

MARIN HEALTHCARE DISTRICT

100-B Drake's Landing Road, Suite 250, Greenbrae, CA 94904

Website: www.marinhealthcare.org

Telephone: 415-464-2090

Fax: 415-464-2094

Email: info@marinhealthcare.org

BOARD OF DIRECTORS FINANCE & AUDIT COMMITTEE MONDAY, JULY 28, 2025 @ 5:30 P.M.

Committee:

Chair: Brian Su, MD

Members: Ann Sparkman, RN/BSN, JD

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

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 28, 2025 (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: 2024 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 2026 Operating Budget (action) | Brettner | #4 |
| 6. District Financial Reports | Brettner | |
| April 2025 | | #5 |
| May 2025 | | #6 |
| June 2025 | | #7 |
| 7. 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 Wednesday, May 28, 2025 @ 5:30 pm Marin Healthcare District Office

MINUTES

1. Call to Order

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

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

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

Staff members present: Eric Brettner (CFO); Jill Kinney (VP Marketing and Communications);

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

Guest Present: Debashis Chowdhury (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 March 5, 2025.

3. Public Comment

There was no public comment.

4. Review MHD Corporate Investment Portfolio

Mr. Chowdhury presented an overview of the District's corporate investment portfolio (Tab #2) as of March 31, 2025. He noted that, although the reporting period ended nearly two months ago, market conditions had been exceptionally volatile in April due to policy-driven developments and global uncertainty. However, there had been a significant market recovery in May. The S&P 500 was down 4.2% in Q1 but has since rebounded. U.S. equities, which make up about 20% of the District's portfolio, were down for the quarter but international equities—about 12% of the portfolio—were up approximately 14%. Fixed income performance was up around 2.8%. Despite volatility, the portfolio achieved a modest positive return and is now up approximately 3.5% year-to-date.

Mr. Chowdhury explained the structure of the portfolio and the rationale for maintaining a globally diversified asset allocation. He reviewed major benchmarks including the S&P 500, Russell 2000, MSCI EAFE, and Bloomberg U.S. Aggregate Bond Index. He emphasized that the current underweight in U.S. equities was due to timing of a \$700,000 cash inflow at the end of March, which has since been allocated. The importance of remaining close to the 60/40 policy target, while understanding that minor variances will occur due to earnings and rebalancing cycles.

The District's current cash on hand, which was approximately \$800K, including about \$350K held in the LAIF account was reviewed. Monthly expenses are estimated between \$50–\$70K, and the goal is to maintain around \$300K in operating reserves, or six months of expenses. Mr. Brettner confirmed that additional funds could be moved into investments, and that LAIF funds were in the process of being liquidated, pending final verification and account setup.

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Board of Directors Finance and Audit Committee Wednesday, May 28, 2025 @ 5:30 pm Marin Healthcare District Office

MINUTES

Mr. Chowdhury noted that current allocations are within 1–2% of the policy targets. He also discussed the outlook for international equities, especially in Europe, due to increased defense spending and changing economic dynamics. The investment managers continue to make daily tactical decisions within the established policy guidelines.

5. Review Seminar Budget

Ms. Kinney presented a detailed review of the 2024 and 2025 community education and outreach budgets (Tab #3). She noted the District came in approximately \$88,000 under budget in 2024, due in large part to savings from digitalizing the annual report and unspent discretionary funds. Pop-up events were largely volunteer-run and incurred minimal costs. Seminar costs ranged from \$120–\$160 per attendee. The Committee discussed value assessments and considered whether some of the higher-cost events delivered sufficient community benefit.

In 2025, Ms. Kinney shared that the District has already completed or committed to 6 seminars and 8 pop-up events, exceeding initial projections. She noted that advertising, particularly print in the San Francisco Chronicle and Marin IJ represents a large portion of seminar costs. The Committee requested clearer tracking of cost-per-participant and social media reach metrics by age and geography. They also discussed potentially capping per-event budgets and aligning outreach with targeted community needs.

6. District Financial Reports

Mr. Brettner presented the District's March 2025 year-to-date financials (Tabs #4, #5 & #6). Revenues and expenses were in line with budget. Rental income and investment income matched projections. A \$700K transfer to investments occurred at the end of March, and no other unusual activity was noted. Mr. Brettner noted on the balance sheet, the only significant change was the cash transfer. Committee members briefly discussed investment income variability and agreed it did not warrant concern. The District remains financially stable, with approximately 90 days of cash on hand.

The Committee addressed legal expenses. Mr. Brettner confirmed that District attorneys review such documents and charge accordingly. Copies of legal bills will be provided to Committee members.

7. Adjournment

Chair Su adjourned the meeting at 6:36 pm.

Tab 2



Marin Healthcare District

2024 Audit Results

Baker Tilly US, LLP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. © 2022 Baker Tilly US, LLP.



Dear 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 (the "District") for the year ended December 31, 2024.

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. Auditors Responsibility
3. Auditor's Opinion and 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, 2024

Non-Attest Services

- Assisted in drafting the financial statements and related footnotes of the District as of and for the year ended December 31, 2024
- Assisted in the preparation of the Special Districts Transaction Reports as of and for the year ended December 31, 2023

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 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 Statement

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 Company'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 12/31/2024.
Grant Revenue – Accuracy, Valuation, and Allocation, and Cutoff	<ul style="list-style-type: none">• Reconciled grant revenue recorded to grant award agreements and supporting documentation, such as reimbursement requests, to verify amounts recognized agree with grant terms.• Tested the allocation of grant revenue to appropriate periods and programs in accordance with grant requirements.• Inspected correspondence with the grantor regarding restrictions to confirm proper valuation and allocation.• Examined dates on supporting documentation and performed cutoff tests on related expenses to ensure revenue and expenses are recognized in the correct accounting period.• Compared grant revenue recognized to cash received after year-end to identify any amounts that should be deferred or accrued.
Entity-Level Risks (including management override of controls)	<ul style="list-style-type: none">• Evaluated control environment (design & implementation) and 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

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 was communicated to the District's audit committee at the audit entrance planning meeting on January 8, 2025, and was included in the engagement letter for the year ended December 31, 2024.

The plan and timing of the audit changed from what was previously communicated due to delays in receiving requested audit support. We coordinated with management to modify the expected timing of issuance.

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. There were no changes to significant accounting policies for the year ended December 31, 2024

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

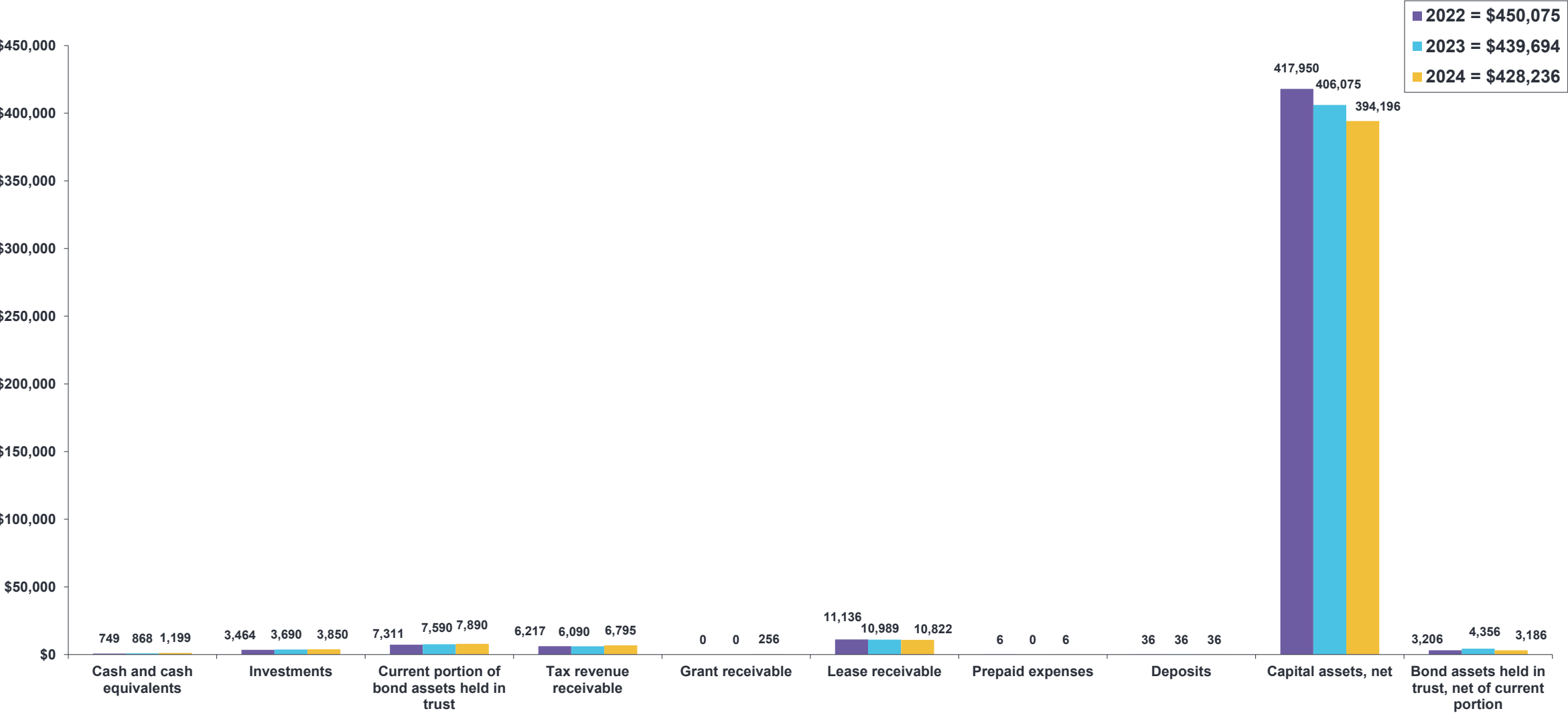
Matters Required to be Communicated with Those Charged with Governance

