

MARIN HEALTHCARE DISTRICT

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

Telephone: 415-464-2090

Fax: 415-464-2094

Website: www.marinhealthcare.org

Email: info@marinhealthcare.org

BOARD OF DIRECTORS FINANCE & AUDIT COMMITTEE TUESDAY, APRIL 27, 2021 @ 4:00 P.M.

Committee:

Chair: Larry Bedard, MD

Member: Edward Alfrey, MD

Staff: David Klein, MD, CEO
Eric Brettner, CFO

Support: Louis Weiner, Executive Assistant

Others: Kate Jackson & Ety Goldstein, Moss Adams

Location:

Via Zoom video conference:

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

Meeting ID: 977 7346 0935

Passcode: 94925

Or via Zoom telephone conference:

1-669-900-9128

AGENDA

		<u>ATTACHMENT</u>
1. Call to Order / Approval of the Agenda (action)	Bedard	
2. Approval of the Minutes of the MHD Finance & Audit Committee Meeting of March 16, 2021 (action)	Bedard	#1
3. Public Comment <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>	Bedard	
4. Review and Approve Report of Independent Auditors and Financial Statements, Marin Healthcare District, for the year ended December 31, 2020 (action)	Brettner	#2
5. District Financial Reports A. February 2021 B. March 2021	Brettner	#3 #4
6. Agenda Items for Next Meeting: June 22, 2021	Brettner	
7. Adjournment	Bedard	

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, March 16, 2021 @ 4:00 pm VIA WEBEX

MINUTES

1. Call to Order

Chair Bedard called the meeting to order at 4:00 pm.

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

Committee members present via Webex: Larry Bedard, MD; Edward Alfrey, MD

Staff members present: David Klein, MD, CEO; Eric Brettner, CFO; Liz Lasnier, Controller;
Louis Weiner, Executive Assistant

It was moved, seconded and carried to approve the agenda as presented.

It was moved, seconded and carried to approve the minutes of the meeting of October 27, 2020.

3. Public Comment

There was no public comment.

4. District Financial Report, December 2020

Mr. Brettner presented the December 2020 and year-end financials beginning with the Income Statement. The positive investment earnings reflect unrealized gains. The year's revenue ended \$247k favorably. For expenses, legal fees reflect the unbudgeted \$25k paid to plaintiff's attorney for Voting Rights Act case. \$200k were accrued for expenses for the November election; the bill for that was just received, \$130k. \$51k was used in December to support the MarinHealth Medical Network's (MHMN) COVID response; the FEMA application for reimbursement has been submitted. Bond-related revenue in December shows \$8.2 from November tax receipts; interest expenses will be offset by the District tax revenues from the GO bonds.

The Balance Sheet changes shows \$366k in cash paid in December to MHMN for COVID response. Property, plant and equipment shows \$5.9M of retention payable to McCarthy that will be paid by the Revenue Bonds.

5. District Financial Report, January 2021

The Income Statement shows increase of the hospital rental income as per the lease agreement. Investment earnings show \$24k in unrealized losses. Expenses are considerably below budget in January. Bond interest expense offsets the tax revenue.

6. Agenda Items for Next Meeting

The audited financials will be on the agenda for the next meeting on April 27, 2021.

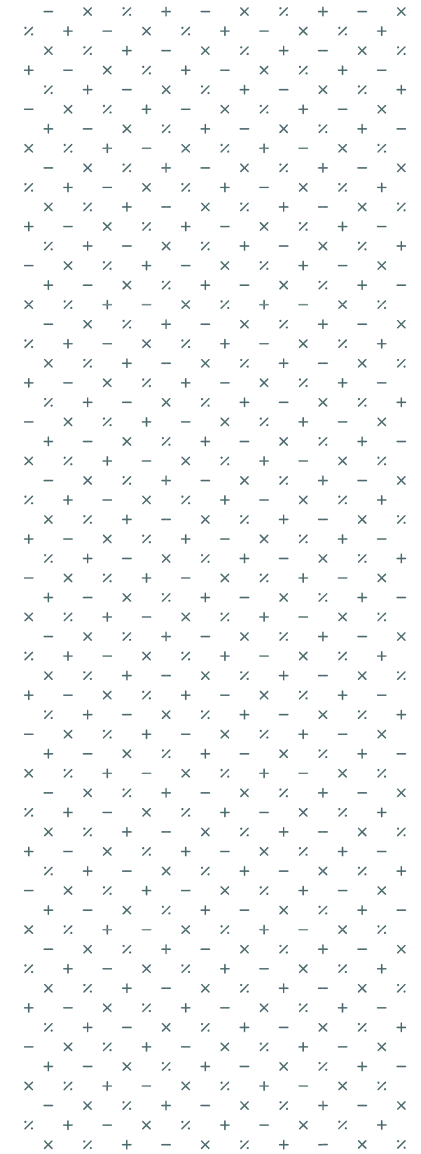
7. Adjournment

Dr. Bedard adjourned the meeting at 4:19 pm.

Tab 2



2020 Audit Results: Marin Healthcare District



Finance & Audit Committee and Board of Directors

Marin Healthcare District



1

Dear Finance & Audit Committee Members & Board of Directors:

Thank you for your continued engagement of Moss Adams LLP. We are pleased to have the opportunity to meet with you to discuss the results of our audit of the financial statements of Marin Healthcare District (“the District”) for the year ended December 31, 2020.

The accompanying report, which is intended solely for the use of the Finance & Audit Committee, Board of Directors and management, presents important information regarding the District’s financial statements and our audit that we believe will be of interest to you. It is not intended and should not be used by anyone other than these specified parties.

We conducted our audit with the objectivity and independence that you expect. We receive the full support and assistance of the District’s personnel. We are pleased to serve and be associated with the District as its independent public accountants and look forward to our continued relationship.

We look forward to discussing our report or any other matters of interest with you during this meeting.

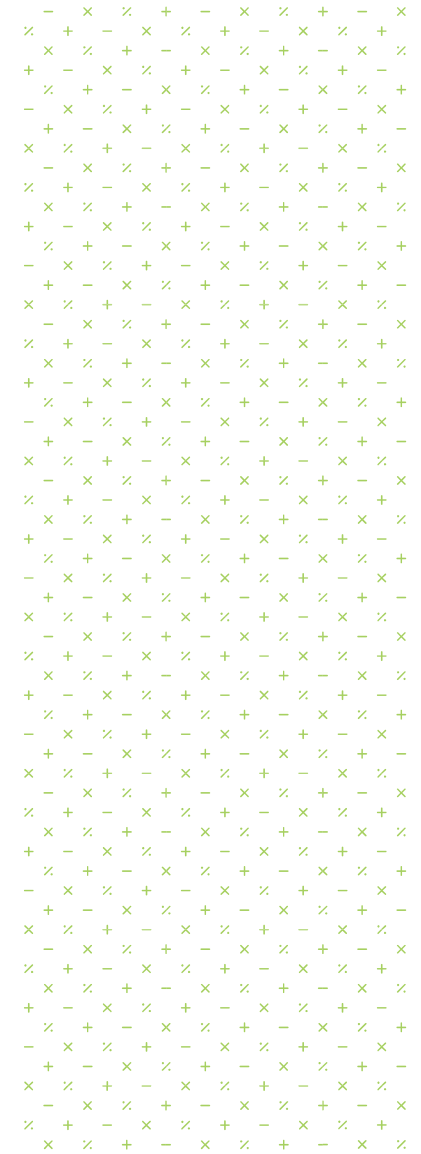
Agenda

- Auditor Opinion and Report
- Communication with Those Charged with Governance
- Financial Ratios and Metrics
- Accounting Update
- Industry Focus





Auditor Opinion & Report



Scope of Services

We have performed the following services for the District:

- Annual financial statement audit as of and for the year ended December 31, 2020.

We have also performed the following nonattest services:

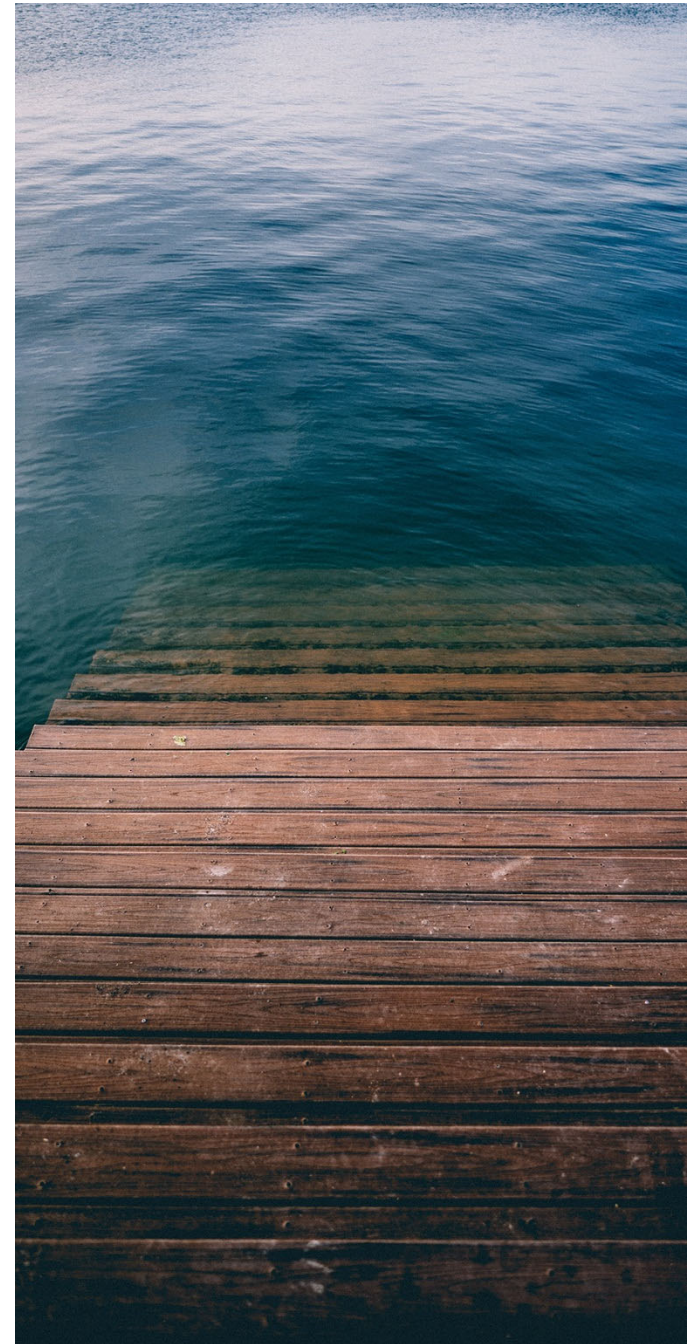
- Assisted in the drafting the financial statements of the District
- Assisted in the preparation of the Special Districts Transaction Reports



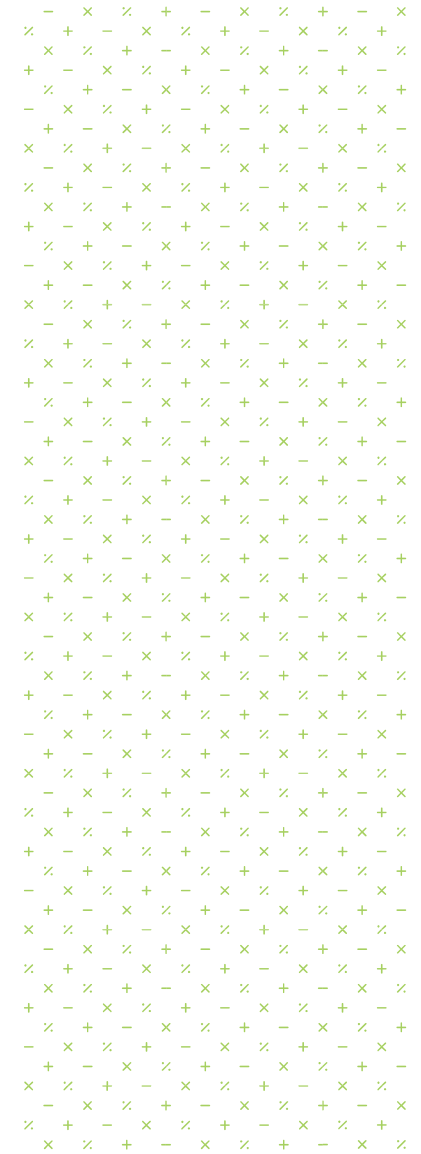
Auditor Report on the Financial Statements

