AGENDA
REGULAR MEETING OF THE
EL CAMINO HOSPITAL BOARD OF DIRECTORS

Wednesday, October 12, 2022 – 5:30 pm
El Camino Hospital | 2500 Grant Road Mountain View, CA 94040

PURSUANT TO GOVERNMENT CODE SECTION 54953(e) (1), El CAMINO HEALTH **WILL NOT BE PROVIDING A PHYSICAL LOCATION TO THE PUBLIC FOR THIS MEETING**. INSTEAD, THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION MEETING VIA TELECONFERENCE AT:

1-669-900-9128, MEETING CODE: 966-1929-7876# No participant code. Just press #.

To watch the meeting Livestream, please visit: https://www.elcaminohealth.org/about-us/leadership/board-meeting-stream
Please note that the Livestream is for **meeting viewing only,** and there is a slight delay; to provide public comment, please use the phone number listed above.

MISSION: To heal, relieve suffering, and advance wellness as your publicly accountable health partner.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. **CALL TO ORDER/ROLL CALL**	Bob Rebitzer, Board Chair		**5:30 – 5:31 pm**
2. **POTENTIAL CONFLICT OF INTEREST DISCLOSURES**	Bob Rebitzer, Board Chair		**information** **5:31 – 5:32**
3. **PUBLIC COMMUNICATION** a. Oral Comments *This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes, on issues or concerns not covered by the agenda.* b. Written Correspondence	Bob Rebitzer, Board Chair		**information** **5:32 – 5:35**
4. **FY22 AUDITED FINANCIAL REPORT**	Carlos Bohorquez, Chief Financial Officer Joelle Pulver, Moss Adams		**information** **5:35 – 5:45**
5. **ADJOURN TO CLOSED SESSION**	Bob Rebitzer, Board Chair	*public comment*	**motion required** **5:45 – 5:46**
6. **POTENTIAL CONFLICT OF INTEREST DISCLOSURES**	Bob Rebitzer, Board Chair		**information** **5:46 – 5:47**
7. Report involving *Gov't Code Section 54957* for discussion and report on personnel performance matters – Senior Management: **FY22 AUDITED FINANCIAL REPORT**	Carlos Bohorquez, Chief Financial Officer Joelle Pulver, Moss Adams		**discussion** **5:47 – 5:57**
8. *Health and Safety Code Section 32106(b)* for a report and discussion involving health care facility trade secrets: **YEAR IN REVIEW AND STRATEGY FORWARD**	Dan Woods, Chief Executive Officer		**discussion** **5:57 - 6:27**
9. *Report involving Gov't Code Section 54957(b) and 54956.9(d)* for discussion and report on personnel matters and conference with Legal Counsel: **CEO REPORT**	Dan Woods, Chief Executive Officer		**discussion** **6:27 – 6:37**
10. Report involving *Gov't Code Section 54957* for discussion and report on personnel performance matters and 54957.6 for a conference with labor negotiator: **FY22 CEO PERFORMANCE INCENTIVE INDIVIDUAL SCORE**	Bob Rebitzer, Board Chair Bob Miller, Executive Compensation Committee Chair		**possible motion** **6:37– 6:47**
11. Report involving *Gov't Code Section 54957* for discussion and report on personnel performance matters and 54957.6 for a conference with labor negotiator: **FY23 CEO BASE SALARY AND RANGE**	Bob Rebitzer, Board Chair Bob Miller, Executive Compensation Committee Chair		**discussion** **6:47– 6:57**

A copy of the agenda for the Regular Board Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting.
In observance of the Americans with Disabilities Act, please notify us at **(650) 988-8254** prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
12. Report involving *Gov't Code Section 54957(b)* for discussion and report on personnel performance matters – Senior Management: **EXECUTIVE SESSION**	Bob Rebitzer, Board Chair		**discussion** **6:57 – 7:07**
13. CONSENT CALENDAR *Any Board Member may remove an item for discussion before a motion is made.*	Bob Rebitzer, Board Chair		**motion required** **7:07 – 7:08**
Approval *Gov't Code Section 54957.2:* a. Minutes of the Closed Session of the Hospital Board (09/12/2022) ***Reviewed and Approved by the Medical Executive Committee*** *Health & Safety Code Section 32155* for a report of the Medical Staff; deliberations concerning reports on Medical Staff quality assurance matters*:* b. Credentialing and Privileges Report ***Information*** *(Approval in second Open Session)* c. Exception to Physician Financial Arrangements Policy ***Reviewed and Recommended for Approval by the Finance Committee*** *(Approval in second Open Session)* *Health and Safety Code Section 32106(b) Physician Contracts* d. MV Otolaryngology ED and Inpatient Call Panel Renewal e. Enterprise Neurology, Neurodiagnostic, and Neurohospitalist Coverage ***Reviewed and Approved by the Executive Compensation Committee*** *Gov't Code Section 54957(b) for a report on personnel performance matters:* f. Executive Compensation Committee Approvals			
14. ADJOURN TO OPEN SESSION	Bob Rebitzer, Board Chair		**motion required** **7:08 – 7:09**
15. RECONVENE OPEN SESSION/ REPORT OUT	Bob Rebitzer, Board Chair		**information** **7:09 – 7:10**
To report any required disclosures regarding permissible actions taken during Closed Session.			
16. CONSENT CALENDAR ITEMS: *Any Board Member or member of the public may remove an item for discussion before a motion is made.*	Bob Rebitzer, Board Chair	*public comment*	**motion required** **7:10 – 7:11**
Approval a. Continuation of Resolution 2021-10 of the Board of Directors Making Findings and Determinations Under AB 361 for Teleconference Meetings b. Minutes of the Open Session of the Hospital Board (09/12/2022) c. Exception to Physician Financial Arrangements Policy ***Reviewed and Recommended for Approval by the Medical Executive Committee*** d. Policies, Plans, and Scope of Services ***Reviewed and Recommended for Approval by the Finance Committee*** e. MV Otolaryngology ED and Inpatient Call Panel Renewal f. Enterprise Neurology, Neurodiagnostic, and Neurohospitalist Coverage			

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
Information g. Article of Interest ***Reviewed and Approved by the Finance Committee*** h. FY2023 Period 2 Financial Report			
17. FY22 AUDITED FINANCIAL REPORT	Bob Rebitzer, Board Chair	*public comment*	**motion required 7:11 – 7:12**
18. FY22 CEO PERFORMANCE INCENTIVE PLAN PAYOUT	Bob Rebitzer, Board Chair	*public comment*	**motion required 7:12 – 7:13**
19. FY23 CEO BASE SALARY	Bob Rebitzer, Board Chair	*public comment*	**motion required 7:12 – 7:13**
20. FY22 ORGANIZATION PERFORMANCE INCENTIVE PLAN SCORE	Dan Woods, Chief Executive Officer	*public comment*	**motion required 7:13 – 7:23**
21. CEO REPORT a. Update b. Pacing Plan	Dan Woods, Chief Executive Officer		**information 7:23 – 7:27**
22. BOARD COMMENTS	Bob Rebitzer, Board Chair		**information 7:27 – 7:29**
23. ADJOURNMENT	Bob Rebitzer, Board Chair	*public comment*	**motion required 7:29 – 7:30 pm**

Upcoming Regular Meetings: November 9, 2022; December 7, 2022; February 15, 2023; April 5, 2023; May 10, 2023; June 14, 2023
Special Sessions: January 18, 2023 (Joint Board and Committee Education); March 8, 2023 (Board Retreat)

El Camino Health

EL CAMINO HOSPITAL BOARD OF DIRECTORS
BOARD MEETING MEMO

To: El Camino Hospital Board of Directors
From: Carlos Bohorquez, Chief Financial Officer
Date: October 12, 2022
Subject: FY2022 Annual Financial Audit, 403(b) Retirement and Cash Balance Plan Audit

Recommendation(s):

The Compliance and Audit Committee is recommending that Board approve the FY2022 Annual Consolidated Financial Audit, Annual 403(b) Retirement Plan and Annual Cash Balance Plan Audits.

Summary:

1. Situation: The El Camino Healthcare District engaged Moss Adams to conduct its annual Financial Audit for FY2022. The audit includes the Healthcare District, El Camino Hospital, and its related entities (El Camino Hospital Foundation, CONCERN:EAP, and Silicon Valley Medical Development LLC). Moss Adams conducted the annual limited scope audits of ECH's 403(b) Retirement and Cash Balance Plans. The results are filed with the Plans' IRS Form 5500.

2. Authority: Policy requires Board approval once the Compliance and Audit Committee have reviewed the auditor reports and financial statements.

3. Background: Consolidated Financials - As noted in the report, the auditors found that; 1) management selected and applied significant accounting policies appropriately and consistent with those of the prior years and that management's judgments and accounting estimates were reasonable; 2) the disclosures in the consolidated financial statements were clear and consistent; 3) there were no material weakness or internal control deficiencies identified.

4. 403(b) Retirement Plan and Cash Balance Plan – The financials statements for both plans are presented on the Governmental Accounting Standards Board (GASB) reporting basis of accounting. There were no known or likely misstatements identified.

5. Assessment: Moss Adams provided an unmodified opinion that the consolidated financial statements were presented fairly and in accordance with US GAAP (Generally Accepted Accounting Principles).

6. Other Reviews: N/A

7. Outcomes: N/A

List of Attachments:

1. 2022 Audit Results Exit Presentation
2. Consolidated Financial Statements with Supplementary Information
3. Communication with Those Charged with Governance
4. Employee Benefit Plan Results
5. Report of Independent Auditors – Cash Balance Plan
6. Report of Independent Auditors – 403(b) Retirement Plan

Suggested Board Discussion Questions: None.

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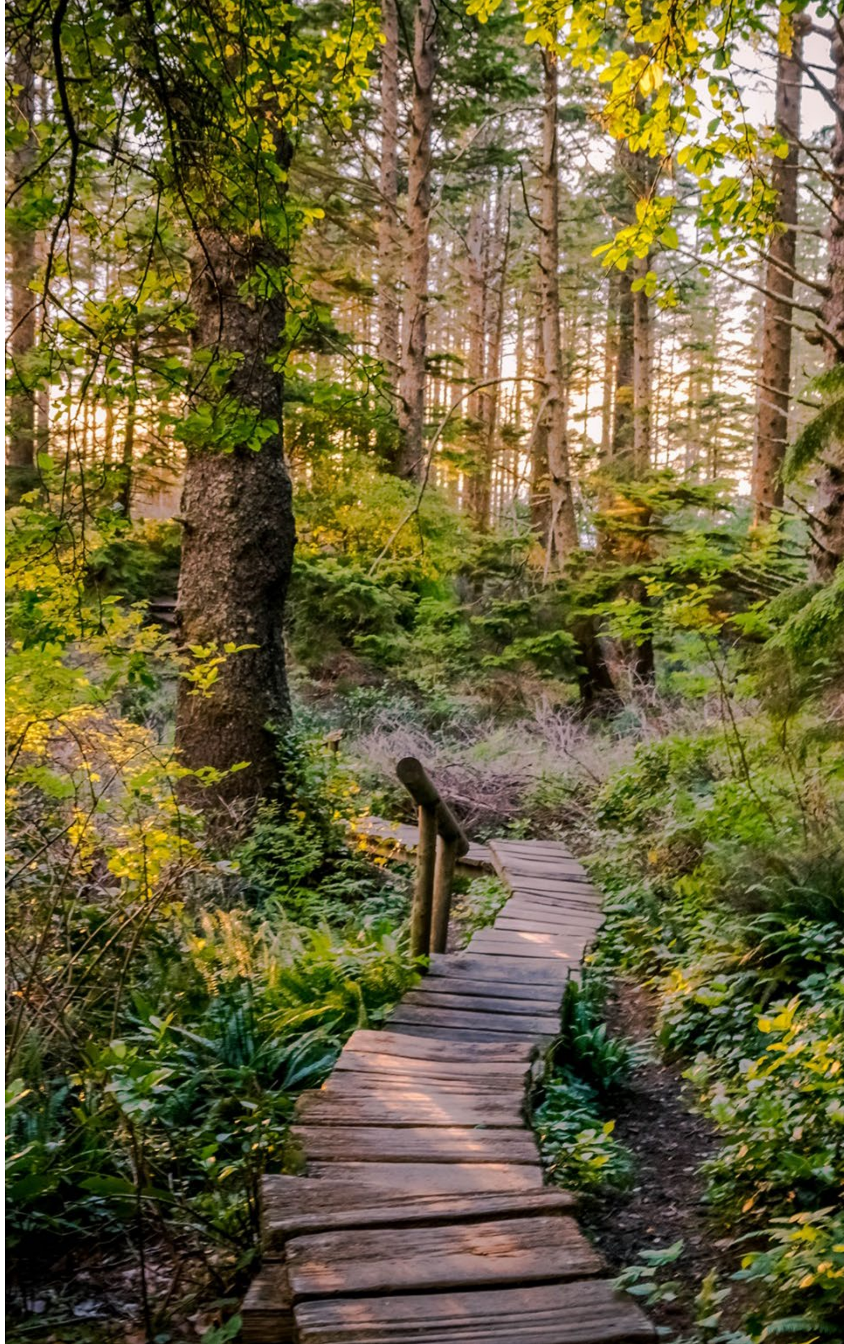
El Camino Healthcare District

2022 AUDIT RESULTS

Agenda

1. Scope of Services
2. Auditor Opinion and Report
3. Significant Risks Identified
4. Matters to Be Communicated to the Governing Body
5. Statements of Net Position
6. Operations
7. Other Information



Scope of Services

We have performed the following services for El Camino Healthcare District:

Annual Audits

- Annual consolidated financial statement audit as of and for the year ended June 30, 2022

Non-Attest Services

- Assist in drafting the consolidated financial statements and related footnotes as of and for the year ended June 30, 2022

Auditor Reports – Layout Changes

NEW REPORT LAYOUT

- ❑ Report on the Audit of the Financial Statements
- ❑ Opinion
- ❑ Basis for Opinion
- ❑ Emphasis of Matter, when appropriate
- ❑ Other Matter, when appropriate
- ❑ Responsibilities of Management for the Financial Statements
- ❑ Auditor's Responsibilities for the Audit of the Financial Statements

PRIOR REPORT LAYOUT

- ❑ Report on the Financial Statements
- ❑ Introductory paragraph
- ❑ Management's Responsibility for the Financial Statements
- ❑ Auditor's Responsibility
- ❑ Opinion
- ❑ Emphasis of Matter, when appropriate
- ❑ Other Matter, when appropriate

Significant Risks Identified

During the audit, we identified the following:

Significant Risks	Procedures
Valuation of patient accounts receivable	- Tie out of reserving schedules - Zero Balance Accounts (“ZBA”) analysis - Lookback analysis & subsequent collections analysis
Revenue recognition	- Hospital patient revenue analysis & cut-off analysis - Journal entry testing focusing on revenue reversals
Valuation of investments and related financial statement disclosures	- Third party confirmations - Independent price testing
Implementation of new accounting standard (GASB 87, Leases)	- Review management's lease implementation memo, including testing of discount rates used - Review Yardi schedules for completeness and accuracy - Tie-out management's implementation entry - Prepare financial statement disclosures - Perform comprehensive lease review, including embedded lease analysis testing

Matters to Be Communicated to the Governing Body

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) as well as *Government Auditing Standards*, issued by the Comptroller General of the United States. As part of an audit conducted in accordance with these auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

- Significant Unusual Transactions
- Significant Difficulties Encountered During the Audit
- Disagreements With Management
- Circumstances that affect the form and content of the auditor's report
- Other findings or issues arising from the audit that are, in the auditor's professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process
- Corrected and uncorrected misstatements
- Management's consultation with other accountants

MOSS ADAMS COMMENTS

No significant unusual transactions were identified during our audit of the entity's financial statements.

CORRECTED MISTATEMENTS:

Decrease short term investments and net position by $13.09m

Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Significant Accounting Practices:

Our views about qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures

MOSS ADAMS COMMENTS

The quality of the entity's accounting policies and underlying estimates are discussed throughout this presentation. There were no changes in the entity's approach to applying the critical accounting policies.

- Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by El Camino Healthcare District are described in the footnotes to the consolidated financial statements. During the year, the District adopted GASB 87, *Leases* and GASB 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. There were no other changes to significant accounting policies for the year ended June 30, 2022.

- We believe management has selected and applied significant accounting policies appropriately and consistent with those of the prior year.

Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Management Judgments & Accounting Estimates:

The Compliance Committee should be informed about the process used by management in formulating particularly sensitive accounting estimates and about the basis for the auditor's conclusions regarding the reasonableness of those estimates.

MOSS ADAMS COMMENTS

- Management's judgments and accounting estimates are based on knowledge and experience about past and current events and assumptions about future events. We apply audit procedures to management's estimates to ascertain whether the estimates are reasonable under the circumstances and do not materially misstate the consolidated financial statements.

- Significant management estimates impacted the consolidated financial statements including the following: net patient service revenue; provision for uncollectible accounts; fair market values of assets and liabilities; uninsured losses for professional liability, pension and post retirement benefit liability, liability for workers' compensation; discount rates used to value gift annuities and beneficial interest in charitable remainder trust, useful lives of capital assets and right of use assets, discount rates and lease terms related to the District's operating lease right of use assets, lease liabilities, lease receivable and deferred inflows of resources – leases.

Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Management Judgments & Accounting Estimates:

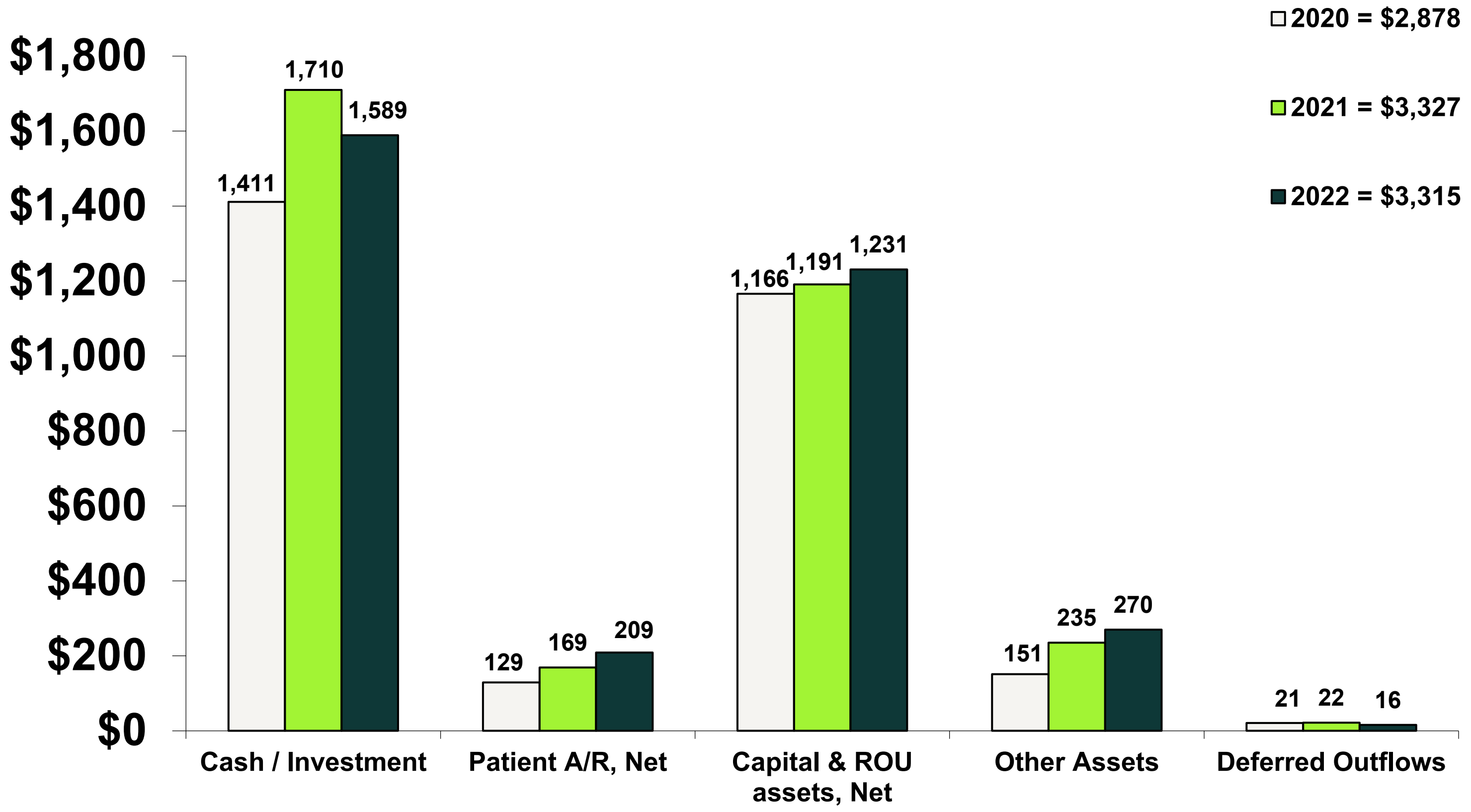
The Compliance Committee should be informed about the process used by management in formulating particularly sensitive accounting estimates and about the basis for the auditor's conclusions regarding the reasonableness of those estimates.

MOSS ADAMS COMMENTS

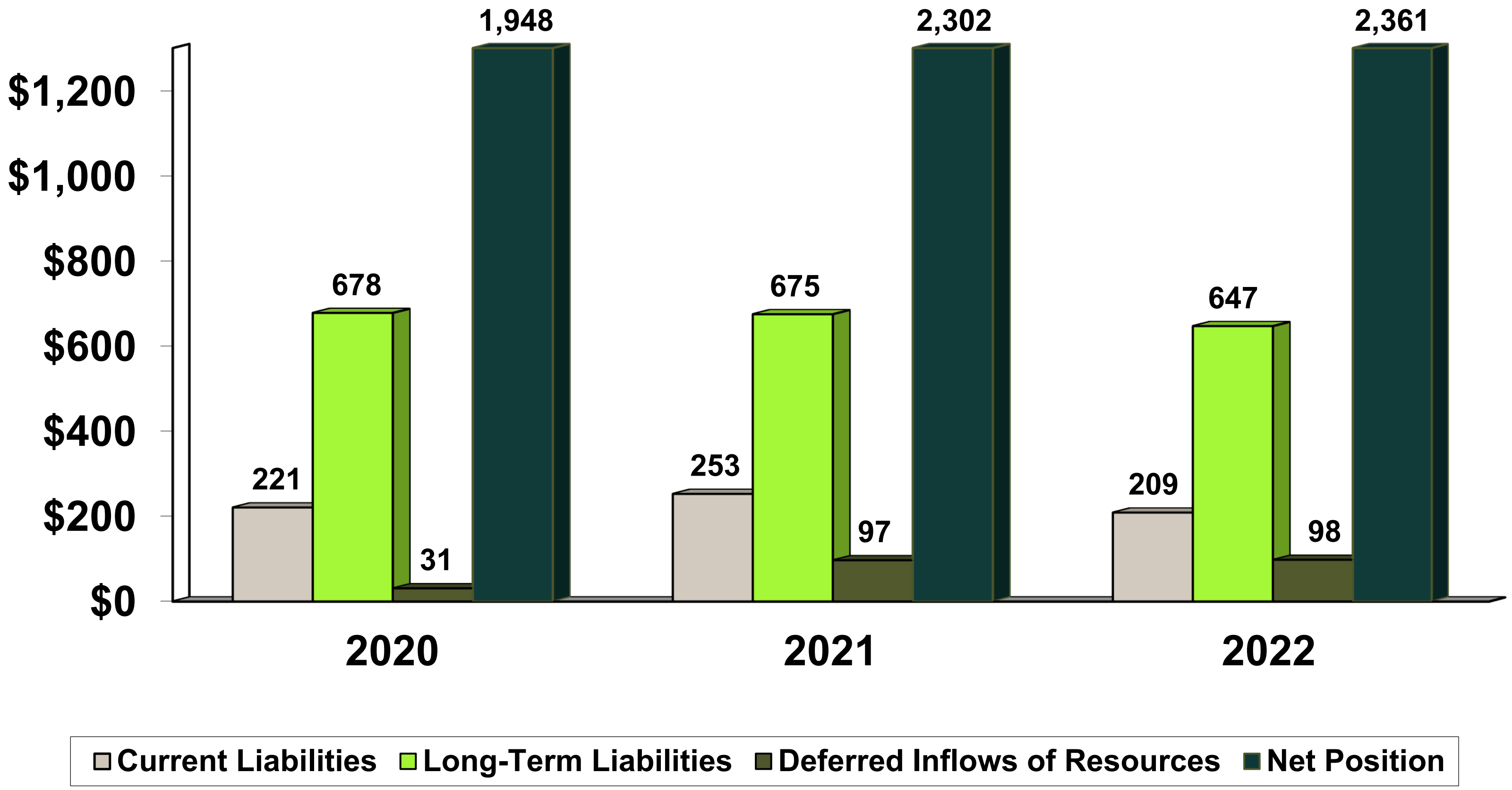
- The disclosures in the consolidated financial statements are clear and consistent. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We call your attention to the following notes: significant concentration of net patient accounts receivable, investments and fair value of investments, capital assets, employee benefit plans, post-retirement medical benefits, insurance plans, bonds payable, and leases

Consolidated Statements of Net Position

Asset and Deferred Outflows (in millions)

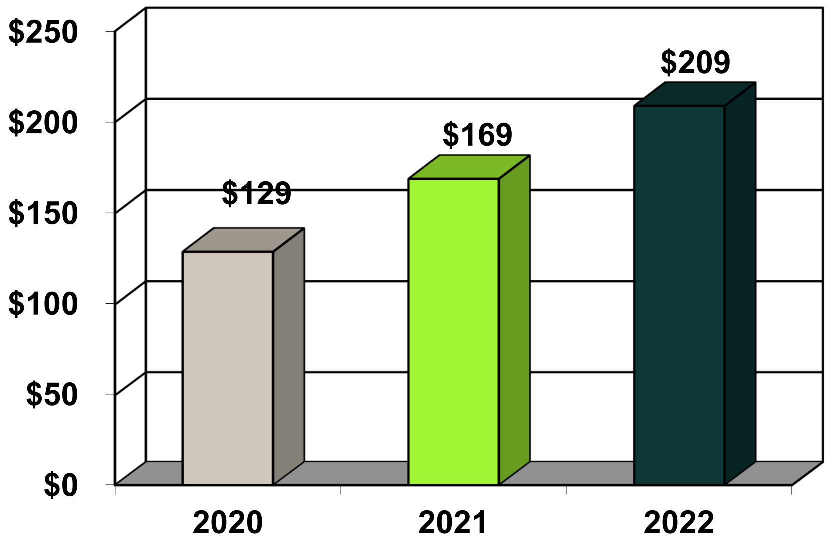


Liabilities, Deferred Inflows, and Net Position (in millions)

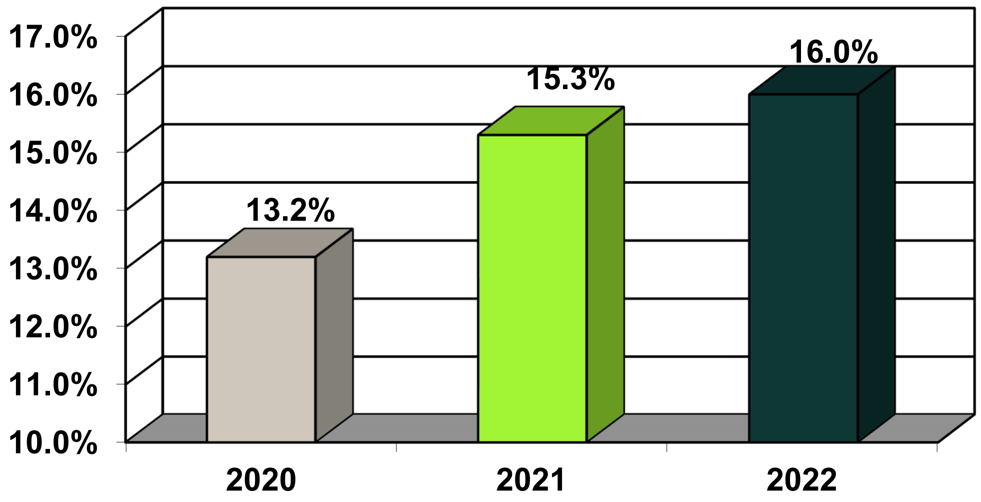


Net Patient Service Accounts Receivable

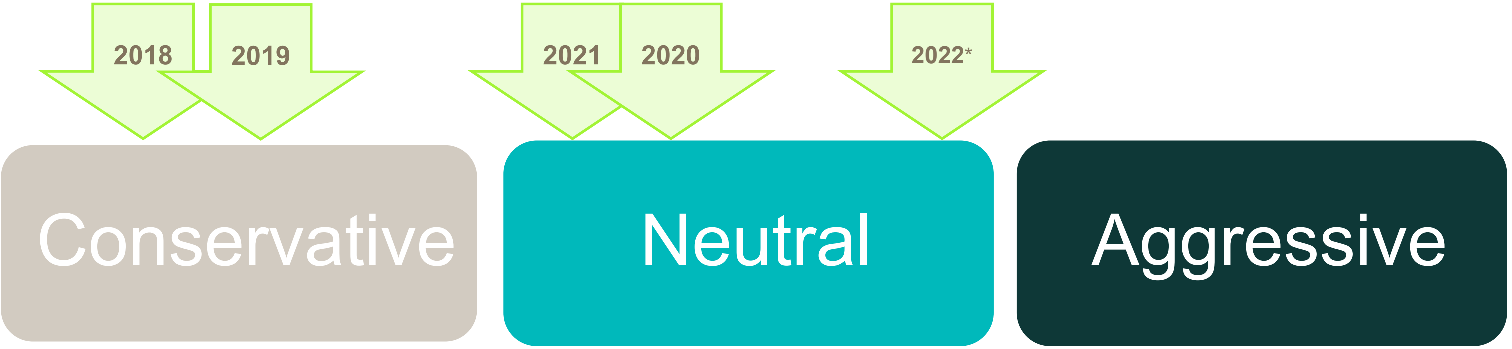
Dollars (in millions)



% Net Revenues



Net Patient Accounts Receivable Historic Risk Tolerance

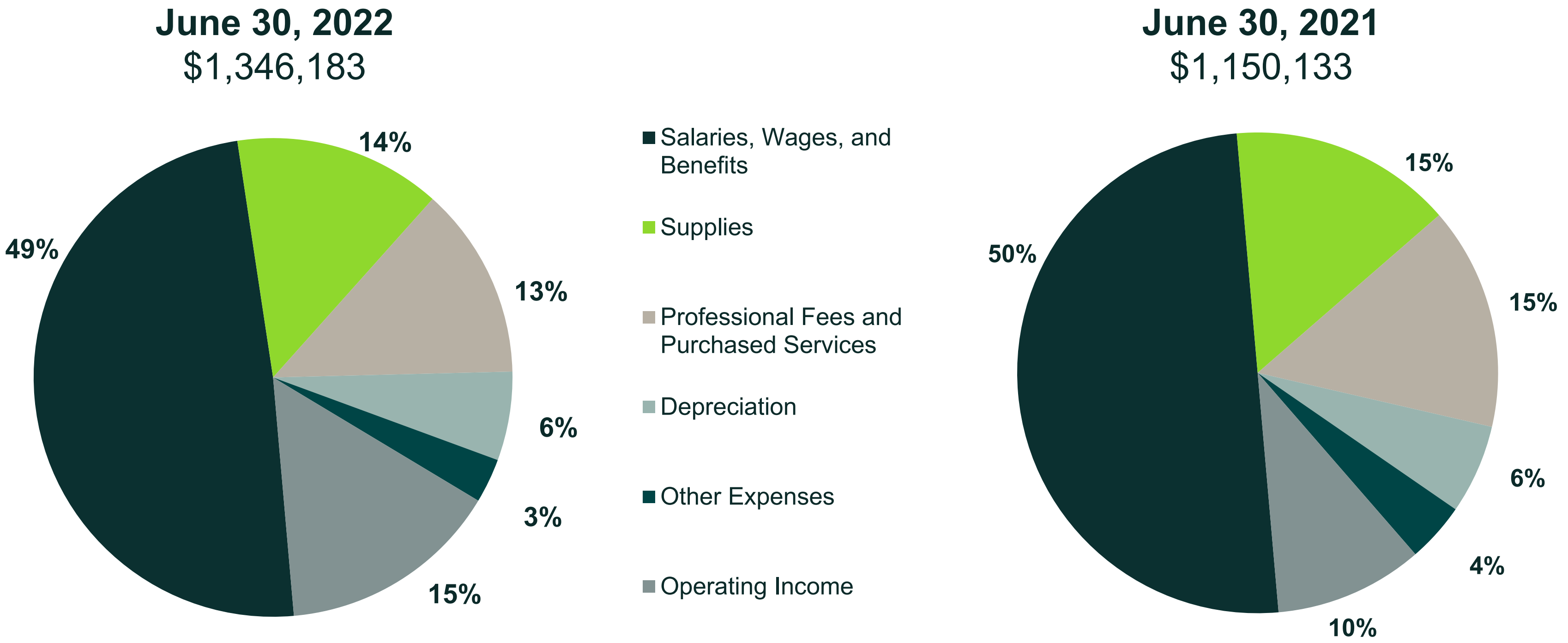


*projected based on collections through August 31, 2022

Consolidated Operations

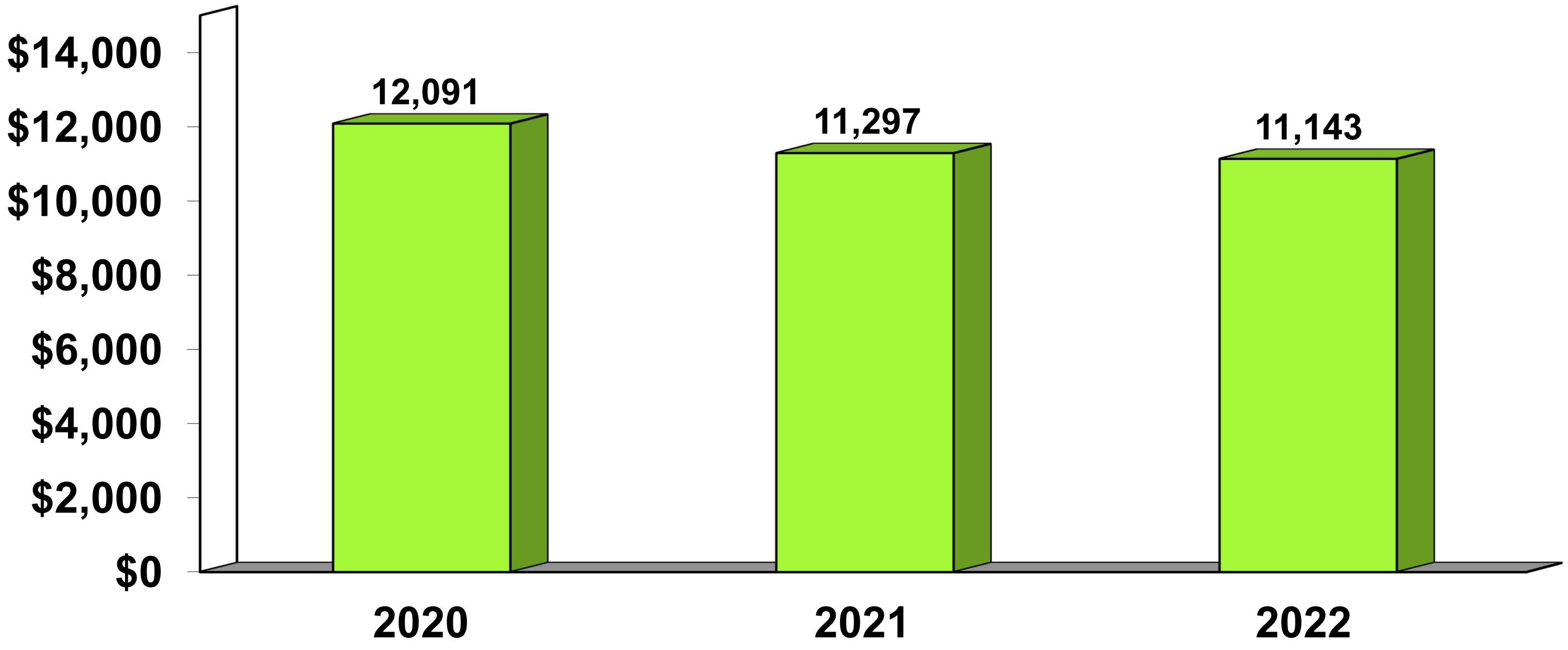
Income Statements Year to Year Comparison

Total Operating Revenues (in thousands)

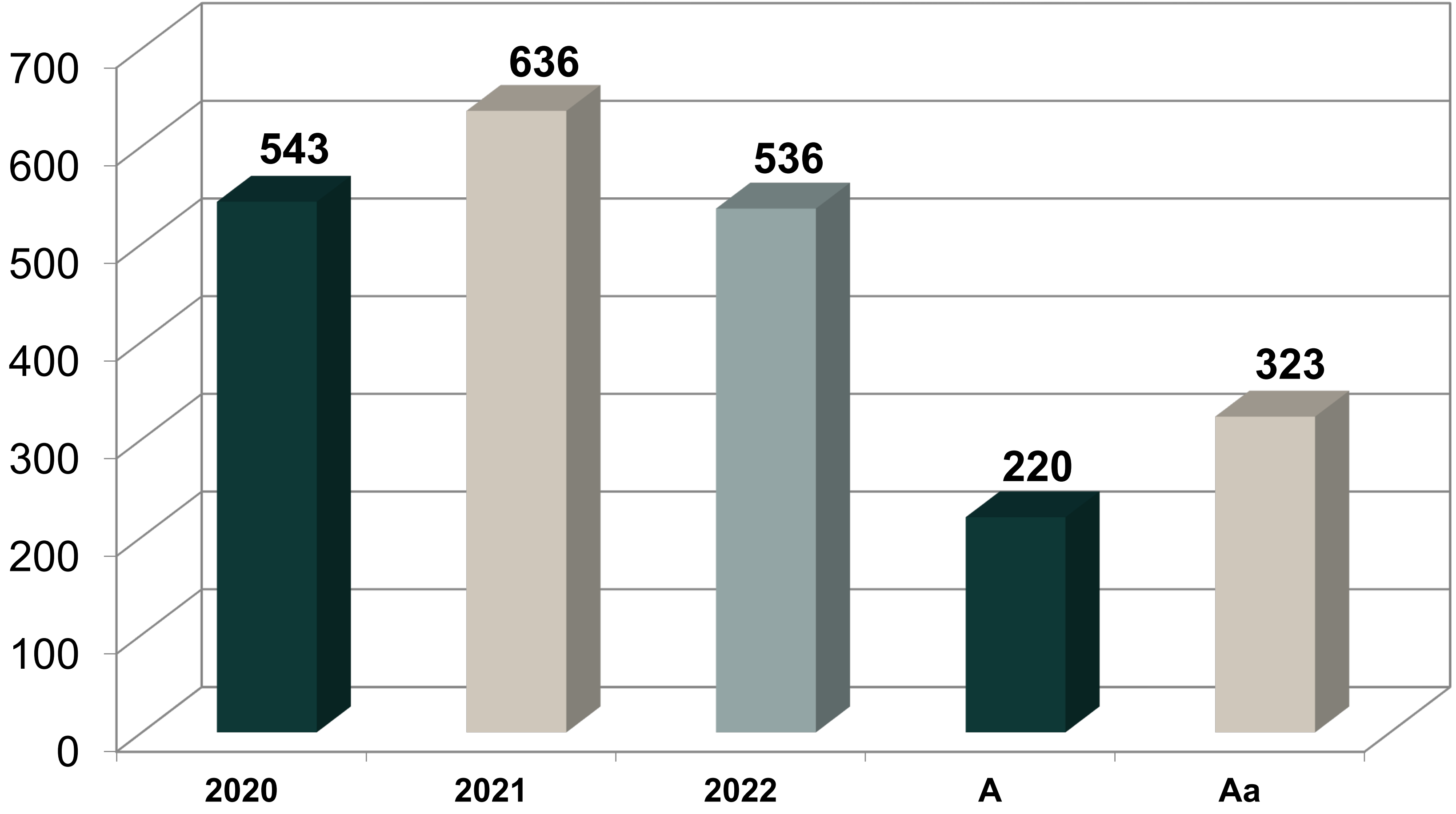


Other information

Community Benefit Expense (in thousands)



