



MIAMI-DADE COUNTY FINAL OFFICIAL MINUTES

Board of County Commissioners

*Stephen P. Clark Government Center
Commission Chambers
111 N.W. 1st Street
Miami, FL 33128*

March 5, 2024

As Advertised

Juan Fernandez-Barquin
Clerk of the Court and Comptroller

Basia Pruna, Director
Clerk of the Board Division

Jovel Shaw, Commission Reporter, (305 375-1289)



FINAL OFFICIAL

Members Present: Marleine Bastien; Juan Bermudez; Kevin Cabrera; René García; Oliver Gilbert, III; Roberto J. Gonzalez; Keon Hardemon; Kionne McGhee; Raquel Regalado; Anthony Rodríguez; Micky Steinberg

Members Absent: None.

Members Late: None.

Members Excused: Danielle Cohen Higgins' Eileen Higgins

Members Absent County Business: None.

1 MINUTES PREPARED BY:

Report: Jovel Shaw, Commission Reporter, (305 375-1289)

1A INVOCATION AS PROVIDED IN RULE 5.05(H)

1B ROLL CALL

Report: *Chairman Oliver G. Gilbert III convened the Board of County Commissioners (BCC) Special Meeting for the Public Health Trust (PHT) to submit the results of its Annual External Audit for Fiscal Year (FY) 2022-2023 at 9:36 a.m.*

In addition to the Board members, the following staff members were present:

~ County Attorney Geri Bonzon-Keenan;

~ Assistant County Attorney Christopher Kokoruda;

~ Office of the Mayor, Chief Operations Officer Jimmy Morales, ;

~ Clerk of the Board, Deputy Clerks Kerry Khunjar Breakenridge and Zorana Milton

Also present were Mr. Carlos Migoya, President and Chief Executive Officer, Jackson Health System (JHS) and Mr. Mark Knight, Chief Financial Officer, Jackson Health System (JHS).

1C PLEDGE OF ALLEGIANCE

1D REASONABLE OPPORTUNITY FOR THE PUBLIC TO HEARD AS PROVIDED IN RULE 6.06

SPECIAL ITEM(S)

Special Item No. 1

240332 Special Item

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY
ANNUAL EXTERNAL AUDIT FOR FISCAL YEAR 2022-2023

Presented

Report: *County Attorney Geri Bonzon-Keenan advised that today's (3/5) Special Meeting was called to consider matters related to the results of the Public Health Trust's Annual External Audit for Fiscal Year (FY) 2022-2023.*

Chairman Oliver G. Gilbert III opened the reasonable opportunity for the public to speak. Hearing no one wishing to speak, he closed the reasonable opportunity to be heard.

Mr. Carlos Migoya, President and Chief Executive Officer, Jackson Health System (JHS), announced that the Public Health Trust (PHT) FY 2022-2023 audited financial statement issued by KPMG LLP was completed with no deficiencies or material weaknesses. He pointed out that this was the thirteenth (13th) consecutive year a profitable audit statement was produced.

Mr. Migoya advised that he, and Mr. Mark Knight, Chief Financial Officer, Jackson Health System (JHS), were present to answer any questions regarding audit.

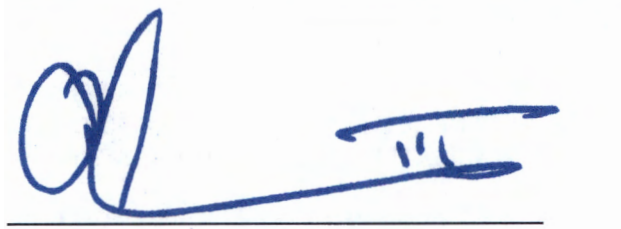
Hearing no questions or comments, the Board voted to accept the PHT's External Audit Report for FY 2022-2023.

NOTE: It was moved by Commissioner Bastien that the Board accept the PHT's Annual External Audit Report for FY 2022-2023. This motion was seconded by Commissioner Regalado, and upon being put to a vote, passed by a vote of 10-0 (Commissioners Cohen Higgins, Higgins and Senator Garcia were absent).

