



**Finance & Audit Committee
Regular Open Meeting
February 26, 2019**



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

February 26, 2019, 5:30pm

Committee Members

Harris Simmonds, MD (Chair)

Brian Su, MD (Member)

Location:

Marin Healthcare District

100B Drakes Landing Road, Suite 250

Greenbrae, CA 94904

AGENDA

- | | |
|---|---------------------|
| I. Call to Order | Simmonds |
| A. Roll Call | |
| B. Approval of Regular Meeting Agenda (Action) | |
| C. Approval of Minutes of previous regular meeting of November 27, 2018 (Action) | |
| D. 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 – December 31, 2018 | |
| B. Financial Report – January 31, 2019 | |
| C. Investment Committee Update (met February 12, 2019) | |
| D. Citizen’s Bond Oversight Committee Update (met February 20, 2019) | |
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III. Audit |
McManus |
| A. Moss Adams Audit Planning Letter | |
|
IV. Agenda Items for Next Meeting |
Simmonds |
|
V. Adjournment |
Simmonds |



**Previous Meeting Minutes
November 27, 2018**



Marin Healthcare District

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FINANCE AND AUDIT COMMITTEE

Special Study Session of the Board with the Finance & Audit Committee

November 27, 2018, 5:30pm

Minutes

- I. **Call to Order:** Chair Bedard called the Regular Meeting of the Finance & Audit Committee to order at 5:45pm.
 - A. Roll Call
 1. Committee & Board Members Present: Larry Bedard, MD (Chair); Ann Sparkman, JD; Harris Simmonds, MD; Jennifer Rienks, PhD.
 2. Staff Members Present: Jim McManus (CFO), Michael Lighthawk (EA); Jean Noonan, (Controller); Beverly Wells (Asst. Controller).
 - B. Approval of Agenda: So moved by Ann Sparkman. Seconded by Larry Bedard. Vote: All Ayes. **Agenda Approved.**
 - C. Approval of Minutes for October 23, 2018: Chair Bedard so moved. Seconded by Ann Sparkman. Vote: All Ayes. **Minutes approved.**
 - D. General Public Comment – **No public.**
 - E. Introduction - Jim McManus introduced Beverly Wells, Assistant Controller for MGH and MHD.

II. Finance

McManus

- A. 2019 District & District Clinic Budgets (Pgs. 10-15 of packet)

Jim McManus introduced a new format for the 2019 Annual Budget presentation that provides an overview of the District's mission and advocacy for quality and reasonably priced healthcare for the Marin Communities it serves. There are two budgets; one for District Administration, and one for the District Clinics. Other operational information regarding the Hospital Lease Agreement with the Marin Healthcare District and the alliance between UCSF, MGH, and Prima Medical Foundation where UCSF will be responsible for the revenue cycle functions of all the clinics is also outlined.

2019 Clinic Budget (Pg. 15)

Pertinent to clinic billing and collections, California Healthcare Medical Billing (CHMB) will continue to operate in this capacity but will be doing so under the umbrella of UCSF starting on January 1, 2019, in accordance with the UCSF alliance agreement.

Jim stated the ask from management is to recommend approval of \$14.1M of funding for the clinics that will be provided by the Hospital. Following the Consolidated comments, further detail on the individual clinics is given regarding the changes planned for each practice.



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Net Patient Revenue for the Clinics is expected to be 9.4% above the YTD July 2018 Annualized budget of \$24.2M or \$26.5M for 2019. Most of the increase is expected to come from Cardiovascular Associates of Marin (CAM) and also from Urology.

Purchased Services - Jim noted that a large part of the expenses in this line are related to the administrative functions that are performed on behalf of the clinics and those costs are being transferred over to Prima Medical Foundation as Prima provides oversight to the clinics. (Reference to first bullet point under Consolidated.)

Motion – Chair Bedard moved to recommend that the MHD Board of Directors accept the 2019 Operational and Clinic Budgets as presented to the MHD Finance & Audit Committee. Seconded by Member Rienks. Vote: All Ayes. **Motion passed.**

B. Financial Report – October 31, 2018

Balance Sheet (Pg. 19) – Hospital Construction Costs went up from \$230M to \$242M which includes the offset from bond funds between MGH and MHD as Assets Limited To Use–Bond Funds. GO Bond funds remaining are \$178.5M; about \$166M is actually for construction and the remaining funds will be for debt repayment.

