

The difference between healthcare and true care™



ecmc.edu

Erie County Medical Center Corporation Operating and Capital Budgets

For the year ending 2020





Table of Contents

| | <u>Page</u> |
|-------------------------------------------------|-------------|
| • Management Discussion and Analysis | 3-7 |
| • Regulatory Reporting Requirements | 8 |
| • Budget Process | 9 |
| • Key Financial Ratios | 10 |
| • Financial Statements | 11-13 |
| • Operating Performance Reconciliation | 14 |
| • Principal Assumptions | 15 |
| • Budget Assumptions | 16-20 |
| • Performance Improvement Opportunities | 21 |
| • Emerging Issues and Accounting Pronouncements | 22 |
| • Capital Budget | 23 |
| • 2021 - 2025 Financial Projections | 24-27 |

Management Discussion and Analysis

September 30, 2019

The 2020 Operating and Capital Budgets (the “Budget”), together with five year financial projections, presented in the following pages were developed by the Erie County Medical Center Corporation (“ECMCC”). The Budget is consistent with the ECMCC Strategic Plan and reflects investments made in a new level 1 trauma center and emergency department, a new lobby and building envelope as well as other investments to be made, over the budget and five year financial projection years. Investment returns, of course, are not only measured in financial terms, but also in terms of achieving the ECMCC mission, improving clinical quality, service excellence, and the health of the communities ECMCC serves.

Budgetary assumptions are a key component of the process that was followed in developing the Budget. The following summarizes management’s perspective in the development of these assumptions.

Management Discussion and Analysis

Budget Goals:

The achievement of an operating margin is a critical factor in generating sufficient cash flows to support the investment of capital in new programs and services. As a result of the ECMCC's mission to serve those unable to pay and expense inflation greater than reimbursement rate growth an operating margin goal of \$1 Million has been budgeted. This level of performance allows ECMCC to meet its obligations, and continue to invest in new programs and services for the communities we serve.

Activity Levels:

The Budget has been prepared on a consistent basis with current and prior year activity levels. Further consideration was given to the changes in evidence based medicine supporting clinical practice utilization rates, the impact of the discontinuation of the NYS Medicaid Redesign effort, including the Delivery System Reform Incentive Payment program (DSRIP), changing regulations and payer payment policies, and other factors. Management believes that the levels of activity contained within the Budget are attainable.

Management Discussion and Analysis

Revenue and Reimbursement:

Reimbursement from government payers has been incorporated based on current regulations and, where Management has evaluated as probable, proposed regulations. Reimbursement from commercial payers has been incorporated into the Budget based on current contracts, or at rates that Management has evaluated as probable for contracts currently being negotiated. Increases in net revenue associated with revenue cycle improvement initiatives have also been incorporated at levels that Management believes are attainable. Other Operating Revenue has been budgeted based on historical experience. Disproportionate Share and UPL payments have been budgeted based on the most current information available to Management at the time the Budget has been prepared.

Management Discussion and Analysis

Operating Expenses:

Operating expenses have been budgeted based on the volume of anticipated activity and adjusted for salary rate increases consistent with collective bargaining agreements, estimated benefit cost increases, supply and other expense inflation rates as well as impacts of critical performance improvement initiatives. Management believes that the expenses contained in the Budget are reasonable and attainable.

Non-Operating Revenue:

Non-Operating Revenues have been budgeted based on interest and dividend income and do not consider realized or unrealized investment gains or losses associated with market movements.

Management Discussion and Analysis

Cash Flows:

Cash Flows have been budgeted based on the results of operations, investments in capital assets and other ventures, required principal payments on long-term debt and funding of employee benefit plans.

Range of Outcomes and Contingency Plans:

Management has considered the sensitivity of each material assumption within the Budget. Management believes that the Budget is reasonably positioned within the range of potential outcomes and recognizes its responsibility for achieving these results.

