

University of Colorado Health

Quarterly bond compliance packet

For the quarter ending December 31, 2023



Note: Per GASB reporting requirements, all FY24 financial and operating data includes Parkview Health System (acquired on 12/1/23) on a full YTD basis for FY24. For reporting purposes, Parkview is included in the metrics for the South Region.

Unaudited Results
University of Colorado Health
Comparative Summary Statements of
Income & Changes in Fund Balances ³



For the Period Ended December 31, 2023
(in Thousands)

	Quarter 2		Fiscal Year-to-Date	
	Obligated	System	Obligated	System
	Group Total ²	Consolidated	Group Total ²	Consolidated
Operating Revenue				
Net Patient Revenue ¹	\$ 1,947,794	\$ 1,977,483	\$ 3,829,028	\$ 3,885,245
Grant Revenue	1,696	2,136	3,696	4,543
Other Operating Revenue	36,741	37,656	41,206	44,518
Total Net Operating Revenue	\$ 1,986,231	\$ 2,017,274	\$ 3,873,931	\$ 3,934,306
Operating Expenses:				
Wages, Contract labor, & benefits	\$ 892,616	\$ 902,747	\$ 1,759,998	\$ 1,778,998
Supplies	481,538	490,551	938,224	954,313
Purchased Services & Other Expenses	384,020	397,681	757,482	785,790
Depreciation and Amortization	114,470	116,281	226,426	230,199
Total Operating Expense	\$ 1,872,644	\$ 1,907,259	\$ 3,682,129	\$ 3,749,301
Operating Income (Loss)	\$ 113,588	\$ 110,015	\$ 191,801	\$ 185,005
Nonoperating revenue & expenses				
Interest Expense	\$ (10,296)	\$ (10,780)	\$ (20,243)	\$ (21,175)
Investment Income	433,383	441,018	340,793	345,857
Other Non-Operating Revenue	(12,889)	(13,023)	(23,779)	(24,488)
Gain (Loss) Disposal Cap	254	433	553	732
Total Nonoperating Income	\$ 410,452	\$ 417,649	\$ 297,323	\$ 300,927
Income Before Contributions	\$ 524,040	\$ 527,664	\$ 489,124	\$ 485,931
Non-Recurring	\$ -	\$ -	\$ -	\$ -
Restricted contributions	(1)	2,009	1,061	4,056
Distribution of Net Assets	-	-	-	-
Increase (Decrease) in Net Assets	\$ 524,039	\$ 529,673	\$ 490,185	\$ 489,988

Unaudited Results
University of Colorado Health
Comparative Summary Statements of
Income & Changes in Fund Balances ³



For the Period Ended December 31, 2022 (Prior Year)
(in Thousands)

	Quarter 2		Fiscal Year-to-Date	
	Obligated	System	Obligated	System
	Group Total ²	Consolidated	Group Total ²	Consolidated
Operating Revenue				
Net Patient Revenue ¹	\$ 1,677,101	\$ 1,697,741	\$ 3,277,717	\$ 3,317,656
Grant Revenue	1,283	1,610	2,077	2,706
Other Operating Revenue	19,601	24,340	39,960	48,923
Total Net Operating Revenue	\$ 1,697,986	\$ 1,723,692	\$ 3,319,753	\$ 3,369,285
Operating Expenses:				
Wages, Contract labor, & benefits	\$ 787,805	\$ 797,799	\$ 1,525,405	\$ 1,544,046
Supplies	413,856	420,629	818,268	831,349
Purchased Services & Other Expenses	338,374	351,356	664,765	690,660
Depreciation and Amortization	81,449	83,200	163,467	167,071
Total Operating Expense	\$ 1,621,484	\$ 1,652,985	\$ 3,171,905	\$ 3,233,125
Operating Income (Loss)	\$ 76,502	\$ 70,707	\$ 147,849	\$ 136,159
Nonoperating revenue & expenses				
Interest Expense	\$ (7,699)	\$ (8,087)	\$ (16,404)	\$ (17,204)
Investment Income	302,981	307,952	103,054	103,896
Other Non-Operating Revenue	(7,951)	(7,726)	(17,515)	(17,887)
Gain (Loss) Disposal Cap	(35)	(35)	34	34
Total Nonoperating Income	\$ 287,296	\$ 292,104	\$ 69,169	\$ 68,839
Income Before Contributions	\$ 363,798	\$ 362,811	\$ 217,018	\$ 204,998
Non-Recurring	\$ -	\$ -	\$ -	\$ -
Restricted contributions	18	857	101	1,210
Distribution of Net Assets	(744)	(744)	(744)	(744)
Increase (Decrease) in Net Assets	\$ 363,072	\$ 362,924	\$ 216,375	\$ 205,464

