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

**Cash and cash equivalents** – Cash and cash equivalents include deposits with financial institutions, and investments in highly liquid debt instruments with an original maturity of three months or less. In addition, in fiscal years 2018 and 2017, 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 for future capital improvements and other operational reserves, over which the Board of Directors retains control and may at its discretion use for other purposes; assets set aside for qualified capital outlay projects in compliance with state law; and assets restricted by donors or grantors.

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

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

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

|                        |               |
|------------------------|---------------|
| Land improvements      | 16 years      |
| Buildings and fixtures | 25 – 47 years |
| Equipment              | 3 – 16 years  |

## El Camino Healthcare District

### Notes to Consolidated Financial Statements

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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.

**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. ECSC holds an interest in El Camino Ambulatory Surgery Center (“ECASC”), which is reported using the cost method of accounting.

| <b>Affiliate</b>                         | <b>Percent interest</b> |
|--|-------------------------|
| Pathways                                 | 50%                     |
| Satellite Dialysis of Mountain View, LLC | 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.

Deferred outflows consist of unamortized loss on refunding of debt (Note 10), deferred outflows of pension contribution, and actuarially determined deferred outflows of resources (Note 7).

Deferred inflows consist of actuarially determined deferred inflows of resources as it relates to pension (Note 7), as well as deferred inflow resulting from transactions in charitable remainder unitrusts (Note 12).

**Risk management** – The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

**Self-insurance plans** – The Hospital maintains professional liability insurance on a claims-made basis, with liability limits of \$40,000,000 in aggregate, which is subject to a \$50,000 deductible. Additionally, the Hospital is self-insured for workers’ compensation benefits. The Hospital purchases a Workers’ Compensation Excess Policy that insures claims greater than \$1,000,000 with a limit of \$25,000,000 and a \$1,000,000 deductible. Actuarial estimates of uninsured losses for professional liability and workers’ compensation have been accrued as other current liabilities and workers’ compensation, net of current portion, respectively, in the accompanying consolidated financial statements.

## El Camino Healthcare District

### Notes to Consolidated Financial Statements

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

|      | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Current Portion</u> |
|------|--------------------------|------------------|------------------|-----------------------|------------------------|
| 2018 | \$ 20,007                | \$ 2,810         | \$ 2,554         | \$ 20,263             | \$ 2,300               |

|      | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Current Portion</u> |
|------|--------------------------|------------------|------------------|-----------------------|------------------------|
| 2017 | \$ 22,309                | \$ 4,055         | \$ 6,357         | \$ 20,007             | \$ 2,300               |

**Compensated absences** – Vested or accumulated vacation and sick leave are recorded as an expense and liability of the Hospital as the benefits accrue to employees. For most employees, the maximum accumulated vacation is 400 hours. Sick leave is accumulated indefinitely at a maximum of 40 hours for a full-time employee per year, and is not vested with the employee upon termination.

The following is a summary of changes in compensated absences transactions for the years ended June 30, (in thousands):

|      | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Current Portion</u> |
|------|--------------------------|------------------|------------------|-----------------------|------------------------|
| 2018 | \$ 23,685                | \$ 47,485        | \$ 46,387        | \$ 24,783             | \$ 24,783              |

|      | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Current Portion</u> |
|------|--------------------------|------------------|------------------|-----------------------|------------------------|
| 2017 | \$ 23,232                | \$ 44,003        | \$ 43,550        | \$ 23,685             | \$ 23,685              |

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

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

**Invested in capital assets, net of related debt** – Invested in capital assets of \$510,225,000 and \$466,827,000 at June 30, 2018 and 2017, respectively, represent investments in all capital assets (building and building improvements, furniture and fixtures, and information and technology equipment), net of depreciation less any debt issued to finance those capital assets.

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

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

## El Camino Healthcare District

### Notes to Consolidated Financial Statements

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**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 at June 30, 2018 and 2017, is as follows:

|                      | June 30,    |             |
|----------------------|-------------|-------------|
|                      | 2018        | 2017        |
| Medicare             | 16%         | 13%         |
| Medi-Cal             | 3%          | 4%          |
| Commercial and other | 80%         | 82%         |
| Self pay             | 1%          | 1%          |
|                      | <u>100%</u> | <u>100%</u> |

**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 \$1,691,000 and \$1,285,000 for the years ended June 30, 2018 and 2017, respectively.

## El Camino Healthcare District

### Notes to Consolidated Financial Statements

**Property tax revenue** – The District received approximately 12% in 2018 and 14% in 2017 of its total increase in net position from property taxes. These funds were designated as follows (in thousands):

|   | June 30, |           |
|---|----------|-----------|
|   | 2018     | 2017      |
| Designated to support community benefit programs and operating expenses | \$ 8,281 | \$ 7,902  |
| Designated to support capital expenditures                              | \$ 7,831 | \$ 6,959  |
| Levied for debt service   | \$ 9,266 | \$ 10,679 |

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

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

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

**Reclassifications** – Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the 2018 presentation.

**Restatement** – The GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB No. 75"). GASB No. 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with Other Post Employment Benefit ("OPEB"), as well as certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The District has adopted this statement for the fiscal year ended June 30, 2018, and as a result, the consolidated financial statements presented herein have been restated retrospectively as follows (in thousands):

|  | June 30, 2016             |             |              |
|--|---------------------------|-------------|--------------|
|  | As previously<br>Reported | Adjustment  | As Adjusted  |
| Unrestricted net position, end of year | \$ 954,182                | \$ (11,041) | \$ 943,141   |
| Total net position, beginning of year  | \$ 1,259,004              | \$ -        | \$ 1,259,004 |
| Total net position, end of year        | \$ 1,436,122              | \$ (11,041) | \$ 1,425,081 |

## El Camino Healthcare District

### Notes to Consolidated Financial Statements

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**New accounting pronouncements** - The GASB also issued GASB Statement No. 87, *Leases*, ("GASB No. 87"), which intends to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB No. 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The adoption of GASB No. 87 is effective for the District beginning July 1, 2020. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

The GASB also issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, ("GASB No. 86"), which provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Under this statement, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. The adoption of GASB No. 86 is effective for the District beginning July 1, 2018. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

The GASB also issued GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, ("GASB No. 88"). Among other things, GASB No. 88 clarifies which liabilities governments should include in their note disclosures related to debt. GASB No. 88 requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. GASB No. 88 further defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement further requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The adoption of GASB No. 88 is effective for the District beginning July 1, 2019. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

The GASB also issued GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, ("GASB No. 89"). GASB No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The adoption of GASB No. 89 is effective for the District beginning July 1, 2020. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

## El Camino Healthcare District

### Notes to Consolidated Financial Statements

#### NOTE 2 – OPERATING REVENUES

The following table reflects the percentage of net patient revenues by major payor group for the years ended June 30:

|                                   | 2018 | 2017 |
|-----------------------------------|------|------|
| Medicare (including Medicare HMO) | 26%  | 27%  |
| Commercial and other              | 70%  | 68%  |
| Medi-Cal (including Medi-Cal HMO) | 4%   | 5%   |
|                                   | 100% | 100% |

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

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Inpatient services are paid at prospectively determined rates per discharge. Payments for outpatient services are based on a stipulated amount per procedure. The Hospital is reimbursed for cost reimbursable items at a tentative rate, with final settlements determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The effect of updating prior year estimates for Medicare and other liabilities was to decrease 2018 income from operations by \$3,638,500, and decrease 2017 income from operations by \$1,808,000. The Hospital's cost reports have been audited by the Medicare fiscal intermediary through June 30, 2015.

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, 2018 and 2017, the Hospital recognized amounts under the IGT program of \$14,862,000 and \$18,338,000, 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.

Included in other revenue are amounts from investments in health-related activities, rental income, cafeteria, and other nonpatient care revenue.

# El Camino Healthcare District

## Notes to Consolidated Financial Statements

### NOTE 3 – CASH DEPOSITS

At June 30, 2018 and 2017, District cash deposits had carrying amounts of \$126,821,000 and \$131,563,000, respectively, and bank balances of \$123,918,000 and \$136,336,000, respectively. All of these funds were held in cash deposits, which are collateralized with the California Government Code (“CGC”), except for \$250,000 per account that is federally insured by the Federal Deposit Insurance Corporation (“FDIC”).

The District participates 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. At June 30, 2018 and 2017, balances in repurchase agreements had bank balances of \$122,709,000 and \$134,883,000, respectively, and are included in the carrying amounts above.

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

Board-designated funds, funds held by trustee, restricted funds, and short-term investments, collectively, as of June 30, 2018 and 2017, comprised the following (in thousands):

|                           | Amortized<br>Costs  | Gross Unrealized  |                   | Carrying<br>Value   |
|---------------------------|---------------------|-------------------|-------------------|---------------------|
|                           |                     | Gains             | Losses            |                     |
| <b>2018</b>               |                     |                   |                   |                     |
| Cash and cash equivalents | \$ 165,038          | 13                | -                 | \$ 165,051          |
| Mutual funds              | 266,436             | 80,358            | (3,096)           | 343,698             |
| Real estate funds         | 27,403              | 18,287            | -                 | 45,690              |
| Hedge funds               | 119,947             | 15,487            | (518)             | 134,916             |
| Equities                  | 31,113              | 9,930             | (1,471)           | 39,572              |
| Fixed income securities   | 471,148             | 2,495             | (3,699)           | 469,944             |
|                           | <u>\$ 1,081,085</u> | <u>\$ 126,570</u> | <u>\$ (8,784)</u> | <u>\$ 1,198,871</u> |
| <b>2017</b>               |                     |                   |                   |                     |
| Cash and cash equivalents | \$ 126,431          | \$ -              | \$ -              | \$ 126,431          |
| Mutual funds              | 242,539             | 56,223            | (3,952)           | 294,810             |
| Real estate funds         | 18,421              | 8,271             | -                 | 26,692              |
| Hedge funds               | 94,206              | 5,398             | (315)             | 99,289              |
| Equities                  | 37,930              | 6,974             | (703)             | 44,201              |
| Fixed income securities   | 505,082             | 11,626            | (1,681)           | 515,027             |
|                           | <u>\$ 1,024,609</u> | <u>\$ 88,492</u>  | <u>\$ (6,651)</u> | <u>\$ 1,106,450</u> |

## El Camino Healthcare District

### Notes to Consolidated Financial Statements

At June 30, 2018, investment balances and average maturities were as follows:

| Investment Type         | Fair Value<br>(in thousands) | Investment Maturities (in years) |                   |                  |                   |
|-------------------------|------------------------------|----------------------------------|-------------------|------------------|-------------------|
|                         |                              | Less than 1                      | 1 to 5            | 6 to 10          | More than 10      |
| Short-term money market | \$ 164,590                   | 164,590                          | -                 | -                | -                 |
| Government and agencies | 187,346                      | 1,922                            | 98,432            | 13,959           | 73,033            |
| Corporate bonds         | 261,427                      | 14,234                           | 175,220           | 23,906           | 48,067            |
| Domestic fixed income   | 19,691                       | 1,142                            | 6,395             | 8,689            | 3,465             |
| Foreign fixed income    | 1,941                        | 1,941                            | -                 | -                | -                 |
|                         | 634,995                      | <u>\$ 183,829</u>                | <u>\$ 280,047</u> | <u>\$ 46,554</u> | <u>\$ 124,565</u> |
| Equities                | 39,572                       |                                  |                   |                  |                   |
| Mutual funds            | 343,698                      |                                  |                   |                  |                   |
| Real estate funds       | 45,690                       |                                  |                   |                  |                   |
| Hedge funds             | 134,916                      |                                  |                   |                  |                   |
| Total                   | <u>\$ 1,198,871</u>          |                                  |                   |                  |                   |