- 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 material weaknesses identified
- No consultation with other accountants
- No awareness of instances of fraud or noncompliance with laws and regulations
- Other matters

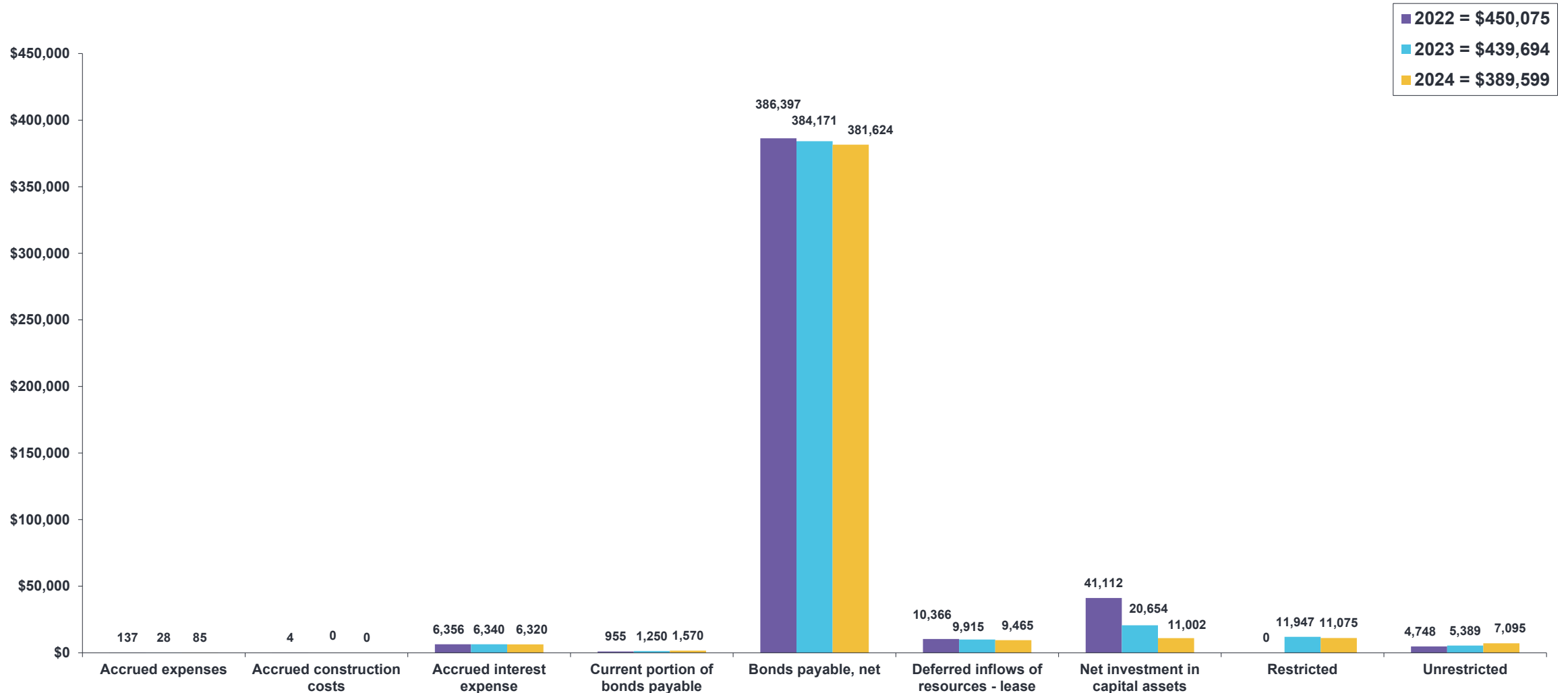


Financial Ratios and Metrics

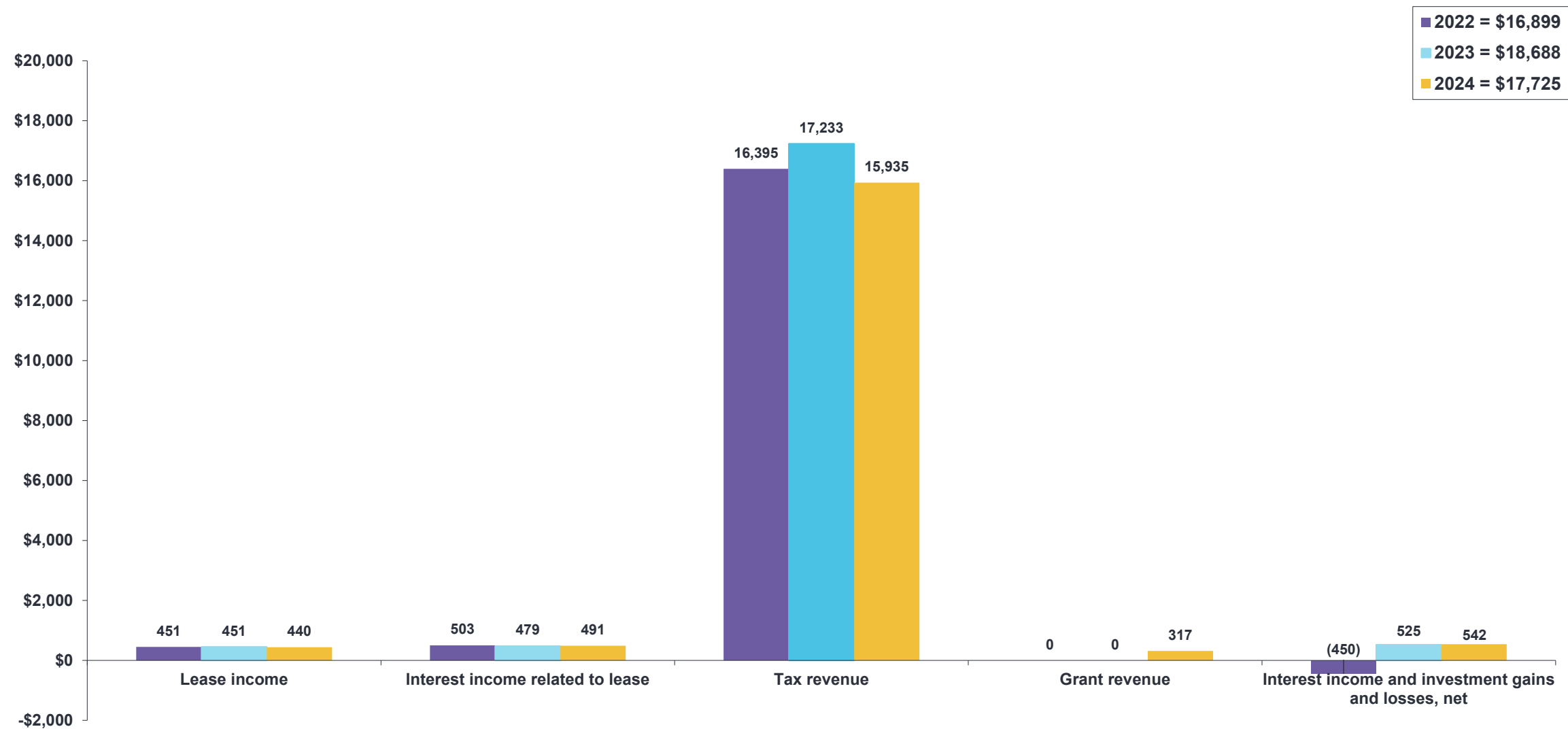
Assets (in thousands)



