



## PACIFIC COMMUNITIES HEALTH DISTRICT BUDGET MESSAGE

### Fiscal Year 2017-2018

The following is the budget for fiscal year 2017-2018. To develop the budget documents, projected income and expense levels have been based upon historical information and estimated bond debt structure as currently outlined by our advisor groups. The amounts presented for the 2017-2018 budget are based on estimated 2016-2017 fiscal year results as projected from year to date activity. In the preparation of the 2017-2018 budget, careful consideration was given to the projected financial results for the current fiscal year and known facts for the upcoming year.

#### Projected Total 2016-2017 Income by Fund

**General Fund**-Total Property tax income for the period July 1, 2016 to June 30, 2017 is projected to be approximately \$1,239,187. Net Tax Levy income is projected to be \$379,131 (\$1,239,187 less \$860,056) for the year after payment of 70% of the operating levy to Samaritan Pacific Health Services. Details of projected 2016-2017 revenue and expense are contained in Exhibit A.

**Capital Fund**-This fund is newly established for the construction of the new hospital. Total investment activities for the period July 1, 2016 to June 30, 2017 are projected to be approximately \$541,787. Details of projected 2016-2017 investment activities are contained in Exhibit A.

**Debt Service Fund**-The District's Debt Service Fund projected income is from a tax levy to repay the General Obligation bonds estimated to be \$2,979,493 and from interest income \$10,519. Details of the projected 2016-2017 income are contained in Exhibit A.

#### Projected Total 2016-2017 Expense

**General Fund**-Projected total expense for the fiscal year 2016-2017 is expected to be \$993,919. The most significant of these is Special Services at \$860,056. Details of projected 2016-2017 revenue and expense are contained in Exhibit A.

**Capital Fund**-Projected capital outlay relating to the construction of the new hospital for the fiscal year 2016-2017 is expected to be \$3,333,188. Details of projected 2016-2017 investment activities and capital outlay are contained in Exhibit A.

**Debt Service Fund**-Projected interest expense and principal payment for the General Obligation bonds are estimated to be \$2,990,012. Details of the projected 2016-2017 income and payments are contained in Exhibit A.

#### Fiscal Year 2017-2018 Budget

##### Projected Total Income by Fund

**General Fund**-The District's General Fund projected income is comprised of three major components; tax revenues, interest on the District's investments and rent income from the District's rental property. For 2017-2018 one source of tax funds will arise from the District's operating levy proceeds remaining after amounts paid to Samaritan Pacific Health Services.

Tax revenues are dependent on the property tax receipts within the District's service area and are statutorily limited by Measure 50. In accordance with the January 2002 Lease and Operating Agreement between the District and Samaritan Health Services, 70% of the operating levy is passed on to Samaritan Pacific Health Services to partially offset their expense for Special Services, primarily un-reimbursed health care. Gross tax revenue is budgeted at \$1,278,526. In 2017-2018 Lincoln County expects to collect approximately 96% of assessed taxes.

Interest rates remained low in 2016-2017 and will likely improve in the next fiscal year so interest income on the District's investments is budgeted conservatively for 2017-2018 at \$36,050.

The District purchased the Bayview Building on September 30, 2011 and has leased the building to Samaritan Pacific Health Services for approximately 21 years for an amount that covers repayment plus an interest rate of 4.75%, this remains as the only anticipated source of rental income in the amount of \$51,600.

**Debt Service Fund**-The District's Debt Service Fund projected tax income is from a tax levy to repay the General Obligation bonds estimated to be \$3,047,150. Projected interest income is \$10,800.

**Capital Fund**-The District's Capital Fund projected income is comprised of two major components; revenues from General Obligation bonds received in the 2015-2016 budget year and bank interest from the bond funds estimated to be \$250,000 for budget year 2017-2018.

#### Projected Total Expense by Fund

**General Fund**-The largest expense in the General Fund is for the reimbursement for special services paid to Samaritan Pacific Health Services, budgeted at \$894,968. Other items of expense include professional services at \$42,885, and all other remaining expenses amount to \$61,150.

**Debt Service Fund**-The budget for the Debt Service fund is derived from the debt service schedule provided by bond advisors. The debt requirement for 2017-2018 budget year is \$3,047,150 comprising of a \$1,000,000 principal payment and \$2,047,150 in interest payments.

#### Capital Budget

As part of Pacific Communities Health District affiliation agreement with Samaritan Health Services, the District agreed to pursue implementation of the District's Master Plan. The Voters approved a ballot measure to issue General Obligation bonds to develop and upgrade the hospital campus, in the amount of \$57,000,000. Under terms of the affiliation agreement, the District may not draw its reserves below \$2,000,000 plus earnings on that amount.

**General Fund**-The District is proposing to spend \$850,000 relating to campus expansion and/or to provide matching funds for the State of Oregon Seismic grant to upgrade the 1988 Hospital Building.

