



CENTRAL HEALTH

# Central Health

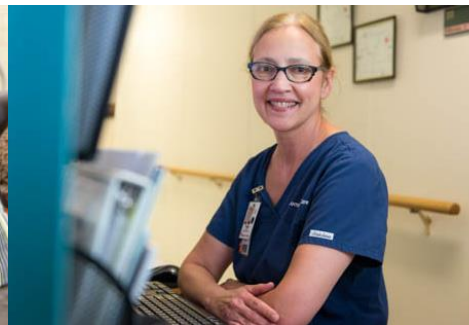
## Financial Statement Presentation

FY 2017 – as of November 30, 2017

Central Health Budget and Finance Committee

January 17, 2018

Lisa Owens, Deputy CFO





# November 2017 Financial Highlights

- Year-to-date, collected net property tax revenue of \$9.9 million (5.4% of fiscal 2018 budget).
- Sent Intergovernmental Transfer related to Disproportionate Share, \$7.1 million, in November.



**Balance Sheet**  
**As of November 30, 2017**  
**(Page 1 of 2, Assets)**

	<b><u>FY 2018</u></b>	<b><u>FY 2017</u></b>
<b>Assets</b>		
Current Assets		
Cash and Cash Equivalents	\$ 1,612,892	\$ 2,600,631
Short-Term Investments	77,178,331	47,809,448
Ad Valorem Taxes Receivable	175,420,242	162,663,966
Other Receivables	2,925,818	1,664,623
Prepaid Expenses	841,481	760,083
Total Current Assets	<u>257,978,764</u>	<u>215,498,751</u>
Noncurrent or Restricted Cash and Investments		
Restricted for Capital Acquisition	6,836,552	5,422,176
Restricted for Future Sendero Paid-In Capital	-	6,000,000
Sendero Paid-In Capital	39,000,000	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>66,919,552</u>	<u>61,505,176</u>
Capital Assets		
Land	11,770,183	11,770,184
Buildings and Improvements	132,381,882	125,105,331
Equipment and Furniture	8,900,240	9,078,151
Construction In Progress	2,190,690	10,311,858
Less Accumulated Depreciation	<u>(36,670,375)</u>	<u>(33,488,847)</u>
Total Capital Assets	<u>118,572,620</u>	<u>122,776,677</u>
<b>Total Assets</b>	<u>\$ 443,470,936</u>	<u>\$ 399,780,604</u>



**Balance Sheet**  
**As of November 30, 2017**  
*(Page 2 of 2, Liabilities and Net Assets)*

	<b><u>FY 2018</u></b>	<b><u>FY 2017</u></b>
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable	\$ 1,736,101	\$ 2,061,681
Salaries and Benefits Payable	611,965	1,040,263
Other Payables	5,551,733	1,459,539
Debt Service Payable, Short-Term	1,096,599	1,077,302
Capital Lease Obligation, Short-Term	82,952	73,732
Deferred Tax Revenue	173,821,017	161,239,799
Other Deferred Revenue	12,372,105	3,174,900
Total Current Liabilities	<u>195,272,472</u>	<u>170,127,216</u>
Noncurrent Liabilities		
Debt Service Payable, Long-Term	9,380,000	10,380,000
Capital Lease Obligation, Long-Term	178,286	274,900
Total Noncurrent Liabilities	<u>9,558,286</u>	<u>10,654,900</u>
<b>Total Liabilities</b>	<u>204,830,758</u>	<u>180,782,116</u>
<b>Net Assets</b>		
Unrestricted	120,067,558	96,221,811
Investment in Capital Assets	118,572,620	122,776,677
<b>Total Net Assets</b>	<u>238,640,178</u>	<u>218,998,488</u>
<b>Liabilities and Net Assets</b>	<u>\$ 443,470,936</u>	<u>\$ 399,780,604</u>