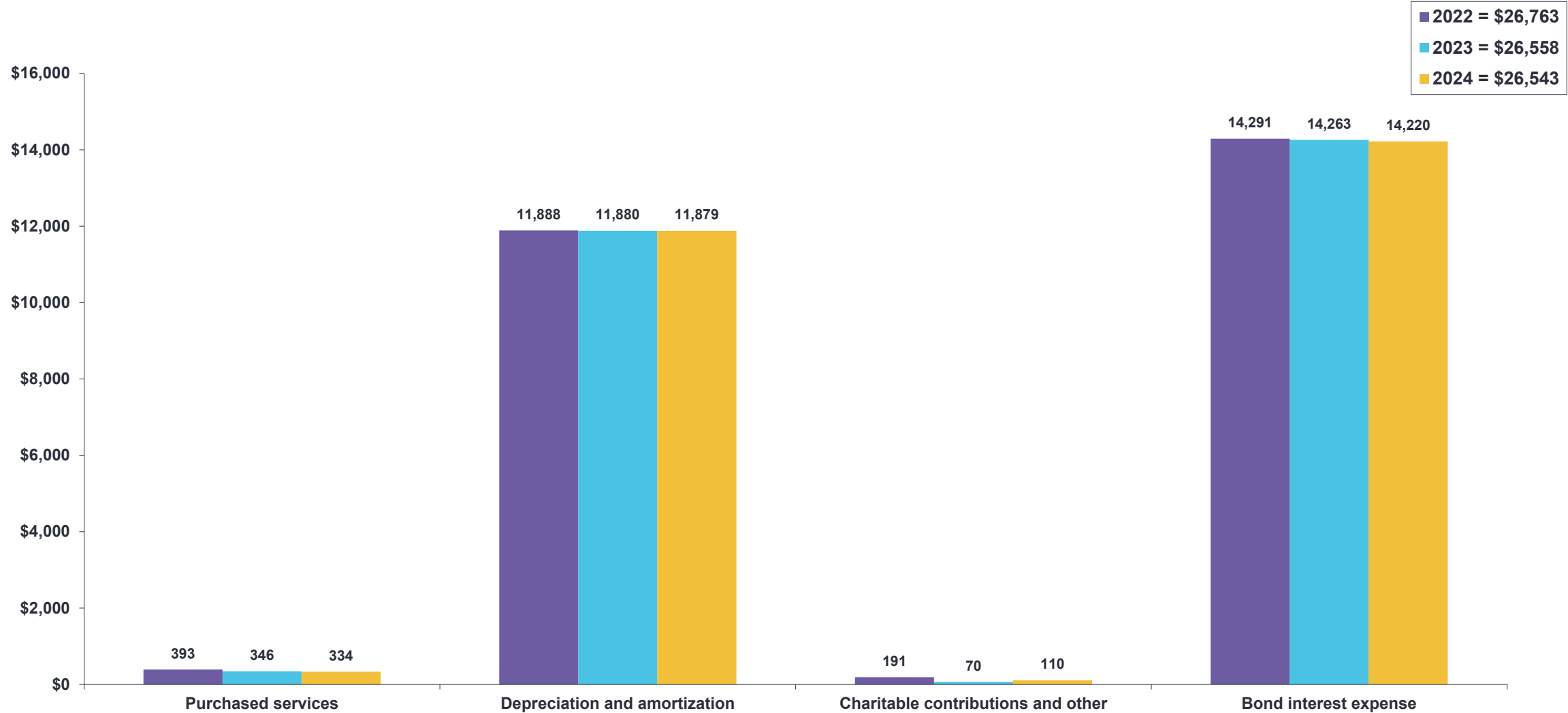
Liabilities, Deferred Inflows of Resources, and Net Assets (in thousands)



Revenues (in thousands)



Expenses (in thousands)



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.

Health Care Consulting		
COST REIMBURSEMENT	GOVERNMENT COMPLIANCE	OPERATIONAL IMPROVEMENT
Medicare & Medicaid	Regulatory Compliance	Revenue Cycle Enhancement
Provider-based Licensure & Certification	Coding Validation	Claims Recovery
Medical Education	Coding Department Redesign	Litigation Support
Uncompensated Care	EHR Internal Controls	Employer Health Benefits
	Corporate Compliance	Lean Consulting
STRATEGY & INTEGRATION	INFORMATION TECHNOLOGY	
Provider Risk Analysis, Contracting & Operational Design	HIPAA Security and Privacy	
M&A Support	Network Security & Penetration Testing	
Feasibility Studies	HITRUST Assessment & Certification	
Market Intelligence & Benchmarking	SOC Pre-Audit Gap Analysis & Readiness	
Service Line Enhancement	SOC Audits	
Strategic Planning & Implementation		

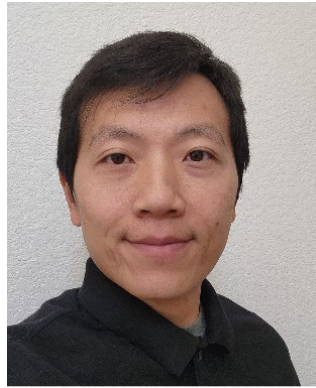


Your Service Team



Brian Conner
*Engagement
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**THANK
YOU**

Tab 3

DRAFT
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upon for any purpose

Report of Independent Auditors and
Financial Statements

Marin Healthcare District

December 31, 2024 and 2023

Table of Contents

Management Discussion & Analysis	1
Report of Independent Auditors	7
Financial Statements	
Statements of Net Position	11
Statements of Revenues, Expenses, and Changes in Net Position	12
Statements of Cash Flows	13
Notes to Financial Statements	14

Management's Discussion and Analysis

Marin Healthcare District

Management's Discussion and Analysis

Years Ended December 31, 2024 and 2023

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, 2024 and 2023. 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 expenditures 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, 2024 and 2023

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

	2024	December 31, 2023	2022
Assets			
Current and other assets	\$ 34,040,063	\$ 33,619,274	\$ 32,125,493
Capital assets, net of accumulated depreciation	394,196,414	406,075,171	417,949,830
Total assets	<u><u>\$ 428,236,477</u></u>	<u><u>\$ 439,694,445</u></u>	<u><u>\$ 450,075,323</u></u>
Liabilities			
Current portion of bond payable	\$ 1,570,000	\$ 1,250,000	\$ 955,000
Other current liabilities	6,404,853	6,368,592	6,497,001
Bond payable, net of current portion	381,624,363	384,170,790	386,397,216
Total liabilities	389,599,216	391,789,382	393,849,217
Deferred inflows of resources			
Deferred inflows related to leases	9,464,643	9,915,340	10,366,037
Net position			
Net investment in capital assets	11,002,051	20,654,381	30,593,941
Restricted	11,075,587	11,946,664	10,518,468
Unrestricted	7,094,980	5,388,678	4,747,660
Total net position	<u><u>29,172,618</u></u>	<u><u>37,989,723</u></u>	<u><u>45,860,069</u></u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 428,236,477</u></u>	<u><u>\$ 439,694,445</u></u>	<u><u>\$ 450,075,323</u></u>

Total assets decreased by 3% or \$11,457,968 as of December 31, 2024, compared to December 31, 2023, primarily due to a decrease in capital assets as a result of depreciation expense. Total assets decreased by 2% or \$10,380,878 as of December 31, 2023, compared to December 31, 2022, primarily due to a decrease in capital assets.