Unaudited Results
University of Colorado Health
Comparative Balance Sheet ³
(in Thousands)
December 31, 2023



	December 31, 2023		December 31, 2022	
	Obligated Group ¹	System Consolidated	Obligated Group ¹	System Consolidated
Current assets				
Cash and cash equivalents	\$ 256,697	\$ 266,106	\$ 205,541	\$ 226,016
Patient accounts receivable, less allowances for uncollectible accounts	760,118	770,234	679,285	685,689
Other receivables	166,555	95,341	164,972	79,738
Inventories	147,474	157,036	127,385	139,098
Prepaid expenses	129,656	130,060	95,990	98,964
Investments designated for liquidity support	203,600	203,600	219,755	219,755
Total current assets	\$ 1,664,100	\$ 1,622,377	\$ 1,492,928	\$ 1,449,261
Non-current assets				
Restricted investments, bonds	\$ 2,905	\$ 2,905	\$ 0	\$ 0
Restricted investments, other	399	399	470	470
Restricted investments and donor pledges	18,093	78,361	16,108	61,824
Capital assets, net of accumulated depreciation and amortization	4,348,487	4,367,542	3,734,698	3,758,370
Long-term investments	2,552,320	2,606,173	1,935,331	1,977,225
Assets designated for long-term purposes	3,180,108	3,180,108	2,976,244	2,976,244
Other investments	110,365	110,360	95,344	101,312
Other assets	88,778	88,920	97,369	97,509
Deferred outflows of resources	169,473	169,886	181,482	182,222
Total non-current assets	\$ 10,470,927	\$ 10,604,652	\$ 9,037,047	\$ 9,155,176
Total assets	\$ 12,135,027	\$ 12,227,029	\$ 10,529,974	\$ 10,604,437
Current liabilities				
Current portion of long-term debt	\$ 120,484	\$ 120,946	\$ 106,587	\$ 107,127
Accounts payable and accrued expenses	1,117,312	319,821	688,504	703,510
Accounts payable - construction	48,656	48,656	50,964	50,964
Accrued compensated absences	142,952	144,303	123,710	125,144
Accrued interest payable	6,200	6,200	3,715	3,715
Fair value of derivative instruments	-	-	-	-
Estimated third-party settlements	194,420	194,420	215,497	215,497
Long-term debt subject to short-term remarketing arrangements	203,600	203,600	219,755	219,755
Total current liabilities	\$ 1,833,624	\$ 1,037,946	\$ 1,408,733	\$ 1,425,712
Long-term liabilities				
Long-term debt, less current portion	\$ 1,595,276	\$ 1,598,232	\$ 1,394,802	\$ 1,398,480
Fair value of derivative instruments, less current portion	0	0	0	0
Other long-term liabilities	313,749	313,825	303,523	304,695
Deferred inflows of resources	67,200	67,200	75,927	75,927
Total long-term liabilities	\$ 1,976,225	\$ 1,979,257	\$ 1,774,252	\$ 1,779,103
Total fund balance	\$ 8,325,177	\$ 9,209,826	\$ 7,346,990	\$ 7,399,623
Total liabilities and fund balance (unrestricted funds)	\$ 12,135,027	\$ 12,227,029	\$ 10,529,974	\$ 10,604,437

