

SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 2 (LOPEZ ISLAND HOSPITAL DISTRICT)

2019 DRAFT BUDGET - PRESENTED DURING NOVEMBER 8, 2019 PUBLIC HEARING

Item	2018 Forecast as of 9/30/18	2018 Budget, per Resolution	Difference '18 Budget vs. '18 Forecast	2019 Proposed Budget	Difference '19 Budget vs. '18 Budget	Description
1 Beginning Cash	\$ 72,448	\$ -	72,448	\$ 210,454	210,454	Starting cash in 2019 is based on Ending Cash in the 2018 Forecast and is used to support District operations early in the year before April tax proceeds are received.
INCOME						
3 Property Tax Revenue	799,680	760,000	39,680	816,230	56,230	The preliminary 2018 Total Assessed Value (AV) used in determining the 2019 Budget Revenue is \$1,136,440,525 . This represents a 2.2% increase over the 2017 AV of \$1,111,549,689 . The 2018 Revenue number was calculated by applying the 2018 levy rate of \$.75/\$1,000 to the 2017 AV, .75x 1,111,550 = \$833,662. Since 100% of taxes are usually not collected in the taxable year, the figure used as Revenue is discounted 4%. This methodology is used in determining the 2019 Revenue from property taxes. In addition, there is a Maximum Regular Levy established which limits the Levy increase to 1% increase plus any new construction. The SJC Assessor has calculated the LIHD 2019 Maximum Regular Levy to be \$850,239. Discounting this figure 4% results in the expected Revenue of \$816,230.
4 Medicare Incentive Program	1,000	-	1,000	-	-	Expect to receive again in 2019 but not confirmed.
5 Leasehold Tax	616	-	616	-	-	Applies in lieu of property tax when persons or businesses lease or occupy publicly-owned real or personal property. SJC unable to estimate how much will be collected on an annual basis.
6 Insurance Recoveries				6,000	6,000	Premium contribution received from Orcas Island Health Care District for PEBB health benefits. Reimbursement to LIHD for remitting OIHCD's portion of Superintendent's benefit payment. Refer to Line 27 for additional detail.
7 Islanders Bank Long Term GO Bond	362,979	560,000	(197,021)	-	-	The General Obligation Bond closed in January 2018 and funds are used to consolidate debt incurred during the start-up of the District. This includes short-term loans from San Juan County and CWMA. See Lines 60 & 62 for details.
8 Islanders Bank Line of Credit (LOC)	-	34,140	(34,140)	-	-	Originally established short-term Line of Credit for operational items assumed to be required prior to property tax revenue. The LOC was never accessed and is closed.
9 INCOME TOTALS	1,236,723	1,354,140	(117,417)	1,032,684	(321,456)	
EXPENSES						
12 Payments to UW Medicine - subsidy	405,724	531,300	(125,576)	536,254	4,954	Amount listed per UW Clinical Services Agreement (CSA) and represents the subsidy cap. UW's actual FY '19 budget amount is \$510,936.
13 Superintendent Contract - January V2V	3,900	-	3,900	-	-	Interim Superintendent stayed through January 2018 when Board was able to adopt Resolution to hire Superintendent Presson.

