



El Camino Hospital

THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2017 – Period 10
7/1/2016 to 4/30/2017

Dashboard - ECH combined as of April 30, 2017

	Annual				Month			YTD		
	2015	2016	2017 Proj.	2017 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume										
Licenced Beds	443	443	443	443	443	443	443	443	443	443
ADC	246	242	239	245	235	241	247	241	239	246
Adjusted Discharges	22,342	22,499	23,217	22,992	1,841	1,926	1,863	18,401	19,348	19,141
Total Discharges	19,637	19,367	19,576	19,781	1,553	1,643	1,609	15,999	16,313	16,488
Inpatient Cases										
MS Discharges	13,114	13,344	13,520	13,499	1,082	1,141	1,097	10,895	11,267	11,247
Deliveries	5,067	4,717	4,674	4,810	364	388	391	3,912	3,895	4,008
BHS	901	806	912	901	63	79	74	772	760	758
Rehab	555	500	469	570	44	35	46	420	391	475
Outpatient Cases										
ED	128,110	139,935	144,827	147,053	11,485	11,869	11,645	116,469	120,689	119,348
Procedural Cases	49,106	48,609	48,372	51,258	3,920	4,144	4,154	40,630	40,310	42,568
OP Surg	6,488	6,070	6,696	6,427	455	538	505	5,066	5,580	5,175
Endo	2,520	2,324	2,150	2,479	190	144	193	1,949	1,792	1,981
Interventional	1,998	2,021	2,015	2,323	174	142	185	1,699	1,679	1,900
All Other	67,998	80,911	85,594	84,566	6,746	6,901	6,608	67,125	71,328	67,724
Financial Perf.										
Net Patient Revenues	746,645	772,020	809,104	789,585	62,699	64,140	65,507	629,625	674,253	651,771
Total Operating Revenue	767,751	795,657	833,637	814,645	62,394	65,772	67,605	647,791	694,698	672,655
Operating Expenses	689,631	743,044	738,815	764,828	59,449	61,685	62,187	613,450	615,679	629,021
Operating Income \$	78,120	52,613	94,823	49,817	2,945	4,086	5,418	34,341	79,019	43,635
Operating Margin	10.2%	6.6%	11.4%	6.1%	4.7%	6.2%	8.0%	5.3%	11.4%	6.5%
EBITDA \$	128,002	108,554	147,218	109,890	7,924	7,889	10,452	79,550	122,682	92,031
EBITDA %	16.7%	13.6%	17.7%	13.5%	12.7%	12.0%	15.5%	12.3%	17.7%	13.7%
IP Margin ¹	-3.9%	-8.7%	-4.3%	-6.1%	-0.9%	-3.4%	-6.1%	-9.9%	-4.3%	-6.1%
OP Margin ¹	26.7%	26.7%	35.2%	26.4%	28.1%	37.1%	26.4%	25.7%	35.2%	26.4%
Payor Mix										
Medicare	46.2%	46.6%	47.7%	46.4%	48.0%	47.3%	46.4%	46.2%	47.7%	46.4%
Medi-Cal	6.6%	7.4%	7.3%	6.5%	6.3%	7.5%	6.5%	7.3%	7.3%	6.5%
Commercial IP	24.2%	23.2%	22.3%	24.0%	23.2%	22.4%	24.0%	24.2%	22.3%	24.0%
Commercial OP	18.7%	18.7%	20.2%	19.0%	18.9%	20.3%	19.0%	19.4%	20.2%	18.9%
Total Commercial	42.9%	41.9%	42.5%	43.0%	42.0%	42.7%	43.0%	43.7%	42.5%	42.8%
Other	4.3%	4.1%	2.5%	4.1%	3.7%	2.5%	4.1%	2.9%	2.5%	4.1%
Cost										
Employees	2,452.4	2,542.8	2,496.7	2,551.3	2,521.9	2,542.2	2,518.9	2,596.5	2,496.7	2,551.3
Hrs/APD	30.45	30.35	29.75	29.42	31.90	31.03	28.89	31.24	29.75	29.42
Balance Sheet										
Net Days in AR	43.6	53.7	47.1	48.0	53.7	47.1	48.0	53.7	47.1	48.0
Days Cash	401	361	429	266	361	429	266	361	429	266
Affiliates - Net Income (\$000s)										
Hosp	94,787	43,043	188,919	67,032	8,679	11,619	6,147	18,644	125,946	50,924
Concern	1,202	1,823	2,037	2,604	393	304	233	1,858	1,358	2,151
ECSC	(41)	(282)	(125)	0	2	(11)	0	(312)	(83)	0
Foundation	710	982	3,210	(450)	369	51	(139)	(457)	2,140	739
SVMD	106	156	136	0	191	(27)	1	155	91	(0)

Inpatient Volume:

- April inpatient acute MS discharges exceed budget by 4.0% and 5.5% from PY. YTD discharge is higher than budget by 0.2%. Due to lower LOS inpatient days below budget by 2.4%
- YTD Delivery and Rehab volume both lower than budget but we see a volume increase in HVI (7.1%), Spine surgeries (9.5%), and GYN cases (15.5%) and General Medicine (4.0%)

Outpatient Volume:

- OP was ahead of budget for the month of April (1.9%) and prior month last year by (3.3%). YTD OP remains ahead of budget by 1.1% and last year YTD by 3.6%
- General Surgery was 6.8% ahead of budget for April and 8.0% YTD and Rehab Services 5.1% ahead of budget for April, 13.7% YTD

Financial Performance:

- Operating Income was behind budget by \$1.3M for the month, but remains ahead YTD by \$35.4M

Payor Mix:

- Commercial mix improved from March from 41.5% to 42.7% as respiratory cases eased with the warm weather. YTD PM is still under budget due to higher Medicare.

Cost:

- FTE compared to Fixed Budget is unfavorable but when compared to volume adj. flex budget we are at 61.0 FTE below flex.

Balance Sheet:

- Net days in AR are ahead of target and improved further in April. Total cash on hand is still at an all time high of 429 days in April.

Green - Equal to or better than budget; Yellow - Unfav by up to 5%; Red - Greater than 5% unfav
FY2017 budget presented excludes 2016 and 2017 bonds cost of issuance and interest expense

Budget Variances

(in thousands)	Month to Date (MTD)			Year to Date (YTD)		
	Detail	Net Income Impact	% Net Revenue	Detail	Net Income Impact	% Net Revenue
Budgeted Hospital Operations FY2017		5,418	8.0%		43,635	6.5%
Net Revenue		(1,834)	-2.8%		22,043	3.2%
* Volume and Payor Mix	(4,306)			3,112		
* Rev cycle improvements	500			8,333		
* Insurance (Payment Variance)				1,120		
* Mcare Settlement	1,953			3,244		
* BPCI Settlement				(2,167)		
* Medi-Cal Supplemental				1,366		
* IGT Supplemental				6,535		
* Various Adjustments under \$250k	19			499		
Labor and Benefit Expense Change		(770)	-1.2%		9,086	1.3%
* Benefits - New calendar year, First Tier FICA	(299)			(1,677)		
* Accrued Time Off - Reprising PRN PTO Banks	(419)			733		
* Productivity, volume and service mix	(188)			10,476		
* WC Reserve Update based on Favorable Exp				2,524		
* Vacancies filled with purchased services	136			2,634		
* Pay for performance bonus				(3,204)		
* Ratification bonus				(2,400)		
Professional Fees & Purchased Services		82	0.1%		(1,877)	-0.3%
* Physician Fees - Below Budget in MD Director Fee	125			1,481		
* Consulting Fee - Includes \$2M in 2017A Bond Issuance Cost & Strategic Planning	(400)			(4,128)		
* Purchased Services (Clinical Informatics backfilled labor)	(182)			(3,512)		
* Repairs and Maintenance Fees	538			4,281		
Supplies		(129)	-0.2%		1,547	0.2%
* Drug Expense (Increase in infusion volume offset by revenue)	(163)			(2,263)		
* Medical Supplies	41			2,325		
* Non Med Supplies - Misc (Food/Volumes)	(7)			1,485		
Other Expenses		88	0.1%		(147)	0.0%
* Leases & Rental Fees (Pharmacy & Imaging Equipment Rental)	(62)			(282)		
* Utilities & Telephone	173			270		
* Other G&A	(22)			(135)		
Depreciation & Interest		1,231	1.9%		4,733	0.7%
* Depreciation (Depreciation on the backfill improvements in Old 2nd, 3rd, and ground floor improvement projects)	654			3,810		
* Interest Expense - 2017 bonds & Capital Interest 2015 bonds	578			924		
Actual Hospital Operations FY2017		4,086	6.2%		79,019	11.4%

El Camino Hospital (\$000s)