Liabilities decreased by 1% or \$2,190,166 as of December 31, 2024, compared to December 31, 2023, primarily due to a reduction in bonds payable. Liabilities decreased by 1% or \$2,059,835 as of December 31, 2023, compared to December 31, 2022, primarily due to a reduction in bonds payable.

The overall change to net position is a decrease of \$8,817,105, resulting in a December 31, 2024, balance of \$29,172,618. An unrestricted net position of \$7,094,980 exists for the year ended December 31, 2024, 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, 2024 and 2023

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

	Years ended December 31,		
	2024	2023	2022
Operating revenues	\$ 930,958	\$ 929,596	\$ 953,945
Operating expenses	12,322,871	12,295,086	12,471,684
Operating loss	(11,391,913)	(11,365,490)	(11,517,739)
Tax revenue	15,935,063	17,233,224	16,395,037
Interest and investment income (loss)	542,291	524,677	(449,822)
Grant revenue	317,094	-	-
Bond interest expense	(14,219,640)	(14,262,757)	(14,290,575)
Total nonoperating revenues, net	2,574,808	3,495,144	1,654,640
Decrease in net position	<u>\$ (8,817,105)</u>	<u>\$ (7,870,346)</u>	<u>\$ (9,863,099)</u>

Operating Revenues and Expenses

For the years ended December 31, 2024, 2023, and 2022, 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.

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.

Marin Healthcare District

Management's Discussion and Analysis

Years Ended December 31, 2024 and 2023

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, 2024, is presented below.

	Actual	Budget
Operating revenues	\$ 930,958	\$ 657,809
Operating expenses	12,322,871	12,680,274
Operating loss	(11,391,913)	(12,022,465)
Tax revenue	15,935,063	15,101,308
Interest and investment income	542,291	245,954
Grant revenue	317,094	-
Bond interest expense	(14,219,640)	(14,219,642)
Nonoperating revenues	2,574,808	1,127,620
Decrease in net position	\$ (8,817,105)	\$ (10,894,845)

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, with a trivial amount of other revenue, and were \$273,149 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 \$357,403 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.

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.

**Marin Healthcare District
Management's Discussion and Analysis
Years Ended December 31, 2024 and 2023**

Capital Assets

As of December 31, 2024, the District had \$394,196,414 invested in a variety of capital assets, as reflected in the following schedule, which represent a net decrease of \$11,878,757 from December 31, 2023. The decrease as of December 31, 2024, is the result of an increase in accumulated depreciation due to annual depreciation expense.

	Balance at December 31,	
	2024	2023
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	(97,142,387)	(85,263,630)
Capital assets, net of accumulated depreciation	<u>\$ 394,196,414</u>	<u>\$ 406,075,171</u>

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 \$14,219,640 and \$14,262,757 for the years ended December 31, 2024 and 2023, respectively.

During the fiscal year ended December 31, 2024, 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.

**Marin Healthcare District
Management's Discussion and Analysis
Years Ended December 31, 2024 and 2023**

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

The Board of Directors
Marin Healthcare District

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Marin Healthcare District (the “District”), which comprise the statements of net position as of December 31, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position, and statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as of December 31, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the California Code of Regulations, Title 2, Section 1131.2, State Controller’s Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern within twelve months beyond the financial statement date, including any known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 1 through 5 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Financial Statements

Marin Healthcare District
Statements of Net Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,198,857	\$ 867,657
Investments	3,849,775	3,690,043
Current portion of bond assets held in trust	7,889,542	7,590,375
Tax revenue receivable	6,795,179	6,089,560
Grant receivable	256,221	-
Current portion of lease receivable	187,787	166,698
Prepaid expenses	5,794	-
Total current assets	20,183,155	18,404,333
NONCURRENT ASSETS		
Deposits	36,000	36,000
Capital assets, net of accumulated depreciation	394,196,414	406,075,171
Bond assets held in trust, net of current portion	3,186,045	4,356,289
Lease receivable, net of current portion	10,634,863	10,822,652
Total noncurrent assets	408,053,322	421,290,112
Total assets	<u>\$ 428,236,477</u>	<u>\$ 439,694,445</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses	\$ 85,311	\$ 28,217
Accrued interest expense	6,319,542	6,340,375
Current portion of bonds payable	1,570,000	1,250,000
Total current liabilities	7,974,853	7,618,592
NONCURRENT LIABILITIES		
Bonds payable, net of current portion	381,624,363	384,170,790
Total noncurrent liabilities	381,624,363	384,170,790
Total liabilities	389,599,216	391,789,382
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - lease	9,464,643	9,915,340
NET POSITION		
Net investment in capital assets	11,002,051	20,654,381
Restricted	11,075,587	11,946,664
Unrestricted	7,094,980	5,388,678
Total net position	29,172,618	37,989,723
Total liabilities, deferred inflows of resources, and net position	<u>\$ 428,236,477</u>	<u>\$ 439,694,445</u>

See accompanying notes

Marin Healthcare District
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2024 and 2023

	2024	2023
OPERATING REVENUES		
Lease income	\$ 439,848	\$ 450,697
Interest income related to lease	491,110	478,899
Total operating revenues	930,958	929,596
OPERATING EXPENSES		
Purchased services	333,923	345,667
Depreciation and amortization	11,878,757	11,879,532
Other	110,191	69,887
Total operating expenses	12,322,871	12,295,086
Operating loss	(11,391,913)	(11,365,490)
NONOPERATING REVENUES (EXPENSES)		
Tax revenue	15,935,063	17,233,224
Grant revenue	317,094	-
Interest and investment income	542,291	524,677
Bond interest expense	(14,219,640)	(14,262,757)
Total nonoperating revenues, net	2,574,808	3,495,144
DECREASE IN NET POSITION	(8,817,105)	(7,870,346)
NET POSITION, beginning of year	37,989,723	45,860,069
NET POSITION, end of year	\$ 29,172,618	\$ 37,989,723

See accompanying notes

Marin Healthcare District
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from tenants	\$ 646,961	\$ 625,686
Payments to suppliers and others	(389,141)	(518,374)
Net cash provided by operating activities	257,820	107,312
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from grants for COVID-19 pandemic	60,873	-
Net cash provided by noncapital financing activities	60,873	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(3,673)	(8,546)
Principal payments on bonds payable	(1,250,000)	(955,000)
Interest payments on bonds payable	(15,216,900)	(15,255,099)
Tax revenue related to general obligation bonds	15,229,444	17,360,334
Net cash (used in) provided by capital and related financing activities	(1,241,129)	1,141,689
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of bond assets held in trust	(15,229,445)	(17,360,331)
Proceeds from sales and maturities of bond assets held in trust	16,466,900	16,218,644
Earnings on investments	16,181	11,671
Net cash from provided by (used in) investing activities	1,253,636	(1,130,016)
NET CHANGES IN CASH AND CASH EQUIVALENTS	331,200	118,985
CASH AND CASH EQUIVALENTS, beginning of year	867,657	748,672
CASH AND CASH EQUIVALENTS, end of year	\$ 1,198,857	\$ 867,657
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ (11,391,913)	\$ (11,365,490)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	11,878,757	11,879,532
Changes in certain assets and liabilities:		
Prepaid expenses	(5,794)	6,000
Lease receivable	166,700	146,787
Accrued expenses	60,767	(108,820)
Deferred inflows of resources - lease	(450,697)	(450,697)
Net cash provided by operating activities	\$ 257,820	\$ 107,312

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 Government Accounting Standards Board (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.

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.

Marin Healthcare District

Notes to Financial Statements

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 \$191,057 and \$71,219, and realized and unrealized (losses) gains of (\$15,145) and \$166,949 for the years ended December 31, 2024 and 2023, 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 \$366,379 and \$286,509, 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, 2024 and 2023, 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.

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.

Marin Healthcare District

Notes to Financial Statements

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, 2024 and 2023.

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.

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, 2024 and 2023, the District recognized \$317,094 and \$0, respectively, which was reported as grant nonoperating revenue in the statements of revenues, expenses, and changes in net position.

Marin Healthcare District

Notes to Financial Statements

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.

