SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Financial Statements and Supplemental Information
and Reports as Required by the Uniform Guidance and Chapter 10.550,
Rules of Auditor General

September 30, 2025

(With Independent Auditors' Report Thereon)

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Financial Statements and Supplemental Information

September 30, 2025

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SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Letter of Transmittal

(Unaudited)

Introduction

This section of the annual financial report of the Sarasota County Public Hospital District (the District) provides background about the Sarasota Memorial Health Care System (the System, SMHCS or Sarasota Memorial).

Background

The System is among the largest public health systems in Florida, offering a comprehensive range of inpatient, outpatient, and extended care services. SMHCS had over 71,000 inpatient visits and more than 1.96 million outpatient and physician visits in fiscal year 2025.

The District is an independent special taxing district with boundaries mirroring those of Sarasota County. Governing the District is the Sarasota County Public Hospital Board, made up of nine residents elected by local voters to four-year terms. The Board members, who are unpaid, are charged with serving as good stewards of scarce financial resources. The Board derives its authority to levy property taxes from a special law passed by the Florida Legislature and ratified by voters. Tax revenues are spent within Sarasota County on programs, services, facilities, and equipment based on the community's evolving needs. The Board sets the annual tax rate in a transparent process that includes advertised public hearings that are open to the community.

The District encompasses:

- SMH-Sarasota, a regional medical center and health care safety net providing the greatest depth and breadth of care throughout the Sarasota region. The System's flagship campus includes a comprehensive range of services, from Sarasota County's only Trauma Center to highly specialized cardiovascular, neurology, orthopedic, oncology, surgery, urology, critical care, rehabilitation, obstetrics/maternity/neonatal intensive care and advanced diagnostic services, and many more programs.
  - SMH-Sarasota includes 897 licensed beds: 722 Acute Care beds, 60 Comprehensive Rehabilitation beds and 33 Neonatal Intensive Care beds, as well as 82 Adult and Child Psychiatric beds provided in a behavioral health hospital located on the Sarasota campus.
- SMH-Venice, which opened in the fall of 2021, provides an extensive array of services, including cardiology, neurology, orthopedics, oncology, obstetrics, intensive care, surgical services, rehabilitation and advanced diagnostics.
  - SMH-Venice includes 212 licensed Acute Care beds.
- A network of outpatient services, including urgent care and outpatient centers located throughout the region; freestanding Emergency Rooms in North Port and Lakewood Ranch, and full array of laboratory, imaging, and rehabilitation services.
- Corporate services, which consist of various support departments.
- Sarasota Memorial Nursing and Rehabilitation Center (NRC), which provides skilled nursing and rehabilitation programs.
- SMH Health Care, Inc., a corporation providing leased personnel services to all System entities.
- SMH Physician Services, Inc. d/b/a First Physicians Group, a physician practice group that includes over 675 primary and specialty care physicians and advanced practice providers practicing in 51 specialties in 73 locations.

With more than 10,700 staff, the System is among the region's largest employers.

Sarasota Memorial also includes an extensive base of physicians in a wide range of specialties, with about 2,500 Medical Staff members system-wide.

In addition, more than 700 members of the community serve as volunteers in many areas of the System, contributing their time and expertise.

New Facilities and Programs Enhance the Community's Access to Care

Advances in the Development of the Brian D. Jellison Cancer Institute

Sarasota Memorial continues to expand its Brian D. Jellison Cancer Institute, with construction under way on a comprehensive new outpatient facility on the SMH-Sarasota Campus. When complete in 2026, the seven story Milman-Kover Cancer Pavilion will house a new breast health center, outpatient surgery suites, radiation oncology, infusion services, diagnostic imaging and integrative and supportive care. It also will be home to medical, surgical and radiation oncology physician offices. A large adjacent parking garage opened in 2024. The new pavilion will be the third in a series of premier cancer facilities that have opened in the past several years, including the inpatient Oncology and Surgical Tower at the SMH-Sarasota campus and the Radiation Oncology Center at the University Parkway campus.

Responding to the rising number of local cancer cases and the complexity of modern cancer care delivery, the facilities and programs covered by the Brian D. Jellison Cancer Institute are giving cancer patients, caregivers and medical providers access to the latest treatments, technologies, clinical trials and supportive care in their own community.

Kolschowsky Research & Education Institute

In 2025, the new five-story Kolschowsky Research & Education Institute opened on the SMH-Sarasota campus to house the System's clinical research division, clinical education, physician training programs and a medical library. This facility also features a new, state of the art simulation center providing safe, hands on clinical training. The center is promoting collaboration, discovery and innovation in medical education and research, while freeing up space inside the hospital for expanded clinical care.

Cornell Behavioral Health Pavilion

In December of 2023, Sarasota Memorial opened its Cornell Behavioral Health Pavilion, centralizing inpatient and outpatient behavioral health services in one state of the art facility on the SMH Sarasota Campus. This facility, which replaced the aged Bayside Center for Behavioral Health, includes inpatient units with 82 private rooms, each specially designed for geriatric, adult, child and adolescent patient populations. It also contains a full range of outpatient behavioral health services, including partial hospitalization and intensive outpatient programs, a 24/7 clinical assessment center, mental wellness programs, and community resources among its many offerings.

SMH-Venice Expands Top-Quality Service to South County

Since the System opened its 110-bed hospital in Venice in 2021, hospitalizations and emergency care visits have exceeded projections. Patient volumes increased at an even greater pace following the abrupt closure in September 2022 of ShorePoint Venice Hospital, a privately owned hospital located on Venice island.

To serve the community's large and growing number of patients, SMH-Venice completed a large expansion during calendar year 2024:

- Construction of a new patient care tower that includes 102 private patient suites, increasing the hospital's total licensed bed capacity to 212 beds.

- More than doubled the size of the Emergency Care Center from 28 to 61 rooms, while also expanding its surgical and diagnostic capacity.

The Venice hospital continued to earn independent confirmation of its high quality of care, receiving the highest "A" grades from the Leapfrog Group in every reporting period since 2024, when it first became eligible for the survey, and maintaining SMHCS's long tradition of straight "A's" on the report.

Construction Under Way on New Hospital in Rapidly Growing North Port

In 2025, the System broke ground on a new $507 million hospital campus on a 32-acre parcel it owns in North Port in south Sarasota County. It will be the rapidly growing city's first acute-care hospital, and the System's third. When completed in 2028, Sarasota Memorial Hospital-North Port will be nine stories tall, with an adjacent three-story medical office building. The hospital will initially open with 100 beds but will include three floors of finished shell space which will allow SMH to quickly double capacity to more than 200 beds. The campus ultimately can accommodate more than 400 beds as needed in the future. The hospital will offer a comprehensive range of emergency, medical, surgical and specialty care, a full complement of diagnostic services, as well as on-site outpatient services.

The System also continues to develop plans for its 27.78 acre vacant property in Wellen Park, starting with a freestanding emergency room and other outpatient services.

New Outpatient Centers to Serve Patients in North County Communities

The System completed a new freestanding Emergency Room on Lorraine Road and is planning a new urgent care center at State Road 70 to serve fast-growing neighborhoods in the area.

Physician Training Programs Help Attract Providers to the Community

Sarasota Memorial partners with Florida State University's College of Medicine to provide graduate medical education programs, which offer advanced training to more than 70 physicians each year:

- A three-year Internal Medicine Residency Program includes 42 physician residents caring for patients at SMH-Sarasota and at an Internal Medicine practice in the under-served community of Newtown.
- A three-year Emergency Medicine Residency Program provides training to 27 physician residents, while an Emergency Medical Service Fellowship offers advanced training to one fellow.
- A one-year Hospice & Palliative Care Fellowship Program trains two fellows each year to address issues related to serious illness and end-of-life care.

Since many physicians choose to practice in communities where they train, the graduate medical education programs help ease local and statewide physician shortages and fill gaps in care.

National Recognition for Top-Quality Care

- **5 Stars for Quality 2016 – 2025**: SMH-Sarasota is the only hospital in Florida and one of only 17 in the nation to earn the highest 5-star overall quality rating from the Centers for Medicare & Medicaid in all reporting periods since the program's inception in 2016. SMH-Venice received a 4-star rating. It is the second year SMHCS's newest hospital has been eligible for review.
- **Straight "A's" for Safety 2016 – 2025:** SMH-Sarasota has earned "A's" on every patient safety report card from The Leapfrog Group, starting in 2016 and continuing through 2025. SMH-Venice, which opened in late 2021, earned "A's" on all of its report cards since it became eligible the report. (Hospitals must be open for two years before Leapfrog begins assigning them safety grades.)
- **World's Best Hospital 2019 – 2025**: SMH-Sarasota has been listed among *Newsweek's* World's Best Hospitals for 6 straight years. It also was included among the publication's "America's Greatest

Workplaces" and "Greatest Workplaces for Women" in 2025, and named one of the "World's Best Smart Hospitals for 2026.

- **Magnet Recognition 2003 – 2025:** SMH-Sarasota has earned Magnet designation, the nation's highest honor for nursing excellence, continuously for more than 20 years. It is one of fewer than 2% of hospitals nationally to receive the four-year designation 5 times.
- **Ongoing *U.S. News* Honors**: SMH's care has been repeatedly recognized in *U.S. News'* annual "Best Hospitals" reports. For 2025-26, the hospital was recognized for 22 types of care, with OB/GYN named one of the "50 Best" in the nation.
- ***Money Magazine*:** SMH-Sarasota ranked No. 1 in Florida and No. 25 nationally in Money magazine's 2025 "Best Hospitals" report. The study examined key quality and safety indicators – including low mortality and hospital readmission rates – as well as patient satisfaction and the experience of the hospitals' doctors. It also looks at the financial aspects of a patient's stay, grading each hospital's billing and pricing practices to highlight facilities that are transparent with their cost of care.
- **Named one of the "Most Wired" hospitals 2017-2025** by the College of Healthcare Information Management Executives (CHIME).
- **Level III Maternal Care Verification from the Joint Commission.**
- **Designation as a Baby-Friendly Hospital by Baby-Friendly USA.**
- **Ranked No. 1 for Heart Bypass Quality Measure:** SMH-Sarasota was ranked No. 1 in the nation in 2025 for preventing readmissions among heart bypass patients, according to Becker's Hospital Review, with federal data showing SMH with the lowest rate of unplanned hospital visits following coronary artery bypass graft (CABG) surgery of all hospitals evaluated.
- **American Heart Association's national "Get With The Guidelines" awards:** SMH-Sarasota and SMH-Venice received multiple American Heart Association "Get with the Guidelines" honors for advanced treatments, safety protocols and evidence-based practices that promote the best outcomes for stroke patients and those suffering cardiac arrest in the hospital. Among other awards, SMH's Sarasota and Venice campuses earned AHA's highest honor for stroke care and additional awards for emergency heart care. The AHA's Gold Resuscitation Award also was given to both hospitals for having expert teams, technologies and protocols in place to deliver immediate, life-saving resuscitation care to patients experiencing cardiac arrest in the hospitals.
- **Age-Friendly Health Systems:** Both SMH-Sarasota and SMH-Venice have been nationally recognized by the Institute for Healthcare Improvement for implementing best practices to enhance care for older adults.
- **Hip & Knee Replacement Centers of Excellence:** Both SMH-Sarasota and SMH-Venice have earned DNV Hip and Knee Replacement Certification.
- **Stroke Care Recognition:** SMH-Sarasota is Sarasota County's only state-designated Comprehensive Stroke Center, the highest recognition given to regional referral centers for people experiencing highly complex strokes. SMH-Venice has earned Primary Stroke Center specialty designation, while Sarasota Memorial's freestanding ER in North Port is designated as an Acute Stroke Ready Center.
- **Recipient of the 2025 Mitral Valve Repair Reference Center Award** from the Mitral Foundation.
- **Geriatric Emergency Department Accreditation**: Three of Sarasota Memorial's Emergency Care Centers (at SMH-Sarasota, SMH-Venice and in North Port) have all earned special accreditation from the American College of Emergency Physicians, which recognizes those emergency departments that provide excellent care for older adults.
- **Gallup Exceptional Workplace Award:** The System was one of only 62 organizations worldwide to be named a Gallup Exceptional Workplace Winner for 2025, based on employee survey results. It is the fourth time the System has won Gallup's award. According to Gallup, the honor recognizes organizations that

have attained world-class performance by putting employees first and setting benchmarks for excellence in the work environment.

- **Forbes Employer Honors:** The System was included on Forbes' list of "America's Best Employers for Healthcare Professionals" for 2025. Forbes also included the System on its lists of "America's Best-in-State Employers" and "Best Employers for Women" in 2025.
- **Recognition for Support of Military Employees:** The U.S. Department of Defense's Employer Support of the Guard and Reserve (ESGR) gave prestigious Seven Seals Awards to the System and its Trauma Program in 2025, for outstanding support of employees who serve in the U.S. Armed Forces Reserves and National Guard.

Clinical Affiliations

Sarasota Memorial has longstanding clinical affiliations and partnerships with New York's Columbia University Medical Center and Johns Hopkins All Children's Hospital that bring additional research, resources and advanced treatments to the community.

The Community's Health Care Safety Net

Sarasota Memorial serves as the community's health care safety net, recognized for both its quality and its mission-driven programs. The System cares for the majority of the county's inpatient Medicaid and uninsured cases and provides many vital services that other local hospitals do not.

The System is the only hospital in Sarasota County providing trauma care, obstetrical services, neonatal intensive care, inpatient pediatric services and psychiatric services to patients of all ages. The organization's Community Specialty Clinic – the only one of its kind in the region – offers a wide range of free specialty care to eligible uninsured/underinsured residents.

Sarasota Memorial provides traditional charity care to those patients who meet certain criteria established by the State of Florida. In addition, the System provides services to patients who meet other financial criteria that indicate an economic hardship and inability to pay for services, but who either do not meet the strict eligibility requirements for traditional charity care or who do not complete all necessary paperwork to qualify for traditional charity care. These services are referred to as community support.

The System also offers a sliding scale discount program that offers significantly reduced rates to lower-income, uninsured patients. The program's goal is to make health care more affordable for the uninsured and allow eligible patients to pay what they can. The discount plan treats patients with dignity and compassion, and encourages the uninsured to take care of their health needs promptly, before conditions become catastrophic.

Sarasota Memorial registered over 186,000 emergency cases in fiscal year 2025 at the System's hospital-based Emergency Care Centers and its freestanding Emergency Rooms (ER) in North Port and Lakewood Ranch. In addition to emergency care, the North Port outpatient facility also has physician offices and outpatient programs including laboratory, radiology and rehabilitation services. The North Port facility also includes a Johns Hopkins All Children's Hospital pediatric specialty clinic. The ER at Lakewood Ranch, which opened in 2025, also provides radiology and laboratory services.

Sarasota Memorial also offers an array of disease management programs that provide patients with chronic health conditions high-quality cost-effective alternatives to help reduce emergency room visits and hospital readmissions. These services include a Heart Failure Treatment Center, Structural Heart and Valve Clinic, Anti-Coagulation Clinics, Lung Health Clinic, and Secondary Stroke & TIA Prevention Clinic.

Economic Driving Force

Among the largest employers in the region, Sarasota Memorial is a significant economic engine, creating and sustaining jobs and income for more than 10,700 staff and a large number of local businesses and vendors. All

earnings are re-invested into patient care, technology and assets that benefit the community. Examples of this community investment during the past year include:

- $1.1 billion in total payroll – supports local workforce,
- $2.0 billion in total operating expenses that help support a variety of local businesses and community members,
- $3.8 million investment in workforce development and staff training and education, and
- $253.5 million for facility and equipment upgrades in 2025.

Finance

Operational Improvements

Management has continued to make operational improvements focused both on improving revenue cycle efficiency and decreasing the cost of care.

The following are among the major revenue enhancement and cost-reduction initiatives implemented or in process:

- Engaged a third-party vendor to supplement in-house collection efforts for high-volume, low-balance accounts, increasing efficiency and recovery rates.
- Successful engagement of third-party vendor to manage collection agency performance resulting in improved cash flow and customer service indicators.
- Implemented a post-acute provider collaborative that streamlined discharge processes as well as improved patient outcomes and reduced readmissions.
- Consolidated revenue cycle operations and aligned accountability for results across both hospital and professional services revenue, improving oversight and performance.

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Independent Auditors' Report

The Board Members
Sarasota County Public Hospital District:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the fiduciary activities of Sarasota County Public Hospital District (the District), as of and for the year ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the District, as of September 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of the SMH Health Care Retirement Plan, which represents 100% of the fiduciary activities as of and for the years ended September 30, 2025 and 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for SMH Health Care Retirement Plan, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1(d) to the financial statements, in 2025 the District adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences.* Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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

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going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinions. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 oftime.

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

U.S. generally accepted accounting principles require that the management discussion and analysis, schedule of changes in the net pension liability (asset) and related ratios, schedule of the District's pension contributions, schedule of changes in the total OPEB liability (asset) and related ratios, and schedule of investment returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining balance sheet information and combining

statement of revenues, expenses, and changes in net position information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the letter of transmittal, budgetary comparison schedule, and the schedule of special district reporting, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KPMG LLP

January 27, 2026, except as to the Schedule of Special District Reporting which is as of June 22, 2026

This section of the annual financial report of the Sarasota County Public Hospital District (the District) provides management's discussion and analysis of the organization for the fiscal years ended September 30, 2025 and 2024. The District includes Sarasota Memorial Hospital-Sarasota and Sarasota Memorial Hospital-Venice (the Hospitals) among other entities. The Hospitals, combined with other District-owned patient-serving locations, such as the Lakewood Ranch and North Port freestanding emergency rooms and the Sarasota Memorial Nursing and Rehabilitation Center are collectively known as Sarasota Memorial Health Care System (SMHCS). This discussion has been prepared along with the financial statements and related note disclosures, which should be read in conjunction with one another. This narrative, the financial statements, and notes are the responsibility of the District's management.

Required Financial Statements

The basic financial statements of the District report information about the District using accounting methods prescribed by the Governmental Accounting Standards Board (GASB). These statements provide current and long-term financial information about the District's activities. The following statements are included in this package:

- The Balance Sheets list all of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). The Balance Sheets also include information to help compute the rate of return on investments, evaluate the capital structure of the organization, and assess the liquidity and financial flexibility of the District.
- The Statements of Revenues, Expenses, and Changes in Net Position include all of the revenues and expenses for the respective years. This statement measures changes in the District's operations over the year and can be used to determine whether the District has been able to recover all of its costs through patient service revenue and other revenue sources.
- The Statements of Cash Flows provide information about the District's cash from operating, investing, and capital and non-capital financing activities. It presents the sources of cash, how it was spent, and the change in the cash and cash equivalents balance during the current and prior fiscal years.

In addition to the above, the following two financial statements are included in accordance with GASB Statement No. 84, *Fiduciary Activities*.

- The Statements of Fiduciary Net Position reports on the District's defined benefit pension plan's financial position as of the end of the current and prior fiscal years.
- The Statements of Changes in Fiduciary Net Position represents the contributions and deductions that increased and decreased, respectively, the District's defined benefit pension plan's net position across the fiscal year.

Summary of Financial Highlights and Trends

The District's cash and board designated investments increased by $185.2 million and $167.5 million in the fiscal years ended September 30, 2025 and 2024, respectively. Long-term debt (including current portion) decreased by $14.7 million and by $15.3 million in the years ended September 30, 2025 and 2024, respectively. There was an excess of revenue over expenses of $297.4 million and $249.7 million for the years ended September 30, 2025 and 2024, respectively. Net position increased by $298.1 million in fiscal year 2025 and $253.0 million in fiscal year 2024. In 2025, hospital overall payor mix reflected an increase in Medicare and

in the Managed Care and Commercial payor categories, with decreases in the Self-Pay and Other and in the Medicaid payor categories as compared to fiscal year 2024. In 2024, hospital overall payor mix reflected an increase in Medicare and in the Managed Care and Commercial payor categories, with decreases in the Self-Pay and Other and in the Medicaid payor categories as compared to fiscal year 2023.

	2025	2024	2023	2022	2021
Medicare	65.1 %	64.6 %	63.3 %	62.9 %	61.2 %
Managed care and commercial	26.3	25.6	25.2	24.7	25.0
Self-pay and other	3.8	4.3	4.4	4.6	5.4
Medicaid	4.8	5.5	7.1	7.8	8.4
	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Operating Statistics

Based on the most recent data available from the Agency for Health Care Administration for the six months ended March 31, 2025, admissions volumes increased across Sarasota County 3.2% from the same period ending March 31, 2024. SMHCS admissions increased by 1.8% during the six months ended March 31, 2025 as compared to the corresponding period in the prior year. Inpatient market share for SMHCS in Sarasota County for the six months ended March 31, 2025 was 88.4%. SMHCS's outpatient volume, excluding emergency room visits, increased by 1.7% and 4.0% during the years that ended September 30, 2025 and 2024, respectively. Emergency Care Center visits increased by 7.3% and 0.9% during the years that ended September 30, 2025 and 2024, respectively.

The following tables represent utilization statistics for SMHCS for the fiscal years indicated:

	Fiscal year ended September 30				
	2025	2024	2023	2022	2021
Average number of beds in service:					
Medical/surgical intensive care	110	97	84	84	62
Cardiac telemetry, acute, and intensive care	186	182	178	178	156
Other medical/surgical	599	552	535	535	438
Total medical/surgical	895	831	797	797	656
Obstetrics	40	40	40	40	30
Psychiatric and substance abuse	82	80	62	62	60
Rehabilitation	60	60	60	54	54
Pediatrics	28	28	28	28	28
Total hospital	1,105	1,039	987	981	828

(Continued)

	Fiscal year ended September 30				
	2025	**2024**	**2023**	**2022**	**2021**
Combined admissions and observation cases:					
Combined Admissions	71,014	67,292	61,238	50,844	44,278
Observation cases	15,147	12,777	11,780	12,911	8,161
Total admissions and observation cases	86,161	80,069	73,018	63,755	52,439
Admissions:					
Total medical/surgical	59,761	56,325	51,112	41,823	34,993
Obstetrics	5,111	5,087	4,861	4,546	4,253
Psychiatric and substance abuse	3,045	2,732	2,311	2,350	2,294
Rehabilitation	1,734	1,749	1,684	1,478	1,406
Pediatrics	1,363	1,399	1,270	647	1,332
Total hospital	71,014	67,292	61,238	50,844	44,278
Average length of stay:					
Total medical/surgical	4.37	4.45	4.75	5.05	5.11
Obstetrics	2.46	2.42	2.46	2.42	2.48
Psychiatric and substance abuse	6.49	6.38	6.06	5.53	5.44
Rehabilitation	12.26	12.08	12.60	13.16	13.61
Pediatrics	3.24	3.34	3.40	3.46	3.52
Total hospital	4.49	4.55	4.80	5.05	5.10
Number of patient days:					
Medical/surgical intensive care	13,977	15,311	14,852	15,463	18,414
Cardiac telemetry, acute, and intensive care	52,310	52,525	52,298	55,043	43,170
Other medical/surgical	194,734	183,020	175,461	140,519	117,372
Total medical/surgical	261,021	250,856	242,611	211,025	178,956
Obstetrics	12,586	12,297	11,976	10,982	10,556
Psychiatric and substance abuse	19,762	17,423	14,001	13,006	12,488
Rehabilitation	21,263	21,133	21,213	19,456	19,131
Pediatrics	4,412	4,670	4,322	2,240	4,686
Total hospital	319,044	306,379	294,123	256,709	225,817

(Continued)

	Fiscal year ended September 30				
	2025	**2024**	**2023**	**2022**	**2021**
Percentage occupancy (admitted patients):					
Medical/surgical intensive care	34.8 %	43.1 %	65.6 %	48.1 %	81.4 %
Cardiac telemetry, acute, and intensive care	77.1	78.9	91.8	84.7	75.8
Other medical/surgical	89.1	90.6	81.6	72.5	73.4
Total medical/surgical	79.9	82.5	82.4	72.5	74.7
Obstetrics	86.2	84.0	109.4	75.2	96.4
Psychiatric and substance abuse	66.0	59.5	61.9	41.4	57.0
Rehabilitation	97.1	96.2	96.9	88.8	97.1
Pediatrics	43.2	45.6	42.3	21.9	45.9
Total hospital	79.1 %	80.6 %	81.6 %	71.7 %	74.7 %
Licensed beds	1,109	1,075	1,011	1,005	839
Average number of beds in service	1,105	1,039	987	981	828
Average daily census	874	837	806	703	619
Percent occupancy	79.1	80.6	81.6	71.7	74.7
Patient days	319,044	306,379	294,123	256,709	225,817
Admissions	71,014	67,292	61,238	50,844	44,278
Adjusted admissions [(1)]	130,803	124,268	111,706	90,244	72,776
Average length of stay	4.49	4.55	4.80	5.05	5.10
Emergency Room visits/registration	186,636	173,990	172,428	149,908	117,064
Urgent Care Center registrations	199,662	193,271	179,091	158,106	124,127
Surgery cases	34,131	33,086	31,336	27,612	23,465
Radiology procedures	624,896	595,500	566,671	490,087	400,379
Cardiac Catheterization procedures	28,068	25,816	23,636	19,715	17,784

[(1)] Inpatient admissions adjusted for equivalent hospital outpatient volume.

(Continued)

Statements of Revenues, Expenses, and Changes in Net Position

A summary of the District's Statements of Revenues, Expenses, and Changes in Net Position for fiscal years 2025, 2024, and 2023 is presented below (in thousands):

	2025	2024	Change	2023	Change
Net patient service revenue	$ 2,072,633	1,836,837	235,796	1,626,213	210,624
Other revenue	53,249	42,166	11,083	38,088	4,078
Total operating revenues	2,125,882	1,879,003	246,879	1,664,301	214,702
Total operating expenses	1,952,134	1,793,629	158,505	1,615,999	177,630
Operating income	173,748	85,374	88,374	48,302	37,072
Total nonoperating items	123,622	164,327	(40,705)	93,017	71,310
Excess of revenues over expenses	297,370	249,701	47,669	141,319	108,382
Other changes in net position	752	3,313	(2,561)	3,533	(220)
Net position, beginning of year	2,071,986	1,818,972	253,014	1,674,120	144,852
Net position, end of year	$ 2,370,108	2,071,986	298,122	1,818,972	253,014

Discussion of Statements of Revenues, Expenses, and Changes in Net Position

Net patient service revenue increased by $235.8 million, or 12.8%, during fiscal year 2025. Combined hospital admissions increased 5.5% from fiscal year 2024. The inpatient average daily census was 874 in fiscal year 2025 compared to 837 in fiscal year 2024. Outpatient hospital registrations (excluding emergency care center visits) in fiscal year 2025 were higher by 1.7% compared to fiscal year 2024, and emergency care center visits were 7.3% higher. Outpatient surgery cases in fiscal year 2025 were 3.5% higher than in fiscal year 2024, and cardiac catheterization procedures were 6.7% higher, and electrophysiology cases were 16.8% higher in fiscal year 2025 as compared to fiscal year 2024.

