

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

**2019 BUDGET DRAFT - PRESENTED IN NOVEMBER 6, 2018 PUBLIC HEARING**

ITEM	2018 Forecast as of 9/30/18	2019 Proposed Budget	Description
1 Beginning Cash	\$ -	\$ (9,709)	Estimated Beginning Cash as of 1/1/2019 based on 2018 Ending Cash. Will receive actual Beg Cash from SJC Auditor in April 2019
<b>INCOME</b>			
3 Property Tax Revenue		1,473,784	The preliminary 2018 Total Assessed Value (AV) is used in preparing the 2019 Budget Revenue. It is estimated to be \$2,361,833,735, which is discounted 4% to account for amounts that aren't collected. The balance is subject to the anticipated millage rate of \$.65 to arrive at 2019 Revenue assumption.
4 Medicare Incentive Program	-	-	Expect to receive as a member of AWAPHD associated with the work of the Accountable Communities of Health. In 2018 members received an allocation equal to their annual dues. This is expected to continue through 2021 but not guaranteed.
5 Leasehold Tax	-	-	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 Timber Harvest Tax - Private Land	-	-	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. None expected in 2019.
7 Intergovernmental Loan - San Juan County	200,000	200,000	Assumes half of SJC loan taken in 2018 and balance in 2019.
8 WA Fed Loan - 2018 Long Term GO Bond - funds can only be used for capital expenditures	416,359	255,000	The GO Bond, dated 10/19/18, has a two-year draw window during which only semi-annual interest payments are made. Total funds available to draw are \$800,000 and cover capital expenses. Draws are expected to cover building and must be used for capital repairs/replacement/purchases. In 2019 that includes: roof \$80K, painting \$25K, HVAC \$150K. First draw also covers election costs and closing costs associated with Bond and Building as shown on Lines 58, 60, 63, as well as the purchase of a new refrigerator/freezer for the Clinic as reflected on Line 77.
9 WA Fed Line of Credit (LOC) short-term loan - subsidizes short-term cash flow gaps to support operational expenses	-	-	Short-term Line of Credit for operational items put in place; however, District not expected to need to draw in 2019.
<b>10 INCOME TOTALS</b>	<b>616,359</b>	<b>1,919,075</b>	
<b>EXPENSES</b>			
13 Provider Subsidy - UW Medicine	337,236	221,568	UW subsidy payments are paid twice/year coinciding with property tax revenue. UW subsidy for July through December paid in April and Jan through June paid in October. The 2019 subsidy total represents Jan 1, 2019 through June 30, 2019 subsidy cap plus an allocation for the after-hours incentive. The 2019 incentive split is 60% UW/40% OFHC, based on expected volume. Subsidy paid in 2018 represents July 1, 2018 through December 31, 2018 subsidy obligation, which is assumed from OMF, and does not include any after-hours incentive. The 2018 subsidy was prepaid, subject to conditions of escrow, to enable OMF to cease operations upon 11/01 sale of the clinic building and transfer of obligation.
14 Provider Subsidy - OFHC	98,307	371,997	Amount listed per Clinical Services Agreement (CSA) plus allocation for After-Hours. In 2018 100% of after-hours incentive is allocated to OFHC. In 2019 the after-hours incentive split is 60% UW/40% OFHC, based on expected volume. OFHC subsidy is paid in advance of each quarter.
15 Accounting Expenses	250	7,000	Accounting services to help with annual reporting, reserve and cash flow analysis. Also includes SJC fees to process warrants and payroll, and estimated cost of \$4,000 for clinic audits.
16 State Audit Expenses	-	5,000	Cost for annual Accountability Audit as required and conducted by the Office of the WA State Auditor, RCW 43.09.260.
17 Legal Services	30,000	12,000	Ongoing legal needs associated with CSA negotiations.
18 Technology Services	1,000	3,350	Monthly cost of \$277 for NW Technology for supporting: Office 365, email, Records Management requirements, Public Records Requests, and document sharing and security.
19 Independ. Contractor Agreements	10,000	52,400	Contingency for consultant support to conduct a Community Needs Assessment and/or Board development/strategic planning. Also included is \$50k for the cost of a Project Manager to oversee the Acute & After-Hours Work Group and expected trial.
20 Promotion & Advertising	1,500	500	Advertising in Islands' Sounder for Community Engagement meetings and Public Hearing on Budget and Levy in November.
21 561.00.41 Professional Services Total	478,293	673,815	
22 Commissioners	-	-	Salary for Commissioners who don't have a salary waiver in effect. For 2019 all 5 Commissioners have inforce salary waivers.
23 Superintendent	20,769	40,000	Employed position .5FTE and no change in salary for 2019.
24 Other Staff	-	12,000	Administrative support position at .5FTE.
25 561.00.10 Salary & Wages Total	20,769	52,000	
26 FICA & Medicare Tax	1,588	3,978	7.65% of Base Compensation
27 Dept of Labor & Industries -Worker's Comp Premium	301	754	1.45% of Base Compensation