## Sources and Uses Report

### Fiscal Year-to-Date through November 30, 2017

*(Excludes Depreciation Expense)*

	This Month	Fiscal Year-To-Date	Fiscal Year Budget	Percent of Budget Used	Prior Year-To-Date
<b>Sources</b>					
Property Tax Revenue	\$ 8,663,709	\$ 9,876,715	\$ 181,839,054	5.4%	\$ 10,580,393
Lease Revenue	930,000	1,860,000	10,303,467	18.1%	6,349,800
Other Revenue	80,535	194,679	400,000	48.7%	49,311
Tobacco Settlement Revenue	-	-	1,800,000	0.0%	-
Contingency Reserve (Appropriated) <sup>(1)</sup>	-	-	43,482,960	0.0%	-
<b>Total Sources</b>	<b>9,674,244</b>	<b>11,931,394</b>	<b>237,825,481</b>	<b>5.0%</b>	<b>16,979,504</b>
<b>Uses of Funds</b>					
<b>Total Healthcare Delivery Program</b>	<b>8,250,597</b>	<b>25,890,174</b>	<b>227,029,205</b>	<b>11.4%</b>	<b>27,112,863</b>
<b>Administration Program</b>					
Personnel Salary and Benefits	288,211	586,707	4,413,183	13.3%	609,787
Other Purchased Goods and Services					
Legal Fees	43,988	92,876	926,200	10.0%	233,387
Consulting Services	19,186	130,703	1,208,800	10.8%	35,623
Other General and Administrative	144,640	277,686	2,595,333	10.7%	292,203
<b>Subtotal Other Purchased Goods and Services</b>	<b>207,814</b>	<b>501,265</b>	<b>4,730,333</b>	<b>10.6%</b>	<b>561,213</b>
<b>Total Administration Program</b>	<b>496,025</b>	<b>1,087,972</b>	<b>9,143,516</b>	<b>11.9%</b>	<b>1,171,000</b>
Tax Collection Expenses	62,222	74,046	1,652,760	4.5%	86,745
<b>Total Uses</b>	<b>8,808,844</b>	<b>27,052,192</b>	<b>237,825,481</b>	<b>11.4%</b>	<b>28,370,608</b>
<b>Excess Sources Over (Under) Uses</b>	<b>\$ 865,400</b>	<b>\$ (15,120,798)</b>	<b>\$ -</b>		<b>\$ (11,391,104)</b>

(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 November 30, 2017**  
*(Excludes Depreciation Expense)*

	This Month	Fiscal Year-To-Date	Fiscal Year Budget	Percent of Budget Used	Prior Year-To-Date
<b>Intergovernmental Transfers (IGTs) <sup>(1)</sup></b>	<b>\$ 7,136,927</b>	<b>\$ 18,278,393</b>	<b>\$ 142,920,000</b>	<b>12.8%</b>	<b>\$ 13,979,098</b>
<b>Provider Costs</b>					
Primary Care	120,035	60,588	1,731,800	3.5%	97,680
Charity Care	354,311	708,622	4,251,733	16.7%	708,622
New Healthcare Initiatives	-	-	500,000	0.0%	-
Member Payment to CCC <sup>(2)</sup>	-	-	29,245,166	0.0%	-
Medical Administration	-	154,319	666,657	23.1%	102,879
<b>Subtotal Provider Costs</b>	<b>497,346</b>	<b>946,529</b>	<b>36,395,356</b>	<b>2.6%</b>	<b>1,184,615</b>
<b>Service Expansion Funds</b>	-	-	<b>2,000,000</b>	<b>0.0%</b>	-
<b>Total IGTs and Provider Costs</b>	<b>7,634,273</b>	<b>19,224,922</b>	<b>181,315,356</b>	<b>10.6%</b>	<b>15,163,713</b>
<b>Healthcare Delivery Operating Costs</b>					
Personnel Costs	291,783	580,876	3,897,517	14.9%	490,665
Consulting Services	17,589	27,694	389,000	7.1%	56,200
Legal Fees	1,000	2,227	31,200	7.1%	8,970
Other Services and Purchased Goods	78,432	137,014	3,894,184	3.5%	224,871
<b>Subtotal HCD Operating Costs</b>	<b>388,804</b>	<b>747,812</b>	<b>8,211,901</b>	<b>9.1%</b>	<b>780,706</b>
<b>Other Costs</b>					
UMCB Campus Redevelopment	42,376	95,317	4,360,644	2.2%	10,000
ACA Enrollment and Subsidy	152,944	339,802	2,700,000	12.6%	550,963
Debt Service	32,200	64,399	1,372,795	4.7%	68,202
<b>Subtotal Other Costs</b>	<b>227,520</b>	<b>499,518</b>	<b>8,433,439</b>	<b>5.9%</b>	<b>629,165</b>
<b>Reserves, Appropriated Uses and Transfers</b>					
<b>Subtotal Reserves, Appropriated Uses and Transfers</b>	-	<b>5,417,922</b>	<b>29,068,509</b>	<b>18.6%</b>	<b>10,539,279</b>
<b>Total Healthcare Delivery</b>	<b>\$ 8,250,597</b>	<b>\$ 25,890,174</b>	<b>\$ 227,029,205</b>	<b>11.4%</b>	<b>\$ 27,112,863</b>

(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 November 30, 2017**

<i>\$ in millions</i>	<b>This Month</b>	<b>Fiscal Year-To-Date</b>	<b>Fiscal Year Budget</b>	<b>Under (Over) Budget</b>
Private UC	\$ -	\$ 2.2	\$ 24.0	\$ 21.8
UMCB UC	-	2.0	25.0	23.0
DSH	7.1	14.1	35.0	20.9
DSRIP - CCC	-	-	29.3	29.3
DSRIP - UMCB, Dell Children's	-	-	29.0	29.0
DSRIP - St. David's	-	-	0.6	0.6
<b>Total</b>	<b>\$ 7.1</b>	<b>\$ 18.3</b>	<b>\$ 142.9</b>	<b>\$ 124.6</b>



Questions? Comments?