Intangible Assets – Jean explained that in some instances what we purchase includes assets that are reportable in value for future revenue streams and are being amortized over 15 years.

Income Statement – Investment earnings for the District portfolio for October and YTD posted a loss of \$13.5K. Depreciation expense has been trailing behind budget for the year due to timing of when assets could start depreciating.

District Portfolio – Jim stated originally the District invested about \$1M in a very conservative manner and stands at \$1,052,814 and is actually matching our expectations relevant to the policy's index.

1206(b) Clinics – Jean stated we are now fully reserving (writing off) older accounts receivable for CAM. Additionally, we are not seeing the expected lift in revenue from the Ornish Program though the program is fully underway.

Behavioral Health – Jim noted that Up to \$200K of BH Clinic losses is included in the Program Support payments by the District to MGH. Patients that come to Outpatient BH are primarily from Marin communities.

The committee requested an update on Behavioral Health relevant to the needs of the population served and where we are with the support and current financial trends of the program. (Action)

III. Agenda Items for Next Meeting

Bedard

IV. Adjournment – Chair Bedard adjourned the meeting at 6:15pm.



**MHD Financials
December 31, 2018**



To: MHD Finance and Audit Committee
From: Jim McManus, CFO
Re: December 2018 Financial Report
Date: January 30, 2019

I. General Comments

These financial statements contain, in summary format, the balance sheet and net support to the District Clinics. The Clinics, as of December 31, 2018 are comprised of 14 locations and 58 practitioners, and are reported as one combined unit.

II. FY 2018 Income Statement and Budget

The net District operating income for the month was \$12,545,610 which was favorable to budget by \$12,684,434 primarily due to the tax revenues for GO bond obligations being recorded in the month. Income included rental revenue from the hospital lease of \$43,435, interest income and net unrealized investment gains of \$10,149. The District incurred total expenses of \$138,815, including depreciation expense of \$117,971 associated with the MGH 2.0 parking garage which was completed in August, 2016.

MGH provided support of \$1,594,289 to the clinics for the month of December which includes \$56,134 of additional support from November.

III. Balance Sheet

Assets

Cash at December 31, 2018 of \$3,139,682 decreased by \$384,771 due to the timing of District Clinic expenses and reimbursements. Accounts Receivable decreased by \$14,985 from November relating to billing and collection activity for the clinics.

Intercompany Receivables (Payables) of \$823,666 represent amounts due from/to MGH for Clinic reimbursements.

Tax revenue receivables are \$5,184,260 and represent amounts due from the County of Marin. Payments received from the County for debt service are 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 (original cost of \$185,844 and \$675,660 respectively). These balances are reduced each month by amortization over a period of 15 years.



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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 \$286,295,869 (including the completed parking garage).

Liabilities and Net Assets

Accounts Payable and Accrued Expenses of \$31,383,551 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 \$48,417,956.

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

	12/31/2018	11/30/2018	Change	12/31/2017
Assets				
Current Assets				
Cash and Cash Equivalents	3,139,682	3,524,453	(384,771)	3,715,366
Net Patient Accounts Receivable	4,426,205	4,441,190	(14,985)	3,279,765
Other Receivables	154,709	67,436	87,273	93,717
Intercompany Receivables (Payables)	823,666	1,391,008	(567,342)	359,809
Inventories	15,692	15,692	-	15,692
Tax Revenues Receivable	5,184,260	-	5,184,260	5,296,212
Prepaid Expenses	253,792	360,609	(106,817)	224,782
Total Current Assets	13,998,006	9,800,388	4,197,618	12,985,343
Property, plant, and equipment, net	4,678,028	4,721,115	(43,087)	5,088,035
Parking Garage, net	24,224,800	24,307,272	(82,472)	25,214,468
Hospital Construction Costs	262,071,069	254,717,890	7,353,179	161,419,902
Intangible Assets, net	457,827	462,597	(4,770)	515,067
Assets Limited To Use - Bond Funds	175,144,742	179,449,239	(4,304,497)	272,262,340
Notes Receivable	102,185	107,695	(5,510)	195,587
Deposits & Retainers	69,633	69,633	-	72,633
Total Non-Current Assets	466,748,284	463,835,441	2,912,843	464,768,032
Total Assets	480,746,290	473,635,829	7,110,461	477,753,375
Liabilities and Net assets				
Current Liabilities				
Accounts Payable	-	2,009,443	(2,009,443)	1,851,374
Accrued Expenses	31,383,551	34,828,565	(3,445,014)	31,087,929
Intercompany Payables	1,000,000	1,000,000	-	1,000,000
Current Bond Maturities	6,645,000	6,645,000	-	6,050,000
Current Maturities of Long-Term Obligations	-	-	-	-
Total Current Liabilities	39,028,551	44,483,008	(5,454,457)	39,989,303
Bonds Payable	366,045,000	366,045,000	-	372,690,000
Bond Premium	26,512,917	26,594,286	(81,369)	27,489,342
Long-Term Obligations, Less Current Maturities	741,866	585,056	156,810	493,425
Total Liabilities	432,328,334	437,707,350	(5,379,016)	440,662,070
Net Assets				
Net Assets - Beginning Balance	37,091,305	37,091,305	-	25,767,421
Net (Loss)/Income	11,326,651	(1,162,826)	12,489,477	11,323,884
Total Net Assets	48,417,956	35,928,479	12,489,477	37,091,305
Total Liabilities and Net Assets	480,746,290	473,635,829	7,110,461	477,753,375