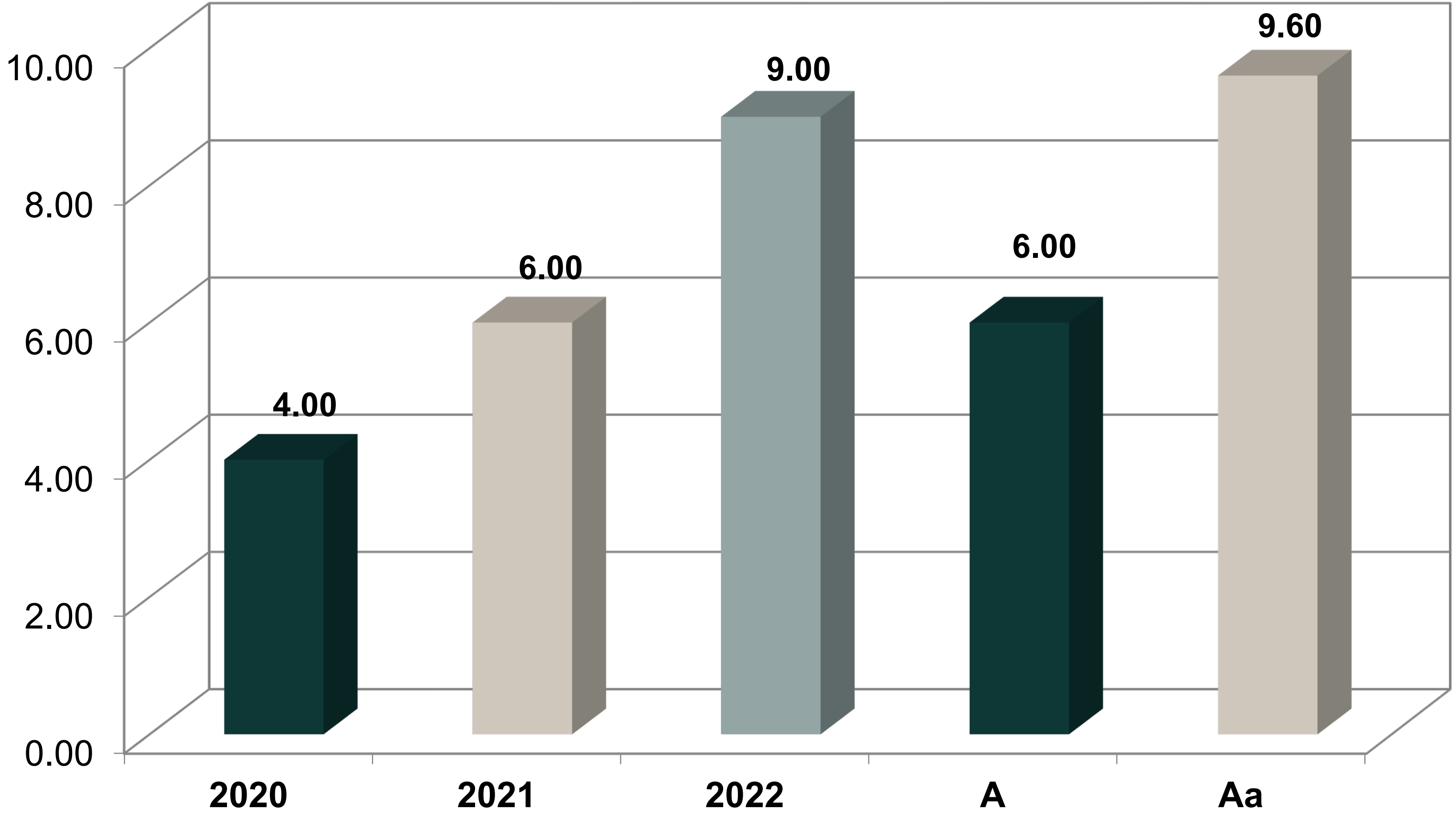
Days Unrestricted Cash and Investments



*Moody's Health Care **

Moody's Investors Services: *Fiscal Year 2021*
Not-for-Profit Health Care Medians September 2022

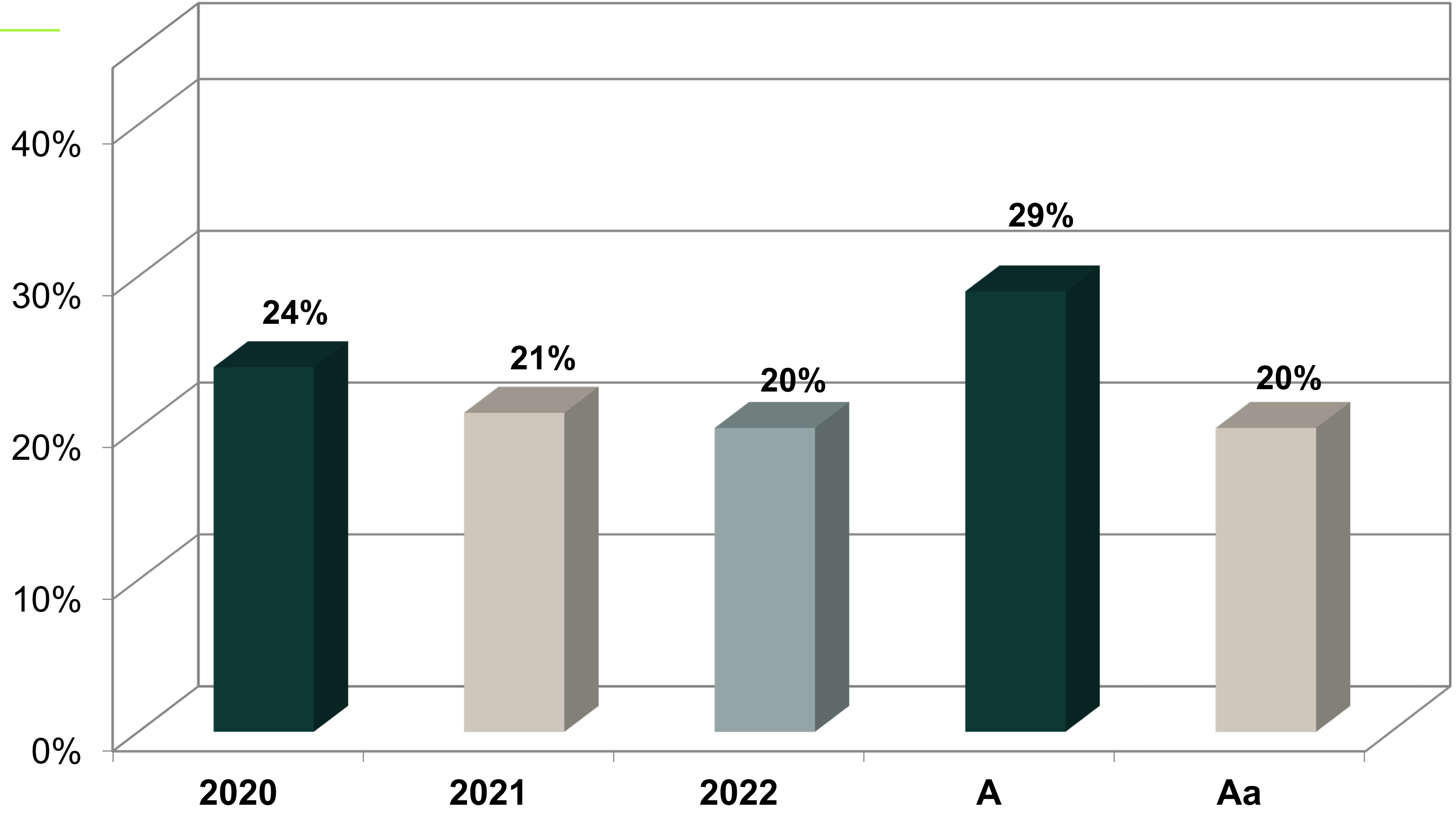
Debt Service Coverage Ratio



*Moody's Health Care **

Moody's Investors Services: *Fiscal Year 2021 Not-for-Profit Health Care Medians September 2022*

Debt to Capitalization



Moody's Investors Services: *Fiscal Year 2021 Not-for-Profit Health Care Medians September 2022*

*Moody's Health Care **

GASB Accounting Updates

- GASB Statement No. 91, Conduit Debt Obligation. Effective for the District beginning July 1, 2022.

- GASB Statement No. 93, Replacement of Interbank Offered Rates. Effective for the District beginning July 1, 2020.

- GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62. Effective for the District beginning July 1, 2023.

- GASB Statement No. 101, Compensated Absences. Effective for the District beginning July 1, 2024.

Single Audit Status

Fiscal Year ending June 30:	Single audit required / Status
2021	Yes; to be issued by September 30, 2022
2022	No

Your Service Team

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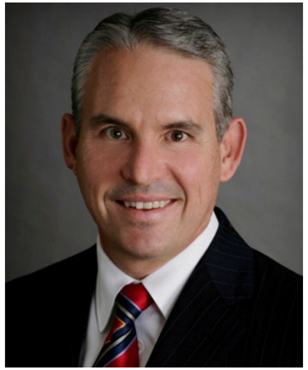

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THANK YOU

Report of Independent Auditors and Consolidated Financial Statements with Supplementary Information

El Camino Healthcare District

June 30, 2022 and 2021

MOSSADAMS

Table of Contents

Management's Discussion and Analysis

El Camino Healthcare District (the "District") is comprised of five entities: the District, El Camino Hospital (the "Hospital"), El Camino Hospital Foundation (the "Foundation"), CONCERN: Employee Assistance Program ("CONCERN"), and Silicon Valley Medical Development, LLC ("SVMD").

SVMD was organized as a California Limited Liability Corporation ("LLC") that was formed in 2008. Starting in fiscal year 2019 and continuing into the current fiscal year, SVMD has expanded to 14 clinic and urgent care sites.

Overview of the Consolidated Financial Statements

This annual report consists of the consolidated financial statements and notes to those statements. These statements are organized to present the District as a whole, including all the entities it controls. Financial information for each separate entity is shown in the supplemental schedules on the last pages of the report. In accordance with the Governmental Accounting Standards Board ("GASB") Codification Section 2200, *Comprehensive Annual Financial Report,* the District presents comparative financial highlights for the fiscal years ended June 30, 2022, 2021, and 2020. This discussion and analysis should be read in conjunction with the consolidated financial statements in this report.

The consolidated statements of net position, the consolidated statements of revenues, expenses, and changes in net position, and the consolidated statements of cash flows provide an indication of the District's financial health. The consolidated statements of net position include all the District's assets and liabilities, using the accrual basis of accounting. The consolidated statements of revenues, expenses, and changes in net position report all of the revenues and expenses during the time periods indicated. The consolidated statements of cash flows report the cash provided by the operating activities, as well as other cash sources such as investment income and cash payments for capital additions and improvements.

Consolidated Financial Highlights

Year Ended June 30, 2022

For fiscal year ended June 30, 2022, the District increased its net position by $59 million. In 2022, operating revenues increased by $196 million over 2021; this was the result of increased volume.

Year Ended June 30, 2021

For fiscal year ended June 30, 2021, the District increased its net position by $355 million. In 2021, operating revenues increased by $119 million over 2020; this was the result of increased volume.

Year Ended June 30, 2020

For fiscal year ended June 30, 2020, the District increased its net position by $130 million. In 2020, operating revenues increased by $35 million over 2019; this was the result of an improved payer mix over FY 2019, Inter-Governmental Transfer ("IGT") / cost report settlements of $14.9 million, and Health and Human Services stimulus funds of $19.0 million. In April 2020 the organization received $75.8 million in advance Medicare payments, which will be withheld from future Medicare services starting 120 days after receipt.

Summary of Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position
As of June 30, 2022, 2021 and 2020

(In Thousands)

	2022	As restated 2021	2020
Assets:			
Current assets	$ 641,921	$ 687,412	$ 653,665
Board designated and restricted funds, net of current portion	1,181,535	1,198,200	872,034
Funds held by trustee, net of current portion	35,272	36,939	50,825
Capital assets, net	1,201,330	1,160,286	1,166,036
Right of use assets, net of amortization	29,241	30,493	-
Lease receivable, net of current portion	34,876	40,340	-
Other assets	174,247	151,294	114,359
Total assets	3,298,422	3,304,964	2,856,919
Deferred outflows:			
Loss on defeasance of bonds payable	11,160	11,761	12,361
Deferred outflows of resources	4,226	9,324	6,532
Deferred outflows - actuarial	792	1,005	1,861
Total deferred outflows	16,178	22,090	20,754
Total assets and deferred outflows	$ 3,314,600	$ 3,327,054	$ 2,877,673
Liabilities:			
Current liabilities	$ 208,831	$ 252,584	$ 221,415
Bonds payable, net of current portion	571,174	589,909	607,953
Lease liabilities, net of current portion	25,636	26,335	-
Other long-term liabilities	50,512	58,740	69,886
Total liabilities	856,153	927,568	899,254
Deferred inflows:			
Deferred inflows of resources	4,522	4,522	3,893
Deferred inflows of resources - leases	46,369	51,180	-
Deferred inflows - actuarial	46,610	41,339	26,806
Total deferred inflows	97,501	97,041	30,699
Net position:			
Unrestricted and invested in capital assets, net	2,324,347	2,271,363	1,919,091
Restricted by donors - charity and other	27,438	22,960	20,606
Restricted - endowments	9,161	8,122	8,023
Total net position	2,360,946	2,302,445	1,947,720
Total liabilities, deferred inflows, and net position	$ 3,314,600	$ 3,327,054	$ 2,877,673
Operating cash equivalents and short-term investments	$ 361,340	$ 456,605	$ 461,221
Board designated, funds held by trustee, and restricted funds	1,227,936	1,253,796	949,354
Total available cash & investments	$ 1,589,276	$ 1,710,401	$ 1,410,575

Investments

The District maintains sufficient cash balances to pay daily operational expenses and all short term liabilities. In late fiscal year 2012, the Hospital (exclusive of the District) selected an Investment Consultant to assist the Hospital and its subsidiaries in managing its investments, and both the investment policies for Surplus Cash and Cash Balance Plan were updated and approved by the Hospital Board of Directors (the "Board"). The policies allow for greater diversification in the investment portfolios to balance the need for liquidity with a long-term investment focus in order to improve investment returns and the organization's financial strength.

Capital Assets

Continuing in the current fiscal year was the Women's Hospital Expansion that was approved in February 2021 for $149 million. At fiscal year end, the project was approximately at 35% completion, expending $51 million. With the relocation of the physician medical offices previously on the 2nd and 3rd floors to the newly completed Integrated Medical Office Building (the Sobrato Pavilion), it is expected that work on the 2nd floor will be completed in the spring 2023, to accommodate the relocation of the twenty bed NICU currently on the first floor. The relocation will add 4 new beds, with 19 of the beds being in private rooms. The 3rd floor will accommodate improvements for 26 Post-Partum, Mom & Baby beds, all in private rooms. At this point the project will be approximately 65% completed with a total completion of the project projected to be February 2024.

During the late spring of the current fiscal year, the project to demolish the "Old Main Hospital" at the Mountain View campus and related site work began in earnest as a number of smaller building attached to the old six story hospital were taken down, along with the demolition of some of the interior floors of the main building. Currently the demolishment of the Old Main Hospital is projected to be completed by the end of December 2022. The project is budgeted at $24.9 million of which $10 million had been expended at year end.

Significant projects completed during the fiscal year were: 1) Replacement at the Mountain View site of its radiation oncology equipment - $10.3 million; 2) Renovation to the Mountain View Emergency Department - $6.5 million; 3) the relocation of the Cardiac Pulmonary Wellness Center into the newly completed Sobrato Pavilion - $5 million; 4) Major tenant improvements at two SVMD clinics - $3.1 million; 5) wireless upgrades to the most of the Mountain View campus - $3.3 million.

Still in progress from prior year is the replacement of Diagnostic Imaging and Interventional Radiology Imagining equipment with a budget cost of $49.6 million, of which $11.8 million had been expended at year end.

Adoption of GASB No. 87

The District adopted GASB No. 87 Leases (GASB 87) as of July 1, 2020. The District evaluated contracts that were formerly accounted for as operating leases to determine whether they meet the definition of a lease as defined in GASB 87. The contracts to lease office space met the definition of a lease and the District calculated and recognized a right-to-use assets, net, of $31 million and lease liabilities of $31 million as of June 30, 2021. As lessor, the District's adoption of GASB 87 resulted in recognition of lease receivable of $51 million and deferred inflow of $51 million as of June 30, 2021. The impact to beginning net position was not significant. See Note 14 in the notes to the consolidated financial statement.

Revenues and Expenses

The following table displays revenues and expenses for 2022, 2021, and 2020:

Revenues & Expenses
Years Ended June 30, 2022, 2021 and 2020
(In Thousands)

	2022	2021	2020
Operating revenues:		(As restated)	
Net patient service revenue net of bad debt of $7,429, $26,730, and $15,925, in 2022, 2021, and 2020, respectively	$ 1,309,152	$ 1,107,912	$ 982,697
Other revenue	37,031	42,221	48,440
Total operating revenues	1,346,183	1,150,133	1,031,137
Operating expenses:			
Salaries, wages and benefits	654,619	574,797	541,009
Professional fees and purchased services	178,190	177,981	170,994
Supplies	183,665	171,720	152,466
Depreciation and amortization	79,871	74,595	54,038
Rent and utilities	20,113	20,693	26,815
Other	20,915	15,140	22,167
Total operating expenses	1,137,373	1,034,926	967,489
Operating income	208,810	115,207	63,648
Nonoperating revenues (expenses) items:			
Bond interest expense, net	(19,831)	(20,031)	(12,879)
Intergovernmental transfer expense	(2,613)	(4,460)	(4,048)
Realized investment income	25,817	79,736	43,085
Unrealized investment (losses) gains	(197,886)	151,188	(2,231)
Property tax revenues	34,053	32,464	29,369
Restricted gifts, grants and other net of contributions to related parties	7,551	2,868	8,412
Unrealized gain (loss) on interest rate swap	3,049	1,883	(3,366)
Community benefit expense	(11,143)	(11,297)	(12,091)
Provider Relief Fund revenue	15,629	-	19,000
Other, net	(4,935)	7,167	902
Total nonoperating revenues and expenses	(150,309)	239,518	66,153
Increase in net position	58,501	354,725	129,801
Total net position, beginning of year	2,302,445	1,947,720	1,817,919
Total net position, end of year	$ 2,360,946	$ 2,302,445	$ 1,947,720

Fiscal Year 2022 Consolidated Financial Analysis

Net Patient Service Revenues

Net patient service revenue in fiscal year 2022 increased by $201 million, or 18% over fiscal year 2021. This increase was consistent with adjusted patient days increasing by 13%.

Specialty	2022 Days	2021 Days
Total days	111,538	98,386

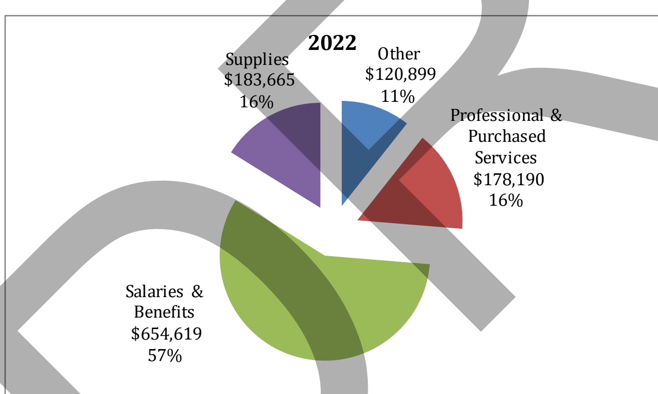
Specialty	2022 LOS	2021 LOS
Average Length of Stay ("LOS")	4.3	4.3

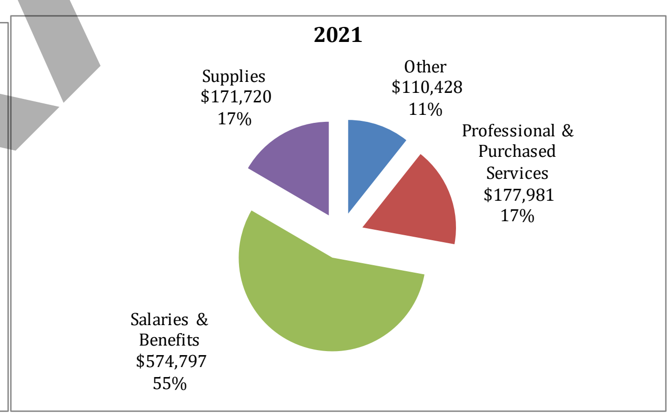
The overall case mix index, which is an indicator of patient acuity, was 1.58 in fiscal year 2022, and 1.62 in fiscal year 2021.

Other Revenue

Other revenue decreased by $5 million in fiscal year 2022 over the prior 2021 fiscal year. The primary decrease was due to a $2.2 million reduction in IGT receipts and $1.8 million decline in miscellaneous operating revenue.

Operating Expenses





Salaries and Wages

It is to be noted that the District as a stand-alone entity has no employees. All employees are at the Hospital and its related corporations.

Total salaries and wages (including employee benefits) increased by $80 million in fiscal year 2022 over 2021, which is 57% of total operating expenses and 3% more than fiscal year 2021. Due to the increased demand for services, there was an increase of 241 full-time equivalents ("FTEs") along with the increase in labor due the high demand for healthcare workers.

Employee Benefits

Aggregate employee benefits, including accrued Paid Time Off ("PTO") and Extended Sick Leave, increased by $14.1 million.

Significant changes were as follows:

- PTO accrued expense increased by $7.3 million over the 2021 fiscal year
- Healthcare (medical, dental, and vision) increased by $9.3 million in fiscal year 2021
- Employer match of 403B increased $1.1 million in 2021 over 2021.
- Pension expense decreased by $4.7 million, primarily by decreased investment returns on the Plan's investment in the past year.

Professional and Purchased Services

Total professional and purchased services remained the same year to year at $178 million.

Supplies

Total supplies increased by $12 million or 7% in fiscal year 2022 over 2021. This was mainly due to the increase in volume.

Depreciation and amortization

Depreciation and amortization expense this fiscal year increased by $5 million over fiscal year 2021. Increases were primarily due to completion of projects and the replacement of high dollar value equipment (Radiation Oncology, etc).

Rent and Utilities

Rent and utilities this fiscal year decreased by $0.5 million over fiscal year 2021.

Other Expense

Other expense increased in the current fiscal year by $5.8 million over the prior year, due to insurance rate increases, property tax and marketing and advertising

Nonoperating Revenue (Expense) Items:

Bond Interest Expense, net

Bond interest was consistent year to year at $20 million.

Change in Net Unrealized Gains and Losses on Investments

The Hospital experienced a change in net unrealized gains and losses on investments of $197.8 million during fiscal year 2022 and the change in net unrealized gains and losses for fiscal year 2022 was a year-over-year decrease of $349 million. This change was driven primarily by the change in net unrealized gains and loss of the Hospital's fixed income and mutual fund holdings. The fixed income change in net unrealized gains and losses was $54.2 million and the mutual fund holdings change in unrealized gains and losses was $132.8 million. The change in net unrealized gains and losses in 2022 was a result of a challenging environment in the capital markets due to rate tightening and rising inflation. These challenging conditions led to a rout in the fixed income market, as reflected in the Bloomberg U.S. Aggregate Index being down 10.3% and in equities, as reflected in the S&P Index being down 10.6.

Economic Factors and Next Year's Budget

The Board approved the fiscal year 2023 budget at the June 2022 meeting. For the fiscal year 2023, budgeted patient days are projected to increase 3.97% over FY2022 actuals.

Fiscal Year 2021 Consolidated Financial Analysis

Net Patient Service Revenues

Net patient service revenue in fiscal year 2021 increased by $125.2 million, or 12.7% over fiscal year 2020. This increase was consistent with adjusted patient days increasing by 9.5% and surgical volume increasing by 10.8%

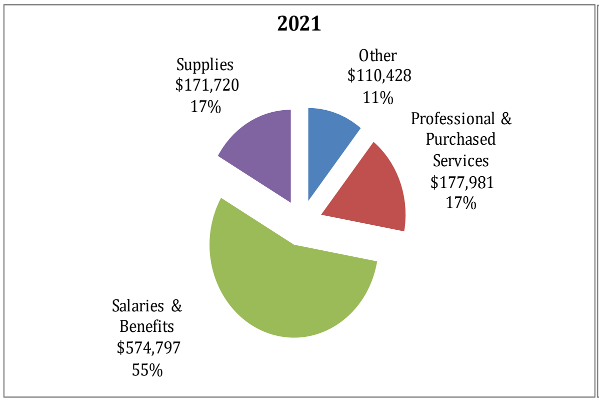
Specialty	2021 Days	2020 Days
Total days	98,386	92,714
Specialty	**2021 LOS**	**2020 LOS**
Average LOS	4.3	4.0

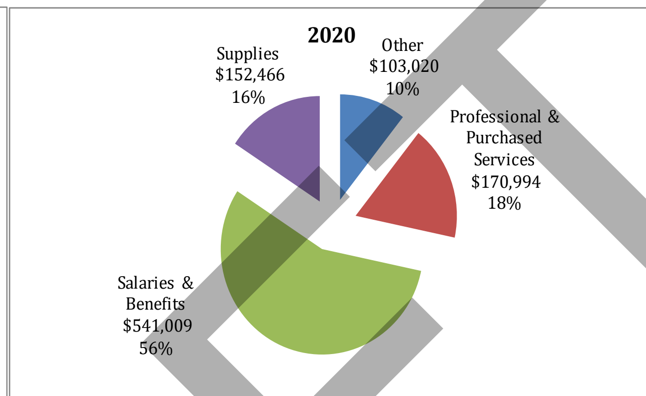
The overall case mix index, which is an indicator of patient acuity, was 1.62 in fiscal year 2021, and 1.54 in fiscal year 2020.

Other Revenue

Other revenues decreased by $6.2 million in fiscal year 2022 over the prior 2021 fiscal year. The primary decrease was due to the termination of a Hospitalist services agreement with the county hospitals.

Operating Expenses





Salaries and Wages

It is to be noted that the District as a stand-alone entity has no employees. All employees are at the Hospital and its related corporations.

Total salaries and wages (including employee benefits) increased by $33.8 million in fiscal year 2021 over 2020, which is 55% of total operating expenses and 1% less than fiscal year 2020. SVMD saw a 35.7 reduction in full-time equivalents ("FTEs") due to reorganization of the workforce during the fiscal year. Other areas within the Hospital also increased due to salary increases and volumes and activities. In total the FTE grew by 81 FTEs over fiscal year 2020.

Employee Benefits

Aggregate employee benefits, including accrued Paid Time Off ("PTO") and Extended Sick Leave, increased by $6.0 million.

Significant changes were as follows:

- PTO accrued expense increased by $5.1 million over the 2020 fiscal year
- Healthcare (medical, dental, and vision) increased by $4.2 million in fiscal year 2021 over 2020.
- Employer match of 403B increased $2.0 million in 2021 over 2020.
- Workers Compensation Expense increased by $1.5 million in 2021 over 2020.
- Employer FICA (Social Security and Medicare) taxes increased by $1.3 million in the current fiscal year.
- Pension expense decreased by $9.4 million, primarily by increased investment returns on the Plan's investment in the past year.

Professional and Purchased Services

Total professional and purchased services increased by $7 million over the prior fiscal year, mainly due to cost associated with COVID-19 testing and consulting fees for major projects (Workday and Construction).

Supplies

Total supplies increased by $19.3 million or 12.6% in fiscal year 2021 over 2020. This was mainly due to an $8.1 million increase in Other Medical Supplies due to COVID-19, including Personal Protective Equipment and testing supplies, $10.7 million in Implants, and $5.7 million in Surgical Supplies.

Depreciation and amortization

Depreciation expense in fiscal year 2021 increased by $21 million over fiscal year 2020. Increases were primarily due to the opening of the Integrated Medical Office Building, Sobrato Pavillion, in June 2020, and the first year implementation of GASB 87 as of July 1, 2020 which resulted in a right of use asset amortization expense of $6.9 million.

Rent and Utilities

Rent and utilities in fiscal year 2021 decreased by $6.1 million over fiscal year 2020, mainly due to the first year implementation of GASB 87 as of July 1, 2020 resulting in a reclass of rent expense as amortization expense.

Other Expense

Other expense decreased in the current fiscal year by $7.0 million over the prior year, due to an decrease in reserve settlement account.

<u>Nonoperating Revenue (Expense) Items:</u>

Bond Interest Expense, net

The increase of $7.2 million in fiscal year 2021 over the prior year was due to tentative completion of the Integrated Medical Office Building and the Behavioral Health Building in January 2020 that was being partially financed by the 2017 Bond issue.

Change in Net Unrealized Gains and Losses on Investments

The Hospital experienced a change in net unrealized gains and losses on investments of $151.2 million during fiscal year 2021 and the change in net unrealized gains and losses for fiscal year 2021 was a year-over-year ("YOY") increase of $153.4 million. The change in net unrealized gains and losses in 2021 was a result of strong investment results across all asset classes with the largest gains generated from equity and hedge fund investments. Equities and mutual funds-equity experienced a change in net unrealized gains and losses of $17.2 million and $95.0 million, respectively. Global equities as represented by the MSCI AC World Index gained 39.9% during fiscal year 2021. Hedge funds experienced a change in net unrealized gains and losses of $22.0 million during fiscal year 2021 as equity long/short, credit oriented, and macro hedge fund strategies performed well. The change in net unrealized gains and losses for fixed income was modest at $2.0 million as the Bloomberg U.S. Aggregate Index experienced a loss of 0.3% during the same time-period; however, the Hospital's active managers were able to add value in relation to the benchmark.

The year-over-year increase in net unrealized gains and losses was broad-based across asset classes, with the most significant increases resulting from equities, mutual funds-equity, hedge fund investments, and collective funds. Equities and mutual funds-equity combined to experience modest net unrealized gains in fiscal year 2020, while net unrealized gains in fiscal year 2021 were large. Hedge funds and collective funds experienced net unrealized losses in fiscal year 2020, while fiscal year 2021 saw solid net unrealized gains.

FIDUCIARY MD&A

Overview

The El Camino Hospital Cash Balance Plan (the "Cash Balance Plan") was established on July 1, 1963, by El Camino Hospital (the "Hospital") and has been amended from time to time since that date.

The Hospital also provides healthcare benefits and life insurance under the El Camino Hospital Postretirement Health and Life Insurance Benefit Plan (the "OPEB Plan"), a single-employer defined benefit Postretirement Benefits Plan, for retired employees who meet eligibility requirements as outlined in the plan document, as approved by the board of directors of the Hospital.

Financial Highlights – 2022

Cash Balance Plan – During the year ended June 30, 2022, the net position held in trust for pension benefits increased by approximately 7%. Employer contributions were $6.5 million in 2022 compared to $10.5 million in 2021. Benefit payments were $14.8 million in 2022 compared to $12.2 million in 2021. Net investment income was $33.2 million in 2022 compared to $43.8 million in 2021, which was the primary reason for the overall 7% increase in net position as of June 30, 2022.

OPEB Plan – Benefit payments were $0.9 million in 2022 and 2021.

Financial Highlights – 2021

Cash Balance Plan – During the year ended June 30, 2021, the net position held in trust for pension benefits increased by approximately 14%. Employer contributions were $10.5 million in 2021 compared to $13.0 million in 2020. Benefit payments were $12.2 million in 2021 compared to $14.7 million in 2020. Net investment income was $43.8 million in 2021 compared to $45.7 million in 2020, which was the primary reason for the overall 14% increase in net position as of June 30, 2021.

OPEB Plan – Benefit payments were $0.9 million in 2021 compared to $0.8 million in 2020.

Overview of the Fiduciary Financial Statements

The basic financial statements present information about the Cash Balance Plan and OPEB Plan's fiduciary net position and changes in fiduciary net position for the respective years. The basic financial statements also include notes to explain some of the information in the financial statements and to provide more details. The statement of fiduciary net position displays the assets and liabilities and resulting net position of the Plan as of the end of the year. All assets are valued at fair value.

The following is the abbreviated statement of fiduciary net position and statement of changes in fiduciary net position (in thousands):

	CASH BALANCE PLAN		
	2022	2021	2020
ASSETS			
Investments, at fair value	$ 363,419	$ 336,548	$ 294,470
Receivables	1,565	3,553	3,385
Noninterest-bearing cash	67	4	-
Net pending trades	(46)	-	-
NET POSITION RESTRICTED FOR PENSIONS	$ 365,005	$ 340,105	$ 297,855
ADDITIONS			
Investments income (loss)	$ 33,161	$ 43,836	$ 45,683
Contributions	6,513	10,636	13,042
Total additions	39,674	54,472	58,725
DEDUCTIONS			
Deductions	14,774	12,222	14,787
INCREASE IN NET POSITION RESTRICTED FOR PENSIONS	$ 24,900	$ 42,250	$ 43,938

	OPEB PLAN		
	2022	2021	2020
ASSETS			
Investments, at fair value	-	-	-
Receivables	-	-	-
NET POSITION RESTRICTED FOR OPEB	$ -	$ -	$ -
ADDITIONS			
Contributions	943	881	820
Total additions	943	881	820
DEDUCTIONS			
Deductions	943	881	820
INCREASE IN NET POSITION RESTRICTED FOR OPEB	$ -	$ -	$ -

Cash Balance Plan – During the year ended June 30, 2022, the Cash Balance Plan's fiduciary net position increased by 7%. The Cash Balance Plan's policies allow investments consisting of fixed income and equity marketable securities, alternatives, and cash. During the year ended June 30, 2021, the Cash Balance Plan's fiduciary net position increased by 14%. The Cash Balance Plan's policies allow investments consisting of fixed income and equity marketable securities, alternatives, and cash.

The statement of changes in fiduciary net position reflects the employer contributions and investment return, net of investment expenses, less benefits paid.

The decrease in investment income during the year ended June 30, 2022, compared to 2021, is due to a decrease in the net appreciation of fair value of investments due to smaller returns in global security markets and on the Cash Balance Plan's investments during the year. Benefit payments increased from the prior year due to an increase in the number of retirees and beneficiaries receiving benefits. The decrease in investment income during the year ended June 30, 2021, compared to 2020, is due to a decrease in the net appreciation of fair value of investments due to smaller returns in global security markets and on the Cash Balance Plan's investments during the year. Benefit payments decreased from the prior year due to a decrease in the number of retirees and beneficiaries receiving benefits

Report of Independent Auditors

The Board of Directors
El Camino Healthcare District

Report on the Audit of the Consolidated financial statements

Opinions

We have audited the consolidated financial statements of the business-type activities and the aggregate remaining fund information of El Camino Healthcare District (the “District”) as of and for the years ended June 30, 2022 and 2021, and the related notes to the consolidated financial statements, which collectively comprise the District’s basic consolidated financial statements as listed in the table of contents.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the respective consolidated net position of the business-type and the aggregate remaining fund information of El Camino Healthcare District as of June 30, 2022 and 2021, and the respective changes in consolidated net position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about District’s ability to continue as a going concern for twelve months beyond the consolidated financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Emphasis of Matter – New Accounting Standard

As discussed in Note 1 to the consolidated financial statements, the District adopted Government Accounting Standards Board ("GASB") No. 87, Leases, as of July 1, 2020. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, supplemental pension and post-retirement benefit information, be presented to supplement the consolidated financial statements. Such information is the responsibility of management and, although not a part of the consolidated financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of net position and consolidating statement of revenues, expenses, and changes in net position as of and for the year ended June 30, 2022 are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information of consolidating statement of net position and consolidating statement of revenues, expenses, and changes in net position as of and for the year ended June 30, 2022 is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The accompanying supplemental schedule of community benefit for the year ended June 30, 2022, is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Management of El Camino Healthcare District is responsible for the Schedule of Community Benefit for the year ended June 30, 2022. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and accordingly, we do not express an opinion or provide any assurance on it.

[Signature]

San Francisco, California
October ___, 2022

Consolidated Financial Statements

El Camino Healthcare District
Consolidated Statements of Net Position
June 30, 2022 and 2021
(In Thousands)

	2022	2021 (As restated)
ASSETS AND DEFERRED OUTFLOWS		
Current assets		
Cash and cash equivalents	$ 207,923	$ 161,915
Short-term investments	153,417	294,690
Current portion of board-designated funds	11,129	18,657
Patient accounts receivable, net of allowances for doubtful accounts of $96,938 and $81,194 in 2022 and 2021, respectively	209,274	169,289
Current portion of lease receivable	10,403	10,651
Prepaid expenses and other current assets	49,775	32,210
Total current assets	641,921	687,412
Non-current cash and investments		
Board-designated funds	1,180,885	1,197,550
Restricted funds	650	650
Funds held by trustee	35,272	36,939
	1,216,807	1,235,139
Capital assets		
Nondepreciable	207,618	164,226
Depreciable, net	993,712	996,060
Total capital assets	1,201,330	1,160,286
Right of use assets, net of amortization	29,241	30,493
Lease receivable, net of current portion	34,876	40,340
Pledges receivable, net of current portion	2,200	3,053
Prepaid pension asset	137,149	111,162
Investments in healthcare affiliates	30,376	32,557
Beneficial interest in charitable remainder unitrusts	4,522	4,522
Total assets	3,298,422	3,304,964
Deferred outflows of resources		
Loss on defeasance of bonds payable	11,160	11,761
Deferred outflows of resources	4,226	9,324
Deferred outflows - actuarial	792	1,005
Total deferred outflows of resources	16,178	22,090
Total assets and deferred outflows of resources	$ 3,314,600	$ 3,327,054

 See accompanying notes.