**Capital Fund**-The District is estimating to spend \$30,000,000 to continue the new hospital project. Architects have been selected and are working towards completion of design including location, size and configuration of the departments. For the new budget year, the District also plans to pay city permit fees and start construction.

### **Governmental Budget (Forms LB 1 to LB 35)**

The presentation of the 2017-2018 budgets for local government purposes varies from the accounting basis used for financial reporting which uses Generally Accepted Accounting Principals (GAAP). Under Governmental Accounting Standards Board (GASB) reporting, local governments must report on a fund by fund basis. The second significant difference between GAAP and GASB is the elimination of depreciation for governmental purposes and the inclusion of principle payments in the budget. Therefore, under governmental accounting, the budget projects the source and use of cash.

**General Fund**-Contains the financial results of the District's day to day operating activities including tax receipts from the District's operating levy. The general fund is an unrestricted fund. Details of budgeted activities for the fund appear on Forms LB-20 and LB -30. LB-20 itemizes the resources for the General Fund, including available cash, tax levies estimated to be collected from prior years (based on historical collections), anticipated interest income and gross rents. LB-30 shows requirements for the General Fund, primarily materials and services as detailed in **Exhibit A**.

**Debt Service Fund**-Contains the anticipated financial data from the General Obligation Bonds, Series 2016 activity. LB-35 shows interest earned from tax levy income, income from the taxes levied, the principal and interest expenses to repay the General Obligation Bonds, Series 2016 and the ending fund balance.

**Capital Project Fund**-Contains the anticipated financial data for construction of the new hospital. LB-11 shows the anticipated interest income and expected tax revenue from the bonds. The prior year column shows the expected proceeds from the bond sale. Requirements list the capital outlay for the new hospital and the ending fund balance for future expenditures.

Form LB-1 is a summary of the total budget.

See **Exhibit B** for all regulatory budget schedules.

### **SUMMARY**

In conclusion, the budget process has been based upon an analysis of activities of the past fiscal year and plans for the coming year. The regulatory budget presentation includes the 2017-2018 year's proposed budget and the 2016-2017 approved budget as well as actual results for the prior two years (2014-2015 and 2015-2016). It is management's opinion that the budget for fiscal year 2017-2018 is a reasonable projection of the Pacific Communities Health District's revenue and expenses for that period.

A public meeting of the Board of Directors will be held on June 19, 2017 at 4:00 pm at Samaritan Pacific Communities Hospital Education Room, 930 SW Abbey, Newport, Oregon. The purpose of this meeting is to discuss the budget for the fiscal year beginning July 1, 2017. A summary of the budget is presented below. A copy of the budget may be inspected or obtained at 930 SW Abbey, Newport, Oregon, between the hours of 9:00 a.m. and 4:00 p.m. or online at pchdistrict.org. This budget is for an annual budget period. This budget was prepared on a basis of accounting that is the same as the preceding year.

Contact: Kathryn Doksum

Telephone:541-574-4824

Email: kdoksum@samhealth.org

**FINANCIAL SUMMARY - RESOURCES**

TOTAL OF ALL FUNDS	Actual Amount 2015-2016	Adopted Budget This Year 2016-2017	Approved Budget Next Year 2017-2018
Beginning Fund Balance/Net Working Capital	3,767,953	61,044,650	58,345,000
Fees, Licenses, Permits, Fines, Assessments & Other Service Charges			
Federal, State and all Other Grants, Gifts, Allocations and Donations			
Revenue from Bonds and Other Debt	57,439,290		
Interfund Transfers / Internal Service Reimbursements			
All Other Resources Except Current Year Property Taxes	218,619	435,450	448,450
Current Year Property Taxes Estimated to be Received	1,172,943	4,192,338	4,325,676
<b>Total Resources</b>	<b>62,598,805</b>	<b>65,672,438</b>	<b>63,119,126</b>

**FINANCIAL SUMMARY - REQUIREMENTS BY OBJECT CLASSIFICATION**

Personnel Services			
Materials and Services	960,370	1,002,091	999,003
Capital Outlay	427,973	9,289,300	30,850,000
Bond Issuance Fees	423,483		
Debt Service		2,990,012	3,047,150
Interfund Transfers			
Contingencies		500,000	500,000
Special Payments			
Unappropriated Ending Balance and Reserved for Future Expenditure	60,786,979	51,891,035	27,722,973
<b>Total Requirements</b>	<b>62,598,805</b>	<b>65,672,438</b>	<b>63,119,126</b>

**FINANCIAL SUMMARY - REQUIREMENTS AND FULL-TIME EQUIVALENT EMPLOYEES (FTE) BY ORGANIZATIONAL UNIT OR PROGRAM \***

Name of Organizational Unit or Program FTE for that unit or program			
FTE			
Not Allocated to Organizational Unit or Program FTE			
<b>Total Requirements</b>			
<b>Total FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