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

	December			December Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Rental Revenue	\$43,435	\$43,435	\$0	\$521,221	\$521,220	\$1
Other Revenue	0	0	0	0	0	0
Investment Earnings	10,149	250	9,899	1,630	3,000	(1,370)
Total Income	53,584	43,685	9,899	522,851	524,220	(1,369)
Legal Fees	810	3,333	2,523	34,523	40,000	5,477
Accounting Fees	1,667	2,500	833	20,000	30,000	10,000
Board Compensation	700	1,017	317	13,000	12,200	(800)
Board Expenses	0	2,083	2,083	22,220	25,000	2,780
Depreciation Expense	117,971	151,242	33,271	1,415,652	1,814,909	399,257
Consulting Fees	0	0	0	0	0	0
Charitable Contributions	0	500	500	0	6,000	6,000
Community Education	0	4,167	4,167	50,433	50,000	(433)
Dues	1,000	1,000	0	12,000	12,000	0
MGH Program Support	16,667	16,667	(0)	200,000	200,000	0
Advertising	0	0	0	1,195	0	(1,195)
Total Expense	138,815	182,509	43,694	1,769,023	2,190,109	421,086
Net District Operating Income	(85,231)	(138,824)	53,593	(1,246,172)	(1,665,889)	419,717
Non-Operating Income/Expense						
Clinic Activity						
Net Loss From Clinics	(1,538,155)	(991,259)	(546,896)	(15,412,260)	(12,876,590)	(2,535,670)
MGH Clinic Reimbursement	1,594,289	991,259	603,030	15,412,260	12,876,590	2,535,670
Net Clinic Activity	56,134	0	56,134	0	0	0
Bond-Related Revenue/Expense						
Tax Revenue	12,574,707	0	12,574,707	12,574,707	13,155,000	(580,293)
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)	\$12,545,610	(\$138,824)	\$12,684,434	\$11,326,651	\$11,489,111	(\$162,460)

