

**Posted**  
**Tuesday**  
**April 30, 2024**

**FINANCE COMMITTEE MEETING**

**Agenda**



**WEDNESDAY, MAY 1, 2024**  
**1:00 P.M.**

*PLEASE TURN OFF CELL PHONES OR SET THEM TO SILENT MODE  
UPON ENTERING THE MEETING ROOM*

	<u>Time</u>	<u>Form A Page</u>	<u>Target</u>
<b>CALL TO ORDER</b> .....			<b>1:00</b>
❖ Public Comments .....	30		1:30
❖ Information Item(s) – <b>NONE</b> .....			1:30
1. Board Finance Committee Follow-ups .....	3	4	1:33
2. Approval: Minutes – Finance Committee – Wednesday, January 24, 2024 ( <b>ADD C – Pp2-6</b> ) .....	2	5	1:35
3. Approval: Minutes – Special Finance Committee – Friday, March 22, 2024 ( <b>ADD A – Pp9-11</b> ) .....	2	6	1:37
4. Approval: Executed Budgeted Routine Physician Agreements ( <b>ADD B – Pp12-22</b> ) .....	3	7	1:40
5. Approval: March 2024 & YTD FY2024 Financial Report ( <b>ADD D – Pp7-20</b> ) .....	20	9	2:00
<b>ADJOURNMENT</b> .....			<b>2:00</b>

**NOTE: The meeting—without public comments—is scheduled to last 30 minutes, starting at 1:00 P.M., with adjournment at 1:30 P.M.**

<b>Board Finance Committee – Voting Members</b>		
Laura Barry – Chair	Mike Pacheco – Director	Jeff Griffith, EMT-P – Director
Diane Hansen, President & CEO	Kanchan Koirala, MD, CoS Palomar Medical Center Escondido	Sam Filiciotto, MD, CoS Palomar Medical Center Poway
<b>Board Finance Committee – Alternate Voting Members</b>		
Laurie Edwards-Tate, MS Board Alternate	Andrew Nguyen, MD – CoS-Elect CoS Alternate – Palomar Medical Center Escondido	Mark Goldsworthy, MD – CoS-Elect CoS Alternate – Palomar Medical Center Poway
<b>Board Finance Committee – Non-Voting Members</b>		
Andrew Tokar, CFO	Ryan Olsen, COO	Omar Khawaja, MD, CMO
Mel Russell, RN, CNE		Melissa Wallace – Vice President of Finance

**NOTE: If you have a disability, please notify us 72 hours prior to the event so that we may provide reasonable accommodations**

**ITEMS #2 & #4 ARE ATTACHED AS  
SUPPLEMENTAL INFORMATION**

# ADDENDUM C

# Meeting Minutes

## BOARD FINANCE COMMITTEE CALENDAR YEAR 2024



[P = Present      V = Virtual      E = Excused      A = Absent      G = Guest]

ATTENDANCE ROSTER						
MEMBERS	MEETING DATES:					
	1/24/24					
DIRECTOR LAURA BARRY – CHAIR	P					
DIRECTOR JEFF GRIFFITH, EMT-P	P					
DIRECTOR MIKE PACHECO	P					
DIANE HANSEN, PRESIDENT & CEO	P					
KANCHAN KOIRALA, MD, COS PMC ESCONDIDO	E					
SAM FILICIOTTO, MD , CoS, PMC POWAY	V					
<i>DIRECTOR LAURIE EDWARDS-TATE, MS – ALTERNATE</i>						
<i>DIRECTOR LINDA GREER</i>	G					
<i>DIRECTOR TERRY CORRALES</i>	G					
<i>DIRECTOR JOHN CLARK</i>	V/G					
<i>ANDREW NGUYEN – ALTERNATE COS PMC ESCONDIDO</i>						
<i>MARK GOLDSWORTHY, MD – ALTERNATE COS PMC POWAY</i>						
STAFF ATTENDEES						
MELISSA WALLACE, INTERIM CHIEF FINANCIAL OFFICER	P					
OMAR KHAWAJA, MD, CHIEF MEDICAL OFFICER	V					
RYAN OLSEN, CHIEF OPERATIONS OFFICER	E					
MEL RUSSELL, RN, CHIEF NURSE EXECUTIVE	P					
TANYA HOWELL – COMMITTEE ASSISTANT	P					
INVITED GUESTS	SEE TEXT OF MINUTES FOR NAMES OF INVITED GUESTS					

BOARD FINANCE COMMITTEE – MEETING MINUTES – WEDNESDAY, JANUARY 24, 2024			
AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL ?
DISCUSSION			
<b>NOTICE OF MEETING</b>			
<ul style="list-style-type: none"> <li>The agenda (as Notice of Meeting) was posted on Wednesday, January 17, 2024, at Palomar Health’s Administrative Offices, which is consistent with legal requirements</li> <li>The full agenda packet was also posted on the Palomar Health website; and notice of that posting was made via email to the Board and staff</li> </ul>			
<b>CALL TO ORDER</b>			
<ul style="list-style-type: none"> <li>The meeting – held in the Linda Greer Conference Room, 2125 Citracado Parkway, Suite 300, Escondido, CA, and virtually – was called to order at 1:34 p.m. by Chair Laura Barry</li> </ul>			
<b>ESTABLISHMENT OF QUORUM</b>			
<ul style="list-style-type: none"> <li>Quorum was established – see roster for details</li> </ul>			
<b>PUBLIC COMMENTS</b>			
<ul style="list-style-type: none"> <li>None filed</li> </ul>			
<b>1. BOARD FINANCE COMMITTEE FOLLOW-UPS</b>			
<ul style="list-style-type: none"> <li>Case Mix Index Comparisons <ul style="list-style-type: none"> <li>CMO Dr. Omar Khawaja stated that he had discussed comparisons with Dr. Julio, basically just discussions related to the CMIs she had seen at other sites; however, there had been an issue in making comparisons for trauma vs. non-trauma sites, and she hadn’t yet provided a response to the question</li> </ul> </li> </ul>			
<b>2. MINUTES –FINANCE COMMITTEE – WEDNESDAY, OCTOBER 25, 2023</b>	<b>MOTION:</b> By Ms. Hansen, seconded by Director Griffith, and carried to approve the Minutes from the Finance Committee meeting held on Wednesday, October 25, 2023, as presented.  Vote taken by Roll Call: Chair Barry – aye; Director Pacheco – aye; Director Griffith -aye ; Dr. Filiciotto –aye; Ms. Hansen – aye; Absent: Dr. Koirala	Forwarded to the February 12, 2024, Board of Directors meeting as information	<b>Y</b>
<ul style="list-style-type: none"> <li>No discussion</li> </ul>			
<b>3. EXECUTED, BUDGETED, ROUTINE PHYSICIAN AGREEMENTS</b>	<b>MOTION:</b> By Director Griffith, seconded by Director Pacheco, and carried and carried to recommend approval of the Executed, Budgeted, Routine Physician Agreements.  Vote taken by Roll Call: Chair Barry – aye; Director Pacheco – aye; Director Griffith -aye ; Dr. Filiciotto –aye; Ms. Hansen – aye; Absent: Dr. Koirala	Forwarded to the February 12, 2024, Board of Directors meeting with a recommendation for approval	<b>Y</b>
<ul style="list-style-type: none"> <li>No discussion</li> </ul>			

