



NOTICE OF REGULAR MEETING OF THE FINANCE ADVISORY COMMITTEE

MENDOCINO COAST HEALTH CARE DISTRICT

Thursday, June 20, 2024 - 1:00 PM

MCHCD Office, Adventist Health Mendocino Coast Hospital Campus
775 River Drive, Fort Bragg, CA.

Supporting documentation for this agenda is available on the website at:

<https://www.mchcd.org>

Agenda Items 3a), 3b) and 3c) were not available at the time of posting, and will be forwarded to the committee and posted on the district's website as soon as possible.

Individuals who need this agenda in an alternative format or who need a disability-related modification or accommodation in order to participate in the meeting should contact the District at 707-962-3175 at least 72 hours prior to the meeting. The Board reserves the right to maintain meeting decorum, mute or remove a member of the public for inappropriate behavior which is disruptive. This Board Meeting is being held in person. Meeting attendees may also join virtually using the Zoom link below.

Join Zoom Meeting:

<https://zoom.us/j/9210401893?pwd=SE9PY1JBNUZvSEVIY0tYNm9iTDhhdz09&omn=97347972878>

Meeting ID: 921 040 1893

Passcode: 634678

CONDUCT OF BUSINESS

1. OPEN SESSION

1a) Roll Call: Sara Spring (Committee Chair), Susan Savage (Committee Member).

2. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Members of the public are welcome to address the Committee on items not listed on the agenda, but within the jurisdiction of the Committee. Time is limited to 3 minutes per speaker with a 20-minute total time limit for all public comments. No action or discussion shall be taken on any item presented except that the Committee may respond to statements made or questions asked, or may ask questions for clarification. All matters of an administrative nature will be referred to staff. All matters pertaining to the Committee may be scheduled for discussion at a future meeting or referred to staff for clarification or a report, at the pleasure of the Committee. If general public comment exceeds the 20 minute time limit, members of the public who have not



had the opportunity to speak on items not on this agenda will have the opportunity to do so after the business on the agenda is concluded.

3. REGULAR CALENDAR

3a) Discuss the Draft MCHCD Statement of Annual Projected Cash Flow - Five Years (FYE 06-30-2025 thru 06-30-2029)

Recommended action: Develop board recommendation for the adoption of the Draft MCHCD Statement of Annual Projected Cash Flow - Five Years, (FYE 06-30-2025 thru 06-30-2029).

Attachments: *Draft MCHCD Statement of Annual Projected Cash Flow- Five Years (FYE 06-30-2025 thru 06-30-2029)*

3b) Discuss the Draft Fiscal 2024/2025 MCHCD Board Operations Budget.

Recommended Action: Develop board recommendation for the adoption of the Draft Fiscal 2024/2025 MCHCD Board Operations Budget.

Attachments: *Draft Fiscal 2024/2025 MCHCD Board Operations Budget.*

3c) Discuss the Recap of Treasury Bill Inventory Portfolio (Restricted Capital Fund) and Operations Cash Report as of 06-18-2024.

Recommended Action: Develop board recommendation for the adoption of the Recap of Treasury Bill Inventory Portfolio (Restricted Capital Fund) and Operations Cash Report as of 06-18-2024.

Attachments: *Recap of Treasury Bill Inventory Portfolio (Restricted Capital Fund) and Operations Cash Report as of 06-18-2024.*

3d) Discuss DZA Audit Engagement Letter for the three Fiscal Years: 06-30-2021, 2022 & 2023

Recommended Action: Develop board recommendation for the execution of the DZA Audit for the three Fiscal Years: 06-30-2021, 2022 & 2023.

Attachments: *DZA Audit Engagement Letter for the three Fiscal Years: 06-30-2021, 2022 & 2023.*

3e) Discuss May 2024 Check Register.

Recommended Action: Develop board recommendation for the adoption of the May 2024 Check Register.

Attachments: *May 2024 Check Register.*



3f) Discuss role of the MCHCD Board Treasurer.

Recommended Action: None. This item is for information only.

4. ADJOURNMENT

The next Regular Meeting of the Finance Advisory Committee will be held on _____, 2024, at 1:00 pm, at the MCHCD Office, 775 River Drive, Adventist Health Mendocino Coast Hospital, Fort Bragg, Ca.

