

South Kenai Peninsula Hospital Service Area

FY2021 Proposed Budget

April 21, 2020

Background information

- The service area is authorized to construct, maintain and operate a hospital or hospitals, to provide for acute inpatient and outpatient hospital services, personal care attendant services, inpatient long term care services, home and community based health care services, preventive medical care and wellness programs, and health education programs within the service area and for the administration and operation of the service area, subject to such conditions as may be established by ordinance of the Kenai Peninsula Borough.
- Serves a population of approximately 13,344 within a 9,749 square mile area
- Management of the hospital is contracted out to SPH Inc. Current contract expires 12/31/2029, notification required by 4/1/2029
- Current Unobligated PREF Balance \$3.9 million
- Mill rate:
 - Service Area Boundaries effective 7/1/2019 1.12 mills
 - Service Area Boundaries – Debt prior to 7/1/19 1.12 mills
2.24 mills

FY2020 Key Accomplishments

- In the October 2018 election, voters approved moving the service area boundaries. This created the requirement to continue to assess a mill rate against parcels that were a part of the previous service area boundaries and no longer a part of the new service area boundaries to pay for bonded indebtedness.
- Funding of \$1.7 million provided for capital projects
- \$1.79 million in hospital capital appropriations
- Funding of \$2.228 million provided for debt service
- Funding provided for:
 - Community health care needs assessment
 - Kachemak Family Planning
 - Support for Addition Services
 - Audit Svcs
 - Insurance Premium

FY2021 Key Objectives & Budget Highlights

- Support and develop addiction services.
- Mail informational brochures to service area residents regarding services provided by SPH.
- Funding of \$1.7 million provided for capital projects
- \$3.51 million in hospital capital appropriations
- Funding of \$2.22 million provided for debt service

Expenditure summary combined – SKPHSA

	FY2020 Approved Budget	FY2021 Proposed Budget	Change
Services	244,975	271,971	26,996
Transfers *	3,927,819	3,920,169	(7,650)
Admin Svc Fee	<u>6,124</u>	<u>6,799</u>	<u>675</u>
Total	<u><u>4,178,918</u></u>	<u><u>4,198,939</u></u>	<u><u>20,021</u></u>
Increase of			.047%

* \$1,489,045 proposed transfer from the current Svc Area to the Debt prior to 7/1/19 SPH Svc Area Fund to transfer balance set aside for Debt Service.

FY2020 SPH - Unrestricted Fund Balance Analysis

FY2020	BASE VALUE	MINIMUM MULTIPLYING FACTOR	MAXIMUM MULTIPLYING FACTOR	MINIMUM AMOUNT	MAXIMUM AMOUNT
WORKING CAPITAL COMPONENT					
(BASE VALUE EQUALS FY2018 TOTAL EXPENDITURES AND OTHER FINANCING USES) ¹	\$ 4,027,622	15.00%	25.00%	\$ 604,143	\$ 1,008,908
OPERATING CONTINGENCIES:					
UNEXPECTED EXPENDITURES					
(BASE VALUE EQUALS FY2018 TOTAL EXPENDITURES AND OTHER FINANCING USES LESS TRANSFERS TO CAPITAL PROJECTS)	\$ 2,227,622	15.00%	15.00%	\$ 334,143	\$ 334,143
REVENUE VOLATILITY COMPONENT:					
REAL PROPERTY TAX					
(BASE VALUE EQUALS FY2018 ACTUAL REVENUE FROM REAL PROPERTY)	\$ 3,562,125	0.00%	0.00%	\$ -	\$ -
PERSONAL PROPERTY TAX					
(BASE VALUE EQUALS FY2018 ACTUAL REVENUE FROM PERSONAL PROPERTY)	\$ 321,550	10.00%	20.00%	\$ 32,155	\$ 64,310
OIL & GAS REVENUE					
(BASE VALUE EQUALS FY2018 ACTUAL REVENUE FROM OIL & GAS PROPERTIES)	\$ 541,683	10.00%	20.00%	\$ 54,168	\$ 108,337
OTHER REVENUES					
(BASE VALUE EQUALS FY2018 ACTUAL REVENUE FROM OTHER REVENUES)	\$ 17,536	10.00%	20.00%	\$ 1,754	\$ 3,507
* DEBT SERVICE/BOND RATING					
FY2018 Debt Service	\$ 2,227,622	40.00%	75.00%	\$ 891,049	\$ 1,670,717
FUTURE CAPITAL EXPANSION NEEDS					
10 year average	\$ 1,940,000	15.00%	25.00%	\$ 291,000	\$ 485,000
TOTAL DESIGNATED PER FUND BALANCE POLICY				\$ 2,208,412	\$ 3,672,919
Projected FY2019 FUND BALANCE				\$ 2,646,962	\$ 2,646,962
PROJECTED CHANGE IN FUND BALANCE FY2020				\$ 626,568	\$ 626,568
PROJECTED FUND BALANCE 06/30/20				\$ 3,273,530	\$ 3,273,530
VARIANCE BETWEEN MINIMUM & MAXIMUM AMOUNTS				\$ 1,065,118	\$ (399,389)

Projected FB 06/30/20 =
\$3,273,530

3,273,530/ 3,672,919=.89%

.89% * 1,670,717 =
1,489,045