Net patient service revenue increased by $210.6 million, or 13%, during fiscal year 2024. Combined hospital admissions increased 9.9% from fiscal year 2023. The inpatient average daily census was 837 in fiscal year 2024 compared to 806 in fiscal year 2023. Outpatient hospital registrations (excluding emergency care center visits) in fiscal year 2024 were higher by 4.0% compared to fiscal year 2023, and emergency care center visits were 0.9% higher. Outpatient surgery cases in fiscal year 2024 were 5.7% higher than in fiscal year 2023, and cardiac catheterization procedures were 9.2% higher, and electrophysiology cases were 17.1% higher in fiscal year 2024 as compared to fiscal year 2023.

Operating expenses increased in fiscal 2025 by $158.5 million, or 8.8%. Salaries and wages increased by $84.3 million, fringe benefits increased by $2.5 million, supplies increased by $59.5 million, State of Florida medical assistance assessments increased by $7.8 million and depreciation and amortization increased $9.9 million.

(Continued)

Operating expenses increased in fiscal 2024 by $177.6 million, or 11%. Salaries and wages increased by $110.0 million, fringe benefits increased by $15.8 million, supplies increased by $52.6 million, purchased services increased $9.3 million, professional fees decreased by $6.8 million, State of Florida medical assistance assessments increased by $2.1 million and depreciation and amortization decreased $5.5 million.

Salaries and wages increased $84.3 million, or 9.5%, in 2025. The increase is largely due to the added beds as a result of the continued expansion at SMH-Venice. The system has also continued to reduce reliance on traveling nurses. Total System FTEs increased from 8,967 in fiscal year 2024 to 9,482 in fiscal year 2025. Also contributing to the overall increase in salaries and wages was a $37.5 million increase in SMH Physicians Services, Inc. related to expanded services in a variety of areas.

Salaries and wages increased $110.0 million, or 14.1%, in 2024. The increase is largely due the added beds as a result of opening the new Behavioral Health Pavilion, as well as the continued expansion at SMH-Venice. The system has also continued to reduce reliance on traveling nurses. Total System FTEs increased from 8,216 in fiscal year 2023 to 8,967 in fiscal year 2024. Also contributing to the overall increase in salaries and wages was a $58.4 million increase in SMH Physicians Services, Inc. related to expanded services in a variety of areas.

Fringe benefits increased by $2.5 million in 2025 compared to 2024. Fringe benefits as a percentage of salaries and wages decreased from 15.3% in 2024 to 14.2% in 2025. The increase in overall benefit cost was primarily due to a $9.5 million increase in health and dental benefits, a $5.0 million increase in wage-related employment tax costs, partially offset by a $10.2 million decrease in retirement and other post-employment related costs.

Fringe benefits increased by $15.8 million in 2024 compared to 2023. Fringe benefits as a percentage of salaries and wages decreased from 15.4% in 2023 to 15.3% in 2024. The increase in overall benefit cost was primarily due to a $7.5 million increase in health and dental benefits, a $6.2 million increase in wage-related employment tax costs, and a $1.9 million increase in retirement and other post-employment related costs.

Supplies expenses increased in fiscal 2025 by $59.5 million. Supplies expense as a percentage of net patient revenue increased to 21.7% in fiscal 2025 compared to 21.3% in fiscal 2024. This change is primarily due to a $29.0 million increase in medical supplies, a $19.4 million increase in implants, a $5.3 million increase in drug costs, a $1.6 million increase in opaque materials, a $1.4 million increase in food, and a reduction in purchase discounts of $1.9 million.

Supplies expenses increased in fiscal 2024 by $52.6 million. Supplies expense as a percentage of net patient revenue increased to 21.3% in fiscal 2024 compared to 20.8% in fiscal 2023. This change is primarily due to a $29.1 million increase in medical supplies, a $18.5 million increase in implants, a $2.8 million increase in drug costs, a $1.4 million increase in opaque materials, and Lab and Blood costs that decreased by $0.8 million.

Purchased services decreased by $5.0 million in fiscal 2025, representing a 2.4% decrease compared to 2024. This change is related to driven by offsetting changes in values, the largest of which are a $1.1 million increase in information technology costs, an $0.8 million increase in utilities, partially offset by a decrease of $0.7 million in catering and $0.4 million in fees and licenses.

Purchased services increased by $9.3 million in fiscal 2024, representing a 4.6% increase compared to 2023. This change is primarily related to purchase of services increased $13.4 million, information technology costs increased $3.8 million, collection expense increased $1.1 million, insurance increased $2.4 million, utilities increased by $1.8 million, a $1.2 million increase in repair and maintenance, partially offset by a $0.6 million

(Continued)

decrease in contract personnel, a $1.4 million decrease in recruiting, and a $13.6 million decrease in in traveler and non-employee compensation.

Professional fees decreased by $0.4 million in fiscal 2025, as a result of a $0.5 million increase in legal fees, offset by a $0.9 million decrease in physician fees.

Professional fees decreased by $6.8 million in fiscal 2024, as a result of a $0.2 million decrease in legal fees and a $6.6 million decrease in physician fees.

Depreciation and amortization expense increased by $9.9 million in fiscal 2025 as a result of a $9.3 million increase in building depreciation, a $3.8 million increase in lease- and subscription-related amortization, partially offset by a $5.8 million decrease in depreciation on major equipment.

Depreciation and amortization expense decreased by $5.5 million in fiscal 2024 as a result of a $3.5 million increase in building depreciation, offset by a $0.6 million decrease in lease- and subscription-related amortization, a $0.4 million decrease in leasehold depreciation, a $0.6 million decrease in fixed equipment and furniture depreciation, and a $7.4 million decrease in depreciation on major equipment.

As a result of the above-noted changes in operating costs, total operating costs decreased from 97.6% to 94.2% of net patient revenue. Total operating cost per adjusted admission, adjusted for the change in case mix index, increased 3.4% in fiscal year 2025 and increased 1.2% in fiscal year 2024.

Nonoperating items decreased by $40.7 million in fiscal year 2025. The decrease is primarily due to a $9.6 million increase in ad valorem tax and a $7.5 million increase in investment income, partially offset by a $42.0 million decrease in unrealized gain on the change in market value of investments, a $15.4 million decrease in other non-operating income, a $1.5 million decrease in interest expense, a $1.4 million decrease in the fair value of ineffective interest rate swaps, and a $0.5 million increase in net interest rate swap receipts.

Nonoperating items increased by $71.3 million in fiscal year 2024. The increase is primarily due to $45.8 million increase in unrealized gain on the change in market value of investments, a $12.4 million increase in investment income, a $11.9 million increase in ad valorem tax, an increase in other non-operating income of $1.7 million, a $0.2 million increase in the fair value of ineffective interest rate swaps, and a $0.1 million increase in net interest rate swap receipts, offset by a $0.8 million increase in interest expense.

Revenues exceeded expenses for fiscal year 2025 by $297.3 million, compared to an excess of revenues over expenses in fiscal year 2024 of $249.7 million. The $47.6 million change is a result of operating revenues increasing by $246.9 million, offset by operating expenses increasing by $158.5 million, and nonoperating items decreasing by $40.7 million.

Revenues exceeded expenses for fiscal year 2024 by $249.7 million, compared to an excess of revenues over expenses in fiscal year 2023 of $141.3 million. The $108.4 million change is a result of operating revenues increasing by $214.7 million, offset by operating expenses increasing by $177.6 million, and nonoperating items increasing by $71.3 million.

Balance Sheets

The following table is a summary of the balance sheets as of September 30, 2025, 2024, and 2023 (in thousands):

	2025	2024	Change	2023	Change
Cash and cash equivalents	$ 130,927	95,308	35,619	51,847	43,461
Patient accounts receivable, net	249,827	223,915	25,912	199,582	24,333
Other current assets	63,110	66,065	(2,955)	64,046	2,019
Total current assets	443,864	385,288	58,576	315,475	69,813
Restricted and board designated investments	1,427,808	1,280,138	147,670	1,207,083	73,055
Capital assets, net	1,691,278	1,539,354	151,924	1,379,385	159,969
Other assets	195,968	172,008	23,960	138,047	33,961
Interest rate swaps	3,520	4,948	(1,428)	6,572	(1,624)
Noncurrent assets	3,318,574	2,996,448	322,126	2,731,087	265,361
Deferred outflows	40,430	63,468	(23,038)	99,967	(36,499)
Total assets and deferred outflows	$ 3,802,868	3,445,204	357,664	3,146,529	298,675

	2025	2024	Change	2023	Change
Current liabilities	$ 476,207	401,757	74,450	341,500	60,257
Noncurrent liabilities	856,118	893,324	(37,206)	902,896	(9,572)
Total liabilities	1,332,325	1,295,081	37,244	1,244,396	50,685
Deferred inflows	100,434	78,137	22,297	83,161	(5,024)
Net position:					
Net investment in capital assets	1,014,627	851,157	163,470	689,674	161,483
Restricted for specific purposes	3,728	4,438	(710)	4,238	200
Unrestricted	1,351,754	1,216,391	135,363	1,125,060	91,331
Total net position	2,370,109	2,071,986	298,123	1,818,972	253,014
Total liabilities, deferred inflows and net position	$ 3,802,868	3,445,204	357,664	3,146,529	298,675

(Continued)

Discussion of Balance Sheets

At September 30, 2025, the District's cash, cash equivalents, and board designated investments totaled $1.6 billion, compared to long-term debt, including the current portion, of $703.4 million. The number of days cash on hand was 305, which is above the median of 210.9 days cash on hand for Moody's Investor Services (Moody's) "A1" rated, freestanding hospitals and single and multi-state healthcare systems (2025 median, based on 2024 data).

At September 30, 2024, the District's cash, cash equivalents, and board designated investments totaled $1.4 billion, compared to long-term debt, including the current portion, of $718.1 million. The number of days cash on hand was 293, which is above the median of 207.6 days cash on hand for Moody's Investor Services (Moody's) "A1" rated, freestanding hospitals and single and multi-state healthcare systems (2024 median, based on 2023 data).

In fiscal 2025, current assets increased by $58.6 million. Cash and cash equivalents increased by $35.6 million, patient accounts receivable increased by $25.9 million, prepaid expenses and other assets increased by $1.0 million, partially offset by a decrease in estimated Medicare and Medicaid settlements of $5.9 million and a decrease in due from related organizations of $0.5 million.

In fiscal 2024, current assets increased by $69.8 million. Cash and cash equivalents increased by $43.5 million, patient accounts receivable increased by $24.3 million, and prepaid expenses and other assets increased by $2.0 million.

In fiscal 2025, restricted investments and board designated investments increased $147.7 million. As of September 30, 2025, the Moody's ratings of the District's investments are BBB rated or better.

In fiscal 2024, restricted investments and board designated investments increased $73.1 million. As of September 30, 2024, the Moody's ratings of the District's investments are BBB rated or better.

Capital assets increased by $151.9 million in fiscal 2025. There were $253.3 million of capital additions during fiscal year 2025. The additions were partially offset by annual depreciation of $101.6 million. Of the $253.3 million in fiscal 2025 additions, the largest projects accounted for about $202.3 million of expenditures: $94.7 million for further development of a cancer care institute; $27.4 million for expansion of critical care, operating room, and central energy plant to the hospital campus in Venice; $23 million for initial development of a new education center; $21.5 million for the integration of the Enterprise EPIC system across the healthcare system; $13.2 million towards the construction of a free-standing emergency health facility in Lakewood Ranch; $8.7M for the expansion and renovation of the Sarasota campus radiology services; $7.9M towards the development of a North Port hospital campus; and $5.9 million related to completing the additional bed tower at the hospital campus in Venice. Additional information on the District's capital assets can be found in note 6 to the financial statements.

Capital assets increased by $160.0 million in fiscal 2024. There were $256.0 million of capital additions during fiscal year 2024. The additions were partially offset by annual depreciation of $95.6 million. Of the $256.0 million in fiscal 2024 additions, the largest projects accounted for about $189.1 million of expenditures: $65.2 million to add an additional bed tower to the hospital campus in Venice; $45.3 million for expansion of critical care, operating room, and central energy plant to the hospital campus in Venice; $8.8 million for further development of a new behavioral health pavilion on the hospital campus in Sarasota; $31.1 million for further

development of a cancer care institute; $38.7 million for initial development of a new education center. Additional information on the District's capital assets can be found in note 6 to the financial statements.

In fiscal 2025, the financial statements reflect a net pension asset of $23.4 million, compared to a net pension liability reported in fiscal 2024 of $29.5 million. This change was largely due to investment performance experienced by the pension plan during 2024, which is the basis for the 2025 financial statements.

In fiscal 2024, the financial statements reflect a net pension liability of $29.5 million, compared to a net pension liability reported in fiscal 2023 of $57.9 million. This change was largely due to investment performance experienced by the pension plan during 2023, which is the basis for the 2024 financial statements.

Deferred outflows and deferred inflows are related to the defined benefit retirement plan and other postemployment benefits, debt refundings, lease activity and interest rate swaps.

Deferred amounts related to the defined benefit retirement plan result from differences between expected and actual experience, changes in assumptions, the difference between projected and actual earnings on retirement plan investments, and contributions made by the District during the year. Please refer to note 9 to the financial statements for a more detailed discussion of the District's retirement plan.

Deferred amounts related to other postemployment benefits result from differences between expected and actual experience, changes in assumptions, and contributions made by the District during the year. Please refer to note 11 to the financial statements for a more detailed discussion of the District's other postemployment benefits plan.

Deferred amounts related to debt refundings result from debt refinancings and are amortized as interest expense over the related remaining debt service maturity schedule. Please refer to note 8 to the financial statements for a more detailed discussion of the District's long-term debt and interest rate swaps.

Deferred amounts related to leases result from SMHCS leasing to other entities. A correlating lease receivable exists in the asset section of the balance sheet as an offset. As SMHCS receives payments, the lease receivable amount is reduced and interest revenue is recognized. The deferred inflow is also reduced, being offset by revenue recognized, over the life of the leases.

The District has interest rate swaps related to its outstanding bond instruments. The swaps are presented in the Balance Sheets as assets or liabilities at fair value. Changes in fair value are recorded in the Balance Sheets as deferred outflows of resources or deferred inflows of resources for those swaps determined to be effective hedges in accordance with applicable governmental accounting standards or in the Statements of Revenues, Expenses and Changes in Net Position as nonoperating changes in fair value for ineffective interest rate swaps. Please refer to note 8 to the financial statements for a more detailed discussion of the District's interest rate swaps.

In fiscal 2025, current liabilities increased $74.5 million, primarily related to a $15.6 million increase in the accounts payable, a $25.7 million increase in employee compensation and benefits payable, a $25.5 million increase in the current portion of estimated third-party settlements, a $4.0 million increase in the current portion of the State of Florida medical assistance assessment, and an increase in other accrued expenses of $3.1 million.

In fiscal 2024, current liabilities increased $60.3 million, primarily related to a $3.6 million increase in the accounts payable, a $26.1 million increase in employee compensation and benefits payable, a $23.2 million increase in the current portion of estimated third-party settlements, a $5.6 million increase in the current portion of the State of Florida medical assistance assessment, a $2.2 million increase in other accrued expenses, partially offset by a decrease of $0.6 million decrease in the current portion of long term debt.

In fiscal 2025, noncurrent liabilities decreased $37.2 million, primarily as a result of a $29.5 million decrease in the net pension liability, a $15.2 million decrease in the long term debt (less the current portion), a $1.1 million decrease in long-term companion debt (less the current portion), and a $1.3 million decrease in interest rate swap liabilities partially offset by a $5.5 million increase in the long term portion of the State of Florida medical assistance assessment, and a $4.3 million increase in other long term liabilities.

In fiscal 2024, noncurrent liabilities decreased $9.6 million, primarily as a result of a $28.4 million decrease in the net pension liability, a $14.7 million decrease in the long term debt (less the current portion), a $1.1 million decrease in long-term companion debt (less the current portion), and $0.4 million decrease in the long term portion of the State of Florida medical assistance assessment partially offset by a $32.3 million increase in other long term liabilities, and a $2.7 million increase in interest rate swap liabilities.

Profitability, Liquidity, and Capital Ratios

The following table outlines ratios monitored by the District as compared to Moody's "A1" rated, freestanding hospitals, single and multi-state healthcare systems:

	2025	2024	2023	2024 Moody's A1 median
Profitability ratios:				
Operating margin	10.9 %	7.6 %	5.7 %	1.8 %
Excess margin	12.6	9.7	7.5	4.5
Return on assets	8.3	6.2	4.6	3.8
Total EBIDA%	19.6	17.0	16.1	n/a
Operating cash flow margin	18.0	15.1	14.5	6.8
Liquidity ratios:				
Days cash on hand	305	293.0	287.0	211.0
Net days in receivables	44	45.0	45.0	48.0
Capitalization ratios:				
Maximum debt service coverage ratio	10.1	7.8	6.5	5.1
Cash to debt	221.6 %	191.3 %	161.6 %	195.5 %

(EBIDA – Earnings Before Interest, Depreciation and Amortization)

Discussion of Ratios

To be consistent with rating agency calculations, tax revenues, insurance proceeds, as well as state and federal grant funds are considered operating revenues and interest expense, excess swap receipts, net, and bond issue costs are considered operating expenses for the ratio calculations above.

The profitability and liquidity ratios noted above and the cash to debt ratio were favorable compared to the Moody's A1 medians.

In June 2025, Fitch Ratings affirmed the District's unenhanced long term rating of AA- on its outstanding bonds and stable outlook. In August 2025, Moody's Investors Services affirmed the District's unenhanced long-term rating on its outstanding bonds of A1 and stable outlook. The rating agencies have noted the District's financial performance, strong liquidity, and strong service area characteristics.

This financial report is intended to provide our citizens, patients, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the tax assistance it receives. You may access the District's annual and quarterly financial information, as well as the current budget, via our website, www.smh.com. The District has engaged Digital Assurance Certification, LLC (DAC) as its Investor Relations Provider. To view additional detailed secondary market disclosure information, please visit www.dacbond.com. If you have any questions regarding this report or need additional information, contact the District's Corporate Finance Department at Sarasota Memorial Hospital, Attention: Controller, 1700 S. Tamiami Trail, Sarasota, FL 34239.

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Balance Sheets

September 30, 2025 and 2024

Assets		2025	2024
Current assets:			
Cash and cash equivalents	$	130,926,635	95,307,503
Patient accounts receivable, less allowance for uncollectible accounts of $200,540,973 in 2025 and $180,944,242 in 2024		249,827,112	223,915,324
Inventories of supplies		27,929,556	25,429,520
Prepaid expenses and other assets		34,035,094	33,049,383
Estimated Medicare and Medicaid settlements		—	5,900,000
Due from related organizations		1,146,165	1,686,888
Total current assets		443,864,562	385,288,618
Noncurrent assets:			
Restricted investments		1,935,923	3,860,110
Board designated investments		1,425,871,874	1,276,278,338
Capital assets, net		1,691,277,977	1,539,353,831
Net pension asset		23,352,900	—
Other assets		172,615,374	172,007,645
Interest rate swaps		3,519,549	4,947,568
Total noncurrent assets		3,318,573,597	2,996,447,492
Total assets		3,762,438,159	3,381,736,110
Deferred Outflows of Resources			
Deferred outflows related to pensions and OPEB		13,666,279	33,420,448
Deferred amounts on debt refundings		26,717,903	29,909,853
Deferred effective interest rate swap outflows		45,839	137,518
Total deferred outflows of resources		40,430,021	63,467,819
Total assets and deferred outflows of resources	$	3,802,868,180	3,445,203,929
Liabilities			
Current liabilities:			
Accounts payable	$	102,981,079	87,341,434
Employee compensation and benefits payable		179,310,503	153,657,057
Other accrued expenses		35,513,307	32,397,686
Estimated third-party settlements		115,335,001	89,846,131
Due to related organizations		7,206	10,338
Current portion of State of Florida medical assistance assessment		28,065,738	23,974,489
Current portion of long-term debt		14,995,000	14,530,000
Total current liabilities		476,207,834	401,757,135
Noncurrent liabilities:			
Long-term debt, less current portion		688,429,358	703,617,942
Long-term companion debt, less current portion		13,741,416	14,862,354
Net pension liability		—	29,466,414
State of Florida medical assistance assessment, less current portion		16,415,749	10,884,643
Other long term liabilities		132,826,578	128,519,779
Interest rate swaps		4,704,776	5,972,394
Total noncurrent liabilities		856,117,877	893,323,526
Total liabilities		1,332,325,711	1,295,080,661
Deferred Inflows of Resources			
Deferred inflows related to pensions and OPEB		34,967,948	12,213,568
Deferred inflows related to leases		39,250,911	40,414,907
Deferred effective interest rate swap inflows		26,215,190	25,508,798
Total deferred inflows of resources		100,434,049	78,137,273
Net Position			
Net investment in capital assets		948,519,320	786,541,887
Restricted for specific purposes		3,727,774	4,438,390
Unrestricted		1,417,861,326	1,281,005,718
Total net position		2,370,108,420	2,071,985,995
Total liabilities, deferred inflows of resources and net position	$	3,802,868,180	3,445,203,929

See accompanying notes to financial statements.

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Statements of Revenues, Expenses and Changes in Net Position

Years ended September 30, 2025 and 2024

	2025	2024
Operating revenues:		
Net patient service revenue, net of provision for bad debts of $279,273,984 in 2025 and $264,115,914 in 2024	$ 2,072,632,668	1,836,836,559
Other revenue	53,249,425	42,166,333
Total operating revenues	2,125,882,093	1,879,002,892
Operating expenses:		
Salaries, wages and fringe benefits	1,113,557,158	1,026,777,581
Supplies	450,489,634	391,011,384
Purchased services	205,183,008	210,221,205
Professional fees	28,941,244	29,301,237
State of Florida medical assistance assessment	29,561,107	21,769,286
Depreciation and amortization	124,401,967	114,548,080
Total operating expenses	1,952,134,118	1,793,628,773
Operating income	173,747,975	85,374,119
Nonoperating items:		
Ad valorem tax	103,449,837	93,838,461
Interest expense	(35,810,376)	(37,350,567)
Interest rate swap receipts, net	2,780,475	3,252,182
Investment income	52,495,059	45,026,408
Unrealized gains and losses on investments, net	11,267,678	53,268,913
Change in fair value of ineffective interest rate swaps	(866,793)	572,117
Other nonoperating (expense) income	(9,693,410)	5,720,142
Total nonoperating items	123,622,470	164,327,656
Excess of revenues over expenses	297,370,445	249,701,775
Other changes in net position:		
Contributions restricted for capital purposes	751,980	3,312,761
Increase in net position	298,122,425	253,014,536
Net position, beginning of year	2,071,985,995	1,818,971,459
Net position, end of year	$ 2,370,108,420	2,071,985,995

See accompanying notes to financial statements.

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Statements of Cash Flows

Years ended September 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Received from patient care services	$ 2,077,800,081	1,836,389,654
Received from nonpatient sources	55,327,217	41,538,983
Payments to employees	(1,098,590,799)	(995,029,729)
Payments to suppliers	(724,483,625)	(635,769,960)
Net cash provided by operating activities	310,052,874	247,128,948
Cash flows from noncapital financing activities:		
Ad valorem taxes	103,449,837	93,838,461
Grants and other noncapital items	(10,131,184)	5,253,052
Net cash provided by noncapital financing activities	93,318,653	99,091,513
Cash flows from capital and related financing activities:		
Proceeds from donations restricted for capital purposes	3,019,637	231,429
Interest rate swap payments paid, net	1,409,400	1,884,886
Interest received on bond funds held by trustee	—	1,278,416
Purchases of capital assets	(241,530,791)	(280,851,220)
Proceeds from disposals of capital assets	7,250	—
Interest payments	(32,667,667)	(34,299,197)
Interest income on lease receivables	655,540	653,332
Repayment of long-term debt	(14,530,000)	(15,100,000)
Net cash used in capital and related financing activities	(283,636,631)	(326,202,354)
Cash flows from investing activities:		
Investment income received	50,264,273	42,386,413
Purchase of investments	(1,578,814,948)	(1,233,909,229)
Proceeds from sales and maturities of investments	1,442,496,155	1,216,133,052
Net cash (used in) provided by investing activities	(86,054,520)	24,610,236
Increase in cash and cash equivalents	33,680,376	44,628,343
Cash and cash equivalents, beginning of year	99,126,651	54,498,308
Cash and cash equivalents, end of year	$ 132,807,027	99,126,651
Reconciliation of cash and cash equivalents to the balance sheets:		
Cash and cash equivalents in current assets	$ 130,926,635	95,307,503
Cash and cash equivalents in restricted investments	1,880,392	3,819,148
Total cash and cash equivalents	$ 132,807,027	99,126,651
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 173,747,975	85,374,119
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	124,401,967	114,548,080
Provision for bad debts	279,273,984	264,115,914
Changes in:		
Patient accounts receivable	(305,185,772)	(288,449,180)
Other current and noncurrent assets	(7,599,232)	29,791,324
Current liabilities and other liabilities	45,413,952	41,748,691
Net cash provided by operating activities	$ 310,052,874	247,128,948
Noncash capital and related financing activities:		
Accrued purchases of capital assets	$ 27,802,214	27,919,066
Unrealized gains on investments, net	11,267,678	53,268,913
Change in equity investment	2,126	793,720
Right of use assets added through lease liabilities	6,479,126	16,573,939
Intangible subscription assets added through long-term agreements	16,839,453	32,234,758

See accompanying notes to financial statements.

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

SMH Health Care Retirement Plan

Statements of Fiduciary Net Position

	September 30	
	2025	**2024**
Assets:		
Cash and cash equivalents	$ 4,927,622	8,788,064
Investments, at fair value	478,868,190	439,268,332
Total assets	483,795,812	448,056,396
Liabilities and fiduciary net position restricted for pensions:		
Liabilities:		
Accrued expenses	(234,000)	(225,000)
Total fiduciary net position restricted for pensions	$ 483,561,812	447,831,396

See accompanying notes to financial statements.

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

SMH Health Care Retirement Plan

Statements of Changes in Fiduciary Net Position

	September 30	
	2025	**2024**
Additions:		
Employer contribution	$ 10,585,305	10,450,367
Investment income:		
Net appreciation (depreciation) in fair value of investments	50,312,219	75,654,660
Interest and dividends	5,346,660	5,197,995
	55,658,879	80,852,655
Less investment expenses	(1,603,810)	(1,491,023)
Net investment income (loss)	54,055,069	79,361,632
Total additions (reductions)	64,640,374	89,811,999
Deductions:		
Benefits	(28,466,802)	(34,236,843)
Administrative expenses	(443,156)	(494,507)
Total deductions	(28,909,958)	(34,731,350)
Net increase (decrease) in fiduciary net position	35,730,416	55,080,649
Fiduciary net position restricted for pensions:		
Beginning of year	447,831,396	392,750,747
End of year	$ 483,561,812	447,831,396

See accompanying notes to financial statements.