2A ADJOURNMENT

Report: *The Board of County Commissioners Special Meeting adjourned at 9:38 a.m.*

FINAL OFFICIAL



Oliver G. Gilbert, III, Chairman

ATTEST: JUAN FERNANDEZ-BARQUIN, CLERK OF THE COURT AND COMPTROLLER



By: Basia Pruna, Deputy Clerk



BOARD OF COUNTY COMMISSIONERS SPECIAL MEETING MARCH 5, 2024

Prepared by: JOVEL SHAW

EXHIBITS LIST

AGENDA ITEM NO.	DESCRIPTION
SPECIAL ITEM NO. 1	PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY ANNUAL EXTERNAL AUDIT FOR FISCAL YEAR 2022-2023



Special Item No. 1
March 5, 2024

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

Financial Statements, Required Supplementary Information,
and Schedules

September 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

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

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

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Miami, FL 33130

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, the discretely presented component unit, and the fiduciary activities of the Public Health Trust of Miami-Dade County, Florida, a department of Miami-Dade County (the Trust), as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the fiduciary activities of the Trust as of September 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of Jackson Memorial Foundation, Inc., which represents 100% of the discretely presented component unit as of and for the years ended September 30, 2023 and 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for Jackson Memorial Foundation, Inc., are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Jackson Memorial Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matters

As discussed in Note 1 to the basic financial statements, the financial statements of the Trust are intended to present the financial position, the changes in financial position, and, where applicable, the cash flows of only that portion of the business-type activities, the discretely presented component unit, and the fiduciary activities of Miami-Dade County that are 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, 2023 and 2022, the changes in its financial position, or, where applicable, its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.



As discussed in Note 2 to the basic financial statements, in fiscal year 2023, the Trust adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, Florida Retirement System (FRS) pension information – schedules of employer contributions and schedules of employer proportionate share of net pension liability and related ratios, Supplemental Health Insurance Subsidy pension information – schedules of employer contributions and schedules of employer proportionate share of net pension liability and related ratios, 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, and postemployment benefits other than pensions – schedules of changes in the Trust's total OPEB liability and related ratios, and notes to required supplementary information – methods and assumptions for FRS, HIS, PHT Pension and OPEB, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of



the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Trust's basic financial statements. The schedules by account are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2024 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

Miami, Florida
February 9, 2024

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Management's Discussion and Analysis

September 30, 2023 and 2022

(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, 2023, 2022 and 2021. 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 seven hospitals: Jackson Memorial Hospital, Holtz Children's Hospital, Jackson South Medical Center, Jackson North Medical Center, Jackson West Medical Center, Christine E. Lynn Rehabilitation Center, 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, and Dr. Rafael Penalver clinic; as well as multiple specialty care centers; corrections health services for Miami-Dade County; and six urgent care centers, UCC Country Walk, UCC Cutler Bay, UCC Keystone Point, UCC Doral, UCC North Dade, and UCC Coral Gables. At September 30, 2023, the Trust operates a total of 2,255 licensed hospital beds and 343 licensed nursing home beds.

Jackson Memorial Hospital, Christine E. Lynn Rehabilitation Center, Holtz Children's Hospital, Jackson North Medical Center, and Jackson South Medical Center and Jackson West 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, Florida (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 requiring notification were met. The Public Health Trust is overseen by a seven-member board of trustees 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, 2023 and 2022

(Unaudited)

Condensed statements of net position as of September 30, 2023 and 2022 are presented below:

