

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, JULY 7, 2026 @ 5:30 P.M.

Committee:

Chair: Brian Su, MD

Members: Edward Alfrey, MD

Staff: David Klein, MD, CEO

Eric Brettner, CFO

Liz Lasnier, Controller

Mary Hard, Dir System Budgeting & Reporting

Brad Malsed, Exec Dir, Financial Planning

Support: Tricia Lee, EA

Location:

Marin Healthcare District Office

100b Drakes Landing Road Suite 250

Greenbrae, CA 94904

Guests:

Brian Conner, Baker Tilly

AGENDA

- | | | <u>TAB</u> |
|---|----------------------|------------|
| 1. Call to Order / Approval of the Agenda (action) | Su | |
| 2. Approval of the Minutes of the MHD Finance & Audit Committee Meeting of May 05, 2026 (action) | Su | #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> | Su | |
| 4. Marin Healthcare District: 2025 Report of Independent Auditors | Brettner/Baker Tilly | |
| A. Audit Results Presentation | | #2 |
| B. Report of Independent Auditors and Financial Statements (action) | | #3 |
| 5. Review Marin Healthcare District FY 2027 Operating Budget (action) | Brettner | #4 |
| 6. District Financial Reports | Brettner | |
| A. April 2026 | | #5 |
| B. May 2026 | | #6 |
| 7. Review of Previously Presented Estimate of Administrative Support Cost | Brettner | #7 |
| 8. Adjournment | Su | |

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, May 5, 2026 Marin Healthcare District Office

MINUTES

1. Call to Order

Chair Su called the meeting to order at 5:32 pm.

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

Committee members present: Brian Su, MD (Chair); Edward Alfrey, MD (Board Member);

Staff members present: Eric Brettner (CFO); Liz Lasnier (Controller); Tricia Lee, (EA)

Guest Present: Jason Levey (Canterbury Consulting)

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 December 15, 2025.

3. Public Comment

There was no public comment.

4. Marin Healthcare District Corporate Investment Portfolio Review

A. Q4 2025

Mr. Levey reviewed fourth quarter and year-end 2025 investment performance. He reported strong market returns across most asset classes, with U.S. equities returning approximately 18% and international equities outperforming U.S. equities. The District portfolio returned approximately 13% for the year, driven by both equity and fixed-income performance.

Committee members discussed the District's investment allocation and the legal requirement that healthcare districts maintain investments in fixed-income securities rather than equities. Mr. Levey confirmed the portfolio has been transitioned to 100% fixed income.

B. Q1 2026

Mr. Levey reported that equity markets experienced significant volatility during the first quarter of 2026, while bond markets remained relatively flat. He noted that the District benefited from the timely divestiture of equities prior to the market downturn and outperformed its benchmark during the quarter.

Mr. Levey advised that, going forward, portfolio returns will be primarily driven by interest rates, with expected annual returns in the range of 4%–5%.

Committee members discussed simplifying future investment reporting to focus on fixed-income performance and required reporting metrics. Reporting requirements will be reviewed and incorporate them into the updated investment policy.

6. District Financial Reports

A. December 2025

Mr. Brettner reviewed the December 2025 financial statements. Investment performance exceeded budget expectations, resulting in favorable revenue variance. Staff also completed year-end accounting adjustments, including reversal of previously accrued community education and advertising expenses that were no longer needed.

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Board of Directors Finance and Audit Committee Tuesday, May 5, 2026 Marin Healthcare District Office

MINUTES

The Committee discussed providing a supplemental report on community education and advertising expenditures. Staff indicated an updated report would be provided following the June 2026 close.

The Committee requested revised financial statement descriptions to more clearly identify inpatient and outpatient behavioral health support programs.

B. January 2026

Mr. Brettner reported strong investment performance during January, with favorable revenue variance driven by investment earnings. Other operating expenses were generally in line with budget expectations.

C. February 2026

Mr. Brettner reviewed February financial results and noted continued positive investment performance. The Committee discussed long-term portfolio growth, operating expenses, rental income from MarinHealth, and potential election-related expenses.

D. March 2026

Mr. Brettner reported unrealized investment losses during March due to bond market volatility, noting that much of the decline had recovered during April.

The Committee discussed the District's Local Agency Investment Fund (LAIF) account and ongoing efforts to obtain access to and transfer funds from the account. Staff will continue working with LAIF representatives and provide updates at future meetings.

The Committee also discussed maintaining approximately 90 days of operating cash reserves and investing excess funds in accordance with District policy.

Committee members requested that staff bring back additional information regarding administrative cost allocations, office space utilization, and support services provided under the lease agreement with MarinHealth for further review at a future Finance and Audit Committee meeting.

7. Adjournment

Chair Su adjourned the meeting at 6:10 pm.

Tab 2



Marin Healthcare District

2025 Audit Results



Dear Finance and Audit Committee Members:

Thank you for your continued engagement of Baker Tilly US, LLP. We're pleased to have the opportunity to meet with you to discuss the results of our audit of the financial statements of Marin Healthcare District (District) for the year ended December 31, 2025.

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

1. Scope of Services
2. Auditor's Responsibility
3. Auditor's Report
4. Areas of Significant Risk
5. Communication with Those Charged with Governance
6. Financial Ratios and Metrics
7. Industry Focus



Scope of Services

We have performed the following services for Marin Healthcare District (District):

Annual Audit

- Annual financial statement audit as of and for the year ended December 31, 2025

Non-Attest Services

- Assisted in drafting the financial statements and related footnotes of the District as of and for the year ended December 31, 2025
- Assisted in the preparation of the Special Districts' Financial Transactions Report as of and for the year ended December 31, 2024



Our Responsibility Under U.S. Generally Accepted Auditing Standards

- 1 To express our opinion on whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with accounting principles generally accepted in the United States of America (GAAP). However, our audit doesn't relieve you or management of your responsibilities.

- 2 To perform an audit in accordance with generally accepted auditing standards issued by the AICPA, the California Code of Regulations, Title 2, Section 1131.2, and the State Controller's Minimum Audit Requirements for California Special Districts, issued by the California State Controller's Office, and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.

- 3 To consider internal control over financial reporting and internal control over compliance as a basis for designing audit procedures but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.

- 4 To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process and administering federal awards. However, we aren't required to design procedures for the purpose of identifying other matters to communicate to you.



Auditor's Report on the Financial Statements

Unmodified Opinion

- Financial statements are presented fairly and in accordance with U.S. GAAP



Significant Risks Identified

During the planning of the audit, we have identified the following significant risks:

| Significant Risks | Procedures |
|---|---|
| Tax Assessment Receivables – Accuracy, Valuation, and Allocation Tax Revenue – Accuracy, Valuation, and Allocation, and Cutoff | <ul style="list-style-type: none">• Obtained an understanding of the District's internal controls surrounding the tax assessment, payments received, and outstanding balance• Obtained confirmation from the County to acquire evidence of the reasonableness of the tax assessed, payments received, and outstanding balance• Recalculated tax receivable and tax revenue for the year-ended December 31, 2025 |
| Entity-Level Risks (including management override of controls) | <ul style="list-style-type: none">• Evaluated control environment (design and implementation) and ensured that proper review is occurring• Tested revenue accounts that present a higher risk of fraud• Interviewed members of management and governance regarding fraud and fraud risks |



Matters Required to be Communicated with Those Charged with Governance

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with U.S. GAAP. Our audit of the financial statements does not relieve you or management of your responsibilities.

Matters Required to be Communicated with Those Charged with Governance

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). As part of an audit conducted in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

Matters Required to be Communicated with Those Charged with Governance

Planned Scope and Timing of the Audit:

It's the auditor's responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence and to communicate with those charged with governance an overview of the planned scope and timing of the audit.

The planned scope and timing of the audit were included in the planning letter to the District's finance and audit committee, along with being included in the engagement letter for the year ended December 31, 2025.

Matters Required to be Communicated with Those Charged with Governance

Circumstances that affect the form and content of the auditor's report:

We're required or may otherwise consider it necessary to include additional information in the auditor's report in accordance with the generally accepted auditing standards, and for which communication with those charged with governance is required.

There were no circumstances that affected the form and content of the auditor's report.

Matters Required to be Communicated with Those Charged with Governance

Significant Accounting Policies and Unusual Transactions:

The auditor should determine that the audit committee is informed about the initial selection of and changes in significant accounting policies or their application. The auditor should also determine the audit committee is informed about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there's a lack of authoritative guidance or consensus.

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the footnotes to the financial statements.

Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application, and the initial selection and implementation of new policies. During the year ended December 31, 2025, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*. GASB 102 requires governments to disclose certain concentrations or constraints that make them vulnerable to the risk of a substantial impact. The adoption of GASB Statement No. 102 did not have a material impact on the District's financial statements.

We believe management has selected and applied significant accounting policies appropriately and consistent with those of the prior year.