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28 Medical Insurance Premium/ Employee Benefits	2,500	6,000	Set at 15% of Superintendent salary to a max of \$500/month. Applied to PEBB premium payment so not subject to payroll taxes.
29 Employment Security - Unemployment	100	260	.5% of salary under taxable payment method
30 561.00.20 Personnel Benefits Total	4,489	10,992	
31 Office Supplies	1,000	500	Largely printer ink and misc. supplies.
32 Janitorial Supplies Only	-	100	Minimal cleaning supplies needed for District Office.
33 561.00.31 Supplies Total	1,000	600	
34 Small Tools & Equipment	-	-	No office needs anticipated. IT Grant award will fund items for office.
35 561.00.35 Small Tools & Equipment Total	-	-	
36 Postage & Shipping	-	100	Placeholder
37 Telephone & Internet	-	-	Internet service included in rent. Currently no accommodation to add a land line or fax. Will look into eFax capabilities.
38 Website/Email Services	150	300	Inmotion website hosting. Email support and Help Desk provided in NW Technology contract.
39 561.00.42 Communication Total	150	400	
40 Conferences and Training	175	1,050	Registration fees for Annual Supt Conf (split with Lopez PHD) and Rural Hospital Leadership or Rural Health Care Conference for Supt (split with Lopez PHD) and 2 Commissioners.
41 Travel & Accommodations	435	1,950	Hotel/other expenses for the annual Supt conf (split with Lopez PHD) & Rural Hospital Leadership Conference (2 Commissioners and Supt)
42 561.00.43 Travel Total	610	3,000	
43 Operating Rentals and Leases	4,200	8,475	District Office lease cost is \$700/month includes all utilities and internet. Also includes annual cost of PO Box.
44 561.00.45 Operating Rents & Leases Total	4,200	8,475	
45 Malpractice Insurance	-	-	Clinics carry their own insurance and it's factored into their budgets.
46 Building Property & Liability Insurance	5,876	6,856	Bldg. insured at \$3m and contents at \$400,000. 2019 Premium includes 2 mos. of following policy period as Policy runs 11/01/18 through 10/31/19.
47 Board & Officers Insurance	3,000	3,000	Policy renews September 1, 2019.
48 561.00.46 Insurance Totals	8,876	9,856	
49 Building Utilities	69	360	Monthly Eastsound Water fee for undeveloped lot/New rate 1/2019
50 Building General Maintenance	2,000	115,000	Building Painting \$25K, Roof \$80K, General \$10K
51 Building Landscaping	-	5,000	Grounds Maintenance based on OMF 2017 financials
52 Equipment Maintenance	17,205	180,000	In 2018 expenses include \$2,205 YTD equip maintenance PLUS \$15,000 equip reserve through 12.31.18. Unused amounts will be credited. In 2019 expense represents expected \$150K HVAC replacement plus \$30,000 expected repairs.
53 561.00.47- 48 Building Totals	19,274	300,360	
54 Printing/Graphics	200	180	Cost for copies needed for large meetings or public hearings.
55 Meeting Expenses	150	300	Placeholder for alternate meeting location, if necessary at times.
56 Bank Service Charge	-	577	Fiscal Agent fee for ongoing administration of loans. In 2019 this includes a partial payment from 2018 of \$113 for each loan.
