



CENTRAL HEALTH

Our Vision

Central Texas is a model healthy community.

Our Mission

By caring for those who need it most, Central Health improves the health of our community.

Our Values

Central Health will achieve excellence through:

Stewardship - We maintain public trust through fiscal discipline and open and transparent communication.

Innovation - We create solutions to improve healthcare access.

Right by All - By being open, anti-racist, equity-minded, and respectful in discourse, we honor those around us and do right by all people.

Collaboration - We partner with others to improve the health of our community.

BUDGET AND FINANCE COMMITTEE MEETING **Wednesday, January 17, 2024, 1:00 p.m.** **Or immediately following the Strategic Planning Committee**

Videoconference meeting¹

A quorum of the Committee and the presiding officer will be present at:

Central Health Administrative Offices
1111 E. Cesar Chavez St.
Austin, Texas 78702
Board Room

Members of the public may attend the meeting at the address above, or observe and participate in the meeting by connecting to the Zoom meeting link listed below (copy and paste into your web browser):

<https://us06web.zoom.us/j/87244614430?pwd=xFgAo3m9V7mWhQTG5gQCUg698gAcjB.1>

Meeting ID: 872 4461 4430

Passcode: 392695

Links to livestream video are available at the URL below (copy and paste into your web browser):

<https://www.youtube.com/@tchealthdistrict/streams>

Or to participate by telephone only:

Dial: (346) 248 7799

Meeting ID: 872 4461 4430

Passcode: 392695

The Committee may meet via videoconference with a quorum present in person and will allow public participation via videoconference and telephone as allowed under the Open Meetings Act. Although a quorum of the Committee will be physically present at the location posted in this meeting notice, we strongly encourage all members of the public to observe the meeting virtually

and participate in public comment, if desired, through the virtual meeting link or telephone number listed on this meeting notice.

Members of the public who attend in person should conduct a self-assessment before coming to the building to ensure they do not have a high temperature or any symptoms of COVID-19. Anyone who is symptomatic and/or has a fever should contact their healthcare provider for further instructions. Symptomatic members of the public can still participate, if desired, through the virtual meeting link or telephone number listed on this meeting notice. Resources related to COVID-19 can be found at the following link:

<https://www.centralhealth.net/covid-info/>.

A member of the public who wishes to make comments virtually during the Public Communication portion of the meeting must properly register with Central Health **no later than 11:30 a.m. on January 17, 2024**. Registration can be completed in one of three ways:

- Complete the virtual sign-in form at <https://www.centralhealth.net/meeting-sign-up/>;
- Call 512-978-9190 and leave a voice message with your full name, your request to comment via telephone, videoconference, or in-person at the meeting; or
- Sign-in at the front desk on the day of the meeting, prior to the start of the meeting.

Individuals who register to speak on the website or by telephone will receive a confirmation email and/or phone call by staff with instructions on how to join the meeting and participate in public communication.

PUBLIC COMMUNICATION

Public Communication rules for Central Health Committee meetings include setting a fixed amount of time for a person to speak and limiting Committee responses to public inquiries, if any, to statements of specific factual information or existing policy.

COMMITTEE AGENDA²

1. Approve the minutes of the December 13, 2023 Budget and Finance Committee meeting. (*Action Item*)
2. Receive a presentation of the Central Health Fiscal Year 2023 financial audit. (*Informational Item*)
3. Receive a presentation on the preliminary November 2023 financial statements for Central Health. (*Informational Item*)
4. Receive and discuss an update on Sendero Health Plans.³ (*Informational Item*)
5. Receive and discuss contractual issues and the status of the Central Health Third Party Administrator for patient claims processing.³ (*Informational Item*)
6. Confirm the next Budget and Finance Committee meeting date, time, and location. (*Informational Item*)

- ¹ This meeting may include one or more members of the Budget and Finance Committee participating by videoconference. It is the intent of the presiding officer to be physically present and preside over the meeting at Central Health Headquarters, 1111 Cesar Chavez, Austin, Texas 78702. This meeting location will be open to the public during the open portions of the meeting, and any member participating by videoconference shall be visible and audible to the public members in attendance whenever the member is speaking. **Members of the public are strongly encouraged to participate remotely through the toll-free videoconference link or telephone number provided.**
- ² The Budget and Finance Committee may take items in an order that differs from the posted order and may consider any item posted on the agenda in a closed session if the item involves issues that require consideration in a closed session and the Committee announces that the item will be considered during a closed session. A quorum of Central Health's Board of Managers may convene or participate via videoconference to discuss matters on the Committee agenda, and any Committee actions will be in conformance with the Central Health Bylaws.
- ³ Possible closed session discussion under Texas Government Code §551.085 (Governing Board of Certain Providers of Health Care Services) and Texas Government Code §551.071 (Consultation with Attorney).

Any individual with a disability who plans to attend or view this meeting and requires auxiliary aids or services should notify Central Health as far in advance of the meeting day as possible, but no less than two days in advance, so that appropriate arrangements can be made. Notice should be given to the Board Governance Manager by telephone at (512) 978-8049.

