



ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
MARCH 12, 2019 – 5:30 p.m.
MEDICAL CENTER HOSPITAL BOARD ROOM (2ND FLOOR)
500 W 4TH STREET, ODESSA, TEXAS

AGENDA

- I. CALL TO ORDER Mary Thompson, President
II. INVOCATION Chaplain Farrell Ard
III. PLEDGE OF ALLEGIANCE Mary Thompson
IV. MISSION/VISION/VALUES OF MEDICAL CENTER HEALTH SYSTEM Mary Thompson, p.3
V. AWARDS AND RECOGNITIONS
A. March 2019 Associates of the Month..... Rick Napper
• Clinical: Tara Ward, Section Supervisor, Hematology Lab
• Non-Clinical: Rosa Salas, Catering Associate Supervisor, Nutrition Services
• Nurse: Iris Abrera, Registered Nurse, Cath Lab
B. Cath Lab Presentation Rene Rodriguez
C. February Patient Satisfaction Winners Heather Bulman
• Medical Practice: Women’s Clinic
• Inpatient: 4 Central
• Outpatient: Mammography
VI. CONSENT AGENDA Mary Thompson, p.4-20
(These items are considered to be routine or have been previously discussed, and can be approved in one motion, unless a Director asks for separate consideration of an item.)
A. Consider Approval of Regular Meeting Minutes, February 12, 2019
B. Joint Conference Committee February 26, 2019
1. Medical Staff or AHP Initial Appointment/Reappointment
2. Change in Clinical Privileges/or Scope of Practice/or Supervisor
3. Change in Medical Staff or AHP Staff Status
4. Change in Medical Staff or AHP Staff Category

VII. COMMITTEE REPORTS

- A. Finance Committee** David Dunn, p.21-102
 - 1. Financial Report for Month Ended January 31, 2019
 - 2. Consent Agenda
 - a. Capital Expenditure Request: Siemens Avanto Evolve MRI Upgrade
 - b. Capital Expenditure Request: Shimadzu MobileDart Evolution X-Ray Unit
 - 3. Consider Approval of a Resolution Regarding HB2/SB2

- B. Audit Committee** David Dunn, p.103-172
 - 1. FY 2018 MCHS External Audit Report

VIII. TTUHSC AT THE PERMIAN BASIN REPORT..... Gary Ventolini, MD

IX. PRESIDENT/CHIEF EXECUTIVE OFFICER’S REPORT AND ACTIONS..... Rick Napper

- A. Studer Group Update**

- B. Quarterly Quality Report**

X. CONSIDER AMENDED ORDER OF ELECTION OF DIRECTORS OF THE ECTOR COUNTY HOSPITAL DISTRICT Ellie Bane, p.173-176

XI. CONSIDER ORDER OF CANCELLATION OF ELECTION OF DIRECTORS DISTRICT 2 AND DISTRICT 4 Ellie Bane, p.177-178

XII. EXECUTIVE SESSION

Meeting held in closed session involving any of the following: (1) Consultation with attorney regarding legal matters and legal issues pursuant to Section 551.071 of the Texas Government Code; (2) Deliberation regarding exchange, lease, or value of real property pursuant to 551.072 of the Texas Government Code. (3) Deliberation and evaluation of officers and employees of Ector County Hospital District pursuant to Section 551.074 of the Texas Government Code; (4) Deliberation regarding negotiations for health care services, pursuant to Section 551.085 of the Texas Government Code; (5) Information that, if released or disclosed, would give advantage to a competitor as per Section 552.104 of the Texas Government Code; and (6) Advice, recommendations, opinions, or other material reflecting the policymaking processes of the Ector County Hospital District as per Section 552.111 of the Texas Government Code.

XIII. ITEMS FOR CONSIDERATION FROM EXECUTIVE SESSION.....p.179-182

- A. Consider Approval of MCH ProCare Provider Agreement(s)**

- B. Consider Approval of a Resolution Regarding a Legislative Change in Charter**

- C. Consider Approval of a Resolution Regarding Authorized Authority and Signatory Authority**

XIV. ADJOURNMENT Mary Thompson

If during the course of the meeting covered by this notice, the Board of Directors needs to meet in executive session, then such closed or executive meeting or session, pursuant to Chapter 551, Texas Government Code, will be held by the Board of Directors on the date, hour and place given in this notice or as soon after the commencement of the meeting covered by this notice as the Board of Directors may conveniently meet concerning any and all subjects and for any and all purposes permitted by Chapter 551 of said Government Code.

MISSION

Medical Center Health System is a community-based teaching organization dedicated to providing high quality and affordable healthcare to improve the health and wellness of all residents of the Permian Basin.

VISION

MCHS will be the premier source for health and wellness.

VALUES

I-ntegrity

C-ustomer centered

A-ccountability

R-espect

E-xcellence

**ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING
FEBRUARY 12, 2019 – 5:30 p.m.**

MINUTES OF THE MEETING

MEMBERS PRESENT:

Mary Thompson, President
David Dunn, Vice President
Mary Lou Anderson
Bryn Dodd
Don Hallmark
Ben Quiroz

MEMBERS ABSENT:

Richard Herrera

OTHERS PRESENT:

Rick Napper, President/Chief Executive Officer
Robert Abernethy, Chief Financial Officer
Chad Dunavan, Chief Nursing Officer
Heather Bulman, Chief Experience Officer
Dr. Sari Nabulsi, Chief Medical Officer
Dr. Donald Davenport, Vice Chief of Staff
Ellie Bane, Chief Legal Counsel
Jan Ramos, ECHD Board Secretary
Dr. Gary Ventolini, TTUHSC Permian Basin
Various other interested members of the
Medical Staff, Employees, and Citizens

I. CALL TO ORDER

Mary Thompson, President, called the meeting to order at 5:30 p.m. in the Board Room of Medical Center Hospital. Notice of the meeting was properly posted as required by the Open Meetings Act.

II. INVOCATION

Chaplain Farrell Ard offered the invocation.

III. PLEDGE OF ALLEGIANCE

Mary Thompson led the Pledge of Allegiance to the United States and Texas flags.

IV. MISSION/VISION OF MEDICAL CENTER HEALTH SYSTEM

Ben Quiroz presented the Mission, Vision and Values of Medical Center Health System.

V. AWARDS AND RECOGNITIONS

A. February 2019 Associates of the Month

Rick Napper introduced the January 2019 Employees of the Month as follows:

- Clinical: Susanna Reveles, Certified Occupational Therapy Assistant, Occupational Therapy
- Non-Clinical: Pete Crisanti, Help Desk Manager, Cerner
- Nurse: Steven Bao, Registered Nurse, Flexpool

B. Inpatient Rehabilitation Unit Presentation

Eva Garcia, Divisional Director of Physical Medicine and Rehabilitation, provided a presentation on the Inpatient Rehab Facility and the improvements that have been made in that unit.

This presentation was for information only. No action was taken.

VI. CONSENT AGENDA

- A. Consider Approval of Regular Meeting Minutes, January 8, 2019**
- B. Consider Approval of Executive Committee Minutes, January 23, 2019**
- C. TTUHSC-PB Graduate Medical Education (GME) Annual Report**
- D. Institutional Review Board (IRB) Annual Report**
- E. Continuing Medical Education (CME) Annual Report**
- F. Consider Approval of Joint Conference Committee Minutes, January 29, 2019**

Ben Quiroz moved and Mary Lou Anderson seconded the motion to approve the items listed on the Consent Agenda as presented. The motion carried unanimously.

VII. COMMITTEE REPORTS

A. Finance Committee

1. Quarterly Investment Report – Quarter 1, FY 2019
2. Quarterly Investment Officer's Certification

David Dunn moved and Ben Quiroz seconded the motion to approve the Quarterly Investment Report - Quarter 1, FY 201, and the Quarterly Investment Officer's Certification as presented. The motion carried unanimously.

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3. Financial Report for Month Ended December 31, 2018

David Dunn moved and Bryn Dodd seconded the motion to approve the Financial Report for Month Ended December 31, 2019 as presented. The motion carried unanimously.

4. Consent Agenda
 - a. Capital Expenditure Request: Automated Urinalysis Analyzer
 - b. Cardiovascular Imaging Gamma Camera

David Dunn moved and Bryn Dodd seconded the motion to approve the Consent Agenda as presented. The motion carried unanimously.

5. Capital Expenditure Request
 - a. Nihon Kohden Telemetry Upgrade and Expansion

David Dunn moved and Mary Lou Anderson seconded the motion to approve the Capital Expenditure Request: Nihon Kohden Telemetry Upgrade and Expansion as presented. The motion carried unanimously.

VIII. TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER AT THE PERMIAN BASIN REPORT

Dr. Gary Ventolini provided the TTUHSC at the Permian Basin Report for information only. No action was taken.

IX. PRESIDENT/CHIEF EXECUTIVE OFFICER'S REPORT AND ACTIONS

A. Consider Renaming the Center for Health and Wellness Medical Office Building to "Wilson and Young Medal of Honor Building"

Rick Napper, along with Commander Steven Oien of the Military Order of the Purple Heart, presented information to the board about the proposed name change of the Center for Health and Wellness Medical Office Building. This change would honor two local Medal of Honor recipients, Alfred M. Wilson, USMC, and Marvin R. Young, U.S. Army. Mr. Napper read the two citations and informed the board that funding for the project, including signage would come from the groups requesting the name change – not from the hospital or tax payer dollars.

Don Hallmarked moved and David Dunn seconded the motion rename the building to the Wilson and Young Medal of Honor Building. The motion carried unanimously.

B. Chief Executive Officer's Report Quarter 1 FY2019

Rick Napper presented the quarterly Chief Executive Officer's Report for Quarter 1 of Fiscal Year 2019, including the four promises of safety, presence, positive attitude and safety, and celebrations of finance, employee engagement, growth and patient experience.

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This report was for information only. No action was taken.

C. Quarterly Legal Report/Conflict of Interest

Ellie Bane presented a quarterly legal report, including conflict of interest definitions, disclosures and penalties for violations.

This report was for information only. No action was taken.

X. ORDER OF ELECTION OF DIRECTORS OF THE ECTOR COUNTY HOSPITAL DISTRICT (ADDITIONAL INFORMATION)

Ellie Bane presented the Order of Election of the Directors of the Ector County Hospital District. This order is amended with a Spanish translation and 16 polling places. The Order is as follows:

**ECTOR COUNTY HOSPITAL DISTRICT
ORDER AND NOTICE OF REGULAR DIRECTOR ELECTION
(ORDEN Y NOTIFICACIÓN DE ELECCIONES REGULARES PARA DIRECTOR)**

A regular election is hereby ordered to be held on May 4, 2019 for the purpose of:
(Por la presente se ordena que se lleve a cabo una elección regular el día 4 de mayo de 2019 con el propósito de:)

Electing hospital directors to Single-member Districts 2, 4, and 6 to full terms.
(Elegir directores de hospital para ocupar puestos de término completo de miembro único para los Distritos 2, 4, y 6.)

Early voting by personal appearance will be conducted at the locations and times listed on Exhibit A. *(La votación anticipada en persona se llevará a cabo en los lugares y tiempos puestos en Exhibición A.)*

Applications for ballot by mail shall be mailed to:
(Las solicitudes de balotas por correo deberán enviarse a:)

Ector County Elections Office
Attn: Elizabeth Sertuche
1010 East 8th Street
Odessa, Texas 79761

Applications for ballots by mail must be received no later than the close of business on April 23, 2019. *(Las solicitudes de balotas por correo deberán recibirse a más tardar antes del horario de cierre de oficina el 23 de abril de 2019).*

The polling places designated on Exhibit B will be open from 7:00 a.m. to 7:00 p.m. on the day of the election. *(Los sitios de votación indicados en la Exhibición B se abrirán de 7:00 a.m. a 7:00 p.m. en el día de la elección).*

Issued this the 12th day of February, 2019.
(Emitido esto en el día 12 de febrero de 2019)



President of Board of Directors
Presidente del Consejo Directivo



Vice President of Board of Directors
Vicepresidente del Consejo Directivo

Exhibit A

**ECTOR COUNTY EARLY VOTING
 SCHEDULE
 FOR MAY 4, 2019 JOINT ELECTION**
 (HORARIO PARA LA VOTACIÓN ADELANTADA DE LA ELECCIÓN CONJUNTA
 DEL CONDADO DE ECTOR DEL DÍA 4 DE MAYO DE 2019)

*The following location will be open during Early
 Voting only.*

*(El siguiente local estará abierto durante las Votaciones Adelantadas
 solamente.)*

LOCATION/ADDRESS	APRIL 22nd - APRIL 26th MONDAY- FRIDAY	APRIL 29th & 30th MONDAY & TUESDAY
(UBICACIÓN /DIRECCIÓN y	(22 DE ABRIL AL 26 DE ABRIL) LUNES A VIERNES	(29 y 30 de abril) lunes y martes
ECTOR COUNTY COURTHOUSE ANNEX 1010 E. 8TH ST. (ANEXO DEL JUZGADO DEL CONDADO DE ECTOR (1010 E. 8TH ST.)	8:00 AM – 5:00 PM	7:00 AM – 7:00 PM

Exhibit B

**JOINT GENERAL ELECTION FOR THE
 ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT,
 ECTOR COUNTY HOSPITAL DISTRICT AND ODESSA COLLEGE**

***LA ELECCIÓN GENERAL CONJUNTA PARA
 EL DISTRITO ESCOLAR INDEPENDIENTE DEL CONDADO DE ECTOR,
 DISTRITO DEL HOSPITAL DEL CONDADO DE ECTOR Y LA
 UNIVERSIDAD DE ODESSA***

**SATURDAY, MAY 4, 2019
 ELECTION DAY VOTE CENTERS
 7:00 A.M.-7:00 P.M.**

***SÁBADO, 4 DE MAYO DE 2019
 CENTROS DE VOTACIÓN PARA EL DÍA DE LA ELECCIÓN
 7:00 A.M. – 7:00 P.M.***

Chapel Hill Baptist Church <i>Iglesia Bautista Chapel Hill</i>	1820 E 52 nd St., Odessa, TX 79762
Crossroads Fellowship <i>Iglesia Crossroads Fellowship</i>	6901 Texas 191 Frontage Rd. Odessa, TX 79762
Family Health Center <i>Centro de Salud Familiar</i>	840 W. Clements, Odessa, TX 79761
First Baptist Church <i>Primera Iglesia Bautista</i>	709 N. Lee St., Odessa, TX 79761
Gardendale Community Bldg. <i>Edificio Comunitario de Gardendale</i>	4226 E. Larkspur, Gardendale, TX 79758
Goldsmith Community Center <i>Centro Comunitario de Goldsmith</i>	301 Ave. H Goldsmith, TX 79741
Lincoln Tower <i>Casa de Retiro Lincoln Tower</i>	311 W. 4th St., Odessa, TX 79761
MCH Primary Care- West <i>Centro Medico MCH - Oeste</i>	6030 W. University, Odessa, TX 79764
Murry Fly Elementary <i>Escuela Primaria Murry Fly</i>	11688 W. Westview Dr. Odessa, TX 79764
Northside Senior Center <i>Centro de Ancianos Northside</i>	1225 N. Adams Ave., Odessa, TX 79761

Odessa Christian Faith Center 180 Youth Building <i>Iglesia Odessa Christian Faith Center(Edificio 180 Youth)</i>	8828 Andrews Hwy., Odessa, TX 79762
Odessa College Sports Center <i>Centro de Deportes de la Universidad de Odessa</i>	201 W. University Blvd. Odessa, TX 79764
St. Elizabeth Catholic Church <i>Iglesia Católica St. Elizabeth</i>	7601 N. Grandview Ave., Odessa, TX 79765
Westlake Hardware <i>Ferretería Westlake</i>	4652 E. University Blvd. Odessa, TX 79761
Wilson's Corner <i>Tienda Wilson's Corner</i>	16514 S. U.S. Hwy. 385 Odessa, TX 79763
Woodson Community Bldg. <i>Edificio Comunitario Woodson</i>	1010 E. Murphy St., Odessa, TX 79761

****Vote Centers are subject to change if no opposition in those districts and the current officeholders are declared elected.**

*****Los centros de votación están sujetos a cambio si no hay oposición en esos distritos y los actuales titulares del cargo son declarados elegidos.***

David Dunn moved and Don Hallmark seconded the motion to approve the Order of Election as presented. The motion carried unanimously.

XI. EXECUTIVE SESSION

Mary Thompson stated that the Board would go into Executive Session for the meeting held in closed session involving any of the following: (1) Consultation with attorney regarding legal matters and legal issues pursuant to Section 551.071 of the Texas Government Code; (2) Deliberation regarding exchange, lease, or value of real property pursuant to 551.072 of the Texas Government Code. (3) Deliberation and evaluation of officers and employees of Ector County Hospital District pursuant to Section 551.074 of the Texas Government Code; (4) Deliberation regarding negotiations for health care services, pursuant to Section 551.085 of the Texas Government Code; (5) Information that, if released or disclosed, would give advantage to a competitor as per Section 552.104 of the Texas Government Code; and (6) Advice, recommendations, opinions, or other material reflecting the policymaking processes of the Ector County Hospital District as per Section 552.111 of the Texas Government Code.

The individuals present during Executive Session were Mary Thompson, David Dunn, Mary Lou Anderson, Bryn Dodd, Don Hallmark, Ben Quiroz, Rick Napper, Robert Abernethy, Ellie Bane, and Jan Ramos.

Adiel Alvarado reported to the Board of Directors during Executive Session and then was excused.

Executive Session began at 7:06 pm.
Executive Session ended at 7:54 p.m.

No action was taken during Executive Session.

XII. ITEMS FOR CONSIDERATION FROM EXECUTIVE SESSION

A. Consider Approval of B.E. Smith Interim Services Agreement

Rick Napper presented the B.E. Smith Services Agreement for an Interim Executive Director of Human Resources.

David Dunn moved and Don Hallmark seconded the motion to approve the B.E. Smith Services Agreement for an Interim Executive Director of Human Resources. The motion carried unanimously.

B. MCH ProCare Provider Agreements

Rick Napper presented the following MCH ProCare Provider Agreements:

- Benedict Novicio, CRNA, 3 year renewal for Anesthesia

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Bryn Dodd moved and David Dunn seconded the motion to approve the MCH ProCare provider agreement for Benedict Novicio, CRNA, as presented. The motion carried unanimously.

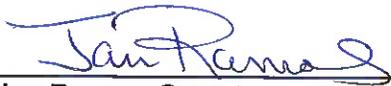
- James Horton, CRNA, 3 year renewal for Anesthesia

Bryn Dodd moved and David Dunn seconded the motion to approve the MCH ProCare provider agreement for James Horton, CRNA, as presented. The motion carried unanimously.

XIII. ADJOURNMENT

There being no further business to come before the Board, Mary Thompson adjourned the meeting at 7:55 p.m.

Respectfully submitted,



Jan Ramos, Secretary
Ector County Hospital District Board of Directors



March 12, 2019

**ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS**

Item to be considered:

Medical Staff and Allied Health Professionals Staff Applicants

Statement of Pertinent Facts:

Pursuant to Sections 4.1-4 and 6.2-6 of the Medical Staff Bylaws, the application process for the following Medical Staff and Allied Health Professional applicants is complete. The Joint Conference Committee and the Medical Executive Committee recommend approval of privileges or scope of practice and membership to the Medical Staff or Allied Health Professionals Staff for the following applicants, effective upon Board Approval:

Medical Staff:

Applicant	Department	Specialty/Privileges	Group	Dates
Alyssa Gans, MD	Surgery	Surgery Trauma	Envision	03/12/2019 – 03/11/2020
Emmanuel Sonaïke, MD	Surgery	Surgery Trauma	Envision	03/12/2019 – 03/11/2020
Jonathan Lee, MD	Radiology	Radiology/ Telemedicine	VRAD	03/12/2019 – 03/11/2021
Dawood Malik, MD	Radiology	Radiology/ Telemedicine	VRAD	03/12/2019 – 03/11/2021
Chiraq Patel, MD	Radiology	Radiology/ Telemedicine	VRAD	03/12/2019 – 03/11/2021
Alan Pratt, MD	Radiology	Radiology/ Telemedicine	VRAD	03/12/2019 – 03/11/2021
Wesley Pruett, MD	Radiology	Radiology/ Telemedicine	VRAD	03/12/2019 – 03/11/2021
Duane Wilson, MD	Radiology	Radiology/ Telemedicine	VRAD	03/12/2019 – 03/11/2021

Allied Health:

Applicant	Department	Specialty/Privileges	Group	Sponsoring Physician(s)	Dates
Hayleyesus Gulilat, NP	Emergency Medicine	Allied Health Professional	BEPO	Dr. Shipkey	03/12/2019 – 03/11/2021
Katherine Powers, NP	Surgery	Trauma/ Surgery	Envision	Dr. Grove	03/12/2019 – 03/11/2021



*Please grant temporary Privileges

Advice, Opinions, Recommendations and Motions:

If the Hospital District Board of Directors concurs, the following motion is in order: Accept the recommendation of the Medical Executive Committee and the Joint Conference Committee and approve privileges and membership to the Medical Staff as well as scope of practice and Allied Health Professional Staff membership for the above listed applicants.

Fernando Boccalandro, MD, Chief of Staff
Executive Committee Chair
/TL



March 12, 2019

**ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS**

Item to be considered:

Reappointment of the Medical Staff and/or Allied Health Professional Staff

Statement of Pertinent Facts:

The Medical Executive Committee and the Joint Conference Committee recommends approval of the following reappointments of the Medical Staff and Allied Health Professional Staff as submitted. These reappointment recommendations are made pursuant to and in accordance with Medical Staff Bylaws sections 4.4-4 and 6.6-3.

Medical Staff:

Applicant	Department	Staff Category	Specialty/Privileges	Group	Changes to Privileges	Dates
Adebayo Atolagbe, MD	Pediatrics	Active	Pediatric Hospitalist	CompHealth	None	04/01/2019 – 03/31/2021
Yulia Bronstein, MD	Radiology	Telemedicine	Telemedicine	VRAD	None	04/01/2019 – 03/31/2021
Sam Eun Kim, MD	Medicine	Associate to Active	Internal Medicine	ProCare	None	04/01/2019 – 03/31/2021
Chuong Le, MD	Medicine	Telemedicine	Intraoperative Neuromonitoring	Real Time Neuromonitoring	ADD: Neuroimaging Interpretation	04/01/2019 – 03/31/2021
Ronald Sonken, MD	Radiology	Telemedicine	Telemedicine	VRAD	None	04/01/2019 – 03/31/2021
Sudip Bose, MD	Emergency Medicine	Active	Emergency Medicine	BEPO	None	05/01/2019 – 04/30/2021

Allied Health Professionals:

Applicant	Department	Specialty / Privileges	Group	Sponsoring Physician(s)	Changes to Privileges	Dates
Nancy Baquirin, NP	Family Medicine	Allied Health Professional	ProCare	Dr. Santiago Giraldo	None	04/01/2019 – 03/31/2021
Joseph Cox, NP	Emergency Medicine	Allied Health Professional	BEPO	Dr. Greg Shipkey	None	04/01/2019 – 03/31/2021
Steven Dillard, PA	Emergency Medicine	Allied Health Professional	BEPO	Dr. Greg Shipkey	None	04/01/2019 – 03/31/2021

James Horton, CRNA	Surgery	Allied Health Professional	MidWest Anesthesia	Dr. Gillala, Dr. Price, Dr. Bhari, and Dr. Bryan	None	04/01/2019 – 03/31/2021
Jennifer James, NP	Surgery	Allied Health Professional	Envision	Dr. Kathy Grove	None	04/01/2019 – 03/31/2021
Kayla Notley, NP	Surgery	Allied Health Professional	ProCare	Dr. Vijay Borra	None	04/01/2019 – 03/31/2021

Advice, Opinions, Recommendations and Motions:

If the Hospital District Board of Directors concurs, the following motion is in order Accept and approve the recommendations of the Medical Executive Committee and the Joint Conference Committee relating to the reappointment of the Medical Staff and/or Allied Health Professional Staff.

Fernando Boccalandro, MD, Chief of Staff
 Executive Committee Chair
 /TL



March 12, 2019

**ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS**

Item to be considered:

Change in Clinical Privileges

Statement of Pertinent Facts:

The Medical Executive Committee and the Joint Conference Committee recommends the request below on change in clinical privileges. These clinical changes in privileges are recommendations made pursuant to and in accordance with Medical Staff Bylaws sections 4.2-11.

Change in Clinical Privileges:

Staff Member	Department	Privilege
Chuong Le, MD	Medicine	ADD: Neuroimaging Interpretation

Advice, Opinions, Recommendations and Motions:

If the Hospital District Board of Directors concurs, the following motion is in order: Accept and approve the recommendations of the Medical Executive Committee and the Joint Conference Committee relating to the change in clinical privileges of the Allied Health Professional Staff.

Fernando Boccalandro, MD, Chief of Staff
Executive Committee Chair
/TL



March 12, 2019

**ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS**

Item to be considered:

Change in Medical Staff or AHP Staff Status– Resignations/ Lapse of Privileges

Statement of Pertinent Facts:

The Medical Executive Committee and the Joint Conference Committee recommends approval of the following changes in staff status. These resignations/lapse of privileges are recommendations made pursuant to and in accordance with the Medical Staff Bylaws section 4.4-4.

Resignation/ Lapse of Privileges:

Staff Member	Staff Category	Department	Effective Date	Action
Sudeep Dustin Burman, DO	Active	Surgery	04-30-2019	Resigned
Ravi Giyanani, MD	Telemedicine	Radiology	01-30-2019	Resigned
Moinul Islam, PA-C	Allied Health Professional	Family Medicine	02-11/2019	Resigned
Tonya Murphy, NP	Allied Health Professional	Pediatrics	02-13-2019	Resigned
Kristen Osiecki, DO	Active	Emergency Medicine	01-30-2019	Resigned
Peterson, Wylan MD	Affiliate	Surgery	01-23/2019	Resigned
Lindsey Washburn, PA	Allied Health Professional	Surgery	12-12-2018	Resigned
Jack Kim Willis, Jr., PA	Allied Health Professional	Emergency Medicine	01-30-2019	Resigned

Advice, Opinions, Recommendations and Motion:

If the Hospital District Board of Directors concurs, the following motion is in order: Accept and approve the recommendations of the Medical Executive Committee and the Joint Conference Committee to approve the Resignation / Lapse of Privileges.

Fernando Boccalandro, MD, Chief of Staff
Executive Committee Chair
/TL



March 12, 2019

**ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS**

Item to be considered:

Change in Medical Staff or AHP Staff Category

Statement of Pertinent Facts:

The Medical Executive Committee and the Joint Conference Committee recommend approval of the following changes in staff status category. The respective departments determined that the practitioners have complied with all Bylaws requirements and are eligible for the change as noted below.

Staff Category Change:

Staff Member	Department	Category
Sam Eun Kim, MD	Medicine	Associate to Active
Bello, Violeta MD	Pediatrics	Leave of Absence back to Active Status

Change in Credentialing Date:

NONE

Advice, Opinions, Recommendations and Motion:

If the Hospital District Board of Directors concurs, the following motion is in order: Accept and approve the recommendations of the Medical Executive Committee and the Joint Conference Committee to approve the staff category changes.

Fernando Boccalandro, MD, Chief of Staff
Executive Committee Chair
/TL



March 12, 2019

**ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS**

Item to be considered:

CER: 806 Acquisition of Shimadzu Mobile Dart Evolution X-Ray Unit
CER: 807 Acquisition of MRI Avanto Evolve Upgrade

Statement of Pertinent Facts:

The Medical Executive Committee recommends approval of the following:

CER: 806 Acquisition of Shimadzu Mobile Dart Evolution X-Ray Unit
CER: 807 Acquisition of MRI Avanto Evolve Upgrade

Advice, Opinions, Recommendations and Motion:

If the Hospital District Board of Directors concurs, the following motion is in order: Accept and approve the recommendations of the Medical Executive Committee and the Joint Conference Committee to approve the CER(s).

Fernando Boccalandro, MD, Chief of Staff
Executive Committee Chair
/TL



DATE: March 1, 2019

TO: Board of Directors
Ector County Hospital District

FROM: Robert Abernethy
Senior Vice President / Chief Financial Officer

Subject: Financial Report for the month ended January 31, 2019

Attached are the Financial Statements for the month ended January 31, 2019 and a summary of the month's activity.

Operating Results - Hospital Operations:

For the month ended January, the change in net position was a gain of \$1,007,766 comparing favorably to the budget loss of \$757,003 by 233.1%. Inpatient (I/P) revenue was above budget by \$6,797,277 or 12.6% driven primarily by increased admissions resulting in increased patient days and associated ancillary procedures. Outpatient (O/P) revenue was above budget by \$2,373,317 or 5.3% due to increased observation, emergency department, and other outpatient volumes. Net Patient Revenue was \$2,485,879 or 12.2% above the budget of \$20,429,761. Net operating revenue was \$2,869,708 or 10.6%, above budget due to increased sales tax receipts.

Operating expenses for the month were over budget by \$1,151,033 due primarily to unfavorable salaries, purchased services, supplies, repairs and maintenance and ECHDA expenses. Unfavorable salaries and wages expenses were caused by increased volumes. Actual FTEs per Equivalent Occupied Bed were 4.2 vs. budgeted 4.8. Purchased services unfavorable variances include \$683,391 for contract coding, \$51,932 in additional dialysis fees due to increased inpatient census, \$22,174 in increased legal fees, and \$33,010 in additional recruitment expense. Supplies unfavorable expenses were the result of increased hospital volumes. Unfavorable repairs and maintenance expenses were the result of unbudgeted IT software maintenance contract (Microsoft Enterprise) not covered by the Cerner agreement.

The unfavorable ECHDA variance was caused due to higher than budgeted behavioral health fees for indigent patients who presented at the emergency department.

Operating Results - ProCare (501a) Operations:

For the month of January the net loss from operations before capital contributions was \$1,282,301 compared to a budgeted loss of \$1,134,268. Net operating revenue was above budget by \$284,673 due to favorable contractual discounts during the month. Total operating costs were over budget by \$432,706 due to increased contract CRNA usage of \$225,482 and \$68,053 in additional salary, wages and benefits expenses due to increased volumes.

Operating Results - Family Health Center Operations:

For the month of January the net gain/loss from operations by location:

- Clements: \$41,189 gain compared to a budgeted loss of \$103,650. Net revenue was favorable by \$132,292 due to increased cash collections. Operating costs were \$12,546 favorable to budget due to decreased physician allocation from ProCare.
- West University: \$44,081 loss compared to a budgeted loss of \$80,210. Net revenue was unfavorable by \$20,434 due to decreased volumes. Operating costs were favorable by \$56,562 driven by decreased physician allocation from ProCare.

Blended Operating Results - Ector County Hospital District:

The Change in Net Position for the month of January was a surplus of \$1,007,766 comparing favorably to a budgeted deficit of \$757,003. The Change in Net Position year to date is a surplus of \$2,660,267 comparing favorably to a budgeted deficit of \$4,300,615.

Volume:

Total admissions for the month were 1,273 or 1.2% above budget and 0.2% above last year. Year to date admissions were 4,702 or 2.6% above budget and 1.7% above last year. Patient days for the month were 6,592 or 12.4% above budget and 3.7% above last year. Year to date patient days were 22,816 or 3.8% above budget and 0.1% below last year. Due to the preceding, total average length of stay (ALOS) was 5.18 for the month and 4.85 year to date. Observation days were above budget by 22.4% and above prior year by 7.8%.

Emergency room visits for the month were 4,838 resulting in an increase compared to budget of 8.2% and a decrease compared to last year of 9.6%. Year to date emergency room visits were 18,706 or 4.0% above budget and 3.8% above prior year. Total O/P occasions of service for the month were 14.6% above budget for the month and 7.2% above last year. Year to date OP occasions of service were 11.0% above budget and 7.7% above last year.

**ECTOR COUNTY HOSPITAL DISTRICT
MONTHLY STATISTICAL REPORT
JANUARY 2019**

	CURRENT MONTH					YEAR-TO-DATE				
	ACTUAL	BUDGET		PRIOR YEAR		ACTUAL	BUDGET		PRIOR YEAR	
		AMOUNT	VAR.%	AMOUNT	VAR.%		AMOUNT	VAR.%	AMOUNT	VAR.%
Hospital InPatient Admissions										
Acute / Adult	1,246	1,225	1.7%	1,238	0.6%	4,575	4,468	2.4%	4,515	1.3%
Neonatal ICU (NICU)	27	33	-18.7%	32	-15.6%	127	113	12.2%	109	16.5%
Total Admissions	1,273	1,258	1.2%	1,270	0.2%	4,702	4,582	2.6%	4,624	1.7%
Patient Days										
Adult & Pediatric	4,997	4,461	12.0%	4,935	1.3%	17,145	16,810	2.0%	17,454	-1.8%
ICU	495	402	23.1%	455	8.8%	1,716	1,536	11.7%	1,714	0.1%
CCU	505	423	19.4%	467	8.1%	1,729	1,614	7.1%	1,631	6.0%
NICU	595	580	2.6%	502	18.5%	2,226	2,021	10.1%	1,999	11.4%
Total Patient Days	6,592	5,866	12.4%	6,359	3.7%	22,816	21,981	3.8%	22,798	0.1%
Observation (Obs) Days	822	672	22.4%	763	7.8%	3,249	2,582	25.8%	2,879	12.8%
Nursery Days	296	238	24.4%	278	6.5%	992	952	4.2%	1,005	-1.3%
Total Occupied Beds / Bassinets	7,710	6,776	13.8%	7,400	4.2%	27,057	25,515	6.0%	26,682	1.4%
Average Length of Stay (ALOS)										
Acute / Adult & Pediatric	4.81	4.31	11.6%	4.73	1.7%	4.50	4.47	0.8%	4.61	-2.3%
NICU	22.04	17.46	26.2%	15.69	40.5%	17.53	17.86	-1.9%	18.34	-4.4%
Total ALOS	5.18	4.66	11.1%	5.01	3.4%	4.85	4.80	1.1%	4.93	-1.6%
Acute / Adult & Pediatric w/o OB	5.77			5.59	3.1%	5.33			5.49	-2.9%
Average Daily Census	212.6	189.2	12.4%	205.1	3.7%	185.5	178.7	3.8%	185.3	0.1%
Hospital Case Mix Index (CMI)	1.6243	1.5166	7.1%	1.4447	12.4%	1.5811	1.5166	4.3%	1.5166	4.3%
Medicare										
Admissions	512	505	1.3%	531	-3.6%	1,808	1,761	2.7%	1,887	-4.2%
Patient Days	2,829	2,517	12.4%	2,883	-1.9%	9,170	8,798	4.2%	9,849	-6.9%
Average Length of Stay	5.53	4.98	11.0%	5.43	1.8%	5.07	5.00	1.5%	5.22	-2.8%
Case Mix Index	1.7351			1.5752	10.2%	1.7101			1.6438	4.0%
Medicaid										
Admissions	189	187	1.1%	166	13.9%	616	602	2.3%	548	12.4%
Patient Days	1,011	900	12.3%	804	25.7%	3,348	3,224	3.8%	2,853	17.4%
Average Length of Stay	5.35	4.81	11.1%	4.84	10.4%	5.44	5.36	1.5%	5.21	4.4%
Case Mix Index	1.2167			1.0606	14.7%	1.2226			1.1827	3.4%
Commercial										
Admissions	349	345	1.2%	284	22.9%	1,303	1,269	2.7%	1,157	12.6%
Patient Days	1,623	1,444	12.4%	1,223	32.7%	5,620	5,424	3.6%	5,232	7.4%
Average Length of Stay	4.65	4.19	11.1%	4.31	8.0%	4.31	4.27	0.9%	4.52	-4.6%
Case Mix Index	1.6792			1.5056	11.5%	1.5767			1.5257	3.3%
Self Pay										
Admissions	201	199	1.0%	270	-25.6%	885	862	2.7%	934	-5.2%
Patient Days	994	885	12.3%	1,342	-25.9%	4,218	4,089	3.2%	4,414	-4.4%
Average Length of Stay	4.95	4.45	11.2%	4.97	-0.5%	4.77	4.74	0.5%	4.73	0.9%
Case Mix Index	1.6089			1.3107	22.7%	1.4957			1.3948	7.2%
All Other										
Admissions	22	22	0.0%	19	15.8%	90	88	2.3%	98	-8.2%
Patient Days	135	120	12.5%	107	26.2%	460	446	3.1%	450	2.2%
Average Length of Stay	6.14	5.45	12.5%	5.63	9.0%	5.11	5.07	0.8%	4.59	11.3%
Case Mix Index	1.8142			1.6625	9.1%	2.0401			1.8170	12.3%
Radiology										
InPatient	4,916	4,780	2.8%	5,043	-2.5%	18,495	18,254	1.3%	18,033	2.6%
OutPatient	7,998	7,908	1.1%	7,407	8.0%	31,110	30,198	3.0%	28,513	9.1%
Cath Lab										
InPatient	699	596	17.3%	657	6.4%	2,307	2,274	1.5%	2,395	-3.7%
OutPatient	524	610	-14.1%	587	-10.7%	2,367	2,328	1.7%	2,135	10.9%
Laboratory										
InPatient	79,573	73,238	8.6%	77,698	2.4%	290,431	279,844	3.8%	277,614	4.6%
OutPatient	63,886	57,773	10.6%	61,228	4.3%	233,117	221,028	5.5%	220,105	5.9%
Other										
Deliveries	179	177	1.1%	178	0.6%	631	644	-2.0%	650	-2.9%
Surgical Cases										
InPatient	304	316	-3.8%	270	12.6%	1,200	1,210	-0.8%	1,212	-1.0%
OutPatient	540	658	-17.9%	557	-3.1%	2,198	2,514	-12.6%	2,313	-5.0%
Total Surgical Cases	844	974	-13.3%	827	2.1%	3,398	3,724	-8.8%	3,525	-3.6%
GI Procedures (Endo)										
InPatient	167	111	50.5%	116	44.0%	603	424	42.2%	414	45.7%
OutPatient	204	296	-31.1%	243	-16.0%	887	1,130	-21.5%	1,130	-21.5%
Total GI Procedures	371	407	-8.8%	359	3.3%	1,490	1,554	-4.1%	1,544	-3.5%

**ECTOR COUNTY HOSPITAL DISTRICT
MONTHLY STATISTICAL REPORT
JANUARY 2019**

	CURRENT MONTH					YEAR-TO-DATE				
	ACTUAL	BUDGET		PRIOR YEAR		ACTUAL	BUDGET		PRIOR YEAR	
		AMOUNT	VAR.%	AMOUNT	VAR.%		AMOUNT	VAR.%	AMOUNT	VAR.%
OutPatient (O/P)										
Emergency Room Visits	4,838	4,473	8.2%	5,350	-9.6%	18,706	17,985	4.0%	18,015	3.8%
Observation Days	822	672	22.4%	763	7.8%	3,249	2,582	25.8%	2,879	12.8%
Other O/P Occasions of Service	20,765	17,910	15.9%	18,545	12.0%	77,591	69,112	12.3%	71,564	8.4%
Total O/P Occasions of Svc.	26,425	23,055	14.6%	24,658	7.2%	99,546	89,679	11.0%	92,458	7.7%
Hospital Operations										
Manhours Paid	273,448	287,122	-4.8%	276,474	-1.1%	1,080,111	1,117,925	-3.4%	1,124,742	-4.0%
FTE's	1,543.7	1,620.9	-4.8%	1,560.7	-1.1%	1,536.7	1,590.5	-3.4%	1,600.2	-4.0%
Adjusted Patient Days	11,706	10,733	9.1%	11,188	4.6%	41,915	40,403	3.7%	41,060	2.1%
Hours / Adjusted Patient Day	23.36	26.75	-12.7%	24.71	-5.5%	25.77	27.67	-6.9%	27.39	-5.9%
Occupancy - Actual Beds	60.9%	54.2%	12.4%	58.8%	3.7%	53.2%	51.2%	3.8%	53.1%	0.1%
FTE's / Adjusted Occupied Bed	4.1	4.7	-12.7%	4.3	-5.5%	4.5	4.8	-6.9%	4.8	-5.9%
InPatient Rehab Unit										
Admissions	48	38	27.5%	31	54.8%	181	145	25.3%	119	52.1%
Patient Days	518	542	-4.4%	379	36.7%	2,158	2,168	-0.5%	1,549	39.3%
Average Length of Stay	10.8	14.4	-25.0%	12.2	-11.7%	11.9	15.0	-20.5%	13.0	-8.4%
Manhours Paid	7,891	8,415	-6.2%	6,102	29.3%	32,045	33,591	-4.6%	23,711	35.1%
FTE's	44.5	47.5	-6.2%	34.4	29.3%	45.6	47.8	-4.6%	33.7	35.1%
Center for Primary Care - Clements										
Total Medical Visits	1,491	1,055	41.3%	1,117	33.5%	4,634	3,671	26.2%	3,887	19.2%
Manhours Paid	3,905	3,887	0.5%	543	619.2%	15,739	15,422	2.1%	2,374	562.9%
FTE's	22.0	21.9	0.5%	3.1	619.2%	22.4	21.9	2.1%	3.4	562.9%
Center for Primary Care - West University										
Total Medical Visits	526	933	-43.6%	904	-41.8%	2,362	2,774	-14.9%	2,689	-12.2%
Total Optometry	293	276	6.2%	274	6.9%	996	1,104	-9.7%	1,095	-9.0%
Manhours Paid	1,418	2,474	-42.7%	182	677.6%	6,424	9,815	-34.6%	694	825.8%
FTE's	8.0	14.0	-42.7%	1.0	677.6%	9.1	14.0	-34.6%	1.0	825.8%
Total ECHD Operations										
Total Admissions	1,321	1,296	1.9%	1,301	1.5%	4,883	4,726	3.3%	4,743	3.0%
Total Patient Days	7,110	6,408	11.0%	6,738	5.5%	24,974	24,149	3.4%	24,347	2.6%
Total Patient and Obs Days	7,932	7,080	12.0%	7,501	5.7%	28,223	26,731	5.6%	27,226	3.7%
Total FTE's	1,618.3	1,704.3	-5.0%	1,599.3	1.2%	1,613.9	1,674.2	-3.6%	1,638.3	-1.5%
FTE's / Adjusted Occupied Bed	4.0	4.5	-11.8%	4.2	-5.0%	4.3	4.7	-8.7%	4.6	-5.8%
Total Adjusted Patient Days	12,626	11,725	7.7%	11,855	6.5%	45,887	43,469	5.6%	43,863	4.6%
Hours / Adjusted Patient Day	22.70	25.75	-11.8%	23.90	-5.0%	24.72	27.07	-8.7%	26.25	-5.8%
Outpatient Factor	1.7758	1.8298	-2.9%	1.7594	0.9%	1.8381	1.8382	0.0%	1.8016	2.0%
Blended O/P Factor	1.9588	2.0667	-5.2%	1.9918	-1.7%	2.0417	2.0860	-2.1%	2.0648	-1.1%
Total Adjusted Admissions	2,346	2,372	-1.1%	2,289	2.5%	8,978	8,688	3.3%	8,545	5.1%
Hours / Adjusted Admisssion	122.20	127.30	-4.0%	123.77	-1.3%	126.35	135.45	-6.7%	134.76	-6.2%
FTE's - Hospital Contract	47.4	52.0	-8.9%	62.1	-23.7%	48.5	49.7	-2.5%	64.5	-24.8%
FTE's - Mgmt Services	62.7	50.1	25.1%	37.7	66.5%	67.5	50.1	34.7%	44.4	52.0%
Total FTE's (including Contract)	1,728.3	1,806.4	-4.3%	1,699.0	1.7%	1,729.8	1,774.1	-2.5%	1,747.2	-1.0%
Total FTE'S per Adjusted Occupied Bed (including Contract)	4.2	4.8	-11.1%	4.4	-4.5%	4.6	5.0	-7.6%	4.9	-5.4%
ProCare FTEs	210.6	229.1	-8.1%	223.8	-5.9%	139.1	229.1	-39.3%	240.1	-42.1%
Total System FTEs	1,938.9	2,035.5	-4.7%	1,922.8	0.8%	1,868.9	2,003.2	-6.7%	1,987.3	-6.0%
Urgent Care Visits										
JBS Clinic	1,178	1,122	5.0%	1,616	-27.1%	4,097	4,452	-8.0%	4,825	-15.1%
West University	766	733	4.5%	1,112	-31.1%	2,634	2,908	-9.4%	3,350	-21.4%
42nd Street	826	838	-1.4%	1,267	-34.8%	2,909	3,325	-12.5%	3,196	-9.0%
Total Urgent Care Visits	2,770	2,693	2.9%	3,995	-30.7%	9,640	10,685	-9.8%	11,371	-15.2%
Wal-Mart Clinic Visits										
East Clinic	616	535	15.1%	723	-14.8%	2,031	1,827	11.2%	2,154	-5.7%
West Clinic	502	421	19.2%	625	-19.7%	1,430	1,335	7.1%	1,761	-18.8%
Total Wal-Mart Visits	1,118	956	16.9%	1,348	-17.1%	3,461	3,162	9.5%	3,915	-11.6%

**ECTOR COUNTY HOSPITAL DISTRICT
BALANCE SHEET - BLENDED
JANUARY 2019**

	ECTOR COUNTY HOSPITAL DISTRICT		
	HOSPITAL	PRO CARE	DISTRICT
ASSETS			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 28,593,191	\$ 5,000	\$ 28,598,191
Investments	26,746,168	-	26,746,168
Patient Accounts Receivable - Gross	226,562,104	41,947,832	268,509,936
Less: 3rd Party Allowances	(104,312,640)	(9,304,666)	(113,617,306)
Bad Debt Allowance	(83,356,844)	(27,153,695)	(110,510,539)
Net Patient Accounts Receivable	38,892,620	5,489,471	44,382,091
Taxes Receivable	9,750,259	-	9,750,259
Accounts Receivable - Other	15,041,661	4,524,280	19,565,941
Inventories	6,702,278	217,911	6,920,189
Prepaid Expenses	3,910,589	171,380	4,081,970
Total Current Assets	129,636,767	10,408,042	140,044,809
CAPITAL ASSETS:			
Property and Equipment	466,290,321	467,364	466,757,685
Construction in Progress	391,727	-	391,727
	466,682,048	467,364	467,149,412
Less: Accumulated Depreciation and Amortization	(279,973,413)	(282,963)	(280,256,377)
Total Capital Assets	186,708,635	184,401	186,893,036
INTANGIBLE ASSETS / GOODWILL - NET	12,072	149,361	161,433
RESTRICTED ASSETS:			
Restricted Assets Held by Trustee	5,695,431	-	5,695,431
Restricted Assets Held in Endowment	6,184,815	-	6,184,815
Restricted Corner Escrow	-	-	-
Restricted TPC, LLC	382,641	-	382,641
Restricted MCH West Texas Services	2,185,059	-	2,185,059
Pension, Deferred Outflows of Resources	20,838,572	-	20,838,572
Assets whose use is Limited	-	7,158	7,158
TOTAL ASSETS	\$ 351,643,992	\$ 10,748,962	\$ 362,392,953
LIABILITIES AND FUND BALANCE			
CURRENT LIABILITIES:			
Current Maturities of Long-Term Debt	\$ 4,773,979	\$ -	\$ 4,773,979
Self-Insurance Liability - Current Portion	4,075,156	-	4,075,156
Accounts Payable	11,304,646	1,181,108	12,485,754
A/R Credit Balances	8,968,586	-	8,968,586
Accrued Interest	1,087,105	-	1,087,105
Accrued Salaries and Wages	8,739,551	4,757,018	13,496,569
Accrued Compensated Absences	3,749,288	-	3,749,288
Due to Third Party Payors	948,569	-	948,569
Deferred Revenue	2,819,840	548,102	3,367,942
Total Current Liabilities	46,466,720	6,486,228	52,952,948
ACCRUED POST RETIREMENT BENEFITS	63,373,468	-	63,373,468
SELF-INSURANCE LIABILITIES - Less Current Portion	2,409,871	-	2,409,871
LONG-TERM DEBT - Less Current Maturities	43,867,494	-	43,867,494
Total Liabilities	156,117,552	6,486,228	162,603,781
FUND BALANCE	195,526,439	4,262,733	199,789,173
TOTAL LIABILITIES AND FUND BALANCE	\$ 351,643,992	\$ 10,748,962	\$ 362,392,953

**ECTOR COUNTY HOSPITAL DISTRICT
BALANCE SHEET - BLENDED
JANUARY 2019**

	CURRENT YEAR	PRIOR FISCAL YEAR END		CURRENT YEAR CHANGE
		HOSPITAL UNAUDITED	PRO CARE UNAUDITED	
ASSETS				
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 28,598,191	\$ 31,895,862	\$ 5,200	\$ (3,302,870)
Investments	26,746,168	20,681,168	-	6,065,000
Patient Accounts Receivable - Gross	268,509,936	230,686,164	50,563,027	(12,739,254)
Less: 3rd Party Allowances	(113,617,306)	(94,459,620)	(14,361,289)	(4,796,397)
Bad Debt Allowance	(110,510,539)	(105,167,022)	(30,938,698)	25,595,181
Net Patient Accounts Receivable	44,382,091	31,059,521	5,263,040	8,059,530
Taxes Receivable	9,750,259	9,684,905	-	65,354
Accounts Receivable - Other	19,565,941	26,708,957	2,794,795	(9,937,812)
Inventories	6,920,189	6,668,788	207,786	43,615
Prepaid Expenses	4,081,970	4,086,736	361,509	(366,275)
Total Current Assets	140,044,809	130,785,937	8,632,329	626,542
CAPITAL ASSETS:				
Property and Equipment	466,757,685	465,327,885	520,697	909,104
Construction in Progress	391,727	194,727	-	197,000
	467,149,412	465,522,611	520,697	1,106,104
Less: Accumulated Depreciation and Amortization	(280,256,377)	(273,603,842)	(325,258)	(6,327,277)
Total Capital Assets	186,893,036	191,918,770	195,439	(5,221,173)
INTANGIBLE ASSETS / GOODWILL - NET	161,433	28,354	190,863	(57,784)
RESTRICTED ASSETS:				
Restricted Assets Held by Trustee	5,695,431	4,731,764	-	963,667
Restricted Assets Held in Endowment	6,184,815	6,105,800	-	79,015
Restricted MCH West Texas Services	2,185,059	2,121,628	-	63,431
Pension, Deferred Outflows of Resources	20,838,572	20,838,572	-	-
Assets whose use is Limited	7,158	-	61,843	(54,685)
TOTAL ASSETS	\$ 362,392,953	\$ 356,913,466	\$ 9,080,474	\$ (3,600,986)
LIABILITIES AND FUND BALANCE				
CURRENT LIABILITIES:				
Current Maturities of Long-Term Debt	\$ 4,773,979	\$ 4,773,979	\$ -	\$ -
Self-Insurance Liability - Current Portion	4,075,156	3,833,600	-	241,556
Accounts Payable	12,485,754	23,821,711	1,420,100	(12,756,056)
A/R Credit Balances	8,968,586	14,690,059	-	(5,721,473)
Accrued Interest	1,087,105	42,618	-	1,044,487
Accrued Salaries and Wages	13,496,569	3,268,854	6,008,586	4,219,130
Accrued Compensated Absences	3,749,288	3,936,690	-	(187,402)
Due to Third Party Payors	948,569	335,256	-	613,313
Deferred Revenue	3,367,942	310,825	-	3,057,116
Total Current Liabilities	52,952,948.22	55,013,591.98	7,428,685	(9,489,329)
ACCRUED POST RETIREMENT BENEFITS	63,373,468	60,410,417	-	2,963,051
SELF-INSURANCE LIABILITIES - Less Current Portion	2,409,871	2,161,470	-	248,401
LONG-TERM DEBT - Less Current Maturities	43,867,494	44,929,369	-	(1,061,876)
Total Liabilities	162,603,781	162,514,848	7,428,685	(7,339,753)
FUND BALANCE	199,789,173	194,398,618	1,651,788	3,738,767
TOTAL LIABILITIES AND FUND BALANCE	\$ 362,392,953	\$ 356,913,466	\$ 9,080,474	\$ (3,600,986)

