



**Finance & Audit Committee
Regular Meeting Packet**

June 26, 2018



Marin Healthcare District

100B Drakes Landing Road, Suite 250, Greenbrae, CA 94904

Telephone: 415-464-2090 Fax: 415-464-2094

Website: www.marinhealthcare.org / Email: info@marinhealthcare.org

FINANCE AND AUDIT COMMITTEE

Regular Meeting

Tuesday, June 26, 2018, 5:30pm

Members:

Chair:

Larry Bedard, MD

Members:

Jennifer Rienks, PhD

Staff:

Jim McManus, CFO

Beverly Wells, Assistant Controller

Michael Lighthawk, EA

Location:

District Conference Room at Drakes Landing

100B Drakes Landing Road, Suite 250

Greenbrae, CA 94904

REGULAR MEETING AGENDA

- | | |
|---|--------------------|
| I. Call to Order | Bedard |
| A. Roll Call | |
| B. Approval of Agenda (Action) | |
| C. Approval of Minutes of previous regular meeting of May 1, 2018 (Action) | |
| D. Approval of Minutes of previous closed session of May 1, 2018 (Action) | |
| E. General Public Comment - <i>Any member of the public audience may make statements regarding any items NOT on the agenda. Statements are limited to a maximum of three minutes. Please state your name if you wish to be recorded in the minutes.</i> | |
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II. Finance |
McManus |
| A. Financial Report – May 31, 2018 | |
| B. Review Travel Policy | |
| C. Review Disbursement Policy (Financial Procedures & Internal Controls) | |
|
III. Scheduling |
Bedard |
| ▪ Discuss Committee Meeting Times | |
|
IV. Agenda Items for Next Meeting |
Bedard |
|
V. Adjournment |
Bedard |



**Previous Regular Meeting
Minutes
May 1, 2018**



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FINANCE AND AUDIT COMMITTEE

Open Session

Tuesday, May 1, 2018, 2:10pm

Minutes

I. Call to Order & Roll Call

- A. Roll Call
- B. Approval of Regular Meeting Agenda: **Agenda approved.**
- C. Approval of Agenda of Closed Session: **Agenda approved.**
- D. Approval of Minutes of previous open meeting of April 19, 2018: **Minutes approved.**
- E. Approval of Minutes of previous closed session of April 19, 2018: **Minutes approved.**
- F. General Public Comment – No Public.

II. Review/Recommend Approval of Items Discussed in Closed Session

Motion: Chair Bedard moved to recommend the Board of Directors approve Recruitment Incentives and the addition of Dr. Vivek Iyer and Dr. Alex Rainow for Cardiology Services in the District's 1206(b) Clinics and compensation for Medical Director Services for the Sonoma Service Line. Seconded by Member Rienks. Vote: All ayes. **Motion Passed.**

III. Financial Report – March 31, 2018

Jean Noonan commented that the March Balance Sheet reflects recent monthly trends. Hospital Construction Costs have increased as Accrued Expenses increase on outstanding MGH 2.0 invoices. These costs and accrued expenses are offset by the Assets Limited to Use – Bond Funds. We have spent through the 1st tranche of \$170M and are into the 2nd Tranche of \$224M. Additionally, there is more frequent movement of intracompany payables between MHD, MGH and Prima Medical Foundation.

Legal Fees – Member Rienks asked for detail on the increase in legal fees. Jean responded most of the increase has been due to the legal matters taken up with UCSF. Jim suggested looking at the legal bills to see if they need to be moved over to the hospital.

Jean stated we have not yet had the chance to aggregate Community Education and Advertising into one category or, at least, separating out items in Community Education that apply more to Advertising and vice-versa. Accounting fees have been trued up based on the last discussion so that will run favorable to the District going forward.

1206(b) Clinics - For the first month this year the clinics loss \$300K less than the budgeted support. Part of this was as expansion of clinic hours supported by physician incentives. We are realizing revenue from that and charges are going into the system. Expanded hours for the clinics are Monday thru Thursday, 6:00pm -9pm and Saturday/Sunday, 8:00am to 2:00pm. Discussion ensued regarding community awareness of new clinic hours, patient referrals from their primary physician and, the possible impact, afterhours, on the ED.



