

**San Juan County Public Hospital District No.3
Dba Orcas Island Health Care District**

Resolution to Adopt the SJCPHD#3 2021 Budget

RESOLUTION 2020 - 03

A Resolution of the Board of Commissioners (the "Board") of the San Juan County Public Hospital District #3, dba Orcas Island Health Care District (the "District"), San Juan County, Washington to approve and adopt the 2021 Budget.

WHEREAS, the District was formed by a vote of the residents of Orcas Island, Washington, during the April 24, 2018 Special Election; and

WHEREAS, the District requires a Budget for the year of 2021; and

WHEREAS, the Superintendent presented the Proposed 2021 Budget at the Regular meeting of the Board on October 6, 2020; and

WHEREAS, the Board took public comment during a Public Hearing on the Proposed 2021 Budget during the Regular meeting of November 3, 2020; and

WHEREAS, the Board has determined the cash on hand plus all anticipated revenues and did fix the appropriate amount for each expenditure line item; and

WHEREAS, after due consideration of the Proposed 2021 Budget and the public comments thereon, the Board desires to approve and adopt the District's 2021 Budget (Exhibit A);

NOW, THEREFORE, BE IT RESOLVED, that the BOARD OF COMMISSIONERS OF THE SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 3, DBA Orcas Island Health Care District, set the final Budget for the year 2021 as attached hereto and incorporated as if fully set forth.

#6541 2021 GENERAL FUND BUDGET \$ 2,675,422

#6544 2021 DEBT SERVICE FUND BUDGET: \$ 149,691

#6542 2021 RESERVE FUND BUDGET: \$ 300,000

SJCPHD#3
2021 Budget Resolution

ADOPTED AND APPROVED by the Board of Commissioners of San Juan Public Hospital District No. 3 Dba Orcas Island Health Care District at a Regular meeting thereof this 3rd day of November, 2020, the following Commissioners being present and voting:

SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 3,
Dba Orcas Island Health Care District, SAN JUAN
COUNTY, WASHINGTON

DocuSigned by:

Richard Fralick

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Richard Fralick, Chair/President and Commissioner

DocuSigned by:

Patty Miller

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Patty Miller, Secretary and Commissioner

DocuSigned by:

Art Lange

60B93541EF28468...

Art Lange, Commissioner

DocuSigned by:

Diane Boteler

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Diane Boteler, Commissioner

DocuSigned by:

Pegi A. Groundwater

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Pegi Groundwater, Commissioner

SJCPHD#3
2021 Budget Resolution

I, Patty Miller, Secretary of the Board of Commissioners of San Juan Public Hospital District No. 3 DbA Orcas Island Health Care District certify that the attached copy of Resolution No. 2020-03 is a true and correct copy of the original resolution adopted November 3, 2020, as that resolution appears on the Minute Book of the District.

DATED this 3^d day of November, 2020.

DocuSigned by:

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Patty Miller
OIHCD Board Secretary

Exhibit A
2021 Budget Document

(See Attached)

SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 3 (DbA ORCAS ISLAND HEALTH CARE DISTRICT)

