ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING
March 7, 2017 – 5:30 p.m.
Board Room

AGENDA (p. 1-2)

I. CALL TO ORDER..... David Dunn, President

II. INVOCATION ..... Chaplain Farrell Ard

III. MISSION/VISION/VALUES OF MEDICAL CENTER HEALTH SYSTEM ..... David Dunn, p. 3

IV. MARCH 2017 EMPLOYEES OF THE MONTH..... William Webster

- Clinical: Brian Arzadon, Cardiac Rehab Specialist, Cardiac Rehab
- Non-Clinical: Faith Bernabe, Divisional Decision Support Analyst, Performance Improvement
- Nurse of the Month: Ronan Sanchez, RN, Service Coordinator, Operating Room

V. UNITED WAY OF ODESSA RECOGNITION……..……..Jacqui Gore

- 2016 Sustained Excellence Award Recognizing MCHS
- 2016 Bill Elms Award Recognizing William Webster

VI. REVIEW OF MINUTES..... David Dunn, p. 4-18

A. Regular Meeting – February 14, 2017

VII. ECHD BOARD SUMMARY OF OBLIGATION FOR TAX SUPPORT..... Virgil Trower, p. 19

VIII. COMMITTEE REPORTS

A. Finance Committee ..... Virgil Trower, p. 20-95
1. Financials for four months ended January 31, 2017
2. CER: 7320-17-01 EPIQ 7G Ultrasound System

B. Joint Conference ..... Greg Shipkey, MD, p. 96-103
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
5. Change in Medical Staff Bylaws/Policy/Privilege Criteria

C. Audit Committee……..……..…….Judy Hayes, p. 104-181
1. BKD - FY 2016 MCHS External Audit Report and Approval (Action)

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

X. PRESIDENT/CEO REPORT…….William Webster
A. HealthSure Insurance Consulting Extension Agreement…..……....Jon Riggs, p. 182

B. Financial Resource Group (FRG) Agreement……..…..……Jon Riggs, p. 183-191

C. MCH ProCare ENT Clinic Renovation Bid Approval……..…...Matt Collins, p. 192

D. FY 2016 Medical Center Health System Annual Report…...William Webster, p. 193-226

XI. EXECUTIVE SESSION

Meeting held in closed session as to (1) consultation with attorney regarding legal matters pursuant to Section 551.071 of the Texas Open Meetings Act, and, (2) deliberation by the governing board of certain providers of health care services of the hospital pursuant to Section 551.085 of the Texas Open Meetings Act.

XII. MCH ProCare Provider Agreements…….…….……..Julian Beseril

XIII. ADJOURNMENT ..... David Dunn

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, Government Code of Texas, 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 in such closed or executive meeting or session 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

Medical Center Health System
Your One Source for Health

ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING
February 14, 2017

MINUTES OF THE MEETING

MEMBERS PRESENT: David Dunn, President
Mary Lou Anderson
David Nelson
Mary Thompson
Virgil Trower
Richard Herrera

MEMBERS ABSENT: Judy Hayes, Vice President

OTHERS PRESENT: William Webster, President/Chief Executive Officer
Tony Ruiz, Senior Vice President/Chief Operating Officer
Jon Riggs, Senior Vice President/Chief Financial Officer
Gary Barnes, Senior Vice President/Chief Information Officer
Chad Dunavan, Vice President/Chief Nursing Officer
Matt Collins, Vice President, Support Services
Robbi Banks, Vice President, Human Resources
Ron Griffin, Chief Legal Counsel
Dr. Arun Mathews, CMO/CMIO (Acute)
Dr. Augusto Sepulveda, CMO/CMIO (Ambulatory)
Dr. Gregory Shipkey, Chief of Staff
Ron Griffin, Vice President/Chief Legal Counsel
Virginia (Gingie) Sredanovich, ECHD Board Secretary
Various other interested members of the Media,
Medical Staff, Employees, Retirees and Citizens

I. CALL TO ORDER

David Dunn, 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. MISSION/VISION OF MEDICAL CENTER HEALTH SYSTEM

Richard Herrera presented the Mission, Vision and Values of Medical Center Health System.

IV. FEBRUARY 2017 EMPLOYEES OF THE MONTH

Mr. Webster introduced the February 2017 Employees of the Month as follows:

- Clinical: Steve Martinez, Lead Interventional Technologist, Cath Lab
- Non-Clinical: Maria (Elena) Fernandez, Hot Food Cook, Nutrition Services
- Nurse of the Month: Ramona Larson, RN, Prospective Payment System Coordinator, Rehab Services

V. REVIEW OF MINUTES

A. Regular Meeting – January 10, 2017

David Dunn presented the minutes of the Regular ECHD Board meeting held on January 10, 2017 and asked if there were any additions or corrections.

Virgil Trower moved and Mary Lou Anderson seconded the motion to accept the minutes of the Regular ECHD Board meeting held January 10, 2017. The motion carried.

VI. ECHD BOARD SUMMARY OF OBLIGATION FOR TAX SUPPORT

Virgil Trower presented the ECHD Summary of Obligation for Tax Support for informational purposes only.

VII. COMMITTEE REPORTS

A. Finance Committee

1. Quarterly Investment Report 1st Quarter FY 2017

   Virgil Trower moved and Richard Herrera seconded the motion to approve the Quarterly Investment Report as recommended to the ECHD Board by the Finance Committee. The motion carried.

2. Quarterly Investment Officer's Certification

   Virgil Trower moved and Richard Herrera seconded the motion to approve the Quarterly Investment Officer's Certification as recommended to the ECHD Board by the Finance Committee. The motion carried.

3. Financials for the three months ended December 31, 2016

Virgil Trower moved and Mary Lou Anderson seconded the motion to approve the financial report for the three months ended December 31, 2016, as recommended to the ECHD Board by the Finance Committee. The motion carried.

B. Joint Conference Committee

Dr. Gregory Shipkey, Chief of Staff, presented the recommendation of the Joint Conference Committee to accept the following Medical Staff Recommendations:

1. **Medical Staff or AHP Initial Appointment/Reappointment**

Medical Staff

Applicant	Department	Specialty/ Privileges	Group	Dates
*Barry, Floyd MD	Pediatrics	Pediatrics / Hospitalist	Covenant Medical Group	02/14/2017 to 01/31/2018
*Carter, Bonnie MD	Family Medicine	Family Medicine	MCH ProCare	02/14/2017 to 01/31/2018
*Glass, Darren MD	Surgery	General Surgery	Odessa Surgical Services	02/14/2017 to 01/31/2018
*Gutierrez, Jennifer MD	Radiology	Teleradiology	VRAD	02/14/2017 to 01/31/2019
Hoang, Vivian MD	Medicine	Intraoperative Neuromonitoring	Real Time Neuromonitoring Associates	02/14/2017 to 01/31/2019
Hyson, Morton MD	Medicine	Intraoperative Neuromonitoring	Private	02/14/2017 to 01/31/2019
*Oner, Banu MD	Radiology	Teleradiology	VRAD	02/14/2017 to 01/31/2019
*Reynolds, Lizabeth MD	Radiology	Teleradiology	VRAD	02/14/2017 to 01/31/2019
Steinberg, Lon MD	Medicine	Intraoperative Neuromonitoring	Real Time Neuromonitoring Associates	02/14/2017 to 01/31/2019
Zafar, Muhammad MD	Medicine	Psychiatry	Texas Tech University HSC	02/14/2017 to 01/31/2018

Allied Health Professional (AHP) Staff Applicants

Applicant	Depart.	Specialty/ Privileges	Group	Sponsoring Physician(s)	Dates
LaVallee, Dayna PA	OB / GYN	Physician Assistant	Private	Dr. Ghassan Fanous	02/14/2017 to 01/31/2019
*Siwald, Lauren PA	Surgery	Physician Assistant	EmCare	Dr. Paul Merkle	02/14/2017 to 01/31/2019

** *Please grant temporary privileges*

Reappointment of the Medical Staff and Allied Health Professional Staff

Medical Staff/Or Allied Health Professional Staff

Applicant	Department	Staff Category	Specialty/ Privileges	Group	Changes in Privileges	Dates
Alabd Alrazzak, Baraa MD	Pediatrics	Associate to Active	Pediatrics	Covenant Medical		03/01/2017 – 02/28/2019
Atolagbe, Adebayo MD	Pediatrics	Associate to Active	Pediatrics	Covenant Medical	Delete: Bladder Catherization; Endotracheal Intubation	04/01/2017 – 03/31/2019
Bronstein, Yulia MD	Radiology	Telemedicine	Teleradiology	VRAD		04/01/2017 – 03/31/2019
*Davis, Steven MD	Radiology	Telemedicine	Teleradiology	VRAD		02/01//2017 – 01/31/2019
Giyanani, Ravi MD	Radiology	Telemedicine	Teleradiology	VRAD		04/01/2017 – 03/31/2019
Hahn, Joseph MD	Surgery	Associate	Orthopedic Surgery	Acute Surgical		03/01/2017 – 02/28/2018
Meda, Srikala MD	Medicine	Associate	Internal Medicine	MCH ProCare		04/01/2017 – 03/31/2018
Peterson, Wylan MD	Surgery	Associate to Active	General Surgery	Acute Surgical		03/01/2017 – 02/28/2019
Rex, David MD	Radiology	Telemedicine	Teleradiology	VRAD		03/01/2017 – 02/28/2019
Sonken, Ronald MD	Radiology	Telemedicine	Teleradiology	VRAD		04/01/2017 – 03/31/2019
Vyas, Dinesh MD	Surgery	Associate	General Surgery	Texas Tech		03/01/2017 – 02/28/2018

Blank **Staff Category** column signifies no change

Allied Health Professionals

Applicant	Department	Specialty/ Privileges	Group	Sponsoring Physician(s)	Dates
Baquirin, Nancy NP	Family Medicine	Nurse Practitioner	MCH ProCare	Dr. Santiago Giraldo	04/01/2017 – 03/31/2019

Cox, Joseph Aaron FNP	Emergency Medicine	Nurse Practitioner	BEPO	Dr. Gregory Shipkey	04/01/2017 – 03/31/2019
Dillard, Steven PA	Emergency Medicine	Physician Assistant	BEPO	Dr. Gregory Shipkey	04/01/2017 – 03/31/2019
Grimes, Jennifer NP	Surgery	Nurse Practitioner	Acute Surgical	Dr. Lieser, Dr. Halpert, Dr. Burman, Dr. Daniel, Dr. Grove, Dr. Buitrago	04/01/2017 – 03/31/2019
Hafiz, Tanvir PA	Family Medicine	Physician Assistant	MCH ProCare	Dr. Getnet Aberra	03/01/2017 – 02/28/2019
Horton, James CRNA	Anesthesia	CRNA	MCH ProCare	Dr. Gillala; Dr. Tang, Dr. Batch, Dr. Bryan, Dr. Munnell; Dr. Young	04/01/2017 – 03/31/2019
Islam, Moinul PA	Family Medicine	Physician Assistant	MCH ProCare	Dr. Jorge Alamo	04/01/2017 – 03/31/2019
King (Luciano), Danielle PA	Cardiology	Physician Assistant	MCH ProCare	Dr. Angirekula ; Dr. Boccalandro; Dr. Amaram; Dr. Patel	03/01/2017 – 02/28/2019
Marquez, Elias FNP	Family Medicine	Nurse Practitioner	MCH ProCare	Dr. Getnet Aberra	03/01/2017 – 02/28/2019
Notley, Kayla FNP	Surgery	Nurse Practitioner	MCH ProCare	Dr. Vijay Borra	04/01/2017 – 03/31/2019

Blank **Staff Category** column signifies no change

2. **Change in Clinical Privileges/or Scope of Practice/or Supervisor**

Clinical/ Additional Privileges

Staff Member	Department	Privilege
Burman, Sudeep DO	Surgery	Trauma Privilege Form
Anderson, Joy MD	OB/GYN	Revised OB/GYN Privilege Form
Brown, Elisa MD	OB/GYN	Revised OB/GYN Privilege Form
Chavez, Antonio DO	OB/GYN	Revised OB/GYN Privilege Form
Garcia, Avelino MD	OB/GYN	Revised OB/GYN Privilege Form
Hampton, Raymond MD	OB/GYN	Revised OB/GYN Privilege Form
Harris, Norman MD	OB/GYN	Revised OB/GYN Privilege Form
Kelly, Randall MD	OB/GYN	Revised OB/GYN Privilege Form
Libson, David MD	OB/GYN	Revised OB/GYN Privilege Form
Lively, Charles MD	OB/GYN	Revised OB/GYN Privilege Form
Maher, James MD	OB/GYN	Revised OB/GYN Privilege Form

Makii, Michael MD	OB/GYN	Revised OB/GYN Privilege Form
Martinez, Raymond MD	OB/GYN	Revised OB/GYN Privilege Form
McQuillin, Pamela MD	OB/GYN	Revised OB/GYN Privilege Form
Moore, Lee MD	OB/GYN	Revised OB/GYN Privilege Form
Murphy, Krystal MD	OB/GYN	Revised OB/GYN Privilege Form

3. **Change in Medical Staff or AHP Staff Status**

Resignation / Expiration of Privileges

Staff Member	Staff Category	Depart.	Effective Date	Action
Anderson, Susan CRNA	Allied Health Professional	Anesthesia	03/31/2017	Lapse of Privileges
Arora, Suthep MD	Active	Medicine	12/01/2017	Resigned
Barnard, Life MD	Active	Family Medicine	12/12/2016	Retired
Bowman, Erin MD	Telemedicine	Radiology	11/17/2016	Resigned
Carpenter, Melanie Gordon Sheets Ph.D.	Psychiatry	Medicine	11/14/2016	Resigned
Cheema, Zulfiqar MD	Associate	Surgery	12/02/2016	Resigned
Cox, David CRNA	Allied Health Professional	Anesthesia	12/12/2016	Resigned
Dunavan, Kacee FNP	Allied Health Professional	Medicine	10/24/2016	Resigned
Elam, Gary MD	Active	Surgery	12/12/2016	Retired
Garcia, Hector MD	Associate	Pediatrics	01/09/2017	Resigned
Ice, Amy CRNA	Allied Health Professional	Anesthesia	12/30/2016	Resigned
Keliddari, Farhad MD	Telemedicine	Radiology	11/16/2016	Resigned
Lukose, Biju MD	Associate	Surgery	02/28/2017	Lapse of Privileges
Mercer (Neal), Holly PA	Allied Health Professional	Surgery	01/03/2017	Resigned
Smith, Corey CRNA	Allied Health Professional	Anesthesia	12/21/2016	Resigned
Walsh, Karen FNP	Allied Health Professional	Pediatrics	12/12/2016	Retired
Weatherly, Dick CRNA	Allied Health Professional	Anesthesia	12/12/2016	Retired
Wheeler, Barbara CRNA	Allied Health Professional	Anesthesia	11/17/2016	Resigned
Cox, Jefferson MD	Active	Radiology	01/02/2017	Deceased

4. **Change in Medical Staff or AHP Staff Category**

Staff Category Changes

Staff Member	Department	Category
Alabd Alrazzak, Baraa MD	Pediatrics	Associate to Active

Atolagbe, Adebayo MD	Pediatrics	Associate to Active
Peterson, Wylan MD	Surgery	Associate to Active
Alabd-Alrazzak, Barra MD	Pediatrics	Removal of Provisional Status
Aderinboye, Omolara MD	Pediatrics	Removal of Provisional Status
Gonzalez-Mendoza, Yarines, APR	Medicine	Removal of Provisional Status
Wolinsky, Joel MD	Medicine	Extension of Provisional Status 1 year
Baumguardner, Samuel PA	Surgery	Extension of Provisional Status 1 year
Vyas, Dinesh MD	Surgery	Extension of Provisional Status 1 year
York ,Carolina PA	Surgery	Extension of Provisional Status 1 year
Hahn, Joseph MD	Surgery	Removal of Provisional Status
Gallinghouse, Gerald J. Jr, MD	Cardiology	Removal of Provisional Status

Change to Credentialing Date:

Staff Member	Department	Dates
Brown, Justin DPM	Surgery	02/01/2017 – 01/31/2019

5. **Medical Staff Bylaws/Policy/Privilege Criteria**

Dr. Shipkey reported that the following items were presented to the Joint Conference Committee and approved and would be presented later in the ECHD Board agenda by Drs Sepulveda and Mathews:

- Continuing Medical Education (CME) 2016 Annual Report
- Institutional Review Board (IRB) 2016 Annual Report

Richard Herrera moved and Mary Thompson seconded the motion to approve the Medical Staff recommendations (Items VII.B. 1-4) as presented, (Dr. Shipkey did not present the items under section VII.B. 5). The motion carried.

VIII. TTUHSC AT THE PERMIAN BASIN REPORT

Dr. Ventolini was absent, there was no report provided.

IX. PRESIDENT/CHIEF EXECUTIVE OFFICERS REPORT

A. Continuing Medical Education (CME) 2017 Mission Statement

Dr. Augusto Sepulveda, CMO/CMIO (Ambulatory), presented the Continuing Medical Education (CME) 2017 Mission Statement and 2016 Annual Report to the ECHD Board for approval.

CONTINUING MEDICAL EDUCATION PURPOSE AND MISSION STATEMENT

Purpose: *The CME program at Medical Center Hospital is committed to providing accessible, user friendly high quality continuing medical education opportunities for the general and subspecialty education of physicians in enhancing existing and acquiring current and key knowledge and skills, supported by evidence-based medicine, to identify and meet the needs of the medical community to improve quality and patient safety.*

Content/Type of Activities:*The CME program will utilize individual, group, Performance Improvement and lecture modalities, continually enhancing technology, including Internet and Web-based content availability, including Self-Serve registration / transcript receipts. A Physician Portal may be employed to provide timely outcome measurements as well as plans for comparative improvement and performance. Medical Center Hospital will focus on live CME programs with topics relevant to the medical staff, including Tumor Boards, Trauma Meetings and various specialties, as identified via needs assessment.*

Target audience: *The CME program will target MD's, DO's, or other licensed Healthcare Providers and individuals with an equivalent medical degree from another country. If a topic is pertinent, a program may be utilized by any licensed independent professional or by licensed dependent professionals.*

Expected Results: *The CME program will be reviewed annually to determine how it meets this mission statement. In addition, assessment of changes in competence, performance, patient outcomes, utilization, patient safety, and peer review will determine past-program success, i.e., blood utilization. Measurement tools include electronic surveys, evaluation forms, Performance Improvement reports and accreditation results. These measurements guide future programs based on lingering identified needs.*

CONTINUING MEDICAL EDUCATION (CME) Annual Report for 2016

January 25, 2017

The following report was prepared for CME Chair, Dr. Sepulveda, as an annual review of the summary of cme activities / events for the year of 2016.

***CME Mission Statement**: reviewed and approved without changes on 01/19/2016*

EVENT:	*DATE:*	*TYPE:*	*SPONSER:*	*SPEAKER Presenter*	*CREDITS ISSUED:*
Trauma Systems Committee	*1 x monthly*	*RSS*	*MCHS*	*Dr. Lieser*	*139.5*
Tumor Board	*2 x monthly*	*RSS*	*MCHS*	*WTCC Oncologists*	*254*
Hepatitis C: A Curable Disease	*7/12/2016*	*Live Mtg*	*MCHS*	*Dr. Modi*	*11*
West Texas Rural Trauma Conference	*7/22/2016*	*All Day Conf.*	*MCHS & JRAC*	*Multiple*	*56*
Physician Leadership Development Institute (PLDI)	*9/29/2016*	*Live Mtg*	*MCHS*	*Dr. Berkowitz*	*13.5*
The Future of Hospitalist Management Practices in the New Era of Health Reform	*10/21/2016 10/22/2016*	*Live Mtgs*	*MCHS & ProCare*	*Dr. Yu*	*30*
2016 Clinical Cancer Education	*11/28/2016*	*Live Mtg*	*MCHS*	*Dr. Burns*	*5*
Navigating MACRA	*12/1/2016*	*Live Mtg*	*MCHS*	*David Wofford*	*93*
				Grand Total:	***602***

**This report was pulled from CME Tracker software system*

Goals for 2017:

To continue in process of proactive initiation of cme activities for accreditation standards in the various departments throughout the hospital.

CC: Augusto Sepulveda, CMO / CMIO
Tina A Leal, Director of MSS

David Nelson moved and Mary Lou Anderson seconded the motion to approve Continuing Medical Education (CME) 2017 Mission statement and report as presented. The motion carried.

B. Institutional Review Board (IRB) 2016 Annual Report

Dr. Arun Mathews, CMO/CMIO (Acute), presented the Institutional Review Board (IRB) 2016 Annual Report to the ECHD Board for approval.

2016 IRB ANNUAL REPORT

I. Policy Statement

The Institutional Review Board (IRB) shall (1) approve or disapprove biomedical research, investigational studies and clinical trials involving human subjects; (2) conduct periodic reviews of such research, studies and trials; and (3) provide this policy for the protection of the rights and welfare of such human subjects. Concern for the interests of the subjects must prevail over the interests of science and society.

II. 2016 Study Activity

a.	*New Approved studies*	*8*
b.	*Denied*	*0*
c.	*Closed*	*2*
d.	*Not Engaged*	*2*
e.	*Suspended*	*0*
f.	*Active studies*	*10*
g.	*TTUHSC IRB studies involving MCHS patients / data*	*6*

**Note: Full list of studies, as well as minutes of each convened meeting, are available upon request.*

III. 2016 Changes

a) *In February, the **application for a new study was updated** to be more specific in the area of MCH resources. Detailed inclusions of which department, description of service being requested, limitations of service and Dept.'s authorizing signature for use of resources*

b) *The **IRB Policy was reviewed with approval for additional verbiage** to include any research studies regarding the outlying clinics associated with the hospital as coming under the umbrella / supervision of the hospital's IRB*

c) ***Membership changes**:*
Resignations – Beverly Parsons; Francisco Guardado, MD; Rev. Jimmy Braswell
New Appointments – Crystal Sanchez, MT; Vani Selvan, MD: Rev. Gian Villatoro

IV. 2017 Goals

a) *Increase committee membership*

b) *Increase number of research studies*

V. 2016 IRB Members

The IRB membership is limited to not less than (5) members and not more than (13) voting members. Members are appointed by the Administrator/CEO of the Ector County Hospital District and shall serve a term of four (4) years. The members shall have varying backgrounds to promote complete and adequate review of research activities. Members shall be sufficiently qualified through experience, expertise and diversity, including considerations of race, gender, cultural

backgrounds, and sensitivity to such issues as community attitudes, so as to promote respect for the Board's advice and counsel in safeguarding the rights and welfare of human subjects. In addition to possessing the professional competence necessary to review specific research activities, the IRB shall be able to ascertain the acceptability of proposed research in terms of Hospital commitments and policies, applicable law, and standards of professional conduct and practice. At least two (2) members shall be unaffiliated with the Ector County Hospital District and Medical Center Hospital and shall not be part of the immediate family of a person who is affiliated with the District or the Hospital.

Membership shall include the following:

a. *Community Representative(s)*
b. *Pharmacist*
c. *Hospital Administrator*
d. *Physician(s)*
e. *Member of Clergy*
f. *Associate/Assistant Hospital Administrator*
g. *Registered Nurse*
h. *A person who is not a physician but whose primary concerns are in the scientific area.*
i. *Attorney (advisory & non-voting member)*

IRB 2016 Committee Members:

Boccalandro, Fernando	*MD*
Braswell, Jimmy	*Reverend (resigned 10/11/16)*
Burks, Kelli	*Community Member*
Dawson, Charlene	*Pharmacy Dir./ RPh*
Dingman, Barbara	*Compliance Officer / Ex Officio*
Javier Flores-Guardado	*MD (resigned 8/17/16)*
Griffin, Ron	*JD*
Leftwich, Kim	*Nursing / DNP, RN*
Mathews, Arun	*MD,CMO / CIMO*
Mocherla, Satish	*MD, IRB Chair*
Morin, Toni	*Lab / MLT (ASCP), MBA*
Oud, Lavi	*MD*
Palmer, James	*Pharmacy / Pharm D*
Sanchez, Crystal	*MT (ASCP) (appointed 03/30/16)*
Selvan, Vanti	*MD (appointed 09/09/16)*
Spellman, Craig	*DO, PhD*
Villatoro, Gian	*Reverend (appointed 10/17/16)*

David Nelson moved and Virgil Trower seconded the motion to accept the Institutional Review board (IRB) 2016 Annual Report as presented. The motion carried.

X. ORDER OF ELECTION OF DIRECTORS OF THE ECTOR COUNTY HOSPITAL DISTRICT

Ron Griffin, Vice President/Chief Legal Counsel, presented the Order of Election of the Directors of the Ector County Hospital District. The Order is as follows:

ORDER OF ELECTION OF DIRECTORS OF THE ECTOR COUNTY HOSPITAL DISTRICT
ORDEN DE ELECCIÓN DE DIRECTORES DEL DISTRITO DEL HOSPITAL DEL CONDADO DE ECTOR

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*An election is hereby ordered to be held on **May 6, 2017** for the purpose of electing directors for the Ector County Hospital District for Districts 1, 3, 5, and 7.*

Se ordena una elección el 6 de mayo del 2017 con el propósito de elegir a los directores del distrito del hospital del condado de ector para los distritos 1, 3, 5, y7.

*Applications for a place on the ballot shall be filed by **February 17, 2017.***

Las solicitudes para un lugar en la boleta deben ser archivadas hacia el 17 de febrero del 2017.

*Early voting by personal appearance will be conducted each weekday at **1010 East 8th Street** between the hours of 8:00 a.m. and 5:00 p.m. beginning on **April 24, 2017**, and ending on ***May 2, 2017**. (***May 1** and **May 2, 2017** **between 7:00 a.m. and 7:00 p.m.)***

*Las votaciones adelantadas en persona se llevara a cabo cada día de la semana en el 1010 al este de la calle ocho entre las horas de las 8:00 de la mañana a las 5:00 de la tarde a partir del 24 de abril del 2017 y termina el *2 de mayo del 2017. (*las horas de las 7:00 de la mañana a las 7:00 de la tarde a partir del 1 de mayo y 2 de mayo del 2017.)*

Applications for ballot by mail shall be mailed to:
Solicitudes de boletas por correo deben ser enviadas al:

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 **May 6, 2017**.*

Las solicitudes para boletas por correo deberán recibirse para el fin de las horas de negocio del 6 de mayo del 2017.

***Tentative based on need related to contested districts -** Polling locations for the Saturday, **May 6, 2017**, election will be open from 7:00 a.m. to 7:00 p.m. at the following locations:*

***Tentativa basada en necesidad relacionados con distritos disputados-** Las ubicaciones de votación designadas abajo para la elección del sábado, 6 de mayo del 2017 estarán abiertas de las 7:00 de la mañana hasta las 7:00 de la noche.*

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

SATURDAY, MAY 06, 2017
ELECTION DAY VOTE CENTERS
7:00 A.M. – 7:00 P.M.

(La Elección General Conjunta Para el Distrito Escolar Independiente del Condado de Ector, el Distrito del Hospital del Condado de Ector y el Distrito del Colegio de Odessa

Sábado, 6 de mayo del 2017
Centros de votación para el día de la elección
7:00 A.M. – 7:00 P.M

Polling Places	**Address**
Crossroads Fellowship *Iglesia Crossroads*	*6901 Texas 191 Frontage Rd., Odessa, TX. 79762* *6901 Texas 191 Frontal*
Family Health Center *Centro de Salud Familiar*	*840 W. Clements* *840 al Oeste de la calle Clements*
First Baptist Church *Primera Iglesia Bautista*	*709 N. Lee St., Odessa, TX. 79761* *709 Norte de la Avenida Lee*
Gardendale Community Bldg. *Edificio Comunitario de Gardendale*	*4226 E. Larkspur, Gardendale, TX. 79758* *4226 Este de la calle Larkspur en Gardendale, TX*
Goldsmith Community Center *Edificio Comunitario de Goldsmith*	*301 Ave. H Goldsmith, TX 79741* *301 Avenida H, Goldsmith, TX 79741*
Lincoln Tower *Casa de Retiro Lincoln Tower*	*311 W. 4th St., Odessa, TX. 79761* *311 Oeste de la calle 4*
MCH Primary Care-West *Centro Medico MCH*	*6030 W University Blvd., Odessa TX 79764* *6030 Oeste de la calle Universidad*
Murry Fly Elementary *Escuela Primaria Murry Fly*	*11688 W. Westview Dr., Odessa, TX. 79764* *11688 Oeste de la calle Westview*
Northside Senior Center *Centro de Ancianos Northside*	*1225 N. Adams Ave., Odessa, TX. 79761* *1225 Norte Avenida Adams*
Odessa Christian Faith Center 180 Youth Bldg. *Iglesia Odessa Christian Faith Center (Edificio 180)*	*8828 Andrews Hwy., Odessa, TX. 79762* *8828 Carretera Andrews*

Odessa College Sports Center *Centro de Deportes Del Colegio de Odessa*	*201 W. University Blvd., Odessa, TX. 79764* *201 Oeste de la calle Universidad*
Pleasant Farms Community Bldg. *Edificio Comunitario Pleasant Farms*	*4455 West Apple St., Odessa, TX.* *4455 Oeste de la calle Apple*
St. Elizabeth Catholic Church *Iglesia Católica St. Elizabeth*	*7601 N. Grandview Ave., Odessa, TX 79765* *7601 Norte de la calle Grandview*
Westlake Hardware *Tienda Ferretería Westlake*	*4652 E. University Blvd., Odessa, TX. 79761* *4652 Este de la calle Universidad*
Woodson Community Bldg. *Edificio Comunitario Woodson*	*1010 E. Murphy St., Odessa, TX. 79761* *1010 Este de la calle Murphy*

Issued the 14 day of February, 2017.
Emitida este día 14 de febrero del 2017.

Judy Hayes	*David Nelson*
Mary Lou Anderson	*Mary Thompson*
Richard Herrera	*Virgil Trower*

David Dunn, President/Presidente

Mary Thompson moved and Richard Herrera seconded the motion to approve the Order of Election to be held on May 6, 2017 for the purpose of electing directors for the Ector County Hospital District for Districts 1, 3, 5, and 7, as presented. Mary Lou Anderson, Richard Herrera, David Dunn, David Nelson, Mary Thompson and Virgil Trower authorized the order by sign of signature. Judy Hayes was absent and did not sign the order. The motion carried.

XI. EXECUTIVE SESSION

David Dunn stated that the Board would now go into Executive Session for consultation with attorney regarding legal matters pursuant to the Texas Open Meetings Act.

Executive Session began at 5:54 p.m.
Executive Session ended at 7:00 p.m.

No action was taken during Executive Session.

XII. MCH PROCARE PROVIDER AGREEMENTS

William Webster, President/CEO, presented three (3) MCH ProCare provider agreements as follows:

- Adam J. Farber, MD, Cardiology. This is a three year full-time agreement. Employment effective after completing residency in the Summer of 2018.
- Sam Eun Kim, MD, Internal Medicine. This is a three year full-time employment agreement. Effective upon privileging and credentialing.
- Beverly Gifford, FNP, Family Health Clinic –West University. This is a three year full-time employment agreement. Employment upon completion of privileging and credentialing.

Richard Herrera moved and Virgil Trower seconded the motion to approve the MCH ProCare Provider agreements with Adam Farber, MD; Sam Kim, MD; and, Beverly Gifford, FNP, as presented. The motion carried

XIII. ADJOURNMENT

There being no further business to come before the Board, David Dunn adjourned the meeting at 7:03 p.m.

Respectfully Submitted,

Virginia Sredanovich, Secretary
Ector County Hospital District Board of Directors

ECHD Summary of Obligations for District Tax Support For the Four Months Ended January 31, 2017		
YTD Uncompensated Care Obligations		
Ector County Jail Inmates	$	290,081
Family Health Center	$	1,253,487
ECHDA Indigent/Charity @ Cost	$	9,399,001
Uncompensated Care @ Cost	$	16,214,681
Total Uncompensated Care Obligation		27,157,250
Tax Revenues	$	14,064,638
Short Fall between District Obligations & District Tax Revenue		13,092,612

Medical Center Health System
Your One Source for Health

DATE: March 3, 2017

TO: Board of Directors – Finance Committee
Ector County Hospital District

FROM: Jon E. Riggs
Senior Vice President and Chief Financial Officer

Subject: Financial Report for the month ended January 31, 2017

Attached are the Financial Statements for the month ended January 31, 2017.

Operating Account - Cash Collections and Disbursements
The following summary is of operating cash receipts and disbursements for the month:

Deposits	Year to Date	January
A/R Payments FHC	772,332	168,404
A/R payments *	67,159,822	15,808,302
Non A/R pmts	10,653,207	933,017
Sales Tax	10,085,692	2,583,565
Ad Valorem	7,449,549	3,390,679
Total Deposits	96,120,602	22,883,967
Disbursements		
Accounts Payable & Payroll	102,939,953	25,394,119
Group Medical	7,655,015	1,669,745
Transfer to Foundation (LTAC)	-	-
Flex Benefit	150,794	66,090
Worker's Comp Claims	56,136	16,558
Total Disbursements	110,801,897	27,146,513
Transfer (To)/From Reserves	14,578,761	4,298,761
Net Increase/(Decrease) in Cash	(102,534)	36,214

* Includes Patient A/R, MCH Pro Fees and Bad Debt Collections.

Operating Results - Hospital Operations:
For the month ended January, earnings before interest depreciation and amortization (EBIDA) was a surplus of $1.0M comparing favorably to the budget of $985K by 4.9%. Inpatient (I/P) revenue was above budget by $2.6M driven by increased admissions and associated ancillary tests. Outpatient (O/P) revenue was below budget by $839K due to decreased radiology procedures, surgical cases and E/R visits. Net Patient Revenue was $1.2M or 6.3% below the budget of $18.7M. Net operating revenue was $633K or 2.8% below budget due to the above mentioned volumes. On a year-to-date (YTD) basis net operating revenue was 0.5% below budget at $88.4M.

Operating expenses for the month were under budget by $546K due to favorable salaries and wages ($740K) partially offset by unfavorable temporary labor ($272K). For the month ended January, EBIDA was $1.0M which is 4.9% favorable to the budgeted $985K. For the three months ended January, EBIDA is $1.7M or 45.7% unfavorable to the $3.1M budget.

Operating Results - ProCare (501a) Operations:
For the month of January the net loss from operations before capital contributions was $1.5M compared to a budgeted loss of $1.7M. Net operating revenue was below budget by $96K. Total operating costs were below budget by $298K. Lower salaries ($289K) was the primary driver of the favorable operating costs. After MCH capital contributions of $1.5M for the month and $4.8M YTD, ProCare showed a positive contribution of $86K for the month and $28K YTD.

Operating Results - Family Health Center Operations:
For the month of January the net loss from operations by location:

- Clements: $155K loss compared to a budgeted loss of $91K. Unfavorable variance caused by decreased net operating revenue ($78K).
- West University: $177K loss compared to a budgeted loss of $121K. The negative variance was due to decreased net revenue by $99K.

Blended Operating Results - Ector County Hospital District:
For the month of January EBIDA was $1.1M compared to a budget of $1.0M that was created by an accumulation of the variances previously described. On a YTD basis EBIDA was $1.8M compared to a budget of $3.2M.

Volume:
Total admissions for the month were 1,178 or 3.2% above budget and 6.3% above last year. YTD admissions were 4,408 or 1.5% below budget and 7.0% above last year. Patient days for the month were 5,966 or 7.0% above budget and 2.5% below last year. YTD patient days were 22,166, or 2.0% above budget and 4.7% below last year. Due to the preceding, total average length of stay (ALOS) was 5.1 for the month, and 5.0 YTD.

Emergency room visits totaled 3,706 resulting in a decrease compared to budget of 7.1% and a decrease as compared to last year of 12.3%. YTD ED visits were 15,403 or 0.3% below budget and 6.9% below prior year. Observation days were below budget by 6.1% and were above prior year by 2.7%. On a YTD basis, observation days are 13.7% below budget and 2.1% below prior year. Total O/P occasions of service were 1.2% below

budget for the month and 1.6% below last year. YTD O/P occasions were 3.8% below budget and 6.0% below last year.

Revenues:
I/P revenues were above budget for the month by $2.6M due to increased admissions and associated ancillary test. O/P revenues were below budget for the month by $839K as a result of decreased radiology procedures, surgical cases and E/R visits. Total patient revenue was above budget by $1.7M and total revenue deductions were $2.7M above budget, leaving net patient revenue below budget by $964K due to weak cash collections.

Operating Expenses:
Total operating expenses for the month were 2.7% below budget. Major favorable variances include salaries and wages as well as benefits. Salaries and wages favorable variance was caused primarily by open positions being filled by temporary and transition labor. Benefits expense was favorable due to reduced claims. The temporary labor unfavorable variance was created by open positions in numerous departments.

ECTOR COUNTY HOSPITAL DISTRICT
MONTHLY STATISTICAL REPORT
JANUARY 2017

	CURRENT MONTH					YEAR-TO-DATE				
		BUDGET		PRIOR YEAR			BUDGET		PRIOR YEAR	
	ACTUAL	AMOUNT	VAR.%	AMOUNT	VAR.%	ACTUAL	AMOUNT	VAR.%	AMOUNT	VAR.%
Hospital InPatient Admissions										
Acute / Adult	1,146	1,114	2.9%	1,078	6.3%	4,273	4,366	-2.1%	4,030	6.0%
Neonatal ICU (NICU)	32	28	13.9%	30	6.7%	135	111	21.6%	91	48.4%
Total Admissions	1,178	1,142	3.2%	1,108	6.3%	4,408	4,477	-1.5%	4,121	7.0%
Patient Days										
Adult & Pediatric	4,744	4,182	13.4%	4,711	0.7%	17,293	16,387	5.5%	18,177	-4.9%
ICU	455	447	1.8%	415	9.6%	1,694	1,767	-4.1%	1,809	-6.4%
CCU	434	445	-2.4%	435	-0.2%	1,537	1,757	-12.5%	1,820	-15.5%
NICU	333	501	-33.5%	558	-40.3%	1,642	1,811	-9.3%	1,443	13.8%
Total Patient Days	5,966	5,575	7.0%	6,119	-2.5%	22,166	21,722	2.0%	23,249	-4.7%
Observation (Obs) Days	733	781	-6.1%	714	2.7%	2,664	3,086	-13.7%	2,722	-2.1%
Nursery Days	206	233	-11.4%	234	-12.0%	913	919	-0.7%	647	41.1%
Total Occupied Beds / Bassinets	6,905	6,588	4.8%	7,067	-2.3%	25,743	25,727	0.1%	26,618	-3.3%
Average Length of Stay (ALOS)										
Acute / Adult & Pediatric	4.92	4.56	7.9%	5.16	-4.7%	4.80	4.56	5.3%	5.41	-11.2%
NICU	10.41	17.83	-41.6%	18.60	-44.1%	12.16	16.31	-25.4%	15.86	-23.3%
Total ALOS	5.06	4.88	3.7%	5.52	-8.3%	5.03	4.85	3.6%	5.64	-10.9%
Average Daily Census	192.5	179.8	7.0%	197.4	-2.5%	180.2	176.6	2.0%	189.0	-4.7%
Hospital Case Mix Index (CMI)	1.4913	1.4974	-0.4%	1.3920	7.1%	1.4820	1.4974	-1.0%	1.4984	-1.1%
Medicare										
Admissions	483	468	3.2%	415	16.4%	1,738	1,762	-1.4%	1,624	7.0%
Patient Days	2,239	2,376	-5.8%	2,257	-0.8%	9,274	8,856	4.7%	9,660	-4.0%
Average Length of Stay	4.64	5.08	-8.7%	5.44	-14.8%	5.34	5.03	6.2%	5.95	-10.3%
Case Mix Index	1.5757			1.6578	-5.0%	1.6838			1.7595	-4.3%
Medicaid										
Admissions	152	147	3.4%	145	4.8%	605	615	-1.6%	472	28.2%
Patient Days	737	689	7.0%	672	9.7%	2,788	2,737	1.9%	2,377	17.3%
Average Length of Stay	4.85	4.69	3.4%	4.63	4.6%	4.61	4.45	3.5%	5.04	-8.5%
Case Mix Index	1.0865			1.0265	5.8%	1.0252			1.1496	-10.8%
Commercial										
Admissions	103	100	3.0%	107	-3.7%	416	424	-1.9%	413	0.7%
Patient Days	477	446	7.0%	623	-23.4%	2,119	2,084	1.7%	2,282	-7.1%
Average Length of Stay	4.63	4.46	3.8%	5.82	-20.5%	5.09	4.92	3.6%	5.53	-7.8%
Case Mix Index	1.4516			1.3169	10.2%	1.4815			1.3767	7.6%
Blue Cross										
Admissions	144	140	2.9%	181	-20.4%	622	635	-2.0%	636	-2.2%
Patient Days	563	526	7.0%	765	-26.4%	2,548	2,512	1.4%	2,813	-9.4%
Average Length of Stay	3.91	3.76	4.1%	4.23	-7.5%	4.10	3.96	3.6%	4.42	-7.4%
Case Mix Index	1.3988			1.3135	6.5%	1.3925			1.4304	-2.6%
Exchange										
Admissions	-	-	0.0%	-	0.0%	1	1	0.0%	16	-93.8%
Patient Days	-	-	0.0%	-	0.0%	3	3	0.0%	75	-96.0%
Average Length of Stay	-	-	0.0%	-	0.0%	3.00	3.00	0.0%	4.69	-36.0%
Case Mix Index	-			-	0.0%	0.9980			1.7667	-43.5%
Self Pay										
Admissions	238	231	3.0%	214	11.2%	799	809	-1.2%	756	5.7%
Patient Days	1,411	1,318	7.1%	1,308	7.9%	4,593	4,493	2.2%	4,906	-6.4%
Average Length of Stay	5.93	5.71	3.9%	6.11	-3.0%	5.75	5.55	3.5%	6.49	-11.4%
Case Mix Index	1.5614			1.2694	23.0%	1.5005			1.4512	3.4%
All Other										
Admissions	58	56	3.6%	46	26.1%	227	231	-1.7%	210	8.1%
Patient Days	235	220	6.8%	194	21.1%	1,056	1,037	1.8%	911	15.9%
Case Mix Index	2.1388			1.8736	14.2%	2.0590			1.6763	22.8%
Radiology										
InPatient	4,222	3,743	12.8%	4,105	2.9%	15,158	14,795	2.5%	15,034	0.8%
OutPatient	7,151	7,375	-3.0%	7,228	-1.1%	28,424	29,148	-2.5%	29,188	-2.6%
Cath Lab										
InPatient	377	271	39.1%	226	66.8%	1,152	1,071	7.5%	968	19.0%
OutPatient	298	260	14.7%	215	38.6%	1,225	1,027	19.3%	926	32.3%
Laboratory										
InPatient	65,751	59,592	10.3%	60,801	8.1%	233,766	235,529	-0.7%	234,933	-0.5%
OutPatient	38,425	37,474	2.5%	37,365	2.8%	141,086	148,113	-4.7%	147,231	-4.2%
NonPatient	7,423	6,927	7.2%	6,109	21.5%	30,724	27,376	12.2%	23,361	31.5%
Other										
Deliveries	126	140	-9.7%	147	-14.3%	557	552	1.0%	409	36.2%
Surgical Cases										
InPatient	296	309	-4.1%	262	13.0%	1,256	1,220	3.0%	1,303	-3.6%
OutPatient	564	586	-3.7%	522	8.0%	2,342	2,315	1.2%	2,398	-2.3%
Total Surgical Cases	860	894	-3.8%	784	9.7%	3,598	3,534	1.8%	3,701	-2.8%

ECTOR COUNTY HOSPITAL DISTRICT
MONTHLY STATISTICAL REPORT
JANUARY 2017

	CURRENT MONTH					YEAR-TO-DATE				
		BUDGET		PRIOR YEAR			BUDGET		PRIOR YEAR	
	ACTUAL	AMOUNT	VAR.%	AMOUNT	VAR.%	ACTUAL	AMOUNT	VAR.%	AMOUNT	VAR.%
OutPatient (O/P)										
Emergency Room Visits	3,706	3,990	-7.1%	4,226	-12.3%	15,403	15,448	-0.3%	16,542	-6.9%
Observation Days	733	781	-6.1%	714	2.7%	2,664	3,086	-13.7%	2,722	-2.1%
GI Procedures (Endo)	330	437	-24.4%	300	10.0%	1,383	1,726	-19.9%	1,273	8.6%
Other O/P Occasions of Service	24,378	24,306	0.3%	24,382	0.0%	92,445	96,066	-3.8%	98,505	-6.2%
Total O/P Occasions of Service	29,147	29,513	-1.2%	29,622	-1.6%	111,895	116,326	-3.8%	119,042	-6.0%
Hospital Operations										
Manhours Paid	276,526	282,303	-2.0%	284,025	-2.6%	1,111,805	1,116,558	-0.4%	1,141,570	-2.6%
FTE's	1,561.0	1,593.6	-2.0%	1,603.4	-2.6%	1,581.8	1,588.6	-0.4%	1,624.2	-2.6%
Adjusted Patient Days	10,704	9,329	14.7%	10,240	4.5%	40,764	36,619	11.3%	39,160	4.1%
Hours / Adjusted Patient Day	25.83	30.26	-14.6%	27.74	-6.9%	27.27	30.49	-10.6%	29.15	-6.4%
Occupancy - Actual Beds	55.1%	51.5%	7.0%	69.7%	-20.9%	51.6%	50.6%	2.0%	66.8%	-22.7%
FTE's per Adjusted Occupied Bed	4.5	5.3	-14.6%	4.9	-6.9%	4.8	5.3	-10.6%	5.1	-6.4%
InPatient Rehab Unit										
Admissions	37	37	0.0%	39	-5.1%	157	141	11.3%	148	6.1%
Patient Days	422	444	-5.0%	468	-9.8%	1,809	1,604	12.8%	1,683	7.5%
Average Length of Stay	11.4	12.0	-5.0%	12.0	-5.0%	11.5	11.4	1.3%	11.4	1.3%
Manhours Paid	6,778	7,017	-3.4%	7,191	-5.7%	26,460	27,203	-2.7%	27,323	-3.2%
FTE's	38.3	39.6	-3.4%	40.6	-5.7%	37.6	38.7	-2.7%	38.9	-3.2%
Center for Primary Care - Clements										
Total Medical Visits	1,508	1,399	7.8%	1,309	15.2%	5,363	4,992	7.4%	4,754	12.8%
Total Dental Visits	668	650	2.7%	549	21.7%	2,530	2,545	-0.6%	2,276	11.2%
Manhours Paid	876	890	-1.6%	1,250	-29.9%	3,636	3,549	2.5%	5,155	-29.5%
FTE's	4.9	5.0	-1.6%	7.1	-29.9%	5.2	5.0	2.5%	7.3	-29.5%
Center for Primary Care - West University										
Total Medical Visits	692	696	-0.6%	592	16.9%	2,654	3,016	-12.0%	2,374	11.8%
Total Optometry	314	280	12.1%	267	17.6%	1,031	1,021	1.0%	866	19.1%
Manhours Paid	178	225	-20.9%	177	0.4%	690	816	-15.4%	806	-14.3%
FTE's	1.0	1.3	-20.9%	1.0	0.4%	1.0	1.2	-15.4%	1.1	-14.3%
Total ECHD Operations										
Total Admissions	1,215	1,179	3.1%	1,147	5.9%	4,565	4,618	-1.1%	4,269	6.9%
Total Patient Days	6,388	6,019	6.1%	6,587	-3.0%	23,975	23,326	2.8%	24,932	-3.8%
Total Patient and Obs Days	7,121	6,799	4.7%	7,301	-2.5%	26,639	26,411	0.9%	27,654	-3.7%
Total FTE's	1,605.2	1,639.6	-2.1%	1,653.0	-2.9%	1,625.6	1,633.5	-0.5%	1,672.5	-2.8%
Total FTE's per Adj Occupied Bed	4.3	4.5	-4.4%	4.3	1.5%	4.5	4.6	-1.9%	4.5	1.9%
Total Adjusted Patient Days	11,461	11,189	2.4%	11,983	-4.4%	44,097	43,458	1.5%	46,228	-4.6%
Hours / Adjusted Patient Day	24.81	25.96	-4.4%	24.44	1.5%	25.91	26.42	-1.9%	25.43	1.9%
Outpatient Factor	1.7942	1.8589	-3.5%	1.8192	-1.4%	1.8396	1.8631	-1.3%	1.8542	-0.8%
Blended O/P Factor	2.0564	2.0635	-0.3%	1.9899	3.3%	2.1211	2.0747	2.2%	2.0527	3.3%
Total Adjusted Admissions	2,180	2,184	-0.2%	2,087	4.5%	8,397	8,555	-1.8%	7,915	6.1%
Hours / Adjusted Admisssion	130.45	132.97	-1.9%	140.33	-7.0%	136.07	134.20	1.4%	148.51	-8.4%
FTE's - Hospital Contract	70.5	50.0	41.1%	37.6	87.8%	65.6	49.2	33.3%	38.2	72.0%
FTE's - Mgmt Services	46.8	62.2	-24.6%	48.0	-2.4%	50.1	62.2	-19.4%	47.6	5.2%
Total FTE's (including Contract)	1,722.6	1,751.7	-1.7%	1,738.6	-0.9%	1,741.4	1,744.9	-0.2%	1,758.3	-1.0%
Total FTE'S per Adjusted Occupied Bed (including Contract)	4.7	4.9	-4.0%	4.5	3.6%	4.9	4.9	-1.6%	4.7	3.8%
Urgent Care Visits										
Health & Wellness	-	-	0.0%	608	-100.0%	396	589	-32.8%	2,469	-84.0%
Golder	555	806	-31.1%	742	-25.2%	1,862	2,993	-37.8%	2,833	-34.3%
JBS Clinic	1,064	972	9.5%	1,020	4.3%	3,527	3,789	-6.9%	4,065	-13.2%
West University	570	651	-12.4%	585	-2.6%	1,906	2,330	-18.2%	2,169	-12.1%
42nd Street	483	384	25.8%	-	0.0%	1,044	976	7.0%	-	0.0%
Total Urgent Care Visits	2,672	2,813	-5.0%	2,955	-9.6%	8,735	10,677	-18.2%	11,536	-24.3%
Wal-Mart Clinic Visits										
East Clinic	443	364	21.7%	257	72.4%	1,336	1,293	3.3%	1,078	23.9%
West Clinic	305	182	67.6%	102	199.0%	847	677	25.1%	507	67.1%
Total Wal-Mart Visits	748	546	37.0%	359	108.4%	2,183	1,970	10.8%	1,585	37.7%
Mission Fitness										
Memberships	2,232	2,227	0.2%	2,353	-5.1%	2,232	2,227	0.2%	2,353	-5.1%
Visits	8,923	9,050	-1.4%	9,227	-3.3%	29,307	29,950	-2.1%	30,640	-4.4%

ECTOR COUNTY HOSPITAL DISTRICT
BALANCE SHEET - BLENDED
FOUR MONTHS ENDED JANUARY 31, 2017

	HOSPITAL	PRO CARE	ECTOR COUNTY HOSPITAL DISTRICT
ASSETS			
CURRENT ASSETS:			
Cash and Cash Equivalents	$ 26,031,221	$ 4,446,245	$ 30,477,466
Investments	44,780,242	-	44,780,242
Patient Accounts Receivable - Gross	169,939,268	20,029,841	189,969,109
Less: 3rd Party Allowances	(70,077,665)	(10,508,750)	(80,586,416)
Bad Debt Allowance	(68,053,795)	(4,157,296)	(72,211,090)
Net Patient Accounts Receivable	31,807,808	5,363,795	37,171,603
Taxes Receivable	5,440,548	-	5,440,548
Accounts Receivable - Other	18,201,071	1,662,354	19,863,425
Inventories	6,723,744	223,760	6,947,504
Prepaid Expenses	3,756,361	238,464	3,994,825
Total Current Assets	136,740,995	11,934,617	148,675,613
CAPITAL ASSETS:			
Property and Equipment	413,574,602	597,374	414,171,977
Construction in Progress	25,022,893	-	25,022,893
	438,597,495	597,374	439,194,869
Less: Accumulated Depreciation and Amortization	(240,987,933)	(323,015)	(241,310,948)
Total Capital Assets	197,609,562	274,359	197,883,921
INTANGIBLE ASSETS / GOODWILL - NET	173,933	398,372	572,305
RESTRICTED ASSETS:			
Restricted Assets Held by Trustee	5,607,613	-	5,607,613
Restricted Assets Held in Endowment	6,255,213	-	6,255,213
Restricted Cerner Escrow	1,513,225	-	1,513,225
Restricted MCH West Texas Services	1,810,784	-	1,810,784
Pension, Deferred Outflows of Resources	37,430,525	-	37,430,525
Assets whose use is Limited	-	4,833	4,833
TOTAL ASSETS	$ 387,141,850	$ 12,612,182	$ 399,754,032
LIABILITIES AND FUND BALANCE			
CURRENT LIABILITIES:			
Current Maturities of Long-Term Debt	$ 4,563,752	$ -	$ 4,563,752
Self-Insurance Liability - Current Portion	4,863,777	-	4,863,777
Accounts Payable	20,141,133	3,283,713	23,424,846
Accrued Interest	1,189,062	-	1,189,062
Accrued Salaries and Wages	4,571,446	5,934,653	10,506,099
Accrued Compensated Absences	4,122,878	211,084	4,333,962
Due to Third Party Payors	3,255,259	-	3,255,259
Deferred Revenue	3,884,940	1,237,009	5,121,948
Total Current Liabilities	46,592,247	10,666,458	57,258,705
ACCRUED POST RETIREMENT BENEFITS	65,479,466	-	65,479,466
SELF-INSURANCE LIABILITIES - Less Current Portion	1,927,389	-	1,927,389
LONG-TERM DEBT - Less Current Maturities	53,708,453	-	53,708,453
Total Liabilities	167,707,555	10,666,458	178,374,013
FUND BALANCE	219,434,295	1,945,723	221,380,018
TOTAL LIABILITIES AND FUND BALANCE	$ 387,141,850	$ 12,612,182	$ 399,754,032