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IV. Scheduling

Bedard

The committee discussed the possibility of moving the meeting time to 2:00pm on the 3rd Tuesday of the month provided staff schedules can accommodate the change. Discussion ensued regarding public access and time of day being an advantage or not because of traffic concerns. Michael will follow-up.

V. Agenda Items for Next Meeting

- Review Travel Policy.
- Review Disbursement Policy.

VI. Adjournment – Chair Bedard adjourned the meeting at 2:40pm



MHD Financials
May 31, 2018



To: MHD Finance Committee
From: Jim McManus, CFO
Re: May 2018 Financial Report
Date: June 14, 2018

I. General Comments

These financial statements contain, in summary format, the balance sheet and net support to the District Clinics. The Clinics, as of May 31, 2018 are comprised of 14 locations and 51 practitioners, and are reported as one combined unit.

II. FY 2018 Income Statement and Budget

The net District operating loss for the month was \$95,774 which was favorable to budget by \$43,050. Income included rental revenue from the hospital lease of \$43,435, interest income and net unrealized investment losses of \$5,782. The District incurred total expenses of \$146,260, including depreciation expense of \$117,971 associated with the MGH 2.0 parking garage which was completed in August, 2016. Expenses include \$16,667 for Behavioral Health program support and \$4,955 of legal expense for May.

Contributions to the District Clinics were \$1,231,016 (\$113,761 unfavorable to budget) and were reimbursed by MGH. The May reimbursement includes \$13K of April reimbursement that was not captured in April due to report updates.

III. Balance Sheet

Assets

Cash at May 31, 2018 of \$3,785,102 increased by \$174,741 due to the timing of District Clinic expenses and reimbursements. Accounts Receivable decreased by \$361,243 from April relating to billing and collection activity for the clinics.

Intercompany Receivables (Payables) of \$1,322,837 represent amounts due from/to MGH for Clinic reimbursements.

Tax revenue receivables are \$191,223 and represent amounts due from the County of Marin. The decrease in receivable balance from April of \$81,636 is the result of payments received from the County for debt service which is also reflected in the Assets Limited To Use – Bond Funds balance.

In August 2016, the hospital parking facility was completed and placed into service. The cost of the garage was transferred from Hospital Construction Costs to Parking Garage. The asset is being depreciated over a period of 25 years.

Intangible Assets represent the Cardiovascular Associates of Marin (CAM) asset purchase price that was deemed to be for medical records and other intangibles (\$185,844 and \$675,660 respectively). These balances are reduced each month by amortization over a period of 15 years.



Creating a healthier Marin together.

The balance of the proceeds from the bonds issued in November 2015 and the proceeds from the bonds issued in September 2017, net of issuance costs, are reflected in the account "Assets Limited to Use – Bond Funds". Hospital Construction Costs incurred to date are \$217,871,864.

Liabilities and Net Assets

Accounts Payable of \$1,671,796 and Accrued Expenses of \$19,687,092 are comprised of invoices payable and accruals for District, construction, and clinic expenses.

Bonds payable are separated into current (principal due within one year) and non-current (due in greater than one year). 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 \$36,533,792.

