



FY17 Budget Overview

August 23, 2016

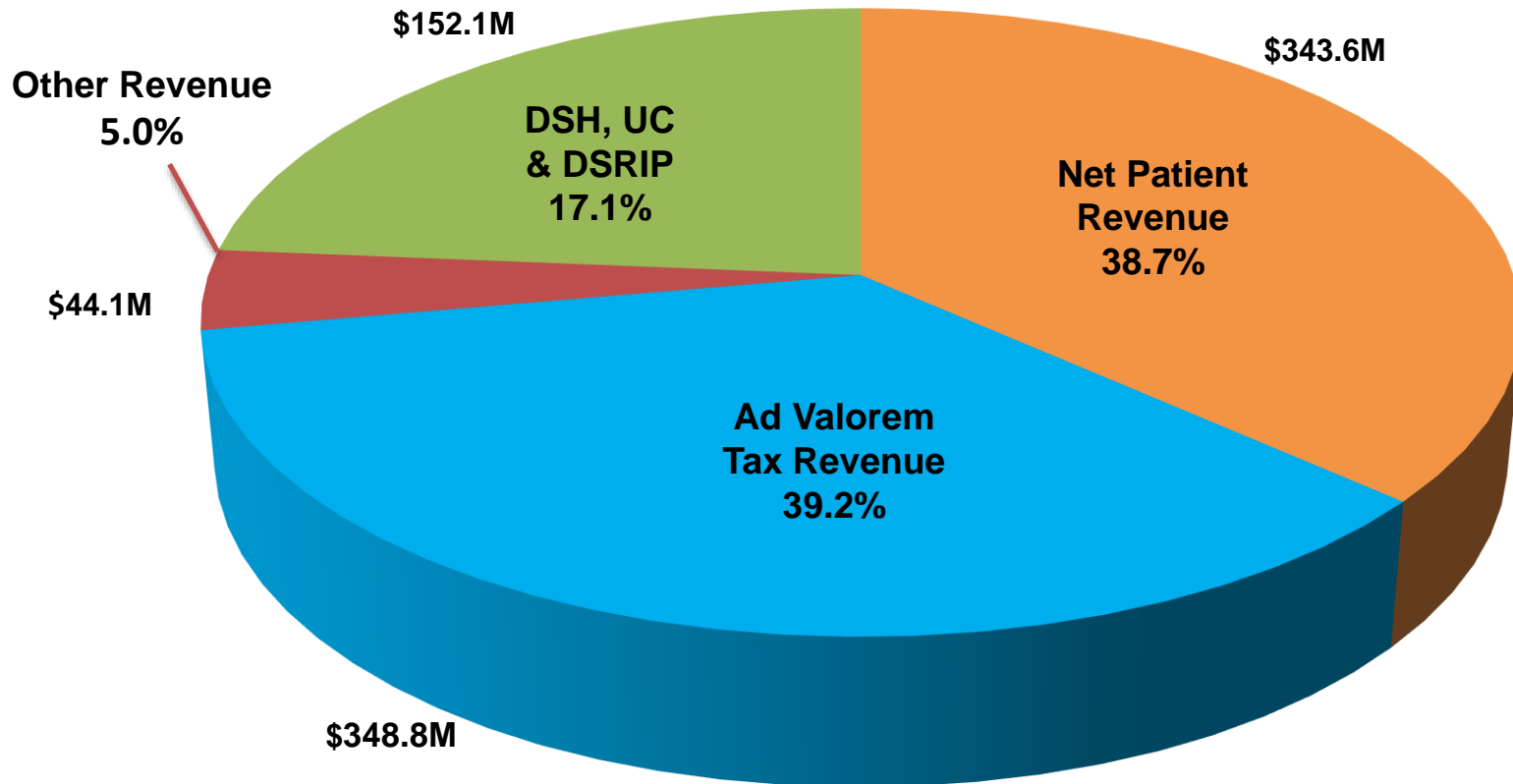
JPS Budget 2017 Highlights

- The District budgeted a positive margin for FY17
- The Hospital funded an increased \$5 million of strategy for acclaim in addition to meeting the 1% targeted operating margin
- The JPS Future Fund, in anticipation of a potential upcoming bond election, will be created in 2017
- True Worth Clinic opening
- Northeast Medical Home design & construction
- ED expansion for 15 additional exam rooms

