PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Financial Statements, Required Supplementary Information, and Schedules

September 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Table of Contents

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A Department of Miami-Dade County, Florida

Table of Contents

KPMG LLP
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Independent Auditors' Report

The Board
Public Health Trust of
Miami-Dade County, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component unit and the pension trust fund of the Public Health Trust of Miami-Dade County (the Trust), a department of Miami-Dade County, Florida, as of and for the years ended September 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Jackson Memorial Foundation, Inc., which statements reflect 100% of the aggregate discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Jackson Memorial Foundation, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Jackson Memorial Foundation, Inc. were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the pension trust fund of the Public Health Trust of Miami-Dade County, Florida, a department of Miami-Dade County, Florida, as of September 30, 2017 and 2016, 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.

Emphasis of Matter

As disclosed in note 1, the financial statements of the Trust are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities, the aggregate discretely presented component unit and the pension trust fund that is attributable to the transactions of the Trust. They do not purport to, and do not, present fairly the financial position of Miami-Dade County, Florida as of September 30, 2017 and 2016, the changes in its financial position, or, where applicable, its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on Pages 4 to 18 and Florida Retirement System (FRS) Pension Information Schedules of Employer Contributions, and Schedules of Employer Proportionate Share of Net Pension Liability and Related Ratios on Pages 90 through 91, Supplemental Health Insurance Subsidy Pension Information Schedules of Employer Contributions, and Schedules of Employer Proportionate Share of Net Pension Liability and Related Ratios on Pages 92 through 93, and Defined-Benefit Retirement Plan Schedules of Employer Contributions, Schedules of Net Pension Asset (Liability), Schedules of Changes in Net Pension Asset (Liability) and Related Ratios, and Schedules of Investment Returns on Pages 94 through 97, and Postemployment Benefits Other Than Pensions Schedules of Funding Progress on Page 98, and Notes to the Required Supplementary Information on Pages 99 through 100, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Trust's basic financial statements. The Schedule by Account financial information on Pages 101 to 106 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule by Account financial 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the Schedule by Account financial information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2018 on our consideration of the Trust'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 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 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 Trust's internal control over financial reporting and compliance.

KPMG LLP

February 5, 2018
Certified Public Accountant

Financial and Operating Performance

This section of the Public Health Trust of Miami-Dade County, Florida's (the Trust) annual financial report presents management's discussion and analysis of the financial position and performance of the Trust for the years ended September 30, 2017, 2016 and 2015. This discussion has been prepared along with the basic financial statements and related note disclosures, and should be read in conjunction therewith. The purpose of this section is to provide an objective analysis of the financial and operating activities of the Trust based on currently known facts, decisions, and conditions. Financial and operating data have been prepared on the same basis as the audited financial statements.

Effective October 1, 1973, the Trust was created by county ordinance to provide for an independent governing body (the board of trustees or Board) responsible for the operation, governance, and maintenance of "designated facilities." Currently, the Trust operates six hospitals: Jackson Memorial Hospital, Holtz Children's Hospital, Jackson South Medical Center, Jackson North Medical Center, Jackson Rehabilitation Hospital, and Jackson Behavioral Health Hospital; two skilled nursing facilities, Jackson Memorial Long-Term Care Center and Jackson Memorial Perdue Medical Center; several primary care centers, Jefferson Reaves Senior Health Center, North Dade Health Center, Rosie Lee Wesley Health Center, Dr. Rafael Penalver clinic; as well as multiple specialty care centers; corrections health services for Miami-Dade County; and three urgent care centers, UCC Country Walk, UCC Cutler Bay, and UCC Keystone Point. At September 30, 2017, the Trust operates a total of 2,125 licensed hospital beds and 343 licensed nursing home beds.

Jackson Memorial Hospital is a teaching hospital operating in association with the University of Miami School of Medicine, which provides staff and services under an annual operating agreement.

The Trust is a department of Miami-Dade County (the County). It is the intent of the Miami-Dade Board of County Commissioners (the Commission) to promote, protect, maintain, and improve the health and safety of all residents and visitors of Miami-Dade County through a fully functioning and sustainable public health trust. The Commission finds that it is in the best interest of the public it serves to take action to preserve the Trust and to ensure its financial sustainability by requiring the Trust to notify the Commission, the Mayor, and the Commission Auditor when certain financial conditions as outlined in Chapter 25A of Miami-Dade County Code of Ordinances occur. During the current year, none of the financial conditions were met that required notification. The Public Health Trust is overseen by a seven-member board that was established to serve as the governing body of the Trust.

(Continued)

Condensed statements of net position as of September 30, 2017 and 2016 are presented below:

Condensed Summary of Net Position – Trust

September 30, 2017 and 2016

		2017	2016	2017 vs. 2016	
Assets:					
Current assets	$	627,018,993	566,669,488	60,349,505	11 %
Capital assets, net		654,319,348	598,246,461	56,072,887	9
Other assets		73,018,104	71,173,766	1,844,338	3
Total assets	$	1,354,356,445	1,236,089,715	118,266,730	10
Deferred outflows of resources:					
Deferred loss on bond refunding	$	8,323,055	2,520,273	5,802,782	230
Deferred outflows – pension		83,066,653	97,705,945	(14,639,292)	(15)
Total deferred outflows of resources	$	91,389,708	100,226,218	(8,836,510)	(9)
Liabilities:					
Current liabilities	$	478,593,728	461,754,584	16,839,144	4 %
Long-term liabilities		312,025,413	316,883,252	(4,857,839)	(2)
Net pension liability		149,318,969	189,567,319	(40,248,350)	(21)
Other liabilities		54,669,811	52,787,025	1,882,786	4
Total liabilities	$	994,607,921	1,020,992,180	(26,384,259)	(3)
Deferred inflows of resources:					
Deferred gain on bond refunding	$	5,215,369	6,082,335	(866,966)	(14)
Deferred inflows – pension		54,280,839	26,373,708	27,907,131	106
Total deferred inflows of resources	$	59,496,208	32,456,043	27,040,165	83
Net position:					
Net investment in capital assets	$	364,316,064	299,368,740	64,947,324	22
Restricted		10,661,387	11,173,146	(511,759)	(5)
Unrestricted (deficit)		16,664,573	(27,674,176)	44,338,749	(160)
Total net position	$	391,642,024	282,867,710	108,774,314	38

(Continued)

Condensed statements of net position as of September 30, 2016 and 2015 are presented below:

Condensed Summary of Net Position – Trust

September 30, 2016 and 2015

		2016	2015	2016 vs. 2015	
Assets:					
Current assets	$	566,669,488	539,701,082	26,968,406	5 %
Capital assets, net		598,246,461	533,173,900	65,072,561	12
Other assets		71,173,766	87,437,253	(16,263,487)	(19)
Total assets	$	1,236,089,715	1,160,312,235	75,777,480	7
Deferred outflows of resources:					
Deferred loss on bond refunding	$	2,520,273	3,080,333	(560,060)	(18)
Deferred outflows – pension		97,705,945	89,731,549	7,974,396	9
Total deferred outflows of resources	$	100,226,218	92,811,882	7,414,336	8
Liabilities:					
Current liabilities	$	461,754,584	457,816,110	3,938,474	1 %
Long-term liabilities		316,883,252	326,127,603	(9,244,351)	(3)
Net pension liability		189,567,319	149,589,060	39,978,259	27
Other liabilities		52,787,025	53,415,048	(628,023)	(1)
Total liabilities	$	1,020,992,180	986,947,821	34,044,359	3
Deferred inflows of resources:					
Deferred gain on bond refunding	$	6,082,335	7,076,466	(994,131)	(14)
Deferred inflows – pension		26,373,708	49,669,081	(23,295,373)	(47)
Total deferred inflows of resources	$	32,456,043	56,745,547	(24,289,504)	(43)
Net position:					
Net investment in capital assets	$	299,368,740	260,511,809	38,856,931	22
Restricted		11,173,146	11,223,186	(50,040)	(1)
Unrestricted (deficit)		(27,674,176)	(62,304,246)	34,630,070	(26)
Total net position	$	282,867,710	209,430,749	73,436,961	35

Total assets increased from 2016 to 2017 by approximately $118.3 million. This increase is primarily attributed to an increase in capital assets, net, of approximately $56.1 million, as a result of an increase in capital expenditures funded by Miracle Building General Obligation Bonds (GOB) program. Current assets increased by $60.3 million mainly related to an increase in patients' accounts receivable of $15.3 million, an increase in unrestricted cash and cash equivalents of $51.4 million, and an increase in other receivables – unrestricted of $0.7 million, offset by a decrease in estimated receivables due from other third-party payors of $14.6 million.

Day's unrestricted cash on hand was at approximately 61 days at September 2017 as compared to 54 days at September 2016. Days net in accounts receivable at September 2017 and 2016 were 41 days and 40 days, respectively.

During fiscal year 2017 and 2016, the Trust recorded approximately $83.0 million and $54.3 million and approximately $97.7 million and $26.4 million of deferred outflows and inflows, respectively, related to pension in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*.

Total liabilities decreased by approximately $26.4 million primarily due to the decrease in the net pension liability at 2017 compared to 2016. Current liabilities increased $16.8 million primarily due to an increase in accounts payables and accrued expenses of $17.8 million offset by other liabilities.

The Series 2005 Bonds, Series 2009 Bonds, 2015A Bond, and 2017 Bond (collectively, the Bonds) are secured by the gross revenues of the Trust. The Bonds are subject to certain covenants included in Ordinances Nos. 05–49 and Nos. 15–46 (the Ordinance) together with certain ordinances and board resolutions, which authorize and issue the Bonds by and between the Trust and the County. In addition, the Trust must comply with certain covenants included in the related insurance agreements.

The restrictive covenants that must be met by the Trust, include, among other items, the requirement to maintain a minimum long-term debt service coverage ratio, the requirement to make scheduled monthly deposits to the debt service fund, maintenance of insurance on the Trust's facilities, and limitations on the incurrence of additional debt.

At September 2017, the Trust was in compliance with the debt service ratio covenant contained in the Ordinance.

The Trust reported an increase in net position of approximately $108.8 million for the year ended September 30, 2017. The increase consisted of $432.5 million from operating loss offset by $78.7 million contributions from Miami-Dade County related to the PHT-GOB 2015 Bond and $462.6 million from nonoperating revenues, of which, $255.9 million were in sales tax revenues, and $175.4 million in Miami-Dade County funding.

(Continued)

Total assets increased from 2015 to 2016 by approximately $75.8 million. This increase is primarily attributed to an increase in capital assets, net, of $65.1 million, as a result of an increase in capital expenditures funded by Miracle Building GOB Bond program. Current assets increased by approximately $27.0 million mainly related to an increase in patients' accounts receivable of $17.7 million, an increase in unrestricted cash and cash equivalents of $32.0 million, and an increase in other receivables – unrestricted of $3.7 million, offset by a decrease in estimated receivables due from other third-party payors of $30.4 million.

Day's unrestricted cash on hand was at approximately 54 days at September 2016 as compared to 53 days at September 2015. Days net in accounts receivable at September 2016 and 2015 were 40 days.

During fiscal year 2016 and 2015, the Trust recorded $97.7 million and $26.4 million and $89.7 million and $49.7 million of deferred outflows and inflows, respectively, related to pension in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*.

Total liabilities increased by approximately $34.0 million primarily due to the increase in the net pension liability at 2016 compared to 2015. Current liabilities remained relatively flat between years.

At September 2016, the Trust was in compliance with the debt service ratio covenant contained in the Ordinance.

The Trust reported an increase in net position of approximately $73.4 million for the year ended September 30, 2016. The increase consisted of $440.9 million from operating loss offset by $56.4 million contributions from Miami-Dade County related to the PHT GOB 2015 and 2005 Bonds and $457.9 million from nonoperating revenues, of which, $251.7 million were in sales tax revenues, and $161.0 million in Miami-Dade County funding.

(Continued)

Summary of Revenues, Expenses, and Changes in Net Position – Trust
Years ended September 30, 2017 and 2016

	2017	2016	2017 vs. 2016	
Operating revenues:				
Net patient service revenue	$ 1,208,158,987	1,106,161,582	101,997,405	9 %
Managed care revenue	92,899	—	92,899	100
Other revenue	189,175,445	182,771,054	6,404,391	4
Grants and other	24,211,424	25,404,426	(1,193,002)	(5)
Total operating revenues	1,421,638,755	1,314,337,062	107,301,693	8
Operating expenses:				
Salaries and related costs	1,074,259,426	1,035,161,073	39,098,353	4
Contractual and purchased services	410,036,330	386,583,494	23,452,836	6
Supplies and other	296,465,222	266,035,516	30,429,706	11
PMATF(1)	13,270,703	11,760,704	1,509,999	13
Depreciation and amortization	60,097,898	55,704,472	4,393,426	8
Total operating expenses	1,854,129,579	1,755,245,259	98,884,320	6
Operating loss	(432,490,824)	(440,908,197)	8,417,373	(2)
Nonoperating revenues (expenses):				
Miami-Dade County funding	175,413,000	161,006,004	14,406,996	9
Sales tax revenue	255,902,851	251,703,154	4,199,697	2
Investment income	1,231,496	941,363	290,133	31
Interest expense	(12,673,700)	(12,973,437)	299,737	(2)
Other income	42,680,372	57,252,511	(14,572,139)	(25)
Total nonoperating revenues, net (excluding capital contributions)	462,554,019	457,929,595	4,624,424	1
Income before capital contributions	30,063,195	17,021,398	13,041,797	77
Capital contributions	78,711,119	56,415,563	22,295,556	40
Change in net position	108,774,314	73,436,961	35,337,353	48
Net position, beginning of year	282,867,710	209,430,749	73,436,961	35
Net position, end of year	$ 391,642,024	282,867,710	108,774,314	38

(1) Public Medical Assistance Trust Fund Assessment

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida
Management's Discussion and Analysis
September 30, 2017 and 2016
(Unaudited)

Summary of Revenues, Expenses, and Changes in Net Position – Trust
Years ended September 30, 2016 and 2015

	2016	2015	2016 vs. 2015	
Operating revenues:				
Net patient service revenue	$ 1,106,161,582	930,663,133	175,498,449	19 %
Managed care revenue	—	684,940	(684,940)	(100)
Other revenue	182,771,054	293,045,805	(110,274,751)	(38)
Grants and other	25,404,426	28,157,576	(2,753,150)	(10)
Total operating revenues	1,314,337,062	1,252,551,454	61,785,608	5
Operating expenses:				
Salaries and related costs	1,035,161,073	923,030,377	112,130,696	12
Contractual and purchased services	386,583,494	373,129,328	13,454,166	4
Supplies and other	266,035,516	229,205,603	36,829,913	16
PMATF(1)	11,760,704	10,922,065	838,639	8
Depreciation and amortization	55,704,472	52,041,398	3,663,074	7
Total operating expenses	1,755,245,259	1,588,328,771	166,916,488	11
Operating loss	(440,908,197)	(335,777,317)	(105,130,880)	31
Nonoperating revenues (expenses):				
Miami-Dade County funding	161,006,004	147,220,000	13,786,004	9
Sales tax revenue	251,703,154	242,080,269	9,622,885	4
Investment income	941,363	857,294	84,069	10
Interest expense	(12,973,437)	(18,080,871)	5,107,434	(28)
Other income	57,252,511	27,705,133	29,547,378	107
Total nonoperating revenues, net (excluding capital contributions)	457,929,595	399,781,825	58,147,770	15
Income before capital contributions	17,021,398	64,004,508	(46,983,110)	(73)
Capital contributions	56,415,563	68,073,761	(11,658,198)	(17)
Change in net position	73,436,961	132,078,269	(58,641,308)	(44)
Net position, beginning of year	209,430,749	77,352,480	132,078,269	171
Net position, end of year	$ 282,867,710	209,430,749	73,436,961	35

(1) Public Medical Assistance Trust Fund Assessment

Net Patient Service Revenue

Net patient revenue for the fiscal year ended September 30, 2017 and 2016 was approximately $1,208.2 million and $1,106.2 million, respectively, an increase of $102.0 million or 9%. The majority of the increase is due to an increase in volume. The Trust's adjusted admissions for fiscal year 2017 were at 88,676 or 2,737 (3.2%) more adjusted admissions than the prior year.

Net patient revenue for the fiscal year ended September 30, 2016 and 2015 was approximately $1,106.2 million and $930.7 million, respectively, an increase of $175.5 million or 19%. The majority of the increase is a result of low income pool (LIP) dollars received through patient revenue in fiscal year 2016 and 2015, the result of strengthening of patient cash collections and improved revenue cycle processes. The Trust's adjusted admissions for fiscal year 2016 were at 85,939 or 6,295 (7.9%) more adjusted admissions than the prior year.

The Trust's patient volumes, net patient service revenue, and overall financial results are highly dependent upon the state and federal governments. Over the past several years, the Medicare rate increases have not kept pace with the overall medical expense increases. The Trust is also highly dependent upon patients who are covered by health insurance, which to a large extent is dependent on the employment status of individuals treated at the Trust. Medicaid converted most beneficiary population into Medicaid Managed Care. These types of payor mix changes could cause an adverse effect by decreasing the net patient revenue due to an increase in denials. The Trust management is constantly reviewing and anticipating these adverse changes to adapt and make the necessary adjustments to maintain growth in the organization.

The payor mix below is based on patient days:

	2017	2016	2015
Medicare	15.0 %	15.3 %	15.6 %
Managed care Medicare	15.5	12.7	10.5
Medicaid	4.0	5.6	7.2
Managed care Medicaid	22.2	22.1	20.3
Medicaid pending	12.4	13.1	14.5
Commercial insurance	1.3	1.1	1.2
Managed care others	12.6	13.2	12.8
Self-pay and other	17.0	16.9	17.9
	100.0 %	100.0 %	100.0 %

Net patient service revenue for the Trust includes payments from government programs such as Medicare and Medicaid, from managed care companies under negotiated contracts, from commercial insurance companies with no negotiated contract, and directly from patients.

Medicare

Medicare is a federal program that provides certain hospital and medical insurance benefits to persons age 65 and over, some disabled persons, and persons with end-stage renal disease and is provided without regard to income or assets. Medicare patient days as a percentage of total in fiscal year 2017 were 15.0% or slightly lower than fiscal year 2016 percentage of 15.3%. Medicare patient days as a percentage of total in fiscal year 2016 were 15.3% or slightly lower than fiscal year 2015 percentage of 15.6%.

Inpatient

Disproportionate share hospital (DSH) payments are determined annually based on certain statistical information and are calculated as a percentage addition to Medical/Surgical-Diagnosis Related Groups (MS-DRG) payments. The primary method used by a hospital to qualify for Medicare DSH payments is a complex statutory formula that results in a DSH percentage that is applied to payments on MS-DRGs.

Outpatient

Hospital outpatient services paid under prospective payment system (PPS) are classified into groups called ambulatory payment classifications (APCs). Services for each APC are similar clinically and in terms of the resources they require. A payment rate is established for each APC. Depending on the services provided, a hospital may be paid for more than one APC for a patient visit.

Rehabilitation

The Center for Medicare and Medicaid Services (CMS) reimburses inpatient rehabilitation facilities (IRFs) on a Diagnosis Related Group (DRG) basis. Under IRF DRG, reimbursement of patients is based on the patients' acuity and individual hospital characteristics, including classification as a children's hospital, rural hospital, trauma center, and other characteristics that would warrant reimbursement.

Psychiatric

Inpatient hospital services furnished in psychiatric hospitals and psychiatric units of general, acute care hospitals are reimbursed under inpatient psychiatric facility DRG basis. DRG reimbursement of patients is based on the patients' acuity and individual hospital characteristics, including classification as a children's hospital, rural hospital, trauma center, and other characteristics that would warrant reimbursement.

Physician Services

Physician services are reimbursed under the physician fee schedule (PFS) system, under which CMS has assigned a national relative value unit (RVU) to most medical procedures and services that reflects the various resources required by a physician to provide the services relative to all other services. Each RVU is calculated based on a combination of work required in terms of time and intensity of effort for the service, practice expense (overhead) attributable to the service, and malpractice insurance expense attributable to the service. These three elements are each modified by a geographic adjustment factor to account for local practice costs then aggregated. The aggregated amount is multiplied by a conversion factor that accounts for inflation and targeted growth in Medicare expenditures (as calculated by the sustainable growth rate) (SGR) to arrive at the payment amount for each service.

