



CENTRAL HEALTH

Central Health

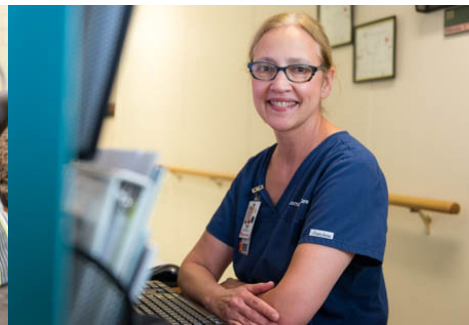
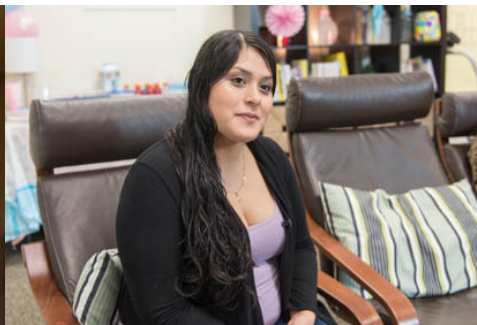
Financial Statement Presentation

FY 2017 – as of October 31, 2017

Central Health Budget and Finance Committee

December 13, 2017

Lisa Owens, Acting CFO





October 2017 Financial Highlights

- Recorded receivable related to tax levy for tax year 2017, \$184.3 million, in October.
- Sent Intergovernmental Transfer related to Uncompensated Care, \$4.2 million, in October.
- Sent Intergovernmental Transfer related to Disproportionate Share, \$6.9 million, in October.



Balance Sheet
As of October 31, 2017
(Page 1 of 2, Assets)

	<u>FY 2018</u>	<u>FY 2017</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,649,968	\$ 2,600,018
Short-Term Investments	80,367,261	42,596,311
Ad Valorem Taxes Receivable	183,257,739	171,366,787
Other Receivables	2,726,042	1,416,989
Prepaid Expenses	907,349	835,751
Total Current Assets	<u>268,908,359</u>	<u>218,815,856</u>
Noncurrent or Restricted Cash and Investments		
Restricted for Capital Acquisition	6,876,812	7,353,284
Restricted for Future Sendero Paid-In Capital	4,000,000	6,000,000
Sendero Paid-In Capital	35,000,000	29,000,000
Working Capital Advance to CommUnityCare	4,000,000	4,000,000
Sendero Surplus Debenture	17,083,000	17,083,000
Total Noncurrent or Restricted Cash and Investments	<u>66,959,812</u>	<u>63,436,284</u>
Capital Assets		
Land	11,770,184	11,770,184
Buildings and Improvements	132,381,882	125,080,604
Equipment and Furniture	8,900,240	9,078,151
Construction In Progress	2,150,429	10,240,975
Less Accumulated Depreciation	<u>(36,293,241)</u>	<u>(33,114,030)</u>
Total Capital Assets	<u>118,909,494</u>	<u>123,055,884</u>
Total Assets	<u>\$ 454,777,665</u>	<u>\$ 405,308,024</u>



Balance Sheet
As of October 31, 2017
(Page 2 of 2, Liabilities and Net Assets)

	<u>FY 2018</u>	<u>FY 2017</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 1,443,087	\$ 1,203,580
Salaries and Benefits Payable	1,202,786	994,765
Other Payables	5,197,422	1,105,227
Debt Service Payable, Short-Term	1,064,399	1,043,202
Capital Lease Obligation, Short-Term	86,931	81,021
Deferred Tax Revenue	183,033,447	170,685,904
Other Deferred Revenue	11,032,418	3,174,900
Total Current Liabilities	203,060,490	178,288,599
Noncurrent Liabilities		
Debt Service Payable, Long-Term	9,380,000	10,380,000
Capital Lease Obligation, Long-Term	185,263	274,900
Total Noncurrent Liabilities	9,565,263	10,654,900
Total Liabilities	212,625,753	188,943,499
Net Assets		
Unrestricted	123,242,418	93,308,641
Investment in Capital Assets	118,909,494	123,055,884
Total Net Assets	242,151,912	216,364,525
Liabilities and Net Assets	<u>\$ 454,777,665</u>	<u>\$ 405,308,024</u>



Sources and Uses Report

Fiscal Year-to-Date through October 31, 2017

(Excludes Depreciation Expense)