(1) Operations, Organization, and Summary of Significant Accounting Policies

(a) Operations and Organization

The Sarasota County Public Hospital District was established in 1949 by a special act of the Florida Legislature, which created and incorporated a special tax district to be known as Sarasota County Public Hospital District (the District), which includes all of Sarasota County, and authorized the District to levy property taxes for various purposes. The District's primary function is to operate Sarasota Memorial Hospital-Sarasota and Sarasota Memorial Hospital-Venice (the Hospitals), Sarasota Memorial Nursing and Rehabilitation Center (NRC), and provide other healthcare delivery services in Sarasota County.

The financial statements include the accounts of the Sarasota County Public Hospital District and the following blended component units of the District: SMH Health Care, Inc., and SMH Physician Services, Inc. (PSI). These entities are considered blended component units, as the governing bodies of these entities are substantially the same as the District and the entities provide services almost entirely to the District or benefit the District even though they do not provide services directly to the District. The entities are hereafter referred to collectively as the "District." All intercompany accounts and transactions have been eliminated between the District and its blended component units.

(b) Mission Statement

The mission of the District is to provide health care services which excel in caring, quality, and innovation.

(c) Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) Accounting Standards

The District recognizes revenues and expenses on the accrual basis of accounting in accordance with the standards established by the Governmental Accounting Standards Board (GASB).

In 2025, the District recognized GASB Statement No. 100, *Accounting Changes and Error Corrections* (GASB Statement No. 100), which is an amendment of GASB Statement No. 62.

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

Management has determined that the implementation of this Statement did not have a significant impact on the District's financial statements.

In 2025, the District adopted GASB Statement No. 101, *Compensated Absences* (GASB Statement No. 101).

The objective of GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. With respect to the transition to GASB Statement No. 101, the implementation of a new authoritative pronouncement is considered a change in accounting principle in accordance with the provisions of Statement 100.

The implementation of this statement has resulted in additional footnote disclosure by the District as noted in footnote 1(n), as the District was already accounting for uncompensated absences in accordance with the standard, but not previously illustrating them as the standard now dictates in the aforementioned additional footnote disclosure.

(e) Community Programs

The District is a public health care provider established to meet the needs of Sarasota County. Accordingly, services are being provided to the community at no charge or for which only partial payments are received. The following is a summary of the cost, net of actual and estimated reimbursements, if any, of the District's community programs provided during the years ended September 30, 2025 and 2024:

	2025	2024
Bad debts	$ 51,170,748	49,650,923
Traditional charity care	22,349,231	18,049,192
Medicare losses	129,758,975	139,281,429
Medicaid losses	45,783,180	56,005,521
Trauma and emergency care center call pay and subsidies	14,959,584	15,723,497
Anesthesiologist, hospitalist, and psychiatric coverage	57,989,962	64,843,152
Clinics and other community programs	3,133,180	2,790,188
Indigent care fund payments	29,561,107	21,769,286
	$ 354,705,967	368,113,188

The District provides traditional charity care to those patients who meet certain criteria under its charity care policy. A patient is classified as a charity patient by reference to certain established policies of the District. Amounts determined to qualify as traditional charity care are not reported as revenue. Included in bad debts are estimated community support costs of $18,084,000 and $17,934,000 for the years ended September 30, 2025 and 2024, respectively. Community support recognizes the cost of providing care for those patients that met other financial criteria which indicated an economic hardship and inability to pay for their services, but who either did not meet the strict eligibility requirements for traditional charity care or who did not complete all necessary paperwork to qualify for traditional charity care.

Payments received from the Medicare and Medicaid programs are significantly less than established patient charges and are less than management's estimate of the costs of providing those services. An assessment of 1.00% for net outpatient revenues, 1.50% for net inpatient revenues, and 0.04% of total

operating expenses is assessed to the Hospital to help fund the Florida Medicaid and Indigent Care program.

(f) Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors and the provision for bad debts.

The difference between customary charges and the contractually established rates is accounted for as a contractual adjustment. The District's customary charges, contractual adjustments, and provision for bad debts for the years ended September 30, 2025 and 2024 are as follows:

		2025	2024
Gross patient charges	$	10,551,095,677	9,511,232,299
Contractual adjustments		(8,199,189,025)	(7,410,279,826)
Provision for bad debts		(279,273,984)	(264,115,914)
Net patient service revenue	$	2,072,632,668	1,836,836,559

The District has agreements with third-party payors that provide for payment to the District at amounts different from its established rates. A summary of the basis of payment with major third-party payors follows:

(i) Medicare

Most services including inpatient acute care services, inpatient rehabilitative services, inpatient psychiatric services, skilled nursing services, and hospital outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Disproportionate share reimbursement partially offsets the revenue losses from furnishing uncompensated care to low income patients. Graduate medical education reimbursement is intended to partially offset the cost of the program and is paid at an interim rate with final settlement determined after the submission of annual cost reports by the Hospital and audits by the Medicare fiscal intermediary.

The Hospital's Medicare cost reports have been audited and final settlements have been determined by the Medicare intermediary for all years through September 30, 2019. Retroactive adjustments for cost reports and other settlements are accrued on an estimated basis in the period when the related services are rendered and adjusted in future periods during which final settlements are determined.

(ii) Medicaid

Effective May 1, 2014, the Florida Medicaid program implemented a system through which most Medicaid enrollees receive services. The program is called the Statewide Medicaid Managed Care Medical Assistance Program. The program is comprised of several types of managed care plans

including Health Maintenance Organizations, Provider Service Networks, and a Children's Services Network. The program is designed to emphasize patient centered care, personal responsibility and active patient participation, provide for fully integrated care through alternative delivery models with access to providers and services through a uniform statewide program, and implement innovations in reimbursement methodologies, plan quality and plan accountability. Most Medicaid recipients must enroll in the program. Providers and the managed care plans negotiate mutually agreed upon rates and terms of payment for the provision of services as part of the contract between the provider and the managed care plan. Inpatient and outpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Unless stated in the law, managed care plans do not have to pay in the same way that providers are paid under the fee for service Medicaid program. Before implementation of this system, reimbursement was cost based subject to ceilings and limits. Final settlement was determined through the Medicaid Cost Report. The State completed rate setting audits for these cost based years through June 30, 2015 and no longer requires the submission of hospital cost reports for rate setting purposes.

Final combined Medicare and Medicaid amounts estimated for prior years resulted in an increase in net patient service revenue of $8,634,878 and $9,702,071 for the years ended September 30, 2025 and 2024, respectively.

In addition, the Florida Medicaid program provides additional funding through various programs to cover costs related to serving charity care and a disproportionate share of Medicaid and other low income patients, as well as the cost of graduate medical education programs. These programs are funded in part by intergovernmental transfers which are then used to secure matching federal funds and are re-distributed to participating healthcare organizations. For these programs, SMH recorded $30,625,847 and $33,776,764 in net patient service revenue and $9,646,835 and $8,222,159 of other operating revenue for the years ended September 30, 2025 and 2024, respectively.

The District's classification of patients and the appropriateness of their admission are subject to review by the fiscal intermediaries administering the Medicare and Medicaid programs.

Laws and regulations governing the Medicare and Medicaid Programs are complex and subject to interpretation. The District believes that it is in compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future governmental review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid Programs. As a result, there is at least a reasonable possibility that recorded estimates associated with these programs will change by a material amount in the near term.

Provisions have been recorded in the financial statements for open cost report years through 2025.

(iii) Other

The District has also entered into payment arrangements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these arrangements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined rates. Some of these arrangements provide for review of paid claims for compliance with the terms of the contract and

result in retroactive settlement with third parties. Retroactive adjustments for other third-party claims are recorded in the period when final settlement is determined.

(g) Cash and Cash Equivalents

The District considers cash on hand, money in checking accounts, time deposits, short-term unrestricted fund investments, and short-term restricted assets available for current liabilities with a maturity of three months or less when purchased to be cash and cash equivalents.

(h) Investments and Investment Income

Investment securities held by the District are carried at fair value. Realized gains and losses, based on the specific identification method, are included in investment income in nonoperating items in the statements of revenues, expenses, and changes in net position. Unrealized gains and losses are included in unrealized gains and losses on investments, net in nonoperating items in the statements of revenues, expenses and changes in net position.

(i) Inventories of Supplies

Inventories of supplies are stated at the lower of cost or market, on a first-in, first-out basis.

(j) Capital Assets

Capital assets have been recorded at historical cost if purchased or fair value at date of donation. Capital purchases above $5,000 are capitalized. Major asset classifications and estimated useful lives are generally in accordance with those recommended by the American Hospital Association. The provision for depreciation is computed using the straight-line method over the estimated useful lives of the assets as summarized below:

	Estimated useful lives (years)
Land improvements	3–25
Buildings	5–80
Leasehold improvements	3–25
Moveable equipment	3–25
Subscription assets	2-8

Routine maintenance, repairs, renewals, and replacement costs are charged against operations. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized, as is interest incurred during the period prior to the related assets being placed in service. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in other nonoperating income (expense).

(k) Debt Issue Costs, Original Issuance Premiums and Discounts, and Deferred Gains and Losses on Refunding

The District recognizes debt issuance costs as an expense in the period incurred as required by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Original issuance premiums and discounts on bonds payable are amortized using the effective interest method. Amortization of original issuance premiums and discounts is included in interest expense. Deferred losses on refunding, which are included in deferred outflows of resources, are amortized over the shorter of the remaining life of the old debt or the life of the new debt using the straight-line method, which approximates the effective interest method. Amortization of deferred losses on refunding is included in interest expense.

(l) Other Noncurrent Liabilities

Other noncurrent liabilities consist of State of Florida medical assistance assessment, unearned revenue, certain lease obligations and subscription-based software agreement obligations, and other long-term liabilities. The changes in other noncurrent liabilities for the years ended September 30, 2025 and 2024 are as follows:

	2025				
	Beginning balance	Accrual/ assessments	Payments	Ending balance	Amounts due within one year
State of Florida medical assistance assessment	$ 34,859,132	29,561,107	(19,938,752)	44,481,487	28,065,738
Other long-term liabilities	153,235,650	52,637,299	(44,148,288)	161,724,661	27,600,673
Total	$ 188,094,782	82,198,406	(64,087,040)	206,206,148	55,666,411

	2024				
	Beginning balance	Accrual/ assessments	Payments	Ending balance	Amounts due within one year
State of Florida medical assistance assessment	$ 29,676,502	21,769,286	(16,586,656)	34,859,132	23,974,489
Other long-term liabilities	121,058,254	81,314,602	(49,137,206)	153,235,650	24,715,872
Total	$ 150,734,756	103,083,888	(65,723,862)	188,094,782	48,690,361

(m) Pensions

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the SMH Health Care Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan.

For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(n) Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated paid time off (PTO A) balances for vacations, holidays, personal needs and sickness and unpaid, accumulated and vested short term disability leave (PTO B) balances. PTO A is earned by eligible employees at varying rates, up to a maximum balance of 400 hours. The unused balance of PTO A is paid at time of employment termination. The liability for PTO A has been calculated based on the unused hours and current rates of pay for each employee and is included in employee compensation and benefits payable on the balance sheets. PTO B is earned by eligible employees up to a maximum balance of 800 hours. Employees hired prior to October 1, 1998 who terminate with a minimum ten years of service are vested in PTO B and will receive one half of accumulated unused PTO B hours. Employees hired on or after October 1, 1998 will not receive any accumulated hours in PTO B upon termination. The liability for PTO B has been calculated for vested employees based on half of the unused hours and current rates of pay for each employee. The current and noncurrent portions are estimated based on historical payment experience. The current portion is included in employee compensation and benefits payable on the balance sheets. The noncurrent portion is included in other long-term liabilities on the balance sheets.

	2025				
	Beginning balance	Additions	Reductions	Ending balance	Estimated Amounts Due within one year
Accrued Paid Time Off (PTO A)	$ 39,891,392	5,068,738	—	44,960,130	44,960,130
Accrued Taxes related to PTO A	3,056,258	387,759	—	3,444,017	3,444,017
Accrued Sick Leave (PTO B)	4,027,433	—	(246,805)	3,780,628	1,297,408
Accrued Taxes related to PTO B	105,883	—	(6,480)	99,403	99,403
Total	$ 47,080,966	5,456,497	(253,285)	52,284,178	49,800,958

	2024				
	Beginning balance	Additions	Reductions	Ending balance	Estimated Amounts Due within one year
Accrued Paid Time Off (PTO A)	$ 35,834,100	4,057,292	—	39,891,392	39,891,392
Accrued Taxes related to PTO A	2,745,875	310,383	—	3,056,258	3,056,258
Accrued Sick Leave (PTO B)	4,401,594	—	(374,161)	4,027,433	1,382,111
Accrued Taxes related to PTO B	115,706	—	(9,823)	105,883	105,883
Total	$ 43,097,275	4,367,675	(383,984)	47,080,966	44,435,644

(Continued)

(o) Net Position

Net position of the District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and unspent bond proceeds and reduced by the outstanding balances of any borrowings and deferred outflows of resources used to finance the purchase or construction of those assets. Net investment in capital assets is intended to reflect the portion of net position associated with capital assets, less outstanding balances due on borrowings used to finance the purchase or construction of those assets. Restricted for specific purposes is net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District, including amounts deposited with trustees as required by bond indentures. Unrestricted net position is remaining net position that does not meet the definition of net investment in capital assets nor restricted for specific purposes. When both restricted and unrestricted resources are available for use, the District's policy is to use restricted resources first and thereafter unrestricted resources as needed.

(p) 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 exchange transactions associated with furtherance of its mission, and include related grant revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Nonexchange revenues and expenses, including ad valorem taxes, investment income, interest expense on borrowed funds, the difference between interest rate swap payments received and paid, unrealized gains and losses on investments, changes in the fair value of ineffective interest rate swaps, gains and losses on disposal of capital assets, debt issuance costs, loss on defeasance, insurance proceeds, and other nonoperating income and expenses are reported as nonoperating items in the financial statements.

(q) Income Taxes

The District is organized as a political subdivision of the State of Florida and is not subject to federal and state income taxes.

SMH Health Care, Inc. and PSI, have been recognized by the Internal Revenue Service (IRS) as tax-exempt organizations described in Internal Revenue Code Section 501(c)(3). Income earned by these organizations in furtherance of their tax-exempt purpose is exempt from federal and state income taxes.

(r) Ad Valorem Taxes

Tax monies received are based on assessments by the District to Sarasota County real property owners for purposes stated in the Millage resolutions. Ad valorem taxes are recorded in the period for which the taxes are levied and amounted to $103,449,837 and $93,838,461 for the years ended September 30, 2025 and 2024, respectively.

(s) Derivative Instruments

The District uses interest rate swaps, which are recorded based on criteria set forth in GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended by

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, to manage net exposure to interest rate changes related to its borrowings and to lower its overall borrowing costs. The derivative instruments are recorded as either assets or liabilities in the balance sheets at fair value. Gains and losses resulting from terminations of swaps, when they occur, are recognized as a component of nonoperating items in the accompanying statements of revenues, expenses and changes in net position. Increases or decreases in the fair value of effective interest rate swaps are recognized as deferred effective interest rate swap inflows or outflows in the accompanying balance sheets. Gains and losses resulting from changes in the fair value of ineffective interest rate swaps are recognized as a component of nonoperating items in the accompanying statements of revenues, expenses and changes in net position.

(t) Impairment of Long-Lived Assets

Management evaluates whether there has been a significant unexpected decline in the utility of a capital asset that could indicate an impairment in the capital asset. If there is an indication that the asset may be impaired, the District follows GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, to determine if the impairment loss should be recognized. The amount of impairment, if any, is determined by comparing the historical carrying value of the asset to the valuation method which most appropriately reflects the decline in service utility of the capital asset. The District concluded that no impairments existed as of September 30, 2025 and 2024.

(u) Reclassification

Certain reclassifications are reflected in the 2024 basic financial statements to conform to the 2025 basic financial statement presentation.

(2) Cash and Investments

(a) Cash Deposits

For the years ended September 30, 2025 and 2024, the District's governmental bank balances are held in accounts protected under Chapter 280, *Florida Statutes* in institutions classified as qualified public depositories. The District's nongovernmental bank balances of $15,657,973 and $15,607,045 were covered by federal depository insurance to the applicable limits for the years ended September 30, 2025 and 2024, respectively.

(b) Investments

Florida Statutes and the District's enabling legislation authorize the District to invest in obligations of the U.S. government and certain of its agencies, certificates of deposit of qualified public depositories, certain bankers' acceptances, certain domestic commercial paper, corporate notes and bonds, interest-bearing time deposits or savings accounts of qualified banks and savings and loans institutions, and repurchase and reverse repurchase agreements.

The fair value of short-term investments are estimated based on quoted market prices, which are generally equal to carrying amounts because of the short maturity of those instruments. The fair value of restricted investments and board designated investments are based on quoted market prices.

As of September 30, 2025, the District had cash and investments maturing as follows:

		Cash and investment maturities				
	Fair value	Less than 1 year	1–5 years	6–10 years	More than 10 years
U.S. government securities	$ 371,918,080	137,474,408	123,041,172	111,402,500	—
U.S. government agency securities	55,208,877	4,952,292	17,836,467	32,420,118	—
Corporate bonds	679,576,024	254,703,530	288,391,451	136,481,043	—
Municipal securities	298,710,370	68,655,413	159,167,987	70,886,970	—
Other, including bank deposits	153,321,082	153,321,082	—	—	—
Total cash and investments	$ 1,558,734,433	619,106,725	588,437,077	351,190,631	—

As of September 30, 2024, the District had cash and investments maturing as follows:

		Cash and investment maturities				
	Fair value	Less than 1 year	1–5 years	6–10 years	More than 10 years
U.S. government securities	$ 328,842,511	197,983,878	82,928,867	47,929,766	—
U.S. government agency securities	45,719,129	38,477,831	6,033,622	1,207,676	—
Corporate bonds	615,002,435	175,531,054	366,296,109	73,175,272	—
Municipal securities	275,441,879	40,713,763	119,315,778	115,412,338	—
Other, including bank deposits	110,439,997	110,439,997	—	—	—
Total cash and investments	$ 1,375,445,951	563,146,523	574,574,376	237,725,052	—

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy authorizes a strategic asset allocation that is designed to provide an optimal return over the District's investment horizon within the District's risk tolerance and cash requirements. The District's investment policy states that investment transactions shall be structured to minimize capital losses, whether from securities defaults or erosion of market value. To attain this objective, diversification is required in order to minimize potential losses on the portfolio.

(Continued)

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the District's investment portfolio to maturities as follows:

Direct government obligations	10 years
U.S. government and U.S. government agency securities	10 years
Bankers' acceptances	0.5 years
Commercial paper, corporate notes, and bonds	10 years
Certificates of deposit	0.5 years

Although the policy typically prohibits U.S. Government Agency investment maturities greater than 10 years, the investment policy limitation for asset-backed or similar securities is based on weighted average life rather than maturity. At September 30, 2025 and 2024, the weighted average life was less than 10 years. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy provides guidelines for its fund managers and lists specific allowable investments. The policy provides for the utilization of varying styles of managers so that portfolio diversification is maximized and total portfolio efficiency is enhanced. GASB No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, requires that disclosure be made as to the credit quality ratings of investments in debt securities except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. As of September 30, 2025 and 2024, the credit rating agency ratings of the District's investments range from BBB to AAA, with 7.1% and 10.36% in the BBB/Baa category, respectively.

The investment policy limits commercial paper investments to those of prime quality, rated by at least two nationally recognized debt rating agencies in the highest letter and numerical rating of each agency. If not so rated, such prime quality commercial paper may be purchased if secured by a letter of credit provided by a commercial bank, which bank or its holding company carries a credit rating in one of the two highest alphabetical categories from at least two nationally recognized debt rating agencies.

The investment policy limits corporate debt investments to interest-bearing bonds, debentures, and other such evidence of indebtedness with a fixed maturity of any domestic corporation within the United States which is listed on any one or more of the recognized national stock exchanges in the United States and conforms with the periodic reporting requirements under the Securities Exchange Act of 1934. Such obligation shall either carry ratings in one of the three highest classifications of at least two nationally recognized debt rating agencies; or be secured by a letter of credit provided by a commercial bank, which bank or its holding company carries a credit rating in one of the four highest alphabetical categories from at least two nationally recognized debt rating agencies. As of September 30, 2025 and 2024, there were no exceptions to the policy limits.

The 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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not held in the District's name.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The District's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At September 30, 2025, the District's governmental deposits and investments were not exposed to custodial credit risk since the full amount was insured or registered, or securities held by the District or its agent, in the District's name. The District's investment policy states that District securities be held with a third-party custodian and all securities purchased by, and all collateral obtained by, the District shall be properly designated as an asset of the District. Other entities of the District have deposits in a financial institution in excess of federally insured limits and which are not collateralized.

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. Disclosure is required for investments in any one issuer that represent 5% or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The District's investment policy states that no single corporate fixed income issuer shall represent more than 10% of the portfolio. The policy further states that the District's investments shall be diversified to the extent practicable to control the risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold. At September 30, 2025 and 2024, there were no investment holdings above the applicable concentration of credit risk limits.

(3) Restricted Investments and Board Designated Investments

Restricted investments and board designated investments as of September 30, 2025 and 2024 are as follows:

		2025	2,024
Under bond indenture agreements held by trustees, at fair value plus accrued interest, held for:			
Payment of principal and interest	$	55,530	40,962
Capital project funds		—	—
		55,530	40,962
Restricted funds designated by donors or grantors, at fair value plus accrued interest, held for:			
Plant replacement and expansion		1,880,393	3,819,148
Total restricted investments	$	1,935,923	3,860,110
Unrestricted funds designated by the Board, at fair value plus accrued interest, held for:			
Capital improvements	$	1,425,871,874	1,276,278,338

(Continued)

(4) Fair Value Measurements

The System categorizes its fair value measurements within the fair value hierarchy established by U.S. generally accepted accounting principles. The hierarchy is based on the inputs used in valuation and gives the highest priority to unadjusted quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuations are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest level, Level 1, is given to unadjusted quoted prices in active markets and the lowest level, Level 3, to unobservable inputs.

Level 1 – Valuations based on unadjusted quoted prices for identical instruments in active markets that the System has the ability to access.

Level 2 – Valuations based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each investment. The tables below show the fair value leveling of the System's board designated investments as of September 30, 2025 and 2024.

	2025			
	Fair value measures using			
Investments by fair value level	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Total
Obligations:				
U.S. government securities	$ 371,918,079	—	—	371,918,079
U.S. government agency securities	—	55,208,878	—	55,208,878
Corporate bonds	—	679,576,024	—	679,576,024
Municipal securities	—	298,710,369	—	298,710,369
Cash equivalents	20,458,524	—	—	20,458,524
Total board designated investments by fair value level	$ 392,376,603	1,033,495,271	—	1,425,871,874

(Continued)

	2024			
	Fair value measures using			
Investments by fair value level	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Total
Obligations:				
U.S. government securities	$ 328,842,511	—	—	328,842,511
U.S. government agency securities	—	45,719,129	—	45,719,129
Corporate bonds	—	615,002,435	—	615,002,435
Municipal securities	—	275,441,879	—	275,441,879
Cash equivalents	11,272,384	—	—	11,272,384
Total board designated investments by fair value level	$ 340,114,895	936,163,443	—	1,276,278,338

The tables below show the fair value leveling of the System's restricted investments as of September 30, 2025 and 2024.

	2025			
	Fair value measures using			
Investments by fair value level	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Total
Cash equivalents	$ 1,880,393	—	—	1,880,393
Total restricted investments by fair value level	$ 1,880,393	—	—	1,880,393

(Continued)

	2024			
	Fair value measures using			
Investments by fair value level	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Total
Cash equivalents	$ 3,819,148	—	—	3,819,148
Total restricted investments by fair value level	$ 3,819,148	—	—	3,819,148

The above tables exclude certain assets classified as restricted investments on the District's balance sheets, and total to $55,530 and $40,962 as of September 30, 2025 and 2024, respectively. Such other assets include trustee-held bond funds at September 30, 2025, are valued at cost, and, therefore, are not included in the leveling tables above.

The tables below show the fair value leveling of the System's assets related to deferred compensation arrangements which are included in other assets in the accompanying balance sheets as of September 30, 2025 and 2024.

	2025			
	Fair value measures using			
Investments by fair value level	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Total
Mutual funds	$ 39,071,641	—	—	39,071,641
Total deferred compensation investments by fair value level	$ 39,071,641	—	—	39,071,641

(Continued)

	2024			
	Fair value measures using			
Investments by fair value level	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Total
Mutual funds	$ 34,745,846	—	—	34,745,846
Total deferred compensation investments by fair value level	$ 34,745,846	—	—	34,745,846

The tables below show the fair value leveling of the System's derivative instruments as of September 30, 2025 and 2024.

	2025			
	Fair value measures using			
Investments by fair value level	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Total
Interest rate swap assets	$ —	3,519,549	—	3,519,549
Interest rate swap liabilities	—	(4,704,776)	—	(4,704,776)

	2024			
	Fair value measures using			
Investments by fair value level	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Total
Interest rate swap assets	$ —	4,947,568	—	4,947,568
Interest rate swap liabilities	—	(5,972,394)	—	(5,972,394)

Debt securities classified in Level 1 are valued using prices quoted in active markets. Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. These securities have nonproprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

(5) Leases

Lessor

The District is a lessor of various noncancellable leases of building space to third parties. For leases with a maximum possible term of 12 months or less at commencement, the District recognizes income based on the provisions of the lease contract. For all other leases (i.e. those that are not short-term), the District recognizes a lease receivable and an offsetting deferred inflow of resources.

At lease commencement, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. Payments the District receives related to common area maintenance, pro-rata operating expenses, and various utility reimbursements associated with the space that are not included in the measurement of the lease receivable. The deferred outflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The District recognizes interest income on the lease receivables, and lease revenue from the deferred inflows of resources in a systematic and rational manner over the term of the lease.

Key estimates and judgments include how the District determines the (1) discount rate it uses to calculate the present value of the expected lease payments to be received, (2) lease term, and (3) lease payments to be received.

- The District uses its estimated tax-exempt incremental borrowing rate as the discount rate for leases. The District's tax-exempt incremental borrowing rate is based on the rate of interest it would need to pay if it issued general obligation bonds in the public market. This rate was determined by adding the

applicable “AA-/A3” rated healthcare credit spread to the Thompson Reuter’s Municipal Markets Data “AAA” curve.

- The lease term includes the noncancellable portion of the lease, plus any additional periods covered by either a District or lessee unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the District and the lessee have an option to terminate are excluded from the lease term.
- Lease payments to be received are evaluated by the District to determine if they should be included in the measurement of the lease receivable, including those payments that require determination of whether they are reasonably certain of being received.

The District monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease, the receivable is remeasured and a corresponding adjustment is made to the deferred inflow of resources. There were changes in circumstances for the years ended September 30, 2025 and September 30, 2024 that would require remeasurement of the lease receivables.