Unmodified Opinion

- Financial statements are presented fairly and in accordance with US GAAP



Audit Objectives and Areas of Audit Emphasis



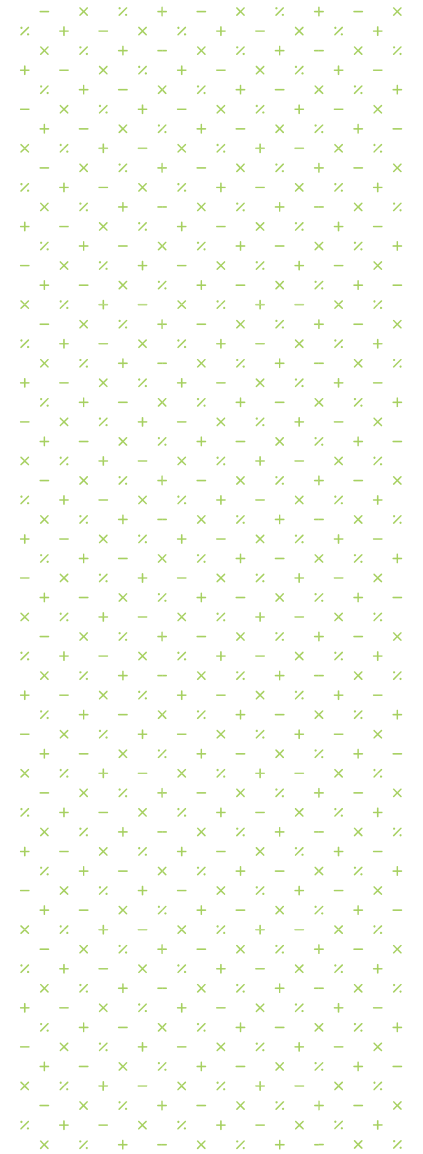
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Areas of Audit Emphasis

- Tax Assessment Receivables and Revenues - Cutoff
- Capital Assets
- Commitments and Contingencies
- Management Override of Control via Manual Journal Entries



Financial Ratios and Metrics

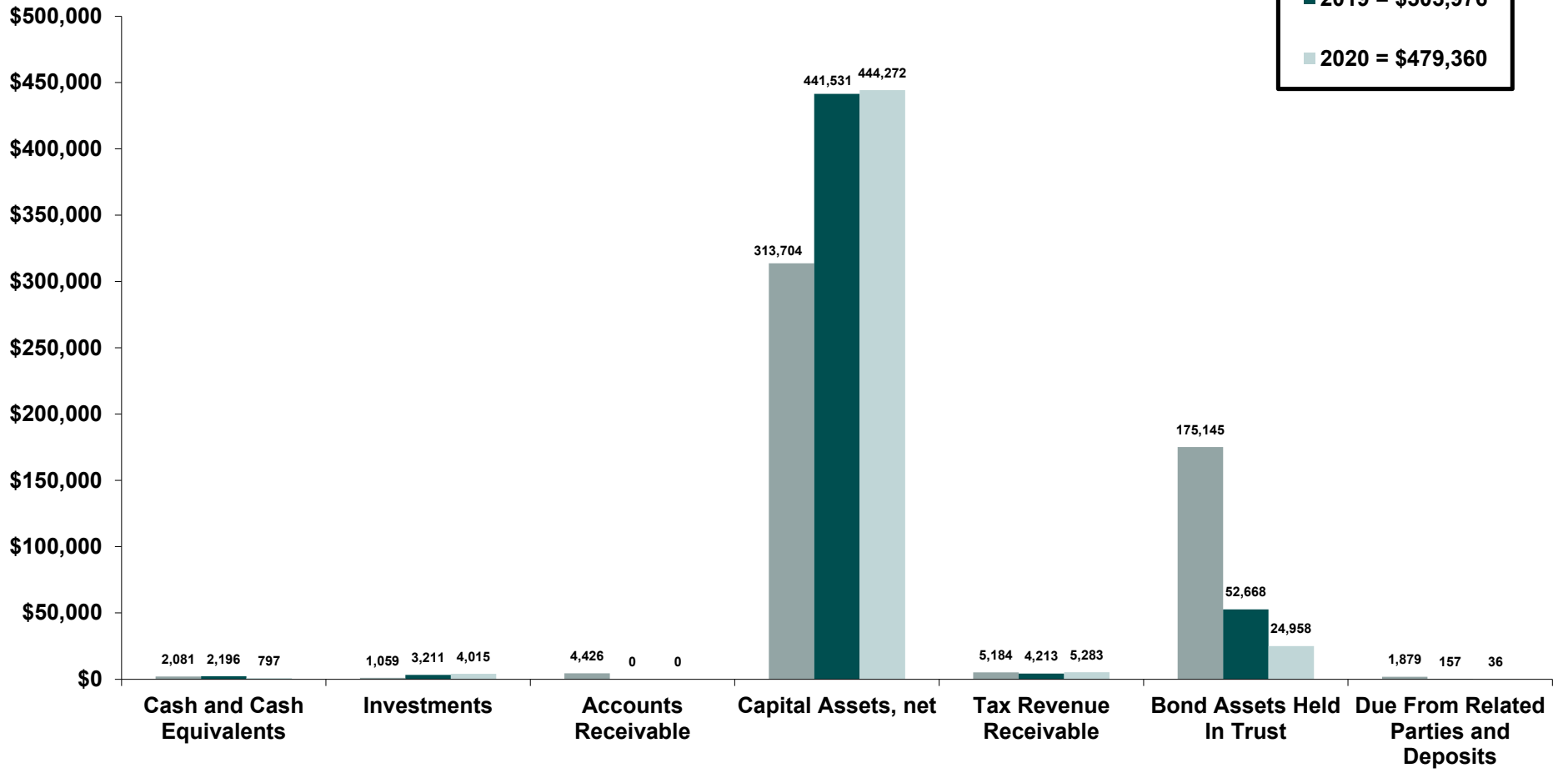


Assets (in thousands)