Marin Healthcare District
1206b Clinics
Summary of Profit & Loss - Accrual Basis
For the Twelve Months Ended December 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	12.00	(6,658)	(2,967)	(3,691)	(6,658)	(38,561)	(35,320)	(3,241)	(38,561)
Marin Medical Group (MMG)	3.67	12.00	(24,884)	(47,659)	22,775	(6,780)	(622,843)	(586,863)	(35,980)	(169,701)
EI-Ghoneimy	1.50	12.00	(34,443)	(4,119)	(30,324)	(23,005)	(102,220)	(46,565)	(55,655)	(68,275)
Tamalpais Internal Medicine (TIM)	2.00	12.00	(39,514)	4,318	(43,832)	(19,757)	(139,768)	70,724	(210,492)	(69,884)
Cardiology Associates (CAM)	18.18	12.00	(890,824)	(507,795)	(383,029)	(48,999)	(7,953,798)	(7,211,275)	(742,523)	(437,487)
Urology	5.00	12.00	(188,171)	(103,545)	(84,626)	(37,632)	(1,460,373)	(1,225,923)	(234,450)	(292,061)
Vascular Surgery	3.30	12.00	22,533	(107,811)	130,344	6,828	(1,379,932)	(1,389,331)	9,399	(418,161)
Marin Endocrine	3.00	12.00	(61,719)	(34,600)	(27,119)	(20,573)	(480,854)	(431,564)	(49,290)	(160,285)
2 Bon Air - Rheumatology/Chase	3.35	12.00	(47,398)	(4,889)	(42,509)	(14,145)	(230,299)	(52,111)	(178,188)	(68,726)
Murphy	3.60	12.00	(72,990)	(6,384)	(66,606)	(20,291)	(298,823)	104,840	(403,663)	(83,073)
Novato Medical Office	5.00	12.00	(27,730)	(29,849)	2,119	(5,546)	(303,278)	(248,042)	(55,236)	(60,656)
Totals	49.60		(\$1,371,797)	(\$845,300)	(\$526,497)		(\$13,010,752)	(\$11,051,430)	(\$1,959,322)	
Palliative Care	0.00	0.00	\$3,665	(\$22,755)	\$26,420		\$60,350	(\$245,323)	\$305,673	
After Hours Clinic	0.00	9.00	\$28,691	\$0	\$28,691		\$37,734	\$0	\$37,734	
Clinic Administration	0.50	12.00	(\$130,391)	(\$99,682)	(\$30,709)		(\$1,794,860)	(\$1,199,927)	(\$594,933)	
Behavioral Health (Note 1)	8.00	12.00	(\$68,142)	(\$23,522)	(\$44,620)	(\$8,518)	(\$694,997)	(\$309,910)	(\$385,087)	(\$86,875)
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	(183)	0	(183)		(9,258)	(70,000)	60,742	
Soluna Health	0.00	0.00	0	0	0		(477)	0	(477)	
Totals	0.00		(\$183)	\$0	(\$183)		(\$9,735)	(\$70,000)	\$60,265	
Total All Clinics	58.09		(1,538,155)	(991,259)	(546,896)		(15,412,260)	(12,876,590)	(2,535,670)	

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



**MHD Financials
January 31, 2019**



To: MHD Finance and Audit Committee
From: Jim McManus, CFO
Re: January 2019 Financial Report
Date: February 21, 2019

I. General Comments

These financial statements contain, in summary format, the balance sheet and income statement. Effective January 1, 2019, clinic results are no longer presented within District financials as the clinics have transitioned to become UCSF clinics.

II. FY 2019 Income Statement and Budget

The net District operating income for the month was \$691,550 which was favorable to budget by \$803,216 primarily due to the sale of clinic assets to Prima Medical Foundation which resulted in the gain reflected in Net Income (Loss) From Clinics. Income included rental revenue from the hospital lease of \$44,260, interest income and net unrealized investment gains of \$19,222. The District incurred total expenses of \$142,029, including depreciation expense of \$117,971 associated with the MGH 2.0 parking garage which was completed in August, 2016.

III. Balance Sheet

Assets

Cash at December 31, 2018 of \$5,822,228 increased by \$2,682,546 due to the asset sale and timing of accounts payables. Accounts Receivable decreased by \$4,426,205 from December as a result of the transition of clinics.

Intercompany Receivables (Payables) of \$33,110 represent amounts due from/to MGH for Clinic reimbursements.

Tax revenue receivables are \$5,184,260 and represent amounts due from the County of Marin. Payments received from the County for debt service are 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 representing the Cardiovascular Associates of Marin (CAM) asset purchase price that was deemed to be for medical records and other intangibles were transferred to Prima Medical Foundation in conjunction with the clinic transition.

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 \$288,016,148 (including the completed parking garage).



Creating a healthier Marin together.

Liabilities and Net Assets

Accounts Payable and Accrued Expenses of \$19,224,387 are comprised of invoices payable and accruals for District and construction expenses. The reduction in liability is due to clinic expenses no longer being reported within the District.

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 \$49,109,506.

