

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

Resolution to Adopt the SJCPHD#3 2022 Budget

RESOLUTION 2021 - 02

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 2022 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 2022; and

WHEREAS, the Superintendent presented the Proposed 2022 Budget at the Regular meeting of the Board on October 5, 2021; and

WHEREAS, the Board took public comment during a Public Hearing on the Proposed 2022 Budget during the Regular meeting of November 2, 2021; 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 2022 Budget and the public comments thereon, the Board desires to approve and adopt the District's 2022 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 2022 as attached hereto and incorporated as if fully set forth.

#6541 2022 GENERAL FUND BUDGET \$ 3,057,259

#6544 2022 DEBT SERVICE FUND BUDGET: \$ 145,182

#6542 2022 RESERVE FUND BUDGET: \$ 100,000

SJCPHD#3
2022 Budget Resolution

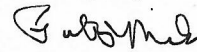
ADOPTED AND APPROVED by the Board of Commissioners of San Juan Public Hospital District No. 3 Dba Orcas Island Health Care District at a Regular meeting thereof this 2nd day of November, 2021, the following Commissioners being present and voting:

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

ABSENT

Art Lange, Chair/President and Commissioner


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Patty Miller, Secretary and Commissioner

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Diane Boteler, Commissioner

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Pegi Groundwater, Commissioner

DocuSigned by:



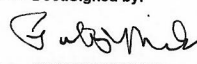
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Richard Fralick, Commissioner

SJCPHD#3
2022 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. 2021-02 is a true and correct copy of the original resolution adopted November 2, 2021, as that resolution appears on the Minute Book of the District.

DATED this 3rd day of November, 2021.

DocuSigned by:

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Patty Miller
OIHCD Board Secretary

Exhibit A
2022 Budget Document

(See Attached)