Key Statistics

	FY15 Actuals	FY16 Projected	FY17 Budget	% Change
Patient Days (Excluding Psych)	110,111	112,714	112,744	0.03%
Psych Patient Days	31,453	39,023	43,593	11.71%
Total Surgeries	14,178	15,282	15,951	4.38%
Urgent Care Visits	57,360	57,137	57,250	0.20%
Emergency Visits	119,769	118,625	121,899	2.76%
Clinic Visits	705,864	715,365	728,380	1.82%

Revenue Sources



■ Net Patient Revenue
 ■ Ad Valorem Tax Revenue
 ■ Other Operating Revenue
 ■ DSH, UC & DSRIP

Expenses/Non Operating Revenue

Expenses

- Total compensation increased 3.2%, as Annual merit planned at 3%
- Professional Fees increased 7.5%, with one time credits in FY16
- Purchased Services increased 6.4% with maintenance agreements for patient equipment coming out of manufacturers warranty and other outside agreements
- Medical Supplies and Drugs increased 4.5%, with inflation from 3%-8%
- Other Expenses reduced by 3.4% with one-time minor equipment in FY16
- Depreciation increased by 2.5% with planned capital expenditures
- Non Operating Revenue increases 28.6% due to projected increasing investment balances coupled with slightly higher rates and declining interest costs

Hospital Income Statement



	FY2016 Projected	FY2017 Budget	Variance	% Variance
Revenues				
Net Patient Revenue	\$ 360,827,368	\$ 343,613,614	\$ (17,213,754)	-4.8%
Ad Valorem Tax Revenue	318,202,281	348,855,800	30,653,519	9.6%
DSH/DSRIP/UC	154,613,000	152,078,054	(2,534,946)	-1.6%
Other Operating Revenue	45,124,290	44,137,426	(986,864)	-2.2%
Total Operating Revenue	\$ 878,766,939	\$ 888,684,894	\$ 9,917,955	1.1%
Operating Expenses				
Salaries & Wages	\$ 350,975,596	\$ 364,383,866	\$ 13,408,271	3.8%
Benefits	90,087,898	92,467,191	2,379,293	2.6%
Contract Labor	4,611,017	3,168,335	(1,442,682)	-31.3%
Total Compensation Costs	\$ 445,674,511	\$ 460,019,392	\$ 14,344,882	3.2%
Professional Fees	94,647,267	101,703,334	7,056,067	7.5%
Purchased Services	79,081,968	84,176,556	5,094,588	6.4%
Medical Supplies and Drugs	129,119,548	134,950,812	5,831,264	4.5%
Other Expenses	55,882,278	54,005,849	(1,876,429)	-3.4%
Depreciation and Amortization	39,162,726	40,159,244	996,518	2.5%
Total Operating Expenses	\$ 843,568,298	\$ 875,015,187	\$ 31,446,889	3.7%
Operating Margin	\$ 35,198,642	\$ 13,669,708	\$ (21,528,934)	-61.2%
Non-Operating Income				
Other Non-Operating Revenue	\$ 1,259,127	\$ 1,707,184	\$ 448,057	35.6%
Investment Income	4,263,035	5,392,308	1,129,273	26.5%
Total Non-Operating Income	\$ 5,522,162	\$ 7,099,492	\$ 1,577,330	28.6%
Excess of Revenue Over Expenses	\$ 40,720,804	\$ 20,769,199	\$ (19,951,604)	-49.0%

acclaim Income Statement



	FY16 Projected	FY17 Budget	Variance
Number of Providers	171	377	206
Revenue			
Net Patient Revenue	\$ 31,540,184	\$ 70,312,421	\$ 38,772,237
Other Operating Revenue	15,384,548	22,403,335	7,018,787
Total Operating Revenue	46,924,732	92,715,756	45,791,024
Operating Expenses			
Salaries	38,659,383	78,579,801	39,920,418
Benefits	7,179,430	14,074,291	6,894,861
Contract Labor	1,419,428	500,000	(919,428)
Total Salaries and Wages	47,258,241	93,154,091	45,895,850
Purchased Services	2,028,281	3,604,451	1,576,170
Medical and other Clinical Supplies	75,616	907,394	831,778
Lease and Rental	130,934	1,101,695	970,761
Other Operating Expenses	1,053,939	2,204,599	1,150,660
Total Operating Expenses	50,547,011	100,972,231	50,425,220
Excess of Revenue Over Expenses from Operations	(3,622,279)	(8,256,475)	(4,634,196)