(In Thousands)

	2022	2021 (As restated)
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses	$ 51,365	$ 39,788
Salaries, wages, and related liabilities	80,733	83,236
Medicare accelerated payments	-	65,635
Other current liabilities	41,624	31,392
Estimated third-party payor settlements	14,942	12,990
Current portion of lease liabilities	4,502	5,063
Current portion of bonds payable	15,665	14,480
Total current liabilities	208,831	252,584
Bonds payable, net of current portion	571,174	589,909
Lease liabilities, net of current portion	25,636	26,335
Other long-term obligations	6,700	11,081
Workers' compensation, net of current portion	14,029	17,002
Post-retirement medical benefits	29,783	30,657
Total liabilities	856,153	927,568
Deferred inflows of resources		
Deferred inflows of resources	4,522	4,522
Deferred inflows of resources - leases	46,369	51,180
Deferred inflows of resources - actuarial	46,610	41,339
Total deferred inflows of resources	97,501	97,041
Net position		
Invested in capital assets, net of related debt	649,763	592,836
Restricted - expendable	27,438	22,960
Restricted - nonexpendable	9,161	8,122
Unrestricted	1,674,584	1,678,527
Total net position	2,360,946	2,302,445
Total liabilities, deferred inflows of resources, and net position	$ 3,314,600	$ 3,327,054

El Camino Healthcare District
Consolidated Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2022 and 2021
(In Thousands)

	2022	2021 (As restated)
OPERATING REVENUES		
Net patient service revenue (net of provision for bad debts of $7,429 and $26,370 in 2022 and 2021, respectively)	$ 1,309,152	$ 1,107,912
Other revenue	37,031	42,221
Total operating revenues	1,346,183	1,150,133
OPERATING EXPENSES		
Salaries, wages, and benefits	654,619	574,797
Professional fees and purchased services	178,190	177,981
Supplies	183,665	171,720
Depreciation and amortization	79,871	74,595
Rent and utilities	20,113	20,693
Other	20,915	15,140
Total operating expenses	1,137,373	1,034,926
Income from operations	208,810	115,207
NONOPERATING REVENUES (EXPENSES)		
Investment (losses), net	(172,069)	230,924
Property tax revenue		
Designated to support community benefit programs and operating expenses	10,221	9,532
Designated to support capital expenditures	11,528	11,129
Levied for debt service	12,304	11,803
Bond interest expense, net	(19,831)	(20,031)
Intergovernmental transfer expense	(2,613)	(4,460)
Restricted gifts, grants and bequests, and other, net of contributions to related parties	7,551	2,868
Unrealized gain on interest rate swaps	3,049	1,883
Community benefit expense	(11,143)	(11,297)
Provider Relief Fund revenue	15,629	-
Other, net	(4,935)	7,167
Total nonoperating (expenses) revenues	(150,309)	239,518
Increase in net position	58,501	354,725
TOTAL NET POSITION, beginning of year	2,302,445	1,947,720
TOTAL NET POSITION, end of year	$ 2,360,946	$ 2,302,445

 See accompanying notes.

(In Thousands)

	2022	2021 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from and on behalf of patients	$ 1,202,871	$ 1,056,241
Other cash receipts	37,031	28,725
Provider Relief Funds	26,930	-
Cash payments to employees	(654,369)	(555,737)
Cash payments to suppliers	(467,744)	(406,025)
Net cash provided by operating activities	144,719	123,204
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	21,749	20,661
Restricted contributions and investment income	7,551	2,868
Net cash provided by noncapital financing activities	29,300	23,529
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property, plant, and equipment	(112,569)	(67,965)
Payments on lease liability	(7,128)	(7,387)
Proceeds from lease receivable	12,884	13,496
Interest paid on General Obligation bonds payable	(2,943)	(3,071)
Repayments of bonds payable	(14,480)	(13,420)
Tax revenue related to General Obligation bonds payable	12,304	11,803
Net cash used in capital and related financing activities	(111,932)	(66,544)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,859,468)	(2,061,579)
Sales of investments	2,024,934	1,674,401
Investment (losses) income, net	(172,069)	230,924
Community benefit and other investing activities	(11,143)	(11,287)
Change in funds held by trustee, net	1,667	13,886
Net cash used in investing activities	(16,079)	(153,655)
Net increase (decrease) in cash and cash equivalents	46,008	(73,466)
CASH AND CASH EQUIVALENTS at beginning of year	161,915	235,381
CASH AND CASH EQUIVALENTS at end of year	$ 207,923	$ 161,915

See accompanying notes.

El Camino Healthcare District
Consolidated Statements of Cash Flows (continued)
Years Ended June 30, 2022 and 2021
(In Thousands)

RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES	2022	2021 (As restated)
Income from operations	$ 208,810	$ 115,207
Adjustments to reconcile income from operations to net cash net cash from operating activities		
Loss on disposal of property, plant and equipment	2,271	-
Amortization of bond premium and bond issuance costs	(3,070)	(3,564)
Depreciation and amortization	79,871	74,595
Provision for bad debts	7,429	26,370
Changes in assets and liabilities		
Patient accounts receivable, net	(47,414)	(66,174)
Prepaid expenses and other current assets	(34,819)	(34,244)
Medicare accelerated payments	(65,635)	(9,441)
Current liabilities	4,684	24,700
Other long-term obligations	(2,353)	(6,065)
Deferred inflows/outflows of resources - actuarial	5,484	15,389
Deferred inflows - leases	(9,665)	(13,496)
Post-retirement medical benefits	(874)	(73)
Net cash provided by operating activities	$ 144,719	$ 123,204
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Noncash purchase of property, plant, and equipment	$ -	$ 5,848
Change in fair value of beneficial interest in charitable remainder unitrusts, and deferred inflow of resources, net	$ -	$ 629

 See accompanying notes.

El Camino Healthcare District
Statements of Fiduciary Net Position
June 30, 2022 and 2021
(In Thousands)

	CASH BALANCE PLAN		OPEB PLAN		TOTAL	
	2022	2021	2022	2021	2022	2021
ASSETS						
Investments						
Mutual funds	$ 240,563	$ 230,806	$ -	$ -	$ 240,563	$ 230,806
Limited liability companies	59,573	49,390	-	-	59,573	49,390
Common stock	30,285	23,649	-	-	30,285	23,649
Partnerships	11,490	11,044	-	-	11,490	11,044
Pooled, common and collective trusts	11,686	9,158	-	-	11,686	9,158
Corporate bonds	3,265	5,304	-	-	3,265	5,304
U.S. government securities	815	3,310	-	-	815	3,310
Cash and cash equivalents	5,742	3,887	-	-	5,742	3,887
Total investments, at fair value	363,419	336,548	-	-	363,419	336,548
Receivables						
Employer contributions	1,500	3,500	-	-	1,500	3,500
Interest and dividends	65	53	-	-	65	53
Total receivables	1,565	3,553	-	-	1,565	3,553
Noninterest-bearing cash	67	4	-	-	67	4
Net pending trades	(46)	-	-	-	(46)	-
NET POSITION RESTRICTED FOR PENSIONS	$ 365,005	$ 340,105	$ -	$ -	$ 365,005	$ 340,105

El Camino Healthcare District
Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2022 and 2021
(In Thousands)

	CASH BALANCE PLAN		OPEB PLAN		TOTAL	
	2022	2021	2022	2021	2022	2021
ADDITIONS						
Investments income						
Net appreciation in fair value of investments	$ 29,452	$ 39,954	$ -	$ -	$ 29,452	$ 39,954
Dividends	3,525	3,635	-	-	3,525	3,635
Interest	184	247	-	-	184	247
Total investment income	33,161	43,836	-	-	33,161	43,836
Contributions						
Employer contributions	6,500	10,500	943	881	7,443	11,381
Pending investment settlements	13	136	-	-	13	136
Total contributions	6,513	10,636	943	881	7,456	11,517
Total additions	39,674	54,472	943	881	40,617	55,353
DEDUCTIONS						
Benefits paid to participants	14,774	12,167	943	881	15,717	13,048
Administrative expenses	-	55	-	-	-	55
Total deductions	14,774	12,222	943	881	15,717	13,103
INCREASE IN NET POSITION	24,900	42,250	-	-	24,900	42,250
NET POSITION RESTRICTED FOR PENSIONS						
Beginning of year	340,105	297,855	-	-	340,105	297,855
End of year	$ 365,005	$ 340,105	$ -	$ -	$ 365,005	$ 340,105

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 See accompanying notes.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The El Camino Healthcare District (the “District”) includes the following component units, which are included as blended component units of the District’s consolidated financial statements: El Camino Hospital (the “Hospital”), El Camino Hospital Foundation (the “Foundation”), CONCERN: Employee Assistance Program (“CONCERN”), and Silicon Valley Medical Development, LLC (“SVMD”).

The District is organized as a political subdivision of the State of California and was created for the purpose of operating an acute care hospital and providing management services to certain related corporations. The District is the sole member of the Hospital, and the Hospital is the sole corporate member of the Foundation and CONCERN. As sole member, the District (with respect to the Hospital) and the Hospital (with respect to the Foundation and CONCERN) have certain powers, such as the appointment and removal of the boards of directors and approval of changes to the articles of incorporation and bylaws.

SVMD was organized as a California Limited Liability Corporation (“LLC”) that was formed in 2008. Starting in fiscal year 2019 and continuing into the current fiscal year, SVMD has expanded to 14 clinic and urgent care sites.

All significant inter-entity accounts and transactions have been eliminated in the consolidated financial statements.

The District utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis and consolidated financial statements are prepared using the economic resources measurement focus.

The District has fiduciary responsibility for the El Camino Hospital Cash Balance Plan and El Camino Hospital Postretirement Health and Life Insurance Benefit Plan. See Notes 7 and 8.

El Camino Hospital Cash Balance Plan – The Plan was originally adopted as a defined benefit plan and was amended and restated in its entirety to a cash-balance formula effective January 1, 1995. Effective January 1, 2014, the Plan was restated and amended. The Plan is administered by the sponsor, El Camino Hospital (the “Hospital”), and Plan assets are held by the custodian of the Plan, Wells Fargo Bank, N.A. (“Wells Fargo”). The Plan is a noncontributory defined benefit plan intended to qualify under Section 401(a) of the Internal Revenue Code (“IRC”). At December 31, 2021, there were 4604 Plan participants consisting of 2927 active participants and 1677 inactive or separated participants, and at December 31, 2020, there were 4,389 Plan participants consisting of 2,824 active participants and 1,565 inactive or separated participants.

El Camino Hospital Postretirement Health and Life Insurance Benefit Plan – The Hospital also provides healthcare benefits and life insurance under the El Camino Hospital Postretirement Health and Life Insurance Benefit Plan (the “OPEB Plan”), a single-employer defined benefit Postretirement Benefits Plan, for retired employees who meet eligibility requirements as outlined in the plan document, as approved by the board of directors of the Hospital.

Accounting standards – Pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the District's proprietary fund accounting and financial reporting practices are based on all applicable GASB pronouncements as well as codified pronouncements issued on or before November 30, 1989, and the California Code of Regulations, Title 2, Section 1131, State Controller's *Minimum Audit Requirements* for California Special Districts and the State Controller's Office prescribed reporting guidelines.

Use of estimates – The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Estimates include contractual allowances related to net patient service revenue, provision for uncollectible accounts, fair market values of investments, uninsured losses for professional liability, minimum pension liability, workers' compensation liability, post-retirement medical benefits liability, valuation of gift annuities and beneficial interest in charitable remainder unitrusts, useful lives of capital assets, discount rate for leases, useful lives of right of use assets, and deferred inflows of resources. Actual results could differ from those estimates.

Cash and cash equivalents – Cash and cash equivalents include deposits with financial institutions, and investments in highly liquid debt instruments with an original maturity of three months or less. In addition, in fiscal years 2022 and 2021, cash and cash equivalents include repurchase agreements, which consist of highly liquid obligations of U.S. governmental agencies. Cash and cash equivalents exclude amounts whose use is limited by board designation or by legal restriction.

Investments – Investments consist primarily of highly liquid debt instruments and other short-term interest-bearing certificates of deposit, U.S. Treasury bills, U.S. government obligations, hedge funds, hedge fund of funds, and corporate debt, excluding amounts whose use is limited by board designation or other arrangements under trust agreements.

Board-designated and restricted funds include assets set aside by the Board of Directors (the "Board") for future capital improvements and other operational reserves, over which the Board retains control and may at its discretion use for other purposes; assets set aside for qualified capital outlay projects in compliance with state law; and assets restricted by donors or grantors.

Investment income, realized gains and losses, and unrealized gains and losses on investments are reflected as nonoperating revenue or expense.

Funds held by trustee – According to the terms of both indenture agreements (General Obligation and Revenue Bonds), these amounts are held by the bond trustee and paying agent and are maintained and managed by an investment manager or the trustee. These assets are available for the settlement of future current bond obligations and capital expenditures.

Lease receivable – The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of each lease in an amount equal to the initial recording of the lease receivable. The deferred inflows of resources are amortized on an effective interest method basis over the term of each lease.

Capital assets – Capital asset acquisitions are recorded at cost. Donated property is recorded at its fair market value on the date of donation. All purchases over $2,500 are capitalized. Equipment under capital lease is amortized on the straight-line basis over the shorter of the lease term or the estimated useful life of the equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the related assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Land improvements	16 years
Buildings and fixtures	25 to 47 years
Equipment	3 to 16 years

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Impairment losses on capital assets are measured using the method that best reflects the diminished service utility of the capital asset.

Except for capital assets acquired through gifts, contributions, or capital grants, interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Right of use assets – The District has recorded right to use lease assets as a result of implementing Governmental Accounting Standards Board ("GASB") No. 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Prepaid expenses and other current assets – Prepaid expenses and other current assets consist primarily of premiums paid in advance, inventories, dues, and other receivables related to new capitation and hospitalist contracts associated with SVMD. Prepaid expenses and other current assets consisted of the following at June 30:

	2022	2021
Inventory	$ 19,546	$ 13,765
Prepaid expense and other deposits	16,931	9,920
Other receivables	13,298	8,525
	$ 49,775	$ 32,210

Investments in healthcare affiliates – The Hospital holds an interest in Pathways Home Health & Hospice ("Pathways"), and five Satellite Dialysis Centers, which are reported using the equity method of accounting.

Affiliate	Percent interest
Pathways	50%
Satellite Dialysis	30%

Deferred outflows and inflows – The District records deferred outflows or inflows of resources in its consolidated financial statements for consumption or acquisition of its consolidated net position that is applicable to a future reporting period. These financial statement elements are distinct from assets and liabilities.

	2022	2021
Deferred outflows of resources as of June 30:		
Loss on defeasance of bonds payable	$ 11,160	$ 11,761
Deferred outflows of resources - employee benefit plan contribution	3,000	7,000
Deferred outflows of resources - goodwill	1,226	2,324
Deferred outflows - actuarial, employee benefit plan	588	915
Deferred outflows - actuarial, post-retirement medical benefit	204	90
Total	$ 16,178	$ 22,090
Deferred inflows of resources as of June 30:		
Deferred inflows of resources - charitable remainder unitrusts	$ 4,522	$ 4,522
Deferred inflows of resources - leases	46,369	51,180
Deferred inflows - actuarial, employee benefit plan	46,075	41,141
Deferred inflows - actuarial, post-retirement medical benefit	535	198
Total	$ 97,501	$ 97,041

Risk management – The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Self-insurance plans – The Hospital maintains professional liability insurance on a claims-made basis, with liability limits of $40,000,000 in aggregate, which is subject to a $500,000 deductible. Additionally, the Hospital is self-insured for workers' compensation benefits. The Hospital purchases a Workers' Compensation Excess Policy that insures claims greater than $1,000,000 with a limit of statutory and a $1,000,000 deductible. Actuarial estimates of uninsured losses for professional liability and workers' compensation have been accrued as other current liabilities and workers' compensation, net of current portion, respectively, in the accompanying consolidated financial statements.

The following is a summary of changes in workers' compensation liabilities for the years ended June 30 (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2022	$ 19,302	$ -	$ 2,973	$ 16,329	$ 2,300

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2021	$ 18,782	$ 2,827	$ 2,307	$ 19,302	$ 2,300

Compensated absences – Vested or accumulated vacation and sick leave are recorded as an expense and liability of the Hospital as the benefits accrue to employees. For most employees, the maximum accumulated vacation is 400 hours. Sick leave is accumulated indefinitely at a maximum of 40 hours for a full-time employee per year, and is not vested with the employee upon termination.The following is a summary of changes in compensated absences transactions for the years ended June 30, (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2022	$ 33,197	$ 58,222	$ 56,970	$ 34,449	$ 34,449

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2021	$ 28,124	$ 52,815	$ 47,742	$ 33,197	$ 33,197

Lease liabilities – The District recognizes lease contracts or equivalents that have a term exceeding one year and the cumulative future payments on the contract exceeding $12,000 that meet the definition of an other than short-term lease. The District uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the District's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

The following is a summary of changes in lease liabilities, net for the years ended June 30 (in thousands):

	July 1	Increases	Decreases	June 30	Current Portion
2022	$ 31,398	$ 3,803	$ 5,063	$ 30,138	$ 4,502

	July 1	Increases	Decreases	June 30	Current Portion
2021	$ 34,151	$ 3,292	$ 6,045	$ 31,398	$ 5,063

Medicare accelerated payments and CARES Act grant – On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect operations and the general population. Management has not yet determined the full financial impact of these events. Centers for Medicare & Medicaid Services ("CMS") distributed $50 billion of the $100 billion in the form of grants to hospitals. For the years ended June 30, 2022 and 2021, the Hospital received approximately $26.9 million and $0 million of provider relief funds, respectively. The Hospital recognized $15.6 million included as "Provider Relief Fund revenue" (nonoperating revenue) in the consolidated statement of revenues, expenses, and changes in net position, for the year ended June 30, 2022, and deferred the remainder amount. The Hospital did not recognized any provider relief fund revenue for the year ended June 30, 2021. The Hospital will have to submit reports documenting lost revenue and expenses incurred to support the grant funds, among other terms and conditions.

Separately, CMS initiated an Accelerated Payment Program to hospitals. The Accelerated Payments represent advance payments for services to be provided and were based on a hospital's historical Medicare volume. In April 2020, the Hospital received approximately $75.1 million in Accelerated Payments. CMS began recoupment of these accelerated payments in April 2021 and will continue to recoup the accelerated payments from billings for services rendered until they are fully repaid. As of June 30, 2022 and 2021, the Hospital had $0 million and $65.6 million, respectively, in accelerated payments, included in Medicare accelerated payments in the consolidated statement of financial position. During the year ended June 30, 2022 and 2021, approximately $65.6 million and $9.4 million, respectively had been recouped.

Interest rate swap agreements – During the fiscal year ended June 30, 2007, the Hospital entered into derivative instruments in the form of three swap agreements to hedge variable interest rate exposure. During the fiscal year ended June 30, 2008, the underlying variable rate debt was refunded for fixed rate debt, leaving the Hospital with speculative derivative instruments that largely offset the variable rate debt issued in 2009. Two of these swaps were terminated in the fiscal year ended June 30, 2010. Refer to Note 10 for a full description of the interest rate swap agreements.

Net position – Net position of the District is classified as invested in capital assets, restricted-expendable, restricted-nonexpendable, and unrestricted net position.

Invested in capital assets, net of related debt – Invested in capital assets of $649,763,000 and $592,836,000 at June 30, 2022 and 2021, respectively, represent investments in all capital assets (building and building improvements, furniture and fixtures, and information and technology equipment), net of depreciation and amortization less any debt issued to finance those capital assets.

Restricted-expendable – The restricted-expendable net position is restricted through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation and includes assets in self-insurance trust funds, revenue bond reserve fund assets, and net position restricted to use by donors.

Restricted-nonexpendable – The restricted-nonexpendable net position is equal to the principal portion of permanent endowments.

Unrestricted net position – Unrestricted net position consists of net position that does not meet the definition of invested in capital assets, net of related debt, or restricted.

Statements of revenues, expenses, and changes in net position – For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provisions of healthcare services are reported as revenues and expenses. Peripheral or incidental transactions are reported as gains and losses. These peripheral activities include investment income, property tax revenue, gifts, grants and bequests, change in net unrealized gains and losses on short-term investments, unrealized losses or gains on interest rate swaps, and nonexchange contributions received from the Foundation's fundraising activities and are reported as nonoperating. Investments in Pathways Home Health & Hospice and Satellite Dialysis of Mountain View, LLC, are accounted for under the equity method. The Hospital's share of the operating income of these entities is included as other, net in the consolidated financial statements.

Net patient service revenue and patient accounts receivable – Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are determined. The distribution of net patient accounts receivable by payor is as follows:

	June 30,	
	2022	2021
Medicare	12%	13%
Medi-Cal	2%	3%
Commercial and other	85%	83%
Self pay	1%	1%
	100%	100%

Provision for uncollectible accounts – The Hospital provides care to patients without requiring collateral or other security. Patient charges not covered by a third-party payor are billed directly to the patient if it is determined that the patient has the ability to pay. A provision for uncollectible accounts is recognized based on management's estimate of amounts that ultimately may be uncollectible.

Charity care – The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of estimated costs for services and supplies furnished under the Hospital's charity care policy aggregated approximately $4,106,000 and $3,323,000 for the years ended June 30, 2022 and 2021, respectively.

Property tax revenue – The District received approximately 58% in 2022 and 9% in 2021 of its total increase in net position from property taxes. These funds were designated as follows (in thousands):

	2022	2021
Designated to support community benefit programs and operating expenses	$ 10,221	$ 9,532
Designated to support capital expenditures	$ 11,528	$ 11,129
Levied for debt service	$ 12,304	$ 11,803

Property taxes are levied by the County of Santa Clara on the District's behalf on January 1 and are intended to finance the District's activities of the same calendar year. Amounts levied are based on assessed property values as of the preceding July 1. Property taxes are considered delinquent on the day following each payment due date. Property taxes are recorded as nonoperating revenue by the District when they are earned.

Grants and contributions – From time to time, the District receives grants as well as contributions from individuals and private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues.

Income taxes – The District operates under the purview of the Internal Revenue Code (the "Code"), Section 115, and corresponding California Revenue and Taxation Code provisions. As such, it is not subject to state or federal taxes on income. CONCERN has also been granted tax-exempt status. However, income from the unrelated business activities of the Hospital and the Foundation is subject to income taxes. SVMD is a limited liability company and is treated as a pass-through entity for federal income tax purposes. Accordingly, no recognition has been given to federal income taxes in the accompanying consolidated financial statements.

New accounting pronouncements – The GASB also issued GASB Statement No. 87, *Leases* ("GASB No. 87"), which intends to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB No. 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB No. 95 extended the effective date for GASB No. 87 to reporting periods beginning July 1, 2021. The District adopted GASB No. 87 Leases (GASB 87) as of July 1, 2020. The contracts to lease office space met the definition of a lease and the District calculated and recognized a right-to-use assets, net, of $31 million and lease liabilities of $31 million as of June 30, 2021. As lessor, the District's adoption of GASB 87 resulted in recognition of lease receivable of $51 million and deferred inflow of $51 million as of June 30, 2021. The impact to beginning net position was not significant. See Notes 13 and Note 14.

The GASB also issued GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* ("GASB No. 89"). GASB No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB No. 95 extended the effective date for GASB No. 89 to reporting periods beginning July 1, 2021. The adoption did not result in a material impact to the District's consolidated financial statements.

The GASB also issued GASB Statement No. 91, *Conduit Debt Obligation* ("GASB No. 91"). GASB No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB No. 95 extended the effective date for GASB No. 91 to reporting periods beginning July 1, 2022. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

The GASB also issued Statement No. 93, *Replacement of Interbank Offered Rates* ("GASB No. 93"). GASB No. 93 establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates such as the London Interbank Offered Rate ("LIBOR") for hedging derivative instruments. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form after December 31, 2021. The requirements of this statement, except for paragraphs 11b, 13, and 14, are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. GASB No. 95 extended the effective date for paragraphs 13 and 14 to fiscal years beginning after June 15, 2021. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

NOTE 2 – OPERATING REVENUES

The Hospital and SVMD has agreements with third-party payors that provide for payments to the Hospital and SVMD at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, fee schedules, prepaid payments per member, and per diem payments or a combination of these methods. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated settlements under reimbursement agreements with third-party payors.

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Inpatient services are paid at prospectively determined rates per discharge. Payments for outpatient services are based on a stipulated amount per procedure. The Hospital is reimbursed for cost reimbursable items at a tentative rate, with final settlements determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The effect of updating prior-year estimates for Medicare and other liabilities was to decrease 2022 income from operations by $5,305,000, and decrease 2021 income from operations by $5,519,000. The Hospital's cost reports have been audited by the Medicare fiscal intermediary through June 30, 2018.

Non-Designated Public Hospitals ("NDPHs"), including the Hospital, were authorized, in 2011's Assembly Bill ("AB") 113, to use intergovernmental transfers ("IGTs") to obtain federal supplemental funds for Medi-Cal inpatient fee-for-service. The IGTs are used to bring NDPHs, in the aggregate, up to their upper payment limit ("UPL"). The UPL is the federal maximum available under the Medicaid program, as calculated based on the actual costs of providing care. For the years ended June 30, 2022 and 2021, the Hospital recognized amounts under the IGT program of $8,283,000 and $12,974,000, respectively, which have been reported as net patient service revenue.

Medi-Cal and contracted rate payors are paid on a percentage of charges, per diem, per discharge, fee schedule, or a combination of these methods.

Laws and regulations governing the Medicare and Medi-Cal programs are complex and are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term.

Other revenues for the year ended June 30, consisted of the following:

	2022	2021
Rental income	$ 13,794	$ 13,496
Prime IGT	1,441	3,616
SVMD other revenue	1,074	9,043
CONCERN & SVMD capitated revenue	11,464	11,843
Other operating revenue	9,258	4,223
	$ 37,031	$ 42,221

NOTE 3 – CASH DEPOSITS

At June 30, 2022 and 2021, District cash deposits had carrying amounts of $207,923,000 and $161,915,000, respectively, and bank balances of $224,679,000 and $167,845,000, respectively. All of these funds were held in cash deposits, which are collateralized with the California Government Code ("CGC"), except for $250,000 per account that is federally insured by the Federal Deposit Insurance Corporation ("FDIC").

The District participated in a cash management program provided by its primary depository institution that allows cash in District concentration accounts to be swept daily and invested overnight in reverse agreements that are not exposed to custodial credit risk because the underlying securities are held by the buyer-lender.

NOTE 4 – BOARD-DESIGNATED FUNDS, FUNDS HELD BY TRUSTEE, RESTRICTED FUNDS, AND INVESTMENTS

Board-designated funds, funds held by trustee, restricted funds, and short-term investments, collectively, as of June 30, 2022 and 2021, comprised the following (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value
2022				
Cash and cash equivalents	$ 86,014	$ 21	$ (85)	$ 85,950
Mutual funds	317,868	82,791	(25,039)	375,620
Real estate funds	36,512	16,371	(1,542)	51,341
Hedge funds	218,168	45,618	(9,043)	254,743
Equities	64,460	14,725	(3,573)	75,612
Fixed income securities	570,263	866	(33,042)	538,087
	$ 1,293,285	$ 160,392	$ (72,324)	$ 1,381,353

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value
2021				
Cash and cash equivalents	$ 106,812	$ -	$ -	$ 106,812
Mutual funds	299,020	190,509	-	489,529
Real estate funds	60,736	17,824	(23)	78,537
Hedge funds	180,072	36,628	(4,102)	212,598
Equities	57,211	20,811	(327)	77,695
Fixed income securities	561,274	23,931	(1,890)	583,315
	$ 1,265,125	$ 289,703	$ (6,342)	$ 1,548,486

At June 30, 2022, investment balances and average maturities were as follows:

Investment Type	Fair Value (in thousands)	Investment Maturities (in years) Less than 1	1 to 5	6 to 10	More than 10
Short-term money market	$ 79,616	$ 79,616	$ -	$ -	$ -
Government and agencies	301,655	-	153,810	17,217	130,628
Corporate bonds	206,714	17,978	107,634	38,596	42,506
Domestic fixed income	36,052	-	20,289	9,884	5,879
	624,037	$ 97,594	$ 281,733	$ 65,697	$ 179,013
Equities	75,612				
Mutual funds	375,620				
Real estate funds	51,341				
Hedge funds	254,743				
Total	$ 1,381,353				

At June 30, 2021, investment balances and average maturities were as follows:

Investment Type	Fair Value (in thousands)	Investment Maturities (in years) Less than 1	1 to 5	6 to 10	More than 10
Short-term money market	$ 107,614	$ 107,614	$ -	$ -	$ -
Government and agencies	383,153	52,241	165,644	32,733	132,535
Corporate bonds	157,451	19,499	73,689	25,560	38,703
Domestic fixed income	41,909	528	21,470	11,380	8,531
	690,127	$ 179,882	$ 260,803	$ 69,673	$ 179,769
Equities	77,695				
Mutual funds	489,529				
Real estate funds	78,537				
Hedge funds	212,598				
Total	$ 1,548,486				

Interest rate risk – Through its investment policies, the District manages its exposure to fair value losses arising from increasing interest rates by limiting duration of fixed-income securities in its portfolio to no more than 30% of the designated benchmark.

Credit risk – District investment policies require fixed income investments to have a minimum of 85% of a money manager's assets in investment grade assets. The investment policy requires investment managers maintain an average of A- or higher ratings as issued by a nationally recognized rating organization. Additionally, the investment policy requires no more than 5% of a money manager's portfolio at the time of purchase shall be invested in the securities of any one issuer, with the exception of a United States government agency, agency MBS, or other Sovereign issues rated AAA or Aaa.

Foreign currency risk – The District's investment policy permits it to invest up to 30% of total investments in foreign currency denominated investments.

Alternative investments risk – The District's alternative investments include ownership interest in a wide variety of partnership and fund structures that may be domestic or offshore. Generally, there is little or no regulation of these investments by the Securities and Exchange Commission or U.S. state attorneys general. These investments employ a wide variety of strategies including absolute return, hedge, venture capital, private equity, and other strategies. Investments in this category may employ leverage to enhance the investment return. The District's holdings can include financial assets such as marketable securities, nonmarketable securities, derivatives, and synthetic and structured instruments; real assets; tangible and intangible assets; and other funds and partnerships. Generally, these investments do not have a ready market. Interest in these investments may not be traded without approval of the general partner or fund management.

Alternative investments are subject to all of the risks described previously relating to equities and fixed-income instruments. In addition, alternative strategies and their underlying assets and rights are subject to a broad array of economic and market vagaries that can limit or erode value. The underlying assets may not be held by a custodian either because they cannot be, or because the entity has chosen not to hold them in this form. Valuations determined by the investment manager, who has a conflict of interest in that he or she is compensated for performance, are considered and reviewed by the District's Investment Committee and the Board of Directors. Real assets may be subject to physical damage from a variety of means, loss from natural causes, theft of assets, lawsuits involving rights, and other loss and damage including mortgage foreclosure risk. These risks may not be insured or insurable. Tangible assets are subject to loss from theft and other criminal actions and from natural causes. Intangible assets are subject to legal challenge and other possible impairment.

The carrying amount of deposits and investments are included in the District's consolidated statements of net position as follows (in thousands):

	2022	2021
Included in the following consolidated statements of net position captions:		
Short-term investments	$ 153,417	$ 294,690
Current portion of board designated and funds held by trustee	11,129	18,657
Board designated, funds held by trustee, and restricted funds, less current portion	1,216,807	1,235,139
Total carrying amount of deposits and investments	$ 1,381,353	$ 1,548,486

NOTE 5 – FAIR VALUE

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the consolidated statements of net position at June 30, 2022 and 2021, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Mutual funds: Shares of mutual funds are valued at the net asset value ("NAV") of shares held by the District and are valued at the closing price reported on the active market on which the individual securities are traded.

Common stock: Common stock is valued at the closing price reported on the active market on which the individual securities are traded.

Asset-backed securities: Asset-backed securities are valued via model using various inputs such as but not limited to daily cash flow, U.S. Treasury market, floating rate indices such as LIBOR and Prime as a benchmark yield, spread over index, periodic and life caps, next coupon adjustment date, and convertibility of the bond.

Corporate bonds, foreign bonds, and municipal bonds: Valued using pricing models maximizing the use of observable inputs for similar securities which includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

U.S. government securities: Fixed income funds are valued at the NAV of shares held by the District and are valued at the closing price reported on the active market on which the individual securities are traded.

Pooled, common & collective trusts: Investments are valued using the NAV of the fund. The NAV of a pooled or collective investment fund is calculated based on a compilation of primarily observable market information. The number of units of the fund that are outstanding on the calculation date is derived from observable purchase and redemption activity in the fund.

Hedge funds: The fair value of the investments is recorded at the investment manager's net asset values, as determined by the fund administrator and subsequently audited by an external third party. The administrator has the appropriate expertise to determine the NAV. The District assesses the NAV and takes into consideration events such as suspended redemptions, restructuring, secondary sales, and investor defaults to determine if an adjustment is necessary. Additionally, asset holdings are reviewed within investment managers' audited financial statements.

Limited Liability Company and Limited Partnership Interests: The valuation of partnership interests may require significant management judgement. The District's ownership is based upon their percentage of limited partnership interests divided by the total commitment of the fund. Specifically, inputs used to determine fair value include financial statements provided by the investment partnerships, which typically include fair market value capital account balances.

Interest rate swaps: The fair value is estimated by a third party using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Beneficial interest in charitable remainder unitrusts: The beneficial interest in charitable remainder unitrusts is measured at fair value, which is estimated as the present value of the expected future cash flows from trusts.

The following table presents the fair value measurements of financial instruments for the consolidated District financials, recognized in the accompanying consolidated statements of net position measured at fair value on a recurring basis and the level within the GASB No. 72 fair value hierarchy in which the fair value measurements fall at June 30 (in thousands):

Description	Level 1	Level 2	Level 3	2022
Investments by fair value level				
Asset backed securities				
Corporate backed obligations	$ -	$ 29,079	$ -	$ 29,079
Mortgage backed obligations	-	31,891	-	31,891
U,S. Government Mortgage Pool	-	69,721	-	69,721
Common stock				
ADR & U.S. foreign stock	-	6,412	-	6,412
Consumer discretionary	12,381	-	-	12,381
Consumer staples	2,235	-	-	2,235
Energy	10,127	-	-	10,127
Financial services industry	13,855	-	-	13,855
Healthcare industry	7,974	-	-	7,974
Industrials	6,548	-	-	6,548
Information Technology	7,635	-	-	7,635
Materials	5,239	-	-	5,239
Other	3,205	-	-	3,205
Corporate, municipal and foreign bonds				
Corporate bonds	-	179,806	-	179,806
Foreign corporate bonds	-	5,959	-	5,959
Private placements	36,052	-	-	36,052
Municipal taxable	-	4,301	-	4,301
Municipal - tax-exempt	192			
Preferred stocks	1,324	-	-	1,324
Mutual funds				
Mutual funds - equity	375,619	-	-	375,619
Mutual funds - taxable	-	17,978	-	17,978
U.S. Government securities				
Government agencies	4,738	-	-	4,738
U.S. treasury notes and bonds	158,813	-	-	158,813
Limited partnership interests	-	-	46,067	46,067
Total investments by fair value level	$ 645,937	$ 345,147	$ 46,067	1,036,959
Cash equivalents				84,500
Investments measured at NAV				
Pooled, common & collective trusts				34,918
Equity hedge funds				67,583
Credit hedge funds				34,966
Macro hedge funds				27,487
Relative value hedge funds				92,580
Fixed income limited partnership				2,360
Total investments measured at NAV				259,894
Total investments				$ 1,381,353
Beneficial interest in charitable remainder unitrusts	$ -	$ -	$ 4,522	$ 4,522
Interest rate swap	$ -	$ (3,872)	$ -	$ (3,872)

Description	Level 1	Level 2	Level 3	2021
Investments by fair value level				
Asset backed securities				
Corporate backed obligations	$ -	$ 17,317	$ -	$ 17,317
Mortgage backed obligations	-	30,013	-	30,013
U,S. Government Mortgage Pool	-	75,847	-	75,847
Common stock				
ADR & U.S. foreign stock	-	6,217	-	6,217
Consumer discretionary	15,566	-	-	15,566
Consumer staples	3,791	-	-	3,791
Energy	7,255	-	-	7,255
Financial services industry	15,024	-	-	15,024
Healthcare industry	6,474	-	-	6,474
Industrials	10,992	-	-	10,992
Information Technology	8,554	-	-	8,554
Telecommunication services	-	-	-	-
Other	3,821	-	-	3,821
Corporate, municipal and foreign bonds				
Corporate bonds	-	157,451	-	157,451
Private placements	41,909	-	-	41,909
Municipal taxable	-	4,239	-	4,239
Preferred stocks	1,378	-	-	1,378
Mutual funds				
Mutual funds - equity	489,529	-	-	489,529
Mutual funds - taxable	-	24,248	-	24,248
U.S. Government securities				
Government agencies	-	-	-	-
U.S. treasury notes and bonds	246,022	-	-	246,022
Limited partnership interests	-	-	30,128	30,128
Total investments by fair value level	$ 850,315	$ 315,332	$ 30,128	1,195,775
Cash equivalents				106,576
Investments measured at NAV				
Pooled, common & collective trusts				37,609
Equity hedge funds				66,641
Credit hedge funds				26,116
Macro hedge funds				24,164
Relative value hedge funds				89,266
Fixed income limited partnership				2,339
Total investments measured at NAV				246,135
Total investments				$ 1,548,486
Beneficial interest in charitable remainder unitrusts	$ -	$ -	$ 4,522	$ 4,522
Interest rate swap	$ -	$ (7,923)	$ -	$ (7,923)

The following table provides the fair value and redemption terms and restrictions for investments redeemable NAV at June 30 (in thousands):

	2022 Fair Value	2021 Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice
Pooled, common & collective trusts	$ 34,918	$ 37,609	$ -	Monthly	30 days
Equity hedge funds	67,583	66,641	-	Quarterly	90 days
Credit hedge funds	34,966	26,116	-	Monthly, Quarterly	15 - 60 days
Macro hedge funds	27,487	24,164	-	Monthly, Quarterly	5 - 90 days
Relative value hedge funds	92,580	89,266	-	Quarterly, Annually	45 days
Fixed income limited partnership	2,360	2,339	-	Monthly	1 day
Total investments measured at NAV	$ 259,894	$ 246,135	$ -		
Limited partnership interests	$ 46,067	$ 30,128	$ 29,531	n/a	n/a

Pooled, common & collective trusts – includes investments that invest in domestic equity. Investments are valued using the NAV per share of the fund. The NAV per share is based on the value of the underlying assets owned by the fund, minus its liabilities, divided by the number of shares outstanding.

Equity hedge funds – includes investments that employ both long and short strategies primarily in common stocks. Equity hedge strategies typically have a directional bias (long or short) and trade in equities and equity related derivatives. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 20% of the value of the investments in this type include restrictions such as certain classes with side pocket investments which may only be redeemed upon realization of the underlying investments.

Credit hedge funds – includes investments that is comprised of distressed securities, credit long/short, emerging market debt and credit event driven. Credit hedge strategies typically have a directional bias and involve the purchase of various types of debt, equity, trade claims and fixed income securities. The fair values of the investments in this type have been determined using the NAV per share of the investments. All of the investments in this type include restrictions that do not allow for redemptions in the first year after acquisition and other imposed gates.

Macro hedge funds – includes investments that invests in global macro, managed futures, commodities and currencies. Macro hedge strategies typically have a directional bias and involve the purchase of a variety of securities and/or derivatives related to major markets. Managed future strategies trade similar instruments but are typically implemented by computerized system. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 36% of the value of the investments in this type include restrictions such as certain classes with side pocket investments which may only be redeemed upon realization of the underlying investments.