Regulatory Budget Reporting Requirements

- All requirements have been met
 - NYCRR, Part 203, Chapter V, Title 2
 - This package communicates each of the 18 requirements
- New York State Office Of The State Comptroller
- Authority Budget Office
- PARIS submission and certification

Budget Process

- Executive Leadership Team (ELT) adopt budget schedule and goals
- Using the year to date 2019 performance as well as 2019 budget and known/anticipated budget variances a baseline budget and financial projections were prepared
- ELT meetings with department managers to develop goals for operational performance
- ELT budget recommendation reviewed and approved by Finance Committee of ECMCC Board
- Budget recommendation reviewed and approved by ECMCC Board



Key Financial Ratios

| | <u>2017</u> | <u>2018</u> | <u>Projected</u> <u>2019</u> | <u>Budget</u> <u>2020</u> |
|-----------------------------------------|-------------|-------------|---------------------------------|------------------------------|
| Operating Margin % | 0.5% | 0.6% | 0.4% | 0.1% |
| NYS PBC Average % | -5.2% | -4.5% | | |
| Operating EBITDA % | 6.2% | 6.0% | 5.4% | 6.6% |
| NYS PBC Average % | 0.7% | 0.9% | | |
| FTE's | 3,230 | 3,299 | 3,528 | 3,634 |
| FTE's per Adjusted Occupied bed | 3.91 | 3.92 | 3.93 | 3.97 |
| Days Cash On Hand | 101.5 | 112.1 | 110.6 | 95.3 |
| NYS PBC Average | 58.4 | 57.5 | | |
| Debt Service Coverage | 1.7 | 1.7 | 1.9 | 2.1 |
| NYS PBC Average | 0.7 | 1.0 | | |
| Salaries, Wages & Benefits % of Revenue | 68.3% | 62.5% | 65.0% | 65.3% |
| Supply Expense % of Revenue | 16.6% | 18.2% | 16.9% | 15.2% |
| Benefit % of Salaries and Wages | 52.5% | 38.0% | 40.4% | 44.0% |
| Days In Accounts Receivable, net | 69.1 | 61.5 | 60.9 | 55.9 |



Statements of Revenues and Expenses (Thousands)

| | <u>2018 Audited</u> | | <u>2019 Projected</u> | | <u>2020 Budget</u> | | <u>Increase (Decrease)</u> | |
|-----------------------------------------------|---------------------|-------------|-----------------------|-------------|--------------------|-------------|----------------------------|---------------|
| | <u>\$</u> | <u>%</u> | <u>\$</u> | <u>%</u> | <u>\$</u> | <u>%</u> | | <u>%</u> |
| Net Patient Revenue | 529,548 | 100% | 564,830 | 100% | 589,336 | 100% | 24,506 | 4.3% |
| Disproportionate Share / IGT and UPL Payments | 72,072 | 14% | 76,397 | 14% | 76,397 | 13% | - | 0.0% |
| Other Operating Revenues | <u>59,413</u> | <u>11%</u> | <u>71,756</u> | <u>13%</u> | <u>51,108</u> | <u>9%</u> | <u>(20,648)</u> | <u>-28.8%</u> |
| Total Operating Revenues | <u>661,033</u> | <u>125%</u> | <u>712,983</u> | <u>126%</u> | <u>716,841</u> | <u>122%</u> | <u>3,858</u> | <u>0.5%</u> |
| Operating Expenses | | | | | | | | |
| Salaries and Wages | 239,957 | 45% | 261,625 | 46% | 267,302 | 45% | 5,677 | 2.2% |
| Employee Benefits | 91,112 | 17% | 105,796 | 19% | 117,695 | 20% | 11,899 | 11.2% |
| Physician & Resident Fees | 89,801 | 17% | 91,243 | 16% | 94,078 | 16% | 2,835 | 3.1% |
| Purchased Services | 59,088 | 11% | 60,343 | 11% | 60,798 | 10% | 455 | 0.8% |
| Supplies | 96,230 | 18% | 95,708 | 17% | 89,468 | 15% | (6,240) | -6.5% |
| Other Expenses | 45,345 | 9% | 59,576 | 11% | 40,347 | 7% | (19,229) | -32.3% |
| Depreciation | 27,930 | 5% | 28,526 | 5% | 34,848 | 6% | 6,322 | 22.2% |
| Interest | <u>7,733</u> | <u>1%</u> | <u>7,166</u> | <u>1%</u> | <u>11,305</u> | <u>2%</u> | <u>4,139</u> | <u>57.8%</u> |
| Total Operating Expenses | <u>657,196</u> | <u>124%</u> | <u>709,983</u> | <u>126%</u> | <u>715,841</u> | <u>121%</u> | <u>5,858</u> | <u>0.8%</u> |
| Operating Income | 3,837 | 1% | 3,000 | 0% | 1,000 | 0% | (2,000) | -66.7% |
| Non Operating Revenues | <u>(2,817)</u> | <u>-1%</u> | <u>1,489</u> | <u>0%</u> | <u>1,580</u> | <u>0%</u> | <u>91</u> | <u>6.1%</u> |
| Excess of Revenues Over Expenses | <u>1,020</u> | <u>0%</u> | <u>4,489</u> | <u>1%</u> | <u>2,580</u> | <u>0%</u> | <u>(1,909)</u> | <u>-42.5%</u> |

