



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

Financial Statements, Required Supplementary Information,
and Schedules

September 30, 2020 and 2019

(With Independent Auditors' Report Thereon)

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

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Independent Auditors' Report

The Board of Trustees
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, as of and for the years ended September 30, 2020 and 2019, 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 audit. 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, 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, as of September 30, 2020 and 2019, 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, 2020 and 2019, the changes in its financial position, or, where applicable, its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles. 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, 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 96 through 97, 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 98 through 99, Defined-Benefit Retirement Plan Schedules of Employer Contributions, Schedules of Net Pension Liability (Asset) and Related Ratios, Schedules of Changes in Net Pension Asset (Liability) and Related Ratios, and Schedules of Investment Returns on Pages 100 through 103, and Postemployment Benefits Other Than Pensions Schedules of Changes in Trust's Total OPEB Liability and Related Ratios on Page 104, and Notes to the Required Supplementary Information on Pages 105 through 106, 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 107 to 112 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 January 29, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.

KPMG LLP

January 29, 2021

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Management's Discussion and Analysis

September 30, 2020 and 2019

(Unaudited)

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, 2020, 2019 and 2018. 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 five urgent care centers, UCC Country Walk, UCC Cutler Bay, UCC Keystone Point, UCC Doral, and UCC North Dade. At September 30, 2020, the Trust operates a total of 2,137 licensed hospital beds and 343 licensed nursing home beds.

Jackson Memorial Hospital, Jackson North Medical Center, and Jackson South Medical Center are teaching hospitals 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.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Management's Discussion and Analysis

September 30, 2020 and 2019

(Unaudited)

Condensed statements of net position as of September 30, 2020 and 2019 are presented below:

**Condensed Summary of Net Position – Trust
September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>	<u>2020 vs. 2019</u>	
Assets:				
Current assets	\$ 915,760,585	697,651,470	218,109,115	31 %
Capital assets, net	1,149,755,187	962,483,612	187,271,575	19
Other assets	73,428,295	70,953,105	2,475,190	3
Total assets	<u>\$ 2,138,944,067</u>	<u>1,731,088,187</u>	<u>407,855,880</u>	24
Deferred outflows of resources:				
Loss on bond refunding	\$ 6,322,867	6,896,610	(573,743)	(8)
Pension	115,966,537	118,924,520	(2,957,983)	(2)
Other postemployment benefits	20,256,560	14,295,074	5,961,486	42
Total deferred outflows of resources	<u>\$ 142,545,964</u>	<u>140,116,204</u>	<u>2,429,760</u>	2
Liabilities:				
Current liabilities	\$ 674,295,641	489,693,714	184,601,927	38 %
Long-term debt	275,617,239	288,780,487	(13,163,248)	(5)
Net pension liability	205,283,796	214,252,176	(8,968,380)	(4)
Total other postemployment benefits liability	46,901,787	79,194,116	(32,292,329)	(41)
Other liabilities	120,962,583	54,743,362	66,219,221	121
Total liabilities	<u>\$ 1,323,061,046</u>	<u>1,126,663,855</u>	<u>196,397,191</u>	17
Deferred inflows of resources:				
Gain on bond refunding	\$ 2,614,470	3,481,436	(866,966)	(25)%
Pension	51,226,308	44,182,450	7,043,858	16
Other postemployment benefits	17,147,189	7,641,450	9,505,739	124
Total deferred inflows of resources	<u>\$ 70,987,967</u>	<u>55,305,336</u>	<u>15,682,631</u>	28
Net position:				
Net investment in capital assets	\$ 891,596,788	692,310,513	199,286,275	29 %
Restricted	73,333,367	10,634,490	62,698,877	590
Unrestricted (deficit)	(77,489,137)	(13,709,803)	(63,779,334)	465
Total net position	<u>\$ 887,441,018</u>	<u>689,235,200</u>	<u>198,205,818</u>	29

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Management's Discussion and Analysis

September 30, 2020 and 2019

(Unaudited)

Condensed statements of net position as of September 30, 2019 and 2018 are presented below:

**Condensed Summary of Net Position – Trust
September 30, 2020 and 2019**

	<u>2019</u>	<u>2018</u>	<u>2019 vs. 2018</u>	
Assets:				
Current assets	\$ 697,651,470	673,330,892	24,320,578	4 %
Capital assets, net	962,483,612	734,538,378	227,945,234	31
Other assets	70,953,105	72,199,343	(1,246,238)	(2)
Total assets	<u>\$ 1,731,088,187</u>	<u>1,480,068,613</u>	<u>251,019,574</u>	17
Deferred outflows of resources:				
Loss on bond refunding	\$ 6,896,610	7,470,360	(573,750)	(8)%
Pension	118,924,520	95,308,059	23,616,461	25
Other postemployment benefits	14,295,074	—	14,295,074	100
Total deferred outflows of resources	<u>\$ 140,116,204</u>	<u>102,778,419</u>	<u>37,337,785</u>	36
Liabilities:				
Current liabilities	\$ 489,693,714	474,450,277	15,243,437	3 %
Long-term debt	288,780,487	300,739,010	(11,958,523)	(4)
Net pension liability	214,252,176	151,235,619	63,016,557	42
Total other postemployment benefits liability	79,194,116	62,844,334	16,349,782	26
Other liabilities	54,743,362	55,095,448	(352,086)	(1)
Total liabilities	<u>\$ 1,126,663,855</u>	<u>1,044,364,688</u>	<u>82,299,167</u>	8
Deferred inflows of resources:				
Gain on bond refunding	\$ 3,481,436	4,348,403	(866,967)	(20)%
Pension	44,182,450	61,667,015	(17,484,565)	(28)
Other postemployment benefits	7,641,450	8,178,599	(537,149)	5
Total deferred inflows of resources	<u>\$ 55,305,336</u>	<u>74,194,017</u>	<u>(18,888,681)</u>	(25)
Net position:				
Net investment in capital assets	\$ 692,310,513	452,517,408	239,793,105	53 %
Restricted	10,634,490	11,478,894	(844,404)	(7)
Unrestricted (deficit)	(13,709,803)	292,025	(14,001,828)	(4,795)
Total net position	<u>\$ 689,235,200</u>	<u>464,288,327</u>	<u>224,946,873</u>	48

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

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Management's Discussion and Analysis

September 30, 2020 and 2019

(Unaudited)

Total assets increased from 2019 to 2020 by approximately \$407.9 million. This increase is primarily attributed to an increase in current assets of approximately \$218.1 million, mainly due to the funding received from two programs of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The Trust received approximately \$108.8 million and \$107.9 million from the CARES Act Provider Relief Fund and the CARES Act Medicare Advanced Payment Program, respectively. Total assets were also influenced by an increase in capital assets, net, of \$187.3 million related to the ongoing construction of Jackson West Hospital.

Day's unrestricted cash on hand was approximately 56 days at September 2020 as compared to 57 days at September 2019. Days net in accounts receivable at September 2020 and 2019 were 48 days and 50 days, respectively.

During fiscal years 2020 and 2019, respectively, the Trust recorded approximately \$116.0 million and \$51.2 million and approximately \$118.9 million, and \$44.2 million of deferred outflows and deferred inflows, respectively, related to pension in accordance with 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*.

During fiscal years 2020 and 2019, the Trust recorded approximately \$17.1 million and \$7.6 million, respectively, of deferred inflows related to Postemployment Benefits Other Than Pensions (OPEB) in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. During fiscal year 2020 and 2019, the Trust recorded approximately \$20.3 and \$14.3 million, of deferred outflows related to OPEB in accordance with GASB Statement No. 75.

Total liabilities increased by approximately \$196.4 million primarily due to an increase in current liabilities of \$184.6 million at 2020 compared to 2019. The increase in current liabilities is mostly attributed to an increase in estimated payables to third party payors of \$109.4 million and an increase in current other unrestricted liabilities of \$45.9 million. There was also an increase in total noncurrent liabilities of \$11.8 million.

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 Ordinance 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 2020, the Trust was in compliance with the debt service ratio covenant and other covenants contained in the Ordinance.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Management's Discussion and Analysis

September 30, 2020 and 2019

(Unaudited)

The Trust reported an increase in net position of approximately \$198.2 million for the year ended September 30, 2020. The increase consisted of \$449.3 million from operating loss offset by \$164.2 million contributions from Miami-Dade County related to the PHT-GOB 2015 Bond, and \$483.3 million from nonoperating revenues, of which, \$250.7 million were in sales tax revenues, and \$213.3 million in Miami-Dade County funding.

Total assets increased from 2018 to 2019 by approximately \$251.0 million. This increase is primarily attributed to an increase in capital assets, net, of approximately \$227.9 million, as a result of an increase in capital expenditures funded by Miracle Building General Obligation Bonds (GOB) program. Current assets increased by \$24.3 million mainly related to an increase in patients' accounts receivable of \$19.6 million, an increase in unrestricted cash and cash equivalents of \$2.5 million, an increase in amounts due from Miami-Dade County of \$1.8 million, and an increase in Other receivables – restricted of \$1.7 million.

Day's unrestricted cash on hand was at approximately 57 days at September 2019 as compared to 59 days at September 2018. Days net in accounts receivable at September 2019 and 2018 were 50 days and 47 days, respectively.

During fiscal years 2019 and 2018, respectively, the Trust recorded approximately \$118.9 million and \$44.2 million and approximately \$95.3 million and \$61.7 million of deferred outflows and inflows, respectively, related to pension in accordance with 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*.

During fiscal years 2019 and 2018, the Trust recorded approximately \$7.6 million and \$8.2 million, respectively, of deferred inflows related to Postemployment Benefits Other Than Pensions (OPEB) in accordance with GASB Statement No. 75. During the fiscal year 2019, the Trust recorded approximately \$14.3 million of deferred outflows related to OPEB in accordance with GASB Statement No. 75.

Total liabilities increased by approximately \$82.3 million primarily due to an increase in current liabilities of \$15.2 million, an increase in net pension liability of \$63.0 million, and an increase in total OPEB liability of \$16.3 million at 2019 compared to 2018.

At September 2019, 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 \$224.9 million for the year ended September 30, 2019. The increase consisted of \$492.1 million from operating loss offset by \$195.5 million contributions from Miami-Dade County related to the PHT-GOB 2015 Bond and General Operating Bond, and \$521.6 million from nonoperating revenues, of which, \$282.8 million were in sales tax revenues, and \$203.2 million in Miami-Dade County funding.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Management's Discussion and Analysis

September 30, 2020 and 2019

(Unaudited)

Summary of Revenues, Expenses, and Changes in Net Position – Trust
Years ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>2020 vs. 2019</u>	
Operating revenues:				
Net patient service revenue	\$ 1,255,440,402	1,298,193,116	(42,752,714)	(3)%
Other revenue	271,643,203	240,060,927	31,582,276	13
Grants and other	79,545,988	22,758,490	56,787,498	250
Total operating revenues	<u>1,606,629,593</u>	<u>1,561,012,533</u>	<u>45,617,060</u>	3
Operating expenses:				
Salaries and related costs	1,189,128,571	1,198,223,729	(9,095,158)	(1)
Contractual and purchased services	415,737,890	425,778,660	(10,040,770)	(2)
Supplies and other	352,753,236	338,519,059	14,234,177	4
PMATF (1)	16,129,765	15,654,604	475,161	3
Depreciation and amortization	82,132,012	74,910,179	7,221,833	10
Total operating expenses	<u>2,055,881,474</u>	<u>2,053,086,231</u>	<u>2,795,243</u>	0
Operating loss	<u>(449,251,881)</u>	<u>(492,073,698)</u>	<u>42,821,817</u>	(9)
Nonoperating revenues (expenses):				
Miami-Dade County funding	213,259,000	203,224,000	10,035,000	5
Sales tax revenue	250,666,079	282,832,079	(32,166,000)	(11)
Investment income	1,067,057	1,576,806	(509,749)	(32)
Interest expense	(10,954,937)	(11,089,132)	134,195	(1)
Other income	29,253,002	45,009,056	(15,756,054)	(35)
Total nonoperating revenues, net (excluding capital contributions)	<u>483,290,201</u>	<u>521,552,809</u>	<u>(38,262,608)</u>	(7)
Income before capital contributions	34,038,320	29,479,111	4,559,209	15
Capital contributions	<u>164,167,498</u>	<u>195,467,762</u>	<u>(31,300,264)</u>	(16)
Change in net position	198,205,818	224,946,873	(26,741,055)	(12)
Net position, beginning of year	689,235,200	464,288,327	224,946,873	48
Net position, end of year	\$ <u>887,441,018</u>	<u>689,235,200</u>	<u>198,205,818</u>	29

(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, 2020 and 2019

(Unaudited)

Summary of Revenues, Expenses, and Changes in Net Position – Trust
Years ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>2019 vs. 2018</u>	
Operating revenues:				
Net patient service revenue	\$ 1,298,193,116	1,221,907,510	76,285,606	6 %
Other revenue	240,060,927	243,372,286	(3,311,359)	(1)
Grants and other	22,758,490	23,321,959	(563,469)	(2)
Total operating revenues	<u>1,561,012,533</u>	<u>1,488,601,755</u>	<u>72,410,778</u>	5
Operating expenses:				
Salaries and related costs	1,198,223,729	1,130,237,967	67,985,762	6
Contractual and purchased services	425,778,660	399,219,065	26,559,595	7
Supplies and other	338,519,059	315,565,663	22,953,396	7
PMATF(1)	15,654,604	14,982,976	671,628	4
Depreciation and amortization	74,910,179	67,272,025	7,638,154	11
Total operating expenses	<u>2,053,086,231</u>	<u>1,927,277,696</u>	<u>125,808,535</u>	7
Operating loss	<u>(492,073,698)</u>	<u>(438,675,941)</u>	<u>(53,397,757)</u>	12
Nonoperating revenues (expenses):				
Miami-Dade County funding	203,224,000	188,585,000	14,639,000	8
Sales tax revenue	282,832,079	275,005,107	7,826,972	3
Investment income	1,576,806	1,093,310	483,496	44
Interest expense	(11,089,132)	(11,576,084)	486,952	(4)
Other income	45,009,056	22,662,340	22,346,716	99
Total nonoperating revenues, net (excluding capital contributions)	<u>521,552,809</u>	<u>475,769,673</u>	<u>45,783,136</u>	10
Income before capital contributions	29,479,111	37,093,732	(7,614,621)	(21)
Capital contributions	195,467,762	105,551,710	89,916,052	85
Change in net position	224,946,873	142,645,442	82,301,431	58
Net position, beginning of year	464,288,327	321,642,885	142,645,442	44
Net position, end of year	\$ <u>689,235,200</u>	<u>464,288,327</u>	<u>224,946,873</u>	48

(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, 2020 and 2019

(Unaudited)

Net Patient Service Revenue

Net patient revenue for the fiscal years ended September 30, 2020 and 2019 was approximately \$1,255.4 million and \$1,298.2 million, respectively, a decrease of approximately \$42.8 million or 3.3%. The principal reason for the decrease is that many revenue-generating elective procedures and surgeries were cancelled or postponed to make space to serve COVID-19 patients.

Net patient revenue for the fiscal years ended September 30, 2019 and 2018 was approximately \$1,298.2 million and \$1,221.9 million, respectively, an increase of \$76.3 million or 6.2%. Part of the increase was due to an increase in organ transplants and other surgeries. The Trust's surgeries for fiscal 2019 were 24,190 cases, 117 more cases than in the prior year. In addition, there was a significant improvement in payor mix. The Medicare Managed care payor mix increased from 16.3% to 18.2%, representing an 11.7% favorable change from 2018 to 2019, and the Self-pay and other payor mix decreased from 18.7% to 17.0%, representing a 9.1% favorable change from 2018 to 2019.

The Trust's net patient service revenue and overall financial results are highly dependent upon the state and federal governments. Over the past several years, rate increases have not kept pace with the overall medical expense increases. The Trust is 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:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Medicare	14.2 %	14.2 %	14.7 %
Medicare Managed care	20.3	18.2	16.3
Medicaid	3.9	3.6	3.5
Medicaid Managed care	19.3	20.6	20.4
Medicaid pending	11.1	11.8	11.9
Commercial insurance	1.2	1.1	1.2
Managed care others	13.8	13.5	13.3
Self-pay and other	16.2	17.0	18.7
	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

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.

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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 fee for service patient days as a percentage of total in fiscal year 2020 were 14.2%, equaling the fiscal year 2019 percentage of 14.2%. Medicare fee for service patient days as a percentage of total in fiscal year 2019 were 14.2% or slightly lower than the fiscal year 2018 percentage of 14.7%.

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.

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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, 2020, 2019 and 2018 Medicaid Pending represents 11.1%, 11.8% and 11.9% respectively, of the overall payer 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.

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Utilization

The Trust has experienced a decrease in both outpatient observation cases and in inpatient utilization during 2020.

