

# MARIN HEALTHCARE DISTRICT

100-B Drake's Landing Road, Suite 250, Greenbrae, CA 94904

Telephone: 415-464-2090

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Website: [www.marinhealthcare.org](http://www.marinhealthcare.org)

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## BOARD OF DIRECTORS

### FINANCE & AUDIT COMMITTEE

TUESDAY, FEBRUARY 28, 2023 @ 4:00 P.M.

#### Committee:

**Chair:** Edward Alfrey, MD

**Members:** Ann Sparkman, RN/BSN, JD

Leslie Lava

**Staff:** David Klein, MD, CEO

Eric Brettner, CFO

**Support:** Louis Weiner, EA

#### Location:

Via Zoom:

<https://mymarinhealth.zoom.us/join>

Meeting ID: 969 2235 3983

Passcode: 94904

Or via Zoom telephone: 1-669-900-9128

### AGENDA

- |    |  | <u>TAB</u>      |
|----|--|-----------------|
| 1. | Call to Order / Approval of the Agenda (action)  | Alfrey          |
| 2. | Approval of the Minutes of the MHD Finance & Audit Committee Meeting of October 18, 2022 (action)  | Alfrey #1       |
| 3. | Public Comment<br><i>Any member of the audience may make statements regarding any item NOT on the agenda. Statements are limited to a maximum of three (3) minutes. Please state and spell your name if you wish it to be recorded in the minutes.</i> | Alfrey          |
| 4. | District Financial Reports   | Brettner        |
|    | A. December 2022   | #2              |
|    | B. January 2023  | #3              |
| 5. | Next Meeting Date and Agenda   | Alfrey/Brettner |
| 6. | Adjournment  | Alfrey          |

A copy of the agenda for the Meeting will be posted and distributed  
at least seventy-two (72) hours prior to the meeting.

In compliance with the Americans with Disabilities Act, if you require accommodations to participate in a District meeting please contact the District office at 415-464-2090 at least 48 hours prior to the meeting.

**Tab 1**

# MARIN HEALTHCARE DISTRICT

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## **Board of Directors Finance and Audit Committee Tuesday, October 18, 2022 @ 5:30 pm Via Zoom**

### **MINUTES**

#### **1. Call to Order**

Chair Alfrey called the meeting to order at 5:30 pm.

#### **2. Roll Call / Approval of Agenda / Approval of Minutes**

*Committee members present:* Edward Alfrey, MD (Chair); Larry Bedard, MD; Leslie Lava (Community Member)

*Staff members present:* Eric Brettner (CFO); Liz Lasnier (Controller); Louis Weiner (EA)

*Approval of the Agenda:* It was moved, seconded and carried to approve the agenda as presented.

*Approval of the Minutes:* It was moved, seconded and carried to approve the minutes of the meeting of the committee on July 25, 2022.

#### **3. Public Comment**

There was no public comment.

#### **4. District Financial Reports**

Mr. Brettner presented the District financial reports for July and August 2022.

In July, net operating income was \$108K, favorable to budget by \$121K, due to higher-than-expected investment earnings and lower than budgeted expenses. July operating expenses are \$36K favorable to budget, and YTD expenses are \$99K favorable to budget. YTD net operating income was \$286K unfavorable to budget. Bond-related revenue and expenses are in line with budget.

In August, net operating loss was \$74K which was unfavorable to budget by \$61K, due to lower-than-expected investment earnings. August operating expenses are favorable to budget by \$36K, due to lower-than-budgeted legal expenses, community education, and Covid support cost. YTD net operating loss was \$453K which was \$347K unfavorable to budget due to investment adversity. Bond-related revenue and expenses are in line with budget.

In August, a GO bond interest payment of \$8.3M was made.

Applications to FEMA for reimbursements are progressing, with frequent contacts by Mr. Brettner and Ms. Lasnier.

General discussion ensued on the effects of current market volatility.

#### **5. Next Meeting Date and Agenda**

The next meeting date is TBA.

#### **6. Adjournment**

Chair Alfrey adjourned the meeting at 5:45 pm.