As discussed above, the District is a lessor of various noncancellable long-term leases of building space. These leases have terms between 2 and 87 years, with payments required monthly or quarterly. The discount rate used for the calculation of the lease receivable varies per lease depending on the length of the respective leases and ranged from 0.61% to 3.91%.

The System recognized a lease receivable and deferred inflow of resources of $42,803,659 and $39,250,911, respectively as of September 30, 2025, and $43,325,761 and $40,414,907, respectively as of September 30, 2024. Noncurrent lease receivables are reported within other assets in the noncurrent asset section of the balance sheet, net of the short term portion of the lease receivables reported as part of prepaid expenses and other assets within the current asset section of the balance sheet. Lease income from noncancellable long-term leases totaled $1,062,659 and $1,292,751 for the years ended September 30, 2025 and 2024, respectively. Interest income from noncancellable long-term leases totaled $655,540 and $653,332 for the years ended September 30, 2025 and 2024, respectively. Lease income and interest income is included in other operating revenue and investment income, respectively on the accompanying statements of revenues, expenses and change in net position. The District did not recognize revenue with residual value guarantees and termination penalties.

Future minimum lease payments to be received under noncancellable long-term leases are as follows:

Maturity analysis	Revenue	Interest	Total
10/01/2025-09/30/2026	1,170,498	676,854	1,847,352
10/01/2026-09/30/2027	1,170,498	664,095	1,834,593
10/01/2027-09/30/2028	1,152,722	650,570	1,803,292
10/01/2028-09/30/2029	936,225	640,134	1,576,359
10/01/2029-09/30/2030	688,180	633,735	1,321,915
10/01/2030-09/30/2035	2,414,360	3,165,323	5,579,683
10/01/2035-09/30/2040	2,223,254	3,219,033	5,442,287
10/01/2040-09/30/2045	2,223,254	3,258,594	5,481,848
10/01/2045-09/30/2050	2,223,254	3,278,479	5,501,733
10/01/2050-09/30/2055	2,223,254	3,274,723	5,497,977
10/01/2055-09/30/2060	2,223,254	3,242,796	5,466,050
10/01/2060-09/30/2065	2,223,254	3,177,528	5,400,782
10/01/2065-09/30/2070	2,223,254	3,073,031	5,296,285
10/01/2070-09/30/2075	2,223,254	2,922,610	5,145,864
10/01/2075-09/30/2080	2,223,254	2,718,665	4,941,919
10/01/2080-09/30/2085	2,223,254	2,452,573	4,675,827
10/01/2085-09/30/2090	2,223,254	2,114,572	4,337,826
10/01/2090-09/30/2095	2,223,254	1,693,618	3,916,872
10/01/2095-09/30/2100	2,223,254	1,177,228	3,400,482
10/01/2100-09/30/2105	2,223,254	551,313	2,774,567
10/01/2105-09/30/2110	592,867	25,711	618,578
Total	39,250,906	42,611,185	81,862,091
Less current portion	(1,170,498)	(676,854)	(1,847,352)
Total minimum long term leases	$ 38,080,408	41,934,331	80,014,739

Lessee

The District is a lessee in noncancellable leases of land, buildings, and equipment, for which the District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the balance sheets.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

(Continued)

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any termination fees, residual value guarantees and/or purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of a lease liability. When certain changes occur that are expected to significantly affect the amount of the lease, the liability is remeasured and a corresponding adjustment is made to the lease asset. There were changes in circumstances for the years ended September 30, 2025 and September 30, 2024 that would require remeasurement of the lease liability.

Lease assets are reported with other assets and lease liabilities are reported within other long term liabilities on the balance sheets, net of the short-term portion of the lease liability reported as a current liability within other accrued expenses.

The District is lessee under noncancellable long-term leases of land, building, and equipment. The leases have terms between 1 and 14 years requiring monthly or annual payments. The discount rate used for the calculation of the lease liabilities varies per lease depending on the length of the respective leases and ranged from 0.52% to 4.09%.

As of September 30, 2025, the total amount of lease assets, and the related accumulated amortization, is as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Leased – equipment expense	$ 3,638,888	481,642	(475,634)	3,644,896
Leased – real estate expense	41,892,836	5,997,484	(4,184,284)	43,706,036
Total leased assets being amortized	45,531,724	6,479,126	(4,659,918)	47,350,932
Leased – equipment accumulated amortization	(4,345,207)	(550,678)	3,658,427	(1,237,458)
Leased – real estate accumulated amortization	(8,625,803)	(7,139,838)	128,321	(15,637,320)
Less accumulated amortization	(12,971,010)	(7,690,516)	3,786,748	(16,874,778)
Total leased assets, net of accumulated amortization	$ 32,560,714	(1,211,390)	(873,170)	30,476,154

(Continued)

As of September 30, 2024, the total amount of lease assets, and the related accumulated amortization, is as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Leased – equipment expense	$ 808,310	2,830,578	—	3,638,888
Leased – real estate expense	28,164,497	13,743,361	(15,022)	41,892,836
Total leased assets being amortized	28,972,807	16,573,939	(15,022)	45,531,724
Leased – equipment accumulated amortization	(3,858,220)	(486,987)	—	(4,345,207)
Leased – real estate accumulated amortization	(4,460,933)	(4,164,870)	—	(8,625,803)
Less accumulated amortization	(8,319,153)	(4,651,857)	—	(12,971,010)
Total leased assets, net of accumulated amortization	$ 20,653,654	11,922,082	(15,022)	32,560,714

Lease liabilities of $35,201,407 and $34,010,170 were recorded as of September 30, 2025 and 2024, respectively. The District made principal payments of $6,159,185 and $4,814,365 during the years ended September 30, 2025 and 2024, respectively, which are included in purchased services on the accompanying statements of revenues, expenses and changes in net position. The district received $3,130,225 in tenant improvement allowances during the year ended September 30, 2025. No allowances were received in the year ended September 30, 2024. Interest expense from these leases totaled $926,812 and $682,719 during the years ended September 30, 2025 and 2024, respectively, and is included in interest expense on the accompanying statements of revenues, expenses, changes in net position.

As of September 30, 2025, the principal and interest requirements to maturity for the lease liability is as follows:

Maturity analysis	Principal	Interest	Total
10/01/2025–09/30/2026	4,759,848	876,104	5,635,952
10/01/2026–09/30/2027	4,538,090	760,447	5,298,537
10/01/2027–09/30/2028	4,518,450	642,152	5,160,602
10/01/2028–09/30/2029	4,221,534	531,135	4,752,669
10/01/2029–09/30/2030	3,887,496	430,912	4,318,408
10/01/2030–09/30/2035	11,109,104	1,018,814	12,127,918
10/01/2035–09/30/2040	2,166,885	110,119	2,277,004
10/01/2040–09/30/2045	—	—	—
Total	35,201,407	4,369,683	39,571,090
Less current portion	(4,759,848)	(876,104)	(5,635,952)
Total long term leases liabilities	$ 30,441,559	3,493,579	33,935,138

(6) Capital Assets

The changes in capital assets for the years ended September 30, 2025 and 2024 are as follows:

	2025				
	Beginning balance	Additions	Transfers in/ transfers out	Disposals	Ending balance
Nondepreciable:					
Land	$ 66,091,149	—	—	—	66,091,149
Land held for future expansion	27,269,073	—	—	—	27,269,073
Construction in progress	231,687,260	253,355,930	(280,510,987)	—	204,532,203
Total nondepreciable	325,047,482	253,355,930	(280,510,987)	—	297,892,425
Depreciable:					
Land improvements	14,889,953	—	2,178,060	—	17,068,013
Buildings	1,434,086,873	(4,300)	202,521,461	—	1,636,604,034
Leasehold improvements	7,744,083	—	4,585,875	—	12,329,958
Moveable equipment	664,814,482	152,087	71,225,591	(12,631)	736,179,529
Total depreciable	2,121,535,391	147,787	280,510,987	(12,631)	2,402,181,534
	2,446,582,873	253,503,717	—	(12,631)	2,700,073,959
Less accumulated depreciation	(907,229,042)	(101,576,097)	—	9,157	(1,008,795,982)
Capital assets, net	$ 1,539,353,831	151,927,620	—	(3,474)	1,691,277,977

(Continued)

	2024				
	Beginning balance	Additions	Transfers in/ transfers out	Disposals	Ending balance
Nondepreciable:					
Land	$ 64,253,656	1,837,493	—	—	66,091,149
Land held for future expansion	27,269,073	—	—	—	27,269,073
Construction in progress	193,428,963	254,159,196	(215,900,899)	—	231,687,260
Total nondepreciable	284,951,692	255,996,689	(215,900,899)	—	325,047,482
Depreciable:					
Land improvements	14,889,953	—	—	—	14,889,953
Buildings	1,256,621,990	—	177,964,883	(500,000)	1,434,086,873
Leasehold improvements	7,053,208	(289,410)	980,285	—	7,744,083
Moveable equipment	627,765,541	153,635	36,955,731	(60,425)	664,814,482
Total depreciable	1,906,330,692	(135,775)	215,900,899	(560,425)	2,121,535,391
	2,191,282,384	255,860,914	—	(560,425)	2,446,582,873
Less accumulated depreciation	(811,897,806)	(95,577,599)	—	246,363	(907,229,042)
Capital assets, net	$ 1,379,384,578	160,283,315	—	(314,062)	1,539,353,831

The District has expansion and renovation programs involving various Hospital departments, patient care areas, ambulatory centers and support services. Total estimated cost to complete all projects in progress is approximately $739,300,000 as of September 30, 2025, including $389,500,000 for the construction and equipment of the North Port campus being built; $111,200,000 for the implementation of enterprise platform Epic EHR; $82,500,000 for the creation of a Venice located rehab pavilion; $42,200,000 to complete an outpatient cancer center on the Sarasota hospital campus; $29,200,000 for the expansion of the electrophysiology lab on the Sarasota campus; $27,500,000 for the expansion of the Venice campus radiology services; $5,600,000 for the expansion of Sarasota's inpatient rehab facility, $4,400,000 for Operating Room renovation on the Sarasota campus, $3,200,000 for expansion and renovating of the radiology department on the Sarasota hospital campus, and $44,000,000 for routine capital items for the healthcare system through the new fiscal year.

(7) Subscription-based Information Technology Arrangements (SBITAs)

The District recognizes an intangible subscription asset and corresponding subscription liability for its SBITAs. The subscription asset is measured as the subscription liability plus direct costs incurred in implementing the subscription asset. The subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying subscription asset. At the subscription commencement, the subscription liability is measured at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The discount rate used in the present value calculation is an

estimate of the interest rate that would be charged for borrowing the subscription payment amounts during the subscription term.

These changes in SBITA's for the years ended September 30, 2025 and 2024 are as follows:

	2025				
	Beginning balance	Additions	Transfers in/ transfers out	Disposals	Ending balance
Subscription IT assets	$ 65,310,842	16,839,453	—	(14,481,088)	67,669,207
Less accumulated amortization	(31,290,106)	(17,300,735)	—	13,724,892	(34,865,949)
Subscription IT assets, net	$ 34,020,736	(461,282)	—	(756,196)	32,803,258

	2024				
	Beginning balance	Additions	Transfers in/ transfers out	Disposals	Ending balance
Subscription IT assets	$ 40,943,726	32,234,758	—	(7,867,642)	65,310,842
Less accumulated amortization	(21,129,871)	(14,228,167)	—	4,067,932	(31,290,106)
Subscription IT assets, net	$ 19,813,855	18,006,591	—	(3,799,710)	34,020,736

The System's SBITA assets are included in other assets and the SBITA liabilities are reported within other long term liabilities on the balance sheets, net of the short-term portion of the SBITA liability reported as a current liability within other accrued expenses.

Future annual subscription IT payments are as follows:

	Total	Principal	Interest
Year ending September 30:			
2026	$ 14,438,161	13,784,799	653,362
2027	10,482,614	10,159,138	323,476
2028	5,227,351	5,111,445	115,906
2029	1,741,477	1,721,553	19,924
2030	130,529	129,390	1,139
2031-2035	—	—	—
	$ 32,020,132	30,906,325	1,113,807

(8) Long Term Debt

The District was obligated under long-term debt as of September 30, 2025 and 2024 as follows:

	2025	2024
Bonds:		
Sarasota County Public Hospital District, Fixed Rate Hospital Revenue Refunding Bonds, Series 1998B, due in annual amounts through 2028 at annual interest rates from 5.25% to 5.5%.	$ 40,150,000	53,900,000
Sarasota County Public Hospital District, Fixed Rate Hospital Revenue Bonds, Series 2022, due in annual amounts through 2052. at interest rates from 4.0% to 5.0% (less unamortized bond discount in the amount of $3,407,306 and $3,534,686 at September 30, 2025 and 2024, respectively).	146,592,694	146,465,314
Sarasota County Public Hospital District, Fixed Rate Hospital Revenue Bonds, Series 2018, due in annual amounts through 2048 at interest rates from 3.0% to 5.0% (plus unamortized bond premium in the amount of $4,406,664 and $4,727,628 at September 30, 2025 and 2024, respectively).	354,226,664	354,727,628
Total bonds	540,969,358	555,092,942
Bank notes:		
Direct bank note payable to Bank of America, due in annual amounts through 2034. Interest payable monthly at a rate of 79.0% of Overnight SOFR, plus 58 basis points, 3.85% at September 30, 2025.	58,605,000	59,205,000
Direct bank note payable to DNT Asset Trust, due in annual amounts through 2034. Interest payable monthly at a rate of 80% of 30 day SOFR plus 57 basis points, 3.99% at September 30, 2025.	52,275,000	52,275,000
Direct bank note payable to DNT Asset Trust, due in annual amounts through 2034. Interest payable monthly at a rate of 80% of 30 day SOFR plus 57 basis points, 3.99% at September 30, 2025.	51,575,000	51,575,000
Total bank notes	162,455,000	163,055,000
Total bonds and bank notes	703,424,358	718,147,942
Less current portion	(14,995,000)	(14,530,000)
	$ 688,429,358	703,617,942

(Continued)

Long-term debt activity for the years ended September 30, 2025 and 2024 was as follows:

	2025				
	Beginning balance	**Additions**	**Reductions**	**Ending balance**	**Amounts due within one year**
Bonds:					
Hospital Revenue Refunding Fixed Rate Bonds (1998B)	$ 53,900,000	—	(13,750,000)	40,150,000	13,200,000
Hospital Revenue Variable Rate Rate Bonds (2018)	350,000,000	—	(180,000)	349,820,000	1,270,000
Hospital Revenue Fixed Rate Bonds (2022)	150,000,000	—	—	150,000,000	—
Total bonds	553,900,000	—	(13,930,000)	539,970,000	14,470,000
Bank notes:					
Direct bank note payable to Bank of America	59,205,000	—	(600,000)	58,605,000	300,000
Direct bank note payable to DNT Asset Trust	103,850,000	—	—	103,850,000	225,000
Total bank notes	163,055,000	—	(600,000)	162,455,000	525,000
Plus original issue premium (discount), net	1,192,942	—	(193,584)	999,358	—
Total long-term debt	$ 718,147,942	—	(14,723,584)	703,424,358	14,995,000

(Continued)

	2024				
	Beginning balance	Additions	Reductions	Ending balance	Amounts due within one year
Bonds:					
Hospital Revenue Refunding Fixed Rate Bonds (1998B)	$ 69,000,000	—	(15,100,000)	53,900,000	13,750,000
Hospital Revenue Variable Rate Rate Bonds (2018)	350,000,000	—	—	350,000,000	180,000
Hospital Revenue Fixed Rate Bonds (2022)	150,000,000	—	—	150,000,000	—
Total bonds	569,000,000	—	(15,100,000)	553,900,000	13,930,000
Bank notes:					
Direct bank note payable to Bank of America	59,205,000	—	—	59,205,000	600,000
Direct bank note payable to DNT Asset Trust	103,850,000	—	—	103,850,000	—
Total bank notes	163,055,000	—	—	163,055,000	600,000
Plus original issue premium (discount), net	1,386,526	—	(193,584)	1,192,942	—
Total long-term debt	$ 733,441,526	—	(15,293,584)	718,147,942	14,530,000

Maturities under the long-term debt agreements, including interest, described above are as follows:

	Bonds			Bank notes		
	Total	Principal	Interest	Total	Principal	Interest
Year ending September 30:						
2026	$ 35,946,804	14,470,000	21,476,804	7,303,722	525,000	6,778,722
2027	35,670,349	14,440,000	21,230,349	7,793,029	1,050,000	6,743,029
2028	36,027,617	15,060,000	20,967,617	7,638,491	950,000	6,688,491
2029	22,278,294	1,170,000	21,108,294	21,901,050	15,375,000	6,526,050
2030	22,365,194	1,300,000	21,065,194	21,833,683	15,925,000	5,908,683
2031–2035	113,104,438	8,825,000	104,279,438	107,583,237	88,575,000	19,008,237
2036–2040	178,419,250	79,670,000	98,749,250	42,294,114	40,055,000	2,239,114
2041–2045	220,946,850	149,850,000	71,096,850	—	—	—
2046–2050	215,576,200	177,105,000	38,471,200	—	—	—
2051-2055	83,010,900	78,080,000	4,930,900	—	—	—
	$ 963,345,896	539,970,000	423,375,896	216,347,326	162,455,000	53,892,326

(Continued)

During 1998, the District issued, $120,000,000 of Fixed Rate Hospital Revenue Refunding Bonds, Series 1998B, to refund then-existing debt. The Series 1998B Bonds are collateralized by a municipal bond insurance policy.

On September 2, 2008, to refinance then-existing debt, the District issued the $76,875,000 Variable Rate Demand Hospital Revenue Refunding Bonds, Series 2008A bonds, and the $81,725,000 Variable Rate Demand Hospital Revenue Refunding Bonds, Series 2008B bonds. Both of these series were supported by separate bank credit facilities in the form of a direct pay letter of credit. The 2008A letter of credit was subsequently no longer needed and cancelled in 2015, as noted below. The 2008B bonds were converted to a direct bank loan in 2022, as noted below. There were no drawings or loans on the letter of credit during the year ended September 30, 2025.

On March 1, 2022, the District refinanced the then-existing 2008B bonds through a $51,575,000 direct bank loan with DNT Asset Trust. There are no assets pledged as collateral for the loan with DNT Asset Trust. Failure to make any payments when due or failure to perform or observe any term, covenant or agreement in the Loan Agreement may cause an Event of Default. No Events of Default occurred. The bank loan agreement is for 12 years but maintains the same schedule of principal payments of the 2008B bonds. The loan agreement calls for the District to pay 80% of 30 day SOFR plus 57 basis points in interest each month.

To reduce exposure to the variable rate demand obligation market, the District refinanced the then-existing Series 2008A bonds on April 8, 2015 through a $71,100,000 direct bank loan with Northern Trust Company. The Series 2008A letter of credit was no longer needed and was cancelled. There were no assets pledged as collateral for the loan with Northern Trust Company. Failure to make any payments when due or failure to perform or observe any term, covenant or agreement in the Loan Agreement may cause an Event of Default. No Events of Default occurred. The bank loan agreement was for a period of ten years, but maintained the same schedule of principal payments from the original refinanced Series 2008A bonds through 2037. The loan agreement called for the District to pay 67% of 1 month LIBOR plus 65 basis points in interest each month. In February 2018, the Tax Cuts and Jobs Act was signed which reduced the corporate tax rate to 21%. This invoked a clause in the agreement to increase the interest by 1.22%. The bank had the option of terminating the note on April 8, 2025. Effective September 28, 2018 the District and Northern Trust Company negotiated a new variable rate and revised the optional termination date on the bank note. The new rate was 80% of 1 month Libor plus 50 basis points, and the new optional termination date was September 28, 2025. On March 1, 2022 the District refinanced this bank note through a $63,080,000 direct placement loan with Bank of America. There were no assets pledged as collateral for the loan with Bank of America. Failure to make any payments when due or failure to perform or observe any term, covenant or agreement in the loan agreement may cause an Event of Default. No Events of Default have occurred. The loan agreement is for 12 years but maintains the same schedule of principal payments of the 2015A bank note agreement. The loan agreement calls for the District to pay 79% of overnight SOFR (along with 11.448 basis points) plus and additional 47 basis points in interest each month.

To reduce exposure to the variable rate demand obligation market, the District refinanced the then-existing Series 2009B bonds on April 8, 2015 through a $70,750,000 bank loan with DNT Asset Trust, an affiliate of JP Morgan. The related letter of credit was no longer needed and was cancelled. There were no assets pledged as collateral for the loan with DNT Asset Trust. Failure to make any payments when due or failure to perform or observe any term, covenant or agreement in the Loan Agreement may cause an Event of Default. No Events of Default occurred. The bank loan agreement was for a period of ten years, but

maintained the same schedule of principal payments from the original refinanced Series 2009B bonds through 2037. The bank had the option of terminating the note on April 8, 2025. The loan agreement called for the District to pay 67% of 1 month LIBOR plus 84 basis points in interest each month. In February 2018, the Tax Cuts and Jobs Act was signed which reduced the corporate tax rate to 21%. This invoked a clause in the agreement to increase the interest rate by 1.22%. Effective September 28, 2018 the District and DNT Asset negotiated a new variable rate and a new optional termination date on the bank note. The new rate is 79% of 1 month Libor plus 65 basis points, and the new optional termination date is April 8, 2028. On March 1, 2022 the District refinanced the 2015B bank notes through a $52,275,000 direct bank loan with DNT Asset Trust. There are no assets pledged as collateral for the loan with DNT Asset Trust. Failure to make any payments when due or failure to perform or observe any term, covenant or agreement in the Loan Agreement may cause an Event of Default. No Events of Default have occurred. The bank loan agreement is for 12 years but maintains the same schedule of principal payments of the 2008B bonds. The loan agreement calls for the District to pay 80% of 30 day SOFR plus 57 basis points in interest each month.

On September 24, 2018, the District issued $350,000,000 of Fixed Rate Revenue Bonds, Series 2018, to provide partial funding for a new 110 bed hospital in Venice, Florida, and a new regional cancer institute building on the Hospital's main campus. The bonds were issued with interest rates ranging from 3.0% to 5.0% at yields ranging from 2.68% to 4.13%, resulting in a total net original issuance premium of $6,657,870 which is being amortized using the effective interest method over the life of the bonds which mature in varying amounts through 2048.

On September 1, 2022, the District issued $150,000,000 of Fixed Rate Revenue Bonds, Series 2022, to provide partial funding for the bed tower expansion in Venice, Florida and partial funding for the new Behavioral Health Center on the main campus in Sarasota, Florida. The bonds were issued with interest rates ranging from 4.0% to 5.0% at yields ranging from 4.0% to 4.3% resulting in a total net original issue discount of $3,800,061 which is being amortized using the effective interest method over the life of the bonds which are maturing in varying amounts through 2052.

The Hospital Revenue Bonds described above are collateralized by a lien on and a pledge of the net revenues of the District and all monies held in funds created by the bond resolution. The debt agreements contain various covenants, which provide for, among other things, the maintenance of specified debt service coverage ratios. Management believes the District was in compliance with all debt covenants at September 30, 2025 and 2024.

The District's ability to borrow is restricted under certain covenants of the Master Trust Indenture. Among these is the limitation of indebtedness not under the Master Indenture, which may not exceed 25% of operating revenue.

The District has entered into agreements to utilize various subscription-based information technology software licenses. The agreements are presented with interest rates ranging from 0.25% to 3.55% depending on the term of the arrangement and the incremental borrowing rate at the commencement of the agreement.

(a) Hedging Derivative Instruments

Objectives of the hedging derivative instruments: The District has entered into interest rate swaps to manage interest costs related to long-term debt.

Terms at September 30, 2025:

Associated bond issue	Notional amount of swap	Counterparty	Effective date	District pays	District receives	Termination date	Fair value at September 30, 2025 (1)	Net cash flows during 2025
1998B	$ 40,150,000	Goldman Sachs	9/15/1998	SIFMA	Fixed rates per maturities	7/1/2028	$ 1,447,613	936,466
BOA Bank Note	58,605,000	Deutsche Bank	11/19/2010	3.610 %	67% of 1-month SOFR plus 0.077%	7/1/2037	(4,704,776)	(337,199)
2022 DNT Asset Trust Bank Note	51,575,000	Deutsche Bank	7/3/2013	3.766 %	67.1% of 1-month SOFR plus 0.331%	7/1/2037	995,617	402,998

(1) Fair value at September 30, 2025 excludes current net accrued interest receivable of $374,627.

Note:

In accordance with GASB 53, the fair value of the novated 2022 DNT Asset Trust Bank Note swap is based on the at-the-market payor rates of the respective swap. The actual fair value of the 2022 DNT Asset Trust Bank Note swap at September 30, 2025 was $(4,291,128).

Definitions:

SIFMA is the Securities Industry Financial Markets Association benchmark rate
SOFR is the Secured Overnight Financing Rate

Terms at September 30, 2024:

Associated bond issue	Notional amount of swap	Counterparty	Effective date	District pays	District receives	Termination date	Fair value at September 30, 2024 (1)	Net cash flows during 2024
1998B	$ 53,900,000	Goldman Sachs	9/15/1998	SIFMA	Fixed rates per maturities	7/1/2028	$ 2,453,375	812,567
BOA Bank Note	59,205,000	Deutsche Bank	11/19/2010	3.610 %	67% of 1-month SOFR plus 0.077%	7/1/2037	(5,972,394)	20,756
2022 DNT Asset Trust Bank Note	51,575,000	Deutsche Bank	7/3/2013	3.766 %	67.1% of 1-month SOFR plus 0.331%	7/1/2037	551,082	695,376

(1) Fair value at September 30, 2024 excludes current net accrued interest receivable of $520,650.

Note:

In accordance with GASB 53, the fair value of the novated 2022 DNT Asset Trust Bank Note swap is based on the at-the-market payor rates of the respective swap. The actual fair value of the 2022 DNT Asset Trust Bank Note swap at September 30, 2024 was $(5,350,258).

Definitions:

SIFMA is the Securities Industry Financial Markets Association benchmark rate
SOFR is the Secured Overnight Financing Rate

(Continued)

(i) Risks

Credit risk: The District is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the District's policy to require counterparty collateral posting provisions in its nonexchange-traded swaps. These terms require full collateralization of the fair value of the swaps in asset positions (net of the effect on applicable netting arrangements) should the counterparty's Moody's credit rating fall below Baa3. The District is not required to post collateral to the counterparty in any circumstance. Collateral is to be posted in the form of U.S. Treasury securities held by a third-party custodian.

Interest rate risk: The District is exposed to interest rate risk on its pay-variable, receive-fixed interest rate swap. As SIFMA increases, the District's net payment on the swap increases. Alternatively, on its pay-fixed, receive variable interest rate swaps, as SOFR decreases, the District's net payment increases.

Basis risk: The District is exposed to basis risk on its hedging derivative instruments that are pay-fixed, receive variable interest rate swaps because the variable rate payments received by the District are based on an index other than the interest rates the District pays on its hedged variable rate obligations. As of September 30, 2025, the weighted average rate on the District's hedged variable rate debt was 3.30% while the weighted average of the SOFR-based variable receiver rates was 2.67%.

