

# Mendocino Coast Health Care District

## Treasurer's Report

Thursday, February 23, 2023

### **General Notes:**

1. The major goal of the last month has been to gain access to the District's bank accounts. At this point, we have complete access to the Tri-Counties Bank accounts and viewing access to the Bank of America accounts. Hopefully, by next week, we will have full access to the Bank of America accounts. The paperwork drill has been extensive.
2. Nothing seems to come easy. Tri-Counties refused to accept deposit of the \$1.3 Million Mendocino County check because it was written to Mendocino Coast District Hospital. I had to file a new W-9 with the County, deliver the offending checks and wait for replacements before depositing the tax money. There is a significant amount of "identity management" still to do, formalizing the transition of the District from being the hospital operator to being a Health Care District.
3. Fortunately, I have to thank Kira Rafanan at Adventist Health Mendocino Coast for producing the IRS form 1094C that I was able to use to refute the IRS bill of \$286,000 mentioned last month.
4. Now there is a new bill from the California Department of Health Care Services for \$418,000, for, I assume, MediCal overpayments. I have some inquiries in on that one, and we may need to hire a consultant to try to get those numbers reduced.
5. The bulk of this report will be a Budget vs. Actual study I undertook, which is not totally complete, but I feel at this point, I need to report out what I have found. The findings are concerning.

### **Board Tasks**

1. Accept this Treasurer's Report
2. Authorize the transfer of:
  - a. \$4,000,000 from Bank of America account xxx1263 to Adventist Health as AH Accounts Receivable deposited in MCHCD Accounts
  - b. \$1,060,900 from Bank of America account xxx3743 to Adventist Health as the January Maintenance and Improvement payment under the Lease.

Presented by Jade Tippett, Treasurer

**Mendocino Coast Health Care District**  
**Statement of Financial Position**  
As of February 18, 2023

	<b>Total</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Bank Accounts</b>	
<b>CASH AND CASH EQUIVALENTS</b>	
BofA xx155 <sup>1</sup>	2,456,899.00
BofA AP xx268	174,273.90
BofA HH AP xx743	1,099,109.00
BofA HH PR xx680	21,663.14
BofA Master xx263 <sup>2</sup>	4,037,524.00
BofA Payroll xx282	6,238.47
SBMC Core xxxxx660	13,947.48
SBMC Gift Mem xxx686	0.00
SBMC HH xxx678	73,913.84
TRIC Deposit Account 7219	1,262,482.00
TRIC District AP -Checking (7244)	190,283.05
TRIC CIF - Restricted Account 7207	0.00
TRIC Measure C Restricted Fund - 5258	1,464,512.84
TRIC Property Tax Revenue Account 5861	2,575,334.00
<b>Total Verified Bank Accounts</b>	<b>\$ 13,376,180.72</b>
<b>Total Cash</b>	<b>\$ 13,376,180.72</b>
<b>Other Assets</b>	
Local Agency Investment Fund (LAIF)	3,519,951.00
Storage Deposit	1,606.00
Sun Life of Canada 962 shares	47,186.10
<b>Total Other Assets</b>	<b>\$ 3,568,743.10</b>
<b>Accounts Receivable</b>	
Adventist Health Lease Payment	\$ 875,000.00
<b>Total Accounts Receivable</b>	<b>\$ 875,000.00</b>
<b>TOTAL ASSETS</b>	<b>\$ 17,819,923.82</b>

**LIABILITIES****Liabilities****Current Liabilities****Accounts Payable**

AHMC Maintenance and Improvement Due January 1, 2023	1,060,900.00
AHMC Accounts Receivable Claim as of January 1, 2023	6,115,981.73
CA Dept. Health Care Services Refund Claim <sup>3</sup>	408,013.00
Operations Accounts Payable (A/P)	554.00

<b>Total Accounts Payable</b>	<b>\$ 7,585,448.73</b>
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**Other Liabilities**