ECTOR COUNTY HOSPITAL DISTRICT
BALANCE SHEET - BLENDED
FOUR MONTHS ENDED JANUARY 31, 2017

	CURRENT YEAR	PRIOR FISCAL YEAR END HOSPITAL AUDITED	PRIOR FISCAL YEAR END PRO CARE AUDITED	CURRENT YEAR CHANGE
ASSETS				
CURRENT ASSETS:				
Cash and Cash Equivalents	$ 30,477,466	$ 45,227,505	$ 2,734,905	$ (17,484,944)
Investments	44,780,242	35,050,242	-	9,730,000
Patient Accounts Receivable - Gross	189,969,109	148,713,694	16,584,930	24,670,485
Less: 3rd Party Allowances	(80,586,416)	(60,195,113)	(6,708,166)	(13,683,136)
Bad Debt Allowance	(72,211,090)	(58,888,563)	(5,103,621)	(8,218,907)
Net Patient Accounts Receivable	37,171,603	29,630,017	4,773,143	2,768,443
Taxes Receivable	5,440,548	5,446,479	-	(5,931)
Accounts Receivable - Other	19,863,425	20,974,403	2,482,086	(3,593,065)
Inventories	6,947,504	6,694,960	230,652	21,893
Prepaid Expenses	3,994,825	2,769,408	391,597	833,820
Total Current Assets	148,675,613	145,793,014	10,612,383	(7,729,784)
CAPITAL ASSETS:				
Property and Equipment	414,171,977	409,630,693	597,374	3,943,910
Construction in Progress	25,022,893	19,810,539	-	5,212,354
	439,194,869	429,441,232	597,374	9,156,263
Less: Accumulated Depreciation and Amortization	(241,310,948)	(234,529,317)	(299,182)	(6,482,449)
Total Capital Assets	197,883,921	194,911,915	298,192	2,673,814
INTANGIBLE ASSETS / GOODWILL - NET	572,305	203,049	439,873	(70,618)
RESTRICTED ASSETS:				
Restricted Assets Held by Trustee	5,607,613	4,661,597	-	946,016
Restricted Assets Held in Endowment	6,255,213	6,351,234	-	(96,021)
Restricted Cerner Escrow	1,513,225	3,267,237	-	(1,754,012)
Restricted MCH West Texas Services	1,810,784	1,759,115	-	51,669
Pension, Deferred Outflows of Resources	37,430,525	37,430,525	-	-
Assets whose use is Limited	4,833	-	19,273	(14,440)
TOTAL ASSETS	$ 399,754,032	$ 394,377,686	$ 11,369,721	$ (5,993,375)
LIABILITIES AND FUND BALANCE				
CURRENT LIABILITIES:				
Current Maturities of Long-Term Debt	$ 4,563,752	$ 4,594,799	$ -	$ (31,046)
Self-Insurance Liability - Current Portion	4,863,777	4,863,777	-	-
Accounts Payable	23,424,846	24,328,868	3,332,924	(4,236,946)
Accrued Interest	1,189,062	96,889	-	1,092,173
Accrued Salaries and Wages	10,506,099	6,125,126	4,774,793	(393,819)
Accrued Compensated Absences	4,333,962	4,239,710	239,077	(144,825)
Due to Third Party Payors	3,255,259	2,483,539	-	771,721
Deferred Revenue	5,121,948	416,599	1,105,510	3,599,840
Total Current Liabilities	57,258,705	47,149,306	9,452,303	657,097
ACCRUED POST RETIREMENT BENEFITS	65,479,466	65,346,188	-	133,278
SELF-INSURANCE LIABILITIES - Less Current Portion	1,927,389	1,927,389	-	-
LONG-TERM DEBT - Less Current Maturities	53,708,453	54,724,037	-	(1,015,584)
Total Liabilities	178,374,013	169,146,920	9,452,303	(225,210)
FUND BALANCE	221,380,018	225,230,766	1,917,418	(5,768,166)
TOTAL LIABILITIES AND FUND BALANCE	$ 399,754,032	$ 394,377,686	$ 11,369,721	$ (5,993,376)

ECTOR COUNTY HOSPITAL DISTRICT
BLENDED OPERATIONS SUMMARY
FOUR MONTHS ENDED JANUARY 31, 2017

	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	$ 8,839,534	$ 8,995,664	-1.7%	$ 9,597,889	-7.9%	$ 33,809,047	$ 34,808,701	-2.9%	$ 34,970,784	-3.3%
Inpatient Ancillary Revenue	38,762,764	35,993,348	7.7%	33,610,721	15.3%	146,558,767	141,355,231	3.7%	127,976,748	14.5%
Outpatient Revenue	50,285,918	47,845,974	5.1%	42,771,910	17.6%	202,204,258	189,318,284	6.8%	171,538,083	17.9%
TOTAL PATIENT REVENUE	$97,888,217	$ 92,834,986	5.4%	$85,980,520	13.8%	$ 382,572,072	$ 365,482,216	4.7%	$ 334,485,615	14.4%
DEDUCTIONS FROM REVENUE										
Contractual Adjustments	$ 57,663,906	$ 52,475,911	9.9%	$ 45,235,276	27.5%	$ 222,863,298	$ 206,810,360	7.8%	$ 182,828,580	21.9%
Policy Adjustments	6,432,661	6,989,121	-8.0%	7,072,256	-9.0%	25,577,750	27,598,178	-7.3%	24,234,674	5.5%
Uninsured Discount	4,021,928	4,290,008	-6.2%	3,016,908	33.3%	13,477,488	16,998,153	-20.7%	17,150,539	-21.4%
Indigent	2,611,507	2,025,507	28.9%	2,168,502	20.4%	9,425,154	7,954,504	18.5%	6,863,501	37.3%
Provision for Bad Debts	7,112,209	5,952,930	19.5%	8,176,581	-13.0%	29,228,088	23,620,261	23.7%	23,593,613	23.9%
TOTAL REVENUE DEDUCTIONS	$ 77,842,213	$ 71,733,476	8.5%	$ 65,669,523	18.5%	$ 300,571,777	$ 282,981,457	6.2%	$ 254,670,907	18.0%
	79.52%	77.27%		76.38%		78.57%	77.43%		76.14%	
OTHER PATIENT REVENUE										
Medicaid Supplemental Payments	$ 85,746	$ 297,632	-71.2%	$ 541,667	-84.2%	$ 945,252	1,190,528	-20.6%	$ 2,166,667	-56.4%
DSRIP	1,000,000	1,000,000	0.0%	1,000,000	0.0%	4,000,000	4,000,000	0.0%	4,000,000	0.0%
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	$ 1,085,746	$ 1,297,632	-16.3%	$ 1,541,667	-29.6%	$ 4,945,252	$ 5,190,528	-4.7%	$ 6,166,667	-19.8%
NET PATIENT REVENUE	$ 21,131,750	$ 22,399,142	-5.7%	$ 21,852,664	-3.3%	$ 86,945,546	$ 87,691,288	-0.9%	$ 85,981,374	1.1%
OTHER REVENUE										
Tax Revenue	$ 3,578,302	$ 3,166,040	13.0%	$ 3,332,398	7.4%	$ 14,064,638	$ 13,323,162	5.6%	$ 14,529,200	-3.2%
Other Revenue	963,944	837,665		803,066	20.0%	3,411,862	3,505,635	-2.7%	4,321,228	-21.0%
TOTAL OTHER REVENUE	$ 4,542,246	$ 4,003,705	13.5%	$ 4,135,464	9.8%	$ 17,476,500	$ 16,828,797	3.8%	$ 18,850,428	-7.3%
NET OPERATING REVENUE	$ 25,673,995	$ 26,402,847	-2.8%	$ 25,988,128	-1.2%	$ 104,422,046	$ 104,520,085	-0.1%	$ 104,831,802	-0.4%
OPERATING EXPENSES										
Salaries and Wages	$ 11,826,973	$ 12,855,731	-8.0%	$ 12,245,149	-3.4%	$ 49,709,157	$ 51,200,211	-2.9%	$ 49,454,905	0.5%
Benefits	2,551,756	2,696,488	-5.4%	3,047,397	-16.3%	12,537,280	11,419,563	9.8%	11,842,087	5.9%
Temporary Labor	958,747	632,368	51.6%	436,299	119.7%	3,883,602	2,486,185	56.2%	2,440,316	59.1%
Physician Fees	387,509	391,593	-1.0%	349,126	11.0%	1,455,445	1,512,807	-3.8%	1,568,975	-7.2%
Texas Tech Support	-	-	0.0%	16,696	-100.0%	-	-	0.0%	66,784	-100.0%
Purchased Services	2,444,375	2,505,783	-2.5%	2,918,640	-16.2%	9,287,126	9,566,070	-2.9%	9,411,309	-1.3%
Supplies	4,676,450	4,711,357	-0.7%	4,141,205	12.9%	18,539,930	18,700,773	-0.9%	18,324,751	1.2%
Utilities	403,640	286,083	41.1%	302,069	33.6%	1,386,067	1,203,031	15.2%	1,231,387	12.6%
Repairs and Maintenance	945,641	881,076	7.3%	983,577	-3.9%	3,996,268	3,416,045	17.0%	3,818,046	4.7%
Leases and Rent	126,133	143,729	-12.2%	148,191	-14.9%	508,106	583,483	-12.9%	561,753	-9.5%
Insurance	145,035	131,597	10.2%	85,247	70.1%	539,935	525,593	2.7%	502,658	7.4%
Interest Expense	263,627	263,979	-0.1%	269,918	-2.3%	1,054,509	1,055,916	-0.1%	1,075,237	-1.9%
ECHDA	32,226	67,109	-52.0%	37,910	-15.0%	121,734	268,436	-54.7%	133,846	-9.0%
Other Expense	192,684	231,689	-16.8%	238,190	-19.1%	738,226	962,115	-23.3%	890,532	-17.1%
TOTAL OPERATING EXPENSES	$ 24,954,795	$ 25,798,583	-3.3%	$ 25,219,613	-1.1%	$ 103,757,385	$ 102,900,228	0.8%	$ 101,322,584	2.4%
Depreciation/Amortization	$ 1,588,524	$ 1,541,690	3.0%	$ 1,778,376	-10.7%	$ 6,553,067	$ 6,488,238	1.0%	$ 7,001,761	-6.4%
(Gain) Loss on Sale of Assets	-	-	-100.0%	-		-	-	-100.0%	(6,540)	-100.0%
TOTAL OPERATING COSTS	$ 26,543,319	$ 27,340,273	-2.9%	$ 26,997,989	-1.7%	$ 110,310,451	$ 109,388,466	0.8%	$ 108,317,805	1.8%
NET GAIN (LOSS) FROM OPERATIONS	**$ (869,324)**	**$ (937,426)**	**-7.3%**	**$ (1,009,861)**	**-13.9%**	**$ (5,888,405)**	**$ (4,868,381)**	**21.0%**	**$ (3,486,003)**	**68.9%**
Operating Margin	-3.39%	-3.55%	-4.6%	-3.89%	-12.9%	-5.64%	-4.66%	21.1%	-3.33%	69.6%
NONOPERATING REVENUE/EXPENSE										
Interest Income	$ 39,929	$ 34,112	17.1%	$ 31,899	25.2%	$ 131,224	$ 135,346	-3.0%	$ 119,802	9.5%
Tobacco Settlement	-	-	0.0%	-	0.0%	-	-		-	
Trauma Funds	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
Donations	4,410	13,813	-68.1%	22,597	-80.5%	14,165	42,831	-66.9%	72,525	-80.5%
Build America Bonds Subsidy	84,233	81,320	3.6%	83,781	0.5%	336,930	325,278	3.6%	335,123	0.5%
CHANGE IN NET POSITION BEFORE INVESTMENT ACTIVITY	$ (740,752)	$ (808,181)	-8.3%	$ (871,584)	-15.0%	$ (5,406,086)	$ (4,364,925)	23.9%	$ (2,958,552)	82.7%
Unrealized Gain/(Loss) on Investments	$ -	$ -	0.0%	$ -		$ (423,757)	$ -	0.0%	$ (82,524)	413.5%
Investment in Subsidiaries	36,123	16,373	120.6%	18,958	90.5%	61,676	65,491	-5.8%	41,195	49.7%
CHANGE IN NET POSITION	**$ (704,629)**	**$ (791,808)**	**-11.0%**	**$ (852,626)**	**-17.4%**	**$ (5,768,166)**	**$ (4,299,434)**	**34.2%**	**$ (2,999,882)**	**92.3%**
EBIDA	$ 1,147,522	$ 1,013,860	13.2%	$ 1,195,668	-4.0%	$ 1,839,410	$ 3,244,719	-43.3%	$ 5,077,116	-63.8%

ECTOR COUNTY HOSPITAL DISTRICT
HOSPITAL OPERATIONS SUMMARY
FOUR MONTHS ENDED JANUARY 31, 2017

	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	$ 8,839,534	$ 8,995,664	-1.7%	$ 9,597,889	-7.9%	$ 33,809,047	$ 34,808,701	-2.9%	$ 34,970,784	-3.3%
Inpatient Ancillary Revenue	38,762,764	35,993,348	7.7%	33,610,721	15.3%	146,558,767	141,355,231	3.7%	127,976,748	14.5%
Outpatient Revenue	37,803,740	38,642,721	-2.2%	35,397,809	6.8%	151,438,795	152,047,930	-0.4%	139,186,054	8.8%
TOTAL PATIENT REVENUE	$ 85,406,038	$ 83,631,733	2.1%	$ 78,606,420	8.7%	$ 331,806,609	$ 328,211,863	1.1%	$ 302,133,586	9.8%
DEDUCTIONS FROM REVENUE										
Contractual Adjustments	$ 50,680,965	$ 48,931,705	3.6%	$ 41,940,432	20.8%	$ 190,653,254	$ 192,424,622	-0.9%	$ 170,309,183	11.9%
Policy Adjustments	5,584,796	5,534,898	0.9%	5,798,123	-3.7%	24,475,481	21,719,675	12.7%	19,396,499	26.2%
Uninsured Discount	3,714,562	3,899,206	-4.7%	2,745,346	35.3%	11,759,527	15,411,146	-23.7%	15,638,290	-24.8%
Indigent Care	2,165,066	1,981,749	9.3%	2,156,688	0.4%	8,491,578	7,776,645	9.2%	6,522,669	30.2%
Provision for Bad Debts	5,970,762	5,030,305	18.7%	7,540,486	-20.8%	26,386,572	19,881,683	32.7%	19,807,012	33.2%
TOTAL REVENUE DEDUCTIONS	$ 68,116,150	$ 65,377,863	4.2%	$ 60,181,075	13.2%	$ 261,766,412	$ 257,213,771	1.8%	$ 231,673,652	13.0%
	79.76%	78.17%		76.56%		78.89%	78.37%		76.68%	
OTHER PATIENT REVENUE										
Medicaid Supplemental Payments	$ (789,255)	$ (577,368)	36.7%	$ (333,333)	136.8%	$ (2,554,748)	$ (2,309,472)	10.6%	$ (1,333,333)	91.6%
DSRIP	1,000,000	1,000,000	0.0%	1,000,000	0.0%	4,000,000	4,000,000	0.0%	4,000,000	0.0%
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	$ 210,746	$ 422,632	-50.1%	$ 666,667	-68.4%	$ 1,445,252	$ 1,690,528	-14.5%	$ 2,666,667	-45.8%
NET PATIENT REVENUE	$ 17,500,634	$ 18,676,501	-6.3%	$ 19,092,012	-8.3%	$ 71,485,448	$ 72,688,620	-1.7%	$ 73,126,600	-2.2%
OTHER REVENUE										
Tax Revenue	$ 3,578,302	$ 3,166,040	13.0%	$ 3,332,398	7.4%	$ 14,064,638	$ 13,323,162	5.6%	$ 14,529,200	-3.2%
Other Revenue	827,048	696,078	18.8%	665,519	24.3%	2,881,139	2,898,338	-0.6%	3,764,550	-23.5%
TOTAL OTHER REVENUE	$ 4,405,350	$ 3,862,119	14.1%	$ 3,997,917	10.2%	$ 16,945,778	$ 16,221,501	4.5%	$ 18,293,750	-7.4%
NET OPERATING REVENUE	$ 21,905,983	$ 22,538,620	-2.8%	$ 23,089,929	-5.1%	$ 88,431,226	$ 88,910,120	-0.5%	$ 91,420,350	-3.3%
OPERATING EXPENSE										
Salaries and Wages	$ 8,095,229	$ 8,835,093	-8.4%	$ 8,859,097	-8.6%	$ 34,577,108	$ 35,207,982	-1.8%	$ 35,436,162	-2.4%
Benefits	1,940,032	2,023,107	-4.1%	2,448,556	-20.8%	10,360,057	9,179,803	12.9%	9,925,560	4.4%
Temporary Labor	789,521	517,538	52.6%	357,214	121.0%	3,112,319	2,026,865	53.6%	1,501,048	107.3%
Physician Fees	59,560	72,772	-18.2%	11,373	423.7%	275,141	286,126	-3.8%	320,403	-14.1%
Texas Tech Support	-	-	0.0%	16,696	-100.0%	-	-		66,784	-100.0%
Purchased Services	2,545,052	2,600,585	-2.1%	3,010,288	-15.5%	9,727,556	9,901,905	-1.8%	9,916,031	-1.9%
Supplies	4,530,004	4,578,626	-1.1%	4,005,554	13.1%	17,969,024	18,169,613	-1.1%	17,825,806	0.8%
Utilities	398,332	281,288	41.6%	299,221	33.1%	1,368,543	1,185,171	15.5%	1,221,070	12.1%
Repairs and Maintenance	944,082	880,276	7.2%	980,642	-3.7%	3,991,219	3,409,845	17.0%	3,808,512	4.8%
Leases and Rentals	(41,718)	(36,882)	13.1%	(19,100)	118.4%	(209,293)	(129,110)	62.1%	(105,208)	98.9%
Insurance	99,867	85,992	16.1%	43,183	131.3%	352,268	343,969	2.4%	321,861	9.4%
Interest Expense	263,627	263,979	-0.1%	269,918	-2.3%	1,054,509	1,055,916	-0.1%	1,075,237	-1.9%
ECHDA	32,226	67,109	-52.0%	37,910	-15.0%	121,734	268,436	-54.7%	133,846	-9.0%
Other Expense	106,208	138,524	-23.3%	132,307	-19.7%	452,550	583,993	-22.5%	577,370	-21.6%
TOTAL OPERATING EXPENSES	$ 19,762,021	$ 20,308,008	-2.7%	$ 20,452,857	-3.4%	$ 83,152,736	$ 81,490,514	2.0%	$ 82,024,480	1.4%
Depreciation/Amortization	$ 1,560,381	$ 1,513,047	3.1%	$ 1,750,332	-10.9%	$ 6,440,495	$ 6,374,452	1.0%	$ 6,889,403	-6.5%
(Gain)/Loss on Disposal of Assets	-	-	0.0%	-	0.0%	-	-	100.0%	(6,500)	-100.0%
TOTAL OPERATING COSTS	$ 21,322,403	$ 21,821,054	-2.3%	$ 22,203,189	-4.0%	$ 89,593,231	$ 87,864,966	2.0%	$ 88,907,384	0.8%
NET GAIN (LOSS) FROM OPERATIONS	**$ 583,581**	**$ 717,566**	**-18.7%**	**$ 886,739**	**-34.2%**	**$ (1,162,005)**	**$ 1,045,155**	**-211.2%**	**$ 2,512,967**	**-146.2%**
Operating Margin	2.66%	3.18%	-16.3%	3.84%	-30.6%	-1.31%	1.18%	-211.8%	2.75%	-147.8%
NONOPERATING REVENUE/EXPENSE										
Interest Income	$ 39,929	$ 34,112	17.1%	$ 31,899	25.2%	$ 131,224	$ 135,346	-3.0%	$ 119,802	9.5%
Tobacco Settlement	-	-	0.0%	-	0.0%	-	-		-	0.0%
Trauma Funds	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
Donations	4,410	13,813	-68.1%	22,597	-80.5%	14,165	42,831	-66.9%	72,525	-80.5%
Build America Bonds Subsidy	84,233	81,320	3.6%	83,781	0.5%	336,930	325,278	3.6%	335,123	0.5%
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTION	$ 712,152	$ 846,810	-15.9%	$ 1,025,016	-30.5%	$ (679,686)	$ 1,548,610	-143.9%	$ 3,040,417	-122.4%
Procare Capital Contribution	(1,538,522)	(1,654,991)	-7.0%	(1,388,789)	10.8%	(4,754,704)	(5,913,535)	-19.6%	(5,207,101)	-8.7%
CHANGE IN NET POSITION BEFORE INVESTMENT ACTIVITY	$ (826,369)	$ (808,181)	2.3%	$ (363,773)	127.2%	$ (5,434,390)	$ (4,364,925)	24.5%	$ (2,166,684)	150.8%
Unrealized Gain/(Loss) on Investments	$ -	$ -	0.0%	$ -	0.0%	$ (423,757)	$ -	0.0%	$ (82,524)	413.5%
Investment in Subsidiaries	36,123	16,373	120.6%	18,958	90.5%	61,676	65,491	-5.8%	41,195	49.7%
CHANGE IN NET POSITION	**$ (790,247)**	**$ (791,808)**	**-0.2%**	**$ (344,815)**	**129.2%**	**$ (5,796,470)**	**$ (4,299,433)**	**34.8%**	**$ (2,208,014)**	**162.5%**
EBIDA	$ 1,033,762	$ 985,217	4.9%	$ 1,675,435	-38.3%	$ 1,698,534	$ 3,130,934	-45.7%	$ 5,756,627	-70.5%

ECTOR COUNTY HOSPITAL DISTRICT
PROCARE OPERATIONS SUMMARY
FOUR MONTHS ENDED JANUARY 31, 2017

	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	$ 12,482,178	$ 9,203,254	35.6%	$ 7,374,101	69.3%	$ 50,765,463	$ 37,270,354	36.2%	$ 32,352,029	56.9%
TOTAL PATIENT REVENUE	$ 12,482,178	$ 9,203,254	35.6%	$ 7,374,101	69.3%	$ 50,765,463	$ 37,270,354	36.2%	$ 32,352,029	56.9%
DEDUCTIONS FROM REVENUE										
Contractual Adjustments	$ 6,982,942	$ 3,544,205	97.0%	$ 3,294,843	111.9%	$ 32,210,044	$ 14,385,739	123.9%	$ 12,519,397	157.3%
Policy Adjustments	847,866	1,454,222	-41.7%	1,274,133	-33.5%	1,102,269	5,878,503	-81.2%	4,838,176	-77.2%
Uninsured Discount	307,367	390,802	-21.3%	271,563	13.2%	1,717,961	1,587,007	8.3%	1,512,249	13.6%
Indigent	446,441	43,759	920.2%	11,814	3679.0%	933,576	177,859	424.9%	340,832	173.9%
Provision for Bad Debts	1,141,447	922,624	23.7%	636,095	79.4%	2,841,515	3,738,578	-24.0%	3,786,601	-25.0%
TOTAL REVENUE DEDUCTIONS	$ 9,726,062	$ 6,355,613	53.0%	$ 5,488,449	77.2%	$ 38,805,365	$ 25,767,686	50.6%	$ 22,997,256	68.7%
	77.92%	69.06%		74.43%		76.44%	69.14%		71.08%	
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	$ 3,631,116	$ 3,722,641	-2.5%	$ 2,760,652	31.5%	$ 15,460,098	$ 15,002,668	3.0%	$ 12,854,774	20.3%
OTHER REVENUE										
Other Income	$ 136,896	$ 141,587	-3.3%	$ 137,547	-0.5%	$ 530,723	$ 607,297	-12.6%	$ 556,678	-4.7%
TOTAL OTHER REVENUE										
NET OPERATING REVENUE	$ 3,768,012	$ 3,864,227	-2.5%	$ 2,898,199	30.0%	$ 15,990,821	$ 15,609,965	2.4%	$ 13,411,452	19.2%
						-				
OPERATING EXPENSE										
Salaries and Wages	$ 3,731,744	$ 4,020,638	-7.2%	$ 3,386,052	10.2%	$ 15,132,049	$ 15,992,229	-5.4%	$ 14,018,743	7.9%
Benefits	611,724	673,380	-9.2%	598,841	2.2%	2,177,223	2,239,760	-2.8%	1,916,527	13.6%
Temporary Labor	169,226	114,830	47.4%	79,085	114.0%	771,282	459,320	67.9%	939,269	-17.9%
Physician Fees	327,949	318,820	2.9%	337,753	-2.9%	1,180,304	1,226,681	-3.8%	1,248,572	-5.5%
Purchased Services	(100,677)	(94,802)	6.2%	(91,648)	9.9%	(440,430)	(335,835)	31.1%	(504,722)	-12.7%
Supplies	146,446	132,732	10.3%	135,651	8.0%	570,906	531,160	7.5%	498,946	14.4%
Utilities	5,308	4,795	10.7%	2,848	86.4%	17,523	17,860	-1.9%	10,317	69.8%
Repairs and Maintenance	1,558	800	94.8%	2,935	-46.9%	5,049	6,200	-18.6%	9,534	-47.0%
Leases and Rentals	167,851	180,611	-7.1%	167,291	0.3%	717,399	712,593	0.7%	666,960	7.6%
Insurance	45,168	45,604	-1.0%	42,064	7.4%	187,668	181,624	3.3%	180,797	3.8%
Other Expense	86,475	93,166	-7.2%	105,883	-18.3%	285,676	378,122	-24.4%	313,162	-8.8%
TOTAL OPERATING EXPENSES	$ 5,192,773	$ 5,490,575	-5.4%	$ 4,766,756	8.9%	$ 20,604,649	$ 21,409,714	-3.8%	$ 19,298,104	6.8%
Depreciation/Amortization	$ 28,143	$ 28,643	-1.7%	$ 28,044	0.4%	$ 112,572	$ 113,786	-1.1%	$ 112,357	0.2%
(Gain)/Loss on Sale of Assets	-	-	0.0%	-	0.0%	-	-	0.0%	(40)	0.0%
TOTAL OPERATING COSTS	$ 5,220,916	$ 5,519,218	-5.4%	$ 4,794,799	8.9%	$ 20,717,220	$ 21,523,500	-3.7%	$ 19,410,421	6.7%
NET GAIN (LOSS) FROM OPERATIONS	**$ (1,452,904)**	**$ (1,654,991)**	**-12.2%**	**$ (1,896,600)**	**-23.4%**	**$ (4,726,399)**	**$ (5,913,536)**	**-20.1%**	**$ (5,998,969)**	**-21.2%**
Operating Margin	-38.56%	-42.83%	-10.0%	-65.44%	-41.1%	-29.56%	-37.88%	-22.0%	-44.73%	-33.9%
MCH Contribution	$ 1,538,522	$ 1,654,991	-7.0%	$ 1,388,789	10.8%	$ 4,754,704	$ 5,913,535	-19.6%	$ 5,207,101	-8.7%
CAPITAL CONTRIBUTION	**$ 85,617**	**$ -**	**-100.0%**	**$ (507,811)**	**-116.9%**	**$ 28,305**	**$ -**	**-100.0%**	**$ (791,869)**	**-103.6%**
EBIDA	$ 113,760	$ 28,643	297.2%	$ (479,767)	-123.7%	$ 140,876	$ 113,786	23.8%	$ (679,511)	-120.7%

	CURRENT MONTH					YEAR TO DATE				
Total Office Visits	9,398	9,070	3.62%	8,039	16.91%	36,325	35,111	3.46%	32,625	11.34%
Total Hospital Visits	4,057	4,348	-6.69%	4,507	-9.98%	16,709	17,736	-5.79%	17,132	-2.47%
Total Procedures	56,732	55,504	2.21%	42,701	32.86%	203,732	228,486	-10.83%	215,034	-5.26%
Total Surgeries	516	671	-23.10%	524	-1.53%	2,996	2,673	12.08%	2,360	26.95%
Total Provider FTE's	83.7	93.7	-10.67%	80.4	4.10%	80.4	91.2	-11.86%	79.2	1.52%
Total Staff FTE's	125.8	134.3	-6.33%	115.3	9.11%	115.3	131.9	-12.59%	110.9	3.97%
Total Administrative FTE's	33.2	39.5	-15.95%	34.9	-4.87%	34.9	39.5	-11.65%	34.7	0.58%
Total FTE's	242.7	267.5	-9.27%	230.6	5.25%	230.6	262.6	-12.19%	224.8	2.58%

ECTOR COUNTY HOSPITAL DISTRICT
CENTER FOR PRIMARY CARE CLEMENTS - OPERATIONS SUMMARY
FOUR MONTHS ENDED JANUARY 31, 2017

	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	$ 490,226	$ 376,905	30.1%	$ 339,806	44.3%	$ 1,539,363	$ 1,386,263	11.0%	$ 1,252,168	22.9%
TOTAL PATIENT REVENUE	$ 490,226	$ 376,905	30.1%	$ 339,806	44.3%	$ 1,539,363	$ 1,386,263	11.0%	$ 1,252,168	22.9%
DEDUCTIONS FROM REVENUE										
Contractual Adjustments	$ 166,713	$ 102,620	62.5%	$ 217,596	-23.4%	$ 674,876	$ 402,696	67.6%	$ 517,333	30.5%
Self Pay Adjustments	21,262	20,073	5.9%	(15,359)	-238.4%	5,335	78,769	-93.2%	135,583	-96.1%
Bad Debts	155,357	37,964	309.2%	(31,959)	-586.1%	219,825	150,050	46.5%	12,910	1602.7%
TOTAL REVENUE DEDUCTIONS	$ 343,332	$ 160,658	113.7%	$ 170,278	101.6%	$ 900,036	$ 631,515	42.5%	$ 665,827	35.2%
	70.0%	42.6%		50.1%		58.5%	45.6%		53.2%	
NET PATIENT REVENUE	$ 146,894	$ 216,248	-32.1%	$ 169,528	-13.4%	$ 639,327	$ 754,748	-15.3%	$ 586,341	9.0%
OTHER REVENUE										
FHC Other Revenue	$ -	$ 8,802	0.0%	$ -	0.0%	$ -	$ 35,210	0.0%	$ -	0.0%
TOTAL OTHER REVENUE	$ -	$ 8,802	-100.0%	$ -	0.0%	$ -	$ 35,210	-100.0%	$ -	0.0%
NET OPERATING REVENUE	$ 146,894	$ 225,050	-34.7%	$ 169,528	-13.4%	$ 639,327	$ 789,958	-19.1%	$ 586,341	9.0%
OPERATING EXPENSE										
Salaries and Wages	$ 32,728	$ 33,389	-2.0%	$ 39,130	-16.4%	$ 138,839	$ 133,121	4.3%	$ 164,638	-15.7%
Benefits	7,843	7,646	2.6%	10,815	-27.5%	41,599	34,709	19.9%	46,115	-9.8%
Physician Services	228,113	243,962	-6.5%	196,581	16.0%	883,519	959,198	-7.9%	763,838	15.7%
Cost of Drugs Sold	5,723	5,992	-4.5%	6,163	-7.1%	20,905	22,107	-5.4%	27,930	-25.2%
Supplies	11,081	12,297	-9.9%	5,201	113.1%	39,378	46,167	-14.7%	29,049	35.6%
Utilities	2,690	3,040	-11.5%	2,790	-3.6%	22,130	11,812	87.4%	12,012	84.2%
Repairs and Maintenance	6,758	3,082	119.2%	2,376	184.4%	14,824	8,745	69.5%	3,327	345.5%
Leases and Rentals	483	445	8.7%	443	9.1%	1,909	2,072	-7.9%	2,064	-7.5%
Other Expense	1,000	948	5.5%	1,000	0.0%	4,279	4,085	4.7%	4,318	-0.9%
TOTAL OPERATING EXPENSES	$ 296,419	$ 310,802	-4.6%	$ 264,499	12.1%	$ 1,167,381	$ 1,222,016	-4.5%	$ 1,053,291	10.8%
Depreciation/Amortization	$ 5,510	$ 5,336	3.3%	$ 5,271	4.5%	$ 22,052	$ 21,343	3.3%	$ 21,694	1.6%
TOTAL OPERATING COSTS	$ 301,929	$ 316,138	-4.5%	$ 269,770	11.9%	$ 1,189,433	$ 1,243,359	-4.3%	$ 1,074,985	10.6%
NET GAIN (LOSS) FROM OPERATIONS	**$ (155,035)**	**$ (91,088)**	**70.2%**	**$ (100,242)**	**54.7%**	**$ (550,106)**	**$ (453,401)**	**21.3%**	**$ (488,644)**	**12.6%**
Operating Margin	-105.54%	-40.47%	160.8%	-59.13%	78.5%	-86.04%	-57.40%	49.9%	-83.34%	3.2%
EBIDA	$ (149,525)	$ (85,752)	74.4%	$ (94,971)	57.4%	$ (528,054)	$ (432,058)	22.2%	$ (466,949)	13.1%

	CURRENT MONTH					YEAR TO DATE				
Medical Visits	1,508	1,399	7.8%	1,309	15.2%	5,363	4,992	7.4%	4,754	12.8%
Dental Visits	668	650	2.7%	549	21.7%	2,530	2,545	-0.6%	2,276	11.2%
Total Visits	2,176	2,049	6.2%	1,858	17.1%	7,893	7,537	4.7%	7,030	12.3%
Average Revenue per Office Visit	225.29	183.91	22.5%	182.89	23.2%	195.03	183.93	6.0%	178.12	9.5%
Hospital FTE's (Salaries and Wages)	4.9	5.0	-1.6%	7.1	-29.9%	5.2	5.0	2.5%	7.3	-29.5%
Clinic FTE's - (Physician Services)	21.1	28.6	-26.0%	15.6	35.7%	22.5	28.6	-21.1%	15.4	46.7%

ECTOR COUNTY HOSPITAL DISTRICT
CENTER FOR PRIMARY CARE WEST UNIVERSITY - OPERATIONS SUMMARY
FOUR MONTHS ENDED JANUARY 31, 2017

	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	$ 210,841	$ 233,221	-9.6%	$ 209,017	0.9%	$ 851,271	$ 964,413	-11.7%	$ 680,976	25.0%
TOTAL PATIENT REVENUE	$ 210,841	$ 233,221	-9.6%	$ 209,017	0.9%	$ 851,271	$ 964,413	-11.7%	$ 680,976	25.0%
DEDUCTIONS FROM REVENUE										
Contractual Adjustments	$ 16,199	$ 38,934	-58.4%	$ 78,088	-79.3%	$ 178,587	$ 152,782	16.9%	$ 153,716	16.2%
Self Pay Adjustments	3,869	27,585	-86.0%	1,258	207.6%	4,942	108,246	-95.4%	154,064	-96.8%
Bad Debts	167,532	44,223	278.8%	87,602	91.2%	568,649	174,788	225.3%	256,717	121.5%
TOTAL REVENUE DEDUCTIONS	$ 187,599	$ 110,742	69.4%	$ 166,947	12.4%	$ 752,178	$ 435,816	72.6%	$ 564,497	33.2%
	88.98%	47.48%		79.87%		88.36%	45.19%		82.90%	
NET PATIENT REVENUE	$ 23,242	$ 122,478	-81.0%	$ 42,070	-44.8%	$ 99,093	$ 528,597	-81.3%	$ 116,478	-14.9%
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	$ 23,242	$ 122,478	-81.0%	$ 42,070	-44.8%	$ 99,093	$ 528,597	-81.3%	$ 116,478	-14.9%
OPERATING EXPENSE										
Salaries and Wages	$ 3,405	$ 4,206	-19.0%	$ 3,316	2.7%	$ 13,209	$ 15,265	-13.5%	$ 13,956	-5.4%
Benefits	816	963	-15.3%	917	-11.0%	3,958	3,980	-0.6%	3,909	1.3%
Physician Services	140,927	185,593	-24.1%	167,611	-15.9%	572,661	712,545	-19.6%	691,723	-17.2%
Cost of Drugs Sold	44	2,221	-98.0%	2,428	-98.2%	5,386	9,184	-41.4%	8,527	-36.8%
Supplies	11,685	5,102	129.0%	5,788	101.9%	24,805	20,311	22.1%	20,596	20.4%
Utilities	2,487	1,450	71.5%	1,566	58.8%	10,063	7,943	26.7%	8,525	18.0%
Repairs and Maintenance	478	2,467	-80.6%	2,578	-81.5%	7,428	3,694	101.1%	5,622	32.1%
Leases and Rentals	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
Other Expense	-	-	0.0%	-	0.0%	-	-	0.0%	-	0.0%
TOTAL OPERATING EXPENSES	$ 159,843	$ 202,003	-20.9%	$ 184,204	-13.2%	$ 637,511	$ 772,922	-17.5%	$ 752,859	-15.3%
Depreciation/Amortization	$ 41,241	$ 41,241	0.0%	$ 41,241	0.0%	$ 164,964	$ 164,964	0.0%	$ 164,964	0.0%
TOTAL OPERATING COSTS	$ 201,084	$ 243,244	-17.3%	$ 225,445	-10.8%	$ 802,474	$ 937,886	-14.4%	$ 917,822	-12.6%
NET GAIN (LOSS) FROM OPERATIONS	**$ (177,842)**	**$ (120,765)**	**47.3%**	**$ (183,374)**	**-3.0%**	**$ (703,381)**	**$ (409,289)**	**71.9%**	**$ (801,344)**	**-12.2%**
Operating Margin	-765.19%	-98.60%	676.0%	-435.87%	75.6%	-709.82%	-77.43%	816.7%	-687.98%	3.2%
EBIDA	$ (136,601)	$ (79,524)	71.8%	$ (142,133)	-3.9%	$ (538,417)	$ (244,325)	120.4%	$ (636,380)	-15.4%

	CURRENT MONTH				YEAR TO DATE				
Medical Visits	692	696	-0.6%	592	16.9%	2,654	3,016	-12.0%	2,374	11.8%
Optometry Visits	314	280	12.1%	267	17.6%	1,031	1,021	1.0%	866	19.1%
Total Visits	1,006	976	3.1%	859	17.1%	3,685	4,037	-8.7%	3,240	13.7%
Average Revenue per Office Visit	209.58	238.96	-12.3%	243.33	-13.9%	231.01	238.87	-3.3%	210.18	9.9%
Hospital FTE's (Salaries and Wages)	1.0	1.3	-20.9%	1.0	0.4%	1.0	1.2	-15.4%	1.1	-14.3%
Clinic FTE's - (Physician Services)	12.5	14.6	-14.0%	13.8	-9.0%	12.8	14.6	-12.2%	16.0	-19.8%

ECTOR COUNTY HOSPITAL DISTRICT
JANUARY 2017

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	$ 35,461,329	41.5%	$ 32,245,804	41.0%	$ 136,649,123	41.2%	$ 125,173,368	41.4%
Medicaid	8,937,371	10.5%	6,736,694	8.6%	34,236,770	10.3%	28,587,800	9.5%
Blue Cross	9,077,403	10.6%	8,957,753	11.4%	41,198,988	12.4%	35,141,483	11.6%
Commercial	11,072,085	13.0%	12,956,423	16.5%	49,112,675	14.8%	52,805,763	17.5%
Self Pay	13,739,446	16.1%	12,838,364	16.3%	42,977,402	13.0%	41,391,289	13.7%
Other	7,118,405	8.3%	4,871,381	6.2%	27,631,651	8.3%	19,033,883	6.3%
TOTAL	**$ 85,406,038**	**100.0%**	**$ 78,606,420**	**100.0%**	**$ 331,806,609**	**100.0%**	**$ 302,133,586**	**100.0%**

PAYMENTS BY PAYOR

	CURRENT MONTH				YEAR TO DATE			
	CURRENT YEAR		PRIOR YEAR		CURRENT YEAR		PRIOR YEAR	
	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%
Medicare	$ 4,812,197	30.1%	$ 5,619,143	34.7%	$ 20,278,727	29.9%	$ 21,352,045	31.6%
Medicaid	1,309,644	8.2%	1,285,956	7.9%	6,618,062	9.7%	5,389,002	7.9%
Blue Cross	3,283,666	20.6%	2,971,008	18.3%	13,704,632	20.2%	14,328,307	21.1%
Commercial	3,549,896	22.2%	4,106,153	25.3%	16,780,439	24.7%	17,524,377	25.8%
Self Pay	1,512,618	9.5%	1,501,402	9.3%	5,323,867	7.8%	5,440,704	8.0%
Other	1,508,685	9.4%	731,823	4.5%	5,226,428	7.7%	3,774,537	5.6%
TOTAL	**$ 15,976,706**	**100.0%**	**$ 16,215,486**	**100.0%**	**$ 67,932,154**	**100.0%**	**$ 67,808,972**	**100.0%**

* Includes patient A/R, MCH ProFees and Bad Debt Collections.
MCH Pro Fees, Bad Debt Collections & CareMobile are shown in "Self Pay".

ECTOR COUNTY HOSPITAL DISTRICT
FAMILY HEALTH CLINIC CLEMENTS
JANUARY 2017

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	$ 62,053	12.7%	$ 57,370	16.9%	$ 171,122	11.1%	$ 135,891	10.9%
Medicaid	141,531	28.9%	74,945	22.1%	464,742	30.2%	332,421	26.5%
PHC	141,181	28.8%	101,617	29.9%	467,769	30.4%	428,151	34.2%
Commercial	64,338	13.1%	54,568	16.0%	214,447	13.9%	178,443	14.3%
Self Pay	64,905	13.2%	40,476	11.9%	177,179	11.5%	134,501	10.7%
Other	16,218	3.3%	10,830	3.2%	44,105	2.9%	42,761	3.4%
TOTAL	**$ 490,226**	**100.0%**	**$ 339,806**	**100.0%**	**$ 1,539,363**	**100.0%**	**$ 1,252,168**	**100.0%**

PAYMENTS BY PAYOR

	CURRENT MONTH				YEAR TO DATE			
	CURRENT YEAR		PRIOR YEAR		CURRENT YEAR		PRIOR YEAR	
	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%
Medicare	$ 11,144	7.8%	$ 28,425	17.4%	$ 59,660	8.7%	$ 66,036	11.4%
Medicaid	64,118	44.8%	50,479	30.8%	337,347	49.2%	202,816	35.0%
PHC	20,917	14.6%	23,125	14.2%	87,068	12.7%	92,929	16.1%
Commercial	16,524	11.6%	27,432	16.8%	92,839	13.6%	103,768	17.9%
Self Pay	30,299	21.2%	33,828	20.7%	108,004	15.8%	112,656	19.5%
Other	-	0.0%	111	0.1%	57	0.0%	451	0.1%
TOTAL	**$ 143,002**	**100.0%**	**$ 163,399**	**100.0%**	**$ 684,975**	**100.0%**	**$ 578,657**	**100.0%**

ECTOR COUNTY HOSPITAL DISTRICT
FAMILY HEALTH CLINIC WEST UNIVERSITY
JANUARY 2017

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	$ 38,653	18.3%	$ 35,267	16.9%	$ 158,121	18.6%	$ 94,587	13.9%
Medicaid	75,085	35.6%	69,050	33.0%	329,307	38.7%	202,715	29.8%
PHC	28,367	13.5%	25,326	12.1%	126,577	14.9%	157,323	23.1%
Commercial	41,689	19.8%	46,734	22.4%	137,441	16.1%	127,874	18.8%
Self Pay	18,321	8.7%	22,006	10.5%	69,740	8.2%	67,952	10.0%
Other	8,725	4.1%	10,635	5.1%	30,085	3.5%	30,525	4.5%
TOTAL	**$ 210,841**	**100.0%**	**$ 209,017**	**100.0%**	**$ 851,271**	**100.0%**	**$ 680,976**	**100.0%**

PAYMENTS BY PAYOR

	CURRENT MONTH				YEAR TO DATE			
	CURRENT YEAR		PRIOR YEAR		CURRENT YEAR		PRIOR YEAR	
	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%	PAYMENTS	%
Medicare	$ 4,605	18.1%	$ 677	2.7%	$ 23,623.66	27.0%	$ 2,494	3.1%
Medicaid	1,151	4.5%	12,038	48.7%	19,719	22.6%	41,662	51.1%
PHC	3,187	12.5%	1,413	5.7%	6,549	7.5%	6,601	8.1%
Commercial	6,230	24.5%	4,880	19.8%	17,812	20.4%	12,597	15.5%
Self Pay	10,172	40.2%	5,668	22.9%	19,565	22.4%	18,011	22.1%
Other	57	0.2%	23	0.1%	89	0.1%	136	0.2%
TOTAL	**$ 25,402**	**100.0%**	**$ 24,699**	**100.0%**	**$ 87,357**	**100.0%**	**$ 81,501**	**100.0%**

ECTOR COUNTY HOSPITAL DISTRICT
SCHEDULE OF CASH AND INVESTMENTS - HOSPITAL ONLY
FOUR MONTHS ENDED JANUARY 31, 2017

Cash and Cash Equivalents	CASH	Frost	Hilltop	Total
Operating		$ 1,253,586	$ -	$ 1,253,586
Payroll		4,660	-	4,660
Worker's Comp Claims		258,242	-	258,242
UMR Group Medical		38,957	-	38,957
Flex Benefits		62,932	-	62,932
Mission Fitness		468,037	-	468,037
Petty Cash		9,420	-	9,420
Dispro		15,098,862	85,596	15,184,458
				-
Debt Service		2,527,889	-	2,527,889
Tobacco Settlement		422	-	422
General Liability		-	1,891,618	1,891,618
Professional Liability		-	1,969,480	1,969,480
Funded Worker's Compensation		-	1,187,010	1,187,010
Funded Depreciation		-	69,326	69,326
Designated Funds		-	1,105,185	1,105,185
Total Cash and Cash Equivalents		$ 19,723,006	$ 6,308,215	**$ 26,031,221**

Investments	Other	Hilltop	Total
Dispro	$ -	$ 15,000,000	$ 15,000,000
Funded Depreciation	-	24,000,000	24,000,000
Funded Worker's Compensation	-	2,000,000	2,000,000
General Liability	-	1,000,000	1,000,000
Professional Liability	-	1,000,000	1,000,000
Designated Funds	90,510	1,966,032	2,056,542
Allowance for Change in Market Values	-	(276,300)	(276,300)
Total Investments	$ 90,510	$ 44,689,732	**$ 44,780,242**
Total Unrestricted Cash and Investments			**$ 70,811,463**

Restricted Assets	Reserves	Prosperity	Total
Assets Held By Trustee - Bond Reserves	$ 4,659,459	$ -	$ 4,659,459
Assets Held By Trustee - Debt Payment Reserves	$ 948,154	-	948,154
Assets Held In Endowment	-	6,255,213	6,255,213
Escrow Account - Cerner Financing	1,513,225	-	1,513,225
MCH West TX Services	-	1,810,784	1,810,784
Total Restricted Assets	$ 7,120,838	$ 8,065,997	**$ 15,186,835**
Total Cash & Investments			**$ 85,998,298**

ECTOR COUNTY HOSPITAL DISTRICT
STATEMENT OF CASH FLOW
FOUR MONTHS ENDED JANUARY 31, 2017

	Hospital	Procare	Blended
Cash Flows from Operating Activities and Nonoperating Revenue:			
Excess of Revenue over Expenses	$ (5,796,470)	$ 28,305	$ (5,768,166)
Noncash Expenses:			
Depreciation and Amortization	6,487,732	65,334	6,553,067
Unrealized Gain/Loss on Investments	(423,757)	-	(423,757)
Accretion (Bonds)	(1,406)	-	(1,406)
Changes in Assets and Liabilities			
Patient Receivables, Net	(2,177,791)	(590,652)	(2,768,443)
Taxes Receivable/Deferred	3,474,272	131,499	3,605,771
Inventories, Prepaids and Other	1,757,595	979,757	2,737,352
Accounts Payable	(4,187,735)	(49,211)	(4,236,946)
Accrued Expenses	(578,338)	1,146,307	567,969
Due to Third Party Payors	771,721	-	771,721
Accrued Post Retirement Benefit Costs	133,278	-	133,278
Net Cash Provided by Operating Activities	$ (540,901)	$ 1,711,339	$ 1,170,439
Cash Flows from Investing Activities:			
Investments	$ (9,306,243)	$ -	$ (9,306,243)
Acquisition of Property and Equipment	$ (4,459,784)	$ -	$ (4,459,784)
Cerner Project Costs	$ (4,696,479)	$ -	$ (4,696,479)
Net Cash used by Investing Activities	$ (18,462,506)	$ -	$ (18,462,506)
Cash Flows from Financing Activities:			
Net Repayment of Long-term Debt/Bond Issuance	$ (1,045,224)	$ -	$ (1,045,224)
Net Cash used by Financing Activities	$ (1,045,224)	$ -	$ (1,045,224)
Net Increase (Decrease) in Cash	$ (20,048,631)	$ 1,711,339	$ (18,337,291)
Beginning Cash & Cash Equivalents @ 9/30/2016	$ 61,266,687	$ 2,734,905	$ 64,001,593
Ending Cash & Cash Equivalents @ 1/31/2017	$ 41,218,056	$ 4,446,245	$ 45,664,300
Balance Sheet			
Cash and Cash Equivalents	$ 26,031,221	$ 4,446,245	$ 30,477,466
Restricted Assets	15,186,835	-	15,186,835
Ending Cash & Cash Equivalents @ 1/31/2017	$ 41,218,056	$ 4,446,245	$ 45,664,301

ECTOR COUNTY HOSPITAL DISTRICT
TAX COLLECTIONS
FISCAL 2017

	ACTUAL COLLECTIONS	BUDGETED COLLECTIONS	VARIANCE	PRIOR YEAR COLLECTIONS
AD VALOREM				
OCTOBER	$ 249,105	$ 994,737	$ (745,632)	$ 124,292
NOVEMBER	924,056	994,737	(70,681)	658,003
DECEMBER	2,885,709	994,737	1,890,972	1,147,214
JANUARY	3,390,679	994,737	2,395,942	3,102,060
TOTAL	$ 7,449,549	$ 3,978,947	$ 3,470,602	$ 5,031,568
SALES				
OCTOBER	$ 2,339,047	$ 2,362,971	$ (23,924)	$ 2,887,145
NOVEMBER	$ 2,839,057	2,553,727	285,330	3,053,244
DECEMBER	2,324,023	2,256,215	67,808	2,631,851
JANUARY	2,583,565	2,171,303	412,261	2,457,544
TOTAL	$ 10,085,692	$ 9,344,216	$ 741,476	$ 11,029,784
TAX REVENUE	**$ 17,535,240**	**$ 13,323,162**	**$ 4,212,078**	**$ 16,061,353**

ECTOR COUNTY HOSPITAL DISTRICT
MEDICAID SUPPLEMENTAL PAYMENTS
FISCAL YEAR 2017

CASH ACTIVITY	TAX (IGT) ASSESSED	GOVERNMENT PAYOUT	BURDEN ALLEVIATION	NET INFLOW
DSH				
1st Qtr	$ (2,597,000)	$ 5,926,518		$ 3,329,518
2nd Qtr	-	-		-
3rd Qtr	-	-		-
4th Qtr	-	-		-
DSH TOTAL	$ (2,597,000)	$ 5,926,518		$ 3,329,518
UC				
1st Qtr	$ -	$ -		$ -
2nd Qtr	-	-		-
3rd Qtr	-	-		-
4th Qtr	-	-		-
UC TOTAL	$ -	$ -		$ -
Regional UPL (Community Benefit)				
1st Qtr	$ -	$ -		$ -
2nd Qtr	(13,727,561)	-		(13,727,561)
3rd Qtr	-	-		-
4th Qtr	-	-		-
REGIONAL UPL TOTAL	$ (13,727,561)	$ -		$ (13,727,561)
DSRIP				
1st Qtr	$ -	$ -		$ -
2nd Qtr	(7,530,059)	17,097,519		9,567,460
3rd Qtr	-	-		-
4th Qtr	-	-		-
DSRIP UPL TOTAL	$ (7,530,059)	$ 17,097,519		$ 9,567,460
Nursing Home MPAP				
1st Qtr	$ (18,941)	$ 339,857		$ 320,916
2nd Qtr	-	-		-
3rd Qtr	-	-		-
4th Qtr	-	-		-
Nursing Home MPAP TOTAL	$ (18,941)	$ 339,857		$ 320,916
MCH Cash Activity	**$ (23,873,561)**	**$ 23,363,893**		**$ (509,668)**
ProCare Cash Activity			$ 3,500,000	**$ 3,500,000**
Blended Cash Activity	**$ (23,873,561)**	**$ 23,363,893**	**$ 3,500,000**	**$ 2,990,332**

INCOME STATEMENT ACTIVITY:	MCH	PROCARE	BLENDED
FY 2017 Accrued / (Deferred) Adjustments:			
DSH Accrual	$ 1,308,395	$ -	$ 1,308,395
Uncompensated Care Accrual	3,715,467	-	3,715,467
Regional UPL Accrual	(7,578,610)	-	(7,578,610)
Nursing Home UPL	-	-	-
Regional UPL Benefit	-	3,500,000	3,500,000
Medicaid Supplemental Payments	(2,554,748)	3,500,000	945,252
DSRIP Accrual	4,000,000	-	4,000,000
Total Adjustments	**$ 1,445,252**	**$ 3,500,000**	**$ 4,945,252**

ECTOR COUNTY HOSPITAL DISTRICT
CONSTRUCTION IN PROGRESS - HOSPITAL ONLY
AS OF JANUARY 31, 2017

ITEM	A CIP BALANCE AS OF 1/1/2017	B JAN "+" ADDITIONS	C JAN "-" ADDITIONS	D JAN TRANSFERS	E=A+B+C+D CIP BALANCE AS OF 1/31/2017	F ADD: AMOUNTS CAPITALIZED	G=E+F PROJECT TOTAL	H BUDGETED AMOUNT	H-G UNDER/(OVER) BOARD APRVD/BUDGET
RENOVATIONS									
RE NUMBER									
6C RENOVATION	$ 423,484	$ 445	$ -	$ (423,930)	$ -	$ 423,930	$ 423,930	425,000	$ 1,070
CHW TT ENDOCRONOLOGY SUITE	850,797	-	-	-	850,797	-	850,797	850,000	(797)
WOMEN'S CLINIC	3,004,750	116,179	-	-	3,120,930	-	3,120,930	5,000,000	1,879,070
42ND CLINIC RENOVATIONS	855,458	60,516	-	-	915,974	-	915,974	925,000	9,026
SUB-TOTAL	$ 5,134,490	$ 177,141	$ -	$ (423,930)	$ 4,887,701	$ 423,930	$ 5,311,631	$ 7,200,000	$ 1,888,369
MINOR BUILDING IMPROVEMENT									
FAMILY HEALTH CLINIC IMPROVEMENT	$ 15,781	$ -	$ -	$ -	$ 15,781	$ -	$ 15,781	$ 45,000	$ 29,219
UPS OR (UNINTERRUPTED POWER SUPPLY)	20,422	-	-	-	20,422	-	20,422	25,000	4,578
PBX - FLOORING REMIDIATION (MAIN HOSPITAL 1ST FLOOR)	6,247	-	-	-	6,247	-	6,247	45,000	38,753
GARAGE PROJECT	5,388	-	-	-	5,388	-	5,388	10,000	4,612
PROCARE ENT	22,281	20,587	-	-	42,868	-	42,868	95,000	52,132
WEST CLINIC CHECK IN	37,105	-	-	(37,105)	-	37,105	37,105	40,000	2,895
MRI REGULATORY UPGRADES	13,723	-	-	-	13,723	-	13,723	45,000	31,277
DISCHARGE LOUNGE	12,990	-	-	(186)	12,804	12,804	25,608	25,000	(608)
SUITE 401 WSMP	59,044	-	-	(80,718)	(21,674)	80,718	59,044	75,000	15,956
WTCC VAULT	2,011	-	-	-	2,011	-	2,011	10,000	7,990
9 CENTRAL SHOWER ROOM	670	1,068	-	-	1,738	-	1,738	45,000	43,263
DR ELAM OFFICE RENOVATION	6,550	11,737	-	-	18,287	-	18,287	25,000	6,713
CHRIS KYLE MEMORIAL	25,584	-	-	(25,584)	-	25,584	25,584	45,000	19,416
HVAC REPAIR TEMP HUMIDITY CONROL	14,173	120,073	-	-	134,247	-	134,247	145,000	10,753
BUSINESS OFFICE RENOVATION	2,253	-	-	-	2,253	-	2,253	10,000	7,747
MAJOR WATER SYSTEM REPAIR PLANT	42,830	-	-	(42,830)	-	42,830	42,830	45,000	2,170
PRE OP EXPRESS	-	285	-	-	285	-	285	45,000	44,715
SUB-TOTAL	$ 287,052	$ 153,750	$ -	$ (186,423)	$ 254,379	$ 199,041	$ 453,420	$ 775,000	$ 321,580
WORK IN PROGRESS - CERNER									
CERNER	$ 17,503,453	$ 2,083,659		$ -	$ 19,587,111	$ -	$ 19,587,111	$ 25,867,367	$ 6,280,256
SUB-TOTAL	$ 17,503,453	$ 2,083,659	$ -	$ -	$ 19,587,111	$ -	$ 19,587,111	$ 25,867,367	$ 6,280,256
EQUIPMENT & SOFTWARE PROJECTS - CIP INCOMPLETE									
VARIOUS CAPITAL EXPENDITURE PROJECTS	$ 293,701	$ -	$ -	$ -	$ 293,701	$ -	$ 293,701	$ 16,091,971	$ 15,798,270
SUB-TOTAL	$ 293,701	$ -	$ -	$ -	$ 293,701	$ -	$ 293,701	$ 16,091,971	$ 15,798,270
TOTAL CONSTRUCTION IN PROGRESS	**$ 23,218,696**	**$ 2,414,549**	**$ -**	**$ (610,353)**	**$ 25,022,892**	**$ 622,971**	**$ 25,645,863**	**$ 49,934,338**	**$ 24,288,475**