## Tab 2



**To: MHD Finance and Audit Committee**

**From: Eric Brettner, CFO**

**Re: December 2022 Financial Report**

**Date: January 19, 2023** *EB*

**I. General Comments**

These financial statements contain, in summary format, the balance sheet and income statement.

**II. FY 2022 Income Statement and Budget**

The District's net operating loss for the month was \$29,480 which was favorable to budget by \$113,798. The favorable variance is driven by lower than budgeted expenses offset by lower than expected investment earnings. Rental revenue from the hospital lease was \$49,144 in December. Investment earnings were comprised of \$15,079 dividend and interest income as well as \$6,457 of realized gains and a \$33,254 decrease in the value of investments. The District incurred total operating expenses of \$66,906 which was favorable to budget by \$131,468. The favorable variance was due to lower than budgeted election expenses, legal expenses, and COVID-19 support cost. Negative legal costs in December are due to an accrual from 2021 that was not needed and reversed. The District incurred \$44,597 in community education costs related to the annual report. Depreciation expense was \$990,657 in December. Bond Related Revenues and Expenses included \$1,371,014 of accrued tax revenues less bond fund earnings, and \$1,189,889 of bond interest expense.

**III. Balance Sheet**

**Assets**

Cash at December 31, 2022 of \$748,674 increased by \$15,334. The increase was due to receipt of rental revenue. Investment account balances of \$3,463,546 decreased by \$13,464 from the prior month due to a \$33,254 decrease in the value of investments. Tax revenue receivables are \$6,216,670 and represent amounts due from the County of Marin. The payments received from the County are deposited directly into the bond fund accounts.

The tax payments received from the County, together with the balance of the proceeds from the bonds issued in November 2015 and September 2017, net of issuance costs, are reflected in the account "Assets Limited to Use – Interest & Sinking Funds". These funds total \$10,509,982 at December 31, 2022 to be used for bond principal and interest payments. \$8,894,513 of tax revenue was received from the County in December 2022.

**Liabilities and Net Assets**

Interest payable of \$6,356,291 increased by \$1,271,258 from the prior month due to the accrual of interest. Accrued expenses of \$58,318 are primarily comprised of accruals for audit fees and community education expenses.

Related party payables due to the Hospital of \$81,972 include \$54,000 for payments relating to audit fees and \$21,047 community education expenses paid on behalf of the District.

Bonds payable are separated into current (principal due within one year) and non-current (due in greater than one year). The current payable amount of \$955,000 is due in August 2023. Bond Premium represents payments by bond purchasers greater than the face amount of the bond because the stated interest rate of the bonds was higher than the market rate at the date of issuance. The premium is amortized over the life of the bonds as a reduction to interest expense. The net assets of the District are \$45,089,971.