BOARD FINANCE COMMITTEE – MEETING MINUTES – WEDNESDAY, JANUARY 24, 2024			
AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL ?
<b>DISCUSSION</b>			
<b>4. ESTABLISHMENT OF THE DATE, TIME AND LOCATION FOR THE REGULAR MEETINGS OF THE BOARD FINANCE COMMITTEE FOR CALENDAR YEAR 2024 &amp; JANUARY 2025</b>	<p><b>MOTION:</b> By Director Pacheco, seconded by Director Griffith, and carried and carried to approve the Date, Time and Location for the Regular Meetings of the Board Finance Committee for Calendar Year 2024 &amp; January 2025 as amended, with a new start time of 1:00 p.m.</p> <p>Vote taken by Roll Call: Chair Barry – aye; Director Pacheco – aye; Director Griffith -aye ; Dr. Filiciotto –aye; Ms. Hansen – aye; Absent: Dr. Koirala</p>	<p>Forwarded to the February 12, 2024, Board of Directors meeting as information</p> <ul style="list-style-type: none"> <li>The new start time and his continued ability to attend will be confirmed with Dr. Koirala</li> </ul>	<b>Y</b>
<ul style="list-style-type: none"> <li>Chair Barry read the dates, and, following some discussion, a motion for the originally suggested time of 1:30 p.m. was amended to a start time of 1:00 p.m., with lunch to be included</li> </ul>			
<b>5. CHARTER OF THE FINANCE COMMITTEE OF THE PALOMAR HEALTH BOARD OF DIRECTORS</b>	<p><b>MOTION:</b> By Director Griffith, seconded by Ms. Hansen, and carried and carried to recommend approval of the Charter of the Finance Committee of the Palomar Health Board of Directors.</p> <p>Vote taken by Roll Call: Chair Barry – aye; Director Pacheco – aye; Director Griffith -aye ; Dr. Filiciotto –aye; Ms. Hansen – aye; Absent: Dr. Koirala</p>	<p>Forwarded to the February 12, 2024, Board of Directors meeting with a recommendation for approval</p>	<b>Y</b>
<ul style="list-style-type: none"> <li>Reapproving the charter of Finance Committee of the Board of Palomar Health – no changes recommended</li> </ul>			
<b>6. DECEMBER 2023 &amp; YTD FY2024 FINANCIAL STATEMENTS</b>	<p><b>MOTION:</b> By Director Griffith, seconded by Director Pacheco, and carried to recommend approval of the December 2023 &amp; YTD FY2024 Financial Statements</p> <p>Vote taken by Roll Call: Chair Barry – aye; Director Pacheco – aye; Director Griffith -aye ; Dr. Filiciotto –aye; Ms. Hansen – aye; Absent: Dr. Koirala</p>	<p>Forwarded to the February 12, 2024, Board of Directors meeting with a recommendation for approval</p>	<b>N</b>
<ul style="list-style-type: none"> <li>CEO Diane Hansen introduced Melissa Wallace, who has stepped into the Interim CFO role since Hugh King retired at the end of last year <ul style="list-style-type: none"> <li>Ms. Wallace has been with the health system for almost 16 years and will act as CFO until the new CFO is onboarded in May</li> </ul> </li> <li>Ms. Wallace reviewed financial results for the first six months of the fiscal year, noting that numbers were behind budget due to delays in strategic projects, payor mix shifts, and inflationary challenges <ul style="list-style-type: none"> <li>YTD discharges were down about 5% from prior year at 12,086, while patient days were relatively flat; as a result, LOS was up, which was supported by a higher case mix index</li> <li>Surgeries were relatively flat compared to the budget, though ER cases were down</li> <li>DCOH was down, but will increase by the end of year when supplemental funds are received from the state, like last year</li> </ul> </li> </ul>			

**BOARD FINANCE COMMITTEE – MEETING MINUTES – WEDNESDAY, JANUARY 24, 2024**

• AGENDA ITEM	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL ?
• DISCUSSION			
<ul style="list-style-type: none"> <li>○ Income from operations was a loss of \$7M for Q2 of FY2024, though improved from Q1; YTD income from operations was a loss of \$18.8M; the net income loss was \$27.8M</li> <li>○ Ms. Wallace and Ms. Hansen shared that an outside consulting firm had been engaged to do a financial review and help identify areas of potential improvement</li> </ul>			
<b>ADJOURNMENT</b>		<b>The meeting was adjourned by Chair Barry at 2:10 p.m.</b>	
<b>SIGNATURES:</b>	<b>COMMITTEE CHAIR</b>	_____	
		LAURA BARRY	
	<b>COMMITTEE ASSISTANT</b>	_____	
		TANYA HOWELL	