(Continued)

Other

Under PPS, the payment rates are adjusted for the area differences in wage levels by a factor (wage index) reflecting the relative wage level in the geographic area compared to the national average wage level.

Medicaid

Medicaid is a federal-state program, administered by the State of Florida, which provides hospital and medical benefits to qualifying individuals who are unable to afford healthcare. Effective July 1, 2013, the State of Florida moved from a per diem-based payment to a fixed DRG payment per case. Effective July 1, 2014, the majority of Medicaid patients were transitioned into Managed care plans.

Hospitals that provide care to a disproportionately high number of low-income patients may receive Medicaid DSH payments. The federal government distributes federal Medicaid DSH funds to each state based on a statutory formula. Florida utilizes a supplemental reimbursement program for the purpose of providing reimbursement to providers to offset a portion of the cost of providing care to Medicaid and indigent patients.

Medicaid Pending

Medicaid pending represents patients that have applied for state funding and are waiting for approval by the state. Once approved, the patients are reclassified to Medicaid. As of September 30, 2017, 2016 and 2015 Medicaid Pending represents 12.4%, 13.1% and 14.5% respectively, of the overall payor mix.

Commercial Insurance

Private insurance carriers pay the Trust based upon the hospital's established charges and the coverage provided in the insurance policy. Commercial insurers try to limit the costs of hospital services by negotiating discounts.

Managed Care and Other Discounted Plans

The Trust's managed care agreements offer discounts from established charges to health maintenance organizations, preferred provider organizations, and other managed care plans.

Self-Pay and Other

The primary collection risks of accounts receivable relate to the uninsured patient accounts and patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient responsibility amounts (deductibles and copayments) remain outstanding. The provision for doubtful accounts relates primarily to amounts due directly from patients.

(Continued)

Utilization

The Trust has experienced an increase in inpatient utilization.

		September 30		
		2017	**2016**	**2015**
Inpatient services:				
Number of beds – licensed:				
Jackson Memorial Hospital	$	1,493	1,493	1,493
Jackson South Community Hospital		250	250	226
Jackson North Medical Center		382	382	382
Nursing Homes		343	343	343
Total	$	2,468	2,468	2,444
Hospital admissions (excluding newborn):				
Jackson Memorial Hospital	$	43,579	42,910	39,875
Jackson South Community Hospital		12,671	11,580	9,852
Jackson North Medical Center		9,512	9,238	8,365
Total	$	65,762	63,728	58,092

In an effort to increase patient volumes, the Trust continues to focus on physician alignment and satisfaction, targeting capital spending on critical growth opportunities for hospitals, and improving the quality metrics of hospitals.

		September 30		
		2017	**2016**	**2015**
Inpatient services:				
Average daily census (excluding newborn):				
Jackson Memorial Hospital	$	904	944	873
Jackson South Community Hospital		147	122	99
Jackson North Medical Center		182	153	141
Total	$	1,233	1,219	1,113
Total surgical cases:				
Jackson Memorial Hospital	$	15,049	15,052	14,548
Jackson South Community Hospital		4,691	4,669	3,914
Jackson North Medical Center		2,839	2,782	2,485
Total	$	22,579	22,503	20,947

		September 30		
		2017	**2016**	**2015**
Organ transplants (includes kidney, liver, heart, lung, pancreas, and multiorgan)	$	499	515	479
Outpatient services:				
Visits to emergency services (adults and pediatric):				
Jackson Memorial Hospital	$	133,357	131,460	127,084
Jackson Memorial Hospital Trauma		3,938	4,000	4,179
Jackson South Community Hospital		44,365	43,455	40,465
Jackson North Medical Center		53,342	52,294	44,099
Total	$	235,002	231,209	215,827
Observations:				
Jackson Memorial Hospital	$	13,427	15,092	12,615
Jackson South Community Hospital		4,572	2,423	2,001
Jackson North Medical Center		4,913	4,828	4,140
Total	$	22,912	22,343	18,756

Managed Care Revenue

The JMH Health Plan's premium revenue for the fiscal year ended September 30, 2017 was $93 thousand, which was due to CMS XXI Title 21 Settlement for the September 30, 2014 reconciliation. The JMH Health Plan ceased providing the last lines of business on June 30, 2014. The JMH Health Plan will remain open until medical claims payments to its providers are completed.

On January 15, 2014, Resolution No. PHT 01/14–007 was approved to surrender the JMH Health Plan's health maintenance organization (HMO) license and HMO healthcare provider certificate of authority to the State of Florida. The Resolution authorized the President and Chief Executive Officer or his designee to take all actions necessary to implement the Resolution. The JMH Health Plan will retain the license until obligations with its providers have been resolved. PHT voluntarily surrendered its Certificate of Authority in July 2016.

Other Revenue

Other revenue, which consists primarily of disproportionate share revenue, low income pool, specialty pharmacy, and outpatient physician billing increased by $6.4 million for fiscal year ended September 30, 2017 compared to 2016 and decreased by $110.3 million for fiscal year ended September 30, 2016 compared to 2015.

(Continued)

Disproportionate Share revenue, which is revenue that the Trust receives from the state government, provides financial assistance to hospitals that serve a large number of low-income patients. The revenue was $29.01 million, $13.32 million and $6.41 million for the fiscal years ended September 30, 2017, 2016 and 2015, respectively.

Low Income Pool revenue, is revenue that the Trust receives from the state and federal governments that provides financial assistance to hospitals that serve a large number of low-income patients. The revenue was $60.9 million, $108.5 million and $211.9 million for the fiscal years ended September 30, 2017, 2016 and 2015, respectively.

Specialty Pharmacy revenue was $35 million, $19 million and $15 million for the years ended 2017, 2016 and 2015, respectively.

Total Operating Expenses

For the fiscal years ended September 30, 2017, 2016 and 2015, total operating expenses were $1.854 billion, $1.755 billion and $1.588 billion, respectively. Operating costs as a percentage of operating revenue for the fiscal years ended September 30, 2017 and 2016:

	Year ended September 30		
	2017	2016	2015
Operating expenses:			
Salaries and related costs	75.6 %	78.8 %	73.7 %
Contractual and purchased services	28.8	29.4	29.8
Supplies and other	20.9	20.2	18.3
PMATF	0.9	0.9	0.9
Depreciation and amortization	4.2	4.2	4.2
	130.4 %	133.5 %	126.9 %

Salaries and Related Costs

The Trust employed 12,126, 11,504 and 10,668 full-time equivalents (FTE) at September 30, 2017, 2016 and 2015, respectively. The increase relates to several key operating initiatives to align the staffing needs of the organization to volume. Salaries and related costs were approximately $1,074.3 million, $1,035.2 million and $923.0 million for the fiscal years ended September 30, 2017, 2016 and 2015, respectively. For the year ended September 30, 2017, FTE per adjusted occupied bed was 7.30 compared to 6.99 for the prior year. For the year ended September 30, 2016, FTE per adjusted occupied bed was 6.99 compared to 7.00 for the prior year.

Approximately 91% of the Trust's workforce is represented by Service Employees International Union (SEIU), Government Supervisors Association of Florida (GSAF), or American Federation of State, County, and Municipal Employees (AFSCME) unions at September 30, 2017. The Trust, like the healthcare industry as a whole, has experienced a rate of labor inflation that is higher than general inflation. The Trust augments staff with temporary or contract personnel as necessary.

Contractual and Purchased Services

Contractual and purchased services for the years ended September 30, 2017, 2016 and 2015 was $410.0 million, $386.6 million and $373.1 million, respectively, an increase of $23.5 million and $13.5 million, respectively, (6% and 4%, respectively) over the same period in the prior year. The increase in purchased services from 2016 to 2017 is mainly attributed to the increase in physician contracted services of $2.4 million, combined with an increase in professional services of $4.8 million, an increase in maintenance contracts of $5.4 million and an increase in the annual operating agreement with the University of Miami of $5.7 million.

Supplies and Other

Supplies and other related cost for the years ended September 30, 2017, 2016 and 2015 was $296.5 million, $266.0 million and $229.2 million, respectively, an increase of $30.4 million and $36.8 million, respectively, (11% and 16%, respectively) over the same period in the prior year.

The Trust experienced an unfavorable supply expense as a percentage of net patient service revenue in 2017 compared to 2016, and increased its supplies per adjusted patient day from prior year. The Trust experienced a favorable supply expense as a percentage of net patient service revenue in 2016 compared to 2015, and increased its supplies per adjusted patient day from prior year. Higher specialized implant and drug costs combined with an increase in volume (admissions, surgical and transplant cases, deliveries, etc.) were the primary reasons for the significant increase in supply costs for the fiscal years ended September 30, 2017 and 2016.

	Fiscal year ended September 30		
	2017	2016	Variance
Supplies per adjusted patient day	479	438	41
Supplies as percentage of net patient service revenue	24.1 %	23.8 %	0.3 %

	Fiscal year ended September 30		
	2016	2015	Variance
Supplies per adjusted patient day	438	407	31
Supplies as percentage of net patient service revenue	23.8 %	24.4 %	(0.6)%

The Trust has standardized and centralized the procurement operations to reduce total supply expense across operations with a comprehensive contract portfolio, featuring solutions for medical/surgical, pharmacy, laboratory, capital equipment, radiology, facilities and construction, food and nutrition, and purchased services.

Capital Assets and Debt Administration

As of September 30, 2017, 2016 and 2015, the Trust had capital assets, net, of $654.3 million, $598.2 million and $533.1 million, respectively. The increase is due to projects and construction in progress as part of the system upgrades, new equipment, and expansion of urgent care centers. Additional information related to the Trust's capital assets is included in note 9 to the financial statements.

As of September 30, 2017, 2016 and 2015, the Trust had bonds payable outstanding of $292.6 million, $306.4 million and $315.3 million, respectively. Additional information related to the Trust's long term debt is included in note 11 to the financial statements.

Risk Management

The Trust provides for self-insured funding related to medical professional and general liability claims, as well as workers' compensation claims, which are included in supplies and other operating expenses. The establishment of a self-insurance funding vehicle does not result in any transfer of risk, which occurs when commercial insurance is purchased. The Trust does carry any commercial excess insurance. Based on the results of an actuarially determined reserve analysis, the Trust increased the liability for medical professional and general liability claims by approximately $3.1 million and decreased by approximately $0.6 million at September 30, 2017 compared to 2016 and at September 30, 2016 compared to 2015, respectively.

Request for Information

This report is designed to provide a general overview of Trust's finances. Questions or requests for additional information should be made in writing to the Chief Financial Officer at 1611 N.W. 12th Avenue, Miami, Florida 33136.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Statements of Net Position – Trust

September 30, 2017 and 2016

		2017	2016
Current assets:			
Cash and cash equivalents	$	300,775,953	249,337,339
Restricted cash and cash equivalents		4,338,729	3,337,874
Restricted short-term investments		7,853,200	7,839,734
Assets limited as to use – cash and investments		6,693,782	2,515,194
Patients' accounts receivable, less allowances for doubtful accounts and contractual adjustments of approximately $883,354,000 and $809,233,000 for 2017 and 2016, respectively		135,400,648	120,118,852
Estimated receivables due from other third-party payors		69,190,249	83,804,884
Due from Miami-Dade County		42,282,763	42,100,308
Other receivables – unrestricted		14,732,607	14,071,902
Other receivables – restricted		4,066,885	3,000,505
Supplies		34,119,105	31,351,174
Prepaid expenses and other current assets		7,565,072	9,191,722
Total current assets		627,018,993	566,669,488
Assets limited as to use – cash and investments		40,686,665	35,004,105
Restricted long-term investments		27,676,714	30,362,651
Other assets		4,654,725	5,807,010
Capital assets, net		654,319,348	598,246,461
Total noncurrent assets		727,337,452	669,420,227
Total assets	$	1,354,356,445	1,236,089,715
Deferred outflows of resources:			
Deferred loss on bond refunding	$	8,323,055	2,520,273
Deferred outflows – pension		83,066,653	97,705,945
Total deferred outflows of resources	$	91,389,708	100,226,218

(Continued)

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Statements of Net Position – Trust

September 30, 2017 and 2016

		2017	2016
Current liabilities:			
Accounts payable and accrued expenses	$	137,587,862	121,089,816
Accrued interest payable		4,730,900	5,073,046
Accrued salaries and payroll taxes withheld		52,308,955	54,985,071
Accrued vacation and sick pay benefits		91,222,255	93,060,388
Refunds due for patient services		9,889,322	8,194,709
Current portion of estimated self-insured liability		5,982,466	6,759,421
Estimated payables due to other third-party payors		117,093,002	118,183,257
Due to Miami-Dade County		15,663,522	15,669,720
Due to University of Miami		28,371,213	22,093,064
Other – unrestricted		5,476,504	6,816,728
Other – restricted		1,712,727	1,654,364
Current portion of long-term debt		8,555,000	8,175,000
Total current liabilities		478,593,728	461,754,584
Long-term debt, excluding current portion		312,025,413	316,883,252
Estimated self-insured liability, excluding current portion		37,250,689	34,529,660
Net pension liability		149,318,969	189,567,319
Due to University of Miami, excluding current portion		11,543,809	11,733,052
Other		5,875,313	6,524,313
Total noncurrent liabilities		516,014,193	559,237,596
Total liabilities	$	994,607,921	1,020,992,180
Deferred inflows of resources:			
Deferred gain on bond refunding	$	5,215,369	6,082,335
Deferred inflows – pension		54,280,839	26,373,708
Total deferred inflows of resources	$	59,496,208	32,456,043
Net position:			
Net investment in capital assets	$	364,316,064	299,368,740
Restricted for:			
Debt service		7,853,201	7,839,734
Capital projects		—	620,057
Federal and donor programs		2,808,186	2,713,355
Unrestricted (deficit)		16,664,573	(27,674,176)
Total net position	$	391,642,024	282,867,710

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Statements of Revenues, Expenses, and Changes in Net Position – Trust

Years ended September 30, 2017 and 2016

	2017	2016
Operating revenues:		
Net patient service revenue	$ 1,208,158,987	1,106,161,582
Managed care revenue	92,899	—
Other revenue	189,175,445	182,771,054
Grants and other	24,211,424	25,404,426
Total operating revenues	1,421,638,755	1,314,337,062
Operating expenses:		
Salaries and related costs	1,074,259,426	1,035,161,073
Contractual and purchased services	410,036,330	386,583,494
Supplies and other operating expenses	296,465,222	266,035,516
Public Medical Assistance Trust Fund assessment	13,270,703	11,760,704
Depreciation and amortization	60,097,898	55,704,472
Total operating expenses	1,854,129,579	1,755,245,259
Operating loss	(432,490,824)	(440,908,197)
Nonoperating revenues (expenses):		
Miami-Dade County funding	175,413,000	161,006,004
Sales tax revenue	255,902,851	251,703,154
Investment income	1,231,496	941,363
Interest expense	(12,673,700)	(12,973,437)
Other income	42,680,372	57,252,511
Total nonoperating revenues, net (excluding capital contributions)	462,554,019	457,929,595
Income before capital contribution	30,063,195	17,021,398
Capital contributions	78,711,119	56,415,563
Increase in net position	108,774,314	73,436,961
Net position, beginning of the year	282,867,710	209,430,749
Net position, end of the year	$ 391,642,024	282,867,710

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Statements of Cash Flows – Trust

Years ended September 30, 2017 and 2016

	2017	2016
Operating activities:		
Cash received from patients, tenants, and third-party payors	$ 1,453,688,867	1,330,855,536
Cash payments for interfund services used	(35,446,282)	(34,898,051)
Cash paid to suppliers	(686,364,148)	(650,424,919)
Cash paid to employees for services	(1,092,506,280)	(1,022,692,649)
Net cash used in operating activities	(360,627,843)	(377,160,083)
Noncapital financing activities:		
Funds contributed by Miami-Dade County	175,413,000	161,006,004
Funds contributed from sales tax revenue	255,720,396	249,236,270
Funds contributed by federal, state, and miscellaneous sources	42,468,160	57,170,658
Net cash provided by noncapital financing activities	473,601,556	467,412,932
Capital and related financing activities:		
Principal payments on long-term debt	(8,175,000)	(8,855,000)
Refunding of bonds	(92,597,619)	—
Issuance of long-term debt	92,451,761	—
Interest paid	(15,842,575)	(13,901,247)
Contribution from Miami-Dade County	78,923,331	56,497,416
Purchases of capital assets	(109,336,961)	(111,545,798)
Net cash used in capital and related financing activities	(54,577,063)	(77,804,629)
Investing activities:		
Purchase of investment securities and proceeds from sales and maturities of investments, net	(7,263,682)	18,105,981
Realized gains on investments, interest, and dividends.	1,306,501	940,041
Net cash (used in) provided by investing activities	(5,957,181)	19,046,022
Net increase in cash and cash equivalents	52,439,469	31,494,242
Cash and cash equivalents, beginning of year	252,675,213	221,180,971
Cash and cash equivalents, end of year	$ 305,114,682	252,675,213
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (432,490,824)	(440,908,197)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	60,097,898	55,704,472
Provision for doubtful accounts	537,972,123	546,222,298
(Increase) decrease in assets:		
Patients – accounts receivables and other receivables	(540,366,369)	(536,425,791)
Supplies	(2,767,931)	(2,104,833)
Prepaid expenses and other assets	2,778,935	(2,540,126)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	6,844,586	32,089,074
Due to Miami-Dade County	(6,198)	356,680
Due to other third-party payors	(1,090,255)	(27,774,530)
Other current liabilities	4,996,288	(9,597,047)
Estimated self-insurance liability	1,944,074	(940,331)
Net pension liability and related deferred outflows and inflows	2,298,073	8,708,490
Other long-term liabilities	(838,243)	49,758
Total adjustments	71,862,981	63,748,114
Net cash used in operating activities	$ (360,627,843)	(377,160,083)
Noncash investing and capital and related financing activities:		
Net increase in the fair value of investments	$ 75,005	(1,322)
Interest capitalized on construction in progress	262,910	647,589
Accruals in construction in progress and project in progress	(6,833,824)	(9,231,235)
Amortization of bond premium and discount	2,690,472	1,069,351
Amortization of bond deferment refunding	136,257	434,071

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Statements of Financial Position – Foundation (Component Unit)

September 30, 2017 and 2016

Assets		**2017**	**2016**
Current assets:			
Cash and cash equivalents	$	2,797,967	4,200,137
Pledges receivable – current portion, net		2,039,910	1,813,308
Other current assets		74,577	62,497
Total current assets		4,912,454	6,075,942
Pledges receivable less current portion, net		13,098,136	13,207,578
Trust agreement receivable – charitable remainder trust		—	74,000
Investments		5,823,448	5,588,471
Deposits		16,101	16,101
Property and equipment, net		331,842	366,466
Total assets	$	24,181,981	25,328,558
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	$	280,059	1,911,585
Deferred revenue		378,939	365,681
Total current liabilities		658,998	2,277,266
Commitments and contingencies			
Net assets:			
Unrestricted		2,560,662	679,364
Temporarily restricted		20,962,321	22,371,928
Total net assets		23,522,983	23,051,292
Total liabilities and net assets	$	24,181,981	25,328,558

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Statements of Activities – Foundation (Component Unit)

Year ended September 30, 2017

	2017		
	Unrestricted	**Temporarily restricted**	**Total**
Public support and revenues:			
Donations for International Kids Fund program	$ —	1,117,243	1,117,243
General gifts revenues	2,113,924	2,813,675	4,927,599
Provision for estimated uncollectible pledges and change in present value discount of pledges receivable	(217,565)	(799,164)	(1,016,729)
Special events, net of direct costs totaling $1,065,849	—	460,679	460,679
Other	194,596	91,859	286,455
Net public support	2,090,955	3,684,292	5,775,247
Interest income and dividends, net of investment fee	66,359	44,291	110,650
Net realized and unrealized gains on investments	240,336	216,822	457,158
Total public support and revenues before net assets released from restrictions	2,397,650	3,945,405	6,343,055
Net assets released from restrictions:			
Satisfaction of program restrictions	5,355,012	(5,355,012)	—
Total public support and revenues	7,752,662	(1,409,607)	6,343,055
Expenses including direct support payments:			
Program services:			
Jackson Health System	1,455,784	—	1,455,784
International Kids Fund	1,371,391	—	1,371,391
Other programs	1,180,667	—	1,180,667
Total program services	4,007,842	—	4,007,842
Management and general	790,573	—	790,573
Fund-raising	1,072,949	—	1,072,949
Total expenses including direct support payments	5,871,364	—	5,871,364
Change in net assets	1,881,298	(1,409,607)	471,691
Net assets at beginning of year	679,364	22,371,928	23,051,292
Net assets at end of year	$ 2,560,662	20,962,321	23,522,983

