



LMCHD SPECIAL BOARD MEETING

MONDAY, JUNE 29, 2020



To: Board of Directors
Los Medanos Community Healthcare District

From: Craig D. Collins
Partner
Collins Accountancy Company

Date: June 26, 2020

Agenda Item: Review/Approve Resolution adopting budget for Fiscal Year 2020-2021

Discussion

At its last meeting on June 22, 2020, the Finance Committee considered three alternatives for the upcoming Fiscal Year 2020-2021 annual budget and directed staff to return to the Board with two of the alternatives for a vote. A summary of the key differences between the two alternatives follows:

	Alternative 3A – Status Quo	Alternative 3F – Admin Reorganization
Executive Assistant position	Included at 20 hours per week.	Not included.
Board compliance service contract for assistance with Brown Act and FPPC compliance	Not included.	Included.
Administrative Assistant position	Included at 20 hours per week.	Included at 30 hours per week.
Grants and Evaluations Assistant position	Included at 20 hours per week.	Included at 30 hours per week.

The attachments present complete budget proposals by line item and include additional information on the basis of determining the budget for each line item where that line item is significantly different from the prior year budget.

Based on the Committee’s direction on June 22, 2020 and information that became subsequently available, both alternatives have been revised as follows, and grey shading indicates areas where the budget has been revised since the June 22, 2020 versions submitted to the Finance Committee:

- The Healthy Hearts Institute district-sponsored program (line item 50830) was increased from \$8,000 to \$10,000 to address possible increased needs in the upcoming year.
- The Greater Faith Food Pantry district-sponsored program (line item 50840) was increased from \$21,000 to \$25,000 to address possible increased needs in the upcoming year.
- The Youth Intern Program (line item 50650) was reduced to zero.
- The AED Equipment line item (50750) was reduced from \$19,000 to \$17,700.

- Based on an updated quote for the General Liability insurance policy, the 61500 Insurance line was increased by \$137 to \$7,781 with a corresponding reduction made to 50680 Direct Services.

In addition, the Committee reached consensus that a policy should be drafted requiring management to receive Board approval for individual expenditures of \$500 or more from the 60640 Community Outreach line item. This language has been inserted into the proposed budget resolution.

Recommendation

Management’s recommendation is to approve Alternative 3A – Status Quo.

Fiscal Impact

Both proposals appropriate a total of \$1,298,372.58 for use during Fiscal Year 2020-2021, with \$1,239,046.33 based on FY 2020-2021 anticipated revenue and \$59,326.25 (for a possible election) based on withdrawal from existing fund balance. The only line items that are different between the two proposals are the following:

	Status Quo 3A	Office Reorganization 3F	Difference
Admin Personnel Cost	112,898	90,269	22,629
Board Meeting Expenses	1,500	21,500	(20,000)
Available for Direct Service Contracts	57,690	60,319	(2,629)
Total	688,786	688,786	-

RESOLUTION NO. 200606

**ADOPTING THE LMCHD
2020-2021 FISCAL YEAR BUDGET**

WHEREAS, the LMCHD Finance Committee of the Whole, consisting of all five Directors of the Los Medanos Community Healthcare District, has considered a proposed budget for the 2020-2021 fiscal year at two public meetings of the Committee; and

WHEREAS, the Finance Committee reached consensus on June 22, 2020 to forward two budget alternatives to the full Board for consideration, one based on staffing at approximately current levels and one which would reorganize the office staff with the elimination of the Executive Assistant position; and

WHEREAS, the Finance Committee reached consensus on June 22, 2020 to adopt a policy requiring Board approval for expenditures from the 60640 Community Outreach line item in excess of \$500.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of the Los Medanos Community Healthcare District hereby chooses the office reorganization option 3F and approves and adopts the budget for the 2020-2021 fiscal year and appropriates a total of \$1,198,372.58 in the District’s General Fund and \$95,360.55 in the District’s Leasing fund as detailed in the attachment, which is incorporated herein by reference.

BE IT FURTHER RESOLVED that any individual expenditures in excess of \$500 from line item 60640 Community Outreach shall require the specific approval of the Board of Directors for each particular expenditure.