Cualquier persona con una discapacidad que planee asistir o ver esta reunión y requiera ayudas o servicios auxiliares debe notificar a Central Health con la mayor anticipación posible de la reunión, pero no menos de dos días de anticipación, para que se puedan hacer los arreglos apropiados. Se debe notificar al Gerente de Gobierno de la Junta por teléfono al (512) 978-8049.

Central Health Board of Managers Shared Commitments **Agreed adopted on June 30, 2021**

Whereas, the Board of Managers of Central Health has come together as a governing body to ensure the Vision of Central Health: Central Texas is a model health Community;

Whereas, the Board of Managers of Central Health bring this vision into reality by enacting the mission of caring for those who need it most and thereby improving the health of our community;

Whereas, the Board of Managers of Central Health achieves excellence toward this vision and mission through the stated values of Stewardship, Innovation, Respect, and Collaboration;

Whereas, the Board of Managers of Central Health further known as we in this document understand that systemic racism is the root of health inequities that emerge from a history of racism in Texas including Travis County that contributes to the social determinants of health that play a primary role in producing inequitable health outcomes;

Whereas, as an organization, Central Health is anti-racist and committed to a diverse and inclusive culture that seeks equity and social justice in the pursuit of its mission:

1. We Commit to informing all of our actions as Board Managers with the understanding that we are accountable to recognizing and to interrupting systems of oppression. This includes understanding the power structure in the United States, and Texas, and Travis County, that advantages certain community members and has historically disadvantaged other community members based on the color of their skin, race, ethnicity, language, and/or other characteristics. We further understand that to disrupt this power structure and the health inequities it produces, we must collaborate to collectively respond to the lived realities of all ethnicities, races, and identities disadvantaged within this system and all historically oppressed identities and communities disadvantaged within this system. We Commit to understanding that when disadvantaged communities compete against each other, we all lose in this system, and the only way forward is to work together for the benefit of all oppressed communities collectively.
2. We Commit to a model of Generative Leadership which requires us to understand and practice collaboration and accountability demonstrated by following our agreed upon meeting procedures and ensuring all members have the opportunity for comparable speaking time. We further Commit to intentionality prior to speaking including: considering: what is the goal of what I

- want to share; is this the right time to share it; and is this in keeping with our collective goal for this particular moment within this particular meeting?
3. We Commit to Generative Conflict which includes engaging in disagreements and differences in perspective in a way that deepens relationships and trust by expanding knowledge and understanding of each other, including expecting our ideas to be expanded and enriched by learning and engaging with other Board Manager ideas, choosing curiosity over competition of ideas, and anchoring our conversations in our common purpose.
 4. We Commit to practicing emotional intelligence as leaders which includes being aware of our own emotions and reactions and managing them, as well as being aware of our impact on others and managing this impact for the collective good when we are in our role as Board Managers.
 5. We Commit to being aware of our own privileges and advantages in the sociopolitical and economic structure of the United States, Texas, and Travis County to use these for the benefit of interrupting inequities across historically disadvantaged identities.
 6. We Commit to preventing the commission of microaggressions through the awareness of the history and oppression of diverse identities and communities. To this end, we Commit to strive to learn the historical context informing the lived realities of all historically oppressed identities and communities, and to use this to prevent use of language and commission of actions that can be harmful given these histories.
 7. If we inadvertently commit a microaggression, we strive to immediately become aware on our own of the harm we have caused. If another Board Manager generously helps us become aware of a microaggression we have committed we welcome the support in our learning and growing process as a leader and immediately express appreciation for having made us aware, own the mistake we have made, acknowledge the impact of the harm we have caused, and engage repair through apology and the articulation of what we will do to avoid the repetition of such harm in the future.
 8. If we observe one of our fellow Board Managers commit a microaggression, we Commit to calling them in by letting them know in a respectful and kind manner of the mistake that has been made.
 9. We understand that many of us, as survivors of historically oppressed identities and communities, carry internalized narratives of oppression, and we can inadvertently express these oppressions against others in ways that cause harm and we Commit to the same process identified in 7 and 8 to engage repair and return to generative collaborative processes.
 10. We understand that even without the history of oppression potentiating the weight of harm, expressions of prejudice and rudeness can also cause harm to our shared aims, and we Commit to the same process identified in 7 and 8 to engage repair and return to generative collaborative processes.

11. We Commit to using our Racial and Social Justice Framework (next page) for decision-making as we work together for the collective good of our communities as we eradicate health inequities and create a model healthy community.
12. We understand that we are entrusted with a vital responsibility for our communities and are accountable stewards for the time and resources available to our Board of Managers. We understand that these commitments are entered into to ensure responsible stewardship of this time and resources through generative collaborative processes to reach our vision and mission and we agree that if we do not follow any one of these commitments we welcome our Board Manager colleagues to bring this to our attention through the agreed upon process reflected here and when this occurs, we commit to immediately acknowledging the mistake and engaging in a repair and correction process as indicated in these commitments so that our work to dismantle systemic racism and resulting barriers and achieve health equity can move forward.

