
TO: OIHCD COMMISSIONERS

FROM: PATTY MILLER

SUBJECT: FINANCIAL FORECAST

DATE: 09/26/2018

CC: ANNE PRESSON

Attached is the financial forecast model that was developed to estimate our short (1 year) and longer term (5 years) cash needs. The model includes the following tabs:

- Financial Quarterly Summary – includes quarterly view of revenue, expenses and cash flow through 12/31/2023.
- Financial Monthly Summary – includes monthly view of revenue, expenses and cash flow through 12/31/2023.
- Model Costs Schedules – includes assessed value data and most of the data inputs are on this tab.
- Capex Loan Schedule – shows principle and interest calculations on the draws taken to cover capital expenditures and PHD set up costs
- Opex Loan Schedule – shows principle and interest calculations on the initial SJC loan and the on-going line of credit.
- PHD Admin Expenses – shows anticipated PHD expenses such as superintendent wages, legal, election, etc.
- Facility Expenses – shows expected costs associated with owning and maintaining the clinic building.

Working with the Model:

- The most common assumption variables are highlighted throughout the model in a GOLD color. If you would like to change the amount/value on any assumption, make the change in the appropriate tab/field and it will flow through the remainder of the model. Change assumptions related to the items as noted below:
 - o Clinic subsidies, inflation factors, reserves, assessed values, millage rate assessed, acute care costs, etc.
 - o To test different millage rates you need to manually change cells E22 – I22 on the model costs schedule tab.
 - o PHD expenses should be changed on the PHD Admin tab.
 - o Facility expenses should be change on the Facility Expenses tab.
 - o Interest rate should be modified on the Capex and Opex Loan Schedule tabs.
 - o PHD and Facility expenses should be modified on the PHD Admin and Facility Expenses tab.
 - o Capex and Opex Loan Draws are entered on the Financial Monthly Summary Tab

Current Assumptions:

The model in its current state includes the following assumptions:

- OFHC 2019 Budget as submitted (\$413,693) with a 3% increase in subsidy each October.
- UWNC 2019-2023 budgets as submitted (\$539,104) which includes increases as follows:
 - o 3% increase in 2019, 11% in 2020, 10% in 2021, 5% in 2022, and 5% in 2023.
- Interest rate on Opex loan from County at 2.85% and 3.57% from WA Fed.
- A 2019 PHD Administration budget of \$126,244 with a 3% annual increase (see tab for details)
- A 2019 Facility Maintenance budget of \$52,409 with a 3% annual increase (see tab for details). This includes an estimate of \$30K per year for equipment maintenance.
- \$100K per year for Acute Care starting 10/1/18 with a 3% annual increase
- \$100K per year for Reserves starting Q4 2019 – total of \$450K by end of year 2023
- Purchase of building in October 2018 for \$420,834 which includes UW Subsidy for Q3 and Q4 2018, \$5K to OMF for their 2018 operating costs, 2.78% excise tax,

Key Changes:

- The total assessed value for the properties within OIHCD has been updated from \$2,152,528,622 to \$2,361,833,735 based on current estimates from the auditor.
- Increased total expenses over period 2018-2023 by \$154,375 as follows:
 - o Increased PHD Administrative expenses \$58,581 to include \$5,000 per year for an annual audit and \$6,000 per year in legal expenses.
 - o Increased facilities expenses by \$1,114 per year related to estimated property taxes.
 - o Moved the draw for building purchase from January 2019 to October 2018 which increases interest expense by \$3,019 over the 5-year period.
 - o Added the \$91,661 Q4 2023 capex loan payment which was missing from the previous version.

Summary

A millage rate of \$.65/1,000 is needed to operate the district at the level indicated in the above noted assumptions. It is important to note that this is at the newly assessed value. At the previous assessed values, a millage rate of \$.72/1,000 would be needed.