Moved by Director _____, seconded by Director _____, to approve the Los Medanos Community Healthcare District Budget for Fiscal Year 2020-2021 with the condition that expenditures from line item 60640 Community Outreach shall require Board approval for individual expenditures in excess of \$500. The motion was approved as follows:

- AYES: Directors:
- NOES: Directors:
- ABSENT: Directors:
- ABSTAIN: Directors:

By: _____
Patt Young, President

Attest:

Linda Strong, Secretary-Treasurer

ATTACHMENT:
2020-2021 Proposed Budget Version 3F

RESOLUTION NO. 200606

**ADOPTING THE LMCHD
2020-2021 FISCAL YEAR BUDGET**

WHEREAS, the LMCHD Finance Committee of the Whole, consisting of all five Directors of the Los Medanos Community Healthcare District, has considered a proposed budget for the 2020-2021 fiscal year at two public meetings of the Committee; and

WHEREAS, the Finance Committee reached consensus on June 22, 2020 to forward two budget alternatives to the full Board for consideration, one based on staffing at approximately current levels and one which would reorganize the office staff with the elimination of the Executive Assistant position; and

WHEREAS, the Finance Committee reached consensus on June 22, 2020 to adopt a policy requiring Board approval for expenditures from the 60640 Community Outreach line item in excess of \$500.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of the Los Medanos Community Healthcare District hereby chooses the status quo option **3A** and approves and adopts the budget for the 2020-2021 fiscal year and appropriates a total of \$1,198,372.58 in the District's General Fund and \$95,360.55 in the District's Leasing fund as detailed in the attachment, which is incorporated herein by reference.

BE IT FURTHER RESOLVED that any individual expenditures in excess of \$500 from line item 60640 Community Outreach shall require the specific approval of the Board of Directors for each particular expenditure.

Moved by Director _____, seconded by Director _____, to approve the Los Medanos Community Healthcare District Budget for Fiscal Year 2020-2021 with the condition that expenditures from line item 60640 Community Outreach shall require Board approval for individual expenditures in excess of \$500. The motion was approved as follows:

AYES: Directors:
NOES: Directors:
ABSENT: Directors:
ABSTAIN: Directors:

By: _____
Patt Young, President

Attest:

Linda Strong, Secretary-Treasurer

ATTACHMENT:
2020-2021 Proposed Budget Version 3A

Version 3F
LOS MEDANOS COMMUNITY HEALTHCARE DISTRICT
PROPOSED BUDGET
VERSION 3F Prepared June 26, 2020

2020-2021		
Proposed		
Budget	Rationale	
REVENUE		
40000 · GENERAL TAX REVENUES		
44260 · Pittsburg SPT Passthru	0.00	
40500 · CCC Tax Revenue per QB Deposit	1,001,061.35	2% increase above projected 2018-2019 final amount of \$981,432.70. Assumes only inflation growth in existing property.
44150 · CC County RDA PTP	24,976.03	2% increase above projected 2018-2019 final amount of \$24,486.30.
44225 · RPTTF CC County Residual	36,000.00	Although variable, it appears we will have received about \$36,000 by the end of this year and a similar amount last year, so used this estimate.
44250 · Pittsburg RDA PTP	66,433.66	2% increase above projected 2018-2019 final amount of \$65,131.04.
44220 · RPTTF Pittsburg Residual	0.00	Has varied based on asset sales--assumed zero.
44200 · RPTTF Antioch Residual	1,665.29	2% increase above projected 2018-2019 final amount of \$1,632.64.
Total 40000 · GENERAL TAX REVENUES	1,130,136.33	
41111 · INTEREST INCOME	8,000.00	With declining interest rates, but a steady reserve balance, used half of projected year end total of \$16,000.
GRANTS AND CONTRIBUTIONS		
49100 · Returned Grant Funds	0.00	
Total GRANTS AND CONTRIBUTIONS	0.00	
MISCELLANEOUS INCOME		
49001 · Miscellaneous Income	600.00	Lease income from Bay Area Air Quality--kept the same as in prior year.
49000 · Income from Garden Plots	310.00	Reduced to 50% of 2019-2020 YTD due to COVID impact.
Total MISCELLANEOUS INCOME	910.00	
TOTAL GENERAL FUND REVENUE	1,139,046.33	
PROGRAM EXPENDITURES		
DISTRICT-SPONSORED PRGMS		
50950 · St. Vincent de Paul-RotoCare	44,000.00	
50850 · City of Pittsburg - Swim Acdmy	20,000.00	