DRAFT

# ADDENDUM D

## Fiscal Year 2024 Financial Performance

\*Supplemental Section includes Palomar Health Medical Group (PHMG) and Consolidating Schedules

March 2024

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	Quarter to Date				Year to Date			
	Actual	Budget	Variance	Prior Year	Actual	Budget	Variance	Prior Year
	Mar-24	Mar-24		Mar-23	Mar-24	Mar-24		Mar-23
<b>Key Volumes</b>								
<b>Discharges - Total</b>	<b>5,892</b>	<b>6,572</b>	<b>(10.3%)</b>	<b>6,270</b>	<b>17,978</b>	<b>19,237</b>	<b>(6.6%)</b>	<b>18,985</b>
Acute - General	5,664	6,213	(8.8%)	6,001	17,163	18,154	(5.5%)	18,095
Acute Behavioral Health	121	153	(20.9%)	117	406	461	(11.9%)	425
Total Acute Discharges	5,785	6,366	(9.1%)	6,118	17,569	18,615	(5.6%)	18,520
The Villas at Poway	107	206	(48.1%)	152	409	622	(34.2%)	465
<b>Patient Days - Total</b>	<b>35,825</b>	<b>39,398</b>	<b>(9.1%)</b>	<b>38,110</b>	<b>107,192</b>	<b>115,481</b>	<b>(7.2%)</b>	<b>110,008</b>
Acute - General	26,079	27,026	(3.5%)	27,379	76,735	78,043.68	(1.7%)	78,270
Acute Behavioral Health	1,049	998	5.1%	1,005	3,027	3,063	(1.2%)	3,521
Total Acute Patient Days	27,128	28,023	(3.2%)	28,384	79,762	81,106	(1.7%)	81,791
The Villas at Poway	8,697	11,375	(23.5%)	9,726	27,430	34,375	(20.2%)	28,217
Acute Adjusted Discharges	9,544	10,771	(11.4%)	10,187	29,401	31,500	(6.7%)	31,172
Total Adjusted Discharges*	9,643	10,977	(12.2%)	10,374	29,820	32,122	(7.2%)	31,751
Acute Adjusted Patient Days	44,712	47,385	(5.6%)	47,260	133,397	137,143	(2.7%)	137,565
Total Adjusted Patient Days*	53,409	58,760	(9.1%)	56,986	160,827	171,518	(6.2%)	165,783
Acute Average Daily Census	298	521	(42.8%)	315	290	295	(1.7%)	299
Total Average Daily Census*	394	433	(9.1%)	423	390	420	(7.2%)	401
<b>Surgeries - Total</b>	<b>2,852</b>	<b>2,838</b>	<b>0.5%</b>	<b>3,062</b>	<b>8,694</b>	<b>8,738</b>	<b>(0.5%)</b>	<b>9,025</b>
Inpatient	1,435	1,415	1.4%	1,500	4,411	4,390	0.5%	4,437
Outpatient	1,417	1,424	(0.5%)	1,562	4,283	4,348	(1.5%)	4,588
Deliveries	850	929	(8.5%)	1,101	2,758	3,054	(9.7%)	3,488
<b>ER Visits (Includes Trauma) - Total</b>	<b>29,698</b>	<b>31,973</b>	<b>(7.1%)</b>	<b>32,745</b>	<b>91,203</b>	<b>104,223</b>	<b>(12.5%)</b>	<b>101,377</b>
Inpatient	4,418	4,196	5.3%	4,376	12,898	13,008	(0.8%)	13,162
Outpatient	25,280	27,777	(9.0%)	28,369	78,305	91,215	(14.2%)	88,215

\* Includes The Villas at Poway

	Quarter to Date				Year to Date			
	Actual	Budget	Variance	Prior Year	Actual	Budget	Variance	Prior Year
	Mar-24	Mar-24		Mar-23	Mar-24	Mar-24		Mar-23
<b>Key Statistics</b>								
Acute Average LOS - Days	4.69	4.40	(6.5%)	4.64	4.54	4.36	(4.3%)	4.42
Acute - General	4.60	4.35	(5.8%)	4.56	4.47	4.30	(4.0%)	4.33
Acute Behavioral Health	8.67	6.52	(33.0%)	8.59	7.46	6.64	(12.2%)	8.28
Average Observation Hours	36	29	(26.5%)	29	37	31	(18.9%)	31
Acute Case Mix-Excludes Deliveries	1.82	1.79	1.4%	1.79	1.77	1.79	(0.6%)	1.79
Acute Case Mix-Medicare Only	1.87	1.80	3.8%	1.80	1.79	1.83	(2.3%)	1.83
Labor Productivity by Hrs					98.8%	100.0%	(1.2%)	102.8%
Days Cash on Hand					35.7			51.7
<b>Financial Performance</b>								
Operating Income	(9,701,298)	13,343,782	(23,045,080)	1,837,522	(28,587,520)	41,651,539	(70,239,059)	6,873,087
Net Income	(12,620,501)	9,605,020	(22,225,521)	(1,022,657)	(40,513,605)	26,205,367	(66,718,972)	(1,031,851)
Oper. Expenses/Adj. Patient Days	3,814	3,414	(11.7%)	3,598	3,690	3,469	(6.4%)	3,594
EBIDA Margin-Excludes PHMG	8.1%	16.3%	(8.2%)	10.4%	7.9%	16.1%	(8.2%)	11.0%
EBIDA-Excludes PHMG	16,705,066	36,990,045	(20,284,979)	20,838,256	47,649,202	108,360,432	(60,711,230)	70,220,423