Statements of Net Position

(Thousands)

| | <u>2018 Audited</u> | | <u>2019 Projection</u> | | <u>2020 Budget</u> | | <u>Increase (Decrease)</u> | |
|-----------------------------------------|---------------------|---------------|------------------------|---------------|--------------------|---------------|----------------------------|---------------|
| | \$ | % | \$ | % | \$ | % | | % |
| Assets | | | | | | | | |
| Current Assets | | | | | | | | |
| Cash and Investments | 63,929 | 7.3% | 56,876 | 6.1% | 45,247 | 4.9% | (11,629) | -20.4% |
| Patient Accounts Receivable, Net | 89,287 | 10.2% | 94,215 | 10.1% | 90,279 | 9.8% | (3,936) | -4.2% |
| Other Current Assets | <u>240,123</u> | <u>27.4%</u> | <u>248,890</u> | <u>26.6%</u> | <u>218,177</u> | <u>23.8%</u> | <u>(30,713)</u> | <u>-12.3%</u> |
| Total Current Assets | <u>393,339</u> | <u>44.8%</u> | <u>399,981</u> | <u>42.8%</u> | <u>353,703</u> | <u>38.5%</u> | <u>(46,278)</u> | <u>-11.6%</u> |
| Assets Whose Use Is Limited | 85,013 | 9.7% | 81,075 | 8.7% | 77,040 | 8.4% | (4,035) | 22.5% |
| Property and Equipment, Net | 265,542 | 30.2% | 304,416 | 32.5% | 327,068 | 35.6% | 22,653 | 7.4% |
| Other Assets | <u>133,934</u> | <u>15.3%</u> | <u>150,028</u> | <u>16.0%</u> | <u>159,758</u> | <u>17.4%</u> | <u>9,730</u> | <u>6.5%</u> |
| Total Assets | <u>877,828</u> | <u>100.0%</u> | <u>935,500</u> | <u>100.0%</u> | <u>917,569</u> | <u>100.0%</u> | <u>(17,930)</u> | <u>-1.9%</u> |
| Liabilities and Net Assets | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Current Portion of Long Term Debt | 11,126 | 1.3% | 14,097 | 1.5% | 14,159 | 1.5% | 62 | 0.4% |
| Accounts Payable and Accrued Expenses | 184,768 | 21.0% | 184,990 | 19.8% | 164,611 | 17.9% | (20,379) | -11.0% |
| Liability to Third Party Payers, Net | <u>7,092</u> | <u>0.8%</u> | <u>3,352</u> | <u>0.4%</u> | <u>3,497</u> | <u>0.4%</u> | <u>145</u> | <u>4.3%</u> |
| Total Current Liabilities | <u>202,986</u> | <u>23.1%</u> | <u>202,439</u> | <u>21.6%</u> | <u>182,267</u> | <u>19.9%</u> | <u>(20,172)</u> | <u>-10.0%</u> |
| Long Term Debt | 246,199 | 28.0% | 248,735 | 26.6% | 234,577 | 25.6% | (14,158) | -5.7% |
| Deferred Inflows | 140,237 | 16.0% | 80,921 | 8.7% | 80,921 | 8.8% | - | 0.0% |
| Other Post Employment Benefits | 377,151 | 43.0% | 454,955 | 48.6% | 468,255 | 51.0% | 13,300 | 2.9% |
| Self Insurance Liabilities | <u>71,256</u> | <u>8.1%</u> | <u>103,962</u> | <u>11.1%</u> | <u>104,482</u> | <u>11.4%</u> | <u>520</u> | <u>0.5%</u> |
| Total Liabilities | <u>1,037,829</u> | <u>118.2%</u> | <u>1,091,012</u> | <u>116.6%</u> | <u>1,070,502</u> | <u>116.7%</u> | <u>(20,510)</u> | <u>-1.9%</u> |
| Net Position | <u>(160,001)</u> | <u>-18.2%</u> | <u>(155,512)</u> | <u>-16.6%</u> | <u>(152,932)</u> | <u>-16.7%</u> | <u>2,580</u> | <u>-1.7%</u> |
| Total Liabilities and Net Assets | <u>877,828</u> | <u>100.0%</u> | <u>935,500</u> | <u>100.0%</u> | <u>917,569</u> | <u>100.0%</u> | <u>(17,930)</u> | <u>-1.9%</u> |