At June 30, 2017, investment balances and average maturities were as follows:

| Investment Type         | Fair Value<br>(in thousands) | Investment Maturities (in years) |                   |                  |                  |
|-------------------------|------------------------------|----------------------------------|-------------------|------------------|------------------|
|                         |                              | Less than 1                      | 1 to 5            | 6 to 10          | More than 10     |
| Short-term money market | \$ 126,431                   | \$ 126,431                       | \$ -              | \$ -             | \$ -             |
| Government and agencies | 120,095                      | 5,103                            | 99,262            | 10,421           | 5,309            |
| Corporate bonds         | 375,766                      | 40,021                           | 226,659           | 18,828           | 90,258           |
| Domestic fixed income   | 26,848                       | 12,012                           | 3,126             | 8,568            | 3,142            |
|                         | 649,140                      | <u>\$ 183,567</u>                | <u>\$ 329,047</u> | <u>\$ 37,817</u> | <u>\$ 98,709</u> |
| Equities                | 32,960                       |                                  |                   |                  |                  |
| Mutual funds            | 298,368                      |                                  |                   |                  |                  |
| Real estate funds       | 26,692                       |                                  |                   |                  |                  |
| Hedge funds             | 99,290                       |                                  |                   |                  |                  |
| Total                   | <u>\$ 1,106,450</u>          |                                  |                   |                  |                  |

**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.

## El Camino Healthcare District

### Notes to Consolidated Financial Statements

**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):

|  | <u>2018</u>         | <u>2017</u>         |
|--|---------------------|---------------------|
| Included in the following consolidated statement of net position captions:             |                     |                     |
| Short-term investments   | \$ 244,056          | \$ 219,126          |
| Current portion of board designated and funds held by trustee                          | 20,963              | 13,133              |
| Board designated, funds held by trustee,<br>and restricted funds, less current portion | <u>933,852</u>      | <u>874,191</u>      |
| Total carrying amount of deposits and investments                                      | <u>\$ 1,198,871</u> | <u>\$ 1,106,450</u> |

#### 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.

## El Camino Healthcare District Notes to Consolidated Financial Statements

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**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, 2018 and 2017, 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 managers' net asset values, as the managers have the greatest insight into the investments of their fund and the related industry and have 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 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.

# El Camino Healthcare District

## Notes to Consolidated Financial Statements

The following table presents the fair value measurements of assets 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          | 2018                |
|---|-------------------|-------------------|------------------|---------------------|
| Investments by fair value level                       |                   |                   |                  |                     |
| Asset backed securities                               |                   |                   |                  |                     |
| Corporate backed obligations                          | \$ -              | \$ 16,404         | \$ -             | \$ 16,404           |
| Mortgage backed obligations                           | -                 | 24,141            | -                | 24,141              |
| Common stock  |                   |                   |                  |                     |
| ADR & U.S. foreign stock                              | -                 | 5,671             | -                | 5,671               |
| Energy  | 5,034             | -                 | -                | 5,034               |
| Financial services industry                           | 7,100             | -                 | -                | 7,100               |
| Healthcare industry                                   | 5,130             | -                 | -                | 5,130               |
| Information Technology                                | 5,496             | -                 | -                | 5,496               |
| Telecommunication services                            | 577               | -                 | -                | 577                 |
| Other   | 11,663            | -                 | -                | 11,663              |
| Corporate, municipal and foreign bonds                |                   |                   |                  |                     |
| Corporate bonds                                       | -                 | 221,026           | -                | 221,026             |
| Private placements                                    | -                 | 19,691            | -                | 19,691              |
| Municipal taxable                                     | -                 | 4,874             | -                | 4,874               |
| Foreign bonds   | -                 | 1,941             | -                | 1,941               |
| Mutual funds  |                   |                   |                  |                     |
| Mutual funds - equity                                 | 326,452           | -                 | -                | 326,452             |
| Mutual funds - taxable                                | 16,379            | -                 | -                | 16,379              |
| U.S. Government securities                            |                   |                   |                  |                     |
| Government agencies                                   | 62,723            | -                 | -                | 62,723              |
| U.S. treasury notes and bonds                         | 118,191           | -                 | -                | 118,191             |
| Limited Partnership Interests                         | -                 | -                 | 23,725           | 23,725              |
| Total investments by fair value level                 | <u>\$ 558,745</u> | <u>\$ 293,748</u> | <u>\$ 23,725</u> | <u>876,218</u>      |
| Cash equivalents                                      |                   |                   |                  | <u>165,051</u>      |
| Investments measured at NAV                           |                   |                   |                  |                     |
| Pooled, common & collective trusts                    |                   |                   |                  | 22,046              |
| Equity, hedge funds                                   |                   |                   |                  | 49,290              |
| Credit hedge funds                                    |                   |                   |                  | 32,089              |
| Macro hedge funds                                     |                   |                   |                  | 37,363              |
| Relative value hedge funds                            |                   |                   |                  | 15,946              |
| Fixed income limited partnership                      |                   |                   |                  | 868                 |
| Total investments measured at NAV                     |                   |                   |                  | <u>157,602</u>      |
| Total investments                                     |                   |                   |                  | <u>\$ 1,198,871</u> |
| Beneficial interest in charitable remainder unitrusts | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ 3,638</u>  | <u>\$ 3,638</u>     |
| Interest rate swap                                    | <u>\$ -</u>       | <u>\$ (5,595)</u> | <u>\$ -</u>      | <u>\$ (5,595)</u>   |

# El Camino Healthcare District

## Notes to Consolidated Financial Statements

| Description   | Level 1           | Level 2           | Level 3          | 2017                |
|---|-------------------|-------------------|------------------|---------------------|
| Investments by fair value level                       |                   |                   |                  |                     |
| Asset backed securities                               |                   |                   |                  |                     |
| Corporate backed obligations                          | \$ -              | \$ 10,368         | \$ -             | \$ 10,368           |
| Mortgage backed obligations                           | -                 | 47,741            | -                | 47,741              |
| Common stock  |                   |                   |                  |                     |
| ADR & U.S. foreign stock                              | -                 | 4,371             | -                | 4,371               |
| Energy  | 3,635             | -                 | -                | 3,635               |
| Financial services industry                           | 6,169             | -                 | -                | 6,169               |
| Healthcare industry                                   | 5,929             | -                 | -                | 5,929               |
| Information Technology                                | 3,978             | -                 | -                | 3,978               |
| Telecommunication services                            | 771               | -                 | -                | 771                 |
| Other   | 8,107             | -                 | -                | 8,107               |
| Corporate, municipal and foreign bonds                |                   |                   |                  |                     |
| Corporate bonds                                       | -                 | 329,546           | -                | 329,546             |
| Private placements                                    | -                 | 16,253            | -                | 16,253              |
| Municipal taxable                                     | -                 | 4,805             | -                | 4,805               |
| Mutual funds  |                   |                   |                  |                     |
| Mutual funds - equity                                 | 282,832           | -                 | -                | 282,832             |
| Mutual funds - taxable                                | 15,536            | -                 | -                | 15,536              |
| U.S. Government securities                            |                   |                   |                  |                     |
| Government agencies                                   | 10,105            | 647               | -                | 10,752              |
| U.S. treasury notes and bonds                         | 85,223            | -                 | -                | 85,223              |
| Limited Partnership Interests                         | -                 | -                 | 26,692           | 26,692              |
| Total investments by fair value level                 | <u>\$ 422,285</u> | <u>\$ 413,731</u> | <u>\$ 26,692</u> | <u>862,708</u>      |
| Cash equivalents                                      |                   |                   |                  | <u>134,187</u>      |
| Investments measured at NAV                           |                   |                   |                  |                     |
| Pooled, common & collective trusts                    |                   |                   |                  | 19,789              |
| Equity hedge funds                                    |                   |                   |                  | 34,944              |
| Credit hedge funds                                    |                   |                   |                  | 25,246              |
| Macro hedge funds                                     |                   |                   |                  | 25,452              |
| Relative value hedge funds                            |                   |                   |                  | 3,362               |
| Fixed income limited partnership                      |                   |                   |                  | 762                 |
| Total investments measured at NAV                     |                   |                   |                  | <u>109,555</u>      |
| Total investments                                     |                   |                   |                  | <u>\$ 1,106,450</u> |
| Beneficial interest in charitable remainder unitrusts | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ 3,521</u>  | <u>\$ 3,521</u>     |
| Interest rate swap                                    | <u>\$ -</u>       | <u>\$ (7,618)</u> | <u>\$ -</u>      | <u>\$ (7,618)</u>   |

## El Camino Healthcare District

### Notes to Consolidated Financial Statements

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

|                                    | 2018 Fair Value   | 2017 Fair Value   | Unfunded Commitment | Redemption Frequency | Redemption Notice |
|------------------------------------|-------------------|-------------------|---------------------|----------------------|-------------------|
| Pooled, common & collective trusts | \$ 22,046         | \$ 19,789         | \$ -                | Monthly              | 30 days           |
| Equity hedge funds                 | 49,290            | 34,944            | -                   | Quarterly            | 90 days           |
| Credit hedge funds                 | 32,089            | 25,246            | -                   | Monthly, Quarterly   | 15 - 60 days      |
| Macro hedge funds                  | 37,363            | 25,452            | -                   | Monthly, Quarterly   | 5 - 90 days       |
| Relative value hedge funds         | 15,946            | 3,362             | -                   | Quarterly, Annually  | 45 days           |
| Fixed income limited partnership   | 868               | 762               | -                   | Monthly              | 1 day             |
| Total investments measured at NAV  | <u>\$ 157,602</u> | <u>\$ 109,555</u> | <u>\$ -</u>         |                      |                   |
| Limited Partnership Interests      | <u>\$ 23,725</u>  | <u>\$ 26,692</u>  | <u>\$ 16,351</u>    | n/a                  | n/a               |

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

*Equity hedge funds* - includes investments in six hedge funds that employ both long and short strategies primarily in US 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 1% 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 in three hedge funds that is comprised of distressed securities, credit long/short, emerging market debt and credit event driven. Credit hedge strategies typically have a directional bias and involve the purchase of various types of debt, equity, trade claims and fixed income securities. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 68% of the value of the investments in this type include restrictions that do not allow for redemptions in the first year after acquisition and other imposed gates.

*Macro hedge funds* - includes investments in four hedge funds 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 in four hedge funds 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. Investments representing approximately 1% of the value of the investments may include lock up, imposed gates, and other restrictions that preclude them from redeeming their share or ownership interest for an uncertain or extended period of time from the measurement date.

# El Camino Healthcare District

## Notes to Consolidated Financial Statements

*Fixed income limited partnership* - includes investments in a limited partnership fund of funds that invest primarily in investment grade non-US 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.

### NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018, is as follows (in thousands):

|   | Balance<br>June 30, 2017 | Increases         | Decreases       | Balance<br>June 30, 2018 |
|---|--------------------------|-------------------|-----------------|--------------------------|
| Capital assets not being depreciated        |                          |                   |                 |                          |
| Land  | \$ 83,462                | \$ 1,345          | \$ -            | \$ 84,807                |
| Construction in progress                    | 138,016                  | 82,974            | -               | 220,990                  |
|   | <u>221,478</u>           | <u>84,319</u>     | <u>-</u>        | <u>305,797</u>           |
| Capital assets being depreciated            |                          |                   |                 |                          |
| Land improvement                            | 13,872                   | 1,859             | -               | 15,731                   |
| Buildings                                   | 760,521                  | 59,752            | -               | 820,273                  |
| Capital equipment                           | 352,549                  | 17,454            | 6,142           | 363,861                  |
|   | <u>1,126,942</u>         | <u>79,065</u>     | <u>6,142</u>    | <u>1,199,865</u>         |
| Less accumulated depreciation for           |                          |                   |                 |                          |
| Land improvement                            | 9,001                    | 820               | -               | 9,821                    |
| Buildings                                   | 280,857                  | 25,164            | -               | 306,021                  |
| Capital equipment                           | 248,951                  | 23,973            | 3,304           | 269,620                  |
|   | <u>538,809</u>           | <u>49,957</u>     | <u>3,304</u>    | <u>585,462</u>           |
| Total capital assets being depreciated, net | <u>588,133</u>           | <u>29,108</u>     | <u>2,838</u>    | <u>614,403</u>           |
| Total capital assets, net                   | <u>\$ 809,611</u>        | <u>\$ 113,427</u> | <u>\$ 2,838</u> | <u>\$ 920,200</u>        |

# El Camino Healthcare District

## Notes to Consolidated Financial Statements

Capital assets activity for the year ended June 30, 2017, is as follows (in thousands):

|   | <b>Balance<br/>June 30, 2016</b> | <b>Increases</b> | <b>Decreases</b> | <b>Balance<br/>June 30, 2017</b> |
|---|----------------------------------|------------------|------------------|----------------------------------|
| Capital assets not being depreciated        |                                  |                  |                  |                                  |
| Land  | \$ 83,462                        | \$ -             | \$ -             | \$ 83,462                        |
| Construction in progress                    | 45,837                           | 92,179           | -                | 138,016                          |
|   | <u>129,299</u>                   | <u>92,179</u>    | <u>-</u>         | <u>221,478</u>                   |
| Capital assets being depreciated            |                                  |                  |                  |                                  |
| Land improvement                            | 13,872                           | -                | -                | 13,872                           |
| Buildings                                   | 755,211                          | 5,310            | -                | 760,521                          |
| Capital equipment                           | 337,341                          | 18,436           | 3,228            | 352,549                          |
|   | <u>1,106,424</u>                 | <u>23,746</u>    | <u>3,228</u>     | <u>1,126,942</u>                 |
| Less accumulated depreciation for           |                                  |                  |                  |                                  |
| Land improvement                            | 8,234                            | 767              | -                | 9,001                            |
| Buildings                                   | 258,304                          | 22,553           | -                | 280,857                          |
| Capital equipment                           | 226,058                          | 24,859           | 1,966            | 248,951                          |
|   | <u>492,596</u>                   | <u>48,179</u>    | <u>1,966</u>     | <u>538,809</u>                   |
| Total capital assets being depreciated, net | <u>613,828</u>                   | <u>(24,433)</u>  | <u>1,262</u>     | <u>588,133</u>                   |
| Total capital assets, net                   | <u>\$ 743,127</u>                | <u>\$ 67,746</u> | <u>\$ 1,262</u>  | <u>\$ 809,611</u>                |

Construction contracts of approximately \$441,490,000 exist for the construction of the four major projects at the Mountain View campus of the Integrated Medical Office Building ("IMOB"), Behavior Health Services replacement building, North Drive parking structure expansion, and Central Utility Plant Upgrade, as well as continued improvements at the Los Gatos site for the Imaging department, medical office building, and seismic upgrades. At June 30, 2018, the remaining commitment on these contracts approximated \$271,916,000.

Capitalized interest expense was \$16,563,000 and \$7,081,000 as of June 30, 2018 and 2017, respectively.

### NOTE 7 – EMPLOYEE BENEFIT PLANS

The Hospital sponsors a cash-balance pension plan (the "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 Plan 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.

## El Camino Healthcare District

### Notes to Consolidated Financial Statements

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:

|                            | <u>2018</u>         | <u>2017</u>         |
|----------------------------|---------------------|---------------------|
| Active                     | 2,676               | 2,673               |
| Retirees and beneficiaries | 526                 | 497                 |
| Vested terminated          | <u>1,017</u>        | <u>1,017</u>        |
| Total participants         | <u><u>4,219</u></u> | <u><u>4,187</u></u> |

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):

|  | <u>2018</u>               | <u>2017</u>               |
|--|---------------------------|---------------------------|
| Deferred outflows of resources as of June 30:  |                           |                           |
| Difference between expected and actual experience  | \$ 2,103                  | \$ 308                    |
| Changes in assumptions   | 311                       | 474                       |
| Difference between projected and actual investment earnings  | <u>-</u>                  | <u>8,315</u>              |
| Total  | <u><u>\$ 2,414</u></u>    | <u><u>\$ 9,097</u></u>    |
| Deferred inflows of resources as of June 30:   |                           |                           |
| Difference between expected and actual experience  | \$ (2,934)                | \$ (3,607)                |
| Changes in assumptions   | (7,398)                   | (7,059)                   |
| Difference between projected and actual investment earnings  | <u>(11,001)</u>           | <u>-</u>                  |
| Total  | <u><u>\$ (21,333)</u></u> | <u><u>\$ (10,666)</u></u> |
| Contributions between the measurement date and fiscal year end recognized as a deferred outflow of resources | <u><u>\$ 5,200</u></u>    | <u><u>\$ 5,700</u></u>    |

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

|            |                           |
|------------|---------------------------|
| 2019       | \$ (3,019)                |
| 2020       | (3,374)                   |
| 2021       | (5,578)                   |
| 2022       | (5,445)                   |
| 2023       | (1,300)                   |
| Thereafter | <u>(202)</u>              |
|            | <u><u>\$ (18,918)</u></u> |

# El Camino Healthcare District

## Notes to Consolidated Financial Statements

The following table summarizes changes in pension liability for fiscal year ended June 30, 2018 and 2017, with a measurement date of December 31, 2017 and 2016, respectively, (in thousands):

|   | <b>2018</b>  | <b>2017</b>  |
|---|--|--|
| Service cost  | \$ 8,633   | \$ 8,948   |
| Interest  | 11,849   | 11,893   |
| Differences between expected and actual experience  | 2,228  | (3,044)  |
| Changes of assumptions  | (1,877)  | (6,663)  |
| Benefit payments  | (13,271)   | (9,912)  |
| Net change in total pension liability   | 7,562  | 1,222  |
| Total pension liability beginning of fiscal year  | 195,370  | 194,148  |
| Total pension liability end of fiscal year  | \$ 202,932   | \$ 195,370   |
|   | <b>2018<br/>with<br/>Measurement<br/>Date of<br/>December 31, 2017</b> | <b>2017<br/>with<br/>Measurement<br/>Date of<br/>December 31, 2016</b> |
| Total pension liability   | \$ 202,932   | \$ 195,370   |
| Plan fiduciary net position   | 260,016  | 228,052  |
| Net pension asset   | \$ (57,084)  | \$ (32,682)  |
| Plan's fiduciary net position as a percentage of total pension liability                                    | 128.13%  | 116.73%  |
| Covered payroll   | \$ 297,737   | \$ 283,435   |
| Net pension asset as a percentage of covered payroll  | -19.17%  | -11.53%  |
| Contributions between the measurement date and year ended<br>June 30, 2018 as deferred outflow of resources | \$ 5,200   | \$ 5,700   |

The following table summarizes the actuarial assumptions used to determine net pension asset and plan fiduciary net position as of June 30, 2018 and 2017:

|                            |   |
|----------------------------|---|
| Valuation Date             | Contributions related to the actuarially determined contributions are made for the plan year January 1 to December 31.                              |
| Actuarial Cost Method      | Entry Age Normal Method in accordance with GASB 68  |
| Asset Valuation Method     | Market Value  |
| Actuarial Assumptions      |   |
| Projected Salary Increases | 4.00%   |
| Mortality                  | Based on the RE-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006 and project with Mortality Improvement Scale MP-2017 |
| Discount Rate              | 6.00%   |

## El Camino Healthcare District

### Notes to Consolidated Financial Statements

Sensitivity of net pension asset (in thousands):

|   | <b>1%<br/>Decrease<br/>5%</b> | <b>Current<br/>Discount Rate<br/>6%</b> | <b>1%<br/>Increase<br/>7%</b> |
|---|-------------------------------|---|-------------------------------|
| Net pension asset as of December 31, 2017 | \$ (36,579)                   | \$ (57,084)                             | \$ (74,694)                   |
| Net pension asset as of December 31, 2016 | \$ (12,665)                   | \$ (32,682)                             | \$ (49,843)                   |

The following table summarizes target asset class for the plan fiduciary net position as of June 30, 2018 and 2017:

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

Eligible employees of the Hospital may also elect to participate in a separate deferred compensation plan (the 403(b) plan) pursuant to Section 403(b) of the Code. The Hospital acts as the administrator and sponsor, and the 403(b) plan's assets are held by trustees designated by the Hospital's management. Employees are eligible to participate upon employment, and participants are immediately vested in their elective contributions plus actual earnings thereon. The Hospital will match employee contributions to the 403(b) plan, subject to a maximum of 4% of each participant's annual plan compensation. Participants are eligible for employer match in the second plan year in which they work at least 1,000 hours, and they must be on the payroll at the end of the plan year (December 31). Employer matching contributions under the 403(b) plan are made to the cash-balance pension plan and earn interest as defined by that plan. Employer matching contributions to the 403(b) plan of \$10,625,000 and \$10,031,000 in 2018 and 2017, respectively, are included in benefits expense. Participants are immediately vested in the employer contributions included in the cash-balance pension plan.

The Hospital's net pension asset was measured as of June 30, 2018 and 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

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.

