

# Committee of the Whole Meeting



November 10, 2021

7PM

# Financial Challenges

- **FY2019:** Budgets \$15,997,400 in Patient Service Revenue; Actual Revenue is \$13,905,290.  
**\$2,092,110 short of budget projection**
- **August 2020:** The County sold \$13,000,000 in bonds for an expansion project at the DCRNC to be paid from operating revenues over the next 30 years. The debt service averages \$661,500 per year for a total of \$19,846,449.
- **FY2020:** Budgets \$16,654,000 in Patient Service Revenues; Actual Revenue is \$13,839,223.  
**\$2,814,777 short of budget projection**
- **March 15, 2021:** The Treasurer's Office noted cash flow issues with this fund.
- **April 21, 2021:** The County Board approves a Loan of \$2,000,000 for cash flow purposes.



# Continued Challenges

- **October 14, 2021:** Operating Board authorizes notice to MPA that a Request for Proposals will be issued for management services. Sixty-day notice is required contractually in the event a new management company is selected.
- **October 27, 2021:** An additional **\$1,500,000 million** in borrowing is needed to pay accumulated invoices.
- **October 29, 2021:** MPA provides the County notice that it intends to terminate their agreements with the County on December 31, 2021.
- **November 5, 2021:** Receivables are reviewed with approximately **\$1,800,000 million** of \$5,700,000 million to be written off as bad debt. The majority of the uncollectible receivables are from 2018 through 2020 and are related to Medicaid billing and a failure to file eligibility and claims within prescribed time limits.



# Current Financial Position

Bank Balance as 11/8:	\$384,000
Written Checks:	\$0
*Liability on County Borrowing:	<u>(\$3,500,000)</u>
	(\$3,116,000)
Receivables	<u>+\$3,900,000</u>
Potential Balance:	\$784,000

\*Borrowing from Asset Replacement Fund, which has the largest Fund Balance of unrestricted funds, other than the General Fund.



# Financial History (2021)

	January	February	March	April	May	June	July	August	September	October	November	December	13th (accruals)	Total
Revenues	1,116,144	949,972	593,963	1,271,466	807,523	919,521	647,520	1,041,299	632,053	1,050,905				9,030,367
Expenditures	803,400	1,423,558	1,297,196	1,524,632	1,299,061	1,349,823	1,381,204	1,260,897	1,366,696	1,444,999				13,151,467
Net Gain (Loss)	312,744	(473,586)	(703,233)	(253,165)	(491,538)	(430,302)	(733,684)	(219,598)	(734,643)	(394,095)				(4,121,099)

Net Gain (Loss): (\$4,121,099)

Loss: (\$412,110)/month year-to-date

Current Daily Census: 120.1

Medicare: 14

Medicaid: 63.1

Private Pay: 43

Monthly figures represent cash-basis.



# Projected Cash Flow Needs and Implications

2021	January	February	March	April	May	June	July	August	September	October	November	December	13th (accruals)	Total
Revenues	1,116,144	949,972	593,963	1,271,466	807,523	919,521	647,520	1,041,299	632,053	1,050,905	825,300	825,300	706,916	11,387,883
Expenditures	803,400	1,423,558	1,297,196	1,524,632	1,299,061	1,349,823	1,381,204	1,260,897	1,366,696	1,444,999	1,315,000	1,315,000	1,476,124	17,257,591
Net Gain (Loss)	312,744	(473,586)	(703,233)	(253,165)	(491,538)	(430,302)	(733,684)	(219,598)	(734,643)	(394,095)	(489,700)	(489,700)	(769,209)	(5,869,708)

2022	January	February	March	April	May	June	July	August	September	October	November	December	13th (accruals)	Total
Revenues	942,778	825,089	593,963	1,271,466	807,523	919,521								5,360,340
Expenditures	803,400	1,423,558	1,297,196	1,524,632	1,299,061	1,349,823								7,697,671
Net Gain (Loss)	139,377	(598,469)	(703,233)	(253,166)	(491,538)	(430,302)								(2,337,330)

Projections are based on FY2021 actuals, assume a static census number and factor out CARES payments.  
Monthly figures represent cash-basis.



# Projected Cash Flow Needs and Implications

	DCRNC	Asset Replacement Fund	Opportunity Fund
Starting Balances	0	5,608,432	1,861,565
Initial Loan	(2,000,000)	3,608,432	0
Add'l Cash Flow	(1,500,000)	2,108,432	0
November-21	(489,700)	1,618,732	0
December-21	(489,700)	1,129,032	0
January-22	139,377	1,268,409	0
February-22	(598,467)	669,942	0
March-22	(703,233)	0	1,828,274
April-22	(253,165)	0	1,575,109
May-22	(491,538)	0	1,083,571
June-22	(430,302)	0	653,269

- County cashflow assistance totals \$3,500,000 as of November 1<sup>st</sup>.
- Assistance is using Fund Balance from Asset Replacement Fund (\$5.608 million FY20 audited).
- Asset Replacement Fund is projected to be completely depleted mid-February 2022.
- Opportunity Fund balance would be roughly 65% depleted by mid-June 2022.



## Recent Gain (Loss) Position

Year(s)	Net Gain (Loss)	Census	Notes:
2018	\$293,224	181.2	Highest Census in last ten years
2019	(\$2,015,336)	168.0	Factors \$2M Transfer from Reserve
2020	(\$2,002,591)	140.9	Factors \$1M Revenue from Reserve
2021	(\$4,121,099)	120.1	Cash-Basis
2018-2020	(\$1,802,366)	N/A	Write-Offs/Bad Debt
Net position	(\$9,648,168)	152.6	Average Census 2018-2021





# Next Steps?

- Continue to look for ways to increase census and reduce expenditures.
- Work with our local State Senator and Representatives to determine if there are any options for uncollectible receivables that would have been paid if filed timely.
- Consider additional consultants in areas of need in lieu of management company.
- Bring in a billing specialist to consult and ensure all receivables are billed timely and followed through accordingly.
- Explore all options including a change in the operator of the DCRNC.
- Review of the Governance Structure.