Statements of Cash Flow

(Thousands)

| | Audited <u>2018</u> | Projected <u>2019</u> | Budget <u>2020</u> | <u>Increase (Decrease)</u> <u>%</u> | |
|----------------------------------------------------------|------------------------|--------------------------|-----------------------|----------------------------------------|-------------|
| Cash Flows From Operating Activities | | | | | |
| Excess of Revenues Over Expenses | 1,020 | 4,489 | 2,580 | (1,909) | -43% |
| Depreciation & Amortization | 27,930 | 28,526 | 34,848 | 6,322 | 22% |
| (Increase) Decrease in Patient Accounts Receivable, Net | 6,687 | (4,928) | 3,936 | 8,864 | -180% |
| (Increase) Decrease in Current and Other Assets | (10,682) | (24,861) | 20,982 | 45,843 | -184% |
| Increase (Decrease) in Accounts Payable and Accrued Exp. | (8,927) | 222 | (20,379) | (20,601) | -9280% |
| Increase (Decrease) in Third Party Payer Settlements | (15,429) | (3,740) | 145 | 3,885 | -104% |
| Increase (Decrease) in Deferred In-Flows | 62,502 | (59,316) | - | 59,316 | -100% |
| Increase (Decrease) in Self Insurance Liabilities | (7,860) | 110,510 | 13,820 | (96,690) | -87% |
| Net Cash Provided By (Used In) Operating Activities | <u>55,241</u> | <u>50,902</u> | <u>55,931</u> | <u>5,028</u> | <u>10%</u> |
| Cash Flows From Investing Activities | | | | | |
| (Increase) Decrease in Assets Whose Use is Limited | 40,193 | 3,938 | 4,035 | 97 | 2% |
| Cash Flows From Financing Activities | | | | | |
| Additions to Property and Equipment | (40,229) | (67,400) | (57,500) | 9,900 | -15% |
| Changes in Long Term Debt | (15,181) | 5,507 | (14,096) | (19,603) | -356% |
| Net Cash (Used In) Financing Activities | <u>(55,410)</u> | <u>(61,893)</u> | <u>(71,596)</u> | <u>(9,703)</u> | <u>16%</u> |
| Net Increase (Decrease) in Cash and Investments | 40,024 | (7,053) | (11,630) | (4,577) | 65% |
| Cash and Investments, Beginning | <u>23,905</u> | <u>63,929</u> | <u>56,876</u> | <u>(7,053)</u> | <u>-11%</u> |
| Cash and Investments, Ending | <u>63,929</u> | <u>56,876</u> | <u>45,247</u> | <u>(11,630)</u> | <u>-20%</u> |

Operating Performance Reconciliation

(Thousands)

| | <u>Operating Revenues</u> | <u>Operating Expenses</u> | <u>Operating Income</u> |
|--------------------------------|-------------------------------|-------------------------------|-----------------------------|
| Budgeted 2019 Operating Income | 698,796 | 695,796 | 3,000 |
| Net Payor Rate Increases | 5,428 | | 5,428 |
| Net Case Mix Adjusted Volume | 2,749 | 465 | 2,284 |
| NYS Medicaid Initiatives | (19,325) | (18,399) | (926) |
| Grants | 14,800 | | 14,800 |
| DSH/UPL | 6,246 | | 6,246 |
| Performance Improvement | 8,000 | (2,000) | 10,000 |
| Wage and Staffing Increases | | 5,677 | (5,677) |
| Benefits | | 11,899 | (11,899) |
| Physician Contracted Fees | | 6,243 | (6,243) |
| Other Contracted Fees | | 7,822 | (7,822) |
| Medical Supplies | | 873 | (873) |
| Depreciation & Interest | | 10,327 | (10,327) |
| All Other, Net | <u>147</u> | <u>(2,862)</u> | <u>3,009</u> |
| Budgeted 2020 Operating Income | <u>716,841</u> | <u>715,841</u> | <u>1,000</u> |