Termination risk: The District or its counterparties may terminate each of the derivative instruments if the other party fails to perform under the terms of the contract. Additionally, the District can terminate the contracts without cause at any time.

The fixed receiver swap with Goldman Sachs (Goldman) can be terminated if Goldman exercises its option to deliver securities under an existing put agreement, or if the District exercises its option to terminate the put agreement. Currently, no determination can be made by management relating to the probability of the termination option being exercised. In exchange for granting the option, the District receives a semi-annual payment of 8 basis points calculated on the outstanding Series 1998B Bonds, the issuance costs of the Series 1998B Bonds paid by the counterparty to the interest rate swap, and, in the event the option is exercised, the reasonable cost of refunding the Series 1998B Bonds into Variable Rate Demand Hospital Revenue Bonds similar in characteristics to the original debt.

In trades completed on June 28, 2013, the District implemented a novation strategy for its existing interest rate swap transactions related to its Series 2008B and Series 2009B Bond issues. The District solicited proposals for new counterparties to replace Citibank, N.A. (Citi) on these two fixed payer interest rate swap agreements, both of which included optional termination events that effectively provided Citi recurring put options. The 2008B termination option would have been first exercisable by Citi in September 2013, and the 2009B termination option first exercisable by Citi in September 2016. The District selected Deutsche Bank AG and U.S. Bank N.A. for the 2008B and 2009B swaps, respectively. The trades took place on June 28, 2013 with effective dates of July 3, 2013, for the 2008B swap and July 4, 2013, for the 2009B swap.

Simultaneously with the novations, confirmations were entered into with the new counterparties that modified the terms of the original swaps. The 2008B swap fixed payment rate was increased

16.8 basis points to 3.766% and the counterparty no longer has any option to terminate early. The variable payment rate remains the same at 61.7% of the 1-month SOFR rate plus 0.26%. The 2008B swap is in the notional amount of $73,000,000 with reductions tied to the Series 2008B Bond principal payments, and the termination date is July 1, 2037.

For the 2009B swap, the District opted for a 10 year "put" and a fixed payment rate increase of 9.9 basis points to 3.697%. The mandatory termination date on the 2009B swap was June 28, 2023, and the District elected to not renew the swap. The District recorded a loss of $4.3 million on the transaction.

In accordance with GASB No. 53, the novations resulted in a termination of hedge accounting for the replaced Citi swaps. As a result of the terminations of the 2008B and 2009B swaps, losses on termination were recorded in fiscal 2013 in the amounts of $13,739,010 and $13,029,959, respectively. The new swaps were considered to be hybrid instruments consisting of a "companion instrument" and an at-the-market swap. The noncurrent portion of the total companion instrument liability is included in the balance sheets as "long term companion debt, less current portion" and the current portion is included in other accrued expenses. The companion instrument is amortized over the term of the related debt. During the fiscal year ended September 30, 2025, the amortization of the companion debt resulted in an increase to interest expense of $354,986 and an increase in interest rate swap receipts, net, of $1,451,533. During the fiscal year ended September 30, 2024, the amortization of the companion debt resulted in an increase to interest expense of $378,847 and an increase in interest rate swap receipts, net, of $1,451,533.

In accordance with GASB No. 53, the 2015 refinancing of the Series 2008A and Series 2009B bonds resulted in a termination of hedge accounting for the related Deutsche Bank and U.S. Bank swaps, respectively. As a result, the related deferred effective interest rate swap outflows at April 8, 2015 were reclassified to deferred outflows related to refinancing and are being amortized as interest expense over the related remaining debt service maturity schedule. The amount of amortization for the years ended September 30, 2025 and 2024 was $2,698,380 and $2,698,380, respectively.

Long-term companion debt activity for the year ended September 30, 2025 and 2024 was as follows:

	2025				
	Beginning balance	Additions	Reductions	Ending balance	Amounts due within one year
2008B Swap companion debt	$ 8,196,122	—	(562,699)	7,633,423	575,292
2015 DNT Asset Trust Bank Note Swap companion debt	7,762,778	—	(533,848)	7,228,930	545,645
Total long-term companion debt	$ 15,958,900	—	(1,096,547)	14,862,353	1,120,937

(Continued)

	2024				
	Beginning balance	Additions	Reductions	Ending balance	Amounts due within one year
2008B Swap companion debt	$ 8,746,503	—	(550,381)	8,196,122	562,699
2015 DNT Asset Trust Bank Note Swap companion debt	8,285,083	—	(522,305)	7,762,778	533,847
Total long-term companion debt	$ 17,031,586	—	(1,072,686)	15,958,900	1,096,546

Maturities for the long-term companion debt, including interest, described above are as follows:

	Total	Principal	Interest
Year ending September 30:			
2026	$ 1,451,532	1,120,937	330,595
2027	1,451,534	1,145,872	305,662
2028	1,451,533	1,171,360	280,173
2029	1,451,533	1,197,415	254,118
2030	1,451,533	1,222,960	228,573
2031–2035	7,257,666	6,540,983	716,683
2036–2040	2,540,183	2,462,826	77,357
	$ 17,055,514	14,862,353	2,193,161

Any termination of a contract would cause a settlement payment or receipt at the fair value of the instrument.

(b) Investment Derivative Instruments

The District has entered into two basis swaps that are accounted for as investment derivative instruments.

Terms as of September 30, 2025:

Associated bond issue	Notional amount of swap	Counterparty	Effective date	District pays	District receives	Termination date	Fair value at September 30, 2025 (1)	Net cash flows during 2025
1998B	$ 40,150,000	CitiGroup	6/24/2005	SIFMA Swap index	62.4% of 1-month SOFR plus 0.828%	7/1/2028	$ 374,176	499,012
2022 BoA Bank Note	58,605,000	J.P. Morgan	4/24/2003	SIFMA Swap index	67% of 1-month SOFR plus 0.732%	7/1/2037	702,143	570,793

(1) Fair value at September 30, 2025 excludes current net accrued interest receivable of $146,856.

Definitions:
SIFMA is the Securities Industry Financial Markets Association benchmark rate
SOFR is the Secured Overnight Financing Rate

Terms as of September 30, 2024:

Associated bond issue	Notional amount of swap	Counterparty	Effective date	District pays	District receives	Termination date	Fair value at September 30, 2024 (1)	Net cash flows during 2024
1998B	$ 53,900,000	CitiGroup	6/24/2005	SIFMA Swap index	62.4% of 1-month SOFR plus 0.828%	7/1/2028	$ 606,877	488,293
2022 BoA Bank Note	59,205,000	J.P. Morgan	4/24/2003	SIFMA Swap index	67% of 1-month SOFR plus 0.732%	7/1/2037	1,336,234	529,785

(1) Fair value at September 30, 2024 excludes current net accrued interest receivable of $122,999.

Definitions:
SIFMA is the Securities Industry Financial Markets Association benchmark rate
SOFR is the Secured Overnight Financing Rate

(i) Risks

Credit risk: The District is exposed to credit risk on investment derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the District's policy to require counterparty collateral posting provisions in its nonexchange-traded swaps. These terms require full collateralization of the fair value of the swaps in asset positions (net of the effect on applicable netting arrangements) should the counterparty's Moody's credit rating fall below Baa3.

The District is not required to post collateral to the counterparty in any circumstance. Collateral is to be posted in the form of U.S. Treasury securities held by a third-party custodian.

Interest rate risk: The District is exposed to interest rate risk on its pay-fixed, receive variable interest rate swap; as SOFR decreases, the District's net settlement payment increases.

Basis risk: The District is exposed to basis risk on the two swaps in which the District payment is based on the SIFMA index and receives a payment based on the one-month SOFR index. As of September 30, 2025, the SIFMA index was 2.89% and the one-month SOFR index was 4.13%.

Termination risk: The District or its counterparties may terminate each of the derivative instruments if the other party fails to perform under the terms of the contract. Additionally, the District can terminate the contracts without cause at any time. Any termination of a contract would cause a settlement payment or receipt at the fair value of the instrument.

(9) Retirement Plan

(a) General Information about the Defined Benefit Retirement Plan

Plan description. The SMH Health Care Retirement Plan (the Plan) is a single employer defined benefit pension plan administered by the District. On September 24, 1995, the District withdrew from the Florida Retirement System (FRS). This withdrawal was accomplished by transferring all District employees to SMH Health Care, Inc., a related organization. SMH Health Care, Inc. contracts with the District for leased personnel services. All employees of SMH Health Care, Inc. were given a one-time option to choose between two defined benefit retirement options with an effective date of October 1, 1995. The two options within the single defined benefit Plan were a "Traditional Pension Benefit" component or a "Pension Equity Benefit" component. Participants entering the Plan subsequent to October 1, 1995 accrue benefits under the Pension Equity Benefit component. All employees' benefits previously earned through FRS are guaranteed under the new retirement plan. Employees who had 10 or more years of service under FRS as of September 30, 1995 were entitled to a pension from the State of Florida. Employees who did not have 10 years of service retained their years of service under the "Traditional Pension Benefit" component of the plan. Plan members are not required or permitted to contribute to the Plan under the funding policy. The District is required to contribute at an actuarially determined contribution to the Plan based on State of Florida rules.

The Plan is a governmental plan under Internal Revenue Code Section 414(d), which defines a governmental plan as "a plan established and maintained for its employees by the Government of the United States, by the government of any State or political subdivision thereof, or by any agency or instrumentality of any of the foregoing." During the year ended September 30, 2003, the District clarified the status of the Plan as a governmental plan that is exempt from ERISA requirements. The Department of Labor was notified of this clarification through communications with the Pension Benefit Guarantee Corporation. On March 26, 2003, the District formally requested a private letter ruling from the Internal Revenue Service (IRS) confirming the status of the pension plan as a governmental plan. On January 22, 2007, the IRS informed the District that the IRS would not issue letter rulings on whether or not a plan is a "governmental plan" because the IRS intends to publish new guidance regarding the meaning of a "governmental plan". To date, no such guidance has been published and the IRS continues to refuse to rule on whether any particular retirement plan is a "governmental plan" under Internal Revenue Code Section 414(d). However, on November 24, 2010, the IRS confirmed that

the plan sponsor (SMH Health Care, Inc.) is a governmental entity. Management believes, based on discussions with legal counsel, that the pension plan is a governmental plan under Internal Revenue Code Section 414(d) and that if this is ever examined by the IRS, a favorable outcome will ultimately be granted. However, if the IRS were to determine that the Plan is not a "governmental plan", it is estimated that no additional contribution would be necessary for the Plan to be 80% funded on an ERISA plan basis (including the changes under the Pension Protection Act which impacts ERISA plans starting with 2008 plan years) as of October 1, 2019. This estimate includes any adjustments for the funding relief legislation passed in July 2012, August 2014, and November 2015.

The Plan is closed to any employee hired or rehired on or after October 1, 2009. The District issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report is available on the District's website at www.smh.com and also may be obtained by writing to the District.

Benefits provided. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Retirement benefits accrue under the Plan in one of two ways as set forth below, depending on the component of the Plan. The Sarasota County Public Hospital Board has the authority under which benefit terms are established or may be amended.

Traditional Pension Benefit – Annual benefits accrue beginning at the normal retirement date, equal to the product of a percentage (based on age and years of service) of the final average compensation and the participant's number of years of service, less any vested benefit payable under FRS. The number of years of service includes the credited service under FRS prior to October 1, 1995. After October 1, 1995, the years of service include all plan years with at least 1,000 hours of service.

The percentage of the participant's final average compensation is determined by:

Age less than 63	1.60 %
Age equal to 63 or service equal to 31 years	1.63
Age equal to 64 or service equal to 32 years	1.65
Age equal to 65 or service equal to 33 years	1.68

Final average compensation is a participant's average annual compensation for the five calendar years rendered prior to retirement date during which their compensation was the highest and such participant was an eligible employee.

Pension Equity Benefit – The participant's lump sum benefit amount under the Pension Equity Benefit formula equals the sum of the participant's pension equity credits determined for each year of accrued service credited after September 30, 1995, multiplied by the participant's highest average

compensation over any five calendar years preceding termination while an eligible employee. A participant shall earn pension equity credits for each year of accrual service as follows:

Age on October 1 of the plan year	Credits earned
Less than 30	6 %
30–39	9
40–49	12
50 or above	15

Any participant under the Pension Equity Benefit option with less than 10 years of service under the FRS plan as of October 1, 1995 is also entitled to a Traditional Pension Benefit (as described above) based on the participant's service and final average compensation as of September 30, 1995.

Death Benefits – For pre-retirement death benefits, the surviving spouse of a vested participant under the Traditional Pension Benefit option who dies on or after age 42 will be entitled to receive a lifetime monthly benefit equal to 50% of the benefit the participant would have received under the joint and 50% survivor form of benefit if he had elected immediate commencement of his accrued benefit.

The surviving spouse of a vested participant under the Traditional Pension Benefit option who dies before age 42 will be entitled to receive a lifetime monthly benefit equal to 50% of the benefit the participant would have received under the joint and 50% survivor form of benefit if he had elected commencement of his accrued benefit at age 42. The benefit payable to the surviving spouse will commence on the first day of the month after the early retirement date.

For post-retirement death benefits, the surviving spouse's benefit is determined in accordance with the annuity option selected at retirement.

The pre-retirement death benefit payable to a beneficiary of any vested participant under the Pension Equity Benefit option is a lump sum equal to the Pension Equity Benefit amount at the date of death.

Disability Benefits – A participant who becomes disabled prior to satisfying the requirements for a normal retirement pension will be entitled to receive a monthly retirement benefit commencing on the participant's normal retirement date. The monthly benefit will equal his accrued benefit determined as of his date of disability.

(b) Employees Covered by Benefit Terms.

At October 1, the following employees were covered by the benefit terms:

	2024	2023
Inactive employees (or their beneficiaries) currently receiving benefits	1,108	1,090
Inactive employees entitled to but not yet receiving benefits	412	436
Active employees	771	831
	2,291	2,357

Contributions. The Board reserves the right at any time, by majority consent in writing or by a meeting, to amend, suspend or terminate the Plan, any contributions thereunder, the Trust or any contract issued by an insurance carrier forming a part of the Plan, in whole or in part and for any reason and without the consent of any Participating Company, Member, other Employee, Beneficiary or Surviving Spouse. Subject to certain provisions, no amendment or modification can be made which would (i) retroactively impair any right to any benefit under the Plan which any Member, Beneficiary or Surviving Spouse would otherwise have had at the date of such amendment by reason of the contributions theretofore made, or (ii) make it possible for any part of the funds of the Plan (other than such part as is required to pay taxes, if any, and administrative expenses as provided in Section 14.4) to be used for or diverted to any purposes other than for the exclusive benefit of Members and their Beneficiaries and Surviving Spouses under the Plan prior to the satisfaction of all liabilities with respect thereto. Subject to the above, the District contributes to the Plan, the amounts recommended by the Actuary as necessary to maintain the Plan on a sound actuarial basis, in accordance with Florida law and the Internal Revenue Service Code. The District contributed $10,585,305 and $10,450,367, for the plan years ended September 30, 2025 and 2024, respectively.

(c) Net Pension Asset/Liability

The District's net pension asset of $23,352,900 at September 30, 2025 was measured as of September 30, 2024 using an actuarial valuation as of October 1, 2023 and is included as a net pension asset in the accompanying 2025 balance sheet. The District's net pension liability of $29,466,414 at September 30, 2024 was measured as of September 30, 2023 using an actuarial valuation as of October 1, 2022 and is included as a net pension liability in the accompanying 2024 balance sheet. The total pension liabilities used to calculate the net pension asset or liability were determined by an actuarial valuation as of October 1, 2023 and 2022 rolled-forward to September 30, 2024 and 2023, respectively, using standard roll-forward techniques.

(Continued)

Actuarial assumptions. The total pension liability in the October 1, 2023 and 2022 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

2023 actuarial valuation assumptions:	
Inflation	2.75 %
Investment rate of return	6.75
2022 actuarial valuation assumptions:	
Inflation	2.75 %
Investment rate of return	6.75

Salary increases, 2025 and 2024 — **Based on actual plan experience**

Age	% increase at attained age
Less than 35	5.00 %
35–39	4.75
40-44	4.25
45-49	3.75
50–54	3.50
55–59	2.75
60 or older	2.50

Healthy and disabled mortality rates for the fiscal year ended September 30, 2025, are the Pri-2012 Amount-Weighted Employee, Annuitant and Contingent Survivor mortality tables for males and females, projected generationally using Scale MP-2021 for males and females for healthy mortality rates, and Scale MP-2021 for disabled mortality rates. Healthy and disabled mortality rates for the fiscal year ended September 30, 2024, are the Pri-2012 Amount-Weighted Employee, Annuitant and Contingent Survivor mortality tables for males and females, projected generationally using Scale MP-2021 for males and females for healthy mortality rates, and Scale MP-2021 for disabled mortality rates.

(Continued)

The long-term expected rate of return on retirement plan investments was determined using the October 1, 2024 WTW U.S. Capital Market Assumptions Investment Return Model. The Plan asset allocation and long-term rate of return as of September 30, 2024 was:

	Actual allocation	Target allocation	Long-term expected rate of return
Large cap stocks	26.4 %	26.0 %	4.5 %
Small cap stocks	4.6 %	7.0	4.0
International stocks	20.3 %	21.0	4.5
Emerging market stocks	10.5 %	11.0	4.9
Emerging market debt	5.2 %	5.0	3.6
Real estate	5.9 %	5.0	3.4
Hedge fund of funds	13.4 %	10.0	3.6
BarCap Aggregate bonds	11.8 %	15.0	1.8
Cash	1.9 %	—	1.2
	100.0 %	100.0 %	

Based on the target allocation, the mean and median returns over 15 and 20 years ranged from 7.47% to 7.45%, respectively.

The Plan asset allocation and long-term rate of return as of September 30, 2023 was:

	Actual allocation	Target allocation	Long-term expected rate of return
Large cap stocks	24.2 %	26.0 %	4.4 %
Small cap stocks	6.3	7.0	4.0
International stocks	21.0	21.0	4.4
Emerging market stocks	9.5	11.0	4.9
Emerging market debt	5.2	5.0	4.1
Real estate	7.1	5.0	3.6
Hedge fund of funds	13.8	10.0	3.8
BarCap Aggregate bonds	11.3	15.0	2.4
Cash	1.6	—	1.5
	100.0 %	100.0 %	

Based on the target allocation, the mean and median returns over 15 and 20 years was 7.64% to 7.58%, respectively.

(Continued)

Discount rate. The discount rate used to measure the total pension asset was 6.75% for the September 30, 2024 measurement date, and the discount rate used to measure the total pension liability was 6.75% for the September 30, 2023 measurement date. The projection of cash flows used to determine the discount rate was based on expected benefit payments and employer contributions based on the actuarially determined contributions. Based on those assumptions, the pension plan fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long term expected rate of return on retirement plan investments was applied to all periods of projected benefit payments to determine the total pension liability and does not incorporate a municipal bond rate.

(d) Changes in the Net Pension Liability (Asset)

	Increase (decrease)		
	Total pension liability (a)	**Plan fiduciary net position (b)**	**Net pension liability (asset) (c)**
Balances at September 30, 2023	419,526,925	361,656,191	57,870,734
Changes for the year:			
Service cost	7,039,448	—	7,039,448
Interest	26,604,938	—	26,604,938
Demographic losses	4,085,654	—	4,085,654
Change in Actuarial Assumptions	(6,428,133)	—	(6,428,133)
Net investment income	—	46,308,019	(46,308,019)
Contributions-employer	—	13,883,595	(13,883,595)
Benefits payments	(28,611,671)	(28,611,671)	—
Administrative expense	—	(485,387)	485,387
Net changes	2,690,236	31,094,556	(28,404,320)
Balances at September 30, 2024	422,217,161	392,750,747	29,466,414
Changes for the year:			
Service cost	6,511,418	—	6,511,418
Interest	27,511,261	—	27,511,261
Demographic losses	2,475,499	—	2,475,499
Change in Actuarial Assumptions	—	—	—
Net investment income	—	79,361,632	(79,361,632)
Contributions-employer	—	10,450,367	(10,450,367)
Benefits payments	(34,236,843)	(34,236,843)	—
Administrative expense	—	(494,507)	494,507
Net changes	2,261,335	55,080,649	(52,819,314)
Balances at September 30, 2025	$ 424,478,496	447,831,396	(23,352,900)

(Continued)

Sensitivity of the net pension liability/(asset) to changes in the discount rate. The following presents the net pension liability/(asset) of the District, calculated using the discount rate of 6.75%, as well as what the District's net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate for the net pension asset for fiscal year 2025, and calculated using the discount rate of 6.75%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate for the net pension liability for fiscal year 2024:

		1% Decrease (5.75%)	Current discount (6.75%)	1% Increase (7.75%)
District's net pension liability/(asset), 2025	$	8,092,982	(23,352,900)	(51,049,494)

		1% Decrease (5.75%)	Current discount (6.75%)	1% Increase (7.75%)
District's net pension liability, 2024	$	61,321,790	29,466,414	1,482,549

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan audited financial statements, which can be obtained from www.smh.com. The Plan's fiduciary net position has been determined on the same basis used by the Plan. The Plan financial statements have been prepared using the accrual basis of accounting and in accordance with generally accepted accounting principles. The Plan's investments are stated at fair value.

(e) Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The District recognized pension expense of $1,456,868 and $16,204,849, respectively, for the years ended September 30, 2025 and 2024 and is included in salaries, wages and fringe benefits on the statement of revenues, expenses, and changes in net position. At September 30, 2025, the District

(Continued)

reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 3,012,217	—
Changes in assumptions	—	2,142,710
Net difference between projected and actual earnings on pension plan investments	—	29,401,480
Contributions made by the District during the year ended September 30, 2025	10,585,305	—
	$ 13,597,522	31,544,190

District contributions subsequent to the measurement date of $10,585,305 will be recognized as a reduction of the net pension liability during the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2026	$ (6,164,502)
2027	3,782,329
2028	(15,410,419)
2029	(10,739,381)
	$ (28,531,973)

(Continued)

At September 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 3,295,828	450,723
Changes in assumptions	—	7,128,206
Net difference between projected and actual earnings on pension plan investments	19,576,945	—
Contributions made by the District during the year ended September 30, 2024	10,450,367	—
	$ 33,323,140	7,578,929

(10) Retirement Plan Disclosures as required by GASB Statement No. 67

(a) General Information

The District applies GASB Statement No. 67, *Financial Reporting for Pension Plans* (GASB Statement No. 67), which specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through a pension plan. GASB Statement No. 67 requires plans to calculate a net pension liability (asset) to be measured as the total pension liability less the amount of the pension plan's fiduciary net position.

(b) Components of the net pension liability (asset)

The components of the net pension liability (asset) of SMH Health Care, Inc. on September 30, 2025 and 2024 were as follows:

	Net pension liability	
	2025	2024
Total pension liability	$ 427,835,883	424,478,496
Plan fiduciary net position	483,561,812	447,831,396
Net pension liability (asset)	$ (55,725,929)	(23,352,900)
Plan fiduciary net position as a percentage of total pension liability	113.0 %	105.5 %
Net pension liability (asset) as a percentage of covered payroll	(61.02)%	(24.56)%

(Continued)

(c) Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent at September 30, 2025 and 6.75 percent at September 30, 2024. The projection of cash flows used to determine the discount rate assumed that plan sponsor contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(d) Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

Below is a table providing sensitivity of the net pension liability (asset) to changes in the discount rate. In particular, the table presents the Plan's net pension liability (asset), if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

		2025		
		1% decrease (5.75%)	Current discount rate (6.75%)	1% increase (7.75%)
Net pension liability (asset)	$	(25,547,671)	(55,725,929)	(82,385,363)

		2024		
		1% decrease (5.75%)	Current discount rate (6.75%)	1% increase (7.75%)
Net pension liability (asset)	$	8,092,982	(23,352,900)	(51,049,494)

(Continued)

(e) Actuarial Methods and Assumptions

The information presented in the required supplementary information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	October 1, 2024
	Actuarially determined contributions are calculated as of beginning of each fiscal year and interest-adjusted to end of the year and then paid by SMH Health Care Retirement Plan on a quarterly basis. Contributions shown are for the plan year coincident with the fiscal year end.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal starting with the 10/1/14 valuation; Projected Unit Credit was used prior to 10/1/2014
Amortization method	Level Dollar amount over working life expectancy; prior to 10/01/12 level dollar amount over 30 years was used
Remaining amortization period	8 years (based on average remaining expected service of active plan participants as of 10/01/24);
Asset valuation method	5-year smoothed market value
Investment rate of return	6.75%, net of pension plan investment expense, including inflation for 2023 and 2024; 6.5% was used for 2020 through 2022 actuarial valuations; 6.75% was used for the 2019 actuarial valuation; 7% was used for the 2012 through 2018 actuarial valuations; 7.25% was used for the 2011 actuarial valuation.
Salary increases	3.3% average, including inflation; In the 2012, 2016 and 2020 actuarial valuations, expected salary increases were adjusted to age-graded rates to more closely reflect actual experience.
Inflation	2.75% for 10/1/2023 and 10/01/24; 2.5% for 10/01/14 through 10/01/22

(Continued)

Retirement age	Age-graded rates from 50 to 75; Prior to 10/1/2015 valuation, age-graded rates from 50 to 70. In the 2015 and 2020 actuarial valuations, expected retirement rates were adjusted to more closely reflect actual experience.
Mortality	In the 2024 valuations, assumed life expectancies were adjusted based on the State mandated tables of the Pub-2010 Headcount-weighted General Below Median Healthy Retiree and Employee Tables, set back one year for males, with generational projection Scale MP-2021 for males and females. In the 2020 through 2023 valuations, assumed life expectancies were adjusted based on the State mandated tables of the Pub-2010 Headcount-weighted General Below Median Helathy Retiree and Employee Tables, set back one year for males, with generational projection scale MP-2018 for males and females. For the 2016 through 2019 valuations, assumed life expectancies were adjusted based on the State mandated tables of the combined RP-2000 Mortality Tables for males and females projected generationally from 2000 using Scale BB for males and females. For the 2014 and 2015 actuarial valuations, assumed life expectancies were adjusted as a result of adopting the RP-2014 Employee/Annuitant Mortality Tables for males and females with the MP-2014 projection scale backed out to 2006 and then projected generationally using Scale BB (male). For the 2012 and 2013 actuarial valuations, assumed life expectancies were adjusted as a result of adopting the RP-2000 combined mortality tables for males and females projected to 10 years past the valuation date using Scale AA. For the 2011 valuation, assumed life expectancies were adjusted as a result of adopting the RP-2000 combined mortality tables for males and females projected to 2015 using Scale AA.