Be it adopted that the above agreements will be honored and acted upon by each Board Manager as of 6/30/2021 and henceforth forward as indicated by signature below.

Board Manager Signature

Date

Board Manager Printed Name

Calling In and Repairing Harm

Calling In after Harm in Groups with Shared Values and Aims Stance

Hey, this thing you said/did hurt some folks or could hurt some folks.

A) Here's why that can be hurtful or,

B) Please do some research to learn the history of why that's hurtful.

Implied message: I know you are good and are on this journey with us and we are all going to make mistakes as we unlearn things.

Calling In after Harm in Groups with Shared Values and Aims Sample Language

- I know it wasn't your intention, but what you just said minimizes the horror of _____ e.g. the history of racism, enslavement, the holocaust, etc.
- I know it wasn't your intention but what you just said has the impact of implying that _____ are not competent or as intelligent as others.
- What you just said suggests that _____ people don't belong.
- That phrase has been identified as being disrespectful and painful to _____ people and it's important that we not use it.
- Oh, I have also used that term, but I have now learned that when we use it we are leaving out people who _____ or we are implying that _____ and the word people are learning to use now is _____.
- The term used now by people living with that identity is _____.

Repairing Harm after Microaggressions, Mistakes, and expressions of Prejudice

- Own / Name it
- Recognize the Impact
- Apologize (Do not share context or explanations)
- Make any amends that are possible
- State what you are going to do to learn and do better in the future.

Sample Language: Thank you so much for letting me know. You are right, I used this term or said that phrase and realize that it has the impact of minimizing the experience of _____ or implying that _____. I am deeply sorry and will practice learning the correct language and will research and learn more about this to ensure that I do not make this mistake and cause this harm in the future.

RACIAL and SOCIAL JUSTICE FRAMEWORK

Values and Anti-Racism/Anti-Oppression

- Is this consistent with our values?
- Are we taking steps so we cannot predict outcomes by race and other systemically disadvantaged characteristics?

Intentional and Accountable Storytelling

- What data are we using and has it been disaggregated by race? What is the source of the data? Who is it making visible and invisible? Whose experience is being centralized and whose is being marginalized in the data? Does the way we are using the data reflect the complexity of the issues and reflect the issues accurately?
- What are the stories and narratives we are telling? What is the purpose? Who is interpreting the meaning? Who's it meant for? Who's impacted and how?
- Are we refusing to be ahistorical? Are we fully considering history and the impacts of the historical context?

Power Analysis

- What are the power dynamics in this situation? What are the intersecting spheres of oppression at work in this situation?
- What are the cultural norms of white supremacy at work in this situation?
- Who would benefit and who would be harmed by this action/decision?
- Does this interrupt/disrupt or collude with/reinforce oppressive systems/power structures?
- If this is attempting a solution, where are we locating the problem?
- Does the solution/strategy we are proposing change the system or the individual?
- Who are we asking to change and why?

Relationships

- Who is in the room and who isn't and why? Who is sharing and who is not and why?
- Whose perspective is represented/who is left out? And who is doing the representing? Who do we believe, who do we find credible? Why? Why not?
- Whose experience is being centralized and whose experience is being marginalized? Who is gazing and who is being gazed upon?
- Are we boldly leading toward our racial justice aim by building a broad coalition of support?
- Are we operating from a similar/shared understanding of anti-racism work? Do we have a shared anti-racist understanding of where the problem is located and a shared anti-racist theory of change to generate a solution? Have we agreed upon a shared goal?



CENTRAL
HEALTH

BUDGET & FINANCE COMMITTEE MEETING
January 17, 2024

AGENDA ITEM 1

Approve the minutes of the December 13, 2023 Budget and Finance Committee meeting. (*Action Item*)

MINUTES OF MEETING – DECEMBER 13, 2023
CENTRAL HEALTH
BUDGET AND FINANCE COMMITTEE

On Wednesday, December 13, 2023, a meeting of the Central Health Budget and Finance Committee convened in open session at 4:07 p.m. in person at the Central Health Administrative Offices and remotely by toll-free videoconference. Clerk for the meeting was Briana Yanes.

Committee members present in person: Chair Museitif, Manager Kitchen, Manager Martin, and Manager Motwani

Board members present via audio and video or in person: Manager Bell, Manager Valadez, Manager Brinson, and Manager Jones (via video)

PUBLIC COMMUNICATION

Clerk’s Notes: Public Communication began at 4:08 p.m. Briana Yanes announced that no speakers signed up for Public Communication.

COMMITTEE AGENDA

- 1. Approve the minutes of the November 15, 2023 Budget and Finance Committee meeting.**

Clerk’s Notes: Discussion on this item began at 4:15 p.m.

