



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

## Summary of Financial Operations

Fiscal Year 2017 – Period 7  
7/1/2016 to 1/31/2017

Dashboard - ECH combined as of January 31, 2017<sup>(2)</sup>

	Annual					Month			YTD		
	2014	2015	2016	2017 Proj.	2017 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
<b>Volume</b>											
Licensed Beds	443	443	443	443	443	443	443	443	443	443	443
ADC	238	246	242	237	245	253	257	260	237	235	241
Adjusted Discharges	22,206	22,342	22,499	23,008	22,992	1,886	2,208	1,932	13,038	13,421	13,523
Total Discharges	19,427	19,637	19,367	19,527	19,781	1,652	1,806	1,678	11,265	11,391	11,612
<b>Outpatient</b>											
ED	46,056	49,130	49,927	47,813	51,258	4,195	4,319	4,346	28,235	27,891	30,075
Procedural Cases											
OP Surg	6,444	6,479	6,053	6,552	6,427	489	542	545	3,651	3,822	3,771
Endo	2,492	2,520	2,322	2,139	2,479	156	180	210	1,369	1,248	1,455
Interventional	1,706	1,878	1,970	1,975	2,323	179	150	197	1,213	1,152	1,363
All Other	69,458	68,052	79,656	85,596	84,566	6,744	7,204	7,170	46,146	49,931	49,618
<b>Financial Performance (\$000s)</b>											
Net Revenues	721,123	746,645	772,020	810,619	789,585	61,534	68,826	66,217	441,806	472,861	454,966
Operating Expenses	669,680	689,631	743,044	730,066	764,828	62,492	60,181	63,932	430,123	425,872	440,591
Operating Income \$	70,305	78,120	52,613	107,015	49,817	1,116	9,347	4,339	25,682	62,425	28,988
Operating Margin	9.5%	10.2%	6.6%	12.8%	6.1%	1.8%	13.4%	6.4%	5.6%	12.8%	6.2%
EBITDA \$	125,254	128,002	108,554	160,612	109,890	5,756	13,776	9,489	56,248	93,690	62,220
EBITDA %	16.9%	16.7%	13.6%	19.2%	13.5%	9.0%	19.8%	13.9%	12.3%	19.2%	13.3%
IP Margin <sup>1</sup>	-3.2%	-3.9%	-8.7%	-6.9%	-6.1%	-15.9%	-15.4%	-6.1%	-11.6%	-6.9%	-6.1%
OP Margin <sup>1</sup>	25.2%	26.7%	26.7%	32.8%	26.4%	17.7%	29.0%	26.4%	25.0%	32.8%	26.4%
<b>Payor Mix</b>											
Medicare	44.6%	46.2%	46.6%	47.4%	46.4%	49.2%	51.2%	46.4%	45.4%	47.4%	46.4%
Medi-Cal	6.0%	6.6%	7.4%	7.2%	6.5%	7.2%	7.5%	6.5%	7.7%	7.2%	6.5%
Commercial IP	25.4%	24.2%	23.2%	22.7%	24.0%	22.2%	20.6%	24.0%	24.1%	22.7%	24.0%
Commercial OP	18.6%	18.7%	18.7%	20.2%	19.0%	19.1%	18.2%	19.0%	19.9%	20.2%	19.1%
Total Commercial	44.0%	42.9%	41.9%	42.9%	43.0%	41.3%	38.8%	43.0%	44.0%	42.9%	43.1%
Other	5.4%	4.3%	4.1%	2.5%	4.1%	2.3%	2.5%	4.1%	2.9%	2.5%	4.1%
<b>Cost</b>											
Employees	2,435.6	2,452.4	2,542.8	2,479.8	2,547.7	2,587.5	2,527.1	2,578.3	2,616.5	2,479.8	2,547.7
Hrs/APD	29.31	30.45	30.35	30.37	31.03	31.01	29.45	29.46	32.48	30.37	31.03
<b>Balance Sheet</b>											
Net Days in AR	50.9	43.6	53.7	49.0	48.0	53.7	49.0	48.0	53.7	49.0	48.0
Days Cash	382	401	361	408	266	361	408	266	361	408	266
Debt to Capitalization	12.6%	13.6%	13.8%	12.8%	17.3%	13.8%	12.8%	17.3%	13.8%	12.8%	17.3%
MADS	9.5	8.9	6.1	15.5	9.3	6.1	15.5	9.3	6.1	15.5	9.3
<b>Affiliates - Net Income (\$000s)</b>											
Hosp	118,906	94,787	43,043	149,016	67,032	(14,838)	21,384	5,068	(8,147)	86,926	52,836
Concern	1,862	1,202	1,823	1,249	2,604	258	255	219	1,372	728	1,440
ECSC	(5)	(41)	(282)	(92)	0	2	(1)	0	17	(54)	0
Foundation	3,264	710	982	2,871	(450)	(268)	147	(122)	(334)	1,675	(267)
SVMD	32	106	156	326	0	(2)	200	(1)	(12)	190	198

(1) Due to timing of month end costing, In Patient and Out Patient Operating Margin % for FYTD 2017 are one month in arrears

(2) Green - Equal to or better than budget

Yellow - Unfav vs budget by up to 5%

Red - Greater than 5% unfav variance from budget

**Inpatient Volume:**

- January inpatient discharges exceed budget and PY same period; YTD discharge budget gap is narrowed to 1.4%.
- The late flu season is the main reason for jump in General Medicine discharges
- Other services show a modest increase in case volume including Orthopedics and Urology cases.

**Outpatient Volume:**

- Overall YTD outpatient volume is 2.6% below budget but higher than PY.

**Operating Income:**

- Operating Income was ahead of budget by \$5.0M for the month and \$33.4M YTD. The main contributing factors to a strong financial in January include:
  - \$3.8M lower operating expense due to better productivity helped by high volume
  - better mix of surgical and outpatient cases
- LG posted a net loss of \$1.1M for January due to higher Medicare mix in both IP and OP and lower in PPO cases.
- January's revenue include, a \$2.2M loss for BPSI program. This loss covers 3 years.
- This partially offset by the \$814K Medi-Cal managed care supplemental payment.
- Net AR increase in January due to slowdown in cash payments during the holidays.
- Total cash on hand is at all time high of 408 days in Jan.

\* The FY2017 budget presented excludes 2016 bonds cost of issuance and interest expense since the issuance was delayed.