Relative value hedge funds – includes investments that typically does not display a distinct directional bias. Relative value encompasses a range of strategies covering different asset classes. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Less than 1% of the value of the investments may include lock up, imposed gates, and other restrictions that preclude them from redeeming their share or ownership interest for an uncertain or extended period of time from the measurement date.

Fixed-income limited partnership – includes investments in a limited partnership fund of funds that invest primarily in investment grade non-U.S. dollar denominated fixed income securities. The fund may enter into swap agreements, forward settlement agreements, futures, contracts, and options on future contracts as well as purchase and sell covered put and call options. Investments are valued using the NAV per share of the fund. There is a provision in the limited partnership agreement that allows the general partner to limit redemption under certain circumstances.

Limited partnership interests – investments in closed-end, commitment based private equity real estate partnerships. The valuation of partnership interests in these funds may require significant management judgement. The District's ownership is based upon their percentage of limited partnership interests divided by the total commitment of the fund. Inputs used to determine fair value include financial statements provided by the investment partnerships, which typically include fair market value capital account balances. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund.

The following table presents the fair value measurements of financial instruments recognized in the accompanying fiduciary statements of net position measured at fair value on a recurring basis and the level within the GASB No. 72 fair value hierarchy in which the fair value measurements fall at June 30 (in thousands):

	2022			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 5,742	$ -	$ -	$ 5,742
Common stock	30,285	-	-	30,285
Corporate bonds	-	3,265	-	3,265
Mutual funds	240,563	-	-	240,563
U.S. government securities	815	-	-	815
Total assets in the fair value hierarchy	$ 277,405	$ 3,265	$ -	280,670
Investments measured at NAV practical expedient				82,749
Total assets, at fair value				$ 363,419

	2021			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 3,887	$ -	$ -	$ 3,887
Common stock	23,649	-	-	23,649
Corporate bonds	-	5,304	-	5,304
Mutual funds	230,806	-	-	230,806
U.S. government securities	3,310	-	-	3,310
Total assets in the fair value hierarchy	$ 261,652	$ 5,304	$ -	266,956
Investments measured at NAV practical expedient				69,592
Total assets, at fair value				$ 336,548

The following table provides the fair value and redemption terms and restrictions for investments redeemable NAV at June 30 (in thousands), for the fiduciary funds investments:

	Fair value June 30, 2022	Fair value June 30, 2021	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Liability Company	$ 59,573	$ 49,390	$ -	Monthly/Semi-Annual	90 days
Common Collective Trust	11,686	9,158	-	Daily	Quarterly
Partnerships	11,490	11,044	-	No redemptions	N/A
	$ 82,749	$ 69,592			

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022, was as follows (in thousands):

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets not being depreciated				
Land	$ 94,725	$ 8,790	$ -	$ 103,515
Construction in progress	69,501	34,602	-	104,103
	164,226	43,392	-	207,618
Capital assets being depreciated				
Land improvement	19,201	2,434	-	21,635
Buildings	1,300,481	35,580	31,100	1,304,961
Capital equipment	426,511	35,985	10,819	451,677
	1,746,193	73,999	41,919	1,778,273
Less accumulated depreciation for				
Land improvement	12,561	773	-	13,334
Buildings	398,063	40,714	28,777	410,000
Capital equipment	339,509	32,589	10,871	361,227
	750,133	74,076	39,648	784,561
Total capital assets being depreciated, net	996,060	(77)	2,271	993,712
Total capital assets, net	$ 1,160,286	$ 43,315	$ 2,271	$ 1,201,330

Capital assets activity for the year ended June 30, 2021, was as follows (in thousands):

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not being depreciated				
Land	$ 92,904	$ 1,821	$ -	$ 94,725
Construction in progress	489,848	-	420,347	69,501
	582,752	1,821	420,347	164,226
Capital assets being depreciated				
Land improvement	15,768	3,433	-	19,201
Buildings	850,756	449,725	-	1,300,481
Capital equipment	399,247	27,306	42	426,511
	1,265,771	480,464	42	1,746,193
Less accumulated depreciation for				
Land improvement	11,891	670	-	12,561
Buildings	358,983	39,080	-	398,063
Capital equipment	311,613	27,938	42	339,509
	682,487	67,688	42	750,133
Total capital assets being depreciated, net	583,284	412,776	-	996,060
Total capital assets, net	$ 1,166,036	$ 414,597	$ 420,347	$ 1,160,286

Construction contracts of approximately $691,000,000 was approved for various projects, including the Women's Hospital Expansion, Demolition of the "Old Main" hospital and site work as well as replacement of the Diagnostic Imaging equipment at the Mountain Views campus. At June 30, 2022, the remaining commitment on these contracts is approximated $145,000,000.

There was no capitalized interest for the years ended June 30, 2022 and 2021, respectively.

NOTE 7 – EMPLOYEE BENEFIT PLANS

The Hospital sponsors a cash-balance pension plan (the "Cash Balance Plan"), which has been in effect since January 1, 1995. The Plan covers employees who are 21 years of age and have completed one year of credited service. Participants are entitled to a lump-sum distribution or monthly benefits at age 65 based on a predetermined formula that considers years of service and compensation. Effective July 1, 1999, employer benefits are calculated as 5% of a participant's annual plan compensation, and the annual interest is an indexed rate based on the return on 10-year U.S. Treasury securities. Participants are fully vested in their account balances after five pension years.

Participant accounts – The Cash Balance Plan maintains "participant account balances" equal to a participant's account balance established as of January 1, 1995, upon the conversion to the cash-balance formula, plus subsequent contribution credits and interest credits related to the participant's accumulated cash balance, participant match contribution credits, and participant match interest credits.

Contribution credits of 5% of eligible compensation for the year are credited to a participant's account as of the last day of the Cash Balance Plan year. Each year, interest credits related to a participant's cash balance are credited to the participant's account in an amount that is equal to a percentage of a participant's account balance at the beginning of the Cash Balance Plan year. The percentage rate used is the annual rate of return on 10-year treasury securities in effect for the third month (October) immediately preceding the first day of the applicable Cash Balance Plan year. The rates credited were 1.71% and 3.15% for the years beginning January 1, 2021 and 2020, respectively.

Employee contributions – Contributions by participants are not required or permitted by the Cash Balance Cash Balance Plan.

Employer contributions – The Hospital's funding policy is to contribute amounts to the Cash Balance Plan necessary to meet minimum funding requirements. The Hospital's contributions for 2019 and 2018 exceeded the minimum funding requirements of the Employee Retirement Income Security Act of 1974 ("ERISA").

Although it has not expressed any intention to do so, the Hospital has the right under the Cash Balance Plan to discontinue its contributions at any time and to terminate the Cash Balance Plan subject to the provisions set forth in ERISA.

Eligibility – Hospital employees are eligible to participate on the first day of the month succeeding the later of the date on which they complete one year of service, which is defined as working 12 months for a minimum of 1,000 hours, and they reach age 21.

Funding policy – The amount of employer contributions is determined based on actuarial valuations and recommendations as to the amounts required to fund benefits. Contributions are made by the Hospital based on the results of the actuarial recommendations. The Hospital intends to make contributions in amounts not less than the minimum required by the funding standards of ERISA and is required to keep the Cash Balance Plan qualified under Section 401(a) of the Internal Revenue Code ("IRC"). Participants are not permitted to contribute to the Cash Balance Plan.

Vesting – Participants are fully vested with their third year of service.

Pension benefits – Monthly benefit payments, based upon a formula described in the Cash Balance Plan document, commence within 30 days of the normal retirement date, early retirement date, or deferred retirement date. A participant may elect to defer retirement past the normal retirement age, which will result in benefits greater than 100%, based on a published scale. The eligibility requirement for early retirement is age 55. Early retirement benefits are calculated by multiplying the accrued benefit as of the early retirement date by a percentage defined in the Cash Balance Plan document.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are 2.00% compounded annually.

On termination of service, a participant may elect to receive either a lump-sum amount equal to the value of the participant's account balance or annuity payments based upon formulas described in the Cash Balance Plan document.

Death benefits – The Cash Balance Plan provides death benefits in the form of a qualified pre-retirement survivor annuity for life equal to the annuity that would have been payable to the spouse if the participant had retired on the day preceding the participant's death. At the option of the beneficiary, the benefit may be paid in a lump-sum.

Basis of accounting – The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental units, using the accrual method of accounting. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein; disclosure of contingent assets and liabilities; and the actuarial present value of accumulated Cash Balance Plan benefits, at the date of the financial statements. Actual results could differ from those estimates.

Investment valuation – The Cash Balance Plan's investments are stated at fair value, as certified by the Cash Balance Plan's custodian, based generally on quoted market prices.

Fair value is the price that would be received to sell an asset or paid to transfer a liability (the "exit price") in an orderly transaction between market participants at the measurement date. See Note 6 for discussion of fair value measurements.

Income recognition – Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The net appreciation or depreciation in fair value of investments consists of both the realized gains or losses and unrealized appreciation (depreciation) of those investments.

Benefits paid to participants – Benefit payments to participants are recorded upon distribution.

Administrative expenses – Administrative fees, such as custodian, actuarial, and certain other administrative expenses, may be paid by the Cash Balance Plan or the Hospital.

The Hospital's net pension asset was measured as of June 30, 2022 and 2021, as determined by an actuarial valuation as of December 31, 2021 and 2020, rolled forward to June 30, 2022 and 2021, respectively.

Certain retired and terminated employees and certain participants covered by a collective bargaining agreement continue to participate under provisions of a defined-benefit retirement plan in effect prior to January 1, 1995. Participant data for the Plan, as of the measurement date January 1 for the indicated years is as follows:

	2022	2021
Active	2,946	3,001
Retirees and beneficiaries	619	600
Vested terminated	1,059	982
Total participants	4,624	4,583

Components of pension cost and deferred outflows and inflows of resources as calculated under the requirements of GASB No. 68 are as follows (in thousands):

	2022	2021
Deferred outflows of resources as of June 30:		
Difference between expected and actual experience	$ 588	$ 915
Total	$ 588	$ 915
Deferred inflows of resources as of June 30:		
Difference between expected and actual experience	$ (7,759)	$ (2,930)
Changes in assumptions	(4,295)	(3,732)
Difference between projected and actual investment earnings	(34,021)	(34,479)
Total	$ (46,075)	$ (41,141)
Contributions between the measurement date and fiscal year end recognized as a deferred outflows of resources	$ 3,000	$ 7,000

Amounts reported as deferred outflows and inflows of resources to pensions will be recognized in pension expense are as follows (in thousands):

2023	$ (12,592)
2024	(16,036)
2025	(9,693)
2026	(4,345)
2027	(1,474)
Thereafter	(1,348)
	$ (45,488)

The following table summarizes changes in pension liability for fiscal years ended June 30, 2022 and 2021, with a measurement date of December 31, 2021 and 2020, respectively, (in thousands):

	2022	2021
Service cost	$ 10,784	$ 10,166
Interest	13,737	13,206
Differences between expected and actual experience	(6,571)	(1,152)
Changes of assumptions	(2,263)	(550)
Benefit payments	(14,774)	(12,167)
Net change in total pension liability	913	9,503
Total pension liability beginning of fiscal year	225,443	215,940
Total pension liability end of fiscal year	$ 226,356	$ 225,443

	2022 with Measurement Date of December 31, 2022	2021 with Measurement Date of December 31, 2021
Total pension liability	$ 226,356	$ 225,443
Plan fiduciary net position	363,505	336,605
Net pension asset	$ (137,149)	$ (111,162)
Plan's fiduciary net position as a percentage of total pension liability	160.59%	149.31%
Covered payroll	$ 389,552	$ 359,322
Net pension asset as a percentage of covered payroll	-35.21%	-30.94%
Contributions between the measurement date and year ended June 30, as deferred outflow of resources	$ 3,000	$ 7,000

The following table summarizes the actuarial assumptions used to determine net pension asset and plan fiduciary net position as of June 30, 2022 and 2021:

Valuation Date	January 1, 2022 Actuarially determined contribution rates are calculated as of January 1.
Actuarial Cost Method	Entry Age Normal Method as a level percent of pay in accordance with GASB.
Asset Valuation Method	Market Value
Actuarial Assumptions	
Projected Salary Increases	4.00%
Mortality	Based on the Pri-2012 Total Employee and Retiree Mortality Tables (base year 2012) and projected with Mortality Improvement Scale MP-2021, except for current and future beneficiaries of deceased participants. For current and future beneficiaries of deceased participants, mortality is based on the Pri-2012 Contingent Survivor Mortality Tables and projected with Mortality Improvement Scale MP-2021.
Discount Rate	6.00%

Sensitivity of net pension asset (in thousands):

	1% Decrease 5%	Current Discount Rate 6%	1% Increase 7%
Net pension asset as of June 30, 2022	$ 115,891	$ 137,149	$ 155,615
Net pension asset as of June 30, 2021	$ 88,863	$ 111,162	$ 130,388

The following table summarizes target asset class for the plan fiduciary net position as of June 30, 2022 and 2021:

Asset Class	Neutral	Asset Rebalancing Range	Expected Long-Term Real Rate of Return
Domestic Equities	32%	27% - 37%	8.69%
International Equities	18%	15% - 21%	7.66%
Alternatives	20%	17% - 23%	5.38%
Broad Fixed Income	25%	20% - 30%	2.86%
Cash	5%	0% - 8%	1.04%
Total	100%		6.00%

Eligible employees of the Hospital may also elect to participate in a separate deferred compensation plan (the 403(b) plan) pursuant to Section 403(b) of the Code. The Hospital acts as the administrator and sponsor, and the 403(b) plan's assets are held by trustees designated by the Hospital's management. Employees are eligible to participate upon employment, and participants are immediately vested in their elective contributions plus actual earnings thereon. The Hospital will match employee contributions to the 403(b) plan, subject to a maximum of 4% of each participant's annual plan compensation. Participants are eligible for employer match in the second plan year in which they work at least 1,000 hours, and they must be on the payroll at the end of the plan year (December 31). Employer matching contributions under the 403(b) plan are made to the cash-balance pension plan and earn interest as defined by that plan. Employer matching contributions to the 403(b) plan of $14,698,000 and $13,373,000 in 2022 and 2021, respectively, are included in benefits expense. Participants are immediately vested in the employer contributions included in the cash-balance pension plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the consolidated financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 8 – POST-RETIREMENT MEDICAL BENEFITS

The Hospital provides healthcare benefits and life insurance for retired employees who meet eligibility requirements as outlined in the plan document, as approved by the board of directors of the Hospital. All employees who attain age 55 with a minimum of 20 years of enrollment in the Hospital's healthcare program and are enrolled in one of the plans upon retirement, and who were hired prior to July 1, 1994, are eligible. Under the plan, employees are credited with employment history accumulated under a prior Hospital plan.

Benefits are funded by the Hospital on a pay-as-you go basis. If a participant terminates from the Hospital after 20 years of enrollment but before reaching age 62, he or she can choose to contribute to the plan between ages 55 and 61 to retain the plan's benefits. At age 62, eligible retirees are given an annual credit based on years of service to pay for health benefits.

Employees covered – At June 30, the following employees were covered by the Hospital:

	2022	2021
Active	208	250
Inactive plan members or beneficiaries currently receiving benefits	341	327
Total participants	549	577

Components of post-retirement medical benefits expense and deferred inflows and outflows of resources as calculated under the requirements of GASB No. 75 are as follows (in thousands) as of June 30:

	2022	2021
Service cost	$ 226	$ 255
Interest	809	852
Differences between expected and actual experience	(1,029)	(284)
Changes of assumptions	393	107
Current period recognition of prior years' deferred inflows and outflows	(108)	253
Total post-retirement medical benefits expense	$ 291	$ 1,183

	2022	2021
Deferred outflows of resources as of June 30:		
Changes in benefit terms	$ -	$ -
Difference between expected and actual experience	-	-
Changes in assumptions	204	90
Total	$ 204	$ 90
Deferred inflows of resources as of June 30:		
Changes in benefit terms	$ -	$ -
Difference between expected and actual experience	(535)	(198)
Changes in assumptions	-	-
Total	$ (535)	$ (198)

Amounts reported as deferred outflows and inflows of resources to post-retirement medical benefits will be recognized in post-retirement medical benefits expense are as follows (in thousands):

2023	$ (331)
2024	-
2025	-
2026	-
2027	-
Thereafter	-
	$ (331)

The following table summarizes changes in post-retirement medical benefits liability for fiscal year ended June 30, 2022 and 2021, with a measurement date of July 1, 2021 and 2020, respectively (in thousands):

	2022	2021
Service cost	$ 226	$ 255
Interest	809	852
Differences between expected and actual experience	(1,565)	(479)
Changes in assumptions or other input	599	180
Benefit payments	(943)	(881)
Net changes	(874)	(73)
Net post-retirement medical benefits liability at beginning of year	30,657	30,730
Net post-retirement medical benefits liability at end of year	$ 29,783	$ 30,657

The following table summarizes the actuarial assumptions used to determine net post-retirement medical benefits as of June 30, 2022 and 2021:

Valuation Date	June 30, 2021; measurement date of June 30, 2021
Actuarial Cost Method	Entry Age Normal, level percent of pay
Asset Valuation Method	Not applicable
Actuarial Assumptions	
Projected Salary Increases	4.00%
Mortality	Mortality rates are according to the Pri-2012 Total Employee and Retiree Mortality Tables projected generationally using projection scale MP-2020. For current beneficiaries of deceased participants, mortality is based on the Pri-2012 Contingent Survivor Mortality Tables projected generationally using projection scale MP-2020. This assumption has been updated since the prior valuation based on information released by the Society of Actuaries in October 2020.
Discount Rate	2.18%
Healthcare cost trend rates:	7% for 2021-2022, graded to 4.5% for years 2027 and beyond for ages pre-65; and 5.5% for 2021-2022, graded to 4.50% for year 2027 and beyond for ages post-65.

Sensitivity of post-retirement medical benefits liability (in thousands) due to change in discount rates as of June 30:

	2022		
	1% Decrease 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
Net post-retirement medical benefits liability	$ 33,378	$ 29,783	$ 26,746

	2021		
	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 2.66%
Net post-retirement medical benefits liability	$ 34,399	$ 30,657	$ 27,508

Sensitivity of post-retirement medical benefits liability (in thousands) due to change in healthcare cost trend:

	1% Decrease	Current Trend rate	1% Increase
June 30, 2022	$ 29,378	$ 29,783	$ 30,259
June 30, 2021	$ 30,141	$ 30,657	$ 31,328

NOTE 9 – INSURANCE PLANS

The Hospital purchases professional, general, automobile, and directors and officers liability insurance from BETA Healthcare Group ("BHG"), and also purchases all-risk property insurance (including limited flood), fiduciary, crime, cyber, and excess workers' compensation coverage needs from Alliant Insurance Services ("Alliant"). The Hospital's coverage is under a claims-made policy with limits of $30 million per occurrence, $40 million in the annual aggregate, and with a self-insured retention level of $50,000 per claim.

There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted from services provided to patients. The Hospital has actuarial estimates performed annually on its self-insurance plans of professional liability and workers' compensation benefits. Estimated liabilities (which have not been discounted) have been actuarially determined at an expected 75% confidence level and include an estimate of incurred, but not reported, claims. The balances are included in salaries and wages payable, workers' compensation, and other long-term liabilities in the accompanying consolidated statements of net position.

NOTE 10 – BONDS PAYABLE

Bonds payable consists of the following obligations (in thousands):

	June 30, 2022	June 30, 2021
El Camino Hospital District		
2006 General Obligation Bonds		
Principal	$ 32,335	$ 32,335
Unamortized premium	14	178
2017 General Obligation Bonds		
Principal	78,905	83,955
Unamortized premium	168	183
El Camino Hospital Revenue Bonds		
Series 2009		
Principal	50,000	50,000
Series 2015A		
Principal	131,380	135,670
Unamortized premium	6,849	8,070
Series 2017A		
Principal	277,735	282,875
Unamortized premium	9,453	11,123
Total long-term debt	586,839	604,389
Less current maturities	15,665	14,480
Maturities due after one year	$ 571,174	$ 589,909

	2022			
	Balance at June 30, 2021	Increases	Decreases	Balance at June 30, 2022
General obligation bonds	$ 116,651	$ -	$ 5,228	$ 111,423
Revenue bonds	487,738	-	12,322	475,416
	$ 604,389	$ -	$ 17,550	$ 586,839

	2021			
	Balance at June 30, 2020	Increases	Decreases	Balance at June 30, 2021
General obligation bonds	$ 121,392	$ -	$ 4,741	$ 116,651
Revenue bonds	499,981	-	12,243	487,738
	$ 621,373	$ -	$ 16,984	$ 604,389

2006 General Obligation Bonds – Upon voter approval, in November 2003, the District issued in 2006, $148,000,000 principal amount of 2006 General Obligation Bonds, which consists of $115,665,000 of Current Interest Bonds. Interest on the Current Interest Bonds is payable semiannually at rates ranging from 4% to 5% and principal maturities ranging from $2,065,000 in 2016 to $18,050,000 in 2036 are due annually on August 1. Interest at rates ranging from 4.38% to 4.48% and principal of the Capital Appreciation Bonds are payable only at maturity. In March 2017, the District advanced refunded a portion of the 2006 General Obligation Bonds, through the issuance of the 2017 General Obligation Refunding Bonds.

The Current Interest Bonds maturing on or after August 1, 2017, may be redeemed prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after February 1, 2017, at a redemption price equal to the principal amount of the Current Interest Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

2017 General Obligation Bonds – Upon voter approval, in March 2017, the District advanced refunded a portion of the 2006 General Obligation Bonds, through the issuance of the $99,035,000 2017 General Obligation Refunding Bonds, which consists of $115,665,000 of Current Interest Bonds, and $32,335,000 of Capital Appreciation Bonds. Interest on the 2017 General Obligation Refunding Bonds is payable semiannually at rates ranging from 2% to 5% and principal maturities ranging from $3,570,000 in 2017 to $17,480,000 in 2036 are due annually on August 1. This refinancing resulted in a reduction of future interest payments with a present value of approximately $7,000,000.

Both the 2006 and 2017 G.O. Bonds are general obligations of the District payable from ad valorem taxes. Payment of principal, interest and maturity value of the Bonds, when due, is insured by a municipal bond insurance policy.

Revenue Bonds, Series 2009 – In April 2009, the Hospital issued $50,000,000 of Santa Clara County Financing Authority Insured Revenue Bonds, Series 2009A, to fund completion of the Hospital replacement construction project. Interest on the bonds is payable on the business day immediately following the applicable remarketing period. Principal maturities on the bonds range from $100,000 in 2025 to $10,920,000 in 2044, and are due annually on February 1.

The 2009 Series Revenue bond agreement contains various restrictive covenants which include, among other things, minimum debt service coverage, maintenance of minimum liquidity, and requirement to maintain certain financial ratios.

The bonds are secured by a pledge of gross revenues to an Indenture of Trust ("Indenture") dated March 16, 2007. The Indenture contains certain covenants that, among other things, require the District to deposit all gross revenues of the Hospital as soon as practicable upon receipt. The Indenture also requires the Hospital to maintain a long-term debt service coverage ratio of 1.15 to 1.00. Failure to comply with the restrictive covenants of the Indenture could result in all of the unpaid principal and accrued interest of the bonds becoming due immediately, at the option of the trustee.

Revenue Bonds, Series 2015A – In May 2015, the Hospital advance refunded its Series 2007 Santa Clara County Financing Authority Insured Revenue Bonds ("Series 2007") through the issuance of the $160,455,000 of Santa Clara County Financing Authority Insured Revenue Bonds ("Series 2015A"). The issuance of the Series 2015A is to (i) finance and refinance certain capital expenditures owned by the Hospital (the Project – $40,300,000), (ii) advance refund ($120,100,000) the Santa Clara County Financing Authority Insured Revenue Bonds of the Hospital Series 2007A, 2007B, and 2007C, and (iii) pay costs incurred in the connection of the issuance of the Bonds.

Revenue Bonds, Series 2017A – In February 2017, the Hospital issued $292,435,000 of California Health Facilities Financing Authority Revenue Bonds ("Series 2017") to finance certain capital expenditures at facilities owned or operated by the Hospital, to finance a portion of the interest payable of the Series 2017 through January 31, 2019, and to pay costs incurred in connection with the issuance of the Series 2017. The Series 2017 consists of $130,660,000 Serial Bonds and $161,775,000 Term Bonds. Principal maturities for the Serial Bonds range from $4,665,000 in 2020 to $10,565,000 in 2037, and are due annually on February 1. Principal maturities for the Term Bonds range from $60,710,000 in 2042 to $101,065,000 in 2047, and are due annually on February 1.

Letter of credit – In March 2009, in connection with the issuance of the 2009 Series Revenue bonds, the Hospital obtained an irrevocable Letter of Credit issued by a bank for $50,000,000. This Letter of Credit expires October of 2022 and requires the Hospital to maintain a long-term debt service coverage ratio of 1.20 to 1.00.

Management believes all financial debt covenants were met for the years ended June 30, 2022 and 2021.

Debt service requirements for bonds payable are as follows (in thousands):

Year Ending June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Revenue Bonds Principal	Revenue Bonds Interest
2023	$ 5,760	$ 3,154	$ 9,905	$ 19,431
2024	3,293	6,343	10,400	18,935
2025	3,398	6,788	10,920	18,415
2026	3,411	7,144	11,460	17,874
2027	3,552	7,709	12,035	17,306
2028-2032	18,681	46,548	69,710	77,156
2033-2037	73,145	9,266	87,995	59,546
2038-2042	-	-	110,815	38,053
2043-2047	-	-	135,875	17,757
2048-2052	-	-	-	-
	$ 111,240	$ 86,952	$ 459,115	$ 284,473

Interest rate swap – On March 7, 2007, the Hospital entered into three interest rate swap agreements in connection with the issuance of the Series 2007 Revenue Bonds. The intention of the swap is to create debt with a synthetic, fixed interest rate on the variable-rate Revenue Bonds. The swaps were effective March 23, 2007, with a termination date of February 1, 2041, and notional amounts of $50 million each; these terms match the terms of the underlying Series 2007 Revenue Bonds. Under each swap transaction, the Hospital pays a fixed rate of interest of 3.204% and the counterparty pays a variable rate of interest equal to the sum of (i) 56% of USD-LIBOR-BBA plus (ii) 0.23%. In March 2008, the Hospital Board directed management to terminate the floating to fixed interest rate swap when economically prudent in connection with the refunding of their Series 2007 Revenue Bonds. In December 2009, two of the three swaps were terminated. The fair value of the remaining swap is a liability of $3,872,000 at June 30, 2022, and $7,923,000 at June 30, 2021, included in other long-term obligations in the consolidated statements of net position.

Risks associated with the swap agreements – From the Hospital's perspective, the following risks are generally associated with swap agreements:

Credit risk – The counterparty becomes insolvent or is otherwise not able to perform its financial obligations. In the event the counterparty becomes insolvent or their credit rating falls below BBB-/Baa2, the Hospital has the right to terminate the swap. Upon exercise of early termination, the amounts due from or to the counterparty will be determined by the market pricing of the swaps at the time of termination.

Termination risk – The Hospital or counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If, at the time of the termination, the swap has a negative fair value, the Hospital would be liable to the counterparty for that payment.

NOTE 11 – RESTRICTED NET POSITION

Restricted net position consists of donor-restricted contributions and grants and cash restricted for regulatory requirements, which are to be used as follows (in thousands):

	2022	2021
Charity and other	$ 27,438	$ 22,960
Endowments	8,511	7,472
Restricted by donor for specific uses	35,949	30,432
Restricted by Department of Managed Health Care	650	650
Total restricted net position	$ 36,599	$ 31,082

Permanently restricted contributions ("endowments") remain intact, with the earnings on such funds providing an ongoing source of revenue to be used primarily for education.

NOTE 12 – CHARITABLE REMAINDER UNITRUSTS

The Foundation is the beneficiary of several irrevocable charitable remainder unitrusts in which the gift assets are held by trustees and administered for the benefit of the Foundation and other beneficiaries. The assets are held under trust agreements with an outside trustee. The donors maintain the right to income earned on the assets during their lifetime and, in some cases, during the lifetime of their survivors.

Pursuant to GASB No. 81, the Foundation recognizes an asset and a deferred inflow of resources when it becomes aware of the agreements and has sufficient information to measure the beneficial interest, in accordance with the asset recognition criteria in GASB No. 81. The beneficial interest asset is measured at fair value, which is estimated as the present value of the expected future cash flows from trusts. The applicable federal discount rate for June 2022 and June 2021 of 2.5% and 0.25% per annum, respectively, and The Standard Ordinary Mortality Rate Table were used to arrive at the present value. Change in the fair value of the beneficial interest asset is recognized as an increase or decrease in the related deferred inflow of resources. As the remainder interest beneficiary, the Foundation recognizes revenue for the beneficial interest at the termination of the agreement, as stipulated in the agreements.

NOTE 13 – LEASES

The District is a lessee for noncancellable lease of office space and equipment with lease terms through 2039. There are no residual value guarantees included in the measurement of District's lease liability nor recognized as an expense for the years ended June 30, 2022 and 2021. The District does not have any commitments that were incurred at the commencement of the leases. The District is subject to variable equipment usage payments that are expensed when incurred. There were no amounts recognized as variable lease payments as lease expense on the statement of changes of net position for the years ended June 30, 2022 and 2021. No termination penalties were incurred during the fiscal year.

The District has the following right to use activities as of June 30:

2022	July 1	Increases	Decreases	June 30
Right of use assets	$ 37,400	$ 4,543	$ -	$ 41,943
Less accumulated amortization	6,907	5,795	-	12,702
Right to use assets, net	$ 30,493	$ (1,252)	$ -	$ 29,241

2021	July 1	Increases	Decreases	June 30
Right of use assets	$ 34,151	$ 3,249	$ -	$ 37,400
Less accumulated amortization	-	6,907	-	6,907
Right to use assets, net	$ 34,151	$ (3,658)	$ -	$ 30,493

For the years ended June 30, 2022 and 2021, the District recognized $5,705,000 and $6,907,000, respectively, in amortization expense included in depreciation and amortization expense on the consolidated statements of activities and changes in net position.

The future principal and interest lease payments as of June 30, 2022, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2023	$ 4,502	$ 1,205	$ 5,707
2024	4,709	866	5,575
2025	4,415	811	5,226
2026	3,364	647	4,011
2027	2,566	526	3,092
Thereafter	10,582	2,387	12,969
	$ 30,138	$ 6,442	$ 36,580

The District evaluated the right-to-use assets for impairment and determined there was no impairment for the years ended June 30, 2022 and 2021.

The District is also a lessor for noncancellable leases of office space with lease terms through 2032. For the years ended June 30, 2022 and 2021, the District recognized $9,665,000 (FY22) in lease revenue released from the deferred inflows of resources related to the office lease included in other revenue on the statement of changes in net position. No inflows of resources were recognized in the year related to termination penalties or residual value guarantees during fiscal years ended June 30, 2022 and 2021.

NOTE 14 – RESTATEMENTS

The adoption of GASB 87 resulted in adjustments to the prior period financial statements as follows at June 30, 2021:

	As previously presented	Adjustment	As restated
Statement of net position			
Assets and deferred outflows:			
Right of use assets, net of amortization	$ -	30,493	$ 30,493
Current portion of lease receivable	-	10,651	10,651
Lease receivable, net of current portion	-	40,340	40,340
Liabilities, deferred inflows and net position:			
Current portion of lease liabilities	-	5,063	5,063
Lease liabilities, net of current portion	-	26,335	26,335
Other long-term obligations	12,175	(1,094)	11,081
Deferred inflows of resources - leases	-	51,180	51,180
Net position, end of year	2,302,445	-	2,302,445
Statements of revenues, expenses and changes in net position:			
Depreciation and amortization expense	67,688	6,907	74,595
Rent and utilities	27,600	(6,907)	20,693
Income from operations	115,207	-	115,207
Total nonoperating revenues	239,518	-	239,518
Increase in net position	354,725	-	354,725
Statements of cash flows:			
Cash flows from operating activities			
Other cash receipts	42,221	(13,496)	28,725
Cash payments to suppliers	(413,412)	7,387	(406,025)
Net cash provided by operating activities	129,313	(6,109)	123,204
Cash flows from financing activities			
Payments on lease liability	-	(7,387)	(7,387)
Proceeds from lease receivable	-	13,496	13,496
Net cash used in capital and related financing activities	(72,653)	6,109	(66,544)

NOTE 15 – RELATED-PARTY TRANSACTIONS

The Hospital pays vendor-related expenses on behalf of the Foundation and is reimbursed for these costs incurred. The Hospital also pays employee-related expenses, which are reimbursed by the Foundation. The Foundation's employees also participate in the cash-balance pension plan, sponsored by the Hospital. Full footnote disclosures relating to the cash-balance pension plan is included in the consolidated financial statements. The Hospital performs certain administrative functions on behalf of the Foundation for which no amounts are charged to the Foundation. As of June 30, 2022 and 2021, the Foundation has a payable to the Hospital in the amount of $498,000 and $191,000, respectively. During the fiscal years 2022 and 2021, the Foundation paid the Hospital $2,830,000 and $3,062,000 for such expenses, respectively, which included amounts for operations, but also disbursements from Donor Restricted Funds in support of Hospital operations and capital acquisitions.

In June 2012, the Hospital Board approved the funding of the Foundation's salaries, wages, benefits, and rent for a maximum of $1,783,000 annually on an ongoing basis. All related-party transactions are eliminated upon consolidation.

As of June 30, 2022 and 2021, CONCERN has a payable to the Hospital in the amount of $2,604,000 and $2,543,000, respectively. During the fiscal years ended June 30, 2022 and 2021, CONCERN paid the Hospital $6.667,000 and $7,041,000 for these expenses, respectively. All related party transactions are eliminated upon consolidation.

As of June 30, 2022 and 2021, SVMD has a payable to the Hospital of $7,775,000 and $8,400,000, respectively. During fiscal years ended June 30, 2022 and 2021, SVMD paid the Hospital $27,500,000 and $22,688,000 for its expenses, respectively. All related-party transactions are eliminated upon consolidation.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Litigation – The District is a defendant in various legal proceedings arising out of the normal conduct of its business. In the opinion of management and its legal representatives, the District has valid and substantial defenses, and settlements or awards arising from legal proceedings, if any, will not exceed existing insurance coverage, nor will they have a material adverse effect on the financial position, results of operations, or liquidity of the District.

Regulatory environment – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. The District is subject to routine surveys and reviews by federal, state and local regulatory authorities. The District has also received inquiries from healthcare regulatory authorities regarding its compliance with laws and regulations. Although the District management is not aware of any violations of laws and regulations, it has received corrective action requests as a result of completed and ongoing surveys from applicable regulatory authorities. Management continually works in a timely manner to implement operational changes and procedures to address all corrective action requests from regulatory authorities. Breaches of these laws and regulations and noncompliance with survey corrective action requests could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Hospital Seismic Safety Act – In the 2010 fiscal year, the Mountain View campus completed its three-year construction of the Hospital Replacement Project with the opening of its new five story, 450,000-square-foot, state-of-the-art hospital facility on November 15, 2009. This completion made the Mountain View hospital campus in compliance with the State of California's Senate Bill ("SB") 1953 in meeting all requirements of the Hospital Seismic Safety Act of 1994.

At the Los Gatos campus, where most of the buildings were constructed in the 1960s, the campus has been going through a seismic compliance review. During 2015, all required seismic upgrades were made to the Los Gatos site for seismic compliance up to 2030.

Collective bargaining agreement – Approximately 79.1% of the Hospital's employees are covered by collective bargaining agreements. These employees are members of three unions.

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated statement of net position date but before the consolidated financial statements are available to be issued. The District recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the consolidated statement of net position date, including the estimates inherent in the process of preparing the consolidated financial statements. The District's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the consolidated statement of net position date but arose after the consolidated statement of net position date and before consolidated financial statements are issued.