ECTOR COUNTY HOSPITAL DISTRICT
CAPITAL PROJECT & EQUIPMENT EXPENDITURES
JANUARY 2017

DEPT	ITEM	CLASS	BOOKED AMOUNT
	TRANSFERRED FROM CONSTRUCTION IN PROGRESS/RENOVATION PROJECTS		
8200	6C RENOVATION - CLOSED	VARIOUS	$ 423,930
6940	WEST CLINIC CHECK IN - CLOSED	VARIOUS	37,105
8200	DISCHARGE LOUNGE - PARTICAL AMOUNT CAPITALIZED	MOVEABLE	186
8200	SUITE 401 WSMP - CLOSED	VARIOUS	80,718
8200	CHRIS KYLE MEMORIAL - CLOSED	LAND IMPROVEMENT	25,584
8200	MAJOR WATER SYSTEM REPAIR PLANT - CLOSED	FIXED EQUIPMENT	42,830
	TOTAL PROJECT TRANSFERS		**$ 610,353**
	TRANSFERRED FROM CONSTRUCTION IN PROGRESS/EQUIPMENT		
	NONE		$ -
	TOTAL EQUIPMENT TRANSFERS		**$ -**
	TOTAL TRANSFERS FROM CIP		**$ 610,353**

ECTOR COUNTY HOSPITAL DISTRICT
FISCAL 2017 CAPITAL EQUIPMENT
CONTINGENCY FUND
FOUR MONTHS ENDED JANUARY 31, 2017

MONTH/ YEAR	DESCRIPTION	DEPT NUMBER	BUDGETED AMOUNT	P.O AMOUNT	ACTUAL AMOUNT	TO/(FROM) CONTINGENCY
	Available funds from budget		**$ 600,000**			**$ 600,000**
Nov-16	Reach-in Refrigerator	8020	-	-	3,910	(3,910)
Nov-16	Boilerless Steamer	8020	13,491	-	13,653	(162)
Dec-17	InnerSpace Cabinets	7310	9,769	-	9,769	-
Dec-17	Blanket Warmer	7290	3,761	-	3,577	184
Jan-17	Ultrasound Machine, Trauma Bay	7800	55,750	-	62,875	(7,125)
			$ 682,771	**$ -**	**$ 93,783**	**$ 588,987**

ECTOR COUNTY HOSPITAL DISTRICT
SUPPLEMENTAL SCHEDULE OF ACCOUNTS RECEIVABLE - OTHER
FOUR MONTHS ENDED JANUARY 31, 2017

	CURRENT YEAR	PRIOR YEAR HOSPITAL AUDITED	PRIOR YEAR PRO CARE AUDITED	CURRENT YEAR CHANGE
AR DISPRO/UPL	$ (2,021,123)	$ -	$ -	$ (2,021,123)
AR UNCOMPENSATED CARE	3,715,467	-	-	3,715,467
AR DSRIP	3,592,336	9,159,795	-	(5,567,460)
AR NURSING HOME UPL	262,683	583,599	-	(320,916)
AR BAB REVENUE	421,163	84,233	-	336,930
AR PHYSICIAN GUARANTEES	173,717	-	-	173,717
AR ACCRUED INTEREST	95,878	79,286	-	16,592
AR OTHER:	5,902,319	4,636,431	2,482,086	(1,216,198)
Procare On-Call Fees	73,610	-	46,500	27,110
Procare A/R - FHC	358,447	-	391,968	(33,521)
Other Misc A/R	5,470,262	4,636,431	2,043,618	(1,209,787)
AR DUE FROM THIRD PARTY PAYOR	5,841,380	4,975,920	-	865,460
PROCARE-INTERCOMPANY RECEIVABLE	1,879,606	1,455,140	-	424,466
TOTAL ACCOUNTS RECEIVABLE - OTHER	$ 19,863,425	$ 20,974,403	$ 2,482,086	$ (3,593,065)
PROCARE-INTERCOMPANY LIABILITY	$ (1,879,606)	$ -	$ (1,455,140)	$ (424,466)

ECTOR COUNTY HOSPITAL DISTRICT
SUPPLEMENTAL SCHEDULE OF TEMPORARY LABOR, TRANSITION LABOR & PURCHASED SERVICES - HOSPITAL ONLY
JANUARY 2017

	CURRENT MONTH						YEAR TO DATE					
	ACTUAL	BUDGET	$ VAR	% VAR	PRIOR YR	PRIOR YR % VAR	ACTUAL	BUDGET	$ VAR	% VAR	PRIOR YR	PRIOR YR % VAR
OR TEMPORARY LABOR	$ 47,127	$ 20,720	$ 26,407	127.4%	$ 61,837	-23.8%	$ 197,495	$ 83,317	$ 114,178	137.0%	$ 342,847	-42.4%
4E TEMPORARY LABOR	2,453	-	2,453	100.0%	3,916	-37.3%	51,772	-	51,772	100.0%	3,916	1222.1%
PI TEMPORARY LABOR	39,279	-	39,279	100.0%	-	100.0%	50,930	-	50,930	100.0%	-	100.0%
ED TEMPORARY LABOR	38,133	14,062	24,071	171.2%	17,510	117.8%	105,467	54,720	50,746	92.7%	79,630	32.4%
ALL OTHER	22,188	87,258	(65,070)	-74.6%	273,951	-91.9%	307,518	341,912	(34,394)	-10.1%	1,074,656	-71.4%
TOTAL TEMPORARY LABOR	$ 149,180	$ 122,040	$ 27,140	22.2%	$ 357,214	-58.2%	$ 713,181	$ 479,950	$ 233,232	48.6%	$ 1,501,048	-52.5%
ICU4 TRANSITION LABOR	$ 72,278	$ 8,720	$ 63,558	728.9%	$ -	100.0%	$ 338,727	$ 33,239	$ 305,488	919.1%	$ -	100.0%
4E TRANSITION LABOR	30,806	9,354	21,452	229.3%	-	100.0%	198,885	37,884	161,001	425.0%	-	100.0%
IMCU9 TRANSITION LABOR	35,263	-	35,263	100.0%	-	100.0%	111,735	-	111,735	100.0%	-	100.0%
REHAB TRANSITION LABOR	37,565	21,232	16,333	76.9%	-	100.0%	183,457	82,292	101,165	122.9%	-	100.0%
7C TRANSITION LABOR	54,649	47,311	7,338	15.5%	-	100.0%	279,735	182,265	97,470	53.5%	-	100.0%
ED TRANSITION LABOR	43,025	3,995	39,031	977.1%	-	100.0%	93,799	15,544	78,255	503.4%	-	100.0%
8C TRANSITION LABOR	41,289	20,238	21,051	104.0%	-	100.0%	126,725	84,001	42,724	50.9%	-	100.0%
5C TRANSITION LABOR	30,246	19,517	10,730	55.0%	-	100.0%	113,336	77,239	36,097	46.7%	-	100.0%
IMCU4 TRANSITION LABOR	13,433	8,013	5,420	67.6%	-	100.0%	61,092	31,532	29,560	93.7%	-	100.0%
6C TRANSITION LABOR	48,056	43,962	4,094	9.3%	-	100.0%	194,237	166,783	27,454	16.5%	-	100.0%
NICU TRANSITION LABOR	21,378	29,529	(8,150)	-27.6%	-	100.0%	132,273	112,167	20,106	17.9%	-	100.0%
OR TRANSITION LABOR	25,536	38,516	(12,980)	-33.7%	-	100.0%	89,154	154,878	(65,723)	-42.4%	-	100.0%
ALL OTHER	186,817	145,113	41,703	28.7%	-	100.0%	475,983	569,093	(93,110)	-16.4%	-	100.0%
TOTAL TRANSITION LABOR	$ 640,341	$ 395,498	$ 244,842	61.9%	$ -	0.0%	$ 2,399,138	$ 1,546,915	$ 852,223	55.1%	$ -	0.0%
GRAND TOTAL TEMPORARY LABOR	$ 789,521	$ 517,538	$ 271,983	52.6%	$ 357,214	121.0%	$ 3,112,319	$ 2,026,865	$ 1,085,455	53.6%	$ 1,501,048	107.3%
ADM OTHER	$ -	$ -	$ -	100.0%	$ -	100.0%	$ 195,210	$ -	$ 195,210	100.0%	$ -	100.0%
HK SVC CONTRACT PURCH SVC	59,203	42,206	16,996	40.3%	42,206	40.3%	209,993	103,944	106,048	102.0%	103,944	102.0%
ED FEES (BCA FEES)	35,795	3,459	32,336	934.8%	3,459	934.8%	68,570	3,909	64,661	1654.2%	3,909	1654.2%
DIALYSIS SERVICES	141,896	92,747	49,150	53.0%	81,909	73.2%	415,464	356,251	59,213	16.6%	314,623	32.1%
PI FEES (TRANSITION NURSE PROGRAM)	28,230	47,535	(19,305)	-40.6%	81,546	-65.4%	135,654	78,241	57,413	73.4%	134,222	1.1%
COMM REL MEDIA PLACEMENT	54,423	34,073	20,349	59.7%	37,547	44.9%	241,369	187,775	53,595	28.5%	206,915	16.7%
MED ASSETS CONTRACT	14,069	-	14,069	100.0%	-	100.0%	56,861	7,167	49,694	693.4%	7,000	712.3%
ADMIN LEGAL FEES	22,313	12,395	9,917	80.0%	12,220	82.6%	203,813	159,248	44,565	28.0%	156,995	29.8%
HISTOLOGY SERVICES	26,455	19,071	7,385	38.7%	21,869	21.0%	125,085	88,942	36,143	40.6%	101,993	22.6%
CARDIOVASCULAR SERVICES	52,000	22,024	29,976	136.1%	18,500	181.1%	123,590	88,098	35,492	40.3%	97,075	27.3%
ADMIN OTHER FEES	10,947	4,812	6,134	127.5%	6,128	78.6%	52,644	19,249	33,395	173.5%	10,091	421.7%
PRO OTHER PURCH SVCS	18,701	6,134	12,567	204.9%	7,495	149.5%	50,988	24,537	26,451	107.8%	26,167	94.9%
ADMT OTHER PURCH SVCS	34,560	33,174	1,386	4.2%	37,500	-7.8%	136,406	112,720	23,686	21.0%	127,418	7.1%
TELECOM SERVICES	31,390	15,703	15,687	99.9%	11,980	162.0%	77,585	64,287	13,298	20.7%	49,045	58.2%
COMM REL ADVERTISMENT PURCH SVCS	14,546	17,917	(3,370)	-18.8%	(5,465)	-366.2%	51,199	71,667	(20,467)	-28.6%	88,483	-42.1%
UC-CPC 42ND STREET PURCH SVCS-OTHER	41,422	49,901	(8,479)	-17.0%	-	100.0%	117,103	150,003	(32,900)	-21.9%	-	100.0%
LTACH OTHER PURCH SVCS	20,000	29,963	(9,963)	-33.3%	20,000	0.0%	80,030	120,749	(40,719)	-33.7%	80,600	-0.7%
PA ELIGIBILITY FEES	125,386	34,177	91,209	266.9%	33,553	273.7%	204,339	248,638	(44,299)	-17.8%	244,097	-16.3%
HR RECRUITING FEES	9,856	30,000	(20,144)	-67.1%	45,236	-78.2%	74,161	120,000	(45,839)	-38.2%	78,267	-5.2%
ADM LEGAL SETTLEMENT FEES	13,730	-	13,730	100.0%	-	100.0%	68,592	115,863	(47,271)	-40.8%	231,725	-70.4%
ADM CONSULTANT FEES	28,002	63,202	(35,200)	-55.7%	51,495	-45.6%	202,028	252,808	(50,780)	-20.1%	221,891	-9.0%
OR FEES (PERFUSION SERVICES)	16,167	40,365	(24,198)	-59.9%	40,286	-59.9%	69,173	129,032	(59,859)	-46.4%	128,777	-46.3%
PT ACCTS COLLECTION FEES	34,192	157,631	(123,439)	-78.3%	140,513	-75.7%	371,424	438,543	(67,119)	-15.3%	390,917	-5.0%
UOM (EHR FEES)	30,015	76,295	(46,280)	-60.7%	66,656	-55.0%	141,987	209,858	(67,872)	-32.3%	183,346	-22.6%
PRIMARY CARE WEST OTHER PURCH SVCS	140,927	185,593	(44,666)	-24.1%	171,851	-18.0%	572,661	712,545	(139,885)	-19.6%	641,883	-10.8%
ALL OTHERS	1,540,828	1,582,206	(41,378)	-2.6%	2,083,805	-26.1%	5,681,628	6,037,832	(356,204)	-5.9%	6,286,647	-9.6%
TOTAL PURCHASED SERVICES	$ 2,545,052	$ 2,600,585	$ (55,533)	-2.1%	$ 3,010,288	-15.5%	$ 9,727,556	$ 9,901,905	$ (174,349)	-1.8%	$ 9,916,031	-1.9%

*Only departments with an expense of $50,000 or more and +/-15% YTD budget variance are presented in this schedule.

Ector County Hospital District
Debt Service Coverage Calculation
JANUARY 2017

Average Annual Debt Service Requirements of 110%:

	FYTD			Annualized
	ProCare	ECHD	Consolidated	Consolidated
Decrease in net position	28,305	(5,796,470)	(5,768,166)	(17,304,497)
Deficiency of revenues over expenses	28,305	(5,796,470)	(5,768,166)	(17,304,497)
Depreciation/amortization	112,572	6,440,495	6,553,067	19,659,200
Interest expense	-	1,054,509	1,054,509	3,163,528
(Gain) or loss on fixed assets	-	-	-	0
Unusual / infrequent / extraordinary items	-	-	-	0
Unrealized (gains) / losses on investments	-	423,757	423,757	1,271,271
Tax revenue budgeted to pmt of DSR	-	-	-	0
Consolidated net revenues	140,876	2,122,291	2,263,167	6,789,501

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	Cap Lease	Key Taxable	Key Exempt	Total	110%
2017	3,708,207.37	93,139.20	641,832.00	2,489,040.00	6,932,218.57	7,625,440.43
2018	3,704,144.87		641,832.00	2,489,040.00	6,835,016.87	7,518,518.56
2019	3,704,003.09		641,832.00	2,489,040.00	6,834,875.09	7,518,362.60
2020	3,703,513.46		588,346.00	2,281,620.00	6,573,479.46	7,230,827.41
2021	3,703,965.62				3,703,965.62	4,074,362.19
2022	3,703,363.82				3,703,363.82	4,073,700.20
2023	3,704,094.49				3,704,094.49	4,074,503.94
2024	3,703,936.71				3,703,936.71	4,074,330.38
2025	3,703,757.92				3,703,757.92	4,074,133.71
2026	3,703,381.35				3,703,381.35	4,073,719.49
2027	3,702,861.24				3,702,861.24	4,073,147.36
2028	3,703,256.93				3,703,256.93	4,073,582.63
2029	3,702,288.56				3,702,288.56	4,072,517.42
2030	3,701,769.56				3,701,769.56	4,071,946.52
2031	3,701,420.06				3,701,420.06	4,071,562.06
2032	3,701,960.19				3,701,960.19	4,072,156.21
2033	3,701,063.45				3,701,063.45	4,071,169.79
2034	3,700,496.62				3,700,496.62	4,070,546.28
2035	3,700,933.18				3,700,933.18	4,071,026.50
	3,703,074.66	93,139.20	628,460.50	2,437,185.00	4,353,375.77	

OR

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

	Bonds		
Debt Service	6,932,219	←	*higher of the two*

	Current FYTD		Annualized
Covenant Computation	**32.6%**	(needs to be 110% or higher)	**97.9%**

Financial Presentation

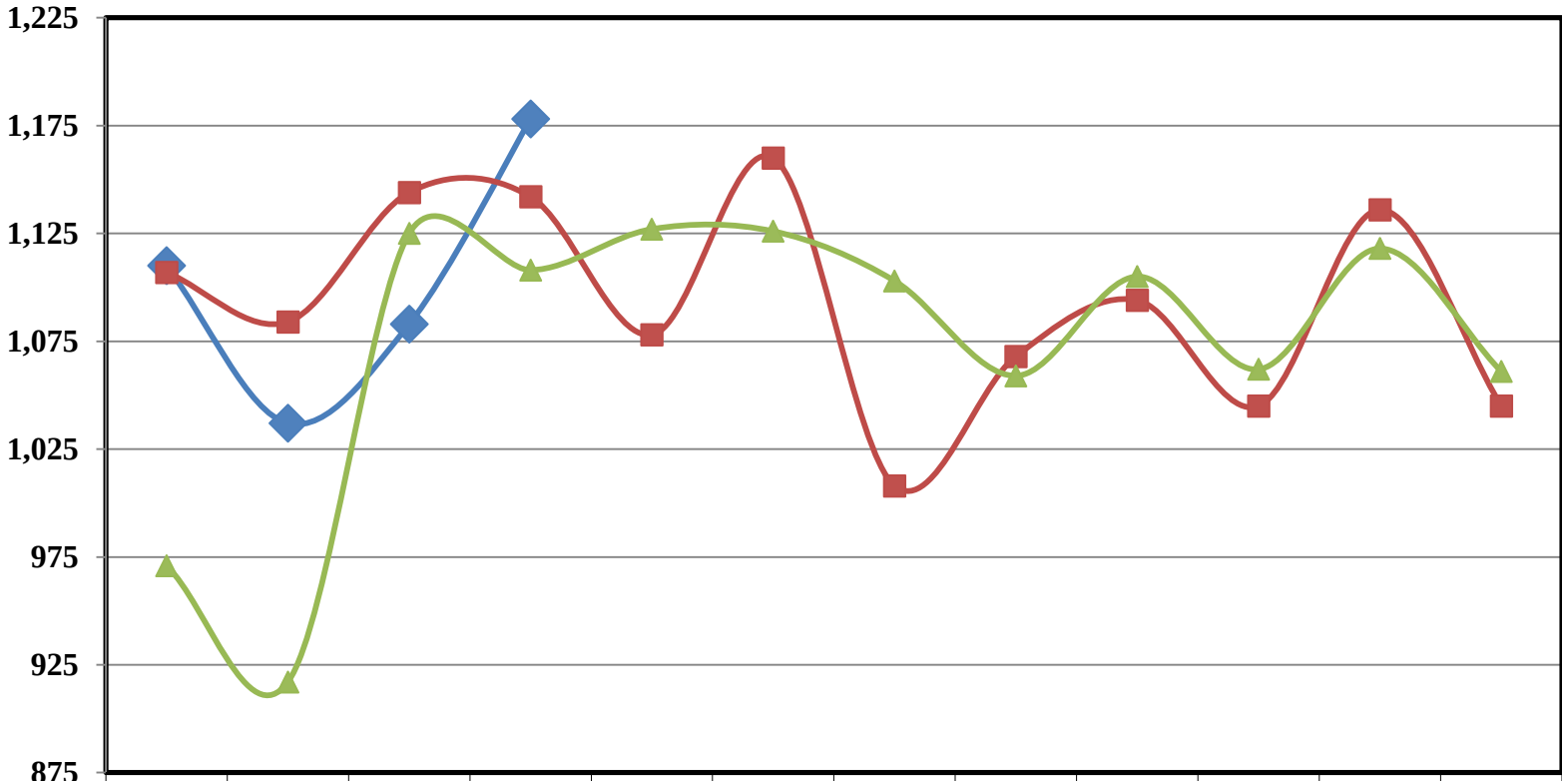
For the Month Ended

January 31, 2017

Volume

Admissions

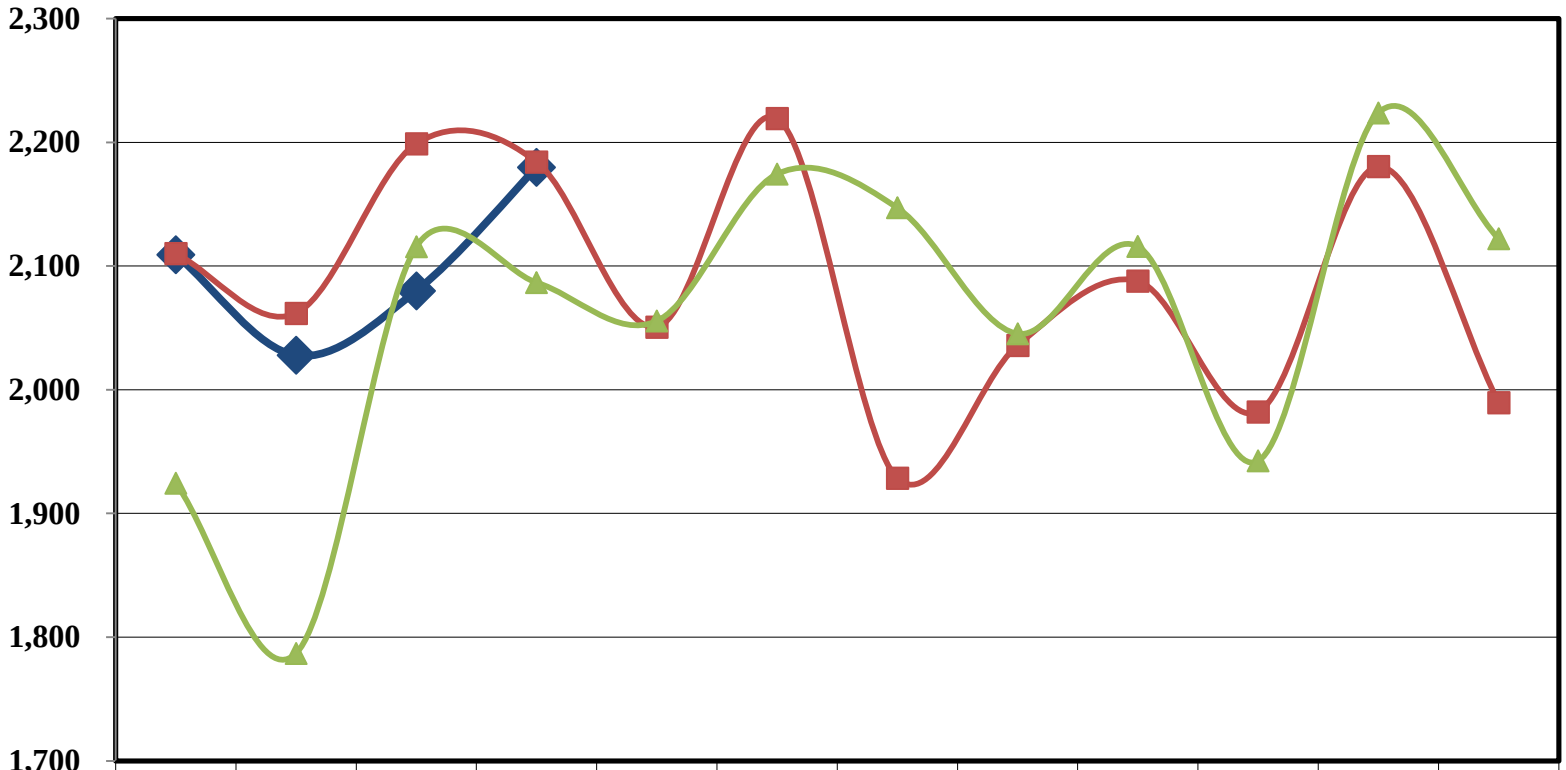
Total – Adults and NICU



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	1,110	1,037	1,083	1,178								
FY 2017 Budget	1,107	1,084	1,144	1,142	1,078	1,160	1,008	1,068	1,094	1,045	1,136	1,045
FY 2016	971	917	1,125	1,108	1,127	1,126	1,103	1,059	1,105	1,062	1,118	1,061

Adjusted Admissions

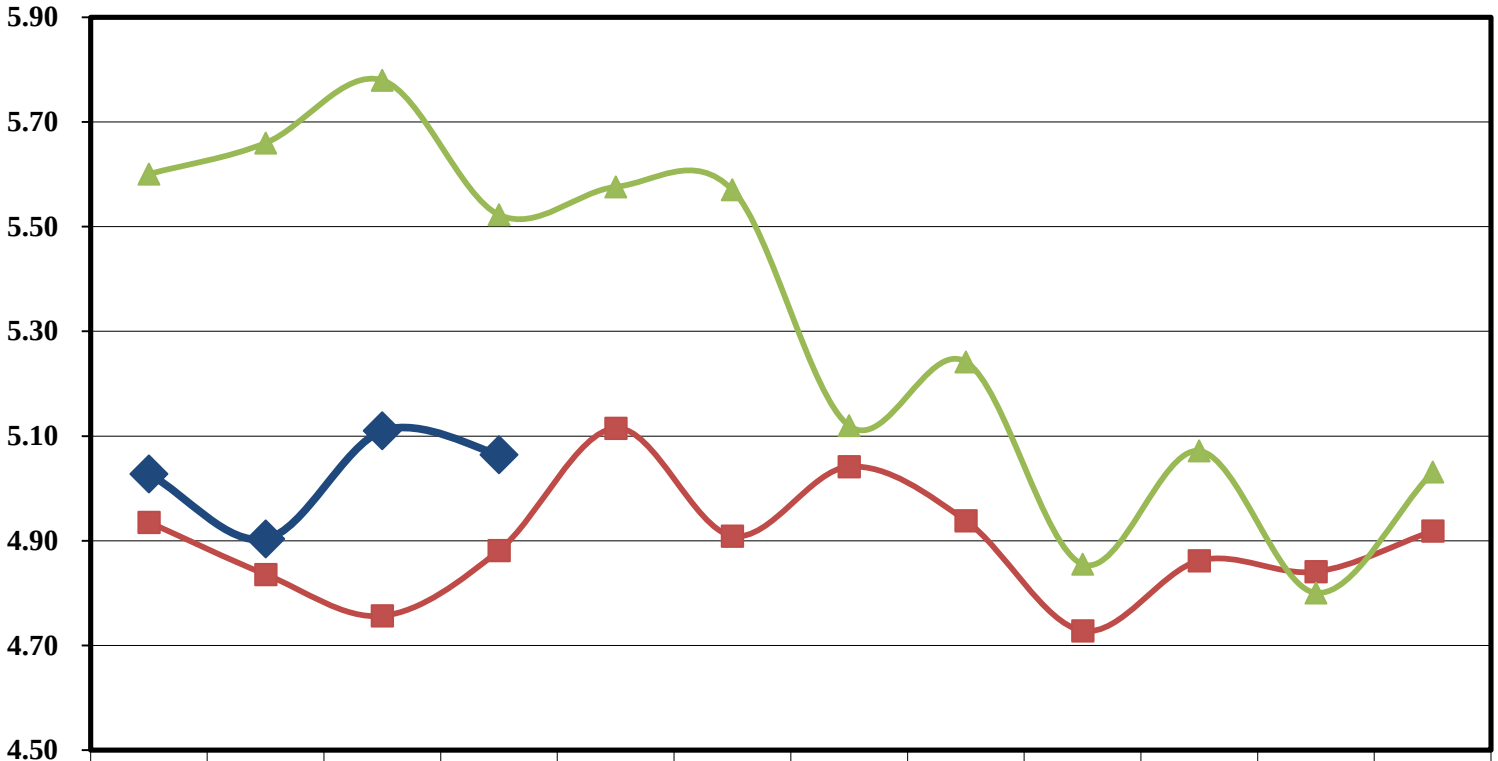
Including Acute & Rehab Unit



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	2,109	2,028	2,080	2,180								
FY 2017 Budget	2,110	2,062	2,199	2,184	2,051	2,219	1,929	2,036	2,088	1,982	2,180	1,990
FY 2016	1,925	1,787	2,116	2,087	2,056	2,174	2,147	2,045	2,116	1,942	2,224	2,122

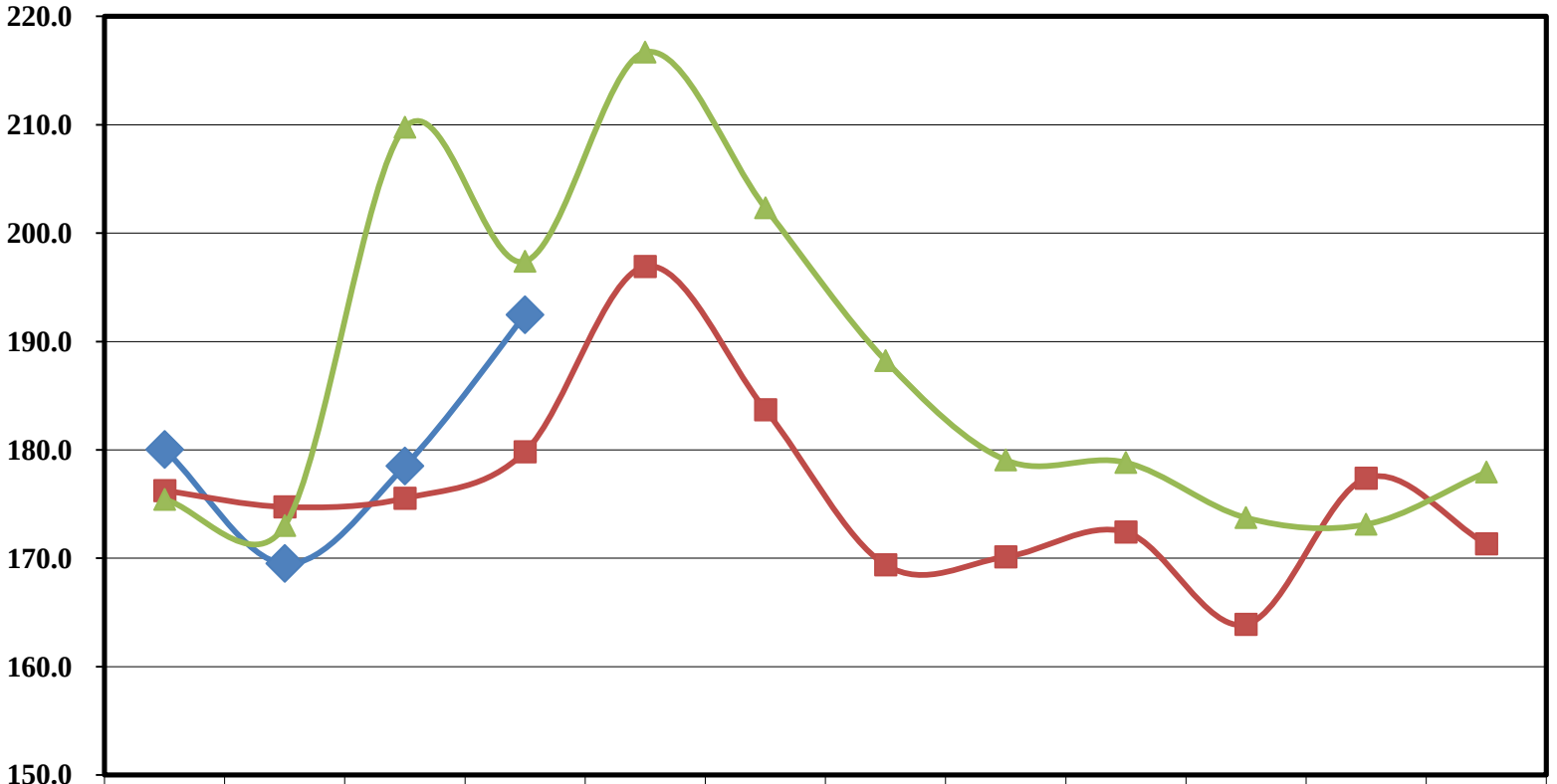
Average Length of Stay

Total – Adults and NICU



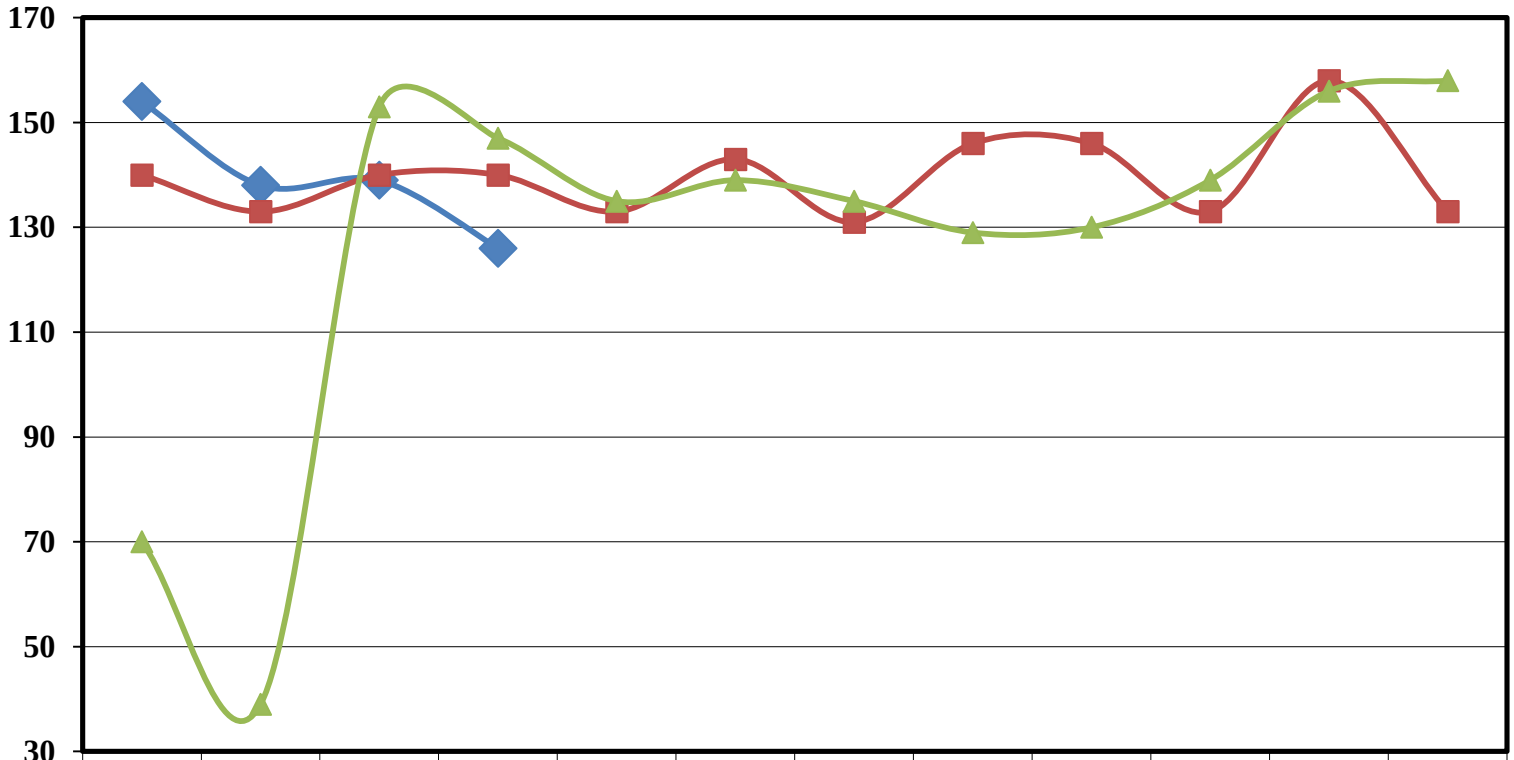
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	5.03	4.90	5.11	5.06								
FY 2017 Budget	4.94	4.84	4.76	4.88	5.12	4.91	5.04	4.94	4.73	4.86	4.84	4.92
FY 2016	5.60	5.66	5.78	5.52	5.58	5.57	5.12	5.24	4.86	5.07	4.80	5.03

Average Daily Census



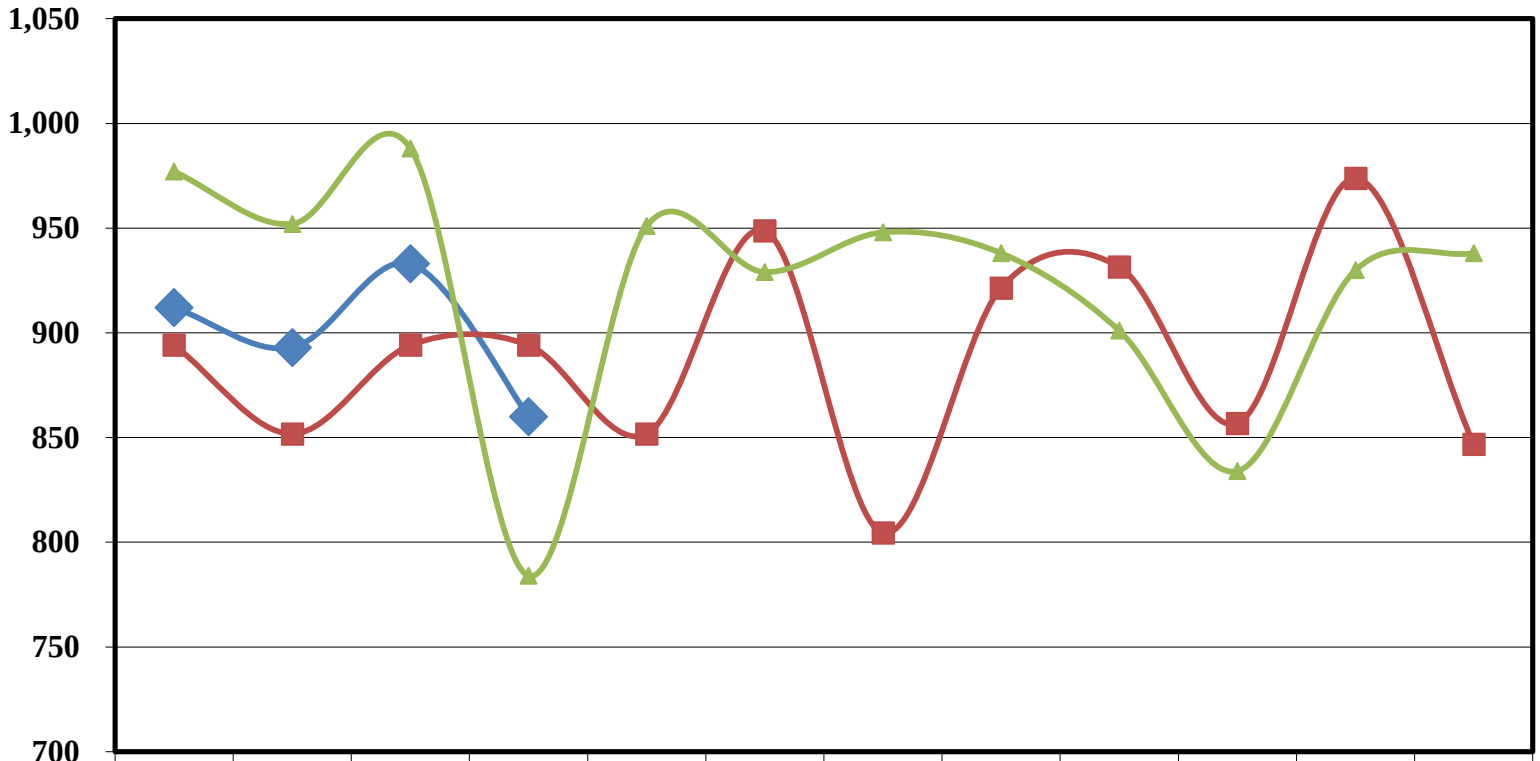
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	180.0	169.5	178.5	192.5								
FY 2017 Budget	176.2	174.7	175.5	179.8	196.9	183.7	169.4	170.1	172.4	163.9	177.4	171.3
FY 2016	175.4	173.0	209.7	197.4	216.7	202.3	188.2	179.1	178.8	173.7	173.1	177.9

Deliveries



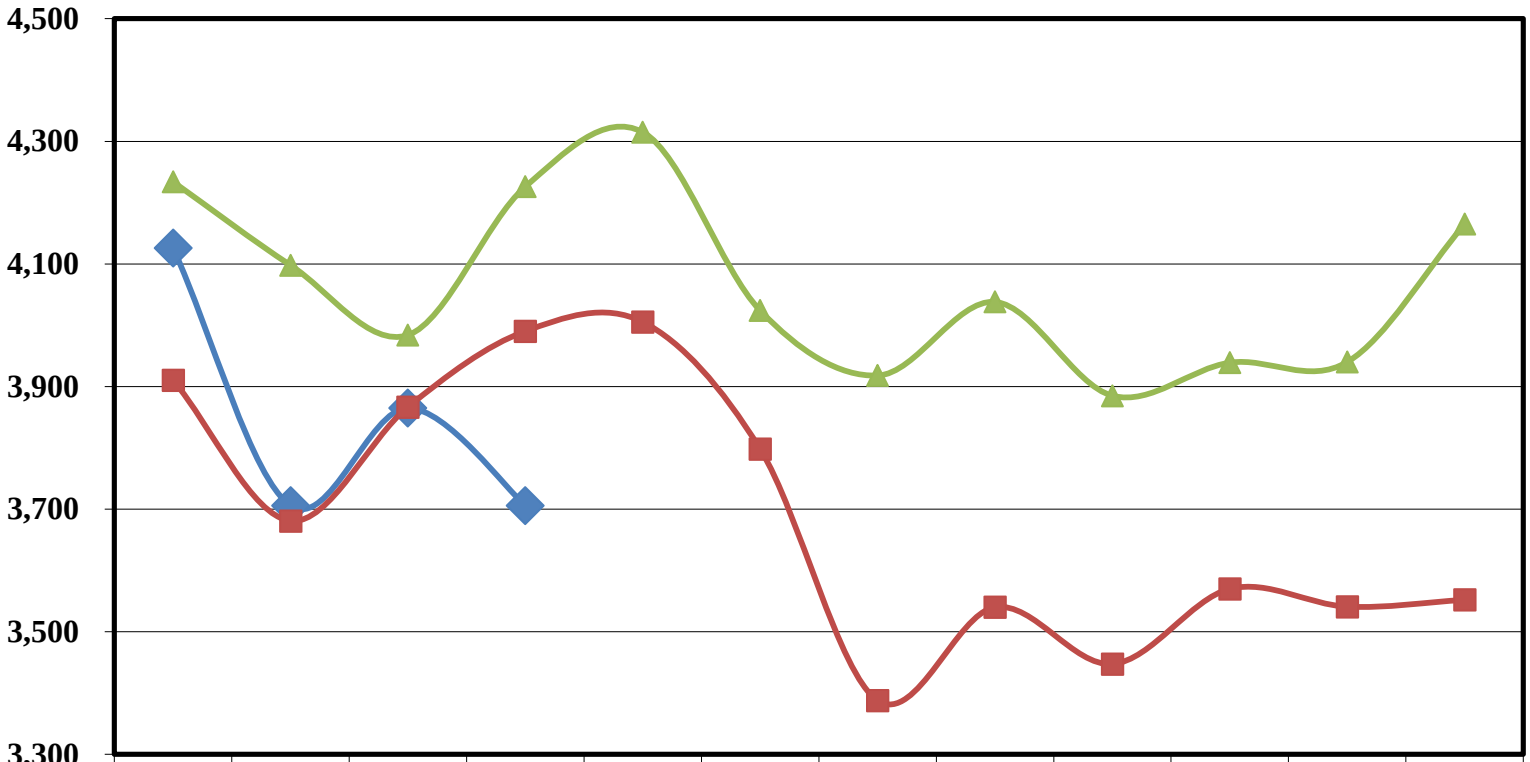
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	154	138	139	126								
FY 2017 Budget	140	133	140	140	133	143	131	146	146	133	158	133
FY 2016	70	39	153	147	135	139	135	129	130	139	156	158

Total Surgical Cases



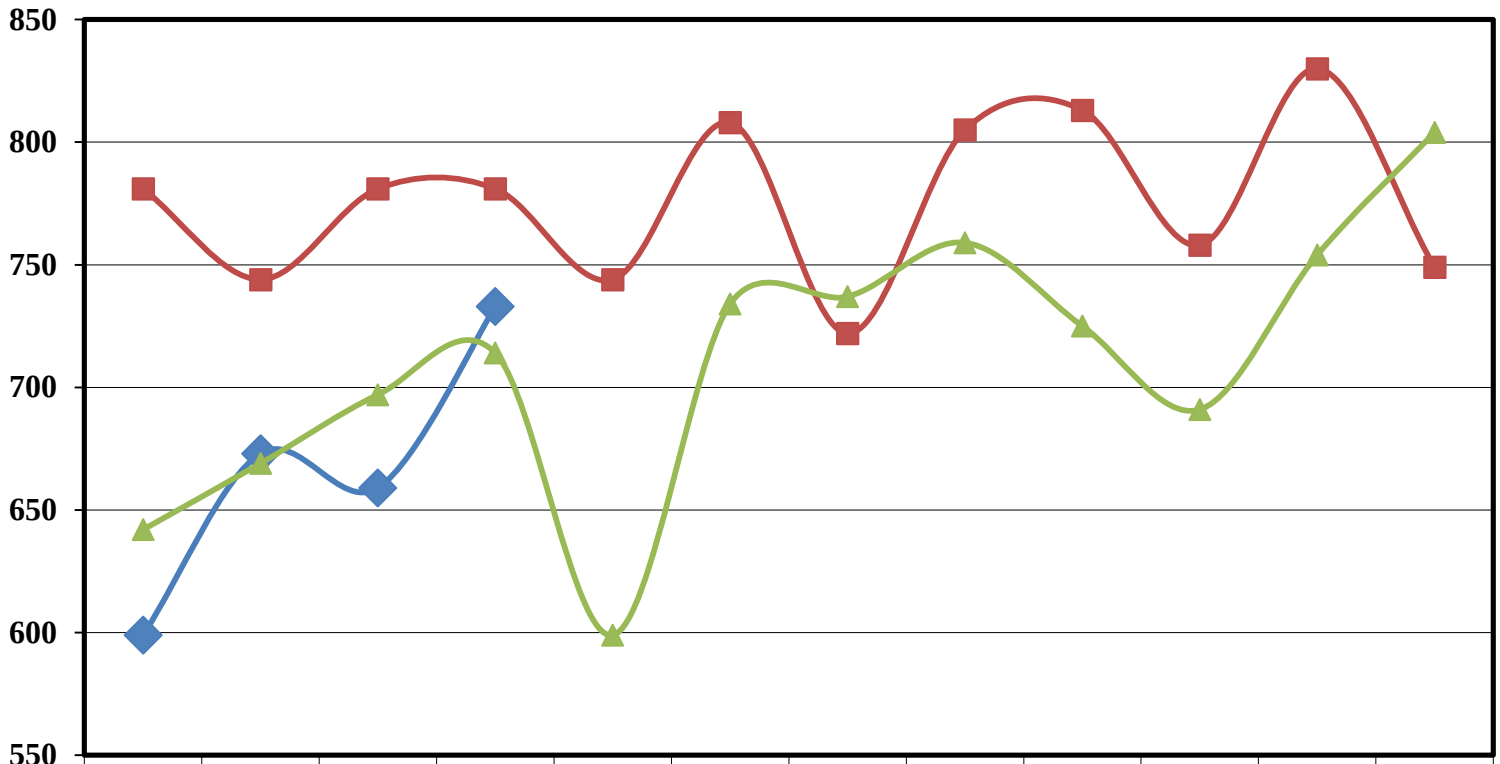
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	912	893	933	860								
FY 2017 Budget	894	852	894	894	852	949	804	921	931	857	974	847
FY 2016	977	952	988	784	951	929	948	938	901	834	930	938

Emergency Room Visits



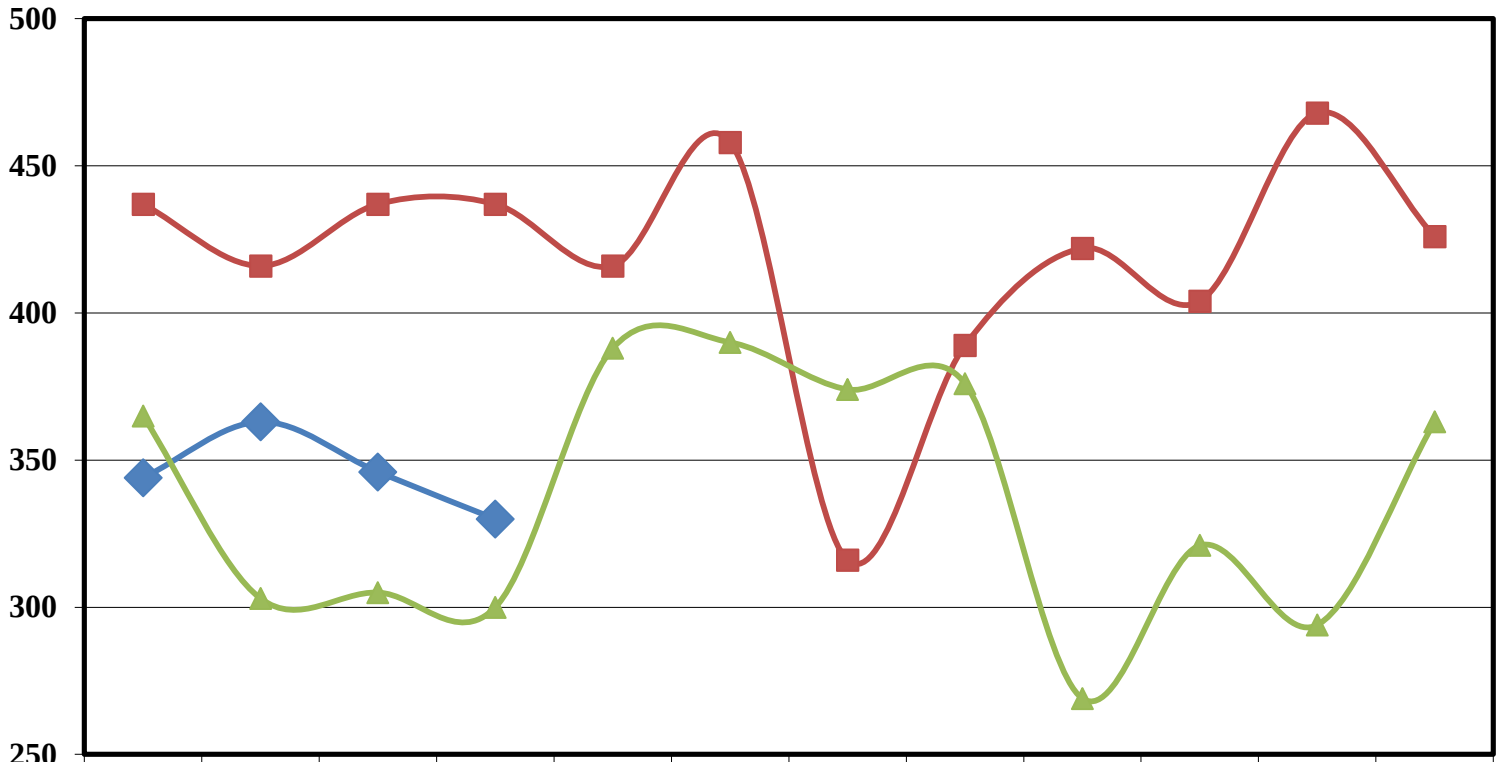
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	4,126	3,706	3,865	3,706								
FY 2017 Budget	3,911	3,681	3,867	3,990	4,005	3,798	3,388	3,540	3,447	3,570	3,541	3,552
FY 2016	4,234	4,098	3,984	4,226	4,315	4,024	3,918	4,038	3,885	3,939	3,940	4,165

Observation Days



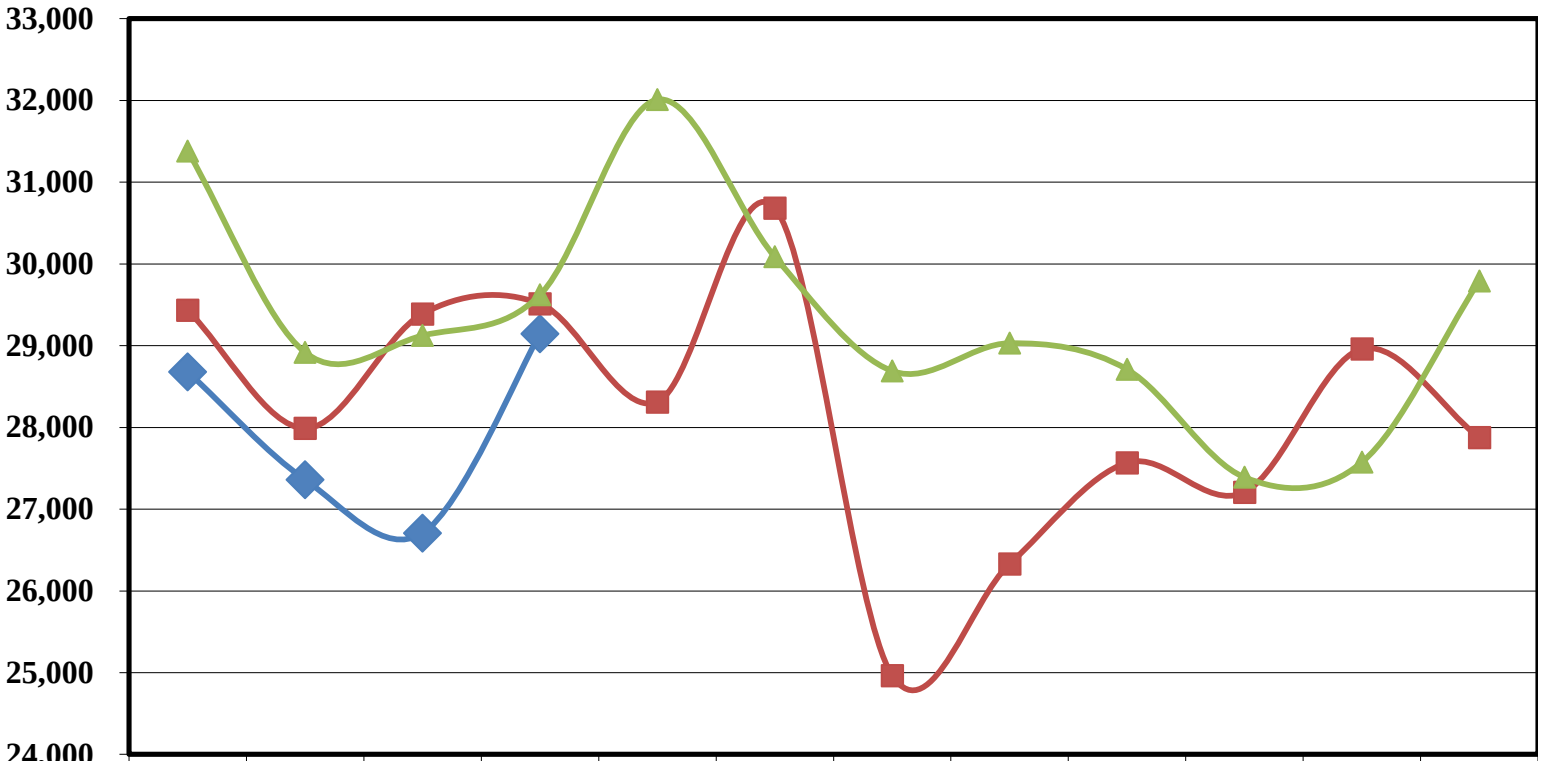
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	599	673	659	733								
FY 2017 Budget	781	744	781	781	744	808	722	805	813	758	830	749
FY 2016	642	669	697	714	599	734	737	759	725	691	754	804