10 months ending 4/30/2017

PERIOD 10 FY 2016	PERIOD 10 FY 2017	PERIOD 10 Budget 2017	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
227,364	243,934	239,111	4,823	2.0%	Gross Revenue	2,276,819	2,490,436	2,413,177	77,259	3.2%
(164,665)	(179,795)	(173,605)	(6,190)	1.0%	Deductions	(1,647,193)	(1,816,183)	(1,761,406)	(54,777)	3.1%
62,699	64,140	65,507	(1,367)	-2.1%	Net Patient Revenue	629,625	674,253	651,771	22,483	3.4%
(306)	1,632	2,099	(467)	-22.2%	Other Operating Revenue	18,166	20,445	20,885	(440)	-2.1%
62,394	65,772	67,605	(1,834)	-2.7%	Total Operating Revenue	647,791	694,698	672,655	22,043	3.3%
OPERATING EXPENSE										
35,464	38,255	37,485	(770)	-2.1%	Salaries & Wages	358,067	372,313	381,399	9,086	2.4%
8,959	10,015	9,885	(129)	-1.3%	Supplies	96,085	96,798	98,345	1,547	1.6%
8,320	7,569	7,651	82	1.1%	Fees & Purchased Services	83,586	80,108	78,230	(1,877)	-2.4%
1,726	2,044	2,132	88	4.1%	Other Operating Expense	30,503	22,797	22,650	(147)	-0.7%
610	(129)	448	578	128.9%	Interest	4,958	3,558	4,482	924	20.6%
4,369	3,932	4,586	654	14.3%	Depreciation	40,252	40,104	43,914	3,810	8.7%
59,449	61,685	62,187	502	0.8%	Total Operating Expense	613,450	615,679	629,021	13,342	2.1%
2,945	4,086	5,418	(1,332)	-24.6%	Net Operating Income/(Loss)	34,341	79,019	43,635	35,384	81.1%
5,734	7,532	729	6,803	933.3%	Non Operating Income	(15,697)	46,927	7,289	39,638	543.8%
8,679	11,619	6,147	5,472	89.0%	Net Income(Loss)	18,644	125,946	50,924	75,023	147.3%
12.7%	12.0%	15.5%	-3.5%		EBITDA	12.3%	17.7%	13.7%	4.0%	
4.7%	6.2%	8.0%	-1.8%		Operating Margin	5.3%	11.4%	6.5%	4.9%	
13.9%	17.7%	9.1%	8.6%		Net Margin	2.9%	18.1%	7.6%	10.6%	

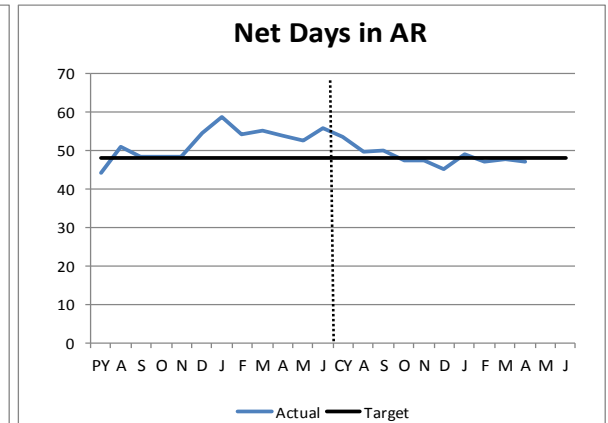
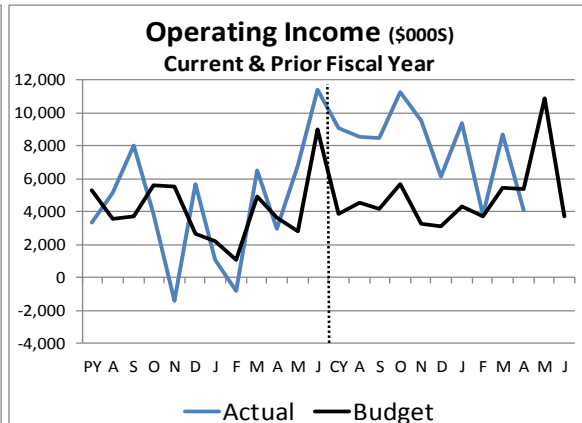
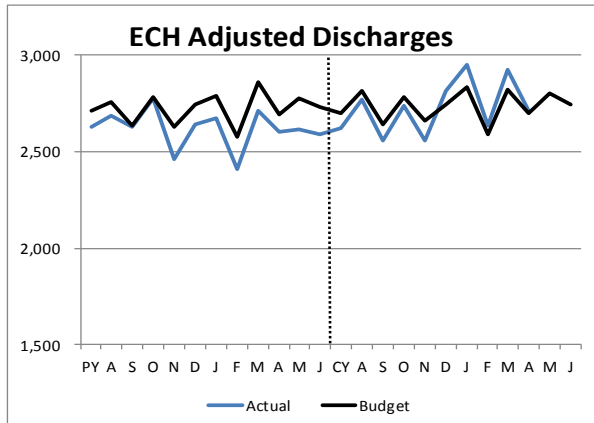
Non Operating Items and Net Income by Affiliate

\$ in thousands

	Period 10 - Month			Period 10 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	4,817	4,467	350	74,759	33,877	40,881
Los Gatos	(730)	951	(1,682)	4,260	9,757	(5,497)
Sub Total - El Camino Hospital, excl. Affiliates	4,086	5,418	(1,332)	79,019	43,635	35,384
Operating Margin %	6.2%	8.0%		11.4%	6.5%	
El Camino Hospital Non Operating Income						
Investments	7,806	1,512	6,295	49,646	15,117	34,529
Swap Adjustments	255	0	255	3,781	0	3,781
Community Benefit	(38)	(283)	246	(2,989)	(2,833)	(155)
Other (IPECH / Foundation)	(491)	(499)	8	(3,511)	(4,994)	1,484
Sub Total - Non Operating Income	7,532	729	6,803	46,927	7,289	39,638
El Camino Hospital Net Income (Loss)	11,619	6,147	5,472	125,946	50,924	75,023
ECH Net Margin %	17.7%	9.1%		18.1%	7.6%	
Concern	304	233	71	1,358	2,151	(793)
ECSC	(11)	0	(11)	(83)	0	(83)
Foundation	51	(139)	189	2,140	(457)	2,597
Silicon Valley Medical Development	(27)	1	(29)	91	(0)	91
Net Income Hospital Affiliates	316	96	220	3,505	1,693	1,811
Total Net Income Hospital & Affiliates	11,935	6,242	5,692	129,451	52,617	76,834

- Swap gain due to rise in interest rates
- Unfavorable variance in Other due to IPECH funding (-\$230k) and Foundation Ops (-\$149k) for April
- Concern favorable for April, unfavorable YTD due to Investment
- Foundation favorable YTD due to unrealized investment gain

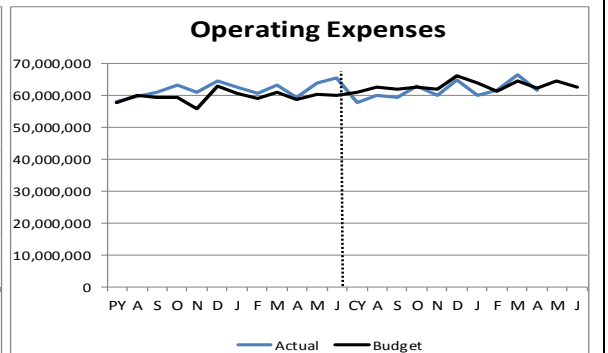
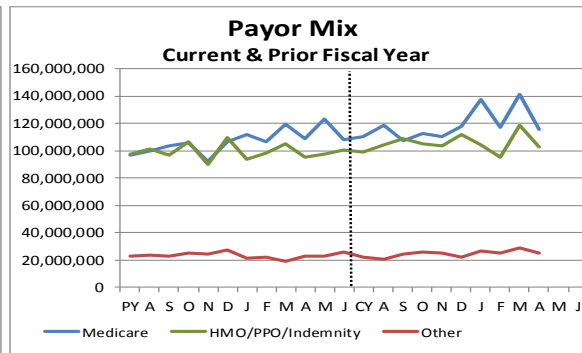
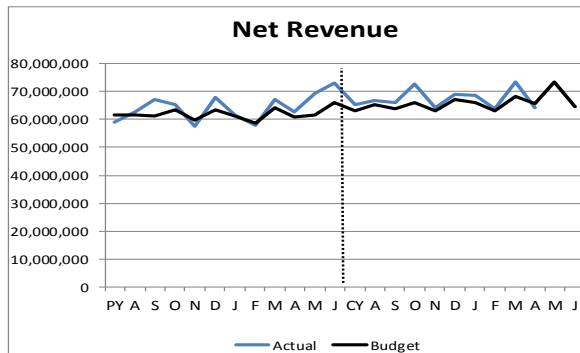
Monthly Financial Trends