Marin Healthcare District
Balance Sheet
January 31, 2019

	1/31/2019	12/31/2018	Change	12/31/2018
Assets				
Current Assets				
Cash and Cash Equivalents	5,822,228	3,139,682	2,682,546	3,139,682
Net Patient Accounts Receivable	-	4,426,205	(4,426,205)	4,426,205
Other Receivables	-	154,709	(154,709)	154,709
Intercompany Receivables (Payables)	(33,110)	823,666	(856,776)	823,666
Inventories	-	15,692	(15,692)	15,692
Tax Revenues Receivable	5,184,260	5,184,260	-	5,184,260
Prepaid Expenses	4,275	253,792	(249,517)	253,792
Total Current Assets	10,977,653	13,998,006	(3,020,353)	13,998,006
Property, plant, and equipment, net	4,373,393	4,678,028	(304,635)	4,678,028
Parking Garage, net	24,142,328	24,224,800	(82,472)	24,224,800
Hospital Construction Costs	263,873,820	262,071,069	1,802,751	262,071,069
Intangible Assets, net	-	457,827	(457,827)	457,827
Assets Limited To Use - Bond Funds	165,055,838	175,144,742	(10,088,904)	175,144,742
Notes Receivable	-	102,185	(102,185)	102,185
Deposits & Retainers	36,000	69,633	(33,633)	69,633
Total Non-Current Assets	457,481,379	466,748,284	(9,266,905)	466,748,284
Total Assets	468,459,032	480,746,290	(12,287,258)	480,746,290
Liabilities and Net assets				
Current Liabilities				
Accounts Payable	1,200	-	1,200	-
Accrued Expenses	19,223,187	31,383,551	(12,160,364)	31,383,551
Intercompany Payables	1,000,000	1,000,000	-	1,000,000
Current Bond Maturities	6,645,000	6,645,000	-	6,645,000
Current Maturities of Long-Term Obligations	-	-	-	-
Total Current Liabilities	26,869,387	39,028,551	(12,159,164)	39,028,551
Bonds Payable	366,045,000	366,045,000	-	366,045,000
Bond Premium	26,431,548	26,512,917	(81,369)	26,512,917
Long-Term Obligations, Less Current Maturities	3,591	741,866	(738,275)	741,866
Total Liabilities	419,349,526	432,328,334	(12,978,808)	432,328,334
Net Assets				
Net Assets - Beginning Balance	48,417,956	37,091,305	11,326,651	37,091,305
Net (Loss)/Income	691,550	11,326,651	(10,635,101)	11,326,651
Total Net Assets	49,109,506	48,417,956	691,550	48,417,956
Total Liabilities and Net Assets	468,459,032	480,746,290	(12,287,258)	480,746,290

Marin Healthcare District
Income Statement - Actual vs. Budget
For the Month Ended January 31, 2019

	Month-to-Date			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Rental Revenue	\$44,260	\$44,347	(\$87)	\$44,260	\$44,347	(\$87)
Other Revenue	0	0	0	0	0	0
Investment Earnings	19,222	250	18,972	19,222	250	18,972
Total Income	63,482	44,597	18,885	63,482	44,597	18,885
Legal Fees	2,691	3,333	642	2,691	3,333	642
Accounting Fees	2,500	2,500	0	2,500	2,500	0
Board Compensation	1,200	1,017	(183)	1,200	1,017	(183)
Board Expenses	0	2,083	2,083	0	2,083	2,083
Depreciation Expense	117,971	124,996	7,025	117,971	124,996	7,025
Consulting Fees	0	0	0	0	0	0
Charitable Contributions	0	500	500	0	500	500
Community Education	0	4,167	4,167	0	4,167	4,167
Dues	1,000	1,000	0	1,000	1,000	0
MGH Program Support	16,667	16,667	(0)	16,667	16,667	(0)
Advertising	0	0	0	0	0	0
Total Expense	142,029	156,263	14,234	142,029	156,263	14,234
Net District Operating Income	(78,547)	(111,666)	33,119	(78,547)	(111,666)	33,119
Non-Operating Income/Expense						
Clinic Activity						
Net Income (Loss) From Clinics	770,097	0	770,097	770,097	0	770,097
MGH Clinic Reimbursement	0	0	0	0	0	0
Net Clinic Activity	770,097	0	770,097	770,097	0	770,097
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	0	0	0
Net Income/(Loss)	\$691,550	(\$111,666)	\$803,216	\$691,550	(\$111,666)	\$803,216



Investment Sub-Committee Update

Investment Performance Review

Presentation To:

Marin General Hospital

Presented By:

Canterbury Consulting
610 Newport Center Drive, Suite 500
Newport Beach, California 92660