# Budget Variances

\$ in Thousands		Month to Date (MTD)			Year to Date (YTD)		
		Detail	Net Income Impact	% Net Revenue	Detail	Net Income Impact	% Net Revenue
Net Revenue (FY2017 Budget/FY2017 Actual)		68,271	69,528		469,578	488,297	
<b>Budgeted Hospital Operations FY2017</b>			<b>4,339</b>	<b>6.4%</b>		<b>28,988</b>	<b>6.2%</b>
<b>Net Revenue</b>			1,257	1.8%		18,719	3.8%
*	Rev cycle improvements	2,610			9,714		
*	Medi-Cal Supplemental	814			1,127		
*	Inter Govt Transfer (IGT)	0			6,535		
*	Prime Medi-Cal	0			3,510		
*	BPCI Settlement	(2,167)			(2,167)		
<b>Labor and Benefit Expense Change</b>			3,801	5.5%		9,793	2.0%
*	Improve Productivity & flexing down staffing during holidays	3,784			15,216		
*	Pay-for-Performance Bonus Accrual	(403)			(2,850)		
*	Repricing of PTO Bank	0			404		
*	Old employee WC settlement	0			(432)		
*	Ratification Bonus to PRN	0			(2,600)		
*	Severance Pay	0			(365)		
*	One time UH expense reduction	420			420		
<b>Professional Fees &amp; Purchased Services</b>			(145)	-0.2%		142	0.0%
*	Physician Fees	180			857		
*	Consulting Fee including LG Surgery Intrim Director, LG Rehab purchase service expense.	(307)			(1,415)		
*	Purchased Services mainly due to backfill for vacant IT positions	(347)			(2,195)		
*	Repairs and Maintenance Fees	329			2,894		
<b>Supplies</b>			(171)	-0.2%		3,161	0.6%
*	Drug Exp (due to higher Infusion Center volume; but offset by higher gross revenue)	(336)			(1,466)		
*	Medical Supplies	152			3,144		
*	Misc Net Supplies (Food/Volumes)	13			1,483		
<b>Other Expenses</b>			(456)	-0.7%		(345)	-0.1%
*	Leases & Rental Fees (Rental Lease Costs)	(232)			(307)		
*	Utilities & Telephone (continue on routine PG&E accrual but no payment yet)	5			315		
*	Other G&A	(228)			(244)		
*	MD Income Guarantee forgiveness	0			(109)		
<b>Depreciation &amp; Interest</b>			721	1.0%		1,968	0.4%
*	Depreciation (Ongoing depreciation on the Old 2nd & 3rd FI & GL improvement projects)	717			1,809		
*	Interest Expense	4			159		
<b>Actual Hospital Operations FY2017</b>			<b>9,347</b>	<b>13.4%</b>		<b>62,425</b>	<b>12.8%</b>

# El Camino Hospital (\$000s)

7 month ending 1/31/2017

PERIOD 7 FY 2016	PERIOD 7 FY 2017	PERIOD 7 Budget 2017	Variance Fav (Unfav)	Var%		YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
					\$000s					
<b>OPERATING REVENUE</b>										
227,307	268,834	245,584	23,249	9.5%	Gross Revenue	1,579,008	1,719,213	1,687,131	32,082	1.9%
(165,773)	(200,008)	(179,367)	(20,641)	1.0%	Deductions	(1,137,202)	(1,246,351)	(1,232,164)	(14,187)	1.2%
<b>61,534</b>	<b>68,826</b>	<b>66,217</b>	<b>2,609</b>	<b>3.9%</b>	Net Patient Revenue	<b>441,806</b>	<b>472,861</b>	<b>454,966</b>	<b>17,895</b>	<b>3.9%</b>
2,073	702	2,054	(1,352)	-65.8%	Other Operating Revenue	14,000	15,436	14,612	824	5.6%
<b>63,607</b>	<b>69,528</b>	<b>68,271</b>	<b>1,257</b>	<b>1.8%</b>	Total Operating Revenue	<b>455,805</b>	<b>488,297</b>	<b>469,578</b>	<b>18,719</b>	<b>4.0%</b>
<b>OPERATING EXPENSE</b>										
38,775	35,920	39,721	3,801	9.6%	Salaries & Wages	252,089	258,173	267,967	9,793	3.7%
8,335	9,650	9,479	(171)	-1.8%	Supplies	66,691	65,356	68,517	3,161	4.6%
8,514	7,763	7,618	(145)	-1.9%	Fees & Purchased Services	57,190	54,659	54,801	142	0.3%
2,242	2,420	1,964	(456)	-23.2%	Other Operating Expense	23,588	16,418	16,073	(345)	-2.1%
449	444	448	4	0.9%	Interest	3,143	2,979	3,137	159	5.1%
4,192	3,984	4,702	717	15.3%	Depreciation	27,422	28,286	30,095	1,809	6.0%
<b>62,507</b>	<b>60,181</b>	<b>63,932</b>	<b>3,751</b>	<b>5.9%</b>	Total Operating Expense	<b>430,123</b>	<b>425,872</b>	<b>440,591</b>	<b>14,719</b>	<b>3.3%</b>
<b>1,100</b>	<b>9,347</b>	<b>4,339</b>	<b>5,007</b>	<b>115.4%</b>	Net Operating Income/(Loss)	<b>25,682</b>	<b>62,425</b>	<b>28,988</b>	<b>33,438</b>	<b>115.4%</b>
(15,835)	12,046	729	11,317	1552.6%	Non Operating Income	(32,997)	24,497	5,102	19,395	380.1%
<b>(14,735)</b>	<b>21,393</b>	<b>5,068</b>	<b>16,325</b>	<b>322.1%</b>	Net Income(Loss)	<b>(7,315)</b>	<b>86,923</b>	<b>34,090</b>	<b>52,833</b>	<b>155.0%</b>
9.0%	19.8%	13.9%	5.9%		EBITDA	12.3%	19.2%	13.3%	5.9%	
1.7%	13.4%	6.4%	7.1%		Operating Margin	5.6%	12.8%	6.2%	6.6%	
-23.2%	30.8%	7.4%	23.3%		Net Margin	-1.6%	17.8%	7.3%	10.5%	