Supplementary Information

El Camino Healthcare District
Consolidating Statement of Net Position
June 30, 2022
(In Thousands)

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Silicon Valley Medical Development	Eliminations	El Camino Healthcare District and Affiliates
ASSETS AND DEFERRED OUTFLOWS							
Current assets							
Cash and cash equivalents	$ 11,955	$ 183,588	$ 4,786	$ 2,355	$ 5,239	$ -	$ 207,923
Short-term investments	8,905	128,165	3,488	12,859	-	-	153,417
Current portion of board-designated funds	11,129	-	-	-	-	-	11,129
Patient accounts receivable, net of allowances for doubtful accounts of $96,938	-	204,494	-	-	4,780	-	209,274
Current portion of lease receivable	-	11,117	-	-	-	(714)	10,403
Prepaid expenses and other current assets	2,294	55,857	478	475	4,495	(13,824)	49,775
Total current assets	34,283	583,221	8,752	15,689	14,514	(14,538)	641,921
Non-current cash and investments							
Board-designated funds	10,623	1,122,664	47,598	-	-	-	1,180,885
Restricted funds	-	-	-	650	-	-	650
Funds held by trustee	35,272	-	-	-	-	-	35,272
	45,895	1,122,664	47,598	650	-	-	1,216,807
Capital assets							
Nondepreciable	10,654	196,964	-	-	-	-	207,618
Depreciable, net	-	978,012	2	1,496	14,202	-	993,712
Total capital assets	10,654	1,174,976	2	1,496	14,202	-	1,201,330
Right of use assets, net of amortization	-	10,926	-	-	25,173	(6,858)	29,241
Lease receivable, net of current portion	-	42,111	-	-	-	(7,235)	34,876
Pledges receivable, net of current portion	-	-	2,200	-	-	-	2,200
Prepaid pension asset	-	137,149	-	-	-	-	137,149
Investments in healthcare affiliates	-	30,376	-	-	-	-	30,376
Beneficial interest in charitable remainder unitrusts	-	-	4,522	-	-	-	4,522
Total assets	90,832	3,101,423	63,074	17,835	53,889	(28,631)	3,298,422
Deferred outflows of resources							
Loss on defeasance of bonds payable	-	11,160	-	-	-	-	11,160
Deferred outflows of resources	-	4,226	-	-	-	-	4,226
Deferred outflows - actuarial	-	792	-	-	-	-	792
Total deferred outflows of resources	-	16,178	-	-	-	-	16,178
Total assets and deferred outflows of resources	$ 90,832	$ 3,117,601	$ 63,074	$ 17,835	$ 53,889	$ (28,631)	$ 3,314,600

(In Thousands)

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Silicon Valley Medical Development	Eliminations	El Camino Healthcare District and Affiliates
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION							
Current liabilities							
Accounts payable and accrued expenses	$ 411	$ 52,472	$ 496	$ 2,765	$ 9,045	(13,824)	$ 51,365
Salaries, wages, and related liabilities	-	79,205	-	457	1,071	-	80,733
Other current liabilities	1,366	36,352	745	267	2,894	-	41,624
Estimated third-party payor settlements	-	14,942	-	-	-	-	14,942
Current portion of lease liabilities	-	1,090	-	-	4,126	(714)	4,502
Current portion of bonds payable	5,760	9,905	-	-	-	-	15,665
Total current liabilities	7,537	193,966	1,241	3,489	17,136	(14,538)	208,831
Bonds payable, net of current portion	105,662	465,512	-	-	-	-	571,174
Lease liabilities, net of current portion	-	10,361	-	-	22,510	(7,235)	25,636
Other long-term obligations	-	6,694	-	-	6	-	6,700
Workers' compensation, net of current portion	-	14,029	-	-	-	-	14,029
Post-retirement medical benefits	-	29,783	-	-	-	-	29,783
Total liabilities	113,199	720,345	1,241	3,489	39,652	(21,773)	856,153
Deferred inflows of resources							
Deferred inflows of resources	-	-	4,522	-	-	-	4,522
Deferred inflows of resources - leases	-	53,227	-	-	-	(6,858)	46,369
Deferred inflows of resources - actuarial	-	46,610	-	-	-	-	46,610
Total deferred inflows of resources	-	99,837	4,522	-	-	(6,858)	97,501
Net position							
Invested in capital assets, net of related debt	(65,496)	699,559	2	1,496	14,202	-	649,763
Restricted - expendable	-	-	27,438	-	-	-	27,438
Restricted - nonexpendable	-	-	8,511	650	-	-	9,161
Unrestricted	43,129	1,597,860	21,360	12,200	35	-	1,674,584
Total net position	(22,367)	2,297,419	57,311	14,346	14,237	-	2,360,946
Total liabilities, deferred inflows of resources, and net position	$ 90,832	$ 3,117,601	$ 63,074	$ 17,835	$ 53,889	$ (28,631)	$ 3,314,600

El Camino Healthcare District
Consolidating Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022
(In Thousands)

	El Camino Healthcare District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Silicon Valley Medical Development	Eliminations	El Camino Healthcare District and Affiliates
Operating revenues							
Net patient service revenue (net of provision for bad debts of $7,429)	$ -	$ 1,274,126	$ -	$ -	$ 35,026	$ -	$ 1,309,152
Other revenue	104	23,792	-	9,756	10,795	(7,416)	37,031
Total operating revenues	104	1,297,918	-	9,756	45,821	(7,416)	1,346,183
Operating expenses							
Salaries, wages and benefits	2	631,451	1,752	2,254	19,160	-	654,619
Professional fees and purchased services	814	131,804	693	4,066	44,676	(3,863)	178,190
Supplies	-	179,890	56	6	3,713	-	183,665
Depreciation and amortization	9	71,811	1	141	7,909	-	79,871
Rent and utilities	-	17,126	134	106	3,501	(754)	20,113
Other	-	18,493	103	420	1,899	-	20,915
Total operating expenses	825	1,050,575	2,739	6,993	80,858	(4,617)	1,137,373
(Loss) income from operations	(721)	247,343	(2,739)	2,763	(35,037)	(2,799)	208,810
Nonoperating revenues (expenses):							
Investment losses, net	(1,316)	(165,782)	(3,300)	(1,671)	-	-	(172,069)
Property tax revenue							
Designated to support community benefit programs and operating expenses	10,221	-	-	-	-	-	10,221
Designated to support capital expenditures	11,528	-	-	-	-	-	11,528
Levied for debt service	12,304	-	-	-	-	-	12,304
Bond interest expense, net	(2,943)	(16,888)	-	-	-	-	(19,831)
Intergovernmental transfer expense	(2,613)	-	-	-	-	-	(2,613)
Restricted gifts, grants and bequests, and other, net of contributions to related parties	-	-	7,551	-	-	-	7,551
Unrealized gain on interest rate swap	-	3,049	-	-	-	-	3,049
Community benefit expense	(7,472)	(2,997)	-	(1,690)	-	1,016	(11,143)
Provider Relief Fund revenue	-	15,629	-	-	-	-	15,629
Other, net	-	(7,660)	(141)	(3)	(527)	3,396	(4,935)
Total nonoperating revenues (expenses)	19,709	(174,649)	4,110	(3,364)	(527)	4,412	(150,309)
Excess (deficit) of revenues over expenses before capital transfers	18,988	72,694	1,371	(601)	(35,564)	1,613	58,501
Capital transfers	(16,066)	(14,159)	-	(139)	30,364	-	-
Increase (decrease) in net position	2,922	58,535	1,371	(740)	(5,200)	1,613	58,501
Total net (deficit) position, beginning of year	(25,289)	2,238,884	55,940	15,086	19,437	(1,613)	2,302,445
Total net (deficit) position, end of year	$ (22,367)	$ 2,297,419	$ 57,311	$ 14,346	$ 14,237	$ -	$ 2,360,946

Supplemental pension information – The following tables summarize changes in net pension asset (in thousands):

	2022	2021
Service cost	$ 10,784	$ 10,166
Interest	13,737	13,206
Differences between expected and actual experience	(6,571)	(1,152)
Changes of assumptions	(2,263)	(550)
Benefit payments	(14,774)	(12,167)
Net change in total pension liability	913	9,503
Total pension liability beginning of fiscal year	225,443	215,940
Total pension liability end of fiscal year	$ 226,356	$ 225,443

	2022	2021
Contributions	$ 8,500	$ 10,300
Net investment income	33,174	43,917
Benefit payments, including refunds of member contributions	(14,774)	(12,167)
Net change in Plan fiduciary net position	26,900	42,050
Plan fiduciary net position beginning of fiscal year	336,605	294,555
Plan fiduciary net position end of fiscal year	363,505	336,605
Plan's net pension asset end of the fiscal year	$ (137,149)	$ (111,162)
Covered payroll	$ 389,552	$ 359,322
Net pension asset as a percentage of covered payroll	-35.21%	-30.94%
Contributions	$ 3,000	$ 7,000

The following table summarizes the contribution status of the Hospital's cash-balance pension plan (in thousands) over the last 10 years:

	FY2022	FY2021	FY2020	FY2019	FY2018
Actuarially determined contribution	$ -	$ -	$ 7,801	$ 10,888	$ 10,154
Contributions related to actuarially determined contribution	$ 4,500	$ 8,500	$ 10,300	$ 12,900	$ 11,600
Contribution deficiency (excess)	(4,500)	(8,500)	(2,499)	(2,012)	(1,446)
Covered payroll	389,552	359,322	$ 359,322	$ 315,317	$ 297,737
Contribution as % of covered payroll	1.16%	2.37%	2.87%	4.09%	3.90%
Contributions made during the fiscal year	$ 4,500	$ 14,000	$ 9,800	$ 12,800	$ 10,400

	FY2017	FY2016	FY2015	FY2014	FY2013
Actuarially determined contribution	$ 8,445	$ 2,735	$ -	$ 8,463	$ 7,613
Contributions related to actuarially determined contribution	$ 10,900	$ 10,500	$ 10,800	$ 14,400	$ 12,000
Contribution deficiency (excess)	(2,455)	(7,765)	(10,800)	(5,937)	(4,387)
Covered payroll	$ 283,435	$ 283,776	$ 266,844	$ 242,343	$ 223,754
Contribution as % of covered payroll	3.85%	3.70%	4.05%	5.94%	5.36%
Contributions made during the fiscal year	$ 10,900	$ 9,900	$ 14,400	$ 12,600	$ 23,610

Actuarially determined contributions are calculated as of January 1 and are based on the IRS minimum funding requirement. The contributions related to the actuarially determined contributions are amounts made for the plan year January 1 to December 31. Contributions made during the fiscal year are contribution amounts made during July 1 and June 30.

Supplemental post-retirement benefit information – As of June 30, 2021 and 2022, post-retirement medical benefits plan's fiduciary net position as a percentage of the total OPEB liability is 0%.

The 2022 and 2021 covered payroll for the active population eligible to participate in the post-retirement medical benefits plan is $29,920,100. The net post-retirement medical benefits liability as of July 1, 2021 and 2020, is $29,783,200 and $30,658,400, respectively. The net post-retirement medical benefits liability as a percentage of covered-employee payroll, as of the same time period, was 99.54% and 102.32%, respectively.

El Camino Healthcare District
Supplemental Schedule of Community Benefit (unaudited)
For the Years Ended June 30, 2022 and 2021

The District and the Hospital maintain records to identify and monitor the level of direct community benefit it provides. These records include the charges foregone for providing the patient care furnished under its charity care policy. For the years ended June 30, 2022 and 2021, the estimated costs of providing community benefit in excess of reimbursement from governmental programs were as follows (in thousands):

	2022	2021
Unpaid costs of Medi-Cal & Indigent programs	$ 54,255	$ 51,224
Other community-based programs		
Psychiatric	12,459	12,880
Clinical trial	273	290
Ambulatory care	12,732	11,659
Psychiatric outpatient	3,516	2,785
Total other community-based programs	28,980	27,614
Total community benefits	$ 83,235	$ 78,838

In furtherance of its purpose to benefit the community, the Hospital provides numerous other services to the community for which charges are not generated and revenues have not been accounted for in the accompanying consolidated financial statements. These services include providing access to healthcare through interpreters, referral and transport services, healthcare screening, community support groups and health educational programs, and certain home care and hospice programs. The estimated costs of Medicare programs in excess of reimbursement from Medicare were $112,217,000 and $123,810,000 for the years ended June 30, 2022 and 2021, respectively.

The Hospital also provides services to the community through the operations of the El Camino Hospital Auxiliary, Inc. (the “Auxiliary”). Services provided by volunteers of the Auxiliary, free of charge to the community, include assistance and counseling to patients and visitors, provision of scholarship awards to qualifying paramedical students, and daily personal contact with members of the community who are living alone.

Communications with Those Charged with Governance

El Camino Healthcare District

June 30, 2022

Communications with Those Charged with Governance

The Board of Directors
El Camino Healthcare District

We have audited the consolidated financial statements of El Camino Healthcare District (the "District") its aggregate discretely presented component units, the El Camino Hospital Cash Balance Plan, and the El Camino Hospital Postretirement Health and Life Insurance Benefit Plan, as of and for the year ended June 30, 2022 and have issued our report thereon dated October ___, 2022. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated March 30, 2022, we are responsible for forming and expressing an opinion about whether the consolidated financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with U.S. generally accepted accounting principles and the California Code of Regulations, Title 2, Section 1131.2, State Controller's Minimum Audit Requirements for California Special Districts. We will also report on whether the consolidating statement of net position, consolidating statement of revenues, expenses, and changes in net position, and supplemental pension and postretirement benefit information, presented as supplementary information, are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole. Our audit of the consolidated financial statements does not relieve you or management of your responsibilities.

We conducted our audit in accordance with *Government Auditing Standards*, auditing standards generally accepted in the United States of America (U.S. GAAS), and the California Code of Regulations, Title 2 Section 1131.2, State Controller's Minimum Audit Requirements for California Special Districts. As part of an audit conducted in accordance with the standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we considered the District's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the consolidated financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated March 30, 2022, and in our presentation to the Audit & Compliance Committee.

Significant Audit Findings and issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the consolidated financial statements. In 2022, the District adopted GASB Statement No. 87, *Leases*. See Note 14 for impact of adoption. The District also adopted GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. No other new accounting policies were adopted and there were no changes in the application of existing policies during 2022. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the consolidated financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were:

- Management's estimate of net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. We evaluated the key factors and assumptions used to develop the estimated net realizable amounts. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimate of the provision for uncollectible accounts is recognized based on management's estimate of amounts that ultimately may be uncollectible. El Camino Hospital provides care to patients without requiring collateral or other security. Patient charges not covered by a third-party payor are billed directly to the patient if it is determined that the patient has the ability to pay. We evaluated the key factors and assumptions used to develop the provision for uncollectible accounts. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimate of the fair market values of investments in the absence of readily-determinable fair values is based on information provided by the fund managers. We have gained an understanding of management's estimate methodology and examined the documentation supporting this methodology. We evaluated the key factors and assumptions used to develop the fair market value of investments. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimate of uninsured losses for professional liability is recognized based on management's estimate of historical claims experience. We evaluated the key factors and assumptions used to develop the actuarial estimates of uninsured losses for professional liabilities and workers' compensation. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimate of the minimum pension liability is actuarially determined using assumptions on the long-term rate of return on pension plan assets, the discount rate used to determine the present value of benefit obligations, and the rate of compensation increases. These assumptions are provided by management. We have evaluated the key factors and assumptions used to develop the estimate. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimated liability for workers' compensation claims is recognized based on management's estimate of historical claims experience and known activity subsequent to year-end. We evaluated the key factors and assumptions used to develop the actuarial estimates of uninsured losses for professional liabilities and workers' compensation. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimated liability for post-retirement medical benefits is actuarially determined using assumptions on the long-term rate of return on plan assets, the discount rate used to determine the present value of benefit obligations, and the rate of compensation increases. These assumptions are provided by management. We have evaluated the key factors and assumptions used to develop the estimate. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimates of useful lives of capital assets are based on the intended use and are within accounting principles generally accepted in the United States of America. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimate of the discount rate used to value the gift annuities and beneficial interest in charitable remainder unitrusts have been estimated based on certain variables related to specific donor information. We evaluated key factors and assumptions used to develop the discount rate used to value the gift annuities and beneficial interest in charitable remainder unitrusts in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

- Management’s estimates of the discount rate, useful lives, lease terms related to the District’s operating lease right of use assets, lease liabilities, lease receivable, and deferred inflows of resources - leases. We have gained an understanding of management’s key factors and assumptions and examined the documentation supporting the estimates. We found management’s basis to be reasonable in relation to the District’s consolidated financial statements taken as a whole

Actual results could differ from these estimates. In accordance with accounting principles generally accepted in the Unites States of America, any change in these estimates is reflected in the consolidated financial statements in the year of change.

Financial Statement Disclosures

The disclosures in the consolidated financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the consolidated financial statements were disclosures relating to significant concentration of net patient accounts receivable, investments and fair value of investments, capital assets, employee benefit plans, post-retirement medical benefits, insurance plans, bonds payable, and leases.

Significant Unusual Transactions

We encountered no significant unusual transactions during our audit of the District’s consolidated financial statements.

Significant Difficulties Encountered in Performing the Audit

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. No significant difficulties were encountered during our audit of the District’s consolidated financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditor’s report. No such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor’s Report

There may be circumstances in which we would consider it necessary to include additional information in the auditor’s report in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. There were no circumstances that affected the form and content of the auditor’s report.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Corrected Misstatements: Below table summarizes material misstatements detected as a result of our audit procedures and corrected by management.

	DR	CR
Short-term investments		$ 13,039,000
Net position	$ 13,039,000	

Uncorrected Misstatements: There were no uncorrected misstatements identified.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October ___, 2022.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified.

This information is intended solely for the use of the Board of Directors and management of the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

San Francisco, California
October ___, 2022

2021 Employee Benefit Plan Audit Results:
El Camino Healthcare District

El Camino Cash Balance Plan

- Non-Section 103(a)(3)(C) Audit
  - **UNMODIFIED OPINION**
  - **WELLS FARGO IS INVESTMENT CUSTODIAN**
- Significant Accounting Estimates
  - **ACTUARIAL ASSUMPTIONS**
  - **FAIR VALUE OF INVESTMENTS**
  - **NET APPRECIATION IN THE FAIR VALUE OF INVESTMENTS**

EL CAMINO HOSPITAL 403(B) TAX DEFERRED ANNUITY PLAN

- Non-Section 103(a)(3)(C) Audit
  - **UNMODIFIED OPINION**
  - **VARIOUS INVESTMENT CUSTODIANS**
    - Fidelity- 98% of assets (~$778.8 million)
    - VALIC- .01% of assets (~$46k)
    - Lincoln- 2% of assets (~$14.2 million)
- Significant Accounting Estimates
  - **FAIR VALUE OF INVESTMENTS**
  - **NET APPRECIATION IN THE FAIR VALUE OF INVESTMENTS**

COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

- The financial statements for both plans are presented on the Governmental Accounting Standards Board (GASB) reporting basis of accounting
- No known or likely misstatements identified
- No significant difficulties encountered in performing the audit
- No disagreements with management regarding accounting, reporting, or auditing matters
- Management and staff were cooperative and helpful throughout the engagement

The material appearing in this presentation is for informational purposes only and should not be construed as advice of any kind, including, without limitation, legal, accounting, or investment advice. This information is not intended to create, and receipt does not constitute, a legal relationship, including, but nor limited to, an accountant-client relationship. Although this information may have been prepared by professionals, it should not be used as a substitute for professional services. If legal, accounting, investment, or other professional advice is required, the services of a professional should be sought.

Assurance, tax, and consulting offered through Moss Adams LLP. Wealth management offered through Moss Adams Wealth Advisors LLC. Investment banking offered through Moss Adams Capital LLC.

THANK YOU

Report of Independent Auditors and
Financial Statements with
Supplemental Schedules and
Required Supplementary Information

El Camino Hospital Cash Balance Plan

December 31, 2021 and 2020

MOSSADAMS

Table of Contents

This section of El Camino Hospital Cash Balance Plan's (the Plan's) annual financial report presents the management discussion and analysis of the Plan's financial performance as of and for the year ended December 31, 2021, the Plan's normal accounting year. It also includes selected comparative information as of and for the year ended December 31, 2020. It should be read in conjunction with the Plan's annual audited financial statements, which follow this section.

Overview

The Plan was established on July 1, 1963, by El Camino Hospital (the Organization) and has been amended from time to time since that date, as further described below.

Financial Highlights

During the year ended December 31, 2021, the net position held in trust for pension benefits increased by approximately 7%. Employer contributions were $6.5 million in 2021 compared to $10.5 million in 2020. Benefit payments were $14.8 million in 2021 compared to $12.2 million in 2020. Net investment income was $33.2 million in 2021 compared to $43.8 million in 2020, which was the primary reason for the overall 7% increase in net position as of December 31, 2021.

Financial Analysis of the Pension Plan

Total contributions have exceeded the actuarially determined contribution amounts dating back to 2014, due to the decision made by the Organization's Board of Directors to fund the Plan at amounts above actuarially determined contributions. In the current year the discount rate used to measure total pension liability remained consistent with prior year at 6.00%.

Operating Statistics

The actuarial cost method used to attribute the actuarial present value of projected benefit payments of each plan member is the entry age normal cost method. Under the entry age normal cost method, the actuarial present value of the projected benefits for each individual included in the actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is the actuarial accrued liability.

The Organization's net pension liability is calculated as the total pension liability, defined as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service, less the plan fiduciary net position. A comparison of the components of the net position liability as of December 31, 2021 and 2020, is as follows:

	December 31, 2021	December 31, 2020
Total pension liability	$ 226,355,491	$ 225,443,113
Plan fiduciary net position	(365,005,841)	(340,105,497)
Organization's net pension liability (asset)	$ (138,650,350)	$ (114,662,384)
Organization's fiduciary net position as a percentage of total pension liability (asset)	161.25%	150.86%

Overview of the Financial Statements

The financial statements consist of four parts: management's discussion and analysis (this section), the basic financial statements together with the related notes, certain required supplemental schedules as required by the Department of Labor, and certain required supplementary information as mandated by certain pronouncements of the Governmental Accounting Standards Board (GASB).

The basic financial statements present information about the Plan's fiduciary net position and changes in fiduciary net position for the respective years. The basic financial statements also include notes to explain some of the information in the financial statements and to provide more details. The notes are followed by a section of required supplemental schedules that display additional detail information not in the basic financial statements, but which are required by the Department of Labor. The supplemental schedules are followed by a section of required supplementary information that displays additional detail information not in the basic financial statements, but which is required by the pronouncements of the GASB, and relates to pension liability and required contributions. The statement of fiduciary net position displays the assets and liabilities and resulting net position of the Plan as of the end of the year. All assets are valued at fair value.

The following is the abbreviated statement of fiduciary net position (in thousands):

	December 31, 2021	December 31, 2020
Cash and investments	$ 363,418	$ 336,548
Employer contribution receivable	1,500	3,500
Interest and dividends receivable	66	54
Noninterest-bearing cash	67	3
Net pending trades	(46)	-
Total fiduciary net position	$ 365,005	$ 340,105

During the year ended December 31, 2021, the Plan's fiduciary net position increased by 7%. The Plan's policies allow investments consisting of fixed income and equity marketable securities, alternatives, and cash.

The statement of changes in fiduciary net position reflects the employer contributions and investment return, net of investment expenses, less benefits paid.

Changes in fiduciary net position are summarized as follows (in thousands):

	December 31, 2021	December 31, 2020
Investment income, net	$ 33,161	$ 43,835
Employer contributions	6,500	10,500
Pending investment settlements	13	137
Benefit payments	(14,774)	(12,167)
Administrative expenses	-	(54)
Change in fiduciary net position	$ 24,900	$ 42,251

The decrease in investment income during the year ended December 31, 2021, compared to 2020, is due to a decrease in the net appreciation of fair value of investments due to smaller returns in global security markets and on the Plan’s investments during the year. Benefit payments increased from prior year due to a increase in the number of retirees and beneficiaries receiving benefits.

Financial Statements

El Camino Hospital Cash Balance Plan
Statements of Fiduciary Net Position
December 31, 2021 and 2020

	2021	2020
ASSETS		
Investments, at fair value		
Mutual funds	$ 240,562,813	$ 230,805,885
Limited liability company	59,572,938	49,390,264
Common stock	30,285,333	23,648,569
Partnerships	11,489,712	11,043,682
Pooled, common, and collective trusts	11,686,382	9,158,477
Corporate bonds	3,264,591	5,303,665
U.S. government securities	814,940	3,309,912
Cash and cash equivalents	5,741,639	3,887,269
Total investments, at fair value	363,418,348	336,547,723
Receivables		
Employer contributions	1,500,000	3,500,000
Interest and dividends	65,625	53,896
Total receivables	1,565,625	3,553,896
Noninterest-bearing cash	67,431	3,878
Net pending trades	(45,563)	-
NET POSITION RESTRICTED FOR PENSIONS	$ 365,005,841	$ 340,105,497

 See accompanying notes.

El Camino Hospital Cash Balance Plan
Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2021 and 2020

	2021	2020
ADDITIONS TO NET POSITION ATTRIBUTED TO		
Investment income		
Net appreciation in fair value of investments	$ 29,452,285	$ 39,953,916
Dividends	3,524,740	3,634,875
Interest	184,195	246,503
Total investment income	33,161,220	43,835,294
Contributions		
Employer contributions	6,500,000	10,500,000
Pending investment settlements	13,143	136,397
Total contributions	6,513,143	10,636,397
Total additions	39,674,363	54,471,691
DEDUCTIONS FROM NET POSITION ATTRIBUTED TO		
Benefits paid to participants	14,774,019	12,166,547
Administrative expenses	-	54,131
Total deductions	14,774,019	12,220,678
INCREASE IN NET POSITION	24,900,344	42,251,013
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	340,105,497	297,854,484
End of year	$ 365,005,841	$ 340,105,497

See accompanying notes.

NOTE 1 – DESCRIPTION OF PLAN

The following description of El Camino Hospital Cash Balance Plan (the Plan) provides only general information. Participants should refer to the Plan agreement, as amended, for a more complete description of Plan provisions.

General – The Plan was originally adopted as a defined benefit plan and was amended and restated in its entirety to a cash-balance formula effective January 1, 1995. Effective January 1, 2014, the Plan was restated and amended. The Plan is administered by the sponsor, El Camino Hospital (the Organization), and Plan assets are held by the custodian of the Plan, Wells Fargo Bank, N.A. (Wells Fargo). The Plan is a noncontributory defined benefit plan intended to qualify under Section 401(a) of the Internal Revenue Code (IRC). At December 31, 2021, there were 4,588 Plan participants consisting of 2,946 active participants and 1,642 inactive or separated participants, and at December 31, 2020, there were 4, 583 Plan participants consisting of 3,001 active participants and 1,582 inactive or separated participants.

Participant accounts – The Plan maintains “participant account balances” equal to a participant’s account balance established as of January 1, 1995, upon the conversion to the cash-balance formula, plus subsequent contribution credits and interest credits related to the participant’s accumulated cash balance, participant match contribution credits, and participant match interest credits.

Contribution credits of 5% of eligible compensation for the year are credited to a participant’s account as of the last day of the Plan year. Each year, interest credits related to a participant’s cash balance are credited to the participant’s account in an amount that is equal to a percentage of a participant’s account balance at the beginning of the Plan year. The percentage rate used is the annual rate of return on 10-year treasury securities in effect for the third month (October) immediately preceding the first day of the applicable Plan year. The rates credited were 1.71% and 3.15% for the years beginning January 1, 2021 and 2020, respectively.

Employee contributions – Contributions by participants are not required or permitted by the Plan.

Employer contributions – The Organization’s funding policy is to contribute amounts to the Plan necessary to meet minimum funding requirements. The Organization’s contributions for 2021 and 2020 exceeded the minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

Although it has not expressed any intention to do so, the Organization has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

Eligibility – Organization employees are eligible to participate on the first day of the month succeeding the later of the date on which they complete one year of service, which is defined as working 12 months for a minimum of 1,000 hours, and they reach age 21.

Funding policy – The amount of employer contributions is determined based on actuarial valuations and recommendations as to the amounts required to fund benefits. Contributions are made by the Organization based on the results of the actuarial recommendations. The Organization intends to make contributions in amounts not less than the minimum required by the funding standards of ERISA and is required to keep the Plan qualified under Section 401(a) of the IRC. Participants are not permitted to contribute to the Plan.

Vesting – Participants are fully vested with their third year of service.

Pension benefits – Monthly benefit payments, based upon a formula described in the Plan document, commence within 30 days of the normal retirement date, early retirement date, or deferred retirement date. A participant may elect to defer retirement past the normal retirement age, which will result in benefits greater than 100%, based on a published scale. The eligibility requirement for early retirement is age 55. Early retirement benefits are calculated by multiplying the accrued benefit as of the early retirement date by a percentage defined in the Plan document.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are 2.00% compounded annually.

On termination of service, a participant may elect to receive either a lump-sum amount equal to the value of the participant's account balance or annuity payments based upon formulas described in the Plan document.

Death benefits – The Plan provides death benefits in the form of a qualified pre-retirement survivor annuity for life equal to the annuity that would have been payable to the spouse if the participant had retired on the day preceding the participant's death. At the option of the beneficiary, the benefit may be paid in a lump-sum.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units, using the accrual method of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein; disclosure of contingent assets and liabilities; and the actuarial present value of accumulated plan benefits, at the date of the financial statements. Actual results could differ from those estimates.

Investment valuation – Investments are reported at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability (the "exit price") in an orderly transaction between market participants at the measurement date. See Note 6 for discussion of fair value measurements.

Income recognition – Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The net appreciation or depreciation in fair value of investments consists of both the realized gains or losses and unrealized appreciation (depreciation) of those investments.

Benefits paid to participants – Benefit payments to participants are recorded upon distribution.

Administrative expenses – Administrative fees, such as custodian, actuarial, and certain other administrative expenses, may be paid by the Plan or the Organization.

Subsequent events – Subsequent events are events or transactions that occur after the statement of fiduciary net position date but before the financial statements are available to be issued. The Plan recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of fiduciary net position, including the estimates inherent in the process of preparing the financial statements. The Plan's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of fiduciary net position but arose after the statement of fiduciary net position date and before the financial statements are available to be issued.

The Plan has evaluated subsequent events through ________ __, 2022, which is the date the financial statements were available to be issued.

NOTE 3 – INVESTMENTS

Investment Policy – The Retirement Plan Administrative Committee, appointed by the Organization's Board of Directors (the Board), is responsible for the oversight of the Plan's investments and investment policy. The investment policy presents ranges for investment types as follows:

Domestic equities	32%
International equities	18%
Alternatives	20%
Broad fixed income	25%
Cash	5%

The following table displays the expected long-term rates of return by asset class:

	Expected long-term real rate of return
Domestic equities	8.69%
International equities	7.66%
Alternatives	5.38%
Broad fixed income	2.86%
Cash	1.04%

Money-weighted rate of return – During the years ended December 31, 2021 and 2020, the annual money-weighted rate of return on the Plan's investments, net of investment expenses, was 9.95% and 14.93%, respectively. The money-weighted rate of return expresses investment performance, net of investment fees, adjusted for the changing amounts actually invested.

Long-term expected rate of return – The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation.

Discount rate – The discount rate used to measure the total pension liability was 6.00%. The projection of cash flows used to determine the discount rate assumes that the Organization will continue to make annual contributions based on Internal Revenue Service (IRS) funding requirements without consideration of the funding relief rules under MAP-21, HATFA, and BBA 2015. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability, calculated using the discount rate of 6.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net pension liability (asset) as of December 31, 2021	$ (115,890,602)	$ (137,150,350)	$ (155,615,251)

Investment risk – There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk, and foreign currency risk may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates. The Plan manages its investment risk factors by diversifying its portfolio.

Custodial credit risk – Custodial credit risk is the risk that in the event of a failure by the counterparty, the Plan will not be able to recover the value of its investments that are in the possession of an outside party. As of December 31, 2021, the Plan's investments are held by third-party safekeeping custodians selected by the Board and registered in the Plan's name. As a result, management believes custodial credit risk is remote.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The prices of fixed income securities with a longer time to maturity, measured by effective duration, tend to be more sensitive to changes in interest rates and more volatile than those with shorter durations.

Credit risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan invests in mutual funds, limited liability companies, common stock, partnerships, pooled, common, and collective trusts, corporate bonds, U.S. government securities, and cash; however, information regarding the credit risk of the investments was not readily available.

NOTE 4 – NET PENSION LIABILITY (ASSET) OF THE ORGANIZATION

The components of the net pension liability of the Organization were as follows:

	December 31, 2021	December 31, 2020
Total pension liability	$ 226,355,491	$ 225,443,113
Plan fiduciary net position	(365,005,841)	(340,105,497)
Organization's net pension liability (asset)	$ (138,650,350)	$ (114,662,384)
Organization's fiduciary net position as a percentage of total pension liability (asset)	161.25%	150.86%

NOTE 5 – ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Actuarial present value of accumulated Plan benefits is those estimated future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions for services rendered by employees to the valuation date. Accumulated Plan benefits include benefits expected to be paid to: (a) retired or terminated employees or their beneficiaries and (b) present employees or their beneficiaries.

Buck Global, LLC, consulting actuaries, estimates the actuarial present value of accumulated Plan benefits. This is the amount that results from applying actuarial assumptions to adjust the accumulated Plan benefits earned by the participants to reflect the time value of money through discounts for interest and the probability of payment by means of decrements, such as for death, withdrawal, or retirement, between the valuation date and the expected date of payment.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

The actuarial present value of accumulated Plan benefits as of January 1, 2021, the beginning of the Plan year, was as follows:

Vested benefits	
Other participants	$ 147,918,012
Participants currently receiving payments	50,091,494
Total vested benefits	198,009,506
Nonvested benefits	3,967,253
	$ 201,976,759

The changes in actuarial present value of accumulated Plan benefits for the Plan from January 1, 2020 to January 1, 2021, were as follows:

Actuarial present value of accumulated Plan benefits at January 1, 2020	$ 195,254,139
Increase (decrease) during the year attributable to:	
Benefits accumulated	13,421,832
Assumption changes	(5,888,234)
Interest	11,355,569
Benefits paid	(12,166,547)
Actuarial present value of accumulated Plan benefits at January 1, 2021	$ 201,976,759

The significant actuarial assumptions underlying the actuarial valuation as of January 1, 2021 (beginning of the Plan year) were as follows:

Discount rate	6%
Mortality basis	The IRS applicable 2020 mortality table is the the Pri-2012 Total Employee and Retiree Mortality Tables (base year 2012) and projected with Mortality Improvement Scale MP-2020, except for current and future beneficiaries of deceased participants. For current and future beneficiaries of deceased participants, mortality is based on the Pri-2012 Contingent Survivor Mortality Tables and projected with Mortality Improvement Scale MP-2020.
Retirement	Normal retirement age is 65
Salary increase	4%
Expected long-term rate of return	6%
Mortality for Cash Balance Annuity Conversion and Lump Sum Payments	2021 Applicable Mortality Table under IRC Section 417(e)(3)
Assumed interest rate for lump sum payment and cash balance annuity conversion	Three segment rates of 0.51%, 2.26% and 3.01%

NOTE 6 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Common stock: Shares of common stock are valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities, which includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

U.S. government securities: Fixed income funds are valued at the NAV of shares held by the Plan and are valued at the closing price reported on the active market on which the individual securities are traded.

Cash and cash equivalents: Cash and cash equivalents are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

Pooled, common, and collective trusts: Units held in pooled investment accounts are valued using the NAV practical expedient of the pooled investment account as reported by the account managers. The NAV is based on the fair value of the underlying assets owned by the pooled investment account, minus its liabilities, and then divided by the number of units outstanding. The NAV of a pooled investment account is calculated based on a compilation of primarily observable market information. The Plan invests in the following pooled investment account:

The Wellington CIF Small Cap Value Fund (Fund) was established pursuant to the Wellington Trust Multiple Collective Investment Funds Plan and Declaration of Trust (Plan and Declaration of Trust) dated June 24, 1982, as most recently amended and restated as of September 1, 2010. The Fund's investment objective is long-term total return in excess of the Russell 2000 Value Index. Wellington Management Company, LLP, an affiliate of the custodian, serves as investment adviser to the fund. As a practical expedient the investment manager uses published NAV to fair value this investment.

Limited liability company and partnerships: This category includes investments in private equity funds and private equity real estate. The valuation of partnership interests in private equity funds may require significant management judgment. The NAV practical expedient reported by the asset manager is adjusted when management determines that NAV is not representative of fair value. In making such an assessment, a variety of factors are reviewed by management, including, but not limited to, the timeliness of NAV as reported by the asset manager and changes in general economic and market conditions subsequent to the last NAV reported by the asset manager. The Plan invests in the following private equity funds:

The Lighthouse Diversified Fund Limited seeks consistent stable returns by allocation of the fund's assets to a wide range of alternative investment strategies across the global financial markets. The fund's assets are managed primarily through investments in offshore investment funds, investment partnerships, and pooled investment vehicles, collectively referred to as investment funds. As a practical expedient the investment manager uses published NAV to fair value this investment.

The Pointer Offshore III, Ltd Fund (the fund) was organized for purposes of trading and investing in securities, private investment companies, and other investments. The fund invests substantially all of its assets through a master-feeder structure in Pointer (QA) L.P. (the Master Fund), an investment company that has the same investment objectives of this fund. The Master Fund's investments include securities that are freely tradable and listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the year. If no sale occurred on such day, the Master Fund values these investments at the mean between the closing "bid" and "asked" prices on such day. The Master Fund's investments in private investment companies are valued utilizing the NAV practical expedient valuations provided by the underlying private investment companies.

The Oaktree Real Estate Opportunities Fund VI, L.P., seeks superior risk-adjusted returns through investments in real estate and real estate-related debt, companies, securities, and other assets, on a global basis, with a primary emphasis on investments in the United States. Distributions from the fund are at the sole discretion of the general partner.

The Walton Street Real Estate Fund VII, LP, was organized for the purpose of making investments in and acquisitions of real estate assets and to engage in any and all activities incidental or ancillary thereto. The fund's initial closing was May 2012, with several subsequent closings through January 2014. The fund's commitment period, during which the general partner may call capital from investors, went through November 2017, and the term of the fund will continue until the sixth anniversary of the expiration of the commitment period. Distributions from the fund are at the sole discretion of the general partner.

The Walton Street Real Estate Fund VIII, LP, was organized for the purpose of making investments in and acquisitions of real estate assets and to engage in any and all activities incidental or ancillary thereto. The fund's initial closing was October 2015, with several subsequent closings through April 2017. The fund's commitment period, during which the general partner may call capital from investors, goes through April 2021, and the term of the fund will continue until the sixth anniversary of the expiration of the commitment period. Distributions from the fund are at the sole discretion of the general partner.

The following table provides additional information for investments in certain entities that calculate NAV per share (or its equivalent):

	Fair value 12/31/20	Fair value 12/31/21	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited Liability Company					
Lighthouse Diversified Fund Limited class G2	$ 23,472,711	$ 30,583,815	$ -	Monthly	90 days
Pointer Offshore III, Ltd	25,917,553	28,989,123	-	Semi-annual	*
Common Collective Trust					
Wellington CIF Small Cap Value	9,158,477	11,686,382	-	Daily	**
Partnerships					
Oaktree Real Estate Opportunities Fund VI	3,086,237	2,733,601	1,932,000	No redemptions	N/A
Walton Street Real Estate Fund VII, LP	1,883,474	2,125,963	2,652,461	No redemptions	N/A
Walton Street Real Estate Fund VIII, LP	6,073,971	6,630,148	5,396,629	No redemptions	N/A
	$ 69,592,423	$ 82,749,032			

* notice on March 15 for June 30 redemption and on September 15 for December 31 redemption.

** Contribution or redemption requests received by 4:00 pm eastern time on any given business day will be executed at that business day's NAV; instructions received after 4:00 pm eastern time will be executed using the next business day's NAV. Cash settlement of contributions and withdrawals generally takes place on the business day following the NAV date.

The following tables set forth, by level within the fair value hierarchy, the Plan's assets at fair value at December 31:

	2021			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 5,741,639	$ -	$ -	$ 5,741,639
Common stock	30,285,333	-	-	30,285,333
Corporate bonds	-	3,264,591	-	3,264,591
Mutual funds	240,562,813	-	-	240,562,813
U.S. government securities	814,940	-	-	814,940
Total assets in the fair value hierarchy	$ 277,404,725	$ 3,264,591	$ -	280,669,316
Investments measured at NAV practical expedient				82,749,032
Total assets, at fair value				$ 363,418,348

	2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 3,887,269	$ -	$ -	$ 3,887,269
Common stock	23,648,569	-	-	23,648,569
Corporate bonds	-	5,303,665	-	5,303,665
Mutual funds	230,805,885	-	-	230,805,885
U.S. government securities	3,309,912	-	-	3,309,912
Total assets in the fair value hierarchy	$ 261,651,635	$ 5,303,665	$ -	266,955,300
Investments measured at NAV practical expedient				69,592,423
Total assets, at fair value				$ 336,547,723

NOTE 7 – TAX STATUS

The IRS issued a determination letter dated February 25, 2021, that stated that the Plan and related trust were designed in accordance with applicable sections of the IRC.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 8 – RISKS AND UNCERTAINTIES

Plan contributions are made, and the actuarial present value of accumulated Plan benefits is reported, based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE 9 – PARTY-IN-INTEREST TRANSACTIONS

The Organization is the Plan sponsor and administrator. Trustees who serve on the Plan's administrative committee are also participants of the Plan.

The Plan’s investments include a short-term investment fund and shares of corporate bonds managed by Wells Fargo. As Wells Fargo is the custodian of the Plan, transactions with this entity qualify as exempt party-in-interest transactions.

NOTE 10 – PLAN TERMINATION

Although it has not expressed any intention to do so, the Organization has the right to discontinue its contributions at any time and to terminate the Plan, subject to the provisions set forth in ERISA.

In the event the Plan is terminated, the net assets will be allocated for payment of Plan benefits to the participants in order of priority determined in accordance with ERISA, applicable regulations thereunder, and the Plan document.

Certain benefits are insured by the Pension Benefit Guaranty Corporation (PBGC), if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor’s pensions. However, the PBGC does not guarantee all types of benefits, and the amount of benefit protection is subject to certain limitations. Vested benefits are guaranteed at the level in effect on the date of the Plan’s termination, subject to a statutory ceiling on the amount of an individual’s monthly benefit.

Whether all participants receive their benefits, should the Plan be terminated at some future time, will depend on the sufficiency, at the time, of the net assets to provide those benefits, the priority of those benefits to be paid, and the level and type of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the then-existing assets and the PBGC guaranty, while other benefits may not be provided at all.