### **Balance Sheet (Assets) – Slide 3**

#### **Current Assets**

Cash and Cash Equivalents – \$1.6 million

Short-term Investments – Short-term investments were \$77.2 million at month-end, which is net of restricted investments of \$6.8 million for capital acquisitions.

Ad Valorem Taxes Receivable – \$175.4 million balance is composed of the 2017 tax levy of \$174.3 million, delinquent prior years' taxes of \$2.7 million, and tax distributions in transit from the Travis County Tax Office of \$1.2 million, partially offset by estimated allowances for doubtful collections and adjustments of \$2.7 million.

Other Receivables – Other receivables total \$2.9 million and consists of intercompany balances of \$2.7 million, interest receivable of \$145K, miscellaneous receivables of \$34K, and lease revenue receivable of \$10K.

Prepaid Expenses – \$841K balance composed of \$819K appraisal and collection fees, \$11K unamortized insurance, and \$11K in deposits.

**Total Current Assets – \$258.0 million**

#### **Noncurrent Assets**

Investments Restricted for Capital Acquisition – \$6.8 million in short-term securities restricted for capital acquisition.

Sendero Paid-in Capital – \$39.0 million, increased after \$4.0 million paid-in to Sendero in November

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

Sendero Surplus Debenture – \$17.1 million (unchanged)

Capital Assets – \$118.6 million, net of accumulated depreciation.

**Total Assets – \$443.5 million**



## **Balance Sheet (Liabilities and Net Assets) – Slide 4**

### **Current Liabilities**

Accounts Payable – Major components of the \$1.7 million balance are:

- \$675K in vendor invoices at month-end, and
- \$1.1 million in estimated healthcare delivery costs for services incurred but not yet billed or paid.

Salaries and Benefits Payable – \$612K 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 – \$5.6 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 – \$83K related to medical equipment leased at Southeast Health and Wellness Center.

Deferred Tax Revenue – \$173.8 million for the uncollected portion of the 2017 tax levy.

Other Deferred Revenue – \$12.4 million, which consists of contingent rent received from Seton for the months of June through November.

### **Total Current Liabilities – \$195.3 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 – \$178K related to medical equipment leased at Southeast Health and Wellness Center.

### **Total Noncurrent Liabilities – \$9.6 million**

### **Total Liabilities – \$204.8 million**



November 2017 Preliminary Monthly Financial Statements (unaudited)

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### **Net Assets**

Unrestricted Net Assets – \$120.1 million

Investment in Capital Assets – \$118.6 million

**Total Net Assets – \$238.6 million**

**Total Liabilities and Net Assets – \$443.5 million**

### **Sources and Uses Report – Slide 5**

November financials → Two months, 16.67% of the fiscal year

#### **Sources**

Property Tax Revenue – Net property tax revenue for the month of November was \$8.7 million. Net revenue includes \$8.8 million current month's collections, less \$181K in adjustments for prior year delinquent taxes. Current month's collections were 5.4% of the 2017 adjusted tax levy.

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

Other Revenue – \$81K interest income on investments.

#### **Uses of Funds**

Total Healthcare Delivery Program – Total healthcare delivery expenses were \$8.3 million for the month.

Administration Program – \$496K in expense for the month, which includes:

- Personnel costs – \$288K
- Legal fees – \$44K
- Consulting services – \$19K
- Other general and administrative – \$145K

Tax Collection Expenses – \$62K

**Excess Sources Over (Under) Uses** – Net assets increased by \$865K in November. Year-to-date, net assets have decreased by \$15.1 million.



### **Healthcare Delivery Expense – Slide 6**

Intergovernmental Transfers (IGTs) – IGTs for November totaled \$7.1 million.

Provider Costs – Healthcare delivery providers' expense for November totaled \$497K, which includes:

- Primary care – \$120K
- Charity care – \$354K

Healthcare Delivery Operating Cost – \$389K in expense for the month, which includes:

- Personnel costs – \$292K
- Consulting services – \$18K
- Legal fees – \$1K
- Other services and purchased goods – \$78K

Other Costs – \$228K in expense for the month, which includes:

- UMCB Campus Redevelopment – \$42K
- ACA Enrollment and Subsidy – \$153K
- Debt Service – \$32K

**Total Healthcare Delivery for the month of November was \$8.3 million.**

### **Recap of FY18 IGT Payments – Slide 7**

IGT expense of \$7.1 million, all related to Disproportionate Share, was sent on November 1, 2017.