**STATEMENT OF CHANGES IN ACTIVITIES and SOURCES OF FINANCING \***


**PROPERTY TAX LEVIES**

	Rate or Amount Imposed 2015-2016	Rate or Amount Imposed This Year 2016-2017	Rate or Amount Approved Next Year 2017-2018
Permanent Rate Levy (rate limit 0.3625 per \$1,000)	0.3625	0.3625	0.3625
Local Option Levy			
Levy For General Obligation Bonds		3,232,445	3,294,216

**STATEMENT OF INDEBTEDNESS**

LONG TERM DEBT	Estimated Debt Outstanding on July 1.	Estimated Debt Authorized, But Not Incurred on July 1
General Obligation Bonds	\$49,005,000	\$7,065,000
Other Bonds		
Other Borrowings		
<b>Total</b>		

**FORM  
LB-11**

This fund is authorized and established by resolution / ordinance number  
16-02 on May 19, 2015 for the following specified purpose:

Construction of Hospital

**RESERVE FUND  
RESOURCES AND REQUIREMENTS**

Capital Project

Pacific Comm. Health District

Year this reserve fund will be reviewed to be continued or abolished.  
Date can not be more than 10 years after establishment.  
Review Year: 2025 - 2026

Historical Data			DESCRIPTION RESOURCES AND REQUIREMENTS	Budget for Next Year 2017 - 2018		
Actual	Adopted Budget Year 2016 - 2017	Proposed By Budget Officer		Approved By Budget Committee	Adopted By Governing Body	
Second Preceding Year 2015 - 2016	First Preceding Year 2015 - 2016					
			1	RESOURCES		
		57,439,300	2	Cash on hand * (cash basis), or	54,250,000	2
			3	Working Capital (accrual basis)		3
			4	Previously levied taxes estimated to be received		4
	25,594	300,000	5	Interest	250,000	5
			6	Transferred IN, from other funds		6
	57,439,290		7	General Obligation Bonds, Series 2016		7
			8			8
			9			9
0	57,464,884	57,739,300	10	Total Resources, except taxes to be levied	54,500,000	10
			11	Taxes estimated to be received		11
			12	Taxes collected in year levied		12
0	57,464,884	57,739,300	13	<b>TOTAL RESOURCES</b>	54,500,000	13
			14	<b>REQUIREMENTS **</b>		14
		100,000	15	Capital Outlay - Offsite Cost	100,000	15
	276,551	3,325,000	16	Soft Cost	1,200,000	16
	864	725,000	17	City fees	700,000	17
		3,850,000	18	Construction Cost	28,000,000	18
	423,483	439,300	19	Bond Issuance Fees		19
			20			20
			21			21
			22			22
			23			23
			24			24
			25			25
			26			26
			27			27
			28			28
	56,763,986		29	Ending balance (prior years)		29
		49,300,000	30	<b>RESERVE FOR FUTURE EXPENDITURES</b>	24,500,000	30
0	57,464,884	57,739,300	31	<b>TOTAL REQUIREMENTS</b>	54,500,000	31

\*The balance of cash, cash equivalents and investments in the fund at the beginning of the budget year

\*\*List requirements by organizational unit or program, activity, object classification, then expenditure detail. If the requirement is "not allocated", then list by object classification and expenditure detail.

**RESOURCES**  
**General Fund**

Pacific Communities Health District

	Historical Data			RESOURCE DESCRIPTION	Budget for Next Year 2017-2018		
	Actual		Adopted Budget This Year Year 2016-2017		Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body
	Second Preceding Year 2014-2015	First Preceding Year 2015-2016					
1	3,750,241	3,767,953	3,605,350	1 Available cash on hand* (cash basis) or	4,095,000		1
2				2 Net working capital (accrual basis)			2
3	117,699	117,072	55,000	3 Previously levied taxes estimated to be received	100,000		3
4	25,344	24,353	28,850	4 Interest	36,050		4
5				5 Transferred IN, from other funds			5
6				6 OTHER RESOURCES			6
7	0		0	7 Other Sales, Reimbursements/Contributions			7
8	51,600	51,600	51,600	8 Rental Receipts	51,600		8
9	150,000			9 Murdock Grant			9
10				10			10
11				11			11
12				12			12
13				13			13
14				14			14
15				15			15
16				16			16
17				17			17
18				18			18
19				19			19
20				20			20
21				21			21
22				22			22
23				23			23
24				24			24
25				25			25
26				26			26
27				27			27
28				28			28
29	4,094,884	3,960,978	3,740,800	29 Total resources, except taxes to be levied	4,282,650		29
30			1,202,326	30 Taxes estimated to be received	1,278,526		30
31	1,205,213	1,172,943		31 Taxes collected in year levied			31
32	5,300,097	5,133,921	4,943,126	32 TOTAL RESOURCES	5,561,176		32