CARES Act Refund	\$ 1,300,000.00
United Health Care Loan	420,000.00

<b>Total Other Liabilities</b>	<b>\$ 1,720,000.00</b>
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<b>Total Current Liabilities</b>	<b>\$ 9,305,448.73</b>
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**Long-Term Liabilities**

2016 Refunding Bonds	3,251,216.69
CAL Mortgage Loan	0.00
HELP II Loan 21192275	858,405.30

<b>Total Long-Term Liabilities</b>	<b>\$ 4,109,621.99</b>
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<b>Total Liabilities</b>	<b>\$ 13,415,070.72</b>
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<b>NET ASSETS MINUS LIABILITIES</b>	<b>\$ 4,404,853.10</b>
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**EQUITY**

Net Capital Assets - FY2020 Audit (DZA)*	14,549,614.00
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<b>TOTAL EQUITY</b>	<b>\$ 14,549,614.00</b>
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<b>NET WORTH</b>	<b>\$ 18,954,467.10</b>
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**NOTES:**

<sup>1</sup> This amount was shown as estimate of \$7.5M by KMC and \$10M by former Treasurer John Redding. This is the actual amount confirmed by Bank of America.

<sup>2</sup> This account is primarily if not totally composed of payments to AHMC for services by insurance companies, etc. which will be passed through to AH.

<sup>3</sup> This involves four different claims and was dated February 8, 2023. I am surmising that these concern overpayments that the Department of Health Services is seeking to claw back. I have sent DHCS an inquiry as to the times of service and times of payment to parse whether these belong to the District or AHMC. In the normal course of health care business, the hospital or provider would have an employee or consultant on retainer to negotiate claims of this sort. I will be researching whether we can hire someone to reduce this amount.

<sup>4</sup> This represents the value of land and improvements owned by the District. This figure comes from the 2019-2020 DZA Audit Capital assets, net of accumulated depreciation.

**Disclaimer:** This statement was not subjected to an audit, review, or compilation and may contain errors and omissions. The sole purpose of this document is to acquaint the Governing Board of the general status of the District's finances.

Prepared by J. Tippett, Treasurer

### Budget Based Progression from July 1, 2020 to Present

Date	Source/Payee	Debit	Credit	Balance	Notes
6/30/2020	Beginning Balance - Unrestricted		8,314,306	8,314,306	From DZA 2020 Audit Cash and Cash Equivalents <sup>1</sup>
	Beginning Balance - Restricted		675,316	8,989,622	From DZA 2020 Audit (Measure C?) <sup>1</sup>
	Beginning Balance - LAIF		3,456,956	12,446,578	From DZA 2020 Audit <sup>1</sup>
	AH Lease Payment		775,000	13,221,578	
	AH Emergency Repairs <sup>2</sup>	600,000		12,621,578	Balance of \$600K of the \$2M due before hand-over + \$1M every 6 months
	AH Maint & Improv	1,000,000		11,621,578	
	Mendocino County		280,000	11,901,578	True-Up on AB-8 Apportionment and Measure C
1/1/2021	AH Lease Payment		775,000	12,676,578	
	AH Maint & Improv	1,000,000		11,676,578	
	Mendocino County		1,355,000	13,031,578	First payment on AB-8 Apportionment and Measure C
5/1/2021	Mendocino County		900,000	13,931,578	Second Payment AB-8 Apportionment and Measure C
6/30/2021	MCHCD Debt Payments Annualized <sup>3</sup>	952,470		12,979,108	
	MCHCD Operating Budget 2021	250,000		12,729,108	
7/1/2021	AH Lease Payment		775,000	13,504,108	
	AH Maint & Improv	1,030,000		12,474,108	
8/15/2021	Mendocino County		185,000	12,659,108	True-Up on AB-8 Apportionment and Measure C
1/1/2022	AH Lease Payment		775,000	13,434,108	
	AH Maint & Improv	1,030,000		12,404,108	
	Mendocino County		1,355,000	13,759,108	First payment on AB-8 Apportionment and Measure C
5/1/2022	Mendocino County		900,000	14,659,108	Second Payment AB-8 Apportionment and Measure C
6/30/2022	MCHCD Debt Payments Annualized <sup>3</sup>	952,470		13,706,638	
	MCHCD Operating Budget 2022	250,000		13,456,638	
7/1/2022	AH Lease Payment		775,000	14,231,638	
	AH Maint & Improv	1,060,900		13,170,738	
8/15/2022	Mendocino County		185,000	13,355,738	True-Up on AB-8 Apportionment and Measure C
1/1/2023	AH Lease Payment			13,355,738	\$775,000 Not received yet
	AH Maint & Improv			13,355,738	\$1,060,900 Not paid yet
	Mendocino County		1,300,000	14,655,738	
2/1/2023	MCHCD Debt Payments to 2/1/23 <sup>3</sup>	555,607.50		14,100,131	
	MCHCD Operating Budget 2023-7mos	145,833		13,954,297	
			<b>Predicted Cash Position</b>	<b>13,954,297</b>	