Supplemental Schedules
Required by the Department of Labor

Plan Sponsor: El Camino Hospital
Employer Identification Number: 94-3167314
Plan Number: 001
Schedule H, Line 4(i)

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	Mutual Funds			
	VANGUARD INSTITUTIONAL INDEX FUND	Mutual Fund; Shares: 112,081.023	$ 18,237,604	$ 45,482,479
	METROPOLITAN WEST TOTAL RETURN BOND	Mutual Fund; Shares: 4,349,797.633	44,584,902	44,498,430
	DODGE & COX INCOME FD COM #147	Mutual Fund; Shares: 3,159,043.853	43,854,019	44,416,157
	BNY MELLON INTERNATIONAL STOCK FUND	Mutual Fund; Shares: 845,257.935	12,515,119	22,788,154
	TOUCHSTONE SANDS CAPITAL SELECT GROWTH FUND	Mutual Fund; Shares: 1,330,008.967	17,000,893	25,482,972
	CAUSEWAY INTERNATIONAL VALUE FUND	Mutual Fund; Shares: 1,472,849.655	24,485,394	25,612,855
	CONESTOGA SMALL CAP FUND CLASS INST	Mutual Fund; Shares: 115,262.638	4,494,116	10,016,323
	HARDING LOEVNER INSTITUTIONAL EMERGING MARKETS FUND	Mutual Fund; Shares: 906,573.408	18,889,189	22,265,443
	Total Mutual Funds		184,061,236	240,562,813
	Common Stock			
	ADVANCE AUTO PTS INC	Common Stock; Shares: 4,258	562,742	1,021,409
	AECOM	Common Stock; Shares: 6,846	325,913	529,538
	AIR PRODS & CHEMS INC COM	Common Stock; Shares: 1,541	427,701	468,865
	ALLSTATE CORP	Common Stock; Shares: 5,429	620,376	638,722
	AMERICAN EXPRESS CO	Common Stock; Shares: 2,861	206,545	468,060
	AMERICAN INTERNATIONAL GROUP, INC	Common Stock; Shares: 13,388	545,602	761,242
	ANTHEM INC	Common Stock; Shares: 1,926	321,397	892,778
	ARAMARK	Common Stock; Shares: 20,658	569,211	761,247
	AXALTA COATING SYSTEMS	Common Stock; Shares: 18,586	579,571	615,568
	BROADCOM INC	Common Stock; Shares: 1,649	445,367	1,097,261
	CORTEVA INC	Common Stock; Shares: 14,560	406,324	688,397
	COMCAST CORP CLASS A	Common Stock; Shares: 15,729	643,207	791,641
	CVS HEALTH CORPORATION	Common Stock; Shares: 8,754	671,590	903,063
	DEERE & CO	Common Stock; Shares: 2,030	327,154	696,067
	DOLLAR GENERAL CORP	Common Stock; Shares: 3,454	565,249	814,557
	DUPONT DE NEMOURS INC.	Common Stock; Shares: 5,929	446,389	478,945
	COCA-COLA EUROPEAN PARTNERS PLC	Common Stock; Shares: 9,213	372,616	515,283
	INTERNATIONAL FLAVORS & FRAGRANCES	Common Stock; Shares: 5,587	674,350	841,682
	GOLDMAN SACHS GROUP INC.	Common Stock; Shares: 1,079	196,890	412,771
	QUANTA SERVICES INC COM	Common Stock; Shares: 3,925	254,157	450,041
	HALLIBURTON CO	Common Stock; Shares: 12,898	321,971	294,977
	HESS CORP	Common Stock; Shares: 9,978	610,596	738,671
	HUNT J B RANS SVCS INC	Common Stock; Shares: 4,953	608,930	1,012,393
	COGNIZANT TECH SOLUTIONS CRP COM	Common Stock; Shares: 6,666	378,605	591,407
	RALPH LAUREN CORP CL A	Common Stock; Shares: 4,752	580,873	564,823
	RAYTHEON TECHNOLOGIES CORP	Common Stock; Shares: 6,915	446,282	595,105

Plan Sponsor: El Camino Hospital
Employer Identification Number: 94-3167314
Plan Number: 001
Schedule H, Line 4(i)

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	JPMORGAN CHASE & CO	Common Stock; Shares: 2,805	163,547	444,172
	LAS VEGAS SANDS CORP	Common Stock; Shares: 7,839	468,823	295,060
	LOWES COS INC	Common Stock; Shares: 3,608	283,617	932,596
	LENNAR CORPORATION CLASS A	Common Stock; Shares: 2,759	123,531	320,485
	LITHIA MOTORS INC CL A COM	Common Stock; Shares: 1,381	445,303	410,088
	MERCK & CO INC NEW	Common Stock; Shares: 11,021	827,362	844,649
	STANLEY BLACK & DECKER, INC.	Common Stock; Shares: 3,403	431,750	641,874
	NORTHERN TRUST CORP	Common Stock; Shares: 5,039	526,511	602,715
	ORACLE CORPORATION	Common Stock; Shares: 3,849	163,147	335,671
	PERRIGO CO PLC	Common Stock; Shares: 11,021	476,247	428,717
	PHILLIPS 66	Common Stock; Shares: 10,894	814,440	789,379
	PIONEER NAT RES CO COM	Common Stock; Shares: 4,539	740,427	825,553
	PINNACLE WEST CAP CORP	Common Stock; Shares: 4,460	306,731	314,831
	QUALCOMM INC	Common Stock; Shares: 3,009	213,928	550,256
	T MOBILE US INC	Common Stock; Shares: 3,944	466,186	457,425
	MEDTRONIC, PLC	Common Stock; Shares: 3,277	257,539	339,006
	MGM GROWTH PROPERTIES LLC	Common Stock; Shares: 8,638	220,366	352,862
	UNITEDHEALTH GROUP INC	Common Stock; Shares: 1,855	251,071	931,470
	US BANCORP	Common Stock; Shares: 12,579	609,144	706,562
	VALERO ENERGY CORP	Common Stock; Shares: 7,666	580,111	575,793
	VICI PROPERTIES INC	Common Stock; Shares: 9,300	292,278	280,023
*	WELLS FARGO & CO	Common Stock; Shares: 13,060	601,879	769,791
	WILLIS TOWERS WATSON PUB LTDCO	Common Stock; Shares: 2,071	428,025	491,842
	Total Common Stock		21,801,571	30,285,333
	Pooled, Common & Collective Trusts			
	WELLINGTON CIF SMALL CAP VALUE	Pooled investments; 710,850.457 shares	5,916,141	11,686,382
	Total Pooled, Common & Collective Trusts		5,916,141	11,686,382
	Limited Liability Company			
	POINTER OFFSHORE III, LTD	Pooled investments; 17,900,000.000 shares	17,900,000	30,583,815
	LIGHTHOUSE DIVERSIFIED FUND LIMITED CLASS G2	Pooled investments; 23,792.059 shares	21,000,000	28,989,123
	Total Limited Liability Company		38,900,000	59,572,938

Plan Sponsor: El Camino Hospital
Employer Identification Number: 94-3167314
Plan Number: 001
Schedule H, Line 4(i)

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	Partnerships			
	WALTON STREET REAL ESTATE FUND VIII, LP	Pooled investments; 3,347,798.75 shares	3,347,799	6,630,148
	OAKTREE REAL ESTATE OPPORTUNITIES FUND VI	Pooled investments; 1 share	-	2,733,601
	WALTON STREET REAL ESTATE FUND VII, LP	Pooled investments; 2,117,183.42 shares	2,117,183	2,125,963
	Total Partnerships		5,464,982	11,489,712
	Corporate Bonds			
	ABBVIE INC	Corporate Bond; Maturity Date: 11/21/2022: 2.300%; Shares: 45,000	44,956	45,628
	AERCAP IRELAND CAP/GLOBA	Corporate Bond; Maturity Date: 10/29/2026; 2.450%; Shares: 80,000	79,866	80,656
	AMERICA AIRLINES 2013-2	Corporate Bond; Maturity Date: 01/15/2023; 4.950%; Shares: 29,160.790	30,723	29,799
	AMERICAN ELECTRIC POWER	Corporate Bond; Maturity Date: 11/01/2023; 0.750%; Shares: 65,000	64,945	64,552
	AMERICREDIT AUTOMOBILE RECEIVA	Corporate Bond; Maturity Date: 08/18/2026; 1.020%; Shares: 20,000	19,998	19,888
	AMERICAREDIT AUTOMOBILE RECEIVA	Corporate Bond; Maturity Date: 12/18/2026; 0.340%; Shares: 25,000	24,996	24,793
	AMERICAN HONDA FINANCE	Corporate Bond; Maturity Date: 01/10/2023; 2.050%; Shares: 30,000	29,989	30,443
	AMERICAN TOWER CORP	Corporate Bond; Maturity Date: 09/15/2026; 1.450%; Shares: 35,000	34,818	34,247
	AMERISOURCEBERGEN CORP	Corporate Bond; Maturity Date: 03/15/2023; 0.737%; Shares: 35,000	35,000	34,908
	APPLE INC	Corporate Bond; Maturity Date: 05/11/2025; 1.125%; Shares: 40,000	39,928	39,874
	ATMOS ENERGY CORP	Corporate Bond; Maturity Date: 03/09/2023; 0.625%; Shares: 60,000	59,998	59,770
	BAKER HUGHES LLC/CO-OBL	Corporate Bond; Maturity Date: 12/15/2023; 1.231%; Shares: 45,000	45,000	45,205
	BANK OF AMERICA CORP	Corporate Bond; Maturity Date: 10/24/2024; Shares: 40,000	40,000	39,733
	BERRY GLOBAL INC	Corporate Bond; Maturity Date: 02/15/2024; Shares: 65,000	64,917	64,415
	BOEING CO	Corporate Bond; Maturity Date: 05/01/2023; 4.508%; Shares: 25,000	25,000	26,112
	BOSTON PROPERTIES LP	Corporate Bond; Maturity Date: 09/01/2023; 3.125%; Shares: 70,000	74,108	72,005
	BUNGE LTD FINANCE CORP	Corporate Bond; Maturity Date: 08/17/2025; 1.630%; Shares: 50,000	49,997	49,819
	CANADIAN PACIFIC RAILWAY	Corporate Bond; Maturity Date: 12/02/2024; 1.350%; Shares: 50,000	49,934	50,060
	CARLISLE COS INC	Corporate Bond; Maturity Date: 09/01/2023; 0.550%; Shares: 40,000	39,978	39,642
	CITIBANK NA	Corporate Bond; Maturity Date: 11/03/2025; Shares: 35,000	35,000	34,906
	CNH EQUIPMENT TRUST	Corporate Bond; Maturity Date: 12/15/2026; 0.810%; Shares: 20,000	19,998	19,864
	CNH INDUSTRIAL CAP LLC	Corporate Bond; Maturity Date: 07/02/2023; 1.950%; Shares: 55,000	54,654	55,715
	DELTA AIR LINES 2019-1AA	Corporate Bond; Maturity Date: 04/25/2024; 3.204%; Shares: 75,000	79,342	77,543
	DUKE ENERGY PROGRESS NC	Corporate Bond; Maturity Date: 07/01/2028; 1.295%; Shares: 55,000	55,000	54,823
	ECOPETROL SA	Corporate Bond; Maturity Date: 09/18/2023; 5.875%; Shares: 75,000	83,175	79,501
	ENERGY TRANSFER PARTNERS LP NEW	Corporate Bond; Maturity Date: 03/15/2023; 4.250%; Shares: 50,000	52,320	51,379
	ENTERGY LOUISIANA LLC	Corporate Bond; Maturity Date: 11/17/2023; 0.620%; Shares: 85,000	84,985	84,311
	FED NATL MTG ASSN POOL #MA3932043	Corporate Bond; Maturity Date: 01/01/2035; 3.500%; Shares: 23,934.250	25,004	25,227

Plan Sponsor: El Camino Hospital
Employer Identification Number: 94-3167314
Plan Number: 001
Schedule H, Line 4(i)

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	GENERAL MOTORS FINL CO	Corporate Bond; Maturity Date: 10/15/2024; 1.200%; Shares: 25,000	24,990	24,816
	GEORGIA POWER CO	Corporate Bond; Maturity Date: 07/30/2023; 2.100%; Shares: 45,000	43,884	45,791
	GLENCORE FUNDING LLC	Private Placement; Maturity Date: 04/27/2026; 1.625%; Shares: 40,000	39,958	39,244
	GM FINANCIAL REVOLVING RECIEV	Corporate Backed Obligation; Maturity Date: 06/12/2034; 1.560%; Shares: 20,000	19,996	19,659
	GM FINANCIAL SECURITIZED TERM	Corporate Backed Obligation; Maturity Date: 12/16/2024; 1.490%; Shares: 20,992	21,111	21,116
	GOLDMAN SACHS GROUP INC	Corporate Bond; Maturity Date: 11/17/2023; Shares: 25,000	25,000	24,935
	GOLDMAN SACHS GROUP INC	Corporate Bond; Maturity Date: 10/21/2024; Shares: 20,000	20,000	19,914
	GRAPHIC PACKAGING INTERN	Private Placement; Maturity Date: 04/15/2026; 1.512%; Shares: 20,000	20,000	19,640
	HARLEY-DAVIDSON FINL SERV	Private Placement; Maturity Date: 06/08/2025; 3.350%; Shares: 35,000	34,952	36,666
	HEALTH CARE SERVICE CORP	Private Placement; Maturity Date: 06/01/2025; 1.500%; Shares: 35,000	34,918	34,921
	HOLLYFRONTIER CORP	Corporate Bond; Maturity Date: 10/01/2023; 2.625%; Shares: 50,000	49,947	50,944
	HP INC	Corporate Bond; Maturity Date: 06/17/2025; 2.200%; Shares: 45,000	44,896	45,930
	HUMANA INC	Corporate Bond; Maturity Date: 08/23/2023; 0.650%; Shares: 40,000	39,973	39,792
	INFOR INC	Private Placement; Maturity Date: 07/15/2025; 1.750%; Shares: 30,000	29,965	29,774
	JOHN DEERE CAPITAL CORP	Corporate Bond; Maturity Date: 04/06/2023; 1.200%; Shares: 50,000	49,988	50,377
	JP MORGAN CHASE & CO	Corporate Bond; Maturity Date: 09/16/2024; Shares: 30,000	30,000	29,859
	JP MORGAN CHASE & CO SER HH	Corporate Bond; Maturity Date: 08/01/2169; Shares: 30,000	27,188	30,788
	MACQUARIE GROUP LTD	Corporate Bond; Maturity Date: 01/12/2027; Shares: 40,000	40,000	38,918
	MACQUARIE GROUP LTD	Corporate Bond; Maturity Date: 10/14/2025; Shares: 25,000	25,000	24,780
	MARTIN MARIETTA	Corporate Bond; Maturity Date: 07/15/2023; 0.650%; Shares: 65,000	64,992	64,766
	MERCEDES-BENZ AUTO LEASE TRUST	Corporate Backed Obligation; Maturity Date: 10/17/2022; 2.000%; Shares: 7,368.43	7,367	7,381
	MICROCHIP TECHNOLOGY INC	Corporate Bond; Maturity Date: 02/15/2024; 0.972%; Shares: 40,000	40,051	39,648
	MORGAN STANLEY	Corporate Bond; Maturity Date: 04/28/2026; Shares: 35,000	36,141	35,687
	MORGAN STANLEY	Corporate Bond; Maturity Date: 10/21/2025; Shares: 20,000	20,000	19,842
	NATIONAL RURAL UNTIL COOP	Corporate Bond; Maturity Date: 10/18/2024; 1.00%; Shares: 35,000	34,968	34,698
	OGE ENERGY CORP	Corporate Bond; Maturity Date: 05/26/2023; 0.703%; Shares: 75,000	75,000	74,654
	PACIFIC GAS & ELECTRIC	Corporate Bond; Maturity Date: 06/16/2022; 1.750%; Shares: 60,000	59,996	60,000
	PIONEER NATURAL RESOURCES	Corporate Bond; Maturity Date: 01/15/2024; 0.750%; Shares: 46,000	45,851	45,376
	PNC FINANCIAL SERVICES	Corporate Bond; Maturity Date:12/15/2169; 3.400%; Shares: 35,000	35,000	34,448
	PUBLIC STORAGE	Corporate Bond; Maturity Date:11/09/2026; 1.500%; Shares: 75,000	74,885	74,815
	QUANTA SERVICES INC	Corporate Bond; Maturity Date:10/01/2024; 0.950%; Shares: 50,000	49,973	49,458
	SHIRE ACQ INV IRELAND DA	Corporate Bond; Maturity Date: 09/23/2023; 2.875%; Shares: 65,000	66,318	66,851
	T MOBILE USA INC	Corporate Bond; Maturity Date: 02/15/2026; 1.500%; Shares: 60,000	60,363	59,269
	TACO BELL FUNDING LLC	Corporate Bond; Maturity Date: 08/25/2051; 1.946%; Shares: 55,000	55,000	53,914

Plan Sponsor: El Camino Hospital
Employer Identification Number: 94-3167314
Plan Number: 001
Schedule H, Line 4(i)

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	TEXAS INSTRUMENTS INC	Corporate Bond; Maturity Date: 09/15/2026; 1.125%; Shares: 25,000	25,000	24,759
	TOYOTA AUTO RECEIVABLES OWNER SERIES 2019	Corporate Backed Obligation; Maturity Date: 01/16/2024; 1.920%; Shares: 33,811.43	33,809	34,051
	TOYOTA AUTO RECEIVABLES OWNER SERIES 2020	Corporate Backed Obligation; Maturity Date: 08/15/2024; 1.360%; Shares: 28,263	28,258	28,401
	TOYOTA MOTOR CREDIT CORP	Corporate Bond; Maturity Date: 03/30/2023; 2.900%; Shares: 40,000	39,996	41,108
	TRANSCANADA PIPELINES	Corporate Bond; Maturity Date: 10/12/2024; 1.000%; Shares: 40,000	39,988	39,647
	VERIZON COMMUNICATIONS	Corporate Bond; Maturity Date: 03/22/2026; 1.450%; Shares: 25,000	24,951	24,873
	VERIZON MASTER TRUST	Corporate Bond; Maturity Date: 5/20/2027; 0.500%; Shares: 70,000	69,995	69,091
	VERIZON OWNER TRUST	Corporate Backed Obligation; Maturity Date: 07/22/2024; 1.850%; Shares: 70,000	69,992	70,525
	VISTRA OPERATIONS CO LLC	Corporate Bond; Maturity Date: 07/15/2024; 3.550%; Shares: 60,000	65,150	61,787
	VMWARE INC	Corporate Bond; Maturity Date: 08/15/2024; 1.000%; Shares: 60,000	59,971	59,421
*	WELLS FARGO & COMPANY	Corporate Bond; Maturity Date: 06/02/2024; Shares: 35,000	35,000	35,296
	WELLTOWER INC	Corporate Bond; Maturity Date: 03/15/2024; 3.625%; Shares: 55,000	55,821	57,844
	WESTERN UNION CO/THE	Corporate Bond; Maturity Date: 03/15/2026; 1.350%; Shares: 35,000	34,959	34,299
	Total Corporate Bonds		3,274,190	3,264,591
	U.S. Government Securities			
	U.S. TREASURY NOTE	US Government; Maturity Date: 05/15/2023; 0.125%; Shares: 335,000.000	333,346	332,055
	U.S. TREASURY NOTE	US Government; Maturity Date: 12/31/2022; 2.125%; Shares: 475,000.000	486,618	482,885
	Total U.S. Government Securities		819,964	814,940
	Short-Term Investment Funds			
*	WELLS FARGO SHORT-TERM INVESTMENT FUND N	Cash and cash equivalents	5,741,639	5,741,639
			$ 265,979,723	$ 363,418,348

* Indicates party-in-interest.

Plan Sponsor: El Camino Hospital
Employer Identification Number: 94-3167314
Plan Number: 001
Schedule H, Line 4(j)

(a) Identity of party involved	(b) Description of assets	(c) Purchase price	(d) Selling price	(g) Cost of asset	(h) Current value of asset on transaction date	(i) Net gain or (loss)
* Wells Fargo	Short-Term Investment Fund					
	Series of purchases	$ 50,401,020	$ -	$ 50,401,020	$ 50,401,020	$ -
	Series of sales	-	48,546,645	48,546,645	48,546,645	-
Vanguard	Institutional Index Fund					
	Series of purchases	$ 2,333,503	$ -	$ 2,333,503	$ 2,333,503	$ -
	Series of sales	-	16,500,000	6,930,570	16,500,000	9,569,430

There were no Category (i), (ii) or (iv) reportable transactions during the year ended December 31, 2021.
Columns (e) and (f) have not been presented, as this information is not applicable.
* Indicates party-in-interest.

Required Supplementary Information
Required by the Governmental Accounting Standards Board

El Camino Hospital Cash Balance Plan
Schedule of Changes in Employer Net Pension Liability and Related Ratios

	Year Ended December 31, 2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	$ 10,783,864	$ 10,165,677	$ 9,674,847	$ 8,891,267	$ 8,633,120	$ 8,948,471	$ 8,411,421	$ 7,756,355
Interest on total pension liability	13,736,854	13,206,647	12,743,566	12,303,667	11,847,891	11,892,812	11,509,264	10,892,352
Difference between expected and actual experience	(6,571,449)	(1,152,183)	(1,094,533)	(438,742)	2,228,006	(3,044,168)	(1,483,961)	624,844
Changes in actuarial assumptions	(2,262,872)	(550,252)	(651,502)	(9,464)	(1,876,569)	(6,663,585)	(1,989,519)	961,156
Benefit payments	(14,774,019)	(12,166,547)	(14,687,110)	(13,724,241)	(13,271,000)	(9,911,679)	(11,252,351)	(9,981,982)
Net change in total pension liability	912,378	9,503,342	5,985,268	7,022,487	7,561,448	1,221,851	5,194,854	10,252,725
Total pension liability								
Beginning of year	225,443,113	215,939,771	209,954,503	202,932,016	195,370,568	194,148,717	188,953,863	178,701,138
End of year (a)	$ 226,355,491	$ 225,443,113	$ 215,939,771	$ 209,954,503	$ 202,932,016	$ 195,370,568	$ 194,148,717	$ 188,953,863
Plan fiduciary net position								
Employer contributions	$ 6,500,000	$ 10,500,000	$ 13,000,000	$ 12,200,000	$ 10,900,000	$ 10,500,000	$ 10,800,000	$ 14,400,000
Net investment (loss) income	33,161,220	43,835,294	45,683,093	(6,920,907)	34,409,084	11,129,911	2,923,966	10,584,856
Pending investment settlements	13,143	136,397	42,416	10,033	47,975	16,424	17,244	(178,735)
Administrative expense	-	(54,131)	(100,775)	(264,092)	(122,741)	(281,202)	(170,894)	(18,446)
Benefit payments	(14,774,019)	(12,166,547)	(14,687,110)	(13,724,241)	(13,271,000)	(9,911,679)	(11,252,351)	(9,981,982)
Net change in plan fiduciary net position	24,900,344	42,251,013	43,937,624	(8,699,207)	31,963,318	11,453,454	2,317,965	14,805,693
Plan fiduciary net position								
Beginning of year	340,105,497	297,854,484	253,916,860	262,616,067	230,652,749	219,199,295	216,881,330	202,075,637
End of year (b)	$ 365,005,841	$ 340,105,497	$ 297,854,484	$ 253,916,860	$ 262,616,067	$ 230,652,749	$ 219,199,295	$ 216,881,330
Employer net pension liability (asset) (a) - (b)	$ (138,650,350)	$ (114,662,384)	$ (81,914,713)	$ (43,962,357)	$ (59,684,051)	$ (35,282,181)	$ (25,050,578)	$ (27,927,467)
Plan fiduciary net position as percentage of total pension liability	161.25%	150.86%	137.93%	120.94%	129.41%	118.06%	112.90%	114.78%
Covered payroll	$ 389,551,670	$ 359,321,685	$ 335,696,250	$ 315,317,002	$ 297,737,439	$ 283,435,064	$ 283,775,757	$ 266,843,754
Net pension liability (asset) as percentage of covered payroll	-35.59%	-31.91%	-24.40%	-13.94%	-20.05%	-12.45%	-8.83%	-10.47%

Notes to schedule

Changes in actuarial assumptions include the following:

1) The assumed mortality table was changed from the Pri-2012 Total Employee and Retiree Mortality Tables (base year 2012) and projected with Mortality Improvement Scale MP-2020, to the Pri-2012 Total Employee and Retiree Mortality Tables (base year 2012) and projected with Mortality Improvement Scale MP-2021, except for current and future beneficiaries of deceased participants. For current and future beneficiaries of deceased participants, mortality is based on the Pri-2012 Contingent Survivor Mortality Tables and projected with Mortality Improvement Scale MP-2021.

2) The assumed mortality for lump sum payment and cash balance account annuity conversion was changed from the 2021 IRS 417(e) Applicable Mortality table for expected payments in 2021 and later years to the 2022 IRS 417(e) Applicable Mortality table for expected payments in 2022 and later years.

3) The assumed interest rate for lump sum payment and cash balance annuity conversion was changed from the three segment rates of 0.51%, 2.26% and 3.01% for 2021 to the three segment rates of 1.16%, 2.72% and 3.1% for 2022 to reflect required assumptions for the current year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Plan will present information for those years for which information is available.

El Camino Hospital Cash Balance Plan
Schedule of Employer Contributions

Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Excess	Covered Payroll	Contribution as a % of Covered Payroll
2021	$ -	$ 6,500,000	$ 6,500,000	$ 389,551,670	1.67%
2020	-	10,500,000	10,500,000	359,321,685	2.92%
2019	7,801,280	13,000,000	5,198,720	335,696,250	3.87%
2018	10,887,573	12,200,000	1,312,427	315,317,002	3.87%
2017	10,154,514	10,900,000	745,486	297,737,439	3.66%
2016	8,444,702	10,500,000	2,055,298	283,435,064	3.70%
2015	2,735,821	10,800,000	8,064,179	283,775,757	3.81%
2014	-	14,400,000	14,400,000	266,843,754	5.40%

Notes to schedule

Valuation date	Actuarially determined contributions are calculated as of January 1, the first day of the fiscal year in which the contributions are reported
Methods and assumptions used:	
Actuarial cost method	Entry Age Normal
Discount rate	6.00%
Expected long-term rate of return	6.00%
Salary increases	4.00%
Normal retirement age	65
Mortality	Pri-2012 Total Employee and Retiree Mortality Tables (base year 2012)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Plan will present information for those years for which information is available.

	Year Ended December 31,				
	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expenses	9.95%	14.93%	18.18%	-2.77%	15.06%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Plan will present information for those years for which information is available.

Report of Independent Auditors and
Financial Statements with Supplemental Schedule

El Camino Hospital 403(b) Retirement Plan

December 31, 2021 and 2020

MOSSADAMS

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Financial Statements

El Camino Hospital 403(b) Retirement Plan
Statements of Net Position Available for Benefits
December 31, 2021 and 2020

	2021	2020
ASSETS		
Investments, at fair value		
Registered investment companies	$ 694,422,147	$ 574,832,480
Money market account	21,152,258	24,367,519
Self directed brokerage account	23,178,721	18,197,320
	738,753,126	617,397,319
Variable annuity contracts, at contract value	29,390,149	31,682,236
Total investments	768,143,275	649,079,555
Receivables		
Notes receivable from participants	10,234,487	10,628,305
Employer match receivable	14,694,840	13,266,000
	24,929,327	23,894,305
NET POSITION AVAILABLE FOR BENEFITS	$ 793,072,602	$ 672,973,860

See accompanying notes.

ADDITIONS TO NET POSITION ATTRIBUTED TO:	
Investment income:	
Net appreciation in fair value of investments	$ 43,311,565
Dividends and interest	52,187,752
Total investment income	95,499,317
Interest income on notes receivable from participants	586,953
Revenue credits	355,032
Contributions:	
Participant deferrals	39,601,137
Employer match contributions	14,694,840
Rollover contributions	5,448,132
Total contributions	59,744,109
Total additions	156,185,411
DEDUCTIONS FROM NET POSITION ATTRIBUTED TO:	
Benefits paid to participants	36,086,669
Total deductions	36,086,669
CHANGE IN NET POSITION	120,098,742
NET POSITION AVAILABLE FOR BENEFITS, beginning of year	672,973,860
NET POSITION AVAILABLE FOR BENEFITS, end of year	$ 793,072,602

See accompanying notes.

NOTE 1 – DESCRIPTION OF PLAN

The following description of the El Camino Hospital 403(b) Retirement Plan (the Plan) provides only general information. Participants should refer to the plan agreement, as amended, for a more complete description of plan provisions.

General – The Plan is a 403(b) defined contribution retirement plan covering all employees of El Camino Hospital (the Organization), including hospital-represented, PRN, and SEIU-UHW participants. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Organization is the Plan's sponsor and serves as plan administrator. At December 31, 2021, there were 4,871 Plan participants consisting of 3,787 active participants and 1,084 inactive or separated participants, and at December 31, 2020, there were 4,540 Plan participants consisting of 3,597 active participants and 943 inactive or separated participants.

Eligibility – All full-time, part-time, and per-diem employees of the Organization are eligible to participate in elective contributions in the Plan upon date of hire. Employees are eligible to receive employer matching contributions upon completion of one year of service, defined as working 12 months for a minimum of 1,000 hours.

Contributions – Participants may elect to contribute up to the legal limit on a before-tax basis. Participants may also elect to contribute Roth contributions to the Plan. The Plan permits the automatic enrollment of eligible full time employees in the Plan with contributions of 2% of eligible compensation, unless the employee affirmatively elects otherwise. Employer matching contributions are made for eligible employees based on a percentage of a participant's eligible compensation. Employer matching contributions range from 4% to 6% and are determined based on years of continuous service. Contributions are subject to regulatory limitations.

Participant accounts – Each participant's account is credited with the participant's and employer's contributions and allocations of plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. Participants may direct the investment of their account balances into various investment options offered by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting – Participants are fully vested in their salary deferrals plus actual earnings thereon. All participants vest 100% in the Organization's matching contributions after three benefit years of credited service.

Notes receivable from participants – Participants may borrow from their accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. The maximum loan term is five years unless the loan term qualifies as a home loan, in which case the term of the loan is not to exceed fifteen years.

Loans are secured by the balance of the participant's account and bear fixed, reasonable rates of interest, as determined by the custodians. Principal and interest are paid ratably through payroll deductions or paid directly by the participant to the custodians through monthly ACH transactions. As of December 31, 2021, the rates of interest on outstanding loans with Fidelity Management Trust Company (Fidelity) ranged from 4.25% to 6.50%, with various maturities through November 2036. The loans with Fidelity are considered assets of the Plan and totaled $10,234,487 and $10,628,305 as of December 31, 2021 and 2020, respectively.

Prior to 2009, the Plan allowed plan loans made directly between the participant and Lincoln National Life Insurance Company (Lincoln) and The Variable Annuity Life Insurance Company (VALIC) and collateralized by the participant's account. The rates of interest on outstanding loans with Lincoln ranged from 3.25% to 5.50%, with various maturities through October 2021. The rates of interest on outstanding loans with VALIC ranged from 2.50% to 4.50%, with various maturities through June 2013. The total collateral included in the Plan's assets was approximately $201,000 and $214,000 at Lincoln and $46,000 and $44,000 at VALIC as of December 31, 2021 and 2020, respectively. The loans themselves are not reported assets of the Plan.

Payment of benefits – On termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's account balance, or annual installments over a period of time. For termination of service for other reasons, a participant may receive the value of the vested interest in their account as a lump-sum distribution.

Forfeitures – Forfeitures are the nonvested portion of a participant's account that is lost upon termination of employment. Forfeitures are retained in the Plan and will be used to pay plan administrative expenses or to reduce future Organization contributions. As of December 31, 2021 and 2020, forfeited nonvested accounts totaled approximately $153,000 and $201,000, respectively, and approximately $285,000 was used to reduce 2021 Organization contributions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units, using the accrual method of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions that affect the reported amounts of net position available for benefits and changes therein. Actual results could differ from those estimates.

Investment valuation – Investments are stated at fair and contract value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability (the "exit price") in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Contract value is the relevant measurement for assets invested in fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the Plan.

Income recognition – Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. The net appreciation or depreciation in fair value of investments consists of both the realized gains and losses and unrealized appreciation and depreciation of those investments.

Benefits paid to participants – Benefits are recorded when paid.

Administrative and investment expenses – Administrative expenses related to operating and maintaining the Plan are paid by the Organization. Certain investment and transaction fees are paid by participants in the Plan.

The Plan entered into a revenue credit program (the Program) with Fidelity where revenue credits are deposited to an account held in the Plan. The amount of the revenue sharing received from each investment manager and calculated for each quarter using the fund balances in the Program is credited to the account. Amounts in this account are used to offset program administrative expenses and any amounts unused for expenses will be allocated to participant accounts. During the year ended December 31, 2021, the account was credited with approximately $434,410 in revenue sharing, used $43,010 to pay administrative fees and $357,000 of revenue sharing credits was allocated to participants. As of December 31, 2021 and 2020, revenue credits held in the Plan were approximately $172,000 and $142,000, respectively.

Subsequent events – Subsequent events are events or transactions that occur after the statement of net position available for benefits date but before the financial statements are available to be issued. The Plan recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of net position available for benefits, including the estimates inherent in the process of preparing the financial statements. The Plan's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of net position available for benefits but arose after the statement of net position available for benefits date and before the financial statements are available to be issued.

The Plan has evaluated subsequent events through October XX, 2022, which is the date the financial statements were available to be issued.

NOTE 3 – INVESTMENTS

Investment risk – Investment securities are exposed to various risks that can affect the value of the Plan's investments such as custodial credit risk, interest rate risk, credit risk, concentration risk, and foreign currency risk. The Plan invests in registered investment companies (mutual funds), a money market account, a self-directed brokerage account, and variable annuity contracts. Mutual fund holdings in equity securities, money market accounts, self-directed brokerage accounts, and variable annuity contracts respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while holdings in debt securities are particularly sensitive to credit risk and change in interest rates.

Custodial credit risk – Custodial credit risk is the risk that in the event of a failure by the counterparty, the Plan will not be able to recover the value of its investments that are in the possession of an outside party. The Plan's policies do not specifically address custodial credit risk, but all of the Plan's investments are insured or registered, or held by the Plan or its agent in the Plan's name.

Interest rate risk – Interest rate risk arises from the likelihood that interest rates will rise or fall during the holding period of a fixed rate security and adversely affect the selling price of the security prior to maturity. The price of a debt security typically moves in the opposite direction of the change in interest rates. The Plan invests in mutual funds, a money market account, and a self-directed brokerage account; however, there are no restrictions to the Plan's ability to sell these investments on any given trading date, which mitigates the interest rate risk of the investments.

Credit risk – Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its payments on a security under the original term. The Plan does not have this type of credit risk. The Plan invests in mutual funds, a money market account, a self-directed brokerage account, and variable annuity contracts; however, information regarding the credit risk of the investments was not readily available.

NOTE 4 – FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of inputs used to establish fair value are as follows:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following are descriptions of the valuation methodologies used for assets measured at fair value:

Registered investment companies (mutual funds): Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Self-directed brokerage accounts: Accounts primarily consist of mutual funds and common stocks that are valued on the basis of readily determinable market prices.

Interest-bearing cash (money market fund): Certificates of deposit are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

The following tables disclose the fair value hierarchy of the Plan's assets at fair value at December 31:

	2021			
	Level 1	Level 2	Level 3	Total
Registered investment companies	$ 694,422,147	$ -	$ -	$ 694,422,147
Money market fund	21,152,258	-	-	21,152,258
Self directed brokerage account	23,178,721	-	-	23,178,721
Total assets in the fair value hierarchy	$ 738,753,126	$ -	$ -	738,753,126
Investments at fair value				$ 738,753,126

	2020			
	Level 1	Level 2	Level 3	Total
Registered investment companies	$ 574,832,480	$ -	$ -	$ 574,832,480
Money market fund	24,367,519	-	-	24,367,519
Self directed brokerage account	18,197,320	-	-	18,197,320
Total assets in the fair value hierarchy	$ 617,397,319	$ -	$ -	617,397,319
Investments at fair value				$ 617,397,319

NOTE 5 – VARIABLE ANNUITY CONTRACTS

The Plan's variable annuity contracts meet the fully benefit-responsive investment contract (FBRIC) criteria and therefore are reported at contract value. Contract value is the relevant measure for FBRICs because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value as reported to the Plan by Fidelity, Lincoln, and VALIC represents contributions made under the contract, plus earnings, less participant withdrawals. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

The Plan's ability to receive amounts due is dependent on the issuer's ability to meet its financial obligations, which may be affected by future economic and regulatory developments.

Certain events might limit the ability of the Plan to transact at contract value with the issuer. Such events include the following: (1) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the plan, (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA, or (5) premature termination of the contract. No events are probable of occurring that might limit the Plan's ability to transact at contract value with the contract issuer and that also would limit the ability of the Plan to transact at contract value with the participants.

The Plan invests in the New York Life Guaranteed Interest Account, which is a variable annuity contract that guarantees principal and accumulated interest. Guarantees are provided to participating retirement plans through a group annuity contract issued by New York Life Insurance Company. The fund seeks to provide competitive yields and limited volatility with a guarantee of principal and accumulated interest. These guarantees are backed by the full faith and credit of New York Life Insurance Company. Contributions to the Guaranteed Interest Account are invested in a group annuity contract issued by New York Life Insurance Company. Contributions to the contract are currently invested in a broadly diversified fixed income portfolio within New York Life Insurance Company's general account. The investments in the general account are intended to provide a stable crediting rate consistent with preservation of principal.

The Plan invests in the Lincoln Financial Fixed Account, which is a variable annuity contract. Funds under the variable annuity contract are maintained in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. Lincoln is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

There are no reserves against contract value for credit risk or the contract issuer or otherwise. Crediting rates on the investment contracts are based on a formula agreed upon with the issuer. Interest rates are reviewed on an annual basis for resetting.

Crediting interest rates estimated for each of the custodians for the years ended December 31, were as follows:

	2021	2020
Fidelity Variable Annuity Contracts		
New York Life Guaranteed Interest Account		
Crediting interest rate	2.26%	2.37%
Lincoln Variable Annuity Contracts		
Fixed Account		
Crediting interest rate	3.48%	3.38%

NOTE 6 – TAX STATUS

The Plan has been designed to qualify under Section 403(b) of the Internal Revenue Code (IRC). The terms of the Plan have been prepared to conform with the sample language provided by the IRS. The Plan is required to operate in conformity with the IRC to maintain the tax exempt status for participants under Section 403(b).

In accordance with guidance on accounting for uncertainty in income taxes, the plan administrator has evaluated the Plan’s tax positions and does not believe the Plan has any uncertain tax positions that require disclosure or adjustment to the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 7 – PARTY-IN-INTEREST TRANSACTIONS

Plan investments include shares of registered investment company funds managed by Fidelity, Lincoln, and VALIC. As these are custodians of the Plan, and transactions with these entities qualify as exempt party-in-interest transactions.

NOTE 8 – PLAN TERMINATION

Although it has not expressed any intention to do so, the Organization has the right to terminate the Plan and discontinue its contributions at any time. If the Plan is terminated, amounts allocated to a participant’s account become fully vested.