	September 30		
	2020	2019	2018
Inpatient services:			
Number of beds – licensed:			
Jackson Memorial Hospital	1,493	1,493	1,493
Jackson South Medical Center	262	262	262
Jackson North Medical Center	382	382	382
Nursing Homes	343	343	343
Total	2,480	2,480	2,480
Hospital admissions (excluding newborn):			
Jackson Memorial Hospital	36,569	42,953	43,360
Jackson South Medical Center	10,665	11,011	12,176
Jackson North Medical Center	9,458	9,326	9,682
Total	56,692	63,290	65,218
Observations:			
Jackson Memorial Hospital	13,037	16,615	16,028
Jackson South Medical Center	7,116	7,616	7,252
Jackson North Medical Center	4,508	6,376	5,936
Total	24,661	30,607	29,216

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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		
	2020	2019	2018
Inpatient services:			
Average daily census (excluding newborn):			
Jackson Memorial Hospital	863	899	897
Jackson South Medical Center	149	135	148
Jackson North Medical Center	155	141	146
Total	<u>1,167</u>	<u>1,175</u>	<u>1,191</u>
Total surgical cases:			
Jackson Memorial Hospital	13,550	16,415	16,299
Jackson South Medical Center	4,575	5,337	5,236
Jackson North Medical Center	1,948	2,438	2,538
Total	<u>20,073</u>	<u>24,190</u>	<u>24,073</u>
Organ transplants (includes kidney, liver, heart, lung, pancreas, and multiorgan)	716	717	614
Outpatient services:			
Visits to emergency services (adults and pediatric):			
Jackson Memorial Hospital	118,710	135,345	135,665
Jackson Memorial Hospital Trauma	3,950	4,062	4,187
Jackson South Medical Center	39,239	43,171	44,953
Jackson North Medical Center	40,238	49,732	53,999
Total	<u>202,137</u>	<u>232,310</u>	<u>238,804</u>

Other Revenue

Other revenue, which consists primarily of disproportionate share revenue (DSH), low income pool revenue (LIP), specialty pharmacy, house staff reimbursements and outpatient physician billing increased by \$31.6 million for fiscal year ended September 30, 2020 compared to 2019 and decreased by \$3.3 million for fiscal year ended September 30, 2019 compared to 2018. The increase in other revenue as of September 30,

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2020 compared to the prior year is mainly attributed to an increase in Pharmacy reimbursements of \$18.5 million, an increase in DSH and LIP revenue of \$6.0 million, and an increase in Jackson Health Foundation donations of \$5.0 million associated with donations for COVID-19 relief.

Total Operating Expenses

For the fiscal years ended September 30, 2020, 2019 and 2018, total operating expenses were \$2,055.9 million, \$2,053.1 million and \$1,927.3 million, respectively. Operating costs as a percentage of operating revenue for the fiscal years ended September 30, 2020, 2019 and 2018:

	Year ended September 30		
	2020	2019	2018
Operating expenses:			
Salaries and related costs	74.0 %	76.8 %	75.9 %
Contractual and purchased services	25.9	27.3	26.8
Supplies and other	22.0	21.7	21.2
PMATF	1.0	1.0	1.0
Depreciation and amortization	5.1	4.8	4.5
	<u>128.0 %</u>	<u>131.6 %</u>	<u>129.4 %</u>

Grants and Other

During the year ended September 30, 2020, the Trust received financial support through the US Department of Health and Human Services (HHS) Coronavirus Aid, Relief and Economic Security Act (CARES Act) Provider Relief Fund. The total funding received by the Trust during the fiscal year was approximately \$108.8 million of which approximately \$59.3 million was recorded as grants revenue. The remaining \$49.5 million was recorded as deferred revenue, which will be evaluated by the Trust for possible revenue recognition during the year ended September 20, 2021. According to guidance from HHS, the Trust will utilize calendar year 2019 and 2020 comparative financial data to assess the amount of year ended September 30, 2020 deferred revenue that can be recognized during the year ended September 30, 2021.

Salaries and Related Costs

The Trust employed 12,638, 12,500, and 12,339 full-time equivalents (FTE) at September 30, 2020, 2019 and 2018, respectively. The increase relates to several key operating initiatives to align the staffing needs of the organization to address the needs of the organization during the COVID-19 pandemic. Salaries and related costs were approximately \$1,189.1 million, \$1,198.2 million and \$1,130.2 million for the fiscal years ended September 30, 2020, 2019 and 2018, respectively. Despite the increase in FTEs, there was a reduction in salaries and related costs due to a \$30.4 million adjustment to the other postemployment benefits as a result of changes in assumptions and plan benefits. For the year ended September 30, 2020, FTE per adjusted occupied bed was 8.03 compared to 7.56 for the prior year. For the year ended September 30, 2019, FTE per adjusted occupied bed was 7.56 compared to 7.46 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

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Municipal Employees (AFSCME) unions at September 30, 2020. 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, 2020, 2019 and 2018 was \$415.7 million, \$425.8 million and \$399.2 million, respectively, a decrease of \$10.1 million and an increase of \$26.6 million, respectively, (-2% and 7%, respectively) over the same period in the prior year. The decrease in purchased services from 2019 to 2020 is principally attributed to a decrease in professional services of \$11.6 million.

Supplies and Other

Supplies and other related costs for the years ended September 30, 2020, 2019 and 2018 was \$352.8 million, \$338.5 million and \$315.6 million, respectively, an increase of \$14.3 million and \$22.9 million, respectively, (4% and 7%, 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 2020 compared to 2019 and in 2019 compared to 2018, due to increased supplies per adjusted patient day from prior year. The increased need for personal protective equipment (PPE), medications, and cleaning supplies related to the COVID-19 pandemic were the primary reason for the significant increase in supply costs for the fiscal years ended September 30, 2020. Increased cost of medical supplies and increased volume from transplants and other surgical cases were the primary reason for the significant increase in supply costs for the fiscal year ended September 30, 2019.

	Fiscal year ended September 30		
	2020	2019	Variance
Supplies per adjusted patient day	\$ 613	561	52
Supplies and other related costs as percentage of net patient service revenue	28.1 %	26.1 %	2.0 %

	Fiscal year ended September 30		
	2019	2018	Variance
Supplies per adjusted patient day	\$ 561	515	46
Supplies and other related costs as percentage of net patient service revenue	26.1 %	25.8 %	0.3 %

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Capital Assets and Debt Administration

As of September 30, 2020, 2019 and 2018, the Trust had capital assets, net, of \$1,149.8 million, \$962.5 million and \$734.5 million, respectively. The increase is due to projects and construction in progress as part of system upgrades, new equipment, and new construction. Additional information related to the Trust's capital assets is included in note 9 to the financial statements.

As of September 30, 2020, 2019 and 2018, the Trust had bonds payable outstanding of \$265.4 million, \$275.1 million and \$284.1 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 carries commercial excess insurance. Based on the results of an actuarially determined reserve analysis, the Trust decreased the liability for medical professional and general liability claims by approximately \$1.4 million and increased the liability by approximately \$0.7 million at September 30, 2020 compared to 2019 and at September 30, 2019 compared to 2018, 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.

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Statements of Net Position – Trust

September 30, 2020 and 2019

	2020	2019
Current assets:		
Cash and cash equivalents	\$ 301,473,768	306,508,199
Restricted cash and cash equivalents	5,674,826	4,181,110
Restricted short-term investments	8,381,976	7,928,377
Assets limited as to use – cash and investments	208,114,264	7,611,150
Patients’ accounts receivable, less allowances for doubtful accounts and contractual adjustments of approximately \$816,870,000 and \$758,969,000 for 2020 and 2019, respectively	165,035,819	178,153,107
Estimated receivables due from other third-party payors	90,123,592	81,007,538
Due from Miami-Dade County	64,336,474	47,492,881
Other receivables – unrestricted	10,429,379	12,347,259
Other receivables – restricted	4,564,465	6,033,096
Supplies	46,873,724	37,119,112
Prepaid expenses and other current assets	10,752,298	9,269,641
Total current assets	915,760,585	697,651,470
Assets limited as to use – long-term	41,819,420	41,754,375
Restricted long-term investments	27,389,483	24,915,486
Other assets	4,219,392	4,283,244
Capital assets, net	1,149,755,187	962,483,612
Total noncurrent assets	1,223,183,482	1,033,436,717
Total assets	\$ 2,138,944,067	1,731,088,187
Deferred outflows of resources:		
Loss on bond refunding	\$ 6,322,867	6,896,610
Pension	115,966,537	118,924,520
Other postemployment benefits	20,256,560	14,295,074
Total deferred outflows of resources	\$ 142,545,964	140,116,204

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September 30, 2020 and 2019

	2020	2019
Current liabilities:		
Accounts payable and accrued expenses	\$ 166,095,429	143,981,302
Accrued interest payable	4,296,092	4,442,191
Accrued salaries and payroll taxes withheld	79,220,179	60,528,673
Accrued vacation and sick pay benefits	86,180,159	85,353,029
Refunds due for patient services	7,163,088	6,050,467
Current portion of estimated self-insured liability	7,855,489	7,253,895
Estimated payables due to other third-party payors	224,390,041	115,001,622
Due to Miami-Dade County	15,020,689	15,099,171
Due to University of Miami	14,348,530	27,927,759
Other – unrestricted	52,702,841	6,778,757
Other – restricted	1,787,104	2,003,848
Current portion of total other postemployment benefits liability	4,251,000	5,563,000
Current portion of long-term debt	10,985,000	9,710,000
Total current liabilities	674,295,641	489,693,714
Long-term debt, excluding current portion	275,617,239	288,780,487
Estimated self-insured liability, excluding current portion	38,578,919	40,547,093
Net pension liability	205,283,796	214,252,176
Total other postemployment benefits liability	46,901,787	79,194,116
Due to University of Miami, excluding current portion	28,286,565	11,165,324
Line of credit	50,332,429	—
Other	3,764,670	3,030,945
Total noncurrent liabilities	648,765,405	636,970,141
Total liabilities	\$ 1,323,061,046	1,126,663,855
Deferred inflows of resources:		
Gain on bond refunding	\$ 2,614,470	3,481,436
Pension	51,226,308	44,182,450
Other postemployment benefits	17,147,189	7,641,450
Total deferred inflows of resources	\$ 70,987,967	55,305,336
Net position:		
Net investment in capital assets	\$ 891,596,788	692,310,513
Restricted for:		
Debt service	8,381,977	7,928,377
Capital projects	—	2,397
Federal and donor programs	64,951,390	2,703,716
Unrestricted (deficit)	(77,489,137)	(13,709,803)
Total net position	\$ 887,441,018	689,235,200

See accompanying notes to financial statements.

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

Years ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Net patient service revenue	\$ 1,255,440,402	1,298,193,116
Other revenue	271,643,203	240,060,927
Grants and other	<u>79,545,988</u>	<u>22,758,490</u>
Total operating revenues	<u>1,606,629,593</u>	<u>1,561,012,533</u>
Operating expenses:		
Salaries and related costs	1,189,128,571	1,198,223,729
Contractual and purchased services	415,737,890	425,778,660
Supplies and other operating expenses	352,753,236	338,519,059
Public Medical Assistance Trust Fund assessment	16,129,765	15,654,604
Depreciation and amortization	<u>82,132,012</u>	<u>74,910,179</u>
Total operating expenses	<u>2,055,881,474</u>	<u>2,053,086,231</u>
Operating loss	<u>(449,251,881)</u>	<u>(492,073,698)</u>
Nonoperating revenues (expenses):		
Miami-Dade County funding	213,259,000	203,224,000
Sales tax revenue	250,666,079	282,832,079
Investment income	1,067,057	1,576,806
Interest expense	(10,954,937)	(11,089,132)
Other income	<u>29,253,002</u>	<u>45,009,056</u>
Total nonoperating revenues, net (excluding capital contributions)	<u>483,290,201</u>	<u>521,552,809</u>
Income before capital contributions	34,038,320	29,479,111
Capital contributions	<u>164,167,498</u>	<u>195,467,762</u>
Increase in net position	198,205,818	224,946,873
Net position, beginning of the year	<u>689,235,200</u>	<u>464,288,327</u>
Net position, end of the year	\$ <u><u>887,441,018</u></u>	\$ <u><u>689,235,200</u></u>

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

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Statements of Cash Flows – Trust

Years ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating activities:		
Cash received from patients, tenants, and third-party payors	\$ 1,758,471,235	1,570,922,384
Cash payments for interfund services used	(36,473,089)	(36,347,617)
Cash paid to suppliers	(668,846,589)	(778,015,780)
Cash paid to employees for services	<u>(1,197,912,013)</u>	<u>(1,166,913,971)</u>
Net cash used in operating activities	<u>(144,760,456)</u>	<u>(410,354,984)</u>
Noncapital financing activities:		
Funds contributed by Miami-Dade County	213,259,000	203,224,000
Funds contributed from sales tax revenue	233,822,485	281,011,876
Funds contributed by federal, state, and miscellaneous sources	<u>29,253,002</u>	<u>45,009,056</u>
Net cash provided by noncapital financing activities	<u>476,334,487</u>	<u>529,244,932</u>
Capital and related financing activities:		
Principal payments on long-term debt	(9,710,000)	(8,985,000)
Interest paid	(13,572,501)	(13,777,413)
Contribution from Miami-Dade County	164,167,498	195,467,762
Purchases of capital assets	(273,764,648)	(291,512,688)
Sales of capital assets	<u>193,602</u>	<u>945,176</u>
Net cash used in capital and related financing activities	<u>(132,686,049)</u>	<u>(117,862,163)</u>
Investing activities:		
Purchase of investment securities and proceeds from sales and maturities of investments, net	(203,493,676)	(265,495)
Realized gains on investments, interest, and dividends	<u>1,064,979</u>	<u>1,579,440</u>
Net cash provided by investing activities	<u>(202,428,697)</u>	<u>1,313,945</u>
Net increase in cash and cash equivalents	(3,540,715)	2,341,730
Cash and cash equivalents, beginning of year	<u>310,689,309</u>	<u>308,347,579</u>
Cash and cash equivalents, end of year	\$ <u><u>307,148,594</u></u>	\$ <u><u>310,689,309</u></u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (449,251,881)	(492,073,698)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	82,132,012	74,910,179
Gain on capital asset disposal	99,828	(524,999)
Provision for doubtful accounts	649,896,836	622,606,438
(Increase) decrease in assets:		
Patients – accounts receivables and other receivables	(642,509,094)	(642,401,026)
Supplies	(9,754,610)	(946,587)
Prepaid expenses and other assets	(1,418,804)	2,091,630
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	46,813,014	5,807,098
Due to Miami-Dade County	(78,482)	46,054
Due to other third-party payors	109,388,420	(88,714)
Other current liabilities	32,128,112	(4,026,902)
Estimated self-insurance liability	(1,366,580)	744,604
Net pension liability and related deferred outflows and deferred inflows	1,033,462	21,915,531
Total other postemployment benefits and related deferred inflows	(30,060,076)	1,732,559
Operating line of credit	50,126,500	—
Other long-term liabilities	<u>18,060,887</u>	<u>(147,151)</u>
Total adjustments	<u>304,491,425</u>	<u>81,718,714</u>
Net cash used in operating activities	\$ <u><u>(144,760,456)</u></u>	\$ <u><u>88,527,249</u></u>
Noncash investing and capital and related financing activities:		
Net increase in the fair value of investments	\$ (2,078)	2,634
Interest capitalized on construction in progress	—	—
Accruals in construction in progress and project in progress	4,067,632	(11,762,902)
Amortization of bond premium and discount	2,178,248	2,248,523
Amortization of bond deferment refunding	293,216	293,216

See accompanying notes to financial statements.

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Statements of Financial Position – Foundation (Component Unit)

September 30, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash and cash equivalents	\$ 4,760,594	1,323,834
Accounts receivable	6,895	17,502
Other current assets	88,391	222,910
Pledges receivable – current portion, net	2,881,333	9,007,405
Total current assets	7,737,213	10,571,651
Pledges receivable less current portion, net	9,812,585	10,377,693
Investments	5,833,251	5,529,110
Property and equipment, net	413,018	466,940
Total assets	\$ 23,796,067	26,945,394
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 387,906	515,344
Deferred revenue	10,863	—
Total current liabilities	398,769	515,344
Commitments and contingencies		
Net assets:		
Without Donor Restrictions	4,042,148	1,601,859
With Donor Restrictions	19,355,150	24,828,191
Total net assets	23,397,298	26,430,050
Total liabilities and net assets	\$ 23,796,067	26,945,394

See accompanying notes to financial statements.