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LOS MEDANOS COMMUNITY HEALTHCARE DISTRICT PROPOSED BUDGET

VERSION 3F Prepared June 26, 2020

50851 · Ambrose Aquatic Center	10,000.00	
50870 · Reading Advantage	13,800.00	
50650 · Youth Intern Program	0.00	Will not conduct Youth Intern Program in 2020-2021.
50750 · AED Equipment	17,700.00	For the time being, kept the same as last year, but program will be changing in 2020-2021 for increased training and decreased equipment costs.
50751 · AED Training	13,000.00	For the time being, kept the same as last year, but program will be changing in 2020-2021 for increased training and decreased equipment costs.
50880 · Souljah's	29,205.00	
55000 · Board Community Benefit Grants	25,000.00	
50500 · Student Eyeglasses Program	8,000.00	
50660 · African Amer Comm Baby Shower	10,000.00	
50830 · Healthy Hearts Institute	10,000.00	New District-sponsored program. Budget increased from fall grant in 2019-2020 based on anticipated additional needs.
50840 · Greater Faith Food Pantry	25,000.00	New District-sponsored program. Budget increased from fall grant in 2019-2020 based on anticipated additional needs.
50990 · COVID-19 Emergency	15,000.00	
50680 · DIRECT SERVICES***	57,689.65	Adjusted this to balance budget to zero. Still above projected actual for 2019-2020.
Total DISTRICT-SPONSORED PRGMS	298,394.65	
HEALTH AND WELLNESS GRANTS		
52100 · Health & Well Summer Grants	110,000.00	Reduced to provide more funding to direct services.
52000 · Health & Well Fall Grants	225,000.00	Reduced since Souljah's, Greater Faith, and Healthy Hearts were included in 2019-2020 fall grants, but have their own DPAC line items for use in the future.
Total HEALTH AND WELLNESS GRANTS	335,000.00	
GRANT PERSONNEL		
64000 · Health & Well Grant Wages***	35,200.00	Grants and Program Evaluations Specialist at 20 hours per week plus 15% of Executive Director's full-time salary.
64001 · Health & Well Grant Payroll Tx***	2,930.80	FICA taxes (7.65%) on administrative payroll cost plus unemployment insurance at \$238 per employee.
64002 · DPAC Wages	0.00	
64003 · DPAC Payroll Tax	0.00	

Version 3F

**LOS MEDANOS COMMUNITY HEALTHCARE DISTRICT
PROPOSED BUDGET
VERSION 3F Prepared June 26, 2020**

Total GRANT PERSONNEL 38,130.80

PROGRAM/OUTREACH EXPENSES

<p>60670 · Direct Service Wages*** 132,480.00</p> <p>60671 · Direct Service Payroll Taxes*** 11,086.72</p> <p>60640 · Community Outreach 13,000.00</p> <p>60642 · Outreach Wages 0.00</p> <p>60643 · Outreach Payroll Taxes 0.00</p> <p>63700 · Community Garden 22,000.00</p> <p>60650 · Community Reception <u>5,000.00</u></p> <p>Total PROGRAM/OUTREACH EXPENSES <u>183,566.72</u></p>	<p><i>3 part-time hourly Community Outreach Specialists at \$20 per hour, 1 Community Garden Monitor at about 30 hours per week at \$15 per hour, plus 50% of the Executive Director's full-time salary.</i></p> <p><i>FICA taxes (7.65%) on administrative payroll cost plus unemployment insurance at \$238 per employee.</i></p> <p><i>Increased to allow for more outreach activities.</i></p> <p><i>\$7,000 base budget plus \$15,000 for possible roll-over related to Future Build costs.</i></p>	