**ECTOR COUNTY HOSPITAL DISTRICT
BLENDED OPERATIONS SUMMARY
JANUARY 2019**

	CURRENT MONTH					YEAR TO DATE				
	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR
<u>PATIENT REVENUE</u>										
Inpatient Revenue	\$ 60,549,701	\$ 53,752,644	12.6%	\$ 55,139,389	9.8%	\$ 219,888,316	\$ 205,611,382	6.9%	\$ 204,106,981	7.7%
Outpatient Revenue	58,057,276	57,337,792	1.3%	54,687,925	6.2%	229,057,782	223,303,970	2.6%	217,339,689	5.4%
TOTAL PATIENT REVENUE	\$ 118,606,976	\$ 111,090,436	6.8%	\$ 109,827,314	8.0%	\$ 448,946,098	\$ 428,915,352	4.7%	\$ 421,446,670	6.5%
<u>DEDUCTIONS FROM REVENUE</u>										
Contractual Adjustments	\$ 73,876,714	\$ 71,363,379	3.5%	\$ 69,763,356	5.9%	\$ 286,075,684	\$ 272,672,886	4.9%	\$ 276,145,469	3.6%
Policy Adjustments	1,151,533	1,787,208	-35.6%	(207,874)	-654.0%	13,174,193	6,969,836	89.0%	11,575,115	13.8%
Uninsured Discount	7,573,542	7,646,255	-1.0%	5,115,928	48.0%	22,670,891	31,862,589	-28.8%	21,356,954	6.2%
Indigent	7,095	1,721,713	-99.6%	70,824	-90.0%	361,251	6,678,631	-94.6%	1,035,781	-65.1%
Provision for Bad Debts	10,712,586	6,315,052	69.6%	14,562,068	-26.4%	28,826,176	24,890,710	15.8%	28,344,511	1.7%
TOTAL REVENUE DEDUCTIONS	\$ 93,321,469	\$ 88,833,607	5.1%	\$ 89,304,302	4.5%	\$ 351,108,195	\$ 343,074,652	2.3%	\$ 338,457,830	3.7%
	78.68%	79.97%		81.31%		78.21%	79.99%		80.31%	
<u>OTHER PATIENT REVENUE</u>										
Medicaid Supplemental Payments	\$ 865,393	\$ 1,156,242	-25.2%	\$ 1,156,242	-25.2%	\$ 3,461,570	4,624,968	-25.2%	\$ 4,624,970	-25.2%
DSRIP	971,658	971,658	0.0%	1,000,000	-2.8%	3,886,632	3,886,632	0.0%	3,773,262	3.0%
Medicaid Meaningful Use Subsidy	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
Medicare Meaningful Use Subsidy	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
TOTAL OTHER PATIENT REVENUE	\$ 1,837,051	\$ 2,127,900	-13.7%	\$ 2,156,242	-14.8%	\$ 7,348,202	\$ 8,511,600	-13.7%	\$ 8,398,232	-12.5%
NET PATIENT REVENUE	\$ 27,122,558	\$ 24,384,729	11.2%	\$ 22,679,255	19.6%	\$ 105,186,105	\$ 94,352,300	11.5%	\$ 91,387,072	15.1%
<u>OTHER REVENUE</u>										
Tax Revenue	\$ 6,265,269	\$ 5,829,200	7.5%	\$ 5,165,539	21.3%	\$ 24,119,292	\$ 22,951,862	5.1%	\$ 20,425,385	18.1%
Other Revenue	903,573	923,090	-2.1%	753,232	20.0%	3,332,309	3,310,810	0.6%	3,064,505	8.7%
TOTAL OTHER REVENUE	\$ 7,168,842	\$ 6,752,290	6.2%	\$ 5,918,771	21.1%	\$ 27,451,601	\$ 26,262,672	4.5%	\$ 23,489,891	16.9%
NET OPERATING REVENUE	\$ 34,291,400	\$ 31,137,019	10.1%	\$ 28,598,027	19.9%	\$ 132,637,706	\$ 120,614,972	10.0%	\$ 114,876,962	15.5%
<u>OPERATING EXPENSES</u>										
Salaries and Wages	\$ 13,685,583	\$ 12,994,036	5.3%	\$ 13,243,548	3.3%	\$ 52,333,961	\$ 50,906,136	2.8%	\$ 51,786,309	1.1%
Benefits	2,349,376	3,350,788	-29.9%	2,997,080	-21.6%	12,488,003	13,012,789	-4.0%	14,408,106	-13.3%
Temporary Labor	1,100,117	895,334	22.9%	902,625	21.9%	4,289,189	3,450,743	24.3%	3,971,707	8.0%
Physician Fees	1,106,828	1,164,647	-5.0%	1,734,838	-36.2%	4,429,319	4,792,571	-7.6%	5,446,288	-18.7%
Texas Tech Support	988,410	1,001,417	-1.3%	1,000,000	-1.2%	3,960,399	4,005,668	-1.1%	4,000,000	-1.0%
Purchased Services	4,939,177	3,880,212	27.3%	1,709,420	188.9%	18,411,389	15,525,567	18.6%	8,155,259	125.8%
Supplies	5,514,427	5,029,995	9.6%	4,406,934	25.1%	20,158,373	19,292,884	4.5%	19,059,376	5.8%
Utilities	330,117	412,654	-20.0%	346,917	-4.8%	1,265,180	1,334,004	-5.2%	1,348,747	-6.2%
Repairs and Maintenance	803,898	609,896	31.8%	961,002	-16.3%	3,369,426	2,404,491	40.1%	3,882,409	-13.2%
Leases and Rent	141,226	96,461	46.4%	143,046	-1.3%	490,356	398,570	23.0%	504,719	-2.8%
Insurance	123,503	135,001	-8.5%	134,249	-8.0%	515,298	540,004	-4.6%	519,879	-0.9%
Interest Expense	263,992	264,838	-0.3%	275,225	-4.1%	1,045,358	1,052,919	-0.7%	1,106,634	-5.5%
ECHDA	393,917	253,230	55.6%	29,835	1220.3%	1,172,651	1,004,980	16.7%	568,324	106.3%
Other Expense	110,537	178,869	-38.2%	148,751	-25.7%	591,289	722,227	-18.1%	646,338	-8.5%
TOTAL OPERATING EXPENSES	\$ 31,851,108	\$ 30,267,378	5.2%	\$ 28,033,469	13.6%	\$ 124,520,189	\$ 118,443,553	5.1%	\$ 115,404,094	7.9%
Depreciation/Amortization	\$ 1,588,741	\$ 1,724,924	-7.9%	\$ 1,773,391	-10.4%	\$ 6,516,610	\$ 6,860,396	-5.0%	\$ 6,994,873	-6.8%
(Gain) Loss on Sale of Assets	2,880	-	0.0%	-	0.0%	3,004	-	0.0%	(452)	-765.3%
TOTAL OPERATING COSTS	\$ 33,442,729	\$ 31,992,302	4.5%	\$ 29,806,859	12.2%	\$ 131,039,802	\$ 125,303,949	4.6%	\$ 122,398,516	7.1%
NET GAIN (LOSS) FROM OPERATIONS	\$ 848,670	\$ (855,283)	-199.2%	\$ (1,208,833)	-170.2%	\$ 1,597,904	\$ (4,688,977)	-134.1%	\$ (7,521,553)	-121.2%
Operating Margin	2.47%	-2.75%	-190.1%	-4.23%	-158.5%	1.20%	-3.89%	-131.0%	-6.55%	-118.4%
<u>NONOPERATING REVENUE/EXPENSE</u>										
Interest Income	\$ 62,845	\$ 22,718	176.6%	\$ 43,457	44.6%	\$ 330,862	\$ 86,114	284.2%	\$ 122,217	170.7%
Tobacco Settlement	-	-	0.0%	-	0.0%	-	-	-	-	-
Donations	-	-	-	-	-	300,260	-	-	923	32447.8%
Build America Bonds Subsidy	84,413	82,117	2.8%	84,413	0.0%	337,653	328,468	2.8%	337,382	0.1%
CHANGE IN NET POSITION BEFORE INVESTMENT ACTIVITY	\$ 995,929	\$ (750,448)	-232.7%	\$ (1,080,963)	-192.1%	\$ 2,566,679	\$ (4,274,395)	-160.0%	\$ (7,061,031)	-136.3%
Unrealized Gain/(Loss) on Investments	\$ -	\$ (12,484)	0.0%	\$ -	-	\$ 30,157	\$ (49,936)	0.0%	\$ (52,622)	-157.3%
Investment in Subsidiaries	11,837	5,929	99.7%	16,199	-26.9%	63,431	23,716	167.5%	61,432	3.3%
CHANGE IN NET POSITION	\$ 1,007,766	\$ (757,003)	-233.1%	\$ (1,064,764)	-194.6%	\$ 2,660,267	\$ (4,300,615)	-161.9%	\$ (7,052,222)	-137.7%

**ECTOR COUNTY HOSPITAL DISTRICT
HOSPITAL OPERATIONS SUMMARY
JANUARY 2019**

	CURRENT MONTH					YEAR TO DATE				
	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR
PATIENT REVENUE										
Inpatient Routine Revenue	\$ 60,549,701	\$ 53,752,424	12.6%	\$ 55,139,389	9.8%	\$ 219,888,316	\$ 205,610,507	6.9%	\$ 204,104,348	7.7%
Outpatient Revenue	46,975,611	44,602,294	5.3%	41,874,678	12.2%	184,291,486	172,344,792	6.9%	163,604,952	12.6%
TOTAL PATIENT REVENUE	\$ 107,525,312	\$ 98,354,938	9.3%	\$ 97,014,067	10.8%	\$ 404,179,802	\$ 377,956,174	6.9%	\$ 367,711,933	9.9%
DEDUCTIONS FROM REVENUE										
Contractual Adjustments	\$ 67,790,886	\$ 64,791,167	4.6%	\$ 66,159,486	2.5%	\$ 265,360,024	\$ 246,179,481	7.8%	\$ 247,129,586	7.4%
Policy Adjustments	645,160	1,575,213	-59.0%	(408,559)	-257.9%	3,220,802	6,116,362	-47.3%	10,521,440	-69.4%
Uninsured Discount	6,834,084	7,533,853	-9.3%	5,033,251	35.8%	20,992,257	31,408,819	-33.2%	21,009,215	-0.1%
Indigent Care	64,335	1,643,322	-96.1%	19,570	228.7%	299,188	6,363,670	-95.3%	786,483	-62.0%
Provision for Bad Debts	10,237,258	3,634,522	181.7%	8,876,650	15.3%	30,140,104	14,195,163	112.3%	17,739,880	69.9%
TOTAL REVENUE DEDUCTIONS	\$ 85,571,722	\$ 79,178,077	8.1%	\$ 79,680,397	7.4%	\$ 320,012,375	\$ 304,263,495	5.2%	\$ 297,186,603	7.7%
	79.58%	80.50%		82.13%		79.18%	80.50%		80.82%	
OTHER PATIENT REVENUE										
Medicaid Supplemental Payments	\$ (9,608)	\$ 281,242	-103.4%	\$ 281,242	-103.4%	\$ (38,430)	\$ 1,124,968	-103.4%	\$ 1,124,970	-103.4%
DSRIP	971,658	971,658	0.0%	1,000,000	-2.8%	3,886,632	3,886,632	0.0%	3,773,262	3.0%
Medicare Meaningful Use Subsidy	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
TOTAL OTHER PATIENT REVENUE	\$ 962,051	\$ 1,252,900	-23.2%	\$ 1,281,242	-24.9%	\$ 3,848,202	\$ 5,011,600	-23.2%	\$ 4,898,232	-21.4%
NET PATIENT REVENUE	\$ 22,915,640	\$ 20,429,761	12.2%	\$ 18,614,912	23.1%	\$ 88,015,629	\$ 78,704,279	11.8%	\$ 75,423,561	16.7%
OTHER REVENUE										
Tax Revenue	\$ 6,265,269	\$ 5,829,200	7.5%	\$ 5,165,539	21.3%	\$ 24,119,292	\$ 22,951,862	5.1%	\$ 20,425,385	18.1%
Other Revenue	735,484	787,725	-6.6%	610,977	20.4%	2,655,046	2,769,063	-4.1%	2,500,911	6.2%
TOTAL OTHER REVENUE	\$ 7,000,754	\$ 6,616,925	5.8%	\$ 5,776,516	21.2%	\$ 26,774,339	\$ 25,720,925	4.1%	\$ 22,926,296	16.8%
NET OPERATING REVENUE	\$ 29,916,394	\$ 27,046,686	10.6%	\$ 24,391,427	22.7%	\$ 114,789,968	\$ 104,425,204	9.9%	\$ 98,349,857	16.7%
OPERATING EXPENSE										
Salaries and Wages	\$ 9,961,677	\$ 9,321,082	6.9%	\$ 9,413,212	5.8%	\$ 37,344,504	\$ 36,281,751	2.9%	\$ 35,892,889	4.0%
Benefits	1,865,890	2,884,404	-35.3%	2,481,730	-24.8%	10,818,005	11,425,126	-5.3%	12,601,540	-14.2%
Temporary Labor	517,951	601,765	-13.9%	772,957	-33.0%	2,142,988	2,285,093	-6.2%	3,003,901	-28.7%
Physician Fees	924,461	1,045,117	-11.5%	1,562,126	-40.8%	3,799,438	4,325,202	-12.2%	4,771,220	-20.4%
Texas Tech Support	988,410	1,001,417	-1.3%	1,000,000	-1.2%	3,960,399	4,005,668	-1.1%	4,000,000	-1.0%
Purchased Services	4,699,163	3,674,128	27.9%	1,859,731	152.7%	17,437,873	14,677,997	18.8%	8,544,626	104.1%
Supplies	5,378,863	4,879,478	10.2%	4,265,520	26.1%	19,586,338	18,691,694	4.8%	18,389,230	6.5%
Utilities	326,776	408,139	-19.9%	343,436	-4.9%	1,250,460	1,317,692	-5.1%	1,334,440	-6.3%
Repairs and Maintenance	803,768	608,856	32.0%	960,445	-16.3%	3,369,109	2,400,331	40.4%	3,878,700	-13.1%
Leases and Rentals	(34,341)	(75,962)	-54.8%	(38,371)	-10.5%	(207,852)	(291,130)	-28.6%	(245,296)	-15.3%
Insurance	74,891	87,358	-14.3%	85,184	-12.1%	320,853	349,432	-8.2%	332,997	-3.6%
Interest Expense	263,992	264,838	-0.3%	275,225	-4.1%	1,045,358	1,052,919	-0.7%	1,106,634	-5.5%
ECHDA	393,917	253,230	55.6%	29,835	1220.3%	1,172,651	1,004,980	16.7%	568,324	106.3%
Other Expense	48,061	108,597	-55.7%	73,408	-34.5%	353,732	450,617	-21.5%	372,462	-5.0%
TOTAL OPERATING EXPENSES	\$ 26,213,480	\$ 25,062,447	4.6%	\$ 23,084,436	13.6%	\$ 102,393,855	\$ 97,977,372	4.5%	\$ 94,551,667	8.3%
Depreciation/Amortization	\$ 1,569,062	\$ 1,705,254	-8.0%	\$ 1,751,202	-10.4%	\$ 6,435,983	\$ 6,781,714	-5.1%	\$ 6,899,316	-6.7%
(Gain)/Loss on Disposal of Assets	2,880	-	0.0%	-	0.0%	3,004	-	100.0%	(452)	-765.3%
TOTAL OPERATING COSTS	\$ 27,785,422	\$ 26,767,701	3.8%	\$ 24,835,638	11.9%	\$ 108,832,843	\$ 104,759,086	3.9%	\$ 101,450,532	7.3%
NET GAIN (LOSS) FROM OPERATIONS	\$ 2,130,972	\$ 278,985	663.8%	\$ (444,212)	-579.7%	\$ 5,957,125	\$ (333,882)	-1884.2%	\$ (3,100,675)	-292.1%
Operating Margin	7.12%	1.03%	590.6%	-1.82%	-491.1%	5.19%	-0.32%	-1723.1%	-3.15%	-264.6%
NONOPERATING REVENUE/EXPENSE										
Interest Income	\$ 62,845	\$ 22,718	176.6%	\$ 43,457	44.6%	\$ 330,862	\$ 86,114	284.2%	\$ 122,217	170.7%
Tobacco Settlement	-	-	0.0%	-	0.0%	-	-	-	-	0.0%
Donations	-	-	0.0%	-	0.0%	300,260	-	-	923	32447.8%
Build America Bonds Subsidy	84,413	82,117	2.8%	84,413	0.0%	337,653	328,468	2.8%	337,382	0.1%
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTION	\$ 2,278,230	\$ 383,820	493.6%	\$ (316,341)	-820.2%	\$ 6,925,900	\$ 80,700	8482.3%	\$ (2,640,153)	-362.3%
Procure Capital Contribution	(1,282,301)	(1,134,268)	13.1%	(1,207,459)	6.2%	(4,359,221)	(4,355,095)	0.1%	(5,668,874)	-23.1%
CHANGE IN NET POSITION BEFORE INVESTMENT ACTIVITY	\$ 995,929	\$ (750,448)	-232.7%	\$ (1,523,800)	-165.4%	\$ 2,566,680	\$ (4,274,395)	-160.0%	\$ (8,309,027)	-130.9%
Unrealized Gain/(Loss) on Investments	\$ -	\$ (12,484)	-100.0%	\$ -	0.0%	\$ 30,157	\$ (49,936)	-160.4%	\$ (52,622)	-157.3%
Investment in Subsidiaries	11,837	5,929	99.7%	16,199	-26.9%	63,431	23,716	167.5%	61,432	3.3%
CHANGE IN NET POSITION	\$ 1,007,766	\$ (757,003)	-233.1%	\$ (1,507,602)	-166.8%	\$ 2,660,268	\$ (4,300,615)	-161.9%	\$ (8,300,218)	-132.1%

**ECTOR COUNTY HOSPITAL DISTRICT
PROCARE OPERATIONS SUMMARY
JANUARY 2019**

	CURRENT MONTH					YEAR TO DATE				
	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR
PATIENT REVENUE										
Outpatient Revenue	\$ 11,081,664	\$ 12,735,498	-13.0%	\$ 12,813,248	-13.5%	\$ 44,766,296	\$ 50,959,178	-12.2%	\$ 53,734,737	-16.7%
TOTAL PATIENT REVENUE	\$ 11,081,664	\$ 12,735,498	-13.0%	\$ 12,813,248	-13.5%	\$ 44,766,296	\$ 50,959,178	-12.2%	\$ 53,734,737	-16.7%
DEDUCTIONS FROM REVENUE										
Contractual Adjustments	\$ 6,085,828	\$ 6,572,212	-7.4%	\$ 3,603,870	68.9%	\$ 20,715,660	\$ 26,493,405	-21.8%	\$ 29,015,883	-28.6%
Policy Adjustments	506,373	211,995	138.9%	200,685	152.3%	9,953,391	853,474	1066.2%	1,053,676	844.6%
Uninsured Discount	739,458	112,402	557.9%	82,677	794.4%	1,678,634	453,770	269.9%	347,739	382.7%
Indigent	(57,240)	78,391	-173.0%	51,254	-211.7%	62,063	314,961	-80.3%	249,298	-75.1%
Provision for Bad Debts	475,327	2,680,530	-82.3%	5,685,418	-91.6%	(1,313,928)	10,695,547	-112.3%	10,604,631	-112.4%
TOTAL REVENUE DEDUCTIONS	\$ 7,749,747	\$ 9,655,530	-19.7%	\$ 9,623,904	-19.5%	\$ 31,095,820	\$ 38,811,157	-19.9%	\$ 41,271,226	-24.7%
	69.93%	75.82%		75.11%		69.46%	76.16%		76.81%	
Medicaid Supplemental Payments	\$ 875,000	\$ 875,000	0.0%	\$ 875,000	0.0%	3,500,000	3,500,000	0.0%	3,500,000	0.0%
NET PATIENT REVENUE	\$ 4,206,917	\$ 3,954,968	6.4%	\$ 4,064,343	3.5%	\$ 17,170,476	\$ 15,648,021	9.7%	\$ 15,963,511	7.6%
OTHER REVENUE										
Other Income	\$ 168,088	\$ 135,365	24.2%	\$ 142,256	18.2%	\$ 677,263	\$ 541,747	25.0%	\$ 563,594	20.2%
TOTAL OTHER REVENUE										
NET OPERATING REVENUE	\$ 4,375,006	\$ 4,090,333	7.0%	\$ 4,206,599	4.0%	\$ 17,847,738	\$ 16,189,768	10.2%	\$ 16,527,105	8.0%
OPERATING EXPENSE										
Salaries and Wages	\$ 3,723,906	\$ 3,672,954	1.4%	\$ 3,830,336	-2.8%	\$ 14,989,457	\$ 14,624,385	2.5%	\$ 15,893,420	-5.7%
Benefits	483,485	466,384	3.7%	515,350	-6.2%	1,669,998	1,587,663	5.2%	1,806,566	-7.6%
Temporary Labor	582,166	293,569	98.3%	129,668	349.0%	2,146,201	1,165,650	84.1%	967,806	121.8%
Physician Fees	182,368	119,530	52.6%	172,713	5.6%	629,881	467,369	34.8%	675,068	-6.7%
Purchased Services	240,014	206,084	16.5%	(150,311)	-259.7%	973,516	847,570	14.9%	(389,367)	-350.0%
Supplies	135,564	150,517	-9.9%	141,414	-4.1%	572,035	601,190	-4.8%	670,146	-14.6%
Utilities	3,341	4,515	-26.0%	3,480	-4.0%	14,720	16,312	-9.8%	14,307	2.9%
Repairs and Maintenance	130	1,040	-87.5%	557	-76.6%	317	4,160	-92.4%	3,709	-91.4%
Leases and Rentals	175,567	172,423	1.8%	181,417	-3.2%	698,208	689,700	1.2%	750,014	-6.9%
Insurance	48,613	47,643	2.0%	49,066	-0.9%	194,445	190,572	2.0%	186,882	4.0%
Other Expense	62,476	70,272	-11.1%	75,342	-17.1%	237,556	271,610	-12.5%	273,876	-13.3%
TOTAL OPERATING EXPENSES	\$ 5,637,628	\$ 5,204,931	8.3%	\$ 4,949,032	13.9%	\$ 22,126,333	\$ 20,466,181	8.1%	\$ 20,852,427	6.1%
Depreciation/Amortization	\$ 19,679	\$ 19,670	0.0%	\$ 22,189	-11.3%	\$ 80,626	\$ 78,682	2.5%	\$ 95,556	-15.6%
(Gain)/Loss on Sale of Assets	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
TOTAL OPERATING COSTS	\$ 5,657,307	\$ 5,224,601	8.3%	\$ 4,971,221	13.8%	\$ 22,206,959	\$ 20,544,863	8.1%	\$ 20,947,984	6.0%
NET GAIN (LOSS) FROM OPERATIONS	\$ (1,282,301)	\$ (1,134,268)	13.1%	\$ (764,622)	67.7%	\$ (4,359,221)	\$ (4,355,095)	0.1%	\$ (4,420,879)	-1.4%
Operating Margin	-29.31%	-27.73%	5.7%	-18.18%	61.2%	-24.42%	-26.90%	-9.2%	-26.75%	-8.7%
MCH Contribution	\$ 1,282,301	\$ 1,134,268	13.1%	\$ 1,207,459	6.2%	\$ 4,359,221	\$ 4,355,095	0.1%	\$ 5,668,874	-23.1%
CAPITAL CONTRIBUTION	\$ -	\$ -	-100.0%	\$ 442,837	-100.0%	\$ -	\$ -	-100.0%	\$ 1,247,996	-100.0%

MONTHLY STATISTICAL REPORT

	CURRENT MONTH				YEAR TO DATE					
Total Office Visits	11,050	10,157	8.79%	11,576	-4.54%	39,904	39,280	1.59%	41,185	-3.11%
Total Hospital Visits	5,716	4,812	18.79%	5,684	0.56%	20,980	20,067	4.55%	19,922	5.31%
Total Procedures	12,149	11,550	5.19%	12,953	-6.21%	49,000	47,136	3.95%	49,600	-1.21%
Total Surgeries	914	728	25.55%	849	7.66%	3,444	2,998	14.88%	3,445	-0.03%
Total Provider FTE's	84.0	90.3	-6.95%	84.7	-0.83%	122.6	88.6	38.33%	85.7	43.06%
Total Staff FTE's	114.7	138.8	-17.38%	122.6	-6.44%	10.8	140.5	-92.31%	128.0	-91.56%
Total Administrative FTE's	11.9	0.0		16.5	-27.88%	5.7	0.0		26.4	-78.41%
Total FTE's	210.6	229.1	-8.08%	223.8	-5.90%	139.1	229.1	-39.28%	240.1	-42.07%

**ECTOR COUNTY HOSPITAL DISTRICT
CENTER FOR PRIMARY CARE CLEMENTIS - OPERATIONS SUMMARY
JANUARY 2019**

	CURRENT MONTH					YEAR TO DATE				
	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR
PATIENT REVENUE										
Outpatient Revenue	\$ 539,830	\$ 367,974	46.7%	\$ 780,172	-30.8%	\$ 1,698,433	\$ 1,459,962	16.3%	\$ 1,545,305	9.9%
TOTAL PATIENT REVENUE	\$ 539,830	\$ 367,974	46.7%	\$ 780,172	-30.8%	\$ 1,698,433	\$ 1,459,962	16.3%	\$ 1,545,305	9.9%
DEDUCTIONS FROM REVENUE										
Contractual Adjustments	\$ 82,684	\$ 72,661	13.8%	\$ (3,021)	-2837.2%	\$ 76,625	\$ 281,371	-72.8%	\$ 61,709	24.2%
Self Pay Adjustments	14,027	16,770	-16.4%	(2,115)	-763.2%	15,521	64,939	-76.1%	(12,022)	-229.1%
Bad Debts	173,204	126,101	37.4%	634,633	-72.7%	670,498	488,313	37.3%	1,195,023	-43.9%
TOTAL REVENUE DEDUCTIONS	\$ 269,916	\$ 215,532	25.2%	\$ 629,497	-57.1%	\$ 762,645	\$ 834,623	-8.6%	\$ 1,244,710	-38.7%
	50.0%	58.6%		80.7%		44.9%	57.2%		80.5%	
NET PATIENT REVENUE	\$ 269,915	\$ 152,442	77.1%	\$ 150,675	79.1%	\$ 935,789	\$ 625,339	49.6%	\$ 300,595	211.3%
OTHER REVENUE										
FHC Other Revenue	\$ 16,143	\$ 1,324	0.0%	\$ -	0.0%	\$ 16,143	\$ 5,296	0.0%	\$ 10,595	52.4%
TOTAL OTHER REVENUE	\$ 16,143	\$ 1,324	1119.3%	\$ -	0.0%	\$ 16,143	\$ 5,296	204.8%	\$ 10,595	52.4%
NET OPERATING REVENUE	\$ 286,058	\$ 153,766	86.0%	\$ 150,675	89.9%	\$ 951,932	\$ 630,635	50.9%	\$ 311,190	205.9%
OPERATING EXPENSE										
Salaries and Wages	\$ 90,076	\$ 83,983	7.3%	\$ 22,767	295.6%	\$ 348,804	\$ 333,209	4.7%	\$ 115,718	201.4%
Benefits	16,872	25,988	-35.1%	6,002	181.1%	101,042	104,928	-3.7%	40,627	148.7%
Physician Services	112,738	122,968	-8.3%	80,259	40.5%	390,006	721,866	-46.0%	649,400	-39.9%
Cost of Drugs Sold	4,687	6,031	-22.3%	1,614	190.4%	16,883	23,929	-29.4%	13,910	21.4%
Supplies	8,926	3,172	181.4%	1,478	503.8%	18,332	12,621	45.2%	16,678	9.9%
Utilities	1,706	4,382	-61.1%	25,014	-93.2%	10,648	15,097	-29.5%	37,295	-71.4%
Repairs and Maintenance	1,730	3,974	-56.5%	9,196	-81.2%	3,536	15,896	-77.8%	24,867	-85.8%
Leases and Rentals	712	380	87.4%	322	120.9%	1,765	1,520	16.1%	1,699	3.9%
Other Expense	2,301	1,416	62.5%	1,200	91.7%	7,006	5,950	17.7%	4,200	66.8%
TOTAL OPERATING EXPENSES	\$ 239,748	\$ 252,294	-5.0%	\$ 147,853	62.2%	\$ 898,022	\$ 1,235,016	-27.3%	\$ 904,395	-0.7%
Depreciation/Amortization	\$ 5,121	\$ 5,122	0.0%	\$ 5,158	-0.7%	\$ 20,484	\$ 20,488	0.0%	\$ 20,773	-1.4%
TOTAL OPERATING COSTS	\$ 244,869	\$ 257,416	-4.9%	\$ 153,011	60.0%	\$ 918,506	\$ 1,255,504	-26.8%	\$ 925,167	-0.7%
NET GAIN (LOSS) FROM OPERATIONS	\$ 41,189	\$ (103,650)	-139.7%	\$ (2,336)	-1863.5%	\$ 33,425	\$ (624,869)	-105.3%	\$ (613,977)	-105.4%
Operating Margin	14.40%	-67.41%	-121.4%	-1.55%	-1028.9%	3.51%	-99.09%	-103.5%	-197.30%	-101.8%

	CURRENT MONTH					YEAR TO DATE				
	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR
Medical Visits	1,491	1,055	41.3%	1,117	33.5%	4,634	3,671	26.2%	3,887	19.2%
Dental Visits	-	-	0.0%	-	0.0%	-	-	0.0%	350	-100.0%
Total Visits	1,491	1,055	41.3%	1,117	33.5%	4,634	3,671	26.2%	4,237	9.4%
Average Revenue per Office Visit	362.06	348.79	3.8%	698.45	-48.2%	366.52	397.75	-7.9%	364.72	0.5%
Hospital FTE's (Salaries and Wages)	22.0	21.9	0.5%	3.1	619.2%	22.4	21.9	2.1%	3.4	562.9%
Clinic FTE's - (Physician Services)	-	-	0.0%	17.1	-100.0%	-	-	0.0%	18.9	-100.0%

**ECTOR COUNTY HOSPITAL DISTRICT
CENTER FOR PRIMARY CARE WEST UNIVERSITY - OPERATIONS SUMMARY
JANUARY 2019**

	CURRENT MONTH					YEAR TO DATE				
	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR
PATIENT REVENUE										
Outpatient Revenue	\$ 230,550	\$ 333,402	-30.8%	\$ 624,788	-63.1%	\$ 1,107,674	\$ 1,322,713	-16.3%	\$ 1,292,999	-14.3%
TOTAL PATIENT REVENUE	\$ 230,550	\$ 333,402	-30.8%	\$ 624,788	-63.1%	\$ 1,107,674	\$ 1,322,713	-16.3%	\$ 1,292,999	-14.3%
DEDUCTIONS FROM REVENUE										
Contractual Adjustments	\$ (111,000)	\$ 56,269	-297.3%	\$ 17,128	-748.1%	\$ (57,163)	\$ 217,896	-126.2%	\$ 45,702	-225.1%
Self Pay Adjustments	(28,743)	9,331	-408.0%	1,553	-1951.4%	(19,274)	36,135	-153.3%	3,075	-726.8%
Bad Debts	278,074	155,148	79.2%	525,237	-47.1%	741,436	600,794	23.4%	1,078,210	-31.2%
TOTAL REVENUE DEDUCTIONS	\$ 138,330	\$ 220,748	-37.3%	\$ 543,918	-74.6%	\$ 664,999	\$ 854,825	-22.2%	\$ 1,126,986	-41.0%
	60.00%	66.21%		87.06%		60.04%	64.63%		87.16%	
NET PATIENT REVENUE	\$ 92,220	\$ 112,654	-18.1%	\$ 80,870	14.0%	\$ 442,675	\$ 467,888	-5.4%	\$ 166,012	166.7%
OTHER REVENUE										
FHC Other Revenue	\$ -	\$ -	0.0%	\$ -	0.0%	\$ -	\$ -	0.0%	\$ -	0.0%
TOTAL OTHER REVENUE	\$ -	\$ -	0.0%	\$ -	0.0%	\$ -	\$ -	0.0%	\$ -	0.0%
NET OPERATING REVENUE	\$ 92,220	\$ 112,654	-18.1%	\$ 80,870	14.0%	\$ 442,675	\$ 467,888	-5.4%	\$ 166,012	166.7%
OPERATING EXPENSE										
Salaries and Wages	\$ 31,538	\$ 44,841	-29.7%	\$ 3,736	744.2%	\$ 128,183	\$ 177,899	-27.9%	\$ 13,946	819.2%
Benefits	5,907	13,876	-57.4%	985	499.7%	37,132	56,020	-33.7%	4,896	658.4%
Physician Services	41,726	81,922	-49.1%	118,257	-64.7%	224,694	456,481	-50.8%	443,196	-49.3%
Cost of Drugs Sold	8,028	3,147	155.1%	7,401	8.5%	10,997	12,485	-11.9%	12,698	-13.4%
Supplies	6,718	5,970	12.5%	4,324	55.4%	23,744	23,705	0.2%	24,787	-4.2%
Utilities	2,267	2,503	-9.4%	2,553	-11.2%	9,586	10,193	-6.0%	9,838	-2.6%
Repairs and Maintenance	-	477	-100.0%	1,316	-100.0%	-	1,908	-100.0%	1,316	-100.0%
Other Expense	-	10	-100.0%	-	0.0%	-	40	-100.0%	-	0.0%
TOTAL OPERATING EXPENSES	\$ 96,184	\$ 152,746	-37.0%	\$ 138,572	-30.6%	\$ 434,335	\$ 738,731	-41.2%	\$ 510,677	-14.9%
Depreciation/Amortization	\$ 40,117	\$ 40,118	0.0%	\$ 40,154	-0.1%	\$ 160,469	\$ 160,472	0.0%	\$ 160,277	0.1%
TOTAL OPERATING COSTS	\$ 136,301	\$ 192,864	-29.3%	\$ 178,726	-23.7%	\$ 594,804	\$ 899,203	-33.9%	\$ 670,953	-11.3%
NET GAIN (LOSS) FROM OPERATIONS	\$ (44,081)	\$ (80,210)	-45.0%	\$ (97,856)	-55.0%	\$ (152,129)	\$ (431,315)	-64.7%	\$ (504,941)	-69.9%
Operating Margin	-47.80%	-71.20%	-32.9%	-121.00%	-60.5%	-34.37%	-92.18%	-62.7%	-304.16%	-88.7%

	CURRENT MONTH					YEAR TO DATE				
Medical Visits	526	933	-43.6%	904	-41.8%	2,362	2,774	-14.9%	2,689	-12.2%
Optometry Visits	293	276	6.2%	274	6.9%	996	1,104	-9.7%	1,095	-9.0%
Total Visits	819	1,209	-32.3%	1,178	-30.5%	3,358	3,878	-13.4%	3,784	-11.3%
Average Revenue per Office Visit	281.50	275.77	2.1%	530.38	-46.9%	329.86	341.10	-3.3%	341.70	-3.5%
Hospital FTE's (Salaries and Wages)	8.0	14.0	-42.7%	1.0	677.6%	9.1	14.0	-34.6%	1.0	825.8%
Clinic FTE's - (Physician Services)	-	-	0.0%	12.1	-100.0%	-	-	0.0%	15.5	-100.0%

**ECTOR COUNTY HOSPITAL DISTRICT
JANUARY 2019**

REVENUE BY PAYOR

	CURRENT MONTH				YEAR TO DATE			
	CURRENT YEAR		PRIOR YEAR		CURRENT YEAR		PRIOR YEAR	
	GROSS REVENUE	%	GROSS REVENUE	%	GROSS REVENUE	%	GROSS REVENUE	%
Medicare	\$ 43,223,470	40.3%	\$ 37,908,696	39.1%	\$ 161,144,831	39.8%	\$ 140,862,785	38.3%
Medicaid	12,298,567	11.4%	10,303,499	10.6%	40,661,462	10.1%	33,739,613	9.2%
Commercial	29,419,302	27.4%	24,540,406	25.3%	115,456,977	28.6%	105,664,156	28.7%
Self Pay	17,399,867	16.2%	20,956,346	21.6%	71,779,410	17.8%	70,132,188	19.1%
Other	5,184,106	4.8%	3,305,120	3.4%	15,137,123	3.7%	17,313,191	4.7%
TOTAL	\$ 107,525,312	100.0%	\$ 97,014,067	100.0%	\$ 404,179,802	100.0%	\$ 367,711,933	100.0%

PAYMENTS BY PAYOR

	CURRENT MONTH				YEAR TO DATE			
	CURRENT YEAR		PRIOR YEAR		CURRENT YEAR		PRIOR YEAR	
	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%
Medicare	\$ 6,863,061	36.2%	\$ 5,768,327	36.6%	\$ 28,792,237	37.6%	\$ 26,718,976	37.6%
Medicaid	2,118,218	11.2%	1,021,282	6.5%	8,014,835	10.5%	5,594,836	7.9%
Commercial	7,291,245	38.3%	6,827,661	43.2%	31,448,014	41.1%	25,243,350	35.5%
Self Pay	1,809,487	9.5%	1,416,075	9.0%	5,452,779	7.1%	4,961,520	7.0%
Other	886,611	4.7%	740,703	4.7%	2,823,994	3.7%	8,491,642	12.0%
TOTAL	\$ 18,968,622	100.0%	\$ 15,774,047	100.0%	\$ 76,531,859	100.0%	\$ 71,010,323	100.0%
TOTAL NET REVENUE	21,953,590		17,333,669		84,167,427		70,525,330	
% OF GROSS REVENUE	20.4%		17.9%		20.8%		19.2%	
VARIANCE	(2,984,968)		(1,559,622)		(7,635,567)		484,993	
% VARIANCE TO CASH COLLECTIONS	-13.6%		-9.0%		-9.1%		0.7%	

**ECTOR COUNTY HOSPITAL DISTRICT
FAMILY HEALTH CLINIC CLEMENTS
JANUARY 2019**

REVENUE BY PAYOR

	CURRENT MONTH				YEAR TO DATE			
	CURRENT YEAR		PRIOR YEAR		CURRENT YEAR		PRIOR YEAR	
	GROSS REVENUE	%	GROSS REVENUE	%	GROSS REVENUE	%	GROSS REVENUE	%
Medicare	\$ 63,074	11.7%	\$ 56,986	7.3%	\$ 259,336	15.3%	\$ 150,915	9.8%
Medicaid	250,556	46.4%	285,933	36.7%	703,762	41.4%	569,400	36.8%
PHC	-	0.0%	-	0.0%	-	0.0%	26,986	1.7%
Commercial	104,259	19.3%	168,887	21.6%	322,788	19.0%	314,567	20.4%
Self Pay	119,895	22.2%	268,146	34.4%	407,763	24.0%	480,802	31.1%
Other	2,046	0.4%	221	0.0%	4,785	0.3%	2,635	0.2%
TOTAL	\$ 539,830	100.0%	\$ 780,172	100.0%	\$ 1,698,433	100.0%	\$ 1,545,305	100.0%

PAYMENTS BY PAYOR

	CURRENT MONTH				YEAR TO DATE			
	CURRENT YEAR		PRIOR YEAR		CURRENT YEAR		PRIOR YEAR	
	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%
Medicare	10,692.48	10.7%	\$ 1,817	3.9%	\$ 27,339	7.7%	\$ 12,378	6.3%
Medicaid	40,283.74	40.3%	4,961	10.8%	151,216	42.4%	49,510	25.1%
PHC	-	0.0%	20	0.0%	-	0.0%	5,532	2.8%
Commercial	26,554.27	26.6%	20,226	43.6%	103,271	28.9%	58,411	29.7%
Self Pay	22,337.07	22.4%	19,187	41.4%	74,753	20.9%	70,825	36.0%
Other	-	0.0%	153	0.3%	258	0.1%	234	0.1%
TOTAL	\$ 99,868	100.0%	\$ 46,363	100.0%	\$ 356,837	100.0%	\$ 196,890	100.0%
TOTAL NET REVENUE	269,915		150,675		935,789		300,595	
% OF GROSS REVENUE	50.0%		19.3%		55.1%		19.5%	
VARIANCE	(170,047)		(104,313)		(578,951)		(103,705)	
% VARIANCE TO CASH COLLECTIONS	-63.0%		-69.2%		-61.9%		-34.5%	

**ECTOR COUNTY HOSPITAL DISTRICT
FAMILY HEALTH CLINIC WEST UNIVERSITY
JANUARY 2019**

REVENUE BY PAYOR

	CURRENT MONTH				YEAR TO DATE			
	CURRENT YEAR		PRIOR YEAR		CURRENT YEAR		PRIOR YEAR	
	GROSS REVENUE	%	GROSS REVENUE	%	GROSS REVENUE	%	GROSS REVENUE	%
Medicare	\$ 49,087	21.3%	\$ 43,645	7.0%	\$ 168,911	15.2%	\$ 157,894	12.2%
Medicaid	60,731	26.3%	\$ 327,322	52.4%	481,867	43.4%	606,086	46.9%
PHC	-	0.0%	\$ 8,955	1.4%	-	0.0%	37,371	2.9%
Commercial	53,599	23.2%	\$ 135,478	21.7%	216,687	19.6%	244,622	18.9%
Self Pay	67,133	29.1%	\$ 109,033	17.5%	240,208	21.7%	243,909	18.9%
Other	-	0.0%	\$ 354	0.1%	-	0.0%	3,116	0.2%
TOTAL	\$ 230,550	99.9%	\$ 624,788	100.0%	\$ 1,107,674	99.9%	\$ 1,292,999	100.0%

PAYMENTS BY PAYOR

	CURRENT MONTH				YEAR TO DATE			
	CURRENT YEAR		PRIOR YEAR		CURRENT YEAR		PRIOR YEAR	
	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%
Medicare	\$ 8,567	10.3%	\$ 905	3.6%	\$ 38,930	15.6%	\$ 6,947	6.4%
Medicaid	50,330	60.6%	1,268	5.0%	106,701	42.7%	31,810	29.5%
PHC	-	0.0%	-	0.0%	-	0.0%	3,176	2.9%
Commercial	16,000	19.2%	9,279	36.5%	70,895	28.4%	26,054	24.1%
Self Pay	8,220	9.9%	13,728	54.0%	33,097	13.3%	39,591	36.7%
Other	-	0.0%	263	1.0%	-	0.0%	316	0.3%
TOTAL	\$ 83,117	100.0%	\$ 25,443	100.0%	\$ 249,624	100.0%	\$ 107,894	100.0%
TOTAL NET REVENUE	92,220		80,870		442,675		166,012	
% OF GROSS REVENUE	40.0%		12.9%		40.0%		12.8%	
VARIANCE	(9,103)		(55,427)		(193,051)		(58,118)	
% VARIANCE TO CASH COLLECTIONS	-9.9%		-68.5%		-43.6%		-35.0%	

**ECTOR COUNTY HOSPITAL DISTRICT
SCHEDULE OF CASH AND INVESTMENTS - HOSPITAL ONLY
JANUARY 2019**

<u>Cash and Cash Equivalents</u>	<u>Frost</u>	<u>Hilltop</u>	<u>Total</u>
Operating	\$ 15,008,249	\$ -	\$ 15,008,249
Payroll	-	-	-
Worker's Comp Claims	-	-	-
Group Medical	-	-	-
Flex Benefits	85,174	-	85,174
Mission Fitness	459,987	-	459,987
Petty Cash	9,300	-	9,300
Dispro	-	238,639	238,639
Debt Service	-	-	-
Tobacco Settlement	-	-	-
General Liability	-	1,923,843	1,923,843
Professional Liability	-	1,000,868	1,000,868
Funded Worker's Compensation	-	1,215,874	1,215,874
Funded Depreciation	-	7,503,950	7,503,950
Designated Funds	-	1,147,308	1,147,308
	<hr/>	<hr/>	<hr/>
Total Cash and Cash Equivalents	\$ 15,562,709	\$ 13,030,482	\$ 28,593,191

<u>Investments</u>	<u>Other</u>	<u>Hilltop</u>	<u>Total</u>
Dispro	\$ -	\$ 5,000,000	\$ 5,000,000
Funded Depreciation	-	16,000,000	16,000,000
Funded Worker's Compensation	-	1,000,000	1,000,000
General Liability	-	1,000,000	1,000,000
Professional Liability	-	2,000,000	2,000,000
Designated Funds	2,012,068	-	2,012,068
Allowance for Change in Market Values	-	(265,900)	(265,900)
	<hr/>	<hr/>	<hr/>
Total Investments	\$ 2,012,068	\$ 24,734,100	\$ 26,746,168
Total Unrestricted Cash and Investments			\$ 55,339,359

<u>Restricted Assets</u>	<u>Reserves</u>	<u>Prosperity</u>	<u>Total</u>
Assets Held By Trustee - Bond Reserves	\$ 4,729,167	\$ -	\$ 4,729,167
Assets Held By Trustee - Debt Payment Reserves	966,264	-	966,264
Assets Held In Endowment-Board Designated	-	6,184,815	6,184,815
Restricted TPC, LLC-Equity Stake	382,641	-	382,641
Restricted MCH West Texas Services-Equity Stake	2,185,059	-	2,185,059
Total Restricted Assets	<hr/>	<hr/>	<hr/>
	\$ 8,263,131	\$ 6,184,815	\$ 14,447,946

Total Cash & Investments			\$ 69,787,305
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**ECTOR COUNTY HOSPITAL DISTRICT
STATEMENT OF CASH FLOW
JANUARY 2019**

	Hospital	Procure	Blended
Cash Flows from Operating Activities and Nonoperating Revenue:			
Excess of Revenue over Expenses	\$ 2,660,268	\$ -	\$ 2,660,268
Noncash Expenses:			
Depreciation and Amortization	6,385,854	(793)	6,385,061
Unrealized Gain/Loss on Investments	30,157	-	30,157
Accretion (Bonds)	-	-	-
Changes in Assets and Liabilities			
Patient Receivables, Net	382,870	(226,432)	156,438
Taxes Receivable/Deferred	2,633,506	548,102	3,181,609
Inventories, Prepaids and Other	3,300,255	(2,424,481)	875,774
Accounts Payable	(14,429,704)	(289,914)	(14,719,618)
Accrued Expenses	3,218,563	(1,196,883)	2,021,680
Due to Third Party Payors	613,313	-	613,313
Accrued Post Retirement Benefit Costs	2,300,000	-	2,300,000
Net Cash Provided by Operating Activities	\$ 7,095,082	\$ (3,590,401)	\$ 3,504,681
Cash Flows from Investing Activities:			
Investments	\$ (6,095,157)	\$ -	\$ (6,095,157)
Acquisition of Property and Equipment	(1,159,437)	53,333	(1,106,104)
Cerner Project Costs	-	-	-
Net Cash used by Investing Activities	\$ (7,254,594)	\$ 53,333	\$ (7,201,261)
Cash Flows from Financing Activities:			
Intercompany Activities	(3,536,868)	3,536,868	-
Net Repayment of Long-term Debt/Bond Issuance	\$ (1,061,876)	\$ -	\$ (1,061,876)
Net Cash used by Financing Activities	\$ (4,598,744)	\$ 3,536,868	\$ (1,061,876)
Net Increase (Decrease) in Cash	\$ (4,758,255)	\$ (200)	\$ (4,758,455)
Beginning Cash & Cash Equivalents @ 9/30/2018	\$ 47,799,393	\$ 5,200	\$ 47,804,593
Ending Cash & Cash Equivalents @ 1/31/2019	\$ 43,041,138	\$ 5,000	\$ 43,046,138
Balance Sheet			
Cash and Cash Equivalents	\$ 28,593,191	\$ 5,000	\$ 28,598,191
Restricted Assets	14,447,946	-	14,447,946
Ending Cash & Cash Equivalents @ 1/31/2019	\$ 43,041,138	\$ 5,000	\$ 43,046,137