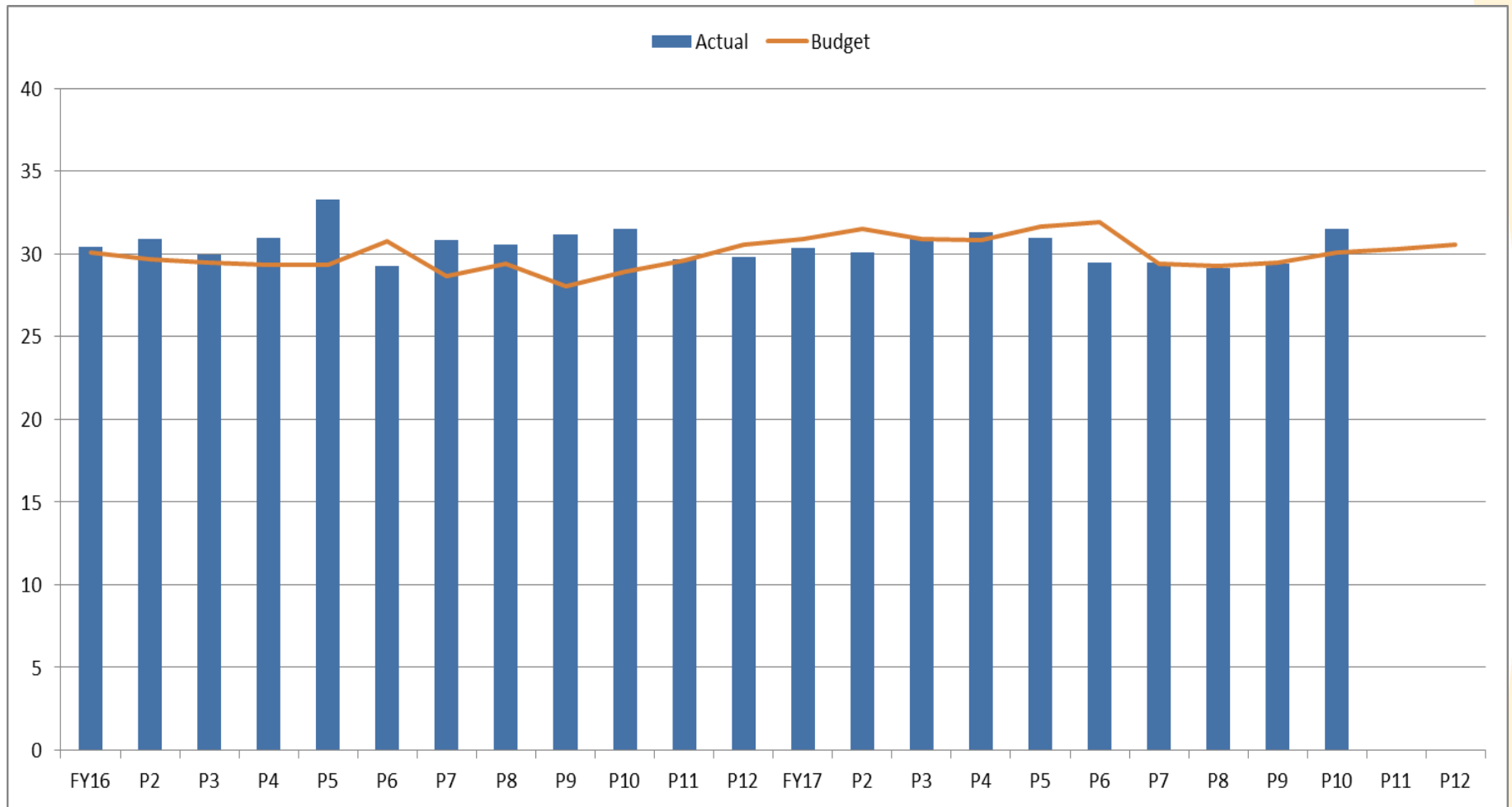
Budget is represented by solid lines; Bars represent actual results

April volume is lower than previous month with a low census at Los Gatos. LG discharges was at 96.9% of budget
 Operating expenses favorable in April due to booking capitalized interest on 2015 bonds and is \$13.3M favorable to budget YTD.