Note: Financial Performance excludes GO Bonds

Income Statement for the Fiscal Quarter Ended March 31, 2024  
Excludes PHMG

	Actual	Budget	Variance	Variance		Dollars/Adjusted Patient Day		
	Mar-24	Mar-24	Mar-24	Volume	Rate/Eff	Actual	Budget	Variance
<b>Adjusted Patient Days</b>	53,409	58,761	(5,352)					
<b>Adjusted Discharges</b>	9,642	10,977	(1,335)					
<b>Operating Revenue</b>								
Gross revenue	1,347,242,164	1,388,246,319	(41,004,155)	(126,442,612)	85,438,457	25,225	23,625	1,600
Deductions from revenue	(1,155,377,430)	(1,167,259,787)	11,882,357	106,314,977	(94,432,620)	(21,633)	(19,865)	(1,768)
Net patient revenue	191,864,734	220,986,532	(29,121,798)	(20,127,634)	(8,994,164)	3,592	3,761	(168)
Other operating revenue	15,745,918	3,757,742	11,988,176	(342,258)	12,330,434	295	64	231
Total net revenue	207,610,652	224,744,274	(17,133,622)	(20,469,893)	3,336,271	3,887	3,825	62
<b>Operating Expenses</b>								
Salaries, wages & contract labor	97,438,115	97,162,669	(275,446)	8,849,655	(9,125,101)	1,824	1,654	(171)
Benefits	23,595,626	24,539,869	944,243	2,235,111	(1,290,868)	442	418	(24)
Supplies	30,271,081	30,694,610	423,529	2,795,690	(2,372,161)	567	522	(44)
Prof fees & purch svcs	41,798,346	35,915,190	(5,883,156)	3,271,185	(9,154,341)	783	611	(171)
Depreciation	13,633,313	10,685,841	(2,947,472)	973,275	(3,920,747)	255	182	(73)
Other	10,575,469	9,948,849	(626,620)	906,149	(1,532,769)	198	169	(29)
Total expenses	217,311,950	208,947,028	(8,364,922)	19,031,066	(27,395,988)	4,069	3,556	(513)
Income from operations	(9,701,298)	15,797,246	(25,498,544)	(1,438,826)	(24,059,718)	(182)	269	(450)
<b>Non-operating revenue(expense)</b>								
Property tax revenues <sup>1</sup>	5,852,613	5,875,000	(22,388)					
Interest Rate Swap	-	-	-					
Investment income	5,274,946	2,204,190	3,070,756					
Revenue bond interest expense	(12,404,552)	(8,981,599)	(3,422,953)					
Non-operating depreciation	(3,287,703)	(3,448,476)	160,773					
Other non-operating revenue(expense)	1,645,493	1,787,749	(142,256)					
Net Income <sup>2</sup>	(12,620,501)	13,234,110	(25,854,612)					
EBIDA Margin	8.1%	16.2%	(8.1%)					

1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense

Income Statement for the Current Year versus Prior Year  
Excludes PHMG

	Current Year			Prior Year		Variance		Dollars/Adjusted Patient Day		
	Mar-24	Mar-23	Change	Volume	Rate/Eff	Actual	Budget	Variance		
<b>Adjusted Patient Days</b>	160,827	165,783	(4,956)							
<b>Adjusted Discharges</b>	29,820	31,751	(1,931)							
<b>Operating Revenue</b>										
Gross revenue	4,005,083,494	3,720,900,377	284,183,117	(111,234,459)	395,417,576	24,903	22,444	2,459		
Deductions from revenue	(3,422,274,729)	(3,090,711,249)	(331,563,480)	92,395,269	(423,958,750)	(21,279)	(18,643)	(2,636)		
Net patient revenue	582,808,765	630,189,128	(47,380,363)	(18,839,189)	(28,541,174)	3,624	3,801	(177)		
Other operating revenue	23,009,143	8,099,315	14,909,828	(242,125)	15,151,953	143	49	94		
Total net revenue	605,817,908	638,288,443	(32,470,535)	(19,081,314)	(13,389,221)	3,767	3,850	(83)		
<b>Operating Expenses</b>										
Salaries, wages & contract labor	293,174,495	302,504,650	9,330,155	9,043,225	286,929	1,823	1,825	2		
Benefits	70,200,328	69,723,396	(476,932)	2,084,346	(2,561,278)	436	421	(16)		
Supplies	88,223,576	90,289,754	2,066,178	2,699,167	(632,989)	549	545	(4)		
Prof fees & purch svcs	113,277,619	104,688,601	(8,589,018)	3,129,613	(11,718,631)	704	631	(73)		
Depreciation	40,973,967	35,533,945	(5,440,022)	1,062,270	(6,502,291)	255	214	(40)		
Other	28,555,446	28,675,010	119,564	857,225	(737,661)	178	173	(5)		
Total expenses	634,405,431	631,415,356	(2,990,075)	18,875,847	(21,865,921)	3,945	3,809	(136)		
Income from operations	(28,587,523)	6,873,087	(35,460,610)	(205,468)	(35,255,142)	(178)	41	(219)		
<b>Non-operating revenue(expense)</b>										
Property tax revenues <sup>1</sup>	17,602,612	15,075,000	2,527,612							
Interest Rate Swap	-	5,324,960	(5,324,960)							
Investment income	17,650,604	4,677,812	12,972,792							
Revenue bond interest expense	(37,356,830)	(35,804,345)	(1,552,485)							
Non-operating depreciation	(9,832,011)	(5,238,944)	(4,593,067)							
Other non-operating revenue(expense)	9,539	8,060,579	(8,051,039)							
Net Income <sup>2</sup>	(40,513,609)	(1,031,851)	(39,481,757)							
EBIDA Margin	7.9%	11.0%	(3.1%)							

