TO: Sierra Kings Health Care District, Board of Directors

Chinayera Black Hardaman, Executive Director

FROM: Teresa Jacques, Interim CFO

DATE: June 17, 2025

RE: FY 2026 Budget

OVERVIEW

The attached document is the proposed budget for the District for FY26 for your consideration. Overall, there is a 23% increase projected in net position over annualized FY25.

Revenue

Overall, revenues are budgeted to increase by 4%.

- AH Lease – Increased by the estimated CPI adjustment of 2.75% starting in January 2026.
- Property Tax income – Increased by 22% over annualized FY25. The FY26 budget is consistent with FY24 actual.
- Grant income (CalViva, USDA & Kaiser)– Decreased 32% over annualized FY25. The change is due to the ending of our 3-year USDA grant and extra CalViva funding.
- Grant income (HCAI) – This is new funding from California Department of Health Care Access and Information (formerly OSHPD) for the Hospital Seismic compliance project (SB1953). The FY26 budget includes $700,000 to assist with costs associated with the project budgeted for FY26.

Expenses

Expenses are budgeted to increase by $426,523 with most of the increase stemming from professional fees and grants (88%).

Below are the major highlights of proposed changes to this year's budget.

- Salaries –
  - Cost of living increases of 2.5% in September.
  - Merit and/or step increases of 5% on anniversary dates.
  - Addition of a fourth staff member for 20 hours per month.
- Benefits –
  - Health insurance stipend increase of 10% starting in July.
  - Added health insurance plan option through Paychex.
- Professional fees – Consulting fees related to the hospital property lease.
- Legal Fees – Increased 17% over annualized FY25 due to the change in firms.
- Purchased Services – Increased 12% over annualized FY25 due to the addition of new vendors for services needed in the new building.

- Board Stipends – Increased 15% over annualized FY25, due to budgeted attendance and the 5% stipend increase.
- Rental/Lease – Increased 23% over annualized FY25 due to the new building lease.
- Training, Travel, & Education – Increased 30% over annualized FY25, budgeted are additional staff and board members attending the annual ACHD meeting.
- General Insurance- Increased 18% over annualized FY25. The increase was due primarily to the increased square footage in the new building.
- Utilities – Increased 98% over annualized FY25, the District is responsible for utilities under the new lease.
- Grant Awards – Increased 45% over annualized FY25 as several special initiatives in FY25 were postponed until FY26. Below is the grant breakdown for FY26.
    - Renewal General Grants - $185,717
    - New General Grants - $ 50,000
    - Mini Grants - $ 30,500
    - Special Initiatives - $230,000

Non-Operating Income and Expense

- Other Income – Investment interest is based on 4.0% APR at the beginning of the year and titrates down 3.5% throughout the year.

Profit and Loss by Area

The District's budget is allocated to four categories, below are the categories and their percentage of this year's expenses.

- Administration – 17%
- Programs – 58%
- Special Projects - 8%
- Sustainability - 18%

Cash Flow

- The cash flow budget provides for a decrease in the investment account of $258,725.
- The cash flow budget shows the estimated investment balance at year end is $11,281,275.