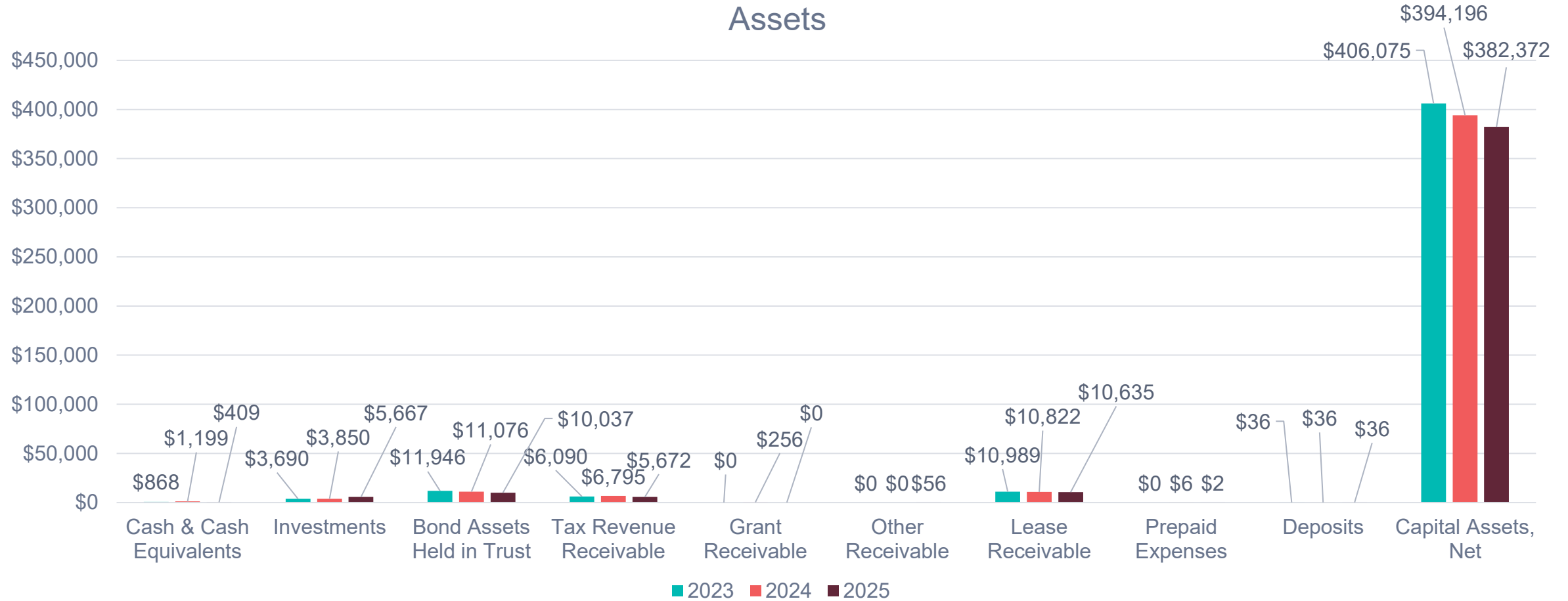
Matters Required to be Communicated with Those Charged with Governance

- Accounting estimates are reasonable
- No material corrected adjustments
- No uncorrected audit adjustments
- No issues discussed prior to our retention as auditors
- No disagreements with management
- No significant deficiencies or material weaknesses identified
- No consultation with other accountants
- No awareness of instances of fraud or noncompliance with laws and regulations
- Other matters – none noted



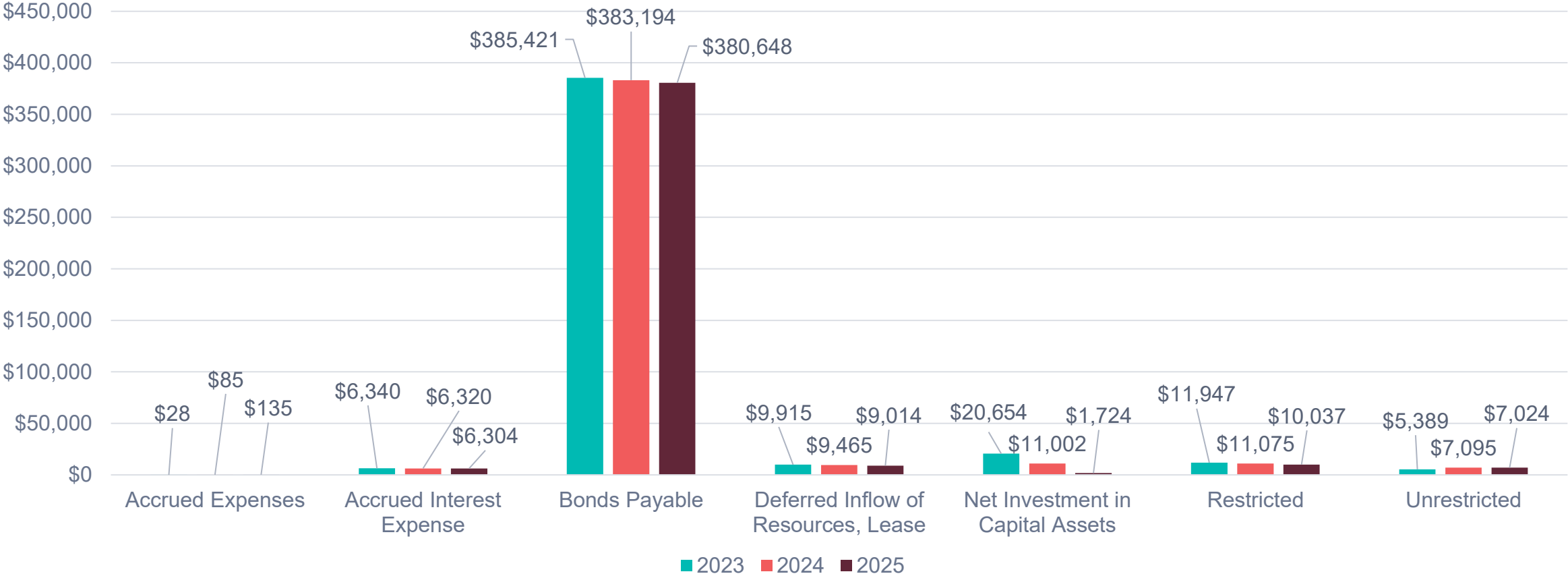
Financial Ratios and Metrics

Assets (in thousands)



Liabilities, Deferred Inflows of Resources, and Net Position (in thousands)

Liabilities, Deferred Inflows of Resources, and Net Assets



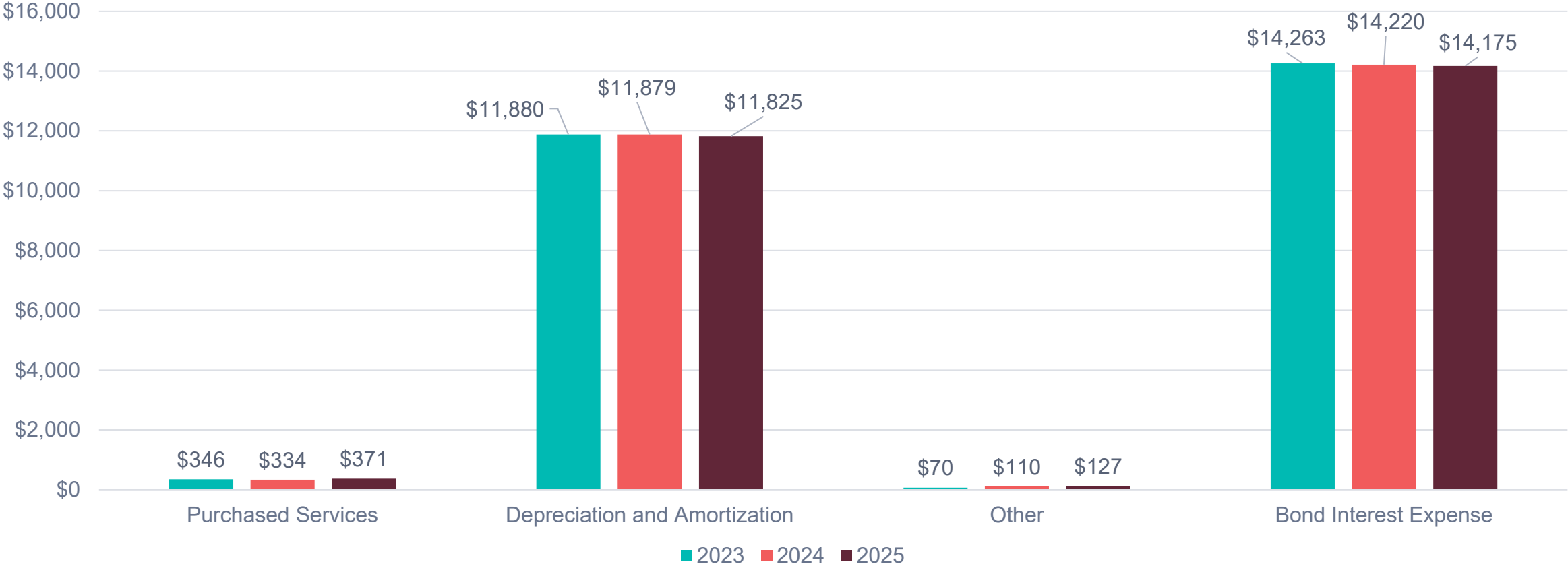
Revenues (in thousands)

Revenues



Expenses (in thousands)