1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense

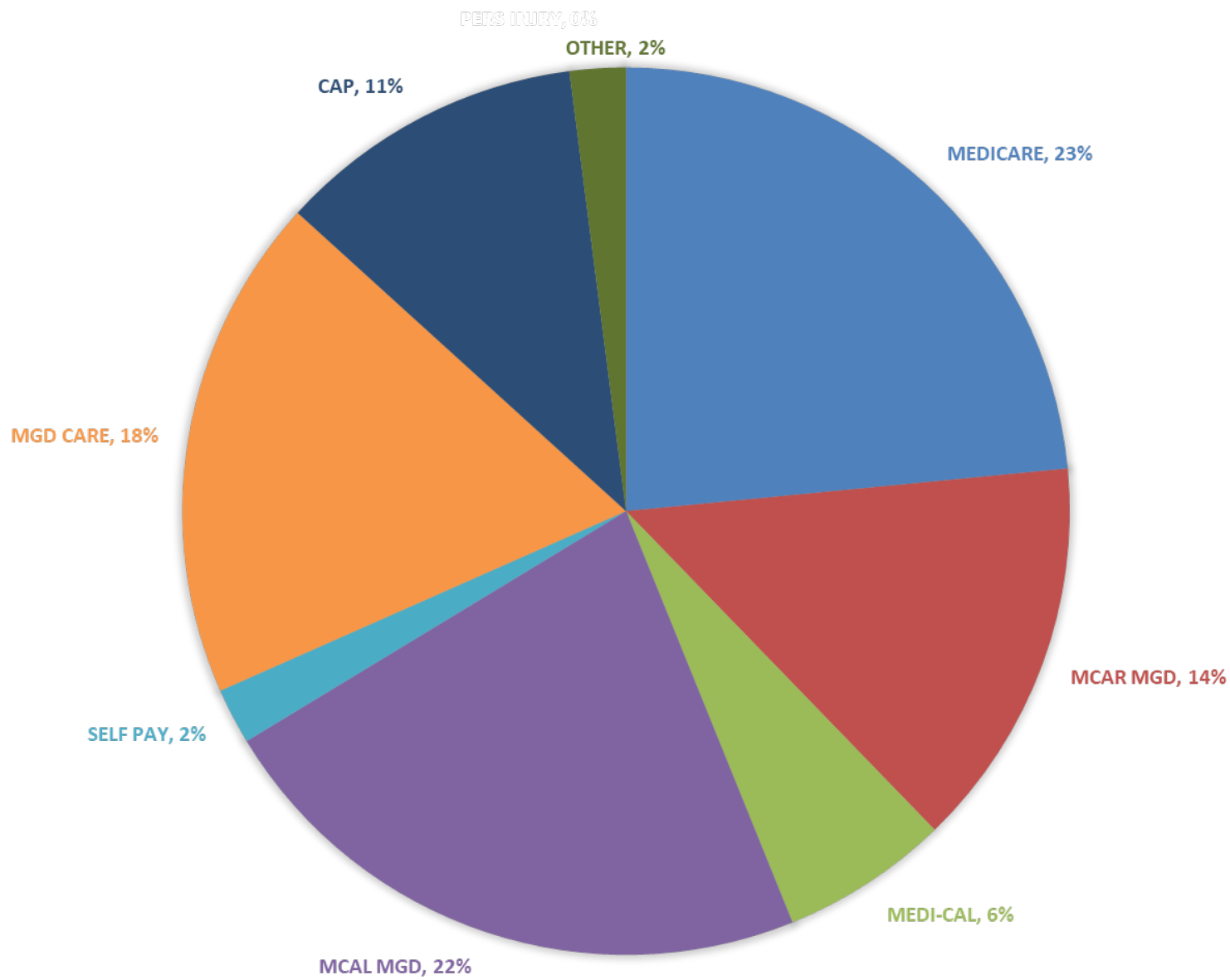
# Income Statement for the Current Fiscal Year Quarterly Trend

Excludes PHMG

	Quarter Ended			Fiscal Year
	Sep-23	Dec-23	Mar-24	2024
<b>Adjusted Discharges</b>	10,005	10,174	9,642	29,821
<b>Operating Revenue</b>				
Gross revenue	1,318,730,507	1,339,110,823	1,347,242,164	4,005,083,494
Deductions from revenue	(1,124,391,192)	(1,142,506,107)	(1,155,377,430)	(3,422,274,729)
Net patient revenue	194,339,315	196,604,716	191,864,734	582,808,765
Other operating revenue	3,503,890	3,759,336	15,745,918	23,009,143
<b>Total net revenue</b>	<b>197,843,205</b>	<b>200,364,052</b>	<b>207,610,652</b>	<b>605,817,908</b>
<b>Operating Expenses</b>				
Salaries, wages & contract labor	98,273,208	97,463,171	97,438,115	293,174,495
Benefits	23,280,935	23,323,767	23,595,626	70,200,328
Supplies	29,535,836	28,416,659	30,271,081	88,223,576
Prof fees & purch svcs	36,954,217	34,525,056	41,798,346	113,277,619
Depreciation	13,003,136	14,337,518	13,633,313	40,973,967
Other	8,675,203	9,304,774	10,575,469	28,555,446
<b>Total expenses</b>	<b>209,722,536</b>	<b>207,370,946</b>	<b>217,311,950</b>	<b>634,405,431</b>
Income from operations	(11,879,331)	(7,006,893)	(9,701,298)	(28,587,523)
<b>Non-operating revenue (expense)</b>				
Property tax revenues <sup>1</sup>	5,875,000	5,875,000	5,852,613	17,602,612
Investment Income	4,556,725	7,818,933	5,274,946	17,650,604
Interest Expense	(12,402,130)	(12,550,148)	(12,404,552)	(37,356,830)
Interest Rate Swap	-	-	-	-
Non-operating depreciation	(3,309,567)	(3,234,742)	(3,287,703)	(9,832,011)
Other non-operating revenue(expense)	(46,902)	(1,589,051)	1,645,492	9,539
<b>Net income <sup>2</sup></b>	<b>(17,206,207)</b>	<b>(10,686,901)</b>	<b>(12,620,501)</b>	<b>(40,513,609)</b>
EBIDA Margin	5.8%	9.7%	8.0%	7.9%