ECTOR COUNTY HOSPITAL DISTRICT
TAX COLLECTIONS
FISCAL 2019

	<u>ACTUAL COLLECTIONS</u>	<u>BUDGETED COLLECTIONS</u>	<u>VARIANCE</u>	<u>PRIOR YEAR COLLECTIONS</u>	<u>VARIANCE</u>
<u>AD VALOREM</u>					
OCTOBER	\$ 347,199	\$ 1,324,858	\$ (977,659)	\$ 276,462	\$ 70,737
NOVEMBER	863,534	1,324,858	(461,324)	584,006	279,527
DECEMBER	3,052,335	1,324,858	1,727,477	1,135,578	1,916,757
JANUARY	4,374,472	1,324,858	3,049,614	5,479,301	(1,104,829)
TOTAL	<u>\$ 8,637,539</u>	<u>\$ 5,299,432</u>	<u>\$ 3,338,107</u>	<u>\$ 7,475,347</u>	<u>\$ 1,162,192</u>
<u>SALES</u>					
OCTOBER	\$ 4,584,041	\$ 4,248,207	\$ 335,834	\$ 3,753,619	\$ 830,423
NOVEMBER	4,601,483	4,563,509	37,974	3,777,148	824,335
DECEMBER	4,814,865	4,336,372	478,493	3,829,080	985,785
JANUARY	4,940,411	4,504,342	436,069	3,865,539	1,074,872
TOTAL	<u>\$ 18,940,801</u>	<u>\$ 17,652,430</u>	<u>\$ 1,288,371</u>	<u>\$ 15,225,385</u>	<u>\$ 3,715,415</u>
TAX REVENUE	<u><u>\$ 27,578,339</u></u>	<u><u>\$ 22,951,862</u></u>	<u><u>\$ 4,626,477</u></u>	<u><u>\$ 22,700,732</u></u>	<u><u>\$ 4,877,607</u></u>

**ECTOR COUNTY HOSPITAL DISTRICT
MEDICAID SUPPLEMENTAL PAYMENTS
FISCAL YEAR 2019**

CASH ACTIVITY	TAX (IGT) ASSESSED	GOVERNMENT PAYOUT	BURDEN ALLEVIATION	NET INFLOW
DSH				
1st Qtr	\$ (2,108,131)	\$ 5,042,169		\$ 2,934,038
2nd Qtr	-	-		-
3rd Qtr	-	-		-
4th Qtr	-	-		-
DSH TOTAL	\$ (2,108,131)	\$ 5,042,169		\$ 2,934,038
UC				
1st Qtr	\$ (894,033)	\$ 2,073,361		1,179,328
2nd Qtr	-	-		-
3rd Qtr	-	-		-
4th Qtr	-	-		-
UC TOTAL	\$ (894,033)	\$ 2,073,361		\$ 1,179,328
Regional UPL (Community Benefit)				
1st Qtr	\$ (4,805,375)	\$ -		\$ (4,805,375)
2nd Qtr	(1,202,741)	-		(1,202,741)
3rd Qtr	-	-		-
4th Qtr	-	-		-
REGIONAL UPL TOTAL	\$ (6,008,116)	\$ -		\$ (6,008,116)
DSRIP				
1st Qtr	\$ -	\$ -		\$ -
2nd Qtr	-	-		-
3rd Qtr	-	-		-
4th Qtr	-	-		-
DSRIP UPL TOTAL	\$ -	\$ -		\$ -
MCH Cash Activity	\$ (10,812,225)	\$ 7,115,531		\$ (3,696,694)
ProCare Cash Activity			\$ 3,500,000	\$ 3,500,000
Blended Cash Activity	\$ (10,812,225)	\$ 7,115,531	\$ 3,500,000	\$ (196,694)

INCOME STATEMENT ACTIVITY:

FY 2019 Accrued / (Deferred) Adjustments:

	MCH	PROCARE	BLENDED
DSH Accrual	\$ 1,308,396	\$ -	\$ 1,308,396
Uncompensated Care Accrual	2,977,772	-	2,977,772
Regional UPL Accrual	(3,161,200)	-	(3,161,200)
Regional UPL Benefit	-	3,500,000	3,500,000
Medicaid Supplemental Payments	(38,430)	3,500,000	3,461,570
DSRIP Accrual	3,886,632	-	3,886,632
Total Adjustments	\$ 3,848,202	\$ 3,500,000	\$ 7,348,202

**ECTOR COUNTY HOSPITAL DISTRICT
CONSTRUCTION IN PROGRESS - HOSPITAL ONLY
AS OF JANUARY 31, 2019**

ITEM	CIP BALANCE AS OF 1/31/2019	JANUARY "+" ADDITIONS	JANUARY "-." ADDITIONS	JANUARY TRANSFERS	CIP BALANCE AS OF 1/31/2019	ADD: AMOUNTS CAPITALIZED	PROJECT TOTAL	BUDGETED AMOUNT	UNDER/(OVER) BOARD APRVD/BUDGET
<u>RENOVATIONS</u>									
ISOLATION ROOM RENOVATIONS	2,801	-	-	-	2,801	-	2,801	25,000	22,200
CAFETERIA RENOVATION	58,342	10,416	-	-	68,758	-	68,758	150,000	81,242
RADIOLOGY SCHEDULING OFFICE RENOVATION	-	1,743	-	-	1,743	-	1,743	25,000	23,257
PROCARE ADMIN RENOVATION	-	12,080	-	-	12,080	-	12,080	45,000	32,920
SUB-TOTAL	\$ 61,143	\$ 24,239	\$ -	\$ -	\$ 85,381	\$ -	\$ 85,381	\$ 245,000	\$ 159,619
<u>MINOR BUILDING IMPROVEMENT</u>									
FIRE SYSTEM UPGRADE	121,500	-	-	-	121,500	-	121,500	125,000	3,500
ICU LOGISTICS MANAGEMENT SPACE	30,286	-	-	-	30,286	-	30,286	45,000	14,714
FURNITURE UPDATE: PHASE 2	9,763	36,465	-	-	46,228	-	46,228	50,000	3,772
DIALYSIS	65,317	7,047	-	(72,364)	-	-	-	45,000	45,000
FURNITURE UPDATE: PHASE 3	-	-	-	-	-	-	-	45,000	45,000
CASA ORTIZ ROOF	-	-	-	-	-	-	-	35,000	35,000
SUB-TOTAL	\$ 226,866	\$ 43,512	\$ -	\$ (72,364)	\$ 198,014	\$ -	\$ 198,014	\$ 345,000	\$ 146,986
<u>EQUIPMENT & SOFTWARE PROJECTS - CIP INCOMPLETE</u>									
VARIOUS CAPITAL EXPENDITURE PROJECTS	\$ 205,074	\$ 69,000	\$ (165,742)	\$ -	\$ 108,332	\$ -	\$ 108,332	\$ 415,000	\$ 306,668
SUB-TOTAL	\$ 205,074	\$ 69,000	\$ (165,742)	\$ -	\$ 108,332	\$ -	\$ 108,332	\$ 415,000	\$ 306,668
TOTAL CONSTRUCTION IN PROGRESS	\$ 493,082	\$ 136,751	\$ (165,742)	\$ (72,364)	\$ 391,727	\$ -	\$ 391,727	\$ 1,005,000	\$ 613,273

ECTOR COUNTY HOSPITAL DISTRICT
 CAPITAL PROJECT & EQUIPMENT EXPENDITURES
 JANUARY 2019

DEPT	ITEM	CLASS	BOOKED AMOUNT
TRANSFERRED FROM CONSTRUCTION IN PROGRESS/RENOVATION PROJECTS			
None	DIALYSIS UPGRADE	BUILDING	72,364
TOTAL PROJECT TRANSFERS			\$ 72,364
EQUIPMENT PURCHASES			
None			-
TOTAL EQUIPMENT PURCHASES			\$ -
TOTAL TRANSFERS FROM CIP/EQUIPMENT PURCHASES			\$ 72,364

ECTOR COUNTY HOSPITAL DISTRICT
FISCAL 2019 CAPITAL EQUIPMENT
CONTINGENCY FUND
JANUARY 2019

MONTH/ YEAR	DESCRIPTION	DEPT NUMBER	BUDGETED AMOUNT	P.O AMOUNT	ACTUAL AMOUNT	TO/(FROM) CONTINGENCY
	Available funds from budget		\$ 600,000	\$ -	\$ -	\$ 600,000
Oct-18	Birthing Bed	6700	-	-	33,000	(33,000)
Nov-18	SmartPump	6620	-	-	8,207	(8,207)
Nov-18	Endoscope	6790	-	-	17,664	(17,664)
Jan-19	Infusion Pump	6700			41,860	(41,860)
			\$ 600,000	\$ -	\$ 100,732	\$ 499,268

**ECTOR COUNTY HOSPITAL DISTRICT
SUPPLEMENTAL SCHEDULE OF ACCOUNTS RECEIVABLE - OTHER
JANUARY 2019**

	CURRENT YEAR	PRIOR YEAR		CURRENT YEAR CHANGE
		HOSPITAL AUDITED	PRO CARE AUDITED	
AR DISPRO/UPL	\$ (1,625,642)	\$ -	\$ -	\$ (1,625,642)
AR UNCOMPENSATED CARE	4,979,293	3,180,849	-	1,798,444
AR DSRIP	1,152,555	11,642,859	-	(10,490,304)
AR NURSING HOME UPL	-	-	-	-
AR UHRIP	2,092,794	1,454,248	-	638,546
AR BAB REVENUE	422,067	84,413	-	337,653
AR PHYSICIAN GUARANTEES	820,651	840,192	-	(19,541)
AR ACCRUED INTEREST	163,981	46,923	-	117,058
AR OTHER:	8,544,760	8,220,978	2,794,795	(2,471,014)
Procure On-Call Fees	32,800	-	51,000	(18,200)
Procure A/R - FHC	-	-	-	-
Other Misc A/R	8,511,960	8,220,978	2,743,795	(2,452,814)
AR DUE FROM THIRD PARTY PAYOR	2,853,089	1,238,495	-	1,614,594
TOTAL ACCOUNTS RECEIVABLE - OTHER	\$ 19,403,546	\$ 26,708,957	\$ 2,794,795	\$ (10,100,207)

**ECTOR COUNTY HOSPITAL DISTRICT
SUPPLEMENTAL SCHEDULE OF HOSPITAL TEMPORARY LABOR FTE'S
JANUARY 2019**

TEMPORARY LABOR DEPARTMENT	CURRENT MONTH					YEAR TO DATE				
	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR	ACTUAL	BUDGET	BUDGET VAR	PRIOR YR	PRIOR YR VAR
IT OPERATIONS	1.1	-	0.0%	-	0.0%	1.1	-	0.0%	-	0.0%
INPATIENT REHAB	1.3	1.8	-27.3%	1.1	19.0%	0.9	1.8	-51.2%	1.3	-31.0%
9 CENTRAL	1.9	0.9	115.9%	-	0.0%	1.8	0.8	116.7%	-	0.0%
CARDIOPULMONARY	-	0.8	-100.0%	0.3	-100.0%	0.6	0.7	-25.6%	1.0	-43.4%
LABOR AND DELIVERY	-	0.8	-100.0%	2.2	-100.0%	-	0.8	-100.0%	2.1	-100.0%
NEO-NATAL INTENSIVE CARE	-	0.7	-100.0%	1.6	-100.0%	0.0	0.6	-94.4%	1.4	-97.6%
4 EAST	-	0.9	-100.0%	1.3	-100.0%	-	0.8	-100.0%	1.1	-100.0%
TRAUMA SERVICE	0.3	-	0.0%	1.1	-72.5%	0.2	-	0.0%	0.9	-76.3%
OPERATING ROOM	-	0.9	-100.0%	1.0	-100.0%	-	0.8	-100.0%	1.6	-100.0%
INTENSIVE CARE UNIT 2	-	0.4	-100.0%	0.8	-100.0%	0.5	0.3	42.9%	1.5	-68.2%
PM&R - OCCUPATIONAL	-	0.6	-100.0%	0.9	-100.0%	0.7	0.6	14.1%	0.7	-2.7%
INTENSIVE CARE UNIT 4 (CCU)	-	0.3	-100.0%	1.1	-100.0%	0.6	0.3	118.7%	0.5	12.5%
STERILE PROCESSING	5.1	0.5	847.6%	1.1	373.8%	4.6	0.5	781.1%	0.4	991.0%
PATIENT ACCOUNTING	-	0.3	-100.0%	-	0.0%	0.5	0.3	40.9%	-	0.0%
EMERGENCY DEPARTMENT	-	0.3	-100.0%	-	0.0%	-	0.3	-100.0%	0.6	-100.0%
PHARMACY DRUGS/I.V. SOLUTIONS	-	-	0.0%	-	0.0%	-	-	0.0%	0.6	-100.0%
PM&R - PHYSICAL	-	0.2	-100.0%	-	0.0%	-	0.2	-100.0%	0.4	-100.0%
FINANCIAL ACCOUNTING	0.5	-	0.0%	-	0.0%	0.7	-	0.0%	-	0.0%
5 WEST	-	0.1	-100.0%	0.1	-100.0%	-	0.1	-100.0%	0.1	-100.0%
CARDIOPULMONARY - NICU	-	0.1	-100.0%	-	0.0%	-	0.1	-100.0%	-	0.0%
ENGINEERING	-	-	0.0%	-	0.0%	-	-	0.0%	0.2	-100.0%
4 CENTRAL	-	0.0	-100.0%	-	0.0%	0.0	0.0	-21.9%	-	0.0%
8 CENTRAL	-	0.0	-100.0%	-	0.0%	-	0.0	-100.0%	-	0.0%
6 Central	-	0.0	-100.0%	-	0.0%	0.0	0.0	214.5%	0.0	-5.1%
7 CENTRAL	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
PERFORMANCE IMPROVEMENT (QA)	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
CHW - SPORTS MEDICINE	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
6 West	-	0.0	-100.0%	-	0.0%	-	0.0	-100.0%	-	0.0%
HUMAN RESOURCES	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
5 CENTRAL	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
OP SURGERY	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
IMAGING - ULTRASOUND	1.2	-	0.0%	-	0.0%	0.8	-	0.0%	-	0.0%
CERNER	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
FOOD SERVICE	-	-	0.0%	-	0.0%	0.8	-	0.0%	-	0.0%
INPATIENT REHAB - THERAPY	1.1	-	0.0%	-	0.0%	0.7	-	0.0%	-	0.0%
IMAGING - DIAGNOSTICS	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
RECOVERY ROOM	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
LABORATORY - CHEMISTRY	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
LABORATORY - MICROBIOLOGY	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
LABORATORY - TRANSFUSION SERVICES	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
PM&R - SPEECH	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
MEDICAL STAFF	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
SUBTOTAL	12.5	9.7	29.6%	12.5	-0.1%	14.5	9.4	55.1%	14.6	-0.4%
TRANSITION LABOR										
INTENSIVE CARE UNIT 4 (CCU)	3.4	6.4	-47.2%	12.8	-73.8%	4.1	6.1	-33.4%	11.2	-63.5%
7 CENTRAL	4.4	5.7	-22.4%	5.5	-20.3%	4.0	5.4	-25.3%	5.9	-32.0%
NEO-NATAL INTENSIVE CARE	6.5	4.3	51.7%	3.9	66.4%	5.9	3.8	57.3%	3.4	74.8%
INTENSIVE CARE UNIT 2	1.9	2.4	-22.9%	2.8	-32.1%	1.8	2.4	-21.6%	3.2	-42.4%
8 CENTRAL	3.4	3.6	-4.7%	4.0	-15.5%	2.9	3.4	-14.3%	3.8	-22.6%
INPATIENT REHAB	1.1	3.7	-69.2%	3.1	-63.6%	1.7	3.7	-54.7%	3.3	-49.1%
6 Central	0.4	2.9	-85.5%	3.1	-86.8%	0.8	2.7	-72.3%	3.3	-77.4%
4 EAST	1.8	2.8	-35.0%	3.3	-45.1%	1.9	2.6	-27.5%	2.7	-30.4%
LABORATORY - CHEMISTRY	5.2	2.3	127.3%	2.4	117.5%	3.8	2.2	73.3%	2.0	90.3%
OPERATING ROOM	1.9	2.2	-12.7%	2.1	-9.0%	2.1	2.1	0.4%	2.1	0.8%
EMERGENCY DEPARTMENT	-	0.6	-100.0%	2.2	-100.0%	0.7	0.6	21.5%	2.2	-66.2%
5 CENTRAL	0.1	1.2	-93.7%	1.1	-93.4%	0.7	1.1	-38.0%	1.7	-59.5%
LABORATORY - HEMATOLOGY	1.0	1.3	-21.7%	1.1	-5.8%	1.1	1.2	-13.2%	1.2	-8.3%
OP SURGERY	-	1.1	-100.0%	1.0	-100.0%	-	1.0	-100.0%	1.0	-100.0%
PM&R - OCCUPATIONAL	1.1	0.5	116.6%	0.3	239.3%	1.0	0.5	107.5%	0.3	266.3%
CHW - SPORTS MEDICINE	-	0.3	-100.0%	0.5	-100.0%	-	0.3	-100.0%	0.7	-100.0%
4 CENTRAL	-	0.4	-100.0%	0.2	-100.0%	0.0	0.4	-95.5%	0.7	-97.3%
PM&R - PHYSICAL	-	0.4	-100.0%	-	0.0%	-	0.4	-100.0%	0.7	-100.0%
INPATIENT REHAB - THERAPY	1.2	-	0.0%	-	0.0%	0.8	-	0.0%	-	0.0%
9 CENTRAL	0.1	0.3	-79.5%	0.1	2.0%	0.1	0.3	-67.1%	0.5	-77.1%
LABOR AND DELIVERY	-	0.1	-100.0%	-	0.0%	0.0	0.1	-72.2%	0.1	-67.1%
6 West	-	0.1	-100.0%	-	0.0%	0.0	0.1	-73.3%	0.1	-76.3%
5 WEST	-	0.0	-100.0%	-	0.0%	-	0.0	-100.0%	-	0.0%
CERNER	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
TRAUMA SERVICE	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
SUBTOTAL	33.5	42.3	-20.9%	49.6	-32.4%	33.6	40.4	-16.7%	49.9	-32.7%
GRAND TOTAL	46.0	52.0	-11.5%	62.1	-25.9%	48.1	49.7	-3.2%	64.5	-25.4%

**ECTOR COUNTY HOSPITAL DISTRICT
SUPPLEMENTAL SCHEDULE OF TEMPORARY LABOR, TRANSITION LABOR & PURCHASED SERVICES - HOSPITAL ONLY
JANUARY 2019**

	CURRENT MONTH						YEAR TO DATE					
	ACTUAL	BUDGET	\$ VAR	% VAR	PRIOR YR	% VAR	ACTUAL	BUDGET	\$ VAR	% VAR	PRIOR YR	% VAR
SP TEMPORARY LABOR	\$ 57,703	\$ 5,190	\$ 52,513	1011.8%	\$ 8,857	551.5%	\$ 206,686	\$ 19,816	\$ 186,870	943.0%	\$ 13,511	1429.7%
IMCU9 TEMPORARY LABOR	22,598	9,589	13,009	135.7%	-	100.0%	82,246	36,075	46,171	128.0%	-	100.0%
ALL OTHER	71,691	93,866	(22,175)	-23.6%	138,673	-48.3%	383,831	361,239	22,592	6.3%	661,552	-42.0%
TOTAL TEMPORARY LABOR	\$ 151,991	\$ 108,645	\$ 43,346	39.9%	\$ 147,530	3.0%	\$ 672,763	\$ 417,130	\$ 255,633	61.3%	\$ 675,063	-0.3%
NICU TRANSITION LABOR	\$ 76,181	\$ 47,506	\$ 28,675	60.4%	\$ 43,496	75.1%	\$ 273,857	\$ 165,407	\$ 108,450	65.6%	\$ 154,429	77.3%
CHEM TRANSITION LABOR	40,298	19,484	20,814	106.8%	21,159	90.5%	116,453	74,392	42,061	56.5%	67,695	72.0%
OT TRANSITION LABOR	21,923	5,754	16,169	281.0%	3,821	473.7%	51,067	21,944	29,123	132.7%	10,633	380.3%
4E TRANSITION LABOR	20,507	30,011	(9,504)	-31.7%	36,454	-43.7%	85,321	113,353	(28,032)	-24.7%	120,435	-29.2%
8C TRANSITION LABOR	31,960	44,519	(12,559)	-28.2%	59,042	-45.9%	131,206	167,362	(36,156)	-21.6%	187,235	-29.9%
7C TRANSITION LABOR	47,819	60,179	(12,360)	-20.5%	57,817	-17.3%	171,953	226,308	(54,355)	-24.0%	253,333	-32.1%
REHAB TRANSITION LABOR	24,653	50,241	(25,588)	-50.9%	32,365	-23.8%	84,222	200,964	(116,742)	-58.1%	158,669	-46.9%
ICU4 TRANSITION LABOR	36,632	79,615	(42,983)	-54.0%	176,872	-79.3%	164,092	304,342	(140,250)	-46.1%	563,722	-70.9%
ALL OTHER	65,985	155,811	(89,826)	-57.7%	194,401	-66.1%	392,055	593,891	(201,836)	-34.0%	812,687	-51.8%
TOTAL TRANSITION LABOR	\$ 365,960	\$ 493,120	\$ (127,160)	-25.8%	\$ 625,427	-41.5%	\$ 1,470,225	\$ 1,867,963	\$ (397,738)	-21.3%	\$ 2,328,838	-36.9%
GRAND TOTAL TEMPORARY LABOR	\$ 517,951	\$ 601,765	\$ (83,814)	-13.9%	\$ 772,957	-33.0%	\$ 2,142,988	\$ 2,285,093	\$ (142,105)	-6.2%	\$ 3,003,901	-28.7%
HIM CODING SERVICES	\$ 738,906	\$ 55,515	\$ 683,391	1231.0%	\$ 103,792	611.9%	\$ 2,138,299	\$ 386,814	\$ 1,751,485	452.8%	\$ 289,144	639.5%
PT ACCTS COLLECTION FEES	112,020	167,825	(55,805)	-33.3%	108,372	3.4%	1,137,111	627,713	509,398	81.2%	405,054	180.7%
ADM CONSULTANT FEES	98,330	40,119	58,211	145.1%	708	13782.0%	639,154	160,476	478,678	298.3%	155,451	311.2%
CERNER OTHER PURCH SVCS	2,320,298	1,163,583	1,156,715	99.4%	165,825	1299.2%	6,041,483	4,654,332	1,387,151	29.8%	341,204	1670.6%
ADMIN LEGAL FEES	63,052	40,878	22,174	54.2%	14,108	346.9%	405,219	163,512	241,707	147.8%	106,191	281.6%
IT INFORMATION SOLUTIONS SVCS	24,677	-	24,677	100.0%	(53,167)	-146.4%	74,660	-	74,660	100.0%	176,261	-57.6%
COMM REL ADVERTISEMENT PURCH SVCS	39,352	22,460	16,892	75.2%	11,011	257.4%	169,089	103,316	65,773	63.7%	79,693	112.2%
PA ELIGIBILITY FEES	52,002	52,792	(790)	-1.5%	36,663	41.8%	123,306	86,034	37,272	43.3%	124,613	-1.0%
DIALYSIS SERVICES	184,388	132,456	51,932	39.2%	147,598	24.9%	583,501	505,826	77,675	15.4%	524,222	11.3%
COMM REL WELLNESS WORKS	21,960	21,954	6	0.0%	21,530	2.0%	111,523	87,816	23,707	27.0%	86,963	28.2%
ADM CONTRACT STRYKER	24,417	28,069	(3,652)	-13.0%	(56,872)	-142.9%	124,269	104,986	19,283	18.4%	51,584	140.9%
REHAB OTHER PURCH SVCS	9,000	7,320	1,680	23.0%	9,333	-3.6%	52,206	29,280	22,926	78.3%	12,153	135.7%
FA AUDIT FEES - INTERNAL	39,080	37,373	1,707	4.6%	-	100.0%	58,640	37,373	21,267	56.9%	45,240	29.6%
340B CONTRACT PURCH SVC	18,179	7,338	10,841	147.7%	(8,983)	-302.4%	53,994	29,352	24,642	84.0%	3,144	1617.3%
HR RECRUITING FEES	42,358	9,348	33,010	353.1%	9,544	343.8%	114,834	70,340	44,494	63.3%	54,686	110.0%
UOM (EHR FEES)	12,510	12,101	409	3.4%	14,784	-15.4%	67,274	57,244	10,030	17.5%	57,515	17.0%
CL OTHER PURCH SVCS	16,253	13,361	2,892	21.6%	12,083	34.5%	63,067	53,505	9,562	17.9%	48,412	30.3%
ECHD POLICE DEPT OTHER PURCH SVCS	18,797	15,725	3,072	19.5%	16,500	13.9%	72,563	62,900	9,663	15.4%	68,593	5.8%
4E OTHER PURCH SVCS	24,500	7,940	16,560	208.6%	11,048	121.8%	58,620	39,207	19,413	49.5%	40,718	44.0%
OR FEES (PERFUSION SERVICES)	34,232	20,983	13,249	63.1%	23,283	47.0%	104,498	89,781	14,717	16.4%	108,215	-3.4%
CE OTHER PURCH SVCS	200	63,502	(63,302)	-99.7%	63,750	-99.7%	191,450	254,008	(62,558)	-24.6%	250,917	-23.7%
COMM REL MEDIA PLACEMENT	15,320	47,500	(32,180)	-67.7%	47,998	-68.1%	147,129	179,038	(31,909)	-17.8%	188,272	-21.9%
SERV EXC SURVEY SERVICES	50,310	172,975	(122,665)	-70.9%	56,477	-10.9%	274,017	411,900	(137,883)	-33.5%	305,290	-10.2%
CREDIT CARD FEES	22,128	14,112	8,016	56.8%	21,860	1.2%	52,819	63,420	(10,601)	-16.7%	77,258	-31.6%
PI FEES (TRANSITION NURSE PROGRAM)	30,781	57,336	(26,555)	-46.3%	21,413	43.7%	178,038	229,344	(51,306)	-22.4%	150,629	18.2%
MED ASSETS CONTRACT	14,508	21,673	(7,165)	-33.1%	28,295	-48.7%	51,835	87,596	(35,761)	-40.8%	63,830	-18.8%
PHARMACY SERVICES	48,457	35,615	12,842	36.1%	13,645	255.1%	118,588	140,764	(22,176)	-15.8%	67,590	75.5%
HISTOLOGY SERVICES	40,587	33,482	7,105	21.2%	36,962	9.8%	123,842	158,310	(34,468)	-21.8%	175,715	-29.5%
UC-CPC 42ND STREET PURCH SVCS-OTHER	38,398	63,975	(25,577)	-40.0%	76,849	-50.0%	147,248	222,190	(74,942)	-33.7%	248,711	-40.8%
PRIMARY CARE WEST OTHER PURCH SVCS	41,726	81,922	(40,196)	-49.1%	118,257	-64.7%	224,694	456,481	(231,787)	-50.8%	443,196	-49.3%
PA E-SCAN DATA SYSTEM	144,607	121,506	23,101	19.0%	69,779	107.2%	307,307	486,024	(178,717)	-36.8%	267,136	15.0%
FHC OTHER PURCH SVCS	111,488	120,968	(9,480)	-7.8%	79,259	40.7%	386,781	713,866	(327,085)	-45.8%	643,175	-39.9%
ALL OTHERS	246,342	982,422	(736,080)	-74.9%	638,022	-61.4%	3,040,812	3,925,249	(884,437)	-22.5%	2,873,851	5.8%
TOTAL PURCHASED SERVICES	\$ 4,699,163	\$ 3,674,128	\$ 1,025,035	27.9%	\$ 1,859,731	152.7%	\$ 17,437,873	\$ 14,677,997	\$ 2,759,876	18.8%	\$ 8,544,626	104.1%

**Ector County Hospital District
Debt Service Coverage Calculation
JANUARY 2019**

Average Annual Debt Service Requirements of 110%:

	FYTD			Annualized
	ProCare	ECHD	Consolidated	Consolidated
Decrease in net position	-	2,660,268	2,660,268	7,980,803
Deficiency of revenues over expenses	-	2,660,268	2,660,268	7,980,803
Depreciation/amortization	80,626	6,435,983	6,516,610	19,549,829
GASB 68	-	2,300,000	2,300,000	6,900,000
Interest expense	-	1,045,358	1,045,358	3,136,073
(Gain) or loss on fixed assets	-	-	-	-
Unusual / infrequent / extraordinary items	-	-	-	-
Unrealized (gains) / losses on investments	-	(30,157)	(30,157)	(90,471)
Consolidated net revenues	80,626	12,411,451	12,492,078	37,476,233

Note: Average annual debt service requirements is defined to mean the greater of the following 2 calculations:

1.) Average annual debt service of future maturities

	Bonds	BAB Subsidy	Total	110%
2019	3,704,003.09	1,050,540.12	4,754,543.21	5,229,997.53
2020	3,703,513.46	1,014,199.56	4,717,713.02	5,189,484.33
2021	3,703,965.62	975,673.80	4,679,639.42	5,147,603.37
2022	3,703,363.82	930,657.44	4,634,021.26	5,097,423.38
2023	3,704,094.49	883,666.27	4,587,760.76	5,046,536.84
2024	3,703,936.71	834,581.31	4,538,518.02	4,992,369.83
2025	3,703,757.92	783,331.19	4,487,089.11	4,935,798.02
2026	3,703,381.35	729,820.73	4,433,202.08	4,876,522.29
2027	3,702,861.24	670,848.36	4,373,709.60	4,811,080.56
2028	3,703,256.93	609,138.35	4,312,395.28	4,743,634.81
2029	3,702,288.56	544,540.00	4,246,828.56	4,671,511.42
2030	3,701,769.56	476,952.84	4,178,722.40	4,596,594.64
2031	3,701,420.06	406,226.18	4,107,646.24	4,518,410.86
2032	3,701,960.19	332,209.33	4,034,169.52	4,437,586.47
2033	3,701,063.45	254,726.47	3,955,789.92	4,351,368.91
2034	3,700,496.62	173,652.02	3,874,148.64	4,261,563.50
2035	3,700,933.18	88,810.18	3,789,743.36	4,168,717.70
	3,702,709.78	632,916.13	4,335,625.91	

OR

2.) Next Year Debt Service - sum of principal and interest due in the next fiscal year:

	Bonds	
Debt Service	4,754,543	← higher of the two

Current FYTD
262.7%

Covenant Computation

(needs to be 110% or higher)

788.2%



Financial Presentation

For the Month Ended

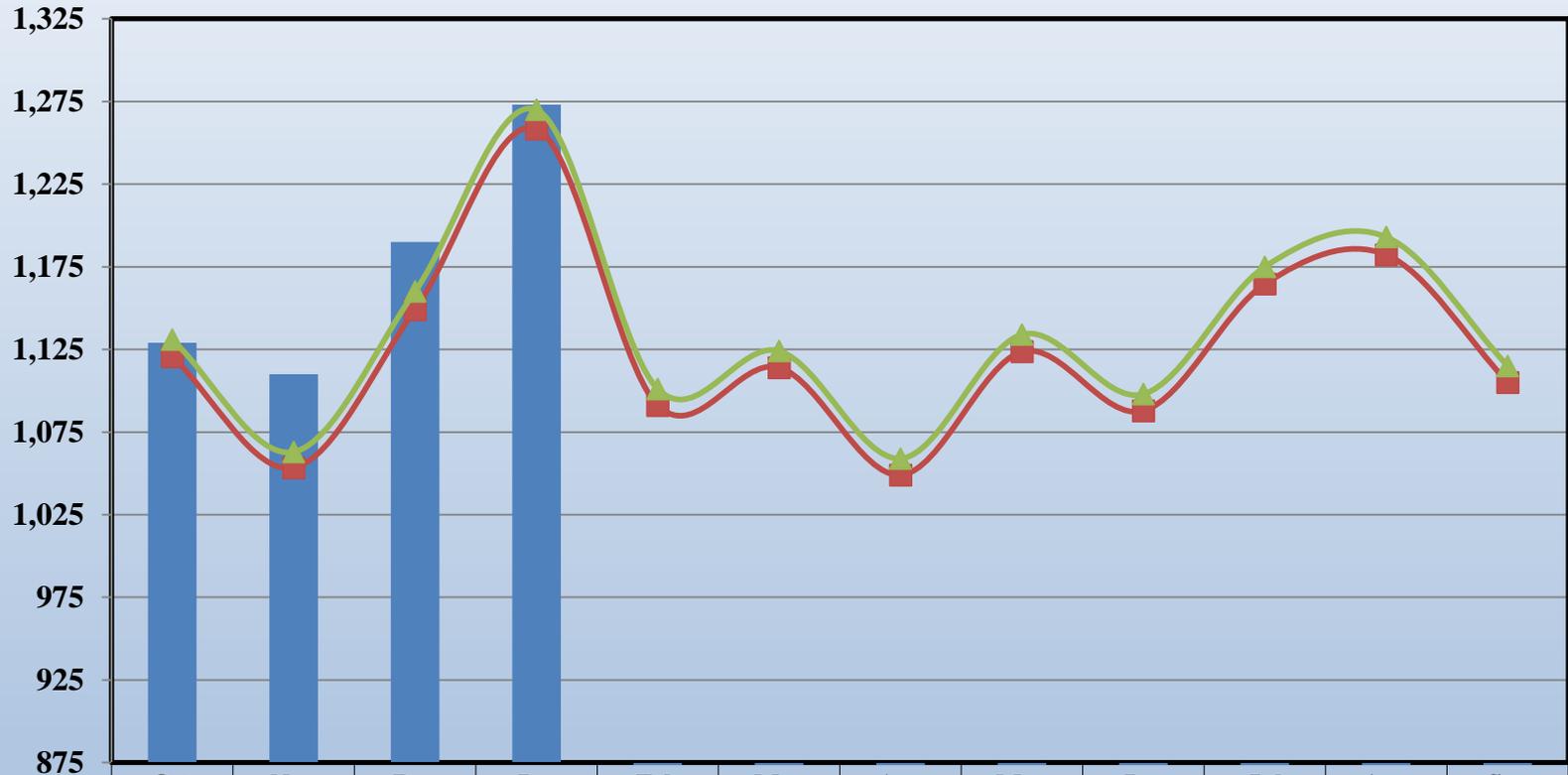
January 31, 2019

Volume



Admissions

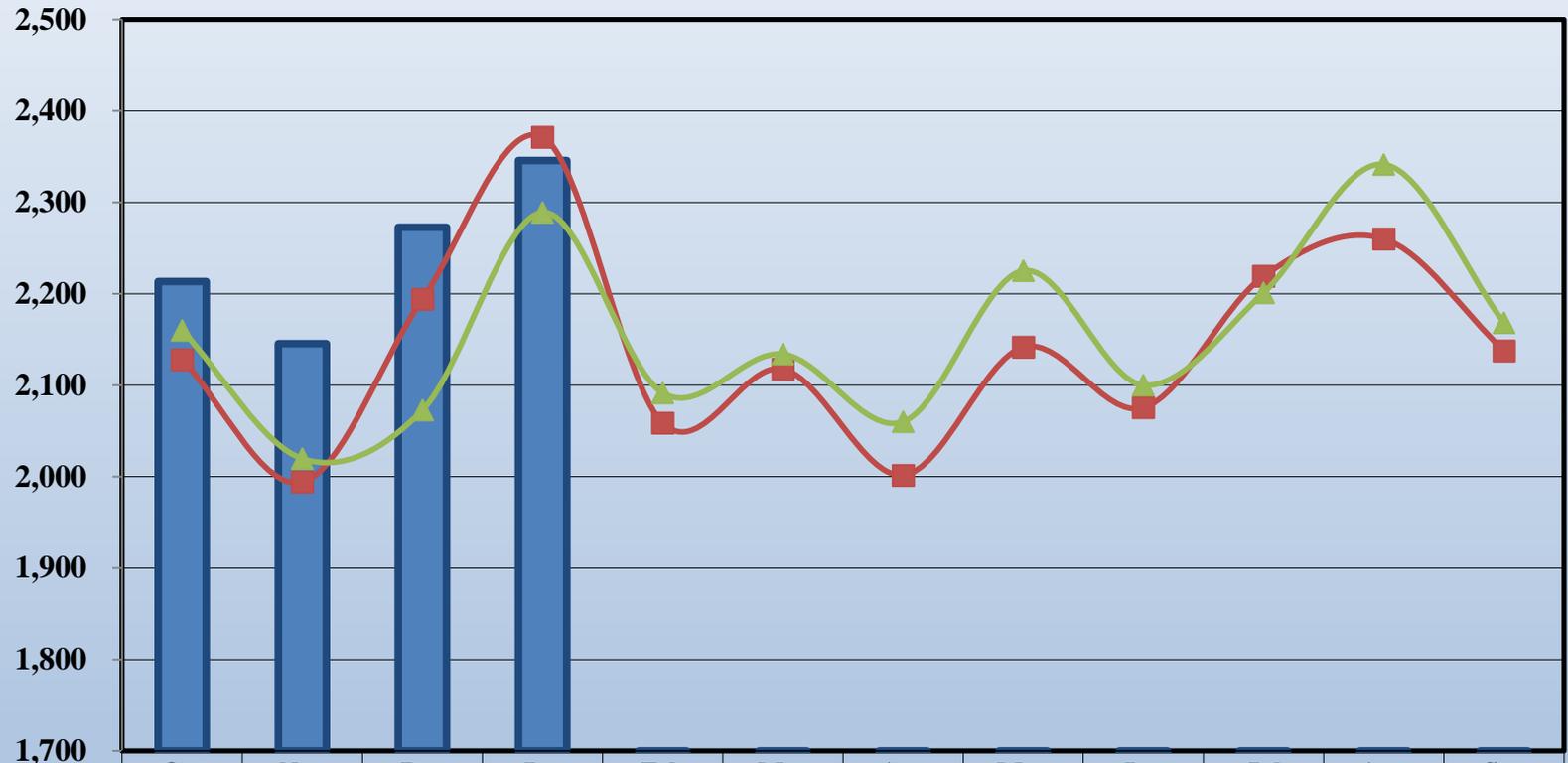
Total – Adults and NICU



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2019	1,129	1,110	1,190	1,273	-	-	-	-	-	-	-	-
FY 2019 Budget	1,121	1,053	1,149	1,258	1,091	1,114	1,049	1,124	1,088	1,165	1,182	1,105
FY 2018	1,131	1,063	1,160	1,270	1,101	1,124	1,059	1,134	1,098	1,175	1,193	1,115

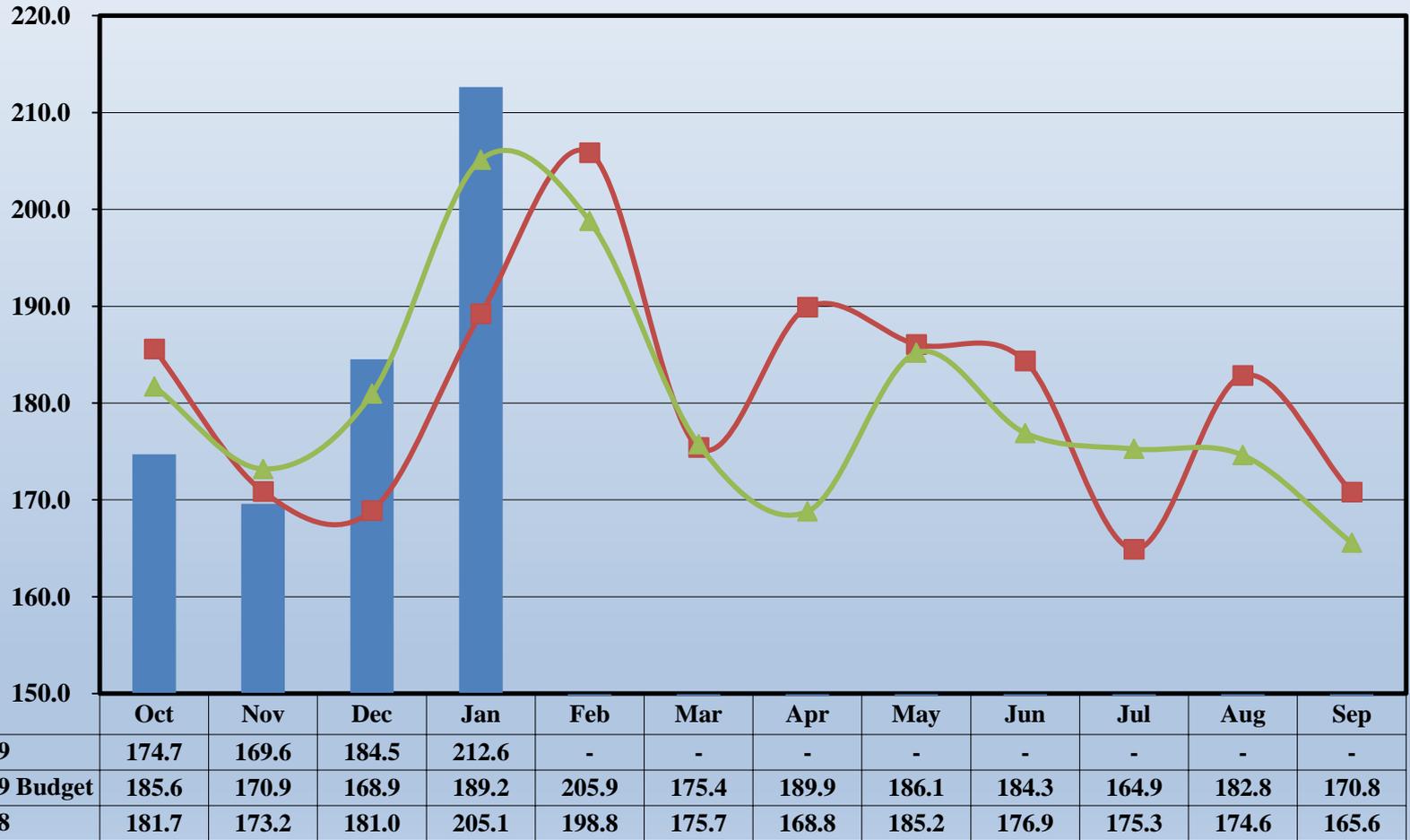
Adjusted Admissions

Including Acute & Rehab Unit



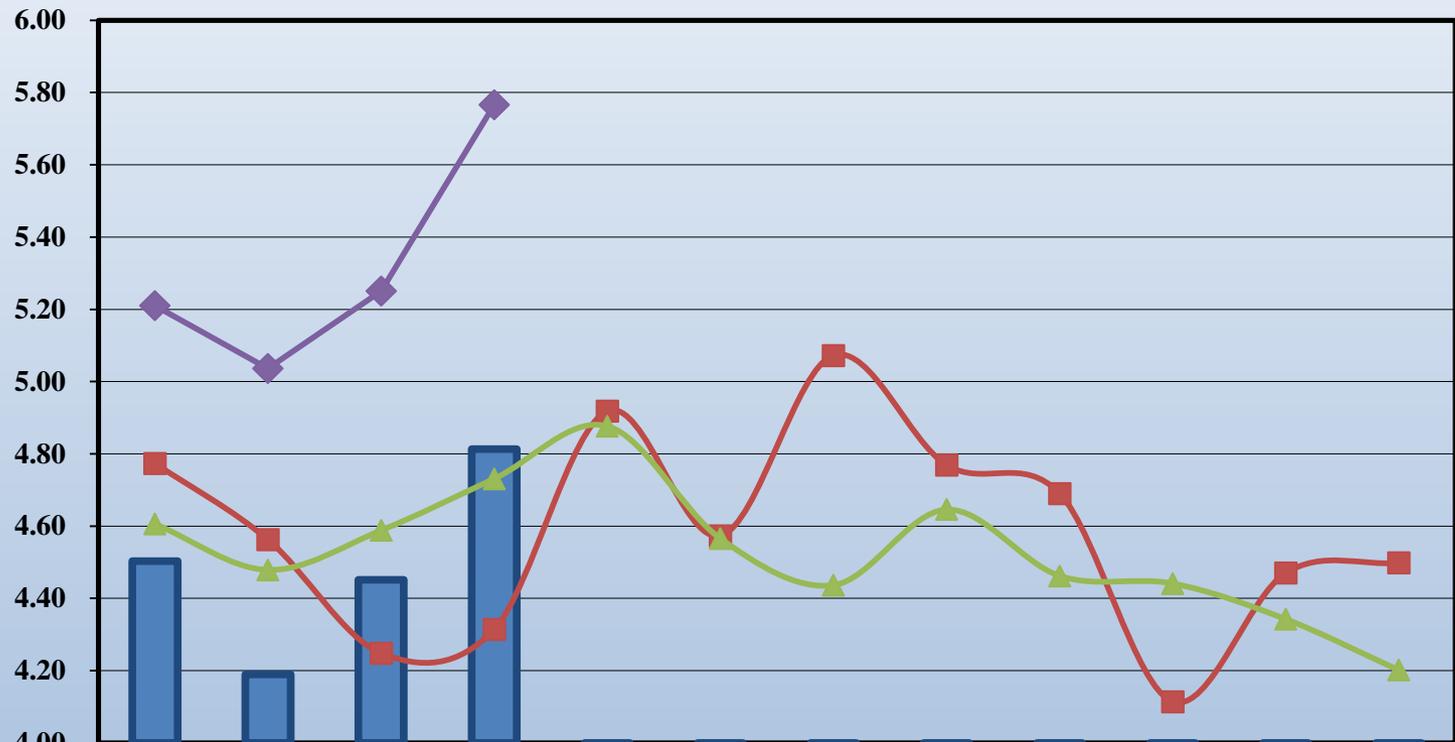
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2019	2,214	2,146	2,273	2,346	-	-	-	-	-	-	-	-
FY 2019 Budget	2,128	1,994	2,194	2,372	2,058	2,118	2,001	2,142	2,075	2,219	2,260	2,138
FY 2018	2,160	2,020	2,073	2,289	2,092	2,134	2,060	2,225	2,100	2,201	2,342	2,168

Average Daily Census



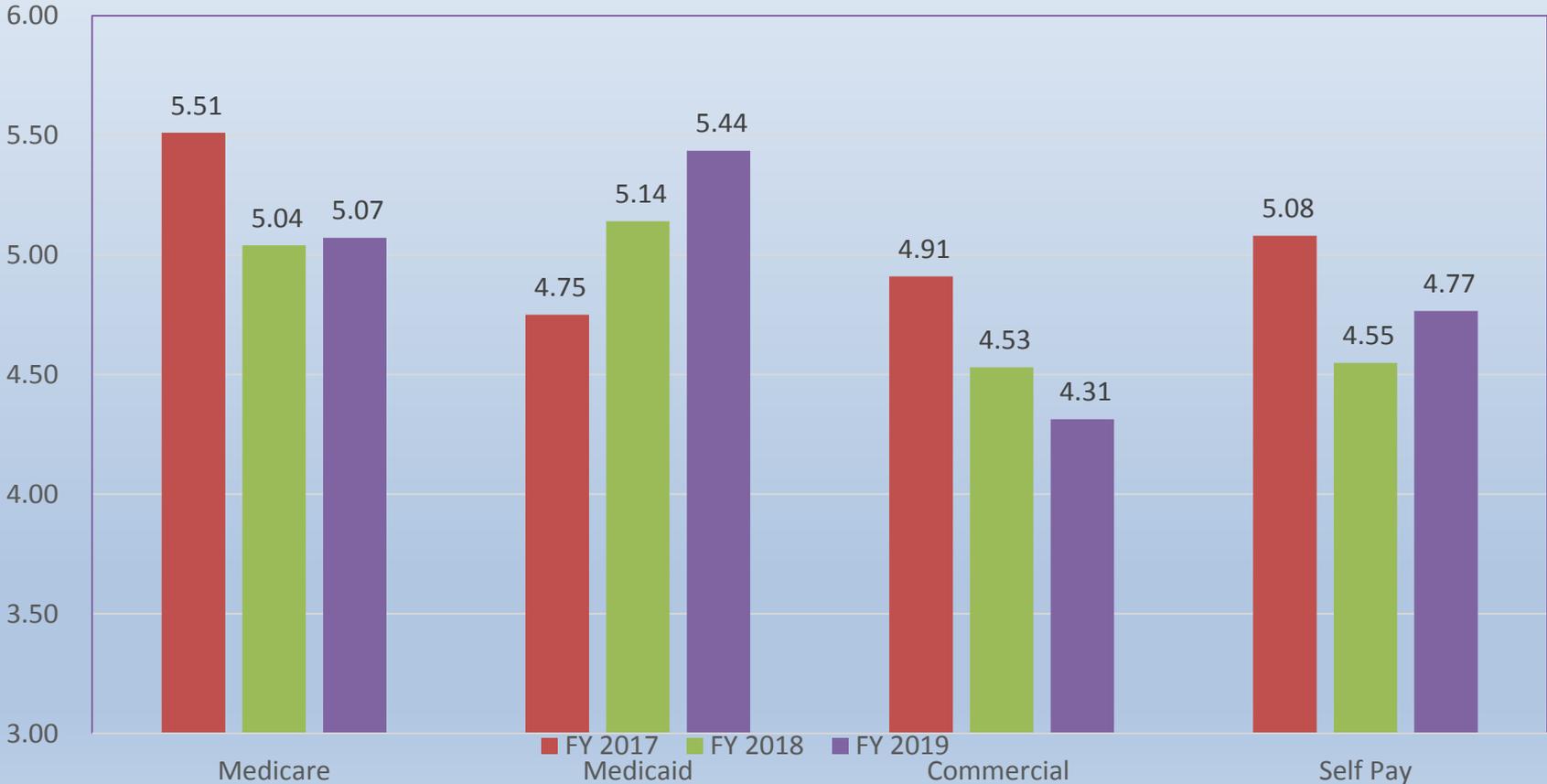
Average Length of Stay

Total – Adults and Pedi

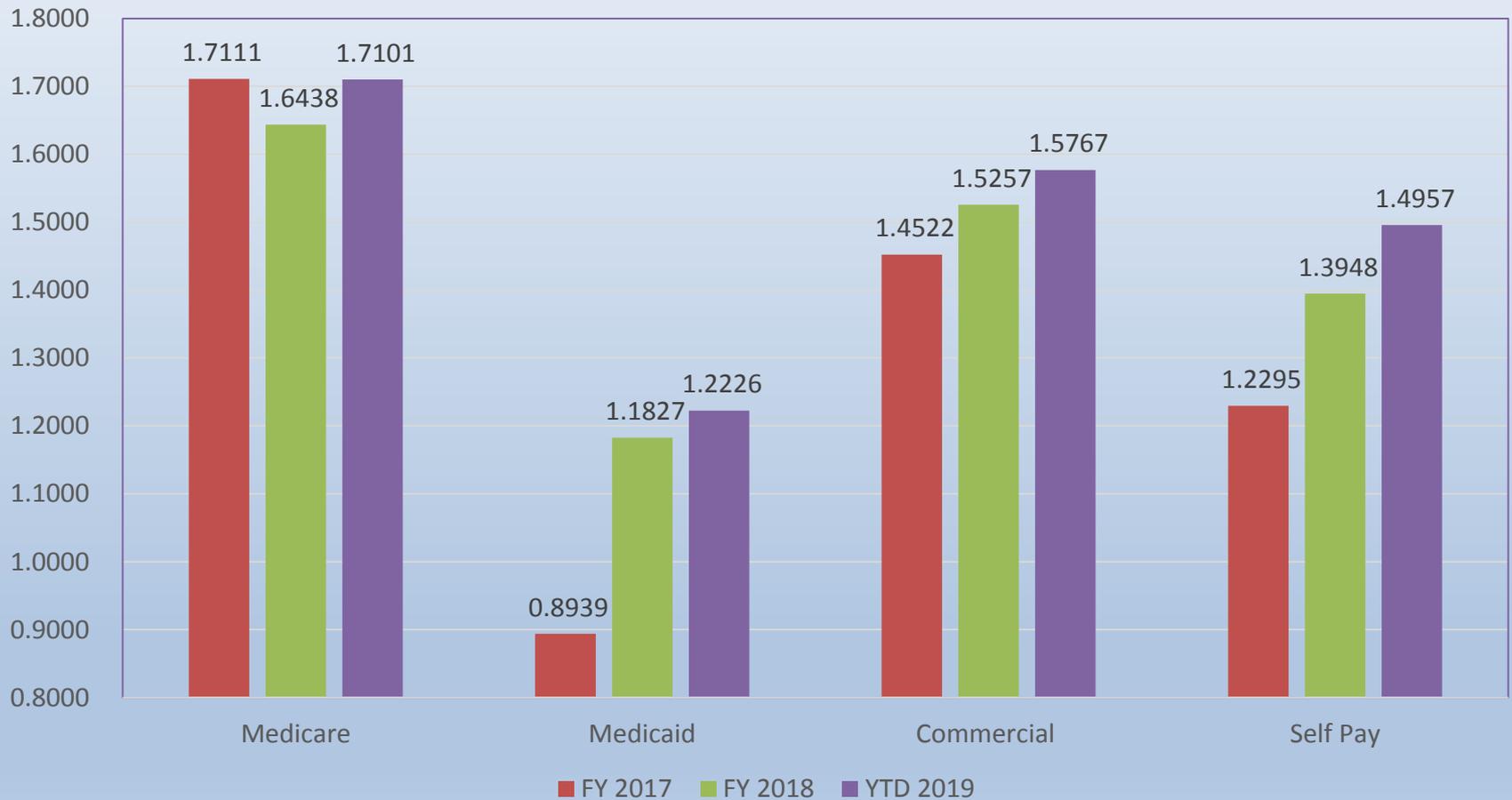


	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2019	4.50	4.19	4.45	4.81	-	-	-	-	-	-	-	-
FY 2019 Budget	4.77	4.56	4.25	4.31	4.92	4.57	5.07	4.77	4.69	4.11	4.47	4.50
FY 2018	4.61	4.48	4.59	4.73	4.88	4.57	4.44	4.65	4.46	4.44	4.34	4.20
FY 2019 Excluding OB	5.21	5.04	5.25	5.77								