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Statement of Activities – Foundation (Component Unit)

Year ended September 30, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues:			
Donations for International Kids Fund program	\$ —	81,386	81,386
General gifts	5,421,358	1,362,138	6,783,496
In-kind gifts (including donated use of facilities)	5,197,871	—	5,197,871
Paycheck Protection program revenue	342,257	—	342,257
Provision for estimated uncollectible pledges and change in present value discount of pledges receivable	197,465	1,531,859	1,729,324
Special events, net of direct costs totaling \$1,109,598	—	178,926	178,926
Net public support	11,158,951	3,154,309	14,313,260
Interest income and dividends, net of investment fee	70,695	62,717	133,412
Net realized and unrealized gains on investments	7,569	280,996	288,565
Total public support and revenues before net assets released from restrictions	11,237,215	3,498,022	14,735,237
Net assets released from restrictions:			
Satisfaction of program restrictions	8,971,063	(8,971,063)	—
Total public support and revenues	20,208,278	(5,473,041)	14,735,237
Expenses including direct support payments:			
Program services:			
Jackson Health System	13,818,198	—	13,818,198
International Kids Fund	537,519	—	537,519
Other programs	1,038,876	—	1,038,876
Total program services	15,394,593	—	15,394,593
Management and general	991,279	—	991,279
Fund-raising	1,382,117	—	1,382,117
Total expenses including direct support payments	17,767,989	—	17,767,989
Change in net assets	2,440,289	(5,473,041)	(3,032,752)
Net assets at beginning of year	1,601,859	24,828,191	26,430,050
Net assets at end of year	\$ 4,042,148	19,355,150	23,397,298

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Statement of Activities – Foundation (Component Unit)

Year ended September 30, 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues:			
Donations for International Kids Fund program	\$ —	63,975	63,975
General gifts revenues	1,572,991	8,592,102	10,165,093
In-kind gifts (including donated use of facilities)	235,129	—	235,129
Provision for estimated uncollectible pledges and change in present value discount of pledges receivable	482,890	(705,550)	(222,660)
Special events, net of direct costs totaling \$1,148,610	—	636,760	636,760
Net public support	2,291,010	8,587,287	10,878,297
Interest income and dividends, net of investment fees	97,447	77,235	174,682
Net realized and unrealized gain (loss) on investments	24,692	(29,833)	(5,141)
Total public support and revenues before net assets released from restrictions	2,413,149	8,634,689	11,047,838
Net assets released from restrictions:			
Satisfaction of program restrictions	3,182,365	(3,182,365)	—
Total public support and revenues	5,595,514	5,452,324	11,047,838
Expenses including direct support payments:			
Program services:			
Jackson Health System	1,425,587	—	1,425,587
International Kids Fund	304,634	—	304,634
Other programs	1,231,893	—	1,231,893
Total program services	2,962,114	—	2,962,114
Management and general	621,026	—	621,026
Fund-raising	2,302,495	—	2,302,495
Total expenses including direct support payments	5,885,635	—	5,885,635
Change in net assets	(290,121)	5,452,324	5,162,203
Net assets at beginning of year	1,891,980	19,375,867	21,267,847
Net assets at end of year	\$ 1,601,859	24,828,191	26,430,050

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
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Statements of Fiduciary Net Position – Pension Trust Fund
September 30, 2020 and 2019

	2020	2019
Assets:		
Cash	\$ 5,450,766	20,791,093
Investments:		
Domestic:		
Mutual funds	39,467,820	43,145,111
Equities	532,156,406	470,654,277
Corporate debt securities	47,573,458	45,900,304
U.S. government securities	13,885,210	13,819,135
Total domestic investments	633,082,894	573,518,827
International:		
Mutual funds	35,924,240	36,818,496
Equities	8,096,731	3,769,538
Corporate debt securities	7,052,457	6,867,629
Total international investments	51,073,428	47,455,663
Commingled funds – equity	51,887,700	39,919,132
Real Estate	73,416,820	72,519,148
Commingled funds – fixed income	62,296,711	60,756,011
Total assets	\$ 877,208,319	814,959,874
Net position held in trust for employees' pension benefits	\$ 877,208,319	814,959,874

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, 2020 and 2019

	2020	2019
Net position held for employees' pension benefits:		
Additions:		
Employer contributions	\$ 27,399,568	23,377,559
Employee contributions	22,115,554	21,195,556
Total contributions	49,515,122	44,573,115
Investment income:		
Interest income	6,579,505	6,719,927
Dividends	3,154,754	3,348,003
Net realized and unrealized gains on pension trust fund investments	66,120,860	7,106,352
Total investment gain	75,855,119	17,174,282
Less investment expense:		
Investment managers and custodial fees	(37,664)	(51,841)
Net investment gain	75,817,455	17,122,441
Total additions	125,332,577	61,695,556
Deductions:		
Participants benefit expense	61,286,237	34,802,347
Administrative expenses	1,797,895	1,444,818
	63,084,132	36,247,165
Net increase in net position held in trust for employees' pension benefits	62,248,445	25,448,391
Net position held in trust for employee's pension benefits, at beginning of year	814,959,874	789,511,483
Net position held in trust for employee's pension benefits, at end of year	\$ 877,208,319	814,959,874

See accompanying notes to financial statements.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Notes to Financial Statements

September 30, 2020 and 2019

(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 including, Jefferson Reaves Senior Health Center, North Dade Health Center, and Rosie Lee Wesley Health Center; Dr. Rafael Penalver Center; five urgent care centers, UCC Country Walk, UCC Cutler Bay, UCC Keystone Point, UCC Doral, and UCC North Dade; as well as multiple specialty care centers, and the corrections health services for Miami-Dade County. At September 30, 2020 and 2019, the Trust operated 2,137 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.

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 (U.S. 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 U.S. 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.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

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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, 2020 and 2019, the Foundation distributed approximately \$9,805,000 and \$1,395,000, respectively, to the Trust, which is included in other operating revenue and in other non-operating income on the Statement of Revenues, Expenses and Changes in Net Position – Trust. Complete financial statements of the Foundation can be obtained from the Foundation at 1500 NW 12th Avenue, Suite 1117E, Miami, Florida 33136.

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.

Postemployment Benefits Other Than Pensions (OPEB). For purposes of measuring the Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the single-employer defined-benefit healthcare plan (the Benefit Plan) and additions to and deductions from the Benefit Plan's fiduciary net position have been determined on the same basis as they are reported by the Benefit Plan. For this purpose, the Benefit Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

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Notes to Financial Statements

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(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, and U.S. Treasury bills.

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

Assets limited as to use include self-insurance trust arrangements; assets set aside in accordance with agreements with third-party payors, the County, and the Florida Department of Financial Services Office of Insurance Regulation; funds reserved from the Coronavirus Aid, Relief and Economic Aid Act (CARES Act) Medicare Advanced Payment Program, and funds set aside from the CARES Act Provider Relief Fund. 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 \$1,500 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.

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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:

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

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which has been implemented by the Trust in the 2019 fiscal year. In part, this new pronouncement no longer allows government entities to capitalize interest costs before the completion of a construction project. Therefore, interest costs incurred on borrowed funds during the period of construction of capital assets are no longer 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 no longer capitalized as a component of the cost of acquiring the qualifying assets.

Management evaluates whether there has been a significant unexpected decline in the utility of a capital asset that could indicate an impairment in the capital asset. If there is an indication that 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, 2020 and 2019.

(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 deferred inflows of resources in the accompanying financial statements.

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Notes to Financial Statements

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(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 – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings and deferred inflows and deferred 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."

(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, 2020 and 2019, deferred outflows of resources represent deferred charge on refunding, pension related items, and other postemployment benefits.

The Trust records deferred inflows of resources, which represent an acquisition of net position that applies to future periods. At September 30, 2020 and 2019, deferred inflows of resources represent deferred gain on refunding, pension related items, and other postemployment benefits.

(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.

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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 \$5,135,000 and \$12,147,000, respectively, for the years ended September 30, 2020 and 2019. 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, pharmacy, house staff salary reimbursements and miscellaneous billing and is recognized when earned.

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September 30, 2020 and 2019

(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 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, *Not-for-Profit Entities Revenue Recognition*. Accounting Standards Update No. 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities* amends the current reporting model for not-for-profit organizations and enhances their required disclosures. 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.

In 2020, the Foundation adopted Accounting Standards Update 2018-08 (Topic 958) – *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The update provides guidance in evaluating whether transactions should be accounted for as contributions or as an exchange transaction and determining whether a contribution is conditional or not. The adoption of this update had no effect on the Foundation's financial position and change in net assets.

In 2020, the Foundation adopted Accounting Standard Update 2016-15 (Topic 230) – *Classification of Certain Cash Receipts and Cash Payments* using a retroactive approach. The update was issued to reduce diversity in practice of eight specific issues on the statement of cash flows. The adoption of this update had no effect on the Foundation's financial position and change in net assets.

The Foundation adopted Accounting Standards Update 2014-09 (Topic 606) – *Revenue from Contracts with Customers*, beginning October 1, 2019, using the cumulative-effect adoption method. Under Topic 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. The Foundation determined that the adoption of Topic 606 did not have a material effect on beginning net asset balances.

(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.

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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-adjusted rate. Promises and contributions of noncash assets are recorded at their fair value.

During the years ended September 30, 2020 and 2019, one donor accounted for approximately 24% and 66%, respectively, of total public support.

(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.

In June 2018, the Foundation entered into a five-year operating lease with the Public Health Trust for its new office space. Per the terms of the agreement, the Foundation pays the Public Health Trust as annual rental fee of \$1. During the years ended September 30, 2020 and 2019, the Foundation recognized \$142,000 as donated use of facilities based on the estimated fair value of the lease.

(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.

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(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 January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, which was originally effective for reporting periods beginning after December 15, 2018, but was postponed by one year to reporting periods beginning after December 15, 2019. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This pronouncement has no impact on the Trust's financial statements.

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 was effective for fiscal years beginning after December 15, 2019, but was postponed by eighteen months to reporting periods beginning after June 15, 2021. The Trust is evaluating the impact of this statement.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statement No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. The Statement establishes that ownership of a

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majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. GASB Statement No. 90 was effective for fiscal years beginning after December 15, 2018, but has been postponed one year to reporting periods 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. 88

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt and defines debt for purposes of disclosure in notes to financial statements. The Statement also requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit, assets pledged as collateral for the debt, and terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, the Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. GASB Statement No. 88 is effective for fiscal years beginning after June 15, 2018. The Trust has implemented this statement, which did not have an impact on the Trust's financial statements.

(b) GASB Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of the statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business type activity or enterprise fund. GASB Statement No. 89 is effective for fiscal years beginning after December 15, 2019. The Trust elected to early adopt GASB Statement No. 89 for the year ended September 30, 2019. For the both periods ending September 30, 2020 and 2019, capitalized interest was \$0.

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(3) Financial Condition

The Trust's net position increased approximately \$198,206,000 and \$224,947,000, respectively, during fiscal year 2020 and 2019, and at September 30, 2020 and 2019, the Trust had a working capital surplus of approximately \$241,465,000 and \$207,958,000, respectively. Day's cash on hand was approximately 56 days and 57 days at September 30, 2020 and 2019, respectively.

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, while the level of sales tax revenue is dependent on general economic conditions.

During the year ended September 30, 2020, the Trust received financial support through the US Department of Health and Human Services CARES Act Provider Relief Fund. The total funding received by the Trust during the fiscal year was approximately \$108,835,000 of which approximately \$59,263,000 was recorded as grants revenue. In addition, during the year ended September 30, 2020, the Trust received funding from the CARES Act Medicare Advance Program of approximately \$107,884,000. This amount is subject to be returned, net of any claims for services provided to Medicare beneficiaries, within 29 months of receipt of funds.

(4) Cash, Cash Equivalents, and Investments

At September 30, 2020 and 2019, cash, cash equivalents, and investments, including assets limited as to use, at fair value included the following:

	<u>2020</u>	<u>2019</u>
Pooled, cash and investments with Miami-Dade County, Florida	\$ 33,104,812	32,832,989
Cash and cash equivalents and investments	<u>559,748,925</u>	<u>360,065,708</u>
Total cash, cash equivalents, and investments	<u>\$ 592,853,737</u>	<u>392,898,697</u>

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 depositories are covered by applicable deposit

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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, 2020 and 2019, 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 Trust's 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 \$349,926,000 and \$347,225,000, respectively, at September 30, 2020 and 2019.

At September 30, 2020 and 2019, the Trust had other investments of approximately \$209,821,000 and \$12,830,000, 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, 2020 and 2019 is set forth in the following table. Investments are stated at fair value based on quoted market prices.

	<u>2020</u>	<u>2019</u>
Assets limited as to use – cash and investments:		
By board for self-insurance program	\$ 249,812,360	49,254,678
By board for other needs	121,324	110,847
Total assets limited as to use	249,933,684	49,365,525
Less current portion	<u>(208,114,264)</u>	<u>(7,611,150)</u>
	<u>\$ 41,819,420</u>	<u>41,754,375</u>

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(b) Restricted Investments

At September 30, 2020 and 2019, approximately \$33,105,000 and \$32,833,000, 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 Section 280.02, *Florida Statutes*, 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 Local Government Investment 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 (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

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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 25% of the portfolio may be invested in bankers' acceptances with a maximum of 10% with any one issuer; a maximum of 60% of the portfolio may be invested in both commercial paper and bankers' acceptances.

(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 42% and 40%, respectively, of the Trust's patient service revenue was derived from services rendered to patients under the Medicare program during fiscal years 2020 and 2019. 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, 2015. The Trust has filed Medicare cost reports through September 30, 2019. Estimated provisions, if any, have been made for years through September 30, 2020 and have been reflected in the accompanying financial statements.

Medicaid and Medicaid Managed Care – Approximately 21% and 24%, respectively, of the Trust's patient service revenue was derived from services rendered to patients under the Medicaid program for fiscal years 2020 and 2019. Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed prospectively for covered services on the basis of historical cost as determined under

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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, 2010. The Trust has filed its final Medicaid cost report, through September 30, 2018 as the Trust is no longer required to file the Medicaid Cost Report. Estimated provisions, if any, have been made for years through September 30, 2020 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 21% and 24% in patient service revenue in fiscal years 2020 and 2019, respectively is a combination of 8% and 9%, respectively, Medicaid and 13% and 15%, respectively, Managed Care Medicaid.

Other – Approximately 35% and 34%, respectively, of the Trust's patient service revenue was derived from services rendered under various other provider agreements during fiscal years 2020 and 2019. 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 2% of the Trust's patient service revenue for both fiscal years 2020 and 2019 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Patient service revenue:		
Inpatient services	\$ 4,128,907,888	4,108,395,626
Ambulatory services	<u>1,437,356,007</u>	<u>1,675,511,739</u>
Total gross patient charges	<u>5,566,263,895</u>	<u>5,783,907,365</u>
Charity care	(240,031,446)	(330,920,758)
Provision for doubtful accounts	(649,896,836)	(622,606,438)
Contractual adjustments	<u>(3,420,895,211)</u>	<u>(3,532,187,053)</u>
Total deductions	<u>(4,310,823,493)</u>	<u>(4,485,714,249)</u>
Net patient service revenue	\$ <u>1,255,440,402</u>	<u>1,298,193,116</u>

(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'

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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, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Medicaid	15 %	13 %
Medicare	9	8
Patients	23	30
Managed care	47	43
Commercial	6	6
	<u>100 %</u>	<u>100 %</u>

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, actual cash collections, 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 at September 30, 2020 and 2019 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 \$213,259,000 and \$203,224,000 in 2020 and 2019, 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.

The County provided various services to the Trust under the terms of the Agreement, such as legal, direct, and indirect costs, which for 2020 and 2019 amounted to approximately \$4,144,000 and \$3,912,000, respectively. These services are billed at cost. At September 30, 2020 and 2019, the Trust's accumulated payables to the County for these and other services were approximately \$21,000 and 99,000, respectively, which is included in due to Miami-Dade County in the accompanying statements of net position.

In aggregate, at September 30, 2020 and 2019, due to Miami-Dade County in the accompanying statements of net position included \$15,000,000 and \$15,000,000, respectively, 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, 2020 and 2019, the Trust recorded a receivable from the County of approximately \$64,336,000 and \$47,493,000, respectively, as due from Miami-Dade County in the accompanying statements of net position for sales taxes receivable. Included in the receivable for the fiscal year ended

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September 30, 2020, is \$8,085,000, comprised of approximately \$7,569,000 in hazard pay bonuses to employees who worked through the COVID-19 pandemic, and \$516,000 in physician services.

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, 2020 and 2019, the Trust recorded approximately \$164,167,000 and \$195,468,000, respectively, in capital contributions 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 \$5,632,000 and \$7,508,000 in Cerner and other software installations, \$14,029,000 and \$22,217,000 in equipment purchases, and \$144,506,000 and \$158,243,000 in construction during the years ended September 30, 2020 and 2019, respectively. In addition, the Trust received funds from the Miami Dade County General Bond (MDC-GOB). During the year ended September 30, 2019, the Trust used approximately \$7,500,000 from the MDC-GOB for the acquisition of new land.

(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, 2020 and 2019, the Trust recognized approximately \$250,666,000 and \$282,832,000, 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, 2020 and 2019 is as follows:

	Balance at September 30, 2019	Additions	Transfers	Sales, retirement, and adjustments	Balance at September 30, 2020
Land improvements	\$ 77,700,868	87,022	3,366,290	—	81,154,180
Buildings	910,063,140	242,688	228,389,325	3	1,138,695,156
Fixed equipment	111,146,279	1,063,725	612,154	18,200	112,840,358
Movable equipment	617,956,837	22,050,986	16,042,991	(2,723,335)	653,327,479
Depreciable assets	1,716,867,124	23,444,421	248,410,760	(2,705,132)	1,986,017,173
Accumulated depreciation	(1,171,165,668)	(82,132,012)	—	2,411,702	(1,250,885,978)
Net depreciable assets	545,701,456	(58,687,591)	248,410,760	(293,430)	735,131,195
Land	45,059,655	—	—	—	45,059,655
Construction in progress	359,162,207	237,201,621	(244,023,462)	—	352,340,366
Projects in progress	12,560,294	9,050,975	(4,387,298)	—	17,223,971
Capital assets, net	\$ 962,483,612	187,565,005	—	(293,430)	1,149,755,187

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	Balance at September 30, 2018	Additions	Transfers	Sales, Sales, retirement, and adjustments	Balance at September 30, 2019
Land improvements	\$ 76,346,484	—	1,354,248	136	77,700,868
Buildings	867,761,406	299,276	42,002,458	—	910,063,140
Fixed equipment	109,485,611	1,046,473	614,195	—	111,146,279
Movable equipment	581,254,499	20,605,097	19,819,216	(3,721,975)	617,956,837
Depreciable assets	1,634,848,000	21,950,846	63,790,117	(3,721,839)	1,716,867,124
Accumulated depreciation	(1,099,672,678)	(74,910,179)	—	3,417,189	(1,171,165,668)
Net depreciable assets	535,175,322	(52,959,333)	63,790,117	(304,650)	545,701,456
Land	36,874,927	8,184,728	—	—	45,059,655
Construction in progress	152,575,692	258,577,397	(51,875,355)	(115,527)	359,162,207
Projects in progress	9,912,437	14,562,619	(11,914,762)	—	12,560,294
Capital assets, net	\$ 734,538,378	228,365,411	—	(420,177)	962,483,612

(10) Long-Term Obligations

Activity with respect to long-term debt and other liabilities for the year ended September 30, 2020 and 2019 was as follows:

	Balance at September 30, 2019	Additions	Refunding/ reductions	Balance at September 30, 2020	Amount due within one year
Bonds payable	\$ 275,070,000	—	(9,710,000)	265,360,000	10,985,000
Add amounts:					
For issuance premium	23,420,487	—	(2,178,248)	21,242,239	—
Bonds Payable, net	298,490,487	—	(11,888,248)	286,602,239	10,985,000
Estimated self-insurance	47,800,988	7,521,005	(8,887,585)	46,434,408	7,855,489
Line of credit	205,929	50,126,500	—	50,332,429	—
Other liabilities	2,825,017	1,468,685	(529,032)	3,764,670	—
Net pension liability	214,252,176	144,587,098	(153,555,478)	205,283,796	—
Total other post employment benefits liability	84,757,115	14,624,078	(48,228,406)	51,152,787	4,251,000
	\$ 648,331,712	218,327,366	(223,088,749)	643,570,329	23,091,489

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	Balance at September 30, 2018	Additions	Refunding/ reductions	Balance at September 30, 2019	Amount due within one year
Bonds payable	\$ 284,055,000	—	(8,985,000)	275,070,000	9,710,000
Add amounts:					
For issuance premium	25,669,010	—	(2,248,523)	23,420,487	—
Bonds Payable, net	309,724,010	—	(11,233,523)	298,490,487	9,710,000
Estimated self-insurance	47,056,384	8,619,769	(7,875,165)	47,800,988	7,253,895
Other liabilities	2,988,852	212,771	(170,677)	3,030,946	—
Net pension liability	151,235,619	213,794,762	(150,778,205)	214,252,176	—
Total other post employment benefits liability (restated, see note 2)	68,192,334	27,475,783	(10,911,002)	84,757,115	5,563,000
	<u>\$ 579,197,199</u>	<u>250,103,085</u>	<u>(180,968,572)</u>	<u>648,331,712</u>	<u>22,526,895</u>

The Trust entered into a line of credit agreement for capital purchases with a financial institution, in conjunction with Miami-Dade County, on November 15, 2018, ending on November 1, 2025. At September 30, 2020 and September 30, 2019, approximately \$50,206,000 and \$206,000 of the available line of credit had been drawn, respectively. During the fiscal year ended September 30, 2020 and September 30, 2019 the Trust had an unutilized balance of approximately \$149,794,000 and \$199,794,000, respectively.

