

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

**2022 PROPOSED BUDGET - Draft for Public Hearing 11/10/21**

BARS Number (subject to update prior to submission to SJC)	Item	2021 Forecast w/Actuals thru 9/30/21	2021 Budget, per Resolution	Difference '21 Budget vs. '21 Forecast	2022 Proposed Budget	Difference '22 Budget vs. '21 Budget	Description
1	6531.00.308.80.00.0000 <i>Beginning Cash</i>	\$ 319,426	\$ 255,826	63,600	\$ 336,751	17,325	Starting cash in 2022 is based on Ending Cash in the 2021 Forecast and is used to support District operations early in the year before April tax proceeds are received. The Actual Beginning Cash from 2021, as shown in Column E, is used to compare to the 2022.
2	<b>INCOME</b>						
3	6531.00.311.10.00.0000 <b>Property Tax Revenue</b>	885,381	832,636	52,745	894,510	61,874	Per the Preliminary Assessor's 2022 Levy Calculation, Revenue is determine to be 1% higher than the 2021 Actual Levy PLUS an estimated \$9,310.86 for New Construction. The result is discounted 1% for amounts not collected in 2022.
4	6531.00.332.93.20.0000 <b>Medicare Incentive Program</b>	1,250	-	1,250	-	-	Expect to receive \$10,000 in 2022 but not guaranteed.
5	6531.00.337.20.00.0000 <b>Leasehold Tax</b>	1,114	-	1,114	-	-	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, but amounts are minimal.
6	6531.00.398.10.00.6541 <b>Insurance Recoveries</b>	6,000	6,000	-	-	(6,000)	Premium contribution received from Orcas Island Health Care District for PEBB health benefits. In 2021 represented reimbursement to LIHD for remitting OIHCD's portion of Superintendent's benefit payment (refer to Line 30 for additional detail). Not expected to have a shared position in 2022.
7	6531.00.369.91.00.0000 <b>Community Partner Reimbursement</b>	1,146	1,200	(54)	4,500	3,300	Associated with printing and mailing costs for three issues of HealthMatters 2.0. Assumes move from publishing in the Weekly and sharing the cost across three entities, or contributions of \$1,500 each/year.
8	6531.00.334.00.30.0000 <b>State Grants</b>	5,000	-	5,000	-	-	In '21 small grant awarded from the AWP/PHD. The LIHD will pursue grant opportunities in '22 yet dollar amounts are unknown at this time.
9	6531.00.337.40.00.0000 <b>Timber Harvest Tax - Private Land</b>	-	-	-	-	-	There are special tax classifications for land managed as open space according to state requirements for public benefit, farm/ag and commercial timber. Actual revenue is unknown but minimal.
10	<b>INCOME TOTALS</b>	<b>899,891</b>	<b>839,836</b>	<b>60,055</b>	<b>899,010</b>	<b>59,174</b>	<b>Does NOT include Beginning Cash.</b>
11	<b>EXPENSES</b>						
12	6531.00.561.00.41.0000 <b>Payments to UW Medicine - subsidy</b>	550,964	602,846	(51,882)	641,481	38,635	FY '21 reduced by PPP allocation from UW. FY '22 represents the second year cap in the current Clinical Service Agreement (CSA), which is a 6% increase over FY '21. It will be necessary to estimate possible recruitment costs associated with the search to replace Dr. Wilson. There is likely to be an incentive guarantee with a new provider which will also impact the budget. If a replacement provider is not on board by February 2022, there could be significant additional costs to cover some form of temporary provider. An estimate for those additional expenses are in the next line item.
13	<b>Provider Recruitment</b>	-	-	-	75,000	75,000	Placeholder for unknown expenses associated with recruitment of new MD or cost of temporary MD.
14	6531.00.561.00.41.0002 <b>Accounting Expenses</b>	6,137	5,500	637	5,500	-	Accounting services to help with 5-year Cash Flow & Reserve Analysis, and SJC fees to process warrants and payroll.