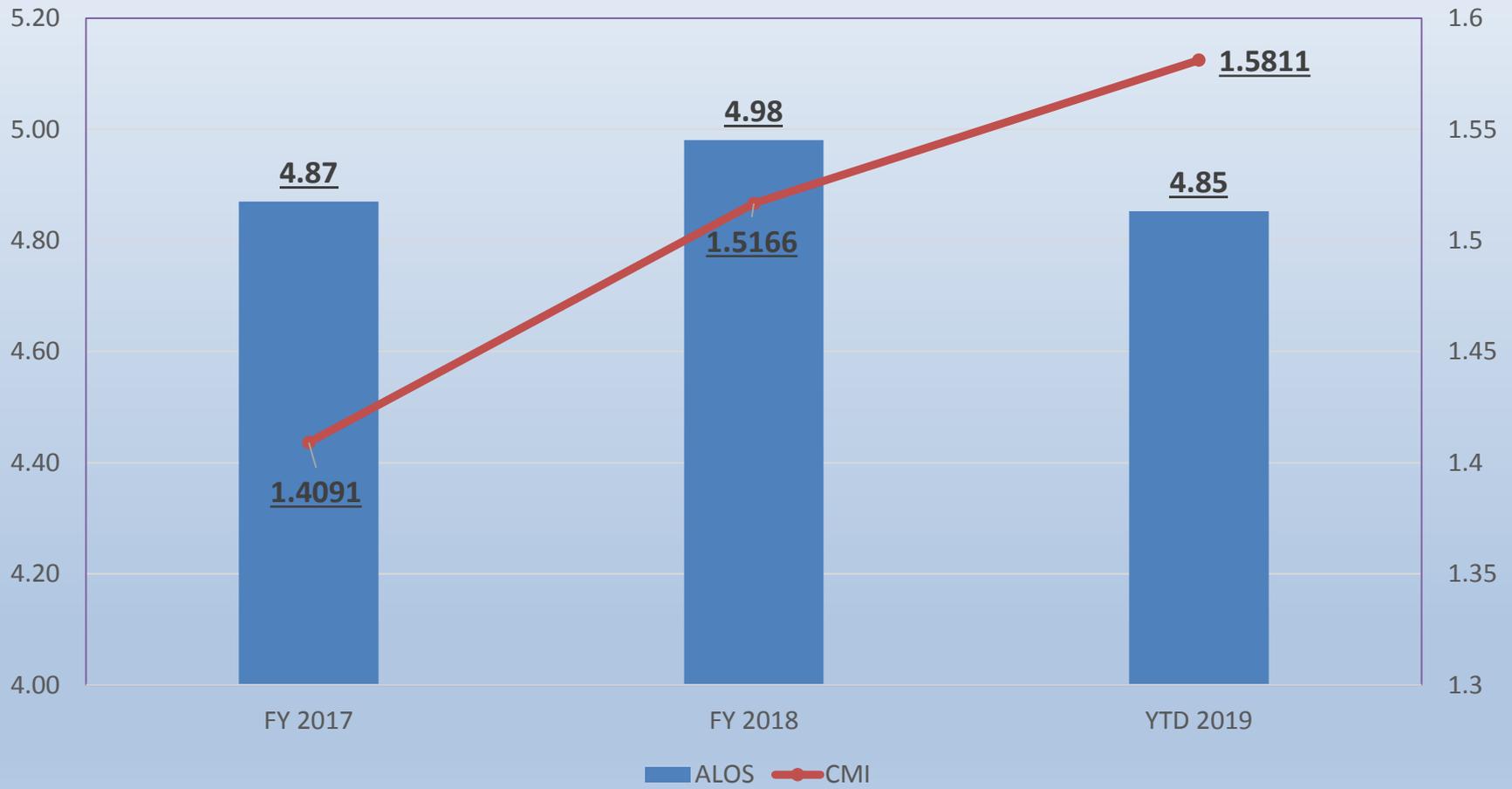
Average Length of Stay by Financial Class



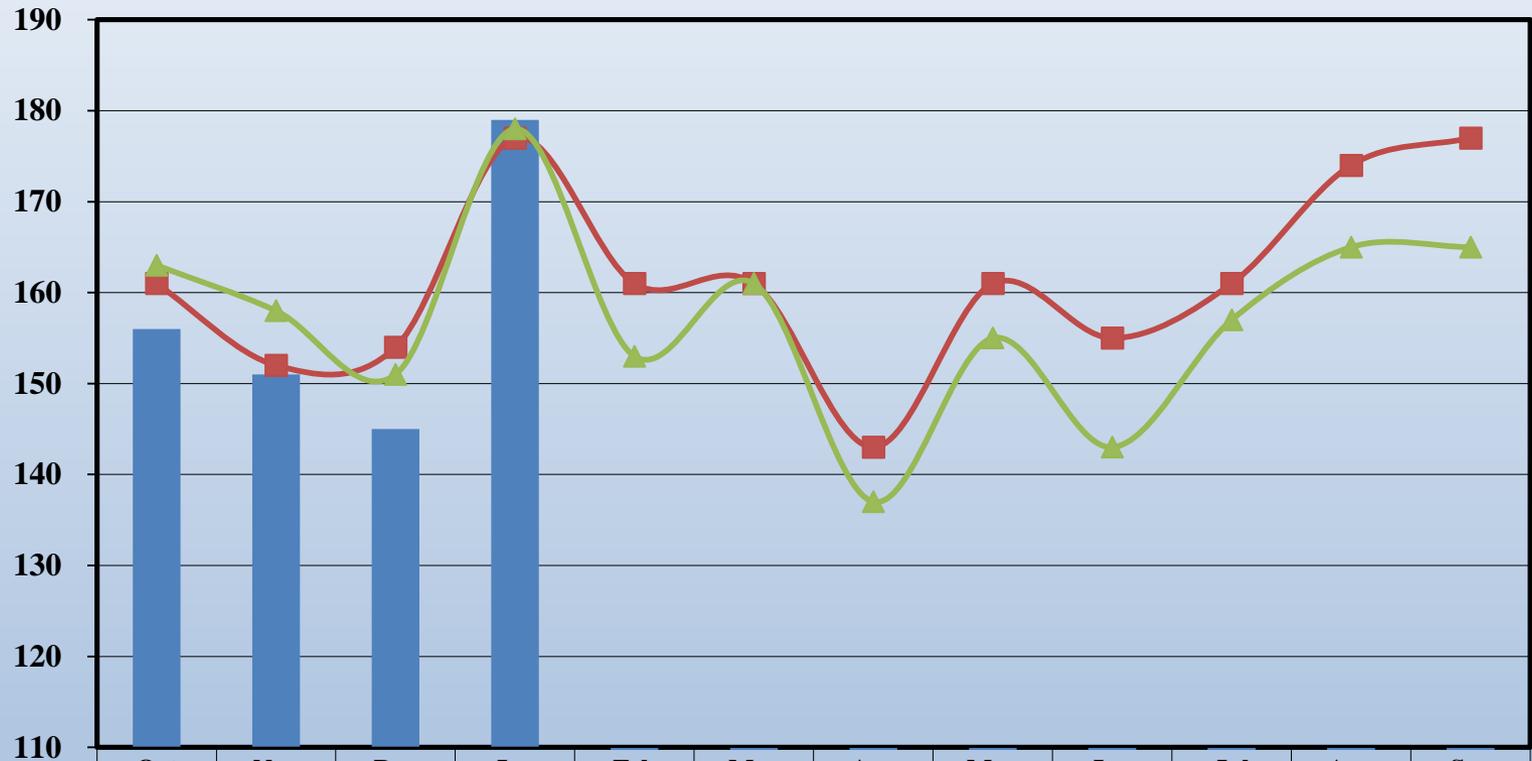
Case Mix Index by Financial Class



Total Inpatient Cases ALOS with CMI

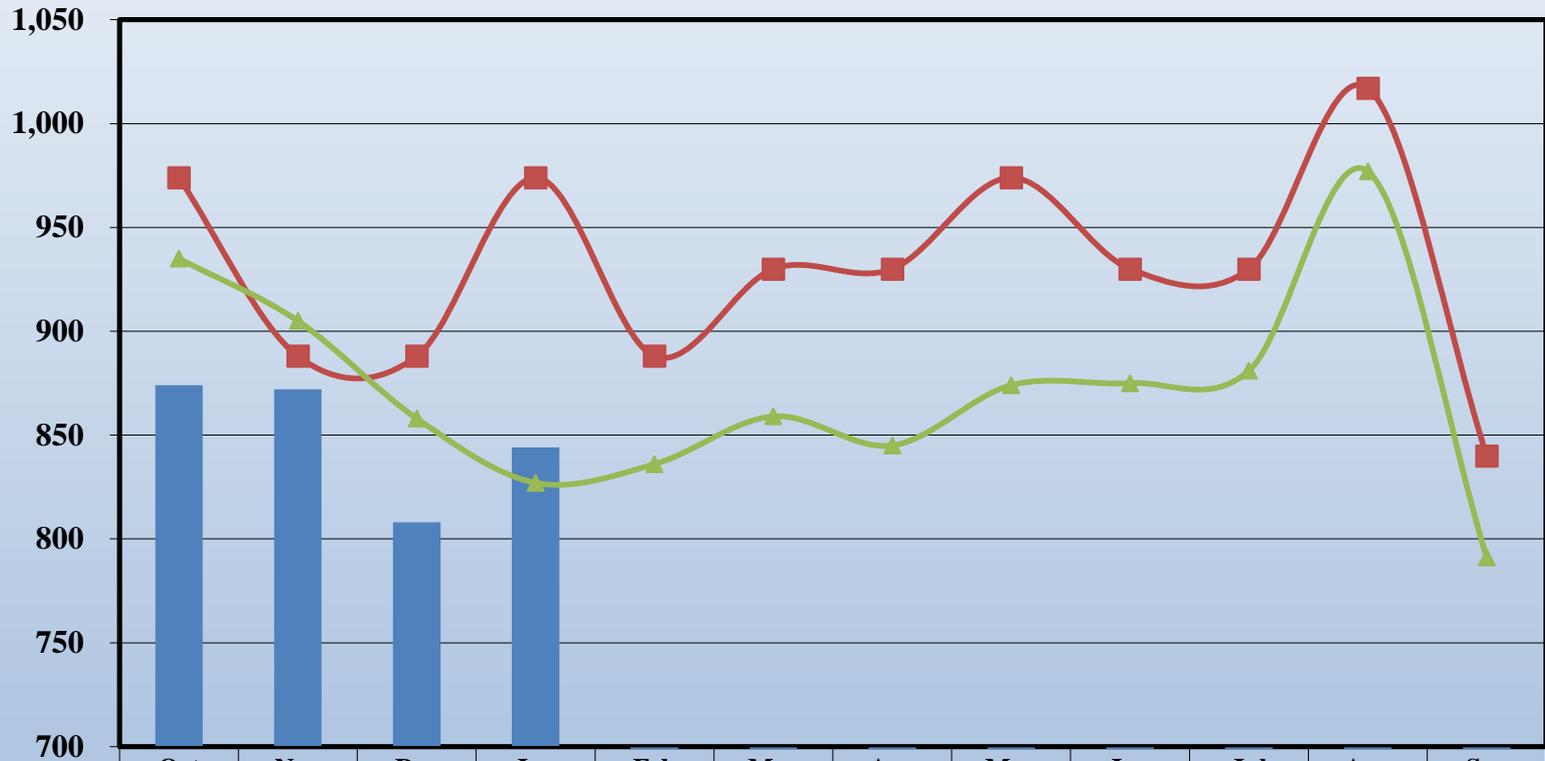


Deliveries



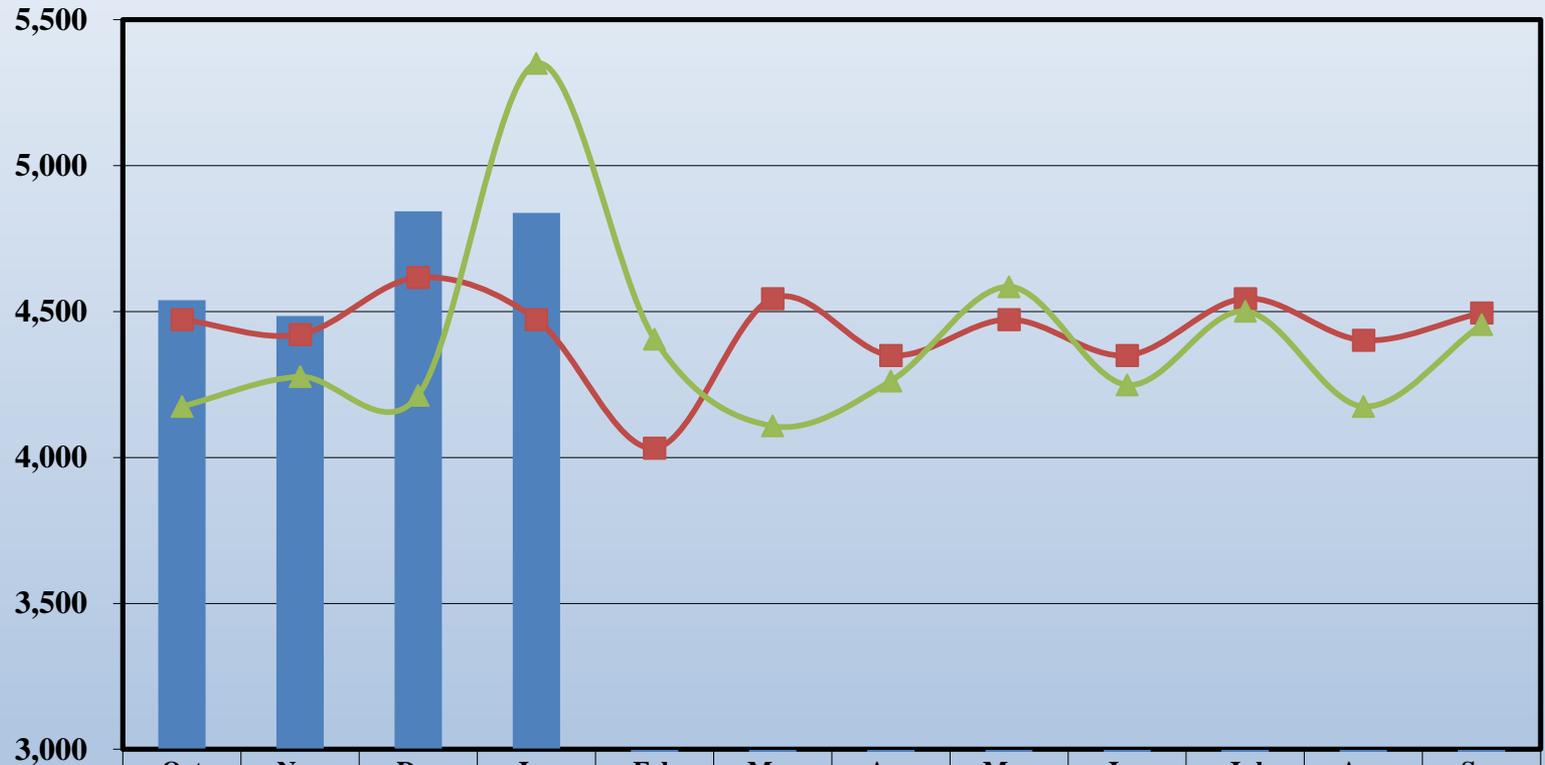
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2019	156	151	145	179	-	-	-	-	-	-	-	-
FY 2019 Budget	161	152	154	177	161	161	143	161	155	161	174	177
FY 2018	163	158	151	178	153	161	137	155	143	157	165	165

Total Surgical Cases



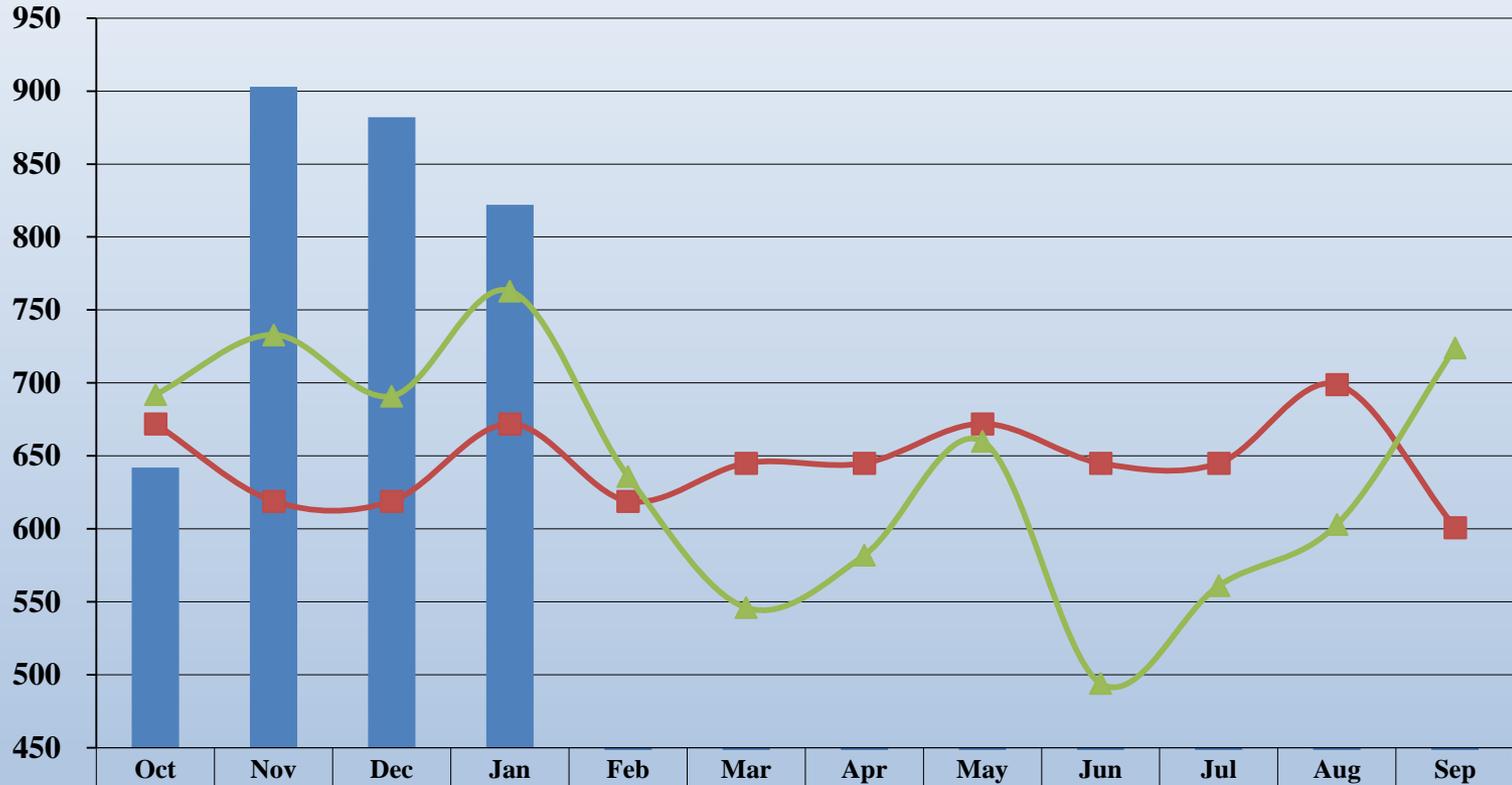
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2019	874	872	808	844	-	-	-	-	-	-	-	-
FY 2019 Budget	974	888	888	974	888	930	930	974	930	930	1,017	840
FY 2018	935	905	858	827	836	859	845	874	875	881	977	791

Emergency Room Visits



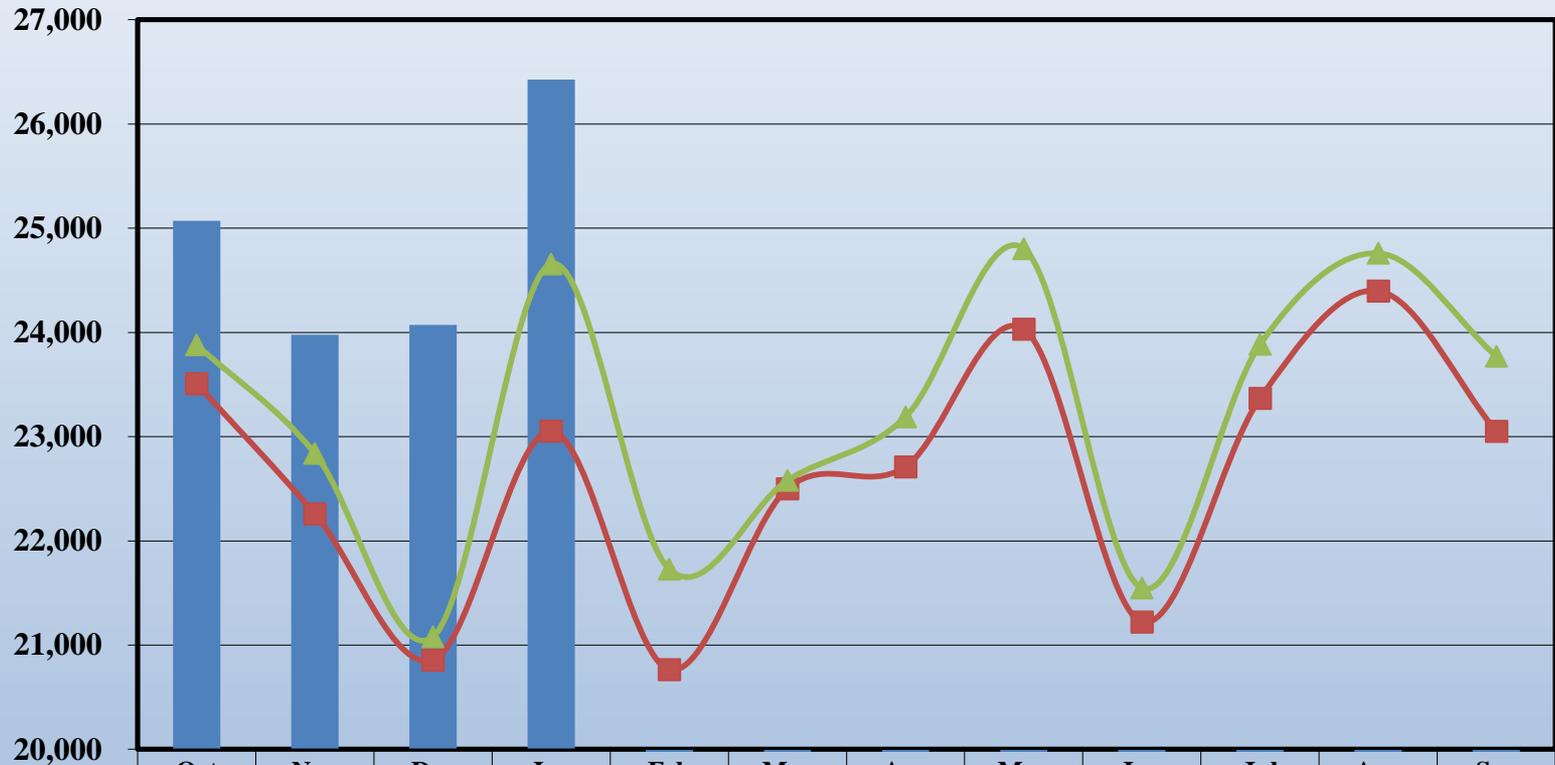
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
■ FY 2019	4,539	4,485	4,844	4,838	-	-	-	-	-	-	-	-
■ FY 2019 Budget	4,473	4,422	4,617	4,473	4,032	4,545	4,350	4,473	4,350	4,545	4,402	4,496
▲ FY 2018	4,175	4,277	4,213	5,350	4,405	4,108	4,262	4,585	4,249	4,501	4,175	4,455

Observation Days



FY 2019	642	903	882	822	-	-	-	-	-	-	-	-
FY 2019 Budget	672	619	619	672	619	645	645	672	645	645	699	601
FY 2018	692	733	691	763	636	546	582	660	494	561	603	724

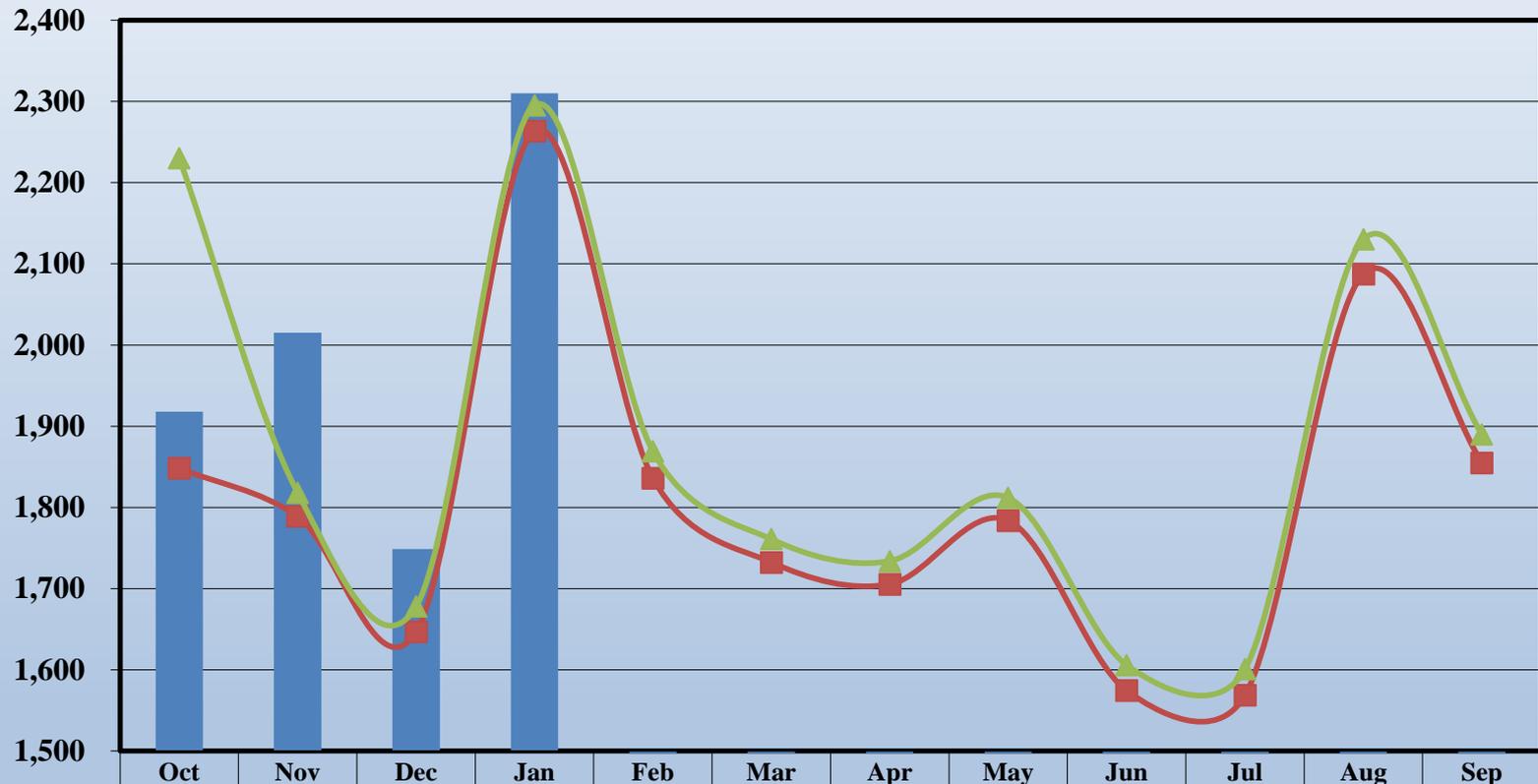
Total Outpatient Occasions of Service



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
■ FY 2019	25,070	23,979	24,072	26,425	-	-	-	-	-	-	-	-
■ FY 2019 Budget	23,508	22,259	20,858	23,055	20,765	22,502	22,712	24,034	21,223	23,368	24,398	23,051
▲ FY 2018	23,881	22,839	21,080	24,658	21,727	22,580	23,190	24,804	21,547	23,885	24,760	23,770

Center for Primary Care Total Visits

(FQHC - Clements & West University)



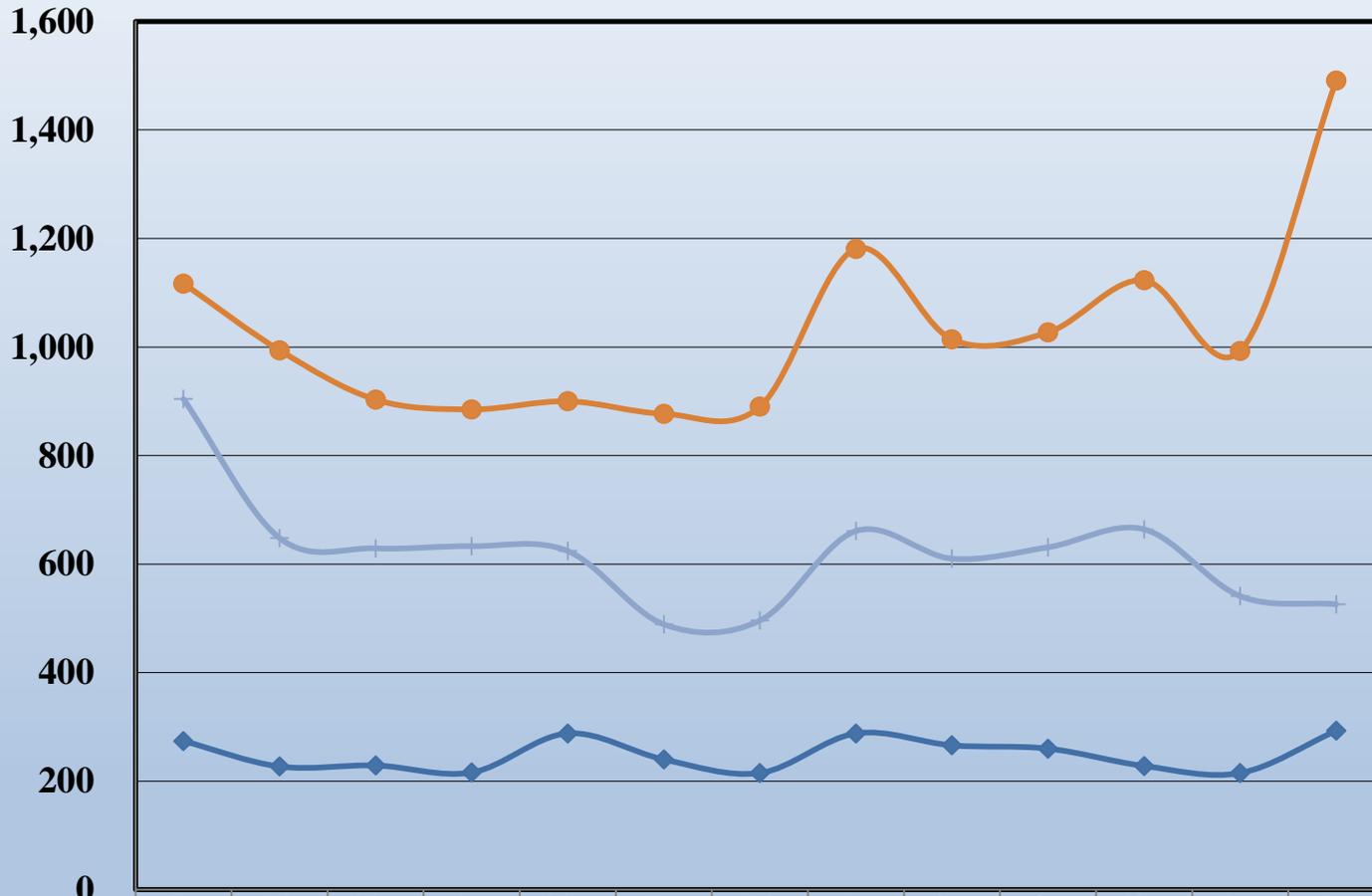
■ FY 2019	1,918	2,015	1,749	2,310	-	-	-	-	-	-	-	-
■ FY 2019 Budget	1,848	1,789	1,647	2,264	1,836	1,732	1,705	1,784	1,575	1,569	2,087	1,855
▲ FY 2018	2,230	1,818	1,678	2,295	1,869	1,761	1,734	1,812	1,606	1,601	2,130	1,890

FY 2018 excludes Dental Clinic after 10/31/2017

Center for Primary Care Visits

(FQHC - Clements and West University)

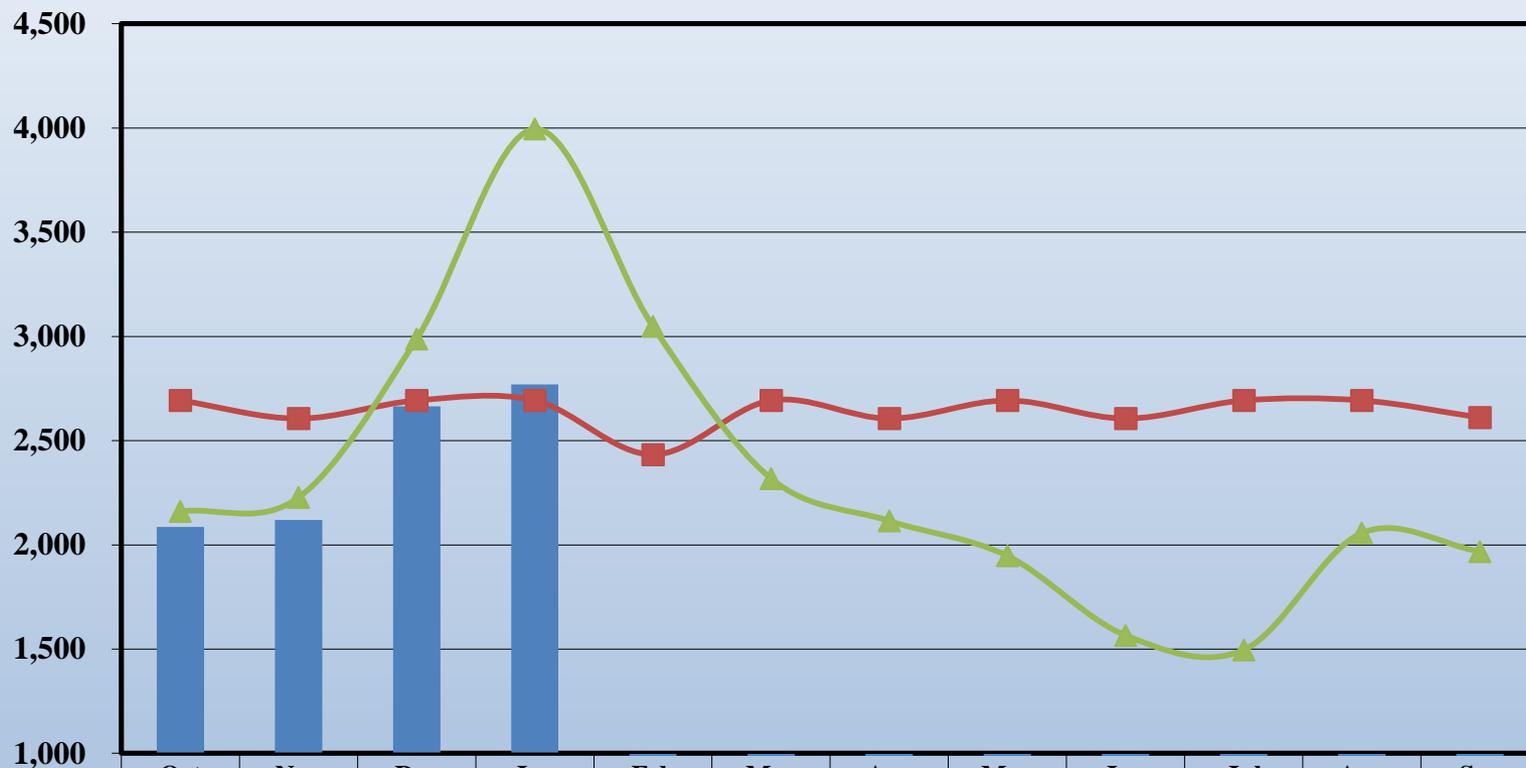
Thirteen Month Trending – Excluding Dental Clinic



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
—●— Clements Medical	1,117	994	903	885	900	877	890	1,181	1,014	1,027	1,123	993	1,491
—+— W. University Medical	904	648	629	633	624	489	496	661	610	631	664	541	526
—◆— W. University Optometry	274	227	229	216	288	240	215	288	266	260	228	215	293

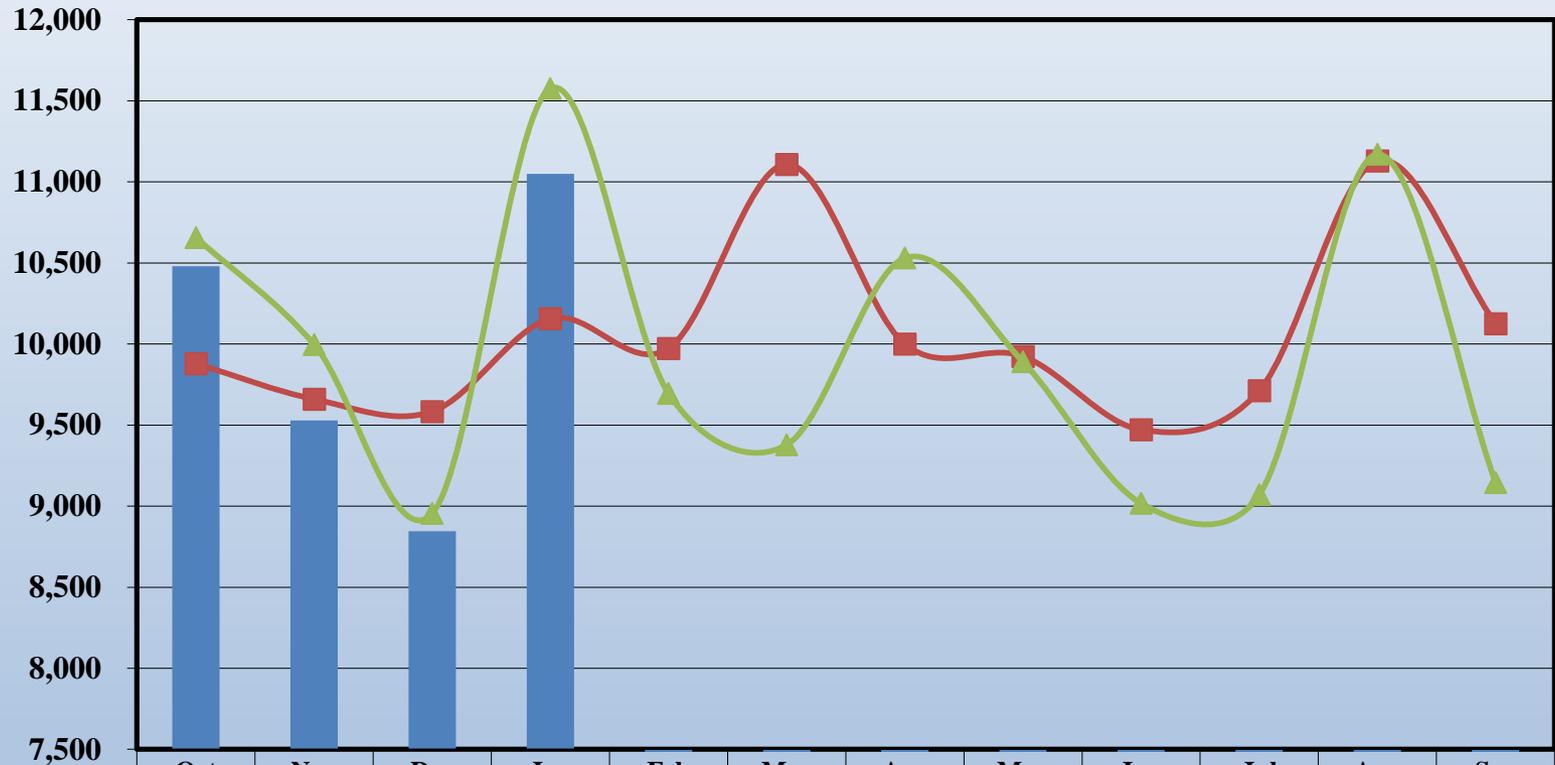
Urgent Care Visits

(JBS Clinic, West University & 42nd Street)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
■ FY 2019	2,086	2,120	2,664	2,770	-	-	-	-	-	-	-	-
■ FY 2019 Budget	2,693	2,606	2,693	2,693	2,433	2,693	2,606	2,693	2,606	2,693	2,693	2,611
▲ FY 2018	2,161	2,227	2,988	3,995	3,048	2,318	2,115	1,947	1,566	1,496	2,057	1,968

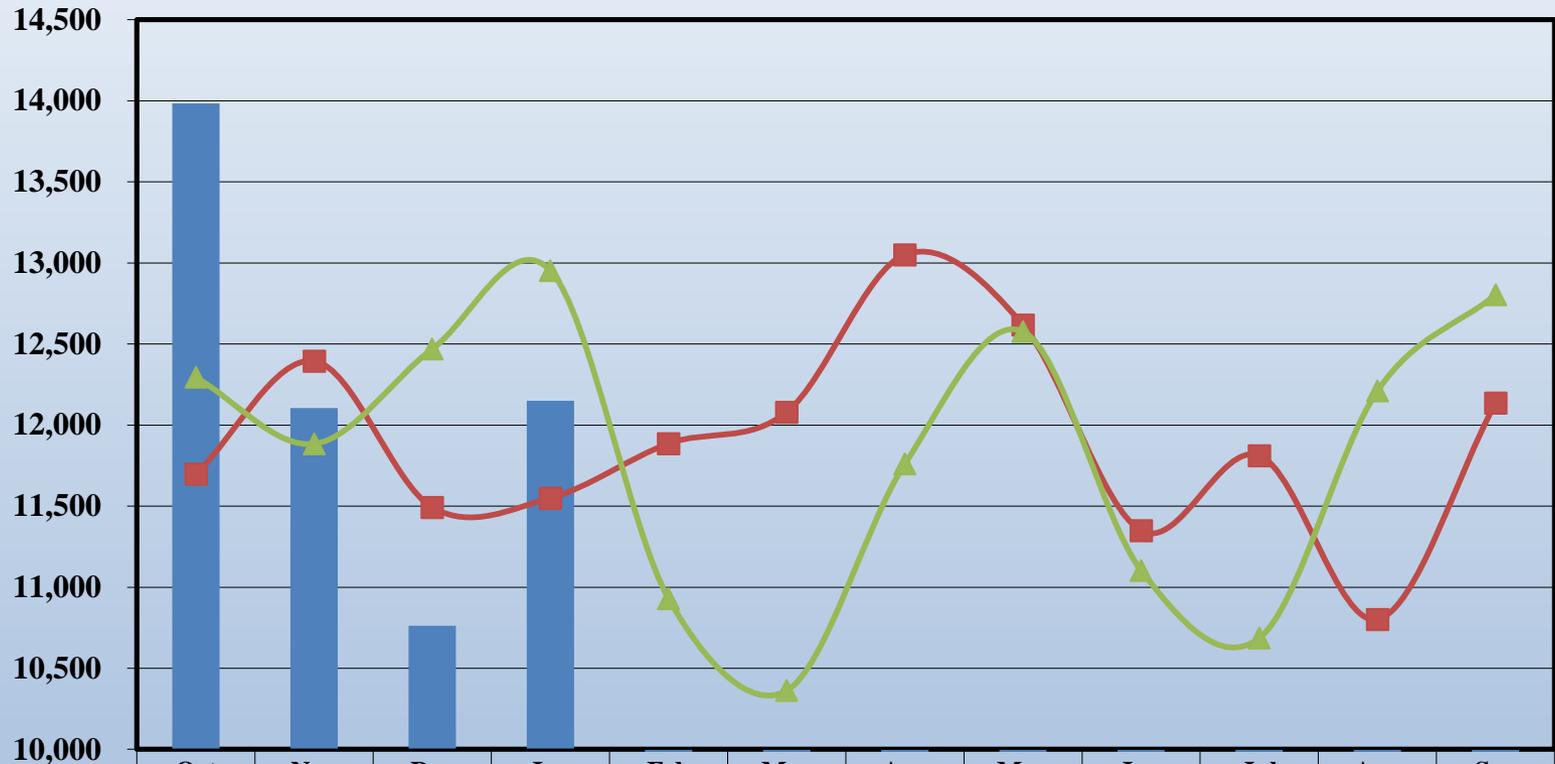
Total ProCare Office Visits



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2019	10,479	9,529	8,846	11,050	-	-	-	-	-	-	-	-
FY 2019 Budget	9,879	9,660	9,584	10,157	9,973	11,109	10,000	9,924	9,471	9,713	11,129	10,126
FY 2018	10,657	9,997	8,955	11,576	9,695	9,378	10,530	9,890	9,017	9,070	11,170	9,145

Total ProCare Procedures

Excluding Pathology and Radiology Procedures



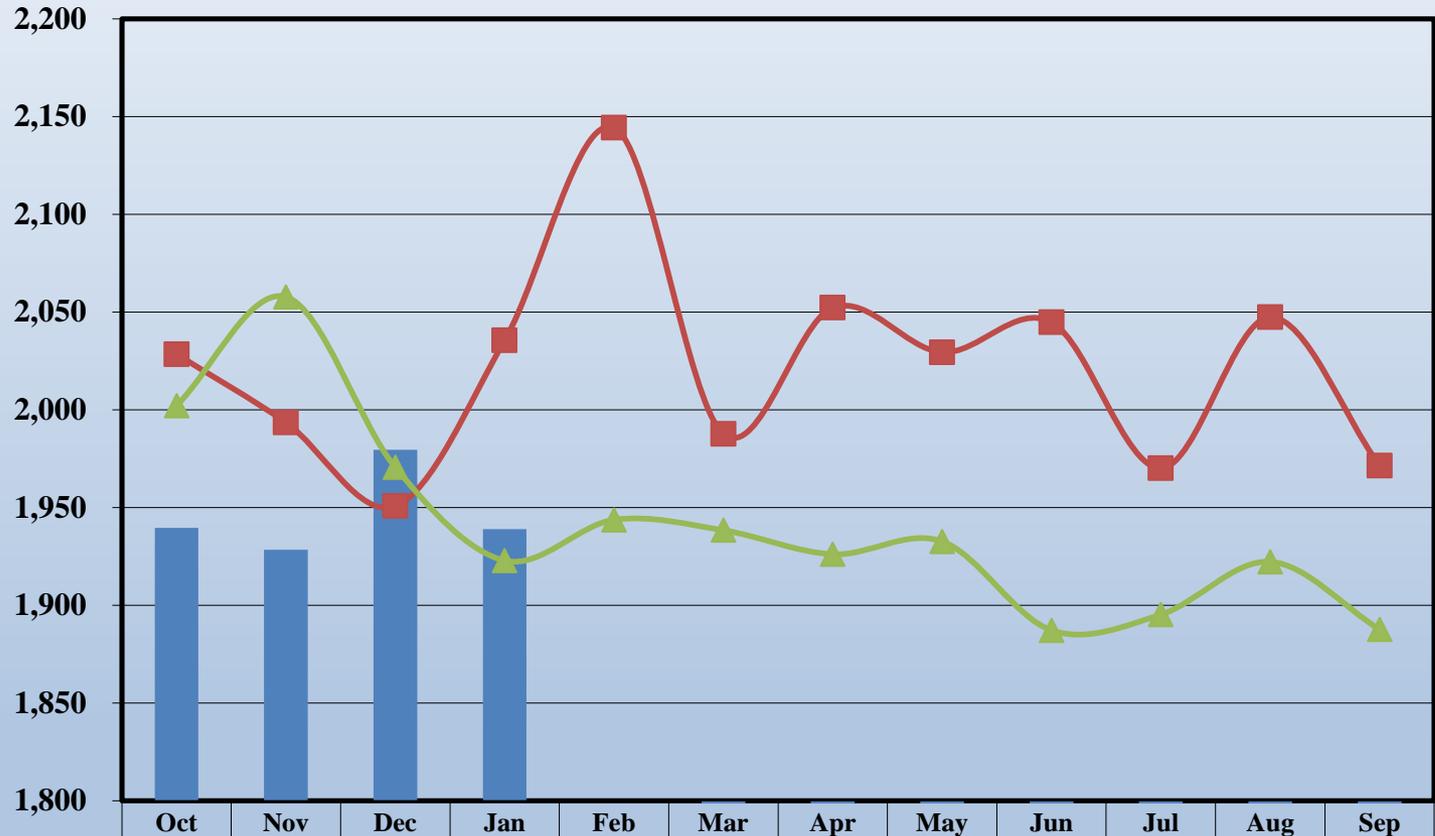
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
■ FY 2019	13,984	12,104	10,763	12,149	-	-	-	-	-	-	-	-
■ FY 2019 Budget	11,698	12,395	11,493	11,550	11,886	12,080	13,051	12,617	11,349	11,812	10,801	12,136
▲ FY 2018	12,294	11,884	12,469	12,953	10,929	10,362	11,760	12,577	11,103	10,686	12,211	12,803