■ 2018 = \$503,478
■ 2019 = \$503,976
■ 2020 = \$479,360

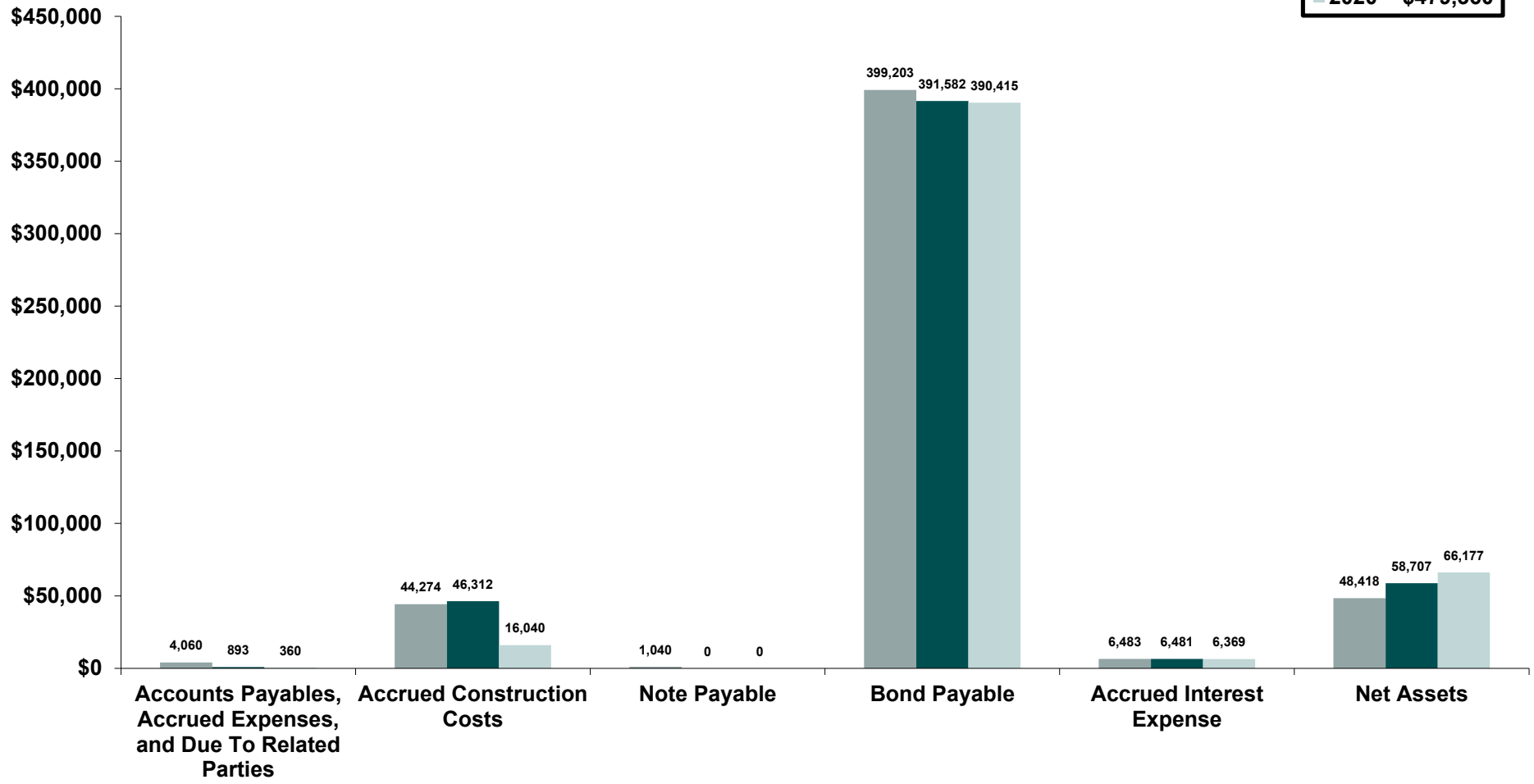


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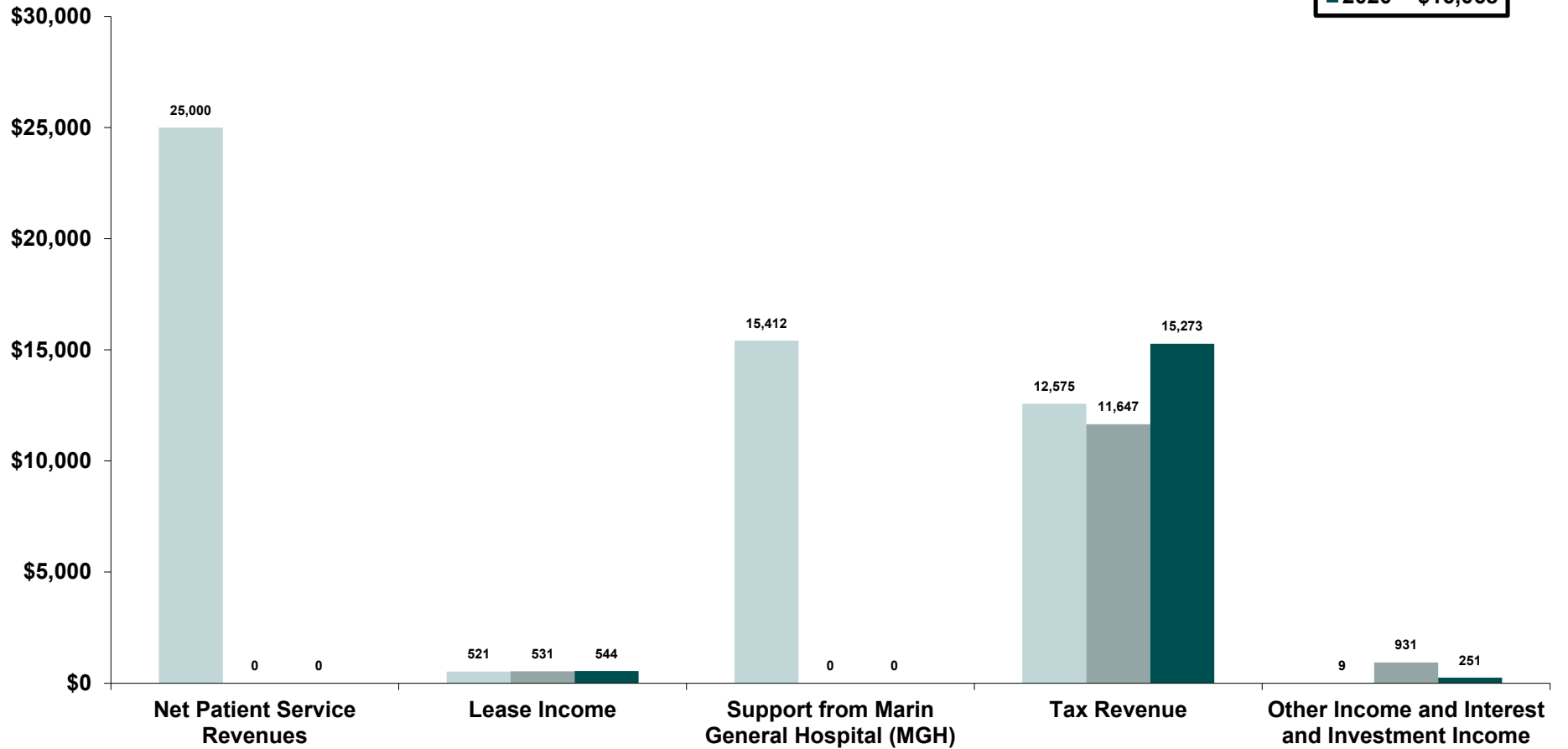
Liabilities and Net Assets (in thousands)

2018 = \$503,478
 2019 = \$503,976
 2020 = \$479,360



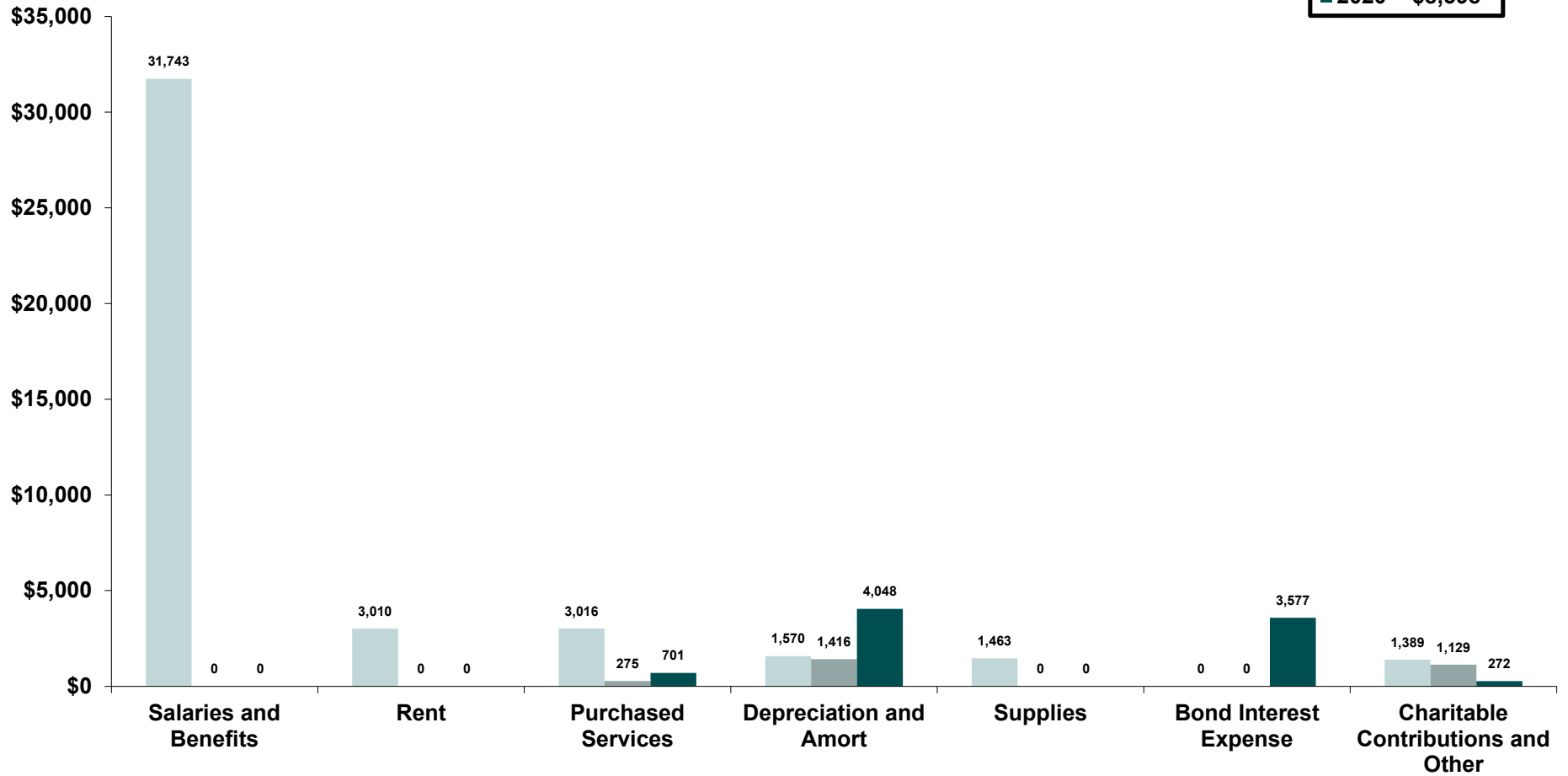
Revenues (in thousands)

2018 = \$53,517
2019 = \$13,109
2020 = \$16,068

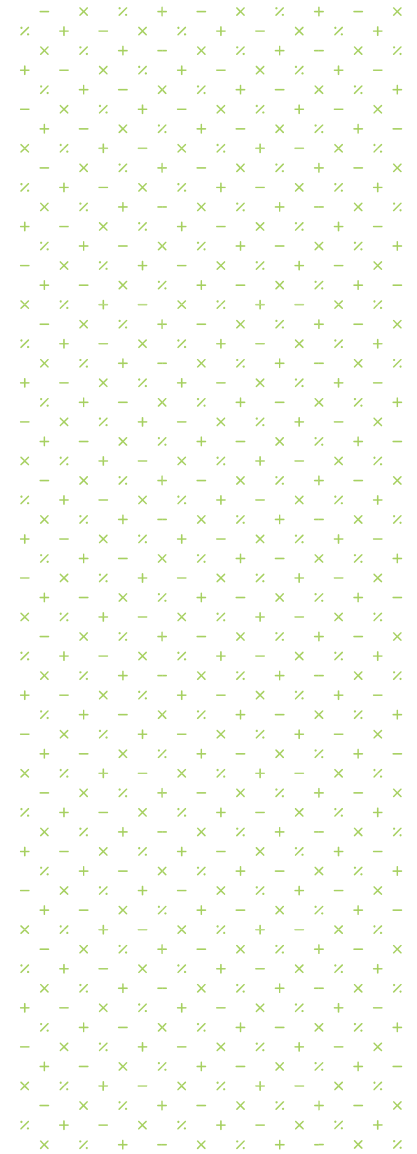


Expenses (in thousands)

■ 2018 = \$42,191
■ 2019 = \$2,820
■ 2020 = \$8,598



Communication with Those Charged with Governance



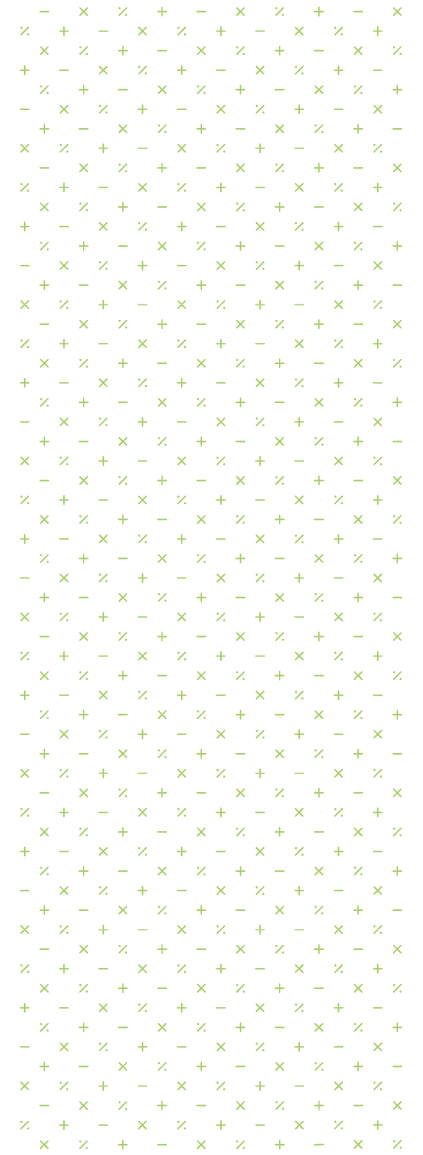
Communication with Those Charged with Governance



- Planned scope and timing of audit
- Significant accounting policies
- Accounting estimates are reasonable
- No corrected audit adjustments
- One uncorrected audit adjustments proposed to increase tax revenue and receivable by \$1,224,918. Determined by management to be immaterial to the financial statements taken as a whole.
- No issues discussed prior to our retention as auditors
- No disagreements with management
- No material weaknesses identified
- No consultation with other accountants
- No awareness of instances of fraud or noncompliance with laws and regulations
- Other matters



Accounting Update



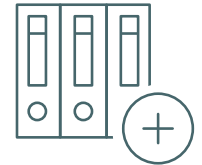
Accounting Standards Updates

GASB Standard –
Implemented and Upcoming

In May 8, 2020, the GASB issued Statement No. 95 (GASB 95) *Postponement of Dates of Certain Authoritative Guidance*. This guidance was effective immediately and postpones by one year the effective dates of Statements 83, 84, 88, 89, 90, 91, 92, and 93. Additionally the Statement postpones the effective dates of the following pronouncements by 18 months: Statement No. 87 and Implementation Guide No. 2019-3 *Leases*. The GASB encourages and permits earlier application of these standards to the extent specified in each pronouncement as originally issued.



Accounting Standards Updates



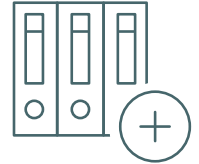
GASB Standard –
Implemented and
Upcoming

- In June 2017, the GASB issued Statement No. 87 (GASB 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. 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. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 is effective for reporting periods beginning after June 15, 2021. The District is currently evaluating the impact of this standard on the financial statements.

