



BOARD MEMBERS

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Date: June 15, 2021

To: Board of Directors,
Sierra Kings Health Care District

Chinayera Black Hardaman, MPA
Chief Executive Officer

From: Chinayera BlackH, MPA, Chief Executive Officer

Subject: Agenda Item 6.1
Consideration of the proposed FY 2021-2022 Budget

RECOMMENDATION:

That your Board:

1. Approve the proposed FY 2021-2022 Budget to govern fiscal matters.

BACKGROUND:

Since inception, the Sierra Kings Health Care District has implemented services and supports to promote health and wellness. The District transitioned from hospital operation to a community-based grant-maker in March 2020. This budget represents allocations for general operations and the District's second year of grant-making commitments. The District's Finance Committee reviewed this proposed budget at its May 25th and June 22nd, 2021 meetings and brings forward this budget for consideration.

DISCUSSION:

The purpose of this item is to consider a proposed FY 2021-2022 Budget. Please pay special attention to the following assumptions reflected in this budget document:

Revenues

- Adventist Health lease revenue at \$1,039,583
- Ground Lease revenue at \$12,738
- Tax revenue at \$480,000
- LAIF interest revenue at \$23,771
- Sale of undeveloped land revenue, amount unknown

Expenditures

- Up to 1 FTE at \$15,600 (*beginning April 1, 2022*)
- Valuation of Hospital Property at \$25,000
- Grant Making
 - FY 20-21 Grant-Making at \$80,000 (*existing grants*)
 - FY 20-21 Special Initiatives at \$8,697 (*existing grants*)
 - FY 21-22 New Mini Grants and Special Initiatives at \$75,000
- Acquisition of District Office Space, placeholder at \$500,000

LAIF Investment

- Increase to LAIF investment account by \$900,000

FISCAL IMPACT:

The proposed budget for FY 2021-2022 can be afforded by anticipated revenues while also allowing for roughly \$900K to be deposited in the LAIF account during FY 2021-2022.

TO: Sierra Kings Health Care District, Board of Directors
Sierra Kings Health Care District, Finance Committee
Chinayera Black Hardaman, Executive Director

FROM: Teresa Jacques, Interim CFO

DATE: June 12, 2021

RE: FY 2022 Proposed Budget

OVERVIEW

The staff have prepared two budgets for your approval this year, revenue and expense budget and a cash budget along with a budget comparison to estimated expenses for FY21 compared to the FY22 proposed budget.

Budget Comparison – Est actual FY21 vs budgeted FY22

The budget comparison shows an overall 30% decrease in net position over the estimated net position for FY21. Below are some of the primary reasons:

- Operating expenses are increasing \$163,427 or 35%. Most of the expense is in grants (\$129,658).
- Depreciation increased \$117,252 due to the estimated depreciation on the completed bond projects.
- Non-operating revenues decreased \$36,368. Operating property tax revenues increased \$119,897 and GO Bond property tax revenues decreased based on the FY21 collections.

FY2022– Profit and Loss

The FY22 reflects a gain in net position of \$691,435 with \$1,390,327 deriving from non-operating revenues. The Net Operating Income without Depreciation are \$418,152, with Depreciation they are (\$698,894).

Revenue

- AH Lease – Increased by the estimated CPI adjustment of 2.7% starting in January 2022

Expenses

- Salaries – Increase in mid-March of 5% and the addition of 1 FTE a Grants Program Officer.