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

2022 BUDGET - PROPOSED (11/02/21)

BARS Number (subject to update prior to submission)		ITEM	2021 Budget, Per Resolution	2021 Forecast as of 9/30/2021	2022 Draft Budget	Description
1	6541.00.308.80.00.0000	Beginning Cash	\$ 748,459	\$ 870,020	\$ 1,153,177	Estimated Beginning Cash for 2022 is Ending Cash as of 12-31-21, as per the Forecast in Column I.
INCOME						
3	6541.00.311.10.00.0000	Property Tax Revenue	1,726,963	1,798,929	1,901,902	The 2022 Property Tax is based on numbers provided by the Assessor in the 2022 Preliminary Assessment and represents a 5.7% increase over the 2021 Actual Levy. The 2022 figure includes an estimate of \$23,924.91 for New Construction, a 1% increase based on the 2021 Highest Lawful Levy, and an additional \$60,455.11 in Banked Capacity.
4	6541.00.332.93.20.0000	Medicare Incentive Program		625		Eligible to receive as a member of AWAPHD associated with the work of the Accountable Communities of Health. This is expected to continue through 2022 but not guaranteed.
5	6541.00.337.00.00.6531	Reimbursements from LIHD	250	243	250	Funds received as part of the interlocal joint purchasing items, includes shared software (Zoom and DocuSign).
6	6541.00.337.20.00.0000	Leasehold Tax		1,930	1,930	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 so using FY '21 Forecast from Column I.
7	6541.00.337.40.00.0000	Timber Harvest Tax - Private Land		86		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.
8	6541.00.369.91.00.0093	OPALCO Credits		21,358		
9	6541.00.391.10.00.2028	WA Fed Loan - Long Term GO Bond				As of November 1, 2020 the District's full draw was 800,000. Loan to be paid off in eight years.
10	6541.00.362.00.00.0000	Rents and Leases				
11	6541.00.367.00.00.0001	Donations from Private Sources	200,000	200,000		
12	6541.00.367.00.00.0002	Small Grant from Private Organization				
13	6541.00.334.00.30.0000	State Grants				
14		REVENUE TOTAL (not including Beginning Cash)	1,927,213	2,023,170	1,904,082	
EXPENSES						
17	6541.00.561.00.41.0003	Provider Subsidy - Island Hospital (IH) as of 4/1/21	425,833	383,250	1,835,243	See Note in 2021 Forecast column I. Payment of \$383,250 for second half of 2021 to be paid 1/15/22, and second full payment due July 1, 2022 (\$511,000) for January through June 2022. Includes possible subsidy increase associated with new PB-RHC reimbursement (\$940993)
18	6541.00.561.00.41.0000	Provider Subsidy - UW Medicine term'd 3/31/21	604,167	540,274	-	
19	6541.00.561.00.41.0001	Provider Subsidy - OFHC wind down thru 6/30/21	-	20,000	-	
20	6541.00.561.00.41.0002	Provider Subsidy - OFHC After-Hours Incentive	2,000	7,000	-	No separate after-hours compensation in IH agreement.
21	6541.00.561.00.41.0020	Accounting Expenses	3,050	1,288	7,500	Accounting services to help with annual reporting, reserve and cash flow analysis. Also includes SJC fees to process warrants and payroll.
22	6541.00.561.10.41.0002	State Audit Expenses	8,000	8,000	-	Only takes place in odd years.
23	6541.00.561.00.41.0030	Legal Services	6,000	13,052	30,000	Placeholder for legal support associated with preparation of RFPs, review of policies, and other possible negotiations. Assumes larger projects will be postponed until 2023.
24	6541.00.561.00.41.0040	Technology Services	3,500	3,939	3,950	Monthly cost of \$328.27 for NW Technology to support 7 licenses for Office 365, email, and document sharing and security.
25	6541.00.561.00.41.0050	Independ. Contractor Agreements	100,000	1,575	35,000	Placeholder for support of Strategic Plan in 2022 or help seeking options should PB-RHC not materialize.
26	6541.00.561.00.41.0060	Promotion & Advertising	3,500	1,688	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.
27						
28		561.00.41 Professional Services Total	1,156,050	980,066	1,915,193	
29	6541.00.561.00.10.0001	Commissioners	-	-	4,608	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. Confirmed at least one Commissioner will take the stipend in 2022.
30	6541.00.561.00.10.0002	Superintendent	47,500	57,251	115,000	Assumes move to FT Superintendent.
31	6541.00.561.00.10.0003	Other Staff/Contracted Support	12,000	2,220	3,000	Assumes continuation of support for Meeting Minutes (contractor)
32		561.00.10 Salary & Wages Total	59,500	59,471	122,608	
33	6541.00.561.00.20.0001	FICA/PERS & Medicare Tax/ Deferred Comp	4,552	4,550	19,205	In 2022 11.7% of Base Compensation coinciding with move to PERS; adding 5% Deferred Comp in replace of SS.
34	6541.00.561.00.20.0002	Dept of Labor & Industries -Worker's Comp	863	862	1,668	1.45% of Base Compensation
35	6541.00.561.00.20.0006	Medical Insurance Premium/ Employee Benefits	6,000	6,000	15,456	No longer shared position in 2022. Cost assoc w/PEBB
36	6541.00.561.00.20.0009	Employment Security - Unemployment	298	297	613	.5% of salary
37		561.00.20 Personnel Benefits Total	11,712	11,709	36,942	
38	6541.00.561.00.31.0000	Office Supplies	500	500	500	Largely printer ink and misc. supplies.
39	6541.00.561.00.31.0010	Janitorial Supplies Only	100	-	100	Cleaning supplies for District Office.
40		561.00.31 Supplies Total	600	500	600	
41	6541.00.561.00.35.0000	Small Tools & Equipment	100	-	100	Placeholder for any additional office needs.
42		561.00.35 Small Tools & Equipment Total	100	-	100	