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Statements of Activities – Foundation (Component Unit)

Year ended September 30, 2016

		2016	
	Unrestricted	**Temporarily restricted**	**Total**
Public support and revenues:			
Donations for International Kids Fund program	$ —	1,059,703	1,059,703
General gifts revenues	2,259,379	13,988,451	16,247,830
Provision for estimated uncollectible pledges and change in present value discount of pledges receivable	(477,763)	(1,858,524)	(2,336,287)
Special events, net of direct costs totaling $834,452	—	706,752	706,752
Other	93,217	—	93,217
Net public support	1,874,833	13,896,382	15,771,215
Interest income and dividends, net of investment fee	56,940	68,986	125,926
Net realized and unrealized gains on investments	181,847	69,747	251,594
Total public support and revenues before net assets released from restrictions	2,113,620	14,035,115	16,148,735
Net assets released from restrictions:			
Satisfaction of program restrictions	2,429,345	(2,429,345)	—
Total public support and revenues	4,542,965	11,605,770	16,148,735
Expenses including direct support payments:			
Program services:			
Jackson Health System	650,463	—	650,463
International Kids Fund	1,076,444	—	1,076,444
Other programs	660,597	—	660,597
Total program services	2,387,504	—	2,387,504
Management and general	863,483	—	863,483
Fund-raising	1,186,066	—	1,186,066
Total expenses including direct support payments	4,437,053	—	4,437,053
Change in net assets	105,912	11,605,770	11,711,682
Net assets at beginning of year	573,452	10,766,158	11,339,610
Net assets at end of year	$ 679,364	22,371,928	23,051,292

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Statements of Fiduciary Net Position – Pension Trust Fund

September 30, 2017 and 2016

		2017	2016
Assets:			
Cash	$	13,842,516	6,121,548
Investments:			
Domestic:			
Mutual funds		29,323,858	42,326,581
Equities		475,607,382	342,061,077
Corporate debt securities		42,223,958	39,811,944
U.S. government securities		13,509,941	12,492,864
Total domestic investments		560,665,139	436,692,466
International:			
Mutual funds		39,452,380	31,390,750
Equities		36,644,805	67,123,538
Corporate debt securities		5,893,252	7,389,746
Total international investments		81,990,437	105,904,034
Venture Capital and Limited Partnership		27,695,377	21,303,609
Hedge funds		28,165,902	50,213,413
Total assets		712,359,371	620,235,070
Net position held in trust for employees' pension benefits	$	712,359,371	620,235,070

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Statements of Changes in Fiduciary Net Position – Pension Trust Fund

September 30, 2017 and 2016

		2017	2016
Net position held for employees' pension benefits:			
Additions:			
Employer contributions	$	18,889,152	19,534,345
Employee contributions		18,114,361	14,958,135
Total contributions		37,003,513	34,492,480
Investment income:			
Interest income		3,017,212	2,769,074
Dividends		4,820,303	7,045,860
Net realized and unrealized gains on pension trust fund investments		72,308,561	54,095,461
Total investment gain		80,146,076	63,910,395
Less investment expense:			
Investment managers and custodial fees		(74,353)	(151,018)
Net investment gain		80,071,723	63,759,377
Total additions		117,075,236	98,251,857
Deductions:			
Participants benefit expense		23,118,536	31,022,257
Administrative expenses		1,832,399	2,340,796
		24,950,935	33,363,053
Net increase in net position held in trust for employees' pension benefits		92,124,301	64,888,804
Net position held in trust for employee's pension benefits, at beginning of year		620,235,070	555,346,266
Net position held in trust for employee's pension benefits, at end of year	$	712,359,371	620,235,070

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Effective October 1, 1973, the Public Health Trust of Miami-Dade County, Florida (the Trust) was created by county ordinance to provide for an independent governing body (the board of trustees or Board) responsible for the operation, governance, and maintenance of "designated facilities." Currently, the Trust operates six hospitals: Jackson Memorial Hospital, Holtz Children's Hospital, Jackson South Medical Center, Jackson North Medical Center, Jackson Rehabilitation Hospital, and Jackson Behavioral Health Hospital; two skilled nursing facilities, Jackson Memorial Long-Term Care Center and Jackson Memorial Perdue Medical Center; several primary care centers, Jefferson Reaves Senior Health Center, North Dade Health Center, and Rosie Lee Wesley Health Center; Dr. Rafael Penalver Center, three urgent care centers, UCC Country Walk, UCC Cutler Bay, and UCC Keystone Point; as well as multiple specialty care centers, and the corrections health services for Miami-Dade County. At September 30, 2017 and 2016, the Trust operated a total of 2,125 licensed hospital beds and 343 licensed nursing home beds.

Jackson Memorial Hospital is a teaching hospital operating in association with the University Of Miami School Of Medicine, which provides staff and services under an annual operating agreement.

The Trust is a department of Miami Dade County (the County). It is the intent of the Miami-Dade Board of County Commissioners (the Commission) to promote, protect, maintain, and improve the health and safety of all residents and visitors of Miami-Dade County through a fully functioning and sustainable Public Health Trust. The Commission finds that it is in the best interest of the public it serves to take action to preserve the Trust and to ensure its financial sustainability by requiring the Trust to notify the Commission, the Mayor, and the Commission Auditor when certain financial conditions as outlined in Chapter 25A of Miami-Dade County Code of Ordinances occur.

The accompanying financial statements are not intended to be a complete presentation of the financial position of the County and the results of its operations and cash flows of its proprietary fund types, in conformity with accounting principles generally accepted in the United States (GAAP). Transactions between entities that make up the Trust are eliminated in the accompanying financial statements. Separate financial statements of the Pension Trust Fund are not prepared.

(b) Basis of Accounting and Presentation

The accounting policies of the Trust conform to GAAP as applicable to governmental agencies. The Trust's accounts are used to account for the Trust's activities that are financed and operated in a manner similar to a private business enterprise. Accordingly, the Trust maintains its records on the accrual basis of accounting. Revenues from operations, investments, and other sources are recorded when earned. Expenses (including depreciation and amortization) of providing services to the public are accrued when incurred.

Nonexchange transactions, in which the Trust receives value without directly giving equal value in return, include grants from federal, state, and local governments. On an accrual basis, revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and expenditure requirements, in which the resources are provided to the Trust on a reimbursement basis.

Jackson Memorial Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the Trust governed by a separate independent board of directors. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the Trust in support of its programs. The board of the Foundation is self-perpetuating and consists of community members. Although the Trust does not control the timing or amount of receipts from the Foundation, the majority of resources or income that the Foundation holds and invests are restricted to the activities of the Trust by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the Trust, the Foundation is considered a component unit of the Trust and is discretely presented in the Trust's financial statements.

During the year ended September 30, 2017 and 2016, the Foundation distributed approximately $2,242,000 and $1,013,000, respectively, to the Trust. Complete financial statements of the Foundation can be obtained from the Foundation at 1501 NW North River Drive, Miami, Florida 33125.

The Pension Trust Fund is a fiduciary fund used to account for assets held by Northern Trust Bank for the benefit of employees of the Trust who participate in the Public Health Trust Defined-Benefit Retirement Plan (the Plan). The financial statements of the pension trust fund use the full-accrual basis of accounting, whereby employer and employee contributions to the Plan are recognized when due, and benefits are recognized when due and payable to the plan participants in accordance with the terms of the Plan. The Plan operates on a calendar year with a year-end of December 31.

(c) Use of Estimates

The preparation of financial statements in conformity with GAAP 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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

The Trust considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The Trust invests its surplus operating funds in money market mutual funds and overnight repurchase agreements. These funds generally invest in highly liquid U.S. government and agency obligations.

(e) Investments

Restricted investments are held in a pool with Miami-Dade County, Florida (the County) and include U.S. government securities, U.S. government agency securities, commercial paper, U.S. Treasury bills, and investments in venture capital/limited partnerships, which are reported at fair value based upon quoted market prices or estimated fair value as determined by the general partner using the latest available information at the valuation date.

(Continued)

(f) Assets Limited as to Use – Cash and Investments

Assets limited as to use include self-insurance trust arrangements; designated assets set aside by the Board or the County for future capital improvements over which the Board retains control and may, at its discretion, subsequently use for other purposes; and assets set aside in accordance with agreements with third-party payors, the County, and the Florida Department of Financial Services Office of Insurance Regulation. Amounts required to meet current liabilities have been classified as current assets in the accompanying statements of net position.

(g) Supplies

Supplies, consisting primarily of pharmaceutical and medical-surgical supplies, are principally determined using average cost or market.

(h) Capital Assets

The Trust capitalizes all items with an initial cost of $5,000 or greater and an expected useful life of two years or more, or groups of 10 or more like items with a cost of $1,000 or greater. The Trust's capital assets are stated at cost or if donated, at fair value at the date of donation. Assets under capital leases are stated at the present value of future minimum lease payments at the inception of the lease and are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Leasehold improvements are amortized on a straight-line basis over the shorter of the term of the respective lease or the life of the related asset. Such amortization is included in depreciation and amortization in the financial statements. Routine maintenance and repairs that do not extend the life of the assets are charged to expense as incurred and major renovations or improvements are capitalized.

Commencing in fiscal year 2012, depreciation is provided for using the half-year convention for the first and final year with a straight-line method over the estimated useful lives of the related assets based on the American Hospital Association guidelines as summarized below:

	Use life
Land improvements	2–25 years
Buildings	5–40 years
Fixed equipment	5–20 years
Movable equipment	3–20 years

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. Interest costs associated with that portion of the Trust's revenue bonds used to construct qualifying assets, less interest earned on the temporary investment of the unexpended proceeds of those borrowings, are also capitalized as a component of the cost of acquiring the qualifying assets. The amount of interest cost capitalized during the year ended September 30, 2017 and 2016 was approximately $263,000 and $648,000, respectively.

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 an asset may be impaired, the Trust follows GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, to determine whether an impairment should be recognized. The Trust concluded that no impairment exists as of September 30, 2017 and 2016.

(i) Bonds Payable

The Trust is not empowered to borrow funds. Long-term financing is generally accomplished by the issuance of bonds or other debt by the County, which is reflected as long-term debt in the accompanying financial statements.

(j) Bond Premiums, Discounts, and Refundings of Debt

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method and are reflected as an element of the carrying cost of the debt. For current and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such deferred amounts on refundings of debt are classified as deferred outflows and inflows of resources in the accompanying financial statements.

(k) Self-Insurance Programs

The provision for estimated self-insured programs – general professional liability claims and workers' compensation includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The estimates for self-insured claims are continually reviewed and adjusted as necessary as experience develops or new information becomes known.

(l) Net Position Classification

Net position is classified and displayed in three components:

- Net investment in capital assets – consist of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings and deferred inflows and outflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation. The Trust first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.
- Unrestricted net position – consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

(Continued)

(m) Deferred Outflows of Resources and Deferred Inflows of Resources

The Trust records deferred outflows of resources, which represent the consumption of net position by the Trust that is applicable to a future reporting period. At September 30, 2017 and 2016, deferred outflows of resources represent deferred charge on refunding and pension related items.

The Trust records deferred inflows of resources, which represent an acquisition of net position that applies to future periods. At September 30, 2017 and 2016, deferred inflows of resources represent deferred charge on refunding and pension related items.

(n) Classification of Revenues and Expenses

All transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are considered to be operating activities and are reported as operating revenue and operating expenses. Investment income, interest expense, sales tax revenue, funding from the County, and peripheral or incidental transactions are reported as nonoperating revenues and expenses.

(o) Net Patient Service Revenue

The Trust has agreements with third-party payors that provide for payments to the Trust at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments.

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. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in the year of final settlement as an adjustment to net patient service revenue in that year's statement of revenues, expenses, and changes in net position. Final settlements under these programs are subject to administrative review and audit by third-party payors. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenues, related to prior periods increased net patient service revenue by approximately $23,764,000 and $22,752,000, respectively, for the years ended September 30, 2017 and 2016. In the opinion of management, adequate provision has been made in the accompanying financial statements for adjustments that may result from such reviews and audits.

(p) Charitable Services

In pursuing its mission, the Trust provides services to financially disadvantaged individuals in the community in which it operates, despite the lack, or adequacy of reimbursement for those services.

The Trust maintains records to identify and monitor the level of such services as follows:

The Trust provides care to patients regardless of their ability to pay. All, or a portion, of the charges incurred at established rates are classified as charity by reference to the Trust's established policies. Essentially, these policies define charitable services as those for which no payment is anticipated. In assessing a patient's ability to pay, the Trust uses generally recognized poverty income levels for the community but also includes certain cases where incurred charges are considered to be beyond the patient's ability to pay. Because the Trust does not pursue the collection of amounts determined to meet the criteria under its charity care policy, such amounts are not reported as revenue.

The Trust provides services to other indigent patients under various State of Florida programs that pay healthcare providers amounts that are less than the cost of the services provided to the recipients. The difference between the cost of services provided to these indigent persons and the expected reimbursement is also considered to be charitable service.

In addition to the services that are provided to financially disadvantaged individuals, the Trust provides certain community health services at no charge to the public, including various educational programs. Costs related to these services are included in operating expenses.

(q) Other Revenue

Other revenue primarily consists of Disproportionate Share (DSH), Low Income Pool (LIP) revenue, parking, rent, specialty pharmacy, and miscellaneous billing and is recognized when earned.

(r) Unpaid Medical Claims

The unpaid medical claims related to employee health insurance benefits are included in accrued salaries and payroll taxes withheld. The unpaid medical claims include accruals for employee medical claims incurred as well as those incurred but not reported. The accrual is based on an actuarial analysis report of the incurred, but not reported medical claims at fiscal year-end.

(s) Income Taxes

The Trust is an integral part of Miami-Dade County, Florida, and as such, is not subject to income tax. The Foundation is exempt from income taxes under Internal Revenue Code (IRC) Section 501(a) as an entity described in IRC Section 501(c) (3).

(t) Significant Accounting Policies – Foundation

The Foundation is a private, nonprofit organization that reports under the standards of the Financial Accounting Standards Board (FASB), including Accounting Standards Codification 958-605. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the Trust's financial statements for these differences.

During 2017, in order to conform to the 2017 presentation, the Foundation reclassified $147,204 of direct support expenses from Management and general expenses and Fund-raising expenses to Program Service expenses in the 2016 financial statements.

(i) Contributions

In accordance with an accounting standard issued by the FASB, contributions received or made, including promises to give or pledges, are recognized at fair value in the period in which they are received or made.

Contributions received, including unconditional promises to give, are recognized as revenues when the donor's commitment is received. Conditional promises are recorded when donor stipulations are substantially met. Unconditional promises are recognized at the estimated present value of the future cash flows using a risk-free rate. Promises and contributions of noncash assets are recorded at their fair value.

During the years ended September 30, 2017 and 2016, two and three donors accounted for 35% and 84%, respectively, of total public support and revenues.

(ii) Donated Services

Board members and volunteers have donated significant time to the Foundation's activities. However, the value of these services is not reflected in the accompanying financial statements of the Foundation, since such services are not the type that would qualify for recognition.

(iii) Cash and Cash Equivalents

Cash and cash equivalents include money market funds at various financial institutions. The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(iv) Investments

The Foundation reports its investments under an accounting standard issued by the FASB on accounting for certain investments held by not-for-profit organizations. Under the standard, a not-for-profit organization is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value.

Purchased securities are stated at fair value based on the most recently traded price of the security at the financial statement date. Donated securities are recorded at fair value and sold immediately. Realized and unrealized gains and losses are recorded in the statement of activities.

(v) Pledges Receivable

Pledges receivable, less an estimate for uncollectible amounts, represent uncollected promises and are stated at the estimated present value of the future cash flows using a rate of return appropriate for the expected term of the promise to give at the time initially recognized. The majority of pledges are designated by the donors for distribution to Jackson Health System (JHS). Such amounts subject to collection and fund-raising costs and administration fees, when applicable, are distributed to JHS as designated by the donor. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

(vi) Property and Equipment

Property and equipment are stated at cost or, if donated, at fair value at the date of donation. Additions and major improvements are capitalized, and repairs and maintenance costs are expensed. Upon retirement or sale, any resulting gain or loss is recognized in the appropriate period. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

(u) New Accounting Pronouncements

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which replaced the requirement of GASB Statement No. 45. GASB Statement No. 75 requires governmental agencies to report a liability on the financial statements for other postemployment benefits (OPEB). GASB Statement No. 75 provides additional requirements for notes disclosures and required supplementary information. Among the new required supplementary information is a schedule comparing a government's actual OPEB contributions to its contribution requirements. GASB Statement No. 75 is effective for fiscal years beginning after June 15, 2017. The Trust is evaluating the impact of this statement.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, which provides guidance on the identification of fiduciary activities for accounting and financial reporting purposes, including clarification of fiduciary activities and how these activities should be reported. GASB Statement No. 84 will be effective for fiscal years beginning after December 15, 2018. The Trust is evaluating the impact of this statement.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. GASB Statement No. 85 is effective for fiscal years beginning after June 15, 2017. The Trust is evaluating the impact of this statement.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB Statement No. 86 is effective for fiscal years beginning after June 15, 2017. The Trust is evaluating the impact of this statement.

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In June 2017, GASB issued Statement No. 87, *Leases*, which increases the usefulness of a governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a governments' leasing activities. GASB Statement No. 87 is effective for fiscal years beginning after December 15, 2019. The Trust is evaluating the impact of this statement.

(2) Impact of Adoption of New Accounting Pronouncements

(a) GASB Statement No. 77

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*, which establishes financial reporting standards for tax abatement agreements entered into by state and local governments. GASB Statement No. 77 is effective for fiscal years beginning after December 15, 2015. The Trust has implemented this statement, which did not impact the Trust's financial statements.

(b) GASB Statement No. 82

In March 2016, GASB Issued Statement No. 82, *Pension issues*, which amends GASB Statements No. 67, No. 68 and No. 73. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB Statement No. 82 is effective for fiscal years beginning after June 15, 2016. The Trust has implemented this statement, which did not impact the Trust's financial statements.

(3) Financial Condition

The Trust's net position increased approximately $108,774,000 and $73,437,000, respectively, during fiscal year 2017 and 2016, and at September 30, 2017 and 2016, the Trust has a working capital surplus of approximately $148,425,000 and $104,915,000, respectively. Day's cash on hand was approximately 61 days and 54 days at September 30, 2017 and 2016.

Historically, the Trust has relied on funding from the County and sales tax revenue to defray the costs of its general operations. The amount of future funding from the County is dependent, in part, on the availability of ad valorem and non ad valorem taxes to do so, while the level of sales tax revenue is dependent on general economic conditions.

The Trust entered into a Consent Order with the Office of Insurance Regulation (OIR) in October 2011. Pursuant to the Consent Order, the Trust agreed, among other things, that: (i) if JMH Health Plan does not report year-to-date profitability by December 31, 2012, JMH Health Plan will wind down its operations and voluntarily surrender its Certificate of Authority; (ii) file monthly financial statements and other requested reports until the OIR provides written documentation indicating monthly reports are no longer required; and

(iii) provide necessary capital infusion should the JMH Health Plan experience impaired statutory surplus as evidenced by the monthly required reporting. On August 26, 2014, JMH Health Plan requested to OIR seeking approval to cease filing monthly financial statements. On August 22, 2016, the OIR accepted the voluntary surrender of the Trust Certificate of Authority (COA) and released the insolvency deposit held by the Department of Financial Services Division of Treasury, Bureau of Collateral Management of $1,300,000. As of September 30, 2016, the Trust closed all businesses related to the Plan.

