www.tricitymhs.org

Tri-City Mental Health Authority
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Founded by Pomona, Claremont, and La Verne in 1960

TRI·CITY
Mental Health

GOVERNING BOARD AGENDA

WEDNESDAY, NOVEMBER 16, 2022
5:00 P.M.

MEETING LOCATION

There will be no in-person public meeting location. On September 16, 2021, the Legislature amended the Brown Act provisions regarding teleconferencing through Assembly Bill No. 361, codified under Government Code § 54953. Accordingly, the Governing Board will hold this public meeting via teleconference and the public seeking to observe and to address the Governing Board may participate telephonically or otherwise electronically.

Please click the link below to join the meeting:

https://tricitymhs-org.zoom.us/j/89412219442?pwd=ekRPSVpOdE9qRUFNKzBxMnkzQ1U1dz09

Passcode: awFL+Wy4

Or Telephone: 1-213-338-8477
Webinar ID: 861 1017 8861
Passcode: 20685375

Public Participation. Section 54954.3 of the Brown Act provides an opportunity for members of the public to address the Governing Board on any item of interest to the public, before or during the consideration of the item, that is within the subject matter jurisdiction of the Governing Board. Therefore, members of the public are invited to speak on any matter on or off the agenda.

The public can make a comment during the meeting by using the 'raised hand' feature, or by calling in, if they wish to address a particular agenda item or to make a general comment on a matter within the subject matter jurisdiction of the Governing Board. The Chair will call on the member of the public at the appropriate time and allow the person to provide live comment. The public can also submit a comment by writing an email to molmos@tricitymhs.org. All email messages received by 3:30 p.m. will be shared with the Governing Board before the meeting. No action shall be taken on any item not appearing on the Agenda. The Chair reserves the right to place limits on duration of comments.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by Tri-City Mental Health Authority to all or a majority of the Tri-City Governing Board less than 72 hours prior to this meeting, are available for public inspection at ***http://www.tricitymhs.org***

CALL TO ORDER

Chair Leano calls the meeting to Order.

ROLL CALL

Board Member Cockrell, Board Member Lantz, Board Member Lau, Board Member Ontiveros-Cole, and Board Member Vera; Vice-Chair Nolte; and Chair Leano.

POSTING OF AGENDA

The Agenda is posted 72 hours prior to each meeting at the following Tri-City locations: Clinical Facility, 2008 N. Garey Avenue in Pomona; Wellness Center, 1403 N. Garey Avenue in Pomona; Royalty Offices, 1900 Royalty Drive #180/280 in Pomona; MHSA Office, 2001 N. Garey Avenue in Pomona; and on the Tri-City's website: http://www.tricitymhs.org

CONSENT CALENDAR

1. CONSIDERATION OF RESOLUTION NO. 680 AUTHORIZING THE IMPLEMENTATION OF TELECONFERENCING REQUIREMENTS DURING A PROCLAIMED STATE OF EMERGENCY UNDER GOVERNMENT CODE SECTION 54953 (AB 361)

Recommendation: "A motion to adopt Resolution No. 680 finding and declaring that it is unsafe to meet in person during the proclaimed state of emergency as a result of the continued threat of COVID-19, and authorizes the Executive Director, or her designee, to continue utilizing teleconferencing accessibility to conduct the Authority's public meetings pursuant to Government Code § 54953."

2. APPROVAL OF MINUTES FROM THE OCTOBER 19, 2022 GOVERNING BOARD REGULAR MEETING

Recommendation: "A motion to approve the Minutes of the Governing Board Regular Meeting of October 19, 2022."

3. CONSIDERATION OF RESOLUTION NO. 681 ADOPTING TRI-CITY MENTAL HEALTH AUTHORITY'S PUBLISHED RATES EFFECTIVE FY 2021-22

Recommendation: "A motion to adopt Resolution No. 681 establishing Tri-City's Published Rates effective Fiscal Year 2021-22."

NEW BUSINESS

4. REVIEW OF THE ISSUANCE OF THE AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2022

Recommendation: "A motion to accept and file the final issued audited Financial Statements for Fiscal Year ended June 30, 2022."

5. CONSIDERATION OF RESOLUTION NO. 682 AUTHORIZING AN AGREEMENT WITH THE PEABODY COMMUNICATIONS FOR WRITING SERVICES IN AN AMOUNT NOT TO EXCEED $50,000; AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE THE AGREEMENT

Recommendation: "A motion to adopt Resolution No. 682 authorizing the Executive Director to execute an Agreement with Peabody Communications for policy, procedure, and task flows writing services in an amount not to exceed $50,000.00, effective November 16, 2022."

6. CONSIDERATION OF RESOLUTION NO. 683 AUTHORIZING AN AGREEMENT WITH SISSON DESIGN GROUP FOR REMODELING CONSTRUCTION SERVICES IN AN AMOUNT OF $30,000 AT PROPERTY LOCATED AT 2001 N. GAREY IN POMONA; AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE THE AGREEMENT

Recommendation: "A motion to adopt Resolution No. 683 authorizing the Executive Director to execute an Agreement with Sisson Design Group for Remodeling Construction Services for $30,000 at MHSA Building located at 2001 N. Garey in Pomona, effective November 16, 2022."

MONTHLY STAFF REPORTS

7. RIMMI HUNDAL, EXECUTIVE DIRECTOR REPORT

8. DIANA ACOSTA, CHIEF FINANCIAL OFFICER REPORT

9. LIZ RENTERIA, CHIEF CLINICAL OFFICER REPORT

10. SEEYAM TEIMOORI, MEDICAL DIRECTOR REPORT

11. DANA BARFORD, DIRECTOR OF MHSA AND ETHNIC SERVICES REPORT

12. NATALIE MAJORS-STEWART, CHIEF COMPLIANCE OFFICER REPORT

Recommendation: "A motion to receive and file the month of November staff reports."

GOVERNING BOARD COMMENTS

Members of the Governing Board may make brief comments or request information about mental health needs, services, facilities, or special problems that may need to be placed on a future Governing Board Agenda.

PUBLIC COMMENT

The public can make a comment during the open meeting by using the 'raised hand' feature, or by calling-in, if they wish to make a general comment on a matter within the subject matter jurisdiction of the Governing Board. The public can also make a comment before the meeting by writing an email to molmos@tricitymhs.org. All emails received by 3:30 p.m. will be shared with the Governing Board before the meeting. No action shall be taken on any item not appearing on the Agenda. The Chair reserves the right to place limits on duration of comments.

CLOSED SESSION

The Governing Board will recess to a Closed Session pursuant to:

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Gov't Code § 54956.9)
Case Name or Reference: Patricia Kears v. Tri City Mental Health Authority, Warkitha Torregano, et al.
Case Number: 21PSCV00953
Venue: Los Angeles Superior Court

RECONVENE TO OPEN SESSION

The Governing Board will reconvene to an Open Session.

CLOSED SESSION REPORT

Any reportable action taken is announced.

ADJOURNMENT

The Governing Board will meet next in a Regular Joint Meeting with the Mental Health Commission to be held on **Wednesday, December 21, 2022 at 5:00 p.m.**, via teleconference pursuant to Government Code §54953.

MICAELA P. OLMOS
JPA ADMINISTRATOR/CLERK

Tri-City Mental Health Authority
AGENDA REPORT

DATE: November 16, 2022

TO: Governing Board of Tri-City Mental Health Authority

FROM: Rimmi Hundal, Executive Director

BY: Mica Olmos, JPA Administrator/Clerk

SUBJECT: Consideration of Resolution No. 680 Authorizing the Implementation of Teleconferencing Requirements during a Proclaimed State of Emergency Under Government Code Section 54953 (AB 361)

Summary:

On Tuesday, March 1, 2022, the California Department of Public Health (CDPH) relaxed the masking requirement for unvaccinated individuals; however, it did not lift the state of emergency. The following day, Cal-OSHA announced its intent to mirror CDPH's recommendations except in certain industries, such as healthcare settings. Per Cal-OSHA regulations, masking and 6-foot physical distancing will continue to be required in healthcare settings until further notice. Accordingly, Tri-City Mental Health Authority must follow Cal-OSHA requirements.

Therefore, TCMHA will continue to hold virtual meetings per Assembly Bill No. 361 (AB 361) enacted on September 16, 2021, which amended the Brown Act by waiving certain provisions regarding teleconferencing; and effectively authorizing public agencies to hold its public meetings via teleconference under a proclaimed state of emergency which makes it unsafe to meet in person, provided that it allows the public, seeking to observe and to address the legislative body, to participate in real time telephonically or an internet-based service option during a virtual meeting; and the legislative body makes additional findings every 30 days in order to continue such teleconferencing pursuant to AB 361.

Background:

The Ralph M. Brown Act requires that all meetings of a legislative body of a local agency be open and public and that any person may attend and participate in such meetings; and allows for legislative bodies to hold meetings by teleconference, but imposes the following requirements for doing so:

1. The public agency must give notice of each teleconference location from which a member will be participating in a public meeting.
2. Each teleconference location must be specifically identified in the meeting notice and agenda, including full address and room number.
3. Each teleconference location must be accessible to the public.
4. Members of the public must be able to address the body at each teleconference location.

On March 17, 2020, Governor Newsom issued Executive Order No. N-29-20, suspending the Brown Act's teleconferencing requirements (enumerated above) in order to address the need for public meetings during the present public health emergency (COVID-19) and allow legislative bodies to meet virtually as long as certain notice and accessibility requirements were met; and on June 11, 2021, Governor Newsom issued Executive Order No. N-8-21 continuing the suspension of the Brown Act's teleconferencing requirements through September 30, 2021.

On September 16, 2021, the State Legislature amended the Brown Act through Assembly Bill No. 361 (AB 361), codified under Government Code § 54953, waiving certain provisions of the Brown Act in order to allow local agencies to continue to meet using teleconferencing without complying with the regular teleconferencing requirements of the Brown Act when a legislative body holds a meeting during a proclaimed state of emergency and it unsafe to meet in person.

In addition, Government Code section 54953 adds new procedures and clarifies the requirements for conducting remote (virtual) meetings, including the following:

- <u>Public Comment Opportunities in Real Time</u> – a legislative body that meets remotely pursuant to AB 361, must allow members of the public to access the meeting via a call-in option or an internet-based service option, and the agenda for the remote meeting must provide an opportunity for members of the public to directly address the body in real time. A legislative body cannot require public comments to be submitted in advance of the meeting.

- <u>No Action During Disruptions</u> – in the event of a disruption that prevents the local agency from broadcasting the remote meeting, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, AB 361 prohibits the legislative body from taking any further action on items appearing on the meeting agenda until public access is restored.

- <u>Periodic Findings</u> – Government Code § 54953(e)(B) requires the legislative body to hold a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risk to the health or safety of attendees.

The Governing Board must make these findings no later than 30 days after the first teleconferenced meeting is held after September 30, 2021, and must also make these findings every 30 days thereafter, in order to continue to allow teleconference accessibility for conducting public meetings (Government Code § 54953(e)(3).) AB 361 will sunset on January 1, 2024.

Tri-City Mental Health Authority (TCMHA) has already implemented the above stated requirements for conducting public meetings and is in compliance with AB 361, thus there will be no change of the currently established procedures. Teleconference accessibility is available via call-in option or through via Zoom or RingCentral Webinars platform (internet-based service option) and both the telephone number and meeting link are listed on the published agenda for each meeting as well as on TCMHA's buildings and website.

The JPA Administrator/Clerk monitors public comment submitted via email correspondence (as published on the agenda); and designated staff monitors comment via teleconference throughout each public meeting and provides access for public comment opportunities in real time both verbally (via call-in or by using the 'raised hand' feature) and in writing (in the 'chat' and 'Q & A' options.)

<u>Funding</u>:

None required.

<u>Recommendation</u>:

Staff recommends that the Governing Board approve and adopt Resolution No. 680 finding and declaring that it is unsafe to meet in person during the proclaimed state of emergency as a result of the continued threat of COVID-19, and authorizes the Executive Director, or her designee, to continue utilizing teleconferencing accessibility to conduct the Authority's public meetings pursuant to Government Code § 54953.

<u>Attachments</u>:

Attachment 1-A: Resolution No. 680- DRAFT

RESOLUTION NO. 680

A RESOLUTION OF THE GOVERNING BOARD OF THE TRI-CITY MENTAL HEALTH AUTHORITY AUTHORIZING THE EXECUTIVE DIRECTOR TO IMPLEMENT TELECONFERENCING REQUIREMENTS FOR CONDUCTING PUBLIC MEETINGS DURING A PROCLAIMED STATE OF EMERGENCY PURSUANT TO GOVERNMENT CODE SECTION 54953 (AB 361)

The Governing Board of the Tri-City Mental Health Authority does resolve as follows:

1. Findings. The Governing Board hereby finds and declares the following:

A. Tri-City Mental Health Authority ("Authority" or "TCMHA") wishes to continue using teleconferencing to conduct public meetings as allowed under Government Code § 54953, since a state of emergency as a result of the threat of COVID-19 still exists and continues to impact the ability of members of the Governing Board, Mental Health Commission, Tri-City staff, and public to meet safely in person.

B. The State of California and the Authority continue to follow safety measures in response to COVID-19 as ordered or recommended by the Centers for Disease Control and Prevention (CDC), California Department of Public Health (DPH), California Occupational Safety and Health Administration (Cal/OSHA), and/or County of Los Angeles, as applicable, including facial coverings when required and social distancing.

C. The Authority will make these findings every 30 days in order to continue such teleconferencing pursuant to Government Code § 54953 (AB 361), which will sunset on January 1, 2024.

D. The Executive Director, or her designee, are authorized to continue utilizing teleconferencing accessibility to conduct public meetings, and implement teleconference requirements in compliance with AB 361 (Stats. 2021, ch. 165) and Government Code § 54953 (as amended), effective immediately.

2. Action

The Governing Board finds and declares that it is unsafe to meet in person during the proclaimed state of emergency as a result of the continued threat of COVID-19, and authorizes the Executive Director, or her designee, to continue utilizing teleconferencing accessibility to conduct the Authority's public meetings pursuant to Government Code § 54953.

[Continued on page 2]

3. Adoption

PASSED AND ADOPTED at a Regular Meeting of the Governing Board held on November 16, 2022, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

____
JED LEANO, CHAIR

APPROVED AS TO FORM:
DAROLD PIEPER, GENERAL COUNSEL

By:__________________________________

ATTEST:
MICAELA P. OLMOS, RECORDING SECRETARY

By:__________________________________

MINUTES

REGULAR MEETING OF THE GOVERNING BOARD
OCTOBER 19, 2022 – 5:00 P.M.

The Governing Board held on Wednesday, September 21, 2022 at 5:02 p.m. a Regular Meeting Via Teleconference pursuant to Government Code § 54953, which allows the continuation to hold meetings without gathering in a room in an effort to minimize the spread and mitigate the effects of COVID-19 (Corona Virus Disease of 2019).

CALL TO ORDER Vice-Chair Nolte called the meeting to order at 5:02 p.m.

ROLL CALL Roll call was taken by JPA Administrator/Clerk Olmos.

GOVERNING BOARD

PRESENT: Jed Leano, City of Claremont, Chair
John Nolte, City of Pomona, Vice-Chair
Carolyn Cockrell, City of La Verne, Board Member
Paula Lantz, City of Pomona, Board Member
Wendy Lau, City of La Verne, Board Member
Elizabeth Ontiveros-Cole, City of Pomona, Board Member
Ronald T. Vera, City of Claremont, Board Member (joined at 5:04 pm)

ABSENT: None.

STAFF: Rimmi Hundal, Executive Director
Darold Pieper, General Counsel
Liz Renteria, Chief Clinical Officer
Seeyam Teimoori, Medical Director
Dana Barford, Director of MHSA & Ethnic Services
Natalie Majors-Stewart, Chief Compliance Officer
Trevor Bogle, Controller
Mica Olmos, JPA Administrator/Clerk

CONSENT CALENDAR

Vice-Chair Nolte opened the meeting for public comment; and there was no public comment.

There being no comment, Chair Leano seconded, and Vice-Chair Nolte, to approve the Consent Calendar. The motion was carried by the following vote, with Board Members Lantz and Vera abstaining from approval of Agenda Item No. 2: AYES: Board Members Cockrell, Lantz, Lau, Ontiveros-Cole, and Vera; Vice-Chair Nolte; and Chair Leano. NOES: None. ABSTAIN: None. ABSENT: None.

AGENDA ITEM NO. 2

1. CONSIDERATION OF RESOLUTION NO. 672 AUTHORIZING THE IMPLEMENTATION OF TELECONFERENCING REQUIREMENTS DURING A PROCLAIMED STATE OF EMERGENCY UNDER GOVERNMENT CODE SECTION 54953 (AB 361)

Recommendation: "A motion to adopt Resolution No. 672 finding and declaring that it is unsafe to meet in person during the proclaimed state of emergency as a result of the continued threat of COVID-19, and authorizes the Executive Director, or her designee, to continue utilizing teleconferencing accessibility to conduct the Authority's public meetings pursuant to Government Code § 54953."

2. APPROVAL OF MINUTES FROM THE SEPTEMBER 21, 2022 GOVERNING BOARD REGULAR MEETING

Recommendation: "A motion to approve the Minutes of the Governing Board Regular Meeting of September 21, 2022."

3. CONSIDERATION OF RESOLUTION NO. 673 ADOPTING REVISED POLICY AND PROCEDURE NO. PP-13, DOCUMENTATION OF DISCLOSURES AND HIPAA/PRIVACY RECORDS RETENTION, EFFECTIVE OCTOBER 19, 2022

Recommendation: "A motion to adopt Resolution No. 673 revising the Authority's Policy and Procedure No. PP-13: Documentation of Disclosures and HIPAA/Privacy Records Retention, Effective October 19, 2022."

4. CONSIDERATION OF RESOLUTION NO. 674 ADOPTING REVISED POLICY AND PROCEDURE NO. II-18, WORKFORCE MEMBERS ABILITY TO PROVIDE GOODS AND SERVICES UNDER FEDERALLY FUNDED HEALTH CARE PROGRAMS, EFFECTIVE OCTOBER 19, 2022

Recommendation: "A motion to adopt Resolution No. 674 revising the Authority's Policy and Procedure No. II-18: Workforce Members Ability to Provide Goods and Services Under Federally Funded Health Care Programs, Effective October 19, 2022."

NEW BUSINESS

5. CONSIDERATION OF RESOLUTION NO. 675 AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO PARTICIPANT AGREEMENT WITH THE CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY (CalMHSA) TO PROVIDE SUPPORTIVE SERVICES, MATERIALS, AND RESOURCES UNDER TRI-CITY'S MHSA PREVENTION AND EARLY INTERVENTION PLAN (PEI)

Director of MHSA and Ethnic Services Barford reported that the agreement between CalMHSA, California Mental Health Services Authority, and Tri-City, is an ongoing agreement that has existed for a while; that CalMHSA provide resources and technical assistance for stigma reduction, and suicide prevention; that this agreement is a continuation and this time it will be for three years instead of one year; and discussed the cost breakdown which will total $158,000.00 and will be funded from PEI Plan.

Chair Leano opened the meeting for public comment; and there was no public comment.

There being no further comment, Vice-Chair Nolte, and Board Member Lantz seconded, to adopt Resolution No. 675 authorizing the Executive Director to execute the Participant Agreement with CalMHSA. The motion was carried by the following vote: AYES: Board Members Cockrell, Lantz, Lau, Ontiveros-Cole, and Vera; Vice-Chair Nolte; and Chair Leano. NOES: None. ABSTAIN: None. ABSENT: None.

6. CONSIDERATION OF RESOLUTION NO. 676 AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN AMENDMENT TO THE DISPOSITION AND DEVELOPMENT (DDA) AGREEMENT WITH RESTORE NEIGHBORHOODS, LA, INC. (RNLA) FOR THE CLAREMONT GARDENS SENIOR HOUSING PROJECT AT 956 W BASELINE ROAD IN CLAREMONT, CALIFORNIA

Executive Director Hundal reported that on February 19, 2020, the Governing Board designated TCMHA's No Place Like Home (NPLH) Non-Competitive Allocation Funds in the amount of $1,140,736 to develop a 15-unit construction/rehabilitation combined affordable housing and permanent supportive senior housing project, known as Claremont Gardens, in partnership with the City of Claremont, Genesis LA Economic Growth Corporation, and Restore Neighborhoods, LA, Inc. (RNLA); and on February 17, 2021, the Governing Board authorized a Disposition and Development Agreement (DDA) with RNLA for the development, financing, and operation of the Claremont Gardens at TCMHA's property located at 956 W Baseline Road in Claremont, California, noting that the DDA specified a closing date by June 30, 2021 which has expired. She explained that TCMHA did not receive its NPLH non-competitive funds until August 29, 2022; and on September 21, 2022, the Governing Board authorized the acceptance of the Authority's non-competitive allocation award in the amount of $1.1 million under the NPLH program for the Claremont Gardens Project. She also stated that the loan contributions for the Garden Project are split as follows: City of Claremont $1,750,000 (28%); County of Los Angeles $750,000 (12%); TCMHA Non-Competitive NPLH Funds $1,140,000 (18%); TCMHA Land Contribution $1,260,000 (20%); and San Gabriel Valley Regional Housing Trust $554,750 (9%); that if the project does not go through, Tri-City will always be first in line, and the property will revert back to Tri-City, noting that staff has already given instructions to the Escrow Company to not close escrow until Tri-City authorizes it; and that staff recommends that the Governing Board approve the Amendment to the DDA Agreement in order to extend the escrow closing deadline and approve a Subordination and Intercreditor Agreement for the Claremont Garden Senior Project.

Board Member Lantz inquired if the amounts that were indicated were loans or grants, or which are expected to be repaid.

Executive Director Hundal stated that the NPLH funding is a grant, and if the project does not go forward, the money reverts to the State.

Chair Leano stated that the funding from the City of Claremont is a grant; however, it is technically a loan because it will be forgiven only if the developer maintains fifteen units of Permanent Supportive Housing (PSH) at the qualified income levels; and if they fail to provide the PSH, then the money is due back.

Board Member Lantz further inquired if those are these conditions are similar to the other entities involved. Executive Director Hundal replied in the affirmative.

Board Member Vera inquired for the reason not being able to close escrow on the previously agreed date. Executive Director Hundal stated because Tri-City did not receive the NPLH funds in time.

Chair Leano opened the meeting for public comment; and there was no public comment.

There being no further discussion, Board Member Lantz moved, and Board Member Ontiveros-Cole seconded, to adopt Resolution No. 676 authorizing the Executive Director to execute an Amendment to the DDA with RNLA to extend the escrow closing deadline and approve a "Subordination and Intercreditor Agreement" for the Claremont Garden senior housing project, at 956 W. Baseline Road in Claremont, California. The motion was carried by the following vote: AYES: Board Members Cockrell, Lantz, Lau, Ontiveros-Cole, and Vera; Vice-Chair Nolte; and Chair Leano. NOES: None. ABSTAIN: None. ABSENT: None.

7. CONSIDERATION OF RESOLUTION NO. 677 AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A MEMORANDUM OF UNDERSTANDING WITH THE BONITA UNIFIED SCHOOL DISTRICT (BUSD) TO PROVIDE DROP-IN MENTAL HEALTH SERVICES TO STUDENTS IN ITS DISTRICT

Director of MHSA and Ethnic Services Barford reported that the over the past fifteen years, Tri-City has entered into an MOU with the Bonita Unified School District, for Tri-City to provide interns, which are 2nd-year Master level Therapists, to work with elementary and high school students at the schools sites; and that Tri-City will be reimbursed $20,000.

Board Member Lantz stated that the staff report indicated two high schools and eight elementary schools; however, the MOU list three high schools: Bonita, Chaparral and Vista. Wellness Center Manager Gamaliel Polanco explained that it is only two high schools Bonita, and Vista & Chaparral Continuation School.

Chair Leano opened the meeting for public comment; and there was no public comment.

There being no further discussion, Board Member Cockrell moved, and Board Member Lau seconded, to adopt Resolution No. 677 approving the MOU with the BUSD and authorizing Executive Director to execute the MOU. The motion was carried by the following vote: AYES: Board Members Cockrell, Lantz, Lau, Ontiveros-Cole, and Vera; Vice-Chair Nolte; and Chair Leano. NOES: None. ABSTAIN: None. ABSENT: None.

8. CONSIDERATION OF RESOLUTION NO. 678 AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE THE MEMORANDUM OF UNDERSTANDING WITH NATIONAL ALLIANCE OF MENTAL HEALTH GREATER LOS ANGELES COUNTY (NAMI GLAC) TO PROVIDE PEER-LED SUPPORT SERVICES AND EDUCATION CLASSES UNDER TCMHA'S MHSA COMMUNITY SERVICES AND SUPPORTS (CSS) PLAN

Board Member Vera recused himself, by turning off his audio and camera, due to conflict of interest since NAMI is his client.

Director of MHSA and Ethnic Services Barford reported that Tri-City's partnership with NAMI has just continued to grow over the years, and staff really cherish the mutual collaboration that exists; she then expressed being proud to present the renewal of a MOU which has been in existence since 2011 with NAMI Pomona Valley, now known as the National Alliance of Mental Health Greater Los Angeles County (NAMI GLAC), which will be $14,300 for NAMI to provide Peer-led Support Services, in the form of support groups throughout the Tri-City area.

Chair Leano opened the meeting for public comment; and there was no public comment.

Chair Leano recognized Mr. David Estrada, from NAMI Greater Los Angeles, and expressed gratitude for Mr. Estrada and the advocates he works with, noting that Tri-City is always excited to partner with NAMI.

There being no further comment, Board Member Cockrell moved, and Vice Chair Nolte seconded, to adopt Resolution No. 678 authorizing the Executive Director to execute a MOU with NAMI GLAC for Peer-Led Support Services Classes. The motion was carried by the following vote: AYES: Board Members Cockrell, Lantz, Lau, and Ontiveros-Cole; Vice-Chair Nolte; and Chair Leano. NOES: None. ABSTAIN: None. ABSENT: Board Member Vera.

9. CONSIDERATION OF RESOLUTION NO. 679 AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A MEMORANDUM OF UNDERSTANDING WITH NATIONAL ALLIANCE OF MENTAL HEALTH GREATER LOS ANGELES COUNTY (NAMI GLAC) TO PROVIDE PRESENTATIONS AND TRAINING ON MENTAL HEALTH UNDER TCMHA MENTAL HEALTH SERVICES ACT (MHSA) PREVENTION AND EARLY INTERVENTION (PEI) PLAN

Board Member Vera recused himself, by turning off his audio and camera, due to conflict of interest since NAMI is his client.

Director of MHSA and Ethnic Services Barford stated that this MOU will continue Tri-City's collaboration with NAMI, which will be funded through the Prevention and Early Intervention (PEI) Plan, in the amount of $35,500 for NAMI volunteers to go to our schools and meet with parents, teachers, and students and provide trainings through two different progams: 1) Ending the Silence, a program that has a comprehensive suicide prevention component, and 2) NAMI 101, a nuts and bolts program recognizing science.

Chair Leano again expressed his gratitude for NAMI GLAC; and then opened the meeting for public comment; and there was no public comment.

There being no further comment, Board Member Lantz moved, and Board Member Cockrell seconded, to adopt Resolution No. 679 authorizing the Executive Director to execute a MOU with NAMI GLAC to provide presentations and training on Mental Health under TCMHA MHSA PEI Plan. The motion was carried by the following vote: AYES: Board Members Cockrell, Lantz, Lau, and Ontiveros-Cole; Vice-Chair Nolte; and Chair Leano. NOES: None. ABSTAIN: None. ABSENT: Board Member Vera.

<u>MONTHLY STAFF REPORTS</u>

10. RIMMI HUNDAL, EXECUTIVE DIRECTOR REPORT

Executive Director Hundal thanked Chair Leano and Vice-Chair Nolte for joining Tri-City staff and attend the Gala event hosted by the Pomona Pride Center, noting that Tri-City received an award that night for Organizational Impact, and a Certificate of Recognition from Supervisor Hilda Solis, also for organizational impact; and that Senator Connie Leyva approached her to thank Tri-City for its services; she noted that also present were Board Member Ontiveros-Cole and several staff members, and that the festivities had a very good and positive atmosphere. She then reported that Tri-City is excited to support staff who are now becoming officially Certified Peer Specialists, noting that they are going through a rigorous training process to become certified; and that they will be able to bill for their services in recognition of their work in partnership with clinicians. Lastly, she stated that last month there were eight new hires and only two separations, pointing out that turnover numbers are in the positive.

11. DIANA ACOSTA, CHIEF FINANCIAL OFFICER REPORT

On behalf of Chief Financial Officer Acosta, Controller Trevor Bogle reported that in the monthly unaudited financial statement of the fiscal year, the first two months we experience a lot of upfront costs combined with the delayed payments from LACDMH, which resulted in negative cash flow as of August 31st, but through the end of September $2.2 million dollars were received in payments from LACDMH, noting that as a result of timing there would not be negative. He also indicated that the final draft of Tri-City's audited financial statements are with the auditors; that the audited financial statements, along with the governance letter, and the opinions will be presented to the Governing Board in the November Agenda packet; that there will be two new items GASB (Governmental Accounting Standard Board) 87, which requires to classify leases as a liability; and GASB 31, which requires a fair market value adjustment; that Tri-City's investments are in LAIF, noting that for the first time that he can recall, LAIF has had a fair market value adjustment of less than one, which means we experience a net investment loss, and then cash is presented on the financial statement, is reduced; that with Pacific Western Bank, there was a deposit that basically brought the interest rate down back when there was a mortgage, but now that the mortgage is no longer there, the accounts are not earning interest, thus, staff is in the process of closing that account, and the money will be transferred to Wells Fargo Bank.

12. LIZ RENTERIA, CHIEF CLINICAL OFFICER REPORT

Chief Clinical Officer Renteria stated that she will share each month about clinical operations and how they currently function; that included in the report the Access To Care Program, which is the in-taking coordination of care, and that for some time they were not fully staffed and some of the network adequacy numbers were not where she had hoped they would be, and that staff is really working diligently to improve Tri-City's access numbers and discussed the strategies; that we are very much in line with other agencies as we are trying to climb out of the pandemic and turnover, and expressed confidence that Tri-City will be able to turn this number around. She then referred to the data provided in her report and indicated that the first part is the number of intakes or contacts that must be made before a referral can be closed, and discussed the arduous process to get somebody into an appointment.

Board Member Cockrell thanked Chief Clinical Officer Renteria for the transparency and the information provided, noting that it helps her when she interfaces with Tri-City through her work to get a better understanding of the nuts and bolts of what is going on.

13. SEEYAM TEIMOORI, MEDICAL DIRECTOR REPORT

Medical Director Teimoori reported that Tri-City is committed to provide whole person care; and pointed out that he provided data related to a wide variety of services that Tri-City provides.

14. DANA BARFORD, DIRECTOR OF MHSA AND ETHNIC SERVICES REPORT

Director of MHSA and Ethnic Services Barford announced that tomorrow is Global Peer Support Day when peers all across the world are recognized; that Tri-City also has provided zoom backgrounds to all staff to utilize, to recognize peers, and to thank them for their service. She then reported that staff is completing interviews for the MHSA Projects Manager; and discussed the five new positions that will be filled in the MHSA department, including three community navigators and one administrative assistant.

Board Member Cockrell inquired if the three community navigators are new positions. Director of MHSA and Ethnic Services Barford replied that they are vacant positions, noting that we have seven positions, but only four positions are currently filled.

15. NATALIE MAJORS-STEWART, CHIEF COMPLIANCE OFFICER REPORT

Chief Compliance Officer Majors-Stewart reported that in November Tri-City will have a medical recertification audit for the children's system of care by LACDMH, noting that it already had the adult system of care audit in August. She explained that LACDMH will be on site and they will perform a physical plan inspection of the site, review clinical operations and service delivery policies; and indicated that she will provide an update to the Board after staff receive the results of the certification. She then reported that the next phase of the Electronic Health Records transition is data accuracy, making sure that patient data and charts got migrated properly so that reports can be created and be distributed to staff and to leadership; that some key data accuracy areas to focus is billing, patient tracking, and county and state reporting; that this will also ensure that revenues are generating the way they are supposed to, noting that these activities are a very important facet of the quality, monitoring, and assurance that it is performed at best practices which is important to support the clinical operations.

Chair Leano opened the meeting for public comment; and there was no public comment.