Total PROGRAM EXPENDITURES 855,092.17

SUPPORTING SERVICE EXPENDITURES

ADMINISTRATIVE SERVICES

<p>60691 · LAFCo Advocacy 0.00</p> <p>62750 · Microsoft Exchange Server 898.44</p> <p>63605 · Website Designer 2,600.00</p> <p>62700 · IT Support Services 1,575.00</p> <p>60100 · Advertising and Promotion 1,000.00</p> <p>61210 · Finance Charges 0.00</p> <p>62600 · Professional Fees 0.00</p> <p>62100 · Payroll Processing Fees 384.00</p> <p>60300 · Bank Service Charges 0.00</p> <p>60200 · Auditing Services 9,398.29</p> <p>60000 · Accounting / Bookkeeping 23,000.00</p> <p>Total ADMINISTRATIVE SERVICES <u>38,855.73</u></p>	<p><i>Used YTD actual cost.</i></p> <p><i>Increase in employees results in increased payroll charges.</i></p> <p><i>3.5% increase above prior year audit fee.</i></p> <p><i>Reduced usage of accounting services justifies lower budget, despite fee adjustments.</i></p>	

60500 · BOARD ELECTION CHARGES 59,326.25 *Used prior actual election cost. This amount will be drawn from reserves rather than current year revenue.*

60550 · BOARD STIPEND FEES 24,000.00

COUNTY FEES/DISTRICT DUES

Version 3F

LOS MEDANOS COMMUNITY HEALTHCARE DISTRICT PROPOSED BUDGET VERSION 3F Prepared June 26, 2020

61600 · LAFCO District Fees	761.87	<i>Raised to current year actual.</i>
61000 · ACHD & CSDA Dues	12,000.00	
60850 · County Admin Fees	7,806.75	<i>Set equal to prior year. Could be some increase over current year due to COVID-19 situation.</i>
Total COUNTY FEES/DISTRICT DUES	20,568.62	
 INSURANCE		
61500 · Insurance Expen (Gen Liability)	7,781.00	<i>Based on insurance renewal quote for 2020-2021.</i>
61400 · Insurance-D&O	23,620.00	
Total INSURANCE	31,401.00	
61700 · LEGAL SERVICES	36,000.00	<i>Reduced to slightly more than 3-year average 2014-2015 to 2016-2017. If additional amounts are needed to deal with LAFCo litigation or lease negotiation, they will be taken from reserve funds.</i>
OFFICE EXPENSES		
62500 · Printing	2,000.00	<i>Maintenance on Toshiba--reduced printing service cost due to COVID-19.</i>
63201 · Travel-EE Mileage Reimbursement	1,123.90	
60250 · Board Meeting Expenses	1,500.00	
60870 · Discretionary Expn-CEO	2,500.00	<i>Increased to \$2,500 per policy.</i>
62450 · Small Equipment	0.00	
61100 · Equipment Rent (Copier)	2,300.00	
62200 · Phone/Fax/Internet	6,480.00	<i>Increased to approximate current actual monthly cost of \$480 for Comcast and \$60 for AT&T Mobility.</i>
62300 · Postage & Delivery	600.00	
62400 · Post Office Box Rental	366.00	<i>Adjusted to current year actual.</i>
62000 · Office Supplies	7,000.00	<i>Increase based on assumption staff will return to office in 2020-2021.</i>
Total OFFICE EXPENSES	23,869.90	
 SEMINARS/TRAVEL		
63000 · Conferences, Seminars, & Travel	1,000.00	<i>Assumed very limited travel in 2020-2021 due to COVID-19.</i>
Total SEMINARS/TRAVEL	1,000.00	
 WAGES & PAYROLL TAXES		
63800 · Workers Comp Insurance	4,842.56	<i>Based on estimated total payroll costs multiplied by an estimated 1.7% premium rate for most positions.</i>