## El Camino Healthcare District

### Notes to Consolidated Financial Statements

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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, 2018, the following employees were covered by the Hospital:

|   | <u>2018</u> |
|---|-------------|
| Active  | 318         |
| Inactive plan members or beneficiaries currently receiving benefits | 284         |
| Inactive plan members entitled to but not yet receiving benefits    | -           |
| Total participants  | <u>602</u>  |

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, 2018:

|  | <u>2018</u>   |
|--|---------------|
| Service cost                                       | \$ 299        |
| Interest   | 819           |
| Differences between expected and actual experience | (447)         |
| Changes of assumptions                             | -             |
| Benefit payments                                   | -             |
| Total post-retirement medical benefits expense     | <u>\$ 671</u> |

# **El Camino Healthcare District** **Notes to Consolidated Financial Statements**

|   | <u>2018</u>       |
|---|-------------------|
| Deferred outflows of resources as of June 30:     |                   |
| Changes in benefit terms                          | \$ -              |
| Difference between expected and actual experience | -                 |
| Changes in assumptions                            | -                 |
|   | <u>-</u>          |
| Total   | <u>\$ -</u>       |
| Deferred inflows of resources as of June 30:      |                   |
| Changes in benefit terms                          | \$ -              |
| Difference between expected and actual experience | -                 |
| Changes in assumptions                            | (1,502)           |
|   | <u>(1,502)</u>    |
| Total   | <u>\$ (1,502)</u> |

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):

|            |                   |
|------------|-------------------|
| 2019       | \$ (447)          |
| 2020       | (447)             |
| 2021       | (447)             |
| 2022       | (161)             |
| 2023       | -                 |
| Thereafter | -                 |
|            | <u>-</u>          |
|            | <u>\$ (1,502)</u> |

# El Camino Healthcare District

## Notes to Consolidated Financial Statements

The following table summarizes changes in post-retirement medical benefits liability for fiscal year ended June 30, 2018, with a measurement date of July 1, 2017 (in thousands):

|   | <b>2018</b>      |
|---|------------------|
| Service cost  | \$ 299           |
| Interest  | 819              |
| Change in benefit terms   | -                |
| Differences between expected and actual experience                  | -                |
| Changes in assumptions or other input                               | (1,502)          |
| Contributions - El Camino Hospital                                  | -                |
| Benefit payments  | (663)            |
| Net changes   | (1,047)          |
| Net post-retirement medical benefits liability at beginning of year | 30,259           |
| Net post-retirement medical benefits liability at end of year       | <u>\$ 29,212</u> |

The following table summarizes the actuarial assumptions used to determine net pension asset and plan fiduciary net position as of June 30, 2018:

|                              |  |
|------------------------------|--|
| Valuation Date               | July 1, 2017   |
| Actuarial Cost Method        | Entry Age Normal, level percent of pay   |
| Asset Valuation Method       | Not applicable   |
| Actuarial Assumptions        |  |
| Projected Salary Increases   | 4.00%  |
| Mortality                    | RP-2014 Healthy Annuitant and Employee tables for males and females scaled back to 2006 using scale MP-2014, and then projected generationally using projection scale MP-2016. |
| Discount Rate                | 3.13%  |
| Healthcare cost trend rates: | 8% for 2018, graded to 4.5% for year 2027 and beyond for ages pre-65; and 6% for year 2027 and beyond for ages post-65.  |

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

|  | <b>1%<br/>Decrease<br/>2.13%</b> | <b>Current<br/>Discount Rate<br/>3.13%</b> | <b>1%<br/>Increase<br/>4.13%</b> |
|--|----------------------------------|--|----------------------------------|
| Net post-retirement medical benefits liability | \$ 32,983                        | \$ 29,212                                  | \$ 26,049                        |

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

|  | <b>1%<br/>Decrease<br/>2.13%</b> | <b>Current<br/>Discount Rate<br/>3.13%</b> | <b>1%<br/>Increase<br/>4.13%</b> |
|--|----------------------------------|--|----------------------------------|
| Net post-retirement medical benefits liability | \$ 28,677                        | \$ 29,212                                  | \$ 29,845                        |

# El Camino Healthcare District

## Notes to Consolidated Financial Statements

### NOTE 9 – INSURANCE PLANS

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

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

### NOTE 10 – BONDS PAYABLE

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

|                                  | June 30,   |            |
|----------------------------------|------------|------------|
|                                  | 2018       | 2017       |
| El Camino Hospital District      |            |            |
| 2006 General Obligation Bonds    |            |            |
| Principal                        | \$ 32,335  | \$ 32,335  |
| Unamortized premium              | 645        | 723        |
| 2017 General Obligation Bonds    |            |            |
| Principal                        | 95,465     | 99,035     |
| Unamortized premium              | 1,197      | 1,842      |
| El Camino Hospital Revenue Bonds |            |            |
| Series 2009                      |            |            |
| Principal                        | 50,000     | 50,000     |
| Series 2015A                     |            |            |
| Principal                        | 147,610    | 151,345    |
| Unamortized premium              | 12,484     | 14,194     |
| Series 2017A                     |            |            |
| Principal                        | 292,435    | 292,435    |
| Unamortized premium              | 17,224     | 19,423     |
| Total long-term debt             | 649,395    | 661,332    |
| Less current maturities          | 7,160      | 7,305      |
| Maturities due after one year    | \$ 642,235 | \$ 654,027 |

# El Camino Healthcare District

## Notes to Consolidated Financial Statements

|                          | 2018                        |             |                  | Balance at<br>June 30, 2018 |
|--------------------------|-----------------------------|-------------|------------------|-----------------------------|
|                          | Balance at<br>June 30, 2017 | Increases   | Decreases        |                             |
| General obligation bonds | \$ 133,935                  | \$ -        | \$ 4,293         | \$ 129,642                  |
| Revenue bonds            | 527,397                     | -           | 7,644            | 519,753                     |
|                          | <u>\$ 661,332</u>           | <u>\$ -</u> | <u>\$ 11,937</u> | <u>\$ 649,395</u>           |

|                          | 2017                        |                   |                   | Balance at<br>June 30, 2017 |
|--------------------------|-----------------------------|-------------------|-------------------|-----------------------------|
|                          | Balance at<br>June 30, 2016 | Increases         | Decreases         |                             |
| General obligation bonds | \$ 136,460                  | \$ 101,600        | \$ 104,125        | \$ 133,935                  |
| Revenue bonds            | 221,021                     | 311,858           | 5,482             | 527,397                     |
|                          | <u>\$ 357,481</u>           | <u>\$ 413,458</u> | <u>\$ 109,607</u> | <u>\$ 661,332</u>           |

**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.

The 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.

**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.

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

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

## El Camino Healthcare District

### Notes to Consolidated Financial Statements

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

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

**Revenue Bonds, Series 2017A** – In February 2017, the Hospital issued \$292,435,000 of California Health Facilities Financing Authority Revenue Bonds ("Series 2017") to finance certain capital expenditures at facilities owned or operated by the Hospital, to finance a portion of the interest payable of the Series 2017 through January 31, 2019, and to pay costs incurred in connection with the issuance of the Series 2017. The Series 2017 consists of \$130,660,000 Serial Bonds and \$161,775,000 Term Bonds. Principal maturities for the Serial Bonds range from \$4,665,000 in 2020 to \$10,565,000 in 2037, and are due annually on February 1. Principal maturities for the Term Bonds range from \$30,710,000 in 2042 to \$56,065,000 in 2047, and are due annually on February 1.

**Letter of credit** – In March 2009, in connection with the issuance of the 2009 Series Revenue bonds, the Hospital obtained an irrevocable Letter of Credit issued by a bank for \$50,000,000. This Letter of Credit expires October of 2019 and requires the Hospital to maintain a long-term debt service coverage ratio of 1.20 to 1.00.

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

| Year Ending<br>June 30, | General Obligation Bonds |                   | Revenue Bonds     |                   |
|-------------------------|--------------------------|-------------------|-------------------|-------------------|
|                         | Principal                | Interest          | Principal         | Interest          |
| 2019                    | 3,310                    | 3,916             | 3,850             | 20,819            |
| 2020                    | 3,800                    | 3,816             | 8,630             | 20,704            |
| 2021                    | 4,400                    | 3,626             | 9,020             | 20,312            |
| 2022                    | 5,050                    | 3,406             | 9,430             | 19,902            |
| 2023                    | 5,760                    | 3,154             | 9,905             | 19,431            |
| 2024-2028               | 17,252                   | 36,157            | 57,445            | 89,246            |
| 2029-2033               | 27,083                   | 41,241            | 73,045            | 73,914            |
| 2034-2038               | 61,145                   | 6,400             | 81,180            | 55,471            |
| 2039-2043               | -                        | -                 | 112,900           | 33,847            |
| 2044-2048               | -                        | -                 | 124,640           | 12,564            |
|                         | <u>\$ 127,800</u>        | <u>\$ 101,716</u> | <u>\$ 490,045</u> | <u>\$ 366,210</u> |

## El Camino Healthcare District

### Notes to Consolidated Financial Statements

**Interest rate swap** – On March 7, 2007, the Hospital entered into three interest rate swap agreements in connection with the issuance of the Series 2007 Revenue Bonds. The intention of the swap is to create debt with a synthetic, fixed interest rate on the variable-rate Revenue Bonds. The swaps were effective March 23, 2007, with a termination date of February 1, 2041, and notional amounts of \$50 million each, these terms match the terms of the underlying Series 2007 Revenue Bonds. Under each swap transaction, the Hospital pays a fixed rate of interest of 3.204% and the counterparty pays a variable rate of interest equal to the sum of (i) 56% of USD-LIBOR-BBA plus (ii) .23%. In March 2008, the Hospital Board directed management to terminate the floating to fixed interest rate swap when economically prudent in connection with the refunding of their Series 2007 Revenue Bonds. In December 2009, two of the three swaps were terminated. The fair value of the remaining swap is a liability of \$5,595,000 at June 30, 2018, and \$7,618,000 at June 30, 2017, included in other long-term obligations in the consolidated statements of net position.

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

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

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

#### NOTE 11 – RESTRICTED NET POSITION

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

|   | 2018               | 2017               |
|---|--------------------|--------------------|
| Charity and other Endowments                    | \$ 15,652<br>3,318 | \$ 11,651<br>3,062 |
| Restricted by donor for specific uses           | 18,970             | 14,713             |
| Restricted by Department of Managed Health Care | 400                | 400                |
| Total restricted net position                   | <u>\$ 19,370</u>   | <u>\$ 15,113</u>   |

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 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 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 2018 and June 2017 of 3.4% and 2.4% per annum, respectively, and The Standard Ordinary Mortality Rate Table were used to arrive at the present value. Change in the fair value of the beneficial interest asset is recognized as an increase or decrease in the related deferred inflow of resources. As the remainder interest beneficiary, the Foundation recognizes revenue for the beneficial interest at the termination of the agreement, as stipulated in the agreements.

**NOTE 13 – RELATED-PARTY TRANSACTIONS**

The Hospital pays vendor-related expenses on behalf of the Foundation and is reimbursed for these costs incurred. The Hospital also pays employee-related expenses, which are reimbursed by the Foundation. The Foundation's employees also participate in the cash-balance pension plan, sponsored by the Hospital. Full footnote disclosures relating to the cash-balance pension plan is included in the consolidated financial statements. The Hospital performs certain administrative functions on behalf of the Foundation for which no amounts are charged to the Foundation. As of June 30, 2018 and 2017, the Foundation has a payable to the Hospital in the amount of \$173,000 and \$203,000, respectively. During the fiscal years 2018 and 2017, the Foundation paid the Hospital \$2,576,000 and \$3,452,000 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, and benefits for fiscal year 2018 and 2017, thus along with the 2012 fiscal year approved funding of the Foundation's rent provided a maximum funding of \$1,783,000 for both items on an ongoing basis. All related party transactions are eliminated upon consolidation.