Interest on the capital line of credit is calculated using the “Applicable Spread,” on the Effective Date, 91 basis points (0.91%), provided, that the Applicable Spread is subject to change upon changes in the Pledged Debt Rating. The Applicable Spread will be adjusted up or down upon each change in the Pledged Debt Rating to the number of basis points reflected in the chart below, provided that the Applicable Spread will never be less than the Applicable Spread on the Effective Date.

<u>Pledged Debt Ratings</u>			<u>Applicable Spread</u> <u>(in basis points)</u>	
<u>Moodv's</u>	<u>Fitch</u>	<u>S&P</u>	<u>above One Month LIBOR as Index</u>	<u>above Fed Funds Rate as Index</u>
Aa3 or higher	AA- or higher	AA- or higher	91 bps	106 bps
A1	A+	A+	111 bps	126 bps
A2	A	A	131 bps	146 bps
A3	A-	A-	151 bps	166 bps
Baa1	BBB+	BBB+	171 bps	186 bps
Baa2	BBB	BBB	206 bps	121 bps
Baa3	BBB-	BBB-	256 bps	271 bps

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In addition, the Trust shall pay to the bank a fee per annum computed on the daily amount of the Available Commitment, (the "Unutilized Fee"). On the Effective Date, the Unutilized Fee Rate will be 35 basis points (0.35%), provided, that the Unutilized Fee Rate is subject to change upon changes in the Pledged Debt Rating. The Unutilized Fee Rate will be adjusted up or down upon each change in the Pledged Debt Rating to the number of basis points reflected in the chart below, provided that the Unutilized Fee Rate will never be less than the Unutilized Fee Rate on the Effective Date.

Pledged Debt Ratings

Moody's	S&P	Fitch	Unutilized Fee Rate
Aa3 or higher	AA- or higher	AA- or higher	35 basis points
A1	A+	A+	45 basis points
A2	A	A	55 basis points
A3	A-	A-	65 basis points
Baa1	BBB+	BBB+	75 basis points
Baa2	BBB	BBB	100 basis points
Baa3	BBB-	BBB-	135 basis points

The Trust entered into an operating line of credit agreement to cover any cash shortfalls caused by the COVID-19 pandemic with a financial institution, in conjunction with Miami-Dade County, on June 10, 2020, ending on June 8, 2021. At September 30, 2020, approximately \$127,000 of the available line of credit had been drawn. The Trust also had an undrawn balance of approximately \$99,874,000 as of September 30, 2020.

Interest on the operating line of credit is calculated as the highest of (a) Index Rate plus 3.00% per annum, (b) the Fed Funds Rate plus 2.00% per annum, (c) the Prime Rate plus 1.00% per annum and (d) 8.50%, but in no event to exceed the maximum rate permitted by Law. Each change in the Base Rate shall take effect at the time of the related change in the Index Rate, the Fed Funds Rate or the Prime Rate, as the case may be.

In addition, the Trust shall pay or cause to be paid to the Bank a fee per annum computed on the daily amount of the Available Commitment accruing at a rate of forty basis points (0.40%) (the "Undrawn Fee"), commencing on the Effective Date and ending on and including the Draw Period End Date. The Undrawn Fee shall be payable quarterly in arrears, commencing on July 1, 2020 for the period from and including the Effective Date through June 30, 2020, and continuing on the first Business Day of each October, January, April and July thereafter and on the Draw Period End Date.

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(11) Long-Term Debt and Interest Expense

The composition of long-term debt at September 30, 2020 and 2019 is set forth in the following table:

	<u>2020</u>	<u>2019</u>
Public Facilities Revenue Refunding Bonds (Series 2005B), net of unamortized bond premium of approximately \$63,000 and \$210,000 at September 30, 2020 and 2019. Interest rate of 5%.	\$ 8,612,618	16,110,366
Public Facilities Revenue and Revenue Refunding bonds (Series 2015A), net of amortized bond premium of approximately \$12,392,000 and \$13,692,000 at September 30, 2020 and 2019. Interest rate from 3% to 5% respectively.	190,041,888	191,647,029
Public Facilities Revenue Bonds (Series 2017), net of amortized bond premium of approximately \$8,787,000 and \$9,518,000 at September 30, 2020 and 2019. Interest rate of 3%.	<u>87,947,733</u>	<u>90,733,092</u>
	286,602,239	298,490,487
Less: current portion	<u>(10,985,000)</u>	<u>(9,710,000)</u>
	<u>\$ 275,617,239</u>	<u>288,780,487</u>

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 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 (i) refund, defease, and redeem a portion of the County's outstanding Series 2005 Bonds; (ii) pay or reimburse PHT for the cost of certain additions to PHT's healthcare facilities; and (iii) pay certain costs incurred in connection with the issuance of Series 2015 Bonds. The computation performed in accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities* 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

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approximately \$21,381,000. The Series 2015A bonds 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 (i) refund, and redeem all of the County's outstanding Public Facilities Revenue Bonds (Jackson Health System), Series 2005A, (ii) advance refund and defease \$68,570,000 of the County's outstanding Series 2009 Bonds; and (iii) 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 bonds 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 bonds bear interest ranging between 3% and 5% and mature serially through 2039.

The Series 2005 bonds, Series 2015 bonds, and Series 2017 bonds (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:

	<u>Principal payments</u>	<u>Interest payments</u>	<u>Total debt service</u>
Year ending September 30:			
2021	\$ 10,985,000	12,888,275	23,873,275
2022	10,415,000	12,381,325	22,796,325
2023	10,920,000	11,882,375	22,802,375
2024	11,460,000	11,337,375	22,797,375
2025	12,040,000	10,764,375	22,804,375
2026-2030	69,810,000	44,176,425	113,986,425
2031-2035	88,900,000	25,064,050	113,964,050
2036-2040	50,830,000	4,631,400	55,461,400
	<u>\$ 265,360,000</u>	<u>133,125,600</u>	<u>398,485,600</u>

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Interest expense for the years ended September 30, 2020 and 2019 is summarized as follows:

	<u>2020</u>	<u>2019</u>
Interest on bonds	\$ 10,687,609	11,100,345
Other interest	267,328	(11,213)
	<u>\$ 10,954,937</u>	<u>11,089,132</u>

The amounts previously defeased deposited to escrow of approximately \$74,281,000 were repaid on June 1, 2019. No outstanding amounts previously defeased were held in escrow during the fiscal year ended September 30, 2020.

(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 \$49,731,000 and \$49,255,000, respectively, at September 30, 2020 and 2019, 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, 2020 and 2019. The total liability as of September 30, 2020 and 2019 approximated \$21,478,000 and \$23,390,000, respectively, of which approximately \$18,238,000 and \$20,564,000, respectively, is included in long-term estimated self-insured liability, and approximately \$3,240,000 and \$2,827,000, respectively, is included in current estimated self-insured liability in the accompanying statements of net position.

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(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, 2020 and 2019 of approximately \$24,956,000 and \$24,411,000, respectively, of which approximately \$20,341,000 and \$19,983,000, respectively, is included in long-term estimated self-insured liability, and approximately \$4,615,000 and \$4,427,000, respectively, is included in current estimated self-insured liability in the accompanying statements of net position. A 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, 2020 and 2019 are as follows:

	<u>Workers'</u> <u>compensation</u>	<u>Professional</u> <u>liability</u>	<u>Total</u>
Balance at September 30, 2019	\$ 24,410,621	23,390,367	47,800,988
Claims paid	(5,764,635)	(3,122,950)	(8,887,585)
Claims and changes in estimates	<u>6,310,512</u>	<u>1,210,493</u>	<u>7,521,005</u>
Balance at September 30, 2020	\$ <u>24,956,498</u>	<u>21,477,910</u>	<u>46,434,408</u>

	<u>Workers'</u> <u>compensation</u>	<u>Professional</u> <u>liability</u>	<u>Total</u>
Balance at September 30, 2018	\$ 23,956,979	23,099,405	47,056,384
Claims paid	(5,038,714)	(2,836,452)	(7,875,166)
Claims and changes in estimates	<u>5,492,356</u>	<u>3,127,414</u>	<u>8,619,770</u>
Balance at September 30, 2019	\$ <u>24,410,621</u>	<u>23,390,367</u>	<u>47,800,988</u>

(13) Leases

The Trust leases various equipment and facilities under operating leases. Rent expense for all operating leases was approximately \$8,895,000 and \$8,626,000, respectively, in fiscal years 2020 and 2019, and is included in contractual and purchased services in the accompanying financial statements. At

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September 30, 2020, 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:	
2021	\$ 8,271,314
2022	5,640,841
2023	4,085,985
2024	3,364,123
2025	2,807,289
	<u>\$ 24,169,552</u>

(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 \$16,130,000 and \$15,655,000, respectively, in fiscal years 2020 and 2019.

(15) Pension Plans

(a) Florida Retirement System

(i) Summary of Significant Accounting Policies

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 reported at fair value.

(ii) General Information about the Pension Plan

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 FRS is a section 401(a), Internal Revenue Code, qualified cost-sharing, multiple-employer defined benefit plan for participating public employers and their covered employees.

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

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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 on or 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 members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. 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.

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.

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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 2019-2020 were as follows:

Class or Plan	2020	
	Percentage of gross salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	8.47

Class or Plan	2019	
	Percentage of gross salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	8.26

Notes: (A) Employer rates include the postretirement health insurance supplement, which was increased on July 1, 2015 to 1.66%, and fee of 0.06% for the administration of the FRS investment plan.

The Trust's contributions to the Plan, net of employee contributions, for the fiscal years ending September 30, 2020 and 2019 was approximately \$7,185,000 and \$7,860,000, 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, 2020, the Trust reported a net pension liability of approximately \$93,722,000 for its proportionate share of the FRS Pension Plan net pension liability. The net pension liability as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Trust's proportionate share of the FRS net pension liability was on 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, 2020. At June 30, 2020, the Trust's proportionate share was 0.2162%, which was a decrease of 14.71% from its proportionate share of 0.2535% measured as of June 30, 2019.

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At September 30, 2019, the Trust reported a net pension liability of approximately \$87,296,000 for its proportionate share of the FRS Pension Plan net pension liability. The net pension liability as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Trust's proportionate share of the FRS net pension liability was on 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, 2019. At June 30, 2019, the Trust's proportionate share was 0.2535%, which was a decrease of 12.40% from its proportionate share of 0.2894% measured as of June 30, 2018.

For the years ended September 30, 2020 and 2019, the Trust recognized pension expense of approximately \$12,521,000 and \$15,601,000, respectively, for the FRS Pension Plan. At September 30, 2020 and 2019, the Trust reported deferred outflows of resources and deferred inflows of resources related to pensions for the FRS Pension Plan from the following sources:

	2020	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 3,586,948	—
Changes in assumptions	16,966,741	—
Net difference between projected and actual earnings on pension plan investments	5,580,323	—
Changes in proportion and differences between Trust contributions and proportionate share of contributions	—	(19,862,785)
Trust contributions subsequent to the measurement date	1,984,302	—
Total	\$ 28,118,314	(19,862,785)
	2019	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 5,177,788	(54,175)
Changes in assumptions	22,421,425	—
Net difference between projected and actual earnings on pension plan investments	—	(4,829,683)
Changes in proportion and differences between Trust contributions and proportionate share of contributions	—	(17,536,686)
Trust contributions subsequent to the measurement date	2,022,531	—
Total	\$ 29,621,744	(22,420,544)

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The deferred outflows of resources related to pensions of approximately \$1,984,000 as of September 30, 2020, 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, 2021. 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:

	<u>Amount recognized</u>
Fiscal year ending September 30:	
2021	\$ (711,886)
2022	3,373,770
2023	3,272,604
2024	1,266,710
2025	(929,971)
Thereafter	—
Total	<u>\$ 6,271,227</u>

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

	<u>2020</u>	<u>2019</u>
Valuation date	July 1, 2020	July 1, 2019
Measurement date	June 30, 2020	June 30, 2019
Discount rate	6.80%	6.90%
Long-term expected rate of return net of investment expense	6.80	6.90
Inflation	2.40	2.60
Salary increase, including inflation	3.25	3.25
Mortality	PUB2010 base table by category and sex, projected generationally with Scale MP-2018	PUB2010 base table by category and sex, projected generationally with Scale MP-2018
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, 2020 and 2019 were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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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:

<u>Asset class</u>	<u>Target allocation</u>	<u>2020 Annual arithmetic real rates of return</u>	<u>2019 Annual arithmetic real rates of return</u>
Cash	1.00%	2.2%	3.3%
Fixed income	19.00	3.0	4.1
Global equity	54.20	8.0	8.0
Strategic investment	4.40	5.5	5.9
Private equity	11.10	10.8	11.2
Real estate (property)	<u>10.30</u>	6.4	6.7
Total	<u><u>100.00%</u></u>		

Discount rate. The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80% and 6.90% for fiscal years ended 2020 and 2019, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were 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 6.80%. Also presented is what the Trust's proportionate share of the FRS Pension Plan net pension liability would be if it were calculated

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using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate at September 30, 2020:

	2020		
	1% Decrease (5.80)%	Current discount rate (6.80)%	1% Increase (7.80)%
Trust's proportionate share of the FRS			
Pension Plan net pension liability	\$ 149,658,967	93,722,428	47,003,987

The following presents the Trust's proportionate share of the net pension liability of the FRS Pension Plan calculated using the discount rate of 6.90%. 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 (5.90%) or 1-percentage-point higher (7.90%) than the current rate at September 30, 2019:

	2019		
	1% Decrease (5.90)%	Current discount rate (6.90)%	1% Increase (7.90)%
Trust's proportionate share of the FRS			
Pension Plan net pension liability	\$ 150,906,094	87,296,220	34,171,215

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 non-qualified, 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.

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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 Section 112.263, *Florida Statutes*.

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, 2020 and 2019, the contribution rate was 1.66%, of payroll per Section 112.263, *Florida Statutes*. Employees do not contribute to this plan.

The Trust's contributions to the HIS Pension Plan totaled approximately \$1,517,000 and \$1,763,000, respectively, for the fiscal years ended September 30, 2020 and 2019.

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

At September 30, 2020, the Trust reported a liability of approximately \$32,138,000 for its proportionate share of the HIS Pension net pension liability. The net pension liability as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the July 1, 2020. The Trust's proportionate share of the net pension liability was based on 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, 2020. At June 30, 2020, the Trust's proportionate share was 0.2632%, which was a decrease of 17.10% from its proportionate share of 0.3175% measured as of June 30, 2019.

At September 30, 2019, the Trust reported a liability of approximately \$35,530,000 for its proportionate share of the HIS Pension net pension liability. The net pension liability as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the July 1, 2018. The July 1, 2018 HIS valuation is the most recent actuarial valuation, the valuation as of July 1, 2019 was an intervening year roll-forward valuation. The Trust's proportionate share of the net pension liability was based on 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, 2019. At June 30, 2019, the Trust's proportionate share was 0.3175%, which was a decrease of 14.92% from its proportionate share of 0.3732% measured as of June 30, 2018.