**Marin Healthcare District
Balance Sheet
May 31, 2018**

	05/31/2018	04/30/2018	Change	12/31/2017
Assets				
Current Assets				
Cash and Cash Equivalents	3,785,102	3,610,361	174,741	3,715,366
Net Patient Accounts Receivable	3,633,990	3,995,233	(361,243)	3,279,765
Other Receivables	80,172	68,366	11,806	93,717
Intercompany Receivables (Payables)	1,322,837	270,533	1,052,304	359,809
Inventories	15,692	15,692	-	15,692
Tax Revenues Receivable	191,223	272,859	(81,636)	5,518,615
Prepaid Expenses	472,310	560,611	(88,301)	224,782
Total Current Assets	9,501,326	8,793,655	707,671	13,207,746
Property, plant, and equipment, net	4,867,554	4,911,005	(43,451)	5,088,035
Parking Garage, net	24,802,107	24,884,579	(82,472)	25,214,468
Hospital Construction Costs	193,069,757	189,265,009	3,804,748	161,419,902
Intangible Assets, net	491,217	495,987	(4,770)	515,067
Assets Limited To Use - Bond Funds	232,270,300	237,161,791	(4,891,491)	272,262,340
Notes Receivable	154,231	174,493	(20,262)	195,587
Deposits & Retainers	72,633	72,633	-	72,633
Total Non-Current Assets	455,727,799	456,965,497	(1,237,698)	464,768,032
Total Assets	465,229,125	465,759,152	(530,027)	477,975,778
Liabilities and Net assets				
Current Liabilities				
Accounts Payable	1,671,796	1,770,003	(98,207)	1,851,374
Accrued Expenses	19,687,092	19,933,036	(245,944)	31,087,929
Intercompany Payables	1,000,000	1,000,000	-	1,000,000
Current Bond Maturities	6,050,000	6,050,000	-	6,050,000
Current Maturities of Long-Term Obligations	-	-	-	-
Total Current Liabilities	28,408,888	28,753,039	(344,151)	39,989,303
Bonds Payable	372,690,000	372,690,000	-	372,690,000
Bond Premium	27,082,498	27,163,867	(81,369)	27,489,342
Long-Term Obligations, Less Current Maturities	513,947	509,848	4,099	493,425
Total Liabilities	428,695,333	429,116,754	(421,421)	440,662,070
Net Assets				
Net Assets - Beginning Balance	37,091,305	37,091,305	-	25,767,421
Net (Loss)/Income	(557,513)	(448,907)	(108,606)	11,546,287
Total Net Assets	36,533,792	36,642,398	(108,606)	37,313,708
Total Liabilities and Net Assets	465,229,125	465,759,152	(530,027)	477,975,778

Marin Healthcare District
Income Statement - Actual vs. Budget
For the Five Months Ended May 31, 2018

	May Month-to-Date			May Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Rental Revenue	\$43,435	\$43,435	\$0	\$217,175	\$217,175	\$0
Other Revenue	0	0	0	0	0	0
Investment Earnings	(5,782)	250	(6,032)	(9,365)	1,250	(10,615)
Total Income	37,653	43,685	(6,032)	207,810	218,425	(10,615)
Legal Fees	4,955	3,333	(1,622)	15,325	16,667	1,342
Accounting Fees	1,667	2,500	833	8,333	12,500	4,167
Board Compensation	1,500	1,017	(483)	6,400	5,083	(1,317)
Board Expenses	2,500	2,083	(417)	4,760	10,417	5,657
Depreciation Expense	117,971	151,242	33,271	589,855	756,212	166,357
Consulting Fees	0	0	0	0	0	0
Charitable Contributions	0	500	500	0	2,500	2,500
Community Education	0	4,167	4,167	50,433	20,833	(29,600)
Dues	1,000	1,000	0	5,000	5,000	0
MGH Program Support	16,667	16,667	(0)	83,333	83,333	0
Advertising	0	0	0	0	0	0
Total Expense	146,260	182,509	36,249	763,439	912,545	149,106
Net District Operating Income	(108,607)	(138,824)	30,217	(555,629)	(694,120)	138,491
Non-Operating Income/Expense						
Clinic Activity						
Net Loss From Clinics	(1,218,183)	(1,117,255)	(100,928)	(5,602,545)	(5,485,170)	(194,214)
MGH Clinic Reimbursement	1,231,016	1,117,255	113,761	5,602,545	5,485,170	194,214
Net Clinic Activity	12,833	0	12,833	0	0	0
Bond-Related Revenue/Expense						
Tax Revenue	0	0	0	0	0	0
Bond Fund Earnings (transferred to construction in progress)	0	0	0	0	0	0
Bond Issuance Costs	0	0	0	(1,884)	0	(1,884)
Net Income/(Loss)	(\$95,774)	(\$138,824)	\$43,050	(\$557,513)	(\$694,120)	\$136,607


Marin Healthcare District
1206b Clinics
Summary of Profit & Loss - Accrual Basis
For the Five Months Ended May 31, 2018