(f) Expected Rate of Return

The long-term expected rate of return on Plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense) are developed for each major asset class. These ranges are combined to produce long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2025 and 2024 are summarized in the following table:

	2025	2024
Large cap stocks	7.25 %	7.25 %
Small cap stocks	6.82	6.81
International stocks	7.25	7.25
Emerging market stocks	7.75	7.75
Emerging market debt	6.50	6.41
Real estate	6.35	6.20
Hedge funds	6.29	6.35
BarCap aggregate bonds	4.66	4.52
Cash	3.83	3.92

(Continued)

(g) Method Used to Value Investments

As a key part of the Plan's activities, it holds investments that are measured and reported at fair value on a recurring basis. U.S. generally accepted accounting principles establish a fair value hierarchy for the determination and measurement of fair value. This hierarchy is based on the type of valuation inputs needed to measure the fair value of an asset. The hierarchy generally is as follows:

1. Level 1 – Unadjusted quoted prices in active markets for identical assets.

2. Level 2 – Quoted prices for similar assets, or inputs that are observable or other forms of market corroborated inputs.

3. Level 3 – Pricing based on best available information, including primarily unobservable inputs and assumptions market participants would use in pricing the asset.

In addition to the above three levels, if an investment does not have a readily determinable fair value, the investment can be measured using net asset value (NAV) per share (or its equivalent). Investments valued at NAV are categorized as NAV and not listed as Level 1, 2, or 3.

The Plan presents in the statements of changes in fiduciary net position, the net appreciation (depreciation) in the fair value of its investments which consist of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

(Continued)

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

	Total fair value	Quoted prices in active markets for assets identical (Level 1)
September 30, 2025:		
Investments by fair value level:		
Equity securities-domestic:		
Vanguard Institutional Index I	$ 131,014,919	131,014,919
Blackrock FDS Ishares Russell	34,995,104	34,995,104
Total investments by fair value level	166,010,023	$ 166,010,023
Investments measured at net asset value (NAV):		
Equity securities-domestic:		
NTCC Emerging Markets Fund	57,442,625	
Fixed income funds:		
CF Colchester Local Market Debt Fund FD	25,072,501	
CF FIAM Tactical Bond CP	54,631,584	
Equity securities-international:		
NTCC International Equity Fund	102,911,693	
Venture capital and partnerships:		
RREEF American REIT II	26,308,315	
Hedge funds:		
CF Magnitude International Class A	46,491,449	
Total investments measured at NAV	312,858,167	
Total investments measured at fair value	$ 478,868,190	

(Continued)

	Total fair value	Quoted prices in active markets for assets identical (Level 1)
September 30, 2024:		
Investments by fair value level:		
Equity securities-domestic:		
Vanguard Institutional Index I	$ 118,693,140	118,693,140
Blackrock FDS Ishares Russell	20,730,541	20,730,541
Total investments by fair value level	139,423,681	$ 139,423,681
Investments measured at net asset value (NAV):		
Equity securities-domestic:		
NTCC Emerging Markets Fund	47,020,672	
Fixed income funds:		
CF Colchester Local Market Debt Fund FD	23,432,955	
CF FIAM Tactical Bond CP	52,703,605	
Equity securities-international:		
NTCC International Equity Fund	90,857,391	
Venture capital and partnerships:		
RREEF American REIT II	25,878,118	
Hedge funds:		
CF Magnitude International Class A	59,951,910	
Total investments measured at NAV	299,844,651	
Total investments measured at fair value	$ 439,268,332	

Vanguard Institutional Index I – The Plan invests in this fund which seeks to track the performance of the Standard & Poor's 500 Index, which measures the investment return of large-capitalization stocks. This fund is classified in Level 1 of the fair value hierarchy as the fund is priced at a quoted market price in an active market.

Blackrock FDS I-shares Russell – The Plan invests in this fund which seeks to track the performance of the Russell 2500 Index, which measures the small to mid-cap segment of the U.S. equity universe. This fund is classified in Level 1 of the fair value hierarchy as the fund is priced at a quoted market price in an active market.

The Plan holds units in investments in which the fair value is measured on a recurring basis using net asset value per share (or its equivalent) as a practical expedient.

(Continued)

At September 30, 2025 and 2024, the redemption rules of those investments are as follows:

	Redemption frequency (if currently eligible)	Redemption notice period
Investments measured at net asset value (NAV):		
Equity securities-domestic:		
NTCC Emerging Markets Fund	Daily	15 days
Fixed income funds:		
CF Colchester Local Market Debt Fund FD	Daily	10 days
CF FIAM Tactical Bond CP	Daily	10 days
Equity securities-international:		
NTCC International Equity Fund	Daily	15 days
Venture capital and partnerships:		
RREEF American REIT II	Quarterly	45 days
Hedge funds:		
CF Magnitude International Class A	Quarterly	60 days

NTCC Emerging Markets Fund – The Plan invests in this fund which seeks to invest in emerging markets securities directly or through funds including, but not limited to, collective funds, using one or more advisors to recommend specific investments. While emerging markets equity securities are the predominant asset class, the fund may invest in other asset classes from time to time, including, but not limited to, short-term investment funds and cash equivalents, and may be highly concentrated in specific sectors or securities. The fund is valued at NAV daily.

CF Colchester Local Market Debt Fund FD – The fund's objective is to achieve favorable income-oriented returns from a globally diversified portfolio of primarily developing market debt or debt-like securities. The fund is permitted to utilize a wide range of debt obligations and other asset classes in attempting to achieve its objectives, including investing in debt obligations issued or guaranteed by foreign governments, their agencies and instrumentalities, zero coupon bonds and floating rate notes. In addition, the fund is permitted to invest in physical currencies and spot and forward currency contracts. The fund is valued at NAV daily.

CF FIAM Tactical Bond CP - The Plan invests in this fund to achieve strong total returns by exercising significant flexibility to invest in a broad set of fixed income sectors. The investment team seeks to generate competitive returns, while maintaining bond-like volatility, from asset allocation, sector rotation, security selection, duration management, yield-curve positioning, and foreign currency exposures. The fund is valued at NAV daily.

NTCC International Equity Fund – The Plan invests in this fund which seeks to invest in non-U.S. equity markets directly or through funds including, but not limited to, collective funds, using one or more advisors to recommend specific investments. While non-U.S. equity securities will be the predominant asset class, this fund may invest in other asset classes from time to time, including, but

(Continued)

not limited to, short-term investment funds and cash equivalents, and may be highly concentrated in specific sectors or securities. The fund is valued at NAV daily.

RREEF America REIT II – The fund's objective is to generate attractive, predictable investment returns from a target portfolio of low-risk equity investments in income-producing real estate while maximizing the total return to shareholders through cash dividends and appreciation in the value of REIT shares. The fund is an open-ended core fund organized to serve as a collective investment vehicle through which eligible investors may invest in a professionally managed real estate portfolio consisting of multi-family, industrial, retail and office properties in targeted metropolitan areas within the continental United States. The fund is valued at NAV quarterly.

CF Magnitude International Class A – The fund is a feeder fund in a master-feeder structure and invests a significant portion of its assets in shares of the Magnitude Master Fund. The fund and the Magnitude Master Fund's investment objectives are to realize appreciation in value primarily through the allocation of capital directly and indirectly among investment funds and accounts and/or other entities managed by the fund's investment manager. The fund is valued at NAV monthly.

The Plan does not anticipate restrictions, other than those outlined in the table above, on the ability to sell individual investments at the measurement date. Additionally, the Plan does not anticipate that NAV-driven investments will become redeemable at valuations materially different from the corresponding NAV listed above. The Plan has no prescribed time frame to liquidate the investments.

(h) Credit Risk

The objectives of the Plan's investment policy are to place an emphasis on diversified investment strategies to limit total portfolio financial risks, maximize the return of the portfolio and to preserve purchasing power while avoiding unreasonable investment risk. The investment portfolio maintains sufficient liquidity to enable the Plan to meet cash flow requirements reasonably anticipated for benefits. The U.S. equity securities are to be allocated across the equity market based on the capitalization weights of the Russell 1000 and 2000 index. Core fixed income is defined as investment grade fixed income securities. These securities are typically given one of the four highest ratings by accredited rating agencies. Cash investments are invested in a short-term investment fund. A performance evaluation is done at the total Plan level, for each asset class, and for each fund. The performance review at the fund level evaluates total fund performance versus an overall policy benchmark. The policy benchmark is calculated by multiplying the policy allocation weight for each asset class by the return on the asset class benchmark. The performance review at the asset class level evaluates performance versus the benchmark.

The performance review at the manager level evaluates manager performance versus the appropriate investment style benchmarks and stated investment approaches.

(i) Interest Rate Risk

The Plan manages its exposure to declines in fair values through other methods such as evaluating the credit rating, diversifying the investments in the portfolio, and outside portfolio consulting. The Plan does not limit the weighted average maturity of its investment portfolio.

(j) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a Plan's investment in a single issuer. The Plan's investment policy requires diversification of the investment portfolio to minimize risk of loss resulting from over-concentration in a particular type of security, risk factor, issuer, or maturity.

Investments that individually represent 5% or more of the Plan's net position restricted for pensions as of September 30, 2025 and 2024 are as follows:

	2025	2024
Vanguard Institutional Index I	$ 131,014,919	118,693,140
NTCC Emerging Markets Fund	57,442,625	47,020,672
Blackrock FDS Ishares Russell	34,995,104	—
CF FIAM Tactical Bond CP	54,631,584	52,703,605
CF Colchester Local Market Debt Fund FD	25,072,501	23,432,955
NTCC International Equity Fund	102,911,693	90,857,391
RREEF America REIT II	26,308,315	25,878,118
CF Magnitude International Class A	46,491,449	59,951,910
	$ 478,868,190	418,537,791

(k) Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan does not believe that it has a custodial risk exposure as all its securities are registered and held by an outside custodian.

(l) Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in currency exchange rates may affect transactions conducted in currencies other than U.S. dollars and the carrying value of foreign investments. The Plan's exposure to foreign currency risk derives from its investments in international equity funds.

(m) Plan Fiduciary Net Position

Further detailed information about the Plan's fiduciary net position is available in separately issued financial statements. The Plan's financial statements can be obtained by contacting the District's Corporate Finance Department at Sarasota Memorial Hospital, Attention Controller, 1700 S. Tamiami Trail, Sarasota, FL 34239.

(11) Postemployment Benefits Other Than Pensions (OPEB)

(a) General Information About Postemployment Benefits

Plan description and benefits provided. The District provides other postemployment health care benefits (OPEB Plan) to all employees who retire from the District under the OPEB Plan after 20 or

more years of service, 41,600 or more total hours of service and age 55, or after 30 years of service. Premiums paid by retirees are based on the projected average plan cost of the District's self-insured health benefit program for the year.

The Plan also provides $10,000 Life insurance to those who retire under the Florida Retirement System (FRS) or the OPEB Plan with at least 20 years of service and 41,600 or more total hours of service.

The OPEB Plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust. Separate financial statements for the District's OPEB Plan are not prepared.

Contributions. The OPEB Plan is funded on a pay as you go basis. The District may make additional contributions as desired. No additional contributions have been made to date.

(b) Employees Covered by Benefit Terms

At October 1, the following employees were covered by the benefit terms:

	2023	2022
Inactive employees currently receiving benefits	880	848
Active employees	8,168	7,587
	9,048	8,435

(c) Total OPEB Liability

The District's total OPEB liability of $12,137,216 at September 30, 2025 was measured as of September 30, 2024 using an actuarial valuation as of October 1, 2023, and is included in other long-term liabilities in the accompanying 2025 balance sheet. The District's total OPEB liability of $11,439,615 at September 30, 2024 was measured as of September 30, 2023 using an actuarial valuation as of October 1, 2022, and is included in other long-term liabilities in the accompanying 2024 balance sheet. Liabilities measured as of September 30, 2024 and 2023 were projected from the valuation dates using standard roll-forward methodology.

(Continued)

Actuarial assumptions and other input. The total OPEB liabilities in the actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Salary increases	Age graded rates:	
	Age	**% increase at attained age**
	Less than 35	5.00 %
	35–39	4.75
	40–44	4.25
	45-49	3.75
	50–54	3.50
	55-59	2.75
	60 and older	2.50
Discount Rate, 2024		4.64
Discount Rate, 2025		3.88
Current Health Care Cost Trend Rate, 2024		7.50
Current Health Care Cost Trend Rate, 2025		7.25
Ultimate Health Care Cost Trend Rate		5.00
Year of Ultimate Trend Rate, 2024		2032
Year of Ultimate Trend Rate, 2025		2032
Participation Assumptions, 2024:		
Medical Coverage		35.00 %
Medical Dependent Coverage		30.00
Participation Assumptions, 2025:		
Medical Coverage		25.00 %
Medical Dependent Coverage		35.00

The discount rates for 2025 and 2024 were based on a 20-year municipal bond rate as of the Measurement Date. The change in discount rate, change in participation assumption, mortality update and change in the medical trend assumption from 2024 to 2025 is reflected as a Changes in Assumptions in the following table. The discount rates used in these valuations were determined using the 20-year yields on the Fidelity AA Municipal General Obligation Fund. For the fiscal year ending September 30, 2025, mortality rates continued to use the Pri-2012 Employee and Annuitant Mortality Tables for males and females projected generationally from 2012 using Scale MP-2021 for males and females. The compensation increase assumption is based on the results of a 5-year experience study based on pay and participant data from 2015 through 2020. The termination and retirement rates assumptions are based on the results of a 5-year experience study based on participant data from October 1, 2015 through September 30, 2020. For the fiscal year ending September 30, 2024, mortality rates were updated to the Pri-2012 Employee and Annuitant Mortality Tables for males and females projected generationally from 2012 using Scale MP-2021 for males and females. The compensation increase assumption is based on the results of a 5-year experience study based on pay and participant

data from 2015 through 2020. The termination and retirement rates assumptions are based on the results of a 5-year experience study based on participant data from October 1, 2015 through September 30, 2020.Changes in the Total OPEB Liability:

		Total OPEB liability
Balance at September 30, 2023	$	12,101,288
Changes for the year:		
Service cost		575,520
Interest cost		531,549
Differences between expected and actual experience		(270,865)
Changes of assumptions		(1,315,428)
Benefit payments		(182,449)
Net changes		(661,673)
Balance at September 30, 2024		11,439,615
Changes for the year:		
Service cost		522,326
Interest cost		535,205
Differences between expected and actual experience		(285,308)
Changes of assumptions		25,133
Benefit payments		(99,755)
Net changes		697,601
Balance at September 30, 2025	$	12,137,216

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District as of September 30, 2025, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.88%) or 1-percentage-point higher (4.88%) than the current discount rate:

		1% decrease (2.88%)	Discount rate (3.88%)	1% increase (4.88%)
Total OPEB liability	$	14,260,333	12,137,216	10,446,352

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District as of September 30, 2024, as well as what the District's total OPEB liability

(Continued)

would be if it were calculated using a discount rate that is 1-percentage-point lower (3.64%) or 1-percentage-point higher (5.64%) than the current discount rate:

		1% decrease (3.64%)	Discount rate (4.64%)	1% increase (5.64%)
Total OPEB liability	$	13,278,086	11,439,615	9,951,967

Sensitivity of total OPEB liability to changes in healthcare cost trend rates. The following presents the total OPEB liability of the District as of September 30, 2025, as well as what the district's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.25% decreasing to 4.00%) or 1-percentage-point higher (8.25% decreasing to 6.00%) than the current healthcare cost trend rates:

		1% decrease (6.25% decreasing to 4.00%)	Healthcare Cost Trend rates (7.25% decreasing to 5.00%)	1% increase (8.25% decreasing to 6.00%)
Total OPEB liability	$	11,605,207	12,137,216	12,797,923

Sensitivity of total OPEB liability to changes in healthcare cost trend rates. The following presents the total OPEB liability of the District as of September 30, 2024, as well as what the district's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5% decreasing to 4%) or 1-percentage-point higher (8.5% decreasing to 6%) than the current healthcare cost trend rates:

		1% decrease (6.50% decreasing to 4.00%)	Healthcare Cost Trend rates (7.50% decreasing to 5.00%)	1% increase (8.50% decreasing to 6.00%)
Total OPEB liability	$	10,837,534	11,439,615	12,184,394

(d) OPEB Expense and Deferred Outflows of Resources and deferred Inflows of Resources Related to OPEB

For the years ended September 30, 2025 and 2024, the District recognized OPEB income of $384,978 and $283,405, respectively, and is included in salaries, wages and fringe benefits on the statement of revenues, expenses, and changes in net position. The district made OPEB-related benefit payments of

(Continued)

$99,755 during the year ended September 30, 2025. At September 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 22,512	555,242
Changes in assumptions	46,249	2,868,516
	$ 68,761	3,423,758

Deferred outflows of resources resulting from benefit payments made by the District during the year ended September 30, 2024 will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:	
2026	$ (1,442,507)
2027	(1,491,163)
2028	(369,292)
2029	(52,035)
	$ (3,354,997)

The district made OPEB-related benefit payments of $182,449 during the year ended September 30, 2024.At September 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 45,023	463,408
Changes in assumptions	52,285	4,171,231
	$ 97,308	4,634,639

(12) General Information about the Defined Contribution Plan

Employees hired on or after October 1, 2009 participate in a defined contribution plan named the SMHCS Retirement Savings Plan (RSP Plan), whereby the District contributes a stated percentage of qualified

earnings into the RSP Plan. The stated contribution rate for the fiscal years ended September 30, 2025 and 2024 was 4.0% of qualified earnings and does not require a matching contribution by the employee. The expense of the RSP Plan for the years ended September 30, 2025 and 2024 was $25,261,995 and $22,119,754, respectively, and is included in salaries, wages and fringe benefits on the accompanying statements of revenues, expenses and changes in net position.

(13) Related Organizations

The District is related to various organizations through several provisions contained in the articles of incorporation and bylaws of the entities. These related organizations are not component units of the District because while they are legally separate, the District does not appoint the voting majority of the organizations' Boards, they are not fiscally dependent on the District, the District does not have access to the entities' resources nor is it responsible for the entities' debts, and it would not be misleading to exclude the entity as a component unit. Net amounts due from/to these related organizations and investments in related organizations as of September 30, 2025 and 2024 are as follows:

		2025	2024
Current assets:			
Community Health Corporation	$	1,669	2,188
Sarasota Memorial Physician-Hospital Organization, Inc.		49,515	603,753
Sarasota Medical Condominium Association, Inc.		5,028	2,254
Centergate Office Park Condominium Association, Inc.		19,953	8,693
LeeSar, Inc.		1,070,000	1,070,000
Total current assets	$	1,146,165	1,686,888
Noncurrent assets (included in other assets):			
Investment in LeeSar, Inc.	$	27,975,721	27,973,595
Total noncurrent assets	$	27,975,721	27,973,595
Current liabilities:			
Community Health Corporation	$	4,990	9,230
Other		2,216	1,108
Total current liabilities	$	7,206	10,338

Community Health Corporation was established to provide educational services, operate, manage, and own health care facilities, provide services for the care of persons suffering from illnesses and disabilities, and to further the interest of the District.

Sarasota Memorial Physician-Hospital Organization, Inc. is a corporation formed by physicians and the Hospital. The corporation contracts with payors to provide health care services. The District and certain medical staff physicians are each 50% members of the entity. The District utilizes the equity method of accounting for the investment.

During 1998, the Hospital entered into a joint venture with another southwest Florida area governmental hospital. The purpose of the joint venture was to develop a regional service center, LeeSar HealthTrust Partners, L.C. (LeeSar), to meet the materials services and distribution needs of both hospitals. The hospitals agreed to fund initial costs of opening LeeSar and working capital needs through an established line of credit. Each hospital provided a revolving credit loan not to exceed $3,000,000 to assist in funding LeeSar purchases, capital costs, and operational costs. The terms of the amended agreement stated the entire principal and accrued interest would be due and payable on September 30, 2005. The District voted in November 2003 to convert the LeeSar loan to an equity form of investment, effective September 30, 2003, due to LeeSar's inability to repay the loan under the current terms. Each organization had a 50% ownership interest through the year ended September 30, 2010. During 2010, the partners sold 5.555% each, of their respective ownership interest to a central Florida hospital. As a result, the Hospital now has a 44.445% ownership interest. The Hospital is accounting for the joint venture under the equity method of accounting. LeeSar's excess of revenues over expenses was approximately $4,784 and $1,785,847 for the years ended September 30, 2025 and 2024, respectively. Effective October 1, 2009, LeeSar HealthTrust Partners, L.C. merged with LeeSar, Inc. LeeSar, Inc., the surviving corporation, is a 501(c)(3) not-for-profit Florida corporation.

Sarasota Memorial Healthcare Foundation, Inc. (the Foundation) was formed to assist in fund-raising activities and community relations. The Foundation is not a component unit of the District because it is a legally separate organization, benefits other healthcare organizations in Sarasota County, and is not controlled by the Sarasota County Public Hospital Board. Funds contributed by the Foundation to the District are recorded as restricted or unrestricted gifts and bequests depending on the nature of the donation. During fiscal year 2020, the District and the Foundation entered into an administrative services agreement to foster the efficient use of resources, whereby the District provides administrative and accounting services for the Foundation and the Foundation maintained its independent governance.

The District has grants receivable from the Foundation of approximately $2,752,000 and $5,525,000 as of September 30, 2025 and 2024, respectively. The District received approximately $17,781,000 and $6,665,000 from the Foundation during the years ended September 30, 2025 and 2024, respectively.

(14) Malpractice Insurance

The District is subject to malpractice claims and litigation. Losses incurred have been estimated and accrued in the accompanying financial statements. The District is potentially liable for losses in excess of amounts accrued. However, in management's opinion, such excess, if any, should not have a material adverse effect on the results of operations or financial position of the District. Effective September 12, 1986, the District, as a "state agency or subdivision," eliminated its malpractice insurance coverage and invoked sovereign immunity for medical malpractice claims in excess of $100,000 per individual and $200,000 per occurrence. Effective October 1, 2011, the sovereign immunity limits increased to $200,000 per individual and $300,000 per occurrence. Effective April 15, 2021, the District purchased malpractice insurance with a limit of $15.0 million per occurrence, $15.0 million in the aggregate, subject to a $10.0 million self-insured retention. The coverage is provided by two separate policies; a primary policy with a $5.0 million limit, and an excess policy with a $10.0 million limit. The District has accrued $14,225,000 and $13,883,000 as of September 30, 2025 and 2024, respectively, for estimated professional liability claims for the Hospital and for the Sarasota Memorial Nursing and Rehabilitation Center. The current portion of this is $2,075,000 and 2,333,000, for the years ended September 30, 2025 and

(Continued)

September 30, 2024, respectively, and is included in other accrued expenses. The noncurrent portion is included in other long-term liabilities in the accompanying balance sheets.

PSI is subject to malpractice claims and litigation. Losses incurred have been estimated and accrued in the accompanying financial statements. PSI is potentially liable for losses in excess of amounts accrued. However, in management's opinion, such excess, if any, should not have a material adverse effect on the results of operations or financial position of PSI. PSI has received a favorable ruling on a court decision that its physicians are covered under the doctrine of sovereign immunity. Effective December 1, 2003, PSI as a "state agency or subdivision," eliminated its malpractice insurance coverage and invoked sovereign immunity for medical malpractice claims in excess of $100,000 per individual and $200,000 per occurrence. As noted above, effective October 1, 2011, the sovereign immunity limits increased to $200,000 per individual and $300,000 per occurrence. Effective April 15, 2021, the District purchased malpractice insurance with a limit of $15.0 million per occurrence, $15.0 million in the aggregate, subject to a $10.0 million self-insured retention. This limit is part of the same policies described in the preceding paragraph and therefore covers all of the District's healthcare operations. PSI accrued $12,476,000 and $11,214,000 as of September 30, 2025 and 2024, respectively, for professional liability claims. The current portion of this is $1,630,000 and 1,865,000, for the years ended September 30, 2025 and September 30, 2024, respectively, and is included in other accrued expenses. The noncurrent portion is included in other long-term liabilities in the accompanying balance sheets.

Activity related to these self-insured professional liability claims included as a component of other accrued expenses and other long-term liabilities in the accompanying balance sheets for the years ended September 30, 2025, 2024, and 2023, is reflected in the tables below:

	2025			
	Self-insured liabilities September 30, 2024	Insurance expense (credit)	Payments	Self-insured liabilities September 30, 2025
Professional liabilities	$ 25,097,000	2,442,309	(838,309)	26,701,000

	2024			
	Self-insured liabilities September 30, 2023	Insurance expense (credit)	Payments	Self-insured liabilities September 30, 2024
Professional liabilities	$ 20,764,000	5,565,734	(1,232,734)	25,097,000

(Continued)

	2023				
		Self-insured liabilities September 30, 2022	Insurance expense (credit)	Payments	Self-insured liabilities September 30, 2023
Professional liabilities	$	18,825,651	4,077,344	(2,138,995)	20,764,000

The District had no significant reductions in insurance coverage during the fiscal year ended September 30, 2025. There were no settlements which exceeded the District's insurance coverage in any of the past three fiscal years.

(15) Commitments and Contingencies

The District has various contractual arrangements for employment contracts. As of September 30, 2025, there are minimum payments required under these arrangements in the amount of $45,533,882 for the year ending September 30, 2026.

Additionally, the District may from time to time, be party to routine legal proceedings incidental to the operation of its business. The outcome of any pending or threatened proceedings is not expected to have a material adverse effect on the financial condition, operating results, or cash flows of the District.

(16) Concentrations of Credit Risk

Financial instruments which potentially subject the District to concentrations of credit risk consist principally of cash and cash equivalents, investments, patient accounts receivable, other assets, and investments restricted under bond indenture agreements or by donors or designated by the Board for future use.

The District places its cash and cash equivalents with financial institutions that management believes to be of high credit quality. As stated in Note 2, the 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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not held in the District's name. The District's governmental bank balances are held in accounts protected under Chapter 280, *Florida Statutes* in institutions classified as qualified public depositories under Chapter 280 for the years ended September 30, 2025 and 2024. Other entities of the District have deposits in a financial institution in excess of federally insured limits and which are not collateralized.

As noted in Note 2(b), the District's board designated and restricted investments are primarily invested in time deposits with high credit quality financial institutions, U.S. Treasury bonds and notes, government-backed mortgage securities, and highly rated corporate bonds.

