



CENTRAL HEALTH

Central Health

Financial Statement Presentation

FY 2023 – as of APRIL 30, 2023 (Preliminary)

Central Health Board of Managers

June 14, 2023

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- Year-to-date through April collected net property tax revenue is \$278 million compared to \$259 million as of April 2022 representing 96.9% of the adjusted tax levy compared to 97.8% as of April 2022.
- Healthcare Delivery is \$109 million for the year as of 4/30/2023.
- GAAP reporting Net Assets increased \$131 million year-over-year.
- TCHD LPPF total restricted balance of LPPF as of 4/30/2023 is \$1 million.
- Governmental Accounting Standards Board statement 87, Leases (GASB87) the new lease accounting standard requires entities to report future long term lease 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 this requirement. The new rules require lessees to recognize a lease 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	
	4/30/2023	as of 4/30/2022
BALANCE SHEET		
ASSETS		
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	3,142,714	1,200,556
SHORT TERM INVESTMENTS	551,228,639	464,092,829
RESTRICTED INVESTMENTS	111,544,023	145,897,488
AD VALOREM TAX RECEIVABLE	6,831,897	4,581,578
OTHER RECEIVABLE	4,341,201	5,110,128
TOTAL CURRENT ASSETS	<u>677,088,475</u>	<u>620,882,580</u>
LONG TERM ASSETS	112,083,000	112,083,000
LEASE RECEIVABLES		
LEASE RECEIVABLE SHORT TERM	10,810,475	-
LEASE RECEIVABLE LONG TERM	240,248,424	-
TOTAL LEASE RECEIVABLES	<u>251,058,899</u>	<u>-</u>
CAPITAL ASSETS	183,903,056	112,987,273
ACCUMULATED DEPRECIATION	(34,397,167)	(27,913,482)
TOTAL CAPITAL ASSETS	<u>149,505,889</u>	<u>85,073,792</u>
TOTAL ASSETS	<u>1,189,736,262</u>	<u>818,039,372</u>
LIABILITIES		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	15,896,552	8,377,220
SALARIES AND BENEFITS PAYABLE	3,052,937	1,755,904
DEBT SERVICE PAYABLE SHORT TERM	4,445,000	1,660,000
DEFERRED TAX REVENUE	5,573,879	3,877,987
TOTAL CURRENT LIABILITIES	<u>28,968,369</u>	<u>15,671,111</u>
RESTRICTED OR NONCURRENT LIABILITIES		
FUNDS HELD FOR TCHD LPPF	1,341,047	53,324,622
DEBT SERVICE PAYABLE LONG TERM	71,605,525	78,860,226
TOTAL RESTRICTED OF NONCURRENT LIABILITIES	<u>72,946,573</u>	<u>132,184,848</u>
NONCURRENT LIABILITIES LEASES		
LEASE PAYABLE LONG TERM	45,550,936	-
DEFERRED REVENUE LONG TERM	241,133,604	-
TOTAL NONCURRENT LIABILITIES LEASES	<u>286,684,541</u>	<u>-</u>
TOTAL LIABILITIES	<u>388,599,482</u>	<u>147,855,959</u>
NET ASSETS		
UNRESTRICTED	627,261,924	554,450,076
RESTRICTED	54,126,002	56,055,994
INVESTMENT IN CAPITAL ASSETS	119,939,676	59,677,343
TOTAL NET ASSETS	<u>801,327,602</u>	<u>670,183,413</u>
LIABILITIES AND NET ASSETS	<u>1,189,736,262</u>	<u>818,039,372</u>

* New GASB87 reporting requirement for leases.



SOURCES / USES	APR 2023	FY23 YTD	FY23 Budget	Percent of Budget Used	FY22 YTD
SOURCES					
PROPERTY TAX REVENUE	119,550	278,182,743	281,605,053	98.78%	259,504,351
LEASE REVENUE	1,573,918	11,260,186	13,145,328	85.66%	7,813,200
OTHER REVENUE	1,810,916	9,602,460	1,500,000	640.16%	1,004,995
TOBACCO SETTLEMENT REVENUE	4,828,924	4,828,924	4,500,000	107.31%	4,676,730
TOTAL SOURCES	8,333,309	303,874,312	300,750,381	101.04%	272,999,276
USES OF FUNDS					
HEALTHCARE DELIVERY PROGRAM (see next page)	14,638,437	108,888,582	283,208,877	38.45%	79,089,987
ADMINISTRATIVE PROGRAM					
SALARIES AND BENEFITS	566,119	4,122,985	9,641,743	42.76%	3,275,271
OTHER GOODS AND SERVICES	648,054	6,216,591	12,507,617	49.70%	3,174,308
TOTAL ADMINISTRATIVE PROGRAM	1,214,174	10,339,576	22,149,360	46.68%	6,449,476
TOTAL USES	15,852,611	119,228,158	305,358,237	39.05%	85,539,463
EXCESS SOURCES / (USES)	(7,519,301)	184,646,155	(4,607,856)		187,459,813