Expenses

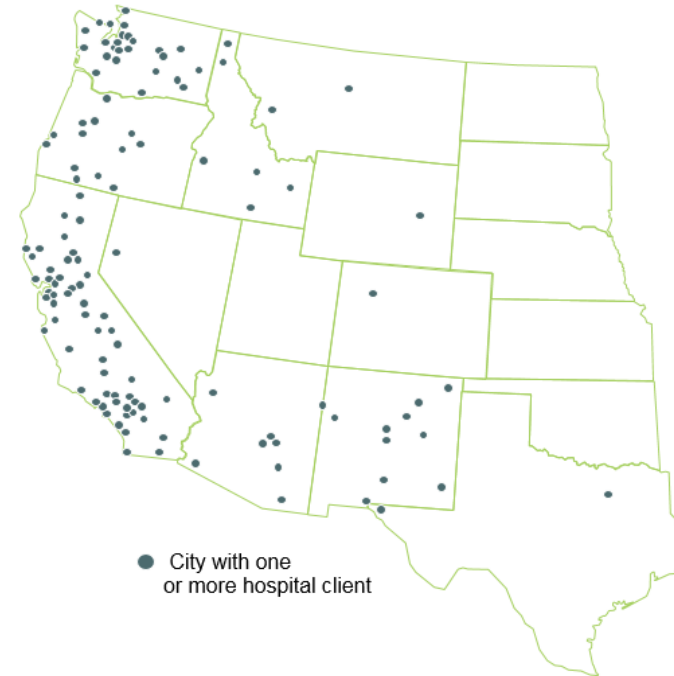


Industry Focus

District and Health Systems

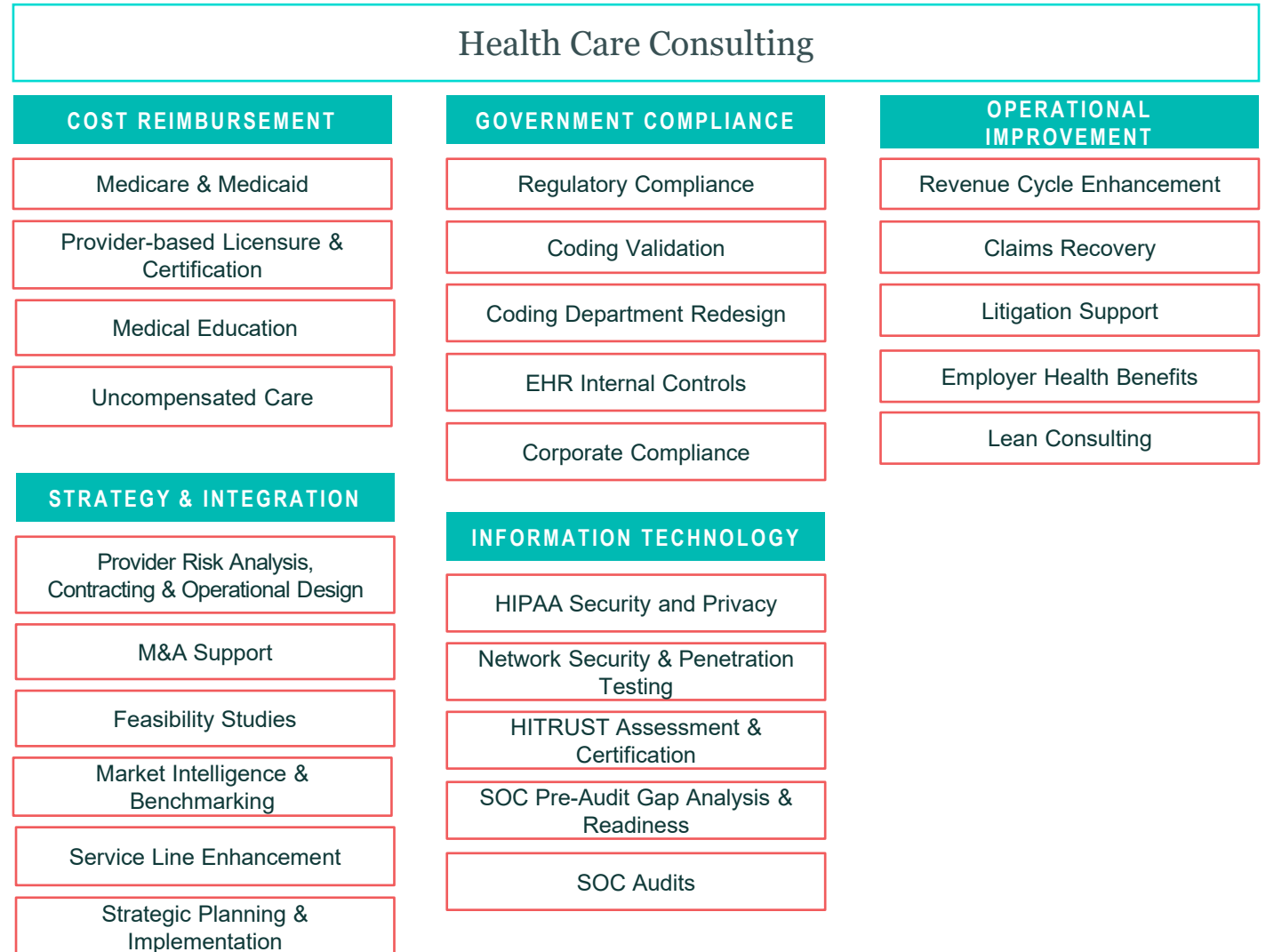
Baker Tilly serves more than 200 districts and health systems, ranging in size from 15 to over 1,000 beds. We offer tailored solutions and health care consulting services to our for-profit, government, and not-for-profit entities. Our clients include:

- 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.

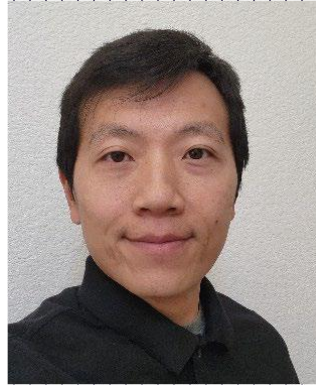


Your Service Team



Brian Conner
*Engagement
Reviewer
Principal*

Brian.Conner
@bakertilly.com



Chris Ng
*Engagement
Manager*

Chris.Ng
@bakertilly.com



Arthur Ngo
*Concurring
Reviewer*

Arthur.Ngo
@bakertilly.com



**THANK
YOU**

The background features a series of overlapping circles in various shades of gray, creating a layered, tunnel-like effect that recedes into the distance. The circles are centered on the right side of the frame, with the largest and lightest circle at the far right, and smaller, darker circles overlapping it towards the left.

Tab 3

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Report of Independent Auditors and
Financial Statements

Marin Healthcare District

December 31, 2025 and 2024

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Management's Discussion and Analysis

Marin Healthcare District

Management's Discussion and Analysis

Years Ended December 31, 2025 and 2024

This section of the financial statements for Marin Healthcare District (the District) presents management's discussion and analysis of the financial activities of the District for fiscal years ended December 31, 2025 and 2024. 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 are 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 expenses reported during this fiscal year may result in changes to cash flows in a future period.

Statement of Cash Flows

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
Years Ended December 31, 2025 and 2024**

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

| | 2025 | December 31, 2024 | 2023 |
|---|-----------------------|-----------------------|-----------------------|
| Assets | | | |
| Current and other assets | \$ 32,513,955 | \$ 34,040,063 | \$ 33,619,274 |
| Capital assets, net of accumulated depreciation | <u>382,371,755</u> | <u>394,196,414</u> | <u>406,075,171</u> |
| Total assets | <u>\$ 414,885,710</u> | <u>\$ 428,236,477</u> | <u>\$ 439,694,445</u> |
| Liabilities | | | |
| Current portion of bond payable | \$ 2,210,000 | \$ 1,570,000 | \$ 1,250,000 |
| Other current liabilities | 6,438,412 | 6,404,853 | 6,368,592 |
| Bonds payable, net of current portion | <u>378,437,936</u> | <u>381,624,363</u> | <u>384,170,790</u> |
| Total liabilities | 387,086,348 | 389,599,216 | 391,789,382 |
| Deferred inflows of resources | | | |
| Deferred inflows related to leases | 9,013,946 | 9,464,643 | 9,915,340 |
| Net position | | | |
| Net investment in capital assets | 1,723,820 | 11,002,051 | 20,654,381 |
| Restricted | 10,037,400 | 11,075,587 | 11,946,664 |
| Unrestricted | <u>7,024,196</u> | <u>7,094,980</u> | <u>5,388,678</u> |
| Total net position | <u>18,785,416</u> | <u>29,172,618</u> | <u>37,989,723</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 414,885,710</u> | <u>\$ 428,236,477</u> | <u>\$ 439,694,445</u> |

Total assets decreased by 3.1% or \$13,350,767 as of December 31, 2025, compared to December 31, 2024, primarily due to a decrease in capital assets as a result of depreciation expense. Total assets decreased by 2.6% or \$11,457,968 as of December 31, 2024, compared to December 31, 2023, primarily due to a decrease in capital assets.

Liabilities decreased by 0.6% or \$2,512,868 as of December 31, 2025, compared to December 31, 2024, primarily due to a reduction in bonds payable. Liabilities decreased by 0.6% or \$2,190,166 as of December 31, 2024, compared to December 31, 2023, primarily due to a reduction in bonds payable.

The overall change to net position is a decrease of \$10,387,202 resulting in a December 31, 2025, balance of \$18,785,416. An unrestricted net position of \$7,024,196 exists for the year ended December 31, 2025, as a result of resources in excess of net investments in capital assets.

**Marin Healthcare District
Management's Discussion and Analysis
Years Ended December 31, 2025 and 2024**

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

| | Years Ended December 31, | | |
|---------------------------------------|--------------------------|----------------|----------------|
| | 2025 | 2024 | 2023 |
| Operating revenues | \$ 932,403 | \$ 930,958 | \$ 929,596 |
| Operating expenses | 12,323,326 | 12,322,871 | 12,295,086 |
| Operating loss | (11,390,923) | (11,391,913) | (11,365,490) |
| Tax revenue | 14,348,646 | 15,935,063 | 17,233,224 |
| Interest and investment income (loss) | 829,849 | 542,291 | 524,677 |
| Grant revenue | - | 317,094 | - |
| Bond interest expense | (14,174,774) | (14,219,640) | (14,262,757) |
| Total nonoperating revenues, net | 1,003,721 | 2,574,808 | 3,495,144 |
| Decrease in net position | \$ (10,387,202) | \$ (8,817,105) | \$ (7,870,346) |

Operating Revenues and Expenses

For the years ended December 31, 2025, 2024, and 2023, operating losses were primarily due to the depreciation incurred by the District.

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.

Economic Outlook and Major Initiatives

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.

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.

**Marin Healthcare District
Management's Discussion and Analysis
Years Ended December 31, 2025 and 2024**

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.

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, 2025, is presented below.

| | <u>Actual</u> | <u>Budget</u> | <u>\$ Variance</u> |
|--------------------------------|-------------------------------|-------------------------------|--------------------------|
| Operating revenues | \$ 932,403 | \$ 666,919 | \$ 265,484 |
| Operating expenses | 12,323,326 | 12,398,871 | (75,545) |
| Operating loss | <u>(11,390,923)</u> | <u>(11,731,952)</u> | <u>341,029</u> |
| Tax revenue | 14,348,646 | 14,280,222 | 68,424 |
| Interest and investment income | 829,849 | 262,047 | 567,802 |
| Bond interest expense | <u>(14,174,774)</u> | <u>(14,164,308)</u> | <u>(10,466)</u> |
| Nonoperating revenues | <u>1,003,721</u> | <u>377,961</u> | <u>625,760</u> |
| Decrease in net position | <u><u>\$ (10,387,202)</u></u> | <u><u>\$ (11,353,991)</u></u> | <u><u>\$ 966,789</u></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, and were \$265,484 in excess of budget.

