

MARIN HEALTHCARE DISTRICT

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Board of Directors Finance and Audit Committee Tuesday, June 27, 2023 @ 4:00 pm Via Zoom

MINUTES

1. Call to Order

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

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

Committee members present: Edward Alfrey, MD (Chair); Ann Sparkman (Board Member);
Leslie Lava (Community Member)

Staff members present: David Klein, MD (CEO); Eric Brettner (CFO); Liz Lasnier (Controller);
Colin Leary (General Counsel); Louis Weiner (EA)

Guests present: Katherine Jackson and Chris Ng (Moss Adams)

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 April 25, 2023.

3. Public Comment

There was no public comment.

4. Marin Healthcare District: 2022 Report of Independent Auditors

Ms. Kate Jackson of Moss Adams presented the Audit Results (Tab #2) and the Report of Independent Auditors (Tab #3). Moss Adams has given an Unmodified Opinion, the highest level of assurance that the financial statements are presented fairly and in accordance with US GAAP. No material weaknesses were identified.

The areas of significant risk inspected in the audit were: tax assessment receivables and revenues, capital assets, commitments and contingencies, and management override of control via manual journal entries.

Among other normal assets and liabilities, the financial ratios and metrics reflect the results of the hospital construction on capital assets, bonds payable, tax revenue, lease receivables and deferred inflows, depreciation and amortization, and bond interest expenses.

GASB 87, a model for improving lease accounting, was adopted by MHD as of January 1, 2021. Ms. Jackson explained it in the presentation, and it is materially disclosed in Note 5 of the Report.

Ms. Lava inquired after Note 6 – Bonds Payable, regarding mention of the mandatory sinking fund payments of the 2015 bonds, and that such mention was not included for the 2017 bonds. Ms. Jackson agreed that would be included in the final report.

Chair Alfrey commended Mr. Brettner, Ms. Lasnier and the Finance team for their work.

There was no further discussion. **It was moved, seconded and carried to recommend the audit to the MHD Board of Directors for approval at their next Regular Meeting.**

After the vote, Ms. Jackson and Mr. Ng departed the meeting.

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5. District Financial Reports

A. April 2023

Mr. Brettner reported that April's income was strong due to investment earnings. Expenses continue well below budget largely because outflows for Charitable Contributions, Community Education, and Board Expenses have not yet occurred.

The balance sheet shows Tax Revenues Receivable has gone down by \$5.2M because county sales tax revenues have been received in April. The next such payment will occur in November.

B. May 2023

In May, investments turned around by \$40K unfavorable to budget, but YTD still holds favorable to budget by \$63K. Expenses were similar to April. YTD operating income is \$192K, favorable to budget by \$126K.

The balance sheet shows little movement or variance. Tax receivables continue to accrue.

6. Discussion of Canterbury Investment Consulting

Dr. Klein reported that the Hospital Board Investment Committee is reviewing all investment policies and their delegations of authority. It became evident that the District's investment oversight, decisions and policy is to be kept entirely separate from the Hospital's. Mr. Leary explained the legal aspects, that a public agency (the District) not delegate decision-making authority to a private organization (the Hospital). Canterbury Consulting (or another vendor of the District's choosing) will now be working directly with the MHD Board and this Committee on the District's investment decisions and policies, and the Hospital Board's Investment Committee will not be involved.

Canterbury Consulting will be invited to attend and present at the next meeting of this Committee.

It was moved, seconded and carried to proceed with this change.

7. Adjournment

Chair Alfrey adjourned the meeting at 4:35 pm.