

# Memorial Health System Enterprise

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## 2014 Goals

City Council authorized and directed that such funds and monies from the Health System Operating Lease Agreement or the Integration and Affiliation Agreement with University of Colorado Health are placed into an appropriate segregated account and shall be spent only to satisfy obligations specifically provided for in the agreements. Funds remaining after satisfying the obligations shall be transferred directly into the City controlled non-profit foundation as provided for under IRS Sections 501(c)(3) and 509(a) and authorized by City Council and the Mayor pursuant to Resolution No. 89-12.

The Goal of the Memorial Health System Enterprise is to satisfy those obligations and, at the appropriate time, transfer funds to the foundation as required.

## All Funds Summary

	2012 Actual	2013	* 2013	2014 Budget	2014 Budget - * 2013 Amended Budget	
		Original Budget	Amended Budget			
<b>All Funds</b>	<b>Source of Funds</b>					
	Memorial Enterprise Lease Revenue	**	\$5,612,112	\$5,612,112	\$5,792,112	\$180,000
	Draw from EOY Fund Balance	**	30,000,000	30,000,000	0	(30,000,000)
	<b>Total</b>	<b>\$0</b>	<b>\$35,612,112</b>	<b>\$35,612,112</b>	<b>\$5,792,112</b>	<b>(\$29,820,000)</b>
	<b>Use of Funds</b>					
	Memorial Enterprise	**	\$35,612,112	\$35,612,112	\$2,140,650	(\$33,471,462)
<b>Total</b>	<b>\$0</b>	<b>\$35,612,112</b>	<b>\$35,612,112</b>	<b>\$2,140,650</b>	<b>(\$33,471,462)</b>	

\* 2013 Amended Budget as of 8/20/2013

\*\* 2012 Actual not representative of the enterprise as it now functions. As such, these figures have not been included.

## Significant Changes vs. 2013

Enterprise Fund	<i>Decrease</i> as the balance of the run out of health and workers' compensation claims were settled in 2013. The 2014 budget reflects routine operating expenditures.	(\$33,741,462)
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## Memorial Health System Enterprise

Since 1949, the City of Colorado Springs owned and operated Memorial Health System, dedicated to being a regional leader in providing high quality healthcare services to all citizens.

Upon careful consideration, City Council considered the option of leasing the assets of Memorial Health System to an outside independent operator to ensure the best possible healthcare for the entire community. The Memorial Health System Task Force, created by City Council, recommended that City Council select the University of Colorado Health System as the exclusive bidder to be considered for this strategic partnership.

On August 28, 2012, voters approved the proposed operating lease agreement and the integration and affiliation agreement with the University of Colorado Health System. The transaction was finalized on October 1, 2012.

The Memorial Health System Enterprise remains primarily as a leasing entity. The Memorial system collects lease payments and continues to incur expenditures related to excluded liabilities, such as the run-out on medical claims and workers' compensation claims incurred prior to October 1, 2012.

The sections below provide a summary of the Budget, changes that occurred after the budget was implemented for 2013, and changes occurring as part of the 2014 Memorial Health System Enterprise budget.

Memorial Enterprise Fund	Source of Funds	2011 Actual	2012 Actual	2013 Original Budget	* 2013 Amended Budget	2014 Budget	2014 Budget - * 2013 Amended Budget
	Rental	**	**	\$5,612,112	\$5,612,112	\$5,612,112	\$0
Interest	**	**	0	0	180,000	180,000	
Draw from EOY Fund Balance		**	30,000,000	30,000,000	-	(30,000,000)	
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$35,612,112</b>	<b>\$35,612,112</b>	<b>\$5,792,112</b>	<b>\$180,000</b>	
Memorial Enterprise Fund	Use of Funds	2011 Actual	2012 Actual	2013 Original Budget	* 2013 Amended Budget	2014 Budget	2014 Budget - * 2013 Amended Budget
	Salary/Benefits/ Pensions	**	**	\$0	\$0	\$440,793	\$440,793
Operating	**	**	35,612,112	35,612,112	1,699,857	(33,912,255)	
NWC/Transfer to Foundation	**	**	0	0	0	0	
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$35,612,112</b>	<b>\$35,612,112</b>	<b>\$2,140,650</b>	<b>(\$33,471,462)</b>	

\* 2013 Amended Budget as of 8/20/2013

\*\* 2012 Actual not representative of the enterprise as it now functions. As such, these figures have not been included.

Funding Changes	During 2013	* 2013 Amended - 2013 Original Budget
	None	\$0
	<b>Total During 2013</b>	<b>\$0</b>
	For 2014	2014 Budget - * 2013 Amended Budget
	<i>Decrease</i> as the balance of the run out of health and workers' compensation claims were settled in 2013. The 2014 budget reflects routine operating expenditures.	(\$33,471,462)
	<b>Total For 2014</b>	<b>(\$33,471,462)</b>

\* 2013 Amended Budget as of 8/20/2013

**City of Colorado Springs  
Budget Detail Report**

430 MEMORIAL HEALTH SYSTEM  
MEMORIAL HEALTH SYSTEM

Account #	Description	2011 Actuals	2012 Actuals	2013 Budget	2014 Budget	2013 Budget to 2014 Budget \$ Change	2013 Budget to 2014 Budget % Change
51205	CIVILIAN SALARIES	0	0	0	21,000	21,000	0.00%
51210	OVERTIME	0	0	0	0	0	0.00%
51299	SALARIES REIMBURSEMENTS	0	0	0	419,793	419,793	0.00%
51615	WORKERS COMPENSATION	0	0	0	0	0	0.00%
<b>Total Salaries and Benefits</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>440,793</b>	<b>440,793</b>	<b>0.00%</b>
52105	MISCELLANEOUS OPERATING	0	0	0	0	0	0.00%
52125	GENERAL SUPPLIES	0	0	0	0	0	0.00%
52465	MISCELLANEOUS SERVICES	0	0	0	0	0	0.00%
52568	BANK AND INVESTMENT FEES	0	0	0	20,000	20,000	0.00%
52572	BAD DEBT EXPENSE	0	0	0	0	0	0.00%
52575	SERVICES	0	0	0	0	0	0.00%
52576	AUDIT SERVICES	0	0	0	30,000	30,000	0.00%
52805	ADMIN PRORATED CHARGES	0	0	0	0	0	0.00%
52872	MAINT FLEET VEHICLES EQP	0	0	0	0	0	0.00%
60138	EQUITABLE DENTAL ACTIVE EMP	0	0	0	0	0	0.00%
60140	MEDICAL CLAIMS EXPENSES	0	0	0	0	0	0.00%
65051	ADM FEE	0	0	0	500	500	0.00%
65075	INTEREST	0	0	0	0	0	0.00%
65105	ELECTION EXPENSES	0	0	0	0	0	0.00%
65127	CLAIMS AND DAMAGES MEMORIAL	0	0	0	430,000	430,000	0.00%
65133	INSURED LIAB CLAIMS MEMORIAL	0	0	0	300,150	300,150	0.00%
65150	LEGAL DEFENSE	0	0	0	919,207	919,207	0.00%
65210	ADJUST RESERVE	0	0	0	0	0	0.00%
65216	DEBT REFUNDING	0	0	0	0	0	0.00%
<b>Total Operating Expenses</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>1,699,857</b>	<b>1,699,857</b>	<b>0.00%</b>
<b>Total Capital Outlay</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>Total Expenses</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>2,140,650</b>	<b>2,140,650</b>	<b>0.00%</b>

Totals may differ from narrative due to rounding.