



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

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## MEMORANDUM

**To:** Mayor Paxton and Assembly Members  
Keith Brady, Municipal Administrator

**From:** Jay Sweeney, Chief Finance and Administrative Officer

**Reviewed:** Brian Hanson, Municipal Attorney

**Date:** June 5, 2019

**Subject:** Budget Ordinance and Related Appropriations for 1-Month Stub Period for Sitka Community Hospital

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### Requested Action

Approve a budget for the operation of Sitka Community Hospital as a component unit of the City and Borough of Sitka for the 1-month period July 1 – July 31, 2019, and, make an appropriation for operating outlays during the period.

### Summary

As a result of issues surrounding the provision of notice to various Federal and State governing and regulatory bodies, the sale of the business activities of Sitka Community Hospital to the Southeast Alaska Regional Health Consortium has been delayed one month, from June 30, 2019 to July 31, 2019.

This delay means that Sitka Community Hospital will continue to operate as a component unit of the area-wide government of the City and Borough of Sitka for one additional month. Doing so requires that the Hospital have an approved budget for the one-month period, and, that the Assembly appropriate funds to pay for the related expenditures of the hospital during the additional month.

### Fiscal Note

Sitka Community Hospital estimates that revenue generated for the provision of medical services during the one-month period will be sufficient to fund the appropriations needed to operate. The one additional month of operation is not anticipated to have any significant effect on the anticipated financial position at the closing date of the business sale.

# ***SITKA COMMUNITY HOSPITAL***

## **BUDGET PACKAGE**

**FISCAL YEAR 2020**

**For the one month of July, 2019**



**SITKA COMMUNITY HOSPITAL**  
Creating a healthier tomorrow today.

## Sitka Community Hospital

### FY20 Budget

### Request for Authorization to Spend

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#### Operating

Salaries and Benefits	1,360,665
Travel	0
Other	642,846
Total Expenses	<u>2,003,511</u>
Less: Non-cash Expenses	
PERS In-kind	(61,009)
Depreciation	(57,997)
Total Operating Request	<u>1,884,505</u>

#### Capital

Capital - City Funded	-
Capital - SCH Funded	-
Total Capital	<u>-</u>

#### Debt Service

Due to City - Line of Credit	34,646
Due to City - Long-term Debt	6,875
Interest on City Debt	510
Total Debt Service	<u>42,031</u>

#### Total Request - Authorization to Spend

1,926,536

**Sitka Community Hospital**  
**FY20 Budget**  
**Operating Budget Summary**

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	FY19 Actual April	Adjs	FY20 Budget July	Notes
<i>Gross Patient Revenue:</i>				
1. Inpatient revenue	\$279,486		\$279,486	
2. Outpatient revenue	1,565,929		1,565,929	
3. Longterm care revenue	429,648		429,648	
4. <b>Total gross patient revenue</b>	<b>2,275,063</b>	<b>0</b>	<b>2,275,063</b>	
<i>Deductions from Revenue:</i>				
5. Contractual adjustments	609,941		609,941	
6. Prior year settlements	0		0	
7. Bad debt expense	38,055		38,055	
8. Charity and other deductions	0		0	
9. <b>Total deductions from revenue</b>	<b>647,996</b>	<b>0</b>	<b>647,996</b>	
10. <b>Net patient revenue</b>	<b>1,627,067</b>	<b>0</b>	<b>1,627,067</b>	
<i>Other Revenue</i>				
11. Inkind Service - PERS/USAC	61,009		61,009	
12. Other revenue	19,715		19,715	
13. <b>Total other operating revenue</b>	<b>80,724</b>	<b>0</b>	<b>80,724</b>	
14. <b>Total operating revenue</b>	<b>1,707,791</b>	<b>0</b>	<b>1,707,791</b>	
<i>Expenses:</i>				
15. Salaries and wages	886,535		886,535	
16. Employee benefits	474,130		474,130	
17. Supplies	158,751		158,751	
18. Purchased services	154,486		154,486	
19. Professional services	83,681		83,681	
20. Depreciation and amortization	57,997		57,997	
21. Utilities	44,473		44,473	
22. Repairs and maintenance	39,023		39,023	
23. Insurance	17,558		17,558	
24. Rentals and leases	14,761	(4,761)	10,000	Oceanside, Omnicell, Housing for closeout contractors
25. Traveler Services	205,384	(150,000)	55,384	PFS Manager and Nursing
26. Other expense	40,734	(35,000)	5,734	Remove April Hope Floats
27. Minor equipment	0		0	
28. Training and education	1,347	(1,347)	0	No Training/Travel
29. Collection fees	10,759		10,759	
30. Advertising	11,228	(6,228)	5,000	Announcements
31. Recruitment and relocation	400	(400)	0	
32. <b>Total expenses</b>	<b>2,201,247</b>	<b>(197,736)</b>	<b>2,003,511</b>	
33. <b>Income (loss) from operations</b>	<b>(493,456)</b>	<b>197,736</b>	<b>(295,720)</b>	