Version 3F

LOS MEDANOS COMMUNITY HEALTHCARE DISTRICT
PROPOSED BUDGET
VERSION 3F Prepared June 26, 2020

63500 · Wages***	99,600.00	<i>Current staffing level throughout 2020-2021 with Executive Director spending 35% of time on administration and an Executive Assistant and Administrative Assistant at 20 hours per week each devoting 100% of time to administration. 4 other staff members at 20 hours per week devoted to program activities are not included in this line item.</i>
62150 · Payroll Taxes	8,455.80	<i>FICA taxes (7.65%) on administrative payroll cost plus unemployment insurance at \$238 per employee.</i>
Total WAGES & PAYROLL TAXES	<u>112,898.36</u>	
Total SUPPORTING SERVICE EXPENDITURES	347,919.86	
69999 · Transfer Out to Proprietary Fun	-4,639.45	<i>Net refund to general fund of 1 month of July 2020 lease payment included in prior year transfer to pay off \$500,000 balloon payment.</i>
99999 · SUSPENSE	0.00	
69998 · CONTINGENCY	0.00	<i>Eliminated provision for unanticipated increases in cost because reserve exists to cover these.</i>
	<u>1,198,372.58</u>	
	<u>-59,326.25</u>	
43999 · Transfer In to Proprietary Fund	-4,639.45	<i>Net refund to general fund of 1 month of July 2020 lease payment included in prior year transfer to pay off \$500,000 balloon payment.</i>
80010 · Release of OSHPD Debt Reserve	0.00	
43000 · Lease Income	<u>100,000.00</u>	
	<u>95,360.55</u>	
72000 · Principal Expenditures*	91,666.67	<i>All lease income to be assigned to OSHPD, but July income was already included in previous \$500k balloon payment.</i>
62950 · Security	458.40	<i>Protection 1 \$38.20/month * 12 months.</i>
62800 · Repairs & Maint (Landscape)	0.00	
62650 · Property Taxes	3,235.48	

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LOS MEDANOS COMMUNITY HEALTHCARE DISTRICT

PROPOSED BUDGET

VERSION 3F Prepared June 26, 2020

71000 · Interest Expense	0.00	<i>After last balloon payment, payment obligations are based entirely on lease income collected, so no interest is imputed.</i>
70000 · Depreciation Expense*	<u>0.00</u>	<i>Depreciation expense is not budgeted because it is not a cash expense.</i>
	<u>95,360.55</u>	
	<u>0.00</u>	
	<u><u>-59,326.25</u></u>	

Version 3A

LOS MEDANOS COMMUNITY HEALTHCARE DISTRICT
202000-2021 PROPOSED BUDGET
Version 3A –Prepared June 26, 2020

**No assurance is provided.

	2020-2021 Proposed Budget	Rationale
GENERAL FUND		
REVENUE		
40000 · GENERAL TAX REVENUES		
44260 · Pittsburg SPT Passthrus	0.00	2% increase above projected 2018-2019 final amount of \$981,432.70. Assumes only inflation growth in existing property.
40500 · CCC Tax Revenue per QB Deposit	1,001,061.35	2% increase above projected 2018-2019 final amount of \$24,486.30.
44150 · CC County RDA PTP	24,976.03	Although variable, it appears we will have received about \$36,000 by the end of this year and a similar amount last year, so used this estimate.
44225 · RPTTF CC County Residual	36,000.00	2% increase above projected 2018-2019 final amount of \$65,131.04.
44250 · Pittsburg RDA PTP	66,433.66	Has varied based on asset sales--assumed zero.
44220 · RPTTF Pittsburg Residual	0.00	2% increase above projected 2018-2019 final amount of \$1,632.64.
44200 · RPTTF Antioch Residual	1,665.29	
Total 40000 · GENERAL TAX REVENUES	<u>1,130,136.33</u>	With declining interest rates, but a steady reserve balance, used half of projected year end total of \$16,000.
41111 · INTEREST INCOME	8,000.00	
GRANTS AND CONTRIBUTIONS		
49100 · Returned Grant Funds	0.00	
Total GRANTS AND CONTRIBUTIONS	<u>0.00</u>	
MISCELLANEOUS INCOME		
49001 · Miscellaneous Income	600.00	Lease income from Bay Area Air Quality--kept the same as in prior year.
49000 · Income from Garden Plots	310.00	Reduced to 50% of 2019-2020 YTD due to COVID impact.
Total MISCELLANEOUS INCOME	<u>910.00</u>	