HEALTHCARE DELIVERY SUMMARY	APR 2023	FY23 YTD	FY23 Budget	Percent of Budget Used	FY22 YTD
PURCHASED HEALTHCARE SERVICES					
PRIMARY CARE	5,027,251	32,098,472	66,236,822	48%	27,210,940
SPECIALTY CARE, INCLD DENTAL	1,106,819	7,068,347	27,163,000	26%	4,360,759
SPECIALTY BEHAVIORAL HEALTH AND SUBSTANCE USE	1,554,795	4,282,348	12,040,000	36%	367,451
PHARMACY	1,118,484	6,317,864	17,000,000	37%	6,225,147
POST ACUTE CARE	356,269	2,180,586	5,650,000	39%	45,271
COMMUNITY HEALTHCARE INITIATIVES FUND	-	66,107	1,750,000	4%	-
ALL OTHER HEALTHCARE SERVICES	-	-	687,035	0%	400,770
SUBTOTAL PURCHASED HEALTHCARE SERVICES	9,163,618	52,013,723	130,526,857	40%	38,610,338
DIRECT HEALTHCARE SERVICES	54,856	199,786	5,673,261	4%	44,987
MAP ELIGIBILITY - INCREASE IN PERIOD	-	-	2,000,000	0%	-
SUBTOTAL HEALTHCARE SERVICES	9,218,473	52,213,509	138,200,118	38%	38,655,326
ACA PREMIUM ASSIST, EDUCATION, ENROLLMENT	1,152,261	7,823,335	15,236,261	51%	7,605,923
HEALTHCARE FACILITIES AND CAMPUS REDEVELOPMENT	221,677	1,557,174	4,754,027	33%	2,373,833
HEALTHCARE DELIVERY OPERATION COSTS	3,921,317	19,038,425	47,521,728	40%	11,417,987
DEBT, RESERVES AND TRANSFERS	124,708	28,256,138	55,496,744	51%	19,036,918
UT AFFILIATION AGREEMENT	-	-	22,000,000	0%	-
TOTAL HEALTHCARE DELIVERY	14,638,437	108,888,582	283,208,877	38%	79,089,987



Balance Sheet

Current Assets

Cash and Cash Equivalents – \$3.1M compared to \$1.2M April 2022

Short-term Investments – Short-term investments were \$551M at month-end, net of restricted investments totaling \$111M.

Ad Valorem Taxes Receivable – \$6.8M balance is composed of:

Gross Tax Receivables	\$	12.6M
Taxable Assessed Valuation Adjustment		(3.0)M
Est. Allowance for Doubtful collections		(2.8)M
Total Taxes Receivable		<u>\$ 6.8M</u>

Other Receivables – Other receivables total \$4.3M and includes intercompany balances:

- Miscellaneous Receivables – \$1.2M mainly for CEC Alternate Utility Project
- CUC – (\$123k)
- Accrued Interest - \$1.9M
- Sendero - \$536k
- AR Enterprise Health Claims (self-funding) - \$30K
- Community Care Collaborative - \$11K
- Prepaid Expenses – \$696k

Total Current Assets – \$677M

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 - \$1.2M

Lease Receivables GASB87* - \$251M

- Lease Receivable Short-Term \$11M
- Lease Receivable Long-Term \$240M

Capital Assets – \$150M, net of accumulated depreciation, include purchase of Cameron Road Buildings

Total Assets – \$1.2B



Current Liabilities

Accounts Payable – Major components of the \$15.9M balance are:

- \$9.2M estimated IBNR for healthcare services.
- \$2.5M invoices payable including \$1.4M for Tobacco Settlement
- \$1.1M lease interest

Salaries and Benefits Payable – \$3.1M 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 – \$4.4M in Certificates of Obligation and Interest Payable for Series 2020 and 2021 Taxable and non-Taxable debt.

Deferred Tax Revenue - \$5.6M

Total Current Liabilities – \$29M

Restricted or Noncurrent Liabilities

Funds held for TCHD LPPF - \$1.3M receipts from participants in the LPPF.



Debt Service Payable, Long-Term – \$71.6M balance (changed):

	Series 2020	Series 2021	
	General Obligation Bonds	Certificates of Obligation Bonds	
Non-tax LT	2.5 M	12.4 M	
Taxable LT		54.7 M	
Premium		2.0 M	
Totals	2.5 M	69.1 M	71.6 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. Annual payments are due on 3/1 for all Series.

Total Restricted of Noncurrent Liabilities – \$72.9M

Lease Payable Long-Term GASB87* - \$46M

Deferred Revenue Long-Term GASB87* - \$241M

Total Noncurrent Liabilities Leases* – \$287M

Total Liabilities – \$389M

Net Assets

Unrestricted Net Assets – \$627M

Restricted Net Assets – \$54M

Investment in Capital Assets – \$120M



Total Net Assets – \$801M

Total Liabilities and Net Assets – \$1.2B

*Governmental Accounting Standards Board statement 87, Leases (GASB87) the new lease accounting standard requires entities to report future long term lease 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 this requirement. The new rules require lessees to recognize a lease 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

April financials → seven months, 58% of the fiscal year.

Sources – Total \$8.3M for the month

Property Tax Revenue – Net property tax revenue for the month was \$120k. Net revenue includes \$387k current month's collections; \$104K Penalties and Interest; and \$(371)K in adjustments for prior year delinquent taxes.

Lease Revenue – \$1.6M for Downtown Campus, Hancock Clinic, and land leases

Other Revenue/Expense – \$1.9M primarily for investment income

Tobacco Settlement Revenue – \$4.8M which exceeds the annual budget of \$4.5M

Uses of Funds – Total \$15.8M for the month

Total Healthcare Delivery Program – Total healthcare delivery expenses were \$15M for the month and \$105M YTD compared to \$79M FY22 YTD.

Administration Program – \$1.2M in expense for the month, which includes:

- Salaries and Benefits – \$566K
- Other Goods and Services - \$648K

Excess Sources/(Uses) – \$(7.5)M current month. Current YTD is \$189M compared to \$187M FY22 YTD.



Questions ? Comments ?