

SHERIDAN MEMORIAL HOSPITAL

FY 2012 OPERATING BUDGET

CONSOLIDATED INCOME STATEMENT

Inpatient Revenues	\$ 53,105,905
Oupatient Revenues	40,865,887
ER Revenues	12,091,227
Other Revenues	731,664
GROSS REVENUE	106,794,683
Third-party contractals	(36,134,809)
Medical assistance	(2,155,579)
Discounts	(4,209,745)
Other adjustments	(502,744)
TOTAL WRITE-OFFS	(43,002,877)
Misc Operating Rev	690,257
NET REVENUES	64,482,063
Salaries	27,659,382
Contract Labor	122,400
Benefits	6,026,593
Depreciation	4,428,889
Interest	119,800
Supplies	10,155,277
Insurance	425,766
Professional Services	5,700,603
Educa/Prof Develop	178,116
Utilities/Maintennce	1,174,800
Bad Debts	4,926,948
Miscellaneous	877,302
TOTAL DIRECT EXP	61,795,876
Hospital Gain	2,686,187
Other Gain	1,056,988
NET OPER INCOME	3,743,175
Gainsharing	(1,310,111)
TOTAL OPER INCOME	2,433,064
County Contributions	175,000
Investment Revenue	200,046
Rental Income	190,000
Charitable Gifts	120,290
Late Charges - Pat Accts	113,298
NON-OPER REV	798,634
NET INCOME	<u><u>3,231,698</u></u>

SHERIDAN MEMORIAL HOSPITAL
FYE 6/30/12 Budget
Capital Funding & Bond Covenant Analysis

	Current Projection	BUDGET
	FY 2011	FY 2012
Net Income	3,306,566	3,231,698
Plus Additional Debt Service Contributions		
Griffith Annual Debt Service Pledge	190,000	150,000
Plus Depreciation and Bond Interest Included in Net Income:		
Depreciation	3,686,579	4,428,889
Bond Interest	145,300	62,300
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Net Funds Available for Debt Service	7,328,445	7,872,887
Annual Debt Service		(1,431,150)
Funds Available After Debt Service		<hr/> 6,441,737
Estimated Employee Gainsharing		(1,310,111)
Estimated Funds Available for Capital Expenditures		<hr/> 5,131,626
Estimated New Routine Capital Expenditures		(750,716)
Carryover of Major Capital Projects from Current Year		-
Projected Remaining Operating Funds Available for Reserves and Other Projects		<hr/> 4,380,910 <hr/>

FREE CASH FLOW MODEL

FY 2012 CAPITAL BUDGET

Based on Annualized FY 2011 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 *	\$ 3,231,698	
Add: depreciation expense *	4,428,889	
Less: debt service	<u>(1,431,150)</u>	<i>[\$1.4M due in '12]</i>
Net free cash flow	\$ 6,229,437	
Less gainsharing *	<u>(1,310,111)</u>	
Net available for future investment	\$ 4,919,326	
Max available to fund	<u>(4,428,889)</u>	
Net available for new equip & remodels	\$ 490,437	

* projected from operational results through May 2011, excluding non-operating revenues