Operating expenses

The District conducts programs such as community healthcare education and support for hospital programs. The District's operating expenses were \$75,545 under budget, due to lower other expenses.

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.

**Marin Healthcare District
Management's Discussion and Analysis
Years Ended December 31, 2025 and 2024**

Interest and investment income (loss)

The District earned interest and dividend income and incurred investment losses from the accounts in which the investment loss is held.

Capital Assets

As of December 31, 2025, the District had \$382,371,755 invested in a variety of capital assets, as reflected in the following schedule, which represent a net decrease of \$11,824,659 from December 31, 2024. The decrease as of December 31, 2025, is the result of an increase in accumulated depreciation due to annual depreciation expense.

| | Balance at December 31, | |
|---|-------------------------|----------------|
| | 2025 | 2024 |
| Land | \$ 865,701 | \$ 865,701 |
| Hospital buildings and leasehold improvements | 471,688,684 | 471,688,684 |
| Equipment | 18,784,416 | 18,784,416 |
| Less: accumulated depreciation | (108,967,046) | (97,142,387) |
| Capital assets, net of accumulated depreciation | \$ 382,371,755 | \$ 394,196,414 |

Bonds Payable

During the year, the District's long-term debt activity continued to reflect the outstanding General Obligation Bonds authorized under Measure F, approved by voters on November 5, 2013. The bonds were issued in multiple series, including Series 2015A, Series 2015B, and Series 2017A, with total authorized principal of up to \$394,000,000.

The Series 2015A Bonds, issued on November 10, 2015, totaled \$157,385,000 and bear interest rates ranging from 2.00% to 5.00%. The Series 2015B Bonds, issued concurrently, totaled \$12,615,000 with an interest rate of 0.40%. Interest on these bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1. Principal payments are due annually on August 1. The Series 2015A Bonds maturing on or after August 1, 2026, are subject to optional redemption beginning August 1, 2025, while the Series 2015B Bonds are not subject to redemption prior to maturity.

On September 7, 2017, the District issued \$224,000,000 of Series 2017A Bonds with interest rates between 2.00% and 5.00%. Similar to prior series, interest is payable semiannually with principal due on August 1 annually. The Series 2017A Bonds maturing on or after August 1, 2028, are subject to optional redemption beginning August 1, 2027.

Proceeds from these bonds are designated for seismic upgrades to meet California earthquake standards, expansion and enhancement of emergency and other medical facilities, acquisition and renovation of facilities, and to cover associated legal, financial, and engineering costs.

The District incurred interest costs of approximately \$14,174,774 and \$14,219,640 for the years ended December 31, 2025 and 2024, respectively.

**Marin Healthcare District
Management's Discussion and Analysis
Years Ended December 31, 2025 and 2024**

During the fiscal year ended December 31, 2025, there were no changes to the District's credit ratings. The District continues to maintain its current credit rating status, which supports its ability to access capital markets on favorable terms for financing planned facilities and services.

The bonds represent a general obligation of the District, with the County Board of Supervisors authorized and obligated to levy annual ad valorem taxes on all taxable property within the District to pay principal and interest when due.

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, attention: Chief Financial Officer or the Chair of the Finance and Audit Committee, at (415) 464-2090.

Report of Independent Auditors

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Financial Statements

Marin Healthcare District
Statements of Net Position
December 31, 2025 and 2024

| | 2025 | 2024 |
|---|----------------|----------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 409,458 | \$ 1,198,857 |
| Investments | 5,666,604 | 3,849,775 |
| Current portion of bond assets held in trust | 8,208,375 | 7,889,542 |
| Tax revenue receivable | 5,672,357 | 6,795,179 |
| Grant receivable | - | 256,221 |
| Other receivable | 55,526 | - |
| Current portion of lease receivable | 210,114 | 187,787 |
| Prepaid expenses | 1,747 | 5,794 |
| Total current assets | 20,224,181 | 20,183,155 |
| NONCURRENT ASSETS | | |
| Deposits | 36,000 | 36,000 |
| Capital assets, net of accumulated depreciation | 382,371,755 | 394,196,414 |
| Bond assets held in trust, net of current portion | 1,829,025 | 3,186,045 |
| Lease receivable, net of current portion | 10,424,749 | 10,634,863 |
| Total noncurrent assets | 394,661,529 | 408,053,322 |
| Total assets | \$ 414,885,710 | \$ 428,236,477 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | | |
| CURRENT LIABILITIES | | |
| Accrued expenses | \$ 134,570 | \$ 85,311 |
| Accrued interest expense | 6,303,842 | 6,319,542 |
| Current portion of bonds payable | 2,210,000 | 1,570,000 |
| Total current liabilities | 8,648,412 | 7,974,853 |
| NONCURRENT LIABILITIES | | |
| Bonds payable, net of current portion | 378,437,936 | 381,624,363 |
| Total noncurrent liabilities | 378,437,936 | 381,624,363 |
| Total liabilities | 387,086,348 | 389,599,216 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows of resources - lease | 9,013,946 | 9,464,643 |
| NET POSITION | | |
| Net investment in capital assets | 1,723,820 | 11,002,051 |
| Restricted | 10,037,400 | 11,075,587 |
| Unrestricted | 7,024,196 | 7,094,980 |
| Total net position | 18,785,416 | 29,172,618 |
| Total liabilities, deferred inflows of resources, and net position | \$ 414,885,710 | \$ 428,236,477 |

See accompanying notes

Marin Healthcare District
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---------------|---------------|
| OPERATING REVENUES | | |
| Lease income | \$ 448,149 | \$ 439,848 |
| Interest income related to lease | 484,254 | 491,110 |
| Total operating revenues | 932,403 | 930,958 |
| OPERATING EXPENSES | | |
| Purchased services | 370,845 | 333,923 |
| Depreciation and amortization | 11,824,659 | 11,878,757 |
| Other | 127,822 | 110,191 |
| Total operating expenses | 12,323,326 | 12,322,871 |
| Operating loss | (11,390,923) | (11,391,913) |
| NONOPERATING REVENUES (EXPENSES) | | |
| Tax revenue | 14,348,646 | 15,935,063 |
| Grant revenue | - | 317,094 |
| Interest and investment income | 829,849 | 542,291 |
| Bond interest expense | (14,174,774) | (14,219,640) |
| Total nonoperating revenues, net | 1,003,721 | 2,574,808 |
| DECREASE IN NET POSITION | (10,387,202) | (8,817,105) |
| NET POSITION, beginning of year | 29,172,618 | 37,989,723 |
| NET POSITION, end of year | \$ 18,785,416 | \$ 29,172,618 |

See accompanying notes

Marin Healthcare District
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from tenants | \$ 613,967 | \$ 646,961 |
| Payments to suppliers and others | (445,362) | (389,141) |
| Net cash provided by operating activities | 168,605 | 257,820 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Proceeds from grants for COVID-19 pandemic | 256,221 | 60,873 |
| Net cash provided by noncapital financing activities | 256,221 | 60,873 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Purchases of capital assets | - | (3,673) |
| Principal payments on bonds payable | (1,570,000) | (1,250,000) |
| Interest payments on bonds payable | (15,166,900) | (15,216,900) |
| Tax revenue related to general obligation bonds | 15,471,468 | 15,229,444 |
| Net cash used in capital and related financing activities | (1,265,432) | (1,241,129) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (1,635,000) | - |
| Proceeds from sales and maturities of investments | 290,000 | - |
| Purchases of bond assets held in trust | (15,839,807) | (15,229,445) |
| Proceeds from sales and maturities of bond assets held in trust | 16,736,900 | 16,466,900 |
| Earnings on investments | 499,114 | 16,181 |
| Net cash from provided by investing activities | 51,207 | 1,253,636 |
| NET CHANGES IN CASH AND CASH EQUIVALENTS | (789,399) | 331,200 |
| CASH AND CASH EQUIVALENTS, beginning of year | 1,198,857 | 867,657 |
| CASH AND CASH EQUIVALENTS, end of year | \$ 409,458 | \$ 1,198,857 |
| RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating loss | \$ (11,390,923) | \$ (11,391,913) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 11,824,659 | 11,878,757 |
| Changes in certain assets and liabilities: | | |
| Prepaid expenses | 4,046 | (5,794) |
| Lease receivable | 187,787 | 166,700 |
| Other receivables | (55,526) | - |
| Accrued expenses | 49,259 | 60,767 |
| Deferred inflows of resources - lease | (450,697) | (450,697) |
| Net cash provided by operating activities | \$ 168,605 | \$ 257,820 |

See accompanying notes

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 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.

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 GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989*, the Financial Accounting Standards Board (FASB), and the 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.

Recently adopted accounting pronouncements – As of January 1, 2025, the District adopted GASB Statement No. 102, *Certain Risk Disclosures*. This statement requires disclosures when certain concentrations or constraints make a government vulnerable to the risk of a substantial impact. The implementation of this standard did not have a material impact on the District's statement of net position, results of operations, or cash flows. Management evaluated concentrations and constraints under GASB Statement No. 102 and determined that no concentration or constraint met the criteria requiring disclosure as of December 31, 2025.

Marin Healthcare District Notes to Financial Statements

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.

Use of estimates – The financial statements have been prepared in conformity with accounting principles generally accepted in the United States 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 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.

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 revenues, expenses, and changes in net position as other revenue. Interest of \$222,513 and \$191,057 and realized and unrealized gains (losses) of \$380,090 and (\$15,145) for the years ended December 31, 2025 and 2024, respectively, are included in interest and investment income on the statements of revenues, expenses, and changes 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. Interest of \$227,246 and \$366,379, and realized and unrealized losses of \$0 are included in interest and investment income on the statements of revenues, expenses, and changes in net position for the years ended December 31, 2025 and 2024, respectively.