Condensed Summary of Net Position – Trust
September 30, 2023 and 2022

	2023	2022 (Restated)	2023 vs. 2022	
Assets:				
Current assets	\$ 1,262,510,175	1,165,176,873	97,333,302	8 %
Capital assets, net	1,311,765,039	1,295,800,661	15,964,378	1
Other assets	133,139,540	128,276,995	4,862,545	4
Total assets	\$ 2,707,414,754	2,589,254,529	118,160,225	5
Deferred outflows of resources:				
Loss on bond refunding	\$ 4,601,610	4,895,330	(293,720)	(6)
Pension	197,189,403	230,031,444	(32,842,041)	(14)
Other postemployment benefits	17,434,044	18,938,706	(1,504,662)	(8)
Total deferred outflows of resources	\$ 219,225,057	253,865,480	(34,640,423)	(14)
Liabilities:				
Current liabilities	\$ 740,805,159	722,290,900	18,514,259	3 %
Long-term debt	236,894,640	250,241,796	(13,347,156)	(5)
Net pension liability	303,533,958	307,658,257	(4,124,299)	(1)
Total other postemployment benefits liability	50,253,550	47,364,349	2,889,201	6
Other liabilities	257,502,135	207,685,170	49,816,965	24
Total liabilities	\$ 1,588,989,442	1,535,240,472	53,748,970	4
Deferred inflows of resources:				
Gain on bond refunding	\$ 1,688,024	1,810,789	(122,765)	(7)%
Pension	49,567,493	40,543,240	9,024,253	22
Other postemployment benefits	19,355,199	20,625,957	(1,270,758)	(6)
Leases	66,623,856	70,170,130	(3,546,274)	(5)
Total deferred inflows of resources	\$ 137,234,572	133,150,116	4,084,456	3
Net position:				
Net investment in capital assets	\$ 1,091,659,869	1,038,264,335	53,395,534	5 %
Restricted	120,009,472	114,652,886	5,356,586	5
Unrestricted (deficit)	(11,253,544)	21,812,200	(33,065,744)	(152)
Total net position	\$ 1,200,415,797	1,174,729,421	25,686,376	2

As a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96 during 2023, the information presented for 2022 has been restated to conform to the new accounting standard.

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

Management's Discussion and Analysis

September 30, 2023 and 2022

(Unaudited)

Condensed statements of net position as of September 30, 2022 and 2021 are presented below:

Condensed Summary of Net Position – Trust
September 30, 2022 and 2021

	2022	2021	2022 vs. 2021	
	(Restated)	(Restated)		
Assets:				
Current assets	\$ 1,165,176,873	1,026,322,627	138,854,246	14 %
Capital assets, net	1,295,800,661	1,259,376,739	36,423,922	3
Other assets	<u>128,276,995</u>	<u>128,809,936</u>	<u>(532,941)</u>	—
Total assets	<u>\$ 2,589,254,529</u>	<u>2,414,509,302</u>	<u>174,745,227</u>	7
Deferred outflows of resources:				
Loss on bond refunding	\$ 4,895,330	5,189,050	(293,720)	(6)
Pension	230,031,444	95,568,469	134,462,975	141
Other postemployment benefits	<u>18,938,706</u>	<u>19,161,996</u>	<u>(223,290)</u>	(1)
Total deferred outflows of resources	<u>\$ 253,865,480</u>	<u>119,919,515</u>	<u>133,945,965</u>	112
Liabilities:				
Current liabilities	\$ 722,290,900	644,325,486	77,965,414	12 %
Long-term debt	250,241,796	263,130,207	(12,888,411)	(5)
Net pension liability	307,658,257	3,258,734	304,399,523	9,341
Total other postemployment benefits liability	47,364,349	48,103,340	(738,991)	(2)
Other liabilities	<u>207,685,170</u>	<u>238,704,293</u>	<u>(31,019,123)</u>	(13)
Total liabilities	<u>\$ 1,535,240,472</u>	<u>1,197,522,060</u>	<u>337,718,412</u>	28
Deferred inflows of resources:				
Gain on bond refunding	\$ 1,810,789	1,747,504	63,285	4 %
Pension	40,543,240	193,046,928	(152,503,688)	(79)
Other postemployment benefits	20,625,957	15,980,617	4,645,340	29
Leases	<u>70,170,130</u>	<u>74,188,842</u>	<u>(4,018,712)</u>	(5)
Total deferred inflows of resources	<u>\$ 133,150,116</u>	<u>284,963,891</u>	<u>(151,813,775)</u>	(53)
Net position:				
Net investment in capital assets	\$ 1,038,264,335	1,013,986,489	24,277,846	2 %
Restricted	114,652,886	110,079,840	4,573,046	4
Unrestricted (deficit)	<u>21,812,200</u>	<u>(72,123,463)</u>	<u>93,935,663</u>	(130)
Total net position	<u>\$ 1,174,729,421</u>	<u>1,051,942,866</u>	<u>122,786,555</u>	12