Financial Trends

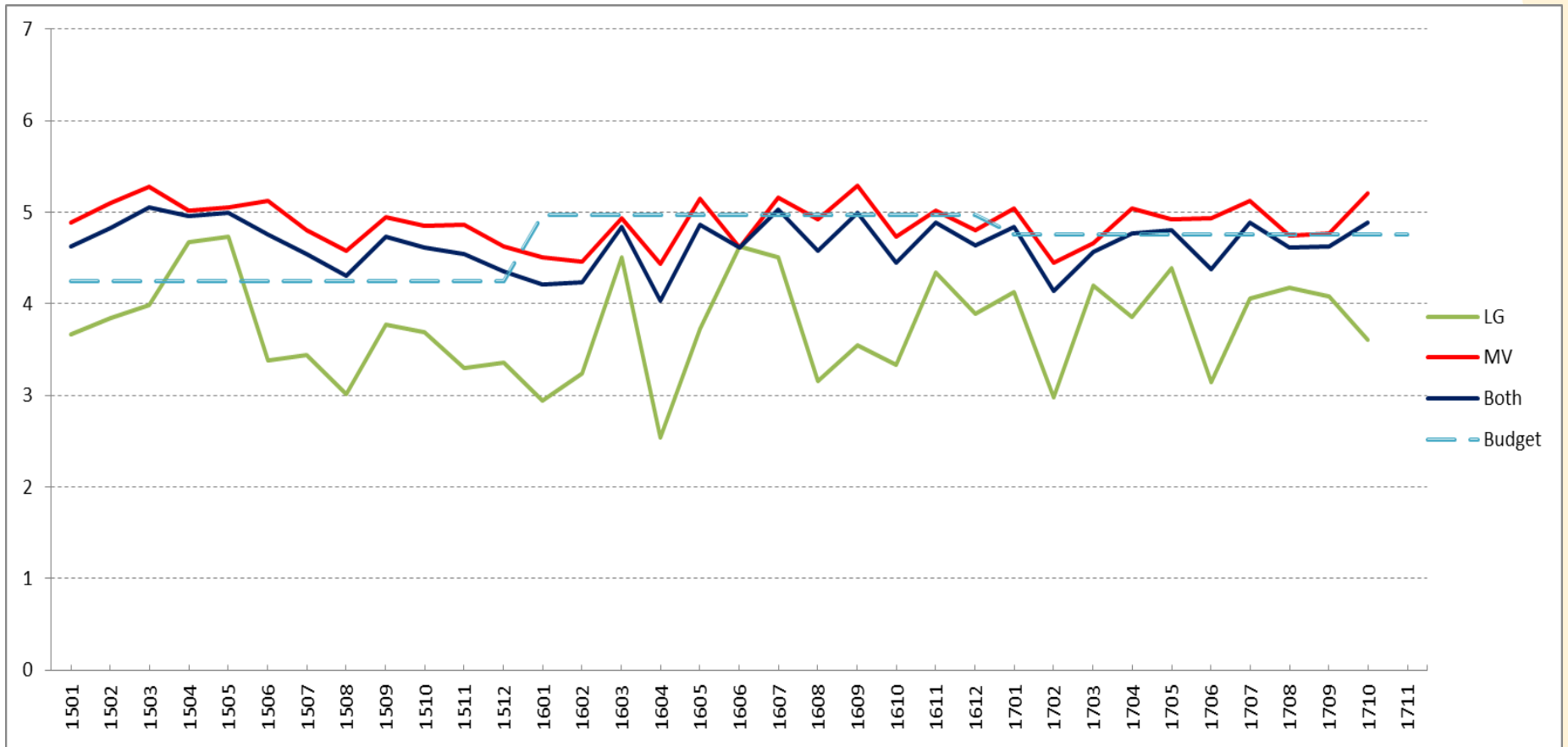


Worked Hours per Adjusted Patient Day



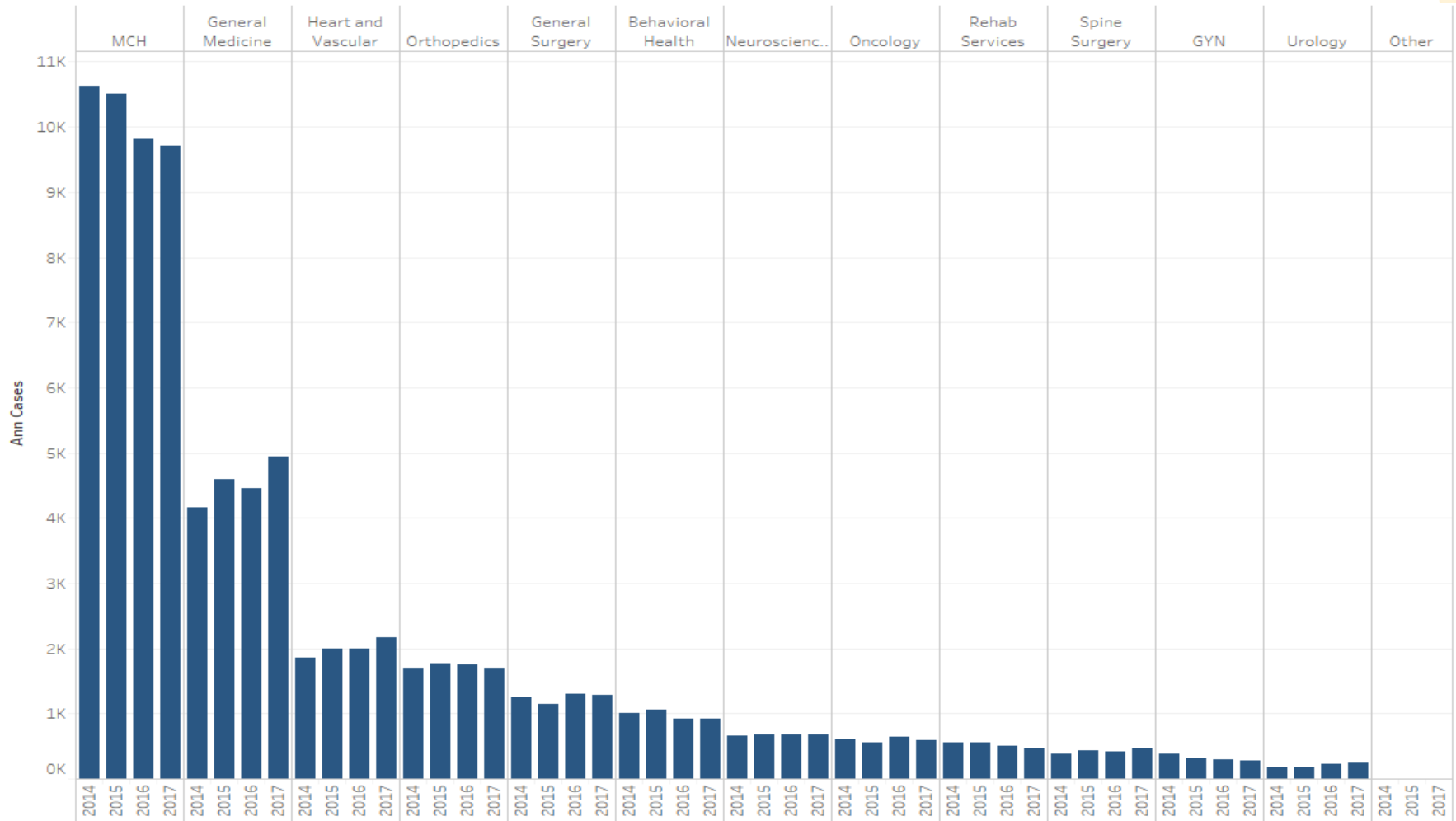
Work hours per adjusted patient day increased in April, with increases in both IT and Sitter hours. Overall, April increased after remaining flat the previous four months and has an average of 30.3 worked hours per adjusted patient day for FY 2017.

Medicare ALOS



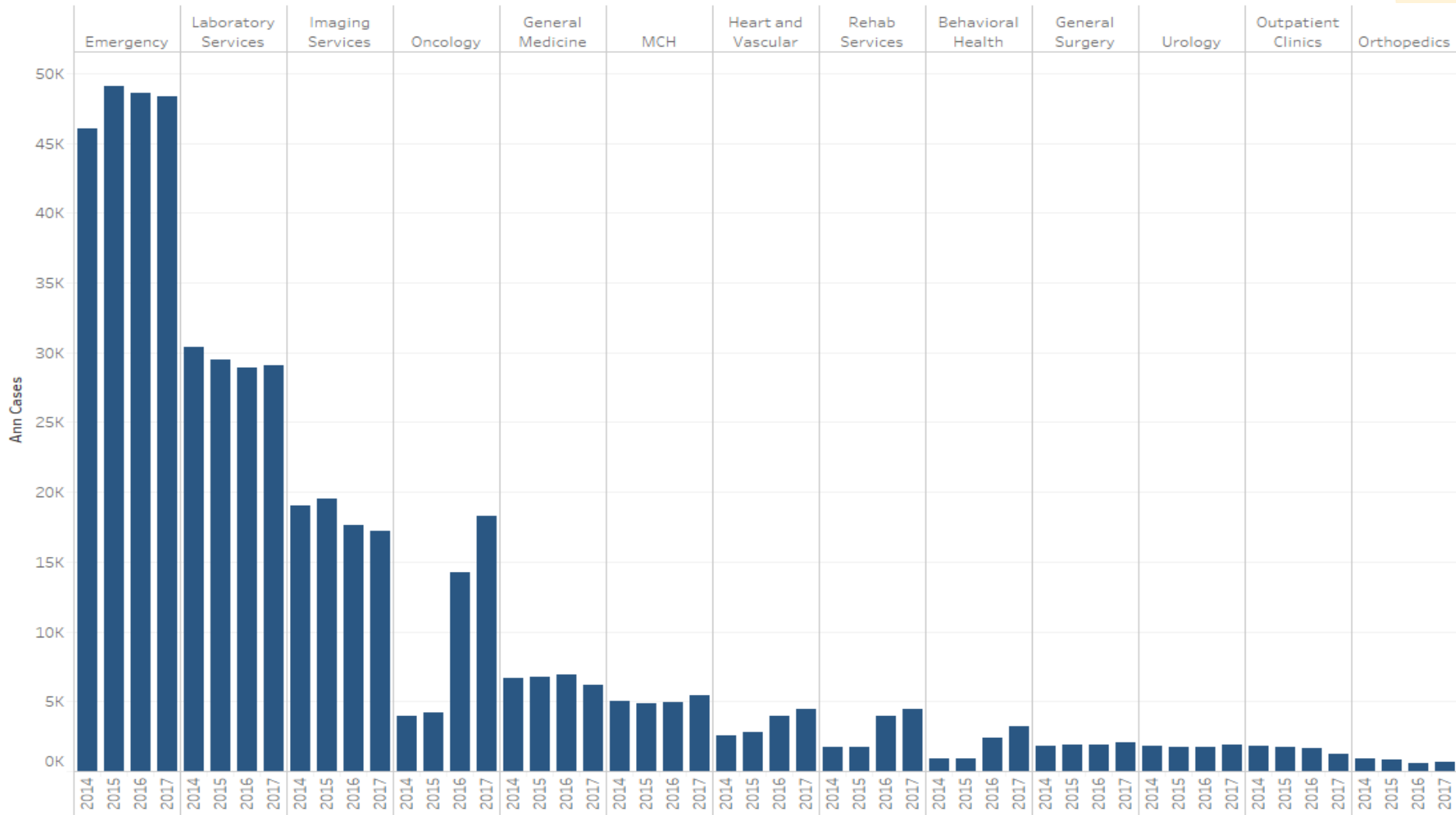
•ALOS is behind target as of April. YTD ALOS (4.64) is below budget (4.76) by .12.

El Camino Hospital Volume Annual Trends – Inpatient FY 2017 is annualized



- MCH volume remained flat for the month of April and is currently at 97.1% YTD of budget. Lower MCH due to 1 MD retiring and 1 MD leaving the area.
- General Medicine cases show an increasing trend year –over-year and is ahead of budget by 4.0% YTD. April volume, however reduced by 10% from previous month.