Marin Healthcare District  
Balance Sheet  
December 31, 2022

|  | 12/31/2022         | 11/30/2022         | Change             | 12/31/2021         |
|--|--------------------|--------------------|--------------------|--------------------|
| <b>Assets</b>                                    |                    |                    |                    |                    |
| <b>Current Assets</b>                            |                    |                    |                    |                    |
| Cash   | 748,674            | 733,340            | 15,334             | 712,254            |
| Investment                                       | 3,463,546          | 3,477,010          | (13,464)           | 3,976,384          |
| Tax Revenues Receivable                          | 6,216,670          | 13,744,930         | (7,528,260)        | 6,785,671          |
| Prepaid Expenses                                 | 6,000              | 7,000              | (1,000)            | 3,600              |
| <b>Total Current Assets</b>                      | <b>10,434,890</b>  | <b>17,962,280</b>  | <b>(7,527,390)</b> | <b>11,477,909</b>  |
| Property, plant, and equipment, net              | 397,683,703        | 398,591,888        | (908,185)          | 408,416,972        |
| Parking Garage, net                              | 20,266,128         | 20,348,600         | (82,472)           | 21,420,741         |
| Assets Limited To Use - Building Funds           | 8,486              | 8,460              | 26                 | 2,426,274          |
| Assets Limited To Use - Interest & Sinking Funds | 10,509,982         | 1,610,734          | 8,899,248          | 9,462,038          |
| Deposits & Retainers                             | 36,000             | 36,000             | -                  | 36,000             |
| <b>Total Non-Current Assets</b>                  | <b>428,504,299</b> | <b>420,595,682</b> | <b>7,908,617</b>   | <b>441,762,025</b> |
| <b>Total Assets</b>                              | <b>438,939,189</b> | <b>438,557,962</b> | <b>381,227</b>     | <b>453,239,934</b> |
| <b>Liabilities and Net assets</b>                |                    |                    |                    |                    |
| <b>Current Liabilities</b>                       |                    |                    |                    |                    |
| Accounts Payable                                 | 420                | 630                | (210)              | 1,399              |
| Interest Payable                                 | 6,356,291          | 5,085,033          | 1,271,258          | 6,364,791          |
| Accrued Expenses                                 | 58,318             | 102,323            | (44,005)           | 2,547,797          |
| Other Current Liabilities                        | -                  | -                  | -                  | -                  |
| Related Party Payables                           | 81,972             | 7,408              | 74,564             | 0                  |
| Current Bond Maturities                          | 955,000            | 955,000            | -                  | 680,000            |
| <b>Total Current Liabilities</b>                 | <b>7,452,001</b>   | <b>6,150,394</b>   | <b>1,301,607</b>   | <b>9,593,987</b>   |
| Bonds Payable                                    | 363,790,000        | 363,790,000        | -                  | 364,745,000        |
| Bond Premium                                     | 22,607,217         | 22,688,585         | (81,368)           | 23,583,642         |
| <b>Total Liabilities</b>                         | <b>393,849,218</b> | <b>392,628,979</b> | <b>1,220,239</b>   | <b>397,922,629</b> |
| <b>Net Assets</b>                                |                    |                    |                    |                    |
| Net Assets                                       | 55,317,305         | 55,317,305         | -                  | 68,745,451         |
| Net (Loss)/Income                                | (10,227,334)       | (9,388,322)        | (839,012)          | (13,428,146)       |
| <b>Total Net Assets</b>                          | <b>45,089,971</b>  | <b>45,928,983</b>  | <b>(839,012)</b>   | <b>55,317,305</b>  |
| <b>Total Liabilities and Net Assets</b>          | <b>438,939,189</b> | <b>438,557,962</b> | <b>381,227</b>     | <b>453,239,934</b> |

