

# Memorial Health System Enterprise

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## Purpose

City Council authorized and directed that funds 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, Colorado Springs Health 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 transfer funds to the foundation as required and directed in the Funds Management Agreement.

## All Funds Summary

All Funds	Source of Funds	2022 Actual	2023 Original Budget	* 2023 Amended Budget	2024 Budget	2024 Budget - * 2023 Amended Budget
	Memorial Enterprise	\$2,529,426	\$5,679,412	\$5,679,412	\$5,690,912	\$11,500
<b>Total</b>	<b>\$2,529,426</b>	<b>\$5,679,412</b>	<b>\$5,679,412</b>	<b>\$5,690,912</b>	<b>\$11,500</b>	
Uses of Funds						
Memorial Enterprise	\$2,529,425	\$5,649,152	\$7,115,000	\$5,650,417	(\$1,464,583)	
<b>Total</b>	<b>\$2,529,425</b>	<b>\$5,649,152</b>	<b>\$7,115,000</b>	<b>\$5,650,417</b>	<b>(\$1,464,583)</b>	

\* 2023 Amended Budget as of 8/31/2023

## Significant Changes vs. 2023

- Increase of \$11,500 in projected interest revenue
- Net decrease of \$1,465,848 in use of funds to remove the 2023 supplemental appropriation for a transfer to UCH-MHS as a result of periodic reconciliation
- Increase of \$1,265 in projected investment fees

## Memorial Health System Enterprise

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Beginning in 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 residents.

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 Health System Enterprise 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 2023, and changes occurring as part of the 2024 Memorial Health System Enterprise Fund budget.

## Memorial Health System Fund: Summary and Funding Changes

Memorial Health System Enterprise Fund	Source of Funds	2021 Actual	2022 Actual	2023 Original Budget	* 2023 Amended Budget	2024 Budget	2024 Budget - * 2023 Amended Budget
	Rental	\$2,700,343	\$2,609,205	\$5,612,112	\$5,612,112	\$5,612,112	\$0
	Interest	43,081	22,699	67,300	67,300	78,800	11,500
	Miscellaneous	(126,203)	(102,478)	0	0	0	0
	MHS UCH Margin Share	1,634,877	0	0	0	0	0
	<b>Total</b>	<b>\$4,252,098</b>	<b>\$2,529,426</b>	<b>\$5,679,412</b>	<b>\$5,679,412</b>	<b>\$5,690,912</b>	<b>\$11,500</b>
	Use of Funds	2021 Actual	2022 Actual	2023 Original Budget	* 2023 Amended Budget	2024 Budget	2024 Budget - * 2023 Amended Budget
	Salary/Benefits/Pensions	\$2,569	(\$6,608)	\$0	\$0	\$0	\$0
	Operating	4,249,530	2,536,033	5,649,152	7,115,000	5,650,417	(1,464,583)
	<b>Total</b>	<b>\$4,252,099</b>	<b>\$2,529,425</b>	<b>\$5,649,152</b>	<b>\$7,115,000</b>	<b>\$5,650,417</b>	<b>(\$1,464,583)</b>
Funds in excess of operational needs will be transferred to the Foundation per the Funds Management Agreement.							

Funding Changes	During 2023	* 2023 Amended - 2023 Original Budget
	Supplemental appropriation to transfer funds to UCH-MHS as a result of periodic reconciliation	\$1,465,848
	<b>Total During 2023</b>	<b>\$1,465,848</b>
	For 2024	2024 Budget - * 2023 Amended Budget
	<b>Operating</b>	
	Decrease to remove the one-time transfer of funds to UCH-MHS during 2023, as a result of periodic reconciliation	(\$1,465,848)
	Increase in projected investment fees	1,265
	<b>Total Operating</b>	<b>(\$1,464,583)</b>
	<b>Total For 2024</b>	<b>(\$1,464,583)</b>

\* 2023 Amended Budget as of 8/31/2023

# City of Colorado Springs Budget Detail Report

430 - MEMORIAL HEALTH SYSTEM FUND

Memorial Health System Enterprise

Acct # - Description	2021 Actual	2022 Actual	2023 Original Budget	* 2023 Amended Budget	2024 Budget	2024 Budget - * 2023 Amended Budget
<b>Salaries/Benefits/Pensions</b>						
51299 - SALARIES REIMBURSEMENTS	2,569	(6,608)	0	0	0	0
<b>Salaries/Benefits/Pensions Total</b>	<b>2,569</b>	<b>(6,608)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating</b>						
52408 - SETTLEMENT COSTS	24,000	0	0	0	0	0
52568 - BANK AND INVESTMENT FEES	2,322	1,257	7,403	7,403	8,668	1,265
52575 - SERVICES	0	0	32,000	32,000	32,000	0
60235 - MHS DEATH BENEFIT	(9,000)	4,500	0	0	0	0
65127 - CLAIMS AND DAMAGES MEMORIAL	0	5,653	14,000	14,000	14,000	0
65133 - INSURED LIAB CLAIMS MEMORIAL	4,164	0	0	0	0	0
65150 - LEGAL DEFENSE	144,702	114,586	160,000	160,000	160,000	0
65181 - RESIDUAL EQUITY TRANSFER OUT	4,083,342	2,410,037	5,435,749	6,901,597	5,435,749	(1,465,848)
<b>Operating Total</b>	<b>4,249,530</b>	<b>2,536,033</b>	<b>5,649,152</b>	<b>7,115,000</b>	<b>5,650,417</b>	<b>(1,464,583)</b>
<b>Grand Total</b>	<b>4,252,099</b>	<b>2,529,425</b>	<b>5,649,152</b>	<b>7,115,000</b>	<b>5,650,417</b>	<b>(1,464,583)</b>
<b>Revenue</b>						
43180 - GAIN LOSS INV MKT VALUE	(127,116)	(104,307)	0	0	0	0
46025 - INTEREST	43,081	22,699	67,300	67,300	78,800	11,500
45905 - RENTAL INCOME	2,700,343	2,609,205	5,612,112	5,612,112	5,612,112	0
40113 - MISCELLANEOUS	913	1,829	0	0	0	0
46040 - MHS UCH MARGIN SHARE	1,634,877	0	0	0	0	0
<b>Revenue Total</b>	<b>4,252,098</b>	<b>2,529,426</b>	<b>5,679,412</b>	<b>5,679,412</b>	<b>5,690,912</b>	<b>11,500</b>

\* 2023 Amended Budget as of 8/31/2023