	This Month	Fiscal Year-To-Date	Fiscal Year Budget	Percent of Budget Used	Prior Year-To-Date
Sources					
Property Tax Revenue	\$ 1,213,006	\$ 1,213,006	\$ 181,839,054	0.7%	\$ 1,592,981
Lease Revenue	930,000	930,000	10,303,467	9.0%	3,174,900
Other Revenue	114,144	114,144	400,000	28.5%	24,986
Tobacco Settlement Revenue	-	-	1,800,000	0.0%	-
Contingency Reserve (Appropriated) ⁽¹⁾	-	-	43,482,960	0.0%	-
Total Sources	2,257,150	2,257,150	237,825,481	0.9%	4,792,867
Uses of Funds					
Total Healthcare Delivery Program	17,639,576	17,639,576	227,029,205	7.8%	18,646,117
Administration Program					
Personnel Salary and Benefits	298,496	298,496	4,413,183	6.8%	301,584
Other Purchased Goods and Services					
Legal Fees	48,889	48,889	926,200	5.3%	98,000
Consulting Services	111,517	111,517	1,208,800	9.2%	12,875
Other General and Administrative	133,046	133,046	2,595,333	5.1%	118,648
Subtotal Other Purchased Goods and Services	293,452	293,452	4,730,333	6.2%	229,523
Total Administration Program	591,948	591,948	9,143,516	6.5%	531,107
Tax Collection Expenses	11,824	11,824	1,652,760	0.7%	15,527
Total Uses	18,243,348	18,243,348	237,825,481	7.7%	19,192,751
Excess Sources Over (Under) Uses	\$ (15,986,198)	\$ (15,986,198)	\$ -		\$ (14,399,884)

(1) Emergency reserve (not included within the Contingency Reserve) is \$29,895,000 at fiscal year-end 2017.



Healthcare Delivery Expense
Fiscal Year-to-Date through October 31, 2017
(Excludes Depreciation Expense)

	This Month	Fiscal Year-To-Date	Fiscal Year Budget	Percent of Budget Used	Prior Year-To-Date
Intergovernmental Transfers (IGTs) ⁽¹⁾	\$ 11,141,466	\$ 11,141,466	\$ 142,920,000	7.8%	\$ 6,985,425
Provider Costs					
Primary Care	(59,448)	(59,448)	1,731,800	-3.4%	48,750
Charity Care	354,311	354,311	4,251,733	8.3%	354,311
New Healthcare Initiatives	-	-	500,000	0.0%	-
Member Payment to CCC ⁽²⁾	-	-	29,245,166	0.0%	-
Medical Administration	154,319	154,319	666,657	23.1%	51,440
Subtotal Provider Costs	449,182	449,182	36,395,356	1.2%	454,501
Service Expansion Funds	-	-	2,000,000	0.0%	-
Total IGTs and Provider Costs	11,590,648	11,590,648	181,315,356	6.4%	7,439,926
Healthcare Delivery Operating Costs					
Personnel Costs	289,093	289,093	3,897,517	7.4%	232,332
Consulting Services	10,105	10,105	389,000	2.6%	9,811
Legal Fees	1,227	1,227	31,200	3.9%	3,000
Other Services and Purchased Goods	58,581	58,581	3,894,184	1.5%	103,085
Subtotal HCD Operating Costs	359,007	359,007	8,211,901	4.4%	348,228
Other Costs					
UMCB Campus Redevelopment	52,941	52,941	4,360,644	1.2%	10,000
ACA Enrollment and Subsidy	186,858	186,858	2,700,000	6.9%	274,583
Debt Service	32,200	32,200	1,372,795	2.3%	34,101
Subtotal Other Costs	271,999	271,999	8,433,439	3.2%	318,684
Reserves, Appropriated Uses and Transfers					
Subtotal Reserves, Appropriated Uses and Transfers	5,417,922	5,417,922	29,068,509	18.6%	10,539,279
Total Healthcare Delivery	\$ 17,639,576	\$ 17,639,576	\$ 227,029,205	7.8%	\$ 18,646,117

(1) Budget includes allocated portion of the contingency reserve appropriation, for IGT timing differences.

(2) Final contributions will be subject to provisions of the MSA, which requires the parties to collaborate to adequately fund the CCC, but leaves the amount of funding up to each parties' discretion. Each member contribution could be more or less than the budget, depending upon a variety of factors.



**Recap of FY17 IGT Payments
Actuals Through October 31, 2017**

<i>\$ in millions</i>	This Month	Fiscal Year-To-Date	Fiscal Year Budget	Under (Over) Budget
Private UC	\$ 2.2	\$ 2.2	\$ 24.0	\$ 21.8
UMCB UC	2.0	2.0	25.0	23.0
DSH	6.9	6.9	35.0	28.1
DSRIP - CCC	-	-	29.3	29.3
DSRIP - UMCB, Dell Children's	-	-	29.0	29.0
DSRIP - St. David's	-	-	0.6	0.6
Total	\$ 11.1	\$ 11.1	\$ 142.9	\$ 131.8



Questions? Comments?



Balance Sheet (Assets) – Slide 3

Current Assets

Cash and Cash Equivalents – \$1.6 million

Short-term Investments – Short-term investments were \$80.4 million at month-end, which is net of restricted investments of \$6.9 million for capital acquisitions.

Ad Valorem Taxes Receivable – \$183.3 million balance is composed of the 2017 tax levy of 183.1 million, delinquent prior years' taxes of \$2.8 million, partially offset by estimated allowances for doubtful collections and adjustments of \$2.6 million.