<sup>1</sup> These figures taken from the DZA FY2020 Audit. For purposes of estimation, I deliberately excluded from this progression the accounts payable from the 2020 Audit (\$11,073,937) and the Accounts Receivable (\$11,561,692) as essentially a wash. At some point in time, AH purchased the residual AR from MCHCD for a fixed sum. I am still seeking documentation of the date and amount for that exchange.

<sup>2</sup> My memory has it, and former Board member Norman DeValle confirmed it, that about \$1.4M of \$2M Emergency Repairs payment was paid prior to June 30, 2020.

<sup>3</sup> Debt Payments:

	Monthly	Annual
Revenue Bonds Refinanced 2016	46,933	563,196
Help II Loan (+\$690 late fee)	13,802	165,624
United Health Care of California		223,650
<b>Total</b>		<b>952,470</b>

**MCHCD Cash Analysis**

**As Of 2/14/2023**

Bank	Number	Description	Balance	AH AR Use?	Notes
Tri-Counties					
	7207	Improvements Fund	-	NO	Closed 12/15/22
	7219	Deposit	1,262,482.00	Yes	
	7244	Hospital AP	190,283.05	No	Bill payment account
	5861	Tax Revenue	2,575,334.02	No	
	5258	Measure C Restricted	1,464,512.84	No	
	5271	Restricted Capital Fund	-	No	
Bank of America					
	1263	MCHD	4,011,643.00	Yes	Blue Shield - 4 ACH deposits per day
	1268	MCHD Accounts Payable	174,273.90	No	No transactions
	7680	MCHD Home Health	21,663.14	No	No Transactions
	1282	MCHD Payroll	6,238.47	No	No Transactions
	3743	Mendocino Coast Home Health	1,100,277.62	Yes	Ended in September
	0155	Master	2,456,954.29	Yes	Noridian/Medicare (Occasional)
		<b>Total Cash in Banks</b>	13,263,662.33		
Local Agency Investment Fund			3,519,951.91		
		<b>Total Cash Position</b>	16,783,614.24		
		Less AH Claim for AR	(6,115,981.73)		

<b>Net Cash Position</b>	10,667,632.51
<b>Progressed Summary Estimate</b>	13,954,297.17
<b>Difference</b>	(3,286,664.66)

Note:  
Bank balances are actual as of 2/14

**Mendocino Coast Health Care District**  
**doing business as Mendocino Coast District Hospital**  
**Statements of Net Position**  
**June 30, 2020 and 2019**

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2020</b>	<b>2019</b>
<i>Current assets</i>		
Cash and cash equivalents	\$ 8,314,306	\$ 2,038,841
Cash and cash equivalents restricted as to use	675,316	754,868
Receivables:		
Patient accounts	5,526,900	4,832,481
Estimated third-party payor settlements	5,104,908	3,976,836
Other	758,803	1,133,896
Taxes	171,081	192,601
Inventories	1,013,423	839,076
Prepaid expenses	371,230	470,323
Total current assets	21,935,967	14,238,922
<i>Noncurrent assets</i>		
Investments limited as to use in local agency investment fund	3,456,956	4,376,979
Cash and cash equivalents restricted as to use, less current portion	407,350	407,350
Capital assets, net	14,549,614	14,554,638
Total noncurrent assets	18,413,920	19,338,967
<i>Deferred outflows of resources, bond refunding</i>	422,501	471,251
<b>Total assets and deferred outflows of resources</b>	<b>\$ 40,772,388</b>	<b>\$ 34,049,140</b>