Quarter Ending December 31, 2018

Total Fund Performance

As of December 31, 2018

Asset Allocation and Annualized Performance - Net of Fees

	Market Value 9/30/18 (\$)	Market Value 12/31/18 (\$)	% of Portfolio	Target %	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
District Corporate	1,052,814	1,058,744	100.0	100.0	0.6	-0.5	-0.5	-0.5	--	--	--	--	2.0	Apr-16
<i>BBgBarc US Aggregate TR</i>					1.6	0.0	0.0	0.0	2.1	2.5	2.1	3.5	1.0	Apr-16
<i>BBgBarc Global Aggregate TR</i>					1.2	-1.2	-1.2	-1.2	2.7	1.1	1.0	2.5	0.4	Apr-16
<i>Intermediate-Term Bond MStar MF Rank</i>					74	59	59	59	--	--	--	--	16	Apr-16
<i>Intermediate-Term Bond MStar MF Median</i>					1.1	-0.3	-0.3	-0.3	2.4	2.5	2.6	4.6	1.4	Apr-16

District Bond

As of December 31, 2018

Asset Allocation and Annualized Performance - Net of Fees

	Market Value 9/30/18 (\$)	Market Value 12/31/18 (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund Composite	178,189,613	175,775,189	100.00	0.63	1.89	1.89	1.00	--	--	--	0.98	Nov-15
<i>91 Day T-Bills</i>				0.55	1.89	1.89	1.04	0.63	0.47	0.36	1.01	Nov-15
TCW	177,839,250	156,279,556	88.91	0.66	1.94	1.94	--	--	--	--	1.70	Sep-17
<i>91 Day T-Bills</i>				0.55	1.89	1.89	1.04	0.63	0.47	0.36	1.75	Sep-17
Payden & Rygel	8,115	8,155	0.00	0.50	1.52	1.52	--	--	--	--	1.09	Jul-16
<i>91 Day T-Bills</i>				0.55	1.89	1.89	1.04	0.63	0.47	0.36	1.22	Jul-16
Cash - 1st Issuance	342,249	19,487,478	11.09	0.31	1.39	1.39	0.77	--	--	--	0.75	Nov-15
<i>91 Day T-Bills</i>				0.55	1.89	1.89	1.04	0.63	0.47	0.36	1.01	Nov-15



Citizens' Bond Oversight Committee Update

Bond Requisition

- As of January 31, 2019, the project fund balance maintained at Bank of New York Mellon relating was \$155,106,210.86.
- Since our last report date of October 31, 2018, 3 more requisitions have been paid for a total of 68 requisitions since 2015.

Req	Date Paid	Hospital Replacement	West Wing Make Ready	Sitework	West Wing Renovation	Hillside Parking Structure	Total
66	12/10/18	\$9,875,666	\$888,423		\$51,295		\$10,815,385
67	12/20/18	\$23,995			\$496,513		\$520,508
68	1/15/19	\$719,294	\$24,000		\$70,364		\$813,659
Total		\$196,690,282	\$20,393,094	\$86,681	\$923,344	\$24,820,208	\$242,913,609

MGH 2.0

- ✓ Total project cost is estimated at \$534,864,000.
- ✓ As of January 31, 2019, \$279.6M in expenses have been incurred for MGH 2.0 as follows:

• Hospital Replacement	\$230.4M
• Hillside Parking Structure	\$25.5M
• West Wing Make Ready	\$19.5M
• West Wing Renovation	\$3.9M
• Site Work	\$0.3M
• Total	\$279.6M