For the year ended September 30, 2020, the Trust recognized a reduction in pension expense of approximately \$2,268,000 and in 2019, the Trust recognized pension expense of approximately \$1,382,000 for the HIS Pension Plan. At September 30, 2020 and 2019, the Trust reported

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deferred outflows of resources and deferred inflows of resources related to pensions for the HIS Pension Plan from the following sources:

	<u>2020</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 1,314,640	(24,793)
Changes in assumptions	3,455,754	(1,868,701)
Net difference between projected and actual earnings on pension plan investments	25,659	—
Changes in proportion and differences between Trust contributions and proportionate share of contributions	—	(16,032,346)
Trust contributions subsequent to the measurement date	338,735	—
Total	<u>\$ 5,134,788</u>	<u>(17,925,840)</u>

	<u>2019</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 431,548	(43,505)
Changes in assumptions	4,114,008	(2,903,911)
Net difference between projected and actual earnings on pension plan investments	22,927	—
Changes in proportion and differences between Trust contributions and proportionate share of contributions	—	(15,144,013)
Trust contributions subsequent to the measurement date	427,930	—
Total	<u>\$ 4,996,413</u>	<u>(18,091,429)</u>

The deferred outflows of resources related to pensions of approximately \$339,000 as of September 30, 2020, 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, 2021. 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:

	<u>Amount recognized</u>
Fiscal year ending September 30:	
2021	\$ (3,520,157)
2022	(3,008,245)
2023	(2,862,028)
2024	(1,871,085)
2025	(1,188,464)
Thereafter	<u>(679,808)</u>
Total	<u>\$ (13,129,787)</u>

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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:

	<u>2020</u>	<u>2019</u>
Valuation date	July 1, 2020	July 1, 2018
Measurement date	June 30, 2020	June 30, 2019
Discount rate	2.21%	3.50%
Long-Term expected rate of return net of investment expense	N/A	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index	2.21	3.50
Inflation	2.40	2.60
Salary increase, including inflation	3.25	3.25
Mortality	Generational PUB-2010 with Projection Scale MP-2018	Generational RP-2000 with Projection Scale BB Tables
Actuarial cost method	Individual Entry Age Normal	Individual Entry Age Normal

HIS has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed for this plan. The actuarial assumptions that determined the total pension liability for HIS were based on certain results for the most recent experience study of FRS for the period July 1, 2013 through June 30, 2018.

Discount Rate. Because the HIS Pension Plan uses a pay as-you-go funding structure, a municipal bond rate of 2.21% in 2020 and 3.50% in 2019 was used to determine the total pension liability for the program.

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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 2.21%. 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 (1.21%) or 1-percentage-point higher (3.21%) than the current rate at September 30, 2020:

	2020		
	1% Decrease (1.21)%	Current discount rate (2.21)%	1% Increase (3.21)%
Trust's proportionate share of the HIS Pension Plan net pension liability	\$ 37,150,131	32,138,032	28,035,644

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 3.50%. 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 (2.50%) or 1-percentage-point higher (4.50%) than the current rate at September 30, 2019:

	2019		
	1% Decrease (2.50)%	Current discount rate (3.50)%	1% Increase (4.50)%
Trust's proportionate share of the HIS Pension Plan net pension liability	\$ 40,559,013	35,529,734	31,340,914

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 Public Health Trust of Miami Dade County, Florida Defined-Benefit Retirement Plan (the Plan) is a Single employer defined benefit pension plan that was created in 1996. The Plan has a calendar year-end of December 31 and does not issue stand-alone financial statements. Section 112 of the Florida State Statutes grants the Trust the authority to establish and amend the benefit terms of the Plan. The Plan is administered by a Pension Plan Committee made of seven members which consists

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of three members of the Trust Board of Trustees, a union representative, a member at large, the Trust President and Chief Executive Officer, and the Trust Executive Vice President and Chief Financial Officer.

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 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 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 five 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, Deposits and Investments, reports the contents of the investments of the Plan assets, and related economic or market risks. The third section, Fair Value Measurement, required by GASB Statement No. 72, *Fair Value Measurement and Application*, reports investments at fair value and categorizes fair value measurements within the hierarchy established by generally accepted accounting principles. The fourth section, Net Pension 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 liability; the actuarial assumptions and census data that were used in calculating that net pension liability; the discount rate that was used in the calculations; and the sensitivity of the net pension liability to changes in the discount rate. The fifth 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

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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.

Deferred Retirement Option Program (DROP)

Any employee who has attained Normal Retirement Age by January 1, 2020 or attains Normal Retirement Age between February 2020 and December 2024 has the option to participate in the DROP. Employees who elect to participate in the DROP must: 1) Declare a date, which is within the three-year period beginning with the Member's Normal Retirement Age to participate in DROP ("DROP Date), that they will terminate employment (the time from the Member's DROP Date and the Member's termination of employment is the "DROP Period"), 2) Agree that their Plan benefit will be frozen as of the DROP Date and that no additional benefits will accrue beyond the DROP Date, 3) Agree that their contributions to the Plan shall continue through the DROP Period, and 4) Provide information to the Plan that may be necessary to determine the amount of annuity payments that would be paid to the DROP Member if the Plan were to pay the DROP Member a single life annuity, based on the DROP Member's Accrued Benefit, at the DROP Member's DROP Date.

At the end of the DROP Member's DROP Period, the DROP Member shall terminate employment and have the opportunity to elect a form of payment for the frozen Plan benefit as described in the Retirement section above. In addition, the DROP Member will be eligible to receive a one-time, lump sum payment that is the sum of: 1. The monthly single life annuity amounts, as if said amounts had accumulated without interest throughout the DROP Period; and 2. The DROP Member's contributions that were contributed during the DROP Period.

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

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Membership

Membership of the Plan consisted of the following at January 1, 2020 and 2019:

	2020	2019
Retirees and beneficiaries currently receiving benefits	962	845
Terminated plan members entitled to but not yet receiving benefits	1,056	1,016
Active plan members	9,511	9,482
Total	<u>11,529</u>	<u>11,343</u>
 Number of participating employers	 1	 1

(ii) *Deposits and Investments*

The Plan's investment authority is derived from the authorization of the Board and is in accordance with Section 215.47, *Florida Statute* (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, 2020 and 2019:

	2020	2019
Cash	\$ 5,450,766	20,791,093
Investments:		
Domestic:		
Mutual funds	39,467,820	43,145,111
Equities	532,156,406	470,654,277
Corporate debt securities	47,573,458	45,900,304
U.S. government securities	13,885,210	13,819,135
Total domestic investments	<u>633,082,894</u>	<u>573,518,827</u>
International:		
Mutual funds	35,924,240	36,818,496
Equities	8,096,731	3,769,538
Corporate debt securities	7,052,457	6,867,629
Total international investments	<u>51,073,428</u>	<u>47,455,663</u>
Commingled Funds - Equity	51,887,700	39,919,132
Real estate	73,416,820	72,519,148
Commingled Funds - Fixed Income	62,296,711	60,756,011
Total assets	\$ <u>877,208,319</u>	<u>814,959,874</u>

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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.

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At September 30, 2020, the Plan's investment securities had the following credit ratings:

	2020	
	<u>Fair value</u>	<u>Credit rating*</u>
Domestic investments:		
Mutual funds	\$ 39,467,820	NR
U.S. government agency securities, by issuer:		
Federal National Mortgage Association	1,515,405	AA+
U.S. Treasury bills	6,604,371	AA+
U.S. Treasury note	5,608,446	AA+
Federal Home Loan Mortgage Corporation	156,988	AA+
Total U.S. government agency securities	<u>13,885,210</u>	
Equities – common stock	532,156,406	NR
Corporate debt securities:		
Corporate bonds	4,741,203	AAA
Corporate bonds	639,089	AA+
Corporate bonds	1,069,549	AA
Corporate bonds	988,531	AA-
Corporate bonds	2,669,684	A+
Corporate bonds	4,869,453	A
Corporate bonds	4,247,043	A-
Corporate bonds	5,862,475	BBB+
Corporate bonds	7,194,865	BBB
Corporate bonds	8,031,395	BBB-
Corporate bonds	1,506,368	BB+
Corporate bonds	802,388	BB
Corporate bonds	528,659	BB-
Corporate bonds	443,088	B+
Corporate bonds	51,816	B
Corporate bonds	21,703	B-
Corporate bonds	295,646	A2**
Corporate bonds	588,219	A3**
Corporate bonds	223,944	Aa1**
Corporate bonds	409,831	Aa2**
Corporate bonds	100,153	Aa3**
Corporate bonds	98,463	Baa1**
Corporate bonds	325,238	Baa3**
Corporate bonds	1,864,655	NR
Total corporate debt securities	<u>47,573,458</u>	

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	<u>2020</u>	
	<u>Fair value</u>	<u>Credit rating*</u>
International investments:		
Mutual funds	\$ 35,924,240	NR
Equities – common stock	8,096,731	NR
Corporate debt securities:		
International bonds	336,535	A+
International bonds	431,407	A
International bonds	474,057	A-
International bonds	2,948,830	BBB+
International bonds	1,690,457	BBB
International bonds	936,063	BBB-
International bonds	235,108	BB-
Total corporate debt securities	<u>7,052,457</u>	
Commingled Funds - Equity	51,887,700	NR
Commingled Funds - Fixed Income	62,296,711	NR
Real Estate	73,416,820	NR
Cash	<u>5,450,766</u>	NR
Total	<u>\$ 877,208,319</u>	

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

** Moody's investor services ratings

At September 30, 2019, the Plan's investment securities had the following credit ratings:

	<u>2019</u>	
	<u>Fair value</u>	<u>Credit rating*</u>
Domestic investments:		
Mutual funds	\$ 43,145,111	NR
U.S. government agency securities, by issuer:		
Federal National Mortgage Association	2,945,431	AA+
U.S. Treasury bills	6,157,648	AA+
U.S. Treasury note	4,521,796	AA+
Federal Home Loan Mortgage Corporation	<u>194,260</u>	AA+
Total U.S. government agency securities	<u>13,819,135</u>	

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September 30, 2020 and 2019

	2019	
	<u>Fair value</u>	<u>Credit rating*</u>
Equities – common stock	\$ 470,654,277	NR
Corporate debt securities:		
Corporate bonds	4,777,499	AAA
Corporate bonds	829,693	AA+
Corporate bonds	2,429,753	AA
Corporate bonds	1,017,594	AA-
Corporate bonds	773,169	A+
Corporate bonds	3,827,862	A
Corporate bonds	5,127,623	A-
Corporate bonds	5,141,136	BBB+
Corporate bonds	7,105,206	BBB
Corporate bonds	10,702,192	BBB-
Corporate bonds	274,936	BB+
Corporate bonds	52,345	BB
Corporate bonds	375,734	BB-
Corporate bonds	416,729	B+
Corporate bonds	50,854	B-
Corporate bonds	41,501	CCC+
Corporate bonds	100,262	A2**
Corporate bonds	100,134	A3**
Corporate bonds	167,761	Aa1**
Corporate bonds	332,864	Aa2**
Corporate bonds	168,627	Aa3**
Corporate bonds	122,055	Baa1**
Corporate bonds	271,076	Baa3**
Corporate bonds	1,693,699	NR
Total corporate debt securities	<u>45,900,304</u>	

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	<u>2019</u>	
	<u>Fair value</u>	<u>Credit rating*</u>
International investments:		
Mutual funds	\$ 36,818,496	NR
Equities – common stock	3,769,538	NR
Corporate debt securities:		
International bonds	329,838	A+
International bonds	573,020	A
International bonds	505,617	A-
International bonds	2,347,356	BBB+
International bonds	1,351,105	BBB
International bonds	1,295,435	BBB-
International bonds	274,068	BB+
International bonds	143,130	BB
International bonds	48,060	BB-
Total corporate debt securities	<u>6,867,629</u>	
Commingled Funds - Equity	39,919,132	NR
Commingled Funds - Fixed Income	60,756,011	NR
Real Estate	72,519,148	NR
Cash	20,791,093	NR
Total	<u>\$ 814,959,874</u>	

* 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, 2020 and 2019, the Plan's investment portfolio was held with a single third-party custodian.

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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, 2020 and 2019 was as follows:

	2020	2019	
	Policy target	Policy target	Allowable range
Equity securities	60 %	60 %	+/-12%
Fixed income	30 %	30 %	+/-9%
Real estate	10 %	10 %	+/-2%

At September 30, 2020 and 2019, the composition of the Plan's investments by investment type as a percentage of total investments was as follows:

	Percentage of portfolio	
	2020	2019
Domestic investments:		
Mutual funds	4.5 %	5.3 %
Equities	60.7	57.7
Commingled Funds - Equity	5.9	4.9
Commingled Funds - Fixed Income	7.1	7.5
Corporate debt securities	5.4	5.6
U.S. government and agency obligations	1.6	1.7
Real Estate	8.4	8.9
International investments:		
Mutual funds	4.1	4.5
Equities	0.9	0.5
Corporate debt securities	0.8	0.8
Other:		
Cash and short-term investments	0.6	2.6

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.

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As of September 30, 2020 and 2019, the Plan had the following investments with the respective weighted average maturity in years:

	<u>2020</u>	<u>2019</u>
Domestic investments:		
Corporate debt securities:		
Corporate bonds	8.99	8.02
U.S. government and agency obligations:		
Federal National Mortgage Association	24.82	24.48
Federal Home Loan Mortgage Corporation	19.06	20.58
U.S. treasury bills	6.36	7.05
U.S. treasury notes	1.37	1.37
International investments:		
Corporate debt securities	3.73	4.06

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.

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The Plan's exposure to foreign currency risk at September 30, 2020 is as follows (in U.S. dollars):

	<u>Currency</u>	<u>Fair value</u>
International equities:		
Common stock	Argentine peso	\$ 591,964
Common stock	Israeli new shekel	791,483
Common stock	Australian dollar	1,058,927
Common stock	Singapore dollar	5,040,959
Common stock	Euro	613,398
		<u>\$ 8,096,731</u>
International corporate debt securities:		
Corporate bonds	Canadian dollar	\$ 1,031,765
Corporate bonds	Israel new shekel	179,592
Corporate bonds	Swiss franc	888,758
Corporate bonds	Australian dollar	89,367
Corporate bonds	Chilean peso	215,806
Corporate bonds	British pound	2,828,511
Corporate bonds	South African rand	215,452
Corporate bonds	Swedish krona	336,535
Corporate bonds	Japanese yen	264,652
Corporate bonds	Euro	117,546
Corporate bonds	Euro	437,432
Corporate bonds	Euro	112,211
Corporate bonds	Euro	334,830
		<u>\$ 7,052,457</u>

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The Plan's exposure to foreign currency risk at September 30, 2019 is as follows (in U.S. dollars):

	<u>Currency</u>	<u>Fair value</u>
International equities:		
Common stock	Canadian dollar	\$ 222,972
Common stock	Argentine peso	315,218
Common stock	Israeli new shekel	512,769
Common stock	Chinese yuan renminbi	1,697,385
Common stock	Australian dollar	539,392
Common stock	Euro	481,802
		<u>\$ 3,769,538</u>
International corporate debt securities:		
Corporate bonds	Canadian dollar	\$ 316,761
Corporate bonds	Israel new shekel	143,130
Corporate bonds	Swiss franc	958,248
Corporate bonds	Australian dollar	357,112
Corporate bonds	Chilean peso	300,173
Corporate bonds	British pound	3,020,480
Corporate bonds	South African Rand	207,017
Corporate bonds	Swedish Krona	329,838
Corporate bonds	Euro	49,265
Corporate bonds	Euro	73,702
Corporate bonds	Euro	430,220
Corporate bonds	Euro	83,047
Corporate bonds	Euro	274,068
Corporate bonds	Euro	324,567
		<u>\$ 6,867,628</u>

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The Plan's financial statements as of and for the year ended September 30, 2020 and 2019 are as follows:

Statements of Fiduciary Net Position – Pension Trust Fund

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash	\$ 5,450,766	20,791,093
Investments:		
Domestic:		
Mutual funds	39,467,820	43,145,111
Equities	532,156,406	470,654,277
Corporate debt securities	47,573,458	45,900,304
U.S. government securities	13,885,210	13,819,135
Total domestic investments	<u>633,082,894</u>	<u>573,518,827</u>
International:		
Mutual funds	35,924,240	36,818,496
Equities	8,096,731	3,769,538
Corporate debt securities	7,052,457	6,867,629
Total international investments	<u>51,073,428</u>	<u>47,455,663</u>
Commingled Funds - Equity	51,887,700	39,919,132
Real Estate	73,416,820	72,519,148
Commingled Funds - Fixed Income	62,296,711	60,756,011
Total assets	<u>\$ 877,208,319</u>	<u>814,959,874</u>
Net position held in trust for employees' pension benefits	<u>\$ 877,208,319</u>	<u>814,959,874</u>

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Statements of Changes in Fiduciary Net Position – Pension Trust Fund

Years ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Net position held for employees' pension benefits:		
Additions:		
Employer contributions	\$ 27,399,568	23,377,559
Employee contributions	22,115,554	21,195,556
Total contributions	<u>49,515,122</u>	<u>44,573,115</u>
Investment income:		
Interest income	6,579,505	6,719,927
Dividends	3,154,754	3,348,003
Net realized and unrealized gains on pension trust fund investments	66,120,860	7,106,352
Total investment gain	<u>75,855,119</u>	<u>17,174,282</u>
Less investment expense:		
Investment managers and custodial fees	(37,664)	(51,841)
Net investment gain	<u>75,817,455</u>	<u>17,122,441</u>
Total additions	<u>125,332,577</u>	<u>61,695,556</u>
Deductions:		
Participants benefit expense	61,286,237	34,802,347
Administrative expenses	1,797,895	1,444,818
	<u>63,084,132</u>	<u>36,247,165</u>
Net increase in net position held in trust for employees' pension benefits	62,248,445	25,448,391
Net position held in trust for employee's pension benefits, at beginning of year	<u>814,959,874</u>	<u>789,511,483</u>
Net position held in trust for employee's pension benefits, at end of year	<u>\$ 877,208,319</u>	<u>814,959,874</u>

(iii) *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.

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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, 2020 and 2019. The Trust's pension trust fund investments measured at net asset value (NAV) include commingled funds – fixed income, commingled funds – equity, and real estate.