There being no further comment, Vice-Chair Nolte moved, and Board Member Lau seconded, to receive and file the month of October staff reports. The motion was carried by the following vote: AYES: Board Members Cockrell, Lantz, Lau, Ontiveros-Cole, and Vera; Vice-Chair Nolte; and Chair Leano. NOES: None. ABSTAIN: None. ABSENT: None.

GOVERNING BOARD COMMENTS

Board Member Nolte commented about the awful crash that happened on Holt Avenue and the father who passed away; noting that he reached out to Executive Director Hundal, and in turn, she has reached out to the police; and that mayor has made contact with the family; and that they are taking steps to make sure that their physical needs as well as their mental health needs and counseling are met.

PUBLIC COMMENT

There was not public comment.

ADJOURNMENT

At 5:49 p.m., on consensus of the Governing Board its meeting of October 19, 2022 was adjourned. The next Regular Meeting of the Governing Board will be held on Wednesday, November 16, 2022 at 5:00 p.m., via teleconference pursuant to Government Code § 54953.

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Micaela P. Olmos, JPA Administrator/Clerk

Tri-City Mental Health Authority
AGENDA REPORT

DATE: November 16, 2022

TO: Governing Board of Tri-City Mental Health Authority

FROM: Rimmi Hundal, Executive Director

BY: Diana Acosta, CPA, Chief Financial Officer

SUBJECT: Consideration of Resolution No 681 Adopting Tri-City Mental Health Authority's Published Rates Effective Beginning Fiscal Year 2021-22

Summary

In order to conform to the Los Angeles County Department of Mental Health's cost reporting process, staff is requesting the Governing Board to approve an increase of Tri-City's current Published Rates to be effective beginning Fiscal Year 2021-22.

Background

In accordance with LA County Department of Mental Health cost reporting process, it is required that Tri-City's Published Rates be approved by the Governing Board. Based on Tri-City's best estimate of the total direct cost and allowed administrative cost (15% of direct costs) to provide services to all outpatient and FSP clients in fiscal 2021-22, it is estimated that the actual unit costs will exceed Tri-City's current Published Rates. The current Published Rates were last updated in October of 2021 and made effective for fiscal year 2020-21. Therefore, the Published Rates listed below are recommended to be approved effective beginning Fiscal Year 2021-22. The rates represent the charge per minute of service.

TRI-CITY MENTAL HEALTH AUTHORITY PUBLISHED RATES			
OUTPATIENT SERVICES	SFC	Current Rates	**RECOMMENDED RATES BEGINNING FY 2021-22**
Targeted Case Management	15/01-09	$ 3.09	**$ 3.78**
Collateral	15/10-19	$ 3.97	**$ 4.86**
Mental Health Services	15/30-59	$ 3.97	**$ 4.86**
Medical Support	15/60-69	$ 7.33	**$ 8.97**
Crisis Intervention	15/70-79	$ 5.89	**$ 7.21**

Fiscal Impact:

The rate at which Tri-City is reimbursed is based on actual costs and therefore revenues would increase to the extent allowable-costs are reimbursable. There would be no immediate impact to cash flow, as resulting cash inflows would not occur until cost report settlement with LA County DMH. These rates should not exceed published rates; therefore, the increase to the Published Rates allows for Tri-City to recapture actual costs.

Recommendation

Staff recommends that the Governing Board adopt Resolution No. 681 establishing Tri-City's Published Rates effective Fiscal Year 2021-22 as presented.

Attachments

Attachment 3-A: Resolution No. 681 - DRAFT

RESOLUTION NO. 681

A RESOLUTION OF THE GOVERNING BOARD OF THE TRI-CITY MENTAL HEALTH AUTHORITY ADOPTING THE AUTHORITY'S PUBLISHED RATES EFFECTIVE BEGINNING FISCAL YEAR 2021-22

The Governing Board of the Tri-City Mental Health Authority does resolve as follows:

1. Findings. The Governing Board hereby finds and declares the following:

A. Tri-City Mental Health Authority ("Authority" or "TCMHA") desires to conform to the Los Angeles County Department of Mental Health's cost reporting process.

B. It is estimated that the unit costs to provide services to all outpatient and Full Service Partnership (FSP) clients in Fiscal Year 2021-22 will exceed the existing Authority's Published Rates established and effective beginning in Fiscal Year 2020-21.

2. Action

The Governing Board approves the following charge per minute of service Published Rates listed below effective July 1st in Fiscal Year 2021-22.

TRI-CITY MENTAL HEALTH AUTHORITY PUBLISHED RATES			
Outpatient Services	**SFC**	**Current Rates**	**Recommended Rates Beginning Fiscal Year 2020-21**
Targeted Case Management	15/01-09	$ 3.09	**$ 3.78**
Collateral	15/10-19	$ 3.97	**$ 4.86**
Mental Health Services	15/30-59	$ 3.97	**$ 4.86**
Medical Support	15/60-69	$ 7.33	**$ 8.97**
Crisis Intervention	15/70-79	$ 5.89	**$ 7.21**

3. Adoption

PASSED AND ADOPTED at a Regular Meeting of the Governing Board held on November 16, 2022 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

____
JED LEANO, CHAIR

APPROVED AS TO FORM:
DAROLD PIEPER, GENERAL COUNSEL

By:______________________________

ATTEST:
MICAELA P. OLMOS, RECORDING SECRETARY

By:______________________________

ATTACHMENT 3-A

Tri-City Mental Health Authority
AGENDA REPORT

DATE: November 16, 2021

TO: Governing Board of Tri-City Mental Health Authority

FROM: Rimmi Hundal, Executive Director

BY: Diana Acosta, CPA, Chief Financial Officer

SUBJECT: Review of the Issuance of the Audited Financial Statements for Fiscal Year ended June 30, 2022

Summary

Eide Bailly, LLP has completed an audit of Tri-City's financial statements for the Fiscal Year ended June 30, 2022. As indicated on page 1 of the Independent Auditor's Report, the accompanying financial statements are presented fairly in all material respects. The final issued report is enclosed herein for your review.

Fiscal Impact:

None.

Recommendation

Staff asks the Governing Board to accept and file the final issued audited Financial Statements for Fiscal Year ended June 30, 2022.

Attachments

Attachments 4-A: Audited Financial Statements for Fiscal Year ended June 30, 2022.

Attachments 4-B: AU 260 Letter to the Governing Board

TRI-CITY MENTAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED

JUNE 30, 2022 AND 2021

ATTACHMENT 4-A

TRI-CITY MENTAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Governing Board of
Tri-City Mental Health Authority
Claremont, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Tri-City Mental Health Authority (Tri-City), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Tri-City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Tri-City, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tri-City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, Tri-City has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87 - *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to beginning net position as of July 1, 2020. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tri-City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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. 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, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tri-City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tri-City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the that the management's discussion and analysis, schedule of proportionate share of the net pension liability and schedule of contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2022, on our consideration of Tri-City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tri-City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tri-City's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
November 4, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

The following management's discussion and analysis of the Tri-City Mental Health Authority ("Tri-City"), a Municipal Joint Powers Authority ("JPA") financial statements present a narrative overview and analysis of Tri-City's financial activities for the fiscal years ended June 30, 2022, and 2021 along with comparative information for fiscal years ended 2021 and 2020.

BACKGROUND

General

Tri-City Mental Health Authority was formed on June 21, 1960 and established through a Joint Powers Authority Agreement between the Cities of Pomona, Claremont and La Verne pursuant to the provisions of the Joint Exercise of Powers Act, Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California, Section 6500, et seq. relating to the joint exercise of powers common to public agencies, and the provisions of the Bronzan-McCorquodale Act/Short-Doyle Act, Part 2, Section 5600, et seq., of the Welfare and Institutions Code (WIC) of the State of California, to deliver mental health services to the residents of the three Cities. This action was taken out of a desire on the part of officials from the three Cities to provide the highest quality services for local residents. For approximately sixty years, Tri-City has cared for and served local children, youth, adults and older adults.

Pursuant to the Joint Powers Authority Agreement, Tri-City is a public agency governed by a Governing Board ("Board) composed of seven members. The Governing Board has the powers common to public agencies as enumerated in the Joint Exercise of Powers Act, and the authority deemed necessary and required for the operation and maintenance of Tri-City to serve those individuals residing in the three Cities.

As the Mental Health Authority, Tri-City is limited to and responsible only for providing outpatient speciality mental health services to residents of the cities of LaVerne, Pomona, and Claremont. Tri-City is not a Mental Health Plan (MHP) and therefore not bound by the MHP provisions of Title 9 CCR. However, Tri-City is one of two entities that are not considered to be MHPs that receive Realignment Revenues from the State of California and also receive directly Mental Health Services Act (MHSA) funds which are used in its MHSA program, which is separate and apart from the MHSA program of Los Angeles County. Because Tri-City has not been reflected in waivers between the State of California and the federal government, namely Centers for Medicaid and Medicare Services (CMS), and to be consistent with 42 CFR 438.60, the State has required Tri-City to contract with Los Angeles County through a Legal Entity Agreement so that the State may pay State General Funds and Federal Financial Participation funds relating to Tri-City's Non-EPSDT (i.e. Adult and Expanded Medi-Cal) and EPSDT (Early and Periodic Screening, Diagnostic and Treatment) services to an MHP, in this case Los Angeles County, who then passes through those funds to Tri-City. This agreement provides Tri-City the mechanism to drawdown federal and state Medi-Cal funding, in particular EPSDT funding.

Since Tri-City's formation to the current period, Tri-City has provided mental health care services for the residents of Pomona, Claremont and La Verne. These services are provided to all age groups including children (0-15), transition age youth (16-25), adults (26-59) and older adults (60+), and in most cases the consumers are either eligible under the Medi-Cal programs or are indigent. Tri-City Mental Health Authority is continually developing its operations and system of care for the residents of the three cities. This includes the continuation of Tri-City's outpatient clinics and the implementation of any new programs approved through the Mental Health Service Act (MHSA).

Tri-City's outpatient clinics located in Pomona provided services to approximately 2,471 unduplicated clients during the past fiscal year, which include high intensity mental health services through Tri-City's Full Service Partnership (FSP) MHSA program. Through the efforts to provide a continuum of care and in order to meet the needs of Tri-City's residents, even during the current COVID-19 crisis, the clinical teams continually implement new groups available to the community both at the outpatient clinics and at the Wellness Center and in the past increased the hours of clinic operations to include later appointment hours for children and their families. Currently Tri-City continues to offer a wide range of flexibilities including video and telephone appointments.

As mentioned above, in addition to the outpatient clinical operations, Tri-City has operations established through the Mental Health Services Act (MHSA). Under the MHSA Act, various programs were established within five plans which include: 1) the Community Services and Support (CSS) Plan; 2) the Prevention and Early Intervention (PEI) Plan; 3) the Workforce Education and Training (WET) Plan; 4) the Innovations (INN) Plan; and 5) the Capital Facilities and Technology (CFTN) Plan. All of these plans have been fully operational since their individual plan approvals and continue to be updated and approved annually through the stakeholder process including Governing Board approval.

In addition to ongoing CSS programs providing mental health services, over the past several years, Tri-City has implemented CSS housing projects under its approved CSS Housing Plan funded by State designated CSS funds and CSS funds approved by the MHSA annual updates. These projects include three apartment developments (owned by the developers), two in the City of Pomona and one in the City of La Verne, as well as the purchase of homes by Tri-City, one home in the City of Pomona and one in the City of Claremont which is currently in the process of being developed as an affordable permanent supportive housing project for seniors. These projects provide low income housing to Tri-City clients that have mental illness and are either homeless or at risk of homelessness. In accordance with the MHSA CSS Housing Plan, all Tri-City residents of these projects are or will receive mental health support from Tri-City.

Funding of Tri-City's operations come from Realignment (initiated in 1991 under the Bronson-McCorquodale Act), MHSA (initiated in 2005 through the passage of Proposition 63) and Medi-Cal reimbursement from the federal and State governments. MHSA funding can only be used for MHSA programs and can be leveraged (as the match) for Medi-Cal reimbursement for services provided through FSP and other MHSA programs. Realignment is the only source of funds besides Medi-Cal reimbursements that can be used to provide Medi-Cal services at the outpatient clinics, as well as non Medi-Cal clinical services and operating costs.

In November 2004, California voters approved Ballot Proposition 63 and the Mental Health Services Act (MHSA) became State law effective January 1, 2005. The MHSA addresses a broad continuum of prevention, early intervention and service needs, as well as new innovative programs to treat mental illness. In addition MHSA provides funding for necessary infrastructure, technology, and training elements that will effectively support this system, with the purpose of promoting recovery for individuals with serious mental illness. The MHSA is funded through the imposition of a 1% State income tax on personal income in excess of $1 million. Tri-City relies on MHSA funds to provide an array of mental health services approved under its MHSA programs. As further discussed below in this document, State MHSA funds can fluctuate based on new events and economic pressures not currently known, however as a result of COVID-19 actual and estimated impacts have been identified and further discussed below.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements include the *Statements of Net Position*, the *Statements of Revenues, Expenses and Changes in Net Position* and the *Statements of Cash Flows*. These Statements should be read in conjunction with *the Notes to the Financial Statements.* A further description of these Statements is provided below.

The *Statements of Net Position* presents information on all of Tri-City's assets, liabilities, and deferred inflow and outflow of resources, with the difference reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Tri-City is improving or deteriorating.

The *Statements of Revenues, Expenses, and Changes in Net Position* presents information showing how Tri-City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *Statements of Cash Flows* reports inflows and outflows of cash and is classified into four components:

- *Cash flows from operating activities* include transactions and events reported as components of the operating income in the Statements of Revenues, Expenses, and Changes in Net Position.

- *Cash flows from non-capital financing activitie*s include proceeds from Realignment, funds received from the State of California for the implementation and provision of services as approved under the Mental Health Services Act, and contributions from member cities.

- *Cash flows from capital and related financing activities* include the borrowing and repayment (principal and interest) of capital-related debt and the acquisition and construction of capital assets.

- *Cash flows from investing activities* represent proceeds from the receipt of interest.

The following table shows the net position as of June 30, 2022, 2021 and 2020:

Statements of Net Position

	2022	2021	2020
Assets			
Current Assets	$ 48,208,663	$ 40,898,818	$ 37,911,935
Capital Assets, Net	7,859,905	8,389,399	7,246,110
Note Receivable	2,800,000	2,800,000	-
Other Assets	546,581	638,824	562,154
Total Assets	59,415,149	52,727,041	45,720,199
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	2,857,668	2,893,978	2,776,741
Total Deferred Outflows of Resources	2,857,668	2,893,978	2,776,741
Liabilities			
Current Liabilities	9,047,325	9,677,587	7,874,331
Noncurrent Liabilities (excluding Bankruptcy Liability and Net Pension Liability)	1,773,338	1,502,450	1,136,416
Net Pension Liability	2,302,724	6,325,906	5,462,528
Bankruptcy Liabilities	-	-	656,064
Total Liabilities	13,123,387	17,505,943	15,129,339
Deferred Inflows of Resources			
MHSA Revenues Restricted for Future Period	13,290,164	8,413,843	6,625,119
Deferred Inflows Related to Pensions	2,010,157	45,119	217,236
Total Deferred Inflows of Resources	15,300,321	8,458,962	6,842,355
Net Position			
Net Investment in Capital Assets	6,756,551	6,214,595	6,355,427
Restricted for MHSA Programs	20,249,230	19,082,210	16,204,681
Unrestricted	6,843,328	4,359,309	3,965,138
Total Net Position	$ 33,849,109	$ 29,656,114	$ 26,525,246

- **Total Assets** are comprised of cash, accounts receivable, capital assets, notes receivable and prepaid deposits.

  - *Comparison of June 30, 2022 to June 30, 2021*. At June 30, 2022, Tri-City reflected an increase in total assets of approximately $6.7 million. The most significant amounts attributing to the total increase in total assets includes the increase in total cash and investments of approximately $5 million and an increase in accounts receivable of approximately $2.3 million offset by a decrease in capital and prepaid assets. Total cash and investments at June 30, 2022 was approximately $39.9 million reflecting a net increase of approximately $5 million from the balance at June 30, 2021 of $34.9 million. The most significant reasons attributing to the overall increase in cash is due to an unexpected increase in the collection of MHSA Funds by the state. The MHSA is funded through the imposition of a 1% State income tax on personal income in excess of $1 million and during fiscal year 2021-22, CBHDA had announced a projected increase to these revenues based on their most recent data. The increase of approximately 39% in the accounts receivable balance resulted from an increase to realignment receivables and medical receivables as noted at Note #5. Realignment receivable was up approximately $660 thousand as a result of growth in state vehicle license fees and sales taxes. The Medi-Cal receivables balance increased by approximately $1.7 million primarily from the decrease in cash collected during the fiscal year and due to timing of the payments. In fiscal year 2021, Tri-City received approximately $11.8 million from LA DMH however during fiscal year 2022, Tri-City's only collected $9.4 million. Subsequent to year-end, $739 thousand was received.

- *Comparison of June 30, 2021 to June 30, 2020*. At June 30, 2021, Tri-City reflected an increase in total assets of approximately $5.7 million. The most significant amounts attributing to the total increase in assets includes the increase in a note receivable related to an MHSA housing project of approximately $2.8 million and an increase in current assets of approximately $3.0 million. Total cash and investments at June 30, 2021 was approximately $34.9 million reflecting a net increase of approximately $3.8 million from the balance at June 30, 2020 of $31.1 million. The most significant reasons attributing to the overall increase in cash is due to delayed tax filings in the prior fiscal year which were received in the current year. The MHSA is funded through the imposition of a 1% State income tax on personal income in excess of $1 million and in response to the COVID-19 crisis, in March of 2020 the California Franchise Tax Board announced the postponed tax filing deadlines from April 15, 2020 to July 15, 2020.

- **Deferred Outflows of Resources**

  - *Comparison of June 30, 2022 to June 30, 2021.* Certain amounts attributing to Tri-City's proportionate share of the CalPERS Miscellaneous Cost Sharing Plan liability result in amounts that are deferred due to timing differences. These amounts include contributions paid to the plan by Tri-City subsequent to the measurement date of the net pension liability and are classified within the caption titled Deferred Outflow of Resources. This separate financial statement caption represents a future decrease to net position that applies to a future period and would not be recognized as an outflow of resources (expense) until that time. Accordingly, Tri-City has classified the total amount of $2,857,668 as Deferred Outflows of Resources at June 30, 2022 which reflects a decrease of approximately $36 thousand from the prior year. The decrease is primarily due to the net difference between expected and actual earnings on pension plan investments and changes of assumptions (also refer to Note #8B).

  - *Comparison of June 30, 2021 to June 30, 2020.* Certain amounts attributing to Tri-City's proportionate share of the CalPERS Miscellaneous Cost Sharing Plan liability result in amounts that are deferred due to timing differences. These amounts include contributions paid to the plan by Tri-City subsequent to the measurement date of the net pension liability and are classified within the caption titled Deferred Outflow of Resources. This separate financial statement caption represents a future decrease to net position that applies to a future period and would not be recognized as an outflow of resources (expense) until that time. Accordingly, Tri-City has classified the total amount of $2,893,978 as Deferred Outflows of Resources at June 30, 2021 which reflects an increase of approximately $117 thousand from the prior year. The increase is primarily due to the net difference between expected and actual earnings on pension plan investments and changes of assumptions (also refer to Note #8B).

- **Total Liabilities** are comprised of current and noncurrent liabilities, including long-term notes payable, lease liabilities, estimated third party payor settlements and unearned MHSA revenues.

  - *Comparison of June 30, 2022 to June 30, 2021*. Total liabilities decreased by approximately $4.4 million from $17.9 million at June 30, 2021 to $13.3 million at June 30, 2022.

    This total net change of approximately $4.4 million is made up several changes which include decreases to accrued payroll liabilities, accrued vacation and sick leave, and the mortgage payable (which was paid off during 2022). The most significant decrease to liabilities was due to the change in net pension liability (as more fully described at Note #8B of the financial statements), which experienced a decrease of approximately $4 million in fiscal year ending 2022. Tri-City's proportionate share of the Plan's pooled net pension liability at June 30, 2022 is $2,302,724. The net decrease to this liability from fiscal 2021, primarily was as a result of net increases and decreases in the changes of assumptions, changes in employer's proportion, differences between projected and actual investment earnings, projected and actual experience, and differences between employer's contributions and proportionate share of contributions.

    The Unearned MHSA Revenues balance (reported under Noncurrent Liabilities) experienced a change from the prior year as a result funds received that are dedicated to the MHSA INN Plan however not yet programmed. As noted at June 30, 2022 and at June 30, 2021, noncurrent unearned MHSA revenues were approximately $1 million and $435 thousand, respectively. The unearned MHSA revenue recorded in noncurrent liabilities at June 30, 2022 and 2021 reflect the receipt of MHSA funds that cannot be used until new or updated MHSA programs have been approved through the required MHSA process, which includes stakeholder meetings and input from stakeholder work groups, review and recommendations by the Mental Health Commission and final Governing Board approval. During fiscal 2022 and 2022, as a result of the review of existing MHSA programs and updates, approximately $13.3 million and $8.4 million in MHSA Revenues Restricted for Future Period was identified as approved and available to be spent in fiscal 2023 and 2022, respectively.

    In addition to noncurrent Unearned MHSA revenues and the net pension liability, noncurrent liabilities include lease liabilities and the City of Pomona HUD Loan which decreased by amounts forgiven by the City in accordance with the terms of the agreement. The lease liabilities in the total amount of $1.1 million (total of current and long-term portions) is new to the Statement of Net Assets as a result of implementing Governmental Accounting Standards Board Statement (GASB) No. 87, ***Leases*** as of June 30, 2022, which required the recognition of certain lease assets and liabilities relating to leases that previously were classified as operating leases. The required implementation of this new GASB Statement, resulted in Tri-City identifying only the Royalty building leases to be recognized as liabilities on the Statement of Net Assets (also refer to Note #13). Additionally, as required by the implementation of GASB No. 87, lease related assets and liabilities were recognized as of July 1, 2020, restating beginning balances. This restatement did not impact net position, as it is only a reclassification of certain balances.

    Lastly, the third largest liability in the amount of $6,377,063 for Estimated Third Party Payor Settlements increased by approximately $777 thousand from the prior year's amount of $5,599,629 as a result of noted increases in services provided during fiscal year 2021-22. As more fully described at Note #7, this liability represents a reserve (approximately 8%) of Medi-Cal revenues already received by Tri-City for services provided. Since the final cost reports for these related revenues have not yet been settled or audited by the State, they are subject to future audits. This liability increases each year as a percentage of each year's billings and would decrease upon Los Angeles County Department of Mental Health's (LAC DMH) final cost report settlement with the State.

- *Comparison of June 30, 2021 to June 30, 2020*. Total liabilities increased by approximately $1 million from $15.1 million at June 30, 2020 to $16.1 million at June 30, 2021.

  This total net change of approximately $1 million is made up several changes which included increases to accrued payroll liabilities, and accrued vacation and sick leave. The most significant decrease was due to the payments made of approximately $656 thousand to pay off the remaining bankruptcy liabilities. As further explained in prior year financial statements, Tri-City entered in a Chapter 9 Bankruptcy 18 years ago in 2004. Throughout approximately 17 years, Tri-City paid on Class 2, Class 3 and Class 4 claims. During fiscal year 2021 Tri-City made its final bankruptcy payment in the remaining total amount of $656 thousand. In addition, the net pension liability (as more fully described at Note #8B of the financial statements), experienced an increase of approximately $863 thousand in fiscal year 2021. Tri-City's proportionate share of the Plan's pooled net pension liability at June 30, 2021 is $6,325,906. The increase to this liability from fiscal 2020, primarily was as a result of net increases and decreases in the changes of assumptions, changes in employer's proportion, differences between projected and actual investment earnings, projected and actual experience, and differences between employer's contributions and proportionate share of contributions.

  The Unearned MHSA Revenues balance (reported under Noncurrent Liabilities) experienced a change from the prior year as a result approval of plans to utilize the Capital Facilities & Technology (CFTN) funds in fiscal year 2021-20. As noted at June 30, 2021 and at June 30, 2020, noncurrent unearned MHSA revenues were approximately $435 thousand and $276 thousand, respectively. The unearned MHSA revenue recorded in noncurrent liabilities at June 30, 2021 and 2020 reflect the receipt of MHSA funds that cannot be used until new or updated MHSA programs have been approved through the required MHSA process, which includes stakeholder meetings and input from stakeholder work groups, review and recommendations by the Mental Health Commission and final Governing Board approval. During fiscal 2021 and 2020, as a result of the review of existing MHSA programs and updates, approximately $8.4 million and $6.6 million in MHSA Revenues Restricted for Future Period was identified as approved and available to be spent in fiscal 2022 and 2021, respectively.

  In addition to noncurrent Unearned MHSA revenues and bankruptcy debt, noncurrent liabilities include the mortgage note payable and the City of Pomona HUD Loan. The mortgage note payable decreased by approximately $29 thousand due to the debt service payments made during the fiscal year and the City of Pomona HUD loan decreased by amounts forgiven by the City in accordance with the terms of the agreement. The lease liabilities in the total amount of $1.3 million (total of current and long-term portions) is new to the Statement of Net Assets as a result of implementing Governmental Accounting Standards Board Statement (GASB) No. 87, *Leases* as of June 30, 2022, (however beginning with June 30, 2021), which required the recognition of certain lease assets and liabilities relating to leases that previously were classified as operating leases as of June 30, 2022 and June 30, 2021. The required implementation of this new GASB Statement, resulted in Tri-City identifying only the Royalty building leases to be recognized as liabilities on the Statement of Net Assets (also refer to Note #13).

  Lastly, the third largest liability in the amount of $5,599,629 for Estimated Third Party Payor Settlements increased by approximately $291 thousand from the prior year's amount of $5,308,377 as a result of noted increases in services provided during fiscal year 2020-21. As more fully described at Note #7, this liability represents a reserve (approximately 8%) of Medi-Cal revenues already received by Tri-City for services provided. Since the final cost reports for these related revenues have not yet been settled or audited by the State, they are subject to future audits. This liability increases each year as a percentage of each year's billings and would decrease upon Los Angeles County Department of Mental Health's (LAC DMH) final cost report settlement with the State.

- **Deferred Inflows of Resources** is comprised of MHSA Revenues Restricted for Future Period and Deferred Inflows Related to Pensions. This separate financial statement caption represents an increase to net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

  - *Comparison of June 30, 2022 to June 30, 2021*. At June 30, 2022 and June 30, 2021 the amounts reported for MHSA Revenues Restricted for Future Period under this caption totaled the approximate amount of $13.3 million and $8.4 million, respectively. The increase of approximately $4.9 million was due to an overall increase of MHSA revenues (deferred for a future period) that are to be utilized during fiscal 2023. The MHSA is funded through the imposition of a 1% State income tax on personal income in excess of $1 million and mentioned previously, during fiscal year 2022, an increase in MHSA revenues was projected and announced by the State of California. The MHSA revenue restricted for future period recorded within this caption reflect the receipt of MHSA funds in fiscal 2022 and 2021 and prior fiscal years, not permitted for use during that fiscal year, but allocated to be used at the beginning of the next fiscal year per an approved MHSA plan.

    In addition to MHSA Revenues Restricted for Future Period, the Deferred Inflows of Resources caption includes Deferred Inflows Related to Pensions. As noted previously, and as more fully described at Note #8B, certain differences between expected and actual experiences, changes of assumptions, and changes in proportion associated with the actuarially determined liability are deferred and classified within this caption titled Deferred Inflows of Resources. Accordingly, Tri-City has classified the net effect of these changes in the amount of $2,010,157 at June 30, 2022 and $45,119 at June 30, 2021 as Deferred Inflow of Resources, net of applicable amortization. The net increase of approximately $2 million from fiscal 2021 to 2022 is primarily attributed to various actuarially determined amounts including changes in assumptions, and differences between expected and actual earnings on pension plan investments.

  - *Comparison of June 30, 2021 to June 30, 2020*. At June 30, 2021 and June 30, 2020 the amounts reported for MHSA Revenues Restricted for Future Period under this caption totaled the approximate amount of $8.4 million and $6.6 million, respectively. The increase of approximately $1.8 million was due to an overall increase of MHSA revenues (deferred for a future period) that are to be utilized during fiscal 2022. The MHSA is funded through the imposition of a 1% State income tax on personal income in excess of $1 million and during March of 2020, the California Franchise Tax Board announced the postponed tax filing deadlines from April 15, 2020 to July 15, 2020. The MHSA revenue restricted for future period recorded within this caption reflect the receipt of MHSA funds in fiscal 2021 and 2020 and prior fiscal years, not permitted for use during that fiscal year, but allocated to be used at the beginning of the next fiscal year per an approved MHSA plan.

    In addition to MHSA Revenues Restricted for Future Period, the Deferred Inflows of Resources caption includes Deferred Inflows Related to Pensions. As noted previously, and as more fully described at Note #8B, certain differences between expected and actual experiences, changes of assumptions, and changes in proportion associated with the actuarially determined liability are deferred and classified within this caption titled Deferred Inflows of Resources. Accordingly, Tri-City has classified the net effect of these changes in the amount of $45,119 at June 30, 2021 and $217,236 at June 30, 2020 as Deferred Inflow of Resources, net of applicable amortization. The net decrease of approximately $172 thousand from fiscal 2020 to 2021 is primarily attributed to various actuarially determined amounts including changes in assumptions, and differences between expected and actual earnings on pension plan investments.

- **Net Position** is the difference between total assets plus deferred outflows of resources, less liabilities and deferred inflow of resources.

  - *At June 30, 2022*. Tri-City's net position at June 30, 2022 was approximately $33.9 million, which is the result of total assets of $59.4 million and total deferred outflow of resources of $2.9 million less total liabilities and deferred inflow of resources of $13.1 million and $15.3 million, respectively. Net position is comprised of Net Investment in Capital Assets of approximately $6.8 million (capital assets less the lease liabilities and the HUD Loan), Net Position Restricted for MHSA Programs of approximately $20.2 million, and Unrestricted Net Position of approximately $6.9 million. The increase in Net Investment in Capital Assets of approximately $542 thousand was primarily due to the purchase of vehicles and computer equipment offset by the annual depreciation in addition to an increase to building improvements as a result of a capital project to upgrade the electrical panels. The increase of $1.2 million in Net Position Restricted for MHSA Programs, as previously noted, is primarily due to an increase in MHSA funding recognized into revenue which was unspent as of the end of the fiscal year. The Unrestricted Net Position balance increased by approximately $2.5 million, primarily as a result of the significant decrease to the Net Pension Liability which is based on the actuarial valuation prepared by CalPERS (also refer to Note #8 for more information. Additionally, during fiscal year 2021-22, Tri-City received an increase in Realignment revenue of approximately $1 million.

  - *At June 30, 2021*. Tri-City's net position at June 30, 2021 was approximately $29.7 million, which is the result of total assets of $52.7 million and total deferred outflow of resources of $2.9 million less total liabilities and deferred inflow of resources of $17.5 million and $8.5 million, respectively. Net position is comprised of Net Investment in Capital Assets of approximately $6.2 million (capital assets less the mortgage liability and the HUD Loan), Net Position Restricted for MHSA Programs of approximately $19 million, and Unrestricted Net Position of approximately $4.4 million. The decrease in Net Investment in Capital Assets of approximately $141 thousand was primarily due the purchase of vehicles and computer equipment offset by the annual depreciation. The increase in Net Position Restricted for MHSA Programs as previously noted, is primarily due to an increase in MHSA funding recognized into revenue which was unspent as of the end of the fiscal year. The Unrestricted Net Position balance increased by approximately $394 thousand, primarily as a result of an increase in Medi-Cal revenue. Medi-Cal eligible units of services are reimbursable on a cost per unit basis and increased costs associated with additionally staffing partly attributed to the increase in Medi-Cal revenues in addition to an increase in services provided.