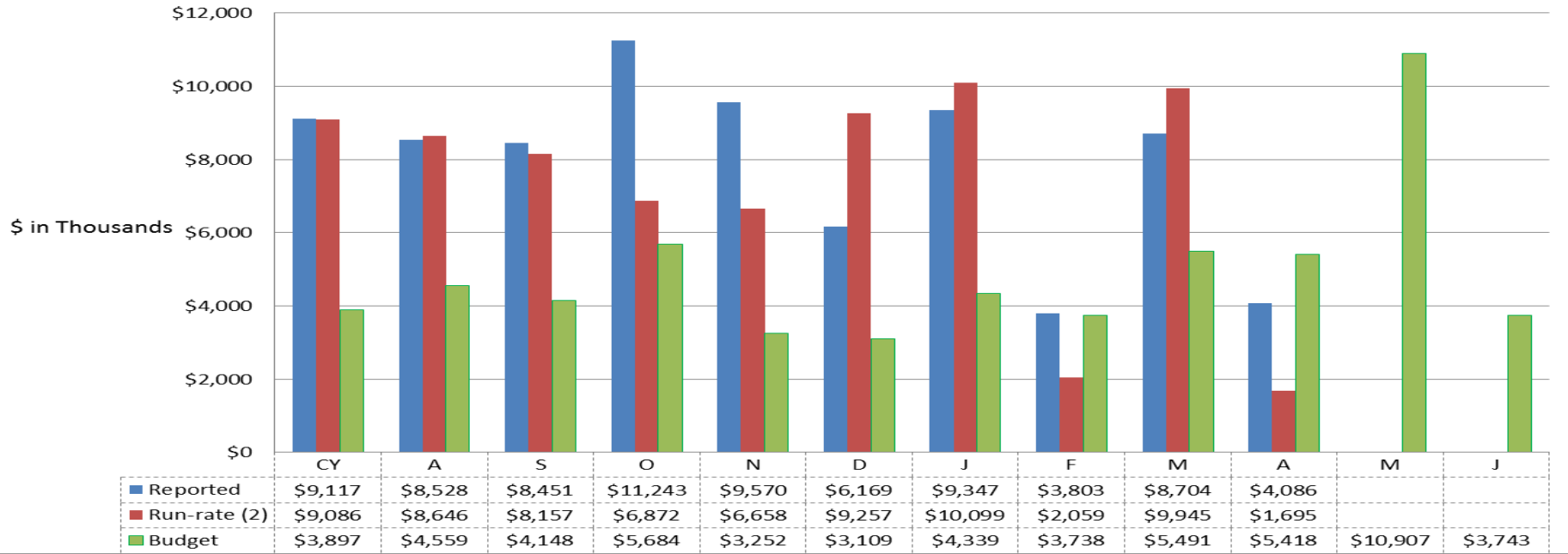
El Camino Hospital Volume Annual Trends – Outpatient FY 2017 is annualized



- MCH, Oncology, Orthopedics, Rehab Services, and Urology are ahead of budget for the month of April.
- YTD, HVI, Oncology and MCH shows a trend of increase as well as comparing year-over-year.

ECH Operating Margin

Run rate is booked operating income adjusted for material non-recurring transactions



FY 2017 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

Revenue Adjustments		J	A	S	O	N	D	J	F	M	A	M	J	YTD
Insurance (Payment Variance)		335	-	61	145	36	-	-	-	544	-	-	-	1,120
Mcare Settlmt/Appeal/Tent Settlmt/PIP		100	(158)	74	67	67	100	67	947	27	1,953	-	-	3,244
BPCI Settlement		-	-	-	-	-	-	(2,167)	-	-	-	-	-	(2,167)
Medi-Cal Supplemental		-	-	-	-	-	312	814	240	-	-	-	-	1,366
IGT Supplemental		-	-	-	6,535	-	-	-	-	-	-	-	-	6,535
Various Adjustments under \$250k		(69)	40	164	25	12	9	131	157	12	19	-	-	499
Total		366	(118)	299	6,771	115	421	(1,155)	1,344	582	1,972	-	-	10,597
Expense Adjustments														
Pay-For-Performance Bonus		-	-	-	-	-	(2,400)	(403)	(401)	-	-	-	-	(3,204)
Ratification Bonus		-	-	-	(2,400)	-	-	-	-	-	-	-	-	(2,400)
Purchases Below Capital Threshold		-	-	-	-	(598)	-	-	-	-	-	-	-	(598)
WC Reserve Updates Based on Fav. Experience		-	-	-	-	-	700	-	-	1,824	-	-	-	2,524
Other Purchased Services (Clinical Informatics)		-	-	-	-	-	(500)	-	-	-	-	-	-	(500)
Accrued Time Off (Repricing of PRN PTO)		-	-	-	-	-	-	-	-	-	(419)	-	-	(419)
Total		-	-	-	(2,400)	(598)	(2,200)	(403)	(401)	1,824	(419)	-	-	4,597

*Represents various adjustments under \$250k

El Camino Hospital Investment Committee Scorecard

March 31, 2017

Updated Quarterly
Last update 04/01/17

Key Performance Indicator	Status	1Q 2017		Fiscal Year-to-date		4y 5m Since Inception (annualized)		FY17	Expectation
		El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	Year-end Budget	Per Asset Allocation
Investment Performance		1Q 2017		Fiscal Year-to-date		4y 5m Since Inception (annualized)			May 2016
Surplus cash balance & op. cash (millions)		\$854.8	--	--	--	--	--	\$657.2	--
Surplus cash return	Green	3.3%	3.1%	6.4%	6.4%	5.1%	5.1%	4.0%	5.2%
Cash balance plan balance (millions)		\$238.0	--	--	--	--	--	\$220.6	--
Cash balance plan return	Green	4.1%	3.6%	7.7%	7.6%	7.6%	7.0%	6.0%	5.8%
403(b) plan balance (millions)		\$394.4	--	--	--	--	--	--	--
Risk vs. Return		3-year				4y 5m Since Inception (annualized)			May 2016
Surplus cash Sharpe ratio	Green	0.82	0.90	--	--	1.19	1.17	--	0.55
Net of fee return	Green	3.8%	4.2%	--	--	5.1%	5.1%	--	5.2%
Standard deviation	Green	4.5%	4.6%	--	--	4.2%	4.2%	--	8.6%
Cash balance Sharpe ratio	Green	0.82	0.84	--	--	1.29	1.26	--	0.49
Net of fee return	Green	4.8%	4.8%	--	--	7.6%	7.0%	--	5.8%
Standard deviation	Green	5.8%	5.6%	--	--	5.7%	5.5%	--	10.7%
Asset Allocation		1Q 2017							
Surplus cash absolute variances to target	Green	7.2%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target	Green	6.8%	< 10%	--	--	--	--	--	--
Manager Compliance		1Q 2017							
Surplus cash manager flags	Green	16	< 19 Green < 23 Yellow	--	--	--	--	--	--
Cash balance plan manager flags	Green	19	< 20 Green < 25 Yellow	--	--	--	--	--	--

El Camino Hospital

Capital Spending (in millions)

Category	Detail	Total Estimated Cost of Project	Total		Spent from Inception	2017 Proj Spend	FY 17 YTD Spent
			Authorized Active				
CIP	EPIC Upgrade		6.1		2.0	6.1	2.3
IT Hardware, Software, Equipment*			5.4		1.8	5.4	1.8
Medical & Non Medical Equipment FY 16**			4.3		4.2	4.3	4.2
Medical & Non Medical Equipment FY 17***			10.3		6.5	13.9	6.5
Facility Projects							
	1245 Behavioral Health Bldg	91.5	91.5		15.2	24.8	8.0
	1413 North Drive Parking Expansion	24.5	24.5		15.3	21.1	13.7
	1414 Integrated MOB	275.0	275.0		40.7	70.1	26.9
	1422 CUP Upgrade	9.0	9.0		2.0	5.0	1.0
	1430 Women's Hospital Expansion	91.0	6.0		0.1	0.8	0.1
	1425 IMOB Preparation Project - Old Main	3.0	3.0		2.6	0.3	1.8
	1502 Cabling & Wireless Upgrades	2.8	2.8		2.4	2.8	0.3
	1525 New Main Lab Upgrades	1.6	3.1		0.3	2.6	0.3
	1515 ED Remodel Triage/Psych Observation	1.6	0.0		0.0	0.6	0.0
	1503 Willow Pavilion Tomosynthesis	1.3	1.3		0.3	1.3	0.2
	1602 JW House (Patient Family Residence)	2.5	0.0		0.0	0.0	0.0
	Site Signage and Other Improvements	1.0	0.0		0.0	0.2	0.0
	IR Room #6 Development	2.6	0.0		0.0	0.6	0.0
	Nurse Call System Upgrades	2.4	0.0		0.0	0.0	0.0
	1707 Imaging Equipment Replacement (5 or 6)	20.7	0.0		0.0	0.0	0.0
	1708 IR/ Cath Lab Equipment Replacement	19.4	0.0		0.0	0.0	0.0
	1709 ED Remodel / CT Triage - Other	5.0	0.0		0.0	0.0	0.0
	Flooring Replacement	1.6	0.0		0.0	0.0	0.0
	1219 LG Spine OR	4.1	4.1		3.2	3.1	1.9
	1313 LG Rehab HVAC System & Structural	3.7	3.7		3.6	1.0	1.8
	1248 LG Imaging Phase II (CT & Gen Rad)	8.8	8.8		6.4	7.8	5.7
	1307 LG Upgrades	19.3	19.3		12.7	6.3	1.9
	1519 LG Electrical Systems Upgrade	1.2	0.0		0.0	0.5	0.0
	1508 LG NICU 4 Bed Expansion	0.0	0.5		0.2	4.0	0.2
	1507 LG IR Upgrades	1.1	0.0		0.0	0.2	0.0
	LG Building Infrastructure Upgrades	1.5	0.0		0.0	1.5	0.0
	1603 LG MOB Improvements (17)	5.0	5.0		0.1	4.0	0.1
	All Other Projects under \$1M	26.4	4.8		0.0	12.2	1.0
		627.6	462.3		105.2	170.8	65.2
GRAND TOTAL			488.4			200.4	80.0