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The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors as of September 30, 2025 and 2024 was as follows:

	2025	2024
Medicare	40.8 %	42.0 %
Self-pay and others	20.8	19.5
Managed care and commercial	28.2	28.3
Medicaid	10.2	10.2
	100.0 %	100.0 %

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Required Supplemental Information

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios (Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service cost	$ 6,187,600	6,511,418	7,039,448	7,444,717	7,628,975	7,840,140	7,852,889	7,932,022	8,237,830	9,619,975
Interest	27,561,605	27,511,261	26,604,938	26,071,915	26,507,541	26,327,880	26,111,890	25,733,708	25,040,903	24,231,700
Demographic (gains)/losses	(1,925,016)	2,475,499	4,085,654	(1,352,171)	2,288,234	(1,422,450)	(649,793)	(3,057,760)	(3,234,518)	(520,626)
Change in actuarial assumptions	—	—	(6,428,133)	—	(11,371,137)	5,113,930	6,286,177	(5,309,527)	493,692	(2,669,926)
Benefit payments	(28,466,802)	(34,236,843)	(28,611,671)	(30,192,176)	(26,038,112)	(21,570,970)	(22,054,700)	(22,552,914)	(18,094,587)	(21,007,051)
Net change in total pension liability	3,357,387	2,261,335	2,690,236	1,972,285	(984,499)	16,288,530	17,546,463	2,745,529	12,443,320	9,654,072
Total pension liability – beginning	424,478,496	422,217,161	419,526,925	417,554,640	418,539,139	402,250,609	384,704,146	381,958,617	369,515,297	359,861,225
Total pension liability – ending (a)	427,835,883	424,478,496	422,217,161	419,526,925	417,554,640	418,539,139	402,250,609	384,704,146	381,958,617	369,515,297
Plan fiduciary net position:										
Contributions-employer	10,585,305	10,450,367	13,883,595	10,835,453	12,467,731	12,231,019	10,049,127	10,824,970	12,139,689	14,551,924
Net investment income	54,055,068	79,361,632	46,308,019	(63,254,500)	70,758,181	18,167,462	13,797,623	19,785,014	35,432,192	30,898,892
Benefit payments	(28,466,802)	(34,236,843)	(28,611,671)	(30,192,176)	(26,038,112)	(21,570,970)	(22,054,700)	(22,552,914)	(18,094,587)	(21,007,051)
Administrative expense	(443,155)	(494,507)	(485,387)	(482,144)	(426,432)	(283,153)	(262,951)	(204,717)	(280,241)	(388,330)
Net change in plan fiduciary net position	35,730,416	55,080,649	31,094,556	(83,093,367)	56,761,368	8,544,358	1,529,099	7,852,353	29,197,053	24,055,435
Plan fiduciary net position – beginning	447,831,396	392,750,747	361,656,191	444,749,558	387,988,190	379,443,832	377,914,733	370,062,380	340,865,327	316,809,892
Plan fiduciary net position – ending (b)	483,561,812	447,831,396	392,750,747	361,656,191	444,749,558	387,988,190	379,443,832	377,914,733	370,062,380	340,865,327
Net pension liability (asset) – ending (a)-(b)	$ (55,725,929)	(23,352,900)	29,466,414	57,870,734	(27,194,918)	30,550,949	22,806,777	6,789,413	11,896,237	28,649,970
Plan fiduciary net position as a percentage of the total pension liability	113.0 %	105.5 %	93.0 %	86.2 %	106.5 %	92.7 %	94.3 %	98.2 %	96.9 %	92.2 %
Covered-employee payroll	$ 91,322,643	95,098,333	98,750,411	101,193,797	103,969,380	107,342,655	109,970,976	114,623,636	118,225,538	124,949,986
Net pension liability (asset) as a percentage of covered-employee payroll	(61.0)%	(24.6)%	29.8 %	57.2 %	(26.2)%	28.5 %	20.7 %	5.9 %	10.1 %	22.9 %

(Continued)

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Required Supplemental Information

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios (Unaudited)

Schedule of the Changes in the Net Pension Liability (Asset) and Related Ratios

In 2025, there were not changes in actuarial assumptions.

In 2024, there were not changes in actuarial assumptions.

In 2023, amounts reported as changes in actuarial assumptions resulted primarily from a change in the discount rate from 6.50% to 6.75%, an update of the mortality improvement scale from MP-2020 to MP-2021, as well as an update in the CPI assumption from 2.50% to 2.75%.

In 2022, there were no changes in actuarial assumptions.

In 2021, amounts reported as changes in actuarial assumptions resulted primarily from adjustments to the rate of increase in compensation, and an added assumption to reflect actuarial increases for eligible participants.

In 2020, amounts reported as changes in actuarial assumptions resulted primarily from a change in the discount rate from 6.75% to 6.50%, an investment loss due to actual returns less than expected for the measurement period ending September 30, 2020, and a decrease in deferred inflows/outflows amortization.

In 2019, amounts reported as changes in actuarial assumptions resulted primarily from a change in the discount rate from 7.00% to 6.75%, as well as a change in the base mortality table from RP-2014 to Pri-2012.

In 2018, amounts reported as changes in actuarial assumptions resulted primarily from an update of healthy and disabled mortality projection scale from Scale BB(male) to Scale MP-2018 for males and females.

In 2017, amounts reported as changes in actuarial assumptions resulted primarily from adjustments to salary increase assumption updated from age-graded rates of 6.5% to 4.00% to age-graded rates of 5.00% to 3.00% and an update to the assumed future increases to the IRC maximum benefit and plan compensation limits from 0% to 2.5%.

See accompanying independent auditors' report.

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Required Supplemental Information

Schedule of District's Pension Contributions (Unaudited)

A schedule of the District's Pension Contributions for the most recent ten fiscal years is as follows:

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 10,585,305	10,450,367	13,883,595	10,835,453	12,467,731	12,231,019	10,049,127	10,824,970	12,139,689	14,551,924
Contributions in relation to the actuarially determined contribution	10,585,305	10,450,367	13,883,595	10,835,453	12,467,731	12,231,019	10,049,127	10,824,970	12,139,689	14,551,924
Contribution deficiency/(excess)	$ –	–	–	–	–	–	–	–	–	–
Covered-employee payroll	$ 91,322,643	95,098,333	98,750,411	101,193,797	103,969,380	107,342,655	109,970,976	114,623,636	118,225,538	124,949,986
Contributions as a% of covered-employee payroll	11.6 %	11.0 %	14.1 %	10.7 %	12.0 %	11.4 %	9.1 %	9.4 %	10.3 %	11.6 %

Schedule of the District's Pension Contributions

Actuarially determined contributions are calculated two years prior to the end of the fiscal year in which contributions are reported. The most recent actuarial valuation was performed as of October 1, 2024. Contributions are made one fiscal year prior to the fiscal year in which the contributions are reported as a reduction in net pension liability. Contributions made in the most recent fiscal year are reported on the balance sheets as deferred outflows related to pensions, and reverse in the following year.

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SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Required Supplemental Information

Schedule of District's Pension Contributions (Unaudited)

Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal; prior to 10/1/2014 Valuation Date, projected unit credit was used
Amortization method	Level dollar amount over working life expectancy; prior to 10/1/2012 level dollar amount over 30 years was used
Remaining amortization period	8 years (based on average remaining expected service of active plan participants as of 10/1/2024); prior to 10/1/20, 9 years; prior to 10/1/2012, 30 years
Asset valuation method	5 year smoothed market value
Inflation	2.75% for 10/1/2023 and 10/1/2024; 2.5% for 10/1/2014 through 10/1/2022
Salary increases	3.3%, average, including inflation; In the 2012, 2016, and 2020 actuarial valuations, expected salary increases were adjusted to age-graded rates to more closely reflect actual experience.
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation was used for 2023 and 2024; 6.50% was used for the 2020 through 2022 actuarial valuations; 6.75% was used for the 2019 actuarial valuation; 7.00% was used for the 2012 through 2018 actuarial valuations; 7.25% was used for the 2011 actuarial valuation
Retirement age	Age graded rates from 50 to 75; Prior to 2015, age-graded rates from 50 to 70. Expected retirement rates were adjusted in 2015 and 2020 to more closely reflect actual experience.
Mortality	In the 2024 valuation, assumed life expectancies were adjusted based on the State mandated tables of the Pub-2010 Headcount-weighted General Below Median Healthy Retiree and Employee Tables, set back one year for males, with generational projection Scale MP-2021 for males and females. In the 2020 through 2023 valuations, assumed life expectancies were adjusted based on the State mandated tables of the Pub-2010 Headcount-weighted General General Below Median Healthy Retiree and Employee Tables, set back one year for males, with generational projectionScale MP-2018 for males and females. For the 2016 through 2019 valuations, assumed life expectancies were adjusted based on the State mandated tables of the combined RP-2000 Mortality Tables for males and females projected generationally from 2000 using Scale BB for males and females. For the 2014 and 2015 actuarial valuations, assumed life expectancies were adjusted as a result of adopting the RP-2014 Employee/Annuitant Mortality Tables for males and females with the MP-2014 projection scale backed out to 2006 and then projected forward generationally using Scale BB (male). For the 2012 and 2013 actuarial valuations, assumed life expectancies were adjusted as a result of adopting the RP-2000 combined mortality tables for males and females projected to 10 years past the valuation date using Scale AA. For the 2011 valuation, assumed life expectancies were adjusted as a result of adopting the RP-2000 combined mortality tables for males and females projected to 2015 using Scale AA.
Other information:	The plan was closed to new or rehired employees on or after 10/1/2009.

See accompanying independent auditors' report.

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Required Supplemental Information

Schedule of Investment Returns (Unaudited)

Fiscal year ended September 30	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	12.35 %	20.91 %	13.41 %	(14.85)%	19.05 %	5.08 %	3.77 %	5.73 %	10.63 %	10.21 %

See accompanying independent auditors' report.

(Continued)

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Required Supplemental Information

Schedule of Changes in the Total OPEB Liability and Related Ratios (Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:									
Service cost	$ 522,326	575,520	880,898	578,845	488,086	301,098	323,551	290,331	272,925
Interest	535,205	531,549	362,177	379,616	363,620	381,974	368,724	348,432	298,742
Differences between expected and actual experience	(285,308)	(270,865)	(411,194)	112,556	446,524	(55,284)	(132,424)	99,459	–
Changes of assumptions	25,133	(1,315,428)	(5,198,147)	130,711	1,563,263	2,239,923	(878,112)	(416,490)	–
Benefit payments	(99,755)	(182,449)	27,834	(75,769)	(163,847)	(246,775)	(35,157)	(9,820)	(120,590)
Net change in total pension liability	697,601	(661,673)	(4,338,432)	1,125,959	2,697,646	2,620,936	(353,418)	311,912	451,077
Total OPEB liability – beginning	11,439,615	12,101,288	16,439,720	15,313,761	12,616,115	9,995,179	10,348,597	10,036,685	9,585,608
Total OPEB liability – ending	$ 12,137,216	11,439,615	12,101,288	16,439,720	15,313,761	12,616,115	9,995,179	10,348,597	10,036,685
Covered-employee payroll	$ 652,078,268	558,811,601	457,353,707	407,530,785	368,846,553	326,412,000	294,022,400	262,680,254	230,747,125
Total OPEB liability as a percentage of covered payroll	1.86 %	2.05 %	2.65 %	4.03 %	4.15 %	3.87 %	3.40 %	3.94 %	4.35 %

Note: The Schedule is intended to present information for 10 years. Additional years will be displayed as the information becomes available.

(Continued)

Schedule of Changes in the Total OPEB Liability and Related Ratios (unaudited)

2025

The dependent coverage assumption was updated from 30% to 35%, which slightly increased the expense and total OPEB liability (TOL).

The medical coverage assumption was updated from 35% to 25%.

The medical trend assumption was updated from 7.5% in 2022/2023 grading down 0.25% per year to 5.00% in 2032/2033 to 7.25% in 2023/2024 grading down 0.25% per year to 5.00% in 2032/2033.

Assumed per capita claims costs were updated for the measurement year ended September 30, 2024 based on most recent premiums provided by SMH (for 2023/2024) and to reflect changes in distribution of enrolled by plan options.

The annual average per capita retiree contributions were updated for fiscal year ending September 30, 2025 due to changes in the distribution of enrollment by plan option and changes in elected coverage categories.

The discount rate changed from 4.64% to 3.88%.

2024

The dependent coverage assumption was updated from 25% to 30%, which slightly increased the expense and TOL.

The medical coverage assumption was updated from 45% to 35%.

The medical trend assumption was updated from 6.75% in 2020/2021 grading down 0.25% per year to 5.00% in 2028/2029 to 7.5% in 2022/2023 grading down 0.25% per year to 5.00% in 2032/2033, which increased the expense and TOL.

Assumed per capita claims costs were updated for the measurement year ended September 30, 2023 based on most recent premiums provided by SMH (for 2022/2023) and to reflect changes in distribution of enrolled by plan options.

The annual average per capita retiree contributions were updated for fiscal year ending September 30, 2024 due to changes in the distribution of enrollment by plan option and changes in elected coverage categories.

The discount rate changed from 4.40% to 4.64%.

The mortality improvement scale assumption was updated from MP-2020 to MP-2021.

2023

The combined impact of the per capita claims cost and retiree contribution assumption updates decreased the expense and TOL.

The dependent coverage assumption was updated from 20% to 25%, which slightly increased the expense and TOL.

(Continued)

The medical trend assumption was updated from 6.25% in 2020/2021 grading down 0.25% per year to 5.00% in 2025/2026 to 6.75% in 2021/2022 grading down 0.25% per year to 5.00% in 2028/2029, which increased the expense and TOL.

The discount rate changed from 2.19% to 4.40%.

Two amortization bases established as of September 30, 2020 were fully amortized for the fiscal year ending September 30, 2022 expense leading to a decrease in the fiscal year ending September 30, 2023 expense of $728,213.

2022

The termination, retirement and compensation increase rates were updated based on an experience study conducted in 2021, which decreased the expense and TOL. The termination and retirement assumption changes also caused the amortization period to increase from 3 years to 5 years.

The discount rate changed from 2.41% to 2.19%.

The combined impact of the per capita claims cost and retiree contribution assumption updates decreased the expense and TOL.

Two “gain” amortization bases established as of September 30, 2019 were fully amortized for the fiscal year ending September 30, 2021 expense leading to an increase in the fiscal year ending September 30, 2022 expense of $336,846.

2021

The discount rate changed from 2.75% to 2.41%.

Assumed per capita claims costs were updated for fiscal year ending September 30, 2021 based on most recent premiums provided by SMH and to reflect changes in distribution of enrollment by plan options.

The annual average per capita retiree contributions were updated for fiscal year ending September 30, 2021 due to changes in the distribution of enrollment by plan option and changes in elected coverage categories.

The mortality projection scale was updated from Scale MP-2018 for males and females to Scale MP-2020 for males and females.

(Continued)

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Required Supplemental Information

Schedule of Changes in the Total OPEB Liability and Related Ratios (Unaudited)

2020

The discount rate changed from 3.83% to 2.75%.

The medical plan coverage assumption was updated from 35% to 45%.

Assumed per capita claims costs were updated for fiscal year ending September 30, 2020 based on most recent premiums provided by SMH and to reflect changes in distribution of enrollment by plan options.

The annual average per capita retiree contributions were updated for fiscal year ending September 30, 2020 from $7,542 to $7,454 due to changes in the distribution of enrollment by plan option and changes in elected coverage categories.

The mortality was updated from RP-2014 Employee and Annuitant Mortality Tables for males and females with the MP-2014 projection scale backed out to 2006 and then projected forward generationally using Scale MP-2018 for males and females to Pri-2012 Employee and Annuitant Mortality Tables for males and females projected generationally using Scale MP-2018 for males and females.

The medical trend assumption was changed from 6.50% in 2018/2019 grading down 0.25% per year to 5.00% in 2025/2026 to 6.75% in 2018/2019 grading down 0.25% per year to 5.00% in 2026/2027.

2019

The discount rate changed from 3.50% to 3.83%.

Assumed per capita claims costs were updated for fiscal year ending September 30, 2019 based on most recent premiums provided by SMH and to reflect changes in distribution of enrollment by plan options.

The annual average per capita retiree contributions were updated for fiscal year ending September 30, 2019 from $7,448 to $7,542 due to changes in the distribution of enrollment by plan option and changes in elected coverage categories.

The mortality improvement scale was updated from Scale BB (male) to Scale MP-2018.

See accompanying independent auditors' report.

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Supplemental Information – Combining Balance Sheet Information

September 30, 2025

Assets	Sarasota Memorial Hospital Sarasota	Sarasota Memorial Hospital Venice	Sarasota Memorial Nursing and Rehabilitation Center	Corporate Division	Eliminations	Sarasota County Public Hospital District	SMH Health Care, Inc.	SMH Physician Services, Inc.	Eliminations	Total
Current assets:										
Cash and cash equivalents	$ 120,057,781	27,575	2,180	(2,125,768)	—	117,961,768	3,046	12,961,821	—	130,926,635
Patient accounts receivable, less allowance for uncollectible accounts	195,575,106	38,149,713	1,593,448	—	—	235,318,267	—	14,508,845	—	249,827,112
Inventories of supplies	21,450,810	6,478,746	—	—	—	27,929,556	—	—	—	27,929,556
Prepaid expenses and other assets	12,366,790	763,844	17,518	19,752,980	—	32,901,132	205,428	928,534	—	34,035,094
Estimated Medicare and Medicaid settlements						—				—
Due from related organizations	961,049,637	167,674,528	1,606,242	496,913,161	(666,145,674)	961,097,894	1,149,317,958	43,633,521	(2,152,903,208)	1,146,165
Total current assets	1,310,500,124	213,094,406	3,219,388	514,540,373	(666,145,674)	1,375,208,617	1,149,526,432	72,032,721	(2,152,903,208)	443,864,562
Noncurrent assets:										
Restricted investments	1,880,392	—	—	55,531	—	1,935,923	—	—	—	1,935,923
Board designated investments	—	—	—	1,425,871,874	—	1,425,871,874	—	—	—	1,425,871,874
Capital assets, net	1,018,082,882	401,862,118	3,928,555	256,766,385	—	1,680,639,940	—	10,638,037	—	1,691,277,977
Net pension asset	—	—	—	—	—	—	23,352,900	—	—	23,352,900
Other assets	10,256,679	1,204,613	—	107,344,282	—	118,805,574	39,071,641	14,738,159	—	172,615,374
Interest rate swaps	—	—	—	3,519,549	—	3,519,549	—	—	—	3,519,549
Total noncurrent assets	1,030,219,953	403,066,731	3,928,555	1,793,557,621	—	3,230,772,860	62,424,541	25,376,196	—	3,318,573,597
Total assets	2,340,720,077	616,161,137	7,147,943	2,308,097,994	(666,145,674)	4,605,981,477	1,211,950,973	97,408,917	(2,152,903,208)	3,762,438,159
Deferred Outflows of Resources										
Deferred outflows related to pensions and OPEB	—	—	—	—	—	—	13,666,279	—	—	13,666,279
Deferred amounts on debt refundings	—	—	—	26,717,903	—	26,717,903	—	—	—	26,717,903
Deferred effective interest rate swap outflows	—	—	—	—	—	—	—	45,839	—	45,839
Total deferred outflows of resources	—	—	—	26,717,903	—	26,717,903	13,666,279	45,839	—	40,430,021
Total assets and deferred outflows of resources	$ 2,340,720,077	616,161,137	7,147,943	2,334,815,897	(666,145,674)	4,632,699,380	1,225,617,252	97,454,756	(2,152,903,208)	3,802,868,180

(Continued)

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Supplemental Information – Combining Balance Sheet Information

September 30, 2025

Liabilities	Sarasota Memorial Hospital Sarasota	Sarasota Memorial Hospital Venice	Sarasota Memorial Nursing and Rehabilitation Center	Corporate Division	Eliminations	Sarasota County Public Hospital District	SMH Health Care, Inc.	SMH Physician Services, Inc.	Eliminations	Total
Current liabilities:										
Accounts payable	$ 76,431,654	8,651,844	334,920	13,222,214	—	98,640,632	538,602	3,801,845	—	102,981,079
Employee compensation and benefits payable	16,150	—	—	2,800	—	18,950	179,291,553	—	—	179,310,503
Other accrued expenses	8,103,060	821,454	105,778	21,394,891	—	30,425,183	—	5,088,124	—	35,513,307
Estimated third-party settlements	102,765,001	12,570,000	—	—	—	115,335,001	—	—	—	115,335,001
Due to related organizations	559,403,335	555,781,840	764,756	734,296,960	(666,145,674)	1,184,101,217	952,335,572	16,473,625	(2,152,903,208)	7,206
Current portion of State of Florida medical assistance assessment	21,288,970	6,776,768	—	—	—	28,065,738	—	—	—	28,065,738
Current portion of long-term debt	—	—	—	14,995,000	—	14,995,000	—	—	—	14,995,000
Total current liabilities	768,008,170	584,601,906	1,205,454	783,911,865	(666,145,674)	1,471,581,721	1,132,165,727	25,363,594	(2,152,903,208)	476,207,834
Noncurrent liabilities:										
Long-term debt, less current portion	—	—	—	688,429,358	—	688,429,358	—	—	—	688,429,358
Long-term companion debt, less current portion	—	—	—	13,741,416	—	13,741,416	—	—	—	13,741,416
State of Florida medical assistance assessment, less current portion	14,111,870	2,303,879	—	—	—	16,415,749	—	—	—	16,415,749
Other long-term liabilities	21,655,122	2,293,203	404,000	23,169,688	—	47,522,013	58,483,577	26,820,988	—	132,826,578
Interest rate swaps	—	—	—	4,704,776	—	4,704,776	—	—	—	4,704,776
Total noncurrent liabilities	35,766,992	4,597,082	404,000	730,045,238	—	770,813,312	58,483,577	26,820,988	—	856,117,877
Total liabilities	803,775,162	589,198,988	1,609,454	1,513,957,103	(666,145,674)	2,242,395,033	1,190,649,304	52,184,582	(2,152,903,208)	1,332,325,711
Deferred Inflows of Resources										
Deferred inflows related to pensions and OPEB	—	—	—	—	—	—	34,967,948	—	—	34,967,948
Deferred inflows related to leases	1,040,035	—	—	38,210,876	—	39,250,911	—	—	—	39,250,911
Deferred effective interest rate swap inflows	—	—	—	26,215,190	—	26,215,190	—	—	—	26,215,190
Total deferred inflows of resources	1,040,035	—	—	64,426,066	—	65,466,101	34,967,948	—	—	100,434,049
Net Position										
Net investment in capital assets	1,018,082,882	401,862,118	3,928,555	(419,884,540)	—	1,003,989,015	—	10,638,037	—	1,014,627,052
Restricted for specific purposes	3,727,774	—	—	—	—	3,727,774	—	—	—	3,727,774
Unrestricted	514,094,224	(374,899,969)	1,609,934	1,176,317,268	—	1,317,121,457	—	34,632,137	—	1,351,753,594
Total net position	1,535,904,880	26,962,149	5,538,489	756,432,728	—	2,324,838,246	—	45,270,174	—	2,370,108,420
Total liabilities, deferred inflows of resources and net position	$ 2,340,720,077	616,161,137	7,147,943	2,334,815,897	(666,145,674)	4,632,699,380	1,225,617,252	97,454,756	(2,152,903,208)	3,802,868,180

See accompanying independent auditors' report.

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Supplemental Information – Combining Statement of Revenues, Expenses and Changes in Net Position Information

Year ended September 30, 2025

	Sarasota Memorial Hospital Sarasota	Sarasota Memorial Hospital Venice	Sarasota Memorial Nursing and Rehabilitation Center	Corporate Division	Eliminations	Sarasota County Public Hospital District	SMH Health Care, Inc.	SMH Physician Services, Inc.	Eliminations	Total
Operating revenues:										
Net patient service revenue, net of provision for bad debts	$ 1,508,685,963	346,745,095	15,208,820	(8,498,482)	—	1,862,141,396	—	210,491,272	—	2,072,632,668
Other revenue	40,102,443	2,252,332	410,595	292,693,061	(262,200,588)	73,257,843	1,120,737,880	80,926,651	(1,221,672,949)	53,249,425
Total operating revenues	1,548,788,406	348,997,427	15,619,415	284,194,579	(262,200,588)	1,935,399,239	1,120,737,880	291,417,923	(1,221,672,949)	2,125,882,093
Operating expenses:										
Salaries, wages, and fringe benefits	503,074,328	134,506,692	9,913,834	167,346,149	—	814,841,003	1,119,444,614	298,716,155	(1,119,444,614)	1,113,557,158
Supplies	356,306,680	67,545,279	1,700,794	10,749,715	—	436,302,468	—	14,187,166	—	450,489,634
Purchased services	284,846,746	64,166,586	4,044,974	87,099,967	(262,015,100)	178,143,173	1,293,266	48,217,294	(22,470,725)	205,183,008
Professional fees	90,436,604	13,108,113	—	3,822,927	(185,488)	107,182,156	—	61,617	(78,302,529)	28,941,244
State of Florida medical assistance assessment	24,073,741	5,487,366	—	—	—	29,561,107	—	—	—	29,561,107
Depreciation and amortization	53,170,205	30,171,805	595,895	35,290,663	—	119,228,568	—	6,642,555	(1,469,156)	124,401,967
Total operating expenses	1,311,908,304	314,985,841	16,255,497	304,309,421	(262,200,588)	1,685,258,475	1,120,737,880	367,824,787	(1,221,687,024)	1,952,134,118
Operating income (loss)	236,880,102	34,011,586	(636,082)	(20,114,842)	—	250,140,764	—	(76,406,864)	14,075	173,747,975
Nonoperating items:										
Ad valorem tax	67,581,547	16,700,373	841,803	—	—	85,123,723	—	18,326,114	—	103,449,837
Interest expense	(18,692,247)	(12,465,431)	—	(4,138,673)	—	(35,296,351)	—	(589,817)	75,792	(35,810,376)
Interest rate swap receipts, net	—	—	—	2,780,475	—	2,780,475	—	—	—	2,780,475
Investment income	4,004,161	—	16,716	48,319,028	—	52,339,905	—	230,946	(75,792)	52,495,059
Unrealized gains and losses on investments, net	—	—	—	11,267,678	—	11,267,678	—	—	—	11,267,678
Change in fair value of ineffective interest rate swaps	—	—	—	(866,793)	—	(866,793)	—	—	—	(866,793)
Other nonoperating income	(374,214)	(1,556)	—	(9,182,350)	—	(9,558,120)	—	(121,215)	(14,075)	(9,693,410)
Total nonoperating items	52,519,247	4,233,386	858,519	48,179,365	—	105,790,517	—	17,846,028	(14,075)	123,622,470
Excess (deficit) of revenues over expenses	289,399,349	38,244,972	222,437	28,064,523	—	355,931,281	—	(58,560,836)	—	297,370,445
Other changes in net position:										
Contributions restricted for capital purposes	751,980	—	—	—	—	751,980	—	—	—	751,980
Net transfers from (to) other component units	(85,893,822)	—	—	—	—	(85,893,822)	—	85,893,822	—	—
Increase in net position	204,257,507	38,244,972	222,437	28,064,523	—	270,789,439	—	27,332,986	—	298,122,425
Net position, beginning of year	1,331,647,373	(11,282,821)	5,316,051	728,368,205		2,054,048,808	—	17,937,187	—	2,071,985,995
Net position, end of year	$ 1,535,904,880	26,962,151	5,538,488	756,432,728	—	2,324,838,247	—	45,270,173	—	2,370,108,420

See accompanying independent auditors' report.