Operating Margin Requirement

	<u>(millions)</u>
Total Operating Revenue	<u>\$883.10</u>
1% Required Margin	8.83
Add Increased Investment for acclaim Strategy	<u>4.80</u>
Hospital Operating Margin Target	<u><u>13.63</u></u>
Operating Margin Hospital Budget 2017	<u><u>\$13.67</u></u>

Combined Income Statement



	Hospital Total	acclaim	Foundation	System Total
Revenues				
Net Patient Revenue	\$ 343,613,614	\$ 70,312,421	\$ -	\$ 413,926,035
Ad Valorem Tax Revenue	348,855,800	-	-	348,855,800
DSH/DSRIP/UC	152,078,054	-	-	152,078,054
Other Operating Revenue	44,137,426	22,403,335	2,807,180	69,347,941
Total Operating Revenue	\$ 888,684,894	\$ 92,715,756	\$ 2,807,180	\$ 984,207,830
Operating Expenses				
Total Compensation Costs	\$ 460,019,392	\$ 93,154,091	\$ 730,143	\$ 553,903,627
Professional Fees	101,703,334	-	16,000	101,719,334
Purchased Services	84,176,556	3,604,451	5,680	87,786,687
Medical Supplies and Drugs	134,950,812	907,394	-	135,858,206
Other Expenses	54,005,849	1,101,695	1,811,574	56,919,118
Depreciation and Amortization	40,159,244	2,204,599	-	42,363,843
Total Operating Expenses	\$ 875,015,187	\$ 100,972,231	\$ 2,563,397	\$ 978,550,815
Operating Margin	\$ 13,669,708	\$ (8,256,475)	\$ 243,783	\$ 5,657,016
Non-Operating Income				
Other Non-Operating Revenue	\$ 1,707,184	-	\$ 3,349	\$ 1,710,533
Investment Income	5,392,308	-	-	5,392,308
Total Non-Operating Income	\$ 7,099,492	\$ -	\$ 3,349	\$ 7,102,841
Excess of Revenue Over Expenses	\$ 20,769,199	\$ (8,256,475)	\$ 247,132	\$ 12,759,857

FY17 Projected Capital Spend

Construction Carryforward FY16	<u><u>\$ 22,300,000</u></u>
Patient Care Equipment	21,985,000
Information Technology/EMR	11,278,000
Facilities and Renovation	7,237,000
Strategic Capital	4,000,000
	<u><u>\$ 44,500,000</u></u>

JPS Future Fund

Board Designated Depreciation Fund

\$91.5 Million

"to fund the construction of new facilities, investment in new technology, replacement of existing equipment, upgrade and renovation of existing plant and facilities and investments derived from the strategic plan" *

Board Designated Renovation Fund

\$19.8 Million

"to complete the renovation of space vacated when the patient pavilion was opened and became operational" *

FY16 Operating Margin in excess of Budget *estimated* \$14.2 Million

Propose to commit final Operating Margin in excess of budget target from FY16 to the "JPS Future Fund" during FY17

* From the TCHD Investment Policy 5/15/14

Ad Valorem Tax Revenue

	FY 16 Projected	FY 17 Budget *	% Variance
M&O Rate	0.226491	0.226596	0.05%
I&S Rate	0.001406	0.001301	-7.47%
Tax Rate	0.227897	0.227897	0.00%
Tax Base	141,271,605,224	154,997,449,491	9.72%
M&O Tax	319,967,471	351,218,021	9.77%
I&S Tax	1,986,279	2,016,517	1.52%
Total Tax Revenue	321,953,750	353,234,537	9.72%
Special Vehical Inventory Tax	209,164	177,700	-15.04%
TIFs	(3,960,633)	(4,556,437)	15.04%
Net Tax Revenue	318,202,281	348,855,800	9.63%