Endoscopy Visits



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	344	363	346	330								
FY 2017 Budget	437	416	437	437	416	458	316	389	422	404	468	426
FY 2016	365	303	305	300	388	390	374	376	269	321	294	363

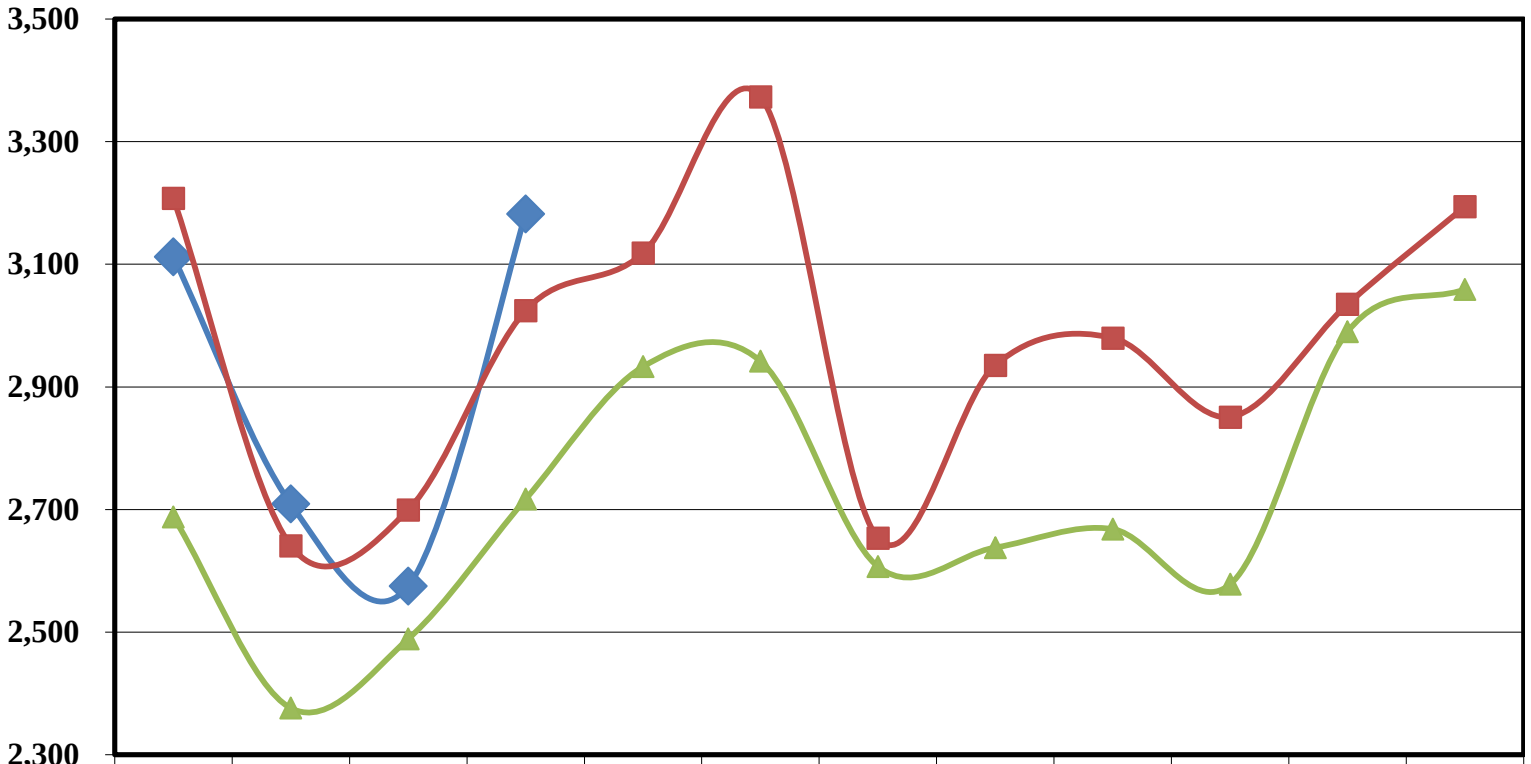
Total Outpatient Occasions of Service



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	28,681	27,360	26,707	29,147								
FY 2017 Budget	29,434	27,989	29,390	29,513	28,313	30,685	24,965	26,330	27,568	27,209	28,960	27,875
FY 2016	31,379	28,917	29,124	29,622	32,010	30,087	28,690	29,030	28,710	27,390	27,574	29,793

Center for Primary Care Total Visits

(FQHC - Clements & West University)

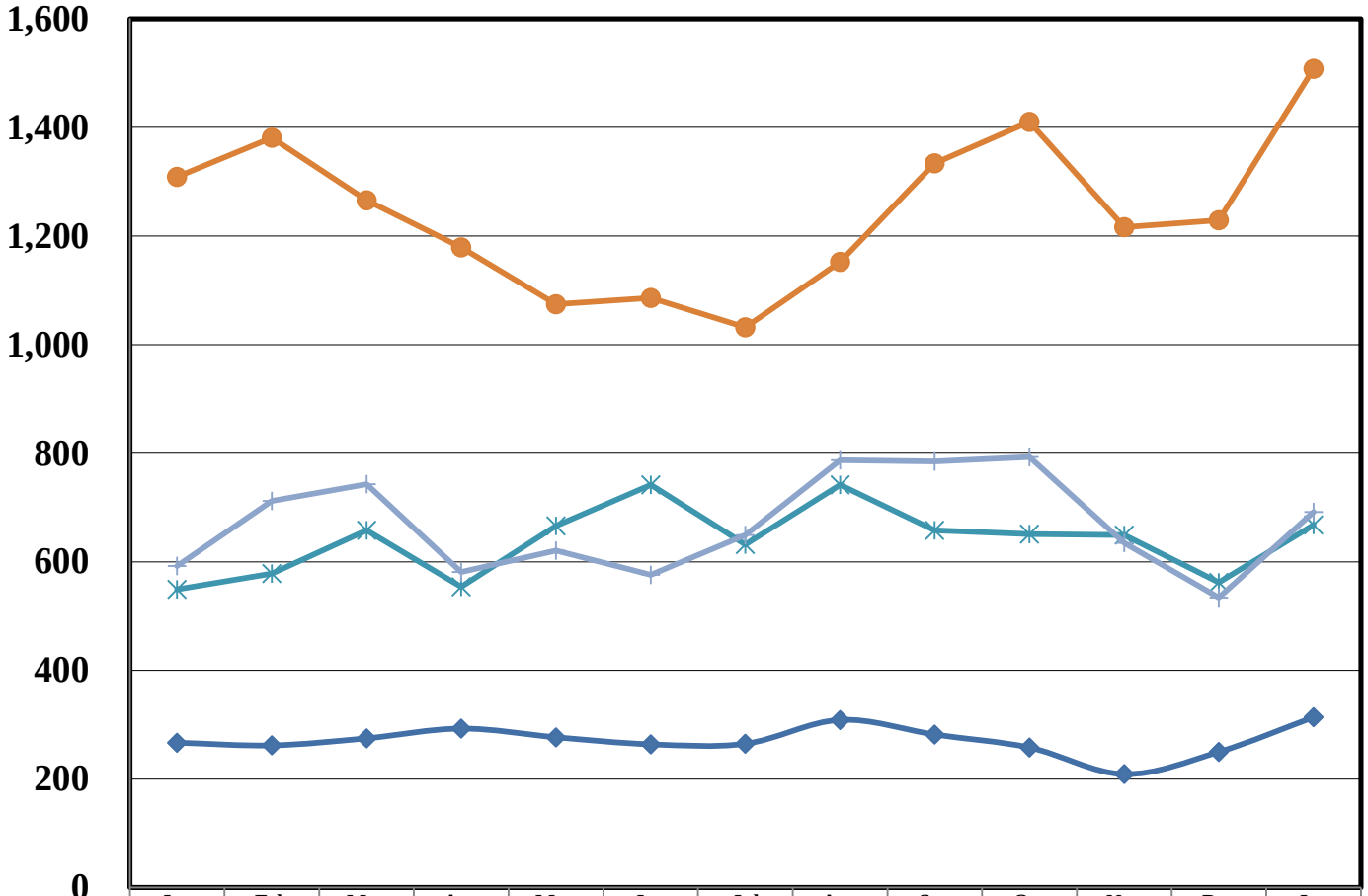


	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	3,112	2,709	2,575	3,182								
FY 2017 Budget	3,208	2,641	2,700	3,025	3,118	3,373	2,653	2,935	2,980	2,851	3,035	3,194
FY 2016	2,688	2,376	2,489	2,717	2,933	2,942	2,607	2,638	2,668	2,578	2,990	3,059

Center for Primary Care Visits

(FQHC - Clements and West University)

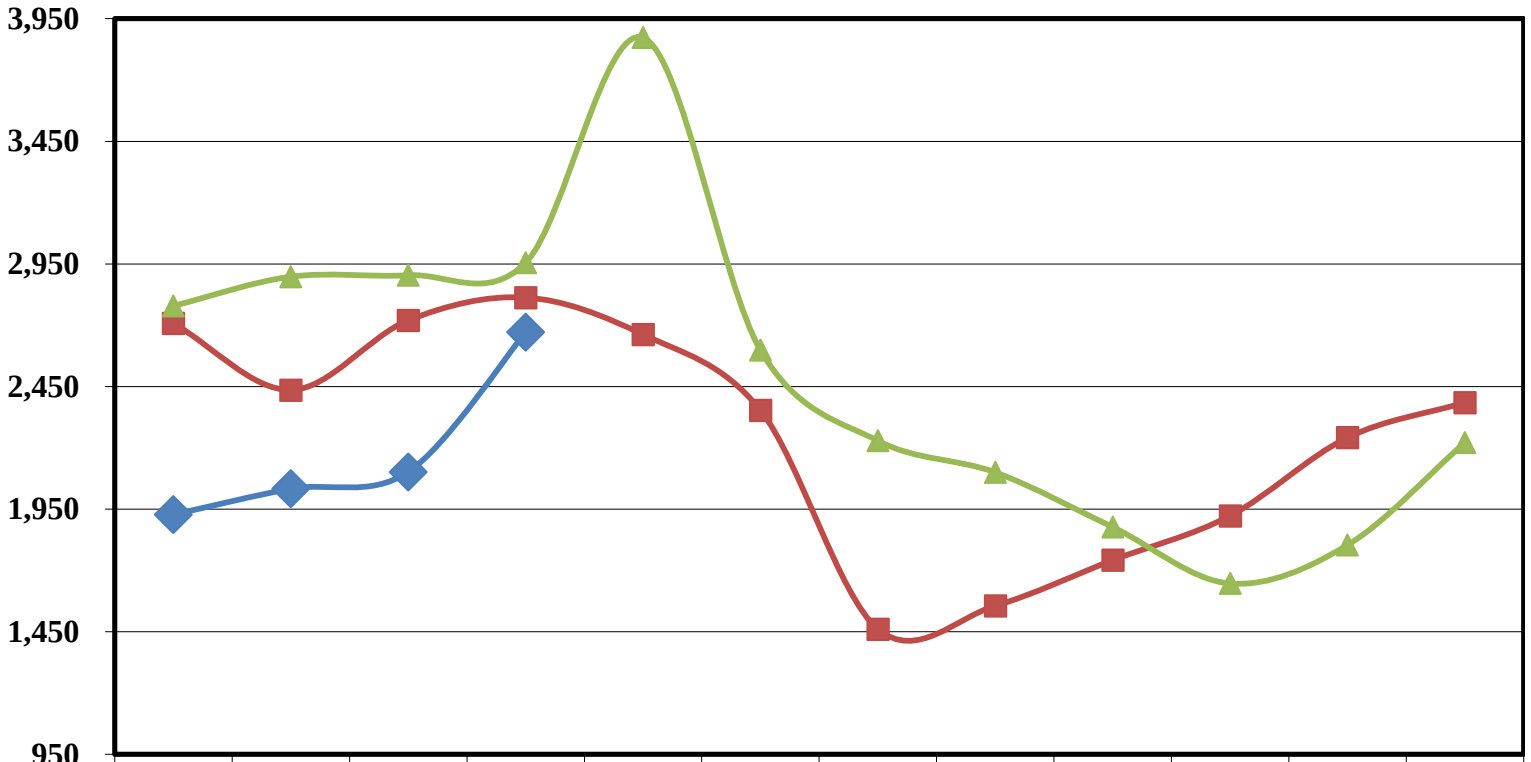
Thirteen Month Trending



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Clements Dental	549	578	658	554	666	742	632	742	658	651	649	562	668
Clements Medical	1,309	1,381	1,266	1,179	1,074	1,086	1,032	1,152	1,334	1,410	1,216	1,229	1,508
W. University Medical	592	712	743	581	621	576	649	787	785	793	635	534	692
W. University Optometry	267	262	275	293	277	264	265	309	282	258	209	250	314

Urgent Care Visits

(Health and Wellness, Golder, JBS Clinic, West University & 42nd Street)

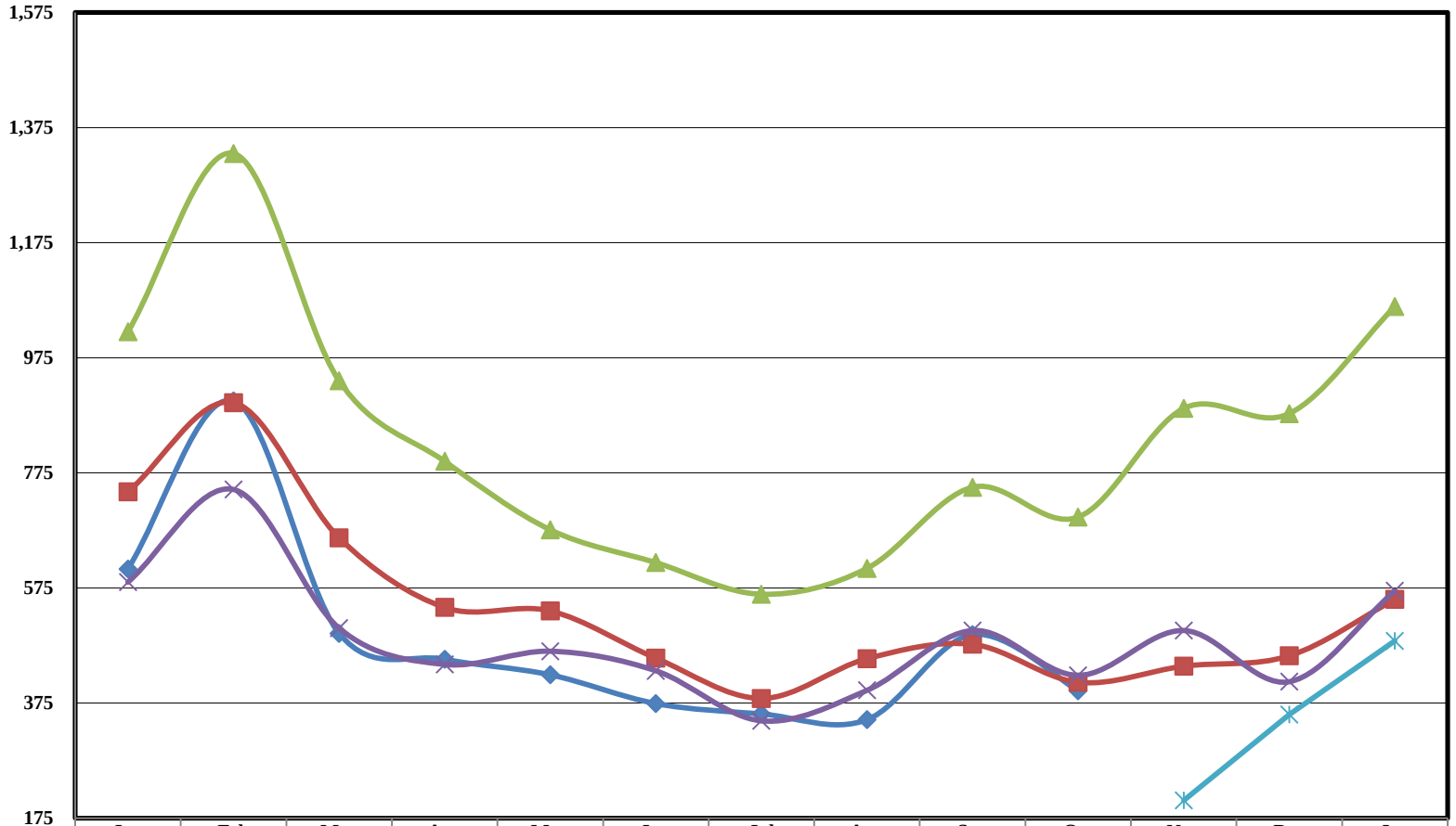


	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	1,928	2,033	2,102	2,672								
FY 2017 Budget	2,708	2,436	2,720	2,813	2,662	2,353	1,461	1,556	1,742	1,923	2,242	2,385
FY 2016	2,779	2,898	2,904	2,955	3,873	2,598	2,229	2,100	1,877	1,647	1,804	2,222

Urgent Care Visits

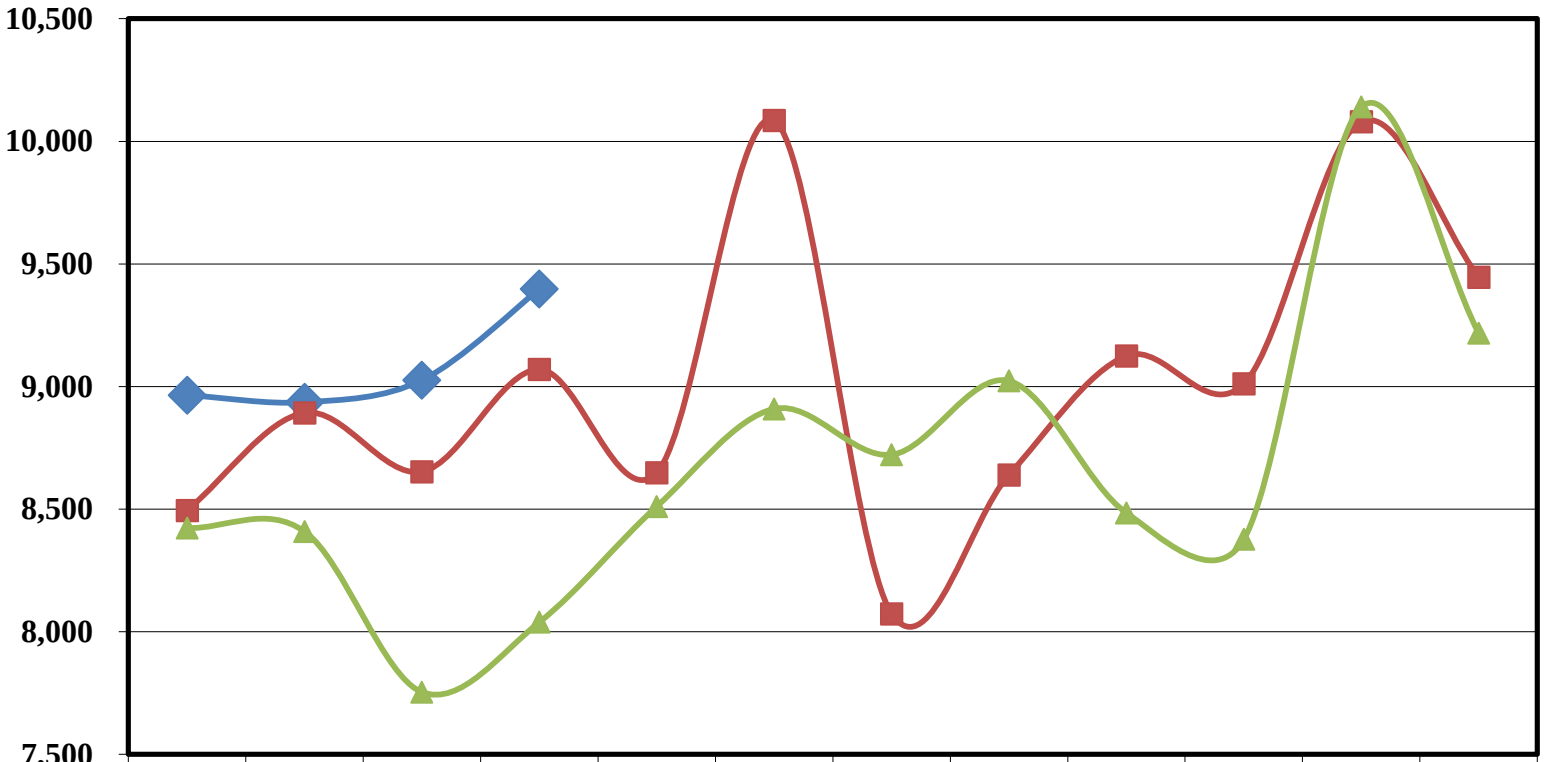
(Health and Wellness, Golder, JBS Clinic, West University & 42nd Street)

Thirteen Month Trending



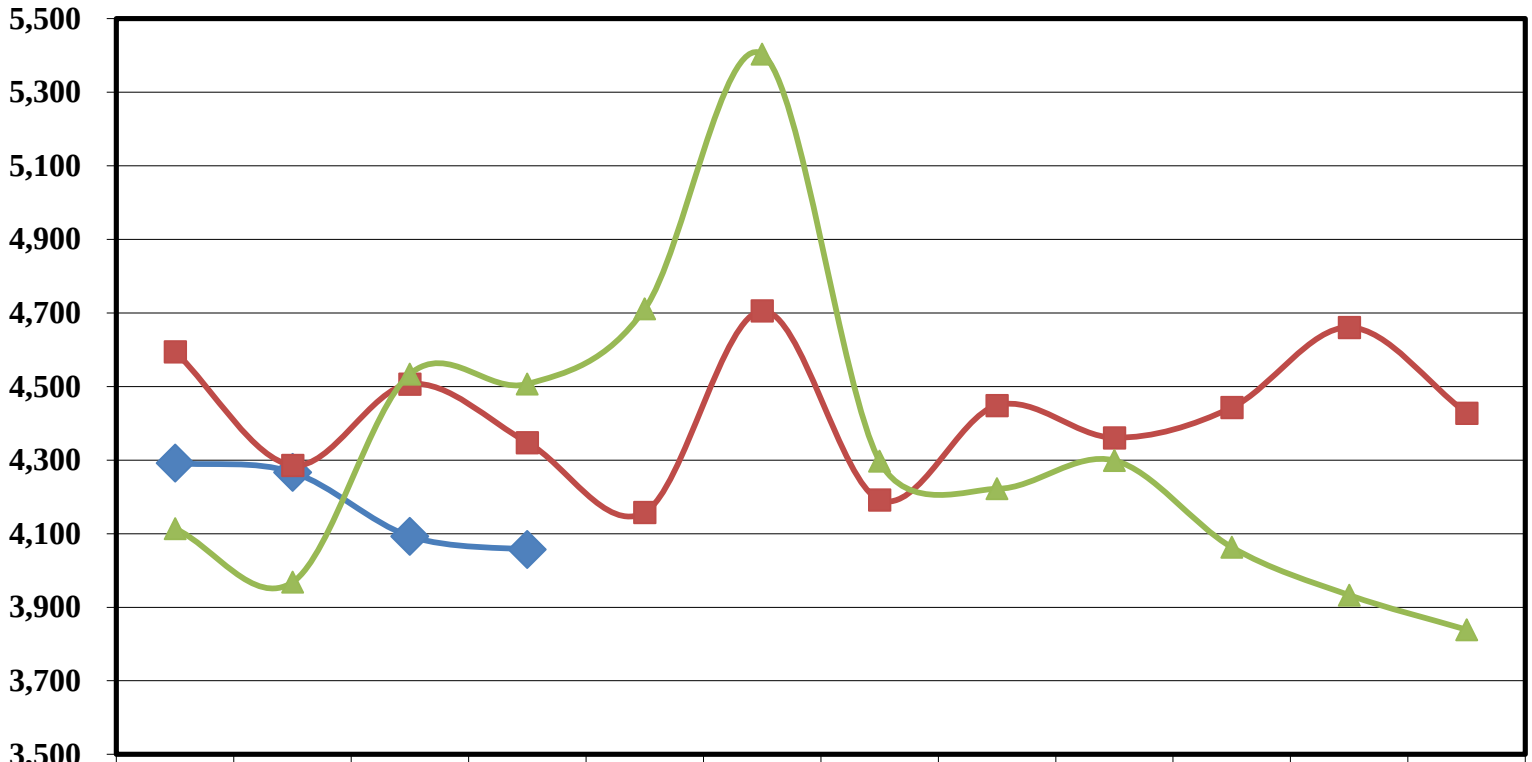
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Health & Wellness	608	900	496	451	424	374	356	346	494	396			
Golder	742	897	662	541	535	453	383	452	477	411	439	457	555
JBS Clinic	1,020	1,330	935	795	676	619	564	609	750	698	887	878	1,064
West University	585	746	505	442	465	431	344	397	501	423	501	412	570
42nd Street											206	355	483

Total ProCare Office Visits



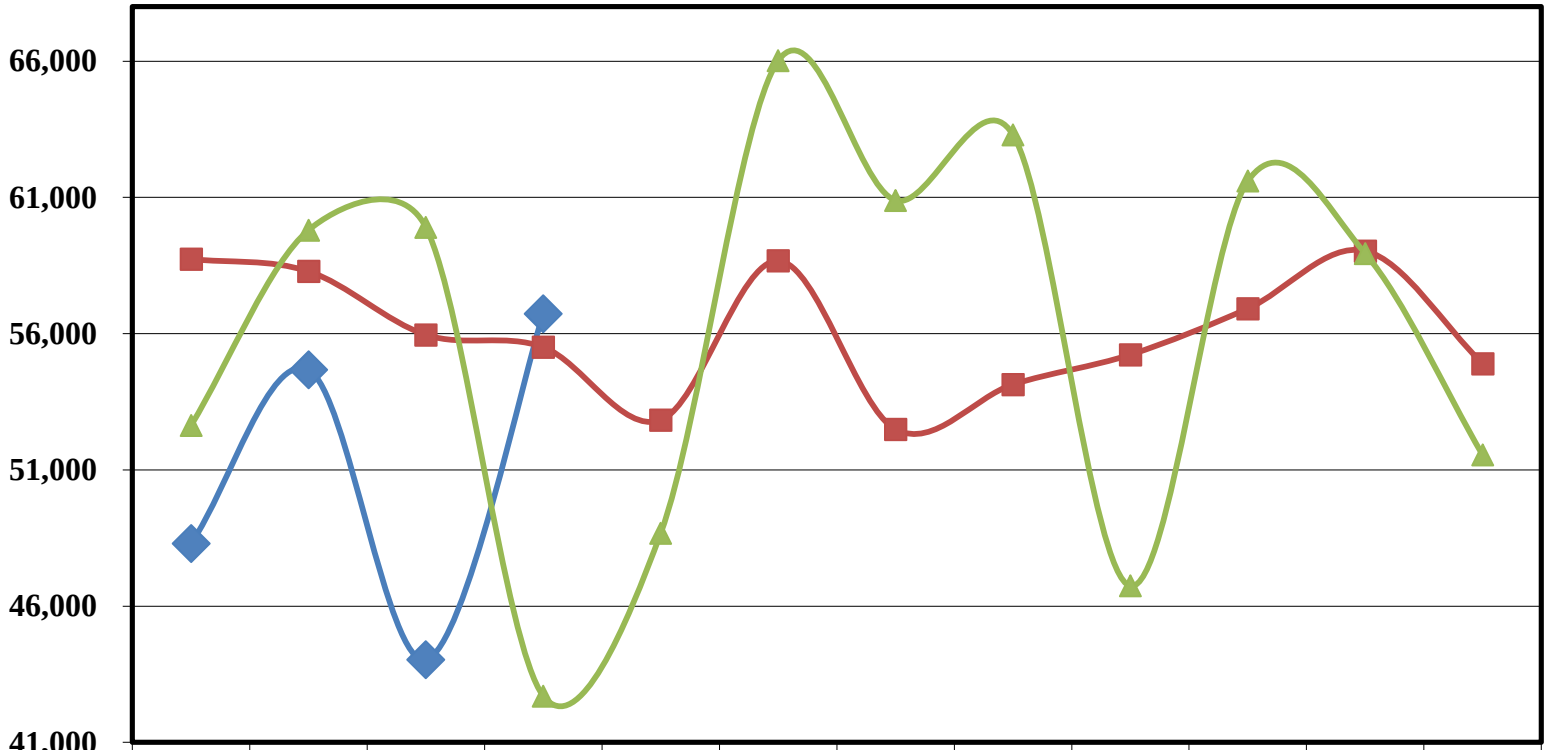
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	8,965	8,936	9,026	9,398								
FY 2017 Budget	8,495	8,893	8,653	9,070	8,649	10,085	8,074	8,640	9,125	9,011	10,080	9,446
FY 2016	8,423	8,409	7,754	8,039	8,511	8,909	8,722	9,023	8,485	8,377	10,140	9,218

Total ProCare Hospital Visits



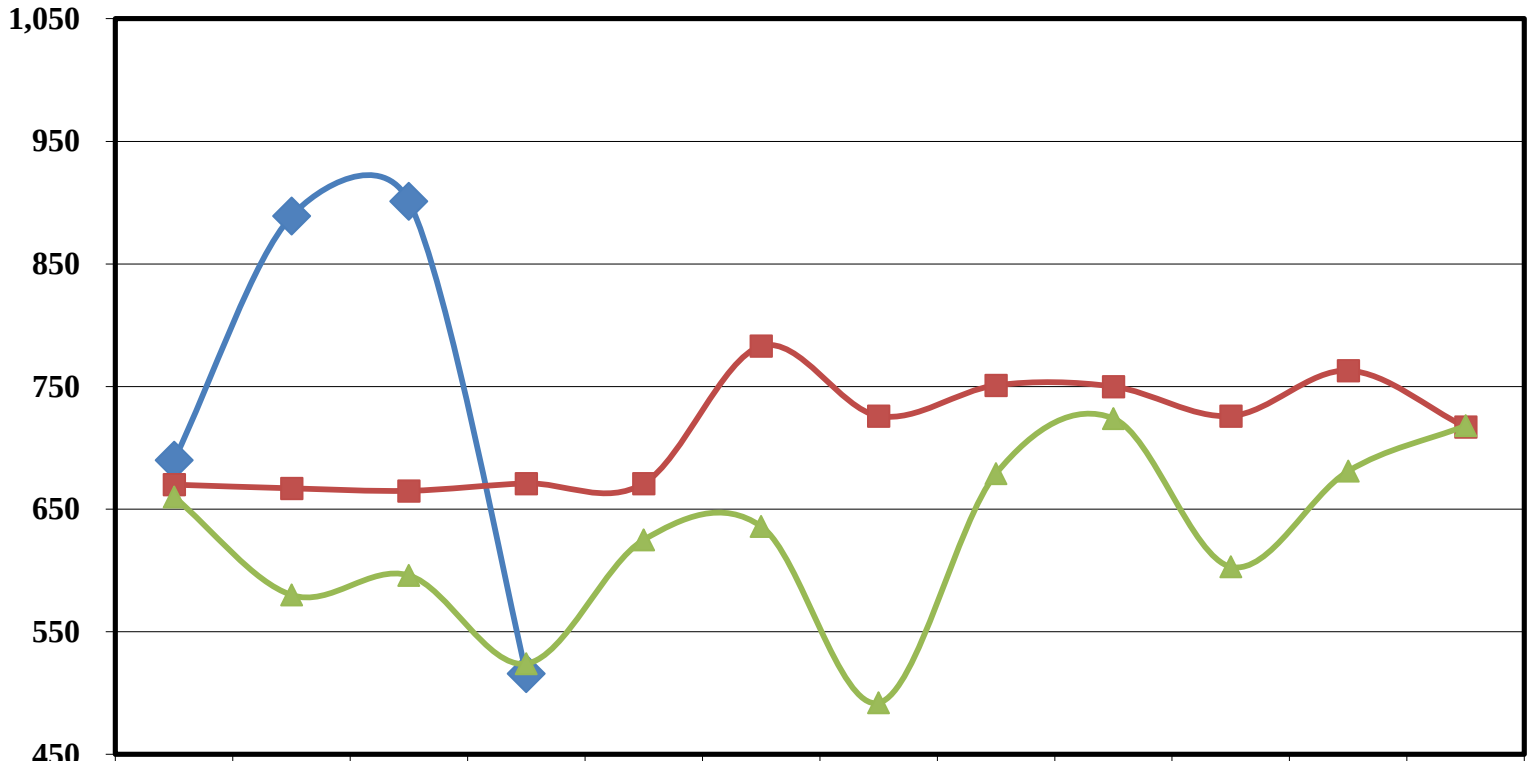
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	4,292	4,267	4,093	4,057								
FY 2017 Budget	4,595	4,286	4,507	4,348	4,158	4,706	4,192	4,449	4,361	4,443	4,661	4,428
FY 2016	4,114	3,968	4,534	4,507	4,711	5,404	4,297	4,222	4,299	4,063	3,933	3,839

Total ProCare Procedures



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	48,296	54,671	44,033	56,732								
FY 2017 Budget	58,737	58,287	55,958	55,504	52,829	58,677	52,491	54,137	55,231	56,922	59,037	54,902
FY 2016	52,632	59,799	59,902	42,701	48,679	66,015	60,891	63,300	46,743	61,601	58,941	51,547

Total ProCare Surgeries

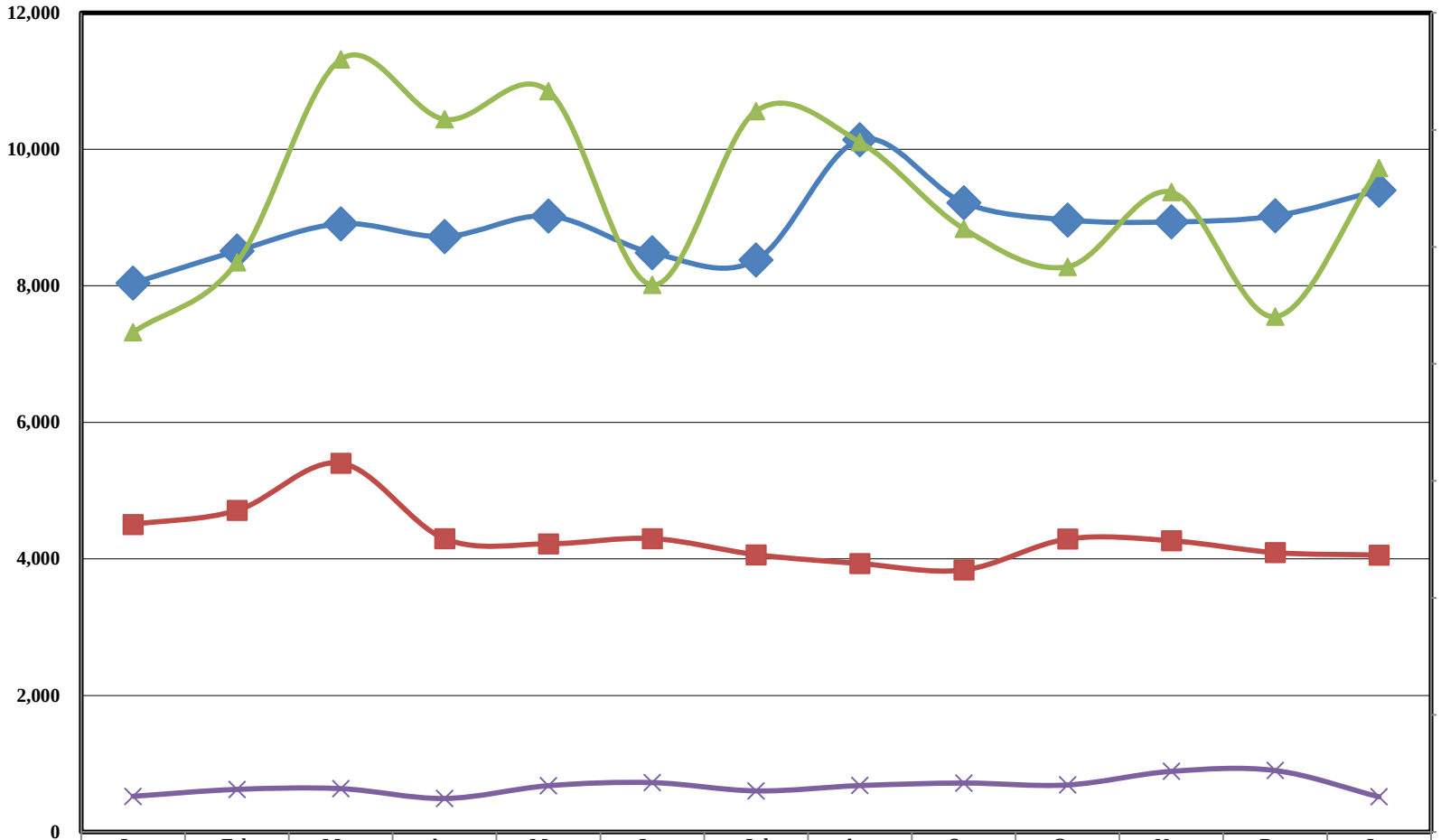


	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	690	889	901	516								
FY 2017 Budget	670	667	665	671	671	783	726	751	750	726	763	717
FY 2016	660	580	596	524	625	636	492	679	724	603	681	718

ProCare Statistics

(Office Visits, Hospital Visits, Procedures & Surgeries)

Thirteen Month Trending

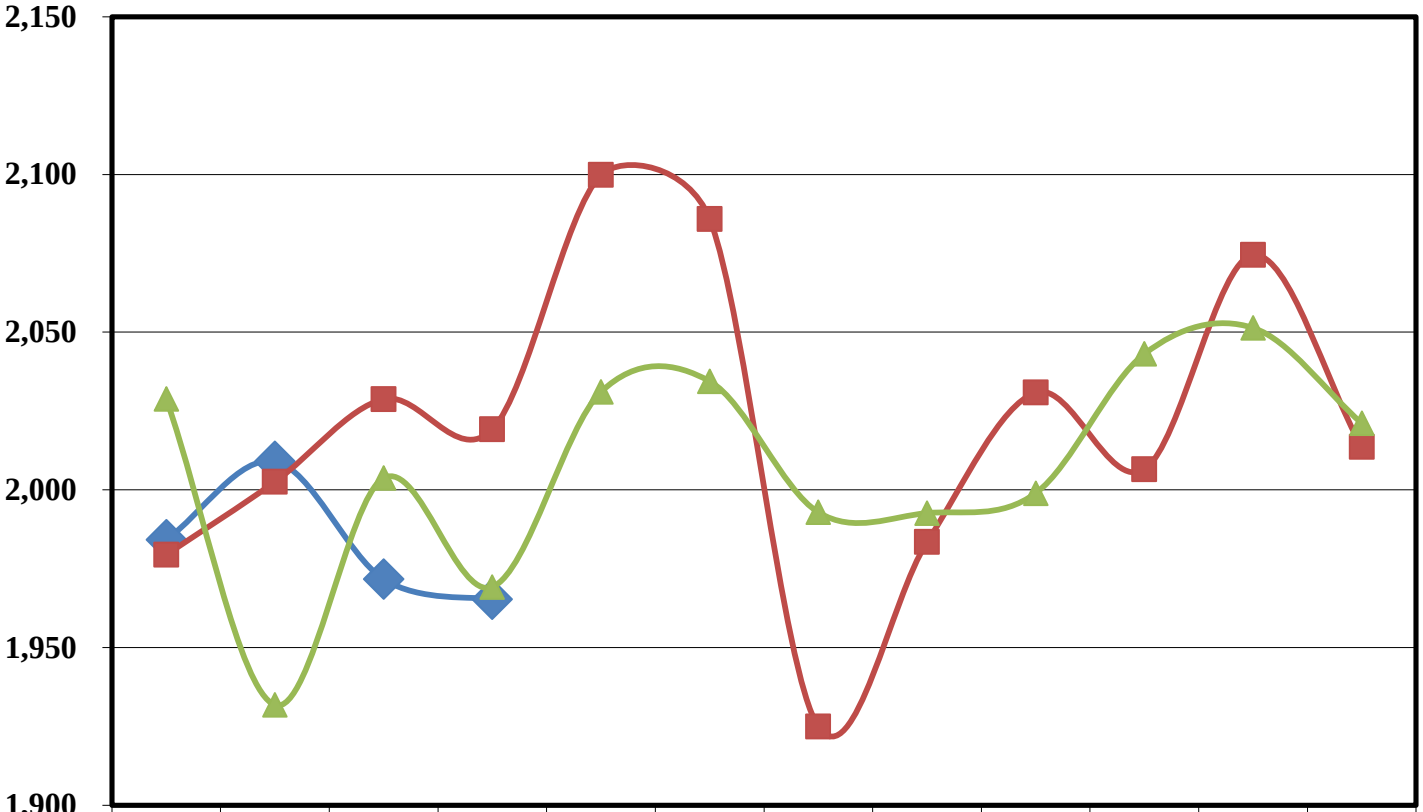


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Office Visits	8,039	8,511	8,909	8,722	9,023	8,485	8,377	10,140	9,218	8,965	8,936	9,026	9,398
Hospital Visits	4,507	4,711	5,404	4,297	4,222	4,299	4,063	3,933	3,839	4,292	4,267	4,093	4,057
Surgeries	524	625	636	492	679	724	603	681	718	690	889	901	516
Procedures	42,701	48,679	66,015	60,891	63,300	46,743	61,601	58,941	51,547	48,296	54,671	44,033	56,732

Staffing

Blended FTE's

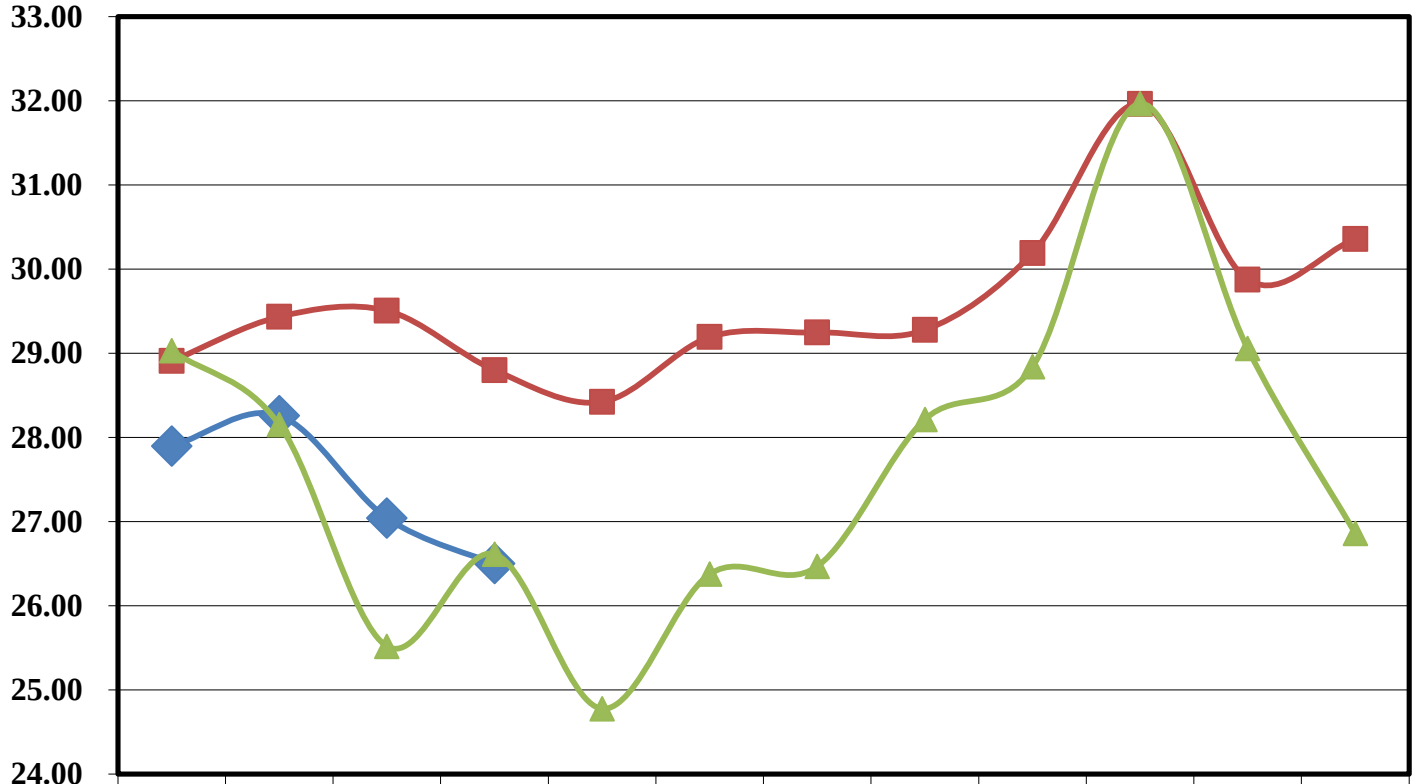
Including Contract Labor and Management Services



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	1,984	2,009	1,972	1,965								
FY 2017 Budget	1,979	2,003	2,029	2,019	2,100	2,086	1,925	1,983	2,031	2,007	2,074	2,014
FY 2016	2,029	1,932	2,004	1,969	2,031	2,034	1,993	1,993	1,999	2,043	2,051	2,021

Paid Hours per Adjusted Patient Day

(Blended)

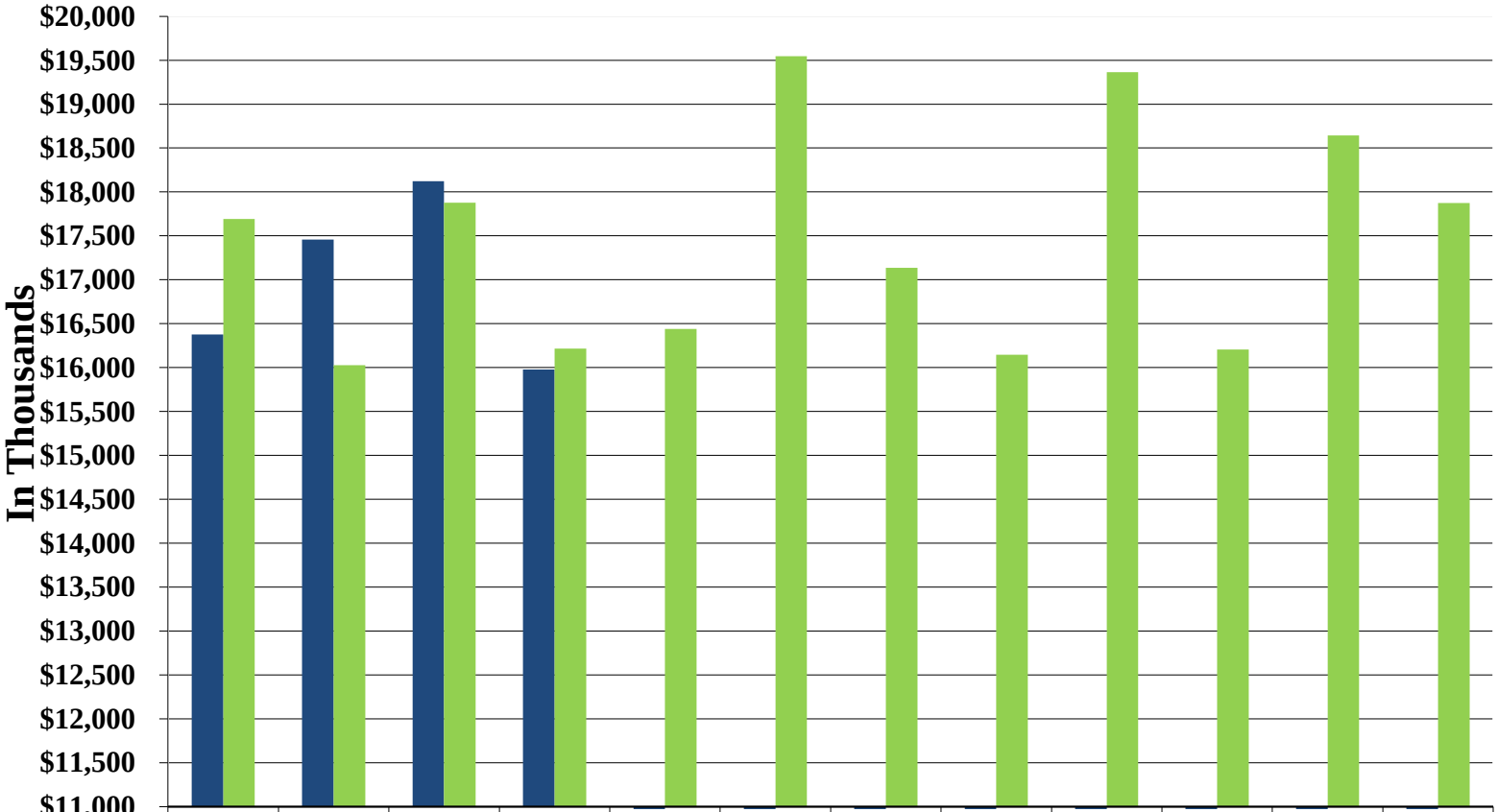


	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	27.90	28.26	27.04	26.50								
FY 2017 Budget	28.91	29.43	29.51	28.80	28.42	29.19	29.25	29.28	30.19	31.96	29.88	30.36
FY 2016	29.03	28.15	25.52	26.61	24.78	26.38	26.47	28.21	28.84	31.97	29.06	26.86

Accounts Receivable

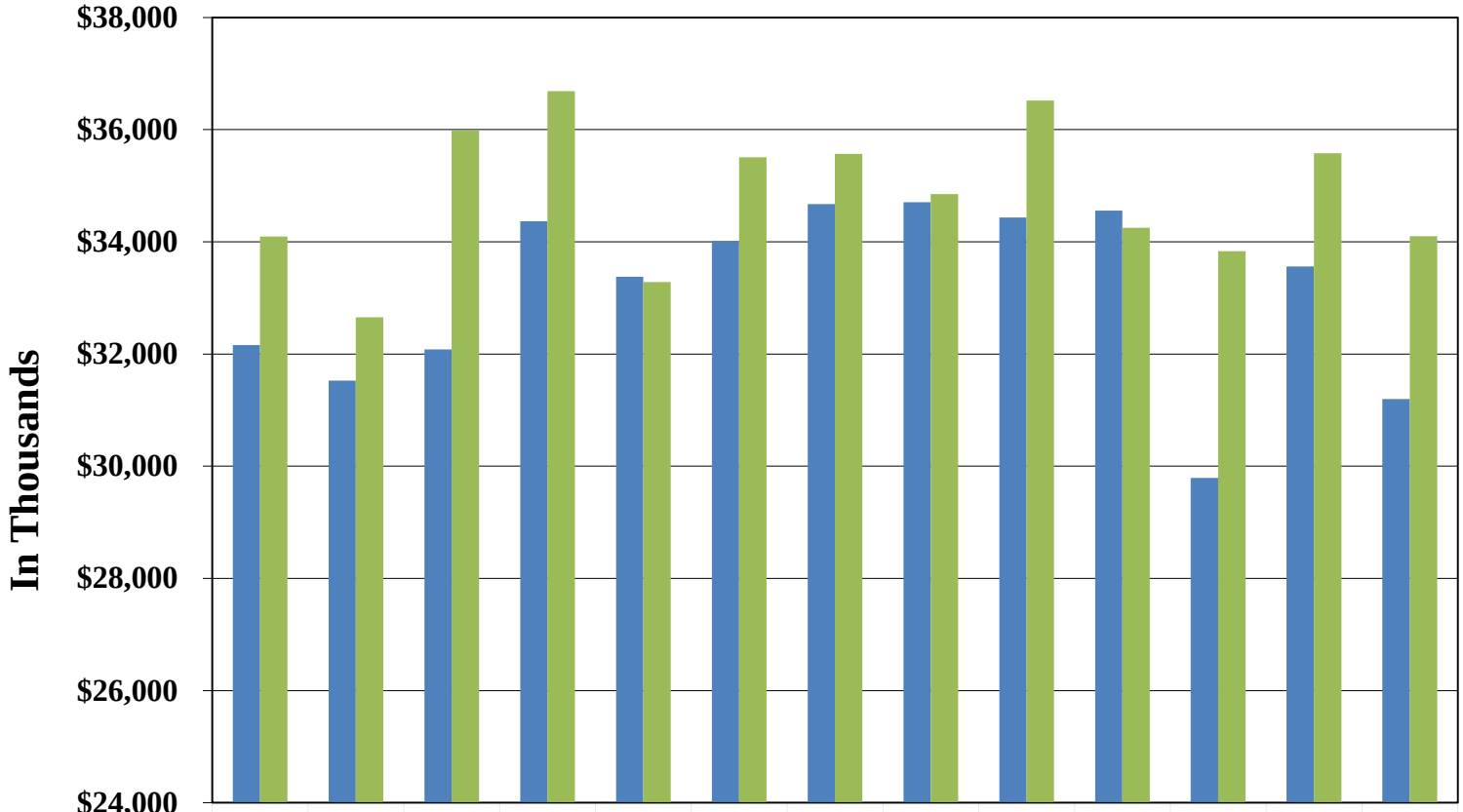
AR Cash Receipts

Compared to Prior Year



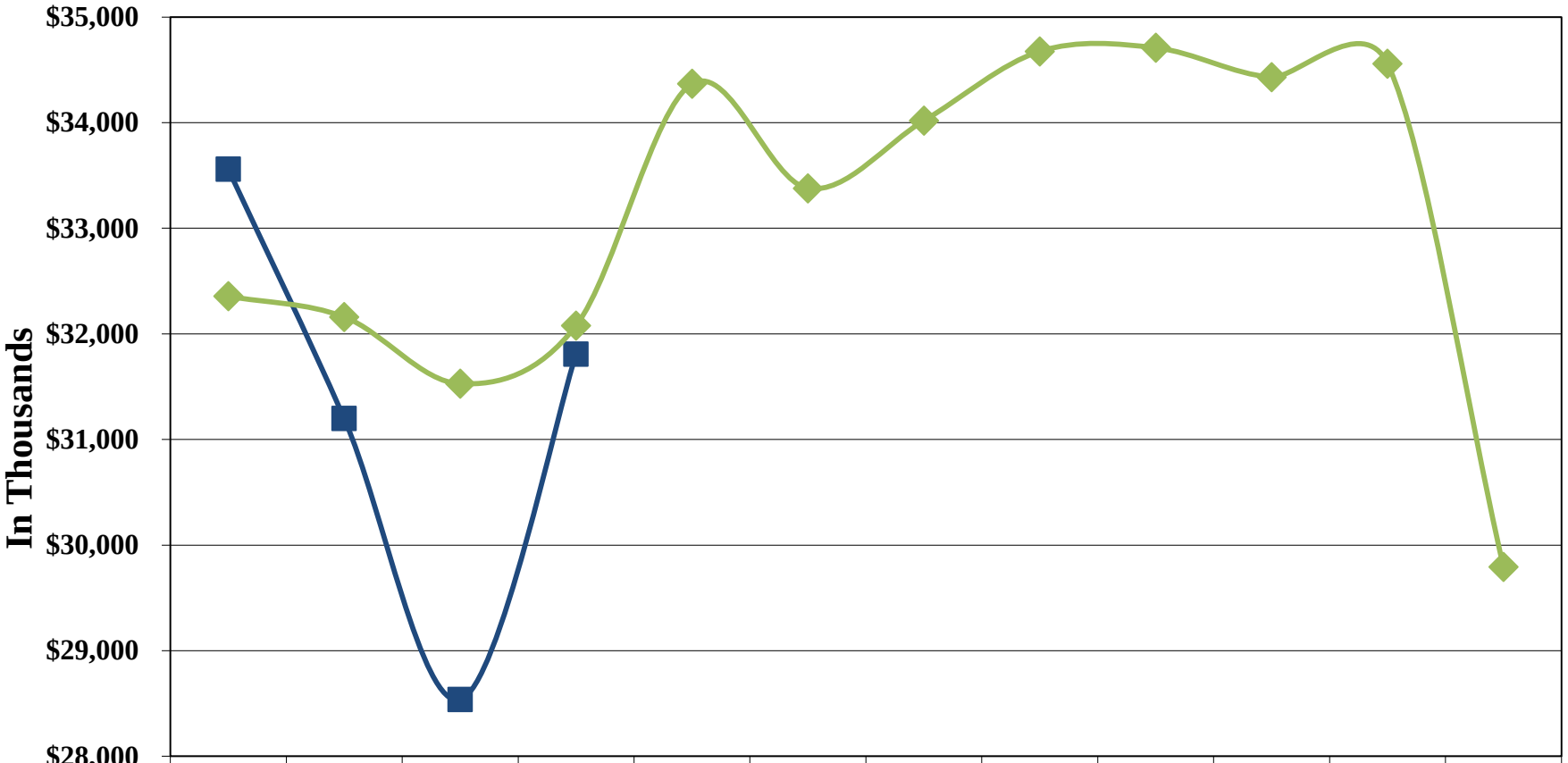
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	16,376	17,457	18,122	15,977	-	-	-	-	-	-	-	-
FY 2016	17,690	16,026	17,877	16,215	16,441	19,546	17,137	16,144	19,362	16,207	18,644	17,874