## Non Operating Items and Net Income by Affiliate

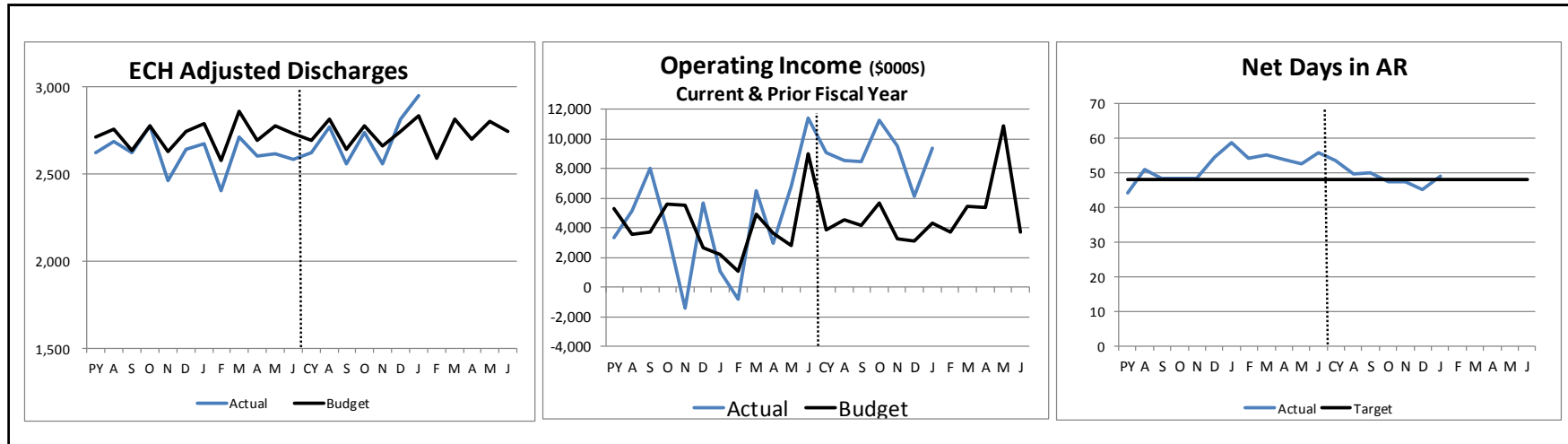
\$ in thousands

	Period 7 - Month			Period 7 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>El Camino Hospital Income (Loss) from Operations</b>						
Mountain View	10,429	3,584	6,845	61,067	22,227	38,840
Los Gatos	(1,082)	755	(1,837)	1,358	6,760	(5,402)
<b>Sub Total - El Camino Hospital, excl. Affiliates</b>	<b>9,347</b>	<b>4,339</b>	<b>5,007</b>	<b>62,425</b>	<b>28,988</b>	<b>33,438</b>
<b>Operating Margin %</b>	<b>13.4%</b>	<b>6.4%</b>		<b>12.8%</b>	<b>6.2%</b>	
<b>El Camino Hospital Non Operating Income</b>						
Investments	12,747	1,512	11,235	26,158	10,582	15,576
Swap Adjustments	(35)	0	(35)	3,399	0	3,399
Community Benefit	(62)	(283)	221	(2,116)	(1,983)	(133)
Other	(604)	(499)	(105)	(2,944)	(3,496)	552
<b>Sub Total - Non Operating Income</b>	<b>12,046</b>	<b>729</b>	<b>11,317</b>	<b>24,497</b>	<b>5,102</b>	<b>19,395</b>
<b>El Camino Hospital Net Income (Loss)</b>	<b>21,393</b>	<b>5,068</b>	<b>16,325</b>	<b>86,923</b>	<b>34,090</b>	<b>52,833</b>
<b>ECH Net Margin %</b>	<b>30.8%</b>	<b>7.4%</b>		<b>17.8%</b>	<b>7.3%</b>	
Concern	255	219	37	728	1,440	(711)
ECSC	(1)	0	(1)	(54)	0	(54)
Foundation	147	(122)	269	1,675	(267)	1,941
Silicon Valley Medical Development	200	(1)	201	190	(7)	198
<b>Net Income Hospital Affiliates</b>	<b>601</b>	<b>95</b>	<b>506</b>	<b>2,540</b>	<b>1,166</b>	<b>1,374</b>
<b>Total Net Income Hospital &amp; Affiliates</b>	<b>21,993</b>	<b>5,163</b>	<b>16,830</b>	<b>89,462</b>	<b>35,256</b>	<b>54,207</b>

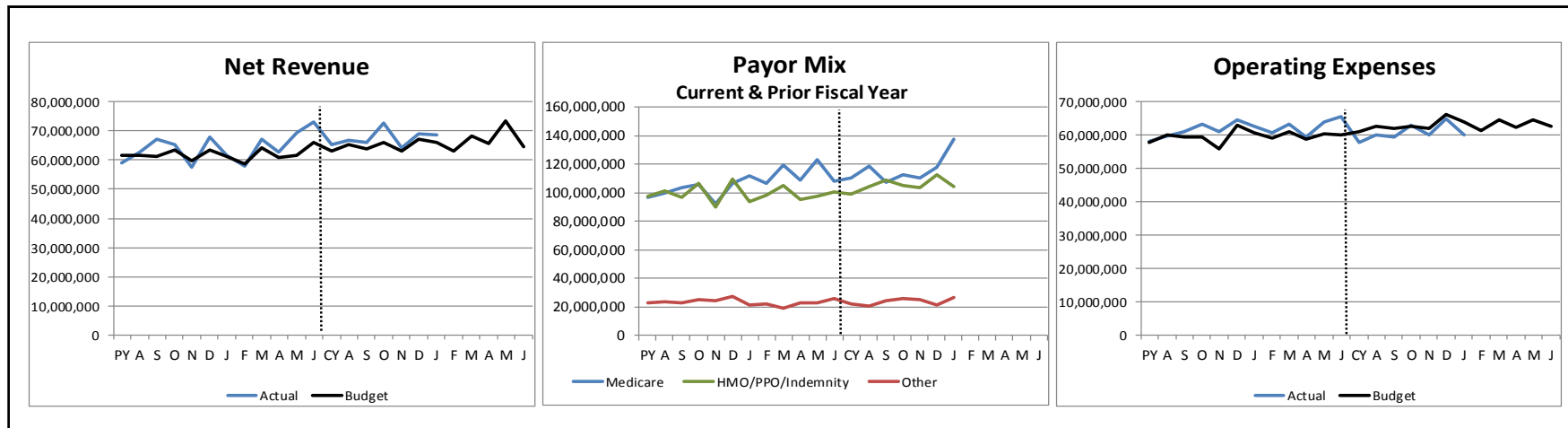
Swap gain due to rise in interest rates  
Favorable variance in Other due to lower losses at SVMD

Higher Foundation income due to high unrestricted donations and investment income

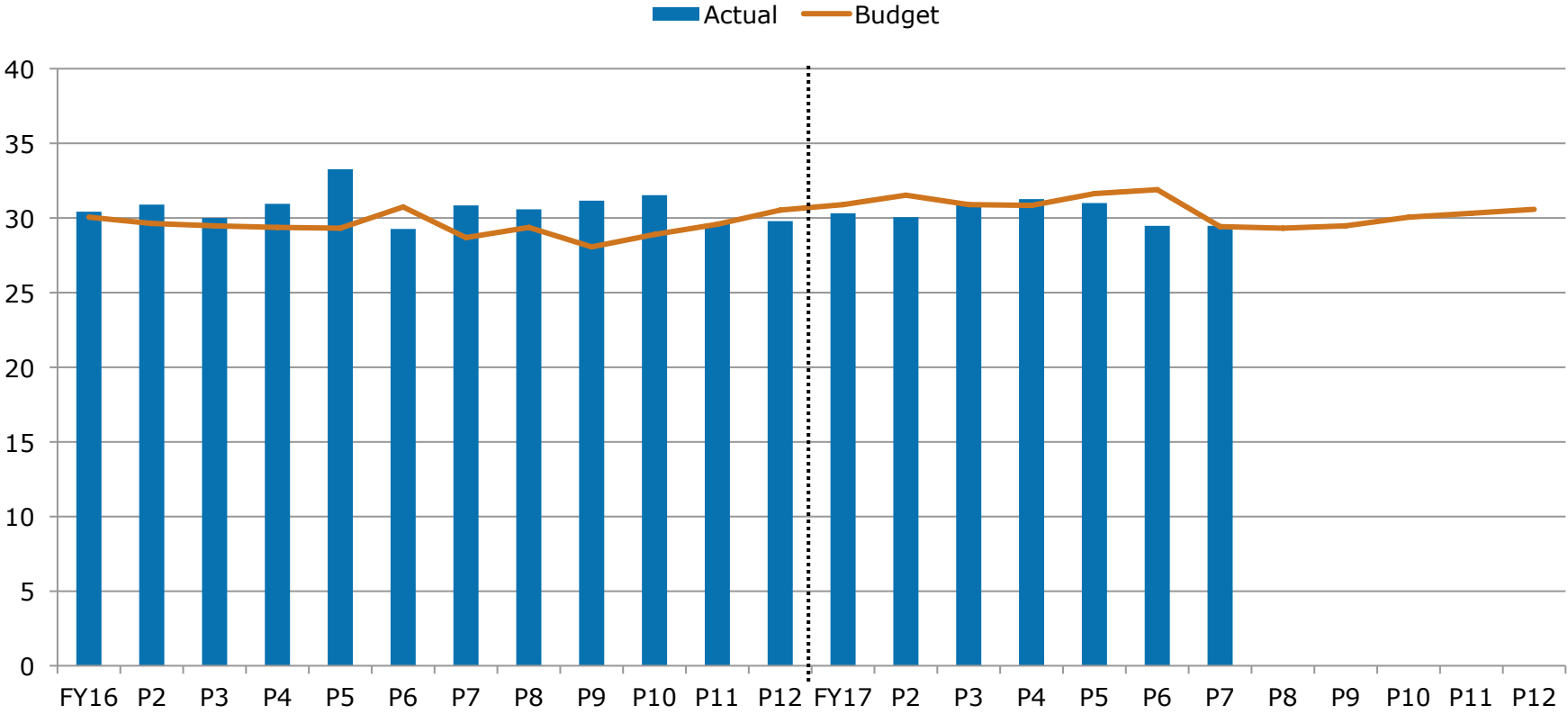
# Monthly Financial Trends



January volume is strong due to flu season.  
Operating expenses lower than budgeted in January