As a result of the implementation of GASB Statement No. 96 during 2023, the information presented for 2022 has been restated to conform to the new accounting standard. The 2021 amounts were not restated to reflect the adoption of GASB Statement No. 96. As a result of the implementation of GASB Statement No. 87 during fiscal year 2022, the information presented for 2021 has been restated to conform to that new accounting standard.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Management's Discussion and Analysis

September 30, 2023 and 2022

(Unaudited)

Total assets increased by approximately \$118.2 million primarily due to an increase in current assets of approximately \$97.3 million and an increase in Capital assets, net of approximately \$16.0 million at September 30, 2023 compared to September 30, 2022. The increase in current assets was primarily due to an increase in due from Miami-Dade County of approximately \$46.1 million, an increase in accounts receivable, net, of approximately \$22.0 million and an increase in cash and cash equivalents of approximately \$16.2 million. The increase in Capital assets, net was due to the completion of two large construction projects.

Day's unrestricted cash on hand was approximately 56 days at September 2023 as compared to 58 days at September 2022. Days net in accounts receivable was approximately 57 days at September 2023 as compared to 55 days at September 2022.

At September 30, 2023 and 2022, respectively, the Trust recorded deferred outflows of approximately \$197.2 million and \$230.0 million, and deferred inflows of approximately \$49.6 million and \$40.5 million, 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*.

At September 30, 2023 and 2022, the Trust recorded approximately \$19.4 million and \$20.6 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*. At September 30, 2023 and 2022, the Trust recorded approximately \$17.4 million and \$18.9 million, respectively, of deferred outflows related to OPEB in accordance with GASB Statement No. 75.

Total liabilities increased by approximately \$53.7 million primarily due to an increase to third party liabilities of approximately \$77.6 million resulting from the Centers for Medicare and Medicaid Low Income Pool settlement.

The Series 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 30 2023, the Trust was in compliance with the debt service ratio covenant and other covenants contained in the Ordinance.

The Trust reported an increase in net position of approximately \$25.7 million for the year ended September 30, 2023. The increase consisted of \$809.6 million from operating loss offset by \$17.7 million in capital contributions from Miami-Dade County related to the PHT-GOB 2015 Bond, and \$817.6 million from nonoperating revenues, net, of which, \$394.7 million were in sales tax revenues, and \$263.5 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, 2023 and 2022

(Unaudited)

Total assets increased by approximately \$174.7 million during 2022 primarily due to an increase in current assets of approximately \$138.9 million at September 30, 2022 compared to September 30, 2021. The increase in current assets was due to an increase in sales tax revenue of approximately \$75.9 million in 2022 compared to 2021. Other increases to current assets included approximately \$21.5 million in Receivable from Medicaid and approximately \$15.8 million in the Governmental Money Market cash account.

Day's unrestricted cash on hand was approximately 58 days at September 2022 as compared to 53 days at September 2021. Days net in accounts receivable was approximately 55 days at September 2022 as compared to 54 days at September 2021.

At September 30, 2022 and 2021, respectively, the Trust recorded in deferred outflows, approximately \$230.0 million and \$95.6 million, and in deferred inflows, approximately \$40.5 million and \$193.0 million, 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*.

At September 30, 2022 and 2021, respectively, the Trust recorded approximately \$20.6 million and \$16.0 million, 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*. At September 30, 2022 and 2021, respectively, the Trust recorded approximately \$18.9 million and \$19.2 million, of deferred outflows related to OPEB in accordance with GASB Statement No. 75.

Total liabilities increased by approximately \$337.7 million during 2022 primarily due to an increase in net pension liability of approximately \$304.4 million at 2022 compared to 2021. The large increase in net pension liability was due to the fair market value decrease of the investments held in the pension funds from September 30, 2021 to September 30, 2022.

At September 30, 2022, the Trust was in compliance with the debt service ratio covenant and other covenants contained in the Ordinance.