TOTAL GENERAL FUND REVENUE		<u>1,139,046.33</u>	
PROGRAM EXPENDITURES			
DISTRICT-SPONSORED PRGMS			
50950 · St. Vincent de Paul-RotoCare	44,000.00		
50850 · City of Pittsburg - Swim Acdmy	20,000.00		
50851 · Ambrose Aquatic Center	10,000.00		
50870 · ReadingAdvantage	13,800.00		
50650 · Youth Intern Program	0.00		Will not conduct Youth Intern Program in 2020-2021. For the time being, kept the same as last year, but program will be changing in 2020-2021 for increased training and decreased equipment costs.
50750 · AED Equipment	17,700.00		For the time being, kept the same as last year, but program will be changing in 2020-2021 for increased training and decreased equipment costs.
50751 · AED Training	13,000.00		
50880 · Souljah's	29,205.00		
55000 · Board Community Benefit Grants	25,000.00		
50500 · Student Eyeglasses Program	8,000.00		
50660 · African Amer Comm Baby Shower	10,000.00		
50830 · Healthy Hearts Institute	10,000.00		New District-sponsored program. Budget increased from fall grant in 2019-2020 based on anticipated additional needs.
50840 · Greater Faith Food Pantry	25,000.00		New District-sponsored program. Budget increased from fall grant in 2019-2020 based on anticipated additional needs.
50990 · COVID-19 Emergency	15,000.00		
50680 · DIRECT SERVICES***	60,318.85		Adjusted this to balance budget to zero. Still above projected actual for 2019-2020.
Total DISTRICT-SPONSORED PRGMS	<u>301,023.85</u>		
HEALTH AND WELLNESS GRANTS			
52100 · Health & Well Summer Grants	110,000.00		Reduced to provide more funding to direct services.

		Reduced since Souljah's, Greater Faith, and Healthy Hearts were included in 2019-2020 fall grants, but have their own DPAC line items for use in the future.
52000 · Health & Well Fall Grants	225,000.00	
Total HEALTH AND WELLNESS GRANTS	<u>335,000.00</u>	
 GRANT PERSONNEL		
		Grants and Program Evaluations Specialist at 20 hours per week plus 15% of Executive Director's full-time salary. FICA taxes (7.65%) on administrative payroll cost plus unemployment insurance at \$238 per employee.
64000 · Health & Well Grant Wages***	35,200.00	
64001 · Health & Well Grant Payroll Tx***	2,930.80	
64002 · DPAC Wages	0.00	
64003 · DPAC Payroll Tax	0.00	
Total GRANT PERSONNEL	<u>38,130.80</u>	
 PROGRAM/OUTREACH EXPENSES		
		3 part-time hourly Community Outreach Specialists at \$20 per hour, 1 Community Garden Monitor at about 30 hours per week at \$15 per hour, plus 50% of the Executive Director's full-time salary. FICA taxes (7.65%) on administrative payroll cost plus unemployment insurance at \$238 per employee. Increased to allow for more outreach activities.
60670 · Direct Service Wages***	132,480.00	
60671 · Direct Service Payroll Taxes***	11,086.72	
60640 · Community Outreach	13,000.00	
60642 · Outreach Wages	0.00	
60643 · Outreach Payroll Taxes	0.00	
63700 · Community Garden	22,000.00	\$7,000 base budget plus \$15,000 for possible roll-over related to Future Build costs.
60650 · Community Reception	<u>5,000.00</u>	
Total PROGRAM/OUTREACH EXPENSES	<u>183,566.72</u>	
 Total PROGRAM EXPENDITURES	 <u>857,721.37</u>	
 SUPPORTING SERVICE EXPENDITURES		
ADMINISTRATIVE SERVICES		
60691 · LAFCo Advocacy	0.00	

62750 · Microsoft Exchange Server	898.44	
63605 · Website Designer	2,600.00	
62700 · IT Support Services	1,575.00	Used YTD actual cost.
60100 · Advertising and Promotion	1,000.00	
61210 · Finance Charges	0.00	
62600 · Professional Fees	0.00	
		Increase in employees results in increased payroll charges.
62100 · Payroll Processing Fees	384.00	
60300 · Bank Service Charges	0.00	
		3.5% increase above prior year audit fee. Reduced usage of accounting services justifies lower budget, despite fee adjustments.
60200 · Auditing Services	9,398.29	
60000 · Accounting / Bookkeeping	23,000.00	
Total ADMINISTRATIVE SERVICES	<u>38,855.73</u>	
		Used prior actual election cost. This amount will be drawn from reserves rather than current year revenue.
60500 · BOARD ELECTION CHARGES	59,326.25	
60550 · BOARD STIPEND FEES	24,000.00	
COUNTY FEES/DISTRICT DUES		
61600 · LAFCO District Fees	761.87	Raised to current year actual.
61000 · ACHD & CSDA Dues	12,000.00	
		Set equal to prior year. Could be some increase over current year due to COVID-19 situation.
60850 · County Admin Fees	7,806.75	
Total COUNTY FEES/DISTRICT DUES	<u>20,568.62</u>	
INSURANCE		
		Based on insurance renewal quote for 2020-2021.
61500 · Insurance Expen (Gen Liability)	7,781.00	
61400 · Insurance-D&O	23,620.00	
Total INSURANCE	<u>31,401.00</u>	
		Reduced to slightly more than 3-year average 2014-2015 to 2016-2017. If additional amounts are needed to deal with LAFCo litigation or lease negotiation, they will be taken from reserve funds.
61700 · LEGAL SERVICES	36,000.00	
OFFICE EXPENSES		
		Maintenance on Toshiba--reduced printing service cost due to COVID-19.
62500 · Printing	2,000.00	
63201 · Travel-EE Mileage Reimbursement	1,123.90	