Unaudited Results
University of Colorado Health
Statement of Cash Flows ³
December 31, 2023
(in Thousands)



	Quarter 2	Fiscal
	System	Year-to-Date
	Consolidated	System
	Consolidated	Consolidated
Cash flows from operating activities		
Cash received from patients and third-party payors	\$ 2,128,791	\$ 3,884,220
Cash payments to suppliers for goods and services	(997,281)	(1,787,983)
Cash payments to employees/other on behalf of employees	(982,808)	(1,702,871)
Other cash payments	(15,038)	(21,509)
Other cash received	29,838	43,381
Net cash provided by operating activities	163,502	415,238
Cash flows from capital and related financing activities		
Proceeds from long-term debt	-	-
Principal payments under lease and right to use obligations	(95,943)	(56,204)
Principal repayments of long-term debt	(97,417)	(97,417)
Payments of interest and issuance costs on long-term debt	(20,872)	(25,176)
Capital expenditures	(64,079)	(251,916)
Cash acquired from component unit	24,805	24,805
Receipt of contributions	2,030	4,086
(Distributions to) contributions from minority interest in component unit	(1,060)	(46,626)
Proceeds from sale of capital assets	988	1,018
Net cash used in capital and related financing activities	(251,548)	(447,430)
Cash flows from noncapital financing activities		
Receipt of grant revenue	-	-
Net cash provided by noncapital financing activities	-	-
Cash flows from Investing activities		
Investment income	150,462	184,843
Distributions received from joint ventures	2,593	4,799
Loans repaid by third parties	352	785
Proceeds from sale and maturities of investments	1,394,137	2,232,860
Purchases of investments	(1,436,710)	(2,318,009)
Net cash used in investing activities	110,834	105,278
Net increase (decrease) in cash and cash equivalents	22,788	73,086
Cash and cash equivalents at beginning of period	243,318	193,020
Cash and cash equivalents at end of period	\$ 266,106	\$ 266,106
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 91,071	\$ 185,005
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	122,586	230,199
Provision for bad debts	130,804	235,290
Decrease (increase) in patient accounts receivable	(171,228)	(310,690)
Increase (decrease) in estimated third-party settlements	14,794	26,820
Decrease (increase) in other receivables and receivables from related parties	5,475	1,147
Decrease (increase) in inventories	(11,013)	(11,621)
Change in net pension assets/liabilities	8,940	12,223
Decrease (increase) in prepaid expenses	(9,763)	(23,181)
Decrease (increase) in other assets	2,567	7,363
Increase (decrease) in accounts payable and accrued expenses	(40,584)	61,737
Increase (decrease) in accrued compensated absences and other	17,929	12,391
Equity income from joint ventures	1,618	2,456
Acquired assets and liabilities from component unit	9,092	9,092
Adjustments to other cash receipts/payments	(8,786)	(22,993)
Total adjustments	72,431	230,233
Net cash provided by operating activities	\$ 163,502	\$ 415,238
Non-cash transactions:		
Donated pharmaceuticals	\$ 2,002	\$ 4,063
Construction in progress accrued	\$ 48,656	\$ 48,656
Non-cash capital purchase	\$ -	\$ -
Unrealized gain (loss)	\$ 330,815	\$ 192,503
Refunding of debt	\$ -	\$ -
Unrealized gain (loss) on derivative instruments	\$ (19,416)	\$ (573)
Leases executed/cancelled	\$ 116,423	\$ 116,423

Unaudited Results
University of Colorado Health
Financial Covenant Calculations
December 31, 2023
(in Thousands)



Days Cash on Hand (fiscal year-to-date)

Cash	\$ 256,697
Investments Designated for Liquidity Support	203,600
Assets Designated for Long-Term Purposes	3,180,108
Long-Term Investments	2,552,320
Total Cash and Investments	\$ 6,192,724