Reclassification – Certain amounts reported in the 2023 financial statements have been reclassified to conform to the 2024 presentation. These reclassifications did not affect previously net positions or changes thereto.

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:

	2024	2023
Cash in bank	\$ 843,636	\$ 528,134
State of California's Local Agency Investment Fund (LAIF)	355,221	339,523
Total cash and cash equivalents	1,198,857	867,657
Investments		
Mutual funds	2,770,406	2,355,390
Money market funds	-	7,179
U.S. fixed income commingled funds	1,079,369	1,327,474
Total investments	3,849,775	3,690,043
Bond assets held in trust		
Money market funds	11,075,587	11,946,664
Total bond assets held in trust	11,075,587	11,946,664
Total	\$ 16,124,219	\$ 16,504,364

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, 2024 and 2023, the estimated market value of the pool (including accrued interest) was \$32,247,035 and \$30,889,357, respectively. The District's proportionate share of that value is \$355,221 and \$339,523 as of December 31, 2024 and 2023, 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, 2024 and 2023, 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:

2024				
Investment Maturities (in years)				
Fair Value	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			

2023				
Investment Maturities (in years)				
Fair Value	Less than 1	1 to 5	More than 5	
Money market funds	\$ 11,953,843	\$ 11,953,843	\$ -	\$ -
Mutual funds	2,355,390			
U.S. fixed income commingled funds	1,327,474			
Total maturities	\$ 15,636,707			

Note 3 – Fair Value of 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:

	2024				
	Fair Value at Reporting Date Using				Total
	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	<u>\$ 13,845,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,079,369</u>	<u>\$ 14,925,362</u>

	2023				
	Fair Value at Reporting Date Using				Total
	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	\$ 11,953,843	\$ -	\$ -	\$ -	\$ 11,953,843
Mutual funds					
Govt/Corp intermediate	741,681	-	-	-	741,681
Corp/Pref-high yield	1,613,709	-	-	-	1,613,709
U.S. fixed income commingled funds*	-	-	-	1,327,474	1,327,474
Total investments	<u>\$ 14,309,233</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,327,474</u>	<u>\$ 15,636,707</u>

*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 2024 and 2023, 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, 2024 and 2023.

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, 2024 and 2023:

	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	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
2023						
	Life (Years)	Balance January 1, 2023	Additions	Deletions	Transfers	Balance December 31, 2023
Non-depreciable						
Land	N/A	\$ 865,701	\$ -	\$ -	\$ -	\$ 865,701
Total non-depreciable		865,701	-	-	-	865,701
Depreciable						
Hospital buildings	40	470,305,916	4,873	-	-	470,310,789
Equipment	20	18,784,416	-	-	-	18,784,416
Leasehold improvements	40	1,377,895	-	-	-	1,377,895
Total depreciable		490,468,227	4,873	-	-	490,473,100
Accumulated depreciation						
Hospital buildings	N/A	(53,221,787)	(11,879,532)	-	-	(65,101,319)
Equipment	N/A	(18,784,416)	-	-	-	(18,784,416)
Leasehold improvements	N/A	(1,377,895)	-	-	-	(1,377,895)
Total accumulated depreciation		(73,384,098)	(11,879,532)	-	-	(85,263,630)
Total depreciable, net		417,084,129	(11,874,659)	-	-	405,209,470
Total capital assets, net		\$ 417,949,830	\$ (11,874,659)	\$ -	\$ -	\$ 406,075,171

Marin Healthcare District Notes to Financial Statements

Depreciation expense of capital assets was \$11,878,757 and \$11,879,532 for the years ended December 31, 2024 and 2023, respectively.

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, 2024, are as follows:

<u>Years Ending December 31</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2025	\$ 450,697	\$ 483,178	\$ 933,875
2026	450,697	474,270	924,967
2027	450,697	464,332	915,029
2028	450,697	453,302	903,999
2029	450,697	441,119	891,816
Thereafter	7,211,158	4,160,843	11,372,001
Total future receipts	<u>\$ 9,464,643</u>	<u>\$ 6,477,044</u>	<u>\$ 15,941,687</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 \$14,219,640 and \$14,262,757 for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, was as follows:

	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	<u>\$ 385,420,790</u>	<u>\$ -</u>	<u>\$ (2,226,427)</u>	<u>\$ 383,194,363</u>	<u>\$ 1,570,000</u>
	Outstanding January 1, 2023	Issued	Matured / Redeemed During Year	Outstanding December 31, 2023	Due Within One Year
General obligation bonds					
Series 2015 bonds	\$ 153,440,000	\$ -	\$ (955,000)	\$ 152,485,000	\$ 1,250,000
Series 2017 bonds	211,305,000	-	-	211,305,000	-
Plus					
Series 2015 premium	6,574,036	-	(296,574)	6,277,462	-
Series 2017 premium	16,033,180	-	(679,852)	15,353,328	-
Total	<u>\$ 387,352,216</u>	<u>\$ -</u>	<u>\$ (1,931,426)</u>	<u>\$ 385,420,790</u>	<u>\$ 1,250,000</u>

A summary of debt service requirements for the next five years and to maturity as of December 31, 2024, is as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,570,000	\$ 15,166,900
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
2030-2034	40,690,000	68,999,250
2035-2039	76,160,000	57,297,800
2040-2044	125,075,000	37,297,050
2045-2047	105,215,000	8,644,000
Total debt service requirements	<u>\$ 362,540,000</u>	<u>\$ 247,091,300</u>

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.

Marin Healthcare District Notes to Financial Statements

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 2024 and 2023, the District did not have a regular tax levy. There is a voter-approved tax levy for service of the general obligation bonds. For 2024 and 2023, the tax levy for bond service was \$15,935,063 and \$17,233,224, 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



2026 Operating Budget

Finance & Audit Committee

7/28/2025



FY 2026 Budget Assumptions - Receipts

- **Rental Income**
 - Increased 2.7% based on estimated 2025 CPI.
- **Investment Earnings**
 - Based on conservative expected return from investment advisor.
- **Tax Revenue**
 - In working with the County of Marin, we have calculated the amount to be \$17.4M in total for the 2015 and 2017 Bond Funds.



FY 2026 Budget Assumptions - Expenses

- Legal Fees
 - Expected expenses in 2026 based on 3 years of historical data and input from internal legal counsel.
- Audit Fees
 - 0% increase to FY2025 actuals. Fees are split 50/50 with Hospital.
- Board Comp and Board Expenses
 - Compensation based on number of meetings and members.
 - \$5K for conferences.
- Election Expense
 - Estimate based on past election costs. Actual can vary greatly for a variety of reasons.
- Charitable Contributions
 - \$6K + additional \$10.5K to be used at District Board's discretion.



FY 2026 Budget Assumptions – Expenses (continued)

- Advertising
 - \$10.5K to be used at District Board's discretion.
- Community Communications & Education
 - \$70.9K for events, \$16.5K for reports, and \$4K for Website – see slide 5 for detail.
- Depreciation
 - Based on current fixed assets related depreciation expenses.
- Mental Health Program Support
 - \$200K continued support pending District Board approval.