The following table shows the change in net position during the fiscal years ended June 30, 2022, 2021, and 2020:

Statements of Revenues, Expenses and Changes in Net Position

	2022	2021	2020
Operating Revenues:			
Medi-Cal - Federal Financial Portion	$ 8,005,866	$ 8,940,455	$ 7,971,864
Medi-Cal - State EPSDT	2,100,605	1,933,454	1,933,454
Other Operating Income	157,820	371,992	175,862
Total Operating Revenue	10,264,291	11,245,901	10,081,180
Operating Expenses:			
Salaries, wages and benefits	17,863,808	20,186,648	18,714,663
Facility and equipment operating costs	1,841,634	1,594,214	1,944,282
Client lodging, transportation, and supply expense	776,921	1,888,764	1,705,795
Depreciation	934,545	910,086	479,571
Other operating expense	1,939,541	2,002,740	1,898,602
Total Operating Expenses	23,356,449	26,582,452	24,742,913
Operating Loss	(13,092,158)	(15,336,551)	(14,661,733)
Non Operating Revenues (Expenses), Net			
Realignment	5,108,703	4,095,068	3,776,200
MHSA Funding	11,870,955	13,523,788	12,130,482
Other Grants	234,737	131,778	-
Other Income	1,153	-	-
Measure H	233,926	490,792	152,258
Contributions from member cities	70,236	70,236	70,236
Investment income (loss)	(221,854)	156,875	560,171
Interest expense	(42,140)	(39,965)	(41,592)
Gain on sale of capital assets	-	9,410	9,239
Total Non Operating Revenues (Expenses)	17,255,716	18,437,982	16,656,994
Income Before Special Items	4,163,558	3,101,431	1,995,261
Special Items:			
City of Pomona HUD Loan forgivness of debt	29,437	29,437	58,874
Total Special Items	29,437	29,437	58,874
Change in Net Position	4,192,995	3,130,868	2,054,135
Net Position, Beginning of Year	29,656,114	26,525,246	24,471,111
Net Position, End of Year	$ 33,849,109	$ 29,656,114	$ 26,525,246

Fiscal Year 2022 to 2021 Comparisons

- **Operating Revenues** — Operating revenues decreased by approximately $1.0 million. This decrease is primarily due to a net decrease in Medi-Cal revenues generated during the fiscal year, net of provision for doubtful accounts. Medi-Cal eligible units of services are reimbursable on a cost per unit basis and units of service billed decreased primarily resulting from a decrease in staffing who provide direct client care. Additionally, as reimbursable costs fluctuate from year to year, so are the reimbursement rates through LA DMH. During fiscal year 2021, as Tri-City experienced increases in costs, there was a need for an update to the reimbursement rates, however a delay was experienced in getting the rates adjusted. In addition, a decrease in other income was noted in 2022 as a result of a reduction in rental income received from clients related to a housing program no longer available as of December 30, 2021.

- **Operating Expenses** — Total operating expenses decreased by approximately $3.2 million (12.1%) in fiscal 2022 as compared to fiscal 2021. This decrease was mainly due to the decrease in salaries and benefits costs of approximately $2.3 million directly impacted by the decrease in the Net Pension Liability (further explained at Note #8), and then offset with wage increases, increases due to an increase of active employees and hours worked and the implementation of sign-on and employee retention bonuses during Fiscal 2022. Additionally, during fiscal 2021 a comprehensive classification and compensation study was initiated and during Fiscal 2022 the first group of wage increases were implemented toward the end of the fiscal year.

  Operating expenses also include Facilities and Equipment, Client Lodging and Transportation, and Other Operating Expenses. Total facilities and equipment expenses experienced an increase of approximately $248 thousand resulting primarily from the implementation of a new electronic health record and additional expenses incurred related to increase in staffing which includes office space, furniture and equipment. Client lodging costs include costs associated with an agreement with the City of Pomona for the use of the City's year-round emergency shelter facility in the amount of $396 thousand. As a direct result of the COVID-19 crisis, an increase in client lodging was experienced in fiscal years 2020 and 2021 in order to provide temporary housing for clients however previous focus on housing as a result of the pandemic declined significantly during fiscal year 2021. The housing costs also included costs due to the Measure H Grant program which also provides housing. Other Operating Expenses include expenses such as security, professional fees, banking fees and other miscellaneous operating expenses and no significant increases or decreases were noted in these expenses.

- **Operating Loss** — Operating losses do not include non-operating revenues such as Realignment funding or MHSA funding, which are two of Tri-City's major sources of funding (see Note #2B for further discussion). These funds are included in non-operating revenues as discussed below. Therefore, the financial statement presentation reflects operating losses of approximately $13.1 million in fiscal 2022 compared to $15.3 million in 2021. The decrease in operating losses resulted primarily from a reduction in operating expenses which included a decrease of approximately $2.3 million in salaries and benefits expense as a direct result of the actuarial valuation that reduced the Net Pension Liability as previously discussed. In addition, client lodging expenses also experienced a reduction noting that previous focus on housing as a result of the pandemic has dropped off significantly.

- **Non-Operating Revenues (Expenses), Net** — Non-operating revenues (expenses) were approximately $17.3 million in fiscal 2022 and $18.4 million in fiscal 2021, a decrease of approximately $1.2 million. This change is mainly due to the decrease in MHSA funds recognized during fiscal 2021-22 by approximately $1.7 million and by the increase in 1991 Realignment of approximately $1 million. As noted previously, MHSA Funds are recognized in the fiscal year in which an approved plan has been adopted through the required MHSA Update process. The 2021-22 MHSA update reflected a total decrease in required MHSA funds primarily as a result of projected decreased planned expenditures within the MHSA Approved Plans. Additionally, an increase in 1991 realignment was experienced through a combination of state vehicle license fees and sales tax.

- **Changes in Net Position —** Tri-City's net position as of June 30, 2022 increased by approximately $1.1 million compared to fiscal year 2021. The total change in net position of $4.2 million for fiscal 2022 relates to operating revenues and non-operating revenues exceeding operating expenses. A net total increase to net position was experienced as compared to the prior year primarily as a result of the change in the net pension liability which resulted in a decrease to salaries, wages and benefits expense. As noted previously, the recognition of the net pension liability was as a result of the required implementation of GASB Statement No. 68 during fiscal 2015 which among other disclosures, required the recording of Tri-City's proportionate share of the net pension liability determined through the preparation of an actuarial valuation by CalPERS. Recognition of the pension liability at June 30, 2022 of $2,302,724 as compared to the prior year balance of $6,325,906 resulted from timing differences related to contributions and changes in proportionate shares which are components in the change to the net pension liability.

Fiscal Year 2021 to 2020 Comparisons

- **Operating Revenues** — Operating revenues increased approximately $1.2 million. This increase is primarily due to a net increase in Medi-Cal revenues, net of provision for doubtful accounts. Medi-Cal eligible units of services are reimbursable on a cost per unit basis and increased costs associated with additional staffing partly attributed to the increase in Medi-Cal revenues in addition to an increase in services provided.

- **Operating Expenses** — Total operating expenses increased by approximately $1.8 million (7.4%) in fiscal 2021 as compared to fiscal 2020. This increase was mainly due to an increase in salaries and benefits costs of approximately $1.5 million. Along with normal annual wage increases, the increase of salaries and benefits is primarily due to an increase of active employees of approximately 4% resulting in an increase of approximately 4% of hours worked.

  Operating expenses also include Facilities and Equipment, Client Lodging and Transportation, and Other Operating Expenses with increases in each of these in the amounts of $13 thousand, $183 thousand and $77 thousand, respectively. Client lodging costs include costs associated with an agreement with the City of Pomona for the use of the City's year-round emergency shelter facility in the amount of $396 thousand. As a direct result of the COVID-19 crisis, an increase in client lodging was experienced in order to provide temporary housing for clients. Additionally, the increased costs are also due to the Measure H Grant program which also provides housing. Other Operating Expenses include expenses such as security, professional fees, banking fees and other miscellaneous operating expenses. The noted increase was primarily due to additional hours of security being provided at one of the buildings.

- **Operating Loss** — Operating losses do not include non-operating revenues such as Realignment funding or MHSA funding, which are two of Tri-City's major sources of funding (see Note #2B for further discussion). These funds are included in non-operating revenues as discussed below. Therefore, the financial statement presentation reflects operating losses of approximately $15.3 million in fiscal 2021 compared to $14.7 million in 2020. The increase in operating losses resulted primarily from higher operating expenses which included an increase of approximately $1.5 million in salaries and benefits expense.

- **Non-Operating Revenues (Expenses), Net** — Non-operating revenues (expenses) were approximately $18.4 million in fiscal 2021 and $16.6 million in fiscal 2020, an increase of approximately $1.8 million. This change is mainly due to the increase in MHSA funds recognized during fiscal 2020-21 by approximately $1.4 million and by the increase in 1991 Realignment by approximately $319 thousand. As noted previously, MHSA Funds are recognized in the fiscal year in which an approved plan has been adopted through the required MHSA Update process. The 2020-21 MHSA update reflected a total increase in required MHSA funds primarily as a result of projected increased costs within the MHSA Approved Plans. Additionally, an increase in 1991 realignment was experienced through a combination of state vehicle license fees and sales tax.

- **Changes in Net Position —** Tri-City's net position as of June 30, 2021 increased by approximately $1 million compared to fiscal year 2020. The total change in net position of $3.1 million for fiscal 2021 relates to operating revenues and non-operating revenues exceeding operating expenses. A net total increase to net position was experienced, the net change in position increased as compared to the prior year, primarily as a result of the increased MHSA and Medi-Cal revenues recognized. Additionally, as noted previously, the recognition of the net pension liability was as a result of the required implementation of GASB Statement No. 68 during fiscal 2015 which among other disclosures, required the recording of Tri-City's proportionate share of the net pension liability determined through the preparation of an actuarial valuation by CalPERS. Recognition of $2,160,072 of pension expense resulted from timing differences related to contributions and changes in proportionate shares which are components in the change to the net pension liability.

Capital Asset and Debt Administration

	Capital Assets (Net of Depreciation)		
	2022	**2021**	**2020**
Land	$ 2,520,749	$ 2,520,749	$ 2,520,749
Buildings and improvement	3,826,015	3,915,145	4,225,258
Leasehold improvements	1	4,330	8,990
Furniture and equipment	439,221	604,929	491,113
Right to Use - Building Leases	1,073,919	1,344,246	1,680,306
Total	$ 7,859,905	$ 8,389,399	$ 8,926,416

Tri-City's investment in capital assets as of June 30, 2022 and June 30, 2021 totaled approximately $7.9 million and $8.4 million, respectively. This investment in capital assets includes land, buildings and improvements, leasehold improvements, furniture and equipment and during fiscal 2021 Tri-City has included intangible assets as a result of implementing GASB 87. As previously noted above and as a result of implementing GASB 87, existing leases previously identified as operating leases were required to be identified as lease liabilities on the Statement of Net Assets with corresponding intangible assets equal to the lease liability, net of amortization. As part of the requirement of the GASB, this change was recorded retroactively. Aside from the implementation of GASB 87, the most significant changes that occurred with regard to capital assets in fiscal 2022, included the increase to building and improvements for the electrical upgrade project, and replacement of several air conditioning units, and additions to IT infrastructure including new computers. Depreciation & Amortization expense for year ending June 30, 2022 and June 30, 2021 was approximately $1 million and $1 million, respectively with the noted increase related to the implementation of GASB 87. Additional information on Tri-City's capital assets can be found in Note #6 to the financial statements.

Noncurrent Liabilities

	2022	2021	2020
Mortgage note payable (net of current portion)	$ -	$ -	$ 771,686
City of Pomona HUD Loan	29,435	58,872	88,309
Lease Liabilities	715,948	1,008,186	1,344,246
Bankruptcy liabilities	-	-	656,064
Net pension liability	2,302,724	6,325,906	5,462,528
Unearned MHSA revenues	1,027,955	435,392	276,421
Total	$ 4,076,062	$ 7,828,356	$ 8,599,254

Tri-City's noncurrent liabilities totaled $4.1 million at June 30, 2022 and $7.8 million at June 30, 2021. Prior to 2021 noncurrent liabilities included the Mortgage for the location at 2008 N. Garey Ave, in the City of Pomona, and the remaining bankruptcy liabilities for a former bankruptcy filing which are now both paid off. All remaining bankruptcy liabilities were paid off during fiscal year 2020-21 and as noted above, the balance was zero at June 30, 2021 and June 30, 2022. Noncurrent liabilities also include the Net Pension Liability (further explained at Note #8B to the financial statements), the Unearned MHSA Revenues (further explained at Note #2M and Note #10 to the financial statements), and lease liabilities which, as described previously, are new to the Statement of Net Assets after the implementation of GASB Statement No. 87.

The most significant events with regard to noncurrent liabilities during the fiscal years ending June 30, 2022 and June 2021 included the following:

<u>2022</u>

- As more fully described at Note #9, the mortgage note payable had a balloon payment for the remaining balance which was due in June 2022. As a result, the entire remaining balance on the note of $772 thousand, as of June 30 2021, had been classified as a current liability which explains the decrease in noncurrent liabilities. The remaining mortgage balance was paid off in October of 2021.
- As further explained at Note #12, the HUD loan is a forgivable loan and during fiscal year 2022, approximately $29 thousand was forgiven by the City of Pomona reducing the balance to approximately $29 thousand.
- The noncurrent portion of Lease Liabilities in the amount of $715 thousand at June 30, 2022 and $1 million at June 30, 2021 is brand new to the Statement of Net Position as a result of the implementation of GASB 87 as further explained at Note #13. While the actual leases (for office space at the Royalty Building) are not considered new, the leases previously identified as operating leases met criteria under the new GASB statement which required the leases be recognized as a long-term liabilities and intangible assets on the Statement of Net Assets. The implementation of GASB 87 occurred in fiscal 2022 which also required the recording of the liability as of June 30, 2021.
- Based on the CalPERS actuarial valuation, the net pension liability decreased by approximately $4 million. Refer to Note #8B to the financial statements for further details.
- As further described at Note #2L, when MHSA funds are received they do not yet meet eligibility requirements and as such, are classified as Unearned Revenues on the Statement of Net Position as Noncurrent Liabilities until they are approved for programming. The net increase of approximately $590 thousand in Unearned MHSA Revenues, represents funds received during fiscal year 2022 that have not yet been approved for programming.

<u>2021</u>

- As more fully described at Note #9, the mortgage note payable had a balloon payment for the remaining balance that was due in June 2022. As a result, the entire remaining balance on the note of $772 thousand, had been classified as a current liability which explained the decrease in noncurrent liabilities.
- As further explained at Note #12, the HUD loan is a forgivable loan and during fiscal year 2021, approximately $29 thousand was forgiven by the City of Pomona reducing the balance to approximately $59 thousand.
- The noncurrent portion of Lease Liabilities in the amount of $1 million at June 30, 2021 and $1 million at June 30, 2021 is brand new to the Statement of Net Position as a result of the implementation of GASB 87 as further explained at Note #13. While the actual leases (for office space at the Royalty Building) are not considered new, the leases previously identified as operating leases met criteria under the new GASB statement which required the leases be recognized as a long-term liabilities and intangible assets on the Statement of Net Assets. The implementation of GASB 87 occurred during fiscal 2022 which also required the recording of the liability as of June 30, 2021.
- As explained previously and above, Tri-City was able to pay off the remaining bankruptcy liability of approximately $656 thousand to Class 3 and Class 4 bankruptcy claimants as a result of available funding from Tri-City's outpatient clinic operations. As such, no remaining bankruptcy related liabilities exist as of June, 30, 2021.
- Based on the CalPERS actuarial valuation, the net pension liability increased by approximately $863 thousand. Refer to Note #8B to the financial statements for further details.

- As further described at Note #2M, when MHSA funds are received they do not yet meet eligibility requirements and as such, are classified as Unearned Revenues on the Statement of Net Position as Noncurrent Liabilities until they are approved for programming. The net increase of approximately $159 thousand in Unearned MHSA Revenues, represents funds received during fiscal year 2021 that have not yet been approved for programming.

Economic Factors

As well known, the COVID-19 pandemic that began in 2020 immediately made a financial impact on Federal, State and Local economies. While Tri-City experienced a direct and immediate impact, the full or long-term effects are still unknown. Tri-City has three significant sources of revenue (MHSA, 1991 Realignment and Medi-Cal) and the impact was experienced in two of these three sources.

MHSA **-** As described earlier in this document, the postponing of tax return filing deadlines from April to July 2020, meant that a delay in MHSA funds would be experienced. Beginning with the March 2020 MHSA monthly remittance, Tri-City did experience decreases in the amounts collected. Subsequent to the fiscal year end and after the July 15, 2020 tax filing deadline, Tri-City did begin experiencing increases in the MHSA monthly remittances. The California Behavioral Directors Association (CBHDA) provides continual information to county behavioral health departments that includes updates on legislation, the State budget and projections of behavioral health revenue sources. During fiscal year 2021-22, an increase to MHSA funds was experienced by approximate $1.9 million. According to the latest projections, fiscal year 2022-23 is expected to experience another increase in MHSA cash flows as compared to the amounts received in fiscal year 2020-21 of approximately 1% while the increase experienced in fiscal year 2021-22 was approximately 12%. This increase is primarily due to an expected significant annual adjustment specifically from the 2019 and 2020 tax filings and due to any growth or true-ups. Previously, the impact of the 2020 COVID-19 crisis, was expected to result in significant decreases in MHSA cash flows in fiscal year 2022-23 of approximately 22% as compared to fiscal year 2019-20, however as noted above, a 1% increase from fiscal year 2021-22 is expected. While Tri-City has not had to access MHSA prudent reserves to date, Tri-City will continue to closely monitor the needs of Agency.

1991 Realignment **-** As mentioned above, CBHDA provide updated information and estimates for 1991 Realignment taking into consideration actual and projected impacts of COVID-19. Tri-City's third largest source of revenue (1991 realignment) is funded through a combination of vehicle license fees and sales tax. Absent change to legislation, Tri-City is guaranteed a base amount of 1991 realignment annually, however any growth is not guaranteed. During fiscal year 2021-22, Tri-City did receive its guaranteed base along with an additional $800 thousand in growth and a total increase of approximately $360 thousand in the prior year. According to CBHDA and consistent with the Governor's budget, Tri-City expects to receive its minimum base of approximately $3.6 million annually, in addition to continuing to receive some growth for the next couple of years.

The Payment Reform portion under California's Advancing and Innovating Medi-Cal (CalAIM) is set to take place beginning in fiscal year 2023-24, however continuing discussions with LA DMH indicates that Tri-City should not expect any changes in payment mechanism until fiscal year 2024-25.

Other Historical Factors

On January 1, 2014, the Affordable Care Act became effective, including the expansion of Medicaid (Medi-Cal) services to single adults ages 19 to 64. Since then individuals qualifying for expanded Medi-Cal in the Tri-City area are either current Tri-City clients receiving mental health services from Tri-City as unfunded clients or are seeking services from Tri-City as a new client. Tri-City continues to be a major partner with its community and LA County Department of Mental Health (LA DMH) to ensure that all Tri-City residents that become eligible under expanded Medi-Cal (MCE) will be served. The cost of services provided by Tri-City for residents qualifying under MCE were to be reimbursed at 100% through Federal Financial Participation (FFP) for the first three calendar years (2014 thru 2016). As of January 1, 2017, the reimbursement was reduced to 95%, then to 94% as of January 1, 2018, and to 93% as of January 1, 2019. Beginning January 1, 2020 and thereafter, the rate was reduced to 90%. In order to ensure proper reimbursement, Tri-City's contract with LA DMH includes language regarding MCE and Tri-City's authority to bill for such services through LA DMH.

During fiscal year 2015-16 new legislation, Assembly Bill 1618, was passed in California for the purpose of funding a new program titled "No Place Like Home" and would potentially redirect 7% of the annual MHSA tax revenue thereby decreasing MHSA funds that will be allocated and received by California counties and Tri-City in the future. At the November 6, 2018 statewide general election the No Place Like Home Act of 2018 was approved by the voters. MHSA funding projections included above, already take into account the 7% redirection in MHSA funding.

Liquidity and The Former Bankruptcy

At June 30, 2022, Tri-City had approximately $39.9 million in cash. Of this amount, approximately $31.5 million is cash that is immediately available but restricted only for the implementation and provision of services under approved MHSA programs, $8.4 million is cash available for Tri-City's outpatient clinic operations and of these amounts approximately $1 million (which is reflected as unearned revenues) is restricted for future MHSA programs developed and recommended through the MHSA process and approved by Tri-City's Governing Board.

As further explained in prior year financial statements, Tri-City entered in a Chapter 9 Bankruptcy 18 years ago in 2004. Throughout approximately 17 years, Tri-City paid on Class 2, Class 3 and Class 4 claims. During fiscal year 2021 Tri-City made its final bankruptcy payment in the remaining total amount of $656 thousand completely paying off the remaining bankruptcy liabilities and representing 100% of Class 2, Class 3 and Class 4 liabilities.

Request for Information

These financial statements are designed to provide our citizens a general overview of Tri-City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Tri-City Mental Health Authority, 1717 N. Indian Hill Boulevard, #B, Claremont, California 91711.

TRI-CITY MENTAL HEALTH AUTHORITY

STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and investments *(Note #4)*	$ 7,646,755	$ 8,892,565
Restricted cash and investments for MHSA programs *(Note #4)*	32,244,794	26,005,974
Accounts receivable, net of allowance for uncollectible accounts of $619,444 and $482,113 at June 30, 2022 and 2021, respectively *(Note #5A)*	8,317,114	6,000,279
Total Current Assets	48,208,663	40,898,818
Noncurrent Assets:		
Land	2,520,749	2,520,749
Capital assets being depreciated, net of accumulated depreciation *(Note #6)*	5,339,156	5,868,650
Note receivable *(Note #5B)*	2,800,000	2,800,000
Prepaid deposits *(Note #2E)*	546,581	638,824
Total Noncurrent Assets	11,206,486	11,828,223
Total Assets	59,415,149	52,727,041
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows related to pensions *(Note #8B)*	2,857,668	2,893,978
LIABILITIES		
Current Liabilities:		
Accounts payable	274,821	555,957
Accrued payroll	299,945	702,478
Accrued vacation and sick leave	1,671,941	1,711,777
Other accrued liability	65,584	-
Estimated third party payor settlements *(Note #7)*	6,377,063	5,599,629
Current portion of lease liabilities *(Note #13)*	357,971	336,060
Current portion of mortgage note payable *(Note #9)*	-	771,686
Total Current Liabilities	9,047,325	9,677,587
Noncurrent Liabilities:		
City of Pomona HUD Loan (*Note #12*)	29,435	58,872
Lease liabilities (*Note #13*)	715,948	1,008,186
Net pension liability (*Note #8B*)	2,302,724	6,325,906
Unearned MHSA revenues *(Note #10)*	1,027,955	435,392
Total Noncurrent Liabilities	4,076,062	7,828,356
Total Liabilities	13,123,387	17,505,943
DEFERRED INFLOWS OF RESOURCES:		
MHSA revenues restricted for future period *(Note #10)*	13,290,164	8,413,843
Deferred inflows related to pensions *(Note #8B)*	2,010,157	45,119
Total Deferred Inflows of Resources	15,300,321	8,458,962
NET POSITION		
Net investment in capital assets	6,756,551	6,214,595
Restricted for MHSA programs *(Note #11)*	20,249,230	19,082,210
Unrestricted	6,843,328	4,359,309
Total Net Position	$ 33,849,109	$ 29,656,114

The accompanying notes are an integral part of the financial statements.

TRI-CITY MENTAL HEALTH AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Operating Revenues:		
Medi-Cal, net of provision for disallowances and bad debts	$ 10,106,471	$ 10,873,909
Medicare	19,653	5,761
Contracts	20,000	20,000
Rental income	86,874	127,429
Patient fees and insurance	1,364	1,662
Other income	29,929	217,140
Total Operating Revenues	10,264,291	11,245,901
Operating Expenses:		
Salaries, wages, and benefits	17,863,808	20,186,648
Facility and equipment operating costs	1,841,634	1,594,214
Client lodging, transportation, and supply expense	776,921	1,888,764
Depreciation & Ammortization	934,545	910,086
Other operating expense	1,939,541	2,002,740
Total Operating Expenses	23,356,449	26,582,452
Operating Income (Loss)	(13,092,158)	(15,336,551)
Non-Operating Revenues (Expenses):		
Realignment	5,108,703	4,095,068
MHSA funding	11,870,955	13,523,788
Other income	1,153	-
Measure H	233,926	490,792
Other Grants	234,737	131,778
Contributions from member cities	70,236	70,236
Investment income (loss)	(221,854)	156,875
Interest expense	(42,140)	(39,965)
Gain on sale of capital assets	-	9,410
Total Non-Operating Revenues (Expenses)	17,255,716	18,437,982
Income before Special Items	4,163,558	3,101,431
Special Item:		
City of Pomona HUD Loan (Note #12)		
forgiveness of debt	29,437	29,437
Total Special Items	29,437	29,437
Change in Net Position	4,192,995	3,130,868
Net Position at Beginning of Year	29,656,114	26,525,246
Net Position at End of Year	$ 33,849,109	$ 29,656,114

The accompanying notes are an integral part of the financial statements.

TRI-CITY MENTAL HEALTH AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from and on behalf of patients	$ 9,075,289	$ 12,316,994
Payments to suppliers and contractors	(4,674,431)	(5,430,323)
Payments to employees for salaries and benefits	(20,328,011)	(19,309,743)
Payments on bankruptcy unsecured claims	-	(656,064)
Net Cash Used by Operating Activities	(15,927,153)	(13,079,136)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Funding from Mental Health Services Act	17,339,839	15,471,483
Realignment	4,450,480	4,095,068
Contributions from member cities	70,236	70,236
Measure H	469,816	622,570
Net Cash Provided by Noncapital Financing Activities	22,330,371	20,259,357
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Notes Receivable	-	(2,800,000)
Purchase of capital assets	(412,025)	(373,069)
Principal paid on capital debt	(771,686)	(30,688)
Payment made on leases liabilities	(270,327)	(336,060)
Interest paid on capital debt	(42,140)	(39,965)
Proceeds on sale of capital assets	-	9,410
Net Cash Used by Capital and Related Financing Activities	(1,496,178)	(3,570,372)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	85,970	156,875
Net Cash Provided by Investing Activities	85,970	156,875
Net Increase (Decrease) in Cash and Cash Equivalents	4,993,010	3,766,724
Cash and Cash Equivalents at Beginning of Year	34,898,539	31,131,815
Cash and Cash Equivalents at End of Year	$ 39,891,549	$ 34,898,539
Reconciliation of Cash to Statement of Net Position:		
Cash and Investments	7,646,755	8,892,565
Restricted cash and Investments	32,244,794	26,005,974
Total cash and Investments	$ 39,891,549	$ 34,898,539

The accompanying notes are an integral part of the financial statements.

TRI-CITY MENTAL HEALTH AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Reconciliation of Operating Income (Loss) from Operations to Net Cash Used by Operating Activities:		
Operating Income (Loss)	$ (13,092,158)	$ (15,336,551)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:		
Depreciation & Ammortization	934,545	910,086
Loss on retired capital assets	6,974	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable, net of allowance	(1,966,436)	779,841
(Increase) decrease in deposits	92,243	(76,670)
Increase (decrease) in accounts payable	(281,136)	132,065
Increase (decrease) in accrued payroll liabilities	(402,533)	60,892
Increase (decrease) in accrued leave	(39,836)	241,989
(Decrease) in other accrued liabilities	65,584	-
Increase in estimate for third party payor settlements	777,434	291,252
Increase (decrease) in deferred inflows related to pensions	1,965,038	(172,117)
(Increase) decrease in deferred outflows related to pensions	36,310	(117,237)
Increase (decrease) in net pension liability	(4,023,182)	863,378
(Decrease) in bankruptcy liabilities	-	(656,064)
Net Cash Used by Operating Activities	$ (15,927,153)	$ (13,079,136)

The accompanying notes are an integral part of the financial statements.

NOTE #1 – DESCRIPTION OF REPORTING ENTITY

Tri-City Mental Health Authority (Tri-City) is a Joint Powers Agency formed on June 21, 1960, pursuant to the Short-Doyle Act (included in the Welfare and Institutions Code of California). This act authorized two or more cities to develop mental health services and facilities. The Joint Powers Agreement among the Cities of Pomona, Claremont and La Verne was amended in December 2007 and calls for a governing body of seven members (two Pomona council members, one Claremont council member, one La Verne council member and one non-elected member from each city). The governing body appoints a local director to administer the program.

NOTE #2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Tri-City have been prepared in conformity with generally accepted accounting principles as applied to governmental entities. The Government Accounting Standards Board is the recognized standard setting body for establishing governmental accounting and financial reporting principles for governments. Tri-City has adopted the accounting principles and methods appropriate for a governmental enterprise activity.

B. Basis of Accounting

The accounts of Tri-City are organized in a single enterprise (proprietary type) fund and maintained on the accrual basis of accounting. Proprietary fund financial statements include the Statements of Net Position, Statements of Revenues, Expenses, and Change in Net Position, and the Statements of Cash Flows.

Proprietary fund types are accounted for using the “economic resources” measurement focus and accrual basis of accounting. This means that all assets and liabilities (whether current or non-current) including deferred inflows of resources and deferred outflows of resources associated with the activity are included on the Statements of Net Position. The Statements of Revenues, Expenses, and Changes in Net Position of the proprietary fund present increases (revenues) and decreases (expenses) in total net position. Revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. Realignment funds received from the State are required to be used by the Agency to provide mental health services, however, the Realignment funds received are allocated by the State based on State sales tax receipts. Therefore, the Realignment funds are not directly tied to billing for actual services provided and thus included as a non-operating revenue item. In addition, MHSA funds, as more fully described at *Note #10,* are also reflected as non-operating revenues because they are “Non-Exchange Transactions”.

C. Cash and Cash Equivalents

For the purpose of the Statements of Cash Flows, Tri-City considers cash and cash equivalents as short-term highly liquid investments that are both readily convertible to known amounts of cash. At June 30, 2022 and 2021, Tri-City’s cash and cash equivalents included pooled cash balances and investments in the Local Agency Investment Fund (LAIF).

NOTE #2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Capital Assets

Capital assets owned by Tri-City are capitalized at historical cost and contributed assets (if any) are recorded at acquisition value. Depreciation is charged to operations using a straight-line method, based on the estimated useful life of the asset. The estimated useful lives of the buildings, automobiles, property, and equipment range from three to twenty years. Capital assets are defined by Tri-City to be land, buildings and improvements, leasehold improvements, furniture and equipment and vehicles with an initial individual cost of more than $1,000. Estimated useful lives of the various classes of property are as follows:

Buildings and improvements	20 years
Equipment	3 years
Furniture	5 years
Vehicles	3 years
Leasehold improvements	5 years

E. Prepaid Deposits

Prepaid deposits include prepaid expense, security, rental and utility deposits that have been paid to third parties. At June 30, 2022 and 2021, Tri-City had prepaid deposits outstanding in the amounts of $546,581 and $638,824, respectively.

F. Compensated Absences and Sick Leave

Full-time employees can only accrue up to a maximum of 240 hours of vacation time and may be paid up to 240 hours of accrued sick time upon separation. Therefore, accumulated unpaid vacation and sick time up to 240 hours per employee, is recognized as a liability of Tri-City. Both vacation and sick time may be cashed out upon separation. All employees accrue sick leave at the rate of eleven days per year. Additional hours over 240 can be rolled into the California Public Employees' Retirement System (PERS) Retirement Plan as additional service credit if the employee is retiring at the time of separation.

Part-time employees shall accrue sick leave at a rate of 1 hour for every 30 hours worked up to 24 hours per a 12-month period. Unused accrued sick leave of part-time employees may not be cashed out upon termination and therefore is not recognized as a liability by Tri-City.

G. Restricted Resources

When both restricted and unrestricted resources are available for use, it is Tri-City's policy to use restricted resources first for the designated program, and then unrestricted resources as they are needed.

H. Operating Revenues and Expenses

Tri-City's Statements of Revenues, Expenses, and Changes in Net Position distinguish between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing mental health care services, Tri-City's principal activity. Voluntary and government mandated non-exchange revenues received are reported as non-operating revenue when all eligibility requirements are met. As such, Tri-City has classified State Realignment and MHSA funds allocated to the Agency for the provision of mental health services, as non-operating revenues. Operating expenses are all expenses incurred to provide mental health care services, other than financing costs.

NOTE #2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Nominal Fee Provider

Tri-City provides care to patients who meet certain criteria under the California Department of Mental Health (now the Department of Health Care Services) Uniform Method for Determining Ability to Pay (UMDAP) policy. When charges are determined to qualify under UMDAP, Tri-City follows collection requirements as stated by UMDAP guidelines.