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15	6531.00. 561.10.41.0002	State Audit Expenses	8,000	8,000	-	-	(8,000)	In 2021 represents the cost for Accountability Audit conducted by the Office of the WA State Auditor and covers the two-year period 2019-2020. The audit is conducted in odd years only.
16	6531.00. 561.00.41.0003	Legal Services	1,000	2,000	(1,000)	2,000	-	Contingency fund for unknown legal needs.
17	6531.00. 561.00.41.0004	Technology Services	3,182	3,178	4	3,178	-	Cost associated with NW Technology contract to provide IT support and oversee Office 365.
18	6531.00. 561.00.41.0005	Independ. Contractor Agreements	12,150	10,000	2,150	12,500	2,500	FY '21 was for a consultant support to Board development and strategic planning. FY '22 could be required to assist in any outcome of the strategic plan.
19	6531.00. 561.00.41.0006	Promotion & Advertising	727	1,800	(1,073)	500	(1,300)	meetings and Public Hearing on Budget and Levy in November. In 2022 move to print HealthMatters 2.0 and distribute via mail rather than publish in the Weekly. Costs now reflected in Postage and Printing in the FY '22 budget.
20	6531.00. 561.00.41.0007	Physical Therapy Contract	20,000	50,000	(30,000)	50,000	-	FY '21 Budget of \$50,000 annual subsidy payment was moderated by the PPP loans during COVID. It's estimated the practice will require a similar level of funding in FY '22 due to the uncertainty of the pandemic and lack of additional PPP.
21	561.00.41	Professional Services Total	602,160	683,324	(81,164)	790,159	106,835	
22	6531.00. 561.00.10.0001	Commissioners	18,944	15,360	3,584	15,360	-	Salary expense is based on the current rate of \$128/day, and 24 meetings per year for all five Commissioners.
23	6531.00. 561.00.10.0002	Superintendent	40,950	40,950	-	46,069	5,119	Proposed increase to .526 FTE with move to PERS in order to meet service requirements of 90 hours/month. Additional salary cost in lieu of previously approved cost of past service credit.
24	561.00.10	Salary & Wages Total	59,894	56,310	3,584	61,429	5,119	
25	6531.00. 561.00.20.0001	FICA & Medicare Tax - Commissioners	1,449	1,175	274	1,175	-	Commissioners stipend still subject to 7.65%.
26	6531.00. 561.00.20.0001	PERS & Medicare Tax - Superintendent	3,133	3,133	-	5,390	2,257	7.65% of Base Compensation in 2021. Change to PERS in 2022 will replace FICA 6.2%. PERS rate is 10.25%, or a total rate for PERS and Medicare of 11.7% versus 7.65%.
27	561.00.20.0012	WA Paid Family Medical Leave	90	84	6	92	8	.15% of Gross Wages
28	6531.00. 561.00.20.0002	Dept of Labor & Industries	168	216	(48)	234	18	\$.15 rate/hour. Supt 80 hrs. and Comm hrs. will vary.
29	561.00.20.0009	Employment Security						LIHD elected Reimbursable Method meaning employer is billed for benefits a former employee receives.
30	6531.00. 561.00.20.0006	Medical Insurance Premium	14,783	15,600	(817)	9,600	(6,000)	Assumes no contribution from Orcas Island Health Care District for shared Superintendent. LIHD contribution remains at \$800/mo. and Supt pays any difference.
31	561.00.20	Personnel Benefits Total	19,623	20,208	(865)	16,491	(3,716)	
32	6531.00. 561.00.31.0000	Office Supplies	314	500	(186)	500	-	Largely printer ink and misc. supplies.
33	6531.00. 561.00.31.0010	Janitorial Supplies Only	-	100	(100)	100	-	Minimal cleaning supplies needed for District Office.