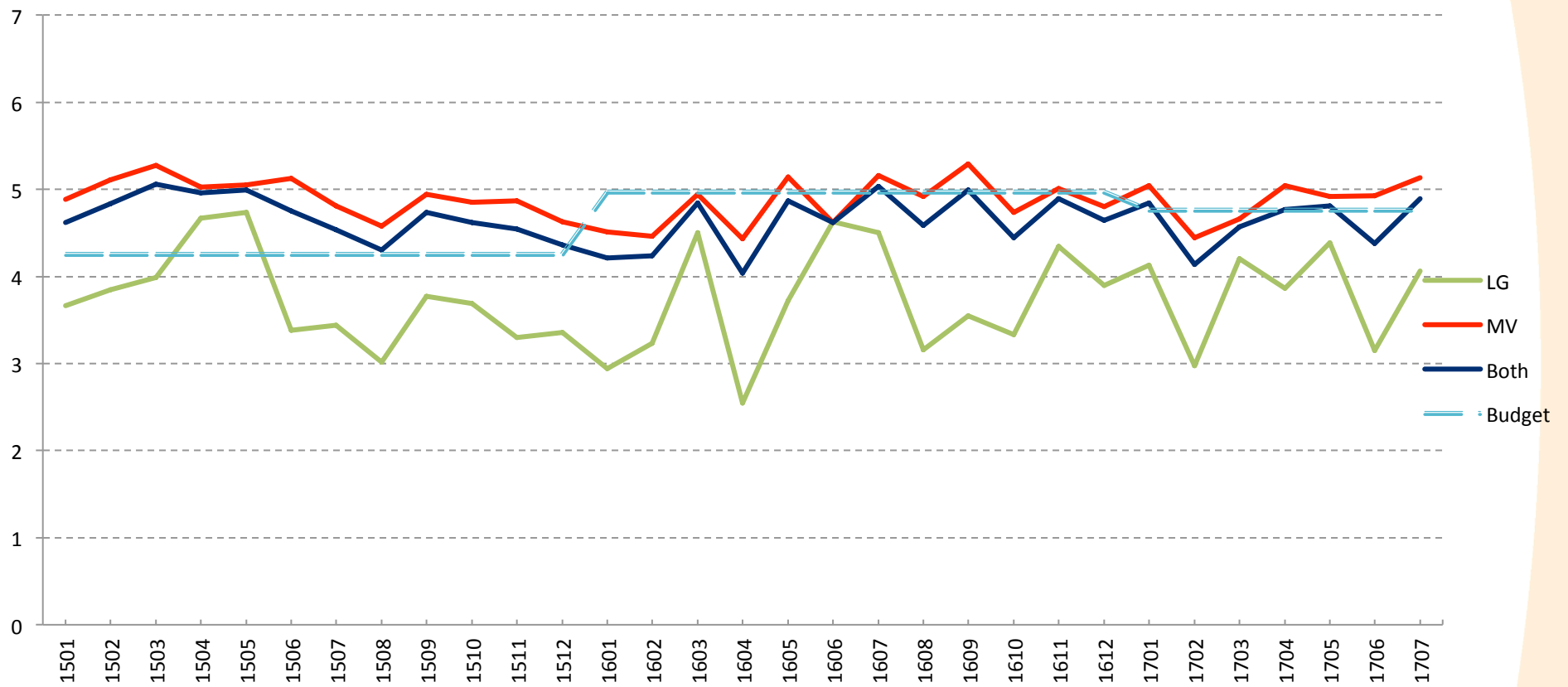


# Worked Hours per Adjusted Patient Day



Productivity has improved after EPIC go-live and is favorable compared to budget.

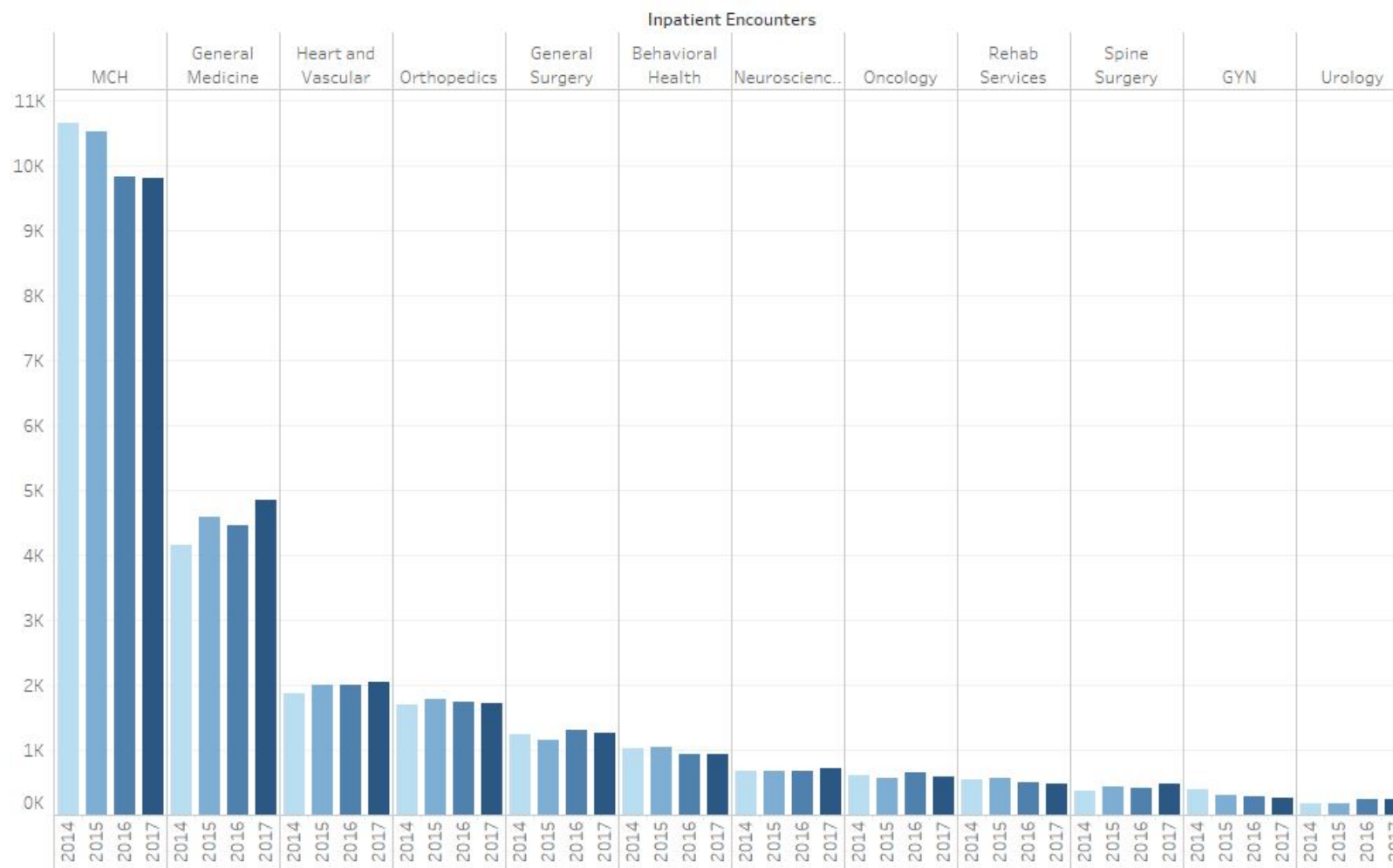
## Medicare ALOS



•ALOS increased slightly in January due to outlier cases.



