San Juan County Public Hospital District No.2
Dba Lopez Island Hospital District

RESOLUTION 2021 – 01

A Resolution of the Board of Commissioners of the San Juan County Public Hospital District No. 2, Dba Lopez Island Hospital District, approving and adopting the 2022 Budget.

WHEREAS, San Juan County Public Hospital District No. 2 (the "District") was formed by a vote of the residents of Lopez Island, Washington, during the April 25, 2017 Special Election; and

WHEREAS, the District requires a Budget for the year of 2022; and

WHEREAS, the Superintendent presented the 2022 proposed Budget to the Commissioners at the Regular meeting of the Board of Commissioners on October 13, 2021; and

WHEREAS, the Board of Commissioners took public comment during a Public Hearing on the proposed 2022 Budget during their November 10, 2021 meeting; and

WHEREAS, the District 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 draft Budget and the public comments thereon, the Board of Commissioners desires to approve and adopt the 2022 Budget (Exhibit A);

NOW, THEREFORE, BE IT RESOLVED, that the BOARD OF COMMISSIONERS OF SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 2 set the final Budget for the year 2022 as attached hereto and incorporated as if fully set forth.

#6531 2021 GENERAL FUND BUDGET: $ **1,234,261**

#6532 2021 RESERVE FUND BUDGET: $ **150,000**

#6534 2021 DEBT SERVICE FUND BUDGET: $ **28,345**

SJCPHD #2
Resolution 2021-01
2022 Budget

APPROVED AND ADOPTED by the Board of Commissioners of San Juan County Public Hospital District No. 2, at a **Regular Board Meeting** of the Board of Commissioners on this 10th day of November 2021, the following Commissioners being present and voting:

SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 2,
dba Lopez Island Hospital District
SAN JUAN COUNTY, WASHINGTON

DocuSigned by:
Iris Graville
DA949B2231B645C...

Iris Graville, President and Commissioner

DocuSigned by:
Albert Berger
542F71BB88D24DE...

Albert Berger, Secretary and Commissioner

DocuSigned by:
Christa Campbell
76D742545EDD473...

Christa Campbell, Commissioner

DocuSigned by:
James Orcutt
2683B5A30954400...

James Orcutt, Commissioner

DocuSigned by:
Steve Greenstein
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Steve Greenstein, Commissioner

SJCPHD #2
Resolution 2021-01
2022 Budget

I, Albert Berger, Secretary of the Board of Commissioners of San Juan Public Hospital District No. 2 certify that the attached copy of Resolution No. 2021-01 is a true and correct copy of the original Resolution adopted November 10, 2021, as that Resolution appears in the Minute Book of the District.

DATED this 10th day of November, 2021.

DocuSigned by:
Albert Berger
542F71BB88D24DE...
11/10/2021

Albert Berger
Secretary

Exhibit A
2022 Budget Document

(See Attached)

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

2022 PROPOSED BUDGET - 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	*Beginning Cash*	*$ 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						INCOME			
3	6531.00.	311.10.00.0000	Property Tax Revenue	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	Medicare Incentive Program	1,250	-	1,250		-	Expect to receive $10,000 in 2022 but not guaranteed.
5	6531.00.	337.20.00.0000	Leasehold Tax	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	Insurance Recoveries	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	Community Partner Reimbursement	1,146	1,200	(54)	3,000	*1,800*	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	State Grants	5,000	-	5,000	-	-	In '21 small grant awarded from the AWPHD. The LIHD will pursue grant opportunities in '22 yet dollar amounts are unknown at this time.
9	6531.00.	337.40.00.0000	Timber Harvest Tax - Private Land	-	-	-	-	-	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		INCOME TOTALS		899,891	839,836	60,055	897,510	*57,674*	***Does NOT include Beginning Cash.***
11									
						EXPENSES			
12	6531.00.	561.00.41.0000	Payments to UW Medicine - subsidy	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			Provider Recruitment	-	-		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	Accounting Expenses	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.

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

2022 PROPOSED BUDGET - 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
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)	Advertising in Islands' Weekly for Community Engagement 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		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)	750	-	Assumes move to mail HealthMatters three times per year yet postage included in Printing & Graphics (see line 48).
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)	2,710	-	

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

2022 PROPOSED BUDGET - 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
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	4,500	1,950	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	7,065	980	
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 see line 59.
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			***Total Income***	***1,219,317***	***1,095,662***	*123,655*	***1,234,261***	*138,599*	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. This total includes Beginning Cash from the prior year's end.
68			***Total Expenses***	***732,566***	***818,473***	*(85,907)*	***918,652***	*100,179*	Operating Expenses **plus** 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.

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

2022 PROPOSED BUDGET - 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
69	6531.00.	508.80.00.0000	**Ending Cash (not adjusted for reserve)**	486,751	277,189	209,562	315,609	38,420	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	165,609	38,420	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						
74					As a % of Revenue Budgeted FY 21		As a % of Revenue Proposed FY 22		
75			UW Medicine/LIPT Subsidy Payments		47.8%		62.7%		
76			Administration (without indep contractor/audit/election)		9.0%		9.1%		
77			Debt Service		2.4%		2.3%		
78			Ending Cash		28.2%		13.6%		
79			Reserve		12.6%		12.3%		
80					100%		100%		
81									
82									
83			Category		Forecast FY '21		Proposed FY '22		
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		$111,326	$3,512	
86			Debt Service		$28,638		$28,345	-$293	
87			Ending Cash		$336,751		$165,609	-$171,142	$170,246
88			Reserve		$150,000		$150,000	$0	$71,503
89			TOTAL EXPENSES		1,194,167		1,221,761	$27,594	