Supplemental Schedule
Required by the Department of Labor

El Camino Hospital 403(b) Retirement Plan
Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year)
December 31, 2021

Plan Sponsor: El Camino Hospital
Employer Identification Number: 94-3167314
Plan Number: 002
Schedule H, Line 4(i)

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	Registered investment companies			
	T. Rowe Price Retirement 2030	Registered investment company	**	$ 82,548,644
*	Fidelity 500 Index Fund	Registered investment company	**	76,833,911
	J.P. Morgan Large Cap Growth R5	Registered investment company	**	67,321,220
	T. Rowe Price Retirement 2040	Registered investment company	**	62,817,891
	T. Rowe Price Retirement 2035	Registered investment company	**	61,887,089
	T. Rowe Price Retirement 2025	Registered investment company	**	55,780,420
	T. Rowe Price Retirement 2045	Registered investment company	**	48,966,472
	T. Rowe Price Retirement 2020	Registered investment company	**	47,637,558
	T. Rowe Price Retirement 2050	Registered investment company	**	36,227,068
*	Fidelity Extended Market Index Fund	Registered investment company	**	23,589,378
	T. Rowe Price Retirement 2015	Registered investment company	**	17,799,953
	T. Rowe Price Retirement 2055	Registered investment company	**	15,325,151
*	Fidelity Total Bond Fund	Registered investment company	**	13,864,476
	AF Europac Growth R6	Registered investment company	**	11,556,616
	Conestoga Small Cap Institutional Fund	Registered investment company	**	10,400,458
	T. Rowe Price Equity Income Fund	Registered investment company	**	8,279,947
	Northern Small Cap Value Fund	Registered investment company	**	8,101,223
	T. Rowe Price Retirement 2010	Registered investment company	**	7,293,686
	C&S Investment Reality Shares	Registered investment company	**	6,706,398
*	Fidelity U.S. Bond Index Fund	Registered investment company	**	5,930,348
	T. Rowe Price Retirement 2060	Registered investment company	**	5,852,040
	T. Rowe Price Retirement 2005	Registered investment company	**	4,133,919
*	Fidelity Global ex US Index Fund	Registered investment company	**	3,141,832
*	Fidelity VIP Contrafund	Registered investment company	**	1,843,101
	American Funds Growth	Registered investment company	**	1,611,293
	Dodge & Cox International Stock Fund	Registered investment company	**	1,442,323
	Delaware VIP SMID Cap Growth	Registered investment company	**	1,103,208
	DFA International Small Company Portfolio I	Registered investment company	**	775,802
*	LVIP Dimensional U.S. Core Equity 1	Registered investment company	**	749,310
	American Funds International	Registered investment company	**	560,321
	American Funds Growth-Income	Registered investment company	**	534,917
*	LVIP Delaware Social Awareness	Registered investment company	**	429,139
*	LVIP JPMorgan Retirement Income Fund	Registered investment company	**	395,375
	Delaware VIP Small Cap Value	Registered investment company	**	334,761
*	LVIP Delaware Bond	Registered investment company	**	317,755
	Delaware VIP Value	Registered investment company	**	302,410
*	LVIP Delaware Special Opportunities	Registered investment company	**	296,673
*	LVIP Baron Growth Opportunities	Registered investment company	**	285,226
*	LVIP Blackrock Dividend Value Managed Volatility	Registered investment company	**	270,653
*	LVIP T. Rowe Price Structured Mid-Cap Growth	Registered investment company	**	168,027
*	LVIP SSGA S&P 500 Index	Registered investment company	**	167,635
*	LVIP Global Moderate Allocation Managed risk	Registered investment company	**	146,323
*	LVIP Global Growth Allocation Managed Risk	Registered investment company	**	107,649
	Delaware VIP Diversified Income	Registered investment company	**	96,855
*	LVIP Blended Large Cap Growth Managed Volatility	Registered investment company	**	92,799
	Delaware VIP REIT	Registered investment company	**	88,437
	American Funds Global Growth	Registered investment company	**	76,360
*	LVIP Mondrian International Value	Registered investment company	**	70,036
	MFS Utilities	Registered investment company	**	68,138
*	LVIP Delaware Wealth Builder Fund	Registered investment company	**	57,792
*	Fidelity VIP Growth	Registered investment company	**	17,375
*	LVIP Vanguard International Equity ETF	Registered investment company	**	11,614
	Blackrock Global Allocation	Registered investment company	**	2,702

El Camino Hospital 403(b) Retirement Plan
Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year) (Continued)
December 31, 2021

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
*	LVIP JPMorgan Select Mid Cap Value Managed Volatility	Registered investment company	**	936
*	Fidelity VIP Freedom Target Date 2035	Registered investment company	**	761
*	LVIP SSGA Global Tactical Allocation Managed Volatility	Registered investment company	**	525
*	LVIP SSgA International Managed Volatility Fund	Registered investment company	**	170
*	LVIP SSGA Small-cap Index	Registered investment company	**	48
	Total registered investment companies			694,422,147
Money market accounts				
*	Vanguard Federal Money Market Fund	Money market fund	**	21,150,915
*	LVIP Government Money Market Fund	Money market fund	**	1,343
	Total money market accounts			21,152,258
Self directedbrokerage accounts				
*	Fidelity Self Directed Brokerage Account	Self directed brokerage account	**	23,178,721
	Total self directed brokerage accounts			23,178,721
Variable annuity contracts				
	New York Life Guaranteed Interest Account	Variable annuity contract	**	25,361,828
*	Fixed Account	Variable annuity contract	**	3,982,007
*	Loan Collateral Fund	Variable annuity contract	**	45,045
*	Loan Escrow Fund	Variable annuity contract	**	1,269
	Total guaranteed investment contracts			29,390,149
Participant loans				
*	Participant loans	Interest rates ranging from 4.25% to 6.50% maturing through November 2036	-	10,234,487
				$ 778,377,762

* Indicates party-in-interest.
** Information is not required as investments are participant directed.

El Camino Health

EL CAMINO HOSPITAL BOARD OF DIRECTORS
BOARD MEETING MEMO

To: El Camino Hospital Board of Directors
From: Mary Rotunno, General Counsel
Date: September 14, 2022
Subject: Continuation of Resolution 2021-10 of the Board of Directors Making Findings and Determinations Under AB 361 for Teleconference Meetings

Recommendation: To continue the determination made by the Board of Directors at its meeting on October 13, 2021, in Resolution 2021-10 acknowledging that there still exists a state of emergency due to the COVID-19 pandemic and to continue the findings by the Board of Directors to allow continued public participation by teleconference in Board and Advisory Committee meetings in accordance with the recommendation of the Santa Clara County Health Officer.

Summary:

1. Situation: At the October 13, 2021 Board Meeting, the Board of Directors adopted Resolution 2021-10, which made findings to continue holding virtual public meetings under the Ralph M. Brown Act based on the continued state of emergency due to the COVID-19 pandemic and that either (a) the state of emergency continues to directly impact the ability to meet safely in person, or (b) state or local officials continue to impose or recommend measures to promote social distancing.

   This Resolution relies on the September 21, 2021, recommendation by the Health Officer of the County of Santa Clara that public bodies continue to meet remotely due to their unique characteristics, such as the increased mixing associated with bringing together people from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to fully participate in public governmental meetings, and the challenges with fully ascertaining and ensuring compliance with vaccination and other recommendations at such meetings.

2. Authority: On March 17, 2020, in response to the COVID-19 pandemic, Governor Newsom issued Executive Order N-29-20, suspending specific provisions of the Brown Act to allow local legislative bodies to conduct meetings telephonically or by other means. On June 11, 2021, Governor Newsom issued Executive Order N-08-21, which placed an end date of September 30, 2021, for agencies to meet remotely. On September 16, 2021, Governor Newsom signed Assembly Bill 361 (2021) ("AB 361"), which allows for local legislative and advisory bodies to continue to conduct meetings via teleconferencing if the Board of Directors, by majority vote, makes the findings set forth in paragraph 1 above, not later than thirty (30) days after teleconferencing for the first time under the AB 361 rules, and every 30 days thereafter.

3. Legal and Compliance Review: ECH, outside counsel at Best Best & Krieger, LLP ("BB&K"), reviewed the legislation and prepared Resolution 2021-10.

Attachment:

1. Resolution 2021-10 - Resolution of the Board of Directors of El Camino Hospital Making Findings and Determinations Under AB 361 for Teleconference Meetings

RESOLUTION 2021-10

RESOLUTION OF THE BOARD OF DIRECTORS OF EL CAMINO HOSPITAL MAKING FINDINGS AND DETERMINATIONS UNDER AB 361 FOR TELECONFERENCE MEETINGS

WHEREAS, all meetings of the El Camino Hospital's Board of Directors and Advisory Committees are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code §§ 54950 – 54963), so that any member of the public may attend, participate, and watch the Board of Directors and its Advisory Committees conduct their business;

WHEREAS, such meetings ordinarily take place on the campus of the Hospital, located at 2500 Grant Road, Mountain View, California, 94040, in the County of Santa Clara;

WHEREAS, ordinarily, the Ralph M. Brown Act imposes certain requirements on local agencies meeting via teleconference;

WHEREAS, the Legislature recently enacted Assembly Bill 361 (AB 361), which amended Government Code section 54953 to allow local agencies to use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) of section 54953 of the Government Code if the legislative body holds a meeting during a proclaimed state of emergency and determines by majority vote that, as a result of the emergency, either (a) meeting in person would present imminent risks to the health and safety of attendees, or (b) state or local official continue to impose or recommend measures to promote social distancing;

WHEREAS, the Governor issued a proclamation declaring a state of emergency on March4, 2020 due to the COVID-19 pandemic, pursuant to section 8625 of the California Emergency Services Act, and this proclaimed state of emergency currently remains in effect;

WHEREAS, on August 2, 2021, in response to the Delta variant, the Health Officer of the County of Santa Clara ordered all individuals to wear face coverings when inside public spaces;

WHEREAS, on September 21, 2021, the Health Officer of the County of Santa Clara issued a recommendation that public bodies continue to meet remotely due to their unique characteristics, such as the increased mixing associated with bringing together people from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to fully participate in public governmental meetings, and the challenges with fully ascertaining and ensuring compliance with vaccination and other recommendations at such meetings;

WHEREAS, AB 361 requires compliance with separate procedures for teleconference meetings during a state of emergency, found in subdivision (e) of Government Code section54953;

WHEREAS, AB 361 requires that the legislative body using the teleconferencing procedures of AB 361 make renewed findings by majority vote, not later than every thirty (30) days, that the legislative body has reconsidered the circumstances of the state of emergency, and that either (a) the state of emergency continues to directly impact the ability of the members to meet safety in person, or (b) state or local officials continue to impose or recommend measures to promote social distancing;

WHEREAS, the Board of Directors of the Hospital desires to make findings and determinations for meetings of the Board of Directors and its Advisory Committees consistent with AB 361 to utilize the special procedures for teleconferencing provided by AB 361 due to imminent risks to the health and safety of attendees, as well as Hospital staff and patients;

WHEREAS, in response to the COVID-19 pandemic, Hospital staff has set up hybrid in-person/teleconference public meetings, whereby members of the Board of Directors and Advisory Committee members and staff that can attend the meeting in-person on the campus of the Hospital can do so, while members of the public have the full ability to observe and comment on the meetings off-campus through the Hospital's virtual meeting platforms;

WHEREAS, the Board of Directors fully supports the public's right to participate in all meetings of the Board of Directors and its Advisory Committees, but acknowledges that it cannot require members of the public who wish to attend meetings in-person to submit proof of vaccination or negative test results;

WHEREAS, it is important that the Board of Directors ensure that Board members, Advisory Committee members and Hospital staff have a safe workplace and Hospital patients have a safe environment to receive care, to the maximum extent possible; and

WHEREAS, the Board of Directors desires to balance the rights of members of the public to participate in meetings of the Board of Directors and its Advisory Committees with the rights of the Board of Directors, Advisory Committee members and Hospital staff to conduct the meetings in a safe environment.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of El Camino Hospital, that:

1. The Board of Directors finds and determines that, as a result of the COVID-19 pandemic emergency, meetings of the Board of Directors and its Advisory Committees in which the public attends in-person on the campus of the Hospital would present imminent risks to the health and safety of the Board of Directors, Hospital staff, members of the public and patients of the Hospital.

2. The Board of Directors finds and determines that conducting such meetings in a hybrid in-person/teleconference model provides the safest environment for the Board of Directors, Advisory Committee members and Hospital staff to conduct business, while allowing for maximum public participation.

3. The Board of Directors finds and determines that the Health Officer of the County of Santa Clara has recommended measures to promote social distancing as one means to reduce the risk of COVID-19 transmission.

4. The Board of Directors and its Advisory Committees shall conduct teleconference meetings under AB 361 in accordance with the requirements of AB 361, found in subdivision (e) of Government Code section 54953.

5. Through the duration of the state of emergency, if the Board of Directors desires to continue utilizing teleconferencing meetings under the special provisions of AB 361, the Board of Directors will make findings by majority vote not later than thirty (30) days after this meeting (or, if there is no meeting within thirty (30) days of this meeting, at the start of the next meeting), and not later than every thirty (30) days thereafter (or, if there is no meeting within thirty (30) days thereafter, at the start of the next meeting), that the Board of Directors has reconsidered the circumstances of the state of emergency and that either (a) the state of emergency continues to directly impact the ability of the public to meet safely in person, or (b) that state or local officials continue to impose or recommend measures to promote social distancing.

6. The findings of the Board of Directors set forth above apply to all meetings of the Board of Directors and its Advisory Committees, including, without limitation, the October 4, 2021 meeting of the Quality, Patient Care and Patient Experience Committee, which predated this Resolution.

PASSED AND ADOPTED at the regular meeting of the Board of Directors of El Camino Hospital held on October 13, 2021 by the following vote:

AYES: Chen, Fung, Kliger, Miller, Po, Rebitzer, Somersille, Ting, Watters, Zoglin

NOES: None

ABSENT: None

ABSTAIN: None

ATTEST:

DocuSigned by: Lanhee Chen 71D3D3DB297E475...	DocuSigned by: Julia Miller 30CE6DD9439C4ED...
Chair, El Camino Hospital Board of Directors	Secretary, El Camino Hospital Board of Directors

El Camino Health

Minutes of the Open Session of the
El Camino Hospital Board of Directors
Wednesday, September 14, 2022

Pursuant to Government code section 54953(e)(1), El Camino Health did not provide a physical location to the public for this meeting. Instead, the public was invited to join the open session meeting via teleconference.

Board Members Present
Bob Rebitzer, Chair
Lanhee Chen, JD, PhD**
Julie Kliger, MPA, BS
Julia E. Miller, Secretary/Treasurer
Jack Po, MD, Ph.D., Vice-Chair (absent at roll call; joined at 5:36)
Carol A. Somersille, MD
George O. Ting, MD
Don Watters
John Zoglin

Board Members Absent
Peter C. Fung, **MD**

Others Present
Dan Woods, CEO
Carlos Bohorquez, CFO**
Deb Muro, CIO**
Christine Cunningham, CXO**
Deanna Dudley, CHRO
Meenesh Bhimani, MD, COO
Cheryl Reinking, CNO
Holly Beeman, MD, CQO
Andreu Reall, VP Strategy
Mary Rotunno, General Counsel
Vineeta Hiranandani, VP Marketing and Communication**

**via telepresence

Others Present (cont.)
Prithvi Legha, MD, Mountain View Chief of Staff
Philip Ho, MD, Los Gatos Chief of Staff
Shreyas Mallur, MD, Associate Chief Medical Officer
George Anderson, Partner, Spencer Stuart
Erica Osborne, Via Healthcare Consulting (Via)**
Marianne Vicencio, Via**
Stephanie Iljin, Administration
Brian Richards, Information Technology

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Board of Directors of El Camino Hospital (the "Board") was called to order at 5:34 p.m. by Chair Bob Rebitzer. A verbal roll call was taken. All Board members were present at roll call except for Jack Po, MD, who joined at 5:36 and Peter Fung, MD, who was absent. Chair Rebitzer reviewed the logistics for the meeting. A quorum was present pursuant to State of California Executive Orders N-25-20 dated March 12, 2020, and N-29-20 dated March 18, 2020. Dan Woods, CEO, introduced Deanna Dudley, new chief human resource officer, who expressed her excitement to join the team.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Rebitzer asked the Board for declarations of conflict of interest with any items on the agenda. None were reported.	
3. PUBLIC COMMUNICATION	Chair Rebitzer invited the members of the public to address the Board, and no comments were made.	
4. FY22 ANNUAL BOARD SELF-ASSESSMENT	Mr. Woods introduced George Anderson, Spencer Stuart Consultant, who reported the results from the 2022 board self-assessment (BSA). Mr. Anderson reported the BSA was more streamlined than past practice and focused on the performance of the Board as a whole. The highest rated Board strength is aggregated responses on individual contributions to the Board. The Board's working relationship with the leadership team was also highly rated. The area with the most opportunity is board succession planning, an area of focus for the Governance Committee. Another area of opportunity is the organization's performance regarding community health needs.	

	The group then engaged in a respectful discussion about succession planning and community health needs.	
5. MEDICAL STAFF REPORT	Prithvi Legha, MD, Mountain View chief of staff, provided a verbal update and reported that emergency department throughput is a challenge, but there are initiatives to improve patient flow. Dr. Legha also reported that the medical staff is also focusing on the organization's journey to becoming a high-reliability organization. The Board engaged in a robust discussion regarding readmission rates and current improvement efforts.	
6. QUARTERLY QUALITY COMMITTEE REPORT	Carol Somersille, MD, committee chair, reported a change to the Quality Committee pacing plan that will result in less frequent general updates and more time spent on deep dives into performance improvement. In addition, she reported the committee's concerns with the likelihood to recommend (LTR) metric's margin of error. As part of the evening's deep dive into quality, Holly Beeman, MD, chief quality officer, reported that approximately 20% of readmissions at El Camino Hospital (ECH) are preventable. She described performance improvement efforts that are underway to decrease readmissions at ECH. Board members engaged in discussion and asked several questions, which Dr. Beeman answered. The Board indicated it is interested in holding additional deep dives every quarter, and thanked Dr. Beeman for presenting acronym-free information.	*Action: Dr. Beeman to investigate if case review is in progress regarding a return to the emergency department by a patient who was subsequently diagnosed with spine compression fractures.*
7. ADJOURN TO CLOSED SESSION	Motion to adjourn to closed session at 6:38 p.m. pursuant to Gov't Code Section 54957.2 for approval of the minutes of the Closed Session of the Joint Hospital Board and Finance Committee (05/26/22) and minutes of the Closed Session of the Hospital Board (08/17/22); pursuant to Health and Safety Code Section 32155 for a report of the Medical Staff; deliberations concerning reports on Medical Staff quality assurance matters: (Medical Staff Credentialing & Privileges Report); pursuant to Gov't Code Section 54957 for discussion on FY22 Year in Review and Strategy Forward; an Executive Session with the CEO, and a CEO Report. **Motion:** to adjourn to closed session at 6:38 p.m. **Movant**: Miller **Second**: Watters **Ayes**: Kliger, Miller, Po, Rebitzer, Somersille, Ting, Watters, Zoglin **Noes**: None **Abstentions**: None **Absent**: Chen, Fung **Recused**: None	***Adjourned to closed session at 6:38 p.m.***
8. AGENDA ITEM 14: RECONVENE OPEN SESSION/ REPORT OUT	Open Session was reconvened at 7:49 p.m. by Chair Rebitzer. Agenda Items 8-15 were addressed in closed session. During the closed session, the El Camino Hospital Board of Directors approved the closed session minutes of the Joint Hospital Board and Finance Committee (05/26/22), the minutes of	

 DRAFT

<table>
<tr><td></td><td>the Closed Session of the Hospital Board (08/17/22), and the Credentials and Privileges Report, by a unanimous vote of all Directors present (Directors Chen, Kliger, Miller, Po, Rebitzer, Somersille, Ting, Watters, and Zoglin). Director Fung was absent.</td><td></td></tr>
<tr><td>9. AGENDA ITEM 15: CONSENT CALENDAR ITEMS</td><td>Chair Rebitzer asked if any member of the Board or the public wished to remove an item from the consent calendar for discussion.

After questions were answered, there was a motion to approve the consent calendar.

Motion: to approve the consent calendar to include:
a. Continuation of Resolution 2021-10 of the Board of Directors Making Findings and Determinations Under AB 361 for Teleconference Meetings
b. Minutes of the Open Session of the Joint Hospital Board and Finance Committee (05/26/2022)
c. Minutes of the Open Session of the Hospital Board (08/17/2022)
d. Exception to Physician Financial Arrangements Policy
e. Neuro-Interventional Call Panel (MV)

The following was reviewed and recommended for approval by the Medical Executive Committee:
a. Policies, Plans, and Scope of Services

Movant: Watters
Second: Miller
Ayes: Chen, Kliger, Miller, Po, Rebitzer, Somersille, Ting, Watters, Zoglin
Noes: None
Abstentions: None
Absent: Fung
Recused: None</td><td>Consent calendar approved</td></tr>
<tr><td>10. AGENDA ITEM 16: CEO REPORT</td><td>Mr. Woods provided a brief CEO report, including the following highlights:
• ECH's neonatal intensive care unit received recognition for high-quality and safe care
• ECH is the first hospital in the country to offer new patient-friendly diagnostic images in the Epic portal
• ECH nursing staff will present abstracts at a conference in partnership with UC Davis Health, an academic medical center.
• Director Miller and John Sobrato, philanthropist, continue to nurture a relationship with a donor who has pledged to donate $1 million to ECH.</td><td></td></tr>
<tr><td>11. AGENDA ITEM 17: BOARD COMMENTS</td><td>Directors Zoglin and Somersille attended an American Hospital Association meeting recently. Director Zoglin agreed to write a summary of the event to share with the Board.</td><td></td></tr>
<tr><td>12. AGENDA ITEM 21: ADJOURNMENT</td><td>Motion: to adjourn at 7:58 p.m.

Movant: Miller
Second: Kliger</td><td>Meeting adjourned at 7:58 p.m.</td></tr>
</table>

	Ayes: Chen, Kliger, Miller, Po, Rebitzer, Somersille, Ting, Watters, Zoglin **Noes:** None **Abstentions:** None **Absent:** Fung **Recused:** None	

Attest as to the approval of the foregoing minutes by the Board of Directors of El Camino Hospital:

Bob Rebitzer
Chair, ECH Board of Directors

Julia E. Miller
Secretary, ECH Board of Directors

Prepared by: Marianne Vicencio, Via Healthcare Consulting
Reviewed by: Stephanie Iljin, Manager of Administration

BOARD OF DIRECTORS
Policies, Plans, and Scope of Service for Review
October 12, 2022

Owner / Dept.	Policy Name	Revised	Doc Type	Notes	Committee Approvals
New Business					
Foundation	1. Endowment Spending Policy	New	Policy	1. None	• ePolicy

NEW POLICY

Status Active PolicySat ID 12208390

Origination	09/2022	Owner	Dakota Atley
Last Approved	09/2022	Area	Administration
Effective	09/2022	Document Types	Policy
Last Revised	09/2022		
Next Review	09/2025		

Endowment Spending Policy

COVERAGE:

All El Camino Hospital staff.

PURPOSE:

The purpose of this policy is to define the spending of interest from an endowed fund and describe the process for accessing and managing endowed funds, the recording and tracking of monetary donations to El Camino Health Foundation. The two key components of the endowment spending policy are to preserve the purchasing power of the endowed funds and to provide predictable and steady support for programs. Returns over time should be equal to the spending rate plus a consideration of inflation as well as any expenses.

The Finance Committee recognizes that decisions to spend or accumulate endowment funds must be made in good faith, with the care that an ordinary prudent person in a like position would exercise under similar circumstances and take into consideration such factors as follows:

A. Duration and preservation of the endowment fund
B. The purposes of the institution and the endowment fund
C. General economic conditions
D. The possible effect of inflation or deflation
E. The expected total return from income
F. The appreciation of investments
G. Other resources of the institution
H. The investment policy based on the above considerations.

POLICY STATEMENT:

It is the policy of El Camino Health Foundation that all gifts, pledges and private grants from individuals, corporations, foundations and organizations made to El Camino Health Foundation to set-up an endowed fund are recorded and tracked via the Foundation's donor management system. All endowed funds are to be spent in accordance with the donor's intent.

DEFINITIONS:

An endowed fund is created by a donor from a gift containing a legal stipulation that the original gift may never be expended. These gifts are held and invested in perpetuity by El Camino Health Foundation for the purpose of generating a permanent expendable income stream from the return on the gift for the purpose the donor designates. Endowment gifts to El Camino Health Foundation are placed in El Camino Health's pooled fund for investment and oversight purposes. A pool of assets provides more options for investment, stronger diversification, superior returns and lower management fees. The market performance of the pool is allocated between all the accounts proportionately so they all share equitably in the gains or losses. Decisions regarding the types of investments are made by the Investment Committee of the Board. Please consult the Investment Policy statement for details.

PROCEDURE:

One-time Allowance:

There is a one-time allowance to spend up to any current value endowment proceeds accrued before this policy went into effect; for any monies allowable to spend yet not spent by December 31, 2022, those will roll into the endowment and be part of the corpus thereafter.

If Endowed Fund Balance Falls below its Corpus:

If the endowed fund balance drops below the corpus value, the Foundation will halt all spending of any endowed fund interest until the value is back above the original corpus amount, whether we have the full amount or if it's within a pledge payment period.

Setting Spend Rate

In order to achieve the above, the Finance Committee:

A. Reviews and approves the Endowment Spending policy annually at the beginning of each fiscal year.
B. December 31 values are used to calculate the spending rate.
C. The spending rate is calculated by taking four and a half (4.5) percent of a three year rolling average of the market value of the eligible endowments in the investment pool for the period ending December 31 each calendar year.
    1. Example of how to compute spending rate for period ended December 31, 2022:
        a. Compute the average market value of the eligible endowments in the investment pool at December 31st for the previous three years by adding

together.

b. Divide by three (3) which gives the average market value of the endowment portfolio.

c. Multiply the average by four and a half (4.5) percent to obtain the market value base.

d. Multiply the reinvestment fee percent by the current year December 31st market value base and subtract this dollar amount from the market value base.

e. This amount is allocated to each fund in the pool based on the number of shares it has as a percentage of the total shares.

f. The resulting amount are the dollars available to be used for the endowment award beginning July 1, 2023.

g. To calculate the spending rate, multiply the average by four (4) percent and divide by the December 31, 2022 portfolio market value to get the Spending Rate.

h. Once calculated, the rate should be no more than 4.5% of the moving average market value.

i. Newly created endowment funds must be eligible for payout for at least one full fiscal year prior to the payout date.

j. Appreciation and/or depreciation in the market value will accrue to each individual endowment fund.

k. Fund achieves endowment by fiscal year award date

l. In a prolonged down market, the Finance Committee reserves the right to review this policy and make appropriate adjustments to the spending policy, if necessary.

Inclusion/Exclusion Criteria/Indications/Definitions Exclusions

To set-up a new endowed fund a minimum amount of $100,000 is needed. Contributions are grouped together by their restriction and are located in the accounting system as Foundation Funds or Grants in the Activities module. El Camino Health Foundation's funds in the accounting system are governed by the joint Finance and Foundation departments. If the gift has no donor placed restrictions, then it should go toward the Unrestricted Endowment.

To create an endowed fund with a planned gift – meaning we will not actually receive the "corpus" immediately to set-up the fund – a minimum of $100,000 is needed to establish an endowed fund, with any balance beyond that to be donated when the planned gift and/or estate is settled.

Key Points

A. Donations that are restricted by the donor for a specific area or program will be placed in an appropriate Endowed Fund.

B. If an endowed fund does not exist for the donor's restrictions, the donation will be placed in the holding account until a new Endowed Fund is created. Foundation staff responsible for securing the gift will submit a “New Fund Set-up Request Form” to the Program Manager, Gift Accounting. The Program Manager, Gift Accounting will submit a request to Finance to set-up the new endowed fund. Once created, the endowed fund will be assigned by Finance who will notify both the Foundation and Service Line Manager, the Service Line Manager will be responsible for administering the interest from the Endowed Fund. The Foundation staff responsible for securing the gift is responsible for alerting the Service Line Manager when an Endowed Fund has been assigned to them and what restrictions are on the activity.

C. The Finance Department will minimally provide a Quarterly Activity Report of El Camino Foundation’s Endowed Funds that summarizes fund activity to the assigned Service Line Manager for their review. Any discrepancies on the Endowed Fund Activity Report need to be reported to the Finance and Foundation Departments for examination, which will make any necessary changes. Discrepancies must be reported within thirty (30) days. Any requests post-30 days will require the President of the Foundation’s approval. Changes will be reflected on the following quarter’s report.

D. The Service Line Manager will have the authority and responsibility to approve expenses/ purchases via their respective assigned endowed funds with the exceptions in sections G. and H. listed below.

    1. It is the responsibility of the Service Line Manager to ensure that the expenditure is in keeping with the restrictions of the fund. Questions regarding appropriate use should be directed to the Foundation.
    2. All relevant El Camino Health policies must be adhered to (catering, mileage reimbursement, etc.)
    3. All item purchases must follow El Camino Health’s procurement policy.

E. At the close of the second quarter each fiscal year, all funds with no expenditures in the last six (6) months will be reviewed by the President, Foundation, Chief Financial Officer, Controller and Director, Foundation Operations. Service Line Manager will be alerted and asked to provide an update on expected expenditures for the remainder of the fiscal year.

F. At the end of the Fiscal Year, if monies are still available within an endowed fund interest account, the President, Foundation and Chief Financial Officer will review those funds with relevant members of the Executive Management Team, who will then discuss with their respective Service Line Manager any funds lacking activity to ensure the timely and responsible use of the funds. Any unspent monies sitting in an interest account at the end of each fiscal year will be reviewed by the President, Foundation and the Finance Committee to determine if funds should carried over to the next Fiscal Year for future expenditures or reinvested back into the Corpus.

G. All expenditures or endowed funds used to fund a Full Time, Part Time or hourly employee requires the Chief Operating Officer’s (COO) pre-approval.

H. All expenditures or interest from Endowed Funds used for Capital equipment (as defined in the Asset Capitalization Policy) requires the COO’s pre-approval.

I. All expenditures must be approved by the appropriate person within the Foundation as is managed in the WorkDay tracking system.

J. Minimum Required Information to Set-Up a New Endowed Fund

    1. Endowed Fund Name (Short Description)

2. Program Name or Funding Description (Long Description)
3. Fund Class (Research, Care or Education)
4. Fund Category (Restricted or Unrestricted)
5. Service Line Manager Name Assigned
6. 2nd Person's Name to Receive Copy of Reports (if applicable)
7. Grant/Gift Start Date
8. Division/Department Name/Program Area
9. Division/Department Head Name
10. Executive Manager Reporting to
11. Single Donor (Donor's Name) or Multiple Donors
12. Donor Intent Restrictions
13. Key Word for Searches

K. If at some future time the use of this fund is not possible due to a change in El Camino Health's programs or the healthcare environment, the Foundation reserves the right to adjust the usage of the fund towards a purpose that most closely meets the donor's original intent.

NOTE: Printed copies of this document are uncontrolled. In the case of a conflict between printed and electronic versions of this document, the electronic version prevails.

Approval Signatures

Step Description	Approver	Date
ePolicy Committee	Patrick Santos: Policy and Procedure Coordinator	09/2022
	Dakota Atley: Dir Foundation Operations	08/2022

KaufmanHall

The Current State of Hospital Finances: Fall 2022 Update

The Current State of Hospital Finances: Fall 2022 Update

Since the onset of the COVID-19 pandemic in March 2020, our nation's hospitals and health systems have coped with intense pressure on staff and resources.

As hospital executives, policymakers, and other stakeholders assess the current landscape, key findings about recent and projected future performance through the rest of 2022 include:

- **Margins remain depressed relative to pre-pandemic levels.** After a difficult first half of 2022, optimistic projections for the rest of the year indicate margins will be down 37% relative to pre-pandemic levels.
- **More than half of hospitals are projected to have negative margins through 2022.** Projections for the remainder of the year demonstrate an increase in hospitals with negative margins relative to pre-pandemic levels, to 53%.
- **Expenses are significantly elevated from pre-pandemic levels.** Expenses are projected to increase throughout the rest of 2022, leading to an increase of nearly $135 billion over 2021 levels. Labor expenses are projected to increase by $86 billion, while non-labor expenses are projected to increase by $49 billion.
- **Hospitals have faced a profound financial toll.** Hospitals have incurred serious losses in 2022 relative to pre-pandemic levels—and future federal support is uncertain.

Hospitals also are facing a host of other related challenges, including workforce shortages, supply disruptions, and rising expenses.

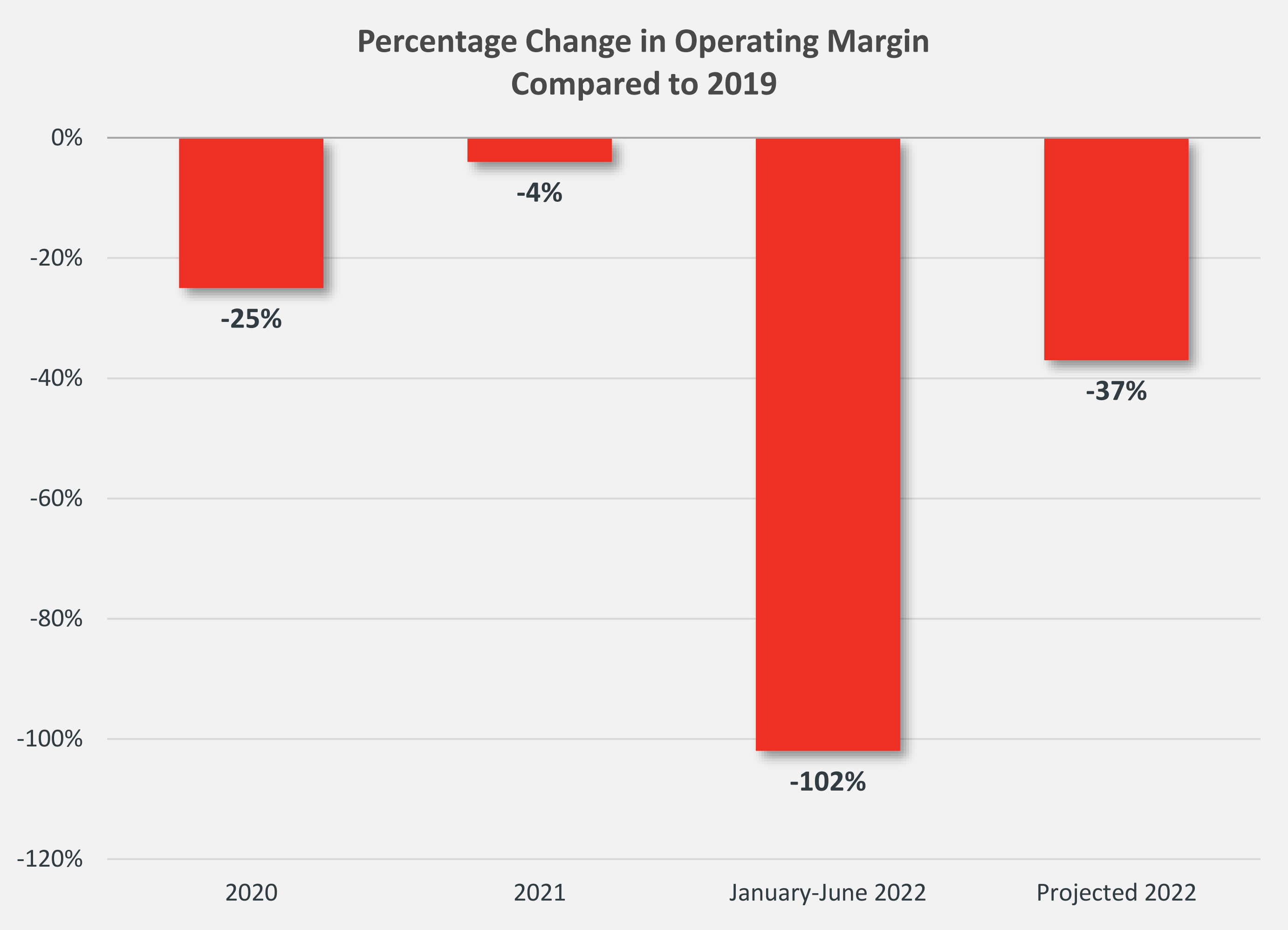
Ultimately, U.S. hospitals are likely to face billions of dollars in losses in 2022 under both optimistic and pessimistic models, which would result in the most difficult year for hospitals and health systems since the beginning of the pandemic with no foreseeable federal support.

These findings underscore the broad and serious threats America's hospitals have faced—and continue to face in 2022—caring for their communities throughout unprecedented challenges.

This report was prepared at the request of the American Hospital Association.

Fall 2022 Outlook

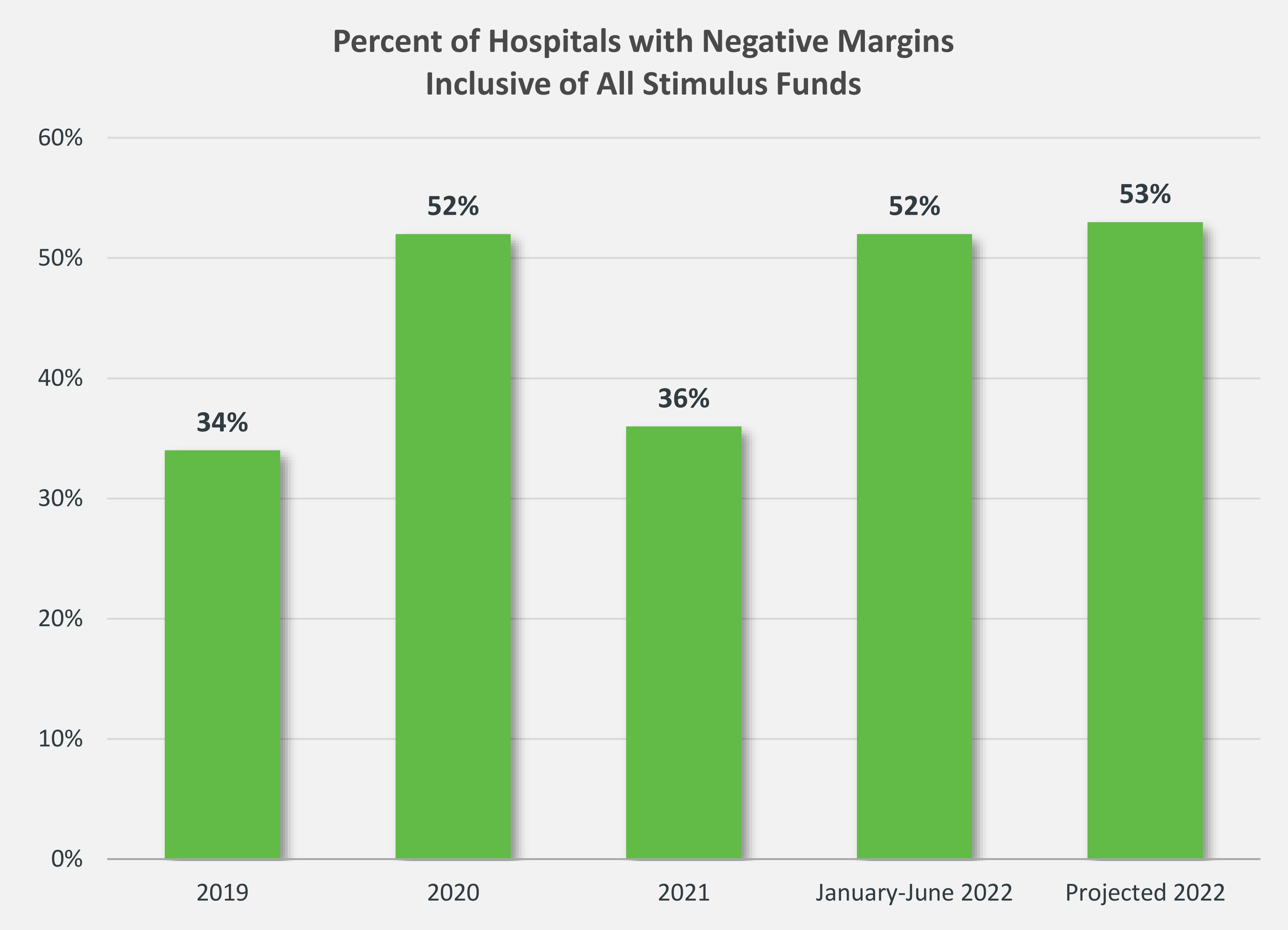
Projected Margins Are on Track to Make 2022 the Worst Year for Hospitals Since the Beginning of the Pandemic



KEY TAKEAWAYS

- The first six months of 2022 have been extremely difficult, with the median margin remaining negative.
- Initial results from the beginning of the second half of 2022 indicate continued challenges, with margins remaining firmly negative.
- Optimistic projections for the entirety of 2022 indicate margins will be down 37% relative to pre-pandemic levels.
- Pessimistic projections for 2022 show a possible 133% decline in margins.