As of June 30, 2018 and 2017, CONCERN has a payable to the Hospital in the amount of \$1,077,000 and \$1,189,000, respectively. During the fiscal years ended June 30, 2018 and 2017, CONCERN paid the Hospital \$11,576,000 and \$12,339,000 for these expenses, respectively. All related party transactions are eliminated upon consolidation.

The Hospital leases the space to ECASC and provides certain services, such as utilities and building/equipment maintenance. There was \$658,000 of rental income recorded for the year ended June 30, 2018, and \$498,000 of rental income recorded for the year ended June 30, 2017, related to the lease.

# El Camino Healthcare District

## Notes to Consolidated Financial Statements

### NOTE 14 – COMMITMENTS AND CONTINGENCIES

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

**Lease commitments** – The District is obligated for land and office rental under the terms of various operating lease agreements. Following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2018 (in thousands):

|            | <b>Operating Lease<br/>Commitments</b> | <b>Lease<br/>Income</b> | <b>Net Lease<br/>Benefit</b> |
|------------|--|-------------------------|------------------------------|
| 2019       | \$ 3,037                               | \$ 11,850               | \$ 8,813                     |
| 2020       | 3,104                                  | 8,349                   | 5,245                        |
| 2021       | 2,796                                  | 6,296                   | 3,500                        |
| 2022       | 2,872                                  | 5,132                   | 2,260                        |
| 2023       | 2,633                                  | 2,939                   | 306                          |
| Thereafter | 28,070                                 | 8,273                   | (19,797)                     |
|            | <u>\$ 42,512</u>                       | <u>\$ 42,839</u>        | <u>\$ 327</u>                |

Total rental expense in 2018 and 2017 for all operating leases was approximately \$6,016,000 and \$5,949,000, respectively.

**Regulatory environment** – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. The District is subject to routine surveys and reviews by federal, state and local regulatory authorities. The District has also received inquiries from healthcare regulatory authorities regarding its compliance with laws and regulations. Although the District management is not aware of any violations of laws and regulations, it has received corrective action requests as a result of completed and on-going 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 1960's, the campus has been going through a seismic compliance review. All required seismic upgrades to make the Los Gatos site in seismic compliance to 2030 were completed during 2015.

#### **NOTE 15 – HEALTH CARE REFORM**

The Patient Protection and Affordable Care Act ("PPACA") allowed for the expansion of Medicaid members in the State of California. Any further federal or state changed funding could have an impact on the District. With the changes in the executive branch, the future of PPACA and impact of future changes in Medicaid to the District is uncertain at this time.

#### **NOTE 16 – SUBSEQUENT EVENTS**

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

## **Supplementary Information**

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FINAL DRAFT

**El Camino Healthcare District**  
**Consolidating Statement of Net Position**  
**June 30, 2018**  
**(In Thousands)**

|   | El Camino<br>Healthcare<br>District | El Camino<br>Hospital | El Camino<br>Hospital<br>Foundation | CONCERN   | El Camino<br>Surgery Center,<br>LLC | Silicon Valley<br>Medical<br>Development | Eliminations | El Camino<br>Healthcare<br>District<br>and Affiliates |
|---|-------------------------------------|-----------------------|-------------------------------------|-----------|-------------------------------------|--|--------------|---|
| <b>ASSETS AND DEFERRED OUTFLOWS</b>   |                                     |                       |                                     |           |                                     |  |              |   |
| Current assets  |                                     |                       |                                     |           |                                     |  |              |   |
| Cash and cash equivalents   | \$ 4,306                            | \$ 118,992            | \$ 160                              | \$ 1,702  | \$ 789                              | \$ 872                                   | \$ -         | \$ 126,821  |
| Short-term investments  | 5,377                               | 224,672               | 937                                 | 13,070    | -                                   | -  | -            | 244,056   |
| Current portion of board designated and funds held by trustee                       | 20,963                              | -                     | -                                   | -         | -                                   | -  | -            | 20,963  |
| Patient accounts receivable, net of allowances<br>for doubtful accounts of \$41,009 | -                                   | 124,427               | -                                   | 487       | -                                   | -  | -            | 124,914   |
| Prepaid expenses and other current assets   | 31                                  | 24,003                | 464                                 | 199       | -                                   | 35                                       | (2,325)      | 22,407  |
| Total current assets  | 30,677                              | 492,094               | 1,561                               | 15,458    | 789                                 | 907                                      | (2,325)      | 539,161   |
| Non-current cash and investments  |                                     |                       |                                     |           |                                     |  |              |   |
| Board-designated funds  | 9,394                               | 675,503               | 30,098                              | -         | -                                   | -  | -            | 714,995   |
| Restricted funds  | -                                   | -                     | -                                   | 400       | -                                   | -  | -            | 400   |
| Funds held by trustee   | 20,837                              | 197,620               | -                                   | -         | -                                   | -  | -            | 218,457   |
|   | 30,231                              | 873,123               | 30,098                              | 400       | -                                   | -  | -            | 933,852   |
| Capital assets  |                                     |                       |                                     |           |                                     |  |              |   |
| Nondepreciable  | 10,585                              | 295,212               | -                                   | -         | -                                   | -  | -            | 305,797   |
| Depreciable, net  | 393                                 | 609,674               | 41                                  | 632       | -                                   | 3,663                                    | -            | 614,403   |
| Total capital assets  | 10,978                              | 904,886               | 41                                  | 632       | -                                   | 3,663                                    | -            | 920,200   |
| Pledges receivable, net of current portion  | -                                   | -                     | 4,170                               | -         | -                                   | -  | -            | 4,170   |
| Prepaid pension asset   | -                                   | 57,084                | -                                   | -         | -                                   | -  | -            | 57,084  |
| Investments in healthcare affiliates  | -                                   | 32,412                | -                                   | -         | 1,381                               | 660                                      | (3,185)      | 31,268  |
| Beneficial interest in charitable remainder unitrust                                | -                                   | -                     | 3,638                               | -         | -                                   | -  | -            | 3,638   |
| Total assets  | 71,886                              | 2,359,599             | 39,508                              | 16,490    | 2,170                               | 5,230                                    | (5,510)      | 2,489,373   |
| Deferred outflows of resources  |                                     |                       |                                     |           |                                     |  |              |   |
| Loss on defeasance of bond payable  | -                                   | 13,562                | -                                   | -         | -                                   | -  | -            | 13,562  |
| Deferred outflows of resources  | -                                   | 5,200                 | -                                   | -         | -                                   | -  | -            | 5,200   |
| Deferred outflows - actuarial   | -                                   | 2,414                 | -                                   | -         | -                                   | -  | -            | 2,414   |
| Total deferred outflows of resources  | -                                   | 21,176                | -                                   | -         | -                                   | -  | -            | 21,176  |
| Total assets and deferred outflows of resources                                     | \$ 71,886                           | \$ 2,380,775          | \$ 39,508                           | \$ 16,490 | \$ 2,170                            | \$ 5,230                                 | \$ (5,510)   | \$ 2,510,549  |

**El Camino Healthcare District**  
**Consolidating Statement of Net Position**  
**June 30, 2018**  
**(In Thousands)**

|   | El Camino<br>Healthcare<br>District | El Camino<br>Hospital | El Camino<br>Hospital<br>Foundation | CONCERN   | El Camino<br>Surgery Center,<br>LLC | Silicon Valley<br>Medical<br>Development | Eliminations | El Camino<br>Healthcare<br>District<br>and Affiliates |
|---|-------------------------------------|-----------------------|-------------------------------------|-----------|-------------------------------------|--|--------------|---|
| <b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>                |                                     |                       |                                     |           |                                     |  |              |   |
| Current liabilities   |                                     |                       |                                     |           |                                     |  |              |   |
| Accounts payable and accrued expenses                                 | \$ -                                | \$ 49,768             | \$ -                                | \$ 786    | \$ 10                               | \$ 1,266                                 | \$ (794)     | \$ 51,036   |
| Salaries, wages, and related liabilities                              | -                                   | 53,508                | -                                   | 458       | -                                   | 40                                       | -            | 54,006  |
| Other current liabilities   | 2,111                               | 20,859                | 604                                 | 1,200     | -                                   | -  | (1,530)      | 23,244  |
| Estimated third-party payor settlements                               | -                                   | 10,068                | -                                   | -         | -                                   | -  | -            | 10,068  |
| Current portion of bonds payable                                      | 3,310                               | 3,850                 | -                                   | -         | -                                   | -  | -            | 7,160   |
| Total current liabilities   | 5,421                               | 138,053               | 604                                 | 2,444     | 10                                  | 1,306                                    | (2,324)      | 145,514   |
| Bonds payable, net of current portion                                 | 126,332                             | 515,903               | -                                   | -         | -                                   | -  | -            | 642,235   |
| Other long-term obligations   | -                                   | 9,454                 | -                                   | -         | -                                   | -  | -            | 9,454   |
| Workers' compensation, net of current portion                         | -                                   | 17,963                | -                                   | -         | -                                   | -  | -            | 17,963  |
| Post-retirement medical benefits, net of current portion              | -                                   | 29,212                | -                                   | -         | -                                   | -  | -            | 29,212  |
| Total liabilities   | 131,753                             | 710,585               | 604                                 | 2,444     | 10                                  | 1,306                                    | (2,324)      | 844,378   |
| Deferred inflows of resources   |                                     |                       |                                     |           |                                     |  |              |   |
| Deferred inflows of resources   | -                                   | -                     | 3,638                               | -         | -                                   | -  | -            | 3,638   |
| Deferred inflows of resources - actuarial                             | -                                   | 22,835                | -                                   | -         | -                                   | -  | -            | 22,835  |
| Total deferred inflows of resources                                   | -                                   | 22,835                | 3,638                               | -         | -                                   | -  | -            | 26,473  |
| Net position  |                                     |                       |                                     |           |                                     |  |              |   |
| Invested in capital assets, net of related debt                       | (76,864)                            | 582,753               | 41                                  | 632       | -                                   | 3,663                                    | -            | 510,225   |
| Restricted - expendable   | -                                   | -                     | 15,652                              | -         | -                                   | -  | -            | 15,652  |
| Restricted - nonexpendable  | -                                   | -                     | 3,318                               | 400       | -                                   | -  | -            | 3,718   |
| Unrestricted  | 16,997                              | 1,064,602             | 16,255                              | 13,014    | 2,160                               | 261                                      | (3,186)      | 1,110,103   |
| Total net position  | (59,867)                            | 1,647,355             | 35,266                              | 14,046    | 2,160                               | 3,924                                    | (3,186)      | 1,639,698   |
| Total liabilities, deferred inflows of resources,<br>and net position | \$ 71,886                           | \$ 2,380,775          | \$ 39,508                           | \$ 16,490 | \$ 2,170                            | \$ 5,230                                 | \$ (5,510)   | \$ 2,510,549  |