J. Medi-Cal Revenue

Tri-City submits its Medi-Cal claims through Los Angeles County of Department of Mental Health (LAC DMH) and receives FFP cost reimbursement for all qualifying mental health services. Revenue under this third-party payor agreement is reported at the estimated net realizable amounts and is subject to audit and retroactive adjustment. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

K. Realignment Revenue

In 1991, the Medi-Cal program (Short-Doyle Act) was revised under the Bronson-McCorquodale Act, which is known as Realignment. Realignment is a mechanism for the State of California to fund the public mental health system and provide matching funds for the Federal Financial Participation (FFP) of the funding. Through 2013, “1991” Realignment was derived from State Vehicle License Fees and Sales Tax collected at the State level. In 2013, the State created a new “2011” Realignment account that is funded through State taxes. This new Mental Health Fund is allocated to counties that are Mental Health Plans and is used to cover the State’s required FFP match for Early and Periodic Screening, Diagnostic and Treatment (EPSDT) services as well as funds for newly realigned mental health services previously run by the State.

Tri-City is not a Mental Health Plan and does not directly receive “2011” Realignment. However, Tri-City will continue to receive “1991” Realignment directly from the State and will receive State EPSDT match for FFP funded by “2011” Realignment through its contract with LA DMH.

L. Mental Health Services Act (MHSA) Revenue

Tri-City receives MHSA funds to provide mental health programs and services included in the approved MHSA plans. MHSA funds are recorded as non-operating revenues on the Statements of Revenues, Expenses and Changes in Net Position when eligibility requirements are met, including time restriction requirements. The MHSA funds received for programs not yet meeting these eligibility requirements, are recorded as Unearned Revenues on the Statements of Net Position as Noncurrent Liabilities (amounts unapproved by a plan) and as MHSA Revenues Restricted for Future Period under Deferred Inflow of Resources (amounts approved for the beginning of the next fiscal year).

M. Contributions

Revenues from contributions are recognized when all eligibility requirements, including time requirements, are met. Contributions may be restricted for specific operating purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Every year, the Cities of Pomona, Claremont, and La Verne each contribute operating funds to Tri-City to meet matching requirements under Realignment. These entities are considered related parties as they are member agencies *(Note # 16).*

NOTE #2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Management's Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures at the date of the financial statements. While management believes that these estimates are adequate as of June 30, 2022 and 2021, it is reasonably possible that actual results could differ from those estimates. Certain estimates relate to accounts receivable ***(Note #5)***, deferred outflows and inflows of resources ***(Note #8B)*** and estimated third party payor settlements ***(Note #7).***

O. Net Position

Net position of Tri-City is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the balances of any outstanding borrowings used to finance the purchase of those assets. Restricted net position consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by any liabilities payable from restricted assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted. The Statements of Net Position report $20,249,230 and $19,082,210 of restricted net position, at June 30, 2022 and June 30, 2021, respectively, which include MHSA funds that are restricted for use in MHSA programs. Net Investment in Capital Assets of $6,756,551 and $6,214,595 are equal to Tri-City's capital assets at June 30, 2022 and June 30, 2021 (Note #6), respectively, net of the related mortgage debt (Note #9), the HUD Loan (Note #12) and the related lease liabilities. The remaining Unrestricted Net Position at June 30, 2022 and June 30, 2021 of $6,843,328 and $4,359,309, respectively. The unrestricted net position is available for the general operations of Tri-City.

P. Leases

Lease liabilities are recorded in accordance with GASB 87 which represents is the financial obligation for the payments required by Tri-City, discounted to present value. GASB 87 also requires the recognition of an intangible right-to-use lease asset in conjunction with the liability. As of June 30, 2022 and 2021 Tri-City has recognized a lease liability in the amount of $1,073,919 and $1,344,246, respectively. As of June 30, 2022 and 2021 Tri-City has recognized an right-to-use lease asset in the amount of $1,753,343 and $1,680,306, respectively and accumulated amortization in the amount of $679,424 and $336,060 respectively.

NOTE #2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Q. Deferred Outflows/Inflows of Resources

In addition to assets reported on the Statements of Net Position, Tri-City will sometimes report a separate section for deferred outflows of resources. This separate financial statement caption represents a consumption of net position that applies to a future period and so, will not be recognized as an outflow of resources (expenditure) until then. At June 30, 2022 and June 30, 2021 Tri-City reported $2,857,668 and $2,893,978, respectively in deferred outflows of resources as further explained at Note #8B.

In addition to liabilities reported on the Statements of Net Position, Tri-City will sometimes report a separate section for deferred inflows of resources. This separate financial statement caption represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Tri-City reports MHSA revenues restricted for future periods as an inflow of resources in the period that the amounts become available. Also refer to Note #10, for additional details relating to MHSA revenues restricted for future period and unearned MHSA revenues. Additionally, Tri-City reported $2,010,157 and $45,119, at June 30, 2022 and 2021 respectively in deferred inflows of resources as further explained at Note #8B.

R. Reclassifications

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

S. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Tri-City's California Public Employees Retirement System (CalPERS) plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. Fair Value Measurement

Tri-City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE #3 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

Effective In Current Fiscal Year

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for periods beginning after June 15, 2021. Tri-City has implemented the Statement as of June 30, 2022.

The required implementation of the standard resulted in adjustments to prior balances as follows: Right-to-use asset of $1,680,306 and lease liabilities of $1,344,246 as of July 1, 2020 were brought onto the financial statements (see Footnote #6); Components of rent expense were reclassified and recognized as amortization expense of $336,060 and interest expense of $21,048 for fiscal year ended June 30, 2021 (see Footnote #13). The aforementioned adjustments to prior year balances did not result in a change to Net Position as of June 30, 2021.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.* The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement is effective for periods beginning after December 15, 2020. Tri-City has determined there is no material effect to the Financial Statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement is effective for periods beginning after June 15, 2021. Tri-City has determined there is no material effect to the Financial Statements.

GASB Statement No. 93 – In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBOR).* The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an IBOR. This Statement is effective for periods beginning after June 15, 2021. Tri-City has determined there is no material effect to the Financial Statements.

NOTE #3 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS, Continued

GASB Statement No. 97– In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting For Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No.14 and No.84 and A Supersession of GASB Statement No.32*. The objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Statement is effective for reporting periods beginning after June 15, 2021 for requirements that are related to the accounting and financial reporting for Section 457 plans. The remaining sections are effective immediately. Tri-City has determined there is no material effect to the Financial Statements.

<u>Effective in Future Years</u>

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement is effective for periods beginning after December 15, 2021. Tri-City has not determined the effect of this Statement.

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). This Statement is effective for periods beginning after June 15, 2022. Tri-City has not determined the effect of this Statement.

GASB Statement No. 96 – In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements.* The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Statement is effective for reporting periods beginning after June 15, 2022. Tri-City has not determined the effect of this Statement.

NOTE #3 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS, Continued

GASB Statement No. 99 – In April 2022, the GASB issued Statement No. 99, *Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Tri-City has not determined the effect of this Statement.

NOTE #3 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS, Continued

GASB Statement No. 100 – In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Statement is effective for reporting periods beginning after June 15, 2023. Tri-City has not determined the effect of this Statement.

GASB Statement No. 101 – In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement is effective for reporting periods beginning after December 15, 2023. Tri-City has not determined the effect of this Statement.

NOTE #4 – CASH AND INVESTMENTS

As of June 30, 2022 and 2021, cash and investments in the Statements of Net Position consisted of the following:

	2022	2021
Cash on hand	$ 2,030	$ 2,030
Deposits with financial institutions	6,802,803	7,958,440
Deposit with Local Agency Investment Fund (LAIF)	33,086,716	26,938,069
Total Cash and Investments	$ 39,891,549	$ 34,898,539

NOTE #4 – CASH AND INVESTMENTS, Continued

Investments

Tri-City is authorized under California Government Code to make direct investments. Tri-City has adopted an investment policy that more restrictive and is limited to the following investments types:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Negotiable Certificates of Deposit	5 years	20%	$250,000
Local Agency Investment Fund (LAIF)	N/A	None	$75,000,000 per account

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. As noted above, as of June 30, 2022 and 2021, all of Tri-City's investments are held in LAIF. The total balance of investments in LAIF is liquid and available for withdrawal at any time.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2022 and 2021, $33,086,716 and $26,938,069, respectively, of cash and investments were placed in Tri-City's LAIF account. LAIF is not rated.

NOTE#4 - CASH AND INVESTMENTS, Continued

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State laws (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

At June 30, 2022 and 2021, Tri-City's total cash balances held by banks and collateralized by the pledging Financial Institutions under the California Government Code, but not in Tri-City's name, was $6,891,084 and $8,171,664, respectively. Amounts held by banks and collateralized under the California Government Code are not FDIC insured.

Investment in State Investment Pool

Tri-City is a voluntary participant in the LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of Tri-City's investment in this pool is reported in the accompanying financial statements at amounts based upon Tri-City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The total balance in the LAIF is available for withdrawal. The California Local Agency Investment Fund is not insured or collateralized.

Restricted Cash and Investments

Cash and investments reflected on the Statements of Net Position as restricted was $32,244,794 and $26,005,974 at June 30, 2022 and 2021, respectively. Restricted cash represents cash received from MHSA funding that is only available to use for expenses of MHSA programs approved under Tri-City's MHSA plans. Therefore, amounts reflected on the Statements of Net Position which include MHSA current operating liabilities will be funded through the MHSA restricted cash balance and collection of MHSA Medi-Cal receivables.

NOTE #4 – CASH AND INVESTMENTS, Continued

Fair Value Measurements

Tri-City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2022 and 2021, Tri-City held no individual investments. All funds are invested in LAIF.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. Tri-City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Deposits and withdrawals are made on the basis of $1 and not fair value. Accordingly, Tri-City's investments in LAIF at June 30, 2022 and June 30, 2021 are uncategorized inputs not defined as a Level 1, Level 2, or Level 3 input.

NOTE #5 – RECEIVABLES

A - Accounts Receivable

Accounts receivable at June 30, 2022 and 2021, consisted of the following:

	2022	2021
Accounts Receivable:		
Medi-Cal	$ 7,271,831	$ 5,617,258
Medicare	1,634	1,844
Realignment	1,267,447	609,225
Grants and Contracts	249,942	232,071
Interest & Other Receivables	145,704	21,994
Total Accounts Receivable	$ 8,936,558	$ 6,482,392
Less: Allowance for Doubtful Accounts	(619,444)	(482,113)
Accounts Receivable, Net	$ 8,317,114	$ 6,000,279

Services delivered to Medi-Cal eligible clients are reimbursed to Tri-City through a contract with LA DMH. The outstanding balance for Medi-Cal services was $7,271,831 and $5,617,258 at June 30, 2022 and June 30, 2021 respectively and represent services provided during fiscal year 2022 and for prior years. In accordance with Tri-City's original contracts with the Los Angeles County Department of Mental Health (LAC DMH), a percentage of the Medi-Cal FFP and State EPSDT reimbursement payments received by LAC DMH for mental health services provided by Tri-City to Medi-Cal eligible clients were to be withheld by LAC DMH pending preliminary settlement or final audit of the cost reports filed for the contract periods. Commencing with fiscal 2014-15, this withholding was eliminated in the contract with LA DMH. The allowance for doubtful accounts is estimated based on withholding percentages previously used by LAC DMH, and will be adjusted upon settlement of the cost reports. The provision expensed in fiscal 2022 and 2021 for doubtful accounts was approximately $914 thousand and $230 thousand, respectively.

B - Note Receivable

In March of 2021 Resolution #578 approved a Loan Agreement secured by a deed of trust on the property, a Regulatory Agreement, and Supportive Services Agreement with West Mission Housing Partners, LP for the development, construction, financing and operation of 10 units of affordable and permanent supportive housing in the amount of $2.8 million. The Note shall accrue simple interest at the rate of 3% per annum on outstanding principal. The Note is due 55 years after the completion of and issuance of a certificate of occupancy. As of June 30, 2022 and June 30, 2021, Tri-City has recorded $84,000 and $0, respectively, of accrued interest receivables and interest income related to the note.

Commencing on the completion of and issuance of a certificate of occupancy for the Project, annual payments of 17.95% of Residual Receipts for the preceding annual period shall be paid to Tri-City and applied to the sums outstanding under the Note.

NOTE #6 – CAPITAL ASSETS

The following schedule summarizes capital asset activity for the years ended June 30, 2022 and 2021:

	Beginning Balance	Additions	Deletions	Ending Balance
June 30, 2022:				
Capital Assets not being depreciated:				
Land	$ 2,520,749	$ -	$ -	$ 2,520,749
Capital Assets, being depreciated:				
Buildings and improvements	8,254,526	244,797	-	8,499,323
Leasehold improvements	105,878	-	-	105,878
Furniture and equipment	2,493,081	94,191	(142,258)	2,445,014
Right to use - Building Leases (*Note #3*)	1,680,306	73,037	-	1,753,343
Total Capital Assets being depreciated	12,533,791	412,025	(142,258)	12,803,558
Less accumulated depreciation for:				
Buildings and improvements	(4,339,381)	(333,927)	-	(4,673,308)
Leasehold improvements	(101,548)	(4,329)	-	(105,877)
Furniture and equipment	(1,888,152)	(252,925)	135,284	(2,005,793)
Right to use - Building Leases (*Note #3*)	(336,060)	(343,364)	-	(679,424)
Total Accumulated Depreciation	(6,665,141)	(934,545)	135,284	(7,464,402)
Total Capital Assets being depreciated	5,868,650	(522,520)	(6,974)	5,339,156
Capital Assets, Net	**$ 8,389,399**	**$ (522,520)**	**$ (6,974)**	**$ 7,859,905**

NOTE #6 – CAPITAL ASSETS, Continued

	Beginning Balance as Restated	Additions	Deletions	Ending Balance
June 30, 2021:				
Capital Assets not being depreciated:				
Land	$ 2,520,749	$ -	$ -	$ 2,520,749
Capital Assets, being depreciated:				
Buildings and improvements	8,233,466	23,810	(2,750)	8,254,526
Leasehold improvements	105,878	-	-	105,878
Furniture and equipment	2,223,872	349,855	(80,646)	2,493,081
Right to use - Building Leases (*Note #3*)	1,680,306	-	-	1,680,306
Total capital assets being depreciated	12,243,522	373,665	(83,396)	12,533,791
Less accumulated depreciation for:				
Buildings and improvements	(4,008,208)	(333,923)	2,750	(4,339,381)
Leasehold improvements	(96,888)	(4,660)	-	(101,548)
Furniture and equipment	(1,732,759)	(235,443)	80,050	(1,888,152)
Right to use - Building Leases (*Note #3*)	-	(336,060)	-	(336,060)
Total Accumulated Depreciation	(5,837,855)	(910,086)	82,800	(6,665,141)
Total Capital Assets being depreciated	6,405,667	(536,421)	(596)	5,868,650
Capital Assets, Net	**$ 8,926,416**	**$ (536,421)**	**$ (596)**	**$ 8,389,399**

NOTE #7 – ESTIMATED THIRD PARTY PAYOR SETTLEMENTS AND COST REPORTS PAYABLE

Commencing with services provided subsequent to June 30, 2007, Tri-City began submitting claims under the Medi-Cal program through a contract with LAC DMH. In addition, prior to the bankruptcy filing (which is now completely paid off), Tri-City had provided services through other LAC DMH programs. These programs were paid based on a fixed or contracted rate or reimbursable costs, whichever was defined by the program. Reimbursements recorded under these programs are subject to audit and retroactive adjustment by the intermediaries through review of annual cost reports. Management's estimates for potential interim settlements and audit adjustments are recorded as reserves during the year the services are provided and reflected as "Estimated Third Party Payor Settlements." Adjustments for actual interim settlement letters issued and final audit adjustments are recorded in the year the amounts are finalized and reflected as "Cost Report Payable". At June 30, 2022, no outstanding cost report payables exist.

NOTE #7 – ESTIMATED THIRD PARTY PAYOR SETTLEMENTS AND COST REPORTS PAYABLE, Continued

Estimated Third Party Payor Settlements

Tri-City's Estimated Third Party Payor Settlements are included in current liabilities. Estimated Third Party Payor Settlements reflected in current liabilities is $6,377,063 at June 30, 2022 and $5,599,629 at June 30, 2021. These amounts include estimated Medi-Cal settlements payable for the fiscal year ended 2005 and reserves on Medi-Cal revenues received for services provided under contract with LAC DMH from fiscal 2013 through fiscal 2022. The reserves for fiscal years 2013 through 2022 are estimated based on LAC DMH's past practice withholding percentages applied for each fiscal year. Since the cost reports for these years have either: 1) not been settled or reviewed by the State, 2) are subject to future audits, or 3) have been audited but audit appeals remain outstanding, the reserves for disallowances on the Medi-Cal payments received are reflected as a current liability. Once LAC DMH finalizes its cost report settlement with the State, Tri-City expects that the County will pass on the settlement to Tri-City at which time Tri-City would remove the reserve amount related to that fiscal year.

NOTE #8 – RETIREMENT PLAN/DEFERRED COMPENSATION

Tri-City Mental Health Authority offers the following plans:

A. <u>Tri-City 401A Money Purchase Plan</u>

Prior to July 1, 2000, all employees were required to enroll in the Tri-City 401A Money Purchase Plan (the "MPP"), a defined contribution plan, on the date of hire in lieu of social security. Effective July 1, 2000, only part-time employees qualified for the MPP since all full-time employees were transferred into CalPERS. Employees are not required and do not contribute to the MPP. For all participating employees, Tri-City contributes an amount equal to 7.5 percent of the employee's annual gross salary reportable for Federal income tax purposes to the plan's administrator, Lincoln Financial Insurance Company. An employee is 100 percent vested in the retirement plan upon entry into the MPP. Benefit terms may be amended by Tri-City, the plan sponsor. Tri-City's contribution to the MPP for the fiscal years ended June 30, 2022 and 2021 was $7,145 and $10,733, respectively.

B. <u>California Public Employees' Retirement System (PERS)-Cost Sharing Employer Plans</u>

Plan Description – Employees of Tri-City participate in the California Public Employees Retirement System (PERS), a cost sharing multiple employer defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Tri-City's plans consist of both the Classic Tier and the PEPRA Tier within the Cost Sharing Plan's Miscellaneous Risk Pool. On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect. The establishment of the PEPRA Tier created new retirement formulas for newly hired members. All qualified permanent and probationary employees are eligible to participate in PERS. Benefit provisions under the Tiers are established by State statute and Tri-City resolution.

CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information can be found on the CalPERS website at: https://www.calpers.ca.gov/page/employers/actuarial-resources

NOTE #8 – RETIREMENT PLAN/DEFERRED COMPENSATION, Continued

Benefits Provided – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 for classic members and age 52 for PEPRA members with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service; however, must be actively employed at the time of disability. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous Pool	
	Classic	**PEPRA**
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Formula	2.0% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-62
Monthly benefits, as a % of annual salary *	1.426% to 2.0%	1.0% to 2.0%
Required employee contribution rates	7%	6.75%
Required employer contribution rates	10.880%	7.590%

* These percentages will vary based on age of retiree and could increase for retirees who prolong their retirement.

Contributions **–** Section 20814(c) of the California Public Employees' Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for each of the Tiers within the Plan are determined annually on an actuarial basis as of June 30 by CalPERS.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. Tri-City's required contributions for the unfunded liability included in the total employer contributions, was $422,596 and $334,214 in fiscal year 2022 and 2021, respectively.

NOTE #8 – RETIREMENT PLAN/DEFERRED COMPENSATION, Continued

Tri-City employees enrolled in the PERS are required to contribute the "employee" contribution of 7% for the Classic Tier and 6.75% for the PEPRA Tier of their annual covered salary. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. Benefit provisions and all other requirements are established by State statue. Full time employees or part-time employees that exceed 1,000 hours of work time in any fiscal period are eligible under this plan and must follow the contribution guidelines. The vesting period to receive pension retirement is five years. If an employee terminates before five years, they may withdraw their "employee" contributions to the plan.

For the year ended June 30, 2022 and 2021, Tri-City's contributions to the Plan were $1,609,594 and $1,586,047, respectively.

***Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions* -** As of June 30, 2022 and 2021, Tri-City reported a liability for its proportionate share of the net pension liability of the Plan of $2,302,724 and $6,325,906, respectively.

Tri-City's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability of the Plan at June 30, 2022 is measured as of June 30, 2021, and the total pension liability for the Plan is used to calculate the net pension liability which was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. Tri-City's proportion of the net pension liability was based on a projection of Tri-City's long-term share of contributions to the Plan relative to the projected contributions of all participating employers, actuarially determined.

Tri-City's proportionate share of the net pension liability, measured as of June 30, 2020 and 2021 is as a follows:

	Plan
Proportion - June 30, 2020	0.05814%
Proportion - June 30, 2021	0.04258%
Change in proportion- Increase (Decrease)	-0.01556%

NOTE #8 – RETIREMENT PLAN/DEFERRED COMPENSATION, Continued

At the year ended June 30, 2022 and 2021, Tri-City recognized pension expense (credit) of $(412,241) and $2,160,072, respectively, associated with the net pension liability. At June 30, 2022 and 2021, Tri-City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	June 30, 2022	June 30, 2021
Tri-City contributions subsequent to measurement date	$ 1,609,594	$ 1,586,047
Changes of assumptions	-	-
Net difference between expected and actual earnings on pension plan investments	-	187,921
Changes in proportion and differences between Tri-City's contributions and proportionate share of contributions	215,293	107,261
Changes in employer's proportion	774,555	686,756
Differences between expected and actual experience	258,226	325,993
Total Deferred Outflows	2,857,668	2,893,978
Deferred Inflows of Resources		
Changes of assumptions	-	(45,119)
Net difference between expected and actual earnings on pension plan investments	(2,010,157)	-
Differences between expected and actual experience	-	-
Total Deferred Inflows	(2,010,157)	(45,119)
Amounts Not Amortized		
Tri-City's contributions subsequent to measurement date	(1,609,594)	(1,586,047)
Net Total Deferred Outflows and Inflows to be Amortized	$ (762,083)	$ 1,262,812

The amount of $1,609,594 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30,	
2023	$ 123,889
2024	(43,341)
2025	(287,127)
2026	(555,504)
Total	$ (762,083)

NOTE #8 – RETIREMENT PLAN/DEFERRED COMPENSATION, Continued

Actuarial Assumptions – The total pension liability of the Plan in the June 30, 2020 and June 30, 2019 actuarial valuations were determined using the following actuarial assumptions.

Balance Sheet Date:	June 30, 2022	June 30, 2021
Valuation Date:	June 30, 2020	June 30, 2019
Measurement Date:	June 30, 2021	June 30, 2020
Actuarial Cost Method:	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll Growth	2.50%	2.50%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.15% (2)	7.15% (2)
Mortality Rates	Derived using CalPERS membership Data for all funds	

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website at: https://www.calpers.ca.gov/page/employers/actuarial-resources

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTE #8 – RETIREMENT PLAN/DEFERRED COMPENSATION, Continued

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses. The target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for the Plan and are summarized in the following tables:

June 30, 2021 Measurement

Asset Class	Target Allocation	Expected Real Rate of Return Years 1 thru 10[1]	Expected Real Rate of Return Years 11 thru 60[2]
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	(0.92)%
Total	100%		

June 30, 2020 Measurement

Asset Class	Target Allocation	Expected Real Rate of Return Years 1 thru 10	Expected Real Rate of Return Years 11 thru 60
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	(0.92)%
Total	100%		

[1] An expected inflation of 2.0% used for this period

[2] An expected inflation of 2.92% used for this period

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2021 and 2020 was 7.15% and 7.15%, respectively, for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68.

NOTE #8 – RETIREMENT PLAN/DEFERRED COMPENSATION, Continued

Sensitivity of Tri-City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the net pension liability of Tri-City, calculated using the discount rate of 7.15% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	2022	2021
1% Decrease	6.15%	6.15%
Tri-City's Proportionate Share of the Net Pension Liability	$ 7,209,796	$ 10,869,867
Current Discount Rate	7.15%	7.15%
Tri-City's Proportionate Share of the Net Pension Liability	$ 2,302,724	$ 6,325,906
1% Increase	8.15%	8.15%
Tri-City's Proportionate Share of the Net Pension Liability	$ (1,753,883)	$ 2,571,373

Pension Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net positions is available in the separately issued CalPERS financial reports.

NOTE #9 – MORTGAGE NOTE PAYABLE

On June 25, 2013, Tri-City's mortgage note was refinanced for $1,000,000 with monthly payments of $5,888 commencing on July 25, 2013 and ending on June 25, 2022, at which time a balloon payment of the unpaid sum of principal plus accrued interest is due. The loan bearing an interest of 5 percent. As a condition to receive the 5 percent interest, Tri-City was previously required to keep cash balances at the lender's bank equal to the outstanding loan. If the cash balance was less than the required amount for a consecutive 90 day period the interest rate would have increased by 1.5 percent until the required balances were restored. Tri-City was in compliance with this cash balance requirement at June 30, 2021. On September 15, 2021, the Board approved Resolution 611, authorizing management to extinguish the remaining mortgage balance. As a result, on October 7, 2021 management wired $766,003, which included remaining principal and accrued interest to date owed on the mortgage note held by Pacific Western Bank.

Interest expense on the mortgage note for the fiscal years ended June 30, 2022 and 2021 was $11,840 and $39,965, respectively.

NOTE #9 – MORTGAGE NOTE PAYABLE, Continued

The following is a schedule of changes in Tri-City's mortgage note payable included in long-term debt for the fiscal years ended June 30, 2022 and 2021:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
June 30, 2022	$ 771,686	$ -	$ (771,686)	$ -	$ -
June 30, 2021	$ 802,374	$ -	$ (30,688)	$ 771,686	$ 771,686

NOTE #10 –MHSA REVENUES RESTRICTED FOR FUTURE PERIOD AND UNEARNED MHSA REVENUES

MHSA funds received in the fiscal year that have been approved, allocated and available for use are recognized as non-operating income when received. Amounts received that have been approved for use in the next fiscal year are recorded as MHSA Revenues Restricted for Future Period in Deferred Inflow of Resources (see below) until the beginning of the period for which it was allocated and available for use. In addition, unrequested and unapproved MHSA funds received are included in Noncurrent Liabilities as Unearned MHSA Revenues. Once eligibility requirements are met, these amounts will be recognized into revenues or deferred inflows of resources.

Per the MHSA Statute, any funds allocated to a county/city which have not been spent for their authorized purpose within three years shall be reverted to the State to be deposited into the MHSA fund and made available for other counties in future years. Based on the most current information, including guidance from DHCS and the most recent State Budget Trailer Bill (AB 114), passed in 2017, Tri-City has determined no amounts are subject to reversion as of June 30, 2022 and 2021.

Tri-City classifies the MHSA Revenue received but not meeting time requirements as MHSA Revenues Restricted for Future Period under the Deferred Inflows of Resources caption on the Statements of Net Position. As of June 30, 2022 and 2021 MHSA Revenues Restricted for Future Period are $13,290,164 and $8,413,843, respectively.

NOTE #10 –MHSA REVENUES RESTRICTED FOR FUTURE PERIOD AND UNEARNED MHSA REVENUES, Continued

The following table reflects the activity in the Deferred Inflows of Resources-MHSA Revenues Restricted For Future Period and Unearned MHSA Revenue Accounts for the Community Services and Support (CSS) Plan, the Prevention and Early Intervention (PEI) Plan, the Innovations (INN) Plan, the Workforce Education and Training (WET) Plan, and the Capital Facilities & Technology (CFTN) Plan programs and unapproved plans during the fiscal years ended June 30, 2022 and 2021:

	Balance Beginning of Year	Funding Received	Transfer	Amounts Recognized as Non-Operating Revenue	Reclassification of Previously Unapproved Programs	Balance End of Year
June 30, 2022						
CSS	$ 7,368,396	$ 13,178,304	$ -	$ (9,210,946)	$ (110)	$11,335,644
PEI	741,181	3,294,548	-	(2,355,742)	-	1,679,987
INN	304,266	866,986	-	(304,266)	(592,453)	274,533
WET	-	-	-	-	-	-
CFTN	-	-	-	-	-	-
MHSA Revenues Restricted for Future Period	$ 8,413,843	$ 17,339,838	$ -	$ (11,870,954)	$ (592,563)	$13,290,164
Unearned MHSA Revenues	$ 435,392	$ -	$ -	$ -	$ 592,563	$ 1,027,955
June 30, 2021						
CSS	$ 6,381,486	$ 11,734,794	$ -	$ (10,712,194)	$ (35,690)	$ 7,368,396
PEI	18,922	2,939,793	-	(2,217,534)	-	741,181
INN	224,711	792,593	-	(316,438)	(396,600)	304,266
WET	-	3,102	-	-	(3,102)	-
CFTN	-	1,201	-	(277,622)	276,421	-
MHSA Revenues Restricted for Future Period	$ 6,625,119	$ 15,471,483	$ -	$ (13,523,788)	$ (158,971)	$ 8,413,843
Unearned MHSA Revenues	$ 276,421	$ -	$ -	$ -	$ 158,971	$ 435,392

NOTE #11 – RESTRICTED NET POSITION BY ENABLING LEGISLATION, FOR MHSA PROGRAMS

Restricted Net Position for MHSA Programs represents the amounts which are restricted due to enabling legislation related to MHSA Proposition 63. The following table further summarizes the net position restricted by enabling legislation as of June 30, 2022 and 2021 by specific MHSA Program Plans.

Restricted Net Position for MHSA Programs		**2022**	**2021**
Community Services and Supports	*	$ 11,740,228	$ 11,627,757
Prevention and Early Intervention		2,792,752	2,209,741
Innovation		1,484,999	1,529,421
Workforce, Education and Training		826,053	237,916
Capital Facilities and Technology Needs		1,089,658	1,128,053
Prudent Reserves		2,315,540	2,349,322
Total Restricted Net Position for MHSA Programs		$ 20,249,230	$ 19,082,210

* During fiscal year 2017 and through the stakeholder process, the amount of $1.2 million in unspent funds was designated for future housing projects as part of the Permanent Supportive Housing programs which is included within the Community Services and Supports (CSS) Plan. During fiscal year 2019, an additional $1.6 million in unspent funds was designated for future housing programs within the CSS Plan. Amounts designated for Permanent Supportive Housing programs within the CSS Plan as of June 30, 2020 was $2,800,000 and during fiscal year 2021 the amount of $2.8 million was transferred to the developer via a Note Receivable, see Note 5B for further details.

NOTE #12 – COMMITMENTS AND CONTINGENCIES

General

Claims for damages that arise through the normal course of operations, alleged against Tri-City are generally filed with or referred to a claims adjuster through Tri-City's insurance providers. As of June 30, 2022, and through the date of this report, management believes based upon consultation with legal counsel, that any such reported matters are not expected to have a material impact on Tri-City, that there is minimal exposure to Tri-City and that no case so reported exceeds existing liability coverages.

NOTE #12 – COMMITMENTS AND CONTINGENCIES, Continued

Medicaid/MHSA Programs & Grants

Tri-City participates in the Federal and State Medicaid (Medi-Cal) programs through its contract with LAC DMH. In addition, Tri-City participates in the State MHSA programs and various other grants. These programs are subject to examination by the respective agencies overseeing the implementation of the programs and the amount of expenditures, if any, which may be disallowed by the responsible agency, cannot be determined at this time. Management believes any actions that may result from investigations of noncompliance with laws and regulations will not have a material effect on Tri City's future financial position or results of operations.

Realignment and MHSA Funding

Realignment and MHSA funding are based on taxes collected by the State. Due to the possible changing economic conditions continually experienced by the State of California, the collection of State sales taxes and the 1% tax imposed on individuals with personal income over $1 million established through Proposition 63, could fluctuate.

City of Pomona Housing and Urban Development (HUD) Loan

In May 2013, Tri-City entered into a loan agreement with the City of Pomona (Pomona) to fund minor renovations of a property acquired by Tri-City that provides affordable housing to clients that are mentally ill and are homeless or at the risk of becoming homeless. The amounts provided by Pomona were accessed through Pomona's HOME Investment Partnerships Act Program established by the U.S. Department of Housing and Urban Development (HUD). The total loan commitment is $147,183 and was contingent based on Tri-City meeting all conditions and covenants under the loan agreement. The disbursement of funds by Pomona to Tri-City occurred as necessary to carry out the purposes of the loan. The loan is secured by a Trust Deed on the property. The loan term is ten (10) years from the date of execution and is interest free. Upon the sixth (6) year (2020) anniversary of the completion date, and each subsequent anniversary date thereafter until the maturity date, Pomona shall forgive twenty (20%) of the original principal. The forgiveness of debt for each period is contingent upon Tri-City's compliance with the requirements of the loan documents for the full preceding year. During fiscal 2014-15 Tri-City received the final reimbursement of costs in the amount of $57,167. At June 30, 2022, and 2021, the outstanding balance of the loan was $29,435 and $58,872, respectively.