Commingled funds – fixed income. The Trust makes investments in fixed income securities that include, among other things, U.S. Treasuries, Corporate Bonds, Asset Backed Securities, Mortgage Backed Securities, high yield securities, bank loans, non-U.S. investments, etc. The Trust owns shares in commingled fund vehicles that purchase and sell the fixed income instruments. The commingled funds may be passive (tracking an index) or actively managed by a fixed income manager. The commingled funds often offer daily or monthly liquidity for the Trust.

Commingled funds – equities. The Trust makes investments in public equity securities that include, U.S. stocks and non-U.S. stocks. The Trust owns shares in commingled fund vehicles that purchase and sell the equities. The commingled funds may be passive (tracking an index) or actively managed by an equity manager. The commingled funds often offer daily or monthly liquidity to the Trust.

Real Estate. The Trust's investments in real estate are executed through limited partnerships or commingled funds. The Trust owns shares in the limited partnerships/commingled funds. The Trust's investments are valued at NAV per share. The limited partnerships/commingled funds purchase and operate hundreds of properties across the United States focused on high quality income generating assets including multifamily, industrial, retail and office. The limited partnerships/commingled funds typically have quarterly liquidity.

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The schedule below discloses the following fair value measurements for the Trust's pension trust fund investments as of September 30, 2020:

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	\$ 13,885,210	—	13,885,210	—
Domestic – Corp. debt securities	47,573,458	—	47,573,458	—
International – Corp. debt securities	7,052,457	—	7,052,457	—
Total debt securities	<u>68,511,125</u>	<u>—</u>	<u>68,511,125</u>	<u>—</u>
Equity securities:				
Domestic	532,156,406	532,156,406	—	—
International	8,096,731	8,096,731	—	—
Total equity securities	<u>540,253,137</u>	<u>540,253,137</u>	<u>—</u>	<u>—</u>
Mutual funds	75,392,060	75,392,060	—	—
Total investments by fair value level	<u>684,156,322</u>	\$ <u>615,645,197</u>	<u>68,511,125</u>	<u>—</u>
Investments measured at the net asset value (NAV):				
Commingled Funds - Equity	51,887,700			
Commingled Funds - Fixed Income	62,296,711			
Real Estate	73,416,820			
Total investments measured at the NAV	<u>187,601,231</u>			
Total	\$ <u>871,757,553</u>			

Additional information for investments measured at the net asset value (NAV) per share (or its equivalent) as of September 30, 2020, is presented in the table below:

	Fair value September 30, 2020	Redemption frequency (If currently eligible)	Redemption notice period	Unfunded Commitments
Investments measured at the net asset value (NAV):				
Commingled Funds - Equity	\$ 51,887,700	Monthly	30 days	—
Commingled Funds - Fixed Income	62,296,711	Quarterly	30 days	—
Real Estate	73,416,820	Monthly, biannually	30–95 days	—
Total investments measured at the NAV	\$ <u>187,601,231</u>			

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The schedule below discloses the following fair value measurements for the Trust's pension trust fund investments as of September 30, 2019:

<u>Investments by fair value level</u>	<u>Total value</u>	<u>Quoted prices in active markets for identical assets Level 1</u>	<u>Significant other observable inputs Level 2</u>	<u>Significant unobservable inputs Level 3</u>
Debt securities:				
U.S. government securities	\$ 13,819,135	—	13,819,135	—
Domestic – Corp. debt securities	45,900,304	—	45,900,304	—
International – Corp. debt securities	6,867,629	—	6,867,629	—
Total debt securities	<u>66,587,068</u>	<u>—</u>	<u>66,587,068</u>	<u>—</u>
Equity securities:				
Domestic	470,654,277	470,654,277	—	—
International	3,769,538	3,769,538	—	—
Total equity securities	<u>474,423,815</u>	<u>474,423,815</u>	<u>—</u>	<u>—</u>
Mutual funds	<u>79,963,607</u>	<u>79,963,607</u>	<u>—</u>	<u>—</u>
Total investments by fair value level	<u>620,974,490</u>	<u>\$ 554,387,422</u>	<u>66,587,068</u>	<u>—</u>
Investments measured at the net asset value (NAV):				
Commingled Funds – Equity	39,919,132			
Commingled Funds – Fixed Income	60,756,011			
Real Estate	<u>72,519,148</u>			
Total investments measured at the NAV	<u>173,194,291</u>			
Total	<u>\$ 794,168,781</u>			

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Additional information for investments measured at the net asset value (NAV) per share (or its equivalent) as of September 30, 2019, is presented in the table below:

	<u>Fair value September 30, 2019</u>	<u>Redemption frequency (if currently eligible)</u>	<u>Redemption notice period</u>	<u>Unfunded Commitments</u>
Investments measured at the net asset value (NAV):				
Commingled Funds - Equity	\$ 39,919,132	Monthly	30 days	—
Commingled Funds - Fixed Income	60,756,011	Quarterly	30 days	—
Real Estate	<u>72,519,148</u>	Monthly, biannually	30–95 days	—
Total investments measured at the NAV	\$ <u>173,194,291</u>			

(iv) Net Pension Asset (Liability) and Disclosures

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

The components of the net pension liability at September 30, 2020 and 2019 are as follow:

	<u>2020</u>	<u>2019</u>
Total pension liability	\$ 956,631,656	906,386,096
Less:		
Plan fiduciary net position	<u>(877,208,319)</u>	<u>(814,959,874)</u>
Net pension liability	\$ <u>79,423,337</u>	<u>91,426,222</u>
Plan fiduciary net position a percentage of total pension liability	91.7 %	89.9 %

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2020 and 2019, respectively, using the following actuarial assumptions, applied to all periods including in the measurement:

	<u>2020</u>	<u>2019</u>
Valuation date	January 1, 2020	January 1, 2019
Measurement date	September 30, 2020	September 30, 2019
Actuarial cost method	Entry Age Normal, Level Percent of Pay	Entry Age Normal, Level Percent of Pay
Inflation assumptions	2.5 %	2.5 %
Investment rate of return	7.4 %	7.4 %
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 BB to the RP 2000 Generational tables with 50% white collar and 50% blue 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, 2020, valuation was based on the results of an actuarial experience study for the period from January 1, 2017 through December 31, 2019. 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

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each major asset class included in the target asset allocation as of September 30, 2020 and 2019 are summarized in the following table:

<u>Asset class</u>	2020	
	Target asset allocation	Long-term expected real rate of return
Equity	60.00 %	5.2 %
Fixed income	30.00	0.9
Alternatives	10.00	4.9
Inflation rate	—	2.6

<u>Asset class</u>	2019	
	Target asset allocation	Long-term expected real rate of return
Equity	60.00 %	5.9 %
Fixed income	30.00	1.9
Alternatives	10.00	4.4
Inflation rate	—	2.6

Total Pension Liability

The change in the Trust pension liability at September 30, 2020 and 2019 is as follows:

	2020	2019
Service cost	\$ 37,175,315	34,801,408
Interest cost	67,771,842	61,367,233
Differences between expected and actual experience	17,952,280	25,174,567
Changes in assumptions	(11,367,640)	—
Change in benefit terms ¹	—	5,760,000
Benefit payments, including refunds of member contributions	(61,286,237)	(34,802,347)
Total change in pension liability	50,245,560	92,300,861
Total pension liability, beginning of year	906,386,096	814,085,235
Total pension liability, end of year	\$ 956,631,656	906,386,096

¹ A one-time recognition of early retirement acceptance (ERA) program lump-sum incentive payment.

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	<u>2020</u>	<u>2019</u>
Plan fiduciary net position:		
Contributions - employer	\$ 27,399,568	23,377,559
Contributions - member	22,115,554	21,195,556
Net investment income	75,817,455	17,122,441
Benefit payments, including refunds of member contributions	(61,286,237)	(34,802,347)
Administrative expense	(1,797,895)	(1,444,818)
Net change in plan fiduciary net position	<u>62,248,445</u>	<u>25,448,391</u>
Plan fiduciary net position, beginning of year	<u>814,959,874</u>	<u>789,511,483</u>
Plan fiduciary net position, end of year	<u>877,208,319</u>	<u>814,959,874</u>
Net pension liability, end of year	\$ <u>(79,423,337)</u>	<u>(91,426,222)</u>

Discount Rate

The discount rate used to measure the net pension liability was 7.4% at both September 30, 2020 and 2019. 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 years ended September 30, 2020 and 2019 was 9.4% and 1.8%, respectively. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

The discount rate was chosen based on market information on the measurement date. The discount rate reflects the estimate of future experience for trust asset returns, reflecting the plan's current asset allocation and any expected changes during the current plan year, current market conditions and the plan sponsor's expectations for future market conditions. Use of this assumption implies that the sponsor continues to make contributions in the future consistent with the actuarial cost method selected as the basis of its funding policy.

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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:

	<u>2020</u>	<u>2019</u>
One-percent decrease:		
Discount rate	6.4%	6.4%
Net pension liability	\$ (186,928,819)	(201,573,142)
Net pension liability, as reported:		
Discount rate	7.4%	7.4%
Net pension liability	\$ (79,423,337)	(91,426,222)
One-percent increase:		
Discount rate	8.4%	8.4%
Net pension asset	\$ 3,385,008	639,829

Funding Policy

The Trust's funding policy provides for actuarially determined rates deemed sufficient to pay benefits as due; the rate was 6.72% at January 1, 2020 and 6.89% at January 1, 2019, of covered payroll. Effective April 1, 2012, employees were required to contribute 3% of the required contribution, thus the employer contribution rate was 3.72% and 3.89%, respectively, for the year ended September 30, 2020 and 2019. 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.

(v) *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, 2020 and 2019, 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 and changes in assumptions and 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).
- Differences between expected and actual earnings on pension plan investments – amortized over five years.

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Pension Expense

	2020	2019
Service cost	\$ 37,175,315	34,801,408
Interest cost	67,771,842	61,367,233
Expected return on assets	(60,054,694)	(58,453,026)
Recognition of deferred amounts	3,979,911	18,235,754
Change in benefit terms ¹	—	5,760,000
Pension expense	<u>\$ 48,872,374</u>	<u>61,711,369</u>

¹ A one-time recognition of early retirement acceptance (ERA) program lump-sum incentive payment.

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 2020 and 2019 is as follows:

	Year of deferral	Amortization period	Balance October 1, 2019	Change	Balance September 30, 2020
Deferred outflows (inflows) of resources:					
Assumption changes	2016	9.564 years	\$ (1,435,859)	258,063	(1,177,795)
	2017	10.993 years	(2,234,618)	279,576	(1,955,042)
	2018	11.109 years	8,076,035	(886,589)	7,189,446
	2020	10.696 years	—	(10,304,846)	(10,304,846)
Difference in expected and actual return on assets	2015–2020	5.000 years	16,180,187	(9,026,518)	7,153,669
Liability experience	2015	9.215 years	3,469,766	(823,194)	2,646,574
(gain) loss	2016	9.564 years	15,093,421	(2,712,692)	12,380,729
(gain) loss	2017	10.993 years	7,200,383	(900,847)	6,299,536
(gain) loss	2018	11.109 years	11,379,697	(1,249,266)	10,130,431
(gain) loss	2019	11.122 years	17,390,572	(1,718,096)	15,672,476
(gain) loss	2019	11.037 years	5,516,302	(549,597)	4,966,705
(gain) loss	2020	10.696 years	—	16,273,869	16,273,869
Total			<u>\$ 80,635,886</u>	<u>(11,360,137)</u>	<u>69,275,752</u>

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

Fiscal year ending September 30:	<u>Amount recognized</u>
2021	\$ 7,813,290
2022	14,207,765
2023	14,680,367
2024	5,479,082
2025	7,024,853
Thereafter	<u>20,070,395</u>
Total	<u>\$ 69,275,752</u>

	<u>Year of deferral</u>	<u>Amortization period</u>	<u>Balance October 1, 2018</u>	<u>Change</u>	<u>Balance September 30, 2019</u>
Deferred outflows (inflows) of resources:					
Assumption changes	2016	9.564 years	\$ (1,693,921)	258,062	(1,435,859)
	2017	10.993 years	\$ (2,514,195)	279,577	(2,234,618)
	2018	11.109 years	8,962,624	(886,589)	8,076,035
Difference in expected and actual return on assets	2015–2019	5.000 years	(16,662,104)	32,842,291	16,180,187
Liability experience	2015	9.215 years	4,292,960	(823,194)	3,469,766
(gain) loss	2016	9.564 years	17,806,124	(2,712,703)	15,093,421
(gain) loss	2017	10.993 years	8,101,230	(900,847)	7,200,383
(gain) loss	2018	11.109 years	12,628,963	(1,249,266)	11,379,697
(gain) loss	2019	11.122 years	—	17,390,572	17,390,572
(gain) loss	2019	11.037 years	—	5,516,302	5,516,302
Total			<u>\$ 30,921,681</u>	<u>49,714,205</u>	<u>80,635,886</u>

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

Fiscal year ending September 30:	<u>Amount recognized</u>
2020	\$ 6,157,269
2021	9,990,646
2022	16,385,123
2023	16,857,721
2024	7,656,438
Thereafter	<u>23,588,689</u>
Total	<u>\$ 80,635,886</u>

(16) Postemployment Benefits Other than Pensions (OPEB)

(a) Plan Description

The Trust administers a single-employer defined-benefit healthcare plan (the OPEB 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 OPEB 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 OPEB 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 are single-employer defined benefit healthcare plans that provide hospital, medical, and pharmacy coverage. The Trust is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed. There are no automatic post-employment benefit changes; including automatic COLAs. Pre-65 retirees are able to select from the medical plans as follows:

- AvMed Jackson First HMO

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- 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

Medicare eligible retiree premiums now equal cost, thus retirees must pay 100% of the premiums. The retirees' share of benefit related costs, for pre-65 retirees, ranges from 60% to 87% for September 30, 2020. Depending on the plan selected the retirees share of benefit related costs range from 67% to 89% as of September 30, 2019.

Participation in the OPEB Plan consisted of the following at September 30, 2020, the date of the latest actuarial valuation:

	<u>2020</u>	<u>2019</u>
Actives	11,376	12,083
Retirees age 65 and over	179	127
Retirees under age 65	591	477
	<u>12,146</u>	<u>12,687</u>

(b) Funding Policy

The Trust contributes to both the pre-65 and post-65 retiree medical coverage as of September 30, 2019. Thereafter, Medicare eligible retirees pay the full cost of medical and dental coverage and the Trust no longer makes an explicit contribution for pre-Medicare retirees.

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 42% of the cost. The pre-65 cost is approximately 72% greater than the combined pre-65 and active cost.

For the years ended September 30, 2020 and 2019, the Trust contributed approximately \$4,079,000 and \$5,348,000, respectively, to the OPEB 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 are accumulated in a Trust that meets the criteria of paragraph 4 of Statement 75.

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(c) Total OPEB Liability

The Trust's total OPEB liability of approximately \$51,153,000 and \$84,757,000 as of September 30, 2020 and 2019, respectively, was measured as of September 30, 2020 and September 30, 2019, respectively, using actuarial valuations as of the same dates.

The current portion of the OPEB liability as of September 30, 2020 and 2019 is approximately \$4,251,000 and \$5,563,000, respectively.

(d) Actuarial Methods and Assumptions

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>2020</u>	<u>2019</u>
Actuarial valuation date	September 30, 2020	September 30, 2019
Actuarial assumptions:		
Discount rate	2.2 %	2.7 %
Inflation rate	3.0 %	3.0 %
Payroll growth assumption	3.5 %	3.5 %
Healthcare cost trend rates	6.0% initial to 4.5% ultimate	6.0% initial to 4.5% ultimate
Mortality table	Pub-2010 mortality table with generational scale MP-2019	RP-2014 generational with scale MP-2018

The participation percentage for September 30, 2020 and 2019 is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. The participation assumption for September 30, 2020 is 20% for pre-55 retirees and 60% for pre-65 retirees. The participation assumption for September 30, 2019 is 20% for pre-55 retirees, 60% for pre-65 retirees and 20% for post-64 retirees. This is based on the subsidies available to retirees. This assumes that a one-time irrevocable election to participate is made at retirement.

The Trust's actuary followed previous actuarial experience studies from the Florida Retirement System. The Trust agreed it could be applied to OPEB liability.

Furthermore, the valuation assumes that the Trust will continue to fund the liability on a pay-as-you-go basis the Trust has discontinued the per capita contribution for retiree benefits that was established in 2008 and had remained flat since then. As a result, the retiree contributions will be increased to the extent necessary so that they are sufficient to pay the full premium equivalent rate.

(e) Discount Rate

The discount rate used to measure the Trust's total OPEB liability is 2.2% as of September 30, 2020, and 2.7% as of September 30, 2019. This translates to a decrease of 0.5 percent in the discount rate compared to the previous year. The discount rate is based on Bond Buyer 20-Bond GO index.

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(f) Changes in the Total OPEB Liability

The following presents the change in OPEB Liability for the fiscal years ended September 30, 2020 and September 30, 2019, respectively. Changes in assumptions or other inputs reflect a change in the discount rate from 2.7 percent as of September 30, 2019 to 2.2 percent as of September 30, 2020.