34	561.00.31	Supplies Total	314	600	(286)	600	-	
35	6531.00. 561.00.35.0000	Small Tools & Equipment	132	525	(393)	525	-	Placeholder for any additional office needs.
36	561.00.35	Small Tools & Equipment Total	132	525	(393)	525	-	
37	6531.00. 561.00.42.0010	Postage & Shipping	188	750	(562)	3,000	2,250	Assumes move to mail HealthMatters three times per year, cost reduced by contributions from community partners (see line 7).
38	6531.00. 561.00.42.0020	Telephone & Internet	1,200	1,200	-	1,200	-	Phone and internet service totals \$100/month.
39	6531.00. 561.00.42.0030	Website/Email Services	474	760	(286)	760	-	Annual Web Manager contract.
40	561.00.42	Communication Total	1,862	2,710	(848)	4,960	2,250	

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41	6531.00.561.00.43.0020	Travel	1,103	7,575	(6,472)	3,788	(3,788)	Annual AWAPHD Superintendent Training & Rural Hospital Leadership Conferences for Commissioners and Superintendent. Also ferry cost. Cancelled in 2021 due to COVID so TBD in 2022. Likely reduce number of attendees to half.
42	561.00.43	Travel Total	1,103	7,575	(6,472)	3,788	(3,788)	
43	6531.00.561.00.45.0000	Operating Rentals and Leases	4,292	4,275	17	4,275	-	District Office lease: \$350/month, and \$75/year for PO Box.
44	561.00.45	Operating Rents & Leases Total	4,292	4,275	17	4,275	-	
45	6531.00.561.00.46.0002	Property & Liability Insurance	-	-	-	-	-	Combined policy (see Line 44).
46	6531.00.561.00.46.0003	Board & Officers Insurance	2,393	2,423	(30)	2,465	42	Policy renews in May; assume 3% renewal increase.
47	561.00.46	Insurance Premiums & Recoveries Total	2,393	2,423	(30)	2,465	42	
48	6531.00.561.00.49.0000	Printing/Graphics	5,398	2,550	2,848	5,000	2,450	HealthMatters 2.0 expense is offset w/reimbursement from community partners (Line 7).
49	6531.00.561.00.49.0001	Meeting Expenses	21	90	(69)	90	-	Placeholder for any additional office needs.
50	6531.00.561.00.49.0002	Bank Service Charge	-	-	-	-	-	
51	6531.00.561.00.49.0010	Dues & Subscriptions	1,250	1,095	155	1,250	155	Association of WA PHDs dues, increased by \$250/year.
52	6531.00.561.00.49.0020	Subscriptions & Publication	25	100	(75)	100	-	Placeholder
53	6531.00.561.00.49.0030	Conferences and Training	230	2,250	(2,020)	1,125	(1,125)	Annual AWAPHD Superintendent Conference & Rural Hospital Leadership Conference. Cancelled in 2021 due to COVID. TBD for 2022. Assumes only half of Commissioners attend.
54	561.00.49	Miscellaneous Total	6,924	6,085	839	7,565	1,480	
55	6531.00.561.00.41.0149	Election Services	5,000	5,000	-	-	(5,000)	Two seats up for re-election in 2021, plus term vacated by Commissioner Presley. Election costs are only incurred in odd years.
56	561.00.41.0149	Intergovernmental Services Total	5,000	5,000	-	-	(5,000)	
57	6531.592.61.84.0000	Debt Issue Costs	-	170	(170)	170	-	US Bank Fiscal Agent fee of \$170 due in October.
58	592.61.84	Debt Issues Costs Total	-	170	(170)	170	-	
59	6534.00.592.61.81.0000	Fiscal Agent Fee	170	-	170	170	-	US Bank Fiscal Agent fee of \$170 due in October.
60	6534.00.592.61.83.2037	Interest Payment-Islanders GO Bond	10,652	10,652	-	10,065	(587)	Original GO Bond: 4.35% interest rate; 20-year term matures December 2037. Islanders' confirmed rate reduction to 3.25% retro to 6/1/20 with no other change in terms or bank fees. Amounts reflect revised amortization schedule.
