

SHERIDAN MEMORIAL HOSPITAL

FY 2013 OPERATING BUDGET

SUMMARY INCOME STATEMENTS

Inpatient Revenues	45,782,746
Outpatient Revenues	56,381,324
ER Revenues	11,436,950
Other Revenues	522,215
Total Gross Revenue	114,123,235
Third-party contractals	(37,917,319)
Medical assistance	(1,516,637)
Discounts	(4,101,323)
Other adjustments	(2,267,682)
Total Write-Offs	(45,802,961)
Misc Operating Rev	686,691
Net Revenues	69,006,964
Salaries	31,231,059
Contract Labor	569,856
Benefits	6,954,564
Depreciation	6,417,645
Interest	181,500
Supplies	10,092,805
Insurance	456,102
Professional Services	5,549,349
Educa/Prof Develop	185,832
Utilities/Maintennce	1,055,706
Bad Debts	5,745,420
Miscellaneous	1,007,153
Total Direct Expense	69,446,992
Hospital Gain	(440,027)
Other Gain	1,200,000
Net Operating Income	759,973
Gainsharing	(265,990)
Total Operating Income	493,983
County Contributions	231,250
Investment Revenue	200,045
Rental Income	676,404
Charitable Gifts	1,241,982
Late Charges - Pat Accts	-
Total Non-operating Revenue	2,349,681
NET INCOME	2,843,664

SHERIDAN MEMORIAL HOSPITAL

FYE 6/30/13 Budget

Capital Funding & Bond Covenant Analysis

	Current Projection FY 2012	BUDGET FY 2013
Net Income	5,376,188	2,843,664
Plus Additional Debt Service Contributions		
Griffith Annual Debt Service Pledge	180,000	-
Plus Depreciation and Bond Interest Included in Net Income:		
Depreciation	3,846,619	6,417,645
Interest expense	80,966	181,500
Net Funds Available for Debt Service	9,483,773	9,442,809
Annual Debt Service		-
Funds Available After Debt Service		9,442,809
Estimated Employee Gainsharing		(265,990)
Estimated Funds Available for Capital Expenditures		9,176,819
Estimated New Routine Capital Expenditures		(700,000)
Carryover of Major Capital Projects from Current Year		-
Projected Remaining Operating Funds Available for Reserves and Other Projects		8,476,819

SHERIDAN MEMORIAL HOSPITAL

5-Year Projections

Cash Flow and Capital Funding

	BUDGET		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	6/30/2017	6/30/2017	
Inpatient Revenues	45,782,746	47,156,228	3.0%	48,570,915	3.0%	50,028,043	3.0%	51,528,884	3.0%	
Oupatient Revenues	56,381,324	58,918,484	4.5%	61,569,815	4.5%	64,340,457	4.5%	67,235,778	4.5%	
ER Revenues	11,436,950	11,894,428	4.0%	12,251,261	3.0%	12,741,311	4.0%	13,250,964	4.0%	
Other Revenues	522,215	537,881	3.0%	554,018	3.0%	570,638	3.0%	587,758	3.0%	
GROSS REVENUE	114,123,235	118,507,021	3.9%	122,946,009	3.9%	127,680,449	3.9%	132,603,383	3.9%	
Deductions	(45,802,961)	(48,587,879)	3.9%	(50,407,864)	3.9%	(52,348,984)	3.9%	(54,367,387)	3.9%	
Misc Operating Rev	686,691	693,558	1.0%	700,493	1.0%	707,498	1.0%	714,573	1.0%	
NET REVENUES	69,006,965	70,612,701	3.9%	73,238,639	3.9%	76,038,964	3.9%	78,950,569	3.9%	
Salaries	31,231,059	32,167,991	3.0%	33,133,031	3.0%	34,127,022	3.0%	35,150,832	3.0%	
Contract Labor	569,856	400,000		350,000		300,000		250,000		
Benefits	6,954,564	7,462,974		7,686,863		7,917,469		8,154,993		
Depreciation	6,417,645	6,545,998	2.0%	6,676,918	2.0%	6,810,456	2.0%	6,946,665	2.0%	
Interest	181,500	150,000		125,000		100,000		75,000		
Supplies	10,092,805	11,298,032		11,351,989		11,405,845		11,447,833		
Insurance	456,102	465,224	2.0%	474,529	2.0%	484,019	2.0%	493,700	2.0%	
Professional Services	5,549,349	5,660,336	2.0%	5,773,543	2.0%	5,889,014	2.0%	6,006,794	2.0%	
Educa/Prof Develop	185,832	191,407	3.0%	197,150	3.0%	203,064	3.0%	209,156	3.0%	
Utilities/Maintennce	1,055,706	1,087,377	3.0%	1,119,999	3.0%	1,153,599	3.0%	1,188,207	3.0%	
Bad Debts	5,745,420	5,925,351		6,147,300		6,384,022		6,630,169		
Miscellaneous	1,007,153	1,027,296	2.0%	1,047,842	2.0%	1,068,798	2.0%	1,090,174	2.0%	
TOTAL DIRECT EXP	69,446,992	72,381,987	4.2%	74,084,163	2.4%	75,843,308	2.4%	77,643,523	2.4%	
Hospital Gain	(440,027)	(1,769,286)		(845,524)		195,656		1,307,046		
Other Gain	1,200,000	1,236,000	3.0%	1,273,080	3.0%	1,311,272	3.0%	1,350,611	3.0%	
OPERATING INCOME	759,973	(533,286)		427,556		1,506,928		2,657,657		
Gainsharing	(265,990)									
TOTAL OPERATING INCOME	493,983	(533,286)		427,556		1,506,928		2,657,657		
County Contributions	231,250	56,000	0.0%	56,000	0.0%	56,000	0.0%	56,000	0.0%	
Investment Revenue	200,045	202,045	1.0%	204,066	1.0%	206,107	1.0%	208,168	1.0%	
Rental Income	676,404	683,168	1.0%	690,000	1.0%	696,900	1.0%	703,869	1.0%	
Charitable Gifts	1,241,982	2,583,982	0.0%	1,228,098	0.0%	894,988	0.0%	750,000	0.0%	
Late Charges - Pat Accts	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	
NON-OPER REV	2,349,681	3,525,195	0.7%	2,178,164	0.7%	1,853,994	0.7%	1,718,036	0.7%	
NET INCOME	2,843,664	2,991,909	16.7%	2,605,720	10.5%	3,360,922	10.6%	4,375,693	9.3%	
Net Operating Margin	0.67%	-0.45%		0.35%		1.18%		2.00%		
Net Income Margin before G.S.	2.72%	2.52%		2.12%		2.63%		3.30%		
Increase in Net Revenues	4.80%	2.33%		3.72%		3.82%		3.83%		
Increase in Total Expenses	6.50%	4.23%		2.35%		2.37%		2.37%		
SCB % of NR	56.16%	56.69%		56.21%		55.69%		55.17%		
Supply % of NR	14.63%	16.00%		15.50%		15.00%		14.50%		

FREE CASH FLOW MODEL

FY 2013 CAPITAL BUDGET

Based on Annualized FY 2012 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 *	\$ 2,843,664	
Add: depreciation expense *	6,417,645	
Less: debt service	<u>(1,200,000)</u>	<i>[we anticipate a new debt issue during FY2013]</i>
Net free cash flow	\$ 8,061,309	
Less gainsharing *	<u>(265,990)</u>	
Net available for future investment	\$ 7,795,319	
Max available to fund	<u>(6,417,645)</u>	
Max available for new equip & remodels	\$ 1,377,674	

* projected from operational results through May 2012, excluding non-operating revenues