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14 Accounting Expenses	4,115	25,000	(20,885)	8,360	(16,640)	Accounting services to help with 5-year Cash Flow & Reserve Analysis. This also includes SJC fees to process warrants and payroll.
15 State Audit Expenses	3,404	-	3,404	4,000	4,000	Cost for annual Accountability Audit conducted by the Office of the WA State Auditor.
16 Legal Services	4,170	5,500	(1,330)	5,500	-	Contingency fund for unknown legal needs that might arise as we get closer to the end of the current UW Medicine contract.
17 Technology Services	500	6,600	(6,100)	2,500	(4,100)	Moved most of this expense to Line 66: Computer Software. A need remains to implement a software solution to support Records Management requirements, Public Records Requests, and document sharing and security.
18 Independ. Contractor Agreements	-	12,000	(12,000)	5,000	(7,000)	Contingency for consultant support to conduct a Community Needs Assessment and/or Board development/strategic planning.
19 Promotion & Advertising	610	500	110	500	-	In 2018 includes cost of ad for new Health Matters 2.0. In 2019, advertising in Islands' Weekly for Community Engagement meetings and Public Hearing on Budget and Levy in November.
20 Physical Therapy Contract	35,000	40,000	(5,000)	35,000	(5,000)	As outlined in the Lopez Island Physical Therapy Clinical Services Agreement (CSA), the total amount for support over the 3-year term is \$70,000. Schedule updated to provide \$35,000 in 2018 and 2019.
21 561.00.41 Professional Services Total	457,423	620,900	(163,477)	597,114	(23,786)	
22 Commissioners	2,052	-	2,052	5,750	5,750	Salary for Commissioners who don't have a salary waiver in effect.
23 Superintendent	37,500	37,440	60	37,500	60	Employed position .5FTE and no change in salary for 2019. Total compensation, including benefits, increased from \$45,000 to \$47,100 in 2019.
24 561.00.10 Salary & Wages Total	39,552	37,440	2,112	43,250	5,810	
25 FICA & Medicare Tax	3,313	2,864	449	3,315	451	7.65% of Base Compensation
26 Dept of Labor & Industries	162	543	(381)	180	(363)	1.45% of Base Compensation
27 Medical Insurance Premium	7,482	7,488	(6)	15,600	8,112	2019 compensation adjustment all applied to PEBB premium payment. Monthly contribution of \$800 is not subject to payroll taxes. In 2018 \$620 stipend for benefits was subject to payroll taxes. Amount includes \$6,000 to be reimbursed by Orcas Island Health Care District (see Line 6).
28 561.00.20 Personnel Benefits Total	10,957	10,895	62	19,095	8,200	
29 Office Supplies	435	600	(165)	500	(100)	Largely printer ink and misc. supplies.
30 Janitorial Supplies Only	48	100	(52)	100	-	Minimal cleaning supplies needed for District Office.
31 561.00.31 Supplies Total	483	700	(217)	600	(100)	
32 Small Tools & Equipment	252	500	(248)	525	25	Placeholder for any additional office needs.
33 561.00.35 Small Tools & Equipment Total	252	500	(248)	525	25	

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34	Postage & Shipping	46	50	(4)	1,050	1,000	Estimate for sharing cost of quarterly newsletter distribution with CWMA and UW.
35	Telephone & Internet	1,250	2,400	(1,150)	1,140	(1,260)	Phone and internet service totals \$95/month.
36	Website/Email Services	1,000	3,000	(2,000)	1,030	(1,970)	Prepaid GoDaddy Website hosting for 5 years through 2023. Allocation for time with webmaster and 2019 email hosting renewal.
37	561.00.42 Communication Total	2,296	5,450	(3,154)	3,220	(2,230)	
38	Travel	7,500	10,000	(2,500)	10,260	260	Travel associated with ferry cost for Superintendent. Also includes hotel/expenses for the annual AWAPHD Superintendent Training (split with OIHCD) & Rural Hospital Leadership Conferences for Commissioners and Superintendent.
39	561.00.43 Travel Total	7,500	10,000	(2,500)	10,260	260	
40	Operating Rentals and Leases	4,275	4,650	(375)	4,275	(375)	District Office lease cost is \$350/month plus \$75/year for PO Box.
41	561.00.45 Operating Rents & Leases Total	4,275	4,650	(375)	4,275	(375)	
42	Property & Liability Insurance	-	-	-	-	-	Combined policy see Line 43.
43	Board & Officers Insurance	2,315	2,500	(185)	2,385	(115)	Policy runs through May 2019; assume similar renewal as in 2018.
44	561.00.46 Insurance Premiums & Recoveries	2,315	2,500	(185)	2,385	(115)	
45	Printing/Graphics	252	500	(248)	3,850	3,350	Cost for copies needed for large meetings or public hearing and production of a joint Newsletter with CWMA and UW.
46	Meeting Expenses	450	4,000	(3,550)	90	(3,910)	In 2018, registration fees associated with the AWPHD Conference was incorrectly captured here and should be Line 50. For 2019 this reflects the cost for three community meetings/hearings and associated room rental charge of \$30 at Grace Church.
47	Bank Service Charge	48	100	(52)	100	-	
48	Dues & Subscriptions	1,025	1,000	25	1,095	95	Association of WA PHDs dues & Lopez Chamber of Commerce
49	Subscriptions & Publication	70	100	(30)	100	-	
50	Conferences and Training	2,475	-	2,475	2,550	2,550	Registration fees for Annual AWAPHD Superintendent Conference & Rural Hospital Leadership Conference. Registration cost for the Superintendent to be split with Orcas Island Health Care District.
51	561.00.49 Miscellaneous Total	4,320	5,700	(1,380)	7,785	2,085	
52	Election Services	1,927	-	1,927	5,000	5,000	Two Board seats up for re-election in 2019 in General Election and estimated share based on report from SJC Election Office.
53	561.00.51 Intergovernmental Services Total	1,927	-	1,927	5,000	5,000	
54	Debt Issue Costs	3,500	-	3,500	-	-	One-time cost for issuance of GO Bond in January 2018.
55	592.61.84 Debt Issues Costs Total	3,500	-	3,500	-	-	
56	Interest Payments on CWMA Loan	11,320	11,052	268	-	-	CWMA to be paid in full as of 12.07.18 with final GO Bond draw.