Managed Clinics	# MD/NP	# Of Months	MTD			Monthly Invest/MD	YTD			Avg. Annual Invest/MD
			Actual	Budget	Variance		Actual	Budget	Variance	
San Rafael Medical Center	1.00	4.00	(4,988)	(2,994)	(1,994)	(4,987)	(10,187)	(14,679)	4,492	(30,554)
Marin Medical Group (MMG)	3.67	4.00	(64,929)	(50,030)	(14,899)	(17,704)	(282,888)	(244,177)	(38,711)	(231,399)
El-Ghoneimy	1.50	4.00	(11,293)	(3,821)	(7,472)	(7,542)	(11,973)	(19,299)	7,326	(23,987)
Tamalpais Internal Medicine (TIM)	3.00	4.00	5,781	6,749	(968)	1,927	44,635	29,875	14,760	44,624
Cardiology Associates (CAM)	16.97	4.00	(620,694)	(667,337)	46,643	(36,566)	(3,022,300)	(3,188,291)	165,991	(534,141)
Urology	5.00	4.00	(103,917)	(73,298)	(30,619)	(20,779)	(530,207)	(328,197)	(202,010)	(318,050)
Vascular Surgery	4.30	4.00	(67,577)	(116,692)	49,115	(15,718)	(619,766)	(581,318)	(38,448)	(432,470)
Marin Endocrine	4.00	4.00	(39,256)	(36,622)	(2,634)	(9,812)	(199,981)	(180,086)	(19,895)	(149,951)
2 Bon Air - Rheumatology/Chase	3.35	4.00	(37,187)	(4,269)	(32,918)	(11,095)	24,278	(21,253)	45,531	21,730
Murphy	3.60	4.00	1,238	18,109	(16,871)	344	2,951	80,610	(77,659)	2,461
Novato Medical Office	5.00	4.00	(39,583)	(11,667)	(27,916)	(7,915)	(67,011)	(63,948)	(3,063)	(40,197)
Totals	51.39		(\$982,405)	(\$941,872)	(\$40,533)		(\$4,672,449)	(\$4,530,763)	(\$141,686)	
Palliative Care	0.00	0.00	\$7,849	(\$16,833)	\$24,682		\$27,810	(\$81,928)	\$109,738	
After Hours Clinic	0.00	3.00	(\$14,415)	\$0	(\$14,415)		\$50,980	\$0	\$50,980	
Clinic Administration	0.50	4.00	(\$130,691)	(\$131,479)	\$788		(\$716,164)	(\$672,851)	(\$43,313)	
Behavioral Health (Note 1)	8.00	4.00	(\$98,093)	(\$27,071)	(\$71,022)	(\$12,259)	(\$284,722)	(\$129,628)	(\$155,094)	(\$106,746)
Closed/Inactive Clinics	# MD/NP	# Of Months	MTD			Monthly Invest/MD	YTD			Avg. Annual Invest/MD
			Actual	Budget	Variance		Actual	Budget	Variance	
West Marin Medical Center (Pt. Reyes)	0.00	0.00	(386)	0	(386)		(7,781)	(70,000)	62,219	
Soluna Health	0.00	0.00	(42)	0	(42)		(219)	0	(219)	
Totals	0.00		(\$427)	\$0	(\$427)		(\$8,000)	(\$70,000)	\$62,000	
Total All Clinics	59.89		(1,218,183)	(1,117,255)	(100,928)		(5,602,545)	(5,485,170)	(117,375)	

Note 1 - Up to \$200K of Behavioral Health Clinic losses is included in the Program Support payments by the District to MGH.



Travel & Non-Travel Reimbursement Policies

	Policy # Originated by: Origination date: Current review date: Current revision date: Approved by:	FIN 1600 Office of the CFO 03/2010 - n/a , CEO
POLICY: TRAVEL EXPENSE REIMBURSEMENT		

I. PURPOSE

The purpose of this policy is to establish guidelines for travel and travel-related expense reimbursement so that all persons involved are aware of the process, the definitions, and the payment of out-of-pocket expenses.

II. POLICY

Marin Healthcare District (MHD) will reimburse travel and travel-related expenses incurred by District officials, employees, volunteers, and contracted consultants to attend MHD meetings and approved activities provided the following procedures are followed.