	<u>2020</u>
Total OPEB Liability - Beginning of Year	\$ 84,757,116
Changes for the year:	
Service cost	4,995,984
Interest cost	2,333,188
Changes of benefit terms	(33,477,533)
Differences between expected and actual experience	(10,672,311)
Changes in assumptions or other inputs	7,294,906
Benefit payments	<u>(4,078,563)</u>
Net change in total OPEB Liability	<u>(33,604,329)</u>
Total OPEB Liability - End of Year	\$ <u><u>51,152,787</u></u>

	<u>2019</u>
Total OPEB Liability - Beginning of Year	\$ 68,192,334
Changes for the year:	
Service cost	3,776,425
Interest cost	2,938,098
Differences between expected and actual experience	4,631,277
Changes in assumptions or other inputs	10,566,984
Benefit payments	<u>(5,348,002)</u>
Net change in total OPEB Liability	<u>16,564,782</u>
Total OPEB Liability - End of Year	\$ <u><u>84,757,116</u></u>

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Notes to Financial Statements

September 30, 2020 and 2019

(g) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Trust, as well as what the Trust's total OPEB 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 discount rate:

<u>Fiscal year ended</u>	<u>Discount Rate</u>	<u>Total OPEB Liability</u>
September 30, 2020	+1 Discount Sensitivity (3.2%)	\$ 47,431,000
September 30, 2020	Current Discount Rate 2.2%	51,153,000
September 30, 2020	-1% Discount Sensitivity (1.2%)	55,255,000
September 30, 2019	+1 Discount Sensitivity (3.7%)	\$ 78,166,000
September 30, 2019	Current Discount Rate 2.7%	84,757,000
September 30, 2019	-1% Discount Sensitivity (1.7%)	92,310,000

The following presents the total OPEB liability of the Trust, as well as what the Trust's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<u>Fiscal year ended</u>	<u>Trend</u>	<u>Total OPEB Liability</u>
September 30, 2020	1% Decrease	\$ 45,582,000
September 30, 2020	Current Trend	51,153,000
September 30, 2020	1% Increase	57,894,000
September 30, 2019	1% Decrease	\$ 78,125,000
September 30, 2019	Current Trend	84,757,000
September 30, 2019	1% Increase	92,842,000

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September 30, 2020 and 2019

(h) Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the Trust recognized a negative OPEB expense of approximately \$25,982,000. At September 30, 2020, the Trust reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,080,831	(10,042,888)
Changes of assumptions/inputs	16,175,729	(7,104,301)
	<u>\$ 20,256,560</u>	<u>(17,147,189)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:

2021	\$ 166,847
2022	166,847
2023	166,847
2024	166,847
2025	166,847
Thereafter	2,275,136
	<u>\$ 3,109,371</u>

For the year ended September 30, 2019 the Trust recognized OPEB expense of approximately \$7,081,000. At September 30, 2019 the Trust reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,356,054	-
Changes of assumptions/inputs	9,939,020	(7,641,450)
	<u>\$ 14,295,074</u>	<u>(7,641,450)</u>

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

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Notes to Financial Statements

September 30, 2020 and 2019

(17) Commitments and Contingencies

(a) Construction and Equipment

The Trust has several construction projects currently in progress at September 30, 2020 and 2019. The estimated total cost to date and cost to complete such projects is approximately \$351,589,000 and \$284,966,000, respectively, as of September 30, 2020, and \$358,411,000 and \$479,536,000, respectively, as of September 30, 2019. Total commitments for approved construction projects not yet commenced for the same periods are approximately \$132,267,000 and \$250,856,000, 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, 2020 and 2019 were approximately \$88,504,000 and \$123,889,000, respectively, and are included in contractual and purchased services in the accompanying statements of revenues, expenses, and changes in net position. At September 30, 2020 and 2019, the Trust had a liability to the University related to the annual operating agreement of approximately \$14,159,000 and \$27,739,000, respectively. The decrease in the annual operating agreement cost and liability is due to changes in the agreement that no longer classify certain services provided by the University as annual operating agreement expenses. 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, 2020 and 2019, the Trust had a balance of approximately \$10,976,000 and \$11,165,000, respectively, in due to University of Miami in other long-term liabilities in the accompanying statements of net position.

(c) Litigation

There is a recoupment claim for Medicaid funds in connection with the Low-Income Pool (LIP). The U.S. Department of Health and Human Services Office of Inspector General (OIG) performed an audit of the Medicaid cost reimbursement to the Trust under the LIP program. The OIG alleges that of the \$1.8 billion in LIP payments made to Jackson Hospital by the State of Florida from 2010-2014, the state claimed Medicaid reimbursement of approximately \$729 million (\$436 million Federal match) in excess of the Jackson's allowable costs under the LIP program. According to the Miami-Dade County Attorney, recovery of a sum in excess of \$436 million is reasonably possible.

Management strongly disagrees with a number of the findings in the OIG audit report. Management believes that the OIG's findings on this issue are largely inaccurate, are based on erroneous assumptions, and misconstrue or mischaracterize documentation provided in the course of the audit. Therefore, due to the several gross miscalculations and misjudgments contained in the report, management disagrees with the OIG's findings.

(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.

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September 30, 2020 and 2019

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.

(e) *Novel Coronavirus (COVID-19)*

The current COVID-19 pandemic has had numerous and varied medical, economic and social impacts, any and all of which have and may again adversely affect the Trust's business and financial results. In March 2020, the Florida Governor issued an executive order prohibiting certain medically unnecessary, non-urgent or non-emergent procedures and surgeries as a result of the COVID-19 pandemic. The restrictions were lifted in May 2020; however, there is a possibility that additional restrictions on elective procedures could be reintroduced to the extent that COVID-19 patients threaten system capacity. Disruptions could also include temporary closures of the Trust's facilities or the facilities of suppliers and their contract manufacturers. The effect of COVID-19 could further and severely affect the Trust's ability to conduct normal business operations, and, as a result, the future operating results of the Trust could be materially adversely affected.

In March 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was signed into law providing among other provisions, financial relief to hospitals and healthcare providers during the COVID-19 pandemic. The CARES Act Provider Relief Fund provides funding from the U.S. Department of Health and Human Services (HHS) to support healthcare-related expenses or lost revenue attributable to the COVID-19 pandemic.

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September 30, 2020 and 2019

As of September 30, 2020, the Trust received approximately \$108,835,000 in Provider Relief Funding related to the CARES Act. The funds received under the CARES Act Provider Relief fund represent payments that do not need to be repaid as long as the Trust complies with certain terms and conditions imposed by HHS, including reporting and compliance requirements. Such payments are accounted for as government grants and are recognized as grants and other income once there is reasonable assurance that the applicable terms and conditions required to retain the funds will be met. As of September 30, 2020, the Trust has recognized approximately \$59,263,000 within grants and other income on the statements of revenues, expenses, and changes in net position. The remaining \$49,572,000 has been recorded within total current liabilities as deferred revenue in the statements of net position to be recognized as grants and other income as terms and conditions are met. During April 2020, the Trust applied for and received approximately \$107,884,000 from the Medicare Advance Payment Program provided under the CARES Act. The amount is separately recorded in estimated payables due to other third-party payors on the statements of net position. Based on the Continuing Appropriations Act, 2021 and Other Extensions Act released in October 2020, repayment will begin one year after the receipt of the advance payments. The claims for services provided to Medicare beneficiaries will be applied against the advance payment balance. Any unapplied advance payment amounts must be paid in full within 29 months of receipt.

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially required contribution	\$ 7,184,760	7,859,820	8,246,548	8,135,133	8,816,159	10,046,078	10,252,812
Contributions in relation to the contractually required contribution	<u>(7,184,760)</u>	<u>(7,859,820)</u>	<u>(8,246,548)</u>	<u>(8,135,133)</u>	<u>(8,816,159)</u>	<u>(10,046,078)</u>	<u>(10,252,812)</u>
Contribution deficiency (excess)	\$ <u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Trust's covered-employee payroll	\$ 79,789,370	90,167,155	100,335,823	105,549,222	120,074,910	134,846,937	115,724,638
Contributions as a percentage of covered-employee payroll	9.00 %	8.72 %	8.22 %	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
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Florida Retirement System Pension Information

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

Last 10 Fiscal Years*

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability	0.2162 %	0.2535 %	0.2894 %	0.3125 %	0.3615 %	0.4120 %	0.4681 %
Proportion of the pension liability:							
Trust's proportionate share of the net pension liability	\$ 93,722,428	87,296,220	87,156,943	92,435,269	91,283,227	53,221,513	28,559,412
Trust's covered payroll	79,789,370	90,167,155	100,335,823	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	117.46 %	96.82 %	86.87 %	87.58 %	76.02 %	39.47 %	24.68 %
Plan fiduciary net position as a percentage of the total pension liability	79.00 %	82.61 %	84.26 %	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, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially required contribution	\$ 1,516,780	1,763,278	2,024,130	2,153,634	2,398,127	1,948,323	1,941,649
Contributions in relation to the contractually required contribution	<u>(1,516,780)</u>	<u>(1,763,278)</u>	<u>(2,024,130)</u>	<u>(2,153,634)</u>	<u>(2,398,127)</u>	<u>(1,948,323)</u>	<u>(1,941,649)</u>
Contribution deficiency (excess)	\$ <u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Trust's covered-employee payroll	\$ 91,375,858	106,212,088	121,943,352	129,754,774	144,455,836	154,640,172	168,203,974
Contributions as a percentage of covered-employee payroll	1.66 %	1.66 %	1.66 %	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
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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, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability	0.2632 %	0.3175 %	0.3732 %	0.4069 %	0.4679 %	0.5097 %	0.5668 %
Proportion of the pension liability:							
Trust's proportionate share of the net pension liability	\$ 32,138,032	35,529,734	39,504,924	43,511,694	54,528,194	51,979,583	52,996,704
Trust's covered payroll	91,375,858	106,212,088	121,943,352	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	35.17 %	33.45 %	32.40 %	33.53 %	37.75 %	33.61 %	31.51 %
Plan fiduciary net position as a percentage of the total pension liability	3.00 %	2.63 %	2.15 %	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

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Required Supplementary Information

Defined-Benefit Retirement Plan

Schedules of Employer Contributions (Unaudited)

September 30, 2020 and 2019

(Dollars in thousands)

<u>Year ended January 1</u>	<u>Actuarially determined contributions</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution Excess/(deficit)</u>	<u>Covered payroll</u>	<u>Actual contribution as a percentage of covered payroll</u>
2011	43,649	43,649	—	451,944	9.66
2012	40,363	40,363	—	439,993	9.17
2013	30,255	30,255	—	393,422	7.69
2014	24,478	24,478	—	402,411	6.08
2015	24,553	24,553	—	440,453	5.57
2016	26,218	26,218	—	509,069	5.15
2017	33,982	33,982	—	579,848	5.86
2018	22,551	22,551	—	645,238	3.49
2019	24,026	24,026	—	701,764	3.42
2020	20,417	20,417	—	724,631	2.82

The contribution rate for normal cost is determined using the aggregate actuarial funding method. Under this method, the excess of 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.

See accompanying notes to required supplemental information.

See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

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Required Supplementary Information

Defined-Benefit Retirement Plan

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

September 30, 2020 and 2019

September 30	Total pension liability	Plan fiduciary net position	Net pension liability	Plan fiduciary net position as a percentage of total liability
2020	\$ 956,631,656	877,208,319	79,423,337	91.70
2019	906,386,096	814,959,874	91,426,222	89.91
2018	814,085,235	789,511,483	24,573,752	96.98
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 notes to required supplemental information.

See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
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Required Supplementary Information

Defined-Benefit Retirement Plan

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

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:							
Service cost	\$ (37,175,315)	(34,801,408)	(31,523,337)	(27,573,935)	(25,251,874)	(24,182,657)	(24,479,804)
Interest	(67,771,842)	(61,367,233)	(55,517,801)	(50,455,433)	(46,551,043)	(42,349,046)	(38,954,162)
Differences between expected and actual experience	(17,952,280)	(25,174,567)	(13,878,229)	(9,902,924)	(25,944,189)	(7,585,736)	(6,387,403)
Changes in assumptions	11,367,640	—	(9,849,213)	3,073,347	2,468,111	—	(16,324,144)
Change in benefit terms ¹	—	(5,760,000)	—	—	—	—	—
Benefit payments, including refunds of member contributions	61,286,237	34,802,347	22,414,722	23,118,536	31,022,257	18,585,971	39,678,826
Net change in total pension liability	(50,245,560)	(92,300,861)	(88,353,858)	(61,740,409)	(64,256,738)	(55,531,468)	(46,466,687)
Total pension liability, beginning of year	(906,386,096)	(814,085,235)	(725,731,377)	(663,990,968)	(599,734,230)	(544,202,762)	(497,736,075)
Total pension liability, end of year	(956,631,656)	(906,386,096)	(814,085,235)	(725,731,377)	(663,990,968)	(599,734,230)	(544,202,762)
Plan fiduciary net position:							
Contributions – employer	27,399,568	23,377,559	23,000,435	18,889,152	19,534,345	13,366,586	12,012,499
Contributions – member	22,115,554	21,195,556	20,701,744	18,114,361	14,958,135	13,885,025	12,248,903
Net investment income	75,817,455	17,122,441	57,854,267	80,071,723	63,759,377	(15,687,712)	37,290,807
Benefit payments, including refunds of member contributions	(61,286,237)	(34,802,347)	(22,414,722)	(23,118,536)	(31,022,257)	(18,585,971)	(39,678,826)
Administrative expense	(1,797,895)	(1,444,818)	(1,989,612)	(1,832,399)	(2,340,796)	(1,804,760)	(451,842)
Net change in plan fiduciary net position	62,248,445	25,448,391	77,152,112	92,124,301	64,888,804	(8,826,832)	21,421,541
Plan fiduciary net position, beginning of year	814,959,874	789,511,483	712,359,371	620,235,070	555,346,266	564,173,098	542,751,557
Plan fiduciary net position, end of year	877,208,319	814,959,874	789,511,483	712,359,371	620,235,070	555,346,266	564,173,098
Net pension liability, end of year	\$ (79,423,337)	(91,426,222)	(24,573,752)	(13,372,006)	(43,755,898)	(44,387,964)	19,970,336
Plan fiduciary net position as a percentage of the total pension liability	91.70 %	89.91 %	96.98 %	98.16 %	93.41 %	92.60 %	103.67 %
Covered-employee payroll	\$ 724,630,787	701,763,884	645,238,470	579,848,000	509,069,000	440,453,000	402,411,000
Net pension liability as a percentage of covered-employee payroll	10.96 %	13.03 %	3.81 %	2.31 %	8.60 %	10.08 %	4.96 %

Notes to Schedule:

Benefit changes since September 30, 2014: During the year-ended September 30, 2019, an early retirement acceptance (ERA) program commenced. Lump-sum incentive payments and retirement date changes resulted from the program.

Changes of assumptions. From September 30, 2019 to September 30, 2020: For employees with less than 10 years of service: 5% if under age 50 and 4% if age 50 or older, and for employees with 10 or more years of service: 4% if under age 45 and 3% if age 45 or older.

Changes of assumptions. From September 30, 2018 to September 30, 2019: None.

Changes of assumptions. From September 30, 2017 to September 30, 2018: Discount rate and expected long-term rate of return decreased from 7.5% to 7.4%.

Changes of assumptions. From September 30, 2016 to September 30, 2017: For active participants, 40% are assumed to elect an immediate lump sum upon termination, 25% are assumed to elect a deferred lump sum upon retirement, and 35% are assumed to elect an annuity (life annuity if single 100% joint and survivor annuity if married). Also, the termination rates and retirement rates were updated to better reflect plan experience in the period 2014 – 2016.

Changes of assumptions. From September 30, 2015 to September 30, 2016: The mortality table was updated from the RP 2000 Mortality Table, sex-distinct, with a 25 year projection using scale AA to the RP2000 Generational tables with 50% white collar and 50% blue 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. For active participants, 65% are assumed to elect a lump sum and 35% are assumed to elect an annuity (life annuity if single 100% joint and survivor annuity if married). The valuation compensation was also updated from: (1) the greater of Actual Compensation earned during the prior plan year, increased by salary scale or Annual Compensation rate for the current plan year, to (2) For continuing actives who worked 12 months for each of the two prior plan years, valuation compensation during the plan year is assumed to be the actual compensation earned during the prior plan year increased by salary scale; otherwise, the valuation compensation is assumed to be the annual compensation rate for the current plan year.

Changes of assumptions. From September 30, 2014 to September 30, 2015: None.

Changes of assumptions. From September 30, 2013 to September 30, 2014: Retirement rates and termination rates were updated to better reflect plan experience as exhibited in the period 2009 – 2013. The Mortality table was changed from RP 2000 Mortality Table, sex-distinct, projected to 2014 with scale AA to RP 2000 Mortality Table, sex-distinct, projected 25 years with scale AA.

¹ A one-time recognition of early retirement acceptance (ERA) program. This includes the value of both lump-sum incentive payments and the financial effect of expected retirement date changes resulting from the program.

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

See accompanying notes to required supplemental information.

See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

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Required Supplementary Information

Defined-Benefit Retirement Plan

Schedules of Investment Returns (Unaudited)

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	9.4 %	1.8 %	8.0 %	12.8 %	11.5 %	2.8 %	7.0 %

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

See accompanying notes to required supplemental information.

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 Changes in the Trust's Total OPEB Liability and Related Ratios (Unaudited)

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:				
Service cost	\$ 4,995,984	3,776,425	3,622,816	4,099,967
Interest cost	2,333,188	2,938,098	2,592,535	2,406,883
Changes of benefit terms	(33,477,533)	—	—	—
Differences between expected and actual experience	(10,672,311)	4,631,277	—	—
Changes in assumptions	7,294,906	10,566,984	(3,602,488)	(5,436,324)
Benefits Paid	<u>(4,078,563)</u>	<u>(5,348,002)</u>	<u>(4,434,408)</u>	<u>(7,830,000)</u>
Change in OPEB Liability	(33,604,329)	16,564,782	(1,821,545)	(6,759,474)
Starting OPEB Liability	<u>84,757,116</u>	<u>68,192,334</u>	<u>70,013,879</u>	<u>76,773,353</u>
Ending OPEB Liability	\$ <u>51,152,787</u>	<u>84,757,116</u>	<u>68,192,334</u>	<u>70,013,879</u>
Covered employee payroll	798,173,000	795,722,000	768,814,000	742,815,000
Total OPEB liability as a percentage of covered employee payroll	6.4 %	10.7 %	8.9 %	9.4 %

Notes to Schedule:

Changes of benefit terms. From September 30, 2019 to September 30, 2020, the subsidy that PHT provided to retirees toward health premiums has been eliminated. Retirees now contribute 100% of the premium rate. Employees retiring after January 1, 2021 will not be covered by the post Medicare plan.

