

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
(A Component Unit of The City of New York)

Management's Discussion and Analysis (Unaudited)

June 30, 2017 and 2016

Financial Analysis

Summary of Statements of Net Position

June 30, 2017, 2016, and 2015

(In thousands)

	2017 Business-type Activities – HHC	2016 Business-type Activities – HHC (As adjusted)	2015 Business-type Activities – HHC (As adjusted)
Assets:			
Current assets	\$ 2,233,423	2,506,602	2,485,085
Capital assets, net	3,395,964	3,401,861	3,432,430
Other assets	151,480	162,777	118,444
Total assets	5,780,867	6,071,240	6,035,959
Deferred outflows of resources:			
Net differences between projected and actual earnings on pension plan investments and other changes, net	13,794	480,191	—
Unamortized refunding cost	10,537	12,785	15,349
Liabilities:			
Current liabilities	2,444,027	2,637,985	2,945,003
Long-term debt, net of current installments	776,783	868,626	882,848
Other noncurrent liabilities	340,600	296,811	296,811
Pension, net of current portion	2,514,409	3,031,476	2,334,651
Postemployment benefits obligation, other than pension, net of current portion	4,622,435	5,037,778	4,735,487
Total liabilities	10,698,254	11,872,676	11,194,800
Deferred inflows of resources:			
Net differences between projected and actual earnings on pension plan investments	—	—	258,287
Net differences between expected and actual experience and changes in actuarial assumptions in postemployment benefits obligation, other than pension	684,300	35,951	—
Net position:			
Net investment in capital assets	2,553,374	2,514,112	2,521,077
Restricted	153,319	154,926	149,231
Unrestricted	(8,284,049)	(8,013,449)	(8,072,087)
Total net deficit position	\$ (5,577,356)	(5,344,411)	(5,401,779)

See accompanying notes to management's discussion and analysis.

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
(A Component Unit of The City of New York)

Management's Discussion and Analysis (Unaudited)

June 30, 2017 and 2016

Financial Analysis

Summary of Statements of Revenue, Expenses, and Changes in Net Position

Years ended June 30, 2017, 2016, and 2015

(In thousands)

	<u>2017</u> <u>Business-type</u> <u>Activities – HHC</u>	<u>2016</u> <u>Business-type</u> <u>Activities – HHC</u> <u>(As adjusted)</u>	<u>2015</u> <u>Business-type</u> <u>Activities – HHC</u> <u>(As adjusted)</u>
Operating revenue:			
Net patient service revenue	\$ 5,611,114	5,812,049	5,729,197
Appropriations from City of New York, net	723,425	1,405,091	140,597
Grants revenue	863,808	362,339	526,673
Other revenue	95,287	103,080	61,264
Total operating revenue	<u>7,293,634</u>	<u>7,682,559</u>	<u>6,457,731</u>
Operating expenses:			
Personal services, fringes benefits, and employer payroll taxes	3,628,339	3,607,126	3,423,547
Other than personal services	1,842,665	1,753,336	1,561,411
Pension	426,325	502,374	285,111
Postemployment benefits, other than pension	289,166	447,783	175,288
Affiliation contracted services	1,069,545	1,050,535	994,294
Depreciation	310,325	302,530	291,729
Total operating expenses	<u>7,566,365</u>	<u>7,663,684</u>	<u>6,731,380</u>
Operating (loss) income	(272,731)	18,875	(273,649)
Nonoperating expenses, net	<u>(115,994)</u>	<u>(112,910)</u>	<u>(125,067)</u>
Loss before other changes in net deficit	(388,725)	(94,035)	(398,716)
Other changes in net deficit:			
Capital contributions	155,780	151,403	106,915
(Decrease) increase in net deficit	(232,945)	57,368	(291,801)
Net deficit position at beginning of year	<u>(5,344,411)</u>	<u>(5,401,779)</u>	<u>(5,109,978)</u>
Net deficit position at end of year	\$ <u><u>(5,577,356)</u></u>	<u><u>(5,344,411)</u></u>	<u><u>(5,401,779)</u></u>

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