Net AR compared to 60 Days Subsequent Cash Receipts



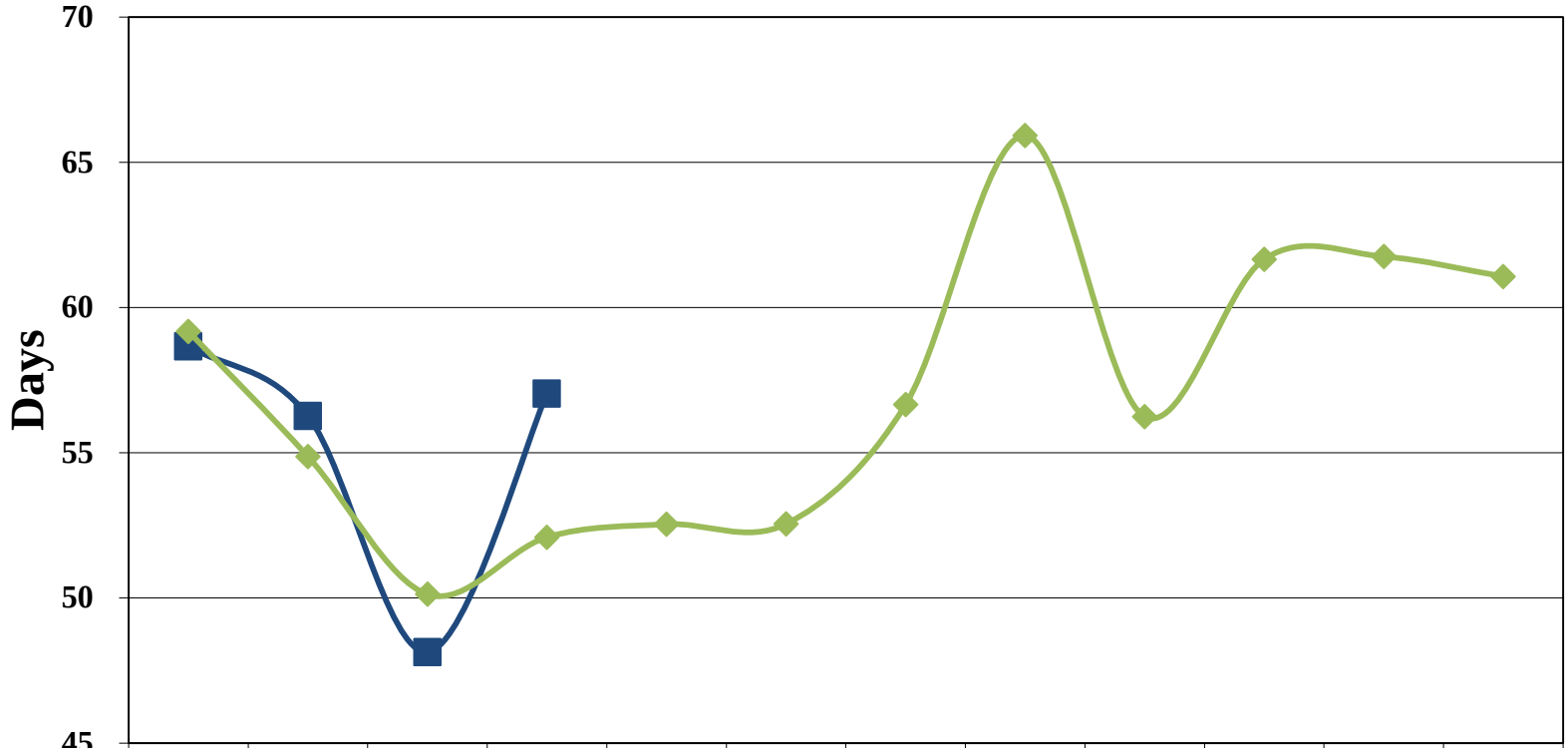
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Net A/R	32,160	31,528	32,079	34,368	33,379	34,018	34,675	34,709	34,431	34,558	29,793	33,558	31,198
Cash Receipts	34,093	32,657	35,987	36,683	33,281	35,507	35,569	34,851	36,518	34,250	33,833	35,579	34,099

Accounts Receivable - Net



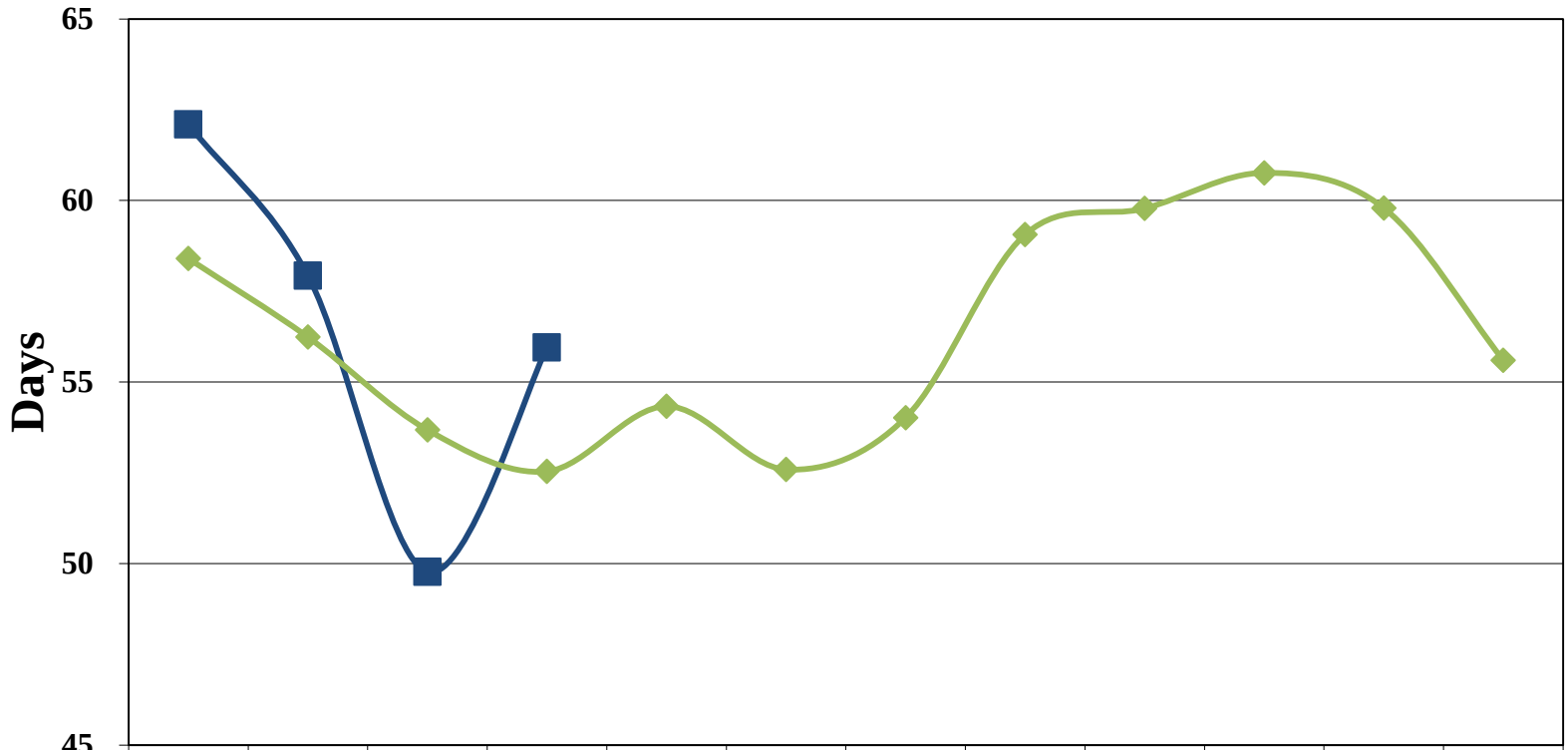
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	33,558	31,198	28,536	31,808								
FY 2016	32,356	32,160	31,528	32,079	34,368	33,379	34,018	34,675	34,709	34,431	34,558	29,793

Net Days in Accounts Receivable – Single Month



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	58.7	56.3	48.1	57.0								
FY 2016	59.2	54.9	50.1	52.1	52.5	52.5	56.7	65.9	56.2	61.7	61.7	61.1

Net Days in Accounts Receivable – Rolling 3 Month

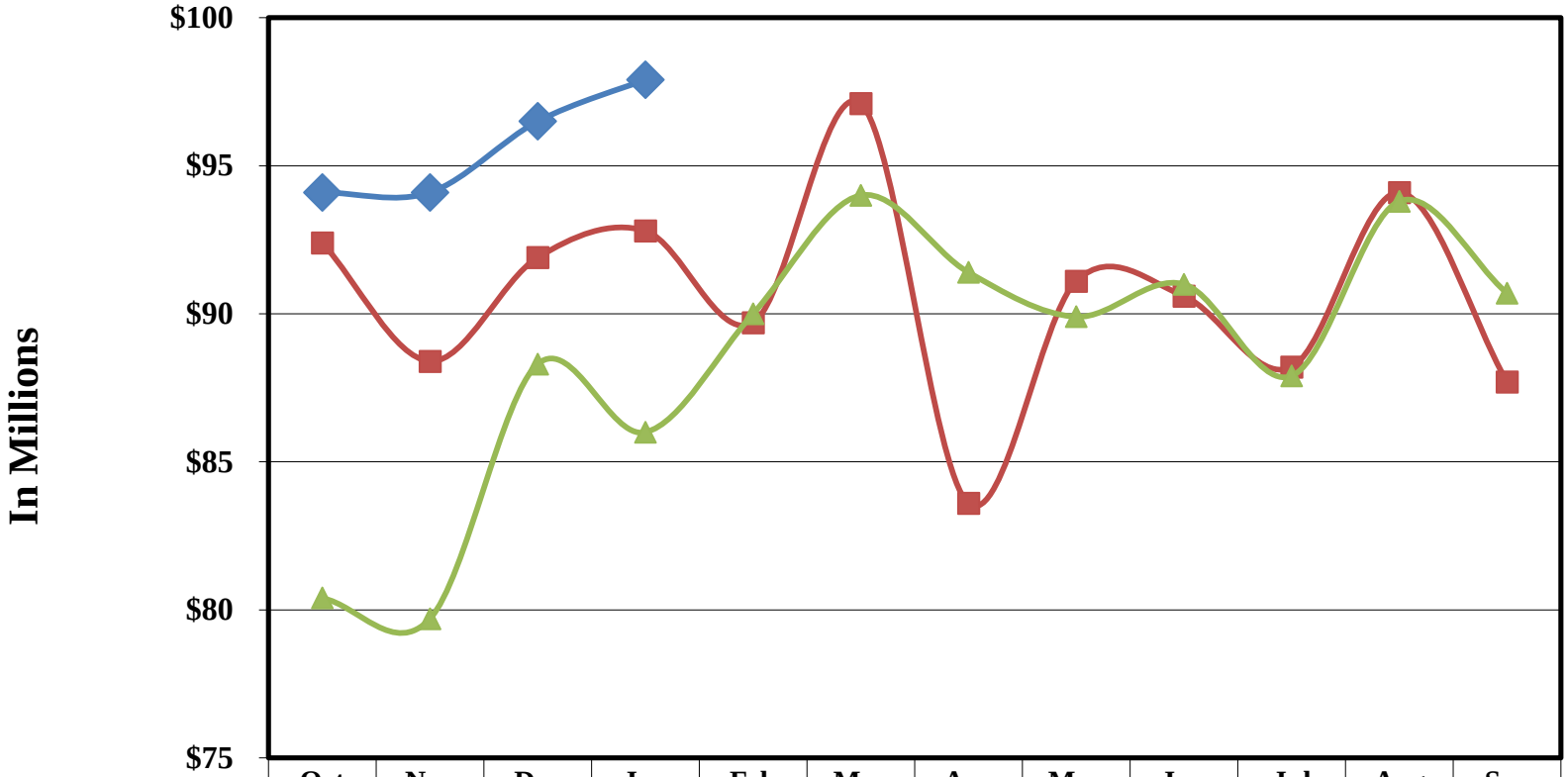


	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	62.1	57.9	49.8	55.9								
FY 2016	58.4	56.2	53.7	52.5	54.3	52.6	54.0	59.1	59.8	60.8	59.8	55.6

Revenues & Revenue Deductions

Total Patient Revenues

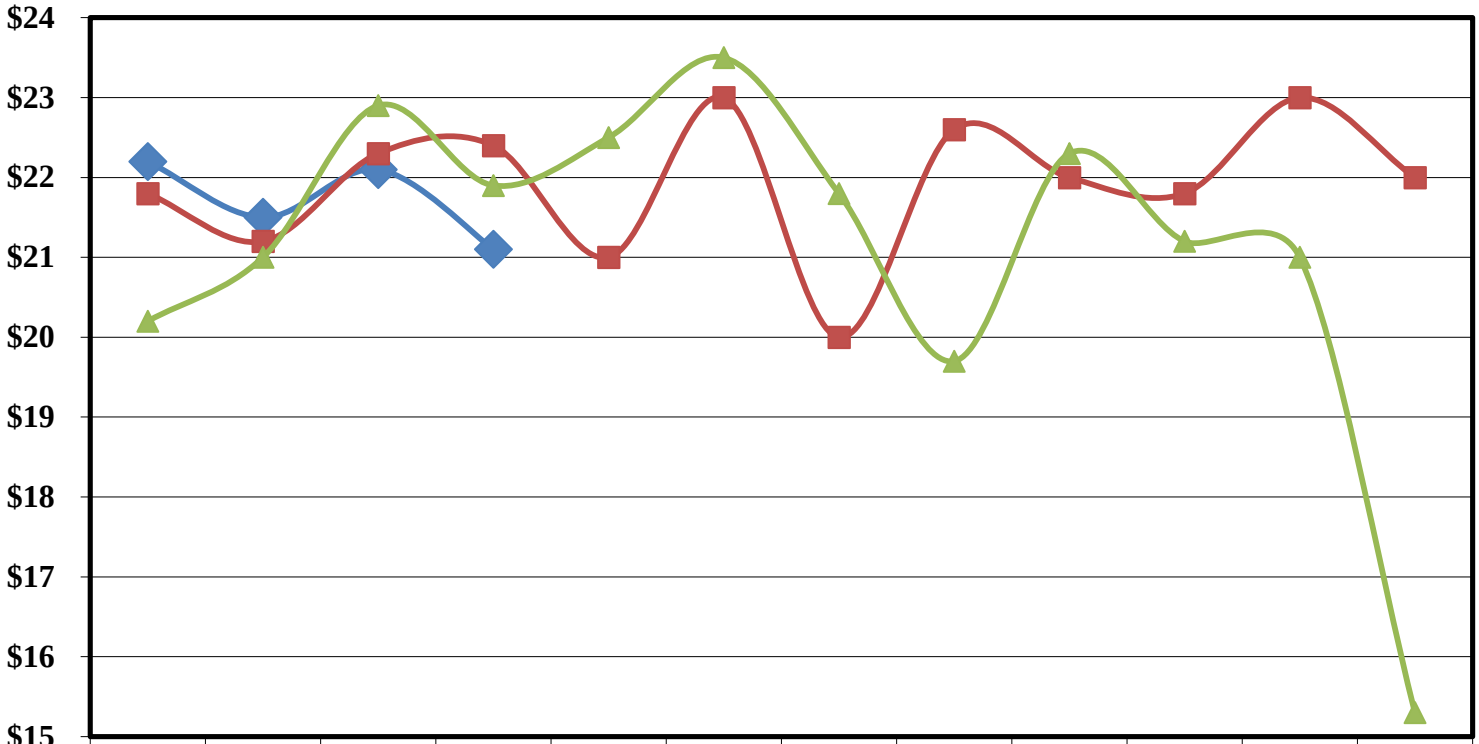
(Blended)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	94.1	94.1	96.5	97.9								
FY 2017 Budget	92.4	88.4	91.9	92.8	89.7	97.1	83.6	91.1	90.6	88.2	94.1	87.7
FY 2016	80.4	79.7	88.3	86.0	90.0	94.0	91.4	89.9	91.0	87.9	93.8	90.7

Net Patient Revenues

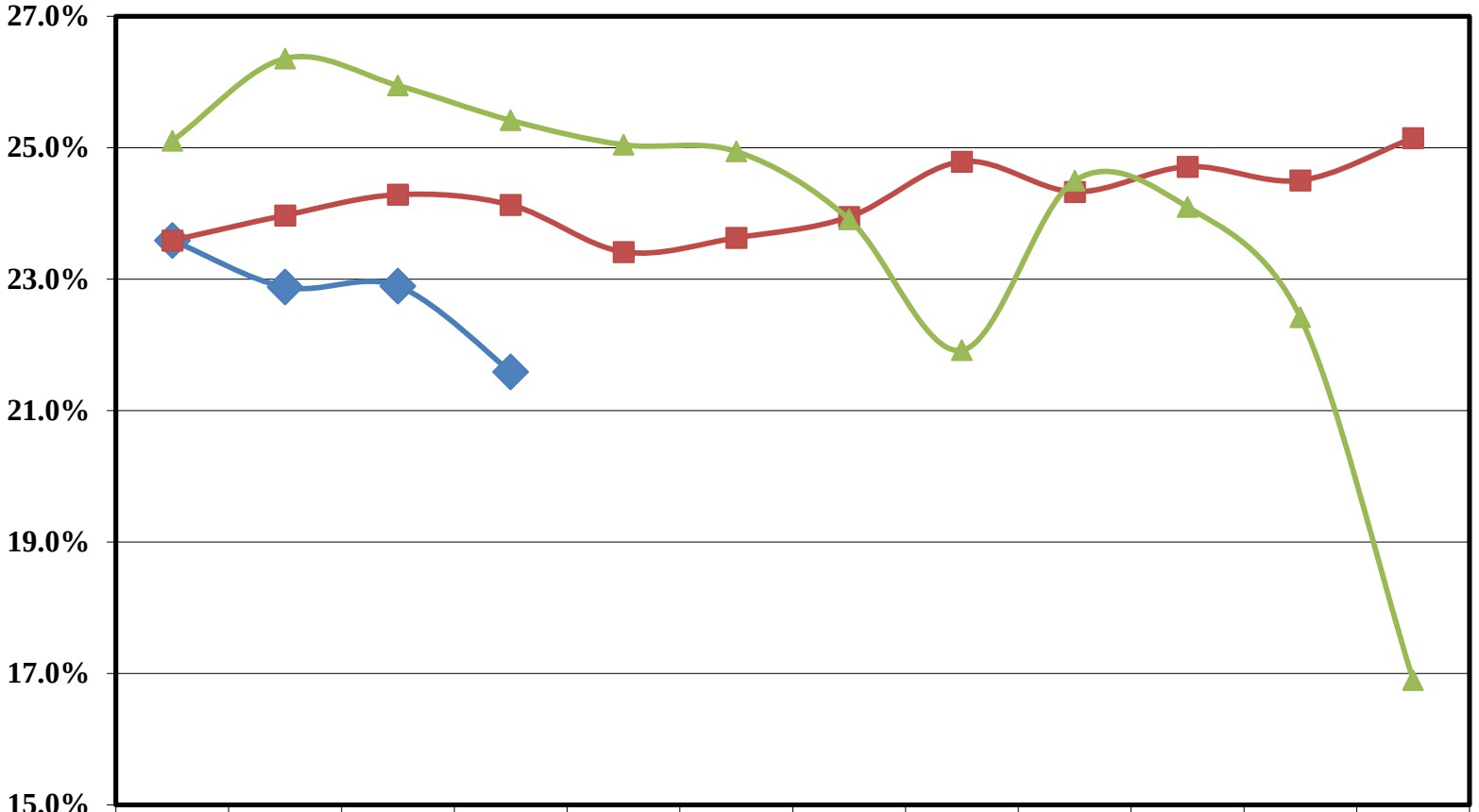
(Blended)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	22.2	21.5	22.1	21.1								
FY 2017 Budget	21.8	21.2	22.3	22.4	21.0	23.0	20.0	22.6	22.0	21.8	23.0	22.0
FY 2016	20.2	21.0	22.9	21.9	22.5	23.5	21.8	19.7	22.3	21.2	21.0	15.3

Net Patient Revenue as a Percent of Gross Charges

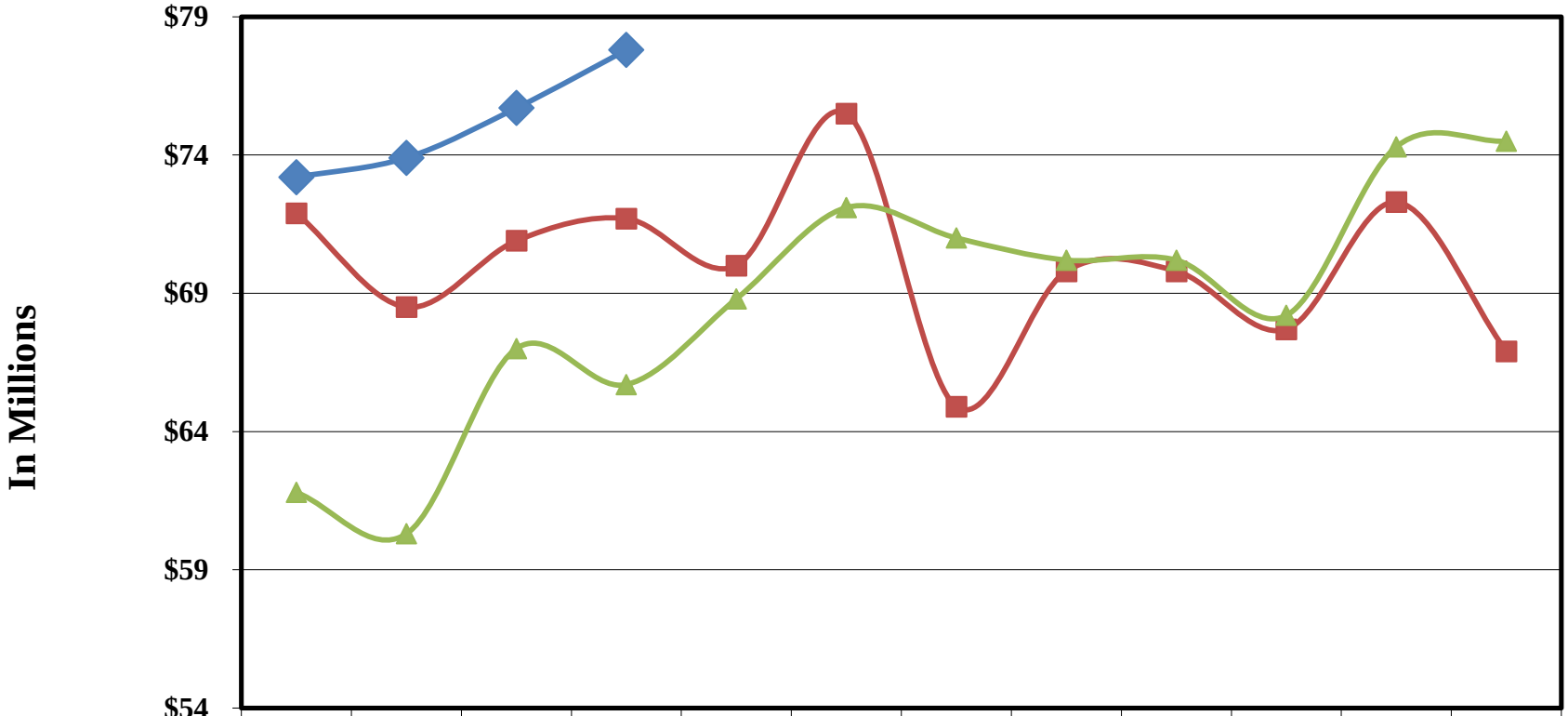
(Blended)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	23.6%	22.9%	22.9%	21.6%								
FY 2017 Budget	23.6%	24.0%	24.3%	24.1%	23.4%	23.6%	23.9%	24.8%	24.3%	24.7%	24.5%	25.1%
FY 2016	25.1%	26.4%	25.9%	25.4%	25.0%	24.9%	23.9%	21.9%	24.5%	24.1%	22.4%	16.9%

Revenue Deductions

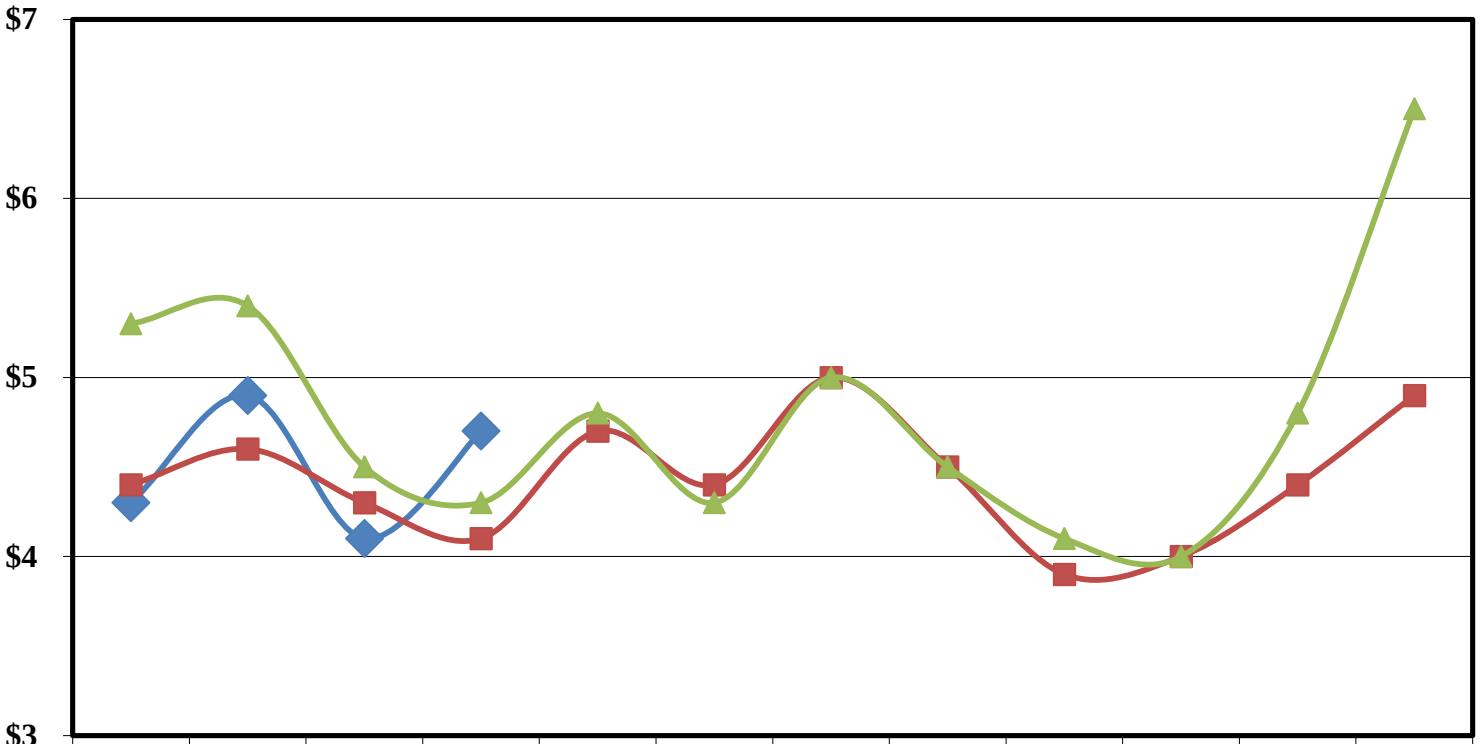
(Blended)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	73.2	73.9	75.7	77.8								
FY 2017 Budget	71.9	68.5	70.9	71.7	70.0	75.5	64.9	69.8	69.8	67.7	72.3	66.9
FY 2016	61.8	60.3	67.0	65.7	68.8	72.1	71.0	70.2	70.2	68.2	74.3	74.5

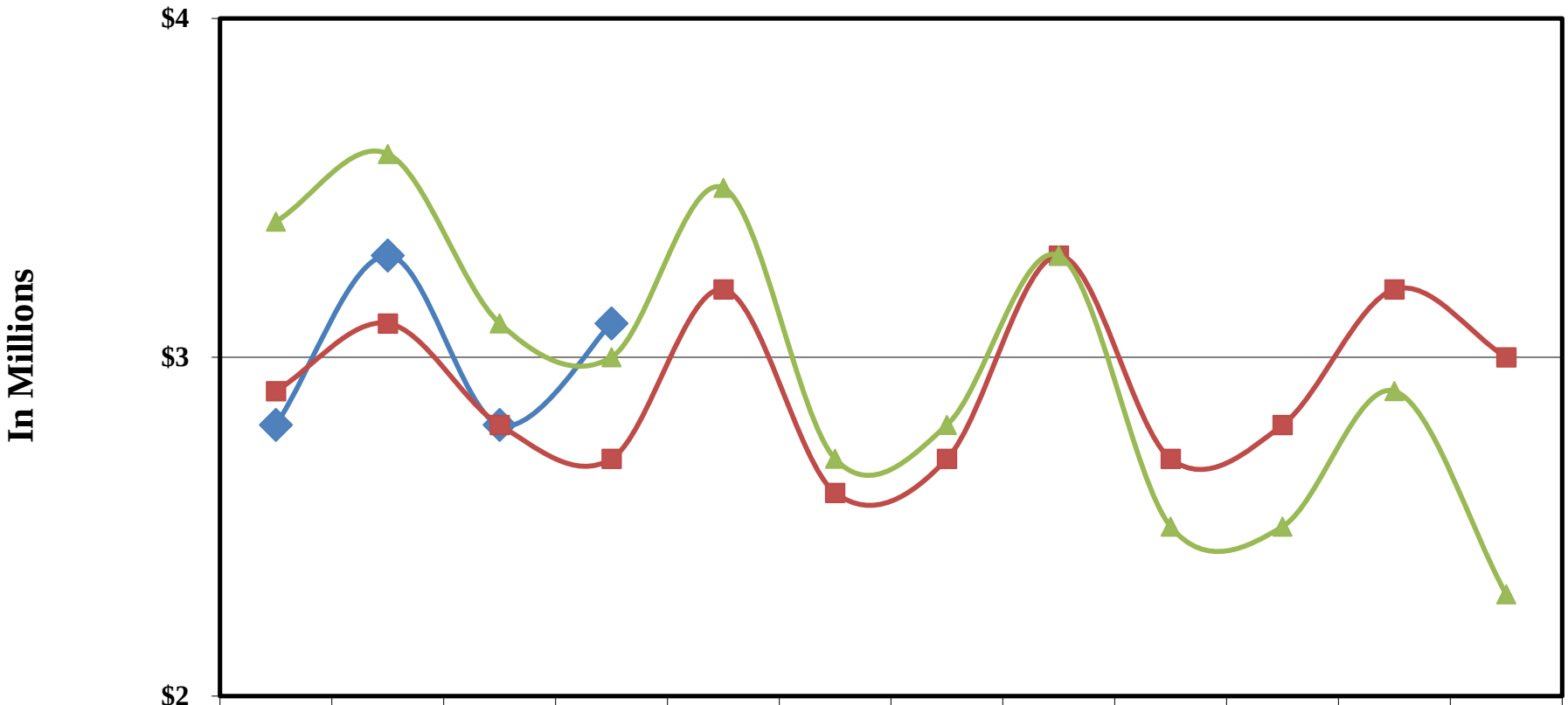
Other Revenue - Blended

Including Tax Receipts, Interest & Other Operating Income



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	4.3	4.9	4.1	4.7								
FY 2017 Budget	4.4	4.6	4.3	4.1	4.7	4.4	5.0	4.5	3.9	4.0	4.4	4.9
FY 2016	5.3	5.4	4.5	4.3	4.8	4.3	5.0	4.5	4.1	4.0	4.8	6.5

Sales Tax Receipts

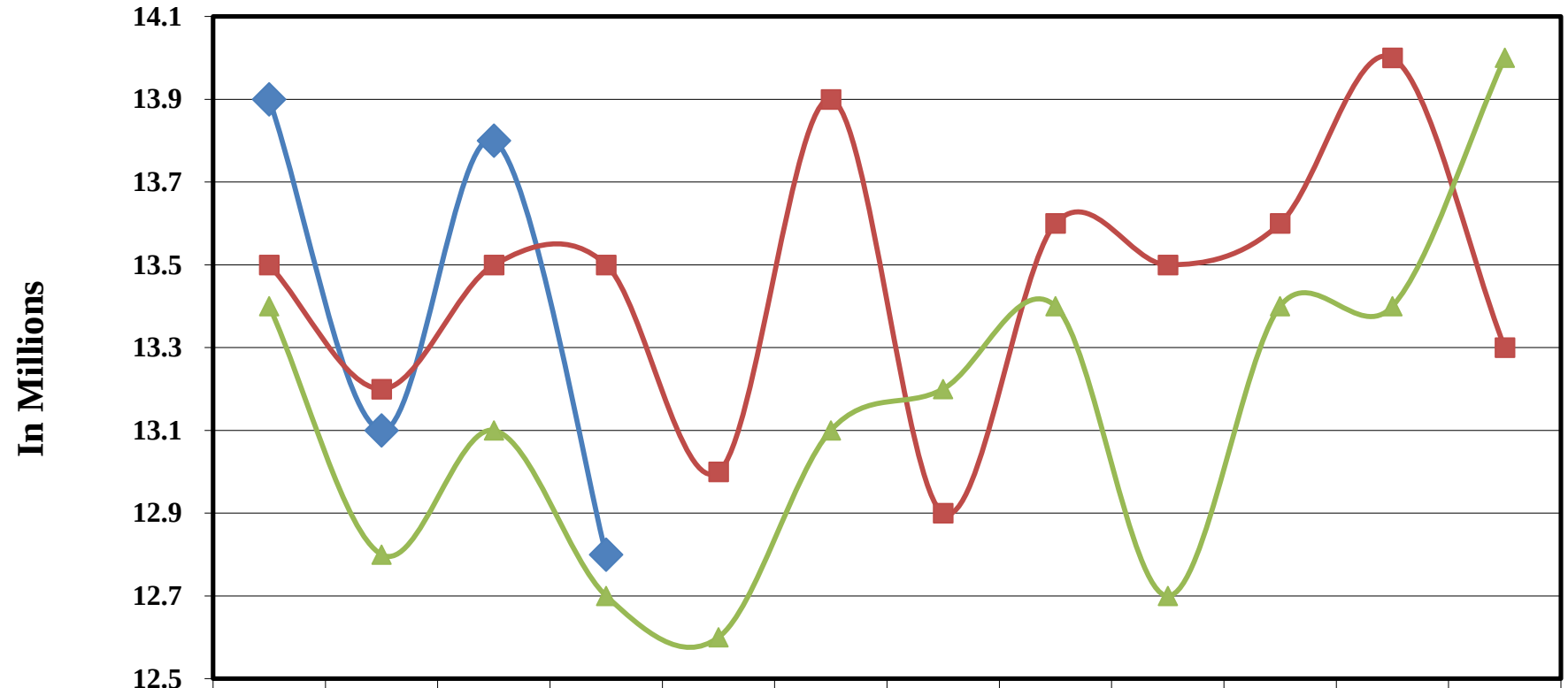


	Oct/Aug	Nov/Sept	Dec/Oct	Jan/Nov	Feb/Dec	Mar/Jan	Apr/Feb	May/Mar	Jun/Apr	Jul/May	Aug/Jun	Sep/Jul
FY 2017	2.3	2.8	2.3	2.6								
FY 2017 Budget	2.4	2.6	2.3	2.2	2.7	2.1	2.2	2.8	2.2	2.3	2.7	2.5
FY 2016	2.9	3.1	2.6	2.5	3.0	2.2	2.3	2.8	2.0	2.0	2.4	1.8

Operating Expenses

Salaries, Wages & Contract Labor

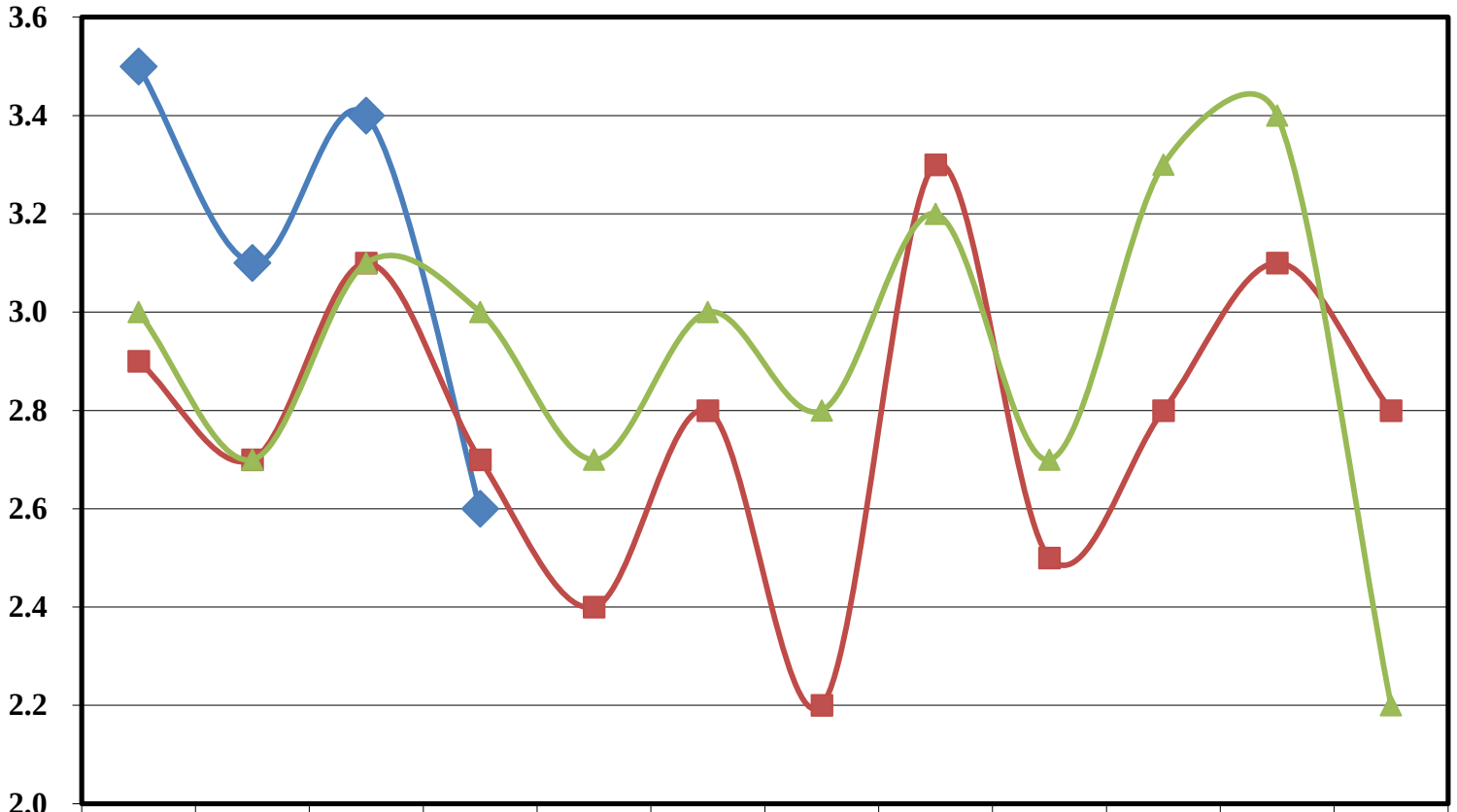
(Blended)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	13.9	13.1	13.8	12.8								
FY 2017 Budget	13.5	13.2	13.5	13.5	13.0	13.9	12.9	13.6	13.5	13.6	14.0	13.3
FY 2016	13.4	12.8	13.1	12.7	12.6	13.1	13.2	13.4	12.7	13.4	13.4	14.0

Employee Benefit Expense

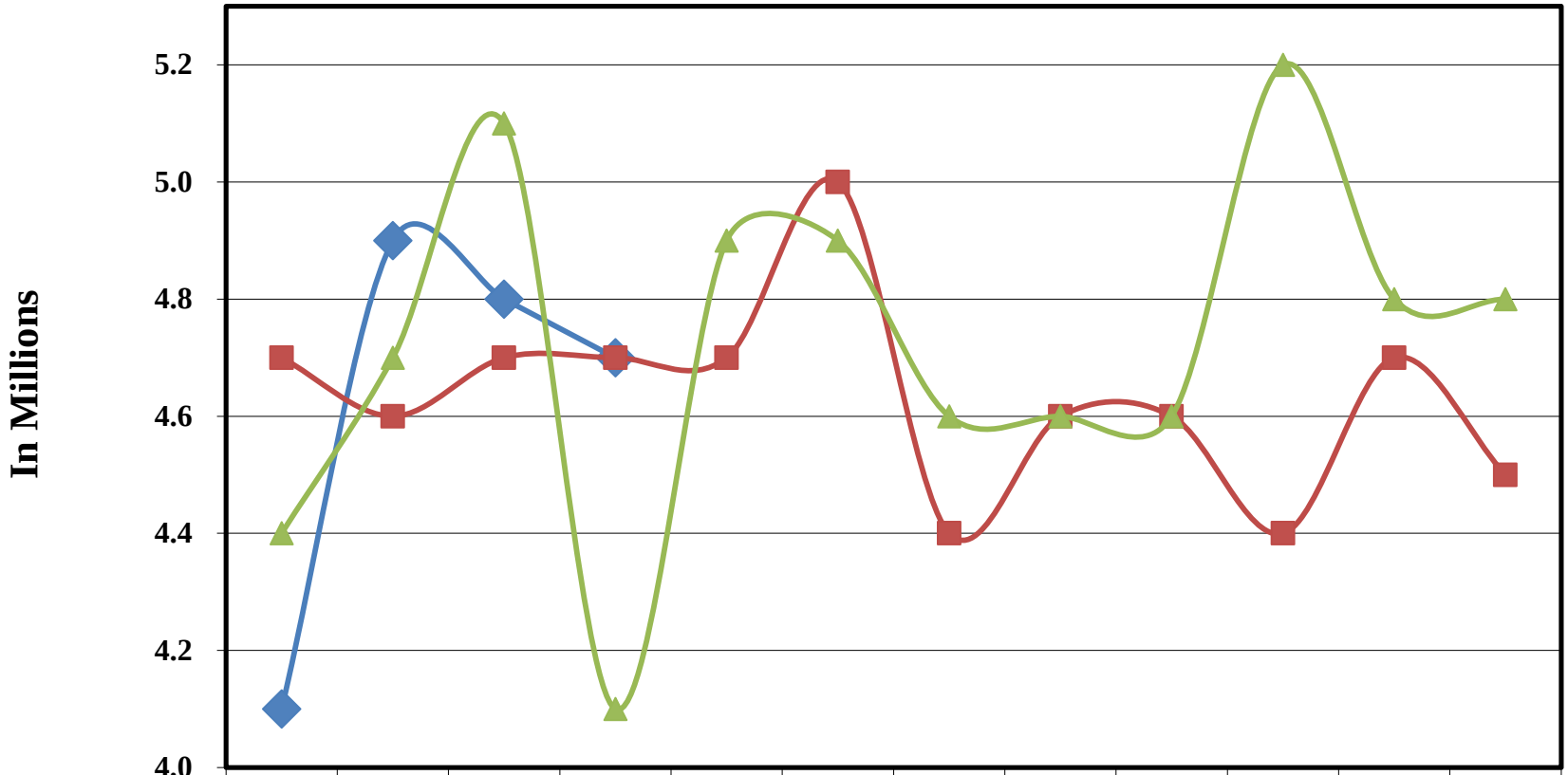
(Blended)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	3.5	3.1	3.4	2.6								
FY 2017 Budget	2.9	2.7	3.1	2.7	2.4	2.8	2.2	3.3	2.5	2.8	3.1	2.8
FY 2016	3.0	2.7	3.1	3.0	2.7	3.0	2.8	3.2	2.7	3.3	3.4	2.2

Supply Expense

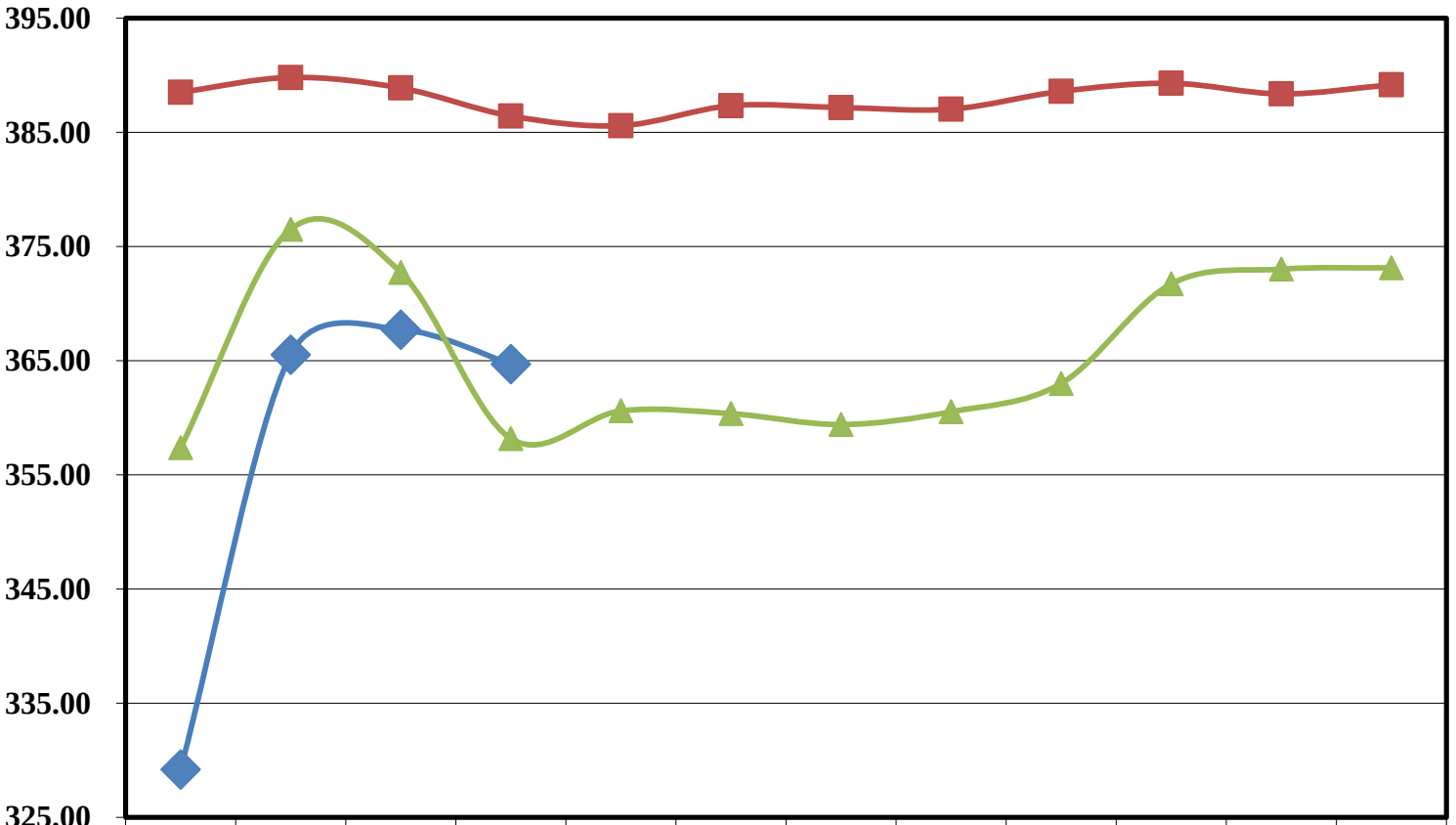
(Blended)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	4.1	4.9	4.8	4.7								
FY 2017 Budget	4.7	4.6	4.7	4.7	4.7	5.0	4.4	4.6	4.6	4.4	4.7	4.5
FY 2016	4.4	4.7	5.1	4.1	4.9	4.9	4.6	4.6	4.6	5.2	4.8	4.8

Supply Expense per APD - Blended

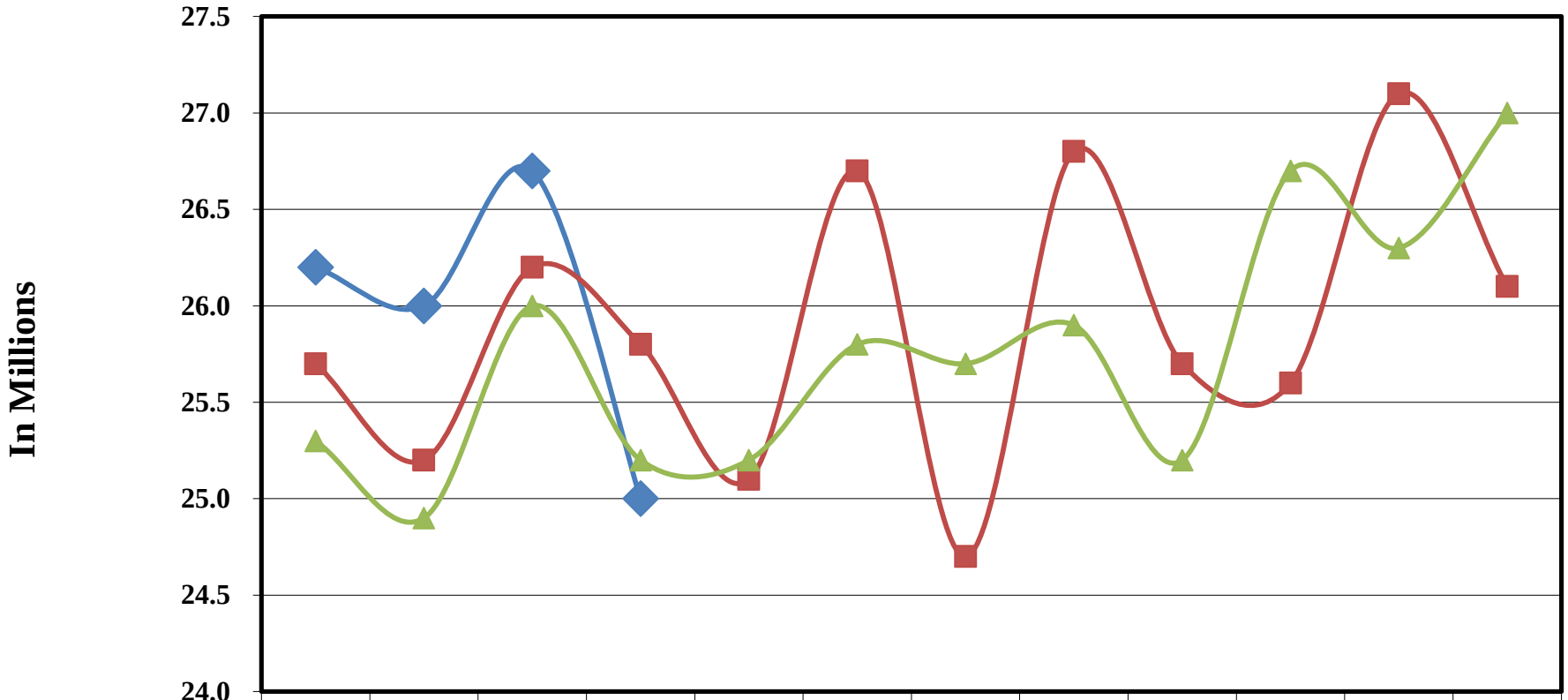
Year to Date



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	329.20	365.54	367.72	364.69								
FY 2017 Budget	388.52	389.82	388.89	386.44	385.60	387.34	387.18	387.04	388.60	389.31	388.38	389.17
FY 2016	357.39	376.52	372.74	358.19	360.61	360.37	359.41	360.53	363.01	371.74	373.02	373.15

Total Operating Expense

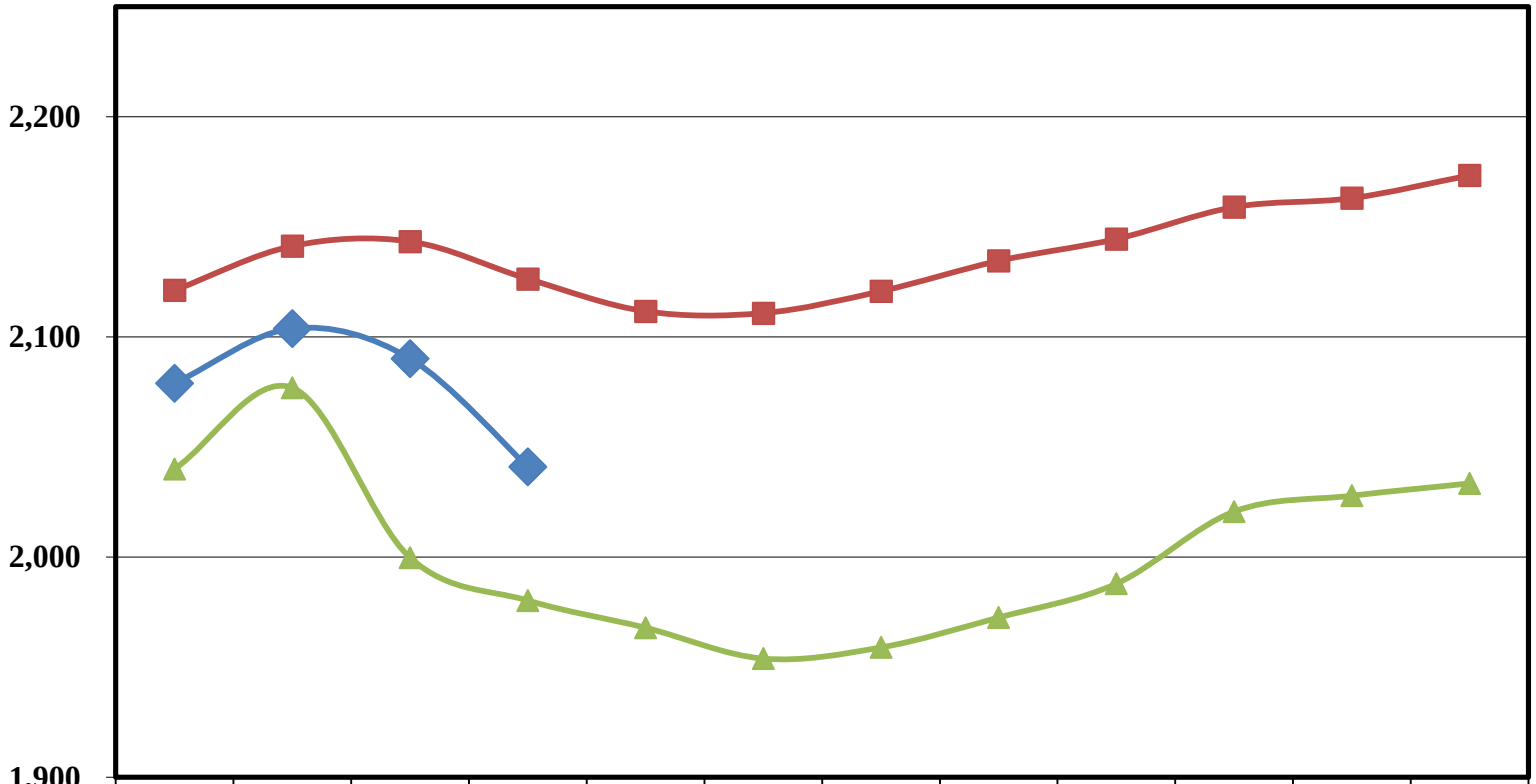
(Blended)