Dated: June 17, 2024

Katharine D. Wylie

Katharine Wylie, MS Ed
Agency Administrator, MCHCD



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Item 3a)

Mendocino Coast Health Care District
 Statement of Annual Projected Cash Flow- 5 Years
DRAFT- FOR DISCUSSION PURPOSES ONLY
 FYE 06-30-2025 thru FYE 06-30-2029
 Updated: June 18, 2024

	FYE 06-30-25	FYE 06-30-26	FYE 06-30-27	FYE 06-30-28	FYE 06-30-29	TOTAL
Sources of Cash:						
Measure C- expires June 30, 2030 (1)	\$1,550,000	\$1,550,000	\$1,550,000	\$1,550,000	\$1,550,000	\$7,750,000
District Tax Receipts	\$925,000	\$925,000	\$925,000	\$925,000	\$925,000	\$4,625,000
AH Lease Payment (+2% annual CPI begins FYE 06-30-2027)	\$1,750,000	\$2,950,000	\$3,009,000	\$3,069,180	\$3,130,564	\$13,908,744
Total Sources	\$4,225,000	\$5,425,000	\$5,484,000	\$5,544,180	\$5,605,564	\$26,283,744

Uses of Cash:						
CapEx/Deferred Maintenance & Replacement Expenditures - Lease Improvements Fund (+2% annual CPI) and Measure C Parcel Tax Revenue Account	\$2,251,024	\$2,296,044	\$2,341,965	\$2,388,805	\$2,436,581	\$11,714,419
Revenue Bonds- Refinanced 2016 (2)	\$462,550	\$564,750	\$561,500	\$562,250	\$561,750	\$2,712,800
HELP II Loan (3)	\$165,624	\$165,624	\$165,624	\$165,624	\$12,250	\$674,746
Total Uses	\$2,879,198	\$3,026,418	\$3,069,089	\$3,116,679	\$3,010,581	\$15,101,965
Cash Available for Distribution	\$1,345,802	\$2,398,582	\$2,414,911	\$2,427,501	\$2,594,983	\$11,181,778

Less Distributions:						
Restricted Capital Fund	\$870,802	\$2,048,582	\$2,064,911	\$2,077,501	\$2,244,983	\$9,306,778
District Operations Budget	\$475,000	\$350,000	\$350,000	\$350,000	\$350,000	\$1,875,000
Total Distributions	\$1,345,802	\$2,398,582	\$2,414,911	\$2,427,501	\$2,594,983	\$11,181,778

Restricted Capital Fund						
ADD: Current Year Distribution	\$13,243,000	\$14,775,952	\$17,452,511	\$20,171,891	\$22,753,690	\$9,306,778
Investment Income (5.00%,4.25%,3.75%,2.50%,2.50%)	\$870,802	\$2,048,582	\$2,064,911	\$2,077,501	\$2,244,983	\$3,017,737
LESS: Expenditures	\$662,150	\$627,978	\$654,469	\$504,297	\$568,842	\$0
	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance June 30, xxxx	\$14,775,952	\$17,452,511	\$20,171,891	\$22,753,690	\$25,567,515	

(1) Sunset provision of 12 years and must be used for voter mandated purposes. Expires year ending June 30, 2030.
 (2) Paid Off - June 2029
 (3) Paid Off - August 2028



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Mendocino Coast Health Care District
 Statement of Annual Projected Cash Flow- 5 Years
DRAFT- FOR DISCUSSION PURPOSES ONLY
 FYE 06-30-2025 thru FYE 06-30-2029
 Updated: June 18, 2024

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Ending Balance June 30, xxxx	\$14,775,952	\$17,452,511	\$20,171,891	\$22,753,690	\$25,567,515	

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 (3) Paid Off - August 2028



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Item 3c)

Mendocino Coast Health Care District
 Restricted Capital Fund
 Recap of Treasury Bill Inventory Portfolio (Current Holdings)
 Monthly Investment Board Report as of 06-18-2024

