

**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**

	Current Projection FY 2010	BUDGET FY 2011
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
Net Funds Available for Debt Service	8,451,706	8,785,202
Annual Debt Service		(1,104,800)
Funds Available After Debt Service		<u>7,680,402</u>
Estimated Employee Gainsharing		(1,261,258)
Estimated Funds Available for Capital Expenditures		<u>6,419,144</u>
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>		<u><u>5,780,144</u></u>

# 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>
Depository	(44,627,137)	(46,385,276)	(48,216,622)	(50,124,375)	(52,111,880)	4.0%	4.0%
Misc Operating Pay	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%
Education/Training	146,364	150,755	155,278	159,936	164,734	3.0%	3.0%
Utilities/Communications	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 Premiums	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>NON-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 INCOME</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 Margin	3.99%	4.32%	4.65%	5.00%	5.31%		
Operating Margin	5.44%	5.73%	6.02%	6.33%	6.60%		
Operating Margin Excl. Depreciation	7.41%	3.89%	3.90%	3.91%	3.92%		
Operating Margin Excl. Depreciation & Interest	5.63%	3.27%	3.27%	3.23%	3.33%		
Operating Margin Excl. Depreciation, Interest & Bad Debt	51.19%	50.84%	50.48%	50.13%	49.78%		
Operating Margin Excl. Depreciation, Interest, Bad Debt & Misc. Operating Pay	16.22%	16.39%	16.57%	16.74%	16.91%		
Capital Expenditures	150,000	100,000	-	-	-		
Depreciation	4,066,216	4,147,540	4,230,491	4,315,101	4,401,403		
Capital Expenditures Excl. Depreciation	104,800	62,300	-	-	-		
Capital Expenditures Excl. Depreciation & Interest	8,785,202	9,159,099	9,488,270	10,029,070	10,557,483		
Capital Expenditures Excl. Depreciation, Interest & Bad Debt	(1,104,800)	(1,052,400)	(1,431,150)	-	-		
Capital Expenditures Excl. Depreciation, Interest, Bad Debt & Misc. Operating Pay	7,680,402	8,106,699	8,057,120	10,029,070	10,557,483		
Operating Margin Excl. Depreciation, Interest, Bad Debt, Misc. Operating Pay & Capital Expenditures	(1,261,258)	(1,419,089)	(1,586,842)	(1,774,896)	(1,956,785)		
Operating Margin Excl. Depreciation, Interest, Bad Debt, Misc. Operating Pay, Capital Expenditures & County Contribution	6,419,144	6,687,610	6,470,277	8,254,173	8,600,698		
Operating Margin Excl. Depreciation, Interest, Bad Debt, Misc. Operating Pay, Capital Expenditures & County Contribution & Insurance Premiums	(639,000)	(1,000,000)	(1,250,000)	(1,500,000)	(1,750,000)		
Operating Margin Excl. Depreciation, Interest, Bad Debt, Misc. Operating Pay, Capital Expenditures, County Contribution & Insurance Premiums	-	-	-	-	-		
<b>Operating Margin Excl. Depreciation, Interest, Bad Debt, Misc. Operating Pay, Capital Expenditures, County Contribution &amp; Insurance Premiums &amp; Gain/Loss</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