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	26.2	26.0	26.7	25.0								
FY 2017 Budget	25.7	25.2	26.2	25.8	25.1	26.7	24.7	26.8	25.7	25.6	27.1	26.1
FY 2016	25.3	24.9	26.0	25.2	25.2	25.8	25.7	25.9	25.2	26.7	26.3	27.0

Total Operating Expense per APD - Blended

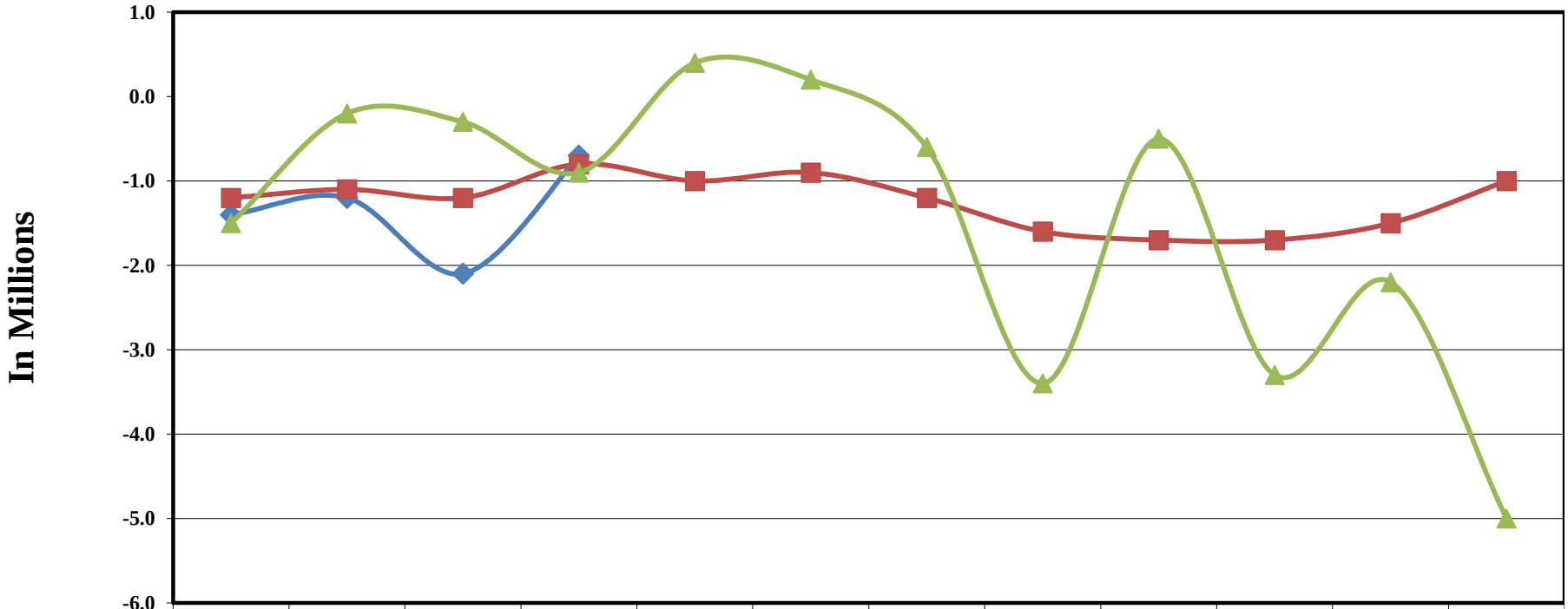
Year to Date



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	2,079	2,104	2,090	2,041								
FY 2017 Budget	2,121	2,141	2,143	2,126	2,112	2,111	2,121	2,135	2,145	2,159	2,163	2,173
FY 2016	2,040	2,077	2,000	1,980	1,968	1,954	1,959	1,973	1,988	2,021	2,028	2,033

Excess of Revenue over Expense – Blended Operations

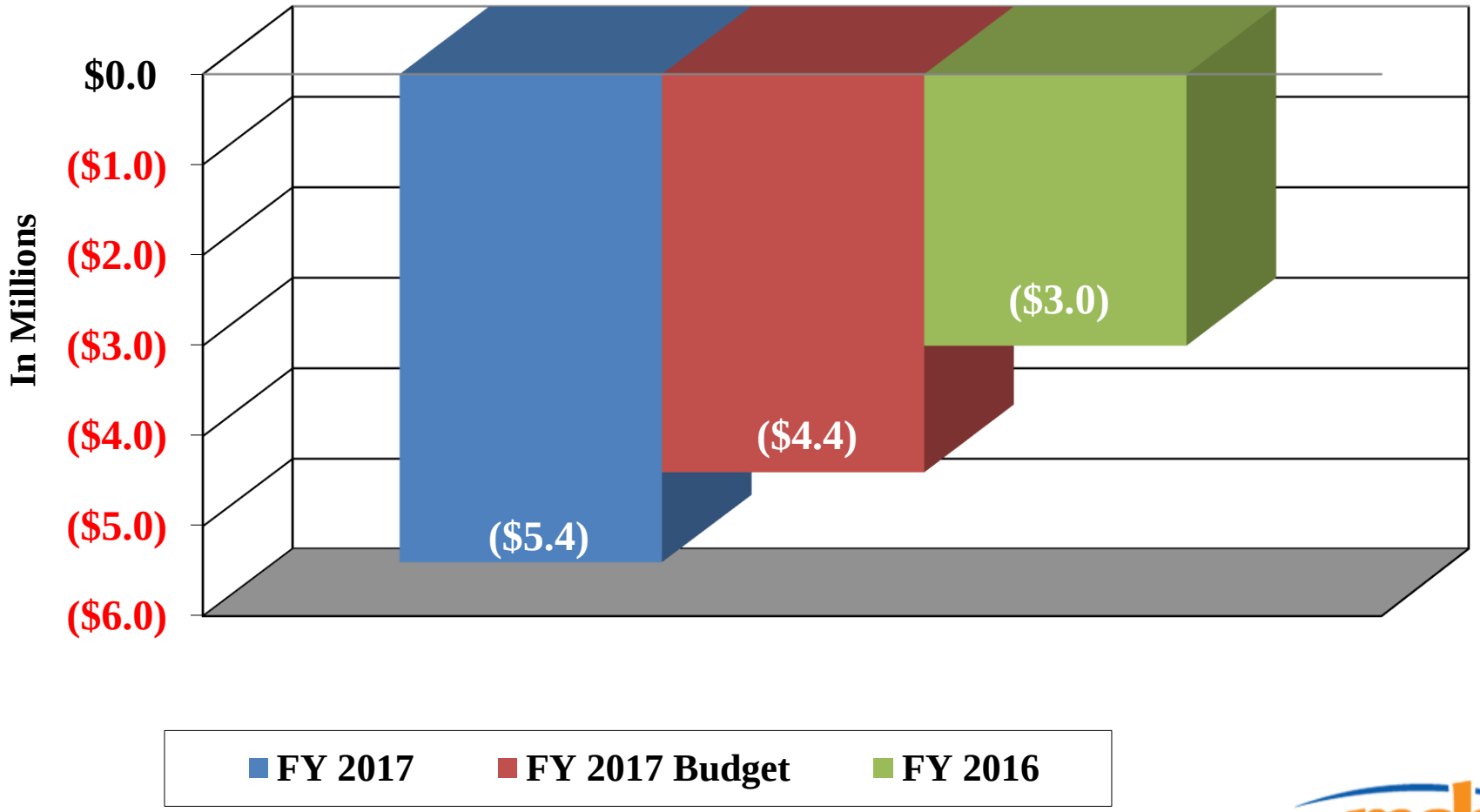
Before Investment Activity



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	(1.4)	(1.2)	(2.1)	(0.7)								
FY 2017 Budget	(1.2)	(1.1)	(1.2)	(0.8)	(1.0)	(0.9)	(1.2)	(1.6)	(1.7)	(1.7)	(1.5)	(1.0)
FY 2016	(1.5)	(0.2)	(0.3)	(0.9)	0.4	0.2	(0.6)	(3.4)	(0.5)	(3.3)	(2.2)	(5.0)

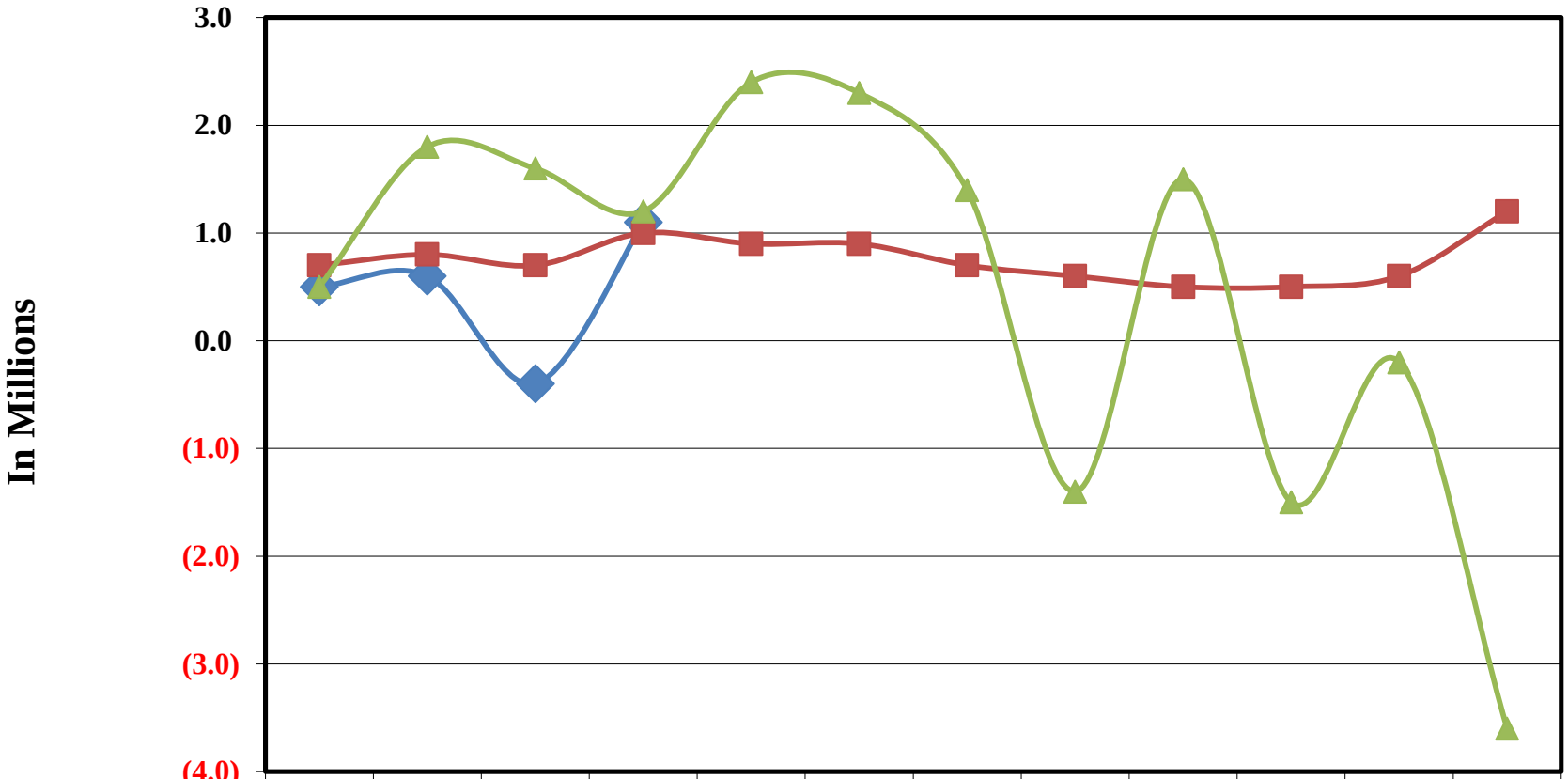
Excess of Revenue over Expense – Blended Operations

Before Investment Activity – Year to Date



Earnings Before Interest, Depreciation & Amortization (EBIDA)

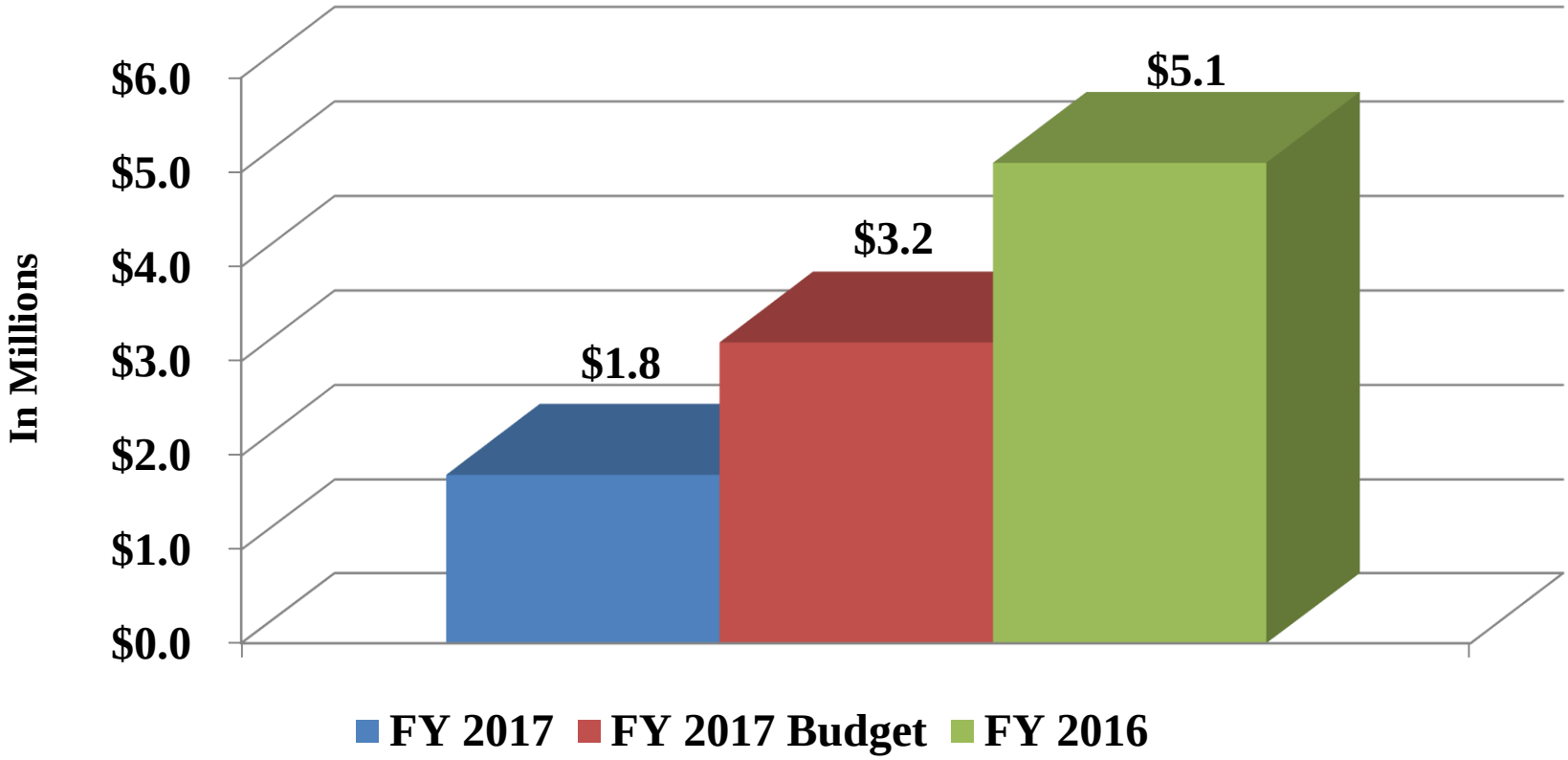
Blended Operations



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FY 2017	0.5	0.6	(0.4)	1.1								
FY 2017 Budget	0.7	0.8	0.7	1.0	0.9	0.9	0.7	0.6	0.5	0.5	0.6	1.2
FY 2016	0.5	1.8	1.6	1.2	2.4	2.3	1.4	(1.4)	1.5	(1.5)	(0.2)	(3.6)

Earnings Before Interest, Depreciation & Amortization (EBIDA)

Blended Operations – Year to Date



Medical Center Health System
Your One Source for Health

To: ECHD Board of Directors
Through: Bill Webster, CEO
Through: Tony Ruiz, COO
From: Carol Evans, Divisional Director - Imaging Services & Central Transport
Date: February 22, 2017
RE: Acquisition of US Unit

CER 7320-17-01	$208,741.00
Cost:	$173,893.25
To Contingency	$ 34,847.75

REQUEST
The Department of Radiology is requesting approval to purchase an EPIQ 7G Ultrasound System for a total cost of $173,893.25.

OBJECTIVE
This acquisition will replace a refurbished 1994 HDI-5000 located at the Center for Health & Wellness Radiology OP Imaging. There are several on-going issues with the HDI-5000:

- Must utilize transducer meant for large habitus patients on normal sized patients to obtain clear images.
- Depth on intra-vaginal images is considerably limited compared to IU22 transducers.
- Protocols cannot be set on this unit, so length of exam time is increased.
- Unable to do 3D for coronal image of uterus with patients who have IUDs for placement check.
- Color Doppler difficult to control – sometimes even on seemingly easy exams cannot get color images of certain organs, no matter what adjustments are made.
- When comparing images to previous that were performed at the Main or WSMP which have newer units, the previous images are much sharper and well-defined.
- Error occurs when unit is turned on – which causes machine to be re-booted.
- Have had to request patients to return for imaging at main facility to image possible pathology more clearly

VENDOR CONSIDERATION

Vendor	Cost
GE	$128,800
Philips	$173,893
Siemens	$150,529

The vendor of choice is Philips. Philips has been the vendor of choice for ultrasound units in both echo cardiology and radiology for the past decade. The Philips' unit meets the following criteria:

- Current units have proven to be reliable and durable.
- Excellent image quality.
- User friendly. The ultrasonographers are used to the Philips' units and can easily go from unit to unit even when they are different models.
- Performs elastography. Elastography is used to investigate possible conditions of the liver such as fibrosis or steatosis. These conditions are indicative of numerous diseases including cirrhosis and hepatitis.
- Maneuverability of unit lends itself to small spaces when performing portable exams.
- Performs live 3D/4D exams.

FTE IMPACT
No additional FTEs are needed.

WARRANTY
Philips warrants the ultrasound system described in the quote will perform in substantial compliance with its published performance specifications for a period of twelve (12) months after completion of installation or first patient use, whichever occurs first.

MD BUYLINE
For this analysis MDB factored out the known trade-in and promo value of $20,000 in order to facilitate a comparison to other deals they have seen. The base discount for this equipment is 47.5% and is considered a fair price. With trade-in the overall quote discount is 51.31%.

DISPOSITION OF EXISTING EQUIPMENT
Trade-in on purchase.

COMMITTEE APPROVALS

Radiology Section Meeting	Approved	October 13, 2016
FCC	Approved	February 9, 2017
MEC	Approved	February 23, 2017
Joint Conference	Approved	February 28, 2017
ECHD Board	Pending	March 7, 2017

Medical Center Hospital
A Member of Medical Center Health System

March 7, 2017

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
*Cook, Thomas Kevin MD	Surgery	Plastic Surgery	Private	03/07/2017-02/28/2018
Gafford, Phillip MD	Surgery	General Surgery	Acute Surgical	03/07/2017-02/28/2018
*Rosenthal, Jon MD	Emergency Medicine	Emergency Medicine	BEPO	03/07/2017-02/28/2018
*Wondimagegnehu, Nebiyou MD	Medicine	Internal Medicine	ProCare	03/07/2017-02/28/2018

Allied Health:

Applicant	Department	Specialty/Privileges	Group	Sponsoring Physician(s)	Dates
*Barner, Courtney NP	Surgery	Nurse Practitioner	Acute Surgical	Dr. Mark Lieser	03/07/2017-02/28/2019
Cozart, Rachel, FNP	Cardiology	Family Nurse Practitioner	Private	Dr. Pankaj Patel	03/07/2017-02/28/2019
*Prudencio, Steven, FNP	Family Medicine	Family Nurse Practitioner	ProCare	Dr. Jorge Alamo	03/07/2017-02/28/2019
*Savellano, Felix CRNA	Anesthesia	CRNA	PorCare	Dr. Luke Young, Dr. Marlys Munnell, Dr. Michael Price, Dr. Lawrence Blanchard, Dr. Bhari Jayadevappa Abhishek	03/07/2017-02/28/2019

*Please grant temporary Privileges

Medical Center Hospital
A Member of Medical Center Health System

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.

Gregory Shipkey, MD, Chief of Staff
Executive Committee Chair
/TL

Medical Center Hospital
A Member of Medical Center Health System

March 7, 2017

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 in Privileges	Appt Years	Dates
Batch, Kenneth MD	Anesthesia	Active	Anesthesia	ProCare		2	05/01/2017 – 04/30/2019
Bose, Sudip MD	Emergency Medicine	Active	Emergency Medicine	BEPO		2	05/01/2017 – 04/30/2019
Bryan II, Joseph MD	Anesthesia	Active	Anesthesia	ProCare		2	05/01/2017 – 04/30/2019
Burman, Sudeep MD	Surgery	Active	General Surgery	Acute Surgical		2	05/01/2017 – 04/30/2019
Cunningham, Pamela MD	Anesthesia	Courtesy	Anesthesiology/ Pain Medicine	Private		1	05/01/2017 – 04/30/2018
D'Agostino, Carl MD	Anesthesia	Courtesy	Anesthesiology/ Pain Medicine	Private		1	05/01/2017 – 04/30/2018
Diaz, Rebecca MD	Emergency Medicine	Active	Emergency Medicine	BEPO	ADD: Cesarean Section-Maternal perimortem; Skull trephination – perimortem (if neurosurgery backup is not available within 30 minutes)	2	05/01/2017 – 04/30/2019
Diaz, Rolando MD	Emergency Medicine	Active	Emergency Medicine	BEPO	ADD: Male genital tract disorders, diagnose and evaluate	2	05/01/2017 – 04/30/2019
Evboumwan, Omosede MD	Pediatrics	Associate to Active	Pediatrics	ProCare		2	05/01/2017 – 04/30/2019
Fassihi, Amir MD	Radiology	Telemedicine	Teleradiology	VRAD		2	05/01/2017 – 04/30/2019
Gillala, Meghana MD	Anesthesia	Active	Anesthesia	ProCare		2	05/01/2017 – 04/30/2019
Gundlapalli, Sai MD	Anesthesia	Active	Anesthesiology/ Pain Medicine	Private		2	05/01/2017-04/30/2019
Janke, Clifford MD	Emergency Medicine	Active	Emergency Medicine	BEPO		2	05/01/2017 – 04/30/2019
Khatod, Elaine MD	Radiology	Telemedicine	Teleradiology	VRAD		2	05/01/2017 – 04/30/2019
Munnell, Marlys MD	Anesthesia	Active	Anesthesia	ProCare		2	05/01/2017 – 04/30/2019

Okonkwo, Kingsley MD	Pediatrics	Associate to Active	Pediatric Hospitalist	CompHealth		2	05/01/2017-04/30/2019
Pinnow, Jeff MD	Emergency Medicine	Active	Emergency Medicine	BEPO		2	05/01/2017 – 04/30/2019
Shipkey, Gregory MD	Emergency Medicine	Active	Emergency Medicine	BEPO		2	05/01/2017 – 04/30/2019
Slater, Neil MD	Emergency Medicine	Active	Emergency Medicine	BEPO		2	05/01/2017 – 04/30/2019
Tang, Jannie MD	Anesthesia	Active	Anesthesia	ProCare		2	05/01/2017 – 04/30/2019
Vindhya, Prem MD	Anesthesia	Active	Anesthesia	ProCare		2	05/01/2017 – 04/30/2019
Wall, Vik MD	Emergency Medicine	Active	Emergency Medicine	BEPO	ADD: Cystourethrogrm	2	05/01/2017 – 04/30/2019
Webb, Robert MD	Emergency Medicine	Active	Emergency Medicine	BEPO		2	05/01/2017 – 04/30/2019
Young, Luke MD	Anesthesia	Active	Anesthesia	ProCare		2	05/01/2017 – 04/30/2019
Zajac, Paul MD	Emergency Medicine	Active	Emergency Medicine	BEPO		2	05/01/2017 – 04/30/2019

Allied Health Professionals:

Applicant	Department	Specialty/ Privileges	Group	Sponsoring Physician(s)	Change in Privileges	Dates
Murphy, Tonya, APRN	Pediatrics	Nurse Practitioner	ProCare	Dr. Eileen Sheridan-Shayeb		05/01/2017 04/30/2019
Vaught, Tiffany, FNP	Cardiology	Nurse Practitioner	Private	Dr. Raja Naidu	ADD: Prescribe medications (must provide a supervisor-signed "Notice of Prescriptive Authority" which requires current DPS/DEA/TMB registration)	05/01/2017 04/30/2019

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.

Gregory Shipkey, MD, Chief of Staff
Executive Committee Chair
/TL

Medical Center Hospital
A Member of Medical Center Health System

March 7, 2017

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
Diaz, Rebecca MD	Emergency Medicine	ADD: Cesarean Section- Maternal perimortem; Skull trephination – perimortem (if neurosurgery backup is not available within 30 minutes)
Diaz, Rolando MD	Emergency Medicine	ADD: Male genital tract disorders, diagnose and evaluate
Wall, Vik MD	Emergency Medicine	ADD: Cystourethrogrm
Vaught, Tiffany, FNP	Cardiology	ADD: Prescribe medications (must provide a supervisor-signed "Notice of Prescriptive Authority" which requires current DPS/DEA/TMB registration)

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.

Gregory Shipkey, MD, Chief of Staff
Executive Committee Chair
/TL

March 7, 2017

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:

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 Resignation / Lapse of Privileges.

Gregory Shipkey, MD, Chief of Staff
Executive Committee Chair
/TL

March 7, 2017

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
Evboumwan, Omosede MD	Pediatrics	Associate to Active
Okonkwo, Kingsley MD	Pediatrics	Associate to Active
Simmons, Michael MD	Emergency	Affiliate to Honorary Status
Akins, Robin MD	Radiology	Removal of Provisional Status
Huerta, Christopher MD	Emergency	Removal of Provisional Status

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.

Gregory Shipkey, MD, Chief of Staff
Executive Committee Chair
/TL

March 7, 2017

ECTOR COUNTY HOSPITAL DISTRICT
BOARD OF DIRECTORS

Item to be considered:

CER 7320-17-01 EPIQ 7G Ultrasound System

Statement of Pertinent Facts:
The Medical Executive Committee recommends approval of the following:

- CER 7320-17-01 EPIQ 7G Ultrasound System

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 7320-17-01.

Gregory Shipkey, MD, Chief of Staff
Executive Committee Chair
/TL

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

Independent Auditor's Report and Financial Statements

September 30, 2016 and 2015

Ector County Hospital District
d/b/a Medical Center Health System
September 30, 2016 and 2015

Contents

BKD LLP
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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 balance sheets of Ector County Hospital District d/b/a Medical Center Health System (District) as of September 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

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.

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, 2016 and 2015, 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.

Other 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 postretirement benefits information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

BKD, LLP

Dallas, Texas
February 21, 2017

Ector County Hospital District
d/b/a Medical Center Health System
Management's Discussion and Analysis
September 30, 2016 and 2015

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, 2016 and 2015. It should be read in conjunction with the accompanying financial statements of the District.

Financial Highlights

- The District's net position decreased $17,277,811, or 7.07%, in 2016 and decreased $2,111,512, or 0.86%, in 2015.
- The District reported operating losses in both 2016 ($59,440,270) and 2015 ($52,788,717). The operating loss in 2016 increased by $6,651,553, or 12.60%, over the operating loss reported in 2015. The operating loss in 2015 increased by $8,175,520, or 18.33%, from the operating loss reported in 2014. The increase in the operating loss in 2016 is primarily attributable to changes in patient payer mix and increased operating costs. The District also experienced a fire in 2016 (*Note 7*), which impacted operating activities.
- Net nonoperating revenues decreased $8,514,746 or 16.80%, in 2016 compared to 2015, and decreased $2,905,753, or 5.42%, in 2015 compared to 2014. The decrease from 2015 to 2016 is mostly attributable to tax revenue decreasing by $9,803,719, or 19.59%, due to a slowing local economy caused by declining oil prices. This was offset, in part, by insurance recoveries on assets impaired by a fire, discussed more fully in *Note 7*.
- Cash and investments decreased in 2016 by $19,735,624, or 16.88%, and increased in 2015 by $25,298,637, or 27.62%. The decrease in cash and investments is primarily due to significant capital outlay and a decline in tax revenue during 2016.
- The District experienced a building fire in 2016 resulting in a gain from business interruption insurance recovery of $3,060,364 and a gain from the related asset disposal and insurance recovery of $1,429,060.

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. The District's net position decreased by $17,277,811 in 2016 and decreased by $2,111,512 in 2015. A summary of the District's balance sheets are presented in the following table.

Table 1: Assets, Liabilities and Net Position

	2016	2015	2014
Assets			
Patient accounts receivable, net	$ 34,491,526	$ 35,871,451	$ 33,822,696
Other current assets	80,969,056	95,644,080	93,060,230
Capital assets, net	195,261,844	187,460,071	191,707,602
Other noncurrent assets	53,618,575	67,320,854	53,951,741
Total assets	364,341,001	386,296,456	372,542,269
Deferred Outflows of Resources	37,430,525	9,931,627	-
Total assets and deferred outflows of resources	$ 401,771,526	$ 396,228,083	$ 372,542,269
Liabilities			
Long-term debt	$ 58,056,938	$ 62,757,012	$ 50,350,643
Net pension liability	37,825,549	5,815,932	-
Other post-employment benefits	24,973,752	28,693,484	26,738,929
Other current and noncurrent liabilities	51,220,223	52,332,660	48,915,196
Total liabilities	172,076,462	149,599,088	126,004,768
Deferred Inflows of Resources	2,546,886	2,203,006	-
Net Position			
Net investment in capital assets	144,218,394	141,679,090	144,982,712
Restricted - expendable	6,351,234	6,405,192	6,285,368
Unrestricted	76,578,550	96,341,707	95,269,421
Total net position	227,148,178	244,425,989	246,537,501
Total liabilities, deferred inflows of resources and net position	$ 401,771,526	$ 396,228,083	$ 372,542,269

Total assets and deferred outflows of resources increased $5,543,443, or 1.40%, between 2015 and 2016. Significant changes in the balance sheet include the following for 2016:

- Cash and investments decreased by $19,735,624, or 16.88%, primarily due to significant capital outlay and a decline in tax revenue during 2016.

- Deferred outflows of resources increased by $27,498,898, or 276.88%. This increase is 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 $7,801,773, or 4.16%, 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 $4,700,074, or 7.49%, as the District did not borrow any additional funds during 2016, and has begun making 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.

Total assets and deferred outflows of resources increased $23,685,814, or 6.36%, between 2014 and 2015. Significant changes in the balance sheet include the following for 2015:

- Cash, cash equivalents and noncurrent cash and investments increased $25,298,637, or 27.62%, primarily due to issuing long-term debt in 2015 for capital asset acquisitions, of which the proceeds were mostly unexpended as of September 30, 2015.

- Deferred outflows of resources increased by $9,931,627, or 100.00%. This increase was attributable to a change in accounting principles related to pension plans in 2015.

- Capital assets, net, decreased $4,247,531, or 2.22%, due to a full year of depreciation on the assets that were constructed and placed into service in the beginning of 2014.

- Long-term debt increased $12,406,369, or 24.64%, primarily due to the District borrowing $14,718,645 for the purpose of upgrading their information technology system in August 2015. This increase in long-term debt is offset by payments made on the bonds payable and the capital lease obligation in the amount of $2,293,139 as well as amortization of the bond premium in the amount of $19,137.

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, 2016, 2015 and 2014:

Table 2: Operating Results and Changes in Net Position

	2016	2015	2014
Operating Revenues			
Net patient service revenue	$ 239,328,838	$ 228,142,961	$ 206,226,164
Nursing facility revenue	6,048,805	3,002,913	-
Supplemental Medicaid funding	37,740,852	34,493,675	38,868,360
Other revenue	13,284,360	10,607,838	12,934,332
Total operating revenues	296,402,855	276,247,387	258,028,856
Operating Expenses			
Salaries, wages and employee benefits	184,495,254	173,253,485	156,538,944
Purchased services and professional fees	43,127,599	38,714,491	34,663,614
Supplies and other	84,227,945	80,083,050	69,267,596
Intergovermental transfers	23,639,126	14,790,393	18,338,936
Depreciation and amortization	20,353,201	22,194,685	23,666,136
Total operating expenses	355,843,125	329,036,104	302,475,226
Operating Loss	(59,440,270)	(52,788,717)	(44,446,370)
Nonoperating Revenues (Expenses)			
Tax revenue, net	40,229,305	50,033,024	53,744,787
Interest expense	(2,892,574)	(2,890,198)	(2,297,136)
Build America Bond interest subsidy	1,011,243	1,005,278	1,043,146
Contributions	1,085,004	938,561	350,000
Other nonoperating revenues, net	1,300,421	1,548,259	908,988
Gain from insurance proceeds, net of asset impairment	1,429,060	42,281	(166,827)
Total nonoperating revenues (expenses)	42,162,459	50,677,205	53,582,958
Increase (Decrease) in Net Position	$ (17,277,811)	$ (2,111,512)	$ 9,136,588

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 2016 increased by $6,651,553, or 12.60%, as compared to 2015. The primary components of the increased operating loss are:

- An increase in net patient service revenue of $11,185,877, or 4.90%, primarily due to growth in services impacted by a change in overall payer mix.
- An increase in supplemental Medicaid funding revenue of $3,247,177, or 9.41%, 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 $11,241,769, or 6.49%, due to higher staffing associated with growth and expansion and the District's recruitment and retention efforts. The District's benefit costs were reduced in 2016 as a result of changes to the post employment health care plan discussed in *Note 13*.
- An increase in supply and other costs of $4,144,895, or 5.18%, and purchased services and professional fees of $4,413,108, or 11.40%, primarily due to growth in service lines.
- An increase in intergovernmental transfer (IGT) expense of $8,848,733, or 59.83% due, in part, to changes in the statewide funding pool under the Waiver.
- In 2016, the District also recognized a business interruption insurance recovery for $3,060,364 as discussed more fully in *Note 7*.

The operating loss for 2015 increased by $8,342,347, or 18.77%, as compared to 2014. The primary components of the decreased operating loss are:

- An increase in net patient service revenue of $21,916,797, or 10.63%, primarily due to growth in services and associated payments for these services, as well as a reduction in recovery audit contractor (RAC) recoupments.
- A decrease in supplemental Medicaid funding revenue of $4,374,685, or 11.26%, primarily due to changes to federal funding levels for the Medicaid Transformation Waiver program (Waiver).
- An increase in salary and related expenses for the District's employees of $16,714,541, or 10.68%, due to higher staffing associated with growth and expansion in outpatient clinics as well as growth in service lines.
- An increase in supply and other costs of $10,815,454, or 15.61%, and purchased services and professional fees of $4,050,877, or 11.69%, primarily due to growth in service lines.
- A decrease in intergovernmental transfer expense of $3,548,543, or 19.35%, due in part, to changes in the statewide funding pool under the Waiver.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of sales and property taxes levied by the District, contributions from the Foundation (*Note* 14), Build America Bond (BABs) interest subsidy and interest expense. The contributions, BABs subsidy and interest expensed remained relatively constant in 2016 as compared to 2015. Tax revenue decreased $9,803,719, or 19.59%, from 2015 to 2016 due to a slowing local economy due to declining oil prices. In 2016, the District also recognized a net gain from insurance recoveries on asset impairments (*Note 7*) of $1,429,060.

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 2016, 2015 and 2014.

Capital Asset and Debt Administration

Capital Assets

At September 30, 2016, the District had $195,261,844 invested in capital assets, net of accumulated depreciation. At September 30, 2015, the District had $187,460,071 invested in capital assets, net of accumulated depreciation.

During 2016, the District disposed of certain capital assets destroyed by a building fire. This is discussed more fully in *Note 7*.

Debt

At September 30, 2016 and 2015, the District had $58,056,938 and $62,757,012, respectively, in revenue bonds, notes payable and capital lease obligations outstanding. In August 2015, the District borrowed $14,718,645 for the purpose of upgrading their information technology system. The District issued no new debt in 2016. More detailed information about the District's long-term liabilities is presented in *Note 9* 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, 2016 and 2015

Assets and Deferred Outflows of Resources

	2016	2015
Current Assets		
Cash and cash equivalents	$ 47,874,037	$ 53,258,594
Patient accounts receivable, net of allowance; 2016—$51,747,000, 2015—$37,362,000	34,491,526	35,871,451
Taxes receivable, net	5,446,480	6,139,597
Estimated amounts due from third-party payers	12,235,776	22,113,359
Supplies	6,694,959	6,802,631
Prepaid expenses and other	8,717,804	7,329,899
Total current assets	115,460,582	131,515,531
Noncurrent Cash and Investments		
Held by trustee for debt service	4,661,597	4,660,223
Held by trustee for project construction	3,267,237	12,568,645
Restricted by donors	6,351,234	6,405,192
Internally designated	34,993,700	39,990,775
	49,273,768	63,624,835
Capital Assets, Net	195,261,844	187,460,071
Other Assets	4,344,807	3,696,019
Total assets	364,341,001	386,296,456
Deferred Outflows of Resources	37,430,525	9,931,627
Total assets and deferred outflows of resources	$ 401,771,526	$ 396,228,083

See Notes to Financial Statements

Liabilities, Deferred Inflows of Resources and Net Position

	2016	2015
Current Liabilities		
Current maturities of long-term debt	$ 4,594,798	$ 4,691,204
Accounts payable	26,308,705	29,035,776
Accrued salaries and wages	10,657,559	10,211,576
Accrued expenses	1,522,109	1,069,542
Accrued compensated absences	4,478,787	4,553,484
Estimated self-insurance costs—current	5,063,777	4,408,821
Total current liabilities	52,625,735	53,970,403
Estimated Self-insurance Costs	1,927,389	1,602,280
Long-term Debt	53,462,140	58,065,808
Net Pension Liability	37,825,549	5,815,932
Other Long-term Liabilities	1,261,897	1,451,181
Other Postemployment Benefits	24,973,752	28,693,484
Total liabilities	172,076,462	149,599,088
Deferred Inflows of Resources	2,546,886	2,203,006
Net Position		
Net investment in capital assets	144,218,394	141,679,090
Restricted—expendable under trust agreements	6,351,234	6,405,192
Unrestricted	76,578,550	96,341,707
Total net position	227,148,178	244,425,989
Total liabilities, deferred inflows of resources and net position	$ 401,771,526	$ 396,228,083

Ector County Hospital District
d/b/a Medical Center Health System
Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2016 and 2015

	2016	2015
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2016—$76,491,000; 2015—$64,873,000	$ 239,328,838	$ 228,142,961
Nursing facility revenue	6,048,805	3,002,913
Supplemental Medicaid funding revenue	37,740,852	34,493,675
Other revenue	10,223,996	10,607,838
Business interruption insurance recovery	3,060,364	-
Total operating revenues	296,402,855	276,247,387
Operating Expenses		
Salaries, wages and benefits	184,495,254	173,253,485
Purchased services and professional fees	43,127,599	38,714,491
Supplies and other	78,479,025	77,080,137
Nursing facility fees	5,748,920	3,002,913
Intergovernmental transfers	23,639,126	14,790,393
Depreciation and amortization	20,353,201	22,194,685
Total operating expenses	355,843,125	329,036,104
Operating Loss	(59,440,270)	(52,788,717)
Nonoperating Revenues (Expenses)		
Tax revenue, net	40,229,305	50,033,024
Investment return	339,550	464,296
Interest expense	(2,892,574)	(2,890,198)
Gain on investment in equity investees	182,939	63,571
Tobacco settlement	777,932	1,020,392
Build America Bond interest subsidy	1,011,243	1,005,278
Contributions	1,085,004	938,561
Gain from insurance proceeds, net of asset impairment	1,429,060	42,281
Total nonoperating revenues (expenses)	42,162,459	50,677,205
Decrease in Net Position	(17,277,811)	(2,111,512)
Net Position, Beginning of Year	244,425,989	246,537,501
Net Position, End of Year	$ 227,148,178	$ 244,425,989

Ector County Hospital District
d/b/a Medical Center Health System
Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	2016	2015
Operating Activities		
Receipts from and on behalf of patients	$ 243,678,005	$ 229,812,928
Cash received from uncompensated care related activities	47,394,644	41,272,597
Payments to suppliers and contractors	(151,083,757)	(131,091,692)
Payments to or on behalf of employees	(182,561,181)	(171,347,738)
Cash received from business interruption recovery	2,883,170	-
Other receipts, net	10,515,131	8,698,204
Net cash used in operating activities	(29,173,988)	(22,655,701)
Noncapital Financing Activities		
Receipt of property and sales taxes supporting operations	40,922,422	52,453,174
Proceeds received from tobacco settlement	777,932	1,020,392
Contributions	1,085,004	938,561
Net cash provided by noncapital financing activities	42,785,358	54,412,127
Capital and Related Financing Activities		
Proceeds from issuance of long-term debt	-	14,718,645
Principal paid on long-term debt	(4,691,204)	(2,293,139)
Interest paid on long-term debt	(3,220,876)	(3,271,009)
Receipt of Build America Bond interest subsidy	1,010,791	1,005,368
Cash received from asset loss insurance recovery	7,251,349	-
Purchase of capital assets	(32,815,446)	(17,399,970)
Net cash used in capital and related financing activities	(32,465,386)	(7,240,105)
Investing Activities		
Income from investments	375,556	228,123
Advances to Foundation for note receivable	(1,138,543)	(937,420)
Payments from Foundation for note receivable	11,755	1,386,318
Capital contributions to equity investees	(90,000)	(134,987)
Purchase of investments	(45,000,130)	(57,960,000)
Proceeds from disposition of investments	50,032,647	57,961,738
Net cash provided by investing activities	4,191,285	543,772
Increase (Decrease) in Cash and Cash Equivalents	(14,662,731)	25,060,093
Cash and Cash Equivalents, Beginning of Year	70,647,925	45,587,832
Cash and Cash Equivalents, End of Year	$ 55,985,194	$ 70,647,925

Ector County Hospital District
d/b/a Medical Center Health System
Statements of Cash Flows (Continued)
Years Ended September 30, 2016 and 2015

	2016	2015
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Cash and cash equivalents in current assets	$ 47,874,037	$ 53,258,594
Cash and cash equivalents in noncurrent cash and investments	8,111,157	17,389,331
Total cash and cash equivalents	$ 55,985,194	$ 70,647,925
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (59,440,270)	$ (52,788,717)
Depreciation and amortization	20,353,201	22,194,685
Provision for uncollectible accounts	76,491,163	64,873,070
Changes in operating assets and liabilities		
Patient accounts receivable, net	(75,111,238)	(66,921,825)
Estimated amounts due from and to third-party payers	9,877,583	7,874,997
Accounts payable and accrued expenses	(1,768,556)	4,199,975
Other assets and liabilities	424,129	(2,087,886)
Net cash used in operating activities	$ (29,173,988)	$ (22,655,701)
Supplemental Cash Flows Information		
Capital asset acquisitions included in accounts payable	$ 913,052	$ 251,903

Ector County Hospital District
d/b/a Medical Center Health System
Notes to Financial Statements
September 30, 2016 and 2015

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). Effective March 1, 2015, the District acquired the operations of a freestanding nursing home located in the District's service area.

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 exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

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 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, 2016 and 2015, 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 12% and 15% of its financial support from sales and property taxes in 2016 and 2015, respectively. All tax support was used to support operations in both 2016 and 2015.

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 $29,782,307 and $42,299,719 of sales tax revenue in 2016 and 2015, respectively. The District had a tax receivable of $5,446,840 and $6,139,597 at September 30, 2016 and 2015, 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 $10,446,998 and $7,733,305 of property tax revenue in 2016 and 2015, respectively. The District's property tax rate was 7.33 cents and 5.10 cents on each $100 valuation during 2016 and 2015, respectively.

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 $1,011,243 and $1,005,278 of nonoperating revenue in 2016 and 2015, respectively, for the BABs interest subsidy. During 2016 and 2015, the BABs subsidy continued to be reduced by 8.7% 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 $777,932 and $1,020,392 in revenue from this settlement for the years ended September 30, 2016 and 2015, 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 are carried at amortized cost. The investment in equity investee 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 on investments carried at other than fair value and the net change for the year in the fair value of investments carried at fair value.

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 fair 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

During 2016 and 2015, the District capitalized approximately $323,000 and $381,000, respectively, of interest expense.

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.

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 periods are reported as deferred outflows of resources and deferred inflow of resources. At September 30, 2016 and 2015, the District's deferred outflows and deferred inflows of resources were related to the District's defined benefit pension plan as described more fully in *Note 12.*

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 three 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. Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the District. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

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.

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 and a similar provision of state law. However, the District is subject to federal income tax on any unrelated business taxable income. The District also holds dual status as a 501(c)(3) organization.

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to three years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the hospital continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the administrative contractor. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

The District recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period.

During 2016 and 2015, the District recognized recoupments of approximately $865,000 and $625,000, respectively, of prior year payments due to audits by the administrative contractor. The settlements from this program are included in other revenue within operating revenues in the statements of revenues, expenses and changes in net position.

Reclassifications

Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 presentation. The reclassifications had no effect on the changes in financial position.

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, 2012.

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, 2008.

Approximately 32% and 40% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended September 30, 2016 and 2015, respectively. 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 approved a Medicaid section 1115(a) demonstration entitled "Texas Health Transformation and Quality Improvement Program" (Waiver). The Waiver expanded existing Medicaid managed care programs and established two funding pools that assist providers with uncompensated care costs and promote health system transformation. The revenue from the two funding pools is recognized as earned throughout the related demonstration year.

Total revenue recognized from these programs was approximately $37,741,000 and $34,494,000 for the years ended September 30, 2016 and 2015, 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 $9,160,000 and $18,814,000 at September 30, 2016 and 2015, 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 $37,860,000 and $39,580,000 in 2016 and 2015, respectively. The District also incurred increased costs to supplement the state's funding for the affiliated providers in the amounts of approximately $23,639,000 and $14,790,000 in 2016 and 2015, 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.

The District also participates in Texas Minimum Payment Amounts to Qualified Nursing Facilities Program (MPAP) (previously referred to as the Nursing Home Upper Payment Limit Program). This program was designed to assist nursing facilities serving the majority of indigent patients by providing funding to support increased access to health care within the community. Revenue recognized under this program (net of any intergovernmental transfer payments) was approximately $6,049,000 and $3,003,000 for September 30, 2016 and 2015, respectively. The District recognized expenses from this program of approximately $5,749,000 and $3,003,000 for September 30, 2016 and 2015, respectively. At September 30, 2016 and 2015, the District had recorded estimated receivables under this program of $754,295 and $658,396, respectively. In March 2015, the Texas Health and Human Services Commission (HHSC) expanded state Medicaid managed care programs for long-term care beneficiaries and converted a number of beneficiaries previously covered under traditional Medicaid arrangements into these managed care plans. The District generally expects payments under the managed care plans to be equivalent to payments under the traditional plan.

In August 2016, CMS prohibited HHSC from continuing MPAP beyond the Texas fiscal year ending August 31, 2016. Although amounts accrued but unpaid under the program for dates of service on or before August 31, 2016, will continue to be paid in full to providers, there will be no additional revenue earned under MPAP for subsequent dates of service. However, HHSC is in the process of developing a new program to replace MPAP which will allow participating providers to receive additional reimbursement if they either reach a national benchmark level or they make quarterly improvements in up to four predetermined quality measures. HHSC anticipates receiving CMS approval for this quality based program (Quality Improvement Payment Program "QIPP") soon and projects the program will begin on September 1, 2017. While the actual reimbursement to be received is unknown, funding under the new QIPP is expected to be significantly less than the funding received under MPAP.

The programs described above are subject to review and scrutiny by both the Texas Legislature and the Center for Medicare and Medicaid Services (CMS) and the programs could be modified or terminated based on new legislation or regulation in future periods. The Waiver was effective from December 12, 2011 to September 30, 2016. On May 2, 2016, HHSC announced that CMS agreed to extend the Waiver through December 31, 2017, at current funding levels. During the extension period, HHSC and CMS will continue negotiating a longer term extension. Management expects the Waiver to be extended or renewed in some form, but it is possible the Waiver will expire with no replacement funding source. This outcome would have a material adverse impact on the District's operating results.

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.

State law requires collateralization of all deposits with federal depository insurance or other qualified investments. At September 30, 2016 and 2015, respectively, $1,015,230 and $13,801,117 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, 2016 and 2015, the District had the following investments and maturities:

	September 30, 2016				
		Maturities in Years			
Type	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. agencies obligations	$ 16,141,329	$ -	$ 13,512,290	$ 2,629,039	$ -
Money market mutual funds	42,095,171	42,095,171	-	-	-
Accrued interest	28,988	28,988	-	-	-
	$ 58,265,488	$ 42,124,159	$ 13,512,290	$ 2,629,039	$ -

	September 30, 2015				
		Maturities in Years			
Type	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. agencies obligations	$ 21,201,597	$ -	$ 18,107,620	$ 3,093,977	$ -
Money market mutual funds	36,799,964	36,799,964	-	-	-
Accrued interest	44,099	44,099	-	-	-
	$ 58,045,660	$ 36,844,063	$ 18,107,620	$ 3,093,977	$ -

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 Act*. The debt securities of the U.S. agencies are rated AA+ by Standard & Poor's rating agency at September 30, 2016 and 2015. The money market mutual funds invested by the District are rated as AAA by Standard & Poor's at September 30, 2016 and 2015, with the exception of the Dreyfus Prime money market funds, which is not rated. Amounts held in the Dreyfus fund was approximately $37,251,000 and $31,979,000 at September 30, 2016 and 2015, 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:

	2016	2015
Federal Home Loan Bank	2.7%	13.2%
Federal National Mortgage Association	12.7%	5.3%

Summary of Carrying Values

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

	2016	2015
Carrying value		
Deposits	$ 38,882,317	$ 58,837,769
Investments	58,265,488	58,045,660
	$ 97,147,805	$ 116,883,429
Included in the following balance sheet captions		
Cash and cash equivalents	$ 47,874,037	$ 53,258,594
Noncurrent cash and investments	49,273,768	63,624,835
	$ 97,147,805	$ 116,883,429

Investment Income

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

	2016	2015
Interest income	$ 375,556	$ 228,123
Net (decrease) increase in fair value of investments	(36,006)	236,173
Total investment income	$ 339,550	$ 464,296

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:

	2016	2015
Medicare	$ 9,432,380	$ 10,164,405
Medicaid	1,410,815	1,536,672
Other third-party payers	16,667,819	20,797,463
Patients	58,727,512	40,734,911
	86,238,526	73,233,451
Less allowance for uncollectible accounts	51,747,000	37,362,000
	$ 34,491,526	$ 35,871,451

Note 6: Capital Assets

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

	2016				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 11,713,737	$ 996,554	$ -	$ 1,110,970	$ 13,821,261
Land improvements	11,230,630	-	-	231,393	11,462,023
Buildings and improvements	184,014,843	323,529	(2,559,479)	9,246,772	191,025,665
Equipment	191,252,058	2,247,553	(6,477,591)	6,963,697	193,985,717
Construction in progress	7,142,394	30,232,231	-	(17,552,832)	19,821,793
	405,353,662	33,799,867	(9,037,070)	-	430,116,459
Less accumulated depreciation					
Land improvements	4,383,387	903,956	-	-	5,287,343
Buildings and improvements	88,612,175	6,599,016	(892,851)	-	94,318,340
Equipment	124,898,029	12,076,206	(1,725,303)	-	135,248,932
	217,893,591	19,579,178	(2,618,154)	-	234,854,615
Capital Assets, Net	$ 187,460,071	$ 14,220,689	$ (6,418,916)	$ -	$ 195,261,844

	2015				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 11,143,923	$ 569,814	$ -	$ -	$ 11,713,737
Land improvements	11,136,287	-	-	94,343	11,230,630
Buildings and improvements	178,164,452	689,532	-	5,160,859	184,014,843
Equipment	185,216,375	7,237,849	(143,441)	(1,058,725)	191,252,058
Construction in progress	2,837,796	8,501,075	-	(4,196,477)	7,142,394
	388,498,833	16,998,270	(143,441)	-	405,353,662
Less accumulated depreciation					
Land improvements	3,495,157	888,230	-	-	4,383,387
Buildings and improvements	81,077,033	7,535,142	-	-	88,612,175
Equipment	112,219,041	12,822,429	(143,441)	-	124,898,029
	196,791,231	21,245,801	(143,441)	-	217,893,591
Capital Assets, Net	$ 191,707,602	$ (4,247,531)	$ -	$ -	$ 187,460,071

Construction in progress primarily represents various building renovations and information technology equipment and system upgrades. Management anticipates it will fund the completion of these projects from operating cash flows as well as proceeds from long-term debt that was issued in 2015 (*Note 9*). The anticipated cost to complete the projects at September 30, 2016, is approximately $34,641,000.

Note 7: Insurance Recoveries

In October 2015, the District experienced a fire, which damaged or destroyed a significant portion of one of the buildings and the contents, and left the building inoperable for approximately a month. Insurance proceeds were received in the following months to cover the costs of repairing the building and replacing the equipment, as well as for revenue lost during the reparation process. The total insurance recoveries to repair the building and replace the equipment were approximately $7,776,000, with approximately $525,000 due to the District at September 30, 2016. The carrying value of the assets lost due to the fire was approximately $6,347,000. The total proceeds for business interruption were approximately $3,060,000, with approximately $177,000 due to the District at September 30, 2016.