1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense



**Statement of Net Position excluding G.O. Bonds**  
Excludes PHMG

Assets	Quarter Ended			Fiscal Year Ended
	Mar-24	Dec-23	Sep-23	Jun-23
<b>Current Assets</b>				
Cash and cash equivalents	46,992,491	22,753,898	610,238	64,696,934
Investments	19,553,465	65,633,278	110,503,682	119,515,170
Board Designated	10,445,093	5,735,931	6,495,823	13,678,054
Total cash, cash equivalents & investments	76,991,049	94,123,107	117,609,743	197,890,158
<b>Patient Accounts Receivable</b>	493,277,018	487,220,722	472,656,222	489,931,574
Allowance on accounts	(307,260,236)	(300,805,958)	(295,152,669)	(304,856,426)
Net accounts receivable	186,016,782	186,414,764	177,503,552	185,075,148
Inventories	11,678,602	11,736,358	12,628,603	12,821,349
Prepaid expenses	14,685,185	12,737,697	16,271,135	12,445,827
Est. third party settlements	124,300,603	100,606,186	96,658,546	71,203,136
Other	83,707,847	63,191,952	63,437,727	58,923,618
Total current assets	497,380,069	468,810,065	484,109,306	538,359,237
<b>Non-Current Assets</b>				
Restricted assets	114,037,149	143,117,022	143,336,762	141,325,098
Restricted other	356,651	356,483	356,386	356,226
Total restricted assets	114,393,800	143,473,505	143,693,148	141,681,325
Property, plant & equipment	1,510,694,693	1,509,442,603	1,509,282,904	1,502,491,970
Accumulated depreciation	(654,668,504)	(644,784,158)	(634,928,705)	(624,985,735)
Construction in process	116,236,199	104,414,126	100,118,517	94,719,898
Net property, plant & equipment	972,262,389	969,072,572	974,472,715	972,226,134
Right of Use Assets	280,156,955	283,059,997	282,319,980	275,542,766
Investment related companies	8,125,760	6,250,792	6,033,974	5,427,952
Prepaid debt insurance costs	7,376,171	7,454,192	7,532,277	7,610,393
Other non-current assets	65,470,495	60,841,629	46,392,016	47,276,630
Total non-current assets	1,447,785,569	1,470,152,686	1,460,444,110	1,449,765,200
<b>Total assets</b>	<b>1,945,165,638</b>	<b>1,938,962,752</b>	<b>1,944,553,416</b>	<b>1,988,124,437</b>
Deferred outflow of resources-loss on refunding of debt	45,171,461	45,825,205	51,691,911	52,390,338
<b>Total assets and deferred outflow of resources</b>	<b>1,990,337,099</b>	<b>1,984,787,957</b>	<b>1,996,245,327</b>	<b>2,040,514,775</b>

Liabilities	Quarter Ended			Fiscal Year Ended
	Mar-24	Dec-23	Sep-23	Jun-23
<b>Current Liabilities</b>				
Accounts payable	62,423,963	58,457,267	47,130,883	71,057,718
Accrued payroll	25,960,366	32,831,367	25,823,872	28,007,606
Accrued PTO	24,496,046	23,871,989	24,766,960	25,380,895
Accrued interest payable	17,409,253	8,752,571	18,041,012	9,200,926
Current portion of bonds	8,530,000	8,520,000	8,110,000	8,110,000
Current portion of lease liab	16,029,818	15,184,893	13,552,125	10,965,390
Est. third party settlements	8,593,099	18,652,239	15,470,193	15,470,193
Other current liabilities	125,489,725	115,823,750	103,777,947	108,925,212
Total current liabilities	288,932,270	282,094,075	256,672,993	277,117,938
<b>Long Term Liabilities</b>				
Other LT liabilities	27,774,253	2,805,337	2,871,051	2,971,429
Bonds & contracts payable	725,466,390	726,144,882	740,546,572	741,260,101
Lease liabilities	289,769,030	290,408,260	288,503,251	282,271,128
Total long term liabilities	1,043,009,674	1,019,358,479	1,031,920,874	1,026,502,657
<b>Total liabilities</b>	<b>1,331,941,944</b>	<b>1,301,452,554</b>	<b>1,288,593,868</b>	<b>1,303,620,595</b>
Deferred inflow of resources- unearned revenue	6,850,566	7,085,452	6,924,505	6,763,558
<b>Total liabilities and deferred inflow of resources</b>	<b>1,338,792,510</b>	<b>1,308,538,006</b>	<b>1,295,518,373</b>	<b>1,310,384,153</b>
<b>Net Position</b>				
Unrestricted	651,187,938	675,893,467	700,370,568	729,774,396
Restricted for other purpose	356,651	356,483	356,386	356,226
Total net position	651,544,589	676,249,950	700,726,955	730,130,622
<b>Total liabilities, deferred inflow of resources and net position</b>	<b>1,990,337,099</b>	<b>1,984,787,957</b>	<b>1,996,245,327</b>	<b>2,040,514,775</b>