**El Camino Healthcare District**  
**Consolidating Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2018**  
**(In Thousands)**

|  | El Camino<br>Healthcare<br>District | El Camino<br>Hospital | El Camino<br>Hospital<br>Foundation | CONCERN   | El Camino<br>Surgery Center,<br>LLC | Silicon Valley<br>Medical<br>Development | Eliminations | El Camino<br>Healthcare<br>District<br>and Affiliates |
|--|-------------------------------------|-----------------------|-------------------------------------|-----------|-------------------------------------|--|--------------|---|
| Operating revenues   |                                     |                       |                                     |           |                                     |  |              |   |
| Net patient service revenue (net of provision for<br>bad debts of \$21,407)                  | \$ -                                | \$ 900,868            | \$ -                                | \$ -      | \$ -                                | \$ 155                                   | \$ -         | \$ 901,023  |
| Other revenue  | 92                                  | 29,718                | -                                   | 13,581    | -                                   | 47                                       | (746)        | 42,692  |
| Total operating revenues   | 92                                  | 930,586               | -                                   | 13,581    | -                                   | 202                                      | (746)        | 943,715   |
| Operating expenses   |                                     |                       |                                     |           |                                     |  |              |   |
| Salaries, wages and benefits   | -                                   | 465,265               | 1,437                               | 3,662     | -                                   | 768                                      | -            | 471,132   |
| Professional fees and purchased services   | 592                                 | 109,300               | 730                                 | 7,723     | 103                                 | 2,255                                    | (134)        | 120,569   |
| Supplies   | -                                   | 127,895               | 81                                  | -         | -                                   | 96                                       | -            | 128,072   |
| Depreciation   | 231                                 | 49,477                | 57                                  | 6         | -                                   | 186                                      | -            | 49,957  |
| Rent and utilities   | -                                   | 15,487                | 13                                  | 377       | -                                   | -  | (94)         | 15,783  |
| Other  | -                                   | 12,803                | 134                                 | 323       | 1                                   | 731                                      | (94)         | 13,898  |
| Total operating expenses   | 823                                 | 780,227               | 2,452                               | 12,091    | 104                                 | 4,036                                    | (322)        | 799,411   |
| (Loss) income from operations  | (731)                               | 150,359               | (2,452)                             | 1,490     | (104)                               | (3,834)                                  | (424)        | 144,304   |
| Nonoperating revenues (expenses):  |                                     |                       |                                     |           |                                     |  |              |   |
| Investment income, net   | 175                                 | 57,340                | 1,164                               | (20)      | 4                                   | -  | -            | 58,663  |
| Property tax revenue   |                                     |                       |                                     |           |                                     |  |              |   |
| Designated for community benefit programs<br>and operating expenses                          | 8,281                               | -                     | -                                   | -         | -                                   | -  | -            | 8,281   |
| Designated for capital expenditures  | 7,831                               | -                     | -                                   | -         | -                                   | -  | -            | 7,831   |
| Levied for debt service  | 9,266                               | -                     | -                                   | -         | -                                   | -  | -            | 9,266   |
| Bond interest expense, net   | (3,183)                             | (5,828)               | -                                   | -         | -                                   | -  | -            | (9,011)   |
| Intergovernmental transfer expense   | (6,469)                             | -                     | -                                   | -         | -                                   | -  | -            | (6,469)   |
| Restricted gifts, grants and bequests, and other, net of<br>contributions to related parties | -                                   | -                     | 5,723                               | -         | -                                   | -  | (1,374)      | 4,349   |
| Unrealized gain on interest rate swap  | -                                   | 1,151                 | -                                   | -         | -                                   | -  | -            | 1,151   |
| Community benefit expense  | (6,847)                             | (3,153)               | -                                   | (2,234)   | -                                   | -  | 1,729        | (10,505)  |
| Other, net   | (4)                                 | 1,040                 | -                                   | 1,714     | -                                   | 4,498                                    | (491)        | 6,757   |
| Total nonoperating revenues (expenses)   | 9,050                               | 50,550                | 6,887                               | (540)     | 4                                   | 4,498                                    | (136)        | 70,313  |
| Excess (deficit) of revenues over expenses before capital<br>transfers                       | 8,319                               | 200,909               | 4,435                               | 950       | (100)                               | 664                                      | (560)        | 214,617   |
| Capital transfers  | 6,469                               | (8,763)               | -                                   | (498)     | -                                   | 2,792                                    | -            | -   |
| Increase (decrease) in net position  | 14,788                              | 192,146               | 4,435                               | 452       | (100)                               | 3,456                                    | (560)        | 214,617   |
| Total net (deficit) position, beginning of year  | (74,655)                            | 1,466,250             | 30,831                              | 13,594    | 2,260                               | 468                                      | (2,626)      | 1,436,122   |
| Cumulative effect of restatement   | -                                   | (11,041)              | -                                   | -         | -                                   | -  | -            | (11,041)  |
| Total net (deficit) position, beginning of year, as restated                                 | (74,655)                            | 1,455,209             | 30,831                              | 13,594    | 2,260                               | 468                                      | (2,626)      | 1,425,081   |
| Total net (deficit) position, end of year  | \$ (59,867)                         | \$ 1,647,355          | \$ 35,266                           | \$ 14,046 | \$ 2,160                            | \$ 3,924                                 | \$ (3,186)   | \$ 1,639,698  |

**El Camino Healthcare District**  
**Supplemental Pension and Post-retirement Benefit Information**  
**For the Years Ended June 30, 2018 and 2017**

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

|   | <u>2018</u>               | <u>2017</u>               |
|---|---------------------------|---------------------------|
| Service cost  | \$ 8,633                  | \$ 8,948                  |
| Interest  | 11,849                    | 11,893                    |
| Differences between expected and actual experience          | 2,228                     | (3,044)                   |
| Changes of assumptions                                      | (1,877)                   | (6,663)                   |
| Benefit payments  | <u>(13,271)</u>           | <u>(9,912)</u>            |
| Net change in total pension liability                       | 7,562                     | 1,222                     |
| Total pension liability beginning of fiscal year            | <u>195,370</u>            | <u>194,148</u>            |
| Total pension liability end of fiscal year                  | <u><u>\$ 202,932</u></u>  | <u><u>\$ 195,370</u></u>  |
|   | <u>2018</u>               | <u>2017</u>               |
| Contributions   | \$ 10,900                 | \$ 10,300                 |
| Net investment income                                       | 34,335                    | 10,865                    |
| Benefit payments, including refunds of member contributions | <u>(13,271)</u>           | <u>(9,912)</u>            |
| Net change in Plan fiduciary net position                   | 31,964                    | 11,253                    |
| Plan fiduciary net position beginning of fiscal year        | <u>228,052</u>            | <u>216,799</u>            |
| Plan fiduciary net position end of fiscal year              | <u>260,016</u>            | <u>228,052</u>            |
| Plan's net pension asset end of the fiscal year             | <u><u>\$ (57,084)</u></u> | <u><u>\$ (32,682)</u></u> |
| Covered payroll   | \$ 297,737                | \$ 283,435                |
| Net pension asset as a percentage of covered payroll        | -19.17%                   | -11.53%                   |
| Contributions   | \$ 5,200                  | \$ 5,700                  |

# El Camino Healthcare District

## Supplemental Pension and Post-retirement Benefit Information

### For the Years Ended June 30, 2018 and 2017

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

|  | FY2018    | FY2017   | FY2016   | FY2015  | FY2014   |
|--|-----------|----------|----------|---------|----------|
| Actuarially determined contribution                          | \$ 10,154 | \$ 8,445 | \$ 2,735 | \$ -    | \$ 8,463 |
| Contributions related to actuarially determined contribution | 11,600    | 10,900   | 10,500   | 10,800  | 14,400   |
| Contribution deficiency (excess)                             | -         | -        | -        | -       | -        |
| Covered payroll  | 297,737   | 283,435  | 283,776  | 266,844 | 242,343  |
| Contribution as % of covered payroll                         | 3.90%     | 3.85%    | 3.70%    | 4.05%   | 5.94%    |
| Contributions made during the fiscal year                    | 10,400    | 10,900   | 9,900    | 14,400  | 12,600   |

|  | FY2013   | FY2012   | FY2011    | FY2010   | FY2009   |
|--|----------|----------|-----------|----------|----------|
| Actuarially determined contribution                          | \$ 7,613 | \$ 1,400 | \$ 12,023 | \$ 7,156 | \$ 4,656 |
| Contributions related to actuarially determined contribution | 12,000   | 11,005   | 19,811    | 7,644    | 9,200    |
| Contribution deficiency (excess)                             | -        | -        | -         | -        | -        |
| Covered payroll  | 223,754  | 208,910  | 205,693   | 178,937  | 149,694  |
| Contribution as % of covered payroll                         | 5.36%    | 5.27%    | 9.63%     | 4.27%    | 6.15%    |
| Contributions made during the fiscal year                    | 23,610   | 11,249   | 5,400     | 18,100   | 6,300    |

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, 2018, post-retirement medical benefits plan's fiduciary net position as a percentage of the total OPEB liability is 0%.

The 2017 covered payroll for the active population eligible to participate in the post-retirement medical benefits plan is \$35,794,800. The net post-retirement medical benefits liability as of July 1, 2017, is \$29,212,400. The net post-retirement medical benefits liability as a percentage of covered-employee payroll is 81.61%.

**El Camino Healthcare District**  
**Supplemental Schedule of Community Benefit (unaudited)**  
**For the Years Ended June 30, 2018 and 2017**

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, 2018 and 2017, the estimated costs of providing community benefit in excess of reimbursement from governmental programs were as follows (in thousands):

|                                      | <b>2018</b>      | <b>2017</b>      |
|--------------------------------------|------------------|------------------|
| Unpaid costs of Medi-Cal programs    | \$ 30,556        | \$ 25,427        |
| Indigent charity care                | 1,691            | 1,285            |
|                                      | <u>32,247</u>    | <u>26,712</u>    |
| Other community-based programs       |                  |                  |
| Dialysis                             | 79               | -                |
| Psychiatric                          | 6,918            | 8,435            |
| Clinical trial                       | 728              | 99               |
| Ambulatory care                      | 9,711            | 11,371           |
| Community health center              | 360              | 1,819            |
| Psychiatric outpatient               | 3,451            | 3,073            |
|                                      | <u>21,247</u>    | <u>24,797</u>    |
| Total other community-based programs |                  |                  |
|                                      | <u>21,247</u>    | <u>24,797</u>    |
| Total community benefits             | <u>\$ 53,494</u> | <u>\$ 51,509</u> |

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 \$104,776,000 and \$105,414,000 for the years ended June 30, 2018 and 2017, respectively.

The Hospital also provides services to the community through the operations of the El Camino Hospital Auxiliary, Inc. (the "Auxiliary"). Services provided by volunteers of the Auxiliary, free of charge to the community, include assistance and counseling to patients and visitors, provision of scholarship awards to qualifying paramedical students, and daily personal contact with members of the community who are living alone. In 2018 and 2017, these volunteers contributed approximately 85,000 and 94,000 hours, in providing these services, the value of which is not recorded in the accompanying consolidated financial statements.

FINAL DRAFT

*Communications with  
Those Charged with Governance*

**El Camino Healthcare District**

*June 30, 2018*

## **Communications with Those Charged with Governance**

To the Board of Directors  
El Camino Healthcare District

We have audited the consolidated financial statements of El Camino Healthcare District (the "District"), as of and for the year ended June 30, 2018, and have issued our report thereon dated **October 18, 2018**. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility under Auditing Standards Generally Accepted in the United States of America**

As stated in our engagement letter dated March 15, 2018, our responsibility, as described by professional standards, is to form and express an opinion about whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. We will also report on whether the consolidating statement of net position, consolidating statement of revenues, expenses, and changes in net position, and supplemental pension and postretirement benefit information, presented as supplementary information, are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole. Our audit of the consolidated financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we considered the District's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the consolidated financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing we previously communicated to you in the Compliance Committee meeting on March 15, 2018, and the engagement letter dated March 15, 2018.