III. PROCEDURE

Out-of-Pocket Expenses

1. An employee or Board Director who wishes reimbursement for travel and travel-related expenses must complete, sign and submit a *MHD Travel Expense Reimbursement Form* along with all supporting receipts to his/her supervisor within thirty (30) days of the ending date of travel. The Chair of the Board of Directors shall review/approve expense reimbursements submitted by the other Directors and by the CEO. The employee's / Board Director's signature serves as an affidavit that the claim for reimbursement is valid.
2. A separate *MHD Travel Expense Reimbursement Form* shall be submitted for expenses incurred in separate months. For example, if travel began in one month and ended in the following month, the expenses will be separated by month and recorded onto two forms.
3. Personal automobile expenses are reimbursed at the current IRS mileage rate in effect at the time of travel. Trips to/from the airport near the city of residence are only reimbursable if the mileage of the airport trip exceeds the mileage to the District office; if so, the mileage to/from the airport near the city of residence is reimbursable to the extent of the excess mileage of the airport trip.

4. Airline travel should be booked far enough in advance (e.g., greater than fourteen days) if possible to take advantage of advance purchase fares. Reimbursement will be approved only for coach fares; no business or first class tickets will be approved.
5. Lodging expenses for approved travel will be reimbursed for actual cost of room and applicable occupancy tax(es) up to the rates set forth by the U.S. General Services Administration. The rates can be accessed on the Internet at: www.gsa.gov. Lodging receipts should be itemized to differentiate the charges. Personal expenses associated with lodging (e.g., movies, entertainment, mini bar items, etc.) are not reimbursable.
6. Meals and Incidentals during approved travel will be reimbursed for actual expenses up to the rates set forth by the U.S. General Services Administration. The rates can be accessed on the Internet at: www.gsa.gov. Federal travel regulations define “incidental expenses” as fees and tips given to porters, baggage carriers, bellhops, hotel maids, stewards and stewardesses. Federal per diem rates for various places are accessed on the Internet as www.gsa.gov.

Trips of 24 hours or longer:

For each full 24-hour period of travel, an employee may claim reimbursement only for their actual expense up to the allowable limits and must submit supporting receipts.

First day of travel:

- If trip begins at or before 6 am - Breakfast may be claimed
- If trip begins at or before 11 am - Lunch may be claimed
- If trip begins at or before 5 pm - Dinner may be claimed


Continuing after 24 hours:

- If trip ends at or after 8 am - Breakfast may be claimed
- If trip ends at or after 2 pm - Lunch may be claimed
- If trip ends at or after 7 pm - Dinner may be claimed

Trips less than 24 hours:

Employees may **not** claim lunch or incidentals on one-day trips. When trips are less than 24 hours and there is no overnight stay, meals claimed are taxable. For travel lasting less than 24 hours, employees may claim breakfast and/or dinner (as noted above), based on the following timeframes:

- If trip begins at or before 6 am and ends at or after 9 am - Breakfast may be claimed
- If trip begins at or before 4 pm and ends at or after 7 pm - Dinner may be claimed

	Policy # Originated by: Origination date: Current review date: Current revision date: Approved by:	FIN 1601 Office of the CHRO 03/2010 01/2011 n/a , CEO
POLICY: NON-TRAVEL EXPENSE REIMBURSEMENT		

I. PURPOSE

The purpose of this policy is to establish guidelines for non-travel, business-related expense reimbursement so that all persons involved are aware of the process, the definitions, and the payment of out-of-pocket expenses.

II. POLICY

Marin Healthcare District (MHD) will reimburse business expenses incurred by District officials, employees, volunteers, and contracted consultants to attend MHD meetings or activities provided that the following procedures are followed.

III. PROCEDURE

Out-of-Pocket Expenses

1. An employee who wishes reimbursement for non-travel, business-related expense(s) must complete, sign and submit a *MHD Non-Travel Expense Claim Form* along with all supporting receipts to his/her supervisor within thirty (30) days of the incurred expense(s). The employee’s signature serves as an affidavit that the claim for reimbursement is valid.
2. A separate *MHD Non-Travel Expense Claim Form* shall be submitted for expenses incurred in separate months.
3. Registration fees for approved conferences, seminars and training will be paid in advance by the MHD. The request for payment of registration fees must be submitted in advance to the MHD Chief Executive Officer along with the completed registration form, and the course schedule or agenda. If the request is not received in time for regular processing by the Accounting office, necessitating the fees to be paid out-of-pocket by the MHD official or employee, the out-of-pocket fees shall be listed on the *MHD Non-Travel Expense Claim Form* to request reimbursement.