Principal Assumptions

- Volume
- Patient Revenue and Reimbursement
- IGT / UPL Payments
- Other Revenues
- Expenses
- Cash Flows



Volume Assumptions

| | 2018 | 2019 | 2020 | <u>Increase (Decrease)</u> | |
|-------------------------------|---------------|-------------------|---------------|----------------------------|--------------|
| | <u>Actual</u> | <u>Projection</u> | <u>Budget</u> | <u>20 - 19</u> | <u>%</u> |
| Discharges | | | | | |
| Acute | 14,182 | 13,672 | 13,672 | - | 0.0% |
| Other | <u>6,373</u> | <u>6,602</u> | <u>6,463</u> | <u>(139)</u> | <u>-2.1%</u> |
| Total | <u>20,555</u> | <u>20,274</u> | <u>20,135</u> | <u>(139)</u> | <u>-0.7%</u> |
| Average Length of Stay | | | | | |
| Acute | 6.2 | 6.5 | 6.7 | 0.2 | 2.8% |
| Other | <u>11.0</u> | <u>10.0</u> | <u>10.1</u> | <u>0.1</u> | <u>0.8%</u> |
| Total | <u>7.7</u> | <u>7.6</u> | <u>7.8</u> | <u>0.2</u> | <u>2.6%</u> |
| Observation | 4,602 | 6,155 | 6,155 | - | 0.0% |
| Outpatient Visits | | | | | |
| Clinics | 123,872 | 126,888 | 127,685 | 797 | 0.6% |
| Behavioral Health | 36,501 | 42,587 | 42,587 | - | 0.0% |
| Chemical Dependency | 41,802 | 40,626 | 46,326 | 5,700 | 14.0% |
| Dialysis | 25,026 | 26,269 | 26,208 | (61) | -0.2% |
| Other | 77,684 | 67,466 | 68,261 | 795 | 1.2% |
| Surgical Cases | | | | | |
| Inpatient | 6,322 | 6,338 | 6,384 | 46 | 0.7% |
| Outpatient | <u>7,261</u> | <u>7,703</u> | <u>7,446</u> | <u>(257)</u> | <u>-3.3%</u> |
| Total | <u>13,583</u> | <u>14,041</u> | <u>13,830</u> | <u>(211)</u> | <u>-1.5%</u> |
| Case Mix Index - Acute | <u>1.84</u> | <u>1.93</u> | <u>1.93</u> | <u>-</u> | <u>0.0%</u> |
| Emergency Visits | 57,494 | 56,835 | 58,538 | 1,703 | 3.0% |
| CPEP Visits | 12,636 | 12,055 | 12,055 | - | 0.0% |
| Terrace View ADC | 381.2 | 378.7 | 381.0 | 2.3 | 0.6% |

Revenue Assumptions

- Payer Rate Increases
 - Medicaid – 0.0%
 - Medicare – 1.0%
 - Local Payers – 2.75%
 - W/Comp, N/Fault, Others – 1.0%
 - Composite – 1.6%

- Other Operating Revenue
 - Grants & Grants per Contract
 - Historical Trends
 - Inflation – 2.0%

- IGT
 - Continued delay of current legislated cuts



IGT and UPL Revenue (Accrual Basis Revenue)

| | <u>Budget 2019</u> | <u>Projected 2019</u> | <u>Budget 2020</u> |
|-------|------------------------|---------------------------|------------------------|
| DSH | 55,548 | 61,616 | 61,616 |
| UPL | 14,603 | 14,781 | 14,781 |
| Total | <u>70,151</u> | <u>76,397</u> | <u>76,397</u> |

Expense Assumptions

Salaries

- FTE's consistent with volume
- Union wage and step adjustments total 3.5%
- Non Union wage adjustments total 3.0%

Benefits

- Increases due to salary expense and health insurance trends
- Actuarial changes on post retirement benefits and pension