*Excluding EPIC

** Unspent Prior Year routine used as contingency

***Includes 2 robot purchases

2017 projected spend includes items to be presented for approval during the fiscal year

El Camino Hospital

Capital Spending – Facility Projects (in millions)

Updated Quarterly
Last update 04/01/17

FACILITY	PROJ	CAPITAL PROJECT DESCRIPTION	TOTAL BUDGET FY17	FY17 PROJECTED SPEND	Variance from Budget
Mountain View Campus Master Plan Projects					
1 - Mountain View	1245	BHS Replacement	30,000,000	24,762,757	5,237,243
1 - Mountain View	1413	North Dr Parking Structure Expansion	20,500,000	21,145,944	(645,944)
1 - Mountain View	1414	Integrated Medical Office Building	101,500,000	70,087,267	31,412,733
1 - Mountain View	1422	CUP Upgrades	5,000,000	4,967,592	32,408
1 - Mountain View	1430	Women Hosp Expansion	5,500,000	800,000	4,700,000
Sub-total Mountain View Campus Master Plan			162,500,000	121,763,560	40,736,440
Mountain View Capital Projects					
1 - Mountain View	1501	Womens Hosp NPC Closeout	327,000	609,234	(282,234)
1 - Mountain View	1425	IMOB Preparation Project - Old Main	1,000,000	3,000,000	(2,000,000)
1 - Mountain View	1502	Cabling and Wireless upgrades	400,000	2,800,000	(2,400,000)
1 - Mountain View	1525	New Main Lab Upgrades	1,200,000	2,640,000	(1,440,000)
1 - Mountain View	1515	ED Remodel Triage / Psych Observation	1,400,000	600,000	800,000
1 - Mountain View	1415	Signage & Wayfinding	300,000	541,500	(241,500)
1 - Mountain View	1416	Digital Directories		125,000	(125,000)
1 - Mountain View	1503	Breast Imaging Tomography (Excludes \$1M Equip)	300,000	1,300,000	(1,000,000)
1 - Mountain View	1316	Willow Pavilion FA Sys and Equip Upgrades	800,000	100,000	700,000
1 - Mountain View	1423	MV MOB TI Allowance		784,000	(784,000)
1 - Mountain View		Facilities Planning Allowance	300,000	-	300,000
1 - Mountain View	1523	MV Melchor Suite 309 TI's		464,000	(464,000)
1 - Mountain View		Furniture Systems Inventory (17)	250,000	496,000	(246,000)
1 - Mountain View		Site Signage & Other Improvements	200,000	100,000	100,000
1 - Mountain View		MV Equipment & Infrastructure Upgrades (17)	300,000	-	300,000
1 - Mountain View		IR Room #6 Development	500,000	200,000	300,000
1 - Mountain View	1602	JW House (Patient Family Residence)	500,000	-	500,000
Sub-total Mountain View Capital Projects			7,777,000	13,759,734	(5,982,734)
Los Gatos Capital Projects					
11 - Los Gatos	1219	LG Spine Room Expansion - OR 4	3,100,000	4,100,000	(1,000,000)
11 - Los Gatos	1313	LG Rehab HVAC Upgrades	400,000	3,675,000	(3,275,000)
11 - Los Gatos	1248	LG Imaging Phase II (CT & Gen Rad) & Sterile Processing	7,250,000	8,100,000	(850,000)
11 - Los Gatos	1307	LG Upgrades - Major	7,300,000	14,100,000	(6,800,000)
11 - Los Gatos	1327	LG Rehab Building Upgrades	500,000	193,000	307,000
11 - Los Gatos	1346	LG Surgical Lights OR's 5,6 & 7		500,000	(500,000)
11 - Los Gatos	1421	LG MOB Improvements	150,000	900,000	(750,000)
11 - Los Gatos	1507	LG IR Upgrades	800,000	-	800,000
11 - Los Gatos	1508	LG NICU 4 Bed Expansion	5,000,000	247,000	4,753,000
11 - Los Gatos	1600	LG 825 Pollard - Aspire Phase 2		525,000	(525,000)
11 - Los Gatos		LG Building Infrastructure Improvements	1,200,000	-	1,200,000
11 - Los Gatos		LG Facilities Planning	500,000	-	500,000
11 - Los Gatos	1603	LG MOB Improvements (17)	4,000,000	1,500,000	2,500,000
Sub-total Los Gatos Capital Projects			30,200,000	33,840,000	(3,640,000)
Other Strategic Capital Facility Projects					
Other Cap Fac Proj		Primary Care Clinic (TI's Only) FY 17 (828 Winchester)	1,600,000	1,400,000	200,000
Other Cap Fac Proj		Urgent Care Clinics (TI's Only)	2,400,000	-	2,400,000
Sub-total Other Strategic Projects			4,000,000	1,400,000	2,600,000
GRAND TOTAL FACILITIES PROJECTS			204,477,000	170,763,294	33,713,706

Denotes project has been cancelled or replaced

2017 projected spend includes items to be presented for approval during the fiscal year

Balance Sheet (in thousands)

ASSETS

	Audited	
	April 30, 2017	June 30, 2016
CURRENT ASSETS		
(1) Cash	95,300	59,169
Short Term Investments	135,541	105,284
(2) Patient Accounts Receivable, net	106,628	120,960
Other Accounts and Notes Receivable	2,627	4,369
(3) Intercompany Receivables	1,437	2,200
(4) Inventories and Prepays	44,401	39,678
Total Current Assets	385,935	331,660
BOARD DESIGNATED ASSETS		
Plant & Equipment Fund	124,678	119,650
(5) Women's Hospital Expansion	9,298	-
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	12,205	13,037
Workers Compensation Reserve Fund	21,434	22,309
Postretirement Health/Life Reserve Fund	19,609	18,256
PTO Liability Fund	23,713	22,984
Malpractice Reserve Fund	1,800	1,800
Catastrophic Reserves Fund	16,206	14,125
Total Board Designated Assets	329,139	312,358
(6) FUNDS HELD BY TRUSTEE	297,273	30,841
LONG TERM INVESTMENTS	253,005	207,597
INVESTMENTS IN AFFILIATES	32,595	31,627
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,183,791	1,171,372
Less: Accumulated Depreciation	(523,965)	(485,856)
Construction in Progress	105,165	46,009
Property, Plant & Equipment - Net	764,991	731,525
DEFERRED OUTFLOWS	29,313	29,814
RESTRICTED ASSETS - CASH	0	-
TOTAL ASSETS	2,092,251	1,675,422

LIABILITIES AND FUND BALANCE

	Audited	
	April 30, 2017	June 30, 2016
CURRENT LIABILITIES		
(7) Accounts Payable	21,658	28,519
(8) Salaries and Related Liabilities	17,546	22,992
Accrued PTO	23,713	22,984
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	11,382	11,314
Intercompany Payables	67	105
Malpractice Reserves	1,772	1,936
Bonds Payable - Current	3,735	3,635
(9) Bond Interest Payable	3,076	5,459
Other Liabilities	7,684	10,478
Total Current Liabilities	90,042	106,830
LONG TERM LIABILITIES		
Post Retirement Benefits	19,609	18,256
Worker's Comp Reserve	19,134	20,009
Other L/T Obligation (Asbestos)	3,728	3,637
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	530,863	225,857
Total Long Term Liabilities	573,334	267,759
DEFERRED REVENUE-UNRESTRICTED	466,338	
DEFERRED INFLOW OF RESOURCES	2,892	2,892
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	1,096,378	985,583
Board Designated	329,139	312,358
Restricted	0	-
(10) Total Fund Bal & Capital Accts	1,425,517	1,297,941
TOTAL LIABILITIES AND FUND BALANCE	2,092,251	1,675,422

El Camino Hospital Comparative Balance Sheet Variances and Footnotes ⁽¹⁾

- (1) The increase in cash is due allowing for immediate cash to be available for the recent significant construction projects that have started in MV campus.
- (2) The decrease is primarily due to the significant cash payments the Patient Accounts team has brought in during the nine months, two months were in excess of \$70M where the projected budgeted was approximately \$63M per month.
- (3) The decrease is just a timing issue of intercompany payments from one quarter to another. Normally at a fiscal year end, they are higher due to the books being held open for a longer period of time in preparation for audit.
- (4) The increase is principally due to three quarterly pension contributions of \$2.6M each since July 1, 2016.
- (5) A new item, the District allocated its FY 2014 and FY 2015 Capital Appropriation Funds in support of future renovations to the Women's Hospital when the IMOB is completed and those floors become for patient care.
- (6) This month reflects the 2017 Revenue Bonds that were issued in March. The total amount now reflects this new issue of \$292M, the bond premium on it of \$21M, less paybacks to the hospital of \$36M for prior construction costs on the 4 major MV projects. Also there still exists \$23M in the LG Project Fund from the 2015A proceeds.
- (7) The decrease is due significant General Contractor payments being accrued at year end, that were subsequently relieved during the first quarter of fiscal year 2017.
- (8) The decrease over June 2016, is that at the end of June we had yet to payout the end of June's payroll (occurred the beginning of July, where here in April the last payroll had been paid out, thus no needed accrued payroll that approximates \$12M.
- (9) The increase is due to the new 2017 debt added as of March 2017, along with the associated bond premium that will be amortized over the life of the new debt.
- (10) The increase is to this year's financial performance (\$79M from Operations and \$46M in Non-Operations income - primarily driven by significant incomes from unrealized investment gains).