Financial Procedures & Internal Controls



Marin Healthcare District
Financial Procedures and Internal Controls

Fiscal Procedures

The District Board has a Management, Finance, and Audit (MF&A) Committee that is responsible for fiscal policy and financial management, in addition to:

- Reviewing the District's interim unaudited financial reports on a periodic basis;
- Overseeing the selection of the District's auditor and completion of its annual audit; and
- Reviewing Board policies and procedures relating to overall management of the District, compliance with state and federal regulations and fiscal accountability.

The Committee is to be apprised of all major financial activities of the District and shall be involved in the review and approval of same, as appropriate. They may include, but are not limited to:

- Contract negotiations
- Loan negotiations
- Fiscal policies and procedures
- Investments

The MF&A Committee will receive:

- Monthly interim financial reports, including detail of significant budget categories and variances, or more frequently, as appropriate.
- Other financial reports as may be provided from time to time.

The Board of Directors will receive, at a minimum:

- Annual Audit Statement

The Board will work closely with senior management to advise him or her on a broad variety of fiscal topics; in turn, senior management will report to the MF&A Committee and the Board any conditions that warrant Board oversight and involvement.

Bank Accounts

The District currently has bank accounts as described below:

- Union Bank Checking Account – Issue checks to vendors for payment of invoices and reimbursements
Union Bank Money Market Account– Interest bearing account. Funds over \$1million in the Union Bank Operating Account are transferred to this account on a monthly basis.

Union Bank 1206b Checking Account – Issues checks to vendors for payment of invoices related to the 1206b Clinics and deposits of 1206B revenue. This is a

zero balance account wherein the cash balance at the end of each day is swept to the Union Bank Checking Account.

Authorized signatories on these accounts are listed in the **Check Signers** section below and may be adjusted from time to time consistent with the requirement to maintain separation of duties and good internal controls.

Investment Account

The District currently has one (1) investment account held with LAIF (Local Agency Investment Account).

Authorized signers on this account are listed in the **Check Signers** section below.

Long Term Cash Management Strategy

The District will work within the following board approved guidelines for its long-term cash management plan and will comply with California regulations governing the investments of governmental entities:

- Operating Account – approximately 3 months expenses in reserve

General Accounting and Auditing Operations

The District will record all transactions using the accrual basis of accounting and will comply with Generally Accepted Accounting Principles and Governmental Accounting Standards. Project costs will be tracked in a manner that segregates the sources and uses of funds. Supporting documentation such as invoices or statements, are required for each expenditure and receipt.

The District is utilizing QuickBooks Accounting Software. Management is not authorized to modify the source code to the accounting software. The Management, Finance, and Audit Committee will be advised of any significant change to the accounting software.

The financial statements of the District will be audited annually by an outside independent auditing firm, which shall be approved by the District Board. Currently, Moss Adams LLP Certified Public Accountants, of Stockton, CA is the independent auditor for the District and its subsidiaries.

Internal Controls

The District will do its best to separate duties with the staff available with the objective of maintaining strong internal controls and to prevent the possibility of fraud. The maintenance of internal controls is very important to the District and it will do whatever is necessary to maintain the highest standards of propriety with respect to all accounting procedures and use of funds.

Currently, segregation of duties are as follows:

The Executive Director/CEO is an authorized signatory, as are the individual Directors of the District. None of these individuals are authorized to cut checks or to make direct entries to the financial records of the organization.

2. The Senior Accountant for MGH is the primary individual who can cut checks, with the Controller serving as a backup. Neither of these individuals shall be an authorized signatory on the accounts.

3. The Chief Financial Officer is charged with the integrity of the financial statements and shall be neither a signatory nor be authorized to cut checks directly. The CFO shall not make direct entries into QuickBooks, which shall be done by the Senior Accountant or the Controller, but the CFO shall be responsible for reviewing the financial statements on a monthly basis.

Staff members with access to QuickBooks Accounting Software will change their passwords after the closing of each year. The entire computer system is to be backed up daily, with an off-site back-up prepared daily.

Cash Receipts

Mail shall be opened by the Administrative Assistant, not by the Accountant or the CFO. Checks are to be immediately stamped with "FOR DEPOSIT ONLY" and bank account number by someone who is not an authorized signer.

