



SPARTANBURG REGIONAL HEALTHCARE SYSTEM

CONSOLIDATED FINANCIAL STATEMENT - SUMMARY

NINTH PERIOD, ENDING JUNE 30, 2017

Note: For financial accounting purposes, the North Carolina Regional Network, Inc. (NC Network), the Greer Group Practice, LLC (Greer Group), SRMC Ventures, LLC (SRMC Ventures), Advicare Corp (Advicare)/Palmetto Physician Connections LLC (PPC) are reported as blended component units of Spartanburg Regional Healthcare System but are not members of the obligated group. These entities have been excluded in all calculations of financial covenants.

Note: These unaudited financial statements have been prepared in accordance with generally accepted accounting procedures for interim financial information. They do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals and estimates) considered necessary for a fair presentation have been included. Operating results for the month and year-to-date reflected on these financial statements are not necessarily indicative of the results that may be expected for the entire fiscal year.

SPARTANBURG REGIONAL HEALTHCARE SYSTEM
Statistical Summary
For Periods Ending June 30, 2017

Current Month			Prior Year		Year-to-Date			Year-to-Date
Actual	Budget	% Variance	Actual		Actual	Budget	% Variance	Actual
13,461	13,744	-2.06%	13,421	Adults & Peds Inpatient Days	127,987	127,292	0.55%	124,345
5.36	5.39	-0.62%	5.33	Average Length of Stay	5.52	5.41	2.09%	5.46
2,513	2,550	-1.45%	2,520	Discharges	23,176	23,533	-1.52%	22,769
1,089	993	9.67%	904	Adults & Peds Outpatient Days	9,724	8,875	9.57%	7,589
1.25	1.22	2.00%	1.07	Average Length of Stay	1.31	1.22	7.70%	1.18
873	812	7.51%	844	Discharges	7,404	7,278	1.73%	6,454
466	472	-1.27%	462	ADULT & PEDS SNF DAYS	3,861	4,236	-8.85%	4,032
10.13	12.10	-16.30%	10.74	Average Length of Stay	10.58	11.90	-11.10%	10.23
46	39	17.95%	43	Discharges	365	356	2.53%	394
3,107	2,970	4.61%	2,771	Ellen Sagar Long Term Care Patient Days	26,443	27,320	-3.21%	27,042
6	9	-33.33%	10	Admissions - ESNC	60	52	15.38%	42
9	9	0.00%	13	Discharges - ESNC	89	64	39.06%	99
15,016	15,209	-1.27%	14,787	Adults & Peds Total Days	141,572	140,403	0.83%	135,966
4.38	4.47	-2.16%	4.32	Average Length of Stay	4.57	4.50	1.56%	4.58
3,432	3,401	0.91%	3,423	Discharges	30,945	31,167	-0.71%	29,716
25.44%	23.88%	6.54%	24.68%	% Obs Cases to Total Cases	23.93%	23.35%	2.46%	21.72%
58.68%	71.40%	-17.82%	57.78%	% Occupancy Licensed Beds	60.79%	72.44%	-16.07%	58.17%
81.65%	90.05%	-9.32%	80.41%	% Occupancy Available Beds	84.60%	91.35%	-7.39%	80.95%
500.53	506.97	-1.27%	492.90	Average Daily Census	518.58	514.30	0.83%	496.23
				Nursery Days				
357	395	-9.62%	442	Well Baby	3,486	3,559	-2.05%	3,725
722	774	-6.72%	759	Intermediate/NICU	7,250	6,439	12.60%	5,336
219	248	-11.69%	267	Deliveries	2,139	2,237	-4.38%	2,226
				Other				
11,643	12,293	-5.29%	10,460	Emergency Department Visits	107,568	111,509	-3.53%	95,341
258	453	-43.05%	480	ER Visits - Left w/o being seen	5,082	3,915	29.81%	4,549
2.2%	3.6%	-39.00%	4.4%	%ER Visits - Left w/o being seen	4.5%	3.4%	33.00%	4.6%
14,883	13,674	8.84%	14,086	Outpatient Physician Clinics RVUs	125,143	118,714	5.42%	117,826
23,383	20,565	13.70%	20,791	Other Outpatient Visits	195,171	186,633	4.57%	181,372
964	853	13.01%	821	Home Health-Episodes of Care	7,954	7,759	2.51%	7,230
3,540	3,175	11.50%	2,847	Hospice-Patient Days	22,809	28,892	-21.05%	27,675
1,594	1,611	-1.06%	1,530	Surgery Cases	13,707	13,826	-0.86%	13,583
180,630	170,498	5.94%	157,404	Medical Group of the Carolinas Volume	1,597,519	1,513,714	5.54%	1,435,994
5,956.9	6,158.3	-3.27%	5,792	Productive FTEs (Incl. Contract)	5,942.7	6,022.7	-1.33%	5,830
584.4	401.5	45.55%	604	Non-Productive FTEs	437.3	392.1	11.53%	454
6,541.3	6,559.8	-0.28%	6,396	Total FTEs	6,380.0	6,414.8	-0.54%	6,284
224.7	228.2	-1.60%	226	Less: EMS	216.1	240.4	-1.60%	221
6,316.6	6,331.6	-0.24%	6,170	Adj. FTEs(Incl. Contract)	6,163.9	6,174.4	-0.17%	6,063
4.80	5.21	-7.71%	5.74	FTEs per Adj. Occupied Bed	4.77	4.99	(4.45%)	5.61