Budget for FY 2026 17-Jun-25 Description	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	FY26 Totals
OPERATING REVENUE													
Adventist Lease payments	98,042	98,042	98,042	98,042	98,042	98,042	100,493	100,493	100,493	100,493	100,493	100,493	**1,191,204**
Ground Leases	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,263	**15,150**
Property Tax Income	53,333	53,333	53,333	53,333	53,333	53,333	53,333	53,333	53,333	53,333	53,333	53,333	**640,000**
Grant Income - CalViva; USDA; Kaiser			9,361	9,361	9,361	3,333	3,333	3,333	9,361	9,361	9,361		**66,166**
Grant Income - HCAI	33,333	33,333	33,333	33,333	33,333	133,333	133,333	133,333	133,333				**700,000**
Total Revenue	**185,971**	**185,971**	**195,332**	**195,332**	**195,332**	**289,304**	**291,755**	**291,755**	**297,783**	**164,449**	**164,449**	**155,088**	**2,612,521**
OPERATING EXPENSES													
Salaries	29,311	26,798	28,757	30,045	26,180	30,045	28,757	26,180	29,936	29,936	28,593	29,936	**344,473**
Benefits	6,986	6,643	6,910	7,086	6,558	7,086	7,473	6,628	7,071	7,071	6,888	7,071	**83,469**
Professional fees	64,100	64,100	13,650	19,550	18,550	11,550	11,550	11,650	11,550	11,550	11,550	10,550	**259,900**
Legal fees	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	**36,000**
Supplies	340	340	340	340	340	340	340	340	340	340	340	340	**4,080**
Minor Equipment	1,400								1,400				**2,800**
Purchased Services	1,891	2,619	1,869	1,869	4,639	2,619	2,304	3,369	2,619	1,869	3,369	1,869	**30,905**
Marketing	750	7,750	3,300	3,300	750	750	750	750	10,250	5,300	3,300	750	**37,700**
Board Stipends	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,575	1,050	1,575	1,050	**13,650**
Building Lease/Rentals	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,500	3,500	**39,500**
Travel, Training & Education	200	6,100	7,100	200	250	200	200	350	200	850	350	200	**16,200**
Memberships	300	300	300	300	300	300	300	300	500	300	300	300	**3,800**
Utilities	2,354	2,354	1,354	1,354	1,354	1,354	1,354	1,354	1,354	1,354	2,354	2,354	**20,248**
General insurance	1,668	1,668	1,668	1,668	1,668	1,668	1,668	1,668	1,668	1,668	1,668	1,668	**20,020**
Other	200	200	200	200	200	200	200	200	200	200	300	200	**2,500**
General & Mini Grants 2025	41,351	41,351	41,351	41,351	41,351	41,351	41,351	41,351	41,351	41,351	41,351	41,351	**496,217**
Net Expenses w/o Depreciation	158,152	167,524	114,099	114,564	109,441	104,764	103,548	101,441	116,264	109,089	108,439	104,139	**1,411,463**
Net Operating Income w/o Depreciation	**27,819**	**18,447**	**81,232**	**80,768**	**85,891**	**184,540**	**188,208**	**190,314**	**181,519**	**55,360**	**56,011**	**50,949**	**1,201,058**
Depreciation	87,625	87,625	87,625	87,625	87,625	87,625	87,625	87,625	87,625	87,625	87,625	87,625	**1,051,504**
Net Expenses w Depreciation	245,777	255,149	201,725	202,189	197,066	192,389	191,173	189,066	203,889	196,714	196,064	191,764	**2,462,967**
Net Operating Income w/ Depreciation	**-59,807**	**-69,178**	**-6,393**	**-6,857**	**-1,734**	**96,915**	**100,582**	**102,689**	**93,893**	**-32,265**	**-31,615**	**-36,676**	**149,554**
NON OPERATING REVENUES AND EXPENSES													
Investment Interest	38,035	37,238	36,556	35,368	34,726	34,100	32,561	33,580	32,539	33,286	33,035	32,904	**413,927**
GO Bond Property Tax	143,933	143,933	143,933	143,933	143,933	143,933	143,933	143,933	143,933	143,933	143,933	143,933	**1,727,200**
Bond Accretion	6,324	6,325	6,324	6,324	6,324	6,325	6,324	6,324	6,325	6,324	6,324	6,325	**75,892**
GO Bond Interest expense	-70,527	-70,527	-70,527	-70,527	-70,527	-70,527	-70,527	-70,527	-70,527	-70,527	-70,527	-70,527	**-846,325**
TOTAL NON OPERATING	117,765	116,969	116,286	115,098	114,457	113,831	112,291	113,310	112,271	113,016	112,765	112,635	**1,370,694**
INCREASE/(DECREASE) IN NET POSITION	57,958	47,791	109,893	108,241	112,722	210,746	212,873	215,999	206,164	80,751	81,150	75,959	**1,520,248**

Sierra Kings Health Care District
Budgeted Cash Flow for FY 2026
16-Apr-25

Description	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Totals
Estimated Cash	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	**50,000**
OPERATING REVENUE													
Total Lease Revenue	99,304	99,304	99,304	99,304	99,304	99,304	101,755	101,755	101,755	101,755	101,755	101,755	**1,206,355**
OPERATING EXPENSES													
Total Operating Expenses	158,152	167,524	114,099	114,564	109,441	104,764	103,548	101,441	116,264	109,089	108,439	104,139	**1,411,463**
NET OPERATING EXPENSES	158,152	167,524	114,099	114,564	109,441	104,764	103,548	101,441	116,264	109,089	108,439	104,139	**1,411,463**
NET OPERATING CASH	**-58,848**	**-68,220**	**-14,795**	**-15,260**	**-10,137**	**-5,460**	**-1,792**	**314**	**-14,509**	**-7,334**	**-6,684**	**-2,384**	**-205,108**
OTHER OPERATING REVENUES AND EXPENSES													
SB1953 Capital Project	-139,758	-139,758	-139,758	-139,758	-139,758	-139,758	-139,758	-139,758	-139,758	-12,500	-12,500	-12,500	**-1,295,320**
Grant Income (USDA, Cal Viva, Kaiser)		19,000					19,000		10,000	20,000			**68,000**
Grant Income (HCAI)				150,000				200,000	150,000	200,000			**700,000**
Property Tax Income								320,000			300,000	20,000	**640,000**
TOTAL OTHER OPERATING	-139,758	-120,758	-139,758	10,242	-139,758	-139,758	-120,758	380,242	20,242	207,500	287,500	7,500	**112,680**
Estimated Cash	-148,606	-138,977	-104,553	44,983	-99,894	-95,217	-72,550	430,556	55,733	250,166	330,816	55,116	**-42,428**
Transfers to LAIF	-248,606	-238,977	-204,553	-55,017	-199,894	-195,217	-172,550	330,556	-44,267	150,166	230,816	-44,884	**-142,428**
Investment Accounts													
	11,540,000	11,410,394	11,171,417	10,966,864	11,023,675	10,823,781	10,628,563	10,560,207	10,890,764	10,846,497	11,095,343	11,326,159	
Transfers	-248,606	-238,977	-204,553	-55,017	-199,894	-195,217	-172,550	330,556	-44,267	150,166	230,816	-44,884	**-692,428**
Investment Interest	119,000			111,829			104,194			98,680			**433,703**
Estimated LAIF Balance	**11,410,394**	**11,171,417**	**10,966,864**	**11,023,675**	**10,823,781**	**10,628,563**	**10,560,207**	**10,890,764**	**10,846,497**	**11,095,343**	**11,326,159**	**11,281,275**	**-258,725**