**Marin Healthcare District**  
**Income Statement - Actual vs. Budget**  
**December 31, 2022**

|  | 12/31/2022         |                    |                 | Year-to-Date        |                     |                  |
|--|--------------------|--------------------|-----------------|---------------------|---------------------|------------------|
|  | Actual             | Budget             | Variance        | Actual              | Budget              | Variance         |
| Rental Revenue   | 49,144             | 49,218             | (74)            | 589,713             | 590,615             | (902)            |
| Investment Earnings  | (11,718)           | 5,878              | (17,596)        | (509,009)           | 70,541              | (579,550)        |
| <b>Total Income</b>  | <b>37,426</b>      | <b>55,096</b>      | <b>(17,670)</b> | <b>80,704</b>       | <b>661,156</b>      | <b>(580,452)</b> |
| Legal Fees   | (9,402)            | 3,750              | 13,152          | 34,504              | 45,000              | 10,496           |
| Accounting Fees  | 2,457              | 2,457              | -               | 29,484              | 29,484              | -                |
| Board Compensation   | 420                | 1,500              | 1,080           | 12,495              | 18,000              | 5,505            |
| Board Expenses   | -                  | 2,083              | 2,083           | -                   | 25,000              | 25,000           |
| Consulting Fees  | -                  | 1,667              | 1,667           | 56,500              | 20,000              | (36,500)         |
| Election Expenses  | 750                | 130,000            | 129,250         | 750                 | 130,000             | 129,250          |
| Charitable Contributions   | -                  | 500                | 500             | 48,213              | 6,000               | (42,213)         |
| Community Education  | 44,597             | 7,500              | (37,097)        | 61,925              | 90,000              | 28,075           |
| Dues   | 1,000              | 1,000              | -               | 9,600               | 12,000              | 2,400            |
| Advertising  | -                  | -                  | -               | 1,810               | -                   | (1,810)          |
| MHMC Program Support   | 16,667             | 37,500             | 20,833          | 200,000             | 450,000             | 250,000          |
| MHMN Program Support   | 10,417             | 10,417             | -               | 128,524             | 125,000             | (3,524)          |
| <b>Total Expense</b>   | <b>66,906</b>      | <b>198,374</b>     | <b>131,468</b>  | <b>583,805</b>      | <b>950,484</b>      | <b>366,679</b>   |
| <b>Net Operating Income (Loss) Before Depreciation, Bond Related Revenue and Expense, and Other Non Operating Expenses</b> | <b>(29,480)</b>    | <b>(143,278)</b>   | <b>113,798</b>  | <b>(503,101)</b>    | <b>(289,328)</b>    | <b>(213,773)</b> |
| Depreciation Expense   | 990,657            | 995,265            | 4,608           | 11,887,882          | 11,943,181          | 55,299           |
| <b>Net Operating Income (Loss) Before Bond Related Revenue and Expense and Other Non Operating Expenses</b>                | <b>(1,020,137)</b> | <b>(1,138,543)</b> | <b>118,406</b>  | <b>(12,390,983)</b> | <b>(12,232,509)</b> | <b>(158,474)</b> |
| <b>Bond-Related Revenue(Expense)</b>   |                    |                    |                 |                     |                     |                  |
| Tax Revenue  | 1,366,253          | 1,366,253          | -               | 16,395,037          | 16,395,036          | 1                |
| Bond Fund Earnings   | 4,761              | -                  | 4,761           | 59,187              | -                   | 59,187           |
| Bond Interest Expense  | (1,189,889)        | (1,190,881)        | 992             | (14,290,575)        | (14,290,572)        | (3)              |
| <b>Net Income (Loss)</b>   | <b>(839,012)</b>   | <b>(963,171)</b>   | <b>124,159</b>  | <b>(10,227,334)</b> | <b>(10,128,045)</b> | <b>(99,289)</b>  |



## Tab 3



**To: MHD Finance and Audit Committee**  
**From: Eric Brettner, CFO** *EB*  
**Re: January 2023 Financial Report**  
**Date: February 16, 2023**

**I. General Comments**

These financial statements contain, in summary format, the balance sheet and income statement.

**II. Income Statement and Budget**

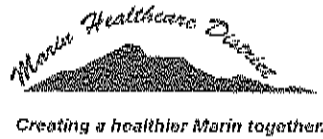
The District's net operating income for the month was \$138,364 which was favorable to budget by \$125,298. The favorable variance is driven by lower than budgeted expenses and higher than expected investment earnings. Rental revenue from the hospital lease was \$53,744 in January. Investment earnings were comprised of \$11,325 dividend and interest income as well as \$246 of realized losses and a \$105,759 increase in the value of investments. The District incurred total operating expenses of \$32,218 which was favorable to budget by \$13,781. The favorable variance was due to lower than budgeted legal expenses, and community education. Depreciation expense was \$990,657 in January. Bond Related Revenues and Expenses included \$1,338,916 of accrued tax revenues less bond fund earnings, and \$1,189,889 of bond interest expense.

**III. Balance Sheet**

**Assets**

Cash at January 31, 2023 of \$722,867 decreased by \$25,807. The decrease was due to transfers to the Hospital and to the Network for program support. Investment account balances of \$3,580,342 increased by \$116,796 from the prior month due to a \$105,759 increase in the value of investments. Tax revenue receivables are \$7,627,550 and represent amounts due from the County of Marin. The payments received from the County are deposited directly into the bond fund accounts.

The tax payments received from the County, together with the balance of the proceeds from the bonds issued in November 2015 and September 2017, net of issuance costs, are reflected in the account "Assets Limited to Use – Interest & Sinking Funds". These funds total \$10,823,344 at January 31, 2023 to be used for bond principal and interest payments.