Physician & Residents:

- Increases in contractual obligations to meet additional volume and contractual rate increases
- Increases in number of physicians offset by enhanced revenue

Contractual Fees:

- Reduction in consulting, purchased services and maintenance contracts driven by specific initiatives

Supplies:

- Inflationary increases offset by targeted initiatives

Cash Flow Assumptions

- Net decrease in cash of \$11.6 Million
 - 110.6 days cash to 95.3 days cash
- Accounts receivable decrease of \$3.9 Million
 - 60.9 days to 55.9 days
- Consistent other net working capital accounts
- Routine capital budget spend of \$15.0 Million

Budget Assumptions

- Assume flat volumes for inpatient and increase in outpatient visits
- Operating Performance improvements
- Health insurance expense
- GASB 68 and GASB 75 actuarial valuations
- Management of Supply chain

Emerging Issues and Accounting Pronouncements

- Federal and NYS legislative and funding uncertainty
- GASB 83 – certain asset retirement obligations
- GASB 87 – accounting for leases
- GASB 89 – accounting for capitalized interest
- GASB 91 – conduit debt obligations

2020 Capital Budget Summary

- \$45.7 Million construction projects
 - \$32.4 Million from financing proceeds
 - \$3.1 Million from Equity / Capital Campaign Receipts
 - \$10.2 Million from internal funds
- \$15.0 Million routine capital spend

5 Year Financial Projections

- Phase into a 1.0% Operating Margin
- Reimbursement rate increases consistent with 2020 budget
- IGT/UPL at current projections
- Salary expense consistent with current collective bargaining agreements
- Benefits % of salary expense reduction due to actuarial liabilities
- Supply and other expense inflation consistent with current trend
- Achievement of Accelerating Excellence program goals

Statements of Revenues and Expenses – Projected

(Thousands)

| | Audited 2018 | Projected 2019 | Budget 2020 | 2021 | 2022 | Projected 2023 | 2024 | 2025 |
|---------------------------------------------|-----------------|-------------------|----------------|----------------|----------------|-------------------|----------------|----------------|
| Net Patient Service Revenue | 529,548 | 564,830 | 589,336 | 597,040 | 604,540 | 612,175 | 619,949 | 627,864 |
| Disproportionate Share, IGT and UPL Revenue | 72,072 | 76,397 | 76,397 | 76,397 | 76,397 | 76,397 | 76,397 | 76,397 |
| Other Operating Revenue | <u>59,413</u> | <u>71,756</u> | <u>51,108</u> | <u>46,887</u> | <u>47,006</u> | <u>47,126</u> | <u>47,247</u> | <u>47,369</u> |
| Total Operating Revenue | <u>661,033</u> | <u>712,983</u> | <u>716,841</u> | <u>720,324</u> | <u>727,942</u> | <u>735,697</u> | <u>743,593</u> | <u>751,631</u> |
| Operating Expenses | | | | | | | | |
| Salaries and Benefits | 331,069 | 367,421 | 384,997 | 395,996 | 407,309 | 418,944 | 430,911 | 443,218 |
| Physician Fees and Professional Services | 148,889 | 151,586 | 154,876 | 157,836 | 160,861 | 163,952 | 167,111 | 170,340 |
| Supplies | 96,230 | 95,708 | 89,468 | 90,874 | 92,282 | 93,715 | 95,177 | 96,666 |
| Other Expenses | 45,345 | 59,576 | 40,347 | 41,977 | 43,673 | 45,437 | 47,273 | 49,183 |
| Depreciation and Amortization | 27,930 | 28,526 | 34,848 | 41,314 | 43,361 | 41,733 | 41,741 | 42,302 |
| Interest | <u>7,733</u> | <u>7,166</u> | <u>11,305</u> | <u>10,771</u> | <u>10,164</u> | <u>9,535</u> | <u>8,883</u> | <u>8,516</u> |
| Total Operating Expenses | <u>657,196</u> | <u>709,983</u> | <u>715,841</u> | <u>738,769</u> | <u>757,649</u> | <u>773,317</u> | <u>791,095</u> | <u>810,224</u> |
| | 3,837 | 3,000 | 1,000 | (18,445) | (29,707) | (37,619) | (47,502) | (58,594) |
| Performance Improvement Initiatives | <u>-</u> | <u>-</u> | <u>-</u> | <u>19,886</u> | <u>31,891</u> | <u>41,298</u> | <u>53,079</u> | <u>66,110</u> |
| Operating Income | 3,837 | 3,000 | 1,000 | 1,441 | 2,184 | 3,678 | 5,577 | 7,516 |
| Non Operating Revenues | <u>(2,817)</u> | <u>1,489</u> | <u>1,580</u> | <u>1,523</u> | <u>1,343</u> | <u>1,461</u> | <u>1,612</u> | <u>1,584</u> |
| Excess of Revenues Over Expenses | <u>1,020</u> | <u>4,489</u> | <u>2,580</u> | <u>2,964</u> | <u>3,526</u> | <u>5,140</u> | <u>7,189</u> | <u>9,100</u> |