Lease receivable – Lease receivable is recognized at the net present value of the leased assets at a borrowing rate determined by the District, reduced by principal payments received.

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.

The estimated useful lives by major category are as follows:

| <u>Capital Asset Category</u> | <u>Useful Life (Years)</u> |
|-------------------------------|----------------------------|
| Hospital buildings | 40 |
| Equipment | 3 - 20 |
| Leasehold improvements | 40 |

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. There was no impairment recorded for the years ended December 31, 2025 and 2024.

Deferred inflows of resources – In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. Included in deferred inflows of resources of the District are deferred lease resources related to lessor arrangements.

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 statements of revenues, expenses, and changes in net position distinguish 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, including loss on impairment of capital assets.

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.

Marin Healthcare District Notes to Financial Statements

The COVID-19 pandemic marked the first time the Disaster Relief Fund (DRF) was used to respond to a nationwide public health emergency. The Federal Emergency Management Agency (FEMA), which manages the DRF, used the fund to provide pandemic assistance for COVID-19 related costs not funded by other sources. The disaster incident period is January 20, 2020 through May 11, 2023. For the years ended December 31, 2025 and 2024, the District recognized \$0 and \$317,094, respectively, which was reported as grant nonoperating revenue in the statements of revenues, expenses, and changes in net position.

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.

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:

| | 2025 | 2024 |
|---|---------------|---------------|
| Cash in bank | \$ 38,540 | \$ 843,636 |
| State of California's Local Agency Investment Fund (LAIF) | 370,918 | 355,221 |
| Total cash and cash equivalents | 409,458 | 1,198,857 |
| Investments | | |
| Mutual funds | 4,311,164 | 2,770,406 |
| U.S. fixed income commingled funds | 1,355,440 | 1,079,369 |
| Total investments | 5,666,604 | 3,849,775 |
| Bond assets held in trust | | |
| Money market funds | 10,037,400 | 11,075,587 |
| Total bond assets held in trust | 10,037,400 | 11,075,587 |
| Total | \$ 16,113,462 | \$ 16,124,219 |

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.

Marin Healthcare District

Notes to Financial Statements

Local Agency Investment Fund – The District places certain funds with the Local Agency Investment Fund (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.

The management of the State of California Pooled Money Investment Account has indicated to the District that as of December 31, 2025 and 2024, the estimated market value of the pool (including accrued interest) was \$33,711,845 and \$32,247,035, respectively. The District's proportionate share of that value is \$370,918 and \$355,221 as of December 31, 2025 and 2024, 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.

Marin Healthcare District Notes to Financial Statements

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 when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the Chief Executive Officer and Chief Financial Officer of the District shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, to safeguard the principal and maintain the liquidity needs of the District.

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, 2025 and 2024, 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.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Marin Healthcare District Notes to Financial Statements

GASB Statement No. 40, *Deposit and Investment Risk Disclosures—An Amendment of GASB Statement No. 3*, 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:

| | 2025 | | | |
|------------------------------------|---------------|----------------------------------|--------|-------------|
| | Fair Value | Investment Maturities (in years) | | |
| | | Less than 1 | 1 to 5 | More than 5 |
| Money market funds | \$ 10,037,400 | \$ 10,037,400 | \$ - | \$ - |
| Mutual funds | 4,311,164 | | | |
| U.S. fixed income commingled funds | 1,355,440 | | | |
| Total maturities | \$ 15,704,004 | | | |
| | | | | |
| | 2024 | | | |
| | Fair Value | Investment Maturities (in years) | | |
| | | Less than 1 | 1 to 5 | More than 5 |
| Money market funds | \$ 11,075,587 | \$ 11,075,587 | \$ - | \$ - |
| Mutual funds | 2,770,406 | | | |
| U.S. fixed income commingled funds | 1,079,369 | | | |
| Total maturities | \$ 14,925,362 | | | |

Note 3 – Fair Value 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:

| | 2025 | | | | Total |
|-------------------------------------|---|--|--|--------------------------------|----------------------|
| | 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) | Net Asset Value (NAV) | |
| Money market funds | \$ 10,037,400 | \$ - | \$ - | \$ - | \$ 10,037,400 |
| Mutual funds | | | | | |
| Corp/Pref-high yield | 4,311,164 | - | - | - | 4,311,164 |
| U.S. fixed income commingled funds* | - | - | - | 1,355,440 | 1,355,440 |
| Total investments | \$ 14,348,564 | \$ - | \$ - | \$ 1,355,440 | \$ 15,704,004 |

| | 2024 | | | | Total |
|-------------------------------------|---|--|--|--------------------------------|----------------------|
| | 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) | Net Asset Value (NAV) | |
| Money market funds | \$ 11,075,587 | \$ - | \$ - | \$ - | \$ 11,075,587 |
| Mutual funds | | | | | |
| Corp/Pref-high yield | 2,770,406 | - | - | - | 2,770,406 |
| U.S. fixed income commingled funds* | - | - | - | 1,079,369 | 1,079,369 |
| Total investments | \$ 13,845,993 | \$ - | \$ - | \$ 1,079,369 | \$ 14,925,362 |

*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 statements of net position.

During 2025 and 2024, there was no activity in Level 2 or 3 investments.

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, 2025 and 2024.

| 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) |

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, 2025 and 2024:

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Marin Healthcare District Notes to Financial Statements

| | Life (Years) | Balance January 1, 2025 | Additions | Deletions | Transfers | Balance December 31, 2025 |
|--|-----------------|-------------------------------|-----------------|-----------|-----------|---------------------------------|
| Non-depreciable | | | | | | |
| Land | N/A | \$ 865,701 | \$ - | \$ - | \$ - | \$ 865,701 |
| Total non-depreciable | | 865,701 | - | - | - | 865,701 |
| Depreciable | | | | | | |
| Hospital buildings | 40 | 470,310,789 | - | - | - | 470,310,789 |
| Equipment | 3 to 20 | 18,784,416 | - | - | - | 18,784,416 |
| Leasehold improvements | 40 | 1,377,895 | - | - | - | 1,377,895 |
| Total depreciable | | 490,473,100 | - | - | - | 490,473,100 |
| Accumulated depreciation | | | | | | |
| Hospital buildings | N/A | (76,980,076) | (11,824,659) | - | - | (88,804,735) |
| Equipment | N/A | (18,784,416) | - | - | - | (18,784,416) |
| Leasehold improvements | N/A | (1,377,895) | - | - | - | (1,377,895) |
| Total accumulated depreciation | | (97,142,387) | (11,824,659) | - | - | (108,967,046) |
| Total depreciable, net | | 393,330,713 | (11,824,659) | - | - | 381,506,054 |
| Total capital assets, net | | \$ 394,196,414 | \$ (11,824,659) | \$ - | \$ - | \$ 382,371,755 |
| Balance as of December 31, 2024 | | | | | | |
| | Life (Years) | Balance January 1, 2024 | Additions | Deletions | Transfers | Balance December 31, 2024 |
| Non-depreciable | | | | | | |
| Land | N/A | \$ 865,701 | \$ - | \$ - | \$ - | \$ 865,701 |
| Total non-depreciable | | 865,701 | - | - | - | 865,701 |
| Depreciable | | | | | | |
| Hospital buildings | 40 | 470,310,789 | - | - | - | 470,310,789 |
| Equipment | 3 to 20 | 18,784,416 | - | - | - | 18,784,416 |
| Leasehold improvements | 40 | 1,377,895 | - | - | - | 1,377,895 |
| Total depreciable | | 490,473,100 | - | - | - | 490,473,100 |
| Accumulated depreciation | | | | | | |
| Hospital buildings | N/A | (65,101,319) | (11,878,757) | - | - | (76,980,076) |
| Equipment | N/A | (18,784,416) | - | - | - | (18,784,416) |
| Leasehold improvements | N/A | (1,377,895) | - | - | - | (1,377,895) |
| Total accumulated depreciation | | (85,263,630) | (11,878,757) | - | - | (97,142,387) |
| Total depreciable, net | | 405,209,470 | (11,878,757) | - | - | 393,330,713 |
| Total capital assets, net | | \$ 406,075,171 | \$ (11,878,757) | \$ - | \$ - | \$ 394,196,414 |

Depreciation expense of capital assets was \$11,824,659 and \$11,878,757 for the years ended December 31, 2025 and 2024, respectively.

Marin Healthcare District Notes to Financial Statements

Note 5 – Lease of Marin Healthcare District Facility

The District is a lessor for a noncancellable lease. 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.

Lease receivable – The District’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon changes in CPI. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflows of resources are amortized on an effective interest method basis over the term of the lease.

The future principal and interest lease receipts as of December 31, 2025, are as follows:

| <u>Years Ending December 31</u> | <u>Lease Payments</u> | <u>Interest Payments</u> | <u>Total</u> |
|---------------------------------|---------------------------|------------------------------|----------------------|
| 2026 | \$ 210,114 | \$ 474,270 | \$ 684,384 |
| 2027 | 233,740 | 464,332 | 698,072 |
| 2028 | 258,731 | 453,302 | 712,033 |
| 2029 | 285,155 | 441,119 | 726,274 |
| 2030 | 313,082 | 427,716 | 740,798 |
| Thereafter | <u>9,334,041</u> | <u>3,733,128</u> | <u>13,067,169</u> |
| Total future receipts | <u>\$ 10,634,863</u> | <u>\$ 5,993,867</u> | <u>\$ 16,628,730</u> |

Note 6 – 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.

Marin Healthcare District Notes to Financial Statements

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 2017A Bonds maturing on August 1, 2037, August 1, 2041, and August 1, 2047, shall be subject to redemption prior to maturity, without a redemption premium, in part by lot, from mandatory sinking fund payments, beginning August 1, 2035, August 1, 2038, and August 1, 2042, respectively.