DESCRIPTION	PAR VALUE	PURCHASE PRICE	INVESTMENT INCOME	PURCHASE DATE	MATURITY DATE	INVESTMENT RATE %
4 WEEKS						
PURCHASE 1	\$4,000,000.00	\$3,983,604.44	\$16,395.56	05/21/24	06/18/24	5.365%
PURCHASE 2	\$1,000,000.00	\$995,901.11	\$4,098.89	05/28/24	06/25/24	5.365%
PURCHASE 3	\$3,043,000.00	\$3,030,527.08	\$12,472.92	06/11/24	07/09/24	5.365%
PURCHASE 4	\$2,700,000.00	\$2,688,933.00	\$11,067.00	06/11/24	07/09/24	5.365%
PURCHASE 5	\$2,500,000.00	\$2,489,772.23	\$10,227.77	06/18/24	07/16/24	5.355%
TOTALS	\$13,243,000.00	\$13,188,737.86	\$54,262.14			

PURCHASE MONTH	INVESTMENT INCOME
May-24	\$43,050.01

Item 3c)

Mendocino Coast Health Care District
 Recap of Treasury Bill Inventory Portfolio (Matured)
 as of 06-18-2024

	PAR VALUE	PURCHASE PRICE	INVESTMENT INCOME	PURCHASE DATE	MATURITY DATE	INVESTMENT RATE %
4 WEEKS						
PURCHASE 1	\$3,000,000.00	\$2,987,691.66	\$12,308.34	05/07/24	06/04/24	5.370%
PURCHASE 2	\$2,500,000.00	\$2,489,752.78	\$10,247.22	05/14/24	06/11/24	5.365%
TOTALS	\$5,500,000.00	\$5,477,444.44	\$22,555.56			



Item 3c)

MEMORANDUM

DATE: June 18, 2024

TO: Finance Committee
Mendocino Coast Health Care District

FROM: Wayne Allen, Chief Financial Officer
Mendocino Coast Health Care District

SUBJECT: Agenda Item: Operations Cash Report as of June 18, 2024

Balance:	Local Agency Investment Fund (LAIF)	\$ 978,799.88
	Tri Counties Bank	<u>\$ 572,926.67</u>
	TOTAL	\$1,551,726.55



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June 04, 2024

Wayne Allen
Mendocino Coast District Hospital
700 River Drive
Fort Bragg, California 95437

We are pleased to confirm our understanding of the services we are to provide Mendocino Coast District Hospital (the District) for the years ending June 30, 2021, June 30, 2022, and June 30, 2023.

Our acceptance of the audit engagement is conditioned on satisfactory engagement acceptance procedures, including inquiries of the predecessor auditor.

Audit Scope and Objectives

We will audit the financial statements of the District, which comprise the statement of net position as of Year Ends, the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the disclosures.

Accounting standards generally accepted in the United States of America (GAAS) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditors' report on the financial statements:

- Schedule of expenditures of federal awards.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditors' report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles (GAAP) and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement of a reasonable user made based on the financial statements. The objective also includes reporting on —

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Auditors' Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of your accounting records, a determination of major programs in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting waste and abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable amount of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We may request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures — Internal Control

We will obtain an understanding of the entity and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.

Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures — Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the District's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the District in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement, schedule of expenditures of federal awards, and related notes previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are responsible for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements.) Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is responsible for making all financial records, including the schedule of federal awards, and related information available to us and for the accuracy and completeness of that information, including information from outside of general and subsidiary ledgers. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as: records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements, that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review at the beginning of audit fieldwork.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management’s responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors’ reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors’ reports or nine months after the end of the audit period.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of DZA PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the regulatory agency, cognizant or oversight agency for the audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of DZA PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

Sharefile is used solely as a method of exchanging information and is not intended to store the District’s information. At the end of the engagement, DZA PLLC will provide the District with a copy (in an agreed-upon format) of deliverables and data related to the engagement from the Sharefile.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by a regulatory agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in approximately June 15, 2024, and to issue our reports no later than September 2024. Kami Matzek is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be as follows:

2021 Audit	\$30,000
2022 Audit	\$26,000
2023 Audit	\$26,000
Single Audit (for any year)	\$7,500

Our fee for the Uniform Guidance Single Audit includes one major program to be audited. Each additional major program will increase our fee by \$6,000.