Statements of Financial Position – Projected (Thousands)

| | Audited <u>2018</u> | Projected <u>2019</u> | Budget <u>2020</u> | <u>2021</u> | <u>2022</u> | Projected <u>2023</u> | <u>2024</u> | <u>2025</u> |
|-----------------------------------------|------------------------|--------------------------|-----------------------|------------------|------------------|--------------------------|------------------|------------------|
| ASSETS | | | | | | | | |
| Current Assets | | | | | | | | |
| Cash | 63,929 | 56,876 | 45,247 | 61,358 | 77,464 | 136,804 | 144,320 | 155,611 |
| Patient Accounts Receivable | 89,287 | 94,215 | 90,279 | 89,816 | 89,258 | 88,713 | 88,126 | 87,548 |
| Other Current Assets | <u>240,123</u> | <u>248,890</u> | <u>218,177</u> | <u>200,053</u> | <u>201,321</u> | <u>122,269</u> | <u>127,630</u> | <u>132,844</u> |
| Total Current Assets | <u>393,339</u> | <u>399,981</u> | <u>353,702</u> | <u>351,227</u> | <u>368,043</u> | <u>347,787</u> | <u>360,076</u> | <u>376,003</u> |
| Assets Whose Use Is Limited | 85,013 | 81,075 | 77,040 | 72,909 | 68,665 | 64,360 | 64,095 | 63,914 |
| Property and Equipment | 265,542 | 304,416 | 327,068 | 317,954 | 299,092 | 278,359 | 263,319 | 248,417 |
| Other Assets | <u>133,934</u> | <u>150,028</u> | <u>159,759</u> | <u>156,258</u> | <u>152,829</u> | <u>149,475</u> | <u>146,196</u> | <u>142,996</u> |
| Total Assets | <u>877,828</u> | <u>935,500</u> | <u>917,569</u> | <u>898,348</u> | <u>888,629</u> | <u>839,981</u> | <u>833,686</u> | <u>831,330</u> |
| LIABILITIES AND NET ASSETS | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Current Portion of Long Term Debt | 11,126 | 14,097 | 14,159 | 14,664 | 15,195 | 14,932 | 12,892 | 12,689 |
| Accounts Payable and Accrued Expenses | 184,768 | 184,990 | 164,611 | 156,016 | 156,865 | 117,699 | 118,572 | 119,428 |
| Estimated Third Party Payer Settlements | <u>7,092</u> | <u>3,352</u> | <u>3,497</u> | <u>3,543</u> | <u>3,588</u> | <u>3,633</u> | <u>3,679</u> | <u>3,726</u> |
| Total Current Liabilities | <u>202,986</u> | <u>202,439</u> | <u>182,267</u> | <u>174,223</u> | <u>175,648</u> | <u>136,264</u> | <u>135,143</u> | <u>135,843</u> |
| Long Term Debt | 246,199 | 248,735 | 234,577 | 219,913 | 204,718 | 189,786 | 176,894 | 164,204 |
| Deferred Inflows | 140,237 | 80,921 | 80,921 | 80,921 | 80,921 | 80,921 | 80,921 | 80,921 |
| Other Post Employment Benefits | 377,151 | 454,955 | 468,255 | 468,255 | 468,255 | 468,255 | 468,255 | 468,255 |
| Self Insurance Reserves | <u>71,256</u> | <u>103,962</u> | <u>104,482</u> | <u>105,004</u> | <u>105,529</u> | <u>106,057</u> | <u>106,587</u> | <u>107,120</u> |
| Total Liabilities | <u>1,037,829</u> | <u>1,091,012</u> | <u>1,070,502</u> | <u>1,048,316</u> | <u>1,035,071</u> | <u>981,283</u> | <u>967,800</u> | <u>956,343</u> |
| Net Position | <u>(160,001)</u> | <u>(155,512)</u> | <u>(152,932)</u> | <u>(149,969)</u> | <u>(146,442)</u> | <u>(141,302)</u> | <u>(134,114)</u> | <u>(125,013)</u> |
| Total Liabilities and Net Assets | <u>877,828</u> | <u>935,500</u> | <u>917,569</u> | <u>898,348</u> | <u>888,629</u> | <u>839,981</u> | <u>833,686</u> | <u>831,330</u> |