Manager Brinson moved that the Committee approve the minutes of the November 15, 2023 Budget and Finance Committee meeting.

Manager Valadez seconded the motion.

Chairperson Museitif	For
Manager Kitchen	Absent
Manager Martin	For
Manager Motwani	For
Manager Bell	For
Manager Valadez	For
Manager Brinson	For
Manager Jones	For

- 2. Receive an update on the Central Health Investments Policy and Strategy for Fiscal Year 2024 and adopt the Fiscal Year 2024 Central Health Investment Policy as presented by the Travis County Cash/Investment Management Department.**

Clerk’s Notes: Discussion on this item began at 4:15 p.m. Items 2 and 3 were taken up together. Mr. Jeff Knodel, Chief Financial Officer, and Ms. Deborah Laudermilk, Chief Investment Officer for Travis County, gave a presentation on the Investment Policy.

Manager Martin moved that the Committee recommend that the Board approve the Fiscal Year 2024 Central Health Investment Policy as presented by the Travis County Cash/Investment Management Department.

Manager Kitchen seconded the motion.

Chairperson Museitif	For
Manager Kitchen	For

Manager Martin	For
Manager Motwani	For
Manager Bell	For
Manager Valadez	For
Manager Brinson	For
Manager Jones	For

- Receive, discuss, and approve the Fiscal Year 2024 Broker/Dealer Applicants for conducting investment business with the Travis County Healthcare District (dba Central Health) as recommended by the Travis County Cash/Investment Management Department.**

Clerk’s Notes: Discussion on this item began at 4:21 p.m. Items 2 and 3 were taken up together.

Manager Motwani moved that the Committee recommend that the Board approve the Fiscal Year (FY) 2024 Broker/Dealer Applicants for conducting investment business with Central Health as recommended by the Travis County Cash/Investment Management Department.

Manager Valadez seconded the motion.

Chairperson Museitif	For
Manager Kitchen	For
Manager Martin	For
Manager Motwani	For
Manager Bell	For
Manager Valadez	For
Manager Brinson	For
Manager Jones	For

- Receive updates on the preliminary October 2023 financial statements, including capital projects, for Central Health and the Community Care Collaborative.**

Clerk’s Notes: Discussion on this item began at 4:26 p.m. Chair Museitif announced that there would be no presentation on this item but backup was provided in the packet and staff would be available for questions.

- Discuss and take appropriate action on the Calendar Year 2024 budget for Sendero Health Plans.**

Clerk’s Notes: Discussion on this item began at 4:27 p.m. This item was convened in closed session.

At 4:27 p.m. Chairperson Museitif announced that the Committee was convening in closed session to discuss agenda item 5 under Texas Government Code §551.085 Governing Board of Certain Providers of Health Care Services and Texas Government Code §551.071 Consultation with Attorney.

At 4:47 p.m. the Committee returned to open session.

Manager Bell moved that the Committee recommend that the Board approve the Calendar Year 2024 budget for Sendero Health Plans.

Manager Valadez seconded the motion.

Chairperson Museitif	For
Manager Kitchen	For
Manager Martin	For
Manager Motwani	For
Manager Bell	For

Manager Valadez For
Manager Brinson For
Manager Jones For

6. Confirm the next Budget and Finance Committee meeting date, time, and location.

Manager Bell moved that the Committee adjourn.

Manager Valadez seconded the motion.

Chairperson Museitif For
Manager Kitchen For
Manager Martin For
Manager Motwani For
Manager Bell For
Manager Valadez For
Manager Brinson For
Manager Jones For

The meeting was adjourned at 4:50 p.m.

ATTESTED TO BY:

Maram Museitif, Chairperson
Central Health Budget and Finance Committee

Cynthia Valadez, Secretary
Central Health Board of Managers



CENTRAL
HEALTH

BUDGET & FINANCE COMMITTEE MEETING

January 17, 2024

AGENDA ITEM 2

Receive a presentation of the Central Health Fiscal Year 2023 financial audit. (*Informational Item*)



AGENDA ITEM SUBMISSION FORM

This form is to provide a general overview of the agenda item in advance of posting for the Board meeting. Proposed motion language is a recommendation only and not final until the meeting and may be changed by the Board Manager making the motion. All information in this form is subject to the Public Information Act.

Agenda Item Meeting Date January 17, 2024

Who will present the agenda item? (Name, Title) Jeff Knodel/Maxwell Locke & Ritter – Central Health External Auditor

General Item Description Presentation of Central health FY23 Financial Statement Audit

Is this an informational or action item? Informational

Fiscal Impact N/A

Recommended Motion (if needed – action item) None

Key takeaways about agenda item, and/or feedback sought from the Board of Managers:

- 1) External Auditor opinion on financial position of FY 23 Central Health financial statements.
- 2) Auditor Report on: Compliance with Generally Accepted Accounting Principles
- 3) Any internal Control weaknesses that came to the attention of the Auditor
- 4) If disagreements or non-cooperation with management occurred
- 5)

What backup will be provided, or will this be a verbal update? (Backup is due one week before the meeting.) Draft presentation by Maxwell Locke & Ritter, independent audit firm. The final audit will be presented at the Board of Managers Meeting on January 24th.