- Benefits – increase in the health stipend of 5% starting March 2022.
- Professional Fees - same as estimated expenses, \$71,000, for FY21.
- Legal – Decrease to \$12,000. Last year’s budget was \$14,800; YTD through May actual is \$15,000.
- Office Supplies – Increase to purchase office furniture and laptop for new staff member.
- Purchased Service – Decrease for the following reasons:
 - Mowing is anticipated for only 6 months.
 - No Election costs this year
 - No 403b plan costs, we have a credit.
 - No Bond arbitrage costs
- Building Lease/Rentals – Were only budgeted through the end of the lease, the budget assumes the District will have its own office space by the end of the lease period.
- Travel, Training, Education, & Memberships – these categories are budgeted the same as last year with the thought that the staff will have the occasion this year to explore more opportunities in these areas with the relaxation of the COVID stipulations.
- Insurance – Increase. \$260.
- Depreciation – Increase. \$117,252 with the estimated costs of the bond projects concluding in FY22.
- Other – same as estimated expenses, \$12,000, for FY21.
- Grant Awards – As noted:
 - Initiatives from FY21 -
 - General and mini - \$88,697.
 - Special Initiatives FY22 - \$50,000
 - Mini Grants FY22 - \$25,000

Non-Operating Income and Expense

- 2009 Project Fund Income – Decrease. We have budgeted a loss in the investment of these funds and the account is expected to be depleted by October 31, 2021.
- Other Income – Decrease. LAIF interest budgeted at 0.028% this year to be conservative.
- Property Tax Income – Increased tax to \$480,000, both FY20 and FY21 were over \$500,000.
- GO Bond Property Tax – Decrease. The GO bond payment for 2021 is \$1,726,750 it is estimated the County Tax Collector will collect \$1,800,000.
- GO Bond Interest Expense – Decrease. \$969,333 is the interest bond expense this year.

FY2022 – Cash Flow

The District's cash flow shows an increase in the LAIF account of \$1,235,624 bringing the balance to \$7,573,277. A portion of this increase, \$320,000 is the sale of the undeveloped land and the subsequent purchase of some type office space.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
49	Sierra Kings Health Care District													
50	Budgeted Cash Flow for FY 2022													
51	11-Jun-21													
52	Description	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Totals
53	Estimated Cash	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
54	OPERATING REVENUE													
55	Total Revenue	86,540	86,540	86,540	86,540	86,540	86,540	88,847	88,847	88,847	88,847	88,847	88,847	1,052,322
56														
57	OPERATING EXPENSES													
58	Total Operating Expenses	48,363	50,313	48,523	53,557	56,951	54,569	48,654	48,586	54,380	57,063	57,859	56,559	635,377
59	NET OPERATING EXPENSES	48,363	50,313	48,523	53,557	56,951	54,569	48,654	48,586	54,380	57,063	57,859	56,559	635,377
60														
61	NET OPERATING CASH	38,177	36,227	38,017	32,982	29,589	31,971	40,193	40,261	34,467	31,785	30,988	32,288	416,945
62														
63	NON OPERATING REVENUES AND EXPENSES													
64	Undeveloped Land Income						820,000							820,000
65	Transitional Space purchase								-500,000					-500,000
66	Property Tax Income	55,000					210,000	210,000				215,000		480,000
67	TOTAL NON OPERATING	55,000	0	0	0	0	820,000	210,000	-500,000	0	0	215,000	0	800,000
68														
69	Estimated Cash	268,177	211,227	213,017	207,982	204,589	1,026,971	425,193	-284,739	209,467	206,785	420,988	207,288	1,391,945
70	Transfers to LAIF	93,177	36,227	38,017	32,982	29,589	851,971	250,193	-459,739	34,467	31,785	245,988	32,288	1,291,945
71														
72														
73														
74	LAIF Account													
75		6,370,000	6,463,177	6,499,403	6,537,420	6,575,862	6,605,451	7,457,422	7,713,394	7,253,655	7,288,122	7,326,138	7,572,127	
76	Transfers	93,177	36,227	38,017	32,982	29,589	851,971	250,193	-459,739	34,467	31,785	245,988	32,288	1,216,945
77	LAIF Interest				5,460			5,779			6,231			17,470
78	Estimated LAIF Balance	6,463,177	6,499,403	6,537,420	6,575,862	6,605,451	7,457,422	7,713,394	7,253,655	7,288,122	7,326,138	7,572,127	7,604,415	1,234,415