Project Funds Expended

Spec Section	Specification Name		2010	2011	2012	2013	2014	2015	2016	2017	2018	01/31/19	Total
	Hillside Parking Structure												
1.00000	Property Acquisition	-	-	-	-	-	-	-	-	-	-	-	-
2.00000	Design	1,181,000	-	-	245,778	47,074	656,553	432,935	297,956	378,456	(378,456)	-	1,680,296
3.00000	Permits & Fees	817,000	-	-	-	-	20,802	438,599	145,657	96,140	(113,030)	-	588,168
4.00000	Construction	23,709,000	-	-	-	-	-	12,223,999	10,251,147	4,933	489,250	-	22,969,329
5.00000	Owner Purchased FF&E	30,000	-	-	-	-	-	-	163,853	407,500	(407,500)	-	163,853
6.00000	Major Medical Equipment	-	-	-	-	-	-	-	-	(35,920)	35,920	-	-
7.00000	Data / Communications	225,000	-	-	-	-	-	12,217	59,699	440,803	(440,803)	-	71,916
A	Total Hillside Parking Structure Costs	25,962,000	-	-	245,778	47,074	677,355	13,107,750	10,918,312	1,291,912	(814,619)	-	25,473,562
	B Sitework Project												
1.00000	Property Acquisition	-	-	-	-	-	-	-	-	-	-	-	-
2.00000	Design	1,314,000	-	79,624	-	183,393	-	-	-	-	-	-	263,017
3.00000	Permits & Fees	702,000	-	-	-	-	-	-	-	-	-	-	-
4.00000	Construction	9,245,000	-	-	-	-	-	-	-	-	-	-	-
5.00000	Owner Purchased FF&E	-	-	-	-	-	-	-	-	-	-	-	-
6.00000	Major Medical Equipment	-	-	-	-	-	-	-	-	-	-	-	-
7.00000	Data / Communications	100,000	-	-	-	-	-	-	-	-	-	-	-
B	Total Sitework Project Costs	11,361,000	-	79,624	-	183,393	-	-	-	-	-	-	263,017
	C Hospital Replacement Building Project												
1.00000	Property Acquisition	-	-	-	-	-	-	-	-	-	-	-	-
2.00000	Design	27,797,000	5,307,908	1,562,490	878,666	682,814	4,705,174	12,550,989	6,159,089	562,753	290,562	46,433	32,746,879
3.00000	Permits & Fees	16,072,000	-	-	-	-	-	2,863,363	1,391,745	3,771,190	2,621,084	774,889	11,422,271
4.00000	Construction	348,281,000	-	-	-	-	-	99,878	19,509,752	71,316,065	87,770,289	2,028,697	180,724,680
5.00000	Owner Purchased FF&E	8,612,000	-	-	-	-	-	-	8,177	-	18,224	-	26,401
6.00000	Major Medical Equipment	31,745,000	-	-	-	-	-	-	614,415	1,195,686	3,307,030	408,058	5,525,189
7.00000	Data / Communications	7,446,000	-	-	-	-	-	6,132	-	98,075	327,624	(420,699)	11,132
C	Total Hospital Replacement Building Project Costs	439,953,000	5,307,908	1,562,490	878,666	682,814	4,705,174	15,520,362	27,683,178	76,943,769	94,334,813	2,837,378	230,456,553
	D West Wing Make Ready Project												
1.00000	Property Acquisition	-	-	-	-	-	-	-	-	-	-	-	-
2.00000	Design	1,385,000	-	178,616	18	24,093	438,524	1,930,128	470,949	150,000	(18,131)	-	3,174,196
3.00000	Permits & Fees	538,000	-	-	-	-	-	100,718	356,214	500,000	(500,000)	-	456,931
4.00000	Construction	16,577,000	-	-	-	-	-	3,375,173	6,920,092	3,718,823	1,791,232	36,000	15,841,320
5.00000	Owner Purchased FF&E	100,000	-	-	-	-	-	-	-	-	-	-	-
6.00000	Major Medical Equipment	-	-	-	-	-	-	-	-	-	-	-	-
7.00000	Data / Communications	-	-	-	-	-	-	337	432	-	-	-	769
D	Total West Wing Make Ready Project Costs	18,600,000	-	178,616	18	24,093	438,524	5,406,355	7,747,686	4,368,823	1,273,101	36,000	19,473,215
	E West Wing Renovation												
	Design	3,968,000	-	296,623	-	-	-	301,472	3,700	-	189,645	1,233,175	2,024,615
	Permit	2,116,000	-	-	-	-	-	-	-	-	5,500	5,000	10,500
	Construction	32,904,000	-	-	-	-	-	-	-	-	1,798,508	79,350	1,877,858
E	Total West Wing Renovation Costs	38,988,000	-	296,623	-	-	-	301,472	3,700	-	1,993,653	1,317,525	3,912,973
F	Total Project Costs	534,864,000	5,307,908	2,117,353	1,124,462	937,373	5,821,053	34,335,939	46,352,875	82,604,504	96,786,948	4,190,903	279,579,320



