

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 | 2023 Actual | 2024 Original Budget | * 2024 Amended Budget | 2025 Budget | 2025 Budget - * 2024 Amended Budget |
|---------------------|---------------------|--------------------|----------------------|-----------------------|------------------|-------------------------------------|
| | Memorial Enterprise | \$2,637,139 | \$5,690,912 | \$5,690,912 | \$5,716,912 | \$26,000 |
| Total | \$2,637,139 | \$5,690,912 | \$5,690,912 | \$5,716,912 | \$26,000 | |
| Uses of Funds | | | | | | |
| Memorial Enterprise | \$2,637,139 | \$5,650,417 | \$5,650,417 | \$5,646,989 | (\$3,428) | |
| Total | \$2,637,139 | \$5,650,417 | \$5,650,417 | \$5,646,989 | (\$3,428) | |

* 2024 Amended Budget as of 8/31/2024

Significant Changes vs. 2024

- Increase of \$26,000 in projected interest revenue
- Decrease of \$3,400 in projected investment fees

Memorial Health System Enterprise

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 2024, and changes occurring as part of the 2025 Memorial Health System Enterprise Fund budget.

Memorial Health System Fund: Summary and Funding Changes

| Memorial Health System Enterprise Fund | Source of Funds | 2022 Actual | 2023 Actual | 2024 Original Budget | * 2024 Amended Budget | 2025 Budget | 2025 Budget - * 2024 Amended Budget | |
|--|--------------------------|--------------------|--------------------|----------------------|-----------------------|--------------------|-------------------------------------|--|
| | Rental | \$2,609,205 | \$2,515,215 | \$5,612,112 | \$5,612,112 | \$5,612,112 | \$0 | |
| | Interest | 22,699 | 40,373 | 78,800 | 78,800 | 104,800 | 26,000 | |
| | Miscellaneous | (102,478) | 81,551 | 0 | 0 | 0 | 0 | |
| | Total | \$2,529,426 | \$2,637,139 | \$5,690,912 | \$5,690,912 | \$5,716,912 | \$26,000 | |
| | | | | | | | | |
| | Use of Funds | 2022 Actual | 2023 Actual | 2024 Original Budget | * 2024 Amended Budget | 2025 Budget | 2025 Budget - * 2024 Amended Budget | |
| | Salary/Benefits/Pensions | (\$6,608) | (\$66,245) | \$0 | \$0 | \$0 | \$0 | |
| | Operating | 2,536,033 | 2,703,384 | 5,650,417 | 5,650,417 | 5,646,989 | (3,428) | |
| | Total | \$2,529,425 | \$2,637,139 | \$5,650,417 | \$5,650,417 | \$5,646,989 | (\$3,428) | |
| Funds in excess of operational needs will be transferred to the Foundation per the Funds Management Agreement. | | | | | | | | |

| Funding Changes | During 2024 | * 2024 Amended - 2024 Original Budget |
|-----------------|---------------------------------------|---------------------------------------|
| | None | \$0 |
| | Total During 2024 | \$0 |
| | | |
| | For 2025 | 2025 Budget - * 2024 Amended Budget |
| | Operating | |
| | Decrease in projected investment fees | (\$3,428) |
| | Total Operating | (\$3,428) |
| | Total For 2025 | (\$3,428) |

* 2024 Amended Budget as of 8/31/2024

City of Colorado Springs Budget Detail Report

430 - MEMORIAL HEALTH SYSTEM FUND

Memorial Health System Enterprise

| Acct # - Description | 2022 Actual | 2023 Actual | 2024 Original Budget | * 2024 Amended Budget | 2025 Budget | 2025 Budget - * 2024 Amended Budget |
|---|------------------|------------------|----------------------|-----------------------|------------------|-------------------------------------|
| Salaries/Benefits/Pensions | | | | | | |
| 51299 - SALARIES REIMBURSEMENTS | (6,608) | (66,245) | 0 | 0 | 0 | 0 |
| Salaries/Benefits/Pensions Total | (6,608) | (66,245) | 0 | 0 | 0 | 0 |
| Operating | | | | | | |
| 52568 - BANK AND INVESTMENT FEES | 1,257 | 1,055 | 8,668 | 8,668 | 5,240 | (3,428) |
| 52575 - SERVICES | 0 | 0 | 32,000 | 32,000 | 32,000 | 0 |
| 60113 - MISCELLANEOUS | 0 | 1,465,848 | 0 | 0 | 0 | 0 |
| 60235 - MHS DEATH BENEFIT | 4,500 | 72,000 | 0 | 0 | 0 | 0 |
| 65127 - CLAIMS AND DAMAGES MEMORIAL | 5,653 | 6,119 | 14,000 | 14,000 | 14,000 | 0 |
| 65150 - LEGAL DEFENSE | 114,586 | 114,545 | 160,000 | 160,000 | 160,000 | 0 |
| 65181 - RESIDUAL EQUITY TRANSFER OUT | 2,410,037 | 1,043,817 | 5,435,749 | 5,435,749 | 5,435,749 | 0 |
| Operating Total | 2,536,033 | 2,703,384 | 5,650,417 | 5,650,417 | 5,646,989 | (3,428) |
| Grand Total | 2,529,425 | 2,637,139 | 5,650,417 | 5,650,417 | 5,646,989 | (3,428) |
| Revenue | | | | | | |
| 40113 - MISCELLANEOUS | 1,829 | 29 | 0 | 0 | 0 | 0 |
| 43180 - GAIN LOSS INV MKT VALUE | (104,307) | 80,022 | 0 | 0 | 0 | 0 |
| 45768 - UNCLAIMED PROPERTY DISPOSITION | 0 | 1,500 | 0 | 0 | 0 | 0 |
| 45905 - RENTAL INCOME | 2,609,205 | 2,515,215 | 5,612,112 | 5,612,112 | 5,612,112 | 0 |
| 46025 - INTEREST | 22,699 | 40,373 | 78,800 | 78,800 | 104,800 | 26,000 |
| Revenue Total | 2,529,426 | 2,637,139 | 5,690,912 | 5,690,912 | 5,716,912 | 26,000 |

* 2024 Amended Budget as of 8/31/2024