Note 8: 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, 2016 and 2015. 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 2016 and 2015 is summarized below:

	2016		
	Employee Health Care Benefits	Workers' Compensation	General and Professional Liability
Balance, beginning of year	$ 3,237,000	$ 1,318,533	$ 1,455,568
Current year claims incurred and changes in estimates for claims incurred in prior years	1,759,507	768,916	342,432
Claims and expenses paid, net	(1,354,507)	(507,406)	(28,877)
Balance, end of year	$ 3,642,000	$ 1,580,043	$ 1,769,123

	2015		
	Employee Health Care Benefits	Workers' Compensation	General and Professional Liability
Balance, beginning of year	$ 2,625,600	$ 1,577,954	$ 1,354,534
Current year claims incurred and changes in estimates for claims incurred in prior years	14,005,082	74,849	101,755
Claims and expenses paid, net	(13,393,682)	(334,270)	(721)
Balance, end of year	$ 3,237,000	$ 1,318,533	$ 1,455,568

Note 9: Long-term Obligations

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

	2016				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Bonds payable					
Series 2010A	$ 3,185,000	$ -	$ (1,560,000)	$ 1,625,000	$ 1,625,000
Series 2010B	44,654,000	-	-	44,654,000	-
Bond premium, net	13,089	-	(8,870)	4,219	-
Notes payable					
Note payable to bank—tax-exempt	11,774,900	-	(2,442,567)	9,332,333	2,306,889
Note payable to bank—taxable	2,943,745	-	(595,498)	2,348,247	569,770
Capital lease obligation	186,278	-	(93,139)	93,139	93,139
Total long-term debt	62,757,012	-	(4,700,074)	58,056,938	4,594,798
Other long-term liabilities					
Revenue received in advance	1,640,466	-	(189,284)	1,451,182	189,285
Estimated self-insurance costs	2,774,101	1,111,348	(536,283)	3,349,166	1,421,777
Total other long-term liabilities	4,414,567	1,111,348	(725,567)	4,800,348	1,611,062
Total long-term obligations	$ 67,171,579	$ 1,111,348	$ (5,425,641)	$ 62,857,286	$ 6,205,860

	2015				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Bonds payable					
Series 2010A	$ 4,685,000	$ -	$ (1,500,000)	$ 3,185,000	$ 1,560,000
Series 2010B	44,654,000	-	-	44,654,000	-
Bond premium, net	32,226	-	(19,137)	13,089	-
Notes payable					
Note payable to Auxiliary	700,000	-	(700,000)	-	-
Note payable to bank—tax-exempt	-	11,774,900	-	11,774,900	2,442,567
Note payable to bank—taxable	-	2,943,745	-	2,943,745	595,498
Capital lease obligation	279,417	-	(93,139)	186,278	93,139
Total long-term debt	50,350,643	14,718,645	(2,312,276)	62,757,012	4,691,204
Other long-term liabilities					
Revenue received in advance	1,829,750	-	(189,284)	1,640,466	189,285
Estimated self-insurance costs	2,932,488	176,604	(334,991)	2,774,101	1,171,821
Total other long-term liabilities	4,762,238	176,604	(524,275)	4,414,567	1,361,106
Total long-term obligations	$ 55,112,881	$ 14,895,249	$ (2,836,551)	$ 67,171,579	$ 6,052,310

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. The bonds are secured by the District's net revenues and accounts receivable.

The Series 2010A bonds consist of hospital revenue refunding and improvement bonds in the original amount of $9,550,000 dated June 8, 2010, which bear interest at rates ranging from 2.50% to 4.25%. The Series 2010A bonds are payable in annual installments through September 2017. The 2010A bonds were issued at a premium, and the unamortized premium at September 30, 2016 and 2015, is $4,219 and $13,089, respectively. The 2010A bonds are 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 including limitations on issuance of additional debt and a requirement to maintain a debt-service coverage ratio of at least 110%. For 2016, the debt-service coverage ratio was below 110%. As a result, the District will be required to engage a management consultant to provide recommendations on improving the financial performance of the District. To avoid an event of default, the District must maintain a debt-service coverage ratio of at least 100% for 2017.

The debt service requirements for the 2010A and 2010B bonds as of September 30, 2016, are as follows:

Year Ending September 30,	Principal	Interest	Interest Credit (BABs)	Total
2017	$ 1,625,000	$ 3,167,747	$ (990,185)	$ 3,802,562
2018	1,690,000	3,098,684	(990,185)	3,798,499
2019	1,753,000	3,001,543	(959,143)	3,795,400
2020	1,820,000	2,897,713	(925,964)	3,791,749
2021	1,892,000	2,787,639	(890,790)	3,788,849
2022 – 2026	10,789,000	11,891,591	(3,799,958)	18,880,633
2027 – 2031	13,483,000	7,736,302	(2,472,135)	18,747,167
2032 – 2035	13,227,000	2,426,851	(775,500)	14,878,351
	$ 46,279,000	$ 37,008,070	$ (11,803,860)	$ 71,483,210

Note Payable to Auxiliary

In September 2014, the District borrowed $700,000 from the Medical Center Health System Auxiliary (Auxiliary) for the purpose of funding a long-term care acute care hospital in the vicinity of the District. The entire balance was paid in full in 2015. (See *Note 14* for discussion of related party relationship between the District and the Auxiliary.)

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, 2016, are as follows:

Year Ending September 30,	Total to be Paid	Principal	Interest
2017	$ 3,230,372	$ 2,876,659	$ 353,713
2018	3,130,872	2,947,900	182,972
2019	3,130,872	3,020,979	109,893
2020	2,869,967	2,835,042	34,925
	$ 12,362,083	$ 11,680,580	$ 681,503

Note 10: Restricted Net Position

At September 30, 2016 and 2015, $6,351,234 and $6,405,192, respectively, of net position is restricted under three revocable trust agreements whereby the District is the trustor. The purposes of these trusts is to further the mission of providing health care services in Ector County. The District retains exclusive management and control of all trust funds.

At September 30, 2016 and 2015, $34,993,700 and $39,990,775, 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.

Note 11: 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 $7,294,000 and $6,007,000 for 2016 and 2015, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

Note 12: 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).

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

	2015	2014
Inactive employees or beneficiaries currently receiving benefits	608	588
Inactive employees entitled to but not yet receiving benefits	2,538	2,381
Active employees	1,810	1,782
	4,956	4,751

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, 2015 and 2014, employees contributed $5,345,403 and $4,963,799, or 5.00%, of annual pay and the District contributed $8,263,374 and $8,021,499, or 7.7% and 8.1%, of annual pay, respectively, to the Plan. For the fiscal years ended September 30, 2016 and 2015, employees contributed $5,277,603 and $5,117,497, or 5.00%, of annual pay and the District contributed $7,928,302 and $8,022,863, or 7.43% and 7.78%, of annual pay, respectively, to the Plan.

Net Pension Liability

The District's net pension liability as of September 30, 2016 and 2015, was measured as of December 31, 2015 and 2014, 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, 2015 and 2014, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	2015	2014
Inflation	3.0%	3.0%
Salary increases	4.9%	3.5%
Ad hoc cost of living adjustments	Not included	Not included
Investment rate of return	8.1%	8.1%

The salary increases and investment rate of return assumptions are inclusive of inflation. The investment rate of return is net of administrative expenses.

In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

The actuarial assumptions used in the December 31, 2015 and 2014, valuations 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 following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities		
U.S. Equities	14.5%	5.5%
International Equities — Developed	10.0%	5.5%
International Equities — Emerging	8.0%	6.5%
Global Equities	1.5%	5.8%
Hedge Funds	25.0%	5.3%
High-Yield Investments		
High-Yield Bonds	3.0%	5.1%
Opportunistic Credit	2.0%	5.1%
Distressed Debt	3.0%	8.1%
Direct Lending	5.0%	6.4%
Private Equity	14.0%	8.5%
Real Assets		
REITs	3.0%	4.0%
Private Real Estate Partnerships	5.0%	6.9%
Master Limited Partnerships	3.0%	6.8%
Investment-Grade Bonds	3.0%	1.0%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 8.1% at December 31, 2015 and 2014. 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.

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

	2016		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at beginning of year	$ 353,096,384	$ 347,280,452	$ 5,815,932
Changes for the year			
Service cost	11,722,978	-	11,722,978
Interest on total pension liability	28,642,798	-	28,642,798
Effect of plan changes	(1,903,496)	-	(1,903,496)
Effect of economic/demographic gains or losses	(2,168,073)		(2,168,073)
Effect of assumption changes or inputs	4,643,534	-	4,643,534
Refund of contributions	(1,542,793)	(1,542,793)	-
Benefit payments	(11,862,818)	(11,862,818)	-
Administrative expenses	-	(248,388)	248,388
Member contributions	-	5,345,403	(5,345,403)
Net investment loss	-	(3,886,950)	3,886,950
Employer contributions	-	8,263,374	(8,263,374)
Other changes	-	(545,315)	545,315
Net changes	27,532,130	(4,477,487)	32,009,617
Balances at end of year	$ 380,628,514	$ 342,802,965	$ 37,825,549

	2015		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at beginning of year	$ 330,790,089	$ 325,451,197	$ 5,338,892
Changes for the year			
Service cost	11,063,097	-	11,063,097
Interest on total pension liability	26,748,805	-	26,748,805
Effect of economic/demographic gains or losses	(3,304,508)		(3,304,508)
Refund of contributions	(1,424,222)	(1,424,222)	-
Benefit payments	(10,776,877)	(10,776,877)	-
Administrative expenses	-	(259,291)	259,291
Member contributions	-	4,963,799	(4,963,799)
Net investment income	-	21,913,195	(21,913,195)
Employer contributions	-	8,021,499	(8,021,499)
Other changes	-	(608,848)	608,848
Net changes	22,306,295	21,829,255	477,040
Balances at end of year	$ 353,096,384	$ 347,280,452	$ 5,815,932

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:

	2016		
	1% Decrease 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
District's net pension (asset) liability	$ 91,839,742	$ 37,825,549	$ (6,615,246)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended September 30, 2016 and 2015, the District recognized pension expense of approximately $12,700,000 and $6,900,000, respectively. At September 30, 2016 and 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 2,546,886
Changes of assumptions	3,095,689	
Net difference between projected and actual earnings on plan investments	28,615,869	-
Contributions subsequent to the measurement date	5,718,967	-
	$ 37,430,525	$ 2,546,886

	2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 2,203,006
Net difference between projected and actual earnings on plan investments	3,763,448	-
Contributions subsequent to the measurement date	6,168,179	-
	$ 9,931,627	$ 2,203,006

At September 30, 2016 and 2015, the District reported $5,718,967 and $6,168,179, 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, 2017 and 2016, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at September 30, 2016, related to pensions will be recognized in pension expense as follows:

Year ending September 30:	
2017	$ 7,112,833
2018	8,214,336
2019	7,389,183
2020	6,448,320
	$ 29,164,672

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, 2015 and 2014.

Deferred Compensation Plan

The District also offers its employees a selection of deferred compensation plans created in accordance with IRC Section 457. 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, 2016 and 2015, were approximately $1,417,000 and $1,017,000, respectively.

Note 13: Postemployment Health Care Plan

Plan Description

The District provides postretirement health care benefits, in accordance with District policies, 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.

Funding Policy

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. There are no assets that have been segregated and restricted to provide for postretirement benefits. As of October 1, 2015, the most recent actuarial valuation date, the plan had 464 participants currently eligible to receive benefits.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is 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.

The following table shows the components of the District's annual OPEB cost for 2016 and the two preceding years, the amount actually contributed to the plan and changes in the District's net OPEB obligation to the plan:

	2016	2015	2014
Annual required contribution	$ 1,634,619	$ 6,886,322	$ 6,886,312
Interest on net OPEB obligation	1,147,739	1,069,557	965,167
Adjustment to annual required contribution	(1,595,526)	(1,486,842)	(1,341,723)
Annual OPEB cost	1,186,832	6,469,037	6,509,756
Contributions made	(4,906,564)	(4,514,482)	(3,900,000)
Change in net OPEB obligation	(3,719,732)	1,954,555	2,609,756
Net OPEB obligation, beginning of year	28,693,484	26,738,929	24,129,173
Net OPEB obligation, end of year	$ 24,973,752	$ 28,693,484	$ 26,738,929
Contributions made as a percentage of OPEB cost	413%	70%	60%

Funded Status and Funding Progress

As of October 1, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was $26,396,659 resulting in an unfunded actuarial accrued liability (UAAL) of $26,396,659. The covered payroll (annual payroll of active employees covered by the plan) was $5,475,600 and the ratio of UAAL to covered payroll was 482.1%.

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

Actuarial Methods and Assumptions

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

In the October 31, 2015, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term rate of return on the source of assets that will be used to pay retiree insurance benefits, including a 2.50% inflation assumption. The UAAL is being amortized based on an open-period, level dollar basis. The remaining amortization period at September 30, 2016, was 30 years.

Note 14: 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 $1,085,000 and $944,000 from the Foundation in 2016 and 2015, respectively. In previous years, these funds were considered capital grants. However, with the adoption of GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, this treatment was reevaluated. The funds received are intended primarily for capital projects but are not restricted. Therefore, they have been included in nonoperating revenues for both years presented.

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 are being used by the Foundation to fund a long-term care acute care hospital in the vicinity of the District. Of the $2,500,000 available to be advanced under the agreement, the Foundation had borrowed $1,770,465 and $643,677 as of September 30, 2016 and 2015, respectively. The loan agreement does not stipulate a maturity date and is uncollateralized. The receivable is included as a component of other assets in the balance sheets.

Medical Center Hospital Auxiliary

From time to time, the District receives contributions from the 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 $22,500 in donations from the Auxiliary during 2016. The District did not receive any donations from the Auxiliary in 2015.

Texas Healthcare Linen, LLC

The District owns a 33.33% membership interest in THL. The District's equity interest in THL at September 30, 2016 and 2015, was $1,730,785 and $1,412,215, respectively. The equity interest in THL is included in other long-term assets on the accompanying balance sheets. During 2016 and 2015, the District paid member premiums of approximately $135,000 and $210,000, respectively, to THL. These premium payments are included with the gain on investment in equity investees in the statements of revenues, expenses and changes in net position.

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, 2016 and 2015, was $6,918,465 and $7,924,122, 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.

Note 15: 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, 2016 and 2015:

	September 30, 2016			
	District	ProCare	Eliminations	Total
Assets and Deferred Outflows of Resources				
Current assets	$ 106,321,270	$ 10,631,650	$ (1,492,338)	$ 115,460,582
Noncurrent cash and investments	49,273,768	-	-	49,273,768
Capital assets, net	194,963,652	298,192	-	195,261,844
Other noncurrent assets	3,904,934	439,873	-	4,344,807
Deferred outflows of resources	37,430,525	-	-	37,430,525
Total assets and deferred outflows of resources	$ 391,894,149	$ 11,369,715	$ (1,492,338)	$ 401,771,526
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities	$ 44,665,769	$ 9,452,304	$ (1,492,338)	$ 52,625,735
Estimated self-insurance costs	1,927,389	-	-	1,927,389
Long-term debt	53,462,140	-	-	53,462,140
Other long-term liabilities	64,061,198	-	-	64,061,198
Deferred inflows of resources	2,546,886	-	-	2,546,886
Total liabilities and deferred inflows of resources	166,663,382	9,452,304	(1,492,338)	174,623,348
Net Position				
Net investments in capital assets	143,920,202	298,192	-	144,218,394
Restricted—expendable	6,351,234	-	-	6,351,234
Unrestricted	74,959,331	1,619,219	-	76,578,550
Total net position	225,230,767	1,917,411	-	227,148,178
Total liabilities, deferred inflows of resources and net position	$ 391,894,149	$ 11,369,715	$ (1,492,338)	$ 401,771,526

	September 30, 2015			
	District	ProCare	Eliminations	Total
Assets and Deferred Outflows of Resources				
Current assets	$ 122,824,535	$ 9,512,324	$ (821,328)	$ 131,515,531
Noncurrent cash and investments	63,624,835	-	-	63,624,835
Capital assets, net	187,103,442	356,629	-	187,460,071
Other noncurrent assets	3,131,641	564,378	-	3,696,019
Deferred outflows of resources	9,931,627	-	-	9,931,627
Total assets and deferred outflows of resources	$ 386,616,080	$ 10,433,331	$ (821,328)	$ 396,228,083
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities	$ 45,874,991	$ 8,916,740	$ (821,328)	$ 53,970,403
Estimated self-insurance costs	1,602,280	-	-	1,602,280
Long-term debt	58,065,808	-	-	58,065,808
Other long-term liabilities	35,960,597	-	-	35,960,597
Deferred inflows of resources	2,203,006	-	-	2,203,006
Total liabilities and deferred inflows of resources	143,706,682	8,916,740	(821,328)	151,802,094
Net Position				
Net investments in capital assets	141,322,461	356,629	-	141,679,090
Restricted—expendable	6,405,192	-	-	6,405,192
Unrestricted	95,181,745	1,159,962	-	96,341,707
Total net position	242,909,398	1,516,591	-	244,425,989
Total liabilities, deferred inflows of resources and net position	$ 386,616,080	$ 10,433,331	$ (821,328)	$ 396,228,083

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, 2016 and 2015:

	September 30, 2016		
	District	ProCare	Total
Operating revenues	$ 252,211,662	$ 44,191,193	$ 296,402,855
Operating expenses	296,418,937	59,424,188	355,843,125
Operating loss	(44,207,275)	(15,232,995)	(59,440,270)
Nonoperating revenues	42,162,459	-	42,162,459
Intercompany transfers	(15,633,815)	15,633,815	-
Change in net position	(17,678,631)	400,820	(17,277,811)
Net position, beginning of year	242,909,398	1,516,591	244,425,989
Net position, end of year	$ 225,230,767	$ 1,917,411	$ 227,148,178

	September 30, 2015		
	District	ProCare	Total
Operating revenues	$ 237,416,566	$ 38,830,821	$ 276,247,387
Operating expenses	276,904,409	52,131,695	329,036,104
Operating loss	(39,487,843)	(13,300,874)	(52,788,717)
Nonoperating revenues	50,677,205	-	50,677,205
Intercompany transfers	(10,977,678)	10,977,678	-
Change in net position	211,684	(2,323,196)	(2,111,512)
Net position, beginning of year	242,697,714	3,839,787	246,537,501
Net position, end of year	$ 242,909,398	$ 1,516,591	$ 244,425,989

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, 2016 and 2015:

	September 30, 2016		
	District	ProCare	Total
Net cash provided by (used in)			
Operating activities	$ (13,139,924)	$ (16,034,064)	$ (29,173,988)
Noncapital financing activities	42,785,358	-	42,785,358
Capital and related financing activities	(48,087,947)	15,622,561	(32,465,386)
Investing activities	4,191,285	-	4,191,285
Decrease in cash and cash equivalents	(14,251,228)	(411,503)	(14,662,731)
Cash and cash equivalents, beginning of year	67,501,516	3,146,409	70,647,925
Cash and cash equivalents, end of year	$ 53,250,288	$ 2,734,906	$ 55,985,194

	September 30, 2015		
	District	ProCare	Total
Net cash provided by (used in)			
Operating activities	$ (11,687,967)	$ (10,967,734)	$ (22,655,701)
Noncapital financing activities	54,412,127	-	54,412,127
Capital and related financing activities	(18,098,525)	10,858,420	(7,240,105)
Investing activities	543,772	-	543,772
Increase (decrease) in cash and cash equivalents	25,169,407	(109,314)	25,060,093
Cash and cash equivalents, beginning of year	42,332,109	3,255,723	45,587,832
Cash and cash equivalents, end of year	$ 67,501,516	$ 3,146,409	$ 70,647,925

Note 16: 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, 2016 and 2015:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2016				
Money market mutual funds	$ 42,095,171	$ 42,095,171	$ -	$ -
U.S. agencies obligations	16,141,329	-	16,141,329	-
September 30, 2015				
Money market mutual funds	$ 36,799,964	$ 36,799,964	$ -	$ -
U.S. agencies obligations	21,201,597	-	21,201,597	-

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, 2016 or 2015.

Note 17: 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.

On December 19, 2016, a lawsuit was filed by approximately 215 participants in the postemployment health care plan discussed in *Note 13*. The lawsuit relates to the plan benefit changes discussed in *Note 13* and consists primarily of a request for temporary restraining order, temporary injunction, permanent injunction and declaratory relief. The plan participants seek to continue participation in the District's employee health insurance plan and seek actual consequential damages and attorneys' fees. The net OPEB obligation has been adjusted for changes to the plan benefits and no provision has been made in the financial statements for a loss associated with this lawsuit. The District believes it has the legal basis to make the benefit changes. Events could occur that would result in a material loss to the District.

Note 18: Future Change in Accounting Principle

In June 2015, the Governmental Accounting Standards Board issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). Principal objectives of GASB 75 are to improve accounting and financial reporting by state and local governments for OPEB and to improve information provided by state and local employers about financial support for OPEB that is provided by other entities. OPEB includes, among other things, postemployment healthcare benefits (medical, dental, vision, hearing and other health-related benefits), death benefits, life insurance, disability and long-term care. GASB 75 supersedes GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and is applicable to employers providing defined benefit OPEB to their employees through OPEB plans that are administered through trusts that meet certain specified criteria, to employers providing defined contribution OPEB to their employees, and to employers providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria of GASB 75. It also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity. GASB 75 requires employers providing defined benefit OPEB to their employees to recognize a net OPEB liability, or its proportionate share of such liability for cost-sharing multiple-employer plans, for the portion of the actuarial present value of projected benefit payments to be provided to current active and inactive employees that is attributed to past periods of employee service, less any OPEB plan fiduciary net position. It also provides guidance on determining OPEB expense, deferred outflows and inflows of resources, note disclosures and required supplementary information. The requirements of GASB 75 are applicable for fiscal years beginning after June 15, 2017, thus, it will be applicable to the District for the year ending September 30, 2018. The impact of adopting GASB 75 on the District's financial statements is not currently determinable.

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,

	2015	2014
Total Pension Liability		
Service cost	$ 11,722,978	$ 11,063,097
Interest on total pension liability	28,642,798	26,748,805
Effect of plan changes	(1,903,496)	-
Effect of assumption changes or inputs	4,643,534	-
Effect of economic/demographic (gains) or losses	(2,168,073)	(3,304,508)
Benefit payments, including refunds of employee contributions	(13,405,611)	(12,201,099)
Net Change in Total Pension Liability	27,532,130	22,306,295
Total Pension Liability—Beginning	353,096,384	330,790,089
Total Pension Liability—Ending (a)	$ 380,628,514	$353,096,384
Plan Fiduciary Net Position		
Contributions—employer	$ 8,263,374	$ 8,021,499
Contributions—employee	5,345,403	4,963,799
Net investment income (loss)	(3,886,950)	21,913,195
Benefit payments, including refunds of employee contributions	(13,405,611)	(12,201,099)
Administrative expense	(248,388)	(259,291)
Other	(545,315)	(608,848)
Net Change in Plan Fiduciary Net Position	(4,477,487)	21,829,255
Plan Fiduciary Net Position—Beginning	347,280,452	325,451,197
Plan Fiduciary Net Position—Ending (b)	$ 342,802,965	$347,280,452
District's Net Pension Liability—Ending (a) – (b)	$ 37,825,549	$ 5,815,932
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.06%	98.35%
Covered-employee Payroll	$ 106,900,052	$ 99,275,976
District's Net Pension Liability as a Percentage of Covered-employee Payroll	35.38%	5.86%

Notes to Schedule:

Changes of assumptions:

1. Rate of salary increase changed to 4.9% from 3.5%.
2. In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously, Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 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 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-employee Payroll *(1)*	Contributions as a Percentage of Covered-employee Payroll
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	Closed
Remaining amortization period	14.3 years
Asset valuation method	5-year smoothed non-asymptotic market
Inflation	3%
Salary increases	4.9% average over career, including inflation
Investment rate of return	8.1%, net of pension plan investment expense, including inflation
Retirement age	61 (average)
Mortality	Assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 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 Funding Progress – OPEB
September 30, 2016

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%
October 1, 2011	$ -	$ 103,395,121	$ 103,395,121	0.0%	$ 9,897,740	1044.6%

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 benefits, as discussed in *Note 13*. 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.

ECTOR COUNTY HOSPITAL DISTRICT

D/B/A MEDICAL CENTER HEALTH SYSTEM

Report to the Board of Directors and Management

February 21, 2017

Results of the 2016 financial statement audit, internal control matters and other required communications.

BKD LLP
CPAs & Advisors

BKD LLP
CPAs & Advisors

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February 21, 2017

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, 2016. 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, 2016, 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,

BKD, LLP

Contents

2016 Audit Results

Appendices

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
Management Override of Controls The risk that management may override existing and functioning accounting controls is an inherent risk to the District.	• No matters are reportable.
Revenue Recognition The risk that management may record revenue in the incorrect period which would impact the financial statements of the District.	• As part of our audit, we evaluated revenue related to services provided in 2016 but billed after year-end. Revenue recorded in 2016 was reasonable and no adjustment was proposed.

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

Area	Results
Management Estimates Estimates and judgments made by management materially impact financial statement amounts. The following financial statement areas include material estimates made by management:	
Allowance for contractual and uncollectible account adjustments	• Amounts recorded were reasonable and no adjustment was required.
Third-party payer settlement estimates	• An adjustment was proposed and recorded to increase amounts due to the Medicare program related to a recoupment of HITECH funding.
Supplemental Medicaid Funding receivable	• Adjustments were proposed by management and recorded to reduce receivables from the DSRIP and RAC programs and to reduce the estimated inter-governmental transfer commitment.
Reserve for employee health and workers' compensation obligations	• The recorded employee health reserve was reasonable. An adjustment was recorded to increase the workers' compensation reserve based on final actuarial determinations.
Reserve for professional and general liability risks	• Adjustments were recorded to increase the reserves based on final actuarial determinations.
Value of sales and property taxes receivable and tax revenue	• Amounts recorded were reasonable and no adjustment was proposed.
Other Post-Retirement Benefits (OPEB)	• An adjustment was proposed and recorded to decrease the net OPEB obligation based on the final actuarial determination.
Net Pension Liability	• An adjustment was proposed and recorded to decrease the related deferred outflow of resources.

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

Area	Results
Accounting for Property and Equipment, Including Capitalized Interest With significant building projects underway and completed in 2016, there is a risk that costs are not being capitalized appropriately, including associated interest.	• Assigned lives were reasonable and capital additions selected for testing were properly recorded. An adjustment was proposed by management to correct the insurance recovery revenue resulting from the loss that occurred in the Center for Women & Infants in 2016.
Information Technology The District has a sophisticated and complex enterprise resource planning system which affects multiple areas related to financial reporting.	• 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. Certain deficiencies and other matters have been reported in management as a result of this review.

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 implementation of health care reform, 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 uncollectible accounts is based on historical and subsequent collections 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 –** Reserves for employee health and workers compensation claims are based on estimates of known claims and estimates for incurred but not reported claims. Management estimates the liability based on specific claim facts and historical claim trends.
- **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. Some obligations for these plans are recorded in the financial statements, while other information regarding future benefit obligations is disclosed in the footnotes to the financial statements. These estimates are based on actuarial valuations obtained by management and include assumptions regarding investment return and future costs of employee health insurance. 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 have issued an unmodified opinion as to whether the financial statements of the District as of and for the year ended September 30, 2016, 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
Significant Accounting Policies Significant accounting policies are described in *Note 1* of the financial statements.	• No matters are reportable.
Alternative Accounting Treatments 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.	• No matters are reportable.

Management Judgments and Accounting Estimates 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.	• See analysis of management's judgments and accounting estimates on *page 2*.
Financial Statement Disclosures 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.	• Patient revenue recognition • Medicaid supplemental payment programs • Significant estimates and concentrations • Net pension liability • Other Post Employment Benefit Plan (OPEB) disclosures, including 2016 plan changes and related litigation
Audit Adjustments 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.	*Adjustments Recorded* • Estimated amounts due to/from third party payers (including supplemental Medicaid funding related balances) • Self-insured reserves • Net OPEB obligation and pension liability • Other miscellaneous assets and liabilities • Nursing home activity *Proposed Audit Adjustments Not Recorded* • There were no adjustments proposed that were not recorded

Auditor's Judgments About the Quality of the District's Accounting Policies During the course of the audit, we made observations regarding the District's application of accounting principles.	• No matters are reportable.
Significant Issues Discussed with Management During the audit process, issues were discussed or were the subject of correspondence with management and are listed in the adjacent comments section.	• Third-party settlement accounts • Net OPEB obligation • Contingent liabilities

Other Material Written Communications

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

- Management representation letter (*Tab 2*)

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, 2016, 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.

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 significant deficiencies and deficiencies.

Significant Deficiencies

Audit Adjustments

During the course of the audit, various adjustments were proposed and recorded, some identified management subsequent to year-end and the start of audit fieldwork. 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 reconciliation and resolution of unreconciled variances.

Estimated Amounts Due to/from Third-Party Payers

Medicare and Medicaid cost reports are prepared on an annual basis. During 2016, 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

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.

Other Matters

Future Change in Accounting Standard

In June 2016, the Governmental Accounting Standards Board issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). Principal objectives of GASB 75 are to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB) and to improve information provided by state and local employers about financial support for OPEB that is provided by other entities. OPEB includes, among other things, postemployment healthcare benefits (medical, dental, vision, hearing and other health-related benefits), death benefits, life insurance, disability and long-term care. GASB 75 supersedes GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and is applicable to employers providing defined benefit OPEB to their employees through OPEB plans that are administered through trusts that meet certain specified criteria, to employers providing defined contribution OPEB to their employees, and to employers providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria of GASB 75. It also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity. GASB 75 requires employers providing defined benefit OPEB to their employees to recognize a net OPEB liability, or its proportionate share of such liability for cost-sharing multiple-employer plans, for the portion of the actuarial present value of projected benefit payments to be provided to current active and inactive employees that is attributed to past periods of employee service, less any OPEB plan fiduciary net position. It also provides guidance on determining OPEB expense, deferred outflows and inflows of resources, note disclosures and required supplementary information. The requirements of GASB 75 are applicable for the District's fiscal year ending September 30, 2018.

Debt Covenant Requirements

The 2010 Bond covenants require the District to maintain a debt-service coverage ratio of 110%. As a result of the 2016 decrease in net position, the District did not meet that requirement. To avoid an event of default, the District will be required to engage a management consultant within 180 days of September 30, 2016, and have a debt-service coverage ratio of 100% for 2017. Management should begin the process of engaging the management consultant and identifying other opportunities to improve the net revenue available for debt service to the required level.

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.

BKD, LLP

Dallas, Texas
February 21, 2017

mch
Medical Center Health System
Your One Source for Health

February 21, 2017

BKD, LLP
Certified Public Accountants
14241 Dallas Parkway, Suite 1100
Dallas, Texas 75254-2961

We are providing this letter in connection with your audits of Ector County Hospital District's (the District) financial statements as of and for the years ended September 30, 2016 and 2015. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated June 10, 2016, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

2. We acknowledge our responsibility for 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.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

5. We have provided you with:

   (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.

   (b) Additional information that you have requested from us for the purpose of the audit.

   (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

   (d) All minutes of directors' meetings held through the date of this letter.

   (e) All significant contracts and grants.

   (f) All peer review organizations, administrative contractors and third-party payer reports and information.

6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by company procedures with respect to:

   (a) Misappropriation of assets.

   (b) Misrepresented or misstated assets or liabilities.

8. We have no knowledge of any known or suspected:

   (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.

   (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.

   (c) Communications from regulatory agencies, governmental representatives, employees or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices or other matters that could have a material adverse effect on the financial statements.

9. We have no knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, customers, regulators, suppliers or others.

10. We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; principal owners, management, and members of their immediate families, subsidiaries accounted for by the equity method; and any other party with which the District may deal if the District can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the District.

11. Except as reflected in the financial statements, there are no:

    (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.

    (b) Material transactions omitted or improperly recorded in the financial records.

    (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

    (d) Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.

    (e) Agreements to purchase assets previously sold.

    (f) Restrictions on cash balances or compensating balance agreements.

    (g) Guarantees, whether written or oral, under which the District is contingently liable.

12. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

13. We have no reason to believe the District owes any penalties or payments under the Employer Shared Responsibility Provisions of the Patient Protection and Affordable Care Act nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.

14. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

15. We have informed you of all pending or completed investigations by regulatory authorities of which we are aware. There are no known circumstances that could jeopardize the District's participation in the Medicare or other governmental health care programs.

16. Adequate provisions and allowances have been accrued for any material losses from:

    (a) Uncollectible receivables.

    (b) Medicare/Medicaid and other third-party payer contractual, audit or other adjustments.

    (c) Reducing obsolete or excess inventories to estimated net realizable value.

    (d) Purchase commitments in excess of normal requirements or above prevailing market prices.

17. Except as disclosed in the financial statements, the District has:

    (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.

    (b) Complied with all aspects of contractual agreements, for which noncompliance would materially affect the financial statements.

18. With respect to the District's exposure to employee health and workers compensation claims:

    (a) We have disclosed to you all incidents known to us that could materially impact the recorded reserve.

    (b) We have reviewed the assumptions used by our actuarial consultant to estimate our self-insured accrual (where applicable) and believe those assumptions are appropriate.

19. With respect to the District's possible exposure to past or future medical malpractice assertions:

    (a) We have disclosed to you all incidents known to us that could possibly give rise to an assertion of malpractice.

    (b) All known incidents have been reported to our actuarial consultants and are appropriately considered in our malpractice liability accrual. Any claims that should be reported to our excess liability carrier have been reported.

(c) There is no known lapse in coverage, including any lapse subsequent to the fiscal year-end, that would result in any known incidents being uninsured above our customary self-insured retention amounts.

(d) Management does not expect any claims to exceed any applicable excess policy malpractice insurance limits.

(e) We believe our accruals for uninsured malpractice claims are sufficient for all known and any probable potential claims.

(f) We have reviewed the assumptions used by our actuarial consultant to estimate our self-insured accrual and believe those assumptions are appropriate.

20. With regard to deposit and investment activities:

(a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.

(b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

(c) We understand that your audit does not represent an opinion regarding the enforceability of collateral pledges.

21. With respect to any nonattest services you have provided us during the year, including drafting the financial statements and related notes:

(a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.

(b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.

(c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.

(d) We have evaluated the adequacy of the services performed and any findings that resulted.

22. We are an organization exempt from income tax under Section 501(c) of the Internal Revenue Code and a similar provision of state law and, except as disclosed in the financial statements, there are no activities that would jeopardize our tax-exempt status or subject us to income tax on unrelated business income or excise tax on prohibited transactions and events.

23. We further acknowledge the District's exemption under Section 501(c) is subject to additional operating requirements under Section 501(r). As such, we made publicly available a community health needs assessment performed in accordance with IRS requirements, and the District's Board of Directors subsequently approved an implementation strategy to address needs identified in the assessment. The District is also in compliance with certain requirements dealing with financial assistance, billing and collection practices and limitations on charges for uninsured patients that meet our financial assistance requirements.

24. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, other postemployment benefit plan and pension information, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

25. We believe the assumptions used by our actuaries for valuing our obligations under our defined benefit pension plan and retiree health plan are reasonable and result in an accurate portrayal of our unfunded benefit obligations. We are not aware of any items that would materially change the actuarial assumptions or computed obligations.

26. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

27. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.

28. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

29. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.

30. Billings to third-party payers comply in all material respects with applicable coding guidelines, laws and regulations. Billings reflect only charges for goods and services that were medically necessary; properly approved by regulatory bodies, if required; and properly rendered.

31. With regard to cost reports filed with Medicare, Medicaid or other third parties:

    (a) All required reports have been properly filed.

    (b) Management is responsible for the accuracy and propriety of those reports.

    (c) All costs reflected on such reports are appropriate and allowable under applicable reimbursement rules and regulations and are patient-related and properly allocated to applicable payers.

    (d) The reimbursement methodologies and principles employed are in accordance with applicable rules and regulations.

    (e) All items required to be disclosed, including disputed costs that are being claimed to establish a basis for a subsequent appeal, have been fully disclosed in the cost report.

    (f) Recorded allowances for third-party settlements are necessary and are based on historical experience or new or ambiguous regulations that may be subject to differing interpretations.

32. To the best of our knowledge, the amounts recorded as receivables under the Section 1115(a) waiver program (Uncompensated Care and Delivery System Reform Inventive Payment Program) and Medicaid DSH, are reasonable estimates of the amounts we will ultimately receive for these programs. We have made appropriate allowances for any amounts subject to retrospective audit and adjustment by the state of Texas or the Center for Medicare and Medicaid Services.

33. Our federal awards did not exceed $750,000 in 2016 and we do not believe we are subject to the Uniform Guidance audit requirement in 2016.

34. With regard to the class action lawsuit associated with changes made to our post-retirement employee benefit plan, we believe the District has the legal basis for making the benefit change and has immunity from any suit and liability.

35. The District is in compliance with all debt covenants at September 30, 2016 and through the date of this letter.

36. With regard to Medicare and Medicaid Electronic Health Record (EHR) incentive payment program:

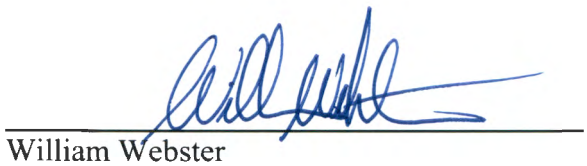
(a) All required attestation reports have been properly filed.

(b) Management is responsible for the accuracy and propriety of those reports.

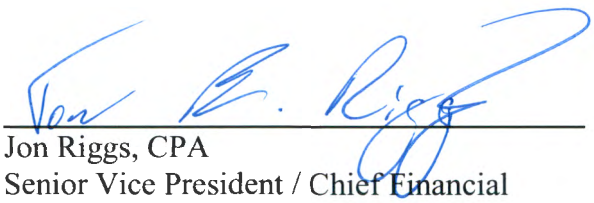
(c) All required core objectives have been met or we are reasonable assured of meeting them.

(d) The required number of menu set objectives have been met or we are reasonably assured of meeting them.

(e) We are not aware of any issues related to meaningful use as defined under the EHR Incentive Program that would make the District not eligible to receive the incentive payments, including payments already received.



William Webster
President / Chief Executive Officer



Jon Riggs, CPA
Senior Vice President / Chief Financial Officer

INSURANCE CONSULTING EXTENSION AGREEMENT

THIS EXTENSION AGREEMENT dated the 7th day of March, 2017 between **HealthSure Insurance Services ("HealthSure") and Ector County Hospital District dba Medical Center Hospital ("ECHD" or the "client")** amends the Insurance and Risk Services Agreement (the "contract") dated March 16, 2010 and the Renewing Agreement extension of April 7, 2015 for insurance agent, insurance consulting and risk management services. This Agreement is the third amendment to the agreement.

The Compensation Arrangement and Related Fees portion of the contract is hereby amended by changing/adding the following (bolded text indicates changes from original Contract and subsequent extensions):

As consideration and compensation for the Scope of Services as outlined in the original agreement and any subsequent request for services, the client will compensate HealthSure as follows:

Agent/Consultant Fee (in lieu of insurance policy commissions)

This agreement shall be effective for a term of **two (2)** years for the service period commencing April 1, 2017 and ending April 1, 2019 and billed annually as follows. Fees may be adjusted from time to time by mutual consent of both parties:

Period of April 1, 2017 – April 1, 2018	**Due May 1, 2017**	**$65,000.**
Period of April 1, 2018 – April 1, 2019	**Due May 1, 2018**	**$65,000.**

For "fee in lieu of commission," all insurance companies will be requested to remove the "agent commission" from the premiums charged to the client for these services. In the event an insurance company is unable to reduce the premium by removing or "net out" the commission normally paid to an agent, any commissions received will be refunded to ECHD. The Texas Department of Insurance requires a Disclosure Statement.

ACCEPTED AND AGREED TO:

HealthSure Insurance Services, Inc

By: Barry Couch

Barry Couch
Chairman/CEO

HealthSure's Address
5900 Southwest Pkwy. B-2, Suite #200
Austin, TX 78735

Ector County Hospital District dba Medical Center Hospital

By:_____

William Webster
President/CEO

Client's Address
500 W 4th Street
Odessa, Texas 79761

NOW, THEREFORE, the following services are to be performed and are mutually agreed upon:

OVERVIEW:

The purpose of the scope of work authorized by this Exhibit A-1 to the Master Agreement is to provide professional services as a Management Consultant to Medical Center Health System ("Client" or "MCHS") in order to meet the "Covenant to Maintain Rates" in the Series 2010 Bond Issue. The role of the Management Consultant is *"to make recommended changes, permitted under then existing state and federal laws and regulations, in the rates, fees, and charges or expenses or in such other affairs of the Issuer such that the Consolidated Net Revenues reflected in the Issuer's Audit for the current Fiscal Year will be at least 110% of the Average Annual Debt Service Requirements."*

SCOPE:

The scope of this strategic project is to perform an operational and financial performance improvement project that identifies operating improvement opportunities needed to get MCHS back in line with bond covenants. Hospital leadership has expressed concern with the ongoing cash flow projections and has requested that Financial Resource Group, LLC ("FRG") be engaged to make recommendations on how to maintain and/or improve the cash flow over the next twelve months. To do this the hospital must live within a tightly controlled budget, with certain negotiated variances, and develop weekly reporting and monitoring systems.

FRG will use the existing improvement recommendations made in 2012 as a starting point for analyzing the operational improvement opportunities. We will work with Senior Management in identifying what has been done to date and what needs to be done to improve operations. We will monitor and meet on a weekly basis either in person or by phone to ensure that proper steps are being taken to achieve the savings opportunities identified. FRG will also assist MCHS in dealing with questions or inquiries from the rating agencies as needed.

PROCESS:

The management of MCHS has requested FRG to lead and assist MCHS with the analysis and evaluation of its overall business operations. *The purpose of the engagement described in this scope of work is to develop a performance improvement plan that identifies action plans that will improve overall financial and operational performance of MCHS over a twelve to twenty-four month period.*

Recommendations will be developed that identify quick, impactful savings opportunities, growth initiatives, and revenue cycle improvements that will position MCHS for continued, sustained financial viability.

INITIAL HERE

Due to the budgetary and reimbursement constraints, FRG believes MCHS must pursue immediate cost reductions and revenue enhancement initiatives. These initiatives will have an impact on every department at MCHS and therefore will require a total commitment of the Administrative leadership, Department Directors, medical staff, and employees of MCHS. The developed recommendations will have an underlying premise of continuing and even expanding services offered to ensure realization of MCHS's vision to be recognized as the premier health system in the Permian Basin. In the end, successful implementation will create an organization well positioned to meet the healthcare needs of the community and train healthcare professionals of the future.

ENGAGEMENT APPROACH

The performance improvement plan will involve a two-step process:

Step 1: Assessment of operations, revenue cycle, supply chain, managed care contracting, service line management, financial strength, information technology, productivity management, and risk (the "Assessment").

Step 2: Develop an implementation-ready plan that specifies how the organization can improve its operational performance and cost/revenue position (the "Plan"). The Plan will address the ability to enhance revenues, improve productivity, appropriately allocate financial and human resources, and reduce operating expenses through a blend of:

- *People* – What are the key issues: who owns the process, who is involved, what are their roles, are they committed to improving results and working together, and more importantly are they prepared to do the work to fix the problem.
- *Process* – A process can be defined as starting with a trigger event that creates a chain of actions that results in something being prepared for a customer of that process. Starting at high level and identifying the key big steps is important to see the process from end to end, then moving into more detail to capture the various layers involved and exceptions. Optimizing processes reduces costs, time and enforces consistency in results.
- *Technology* – With people aligned and the process developed and clarified, technology can be applied to ensure consistency in application of the process and to provide the guiding rails to keep the process on track – to make it easier to follow the process than to not do so.

The Plan developed in Step 2 will address each area assessed in Step 1: operations, revenue cycle, supply chain, managed care contracting, service line management, financial strength, information technology, productivity management, and risk.

We propose a comprehensive team approach to assist MCHS. The approach assumes a team of six or more FRG professionals on-site to complete the project.

FRG will work to identify the most pressing issues facing MCHS. On the operations side, FRG will conduct one-on-one interviews with key members of the administrative, clinical and

medical staffs, and gather data on service lines and operational entities. On the finance side, FRG will assess the overall financial performance of MCHS and conduct a comparative analysis of key performance indicators ("KPI") to develop comparisons to appropriate industry benchmarks.

Phase 1: Assessment

Due to MCHS's current financial pressures, FRG believes that it is imperative to pursue immediate cost reductions and revenue enhancement initiatives. These initiatives will have an impact on every department and, therefore, will require a total commitment from MCHS's Administrative leadership, Department Directors, medical staff and employees.

Now is the time for MCHS to re-examine its financial situation and operations and make decisions about how to maximize efficiency as it transitions toward the future.

FRG will assess the following key areas:

- Operations
- Revenue Cycle
- Supply Chain
- Managed Care Contracting
- Service Line Management
- Financial Strength
- Information Technology
- Productivity Management
- Risk Assessment

The recommendations developed for these areas will be based upon FRG's observations of those specific areas and in consideration of available opportunities to improve operational performance that are consistent with MCHS's mission.

Our findings and recommendations will be presented in a report format that can be used by management to develop the Plan for implementation. Included in the findings will be an estimate of the significant cost reductions or revenue enhancements.

Following is a brief summary of each of these areas:

Operations Assessment

The operations assessment encompasses a high-level review and assessment of overall MCHS operations including: strategy, staffing, supply chain, revenue cycle, finance, medical staff issues and facility leadership. This first step will be used to work with management to identify key areas to focus the balance of the assessment on.

The process begins with an extensive review of data and documents, coupled with one-on-one interviews with individuals on MCHS's board of directors, its management team, key department directors and key members of the medical staff.

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Conducting both an evaluation of the key historical documents and archives and a multi-day, onsite assessment helps us obtain a comprehensive view of all existing business processes. As part of the process we also complete hospital benchmarking to compare hospital performance to similar national benchmarks.

Revenue Cycle Assessment

The revenue cycle assessment includes evaluating processes, procedures and benchmarks at MCHS. FRG prepares a detailed operational assessment to identify overall revenue opportunities including both in the charging and the collections processes. We will include extensive use of diagnostic and benchmarking tools to identify opportunities for improvement. Our approach will extend to the full management of the revenue cycle process.

Supply Chain Assessment

The FRG process for the supply chain assessment includes an off-site evaluation of key data elements as well as a multi-day on-site assessment with evaluation of critical processes. After the on-site evaluation, FRG will develop a summary report outlining our observations and providing key recommendations for improvements in the supply chain cycle. We will also include our recommendations relative to benchmark targets and appropriateness related to MCHS's patient mix.

The objectives of the Supply Chain assessment include the following:

- To review procedures encompassing the management of inventory throughout the facility
- To ensure that proper controls are in place relative to sound business purchasing activities and practices
- To identify areas where improvements can be implemented to positively impact the financial goals of the facility
- To identify if Materials Management systems can better manage expenses, inventories and revenues
- To ensure sufficient compliance support of facility's purchasing program and GPO
- Examine the connectivity between the item file and the charge master

FRG's supply chain assessment is designed to take a comprehensive look at the materials management operations, and is focused around the following key areas:

- Materials Management Organization
- Documentation
- Inventory Control
- Physical Inventory
- Supply Replenishment
- Charge Control
- National Contracts / GPO

Managed Care Contracting Assessment

Through the managed care assessment process, FRG will conduct a review of current financial information for the top payors for the organization. Assessment of an organization's top managed care contracts is the primary focus of the project, seeking opportunities to improve:

- Contract Terms
- Reimbursements
- Carve-Outs

Additionally, the engagement includes an onsite discussion with key administrative members of the organization to determine the strategic direction and initiatives most critical to capture in MCHS's payor relationships. We will also work with your staff in the development of recommendations related to relationships, structured negotiations, contract performance and compliance.

Service Line Management Assessment

FRG will perform an assessment of the MCHS's major service lines to identify changes in high impact clinical service areas that would result in long-term, sustainable benefit to MCHS. FRG will perform a high-level analysis of MCHS's inpatient cases to identify the top 20 DRG's that have the most potential to reduce LOS, charges and costs while maintaining or improving quality measures. These DRGs will be benchmarked against the best practice physicians at MCHS.

Management can then form clinical teams focusing on the targeted DRGs to facilitate the improvement process. Once the clinical teams are formed, FRG can work with the teams and Finance to provide financial support to the teams. The goal of this process will be to move the metrics for all cases associated with each of the target DRGs to the best demonstrated practice (or "benchmark") for that DRG.

Financial Strength Assessment

FRG will perform a high-level review of the financial statements, including the income statement, balance sheet, cash flow statement and any supporting statements and documentation. The objectives will be to assess the quality of the underlying data used to prepare the financial statements, the use of the financial statement information in making management decisions, and the overall financial position of MCHS.

We will also review the budgeting and strategic planning processes used at MCHS to identify areas that can be strengthened.

Information Technology Assessment

FRG will perform a comprehensive technology evaluation that reviews not only operational aspects of technology support for both clinical and financial systems, but also evaluates security processes related to HIPAA requirements. Information technology is critical to the overall operation and financial success of a hospital because it directly affects patient fiscal services and ultimately impacts provision of clinical care.

Conducting a multi-day, on-site technology assessment enables us to fully assess existing IT infrastructure and clinical technology as well as evaluate clinical and non-clinical policies and procedures to resolve compliance and security issues.

The review enables us to generate a report highlighting opportunities for technology improvements, as well as critical recommendations related to security, clinical and non-clinical technology exposures.

Productivity Management Assessment

FRG will perform an on-site assessment of each cost center (clinical and non-clinical) to gain an understanding of the operational challenges that could impact management of labor resources. The onsite review focuses on current time management capture processes, (i.e., timesheets, "swipe in/swipe out" policies and practices, payroll data capture, etc.).

The assessment will consist of the following activities:

- Interviews will be conducted with key departmental leadership. The hospital's overall financial situation will be discussed, the purpose of the assessment is reviewed, and the assessment process is outlined.
- A high-level review of each department's operations is performed. This review includes: interviews with key department stakeholders, a review of existing department management reports and statistics, on-site observations and staff skill-level assessments, if needed.
- Upon completion of the departmental assessments, high-level benchmarks are prepared against high performing peers.

Risk Assessment

FRG will perform a high-level review of your current risk management process. The traditional approach to managing business risks is changing rapidly. Organizations can no longer manage risks on an ad hoc basis. Business organizations must standardize and institutionalize the way they manage and respond to risks. We will evaluate MCHS's Enterprise Risk Management ("ERM") business process for effectiveness, reliability and sustainability. The end result of an effective ERM process is improved revenue, margins, earnings and cash flows.

An effective ERM process should result in a standardized approach to risk decision-making. It should consider both risks and rewards and enable the aggregation and correlation of risks. Finally, it should integrate risk management with other management processes.

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FRG's review will include the following:

- Identify the executive sponsors for ERM.
- Review the current enterprise risk management process to identify the organization's critical risks.
- Perform a gap analysis of the current and desired capabilities around managing the critical risks.
- Review the risk-ranking methodology used to prioritize risks within and across functions.
- Review the cost-benefit of the risk management effort.
- Review the action plans that ensure the risks are appropriately managed.
- Review the results of actions taken to mitigate risk.
- Review reports by internal auditors, consulting teams, and other evaluating entities.

DELIVERABLES:

FRG will provide a biweekly report to the MCHS leadership team (and/or Board) identifying the recommendations to improve the operations and cash flow and the steps taken to implement those recommendations. FRG will work with bond counsel to provide information needed for bondholders. The report will include the recommendations for performance improvement and the updated monthly cash financial forecast, if needed.

EXPECTATIONS OF MANAGEMENT:

We expect management to be fully engaged in this project and to support the recommendations made by FRG. These recommendations may require difficult decisions and actions that may be necessary to reduce operating expenses and conserve cash over the next twelve months.

TERM AND TERMINATION:

The term of this Exhibit A-1 shall begin March 7, 2017 (the "Effective Date") and terminate March 31, 2018 (the "Initial Term).

PROFESSIONAL FEES:

Due to the uncertainty of how much time will be required, FRG will bill on an hourly basis at a 20% discount from our standard fees as shown on the attached FRG *Schedule of Professional Fees*. FRG will work with MCHS to minimize our time as much as possible while ensuring we assist MCHS in meeting the required debt service coverage and reporting requirements. Consulting fees will be billed on a monthly basis. Actual out-of-pocket expenses will be billed separately on a monthly basis. The fees and expenses will not exceed $150,000. If the work required is going to exceed $150,000, FRG will get approval prior to exceeding this amount. Invoices will be due upon receipt. FRG will comply with the MCHS travel policy.

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This Exhibit A-1 is hereby agreed to and incorporated as part of the Master Agreement dated March 1, 2017 between FRG and MCHS:

MEDICAL CENTER HEALTH SYSTEM ("Client" or "MCHS")

By: _____

William Webster

Title: President/Chief Executive Officer Date: _____

FINANCIAL RESOURCE GROUP, LLC ("FRG" or "Consultant")

By: _____

Matt J. Nelson

Title: Partner Date: March 1, 2017

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Level	Hourly Rates	Discounted Hourly Rates*
Partner	$465.00	$372.00
Senior Director	$440.00	$352.00
Director	$400.00	$320.00
Senior Consultant	$355.00	$284.00
Staff Consultant	$300.00	$240.00
Senior Analyst	$220.00	$176.00
Support Staff	$97.50	$78.00

*Hourly rates discounted by 20% as per the agreement.

FRG reviews and adjusts its fees on an annual basis.

To: ECHD Board of Directors
Through: Bill Webster, President/CEO
From: Matt Collins, Vice President Support Services
Date: March 1, 2017
Subject: Bid Approval – Renovation of MCH ProCare ENT Suite

Objective

Renovate and expand the ENT suite on 4th floor of the Wheatley Stewart Medical Pavilion.

Scope of Work

Complete renovation of approximately 6,500 square feet on the 4th floor of the Wheatley Stuart Medical Pavilion. Work includes interior demolition of existing suite, structural re-build, mechanical, electrical and plumbing. Interior finishes will be consistent with existing facility standards in the building and other MCH ProCare clinic spaces. New clinic will include exam rooms, nurses station, waiting area, administrative offices, procedure room, scope processing space, and various other support spaces.

Bid Considerations:

Bid openings were conducted on February 21, 2017. There were 7 general contractors that responded to the bid:

Name	Days	Price
Cooper Construction	*160*	*$692,000*
JC Roberts	120	$718,777
JFA	120	$732,860
Mid Tex	150	$754,000
Onyx G.C.	150	$759,000
MW Builders	200	$877,000
RRC	155	$935,000

Recommendation:

Award project to Cooper Construction for construction in the amount of $692,000. Approve total project budget of $896,000, which includes 204,000 for architect and engineering fees, furniture and equipment.

Funding:

There is $900,000 budgeted and reserved in capital for FY17 for this project.