- In June 2018, the GASB issued Statement No. 89 (GASB 89), *Accounting for interest cost incurred before the end of construction period*. The objective of this statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. For financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset. GASB 89 is effective for reporting periods beginning after December 15, 2020. The District is currently evaluating the impact of this standard on the financial statements.



Accounting Standards Updates



GASB Standard –
Implemented and
Upcoming

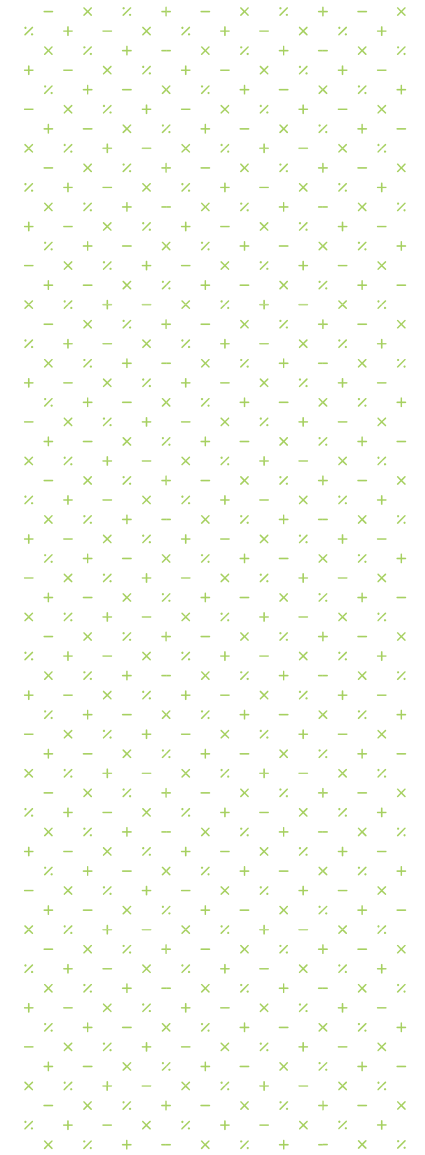
- In May 2019, the GASB issued Statement No. 91 (GASB 91), *Conduit Debt Obligations*. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of GASB 91 are effective for reporting periods beginning after December 15, 2021. The District is currently evaluating the impact of this standard on the financial statements.

- In April 2018, the GASB issued Statement No. 88 (GASB 88), *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings, and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of GASB 88 are effective for reporting periods beginning after June 15, 2018. There was no material impact on the District's financial statements as a result of adopting this standard.





Industry Focus



District and Health Systems

Moss Adams serves more than 200 Districts and health systems, ranging in size from 15 to over 1,000 beds. We offer tailored solutions and health care consulting services to our for-profit, government, and not-for-profit entities. Our clients include:

- Integrated health systems
- University-based Districts
- Tertiary-care teaching Districts
- Community and sole community Districts
- District Districts
- Critical access Districts
- Pediatric Districts



Additional Services

Audit and tax are vital. But you have complex needs that go beyond these core functions. Our dedicated health care consulting team provides a range of services to address all your needs—both now and in the future.



Health Care Consulting		
<p>COST REIMBURSEMENT</p> <ul style="list-style-type: none"> Medicare & Medicaid Provider-based Licensure & Certification Medical Education Uncompensated Care 	<p>GOVERNMENT COMPLIANCE</p> <ul style="list-style-type: none"> Regulatory Compliance Coding Validation Coding Department Redesign EHR Internal Controls Corporate Compliance 	<p>OPERATIONAL IMPROVEMENT</p> <ul style="list-style-type: none"> Revenue Cycle Enhancement Claims Recovery Litigation Support Employer Health Benefits Lean Consulting
<p>STRATEGY & INTEGRATION</p> <ul style="list-style-type: none"> Provider Risk Analysis, Contracting & Operational Design M&A Support Feasibility Studies Market Intelligence & Benchmarking Service Line Enhancement Strategic Planning & Implementation 	<p>INFORMATION TECHNOLOGY</p> <ul style="list-style-type: none"> HIPAA Security and Privacy Network Security & Penetration Testing HITRUST Assessment & Certification SOC Pre-Audit Gap Analysis & Readiness SOC Audits 	

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THANK
YOU



FINAL DRAFT

*Report of Independent Auditors and
Financial Statements*

Marin Healthcare District

December 31, 2020 and 2019

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Management's Discussion and Analysis

FINAL DRAFT

Marin Healthcare District Management's Discussion and Analysis For the Years Ended December 31, 2020 and 2019

This section of Marin Healthcare District's (the District) financial statements presents management's discussion and analysis of the financial activities of the District for fiscal years ended December 31, 2020 and 2019. We encourage the reader to consider the information presented here in conjunction with the financial statements as a whole.

INTRODUCTION TO THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's audited financial statements. This annual report is prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.

The required financial statements include the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows. The notes to financial statements, and this summary, provide support to these statements. All information must be considered together to obtain a complete understanding of the financial picture of the District.

Statement of Net Position

This statement includes all assets and liabilities using the accrual basis of accounting as of the statement date. The difference between the two classifications is represented as "net position" this section of the statement identifies major categories of restrictions on these assets and reflects the overall financial position of the District as a whole.

Statement of Revenues, Expenses, and Changes in Net Position

This statement presents the revenues earned and the expenses incurred during the year using the accrual basis of accounting. Under the accrual basis, all increases or decreases in net position are reported as soon as the underlying event occurs, regardless of the timing of the cash flow. Consequently, revenues and/or expenditures reported during this fiscal year may result in changes to cash flows in a future period.

Statement of Cash Flow

This statement reflects inflows and outflows of cash, summarized by operating, capital and noncapital and related financing, and investing activities. The direct method was used to prepare this information, which means gross rather than net amounts were presented for the year's activities.

Notes to Financial Statements

This additional information is essential to a full understanding of the data reported in the financial statements. The District is a political subdivision of the state of California. It is the sole member of Marin General Hospital, dba MarinHealth Medical Center (MHMC) and is governed by a publicly-elected Board of Directors.

**Marin Healthcare District
Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019**

ANALYTICAL REVIEW

The statement of net position and statement of revenues, expenses, and changes in net position present a summary of the District's activities.

Condensed Statements of Net Position

	December 31,		
	2020	2019	2018
Current and other assets	\$ 35,088,843	\$ 62,444,589	\$ 189,772,393
Capital assets, net of accumulated depreciation	444,271,644	441,531,179	313,704,244
Total assets	\$ 479,360,487	\$ 503,975,768	\$ 503,476,637
Current portion of bond payable	\$ 430,000	\$ 190,000	\$ 6,645,000
Other current liabilities	22,768,542	53,687,121	55,846,433
Bond payable, net of current portion	389,985,067	391,391,492	392,557,917
Long-term debt and other long-term liabilities	-	-	9,333
Total liabilities	413,183,609	445,268,613	455,058,683
Net position			
Net investment in capital assets	62,774,429	56,305,759	45,371,757
Unrestricted	3,402,449	2,401,396	3,046,197
Total net position	66,176,878	58,707,155	48,417,954
Total liabilities and net position	\$ 479,360,487	\$ 503,975,768	\$ 503,476,637

Total assets decreased by 5% or \$24,615,281 as of December 31, 2020, compared to December 31, 2019, primarily due to decrease in assets limited to use – bond funds. Total assets increased by 0.1% or \$499,131 as of December 31, 2019, compared to December 31, 2018, primarily due to capital asset additions.

Liabilities decreased by 7% or \$32,085,004 as of December 31, 2020, compared to December 31, 2019, primarily due to reduction in accrued construction costs. Liabilities decreased by 2% or \$9,790,070 as of December 31, 2019, compared to December 31, 2018, as a result of \$6,645,000 in bond payments and the absorption of notes payables by Marin Health Medical Center (MHMC) from the healthcare clinics (Clinics) transfer of operations.

The overall changes to net position is an increase of \$7,469,723, resulting in a December 31, 2020, balance of \$66,176,878. An unrestricted net position of \$3,402,449 exists for the year ended December 31, 2020, as a result of resources in excess of net investments in capital assets.

**Marin Healthcare District
Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019**

Condensed Statement of Revenue, Expenses, and Changes in Net Position

	Years ended December 31,		
	2020	2019	2018
Operating revenues	\$ 582,339	\$ 531,124	\$ 25,521,423
Operating expenses	5,020,327	1,764,623	42,188,820
Operating loss	(4,437,988)	(1,233,499)	(16,667,397)
Support from MHMC	-	-	15,412,259
Bond issuance costs	-	-	(1,884)
Tax revenue	15,272,793	11,647,284	12,574,707
Bond interest expense	(3,577,456)	-	-
Interest expense	-	-	(339)
Interest and investment income	212,374	160,244	9,304
Total nonoperating revenues, net	11,907,711	11,807,528	27,994,047
Gain on sale of Clinics assets	-	770,096	-
Transfer of payment for sale of Clinics assets to MHMC	-	(1,054,924)	-
Total special and extraordinary items	-	(284,828)	-
Increase in net position	<u>\$ 7,469,723</u>	<u>\$ 10,289,201</u>	<u>\$ 11,326,650</u>

Operating Revenues and Expenses

For the years ending December 31, 2020 and 2019, operating losses were primarily due to the depreciation incurred by the District. For year ending December 31, 2018, the operating loss was primarily due to the losses incurred from the 1206(b) clinics. The 1206(b) clinic operating deficits were funded by MHMC.

Nonoperating Revenues and Expenses

Tax revenue represents property tax assessments by Marin County on District property owners, which will be used to make bond interest and principal payments in the future. Property tax assessments are based upon expected debt service for the following year and vary depending on scheduled bond principal and interest payment amounts. For the year ending December 31, 2018, under terms of an agreement with the District, MHMC provided support to the District equal to the losses incurred by the 1206(b) clinics.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The Hospital Facilities Seismic Upgrade Act (SB 1953)

The District has assumed responsibility for compliance with the Hospital Facilities Seismic Upgrade Act (SB 1953) classification SPC2 and through Hazus 2010. The District has received an extension to 2030.

Business Segment Disposal

In January 2019 the District entered into an agreement with Prima Medical Foundation, dba MarinHealth Medical Network (MHMN) and University of California, San Francisco (UCSF), whereby the Clinic's physicians rendered their services and professional service agreements to the UCSF academic license 1206(g). As part of the agreement, MHMN gained control and operation of the Clinics, and assumed responsibility of all the District's prepaid assets, intangible assets, property leases, and notes payable related to the Clinics. Furthermore, on January 1, 2019, the District entered into a purchase and sale agreement with MHMN for the purchase of capital assets and inventory.

Measure F

On November 5, 2013, the voters of the District passed Measure F, which authorized the District to issue \$394,000,000 in bonds to improve the MHMC facility and related facilities with new construction, acquisitions, and renovations.

In November 2015, the District issued \$170,000,000 of bonds, at a premium, resulting in total proceeds of \$178,687,120. A portion of those proceeds were used to reimburse MHMC for the construction of a parking structure and for design and site improvements preparatory to the commencement of construction of the new hospital facility.

In September 2017, the District issued \$224,000,000 of bonds, at a premium, resulting in total proceeds of \$243,612,033. The proceeds continue to be used for the construction of the new hospital facility.

**Marin Healthcare District
Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019**

BUDGET RESULTS

The Board of Directors approves the operating budget of the District. The budget remains in effect the entire period, but is updated as needed for internal management use to reflect changes in activity and approved variances. A budget comparison and analysis for the year ended December 31, 2020, is presented below.

	<u>Actual</u>	<u>Budget</u>
Operating revenues	\$ 582,339	\$ 541,215
Operating expenses	<u>5,020,327</u>	<u>9,193,352</u>
Operating loss	<u>(4,437,988)</u>	<u>(8,652,137)</u>
Tax revenue	15,272,793	12,731,482
Bond interest expense	(3,577,456)	-
Interest and investment income	<u>212,374</u>	<u>3,000</u>
Nonoperating revenues	<u>11,907,711</u>	<u>12,734,482</u>
Change in net position	<u>\$ 7,469,723</u>	<u>\$ 4,082,345</u>

The budget above is for the operations of the District, which includes bond-related revenue and expenses.