Changes of assumptions. From September 30, 2019 to September 30, 2020, the discount rate used to measure the Trust's total OPEB liability decreased from 2.7% to 2.2% and the pre-Medicare trend rate decreased from 6.5% to 6.0%.

Changes of assumptions. From September 30, 2018 to September 30, 2019, the discount rate used to measure the Trust's total OPEB liability decreased from 4.2% to 2.7% and the pre-Medicare trend rate decreased from 7.0% to 6.5%.

Changes of assumptions. From September 30, 2017 to September 30, 2018, the discount rate used to measure the Trust's total OPEB liability increased from 3.6% to 4.2%.

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

Notes to Required Supplementary Information – Methods and Assumptions for FRS, HIS, PHT
Pension and OPEB

September 30, 2020 and 2019

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

- (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) Methods and assumptions used in calculation of actuarially determined 2020 contribution for FRS pension plan:

Valuation date	July 1, 2020
Actuarial cost method	Individual Entry Age Normal
Discount rate	6.8%
Investment rate of return	6.8%
Salary increases projected	3.3%
Inflation	2.4%
Mortality	PUB2010 base table by category and sex, projected generationally with Scale MP-2018

- (a) Changes of assumptions and other inputs reflect a change in the discount rate from 6.9% in 2019 to 6.8% in 2020, and a change in inflation from 2.6% in 2019 to 2.4% in 2020.

- (3) Methods and assumptions used in calculation of actuarially determined 2020 contribution for HIS program:

Valuation date	July 1, 2020
Actuarial cost method	Individual Entry Age Normal
Discount rate	2.2%
Investment rate of return	N/A
Salary increases projected	3.3%
Inflation	2.4%
Mortality	Generational PUB-2010 with Projection Scale MP-2018

- (a) Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% in 2019 to 2.21% in 2020, and a change in inflation from 2.6% in 2019 to 2.4% in 2020.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Notes to Required Supplementary Information – Methods and Assumptions for FRS, HIS, PHT
Pension and OPEB

September 30, 2020 and 2019

- (4) Methods and assumptions used in calculation of actuarially determined 2020 contributions for PHT Defined Benefit Retirement Plan:

Valuation date	January 1, 2020
Actuarial cost method	Entry Age Normal, Level Percent of Pay
Discount rate	7.4%
Investment rate of return	7.4%
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	RP2000 generational with projection using scale BB

- (a) Changes of assumptions and other inputs reflect no change in the discount rate, as it remained at 7.4% in 2020.

- (5) Methods and assumptions used in calculation of actuarially determined contributions for Other Postemployment Benefits:

Valuation date	September 30, 2020
Actuarial cost method	Entry Age Normal
Discount rate	2.2%
Investment rate of return	N/A
Salary increases projected	3.5% per year
Inflation	3.0% per year
Mortality	Generational PUB-2010, projection using scale MP-2019

OTHER FINANCIAL INFORMATION

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Schedule by Account

Schedule of Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Deficit)

September 30, 2020

(Dollars in thousands)

Assets	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Property Management	Eliminations	Total
Current assets:						
Cash and cash equivalents	\$ 301,158	8	305	3	—	301,474
Restricted cash and cash equivalents	5,675	—	—	—	—	5,675
Restricted short-term investments	8,382	—	—	—	—	8,382
Assets limited as to use	208,114	—	—	—	—	208,114
Patients' accounts receivable, less allowance for doubtful accounts of approximately \$818,870	162,740	205	2,091	—	—	165,036
Estimated receivables due from other third-party payors	90,124	—	—	—	—	90,124
Due from Miami-Dade County	64,336	—	—	—	—	64,336
Other receivables – unrestricted	10,063	38	—	328	—	10,429
Other receivables – restricted	4,537	27	—	—	—	4,564
Due from restricted funds	928,942	9,726	3,062	1,935	(943,665)	—
Supplies	46,319	408	147	—	—	46,874
Prepaid expenses and other current assets	10,748	—	5	—	—	10,753
Total current assets	<u>1,841,138</u>	<u>10,412</u>	<u>5,610</u>	<u>2,266</u>	<u>(943,665)</u>	<u>915,761</u>
Assets limited as to use	41,819	—	—	—	—	41,819
Restricted long-term investments	27,389	—	—	—	—	27,389
Capital assets, net	1,130,704	6,521	5,106	7,424	—	1,149,755
Other assets	3,981	—	—	239	—	4,220
Total noncurrent assets	<u>1,203,893</u>	<u>6,521</u>	<u>5,106</u>	<u>7,663</u>	<u>—</u>	<u>1,223,183</u>
Total assets	<u>3,045,031</u>	<u>16,933</u>	<u>10,716</u>	<u>9,929</u>	<u>(943,665)</u>	<u>2,138,944</u>
Deferred outflows of resources:						
Deferred loss on bond refunding	6,323	—	—	—	—	6,323
Deferred outflows – OPEB	20,256	—	—	—	—	20,256
Deferred outflows – pension	115,967	—	—	—	—	115,967
Total deferred outflows of resources	<u>142,546</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>142,546</u>

(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, Jefferson Reaves Clinic, Community Health, Homeless Shelter, Home Health Care, P.E.T. Center, Penalver Clinic, Corrections Health Services, Rosie Lee Wesley Health Center, Miami Hope Center, North Miami Center, Southeast Dental Medical Center, Downtown Dental, and Downtown Family Healthcare

(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

Schedule of Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Deficit)

September 30, 2020

(Dollars in thousands)

Liabilities and Net Position (Deficit)	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Property Management	Eliminations	Total
Current liabilities:						
Accounts payable and accrued expenses	\$ 166,096	—	—	—	—	166,096
Accrued interest payable	4,296	—	—	—	—	4,296
Accrued salaries and payroll taxes withheld	79,220	—	—	—	—	79,220
Accrued vacation and sick pay benefits	86,180	—	—	—	—	86,180
Refunds due for patient services	7,057	106	—	—	—	7,163
Current portion of estimated self-insured liability	7,856	—	—	—	—	7,856
Estimated payables due to other third-party payors	224,390	—	—	—	—	224,390
Due to Miami-Dade County	15,021	—	—	—	—	15,021
Due to University of Miami	14,349	—	—	—	—	14,349
Other – unrestricted	316,674	549,609	134,719	(4,635)	(943,665)	52,702
Other – restricted	1,804	(17)	—	—	—	1,787
Current portion of total other postemployment benefits	4,251	—	—	—	—	4,251
Current portion of long-term debt	10,985	—	—	—	—	10,985
Total current liabilities	938,179	549,698	134,719	(4,635)	(943,665)	674,296
Long-term debt, excluding current portion	275,617	—	—	—	—	275,617
Estimated self-insured liability, excluding current portion	38,579	—	—	—	—	38,579
Net pension liability	205,284	—	—	—	—	205,284
Total other postemployment benefit liability	46,902	—	—	—	—	46,902
Due to University of Miami, excluding current portion	28,287	—	—	—	—	28,287
Line of credit	50,332	—	—	—	—	50,332
Other	3,764	—	—	—	—	3,764
Total noncurrent liabilities	648,765	—	—	—	—	648,765
Total liabilities	1,586,944	549,698	134,719	(4,635)	(943,665)	1,323,061
Deferred inflows of resources:						
Deferred inflows – gain on bond refunding	2,614	—	—	—	—	2,614
Deferred inflows – pension	51,227	—	—	—	—	51,227
Deferred inflows – OPEB	17,147	—	—	—	—	17,147
Total deferred inflows of resources	70,988	—	—	—	—	70,988
Net position (deficit)	\$ 1,529,645	(532,765)	(124,003)	14,564	—	887,441

See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Schedule by Account

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

September 30, 2019

(Dollars in thousands)

Assets	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Property Management	Eliminations	Total
Current assets:						
Cash and cash equivalents	\$ 306,232	9	224	43	—	306,508
Restricted cash and cash equivalents	4,181	—	—	—	—	4,181
Restricted short-term investments	7,928	—	—	—	—	7,928
Assets limited as to use	7,611	—	—	—	—	7,611
Patients' accounts receivable, less allowance for doubtful accounts of approximately \$758,969	170,206	6,192	1,755	—	—	178,153
Estimated receivables due from other third-party payors	81,008	—	—	—	—	81,008
Due from Miami-Dade County	47,493	—	—	—	—	47,493
Other receivables – unrestricted	12,221	51	—	75	—	12,347
Other receivables – restricted	6,033	—	—	—	—	6,033
Due from restricted funds	856,147	8,135	1,802	1,345	(867,429)	—
Supplies	36,812	166	141	—	—	37,119
Prepaid expenses and other current assets	9,262	—	8	—	—	9,270
Total current assets	<u>1,545,134</u>	<u>14,553</u>	<u>3,930</u>	<u>1,463</u>	<u>(867,429)</u>	<u>697,651</u>
Assets limited as to use	41,754	—	—	—	—	41,754
Restricted long-term investments	24,916	—	—	—	—	24,916
Capital assets, net	942,638	7,276	4,391	8,179	—	962,484
Other assets	4,046	—	—	237	—	4,283
Total noncurrent assets	<u>1,013,354</u>	<u>7,276</u>	<u>4,391</u>	<u>8,416</u>	<u>—</u>	<u>1,033,437</u>
Total assets	<u>2,558,488</u>	<u>21,829</u>	<u>8,321</u>	<u>9,879</u>	<u>(867,429)</u>	<u>1,731,088</u>
Deferred outflows of resources:						
Deferred loss on bond refunding	6,897	—	—	—	—	6,897
Deferred outflows – pension	118,924	—	—	—	—	118,924
Deferred outflows – other postemployment benefits	14,295	—	—	—	—	14,295
Total deferred outflows of resources	<u>140,116</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>140,116</u>

(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, Jefferson Reaves Clinic, Community Health, Homeless Shelter, Home Health Care, P.E.T. Center, Penalver Clinic, Corrections Health Services, Rosie Lee Wesley Health Center, Miami Hope Center, North Miami Center, Southeast Dental Medical Center, Downtown Dental, and Downtown Family Healthcare

(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

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

September 30, 2019

(Dollars in thousands)

Liabilities and Net Position (Deficit)	(1)	(2)	(3)	Jackson	Eliminations	Total
	Hospitals	Primary	Skilled	Property		
		Care Centers	Nursing	Management		
			Facilities			
Current liabilities:						
Accounts payable and accrued expenses	\$ 143,981	—	—	—	—	143,981
Accrued interest payable	4,442	—	—	—	—	4,442
Accrued salaries and payroll taxes withheld	60,529	—	—	—	—	60,529
Accrued vacation and sick pay benefits	85,353	—	—	—	—	85,353
Refunds due for patient services	5,900	150	—	—	—	6,050
Current portion of estimated self-insured liability	7,254	—	—	—	—	7,254
Estimated payables due to other third-party payors	115,002	—	—	—	—	115,002
Due to Miami-Dade County	15,099	—	—	—	—	15,099
Due to University of Miami	27,928	—	—	—	—	27,928
Other – unrestricted	244,976	515,353	118,479	(4,600)	(867,429)	6,779
Other – restricted	2,021	(17)	—	—	—	2,004
Current portion of total other postemployment benefits	5,563	—	—	—	—	5,563
Current portion of long-term debt	9,710	—	—	—	—	9,710
Total current liabilities	727,758	515,486	118,479	(4,600)	(867,429)	489,694
Long-term debt, excluding current portion	288,780	—	—	—	—	288,780
Estimated self-insured liability, excluding current portion	40,548	—	—	—	—	40,548
Net pension liability	214,252	—	—	—	—	214,252
Total other postemployment benefit liability	79,194	—	—	—	—	79,194
Due to University of Miami, excluding current portion	11,165	—	—	—	—	11,165
Other	3,031	—	—	—	—	3,031
Total noncurrent liabilities	636,970	—	—	—	—	636,970
Total liabilities	1,364,728	515,486	118,479	(4,600)	(867,429)	1,126,664
Deferred inflows of resources:						
Deferred gain on bond refunding	3,481	—	—	—	—	3,481
Deferred inflows – pension	44,183	—	—	—	—	44,183
Deferred inflows – other postemployment benefits	7,641	—	—	—	—	7,641
Total deferred inflows of resources	55,305	—	—	—	—	55,305
Net position (deficit)	\$ 1,278,571	(493,657)	(110,158)	14,479	—	689,235

See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Schedule by Account
Schedule of Revenues and Expenses

Year ended September 30, 2020

(Dollars in thousands)

	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Medical Towers	Eliminations	Total
Operating revenues:						
Net patient service revenue	\$ 1,233,667	1,139	20,634	—	—	1,255,440
Other revenue	268,133	1,921	10,879	3,652	(12,942)	271,643
Grants and other	78,685	861	—	—	—	79,546
Total operating revenues	<u>1,580,485</u>	<u>3,921</u>	<u>31,513</u>	<u>3,652</u>	<u>(12,942)</u>	<u>1,606,629</u>
Operating expenses:						
Salaries and related costs	1,098,082	56,490	34,171	1,340	(954)	1,189,129
Contractual and purchased services	411,832	8,699	6,010	1,185	(11,988)	415,738
Supplies and other operating expenses	343,576	4,513	4,476	188	—	352,753
Public Medical Assistance Trust Fund assessment	16,130	—	—	—	—	16,130
Depreciation and amortization	79,717	857	701	857	—	82,132
Total operating expenses	<u>1,949,337</u>	<u>70,559</u>	<u>45,358</u>	<u>3,570</u>	<u>(12,942)</u>	<u>2,055,882</u>
Operating (loss) income	<u>(368,852)</u>	<u>(66,638)</u>	<u>(13,845)</u>	<u>82</u>	<u>—</u>	<u>(449,253)</u>
Nonoperating revenues (expenses):						
Miami-Dade County funding	213,259	—	—	—	—	213,259
Sales tax revenue	250,666	—	—	—	—	250,666
Investment income	1,067	—	—	—	—	1,067
Interest expense	(10,955)	—	—	—	—	(10,955)
Other income	29,253	—	—	—	—	29,254
Total nonoperating revenues, net (excluding capital contributions)	<u>483,290</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>483,291</u>
Income before capital contributions	114,438	(66,638)	(13,845)	82	—	34,038
Capital contributions	164,167	—	—	—	—	164,167
Increase (decrease) in net position	<u>\$ 278,605</u>	<u>(66,638)</u>	<u>(13,845)</u>	<u>82</u>	<u>—</u>	<u>198,205</u>

(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, Jefferson Reaves Clinic, Community Health, Homeless Shelter, Home Health Care, P.E.T. Center, Penalver Clinic, Corrections Health Services, Rosie Lee Wesley Health Center, Miami Hope Center, North Miami Center, Southeast Dental Medical Center, Downtown Dental, and Downtown Family Healthcare

(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
Schedule of Revenues and Expenses

Year ended September 30, 2019

(Dollars in thousands)

	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Medical Towers	Eliminations	Total
Operating revenues:						
Net patient service revenue	\$ 1,274,599	1,403	22,191	—	—	1,298,193
Other revenue	236,877	1,583	8,439	3,642	(10,480)	240,061
Grants and other	22,032	727	—	—	—	22,759
Total operating revenues	<u>1,533,508</u>	<u>3,713</u>	<u>30,630</u>	<u>3,642</u>	<u>(10,480)</u>	<u>1,561,013</u>
Operating expenses:						
Salaries and related costs	1,109,975	55,851	31,856	1,302	(760)	1,198,224
Contractual and purchased services	419,103	9,631	5,568	1,197	(9,720)	425,779
Supplies and other operating expenses	330,093	4,212	4,016	198	—	338,519
Public Medical Assistance Trust Fund assessment	15,655	—	—	—	—	15,655
Depreciation and amortization	72,450	827	763	870	—	74,910
Total operating expenses	<u>1,947,276</u>	<u>70,521</u>	<u>42,203</u>	<u>3,567</u>	<u>(10,480)</u>	<u>2,053,087</u>
Operating (loss) income	<u>(413,768)</u>	<u>(66,808)</u>	<u>(11,573)</u>	<u>75</u>	<u>—</u>	<u>(492,074)</u>
Nonoperating revenues (expenses):						
Miami-Dade County funding	203,224	—	—	—	—	203,224
Sales tax revenue	282,832	—	—	—	—	282,832
Investment income	1,395	—	—	182	—	1,577
Interest expense	(11,089)	—	—	—	—	(11,089)
Other income	45,009	—	—	—	—	45,009
Total nonoperating revenues, net (excluding capital contributions)	<u>521,371</u>	<u>—</u>	<u>—</u>	<u>182</u>	<u>—</u>	<u>521,553</u>
Income before capital contributions	107,603	(66,808)	(11,573)	257	—	29,479
Capital contributions	195,468	—	—	—	—	195,468
Increase (decrease) in net position	<u>\$ 303,071</u>	<u>(66,808)</u>	<u>(11,573)</u>	<u>257</u>	<u>—</u>	<u>224,947</u>

(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, Jefferson Reaves Clinic, Community Health, Homeless Shelter, Home Health Care, P.E.T. Center, Penalver Clinic, Corrections Health Services, Rosie Lee Wesley Health Center, Miami Hope Center, North Miami Center, Southeast Dental Medical Center, Downtown Dental, and Downtown Family Healthcare

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