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2016

Annual Report 2016: Combined Financial Statements

Lehigh Valley Health Network

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COMBINED FINANCIAL STATEMENTS

ANNUAL REPORT

FY16

COMBINED STATEMENTS OF FINANCIAL POSITION

(In Thousands) For the periods ended June 30, 2016 and 2015

Assets	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	\$51,210	\$36,370
Patient accounts receivable, net	263,416	277,281
Prepays, inventories and other accounts receivable	89,270	69,814
Assets limited under bond-debt service fund	19,341	15,360
Assets limited under primary professional liability arrangements	4,569	5,440
TOTAL CURRENT ASSETS	427,806	404,265
NONCURRENT ASSETS		
Assets limited by Board of Trustees for capital improvements	758,228	793,668
Assets limited by Board of Trustees for retained excess liability arrangements	22,483	19,703
Assets limited under primary professional liability arrangements	57,168	57,963
Assets limited by management	29,481	32,439
Assets limited under bond indenture, bond construction, debt service and debt service reserve agreements	5,028	5,535
Assets restricted by donors or grantors	181,520	178,904
Assets limited to fund deferred compensation and other liabilities	74,275	65,236
Property and equipment, net	1,006,892	936,287
Partnership investments	6,025	7,565
Goodwill and other noncurrent assets	73,115	71,498
TOTAL OTHER ASSETS	2,214,215	2,168,798
Total Assets	2,642,021	2,573,063
Liabilities and Net Assets		
CURRENT LIABILITIES		
Accounts payable	74,279	77,478
Accrual for estimated third-party payer settlements	13,328	11,774
Accrued compensation	93,667	81,390
Other accrued expenses	33,133	36,128
Pension	7,094	5,119
Professional liability	8,569	7,190
Current portion of long-term debt	22,219	21,040
TOTAL CURRENT LIABILITIES	252,289	240,119
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	734,300	675,966
Deferred compensation and other liabilities funded with matching assets	74,275	65,236
Pension	294,199	164,377
Professional liability	63,882	62,466
Other liabilities	31,456	27,213
TOTAL NONCURRENT LIABILITIES	1,198,112	995,258
Total Liabilities	1,450,401	1,235,377
NET ASSETS		
LVHN and subsidiaries	983,569	1,130,951
Noncontrolling interests in subsidiaries	26,533	27,831
TOTAL UNRESTRICTED NET ASSETS	1,010,100	1,158,782
Temporarily restricted	124,803	127,119
Permanently restricted	56,717	51,785
TOTAL RESTRICTED NET ASSETS	181,520	178,904
Total Net Assets	1,191,620	1,337,686
TOTAL LIABILITIES AND NET ASSETS	\$2,642,021	\$2,573,063

COMBINED STATEMENTS OF OPERATIONS

(In Thousands) For the periods ended June 30, 2016 and 2015

PATIENT SERVICES AND SUPPORTING OPERATIONS

Net patient service revenue	\$1,998,771	\$1,863,965
Other supporting operations revenue	40,757	43,099
Net assets released from restrictions-operations	6,450	5,860
TOTAL REVENUE	2,045,978	1,912,924

EXPENSES

Wages	986,907	895,054
Benefits	158,703	144,599
Supplies	372,743	335,004
Purchased services	214,958	197,870
Other	140,673	133,520
Depreciation and amortization	121,115	106,259
Interest expense	30,856	28,602
TOTAL EXPENSES	2,025,955	1,840,908

Operating income	20,023	72,016
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OTHER REVENUE AND EXPENSES

Realized investment earnings, gains (losses)	28,286	76,572
Provision for income taxes	(317)	(1,074)
Other nonoperating gains (losses)	(14,441)	(14,130)

Other revenue and expenses, net	13,528	61,368
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REVENUES AND GAINS IN EXCESS OF EXPENSES AND LOSSES ATTRIBUTED TO LVHN AND SUBSIDIARIES	\$33,551	\$133,384
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UNDERSTANDING THIS REPORT

The Combined Statements of Financial Position report our assets, liabilities and net assets. The Combined Statements of Operations report our revenues and expenses. The amount of revenues minus the amount of expenses creates our operating income.