

## **Tulare Local Health Care District**

### **Agenda Item**

#### **Board Meeting Date:**

March 27, 2019

#### **Title to Appear on Agenda:**

January and February 2019 Internal Financial Statements - Balance Sheets and Statements of Revenue and Expenses

#### **Brief Description:**

The District prepares internal monthly financial statements to monitor the ongoing financial position of the District.

#### **Background and Details:**

These Internal Statements were prepared based on the following facts:

The financial audits of the Tulare Local Health Care District dba Tulare Regional Medical Center's accounting books and records for the FYE June 30, 2017 and FYE June 30, 2018 were completed on February 21, 2019. This has provided a more meaningful "foundation" upon which these interim statements are prepared.

It should be noted that settlements of claims related to the bankruptcy or other related settlements that occur during the FYE June 30, 2019 will be booked collectively on the internal June financial statements and in conjunction with the upcoming year- end audited financial statements.

#### **Exhibits:**

To be included or delivered at the meeting

#### **Recommended Action:**

To review and accept the Statements as presented at the meeting

**Tulare Local Health Care District**

**Agenda Item**

**Board Meeting Date:**

March 27, 2019

**Title to Appear on Agenda:**

Hospital Operations – Adventist Health; Internal Financial Statements for December 31, 2018

**Brief Description:**

The District re-opened the Hospital on October 15, 2018, and Adventist Health assumed Management of the Operations and related financial responsibility of said operations.

**Background and Details:**

The accounting and reporting of these new operations required the establishment of a second set of general ledger accounts and with related reporting functionality.

These internal financial reports are anticipated to be available for presentation at the March Finance Committee and Board meetings.

**Exhibits:**

To be included or delivered at the meetings.

**Recommended Action:**

To review and accept the statements to be presented.

**Tulare Local Health Care District**

**Agenda Item**

**Board Meeting Date:** March 27, 2019

**Title to Appear on Agenda:**

Chief Financial Officer: TLHCD Information Technology (I/T) Transition Plans and Needs - **Discussion and Action** to approve Budget

**Brief Description:**

Now that Adventist Health has Leased the Hospital and the related locations, the District will need to prepare another site to re-locate its' business operations and staff in the next few months.

**Background and Details:**

The plan is for the District operations to re-locate to one of the "cottage" properties owned by the District located on Gem Street.

In order to establish and equip the location for business, certain I/T, telephone, and communications systems must be installed which will permit the new operation appropriate access to the outside electronic world along with access to the software systems that are currently in place in the Hospital.

Note: In order for the systems to be able to host all of the needed services, i.e., internet, skype, etc., it is necessary to procure the current version of software (Office 365), and in order to operate Office 365, newer versions of computers will be needed. This solution is much more cost effective than the alternative of using the current older P.C.'s currently in place.

**Exhibits:**

The Phoenix I.T. Consulting team has helped us establish a plan for this project. We are asking approval for the Year 1 Costs (excluding archival costs at this time). A copy of the I/T Conversion budget is attached. We are requesting approval of the "1-Year Cost Estimate" of \$68,920 plus tax and shipping.

**Recommended Action:**

That the Board approve the I/T Conversion Budget of \$68,920 plus tax and shipping.

	Solution	Timeframe to deploy costs	TLHD ongoing support costs after Year 1	Notes
End user devices				
Desktop PCs for up to 10 users	New PCs with Windows 10 - 8000x10	1 month		
Color MFD	2 xerox Versalink C7000DN LED color	15 days	36,000	Win 10 machines allows us to save the cost of having to buy and support a local active directory server.
Desktop Printers	2 x HP Laserjet Enterprise M506dn Monochrome Laser Printer - Duplex	15 days	18,000	Does not include costs for consumables
Office Infrastructure				
Business Class Internet				
Office wiring				2,400 Estimate only. Need location for cabling
Telephony solution				Estimate only. Need location for pricing
Fax	Skype or Fax	15 days	1,360	360 160 per device starts plus \$6/lne. for 10 lines
Wireless		5 days	200	200 150 pages send and 150 pages receive each month. Office assumes TLHD can use two non-managed access points currently in inventory
Software				
Microsoft GP				At the conclusion of the current 3 year license, evaluate the 3,200 move to a simpler product e.g. Quickbooks
Image Tag				3,200
MS Office	Office 365	15 days	14,70	1470
Antivirus		15 days	16,20	1620
Adobe Acrobat Pro		9 days	540	540
Hosting				
Host all shared drives	Office 365 (SharePoint/OneDrive)	15 days		
Host email	Office 365 [Exchange Online]	15 days		
Include backups				Included
Host GP	Cloud Hosting	15 days		Included
Hosting for District Web Site	Current vendors	30 days	7,200	7200
Services				
Implementations				500
Ongoing Support				500
	TOTAL		25,000	0
			10,000	10,000
			68,920	29,470

Archival Service	Costs associated with archiving of legacy systems		
Ms4	Mind's Eye [currently the archive for MS4 with no ongoing costs]	Estimate Mind's Eye plus third party data extraction support at \$200,000 in year 1. See notes below.	Hospital clinical, patient financial, and general financial data
NextGen			Clinic medical records and financial data
EDM			Hospital medical records
Kimber Home Health	Manus Read only archive	0	0 Clinical and billing data for home health

## Archiving notes:

Some of these costs may be AH costs, as they are for legacy hospital systems. Those discussions are ongoing. Costs include one-time fees to create the storage database and extract the data from the legacy systems.

EDM and MS4 are Cerner owned products and ongoing access to those systems is expected to be included in a current deal with AH. This may not eliminate the need/costs for archiving, as much of the data has a 21 year retention period.