(4) Cash, Cash Equivalents, and Investments

At September 30, 2017 and 2016, cash, cash equivalents, and investments, including assets limited as to use, at fair value included the following:

		2017	2016
Pooled, Cash and Investments with Miami-Dade County, Florida	$	35,529,914	38,202,385
Cash and cash equivalents and investments		352,495,129	290,194,512
Total cash, cash equivalents, and investments	$	388,025,043	328,396,897

The Trust's and the County's pooled cash and investment accounts are required to be maintained in accordance with legal restrictions. The Trust's equity share of the County's total pooled cash and investments is included in restricted short-term and long-term investments in the accompanying statements of net position.

(a) Deposits

The Trust's investment authority is derived from Florida Statutes, Chapter 218.415, and by county ordinance. Time deposits made in banks and savings and loans associations must be made with qualified public depositories in accordance with Chapter 280, *Florida Statutes*. All qualified public depositories, as defined under Florida Statutes, are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral, and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. At September 30, 2017 and 2016, the Trust's deposits were entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, *Florida Statutes*.

(i) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Policy requires that bank deposits be secured per Chapter 280, *Florida Statutes*. This requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. The Policy requires the execution of a Custodial Safekeeping Agreement (CSA) for all purchased securities and shall be held for the credit of the Trust in an account separate and apart from the assets of the financial institution.

The carrying value of the Trust's bank deposit accounts was approximately $335,105,000 and $275,662,000, respectively, at September 30, 2017 and 2016.

At September 30, 2017 and 2016, the Trust had other investments of $17,389,800 and $14,532,677, respectively, which were valued using quoted market prices (Level 1 inputs as described in note 15(b)).

(ii) Assets Limited as to Use – Cash and Investments

The composition of assets limited as to use at September 30, 2017 and 2016 is set forth in the following table. Investments are stated at fair value based on quoted market prices.

		2017	**2016**
Assets limited as to use – cash and investments:			
By board for self-insurance program	$	47,030,098	37,169,882
By board for other needs		122,198	120,506
By board and/or regulators for the health plan		228,151	228,911
Total assets limited as to use		47,380,447	37,519,299
Less current portion		(6,693,782)	(2,515,194)
	$	40,686,665	35,004,105

(b) Restricted Investments

At September 30, 2017 and 2016, approximately $35,530,000 and $38,202,000, respectively, of the Trust's deposits and investments were held in a pooled account at the County. Earnings generated by the investment pool are allocated based on each investing organization's balance as a percentage of total investments held in the pool.

(i) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Trust's Investment Policy (the Policy) minimizes credit risk by restricting authorized investments to: Local Government Surplus Funds Trust Fund (the Pool) or any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act; money market funds registered with the Securities and Exchange Commission (SEC) that have the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, pursuant to *Florida Statutes*, Chapter 280.02, which are defined as banks, savings banks, or savings associations organized under the laws of the United States with an office in Florida that is authorized to receive deposits and has deposit insurance under the provisions of the Federal Deposit Insurance Act; direct obligations of the United States Treasury; federal agencies and instrumentalities; securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio is limited to the obligations of the U.S. government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such U.S. government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; commercial paper of prime quality with a stated maturity of 270 days or less from the date of its issuance, which has the highest letter and numerical rating as provided for by at least one nationally recognized rating service; bankers' acceptances that have a stated maturity of 180 days or less from the date of their issuance, have the highest letter and numerical rating as provided for by at least one nationally recognized rating service, and are drawn on and accepted by commercial banks and that are eligible for purchase by the Federal Reserve Bank; and investments in repurchase agreements collateralized by securities authorized by the Policy.

(ii) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of investments in a single issuer. The Policy establishes limitations on portfolio composition by investment type and by issuer to limit its exposure to concentration of credit risk. The Policy provides that a maximum of 50% of the portfolio may be invested in the Pool; however, bond proceeds may be temporarily deposited in the Pool until other investments have been purchased. Prior to any investment in the Pool, approval must be received by the Board; a maximum of 30% of the portfolio may be invested in SEC-registered money market funds with no more than 10% to any single money market fund; a maximum of 20% of the portfolio may be invested in nonnegotiable, interest-bearing time certificates of deposit savings accounts with no more than 5% deposited with any one issuer, with no limits on individual issuers (investment in agencies containing call options shall be limited to a maximum of 25% of the total portfolio). There is no limit on the percentage of the total portfolio that may be invested in direct obligations of the U.S. Treasury or federal agencies, and instrumentalities; a maximum of 5% of the portfolio may be invested in open-end or closed-end funds; a maximum of 50% of the portfolio may be invested in prime commercial paper with a maximum of 5% with any one issuer; a maximum of 20% of the portfolio may be invested in bankers' acceptances with a maximum of 25% with any one issuer; a maximum of 60% of the portfolio may be invested in both commercial paper and bankers' acceptances; and a maximum of 10% of the portfolio may be invested with any one institution.

(iii) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Policy limits interest rate risk by requiring the matching of known cash needs and anticipated net cash outflow requirements, following historical spread relationships between different security types and issuers, and evaluating both interest rate forecasts and maturity dates to consider short-term market expectations. The Policy requires that investments made with current operating funds shall maintain a weighted average maturity of no longer than one year. Investments for bond reserves, construction funds, and other nonoperating funds shall have a term appropriate to the need for funds and in accordance with debt covenants. The Policy limits the maturity of an investment to a maximum of five years.

(5) Net Patient Service Revenue

The Trust has agreements with third-party payors that provide for payments to the Trust at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Trust's established rates for services and amounts reimbursed by third-party payors. A summary of the payment arrangements with major third-party payors is as follows:

Medicare and Medicare Managed Care – Approximately 35% and 34%, respectively, of the Trust's patient service revenue was derived from services rendered to patients under the Medicare program during fiscal years 2017 and 2016. Medicare inpatient services for acute and rehabilitation services are paid at diagnostic related groups (DRG) bases. These rates vary according to a patient classification system based on clinical, diagnostic, and treatment factors. Psychiatric services are also reimbursed based on DRG. Outpatient services are reimbursed on a prospectively determined fee schedule with final settlement determined after audit of the annual cost report submitted by the Trust.

The Trust's annual Medicare cost reports are subject to audit and approval of the Medicare program authorities. In connection with this audit and approval process, the Trust may be required to revise its previous estimate of amounts due to or from the Medicare program. Differences between the Trust's original estimate and estimates based on subsequent determinations, resulting from the audit and approval process mentioned above, are recorded in operations by the Trust in the period the determination is made. The Trust's Medicare cost reports have been audited and settled by the Medicare fiscal intermediary through September 30, 2014. The Trust has filed Medicare cost reports through September 30, 2016. Estimated provisions, if any, have been made for years through September 30, 2017 and have been reflected in the accompanying financial statements.

Medicaid and Medicaid Managed Care – Approximately 29% and 32%, respectively, of the Trust's patient service revenue was derived from services rendered to patients under the Medicaid program for fiscal years 2017 and 2016. Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed prospectively for covered services on the basis of historical cost as determined under regulations of the Medicaid program. Effective with admissions on or after July 1, 2013, the Medicaid program changed the reimbursement for inpatient stays to a DRG-based methodology. On July 1, 2017, Medicaid Outpatient converted to EAPG (Enhanced Ambulatory Patient Grouping) payment. The Trust is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Trust and audits thereof by the Medicaid fiscal intermediary. The Trust's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 2008. The Trust has filed Medicaid cost reports through September 30, 2016. Estimated provisions, if any, have been made for years through September 30, 2017 and have been reflected in the accompanying financial statements. Effective July 1, 2014, the majority of Medicaid patients were transitioned into Managed care plans. The 29% and 32% in patient service revenue in fiscal years 2017 and 2016, respectively is a combination of 10% and 12%, respectively, Medicaid and 19% and 20%, respectively, Manage Care Medicaid.

Other – Approximately 33% and 32%, respectively, of the Trust's patient service revenue was derived from services rendered under various other provider agreements during fiscal years 2017 and 2016. The Trust has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to the Trust under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. The remaining 3% and 2%, respectively, for fiscal years 2017 and 2016 represents revenue derived from self-pay and patients that may qualify for state assistance on the condition that state funding is available.

Net patient service revenue consisted of the following for the years ended September 30, 2017 and 2016:

	2017	2016
Patient service revenue:		
Inpatient service	$ 3,964,422,305	3,765,009,068
Ambulatory services	1,381,362,502	1,312,121,048
Total gross patient charges	5,345,784,807	5,077,130,116
Charity care	(354,940,764)	(361,091,862)
Provision for doubtful accounts	(537,972,123)	(546,222,298)
Contractual adjustments	(3,244,712,933)	(3,063,654,374)
Total deductions	(4,137,625,820)	(3,970,968,534)
Net patient service revenue	$ 1,208,158,987	1,106,161,582

(6) Concentration of Credit Risk

Patients' accounts receivable consist primarily of receivables from patients and third-party payors. In the course of providing healthcare services, the Trust grants credit to patients, substantially, all of whom are residents of the County. The Trust generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignments of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, health maintenance organizations, preferred provider organizations, and commercial insurance policies).

The mix of receivables from patients and third-party payors based on gross patient charges at September 30, 2017 and 2016 as follows:

	2017	2016
Medicaid	16 %	19 %
Medicare	9	9
Patients	33	29
Managed care	38	40
Commercial	4	3
	100 %	100 %

The allowance for doubtful accounts represents amounts, which, in the Trust's judgment, will be adequate to absorb write-offs of existing patient receivable balances, which may become uncollectible. Estimation of the allowance for doubtful accounts is based on several factors, which include, but are not limited to, analytical review of loss experience of the various payor classes in relation to outstanding receivables and judgment with respect to the impact of current economic conditions. The Trust believes that the allowance for doubtful accounts is adequate.

(7) Transactions with the County

Under the terms of the operating agreement (the Agreement) between the County and the Trust, the County funded the Trust approximately $175,413,000 and $161,006,000 in 2017 and 2016, respectively, from ad valorem and non ad valorem taxes to defray the costs of its general operations. Such amounts have been included in nonoperating revenues in the accompanying statements of revenues, expenses, and changes in net position. The amounts of future funding from the County are dependent, in part, on the availability of ad valorem and non ad valorem taxes to do so.

The County provided various services to the Trust under the terms of the Agreement, such as legal, direct, and indirect costs, which for 2017 and 2016 amounted to approximately $3,548,000 and $2,717,000, respectively. These services are billed at cost. At September 30, 2017 and 2016, the Trust's accumulated payables to the County for these and other services were approximately $664,000 and $670,000, respectively, which is included in due to Miami-Dade County in the accompanying statements of net position.

In addition to the above matters, at September 30, 2017 and 2016, due to Miami-Dade County in the accompanying statements of net position included $15,000,000 due to the County under the agreement to partially fund the County's obligation to the State of Florida under the Medicaid program.

As of September 30, 2017 and 2016, the Trust recorded a receivable from the County of approximately $42,283,000 and $42,100,000, respectively, as due from Miami-Dade County in the accompanying statements of net position for sales taxes receivable.

During 2017 and 2016, the Trust recorded approximately $0 and $5,734,000, respectively, in other nonoperating revenues in the accompanying statements of revenues, expenses, and changes in net position related to contributions from the County.

In November 2013, voters of Miami Dade County approved in a referendum the issuance of General Obligation Bonds (PHT-GOB) for $830 million. The PHT-GOB is a general obligation of the County and is payable from unlimited ad valorem taxes on all taxable real and tangible personal property within the County. These funds are utilized for upgrades, new equipment, the expansion of the urgent care centers, and the land for the construction of Jackson West hospital. At September 30, 2017 and 2016, the Trust recorded approximately $78,711,000 and $50,681,000, respectively, in other nonoperating revenues in the accompanying statements of revenues, expenses, and changes in net position for PHT-GOB contributions from the County. Such contributions were used for approximately $11,772,000 and $15,088,000 in Cerner and other software installations, $31,027,000 and $28,264,000 in equipment purchases, and $35,912,000 and $7,329,000 in construction during the years ended September 30, 2017 and 2016, respectively.

(Continued)

(8) Sales Tax Revenue

On September 3, 1991, the voters of the County approved a half-cent sales tax to support the operations of the Trust, effective January 1, 1992. During the years ended September 30, 2017 and 2016, the Trust recognized approximately $255,903,000 and $251,703,000, respectively, of sales tax revenue, which is included in nonoperating revenues in the accompanying statements of revenues, expenses, and changes in net position.

(9) Capital Assets

A summary of the activity in the capital assets and the related accumulated depreciation account for the years ended September 30, 2017 and 2016 is as follows:

	Balance at September 30, 2016	Additions	Transfers	Sales, retirement, and adjustments	Balance at September 30, 2017
Land improvements	$ 75,607,856	—	263,464	—	75,871,320
Buildings	814,850,279	249,900	12,055,650	(555)	827,155,274
Fixed equipment	106,896,190	3,456,226	205,872	(73,466)	110,484,822
Movable equipment	474,981,971	21,784,102	10,902,642	(1,675,250)	505,993,465
Depreciable assets	1,472,336,296	25,490,228	23,427,628	(1,749,271)	1,519,504,881
Accumulated depreciation	(992,027,082)	(60,097,898)	—	1,667,047	(1,050,457,933)
Net depreciable assets	480,309,214	(34,607,670)	23,427,628	(82,224)	469,046,948
Land	36,634,927	—	—	—	36,634,927
Construction in progress	31,867,951	79,903,642	(14,965,997)	(92,525)	96,713,071
Projects in progress	49,434,369	10,951,664	(8,461,631)	—	51,924,402
Capital assets, net	$ 598,246,461	56,247,636	—	(174,749)	654,319,348

	Balance at September 30, 2015	Additions	Transfers	Sales, retirement, and adjustments	Balance at September 30, 2016
Land improvements	$ 73,784,726	—	1,823,130	—	75,607,856
Buildings	766,858,170	106,799	47,885,310	—	814,850,279
Fixed equipment	102,905,667	3,487,854	502,669	—	106,896,190
Movable equipment	434,965,730	37,219,845	3,337,949	(541,553)	474,981,971
Depreciable assets	1,378,514,293	40,814,498	53,549,058	(541,553)	1,472,336,296
Accumulated depreciation	(936,723,578)	(55,704,472)	—	400,968	(992,027,082)
Net depreciable assets	441,790,715	(14,889,974)	53,549,058	(140,585)	480,309,214
Land	36,634,927	—	—	—	36,634,927
Construction in progress	29,670,956	56,022,326	(53,549,058)	(276,273)	31,867,951
Projects in progress	25,077,302	24,357,067	—	—	49,434,369
Capital assets, net	$ 533,173,900	65,489,419	—	(416,858)	598,246,461

(10) Long-Term Obligations

Activity with respect to long-term debt and other liabilities for the year ended September 30, 2017 and 2016 was as follows:

	Balance at September 30, 2016	Additions	Refunding/ reductions	Balance at September 30, 2017	Amount due within one year
Bonds payable	$ 306,435,000	81,215,000	(95,040,000)	292,610,000	8,555,000
Less amounts:					
For issuance discount	(791,744)	—	791,744	—	—
Add amounts:					
For issuance premium	19,414,996	11,292,451	(2,737,034)	27,970,413	—
Bonds Payable, net	325,058,252	92,507,451	(96,985,290)	320,580,413	8,555,000
Estimated self-insurance	41,289,081	9,675,166	(7,731,092)	43,233,155	5,982,466
Other liabilities	6,524,313	—	(649,000)	5,875,313	—
Net pension liability	189,567,319	—	(40,248,350)	149,318,969	—
	$ 562,438,965	102,182,617	(145,613,732)	519,007,850	14,537,466

(Continued)

	Balance at September 30, 2015	Additions	Refunding/ reductions	Balance at September 30, 2016	Amount due within one year
Bonds payable	$ 315,290,000	—	(8,855,000)	306,435,000	8,175,000
Less amounts:					
For issuance discount	(828,674)	—	36,930	(791,744)	—
Add amounts:					
For issuance premium	20,521,277	—	(1,106,281)	19,414,996	—
Bonds Payable, net	334,982,603	—	(9,924,351)	325,058,252	8,175,000
Estimated self-insurance	42,229,412	6,092,633	(7,032,964)	41,289,081	6,759,421
Other liabilities	6,285,312	339,001	(100,000)	6,524,313	—
Net pension liability	149,589,060	39,978,259	—	189,567,319	—
	$ 533,086,387	46,409,893	(17,057,315)	562,438,965	14,934,421

(11) Long-Term Debt and Interest Expense

The composition of long-term debt at September 30, 2017 and 2016 is set forth in the following table:

	2017	2016
Public Facilities Revenue Bonds (Series 2005A), net of unamortized bond discount of approximately $507,000 at September 30, 2016 was refunded on June 1, 2017.	$ —	17,788,447
Public Facilities Revenue Refunding Bonds (Series 2005B), net of unamortized bond premium of approximately $560,000 and $766,000 at September 30, 2017 and 2016. Interest rate of 5%.	16,459,686	16,665,721
Public Facilities Revenue Bonds (Series 2009), net of unamortized bond premium of approximately $7,000 and discount of $285,000 at September 30, 2017 and 2016, respectively. Interest rate from 4.5% to 5%.	3,761,903	73,784,742
Public Facilities Revenue and Revenue Refunding bonds (Series 2015A), net of amortized bond premium of approximately $16,413,000 and $18,649,000 at September 30, 2017 and 2016. Interest rate from 3% to 5%.	208,152,588	216,819,342
Public Facilities Revenue Bonds (Series 2017), net of amortized bond premium of approximately $10,991,000 at September 30, 2017. Interest rate from 3% to 5%.	92,206,236	—
	320,580,413	325,058,252
Less current portion	(8,555,000)	(8,175,000)
	$ 312,025,413	316,883,252

On September 27, 2005, the County issued Public Facilities Revenue Bonds and Public Facilities Revenue Refunding Bonds in the original combined amount of $300,000,000 (Series 2005 Bonds) with maturity through June 2037 to (i) pay or reimburse the Trust for the cost of certain additions to the Trust's healthcare facilities; (ii) fund a Debt Service Reserve Fund; (iii) refund all of the County's outstanding Public Facilities Revenue Bonds (Jackson Memorial Hospital), Series 1993 Public Facilities Revenue Refunding Bonds (Jackson Memorial Hospital), Series 1993A and Series 1998 Public Facilities Revenue Bonds (Jackson Memorial Hospital); and (iv) pay certain costs incurred in connection with the issuance of the Series 2005 Bonds, including the premium for a municipal bond insurance policy.

On September 2, 2009, the County issued Public Facilities Revenue Bonds in the original amount of $83,315,000 (Series 2009 Bonds) with maturity through June 2039 to provide funds to (i) pay or reimburse the Trust for the cost of certain additions to the Trust's healthcare facilities, including infrastructure; (ii) fund a deposit to the Debt Service Reserve Fund established under the Master Ordinance; and (iii) pay certain costs incurred in connection with the issuance of the Series 2009 Bonds, including the premium for a financial guaranty insurance policy.

On July 9, 2015, the County issued Public Facilities Revenue and Revenue Refunding Bonds in the original combined amount of $205,350,000 (Series 2015A) to (1) refund, defease, and redeem a portion of the County's outstanding Series 2005 Bonds and (2) pay or reimburse PHT for the cost of certain additions to PHT's healthcare facilities; and pay certain costs incurred in connection with the issuance of Series 2015 Bonds. The computation performed in accordance with GASB Statement No. 23 for the current refunding of the Series 2005A bonds and the partial refunding of the Series 2005B bonds resulted in a gain on defeasance of approximately $7,166,000, which is recorded as deferred inflows of resources in the accompanying statements of net position. This deferred amount is being amortized through 2036 using the straight-line amortization method. The refunding produced an aggregate present value savings of approximately $21,381,000. The Series 2015A bear interest ranging between 3% and 5% and mature serially through 2036.

On June 1, 2017, the County issued Public Facilities Revenue Bonds in the original combined amount of $81,215,000 (Series 2017) to (1) refund, and redeem all of the County's outstanding Public Facilities Revenue Bonds (Jackson Health System), Series 2005A, (2) advance refund and defease $68,570,000 of the County's outstanding Series 2009 Bonds, pay certain costs incurred in connection with the issuance of the Series 2017 bonds.. The computation performed in accordance with GASB Statement No. 23 for the current refunding of the Series 2005A and 2009 resulted in a loss on defeasance of approximately $6,459,000 which is recorded as deferred outflows of resources in the accompanying statement of net position. This deferred amount is being amortized through 2039 using the straight line amortization method. The refunding produced an aggregate present value savings of approximately $9,398,000. The Series 2017 bear interest ranging between 3% and 5% and mature serially through 2039.