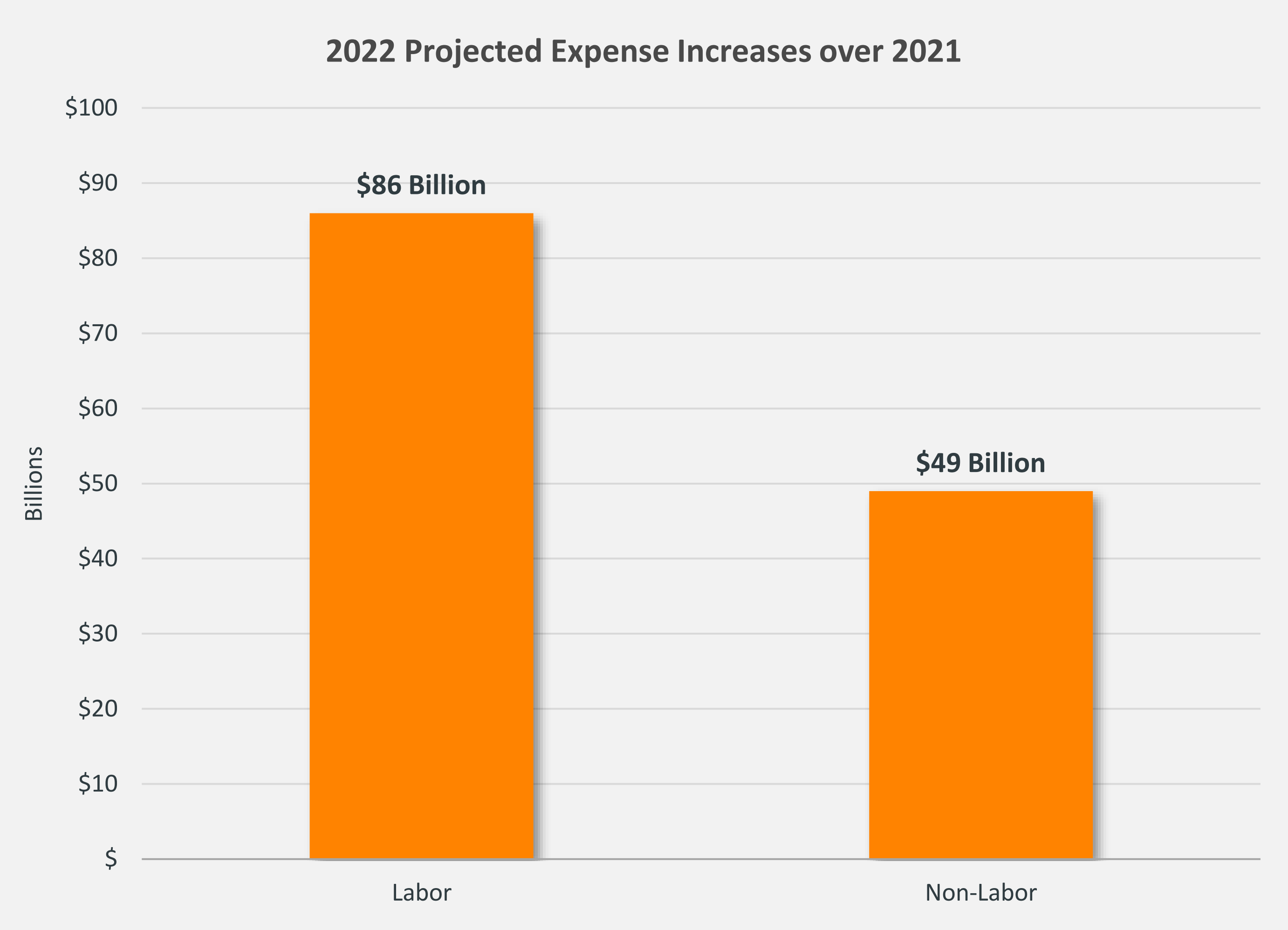
The Number of Hospitals Operating with Negative Margins Will Increase Relative to Pre-Pandemic Levels



KEY TAKEAWAYS

- Through the first half of 2022, the percentage of hospitals with negative margins was higher than the rate in 2021, owing primarily to the impacts of the Omicron COVID-19 surge and lack of further stimulus funding.
- Projections for the entirety of 2022 indicate an increase in hospitals with negative margins, to 53%.
- Under a pessimistic scenario for 2022, 68% of hospitals would have negative margins.

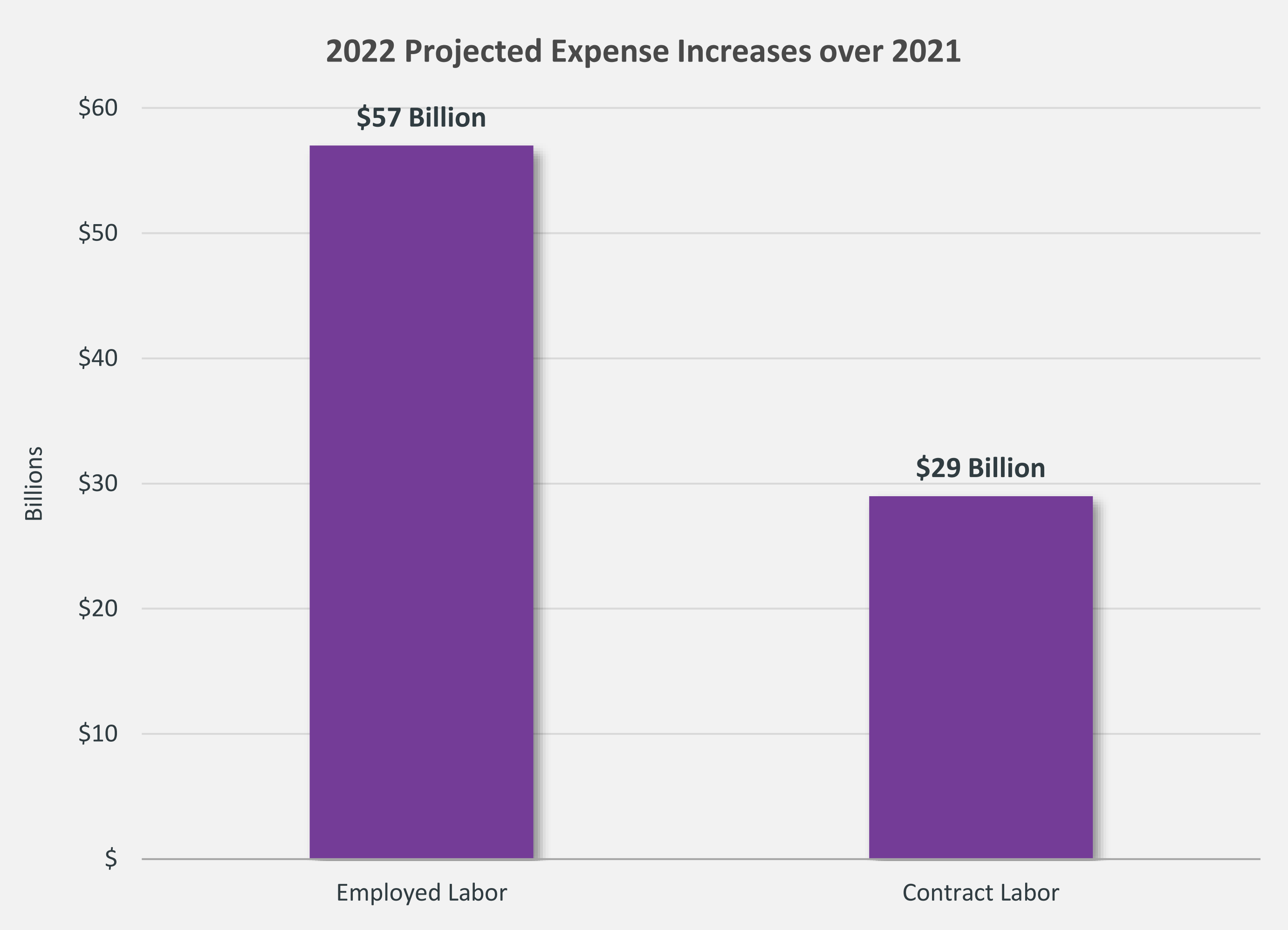
Expenses Are Projected to Continue a Dramatic Increase of $135 Billion over Last Year



KEY TAKEAWAYS

- Expenses are projected to increase throughout 2022, leading to an increase of nearly $135 billion over 2021 levels.
- Labor expenses are projected to rise $86 billion in 2022, while non-labor expenses are projected to increase by $49 billion.
- No additional federal support is expected following the devastating impacts of the Delta and Omicron surges.

Labor Expense Increases in 2022 Are Driven Primarily by Employed Staff, but Contract Labor Will Continue to Pressure Hospitals



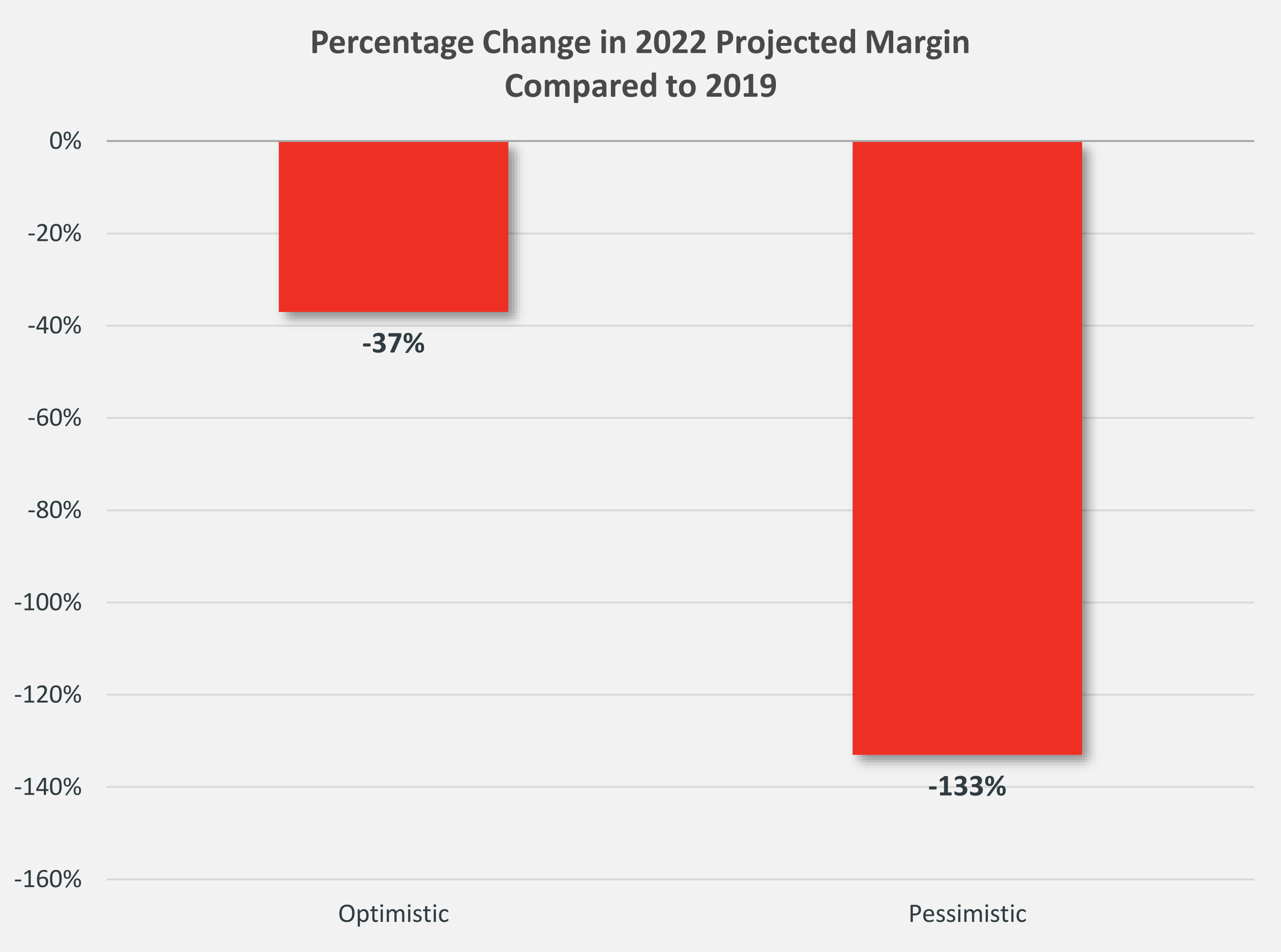
KEY TAKEAWAYS

- Employed labor expenses are projected to exceed 2021 levels by $57 billion in 2022, with labor costs generally accounting for approximately half of a hospital's total expenses.
- Contract labor expenses—or expenses for temporary, non-staff workers—will continue to pressure hospitals, although the growth rate over 2021 levels is expected to slow through the remainder of 2022.
- Contract labor expenses remain nearly 500% higher than pre-pandemic levels.

Non-Labor Expenses Will Continue to Rise, Primarily Driven by Supplies and Purchased Services

- Non-labor expenses are projected to rise in 2022, increasing even more substantially over pre-pandemic levels.
- Expenses for supplies are projected to grow by $11 billion in 2022, primarily due to inflationary pressures.
- Expenses for purchased services—or services contracted to outside vendors—are projected to grow by $7 billion in 2022.
- Drug expenses are projected to grow by $1 billion in 2022.
- Other expenses—which include system shared services allocated to hospitals, depreciation, interest, maintenance, utilities, rent and lease, and software—constitute the remaining non-labor expense growth.
- All expense categories are projected to remain approximately 20-25% above pre-pandemic levels, with drug and supplies increasing the most.

Hospitals Will Lose Billions of Dollars in 2022, with Projected Margins Substantially Below Pre-Pandemic Levels



KEY TAKEAWAYS

- Overall, projections suggest cumulative margins will be negative through the remainder of 2022. While the impact of future waves of COVID-19 or policy changes is unknown, **losses will be in the billions of dollars in 2022 for U.S. hospitals with no foreseeable federal support,** which would result in the most difficult year for hospitals and health systems since the beginning of the pandemic.
- Under a pessimistic scenario, which includes the potential for future COVID-19 variant surges, increased rates of expense growth, sicker patients who have delayed care, aggressive payer negotiations, and increased payer mix of non-commercial payers, hospitals will experience incredibly difficult financial challenges.

Methodology

Methodology

- This report includes data representing more than 900 hospitals sampled from Kaufman Hall's proprietary database, which are extrapolated to a national view controlling for hospital type, location, and size.
- Comparison of expenses and margins are not volume adjusted and reflect actual gains or losses relative to prior year levels.
- Projections for 2022 are based on individual hospital performance applied to a seasonally-adjusted predictive model, which includes possible scenarios for future COVID-19 surges.

Qualifications, Assumptions and Limiting Conditions (v.12.08.06):

This Report is not intended for general circulation or publication, nor is it to be used, reproduced, quoted or distributed for any purpose other than those that may be set forth herein without the prior written consent of Kaufman, Hall & Associates, LLC. ("Kaufman Hall").

All information, analysis and conclusions contained in this Report are provided "as-is/where-is" and "with all faults and defects". Information furnished by others, upon which all or portions of this report are based, is believed to be reliable but has not been verified by Kaufman Hall. No warranty is given as to the accuracy of such information. Public information and industry and statistical data, including without limitation, data are from sources Kaufman Hall deems to be reliable; however, neither Kaufman Hall nor any third party sourced, make any representation or warranty to you, whether express or implied, or arising by trade usage, course of dealing, or otherwise. This disclaimer includes, without limitation, any implied warranties of merchantability or fitness for a particular purpose (whether in respect of the data or the accuracy, timeliness or completeness of any information or conclusions contained in or obtained from, through, or in connection with this report), any warranties of non-infringement or any implied indemnities.

The findings contained in this report may contain predictions based on current data and historical trends. Any such predictions are subject to inherent risks and uncertainties. In particular, actual results could be impacted by future events which cannot be predicted or controlled, including, without limitation, changes in business strategies, the development of future products and services, changes in market and industry conditions, the outcome of contingencies, changes in management, changes in law or regulations. Kaufman Hall accepts no responsibility for actual results or future events.

The opinions expressed in this report are valid only for the purpose stated herein and as of the date of this report.

All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the client.

In no event will Kaufman Hall or any third party sourced by Kaufman Hall be liable to you for damages of any type arising out of the delivery or use of this Report or any of the data contained herein, whether known or unknown, foreseeable or unforeseeable.

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El Camino Health

Summary of Financial Operations

Fiscal Year 2023 – Period 2

7/1/2022 to 08/31/2022

Executive Summary - Overall Commentary for Period 2

- Continued solid financial results for Period 2:
  - Revenue favorability driven primarily by strong Inpatient activity
    - Inpatient Charges $47.7M / 23.1% favorable to budget
    - Average Daily Census 24% higher than budget
    - Total Discharges 10.7% higher than budget
  - Continued effective cost control
    - Cost per CMI Adjusted Discharge was 1.8% favorable to budget
- Gross charges were favorable to budget by $57.1M / 13.1% and $74.1M / 17.7% higher than the same period last year.
- Net patient revenue was favorable to budget by $7.7M / 7.0% and $13.9M / 13.3% higher than the same period last year.
- Operating margin was favorable to budget by $3.2M / 30.7% and $393K / 2.9% higher than the same period last year.
- Operating EBIDA was favorable to budget by $3.3M / 18.0% and $493K / 2.2% lower than the same period last year.
- Net income was unfavorable to budget by $22.1M / 162.8% and $36.2M / 130.7% lower than the same period last year. This is attributed the continued instability in the capital markets which has negatively impacted investment income and liquidity.

Operational / Financial Results: Period 2 – August 2022 (as of 08/31/2022)

($ thousands)		Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Variance to Prior Year	Variance to Prior Year	Moody's 'A1'	S&P 'AA'	Performance to Rating Agency Medians
Activity / Volume	ADC	304	245	59	24.0%	271	33	12.3%	---	---	---
	Total Acute Discharges	1,867	1,686	181	10.7%	1,781	86	4.8%	---	---	---
	Adjusted Discharges	3,546	3,471	75	2.2%	3,456	90	2.6%	---	---	---
	Emergency Room Visits	6,061	5,246	815	15.5%	5,587	474	8.5%	---	---	---
	OP Procedural Cases	12,919	13,875	(956)	(6.9%)	12,858	61	0.5%	---	---	---
	Gross Charges ($)	492,667	435,549	57,118	13.1%	418,615	74,052	17.7%	---	---	---
Operations	Total FTEs	3,245	3,293	(49)	(1.5%)	2,989	255	8.5%	---	---	---
	Productive Hrs. / APD	28.2	31.0	(2.8)	(9.1%)	28.3	(0.2)	(0.6%)	---	---	---
	Cost Per CMI AD	17,709	18,036	(328)	(1.8%)	15,988	1,721	10.8%	---	---	---
	Net Days in A/R	59.8	54.0	5.8	10.7%	59.3	0.4	0.7%	47.7	49.7	
Financial Performance	Net Patient Revenue ($)	118,341	110,603	7,738	7.0%	104,482	13,858	13.3%	138,547	82,105	
	Total Operating Revenue ($)	121,556	114,552	7,004	6.1%	108,228	13,328	12.3%	152,743	109,602	
	Operating Margin ($)	**13,777**	**10,544**	**3,233**	30.7%	**13,384**	**393**	2.9%	**1,915**	**3,836**	
	Operating EBIDA ($)	**21,467**	**18,188**	**3,279**	18.0%	**21,959**	**(493)**	(2.2%)	**11,188**	**10,741**	
	Net Income ($)	(8,508)	13,558	(22,066)	(162.8%)	27,703	(36,211)	(130.7%)	8,124	7,343	
	Operating Margin (%)	**11.3%**	**9.2%**	**2.1%**	23.1%	**12.4%**	**(1.0%)**	(8.3%)	**1.9%**	**3.5%**	
	Operating EBIDA (%)	**17.7%**	**15.9%**	**1.8%**	11.2%	**20.3%**	**(2.6%)**	(13.0%)	**8.3%**	**9.8%**	
	DCOH (days)	267	325	(58)	(17.8%)	371	(104)	(28.0%)	306	355	

Moody's Medians: Not-for-profit and public healthcare annual report; September 9, 2021. Dollar amounts have been adjusted to reflect monthly averages.
S&P Medians: U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; August 30, 2021. Dollar amounts have been adjusted to reflect monthly averages.
DCOH total includes cash, short-term and long-term investments.

El Camino Health

Unfavorable Variance < 0.99%
Unfavorable Variance 1.00% - 4.99%
Unfavorable Variance > 5.00%

Operational / Financial Results: YTD FY2023 (as of 08/31/2022)

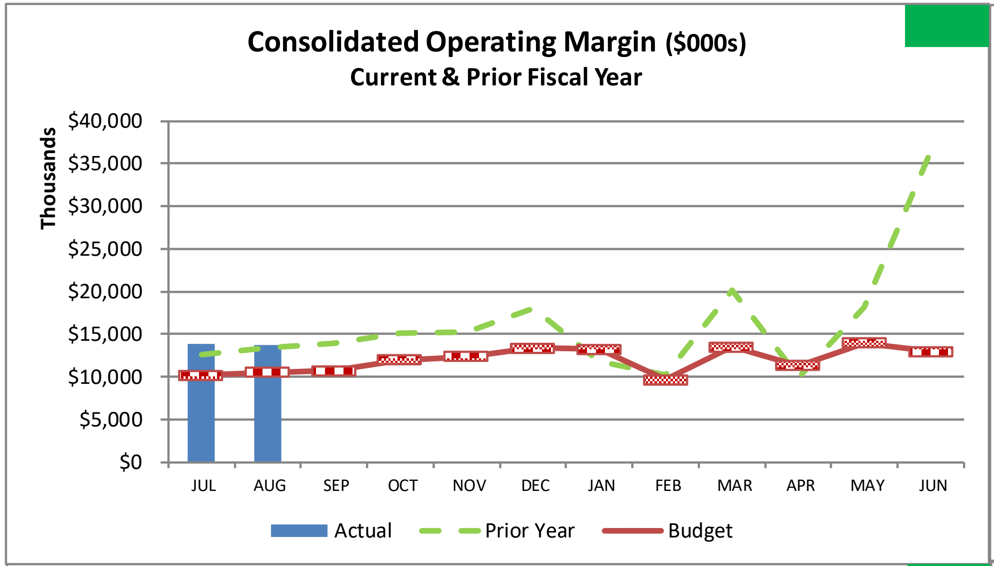
($ thousands)		Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Variance to Prior Year	Variance to Prior Year	Moody's 'A1'	S&P 'AA'	Performance to Rating Agency Medians
Activity / Volume	ADC	293	246	47	19.2%	263	30	11.4%	---	---	---
	Total Acute Discharges	3,613	3,356	257	7.7%	3,486	127	3.6%	---	---	---
	Adjusted Discharges	6,946	6,786	160	2.4%	6,884	62	0.9%	---	---	---
	Emergency Room Visits	11,406	10,652	754	7.1%	10,609	797	7.5%	---	---	---
	OP Procedural Cases	24,539	26,826	(2,287)	(8.5%)	24,917	(378)	(1.5%)	---	---	---
	Gross Charges ($)	934,408	850,002	84,405	9.9%	824,910	109,498	13.3%	---	---	---
Operations	Total FTEs	3,232	3,233	(1)	(0.0%)	2,968	265	8.9%	---	---	---
	Productive Hrs. / APD	28.3	31.3	(3.1)	(9.7%)	28.3	(0.0)	(0.2%)	---	---	---
	Cost Per CMI AD	17,559	18,036	(477)	(2.6%)	15,806	1,753	11.1%	---	---	---
	Net Days in A/R	59.8	54.0	5.8	10.7%	59.3	0.4	0.7%	47.7	49.7	
Financial Performance	Net Patient Revenue ($)	226,850	218,921	7,929	3.6%	206,256	20,594	10.0%	277,095	164,209	
	Total Operating Revenue ($)	234,122	226,772	7,350	3.2%	213,117	21,004	9.9%	303,819	219,204	
	Operating Margin ($)	**27,669**	**20,706**	**6,963**	33.6%	**26,032**	**1,637**	6.3%	**3,830**	**7,672**	
	Operating EBIDA ($)	**43,192**	**36,000**	**7,191**	20.0%	**40,752**	**2,440**	6.0%	**22,377**	**21,482**	
	Net Income ($)	40,913	26,434	14,479	54.8%	36,252	4,661	12.9%	16,249	14,687	
	Operating Margin (%)	**11.8%**	**9.1%**	**2.7%**	29.4%	**12.2%**	**(0.4%)**	(3.2%)	**1.9%**	**3.5%**	
	Operating EBIDA (%)	**18.4%**	**15.9%**	**2.6%**	16.2%	**19.1%**	**(0.7%)**	(3.5%)	**8.3%**	**9.8%**	
	DCOH (days)	267	325	(58)	(17.8%)	371	(104)	(28.0%)	306	355	

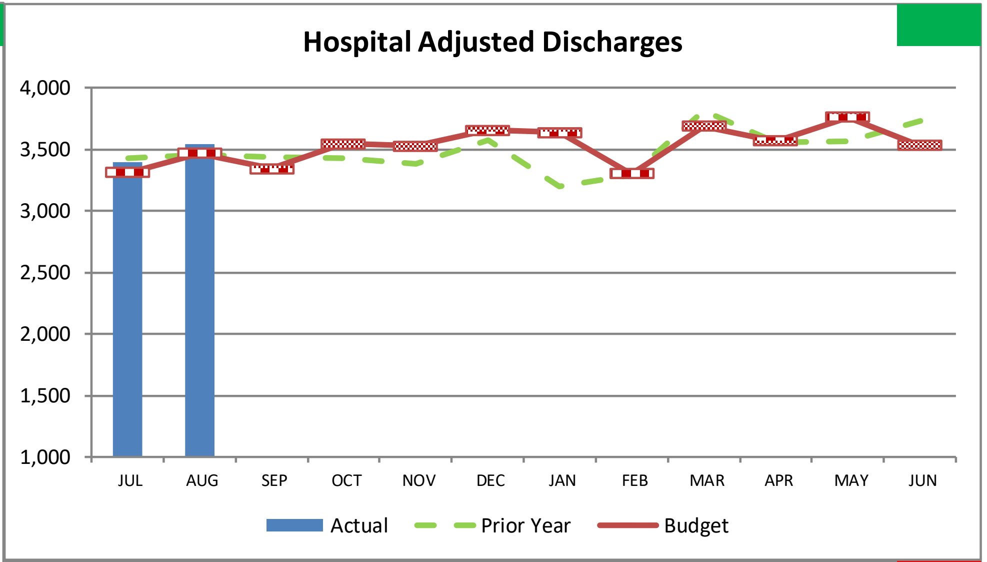
Moody's Medians: Not-for-profit and public healthcare annual report; September 9, 2021.
S&P Medians: U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; August 30, 2021
DCOH total includes cash, short-term and long-term investments.

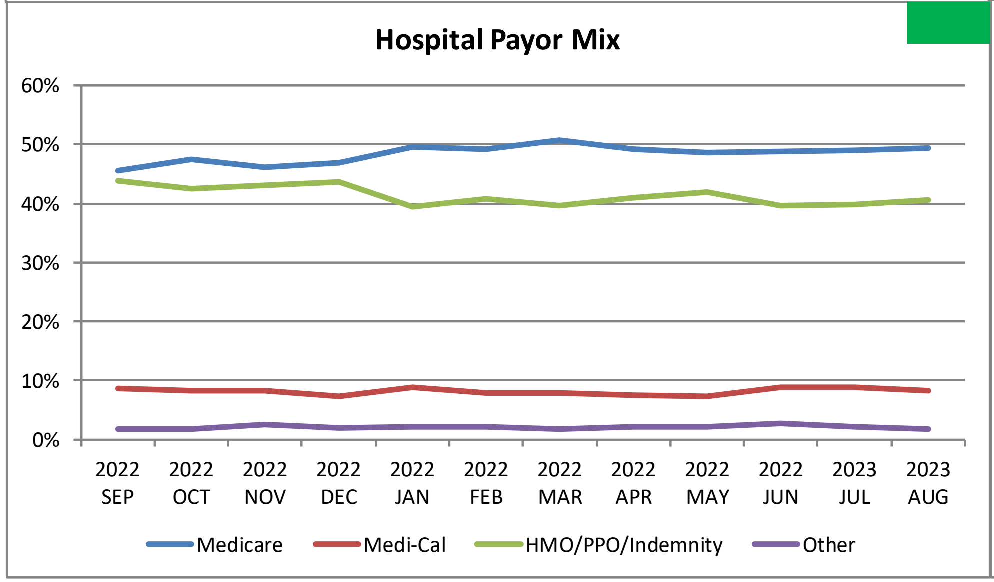
El Camino Health

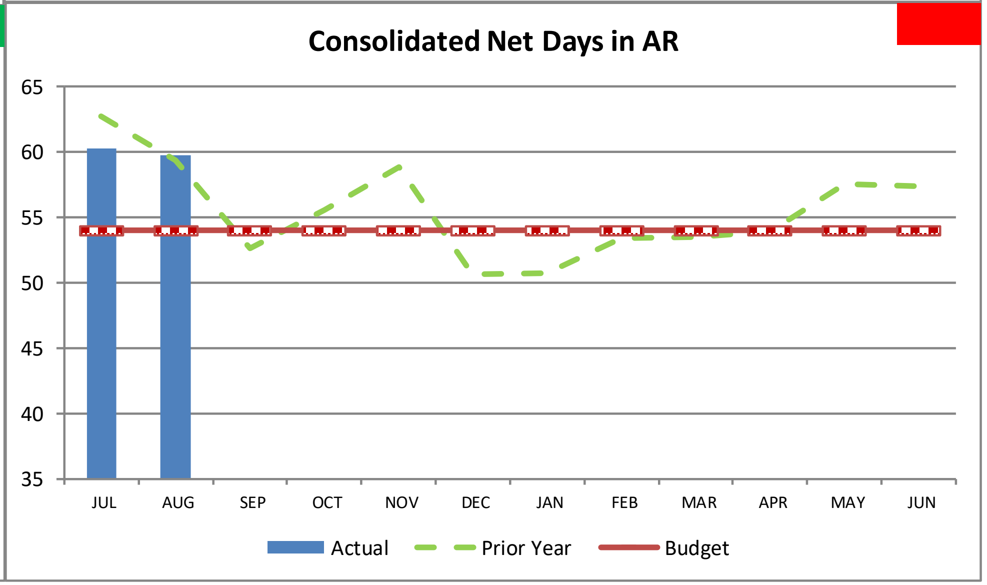
Unfavorable Variance < 0.99%
Unfavorable Variance 1.00% - 4.99%
Unfavorable Variance > 5.00%

YTD FY2023 Financial KPIs – Monthly Trends









El Camino Health

Period 2 and YTD Operating Income, Non-Operating Income and Net Income by Affiliate (as of 08/31/2022)

($000s)

	Period 2- Month			Period 2- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Operating Margin						
Mountain View	13,376	9,793	3,583	24,920	19,971	4,949
Los Gatos	3,723	3,935	(212)	8,625	7,405	1,220
Sub Total - El Camino Hospital, excl. Afflilates	**17,099**	**13,728**	**3,371**	**33,545**	**27,376**	**6,169**
Operating Margin %	**14.6%**	**12.6%**		**14.9%**	**12.6%**	
El Camino Hospital Non Operating Income						
Sub Total - Non Operating Income	**(20,100)**	**2,702**	**(22,802)**	**13,239**	**5,104**	**8,135**
El Camino Hospital Net Margin	**(3,001)**	**16,430**	**(19,431)**	**46,784**	**32,481**	**14,303**
ECH Net Margin %	**-2.6%**	**15.0%**		**20.8%**	**15.0%**	
Concern	(416)	84	(500)	104	168	(64)
Foundation	(1,974)	(23)	(1,951)	(286)	(11)	(275)
El Camino Health Medical Network	(3,116)	(2,932)	(184)	(5,690)	(6,204)	514
Net Margin Hospital Affiliates	**(5,507)**	**(2,872)**	**(2,635)**	**(5,872)**	**(6,047)**	**175**
Total Net Margin Hospital & Affiliates	**(8,508)**	**13,558**	**(22,066)**	**40,913**	**26,434**	**14,479**

El Camino Health

CEO Report
October 12, 2022
Dan Woods, Chief Executive Officer

Operations

To accommodate increasing patient volume, a new five-bed observation unit was opened in the Sobrato Endoscopy Suite, freeing up bed capacity in the ED and reducing long-term boarding of ED Observation patients.

ECH is hosting our 5th annual Maternal Mental Health Symposium, which showcases El Camino Health's leadership in perinatal mental health services. We have over 1,000 registered attendees, representing over 18 countries from around the world.

Finance

The month ending August 31, 2022, produced net operating revenue, after expenses, of $13.8 million and favorable to budget by $3.2 million. Net income was a negative $8.5 million, which was unfavorable to budget by $22.1 million and $36.2 million lower than the same period last year, mainly attributed to unrealized losses in investments due to the instability of the capital markets.

Corporate & Community Health Services

Concern continues to deliver engaging and relevant webinars, 181 webinars attended by over 6,000 participants. In addition, we are seeing excellent adoption of our coaching program for sleep and stress and will be adding parenting coaches in the next quarter.

The South Asian Heart Center engaged 535 new and prior participants in screening, education, and coaching programs to prevent heart disease and diabetes and completed 1099 consultations and coaching sessions. In addition, we hosted ten lifestyle workshops and health information events attended by 247 participants and community members.

The Chinese Health Initiative held the annual event for the Chinese-Speaking Physician Network, attended by physicians from various specialties. Dr. Adams, chief medical officer of El Camino Health, presented on ECH's high-reliability journey, and Michelle Canfield, nurse practitioner, presented on ECH's lung nodule and lung cancer screening program. In addition, CHI continued its partnership with the American Heart Association on a Mandarin hypertension and diabetes management program and participated in an outreach program with the World Journal.

Information Services

Medical Device security has improved by enabling a "first of its kind" monitoring capability for devices on the Philips network. Installed sensors are now tracking over 500 modalities and sending information for additional security and network analysis.

The first integrated remote monitoring initiative is live for the HVI Department, bringing ambulatory blood pressure monitoring to ECH patients from their homes. The Spacelabs Healthcare OnTrak System provides monitoring of blood pressure for up to seven days or up to 300 readings, which integrate with the EMR and offer additional revenue for El Camino Health.

Marketing and Communications

Optimization and tracking continue for the "Accept Nothing Less" masterbrand and service line campaigns in the market. Media planning was completed for an additional primary care media buy.

For social media this month, our posts included: welcoming our new Chief Human Resources Officer, a patient story on finding joy while living with cancer, maternal mental health symposium registration, SASCC Health Fair, Mountain View Art & Wine Festival, Chinese Health Initiative qigong classes, various health and wellness content areas from HealthPerks. This month, Our Facebook posts reached more than 632,584 people and saw a 7% uptick in page views and 28% uptick in page likes. On LinkedIn, we gained 176 new followers and saw a 12.6% uptick in search appearances.

Nursing

The 14th New Graduate Residency program started on September 19 with 8 new graduates in attendance. This is a yearlong program which provides training for our recently graduated nurses. The program consists of didactic content as well as experiential learning over the year. After a year, the new nurses graduate and become peer support for incoming new graduates. The program is accredited by the American Nurses Credentialing Center and the retention rate at one year is 94%.

In an effort to boost retention, transition programs are offered to nurses at ECH who wish to change specialties. Specialty training programs are an investment the organization has made in order to provide additional skills for our current staff who wish to stay at ECH but in a different area of nursing. In the last month, 14 RNs have entered maternal child health transition programs, 8 for NICU and 6 for Labor and Delivery. These are nurses who worked in other areas of the hospital—most typically in medical-surgical areas who have aspired to be maternal child health nurses. These are 12-week programs where all the essentials of the new specialty is taught by the ECH nurse educator. Transition program retention is very high as well, over 90%.

Philanthropy

No report

El Camino Hospital Board

AGENDA ITEM	Q1			Q2			Q3			Q4		
	JUL	8/17	9/14	10/12	11/16	12/7	JAN	2/8	3/8	4/5	5/10	6/14
STANDARD												
Public Communication		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Committee Reports (Informational and Consent item, unless requested)		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Consent Approvals (recommended by Committees)[1]		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Executive Session		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
CEO Report[2]		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
STRATEGY												
Strategic Planning[3]		✓			✓			✓			✓	
Board Retreat									✓			
QUALITY[4]												
Quality Committee Report			✓		✓			✓			✓	
Medical Staff Report			✓		✓			✓		✓		
FINANCE[4]												
Financials[5]		✓		✓				✓			✓	
Budget Review & Approval												✓
COMPLIANCE												
Annual Corporate Compliance Summary					✓							
GOVERNANCE												
Board Self-Assessment & Action Plan			✓			✓						
Director, Committee Member, and/or Chair Appointments												✓
Committee Charter Review												✓
EXECUTIVE PERFORMANCE												
CEO Performance Evaluation & Compensation				✓								

1: Includes credentialing and privileging report, polices, physician agreements, etc.
2: Includes organizational reports on Foundation, CONCERN, Pathways, etc.
3: Includes strategy implementation (as needed), and reports on Performance & Strategic Goals, El Camino Health Medical Network, Enterprise Risk Management, etc.
4: On off months, materials are provided in the Board meeting packet, but will not be reviewed as part of the agenda.
5: Includes capital expenditures, investment committee update, and audited financials in October