The Trust reported an increase in net position of approximately \$122.8 million for the year ended September 30, 2022. The net increase consisted of \$688.7 million from operating loss offset by \$36.8 million in capital contributions from Miami-Dade County related to the PHT-GOB 2015 Bond, and \$774.7 million from nonoperating revenues, net, of which, \$386.7 million were in sales tax revenues, and \$237.7 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, 2023 and 2022

(Unaudited)

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

Years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022 (Restated)</u>	<u>2023 vs. 2022</u>	
Operating revenues:				
Net patient service revenue	\$ 1,603,437,608	1,524,647,115	78,790,493	5 %
Other revenue	394,813,472	436,196,979	(41,383,507)	(9)
Grants and other	23,933,694	25,643,191	(1,709,497)	(7)
Total operating revenues	<u>2,022,184,774</u>	<u>1,986,487,285</u>	<u>35,697,489</u>	2
Operating expenses:				
Salaries and related costs	1,716,994,085	1,631,952,011	85,042,074	5
Contractual and purchased services	503,928,204	453,616,578	50,311,626	11
Supplies and other	464,902,780	451,403,953	13,498,827	3
PMATF (1)	19,441,434	17,535,263	1,906,171	11
Depreciation and amortization	126,531,397	120,711,383	5,820,014	5
Total operating expenses	<u>2,831,797,900</u>	<u>2,675,219,188</u>	<u>156,578,712</u>	6
Operating loss	<u>(809,613,126)</u>	<u>(688,731,903)</u>	<u>(120,881,223)</u>	18
Nonoperating revenues (expenses):				
Miami-Dade County funding	263,532,000	237,687,000	25,845,000	11
Sales tax revenue	394,661,494	386,729,832	7,931,662	2
Investment income	4,246,627	853,641	3,392,986	397
Interest expense	(13,478,371)	(14,207,538)	729,167	(5)
Other income	168,633,373	163,634,716	4,998,657	3
Total nonoperating revenues, net	<u>817,595,123</u>	<u>774,697,651</u>	<u>42,897,472</u>	6
Income before capital contributions	7,981,997	85,965,748	(77,983,751)	(91)
Capital contributions	<u>17,704,379</u>	<u>36,820,807</u>	<u>(19,116,428)</u>	(52)
Change in net position	25,686,376	122,786,555	(97,100,179)	(79)
Net position, beginning of year	<u>1,174,729,421</u>	<u>1,051,942,866</u>	<u>122,786,555</u>	12
Net position, end of year	<u>\$ 1,200,415,797</u>	<u>1,174,729,421</u>	<u>25,686,376</u>	2

- (1) Public Medical Assistance Trust Fund assessment
As a result of the implementation of GASB Statement No. 96 during 2023, the information presented for 2022 has been restated to conform to the new accounting standard.

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(Unaudited)

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

Years ended September 30, 2022 and 2021

	2022	2021	2022 vs. 2021	
	(Restated)	(Restated)		
Operating revenues:				
Net patient service revenue	\$ 1,524,647,115	1,367,702,170	156,944,945	11 %
Other revenue	436,196,979	313,534,308	122,662,671	39
Grants and other	25,643,191	75,801,362	(50,158,171)	(66)
Total operating revenues	<u>1,986,487,285</u>	<u>1,757,037,840</u>	<u>229,449,445</u>	13
Operating expenses:				
Salaries and related costs	1,631,952,011	1,323,877,798	308,074,213	23
Contractual and purchased services	453,616,578	427,944,454	25,672,124	6
Supplies and other	451,403,953	402,497,643	48,906,310	12
PMATF(1)	17,535,263	16,459,061	1,076,202	7
Depreciation and amortization	120,711,383	105,060,906	15,650,477	15
Total operating expenses	<u>2,675,219,188</u>	<u>2,275,839,862</u>	<u>399,379,326</u>	18
Operating loss	<u>(688,731,903)</u>	<u>(518,802,022)</u>	<u>(169,929,881)</u>	33
Nonoperating revenues (expenses):				
Miami-Dade County funding	237,687,000	222,563,000	15,124,000	7
Sales tax revenue	386,729,832	310,865,699	75,864,133	24
Investment income	853,641	613,249	240,392	39
Interest expense	(14,207,538)	(12,225,070)	(1,982,468)	16
Other income	163,634,716	76,673,436	86,961,280	113
Total nonoperating revenues, net	<u>774,697,651</u>	<u>598,490,314</u>	<u>176,207,337</u>	29
Income before capital contributions	85,965,748	79,688,292	6,277,456	8
Capital contributions	<u>36,820,807</u>	<u>84,813,556</u>	<u>(47,992,749)</u>	(57)
Change in net position	122,786,555	164,501,848	(41,715,293)	(25)
Net position, beginning of year	<u>1,051,942,866</u>	<u>887,441,018</u>	<u>164,501,848</u>	19
Net position, end of year	<u>\$ 1,174,729,421</u>	<u>1,051,942,866</u>	<u>122,786,555</u>	12