The Series 2005 Bonds, Series 2009 Bonds, Series 2015 Bonds, and Series 2017 (collectively, the Bonds) are secured by the gross revenues of the Trust. The Bonds are subject to certain covenants included in Ordinance No. 05-49 (the Ordinance), together with certain ordinances and board resolutions, which authorize and issue the Bonds by and between the Trust and the County. In addition, the Trust must comply with certain covenants included in the related insurance agreements.

The Ordinance contains restrictive covenants that must be met by the Trust, including, among other items, the requirement to maintain a minimum long-term debt service coverage ratio, the requirement to make scheduled monthly deposits to the debt service fund, maintenance of insurance on the Trust's facilities, and limitations on the incurrence of additional debt.

The approximate maturities of long-term debt for the next five years and thereafter are as follows:

		Principal payments	Interest payments	Total debt service
Year(s) ending September 30:				
2018	$	8,555,000	14,192,701	22,747,701
2019		8,985,000	13,766,200	22,751,200
2020		9,710,000	13,326,575	23,036,575
2021		10,985,000	12,888,275	23,873,275
2022		10,415,000	12,381,325	22,796,325
2023–2027		60,330,000	53,676,875	114,006,875
2028–2032		76,935,000	37,032,625	113,967,625
2033–2037		97,035,000	16,416,250	113,451,250
2038–2039		9,660,000	730,250	10,390,250
	$	292,610,000	174,411,076	467,021,076

Interest expense for the years ended September 30, 2017 and 2016 is summarized as follows:

		2017	2016
Interest on bonds	$	12,673,700	12,957,812
Other interest		—	15,625
	$	12,673,700	12,973,437

Total beginning deposit to escrow was $74,281,000 and the Trust had outstanding amounts defeased in escrow during fiscal year 2017. The Trust had outstanding amounts previously defeased held in escrow during fiscal year 2017. In fiscal year 2016, the Trust did not have any outstanding amounts previously defeased held in escrow.

(12) Risk Management

The Trust is exposed to various risks of loss related to professional liability; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Trust manages its risks for professional and general liability internally and sets aside assets for claims settlement.

(a) Professional and General Liability

The Trust established a self-insurance program for professional and general liability claims beginning in 1975. As an agency of a political subdivision of the State of Florida, the Trust has sovereign immunity from such claims, except for the waiver of such immunity, to the extent of $200,000 per claimant or $300,000 per incident. The maximum limitation has been considered in estimating the reserve for self-insured claims. The Board, at its discretion, has funded approximately $47,030,000 and $37,170,000, respectively, at September 30, 2017 and 2016, of its estimated liability. Such amounts are reflected in the accompanying statements of net position as assets limited as to use.

Incidents that might result in claims are required to be reported to the risk management department of the Trust for investigation. At any one time, claims are in various stages of processing, including being handled by counsel. In addition, claims may not have been presented for all reported incidents. Management of the Trust, based on advice of counsel and its consulting actuaries and determinations made by the risk management department, estimates the reserve necessary to provide for claims based on incidents that have occurred based on the appropriate sovereign immunity limitation. Accrued professional and general liabilities losses have been discounted using a rate of 3% at September 30, 2017 and 2016. The total liability as of September 30, 2017 and 2016 approximated $21,050,000 and $17,979,000, respectively, of which approximately $19,125,000 and $15,464,000, respectively, is included in long-term estimated self-insured liability, and approximately $1,925,000 and $2,515,000, respectively, is included in current estimated self-insured liability in the accompanying statements of net position.

(b) Workers' Compensation

The Trust participated in the County's self-insured workers' compensation program until the first quarter of fiscal year 2008, at which time a third-party administrator began processing claims, and the Trust established its own self-insurance program for workers' compensation. The workers' compensation assessment resulted in a liability at September 30, 2017 and 2016 of approximately $22,182,000 and $23,310,000, respectively, of which approximately $18,125,000 and $19,066,000, respectively, is included in long-term estimated self-insured liability, and approximately $4,057,000 and $4,244,000, respectively, is included in current estimated self-insured liability in the accompanying statements of net position. No stop-loss insurance policy has been purchased for claims exceeding a certain dollar amount.

The changes in the self-insurance programs for the years ended September 30, 2017 and 2016 are as follows:

		Workers' compensation	Professional liability	Total
Balance at September 30, 2016	$	23,309,767	17,979,314	41,289,081
Claims paid		(5,759,082)	(1,972,010)	(7,731,092)
Claims and changes in estimates		4,632,058	5,043,108	9,675,166
Balance at September 30, 2017	$	22,182,743	21,050,412	43,233,155

		Workers' compensation	Professional liability	Total
Balance at September 30, 2015	$	23,695,044	18,534,368	42,229,412
Claims paid		(4,379,020)	(2,653,944)	(7,032,964)
Claims and changes in estimates		3,993,743	2,098,890	6,092,633
Balance at September 30, 2016	$	23,309,767	17,979,314	41,289,081

(13) Leases

The Trust leases various equipment and facilities under operating leases. Rent expense for all operating leases was approximately $8,343,980 and $6,582,500, respectively, in fiscal years 2017 and 2016, and is included in contractual and purchased services in the accompanying financial statements. At September 30, 2017, future minimum lease payments by year under noncancelable operating leases with remaining terms of more than one year are as follows:

Year ending September 30:		
2018	$	7,472,598
2019		7,393,583
2020		5,712,493
2021		4,256,670
2022		1,306,821
2023		673,737
	$	26,815,902

(14) Public Medical Assistance Trust Fund Assessment

The State of Florida's Health Care Consumer Protection Awareness Act (the Act) calls for an assessment equal to 1.5% of hospital net patient revenue, as defined, to be provided for care of indigents in the State of Florida. The Florida Legislative session of 2000 passed the Patient Protection Act of 2000, which provided that the assessment be lowered to 1% for certain services. The assessments are paid to the State of Florida in quarterly increments with the first installment due no more than six months after the Trust's fiscal year-end. The assessment was approximately $13,271,000 and $11,761,000, respectively, in fiscal years 2017 and 2016.

(15) Pension Plans

(a) Florida Retirement System

(i) Summary of Significant Accounting Policies

Pensions For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS and HIS's fiduciary net position have been determined on the same basis as they are reported by FRS and HIS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are report at fair value.

(ii) General Information about the Pension Plan

Plan description The Florida Retirement System (FRS) Pension Plan and Other-State Administrative Systems (the Systems) are administered by the Florida Department of Management Services, Division of Retirement, and is a part of the primary government of the State of Florida.

The State Board of Administration of Florida (SBA) manages the assets of the Florida Retirement System (FRS). The primary investment objectives for the FRS Pension Plan are to provide investment returns sufficient to ensure timely payment of promised benefits and keep plan costs at a reasonable level. The portfolio consists of a highly diversified asset mix of investments, which includes government and corporate bonds, common stock, income-producing real estate, alternative investments, and short-term money market instruments.

The FRS Retirement System Pension Plan (Plan) was created in Chapter 12, Florida Statutes in 1970 by consolidating several employee retirement systems. All eligible employees (as defined by the State of Florida) who were hired after 1970 and those employed prior to 1970 who elect to be enrolled are covered by the Plan. Employees in the Pension Plan vest at six years of service if enrolled in the plan prior to July 1, 2011. Enrollment after July 1, 2011 requires eight years of service to vest. Members initially enrolled in FRS before July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, regardless of age. For enrollees prior to July 1, 2011, pension plan benefit payments are based on the member's highest five-year average annual salary (average final compensation) times the number of years of service. Enrollees after July 1, 2011 are eligible for normal retirement benefits at age 65, or after completing the eight years of credible service any age, if after 65 and have benefit payments based on the member's highest eight-year average annual salary. The annual final compensation (regardless of whether it is the highest five or highest eight) is multiplied by a percentage ranging from 1.60% at either 62 or with 30 years of service to 1.68% at age 65 or with 33 years of service. Members are eligible for early retirement after six years of service, however, normal benefits are reduced by 5% for each year a member retires before normal retirement age. Effective January 1, 1996, the Trust ceased participants in the FRS plan with regard to future employees.

(Continued)

The Plan provides retirement, disability, and death benefits and annual cost-of-living adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

A Deferred Retirement Option Program (DROP) was established effective July 1, 1998. It permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with a Florida Retirement System employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust fund and accrue interest.

Eligible FRS members may elect to participate in the FRS Investment Plan in lieu of the defined-benefit Plan. Trust employees participating in DROP are not eligible to participate in the FRS Investment Plan. This plan is funded by employer contributions that are based on salary and membership class. Contributions are directed to individual member accounts and the ultimate benefit depends in part on the performance of investment funds chosen. Employees in the FRS investment Plan vest after one year of service.

The benefit provisions and all other requirements of the Plan are established by Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefits of the Plan.

The contribution rates for the Plan are established by Section 121.71 of the Florida State Statutes and may be amended by the State of Florida. The uniform rates for the Plan fiscal year 2016-2017 were as follows:

	2017	
	Percentage of gross salary	
Class or Plan	Employee	Employer (A)
Florida Retirement System, Regular	3.00	7.52

	2016	
	Percentage of gross salary	
Class or Plan	Employee	Employer (A)
Florida Retirement System, Regular	3.00	7.26

Notes: (A) Employer rates include the postretirement health insurance supplement, which was increased on July 1, 2015 to 1.66%.

The Trust's contributions to the Plan, net of employee contributions, for the fiscal years ending September 30, 2017 and 2016 was approximately $7,974,000 and $9,097,000, respectively. Effective July 1, 2011, all members of FRS, except for DROP participants and reemployed retirees who are not eligible for renewed membership, are required to contribute 3% of their compensation to FRS. Amounts collected by the Trust and remitted to the Plan, related to employee contributions are not considered employer contributions by the Plan.

Benefits are computed on the basis of age and/or years of service, average final compensation and service credit.

(iii) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Florida Legislature as guidance for funding decisions.

At September 30, 2017, the Trust reported a net pension liability of approximately $92,435,000 for its proportionate share of the FRS Pension Plan net pension liability. The Trust's proportionate share of the FRS net pension liability was based the Trust's actual contributions to the pension plan relative to the total actual contributions of all employers during the fiscal year ended June 30, 2017. At June 30, 2017, the Trust's proportionate share was 0.3125%, which was a decrease of 13.55% from its proportionate share of 0.3615% measured as of June 30, 2016.

At September 30, 2016, the Trust reported a net pension liability of approximately $91,283,000 for its proportionate share of the FRS Pension Plan net pension liability. The Trust's proportionate share of the FRS net pension liability was based the Trust's actual contributions to the pension plan relative to the total actual contributions of all employers during the fiscal year ended June 30, 2016. At June 30, 2016, the Trust's proportionate share was 0.3615%, which was a decrease of 12.27% from its proportionate share of 0.4121% measured as of June 30, 2015.

For the years ended September 30, 2017 and 2016, the Trust recognized pension expense, net of employee contributions and contributions subsequent to the measurement period, of approximately $3,425,000 and $2,012,000, respectively, for the FRS Pension Plan. At September 30, 2017 and 2016, the Trust reported deferred outflows of resources and deferred inflows of resources related to pensions for the FRS Pension Plan from the following sources:

	2017	
	Deferred outflows of resources	**Deferred inflows of resources**
Differences between expected and actual experience	$ 8,483,333	(512,044)
Changes in assumptions	31,064,776	—
Net difference between projected and actual earnings on pension plan investments	—	(2,290,777)
Changes in proportion and differences between Trust contributions and proportionate share of contributions	—	(16,595,106)
Trust contributions subsequent to the measurement date	2,198,106	—
Total	$ 41,746,215	(19,397,927)

		2016	
		Deferred outflows of resources	**Deferred inflows of resources**
Differences between expected and actual experience	$	6,989,346	(849,909)
Changes in assumptions		5,522,362	—
Net difference between projected and actual earnings on pension plan investments		23,595,601	—
Changes in proportion and differences between Trust contributions and proportionate share of contributions		—	(12,995,536)
Trust contributions subsequent to the measurement date		2,359,715	—
Total	$	38,467,024	(13,845,445)

The deferred outflows of resources related to pensions totaling $2,198,106 resulting from Trust contributions subsequent to the measurement date will be recognized as a reduction of the deferred outflows of resources in the year ended September 30, 2018. Other amounts reported for the FRS Pension Plan as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

		Amount recognized
Fiscal year ending September 30:		
2018	$	799,380
2019		8,751,139
2020		5,133,808
2021		(894,095)
2022		4,527,930
Thereafter		1,832,020
Total	$	20,150,182

Actuarial assumptions. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation date calculated on the assumptions listed below:

	2017	**2016**
Valuation date	July 1, 2017	July 1, 2016
Measurement date	June 30, 2017	June 30, 2016
Discount rate	7.10 %	7.60 %
Long-term expected rate of return net of investment expense	7.10	7.60
Inflation	2.60	2.60
Salary increase, including inflation	3.25	3.25
Mortality	Generational RP•2000 with Projection Scale BB Tables	Generational RP•2000 with Projection Scale BB Tables
Actuarial cost method	Individual Entry Age Normal	Individual Entry Age Normal

The actuarial assumptions that determined the total pension liability of the FRS Pension Plan as of June 30, 2017 were based on the results of an actuarial experience study for the period ended July 1, 2008 through June 30, 2013.

The changes in actuarial assumptions for demographic and economic assumptions (all of the above assumptions except actuarial cost methods) correspond to changes in the same assumptions in the FRS actuarial study for funding purposes. These changes were approved in October 2017 at the FRS Actuarial Assumptions Conference. The changes are explained below:

- The discount rate and long-term expected rate of return, net of investment expense decreased from 7.60% to 7.10%.

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

Asset class	Target allocation	2017 Annual arithmetic of return	2016 Annual arithmetic of return
Cash	1.00 %	3.0 %	3.0 %
Fixed income	18.00	4.5	4.7
Global equity	53.00	7.8	8.1
Strategic investment	12.00	6.1	6.1
Private equity	6.00	11.5	11.5
Real estate (property)	10.00	6.6	6.4
Total	100.00 %		

Discount rate. The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.10% and 7.60% for fiscal years ended 2017 and 2016, respectively, and was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Trust's proportionate share of the net pension liability to changes in the discount rate. The following presents the Trust's proportionate share of the net pension liability of the FRS Pension Plan calculated using the discount rate of 7.10%. Also presented is what the Trust's proportionate share of the FRS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate at September 30, 2017:

	2017		
	1% Decrease (6.10)%	Current discount rate (7.10)%	1% Increase (8.10)%
Trust's proportionate share of the FRS Pension Plan net pension liability	$ 167,302,255	92,435,269	30,278,519

The following presents the Trust's proportionate share of the net pension liability of the FRS Pension Plan calculated using the discount rate of 7.60%. Also presented is what the Trust's proportionate share of the FRS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate at September 30, 2016:

	2016		
	1% Decrease (6.60)%	**Current discount rate (7.60)%**	**1% Increase (8.60)%**
Trust's proportionate share of the FRS Pension Plan net pension liability	$ 168,058,600	91,283,227	27,377,869

Pension Plan fiduciary net position. Detailed information about the FRS Pension Plan's fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report. The comprehensive annual financial report of the FRS is available by mail at: State of Florida, Division of Retirement, Department of Management Services, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399, by telephone toll free (844) 377-1888 or (850) 907-6500; by e-mail at rep@dms.myflorida.com; or at the Division's Web site (http://www.dms.myflorida.com).

(iv) General Information about the Health Insurance Subsidy (HIS)

HIS plan description. The HIS Pension is a cost-sharing multiple-employer defined-benefit pension plan established under Section 112.363, Florida Statutes to provide a monthly payment to assist retirees and beneficiaries of any state-administered retirement system.

HIS benefits provided. The benefit of the HIS Pension Plan is a monthly payment to assist retirees in paying their health insurance costs. This plan is administered by the Department of Management Services, Division of Retirement. HIS benefits are not guaranteed and are subject to annual legislative appropriation.

Eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by $5. The payments are a minimum of $30 but not more than $150 monthly per Florida Statutes 112.263.

HIS Contributions. The HIS Pension Plan is funded by required contributions from FRS participating employers. The funds are deposited in a separate trust fund and consequently paid from that trust fund. Employer contributions are a percentage of gross compensation for all FRS members. For the fiscal years ended September 30, 2017 and 2016, the contribution rate was 1.66%, of payroll per Florida Statutes 112.263. Employees do not contribute to this plan.

The Trust's contributions to the HIS Pension Plan totaled approximately $2,115,000 and 2,418,000, respectively, for the fiscal years ended September 30, 2017 and 2016.

(v) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIS Pensions

At September 30, 2017, the Trust reported a liability of approximately $43,512,000 for its proportionate share of the HIS Pension net pension liability. The net pension liability as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the July 1, 2016. The July 1, 2016 HIS valuation is the most recent actuarial valuation which was used to develop the liabilities at June 30, 2017. The Trust's proportionate share of the net pension liability was based on a projection of the Trust's long-term share of contributions to the pension plan relative to the projected contributions during the fiscal year ended June 30, 2017. At June 30, 2017, the Trust's proportionate share was 0.4069%, which was a decrease of 13.04% from its proportionate share of 0.4679% measured as of June 30, 2016.

At September 30, 2016, the Trust reported a liability of approximately $54,528,000 for its proportionate share of the HIS Pension net pension liability. The net pension liability as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the July 1, 2016. The July 1, 2016 HIS valuation is the most recent actuarial valuation which was used to develop the liabilities at June 30, 2016. The Trust's proportionate share of the net pension liability was based on a projection of the Trust's long-term share of contributions to the pension plan relative to the projected contributions during the fiscal year ended June 30, 2016. At June 30, 2016, the Trust's proportionate share was 0.4679%, which was a decrease of 8.20% from its proportionate share of 0.5097% measured as of June 30, 2015.

For the years ended September 30, 2017 and 2016, the Trust recognized pension expense of approximately $479,000 and $2,533,000, respectively, for the HIS Pension Plan. At September 30, 2017 and 2016, the Trust reported deferred outflows of resources and deferred inflows of resources related to pensions for the HIS Pension Plan from the following sources:

		2017	
		Deferred outflows of resources	**Deferred inflows of resources**
Differences between expected and actual experience	$	—	(90,598)
Changes in assumptions		6,116,248	(3,762,502)
Net difference between projected and actual earnings on pension plan investments		24,130	—
Changes in proportion and differences between Trust contributions and proportionate share of contributions		—	(13,362,994)
Trust contributions subsequent to the measurement date		543,025	—
Total	$	6,683,403	(17,216,094)

		2016	
		Deferred outflows of resources	**Deferred inflows of resources**
Differences between expected and actual experience	$	—	(124,196)
Changes in assumptions		8,556,860	—
Net difference between projected and actual earnings on pension plan investments		27,571	—
Changes in proportion and differences between Trust contributions and proportionate share of contributions		—	(10,194,020)
Trust contributions subsequent to the measurement date		581,704	—
Total	$	9,166,135	(10,318,216)

The deferred outflows of resources related to pensions totaling $543,025 resulting from Trust contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported for the HIS Pension Plan as deferred outflows or inflows of resources related to pensions will be recognized in pension expenses as follows:

		Amount recognized
Fiscal year ending September 30:		
2018	$	(2,117,456)
2019		(2,122,022)
2020		(2,124,214)
2021		(1,711,430)
2022		(1,312,782)
Thereafter		(1,687,812)
Total	$	(11,075,716)

Actuarial assumptions. The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of the valuation date calculated on the assumptions listed below:

	2017	**2016**
Valuation date	July 1, 2016	July 1, 2016
Measurement date	June 30, 2017	June 30, 2016
Discount rate	3.58 %	2.85 %
Long-term expected rate of return net of investment expense	N/A	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index	3.58	2.85
Inflation	2.60	2.60
Salary increase, including inflation	3.25	3.25
Mortality	Generational RP-2000 with Projection Scale BB Tables	Generational RP-2000 with Projection Scale BB Tables
Actuarial cost method	Individual Entry Age Normal	Individual Entry Age Normal

The actuarial assumptions that determined the total pension liability of the HIS Pension Plan as of June 30, 2017, were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Long-term expected rate of return. Because the HIS Pension Plan is funded on a pay-as-you-go basis funding structure, a municipal bond rate of 3.58% in 2017 and 2.85% in 2016 was used to determine the total pension liability for that program.