60250 · Board Meeting Expenses	21,500.00	Addition of contractor fees for compliance assistance previously handled by in-house staff. Increased to \$2,500 per policy.
60870 · Discretionary Expn-CEO	2,500.00	
62450 · Small Equipment	0.00	
61100 · Equipment Rent (Copier)	2,300.00	Increased to approximate current actual monthly cost of \$480 for Comcast and \$60 for AT&T Mobility.
62200 · Phone/Fax/Internet	6,480.00	
62300 · Postage & Delivery	600.00	
62400 · Post Office Box Rental	366.00	Adjusted to current year actual. Increase based on assumption staff will return to office in 2020-2021.
62000 · Office Supplies	7,000.00	
Total OFFICE EXPENSES	<u>43,869.90</u>	
SEMINARS/TRAVEL		
63000 · Conferences, Seminars, & Travel	1,000.00	Assumed very limited travel in 2020-2021 due to COVID-19.
Total SEMINARS/TRAVEL	<u>1,000.00</u>	
WAGES & PAYROLL TAXES		
63800 · Workers Comp Insurance	4,842.56	Based on estimated total payroll costs multiplied by an estimated 1.7% premium rate for most positions. Executive Director devoting 35% of time to administration. Executive Assistant eliminated and Administrative Assistant at 30 hours per week devoting 100% of time to administration plus 10 hours per week by Grants and Evaluations Assistant for Admin purposes. Program staff time not included in this line item. FICA taxes (7.65%) on administrative payroll cost plus unemployment insurance at \$238 per employee.
63500 · Wages***	78,800.00	
62150 · Payroll Taxes	6,626.60	
Total WAGES & PAYROLL TAXES	<u>90,269.16</u>	
Total SUPPORTING SERVICE EXPENDITURES	<u>345,290.66</u>	
69999 · Transfer Out to Proprietary Fun	-4,639.45	Net refund to general fund of 1 month of July 2020 lease payment included in prior year transfer to

		pay off \$500,000 balloon payment.
99999 · SUSPENSE	0.00	
69998 · CONTINGENCY	0.00	Eliminated provision for unanticipated increases in cost because reserve exists to cover these.
TOTAL GENERAL FUND APPROPRIATIONS/USES OF FUNDS/CONTINGENCY	<u>1,198,372.58</u>	
NET CHANGE IN GENERAL FUND BALANCE	<u>-59,326.25</u>	
LEASING FUND		
REVENUE		
		Net refund to general fund of 1 month of July 2020 lease payment included in prior year transfer to pay off \$500,000 balloon payment.
43999 · Transfer In to Proprietary Fund	-4,639.45	
80010 · Release of OSHPD Debt Reserve	0.00	
43000 · Lease Income	<u>100,000.00</u>	
Total LEASING FUND REVENUE	<u>95,360.55</u>	
LEASING FUND EXPENDITURES		
		All lease income to be assigned to OSHPD, but July income was already included in previous \$500k balloon payment. Protection 1 \$38.20/month * 12 months.
72000 · Principal Expenditures*	91,666.67	
62950 · Security	458.40	
62800 · Repairs & Maint (Landscape)	0.00	
62650 · Property Taxes	3,235.48	
71000 · Interest Expense	0.00	After last balloon payment, payment obligations are based entirely on lease income collected, so no interest is imputed. Depreciation expense is not budgeted because it is not a cash expense.
70000 · Depreciation Expense*	<u>0.00</u>	
Total LEASING FUND EXPENDITURES	<u>95,360.55</u>	
NET CHANGE IN LEASING FUND BALANCE	<u>0.00</u>	
NET CHANGE IN COMBINED FUND BALANCES	<u><u>-59,326.25</u></u>	