57 Dues & Subscriptions	700	1,000	Association of WA Public Hospital Districts annual dues
58 Miscellaneous Expense	29,410	12,000	In 2018 this includes: \$14,410.18 building closing costs/\$15,000 for OMF associated with outstanding tax obligation. In 2019 includes a contingency amount for unknowns and is based on \$1,000/mo.
59 561.00.49 Miscellaneous Total	30,460	14,057	
60 Election Services	29,000	5,000	One Board seat up for re-election in 2019 in General Election and estimated share based on report from SJC Election Office.
61 561.00.51 Intergovernmental Services Total	29,000	5,000	
62 LOC Unused Fee	-	2,500	The unused fee will be waived if the average annual utilization is 50% or greater. Average Annual Utilization means the sum of the daily aggregate principal amount of all revolving credit advances for the year, divided by 360.
63 Debt Issue Costs	12,500	-	Bond Legal Council/Bank fees in 2018 only.
64 592.61.84 Debt Issues Costs Total	12,500	2,500	
65 Property Tax	-	20,401	Based on valuation of \$144,510 & \$1,151,480.
66 Property Tax Total	-	20,401	
67 Interest Payment - WA Fed GO Bond	1,238	22,427	Interest shall be paid in semi annual payments on May 1 and November 1, beginning May 1, 2019.
68 Interest Payments - San Juan County Loan	-	9,630	Tax proceeds will pay back the interlocal loan.
69 Interest Payments - WA Fed LOC	-	-	Loan interest is paid in semi-annual payments on May 1 and November 1, starting May 1, 2019
70 Principal Payment - WA Fed GO Bond	-	-	Principal payments are not required during the draw period, which ends on November 1, 2020.
71 Principal Payments - San Juan County Loan	-	400,000	
72 Principal Payments - WA Fed LOC	-	-	Not expected to draw LOC in 2019
73 591.61.71, 77, 78, 81 & 83 Bonds, Notes & Intergov't Loans	1,238	432,057	
74 Computer Hardware	7,700	100	Placeholder for monitor and wireless keyboard
75 Computer Software	-	500	Placeholder for any additional needs.

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76 Furniture & Fixtures	-	8,000	Includes estimate for curtains in exam rooms to increase privacy.
77 Clinic Equipment	7,509	-	In 2018 expense is related to a new refrigerator for the UW Clinic. Based on the equipment inventory list prepared by UW, they have not identified the purchase of any new or replacement equipment in 2019. In the event there is an unexpected need, funds will be taken from the operating budget or, if significant, will be funded with the GO Bond. Equipment maintenance is captured on Line 52.
78 594.61.64 Machinery & Equipment Total	15,209	8,600	
79	<b>Total Income</b>	<b>616,359</b>	<b>1,919,075</b>
80	<b>Total Expenses</b>	<b>626,068</b>	<b>1,542,113</b>
81	<b>Ending Cash (not adjusted for reserve)</b>	<b>(9,709)</b>	<b>376,962</b>
82	<b>Ending Cash (2019 adjusted for reserve)</b>	<b>276,962</b>	Budget includes a semi-annual reserve allocation of \$50,000 beginning Q'2 2019. Reserve needed to plan for any future change in Clinical Service Agreements, expansion of after-hours services and/or other services identified in anticipated community needs assessment. Also protects against any unforeseen downturn in the economy.