Statement of Net Position including G.O. Bonds  
Excludes PHMG

Assets	Quarter Ended			Fiscal Year Ended
	Mar-24	Dec-23	Sep-23	Jun-23
<b>Current Assets</b>				
Cash and cash equivalents	46,992,491	22,753,898	610,238	64,696,934
Investments	19,553,465	65,633,278	110,503,682	119,515,170
Board Designated	10,445,093	5,735,931	6,495,823	13,678,054
Total cash, cash equivalents & investments	76,991,049	94,123,107	117,609,743	197,890,158
<b>Patient Accounts Receivable</b>	493,277,018	487,220,722	472,656,222	489,931,574
Allowance on accounts	(307,260,236)	(300,805,958)	(295,152,669)	(304,856,426)
Net accounts receivable	186,016,782	186,414,764	177,503,552	185,075,148
Inventories	11,678,602	11,736,358	12,628,603	12,821,349
Prepaid expenses	14,685,186	12,737,698	16,271,136	12,445,828
Est. third party settlements	124,300,603	100,606,186	96,658,546	71,203,136
Other	95,386,215	74,215,613	76,472,649	59,335,542
Total current assets	509,058,437	479,833,727	497,144,228	538,771,161
<b>Non-Current Assets</b>				
Restricted assets	164,737,983	193,599,835	177,627,048	203,456,651
Restricted other	356,651	356,483	356,386	356,226
Total restricted assets	165,094,634	193,956,318	177,983,434	203,812,877
Property, plant & equipment	1,510,694,693	1,509,442,603	1,509,282,904	1,502,491,970
Accumulated depreciation	(654,668,504)	(644,784,158)	(634,928,705)	(624,985,735)
Construction in process	116,236,199	104,414,126	100,118,517	94,719,898
Net property, plant & equipment	972,262,389	969,072,572	974,472,715	972,226,134
Right of Use Assets	280,156,955	283,059,997	282,319,980	275,542,766
Investment related companies	8,125,760	6,250,792	6,033,974	5,427,952
Prepaid debt insurance and other costs	8,719,928	8,836,686	8,953,507	9,070,918
Other non-current assets	65,470,495	60,841,629	46,392,016	47,276,630
Total non-current assets	1,499,830,160	1,522,017,994	1,496,155,627	1,513,357,277
<b>Total assets</b>	<b>2,008,888,600</b>	<b>2,001,851,723</b>	<b>1,993,299,855</b>	<b>2,052,128,438</b>
Deferred outflow of resources-loss on refunding of debt	47,814,808	48,522,133	54,442,421	55,194,429
<b>Total assets and deferred outflow of resources</b>	<b>2,056,703,407</b>	<b>2,050,373,856</b>	<b>2,047,742,277</b>	<b>2,107,322,868</b>

Liabilities	Quarter Ended			Fiscal Year Ended
	Mar-24	Dec-23	Sep-23	Jun-23
<b>Current Liabilities</b>				
Accounts payable	62,423,963	58,457,792	47,130,883	71,060,218
Accrued payroll	25,960,366	32,831,367	25,823,872	28,007,606
Accrued PTO	24,496,046	23,871,989	24,766,960	25,380,895
Accrued interest payable	28,737,569	23,167,241	23,806,880	27,289,238
Current portion of bonds	18,010,103	18,035,044	17,625,044	16,903,916
Current portion of lease liab	16,029,818	15,184,893	13,552,125	10,965,390
Est. third party settlements	8,593,099	18,652,239	15,470,193	15,470,193
Other current liabilities	59,587,119	58,088,383	60,533,342	65,286,498
Total current liabilities	243,838,084	248,288,947	228,709,300	260,363,951
<b>Long Term Liabilities</b>				
Other LT liabilities	27,774,254	2,805,338	2,871,052	2,971,430
Bonds & contracts payable	1,363,334,437	1,363,687,176	1,377,798,053	1,387,561,498
Lease liabilities	289,769,030	290,408,260	288,503,251	282,271,128
Total long term liabilities	1,680,877,722	1,656,900,774	1,669,172,356	1,672,804,055
<b>Total liabilities</b>	<b>1,924,715,806</b>	<b>1,905,189,721</b>	<b>1,897,881,657</b>	<b>1,933,168,006</b>
Deferred inflow of resources-unearned revenue	72,753,171	64,820,819	50,169,110	50,402,272
<b>Total liabilities and deferred inflow of resources</b>	<b>1,997,468,979</b>	<b>1,970,010,542</b>	<b>1,948,050,766</b>	<b>1,983,570,279</b>
<b>Net Position</b>				
Unrestricted	58,877,777	80,006,831	99,335,124	123,396,363
Restricted for other purpose	356,651	356,483	356,386	356,226
Total net position	59,234,428	80,363,314	99,691,510	123,752,589
<b>Total liabilities, deferred inflow of resources and net position</b>	<b>2,056,703,408</b>	<b>2,050,373,856</b>	<b>2,047,742,277</b>	<b>2,107,322,868</b>



	<u>Mar-24</u>	<u>YTD</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Income (Loss) from operations	2,054,403	(28,587,520)
<b>Adjustments to reconcile change in net assets to net cash provided from operating activities:</b>		
Depreciation Expense	4,378,590	40,973,967
Provision for bad debts	7,416,628	66,158,288
<b>Changes in operating assets and liabilities:</b>		
Patient accounts receivable	(1,478,349)	(67,099,923)
Property Tax and other receivables	(14,691,776)	(22,022,766)
Inventories	21,445	1,142,747
Prepaid expenses and other current assets	1,206,351	(6,811,214)
Accounts payable	(2,846,269)	(4,095,106)
Accrued compensation	(6,430,642)	(4,613,349)
Estimated settlement amounts due third-party payors	715,650	(59,974,561)
Other liabilities	1,079,344	(4,405,531)
Net cash provided from (used by) operating activities	<u>(8,574,625)</u>	<u>(89,334,968)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net (purchases) sales of investments	17,132,062	141,912,909
Income (Loss) on investments	2,357,693	19,322,745
Investment in affiliates	<u>(3,996,710)</u>	<u>(33,395,887)</u>
Net cash provided from (used by) investing activities	<u>15,493,045</u>	<u>127,839,767</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Receipt of G.O. Bond Taxes	1,181,628	28,230,583
Receipt of District Taxes	696,181	14,716,861
Net cash provided from non-capital financing activities	<u>1,877,809</u>	<u>42,947,444</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds on asset sale	0	77,740
Acquisition of property plant and equipment	(5,577,033)	(34,423,456)
Redevelopment Trust Fund Distributions	0	1,368,283
G.O. Bond Interest paid	0	(32,539,522)
Revenue Bond Interest paid	0	(17,997,585)
ROU Interest paid	(1,112,385)	(10,348,360)
Proceeds (Payments) of Long Term Debt	25,000,000	6,077,694
Payments of Long Term Lease Liabilities	<u>(1,140,780)</u>	<u>(11,371,481)</u>
Net cash provided from (used by) capital and related financing activities	<u>17,169,802</u>	<u>(99,156,688)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	25,966,031	(17,704,443)
<b>CASH AND CASH EQUIVALENTS - Beginning of period</b>	<u>21,026,460</u>	<u>64,696,934</u>
<b>CASH AND CASH EQUIVALENTS - End of period</b>	<u>46,992,491</u>	<u>46,992,491</u>