2021 BUDGET DRAFT - Adopted November 3, 2020

BARS Number (subject to update prior to submission)	ITEM	2020 Budget, Per Resolution	2020 Forecast as of 10/01/2020	2021 Adopted Budget	Description
1	6541.00.308.80.00.0000 Beginning Cash	\$ 473,601	\$ 514,431	\$ 748,459	Estimated Beginning Cash for 2021 is Ending Cash as of 12-31-20. Beginning Cash for 2020 Forecast reflects actual Beg Cash from SJC Auditor received in April 2020.
2	INCOME				
3	6541.00.311.10.00.0000 Property Tax Revenue	1,685,280	1,685,280	1,726,963	In 2020 the Board elected to take 75% of the Banked Capacity which left \$59,856.55 remaining. The Revenue used in the budget does not include this banked capacity. Revenue assumptions are discounted 4% to account for discounts and other programs. 2021 estimate is limited to a 1% increase over the actual 2020 Levy of \$1,753,439.52, based on the Highest Lawful 2020 Levy of \$1,813,296.07 (\$18,132.96) plus new construction estimate (\$27,348.40), per Assessor's Preliminary Report.
4	6541.00.332.93.20.0000 Medicare Incentive Program		500		Eligible to receive as a member of AWAPHD associated with the work of the Accountable Communities of Health. This is expected to continue through 2021 but not guaranteed.
5	6541.00.337.20.00.0000 Leasehold Tax		2,191		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	6541.00.337.40.00.0000 Timber Harvest Tax - Private Land	-	see above		Replaces annual property tax on timber with an excise tax based on value of timber at the time of harvest. Applies to timber harvested from any private or public lands in WA.
7	6541.00.391.80.18.2019 Intergovernmental Loan - San Juan County	-	-		Paid in full in 2019.
8	6541.00.391.10.00.0001 WA Fed Loan - Long Term GO Bond	383,641	383,641		As of November 1, 2020 the District has taken the full draw of \$800,000. Loan to be paid off in eight years.
9	6541.00.391.60.00.0001 WA Fed Loan - Line of Credit	-	-		Short-term Line of Credit for operational items should there be a cash flow issues. Expires at the end of 2021.
10	6541.00.367.00.00.0000 Donations	-	30,000	200,000	District expects to receive approximately \$200,000 from the Nell Brown Trust in Q'3 2021. This will be put into a capital reserve account, see line 87.
11	6541.00.334.00.30.0000 State Grants	-	100,000		In FY '20 this was a grant from the Empire Healthcare Foundation/Premera for building repairs.
12	REVENUE TOTAL (not including Beginning Cash)	2,068,921	2,201,612	1,926,963	
13					
14	EXPENSES				
15	6541.00.561.00.41.0000 Provider Subsidy - Island Hospital (IH) as of 3/1/21	723,601	683,601	1,030,000	2021 assumes IH paid half of the 10 month pro-rated subsidy (\$851,667, or \$425,833) with the second half due January 2022. FY '21 also includes 10 months of UW FY '21 subsidy (\$604,167) for the period of July 1, 2020 through April 30, 2021. Working to minimize subsidy overlap.
16	6541.00.561.00.41.0001 Provider Subsidy - OFHC	464,973	298,853	-	Assumes no subsidy Oct thru Feb 2021. This could change once PPP and CARE rules are finalized.
17	6541.00.561.00.41.0002 Provider Subsidy - OFHC After-Hours Incentive	14,500	17,667	2,000	Assumes no after-hours incentive in 2021 as of 3/1/21.
18	6541.00.561.00.41.0020 Accounting Expenses	7,000	975	3,050	Accounting services to help with annual reporting, reserve and cash flow analysis. Also includes SJC fees to process warrants and payroll. There was an estimated cost of \$4,000 for clinic audits in 2020 that was not used.
19	6541.00.561.10.41.0002 State Audit Expenses	-	-	8,000	Accountability Audit conducted by the Office of the WA SOS scheduled for '21. Will cover two-year period of '19-'20.
20	6541.00.561.00.41.0030 Legal Services	25,000	18,379	6,000	FY '20 legal needs associated with negotiations for Interlocal Agreement with Island Hospital.
21	6541.00.561.00.41.0040 Technology Services	3,396	3,474	3,500	Monthly cost of \$283 for NW Technology to support Office 365, email, and document sharing and security.
22	6541.00.561.00.41.0050 Independ. Contractor Agreements	100,000	10,082	100,000	Placeholder for additional EMR records transition and/or other support to begin prior to 3/1/21 and help with transition and minimize patient and staff disruption.
23	6541.00.561.00.41.0060 Promotion & Advertising	2,000	937	3,500	Assumes increased advertising in The Sounder for Community Engagement meetings and articles. Also includes Legal Posting requirements for Public Hearing on Budget and Levy in November.
24					
25	561.00.41 Professional Services Total	1,340,470	1,033,968	1,156,050	
26	6541.00.561.00.10.0001 Commissioners	-	-	-	Commissioners who don't have a salary waiver are eligible for a stipend of \$128/meeting and an annual maximum of \$12,288. Assuming 36 meetings/year that would represent a budget impact of \$23,040. Currently all Commissioners have executed a salary waiver.
27	6541.00.561.00.10.0002 Superintendent	45,000	55,000	57,250	Reflects 5% increase to base salary approved by Board (\$47,250). Also includes a potential \$10,000 bonus subject to achievement of milestones around a successful clinic transition.
28	6541.00.561.00.10.0003 Other Staff/Contracted Support	30,000	2,500	12,000	Assumes 40 hours/month Admin Assistant @ \$25/hour
29	561.00.10 Salary & Wages Total	75,000	57,500	69,250	
30	6541.00.561.00.20.0001 FICA & Medicare Tax	3,443	4,399	5,298	7.65% of Base Compensation
31	6541.00.561.00.20.0002 Dept of Labor & Industries -Worker's Comp	653	834	1,004	1.45% of Base Compensation
32	6541.00.561.00.20.0006 Medical Insurance Premium/ Employee Benefits	6,000	6,000	6,000	Reimbursement of \$500 to Lopez for Superintendent benefits through PEBB.
33	6541.00.561.00.20.0009 Employment Security - Unemployment	225	288	346	.5% of salary
34	561.00.20 Personnel Benefits Total	10,320	11,520	12,648	
35	6541.00.561.00.31.0000 Office Supplies	500	-	500	Largely printer ink and misc. supplies.
36	6541.00.561.00.31.0010 Janitorial Supplies Only	100	-	100	Largely included in District Office lease.
37	561.00.31 Supplies Total	600	-	600	
38	6541.00.561.00.35.0000 Small Tools & Equipment	100	-	100	Placeholder for any additional office needs.
39	561.00.35 Small Tools & Equipment Total	100	-	100	

SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 3 (DbA ORCAS ISLAND HEALTH CARE DISTRICT)

2021 BUDGET DRAFT - Adopted November 3, 2020

BARS Number (subject to update prior to submission)		ITEM	2020 Budget, Per Resolution	2020 Forecast as of 10/01/2020	2021 Adopted Budget	Description
40	6541.00.561.00.42.0010	Postage & Shipping	100	-	100	Placeholder for any mailings.
41	6541.00.561.00.42.0020	Telephone & Internet	-	-	1,200	Internet service included in rent. Assumes District cell phones for staff purchased in 2021.
42	6541.00.561.00.42.0030	Website/Email Services	1,200	1,200	1,200	Website Manager & hosting @ \$1,200/year, paid annually. Contract runs 10.1 through 9.30. Email support provided in NW Technology shown on Line 21.
43	561.00.42	Communication Total	1,300	1,200	2,500	
44	6541.00.561.00.43.0010	Conferences and Training	1,050	-	1,050	Registration fees for Annual Superintendent conference (split with Lopez PHD) and Rural Hospital Leadership Conference for Superintendent (split with Lopez PHD) and two Commissioners.
45	6541.00.561.00.43.0020	Travel & Accommodations	1,950	684	1,950	Hotel and other expenses associated with the annual AWAPHD Superintendent Training (split with Lopez PHD) & Rural Hospital Leadership Conferences, budgeted for two Commissioners and Superintendent. Due to COVID was cancelled in 2020.
46	561.00.43	Travel Total	3,000	684	3,000	
47	6541.00.561.00.45.0000	Operating Rentals and Leases	8,475	9,195	8,475	\$700/month includes utilities & internet. PO Box rental @ \$75/year. Possibility of a move in Q'4 2021.
48	561.00.45	Operating Rents & Leases Total	8,475	9,195	8,475	
49	6541.00.561.00.46.0001	Malpractice Insurance	-	-	-	Included in Clinic budgets
50	6541.00.561.00.46.0002	Building Property & Earthquake Insurance	11,742	11,481	11,949	Policy renews November 1st at 3.5% increase and \$330 for Acts of Terrorism Coverage.
51	6541.00.561.00.46.0003	Board & Officers Insurance	2,440	2,550	2,750	September 1st renewal; paid lump sum. Assumes a 3% increase.
52	561.00.46	Insurance Totals	14,182	14,031	14,699	
53	6541.00.561.00.47.0010	Building Utilities	360	444	450	Annual payment for EWUA vacant parcel.
54	6541.00.561.00.48.0010	Building General Maintenance & Repair	-	11,657	89,400	FY 2021 includes: \$900 generator maintenance (TBD if not replaced), \$1,000 HVAC maintenance, \$32,500K for exterior painting, \$15,000 window replacement, \$25,000 generator replacement, \$5,000 for automatic doors, \$10,000 for other costs associated with relocation of OFHC and/or interior clinic remodel.
55	6541.00.594.61.62.0000	Buildings & Structures (large expenses)	440,000	547,428		FY '20 costs : \$246,141.54 roof/fascia/gutters/skylights, \$301,286.12 HVAC/T&M. Total Project cost of \$547,427.66.
56	6541.00.561.00.48.0020	Building Landscaping	10,000	10,000	10,000	
57	6541.00.561.00.48.0030	Building Other	100,000	see line 54		