Estimated time needed for presentation & questions? 15 minutes

Is closed session recommended? (Consult with attorneys.) No

Form Prepared By/Date Submitted: Jeff Knodel/ January 12, 2024

Central Health

**Financial Statements and
Supplemental Information as of and
for the Year Ended
September 30, 2023
and Independent Auditors' Report**

Prepared for:

Central Health

Presented by:

Maxwell Locke & Ritter

Overview of the Audit Report

Central Health's financial statements consist of the financials of Central Health as well as its discretely presented component units. A separate audit for each component unit was conducted independent of the Central Health audit.

- **Contents of the Audit Report:**
 - **Independent Auditors' Report**
 - **Management's Discussion & Analysis**
 - **Basic Financial Statements:**
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
 - Notes to the Financial Statements
 - **Independent Auditors' Report on Internal Control and Other Matters Based on an Audit Performed in Accordance with *Government Auditing Standards***
 - **Independent Auditors' Report on Compliance for the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance**
 - **Schedule of Expenditures of Federal Awards (including notes) and Schedule of Findings and Questioned Costs**
- **Component Units:**
 - **CommUnityCare**
 - **Sendero Health Plans, Inc.**
 - **Community Care Collaborative**

Independent Auditors' Report

Unmodified opinion

- Also known as a “clean” opinion and the best opinion that can be received on audited financial statements.

Internal Controls

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

- A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.
- A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.
- A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

In addition, we did not identify any instances of noncompliance required to be reported under *Government Auditing Standards*.

Single Audit

- **Single audit required due to federal grant expenditures exceeding \$750K during the fiscal year**
- **Federal program was the COVID-19 Disaster Grants – Public Assistance program – approximately \$2.2 million in expenditures**
- **Unmodified opinion on the Major Federal Program**
 - Also known as a “clean” opinion and the best opinion that can be received on compliance with the requirements of the federal program.
- **Internal controls over compliance related to the Major Federal Program**
 - No material weaknesses in internal control over compliance noted

GOVERNANCE LETTER

(required communications to
those charged with governance)

Qualitative Aspects of Accounting Practices

- New accounting policy related to GASB No. 96 for the year ended September 30, 2023.

Difficulties Encountered in Performing the Audit

- There were no difficulties encountered in performing and completing our audit.

Adjustments Identified During the Audit

- No significant misstatements were detected as a result of our audit procedures.

Disagreements with Management

- There were no disagreements with management that arose during the course of our audit.

STATEMENT OF NET POSITION –

Primary Government Only

*** 2023 amounts include the impact of the implementation of GASB Statement No. 96, Subscription-Based IT Arrangements, which was effective October 1, 2022. Since 2022 amounts shown are prior to implementation, these amounts are not restated.**

Statement of Net Position

	2023*	2022	% Fluctuation
Current Assets	\$516,783,439	\$400,282,311	29%
Noncurrent assets	\$535,289,630	\$463,328,114	16%
Capital assets	\$161,238,174	\$130,565,341	23%
Total Assets	\$1,231,311,243	\$994,175,766	24%
Current Liabilities	\$36,869,663	\$19,648,301	88%
Noncurrent liabilities and deferred inflows of resources	\$457,124,547	\$383,832,826	19%
Total Liabilities and Deferred Inflows of Resources	\$493,994,210	\$403,481,127	22%
Net position:			
Net investment in capital assets	\$64,133,855	\$7,154,193	796%
Restricted for capital/building acquisition	\$52,340,196	\$89,420,658	(41%)
Unrestricted	\$602,842,982	\$494,119,788	22%
Total net position ²¹	\$719,317,033	\$590,694,639	22%

Statement of Financial Position

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -

Primary Government Only

	2023	2022	% Change
Operating revenues:			
Lease revenue	\$17,434,382	\$16,543,784	5%
Ground sublease revenue	\$2,263,902	\$2,239,755	1%
Grant revenue	\$2,692,792	\$99,938	2,594%
Total operating revenues	\$22,391,076	\$18,883,477	19%
Operating expenses:			
Health care delivery	\$152,359,531	\$125,726,629	21%
Salaries and benefits	\$7,770,741	\$5,867,451	32%
Other purchased goods and services	\$7,935,481	\$4,255,135	85%
UT affiliation	\$22,430,000	-	100%
Depreciation and amortization	\$5,618,690	\$6,314,128	(11%)
Total operating expenses	\$196,114,443	\$142,196,343	38%
Net Operating loss	\$(173,723,367)	\$(123,312,866)	41%
Nonoperating revenues, net:			
Net ad valorem tax revenue	\$277,856,693	\$259,633,936	7%
Net tobacco settlement revenue	\$4,828,924	\$4,676,730	3%
Investment income	\$18,829,914	\$3,600,352	423%
Interest expense	\$(4,190,302)	\$(3,329,331)	26%
Gain (Loss) on disposal of capital assets	(\$42,630)	\$19,200	(322%)
Other revenue (expense)	\$5,063,162	\$(18,524,392)	127%
Total nonoperating revenues, net	\$302,345,761	\$246,076,495	23%
Change in net position	\$128,622,394	\$122,763,629	5%
Total net position – beginning of year ²²	\$590,694,639	\$467,931,010	26%
Total net position - end of year	\$719,317,033	\$590,694,639	22%