Statements of Cash Flow - Projected

(Thousands)

| | Audited <u>2018</u> | Projected <u>2019</u> | Budget <u>2020</u> | <u>2021</u> | <u>2022</u> | Projected <u>2023</u> | <u>2024</u> | <u>2025</u> |
|----------------------------------------------------------|------------------------|--------------------------|-----------------------|-----------------|-----------------|--------------------------|-----------------|-----------------|
| Cash Flows From Operating Activities | | | | | | | | |
| Excess of Revenues Over Expenses | 1,020 | 4,489 | 2,580 | 2,964 | 3,526 | 5,140 | 7,189 | 9,100 |
| Depreciation & Amortization | 27,930 | 28,526 | 34,848 | 41,314 | 43,361 | 41,733 | 41,741 | 42,302 |
| (Increase) Decrease in Patient Accounts Receivable, Net | 6,687 | (4,928) | 3,936 | 463 | 558 | 545 | 587 | 578 |
| (Increase) Decrease in Current and Other Assets | (10,682) | (24,861) | 20,982 | 21,625 | 2,161 | 82,406 | (2,082) | (2,014) |
| Increase (Decrease) in Accounts Payable and Accrued Exp. | (8,927) | 222 | (20,379) | (8,594) | 849 | (39,166) | 872 | 856 |
| Increase (Decrease) in Third Party Payer Settlements | (15,429) | (3,740) | 145 | 46 | 45 | 45 | 46 | 47 |
| Increase (Decrease) in Deferred In Flows | 62,502 | (59,316) | - | - | - | - | - | - |
| Increase (Decrease) in Self Insurance Liabilities | (7,860) | 110,510 | 13,820 | 522 | 525 | 528 | 530 | 533 |
| Net Cash Provided By (Used In) Operating Activities | <u>55,241</u> | <u>50,902</u> | <u>55,931</u> | <u>58,340</u> | <u>51,026</u> | <u>91,231</u> | <u>48,883</u> | <u>51,402</u> |
| Cash Flows From Investing Activities | | | | | | | | |
| | 40,193 | 3,938 | 4,035 | 4,131 | 4,244 | 4,305 | 265 | 181 |
| Cash Flows From Financing Activities | | | | | | | | |
| Additions to Property and Equipment | (40,229) | (67,400) | (57,500) | (32,200) | (24,500) | (21,000) | (26,700) | (27,400) |
| Changes in Long Term Debt | (15,181) | 5,507 | (14,096) | (14,159) | (14,664) | (15,195) | (14,932) | (12,893) |
| Net Cash (Used In) Financing Activities | <u>(55,410)</u> | <u>(61,893)</u> | <u>(71,596)</u> | <u>(46,359)</u> | <u>(39,164)</u> | <u>(36,195)</u> | <u>(41,632)</u> | <u>(40,293)</u> |
| Net Increase (Decrease) in Cash and Investments | 40,024 | (7,053) | (11,630) | 16,112 | 16,106 | 59,341 | 7,516 | 11,290 |
| Cash and Investments, Beginning | <u>23,905</u> | <u>63,929</u> | <u>56,876</u> | <u>45,247</u> | <u>61,358</u> | <u>77,464</u> | <u>136,804</u> | <u>144,320</u> |
| Cash and Investments, Ending | <u>63,929</u> | <u>56,876</u> | <u>45,247</u> | <u>61,358</u> | <u>77,464</u> | <u>136,804</u> | <u>144,320</u> | <u>155,611</u> |