

MARIN HEALTHCARE DISTRICT

100-B Drakes 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 and Audit Committee Monday, July 28, 2025 @ 5:30 pm Marin Healthcare District Office

MINUTES

1. Call to Order

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

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

Committee members present: Brian Su, MD (Chair); Ann Sparkman (Board Member);

Staff members present: Eric Brettner (CFO); Mary Hard (Dir System Budgeting & Reporting);

Liz Lasnier (Controller); Tricia Lee, (EA)

Guest Present: Brian Conner (Baker Tilly)

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 May 28, 2025.

3. Public Comment

There was no public comment.

4. Marin Healthcare District: 2024 Report of Independent Auditors

Mr. Brian Conner of Baker Tilly presented the results of the independent audit of the District's financial statements for the year ended December 31, 2024. The audit resulted in an unmodified ("clean") opinion, indicating that the financial statements are fairly presented in accordance with generally accepted accounting principles (GAAP). There were no material audit adjustments or internal control issues identified.

Key areas of audit focus included tax revenues and receivables, as well as the recording of a FEMA grant totaling approximately \$317,000. Audit procedures confirmed that balances and controls remained consistent and reliable. There was a discussion on the reduced property tax assessment for the year, which the County attributed to sufficient reserves.

The auditors also confirmed that they conducted standard fraud risk interviews with District leadership and management. No concerns were noted.

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.**

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5. Marin Healthcare District FY 2026 Operating Budget

Mr. Brettner presented the proposed FY 2026 Operating Budget. Key highlights included adjustments to investment income assumptions and classification updates for transparency. The Committee discussed the appropriate categorization of advertising and website maintenance expenses. It was agreed that advertising would be tracked separately and website maintenance reclassified under "Other."

The Committee also discussed the historical practice of the hospital covering half of the District's audit costs. As no documentation supporting this arrangement could be found, the Committee recommended reviewing the lease agreement and consulting legal counsel for clarification.

The Committee confirmed a change to maintain 3 months (approximately \$150,000) of operating reserves rather than 6 months, to allow for greater investment yield.

Dr. Su asked for a motion to recommend to the full Board the approval of the budget at the next regular meeting. It was moved, seconded, and carried to approve the FY 2026 Operating Budget with the recommended reclassifications and the understanding that audit cost-sharing will remain as is until further research is completed.

6. District Financial Reports

A. April

Mr. Brettner reported April reflected lower-than-expected investment income due to market performance. Some accruals for community education expenses were adjusted once actuals were received. Tax revenue was received from the County, reducing receivables and increasing the trust fund.

B. May

Mr. Brettner reported May investment income showed signs of recovery, coming in at a positive \$63,000 for the month. This brought year-to-date investment income to a positive \$63,000 as well. An unusual item on the expense side was a for BoardVantage licenses. There were no unusual items on the balance sheet in May, with routine accruals for tax revenue as expected.

C. June

Mr. Brettner reported strong investment income, including over \$100,000 in unrealized gains, bringing the year-to-date total to approximately \$271,000. No major expense variances were noted. Year-to-date, the District reported approximately \$350,000 in net income, significantly outperforming the budget projection.

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7. Adjournment

Chair Su adjourned the meeting at 6:43 pm.