Access to the data from these systems is required for data retention regulations. MS4 would be needed to support ongoing Medicare audits for several years. PhotoRx is currently engaged with Mind's Eye on a stop/partially funding for an archival solution.

Mind's Eye has no annual fees.

Assumes that Cerner Community Works Data will be incorporated into Cerner Millennium.

EDM has not been upgraded to current database and application levels, and the implemented version is out of support. The current implementation is not stable.

Migrating EDM data to an archive is likely to be more cost effective.

**Tulare Local Health Care District dba Tulare Regional Medical Center**

**CASH RECEIPTS AND DISBURSEMENTS**

Updated: 3/22/2019

Totals  
from  
12/01/17

<u>CASH IN</u>	1/18	1/25	2/1	2/8	2/15	2/22	3/1	3/8	3/15	3/22	3/22	12/01/17
Receipts												
Receipts Received for AH	169,799	188,315	119,816	105,553	163,686	125,580	63,402	159,456	193,424	118,762	5,623,263	
DSH Payment	(153,375)	(78,688)	(146,509)	(176,968)	(97,064)	(225,400)	(124,618)	(63,453)	(148,080)	(133,900)	(2,219,669)	
Property Taxes	0	0	0	0	0	0	131,698	0	0	0	(47,615)	
Property Rentals and Evolutions	9,702	0	13,070	11,841	27,739	0	0	0	0	0	3,017,893	
Short Term Loans	0	0	0	0	0	0	5,579	8,184	12,943	14,765	630,811	
Line of Credit - City of Tulare	0	0	0	0	0	0	0	0	0	0	(10,352)	
Supplemental - AB 113 & 915	0	0	0	0	0	0	4,861,885	0	1,138,115	0	6,000,000	
Paid by FLHCD To be Reimbursed by AH	44,603	0	0	0	0	0	0	0	0	0	2,322,001	
Supplemental - HOAE, Etc.	0	0	0	0	0	0	3,089	9,785	(36,171)	(4,026)	69,699	33,750
Payments Excluded from AH LOC	0	0	0	0	0	0	(551,649)	0	0	0	0	3,248,087
Other Extraordinary Receipts	0	0	0	0	0	0	0	35,000	0	0	0	(749,490)
Adventist Health Line of Credit	0	0	0	0	0	0	0	0	0	0	40,256	628,571
<b>Total Cash In</b>	<b>70,729</b>	<b>109,688</b>	<b>177,846</b>	<b>(59,575)</b>	<b>91,470</b>	<b>4,351,899</b>	<b>(56,807)</b>	<b>1,238,276</b>	<b>127,986</b>	<b>53,633</b>	<b>28,377,131</b>	
<hr/>												
<b>EXPENSES</b>												
Revenue Bonds	0	0	103,179	0	0	0	100,000	125,000	0	0	0	1,153,612
Payroll & Related Expenses	15,575	0	17,453	0	0	15,680	0	16,329	0	15,173	0	4,469,554
Insurance	14,992	0	67,546	26,607	0	0	82,538	0	0	0	0	2,031,858
Utilities/Phone/Internet	14,527	2,733	1,386	4,780	1,514	14,097	2,892	5,289	28,584	4,498	1,471,713	
Legal/ Bankruptcy Counsel	393,385	0	0	0	0	85,406	54,442	0	0	177,170	269	2,289,137
Consulting & Purchased Services	4,337	134,759	1,803	13,830	0	2,375,358	114,223	4,655	5,926	229,569	6,259,995	
Software Fees	0	0	0	0	0	0	0	0	0	0	0	139,437
Supplies - Medical	2,827	4,558	1,979	1,187	0	1,022	1,869	1,433	3,555	1,263	856,773	
Leases and Rentals	731	573	6,353	6,081	85	504	6,526	310	0	2,022	254,001	
IGT Advances	0	0	0	0	0	0	0	0	0	0	463,483	
Third Party Payments	0	0	0	0	0	0	0	0	0	0	303,530	
Other	13,043	5,822	28,584	26,955	505,680	1,810,203	10,978	19,364	15,611	8,230	351,556	
Expense Catch-up After 09/30/17	0	0	0	0	0	0	0	0	0	0	245,461	
Assumed Liabilities	0	0	0	0	0	0	100,000	0	0	0	169,935	
Start-up Repairs [Gross] Including /T & Misc. & Minor Repairs	11,086	45,480	6,000	9,656	9,324	0	0	0	4,903	1,426	2,395,647	
<b>Total Expense</b>	<b>470,503</b>	<b>243,956</b>	<b>228,283</b>	<b>35,440</b>	<b>618,021</b>	<b>4,464,950</b>	<b>360,355</b>	<b>31,051</b>	<b>250,923</b>	<b>550,806</b>	<b>27,375,020</b>	
Difference	(399,774)	(134,308)	(50,437)	(145,015)	(520,531)	(113,051)	(417,163)	(1,207,225)	(122,937)	(497,173)	1,002,112	
<b>Cash Balance Forward</b>	<b>1,795,521</b>	<b>1,661,213</b>	<b>1,610,777</b>	<b>1,465,761</b>	<b>945,711</b>	<b>832,159</b>	<b>414,997</b>	<b>1,622,221</b>	<b>1,499,284</b>	<b>1,001,112</b>		

NOTE 1: \$784,664 of Build America Bonds funds were received by the District in February, 2018 and again in July, 2018, and another \$748,427.77 was received in January, 2019, and all were directly paid to the Tulare County Tax Assessor. These have been removed from this report as these are not District funds.

NOTE 2: Adventist Health will be reimbursing the District for agreed up Start-Up Repairs and Valuation costs totalling \$151,363.

NOTE 3: Certain Re-Classes have been made from these accounts to more accurately reflect major expenditures below.