BUDGET DEVELOPMENT

Budgets for 2020-2021 were generally developed using 2019-2020 budget as a baseline, with

significant modifications noted in the Rationale column above. The 2019-2020 amended budget is composed of the originally-adopted 2019-2020 modified by Board-approved budget amendments adopted throughout the year to modify the budget for the reasons specified in the amending resolutions. The 2019-2020 budget had originally been determined in a similar manner.

***BASIS OF ACCOUNTING**

The budget columns above and the General Fund portion of the actual columns are presented on the Budgetary Basis. The Budgetary Basis is a modified accrual basis except that revenues are recognized only when received and outgoing grants when they are encumbered. The Leasing Fund portion of the actual columns is presented on the full accrual basis. Therefore, there is always a difference between budget on the budgetary basis and actual on the full accrual basis for lines 72000 Principal Expenditures and 70000 Depreciation Expense.



June 26, 2020

TO: LMCHD Board of Directors

FROM: Barbara Kee, Executive Assistant/Secretary to the Board

APPROVED: Lamar A. Thorpe, Executive Director

SUBJECT: Review/Approve renewal of LMCHD's General Liability Insurance Policy, for an amount not to exceed **\$7,781 - Action #200607**

DISCUSSION:

The Finance Committee at its May 25, 2020 meeting had requested that the staff research the General Liability Insurance policy renewal. We have recently received a renewal quote in the amount of \$7,781.00, which represents only 1.6% more than last year's premium of \$7,661. The carrier has offered to renew the coverage per the existing coverages and exposures.

Accountant Craig Collins has shown within his Budget staff report and document an increase of \$137.00 to accommodate the new premium amount of \$7,781.00.

RECOMMENDATION:

It is recommended that the Board of Directors review and approve the policy limitations and quote received from Nova Casualty Company for renewal of the General Liability Insurance Policy for an amount not to exceed \$7,781.00.

FISCAL IMPACT:

Not to exceed \$7,781.00.



DRAFT

June 29, 2020

Fechter and Company
Certified Public Accountants
3445 American River Drive, Suite A
Sacramento, CA 95864

This representation letter is provided in connection with your audit of the basic financial statements of Los Medanos Community Healthcare District, which comprise the respective financial position of the governmental activities, the business-type activities, and governmental fund as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of June 29, 2020, the following representations made to you during your audit.

Financial Statements

- 1) With the signing of this letter, we have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 4, 2019, sufficiently to support fair presentation of the financial statements and supplementary information in all material respects, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP, if any.

- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The subsequent events disclosure surrounding the effects of the COVID-19 pandemic on the District is appropriate and there are no reasonable estimates that can be made or adjustments to the financial statements needed.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the District, is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District, from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Los Medanos Community Healthcare District.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District, and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.
- 19) We affirm that the injunction against the District's dissolution remains in effect and any further action taken to potentially dissolve the District will not be rendered within the next year.

Government-specific

- 20) Except as disclosed to you, there have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have a process to track the status of audit findings and recommendations.
- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 23) Los Medanos Community Healthcare District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity. However, as previously disclosed to you,

an attempt is under way to dissolve the District through a LAFCo proceeding. The District has initially prevailed in Court but the case is currently on appeal.

- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance that could have a material financial impact.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 27) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 29) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities: oversee the services by designating Craig Collins, CPA contracted by the District, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, subject to a change in the subsequent events note to update the date through today for subsequent events review..
- 30) Except as disclosed to you and in the Financial Statements with regard to the encumbrances on the District's property arising from the OSHPD obligation, the District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 31) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 32) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations where applicable.
- 33) The financial statements properly classify all funds and activities in accordance with [GASB Statement No. 34](#).
- 34) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 35) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 36) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 37) Provisions for uncollectible receivables have been properly identified and recorded, if applicable.
- 38) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

- 39) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 40) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 42) e acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Contracted Representative/Management Signature: _____

Title: _____

Governance Signature: _____

Title: _____