SHERIDAN MEMORIAL HOSPITAL

5-Year Projections

Cash Flow and Capital Funding

	BUDGET 6/30/2012	PROJECTIONS							
		YEAR 2		YEAR 3		YEAR 4		YEAR 5	
		6/30/2013	6/30/2014	6/30/2014	6/30/2015	6/30/2015	6/30/2016	6/30/2016	
Inpatient Revenues	53,105,905	54,699,082	3.0%	56,340,055	3.0%	58,030,256	3.0%	59,771,164	3.0%
Outpatient Revenues	40,865,887	42,909,181	5.0%	45,054,640	5.0%	47,307,372	5.0%	49,672,741	5.0%
ER Revenues	12,091,227	12,574,876	4.0%	13,077,871	4.0%	13,600,986	4.0%	14,145,025	4.0%
Other Revenues	731,664	753,614	3.0%	776,222	3.0%	799,509	3.0%	823,494	3.0%
GROSS REVENUE	106,794,683	110,936,754	3.9%	115,248,788	3.9%	119,738,124	3.9%	124,412,425	3.9%
Deductions	(43,002,877)	(44,670,759)	3.9%	(46,407,081)	3.9%	(48,214,796)	3.9%	(50,096,990)	3.9%
Misc Operating Rev	690,257	704,062	2.0%	718,143	2.0%	732,506	2.0%	747,156	2.0%
NET REVENUES	64,482,063	66,970,056	3.9%	69,559,851	3.9%	72,255,834	3.9%	75,062,591	3.9%
Salaries	27,659,382	28,489,163	3.0%	29,343,838	3.0%	30,224,154	3.0%	31,130,878	3.0%
Contract Labor	122,400	122,400	0.0%	122,400	0.0%	122,400	0.0%	122,400	0.0%
Benefits	6,026,593	6,267,657	4.0%	6,518,363	4.0%	6,779,098	4.0%	7,050,261	4.0%
Depreciation	4,428,889	4,517,467	2.0%	4,607,816	2.0%	4,699,972	2.0%	4,793,972	2.0%
Interest	119,800	120,000	-37.3%	90,000	-20.0%	25,000	-85.0%	15,000	-33.3%
Supplies	10,155,277	10,663,041	5.0%	11,196,193	5.0%	11,756,003	5.0%	12,343,803	5.0%
Insurance	425,766	434,281	2.0%	442,967	2.0%	451,826	2.0%	460,863	2.0%
Professional Services	5,700,603	5,814,615	2.0%	5,930,907	2.0%	6,049,526	2.0%	6,170,516	2.0%
Educa/Prof Develop	178,116	183,459	3.0%	188,963	3.0%	194,632	3.0%	200,471	3.0%
Utilities/Maintenance	1,174,800	1,210,044	3.0%	1,246,345	3.0%	1,283,736	3.0%	1,322,248	3.0%
Bad Debts	4,926,948	5,093,059	3.4%	5,264,885	3.4%	5,442,627	3.4%	5,626,494	3.4%
Miscellaneous	877,302	903,621	3.0%	930,730	3.0%	958,652	3.0%	987,411	3.0%
TOTAL DIRECT EXP	61,795,876	63,818,807	3.3%	65,883,408	3.2%	67,987,624	3.2%	70,224,316	3.3%
Hospital Gain	2,686,187	3,151,249		3,676,443		4,268,210		4,838,274	
Other Gain	1,056,988	1,088,698	3.0%	1,121,359	3.0%	1,154,999	3.0%	1,189,649	3.0%
OPERATING INCOME	3,743,175	4,239,947		4,797,802		5,423,209		6,027,924	
Gainsharing	(1,310,111)	(1,271,984)		(1,439,341)		(1,626,963)		(1,808,377)	
TOTAL OPERATING INCOME	2,433,064	2,967,963		3,358,461		3,796,247		4,219,547	
County Contributions	175,000	175,000	0.0%	175,000	0.0%	175,000	0.0%	175,000	0.0%
Investment Revenue	200,046	202,046	1.0%	204,067	1.0%	206,108	1.0%	208,169	1.0%
Rental Income	190,000	193,800	2.0%	197,676	2.0%	201,630	2.0%	205,662	2.0%
Charitable Gifts	120,290	120,290	0.0%	120,290	0.0%	120,290	0.0%	120,290	0.0%
Late Charges - Pat Accts	113,298	113,298	0.0%	113,298	0.0%	113,298	0.0%	113,298	0.0%
NON-OPER REV	798,634	804,434	0.7%	810,331	0.7%	816,325	0.7%	822,419	0.7%
NET INCOME	3,231,698	3,772,397	16.7%	4,168,792	10.5%	4,612,572	10.6%	5,041,965	9.3%
Net Operating Margin	3.51%	3.82%		4.16%		4.53%		4.85%	
Net Income Margin before G.S.	4.25%	4.55%		4.87%		5.21%		5.51%	
Increase in Net Revenues	7.41%	3.86%		3.87%		3.88%		3.88%	
Increase in Total Expenses	5.63%	3.27%		3.24%		3.19%		3.29%	
SCB % of NR	52.43%	52.08%		51.73%		51.38%		51.03%	
Supply % of NR	15.75%	15.92%		16.10%		16.27%		16.44%	
Debt Service Contributions:									
AML Grant Funding	-	-		-		-		-	
Griffith Fund Pledge	150,000	-		-		-		-	
Depreciation & Interest:									
Depreciation	4,428,889	4,517,467		4,607,816		4,699,972		4,793,972	
Bond Interest	62,300	-		-		-		-	
Net Operating Cash Flow	7,872,887	8,289,865		8,776,609		9,312,545		9,835,938	
Annual Debt Service	(1,431,150)	-		-		-		-	
Contribution After Debt Service	6,441,737	8,289,865		8,776,609		9,312,545		9,835,938	
Estimated Employee Gainsharing	(1,310,111)	(1,271,984)		(1,439,341)		(1,626,963)		(1,808,377)	
Funds Available for Capital Expenditures	5,131,626	7,017,881		7,337,269		7,685,582		8,027,561	
Annual Capital Budget	(750,716)	(750,000)		(750,000)		(750,000)		(750,000)	
Other Major Projects	-	-		-		-		-	
Funds Available for Reserves	4,380,910	6,267,881		6,587,269		6,935,582		7,277,561	