NOTE #13 –LEASES

Office Space – Royalty Building

Tri-City leases various suites within a medical building complex from 1900 Royalty Drive, LLC. These leases are for office space for the QA/Best Practices program and various mental health programs including Children and Family Outpatient Clinic and Full Service Partnership services.

In March of 2019, Tri-City entered into a fourth new agreement for the rental of additional office space suites and simultaneously extending all three existing leases to the same terms which are due to expire on June 30, 2025. During fiscal year ended June 30, 2022, there were a total of five leases with monthly payments ranging from $2,418 to $13,216.

In accordance with GASB 87, the present value of future monthly lease payments at a discount rate of 2.5% has been calculated to determine the beginning value of the right-to-use asset and the associated liability as of July 1, 2020. The discount rate of 2.5% was determined to be appropriate, as it is the rate explicitly stated in the lease agreements by which rent will be increased annually over the life of the lease. Accordingly, Tri-City has recognized a right-to-use asset in the amount of $1,753,343 and $1,680,306 as of June 30, 2022 and 2021, respectively. Additionally, in accordance with GASB 87, lease liabilities were recognized in the amount of $1,073,919 and $1,344,246 as of June 30, 2022 and 2021, respectively. Tri-City also recognized $343,364 and $336,060 in amortization expense, $30,300 and $21,048 in interest expense, and $101,620 and $99,552 in operating expense for common area maintenance in fiscal years ended June 30, 2022 and 2021, respectively.

The following table represent the annual amortization and interest expense over the remaining life of the agreements:

Years Ended June 30,	Principal Payments	Interest Payments	Total
2023	$ 357,971	$ 40,633	$ 398,604
2024	357,971	50,569	408,540
2025	357,977	60,787	418,764
	$ 1,073,919	$ 151,989	$ 1,225,908

NOTE #14 – RISK MANAGEMENT

Tri-City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which they carry commercial insurance. Tri-City is insured for risks of loss through insurance companies. There have been no significant changes in coverage amounts or any significant losses in the past three years. The following table identifies the major insurance coverage's purchased:

Insurance Risk	Coverage per Incident	Coverage in Aggregate	Deductible
Professional Liability	$ 4,000,000	$ 3,000,000	$ 10,000
Sexual Misconduct Liability	$ 2,000,000	$ 1,000,000	$ 10,000
General Liability/Employee Benefit Liability	$ 2,000,000	$ 3,000,000	$ 0 / $ 1,000
Workers Compensation	$ 1,000,000	$ 1,000,000	$ -
Directors and Officers	$ 2,000,000	$ 4,000,000	$ 25,000
EPL	$ 2,000,000	$ 4,000,000	$ 75,000
Automobile	$ 1,000,000	$ 1,000,000	$ 1,000
Property-Building	$ 12,440,349	$ 12,440,349	$ 1,000
Property-Computer	$ 2,240,000	$ 2,240,000	$ 1,000
Cyber Liability	$ 5,000,000	$ 5,000,000	$ 25,000
Volunteer Accident Policy	$ 10,000	$ 10,000	$ 100
Crime	$ 5,000,000	$ 5,000,000	$ 25,000
Earthquake / Flood	$ 5,000,000	$ 5,000,000	$ 50,000
Umbrella Excess Coverage	$ 5,000,000	$ 5,000,000	$ -

NOTE #15 – CONTRACT WITH LOS ANGELES DEPARTMENT OF MENTAL HEALTH

The Los Angeles County Board of Supervisors originally approved Tri-City's three-year contract with LAC DMH to provide Medi-Cal services to the residents of the tri-cities of Pomona, La Verne and Claremont which was renewed in June 2014 for fiscal years 2015 through fiscal 2017. In June of 2017, a three-year agreement was once again renewed (1-year agreement with two optional extension periods to June 30, 2020). This contract allows the County to pass through Medi-Cal Federal and State reimbursement for Medi-Cal eligible services provided by Tri-City under the Agency's outpatient clinics and its MHSA programs including Full Service Partnership programs. The most current contract with LAC DMH is now effective from July 1, 2020 through June 30, 2021 with four automatic renewal periods through June 30, 2025 without any further action on Tri-City's behalf.

NOTE #16 – RELATED PARTY TRANSACTIONS

The Cities of Pomona, Claremont and La Verne, as member agencies, contributed funds in the amount of $70,236 in 2022 and $70,236 in 2021 to support the operations of Tri-City as required by Realignment legislation. In addition, Tri-City has leased a 4,000 square foot facility from the City of Claremont to house its administrative staff. Tri-City has also entered into a Loan Agreement with the City of Pomona to receive funds for the minor renovations of a housing property that provides affordable housing to Tri-City mentally ill clients ***(Note #12)***. In July of 2018, the Governing Board authorized resolution No. 455, for Tri-City to enter into an agreement with the City of Pomona for the use of the City's year-round emergency shelter facility in the amount of $396 thousand and $396 thousand for fiscal years ending June 30, 2022 and June 30, 2021, respectively. In August of 2019, Tri-City entered into an agreement with the City of Pomona to pass through Measure H monies to provide various services to address homelessness including the hiring of four Navigators, as of June 30, 2022 and June 30, 2021 Tri-City has received $233,926 and $490,792, respectively, in Measure H funds.

NOTE #17 – SUBSEQUENT EVENTS

In July of 2022, CalPERS announced a net investment return of negative 6.1% for fiscal year ending 2021-22. This, along with the change in the discount rate to 6.8% will negatively impact the GASB 68 Net Pension Liability in future reporting periods. As the investment pool experienced gains in fiscal year 2021 resulting in a drastically reduced liability in fiscal year 2022, Tri-City expects the inverse to be true in fiscal year 2023 as all gains were lost in fiscal year 2022. See Footnote #8 for further discussion on the GASB 68 Net Pension Liability and details as to the timing of the actuarially driven reporting process.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Tri-City's Proportionate Share of the Net Pension Liability

As of the fiscal year ending June 30:
Last Ten Years*

	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.04258%	0.05814%	0.05331%	0.04834%	0.04780%	0.04370%	0.03690%
Proportionate share of the net pension liability	$ 2,302,724	$ 6,325,906	$ 5,462,528	$ 4,658,577	$ 4,740,262	$ 3,781,246	$ 2,535,970
Covered payroll **	$ 13,885,388	$ 12,763,454	$ 11,750,054	$ 10,245,313	$ 10,121,504	$ 9,129,664	$ 8,281,847
Proportionate share of the net pension liability as a percentage of covered payroll **	16.58%	49.56%	46.49%	45.47%	46.83%	41.42%	30.62%
The pension plan's fiduciary net position as a percentage of the total pension liability	88.30%	77.71%	77.73%	77.69%	73.31%	74.06%	78.40%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

* Fiscal year 2015 was the first year in which GASB 68 was implemented, therefore only seven years are shown.
** Covered payroll represents earnable and pensionable compensation

Schedule of Contributions

As of the fiscal year ending June 30:
Last Ten Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	$ 1,609,594	$ 1,586,047	$ 1,328,508	$ 1,134,877	$ 904,469	$ 861,026	$ 734,761	$ 762,546
Contributions in relation to the actuarially determined contribution	1,609,594	1,586,047	1,328,508	1,134,877	904,469	861,026	734,761	762,546
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll **	$ 13,875,353	$ 13,885,388	$ 12,763,454	$ 11,750,054	$ 10,245,313	$ 10,121,504	$ 9,129,664	$ 8,281,847
Contributions as a percentage of covered payroll **	11.60%	11.42%	10.41%	9.66%	8.83%	8.51%	8.05%	9.21%

* Fiscal year 2015 was the first year in which GASB 68 was implemented, therefore only seven years are shown.
** Covered payroll represents earnable and pensionable compensation

NOTE TO SCHEDULES

Change in Assumptions – In 2017, the accounting discount rate reduced from 7.65% to 7.15%.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Governing Board of
Tri-City Mental Health Authority
Claremont, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Tri-City Mental Health Authority (Tri-City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Tri-City's basic financial statements and have issued our report thereon dated November 4, 2022. Our report included an emphasis of matter paragraph describing Tri-City's implementation of Government Accounting Standards Board (GASB) Statement No. 87 - *Leases*, effective July 1, 2020.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tri-City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tri-City's internal control. Accordingly, we do not express an opinion on the effectiveness of Tri-City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tri-City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
November 4, 2022

November 4, 2022

To the Governing Board of
Tri-City Mental Health Authority
Claremont, California

We have audited the financial statements of Tri-City Mental Health Authority (Tri-City) as of and for the year ended June 30, 2022, and have issued our report thereon dated November 4, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated August 24, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Tri-City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

ATTACHMENT 4-B

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks". We have identified the following as significant risks.

- Management override of internal controls
- Overall revenue recognition
- Implementation of Governmental Accounting Standards Board (GASB) Statement. No. 87 - *Leases*

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Tri-City is included in Note 2 to the financial statements. As discussed in Note 3 to the financial statements, Tri-City implemented GASB Statement No. 87 - *Leases*. Accordingly, the change has been retrospectively applied to the financial statements beginning July 1, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the estimate of amounts relating to third party payor settlements and amounts relating to the net pension liability, related deferred inflows of resources and deferred outflows of resources.

Management's estimate of the amounts relating to third party payor settlements is based on estimated disallowances that could result from future State audits of claims. We evaluated the key factors and assumptions used to develop the amounts related to third party payor settlements and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the amounts relating to the net pension liability, related deferred inflows of resources and deferred outflows of resources is based on actuarial valuations and a proportionate share of the California Public Employees' Retirement System (CalPERS) Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan collective net pension liability. We evaluated the key factors and assumptions used to develop the amounts related to the net pension liability, related deferred inflows of resources and deferred outflows of resources and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Tri-City's financial statements relate to:

The disclosure of Tri-City's defined benefit pension plan, net pension liability and related deferred inflows of resources and deferred outflows of resources in Note 8 to the financial statements. The valuation of the net pension liability and related deferred outflows (inflows) of resources are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return and discount rate, and Tri-City's proportionate share of the CALPERS Cost Sharing Plan collective net pension liability. As disclosed in Note 8, a 1% increase or decrease in the discount rate has a significant effect on Tri-City's pension liability.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected misstatements identified as a result of our audit procedures.

Misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management in Exhibit I. All misstatements that were corrected exceeded the documented Passed Adjustments scope.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Tri-City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We added an emphasis of matter paragraph for the implementation of GASB Statement No. 87 - *Leases*.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated November 4, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Tri-City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Tri-City's auditors.

This report is intended solely for the information and use of the Board, and management of Tri-City and is not intended to be, and should not be, used by anyone other than these specified parties.

Eide Bailly LLP

Rancho Cucamonga, California

Number	Account/Description	Debit	Credit
1	Lease liabilities	$ 298,927	
	Right of use (lease) assets		$ 298,927
	(To adjust lease liability and related assets to actual.)		
2	Investment loss	431,534	
	LAIF investments		431,534
	(To adjust LAIF investments to market value.)		

Tri-City Mental Health Authority
AGENDA REPORT

DATE: **November 16, 2022**

TO: **Governing Board of Tri-City Mental Health Authority**

FROM: **Rimmi Hundal, Executive Director**

BY: **Elizabeth Renteria, LCSW, Chief Clinical Officer**

SUBJECT: ***Consideration of Resolution No. 682 Authorizing an Agreement with Peabody Communications for Writing Services in an Amount Not To Exceed $50,000; and Authorizing the Executive Director to Execute the Agreement***

Summary:

Staff recommends that the Governing Board approves the Agreement with Peabody Communications for policy, procedure, and task flows writing services under the Crisis Care Mobile Unit grant as outlined by the agreement and authorizing the Executive Director to execute the agreement.

Background

In March 2022, the Tri-City Mental Health Authority (TCMHA) Governing Board approved to accept a Crisis Care Mobile Units grant in the amount of $200,000 from the California Department of Health Care Services. This grant is being used for planning mobile units to respond to crises of behavioral health focusing on individuals ages 25 and younger. This project's purpose is to provide mobile behavioral health crisis services to prevent and divert involvement in the criminal justice system and to link those in crisis to ongoing mental health care.

During this planning period that ends February 23, 2023, TCMHA is assessing community need through stakeholder engagement and developing an Action Plan to address the need for mobile crisis and non-crisis programs for residents under the age of 25 that reside in the cities of Claremont, La Verne and Pomona.

Accordingly, Contractor will collaborate and work with the implementation team for development of policy, procedures, and task flows for the Crisis Care Mobile Unit program that meet federal, state, and local guidelines for mobile crisis care. Documents required to be written and developed include human resource management and staffing policies, which will include the following:

- Staff Safety and Staff Retention,
- Risk Management,

- Crisis Care Procedures,
- Call Center Procedures,
- Fiscal, Medicaid and Billing Procedures,
- General Operating Principles,
- Continuous Quality Improvement,
- Quality Assurance,
- Compliance with Privacy and the Health Insurance Portability and Accountability Act of 1996 (HIPAA),
- Community Partnership Engagement,
- Cultural Competency and Data Collection, and
- Technology And Outcomes

Fiscal Impact:

The compensation under this contract is $200/hour in an amount not to exceed $50,000.00. Funds for the contract are covered under the Crisis Care Mobile Unit grant award.

Recommendation:

Staff recommends that the Governing Board adopt Resolution No. 682 approving an Agreement with Peabody Communication for completion of activities and writing services for the Crisis Care Mobile Units in an amount not to exceed $50,000, effective November 16, 2022; and authorizing the Executive Director to execute the agreement.

Attachments

Attachment 5-A: Resolution No. 682 - DRAFT

Attachment 5-B: TCMHA and Peabody Agreement, Effective November 11, 2022

RESOLUTION NO. 682

A RESOLUTION OF THE GOVERNING BOARD OF THE TRI-CITY MENTAL HEALTH AUTHORITY APPROVING AN AGREEMENT FOR POLICY, PROCEDURE, AND TASK FLOWS WRITING SERVICES WITH PEABODY COMMUNICATIONS IN AN AMOUNT NOT TO EXCEED $50,000; AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE THE AGREEMENT

The Governing Board of the Tri-City Mental Health Authority does resolve as follows:

1. Findings. The Governing Board hereby finds and declares the following:

A. Tri-City Mental Health Authority ("TCMHA" or "Authority") accepted in March 2022, a Crisis Care Mobile Units grant in the amount of $200,000 from the California Department of Health Care Services, for the planning of mobile units to respond to crises of behavioral health focusing on individuals ages 25 and younger, to provide mobile behavioral health crisis services to prevent and divert involvement in the criminal justice system and to link those in crisis to ongoing mental health care.

B. The Authority desires to approve an agreement with Peabody Communications to write and develop policy, procedures, and task flows for the Crisis Care Mobile Unit program that meet federal, state, and local guidelines for mobile crisis care, that include human resource management and staffing policies.

C. The Authority affirms that Peabody Communications is an independent contractor and not an employee, agent, joint venture or partner of TCMHA. The Agreement does not create or establish the relationship of employee and employer between Contractor and Tri-City.

D. The Authority shall pay a contractor/consultant fee of $200/hour; with a total amount not to exceed $50,000 for all services provided.

2. Action

The Authority's Executive Director is authorized to enter into, and execute, an Agreement with Peabody Communications for policy, procedure, and task flows writing services in an amount not to exceed $50,000, effective November 16, 2022 through February 23, 2023.

[Continued on page 2]

3. Adoption

PASSED AND ADOPTED at a Regular Meeting of the Governing Board held on November 16, 2022, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

____
JED LEANO, CHAIR

APPROVED AS TO FORM:
DAROLD PIEPER, GENERAL COUNSEL

By:______________________________

ATTEST:
MICAELA P. OLMOS, RECORDING SECRETARY

By:______________________________

INDEPENDENT CONTRACTOR AGREEMENT

BETWEEN THE

TRI-CITY MENTAL HEALTH AUTHORITY

AND

PEABODY COMMUNICATIONS

DATED

NOVEMBER 16, 2022

ATTACHMENT 5-B

TABLE OF CONTENTS

AGREEMENT

1. PARTIES AND DATE.

THIS AGREEMENT (hereinafter “Contract” or “Agreement”) is made and entered into as of the 16th day of November, 2022 (“Agreement Date”) by and between the TRI-CITY MENTAL HEALTH AUTHORITY, a joint powers agency organized under the laws of the State of California with its administrative office at 1717 N. Indian Hill Boulevard, #B, Claremont, California 91711 (hereinafter “TCMHA”) and PEABODY COMMUNICATIONS, a Washington company, with its principal place of business at 214 Centralia College Blvd., #1238 Centralia, WA 98531 (hereinafter "Contractor"). TCMHA and Contractor are sometimes individually referred to as a “Party” and collectively as “Parties.”

2. CONTRACTOR.

The express intention of the parties is that Contractor is an independent contractor and not an employee, agent, joint venture or partner of TCMHA. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employee and employer between Contractor and TCMHA or any employee or agent of Contractor. At all times Contractor shall be an independent contractor and Contractor shall have no power to incur any debt, obligation, or liability on behalf of TCMHA without the express written consent of TCMHA. Neither TCMHA nor any of his agents shall have control over the conduct of Contractor or any of Contractor’s employees, except as set forth in this Agreement. In executing this Agreement, Contractor certifies that no one who has or will have any financial interest under this Agreement is an officer or employee of TCMHA.

3. SCOPE OF SERVICES.

Contractor shall provide the specified services and/or materials as specified and set forth in Contractor’s Scope of Work incorporated into and made a part of this Agreement as ‘Exhibit A.’

4. PERFORMANCE OF SERVICES.

Contractor reserves the sole right to control or direct the manner in which services are performed. Contractor shall retain the right to perform services for other entities during the term of this Agreement, so long as they are not competitive with the services performed under this Agreement. Contractor shall neither solicit remuneration nor accept any fees or commissions from any third party in connection with the Services provided to TCMHA under this Agreement without the expressed written permission of TCMHA. Contractor warrants that it is not a party to any other existing agreement, which would prevent Contractor from entering into this Agreement or which would adversely affect Contractor’s ability to fully and faithfully, without any conflict of interest, perform the Services under this Agreement. In addition, Contractor shall comply will all applicable federal, state and local laws, codes, ordinances, rules, orders, regulations, and statutes affecting any services performed under this Agreement. Contractor shall perform in a manner consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions and in similar locations.

Compliance with this section by Contractor shall not in any way excuse or limit the Contractor's obligations to fully comply with all other terms in this Agreement.

5. SUBCONTRACTORS.

Any work or services subcontracted hereunder shall be specified by written contract or agreement and shall be subject to each provision of this Agreement.

6. TIME AND LOCATION OF WORK.

Contractor shall perform the services required by this Agreement at the agreed upon locations, at any time required and appropriate, and within the manner outlined in 'Exhibit A'.

7. TERMS.

The services and/or materials furnished under this Agreement shall commence November 16, 2022 and shall be and remain in full force and effect until February 14, 2023, or the services under this Agreement are confirmed completed, or the Agreement amended, or is terminated in accordance with the provisions of Section 8 below.

8. TERMINATION. This Agreement may be terminated only as follows:

Except as provided in this Agreement, either party may terminate this Agreement at any time, without cause, upon ten (10) calendar days prior written notice to the other party. Contractor agrees to cooperate fully in any such transition, including the transfer of records and/or work performed.

9. COMPENSATION. For the full performance of this Agreement:

a. TCMHA shall pay Contractor an Hourly Rate of two hundred ($200.00) dollars, for a total amount not to exceed fifty thousand ($50,000.00) dollars. Payment will be made within thirty (30) days following receipt of invoices and completion/delivery of services/goods as detailed in Section 3 of this Agreement and only upon satisfactory delivery/completion of goods/services in a manner consistent with professional/industry standards for the area in which Contractor operates. TCMHA is not responsible for paying for any work done by Contractor or any subcontractor above and beyond the amount listed under Scope of Work, incorporated herein as 'Exhibit A'; unless agreed upon in writing by TCMHA's Executive Director.

b. Contractor is responsible for monitoring its own forces/employees/agents/ subcontractors to ensure delivery of goods/services within the terms of this Agreement. TCMHA will not accept or compensate Contractor for incomplete goods/services. Contractor acknowledges and agrees that, as an independent contractor, the Contractor will be responsible for paying all required state and federal income taxes, social security contributions, and other mandatory taxes and contributions. TCMHA shall neither withhold any amounts from the Compensation for such taxes, nor pay such taxes on Contractor's behalf, nor reimburse for any of Contractor's costs or expenses to deliver any services/goods including, without limitation, all fees, fines, licenses, bonds, or taxes required of or imposed upon Contractor. TCMHA shall not be responsible for any interest or late charges on any payments from TCMHA to Contractor.

10. LICENSES.

Contractor declares that Contractor has complied with all federal, state, and local business permits and licensing requirements necessary to conduct business. All provisions required thereby to be included in this Agreement are hereby incorporated herein by reference.

11. PROPRIETARY INFORMATION AND CONFIDENTIALITY.

The Contractor agrees that all information, whether or not in writing, of a private, secret or confidential nature concerning TCMHA's business, business relationships or financial affairs (collectively, "Proprietary Information") is and shall be the exclusive property of TCMHA. The Contractor will not disclose any Proprietary Information to any person or entity, other than persons who have a need to know about such information in order for Contractor to render services to TCMHA and employees of TCMHA, without written approval by Executive Director of TCMHA, either during or after its engagement with TCMHA, unless and until such Proprietary Information has become public knowledge without fault by the Contractor. Contractor shall also be bound by all the requirements of HIPAA.

12. REPORTS AND INFORMATION.

The Contractor, at such times and in such forms as the TCMHA may require, shall furnish TCMHA such reports as it may request pertaining to the work or services undertaken pursuant to this Agreement, the costs and obligations incurred or to be incurred in connection therewith, and any other matters covered by this Agreement.

13. RECORDS AND AUDITS.

The Contractor shall maintain accounts and records, including all working papers, personnel, property, and financial records, adequate to identify and account for all costs pertaining to the Contract and such other records as may be deemed necessary by TCMHA to assure proper accounting for all project funds, both Federal and non-Federal shares. These records must be made available for audit purposes to TCMHA or any authorized representative, and must be retained, at the Contractor's expense, for a minimum of seven (7) years, unless Contractor is notified in writing by TCMHA of the need to extend the retention period.

14. CONFLICT OF INTEREST.

Contractor hereby certify that to the best of their knowledge or belief, no elected/appointed official or employee of TCMHA is financially interested, directly or indirectly, in the provision of goods/services specified in this Agreement. Furthermore, Contractor represents and warrants to TCMHA that it has not employed or retained any person or company employed by the TCMHA to solicit or secure the award of this Agreement and that it has not offered to pay, paid, or agreed to pay any person any fee, commission, percentage, brokerage fee, or gift of any kind contingent upon or in connection with, the award of the Agreement.

15. GENERAL TERMS AND CONDITIONS.

a. Indemnity. Contractor agrees to indemnify, defend and hold harmless TCMHA, its officers, agents and employees from any and all demands, claims or liability of personal injury (including death) and property damage of any nature, caused by or arising out of the performance of Contractor under this Agreement. With regard to Contractor's work product, Contractor agrees to indemnify, defend and hold harmless TCMHA, its officers, agents and employees from any and all demands, claims or liability of any nature to the extent caused by the negligent performance of Contractor under this Agreement.

b. Insurance. Contractor shall obtain and file with TCMHA, at its expense, a certificate of insurance before commencing any services under this Agreement as follows:

i. **Errors And Omissions Insurance**: $1,000,000.00 per occurrence.

ii. **Notice Of Cancellation**: The TCMHA requires 10 days written notice of cancellation.

iii. **Certificate Of Insurance**: Prior to commencement of services, evidence of insurance coverage must be shown by a properly executed certificate of insurance by an insurer licensed to do business in California, satisfactory to TCMHA, and it shall name "Tri-City Mental Health Authority, its elective and appointed officers, employees, and volunteers" as additional insureds.

iv. To prevent delay and ensure compliance with this Agreement, the insurance certificates and endorsements must be submitted to:

Tri-City Mental Health Authority
Attn: JPA Administrator/Clerk
1717 N. Indian Hill Boulevard, #B
Claremont, CA 91711-2788

c. Labor Certification. By its signature hereunder, Contractor certifies that he is aware of the provisions of Section 3700 of the California Labor Code, which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code.

d. Non-Discrimination and Equal Employment Opportunity. In the performance of this Agreement, Contractor shall not discriminate against any employee, subcontractor, or applicant for employment because of race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental disability, medical condition, sexual orientation or gender identity. Contractor will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition, sexual orientation or gender identity.

e. Records. All reports, data, maps, models, charts, studies, surveys, calculations, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that are prepared or obtained pursuant to this Agreement and that relate to the matters covered hereunder shall be and remain the property of TCMHA. Contractor will be responsible for and maintain such records during the term of this Agreement. Contractor hereby agrees to deliver those documents to TCMHA at any time upon demand of TCMHA. It is understood and agreed that the documents and other materials, including but not limited to those described above, prepared pursuant to this Agreement are prepared specifically for TCMHA and are not necessarily suitable for any future or other use. Failure by Contractor to deliver these documents to TCMHA within a reasonable time period or as specified by TCMHA shall be a material breach of this Agreement. TCMHA and Contractor agree that until final approval by TCMHA, all data, reports and other documents are preliminary drafts not kept by TCMHA in the ordinary course of business and will not be disclosed to third parties without prior written consent of both parties. All work products submitted to TCMHA pursuant to this Agreement shall be deemed a "work for hire." Upon submission of any work for hire pursuant to this Agreement, and acceptance by TCMHA as complete, non-exclusive title to copyright of said work for hire shall transfer to TCMHA. The compensation recited in Section 9 shall be deemed to be sufficient consideration for said transfer of copyright.

f. Changes to the Agreement. This Agreement shall not be assigned or transferred without advance written consent of TCMHA. No changes or variations of any kind are authorized without the written consent of the Executive Director. This Agreement may only be amended by a written instrument signed by both parties. The Contractor agrees that any written change or changes in compensation after the signing of this Agreement shall not affect the validity or scope of this Agreement and shall be deemed to be a supplement to this Agreement and shall specify any changes in the Scope of Services.

g. Contractor Attestation. Also in accordance with TCMHA's policies and procedures, TCMHA will not enter into contracts with individuals, or entities, or owners, officers, partners, directors, or other principals of entities, who have been convicted recently of a criminal offense related to health care or who are debarred, excluded or otherwise precluded from providing goods or services under Federal health care programs, or who are debarred, suspended, ineligible, or voluntarily suspended from securing Federally funded contracts. TCMHA requires that Contractor certifies that no staff member, officer, director, partner, or principal, or sub-contractor is excluded from any Federal health care program, or federally funded contract and will sign attached *Contractor's Attestation That Neither It Nor Any Of Its Staff Members Are Restricted, Excluded Or Suspended From Providing Goods Or Services Under Any Federal Or State Health Care Program*, incorporated herein as 'Exhibit B'.

16. REPRESENTATIVE AND NOTICE.

a. TCMHA's Representative. TCMHA hereby designates its Executive Director to act as its representative for the performance of this Agreement ("TCMHA's Representative"). TCMHA's Representative shall have the power to act on behalf of TCMHA for all purposes under this Agreement.

b. Contractor's Representative. Contractor warrants that the individual who has signed the Agreement has the legal power, right, and authority to make this Agreement and to act on behalf of Contractor for all purposes under this Agreement.

c. Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

If to Contractor: Peabody Communications
Attn: Owner
214 Centralia College Blvd., #1238
Centralia, WA 98531

If to TCMHA: Tri-City Mental Health Authority
Attn: Executive Director
1717 N. Indian Hill Boulevard, Suite B
Claremont, CA 91711-2788

Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

17. EXHIBITS.

The following attached exhibits are hereby incorporated into and made a part of this Agreement:

Exhibit A: Scope of Work

Exhibit B: Contractor's Attestation That Neither It Nor Any Of Its Staff Members Are Restricted, Excluded Or Suspended From Providing Goods Or Services Under Any Federal Or State Health Care Program

18. NO INTENT TO CREATE A THIRD PARTY BENEFICIARY CONTRACT.

Notwithstanding any other provision of this Agreement, the Parties do not in any way intend that any person shall acquire any rights as a third party beneficiary of this Agreement.

19. GOVERNING LAW, JURISDICTION AND VENUE.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of California. Parties agree and consent to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Agreement and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles, California.

20. ENTIRE AGREEMENT.

This Agreement shall become effective upon its approval and execution by TCMHA. This Agreement and any other documents incorporated herein by specific reference, represents the entire and integrated agreement between the Parties. Any ambiguities or disputed terms between this Agreement and any attached Exhibits shall be interpreted according to the language in this Agreement and not the Exhibits. This Agreement supersedes all prior agreements, written or oral, between the Contractor and TCMHA relating to the subject matter of this Agreement. This Agreement may not be modified, changed or discharged in whole or in part, except by an agreement in writing signed by the Contractor and TCMHA. The validity or unenforceability of any provision of this Agreement declared by a valid judgment or decree of a court of competent jurisdiction in Los Angeles County, State of California, shall not affect the validity or enforceability of any other provision of this Agreement. No delay or omission by TCMHA in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by TCMHA on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion or a waiver of any other condition of performance under this Agreement

21. EXECUTION.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Agreement Date.

TRI-CITY MENTAL HEALTH AUTHORITY	**PEABODY COMMUNICATIONS**
By:____________________________	By: ____________________________
Rimmi Hundal, Executive Director	Jordan Peabody, Owner

Attest:

By:____________________________

Micaela P. Olmos, JPA Administrator/Clerk

Approved as to Form and Content:
DAROLD D. PIEPER, ATTORNEY AT LAW

By:____________________________

Darold D. Pieper, General Counsel

EXHIBIT A

SCOPE OF WORK

In March 2022, the Tri-City Mental Health Authority (TCMHA) Governing Board approved to accept a Crisis Care Mobile Units grant in the amount of $200,000 from the California Department of Health Care Services. This grant is being used for planning mobile units to respond to crises of behavioral health focusing on individuals ages 25 and younger. This project's purpose is to provide mobile behavioral health crisis services to prevent and divert involvement in the criminal justice system and to link those in crisis to ongoing mental health care.

During this planning period that ends February 23, 2023, TCMHA is assessing community need through stakeholder engagement and developing an Action Plan to address the need for mobile crisis and non-crisis programs for residents under the age of 25 that reside in the cities of Claremont, La Verne and Pomona.

Accordingly, Contractor will collaborate and work with the implementation team for development of policy, procedures, and task flows for the Crisis Care Mobile Unit program that meet federal, state, and local guidelines for mobile crisis care. Documents required to be written and developed include human resource management and staffing policies, which will include the following:

- Staff Safety and Staff Retention,
- Risk Management,
- Crisis Care Procedures,
- Call Center Procedures,
- Fiscal, Medicaid and Billing Procedures,
- General Operating Principles,
- Continuous Quality Improvement,
- Quality Assurance,
- Compliance with Privacy and the Health Insurance Portability and Accountability Act of 1996 (HIPAA),
- Community Partnership Engagement,
- Cultural Competency and Data Collection, and
- Technology And Outcomes.

EXHIBIT B

CONTRACTOR'S ATTESTATION THAT NEITHER IT NOR ANY OF ITS STAFF MEMBERS ARE RESTRICTED, EXCLUDED OR SUSPENDED FROM PROVIDING GOODS OR SERVICES UNDER ANY FEDERAL OR STATE HEALTH CARE PROGRAM

PEABODY COMMUNICATIONS

Contractor's Name   Last   First

Contractor hereby warrants that neither it nor any of its staff members is restricted, excluded, or suspended from providing goods or services under any health care program funded by the Federal or State Government, directly or indirectly, in whole or in part, and the Contractor will notify the Tri-City Mental Health Authority (TCMHA) within thirty (30) days in writing of: 1) any event that would require Contractor or a staff member's mandatory exclusion or suspension from participation in a Federal or State funded health care program; and 2) any exclusionary action taken by any agency of the Federal or State Government against Contractor or one or more staff members barring it or the staff members from participation in a Federal or State funded health care program, whether such bar is direct or indirect, or whether such bar is in whole or in part.