Discount Rate. Because the HIS Pension Plan uses a pay as-you-go funding structure, a municipal bond rate of 3.58% in 2017 and 2.85% in 2016 was used to determine the total pension liability for the program.

Sensitivity of the Trust's proportionate share of the net pension liability to changes in the discount rate. The following presents the Trust's proportionate share of the net pension liability of the HIS Pension Plan calculated using the discount rate of 3.58%. Also presented is what the Trust's proportionate share of the HIS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

		2017	
	1% Decrease (2.58)%	Current discount rate (3.58)%	1% Increase (4.58)%
Trust's proportionate share of the HIS Pension Plan net pension liability	$ 49,652,605	43,511,694	38,396,654

The following presents the Trust's proportionate share of the net pension liability of the HIS Pension Plan calculated using the discount rate of 2.85%. Also presented is what the Trust's proportionate share of the HIS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.85%) or 1-percentage-point higher (3.85%) than the current rate:

		2016	
	1% Decrease (1.85)%	Current discount rate (2.85)%	1% Increase (3.85)%
Trust's proportionate share of the HIS Pension Plan net pension liability	$ 62,556,227	54,528,194	47,865,365

Pension plan fiduciary net position. Detailed information about HIS Pension Plan's fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report. The comprehensive annual financial report of the FRS is available by mail at: State of Florida, Division of Retirement, Department of Management Services, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399; by telephone toll free (844) 377-1888 or (850) 907-6500; by e-mail at rep@dms.myflorida.com; or at the Division's Web site (http://www.dms.myflorida.com).

(b) Public Health Trust of Miami-Dade County, Florida, Defined-Benefit Retirement Plan

The Plan was created in 1996. The Plan has a calendar year-end of December 31 and does not issue stand-alone financial statements.

Defined-Benefit Retirement Plans

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, requires employers and nonemployer contributing entities to report their net pension liability on their financial statements. While GASB Statement No. 68 changed the amount of the net pension liability (asset) that is reported on the financial statements, governments may continue to fund their plans by calculating an actuarially determined contribution and measuring their funded status as it relates to that actuarially determined contribution.

In order to provide the necessary disclosures that are required under the various GASB Statements, the disclosures below are separated into four sections. The first section, General Information about the Defined-Benefit Retirement Plan, offers disclosures about the plan itself – descriptions of the plan and who is covered; an analysis of the membership of the plan as of the end of the fiscal year; and a discussion of benefits provided, and the financial statements. The second section, Fair Value Measurement, required by GASB Statement No. 72, reports investments at fair value and categorizes fair value measurements within the hierarchy established by generally accepted accounting principles. The third section, Net Pension Asset (Liability) and Disclosures required by GASB Statement No. 67, provides the information that is required by GASB Statement No. 67 – the calculation of the net pension asset (liability); the actuarial assumptions and census data that were used in calculating that net pension asset (liability); the discount rate that was used in the calculations; and the sensitivity of the net pension asset (liability) to changes in the discount rate. The fourth section, Pension Expenses and Deferred outflows/Inflows of Resources, required by GASB Statement No. 68, provides information about the pension expense calculation, deferred outflows and inflows balances, and current and future years amortization of the inflows and outflows balances.

(i) General Information about the Defined-Benefit Retirement Plan

Eligibility

All employees working in a full time or part time regularly established position who were hired after January 1, 1996 are covered by the Plan.

Contributions

The Trust intends to make contributions to fund the Plan at such times and in such amounts as certified by an independent actuary as being no less than amounts required to be contributed under Section 112, Florida Statutes; any actuarial gain arising under the Plan shall be used to reduce future Trust contributions to the Plan and shall not be applied to increase retirement benefits to participants. Effective April 1, 2012, all plan members were required to make a 3% pretax employee contribution.

Benefits

Benefits under the Plan vest after six years of service. The normal retirement age for employees hired before April 1, 2012 is age 62 with six years of credited service or completion of 30 years of continuous service. The normal retirement age for employees hired after March 31, 2012 is age 65 with six year of credited service or completion of 30 years of continuous service. All employees are entitled to either an annual retirement benefit payable monthly for life or one lump-sum payment. The lump-sum payment option became effective for plan members as of October 1, 2013. The Plan also provides for early retirement at reduced benefits and death and disability benefits.

Payment of Expenses

Expenses associated with administering the Plan will be paid out of the Plan's assets unless, at the discretion of the Trust, will be paid by the Trust.

Plan Termination

The Trust has the right to terminate this Plan at any time. In the event of such termination, all affected participants shall be 100% vested.

Membership

Membership of the Plan consisted of the following at January 1, 2017, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	714
Terminated plan members entitled to but not yet receiving benefits	894
Active plan members	8,463
Total	10,071
Number of participating employers	1

Deposits and Investments

The Plan's investment authority is derived from the authorization of the Board and is in accordance with Florida Statute 215.47 (the Statute) and the Employment Retirement Income Security Act of 1974, as amended.

The following is a summary of the fair value of assets held in the pension trust fund at September 30, 2017 and 2016:

	2017	2016
Cash	$ 13,842,516	6,121,548
Investments:		
Domestic:		
Mutual funds	29,323,858	42,326,581
Equities	475,607,382	342,061,077
Corporate debt securities	42,223,958	39,811,944
U.S. government securities	13,509,941	12,492,864
Total domestic investments	560,665,139	436,692,466
International:		
Mutual funds	39,452,380	31,390,750
Equities	36,644,805	67,123,538
Corporate debt securities	5,893,252	7,389,746
Total international investments	81,990,437	105,904,034
Venture Capital and Limited Partnership	27,695,377	21,303,609
Hedge funds	28,165,902	50,213,413
Total assets	$ 712,359,371	620,235,070

Credit Risk

The Plan’s investment policy (the Investment Policy) is designed to minimize credit risk by restricting authorized investments to only those investments permitted by the Statute, subject to certain additional limitations. These additional limitations consist of prohibitions against investments in derivative securities, options, futures, or short positions; however, the Investment Policy allows for investments in mortgage pass-through securities. Generally, the Statute permits investments in the Florida State Board of Administration Pooled Investment account (the SBA Pool), U.S. government and agency securities, common and preferred stock of domestic and foreign corporations, repurchase agreements, commercial paper and other corporate obligations, bankers’ acceptances, state or local government taxable or tax-exempt debt, real estate and real estate securities, venture capital, private equity, hedge equity, multimanager/multistrategy funds, and money market funds. With the exception of obligations directly issued or guaranteed by the U.S. government, investments in the SBA Pool, and certain state or local government debt instruments, the Statute provides limits as to the maximum portion of the Plan’s portfolio that can be invested in any one investment category or issuer.

At September 30, 2017, the Plan's investment securities had the following credit ratings:

	2017	
	Fair value	**Credit rating***
Domestic investments:		
Mutual funds	$ 29,323,858	NR
U.S. government agency securities, by issuer:		
Federal National Mortgage Association	4,254,915	AA+
U.S. Treasury bills	1,819,956	AA+
U.S. Treasury note	7,163,566	NR
Federal Home Loan Mortgage Corporation	271,504	AA+
Total U.S. government and agency obligations	13,509,941	
Equities – common stock	475,607,382	NR
Corporate debt securities:		
Corporate bonds	3,268,170	AAA
Corporate bonds	568,933	AA+
Corporate bonds	1,625,360	AA
Corporate bonds	1,584,760	AA-
Corporate bonds	1,176,418	A+
Corporate bonds	2,796,750	A
Corporate bonds	4,901,029	A-
Corporate bonds	6,805,470	BBB+
Corporate bonds	8,595,321	BBB
Corporate bonds	7,962,244	BBB-
Corporate bonds	299,421	BB+
Corporate bonds	266,624	BB
Corporate bonds	422,566	BB-
Corporate bonds	709,220	B+
Corporate bonds	79,077	B
Corporate bonds	110,334	B-
Corporate bonds	42,001	CCC+
Corporate bonds	55,165	CCC
Corporate bonds	84,614	A1**
Corporate bonds	102,808	A2**
Corporate bonds	66,256	Aa2**
Corporate bonds	141,366	Aa3**

	2017	
	Fair value	**Credit rating***
Corporate bonds	$ 152,822	Baa1**
Corporate bonds	39,765	Baa3**
Corporate bonds	367,464	NR
Total corporate debt securities	42,223,958	
International investments:		
Mutual funds	39,452,380	NR
Equities – common stock	36,644,805	NR
Corporate debt securities:		
International bonds	569,569	AA-
International bonds	515,651	A
International bonds	462,933	A-
International bonds	10,133	B-
International bonds	1,156,532	BBB+
International bonds	1,319,146	BBB
International bonds	1,552,712	BBB-
International bonds	77,442	BB+
International bonds	229,134	BB-
Total corporate debt securities	5,893,252	
Venture Capital and Limited Partnership	27,695,377	NR
Hedge funds	28,165,902	NR
Cash	13,842,516	NR
Total	$ 712,359,371	

* Standards and Poor's ratings (unless noted otherwise)

** Moody's investor services ratings

At September 30, 2016, the Plan's investment securities had the following credit ratings:

	2016	
	Fair value	**Credit rating***
Domestic investments:		
Mutual funds	$ 42,326,581	NR
U.S. government agency securities, by issuer:		
Federal National Mortgage Association	4,399,264	AA+
U.S. Treasury bills	7,755,406	AA+
Federal Home Loan Mortgage Corporation	338,194	AA+
Total U.S. government and agency obligations	12,492,864	
Equities – common stock	342,061,077	NR
Corporate debt securities:		
Corporate bonds	3,890,883	AAA
Corporate bonds	580,596	AA+
Corporate bonds	1,539,684	AA
Corporate bonds	1,916,012	AA-
Corporate bonds	1,038,788	A+
Corporate bonds	1,732,901	A
Corporate bonds	5,141,160	A-
Corporate bonds	4,907,424	BBB+
Corporate bonds	6,097,064	BBB
Corporate bonds	8,926,781	BBB-
Corporate bonds	338,072	BB+
Corporate bonds	1,120,312	BB
Corporate bonds	874,824	BB-
Corporate bonds	406,977	B+
Corporate bonds	75,523	B
Corporate bonds	113,937	B-
Corporate bonds	128,861	CCC+
Corporate bonds	99,157	A1**
Corporate bonds	284,424	A2**
Corporate bonds	122,252	Aa1**
Corporate bonds	68,837	Aa3**

(Continued)

	2016	
	Fair value	**Credit rating***
Corporate bonds	$ 89,593	Baa1**
Corporate bonds	84,955	Baa2**
Corporate bonds	43,545	Baa3**
Corporate bonds	189,382	NR
Total corporate debt securities	39,811,944	
International investments:		
Mutual funds	31,390,750	NR
Equities – common stock	67,123,538	NR
Corporate debt securities:		
International bonds	721,672	AA-
International bonds	1,079,529	A
International bonds	1,194,103	A-
International bonds	46,935	B
International bonds	849,325	BBB+
International bonds	1,184,435	BBB
International bonds	1,907,279	BBB-
International bonds	10,520	BB+
International bonds	370,322	BB
International bonds	25,626	BB-
Total corporate debt securities	7,389,746	
Venture Capital and Limited Partnership	21,303,609	NR
Hedge funds	50,213,413	NR
Cash	6,121,548	NR
Total	$ 620,235,070	

* Standards and Poor's ratings (unless noted otherwise)

** Moody's investor services ratings

Custodial Credit Risk

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires governments to disclose deposits and investments exposed to custodial credit risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government may not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of September 30, 2017 and 2016, the Plan's investment portfolio was held with a single third-party custodian.

Concentration of Credit Risk

The Investment Policy establishes limitations on portfolio composition by investment type and by issuer to limit its exposure to concentration of credit risk. The Investment Policy in place at September 30, 2017 and 2016 was as follows:

	2017 Policy target	2016 Policy target	Allowable range
Equity securities	60 %	61 %	+/-5%
Large cap total:			80% of U.S. equity +/-5%
Passive/index management	—	—	20% of U.S. equity +/-5%
Growth	—	—	30% of U.S. equity +/-5%
Value	—	—	30% of U.S. equity +/-5%
Small cap total	—	—	20% of U.S. equity +/-5%
Fixed income	30 %	24 %	+/-5%
Alternative investments	10 %	15 %	+/-2%

At September 30, 2017 and 2016, the composition of the Plan's investments by investment type as a percentage of total investments was as follows:

	Percentage of portfolio	
	2017	2016
Domestic investments:		
Mutual funds	4.1 %	6.8 %
Equities	66.8	55.2
Venture Capital and Limited Partnership	3.9	3.4
Hedge funds	4.0	8.1
Corporate debt securities	5.9	6.4
U.S. government and agency obligations	1.9	2.0
International investments:		
Mutual funds	5.6	5.1
Equities	5.1	10.8
Corporate debt securities	0.8	1.2
Other:		
Cash and short-term investments	1.9	1.0

There were no individual investments in excess of 5%.

Interest Rate Risk

The Plan manages its exposure to rising interest rate risk in fair value by forecasting cash outflows and inflows. To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements.

As of September 30, 2017 and 2016, the Plan had the following investments with the respective weighted average maturity in years:

	2017	2016
Domestic investments:		
Corporate debt securities:		
Corporate bonds	7.00	8.04
U.S. government and agency obligations:		
Federal National Mortgage Association	26.69	26.88
Federal Home Loan Mortgage Corporation	22.47	23.39
U.S. treasury bills	8.50	3.49
U.S. treasury notes	3.07	—

Foreign Currency Risk

GASB Statement No. 40 requires governments to disclose deposits or investments exposed to foreign currency risk, the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

The Plan's exposure to foreign currency risk at September 30, 2017 is as follows (in U.S. dollars):

	Currency	Fair value
International equities:		
Common stock	Canadian dollar	$ 220,632
Common stock	Australian dollar	2,666,399
Common stock	Japanese yen	6,440,191
Common stock	Israeli new shekel	333,676
Common stock	Hong Kong dollar	3,057,267
Common stock	Singapore dollar	2,666,424
Common stock	Chinese yuan renminbi	4,807,133
Common stock	British pounds	8,860,133
Common stock	Euro	6,617,236
		$ 35,669,091
International corporate debt securities:		
Corporate bonds	Canadian dollar	$ 576,300
Corporate bonds	Israel new shekel	187,489
Corporate bonds	Euro	837,644
Corporate bonds	Swiss franc	376,136
Corporate bonds	British pounds	3,048,809
Corporate bonds	Australian dollar	567,394
Corporate bonds	Chilean peso	299,480
		$ 5,893,252

The Plan's exposure to foreign currency risk at September 30, 2016 is as follows (in U.S. dollars):

	Currency		Fair value
International equities:			
Common stock	Canadian dollar	$	150,649
Common stock	Australian dollar		3,680,870
Common stock	Japanese yen		4,420,519
Common stock	Israeli new shekel		949,247
Common stock	New Zealand dollar		448,857
Common stock	Singapore dollar		3,093,895
Common stock	Chinese yuan renminbi		11,149,743
Common stock	British pounds		7,212,153
Common stock	Euro		6,496,532
		$	37,602,465
International corporate debt securities:			
Corporate bonds	Canadian dollar	$	947,053
Corporate bonds	Israel new shekel		20,085
Corporate bonds	Euro		1,422,691
Corporate bonds	Swiss franc		293,580
Corporate bonds	Colombian peso		270,218
Corporate bonds	Mexican peso		215,583
Corporate bonds	British pounds		3,098,931
Corporate bonds	Australian dollar		568,375
Corporate bonds	Chilean peso		553,230
		$	7,389,746

The Plan's financial statements as of and for the year ended September 30, 2017 and 2016 are as follows:

Statements of Fiduciary Net Position – Pension Trust Fund

September 30, 2017 and 2016

		2017	2016
Assets:			
Cash	$	13,842,516	6,121,548
Investments:			
Domestic:			
Mutual funds		29,323,858	42,326,581
Equities		475,607,382	342,061,077
Corporate debt securities		42,223,958	39,811,944
U.S. government securities		13,509,941	12,492,864
Total domestic investments		560,665,139	436,692,466
International:			
Mutual funds		39,452,380	31,390,750
Equities		36,644,805	67,123,538
Corporate debt securities		5,893,252	7,389,746
Total international investments		81,990,437	105,904,034
Venture Capital and Limited Partnership		27,695,377	21,303,609
Hedge funds		28,165,902	50,213,413
Total assets		712,359,371	620,235,070
Net position held in trust for employees' pension benefits	$	712,359,371	620,235,070

Statements of Changes in Fiduciary Net Position – Pension Trust Fund

Years ended September 30, 2017 and 2016

		2017	2016
Net position held for employees' pension benefits:			
Additions:			
Employer contributions	$	18,889,152	19,534,345
Employee contributions		18,114,361	14,958,135
Total contributions		37,003,513	34,492,480
Investment income:			
Interest income		3,017,212	2,769,074
Dividends		4,820,303	7,045,860
Net realized and unrealized gains on pension trust fund investments		72,308,561	54,095,461
Total investment gain		80,146,076	63,910,395
Less investment expense:			
Investment managers and custodial fees		(74,353)	(151,018)
Net investment gain		80,071,723	63,759,377
Total additions		117,075,236	98,251,857
Deductions:			
Participants benefit expense		23,118,536	31,022,257
Administrative expenses		1,832,399	2,340,796
		24,950,935	33,363,053
Net increase in net position held in trust for employees' pension benefits		92,124,301	64,888,804
Net position held in trust for employee's pension benefits, at beginning of year		620,235,070	555,346,266
Net position held in trust for employee's pension benefits, at end of year	$	712,359,371	620,235,070

(ii) *Fair Value Measurement*

The Trust categorizes its fair value measurements within the fair value hierarchy established by 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.

Assets are measured based upon the market approach valuation technique, whereby prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities is used:

Level 1 – Valuations based on unadjusted quoted prices for identical instruments in active markets that the Trust 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 Trust'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 Trust's pension trust fund investments as of September 30, 2017 and 2016. The Trust's pension trust fund investments measured at net asset value (NAV) include venture capital and limited partnerships, and hedge funds.

Hedge funds. The four funds in this strategy seek to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. These investments are valued at NAV per share. All funds in this strategy are no longer under contractual lockup, but due to exit restrictions, the redemption period ranges are monthly and biannually.

Venture Capital and Limited Partnerships. The Partnership's investments may include, among other things, debt securities (both investment grade and noninvestment grade), convertible bonds, equity securities and convertible preferred stock denominated in any currency. The Partnership may also invest in derivative instruments, including futures and forward foreign currency contracts based on various financial instruments.