Staffing



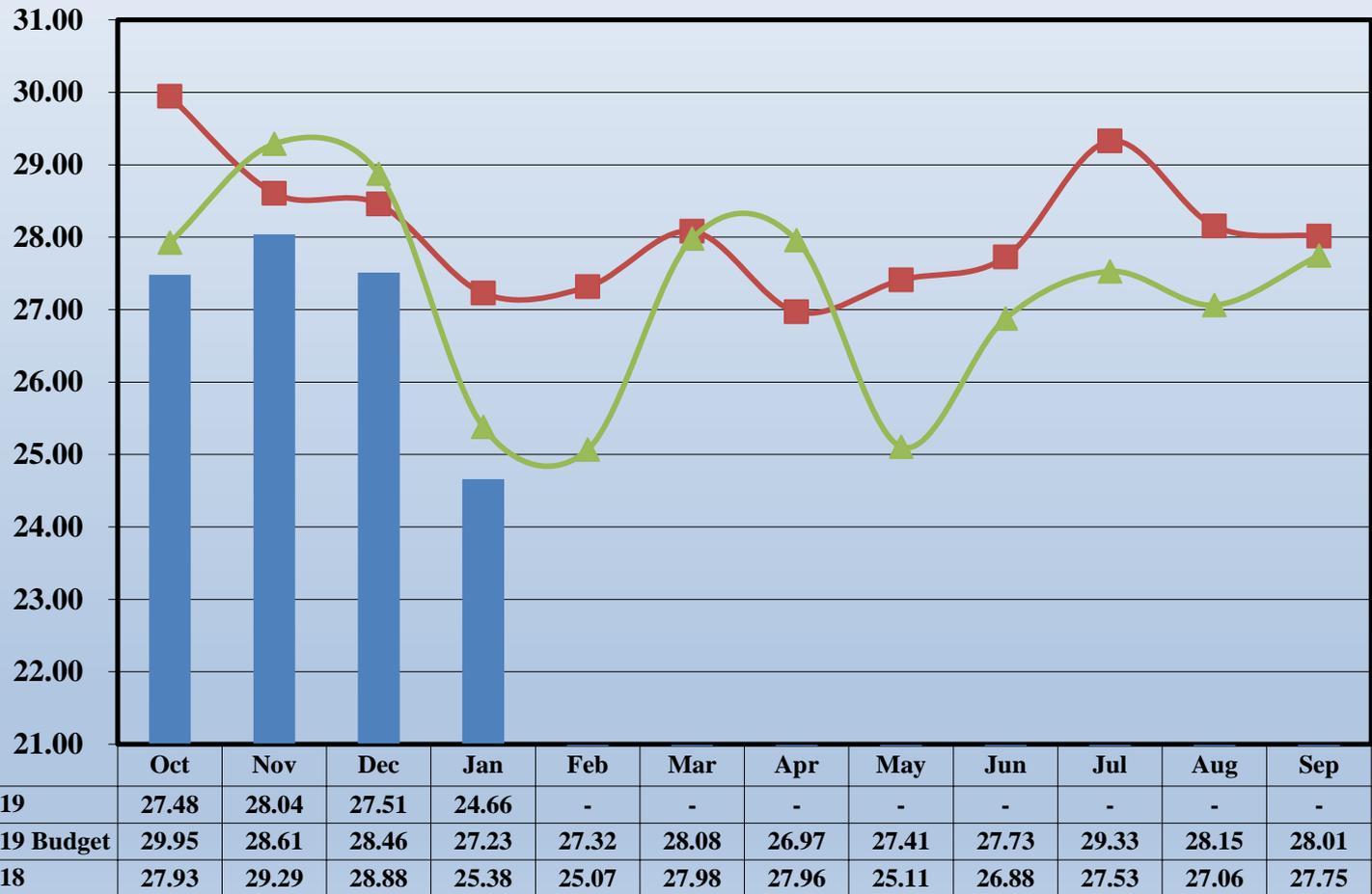
Blended FTE's

Including Contract Labor and Management Services

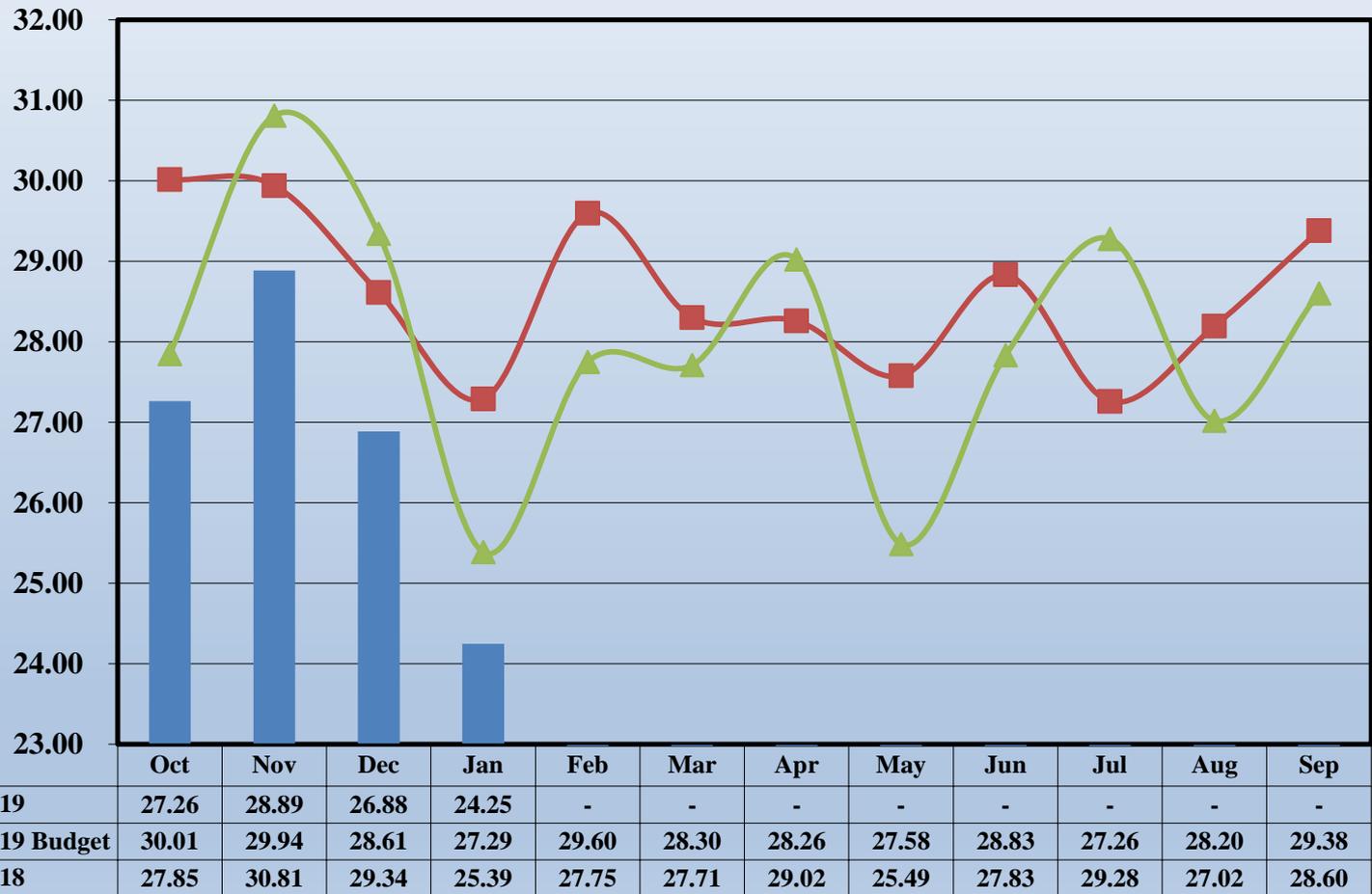


FY 2019	1,940	1,928	1,980	1,939	-	-	-	-	-	-	-	-
FY 2019 Budget	2,028	1,993	1,951	2,035	2,144	1,988	2,052	2,029	2,045	1,970	2,047	1,971
FY 2018	2,002	2,058	1,971	1,923	1,944	1,938	1,926	1,933	1,887	1,895	1,922	1,888

Paid Hours per Adjusted Patient Day (Ector County Hospital District)



Paid Hours per Adjusted Patient Day (Medical Center Hospital)

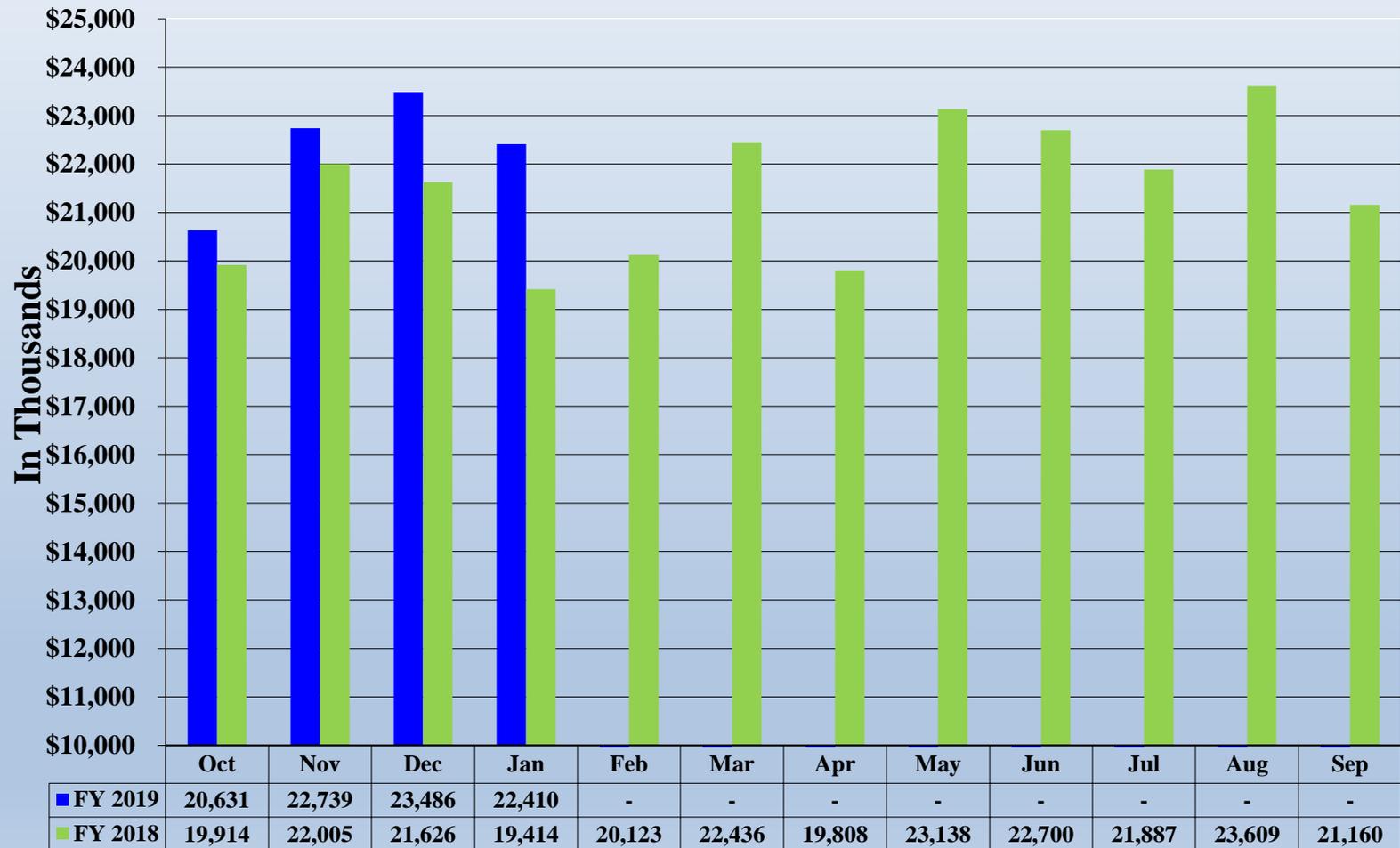


Accounts Receivable



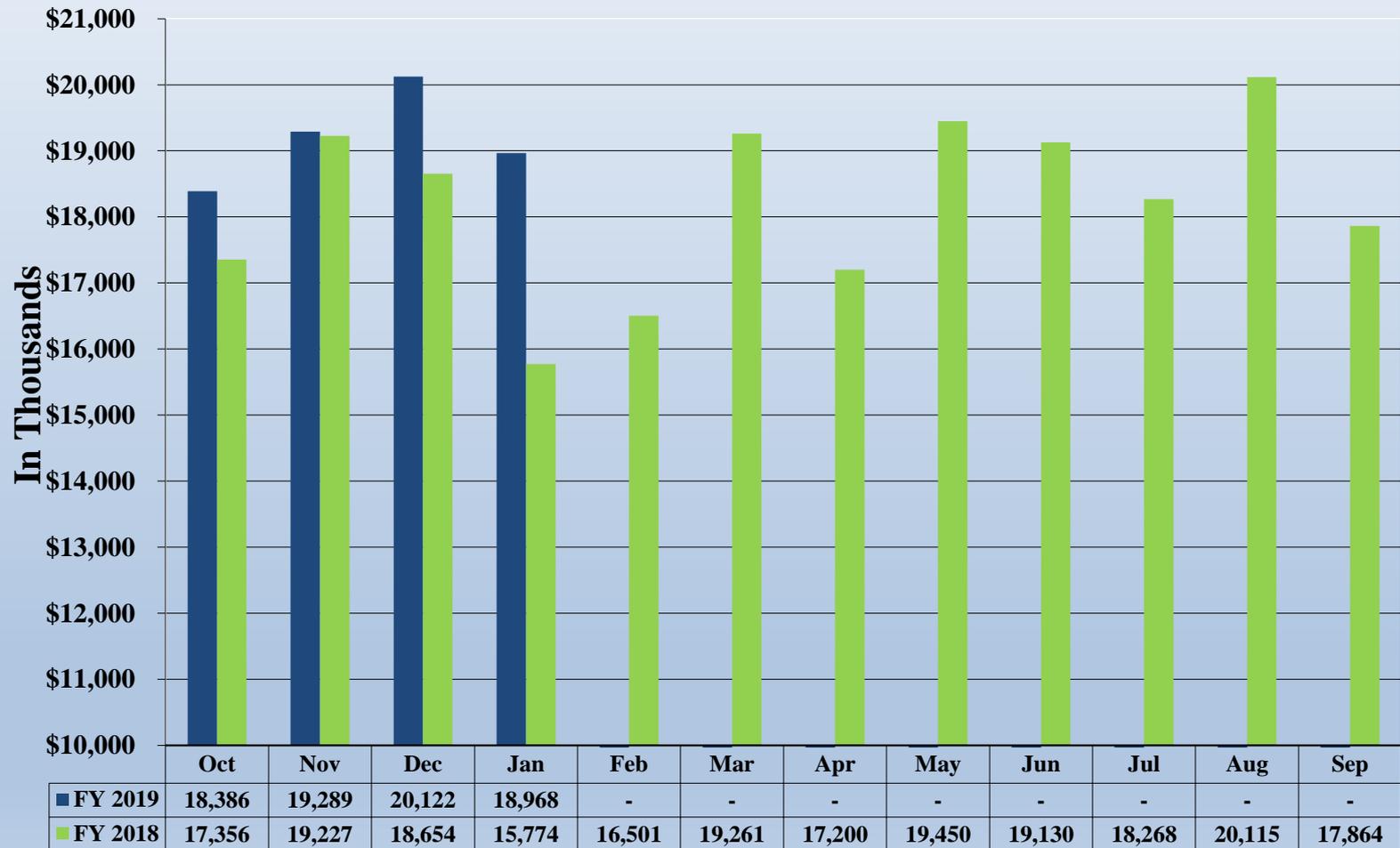
Total AR Cash Receipts

Compared to Prior Year



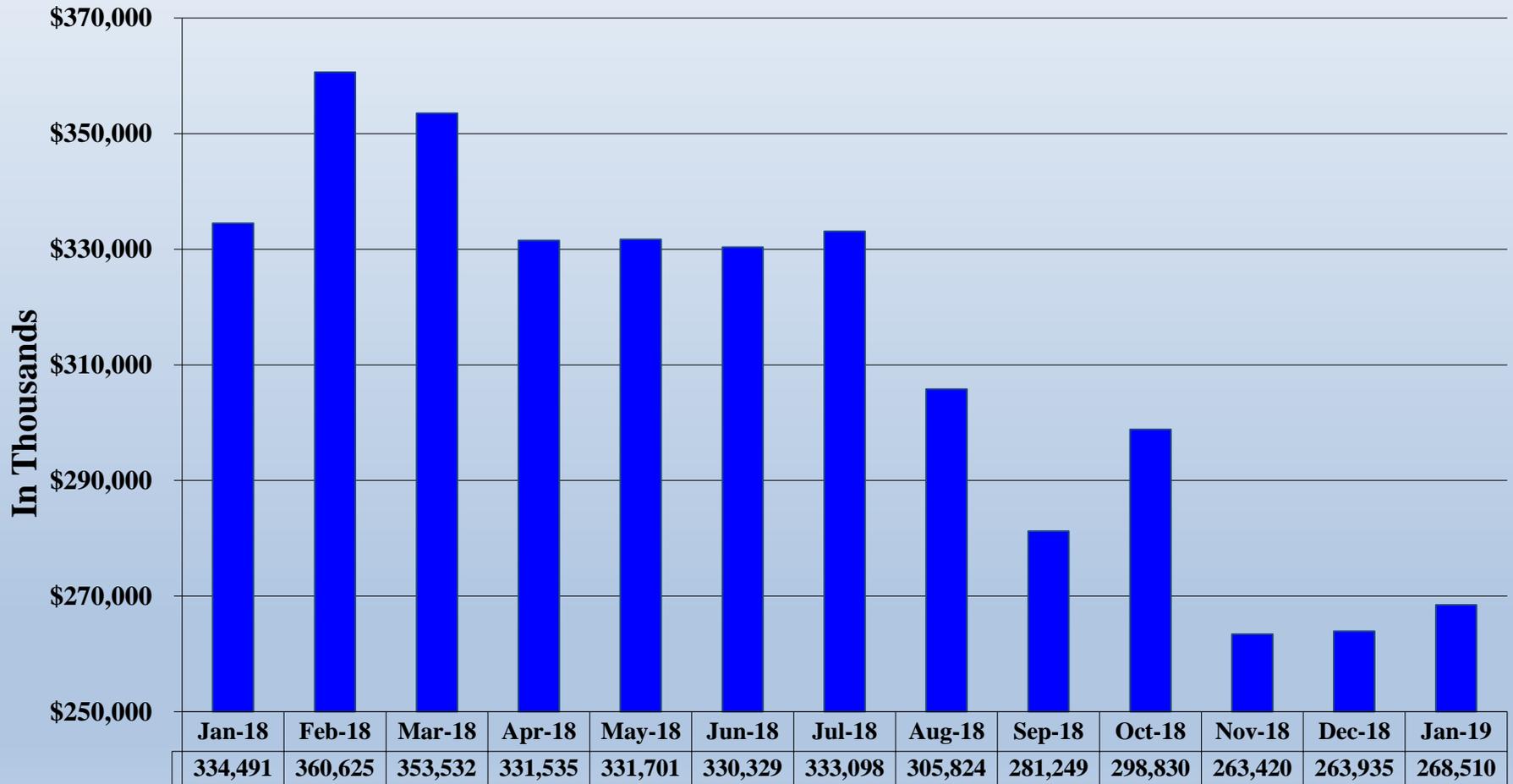
Hospital AR Cash Receipts

Compared to Prior Year



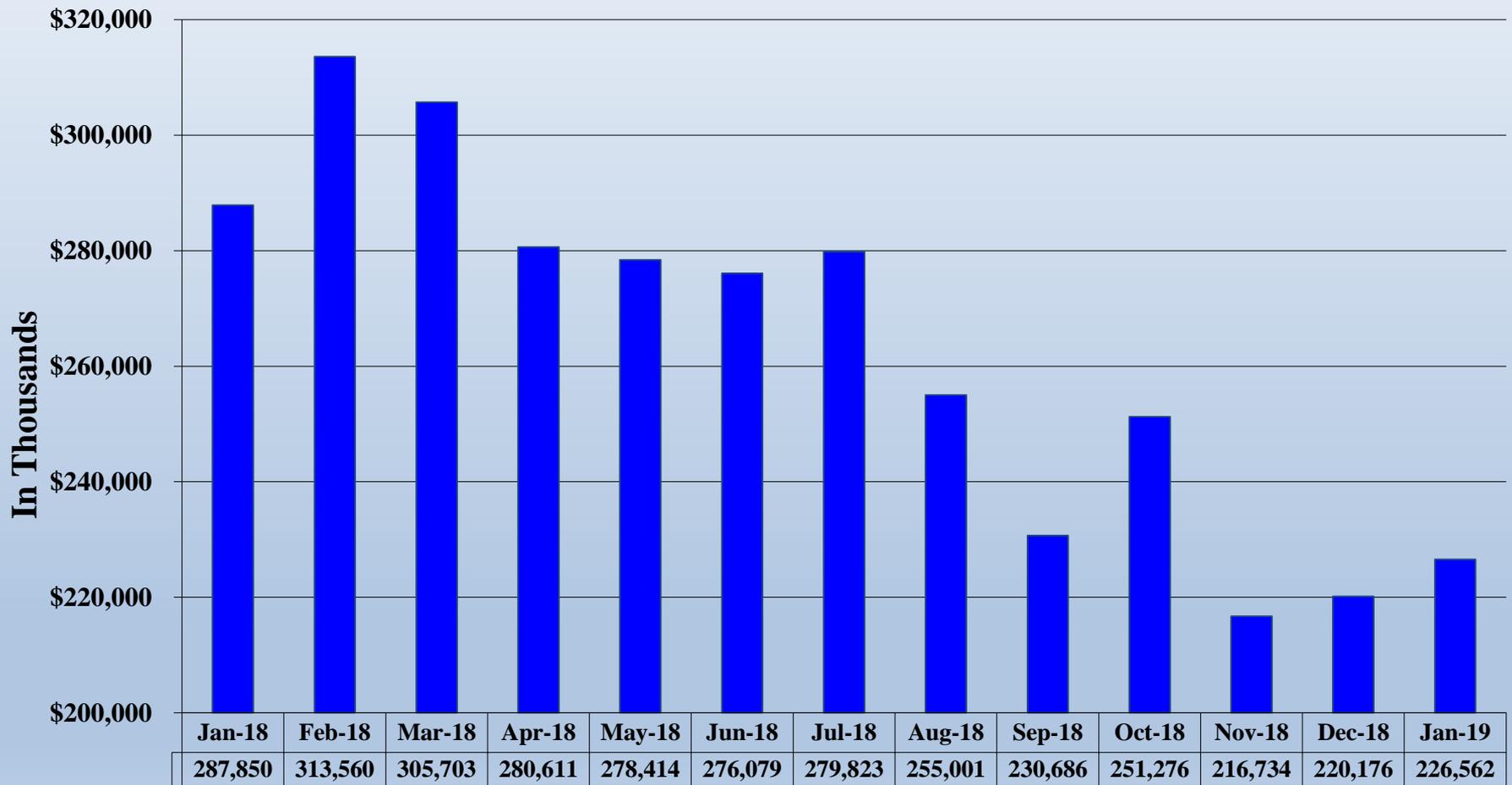
Total Accounts Receivable – Gross

Thirteen Month Trending



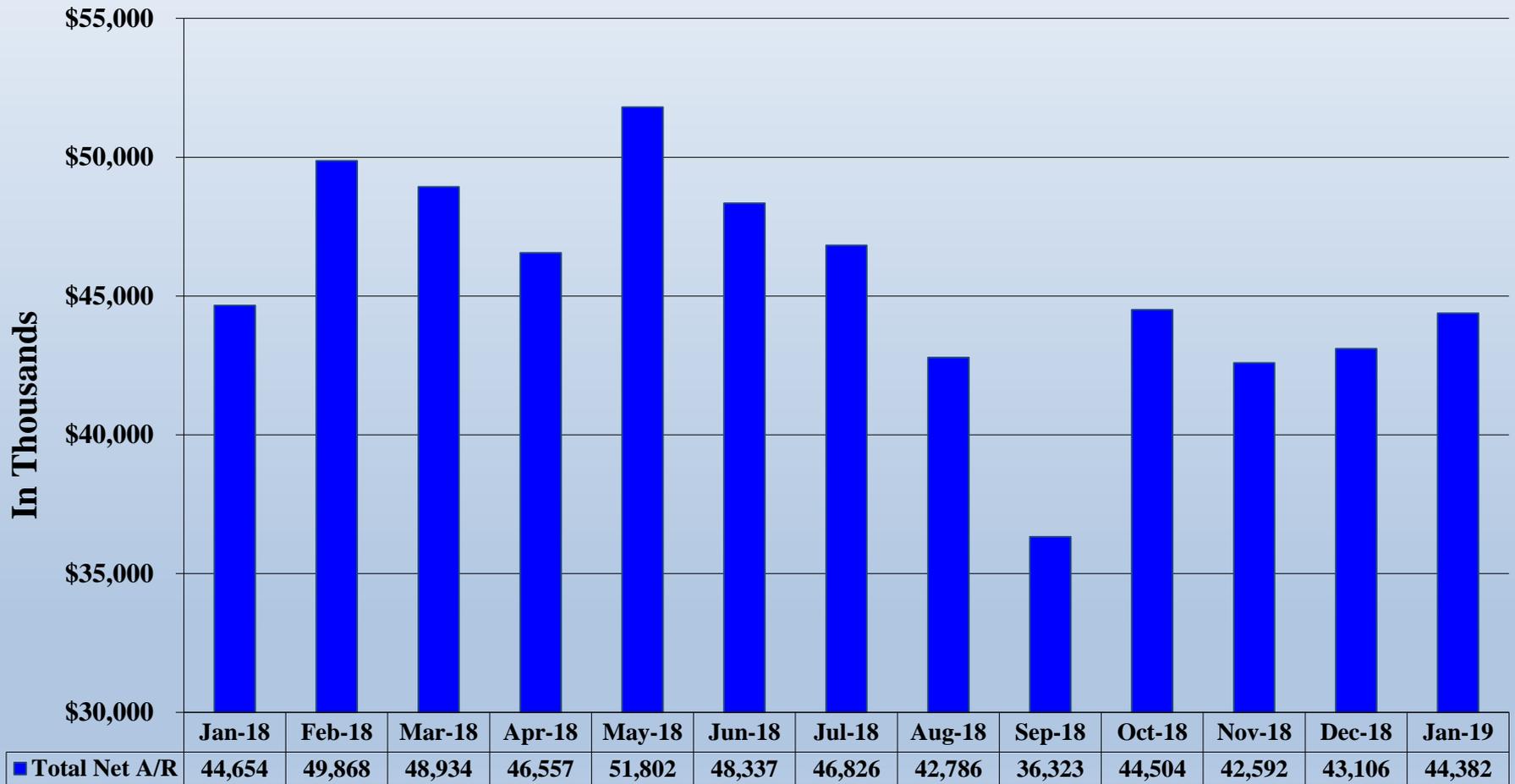
Hospital Accounts Receivable – Gross

Thirteen Month Trending



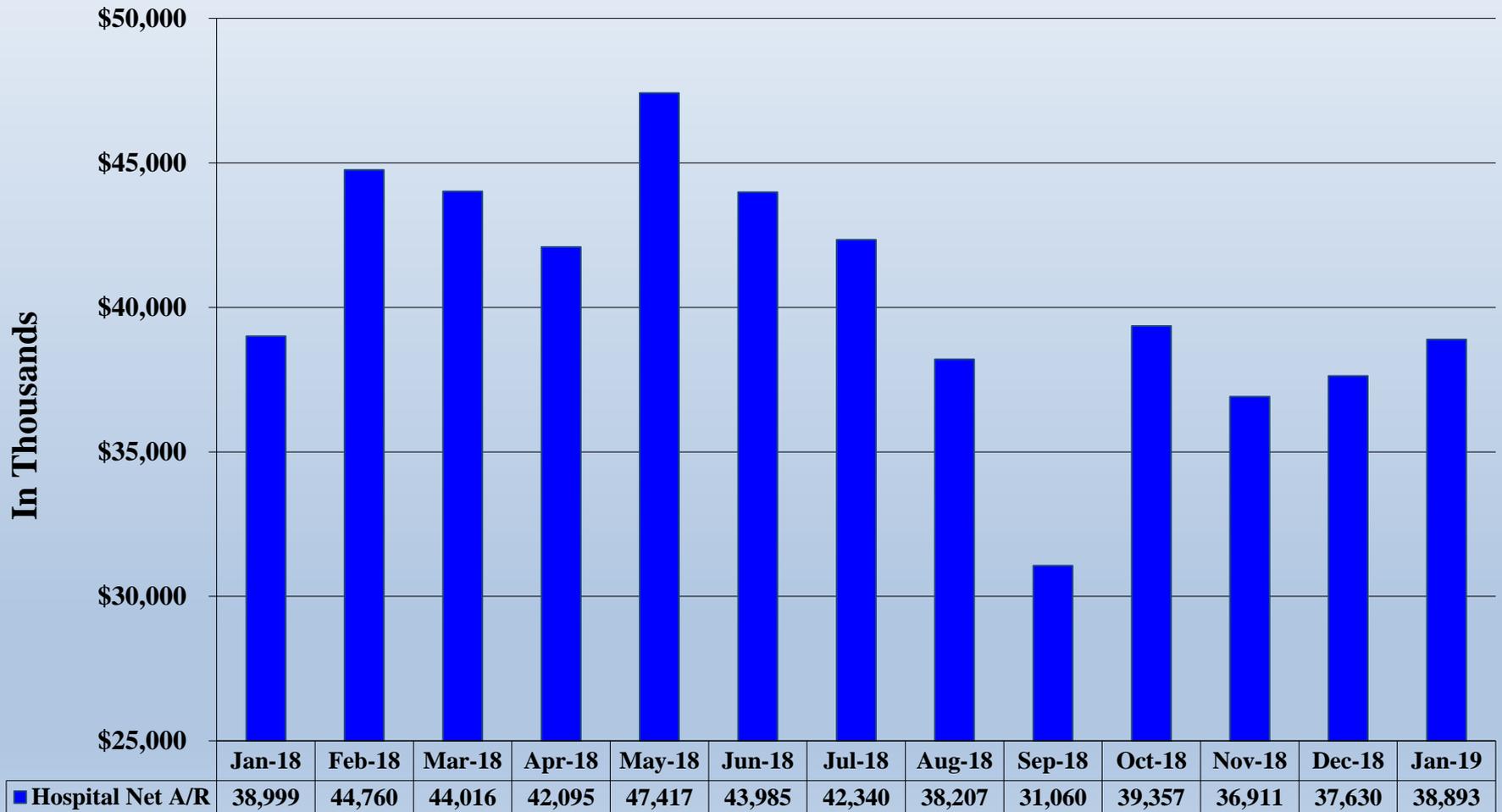
Total Net Accounts Receivable

Thirteen Month Trending



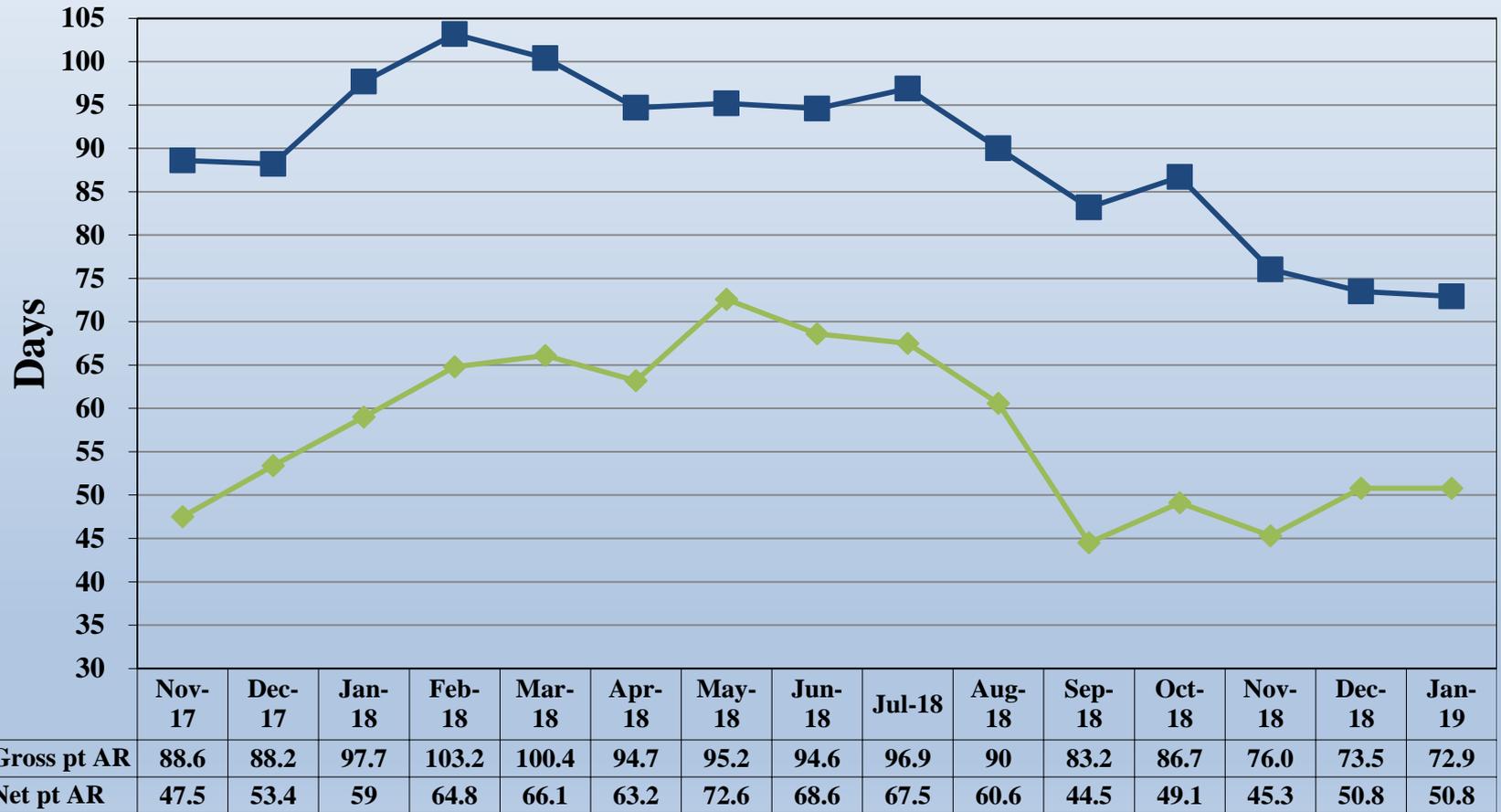
Hospital Net Accounts Receivable

Thirteen Month Trending



Days in Accounts Receivable

Ector County Hospital District

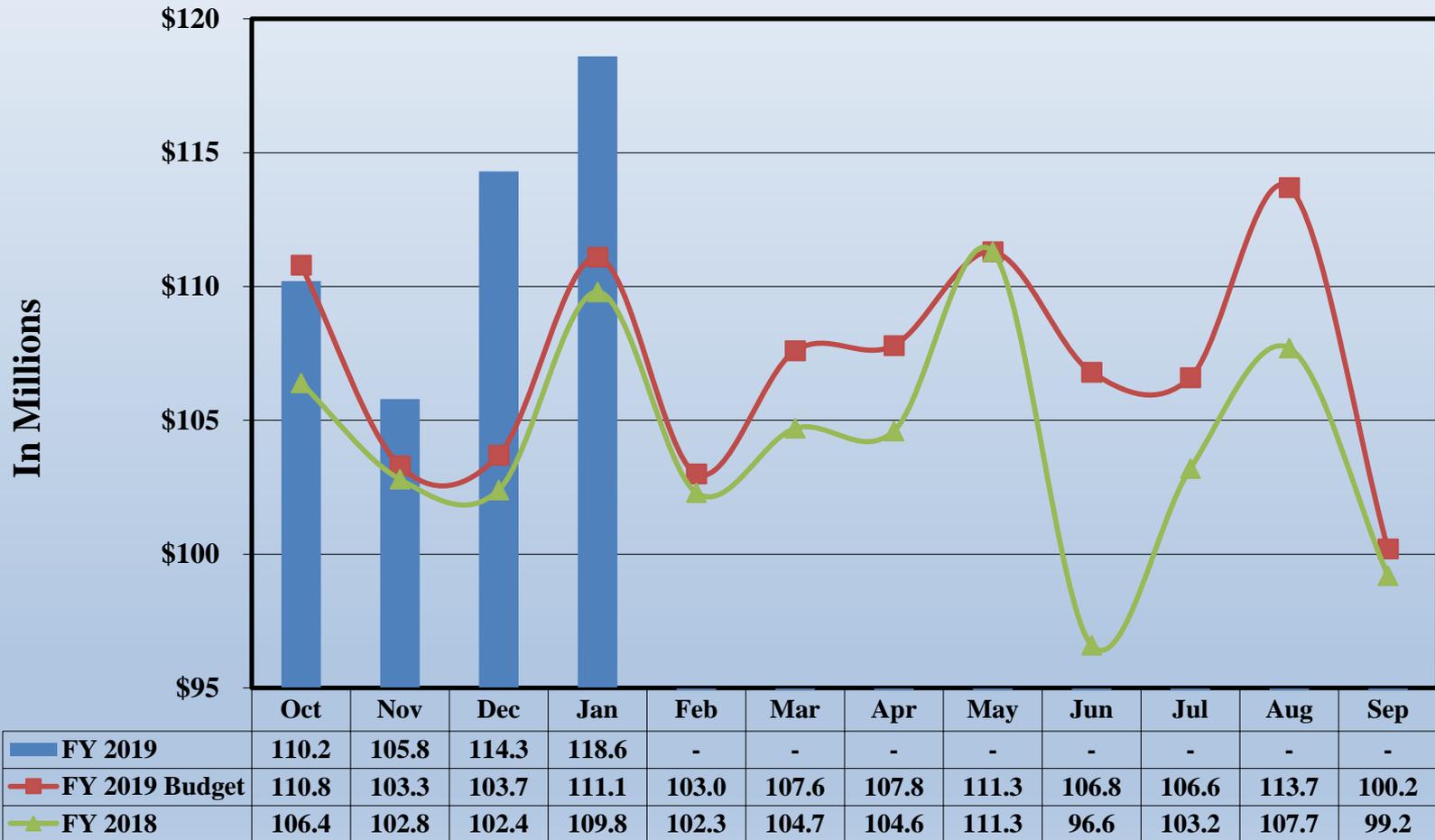


Revenues & Revenue Deductions



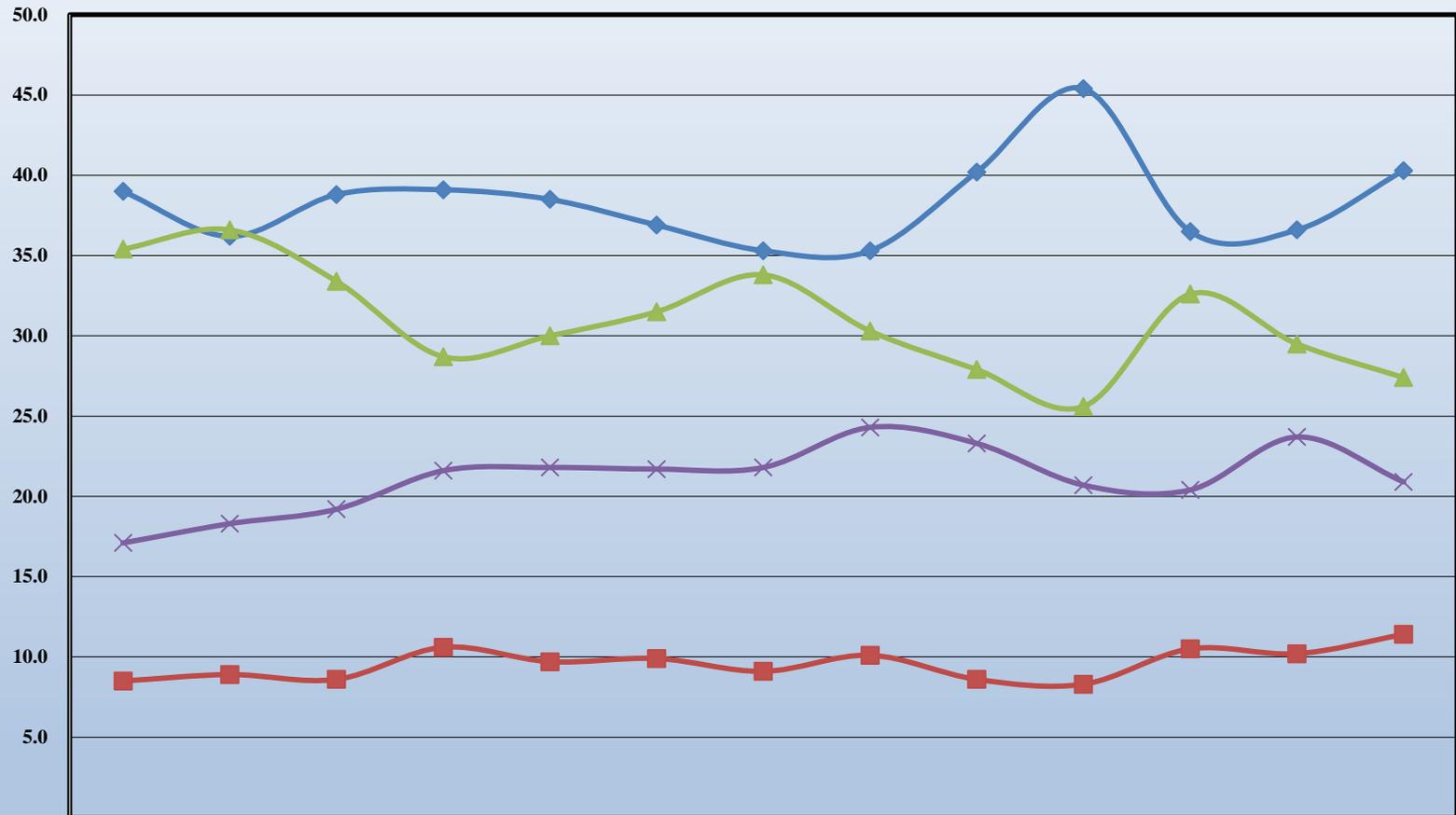
Total Patient Revenues

(Ector County Hospital District)



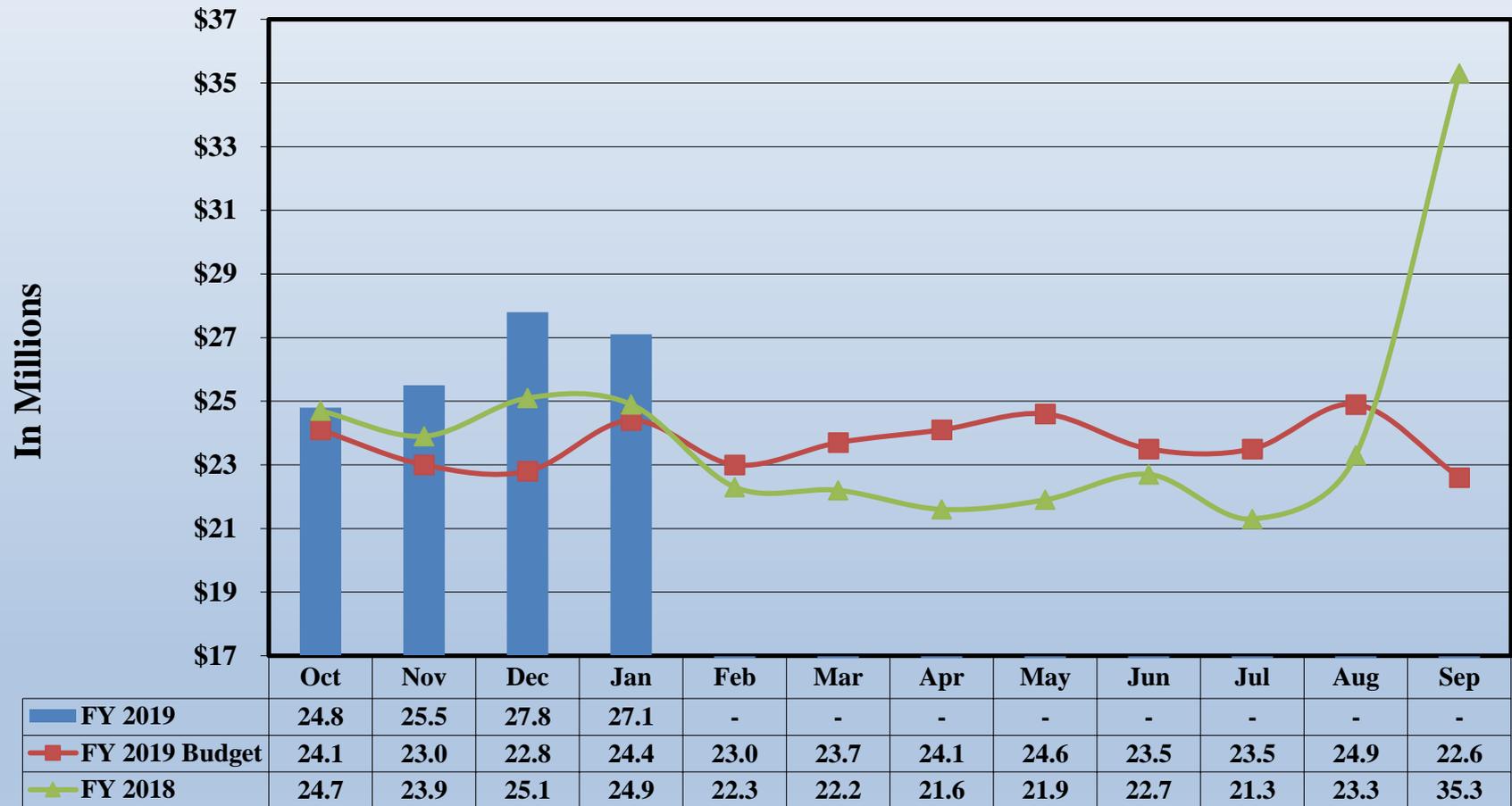
Hospital Revenue Payor Mix

13 Month Trend



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Medicare	39.0	36.2	38.8	39.1	38.5	36.9	35.3	35.3	40.2	45.4	36.5	36.6	40.3
Medicaid	8.5	8.9	8.6	10.6	9.7	9.9	9.1	10.1	8.6	8.3	10.5	10.2	11.4
Third Party	35.4	36.6	33.4	28.7	30.0	31.5	33.8	30.3	27.9	25.6	32.6	29.5	27.4
Private	17.1	18.3	19.2	21.6	21.8	21.7	21.8	24.3	23.3	20.7	20.4	23.7	20.9