Contractor shall indemnify and hold TCMHA harmless against any and all loss or damage Contractor may suffer arising from the Federal or State exclusion or suspension of Contractor or its staff members from such participation in a Federal or State funded health care program.

Failure by Contractor to meet the requirements of this paragraph shall constitute a material breach of contract upon which TCMHA may immediately terminate or suspend this Agreement.

Is Contractor/Proposer/Vendor or any of its staff members currently barred from participation in any Federal or State funded health care program?

_____ **NO**, Contractor or any of its staff members is not currently barred from participation in any Federal or State funded health care program.

_____ **YES**, Contractor or any of its staff members is currently barred from participation in any Federal or State funded health care program. Describe the particulars on a separate page.

	Jordan Peabody, Owner	
Date	Contractor or Vendor's Name	Contractor or Vendor's Signature
	Rimmi Hundal, Executive Director	
Date	TCMHA Executive Official's Name	TCMHA Executive Official's Signature

DISTRIBUTION:
ORIGINAL
COPIES: HR Representative
Contractor
Finance

Tri-City Mental Health Authority
AGENDA REPORT

DATE: November 16, 2022

TO: Governing Board of Tri-City Mental Health Authority

FROM: Rimmi Hundal, Executive Director

BY: Diana Acosta, CPA, Chief Financial Officer

SUBJECT: Consideration of Resolution No. 683 Approving an Agreement with Sisson Design Group in the Amount of $30,000 for Remodeling Construction Services, Effective November 16, 2022, and Authorizing the Executive Director to execute the Agreement

---

Summary:

Staff is seeking approval to authorize Tri-City Mental Health Authority (TCMHA) to enter into an Agreement with Sisson Design Group in the amount of $30,000 for Construction Drawing, Structural Engineering, Electrical Engineering, Furniture Specification and Construction Administration services for the Office Remodel project at the 2001 N. Garey Ave building located in Pomona.

Background:

On March 18, 2020, the Governing Board adopted Resolution No. 524, approving the expenditures from the Capital Facilities and Technological Needs (CFTN) Plan for various projects including the Office Space Remodel/Capital Improvements Project. The plan included an estimated cost of $348,000 for this project, which consisted of $290,000 for construction, contract administration and design services. Staff is recommending that the Sisson Design Group provide remodeling construction services that will include construction drawing, furniture specification, and construction administration services for the Office Space Remodel Project within the existing TCMHA MHSA Administration Building located at 2001 N. Garey in Pomona.

Sisson Design Group is a professional interior design firm located in the Inland Empire offering a comprehensive range of services in the commercial interior design field including: Space Planning, Interior Design, Furniture Planning, Construction Documents, City Plan Check Processing and Construction Administration. They have provided planning and design services for various corporate, educational, institutional, medical, governmental, and hospitality projects throughout Southern California and the western United States and their staff have over 30 years of experience practicing commercial interior design. Tri-City has previously contracted with the Sisson Design Group, and the most notable project was the completion of Tri-City's Wellness Center. The consultants' hourly rates are comparable and in line with other consulting firms which Tri-City has recently contracted with.

<u>Fiscal Impact</u>:

As previously approved on March 18, 2020, the $30,000 funding for this project will 100% from MHSA Capital Facilities and Technological Needs (CFTN) funds.

<u>Recommendation</u>:

Staff recommends that the Governing Board approve Resolution No. 683 approving the agreement with the Sisson Design Group in the amount of $30,000 to provide project management, construction administration and drawing services for the Office Space Remodel Project, and authorizing the Executive Director to execute the Agreement.

<u>Attachments</u>

Attachment 6-A: Resolution No. 683 – DRAFT

Attachment 6-B: TCMHA & Sisson Agreement for Remodeling Construction Services, Effective November 16, 2022 - DRAFT

RESOLUTION NO. 683

A RESOLUTION OF THE GOVERNING BOARD OF THE TRI-CITY MENTAL HEALTH AUTHORITY APPROVING AN AGREEMENT WITH SISSON DESIGN GROUP IN THE AMOUNT OF $30,000 FOR REMODELING CONSTRUCTION SERVICES AT PROPERTY LOCATED AT 2001 N. GAREY IN POMONA, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE THE AGREEMENT

The Governing Board of the Tri-City Mental Health Authority does resolve as follows:

1. Findings. The Governing Board hereby finds and declares the following:

A. Tri-City Mental Health Authority ("TCMHA" or "Authority") desires to approve an agreement with Sisson Design Group for remodeling construction services that include construction drawing, furniture specification, and construction administration services for the remodeling construction of the office/training room within the existing TCMHA MHSA Administration Building located at 2001 N. Garey in Pomona, California.

B. The Authority affirms that Sisson Design Group is an independent contractor and not an employee, agent, joint venture or partner of TCMHA. The Agreement does not create or establish the relationship of employee and employer between Contractor and Tri-City.

C. The Authority shall pay a consultant fee of $150/hour; totaling approximately $30,000 for all services provided.

2. Action

The Authority's Executive Director is authorized to enter into, and execute, an Agreement with Sisson Design Group for the remodeling construction services in an approximate amount of $30,000, effective November 16, 2022.

3. Adoption

PASSED AND ADOPTED at a Regular Meeting of the Governing Board held on November 16, 2022, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

____
JED LEANO, CHAIR

APPROVED AS TO FORM:
DAROLD PIEPER, GENERAL COUNSEL

By:______________________________

ATTEST:
MICAELA P. OLMOS, RECORDING SECRETARY

By:______________________________

ATTACHMENT 6-A

INDEPENDENT CONTRACTOR AGREEMENT

BETWEEN THE

TRI-CITY MENTAL HEALTH AUTHORITY

AND

SISSON DESIGN GROUP

DATED

November 16, 2022

ATTACHMENT 6-B

TABLE OF CONTENTS

AGREEMENT

1. PARTIES AND DATE.

THIS AGREEMENT (hereinafter "Contract" or "Agreement") is made and entered into as of the 16th day of November, 2022 ("Agreement Date") by and between the TRI-CITY MENTAL HEALTH AUTHORITY, a joint powers agency organized under the laws of the State of California with its administrative office at 1717 N. Indian Hill Boulevard, #B, Claremont, California 91711 (hereinafter "TCMHA") and SISSON DESIGN GROUP, a California limited liability company, with its principal place of business at 3100 E. Cedar Street, Suite 26, Ontario, CA 91761 (hereinafter "Contractor"). TCMHA and Contractor are sometimes individually referred to as a "Party" and collectively as "Parties."

2. CONTRACTOR.

The express intention of the parties is that Contractor is an independent contractor and not an employee, agent, joint venture or partner of TCMHA. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employee and employer between Contractor and TCMHA or any employee or agent of Contractor. At all times Contractor shall be an independent contractor and Contractor shall have no power to incur any debt, obligation, or liability on behalf of TCMHA without the express written consent of TCMHA. Neither TCMHA nor any of his agents shall have control over the conduct of Contractor or any of Contractor's employees, except as set forth in this Agreement. In executing this Agreement, Contractor certifies that no one who has or will have any financial interest under this Agreement is an officer or employee of TCMHA.

3. SCOPE OF SERVICES.

Contractor shall furnish all materials, necessary equipment, and obtain any required construction Permits on behalf of TCMHA, to perform all labor to complete the construction drawing, furniture specifications, and construction administration services for the remodeling construction of the office/training room at TCMHA's MHSA building located at 2001 N. Garey Avenue, Pomona, CA 91767, as set forth in Contractor's Proposal incorporated into and made a part of this Agreement as 'Exhibit A.'

4. PERFORMANCE OF SERVICES.

Contractor reserves the sole right to control or direct the manner in which services are to be performed. Contractor shall retain the right to perform services for other entities during the term of this Agreement, so long as they are not competitive with the services to be performed under this Agreement. Contractor shall neither solicit remuneration nor accept any fees or commissions from any third party in connection with the Services provided to TCMHA under this Agreement without the expressed written permission of TCMHA. Contractor warrants that it is not a party to any other existing agreement, which would prevent Contractor from entering into this Agreement or which would adversely affect Contractor's ability to fully and faithfully, without any conflict of interest, perform the Services under this Agreement. In addition:

a. Contractor shall cause the Project to be designed and constructed in accordance with TCMHA approved specifications.

b. Contractor shall comply will all applicable federal, state and local laws, codes, ordinances, rules, orders, regulations, and statutes affecting the construction of the project and/or any services performed under this Agreement.

c. Contractor shall take all reasonable steps during the course of the Project so as not to interfere with the on-going operation of TCMHA business, the adjacent residences, businesses and facilities, including but not limited to not interfering with pedestrian and vehicular access.

d. Contractor shall perform in a manner consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions and in similar locations. Compliance with this section by Contractor shall not in any way excuse or limit the Contractor's obligations to fully comply with all other terms in this Agreement.

5. SUBCONTRACTORS.

Any work or services subcontracted hereunder shall be specified by written contract or agreement and shall be subject to each provision of this Agreement.

6. TIME AND LOCATION OF WORK.

Contractor shall perform the services required by this Agreement at 2001 N. Garey Avenue in Pomona, CA and/or any other place or location and at any time as Contractor deems necessary and appropriate, so long as the services are provided within the manner outlined in 'Exhibit A'.

7. TERMS.

The services and/or materials furnished under this Agreement shall commence December 1, 2022 and shall be and remain in full force and effect until June 30, 2022 or the remodeling construction project is confirmed completed, or the Agreement amended or terminated in accordance with the provisions of Section 8 below.

8. TERMINATION. This Agreement may be terminated only as follows:

Except as provided in this Agreement, either party may terminate this Agreement at any time, without cause, upon ten (10) calendar days prior written notice to the other party. Contractor agrees to cooperate fully in any such transition, including the transfer of records and/or work performed.

9. COMPENSATION. For the full performance of this Agreement:

a. TCMHA shall pay Contractor an amount not to exceed the amount stated in 'Exhibit A'. Payment will be made within thirty (30) days following receipt of invoices and completion/delivery of services/goods as detailed in Section 3 of this Agreement and only upon satisfactory delivery/completion of goods/services in a manner consistent with professional/industry standards for the area in which Contractor operates. TCMHA is not responsible for paying for any work done by Contractor or any subcontractor above and beyond the amount listed in the Contractor's Proposal for remodeling construction services for the office/training room at TCMHA's MHSA building located at 2001 N. Garey Avenue in Pomona, California, dated May 13, 2022, and incorporated herein as 'Exhibit A'; unless agreed upon in writing by TCMHA's Executive Director.

b. Contractor is responsible for monitoring its own forces/employees/agents/ subcontractors to ensure delivery of goods/services within the terms of this Agreement. TCMHA will not accept or compensate Contractor for incomplete goods/services.

c. Contractor acknowledges and agrees that, as an independent contractor, the Contractor will be responsible for paying all required state and federal income taxes, social security contributions, prevailing wages, and other mandatory taxes and contributions. TCMHA shall neither withhold any amounts from the Compensation for such taxes, nor pay such taxes on Contractor's behalf, nor reimburse for any of Contractor's costs or expenses to deliver any services/goods including, without limitation, all fees, fines, licenses, bonds, or taxes required of or imposed upon Contractor. TCMHA shall not be responsible for any interest or late charges on any payments from TCMHA to Contractor.

10. LICENSES.

Contractor declares that Contractor has complied with all federal, state, and local business permits and licensing requirements necessary to conduct business.

11. PROPRIETARY INFORMATION.

The Contractor agrees that all information, whether or not in writing, of a private, secret or confidential nature concerning TCMHA's business, business relationships or financial affairs (collectively, "Proprietary Information") is and shall be the exclusive property of TCMHA. The Contractor will not disclose any Proprietary Information to any person or entity, other than persons who have a need to know about such information in order for Contractor to render services to TCMHA and employees of TCMHA, without written approval by Executive Director of TCMHA, either during or after its engagement with TCMHA, unless and until such Proprietary Information has become public knowledge without fault by the Contractor. Contractor shall also be bound by all the requirements of HIPAA.

12. REPORTS AND INFORMATION.

The Contractor, at such times and in such forms as the TCMHA may require, shall furnish TCMHA such reports as it may request pertaining to the work or services undertaken pursuant to this Contract, the costs and obligations incurred or to be incurred in connection therewith, and any other matters covered by this Contract.

13. RECORDS AND AUDITS.

The Contractor shall maintain accounts and records, including all working papers, personnel, property, and financial records, adequate to identify and account for all costs pertaining to the Contract and such other records as may be deemed necessary by TCMHA to assure proper accounting for all project funds, both Federal and non-Federal shares. These records must be made available for audit purposes to TCMHA or any authorized representative, and must be retained, at the Contractor's expense, for a minimum of seven (7) years, unless Contractor is notified in writing by TCMHA of the need to extend the retention period.

14. CONFLICT OF INTEREST

Contractor hereby certify that to the best of their knowledge or belief, no elected/appointed official or employee of TCMHA is financially interested, directly or indirectly, in the provision of goods/services specified in this Agreement. Furthermore, Contractor represents and warrants to TCMHA that it has not employed or retained any person or company employed by the TCMHA to solicit or secure the award of this Agreement and that it has not offered to pay, paid, or agreed to pay any person any fee, commission, percentage, brokerage fee, or gift of any kind contingent upon or in connection with, the award of the Agreement.

15. GENERAL TERMS AND CONDITIONS.

a. Indemnity. Contractor agrees to indemnify, defend and hold harmless TCMHA, its officers, agents and employees from any and all demands, claims or liability of personal injury (including death) and property damage of any nature, caused by or arising out of the performance of Contractor under this Agreement. With regard to Contractor's work product, Contractor agrees to indemnify, defend and hold harmless TCMHA, its officers, agents and employees from any and all demands, claims or liability of any nature to the extent caused by the negligent performance of Contractor under this Agreement.

b. Insurance. Contractor shall obtain and file with TCMHA, at its expense, a certificate of insurance before commencing any services under this Agreement as follows:

i. **Workers Compensation Insurance**: Minimum statutory limits.

ii. **Commercial General Liability And Property Damage Insurance**: General Liability and Property Damage Combined. $2,000,000.00 per occurrence including comprehensive form, personal injury, broad form personal damage, contractual and premises/operation, all on an occurrence basis. If an aggregate limit exists, it shall apply separately or be no less than two (2) times the occurrence limit.

iii. **Automobile Insurance**: $1,000,000.00 per occurrence.

iv. **Errors And Omissions Insurance**: $1,000,000.00 per occurrence.

v. **Builder's Risk Property Insurance:** request subcontractors to carry coverage for "all risk" Builder's Risk Insurance, with some exceptions, for the hard construction cost of structure.

Notice Of Cancellation: The TCMHA requires 10 days written notice of cancellation.

vi. **Certificate Of Insurance**: Prior to commencement of services, evidence of insurance coverage must be shown by a properly executed certificate of insurance by an insurer licensed to do business in California, satisfactory to TCMHA, and it shall name "Tri-City Mental Health Authority, its elective and appointed officers, employees, volunteers, and contractors who serve as TCMHA officers, officials, or staff" as additional insureds. All coverage for subcontractors shall be subject to all of the requirements stated herein. All subcontractors shall be protected against risk of loss by maintaining insurance in the categories and the limits required herein. Subcontractors shall name TCMHA and Contractor as additional insured.

vii. To prevent delay and ensure compliance with this Agreement, the insurance certificates and endorsements must be submitted to:

Tri-City Mental Health Authority
Attn: JPA Administrator/Clerk
1717 N. Indian Hill Boulevard, #B
Claremont, CA 91711-2788

c. Prevailing Wage Rates. Federal Labor Standards Provisions, including prevailing wage requirements of the Davis-Bacon and Related Acts will be enforced. In the event of a conflict between Federal and State wage rates, the higher of the two will prevail. The Contractor's duty to pay State prevailing wages can be found under Labor Code Section 1770 et seq. and Labor Code Sections 1775 and 1777.7 outline the penalties for failure to pay prevailing wages and employ apprentices including forfeitures and debarment. Any classification omitted herein shall be paid not less than the prevailing wage scale as established for similar work in the particular area, and all overtime shall be paid at the prevailing rates as established for the particular area. Sunday and holiday time shall be paid at the wage rates determined by the Director of Industrial Relations. The current prevailing wage rates as adopted by the Director are available at the office of the Board of Supervisors, Room 383, Hall of Administration, 500 West Temple Street, Los Angeles, CA 90012.

d. Non-Discrimination and Equal Employment Opportunity. In the performance of this Agreement, Contractor shall not discriminate against any employee, subcontractor, or applicant for employment because of race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental disability, medical condition, sexual orientation or gender identity. Contractor will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, religion, sex, marital status, national origin, ancestry, age, physical or mental handicap, medical condition, sexual orientation or gender identity.

e. Changes to the Agreement. This Agreement shall not be assigned or transferred without advance written consent of TCMHA. No changes or variations of any kind are authorized without the written consent of the Executive Director. This Agreement may only be amended by a written instrument signed by both parties. The Contractor agrees that any written change or changes in compensation after the signing of this Agreement shall not affect the validity or scope of this Agreement and shall be deemed to be a supplement to this Agreement and shall specify any changes in the Scope of Services.

f. Contractor Attestation. Also in accordance with TCMHA's policies and procedures, TCMHA will not enter into contracts with individuals, or entities, or owners, officers, partners, directors, or other principals of entities, who have been convicted recently of a criminal offense related to health care or who are debarred, excluded or otherwise precluded from providing goods or services under Federal health care programs, or who are debarred, suspended, ineligible, or voluntarily suspended from securing Federally funded contracts.

TCMHA requires that Contractor certifies that no staff member, officer, director, partner, or principal, or sub-contractor is excluded from any Federal health care program, or federally funded contract and will sign attached *Contractor's Attestation That Neither It Nor Any Of Its Staff Members Are Restricted, Excluded Or Suspended From Providing Goods Or Services Under Any Federal Or State Health Care Program*, incorporated herein as 'Exhibit B'.

16. PROJECT COMPLETION

Final Completion shall be deemed to occur on the last of the following events:

a. Recordation of a Notice of Completion for the Project;

b. Acceptance of the Project by TCMHA;

c. Submission of all documents required to be supplied by Contractor to TCMHA under this Agreement, including but not limited to as-build drawings, warranties, and operating manuals; and delivery to TCMHA of Certificate of Completion duly verified by Contractor.

17. REPRESENTATIVE AND NOTICE.

a. TCMHA's Representative. TCMHA hereby designates its Executive Director to act as its representative for the performance of this Agreement ("TCMHA's Representative"). TCMHA's Representative shall have the power to act on behalf of TCMHA for all purposes under this Agreement.

b. Contractor's Representative. Contractor warrants that the individual who has signed the Agreement has the legal power, right, and authority to make this Agreement and to act on behalf of Contractor for all purposes under this Agreement.

c. Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

If to Contractor:	Sisson Design Group Attn: President 3100 E. Cedar Street, Suite 26 Ontario, CA 91761
If to TCMHA:	Tri-City Mental Health Authority Attn: Executive Director 1717 N. Indian Hill Boulevard, Suite B Claremont, CA 91711-2788

Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

18. EXHIBITS.

The following attached exhibits are hereby incorporated into and made a part of this Agreement:

Exhibit A: Proposal from Contractor dated May 13, 2022

Exhibit B: Contractor's Attestation That Neither It Nor Any Of Its Staff Members Are Restricted, Excluded Or Suspended From Providing Goods Or Services Under Any Federal Or State Health Care Program

19. ENTIRE AGREEMENT.

This Agreement shall become effective upon its approval and execution by TCMHA. This Agreement and any other documents incorporated herein by specific reference, represents the entire and integrated agreement between the Parties. Any ambiguities or disputed terms between this Agreement and any attached Exhibits shall be interpreted according to the language in this Agreement and not the Exhibits. This Agreement supersedes all prior agreements, written or oral, between the Contractor and TCMHA relating to the subject matter of this Agreement. This Agreement may not be modified, changed or discharged in whole or in part, except by an agreement in writing signed by the Contractor and TCMHA. The validity or unenforceability of any provision of this Agreement declared by a valid judgment or decree of a court of competent jurisdiction in Los Angeles County, State of California, shall not affect the validity or enforceability of any other provision of this Agreement. No delay or omission by TCMHA in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by TCMHA on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion or a waiver of any other condition of performance under this Agreement.

20. EXECUTION.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Agreement Date.

TRI-CITY MENTAL HEALTH AUTHORITY

By:______________________________________
Rimmi Hundal, Executive Director

Attest:

By:______________________________________
Micaela P. Olmos, JPA Administrator/Clerk

Approved as to Form and Content:
DAROLD D. PIEPER, ATTORNEY AT LAW

By:______________________________________
Darold D. Pieper, General Counsel

SISSON DESIGN GROUP

By: ______________________________________
Lee Ann Sisson, President

EXHIBIT A

SISSONDESIGNgroup

REVISED – November 11, 2022

TO: **Alex Ramirez**
Facilities Manager
TR-CITY MENTAL HEALTH
2001 N. Garey Ave.
Pomona, CA

RE: CONSTRUCTION DRAWING, FURNITURE SPECIFICATION AND CONSTRUCTION ADMINISTRATION SERVICES

PROJECT: **TRI-CITY MENTAL HEALTH MHSA Office Remodel 2022**
2001 N. Garey Ave.
Pomona, CA

Scope of Services:

Sisson Design Group (Designer) will provide construction drawing, furniture specification and construction administration services for the office/training room remodel of the existing Tr-City MHSA office.

AS-BUILT SITE VERIFICATION and PLANS

Using the existing AutoCAD plans as a basis, we will site verify electrical/data outlets, ceilings, lighting and other conditions in the areas where the new work will occur. The purpose of the site measurements is to have complete as-built plans in preparation of the construction documents. During the site verification, information regarding concealed conditions may not be available. As such, Sisson Design Group will not assume the responsibility of identifying the building structural columns, walls or other conditions which are not readily visible. The as-built plan will be used as a basis for the interior construction drawings.

INTERIOR CONSTRUCTION DRAWINGS

Using the Client approved space plan as a basis, we will commence work on the construction documents as follows:

1) Coordinate with the Client to receive detailed specifications for electrical, mechanical and construction build-out specs.
2) Prepare a dimensioned floor plan indicating locations of new and existing interior partitions, doors, openings, power, communications and data outlets and special conditions.
3) Draft a reflected ceiling plan indicating type, pattern, and location of new and existing light fixtures for the new floor plan
4) We will use the existing site plan showing the existing parking and handicapped access to the building and tenant space as required for city permits. In the event that the city requires parking analysis plans, modifications or additional building access details including access to the public way, the time involved to provide these details will be provided as an additional expense at our hourly rates
5) Provide standard construction details necessary to meet the requirements for construction.
6) We will provide millwork and special construction details for the new operable partition and cabinets in the training rooms. Any additional millwork or specialty design and details will be provided as requested on an hourly basis.
7) If required, we will provide new finish material options for the client's selection and will include the new finish specification in the construction documents. Any Client artwork selections will be in addition to the fixed fees under the compensation schedule and will be provided at our regular hourly rates.
8) Provide consultant engineering services for electrical, and mechanical and structural drawings for (1) new operable partition and the potential addition or replacement of (2) HVAC units. In the event that the city requires additional engineering evaluations for any work, additional fees will apply.
9) Issue the final construction documents to the Client for review and approval.
10) Process the construction documents through the City of Pomona for building permits. If additional coordination or permit processing is required for conditional use, or permits other than the building permit, the processing fee will be in addition to what

is listed under the fee schedule. Plans will be submitted for plan check upon receipt of the Client's check for city fees. In the event that Sisson Design Group pays for the plan check fees, a 20% handling fee will be added. An estimated cost for plan check fees has been provided in the fee schedule below.

ADDITIONAL SERVICES

The following services may be requested during the Construction Drawing phase but are not included in the fixed fee. They will be provided as needed and billed on an hourly basis.

1) As-Built site verifications for any other areas.
2) Millwork or special construction details, other than what is shown on the approved space plan and listed above.
3) Special research or separate permits other than the building permit processing required by the City for building permits. Including but not limited to CADPH and OSHPD Certification.
4) Parking evaluations, research, and coordination with the City.
5) Any revisions to the drawings.
6) Above standard research and coordination for the tenant's equipment and use.
7) Any additional engineering drawings or Title 24 calcs.
8) Design for fire life safety or smoke evacuation systems. These drawings will be provided by the general contractor.
9) Design for fire sprinkler systems.
10) Design and drawings for low voltage telephone/data/security systems.
11) Design for replacing or upgrading the existing electrical system is not included.
12) Any design work to the exterior of the building.

FURNITURE SPECIFICATION SERVICES

At the direction of the Client, the Designer will provide furniture specifications services as follows:

1) Prepare a furniture bid package for the new office and conference areas included in the new remodel. If additional office areas are added, additional fees will apply.
2) Issue the bid package to furniture dealers, obtain and qualify furniture bids.
3) Coordinate furniture orders and installations.

CONSTRUCTION ADMINSTRATION

As in included in the pricing, Contract Administration services will be provided during the construction phase of the project to include the following:

1) We will coordinate contractor bidding. We will prepare the Request for Proposal (RFP) and forward that along with Client approved construction drawings to General Contractors for their review. We will also coordinate questions, RFIs, and provide clarifications during the bid process, as well as review, qualify, and summarize the bids for the Client to review and approve.
2) Observe and monitor construction relative to conformance with the Construction Drawings. The management and supervision of the construction work are the responsibility of the Contractor, however, we will attend (4) job site meetings or conference calls at appropriate intervals and provide reasonable assistance to the Contractor to facilitate the accurate interpretation of our documents.
3) Prepare and distribute Change Orders for changes in construction subsequent to the completion of the Construction Drawings as may be requested by the Client or are required due to site conditions.
4) Review those shop drawings, product data and samples required of the contractor by the construction contract. However, our review will be for the limited purpose of checking for general conformance with the design concept expressed in the construction documents. The Designer shall not be responsible for any deviations between 1) shop drawings and 2) construction documents and field conditions.
5) Maintain communication with the Client, Landlord Rep, and the General Contractor during construction and after completion.

6) Survey the premises prior to occupancy and prepare a punch list.

7) Issue the punch list and monitor to completion.

8) Revisions in drawings, specifications or other documents which are required by the enactment or revision of codes, laws or regulations subsequent to preparation of such documents or are due to other causes not solely within the control of the Designer are considered to be additional work and will be billed for on an hourly basis.

EXCLUSIONS:

1) Fees charged by governmental or regulatory agencies are not included in our fee structure and will be passed on to the Client as a reimbursable Direct Project Expense.

2) Sisson Design Group shall not undertake any of the responsibilities of the Contractor, Subcontractors or the Contractor's Superintendent.

3) Sisson Design Group shall not expedite work for the Contractor.

4) Exterior signage design, or any City permitting required for any exterior signage is not included in this project scope.

5) Any plans, permitting, or coordination with the CADPH and/or OSHPD Certification are not included in this project scope.

CLIENT RESPONSIBILITIES

The Client shall:

1) Provide full information regarding requirements for the project, including a program which shall set forth the Client's objectives, schedule, constraints, and criteria with regard to square footage and location requirements, construction methods and materials preferences, building standards, special equipment, and any systems and site requirements.

2) Provide a complete and up to date set of architectural drawings, specifications and any other information pertaining to the building structure and existing construction.

3) Be responsible for the development and updating of budgets for the Project.

4) Designate a representative authorized to act on the Client's behalf with respect to the Project. The Client or such authorized representative shall render decisions in a timely manner pertaining to documents submitted by the Designer in order to avoid unreasonable delay in the orderly and sequential progress of the Designer's services.

5) Furnish the services of other consultants when such services are reasonably required by the Scope of the project and are requested by the Designer.

6) The Client hereby agrees that to the fullest extent permitted by law, SDG's total liability to Client for any injuries, claims, losses, expenses or damages whatsoever arising out of or any way related to the Project or Contract from any cause or causes including but not limited to SDG's negligence, errors, omissions, strict liability, or breach of contract shall not exceed the total compensation received by SDG under the contract.

COPYRIGHTS & LICENSES

1) The Designer and the Client warrant that in transmitting Instruments of Service, or any other information, the transmitting party is the copyright owner of such information or has permission from the copyright owner to transmit such information for its use on the Project. If the Client and Designer intend to transmit Instruments of Service or any other information or documentation in digital form, they shall endeavor to establish necessary protocols governing such transmissions.

2) The Designer and the Designer's consultants shall be deemed the authors and owners of their respective Instruments of Service, including the Drawings and Specifications, and shall retain all common law, statutory and other reserved rights, including copyrights. Submission or distribution of Instruments of Service to meet official regulatory requirements or for similar purposes in connection with the Project is not to be construed as publication in derogation of the reserved rights of the Designer and the Designer's consultants.

3) Upon execution of this Agreement, the Designer grants to the Client a nonexclusive license to use the Designer's Instruments of Service solely and exclusively for purposes of constructing, using, maintaining, altering and adding to the Project, provided that the Client substantially performs its obligations, including prompt payment of all sums when due, under this Agreement. The Designer shall obtain similar nonexclusive licenses from the Designer's consultants consistent with this Agreement. The license granted under this section permits the Client to authorize the Contractor, Subcontractors, Sub-subcontractors, and material or equipment suppliers, as well as the Client's consultants and separate contractors, to reproduce applicable portions of the Instruments of Service solely and exclusively for use in performing services or construction for the Project.

4) In the event the Client uses the Instruments of Service without retaining the author of the Instruments of Service, the Client releases the Designer and Designer's consultant(s) from all claims and causes of action arising from such uses. The Client, to the extent permitted by law, further agrees to indemnify and hold harmless the Designer and its consultants from all costs and expenses, including the cost of defense, related to claims and causes of action asserted by any third person or entity to the extent such costs and expenses arise from the Client's use of the Instruments of Service under this Section.

5) Except for the licenses granted in this Section, no other license or right shall be deemed granted or implied under this Agreement. The Client shall not assign, delegate, sublicense, pledge or otherwise transfer any license granted herein to another party without the prior written agreement of the Designer. Any unauthorized use of the Instruments of Service shall be at the Client's sole risk and without liability to the Designer and the Designer's consultants.

HOURLY RATES:

Our hourly rates are as follows:

Principal	$150.00 per hour
Project Manager	$110.00 per hour
Project Designer	$90.00 per hour
Draftsperson	$85.00 per hour
Clerical	$70.00 per hour

FEE SCHEDULE

As-Built site verifications:	$700.00
Interior Construction Drawings, details and city plan check processing:	6,500.00
Mechanical and Electrical Engineering and Title 24 Calcs:	5,800.00
Structural Engineering:	2,500.00
Finish selections, Furniture Bid Coordination:	4,500.00
*Estimated Reimbursable Expenses:	2,000.00
*Estimated Plan Check Fees:	3,500.00
Construction Administration:	4,500.00
Total Fees:	**$30,000.00**

Billing Policy:

1) *Reimbursable expenses such as CAD plots, plan reproduction costs, mileage, blueprinting, photocopying, fax transmittals, overnight delivery service and plan check fees will be invoiced at the cost with a 20% handling fee.

2) Progress billings will be monthly, and remittance is payable within 15 days.

If this proposal reflects our mutual understanding of the services to be provided, please sign below indicating your approval to proceed with the project. Please make any required changes to this proposal, adding your initials and return one copy to our office. We will not begin work on this project until a signed proposal has been received.

It is our goal to provide you with the highest quality of service possible. We appreciate the opportunity to present this proposal to you and look forward to assisting you in the successful remodel construction of the MHSA 2001 N. Garey Avenue offices.

Best regards,

Lee Ann Sisson

Sisson Design Group

Date: November 11, 2022

Approved by:

____

Tri-City Mental Health Services

Date: ______________________

EXHIBIT B

CONTRACTOR'S ATTESTATION THAT NEITHER IT NOR ANY OF ITS STAFF MEMBERS ARE RESTRICTED, EXCLUDED OR SUSPENDED FROM PROVIDING GOODS OR SERVICES UNDER ANY FEDERAL OR STATE HEALTH CARE PROGRAM

SISSON DESIGN GROUP

Contractor's Name Last First

Contractor hereby warrants that neither it nor any of its staff members is restricted, excluded, or suspended from providing goods or services under any health care program funded by the Federal or State Government, directly or indirectly, in whole or in part, and the Contractor will notify the Tri-City Mental Health Authority (TCMHA) within thirty (30) days in writing of: 1) any event that would require Contractor or a staff member's mandatory exclusion or suspension from participation in a Federal or State funded health care program; and 2) any exclusionary action taken by any agency of the Federal or State Government against Contractor or one or more staff members barring it or the staff members from participation in a Federal or State funded health care program, whether such bar is direct or indirect, or whether such bar is in whole or in part.