Other Financial Highlights

- **Central Health implemented GASB Statement No. 96, Subscription-Based IT Arrangements, in fiscal year 2023**
 - SBITA Agreements
 - Resulted in \$4.7 million in capital assets (right to use subscription assets) and \$4.6 million in subscription payables at September 30, 2023
 - SBITA disclosures for both type of agreements are discussed in Note 9
- **Central Health issued \$99.4 million in new certificates of obligation during the year ended September 30, 2023**

Other Financial Highlights (continued)

- **As of year end, Central Health's bank balances were fully collateralized and /or protected by FDIC insurance**
- **Investments are in compliance with Central Health's investment policy which complies with the Public Funds Investment Act**
- **Central Health had outstanding Certificates of Obligation and General Obligation Bonds of \$173,145,000, of which \$7,440,000 in principal is due in fiscal year 2024**

Questions?

THANK YOU



CENTRAL
HEALTH

BUDGET & FINANCE COMMITTEE MEETING

January 17, 2024

AGENDA ITEM 3

Receive a presentation on the preliminary November 2023 financial statements for Central Health.
(Informational Item)



CENTRAL HEALTH

Central Health

Financial Statement Presentation

FY 2024 – as of November 30, 2023

(Preliminary)

Central Health Board of Managers

Budget and Finance Committee

January 17, 2023

Jeff Knodel CFO

Patti Bethke, Controller



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DRAFT



- November fiscal year-to-date collected net property tax revenue is \$4.7 million (1.4%), compared to \$4.1 million (1.6%) year-to-date November 2022 of the adjusted tax levy.
- Healthcare Delivery is \$24 million for the year as of 11/30/2023.
- GAAP reporting Net Assets increased \$123 million year-over-year.
- TCHD LPPF total restricted balance of LPPF as of 9/30/2023 is \$5 million.
- Governmental Accounting Standards Board statements 87 & 96, Leases (GASB87) and Subscription-Based Information Technology Arrangements (GASB97 SBITAs), new accounting standards require entities to report future long term obligations, previously reported as operating activity, on the balance sheet to convey control of the right to use the non-financial asset. This will significantly increase long term governmental balance sheets as a result of these requirements. The new rules require recognition of a lease or SBITA liability and an intangible asset while lessors are required to recognize lease receivables and a deferred inflow of resources on their financial statements.

GAAP: Generally Accepted Accounting Principles refer to a common set of accounting principles, standards, and procedures issued by the Financial Accounting Standards Board. GAAP primary focus is to improve clarity, consistency, and comparability of the communication of financial information.



	Preliminary as of 11/30/2023	as of 11/30/2022
ASSETS		
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	2,933,211	3,335,276
SHORT TERM INVESTMENTS	472,870,913	348,759,458
RESTRICTED TCHD LPPF CASH & INVESTMENT	5,157,946	21,565,638
RESTRICTED FOR CAPITAL ACQUISITION	180,866,483	111,045,857
RESTRICTED CASH & INVESTMENTS OR NONCURREI	186,024,430	132,611,495
ACCOUNTS RECEIVABLE TAX	320,621,405	285,170,490
OTHER RECEIVABLES	7,338,396	4,107,139
TOTAL CURRENT ASSETS	989,788,355	773,983,859
LONG TERM ASSETS		
LEASE RECEIVABLE	112,083,000	112,083,000
LEASE RECEIVABLE SHORT TERM*	12,646,122	10,316,747
LEASE RECEIVABLE LONG TERM*	237,807,490	238,068,745
TOTAL LEASE RECEIVABLES	250,453,612	248,385,492
CAPITAL ASSETS	201,551,310	162,538,294
ACCUMULATED DEPRECIATION	(40,011,976)	(32,008,590)
TOTAL CAPITAL ASSETS	161,539,334	130,529,704
TOTAL ASSETS	1,513,864,301	1,264,982,055
LIABILITIES		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	20,029,590	14,010,984
SALARIES & BENEFITS PAYABLE	3,018,008	2,623,062
DEBT SERVICE SHORT TERM	9,514,493	4,345,000
DEFERRED TAX REVENUE	317,161,895	282,329,147
TOTAL CURRENT LIABILITIES	349,723,986	303,308,194
RESTRICTED OR NONCURRENT LIABILITIES		
FUNDS HELD FOR TCHD LPPF	5,185,462	21,742,057
DEBT SERVICE PAYABLE LONG TERM	168,345,792	76,252,856
TOTAL RESTRICTED OR NONCURRENT LIABILITIES	173,531,255	97,994,913
NONCURRENT LIABILITIES		
LEASE & SUBSCRIPTION LIABILITIES*	52,902,934	44,058,490
DEFERRED REVENUE*	235,754,962	241,019,581
TOTAL NONCURRENT LIABILITES AND LEASES	288,657,896	285,078,072
TOTAL LIABILITIES	811,913,136	686,381,179
NET ASSETS		
INVESTMENT IN CAPITAL ASSETS	110,470,366	103,276,693
RESTRICTED	135,533,728	56,546,313
UNRESTRICTED	455,947,071	418,777,870
TOTAL NET ASSETS	701,951,165	578,600,876
LIABILITIES AND NET ASSETS	1,513,864,301	1,264,982,055