Operating Expenses*	\$ 3,802,468
Bad Debt Expense	235,290
Interest Expense*	16,417
Total Expenses	\$ 4,054,176

Less:

Depreciation/Amortization*	181,789
Total	\$ 3,872,387

Days	182
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Average Daily Operating Expense	\$ 21,277
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Days Cash on Hand	291.1
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Indebtedness Ratio

Long Term and Short Term Debt*	\$ 1,481,919
Unrestricted Net Assets*	9,117,824
Total Capitalization	\$ 10,599,742

Ratio of LT Debt to Total	14.0%
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Debt Service Coverage Ratios (previous twelve months)

Income (loss) before Contributions & Impairment	\$ 1,119,980
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Add Back:

Depreciation*	\$ 409,105
Interest Expense*	31,964
Unrealized (Gain)/Loss on Investments	614,111
(Gain)/ Loss on Disposal of Capital Assets	7,299

Income Available for Debt Service	\$ 939,639
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Maximum Annual Debt Service⁽¹⁾	\$ 100,477
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MADS Coverage*	9.35
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**Ratios and financial metrics are adjusted to exclude the impact of GASB 87/94/96.*

(1) Maximum Annual Debt Service as calculated per 2019A Official Statement Debt Service Schedule.

Unaudited Results

University of Colorado Health

Footnotes to Quarterly Bond Compliance Packet

December 31, 2023



¹ In accordance with GASB 34, bad debt expense is classified as a reduction of net patient service revenue.

² Obligated group members include: University of Colorado Health, University of Colorado Hospital Authority, Poudre Valley Health Care, Inc., Medical Center of the Rockies, Longs Peak Hospital, Yampa Valley Medical Center, and Poudre Valley Medical Group LLC, UCHealth Broomfield Hospital, UCHealth Grandview Hospital, UCHealth Pikes Peak Regional Hospital, UCHealth Highlands Ranch Hospital, UCHealth Greeley Hospital, UCHealth Community Services, Parkview Health System, Parkview Medical Center, Inc., and Parkview Auxiliary Services LLC

³ **GASB issued Statements** -The adoption of GASB 87, 94, 96 issued statements impacts the Statement of Income & Changes in Fund Balances, Balance Sheet, and Statement of Cash Flows, but not the Financial Covenant Calculations.

-- In 2017, the GASB issued Statement No. 87, Leases, which improves the accounting and financial reporting for leases by governments for the financial statement users. GASB Statement No. 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. UCHealth adopted this statement effective July 1, 2020. The adoption impacted the combined balance sheet by adding right of use assets of \$333,016,287 and corresponding lease liability of \$213,248,065 as of the date of adoption. This adoption impacts the Statement of Income & Changes in Fund Balances, Balance Sheet, Statement of Cash Flows, but not the Financial Covenant Calculations.

-- In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, which improves accounting and financial reporting for arrangements where a governmental entity contracts with an operator to provide public services by conveying control of the right to operate or use nonfinancial assets, such as infrastructure or other capital assets, for a period of time in an exchange or exchange-like transaction. It establishes the definitions of public-private and public-public partnerships (PPP's) and availability payment arrangements (APA's) and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. It requires governments to report assets and liabilities related to PPP's consistently and disclose important information about PPP transactions. The provisions of this statement are effective for UCHealth's financial statements for the year ending June 30, 2023. This adoption impacts the Statement of Income & Changes in Fund Balances, Balance Sheet, and Statement of Cash Flows, but not the Financial Covenant Calculations.

-- In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The provisions of this statement are effective for the Health System's financial statements for the year ending June 30, 2023. This adoption impacts the Statement of Income & Changes in Fund Balances, Balance Sheet, and Statement of Cash Flows, but not the Financial Covenant Calculations.

⁴ Parkview Health System (acquired on 12/1/23) - included on a YTD basis for FY24, as part of South Region