Contractor shall indemnify and hold TCMHA harmless against any and all loss or damage Contractor may suffer arising from the Federal or State exclusion or suspension of Contractor or its staff members from such participation in a Federal or State funded health care program.

Failure by Contractor to meet the requirements of this paragraph shall constitute a material breach of contract upon which TCMHA may immediately terminate or suspend this Agreement.

Is Contractor/Proposer/Vendor or any of its staff members currently barred from participation in any Federal or State funded health care program?

_____ **NO**, Contractor or any of its staff members is not currently barred from participation in any Federal or State funded health care program.

_____ **YES**, Contractor or any of its staff members is currently barred from participation in any Federal or State funded health care program. Describe the particulars on a separate page.

	Lee Ann Sisson, President	
Date	Contractor or Vendor's Name	Contractor or Vendor's Signature
	Rimmi Hundal, Executive Director	
Date	TCMHA Executive Official's Name	TCMHA Executive Official's Signature

DISTRIBUTION:
ORIGINAL
COPIES: HR Representative
Contractor
Finance

Tri-City Mental Health Authority
MONTHLY STAFF REPORT

DATE: November 16, 2022

TO: Governing Board of Tri-City Mental Health Authority

FROM: Rimmi Hundal, Executive Director

SUBJECT: Executive Director's Monthly Report

GRAND OPENING OF THE PHARMACY

The grand opening of the Genoa pharmacy took place on Tuesday, October 25th at noon at 2008 North Garey Ave. in Pomona at our Adult Clinic. The event was attended by the Tri-City's governing board chair – Mayor Jed Leano, Commissioner Joan Reyes and a representative from Supervisor Hilda Solis' office. The vision behind the pharmacy is to help improve client outcomes, increase access and adherence to prescribed drug therapy regimens, and create efficiencies in the healthcare delivery model.

HUMAN RESOURCES

Staffing – Month Ending October 2022

- Total Staff is 192 full-time and 10 part-time plus 43 full-time vacancies 4 part-time vacancies for a total of 247 positions.
- There were 2 new hires in October 2022.
- There were 4 separations in October 2022.

Workforce Demographics in September 2022

- American Indian or Alaska Native = 0.50%
- Asian = 10.40%
- Black or African American = 6.44%
- Hispanic or Latino = 58.42%
- Native Hawaiian/Other Pacific Islander = 0.50%
- Other = 7.43%
- Two or more races = 1.98%
- White or Caucasian = 14.36%

Posted Positions in October 2022

- Administrative Assistant (1 FTE) *1 hire pending*
- Clinical Supervisor – AOP (1 FTE) *1 hire pending*
- Clinical Supervisor – MHSSA Grant (1 FTE)
- Clinical Therapist I/II - Adult (6 FTEs) *2 hires pending*
- Clinical Therapist I/II – Child & Family (3 FTEs) *1 hire pending*
- Clinical Therapist I/II – MHSSA Grant (2 FTEs) *2 hires pending*

- Clinical Therapist II – PACT (1 FTE)
- Clinical Wellness Advocate I/II/III (2.5 FTE)
- Clinical Wellness Advocate I/II/III – MHSSA Grant (2 FTEs) *2 hires pending*
- Community Navigator (3 FTEs)
- Human Resources Analyst (1 FTE)
- Mental Health Specialist – Child & Family (2 FTEs) *1 hire pending*
- Mental Health Worker – Adult FSP (1 FTE)
- Mental Health Worker – Wellness Center (1 FTE)
- MHSA Projects Manager (1 FTE) *1 hire pending*
- Program Support Assistant II (1 FTE)
- Program Support Supervisor (1 FTE)
- Residential Services Coordinator – Housing (1 FTE) *1 hire pending*

COVID-19 UPDATE

March 1, 2022 was the State required vaccination booster deadline for all healthcare workers who are booster eligible. As of November 2, 2022, Tri-City staff have a vaccination compliancy rate of 86.63% with a vaccination booster compliancy rate of 86.43%.

Tri-City Mental Health Authority
MONTHLY STAFF REPORT

DATE: **November 16, 2022**

TO: **Governing Board of Tri-City Mental Health Authority**
Rimmi Hundal, Executive Director

FROM: **Diana Acosta, CPA, Chief Financial Officer**

SUBJECT: **Monthly Finance and Facilities Report**

UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022 (2023 FISCAL YEAR-TO-DATE):

The financials presented herein are the PRELIMINARY and unaudited financial statements for the three months ended September 30, 2022. These financial statements include the activities from the clinical outpatient operations as well as activities from the implemented MHSA programs under the CSS, PEI, INN, WET and CFTN plans.

The increase in net position (income) is approximately $10.1 million. MHSA operations accounted for approximately $11.2 million of the increase, which is primarily the result of recognizing MHSA revenues on hand at the beginning of the fiscal year. MHSA non-operating revenues are reflected when MHSA funds have been received and are eligible to be spent.

During fiscal 2022, Tri-City received MHSA funding of approximately $17.3 million, of which $13.3 million were for approved programs for fiscal 2022-23 MHSA operations and was reflected as MHSA Revenue Restricted for Future Period on the Statement of Net Position (balance sheet) at June 30, 2022. These restricted MHSA revenues have now been recorded as non-operating revenues in fiscal 2022-23. In addition, during this current fiscal year 2022-23 approximately $4.8 million in MHSA funding has been received of which $1.5 million was identified and approved for use in the current fiscal year 2022-23 and recorded as non-operating revenues, bringing the total MHSA non-operating revenues recognized to date up to approximately $14.8 million. Unlike the requirement to reflect all available and **approved** MHSA funding when received as non-operating revenues, MHSA operating costs are reflected when incurred. Therefore, the matching of revenue to expense is not consistent as the timing of expenditures will lag behind the timing of revenue recognition.

The decrease in net position of approximately $1.1 million is from Clinic outpatient operations, which is the result of operations for the three months ended September 30, 2022 which includes one-time payments made at the beginning of the year.

The total cash balance at September 30, 2022 was approximately $40.8 million, which represents an increase of approximately $432 thousand from the June 30, 2022 balance of approximately $40.3 million.

Outpatient Clinic operations, after excluding any intercompany receipts or costs resulting from MHSA operations, had a decrease in cash of approximately $623 thousand primarily as a result of delayed cash receipts from LADMH. MHSA operations reflected an increase in cash of approximately $1.1 million, after excluding intercompany receipts or costs resulting from clinic operations. The increase reflects the receipt of approximately $4.8 million in MHSA funds offset by the use of cash for MHSA operating activities.

Approximately $1.5 million in Medi-Cal cash receipts have been collected for both Outpatient Clinic Operations and MHSA Operations within the three months ended September 30, 2022. Additionally, another $1.2 million have been received through November 9, 2022.

UPCOMING, CURRENT EVENTS & UPDATES

<u>Overall Financial Update:</u>

We continue to closely monitor for any new developments and updated revenue projections from CBHDA. As such, planning appropriately to ensure we meet the needs of our community, and having the ability to make changes as we go will be necessary in the upcoming years, especially if projections wind up being significantly different than currently projected.

Management would like to highlight two items new to the financial statement presentation:

- Lease Liabilities are recorded in accordance with GASB 87 which represents the financial obligation for the payments required by Tri-City, discounted to present value. GASB 87 also requires the recognition of a right-to-use lease asset in conjunction with the liability. As of June 30, 2022 Tri-City has recognized a lease liability in the amount of $1,073,919, a right-to-use lease asset in the amount of $1,753,343 and accumulated amortization in the amount of $679,424.
- GASB 31 Fair Market Value (FMV) adjustment. The FMV adjustment factor applied to cash held in LAIF as of June 30, 2022 was 0.987125414 which results in the recognition of negative investment income and a reduced cash position. These are unrealized losses that are presented for financial statements purposes only and do not represent realized losses. For example, should Tri-City wish to withdrawal 100% of our principal deposits, the loss would not be realized, 100% of deposits would be withdrawn. Historically, FMV factors have not materially deviated from 1.0. On an ongoing basis, when FMV factors are available (quarterly), they will be applied in accordance with the standard.

CalAIM:

Tri-City management is currently working with CBHDA and LA DMH to prepare for the transition away from a cost reimbursement model to a fee-for-service model that will be resulting from the CalAIM initiatives. A few months ago, we submitted a cost survey to CBHDA and LA DMH. As DHCS starts its rate setting process for payment reform, the survey, along with past cost report data will be utilized by CBHDA to advocate on behalf of the Counties for rates that are not only able to meet our current cost needs but that are also sustainable. The timeline for the rate setting process is expected to take us into January of 2023, at which time we expect to have rates established from DHCS. As always, Management will continue to keep the Board informed of progress or any changes we may see along the way.

MHSA Funding Updates:

Estimated Current Cash Position – The following table represents a brief summary of the estimated (unaudited) current MHSA cash position as of the three months ended September 30, 2022.

		MHSA	
Cash at September 30, 2022	$	33,219,732	
Receivables net of Reserve for Cost Report Settlements		493,031	
Prudent Reserves		(2,200,000)	*
Estimated Remaining Expenses for Operations FY 2022-23		(10,845,297)	**
Reserved for future CFTN Projects including approved TCG Project		(1,247,389)	
Total Estimated Adjustments to Cash		(13,799,655)	
Estimated Available at June 30, 2023	$	19,420,077	
Estimated remaining MHSA funds to be received in FY 2022-23	$	11,686,879	

* Per SB 192, Prudent Reserves are required to be maintained at an amount that does not exceed 33% of the average Community Services and Support (CSS) revenue received for the fund, in the preceding 5 years.

** Estimated based on to-date actuals projected through year-end June 30, 2023, net of estimated Medi-Cal revenue, including actual and estimated amounts to year end 06/30/2023.

MHSA Expenditures and MHSA Revenue Receipts – As announced at the June 15, 2022 Governing Board meeting, MHSA actual revenue receipts during fiscal year 2021-22 had actually exceeded the original projected amounts by approximately $4.7 million. The Fiscal Year 2021-22 Operating budget included a projection of $12.6 million in MHSA cash collections while the actual receipts totaled $17.3 million.

Additionally, based on the most recent estimates disclosed by CBHDA, the amount of MHSA funds projected to be collected in Fiscal year 2022-23 is also expected to be in line with what was just collected. As such the Fiscal Year 2022-23 Operating budget reflects a projected collection of MHSA funds totaling $16.5 million. As noted in the table below, the original estimate of new funding in the MHSA Annual Update was $11.1 million. As a result of the updated projections the MHSA revenues are now expected to be $5.3 million higher.

For reference the following is the information included in the MHSA Fiscal Year 2022-23 Annual Update:

Included in the MHSA FY 2022-23 Annual Update	CSS	PEI	Innovation	WET	CFTN	Totals
Estimated Unspent Funds from Prior Fiscal Years	19,278,875	4,037,204	2,697,746	808,952	1,529,299	28,352,076
Transfers in FY 2022-23	(2,700,000)	-		1,000,000	1,700,000	-
Available for Spending in FY 2022-23	16,578,875	4,037,204	2,697,746	1,808,952	3,229,299	28,352,076
Approved Plan Expenditures during FY 2022-23	(12,284,819)	(2,221,506)	(253,661)	(857,628)	(703,183)	(16,320,797)
Remaining Cash before new funding	4,294,056	1,815,698	2,444,085	951,324	2,526,116	12,031,279
Estimated New FY 2022-23 Funding	8,477,602	2,119,401	557,737			11,154,740
Estimated Ending FY 2022-23 Unspent Fund Balance	12,771,658	3,935,099	3,001,822	951,324	2,526,116	23,186,019

For reference the following information demonstrates the changes in estimated cash flow between the MHSA Fiscal Year 2022-23 Annual Update and the Fiscal Year 2022-23 Operating Budget:

Included in the FY 2022-23 Operating Budget	CSS	PEI	Innovation	WET	CFTN	Totals
Updated Funding Estimates for FY 2022-23	12,519,290	3,129,822	823,638	-	-	16,472,750
Previously Estimated New FY 2022-23 Funding	8,477,602	2,119,401	557,737	-	-	11,154,740
Difference/Projected Additional Funding	4,041,688	1,010,421	265,901	-	-	5,318,010

MHSA Reversion Update:

Each remittance of MHSA funds received by Tri-City is required to be allocated among three of the five MHSA Plans, CSS, PEI and INN. The first 5% of each remittance is required to be allocated to INN and the remaining amount is split 80% to CSS and 20% to PEI. While the WET and the CapTech plans have longer time frames in which to spend funds (made up of one-time transfers into these two plans), the CSS, PEI and INN plans have three years.

Amounts received within the CSS and PEI programs must be expended within three years of receipt. INN amounts must be programmed in a plan that is approved by the Mental Health Services Oversight and Accountability Commission (MHSOAC) within three years of receipt, and spent within the life of the approved program. Upon approval by the MHSOAC, INN amounts have to be expended within the life of said program. For example, a program approved for a five-year period will have the full five years associated with the program to expend the funds.

To demonstrate the three-year monitoring of CSS, PEI and INN dollars, the following tables are **excerpts** from DHCS's annual reversion report received by Tri-City in May of 2022 based on the fiscal year 2020-21 Annual Revenue and Expense Report (ARER) and then updated with more current information through June 30, 2022 (unaudited) and to be updated on a quarterly basis:

CSS reversion waterfall analysis

CSS amounts received

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	Total
	8,676,848	8,797,914	9,293,482	11,824,329	13,178,277	51,770,850
Expended in:						
2017-18						-
2018-19	939,014					939,014
2019-20	7,737,834	1,290,269				9,028,103
2020-21		7,507,645	746,924			8,254,569
2021-22			***8,546,558***	***1,205,050***		9,751,608
2022-23 **				***10,099,177***		10,099,177
2023-24						-
Total Expended	8,676,848	8,797,914	9,293,482	11,304,227	-	38,072,471
Unspent Balance	-	-	-	520,102	13,178,277	13,698,379

*=These expenses are based on estimated to date and not final.

**=Planned Expenditures based on approved MHSA Plan

PEI reversion waterfall analysis

PEI amounts received

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	Total
	2,145,788	2,119,324	2,176,109	2,948,240	3,294,569	12,684,030
Expended in:						
2017-18	726,119					726,119
2018-19	1,419,669	387,017				1,806,686
2019-20		1,644,825				1,644,825
2020-21		87,482	1,746,984			1,834,466
2021-22			***429,125***	***1,313,992***		1,743,117
2022-23 **				***1,711,404***	***510,102***	2,221,506
2023-24						-
Total Expended	2,145,788	2,119,324	2,176,109	3,025,396	510,102	9,976,719
Unspent Balance	-	-	-	(77,156)	2,784,467	2,707,311

*=These expenses are based on estimated to date and not final.
**=Planned Expenditures based on approved MHSA Plan

INN reversion waterfall analysis

INN amounts received

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	Total
	575,034	580,471	550,879	784,114	866,992	3,357,490
Expended in:						
2017-18						-
2018-19						-
2019-20						-
2020-21	272,146			***Need OAC***		272,146
2021-22	***302,888***	**26,735**		***Approval***	***Need OAC***	329,623
2022-23 **		***261,660***		***of $234,229***	***Approval by FY 23/24***	261,660
2023-24		***318,811***	***284,669***		***of $866,992***	603,480
2024-25						-
2025-26						-
2026-27		***Tech Suite Project***				-
						-
Total Expended	575,034	607,206	284,669	-	-	1,466,909
Unspent Balance	-	(26,735)	266,210	784,114	866,992	1,890,581

*=These expenses are based on estimated to date and not final.
**=Planned Expenditures based on approved MHSA Plan

PADS Project approved May of 2022 in the total amount of $789,360.

FACILITIES DEPARTMENT

Status of Governing Board Approved Upcoming, Current or Ongoing projects:

- The Community Garden Upgrades: Project concept was initially approved in March of 2020 as part of the approved CFTN Plan. This project is currently still in the planning phase however progress continues to be made. The most recent update includes having received approval from the City to move forward on this project as of June 6, 2022 and the RFP process is currently underway. Target date for selection of contractor is projected to be in December of 2022 with project completion in the first quarter of 2023.

- Office Space Remodel at the MHSA Administrative Building: Project concept was initially approved in March of 2020 as part of the approved CFTN Plan. This project is currently in the planning phase however had been temporarily on hold until the Electrical/Power Upgrade Project noted above, is complete as this project is also being performed in the same building, however conceptual plans have been prepared. The next phase will involve submitting formal construction plans to the City for approval and once approved, soliciting contractors through an RFP process. Target date of project completion will be closer to calendar year end 2022.

Attachments

Attachment 8-A: September 30, 2022 Unaudited Monthly Financial Statements

TRI-CITY MENTAL HEALTH AUTHORITY
CONSOLIDATING STATEMENTS OF NET POSITION

	AT SEPTEMBER 30, 2022			AT JUNE 30, 2022		
	TCMH Unaudited	MHSA Unaudited	Consolidated Unaudited	TCMH Audited	MHSA Audited	Consolidated Audited
Current Assets						
Cash	$ 7,535,177	$ 33,219,732	$ 40,754,908	$ 8,386,759	$ 31,504,790	$ 39,891,549
Accounts receivable, net of reserve for uncollectible accounts $648,942 at September 30, 2022 and $619,443 at June 30, 2022	4,521,977	3,447,005	7,968,982	5,136,408	3,180,707	8,317,115
Total Current Assets	12,057,154	36,666,736	48,723,890	13,523,167	34,685,497	48,208,664
Property and Equipment						
Land, building, furniture and equipment	3,830,812	9,786,337	13,617,149	3,828,354	9,742,614	13,570,969
Accumulated depreciation	(2,684,366)	(4,244,945)	(6,929,311)	(2,646,773)	(4,138,210)	(6,784,983)
Rights of use assets-building lease	1,753,343	-	1,753,343	1,753,343	-	1,753,343
Accumulated amortization-building lease	(768,917)	-	(768,917)	(679,424)	-	(679,424)
Total Property and Equipment	2,130,872	5,541,392	7,672,264	2,255,500	5,604,404	7,859,904
Other Assets						
Deposits and prepaid assets	338,200	508,459	846,659	38,122	508,459	546,581
Note receivable-Housing Development Project	-	2,800,000	2,800,000	-	2,800,000	2,800,000
Total Noncurrent Assets	2,469,072	8,849,851	11,318,923	2,293,622	8,912,863	11,206,485
Total Assests	$ 14,526,226	$ 45,516,588	$ 60,042,814	$ 15,816,789	$ 43,598,360	$ 59,415,149
Deferred Outflows of Resources						
Deferred outflows related to the net pension liability	2,857,668	-	2,857,668	2,857,668	-	2,857,668
Total Deferred Outflows of Resources	2,857,668	-	2,857,668	2,857,668	-	2,857,668
Total Assets and Deferred Outflows of Resouces	**$ 17,383,894**	**$ 45,516,588**	**$ 62,900,482**	**$ 18,674,457**	**$ 43,598,360**	**$ 62,272,817**
LIABILITIES						
Current Liabilities						
Accounts payable	257,216	24,000	281,216	274,821	24,000	298,821
Accrued payroll liabilities	270,553	428,250	698,803	133,589	166,355	299,944
Accrued vacation and sick leave	610,552	1,050,788	1,661,340	619,557	1,052,384	1,671,941
Deferred revenue	70,782	-	70,782	41,584	-	41,584
Reserve for Medi-Cal settlements	3,545,785	2,953,974	6,499,759	3,482,631	2,894,431	6,377,063
Current portion of lease liability	268,478	-	268,478	357,971	-	357,971
Total Current Liabilities	5,023,365	4,457,013	9,480,378	4,910,153	4,137,171	9,047,324
Intercompany Acct-MHSA & TCMH	454,228	(454,228)	-	740,003	(740,003)	-
Long-Term Liabilities						
Mortgages and home loan	-	29,435	29,435	-	29,435	29,435
Lease liability	715,948		715,948	715,948	-	715,948
Net pension liability	2,302,724	-	2,302,724	2,302,724	-	2,302,724
Unearned MHSA revenue	-	4,387,619	4,387,619	-	1,027,955	1,027,955
Total Long-Term Liabilities	3,018,672	4,417,054	7,435,726	3,018,672	1,057,390	4,076,062
Total Liabilities	8,496,265	8,419,840	16,916,104	8,668,828	4,454,558	13,123,386
Deferred Inflow of Resources						
MHSA revenues restricted for future period	-	-	-	-	13,290,168	13,290,168
Deferred inflows related to the net pension liability	2,010,157	-	2,010,157	2,010,157	-	2,010,157
Total Deferred Inflow of Resources	2,010,157	-	2,010,157	2,010,157	13,290,168	15,300,325
NET POSITION						
Invested in capital assets net of related debt	2,130,872	5,541,392	7,672,264	2,255,500	5,604,404	7,859,904
Restricted for MHSA programs	-	31,555,356	31,555,356	-	20,249,230	20,249,230
Unrestricted	4,746,600	-	4,746,600	5,739,972	-	5,739,972
Total Net Position	6,877,472	37,096,748	43,974,220	7,995,472	25,853,635	33,849,106
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 17,383,894**	**$ 45,516,588**	**$ 62,900,482**	**$ 18,674,457**	**$ 43,598,360**	**$ 62,272,817**

Definitions:
TCMH=Tri-City's Outpatient Clinic
MHSA=Mental Health Services Act (Proposition 63)

TRI-CITY MENTAL HEALTH AUTHORITY
CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
THREE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

	PERIOD ENDED 9/30/22			PERIOD ENDED 9/30/21		
	TCMH Unaudited	**MHSA Unaudited**	**Consolidated Unaudited**	**TCMH Audited**	**MHSA Audited**	**Consolidated Audited**
OPERATING REVENUES						
Medi-Cal FFP	$ 666,873	$ 694,891	$ 1,361,764	$ 846,097	$ 755,212	$ 1,601,308
Medi-Cal SGF-EPSDT	140,848	178,869	319,717	177,777	155,224	333,001
Medicare	3,555	1,172	4,726	3,838	1,919	5,757
Contracts	-	7,577	7,577	-	7,267	7,267
Patient fees and insurance	198	57	255	347	29	376
Rent income - TCMH & MHSA Housing	2,772	21,379	24,151	3,884	18,830	22,714
Other income	228	48	276	234	98	331
Net Operating Revenues	**814,474**	**903,991**	**1,718,465**	**1,032,176**	**938,577**	**1,970,753**
OPERATING EXPENSES						
Salaries, wages and benefits	2,308,103	3,533,706	5,841,809	2,028,737	3,134,134	5,162,871
Facility and equipment operating cost	156,343	322,890	479,233	188,028	395,110	583,138
Client lodging, transportation, and supply expense	4,630	20,671	25,301	69,513	494,556	564,069
Depreciation & amortization	80,210	153,611	233,820	39,964	105,716	145,680
Other operating expenses	295,105	327,037	622,142	164,705	315,997	480,701
Total Operating Expenses	**2,844,391**	**4,357,915**	**7,202,306**	**2,490,946**	**4,445,513**	**6,936,459**
OPERATING (LOSS) (Note 1)	**(2,029,917)**	**(3,453,924)**	**(5,483,841)**	**(1,458,770)**	**(3,506,936)**	**(4,965,706)**
Non-Operating Revenues (Expenses)						
Realignment	913,838	-	913,838	913,838	-	913,838
MHSA funds	-	14,780,860	14,780,860	-	11,468,747	11,468,747
Grants and Contracts	8,903		8,903	137,892	-	137,892
Interest Income	(10,823)	(83,823)	(94,646)	3,196	14,552	17,748
Interest expense	-	-	-	(9,823)	-	(9,823)
Total Non-Operating Revenues (Expense)	911,917	14,697,037	15,608,955	1,045,102	11,483,299	12,528,402
INCOME (LOSS)	**(1,118,000)**	**11,243,114**	**10,125,114**	**(413,667)**	**7,976,364**	**7,562,696**
INCREASE (DECREASE) IN NET POSITION	**(1,118,000)**	**11,243,114**	**10,125,114**	**(413,667)**	**7,976,364**	**7,562,696**
NET POSITION, BEGINNING OF YEAR	7,995,472	25,853,634	33,849,106	4,787,631	24,868,486	29,656,117
NET POSITION, END OF MONTH	**$ 6,877,472**	**$ 37,096,748**	**$ 43,974,220**	**$ 4,373,964**	**$ 32,844,849**	**$ 37,218,813**

(**Note 1**) "Operating Loss" reflects loss before realignment funding and MHSA funding which is included in non-operating revenues.

Definitions:
Medi-Cal FFP= Federal Financial Participation Reimbursement
Medi-Cal SGF-EPSDT=State General Funds reimbursement for Medi-Cal services provided to children under the "Early and Periodic Screening, Diagnosis and Treatment" regulations.
TCMH=Tri-City's Outpatient Clinic
MHSA=Mental Health Services Act (Proposition 63)

TRI-CITY MENTAL HEALTH AUTHORITY
CONSOLIDATING STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

	PERIOD ENDED 9/30/22			PERIOD ENDED 9/30/21		
	TCMH Unaudited	MHSA Unaudited	Consolidated Unaudited	TCMH Audited	MHSA Audited	Consolidated Audited
Cash Flows from Operating Activities						
Cash received from and on behalf of patients	$ 768,913	$ 742,816	$ 1,511,729	$ 1,164,163	$ 1,174,488	$ 2,338,650
Cash payments to suppliers and contractors	(816,378)	(717,474)	(1,533,852)	(987,422)	(1,205,913)	(2,193,335)
Payments to employees	(2,180,144)	(3,273,407)	(5,453,551)	(2,500,179)	(2,973,074)	(5,473,252)
	(2,227,609)	(3,248,064)	(5,475,673)	(2,323,438)	(3,004,499)	(5,327,937)
Cash Flows from Noncapital Financing Activities						
MHSA Funding	-	4,785,871	4,785,871	-	6,380,815	6,380,815
CalHFA-State Administered Projects	-	64,485	64,485	-	110	110
Realignment	1,572,060	-	1,572,060	913,838	-	913,838
Grants and Contracts	110,000	-	110,000	88,491	-	88,491
	1,682,060	4,850,356	6,532,416	1,002,329	6,380,926	7,383,255
Cash Flows from Capital and Related Financing Activities						
Purchase of capital assets	(2,457)	(43,723)	(46,180)	(55,903)	(13,834)	(69,737)
Principal paid on capital debt	-	-	-	(7,842)	-	(7,842)
Interest paid on capital debt	-	-	-	(9,823)	-	(9,823)
Intercompany-MHSA & TCMH	(285,775)	285,775	-	(397,168)	397,168	-
	(288,232)	242,052	(46,180)	(470,735)	383,334	(87,402)
Cash Flows from Investing Activities						
Interest received	11,063	56,246	67,309	4,118	18,450	22,568
	11,063	56,246	67,309	4,118	18,450	22,568
Net Increase (Decrease) in Cash and Cash Equivalents	(822,719)	1,900,590	1,077,871	(1,787,727)	3,778,210	1,990,484
Cash Equivalents at Beginning of Year	8,386,759	31,504,790	39,891,549	8,578,296	26,320,242	34,898,537
Cash Equivalents at End of Month	**$ 7,564,040**	**$ 33,405,381**	**$ 40,969,420**	**$ 6,790,569**	**$ 30,098,452**	**$ 36,889,021**

Definitions:
TCMH=Tri-City's Outpatient Clinic
MHSA=Mental Health Services Act (Proposition 63)

TRI-CITY MENTAL HEALTH AUTHORITY
CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ACTUAL TO BUDGET COMPARISON
THREE MONTHS ENDING SEPTEMBER 30, 2022
(UNAUDITED)

	TRI-CITY MENTAL HEALTH OUTPATIENT CLINIC (TCMH)			TRI-CITY MENTAL HEALTH SERVICES ACT (MHSA)			TRI-CITY MENTAL HEALTH AUTHORITY CONSOLIDATED		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
OPERATING REVENUES									
Medi-Cal FFP	$ 727,233	$ 1,590,296	$ (863,063)	$ 757,788	$ 1,464,231	$ (706,443)	$ 1,485,021	$ 3,054,527	$ (1,569,506)
Medi-Cal SGF-EPSDT	153,597	525,111	(371,514)	195,059	417,591	(222,532)	348,655	942,702	(594,046)
Medicare	3,555	3,000	555	1,172	525	647	4,726	3,525	1,201
Patient fees and insurance	198	275	(77)	57	-	57	255	275	(20)
Contracts	-	5,000	(5,000)	7,577	6,250	1,327	7,577	11,250	(3,673)
Rent income - TCMH & MHSA Housing	2,772	2,772	-	21,379	17,500	3,879	24,151	20,272	3,879
Other income	228	275	(47)	48	-	48	276	275	1
Provision for contractual disallowances	(73,109)	(206,341)	133,232	(79,086)	(188,182)	109,096	(152,195)	(394,523)	242,328
Net Operating Revenues	**814,474**	**1,920,388**	**(1,105,914)**	**903,991**	**1,717,915**	**(813,923)**	**1,718,465**	**3,638,303**	**(1,919,838)**
OPERATING EXPENSES									
Salaries, wages and benefits	2,308,103	2,839,705	(531,602)	3,533,706	4,081,151	(547,444)	5,841,809	6,920,856	(1,079,047)
Facility and equipment operating cost	162,087	236,247	(74,160)	323,512	499,040	(175,528)	485,599	735,288	(249,688)
Client program costs	2,830	13,869	(11,039)	5,635	268,793	(263,158)	8,465	282,662	(274,197)
Grants			-	19,900	82,500	(62,600)	19,900	82,500	(62,600)
MHSA training/learning costs			-	5,800	23,750	(17,950)	5,800	23,750	(17,950)
Depreciation & amortization	80,210	40,857	39,353	153,611	108,725	44,886	233,820	149,582	84,238
Other operating expenses	291,161	141,025	150,136	315,750	402,540	(86,790)	606,912	543,565	63,346
Total Operating Expenses	**2,844,391**	**3,271,704**	**(427,313)**	**4,357,915**	**5,466,499**	**(1,108,584)**	**7,202,306**	**8,738,203**	**(1,535,897)**
OPERATING (LOSS)	**(2,029,917)**	**(1,351,316)**	**(678,602)**	**(3,453,924)**	**(3,748,584)**	**294,661**	**(5,483,841)**	**(5,099,900)**	**(383,941)**
Non-Operating Revenues (Expenses)									
Realignment	913,838	1,100,000	(186,162)	-	-	-	913,838	1,100,000	(186,162)
MHSA Funding	-	-	-	14,780,860	14,780,860	-	14,780,860	14,780,860	-
Grants and contracts	8,903	201,250	(192,347)	-	-	-	8,903	201,250	(192,347)
Interest (expense) income, net	(10,823)	5,850	(16,673)	(83,823)	37,605	(121,428)	(94,646)	43,455	(138,101)
Total Non-Operating Revenues (Expense)	**911,917**	**1,307,100**	**(395,183)**	**14,697,037**	**14,818,465**	**(121,428)**	**15,608,955**	**16,125,565**	**(516,610)**
INCREASE(DECREASE) IN NET POSITION	**$ (1,118,000)**	**$ (44,216)**	**$ (1,073,784)**	**$ 11,243,114**	**$ 11,069,881**	**$ 173,233**	**$ 10,125,114**	**$ 11,025,665**	**$ (900,551)**

Definitions:

Medi-Cal FFP= Federal Financial Participation Reimbursement

Medi-Cal SGF-EPSDT=State General Funds reimbursement for Medi-Cal services provided to children under the "Early and Periodic Screening, Diagnosis and Treatment" regulations.

TCMH=Tri-City's Outpatient Clinic

MHSA=Mental Health Services Act (Proposition 63)

TRI-CITY MENTAL HEALTH AUTHORITY
ACTUAL TO BUDGET VARIANCE EXPLANATIONS
THREE MONTHS ENDING SEPTEMBER 30, 2022

COMMENT: PLEASE NOTE, THE DISCUSSION BELOW MAY USE THE FOLLOWING ABBREVIATIONS:
TCMH==TRI-CITY MENTAL HEALTH (OUTPATIENT CLINIC OPERATIONS)
MHSA==MENTAL HEALTH SERVICES ACT (ACTIVITIES INCLUDE CSS, PEI, INN, WET AND CFTN PROGRAMS)

Net Operating Revenues

Net operating revenues are lower than budget by $1.9 million for the following reasons:

1 **Medi-Cal FFP revenues for FY 2022-23** were approximately $1.6 million lower than the budget. Medi-Cal FFP revenues were $863 thousand lower for TCMH and $706 thousand lower for MHSA. At TCMH, the adult program revenues were lower than budget by $615 thousand and the children program revenues were lower by $248 thousand. For MHSA, the adult and older adult FSP programs were lower than budget by $462 thousand and the Children and TAY FSP programs were lower by $244 thousand.