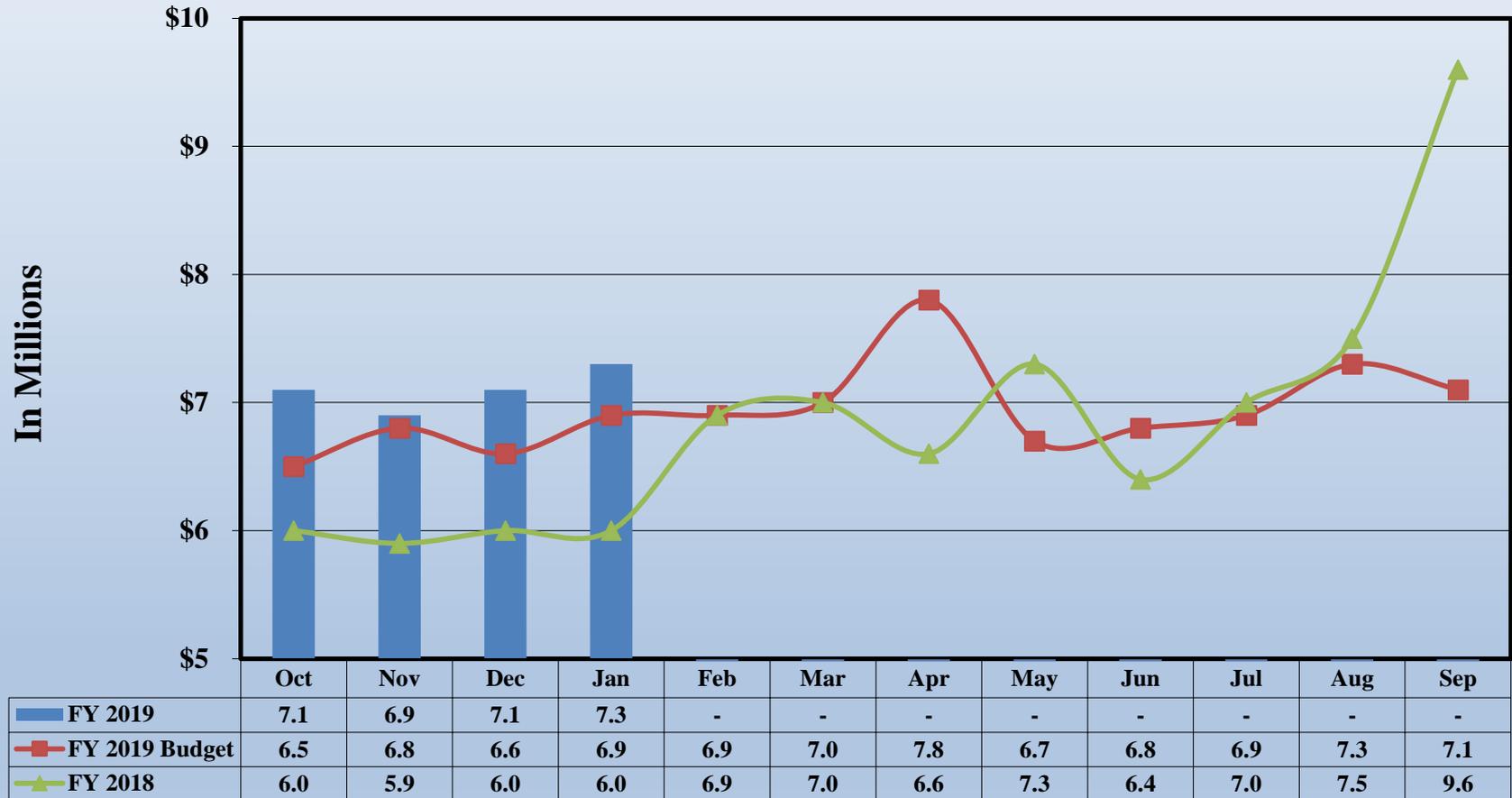
Total Net Patient Revenues



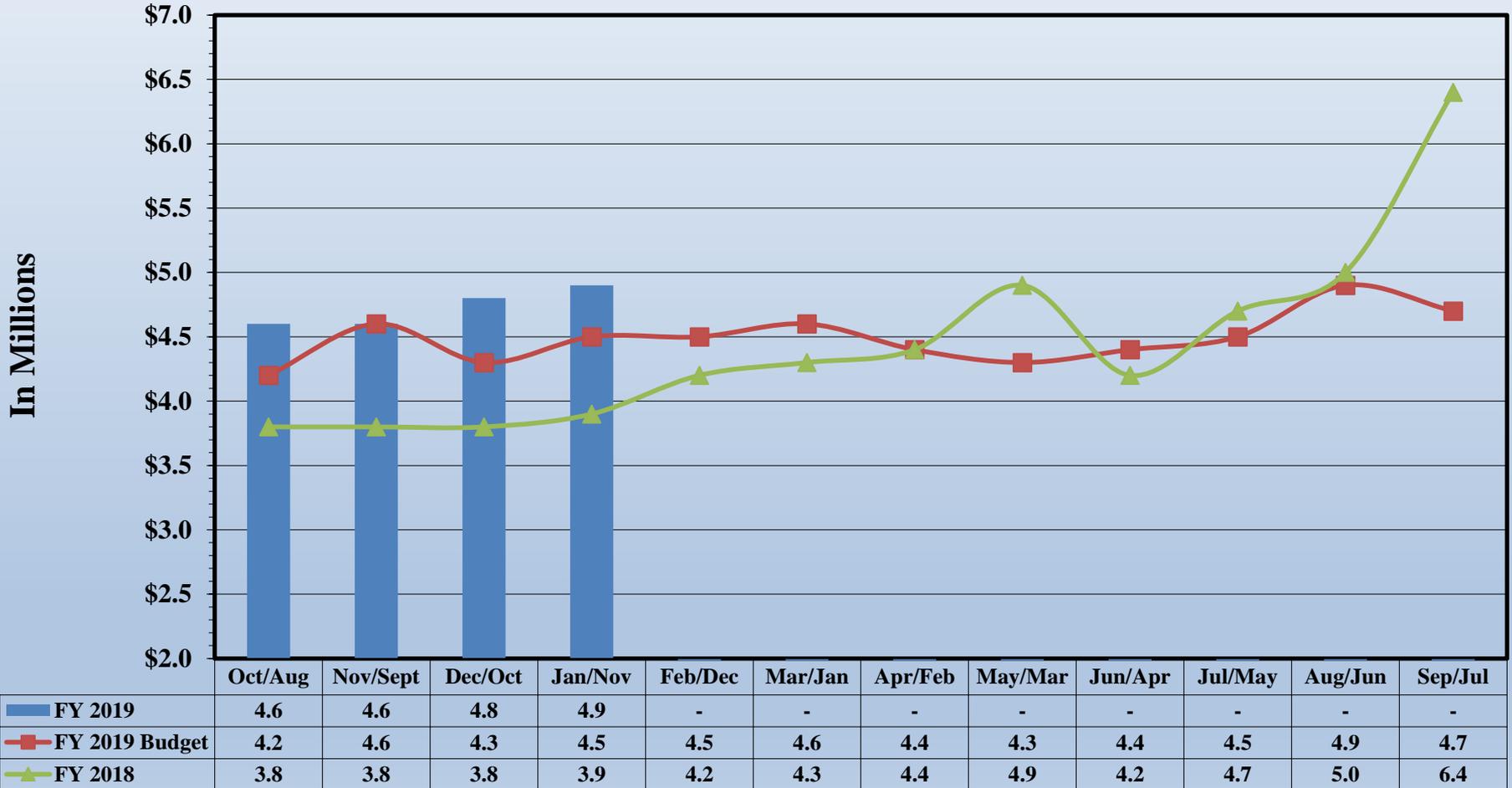
Other Revenue

(Ector County Hospital District)

Including Tax Receipts, Interest & Other Operating Income



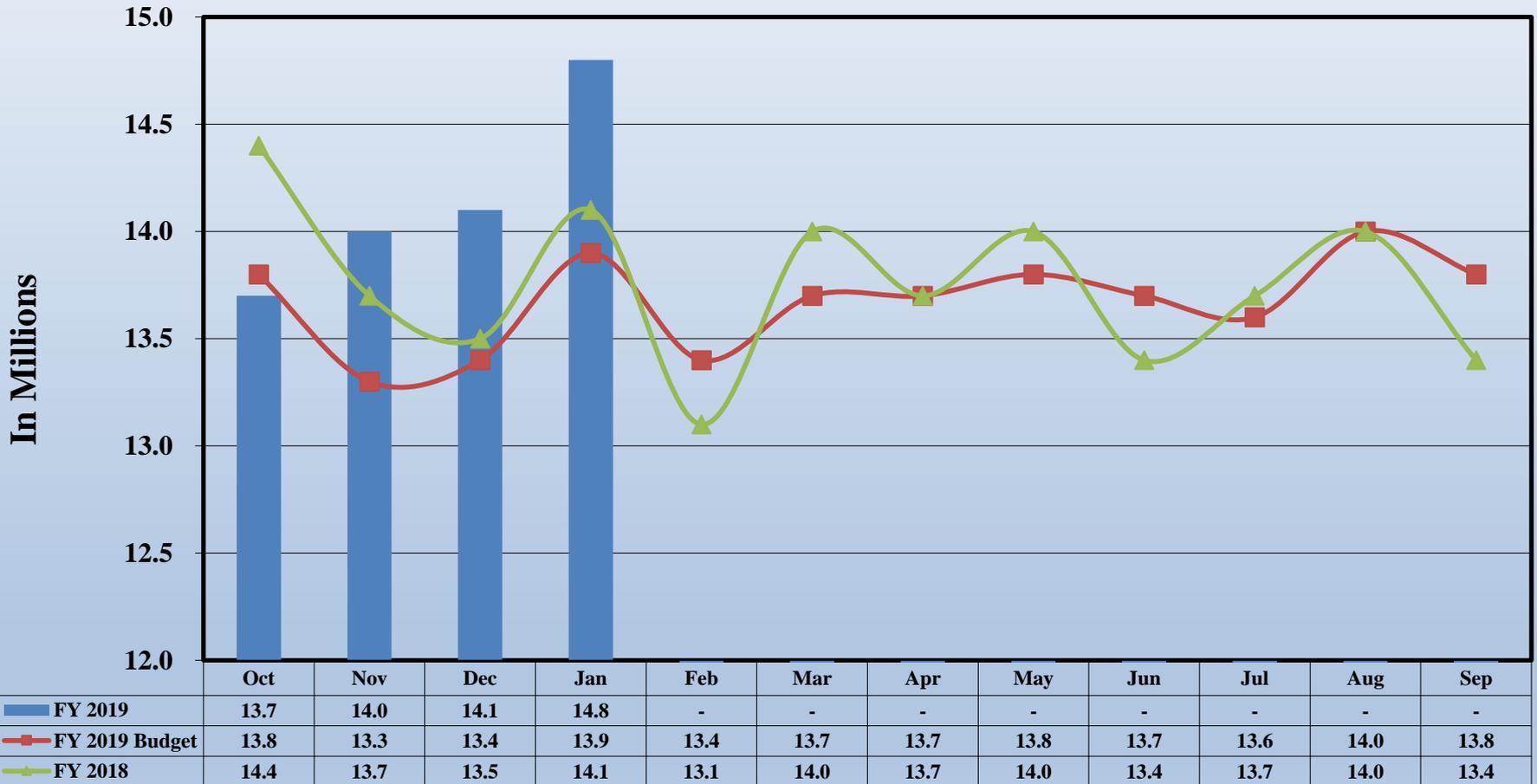
Sales Tax Receipts



Operating Expenses

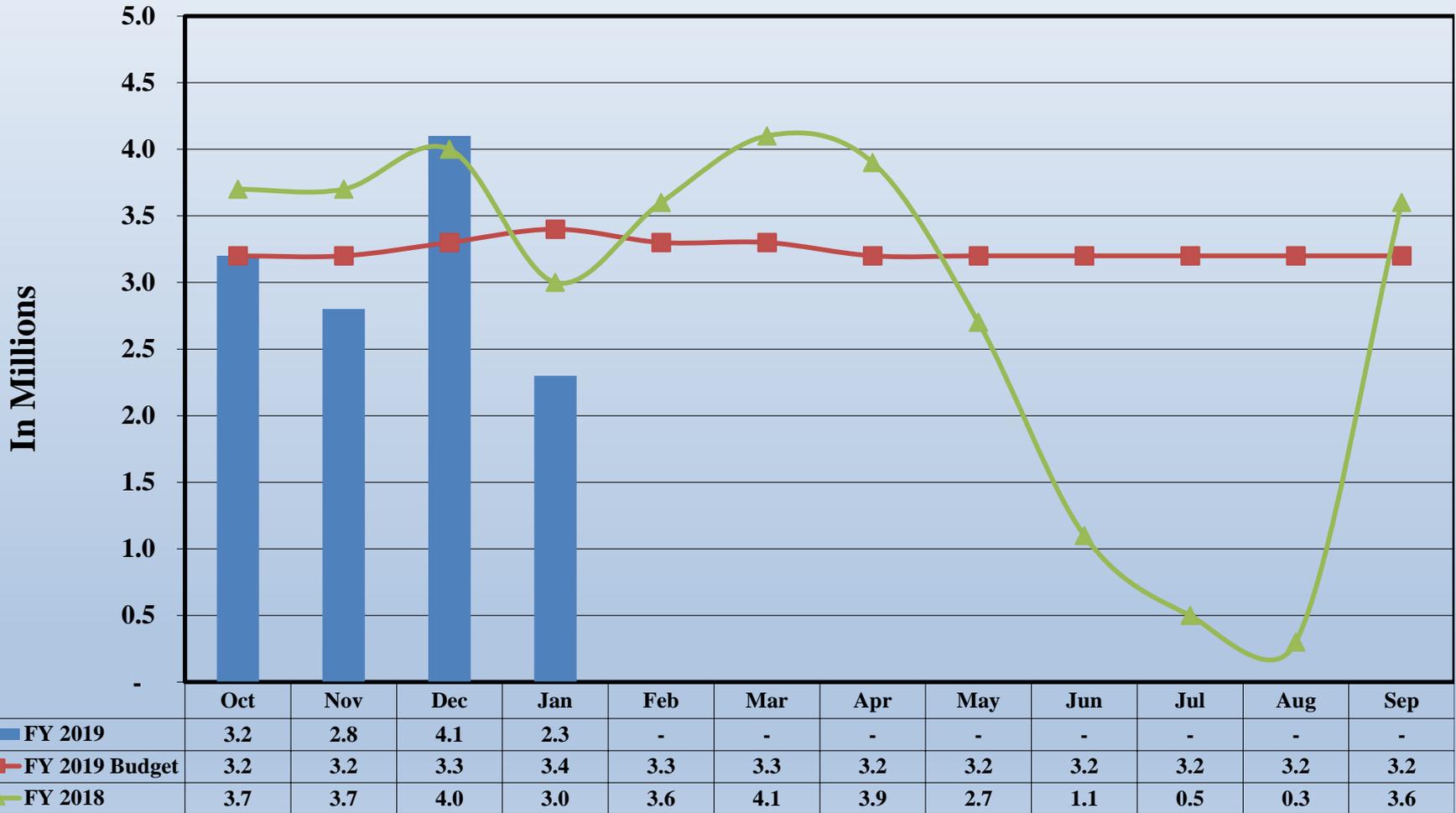


Salaries, Wages & Contract Labor (Ector County Hospital District)



Employee Benefit Expense

(Ector County Hospital District)

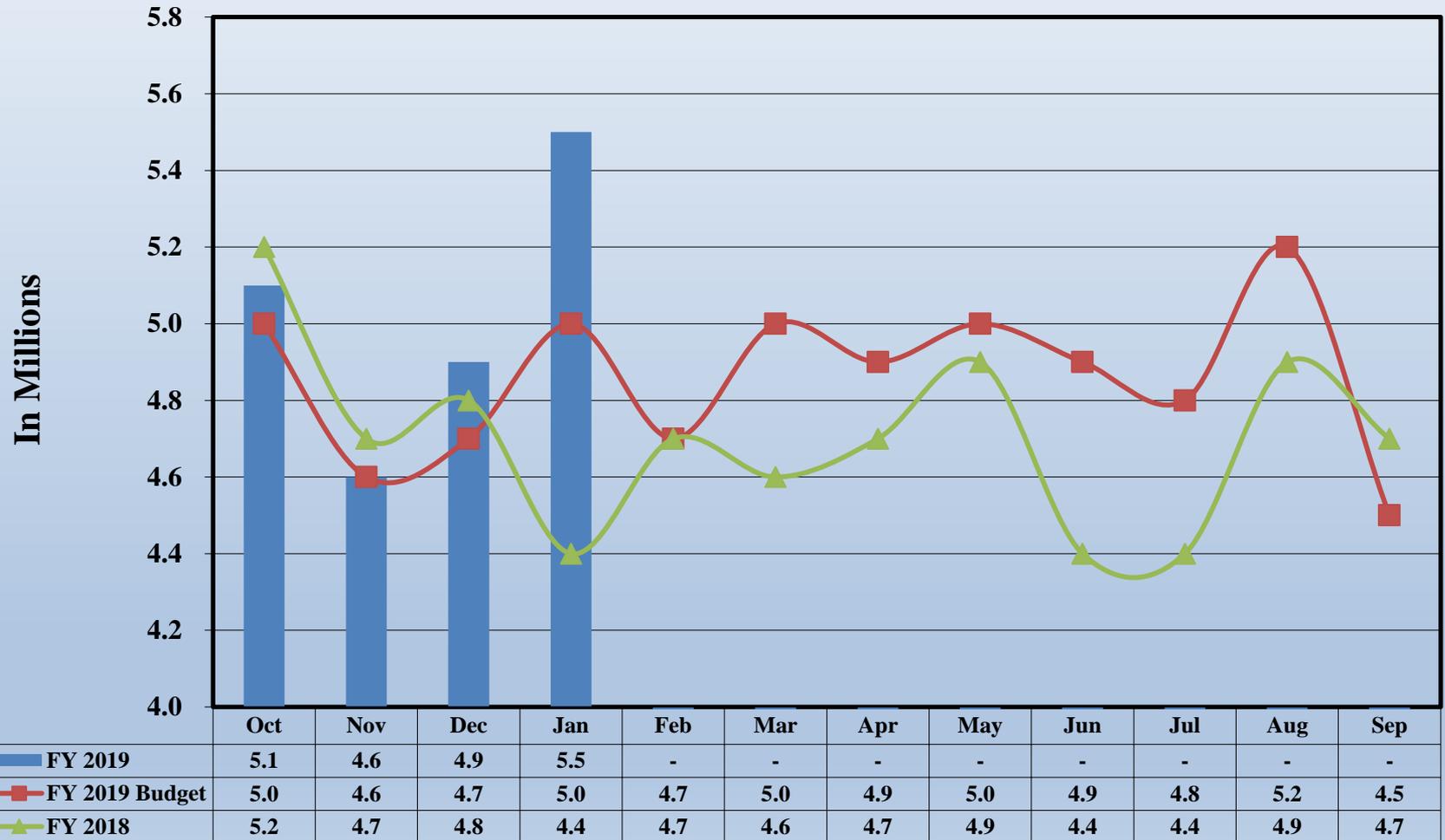


Salaries, Wages, Benefits, and Temp Labor as a % of Total Operating Expense Year-to-Date (Ector County Hospital District)

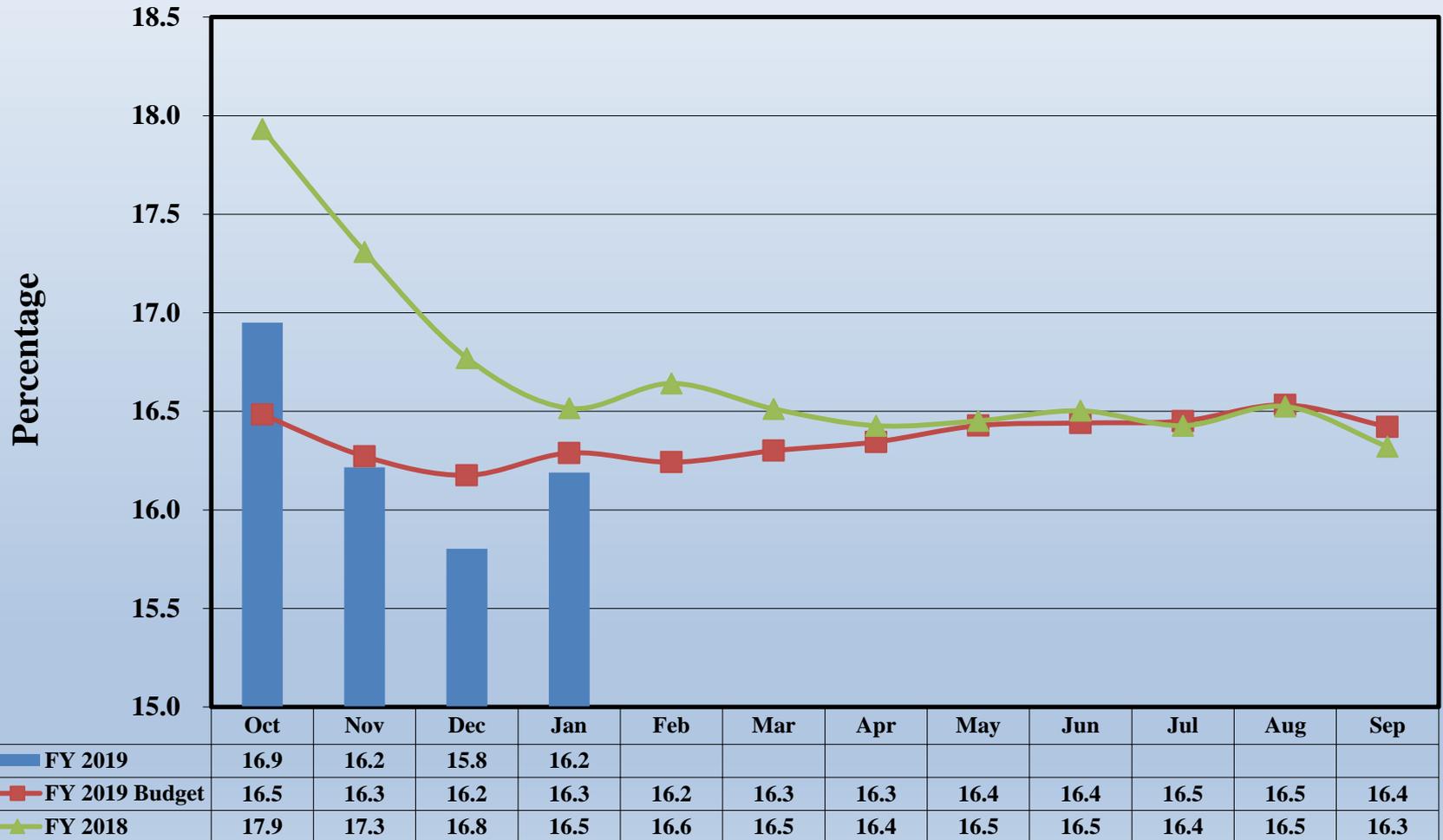


Supply Expense

(Ector County Hospital District)

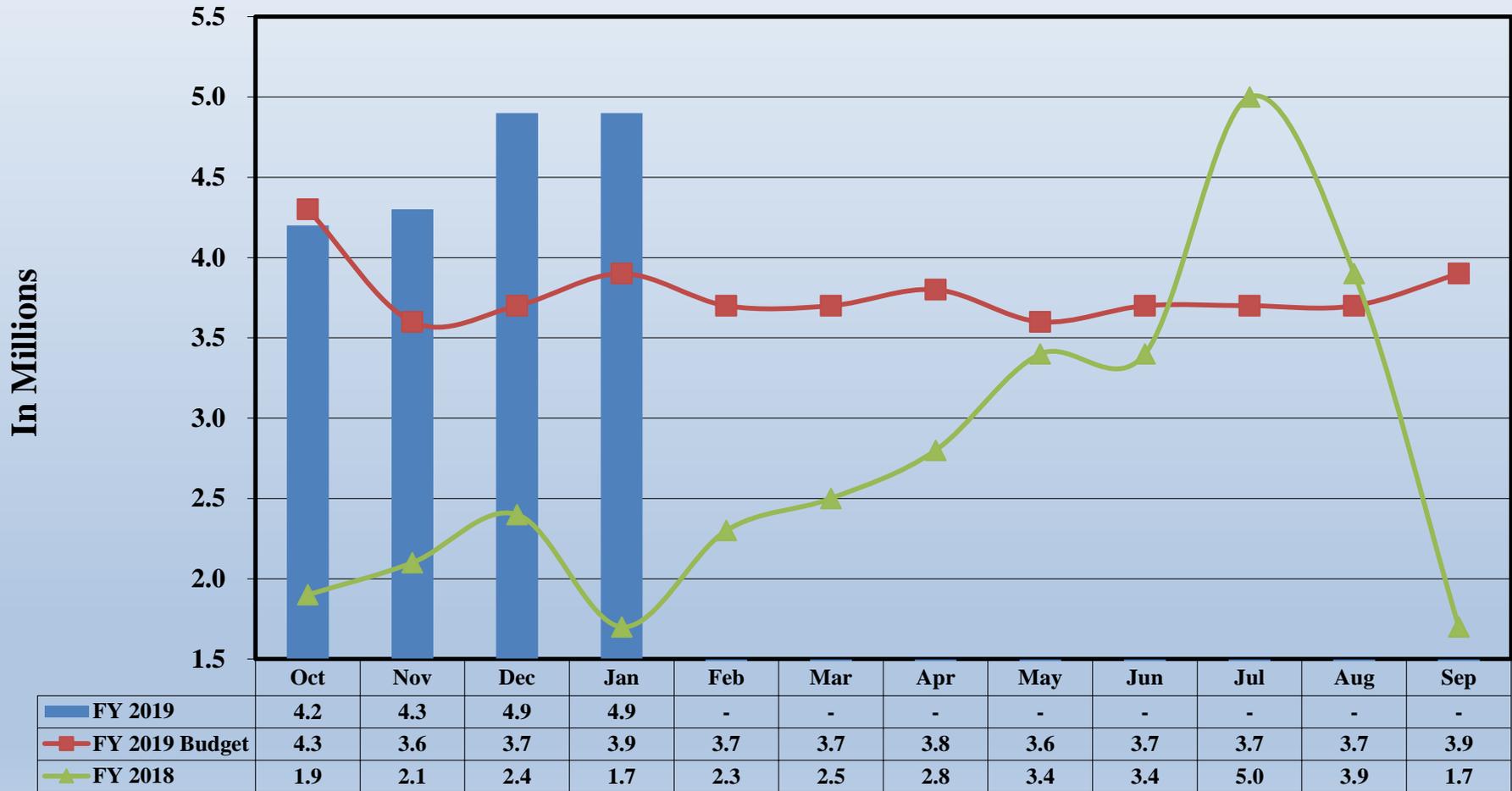


Supply Expense as a % of Total Operating Expense Year-to-Date (Ector County Hospital District)



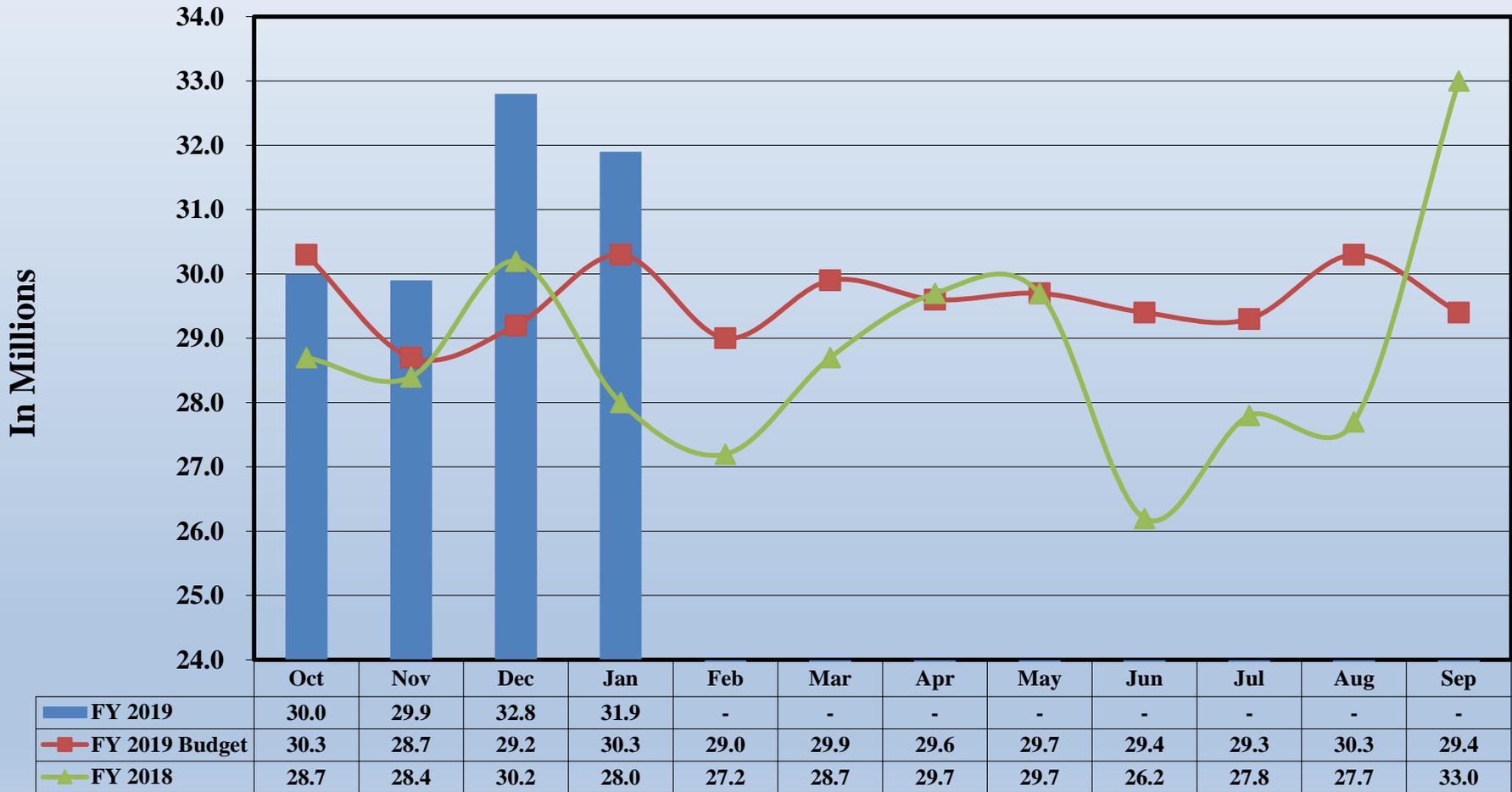
Purchased Services

(Ector County Hospital District)



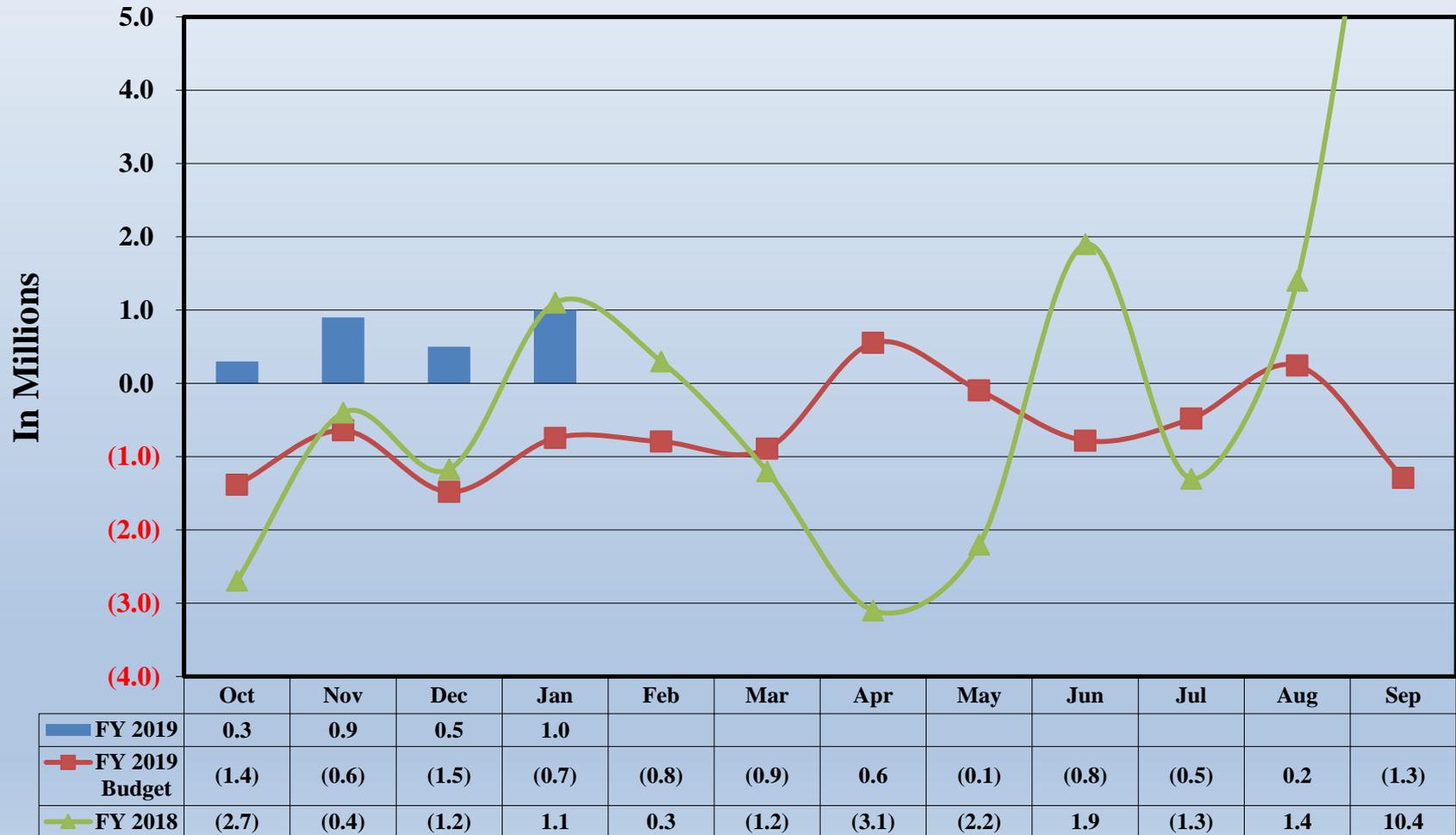
Total Operating Expense

(Ector County Hospital District)



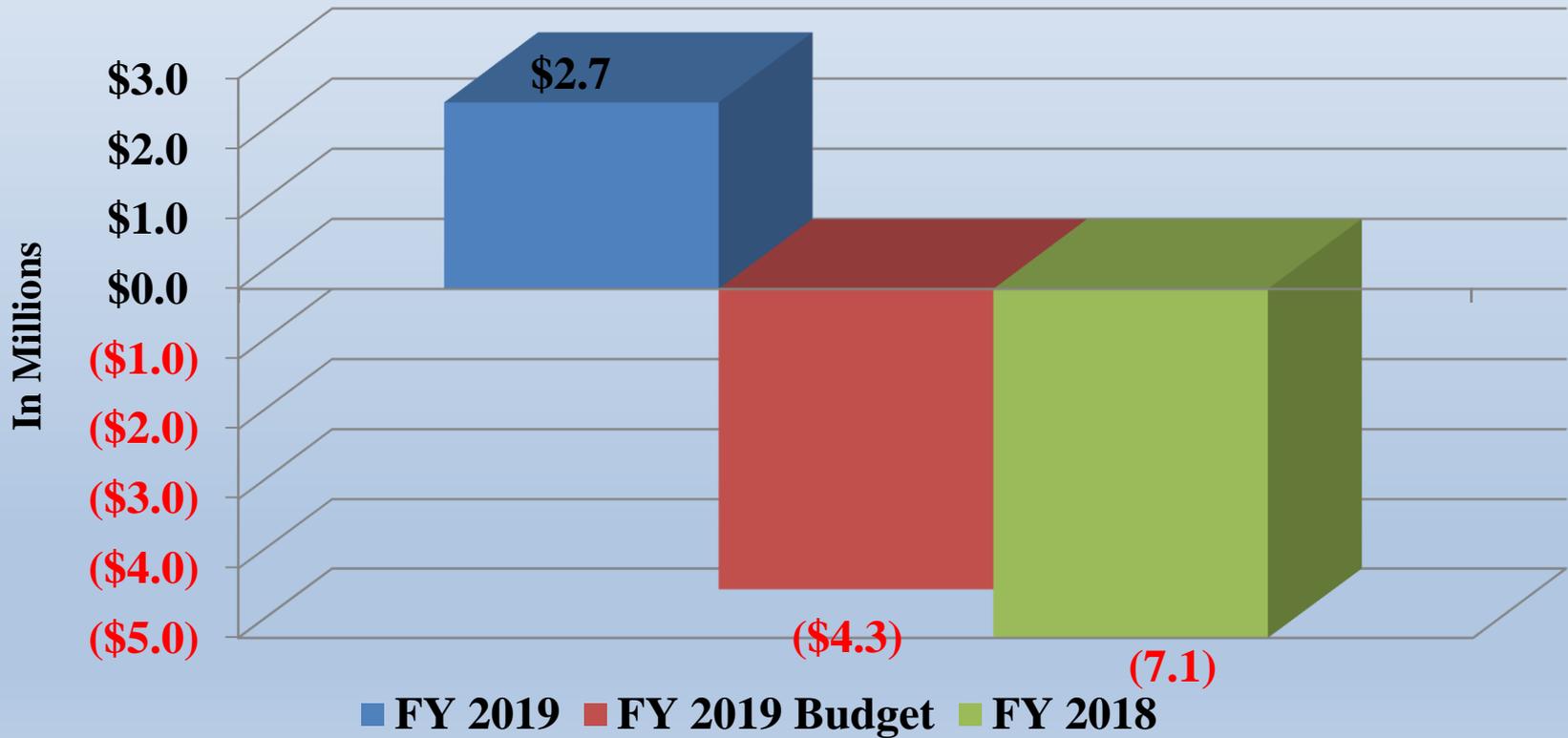
Change in Net Position

Ector County Hospital District Operations



Change in Net Position

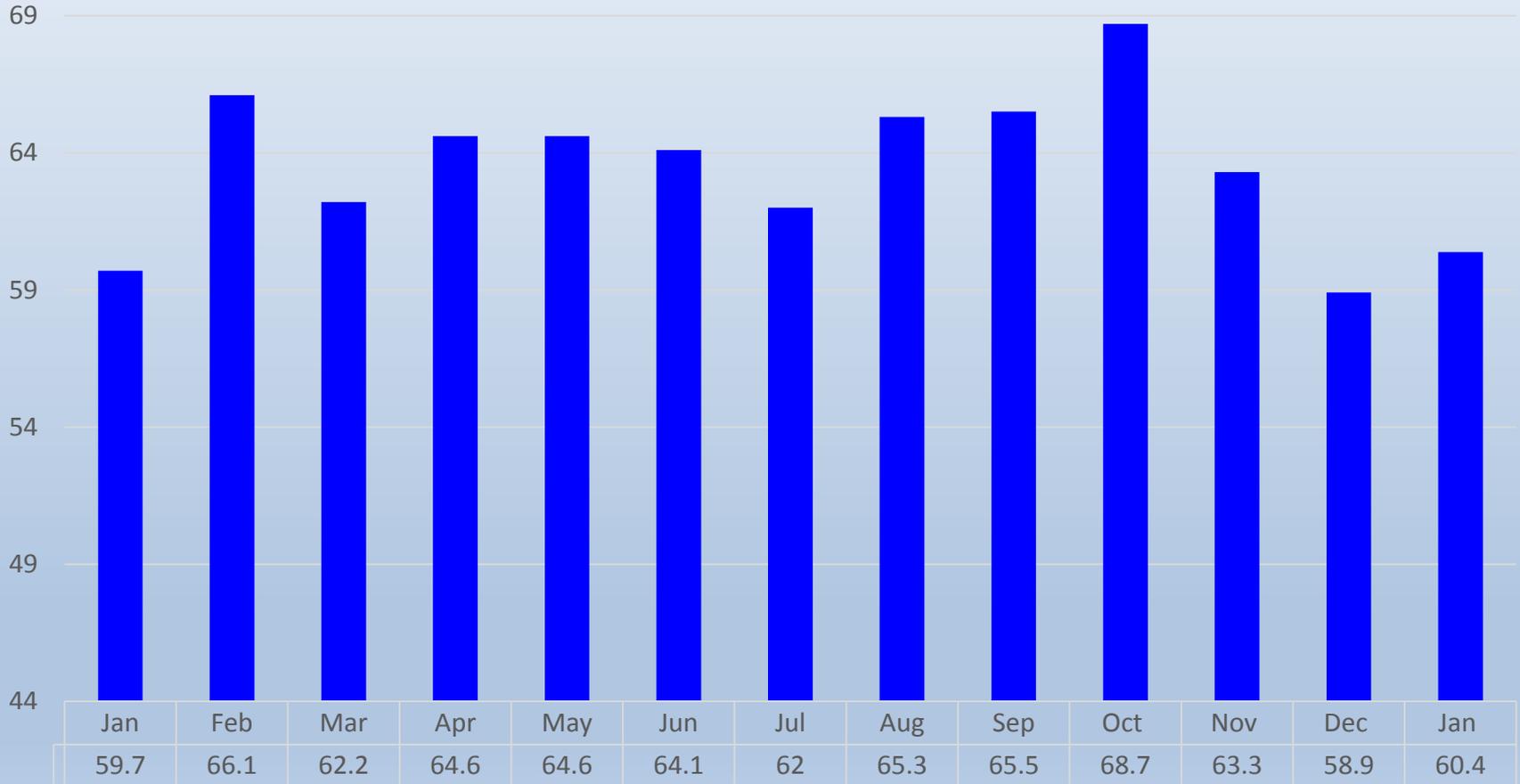
Ector County Hospital District Operations – Year to Date



Days Cash on Hand

Thirteen Month Trending

(Bond Covenant is 60 Days at 9/30/2019)



Year-to-Date Debt Service Ratio

Covenant Requirement is Greater Than 110% excluding GASB 68 and 75 Expense







To: ECHD Board of Directors
 Through: Rick Napper, President & CEO
 Through: Matt Collins, Vice-President of Clinical Support Services
 From: Carol Evans, Divisional Director - Imaging Services
 Date: 2/11/19
 RE: Acquisition of MRI Avanto Evolve Upgrade
 Open Markets #807

CER 7270-19-01:	\$133,600
Cost Siemens MRI Avanto Evolve Upgrade (7270):	<u>129,302</u>
To Contingency:	\$ 4,298

REQUEST

The Department of Radiology is requesting approval to purchase software and hardware upgrades for the Avanto MRI for a total cost of \$129,302.

OBJECTIVE

The Avanto MRI has not been upgraded since being removed from Siemens’ service contract approximately 3 years ago. Due to age the current computers are no longer supported by Siemens and can only be serviced by third party service vendors with used parts, when the parts can be located. This upgrade is a prerequisite to any future application software upgrades. Downtime due to the inability of OEM service to repair existing computers negatively impacts patient throughput.

The upgrade accomplishes the following:

- Replaces computers which will allow the OEM (original equipment manufacturer) to continue servicing the unit.
- Upgrades computers utilized to reconstruct images which will in turn shorten reconstruction time and total scan time for patients.
- Upgrades the Avanto to 32 channels which will increase signal to noise ratio and allow for the use of more advanced coils.
- Includes Syngo Blade MR Software which reduces sensitivity to movement during scans allowing for improved imaging of patients that have difficulty holding still or rapid respiration.
- Upgrade utilizes Windows 7 platform which is supported with security patches and becomes less of a liability to network security than current Windows XP platform.

- Includes clinical on-site application training for staff

IT REQUIREMENTS

Standard IT requirements for imaging equipment require ADT and order information to be sent from Cerner to the unit. Also, digital images will be sent to DR PACS and then to MCH Portal. Upgrades will use existing configurations for both systems.

VENDOR CONSIDERATION

Siemens is the only vendor that can upgrade the existing Siemens system.

FTE IMPACT

No additional FTEs are needed.

WARRANTY & SERVICE COVERAGE

Siemens warrants new hardware will be free from defects in material and manufacturing workmanship for a period of twelve months upon availability for first patient use.

MD BUYLINE

MCH received the MD Buyline recommended discount of 35.29%.

DISPOSITION OF EXISTING EQUIPMENT

Old computers will be removed and disposed of by Siemens.

COMMITTEE APPROVALS

Capital Planning	February 2019
Radiology Section Meeting	January 2019
MEC	February 2019
Joint Conference	February 2019
ECHD Board	March 2019



To: ECHD Board of Directors
 Through: Rick Napper, President & CEO
 Through: Matt Collins, Vice-President of Clinical Operations
 From: Carol Evans, Divisional Director - Imaging Services
 Date: 2/11/19
 RE: Acquisition of Shimadzu MobileDart Evolution X-Ray Unit
 Open Markets #806

CER 7260-19-02	\$133,025.00
Shimadzu MobileDart Evolution MX8k	<u>\$133,025.00</u>
To Contingency	\$ 0.00

REQUEST

The Department of Radiology is requesting approval to purchase one Shimadzu Mobile Dart Evolution MX8k portable x-ray unit at a total cost of \$133,025.

OBJECTIVE

This acquisition will replace a 10 year old Shimadzu MobileDart unit installed in January 2009. This acquisition is part of a plan to replace all of the portables in the department due to age and frequent downtime. The current system has reached both “end of life” and “end of support”. Parts are becoming increasingly difficult to locate are no longer produced. This is a high use unit dedicated to the Emergency Department patients and floor patients.

IT REQUIREMENTS

Digital images will be sent to DR PACS and then to MCH Portal.

VENDOR CONSIDERATION

Vendor	Cost
Shimadzu	\$133,025.000
Philips	\$152,597.65
Siemens	\$137,500.00

Shimadzu is the vendor of choice. It is priced \$4,475.00 less than the next closest competitor. The Shimadzu software is familiar to all of the end users as we currently

have several of these units throughout the health system. Shimadzu has proven to be a solid platform in the past and is the only unit that has the ability to merge patient information after images are captured. This is very convenient in trauma situations where all patient information is not available at the time of the procedure. This unit is integrated with the same digital detector chosen for most of the radiology units throughout the health care system. The Shimadzu portable unit has the smallest footprint allowing ease of transport through the hospital.

FTE IMPACT

No additional FTEs are needed.

WARRANTY & SERVICE COVERAGE

Shimadzu warrants the system will be free from defects in material and manufacturing workmanship for a period of twelve months upon availability for first patient use.

MD BUYLINE

MD Buyline recommended a discount of 60.10%. We received a discount of 60.10%.

DISPOSITION OF EXISTING EQUIPMENT

The 10 year old unit will be donated to the Odessa College Radiologic Technology program.

COMMITTEE APPROVALS

Radiology Section Meeting	10/19/17
FCC	February 2019
MEC	February 2019
Joint Conference	February 2019
ECHD Board	March 2019



THE BOARD OF DIRECTORS OF THE
ECTOR COUNTY HOSPITAL DISTRICT

A RESOLUTION
Opposing proposed Legislation

WHEREAS, the Texas legislature has previously considered and rejected proposals for additional revenue caps on local governmental entities; and

WHEREAS, Texas law requires that, if the effective tax rate assessed against real property within a city is increased by more than eight percent (8%) over the rate assessed for the previous calendar year, the qualified voters residing in the city can petition for an election to roll back the increase; and

WHEREAS, Senate Bill 2 and House Bill 2 have been introduced in the 86th Regular Session of the Texas Legislature to cap the amount of property tax revenue local government can collect each year in an alleged attempt to reduce the property tax burden on homeowners and businesses; and

WHEREAS, the Texas Senate property tax committee passed an amended version of Senate Bill 2 in February 2019, lowering the “rollback rate” to 2.5%, which would require mandatory elections on an increase over an artificially low threshold; and

WHEREAS, revenue caps would interfere with the current Truth in Taxation rules; and

WHEREAS, the proposed legislation will contravene the Sales Tax Adjustment calculation used in computing the Roll Back Rate for Special Districts (including ECHD); and

WHEREAS, revenue cap proposals that require a rollback election if a city exceeds the lowered rollback rate of 2.5% do not address Special Districts that receive necessary funding from both the Ad Valorem and Sales Tax in their District; and

WHEREAS, proceeds from the Ector County Ad Valorem and Sales Tax allow ECHD to better provide quality healthcare for the Permian Basin. Without these funds, ECHD would not be able to fund necessary healthcare professionals, services, goods, items, and facilities.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ECTOR COUNTY HOSPITAL DISTRICT:

That the Board of Directors of Ector County Hospital District is opposed to Senate Bill 2, House Bill 2, and the imposition through State law of any revenue cap or any other legislation that interferes with Roll Back Rate for Special Districts, especially those who receive Ad Valorem and Sales Tax from their Districts.

The imposition of revenue caps through legislature does not provide meaningful property tax relief and diverts attention from ECHD's important work of delivering quality healthcare to the people in Ector County.

The Board of Directors directs that its opposition to HB2/SB2 be communicated to the Texas Legislature, and its duly elected representatives to oppose the legislation as currently proposed and to consider adding an exemption from HB2/SB2 for those Special Districts in the State that receive both Ad Valorem and Sales Tax within their respective Districts

We, the Board of Directors of the Ector County Hospital District, resolve that the CEO of the System and/or his designee are hereby authorized to take all actions necessary to effectuate this resolution.

PASSED AND APPROVED by the Board of Directors of the Ector County Hospital District this the 12th day of March 2019.

Mary Thompson, Chairperson
Ector County Hospital District

David Dunn, Vice President
Ector County Hospital District

Don Hallmark, Member
Ector County Hospital District

,
Richard Herrera, Member
Ector County Hospital District

Mary Lou Anderson, Member
Ector County Hospital District

Bryn Dodd, Member
Ector County Hospital District

Ben Quiroz, Member
Ector County Hospital District

**Ector County Hospital District
d/b/a Medical Center Health System**

Independent Auditor's Report and Financial Statements

September 30, 2018 and 2017



**Ector County Hospital District
d/b/a Medical Center Health System
September 30, 2018 and 2017**

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Independent Auditor's Report

Board of Directors
Ector County Hospital District
d/b/a Medical Center Health System
Odessa, Texas

We have audited the accompanying financial statements of Ector County Hospital District d/b/a Medical Center Health System (District) as of September 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Ector County Hospital District
d/b/a Medical Center Health System
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in *Note 1* to the financial statements, in 2018, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 the management's discussion and analysis, pension information and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements and other knowledge we obtained during our audits of the basic 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.

Dallas, Texas
March , 2019

Ector County Hospital District d/b/a Medical Center Health System

Management's Discussion and Analysis September 30, 2018 and 2017

Introduction

This management's discussion and analysis of the financial performance of Ector County Hospital District d/b/a Medical Center Health System (District) provides an overview of the District's financial activities for the years ended September 30, 2018 and 2017. It should be read in conjunction with the accompanying financial statements of the District.

Financial Highlights

- In 2018, the District adopted GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Adoption of GASB 75 resulted in a restatement of beginning net position at October 1, 2017 of \$2,467,770. Prior year financial statements have not been restated for the adoption of GASB 75.
- The District's net position increased \$2,712,410, or 1.36%, in 2018 and decreased \$27,165,545, or 11.96%, in 2017.
- The District reported operating losses in both 2018 (\$69,011,428) and 2017 (\$77,172,612). The operating loss in 2018 decreased by \$8,161,184, or 10.58%, over the operating loss reported in 2017. The operating loss in 2017 increased by \$17,732,342, or 29.83%, from the operating loss reported in 2016. The decrease in the operating loss in 2018 is primarily attributable to improvements in collecting net patient service revenue and lower salaries, wages and benefits expense as a result of actuarial changes to the pension plan.
- Net nonoperating revenues increased \$19,249,001 or 38.49%, in 2018 compared to 2017 and increased \$7,844,608 or 18.61%, in 2017 compared to 2016. The increase from 2017 to 2018 is mostly attributable to tax revenue increasing \$20,501,968, or 41.81%, due to local economic growth.
- Cash and investments increased in 2018 by \$15,465,264, or 30.26%, and decreased in 2017 by \$46,037,932, or 47.39%. The increase is primarily due to improvements in cash collections of patient service revenue.