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

2022 BUDGET - PROPOSED (11/02/21)

BARS Number (subject to update prior to submission)		ITEM	2021 Budget, Per Resolution	2021 Forecast as of 9/30/2021	2022 Draft Budget	Description
43	6541.00.561.00.42.0010	Postage & Shipping	100	315	100	Placeholder for any mailings.
44	6541.00.561.00.42.0020	Telephone & Internet	1,200	470	960	Adding direct fiber connection estimated to cost \$80/mo.
45	6541.00.561.00.42.0030	Website/Email Services	2,400	4,431	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 24.
46	561.00.42	Communication Total	3,700	5,216	2,260	
47	6541.00.561.00.43.0010	Conferences and Training	1,050	70	1,400	Registration fees for Annual Superintendent conference and Rural Hospital Leadership Conference for Superintendent and two Commissioners. No longer split w/LIHD.
48	6541.00.561.00.43.0020	Travel & Accommodations	1,950	132	1,950	Hotel and other expenses associated with the annual AWAPHD Superintendent Training & Rural Hospital Leadership Conferences, budgeted for two Commissioners and Superintendent. TBD as events were cancelled in 2020 & 2021.
49	561.00.43	Travel Total	3,000	202	3,350	
50	6541.00.561.00.45.0000	Operating Rentals and Leases	8,475	9,042	9,092	District Office lease effective March 2021 through March 2026. Rent is \$750/month not including OPALCO. Also includes annual PO Box rental @ \$92/year.
51	561.00.45	Operating Rents & Leases Total	8,475	9,042	9,092	
52	6541.00.561.00.46.0001	Malpractice Insurance	-	-	-	Included in Clinic budgets
53	6541.00.561.00.46.0002	Building Property & Earthquake Insurance	11,949	10,988	11,318	Policy renews November 1st and assumed 3% increase for 2022
54	6541.00.561.00.46.0003	Board & Officers Insurance	2,750	2,810	2,894	September 1st renewal; paid lump sum. Assumes a 3% increase.
55	561.00.46	Insurance Totals	14,699	13,798	14,212	
56	6541.00.561.00.47.0010	Utilities - Building (EWUA, ESWD, OPALCO)	450	7,462	10,440	Based on most recent 3 months, estimates for 2022 are: OPALCO (\$625) , ESWD (\$113), EWUA (\$130) = 870/mo.
57	6541.00.561.00.47.0020	Utilities - District Office	-	695	1,020	OPALCO estimated at an average of \$85/mo.
58	6541.00.561.00.48.0010	Building General Maintenance & Repair	89,400	124,988	10,000	FY 2022 budget includes: \$900 generator maintenance (TBD if not replaced), \$1,000 HVAC maintenance, and removal of wallpaper and painting/sealing exposed wood. This also includes an estimate for a new Alarm Monitoring (1,200) and Pest (1,100) contracts. Estimate of \$75,000 for: generator replacement (25k), chip sealing road, restriping parking lot and adding additional staff parking, plus any other misc. delayed to 2023.
59	6541.00.594.61.62.0000	Buildings & Structures (large expenses)	-	-	-	Future building expansion. See line 25 for short-term expense.
60	6541.00.561.00.48.0020	Building Landscaping	10,000	8,836	12,750	Accounts for an increase in hourly rate from \$35 to \$45.
61	6541.00.561.00.48.0030	Building Other	-	-	1,000	Estimate for remodel of interior pushed to 2023 and assumed to be tenant improvement expense. 2023 includes the possible cost to have contractor/designer help with site plan for possible expanded use of District plots and landscaping.
62	6541.00.561.00.48.0300	Equipment General Maintenance & Repair	30,000	15,007	48,000	Using current Preventive Maintenance costs, per inventory spread sheet. IH reviewing and will provide updates. Added annual Maintenance Contract for the new X-ray machine is \$18,000 per year.
63	561.00.47- 48	Building Totals	129,850	156,988	83,210	
64	6541.00.561.00.49.0000	Printing/Graphics	750	50	750	Cost for copies needed for large meetings or public hearings.
65	6541.00.561.00.49.0001	Meeting Expenses	500	206	500	Placeholder for meetings that include food and/or rental fee.
66	6541.00.561.00.49.0002	Bank Service Charge (fiscal agent fee)	340	384	340	US Bank fiscal agent fee is \$170 each for the Note and Bond, paid annually in October to US Bank.
67	6541.00.561.00.49.0010	Dues & Subscriptions	1,000	1,250	1,250	Association of WA Public Hospital Districts annual dues
68	6541.00.561.00.49.0050	Miscellaneous Expense	12,000	21,493	35,000	Placeholder for unforeseen expenses and in 2022.
69	561.00.49	Miscellaneous Total	14,590	23,383	37,840	
70	6541.00.561.00.41.0149	Election Services	5,000	5,000	-	Election expense only in odd years.
71	561.00.51	Intergovernmental Services Total	5,000	5,000	-	
72						
73	6541.00.592.61.84.0000	Debt Issue Costs	2,500	-	-	This is the WA Fed Line of Credit underutilization fee which is billed annually in November. LOC will be closed 11/1/21.
74	592.61.84	Debt Issues Costs Total	2,500	-	-	
75	6541.00.561.10.49.0000	Property Tax Fees	136	119	136	Exempt from Property Tax (fees only) - see Leasehold Tax
76	6541.00.589.30.00.0000	Leasehold Tax	9,245	9,245	9,245	No change in rent calculation proposed for 2022.
77	561., 589.	Property & Leasehold Tax Total	9,381	9,364	9,381	
78	6541.00.592.61.83.2037	Interest Payment - WA Fed GO Bond	24,351	24,098	19,842	Interest payments due May and November 1st. Payments based on amortization schedule set in 2021 - 2027.
79	6541.00.592.61.83.0000	Interest Payments - San Juan County Loan	-	-	-	Paid in full in 2019.
80	6541.00.591.61.81.0001	Interest Payments - WA Fed LOC	-	-	-	Never needed LOC.
81	6541.00.591.61.77.0001	Principal Payment - WA Fed GO Bond	125,000	125,000	125,000	Principal payments made annually on Nov 1st. Based on amortization schedule set in 2021 to be paid in full 11/1/2027.
82	6541.00.591.61.78.0000	Principal Payments - San Juan County Loan	-	-	-	Loan paid in full as of 11/1/19.
83	6541.00.591.61.77.0001	Principal Payments - WA Fed LOC	-	-	-	Never needed LOC.
84	591.61.71, 77, 78, 81 & 83	Bonds/Notes/Intergov't Loans Total	149,351	149,098	144,842	
85	6541.00.594.61.64.0001	Computer Hardware	-	-	-	Not expecting any hardware needs in 2022.
86	6541.00.594.61.64.0002	Computer Software	650	1,246	650	Zoom & DocuSign annual subscriptions, which are split with Lopez PHD. Will terminate enhanced Zoom at 2022 renewal. Also includes Smartsheet.
87	6541.00.594.61.64.0003	Furniture & Fixtures	-	350	-	
88	6541.00.594.61.64.0004	Clinic Equipment Purchase	60,116	14,580	10,000	2022 includes another replacement exam table and lifes. Assumes Clinic remodel/fitting the two new room with equipment at approximately \$8,000 and new procedure table (\$9,500) moved to 2023.
89	594.61.64	Machinery & Equipment Total	60,766	16,176	10,650	