* New GASB87 & GASB96 reporting requirement for leases and Subscription-Based Information Technology Arrangements.



SOURCES / USES	NOV 2023	FY24 YTD	FY24 Budget	Percent of Budget Used	FY23 YTD
SOURCES					
PROPERTY TAX REVENUE	4,825,515	4,653,089	312,456,814	1.5%	4,138,001
LEASE REVENUE	1,664,108	3,330,544	12,022,497	27.7%	3,117,139
OTHER REVENUE	1,986,093	3,954,784	7,500,000	52.7%	1,442,376
TOBACCO SETTLEMENT REVENUE	0	0	4,500,000	0.0%	0
TOTAL SOURCES	8,475,716	11,938,417	336,479,311	3.5%	8,697,516
USES OF FUNDS					
HEALTHCARE DELIVERY PROGRAM	13,458,961	24,741,134	295,246,806	8.4%	40,748,114 *
ADMINISTRATIVE PROGRAM	2,098,699	3,017,372	28,647,030	10.5%	1,962,737
UT AFFILIATION AGREEMENT	0	0	35,000,000	0.0%	0
INCREASE TO EMERGENCY RESERVES	0	8,019,240	8,019,240	100.0%	0
TOTAL USES	15,557,659	35,777,746	366,913,076	9.8%	42,710,850
EXCESS SOURCES / (USES)	(7,081,944)	(23,839,329)	(30,433,765)		(34,013,334)
RESERVE BALANCES:					
EMERGENCY RESERVE			46,739,076		38,719,836
CONTINGENCY RESERVE			377,296,303		TBD

* Fiscal Year 23 YTD includes \$23M capital reserve



Questions ? Comments ?

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Balance Sheet

Current Assets

Cash and Cash Equivalents – \$2.9M compared to \$3.3M November 2023

Short-term Investments – Short-term investments were \$473M at month-end, net of restricted investments totaling \$181M.

Ad Valorem Taxes Receivable – \$320.6M balance is composed of:

Gross Tax Receivables	\$ 324.3M
Taxable Assessed Valuation Adjustment	(181)K
Est. Allowance for Doubtful collections	(3.5)M
Total Taxes Receivable	\$ 320.6M

Other Receivables – Other receivables total \$7M and includes intercompany balances:

- CUC – \$3.1M
- Accrued Interest - \$2.5M
- Prepaid Expenses – \$973K
- Sendero - \$680k

Total Current Assets – \$989M

Long Term Assets

Sendero Paid-in-Capital – \$71.0M (unchanged)

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

Sendero Surplus Debenture – \$37.1M (unchanged)



Restricted TCHD LPPF Cash & Investments - \$5.2M

Lease Receivables GASB87* - \$250M

- Lease Receivable Short-Term \$13M
- Lease Receivable Long-Term \$238M

Capital Assets – \$162M, net of accumulated depreciation

Total Assets – \$1.5B

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Current Liabilities

Accounts Payable – Major components of the \$20M balance are:

- \$16.8M estimated IBNR for healthcare services.
- \$3.2M invoices payable

Salaries and Benefits Payable – \$3M balance is comprised of the accrued liability for salary costs unpaid at month-end, the value of accrued personal time off.

Debt Service Payable, Short-Term – \$9.5M in Certificates of Obligation and Interest Payable for Series 2020, 2021 and 2023 Taxable and non-Taxable debt.

Deferred Tax Revenue - \$317

Total Current Liabilities – \$350M

Restricted or Noncurrent Liabilities

Funds held for TCHD LPPF - \$5.2M receipts from participants in the LPPF.

Debt Service Payable, Long-Term – \$168.3M balance (changed):

	Series 2020	Series 2021	Series 2023	
	General Obligation Bonds	Certificates of Obligation Bonds	Certificates of Obligation Bonds	
Non-tax LT		12.2 M	7.7 M	
Taxable LT	2.5 M	54.6 M	88.6 M	
Premium		2.0 M	0.7 M	
Totals	2.5 M	68.8 M	97.0 M	168.3 M

\$7.285M was originally issued in 2011 for the North Central clinic and refunded May 2020. \$72.9M was issued in 2021 for two clinics and an administration building. \$99.4M was issued in 2023 for two clinics. Annual payments are due on 3/1 for all Series.

