County Council of Cuyahoga County, Ohio

Resolution No. R2017-0226

Sponsored by: Council President Brady on behalf of The MetroHealth System

| A Resolution approving The MetroHealth System Year 2018 Budget, in accordance with Ohio Revised Code Section 339.06(D), with the understanding that the allocation of County funds to the System will be made through adoption of the 2018/2019 Biennial Operating Budget and Capital Improvements Program for 2018; and declaring the necessity that this Resolution become immediately effective. |

WHEREAS, on October 25, 2017, The MetroHealth System Board of Trustees adopted Resolution 19141 approving a proposed budget for the 2018 fiscal year and authorizing submission of same to Cuyahoga County.

WHEREAS, The MetroHealth System submitted for approval The MetroHealth System Year 2018 Budget, in accordance with Ohio Revised Code Section 339.06(D), with the understanding that the allocation of County funds to the System will be made through adoption of the 2018/2019 Biennial Operating Budget and Capital Improvements Program for 2018; and

WHEREAS, that if the amount appropriated to the county hospital in the annual appropriation measure for the County for the ensuing fiscal year differs from the amount shown in the approved budget, the County may require the board of county hospital trustees to revise the hospital budget accordingly. The board of trustees shall not expend such funds until its budget for that calendar year is submitted and approved by the County; and

WHEREAS, it is further necessary that this Resolution become immediately effective in order that critical services provided by the Cuyahoga County can continue and to provide for the usual, daily operation of a County entity.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COUNCIL OF CUYAHOGA COUNTY, OHIO:

SECTION 1. That the Cuyahoga County Council hereby approves The MetroHealth System Year 2018 Budget, in accordance with Ohio Revised Code Section 339.06(D), with the understanding that the allocation of County funds to the System will be made through adoption of the 2018/2019 Biennial Operating Budget and Capital Improvements Program for 2018.
SECTION 2. That the Clerk of Council be, and she is, hereby instructed to transmit a copy of this Resolution to the Director of the Office of Budget and Management; Akram Boutros, MD, FACHE, President and CEO, The MetroHealth System; and Craig Richmond, Senior Vice President and Chief Financial Officer, The MetroHealth System.

SECTION 3. It is necessary that this Resolution become immediately effective for the usual daily operation of the County and the reasons set forth in the preamble. Provided that this Resolution receives the affirmative vote of at least eight members of Council, it shall take effect and be in force immediately upon the earliest occurrence of any of the following: (1) its approval by the County Executive through signature, (2) the expiration of the time during which it may be disapproved by the County Executive under Section 3.10(6) of the Cuyahoga County Charter, or (3) its passage by at least eight members of Council after disapproval pursuant to Section 3.10(7) of the Cuyahoga County Charter. Otherwise, it shall take effect and be in force from and after the earliest period allowed by law.

SECTION 4. It is found and determined that all formal actions of this Council relating to the adoption of this Resolution were adopted in an open meeting of the Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

On a motion by Mr. Miller, seconded by Mr. Brady, the foregoing Resolution was duly adopted.

Yeas: Baker, Miller, Tuma, Gallagher, Schron, Conwell, Jones, Brown, Hairston, Simon and Brady

Nays: None

_______________________ __________
County Council President Date

_______________________ __________
County Executive Date
First Reading/Referred to Committee: November 28, 2017
Committee(s) Assigned: Finance & Budgeting

Journal CC028
December 12, 2017
Approval of a Proposed Budget for the 2018 Fiscal Year and Authorize the Submission of the Same to the Government of Cuyahoga County, Ohio ("County")

*****

RESOLUTION 19141

WHEREAS, the Board of Trustees of The MetroHealth System has been presented a recommendation for a proposed budget for the 2018 fiscal year and authorize the submission of the same to the government of Cuyahoga County, Ohio ("County"); and

WHEREAS, the Board's Finance Committee has reviewed this recommendation and now recommends its approval.

NOW, THEREFORE, BE IT RESOLVED, the Board of Trustees of The MetroHealth System hereby approve a proposed budget for the 2018 fiscal year and authorize the submission of the same to the government of Cuyahoga County, Ohio ("County").

The information to be submitted to the County is shown in Exhibits A and B.

BE IT FURTHER RESOLVED, the Chief Executive Officer and President, or his designee, are hereby authorized to take necessary actions consistent with this resolution.

AYES:  Ms. Dee, Mr. McDonald, Mr. Monnolly, Mr. Moss, Mr. Spain, Ms. Whiting

NAYS:  None

ABSENT:  Dr. Silvers, Mr. Schneider

ABSTAINED:  None

DATE:  October 25, 2017
# 2018 Operating Budget

## Exhibit A

### (in $000s)

<table>
<thead>
<tr>
<th></th>
<th>2016 Actual</th>
<th>2017 TTM²</th>
<th>Low</th>
<th>2018 Target</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Patient Revenue</strong></td>
<td>$ 895,434</td>
<td>$ 947,677</td>
<td>$ 984,346</td>
<td>$ 998,500</td>
<td>$ 1,003,090</td>
</tr>
<tr>
<td><strong>Other Revenue</strong></td>
<td>113,632</td>
<td>123,624</td>
<td>121,293</td>
<td>125,893</td>
<td>130,893</td>
</tr>
<tr>
<td><strong>County Funding</strong></td>
<td>32,400</td>
<td>32,400</td>
<td>32,400</td>
<td>32,400</td>
<td>32,400</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>1,041,466</td>
<td>1,103,701</td>
<td>1,138,039</td>
<td>1,156,883</td>
<td>1,166,383</td>
</tr>
<tr>
<td><strong>Salaries and Benefits</strong></td>
<td>674,261</td>
<td>703,193</td>
<td>743,039</td>
<td>743,039</td>
<td>743,039</td>
</tr>
<tr>
<td><strong>Department Expenses</strong></td>
<td>282,605</td>
<td>296,728</td>
<td>307,651</td>
<td>305,195</td>
<td>305,195</td>
</tr>
<tr>
<td><strong>General Expenses</strong></td>
<td>61,863</td>
<td>64,746</td>
<td>68,649</td>
<td>68,649</td>
<td>68,649</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>1,018,729</td>
<td>1,064,667</td>
<td>1,119,339</td>
<td>1,116,883</td>
<td>1,116,883</td>
</tr>
<tr>
<td><strong>Adjusted Operating Income (Loss)¹</strong></td>
<td>$ 22,737</td>
<td>$ 39,034</td>
<td>$ 18,700</td>
<td>$ 40,000</td>
<td>$ 49,500</td>
</tr>
</tbody>
</table>

(1) The presentation of adjusted operating income (excludes non-recurring items and GASB 68 Pension) as we measure it for management purposes enhances the understanding of our results of operations by highlighting the results from ongoing operations and the underlying profitability factors of our business.

(2) TTM = Trailing Twelve Months (Aug '16 – Jul '17) and adjusted for non-recurring items
2018 "Core" Capital Budget

(in $000s)

$17,000 (85%)

$2,000 (10%)

$1,000 (5%)

Exhibit B

Routine/Required/Strategic $17,000
Contingency 2,000
Minor 1,000
Total $20,000

Note: 2018 "Core" Capital is funded from operating cash flow for the ongoing operations of MetroHealth. The Campus Transformation project is funded from the Series 2017 Bond issuance.