SPARTANBURG REGIONAL HEALTHCARE SYSTEM
STATEMENT OF OPERATIONS - FIXED BUDGET
NINTH PERIOD, ENDING JUNE 30, 2017
(\$s in thousands)

Current				Year-to-Date		
Actual	Fixed Budget	Variance		Actual	Fixed Budget	Variance
\$ 121,134	\$ 125,652	\$ (4,518)	<u>Patient Revenue</u>	\$ 1,084,238	\$ 1,109,934	\$ (25,696)
169,347	150,756	18,591	Inpatient	1,416,607	1,340,932	75,675
\$ 290,481	\$ 276,408	\$ 14,073	Outpatient	\$ 2,500,845	\$ 2,450,866	\$ 49,979
			Total Patient Revenue			
			<u>Deductions from Revenue</u>			
\$ 136,280	\$ 113,713	\$ (22,567)	Medicare and Medicaid	\$ 1,117,338	\$ 1,007,816	\$ (109,522)
4,006	27,891	23,885	Charity	38,923	58,107	19,184
53,923	37,723	(16,200)	Other	476,870	510,432	33,562
10,245	9,136	(1,109)	Provision for Bad Debts	94,162	92,583	(1,579)
\$ 204,454	\$ 188,463	\$ (15,991)	Total Deductions from Revenue	\$ 1,727,293	\$ 1,668,938	\$ (58,355)
\$ 86,027	\$ 87,945	\$ (1,918)	Net Patient Service Revenue	\$ 773,552	\$ 781,928	\$ (8,376)
110	-	110	Premium Revenue	2,927	-	2,927
3,530	3,359	171	Other Revenue	30,021	30,539	(518)
			Total Unrestricted Revenue and Other Support	\$ 806,500	\$ 812,467	\$ (5,967)
			<u>Operating Expenses</u>			
40,778	39,971	\$ (807)	Salaries	365,315	359,155	\$ (6,160)
9,814	10,286	472	Benefits	92,603	92,412	(191)
16,414	15,450	(964)	Supplies	138,042	139,676	1,634
9,004	8,009	(995)	Fees and Purchased Services	83,832	77,839	(5,993)
4,403	4,918	515	Depreciation	43,800	44,271	471
928	1,239	311	Interest	8,280	12,819	4,539
5	-	(5)	Medical Claims Expense	(462)	-	462
7,462	7,654	192	Other	73,331	73,522	191
\$ 88,808	\$ 87,527	\$ (1,713)	Total Operating Expense	\$ 804,741	\$ 799,694	\$ (1,713)
\$ 859	\$ 3,777	\$ (2,918)	Income (Loss) from Operations	\$ 1,759	\$ 12,773	\$ (11,014)
			<u>Non-operating Gains (Losses)</u>			
\$ (706)	\$ 366	\$ (1,072)	Investment Interest	\$ (1,282)	\$ 3,335	\$ (4,617)
614	(15)	629	Other	(4,223)	(165)	(4,058)
\$ (92)	\$ 351	\$ (443)	Total Non-operating Gains (Losses)	\$ (5,505)	\$ 3,170	\$ (8,675)
			Excess (Deficit) of Revenue and Gains Over Expenses and Losses	\$ (3,746)	\$ 15,943	\$ (19,689)
\$ 767	\$ 4,128	\$ (3,361)				

SPARTANBURG REGIONAL HEALTHCARE SYSTEM
STATEMENT OF CHANGES IN FUND BALANCE
NINTH PERIOD, ENDING JUNE 30, 2017
(*\$s in thousands*)

<u>Month</u>		<u>Date</u>
\$ 767	Excess (Deficit) of Revenue and Gains Over Expenses and Losses	\$ (3,746)
\$ (944)	Error Suspense - EPIC	\$ (944)
<u>\$ (177)</u>	Increase (decrease in Fund Balance)	<u>\$ (4,690)</u>
<u>\$ 34,903</u>	Beginning Balance of Fund Balance	<u>\$ 39,416</u>
<u><u>\$ 34,726</u></u>	Ending Balance of Fund Balance	<u><u>\$ 34,726</u></u>

SPARTANBURG REGIONAL HEALTHCARE SYSTEM
BALANCE SHEET
NINTH PERIOD, ENDING JUNE 30, 2017
(\$s in thousands)