Operating revenues – The majority of the District's operating revenues are comprised of rental revenue earned from MHMC, with a trivial amount of other revenue, and were in excess of budget by \$41,124.

Operating expenses – The District conducts programs such as community healthcare education and support for hospital programs. The District's operating expenses were \$4,173,025 under budget, due to interest expense related to the bonds that no longer qualifies for capitalization as the hospital facility was completed on September 30, 2020.

Tax revenue – The District earned tax revenue, which represents property tax assessments by Marin County on District property owners, which will be used to make bond interest and principal payments in the future.

Interest and investment income – The District earned interest and dividend income from the accounts in which the investments are held.

**Marin Healthcare District
Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019**

CAPITAL ASSETS

As of December 31, 2020, the District had \$444,271,644 invested in a variety of capital assets, as reflected in the following schedule, which represent a net increase (additions less depreciation) of \$2,740,465 from December 31, 2019. The increases in year ended December 31, 2020, is the result of the construction of the new hospital facility which was completed and moved to depreciable capital assets on September 30, 2020.

	Balance at	
	December 31, 2020	December 31, 2019
Land and improvements	\$ 865,701	\$ 865,701
Construction in progress	-	412,438,343
Building	474,174,562	54,948,220
Equipment	18,784,416	18,784,416
Less accumulated depreciation	(49,553,035)	(45,505,501)
Capital assets, net of accumulated depreciation	\$ 444,271,644	\$ 441,531,179

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is intended to provide citizens, taxpayers, and creditors with a general overview of the District's finances. Questions about this report should be directed to Marin Healthcare District to the attention of the chief financial officer or the chair of the finance and audit committee at 415-464-2090.

FINAL DRAFT

Report of Independent Auditors

To the Board of Directors
Marin Healthcare District

Report on Financial Statements

We have audited the accompanying financial statements of Marin Healthcare District (the District), which comprise the statements of net position as of December 31, 2020 and 2019, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the California Code of Regulations, Title 2, Section 1131.2, State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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 the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marin Healthcare District as of December 31, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 1 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

Sacramento, California

, 2021

Financial Statements

FINAL DRAFT

Marin Healthcare District
Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 797,054	\$ 2,196,243
Investments	4,015,498	3,210,664
Current portion of bond assets held in trust	8,917,852	10,164,146
Tax revenue receivable	5,282,713	4,212,709
Due from related parties	-	120,788
Total current assets	<u>19,013,117</u>	<u>19,904,550</u>
Deposits	36,000	36,000
Capital assets, net of accumulated depreciation	444,271,644	441,531,179
Bond assets held in trust, net of current portion	<u>16,039,726</u>	<u>42,504,039</u>
Total assets	<u>\$ 479,360,487</u>	<u>\$ 503,975,768</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ -	\$ 496
Accrued expenses	243,410	28,416
Accrued construction costs	16,039,726	46,312,113
Accrued interest expense	6,369,271	6,481,604
Due to related parties	116,135	864,492
Current portion of bonds payable	<u>430,000</u>	<u>190,000</u>
Total current liabilities	23,198,542	53,877,121
Bonds payable, net of current portion	<u>389,985,067</u>	<u>391,391,492</u>
Total liabilities	<u>413,183,609</u>	<u>445,268,613</u>
NET POSITION		
Net investment in capital assets	62,774,429	56,305,759
Unrestricted	<u>3,402,449</u>	<u>2,401,396</u>
Total net position	<u>66,176,878</u>	<u>58,707,155</u>
Total liabilities and net position	<u>\$ 479,360,487</u>	<u>\$ 503,975,768</u>

Marin Healthcare District
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Lease income	\$ 543,991	\$ 531,124
Other income	38,348	-
	<u>582,339</u>	<u>531,124</u>
OPERATING EXPENSES		
Purchased services	700,767	275,203
Depreciation and amortization	4,047,534	1,415,652
Charitable contributions	53,285	-
Other	218,741	73,768
	<u>5,020,327</u>	<u>1,764,623</u>
OPERATING LOSS	<u>(4,437,988)</u>	<u>(1,233,499)</u>
NONOPERATING REVENUES (EXPENSES)		
Tax revenue	15,272,793	11,647,284
Interest and investment income	212,374	160,244
Bond interest expense	(3,577,456)	-
	<u>11,907,711</u>	<u>11,807,528</u>
SPECIAL AND EXTRAORDINARY ITEMS		
Gain on sale of healthcare clinics (Clinics) assets	-	770,096
Transfer of payment for sale of Clinics assets to MHMC	-	(1,054,924)
	<u>-</u>	<u>(284,828)</u>
INCREASE IN NET POSITION	7,469,723	10,289,201
NET POSITION, beginning of year	<u>58,707,155</u>	<u>48,417,954</u>
NET POSITION, end of year	<u>\$ 66,176,878</u>	<u>\$ 58,707,155</u>

Marin Healthcare District
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from tenants	\$ 582,339	\$ 531,124
Receipts from patients	-	4,426,206
Payments to suppliers and others	(1,385,864)	(2,770,530)
Net cash (used in) provided by operating activities	(803,525)	2,186,800
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Payments from MHMC for operations	-	(75,562)
Net cash used in noncapital and related financing activities	-	(75,562)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds on sale of Clinics assets	-	1,054,924
Purchases of capital assets	(26,628,843)	(115,595,295)
Principal payments on bonds payable	(190,000)	(6,645,000)
Tax revenue related to general obligation bonds	14,202,789	12,618,835
Payment of notes payable to physicians	-	(4,302)
Transfer of payment for sale of Clinics assets to MHMC	-	(1,054,924)
Interest payments on bonds payable	(15,097,757)	(15,555,850)
Net cash used in capital and related financing activities	(27,713,811)	(125,181,612)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(4,206,046)	(2,095,601)
Proceeds from sales and maturities of Investments	3,591,915	-
Purchase of bond assets held in trust	(20,293,189)	(19,267,009)
Proceeds from sales and maturities of bond assets held in trust	47,818,692	144,444,363
Earnings on investments	206,775	103,927
Net cash provided by investing activities	27,118,147	123,185,680
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,399,189)	115,306
CASH AND CASH EQUIVALENTS, beginning of year	2,196,243	2,080,937
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 797,054</u>	<u>\$ 2,196,243</u>

Marin Healthcare District
Statements of Cash Flows (Continued)
Years Ended December 31, 2020 and 2019

	2020	2019
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES		
Operating loss	\$ (4,437,988)	\$ (1,233,499)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	4,047,534	1,415,652
Changes in certain assets and liabilities:		
Patient accounts receivable	-	4,426,206
Prepaid expenses	-	253,792
Due from related parties	120,788	-
Deposits	-	33,633
Intangibles	-	457,827
Accounts payable	(496)	22,686
Accrued expenses	214,994	(3,189,497)
Due to related parties	(748,357)	-
	<u>\$ (803,525)</u>	<u>\$ 2,186,800</u>
Net cash (used in) provided by operating activities	<u>\$ (803,525)</u>	<u>\$ 2,186,800</u>
SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION		
Gain on sale of healthcare clinics (Clinics) assets	<u>\$ -</u>	<u>\$ 770,096</u>

Marin Healthcare District

Notes to Financial Statements

NOTE 1 – BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Reporting entity – Marin Healthcare District (the District) is a political subdivision of the state of California. District directors are elected officials whose sole mission is to promote the health and welfare of the residents of the communities served by the District. The District operated the Marin General Hospital facility (the Hospital Facility) until 1985, when it reorganized in compliance with local hospital district law of the state of California.

The District's principal asset is hospital property, plant, and equipment. The Hospital Facility is a general acute-care facility located in Marin County, California, and provides inpatient and outpatient healthcare services. Inpatient facilities consist of medical-surgical, pediatrics, maternity, nursery, intensive care, coronary, psychology, radiology, and laboratory services. The Hospital Facility is leased to Marin General Hospital, dba MarinHealth Medical Center (MHMC). The financial information of MHMC is not included in these financial statements.

Effective June 30, 2010, the District became the sole member of MHMC and appointed its initial Board of Directors. The MHMC Board is responsible for oversight of the operations of MHMC and the District has certain ongoing reserve powers and governance oversight responsibilities.

The District is also a forum for discussion of local healthcare issues, promotes healthcare services within the community, and acts on behalf of the public as an advocate of high quality, reasonably priced healthcare services.

Business segment disposal – On January 1, 2019, the District entered into an agreement with Prima Medical Foundation, dba MarinHealth Medical Network (MHMN) and University of California, San Francisco (UCSF), whereby the Clinic's physicians rendered their services and professional service agreements to the UCSF academic license 1206(g). As part of the agreement, MHMN gained control and operation of the Clinics, and assumed responsibility of all the District's prepaid assets, intangible assets, property leases, and notes payable related to the Clinics. Furthermore, on January 1, 2019, the District entered into a purchase and sale agreement with MHMN for the purchase of capital assets and inventory. Refer to Note 11 for additional information.

In August 2017, California Healthcare Medical Billing, Inc. (CHMB), assumed the billing and collection services for the 1206(b) Clinics of the District, which as of January 1, 2019, was assumed by MHMN.

Proprietary fund accounting – The activities of the District are accounted for as an Enterprise Fund. Enterprise Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under the method, revenues are recorded when earned and expenses are recorded at the time obligations are incurred. Tax revenue is recognized in the period in which the property tax is levied. Tax revenue is collected by the County for payment, when due, of the principal and interest on the bonds.

Accounting standards – Pursuant to Government Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements*, the District's proprietary fund accounting and financial reporting practices are based on all applicable GASB pronouncements as well as codified pronouncements issued on or before November 30, 1989, and the California Code of Regulations, Title 2, Section 1131.2, State Controller's Minimum Audit Requirements for California Special Districts and the State Controller's Office prescribed reporting guidelines.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, property tax revenue, and investment earnings, result from nonexchange transactions or ancillary activities.

The District may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net positions may be available to finance program expenditures. The District's policy is to first apply restricted grant resources to such programs, followed by general revenues, if necessary.

New accounting standards – In May 2020, the GASB issued Statement No. 95 (GASB 95), *Postponement of Dates of Certain Authoritative Guidance*. This guidance postpones by one year the effective dates of Statements 83, 84, 88, 89, 90, 91, 92, and 93 to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. Additionally the Statement postpones the effective dates of the following pronouncements by 18 months: Statement No. 87 and Implementation Guide No. 2019-3 *Leases*. The GASB encourages and permits earlier application of these standards to the extent specified in each pronouncement as originally issued. There was no material impact on the District's financial statements as a result of adopting GASB 95 in 2020.

Use of estimates – The financial statements have been prepared in conformity with U.S. generally accepted accounting principles, and as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

Net position – Net position is the excess of all the District's assets over all its liabilities, regardless of fund. Net position is divided into three components. These captions apply only to net position, which is determined only at the government-wide level and are described below:

Net investment in capital assets: The portion of the net position that is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted: The portion of net position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions, which the District cannot unilaterally alter. The District has no restricted net positions.

Unrestricted: The portion of net position that is not restricted to use.

Cash and cash equivalents – Cash and cash equivalents include cash in bank checking, money market funds, and investments in highly liquid debt instruments with a maturity of three months or less when purchased.

Investments – Investments consist of mutual funds and are stated at fair value. Realized gains and losses, unrealized gains and losses, and interest are included in the statements of revenue, expenses, and changes in net position as other revenue. Interest of \$4,338 and \$8,325, and realized and unrealized gains of \$208,036 and \$151,919 for the years ended December 31, 2020 and 2019, respectively, are included in interest and investment income on the statement of revenues, expenses and change in net position.

