TO: Sierra Kings Health Care District, Board of Directors

Chinayera Black Hardaman, Executive Director

FROM: Teresa Jacques, Interim CFO

DATE: June 16, 2026

RE: FY 2027 Budget

OVERVIEW

The attached document is the proposed budget for the District for FY27 for your consideration. Overall, there is a 3% increase projected in net position over annualized FY26. The annualized FY26 includes 11 months of actual data.

Revenue

Revenues are budgeted to increase by 16% due primarily to the grant income by HCAI.

- AH Lease – Increased by the estimated CPI adjustment of 2.5% starting in January 2027.
- Property Tax income – Increased by 5% over annualized FY26. The FY27 budget is consistent with FY25 actual.
- 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 FY27 budget includes the $300,000 already approved by HCAI. Although the District has been approved for an additional $1,200,000 it is highly likely the District will not receive those funds until FY28 and therefore have not budgeted for it in FY27.
- No grant income from USDA, Kaiser, or CalViva is budgeted for FY27

Expenses

Expenses are budgeted to increase by $115,159 (9%) with the increase stemming from salaries, benefits, and insurance.

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

- Salaries and benefits increased $99,883 over FY26 annualized.
    - Cost of living increases of 2.5% in September.
    - Merit and/or step increases of 5% on anniversary dates and a stipend for those staff that have reached the top of the pay scale.
    - Addition of an additional full-time staff member.
- Professional fees decreased 17% over FY26 annualized. Below are some of the additions to this category:
    - Consulting fees related to the hospital lease.
    - Website consulting fees for the new ADA regulations.

    - VMG lease only evaluation.
    - HCAI grant management consulting fees.
    - Building appraisal of the current space.
    - Ballot consultants
- Legal Fees – Decreased 16% however, there are fees baked in for the election and completion of the current litigation.
- Purchased Services – Increased 64% over annualized FY26 due primarily to the following:
    - Election costs billed by the County.
    - Vehicle stipend costs.
- Board Stipends – Increased 26% over annualized FY26, due to budgeted attendance of an average of 15 stipends per month and the 5% stipend increase.
- Rental/Lease – Decreased 51% over annualized FY26 due to the anticipation of acquiring the building by January 2027.
- Professional Development – Increased 86% over annualized FY26 due primarily to the following:
    - Additional staff and board members attending the annual ACHD meeting.
    - Cyber training.
    - Professional development activities quarterly.
    - Board travel stipends.
- General Insurance- Increase of 161% ($32,329) over annualized FY26 due primarily to the increase in cost and coverage for the E & O insurance.
- Utilities – Increased 63% over annualized FY26 due to perceived gas and electricity increases in an unpredictable market.
- Grant Awards – Increased 4% over annualized FY26. Below is the grant breakdown for FY27.
    - Renewal General Grants - $ 77,793
    - New General Grants - $ 25,000
    - Mini Grants - $ 15,942
    - Special Initiatives External - $ 78,000
    - Special Initiatives Internal - $ 62,500
    - Special Initiatives Events - $ 4,500
    - Special Initiatives Unallocated - $140,000

Non-Operating Income and Expense

- Other Income – Investment interest is based on 3.25% APR at the beginning of the year and titrates down 2.5% 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 – 21%
- Programs – 55%
- Special Projects - 9%
- Sustainability - 16%

Cash Flow

- The cash flow budget provides for a decrease in the investment account of $2,898,140.
- The cash flow budget shows the estimated investment balance at year end is $8,401,860.
- The cash flow shows the additions:
    - Capital project for SB1953 compliance for FY27 are $3,104,512.
    - Purchase of office building