Projected Costs

Spec Section	Specification Name				Total Budget Remaining	Total
		2019	2020	2021		
	Hillside Parking Structure					
1.00000	Property Acquisition	-	-	-	-	-
2.00000	Design	-	-	-	-	1,680,296
3.00000	Permits & Fees	-	-	-	-	588,168
4.00000	Construction	-	-	-	-	22,969,329
5.00000	Owner Purchased FF&E	-	-	-	-	163,853
6.00000	Major Medical Equipment	-	-	-	-	-
7.00000	Data / Communications	-	-	-	-	71,916
A	Total Hillside Parking Structure Costs	-	-	-	-	25,473,562
	B Sitework Project					
1.00000	Property Acquisition	-	-	-	-	-
2.00000	Design	489,048	372,029	-	861,077	1,124,094
3.00000	Permits & Fees	334,286	267,429	-	601,715	601,715
4.00000	Construction	5,700,232	3,203,594	-	8,903,826	8,903,826
5.00000	Owner Purchased FF&E	-	-	-	-	-
6.00000	Major Medical Equipment	-	-	-	-	-
7.00000	Data / Communications	47,619	38,095	-	85,714	85,714
B	Total Sitework Project Costs	6,571,185	3,881,147	-	10,452,332	10,715,349
	C Hospital Replacement Building Project					
1.00000	Property Acquisition	-	-	-	-	-
2.00000	Design	825,000	225,000	-	1,050,000	33,796,879
3.00000	Permits & Fees	1,651,741	-	-	1,651,741	13,074,012
4.00000	Construction	127,366,404	51,104,967	-	178,471,371	359,196,051
5.00000	Owner Purchased FF&E	-	-	-	-	26,401
6.00000	Major Medical Equipment	10,281,250	8,000,000	-	18,281,250	23,806,439
7.00000	Data / Communications	1,643,344	-	-	1,643,344	1,654,476
C	Total Hospital Replacment Building Project Costs	141,767,739	59,329,967	-	201,097,706	431,554,259
	D West Wing Make Ready Project					
1.00000	Property Acquisition	-	-	-	-	-
2.00000	Design	-	-	-	-	3,174,196
3.00000	Permits & Fees	-	-	-	-	456,931
4.00000	Construction	-	-	-	-	15,841,320
5.00000	Owner Purchased FF&E	-	-	-	-	-
6.00000	Major Medical Equipment	-	-	-	-	-
7.00000	Data / Communications	-	-	-	-	769
D	Total West Wing Make Ready Project Costs	-	-	-	-	19,473,215
	E West Wing Renovation					
	Design	2,330,699	680,766	-	3,011,465	5,036,080
	Permit	1,462,327	912,938	124,736	2,500,001	2,510,501
	Construction	7,953,783	21,143,798	9,125,595	38,223,176	40,101,034
E	Total West Wing Renovation Costs	11,746,809	22,737,502	9,250,331	43,734,642	47,647,615
F	Total Project Costs	160,085,733	85,948,616	9,250,331	255,284,680	534,864,000



Moss Adams Audit Planning Letter



MOSSADAMS

To the Marin Healthcare Board of Directors
Marin Healthcare District

In connection with our engagement to audit the financial statements of Marin Healthcare District (the "District") as of and for the year ended December 31, 2018, professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit. We would also appreciate the opportunity to meet with you to discuss this information further since two-way communication can provide valuable information in the audit process. It is our understanding that Ann Sparkman, Board Chair, and Larry Bedard, Audit Committee Chair are the appropriate persons within the District's governance structure with whom to communicate.

As stated in our engagement letter dated July 30, 2018, we are responsible for conducting our audit 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 for the purpose of forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are presented, in all material respects, in conformity accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

We will also provide the District with the non-attest services of assisting you in drafting the financial statements and related footnotes as of and for the year ending December 31, 2018.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the District and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or regulations that are attributable to the District or to acts by management or employees acting on behalf of the District. We will communicate to you at the conclusion of our audit, significant matters that we believe are relevant to your responsibilities in overseeing the financial reporting process, including any internal control related matters that are required to be communicated under professional standards.

We conducted planning fieldwork the week of October 15, 2018 and completed our assessment of the design and implementation of the District's internal controls. We will begin year-end fieldwork the week of January 21, 2019, and expect to issue our report no later than April 30, 2019.



During the planning of the audit we have identified the following areas of audit emphasis:

- Patient accounts receivable and revenue recognition
- Investment valuation
- Internal control over financial reporting

Your client service team includes:

- Katherine Jackson, Partner
- Josh Lewis, Partner
- Ety Goldstein, Senior Manager
- Jamis Spalding, Senior

This information is intended solely for the information and use of the Board of Directors, Audit Committee, and management of Marin Healthcare District and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Moss Adams LLP

Sacramento, California
January 23, 2019