FY 2026 Budget Assumptions – Community Education

- Similar expenditures expected in 2026 as planned in 2025 + 3% inflation
- Community Events
 - Seminars - 3 seminars x \$20.6K = \$61.8K
 - Pop-up Events - 4 events x \$2.3K = \$9.1K
- Reports
 - Annual Report deployed electronically - \$7.2K
 - Eblasts – 3 eblasts x \$3.1K = \$9.3K
- Website
 - Maintenance - \$4.1K



FY 2026 Income Statement Budget



Marin Healthcare District
Budget
FYE: December 31, 2026

	GASB 87 Accounting Change	1/1/25 through 5/31/25 (5 months)			No accounting change	GASB 87 Accounting Change
	FY2025 Budget	To Date - Budget	To Date - Actual	Variance	FY2026 Budget	FY2026 Budget
Rental Revenue	\$ 175,590	\$ 72,205	\$ 73,162	\$ 957	\$ 685,212	\$ 173,392
Lease Interest Revenue	491,329	205,678	204,721	(957)	-	491,310
Investment Earnings	187,289	78,037	140,433	62,397	224,491	224,491
Total Income	854,208	355,920	418,316	62,397	909,703	889,192
Legal Fees	40,000	16,667	9,219	7,448	40,000	40,000
Accounting Fees	29,250	12,188	11,458	729	27,550	27,550
Board Compensation	12,000	5,000	3,491	1,509	12,000	12,000
Election Fees	-	-	-	-	200,000	200,000
Charitable Contributions	16,000	6,667	-	6,667	16,500	16,500
Community Education	88,864	37,027	27,780	9,247	91,530	91,530
Dues	12,000	5,000	9,023	(4,023)	16,500	16,500
Advertising	10,000	4,167	11,257	(7,091)	10,500	10,500
Other Expenses	12,000	5,000	13,997	(8,997)	7,000	7,000
MHMN Program Support	100,000	41,667	41,667	-	-	-
MGH Program Support	200,000	83,333	83,333	-	200,000	200,000
Total Expense	520,114	216,714	211,226	5,489	621,580	621,580
Net Operating Income/(Loss) before Depr & Bond-Related	334,094	139,206	207,091	67,885	288,123	267,612
Depreciation Expense	11,878,757	4,949,482	4,926,941	22,541	11,824,659	11,824,659
Net Operating Income/(Loss) before Bond-Related	(11,544,663)	(4,810,276)	(4,719,851)	90,426	(11,536,536)	(11,557,047)
Bond-Related Revenue (Expense)						
Tax Revenue	14,280,222	5,950,092	6,018,516	68,424	17,357,558	17,357,558
Bond Revenue	74,758	31,149	117,828	86,679	183,190	183,190
Bond Interest	(14,164,308)	(5,901,795)	(5,912,697)	(10,902)	(14,084,092)	(14,084,092)
Net Income/(Loss)	\$ (11,353,992)	\$ (4,730,830)	\$ (4,496,204)	\$ 234,626	\$ (8,079,880)	\$ (8,100,391)

FY 2026 Balance Sheet Budget



Marin Healthcare District Balance Sheet

	12/31/2024	Expected 12/31/2025	Expected 12/31/2026
Current Assets			
Cash	1,198,857	128,201	152,276
Investment	3,849,775	5,401,079	5,612,821
Other Receivable	213,268		
Tax Revenues Receivable	7,499,401	8,666,941	9,431,329
Prepaid Expenses	5,794	6,000	6,000
Total Current Assets	12,767,095	14,202,221	15,202,425
Property, plant, and equipment, net	394,196,414	382,371,754	370,547,095
Assets Limited To Use - Sinking Funds	11,075,588	6,477,523	7,926,229
Lease Receivable	10,989,350	10,823,424	10,635,673
Deposits & Retainers	36,000	36,000	36,000
Total Non-Current Assets	416,297,352	399,708,702	389,144,997
Total Assets	429,064,447	413,910,923	404,347,422
Current Liabilities			
Accounts Payable	1,000	1,000	1,000
Interest Payable	6,319,542	6,293,375	5,944,656
Accrued Expenses	41,359	84,011	86,315
Other Current Liabilities	9,915,340	9,470,123	9,019,165
Related Party Payables	-	-	-
Current Bond Maturities	1,570,000	1,915,000	1,915,000
Total Current Liabilities	17,847,240	17,763,509	16,966,135
Bonds Payable	360,970,000	359,055,000	357,140,000
Bond Premium	20,654,363	19,677,936	18,701,510
Total Liabilities	399,471,603	396,496,445	392,807,645
Net Assets	38,694,891	29,592,844	17,414,478
Net (Loss)/Income	(9,102,047)	(12,178,365)	(5,874,701)
Total Net Assets	29,592,844	17,414,478	11,539,777

Questions?



Tab 5



To: MHD Finance and Audit Committee
From: Eric Brettner, CFO *EB*
Re: April 2025 Financial Report
Date: May 28, 2025

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 surplus for the month was \$28,132 which was favorable to budget by \$291. The favorable variance is primarily driven by the \$6,110 favorable variance to budget for total expenses, offset by the unfavorable variance to budget for total revenue. The expense variance was generated by the reversal of over accrued community education expenses for prior periods, resulting in an \$11,060 favorable variance to budget, and additional advertising expense, resulting in a \$5,673 unfavorable variance to budget. Rental revenue from the hospital lease was \$55,577 in April. Investment earnings were comprised of \$5,628 dividend and interest income, no realized gains or losses, and a \$9,789 increase in the value of investments. The District incurred total operating expenses of \$37,233 which was favorable to budget by \$6,110. As discussed above, the favorable variance was mainly due to a combination of reversing excessive community education accruals and an increase in advertising expenses. Depreciation expense was \$985,388 in April. Bond Related Revenues and Expenses included \$1,203,323 of accrued tax revenues less bond fund earnings, and \$1,182,539 of bond interest expense.

III. Balance Sheet

Assets

Cash at April 30, 2025 of \$865,637 increased by \$53,863. The increase was due to the transfer of rent payments from MGH. The investment account balances of \$4,633,258 increased by \$9,789 from the prior month. Tax revenue receivables are \$6,882,422 and represent amounts due from the County of Marin. 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 \$9,033,391 at April 30, 2025 to be used for bond principal and interest payments. \$5,318,755 of tax revenue was received from the County in April 2025.

**Liabilities and Net Assets**

Interest payable of \$3,791,725 increased by \$1,263,908 from the prior month due to the accrual of interest. Accrued expenses of \$161,224 are primarily comprised of accruals for rents, audit fees, legal fees, and community education.

Accrued expenses of \$161,224 consists of \$67,340 due to the Hospital for invoices paid on behalf of the District, and \$93,884 related to timing differences in payment of invoices due to vendors.

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 \$1,570,000 is due in August 2025. 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 \$25,957,939.

Balance Sheet - MHD

Company Marin Healthcare District
Period 2025 - P04 Apr

Ledger Account	2025 - P04 Apr	2025 - P03 Mar	Change	2024 - P12 Dec
ASSETS				
Current Assets				
Cash and Cash Equivalents	865,637	811,775	53,863	1,198,857
Short-Term Investments	4,633,258	4,623,470	14,128	3,849,775
Tax Revenue	6,882,422	10,997,853	(4,115,431)	7,499,401
Other Receivables	0	0	0	213,268
Prepaid Expenses	1,931	2,897	(966)	5,794
Other Current Assets	0	0	0	0
Current Assets	12,383,249	16,435,994	(4,048,406)	12,767,095
Property, plant, and equipment, net	390,254,861	391,240,249	(985,388)	394,196,414
Assets Limited To Use - Interest & Sinking Funds	9,033,391	3,714,636	5,318,755	11,075,588
Lease Receivable	10,989,350	10,989,350	0	10,989,350
Deposits	36,000	36,000	0	36,000
Other Non-Current Assets	0	0	0	0
Noncurrent Assets	410,313,601	405,980,235	4,333,367	416,297,352
Total Assets	422,696,850	422,416,229	284,961	429,064,447
LIABILITIES AND NET ASSETS				
Accounts Payable	1,735	1,000	(735)	1,000
Interest Payable	3,791,725	2,527,817	(1,263,908)	6,319,542
Accrued Expenses	161,224	127,406	(33,819)	41,359
Current Maturities of Operating Lease Liabilities	9,915,340	9,915,340	0	9,915,340
Current Maturities of Long-Term Debt	1,570,000	1,570,000	0	1,570,000
Line of Credit	0	0	0	0
Other Current Liabilities	0	0	0	0
Total Current Liabilities	15,440,024	14,141,562	(1,298,462)	17,847,240
Bonds Payable	360,970,000	360,970,000	0	360,970,000
Bond Premium	20,328,888	20,410,256	81,369	20,654,363
Long Term Debt, Net of Current Maturities	0	0	0	0
Other Noncurrent Liabilities	0	0	0	0
Total Noncurrent Liabilities	381,298,888	381,380,256	81,369	381,624,363
Total Liabilities	396,738,912	395,521,818	(1,217,093)	399,471,603
NET ASSETS				
Net Assets	25,957,939	26,894,410	932,133	29,592,844
Total Net Assets	25,957,939	26,894,410	932,133	29,592,844
Total Liabilities and Net Assets	422,696,850	422,416,229	(284,961)	429,064,447