Bond assets held in trust – The District reports all investments at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers. Realized and unrealized gains of \$185,103 and \$2,700,797 offset capitalized interest which is included in capital assets on the statement of net position as of December 31, 2020 and 2019, respectively.

Marin Healthcare District Notes to Financial Statements

Capital assets – Capital assets are recorded at cost. Depreciation is provided for on the straight-line basis over the estimated useful lives of the assets. The capitalization threshold is \$5,000.

Capital assets are considered impaired when their service utility declines significantly and unexpectedly. An impairment loss is recognized for the difference between the carrying value of the asset and its fair value or adjusted depreciated value, depending on the nature of the impairment. No impairment was recorded for the year ended December 31, 2020 and 2019.

Asset impairment – The District also evaluates the carrying value of its long-lived assets other than capital assets for potential impairment. The evaluations address the estimated recoverability of the assets' carrying value. When events or changes in circumstances indicate that the carrying value may not be recoverable, the excess of the carrying value over the fair value is recorded as impairment. No impairment was recorded for the year ended December 31, 2020 and 2019.

Risk management – The District 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 the District carries commercial insurance.

Lease income – The District recognizes lease income and reimbursement of operating expenses when earned. The District derives all of its lease income from MHMC (see Note 5).

Operating revenues and expenses – The District's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from leasing the Hospital Facility to MHMC. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred in order to lease the Hospital Facility.

Grants and contributions – The District may periodically receive grants and contributions from other governmental entities, individuals, or private organizations; revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Amortization of bond premiums – Premiums arising from the issuance of bonds are capitalized and amortized using the straight-line amortization method, which approximates the effective interest method.

**Marin Healthcare District
Notes to Financial Statements**

NOTE 2 – CASH, CASH EQUIVALENTS, INVESTMENTS, AND BOND ASSETS HELD IN TRUST

The District's cash, cash equivalents, investments, and bond assets held in trust as of December 31, were as follows:

	2020	2019
Cash in bank	\$ 473,401	\$ 1,876,567
State of California's Local Agency Investment Fund (LAIF)	323,653	319,676
	797,054	2,196,243
Investments		
Mutual funds	2,055,703	3,210,664
Money market funds	610,110	-
U.S. fixed income commingled funds	1,349,685	-
	4,015,498	3,210,664
Bond assets held in trust		
Money market funds	13,887,949	13,965,766
U.S. Treasury obligations	11,069,629	38,702,419
	24,957,578	52,668,185
Total	\$ 29,770,130	\$ 58,075,092

Cash balances from all funds are combined and invested, to the extent possible, pursuant to the District Board's approved Investment Policy and Guidelines and Statement Government Code. The District's investments are carried at fair value.

Cash in bank – Cash in the bank represents amounts held in the District's general operating accounts.

LAIF – The District places certain funds with the LAIF. The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California and the Pooled Money Investment Board. The state Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in this pool is reported in the accompanying financial statements based upon the District'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 monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. Funds are accessible and transferable to the master account with 24 hours' notice. Financial statements for LAIF can be obtained from the California State Treasurer's Office, 915 Capitol Mall, Suite 110, Sacramento, California, 95814.

Marin Healthcare District Notes to Financial Statements

The management of the state of California Pooled Money Investment Account has indicated to the District that as of December 31, 2020 and 2019, the estimated market value of the pool (including accrued interest) was \$29,719,484 and \$29,214,977, respectively. The District's proportionate share of that value is \$323,653 and \$319,676 as of December 31, 2020 and 2019, respectively.

Mutual funds and money market funds – The District's mutual funds and money market funds are primarily invested in government and corporate debt, asset backed securities, U.S. Treasury securities, and global debt. The objective of these funds is to provide steady cash flow to investors.

U.S. fixed income commingled funds – This class includes investments in commingled funds that invest primarily in domestic equity or debt securities. The objective of these investments is to capture similar market returns in their respective indices. The funds' underlying positions are all marketable and priced regularly, but the majority of the funds themselves are priced monthly on a net asset value basis. U.S. fixed income commingled funds are accessible for full liquidity on a daily basis.

Bond assets held in trust – Investments from proceeds of bond issuances are restricted by applicable California law and the various bond resolutions associated with each issuance, generally, to certain types of investments. These investments include obligations of the United States of America, Federal Housing Administration debentures, obligations of government-sponsored agencies, unsecured certificates of deposits, demand deposits, time deposits and bankers' acceptances, deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation in banks, commercial paper, money market funds, state obligations, the Marin County Investment Pool, and LAIF.

The District's investments include amounts held in trust by the paying agent. The District currently invests in money market funds, and U.S. Treasury obligations, and management regularly monitors the credit rating of the investment companies issuing the investments as part of monitoring the District's exposure to credit risk.

Investment risk factors – Many factors can affect the value of investments such as credit risk, custodial credit risk, and concentration of credit risk.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy requires that, to be eligible for investment, the investments shall be rated "AAm" or "AAm-G" by S&P or better and the investment pool maintained by the county in which the District is located or other investment pools, in either case, so long as such pool is rated in one of the two highest rating categories by S&P and Moody's. As of December 31, 2020 and 2019, the investments held are all considered investment grade and are rated equal to or greater than AAm or AAm-G by S&P and Moody's.

Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District 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 custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

California law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the District's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California law, this collateral is held in the District's name and places the District ahead of general creditors of the institution.

Concentration of credit risk – Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the District to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. The securities the District is invested in as of December 31, 2020 and 2019, are subject to the quality, diversification, and other requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended and other rules of the Securities and Exchange Commission. The District will only purchase securities that present minimal credit risk.

NOTE 3 – FAIR VALUE OF MEASUREMENTS

GASB 72, Fair Value Measurement and Application, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets.

Marin Healthcare District Notes to Financial Statements

The following tables present information about the District's assets measured at fair value on a recurring basis as of December 31:

2020				
Fair Value at Reporting Date Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market funds	\$ 14,498,059	\$ -	\$ -	\$ 14,498,059
U.S. treasury obligations	11,069,629	-	-	11,069,629
Mutual funds				
Govt/Corp intermediate	1,386,245	-	-	1,386,245
Corp/Pref-high yield	669,458	-	-	669,458
Total mutual funds	<u>2,055,703</u>	<u>-</u>	<u>-</u>	<u>2,055,703</u>
	<u>27,623,391</u>	<u>-</u>	<u>-</u>	<u>27,623,391</u>
U.S. fixed income commingled funds*	-	-	-	1,349,685
Total investments	<u>\$ 27,623,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,973,076</u>

*The amounts of marketable securities measured at net asset value (NAV) presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of net position.

2019				
Fair Value at Reporting Date Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market funds	\$ 13,965,766	\$ -	\$ -	\$ 13,965,766
U.S. treasury obligations	38,702,419	-	-	38,702,419
Mutual funds				
Asset backed securities	478,021	-	-	478,021
Global debt	963,681	-	-	963,681
Govt/Corp intermediate	1,449,820	-	-	1,449,820
Corp/Pref-high yield	319,142	-	-	319,142
Total mutual funds	<u>3,210,664</u>	<u>-</u>	<u>-</u>	<u>3,210,664</u>
Total investments	<u>\$ 55,878,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,878,849</u>

During 2020 and 2019, there was no activity in Level 3 investments.

Marin Healthcare District Notes to Financial Statements

Commingled funds are reported at fair value as reported by the fund managers based on discounted cash flows, estimated market values, and other unobservable inputs. The commingled funds report fair value using a calculated NAV. There are no redemption limitations, except as noted below, or unfunded commitments at December 31, 2020.

Commingled Fund	Redemption	Redemption Notice Period	Redemption Availability
U.S. fixed income commingled funds	Any business day of each month	2 business days prior to trade date	Within 2 business days after trade date (subject to liquidity limitations)

GASB Statement No. 40 requires the District to disclose the maturities of its investments (other than U.S. government obligations or obligations guaranteed by the U.S. government). A summary of scheduled maturities by investment type as of December 31, follows:

		2020			
		Investment maturities (in years)			
		Fair Value	Less than 1	1 to 5	More than 5
Money market funds	\$	14,498,059	\$ 14,498,059	\$ -	\$ -
U.S. treasury obligations		11,069,629	11,069,629	-	-
		25,567,688	\$ 25,567,688	\$ -	\$ -
Mutual funds		2,055,703			
U.S. fixed income commingled funds		1,349,685			
	\$	<u>28,973,076</u>			
		2019			
		Investment maturities (in years)			
		Fair Value	Less than 1	1 to 5	More than 5
Money market funds	\$	13,965,766	\$ 13,965,766	\$ -	\$ -
U.S. treasury obligations		38,702,419	38,702,419	-	-
		52,668,185	\$ 52,668,185	\$ -	\$ -
Mutual funds		3,210,664			
	\$	<u>55,878,849</u>			

Marin Healthcare District

Notes to Financial Statements

NOTE 4 – CAPITAL ASSETS

The following is a summary of changes in capital assets during the years ended December 31, 2020 and 2019:

	Life (Years)	Balance December 31, 2019	Additions	Deletions	Transfers	Balance December 31, 2020
Nondepreciable						
Land	N/A	\$ 865,701	\$ -	\$ -	\$ -	\$ 865,701
Construction in progress	N/A	412,438,343	11,937,273	(5,149,274)	(419,226,342)	-
Total nondepreciable		413,304,044	11,937,273	(5,149,274)	(419,226,342)	865,701
Depreciable						
Hospital buildings	40	53,570,325	-	-	419,226,342	472,796,667
Equipment	3 to 20	18,784,416	-	-	-	18,784,416
Leasehold improvements	40	1,377,895	-	-	-	1,377,895
Total depreciable		73,732,636	-	-	419,226,342	492,958,978
Accumulated depreciation						
Hospital buildings	N/A	(25,343,190)	(4,047,534)	-	-	(29,390,724)
Equipment	N/A	(18,784,416)	-	-	-	(18,784,416)
Leasehold improvements	N/A	(1,377,895)	-	-	-	(1,377,895)
Total accumulated depreciation		(45,505,501)	(4,047,534)	-	-	(49,553,035)
Total depreciable, net		28,227,135	(4,047,534)	-	419,226,342	443,405,943
Total capital assets, net		\$ 441,531,179	\$ 7,889,739	\$ (5,149,274)	\$ -	\$ 444,271,644
Balance December 31, 2019						
	Life (Years)	Balance December 31, 2018	Additions	Deletions	Transfers	Balance December 31, 2019
Nondepreciable						
Land	N/A	\$ 865,701	\$ -	\$ -	\$ -	\$ 865,701
Construction in progress	N/A	283,039,426	129,511,725	(112,808)	-	412,438,343
Total nondepreciable		283,905,127	129,511,725	(112,808)	-	413,304,044
Depreciable						
Hospital buildings	40	53,570,325	-	-	-	53,570,325
Equipment	3 to 20	18,784,416	-	-	-	18,784,416
Leasehold improvements	40	1,377,895	-	-	-	1,377,895
1206B leasehold improvements	40	35,939	-	(35,939)	-	-
1206B Clinic equipment	3 to 20	2,572,899	-	(2,572,899)	-	-
Total depreciable		76,341,474	-	(2,608,838)	-	73,732,636
Accumulated depreciation						
Hospital buildings	N/A	(23,927,538)	(1,415,652)	-	-	(25,343,190)
Equipment	N/A	(18,784,416)	-	-	-	(18,784,416)
Leasehold improvements	N/A	(1,377,895)	-	-	-	(1,377,895)
1206B leasehold improvements	N/A	(35,941)	-	35,941	-	-
1206B Clinic equipment	N/A	(2,416,567)	-	2,416,567	-	-
Total accumulated depreciation		(46,542,357)	(1,415,652)	2,452,508	-	(45,505,501)
Total depreciable, net		29,799,117	(1,415,652)	(156,330)	-	28,227,135
Total capital assets, net		\$ 313,704,244	\$ 128,096,073	\$ (269,138)	\$ -	\$ 441,531,179

Depreciation expense of capital assets was \$4,047,534 and \$1,415,652 for the years ended December 31, 2020 and 2019, respectively.