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Supplemental Information – Budgetary Comparison Schedule (Unaudited)

Year ended September 30, 2025

	Budget	Actual	Variance
Operating revenues:			
Net patient service revenue, net of provision for bad debts	$ 1,956,227,428	2,072,632,668	116,405,240
Other revenue	45,554,350	53,249,425	7,695,075
Total operating revenues	2,001,781,778	2,125,882,093	124,100,315
Operating expenses:			
Salaries, wages, and fringe benefits	1,137,343,739	1,113,557,158	23,786,581
Supplies	425,069,000	450,489,634	(25,420,634)
Purchased services	207,811,955	205,183,008	2,628,947
Professional fees	32,480,364	28,941,244	3,539,120
State of Florida medical assistance assessment	23,729,288	29,561,107	(5,831,819)
Depreciation and amortization	138,125,052	124,401,967	13,723,085
Total operating expenses	1,964,559,398	1,952,134,118	12,425,280
Operating income	37,222,380	173,747,975	136,525,595
Nonoperating items:			
Ad valorem tax	102,920,003	103,449,837	529,834
Interest expense	(34,907,229)	(35,810,376)	(903,147)
Interest rate swap receipts, net	—	2,780,475	2,780,475
Investment income	44,099,545	52,495,059	8,395,514
Unrealized gains and losses on investments, net	—	11,267,678	11,267,678
Change in fair value of ineffective interest rate swaps	—	(866,793)	(866,793)
Other nonoperating income	—	(9,693,410)	(9,693,410)
Total nonoperating items	112,112,319	123,622,470	11,510,151
Excess of revenues over expenses	149,334,699	297,370,445	148,035,746
Other changes in net position:			
Contributions restricted for capital purposes	—	751,980	751,980
Increase in net position	149,334,699	298,122,425	148,787,726
Net position, beginning of year	2,071,985,995	2,071,985,995	—
Net position, end of year	$ 2,221,320,694	2,370,108,420	148,787,726

See accompanying independent auditors' report.

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Schedule of Special District Reporting (Unaudited)

Year ended September 30, 2025

	2025
Total number of District Employees compensated in last pay period of September	10,547
Total number of Independent Contractors to whom compensation was paid in September	293
All compensation earned by or awarded to employees, whether paid or accrued regardless of contingency	$ 1,113,557,158
All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency	$ 66,912,022
Millage rate imposed by the District	1.0420
Total ad valorem taxes collected on behalf of the District	$ 103,449,837

Construction projects with total costs of at least $65,000 approved by the District to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project:

Name of project	Budgeted expenditures	Total expenditures
North Port - Sumter Road Hospital	$ 507,000,000	$ 7,880,534
Venice MRI/IR Expansion	29,000,000	1,423,556
Venice Inpatient Rehab Pavilion	82,500,000	3,184,600

See accompanying independent auditors' report.

KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602-5145

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board Members of the Sarasota County Public Hospital District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the fiduciary activities of Sarasota County Public Hospital District (the District) as of and for the year ended September 30, 2025 and the related notes to the financial statements, which collectively comprise the Districts basic financial statements, and have issued our report thereon dated January 27, 2026, except as to the Schedule of Special District Reporting which is as of June 22, 2026.

Our report includes a reference to other auditors who audited the financial statements of SMH Health Care Retirement Plan, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

January 27, 2026 except as to the Schedule of Special District Reporting which is as of June 22, 2026

KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602-5145

Independent Auditors' Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board Members
Sarasota County Public Hospital District:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Sarasota County Public Hospital District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended September 30, 2025. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The

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risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the fiduciary activities of the District as of and for the year ended September 30, 2025, and have issued our report thereon dated January 27, 2026 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

June 22, 2026

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended September 30, 2025

Federal grantor/pass through agency/program title	Assistance listing number	Contract number	Grant period	Expenditures	Passed through to subrecipients
Research and Development Cluster:					
U. S. Department of Health and Human Services:					
NRG Oncology Foundation, Inc.:					
Pass-through the Trustees of Indiana University:					
NRG Oncology Member Institution Clinical Trial	93.399	8459-SMH	3/1/2019-2/28/2026	$ 5,400	—
Subtotal NRG Oncology Foundation, Inc.				5,400	—
National Institute of Diabetes and Digestive and Kidney Diseases:					
Pass-through the Regents of the University of Colorado:					
The SURVENT Trial	93.847	5U01DK129191	5/15/2022-4/30/2026	10,858	—
Subtotal National Institute of Diabetes and Digestive and Kidney Diseases				10,858	—
National Heart, Blood, and Lung Institute:					
Pass-through Northwestern University:					
REACT-AF	93.837	60066435 SARA	8/1/2023-7/31/2029	4,511	—
Subtotal National Heart, Blood, and Lung Institute				4,511	—
Total U.S. Department of Health and Human Services				20,769	—
Total Research and Development Cluster				20,769	—
U. S. Department of Homeland Security:					
Federal Emergency Management Agency:					
Disaster Grants – Public Assistance (Presidentially Declared Disasters) - Hurricane Milton	97.036	4834DR-FL-950891	10/5/2024-04/11/2026	8,687	—
Disaster Grants – Public Assistance (Presidentially Declared Disasters) - Hurricane Milton	97.036	4834DR-FL-807292	10/5/2024-04/11/2026	8,642	—
Disaster Grants – Public Assistance (Presidentially Declared Disasters) - Hurricane Milton	97.036	4834DR-FL-807268	10/5/2024-04/11/2026	4,915	—
Disaster Grants – Public Assistance (Presidentially Declared Disasters) - Hurricane Milton	97.036	4834DR-FL-825855	10/5/2024-04/11/2026	34,111	—
Disaster Grants – Public Assistance (Presidentially Declared Disasters) - Hurricane Milton	97.036	4834DR-FL-824441	10/5/2024-04/11/2026	4,800	—
Disaster Grants – Public Assistance (Presidentially Declared Disasters) - Hurricane Milton	97.036	4834DR-FL-824476	10/5/2024-04/11/2026	6,822	—
Disaster Grants – Public Assistance (Presidentially Declared Disasters) - Hurricane Milton	97.036	4834DR-FL-807266	10/5/2024-04/11/2026	5,818	—
COVID-19 - Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	4486DR-FL-686816	3/25/2020-5/11/2023	3,585,220	—
COVID-19 - Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	4486DR-FL-683242	3/25/2020-5/11/2023	333,419	—
COVID-19 - Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	4486DR-FL-683227	3/25/2020-5/11/2023	9,849	—
COVID-19 - Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	4486DR-FL-719194	3/25/2020-5/11/2023	432,349	—
COVID-19 - Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	4486DR-FL-686829	3/25/2020-5/11/2023	133,134	—
COVID-19 - Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	4486DR-FL-680802	3/25/2020-5/11/2023	416,150	—
Disaster Grants – Public Assistance (Presidentially Declared Disasters) - Hurricane Ian	97.036	4673DR-FL-702121	9/23/2022-11/4/2022	128,410	—
Subtotal Disaster Grants – Public Assistance (Presidentially Declared Disasters)				5,112,325	—
Total U.S. Department of Homeland Security				5,112,325	—
U.S. Office of Personnel Management:					
Intergovernmental Personnel Act (IPA) Mobility Program	27.011	6474224	11/01/2024-5/01/2025	36,962	—
Intergovernmental Personnel Act (IPA) Mobility Program	27.011	6474240	11/01/2024-5/01/2025	19,170	—
Subtotal Intergovernmental Personnel Act (IPA) Mobility Program				56,132	—
Total U.S. Office of Personnel Management				56,132	—
Total Expenditures of Federal Awards				$ 5,189,225	—

See accompanying independent auditors' report.

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602-5145

Independent Auditors' Report on Compliance for the Major State Project; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.550, *Rules of the Auditor General*

The Board Members
Sarasota County Public Hospital District:

Report on Compliance for the Major State Project

Opinion on the Major State Project

We have audited Sarasota County Public Hospital District's (the District) compliance with the types of compliance requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on the District's major state project for the year ended September 30, 2025. The District's major state project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended September 30, 2025.

Basis for Opinion on the Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General,* State of Florida (Chapter 10.550). Our responsibilities under those standards and Chapter 10.550 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major state project. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and Chapter 10.550 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud

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may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.550, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.550

We have audited the financial statements of the business-type activities and the fiduciary activities of the District as of and for the year ended September 30, 2025, and have issued our report thereon dated January 27, 2026 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.550 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance GAAS. In our opinion, the schedule of expenditures of state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

KPMG LLP

June 22, 2026

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Schedule of Expenditures of State Financial Assistance

Year ended September 30, 2025

State grantor/pass through agency/program title	CSFA number	Contract number	Grant period	Expenditures	Passed through to subrecipients
State of Florida Department of Elder Affairs:					
Alzheimers Disease Initiative	65.002	XZM23	7/1/2024-6/30/2025	$ 542,101	—
Alzheimers Disease Initiative	65.002	XZM23	7/1/2025-6/30/2026	180,700	—
Total State of Florida Department of Elder Affairs				722,801	—
State of Florida Department of Health – Division of Emergency Preparedness and Community Support:					
Verified Trauma Center Financial Support	64.075	TRA30	1/1/2024-12/31/2024	89,872	—
Verified Trauma Center Financial Support	64.075	TRA30	1/1/2025-12/31/2025	327,690	—
Total Division of Emergency Preparedness and Community Support				417,562	—
Total Expenditures of State Financial Assistance				$ 1,140,363	—

See accompanying independent auditors' report.

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2025

(1) General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance (the Schedules) present the activity of all federal programs and state projects administered by Sarasota County Public Hospital District (the District). Awards received directly from federal and state agencies, as well as those passed through other governmental agencies, are included on the respective Schedules. The information in the respective Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), and Chapter 10.550, *Rules of the Auditor General* (Chapter 10.550), as applicable.

Therefore, some amounts presented in the Schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) Basis of Accounting

Federal programs and state projects administered by the District are accounted for within the District's operating funds. The accompanying Schedules have been prepared on the same basis of accounting as the District's basic financial statements. The District's basic financial statements are prepared in accordance with U.S. generally accepted accounting principles. Transactions are recorded on an accrual accounting basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash.

(3) Relationship to Financial Statements

Federal awards and state financial assistance revenues are reported in the District's basic financial statements as other revenue.

(4) Contingencies

Grant monies received and disbursed by the District are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the District does not believe that such disallowances, if any, would have a material effect on the financial position of the District. Management is not aware of any material questioned or disallowed costs as a result of grant audits in process or completed.

(5) Indirect Costs

The District did not elect to charge the de minimus rate for determining indirect cost amounts.

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Schedule of Findings and Questioned Costs

Year ended September 30, 2025

(1) Summary of Auditors' Results

(a) Type of report issued on whether the financial statements were prepared in accordance with U.S. generally accepted accounting principles:	Unmodified
(b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:	
Material weaknesses:	No
Significant deficiencies:	None reported
(c) Noncompliance material to the financial statements:	No

Federal Awards

(d) Internal control deficiencies over major program disclosed by the audit:	
Material weaknesses:	No
Significant deficiencies:	None reported
(e) Type of report issued on compliance for major program:	Unmodified
(f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No

(g) Major program:

Federal programs	ALN
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036

(h) Dollar threshold used to distinguish between type A and type B programs:	$1,000,000
(i) Auditee qualified as low-risk auditee?	Yes

State Financial Assistance

(j) Internal control deficiencies over major projects disclosed by the audit:	
Material weaknesses:	No
Significant deficiencies:	None reported
(k) Type of report issued on compliance for major state projects:	Unmodified
(l) Audit findings that are required to be reported under Chapter 10.550, *Rules of the Auditor General*?	No

(Continued)

SARASOTA COUNTY PUBLIC HOSPITAL DISTRICT

Schedule of Findings and Questioned Costs

Year ended September 30, 2025

(m) Major projects:

State projects	CSFA No.
State of Florida Department of Health – Division of Emergency	
State of Florida Department of Elder Affairs:	
Alzheimers Disease Initiative	65.002

(n) Dollar threshold used to distinguish between type A and type B projects: $342,109

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards

None.

(4) Findings and Questioned Costs Relating to State Projects

None.

SARASOTA MEMORIAL
HEALTH CARE SYSTEM

Sarasota County Public Hospital District

Summary Schedule of Prior Audit Findings

Federal Programs and State Projects

Fiscal Year Ended September 30, 2025

Prior Audit Findings and Questioned Costs

Major State Projects:

Finding 2024-001: Cash Management and Reporting

State Agency: State of Florida Department of Elder Affairs

State Project: Alzheimer's Disease Initiative (CSFA 65.002)

Award Year: October 1, 2023 to September 30, 2024

Condition:

Of the two submissions selected for cash management and reporting testing, one submission did not have the proper segregation of duties controls applied to the compilation and submission of the reports. This finding was identified in the prior year and management implemented a process as part of their corrective action plan from the fiscal year 2023 audit to remediate this condition. This implementation was completed in June 2024. The one submission identified above was prior to implementation. No conditions were found subsequent to June 2024.

Auditor's Recommendation:

We recommend the District strengthen its internal controls surrounding the reporting submission process (including requests for payment) to further ensure reports are submitted timely and accurately.

Current Status:

Action plan put into effect following last year's single audit, beginning with dates after 6/30/2024 (as that was the time of the finding). Subsequent submissions reflect separate preparer and reviewer prior to submission. The finding has been remediated.

KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602-5145

Independent Accountants' Examination Report

To the Board Members of the Sarasota County Public Hospital District:

Report on Sarasota County Public Hospital District's Compliance with Section 218.415, *Florida Statutes*

Opinion

We have examined Sarasota County Public Hospital District's (the District) compliance with Section 218.415, *Florida Statutes* as of September 30, 2025.

In our opinion, the District complied with Section 218.415, *Florida Statutes*, in all material respects, as of September 30, 2025.

Basis for opinion

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We are required to be independent and to meet our other ethical requirements in accordance with relevant ethical requirements related to the engagement. We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Intended use or purpose

The purpose of this report is to express an opinion on the District's compliance with Section 218.415, *Florida Statutes*. Accordingly, this report is not suitable for any other purposes.

Our opinion is not modified in respect of this matter.

Management's responsibilities

Management of the District is responsible for:

- the District's compliance with Section 218.415, Florida Statutes;
- designing, implementing and maintaining internal control relevant to compliance with Section 218.415, *Florida Statutes*;
- identifying the applicable requirements and selecting or developing suitable criteria (if applicable), including interpreting such requirements when there are varying interpretations; and
- evaluating the District's compliance with Section 218.415, *Florida Statutes*.

Our responsibilities

The attestation standards established by the American Institute of Certified Public Accountants require us to:

- plan and perform the examination to obtain reasonable assurance about whether the District complied with Section 218.415, *Florida Statutes*, in all material respects; and
- express an opinion on the District's compliance with Section 218.415, *Florida Statutes*, based on our examination.

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We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about whether the District complied with Section 218.415, *Florida Statutes*, that is sufficient and appropriate to provide a basis for our opinion. The nature, timing, and extent of the procedures selected depended on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We identified and assessed the risks of material noncompliance through understanding Section 218.415, *Florida Statutes*, and the engagement circumstances. We also obtained an understanding of the internal control relevant to the District's compliance with Section 218.415, *Florida Statutes,* in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of internal controls. Our examination does not provide a legal determination on the District's compliance with Section 218.415, *Florida Statutes*.

KPMG LLP

Tampa, Florida
January 27, 2026

KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602-5145

January 27, 2026

Audit Committee
Sarasota County Public Hospital District
Sarasota, Florida

To the audit committee of Sarasota County Public Hospital District:

We have audited the financial statements of the business-type activities and the fiduciary activities of Sarasota County Public Hospital District (the District) as of September 30, 2025 and 2024 and for each of the years then ended, and expect to issue our report thereon under date of January 27, 2026. Under our professional standards, we are providing you with the accompanying information related to the conduct of our audits.

Our Responsibility Under Professional Standards

We are responsible for forming and expressing an opinion about whether the financial statements, that have been prepared by management with the oversight of the audit committee, are presented fairly, in all material respects, in conformity with US generally accepted accounting principles. We have a responsibility to perform our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (GAAS). In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected. Our audit does not relieve management or the audit committee of their responsibilities.

In addition, in planning and performing our audit of the financial statements, we considered internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

We also have a responsibility to communicate significant matters related to the financial statement audit that are, in our professional judgment, relevant to the responsibilities of the audit committee in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.

Significant Unusual Transactions

In connection with our audit of the District's financial statements, no significant unusual transactions were identified.

Uncorrected and Corrected Misstatements

Uncorrected Misstatements and Financial Statement Presentation and Disclosure Omissions

In connection with our audit of the District's 2024 financial statements, we have discussed with management certain financial statement misstatements related to accounts that have not been corrected in the District's

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books and records as of and for the year ended September 30, 2024. We have reported such misstatements to management on a Summary of Audit Misstatements and have received written representations from management that the effects of the uncorrected financial statement misstatements related to accounts and disclosures are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected immaterial misstatements, or matters underlying them, could potentially cause future-period financial statements to be materially misstated. Attached is a copy of the summary that has been provided to, and discussed with, management.

In connection with our audit of the District's 2025 financial statements, no uncorrected financial statement misstatements in the District's books and records or financial statement presentation and disclosure omissions were identified as of and for the year ended September 30, 2025. We have communicated that finding to management.

Corrected Misstatements

In addition, during the course of our 2025 audit, we identified and discussed with management a financial statement misstatement that was corrected by the District.

The District considers whether these uncorrected and corrected misstatements were caused by one or more significant deficiencies or material weaknesses in internal controls over financial reporting. Attached is a copy of the adjustment schedule that has been discussed with management and corrected by the District.

Auditors' Report

A draft of the auditors' report, including expected language of additional paragraphs to be added to the report, including a draft of other matter paragraphs, was provided and discussed with the audit committee on January 27, 2026.

Significant Accounting Policies and Practices

As described in Note 1(d), in order to comply with the requirements of US generally accepted accounting principles, the District adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences* in 2025.

Qualitative Aspects of Significant Accounting Practices

We have discussed with the audit committee and management our judgments about the quality, not just the acceptability, of the District's accounting policies as applied in its financial reporting. The discussions generally included such matters as the consistency of the District's accounting policies and their application, and the understandability and completeness of the District's financial statements, which include related disclosures.

Significant Accounting Estimates and Significant Financial Statement Disclosures

The preparation of the financial statements requires management of the District to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Management's estimate of the allowance for uncollectible accounts is based on a number of factors and assumptions, including collections history on "zero balance accounts" developed through a software package (RCA). The analysis develops allowances based on the collection history of "zero balance accounts". We

evaluated the key factors and assumptions used to develop the allowance, including possible management bias in developing the estimate, in determining that the allowance for uncollectible accounts is reasonable in relation to the financial statements taken as a whole.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the District's financial statements and our auditors' report thereon does not extend beyond the financial information identified in our auditors' report, and we have no obligation to perform any procedures to corroborate other information contained in these documents. We have, however, read the other information included in the District's financial statements, and no matters came to our attention that cause us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Noncompliance with Laws and Regulations, including Illegal Acts or Fraud

In connection with our audit of the District's financial statements, no identified or suspected instances of non-compliance with laws and regulations, including illegal acts or fraud, have come to our attention.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Management's Consultation with Other Accountants

To the best of our knowledge, management has not consulted with other accountants during the year ended September 30, 2025.

Disagreements with Management

There were no disagreements with management on financial accounting and reporting matters that individually or in the aggregate could be significant to the District's financial statements, or our report.

Written Communications

Attached to this letter please find copies of the following written communications between management and us:

1. Engagement letter; and
2. Management representation letter

Independence

We are not aware of any circumstances or relationships, that in our professional judgement, may reasonably be thought to bear on independence or to which we gave significant consideration in reaching the conclusion that independence has not been impaired.

Component Auditors

This letter includes all relationships between our firm and the District that may reasonably be thought to bear on independence. With respect to non-KPMG component auditors (which audited 100% of the pension trust fund reflected in the financial statements), we, pursuant to professional standards among other things, satisfied ourselves as to their professional reputation and independence, including obtaining a confirmation from the non-KPMG component auditor that they are independent under applicable professional standards. We have not

requested from the non-KPMG component auditor and our letter does not provide information about the relationships of the other auditor. Those charged with governance may wish to obtain more information from the non-KPMG component auditors and have discussions with them about independence matters.

Affirmation of Independence

In connection with our audit of the District, KPMG and relevant KPMG professionals have complied with relevant ethical requirements regarding independence, as that term is defined by the professional standards.

* * * * * * *

This letter to the audit committee is intended solely for the information and use of the audit committee and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP

SARASOTA MEMORIAL
HEALTH CARE SYSTEM

June 22, 2026

KPMG LLP
100 North Tampa Street
Suite 1700
Tampa, Florida 33602

We are providing this letter to confirm our understanding that the purpose of your testing of transactions and records relating to Sarasota County Public Hospital District's (the District) federal programs and state projects, in accordance with Title 2 US Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General,* State of Florida (Chapter 10.550), was to obtain reasonable assurance that the District had complied, in all material respects, with the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2025.

In connection with your audits of the financial statements of the business-type activities, the fiduciary activities, and the related notes to the financial statements of Sarasota County Public Hospital District (the District) as of September 30, 2025 and 2024, for the purpose of expressing an opinion as to whether these financial statements present fairly, in all material respects, the financial position, changes in financial positions and, where applicable, cash flows of the District in conformity with US generally accepted accounting principles, you were previously provided with a letter of representations under date of January 27, 2026. No information has come to our attention that would cause us to believe that any of those previous representations should be modified.

We confirm having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of June 22, 2026, the following representations made to you during your single audit:

1. We are responsible for the design, implementation, and maintenance of effective internal control over compliance for federal programs and state projects that provides reasonable assurance that the District is managing federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state award.

2. We are responsible for understanding and complying with the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of the District's federal programs and state projects.

3. We are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance and Chapter 10.550.

4. We are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud in the administration of federal programs and state projects. We have no knowledge of any fraud or suspected fraud affecting the entity's federal programs and state projects involving:

    a. Management, including management involved in the administration of federal programs and state projects.

b. Employees who have significant roles in internal control over the administration of federal programs and state projects.

c. Others where the fraud could have a material effect on compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards related to its federal programs and state projects.

5. We are responsible for the presentation of the schedule of expenditures of federal awards and of state financial assistance (collectively, the SEFA) in accordance with the Uniform Guidance and Chapter 10.550 and:

a. The SEFA, including its form and content, is fairly presented in accordance with the requirements of the Uniform Guidance and Chapter 10.550.

b. The SEFA includes all expenditures made during the year ended September 30, 2025 for all awards provided by federal and state agencies in the form of grants, federal or state cost-reimbursement contracts, loans, loan guarantees, cooperative agreements, interest subsidies, insurance, noncash assistance (such as free rent, food commodities, donated property or donated surplus property), direct appropriations, and other assistance.

c. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period.

d. The significant assumptions or interpretations underlying the measurement or presentation of the SEFA are reasonable and appropriate in the circumstances.

e. We will make the audited financial statements readily available to the intended users of the SEFA no later than the date of issuance by the entity of the SEFA and the auditors' report thereon.

Additionally, we confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purposes of appropriately informing ourselves, as of June 22, 2026, the following representations made to you during your single audit:

6. The District is responsible for complying, and has complied with the requirements of the Uniform Guidance and Chapter 10.550.

7. We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance and Chapter 10.550 compliance audits.

8. The District has designed, implemented, and maintained effective internal control over compliance for federal programs and state programs that provides reasonable assurance that the District is managing federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state awards that could have a material effect on its federal programs and state projects.

9. There are no deficiencies, significant deficiencies, or material weaknesses in the design or operation of internal control over compliance of which we are aware, which could adversely affect the District's ability to administer a major federal program or state project in accordance with the applicable requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards. Under standards established by the American Institute of Certified Public Accountants, a deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct on a timely basis noncompliance with a type of

compliance requirement of a federal program. A 'material weakness' is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected on a timely basis. A 'significant deficiency' is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement that, is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The District has complied with requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of its major federal programs and state projects.

10. The District has charged costs to federal and state awards in accordance with the applicable cost principles.

11. Federal and state program financial reports and claims for advances and reimbursements are supported by the accounting records from which the financial statements have been prepared.

12. The copies of federal and state program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal or state agency or pass-through entity, as applicable.

13. We have identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major federal program and state project.

14. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.

15. We have made available all documentation related to the compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements, for major federal programs and state projects.

16. We have made available all federal and state awards (including amendments, if any) and any other correspondence relevant to federal programs and state projects and related activities that have taken place with federal and state agencies or pass-through entities related to major federal programs and state projects.

17. We have identified and disclosed to you all questioned costs and any known noncompliance with the requirements of federal and state awards.

18. We have disclosed to you any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the compliance requirements over federal and state programs, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.

19. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.

20. We have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.

21. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and Chapter 10.550.

22. We have disclosed to you whether any changes in internal control over compliance or other factors that might significantly affect internal control over major federal programs and state projects, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditors' report.

23. We have disclosed to you all known noncompliance relating to major federal programs and state projects occurring subsequent to the period covered by the auditors' report.

24. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance over major federal programs and state projects during the reporting period.

25. We have accurately completed the appropriate sections of the data collection form.

26. The reporting package does not contain protected personally identifiable information.

Very truly yours,

Sarasota County Public Hospital District

David Verinder
President and Chief Executive Officer

Jen Rosati
Chief Financial Officer

Bobby Pettit
Controller

KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602-5145

The Board Members
Sarasota County Public Hospital District:

Report on the Financial Statements

We have audited the financial statements of the Sarasota County Public Hospital District (the District), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated January 27, 2026, except the Schedule of Special District Reporting, which is as of June 22, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards,* which is dated June 22, 2026 and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor, which is dated January 27, 2026. We also issued our Independent Auditor's Reports on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs, which are dated June 22, 2026. Disclosures in those reports and schedule, if any, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The District was established in 1949 under the provision of Chapter 26468 of the laws of Florida. The District's component units are disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit of the financial statements of the District, the results of our tests did not indicate that the District has met any of the conditions described in Section 218.503(1), Florida Statutes.

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Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the District indicated to us that they reported the following:

a. The total number of district employees compensated in the last pay period of the district's fiscal year as 10,547.

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 293.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of continency as $1,113,557,158.

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $66,912,022.

e. Each construction project with a total cost of at least $65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:

Name of project	Budget	Total Expenditures
North Port - Sumter Road Hospital	$ 507,000,000	7,880,534
Venice MRI/IR Expansion	29,000,000	1,423,556
Venice Inpatient Rehab Pavilion	82,500,000	3,184,600

f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, is reported in the 2025 audited financial statements.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, the District indicated to us they reported the following:

a. The mileage rate or rates imposed by the district as 1.0420.

b. The total amount of ad valorem taxes collected by or on behalf of the district as $103,449,837.

c. The total amount of outstanding bonds issued by the district and the terms of such bonds are reported in the 2025 audited financial statements.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP

Tampa, Florida
June 22, 2026