Company: Marin Healthcare District


Period: 2025 - P04 Apr

Plan Structure: MarinHealth Financial Budget

Plan Name: FY2025

Ledger Account	Current Period Unrestricted	Current Period Budget	Variance		Current Period YTD Actuals	Current Period YTD	Variance
Rental Revenue	14,633	14,495	137		58,530	57,656	874
Investment Earnings	9,789	15,607	(5,819)		57,476	62,430	(4,954)
Other Revenue	40,944	41,082	(137)		163,777	164,650	(874)
Total Revenue	65,365	71,184	(5,819)		279,782	284,736	(4,954)
Legal Fees	2,837	3,333	(497)		8,510	13,333	(4,824)
Accounting Fees	2,292	2,438	(146)		9,167	9,750	(583)
Board Compensation	735	1,000	(265)		2,756	4,000	(1,244)
Consulting Fees	0	0	0		0	0	0
Election Fees	0	0	0		0	0	0
Charitable Contributions	0	0	0		0	0	0
Community Education	(3,655)	7,405	(11,060)		22,245	29,621	(7,376)
Dues	966	1,000	(34)		3,862	4,000	(138)
Advertising	6,507	833	5,673		9,006	3,333	5,672
Other Expenses	2,552	2,333	219		11,704	9,333	2,371
MHMN Program Support	8,333	8,333	0		33,333	33,333	0
MGH Program Support	16,667	16,667	0		66,667	66,667	0
Total Expense	37,233	43,343	(6,110)		167,250	173,371	(6,121)
Net Operating Income (Loss) Before Depreciation, Bond Related Revenue and Expense, and Other Non Operating Expenses	28,132	27,841	291		112,532	111,365	1,168
Depreciation Expense	985,388	989,896	4,508		3,941,553	3,959,586	18,033
Net Operating Income (Loss) Before Bond Related Revenue and Expense and Other Non Operating Expenses	(957,256)	(962,055)	4,799		(3,829,021)	(3,848,221)	19,200
Tax Revenue	1,190,018	1,190,018	0		4,828,498	4,760,074	(68,424)
Bond Revenue	13,305	6,230	(7,075)		95,776	24,919	(70,857)
Bond Interest	(1,182,539)	(1,180,359)	2,180		(4,730,158)	(4,721,436)	8,722
Net income (Loss)	(936,472)	(946,166)	9,694		(3,634,905)	(3,784,664)	149,759

Tab 6

To: MHD Finance and Audit Committee
From: Eric Brettner, CFO 
Re: May 2025 Financial Report
Date: June 18, 2025

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 surplus for the month was \$90,220 which was favorable to budget by \$62,378. The favorable variance is primarily driven by the \$63,011 favorable variance to budget for investment earnings, offset by the unfavorable variance to budget for total expenses. The expense variance is driven by the \$4,161 and \$1,418 unfavorable variances to budget for Dues and Advertising, respectively; offset by the \$2,624 and \$1,870 favorable variance to budget for Legal Fees and Community Education, respectively. Rental revenue from the hospital lease was \$55,577 in May. Investment earnings were comprised of \$55,817 dividend and interest income, \$2,566 in realized gains, and a \$70,235 increase in the value of investments. The District incurred total operating expenses of \$43,976 which was unfavorable to budget by \$633. As discussed above, the unfavorable variance is mainly due to the netting of the favorable budget variance from Legal Fees and Community Education and the unfavorable budget variance from Dues and Advertising. Depreciation expense was \$985,388 in May. Bond Related Revenues and Expenses included \$1,212,070 of accrued tax revenues less bond fund earnings, and \$1,182,539 of bond interest expense.

III. Balance Sheet

Assets

Cash at May 31, 2025 of \$867,515 increased by \$1,877. The increase was due to the transfer of rent payments from MGH, offset by supplier invoice payments. The investment account balances of \$4,716,216 increased by \$78,619 from the prior month. Tax revenue receivables are \$8,017,890 and represent amounts due from the County of Marin. The payments received from the County are deposited directly into the bond fund accounts. Other receivables are \$0.

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 \$9,109,992 at May 31, 2025 to be used for bond principal and interest payments. \$54,550 of tax revenue was received from the County in May 2025.

Liabilities and Net Assets

Interest payable of \$5,055,633 increased by \$1,263,908 from the prior month due to the accrual of interest. Accrued expenses of \$151,270 are primarily comprised of accruals for rents, audit fees, legal fees, dues, and community education.

Related party payables of \$77,133 includes \$42,953 due to the Hospital for rents, \$20,380 for community education, \$6,754 for advertising, \$4,195 for dues, and \$2,851 in bank fees.

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 \$1,570,000 is due in August 2025. 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 \$25,096,640.

Balance Sheet - MHD

Company

Marin Healthcare District

Period

2025 - P05 May

Ledger Account	2025 - P05 May	2025 - P04 Apr	Change	2024 - P12 Dec
ASSETS				
Current Assets				
Cash and Cash Equivalents	867,515	865,637	1,877	1,198,857
Short-Term Investments	4,716,216	4,637,597	78,619	3,849,775
Tax Revenue	8,017,890	6,882,422	1,135,468	7,499,401
Other Receivables	0	0	0	213,268
Prepaid Expenses	966	1,931	(966)	5,794
Other Current Assets	0	0	0	0
Current Assets	13,602,587	12,387,588	1,214,998	12,767,095
Property, plant, and equipment, net	389,269,472	390,254,861	(985,388)	394,196,414
Assets Limited To Use - Interest & Sinking Funds	9,109,992	9,033,391	76,602	11,075,588
Lease Receivable	10,989,350	10,989,350	0	10,989,350
Deposits	36,000	36,000	0	36,000
Other Non-Current Assets	0	0	0	0
Noncurrent Assets	409,404,815	410,313,601	(908,787)	416,297,352
Total Assets	423,007,401	422,701,189	306,212	429,064,447
LIABILITIES AND NET ASSETS				
Accounts Payable	1,000	1,735	735	1,000
Interest Payable	5,055,633	3,791,725	(1,263,908)	6,319,542
Accrued Expenses	151,270	161,224	9,954	41,359
Current Maturities of Operating Lease Liabilities	9,915,340	9,915,340	0	9,915,340
Current Maturities of Long-Term Debt	1,570,000	1,570,000	0	1,570,000
Line of Credit	0	0	0	0
Other Current Liabilities	0	0	0	0
Total Current Liabilities	16,693,243	15,440,024	(1,253,219)	17,847,240
Bonds Payable	360,970,000	360,970,000	0	360,970,000
Bond Premium	20,247,519	20,328,888	81,369	20,654,363
Long Term Debt, Net of Current Maturities	0	0	0	0
Other Noncurrent Liabilities	0	0	0	0
Total Noncurrent Liabilities	381,217,519	381,298,888	81,369	381,624,363
Total Liabilities	397,910,762	396,738,912	(1,171,850)	399,471,603
NET ASSETS				
Net Assets	25,096,640	25,962,278	865,638	29,592,844
Total Net Assets	25,096,640	25,962,278	865,638	29,592,844
Total Liabilities and Net Assets	423,007,401	422,701,189	(306,212)	429,064,447

Income Statement - MHD

Company Marin Healthcare District
Period 2025 - P05 May
Plan Structure MarinHealth Financial Budget
Plan Name FY2025

