



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, 2018	June 30, 2017 Audited w/o Eliminations		June 30, 2018	June 30, 2017 Audited w/o Eliminations
<u>ASSETS</u>			<u>LIABILITIES & FUND BALANCE</u>		
Current Assets			Current Liabilities		
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 Prepays ⁽¹⁾	\$76	\$51	Other Liabilities	9	5
Total Current Assets	495	453	Total Current Liabilities	151	130
Board Designated Assets			Deferred Revenue	1	1
Foundation Reserves	16	15	Deferred Revenue Inflow of Resources	26	14
Community Benefit Fund	21	19	Long Term Liabilities		
Operational Reserve Fund	129	102	Bond Payable	643	657
Workers Comp, Health & PTO Reserves ⁽²⁾	74	63	Benefit Obligations	47	37
Facilities Replacement Fund ⁽³⁾	189	159	Other Long-term Obligations	4	4
Catastrophic & Malpractice Reserve ⁽⁴⁾	20	18	Total Long Term Liabilities	695	698
Total Board Designated Assets	450	376	Fund Balance		
Non-Designated Assets			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	Total Fund Balance	1,636	1,439
Net Property Plant & Equipment	920	810	TOTAL LIAB. & FUND BAL.	\$2,509	\$2,282
Deferred Outflows of Resources	21	30			
Other Assets	23	18			
Total Non-Designated Assets	1,563	1,454			
TOTAL ASSETS	\$2,509	\$2,282			



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) Variance</u>	<u>Prior YTD FY Actual</u>
Net Patient Revenue ⁽⁵⁾	901	836	65	833
Other Operating Revenues ⁽⁶⁾	43	41	2	43
Total Operating Revenues	943	877	66	876
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
Total Operating Expense ⁽⁷⁾	799	809	11	766
Operating Income	144	68	77	109
Non-Operating Income ⁽⁸⁾	70	25	45	68
Net Income	214	94	122	177



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	<u>9</u>
	<u><u>\$189</u></u>

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

ECH Catastrophic Fund (aka: Earthquake Fund)	\$18
ECH Malpractice Reserve	<u>2</u>
	<u><u>\$20</u></u>

- 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 valves, 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.