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

2022 BUDGET - PROPOSED (11/02/21)

BARS Number (subject to update prior to submission)	ITEM	2021 Budget, Per Resolution	2021 Forecast as of 9/30/2021	2022 Draft Budget	Description
REVENUE, EXPENSE, ENDING CASH, AND CLINIC EQUIPMENT SUMMARY					
90	Total Income	2,675,672	2,893,190	3,057,259	Includes Property Tax Revenue AND Beginning Cash.
91	Total Expenses	1,629,274	1,440,013	2,390,279	Includes cost of Debt Service. The difference between Total Income and Total Expenses becomes Ending Cash on Line 92.
92	6541.00. 508.80.00.0000 Ending Cash (not adjusted for reserve)	1,046,398	1,453,177	666,980	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 and then again in October.
93	6541.00. 508.80.00.0000 Ending Cash (adjusted for reserve)	946,398	1,153,177	566,980	Beginning with the 2019 budget development process, the Board established a required annual reserve funding level of \$100,000 ("the required minimum level") and has directed this amount be appropriated to the Reserve Fund. The target fund balance for the Reserve Fund is equal to the greater of the forecasted need or 30% of the prior years' general fund income, exclusive of debt funding. The budget assumes a \$50,000 semi-annual allocation to the Reserve Fund in May and November. As of 12/31/22 the Reserve Fund balance will be \$400,000, or 22% of 2021 Property Tax Revenue PLUS an estimated \$200,000 from the Brown Trust set aside for Clinic Building/Equipment needs. The Trust funds will be put into use in the 2023 budget to help fund projects needed.