**Liabilities and Net Assets**

Interest payable of \$7,627,550 increased by \$1,271,259 from the prior month due to the accrual of interest. Accrued expenses of \$33,476 are primarily comprised of accruals for audit fees.

Related party payables of \$58,859 include \$11,262 due from the Network for bank fees and clinic receipts and \$60,121 due to the Hospital for payments relating to audit fees, legal, and community education expenses paid on behalf of the District.

Bonds payable are separated into current (principal due within one year) and non-current (due in greater than one year). The current payable amount of \$955,000 is due in August 2023. Bond Premium represents payments by bond purchasers greater than the face amount of the bond because the stated interest rate of the bonds was higher than the market rate at the date of issuance. The premium is amortized over the life of the bonds as a reduction to interest expense. The net assets of the District are \$44,386,704.

Marin Healthcare District  
Balance Sheet  
January 31, 2023

|  | 1/31/2023          | 12/31/2022         | Change           | 12/31/2022         |
|--|--------------------|--------------------|------------------|--------------------|
| <b>Assets</b>                                    |                    |                    |                  |                    |
| <b>Current Assets</b>                            |                    |                    |                  |                    |
| Cash   | 722,867            | 748,674            | (25,807)         | 748,674            |
| Investment                                       | 3,580,342          | 3,463,546          | 116,796          | 3,463,546          |
| Tax Revenues Receivable                          | 7,242,196          | 6,216,670          | 1,025,526        | 6,216,670          |
| Prepaid Expenses                                 | 5,000              | 6,000              | (1,000)          | 6,000              |
| <b>Total Current Assets</b>                      | <b>11,550,405</b>  | <b>10,434,890</b>  | <b>1,115,515</b> | <b>10,434,890</b>  |
| Property, plant, and equipment, net              | 396,775,519        | 397,683,703        | (908,184)        | 397,683,703        |
| Parking Garage, net                              | 20,183,655         | 20,266,128         | (82,473)         | 20,266,128         |
| Assets Limited To Use - Building Funds           | 8,514              | 8,486              | 28               | 8,486              |
| Assets Limited To Use - Interest & Sinking Funds | 10,823,344         | 10,509,982         | 313,362          | 10,509,982         |
| Deposits & Retainers                             | 36,000             | 36,000             | -                | 36,000             |
| <b>Total Non-Current Assets</b>                  | <b>427,827,032</b> | <b>428,504,299</b> | <b>(677,267)</b> | <b>428,504,299</b> |
| <b>Total Assets</b>                              | <b>439,377,437</b> | <b>438,939,189</b> | <b>438,248</b>   | <b>438,939,189</b> |
| <b>Liabilities and Net assets</b>                |                    |                    |                  |                    |
| <b>Current Liabilities</b>                       |                    |                    |                  |                    |
| Accounts Payable                                 | -                  | 420                | (420)            | 420                |
| Interest Payable                                 | 7,627,550          | 6,356,291          | 1,271,259        | 6,356,291          |
| Accrued Expenses                                 | 33,476             | 58,318             | (24,842)         | 58,318             |
| Other Current Liabilities                        | -                  | -                  | -                | -                  |
| Related Party Payables                           | 58,859             | 81,972             | (23,113)         | 81,972             |
| Current Bond Maturities                          | 955,000            | 955,000            | -                | 955,000            |
| <b>Total Current Liabilities</b>                 | <b>8,674,885</b>   | <b>7,452,001</b>   | <b>1,222,884</b> | <b>7,452,001</b>   |
| Bonds Payable                                    | 363,790,000        | 363,790,000        | -                | 363,790,000        |
| Bond Premium                                     | 22,525,848         | 22,607,217         | (81,369)         | 22,607,217         |
| <b>Total Liabilities</b>                         | <b>394,990,733</b> | <b>393,849,218</b> | <b>1,141,515</b> | <b>393,849,218</b> |
| <b>Net Assets</b>                                |                    |                    |                  |                    |
| Net Assets                                       | 45,089,971         | 55,317,305         | (10,227,334)     | 55,317,305         |
| Net (Loss)/Income                                | (703,267)          | (10,227,334)       | 9,524,067        | (10,227,334)       |
| <b>Total Net Assets</b>                          | <b>44,386,704</b>  | <b>45,089,971</b>  | <b>(703,267)</b> | <b>45,089,971</b>  |
| <b>Total Liabilities and Net Assets</b>          | <b>439,377,437</b> | <b>438,939,189</b> | <b>438,248</b>   | <b>438,939,189</b> |