The District incurred interest costs related to the General Obligation Bonds of \$14,174,774 and \$14,219,640 for the years ended December 31, 2025 and 2024, respectively.

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.

Marin Healthcare District Notes to Financial Statements

The activity for bonds payable for the years ended December 31, 2025 and 2024, was as follows:

| | Outstanding January 1, 2025 | Issued | Matured / Redeemed During Year | Outstanding December 31, 2025 | Due Within One Year |
|--------------------------|-----------------------------------|-------------|--------------------------------------|-------------------------------------|------------------------|
| General obligation bonds | | | | | |
| Series 2015 bonds | \$ 151,235,000 | \$ - | \$ (1,570,000) | \$ 149,665,000 | \$ 1,915,000 |
| Series 2017 bonds | 211,305,000 | - | - | 211,305,000 | 295,000 |
| Plus | | | | | |
| Series 2015 premium | 5,980,887 | - | (296,575) | 5,684,312 | - |
| Series 2017 premium | 14,673,476 | - | (679,852) | 13,993,624 | - |
| Total | \$ 383,194,363 | \$ - | \$ (2,546,427) | \$ 380,647,936 | \$ 2,210,000 |

| | Outstanding January 1, 2024 | Issued | Matured / Redeemed During Year | Outstanding December 31, 2024 | Due Within One Year |
|--------------------------|-----------------------------------|-------------|--------------------------------------|-------------------------------------|------------------------|
| General obligation bonds | | | | | |
| Series 2015 bonds | \$ 152,485,000 | \$ - | \$ (1,250,000) | \$ 151,235,000 | \$ 1,570,000 |
| Series 2017 bonds | 211,305,000 | - | - | 211,305,000 | - |
| Plus | | | | | |
| Series 2015 premium | 6,277,462 | - | (296,575) | 5,980,887 | - |
| Series 2017 premium | 15,353,328 | - | (679,852) | 14,673,476 | - |
| Total | \$ 385,420,790 | \$ - | \$ (2,226,427) | \$ 383,194,363 | \$ 1,570,000 |

A summary of debt service requirements for the next five years and to maturity as of December 31, 2025, is as follows:

| <u>Years Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> |
|--|-----------------------|-----------------------|
| 2026 | \$ 2,210,000 | \$ 15,104,100 |
| 2027 | 3,005,000 | 14,999,500 |
| 2028 | 3,855,000 | 14,870,550 |
| 2029 | 4,760,000 | 14,712,150 |
| 2030 | 5,760,000 | 14,490,200 |
| 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 |
| Total debt service requirements | \$ 360,970,000 | \$ 231,924,400 |

Marin Healthcare District Notes to Financial Statements

Note 7 – 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.

Note 8 – 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 2025 and 2024, the District did not have a regular tax levy. There is a voter-approved tax levy for service of the general obligation bonds. For 2025 and 2024, the tax levy for bond service was \$14,348,646 and \$15,935,063, 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.

Tab 4



2027 Operating Budget

Finance & Audit Committee

7/7/2026



FY 2027 Budget Assumptions - Receipts

- **Rental Income**
 - Increased 3.6% based on estimated 2026 CPI as of May. Actual 2027 will be based on CPI at December, 2026.
- **Investment Earnings**
 - Based on conservative expected return from investment advisor, adjusted downward by 1% to account for continued market volatility and uncertainty.
- **Tax Revenue**
 - In working with the County of Marin, we have calculated the amount to be \$18.4M in total for the 2015 and 2017 Bond Funds.



FY 2027 Budget Assumptions - Expenses

- **Legal Fees**
 - \$40K routine expected expenses in 2027 based on 3 years of historical data and input from internal legal counsel.
 - \$150K potential expense if parcel tax measure passes and District issues bonds. Outside legal counsel to provide further guidance in upcoming months.
- **Audit Fees**
 - 3% increase to FY2026 actuals. Fees are split 50/50 with Hospital.
- **Board Comp and Board Expenses**
 - Compensation based on number of meetings and members.
 - In anticipation of the parcel tax measure passage, 6 additional meetings were included for both the Lease & Building Committee and the Board.
 - \$5K for conferences.
- **Election Expense**
 - 2027 is not an election year.



FY 2027 Budget Assumptions – Expenses (continued)

- **Charitable Contributions**
 - \$16K to be used at District Board's discretion.
- **Community Communications & Education**
 - \$93.7K for events, \$8.5K for reports, and \$1.2K for Website for a total of \$103.4K– see slide 5 for detail.
- **Depreciation**
 - Based on current fixed assets related depreciation expenses.
- **Mental Health Program Support**
 - \$200K continued support to Medical Center pending District Board approval.



FY 2027 Budget Assumptions – Community Education

| Description | Topic | 2027 Budget |
|----------------------------|---------------------|------------------|
| Seminar 1 | Careers in Medicine | \$7,000 |
| Seminar 2 | Careers in Medicine | \$7,000 |
| Seminar 3 | TBD | \$24,900 |
| Seminar 4 | TBD | \$24,900 |
| Seminar 5 | TBD | \$25,400 |
| Pop-Up 1 | TBD | \$1,800 |
| Pop-Up 2 | TBD | \$900 |
| Pop-Up 3 | TBD | \$900 |
| Pop-Up 4 | TBD | \$900 |
| General Eblasts/Newsletter | 3x | \$4,500 |
| Website Maintenance | Ongoing | \$1,200 |
| Annual Report | 1x | \$4,000 |
| Total | | \$103,400 |

Provided by Jill Kinney, VP Marketing Communications



FY 2027 Income Statement Budget



| | GASB 87 Accounting Change | 1/1/26 through 5/31/26 (5 months) | | | GASB 87 Accounting Change |
|---|------------------------------|--------------------------------------|-----------------------|--------------------|------------------------------|
| | FY2026 Budget | To Date - Actual | Actual Projected | Annual Variance | FY2027 Budget |
| Rent per Lease Agreement | | | | | |
| Rental Revenue | \$ 664,701 | \$ 285,383 | \$ 684,919 | \$ 20,218 | \$709,022 |
| Amortization of Deferred Lease Inflows | | - | 239,756 | 239,756 | \$ 206,007 |
| Investment Earnings | 224,491 | 143,578 | 294,078 | 69,587 | 207,305 |
| Total Income | 889,192 | 428,961 | 1,218,753 | 329,561 | 1,122,335 |
| Legal Fees | 40,000 | 29,509 | 70,821 | (30,821) | 190,000 |
| Accounting Fees | 27,550 | 11,480 | 27,552 | (2) | 27,850 |
| Board Compensation | 12,000 | 2,520 | 6,048 | 5,952 | 20,000 |
| Election Fees | 200,000 | 83,333 | 200,000 | (0) | - |
| Charitable Contributions | 16,500 | - | 16,500 | - | 16,000 |
| Community Education | 55,400 | (23,905) | 31,495 | 23,905 | 61,500 |
| Dues | 16,500 | 6,576 | 15,782 | 717 | 12,000 |
| Advertising | 42,500 | - | 42,500 | - | 40,700 |
| Other Expenses | 11,130 | 200 | 11,130 | - | 8,200 |
| MGH Program Support | 200,000 | 83,333 | 200,000 | 0 | 200,000 |
| Total Expense | 621,580 | 193,046 | 621,828 | (248) | 576,250 |
| Net Operating Income/(Loss) before Depr & Bond-Related | 267,612 | 235,915 | 596,925 | 124,410 | 546,085 |
| Depreciation Expense | 11,824,659 | 4,926,941 | 11,824,659 | 0 | 11,824,659 |
| Net Operating Income/(Loss) before Bond-Related | (11,557,047) | (4,691,026) | (11,227,734) | 124,410 | (11,278,575) |
| Bond-Related Revenue (Expense) | | | | | |
| Tax Revenue | 17,357,558 | 7,232,315 | 17,357,556 | (2) | 18,540,728 |
| Bond Revenue | 183,190 | 81,905 | 196,572 | 13,382 | 181,797 |
| Bond Interest | (14,084,092) | (5,876,064) | (14,102,554) | 18,462 | (13,969,346) |
| Net Income/(Loss) | \$ (8,100,391) | \$ (3,252,871) | \$ (7,776,160) | \$ 156,252 | \$ (6,525,395) |

FY 2027 Balance Sheet Budget



| | 12/31/2025 | Expected 12/31/2026 | Expected 12/31/2027 |
|---|--------------------|------------------------|------------------------|
| Current Assets | | | |
| Cash | 409,458 | 153,266 | 142,089 |
| Investment | 5,666,603 | 6,168,479 | 6,364,475 |
| Other Receivable | 55,527 | | |
| Tax Revenues Receivable | 6,376,579 | 8,062,609 | 8,865,872 |
| Prepaid Expenses | 1,748 | - | 6,000 |
| Total Current Assets | 12,509,914 | 14,384,355 | 15,378,435 |
| Property, plant, and equipment, net | 382,371,754 | 370,547,095 | 358,722,436 |
| Assets Limited To Use - Sinking Funds | 10,037,401 | 8,998,027 | 9,674,857 |
| Lease Receivable | 10,634,863 | 10,424,751 | 10,191,011 |
| Deposits & Retainers | 36,000 | 36,000 | 36,000 |
| Total Non-Current Assets | 403,080,019 | 390,005,873 | 378,624,304 |
| Total Assets | 415,589,933 | 404,390,229 | 394,002,739 |
| Current Liabilities | | | |
| Accounts Payable | 3,205 | 234,855 | 449,015 |
| Interest Payable | 6,303,842 | 6,249,792 | 5,895,661 |
| Accrued Expenses | 131,366 | 167,137 | 167,137 |
| Other Current Liabilities | 9,013,946 | 8,563,248 | 8,112,550 |
| Current Bond Maturities | 2,210,000 | 2,295,000 | 2,710,000 |
| Total Current Liabilities | 17,662,358 | 17,510,031 | 17,334,363 |
| Bonds Payable | 358,760,000 | 356,465,000 | 353,755,000 |
| Bond Premium | 19,677,936 | 18,701,510 | 17,725,083 |
| Total Liabilities | 396,100,295 | 392,676,541 | 388,814,446 |
| Net Assets | 19,489,848 | 16,227,602 | 11,713,688 |
| Net (Loss)/Income | - | (4,513,914) | (6,525,395) |
| Total Net Assets | 19,489,848 | 11,713,688 | 5,188,293 |
| Total Liabilities and Net Assets | 415,590,143 | 404,390,229 | 394,002,739 |

Questions?