# Supplemental Information

\*Financial performance includes Palomar Health Medical Group (PHMG) and Consolidating Schedules

**CONDENSED COMBINING STATEMENT OF NET POSITION**  
**MARCH 31, 2024**

	PH	PHMG	PAC	Eliminations	Total
<b>ASSETS</b>					
Current assets	547,346,323	57,093,417	3,010,392	(50,876,292)	556,573,840
Capital assets - net	972,262,389	9,051,356	-	-	981,313,745
Right of use assets - net	280,156,955	47,966,993	-	(22,732,195)	305,391,753
Non-current assets	209,122,929	4,545,774	-	(1,827,928)	211,840,775
Total assets	2,008,888,596	118,657,540	3,010,392	(75,436,415)	2,055,120,113
Deferred outflow of resources	47,814,808	-	-	-	47,814,808
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>2,056,703,404</b>	<b>118,657,540</b>	<b>3,010,392</b>	<b>(75,436,415)</b>	<b>2,102,934,921</b>
<b>LIABILITIES AND NET POSITION</b>					
Current liabilities	207,579,059	79,490,723	155,557	(54,545,288)	232,680,051
Long-term liabilities	1,404,087,903	645,732	-	(627,929)	1,404,105,705
Right of use lease liabilities	289,769,030	41,926,348	-	(19,895,586)	311,799,792
Total liabilities	1,901,435,992	122,062,802	155,557	(75,068,803)	1,948,585,548
Deferred inflow of resources - deferred revenue	96,032,984	-	-	-	96,032,984
Total liabilities and deferred inflow of resources	1,997,468,976	122,062,802	155,557	(75,068,803)	2,044,618,532
Invested in capital assets - net of related debt	(282,312,873)	7,245,309	-	832,388	(274,235,176)
Restricted	34,584,164	-	-	-	34,584,164
Unrestricted	306,963,137	(10,650,571)	2,854,835	(1,200,000)	297,967,401
Total net position	59,234,428	(3,405,262)	2,854,835	(367,612)	58,316,389
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION</b>	<b>2,056,703,404</b>	<b>118,657,540</b>	<b>3,010,392</b>	<b>(75,436,415)</b>	<b>2,102,934,921</b>

Note: Financial Performance includes GO Bonds

# Condensed Combining Statement of Revenue, Expenses, and Changes in Net Position

For the Fiscal Year-to-Date Ended March 31, 2024

## CONDENSED COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE NINE MONTHS ENDED MARCH 31, 2024

	PH	PHMG	PAC	Elimination	YTD Consolidated
<b>OPERATING REVENUE:</b>					
Net patient service revenue	537,592,267	67,551,332	-	-	605,143,599
Shared risk revenue	45,216,498	40,179,027	-	(4,078,439)	81,317,086
Other revenue	23,009,144	8,874,779	1,677,455	(459,183)	33,102,194
PH Program revenue	-	14,020,571	-	(14,020,571)	-
Total operating revenue	<u>605,817,909</u>	<u>130,625,709</u>	<u>1,677,455</u>	<u>(18,558,193)</u>	<u>719,562,879</u>
<b>OPERATING EXPENSES</b>					
DEPRECIATION AND AMORTIZATION	593,431,462	166,134,544	1,718,352	(23,123,477)	738,160,882
	40,973,967	2,890,374	-	-	43,864,341
Total operating expenses	<u>634,405,429</u>	<u>169,024,918</u>	<u>1,718,352</u>	<u>(23,123,477)</u>	<u>782,025,223</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b><u>(28,587,520)</u></b>	<b><u>(38,399,209)</u></b>	<b><u>(40,898)</u></b>	<b><u>4,565,284</u></b>	<b><u>(62,462,343)</u></b>
<b>NON-OPERATING INCOME (EXPENSE):</b>					
Investment income	19,322,739	7,787	-	-	19,330,526
Interest expense	(64,460,621)	(189,233)	-	129,840	(64,520,014)
Property tax revenue	57,099,641	-	-	-	57,099,641
Other - net	(9,699,539)	2,547,767	-	(4,488,313)	(11,640,085)
Total non-operating expense - net	<u>2,262,220</u>	<u>2,366,321</u>	<u>-</u>	<u>(4,358,472)</u>	<u>270,068</u>
<b>CHANGE IN NET POSITION</b>	<b><u>(26,325,300)</u></b>	<b><u>(36,032,888)</u></b>	<b><u>(40,898)</u></b>	<b><u>206,811</u></b>	<b><u>(62,192,275)</u></b>
Interfund - PHMG	(38,027,673)	35,723,122	-	-	(2,304,551)
NET POSITION - Beginning of year	<u>123,587,401</u>	<u>(3,095,496)</u>	<u>2,895,733</u>	<u>(574,423)</u>	<u>122,813,215</u>
<b>NET POSITION - Year to date</b>	<b><u>59,234,428</u></b>	<b><u>(3,405,262)</u></b>	<b><u>2,854,835</u></b>	<b><u>(367,612)</u></b>	<b><u>58,316,389</u></b>
EBIDA					56,024,091
EBIDA Margin					7.8%

Note: Financial Performance includes GO Bonds