Total Restricted or Noncurrent Liabilities – \$174M

Lease/SBITA Payable GASB87 and GASB96* - \$53M

Deferred Revenue Long-Term GASB87* - \$236M

Total Noncurrent Liabilities Leases* – \$289M
Total Liabilities – \$812M
Net Assets

Unrestricted Net Assets – \$456M



Restricted Net Assets – \$136M

Investment in Capital Assets – \$110M

Total Net Assets – \$702M

Total Liabilities and Net Assets – \$1.5B

*Governmental Accounting Standards Board statements 87 & 96, Leases (GASB87) and Subscription-Based Information Technology Arrangements (GASB97 SBITAs), new accounting standards require entities to report future long term obligations, previously reported as operating activity, on the balance sheet to convey control of the right to use the non-financial asset. This will significantly increase long term governmental balance sheets as a result of these requirements. The new rules require recognition of a lease or SBITA liability and an intangible asset while lessors are required to recognize lease receivables and a deferred inflow of resources on their financial statements.



Sources and Uses Report

November financials → second month, 17% of the fiscal year.

Sources – Total \$8M for the month

Property Tax Revenue – Net property tax revenue for the month was \$4.8M. Net revenue includes \$4.9M current month's collections; \$43K Penalties and Interest; and \$(150)K in adjustment for prior year delinquent taxes.

Lease Revenue – \$1.7M for Downtown Campus, Careron, Hancock Clinic, and land leases

Other Revenue/Expense – \$2.0M primarily for investment income

Uses of Funds – Total \$16M for the month

Total Healthcare Delivery Program – Total healthcare delivery expenses were \$13M for the month and \$25M YTD compared to \$41M FY23 YTD.

Administration Program – \$2M in expense for the month, which includes:

Excess Sources/(Uses) – (\$7.1M) current month. Current YTD is (\$16M) compared to (\$34M) FY23 YTD.



CENTRAL
HEALTH

BUDGET & FINANCE COMMITTEE MEETING

January 17, 2024

AGENDA ITEM 4

Receive and discuss an update on Sendero Health Plans.³ (Informational *Item*)



AGENDA ITEM SUBMISSION FORM

This form is to provide a general overview of the agenda item in advance of posting for the Board meeting. Proposed motion language is a recommendation only and not final until the meeting and may be changed by the Board Manager making the motion. All information in this form is subject to the Public Information Act.

Agenda Item Meeting Date January 17, 2024

Who will present the agenda item? (Name, Title) Sharon Alvis

General Item Description Receive and discuss an update on Sendero Health Plans.

Is this an informational or action item? Informational

Fiscal Impact N/A

Recommended Motion (if needed – action item) N/A

Key takeaways about agenda item, and/or feedback sought from the Board of Managers:

- 1) This item will be discussed in closed session.
- 2) _____

What backup will be provided, or will this be a verbal update? (Backup is due one week before the meeting.) Presentation will be shared in closed session.

Estimated time needed for presentation & questions? 15 minutes

Is closed session recommended? (Consult with attorneys.) Yes

Form Prepared By/Date Submitted: Briana Yanes/ January 12, 2024



CENTRAL
HEALTH

BUDGET & FINANCE COMMITTEE MEETING

January 17, 2024

AGENDA ITEM 5

Receive and discuss contractual issues and the status of the Central Health Third Party Administrator for patient claims processing.³ (*Informational Item*)



AGENDA ITEM SUBMISSION FORM

This form is to provide a general overview of the agenda item in advance of posting for the Board meeting. Proposed motion language is a recommendation only and not final until the meeting and may be changed by the Board Manager making the motion. All information in this form is subject to the Public Information Act.

Agenda Item Meeting Date Budget/Finance Committee 1/17/24

Who will present the agenda item? (Name, Title) Jon Morgan, Chief Operations Officer
Jeff Knodel, Chief Financial Officer

General Item Description Contractual Issues regarding Third Party Administrator for Patient Claims

Is this an informational or action item? Informational

Fiscal Impact N/A

Recommended Motion (if needed – action item) _____

Key takeaways about agenda item, and/or feedback sought from the Board of Managers:

- 1) Closed session.
- 2) _____

What backup will be provided, or will this be a verbal update? (Backup is due one week before the meeting.) Verbal Update

Estimated time needed for presentation & questions? 15 minutes

Is closed session recommended? (Consult with attorneys.) Yes

Form Prepared By/Date Submitted: Jeff Knodel 1/11/24



CENTRAL
HEALTH

BUDGET & FINANCE COMMITTEE MEETING

January 17, 2024

AGENDA ITEM 6

Confirm the next Budget and Finance Committee meeting date, time, and location. (Informational Item)