## **Significant Audit Findings and Issues**

### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the consolidated financial statements. During the year, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. There have been no other new accounting policies adopted and there were no changes in the application of existing policies during fiscal year 2018. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the consolidated financial statements in a different period than when the transaction occurred.

### ***Significant Accounting Estimates***

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's consolidated financial statements were:

- Management's estimate of 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. We evaluated the key factors and assumptions used to develop the estimated net realizable amounts. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.
- Management's estimate of the provision for uncollectible accounts is recognized based on management's estimate of amounts that ultimately may be uncollectible. El Camino 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. We evaluated the key factors and assumptions used to develop the provision for uncollectible accounts. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.
- Management's estimate of the fair market values of investments in the absence of readily-determinable fair values is based on information provided by the fund managers. We have gained an understanding of management's estimate methodology and examined the documentation supporting this methodology. We evaluated the key factors and assumptions used to develop the fair market value of investments. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimate of uninsured losses for professional liability is recognized based on management's estimate of historical claims experience. We evaluated the key factors and assumptions used to develop the actuarial estimates of uninsured losses for professional liabilities and workers' compensation. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.
- Management's estimate of the minimum pension liability is actuarially determined using assumptions on the long-term rate of return on pension plan assets, the discount rate used to determine the present value of benefit obligations, and the rate of compensation increases. These assumptions are provided by management. We have evaluated the key factors and assumptions used to develop the estimate. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.
- Management's estimated liability for workers' compensation claims is recognized based on management's estimate of historical claims experience and known activity subsequent to year-end. We evaluated the key factors and assumptions used to develop the actuarial estimates of uninsured losses for professional liabilities and workers' compensation. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.
- Management's estimated liability for post-retirement medical benefits is actuarially determined using assumptions on the long-term rate of return on plan assets, the discount rate used to determine the present value of benefit obligations, and the rate of compensation increases. These assumptions are provided by management. We have evaluated the key factors and assumptions used to develop the estimate. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.
- Management's estimates of useful lives of capital assets are based on the intended use and are within accounting principles generally accepted in the United States of America. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.
- Management's estimate of the discount rate used to value the gift annuities and beneficial interest in charitable remainder unitrusts have been estimated based on certain variables related to specific donor information. We evaluated key factors and assumptions used to develop the discount rate used to value the gift annuities and beneficial interest in charitable remainder unitrusts in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

Actual results could differ from these estimates. In accordance with accounting principles generally accepted in the United States of America, any change in these estimates is reflected in the consolidated financial statements in the year of change.

### ***Consolidated Financial Statement Disclosures***

The disclosures in the consolidated financial statements are consistent, clear, and understandable. Certain consolidated financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's consolidated financial statements were those surrounding related-party transactions, significant concentration of net patient accounts receivable, investments and fair value of investments, capital assets, employee benefit plans, post-retirement medical benefits, insurance plans, long-term debt, and commitment and contingencies.

### ***Significant Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Uncorrected Misstatements***

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements identified.

### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the District's consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated October 18, 2018.

### ***Management Consultation with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Significant Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

San Francisco, California

October 18, 2018

FINAL DRAFT

## ECHD BOARD MEETING AGENDA ITEM COVER SHEET

|   |   |
|---|---|
| <b>Item:</b>  | <p>El Camino Hospital Board Member Election Ad Hoc Committee Report</p> <p>El Camino Healthcare District Board of Directors</p> <p>October 16, 2018</p> |
| <b>Responsible party:</b>   | Julia Miller, Ad Hoc Committee Chair  |
| <b>Action requested:</b>  | Information Report  |
| <p><b>Background: Re-Election of Director Jeffrey Davis, MD to the ECH Board of Directors</b></p> <p>The ECHD Board first appointed Director Davis to a one year term on the El Camino Hospital (“ECH”) Board that expired on June 30, 2013. Subsequently, he was appointed to two additional three-year terms, the second of which expires on June 30, 2019.</p> <p>The Ad Hoc Committee comprised of myself and Director Fligor, together with advisors, ECH Governance Committee member Christina Lai and ECH Board Director Julie Kliger, met on September 10th and October 1<sup>st</sup>. We reviewed Dr. Davis’ updated professional resume, a questionnaire, his attendance report, and the Summary Report reflecting the results of the ECH Board Member Re-Election Report Survey that all ECH board members (except Dr. Davis) completed. We also interviewed Dr. Davis to assess his responses to the questionnaire, his attendance, engagement, and commitment to continuing to serve ECH.</p> <p>The ECH Board Competency Matrix Survey described in Section 3(a)(i) of our Process assesses the skill set and competencies of the ECH Board and identifies gaps that we will consider addressing. As the composition of the ECH Board will change with the November 6<sup>th</sup> General Election, we will launch the Competency Matrix Survey when the results are known, and could be as early as November 7<sup>th</sup>. The Committee will review the results of the Survey and bring a recommendation to the ECHD Board on December 5<sup>th</sup> or after regarding Dr. Davis re-appointment to the ECH Board.</p> |   |
| <p><b>Committees that reviewed the issue and recommendation, if any:</b> The ECHD Ad Hoc Committee, who recommends that the decision regarding Dr. Davis’ re-appointment be delayed until the Ad Hoc Committee completes the Procedure/Process to the next ECHD meeting on December 5<sup>th</sup> or after when the results of the Competency Matrix Survey have been reviewed and reflect the composition of the new ECH Board.</p>   |   |
| <p><b>Summary and Session Objectives:</b></p> <p>To consider the re-appointment of Director Davis to the ECH Board.</p>   |   |
| <p><b>Suggested discussion questions:</b></p> <ol style="list-style-type: none"> <li>1. Does the Board accept the Ad Hoc Committee’s recommendation to complete the process?</li> </ol>   |   |
| <p><b>Proposed Board motion, if any:</b> None.</p>  |   |
| <p><b>LIST OF ATTACHMENTS:</b></p> <ol style="list-style-type: none"> <li>1. Process for Re-Election and Election of Non-District Board Members to the El Camino Hospital Board of Directors</li> </ol>   |   |



2500 Grant Road  
Mountain View, CA 94040  
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[www.elcaminohealthcaredistrict.org](http://www.elcaminohealthcaredistrict.org)

**Process for Re- Election and Election  
Of Non-District Board Members  
To The El Camino Hospital Board of Directors.\***

**BOARD OF DIRECTORS**

*Neysa Fligor  
Peter C. Fung, MD  
Julia E. Miller  
David Reeder  
John L. Zoglin*

**A. Timeline**

1. Previous FYQ4: The District Board Chair shall appoint a District Director as Chair of an Ad Hoc Committee and the Board shall approve the appointment of one additional District Director as a member of the Committee. The Board shall also approve the appointment of up to two advisors to the Ad Hoc Committee. One advisor should be a Non Hospital Director member of the El Camino Hospital Governance Committee (who has been referred by the Chair of the Governance Committee) and the other should be a Hospital Director who is not a member of the District Board (who has been referred by the Chair of the El Camino Hospital Board).
2. FYQ1 – Regular District Board Meeting:  
Prior to Meeting, District Board Chair (i) asks the El Camino Hospital Director, who is not also a member of the District Board whose term is next to expire (Non District Board Member “**NDBM**”) to declare interest and (ii) informs the District Board of intent (via Board packet).
3. FYQ2 – Regular District Board Meeting:
  - a. Prior to the Meeting:
    - i. District and Hospital Board Members: Complete the ECH Board Competency Matrix Survey and, unless the Ad Hoc Committee votes not to use it in a given year, ECH Board Member Re-Election Report Survey.
    - ii. District Board Members: Review Position Specification in place at time of election to the Hospital Board and the ECH Board Member NDBM Job Description.
  - b. At the Meeting: Discuss portfolio of skills needs.
4. FYQ2 – Regular District Board Meeting:
  - a. Prior to the Meeting:
    - i. Ad Hoc committee analyzes evaluations, (3) (a) above, interviews the NDBM, and develops recommendation regarding re-election of NDBM to the Hospital Board.
    - ii. Hospital Board, on the recommendation of the Governance Committee proposes a revised Position Description to the District Board.
  - b. At the Meeting:
    - i. District Board considers re-election of NDBM.
    - ii. If NDBM is re-elected, the Hospital Board shall be notified.

- iii. If NDBM is not re-elected, the District Board will authorize external recruitment of a new NDBM.
  - iv. If there are any mid-term vacancies or other open seats on the Hospital Board the District Board will authorize a timeline for recruitment to fill those seats. Any individual may apply and staff shall solicit applications from the public, the ECH Board, the ECH Foundation Board, ECH Board Advisory Committees and the Executive Leadership Team.
- 5. FYQ2 or Q3 – Begin external search as authorized in Section 4(b)(iii) and (iv) if necessary.
- 6. FYQ2 or Q3 – Regular District Board Meeting:
  - a. Ad Hoc Committee to present an interim update to the District Board.
    - i. Incorporate Board feedback into further recruitment efforts.
    - ii. Plan for interviews – direct staff to schedule.
- 7. FYQ3 or Q4 – Regular District Board Meeting:
  - a. Prior to the Meeting: Ad Hoc Committee to summarize interviews for the Board packet and make a recommendation to the District Board
  - b. District Board Considers AD Hoc Committee recommendation and votes to elect new NDBM(s) to the Hospital Board.
- 8. This process to be confirmed by the District Board annually when the process is complete.
- 9. The following matters are delegated to the El Camino Hospital Board Governance Committee:
  - a. FYQ3 – Review and recommend changes to the survey tools identified in section 3(a)(i).
  - b. FYQ3 – Review and recommend changes to this process.
  - c. FYQ3 – Review and recommend changes to NDBM Position Specification and Job Description.
  - d. Participate in the recruitment effort of new NDBM by referring a member to advise the Ad Hoc Committee as described in #1 above.

#### B. General Competencies

- 1. Understanding of the vital role El Camino Hospital plays in the broader region.
- 2. Loyalty to El Camino Hospital's charitable purposes.
- 3. Knowledge of healthcare reform (Affordable Care Act) implications.
- 4. Ability to understand and monitor the following:
  - a. Diverse portfolio of businesses and programs
  - b. Complex partnerships with clinicians
  - c. Programs to create a continuum of care
  - d. Investment in technology
  - e. Assumption of risk for population health
  - f. Resource allocation
  - g. Quality metrics
- 5. Commitment to continuing learning.
- 6. Demonstrated strategic thinking.
- 7. Efforts to recruit potential Advisory Committee members.

8. Understanding and support of the role the District Board plays in Governance of the 501(c)(3) corporation.

C. Portfolio Skill Set

1. Complementary to skill sets of other Board members (gap-filling).
2. Applicable to the then current market. (See, Competency Matrix)

D. Other Criteria

1. Positive working relationship with other Board members.
2. Productive working relationship with the El Camino Hospital CEO.
3. Attendance at Board and Committee meetings.
4. See, Competency Matrix.