Construction and other capital commitments – As of December 31, 2020 and 2019, the District spent \$419,226,342 and \$412,438,343, respectively, related to various construction and other capital projects in progress. As of December 31, 2020 and 2019, the District has outstanding commitments with contractors for approximately \$16,039,726 and \$46,312,113 related to these projects, respectively.

NOTE 5 – LEASE OF MARIN HEALTHCARE DISTRICT FACILITY

Annual rental payments – Effective December 1, 1985, the District leased the Hospital Facility to MHMC for a term of 30 years pursuant to Section 32126 of the Local Hospital District Law. The lease matured on December 1, 2015, and a new lease was executed in August 2014 with an effective date of December 2, 2015 for a term of 30 years. The base rent is \$500,000 annually, plus an annual Consumer Price Index (CPI) increase. Additional rent is conditional on MHMC achieving certain financial benchmarks. The total rent received for the years ended December 31, 2020 and 2019, was \$543,991 and \$531,124, respectively.

The minimum future rental income under the agreement, exclusive of any increases related to the CPI, is as follows:

<u>Years Ending December 31,</u>	
2021	\$ 500,000
2022	500,000
2023	500,000
2024	500,000
2025	500,000
Thereafter	9,958,333
	\$ 12,458,333

NOTE 6 – NOTES PAYABLE AND ACQUISITION

In July 2015, in accordance with the agreement between the District and MHMC, MHMC loaned \$80,000 to cover the District's payment to a physician who is associated with the Marin Urology Center Clinic. A portion of the loan will be forgiven each month over the five-year term of the contract with the physician. As of January 1, 2019, the balance for the note payable was transferred to MHMN as part of the sale of the Clinics.

In January 2017, in accordance with the agreement between the District and MHMC, MHMC loaned \$30,000 to cover the District's payment to a physician who is associated with the Marin Endocrinology Group. A portion of the loan will be forgiven each month over the three-year term of the contract with the physician. As of January 1, 2019, the balance for the note payable was transferred to MHMN as part of the sale of the Clinics.

Marin Healthcare District Notes to Financial Statements

NOTE 7 – BONDS PAYABLE

On November 10, 2015, the District issued \$157,385,000 of Marin Healthcare District General Obligation Bonds, Election of 2013, Series 2015A, and \$12,615,000 of Marin Healthcare District General Obligation Bonds, Election of 2013, Series 2015B. The 2015A and 2015B bonds bear interest at rates of 2.00% to 5.00% and 0.40%, respectively. Interest on the bonds will accrue from the date of delivery and is payable semiannually on February 1 and August 1 each year, commencing on February 1, 2016. Principal amounts will be paid on August 1.

On September 7, 2017, the District issued \$224,000,000 of Marin Healthcare District General Obligation Bonds, Election of 2013, Series 2017A. The 2017A bonds bear interest at rates of 2.00% to 5.00%. Interest on the bonds will accrue from the date of delivery and is payable semiannually on February 1 and August 1 each year, commencing on February 1, 2018. Principal amounts will be paid on August 1.

The bonds were authorized at an election held in the District on November 5, 2013, at which more than two-thirds of the qualified electors voting on the proposition voted to authorize the issuance and sale of up to \$394,000,000 principal amount of general obligation bonds of the District (Measure F). The bond proceeds are authorized to be used to make seismic upgrades to MHMC to meet stricter California earthquake standards; to expand and enhance emergency and other medical facilities; to provide the latest lifesaving medical facilities for treatment of heart, stroke, and other diseases, to reduce emergency room wait times; to improve MHMC and related facilities with new construction, acquisitions, and renovations; and to pay all necessary legal, financial, engineering, and contingent costs in connection therewith.

The Series 2015A Bonds maturing on or before August 1, 2025, are not subject to redemption prior to their respective stated maturity dates. The Series 2015A Bonds maturing on or after August 1, 2026, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of funds, in whole or in part, on August 1, 2025, or on any date thereafter at par amount thereof, without premium, together with interest accrued thereon to the date of redemption. The Series 2015A Bonds maturing on August 1, 2040, and on August 1, 2045, shall be subject to redemption prior to maturity, without a redemption premium, in part by lot, from mandatory sinking fund payments, beginning August 1, 2036, and August 1, 2041, respectively. The Series 2015B Bonds are not subject to redemption prior to maturity.

The Series 2017A Bonds maturing on or before August 1, 2027, are not subject to redemption prior to their respective stated maturity dates. The Series 2017A Bonds maturing on or after August 1, 2028, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of funds, in whole or in part, on August 1, 2027, or on any date thereafter at par amount thereof, without premium, together with interest accrued thereon to the date of redemption.

The District incurred interest costs related to the General Obligation Bonds of \$14,313,625 and \$14,579,425 for the years ended December 31, 2020 and 2019, respectively. In accordance with GASB 62, the District capitalized \$10,431,543 and \$11,878,628 in interest for the years ended December 31, 2020 and 2019, respectively, due to the ongoing construction; offset by \$185,103 and \$2,700,797 of investment gains for the years ended December 31, 2020 and 2019, respectively.

Marin Healthcare District Notes to Financial Statements

The general obligation bonds represent the general obligation of the District. The Board of Supervisors of the County has the power and is obligated to cause annual ad valorem taxes to be levied upon all property within the District, subject to taxation by the District, and collected by the County for payment, when due, of the principal and interest on the bonds.

The activity for bonds payable for the year ended December 31, 2020 and 2019, was as follows:

	Outstanding December 31, 2019	Issued	Matured / Redeemed During Year	Outstanding December 31, 2020	Due Within One Year
General obligation bonds					
Series 2015 bonds	\$ 154,740,000	\$ -	\$ (190,000)	\$ 154,550,000	\$ 430,000
Series 2017 bonds	211,305,000	-	-	211,305,000	-
Plus					
Series 2015 premium	7,463,756	-	(296,573)	7,167,183	-
Series 2017 premium	18,072,736	-	(679,852)	17,392,884	-
Total	<u>\$ 391,581,492</u>	<u>\$ -</u>	<u>\$ (1,166,425)</u>	<u>\$ 390,415,067</u>	<u>\$ 430,000</u>
	Outstanding December 31, 2018	Issued	Matured / Redeemed During Year	Outstanding December 31, 2019	Due Within One Year
General obligation bonds					
Series 2015 bonds	\$ 154,740,000	\$ -	\$ -	\$ 154,740,000	\$ 190,000
Series 2017 bonds	217,950,000	-	(6,645,000)	211,305,000	-
Plus					
Series 2015 premium	7,760,329	-	(296,573)	7,463,756	-
Series 2017 premium	18,752,588	-	(679,852)	18,072,736	-
Total	<u>\$ 399,202,917</u>	<u>\$ -</u>	<u>\$ (7,621,425)</u>	<u>\$ 391,581,492</u>	<u>\$ 190,000</u>

A summary of debt service requirements for the next five years and to maturity as of December 31, 2020, is as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 430,000	\$ 15,286,250
2022	680,000	15,275,500
2023	955,000	15,255,100
2024	1,250,000	15,216,900
2025	1,570,000	15,166,900
2026 – 2030	19,590,000	74,176,500
2031 – 2035	47,115,000	66,964,750
2036 – 2040	84,525,000	54,271,300
2041 – 2045	136,790,000	32,076,450
2046 – 2047	72,950,000	4,435,400
	<u>\$ 365,855,000</u>	<u>\$ 308,125,050</u>

Marin Healthcare District

Notes to Financial Statements

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Compliance with the Hospital Facilities Seismic Upgrade Act – The District has assumed responsibility for compliance with the Hospital Facilities Seismic Upgrade Act (SB 1953) classification SPC2 and through Hazus 2010. The District has received an extension to 2030.

Regulatory environment – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations is subject to periodic government review, interpretation, and audits, as well as regulatory actions unknown and unasserted at this time.

Litigation – The District is party to various claims and legal actions in the normal course of business. In the opinion of management, the District has substantial meritorious defenses to pending or threatened litigation and, based upon current facts and circumstances, the resolution of these matters is not expected to have a material adverse effect on the District's financial statements.

Recent Developments – COVID-19 – On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, and on March 13, 2020, the United States declared the pandemic to be a national emergency. Subsequent to the declaration of a pandemic, a variety of federal, state, and local governments have taken actions in response to the pandemic, which have ranged by jurisdiction, but are generally expected to result in a variety of negative economic consequences, the scope of which are not currently known or quantifiable. The duration and intensity of the impact of the COVID-19 and resulting impact to the District is unknown.

NOTE 9 – RELATED-PARTY TRANSACTIONS

The District had payables of \$32,438 and \$57,458 due to MHMC, as of December 31, 2020 and 2019, respectively, included in the statements of net position.

The District had payables of \$83,697 and \$807,034 due to MHMN, as of December 31, 2020 and 2019, respectively, included in the statements of net position. The District had receivables of \$0 and \$120,788 due from MHMN, as of December 31, 2020 and 2019, respectively, included in the statements of net position.

NOTE 10 – PROPERTY TAXES

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually on approximately October 1 based upon assessed property values as of January 1 of the preceding year. Assessed values are established by the county assessor at 100% of fair market value. Taxes are due in two equal installments on December 10 and April 10. Collections are distributed as collected to the District by the county treasurer.

The District is permitted by law to levy up to 1% of assessed property values for general district purposes. The District may also levy taxes at a lower rate. Further amounts of tax need to be authorized by the vote of the people.

For 2020 and 2019, the District did not have a regular tax levy. There is a voter-approved tax levy for service of the general obligation bonds. For 2020 and 2019, the tax levy for bond service was \$15,272,793 and \$11,647,284, respectively.

Property taxes are recorded as receivables when levied. Because state law allows for sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

NOTE 11 – SALE OF CLINICS ASSETS

On January 1, 2019, the District entered into a purchase and sale agreement for \$1,054,924 with MHMN for the purchase of capital assets and inventory. The sale resulted in the District recording a \$770,096 gain based upon the sale of \$269,137 in capital assets, net of accumulated depreciation and inventory of \$15,692 as of December 31, 2019. See Note 1 for further information in regards to MHMN assuming control of administrative and operational services of the Clinics.

Furthermore, as part of the District's lease and operating agreement of the Clinics with MHMC, the District returned \$1,000,000 in advanced funds used to operate the Clinics to MHMC as of December 31, 2019. In accordance with the purchase and sale agreement proceeds of \$1,054,924 received for the Clinics capital assets and inventory was transferred to MHMC as of December 31, 2019.

Tab 3



To: MHD Finance and Audit Committee
From: Eric Brettner, CFO *EB*
Re: February 2021 Financial Report
Date: March 16, 2021

I. General Comments

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

II. FY 2021 Income Statement and Budget

The net District operating income for the month was \$17,353 which was favorable to budget by \$69,596. The positive variance relates to the adjustment of \$60,144 to the 2020 election expense made after receiving the actual invoice from the County of Marin. Income included rental revenue from the hospital lease of \$45,912 and investment earnings which were comprised of \$4,096 dividend and interest income as well as \$6,543 of realized losses and a \$45,601 decrease in the value of investments. The District incurred total operating expenses of \$(19,489) as a result of the adjustment of the 2020 election expense estimate. Actual operating expenses incurred during the month were \$40,655 before adjusting the election expenses to the actual invoiced amount. Depreciation expense was \$995,265 in February. Bond Related Revenues and Expenses included \$1,272,733 of accrued tax revenues and \$1,192,485 of bond interest expense.