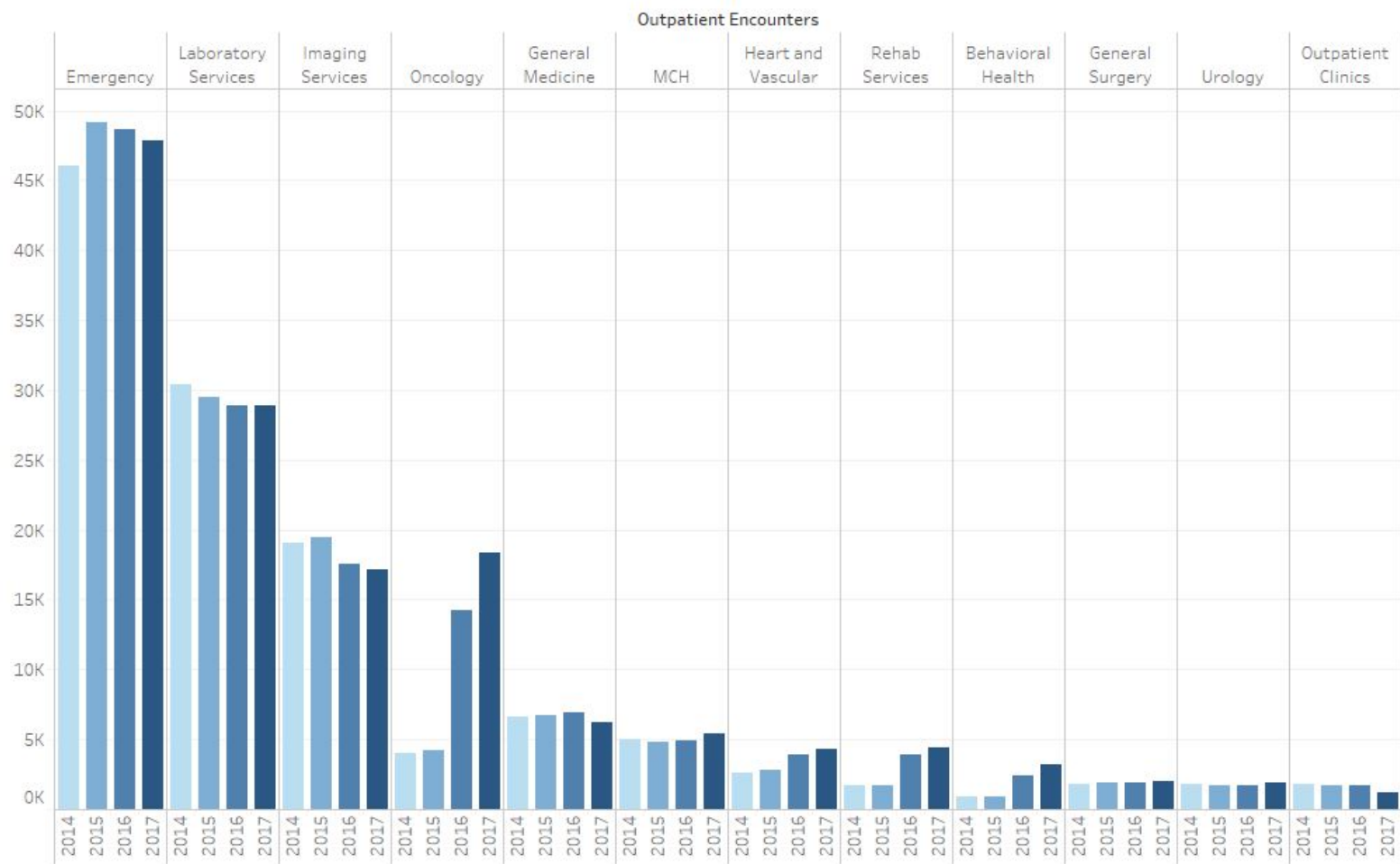
## El Camino Hospital Volume Annual Trends – Inpatient FY 2017 is annualized



- General Medicine experienced significant volume increases in January
- MCH volume recovered slightly from December with increases in vaginal deliveries and decreases in C-sections

## El Camino Hospital Volume Annual Trends – Outpatient

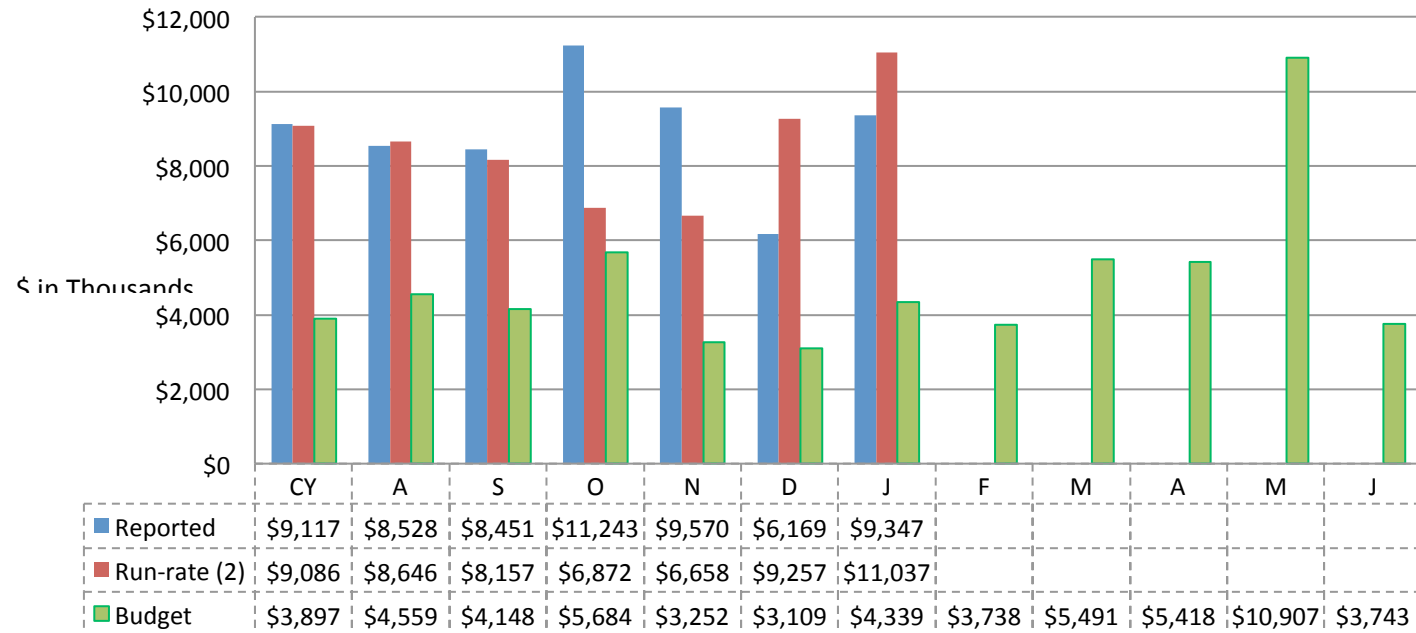
FY 2017 is annualized



- Emergency room encounters increased 5% from the previous month.
- Infusion Center continues to report strong volume growth.