Medical Center Health System

FY 2016 Annual Report

William Webster, FACHE

President / CEO

mch

Medical Center Health System

Your One Source for Health

Medical Center Health System

Your One Source for Health

MISSION STATEMENT

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 STATEMENT

MCHS will be the premier source for health and wellness

VALUES

"I CARE"

Integrity • Customer Centered • Accountability • Respect • Excellence

Medical Center Health System

Your One Source for Health

STRATEGIC PRIORITIES FY-2016-2017:

- **Quality**: Provide high quality affordable patient centered care
- **Empowering Excellence:** Make MCHS a better place for employees to work, for physicians to practice, and for patients to receive care.
- **Community Health:** Work with our community to improve health and wellness
- **Clinical Integration:** Continue development of an integrated community health system
- **Financial Sustainability:** Identify opportunities for revenue growth while reducing waste and variation in our day-to-day operations

Development of a Full Service Integrated Delivery System

- **Cancer**
- **Cardiology**
  - Cath Lab
  - Chest Pain Center
  - Cardiac Rehab
  - Electrophysiology
  - Cardiac Surgery
- **Community Outreach**
  - A Tu Salud (To Your Health)
  - Permian Basin Health Fair
  - Odessa Farmers Market
  - Spirit of Women
  - Community Health
  - Faith and Health Network
- **Diabetes Center**
- **Emergency and Trauma**
  - Level II Trauma Center
- **Imaging Services**
  - CT- 128 Slice
  - Diagnostic
  - Interventional Radiology
  - MRI- 3 Tesla Verio
  - **3-D / Digital Mammography**
  - Nuclear Medicine
  - PET/CT
  - Ultrasound
- **Electrodiagnostics**
  - EKG
  - EEG
  - Echo
  - Respiratory Therapy
- **Pediatrics**
- **Neurology**
- **Stroke Care**
- **Outpatient/Ambulatory Services**
  - Laboratory
  - Radiology
  - WellnessWorks
  - Center for Health & Wellness
    - Mission Fitness
    - Sports Medicine
    - Cardiac/Pulmonary Rehab
    - Diabetes Center
    - Urgent Care (4)
    - Physician Offices
  - Primary Care
    - Family Health Clinic
    - Clinics at Walmart East & West
    - **Center for Primary Care – West University**
    - **Center for Primary Care – JBS Parkway**
    - **Center for Primary Care-42nd Street**
- **Physical Medicine & Rehabilitation**
  - Outpatient Rehab Services
  - Sports Medicine
  - Wound Care with Hyperbaric
- **Post-Acute Services**
  - Inpatient Rehab Unit
  - Palliative Care
  - **ContinueCARE Hospital (LTACH) at Medical Center**
  - **Surgical Services**
  - Bariatrics
  - Cardiovascular
  - Dental
  - Ear, Nose & Throat
  - Gastroenterology
  - General
  - Gynecology
  - Neuro
  - Opthalmic
  - Orthopedic (Joint Care Center)
  - Plastic
  - Podiatric
  - Pain Management
  - Robotically Assisted Surgery
  - Spine
  - Trauma
  - Urology
  - Vascular
- **Women's Services**
  - Labor & Delivery
  - NICU – Level III

Development of a Full Service Integrated Delivery System

MCH Center for Primary Care 42nd Street
- Opened November 2016

JBS Parkway

Golder

West University

Development of a Full Service Integrated Delivery System

- ContinueCARE Hospital at Medical Center Long Term Acute Care Hospital (LTACH)
  - Became Fully Operational – July 2016

mch ProCare
A Member of Medical Center Health System

Development of a Full Service Integrated Delivery System

Primary Care Based Clinics

- Internal Medicine – April 2003
- Family Medicine – December 2010
- Women's Clinic– May 2013
- Pediatrics – November 2013
- Retail Clinics
  - Walmart West – January 2010
  - Walmart East – July 2010
- Urgent Care
  - MCH Campus – February 2012
  - Center for Primary Care West University – September 2014
  - Center for Primary Care JBS Parkway – September 2014
  - Center for Primary Care 42nd Street – November 2016

Specialty Based Clinics

- Gastroenterology – September 2010
- Endocrinology – August 2012
- Orthopedics – October 2012
- Pain Management – October 2012
- Laser & Wellness Center – February 2013

Specialty Based Clinics (cont'd)

- Cardiology – January 2014
- Vascular Surgery – March 2014
- Hand Surgery – March 2014
- Otolaryngology – October 2014

Hospital Based Specialties

- Anesthesia – November 2002
- Radiology – December 2007
- Critical Care Intensivist – October 2011
- Pathology – October 2012
- Hospitalists– August 2014

44 Hospital Based Providers
69 Clinic Based Providers
Total = 113 Physicians/NP/PA/CRNA
And
20 Part-Time Providers
203 Support Staff

MCH ProCare/ECISD Primary Care Provider Agreement

- Executed Agreement Between
  MCH ProCare and ECISD - November 16, 2016

- Effective Date of Arrangement – January 1, 2017

Development of a Full Service Integrated Delivery System

- MCH ProCare Women's Clinic
  - Ground Breaking – March 2016
  - Opened - March 2017

MCHS is a Teaching Organization

- **Continued Investment in TTUHSC Permian Basin**
  - **Bunkhouse**
    September 2012
  - **7 West TTUHSC Louise and Clay Wood Simulation Center**
    Opened November 2013
  - **7 Central Dedicated Education Unit (DEU)**
    Opened January 2014
  - **Psychiatry Residency Program**
    November 2016
  - **TTUHSC Academic Building Education/Conference Center**
    Opening July 2018

Provide High Quality Patient Centered Care

BlueCross BlueShield of Texas — Designated BlueDistinction® Center + Knee and Hip Replacement

BlueCross BlueShield of Texas — Designated BlueDistinction® Center + Maternity Care

BlueCross BlueShield of Texas — Designated BlueDistinction® Center + Cardiac Care

Hospital Accreditation – The Joint Commission Seal of Approval™ for accreditation by demonstrating compliance with The Joint Commission's national standards for health care quality and safety in hospitals.

The Joint Commission Seal of Approval™:
Stroke Program – Primary Stroke Center
Diabetes Program – Advanced Certification in Inpatient Diabetes
Bariatric Program – Certified Bariatric Surgery Center

AMERICAN COLLEGE OF SURGEONS Verified Trauma Center — Level II Trauma Center - American College of Surgeons Verified, Designated by the State of Texas

2016 GET WITH THE GUIDELINES STROKE GOLD — Get With The Guidelines – 2016 Stroke Gold Plus Performance Achievement Award with Target: Stroke Honor Roll by the American Heart Association and American Stroke Association

Healthgrades Recognition 2016:
America's 50 Best for Vascular Surgery
America's 100 Best for Orthopedic Surgery

Chest Pain Center with Primary PCI – Accredited by the Society of Cardiovascular Patient Care

AACVPR American Association of Cardiovascular and Pulmonary Rehabilitation — Cardiac and Pulmonary Rehabilitation – Certification by American Association of Cardiovascular and Pulmonary Rehabilitation (AACVPR) for commitment to improving the quality of life by enhancing standards of care

American College of Radiology: Breast Imaging Center of Excellence

American College of Radiology Accreditation in:
CT (Computed Tomography)
Mammography
MRI (Magnetic Resonance Imaging)
Nuclear Medicine
Ultrasound

American Diabetes Association. — Recognized for meeting National Standards for Diabetes Self Management Education by the American Diabetes Association

Commission on Cancer — Cancer Program Designated Community Hospital Program by the American College of Surgeons

MBSAQIP Metabolic and Bariatric Surgery Accreditation and Quality Improvement Program Accredited Center — American College of Surgeons – Metabolic and Bariatric Surgery Accreditation and Quality Improvement Program

2016 Blue Cross Blue Shield BlueQ Hospital Scorecard Blue Q Ribbon

- MCHS Receives Dark Blue Ribbon 
  - Exceeds Expected Performance for several quality measures compared to other hospitals
  - Rated as more affordable compared to peers for the cost of inpatient and outpatient care

BlueCross BlueShield of Texas

2017 CareChex Awards
Top 10% Nationally

- Cardiac Care
- Heart Attack Treatment
- Major Orthopedic Surgery

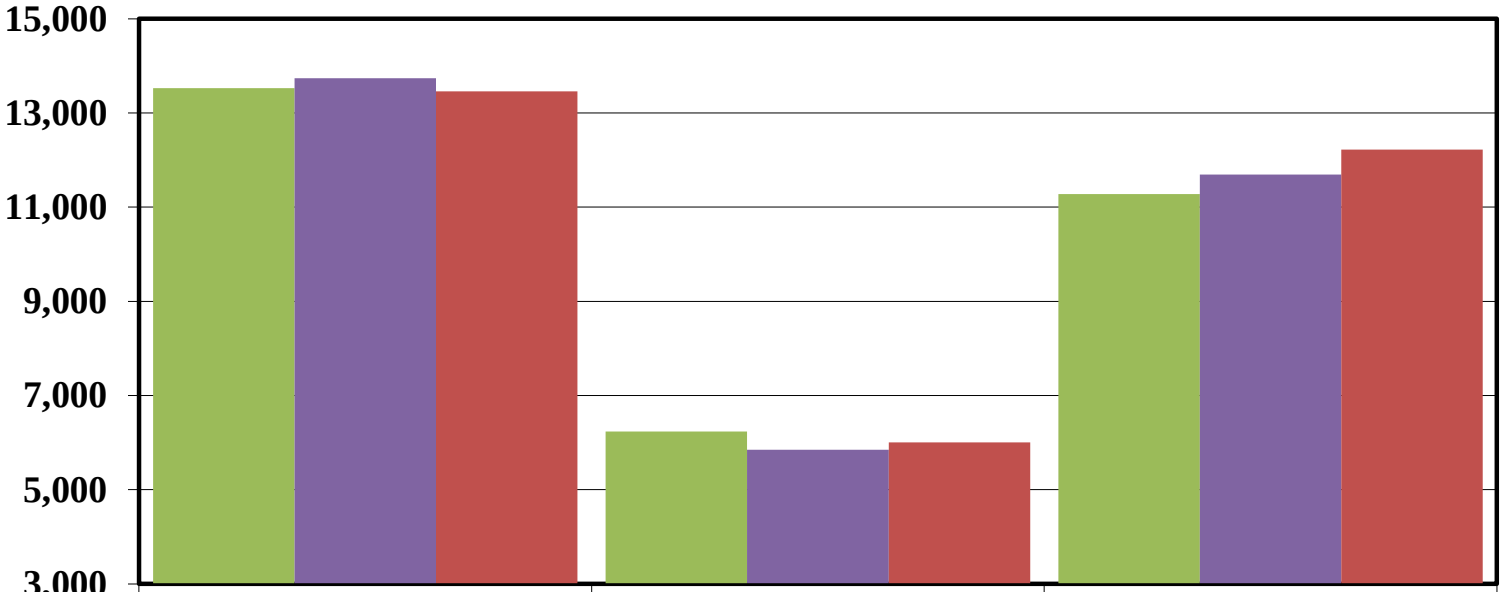
CareChex® Quality Rating System

Hospital & Health System Quality Ratings


Reduced Errors
Better Care Coordination
Privacy and Security
Improved Communication
Safe Care
Convenience
Accurate Billing

2013 - 2015 Admissions by Facility

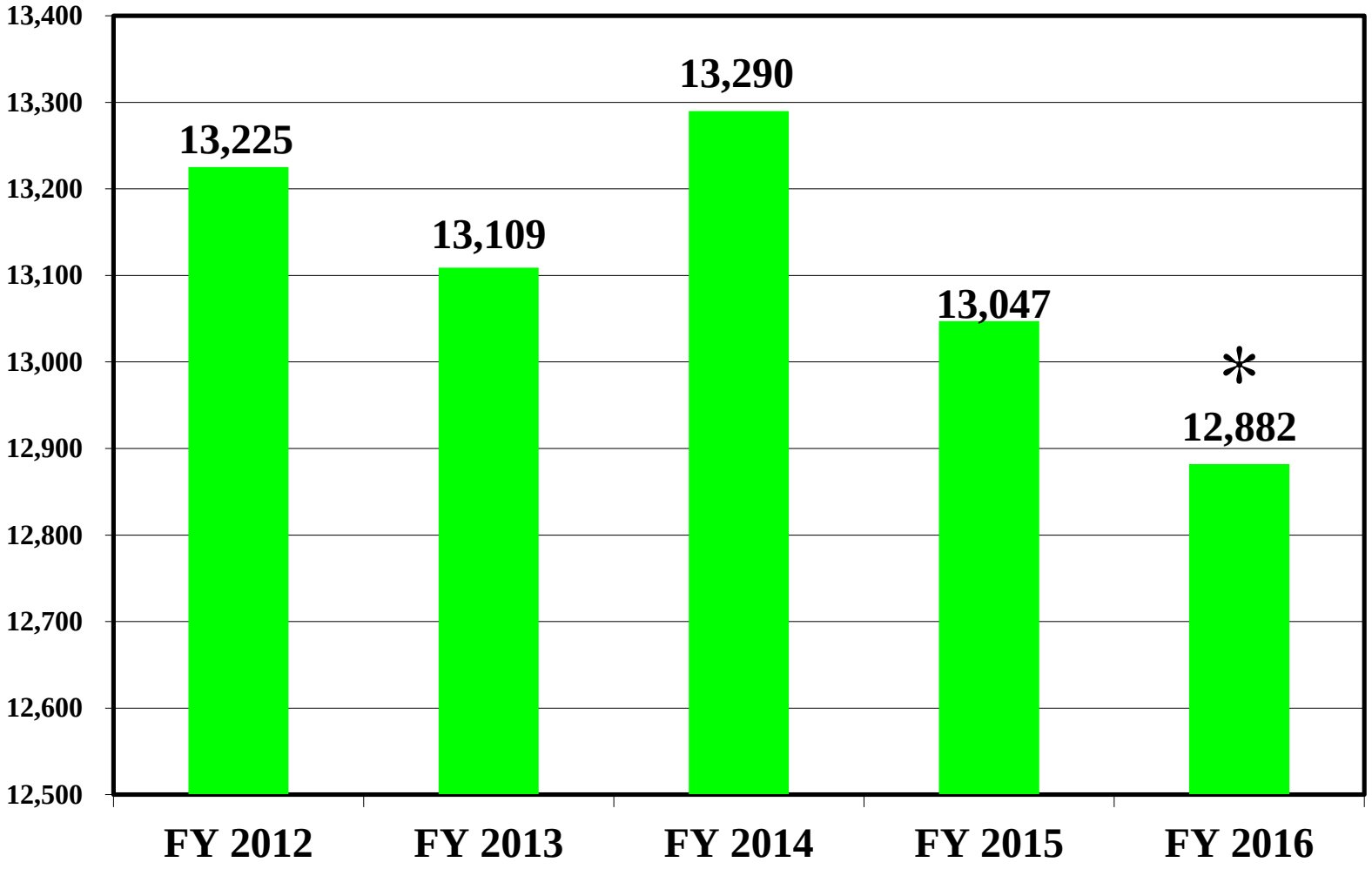
Source: 2017 AHA Annual Guide



	MCH	ORMC	MMH
2013	13,525	6,237	11,280
2014	13,737	5,850	11,690
2015	13,462	6,007	12,224

Admissions

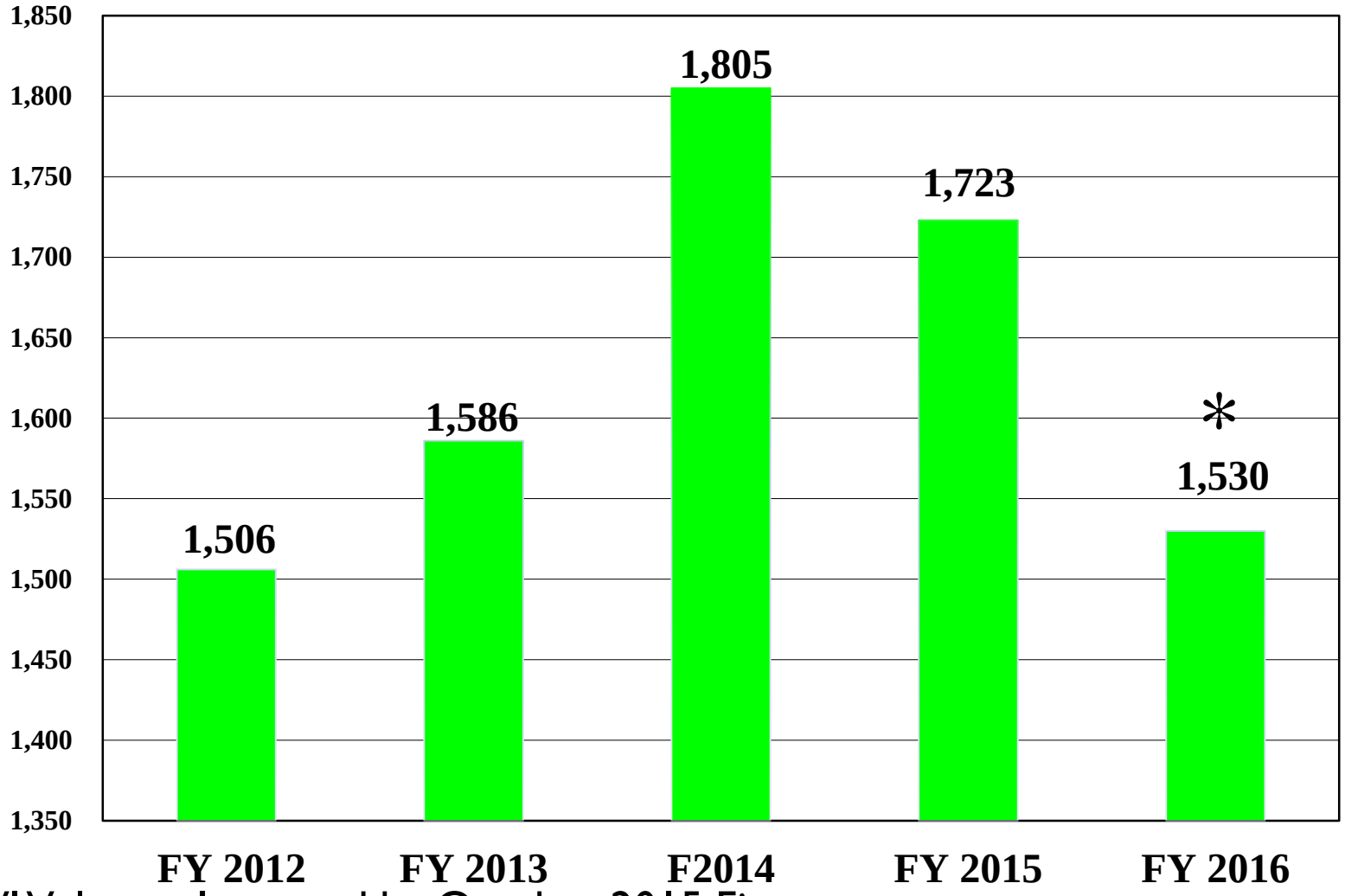
5 Year Historical Trending



*CWI Volumes Impacted by October 2015 Fire

CW&I Deliveries

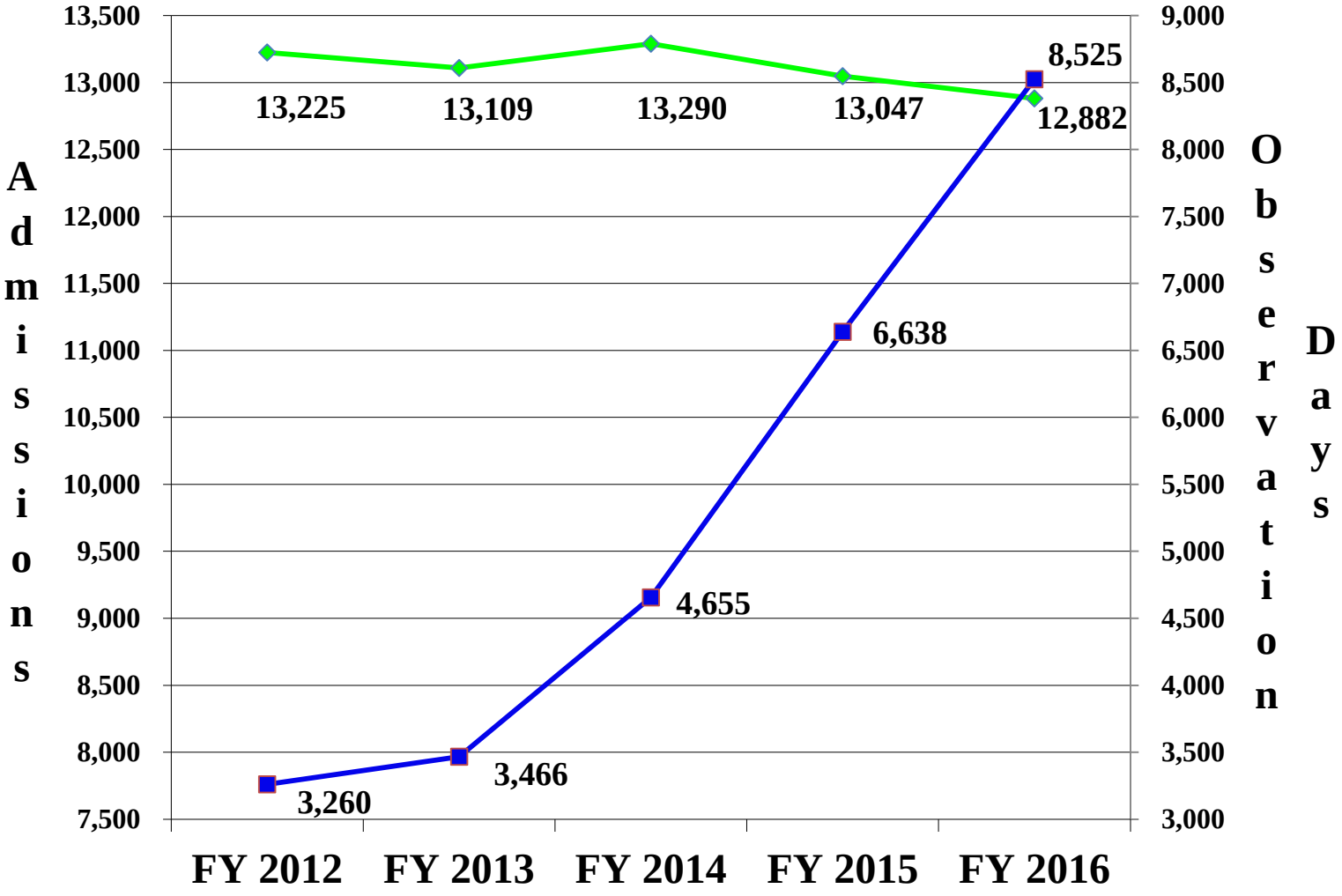
5 Year Historical Trending



*CWI Volumes Impacted by October 2015 Fire

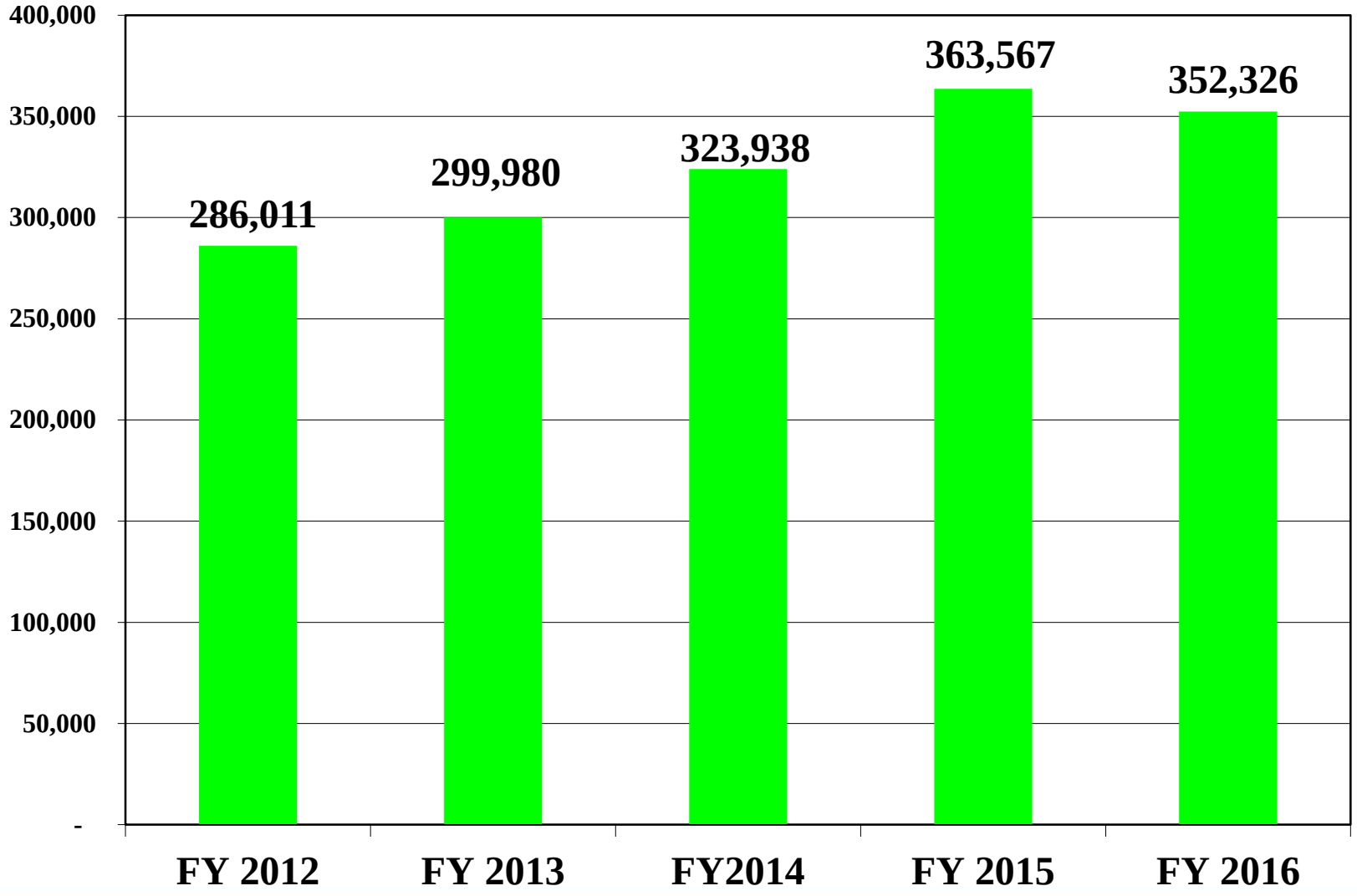
Admissions & Observation Days

5 Year Historical Trending



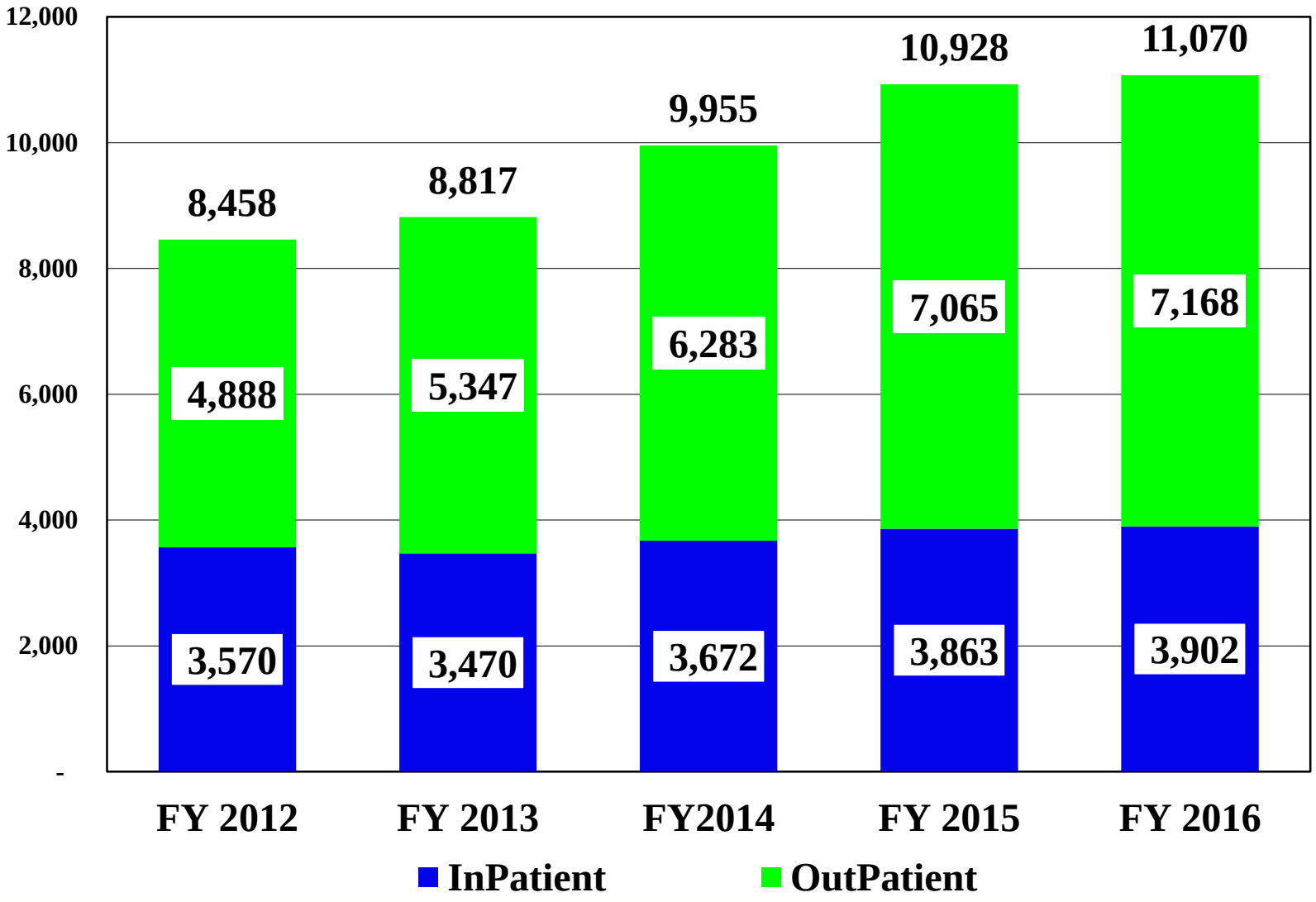
Total O/P Occasions of Service

5 Year Historical Trending



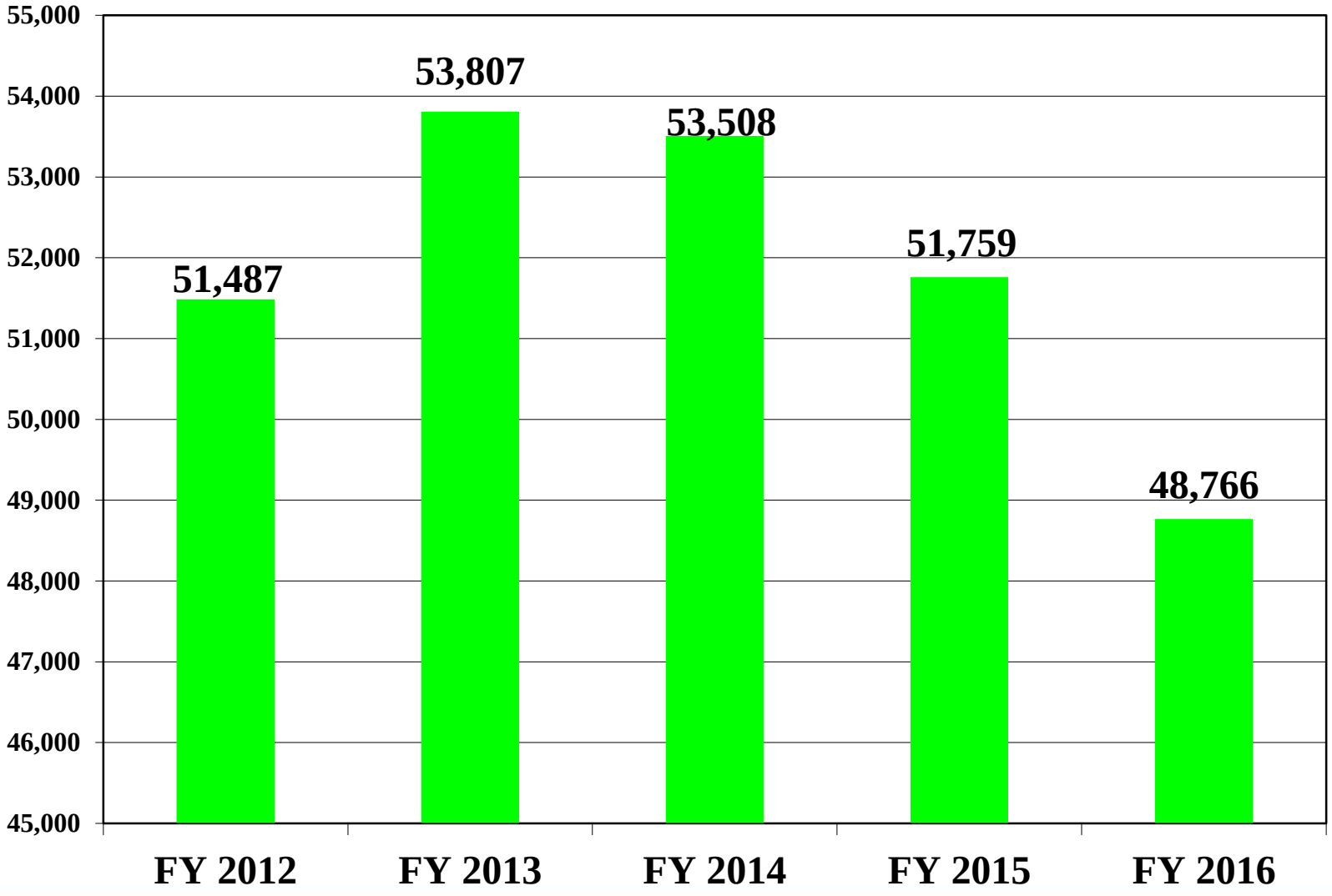
Surgery Volume

5 Year Historical Trending

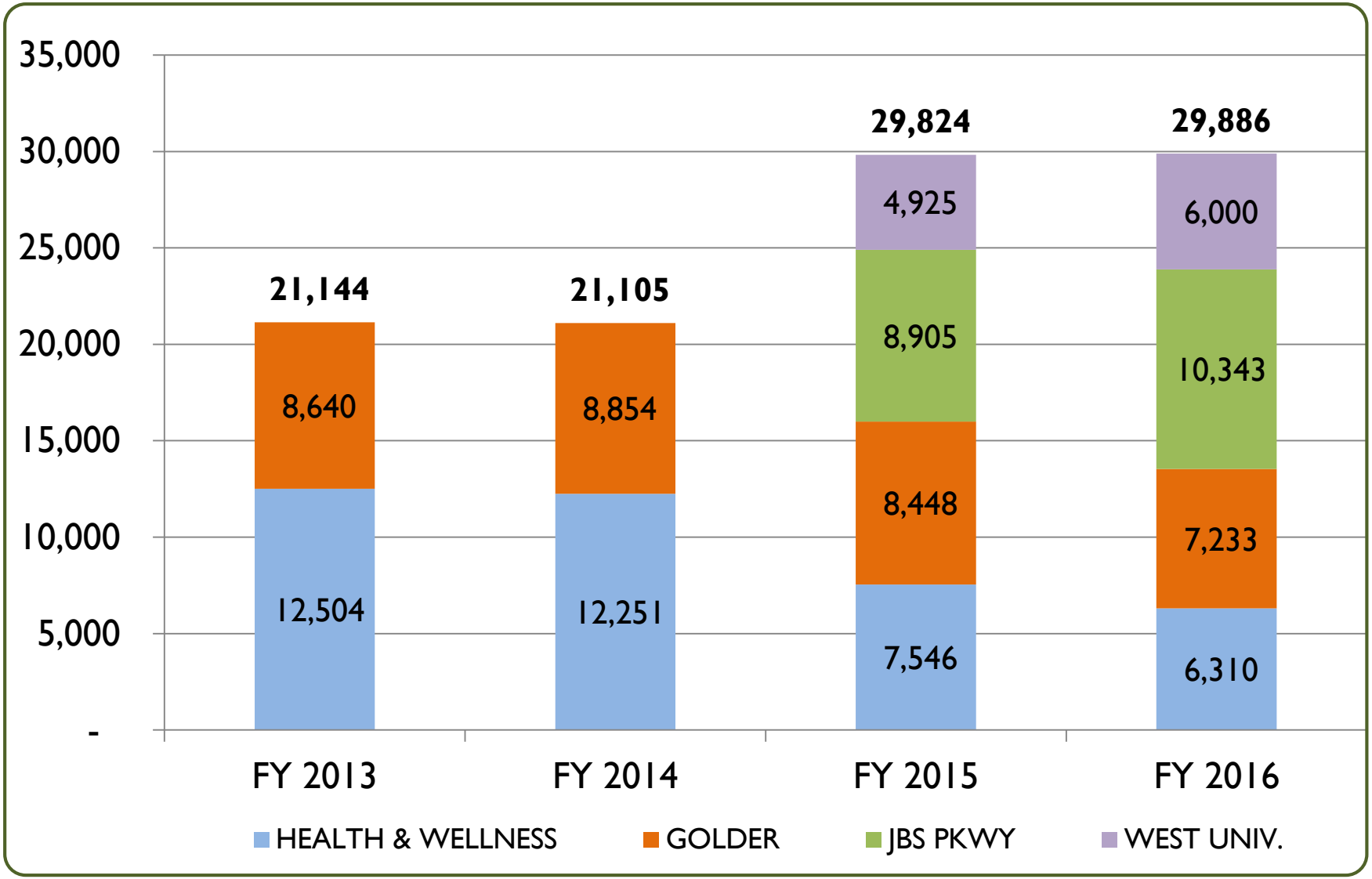


Emergency Room Visits

5 Year Historical Trending

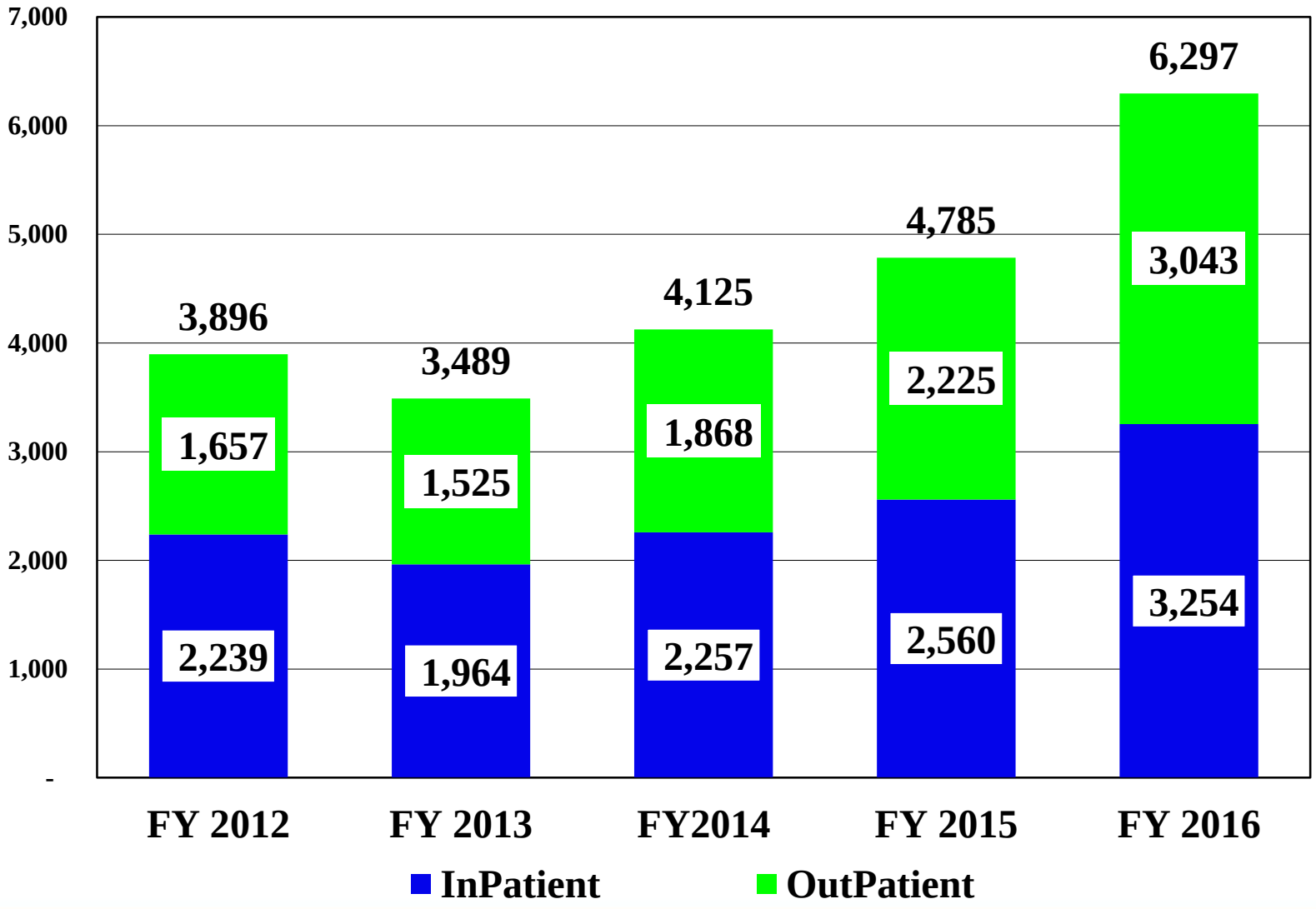


Urgent Care Visits

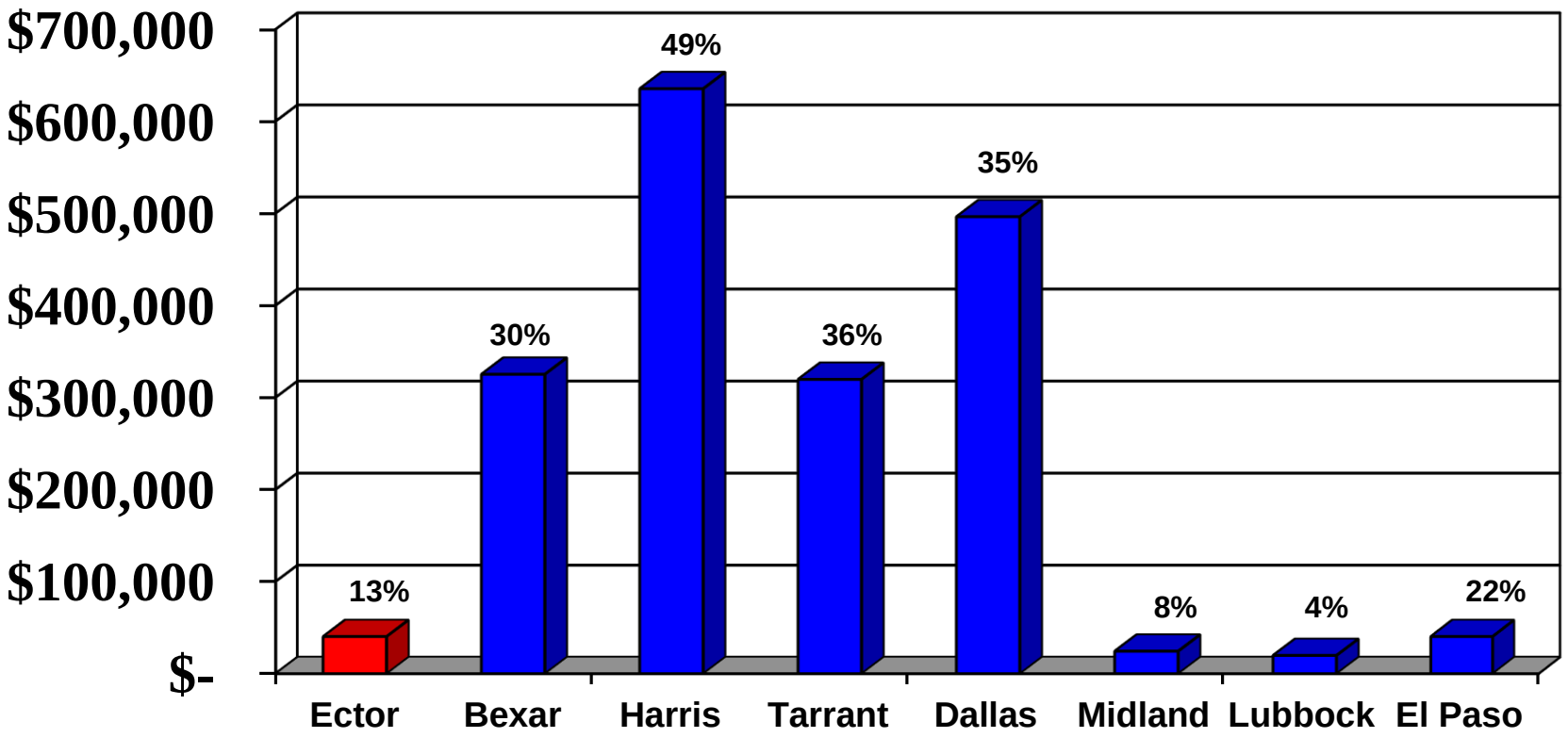


Cardiac Cath Lab Procedures

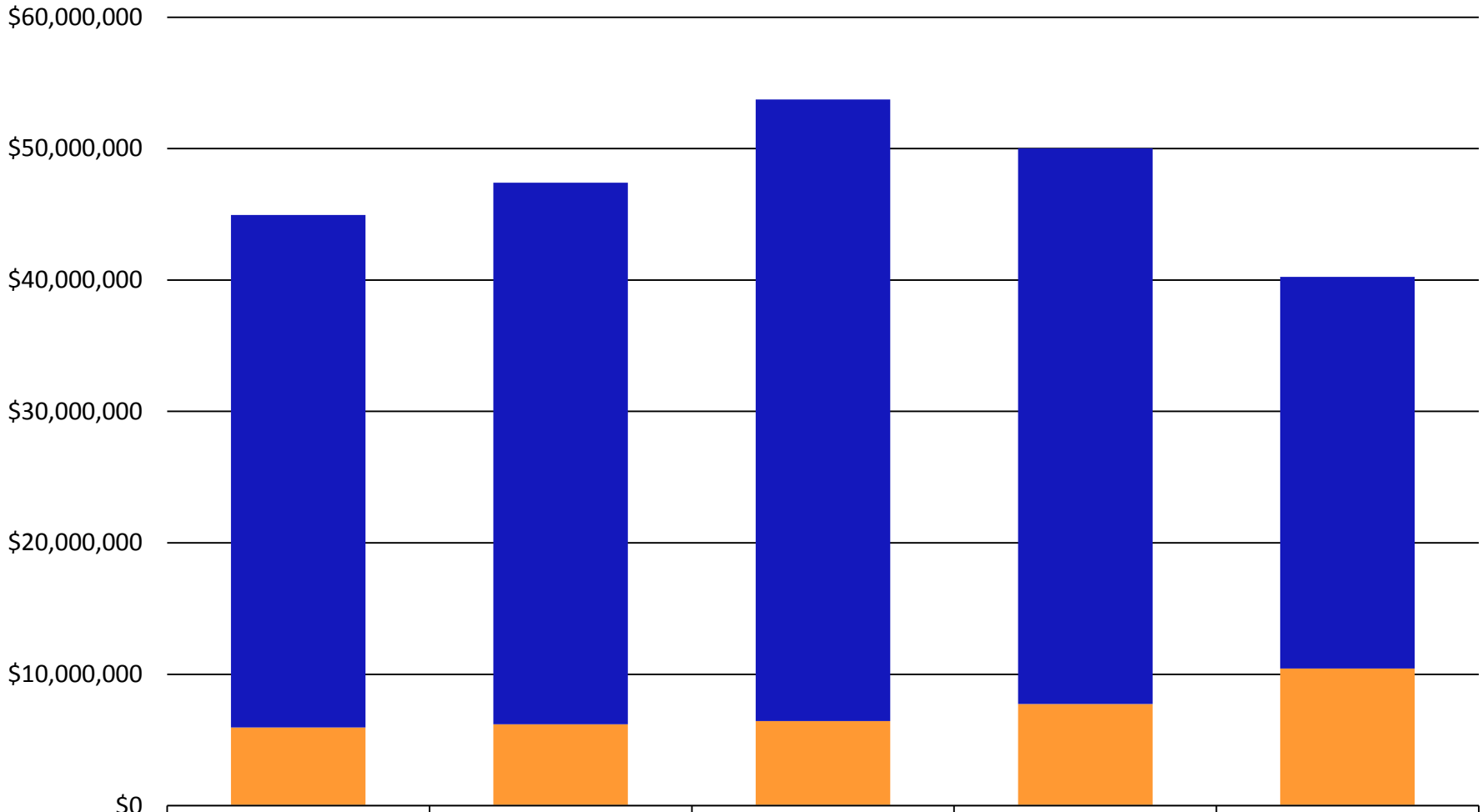
5 Year Historical Trending



Tax Revenue $ and % of Total Revenue



Total Tax Receipt History by Tax Year



	2012	2013	2014	2015	2016
Total Taxes	44,940,213	47,409,764	53,744,787	50,033,024	40,229,305
Sales Tax	38,992,933	41,208,588	47,298,708	42,299,719	29,782,307
Ad Valorem	5,947,280	6,201,177	6,446,079	7,733,305	10,446,998

ECHD Summary of Obligations for District Tax Support

for the Twelve Months Ending September 30, 2016

TAX REVENUES

$40,229,305

BREAKDOWN

Short Fall of $47,841,751 Between District Obligations and District Tax Revenue

UNCOMPENSATED & INDIGENT CARE AT COST

$88,071,056

BREAKDOWN

$52,939,775
Uncompensated Care @ Cost

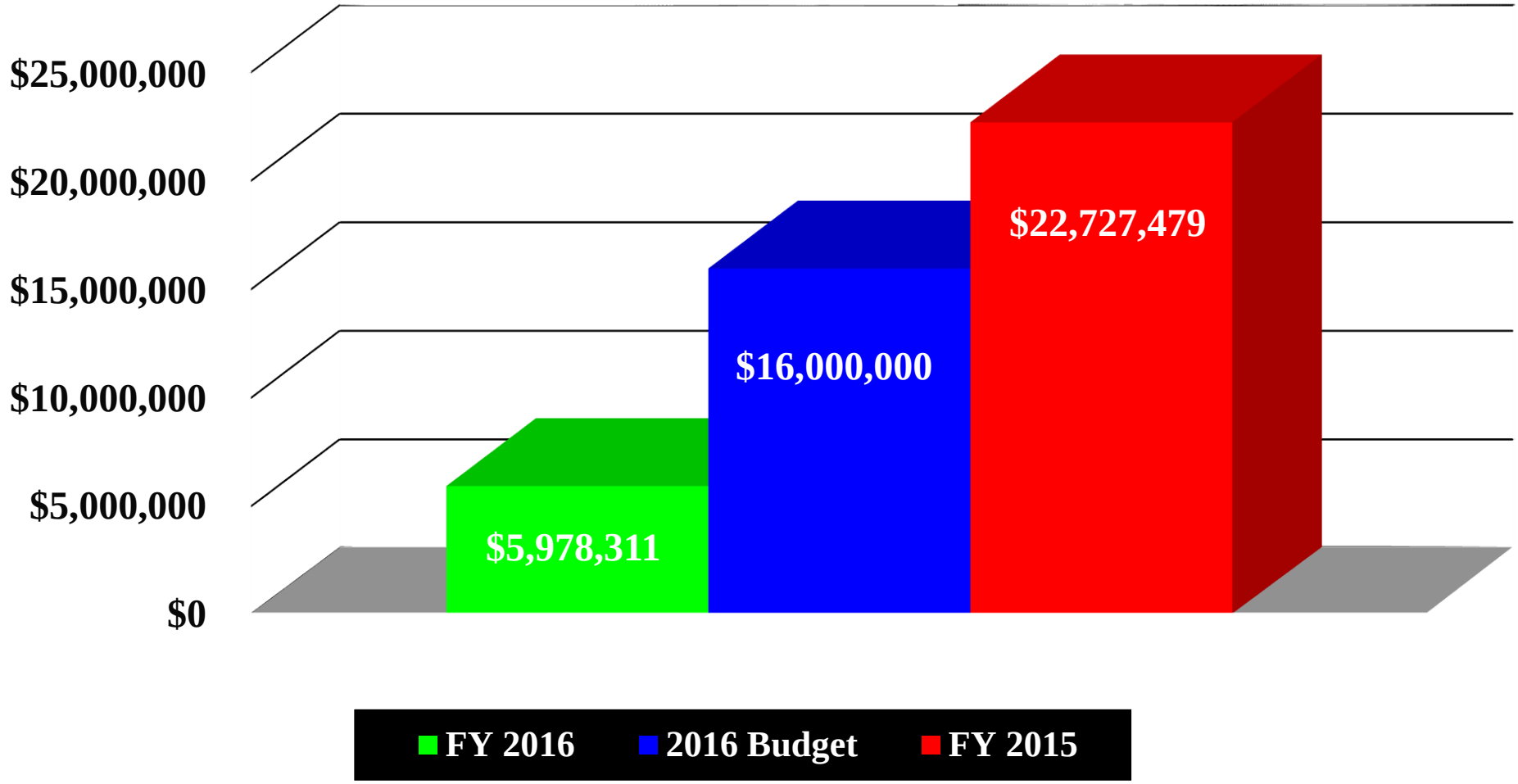
$30,220,233
ECHDA Indigent/Charity @ Cost

$4,162,228
Family Health Center @ Cost

$748,820
Ector County Jail Inmates @ Cost

Earnings before Interest, Depreciation and Amortization (EBIDA)

For the Twelve Months Ended September 30, 2016



Financial Sustainability

- MCHS Foundation has committed $2.9 million towards the renovation of our pediatric unit. Opening January 2017
- Cor Tenera, our Physician Engagement Event, has raised approximately $70,000 with 21 Physician Champions.
- Dedication and Naming of 9 Central - The Abdul Kadir M.D. Stroke Center of Excellence was made possible by The Wood Family Foundation, Inc. in the amount of $1,500,000.
- Children's Miracle Network and The MCHS Foundation, together contributed $1,204,487 to Medical Center Hospital in fiscal year 2016, this is a fifteen percent increase over prior year.

“Samantha Canady Center for Pediatric Care” (5-West Pediatric Unit)

- Pediatric Unit Renovation Kick-Off – April 2016
- Opened – January 2017

Working With Our Community To Improve Health and Wellness

MCHS participated with local businesses and organizations to provide education and information to the community.

- Reagan Magnet Academy Say No to Drugs
- ECISD Camp SIP (Scholars in Progress)
- Diabetes Walk
- Heart Walk
- Keep Odessa Beautiful Texas Trash Off
- New Tech Odessa
- Odessa Black Chamber of Commerce
- Ector County Senior Centers

MCHS Employees Give Back 2016

United Way
Total donations made by MCHS Staff
$239,993

Health Fairs
Total number of people impacted at health fairs, as well as talks, tours, and presentations
8,260 People

Blood Drive
Total units of blood donated by MCHS staff to date in 2015
167 Units

Spirit Of Women Events (Day of Dance, Sweet Expectations, Girl Talk)
Total number of guests that attended Spirit of Women events
645 Attendees

Hand in Hand Events
Total number of guests that attended Hand in Hand events
975 Attendees

Farmers Market
2nd Saturday of the month from June Through September
7,140 Attendees

The Impact of Medical Center Health System on Business Activity and Tax Receipts in the Odessa-Ector County Area

- MCHS not only fulfills a critical role in the provision of health care in the Odessa area, but also leads to sizable gains in economic activity.

- Recent and planned **construction** projects also involve substantial economic benefits.

The Perryman Group

The Impact of Medical Center Health System on Business Activity and Tax Receipts in the Odessa-Ector County Area

- The impact of **ongoing operations** of MCHS and associated spending by out-of-area visitors and patients is estimated to be over:
  - **$1.1 billion** in total expenditures
  - **6,599 jobs**

- These economic benefits generate State tax revenue of an estimated $32.2 million per year, with **$14.5 million** for local governments.

The Perryman Group

The Impact of Medical Center Health System on Business Activity and Tax Receipts in the Odessa-Ector County Area

- The **net benefits of uncompensated care** provided by MCHS include:
  - **$146.9 million** in total expenditures
  - **$79.6 million** in output (gross product) each year
  - **869** permanent jobs

- *The cost of **uncompensated care provided by MCHS is about twice as high as the amount of local public resources provided for its support**, and the dynamic tax revenues to local governments by the associated operations and visitor spending offset approximately 37% of the direct tax revenue received.*
  - ***As a result, its value as a public resource far exceeds the cost to taxpayers.***

The Perryman Group

Medical Center Health System

Your One Source for Health