(1) Public Medical Assistance Trust Fund assessment

As a result of the implementation of GASB Statement No. 96 during 2023, the information presented for 2022 has been restated to conform to the new accounting standard. The 2021 amounts were not restated to reflect the adoption of GASB Statement No. 96. As a result of the implementation of GASB Statement No. 87 during fiscal year 2022, the information presented for 2021 has been restated to conform to the new accounting standard.

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Net Patient Service Revenue

Net patient service revenue for the fiscal years ended September 30, 2023 and 2022 was approximately \$1,603.4 million and \$1,524.6 million, respectively, an increase of approximately \$78.8 million or 5.2%. The increase in net patient service revenue was due to an improved payor mix, specifically an increase in Managed Care of 24.8%. There was also a noticeable increase in total Emergency Department visits, surgical cases and deliveries.

Net patient service revenue for the fiscal years ended September 30, 2022 and 2021 was approximately \$1,524.6 million and \$1,367.7 million, respectively, an increase of approximately \$156.9 million or 11.5%. The increase in net patient service revenue was due to an improved payor mix as well as an increase in organ transplants and other surgeries. The most significant improvements in payor mix included a 5.0% increase in Medicare Managed Care and a 6.5% increase in Managed Care. The Trust's surgeries for fiscal 2022 were 26,502 cases, 3,163 more cases than the prior year.

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, reimbursement 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 of the beneficiary population into Medicaid Managed Care. These types of payor mix changes have caused an adverse effect by decreasing the net patient service 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>2023</u>	<u>2022</u>	<u>2021</u>
Medicare	11.3 %	12.0 %	12.2 %
Medicare Managed care	23.9	23.1	22.0
Medicaid	4.3	5.3	4.8
Medicaid Managed care	18.1	19.6	19.6
Medicaid pending	6.0	6.7	8.9
Commercial insurance	1.5	1.6	1.6
Managed care	20.6	16.5	15.5
Self-pay and other	14.3	15.2	15.4
	<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 2023 was 11.3%, which was lower than the fiscal year 2022 percentage of 12.0%. Medicare fee for service patient days as a percentage of total in fiscal year 2022 were 12.0%, which was a decrease from the fiscal year 2021 percentage of 12.2%.

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 Direct Payment Program (DPP), Low Income Pool (LIP) and Public Hospital Payment (PHP) payments. The federal government distributes federal Medicaid DPP, LIP and PHP 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, 2023, 2022 and 2021 Medicaid Pending represents 6.0%, 6.7% and 8.9% respectively, of the overall payer mix based on patient days.

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 an increase in both outpatient observation cases and in inpatient utilization during 2023.

	Fiscal years ended September 30		
	2023	2022	2021
Inpatient services:			
Number of beds – licensed:			
Jackson Memorial Hospital	1,513	1,488	1,547
Jackson South Medical Center	262	262	262
Jackson North Medical Center	382	382	382
Jackson West Medical Center	98	98	98
Nursing Homes	343	343	343
Total	<u>2,598</u>	<u>2,573</u>	<u>2,632</u>
Hospital admissions (excluding newborn):			
Jackson Memorial Hospital	40,291	38,294	37,521
Jackson South Medical Center	11,585	12,092	12,313
Jackson North Medical Center	10,682	10,910	9,573
Jackson West Medical Center	4,998	3,640	340
Total	<u>67,556</u>	<u>64,936</u>	<u>59,747</u>
Observation cases:			
Jackson Memorial Hospital	23,187	21,019	14,841
Jackson South Medical Center	8,691	8,456	7,505
Jackson North Medical Center	11,700	8,306	5,073
Jackson West Medical Center	6,418	4,742	476
Total	<u>49,996</u>	<u>42,523</u>	<u>27,895</u>