Using This Annual Report

The District's financial statements consist of three statements—a balance sheet; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the activities of the District, including resources held by the District but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The District is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about any hospital's finances is "Is the hospital as a whole better or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that

all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. The District's total net position—the difference between assets, liabilities and deferred inflows and outflows of resources—is one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the District's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients and local economic factors should also be considered to assess the overall financial health of the District.

The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

The District's Net Position

The District's net position is the difference between its assets and liabilities reported in the balance sheets. A summary of the District's balance sheets is presented in the following table.

Table 1: Assets and Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

	2018	2017	2016
Assets			
Patient accounts receivable, net	\$ 36,525,187	\$ 36,990,384	\$ 34,491,526
Other current assets	75,992,873	67,590,285	80,969,056
Capital assets, net	188,853,364	202,063,585	195,261,844
Other noncurrent assets	<u>35,732,986</u>	<u>27,767,069</u>	<u>53,618,575</u>
Total assets	<u>337,104,410</u>	<u>334,411,323</u>	<u>364,341,001</u>
Deferred Outflows of Resources			
	<u>6,725,511</u>	<u>31,204,964</u>	<u>37,430,525</u>
Total assets and deferred outflows of resources	<u><u>\$ 343,829,921</u></u>	<u><u>\$ 365,616,287</u></u>	<u><u>\$ 401,771,526</u></u>
Liabilities			
Long-term debt	\$ 48,820,020	\$ 53,457,919	\$ 58,056,938
Net pension liability	16,375,651	42,863,645	37,825,549
Other postemployment benefits	24,371,843	23,760,150	24,973,752
Other current and noncurrent liabilities	<u>46,465,735</u>	<u>44,519,747</u>	<u>51,220,223</u>
Total liabilities	<u>136,033,249</u>	<u>164,601,461</u>	<u>172,076,462</u>
Deferred Inflows of Resources	<u>5,101,629</u>	<u>1,032,193</u>	<u>2,546,886</u>
Net Position			
Net investment in capital assets	142,471,289	152,623,553	144,218,394
Unrestricted	<u>60,223,754</u>	<u>47,359,080</u>	<u>82,929,784</u>
Total net position	<u>202,695,043</u>	<u>199,982,633</u>	<u>227,148,178</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 343,829,921</u></u>	<u><u>\$ 365,616,287</u></u>	<u><u>\$ 401,771,526</u></u>

Total assets and deferred outflows of resources decreased by \$21,786,366, or 5.96%, between 2017 and 2018. Significant changes in the balance sheet include the following for 2018:

- Cash and investments increased by \$15,465,264, or 30.26%, primarily due to improvements in cash collections of patient service revenue.
- Deferred outflows of resources decreased by \$24,479,453, or 78.45%. This decrease is primarily attributable to the amortization of the difference between projected pension plan investment earnings and actual earnings that is recognized as a component of pension expense.
- Capital assets, net, decreased \$13,210,221, or 6.54%, mostly due to depreciation expense exceeding capital asset additions.
- Long-term debt decreased \$4,637,899, or 8.68%, as the District did not borrow any additional funds during 2017, and continued to make payments towards the debt taken in 2015 for the purpose of upgrading their information technology system, as well as continued payments on the bonds payable.

Total assets and deferred outflows of resources increased \$36,155,239, or 9.00%, between 2016 and 2017. Significant changes in the balance sheet include the following for 2017:

- Cash and investments decreased by \$46,037,932, or 47.39%, primarily due to significant capital outlay, an increased operating loss from 2016 and a system conversion in April 2017 which impacted billing and collections.
- Deferred outflows of resources decreased by \$6,225,561, or 16.63%. This decrease was primarily attributable to the difference between projected pension plan investment earnings and actual earnings that will be recognized as a component of pension expense in future years.
- Capital assets, net, increased \$6,801,741, or 3.48%, due to significant capital outlay during the year, mostly relating to information technology equipment and system upgrades, as well as building renovations and additions.
- Long-term debt decreased \$4,599,019, or 7.92%, as the District did not borrow any additional funds during 2017, and continued to make payments towards the debt taken in 2015 for the purpose of upgrading their information technology system, as well as continued payments on the bonds payable and the capital lease obligation.
- Fiscal year 2017 was significantly impacted by implementing the Cerner Medical Records system as mandated by federal law. The implementation occurred on April 1, 2017, and resulted in a number of issues with the system's revenue cycle process. Those issues caused increased reserves in the hospital system's accounts receivable, negatively impacting the net position.

Operating Results and Changes in the District's Net Position

The following table presents a summary of the District's revenues and expenses for each of the years ended September 30, 2018, 2017 and 2016:

Table 2: Operating Results and Changes in Net Position

	2018	2017	2016
Operating Revenues			
Net patient service revenue	\$ 260,903,758	\$ 233,103,031	\$ 239,328,838
Nursing facility revenue	-	4,234,884	6,048,805
Supplemental Medicaid funding	38,970,949	40,901,384	37,740,852
Other revenue	10,403,815	10,629,310	13,284,360
	<u>310,278,522</u>	<u>288,868,609</u>	<u>296,402,855</u>
Operating Expenses			
Salaries, wages and employee benefits	186,682,414	190,173,678	184,495,254
Purchased services and professional fees	80,443,223	49,540,342	43,127,599
Supplies and other	80,191,558	81,942,623	84,227,945
Intergovernmental transfers	11,859,566	23,910,634	23,639,126
Depreciation and amortization	20,113,189	20,473,944	20,353,201
	<u>379,289,950</u>	<u>366,041,221</u>	<u>355,843,125</u>
	<u>(69,011,428)</u>	<u>(77,172,612)</u>	<u>(59,440,270)</u>
Operating Loss			
Nonoperating Revenues (Expenses)			
Tax revenue, net	69,533,108	49,031,140	40,229,305
Interest expense	(3,243,940)	(2,912,362)	(2,892,574)
Build America Bond interest subsidy	1,013,231	1,009,634	1,011,243
Contributions	55,890	647,399	1,085,004
Other nonoperating revenues, net	1,897,779	2,231,256	1,300,421
Gain from insurance proceeds, net of asset impairment	-	-	1,429,060
	<u>69,256,068</u>	<u>50,007,067</u>	<u>42,162,459</u>
	<u>\$ 244,640</u>	<u>\$ (27,165,545)</u>	<u>\$ (17,277,811)</u>
Change in Net Position			

Operating Losses

The first component of the overall change in the District's net position is its operating income or loss—generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. In each of the past three years, the District has reported an operating loss. This is consistent with the District's recent operating history as the District was formed and is operated primarily to serve residents of Ector County and the surrounding area, regardless of their ability to pay. The District levies property taxes and receives sales taxes to provide sufficient resources to enable the facility to serve lower income and other residents.

The operating loss for 2018 decreased by \$8,161,184, or 10.58%, as compared to 2017. The primary components of the decreased operating loss are:

- An increase in net patient service revenue of \$27,800,727, or 11.93%, primarily due to changes in volumes and operational improvements on a new patient accounting system that was implemented in April 2017.
- A decrease in salary and related expenses for the District's employees of \$3,491,264, or 1.84%, due to lower actuarially determined pension expense on the District's defined benefit pension plan.
- An increase in purchased services and professional fees of \$30,902,881, or 62.38%, which was partially offset by the decrease in intergovernmental transfer expense (\$12,051,068 or 50.40%). The primary cause for these changes is a reduction in programs funded by the affiliation arrangements discussed in *Note 3*.

The operating loss for 2017 increased by \$17,732,342, or 29.83%, as compared to 2016. The primary components of the increased operating loss are:

- A decrease in net patient service revenue of \$6,225,561, or 16.63%, primarily due to a system conversion in April 2017 which impacted timely billing efforts and led to an increase in accounts receivable reserves.
- An increase in supplemental Medicaid funding revenue of \$3,160,532, or 8.37%, primarily due to an increase in the District's allocation of the uncompensated pool discussed more fully in *Note 3*.
- An increase in salary and related expenses for the District's employees of \$5,678,424, or 3.08%, due to higher staffing associated with growth and expansion and the District's recruitment and retention efforts.
- A decrease in supply and other costs of \$2,285,322, or 2.71%, and an increase in purchased services and professional fees of \$6,412,743, or 14.87%, primarily due to growth in service lines and use of consultants and third-parties in connection with the revenue cycle system conversion discussed above.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of sales and property taxes levied by the District, contributions from the Foundation (*Note 12*), Build America Bond (BABs) interest subsidy and interest expense. The BABs subsidy and interest expense remained relatively constant in 2018 as compared to 2017. Tax revenue increased \$20,501,968, or 41.81%, from 2017 to 2018 due to local economic growth.

The District's Cash Flows

Changes in the District's cash flows are consistent with changes in operating losses and nonoperating revenues and expenses and the changes to the assets and liabilities previously discussed for 2018, 2017 and 2016.

Capital Asset and Debt Administration

Capital Assets

At September 30, 2018, the District had \$188,853,364 invested in capital assets, net of accumulated depreciation. At September 30, 2017, the District had \$202,063,585 invested in capital assets, net of accumulated depreciation. More detailed information about the District's capital assets is presented in *Note 6* of the financial statements.

Debt

At September 30, 2018 and 2017, the District had \$48,820,020 and \$53,457,919, respectively, in revenue bonds and notes payable outstanding. The District issued no new debt in 2018 or 2017. More detailed information about the District's long-term liabilities is presented in *Note 8* of the financial statements.

Contacting the District's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the District's financial offices at 500 West 4th Street, Odessa, Texas 79761.

**Ector County Hospital District
d/b/a Medical Center Health System
Balance Sheets
September 30, 2018 and 2017**

Assets and Deferred Outflows of Resources

	2018	2017
Current Assets		
Cash and cash equivalents	\$ 35,068,474	\$ 30,310,619
Patient accounts receivable, net of allowance; 2018—\$140,248,000 2017—\$131,389,000	36,525,187	36,990,384
Taxes receivable, net	9,874,752	7,863,699
Estimated amounts due from third-party payers	12,857,891	13,083,016
Supplies	6,668,814	6,963,030
Prepaid expenses and other	11,522,942	9,369,921
Total current assets	112,518,060	104,580,669
Noncurrent Cash and Investments		
Held by trustee for debt service	4,731,764	4,673,001
Internally designated	26,774,899	16,126,253
	31,506,663	20,799,254
Capital Assets, Net	188,853,364	202,063,585
Other Assets	4,226,323	6,967,815
Total assets	337,104,410	334,411,323
Deferred Outflows of Resources - Pensions	6,725,511	31,204,964
Total assets and deferred outflows of resources	\$ 343,829,921	\$ 365,616,287

See Notes to Financial Statements

Liabilities, Deferred Inflows of Resources and Net Position

	2018	2017
Current Liabilities		
Current maturities of long-term debt	\$ 4,773,979	\$ 4,637,899
Accounts payable	23,002,477	19,184,559
Accrued salaries and wages	12,021,334	11,900,477
Accrued expenses	353,554	1,395,295
Accrued compensated absences	4,302,015	4,971,733
Other postemployment benefits liability—current	1,195,117	-
Estimated self-insurance costs—current	3,493,156	3,833,600
Total current liabilities	49,141,632	45,923,563
Estimated Self-insurance Costs	2,409,871	2,161,470
Long-term Debt	44,046,041	48,820,020
Net Pension Liability	16,375,651	42,863,645
Other Long-term Liabilities	883,328	1,072,613
Other Postemployment Benefits Liability	23,176,726	23,760,150
Total liabilities	136,033,249	164,601,461
Deferred Inflows of Resources		
Pension	5,050,687	1,032,193
Other postemployment benefits	50,942	-
Total deferred inflows of resources	5,101,629	1,032,193
Net Position		
Net investment in capital assets	142,471,289	152,623,553
Unrestricted	60,223,754	47,359,080
Total net position	202,695,043	199,982,633
Total liabilities, deferred inflows of resources and net position	\$ 343,829,921	\$ 365,616,287

Ector County Hospital District
d/b/a Medical Center Health System
Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2018 and 2017

	2018	2017
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2018—\$94,484,000; 2016—\$107,083,000	\$ 260,903,758	\$ 233,103,031
Nursing facility revenue	-	4,234,884
Supplemental Medicaid funding revenue	38,970,949	40,901,384
Other revenue	10,403,815	10,452,116
Business interruption insurance recovery	-	177,194
	310,278,522	288,868,609
Operating Expenses		
Salaries, wages and benefits	186,682,414	190,173,678
Purchased services and professional fees	80,443,223	49,540,342
Supplies and other	80,191,558	77,708,927
Nursing facility fees	-	4,233,696
Intergovernmental transfers	11,859,566	23,910,634
Depreciation and amortization	20,113,189	20,473,944
	379,289,950	366,041,221
	(69,011,428)	(77,172,612)
Operating Loss		
Nonoperating Revenues (Expenses)		
Tax revenue, net	69,533,108	49,031,140
Investment return	265,964	119,831
Interest expense	(3,243,940)	(2,912,362)
Gain on investment in equity investees	696,728	1,251,967
Tobacco settlement	935,087	859,458
Build America Bond interest subsidy	1,013,231	1,009,634
Contributions	55,890	647,399
	69,256,068	50,007,067
	244,640	(27,165,545)
Increase (Decrease) in Net Position		
Net Position, Beginning of Year, as previously reported	199,982,633	227,148,178
Cumulative Effect of Applying GASB 75	2,467,770	-
Net Position, Beginning of Year, as restated	202,450,403	227,148,178
Net Position, End of Year	\$ 202,695,043	\$ 199,982,633

Ector County Hospital District
d/b/a Medical Center Health System
Statements of Cash Flows
Years Ended September 30, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities		
Receipts from and on behalf of patients	\$ 259,307,964	\$ 241,166,891
Cash received from supplemental Medicaid funding programs	42,549,276	38,114,892
Payments to suppliers and contractors	(173,245,974)	(167,847,729)
Payments to or on behalf of employees	(182,591,656)	(181,265,021)
Cash received from business interruption recovery	-	354,388
Other receipts, net	12,069,005	9,475,396
Net cash used in operating activities	(41,911,385)	(60,001,183)
Cash Flows From Noncapital Financing Activities		
Receipt of property and sales taxes supporting operations	67,522,055	46,613,921
Proceeds received from tobacco settlement	935,087	859,458
Contributions	55,890	647,399
Net cash provided by noncapital financing activities	68,513,032	48,120,778
Cash Flows From Capital and Related Financing Activities		
Principal paid on long-term debt	(4,637,899)	(4,594,800)
Interest paid on long-term debt	(3,281,656)	(3,281,841)
Receipt of Build America Bond interest subsidy	1,012,960	1,009,725
Cash received from asset loss insurance recovery	-	524,928
Purchase of capital assets	(5,098,819)	(26,301,895)
Net cash used in capital and related financing activities	(12,005,414)	(32,643,883)
Cash Flows From Investing Activities		
Income from investments	1,035,818	504,710
Advances to Foundation for note receivable	-	(486,621)
Payments from Foundation for note receivable	-	11,281
Purchase of investments	(28,000,055)	(10,000,010)
Proceeds from disposition of investments	17,193,840	33,646,889
Net cash provided by (used in) investing activities	(9,770,397)	23,676,249
Increase (Decrease) in Cash and Cash Equivalents	4,825,836	(20,848,039)
Cash and Cash Equivalents, Beginning of Year	35,137,155	55,985,194
Cash and Cash Equivalents, End of Year	\$ 39,962,991	\$ 35,137,155

Ector County Hospital District
d/b/a Medical Center Health System
Statements of Cash Flows (Continued)
Years Ended September 30, 2018 and 2017

	2018	2017
Reconciliation of Cash and Cash Equivalents to the		
Balance Sheets		
Cash and cash equivalents in current assets	\$ 35,068,474	\$ 30,310,619
Cash and cash equivalents in noncurrent cash and investments	4,894,517	4,826,536
Total cash and cash equivalents	\$ 39,962,991	\$ 35,137,155
 Reconciliation of Operating Loss to Net Cash Used in		
Operating Activities		
Operating loss	\$ (69,011,428)	\$ (77,172,612)
Depreciation and amortization	20,113,189	20,473,944
Provision for uncollectible accounts	94,484,064	107,082,827
Forgiveness of amounts due from Foundation	2,245,805	-
Changes in operating assets and liabilities		
Patient accounts receivable, net	(94,018,867)	(109,581,685)
Estimated amounts due from and to third-party payers	225,125	(847,240)
Accounts payable and accrued expenses	563,668	(6,433,694)
Net pension liability	(26,487,994)	5,038,096
OPEB liability	3,079,463	-
Deferred outflows of resources - pensions	24,479,453	6,225,561
Deferred inflows of resources - pensions	4,018,494	(1,514,693)
Deferred inflows of resources - OPEB	50,942	-
Other assets and liabilities	(1,653,299)	(3,271,687)
Net cash used in operating activities	\$ (41,911,385)	\$ (60,001,183)
 Supplemental Cash Flows Information		
Capital asset acquisitions included in accounts payable	\$ 2,221,200	\$ 649,108

Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
September 30, 2018 and 2017

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

Ector County Hospital District d/b/a Medical Center Health System (District) is an acute care hospital located in Odessa, Texas. The District primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in Ector County and surrounding areas. The District is governed by an elected Board of Directors (Board). In prior years, the District acquired the operations of a freestanding nursing home located in the District's service area. The District transferred ownership of the nursing home to a third-party effective September 1, 2017.

Blended component units. Medical Center Hospital Professional Care (ProCare) is a Texas nonprofit health organization certified by the Texas State Board of Medical Examiners pursuant to Section 501(a) of the *Texas Medical Practices Act*, now codified at Section 162.001 of the Texas Occupations Code. ProCare provides primary care physician services at the District's family health centers. ProCare is a taxable non-profit corporation.

The District is the sole corporate member of ProCare and has the authority to exercise significant control over the financial operations of ProCare. The District's governing board is responsible for all financial decisions related to ProCare, there exists a financial benefit or burden relationship between the District and ProCare and the District's management has operational responsibility for ProCare. As such, ProCare is presented as a blended component unit of the District. ProCare does not issue separate financial statements.

West Texas Medical Center Hospital Services (WTMCHS) was formed to establish membership in the limited liability company agreement of Texas Healthcare Linen, LLC (THL). Owned by three regional health care organizations, THL was formed on March 3, 2010, to provide linen services to businesses and institutions of the region. The District's governing board is responsible for all financial decisions related to WTMCHS, there exists a financial benefit or burden relationship between the District and WTMCHS and the District's management has operational responsibility for WTMCHS. As such, the financial statements of WTMCHS, including its equity interest in THL, are presented as a blended component unit of the District. The financial statements of WTMCHS are not material. Complete financial statements for THL can be obtained by contacting the District's financial offices, 500 W. 4th Street, Odessa, Texas 79761.

The District's financial statements include the activities of the entities set forth above. All material intercompany accounts and transactions have been eliminated in the financial statements.

Basis of Accounting and Presentation

The financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses

Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
September 30, 2018 and 2017

include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific, sales taxes, property taxes, investment income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

The preparation of 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, liabilities and deferred inflows and outflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2018 and 2017, cash equivalents consisted primarily of money market accounts.

Sales and Property Taxes

For operating purposes, the District has the authority to collect a 0.75% sales tax on all qualified retail sales in the District and to levy ad valorem taxes at a rate not to exceed 15 cents on each \$100 valuation of taxable real property in the District.

The District received approximately 18% and 15% of its financial support from sales and property taxes in 2018 and 2017, respectively. All tax support was used to support operations in both 2018 and 2017.

Sales taxes are collected by the state of Texas and remitted to the District monthly. The tax is collected by the vendor and is required to be remitted to the state by the 20th of the month following collection. The tax is then paid to the District by the Friday following the second Wednesday of the subsequent month. The District recognized \$53,376,143 and \$38,333,859 of sales tax revenue in 2018 and 2017, respectively.

Property taxes are levied January 1 and become due October 1, each year based on the value of all real and personal property located in the County. Assessed taxes become delinquent the following February 1. Revenue from property taxes is recognized in the year for which the taxes are levied. The District recognized \$16,156,965 and \$10,697,281 of property tax revenue in 2018 and 2017, respectively. The District's property tax rate was 8.11 cents and 8.25 cents on each \$100 valuation during 2018 and 2017, respectively.

The District had a tax receivable of \$9,874,752 and \$7,863,699 at September 30, 2018 and 2017, respectively.

Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
September 30, 2018 and 2017

Build America Bond Interest Subsidy

The District issued taxable Build America Bonds (BABs) in June 2010. Under the BABs program, the U.S. Treasury pays 35% of the interest as a subsidy to the issuer. The District records the interest subsidy received or receivable from the U.S. Treasury as nonoperating revenue when the District has met all of the eligibility criteria to receive the subsidy. The District recorded \$1,013,231 and \$1,009,634 of nonoperating revenue in 2018 and 2017, respectively, for the BABs interest subsidy. During 2018 and 2017, the BABs subsidy continued to be reduced by approximately 6.6% and 7.0%, respectively, as part of the federal sequestration spending reductions.

Tobacco Settlement Revenue

Tobacco settlement revenue is the result of a settlement between various counties and hospital districts in Texas and the tobacco industry for tobacco-related health care costs. The District received \$935,087 and \$859,458 in revenue from this settlement for the years ended September 30, 2018 and 2017, respectively.

Risk Management

The District 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; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than professional and general liability, employee health and workers' compensation claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The District is self-insured for a portion of its exposure to risk of loss from professional and general liability, employee health and workers' compensation claims. Annual estimated provisions are accrued for the self-insured portion of these risks and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Investments and Investment Income

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. The investment in equity investees is reported on the equity method of accounting. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes interest income, realized gains and losses and the net change for the year in the fair value of investments carried at fair value.

Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
September 30, 2018 and 2017

Patient Accounts Receivable

The District reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The District provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Supplies

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives are being used by the District:

Land improvements	10 – 20 years
Buildings and leasehold improvements	10 – 40 years
Equipment	3 – 20 years
Computer software	3 – 10 years

Defined Benefit Pension Plan

The District provides pension benefits to its employees through an agent multiple-employer defined benefit pension plan operated by the Texas County and District Retirement System (Plan). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

The District provides medical benefits to certain retirees under a single-employer defined benefit OPEB plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the District recognizes benefit payments when they are due and payable in accordance with the benefit terms.

Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
September 30, 2018 and 2017

Deferred Outflows/Inflows of Resources

Transactions not meeting the definition of an asset or liability that result in the consumption or acquisition of net position in one period that are applicable to future reporting periods are reported as deferred outflows of resources or deferred inflow of resources.

Compensated Absences

District policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Net Position

Net position of the District is classified in two components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

At September 30, 2018 and 2017, \$26,774,899 and \$16,162,253, respectively, of unrestricted net position has been designated by the District's Board for capital acquisitions and other purposes. Designated net position remains under the control of the Board, which may, at its discretion, later use the net position for other purposes.

Net Patient Service Revenue

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
September 30, 2018 and 2017

Charity Care

The District provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the District does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

Income Taxes

As an essential government function of the County, the District is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code (IRC) and a similar provision of state law. The District also carries an exemption from income taxes under IRC Section 501(c)(3). However, the District is subject to federal income tax on any unrelated business taxable income.

ProCare is taxable for federal income tax purposes. ProCare has net operating loss carryforwards totaling approximately \$65.6 million at September 30, 2018. The net operating loss carryforwards will begin to expire in September 2024 if not utilized. Management has provided a valuation allowance for the entire balance of the deferred tax assets. The valuation allowance was established due to the uncertainties regarding the realization of the tax benefits in future years and because it is more likely than not that some portion or all of the deferred tax assets may not be realized.

Change in Accounting Principle

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. Restatement of the 2017 financial statements is not practical because prior year information calculated under the provisions of GASB 75 is not available. Accordingly, the District has reported the cumulative effect of applying GASB 75 as a restatement of beginning net position at October 1, 2017. This restatement increased previously reported net position by \$2,467,770.

Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 presentation. The reclassifications had no effect on the changes in financial position.

Certain immaterial revisions have been made to the 2017 financial statements for a change in classification of net position and noncurrent cash and investments. These revisions did not have a significant impact on the financial statement line items impacted.

Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
September 30, 2018 and 2017

Note 2: Net Patient Service Revenue

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. These payment arrangements include:

Medicare. Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain inpatient nonacute services and defined medical education costs are paid based on a cost reimbursement methodology. The District is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor. The District's Medicare cost reports have been audited by the Medicare administrative contractor through September 30, 2014.

Medicaid. Inpatient and outpatient services rendered to Medicaid program beneficiaries (including patients that participate in Medicaid managed care programs) are primarily paid at prospectively determined rates. Certain items may be reimbursed at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid administrative contractor. The District's Medicaid cost reports have been audited by the Medicaid administrative contractor through September 30, 2012.

Approximately 32% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for both years ended September 30, 2018 and 2017. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Note 3: Supplemental Medicaid Funding Revenue

In response to the growing number of uninsured patients and the rising cost of health care, the Texas Legislature established a Texas Medicaid Disproportionate Share Program (DSH Program) that was designed to assist those facilities serving the majority of the indigent patients by providing funds supporting increased access to health care within the community. This program allows the Texas Department of Human Services to levy assessments from certain hospitals, use the assessed funds to obtain federal matching funds, and then redistribute the total funds to those facilities serving a disproportionate share of indigent patients in the state of Texas.

On December 12, 2011, the United States Department of Health and Human Services (HHSC) approved a Medicaid section 1115(a) demonstration entitled "Texas Health Transformation and Quality Improvement Program" (Waiver). The Waiver expanded existing Medicaid managed care

Ector County Hospital District
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programs and established two funding pools that assist providers with uncompensated care costs (UC Pool) and promote health system transformation (DSRIP Pool). The revenue from the two funding pools is recognized as earned throughout the related demonstration year. The Waiver was originally effective from December 12, 2011 to September 30, 2016 and extended through December 2017 as HHSC and the Centers for Medicare and Medicaid Services (CMS) negotiated a longer term extension. On December 21, 2017, HHSC received an approved extension from CMS for the period of January 1, 2018 through September 30, 2022. Among other changes, the approved plan requires a change in the methodology used to allocate UC funds and a phase out of the DSRIP program over the five year period. The impact of these changes has not yet been determined, but could have an adverse impact on the District's operating results.

In 2018, the District began to participate in the Uniform Hospital Rate Increase Program (UHRIP). Under UHRIP, HHSC may direct managed care organizations in a service delivery area to provide a uniform percentage rate increase to all hospitals within a particular class of hospitals. The program increases revenue from services provided to the Medicaid managed care beneficiaries. The state's share of UHRIP funding is funded through intergovernmental transfers from certain hospital, including the District. Revenue from the UHRIP program is recognized as a component of net patient service revenue in the statement of changes in revenues, expenses and changes in net position.

Total revenue recognized from the DSH program, UC Pool and DSRIP Pool was approximately \$38,971,000 and \$40,901,000 for the years ended September 30, 2018 and 2017, respectively, and is included as Supplemental Medicaid funding revenue within operating revenues in the statements of revenues, expenses and changes in net position. Amounts receivable under these programs were approximately \$11,575,000 and \$11,946,000 at September 30, 2018 and 2017, respectively, which is included in the estimated amounts due from third party payers in the balance sheets.

The District participates in the Waiver program in conjunction with other area health care providers to enhance access to patient care in the community. As a result of participating in the Waiver, the District has realized benefits of lower medical costs amounting to approximately \$23,416,000 and \$38,834,000 in 2018 and 2017, respectively. The District also incurred increased costs to supplement the state's funding for the affiliated providers in the amounts of approximately \$11,860,000 and \$23,911,000 in 2018 and 2017, respectively. The supplement to the state's funding is recorded in intergovernmental transfer expense in the statements of revenues, expenses and changes in net position.

Note 4: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

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State law requires collateralization of all deposits with federal depository insurance or other qualified investments. At September 30, 2018 and 2017, respectively, \$1,967,266 and \$7,025,876 of the District's bank balances were uninsured and uncollateralized.

Investments

The District may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities. The District may also invest in certificates of deposit purchased through a placement service. The District's investments in certificates of deposit represent amounts purchased with the Certificate of Deposit Account Registry Service (CDARS) under a deposit placement agreement with a financial institution. CDARS enables the District to obtain FDIC insurance in its investments under this program. CDARS are considered deposits for disclosure purposes.

At September 30, 2018 and 2017, the District had the following investments and maturities:

September 30, 2018					
Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. agencies obligations	\$ 15,577,514	\$ -	\$ 15,577,514	\$ -	\$ -
Money market mutual funds	23,730,862	23,730,862	-	-	-
Accrued interest	34,633	34,633	-	-	-
	<u>\$ 39,343,009</u>	<u>\$ 23,765,495</u>	<u>\$ 15,577,514</u>	<u>\$ -</u>	<u>\$ -</u>

September 30, 2017					
Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. agencies obligations	\$ 15,935,189	\$ -	\$ 15,023,782	\$ 911,407	\$ -
Money market mutual funds	18,393,460	18,393,460	-	-	-
Accrued interest	31,524	31,524	-	-	-
	<u>\$ 34,360,173</u>	<u>\$ 18,424,984</u>	<u>\$ 15,023,782</u>	<u>\$ 911,407</u>	<u>\$ -</u>

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy requires that total investments have a weighted-average maturity of five years or less. The District's investments in U.S. agency obligations include fixed-rate notes and bonds with a weighted average maturity of three years. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the District's policy to limit its investments to U.S. Treasury and agency obligations or otherwise follow the restrictions of the *Texas Public Funds Investment*

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Act. The debt securities of the U.S. agencies are rated AA+ by Standard & Poor’s rating agency at September 30, 2018 and 2017. The money market mutual funds invested by the District are rated as AAA by Standard & Poor’s at September 30, 2018 and 2017, with the exception of the Dreyfus Prime money market funds, which is not rated. Amounts held in the Dreyfus fund was approximately \$0 and \$13,571,000 at September 30, 2018 and 2017, respectively.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the District’s investments are held in safekeeping or trust accounts.

Concentration of Credit Risk. The District’s investment policy restricts the aggregate investment in money market funds to no more than 80% of the District’s average investment fund balance, and the aggregate investment in mutual funds cannot exceed 15% of such investment fund balance.

The following table reflects the District’s investments in single issuers that represent more than 5% of total investments at September 30:

	2018	2017
Federal National Mortgage Association	23.4%	25.7%

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

	2018	2017
Carrying value		
Deposits	\$ 27,232,128	\$ 16,749,700
Investments	39,343,009	34,360,173
	\$ 66,575,137	\$ 51,109,873
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 35,068,474	\$ 30,310,619
Noncurrent cash and investments	31,506,663	20,799,254
	\$ 66,575,137	\$ 51,109,873

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Investment Income

Investment income for the years ended September 30, consisted of:

	<u>2018</u>	<u>2017</u>
Interest income	\$ 432,751	\$ 504,710
Net decrease in fair value of investments	<u>(166,787)</u>	<u>(384,879)</u>
Total investment income	<u>\$ 265,964</u>	<u>\$ 119,831</u>

Note 5: Patient Accounts Receivable

The District grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at September 30, consisted of:

	<u>2018</u>	<u>2017</u>
Medicare	\$ 19,334,652	\$ 18,416,576
Medicaid	2,891,912	2,754,594
Other third-party payers	34,165,977	32,543,658
Patients	<u>120,380,646</u>	<u>114,664,556</u>
	176,773,187	168,379,384
Less allowance for uncollectible accounts	<u>140,248,000</u>	<u>131,389,000</u>
	<u>\$ 36,525,187</u>	<u>\$ 36,990,384</u>

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Note 6: Capital Assets

Capital assets activity for the years ended September 30, was:

	2018				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 13,824,496	\$ -	\$ -	\$ (1,856)	\$ 13,822,640
Land improvements	11,559,336	-	-	27,875	11,587,211
Buildings and improvements	201,625,884	36,476	-	1,086,238	202,748,598
Equipment	228,164,363	1,312,844	(1,428,232)	5,225,461	233,274,436
Construction in progress	1,173,137	5,359,307	-	(6,337,718)	194,726
	<u>456,347,216</u>	<u>6,708,627</u>	<u>(1,428,232)</u>	<u>-</u>	<u>461,627,611</u>
Less accumulated depreciation					
Land improvements	6,201,867	855,017	-	-	7,056,884
Buildings and improvements	100,951,498	6,274,652	-	-	107,226,150
Equipment	147,130,266	12,789,179	(1,428,232)	-	158,491,213
	<u>254,283,631</u>	<u>19,918,848</u>	<u>(1,428,232)</u>	<u>-</u>	<u>272,774,247</u>
Capital Assets, Net	<u>\$ 202,063,585</u>	<u>\$ (13,210,221)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,853,364</u>
	2017				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 13,821,261	\$ 3,235	\$ -	\$ -	\$ 13,824,496
Land improvements	11,462,023	20,686	-	76,627	11,559,336
Buildings and improvements	191,025,665	2,980,280	-	7,619,939	201,625,884
Equipment	193,985,717	133,276	(173,835)	34,219,205	228,164,363
Construction in progress	19,821,793	23,267,115	-	(41,915,771)	1,173,137
	<u>430,116,459</u>	<u>26,404,592</u>	<u>(173,835)</u>	<u>-</u>	<u>456,347,216</u>
Less accumulated depreciation					
Land improvements	5,287,343	914,524	-	-	6,201,867
Buildings and improvements	94,318,340	6,633,158	-	-	100,951,498
Equipment	135,248,932	12,055,169	(173,835)	-	147,130,266
	<u>234,854,615</u>	<u>19,602,851</u>	<u>(173,835)</u>	<u>-</u>	<u>254,283,631</u>
Capital Assets, Net	<u>\$ 195,261,844</u>	<u>\$ 6,801,741</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,063,585</u>

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Note 7: Risk Management

Professional and General Liability Risks

The District is self-insured for professional and general liability claims. The District's maximum liability for professional and general liability claims as a governmental unit under the *Tort Claims Act* is generally \$100,000 per individual and \$300,000 per occurrence.

Losses from asserted and unasserted claims identified under the District's incident reporting system are accrued based on estimates that incorporate the District's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. It is reasonably possible that the District's estimate of losses will change by a material amount in the near term.

Employee Health Claims

Substantially all of the District's employees and their dependents are eligible to participate in the District's employee health insurance plan. Commercial stop-loss insurance coverage is purchased for employee health claims in excess of \$350,000 at September 30, 2018 and 2017. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the District's estimate will change by a material amount in the near term.

Workers' Compensation Claims

The District is self-insured for workers' compensation claims. Commercial stop-loss insurance coverage is purchased for workers' compensation claims in excess of \$500,000. A provision is accrued for self-insured workers' compensation claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the District's estimate will change by a material amount in the near term.

Activity in the District's self-insured claims liability accounts during 2018 and 2017 is summarized below:

	2018		
	Employee Health Care Benefits	Workers' Compensation	General and Professional Liability
Balance, beginning of year	\$ 2,166,000	\$ 1,543,344	\$ 2,285,726
Current year claims incurred and changes in estimates for claims incurred in prior years	10,258,095	484,929	493,453
Claims and expenses paid, net	<u>(10,840,095)</u>	<u>(463,540)</u>	<u>(24,885)</u>
Balance, end of year	<u>\$ 1,584,000</u>	<u>\$ 1,564,733</u>	<u>\$ 2,754,294</u>

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	2017		
	Employee Health Care Benefits	Workers' Compensation	General and Professional Liability
Balance, beginning of year	\$ 3,642,000	\$ 1,580,043	\$ 1,769,123
Current year claims incurred and changes in estimates for claims incurred in prior years	10,008,789	569,457	565,306
Claims and expenses paid, net	<u>(11,484,789)</u>	<u>(606,156)</u>	<u>(48,703)</u>
Balance, end of year	<u>\$ 2,166,000</u>	<u>\$ 1,543,344</u>	<u>\$ 2,285,726</u>

Note 8: Long-term Obligations

The following is a summary of long-term obligation transactions for the District for the years ended September 30:

	2018				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Bonds payable					
Series 2010B	44,654,000	-	(1,690,000)	42,964,000	1,753,000
Notes payable					
Note payable to bank—tax-exempt	7,025,443	-	(2,358,158)	4,667,285	2,410,566
Note payable to bank—taxable	<u>1,778,476</u>	<u>-</u>	<u>(589,741)</u>	<u>1,188,735</u>	<u>610,413</u>
Total long-term debt	<u>53,457,919</u>	<u>-</u>	<u>(4,637,899)</u>	<u>48,820,020</u>	<u>4,773,979</u>
Other long-term liabilities					
Revenue received in advance	1,261,898	-	(189,284)	1,072,614	189,285
Estimated self-insurance costs	<u>3,829,070</u>	<u>978,382</u>	<u>(488,425)</u>	<u>4,319,027</u>	<u>1,909,156</u>
Total other long-term liabilities	<u>5,090,968</u>	<u>978,382</u>	<u>(677,709)</u>	<u>5,391,641</u>	<u>2,098,441</u>
Total long-term obligations	<u>\$ 58,548,887</u>	<u>\$ 978,382</u>	<u>\$ (5,315,608)</u>	<u>\$ 54,211,661</u>	<u>\$ 6,872,420</u>

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	2017				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Bonds payable					
Series 2010A	\$ 1,625,000	\$ -	\$ (1,625,000)	\$ -	\$ -
Series 2010B	44,654,000	-	-	44,654,000	1,690,000
Bond premium, net	4,219	-	(4,219)	-	-
Notes payable					
Note payable to bank—tax-exempt	9,332,333	-	(2,306,890)	7,025,443	2,358,158
Note payable to bank—taxable	2,348,247	-	(569,771)	1,778,476	589,741
Capital lease obligation	93,139	-	(93,139)	-	-
Total long-term debt	<u>58,056,938</u>	<u>-</u>	<u>(4,599,019)</u>	<u>53,457,919</u>	<u>4,637,899</u>
Other long-term liabilities					
Revenue received in advance	1,451,182	-	(189,284)	1,261,898	189,285
Estimated self-insurance costs	3,349,166	1,134,763	(654,859)	3,829,070	1,667,600
Total other long-term liabilities	<u>4,800,348</u>	<u>1,134,763</u>	<u>(844,143)</u>	<u>5,090,968</u>	<u>1,856,885</u>
Total long-term obligations	<u>\$ 62,857,286</u>	<u>\$ 1,134,763</u>	<u>\$ (5,443,162)</u>	<u>\$ 58,548,887</u>	<u>\$ 6,494,784</u>

Bonds Payable - Series 2010A and 2010B

In June 2010, the District issued revenue bonds to fund the construction of the Center for Women and Infants project and to refund a portion of the District’s Series 2002A bonds. The bonds were issued in two series and are secured by the District’s net revenues and accounts receivable.

The Series 2010A bonds consisted of hospital revenue refunding and improvement bonds in the original amount of \$9,550,000 dated June 8, 2010, with interest rates ranging from 2.50% to 4.25% prior to maturity. The Series 2010A bonds were payable in annual installments through September 2017. The 2010A bonds were not subject to optional early redemption.

The Series 2010B bonds consist of hospital revenue bonds in the original amount of \$44,654,000 dated June 8, 2010, which bear interest at rates ranging from 5.75% to 7.18%. The Series 2010B bonds are payable in annual installments, beginning September 15, 2011 through September 15, 2035. The Series 2010B bonds are designated under the *American Recovery and Reinvestment Act of 2009* as “Qualified Build America Bonds” (BABs) debt. The 2010B bonds are subject to optional early redemption by the District subsequent to September 15, 2020, at par. The 2010B bonds are also subject to early redemption prior to September 15, 2020 under a “make-whole” provision that would require the District to pay par value of any redeemed bonds, plus the present value of any unpaid interest on the bonds from the date of redemption through September 15, 2020, using a discount rate equivalent to the Treasury Rate plus 45 basis points.

The indenture agreement requires that certain funds be established with the trustee. Accordingly, these funds are included as assets held by trustee for debt service in the balance sheets. The indenture agreements also require the District to comply with certain restrictive covenants

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including limitations on issuance of additional debt and a requirement to maintain a debt-service coverage ratio of at least 110%. Beginning in 2018, the District is required to maintain at least 50 days cash on hand. The day's cash on hand requirement will increase in incremental amounts through 2021.

The debt service requirements for the 2010B bonds as of September 30, 2018, are as follows:

Year Ending September 30,	Principal	Interest	Interest Credit (BABs)	Total
2019	\$ 1,753,000	\$ 3,001,543	\$ (981,204)	\$ 3,773,339
2020	1,820,000	2,897,713	(947,262)	3,770,451
2021	1,892,000	2,787,639	(911,279)	3,768,360
2022	1,975,000	2,659,021	(869,234)	3,764,787
2023	2,063,000	2,524,761	(825,344)	3,762,417
2024 – 2027	11,780,000	10,364,914	(3,388,290)	18,756,624
2028 – 2032	14,767,000	5,756,157	(1,881,688)	18,641,469
2033 – 2035	6,914,000	749,892	(245,140)	7,418,752
	<u>\$ 42,964,000</u>	<u>\$ 30,741,640</u>	<u>\$ (10,049,441)</u>	<u>\$ 63,656,199</u>

Notes Payable to Bank

The note payable to bank (tax-exempt) matures August 18, 2020, with principal and interest at a fixed rate of 2.2% payable monthly. The note is secured by certain capital assets.

The note payable to bank (taxable) matures August 18, 2020, with principal and interest at a fixed rate of 3.5% payable monthly. The note is secured by certain capital assets.

The debt service requirements for the notes payable as of September 30, 2018, are as follows:

Year Ending September 30,	Principal	Interest	Total to be Paid
2019	\$ 3,020,979	\$ 109,893	\$ 3,130,872
2020	2,835,041	34,925	2,869,966
	<u>\$ 5,856,020</u>	<u>\$ 144,818</u>	<u>\$ 6,000,838</u>

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Note 9: Charity Care

In support of its mission, the District voluntarily provides free care to patients who lack financial resources and are deemed to be medically indigent. The costs of charity care provided under the District's charity care policy was approximately \$2,581,000 and \$3,900,000 for 2018 and 2017, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

Note 10: Pension Plan

Plan Description

The District contributes to the Texas County and District Retirement System (TCDRS), an agent multiple-employer defined benefit pension plan covering substantially all employees. The Plan is administered by a board of trustees appointed by TCDRS. Benefit provisions are contained in the plan document and were established and can be amended by action of the District's governing body within the options available in the state statutes governing TCDRS. The Plan does not issue a separate report that includes financial statements and required supplementary information for the Plan. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or from the website www.tcdrs.org.

Benefits Provided

The Plan provides retirement, disability and survivor benefits to plan members and their beneficiaries. Benefit amounts are determined by the sum of the employee's contributions to the Plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the commitment of the District to contribute to the Plan. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS.

Members can retire at ages 60 and above with eight or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. A member is vested after eight years but must leave his accumulated contributions in the Plan to receive any employer-financed benefit. If a member withdraws his personal contributions in a lump sum, he is not entitled to any amounts contributed by the employer.

The Plan has been adopted in lieu of the normal requirement that employers contribute to the social security program (other than for the Medicare portion).

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The employees covered by the Plan at December 31, are:

	2017	2016
Inactive employees or beneficiaries currently receiving benefits	666	641
Inactive employees entitled to but not yet receiving benefits	2,822	2,670
Active employees	1,770	1,815
	5,258	5,126

Contributions

The District's governing body has the authority to establish and amend the contribution requirements of the District and active employees.

The District establishes rates based on the annually determined rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both the employee members and the employer based on the covered payroll of employee members. Plan members are required to contribute 5% of their annually covered salary. Under the TCDRS Act, rates are based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the plan years ended December 31, 2017 and 2016, employees contributed \$5,373,243 and \$5,303,910, or 5.0%, of annual pay and the District contributed \$8,535,709 and \$7,881,165, or 7.9% and 7.4%, of annual pay, respectively, to the Plan. For the fiscal years ended September 30, 2018 and 2017, employees contributed \$6,274,214 and \$5,391,877, or 5.68% and 5.00%, of annual pay and the District contributed \$7,739,743 and \$8,414,494, or 7.0% and 7.7%, of annual pay, respectively, to the Plan.

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Net Pension Liability

The District's net pension liability as of September 30, 2018 and 2017, was measured as of December 31, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the December 31, 2017 and 2016, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	<u>2017</u>	<u>2016</u>
Inflation	2.75%	3.00%
Salary increases (average over career, including inflation)	4.90%	4.90%
Ad hoc cost of living adjustments	Not included	Not included
Investment rate of return (net of investment expenses, including inflation)	8.00%	8.00%

Mortality rates for depositing members were based on RP-2014 Active Employee Mortality Table with a 110% for females and 130% for males, both projected with 110% of the MP-2014 Ultimate scale after that.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012.

The long-term expected rate of return on pension plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and geometric real rates of return for each major asset class are summarized in the table on the following page:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities		
U.S. Equities	11.5%	4.6%
International Equities — Developed	11.0%	4.6%
International Equities — Emerging	8.0%	5.6%
Global Equities	1.5%	4.9%
Hedge Funds	18.0%	4.1%
High-Yield Investments		
Strategic Credit	8.0%	4.1%
Distressed Debt	2.0%	6.3%
Direct Lending	10.0%	8.1%
Private Equity	16.0%	7.6%
Real Assets		
REITs	2.0%	4.1%
Private Real Estate Partnerships	6.0%	6.3%
Master Limited Partnerships	3.0%	6.0%
Investment-Grade Bonds	3.0%	0.8%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.1% at December 31, 2017 and 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

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Changes in the total pension liability, plan fiduciary net position and the net pension liability for the year end September 30, are:

	2018		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at beginning of year	\$ 408,944,482	\$ 366,080,837	\$ 42,863,645
Changes for the year			
Service cost	11,664,134	-	11,664,134
Interest on total pension liability	33,423,201	-	33,423,201
Effect of plan changes	(4,482,712)		
Effect of economic/demographic gains or losses	(1,559,674)		(1,559,674)
Effect of assumptions changes or inputs	1,461,676		1,461,676
Refund of contributions	(1,752,137)	(1,752,137)	-
Benefit payments	(14,517,615)	(14,517,615)	-
Administrative expenses	-	(277,189)	277,189
Member contributions	-	5,373,243	(5,373,243)
Net investment income	-	53,397,053	(53,397,053)
Employer contributions	-	8,535,709	(8,535,709)
Other changes	-	(34,197)	34,197
Net changes	24,236,873	50,724,867	(26,487,994)
Balances at end of year	\$ 433,181,355	\$ 416,805,704	\$ 16,375,651

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	2017		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at beginning of year	\$ 380,628,514	\$ 342,802,965	\$ 37,825,549
Changes for the year			
Service cost	12,611,339	-	12,611,339
Interest on total pension liability	30,752,584	-	30,752,584
Effect of economic/demographic gains or losses	(464,253)	-	(464,253)
Refund of contributions	(1,383,413)	(1,383,413)	-
Benefit payments	(13,200,289)	(13,200,289)	-
Administrative expenses	-	(275,792)	275,792
Member contributions	-	5,303,910	(5,303,910)
Net investment income	-	25,372,459	(25,372,459)
Employer contributions	-	7,881,165	(7,881,165)
Other changes	-	(420,168)	420,168
Net changes	28,315,968	23,277,872	5,038,096
Balances at end of year	<u>\$ 408,944,482</u>	<u>\$ 366,080,837</u>	<u>\$ 42,863,645</u>

The net pension liability has been calculated using a discount rate of 8.1%. The following table presents the net pension (asset) liability of the District using a discount rate 1% higher and 1% lower than the current rate for September 30:

	2018		
	1% Decrease 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
District's net pension (asset) liability	<u>\$ 76,936,755</u>	<u>\$ 16,375,651</u>	<u>\$ (33,922,593)</u>

**Ector County Hospital District
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended September 30, 2018 and 2017, the District recognized pension expense of approximately \$9,715,000 and \$18,500,000, respectively. At September 30, 2018 and 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,194,534
Changes of assumptions	974,451	
Net difference between projected and actual earnings on plan investments	-	3,856,153
District's contributions subsequent to the measurement date of the net pension liability	5,751,060	-
	<u>\$ 6,725,511</u>	<u>\$ 5,050,687</u>
	2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,032,193
Changes of assumptions	1,547,845	-
Net difference between projected and actual earnings on plan investments	23,075,808	
District's contributions subsequent to the measurement date of the net pension liability	6,581,311	-
	<u>\$ 31,204,964</u>	<u>\$ 1,032,193</u>

**Ector County Hospital District
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At September 30, 2018 and 2017, the District reported \$5,751,060 and \$6,581,311, respectively, as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability at September 30, 2019 and 2018, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2018, related to pensions will be recognized in pension expense as follows:

Year ending September 30:		
	2019	\$ 2,893,922
	2020	2,107,811
	2021	(4,307,844)
	2022	(4,770,125)
		<hr/>
		\$ (4,076,236)
		<hr/> <hr/>

Pension Plan Fiduciary Net Position

Detailed information about the Plan’s fiduciary net position is available in the separately issued financial reports of TCDRS for the years ended December 31, 2017 and 2016.

Deferred Compensation Plan

The District also offers its employees a selection of deferred compensation plans created in accordance with IRC Section 457 and 403b. The plans are available to all District employees and permit them to defer a portion of their salary until future years. All amounts of compensation deferred under the plans and income attributable to those amounts are solely the property of the employee. Thus, the plan amounts are not reported in the accompanying financial statements.

ProCare 401(k) Trust

ProCare has adopted a defined contribution retirement plan for all ProCare employees who met the eligibility requirements. Employees that were employed by ProCare after July 1, 2010, meet the minimum age and service conditions of the plan, satisfy any allocation conditions required by the plan, and are not specifically excluded by the provisions of the plan are eligible to participate in the plan. Employees entering the plan after July 1, 2010, vest at a rate of 20% each year, and are fully vested after five years of service. The employees who entered the plan prior to July 1, 2010, were 100% vested upon hire and were grandfathered at that rate upon creation of the new plan. ProCare distributes a discretionary matching contribution and a qualified matching contribution that is determined annually by the Board. Matching contributions cannot exceed 4% of employee plan compensation. Total employer contributions to the plan for the years ended September 30, 2018 and 2017, were approximately \$1,488,000 and \$1,597,000, respectively.

Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
September 30, 2018 and 2017

Note 11: Other Postemployment Benefits (OPEB)

Plan Description and Funding Policy

The District provides postretirement health care benefits, in accordance with District policies, under a single-employer defined benefit OPEB plan administered by the District. Benefits under the plan are provided to employees hired prior to January 1, 1993, retiring from the District who elect to continue participation in the District's health insurance program and retire at the earliest of (a) attaining the age of 60 with at least 10 years of service; (b) completing 30 years of employment, regardless of age; and (c) having the sum of age plus service equal to at least 75. Employees hired after January 1, 1993, are not eligible to receive postretirement health care benefits. Prior to December 31, 2016, the District paid for all medical and hospitalization costs incurred by eligible retirees and their dependents. There was no cost to retirees, but the dependents were required to pay a quarterly premium.

On November 1, 2016, the District approved changes to the plan benefits. Effective January 1, 2017, pre-Medicare benefits are available to eligible retirees in the form of funding to a health reimbursement account (HRA). The HRA funding is \$12,000 annually starting in 2017 for pre-Medicare ages and is expected to increase with inflation in future years. A grandfathered group of post-Medicare retirees will receive HRA funding of \$3,600 annually starting in 2017. Current active employees and other retirees not in this grandfathered group are eligible for HRA funding of \$1,020 annually starting in 2017 for post-Medicare benefits. The post-Medicare benefits are expected to increase with inflation in future years. No HRA funding is provided for retiree dependents.

During 2018, the District reached a settlement with certain participants in the plan to change HRA funding levels effective January 1, 2019. The pre-Medicare HRA funding was changed from \$12,000 to \$12,500 annually. For all but a few grandfathered participants, the post-Medicare HRA funding was changed from \$1,020 to \$2,500 annually. The HRA funding for the post-Medicare grandfathered participants remained the same at \$3,600 annually. However, HRA benefits will no longer be indexed with inflation. In addition, certain dependents will be allowed to submit their qualified medical expenses for reimbursements.

The settlement lists specific participants who were party to the litigation that was filed, however, management has indicated that the new HRA funding limits will apply to all participants in the plan regardless of whether they were named in the settlement agreement. In addition, the settlement agreement indicates that there are expiration dates to the HRA funding, and the expiration date varies from 10 to 15 years beyond 2019 depending on the participant's current age. However, the District has indicated that it intends to continue funding HRA benefits for plan participants beyond these expiration dates as long as they are financially able to do so. For purposes of the below valuation information, management has assumed HRA funding will continue for each participant's lifetime, without taking into consideration expiration dates.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. The postretirement medical insurance benefits are currently funded on a pay-as-you-go basis. The District currently funds on a cash basis as benefits are paid.

**Ector County Hospital District
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At September 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	380
Active employees	84
	464
	464

Total OPEB Liability

The District's total OPEB liability of \$24,371,843 was measured as of September 30, 2018 based on a rollforward of the liabilities from the October 1, 2017 valuation date.

Actuarial Assumptions

The total OPEB liability in the October 1, 2017 actuarial valuation report was determined using the following actuarial assumptions and the entry age normal cost method, applied to all periods included in the measurement period, unless otherwise specified:

Rate of salary increase	2.5%
Discount rate	3.74% (3.43% in prior year)
Healthcare cost trend rates	Not Applicable

Mortality rates are from the RP 2014 headcount, weighted total dataset mortality table, adjusted to 2006, with generational projection according to Scale MP-2018.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.74%, which is based on the average S&P municipal bond 20 Year High Grade Rate Index and the Fidelity GO AA 20 Year Index as of the measurement date. In general, GASB 75 requires a discount rate for an unfunded plan to be based on high quality, long-term municipal bond rates.

**Ector County Hospital District
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Notes to Financial Statements
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Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability, October 1, 2017	\$ 21,292,380
Changes for the year	
Service cost	112,681
Interest	713,283
Changes in benefit terms	3,958,585
Changes in assumptions and other inputs	(475,455)
Benefit payments	(1,229,631)
Net changes	3,079,463
Total OPEB liability, September 30, 2018	\$ 24,371,843

Changes in benefit terms reflect the changes discussed under the Plan Description and Funding Policy above.

Changes in assumptions and other inputs reflect a change in the discount rate from 3.43% to 3.74%.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate

The total OPEB liability has been calculated using a discount rate of 3.74%. The following table presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease 2.74%	Current Discount Rate 3.74%	1% Increase 4.74%
Total OPEB Liability	\$ 26,232,850	\$ 24,371,843	\$ 22,768,352

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

A sensitivity analysis depicting changes in the healthcare cost trend rates is not applicable to the District's OPEB because the District provides a fixed HRA contribution to retirees each year, and those amounts are not scheduled to increase in the future.

**Ector County Hospital District
d/b/a Medical Center Health System
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OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the District recognized OPEB expense of \$4,360,036. At September 30, 2018, the District reported \$50,942 of deferred inflows of resources related to OPEB from changes in assumptions. This amount will be recognized as a reduction of OPEB expense during the year ending September 30, 2019.

OPEB – GASB No. 45

Prior to adopting GASB No. 75 in 2018, the District's annual OPEB cost was calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

As of October 1, 2015, the most recent actuarial valuation date as of September 30, 2017, the plan was not funded. The actuarial accrued liability for benefits was \$26,396,659, resulting in an unfunded actuarial accrued liability of \$26,396,659. The net OPEB obligation at September 30, 2017 was \$23,760,150.

Note 12: Related Party Transactions

Medical Center Health System Foundation

The District is the beneficiary of the Medical Center Health System Foundation (Foundation), a separate legal entity with a separate board of directors. The Foundation has legal title to all of the Foundation's assets. The Foundation is not a component unit of the District and, thus, is not reflected in the accompanying financial statements. The District received approximately \$56,000 and \$647,000 from the Foundation in 2018 and 2017, respectively. The funds received are intended primarily for capital projects but are not restricted. Therefore, they have been included in nonoperating revenues.

In June 2015, the District issued a \$2,500,000 note receivable with the Foundation at a rate of 3.25%. The proceeds of the loan were used by the Foundation to fund a long-term care acute care hospital in the vicinity of the District. The loan agreement does not stipulate a maturity date and is uncollateralized. The balance of the receivable was \$2,245,805 at September 30, 2017 and was included as a component of other assets in the balance sheets. During 2018, the District determined the outstanding balance was not collectible and the entire amount was written off.

**Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
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Medical Center Hospital Auxiliary

From time to time, the District receives contributions from the Medical Center Hospital Auxiliary (Auxiliary), a separate legal entity with a separate board of directors. The Auxiliary has legal title to all of the Auxiliary's assets. The Auxiliary is not a component unit of the District and, thus, is not reflected in the accompanying financial statements. The District received \$1,000 in donations from the Auxiliary during 2018. The District did not receive any donations from the Auxiliary in 2017.

Texas Healthcare Linen, LLC

The District owns a 33.33% membership interest in THL. The District's equity interest in THL at September 30, 2018 and 2017, was \$2,121,628 and \$1,985,952, respectively. The equity interest in THL is included in other long-term assets on the accompanying balance sheets.

In September 2010, the District entered into a guarantor agreement whereby the District has agreed to guarantee up to \$2,000,000 of loans that were extended to THL from an unrelated party. The original aggregate amount of the THL loans was \$12,291,000 and the proceeds were used for construction, equipment and a working capital line of credit. The combined balance of the loans outstanding at September 30, 2018 and 2017, was \$5,472,777 and \$6,206,790, respectively. Because THL has not defaulted on their scheduled debt payments, the District has not reported any amounts in the accompanying financial statements related to this guarantor agreement.

**Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
September 30, 2018 and 2017**

Note 13: Condensed Combining Information

The following tables include condensed combining balance sheet information related for the District and its blended component unit, ProCare, as of September 30, 2018 and 2017:

	September 30, 2018			
	District	ProCare	Eliminations	Total
Assets and Deferred Outflows of Resources				
Current assets	\$ 105,258,408	\$ 8,075,123	\$ (815,471)	\$ 112,518,060
Noncurrent cash and investments	31,506,663	-	-	31,506,663
Capital assets, net	188,657,925	195,439	-	188,853,364
Other noncurrent assets	4,035,460	190,863	-	4,226,323
Deferred outflows of resources	<u>6,725,511</u>	<u>-</u>	<u>-</u>	<u>6,725,511</u>
Total assets and deferred outflows of resources	<u>\$ 336,183,967</u>	<u>\$ 8,461,425</u>	<u>\$ (815,471)</u>	<u>\$ 343,829,921</u>
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities	\$ 41,462,844	\$ 8,494,259	\$ (815,471)	\$ 49,141,632
Estimated self-insurance costs	2,409,871	-	-	2,409,871
Long-term debt	44,046,041	-	-	44,046,041
Other long-term liabilities	40,435,705	-	-	40,435,705
Deferred inflows of resources	<u>5,101,629</u>	<u>-</u>	<u>-</u>	<u>5,101,629</u>
Total liabilities and deferred inflows of resources	<u>133,456,090</u>	<u>8,494,259</u>	<u>(815,471)</u>	<u>141,134,878</u>
Net Position				
Net investments in capital assets	142,275,850	195,439	-	142,471,289
Unrestricted	<u>60,452,027</u>	<u>(228,273)</u>	<u>-</u>	<u>60,223,754</u>
Total net position	<u>202,727,877</u>	<u>(32,834)</u>	<u>-</u>	<u>202,695,043</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 336,183,967</u>	<u>\$ 8,461,425</u>	<u>\$ (815,471)</u>	<u>\$ 343,829,921</u>

Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
September 30, 2018 and 2017

	September 30, 2017			
	District	ProCare	Eliminations	Total
Assets and Deferred Outflows of Resources				
Current assets	\$ 96,404,816	\$ 12,531,191	\$ (4,355,338)	\$ 104,580,669
Noncurrent cash and investments	20,799,254	-	-	20,799,254
Capital assets, net	201,831,451	232,134	-	202,063,585
Other noncurrent assets	6,652,447	315,368	-	6,967,815
Deferred outflows of resources	31,204,964	-	-	31,204,964
Total assets and deferred outflows of resources	<u>\$ 356,892,932</u>	<u>\$ 13,078,693</u>	<u>\$ (4,355,338)</u>	<u>\$ 365,616,287</u>
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities	\$ 37,167,379	\$ 13,111,522	\$ (4,355,338)	\$ 45,923,563
Estimated self-insurance costs	2,161,470	-	-	2,161,470
Long-term debt	48,820,020	-	-	48,820,020
Other long-term liabilities	67,696,408	-	-	67,696,408
Deferred inflows of resources	1,032,193	-	-	1,032,193
Total liabilities and deferred inflows of resources	<u>156,877,470</u>	<u>13,111,522</u>	<u>(4,355,338)</u>	<u>165,633,654</u>
Net Position				
Net investments in capital assets	152,391,419	232,134	-	152,623,553
Unrestricted	47,624,043	(264,963)	-	47,359,080
Total net position	<u>200,015,462</u>	<u>(32,829)</u>	<u>-</u>	<u>199,982,633</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 356,892,932</u>	<u>\$ 13,078,693</u>	<u>\$ (4,355,338)</u>	<u>\$ 365,616,287</u>

The following tables include condensed combining statements of revenues, expenses and changes in net position information for the District and its blended component unit, ProCare, for the years ended September 30, 2018 and 2017:

	September 30, 2018		
	District	ProCare	Total
Operating revenues	\$ 259,086,917	\$ 51,191,605	\$ 310,278,522
Operating expenses	316,861,147	62,428,803	379,289,950
Operating loss	(57,774,230)	(11,237,198)	(69,011,428)
Nonoperating revenues, net	69,256,068	-	69,256,068
Intercompany transfers	(11,237,193)	11,237,193	-
Change in net position	244,645	(5)	244,640
Net position, beginning of year, as previously reported	200,015,462	(32,829)	199,982,633
Change in accounting principle	2,467,770	-	2,467,770
Net position, beginning of year, as restated	<u>202,483,232</u>	<u>(32,829)</u>	<u>202,450,403</u>
Net position, end of year	<u>\$ 202,727,877</u>	<u>\$ (32,834)</u>	<u>\$ 202,695,043</u>

Ector County Hospital District
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Notes to Financial Statements
September 30, 2018 and 2017

	September 30, 2017		
	District	ProCare	Total
Operating revenues	\$ 244,884,986	\$ 43,983,623	\$ 288,868,609
Operating expenses	<u>302,764,500</u>	<u>63,276,721</u>	<u>366,041,221</u>
Operating loss	(57,879,514)	(19,293,098)	(77,172,612)
Nonoperating revenues, net	50,007,067	-	50,007,067
Intercompany transfers	<u>(17,342,858)</u>	<u>17,342,858</u>	<u>-</u>
Change in net position	(25,215,305)	(1,950,240)	(27,165,545)
Net position, beginning of year	<u>225,230,767</u>	<u>1,917,411</u>	<u>227,148,178</u>
Net position, end of year	<u><u>\$ 200,015,462</u></u>	<u><u>\$ (32,829)</u></u>	<u><u>\$ 199,982,633</u></u>

The following table includes condensed combining statements of cash flows information for the District and its blended component unit, ProCare, for the years ended September 30, 2018 and 2017:

	September 30, 2018		
	District	ProCare	Total
Net cash provided by (used in)			
Operating activities	\$ (27,499,796)	\$ (14,411,589)	\$ (41,911,385)
Noncapital financing activities	68,513,032	-	68,513,032
Capital and related financing activities	(23,239,798)	11,234,384	(12,005,414)
Investing activities	<u>(9,770,397)</u>	<u>-</u>	<u>(9,770,397)</u>
Increase (decrease) in cash and cash equivalents	8,003,041	(3,177,205)	4,825,836
Cash and cash equivalents, beginning of year	<u>31,954,750</u>	<u>3,182,405</u>	<u>35,137,155</u>
Cash and cash equivalents, end of year	<u><u>\$ 39,957,791</u></u>	<u><u>\$ 5,200</u></u>	<u><u>\$ 39,962,991</u></u>
	September 30, 2017		
	District	ProCare	Total
Net cash provided by (used in)			
Operating activities	\$ (43,026,338)	\$ (16,974,845)	\$ (60,001,183)
Noncapital financing activities	48,120,778	-	48,120,778
Capital and related financing activities	(50,066,227)	17,422,344	(32,643,883)
Investing activities	<u>23,676,249</u>	<u>-</u>	<u>23,676,249</u>
Increase (decrease) in cash and cash equivalents	(21,295,538)	447,499	(20,848,039)
Cash and cash equivalents, beginning of year	<u>53,250,288</u>	<u>2,734,906</u>	<u>55,985,194</u>
Cash and cash equivalents, end of year	<u><u>\$ 31,954,750</u></u>	<u><u>\$ 3,182,405</u></u>	<u><u>\$ 35,137,155</u></u>

Ector County Hospital District
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Note 14: Disclosures About Fair Value of Investments

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of 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 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 supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2018 and 2017:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2018				
Money market mutual funds	\$ 23,730,862	\$ 23,730,862	\$ -	\$ -
U.S. agencies obligations	15,577,514	-	15,577,514	-
September 30, 2017				
Money market mutual funds	\$ 18,393,460	\$ 18,393,460	\$ -	\$ -
U.S. agencies obligations	15,935,189	-	15,935,189	-

**Ector County Hospital District
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September 30, 2018 and 2017**

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The District held no Level 3 investments at September 30, 2018 or 2017.

Note 15: Contingencies

In the normal course of business, the District is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the District's self-insurance program (discussed elsewhere in these notes) or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The District evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Required Supplementary Information

**Ector County Hospital District
d/b/a Medical Center Health System**

**Schedule of Changes in the District's Net Position Liability and Related Ratios
As of December 31,**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service cost	\$ 11,664,134	\$ 12,611,339	\$ 11,722,978	\$ 11,063,097
Interest on total pension liability	33,423,201	30,752,584	28,642,798	26,748,805
Effect of plan changes	(4,482,712)	-	(1,903,496)	-
Effect of assumption changes or inputs	1,461,676	-	4,643,534	-
Effect of economic/demographic (gains) or losses	(1,559,674)	(464,253)	(2,168,073)	(3,304,508)
Benefit payments, including refunds of employee contributions	<u>(16,269,752)</u>	<u>(14,583,702)</u>	<u>(13,405,611)</u>	<u>(12,201,099)</u>
Net Change in Total Pension Liability	24,236,873	28,315,968	27,532,130	22,306,295
Total Pension Liability—Beginning	<u>408,944,482</u>	<u>380,628,514</u>	<u>353,096,384</u>	<u>330,790,089</u>
Total Pension Liability—Ending (a)	<u>\$ 433,181,355</u>	<u>\$ 408,944,482</u>	<u>\$ 380,628,514</u>	<u>\$ 353,096,384</u>
Plan Fiduciary Net Position				
Contributions—employer	\$ 8,535,709	\$ 7,881,165	\$ 8,263,374	\$ 8,021,499
Contributions—employee	5,373,243	5,303,910	5,345,403	4,963,799
Net investment income (loss)	53,397,053	25,372,459	(3,886,950)	21,913,195
Benefit payments, including refunds of employee contributions	(16,269,752)	(14,583,702)	(13,405,611)	(12,201,099)
Administrative expense	(277,189)	(275,792)	(248,388)	(259,291)
Other	<u>(34,197)</u>	<u>(420,168)</u>	<u>(545,315)</u>	<u>(608,848)</u>
Net Change in Plan Fiduciary Net Position	50,724,867	23,277,872	(4,477,487)	21,829,255
Plan Fiduciary Net Position—Beginning	<u>366,080,837</u>	<u>342,802,965</u>	<u>347,280,452</u>	<u>324,451,197</u>
Plan Fiduciary Net Position—Ending (b)	<u>\$ 416,805,704</u>	<u>\$ 366,080,837</u>	<u>\$ 342,802,965</u>	<u>\$ 347,280,452</u>
District's Net Pension Liability—Ending (a) – (b)	<u>\$ 16,375,651</u>	<u>\$ 42,863,645</u>	<u>\$ 37,825,549</u>	<u>\$ 5,815,932</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.22%	89.52%	90.06%	98.35%
Covered Payroll	\$ 107,464,853	\$ 106,072,205	\$ 106,900,052	\$ 99,275,976
District's Net Pension Liability as a Percentage of				
Covered Payroll	15.24%	40.41%	35.38%	5.86%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available. Information presented in this schedule has been determined as of the measurement date (December 31) of the net pension liability in accordance with GASB 68.

**Ector County Hospital District
d/b/a Medical Center Health System
Schedule of District Contributions
Year Ending September 30,**

Year Ending September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll (1)	Contributions as a Percentage of Covered Payroll
2018	\$ 7,749,743	\$ 7,749,743	\$ -	\$ 110,519,900	7.0%
2017	\$ 8,414,494	\$ 8,414,494	\$ -	\$ 109,010,606	7.7%
2016	\$ 7,928,302	\$ 7,928,302	\$ -	\$ 106,714,714	7.4%
2015	\$ 8,022,863	\$ 8,022,863	\$ -	\$ 103,172,647	7.8%

Notes to Schedule:

(1) Payroll is calculated based on contributions as reported to TCDRS

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, closed
Remaining amortization period	12.8 years
Asset valuation method	5-year smoothed non-asymptotic market
Inflation	2.75%
Salary increases	4.9% average over career, including inflation
Investment rate of return	8.0%, net of pension plan investment expense, including inflation
Retirement age	61 (average)
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available. Information presented in this schedule has been determined as of the District's fiscal year end (September 30) in accordance with GASB 68.

**Ector County Hospital District
d/b/a Medical Center Health System**
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ending September 30,

	2018
Total OPEB Liability	
Service cost	\$ 112,681
Interest	713,283
Changes in benefit terms	3,958,585
Changes in assumptions and other inputs	(475,455)
Benefit payments	(1,229,631)
Net Change in Total OPEB Liability	3,079,463
 Total OPEB Liability—Beginning	 21,292,380
 Total OPEB Liability—Ending	 \$ 24,371,843
 Covered-employee Payroll	 \$ 5,123,824
District's total OPEB liability as a percentage of covered-employee payroll	475.66%

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

Changes in benefit terms reflect the changes discussed under the Plan Description and Funding Policy in Note 11. Changes in assumptions and other inputs reflect a change in the discount rate from 3.43% to 3.74%.

**Ector County Hospital District
d/b/a Medical Center Health System
Schedule of Funding Progress – OPEB
September 30, 2018**

Acturial Valuation Date	Acturial Value of Assets	Acturial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
October 1, 2015	\$ -	\$ 26,396,659	\$ 26,396,659	0.0%	\$ 5,475,600	482.1%
October 1, 2013	\$ -	\$ 102,187,067	\$ 102,187,067	0.0%	\$ 8,011,401	1275.5%

The actuarial accrued liability decreased from approximately \$102,187,000 on October 1, 2013, to \$26,397,000 on October 1, 2015, as a result of a change to the post-retirement health care benefits, as discussed in *Note 11*. Prior to December 31, 2016, the District paid for covered medical and hospitalization costs incurred by eligible retirees and their dependents for whom premiums had been paid. There was no premium cost to retirees, but the dependents were required to pay a quarterly premium. On November 1, 2016, the District approved changes to the plan benefits. Effective January 1, 2017, pre-Medicare benefits are currently made available to eligible retirees in the form of funding to a health reimbursement account (HRA). The intended HRA funding is currently calculated at \$12,000 annually starting in 2017 for pre-Medicare ages and may increase with inflation in future years. A small Medicare Part A coverage-only group of post-Medicare retirees are currently receiving HRA funding calculated at \$3,600 annually starting in 2017. Other Medicare qualified retirees not in this Part A coverage-only group are currently receiving HRA funding calculated at \$1,020 annually starting in 2017 for post-Medicare benefits, and some current active employees may, upon retirement, move into this group. See *Note 11* for further details.

ECTOR COUNTY HOSPITAL DISTRICT

D/B/A MEDICAL CENTER HEALTH SYSTEM

Report to the Board of Directors and Management

March 8, 2019

Results of the 2018 financial statement audit, internal control matters and other required communications.



March 8, 2019

Board of Directors and Management
Ector County Hospital District
d/b/a Medical Center Health System
Odessa, Texas

We have completed our audit of the financial statements of Ector County Hospital District d/b/a Medical Center Health System (District) as of and for the year ended September 30, 2018. This report includes communication required under auditing standards generally accepted in the United States of America, as well as other matters.

Our audit plan represented an approach responsive to the assessment of risk of material misstatement in financial reporting for the District. Specifically, auditing standards require us to:

- Express an opinion on the September 30, 2018, financial statements of the District.
- Issue communications required under auditing standards generally accepted in the United States of America to assist the board in overseeing management's financial reporting and disclosure process.

This report also presents an overview of areas of audit emphasis, as well as our perspectives on the health care environment.

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

Very truly yours,



Contents

2018 Audit Results

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Appendices

Management Representation Letter	Tab 1
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Summary of Our Audit Approach and Results

Our Approach

BKD's audit approach focuses on areas of higher risk—the unique characteristics of the District, your operating environment, the design effectiveness of your internal controls and your financial statement amounts and disclosures. The objective is to express an opinion on the conformity of your financial statements, in all material respects, with accounting principles generally accepted in the United States of America.

Areas of Audit Emphasis

The principal areas of audit emphasis and results were as follows:

Area	Results
<p>Management Override of Controls</p> <p>The risk that management may override existing and functioning accounting controls is an inherent risk to the District.</p>	<ul style="list-style-type: none"> No matters are reportable.
<p>Revenue Recognition</p> <p>Revenue cut-off impacts the financial statements of the District.</p>	<ul style="list-style-type: none"> No matters are reportable.
<p>Management Estimates</p> <p>Estimates and judgments made by management materially impact financial statement amounts. The following financial statement areas include material estimates made by management:</p> <p><i>Allowance for contractual and uncollectible account adjustments</i></p>	<ul style="list-style-type: none"> Adjustments were proposed and recorded to increase the net realizable value of patient accounts receivable. This included a decrease in the liability related to credit balance accounts.

Summary of Our Audit Approach and Results (*Continued*)

Area	Results
Management Estimates (Continued)	
<i>Third-party payer settlement estimates</i>	<ul style="list-style-type: none"> An adjustment was proposed and recorded to increase the amounts due from the Medicare program and recognize the 2018 cost report liability.
<i>Supplemental Medicaid Funding receivable</i>	<ul style="list-style-type: none"> Adjustments were proposed and recorded to decrease the Medicaid UC and DSRIP receivables recognize an IGT refund from the first year of the UHRIP program.
<i>Reserve for employee health and workers' compensation obligations</i>	<ul style="list-style-type: none"> Adjustments were recorded to decrease the employee health reserve and increase the workers' compensation reserves based on final actuarial determinations.
<i>Reserve for professional and general liability risks</i>	<ul style="list-style-type: none"> Adjustments were recorded to increase the reserves based on final actuarial determinations.
<i>Value of sales and property taxes receivable and tax revenue</i>	<ul style="list-style-type: none"> The amounts recorded were reasonable and no adjustments were proposed.
<i>Other Post-Retirement Benefits (OPEB)</i>	<ul style="list-style-type: none"> An adjustment was proposed and recorded to increase the net OPEB obligation and record the deferred inflows of resources based on the final actuarial determination. Due to the adoption of GASB 75 in the current year, October 1, 2017 net position was restated for the cumulative effect of applying this new standard.
<i>Net Pension Liability</i>	<ul style="list-style-type: none"> An adjustment was proposed and recorded to properly state deferred inflows and outflows of resources and the related pension expense.

Summary of Our Audit Approach and Results (Continued)

Area	Results
<p>Accounting for Property and Equipment, Including Capitalized Interest</p> <p>With significant capital projects underway and completed in 2018, there is a risk that costs are not being capitalized appropriately, including associated interest.</p>	<ul style="list-style-type: none"> • Certain Cerner related operating expenses were improperly capitalized. An adjustment was proposed and recorded to reflect those expenditures as an operating expense.
<p>Information Technology</p> <p>The District has a sophisticated and complex enterprise resource planning system which affects multiple areas related to financial reporting.</p>	<ul style="list-style-type: none"> • As part of our audit, we reviewed controls surrounding security and data integrity, as well as challenged access controls to identify segregation of duties conflicts.

Significant Estimates

The preparation of the financial statements requires considerable judgment because some assets, liabilities, revenues and expenses are “estimated” based on management’s assumptions about future outcomes. For example, the allowance for uncollectible accounts is impacted by patients’ willingness and ability to pay. Other estimates may be dependent on assumptions related to economic or environmental conditions, regulatory reform or changes in industry trends.

Some estimates are inherently more difficult to evaluate and highly susceptible to variation because the assumptions relating to future outcomes have a higher degree of uncertainty. To the extent future outcomes are different than expected, management’s estimates are adjusted in future periods, sometimes having a significant effect on subsequent period financial statements. The following are considered to be significant estimates for the District:

- **Third-party Reimbursement** – Net operating revenues include management’s estimates of amounts to be reimbursed by third parties. Amounts received for patient billings are generally less than amounts billed. The difference between what is billed and expected to be received is recorded through contractual adjustments. Management’s process of estimating amounts to be received from third parties requires estimation based on payer classification, historical data and payer contract provisions. Estimates of third-party reimbursements also include management assumptions about uncertainties related to the continued evolution of alternative payment models, changes in payer mix and the current state of the economy.

Net operating revenues also include estimated amounts due to and from the Medicaid supplemental funding programs. These estimates are based on communications from the state, historical and subsequent funding and include an allowance for recoupment upon final settlement of the funding.

- **Allowance for Doubtful Accounts** – Primary collection risks related to patient accounts receivable include uninsured patients and patient balances where the insurance payer did not pay the entire balance. Management’s estimate for allowance for doubtful accounts is based on historical and subsequent collections, payer mix and anticipated trends. Similar to third-party reimbursements, management assumptions about the economy and types of payers affect the estimation of allowance for uncollectible accounts.
- **Employee Health and Workers Compensation Risks** – Management records an estimate of a liability based on a valuation provided by an independent actuary. Reserves for employee health and workers compensation claims are based on estimates of known claims and estimates for incurred but not reported claims. Management reviews the estimates for the reasonableness of assumptions used in the development of the estimate by the actuary.
- **Professional and General Liability Risks** – Management records an estimate of a liability based on a valuation provided by an independent actuary. The estimate is based on known claims, claims history and industry specific experience. Management reviews the estimate for the reasonableness of assumptions used in the development of the estimate by the actuary.

- **Net Pension Liability** – Management records an estimated pension liability based on a valuation provided by an independent actuary. The estimate represents the difference between the projected benefit obligation and the fair value of the plan assets and is based on a variety of assumptions including a discount rate to equate the obligation to present value at the balance sheet date. Management reviews the estimate for the reasonableness of assumptions used in the development of the estimate by the actuary.
- **Other Post-Retirement Benefits** – The District offers post-retirement health insurance to certain beneficiaries. Management records an estimated liability based on a valuation provided by an independent actuary. The estimate represents the difference between the projected benefit obligation and the fair value of the plan assets and is based on a variety of assumption including investment return, health care trends, and future costs of employee health insurance to equate the obligation to present value at the balance sheet date. Management reviews these estimates for the reasonableness of assumptions used in the development of the estimate by the actuary.



Opinion

Unmodified, or “Clean,” Opinion Issued

We are prepared to issue an unmodified opinion as to whether the financial statements of the District as of and for the year ended September 30, 2018, are fairly presented, in all material respects.

Required Communications

Generally accepted auditing standards require the auditor to ensure that those charged with governance receive additional information regarding the scope and results of the audit that may assist you in overseeing management's financial reporting and disclosure process. Below, we summarize these required communications:

Auditor's Responsibilities Under Auditing Standards Generally Accepted in the United States of America (GAAS).

An audit performed in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Area	Comments
<p>Significant Accounting Policies</p> <p>Significant accounting policies are described in <i>Note 1</i> of the financial statements.</p>	<ul style="list-style-type: none"> No matters are reportable.
<p>Alternative Accounting Treatments</p> <p>We are required to report any discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions, as well as general accounting policies.</p>	<ul style="list-style-type: none"> No matters are reportable.

<p>Management Judgments and Accounting Estimates</p> <p>Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Areas involving significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates are listed in the adjacent comments section.</p>	<ul style="list-style-type: none"> • See analysis of management's judgments and accounting estimates on <i>page 2</i>.
<p>Financial Statement Disclosures</p> <p>These areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures.</p>	<ul style="list-style-type: none"> • Patient revenue recognition • Medicaid supplemental payment programs • Defined benefit pension plan • Other Post Employment Benefit plan, including plan changes and adoption of GASB 75
<p>Audit Adjustments</p> <p>During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.</p>	<p><i>Adjustments Recorded</i></p> <ul style="list-style-type: none"> • Patient accounts receivable • Estimated amounts due to/from third party payers (including supplemental Medicaid funding related balances) • Self-insured reserves • Net OPEB obligation and related deferred balances • Defined benefit pension liability related deferred balances • Cash • Other miscellaneous assets and liabilities <p><i>Proposed Audit Adjustments Not Recorded</i></p> <ul style="list-style-type: none"> • None

<p>Auditor's Judgments About the Quality of the District's Accounting Policies</p> <p>During the course of the audit, we made observations regarding the District's application of accounting principles.</p>	<ul style="list-style-type: none"> • In 2018, the District adopted GASB Statement No. 75, <i>Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</i> as discussed in <i>Note 1</i>.
<p>Significant Issues Discussed with Management</p> <p>During the audit process, issues were discussed or were the subject of correspondence with management and are listed in the adjacent comments section.</p>	<ul style="list-style-type: none"> • Accounting for Cerner expenditures • Service organization transactions • Accounts receivable valuation

Other Material Written Communications

Other material written communications between management and us related to the audit include:

- Management representation letter (*Tab 1*)

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the District as of and for the year ended September 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and material weaknesses.

Deficiency – A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the District's financial statements on a timely basis. A deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant Deficiency – A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Material Weakness – A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

We observed the following matters that we consider to be material weaknesses, significant deficiencies and deficiencies.

Material Weakness

Audit Adjustments

During the course of the audit, various adjustments were proposed and recorded. Areas where adjustments were proposed have been previously discussed in this letter. Management should review the causes for these adjustments and implement corrective procedures to ensure that interim financial statements are accurate. Such corrective procedures would include timely completion of account reconciliations and resolution of unreconciled variances.

Specifically, at September 30, 2018, certain cash accounts were not reconciled. Reliable accounting information begins with effective accounting for cash balances and transactions. Monthly reconciliations also help improve the reliability of recorded information and enhances controls to prevent theft and misuse of funds. This is especially important because interim financial information is often a key factor in decisions made by management and the Board.

Significant adjustments were also recorded to increase the value of patient accounts receivable and decrease the liability associated with patient account balances. Management should continue to consider historical and subsequent cash collections in the valuation process and challenge the accuracy of patient account credit balances. Material credit balances are often the result of mis-postings within the patient accounting system, rather than an actual overpayment on a patient account, and can have a material impact on the overall valuation of patient accounts receivable.

Certain adjustments were also required to accurately state amounts due from supplemental Medicaid funding programs. More specifically, increases to amounts due from the Medicaid UC and DSRIP programs were required and a receivable due from an IGT reconciliation of the UHRIP program had not been recognized. In addition to payments received during the year, management should consider information that becomes available near and subsequent to year-end that have implications on the revenue earned in the reporting period.

During our testing of capital assets, it was determined that Cerner related expenditures for monthly services rendered by Cerner had been capitalized as part of the Cerner capital asset. This was the result of a lack of clarity on the components of the payments being made to Cerner. In these situations, we would recommend working with the related vendor to obtain the information necessary to ensure these types of expenditures are accounted for appropriately.

We would also recommend management work with service organizations that support indigent care costs for the District to ensure the accuracy of records associated with the District's benefit from these programs compared to the intergovernmental transfers provided by the District for the benefit of the providers supporting the service organization. While the materiality of these transactions have diminished, they are still material to the District.

Significant Deficiency

Estimated Amounts Due to/from Third-Party Payers

Medicare and Medicaid cost reports are prepared on an annual basis. During 2018, management did not prepare interim estimates of the projected settlement for these reports. In some cases, the final settlement of a cost report can be significant, especially when regulations are changing. We recommend that management develop a process to estimate the settlement of each year's cost report on at least a quarterly basis to limit the potential that a significant year-end adjustment is required.

Deficiencies

Collateralization of Cash Balances

As a governmental entity, state law requires collateralization of all deposits with federal depository insurance or other qualified investments. At September 30, 2018, the District had approximately \$2.0 million of cash deposits that were unsecured and uncollateralized in accordance with state law.

We recommend management, in conjunction with your financial institutions, implement additional controls to ensure appropriate collateral is pledged as bank balances fluctuate.

Segregation of Duties – Revenue Cycle

There are multiple employees in the business office who have the ability to access payments on patient accounts and also have the ability to post adjustments to patient account balances. These employees, at times, may also be involved in preparing cash receipts detail listings. When individuals have the ability to handle payments and post adjustments, a risk of misappropriation generally exists. While management has implemented mitigating controls in this area (such as utilizing a lockbox) it is important to understand this does not completely remove the risk. We recommend that management continue to review the current revenue cycle process and the various abilities of business office personnel to determine if it can accomplish additional segregation of duties.

Segregation of Duties – Accounts Payable and Cash Disbursements

Certain individuals involved in the cash disbursement process have the ability to enter invoices in the system, can authorize a payment by check, are able to access electronic signatures for checks and have access to signed checks to be issued to vendors. When employees have this combination of abilities, there is generally a risk of misappropriation. While management has implemented mitigating controls in this area (such as having the assistant controller review all checks issued), it is important to understand this does not completely remove this risk. We recommend that management and the Board routinely review how duties are assigned and implement changes in controls when deemed cost beneficial.

Documentation of Review and Approval

During our testing of internal controls, we noted inconsistent review and approval of manual journal entries, daily deposit reconciliations, patient write off reports, and reconciliations of transactions posted to the District's TCDRS employer account. Documentation of review and approval of these items is critical for internal control purposes and audit evidence. We also noticed instances whereby accounts payable payments that had been processed for payment had been approved by various employees of the District, but the approvals did not comply with the District's internal purchasing policy.

Other Matters

Future Change in Accounting Standard - GASB Statement No. 87, Leases

GASB 87 provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts

that contain lease and nonlease components will need to be separated so each component is accounted for accordingly.

GASB 87 is effective for financial statements for the District's fiscal year ending September 30, 2021. Earlier application is encouraged. Governments will be allowed to transition using the facts and circumstances in place at the time of adoption, rather than retroactive to the time each lease was begun

Future Change in Accounting - GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period (GASB 89)

GASB 89 requires that interest costs incurred before the end of a construction period be recognized as expenses in the period in which the costs are incurred. As a result, the interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset.

GASB 89 is effective for financial statements for the District's fiscal year ending September 30, 2021. Earlier application is encouraged. GASB 89 will be applied prospectively to interest incurred after the date of adoption.

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

March __, 2019

ECTOR COUNTY HOSPITAL DISTRICT
AMENDED ORDER AND NOTICE OF REGULAR DIRECTOR ELECTION
(ORDEN ENMENDADA Y NOTIFICACIÓN DE ELECCIONES REGULARES PARA
DIRECTOR)

A regular election is hereby ordered to be held on May 4, 2019 for the purpose of:
(Por la presente se ordena que se lleve a cabo una elección regular el día 4 de mayo de 2019 con el propósito de:)

Electing hospital directors to Single-member Districts 2, 4, and 6 to full terms.
(Elegir directores de hospital para ocupar puestos de término completo de miembro único para los Distritos 2, 4, y 6.)

Early voting by personal appearance will be conducted at the locations and times listed on Exhibit A. *(La votación anticipada en persona se llevará a cabo en los lugares y tiempos puestos en Exhibición A.)*

Applications for ballot by mail shall be mailed to:
(Las solicitudes de balotas por correo deberán enviarse a:)

Ector County Elections Office
Attn: Elizabeth Sertuche
1010 East 8th Street
Odessa, Texas 79761

Applications for ballots by mail must be received no later than the close of business on April 23, 2019. *(Las solicitudes de balotas por correo deberán recibirse a más tardar antes del horario de cierre de oficina el 23 de abril de 2019).*

The polling places designated on Exhibit B will be open from 7:00 a.m. to 7:00 p.m. on the day of the election. *(Los sitios de votación indicados en la Exhibición B se abrirán de 7:00 a.m. a 7:00 p.m. en el día de la elección).*

Issued this the _____ day of _____, 2019.
(Emitido esto en el día _____ de _____ de 2019)

President of Board of Directors
Presidente del Consejo Directivo

Vice President of Board of Directors
Vicepresidente del Consejo Directivo

ECTOR COUNTY EARLY VOTING SCHEDULE FOR MAY 4, 2019 JOINT ELECTION

*(HORARIO PARA LA VOTACIÓN ADELANTADA DE LA ELECCIÓN CONJUNTA DEL CONDADO DE
ECTOR DEL DÍA 4 DE MAYO DE 2019)*

*The following location will be open during Early Voting only.
(El siguiente local estará abierto durante las Votaciones Adelantadas solamente.)*

<i>LOCATION/ADDRESS</i>	<i>APRIL 22nd - APRIL 26th MONDAY- FRIDAY</i>	<i>APRIL 29th & 30th MONDAY & TUESDAY</i>
<i>(UBICACIÓN /DIRECCIÓN y</i>	<i>(22 DE ABRIL AL 26 DE ABRIL) LUNES A VIERNES</i>	<i>(29 y 30 de abril) lunes y martes</i>
ECTOR COUNTY COURTHOUSE ANNEX 1010 E. 8 TH ST. <i>(ANEXO DEL JUZGADO DEL CONDADO DE ECTOR (1010 E. 8TH ST.)</i>	8:00 AM – 5:00 PM	7:00 AM – 7:00 PM

**AMENDED ORDER
FOR
JOINT GENERAL ELECTION FOR THE
ECTOR COUNTY HOSPITAL DISTRICT
AND
ODESSA COLLEGE**

**SATURDAY, MAY 4, 2019
ELECTION DAY VOTE CENTERS
7:00 A.M.-7:00 P.M.**

*Orden Enmendada
La Elección General Conjunta Para
el Distrito del Hospital del Condado de Ector y el Colegio de Odessa*

*Sábado, 4 de mayo del 2019
Centros de Votación para el día de la elección
7:00 A.M. – 7:00 P.M.*

Chapel Hill Baptist Church <i>Iglesia Bautista Chapel Hill</i>	1820 E 52nd St., Odessa, TX. 79762 <i>1820 Este de la calle 52</i>
First Baptist Church <i>Primera Iglesia Bautista</i>	709 N. Lee St., Odessa, TX. 79761 <i>709 Norte de la Avenida Lee</i>
First Church of the Nazarene <i>Primera Iglesia de Nazareno</i>	2223 Lyndale Dr., Odessa, TX. 79762 <i>2223 Avenida Lyndale</i>
MCH Primary Care- West <i>Centro Medico MCH - Oeste</i>	6030 W. University, Odessa, TX. 79764 <i>6030 Oeste de la calle Universidad</i>
Odessa Christian Faith Center 180 Youth Building <i>Iglesia Odessa Christian Faith Center(Edificio 180)</i>	8828 Andrews Hwy., Odessa, TX. 79762 <i>8828 Carretera Andrews</i>
Odessa College Sports Center <i>Centro de Deportes Del Colegio de Odessa</i>	201 W. University Blvd. Odessa, TX. 79764 <i>201 Oeste de la calle Universidad</i>
PAL Center <i>Centro Pal</i>	1015 N. County Road West (10th & W. Co. Rd.), Odessa, TX. 79763 <i>1015 Norte de la calle County Road West</i>
Westlake Hardware <i>Tienda Ferreteria Westlake</i>	4652 E. University Blvd. Odessa, TX. 79761 <i>4652 Este de la calle Universidad</i>

****Vote Centers are subject to change if no opposition in those districts and the current officeholders are declared elected.**

***Los centros de votación están sujetos a cambio si no hay oposición en esos distritos y los actuales titulares del cargo son declarados elegidos.*

**ORDER OF CANCELLATION OF ELECTION
(DIRECTOR DISTRICT 2 AND 4)
ORDEN DE CANCELACIÓN DE LA ELECCIÓN
(DIRECTOR DE DISTRITO 2 y 4)**

The Ector County Hospital District hereby cancels the election for Director District 2 and District 4 scheduled to be held on May 4, 2019 in accordance with Section 2.053(a) of the Texas Election Code. The following candidates have been certified as unopposed and is hereby elected as follows:

El distrito del Hospital del Condado Ector por este medio cancela la elección de Director del Distrito 2 y del Distrito 4 que estaba programada para el 4 de mayo de 2019, de acuerdo con la Sección 2.053(a) del Código de Elecciones de Texas. Los candidatos siguientes han sido certificados como candidatos sin oposición y son por este medio elegidos como sigue:

<u>Candidate (Candidato)</u>	<u>Office Sought (Cargo al que presenta candidatura)</u>
Mary Lou Anderson	Board of Directors - District 2 (Junta de Directores – Distrito 2)
David Dunn	Board of Directors – District 4 (Junta de Directores – Distrito 4)

A copy of this order will be posted on Election Day at each polling place that would have been used in the election.

El día de las elecciones se exhibirá una copia de esta orden en todos los centros electorales que se hubieran utilizado en la elección.

President (*Presidente*)

Secretary (*Secretario*)

Date of adoption (*Fecha de adopción*)

**CERTIFICATION OF UNOPPOSED CANDIDATES FOR
OTHER POLITICAL SUBDIVISIONS (NOT COUNTY)
CERTIFICACIÓN DE CANDIDATOS SIN OPOSICIÓN
PARA OTRAS SUBDIVISIONES POLÍTICAS (NO EL CONDADO)**

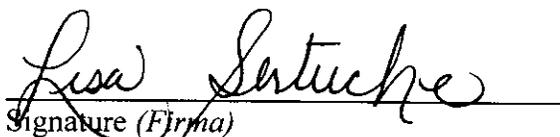
To: Presiding Officer of the ECHD Board of Directors
 Al: *Presidente de la Junta de Directores ECHD*

As the authority responsible for having the official ballot prepared, I hereby certify that the following candidates are unopposed for election to office for the election scheduled to be held on May 4, 2019.

Como la autoridad encargada de tener preparada la papeleta oficial, por la presente certifico que los siguientes candidatos son candidatos únicos para la elección de un cargo en la elección que se llevará a cabo el 4 de mayo de 2019.

List offices and names of candidates:
 Lista de cargos y nombres de los candidatos:

Office(s) <i>Cargo(s)</i>	Candidate(s) <i>Candidato(s)</i>
ECHD Board of Director District 2 <i>(Junta de Directores ECHD Distrito 2)</i>	Mary Lou Anderson
ECHD Board of Director District 4 <i>(Junta de Directores ECHD Distrito 4)</i>	David Dunn


 Signature *(Firma)*

LISA SERTUCHE
 Printed name *(Nombre con letra de imprenta)*

ELECTIONS ADMINISTRATOR
 Title *(Puesto)*

02-28-19
 Date of signing
(Fecha de firma)



THE BOARD OF DIRECTORS OF THE
MEDICAL CENTER HEALTH SYSTEM

A RESOLUTION
Charter Revision

WHEREAS, the ECHD Board is committed to making sure that the Board has the necessary quorum and Board Member dedication to effectively conduct Hospital District business; and

WHEREAS, the Board of Directors deems it beneficial to clarify the attendance expectations of ECHD Board members in ECHD governing documents;

WHEREAS, the Board determines that each Board Member must attend a minimum of seven (7) meetings per calendar year;

WHEREAS, The Board determines that each Board Member must attend at least fifty percent (50%) of that Member's assigned Committee and Subcommittee scheduled meetings;

WHEREAS, any Board Member who fails to meet minimum attendance requirements during their Term will automatically be replaced by an individual deemed qualified by the ECHD Executive Committee. The Board Executive Committee may nominate any qualified individual to assume the former Board Member's duties for the remainder of their Term;

WHEREAS, the Board of Directors desires that the MCH System Administration coordinate with ECHD State Legislative representatives to revise the ECHD Charter in accordance with this Resolution during the 2019 Legislative Session.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MEDICAL CENTER HEALTH SYSTEM:

That the Board of Directors of Medical Center Health System desires to revise its Charter to address minimum attendance requirements for Board Members.

That the Board of Directors has determined that each Board Member must attend at least 7 Board meetings in any calendar year. Such attendance requirements shall be in effect no later than January 1, 2020. Member absences due to emergency circumstances are permitted and will not count against a Member.

We, the Board of Directors of the Medical Center Health System, resolve that the CEO of the System and/or his designee are hereby authorized to take all actions necessary to effectuate this resolution.

PASSED AND APPROVED by the Board of Directors of the Medical Center Health System Board this the 12th day of March 2019.

Mary Thompson, President
Medical Center Health System

David Dunn, Vice President
Medical Center Health System

Don Hallmark, Member
Medical Center Health System

Richard Herrera, Member
Medical Center Health System

Mary Lou Anderson, Member
Medical Center Health System

Bryn Dodd, Member
Medical Center Health System

Ben Quiroz, Member
Medical Center Health System



THE BOARD OF DIRECTORS OF THE
ECTOR COUNTY HOSPITAL DISTRICT

A RESOLUTION
Clarifying Signatory Authority

WHEREAS, Due to ECHD Executive team turn-over; and

WHEREAS, the Board of Directors and ECHD Executive Team deem it beneficial to clarify which individuals are authorized to legally obligate ECHD and/or its affiliated entities;

WHEREAS, on February 13, 2019 the Board of Directors of ProCare designated that the individual serving as President of ProCare, Vice President Physician Enterprise or equivalent authority shall have the authority to sign all ProCare documents in an effort to maintain the corporate identity of ProCare.

WHEREAS, the Board of Directors desires to grant signing and authority to certain person(s) described hereunder. Signatory authority relates to the ability to obligate an ECHD entity or affiliated entity to a binding contract, not a check request.

WHEREAS, the foregoing signing and authority granted shall include, but shall not be limited to, powers of attorney, transfers, assignments, contracts, obligations, certificates, and other instruments of whatever nature entered into by ECHD and/or its affiliated entities.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ECTOR COUNTY HOSPITAL DISTRICT:

That the Board of Directors of Ector County Hospital District acknowledge the ProCare Board's designation of President of ProCare, Vice President Physician Enterprise as the authorized individual, capable of entering into employment and related documents on behalf of ProCare. Such documents shall continue to be reviewed by both the ProCare Board of Directors and the ECHD Board of Directors through the PTRC and related governance review processes.

That the Board deems it appropriate for certain designated ECHD executive employees to have authority to bind ECHD d/b/a MCH System and/or its affiliates in certain designated agreements, as long as such agreements are in the best interest of MCH System and/or its affiliates and otherwise in compliance with applicable laws, rules, and regulations.

We, the Board of Directors of the Ector County Hospital District, resolve that the CEO of the System and/or his designee are hereby authorized to take all actions necessary to effectuate this resolution.

RESOLVED, that the Board of Directors hereby authorizes and approves signing authority to conduct business to the following identified positions under the conditions described below:

Title	Approval	Signatory Authority	Entity
CEO/President	Agreements for goods, items, and services necessary for daily operations of the Hospital and/or Health System	Up to \$50,000, unless an emergency	MCH System, MCH, MCH affiliates
CEO/President	Agreements for goods, items, and services previously approved by the Board	Exceeding \$50,000	MCH System, MCH, MCH affiliates
VP, Physician Enterprise; President ProCare	Board approval, ProCare Board approval	All provider employment and related contracts; any contract up to \$50,000	ProCare
In the absence of the CEO/President CFO, with one other Executive Team Member	Agreements for goods, items, and services necessary for daily operations	Up to \$50,000, unless an emergency	MCH System, MCH, MCH affiliates
In the absence of the CEO/President CFO, with one other Executive Team Member	Agreements for goods, items, and services that the Board pre-approval through budget process/approval	Exceeding \$50,000	MCH System, MCH, MCH affiliates

PASSED AND APPROVED by the Board of Directors of the Ector County Hospital District this the 12th day of March 2019

Mary Thompson, Chairperson
Ector County Hospital District

David Dunn, Vice President
Ector County Hospital District

Don Hallmark, Member
Ector County Hospital District

Richard Herrera, Member
Ector County Hospital District

Mary Lou Anderson, Member
Ector County Hospital District

Bryn Dodd, Member
Ector County Hospital District

Ben Quiroz, Member
Ector County Hospital District