III. Balance Sheet

Assets

Cash at February 28, 2021 of \$1,158,500 increased by \$319,171 due to cash receipts of \$45,912 for rent, \$78,627 for tax revenue and \$198,106 for payments from the County of Marin. These payments are for the Hospital and will be remitted to the Hospital in March. Investment account balances of \$3,943,144 decreased by \$48,067 from the prior month. Tax revenue receivables are \$7,702,055 and represent amounts due from the County of Marin. The payments received from the County are deposited directly into the bond fund accounts.

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 – Bond Funds". These funds totaled \$17,391,332 at February 28, 2021. The decrease of \$7,614,396 is a result of the payment of interest during the month.



Liabilities and Net Assets

Interest payable of \$1,273,854 decreased by \$6,369,272 from the prior month due to the payment of interest in February. Accrued expenses of \$16,224,317 are primarily comprised of accruals for construction costs.

Related party payables total \$201,742 at February 28, 2021. The balances are comprised of \$77,792 due to the Hospital for legal expenses and program support as well as \$132,464 due to MarinHealth Medical Network in support of the COVID-19 response. \$8,514 is due from MarinHealth Medical Network for bank fees paid by the District on the Network's behalf. Other current liabilities total \$198,106. The balances are comprised of cash received from the County of Marin.

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 \$430,000 is due in August 2021. 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 \$64,360,747.

Marin Healthcare District
Balance Sheet
February 28, 2021

	2/28/2021	1/31/2021	Change	12/31/2020
Assets				
Current Assets				
Cash	1,158,500	839,329	319,171	797,054
Investment	3,943,144	3,991,211	(48,067)	4,015,498
Tax Revenues Receivable	7,702,055	6,507,949	1,194,106	5,282,713
Total Current Assets	12,803,699	11,338,489	1,465,210	10,095,265
Property, plant, and equipment, net	420,200,595	421,113,387	(912,792)	422,026,180
Parking Garage, net	22,080,519	22,162,992	(82,473)	22,245,464
Assets Limited To Use - Bond Funds	17,391,332	25,005,728	(7,614,396)	24,957,577
Deposits & Retainers	36,000	36,000	-	36,000
Total Non-Current Assets	459,708,446	468,318,107	(8,609,661)	469,265,221
Total Assets	472,512,145	479,656,596	(7,144,451)	479,360,486
Liabilities and Net assets				
Current Liabilities				
Accounts Payable	1,050	525	525	-
Interest Payable	1,273,854	7,643,126	(6,369,272)	6,369,271
Accrued Expenses	16,224,317	16,282,211	(57,894)	16,283,136
Other Current Liabilities	198,106	-	198,106	-
Related Party Payables	201,742	163,347	38,395	116,133
Current Bond Maturities	430,000	430,000	-	430,000
Total Current Liabilities	18,329,069	24,519,209	(6,190,140)	23,198,540
Bonds Payable	365,425,000	365,425,000	-	365,425,000
Bond Premium	24,397,329	24,478,698	(81,369)	24,560,067
Total Liabilities	408,151,398	414,422,907	(6,271,509)	413,183,607
Net Assets				
Net Assets	66,176,879	66,176,879	-	58,707,158
Net (Loss)/Income	(1,816,132)	(943,190)	(872,942)	7,469,721
Total Net Assets	64,360,747	65,233,689	(872,942)	66,176,879
Total Liabilities and Net Assets	472,512,145	479,656,596	(7,144,451)	479,360,486

Marin Healthcare District
Income Statement - Actual vs. Budget
February 28, 2021

	2/28/2021			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Rental Revenue	45,912	46,320	(408)	91,824	92,639	(815)
Investment Earnings	(48,048)	9,822	(57,870)	(72,318)	19,644	(91,962)
Total Income	(2,136)	56,142	(58,278)	19,506	112,283	(92,777)
Legal Fees	1,578	10,429	8,851	5,158	20,858	15,700
Accounting Fees	2,250	2,340	90	4,500	4,680	180
Board Compensation	1,050	1,500	450	1,575	3,000	1,425
Board Expenses	31	1,667	1,636	31	3,333	3,302
Consulting Fees	-	4,167	4,167	-	8,333	8,333
Election Expenses	(60,144)	-	60,144	(60,144)	-	60,144
Charitable Contributions	-	500	500	-	1,000	1,000
Community Education	-	7,083	7,083	-	14,167	14,167
Dues	-	1,000	1,000	-	2,000	2,000
MHMN Program Support	19,079	36,554	17,475	46,526	73,108	26,582
MHMC Program Support	16,667	16,667	-	33,333	33,333	-
Total Expense	(19,489)	81,907	101,396	30,979	163,812	132,833
Net Operating Income (Loss) Before Depreciation and Bond Related Revenue and Expense	17,353	(25,765)	43,118	(11,473)	(51,529)	40,056
Depreciation Expense	995,265	938,804	(56,461)	1,990,530	1,877,609	(112,921)
Net Operating Income (Loss) Before Bond Related Revenue and Expense	(977,912)	(964,569)	(13,343)	(2,002,003)	(1,929,138)	(72,865)
Bond-Related Revenue(Expense)						
Tax Revenue	1,272,733	1,298,559	(25,826)	2,545,466	2,597,118	(51,652)
Bond Fund Earnings	24,722	-	24,722	25,376	-	25,376
Bond Interest Expense	(1,192,485)	-	(1,192,485)	(2,384,971)	-	(2,384,971)
Net Income (Loss)	(872,942)	333,990	(1,206,932)	(1,816,132)	667,980	(2,484,112)

Tab 4



To: MHD Finance and Audit Committee
From: Eric Brettner, CFO *EB*
Re: March 2021 Financial Report
Date: April 16, 2021

I. General Comments

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

II. FY 2021 Income Statement and Budget

The net District operating loss for the month was \$28,107 which was unfavorable to budget by \$2,342. The unfavorable variance is driven by investment losses of \$30,001 which were offset by a favorable variance of \$37,889 in operating expenses. Rental revenue from the hospital lease of \$45,912 was offset by investment losses which were comprised of \$4,809 dividend and interest income as well as \$12,538 of realized losses and a \$22,272 decrease in the value of investments. The District incurred total operating expenses of \$44,018 which was favorable to budget by \$37,889 due to lower than budgeted legal costs, consulting fees, community education and MHMN support. Depreciation expense was \$995,265 in March. Bond Related Revenues and Expenses included \$1,272,733 of accrued tax revenues and \$1,192,485 of bond interest expense.

III. Balance Sheet

Assets

Cash at March 31, 2021 of \$1,039,430 decreased by \$119,070 due primarily to the payment of accrued election expenses. Investment account balances of \$3,912,771 decreased by \$30,373 from the prior month. Tax revenue receivables are \$8,922,443 and represent amounts due from the County of Marin. The payments received from the County are deposited directly into the bond fund accounts.

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 – Bond Funds". These funds totaled \$17,416,688 at March 31, 2021.



Liabilities and Net Assets

Interest payable of \$2,547,708 increased by \$1,273,854 from the prior month due to the accrual of interest. Accrued expenses of \$16,086,176 are primarily comprised of accruals for construction costs.

Related party payables total \$201,304 at March 31, 2021. The balances are comprised of \$46,551 due to the MarinHealth Medical Network for amounts received from the County of Sonoma and \$153,250 in support of the COVID-19 response. Other current liabilities total \$201,304 which is comprised of cash received from the County of Marin.

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 \$430,000 is due in August 2021. 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 \$63,390,635.

Marin Healthcare District
Balance Sheet
March 31, 2021

Assets	3/31/2021	2/28/2021	Change	12/31/2020
Current Assets				
Cash	1,039,430	1,158,500	(119,070)	797,054
Investment	3,912,771	3,943,144	(30,373)	4,015,498
Tax Revenues Receivable	8,922,443	7,702,055	1,220,388	5,282,713
Total Current Assets	13,874,644	12,803,699	1,070,945	10,095,265
Property, plant, and equipment, net	419,287,802	420,200,595	(912,793)	422,026,180
Parking Garage, net	21,998,047	22,080,519	(82,472)	22,245,464
Assets Limited To Use - Bond Funds	17,416,688	17,391,332	25,356	24,957,577
Deposits & Retainers	36,000	36,000	-	36,000
Total Non-Current Assets	458,738,537	459,708,446	(969,909)	469,265,221
Total Assets	472,613,181	472,512,145	101,036	479,360,486
Liabilities and Net assets				
Current Liabilities				
Accounts Payable	1,365	1,050	315	-
Interest Payable	2,547,708	1,273,854	1,273,854	6,369,271
Accrued Expenses	16,086,176	16,224,317	(138,141)	16,283,136
Other Current Liabilities	215,032	198,106	16,926	-
Related Party Payables	201,304	201,742	(438)	116,133
Current Bond Maturities	430,000	430,000	-	430,000
Total Current Liabilities	19,481,585	18,329,069	1,152,516	23,198,540
Bonds Payable	365,425,000	365,425,000	-	365,425,000
Bond Premium	24,315,961	24,397,329	(81,368)	24,560,067
Total Liabilities	409,222,546	408,151,398	1,071,148	413,183,607
Net Assets				
Net Assets	66,176,879	66,176,879	-	58,707,158
Net (Loss)/Income	(2,786,244)	(1,816,132)	(970,112)	7,469,721
Total Net Assets	63,390,635	64,360,747	(970,112)	66,176,879
Total Liabilities and Net Assets	472,613,181	472,512,145	101,036	479,360,486

Marin Healthcare District
Income Statement - Actual vs. Budget
March 31, 2021

	3/31/2021			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Rental Revenue	45,912	46,320	(408)	137,737	138,959	(1,222)
Investment Earnings	(30,001)	9,822	(39,823)	(102,319)	29,466	(131,785)
Total Income	15,911	56,142	(40,231)	35,418	168,425	(133,007)
Legal Fees	2,951	10,429	7,478	8,109	31,288	23,179
Accounting Fees	2,250	2,340	90	6,750	7,020	270
Board Compensation	1,365	1,500	135	2,940	4,500	1,560
Board Expenses	-	1,667	1,667	31	5,000	4,969
Consulting Fees	-	4,167	4,167	-	12,500	12,500
Election Expenses	-	-	-	-	-	-
Charitable Contributions	-	500	500	(60,144)	1,500	61,644
Community Education	-	7,083	7,083	-	21,250	21,250
Dues	-	1,000	1,000	-	3,000	3,000
MHMN Program Support	20,785	36,554	15,769	67,311	109,663	42,352
MHMC Program Support	16,667	16,667	-	50,000	50,000	-
Total Expense	44,018	81,907	37,889	74,997	245,721	170,724
Net Operating Income (Loss) Before Depreciation and Bond Related Revenue and Expense	(28,107)	(25,765)	(2,342)	(39,579)	(77,296)	37,717
Depreciation Expense	995,265	938,804	(56,461)	2,985,795	2,816,413	(169,382)
Net Operating Income (Loss) Before Bond Related Revenue and Expense	(1,023,372)	(964,569)	(58,803)	(3,025,374)	(2,893,709)	(131,665)
Bond-Related Revenue(Expense)						
Tax Revenue	1,272,733	1,298,559	(25,826)	3,818,198	3,895,676	(77,478)
Bond Fund Earnings	(26,988)	-	(26,988)	(1,612)	-	(1,612)
Bond Interest Expense	(1,192,485)	-	(1,192,485)	(3,577,456)	-	(3,577,456)
Net Income (Loss)	(970,112)	333,990	(1,304,102)	(2,786,244)	1,001,967	(3,788,211)