\*The balance of cash, cash equivalents and investments in the fund at the beginning of the budget year

**REQUIREMENTS SUMMARY**

NOT ALLOCATED TO AN ORGANIZATIONAL UNIT OR PROGRAM

General Fund

Pacific Communities Health District

FORM  
LB-30

Line Item	Historical Data			REQUIREMENTS DESCRIPTION	Budget For Next Year 2017-2018		
	Actual		Adopted Budget		Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body
	Second Preceding Year 2014-2015	First Preceding Year 2015-2016	This Year 2016-2017				
1				PERSONNEL SERVICES NOT ALLOCATED			
2							
3	0	0	0	<b>TOTAL PERSONNEL SERVICES</b>	0	0	0
4	0	0	0	<b>Total Full-Time Equivalent (FTE)</b>	0	0	0
5				MATERIALS AND SERVICES NOT ALLOCATED			
6	906,277	960,370	1,002,091	Materials and Services	999,003	0	
7							
8	906,277	960,370	1,002,091	<b>TOTAL MATERIALS AND SERVICES</b>	999,003	0	0
9				CAPITAL OUTLAY NOT ALLOCATED			
10	1,493,177	150,558	850,000	Capital Expenditures	850,000	0	
11			0	Equipment			
12	150,000			Murdock Grant for Health Education Center			
13	1,643,177	150,558	850,000	<b>TOTAL CAPITAL OUTLAY</b>	850,000	0	0
14				DEBT SERVICE			
15							
16							
17	0	0	0	<b>TOTAL DEBT SERVICE</b>	0	0	0
18				SPECIAL PAYMENTS			
19							
20							
21	0	0	0	<b>TOTAL SPECIAL PAYMENTS</b>	0	0	0
22				INTERFUND TRANSFERS			
23							
24							
25							
26							
27							
28	0	0	0	<b>TOTAL INTERFUND TRANSFERS</b>	0	0	0
29			500,000	<b>OPERATING CONTINGENCY</b>	500,000	0	
30	2,549,454	1,110,928	2,352,091	<b>Total Requirements NOT ALLOCATED</b>	2,349,003	0	0
31	0			Total Requirements for ALL Org. Units/Programs within fund			
32			2,541,035	Reserved for future expenditure	3,212,173	0	
33	2,750,643	4,022,993		Ending balance (prior years)			
34			50,000	<b>UNAPPROPRIATED ENDING FUND BALANCE</b>			
35	5,300,097	5,133,921	4,943,126	<b>TOTAL REQUIREMENTS</b>	5,561,176	0	0

**BONDED DEBT  
RESOURCES AND REQUIREMENTS**

General Obligation Bonds, Series 2016

Bond Debt Payments are for:

- Revenue Bonds or  
 General Obligation Bonds

Pacific Communities Health District

Historical Data		DESCRIPTION OF RESOURCES AND REQUIREMENTS	Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body
Actual	Adopted Budget This Year 2016 - 2017				
Second Preceding Year 20__ - __	First Preceding Year 2015 - 2016				
1		<b>Resources</b>			
2		Beginning Cash on Hand (Cash Basis), or			
3		Working Capital (Accrual Basis)			
4		Previously Levied Taxes to be Received			
5		Interest	10,800		
6		Transferred from Other Funds			
7		Total Resources, Except Taxes to be Levied			
8	0		10,800		0
9		Taxes Estimated to be Received *	2,990,012		
10		Taxes Collected in Year Levied			
11	0	<b>TOTAL RESOURCES</b>	<b>3,057,950</b>	<b>0</b>	<b>0</b>
12		<b>Requirements</b>			
13		<b>Bond Principal Payments</b>			
14		Bond Issue			
15		Budgeted Payment Date			
16	0		1,000,000		0
17		<b>Total Principal</b>	<b>1,000,000</b>	<b>0</b>	<b>0</b>
18		<b>Bond Interest Payments</b>			
19		Bond Issue			
20		Budgeted Payment Date			
21	0		1,023,575		0
22		<b>Total Interest</b>	<b>1,023,575</b>	<b>0</b>	<b>0</b>
23		<b>Unappropriated Balance for Following Year By</b>			
24		Bond Issue			
25		Projected Payment Date			
26		Ending balance (prior years)			
27		<b>Total Unappropriated Ending Fund Balance</b>	<b>10,800</b>		
28		Loan Repayment to _____ Fund			
29		Tax Credit Bond Reserve			
30	0	<b>TOTAL REQUIREMENTS</b>	<b>3,057,950</b>	<b>0</b>	<b>0</b>

\*If this form is used for revenue bonds, property tax resources may not be included.