⁽¹⁾ Hospital entity only, excludes controlled affiliates

EL CAMINO HOSPITAL - BOARD DESIGNATED FUND DESCRIPTIONS/HISTORY (1 OF 2)

Plant & Equipment Fund – original established by the District Board in the early 1960’s to fund new capital expansion projects of building facilities or equipment (new or replacements). The funds came from the M&O property taxes being received and the funding depreciation expense at 100%. When at the end of 1992, the 501(c)(3) Hospital was performed by the District, the property tax receipts remained with the District. The newly formed Hospital entity continued on with funding depreciation expense, but did that funding at 130% of the depreciation expense to account for an expected replacement cost of current plant and property assets. It is to be noted that within this fund is an itemized amount of \$14 million for the Behavioral Health Service building replacement project. This amount came from the District’s Capital Appropriation Fund (excess Gann Limit property taxes) of the fiscal years of 2010 thru 2013 by various District board actions.

Women’s Hospital Expansion – established June 2016 by the District authorizing the amounts accumulated in its Capital Appropriation Fund (excess Gann Limit property taxes) for the fiscal years of 2014 and 2015 to be allocated for the renovation of the Women’s Hospital upon the completion of Integrated Medical Office Building currently under construction.

Operational Reserve Fund – originally established by the District in May 1992 to establish a fund equal to sixty (60) days of operational expenses (based on projected budget) and only be used in the event of a major business interruption event and/or cash flow.

Community Benefit Fund – following in the footsteps of the District in 2008 of forming its Community Benefit Fund using Gann Limit tax receipts, the Hospital in 2010 after opening its campus outside of District boundaries in Los Gatos formed its own Community Benefit Fund to provide grants/sponsorships in Los Gatos and surrounding areas. The funds come from the Hospital reserving \$1.5M a year from its operations, the entity of CONCERN contributing 40% of its annual income each year (an amount it would have paid in corporate taxes if it wasn’t granted tax exempt status), that generates an amount of \$800,000 or more a year. \$10 million within this fund is board designated endowment fund formed in 2015 to generate investment income to be used for grants and sponsorships, currently generating approximately \$400,000 a year.

EL CAMINO HOSPITAL - BOARD DESIGNATED FUND DESCRIPTIONS/HISTORY (2 OF 2)

Workers Compensation Reserve Fund – as the Hospital is self-insured for its workers compensation program (since 1978) this fund was originally formed in early 2000's by management to reserve cash equal to the yearly actuarially determined Workers Compensation amount. The thought being if the business was to terminate for some reason this is the amount in cash that would be needed to pay out claims over the next few years.

Postretirement Health/Life Reserve Fund – following the same formula as the Workers Compensation Reserve Fund this fund was formed in the early 2000's by management to reserve cash equal to the yearly actuarially determined amount to fund the Hospital's postretirement health and life insurance program. Note this program was frozen in 1995 for all new hires after that date.

PTO (Paid Time Off) Liability Fund – originally formed in 1993 as the new 501(c)(3) Hospital began operations, management thought as a business requirement of this vested benefit program that monies should be set aside to extinguish this employee liability should such a circumstance arise. This balance is equal to the PTO Liability on the Balance Sheet.

Malpractice Reserve Fund – originally established in 1989 by the then District's Finance Committee and continued by the Hospital. The amount is actuarially determined each year as part of the annual audit to fund potential claims less than \$50,000. Above \$50,000 our policy with the BETA Healthcare Group kicks in to a \$30 million limit per claim/\$40 million in the aggregate.

Catastrophic Loss Fund – was established in 1999 by the Hospital Board to be a "self-insurance" reserve fund for potential non-major earthquake repairs. Initially funded by the District transferring \$5 million and has been added to by the last major payment from FEMA for the damage caused the Hospital by the October 1989 earthquake. It is to be noted that it took 10 years to receive final settlement from FEMA grants that totaled \$6.8 million that did mostly cover all the necessary repairs.

APPENDIX

El Camino Hospital – Mountain View (\$000s)

10 months ending 4/30/2017

PERIOD 10 FY 2016	PERIOD 10 FY 2017	PERIOD 10 Budget 2017	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
189,207	202,246	194,629	7,617	3.9%	OPERATING REVENUE					
(138,765)	(148,592)	(141,406)	(7,186)	5.1%	Gross Revenue	1,866,418	2,041,384	1,965,685	75,699	3.9%
50,443	53,654	53,223	431	0.8%	Deductions	(1,353,642)	(1,485,712)	(1,437,488)	(48,224)	3.4%
(459)	1,463	1,884	(422)	-22.4%	Net Patient Revenue	512,776	555,672	528,197	27,475	5.2%
49,984	55,116	55,107	9	0.0%	Other Operating Revenue	16,218	18,774	18,738	36	0.2%
					Total Operating Revenue	528,994	574,446	546,935	27,511	5.0%
					OPERATING EXPENSE					
29,646	31,881	31,219	(662)	-2.1%	Salaries & Wages	297,976	309,269	317,596	8,327	2.6%
7,465	8,307	8,075	(232)	-2.9%	Supplies	78,467	78,581	80,465	1,884	2.3%
7,025	6,291	6,419	128	2.0%	Fees & Purchased Services	69,952	66,570	65,777	(793)	-1.2%
200	502	577	74	12.9%	Other Operating Expense	14,753	6,743	6,673	(70)	-1.1%
610	(129)	448	578	128.9%	Interest	4,958	3,558	4,482	924	20.6%
3,846	3,446	3,902	456	11.7%	Depreciation	35,203	34,966	38,065	3,098	8.1%
48,793	50,299	50,641	341	0.7%	Total Operating Expense	501,310	499,687	513,058	13,370	2.6%
1,192	4,817	4,467	350	7.8%	Net Operating Income/(Loss)	27,683	74,759	33,877	40,881	120.7%
5,734	7,532	729	6,803	933.3%	Non Operating Income	(15,671)	46,938	7,289	39,649	543.9%
6,926	12,349	5,196	7,154	137.7%	Net Income(Loss)	12,012	121,697	41,167	80,530	195.6%
11.3%	14.8%	16.0%	-1.2%		EBITDA	12.8%	19.7%	14.0%	5.7%	
2.4%	8.7%	8.1%	0.6%		Operating Margin	5.2%	13.0%	6.2%	6.8%	
13.9%	22.4%	9.4%	13.0%		Net Margin	2.3%	21.2%	7.5%	13.7%	

El Camino Hospital – Los Gatos(\$000s)

10 months ending 4/30/2017

PERIOD 10 FY 2016	PERIOD 10 FY 2017	PERIOD 10 Budget 2017	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
38,157	41,688	44,482	(2,794)	-6.3%	Gross Revenue	410,401	449,052	447,491	1,561	0.3%
(25,900)	(31,202)	(32,199)	996	-3.1%	Deductions	(293,551)	(330,471)	(323,918)	(6,553)	2.0%
12,257	10,486	12,284	(1,798)	-14.6%	Net Patient Revenue	116,850	118,581	123,573	(4,992)	-4.0%
153	169	215	(45)	-21.0%	Other Operating Revenue	1,948	1,671	2,147	(476)	-22.2%
12,409	10,655	12,498	(1,843)	-14.7%	Total Operating Revenue	118,797	120,252	125,720	(5,468)	-4.3%
OPERATING EXPENSE										
5,818	6,374	6,266	(108)	-1.7%	Salaries & Wages	60,091	63,044	63,803	759	1.2%
1,495	1,707	1,810	103	5.7%	Supplies	17,618	18,218	17,880	(338)	-1.9%
1,295	1,277	1,232	(46)	-3.7%	Fees & Purchased Services	13,634	13,538	12,454	(1,085)	-8.7%
1,527	1,541	1,556	14	0.9%	Other Operating Expense	15,749	16,054	15,977	(77)	-0.5%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
523	486	684	198	28.9%	Depreciation	5,048	5,138	5,850	711	12.2%
10,657	11,386	11,547	161	1.4%	Total Operating Expense	112,140	115,992	115,963	(29)	0.0%
1,753	(730)	951	(1,682)	-176.8%	Net Operating Income/(Loss)	6,658	4,260	9,757	(5,497)	-56.3%
0	0	0	0	0.0%	Non Operating Income	(26)	(10)	0	(10)	0.0%
1,753	(730)	951	(1,682)	-176.8%	Net Income(Loss)	6,632	4,250	9,757	(5,508)	-56.4%
18.3%	-2.3%	13.1%	1.7%		EBITDA	9.9%	7.8%	12.4%	-4.6%	
14.1%	-6.9%	7.6%	-14.5%		Operating Margin	5.6%	3.5%	7.8%	-4.2%	
14.1%	-6.9%	7.6%	-14.5%		Net Margin	5.6%	3.5%	7.8%	-4.2%	

For the month of April, lower volume in ED, Surgeries, Deliveries and Psych Visits resulting in lower gross charges. YTD, volume is close to budget, but lower net revenue due to Payor mix with increase in Medicare in recent months and a drop in PPO Payor (36% first 6 months & 31% last 4 months).