**Sitka Community Hospital**  
**FY20 Budget**  
**Operating Budget Summary**

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	FY19 Actual April	Adjs	FY20 Budget July	Notes
<i>Nonoperating Gains(Losses):</i>				
34. Donations	0		0	
35. Grant revenue	1,380	(1,380)	0	Grants closed out in FY19
36. Gain (loss) on disposal of assets	622	(622)	0	Will be recorded as part of close-out
37. Interest revenue	0		0	
38. Interest expense	(577)	67	(510)	Adjusted for amortization
39. <b>Net nonoperating gains (losses)</b>	<u>1,425</u>	<u>(1,935)</u>	<u>(510)</u>	
40. <b>Income (loss) before transfers</b>	<u>(492,031)</u>	<u>195,801</u>	<u>(296,230)</u>	
<i>Transfers In:</i>				
41. City Support - Capital	0		0	
42. City Support - Tobacco Tax	72,001	(2,709)	69,292	Adjusted to 1/12 of City's \$831,500 budget
43. <b>Total transfers in</b>	<u>72,001</u>	<u>(2,709)</u>	<u>69,292</u>	
44. <b>Total income (loss) after transfers</b>	<u>(\$420,030)</u>	<u>\$193,092</u>	<u>(\$226,939)</u>	

## CITY AND BOROUGH OF SITKA

## ORDINANCE NO. 2019-25

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA  
ADOPTING THE BUDGET FOR SITKA COMMUNITY HOSPITAL FOR A PORTION OF THE FISCAL  
YEAR JULY 1, 2019 THROUGH JUNE 30, 2020

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. **CLASSIFICATION.** This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. **SEVERABILITY.** If any portion of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. **PURPOSE.** The purpose of this ordinance is to adopt an operating budget for Sitka Community Hospital for the stub period portion of FY2020 during which it will continue to operate as component unit of the City and Borough of Sitka, and, to appropriate funds for such purposes.

4. **ENACTMENT. NOW THEREFORE, BE IT ENACTED** by the Assembly of the City and Borough of Sitka, Alaska that the following expenditure budget for the fiscal period beginning July 1, 2019 and ending June 30, 2020 is hereby adopted:

	<u>REVENUE</u>	<u>EXPENDITURE BUDGET</u>		
	REVENUE	OPERATIONS	CAPITAL/ TRANSFER	TOTAL
Sitka Community Hospital	\$ 2,275,063	\$ 1,926,536	\$ 0	\$ 1,926,536

**EXPLANATION**

The closure of the sale of the business operations of Sitka Community Hospital has been delayed until July 31, 2019. As a result, approval of an operating budget for the stub portion of FY020 during which the hospital will continue to operate as a component unit is required, along with appropriation of funds for related outlays during the stub period.

5. **EFFECTIVE DATE.** This ordinance shall become effective on July 1, 2019.

**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska this 25<sup>th</sup> day of June, 2019.

Gary L. Paxton, Mayor

ATTEST:

Sara Peterson, MMC  
Municipal Clerk

1<sup>st</sup> reading 6/11/19  
2<sup>nd</sup> and final reading 6/25/19

Sponsor: Administrator