## ECH Operating Margin

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



### FY 2017 Actual Run Rate Adjustments (in thousands)

		J	A	S	O	N	D	J	F	M	A	M	J
Revenue Adjustments	RAC Release	\$76	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Insurance Overpayment Release Spine	\$0	\$0	-\$61	-\$145	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Mcare Settlmt/Appeal/Tent Settlmt/PIP	-\$100	\$158	-\$71	-\$67	\$0	\$0	-\$2,101	\$0	\$0	\$0	\$0	\$0
	LPCH Adjstmt	-\$8	-\$41	-\$19	-\$25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Medi-Cal Supplemental	\$0	\$0	\$0	\$0	\$0	-\$312	\$814	\$0	\$0	\$0	\$0	\$0
	Tricare	\$0	\$0	-\$144	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	SVPMG Quarterly Payment	\$0	\$0	\$0	\$0	\$0	-\$199	\$0	\$0	\$0	\$0	\$0	\$0
	IGT Supplemental	\$0	\$0	\$0	-\$6,535	-\$3,510	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>-\$31</b>	<b>\$118</b>	<b>-\$295</b>	<b>-\$6,771</b>	<b>-\$3,510</b>	<b>-\$512</b>	<b>-\$1,287</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Expense Adjustments	Pay-For-Performance Bonus	\$0	\$0	\$0	\$0	\$0	\$2,400	\$403	\$0	\$0	\$0	\$0	\$0
	Ratification Bonus	\$0	\$0	\$0	\$2,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Inst & Minor Med Equipment	\$0	\$0	\$0	\$0	\$598	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Worker's Comp Settlement	\$0	\$0	\$0	\$0	\$0	\$700	\$0	\$0	\$0	\$0	\$0	\$0
	Other Purchased Services	\$0	\$0	\$0	\$0	\$0	\$500	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,400</b>	<b>\$598</b>	<b>\$3,600</b>	<b>\$403</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Medicare data excludes Medicare HOs

## El Camino Hospital Investment Committee Scorecard

December 31, 2016

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY17 Year-end Budget	Expectation Per Asset Allocation
<b>Investment Performance</b>		<b>4Q 2016</b>		<b>Fiscal Year-to-date</b>		<b>4y 2m Since Inception (annualized)</b>		<b>May 2016</b>	
Surplus cash balance & op. cash (millions)		\$801.9	–	–	–	–	–	\$657.2	–
Surplus cash return		0.0%	0.3%	2.9%	3.1%	4.6%	4.6%	4.0%	5.2%
Cash balance plan balance (millions)		\$227.9	–	–	–	–	–	\$220.6	–
Cash balance plan return		-0.2%	0.6%	3.4%	3.8%	7.0%	6.6%	6.0%	5.8%
403(b) plan balance (millions)		\$362.4	–	–	–	–	–	–	–
<b>Risk vs. Return</b>		<b>3-year</b>				<b>4y 2m Since Inception (annualized)</b>		<b>May 2016</b>	
Surplus cash Sharpe ratio		0.67	0.76	–	–	1.06	1.05	–	0.55
Net of fee return		3.1%	3.6%	–	–	4.6%	4.6%	–	5.2%
Standard deviation		4.5%	4.6%	–	–	4.3%	4.3%	–	8.6%
Cash balance Sharpe ratio		0.65	0.69	–	–	1.18	1.15	–	0.49
Net of fee return		3.8%	4.0%	–	–	7.0%	6.6%	–	5.8%
Standard deviation		6.0%	5.8%	–	–	5.8%	5.6%	–	10.7%
<b>Asset Allocation</b>		<b>4Q 2016</b>							
Surplus cash absolute variances to target		7.5%	< 10%	–	–	–	–	–	–
Cash balance absolute variances to target		5.7%	< 10%	–	–	–	–	–	–
<b>Manager Compliance</b>		<b>4Q 2016</b>							
Surplus cash manager flags		18	< 19 Green < 23 Yellow	–	–	–	–	–	–
Cash balance plan manager flags		21	< 20 Green < 25 Yellow	–	–	–	–	–	–

# El Camino Hospital

## Capital Spending (in millions)

Category	Detail	Approved	Total Estimated Cost of Project	Total Authorized Active	Spent from Inception	FY 17 Proj Spend	FY 17 YTD Spent
<b>CIP</b>	EPIC Upgrade			6.1	2.0	6.1	2.0
<b>IT Hardware, Software, Equipment*</b>				5.4	0.3	5.4	0.3
<b>Medical &amp; Non Medical Equipment FY 16**</b>				4.3	0.0	4.3	0.0
<b>Medical &amp; Non Medical Equipment FY 17</b>				10.3	1.1	10.3	1.1
<b>Facility Projects</b>							
	1307 LG Upgrades	FY13	17.3	17.3	12.0	3.3	2.0
	1219 LG Spine OR	FY13	4.1	4.1	2.6	2.7	1.3
	1414 Integrated MOB	FY15	275.0	247.0	30.0	58.2	16.2
	1413 North Drive Parking Expansion	FY15	24.5	24.5	6.9	19.7	5.3
	1245 Behavioral Health Bldg	FY16	91.5	72.5	10.8	17.9	3.5
	1248 LG Imaging Phase II (CT & Gen Rad)	FY16	8.8	8.8	2.8	8.1	3.1
	1313/1224 LG Rehab HVAC System & Structural	FY16	3.7	3.7	3.0	1.6	1.2
	1502 Cabling & Wireless Upgrades	FY16	2.8	2.8	2.4	1.0	0.3
	1425 IMOB Preparation Project - Old Main	FY16	3.0	3.0	2.5	2.5	1.8
	1430 Women's Hospital Expansion	FY16	91.0	0.0	0.0	0.8	0.0
	1422 CUP Upgrade	FY16	9.0	7.5	1.5	4.0	0.5
	1503 Willow Pavilion Tomosynthesis	FY16	1.3	1.3	0.2	1.2	0.1
	1519/1314 LG Electrical Systems Upgrade	FY16	1.2	0.0	0.0	0.0	0.0
	1347 LG Central Sterile Upgrades	FY15	3.7	0.2	0.3	0.4	0.0
	1508 LG NICU 4 Bed Expansion	FY16	7.0	0.5	0.2	0.2	0.2
	1520 Facilities Planning Allowance	FY16	0.6	0.0	0.0	0.0	0.0
New to FP 3	1525 New Main Lab Upgrades		1.6	0.4	0.3	2.6	0.3
New to FP 3	1515 ED Remodel Triage/Psych Observation	FY16	1.6	0.0	0.0	0.6	0.0
New to FP 3	Site Signage and Other Improvements		1.0	0.0	0.0	0.1	0.0
New to FP 3	IR Room #6 Development		2.6	0.0	0.0	0.2	0.0
New to FP 3	1602 JW House (Patient Family Residence)		2.5	0.0	0.0	0.0	0.0
New to FP 3	1507 LG IR Upgrades		1.1	0.0	0.0	0.0	0.0
New to FP 3	LG Building Infrastructure Upgrades		1.5	0.0	0.0	0.0	0.0
New to FP 3	1421 LG MOB Improvements (17)		5.0	0.9	0.7	1.7	0.1
	All Other Projects under \$1M		8.6	6.7	4.6	4.1	1.7
			569.9	401.2	80.7	131.0	37.7
<b>GRAND TOTAL</b>				<b>427.3</b>		<b>157.0</b>	<b>41.1</b>

2016 projected spend includes items to be presented for approval during the fiscal year

