

TO: Tulare Local Health Care District, Board of Directors
Randy Dodd, CEO

FROM: Teresa Jacques, Interim Controller
Stephanie Trueblood, Assistant Controller

DATE: June 20, 2023

RE: FY 2024 Proposed Budget

OVERVIEW

The attached documents are the proposed FY24 Annual Budget for the Board of Directors consideration. Attached are the following documents:

- Combined District and Evolutions Cash Flow FY24
- List of Capital Projects
- District Budget (Draft) FY24
- Evolutions Budget (Draft) FY24

COMBINED CASH FLOW:

The cash flow allows the combined checking bank balances to remain at \$300,000 and additional funds monthly will be deposited or withdrawn from the District's LAIF account. The estimated LAIF transfers and withdrawals are found on page 1 line 99 of your budget packet.

The combined cash flow allows for the following:

<u>Cash Flow Summary</u>	
Budgeted Operating Revenues	\$8,289,030
Budgeted Operating Expenses	(\$3,698,673)
Capital Expenditures	(\$4,519,065)
Revenue Bond Payments	(\$1,583,323)
Draw from LAIF	(\$1,506,624)

It is estimated that the District will have a negative cash flow of approximately \$1,506,624 for FY 2024 stemming from the Capital Expenditures.

There remains \$4,970,469 reserved for bankruptcy plan payments beginning in FY 2025.

CAPITAL BUDGET

The FY 2024 Capital Budget is a combined listing of all anticipated projects totaling \$4,519,065.

PROFIT AND LOSS BUDGET – DISTRICT OFFICE

Overall, there is a 24% decrease projected in net position over FY23. The difference was the receipt of the \$2.2 mil Baker Hostetler Settlement in FY23.

Operating Revenue

Revenues overall are budgeted to decrease by 23%. Last year's revenues included approximately \$2.2 mil in Bankruptcy Settlements.

- Property Tax – Increased 6%. (BNY to release excess funds beginning in April 2024.)

Operating Expenses

Expenses, without depreciation, increased approximately 4% over FY23.

- Salaries & Benefits – Increased 20%. Annual increases and change in leadership.
- Professional Fees – **Decreased 48%**. Due to decreased consultant fees and additional amounts reclassified to purchased services.
- Legal – **Decreased 11%**. Due to an anticipated decrease in bankruptcy counsel fees in FY24.
- Purchased Services – Increased 67%. Due to reclassified amount from professional fees, construction inventory project and additional document clean-up work.
- Insurance – The District does not have the actual premiums for FY24 and has budgeted standard increases.
- Interest – **Decreased 100%**. Adventist Health LOC paid in full June 2023 and property insurance not being financed.
- Other – **Decreased 30%**. In FY23 there were biennial election costs.

Non-Operating Income and Expense

- Depreciation – **Decreased 20%**. Due to assets being fully depreciated at end of FY23 and the timing of new assets for FY24.

PROFIT AND LOSS BUDGET – EVOLUTIONS

Overall, the EBIDTA is budgeted at \$153,684 and the change in net position is a negative \$365,216 due primarily to depreciation.

Operating Revenue

- Membership revenue was increased by approximately 7% with a goal of 15 new members each month and a 14% increase over the average silver sneaker member attendance.
- Other revenues were budgeted at a slight increase.

Operating Expenses

- Salaries & Benefits – Increased 3%. Annual increases.
- Repairs & Maintenance – Increased 20%. Anticipated larger increase in supply costs due to supply chain and more repairs.
- Utilities & Solar – Anticipated **\$13k savings** from solar.
- Interest – **Decreased 100%**. Foundation & TLDC loans paid in full June 2023.
- Insurance – **Decreased 7%**. The District does not have the actual premiums for FY24 and has budgeted standard increases in addition to removing the double premiums paid by EVO Management and the District in FY23.
- Other – Increased 75% over FY23 actual, based on staff development and uniform allowance.

Non-Operating Income and Expense

- Depreciation – Increased 29%. Additional capital improvements.