	JUN 30 2017	SEP 30 2016	Change
ASSETS			
Current Assets			
Cash	\$ 112,272	\$ 131,158	\$ (18,886)
Investments	28,278	28,552	(274)
Patient Accounts Receivable, Net of Reserves	153,908	139,122	14,786
Other Receivables	28,045	68,695	(40,650)
Inventories	9,075	8,384	691
Prepaid Expense	6,294	4,510	1,784
Due From Spartanburg County	670	253	417
Due From Related Entities	-	-	-
Total Current Assets	\$ 338,542	\$ 380,674	(42,132)
Assets Limited as to Use			
Board Designated Cash and Investments	\$ 216,745	\$ 247,576	\$ (30,831)
Board Designated Other Assets	1,000	827	173
Funds Held by Trustee	2,433	6,104	(3,671)
Total Assets Limited as to Use	\$ 220,178	\$ 254,507	\$ (34,329)
Property, Plant and Equipment			
Cost	\$1,071,084	\$ 1,058,486	\$ 12,598
Accumulated Depreciation	(676,457)	(633,242)	(43,215)
Construction in Process	125,872	73,762	52,110
Total Property, Plant and Equipment	\$ 520,499	\$ 499,006	\$ 21,493
Other Assets			
Pension Deferrals	\$ 49,935	\$ 49,935	\$ -
Goodwill and Other Intangibles, Net	-	-	-
Deferred Compensation	-	-	-
Investments in Joint Ventures	6,809	8,110	(1,301)
Net Investments in Financing Leases	-	-	-
Total Other Assets	56,744	58,045	(1,301)
TOTAL ASSETS	<u>1,135,963</u>	<u>1,192,232</u>	<u>(56,269)</u>
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Accounts Payable	\$ 68,725	\$ 99,689	\$ (30,964)
Salaries and Fees Payable	19,385	27,701	(8,316)
Accrued Expenses	66,545	63,347	3,198
Estimated Third Party Settlements	1,709	4,899	(3,190)
Current Portion of Long Term Debt	4,528	12,627	(8,099)
Total Current Liabilities	\$ 160,892	\$ 208,263	\$ (47,371)
Long Term Debt	319,752	323,068	(3,316)
Other Long Term Liabilities	620,593	621,485	(892)
Fund Balance	34,726	39,416	(4,690)
TOTAL LIABILITIES AND FUND BALANCE	<u>1,135,963</u>	<u>1,192,232</u>	<u>(56,269)</u>

SPARTANBURG REGIONAL HEALTHCARE SYSTEM
STATEMENT OF CASH FLOWS - YEAR TO DATE
NINTH PERIOD, ENDING JUNE 30, 2017
(*\$s in thousands*)

	<u>SRHS</u>	<u>MTD</u>	<u>Prior</u>
Cash flows from operating activities:			
Operating income	\$ 1,758	\$ 858	\$ 900
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	43,800	4,403	39,397
Changes in operating assets and liabilities:			
Accounts receivable	(15,286)	4,218	(19,504)
Inventories of drugs and supplies	(691)	(561)	(130)
Other current assets	43,645	12,184	31,461
Other assets	-	-	-
Accounts payable	(35,659)	1,499	(37,158)
Salaries and fees payable	(8,316)	(12,481)	4,165
Accrued expenses	3,198	5,757	(2,559)
Estimated third-party settlements	(3,190)	(1,781)	(1,409)
Other Long Term Liabilities	(892)	(1,534)	642
Net cash provided by operating activities	<u>28,367</u>	<u>12,562</u>	<u>15,805</u>
Cash flows from noncapital financing activities:			
Other - Pledge contribution	(26)	-	(26)
Other - Advicare	(19,933)	-	(19,933)
Other - Guardian Research Network	(5,825)	(886)	(4,939)
Net cash provided (used) by noncapital financing activities	<u>(25,784)</u>	<u>(886)</u>	<u>(24,898)</u>
Cash flows from capital and related financing activities:			
Purchase and construction of capital assets	(65,293)	(9,663)	(55,630)
Proceeds from issuance on long-term debt, net of debt service payments	(11,415)	(212)	(11,203)
Net change in funds held by trustee	3,671	(1,218)	4,889
Other	20,617	1,467	19,150
Net cash used in capital and related financing activities	<u>(52,420)</u>	<u>(9,626)</u>	<u>(42,794)</u>
Cash flows from investing activities:			
Net change in assets whose use is limited	(173)	(131)	(42)
Net investment income	(1,282)	(706)	(576)
Net change in investments in joint ventures	1,301	182	1,119
Net cash provided by (used in) investing activities	<u>(154)</u>	<u>(655)</u>	<u>501</u>
Net increase (decrease) in cash and investments	(49,991)	1,395	(51,386)
Total cash and investments at beginning of year	<u>407,286</u>	<u>355,900</u>	<u>407,286</u>
Total cash and investments at end of year	<u>\$ 357,295</u>	<u>\$ 357,295</u>	<u>\$ 355,900</u>
	357,295		