The schedule below discloses the following fair value measurements for the Trust's pension trust fund investments as of September 30, 2017:

Investments by fair value level	Total value	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Debt securities:				
U.S. government securities	$ 13,509,941	—	13,509,941	—
Domestic – Corp. debt securities	42,223,958	—	42,223,958	—
International – Corp. debt securities	5,893,252	—	5,893,252	—
Total debt securities	61,627,151	—	61,627,151	—
Equity securities:				
Domestic	475,607,382	475,607,382	—	—
International	36,644,805	36,644,805	—	—
Total equity securities	512,252,187	512,252,187	—	—
Mutual funds	68,776,238	68,776,238	—	—
Total investments by fair value level	642,655,576	$ 581,028,425	61,627,151	—
Investments measured at the net asset value (NAV):				
Venture capital and limited partnership	27,695,377			
Hedge funds	28,165,902			
Total investments measured at the NAV	55,861,279			
Total	$ 698,516,855			

Additional information for investments measured at the net asset value (NAV) per share (or its equivalent) as of September 30, 2017, is presented in the table below:

		Fair value September 30, 2017	Redemption frequency (If currently eligible)	Redemption notice period	Unfunded Commitments
Investments measured at the net asset value (NAV):					
Venture Capital and Limited Partnership	$	27,695,377	Monthly	30 days	—
Hedge funds		28,165,902	Monthly, biannually	30–95 days	—
Total investments measured at the NAV	$	55,861,279			

The schedule below discloses the following fair value measurements for the Trust’s pension trust fund investments as of September 30, 2016:

Investments by fair value level		Total value	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Debt securities:					
U.S. government securities	$	12,492,864	—	12,492,864	—
Domestic – Corp. debt securities		39,811,944	—	39,811,944	—
International – Corp. debt securities		7,389,746	—	7,389,746	—
Total debt securities		59,694,554	—	59,694,554	—
Equity securities:					
Domestic		342,061,077	342,061,077	—	—

Investments by fair value level	Total value	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
International	$ 67,123,538	67,123,538	—	—
Total equity securities	409,184,615	409,184,615	—	$ —
Mutual funds	73,717,331	73,717,331	—	
Total investments by fair value level	542,596,500	$ 482,901,946	59,694,554	
Investments measured at the net asset value (NAV):				
Venture capital and limited partnership	21,303,609			
Hedge funds	50,213,413			
Total investments measured at the NAV	71,517,022			
Total	$ 614,113,522			

Additional information for investments measured at the net asset value (NAV) per share (or its equivalent) as of September 30, 2016, is presented in the table below:

	Fair value September 30, 2016	Redemption frequency (If currently eligible)	Redemption notice period	Unfunded commitments
Investments measured at the net asset value (NAV):				
Venture Capital and Limited Partnership	$ 21,303,609	Monthly	30 days	—
Hedge funds	50,213,413	Monthly, biannually	30–95 days	—
Total investments measured at the NAV	$ 71,517,022			

(iii) Net Pension Liability

The Trust recorded the net pension liability as a long-term liability on the statements of net position.

(Continued)

The components of the net pension liability at September 30, 2017 and 2016 are as follow:

		2017	2016
Total pension liability	$	725,731,377	663,990,968
Less:			
Plan fiduciary net position		(712,359,371)	(620,235,070)
Net pension liability	$	13,372,006	43,755,898
Plan fiduciary net position a percentage of total pension liability		98.2 %	93.4 %

Additional information regarding changes in the net pension liability for the years ended September 30, 2017 and 2016 can be found in the Required Supplementary Information section of these financial statements.

Actuarial Assumptions

The actuarial cost method is the aggregate actuarial cost method. Under this method, the excess of the present value of projected benefits over the actuarial value of assets is spread evenly over the expected future compensation of active participants presently under normal retirement age. Gains and losses resulting from fluctuations in Plan experience are similarly amortized as part of the normal cost. The total pension liability was determined by an actuarial valuation as of January 1, 2017 and 2016, respectively, using the following actuarial assumptions, applied to all periods including in the measurement:

	2017	2016
Valuation date	January 1, 2017	January 1, 2016
Measurement date	September 30, 2017	September 30, 2016
Actuarial cost method	Entry Age Normal, Level Percent of Pay	Entry Age Normal, Level Percent of Pay
Actuarial valuation method	Market value	Market value
Inflation assumptions	2.5 %	2.5 %
Investment rate of return	7.5	7.5
Projected salary increases	4.0% per year for employees with less than 10 years and 3.0% for employees with more than 10 years	4.0% per year for employees with less than 10 years and 3.0% for employees with more than 10 years
Assumed annual rate of cost-of-living increases	3.0% for benefits earned prior to April 1, 2012	3.0% for benefits earned prior to April 1, 2012

The mortality table was updated from the RP 2000 mortality table, sex-distinct, with a 25-year projection using Scale AA to the RP 2000 Generational tables with 50% white collar and 50% blue

(Continued)

collar for annuitants (male) and 100% white collar for annuitants (female), and applying scale BB mortality improvements from 2000 on a generational basis for healthy lives.

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period from January 1, 2014 through December 31, 2016, and the actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period from January 1, 2009 through January 1, 2014. Actuarial valuations attempt to estimate costs associated with the plan based on a number of demographic, economic, and retirement experience assumptions. To the extent assumptions are at variance to experience, this can result in actuarial gains and losses ultimately impacting contribution rates and the development of the actuarially required contribution. Experience studies are performed every three years to review actual experience in comparison to these assumptions and to provide recommended changes to assumptions.

The long-term expected rate of return on pension plan investments was determined using best-estimate ranges of expected future nominal rates of return (expected returns, net of investment expense, and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. These best estimate ranges were combined to produce forecasts of the short-, intermediate-, and longer-term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of September 30, 2017 and 2016 are summarized in the following table:

	2017	
Asset class	**Target asset allocation**	**Long-term expected real rate of return**
Equity	61.00 %	6.30 %
Fixed income	24.00	2.35
Alternatives	15.00	3.60
Inflation rate	—	2.50

Asset class	2016 Target asset allocation	2016 Long-term expected real rate of return
Equity	61.00 %	6.30 %
Fixed income	24.00	2.35
Alternatives	15.00	3.60
Inflation rate	—	2.50

Total Pension Liability

The change in the Trust pension liability at September 30, 2017 and 2016 is as follows:

	2017	2016
Service cost	$ 27,573,935	25,251,874
Interest cost	50,455,433	46,551,043
Differences between expected and actual experience	9,902,924	25,944,189
Changes in assumptions	(3,073,347)	(2,468,111)
Benefit payments, including refunds of member contributions	(23,118,536)	(31,022,257)
Total change in pension liability	61,740,409	64,256,738
Total pension liability, beginning of year	663,990,968	599,734,230
Total pension liability, end of year	$ 725,731,377	663,990,968

Discount Rate

The discount rate used to measure the net pension liability was 7.5% at September 30, 2017 and 2016. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current Plan members. Therefore, a blended rate incorporating a municipal bond rate is not needed.

The annual money-weighted rate of return on pension plan investments calculated as the internal rate of return on pension plan investments, net of pension plan investment expenses for the year ended September 30, 2017 and 2016 was 12.8% and 11.5%, respectively. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

(Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rates determined above, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

		2017	2016
One-percent decrease:			
Discount rate		6.5 %	6.5 %
Net pension liability	$	(101,635,046)	(124,183,543)
Net pension liability, as reported:			
Discount rate		7.5 %	7.5 %
Net pension liability	$	(13,372,006)	(43,755,898)
One-percent increase:			
Discount rate		8.5 %	8.5 %
Net pension asset	$	60,239,893	22,844,123

Funding Policy

The Trust's funding policy provides for actuarially determined rates deemed sufficient to pay benefits as due; the rate was 6.38% at January 1, 2017 and 5.64% at January 1, 2016, of covered payroll. Effective April 1, 2012, employees were required to contribute 3% of the required contribution, thus the employer contribution rate was 3.38% and 2.64%, respectively, for the year ended September 30, 2017 and 2016. The assumptions used to compute the contribution requirements are the same as those used to compute pension benefits earned. The Trust has traditionally contributed the annual required contribution.

(iv) Pension Expense and Deferred Outflows (Inflows) of Resources

In accordance with GASB Statement No. 68, changes in the net pension liability are recognized in pension expense in the current measurement period, with some exceptions. For each of the following, a portion is recognized in pension expense in the current measurement period, for which the Trust decided to use a measurement date of September 30, 2017 and 2016, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)

(Continued)

- Differences between expected and actual earnings on pension plan investments – amortized over five years.

Pension Expense

		2017	2016
Service cost	$	27,573,935	25,251,874
Interest cost		50,455,433	46,551,043
Expected return on assets		(46,266,949)	(42,251,693)
Recognition of deferred amounts		5,749,727	11,522,931
Pension expense	$	37,512,146	41,074,155

Contributions to the pension plan from employees are not included in collective pension expense.

Deferred Inflows/Outflows of Resources

A summary of changes in deferred outflows and deferred inflows of resources during fiscal years 2017 and 2016 is as follows:

	Year of deferral	Amortization period	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
Deferred outflows (inflows) of resources:						
Assumption changes	2016	9.564 years	$ (2,210,048)	—	258,066	(1,951,982)
	2017	10.993 years	—	(3,073,347)	279,576	(2,793,771)
Difference in expected and actual return on assets	2015–2017	5 years	20,901,943	(31,972,375)	(1,850,633)	(12,921,065)
Liability experience	2015	9.215 years	5,939,348	—	(823,194)	5,116,154
(gain) loss	2016	9.564 years	23,231,497	—	(2,712,693)	20,518,804
(gain) loss	2017	10.993 years	—	9,902,924	(900,847)	9,002,077
Total			$ 47,862,740	(25,142,798)	(5,749,725)	16,970,217

Amounts of deferred outflows and inflows to be recognized in pension expense:

		Amount recognized
Fiscal year ending September 30:		
2018	$	5,749,727
2019		5,749,727
2020		(6,328,758)
2021		(2,495,381)
2022		3,899,094
Thereafter		10,395,808
Total	$	16,970,217

	Year of deferral	Amortization period	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
Deferred outflows (inflows) of resources:						
Assumption changes	2016	9.564 years	$ —	(2,468,111)	258,063	(2,210,048)
Difference in expected and actual return on assets	2015–2016	5 years	48,313,938	(19,166,887)	(8,245,108)	20,901,943
Liability experience	2015	9.215 years	6,762,542	—	(823,194)	5,939,348
(gain) loss	2016	9.564 years	—	25,944,189	(2,712,692)	23,231,497
Total			$ 55,076,480	4,309,191	(11,522,931)	47,862,740

Amounts of deferred outflows and inflows to be recognized in pension expense:

		Amount recognized
Fiscal year ending September 30:		
2017	$	11,522,931
2018		11,522,931
2019		11,522,931
2020		(555,554)
2021		3,277,823
Thereafter		10,571,678
Total	$	47,862,740

(16) Postemployment Benefits Other than Pensions

(a) Plan Description

The Trust administers a single-employer defined-benefit healthcare plan (the Benefit Plan) that provides postretirement medical and dental coverage to retirees as well as their eligible spouses and dependents. Benefits are provided through the Trust's group health insurance plan, which covers both active and retired members. The Benefit Plan does not issue a publicly available financial report.

Eligibility – To be eligible to receive retiree medical and dental benefits, participants must be eligible for retirement benefits under the System or the Benefit Plan and pay required contributions.

Regular class (all employees not identified as members of the special risk class):

- Eligibility for unreduced pension benefits
  - Age 62 with 6 years of service if eligible prior to April 2012
  - Age 65 with 6 years of service if eligible following April 2012
  - 30 years of service (no age requirement)
- Eligibility for reduced pension benefits
  - 6 years of service

Benefits – The medical plans offered provide hospital, medical, and pharmacy coverage. Pre-65 retirees are able to select from the medical plans as follows:

- AvMed Jackson First HMO
- AvMed Select HMO
- AvMed High HMO
- AvMed POS

Post-65 retirees are able to select from the medical plans as follows. The Trust only contributes to post-65 retirees electing an AvMed Medicare Supplement Plan.

- AvMed Medicare Supplement High Option with RX
- AvMed Medicare Supplement High Option without RX

Participation in the Benefit Plan consisted of the following at October 1, 2016, the date of the latest actuarial valuation:

Actives	10,506
Eligible spouses age 65 and over	34
Eligible spouses under age 65	64
Retirees age 65 and over	100
Retirees under age 65	533
Total covered participants	11,237

(b) Funding Policy

The Trust contributes to both the pre-65 and post-65 retiree medical coverage. Retirees pay the full cost of dental coverage. Medical contributions vary based on plan and tier. For pre-65 retirees, the Trust explicitly contributed an average of 33% of the cost for the AvMed Jackson First HMO plan, 31% for the AvMed Select HMO plan, 27% for the AvMed High HMO plan, and 12% for the AvMed POS plan. However, it is the Trust's policy that after fiscal year 2008 its per capita contribution for retiree healthcare benefits will remain at the 2008-dollar level.

The pre-65 retirees also receive an implicit subsidy from the Trust since they are underwritten with the active employees. The implicit contribution is approximately 3% of the cost. The pre-65 cost is approximately 37% greater than the combined pre-65 and active cost. The post-65 retiree contributions also vary by plan and tier, with the Trust contributing an average of 28% of the entire plan cost.

For the years ended September 30, 2017 and 2016, the Trust contributed approximately $7,830,000 and $6,696,000, respectively, to the Benefit Plan.

The postretirement medical and dental benefits are currently funded on a pay-as-you-go basis (i.e., the Trust funds on a cash basis as benefits are paid). No assets have been segregated and restricted to provide postretirement benefits.

(c) Annual OPEB Cost and Net OPEB Obligation

The Trust's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the required annual contributions (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The Trust's annual OPEB cost for fiscal years 2017 and 2016, and related information, is as follows (dollar amounts in thousands):

		2017	2016
Annual required contribution	$	7,307	7,054
Interest on net OPEB obligation		227	213
Amortization of net OPEB obligation		(254)	(231)
Annual OPEB cost		7,280	7,036
Contributions made		7,830	6,696
(Decrease) increase in net OPEB obligation		(550)	340
Net OPEB obligation – beginning of year		5,677	5,337
Net OPEB obligation – end of year	$	5,127	5,677

The Trust's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2017, 2016 and 2015 are as follows (dollar amounts in thousands):

Fiscal year ended		Annual OPEB cost	Percentage of annual OPEB cost contributed		Net OPEB obligation
September 30, 2017	$	7,280	107.55 %	$	5,127
September 30, 2016		7,036	95.17		5,677
September 30, 2015		5,384	138.00		5,337

(d) Funded Status and Funding Progress

The table below shows the balance of the AAL, all of which was unfunded as of September 30, 2017 (dollar amounts in thousands) (unaudited):

Actuarial valuation date		Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)		Estimated annual covered payroll (c)	UAAL as percentage of covered payroll ((b-a)/c)
October 1, 2016	$	—	83,810	83,810	— %	$	653,765	12.82 %
October 1, 2015		—	83,999	83,999	—		653,765	12.85
October 1, 2014		—	68,543	68,543	—		506,411	13.54

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions by the Trust are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(e) Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Trust and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Starting in 2014 due to the Patient Protection and Affordable Care Act, the individuals who fail to maintain coverage face financial penalties. Due to these penalties, it is possible that more retirees will elect to stay on the PHT plan. However, the exchanges are expected to be a more attractive offer for some retirees, so the actuarial analysis made no changes to the pre-65 participation assumption.

The actuarial-cost method used in the valuation to determine the AAL and the ARC was the projected unit credit method with service prorated. Under this method, the total present value of benefits is determined by projecting the benefit to be paid after the expected retirement date (or other event) and discounting those amounts to the valuation date. The normal cost is computed by dividing the total present value of benefits by the participant’s total service (actual plus expected service) at retirement. The AAL under this method represents the total present value of benefits multiplied by the ratio of the participant’s actual service to date and divided by expected service at retirement. The AAL for participants currently receiving payments and deferred vested participants is calculated as the actuarial present value of future benefits expected to be paid. No normal cost for these participants is payable. The AAL and normal costs were calculated at the measurement date, which is the beginning of the applicable fiscal year using standard actuarial techniques.

The following table summarizes other significant methods and assumptions used in valuing the AAL and benefits under the Plan:

	2017	**2016**
Actuarial valuation date	October 1, 2015 projected to October 1, 2016	October 1, 2015
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	21 years	22 years
Actuarial assumptions:		
Discount rate	4.0 %	4.0 %
Payroll growth assumption	3.5 %	3.5 %
Healthcare cost trend rates	7.0% initial to 5.0% ultimate	7.5% initial to 4.5% ultimate
Mortality table	RP-2014 generational with scale MP-2015	RP-2014 generational with scale MP-2015

Furthermore, the valuation assumes that the Trust will continue to fund the liability on a pay-as-you-go basis and that the Trust's policy is that it's per capita contribution for retiree benefits will remain at the 2008 level. As a result, the retiree contributions will be increased to the extent necessary so that they are sufficient to provide for the difference between the gross costs and the fixed Trust contributions.

(17) Commitments and Contingencies

(a) Construction and Equipment

The Trust has several construction projects currently in progress at September 30, 2017 and 2016. The estimated total cost to date and cost to complete such projects, exclusive of capitalized interest, is approximately $96,124,000 and $852,765,000 and $31,383,000 and $1,173,400,000, respectively. Total commitments for the same period is approximately $97,102,000 and $124,442,000, respectively.

(b) Annual Operating Agreement

In accordance with the annual operating agreement between the Trust and the University of Miami (the University), the Trust pays certain amounts for staff and services provided by the University to the Trust. Under the annual operating agreement, costs incurred by the Trust for the years ended September 30, 2017 and 2016 was approximately $134,392,000 and $128,703,000, respectively, and are included in contractual and purchased services in the accompanying statements of revenues, expenses, and changes in net position. At September 30, 2017 and 2016, the Trust had a liability to the University related to the annual operating agreement of approximately $28,182,000 and $21,904,000, respectively. In fiscal year 2012, the Trust and the University entered into an agreement for the payment of an old debt. In the agreement, a lease rental property was renegotiated. At September 30, 2017 and 2016, the Trust had a balance of approximately $11,544,000 and $11,733,000, respectively, in due to University of Miami in other long-term liabilities in the accompanying statements of net position.

(c) Litigation

The Trust is involved in litigation and regulatory investigations arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Trust's financial position, results from operations, or liquidity.

(d) Healthcare Industry

The healthcare industry is highly regulated, and there can be no assurance that the regulatory environment in which the Trust operates will not change significantly and adversely in the future. In general, regulation of healthcare providers and companies is increasing.

Federal and state laws regulate the healthcare industry, the relationship between hospitals and physicians, and the relationship among physicians and other providers of healthcare services.

Several laws, including fee-splitting, anti-kickbacks laws, and prohibition of the corporate practice of medicine, have civil and criminal penalties and have been subject to limited judicial and regulatory interpretation. They are enforced by regulatory agencies vested with broad discretion in interpreting them. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Although the Trust believes that its operations are conducted so as to comply with all of the applicable laws, there can be no assurance such operations will not be challenged to be in violation of one or more of such laws.

There have been numerous initiatives at the federal and state levels for comprehensive reforms affecting the availability of, and payment for, healthcare. The Trust believes that such initiatives will continue during the foreseeable future. Certain proposed reforms could, if adopted, have a material effect on the Trust.