Other Receivables – Other receivables total \$2.7 million and consists of intercompany balances of \$2.5 million, interest receivable of \$181K, and lease revenue receivable of \$10K.

Prepaid Expenses – \$907K balance composed of \$882K appraisal and collection fees, \$14K unamortized insurance, and \$11K in deposits.

Total Current Assets – \$268.9 million

Noncurrent Assets

Investments Restricted for Capital Acquisition – \$6.9 million in short-term securities restricted for capital acquisition.

Investments Restricted for Future Sendero Paid-in Capital – \$4.0 million

Sendero Paid-in Capital – \$35.0 million (unchanged)

Working Capital Advance to CommUnityCare – \$4.0 million (unchanged)

Sendero Surplus Debenture – \$17.1 million (unchanged)

Capital Assets – \$118.9 million, net of accumulated depreciation.

Total Assets – \$454.8 million



Balance Sheet (Liabilities and Net Assets) – Slide 4

Current Liabilities

Accounts Payable – Major components of the \$1.4 million balance are:

- \$617K in vendor invoices at month-end, and
- \$826K in estimated healthcare delivery costs for services incurred but not yet billed or paid.

Salaries and Benefits Payable – \$1.2 million balance is comprised of the accrued liability for salary costs unpaid at month-end, the value of accrued leave balances and various fringe benefit amounts withheld and not yet disbursed.

Other Payables – \$5.2 million in other payables is comprised of the amount due to Seton for Charity Care and the distribution of the 2016 tobacco settlement proceeds.

Debt Service Payable, Short-Term – \$1.1 million balance consists of the annual principal payment and accrued interest on the Series 2011 Certificates of Obligation.

Capital Lease Obligation, Short-Term – \$87K related to medical equipment leased at Southeast Health and Wellness Center.

Deferred Tax Revenue – \$183.0 million for the uncollected portion of the 2017 tax levy.

Other Deferred Revenue – \$11.0 million, which consists of contingent rent received from Seton for the months of June through October.

Total Current Liabilities – \$203.1 million

Noncurrent Liabilities

Debt Service Payable, Long-Term – \$9.4 million balance of the \$16 million in Series 2011 Certificates of Obligation, reduced by six principal payments made to date. This debt was issued for the North Central clinic and the Southeast Health and Wellness Center.

Capital Lease Obligation, Long-Term – \$185K related to medical equipment leased at Southeast Health and Wellness Center.

Total Noncurrent Liabilities – \$9.6 million

Total Liabilities – \$212.6 million



Net Assets

Unrestricted Net Assets – \$123.2 million

Investment in Capital Assets – \$118.9 million

Total Net Assets – \$242.2 million

Total Liabilities and Net Assets – \$454.8 million

Sources and Uses Report – Slide 5

October financials → One month, 8.3% of the fiscal year

Sources

Property Tax Revenue – Net property tax revenue for the month of October was \$1.2 million. Net revenue includes \$1.2 million current month's collections, less \$24K in adjustments for prior year delinquent taxes. Current month's collections were 0.653% of the 2017 tax levy.

Lease Revenue – \$930K recorded for Seton lease payment.

Other Revenue – \$114K interest income on investments.

Uses of Funds

Total Healthcare Delivery Program – Total healthcare delivery expenses were \$17.6 million for the month.

Administration Program – \$592K in expense for the month, which includes:

- Personnel costs – \$298K
- Legal fees – \$49K
- Consulting services – \$112K
- Other general and administrative – \$133K

Tax Collection Expenses – \$12K

Excess Sources Over (Under) Uses – Net assets decreased by \$16.0 million in October, the first month of fiscal year 2018.



Healthcare Delivery Expense – Slide 6

Intergovernmental Transfers (IGTs) – IGTs for October totaled \$11.1 million.

Provider Costs – Healthcare delivery providers' expense for October totaled \$449K, which includes:

- Primary care – (\$59K)
- Charity care – \$354K
- Medical administration – \$154K

Healthcare Delivery Operating Cost – \$359K in expense for the month, which includes:

- Personnel costs – \$289K
- Consulting services – \$10K
- Legal fees – \$1K
- Other services and purchased goods – \$59K

Other Costs – \$272K in expense for the month, which includes:

- UMCB Campus Redevelopment – \$53K
- ACA Enrollment and Subsidy – \$187K
- Debt Service – \$32K

Total Healthcare Delivery for the month of October was \$17.6 million.

Recap of FY17 IGT Payments – Slide 7

IGT expense for the month of October totaled \$11.1 million.

IGT expense of \$7.1 million, related to Disproportionate Share, was sent on October 2, 2017. That balance was partially offset by a refund from the Texas Health and Human Services Commission (HHSC) in the amount of \$221K, due to a recalculation of IGT related to DSH.

IGT expense of \$4.2 million, related to Uncompensated Care, was sent on October 19, 2017. The IGT included \$2.2 million for Private UC and \$2.0 million for UMCB UC.

On November 1, 2017, \$7.1 million in IGTs related to Disproportionate Share was sent.