Capital Spend Trend & FY 18 Budget

Capital Spending (in 000's)	Actual FY2013	Actual FY2014	Actual FY2015	Actual FY2016	Budget FY2017	Projected FY2017	Budget FY2018	
EPIC	-	6,838	29,849	20,798	6,137	6,137	1,922	
IT Hardware / Software Equipment	8,019	2,788	4,660	6,483	5,391	5,391	12,238	
Medical / Non Medical Equipment*	10,284	12,891	13,340	17,133	10,254	18,185	5,635	
Non CIP Land, Land I , BLDG, Additions		22,292	-	4,189	-	-	-	
Facilities	9,294	13,753	38,940	48,137	204,477	170,763	211,886	
GRAND TOTAL	27,598	58,561	86,789	96,740	226,259	200,476	231,681	
*Includes 2 robot purchases in projected FY 2017 & FY16 Medical/Non Medical Equipment spent in FY17								

El Camino Hospital Capital Spending (in thousands) FY 2012 – FY 2016

Category	2012	2013	2014	2015	2016	Category	2012	2013	2014	2015	2016
EPIC	0	0	6,838	29,849	20,798	Facilities Projects CIP cont.					
IT Hardware/Software Equipment	7,289	8,019	2,788	4,660	6,483	1327 - Rehab Building Upgrades	0	0	0	15	20
Medical/Non Medical Equipment	11,203	10,284	12,891	13,340	17,133	1320 - 2500 Hosp Dr Roofing	0	0	75	81	0
Non CIP Land, Land I, BLDG, Additions	7,311	0	22,292	0	4,189	1340 - New Main ED Exam Room TVs	0	0	8	193	0
Facilities Projects CIP						1341 - New Main Admin	0	0	32	103	0
Mountain View Camputs Master Plan Projects						1344 - New Main AV Upgrd	0	0	243	0	0
1245 - Behavioral Health Bldg Replace	0	0	1,257	3,775	1,389	1400 - Oak Pav Cancer Center	0	0	0	5,208	666
1413 - North Drive Parking Structure Exp	0	0	0	167	1,266	1403 - Hosp Drive BLDG 11 TI's	0	0	86	103	0
1414 - Integrated MOB	0	0	0	2,009	8,875	1404 - Park Pav HVAC	0	0	64	7	0
1422 - CUP Upgrade	0	0	0	0	896	1405 - 1 - South Accessibility Upgrades	0	0	0	0	168
Sub-Total Mountain View Campus Master Plan	0	0	1,257	5,950	12,426	1408 - New Main Accessibility Upgrades	0	0	0	7	46
Mountain View Capital Projects						1415 - Signage & Wayfinding	0	0	0	0	106
0101 - Hosp Replace	313	0	0	0	0	1416 - MV Campus Digital Directories	0	0	0	0	34
0317 - Melchor TI's	117	0	0	0	0	1423 - MV MOB TI Allowance	0	0	0	0	588
0704 - 1 South Upgrade	2	0	0	0	0	1425 - IMOB Preparation Project - Old Main	0	0	0	0	711
9900 - Unassigned Costs	279	734	470	3,717	0	1429 - 2500 Hospital Dr Bldg 8 TI	0	0	0	101	0
0803 - Park Pav Foundation	270	0	0	0	0	1432 - 205 South Dr BHS TI	0	0	0	8	15
1106 - SHC Project	2,245	0	0	0	0	1501 - Women's Hospital NPC Comp	0	0	0	4	0
1108 - Cooling Towers	932	450	0	0	0	1502 - Cabling & Wireless Upgrades	0	0	0	0	1,261
1115 - Womens Hosp TI's	50	0	0	0	0	1503 - Willow Pavillion Tomosynthesis	0	0	0	0	53
1118 - Park Pav Roto Care	119	0	0	0	0	1504 - Equipment Support Infrastructure	0	0	0	61	311
1120 - BHS Out Patient TI's	472	66	0	0	0	1523 - Melchor Pavillion Suite 309 TI	0	0	0	0	10
1129 - Old Main Card Rehab	400	9	0	0	0	1526 - CONCERN TI	0	0	0	0	37
0817 - Womens Hosp Upgrds	1,242	645	1	0	0	Sub-Total Mountain View Projects	8,380	8,145	7,219	26,744	5,588
1107 - Boiler Replacement	49	0	0	0	0	0904 - LG Facilities Upgrade	41	2	0	0	0
1109 - New Main Upgrades	589	423	393	2	0	0907 - LG Imaging Masterplan	162	244	774	1,402	17
1111 - Mom/Baby Overflow	267	212	29	0	0	1000 - LG Rehab Building	0	0	0	0	0
1129 - Cardiac Rehab Improv	0	0	0	0	0	1005 - LG OR Light Upgrd	108	14	0	0	0
1132 - Pneumatic Tube Prj	78	0	0	0	0	1102 - LG Joint Hotel	657	0	0	0	0
1204 - Elevator Upgrades	24	25	30	0	0	1122 - LG Sleep Studies	147	7	0	0	0
0800 - Womens L&D Expansion	129	2,104	1,531	269	0	1210 - Los Gatos VOIP	1	147	89	0	0
1131 - MV Equipment Replace	190	216	0	0	0	1116 - LG Ortho Pavillion	44	177	24	21	0
1135 - Park Pavilion HVAC	47	0	0	0	0	1124 - LG Rehab BLDG	11	49	458	0	0
1208 - Willow Pav. High Risk	0	110	0	0	0	1128 - LG Boiler Replacement	3	0	0	0	0
1213 - LG Sterilizers	0	102	0	0	0	1247 - LG Infant Security	0	134	0	0	0
1225 - Rehab BLDG Roofing	0	7	241	4	0	1307 - LG Upgrades	0	376	2,979	3,282	3,511
1227 - New Main eICU	0	96	21	0	0	1308 - LG Infrastructure	0	0	114	0	0
1230 - Fog Shop	0	339	80	0	0	1313 - LG Rehab HVAC System/Structural	0	0	0	0	1,597
1315 - 205 So. Drive TI's	0	0	500	2	0	1219 - LG Spine OR	0	0	214	323	633
0908 - NPCR3 Seismic Upgrds	554	1,302	1,224	1,328	240	1221 - LG Kitchen Refrig	0	0	85	0	0
1125 - Will Pav Fire Sprinkler	9	57	39	0	0	1248 - LG - CT Upgrades	0	0	26	345	197
1211 - SIS Monitor Install	0	215	0	0	0	1249 - LG Mobile Imaging	0	0	146	0	0
1216 - New Main Process Imp Office	0	19	1	16	0	1328 - LG Ortho Canopy FY14	0	0	255	209	0
1217 - MV Campus MEP Upgrades FY13	0	0	181	274	28	1345 - LG Lab HVAC	0	0	112	0	0
1224 - Rehab Bldg HVAC Upgrades	0	11	202	81	14	1346 - LG OR 5, 6, and 7 Lights Replace	0	0	0	285	53
1301 - Desktop Virtual	0	0	13	0	0	1347 - LG Central Sterile Upgrades	0	0	0	181	43
1304 - Rehab Wander Mgmt	0	0	87	0	0	1421 - LG MOB Improvements	0	0	0	198	65
1310 - Melchor Cancer Center Expansion	0	0	44	13	0	Sub-Total Los Gatos Projects	1,174	1,150	5,276	6,246	6,116
1318 - Women's Hospital TI	0	0	48	48	29	1550 - Land Acquisition	0	0	0	0	24,007
						Sub-Total Other Strategic Projects	0	0	0	0	24,007
						Subtotal Facilities Projects CIP	9,553	9,294	13,753	38,940	48,137
						Grand Total	35,357	27,598	58,561	86,789	96,740
						Forecast at Beginning of year	47,138	70,503	70,037	101,607	114,025