REQUIRED SUPPLEMENTARY INFORMATION

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Florida Retirement System Pension Information

Schedules of Employer Contributions (Unaudited)

Last 10 Fiscal Years*

September 30, 2017 and 2016

		2017	2016	2015	2014
Actuarially required contribution	$	8,135,133	8,816,159	10,046,078	10,252,812
Contributions in relation to the contractually required contribution		(8,135,133)	(8,816,159)	(10,046,078)	(10,252,812)
Contribution deficiency (excess)	$	—	—	—	—
Trust's covered-employee payroll	$	105,549,222	120,074,910	134,846,937	115,724,638
Contributions as a percentage of covered-employee payroll		7.71 %	7.34 %	7.45 %	8.86 %

* The amounts presented for each fiscal year were determined as of 6/30

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Florida Retirement System Pension Information

Schedules of Employer Proportionate Share of Net Pension Liability and Related Ratios (Unaudited)

Last 10 Fiscal Years*

September 30, 2017 and 2016

		2017	2016	2015	2014
Employer's proportion of the net pension liability		0.3125 %	0.3615 %	0.4121 %	0.4681 %
Proportion of the pension liability:					
Trust's proportionate share of the net pension liability	$	92,435,269	91,283,227	53,221,513	28,559,412
Trust's covered payroll		105,549,222	120,074,910	134,846,937	115,724,638
Trust's proportionate share of the pension liability as a percentage of its covered-employee payroll		87.58 %	76.02 %	39.47 %	24.68 %
Plan fiduciary net position as a percentage of the total pension liability		83.89	84.88	92.00	96.09

* The amounts presented for each fiscal year were determined as of 6/30

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Supplemental Health Insurance Subsidy Pension Information

Schedules of Employer Contributions (Unaudited)

Last 10 Fiscal Years*

September 30, 2017 and 2016

		2017	2016	2015	2014
Actuarially required contribution	$	2,153,634	2,398,127	1,948,323	1,941,649
Contributions in relation to the contractually required contribution		(2,153,634)	(2,398,127)	(1,948,323)	(1,941,649)
Contribution deficiency (excess)	$	—	—	—	—
Trust’s covered-employee payroll	$	129,754,774	144,455,836	154,640,172	168,203,974
Contributions as a percentage of covered-employee payroll		1.66 %	1.66 %	1.26 %	1.15 %

* The amounts presented for each fiscal year were determined as of 6/30

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

See accompanying independent auditors’ report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Supplemental Health Insurance Subsidy Pension Information

Schedules of Employer Proportionate Share of Net Pension Liability and Related Ratios (Unaudited)

Last 10 Fiscal Years*

September 30, 2017 and 2016

		2017	2016	2015	2014
Employer's proportion of the net pension liability		0.4069 %	0.4679 %	0.5097 %	0.5668 %
Proportion of the pension liability:					
Trust's proportionate share of the net pension liability	$	43,511,694	54,528,194	51,979,583	52,996,704
Trust's covered payroll		129,754,774	144,455,836	154,640,172	168,203,974
Trust's proportionate share of the pension liability as a percentage of its covered-employee payroll		33.53 %	37.00 %	33.61 %	31.51 %
Plan fiduciary net position as a percentage of the total pension liability		1.64	0.97	0.50	0.99

* The amounts presented for each fiscal year were determined as of 6/30

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Required Supplementary Information

Defined-Benefit Retirement Plan

Schedules of Employer Contributions (Unaudited)

September 30, 2017, 2016, and 2015

(Dollars in thousands)

Year ended January 1	Actuarially determined contributions	Annual required contribution	Percentage contributed	Covered payroll	Actual contribution as a percentage of covered payroll
2008	$ 34,956	34,956	100 %	413,953	8.44 %
2009	39,038	39,038	100	489,730	7.97
2010	42,000	42,000	100	507,365	8.28
2011	43,649	43,649	100	451,944	9.66
2012	40,363	40,363	100	439,993	9.17
2013	30,255	30,255	100	393,422	7.69
2014	24,478	24,478	100	402,411	6.08
2015	24,553	24,553	100	440,453	5.57
2016	26,218	26,218	100	509,069	5.15
2017	33,982	33,982	100	579,848	5.86

See accompanying independent auditors’ report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Required Supplementary Information

Defined-Benefit Retirement Plan

Schedules of Net Pension Asset (Liability)

September 30, 2017, 2016, and 2015

September 30	Total pension liability	Plan fiduciary net position	Net pension liability	Plan fiduciary net position as a percentage of total liability
2017	$ 725,731,377	712,359,371	(13,372,006)	98.16 %
2016	663,990,968	620,235,070	(43,755,898)	93.41
2015	599,734,230	555,346,266	(44,387,964)	92.60
2014	544,202,762	564,173,098	19,970,336	103.67

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Required Supplementary Information

Defined-Benefit Retirement Plan

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

September 30, 2017, 2016, and 2015

	2017	2016	2015
Total pension liability:			
Service cost	$ (27,573,935)	(25,251,874)	(24,182,657)
Interest	(50,455,433)	(46,551,043)	(42,349,046)
Differences between expected and actual experience	(9,902,924)	(25,944,189)	(7,585,736)
Changes in assumptions	3,073,347	2,468,111	—
Benefit payments, including refunds of member contributions	23,118,536	31,022,257	18,585,971
Net change in total pension liability	(61,740,409)	(64,256,738)	(55,531,468)
Total pension liability, beginning of year	(663,990,968)	(599,734,230)	(544,202,762)
Total pension liability, end of year	(725,731,377)	(663,990,968)	(599,734,230)
Plan fiduciary net position:			
Contributions – employer	18,889,152	19,534,345	13,366,586
Contributions – member	18,114,361	14,958,135	13,885,025
Net investment income	80,071,723	63,759,377	(15,687,712)
Benefit payments, including refunds of member contributions	(23,118,536)	(31,022,257)	(18,585,971)
Administrative expense	(1,832,399)	(2,340,796)	(1,804,760)
Net change in plan fiduciary net position	92,124,301	64,888,804	(8,826,832)
Plan fiduciary net position, beginning of year	620,235,070	555,346,266	564,173,098
Plan fiduciary net position, end of year	712,359,371	620,235,070	555,346,266
Net pension liability, end of year	$ (13,372,006)	(43,755,898)	(44,387,964)
Plan fiduciary net position as a percentage of the total pension liability	98.2 %	93.4 %	92.6 %
Covered-employee payroll	$ 579,848,000	509,069,000	440,453,000
Net pension liability as a percentage of covered-employee payroll	2.3 %	8.6 %	10.1 %
Dollar weighted rate of return	12.8	11.5	2.8

Notes to Schedule:
Benefit changes since September 30, 2014: None
Changes of assumptions since September 30, 2013: None

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors’ report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Required Supplementary Information

Defined-Benefit Retirement Plan

Schedules of Investment Returns (Unaudited)

September 30, 2017, 2016, and 2015

	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	12.80 %	11.50 %	2.76 %

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Required Supplementary Information

Postemployment Benefits Other Than Pensions

Schedules of Funding Progress (Unaudited)

September 30, 2017 and 2016

(Dollars in thousands)

Actuarial		Actuarial contribution assets	Actuarial accrued liability (AAL)	Unfunded AAL (UAAL)	Funded ratio	Estimated covered payroll	UAAL as percentage of covered payroll
October 1, 2008	$	—	45,558	45,558	—	582,258	7.82 %
October 1, 2009		—	55,230	55,230	—	617,718	8.94
October 1, 2010		—	59,065	59,065	—	636,249	9.28
October 1, 2011		—	61,575	61,575	—	493,981	12.47
October 1, 2012		—	62,531	62,531	—	508,800	12.29
October 1, 2013		—	70,061	70,061	—	489,286	14.32
October 1, 2014		—	68,543	68,543	—	506,411	13.54
October 1, 2015		—	83,999	83,999	—	653,765	12.85
October 1, 2016		—	83,810	83,810	—	653,765	12.82

See accompanying independent auditors’ report.

The following are relevant to the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) Program and PHT Defined Benefit Retirement Plan:

(1) Actuarial assumptions for defined-benefit plans are reviewed annually FRS. The FRS pension plan has a valuation performed annually whereas the HIS program is biennially, which is updated for GASB reporting in the year a valuation is not performed.

(2) Method and assumptions used in calculation of actuarially determined contribution for FRS pension plan:

Valuation date	July 1, 2017
Actuarial cost method	Individual Entry Age Normal
Discount rate	7.5%
Investment rate of return	7.5%
Salary increases projected	3.25%
Inflation	2.60%
Mortality	Generational RP-2000 with Projection Scale BB Tables

(3) Method and assumptions used in calculation of actuarially determined contribution for HIS program:

Valuation date	July 1, 2016
Actuarial cost method	Individual Entry Age Normal
Discount rate	3.58%
Investment rate of return	N/A
Salary increases projected	3.25%
Inflation	2.60%
Mortality	Generational RP-2000 with Projection Scale BB Tables

(4) Method and assumptions used in calculation of actuarially determined contributions for PHT Defined Benefit Retirement Plan:

Valuation date	January 1, 2017
Actuarial cost method	Entry Age Normal, Level Percent of Pay
Discount rate	7.5%
Investment rate of return	7.5%
Salary increases projected	4.0% per year for employees with less than 10 years and 3.0% for employees with more than 10 years
Inflation	2.5%
Mortality	Generational RP-2000 with projection using scale AA

OTHER FINANCIAL INFORMATION

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Schedule by Account
Schedules of Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

September 30, 2017

(Dollars in thousands)

Assets		(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Medical Towers	Eliminations	Total
Current assets:							
Cash and cash equivalents	$	300,621	9	133	13	—	300,776
Restricted cash and cash equivalents		4,339	—	—	—	—	4,339
Restricted short-term investments		7,853	—	—	—	—	7,853
Assets limited as to use		6,694	—	—	—	—	6,694
Patients' accounts receivable, less allowance for doubtful accounts of approximately $883,354		127,181	5,539	2,681	—	—	135,401
Estimated receivables due from other third-party payors		69,190	—	—	—	—	69,190
Due from Miami-Dade County		42,283	—	—	—	—	42,283
Other receivables – unrestricted		14,399	49	—	284	—	14,732
Other receivables – restricted		4,067	—	—	—	—	4,067
Due from restricted funds		687,920	4,989	3	623	(693,535)	—
Supplies		33,785	94	240	—	—	34,119
Prepaid expenses and other current assets		7,565	—	—	—	—	7,565
Total current assets		1,305,897	10,680	3,057	920	(693,535)	627,019
Assets limited as to use		40,686	—	—	—	—	40,686
Restricted long-term investments		27,677	—	—	—	—	27,677
Capital assets, net		640,154	1,642	4,519	8,004	—	654,319
Other assets		4,096	—	—	559	—	4,655
Total noncurrent assets		712,613	1,642	4,519	8,563	—	727,337
Total assets	$	2,018,510	12,322	7,576	9,483	(693,535)	1,354,356
Deferred outflows of resources:							
Deferred loss on bond refunding	$	8,323	—	—	—	—	8,323
Deferred outflows – pension		83,043	—	—	—	—	83,043
Total deferred outflows of resources	$	91,366	—	—	—	—	91,366

(1) Includes Jackson Memorial Hospital, JMH Health Plan, Jackson South, Jackson North, Urgent Care Centers, and Community Medical Practices

(2) Includes North Dade Primary Health Care Facility, Infant Shelter, Home Health Care, Liberty City Medical Center, Downtown Family Medical Center, North Miami Center, Southeast Dental Medical Center, Corrections Health Services, and Juanita Mann Center

(3) Includes Perdue Medical Center and Human Resource Health Center

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Schedule by Account
Schedules of Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

September 30, 2017

(Dollars in thousands)

Liabilities and Net Position (Deficit)		(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Medical Towers	Eliminations	Total
Current liabilities:							
Current portion of long-term debt	$	8,555	—	—	—	—	8,555
Accounts payable and accrued expenses		137,588	—	—	—	—	137,588
Accrued interest payable		4,731	—	—	—	—	4,731
Accrued salaries and payroll taxes withheld		52,309	—	—	—	—	52,309
Accrued vacation and sick pay benefits		91,222	—	—	—	—	91,222
Refunds due for patient services		9,505	384	—	—	—	9,889
Current portion of estimated self-insured liability		5,982	—	—	—	—	5,982
Estimated payables due to other third-party payors		117,093	—	—	—	—	117,093
Due to Miami-Dade County		15,664	—	—	—	—	15,664
Due to University of Miami		28,371	—	—	—	—	28,371
Other – unrestricted		224,158	388,115	91,531	(4,792)	(693,535)	5,477
Other – restricted		1,730	(17)	—	—	—	1,713
Total current liabilities		696,908	388,482	91,531	(4,792)	(693,535)	478,594
Long-term debt, excluding current portion		312,025	—	—	—	—	312,025
Estimated self-insured liability, excluding current portion		37,251	—	—	—	—	37,251
Net pension liability		149,319	—	—	—	—	149,319
Due to University of Miami, excluding current portion		11,544	—	—	—	—	11,544
Other		5,875	—	—	—	—	5,875
Total noncurrent liabilities		516,014	—	—	—	—	516,014
Total liabilities	$	1,212,922	388,482	91,531	(4,792)	(693,535)	994,608
Deferred inflows of resources:							
Deferred gain on bond refunding	$	5,215	—	—	—	—	5,215
Deferred inflows – pension		54,257	—	—	—	—	54,257
Total deferred inflows of resources	$	59,472	—	—	—	—	59,472
Net position (deficit)	$	837,483	(376,161)	(83,954)	14,274	—	391,642

See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Schedule by Account
Schedules of Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

September 30, 2016

(Dollars in thousands)

Assets		(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Medical Towers	Eliminations	Total
Current assets:							
Cash and cash equivalents	$	249,048	12	140	137	—	249,337
Restricted cash and cash equivalents		3,338	—	—	—	—	3,338
Restricted short-term investments		7,840	—	—	—	—	7,840
Assets limited as to use		2,515	—	—	—	—	2,515
Patients' accounts receivable, less allowance for doubtful accounts of approximately $809,233		112,260	5,058	2,801	—	—	120,119
Estimated receivables due from other third-party payors		83,805	—	—	—	—	83,805
Due from Miami-Dade County		42,100	—	—	—	—	42,100
Other receivables – unrestricted		13,609	24	—	439	—	14,072
Other receivables – restricted		3,001	—	—	—	—	3,001
Due from restricted funds		602,149	3,999	2	271	(606,421)	—
Supplies		31,057	83	211	—	—	31,351
Prepaid expenses and other current assets		9,192	—	—	—	—	9,192
Total current assets		1,159,914	9,176	3,154	847	(606,421)	566,670
Assets limited as to use		35,004	—	—	—	—	35,004
Restricted long-term investments		30,363	—	—	—	—	30,363
Capital assets, net		585,439	1,876	4,945	5,986	—	598,246
Other assets		5,077	—	—	730	—	5,807
Total noncurrent assets		655,883	1,876	4,945	6,716	—	669,420
Total assets	$	1,815,797	11,052	8,099	7,563	(606,421)	1,236,090
Deferred outflows of resources:							
Deferred loss on bond refunding	$	2,520	—	—	—	—	2,520
Deferred outflows – pension		97,706	—	—	—	—	97,706
Total deferred outflows of resources	$	100,226	—	—	—	—	100,226

(1) Includes Jackson Memorial Hospital, JMH Health Plan, Jackson South, Jackson North, Urgent Care Centers, and Community Medical Practices

(2) Includes North Dade Primary Health Care Facility, Infant Shelter, Home Health Care, Liberty City Medical Center, Downtown Family Medical Center, North Miami Center, Southeast Dental Medical Center, Corrections Health Services, and Juanita Mann Center

(3) Includes Perdue Medical Center and Human Resource Health Center

(Continued)

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Schedule by Account
Schedules of Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

September 30, 2016

(Dollars in thousands)

Liabilities and Net Position (Deficit)		**(1) Hospitals**	**(2) Primary Care Centers**	**(3) Skilled Nursing Facilities**	**Jackson Medical Towers**	**Eliminations**	**Total**
Current liabilities:							
Current portion of long-term debt	$	8,175	—	—	—	—	8,175
Accounts payable and accrued expenses		121,090	—	—	—	—	121,090
Accrued interest payable		5,073	—	—	—	—	5,073
Accrued salaries and payroll taxes withheld		54,985	—	—	—	—	54,985
Accrued vacation and sick pay benefits		93,060	—	—	—	—	93,060
Refunds due for patient services		7,965	230	—	—	—	8,195
Current portion of estimated self-insured liability		6,760	—	—	—	—	6,760
Estimated payables due to other third-party payors		118,183	—	—	—	—	118,183
Due to Miami-Dade County		15,670	—	—	—	—	15,670
Due to University of Miami		22,093	—	—	—	—	22,093
Other – unrestricted		206,902	333,268	79,734	(6,666)	(606,421)	6,817
Other – restricted		1,654	—	—	—	—	1,654
Total current liabilities		661,610	333,498	79,734	(6,666)	(606,421)	461,755
Long-term debt, excluding current portion		316,883	—	—	—	—	316,883
Estimated self-insured liability, excluding current portion		34,530	—	—	—	—	34,530
Net pension liability		189,567	—	—	—	—	189,567
Due to University of Miami, excluding current portion		11,733	—	—	—	—	11,733
Other		6,524	—	—	—	—	6,524
Total noncurrent liabilities		559,237	—	—	—	—	559,237
Total liabilities	$	1,220,847	333,498	79,734	(6,666)	(606,421)	1,020,992
Deferred inflows of resources:							
Deferred gain on bond refunding	$	6,082	—	—	—	—	6,082
Deferred inflows – pension		26,374	—	—	—	—	26,374
Total deferred inflows of resources	$	32,456	—	—	—	—	32,456
Net position (deficit)	$	662,718	(322,445)	(71,636)	14,231	—	282,868

See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Schedule by Account
Schedules of Revenues and Expenses

Year ended September 30, 2017

(Dollars in thousands)

	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Medical Towers	Eliminations	Total
Operating revenues:						
Net patient service revenue	$ 1,182,702	1,249	24,208	—	—	1,208,159
Managed care revenue	93	—	—	—	—	93
Other revenue	183,906	1,168	5	4,385	(289)	189,175
Grants and other	23,604	608	—	—	—	24,212
Total operating revenues	1,390,305	3,025	24,213	4,385	(289)	1,421,639
Operating expenses:						
Salaries and related costs	994,942	50,334	27,200	1,784	—	1,074,260
Contractual and purchased services	393,264	9,954	5,510	1,597	(289)	410,036
Supplies and other operating expenses	289,932	3,120	3,205	208	—	296,465
Public Medical Assistance Trust Fund assessment	13,271	—	—	—	—	13,271
Depreciation and amortization	58,474	256	616	752	—	60,098
Total operating expenses	1,749,883	63,664	36,531	4,341	(289)	1,854,130
Operating (loss) income	(359,578)	(60,639)	(12,318)	44	—	(432,491)
Nonoperating revenues (expenses):						
Miami-Dade County funding	175,413	—	—	—	—	175,413
Sales tax revenue	255,903	—	—	—	—	255,903
Investment income	1,232	—	—	—	—	1,232
Interest expense	(12,674)	—	—	—	—	(12,674)
Other income	42,680	—	—	—	—	42,680
Total nonoperating revenues, net (excluding capital contributions)	462,554	—	—	—	—	462,554
Income before capital contributions	102,976	(60,639)	(12,318)	44	—	30,063
Capital contributions	78,711	—	—	—	—	78,711
Increase (decrease) in net position	$ 181,687	(60,639)	(12,318)	44	—	108,774

(1) Includes Jackson Memorial Hospital, JMH Health Plan, Jackson South, Jackson North, Urgent Care Centers, and Community Medical Practices

(2) Includes North Dade Primary Health Care Facility, Home Health Care, Liberty City Medical Center, Downtown Family Medical Center, North Miami Center, Southeast Dental Medical Center, Corrections Health Services, and Juanita Mann Center

(3) Includes Perdue Medical Center and Human Resource Health Center

See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida

Schedule by Account
Schedules of Revenues and Expenses

Year ended September 30, 2016

(Dollars in thousands)

	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Medical Towers	Eliminations	Total
Operating revenues:						
Net patient service revenue	$ 1,082,110	1,696	22,356	—	—	1,106,162
Other revenue	175,531	1,459	24	5,757	—	182,771
Grants and other	24,860	544	—	—	—	25,404
Total operating revenues	1,282,501	3,699	22,380	5,757	—	1,314,337
Operating expenses:						
Salaries and related costs	959,501	48,008	26,372	1,280	—	1,035,161
Contractual and purchased services	368,635	9,815	6,240	1,893	—	386,583
Supplies and other operating expenses	259,155	2,905	3,795	181	—	266,036
Public Medical Assistance Trust Fund assessment	11,761	—	—	—	—	11,761
Depreciation and amortization	54,377	208	535	584	—	55,704
Total operating expenses	1,653,429	60,936	36,942	3,938	—	1,755,245
Operating (loss) income	(370,928)	(57,237)	(14,562)	1,819	—	(440,908)
Nonoperating revenues (expenses):						
Miami-Dade County funding	161,006	—	—	—	—	161,006
Sales tax revenue	251,703	—	—	—	—	251,703
Investment income	941	—	—	—	—	941
Interest expense	(12,973)	—	—	—	—	(12,973)
Other income	57,252	—	—	—	—	57,252
Total nonoperating revenues, net (excluding capital contributions)	457,929	—	—	—	—	457,929
Income before capital contributions	87,001	(57,237)	(14,562)	1,819	—	17,021
Capital contributions	56,416	—	—	—	—	56,416
Increase (decrease) in net position	$ 143,417	(57,237)	(14,562)	1,819	—	73,437

(1) Includes Jackson Memorial Hospital, JMH Health Plan, Jackson South, Jackson North, Urgent Care Centers, and Community Medical Practices

(2) Includes North Dade Primary Health Care Facility, Home Health Care, Liberty City Medical Center, Downtown Family Medical Center, North Miami Center, Southeast Dental Medical Center, Corrections Health Services, and Juanita Mann Center

(3) Includes Perdue Medical Center and Human Resource Health Center

See accompanying independent auditors' report.