Ledger Account	Current Period Unrestricted	Current Period Budget	Variance	Current Period YTD Actuals	Current Period YTD	Variance
Rental Revenue	14,633	14,549	83	73,162	72,205	957
Investment Earnings	78,619	15,607	63,011	140,433	78,037	62,397
Other Revenue	40,944	41,027	(83)	204,721	205,678	(957)
Total Revenue	134,195	71,184	63,011	418,316	355,920	62,397
Legal Fees	709	3,333	(2,624)	9,219	16,667	(7,448)
Accounting Fees	2,292	2,438	(146)	11,458	12,188	(729)
Board Compensation	735	1,000	(265)	3,491	5,000	(1,509)
Consulting Fees	0	0	0	0	0	0
Election Fees	0	0	0	0	0	0
Charitable Contributions	0	0	0	0	0	0
Community Education	5,535	7,405	(1,870)	27,780	37,027	(9,247)
Dues	5,161	1,000	4,161	9,023	5,000	4,023
Advertising	2,251	833	1,418	11,257	4,167	7,091
Other Expenses	2,293	2,333	(41)	13,997	11,667	2,330
MH/MN Program Support	8,333	8,333	0	41,667	41,667	0
MGH Program Support	16,667	16,667	(0)	83,333	83,333	(0)
Total Expense	43,976	43,343	633	211,226	216,714	(5,489)
Net Operating Income (Loss) Before Depreciation, Bond Related Revenue and Expense, and Other Non-Operating Expenses	90,220	27,841	62,378	207,091	139,206	67,885
Depreciation Expense	985,388	989,896	4,508	4,926,941	4,949,482	22,541
Net Operating Income (Loss) Before Bond Related Revenue and Expense and Other Non-Operating Expenses	(895,169)	(962,055)	66,887	(4,719,851)	(4,810,276)	90,426
Tax Revenue	1,190,018	1,190,018	0	6,018,516	5,950,092	(68,424)
Bond Revenue	22,052	6,230	(15,822)	117,828	31,149	(86,679)
Bond Interest	(1,182,539)	(1,180,359)	2,180	(5,912,697)	(5,901,795)	10,902
Net income (Loss)	(855,638)	(946,166)	80,528	(4,496,204)	(4,730,830)	234,626

Tab 7



To: MHD Finance and Audit Committee

From: Eric Brettner, CFO *EB*

Re: June 2025 Financial Report

Date: July 21, 2025

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 surplus for the month was \$143,542 which was favorable to budget by \$120,209. The favorable variance is primarily driven by the \$115,409 favorable variance to budget for investment earnings and the \$4,508 favorable variance to budget for depreciation expense. Rental revenue from the hospital lease was \$55,577 in June. Investment earnings were comprised of \$22,746 dividend and interest income, \$4,115 in realized gains, and a \$104,154 increase in the value of investments. The District incurred total operating expenses of \$43,051 which was favorable to budget by \$292. The expense variance is driven by the \$291 favorable variance to budget for Board Compensation. All other favorable and unfavorable expense budget variances net out. Depreciation expense was \$985,388 in June. Bond Related Revenues and Expenses included \$1,157,776 of accrued tax revenues less bond fund earnings, and \$1,182,539 of bond interest expense.

III. Balance Sheet

Assets

Cash at June 30, 2025 of \$885,154 increased by \$17,640. The increase was due to the transfer of rent payments from MGH, offset by supplier invoice payments. The investment account balances of \$4,843,297 increased by \$127,081 from the prior month. Tax revenue receivables are \$8,634,936 and represent amounts due from the County of Marin. The payments received from the County are deposited directly into the bond fund accounts. Other receivables are \$0.

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 \$9,715,207 at June 30, 2025 to be used for bond principal and interest payments. \$572,973 of tax revenue was received from the County in June 2025.

**Liabilities and Net Assets**

Interest payable of \$6,319,542 increased by \$1,263,908 from the prior month due to the accrual of interest. Accrued expenses of \$164,938 are primarily comprised of accruals for rents, audit fees, legal fees, dues, and community education.

Related party payables of \$77,146 includes \$42,953 due to the Hospital for rents, \$20,380 for community education, \$6,754 for advertising, \$4,195 for dues, and \$2,864 in bank fees.

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 \$1,570,000 is due in August 2025. 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 \$24,294,514.

Income Statement - MHD

Company Marin Healthcare District
Period 2025 - P06 Jun
Plan Structure MarinHealth Financial
Plan Name Budget
FY2025

Ledger Account	Current Period Unrestrictec	Current Period Budget	Variance	Current Period YTD Actuals	Current Period YTD	Variance
Rental Revenue	14,633	14,604	29	87,795	86,809	985
Investment Earnings	131,016	15,607	115,409	271,449	93,644	177,805
Other Revenue	40,944	40,973	(29)	245,665	246,650	(985)
Total Revenue	186,592	71,184	115,409	604,909	427,104	177,805
Legal Fees	1,844	3,333	(1,490)	11,063	20,000	(8,937)
Accounting Fees	2,292	2,438	(146)	13,750	14,625	(875)
Board Compensation	709	1,000	(291)	4,200	6,000	(1,800)
Consulting Fees	0	0	0	0	0	0
Election Fees	0	0	0	0	0	0
Charitable Contributions	0	0	0	0	0	0
Community Education	7,400	7,405	(5)	35,180	44,432	(9,252)
Dues	1,315	1,000	315	10,338	6,000	4,338
Advertising	2,251	833	1,418	13,509	5,000	8,509
Other Expenses	2,240	2,333	(93)	16,237	14,000	2,237
MHNM Program Support	8,333	8,333	0	50,000	50,000	0
MGH Program Support	16,667	16,667	0	100,000	100,000	(0)
Total Expense	43,051	43,343	(292)	254,276	260,057	(5,781)
Net Operating Income (Loss) Before Depreciation, Bond Related Revenue and Expense, and Other Non Operating Expenses	143,542	27,841	115,701	350,633	167,047	183,586
Depreciation Expense	985,388	989,896	4,508	5,912,330	5,939,379	27,049
Net Operating Income (Loss) Before Bond Related Revenue and Expense and Other Non Operating Expenses	(841,847)	(962,055)	120,209	(5,561,697)	(5,772,332)	210,635
Tax Revenue	1,190,018	1,190,018	0	7,208,535	7,140,111	(68,424)
Bond Revenue	32,242	6,230	(26,012)	150,070	37,379	(112,691)
Bond Interest	(1,182,539)	(1,180,359)	2,180	(7,095,237)	(7,082,154)	13,083
Net income (Loss)	(802,125)	(946,166)	144,041	(5,298,329)	(5,676,996)	378,667

Balance Sheet - MHD**Company**

Marin Healthcare District

Period

2025 - P06 Jun

Ledger Account	2025 - P06 Jun	2025 - P05 May	Change	2024 - P12 Dec
ASSETS				
Current Assets				
Cash and Cash Equivalents	885,154	867,515	17,640	1,198,857
Short-Term Investments	4,843,297	4,716,216	127,081	3,849,775
Tax Revenue	8,634,936	8,017,890	617,046	7,499,401
Other Receivables	13,910	0	13,910	213,268
Prepaid Expenses	(350)	966	(1,315)	5,794
Other Current Assets	(105)	0	(105)	0
Current Assets	14,376,843	13,602,587	774,256	12,767,095
Property, plant, and equipment, net	388,284,084	389,269,472	(985,388)	394,196,414
Assets Limited To Use - Interest & Sinking Funds	9,715,207	9,109,992	605,215	11,075,588
Lease Receivable	10,989,350	10,989,350	0	10,989,350
Deposits	36,000	36,000	0	36,000
Other Non-Current Assets	0	0	0	0
Noncurrent Assets	409,024,641	409,404,815	(380,174)	416,297,352
Total Assets	423,401,484	423,007,401	394,083	429,064,447
LIABILITIES AND NET ASSETS				
Accounts Payable	1,000	1,000	0	1,000
Interest Payable	6,319,542	5,055,633	(1,263,908)	6,319,542
Accrued Expenses	164,938	151,270	(13,669)	41,359
Current Maturities of Operating Lease Liabilities	9,915,340	9,915,340	0	9,915,340
Current Maturities of Long-Term Debt	1,570,000	1,570,000	0	1,570,000
Line of Credit	0	0	0	0
Other Current Liabilities	0	0	0	0
Total Current Liabilities	17,970,820	16,693,243	(1,277,577)	17,847,240
Bonds Payable	360,970,000	360,970,000	0	360,970,000
Bond Premium	20,166,150	20,247,519	81,369	20,654,363
Long Term Debt, Net of Current Maturities	0	0	0	0
Other Noncurrent Liabilities	0	0	0	0
Total Noncurrent Liabilities	381,136,150	381,217,519	81,369	381,624,363
Total Liabilities	399,106,970	397,910,762	(1,196,208)	399,471,603
NET ASSETS				
Net Assets	24,294,515	25,096,640	802,125	29,592,844
Total Net Assets	24,294,515	25,096,640	802,125	29,592,844
Total Liabilities and Net Assets	423,401,484	423,007,401	(394,083)	429,064,447