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57 Interest Payment-Islanders GO Bond	3,312	10,551	(7,239)	15,805	-	Based on 4.35% interest rate; 20-year term.
58 Interest Payments -San Juan County Loan	4,789	2,193	2,596	-	-	Paid in full as of 9.03.18 with first and second GO Bond draws.
59 Interest Payments - Islanders Bank LOC	-	3,523	(3,523)	-	-	Never accessed LOC and this loan is closed.
60 Principal Payments on CWMA Loan	269,759	53,143	216,616	-	-	Payoff as of 12.07.18 with final GO Bond draw.
61 Principal Payment-Islanders Bank GO Bond	-	-	-	12,095	-	Payment wasn't known when 2018 Budget was prepared.
62 Principal Payments -San Juan County Loan	200,000	200,000	-	-	-	Loan paid in full as of 9.03.18 w/first 2 GO Bond draws.
63 Principal Payments - Islanders Bank ST Loan	-	100,000	(100,000)	-	-	Short term loan never needed for 2017 start-up expenses.
64 591.61.71, 77, 78, 81 & 83 Bonds, Notes & Intergo	489,180	380,462	108,718	27,900	(352,562)	
65 Computer Hardware	1,752	3,500	(1,748)	1,000	(2,500)	Placeholder for any additional office needs.
66 Computer Software	537	1,025	(488)	12,250	11,225	Funding for possible purchase of Board portal/software platform or other solution/service to manage public records requests, security, records retention requirements. First year will be reimbursed by IT grant award of \$13,000.
67 Furniture & Fixtures	-	-	-	1,000	1,000	Placeholder for any additional office needs.
68 594.61.64 Machinery & Equipment Total	2,289	4,525	(2,236)	14,250	9,725	
69 Total Income	1,236,723	1,354,140	(117,417)	1,032,684	(321,456)	Cash basis accounting method records income when cash is received and expenses are recorded when cash is paid out. The County requires a balanced budget meaning annual revenue equals annual expense plus ending cash.
70 Total Expenses	1,026,269	1,083,722	(57,453)	735,659	(348,063)	In 2018 early loan payoffs & consolidation of debt under the GO Bond accounted for an increase of \$108,718 in debt service but expenses were managed and are Forecasted to come in lower than Budgeted by \$166,171.
71 Ending Cash (not adjusted for reserve)	210,454	270,418	(59,964)	297,025	26,607	Ending cash becomes the Beginning Cash for the start of the 2020 Fiscal Year. It is needed to fund Operational expenses in the first four months until Property Tax revenue is received.
72 Ending Cash (2019 adjusted for reserve)				147,025		Budget includes a semi-annual allocation to the Reserve Fund of \$75,000. Contributions will be made in May/Nov '19 to plan for: (1) any future change in UW Medicine contract; (2) other services identified in anticipated community needs assessment; (3) possibility of early payoff of GO Bond; and (4) contingency if there was an economic downturn that impacted Revenue or other unforeseen events.

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73						
74						
75	Category		As a % of Revenue	As a % of Revenue		
76		Budgeted FY 18		Proposed FY 19		
77	UW Medicine/LIPT Subsidy Payments	42%		55.3%		
78	Administration	10%		13.2%		
79	Debt Service	28%		2.7%		
80	Ending Cash	20%		14.2%		
81	Reserve	0%		14.5%		
82		100%		100%		
83						
84	Category					
85		Budgeted FY 18		Proposed FY 19		
86	UW Medicine/LIPT Subsidy Payments	\$571,300		\$571,254	-\$46	
87	Administration	\$131,960		\$136,505	\$4,545	
88	Debt Service	\$380,462		\$27,900	-\$352,562	
89	Ending Cash	\$270,418		\$147,025	-\$123,393	
90	Reserve			\$150,000	\$150,000	
91	TOTAL EXPENSES	1,354,140		1,032,684	-\$321,456	-\$321,456