# El Camino Hospital

## Capital Spending – Facility Projects (in millions)

	(\$ in ,000)	Approved	A - FY17 Budgeted (Board packet)	D - FY17 Projected Spent	Variance from Budget
<b>Mountain View Campus Master Plan Projects</b>					
1245	BHS Replacement	FY16	30,000	17,890	12,110
1413	North Dr Parking Structure Expansion	FY15	20,500	19,651	849
1414	Integrated Medical Office Building	FY15	101,500	58,230	43,270
1422	CUP Upgrades	FY16	5,000	4,025	975
1430	Womens Hosp Expansion	FY16	5,500	800	4,700
<b>Sub-Total</b>			<b>162,500</b>	<b>100,596</b>	<b>61,904</b>
<b>Other Capital Facilities Projects (Active/Budgeted)</b>					
					0
1501	Womens Hosp NPC Closeout <sup>(1)</sup>	FY16	327	595	(268)
1425	IMOB Preparation Project - Old Main		1,000	2,466	(1,466)
1502	Cabling and Wireless upgrades <sup>(1)</sup>	FY16	400	1,010	(610)
1525	New Main Lab Upgrades		1,200	2,575	(1,375)
1515	ED Remodel Triage / Psych Observation		1,400	600	800
1415	Signage & Wayfinding		300	425	(125)
1416	Digital Directories <sup>(1)</sup>	FY15	-	108	(108)
1503	Breast Imaging Tomography (Excludes \$1M Equip) <sup>(1)</sup>	FY16	300	1,228	(928)
1316	Willow Pavilion FA Sys and Equip Upgrades		800	100	700
1423	MV MOB TI Allowance <sup>(1)</sup>	FY16	-	419	(419)
1520	Facilities Planning Allowance		300	-	300
1523	MV Melchor Suite 309 TI's <sup>(1)</sup>	FY16	-	76	(76)
	Furniture Systems Inventory		250	250	0
	Site Signage & Other Improvements		200	100	100
	MV Equipment & Infrastructure Upgrades (17)		300	-	300
	IR Room #6 Development		500	200	300
1602	JW House (Patient Family Residence)		500	-	500
<b>MV Capital Projects Sub-Total</b>			<b>7,777</b>	<b>10,153</b>	<b>(2,376)</b>
					0
1219	LG Spine Room Expansion - OR 4	FY13	3,100	2,717	383
1313	LG Rehab HVAC Upgrades (CIP# 1313 / 1224)	FY15	400	1,643	(1,243)
1248	LG Imaging & Sterile Processing		7,250	8,100	(850)
1307	LG Upgrades - Major	FY13	7,300	3,266	4,034
1327	LG Rehab Building Upgrades		500	100	400
1346	LG Surgical Lights OR's 5,6 & 7 <sup>(1)</sup>	FY15	-	154	(154)
1347	LG Central Sterile Upgrades		-	40	(40)
1421	LG MOB Improvements		150	219	(69)
1507	LG IR Upgrades		800	-	800
1508	LG NICU 4 Bed Expansion		5,000	247	4,753
1600	LG 825 Pollard - Aspire Phase 2 <sup>(1)</sup>	FY16	-	500	(500)
1519	LG Electrical Systems Upgrade	FY16			
	LG Building Infrastructure Improvements		1,200	-	1,200
	LG Facilities Planning		500	-	500
	LG MOB Improvements (17)		4,000	1,500	2,500
<b>LG Capital Projects Sub-Total</b>			<b>30,200</b>	<b>18,487</b>	<b>11,713</b>
					0
	Primary Care Clinic (TI's Only)		1,600	1,400	200
	Urgent Care Clinics (TI's Only)		2,400	-	2,400
<b>Other Strategic Capital Project Sub-Total</b>			<b>4,000</b>	<b>1,400</b>	<b>2,600</b>
					0
<b>Grand Total Facilities Projects</b>			<b>204,477</b>	<b>130,636</b>	<b>73,841</b>

<sup>(1)</sup> Approved Spending prior to FY17

2016 projected spend includes items to be presented for approval during the fiscal year

# Balance Sheet (in thousands)

## ASSETS

	Audited	
	January 31, 2017	June 30, 2016
<b>CURRENT ASSETS</b>		
(1) Cash	88,983	59,169
Short Term Investments	118,444	105,284
(2) Patient Accounts Receivable, net	104,815	120,960
Other Accounts and Notes Receivable	2,493	4,369
(3) Intercompany Receivables	1,310	2,200
(4) Inventories and Prepaids	45,667	39,678
<b>Total Current Assets</b>	<b>361,713</b>	<b>331,660</b>
<b>BOARD DESIGNATED ASSETS</b>		
Plant & Equipment Fund	121,973	119,650
(5) Women's Hospital Expansion	9,298	-
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	12,854	13,037
Workers Compensation Reserve Fund	23,118	22,309
Postretirement Health/Life Reserve Fund	19,203	18,256
PTO Liability Fund	21,874	22,984
Malpractice Reserve Fund	1,800	1,800
Catastrophic Reserves Fund	15,756	14,125
<b>Total Board Designated Assets</b>	<b>326,071</b>	<b>312,358</b>
(6) <b>FUNDS HELD BY TRUSTEE</b>	<b>25,410</b>	<b>30,841</b>
<b>LONG TERM INVESTMENTS</b>	<b>221,582</b>	<b>207,597</b>
<b>INVESTMENTS IN AFFILIATES</b>	<b>32,129</b>	<b>31,627</b>
<b>PROPERTY AND EQUIPMENT</b>		
Fixed Assets at Cost	1,181,729	1,171,372
Less: Accumulated Depreciation	(512,495)	(485,856)
Construction in Progress	77,442	46,009
<b>Property, Plant &amp; Equipment - Net</b>	<b>746,675</b>	<b>731,525</b>
<b>DEFERRED OUTFLOWS</b>	<b>29,464</b>	<b>29,814</b>
<b>RESTRICTED ASSETS - CASH</b>	<b>0</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>1,743,045</b>	<b>1,675,422</b>

## LIABILITIES AND FUND BALANCE

	Audited	
	January 31, 2017	June 30, 2016
<b>CURRENT LIABILITIES</b>		
(7) Accounts Payable	20,822	28,519
(8) Salaries and Related Liabilities	16,431	22,992
Accrued PTO	21,874	22,984
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	13,242	11,314
Intercompany Payables	32	105
Malpractice Reserves	1,969	1,936
Bonds Payable - Current	3,735	3,635
(9) Bond Interest Payable	1,340	5,459
Other Liabilities	8,076	10,478
<b>Total Current Liabilities</b>	<b>86,930</b>	<b>106,830</b>
<b>LONG TERM LIABILITIES</b>		
Post Retirement Benefits	19,203	18,256
Worker's Comp Reserve	20,818	20,009
Other L/T Obligation (Asbestos)	3,701	3,637
Other L/T Liabilities (IT/Medl Leases)	-	-
Bond Payable	219,445	225,857
<b>Total Long Term Liabilities</b>	<b>263,167</b>	<b>267,759</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>2,892</b>	<b>2,892</b>
<b>FUND BALANCE/CAPITAL ACCOUNTS</b>		
Unrestricted	1,063,985	985,583
Board Designated	326,071	312,358
Restricted	0	-
(10) <b>Total Fund Bal &amp; Capital Accts</b>	<b>1,390,056</b>	<b>1,297,941</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>1,743,045</b>	<b>1,675,422</b>

## **El Camino Hospital Comparative Balance Sheet Variances and Footnotes <sup>(1)</sup>**

- (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 four 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 two 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) The decrease is due to additional withdraws from the 2015A Project Fund for the renovations at the Los Gatos campus.
- (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 is due to timing of the release of the bi-weekly payroll liabilities, at June 30 there were 12/14's accrual on the books, at January 31 it was down to 3/14's.
- (9) The decrease is due a semi-annual 2015A bond interest payment made in January, 2017.
- (10) The increase is due to this fiscal year's P&L affect (\$64M from Operations and \$24M for Non-Operations – primarily due to unrealized investment gain), and the transfer from the District in support of the future Women's Hospital renovations.