Marin Healthcare District  
Income Statement - Actual vs. Budget  
January 31, 2023

|  | 1/31/2023        |                  |                | Year-to-Date     |                  |                |
|--|------------------|------------------|----------------|------------------|------------------|----------------|
|  | Actual           | Budget           | Variance       | Actual           | Budget           | Variance       |
| Rental Revenue   | 53,744           | 53,743           | 1              | 53,743           | 53,743           | -              |
| Investment Earnings  | 116,838          | 5,322            | 111,516        | 116,838          | 5,322            | 111,516        |
| <b>Total Income</b>  | <b>170,582</b>   | <b>59,065</b>    | <b>111,517</b> | <b>170,581</b>   | <b>59,065</b>    | <b>111,516</b> |
| Legal Fees   | 1,952            | 5,000            | 3,048          | 1,952            | 5,000            | 3,048          |
| Accounting Fees  | 4,364            | 2,000            | (2,364)        | 4,364            | 2,000            | (2,364)        |
| Board Compensation   | 735              | 1,500            | 765            | 735              | 1,500            | 765            |
| Board Expenses   | -                | 2,083            | 2,083          | -                | 2,083            | 2,083          |
| Consulting Fees  | -                | -                | -              | -                | -                | -              |
| Election Expenses  | -                | -                | -              | -                | -                | -              |
| Charitable Contributions   | -                | 3,833            | 3,833          | -                | 3,833            | 3,833          |
| Community Education  | -                | 5,833            | 5,833          | -                | 5,833            | 5,833          |
| Dues   | 1,000            | 1,000            | -              | 1,000            | 1,000            | -              |
| Advertising  | -                | 583              | 583            | -                | 583              | 583            |
| MHMC Program Support   | 16,667           | 16,667           | -              | 16,667           | 16,667           | -              |
| MHMCN Program Support  | 7,500            | 7,500            | -              | 7,500            | 7,500            | -              |
| <b>Total Expense</b>   | <b>32,218</b>    | <b>45,999</b>    | <b>13,781</b>  | <b>32,218</b>    | <b>45,999</b>    | <b>13,781</b>  |
| <b>Net Operating Income (Loss) Before Depreciation,<br/>Bond Related Revenue and Expense, and Other Non<br/>Operating Expenses</b> | <b>138,364</b>   | <b>13,066</b>    | <b>125,298</b> | <b>138,363</b>   | <b>13,066</b>    | <b>125,297</b> |
| Depreciation Expense   | 990,657          | 992,502          | 1,845          | 990,657          | 992,502          | 1,845          |
| <b>Net Operating Income (Loss) Before Bond Related<br/>Revenue and Expense and Other Non Operating<br/>Expenses</b>                | <b>(852,293)</b> | <b>(979,436)</b> | <b>127,143</b> | <b>(852,294)</b> | <b>(979,436)</b> | <b>127,142</b> |
| <b>Bond-Related Revenue(Expense)</b>   |                  |                  |                |                  |                  |                |
| Tax Revenue  | 1,317,352        | 1,317,352        | -              | 1,317,352        | 1,317,352        | -              |
| Bond Fund Earnings   | 21,564           | -                | 21,564         | 21,564           | -                | 21,564         |
| Bond Interest Expense  | (1,189,889)      | (1,188,563)      | (1,326)        | (1,189,889)      | (1,188,563)      | (1,326)        |
| <b>Net Income (Loss)</b>   | <b>(703,266)</b> | <b>(850,647)</b> | <b>147,381</b> | <b>(703,267)</b> | <b>(850,647)</b> | <b>147,380</b> |