



November 10, 2022

Mr. John Redding, Board Treasurer
Mendocino Coast District Hospital
700 River Drive
Fort Bragg, CA 95437

Via email: jredding@mcdh.org

RE: Annual Continuing Disclosure Information Statements for Fiscal Year 2021/22

FOR: 2016 Insured Refunding Revenue Bonds (Annual Report Due 11/27/22)
2001 General Obligation Bonds (Annual Report Due 3/27/23)
2016 General Obligation Refunding Bonds (Annual Report Due 3/27/23)

Dear Mr. Redding:

We are in the process of completing the Annual Continuing Disclosure Information Statements for your review prior to dissemination to the MSRB's Electronic Municipal Market Access website ("EMMA") for the above referenced bond issues. In order to finalize the drafts, we will need the following information from the Hospital:

- **Please confirm** that Mendocino County still operates on the Teeter Plan
- The District Hospital's Audited Financial Statements for fiscal year 2020/21 & 2021/22
- The District Hospital's General Fund Budget vs. Actual Results for fiscal year 2018/19, 2019/20, 2020/21 & 2021/22
- Adopted Budget for fiscal year 2020/21, 2021/22 & 2022/23
- Information on any private placement debt issued during the last 12 months or anticipated to be issued in the next 12 months
- Any ratings reports received from rating agencies during the last 12 months
- Miscellaneous Updates (see following pages)

Given the due dates of the reports and in order to provide adequate time for analysis and review, please provide the information by **November 21, 2022**. Receipt of the requested information will be considered authorization to prepare the reports. Upon receipt of the above requested information, we will prepare drafts of the reports for your review.

If you should have any questions regarding this request, please do not hesitate to contact me at (951) 587-3520.

Sincerely,
Willdan Financial Services

A handwritten signature in black ink, appearing to read 'Dave Davies'.

Dave Davies, Assistant Director
Federal Compliance Division
ddavies@willdan.com

F. PRO FORMA DEBT SERVICE COVERAGE

To Update:

The following table sets forth debt service coverage (utilizing maximum annual debt service) for the 2016 Bonds.

	Fiscal Year Ended June 30,		
	2020	2021	2022
Excess Revenues over Expenditures	\$338,432		
Plus: Depreciation and Amortization	1,360,849		
Plus: Interest Expense	474,093		
Net Revenues Available for Debt Service	\$2,173,374		
Total Pro Forma Maximum Annual Debt Service ⁽¹⁾	\$811,250		
Pro Forma Debt Service Coverage	2.68		

(1) Equals Maximum Annual Debt Service in fiscal year 2019/20.

Note: The calculations above are consistent with the Regulatory Agreement.

H. GENERAL FUND BUDGET

To Update (4 Years to Update):

The following table sets forth the General Fund Revenue and Expenses reflecting the adopted budget for the six most recent fiscal years.

	Fiscal Year					
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Operating Revenues						
Inpatient	\$24,273,651	\$23,688,000				
Swing Bed	3,173,403	2,500,000				
Outpatient	80,038,914	85,456,000				
North Coast Family Health Ctr	5,361,623	5,594,000				
Home Health	1,382,328	2,060,000				
Total Patient Service Revenues	\$114,229,919	\$119,298,000				
Revenue Deductions						
Current Year Contractuals	\$61,691,354	\$64,106,000				
Policy Discounts	228,628	0				
Bad Debt	1,307,708	1,770,000				
Charity	61,653	120,000				
Total Deductions	\$63,289,343	\$65,996,000				
Net Patient Service Revenue	\$50,940,576	\$53,302,000				
Tax Revenues	\$735,238	\$2,396,000				
Other Operating Revenues	2,428,861	1,131,000				
Total Operating Revenues	\$54,104,675	\$56,829,000				
Operating Expenses						
Salaries & Wages - Staff	\$17,046,298	\$17,999,000				
Employee Benefits	8,772,301	8,856,000				
Professional Fees - Physician	5,311,325	6,527,000				
Other Professional Fees (Regi, Cont, Other)	6,771,575	5,981,000				
Supplies (Implants, Drugs, Medical, Other)	8,559,102	8,873,000				
Purchased Services	1,387,482	1,567,000				
Repairs & Maintenance	919,699	974,000				
Utilities	773,338	843,000				
Insurance	519,254	562,000				
Interest	837,580	608,000				
Depreciation and Amortization	1,875,943	1,536,000				
Rental/Lease	547,907	550,000				
Other Expense	1,581,689	1,508,000				
Total Operating Expenses	\$54,903,493	\$56,384,000				
Net Revenue (Loss) From Operating Expenses	(\$798,818)	\$445,000				
Non-Operating Revenues (Expenses)						
Funded Depreciation Income	\$28,000	\$30,000				
Contributions	350,000	325,000				
Other Non-Operating Revenues (Expenses)	0	0				
Net Non-Operating Revenues (Expenses)	\$378,000	\$355,000				
Excess for Growth & Dev. After Debt Service	(\$88,226)	(\$800,000)				

Note: Beginning and ending fund balances are not a component of the adopted General Fund budget and have therefore been excluded from the table above.

Mendocino Coast Health Care District

Audit Preparation: FY 2021, FY 2022

List of needed items from Josh Rettinghouse of Dingus Zarecor & Associates Accounting:

- Trial balances for years ending 6/30/21 and 6/30/22
 - KMC are finishing up collecting all bank activity and will link it to Quickbooks online and Code.
 - Notation on problems KMC is having accessing some bank accounts and the necessity to rebuild form statements from closed accounts
 - Once linked and coded, KMC will give DZA access General Leger and financial reports
- General Ledger for years ended 6/30/21 and 6/30/22
 - KMC will provide timing of notation under Trial Balance
- List of any accounts receivable owed to the district as of 6/30/21 and 6/30/22
 - Per KMC: None
- List of any accounts payable owed by the district as of 6/30/21 and 6/30/22
 - KMC will provide per timing of notation under Trial Balance
- Board Minutes from September 2020 through present
 - These need to be catalogued and missing minutes transcribed and approved
- Bank Statements and Reconciliations 6/30/21 and 6/30/22 (Please provide statements for both June and July of 2021 and 2022.)
 - KMC will provide per timing of notation under Trial Balance
- Confirmations: Please sign and send the related confirmations to your reps for the tax revenue and long term debt.
- Updated Board Bylaws
- Listing of Board Roster
- Any long term contracts entered into since 6/30/2020

Prior Minutes: MCHCD Board Meetings DRAFT				Jade Has	Jessica	Amy
DATE	TYPE	MINUTES	ZOOM	Video	Grinberg	McColley
12/9/2021	??	??			y	
1/12/2023	Special	DRAFT	YES			
2/13/2021	Retreat	NO				
2/25/2021	Regular	NO		y		
12/13/2021	Special?	NO	YES		y	
1/27/2022	Regular	NO				
2/8/2022	Special	NO				zoom_0(1)
2/24/2022	Regular	NO				y
3/16/2022	Regular	NO		y		zoom_0(6)
3/31/2022	Regular	NO		y		
5/26/2022	Regular	NO				
6/30/2022	Special	NO				
7/28/2022	Special	NO			y	
8/28/2022	Special	NO	YES		y	
9/22/2022	Special	NO	YES		y	
9/29/2022	Special/ Closed	NO			y	
11/10/2022	Regular	NO	YES	y	y	