

**SHERIDAN MEMORIAL HOSPITAL  
FY 2011 OPERATING BUDGET  
CONSOLIDATED INCOME STATEMENT**

Inpatient Revenues	\$ 49,234,980
Outpatient Revenues	43,539,877
ER Revenues	11,855,041
Other Revenues	662,801
<b>GROSS REVENUE</b>	<u>105,292,700</u>
Third-party contractals	(37,343,213)
Medical assistance	(2,410,927)
Discounts	(4,493,958)
Other adjustments	(379,039)
<b>TOTAL WRITE-OFFS</b>	<u>(44,627,137)</u>
Misc Operating Rev	1,461,354
<b>NET REVENUES</b>	<u>62,126,916</u>
Salaries	25,526,424
Contract Labor	125,667
Benefits	6,148,895
Depreciation	4,066,216
Interest	147,907
Supplies	10,077,328
Insurance	427,773
Professional Services	4,578,454
Educa/Prof Develop	146,364
Utilities/Maintennce	1,154,981
Bad Debts	5,178,281
Miscellaneous	892,096
<b>TOTAL DIRECT EXP</b>	<u>58,470,386</u>
Hospital Gain	3,656,530
Other Gain	547,664
<b>NET OPER INCOME</b>	<u>4,204,194</u>
Gainsharing	1,261,258
<b>TOTAL OPER INCOME</b>	<u>2,942,936</u>
County Contributions	231,250
Investment Revenue	400,000
Rental Income	640,000
Charitable Gifts	250,000
Late Charges - Pat Accts	-
<b>NON-OPER REV</b>	<u>1,521,250</u>
<b>NET INCOME</b>	<u><u>4,464,186</u></u>

**SHERIDAN MEMORIAL HOSPITAL**  
**FYE 6/30/11 Budget**  
**Capital Funding & Bond Covenant Analysis**

	<b>Current Projection</b>	<b>BUDGET</b>
	<b>FY 2010</b>	<b>FY 2011</b>
Net Income	4,250,432	4,464,186
Plus Additional Debt Service Contributions		
Griffith Annual Debt Service Pledge	190,000	150,000
Plus Depreciation and Bond Interest Included in Net Income:		
Depreciation	3,865,975	4,066,216
Bond Interest	145,300	104,800
	8,451,706	8,785,202
Net Funds Available for Debt Service		
Annual Debt Service		(1,104,800)
Funds Available After Debt Service		<b>7,680,402</b>
Estimated Employee Gainsharing		(1,261,258)
Estimated Funds Available for Capital Expenditures		<b>6,419,144</b>
Estimated New Routine Capital Expenditures		(639,000)
Carryover of Major Capital Projects from Current Year		-
<b>Projected Remaining Operating Funds Available for Reserves and Other Projects</b>		<b>5,780,144</b>