61	6534.00.591.61.77.0001	Principal Payment-Islanders Bank GO Bond	17,816	17,816	-	18,110	294	Made once a year in December. Reaches maturity 12/1/37.
62	591.61.71, 77, 78, 81 & 83	Bonds, Notes & Intergov't Loans	28,638	28,468	170	28,345	(123)	
63	6531.00.594.61.64.0001	Computer Hardware	-	-	-	-	-	
64	6531.00.594.61.64.0002	Computer Software	231	300	(69)	300	-	NW Technology provides tech and email support. Expense reimbursement to OIHCD for 50% of annual Zoom and DocuSign licenses.
65	6531.00.594.61.64.0003	Furniture & Fixtures	-	500	500	500	-	Placeholder for any additional office needs.
66	594.61.64	Machinery & Equipment Total	231	800	431	800	-	
67		<b>Total Income</b>	<b>1,219,317</b>	<b>1,095,662</b>	<b>123,655</b>	<b>1,235,761</b>	<b>140,099</b>	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 <b>plus</b> Ending Cash. This total includes Beginning Cash from the prior year's end.
68		<b>Total Expenses</b>	<b>732,566</b>	<b>818,473</b>	<b>(85,907)</b>	<b>921,572</b>	<b>103,099</b>	Operating Expenses <b>plus</b> Debt Service. Some of the larger expenses in the FY '21 & FY '22 budget include increases in UW subsidy. There is an election expense and a State Audit expense in odd years.

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69	6531.00. 508.80.00.0000	Ending Cash (not adjusted for reserve)	486,751	277,189	209,562	314,189	37,000	This is the Beginning Cash for the start of the next Fiscal Year and is needed to fund Expenses until Property Tax revenue is received. As of 12/31/21 reserve balance expected to be \$450,000; however, the District will continue the reserve allocation for another year in light of concerns over several long-term unknown factors. As of 12/31/22 the reserve balance will be \$600,000.
70	6531.00. 508.80.00.0000	Ending Cash (adjusted for reserve)	336,751	127,189	209,562	164,189	37,000	There needs to be adequate funds in the General Fund to carry the District from Nov through March in between times when property taxes are paid. It is proposed a General Fund target be established as a hedge against volatility of expenses in any one year. This target ending fund balance protects against short-term fluctuations in cash flow that could impact the LIHD's ability to fund normal operations in any specific year. A policy of setting the target at 42% of expected annual expenses, which is derived by taking 5/12 of the year, is proposed and will be incorporated into the Financial Management Policy. See Column J, Line 87 to see target.
71								
72								
73		Category	As a % of Revenue		As a % of Revenue			
74			Budgeted FY 21		Proposed FY 22			
75		UW Medicine/LIPT Subsidy Payments		47.8%		62.7%		
76		Administration (without indep contractor/audit/election)		9.0%		9.3%		
77		Debt Service		2.4%		2.3%		
78		Ending Cash		28.2%		13.4%		
79		Reserve		12.6%		12.2%		
80				100%		100%		
81								
82		Category	Forecast FY '21		Proposed FY '22			
83								
84		UW Medicine/LIPT Subsidy Payments		\$570,964		\$766,481	\$195,517	Expenses to be used in calculating target General Fund balance target. Does not include UW, 50% of LIPT, Provider Recruitment, or Indep Contractor
85		Administration (without indep contractor/audit/election)		\$107,814		\$114,246	\$6,432	
86		Debt Service		\$28,638		\$28,345	-\$293	
87		Ending Cash		\$336,751		\$164,189	-\$172,562	
88		Reserve		\$150,000		\$149,689	-\$311	
89		TOTAL EXPENSES		1,194,167		1,222,950	\$28,783	\$170,246 \$71,503