*\*Approved 12/9/2014; revised 3/17/2015; revised 6/14/2016; revised 1/25/2017, revised 10/17/2017; 5/15/2018*

## ECHD BOARD MEETING AGENDA ITEM COVER SHEET

|  |   |
|--|---|
| <b>Item:</b>   | Proposed El Camino Hospital Bylaws Change<br>(Draft Resolution 2018-14)<br><br>El Camino Healthcare District Board of Directors<br><br>October 16, 2018 |
| <b>Responsible party:</b>  | Peter C. Fung, MD, Board Chair  |
| <b>Action requested:</b>   | Approval  |
| <b>Background:</b> El Camino Healthcare District (“ECHD”) has unfettered authority to appoint or remove members of the El Camino Hospital (“ECH”) Board. While no member serves by reason of holding another office, I believe that persons appointed to the ECH Board while serving as a director of ECHD should automatically be removed from the ECH Board without any action by the ECHD Board when they cease to be a member of the ECHD Board. The proposed revision to the ECH Bylaws would have that effect. |   |
| <b>Board Advisory Committees that reviewed the issue and recommendation, if any:</b> None.   |   |
| <b>Summary and Session Objectives:</b> The proposal is that Section 4.7(a) of the ECH Bylaws would be amended so that a vacancy on the ECH Board would occur if a person who was first appointed by ECHD to the ECH Board while serving as an ECHD director is no longer an ECHD director. The change would not apply to any person who was first appointed by ECHD to the ECH board when such person was not an ECHD director, even if such person later becomes an ECHD director.                                  |   |
| <b>Suggested discussion questions:</b> <ol style="list-style-type: none"> <li>1. Is this amendment necessary considering a person in such a position could resign or the ECHD Board could remove that person at any time?</li> <li>2. Is it better to remove ECH Directors automatically or for the ECHD board to do so on a case-by-case basis?</li> <li>3. Will there be any unintended consequences to the proposed changes?</li> </ol>   |   |
| <b>Proposed Board motion, if any:</b><br><br>To approve Draft Resolution 2018-14 amending Article IV, Section 4.7(a) of the ECH Bylaws.  |   |
| <b>LIST OF ATTACHMENTS:</b> <ol style="list-style-type: none"> <li>1. Draft Resolution 2018-14</li> </ol>  |   |

## EL CAMINO HEALTHCARE DISTRICT

### **DRAFT RESOLUTION 2018-14**

RESOLUTION OF THE BOARD OF DIRECTORS OF EL CAMINO HEALTHCARE DISTRICT APPROVING THE AMENDMENT OF ARTICLE IV, SECTION 4.7(a) OF THE AMENDED AND RESTATED BYLAWS ("BYLAWS") OF EL CAMINO HOSPITAL

**WHEREAS**, pursuant to Article XVIII, Section 18.1 of the Bylaws of El Camino Hospital, El Camino Hospital may adopt, repeal, amend and restate its Bylaws effective upon approval of the sole voting member, El Camino Healthcare District;

**WHEREAS**, the Board of Directors of El Camino Healthcare District believes that it is in the best interests of El Camino Hospital to amend the Bylaws of El Camino Hospital as provided below; now therefore be it

**RESOLVED**, that the Board of Directors of El Camino Healthcare District hereby approves amending the Bylaws of El Camino Hospital by deleting the current Article IV, Section 4.7(a) of the Bylaws of El Camino and adding the following section:

#### 4.7 Vacancy.

(a) A vacancy in the Board of Directors shall be deemed to exist on the occurrence of the following: (i) the death, resignation, or removal of any Director; (ii) the declaration by the Board of a vacancy in the office of a Director who has been declared of unsound mind by a final order of court, or has been convicted of a felony, or has been found by a final order or judgment of any court to have breached any duty under Sections 5230-38 of the California Corporations Code dealing with standards of conduct for directors; (iii) an increase in the authorized number of Directors; (iv) the application or other request by a 2012 Director or 2017 Director seeking employment with the Corporation or seeking to provide contracted services to the Corporation, except in circumstances when a Director who is also a director of the sole Member may so serve; (v) when a Director, who was appointed or elected as a Director while serving as a director of the sole Member, is no longer a director of the sole Member; (vi) the failure of the sole Member, at any annual or other regular meeting of Member at which any Director or Directors are elected, to elect the full authorized number of Directors to be voted for at that meeting; or (vii) the affirmative vote of the sole Member to remove a Director in accordance with the voting requirements of Section 5222 of the California Corporations Code as provided in Section 4.9 below.

be it further;

**RESOLVED**, that the Bylaws of El Camino Hospital shall be restated to include the foregoing amendments; be it further,

**RESOLVED**, that this amendment and restatement shall take effect immediately.

**RESOLVED**, that a certified copy of this Resolution shall be sent to the Secretary of El Camino Hospital for filing in El Camino Hospital's corporate records.

Duly passed and adopted at a regular meeting held on this 16<sup>th</sup> day of October, 2018, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

John Zoglin  
Secretary, ECHD Board of Directors

| Comparison Details  |   |
|---------------------|---|
| Title               | <b>pdfDocs compareDocs Comparison Results</b> |
| Date & Time         | 10/04/18 3:45:54 PM                           |
| Comparison Time     | 0.10 seconds                                  |
| compareDocs version | v4.1.500.11                                   |

| Sources           |  |
|-------------------|--|
| Original Document | [#34246688] [v2] Proposed Amendment to Section 4.7 ECH Bylaws.docx |
| Modified Document | [#34246688] [v3] Proposed Amendment to Section 4.7 ECH Bylaws.docx |

| Comparison Statistics |   |
|-----------------------|---|
| Insertions            | 2 |
| Deletions             | 0 |
| Changes               | 2 |
| Moves                 | 0 |
| TOTAL CHANGES         | 4 |
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| Word Rendering Set Markup Options |                   |
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| Name                              | Standard          |
| <u>Insertions</u>                 |                   |
| <del>Deletions</del>              |                   |
| <u>Moves</u> / <del>Moves</del>   |                   |
| Inserted cells                    |                   |
| Deleted cells                     |                   |
| Merged cells                      |                   |
| Formatting                        | Color only.       |
| Changed lines                     | Mark left border. |
| Comments color                    | By Author.        |
| Balloons                          | False             |

| compareDocs Settings Used           | Category | Option Selected |
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| Open Comparison Report after Saving | General  | Always          |
| Report Type                         | Word     | Formatting      |
| Character Level                     | Word     | True            |
| Include Headers / Footers           | Word     | True            |
| Include Footnotes / Endnotes        | Word     | True            |
| Include List Numbers                | Word     | True            |
| Include Tables                      | Word     | True            |
| Include Field Codes                 | Word     | True            |
| Include Moves                       | Word     | False           |
| Show Track Changes Toolbar          | Word     | True            |
| Show Reviewing Pane                 | Word     | True            |
| Update Automatic Links at Open      | Word     | False           |
| Summary Report                      | Word     | End             |
| Include Change Detail Report        | Word     | Separate        |
| Document View                       | Word     | Print           |
| Remove Personal Information         | Word     | False           |
| Flatten Field Codes                 | Word     | True            |

**EL CAMINO HEALTHCARE DISTRICT BOARD**

**FY2019 PACING PLAN**

Revised 8/31/18

| FY19 Q1  |               |   |
|--|---------------|---|
| JULY 2018  | AUGUST 2018   | SEPTEMBER 2018  |
| No Meeting   | No Meeting    | No Meeting  |
|  |               |   |
| FY19 Q2  |               |   |
| OCTOBER 16, 2018   | NOVEMBER 2018 | DECEMBER 5, 2018  |
| <ul style="list-style-type: none"> <li>▪ FY19 YTD ECHD Financials</li> <li>▪ Community Benefit Spotlight (BAWSI)</li> <li>▪ FY18 Community Benefit Year End Report</li> <li>▪ FY18 Stand-Alone Financials</li> <li>▪ FY18 Financial Audit Presentation – Consolidated ECH District Financials</li> <li>▪ Approve FY18 Hospital Audit</li> <li>▪ Adopt Resolution Setting Calendar Year 2019 Meeting Dates</li> <li>▪ Hospital Board Member Election Ad Hoc Committee Report</li> <li>▪ Pacing Plan</li> <li>▪ Approval of Minutes</li> <li>▪ <b>FY18 CEO and CFO Performance Review</b></li> </ul> | No Meeting    | <ul style="list-style-type: none"> <li>▪ Administration of Oath of Office</li> <li>▪ Affirm/Sign Standards of Conduct</li> <li>▪ Election of El Camino Hospital Board Member(s)</li> <li>▪ <b>Hospital Board Member Election Ad Hoc Committee Report (If necessary)</b></li> <li>▪ Approval of Minutes</li> </ul> |

| FY19 Q3  |   |  |
|--|---|--|
| JANUARY 22, 2019   | FEBRUARY 2019   | MARCH 20, 2019   |
| <ul style="list-style-type: none"> <li>▪ Recognition (As Needed)</li> <li>▪ Community Benefit Spotlight (If Time Allows)</li> <li>▪ FY19 YTD ECHD Financials</li> <li>▪ Hospital Board Member Election Ad Hoc Committee Report (if necessary)</li> <li>▪ Pacing Plan</li> <li>▪ Approval of Minutes</li> </ul> | No Meeting  | <ul style="list-style-type: none"> <li>▪ Recognition (As Needed)</li> <li>▪ Community Benefit Spotlight (If Time Allows)</li> <li>▪ FY19 YTD ECHD Financials</li> <li>▪ Hospital Board Member Election Ad Hoc Committee Report (if necessary)</li> <li>▪ Pacing Plan</li> <li>▪ Approval of Minutes</li> </ul>   |
| FY19 Q4  |   |  |
| APRIL 2019   | MAY 21, 2019  | JUNE 18, 2019  |
| No Meeting   | <ul style="list-style-type: none"> <li>▪ FY 20 Community Benefit Plan Study Session</li> <li>▪ Community Benefit Mid-Year Metrics</li> <li>▪ Appoint FY 20 Hospital Board Member Election Ad Hoc Committee and Advisors</li> <li>▪ Approval of Minutes</li> </ul> | <ul style="list-style-type: none"> <li>▪ Recognition (As Needed)</li> <li>▪ Community Benefit Spotlight (If Time Allows)</li> <li>▪ FY19 YTD ECHD Financials</li> <li>▪ Tax Appropriation for FY20</li> <li>▪ District Capital Outlay Fund</li> <li>▪ Hospital Board Member Election Ad Hoc Committee Report (if necessary)</li> <li>▪ Review and Approve FY20 Pacing Plan</li> <li>▪ Approval of FY20 Community Benefit Plan</li> <li>▪ Approve ECH FY20 Budget</li> <li>▪ Approve ECHD FY20 Budget</li> <li>▪ CEO and CFO Review</li> <li>▪ ECH Board and Board Chair Assessment</li> <li>▪ Appointment of Liaison to the Community Benefit Advisory Council</li> <li>▪ Approval of Minutes</li> <li>▪ FY20 Pacing Plan</li> </ul> |