Sierra Kings Health Care District
Budget for FY 2027

Description	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	FY27 Totals
OPERATING REVENUE													
Adventist Lease payments	100,486	100,486	100,486	100,486	100,486	100,485	102,997	102,997	102,997	102,997	102,997	102,997	**1,220,897**
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	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	**675,000**
Grant Income - CalViva; USDA; Kaiser													**0**
Grant Income - HCAI										300,000			**300,000**
Total Revenue	**157,999**	**157,999**	**157,999**	**157,999**	**157,999**	**157,998**	**160,510**	**160,510**	**160,510**	**460,510**	**160,510**	**160,510**	**2,211,048**
OPERATING EXPENSES													
Salaries	35,429	32,348	33,157	34,736	33,157	36,315	33,157	31,578	40,553	35,551	33,935	35,551	**415,469**
Benefits	8,868	8,446	8,268	8,470	8,268	8,673	9,860	8,480	9,277	8,607	8,399	8,607	**104,223**
Professional fees	54,915	14,915	13,015	18,915	17,915	7,315	16,915	16,015	6,915	6,915	9,915	5,915	**189,580**
Legal fees	15,000	15,000	12,000	10,000	9,000	1,000	1,000	2,000	2,000	1,000	1,000	1,000	**70,000**
Supplies	175	425	175	425	175	425	175	425	175	425	175	425	**3,600**
Minor Equipment	1,800	1,400		250									**3,450**
Purchased Services	2,658	3,036	2,311	2,311	10,531	3,211	2,611	3,661	6,661	2,311	3,811	2,311	**45,424**
Marketing	8,756	6,831	10,081	4,131	2,206	1,831	1,706	5,831	3,706	5,181	4,106	1,734	**56,100**
Board Stipends	1,654	1,654	1,654	1,654	1,654	1,654	1,654	1,654	1,654	1,654	1,654	1,654	**19,845**
Building Lease/Rentals	3,250	3,250	3,250	3,250	3,250	3,250							**19,500**
Professional Development	1,025	250	775	11,575	400	250	725	250	775	1,475	400	250	**18,150**
Memberships	300	300	300	300	300	300	300	300	500	300	300	300	**3,800**
Utilities	1,340	1,740	940	590	790	1,190	1,190	1,190	690	840	1,140	1,240	**12,880**
General insurance	3,954	3,954	3,954	3,954	3,954	3,954	4,788	4,788	4,788	4,788	4,788	4,788	**52,452**
Other	925	700	425	450	425	350	525	350	425	450	1,458	350	**6,833**
General & Mini Grants 2025	33,645	33,645	33,645	33,645	33,645	33,645	33,645	33,645	33,645	33,645	33,645	33,645	**403,735**
Net Expenses w/o Depreciation	173,694	127,894	123,949	134,656	125,669	103,363	108,250	110,166	111,763	103,141	104,725	97,769	**1,425,041**
Net Operating Income w/o Depreciation	**-15,696**	**30,105**	**34,049**	**23,342**	**32,329**	**54,635**	**52,259**	**50,343**	**48,746**	**357,368**	**55,784**	**62,740**	**786,006**
Depreciation	87,625	87,625	87,625	87,625	87,625	87,625	90,403	90,403	90,403	90,403	90,403	90,403	**1,068,171**
Net Expenses w Depreciation	261,319	215,519	211,575	222,282	213,295	190,988	198,653	200,569	202,166	193,544	195,128	188,172	**2,493,212**
Net Operating Income w/ Depreciation	**-103,321**	**-57,521**	**-53,576**	**-64,283**	**-55,296**	**-32,991**	**-38,144**	**-40,060**	**-41,657**	**266,965**	**-34,619**	**-27,663**	**-282,164**
NON OPERATING REVENUES AND EXPENSES													
Investment Interest	30,880	30,708	30,156	27,531	27,001	26,521	21,676	21,849	21,237	19,688	19,322	17,504	**294,073**
GO Bond Property Tax	143,065	143,065	143,065	143,065	143,065	143,065	143,065	143,065	143,065	143,065	143,065	143,065	**1,716,775**
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	-66,927	-66,927	-66,927	-66,927	-66,927	-66,927	-66,927	-66,927	-66,927	-66,927	-66,927	-66,927	**-803,129**
TOTAL NON OPERATING	113,341	113,170	112,617	109,992	109,462	108,984	104,138	104,311	103,699	102,149	101,783	99,966	**1,283,611**
INCREASE/(DECREASE) IN NET POSITION	10,020	55,649	59,041	45,709	54,166	75,993	65,994	64,251	62,042	369,114	67,164	72,303	**1,001,447**

Sierra Kings Health Care District
Budgeted Cash Flow for FY 2027
Description

	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	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	101,749	101,749	101,749	101,749	101,749	101,748	104,260	104,260	104,260	104,260	104,260	104,260	**1,236,048**
OPERATING EXPENSES													
Total Operating Expenses	173,694	127,894	123,949	134,656	125,669	103,363	108,250	110,166	111,763	103,141	104,725	97,769	**1,425,041**
NET OPERATING EXPENSES	173,694	127,894	123,949	134,656	125,669	103,363	108,250	110,166	111,763	103,141	104,725	97,769	**1,425,041**
NET OPERATING CASH	**-71,946**	**-26,145**	**-22,201**	**-32,908**	**-23,921**	**-1,615**	**-3,991**	**-5,907**	**-7,504**	**1,118**	**-466**	**6,490**	**-188,994**
OTHER OPERATING REVENUES AND EXPENSES													
SB1953 Capital Project	-15,112	-37,500	-181,500	-181,500	-188,100	-190,200	-229,200	-258,600	-259,800	-193,800	-490,200	-879,000	**-3,104,512**
Grant Income (HCAI)										300,000			**300,000**
Office Building							-1,000,000						**-1,000,000**
Property Tax Income	20,000							340,000			315,000		**675,000**
TOTAL OTHER OPERATING	4,888	-37,500	-181,500	-181,500	-188,100	-190,200	-1,229,200	81,400	-259,800	106,200	-175,200	-879,000	**-3,129,512**
Estimated Cash	-17,057	-63,645	-203,701	-214,408	-212,021	-191,815	-1,233,191	75,493	-267,304	107,318	-175,666	-872,510	**-3,268,505**
Transfers to/(from) LAIF	-17,057	-63,645	-203,701	-214,408	-212,021	-191,815	-1,233,191	75,493	-267,304	107,318	-175,666	-872,510	**-3,268,505**
Investment Accounts													
	11,300,000	11,401,943	11,338,298	11,134,597	11,012,390	10,800,369	10,608,554	9,458,770	9,534,263	9,266,960	9,450,035	9,274,369	
Transfers	-17,057	-63,645	-203,701	-214,408	-212,021	-191,815	-1,233,191	75,493	-267,304	107,318	-175,666	-872,510	**-3,268,505**
Investment Interest	119,000			92,201			83,407			75,757			**370,365**
Estimated LAIF Balance	**11,401,943**	**11,338,298**	**11,134,597**	**11,012,390**	**10,800,369**	**10,608,554**	**9,458,770**	**9,534,263**	**9,266,960**	**9,450,035**	**9,274,369**	**8,401,860**	**-2,898,140**