58	6541.00.561.00.48.0300	Equipment Maintenance	30,000	12,457	30,000	Clinic equip maintenance not building equipment. Estimate for UW 8 months July through Feb. TBD IH
59	561.00.47- 48	Building Totals	580,360	581,986	129,850	
60	6541.00.561.00.49.0000	Printing/Graphics	180	487	750	Cost for copies needed for large meetings or public hearings.
61	6541.00.561.00.49.0001	Meeting Expenses	300	508	500	Placeholder for meetings that include food and/or rental fee.
62	6541.00.561.00.49.0002	Bank Service Charge	340	340	340	US Bank fiscal agent fee is \$170 for the Note and Bond and is paid annually in October.
63	6541.00.561.00.49.0010	Dues & Subscriptions	1,000	1,000	1,000	Association of WA Public Hospital Districts annual dues
64	6541.00.561.00.49.0050	Miscellaneous Expense	12,000	-	12,000	Cost for expenses unknown at this time. Could include cost to relocate District Office in 2021.
65	561.00.49	Miscellaneous Total	13,820	2,335	14,590	
66	6541.00.561.00.41.0149	Election Services	-	-	5,000	Two Board seats up for re-election in 2021 in General Election.
67	561.00.51	Intergovernmental Services Total	-	-	5,000	
69	6541.00.592.61.84.0000	Debt Issue Costs	2,500	2,500	2,500	This is the WA Fed Line of Credit underutilization fee which is billed annually in November.
70	592.61.84	Debt Issues Costs Total	2,500	2,500	2,500	
70	6541.00.561.10.49.0000	Property Tax Fees	136	136	136	Exempt from Property Tax (fees only) - see Leasehold Tax
71	6541.00.589.30.00.0000	Leasehold Tax	9,245	9,245	9,245	In 2020 calculation increased rent per sq. foot to \$1.00 to reflect increased market rates. No change proposed for 2021.
72	561., 589.	Property & Leasehold Tax Total	9,381	9,381	9,381	
73	6541.00.592.61.83.2037	Interest Payment - WA Fed GO Bond	20,366	15,365	24,351	Based on proposed amortization schedule.
74	6541.00.592.61.83.0000	Interest Payments - San Juan County Loan	-	-	-	N/A after 2019
75	6541.00.591.61.81.0001	Interest Payments - WA Fed LOC	-	-	-	Not expected to draw in 2021
76	6541.00.591.61.77.0001	Principal Payment - WA Fed GO Bond	88,475	125,000	125,000	Principal payments made annually beginning 11/2020. District has chosen to pay more towards principal in the early years.
77	6541.00.591.61.78.0000	Principal Payments - San Juan County Loan	-	-	-	Loan paid in full as of 11/1/19.
78	6541.00.591.61.77.0001	Principal Payments - WA Fed LOC	-	-	-	Not expected to draw in 2021.
79	591.61.71, 77, 78, 81 & 83	Bonds/Notes/Intergov't Loans Total	108,841	140,365	149,351	
80	6541.00.594.61.64.0001	Computer Hardware	150	2,276	-	FY '20 added laptop for Admin. Not expecting any hardware needs in 2021.
81	6541.00.594.61.64.0002	Computer Software	500	643	650	Zoom & DocuSign annual subscriptions, which are split with Lopez PHD. Also includes Smartsheet.
82	6541.00.594.61.64.0003	Furniture & Fixtures	-	-	-	Not expecting any furniture needs in 2021.
83	6541.00.594.61.64.0004	Clinic Equipment Purchase	50,000	-	60,116	See detail on Line 100 thru 116
84	594.61.64	Machinery & Equipment Total	50,650	2,919	60,766	

SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 3 (DbA ORCAS ISLAND HEALTH CARE DISTRICT)

2021 BUDGET DRAFT - Adopted November 3, 2020

BARS Number (subject to update prior to submission)		ITEM	2020 Budget, Per Resolution	2020 Forecast as of 10/01/2020	2021 Adopted Budget	Description
REVENUE, EXPENSE, ENDING CASH, AND CLINIC EQUIPMENT SUMMARY						
85		Total Income	2,542,522	2,716,043	2,675,422	Includes Beginning Cash.
86		Total Expenses	2,218,999	1,867,584	1,638,760	Includes cost of Debt Service. The difference between Total Income and Total Expenses becomes Ending Cash.
87	6541.00. 508.80.00.0000	Ending Cash (not adjusted for reserve)	323,523	848,459	1,036,661	This budget incorporates a semi-annual reserve allocation of \$50,000, which began in 2019. Reserves are needed to plan for any future change in services or staffing, as well as protect against any unforeseen downturn in the economy. It is expected that as of November 1, 2021 the District will have accumulated \$300,000 in the Reserve Fund. In FY'21 expected that funds received from the Brown Trust will add an additional \$200,000 to be placed in a capital reserve sub-account.
88	6541.00. 508.80.00.0000	Ending Cash (adjusted for reserve)	223,523	748,459	736,661	Ending cash is the only source of funds to support District expenditures for the first part of the fiscal year until Property Tax Revenue is received in April 2021.
89						
90			Expense Breakdown	Expense Breakdown	Expense Breakdown	
91		Provider Subsidies (UWNC and OFHC)	1,203,074	1,000,121	1,032,000	
92		Debt Service - GO Bond	111,341	142,865	152,191	
93		Building/Equipment/Insurance/Leasehold Tax	651,347	602,712	211,160	
94		District Administration*	153,237	121,886	130,409	*FY '20 Forecast does not include \$100k Independent Consulting. FY'21
95		TOTALS	2,118,999	1,867,584	1,525,760	does not include cost of Accountability Audit, Election or \$100k Independent Consulting.
96		plus non recurring expenses	\$ 100,000		\$ 113,000	
97		Reserves	\$ 100,000	\$ 100,000	\$ 100,000	These funds are accounted for in the total expense number on line 86.
98						
99						
100		2021 Clinic Equipment Plan				
101		replace exam table #1	\$ 3,950.00			
102		replace procedure table	\$ 9,500.00			
103		replace 2 proc lites	\$ 3,700.00			
104		replace ped O2	\$ 600.00			
105		repair 2 exam tables (estimate)	\$ 2,500.00			
106		replace clinic chairs	\$ 1,200.00			
107		SUB TOTAL	\$ 21,450.00			
108		Est for tax & freight	\$ 3,666.45			
109		Est for install	\$ 5,000.00			
110		Install new X-ray (purchase covered by donation)	\$ 25,000.00			
111		TOTAL	\$ 55,116.45			
112						
113						
114		Misc. Other Unexpected Items	\$ 5,000.00			
115						
116		TOTAL	\$ 60,116.45			