*See accompanying notes to basic financial statements.*

**Mendocino Coast Health Care District**  
**doing business as Mendocino Coast District Hospital**  
**Statements of Net Position (Continued)**  
**June 30, 2020 and 2019**

<b>LIABILITIES AND NET POSITION</b>	<b>2020</b>	<b>2019</b>
<i>Current liabilities</i>		
Accounts payable	\$ 3,834,011	\$ 4,511,676
Accrued compensation and related liabilities	3,009,765	3,191,861
Unearned CARES Act Provider Relief Fund	5,811,277	-
Estimated third-party payor settlements	2,272,136	1,618,185
Accrued interest	874,424	1,011,655
Current maturities of long-term debt	1,083,601	1,492,204
Total current liabilities	<b>16,885,214</b>	11,825,581
Long-term debt, less current maturities	<b>10,333,471</b>	11,486,879
Total liabilities	<b>27,218,685</b>	23,312,460
<i>Net position</i>		
Net investment in capital assets	3,520,619	2,274,461
Restricted for debt service and reserve	1,082,666	1,162,218
Unrestricted	8,950,418	7,300,001
Total net position	<b>13,553,703</b>	10,736,680
<b>Total liabilities and net position</b>	<b>\$ 40,772,388</b>	<b>\$ 34,049,140</b>

*See accompanying notes to basic financial statements*



# Mendocino Coast Health Care District Warrant List

January 26, 2023 - February 23

Payee	For	Date Last Paid	Amount
<b>Automated Payments</b>			
BNY Mellon -	Revenue Bond	2/1/2023	46,933.33
Bank of America	Analysis Charge	1/31/2023	1,903.98
Mendocino Community Network	Fusion Service 775	2/1/2022	131.77
Pelican Storage	Surplus Storage	2/20/2023	720.00
Mendocino Community Network	Hospice?	2/13/2023	132.47
<b>Past Payments</b>			
		Date Paid	Amount
Mendocino County Auditor	Election Cost	2/10/2023	30,578.33
Beta Health Care Group	Insurance	2/10/2023	866.09
Willdan Financial Services	Bond Management	2/10/2023	250.00
* California Health Facilities Finance	Help II Loan	2/10/2023	14,492.12
* California Health Facilities Finance	Help II Loan	2/10/2023	13,802.02
Best, Best & Kreiger	Legal	2/10/2023	5,110.00
California Special Districts Assoc.	Consulting	2/10/2023	3,581.00
Streamline	Web Hosting	2/10/2023	200.00
Petrak & Assoc.	CMS Billing Consult.	2/10/2023	357.50
Melio	Payment Service	2/10/2023	4.50
<b>Payments Due</b>			
		Due Date	Amount
AHMC Maintenance and Improvement		1/30/2023	1,060,900.00
** Department of Health Care Services	MediCal Reimburse	3/5/2023	257,983.94
** Department of Health Care Services	MediCal Reimburse	3/5/2023	306.47
** Department of Health Care Services	MediCal Reimburse	3/5/2023	85,140.59
** Department of Health Care Services	MediCal Reimburse	3/5/2023	74,581.92
Susan Savage	P.O. Box	2/13/2023	354.00
Streamline	Web Hosting	2/1/1931	200.00

\* In the process of automating the Help II Loan payments to avoid late fees.

\*\* These appear to be reimbursement invoices for overpayments having to do with MediCal. No supporting information came with the demand letters. I have reached out to DHCS for dates of service and dates of payment. I also reached out to Petrak & Associates who specialize in reducing these kinds of reimbursement