- MGH Staff Accountant

Receipts are then entered into QuickBooks by the Senior Accountant.

Cash receipts are deposited when receipts reach \$500.00, after making complete copies of deposit slip, check, and any supporting documentation. Deposits of all receipts will be made no less than weekly.

- MGH Staff Accountant

Bank Reconciliations shall be prepared by the Senior Accountant and reviewed/approved by the Controller or CFO.

Disbursements of Funds

General Controls

- Checks are numbered
- Voided checks are defaced and retained
- No checks will be signed in advance
- Executive Director/CEO may authorize unbudgeted expenditures not to exceed \$50,000 and budget expenditures not to exceed \$100,000. The ED/CEO may be the sole signatory on checks up to \$25,000, if they are in the approved budget
- Two signatures are required for checks over \$25,000.00

- Any check over \$25,000.00 must be signed by the Executive Director/CEO and one other authorized signer.
- No check made out to an individual or an entity that they are otherwise employed by will be signed by that individual
- All blank check stock is to be secured in a locked file cabinet.

Check Signers

Check signers will be authorized by the MF&A Committee on an annual basis and will be updated as necessary during the year. The current signatories are:

- Executive Director/CEO
- Chair of the Board
- Chair of MF&A Committee

Union Bank Checking Accounts

Board Chair

Chair of the MF&A Committee

Executive Director/CEO

Union Bank Money Market Account

Board Chair

Chair of MF&A Committee

Executive Director/CEO

LAIIF Account

Any two Board members

Executive Director/CEO

Other qualified signatories may substitute as check signers on an exception basis and such exceptions will be reported within 24 hours to the Chair of the MF&A Committee and to the CFO.

Cash Disbursements

The District will maintain all documentation necessary to trace any payment to its source. This includes but is not limited to invoices, system generated payables, management posting journal, general ledger posting journals, check registers and an orderly paid bills file.

All invoices, with the exception of routine payments, must have signature approval for payment by the Executive Director/CEO.

A weekly check run is performed by the Senior Accountant.

Checks are mailed with top portion attached and remittance form by the Administrative Assistant.

The bottom portion of check is retained and attached to the original invoice. All invoices are filed alphabetically in the paid bills file by the Administrative Assistant.

Petty Cash

The District does not currently maintain a Petty Cash fund. To the extent that such fund may be established in the future, the following policies would apply:

Notice of the establishment of a petty cash fund will be sent to the MHD Board Chair and the Chair of the Management, Finance and Audit Committee.

Acceptable uses: basic office supplies, i.e. pens, water, stamps, etc, meeting supplies.

Petty cash request form must be filled out with a due date and amount requested

- Administrative Assistant

The request is approved and signed by the Executive Director/CEO.

At month end, Petty Cash register is reconciled and appropriately expensed in QuickBooks by the Senior Accountant.

Payroll

The District currently does not have employees.

Fixed Assets Capitalization Policy

The District will capitalize any assets over and including \$5,000 with a lifespan of 3 or more years. Capitalization includes shipping cost and installation charges necessary to make the asset useful to the District. Depreciation useful life of furniture, fixtures, equipment, and leasehold improvements is determined in accordance with industry standards. The assets are depreciated monthly utilizing a ½ year convention in the year of acquisition. Assets are tracked in a Depreciation Schedule noting purchase month and year, price, monthly expense and usable life.

Accumulated depreciation and expense tracked on the Depreciation Schedule and recorded in QuickBooks on a monthly basis by the Senior Accountant.

Yearly inventory taken and reconciled with Depreciation Schedule and General Ledger by the Senior Accountant.

The District contracts with CBIZ Valuation Group, LLC to prepare an annual Property Record Report and the computation of depreciation based on original cost.

Credit Cards

A credit card is to be used for outside purchases and deposits as required by vendors, such as travel, conferences, furniture, subscriptions, etc. The monthly credit card statement will be reviewed and approved by the CEO. The Board Chair and the Chair of the MF&A will receive copies of the Executive credit card statement.

Any unauthorized use of the credit card will be grounds for immediate termination.
Any incidence of fraud will be grounds for immediate termination.

Monthly Checklist

Reconcile schedules with the General ledger.

- Senior Accountant

Review the month end close and General Ledger reconciliation.

- Chief Financial Officer and Controller.