2 **Medi-Cal SGF-EPSDT revenues for fiscal year 2022-23** were lower than budget by $594 thousand of which $371 thousand lower were from TCMH and $223 thousand lower were from MHSA. SGF-EPSDT relates to State General Funds (SGF) provided to the agency for provision of qualifying Medi-Cal services for Early Prevention Screening and Diagnostic Testing (EPSDT) to children and youth under 21 years. These funds are in addition to the FFP reimbursed by the federal government.

> *Medi-Cal and Medi-Cal SGF-EPSDT revenues are recognized when the services are provided and can vary depending on the volume of services provided from month to month. Projected (budgeted) services are based on estimated staffing availability and the assumption that vacant positions will be filled. For the fiscal year 2022-23, Tri-City is in the process of migrating from its current electronic health records (EHR) system to a new EHR system, CERNER. During this transition and training period, low volume of billings are to be expected as staff are learning and adapting to the new EHR system.*

3 **Medicare revenues** are approximately $1 thousand higher than the budget. Tri-City records revenue when the services are provided and the claims are incurred and submitted.

4 **Contract revenues** are lower than the budget by approximately $4 thousand.

5 **Rent Income** was higher than the budget by $4 thousand. The rental income represents the payments collected from Genoa Pharmacy space leasing at the 2008 Garey and from the tenants staying at the MHSA house on Park Avenue.

6 **Provision for contractual disallowances** for fiscal year 2022-23 is $242 thousand lower than budget due to lower revenues.

Operating Expenses

Operating expenses were lower than budget by $1.5 million for the following reasons:

1 **Salaries and benefits** are $1.1 million lower than budget and of that amount, salaries and benefits are approximately $532 thousand lower for TCMH operations and are $547 thousand lower for MHSA operations. These variances are due to the following:

TCMH salaries are lower than budget by $435 thousand due to vacant positions and benefits are lower than budget by $97 thousand.

MHSA salaries are lower than budget by $481 thousand. The direct program salary costs are lower by $405 thousand due to vacant positions and the administrative salary costs are lower than budget by $76 thousand. Benefits are lower than the budget by $66 thousand. Of that, health insurance is lower than budget by $149 thousand, state unemployment insurance is lower by $29 thousand and workers compensation is lower by $23 thousand. These lower costs are offset by the annual payment of CalPERS Unfunded Accrued Liability in July.

2 **Facility and equipment operating costs** were lower than the budget by $250 thousand of which $74 thousand lower were from TCMH and $176 thousand lower were from MHSA. These lower costs are related to the CFTN expenses to be spent during the fiscal year that has not yet happened.

3 **Client program costs** are lower than the budget by $274 thousand mainly from MHSA due to lower FSP client costs.

4 **Grants for fiscal year 2022-23** are approximately $63 thousand lower than the budget mainly from the new Student Loan Forgiven program under the WET plan. Other grants awarded under the PEI Community Wellbeing project are in line with the budget.

5 **MHSA learning and training costs** are lower than the budget by $18 thousand.

6 **Depreciation and amortization** is $84 thousand higher than the budget mainly due to the implementation of the GASB 87 where building leases are reported as rights to use assets and lease liabilities. These liabilities will then be gradually reduced as they are amortized monthly

7 **Other operating expenses** were higher than the budget by $63 thousand of which $150 thousand higher were from TCMH and $87 thousan lower were from MHSA. At TCMH, the higher cost was mainly due to the liability insurance cost incurred for the Psychiatric Assessment Care Team (PACT) program with the City of Claremont Police Department. As agreed, Tri-City will be reimbursed for 50% of this cost from the City of Claremont. At MHSA, the lower costs were from conference fees and professional fees.

TRI-CITY MENTAL HEALTH AUTHORITY
ACTUAL TO BUDGET VARIANCE EXPLANATIONS
THREE MONTHS ENDING SEPTEMBER 30, 2022

COMMENT: PLEASE NOTE, THE DISCUSSION BELOW MAY USE THE FOLLOWING ABBREVIATIONS:
TCMH==TRI-CITY MENTAL HEALTH (OUTPATIENT CLINIC OPERATIONS)
MHSA==MENTAL HEALTH SERVICES ACT (ACTIVITIES INCLUDE CSS, PEI, INN, WET AND CFTN PROGRAMS)

Non-Operating Revenues (Expenses)

Non-operating revenues, net, are lower than budget by $517 thousand as follows:

1 **TCMH non-operating revenues** are $395 thousand lower than the budget. Of that, realignment fund is lower than the budget by $186 thousand, grants and contracts including the Crisis Care Mobile Units (CCMU) and the Student Mental Health Services Act (MHSSA) are lower than the budget by $192 thousand, interest income net with fair market value is lower than budget by $17 thousand.

2 **MHSA non-operating revenue** is in line with than the budget.
In accordance with Government Accounting Standards Board, MHSA funds received and available to be spent must be recorded as non-operating revenue as soon as the funds are received. Funds are available to be spent when an MHSA plan and related programs have been approved and the proposed expenditures for those programs have been approved through an MHSA plan, MHSA update, or State Oversight and Accountability Commission.

The differences in actual to budget are broken out as follows:

	Actual	Budget	Variance
CSS funds received and available to be spent	$ 12,284,819	$ 12,284,819	$ -
PEI funds received and available to be spent	2,221,507	2,221,507	-
WET funds received and available to be spent	-	-	-
CFTN funds received and available to be spent	-	-	-
INN funds received and available to be spent	274,534	274,534	-
Non-operating revenues recorded	$ 14,780,860	$ 14,780,860	$ -

CSS, PEI and INN recorded revenues are in line with the budgets.

Interest income net with fair market value calculation for MHSA results in a lower than budget by $121 thousand.

TRI-CITY MENTAL HEALTH AUTHORITY
CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
THREE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

	PERIOD ENDED 9/30/22			PERIOD ENDED 9/30/21		
	TCMH Unaudited	MHSA Unaudited	Consolidated Unaudited	TCMH Audited	MHSA Audited	Consolidated Audited
REVENUES						
Medi-Cal FFP, net of reserves	$ 666,873	$ 694,891	$ 1,361,764	$ 846,097	$ 755,212	$ 1,601,308
Medi-Cal SGF-EPSDT	140,848	178,869	319,717	177,777	155,224	333,001
Medicare	3,555	1,172	4,726	3,838	1,919	5,757
Realignment	913,838	-	913,838	913,838	-	913,838
MHSA funds	-	14,780,860	14,780,860	-	11,468,747	11,468,747
Grants and contracts	8,903	7,577	16,479	137,892	7,267	145,159
Patient fees and insurance	198	57	255	347	29	376
Rent income - TCMH & MHSA Housing	2,772	21,379	24,151	3,884	18,830	22,714
Other income	228	48	276	234	98	331
Interest Income	(10,823)	(83,823)	(94,646)	3,196	14,552	17,748
Total Revenues	**1,726,391**	**15,601,029**	**17,327,420**	**2,087,102**	**12,421,876**	**14,508,978**
EXPENSES						
Salaries, wages and benefits	2,308,103	3,533,706	5,841,809	2,028,737	3,134,134	5,162,871
Facility and equipment operating cost	156,343	322,890	479,233	188,028	395,110	583,138
Client lodging, transportation, and supply expense	4,630	20,671	25,301	69,513	494,556	564,069
Depreciation & amortization	80,210	153,611	233,820	39,964	105,716	145,680
Interest expense	-	-	-	9,823	-	9,823
Other operating expenses	295,105	327,037	622,142	164,705	315,997	480,701
Total Expenses	**2,844,391**	**4,357,915**	**7,202,306**	**2,500,769**	**4,445,513**	**6,946,282**
INCREASE (DECREASE) IN NET POSITION	**(1,118,000)**	**11,243,114**	**10,125,114**	**(413,667)**	**7,976,364**	**7,562,696**
NET POSITION, BEGINNING OF YEAR	7,995,472	25,853,634	33,849,106	4,787,631	24,868,486	29,656,117
NET POSITION, END OF MONTH	**$ 6,877,472**	**$ 37,096,748**	**$ 43,974,220**	**$ 4,373,964**	**$ 32,844,849**	**$ 37,218,813**

NOTE: This presentation of the Change in Net Assets is NOT in accordance with GASB, but is presented only for a simple review of Tri-City's revenue sources and expenses.

Definitions:

Medi-Cal FFP= Federal Financial Participation Reimbursement
Medi-Cal SGF-EPSDT=State General Funds reimbursement for Medi-Cal services provided to children under the "Early and Periodic Screening, Diagnosis and Treatment" regulations.
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Tri-City Mental Health Authority

MONTHLY STAFF REPORT

DATE: **November 16, 2022**

TO: **Governing Board of Tri-City Mental Health Authority**
Rimmi Hundal, Executive Director

FROM: **Elizabeth Renteria, LCSW, Chief Clinical Officer**

SUBJECT: **Monthly Clinical Services Report**

UPDATE: CERNER IMPLEMENTATION AND DATA COLLECTION

Tri-City Mental Health Authority continues to implement the Cerner electronic health record technology. We are learning about the software's data tracking and report generating capabilities in this process. Please note that monthly reports for the time being will not contain the data and outcomes previously reported on. We will be developing new reports that we will be able to share with the board in the months to come.

ACCESS TO CARE AND CURRENT WAIT TIMES

The Access to Care department at Tri-City Mental Health serves as the main entry point for individuals trying to access services at Tri-City Mental Health. There continues to be a great need for mental health services, especially within out catchment area of Pomona, Claremont, and La Verne.

<u>Current wait times for an intake are as follows:</u>

Royalty site: As of 10/31/22, current wait times are:

- There is currently a **5** day wait period for a discharge priority intake appointment. Next appointment on 11/07/22 @ 8:30am.
- There is currently a **23 to 26** day wait period for a standard intake. Next appointment on 12/5/22 for someone 6+ years or older and 12/8/22 for someone 0-5 years of age.

Garey site: As of 10/31/2022, see wait times for Garey site below:

- There is currently a **7** day wait period for a discharge priority intake appointment. Next appointment on 11/10/22 @ 1pm (SRTS/HD).
- There is currently a **21** day wait period for a standard intake. Next appointment on 12/2/22 @ 8:30am.

ADULT PROGRAM

Active Clients and Discharges

With outreach and discharge steps, staff are closing and re-engaging clients. Clinical Wellness Advocates and Co-Occurring Support Teams are aiding Adult Clinical teams by contacting clients in the interim. Although offering clinical groups to meet care needs and outreach assistance from the CWA, COST programs there continues to be a need for additional clinical support due to staff shortages.

Recruitment Updates

Interviews are currently being expedited to meet the clinical need. Staff retention is an area of focus in the department.

CHILD AND FAMILY SERVICES

This month the department has seen an increase in attendance to intakes results in a larger caseload for clinicians. All clinicians are completing 3 to 4 intakes monthly to help the flow of referrals and newly hired staff are starting to complete intakes to help reduce our wait times.

Cerner requires a registration process prior to the intake that is taking anywhere from 30-40 minutes per client. This has led to some families cancelling the assessment portion of the intake due to the length of time of appointment. This may be contributing to some delays in calendar as these clients need to be rescheduled.

To help address some of the network adequacy issues with wait times SPT supervisor, CFS manager, and Access to Care Manager met to address how the SPT-ATC process needs to align with the overall ATC process. The SPT-ATC staff will start reducing calls to school referrals from 3-4 to the standard 2 calls per referral by January 2023. The SPT team will pilot calling the referrals from the satellite sites campus phone to help facilitate parents answering or returning calls. In addition, the SPT supervisor and Manager will collaborate with school districts on this change and find other ways to support access to services.

Cerner

The team continues to adapt to the changes and updates with Cerner to ensure documentation is completed timely. The majority of Cerner audits were completed with less than 10% left pending.

<u>Outpatient Clinic:</u>

This month, the Child and Family team has been working hard to manage the approximately 60 clients that came in for intakes in the month of October. The COP team has been managing their caseloads to serve these clients, with help from SPT clinicians also. We are excited to have added 1 new clinician to the COP team in September, so she has been able to help with these new clients. We have about 8 groups running currently to provide support to our COP clients. The COP team meets every other Friday to discuss plans for keeping the COP functioning at its best for our client's and families.

<u>Early Psychosis</u>

The Early Psychosis program is working to prepare for upcoming live supervision of the Multi Family Group to move forward with the fidelity of the Portland Identification and Early Referral (PIER) model. Staff are appreciating the movement and appear more comfortable with the process of clients.

<u>FSP</u>

FSP team continues to be short two staff. This month the team worked diligently on clearing caseloads to open capacity for new clients, opening room for 6 new referrals.
Furthermore, FSP supervisor has been actively conducting interviews and working closely with HR, with the expectation to hire 2 additional clinicians by the end of November.

<u>Crisis assessments</u>

We continue to experience several clients struggling with school, peer relationships and material. Staff are working diligently to support clients and families access adequate school support through IEPs and 504 plans. In addition, there continues to be frequent collaboration with schools, treatment team meetings, CFTs and back to school meetings to create support systems to reduce stressors and crisis.

The number of clients hospitalized this month, again is challenging to track due to Cerner, however the average is about 4 a month. With these crisis parents' involvement have been pivotal in assisting with direct transportation to the hospital and/or assisting with safety plans.

<u>Collaboration with other department/agencies</u>

- Grant partnership meetings: outreaching to partners to ensure collaboration and participating in partner's meeting
- Meeting with DCFS Pomona Court Pilot Children's court. Adult Services Manager, Access to Care Manager and Child and Family Clinic Manager met with judge and court staff to share about services.

- Collaboration with local DCFS and School partner for treatment team meetings
- On call planning/training and collaboration with Adult, ATC, Supplemental Crisis, to establish one on call team.
- Attending State webinars and meetings for CCMU & MHSA grant, as well as CSOC monthly meeting, CAL-AIM, and medical reform meetings.

<u>On call Collaboration</u>

The after hours line continues to receive 20-25 calls week from clients and community members. The FSP staff and on call supervisors have become more comfortable with the new process and have remained open adjust as needed. This month we learned that a 3rd person has been extremely beneficial in supporting line staff to take all the calls from clients and community that can range from 15-20 minutes or more. The on call supervisors had a first meeting to discuss changes and updates with on call procedures. A schedule for on call supervisors has been set for the year and learning objectives were identified for the next meeting

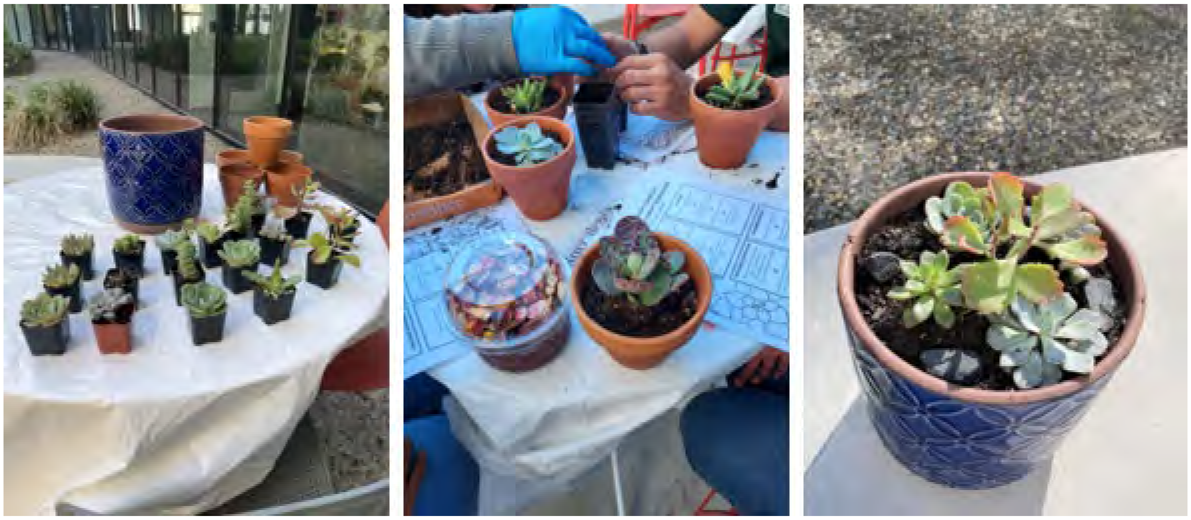
The focus in September was the adjustment to Cerner and new CAL Aim protocols. In the initial weeks of Cerner, staff strugged as expected with the changes, however a couple of Cerner masters evolved leading the pact and sharing resources. The department hosted a chart party to set aside admin time to work on chart audits, answer questions, and make revisions.

THERAPEUTIC COMMUNITY GARDEN (TCG)

This month the TCG team collaborated with several external entities, including but not limited to:

Cal Poly Veteran Resource Center, Pomona Pride Center, Joselyn Center, Lopez Urban Farm, Bridging the Gap, and the California Horticultural Therapy Network.

Notably, TCG was able to provide an in person succulent planting workshop for Cal Poly Pomona's Veteran Resource Center. A total of 14 veterans, students and staff attended. Parallels were made between our lives and the balance, care and maintenance needed by our plants. The group took part in planting their own mini succulent pots to place in their rooms, offices, or dorms. During this segment, the individual was highlighted, noting how as unique individuals, we all have our own preferences and opinions. Conversely, following the individual pot planting, the group was directed to focus on the collective. For this segment, the group each took on a role in designing and planting one large succulent pot together. The workshop highlighted how both the individual and the collective have value in our lives as we are social beings that crave connections while still having independent thought.



Above: *Succulents used in the workshop (left), participants planting their individual pots (middle) and the final collective pot created by the group (right).*

Another community organization with whom TCG hopes to form a long-lasting and fruitful relationship is Lopez Urban Farm in Pomona. Kyra met with Executive Director and Farmer Stephen Yorba this month to discuss opportunities in which our groups could support each other's work. Lopez Urbans Farms is a unique space that has been activated by the community as a vibrant hub for various organizations and groups - as an urban farm teaching skills and sharing growing space and as an outdoor education lab for entities such as Western University to provide programming to Lopez Elementary school children. It is also used as a safe-space for a varied population with support facilitated by volunteers (grant-supported sensory garden) and Lopez's Horticultural Therapist Lisa Christie, as a giving space through the work of Bodega Communtaria and pay-what-you-can farmer's markets, as well as a creative space that hosts free workshops by local art organizations and blank slate for artists. In the coming months TCG and the Lopez Urban Farm team will meet for a brainstorming session on how to best serve our community together.

HOUSING

From October 17th through October 30th, the Housing Authority of Los Angeles City opened their Section 8 waitlist. The last time this waitlist opened was in 2017. To help interested individuals and families who do not have access to computer or struggle with technology, the Housing Division set up computer stations at the 2008 building and at the Wellness Center for clients and community members. Staff set up the first half of the day the first week and the second half of the day for the second week. In total, 60 households visited our stations and completed their waitlist applications. Everyone was provided an information sheet with steps to follow up to see if they are one of 30,000 applicants for the official waitlist.

CO-OCCURING SUPPORT TEAM (COST)

A total of 15 clients were referred to the COST team including 5 new adult outpatient clients, 6 Adult Full-Service Partnership Client and 4 clients from the Child and Family Services team. COST completed two trainings in October for Tri0 City Staff members agency / Tri-City parents and community members on Fentanyl pandemic. COST has been assisting AOP with weekly wellness calls, each counselor is currently holding 10-12 clients.

SUCCESS STORY

(Client names are not used and demographic and identifying information have been changed to protect client privacy)

Therapeutic Community Garden

This month's success story features a participant from *Florece en Tu Manera*, TCG's Spanish speaking group for adults. In addition to this group experiencing overall success via enrollment increasing monthly, there was one individual who has disclosed positive outcomes. This individual reported to Elizabeth Fajardo, group facilitator, that they have felt a sense of community because of the groups. They also disclosed gaining an enjoyable experience to look forward to on a weekly basis. As this person's social and emotional wellness has been impacted, per participant report, their overall mental health has improved due to this TCG group. The participant expressed that their overall symptom management has improved since joining the group, meeting new people, learning something new and taking part in the modality of therapeutic horticulture.

Child and Family Services

Client is a 17-year-old who presented with identity issues, coming out to his parents and friends, coping with parent's divorce, history of PTSD symptoms and behaviors, Suicidal ideation, and self-harming behaviors. Parents practiced traditional religious beliefs impacting relationship with client and restricted client's self-expression and gender identity. Initially, father refused to meet or support client and mother struggled with understanding that client's identity was not temporary. After FSP participation, parents had learned to gradually feel comfortable with utilizing the pronoun of client's choice and are affirming client's gender identity. Parents continue to exercise conservative religious practices yet allows client freedom in expressing gender identity. Father even stated, "As long as he is happy" parents are in support of client's identity exploration Mother and sister became client's close support system and mother stated that client has been provided with "freedom and trust." Family moved outside of the area to live closer to father. Client will stay with father on the weekend and father will pick up client from school daily. Client was able to improve relationships with friends and family. For the first time, parents supported client to attend the home coming dance as he wished. Client wore a suit with a color shirt, and a rainbow color tie. Client reported, feeling strong and confident about himself and very supported by family and friends.

Tri-City Mental Health Authority
MONTHLY STAFF REPORT

DATE: November 16, 2022

TO: Governing Board of Tri-City Mental Health Authority
Rimmi Hundal, Executive Director

FROM: Seeyam Teimoori, M.D., Medical Director

SUBJECT: Medical Director's Monthly Report

EFFORTS TO IMPLEMENT LIFESTYLE MEDICINE PRINCIPALS AS WAYS TO PREVENT AND TREAT MENTAL AND MEDICAL CONDITIONS IN OUR CLIENTS IN TRI-CITY MENTAL HEALTH AUTHORITY

Lifestyle medicine is a branch of medicine dealing with research, prevention and treatment of disorders caused by lifestyle factors and is the use of a whole food, plant-predominant dietary lifestyle, regular physical activity, restorative sleep, stress management, avoidance of risky substances and positive social connection as a primary therapeutic modality for treatment and reversal of chronic disease.

The rise in chronic disease trends and related healthcare spending in the United States and in many other countries is unsustainable and 80% or more of all healthcare spending in the U.S. is tied to the treatment of conditions rooted in poor lifestyle choices. Type 2 diabetes alone is a looming global pandemic with incalculable consequences. Chronic diseases and conditions—such as hypertension, heart disease, stroke, type 2 diabetes, obesity, osteoporosis, multiple types of cancer—are among the most common, costly, and preventable of all health conditions. According to the World Health Organization, 80% of heart disease, stroke, and type 2 diabetes and 40% of cancer could be prevented, primarily with improvements to diet and lifestyle.

Unfortunately, our clients with mental illnesses for many reasons, such as genetics, medications, economic reasons, etc. are even at a higher risk of developing diabetes, hyperlipidemia, and many other metabolic and chronic diseases. Our doctors are fully committed and invested to keep up to date with this everchanging and developing field of medicine and related discussions have been part of our psychiatrists' meetings, periodically. The idea is to educate and support our clients, while considering their resources, with practical and effective methods to improve their lifestyle and as a result, their health. In addition, we are committed to increase our partnerships with medical providers in our area to bring more direct necessary and timely medical care to our clients and to ensure continuity in their care.

Tri-City Mental Health Authority
Monthly Staff Report

DATE: November 16, 2022

TO: Governing Board of Tri-City Mental Health Authority
Rimmi Hundal, Executive Director

FROM: Dana Barford, Director MHSA and Ethnic Services

SUBJECT: Monthly MHSA and Ethnic Services Report

ETHNIC SERVICES

On October 13th the ADELANTE Wellness Advisory Council held another successful in-person event "Let's play Loteria" at Café con Libros in downtown Pomona. This event targeted transition age youth with twenty youth joining the Hispanic Heritage Month celebration by sharing traditions, cuisine, and other aspects of their culture. This two-hour long event included a presentation on suicide prevention and an interactive game of Loteria with a mental health lens. In addition, Tri-City donated four mental health books to Café con Libros to use in their public library.

On November 15th the RAINBOW advisory council hosted "I love you no matter what", a one-hour virtual round table developed after the distribution of last month newsletter around *National Coming Out Day*. Members of the RAINBOW advisory council in collaboration with Frank Guzman, executive director of Pomona Pride Center, held roundtable conversations around inclusivity and support for the LGBTQIA+ communities.

On November 17th presenter Henri Mascorro, a Native American Indian, will host a presentation for Tri-City on Wellness and Healing in Native and Tribal Communities. This presentation will include conversations around common healing practices in the native communities as well as Ms. Mascorro sharing her Native American ancestry through storytelling, artifacts, music, dance, and regalia. This will be an in-person event for Tri-City staff and is considered part of the staff's annual cultural competency training.

COMMUNITY NAVIGATORS

Outreach efforts for the Community Navigator program consisted of attending several community events including, The Kindness Carnival through Compassionate Pomona, the 4th Annual Courage Award Luncheon through The Austin Kennedy Foundation, INSAN's Free Health Fair for the Underserved, A Trick or Treat/Resource Event at the Pomona Library, and the 6th Annual Women's Health Fair in Pomona. At each event, the Community Navigators hosted a table with information on the many services offered by Tri-City Mental Health thereby connecting with many community members and local organizations.
Hope for Home, a local community shelter, is off quarantine now and the 5 cohort beds are currently full. The Community Navigators continue to work with the Hope for Home

case managers to assist participants with connecting to resources and permanent supportive housing.

Success Story

One of the participants occupying a cohort bed at Hope for Home has been in contact with the Community Navigator team for over a year. Although this participant had been difficult to engage and reluctant to accept any resources or services offered, he eventually connected well with one of the Community Navigators. As a result, the participant is now connected with the resources provided and is not only sheltered but also linked with mental health services and a primary care doctor.

WORKFORCE EDUCATION AND TRAINING (WET)

Tri-City is supporting their Community Wellness Advocates in the process of receiving their certification as Peer Support Specialists through the official state-wide process. Included in this support is facilitating scholarships through Cal-MHSA who is administrating the certification process. To date, all Tri-City Community Wellness Advocates have been approved for the scholarships. Two of those approved, have already taken their Peer Certification exam, and are currently awaiting results.

Outreach efforts focused on strengthening future mental health workers included presentations by the WET Coordinator for Pomona Unified School District students at Garey High School. This presentation focused on career and volunteer opportunities at TCMH and mental health in general. In addition, Claremont High School students attended a presentation which highlighted potential careers in the mental health field as well as reducing stigma around mental health services.

During the month of October, Tri-City staff completed 46 courses over 31.92 hours using our online platform, Relias. TCMH used social media platforms Twitter, Facebook, Instagram, and LinkedIn to communicate with the public about various efforts including recruitment, celebrations of Tri-City milestones and our partners, and other important messages related to opportunities that TCMH provides for community members. TCMH reached 703 people on Facebook, 515 people on Instagram, 202 people on Twitter, and 64 people on LinkedIn.

PREVENTION AND EARLY INTERVENTION (PEI)

Community Wellbeing (CWB)

The Community Wellbeing grantees continue to report their projects are going well. In recognition of these efforts, program staff posted two Grantee Spotlights on Tri-City's social media for the month of October. Grantees highlighted during the month of October were Pomona Youth Prevention Council and Assistance League of Pomona Valley. In addition, program staff hosted one-on-one sessions with grantees to discuss updates on their projects, success stories, challenges, and upcoming events.

Community Trainings

During the month of October, Tri-City hired a new Community Mental Health Trainer, Paul Osorio, formerly with the Wellness Center. Paul has begun his training process and will be a wonderful addition to the training team. Community trainings held in October included Compassion Fatigue and Adverse Childhood Experiences [ACEs] to Tri-City interns, Everyday Mental Health, Adverse Childhood Experiences [ACEs]l and Motivational Interviewing to staff from Bonita Unified School District.

Peer Mentor Program

PM staff continued to provide one-on-one supervision to support mentors with any challenges that may arise when meeting with mentees. Staff will be outreaching to all Tri-City departments to promote the Peer Mentor program as an additional support to clients and community members especially during the holiday months. In exchange, other MHSA program staff such as Therapeutic Community Garden, Community Navigators, and the Wellness Center, offered trainings on building rapport when engaging mentees, and effective communication.

Stigma Reduction

This year, Mental Illness Awareness Week was recognized on October 2 – October 8, 2022. Program staff created a social media campaign to inform community members about debunking common myths on mental illnesses, discussed National Depression Screening Day, recognized National Day of Prayer for Mental Illness Recovery and Understanding and Navigating Life with a Mental Health Condition.

Throughout the month of October, there were stigma reduction and suicide prevention workshops presented in the Tri-City area. These included Know the Signs, a suicide prevention workshop provided for TRACKS Action Center (TAC) and Youth Activity Center (YAC) staff as well as the Bonita Unified School District social work interns and staff.

Program staff presented on “How to Manage Your Anxiety” with Veterans for Hope through Housing. Hope through Housing is an organization dedicated to breaking the cycle of generational poverty by implementing programs that empower individuals and change communities. Additional workshop presentations include “Depression and Anxiety” with Uncommon Good which discussed signs and symptoms, how to manage anxiety, and navigating different mental health resources.

WELLNESS CENTER

The Wellness Center continued its commitment to assist the community in finding meaningful employment by partnering with Titanium Solar, a leader in the solar industry, to host the first in-person hiring event since the pandemic closures. Even though the jobs available were very industry specific, a handful of participants walked away with offers for employment. In addition, the employer was thrilled with the response and candidate pool that attended the event and requested to be included in opportunities to collaborate on future hiring events. This event speaks to the Wellness Center staff's passion and dedication to helping participants of all experience levels secure employment.

INNOVATION

Advance Psychiatric Directives (PADs): Innovation staff held an informational night for first responders and law enforcement in which information was shared about the purpose and use of PADs as well as extending an invitation to continue to participate in the development and implementation of this project. PADs will be highlighted during the December MHSA Stakeholder meeting as well as in one-on-one meetings with law enforcement personnel to continue the conversation around PADs and their involvement with the project.

Help@Hand: Older adults were the focus of outreach efforts for the month of October. Innovation staff presented on Help@Hand and the myStrength app to the older adult support group at the Wellness Center. Staff also met with senior program coordinators from Claremont to introduce them to the Help@Hand project and myStrength app. Additional meetings are schedule for November with other older adult organizations for the purpose of inviting community members to sign up and utilize the myStrength app.

Tri-City Mental Health Authority
MONTHLY STAFF REPORT

DATE: **November 16, 2022**

TO: **Governing Board of Tri-City Mental Health Center**
Rimmi Hundal, Executive Director

FROM: **Natalie Majors-Stewart, LCSW, Chief Compliance Officer**

SUBJECT: **Monthly Best Practices Report**

CERNER IMPLEMENTATION UPDATE

The agency has reached the 3-month post 'go-live' mark in the new Electronic Health Record (EHR), and is approaching the next formal step of the project implementation process, which involves launching into more autonomous project maintenance.

As part of this next step, the Tri-City EHR Core Implementation Team participated in an 8-hour *Post Go-Live Health Check* with the Cerner Project Support Team, in order to assess our readiness for the next phase, to evaluate our effectiveness with utilizing the Electronic Health Record, and to ensure that the system is meeting our business and patient care needs.

The following elements were evaluated during the *Health Check*:

Core Functions:
- User Accounts & Program Set-Up
- Electronic Prescribing/Lab Orders
- Messaging
- Referral Management System
- Data and Reporting

Registration and Scheduling:
- Client Registration
- Scheduling / Client Tracking
- Work Queues

Client Chart Documentation:
- Screening & Assessment Tools
- Diagnosis List
- Service Orders (Billing for Services)
- Progress Notes & Documentation

Billing & Transactions:
- Insurance Billing
- Transaction Posting
- Month End
- Integration with LACDMH IBHIS

The *Post Go-Live Health Check* was successful, overall, and the Cerner Project Team reported that the Tri-City EHR implementation is on target with major project milestones. During the *Health Check* there were a few outstanding elements identified, that need to be addressed before transitioning, but these items are in progress to be addressed and should have resolve, or a path to resolution, within the next few weeks.