Tab 5



To: MHD Finance and Audit Committee
From: Eric Brettner, CFO *EB*
Re: April 2026 Financial Report
Date: May 19, 2026

I. General Comments

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

II. Income Statement and Budget

The District's net operating income for the month was \$52,985 which was favorable to budget by \$30,684. Rental revenue from the hospital lease was \$57,076. Investment earnings were comprised of \$3,812 in unrealized loss offset by \$14,089 in dividends and \$4,822 in realized gains. District incurred total operating expenses of \$19,190 which was favorable to budget by \$32,608. There was a favorable variance to budget of \$1,735 for board compensation related to adjustment of accrued estimated payment due for 2025 board meetings. There was also favorable variance to budget of \$17,007 for community education and \$13,047 for Advertising due to reversal of year-to-date accruals for activities postponed to later in 2026. Depreciation expense was \$985,388 in April. Bond Related Revenues and Expenses included \$1,446,463 of accrued tax revenues, and bond interest activity of \$1,177,306 (\$1,258,675 of bond interest accrual offset by \$81,368 amortization of bond premium).

III. Balance Sheet

Assets

Cash at April 30, 2026 of \$480,517 decreased by \$58,801. The decrease was related to supplier payments of \$130,278 and partially offset by \$1,556 in bank fees and receipt of rental revenue. The investment account balances of \$5,795,419 increased by \$15,099 from the prior month. Tax revenue receivables are \$5,385,413 and represent amounts due from the County of Marin, this balance decreased by \$5,167,606 in the current month due to tax receipts in the amount of \$6,614,069, offset by accrual of \$1,446,463 in receivables. The payments received from the County are deposited directly into the bond fund accounts.

The tax payments received from the County, together with 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 – Interest & Sinking Funds". These funds total \$9,326,784 at April 30, 2026 to be used for bond principal and interest payments. Tax receipts from the County in April 2026 were \$6,614,069.



Liabilities and Net Assets

Interest payable of \$3,776,025 increased by \$1,258,675 from the prior month due to the MHD Bond Interest and Premium. Accrued expenses of \$164,842 are primarily comprised of accruals for audit fees which have not yet been billed. Related party payables net change of \$17,393 is primarily for payments on behalf of the District that will be settled in June 2026.

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 \$1,915,000 is due in August 2026. 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 \$16,359,474.



Income Statement - MHD

Company: Marin Healthcare District
 Period: 2026 - P04 Apr
 Plan Structure: MarinHealth Financial Budget
 Plan Name: FY2026MHD
 Book: Common Book

| Ledger Account | Current Period Unrestricted | Current Period Budget | Variance | Empty Column | Current Period YTD Actuals | Current Period YTD Budget | Variance |
|--|-----------------------------|-----------------------|-----------------|--------------|----------------------------|---------------------------|-----------------|
| Rental Revenue | 16,132 | 14,314 | 1,819 | | 64,530 | 56,934 | 7,596 |
| Investment Earnings | 15,099 | 18,708 | (3,609) | | 132,450 | 74,830 | 57,620 |
| Other Revenue | 40,944 | 41,078 | (134) | | 163,776 | 164,633 | (857) |
| Total Revenue | 72,175 | 74,099 | (1,924) | | 360,756 | 296,397 | 64,359 |
| Legal Fees | 3,300 | 3,333 | (33) | | 26,209 | 13,333 | 12,875 |
| Accounting Fees | 2,296 | 2,296 | 0 | | 9,184 | 9,183 | 1 |
| Board Compensation | (735) | 1,000 | (1,735) | | 1,785 | 4,000 | (2,215) |
| Consulting Fees | 0 | 0 | 0 | | 0 | 0 | 0 |
| Election Fees | 16,667 | 16,667 | 0 | | 66,667 | 66,667 | 0 |
| Charitable Contributions | 0 | 0 | 0 | | 0 | 0 | 0 |
| Community Education | (12,390) | 4,617 | (17,007) | | (29,600) | 18,467 | (48,067) |
| Dues | 1,315 | 1,375 | (60) | | 5,261 | 5,500 | (239) |
| Advertising | (9,505) | 3,542 | (13,047) | | 0 | 14,167 | (14,167) |
| Other Expenses | 1,576 | 2,303 | (727) | | 8,007 | 9,210 | (1,203) |
| MHMN Program Support | 0 | 0 | 0 | | 0 | 0 | 0 |
| MGH Program Support | 16,667 | 16,667 | 0 | | 66,667 | 66,667 | (0) |
| Total Expense | 19,190 | 51,798 | (32,608) | | 154,178 | 207,193 | (53,015) |
| Net Operating Income (Loss) Before Depreciation, Bond Related Revenue and Expense, and Other Non Operating Expenses | 52,985 | 22,301 | 30,684 | | 206,578 | 89,204 | 117,374 |
| Depreciation Expense | 985,388 | 985,388 | 0 | | 3,941,553 | 3,941,553 | (0) |
| Net Operating Income (Loss) Before Bond Related Revenue and Expense and Other Non Operating Expenses | (932,404) | (963,087) | 30,684 | | (3,734,975) | (3,852,349) | 117,374 |
| Tax Revenue | 1,446,463 | 1,446,463 | 0 | | 5,785,852 | 5,785,853 | 1 |
| Bond Revenue | 8,126 | 15,266 | 7,140 | | 64,414 | 61,063 | (3,351) |
| Bond Interest | (1,177,306) | (1,173,674) | 3,632 | | (4,698,758) | (4,694,697) | 4,061 |
| Net income (Loss) | (655,121) | (675,033) | 19,912 | | (2,583,467) | (2,700,131) | 116,664 |

Balance Sheet - MHD



Company: Marin Healthcare District
Period: 2026 - P04 Apr

| Ledger Account | 2026 - P04 Apr | 2026 - P03 Mar | Change | 2025 - P12 Dec |
|---|-----------------------|-----------------------|-------------------|-----------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and Cash Equivalents | 480,517.40 | 539,317.93 | -58,801 | 409,457.50 |
| Short-Term Investments | 5,795,418.79 | 5,780,320.20 | 15,099 | 5,666,603.49 |
| Tax Revenue | 5,385,412.53 | 10,553,018.17 | -5,167,606 | 6,376,578.82 |
| Other Receivables | 69,570.60 | 69,570.60 | 0 | 55,526.60 |
| Prepaid Expenses | 349.58 | 699.17 | -350 | 1,747.92 |
| Other Current Assets | 0 | 0 | 0 | 0.00 |
| Current Assets | 11,731,268.90 | 16,942,926.07 | -5,211,657 | 12,509,914.33 |
| Property, plant, and equipment, net | 378,430,201.19 | 379,415,589.47 | -985,388 | 382,371,754.32 |
| Assets Limited To Use - Interest & Sinking Funds | 9,326,783.53 | 2,704,588.87 | 6,622,195 | 10,037,401.21 |
| Lease Receivable | 10,989,350.03 | 10,989,350.03 | 0 | 10,989,350.03 |
| Deposits | 36,000.00 | 36,000.00 | 0 | 36,000.00 |
| Other Non-Current Assets | 0 | 0 | 0 | 0 |
| Noncurrent Assets | 398,782,334.75 | 393,145,528.37 | 5,636,806 | 403,434,505.56 |
| Total Assets | 410,513,603.65 | 410,088,454.44 | 425,149 | 415,944,419.89 |
| LIABILITIES AND NET ASSETS | | | | |
| Accounts Payable | | | | |
| Accounts Payable | (24,328.05) | 92,396.70 | 116,725 | 3,205.00 |
| Interest Payable | 3,776,025.28 | 2,517,350.26 | -1,258,675 | 6,303,841.86 |
| Accrued Expenses | 164,841.74 | 145,153.21 | -19,689 | 131,365.83 |
| Current Maturities of Operating Lease Liabilities | 9,915,339.67 | 9,915,339.67 | 0 | 9,915,339.67 |
| Current Maturities of Long-Term Debt | 1,915,000.00 | 1,915,000.00 | 0 | 1,915,000.00 |
| Line of Credit | 0 | 0 | 0 | 0 |
| Other Current Liabilities | 0 | 0 | 0 | 0 |
| Total Current Liabilities | 15,746,878.64 | 14,585,239.84 | -1,161,639 | 18,268,752.36 |
| Bonds Payable | 359,055,000.00 | 359,055,000.00 | 0 | 359,055,000.00 |
| Bond Premium | 19,352,460.92 | 19,433,829.81 | 81,369 | 19,677,936.48 |
| Long Term Debt, Net of Current Maturities | 0 | 0 | 0 | 0 |
| Other Noncurrent Liabilities | 0 | 0 | 0 | 0 |
| Total Noncurrent Liabilities | 378,407,460.92 | 378,488,829.81 | 81,369 | 378,732,936.48 |
| Total Liabilities | 394,154,339.56 | 393,074,069.65 | -1,080,270 | 397,001,688.84 |
| NET ASSETS | | | | |
| Net Assets | 16,359,474.09 | 17,014,594.79 | 655,121 | 18,942,941.05 |
| Total Net Assets | 16,359,474.09 | 17,014,594.79 | 655,121 | 18,942,941.05 |
| Total Liabilities and Net Assets | 410,513,813.65 | 410,088,664.44 | -425,149 | 415,944,629.89 |

Tab 6



To: MHD Finance and Audit Committee
From: Eric Brettner, CFO *EB*
Re: May 2026 Financial Report
Date: June 11, 2026

I. General Comments

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

II. Income Statement and Budget

The District's net operating income for the month was \$29,337 which was favorable to budget by \$7,036. Rental revenue from the hospital lease was \$57,077. Investment earnings were comprised of \$12,270 in unrealized loss offset by \$17,467 in dividends and \$5,931 in unrealized gains. District incurred total operating expenses of \$38,868 which was favorable to budget by \$12,930. There was a favorable variance to budget of \$265 for board compensation related to adjustment of accrued estimated payment due for 2026 board meetings. Additionally, there was favorable variance to other expenses primarily driven by the reclass of banking fees of \$9,375. There was an unfavorable variance to budget of \$1,078 for community education and a favorable variance of \$3,542 for Advertising due to activities postponed to later in 2026. Depreciation expense was \$985,388 in May. Bond Related Revenues and Expenses included \$1,446,463 of accrued tax revenues, and bond interest activity of \$1,177,306 (\$1,258,675 of bond interest accrual offset by \$81,369 amortization of bond premium).