<sup>(1)</sup> Hospital entity only, excludes controlled affiliates



# APPENDIX

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

7 months ending 1/31/2017

PERIOD 7 FY 2016	PERIOD 7 FY 2017	PERIOD 7 Budget 2017	Variance Fav (Unfav)	Var%		YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
					\$000s					
<b>OPERATING REVENUE</b>										
187,196	220,743	200,942	19,800	9.9%	<b>Gross Revenue</b>	1,287,286	1,413,282	1,373,904	39,378	2.9%
(130,246)	(162,494)	(147,053)	(15,441)	10.5%	<b>Deductions</b>	(927,954)	(1,020,465)	(1,005,435)	(15,031)	1.5%
<b>56,950</b>	<b>58,248</b>	<b>53,889</b>	<b>4,359</b>	<b>8.1%</b>	<b>Net Patient Revenue</b>	<b>359,332</b>	<b>392,817</b>	<b>368,470</b>	<b>24,348</b>	<b>6.6%</b>
1,894	664	1,839	(1,175)	-63.9%	<b>Other Operating Revenue</b>	12,576	14,293	13,109	1,184	9.0%
<b>58,844</b>	<b>58,913</b>	<b>55,728</b>	<b>3,184</b>	<b>5.7%</b>	<b>Total Operating Revenue</b>	<b>371,908</b>	<b>407,110</b>	<b>381,579</b>	<b>25,531</b>	<b>6.7%</b>
<b>OPERATING EXPENSE</b>										
32,149	29,836	33,119	3,282	9.9%	<b>Salaries &amp; Wages</b>	209,763	214,818	223,035	8,217	3.7%
6,401	7,521	7,772	251	3.2%	<b>Supplies</b>	54,230	53,420	56,086	2,666	4.8%
7,178	6,378	6,395	17	0.3%	<b>Fees &amp; Purchased Services</b>	47,812	45,282	46,048	765	1.7%
715	822	404	(418)	-103.3%	<b>Other Operating Expense</b>	12,469	4,935	4,759	(176)	-3.7%
449	444	448	4	0.9%	<b>Interest</b>	3,143	2,979	3,137	159	5.1%
3,694	3,482	4,006	524	13.1%	<b>Depreciation</b>	23,941	24,609	26,287	1,677	6.4%
<b>50,586</b>	<b>48,483</b>	<b>52,144</b>	<b>3,660</b>	<b>7.0%</b>	<b>Total Operating Expense</b>	<b>351,357</b>	<b>346,043</b>	<b>359,351</b>	<b>13,308</b>	<b>3.7%</b>
<b>8,258</b>	<b>10,429</b>	<b>3,584</b>	<b>6,845</b>	<b>191.0%</b>	<b>Net Operating Income/(Loss)</b>	<b>20,551</b>	<b>61,067</b>	<b>22,227</b>	<b>38,840</b>	<b>174.7%</b>
(15,809)	12,046	729	11,317	1552.6%	<b>Non Operating Income</b>	(32,971)	24,508	5,102	19,405	380.3%
<b>(7,551)</b>	<b>22,475</b>	<b>4,313</b>	<b>18,162</b>	<b>421.1%</b>	<b>Net Income(Loss)</b>	<b>(12,421)</b>	<b>85,575</b>	<b>27,330</b>	<b>58,245</b>	<b>213.1%</b>
19.0%	22.2%	12.2%	10.1%		<b>EBITDA</b>	10.5%	19.6%	11.2%	8.4%	
14.0%	17.7%	6.4%	11.3%		<b>Operating Margin</b>	5.5%	15.0%	5.8%	9.2%	
-12.8%	38.1%	7.7%	30.4%		<b>Net Margin</b>	-3.3%	21.0%	7.2%	13.9%	

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

7 months ending 1/31/2017

PERIOD 7 FY 2016	PERIOD 7 FY 2017	PERIOD 7 Budget 2017	Variance Fav (Unfav)	Var%		YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
					\$000s					
					<b>OPERATING REVENUE</b>					
40,111	48,091	44,642	3,449	7.7%	Gross Revenue	291,722	305,930	313,226	(7,296)	-2.3%
(35,526)	(37,514)	(32,314)	(5,199)	16.1%	Deductions	(209,248)	(225,886)	(226,730)	844	-0.4%
<b>4,584</b>	<b>10,577</b>	<b>12,328</b>	<b>(1,750)</b>	<b>-14.2%</b>	Net Patient Revenue	<b>82,474</b>	<b>80,044</b>	<b>86,497</b>	<b>(6,452)</b>	<b>-7.5%</b>
179	38	215	(177)	-82.4%	Other Operating Revenue	1,424	1,143	1,503	(360)	-24.0%
<b>4,763</b>	<b>10,615</b>	<b>12,543</b>	<b>(1,928)</b>	<b>-15.4%</b>	Total Operating Revenue	<b>83,898</b>	<b>81,187</b>	<b>88,000</b>	<b>(6,813)</b>	<b>-7.7%</b>
					<b>OPERATING EXPENSE</b>					
6,626	6,083	6,602	519	7.9%	Salaries & Wages	42,327	43,356	44,932	1,576	3.5%
1,934	2,129	1,708	(422)	-24.7%	Supplies	12,461	11,936	12,431	495	4.0%
1,336	1,385	1,223	(162)	-13.2%	Fees & Purchased Services	9,378	9,376	8,753	(623)	-7.1%
1,527	1,598	1,560	(38)	-2.4%	Other Operating Expense	11,119	11,483	11,314	(169)	-1.5%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
497	503	696	193	27.7%	Depreciation	3,481	3,677	3,809	132	3.5%
<b>11,921</b>	<b>11,698</b>	<b>11,788</b>	<b>90</b>	<b>0.8%</b>	Total Operating Expense	<b>78,766</b>	<b>79,829</b>	<b>81,239</b>	<b>1,410</b>	<b>1.7%</b>
<b>(7,157)</b>	<b>(1,082)</b>	<b>755</b>	<b>(1,837)</b>	<b>-243.3%</b>	Net Operating Income/(Loss)	<b>5,132</b>	<b>1,358</b>	<b>6,760</b>	<b>(5,402)</b>	<b>-79.9%</b>
(26)	0	0	0	0.0%	Non Operating Income	(26)	(10)	0	(10)	0.0%
<b>(7,184)</b>	<b>(1,082)</b>	<b>755</b>	<b>(1,837)</b>	<b>-243.3%</b>	Net Income(Loss)	<b>5,106</b>	<b>1,347</b>	<b>6,760</b>	<b>(5,413)</b>	<b>-80.1%</b>
-113.6%	6.3%	21.5%	-15.2%		EBITDA	20.7%	17.0%	22.0%	-5.0%	
-150.3%	-10.2%	6.0%	-16.2%		Operating Margin	6.1%	1.7%	7.7%	-6.0%	
-150.8%	-10.2%	6.0%	-16.2%		Net Margin	6.1%	1.7%	7.7%	-6.0%	