Out-of-pocket travel and shipping costs will be billed at our cost in addition to the above fees.

Travel time will be billed in addition to the above fees at hourly rates ranging from \$80 to \$180 per hour.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

You have requested that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our 2022 peer review report accompanies this letter.

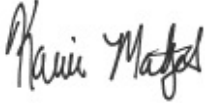
Reporting

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to management and those charged with governance of the District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditors' report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express an opinion or withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to Mendocino Coast District Hospital and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please print and sign a copy and return to us.

DZA PLLC



Kami Matzek, CPA
Owner

RESPONSE:

This letter correctly sets forth the understanding of Mendocino Coast District Hospital.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____



Report on the Firm's System of Quality Control

To the Members of
Dingus, Zarecor & Associates PLLC
and the Peer Review Committee of
the Colorado Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Dingus, Zarecor & Associates PLLC (the firm) in effect for the year ended November 30, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of the applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Dingus, Zarecor & Associates PLLC in effect for the year ended November 30, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Dingus, Zarecor & Associates PLLC has received a peer review rating of *pass*.

KraftCPAs PLLC

KraftCPAs PLLC

May 30, 2023

Item 3e)

Mendocino Coast Health Care District		
Check Register- May 2024		
Date	Name	Amount
05/15/2024	Bank of America	\$ 1,010.38
05/15/2024	Bank of America	\$ 248.37
05/01/2024	Regional Government Services	\$ 211.20
05/01/2024	Regional Government Services	\$ 5,549.35
05/09/2024	CA Bank of Commerce	\$ 30.00
05/16/2024	CA Bank of Commerce	\$ 26.60
05/06/2024	The Bank of New York Mellon	\$ 51,691.19
05/13/2024	Tri Counties Bank	\$ 434.10
05/02/2024	K. McKee & Co, Inc.	\$ 245.00
05/03/2024	P&A admin	\$ 600.00
05/07/2024	U.S. Treasury	\$ 2,987,691.66
05/13/2024	K. McKee & Co, Inc.	\$ 750.00
05/13/2024	Regional Government Services	\$ 13,200.00
05/13/2024	Regional Government Services	\$ 13,200.00
05/13/2024	Regional Government Services	\$ 211.20
05/13/2024	Margaret Von Vogt	\$ 260.00
05/13/2024	Ana Loreto Rojas	\$ 390.00
05/13/2024	BETA Healthcare Group	\$ 935.42
05/13/2024	RWG Law	\$ 15,225.00
05/13/2024	RWG Law	\$ 18,880.00
05/13/2024	Regional Government Services	\$ 11,098.70
05/13/2024	Regional Government Services	\$ 3,538.40
05/13/2024	Baker Donelson Bearman, Caldwell & Berkowitz,	\$ 5,005.50
05/13/2024	Props & Measures	\$ 4,500.00
05/13/2024	Props & Measures	\$ 4,500.00
05/14/2024	K. McKee & Co, Inc.	\$ 116.08
05/14/2024	U.S. Treasury	\$ 2,489,752.78
05/15/2024	Community Center of Mendocino	\$ 50.00
05/16/2024	Pelican Storage	\$ 720.00
05/17/2024	California Health Facilities Financing Authority	\$ 14,492.12
05/17/2024	Props & Measures	\$ 4,500.00
05/17/2024	Mendocino Unified School District	\$ 400.00
05/17/2024	Regional Government Services	\$ 492.79
05/17/2024	Silverton Management Company LLC	\$ 3,000.00
05/21/2024	California Health Facilities Financing Authority	\$ 14,492.12
05/21/2024	U.S. Treasury	\$ 3,983,604.44
05/28/2024	BETA Healthcare Group	\$ 935.42
05/28/2024	U.S. Treasury	\$ 995,901.11
05/31/2024	Willdan Financial Services	\$ 1,575.00

05/31/2024	Mendo Litho	\$	167.72
05/31/2024	Mendocino Unified School District	\$	400.00
05/31/2024	Regional Government Services	\$	2,773.25
05/31/2024	Regional Government Services	\$	35.16