III. Balance Sheet

Assets

Cash at May 31, 2026 of \$648,765 increased by \$55,761. The increase was related to receipt of rental revenue \$57,077, offset by banking fees. Short-Term investment increased by \$11,128 reflecting a new balance of \$5,806,547. Tax revenue receivables are \$6,768,531 and represent amounts due from the County of Marin, this balance increased by \$1,383,118 in May due to an accrual of \$1,446,463 which was offset by tax receipts of \$63,345. The payments received from the County are deposited directly into the bond fund accounts.

The tax payments received from the County, totaling \$9,407,619 as of May 31, 2026 are to be used for bond principal and interest payments. Tax receipts from the County in May 2026 were \$63,345.



Liabilities and Net Assets

Interest payable for May 2026 reached \$5,034,700 increasing by \$1,258,675 from the prior month driven by MHD Bond Interest and Premium. Accrued expenses of \$169,432 are primarily comprised of accruals for audit fees \$48,862, which have not yet been billed and intercompany payables of \$120,465, a net change of \$10,135 from the prior period that will be settled in June 2026. Accounts Payable balance of \$130K is primarily YTD Election Fees accruals.

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 \$2,210,000 is due in August 2026. 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 \$16,236,977.

Balance Sheet - MHD



Company: Marin Healthcare District
Period: 2026 - P05 May

| Ledger Account | 2026 - P05 May | 2026 - P04 Apr | Change | 2025 - P12 Dec |
|---|-----------------------|-----------------------|-------------------|-----------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and Cash Equivalents | 648,764.90 | 593,003.80 | 55,761 | 409,457.50 |
| Short-Term Investments | 5,806,547.12 | 5,795,418.79 | 11,128 | 5,666,603.49 |
| Tax Revenue | 6,768,530.97 | 5,385,412.53 | 1,383,118 | 6,376,578.82 |
| Other Receivables | 78,946.23 | 69,570.60 | 9,376 | 55,526.60 |
| Prepaid Expenses | 0.00 | 349.58 | -350 | 1,747.92 |
| Other Current Assets | 0 | 0 | 0 | 0.00 |
| Current Assets | 13,302,789.22 | 11,843,755.30 | 1,459,034 | 12,509,914.33 |
| Property, plant, and equipment, net | 377,444,812.92 | 378,430,201.19 | -985,388 | 382,371,754.32 |
| Assets Limited To Use - Interest & Sinking Funds | 9,407,618.88 | 9,326,783.53 | 80,835 | 10,037,401.21 |
| Lease Receivable | 10,634,863.03 | 10,634,863.03 | 0 | 10,634,863.03 |
| Deposits | 36,000.00 | 36,000.00 | 0 | 36,000.00 |
| Other Non-Current Assets | 0 | 0 | 0 | 0 |
| Noncurrent Assets | 397,523,294.83 | 398,427,847.75 | -904,553 | 403,080,018.56 |
| Total Assets | 410,826,084.05 | 410,271,603.05 | 554,481 | 415,589,932.89 |
| LIABILITIES AND NET ASSETS | | | | |
| Accounts Payable | 130,146.69 | 88,158.35 | -41,988 | 3,205.00 |
| Interest Payable | 5,034,700.30 | 3,776,025.28 | -1,258,675 | 6,303,841.86 |
| Accrued Expenses | 169,431.93 | 164,841.74 | -4,590 | 131,365.83 |
| Current Maturities of Operating Lease Liabilities | 9,013,945.67 | 9,013,945.67 | 0 | 9,013,945.67 |
| Current Maturities of Long-Term Debt | 2,210,000.00 | 2,210,000.00 | 0 | 2,210,000.00 |
| Line of Credit | 0 | 0 | 0 | 0 |
| Other Current Liabilities | 0 | 0 | 0 | 0 |
| Total Current Liabilities | 16,558,224.59 | 15,252,971.04 | -1,305,254 | 17,662,358.36 |
| Bonds Payable | 358,760,000.00 | 358,760,000.00 | 0 | 358,760,000.00 |
| Bond Premium | 19,271,092.03 | 19,352,460.92 | 81,369 | 19,677,936.48 |
| Long Term Debt, Net of Current Maturities | 0 | 0 | 0 | 0 |
| Other Noncurrent Liabilities | 0 | 0 | 0 | 0 |
| Total Noncurrent Liabilities | 378,031,092.03 | 378,112,460.92 | 81,369 | 378,437,936.48 |
| Total Liabilities | 394,589,316.62 | 393,365,431.96 | -1,223,885 | 396,100,294.84 |
| NET ASSETS | | | | |
| Net Assets | 16,236,977.43 | 16,906,381.09 | 669,404 | 19,489,848.05 |
| Total Net Assets | 16,236,977.43 | 16,906,381.09 | 669,404 | 19,489,848.05 |
| Total Liabilities and Net Assets | 410,826,294.05 | 410,271,813.05 | -554,481 | 415,590,142.89 |



Income Statement - MHD

Company: Marin Healthcare District
 Period: 2026 - P05 May
 Plan Structure: MarinHealth Financial Budget
 Plan Name: FY2026MHD
 Book: Common Book

| Ledger Account | Current Period Unrestricted | Current Period Budget | Variance | Empty Column | Current Period YTD Actuals | Current Period YTD Budget | Variance |
|--|-----------------------------|-----------------------|-----------------|--------------|----------------------------|---------------------------|-----------------|
| Rental Revenue | 16,132 | 14,367 | 1,765 | | 80,662 | 71,301 | 9,361 |
| Investment Earnings | 11,128 | 18,708 | (7,579) | | 143,578 | 93,538 | 50,041 |
| Other Revenue | 40,944 | 41,025 | (81) | | 204,720 | 205,658 | (937) |
| Total Revenue | 68,205 | 74,099 | (5,894) | | 428,961 | 370,497 | 58,464 |
| Legal Fees | 3,300 | 3,333 | (33) | | 29,509 | 16,667 | 12,842 |
| Accounting Fees | 2,296 | 2,296 | 0 | | 11,480 | 11,479 | 1 |
| Board Compensation | 735 | 1,000 | (265) | | 2,520 | 5,000 | (2,480) |
| Consulting Fees | 0 | 0 | 0 | | 0 | 0 | 0 |
| Election Fees | 16,667 | 16,667 | 0 | | 83,333 | 83,333 | 0 |
| Charitable Contributions | 0 | 0 | 0 | | 0 | 0 | 0 |
| Community Education | 5,695 | 4,617 | 1,078 | | (23,905) | 23,083 | (46,988) |
| Dues | 1,315 | 1,375 | (60) | | 6,576 | 6,875 | (299) |
| Advertising | 0 | 3,542 | (3,542) | | 0 | 17,708 | (17,708) |
| Other Expenses | (7,807) | 2,303 | (10,109) | | 200 | 11,513 | (11,313) |
| MHMN Program Support | 0 | 0 | 0 | | 0 | 0 | 0 |
| MGH Program Support | 16,667 | 16,667 | 0 | | 83,333 | 83,333 | (0) |
| Total Expense | 38,868 | 51,798 | (12,930) | | 193,046 | 258,992 | (65,945) |
| Net Operating Income (Loss) Before Depreciation, Bond Related Revenue and Expense, and Other Non Operating Expenses | 29,337 | 22,301 | 7,036 | | 235,915 | 111,505 | 124,410 |
| Depreciation Expense | 985,388 | 985,388 | 0 | | 4,926,941 | 4,926,941 | 0 |
| Net Operating Income (Loss) Before Bond Related Revenue and Expense and Other Non Operating Expenses | (956,051) | (963,087) | 7,036 | | (4,691,026) | (4,815,436) | 124,410 |
| Tax Revenue | 1,446,463 | 1,446,463 | 0 | | 7,232,315 | 7,232,316 | 1 |
| Bond Revenue | 17,491 | 15,266 | (2,225) | | 81,905 | 76,329 | (5,576) |
| Bond Interest | (1,177,306) | (1,173,674) | 3,632 | | (5,876,064) | (5,868,372) | 7,692 |
| Net income (Loss) | (669,404) | (675,033) | 5,629 | | (3,252,871) | (3,375,163) | 122,293 |

Tab 7

CY 2025

| | |
|--|-----------------------|
| Direct Staff Costs | 382,367 |
| Direct Staff Benefits | <u>107,560</u> |
| Total Direct Staff Costs | 489,926 |
| Indirect Support (HR, IT, Facilities, Security, etc) @ 10% of Direct Staff | 48,993 |
| District office rent | 177,000 |
| Less rent for hospital use in excess of time allocated to District | <u>(10,142)</u> |
| | 166,858 |
| Consulting Costs (50% audit) | 28,800 |
| Meeting Costs | |
| Food | 4,200 |
| Audio/Visual/Zoom | 24,780 |
| IT systems (Financial, Network, Email, Phones, Copier, etc) | 20,000 |
| Total Estimated Admin Cost | <u><u>763,557</u></u> |
| District Lease Admin Services Base Cost Cap | 509,000 |
| CPI (1/1/13 - 12/31/24) | <u>137.1%</u> |
| CY 2025 Admin Services Cost Cap | <u><u>697,585</u></u> |