# SHERIDAN MEMORIAL HOSPITAL

## 5-Year Projections Cash Flow and Capital Funding

	BUDGET		PROJECTIONS				
	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015		
Report Revenues	49,234,980	50,712,030	52,233,390	53,800,392	55,414,404	3.0%	3.0%
Outpatient Revenues	43,539,877	45,716,871	48,002,715	50,402,851	52,922,993	5.0%	5.0%
ER Revenues	11,855,041	12,329,243	12,822,413	13,335,309	13,868,721	4.0%	4.0%
Other Revenues	662,801	682,685	703,166	724,261	745,989	3.0%	3.0%
<b>GRAND REVENUE</b>	<b>105,292,700</b>	<b>109,440,829</b>	<b>113,761,684</b>	<b>118,262,813</b>	<b>122,952,107</b>	<b>4.0%</b>	<b>4.0%</b>
Depreciation	(44,627,137)	(46,385,276)	(48,216,622)	(50,124,375)	(52,111,880)	4.0%	4.0%
Misc Operating Exp	1,461,354	1,490,581	1,520,392	1,550,800	1,581,816	2.0%	2.0%
<b>NET REVENUES</b>	<b>62,126,918</b>	<b>64,546,134</b>	<b>67,065,455</b>	<b>69,689,238</b>	<b>72,422,043</b>	<b>3.9%</b>	<b>3.9%</b>
Salaries	25,526,424	26,292,217	27,080,984	27,893,413	28,730,215	3.0%	3.0%
Contract Labor	125,667	125,667	125,667	125,667	125,667	0.0%	0.0%
Rentals	6,148,895	6,394,851	6,650,645	6,916,671	7,193,337	4.0%	4.0%
Depreciation	4,066,216	4,147,540	4,230,491	4,315,101	4,401,403	2.0%	2.0%
Interest	147,907	120,000	90,000	25,000	15,000	-37.3%	-33.3%
Supplies	10,077,328	10,581,195	11,110,254	11,665,767	12,249,055	5.0%	5.0%
Insurance	427,773	436,328	445,055	453,956	463,035	2.0%	2.0%
Professional Services	4,578,454	4,670,023	4,763,423	4,858,692	4,955,865	2.0%	2.0%
Equipment Funding	146,364	150,755	155,278	159,936	164,734	3.0%	3.0%
Utilities/Services	1,154,981	1,189,631	1,225,320	1,262,079	1,299,942	3.0%	3.0%
Bad Debt	5,178,281	5,352,865	5,533,456	5,720,265	5,913,511	3.4%	3.4%
Miscellaneous	892,096	918,859	946,425	974,817	1,004,062	3.0%	3.0%
<b>TOTAL DIRECT EXP</b>	<b>58,470,386</b>	<b>60,379,931</b>	<b>62,356,997</b>	<b>64,371,365</b>	<b>66,515,828</b>	<b>3.3%</b>	<b>3.3%</b>
Hospital Debt	3,656,530	4,166,204	4,708,457	5,317,873	5,906,215		
Other Debt	547,664	564,094	581,017	598,448	616,401	3.0%	3.0%
<b>OPERATING INCOME</b>	<b>4,204,194</b>	<b>4,730,298</b>	<b>5,289,474</b>	<b>5,916,321</b>	<b>6,522,616</b>		
Gain/Loss	(1,261,258)	(1,419,089)	(1,586,842)	(1,774,896)	(1,956,785)		
<b>TOTAL OPERATING INCOME</b>	<b>2,942,936</b>	<b>3,311,209</b>	<b>3,702,632</b>	<b>4,141,425</b>	<b>4,565,831</b>		
County Contribution	231,250	231,250	231,250	231,250	231,250	0.0%	0.0%
Insurance	400,000	404,000	408,040	412,120	416,242	1.0%	1.0%
Rental Income	640,000	652,800	665,856	679,173	692,757	2.0%	2.0%
Charitable	250,000	250,000	250,000	250,000	250,000	0.0%	0.0%
Other	-	-	-	-	-	0.0%	0.0%
<b>NET OPERATING INCOME</b>	<b>1,521,250</b>	<b>1,538,050</b>	<b>1,555,146</b>	<b>1,572,544</b>	<b>1,590,248</b>	<b>1.1%</b>	<b>1.1%</b>
<b>NET ASSETS</b>	<b>4,464,186</b>	<b>4,849,259</b>	<b>5,257,778</b>	<b>5,713,968</b>	<b>6,156,080</b>	<b>8.6%</b>	<b>7.7%</b>
Net Operating Income	3.99%	4.32%	4.65%	5.00%	5.31%		
Insurance	5.44%	5.73%	6.02%	6.33%	6.60%		
Rentals	7.41%	3.89%	3.90%	3.91%	3.92%		
Supplies	5.63%	3.27%	3.27%	3.23%	3.33%		
Salaries	51.19%	50.84%	50.48%	50.13%	49.78%		
Other	16.22%	16.39%	16.57%	16.74%	16.91%		
Depreciation	-	-	-	-	-		
Interest	150,000	100,000	-	-	-		
Other	4,066,216	4,147,540	4,230,491	4,315,101	4,401,403		
Gain/Loss	104,800	62,300	-	-	-		
<b>NET ASSETS</b>	<b>8,785,202</b>	<b>9,159,099</b>	<b>9,488,270</b>	<b>10,029,070</b>	<b>10,557,483</b>		
Operating Income	(1,104,800)	(1,052,400)	(1,431,150)	-	-		
Other	7,690,002	8,106,699	8,057,120	10,029,070	10,557,483		
Gain/Loss	(1,261,258)	(1,419,089)	(1,586,842)	(1,774,896)	(1,956,785)		
Other	6,419,144	6,687,610	6,470,277	8,254,173	8,600,698		
Other	(639,000)	(1,000,000)	(1,250,000)	(1,500,000)	(1,750,000)		
Other	-	-	-	-	-		
<b>NET ASSETS</b>	<b>5,780,144</b>	<b>5,687,610</b>	<b>5,220,277</b>	<b>6,754,173</b>	<b>6,850,698</b>		

# FREE CASH FLOW MODEL FOR FY 2011 CAPITAL BUDGET

## FY 2011 CAPITAL BUDGET

Based on Annualized FY 2010 Operating Results

### *Things we need capital for:*

- (1) Contingency fund to support operations, if necessary
- (2) Purchase new and replacement capital equipment
- (3) Remodels and expansion of building space
- (4) New project (Urgent Care, Cardio, Big MAC, land purchases, etc.)
- (5) Debt service on bonds

Projected net income *	\$	4,250,432	
Add: depreciation expense *		3,865,975	
Less: debt service		<u>(1,000,000)</u>	<i>[due 5/31/10 on 2004 bonds; \$1M due in '11 and \$1.4M in '12]</i>
Net free cash flow	\$	7,116,406	
Less gainsharing		<u>(908,698)</u>	
Net available for future investment	\$	6,207,709	
Max available to fund		<u>(3,865,975)</u>	<i>[so far this year we have funded \$3.2M]</i>
Net available for new equip & remodels	\$	<u>2,341,734</u>	

\* projected from operational results through February 2010, excluding non-operating revenues