

Statistical, and Operational Reports
San Juan County Public Hospital District #1 (Tax Revenue 1)
March 2020 Presented April 22, 2020 Under COVID-19 Restrictions, respectfully
submitted by Pamela Hutchins, SJCPHD#1 Superintendent

Financial Report

- Cash Report – March total receipts posted by the county were \$171,017.87 of which \$171,017.87 were property tax revenues. Ending Cash Balance for March was \$822,624.57. \$511,294.01 Second Half of Subsidy Payment for 2019 has not posted to our account yet but will in April of 2020 which will drop our cash balance to normal levels for this time of year.
- Disbursements by the county totaled \$13,846.72 of which all of them were for accounts payable.
- March had 1 request for \$0.00. This request is an annual request that comes in about this time of year from Washington Open the Books. This brings the total number of requests through March to 2 for 2020 and cost the district approximately \$500.00 for year to date.
- Review of Financial Performance of March 2020: Please see attached EDEN Revenue and Expenditures by Fund, EDEN Revenue Detail Report, EDEN Monthly Financial Statement by Fund (Cash Balance), EDEN Expenditure Status Report, Outstanding Warrants through March 2020, and Warrant Summary for March 2020.

Operational Report for March 2020

The Washington State Auditors were back to finish 2017/2018 audit work on site from March 6, 2020 to March 8, 2020. An exit conference was scheduled for March 19, 2020 with Commissioner Lindstrum, Commissioner Clary, Interim Chief Karl Kuetzing, Executive SJIEMS Administrative Assistant Heather Vogel, and me, Superintendent Pamela Hutchins. Members of the Washington State Auditors attending were Audit Lead, Christy Fazio, Assistant Audit Manager, Susanne Hancock, and Deena Garza, Audit Manager. We were able to finish our audit just before full stay at home orders were mandated, but we still had to conduct our exit interview all remotely over the phone instead of going to the Bellingham office and meet in person.

This audit was for Financial Reporting for 2017 and Accountability Audit for both 2017 and 2018. Much progress was made from the last Accountability Audit conducted for 2015/2016 and the Financial Reporting Audit for 2017. The finding issued from the 2017 Financial Reporting for inadequate internal controls over financial statement preparation was **fully corrected and there were no findings for the audit period 2017/2018.**

A Management letter was issued surrounding theft sensitive assets at San Juan Island EMS (SJIEMS). A new inventory system was discussed with the auditors as well as having more staff personnel at SJIEMS that is easier to segregate the inventory duties as the auditors recommend. Before the auditors left the entire new system and policy was gone over and when instituted fully should take care of this management item at the start of our next Accountability Audit for 2019/2020.

A Management letter was also issued surrounding one last item of Financial Reporting that needs to be refined. When working with any Certified Public Accountant (CPA) complete understanding of their work to prepare the financial statements should be understood fully and checked extensively by Interim Chief Kuetzing, Superintendent Hutchins, and the Board of Commissioners when the auditors are auditing financial reports. Checklists of reviewing this work should be used and shown to auditors during the audit. This will be corrected at next audit.

A few exit recommendations on credit card controls and third-party receipting were offered by the auditors. These recommendations have already been implemented before the end of the audit.

These are the Audit Highlights provided by the Washington State Auditors at the exit conference.

- “The District continues to be open to our recommendations and works to implement changes when possible. We noted the District implemented prior audit recommendations for financial statement preparation with significant improvements seen in the cash reconciliation from prior years.”
- “There were no material misstatements in the financial statements corrected by management during the audit.”
- “We want to give special recognition to Superintendent Pam Hutchins, Interim Chief Karl Kuetzing, and Executive Assistant Heather Vogel, who were helpful and responsive during our audit.”

One note of interest about our Financial Reporting Audits is that the District now reports on cash basis of accounting instead of U.S. GAAP (Generally Accepted Accounting Practices) as had been done in years prior to 2017. Auditing standards

issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. It has been approved by the Washington State Auditors that the District can report financials on the cash basis of accounting. But because we do not report on U.S. GAAP method there will always be that section in our Financial Reporting Audit that states an adverse opinion simply because we are not reporting using GAAP method. This is not a black mark on our audits. San Juan County and most of the other junior districts report using the cash basis of accounting including Orcas and Lopez Public Hospital Districts.

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March 11, 2020 the World Health Organization (WHO) officially declared that COVID-19 was a pandemic spreading around the world. Our daily lives have not been the same since. Governor Inslee closed schools and ordered remote learning on March 17th and on April 6th extended the closure through the academic school year. Most people in our county began to work remotely by March 16, 2020. Governor Inslee mandated his Stay at Home – Stay Healthy orders on March 23, 2020. Many local officials as well as some of our district personnel remain working with the local Emergency Operations Center (EOC) to keep our county residents safe and healthy. The Stay at Home order was issued through May 4, 2020 and at this time there has been no extension of that date, but only time will tell if it does get extended.

Because of the Stay at Home orders issued the regular March 25th SJCPHD #1 board meeting was cancelled until Governor Inslee issued his Proclamation 20-28 allowing public meetings to be held all remotely. During this time only routine matters can be discussed at these remote meetings and/or matters concerning COVID-19. A Special Meeting was held all remotely on April 8, 2020 to essentially make up for the missed March 25th meeting and the April 22nd regular meeting will be held remotely under the orders.

In March and April many local, public organizations such as our District count on getting a large infusion of cash from the first half of the year property taxes. Because of many people being out of work, this year there may be less coming in because people just can't pay their property tax on time. Our treasurer's office is

doing a wonderful job working one on one with individuals to help them spread out their property tax payments. The treasurer's office also issued a plea to residents that if you could pay your full year of taxes now it would help offset people who couldn't at this time. They are working extremely hard to balance people's situation with not working against the organizations that count on this large cash flow to put organizations into the black for the first half of the year. Thank you to our County Treasurer, Rhonda Pederson, and all her staff for their continued work to help both property tax payors and receivers during this difficult time.

Thank you to all that live and work in San Juan County for doing your part and beyond to help San Juan County come through this Pandemic. Our county is weathering this storm much better than some across the nation and it is because of your hard work and listening to the orders from health officials that we are.