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

	Fiscal years ended September 30		
	2023	2022	2021
Inpatient services:			
Average daily census (excluding newborn):			
Jackson Memorial Hospital	903	924	917
Jackson South Medical Center	171	184	174
Jackson North Medical Center	178	181	174
Jackson West Medical Center	51	40	5
Total	1,303	1,329	1,270
Total surgical cases:			
Jackson Memorial Hospital	16,572	15,780	15,296
Jackson South Medical Center	5,350	5,459	5,457
Jackson North Medical Center	3,255	2,856	2,450
Jackson West Medical Center	3,468	2,407	136
Total	28,645	26,502	23,339
Organ transplants (includes kidney, liver, heart, lung, pancreas, and multiorgan)			
	670	660	625
Outpatient services:			
Visits to emergency services (adults and pediatric):			
Jackson Memorial Hospital	129,116	120,722	110,005
Jackson Memorial Hospital Trauma	4,659	4,649	4,203
Jackson South Medical Center	45,279	41,344	37,888
Jackson North Medical Center	63,396	53,423	42,341
Jackson West Medical Center	36,085	27,229	2,729
Total	278,535	247,367	197,166

Other Revenue

Other revenue decreased by \$41.4 million for fiscal year ended September 30, 2023 compared to 2022 and increased by \$122.7 million for fiscal year ended September 30, 2022 compared to 2021. Other revenue

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consists of Directed Payment Program (DPP), Public Hospital Payment (PHP), low income pool revenue (LIP), specialty pharmacy, house staff reimbursements and outpatient physician billing. The decrease in other revenue as of September 30, 2023 compared to the prior year is mainly attributed to the recognition of the Centers for Medicare and Medicaid Low Income pool settlement of approximately \$77.6 million offset by increases in specialty pharmacy revenue of approximately \$22.1 million, physician billing-related reimbursements of approximately \$3.5 million and interest income from bank deposits of approximately \$2.2 million.

Total Operating Expenses

For the fiscal years ended September 30, 2023, 2022 and 2021, total operating expenses were \$2,831.8 million, \$2,675.2 million and \$2,275.8 million, respectively. Operating costs as a percentage of operating revenue for the fiscal years ended September 30, 2023, 2022 and 2021:

	Fiscal years ended September 30		
	2023	2022	2021
Operating expenses:			
Salaries and related costs	84.9 %	82.4 %	75.3 %
Contractual and purchased services	24.9	23.1	24.4
Supplies and other	23.0	22.8	22.9
PMATF	1.0	0.9	0.9
Depreciation and amortization	6.3	5.7	6.0
	<u>140.1 %</u>	<u>134.9 %</u>	<u>129.5 %</u>

Grants and Other

During the year ended September 30, 2023, the Trust no longer recognized grants revenue connected to the US Department of Health and Human Services CARES Act Provider Relief Fund (CARES Act). The Trust fully recognized into grants revenue the funds received from the CARES Act by the year ended September 30, 2022. During the year ended September 30, 2022, the Trust received and recognized into grants revenue approximately \$4.4 million in financial support through the CARES Act.

Salaries and Related Costs

The Trust employed 14,459, 13,782 and 12,887 full-time equivalents (FTE) at September 30, 2023, 2022 and 2021, respectively. The increase relates to several key operating initiatives to align the staffing needs of the organization to address increases in patient volume as well as the needs of the organization during the COVID-19 pandemic. Salaries and related costs were approximately \$1,717.0 million, \$1,632.0 million, and \$1,323.9 million for the fiscal years ended September 30, 2023, 2022 and 2021, respectively. The increase in salaries relates to an increase in FTEs, to continued utilization of temporary staffing agencies, and to the implementation of several pay raises across the system relating to cost of living adjustments, employee recognition, and routine merit increase adjustments. For the year ended September 30, 2023, FTE per adjusted

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occupied bed was 7.61 compared to 7.31 for the prior year. For the year ended September 30, 2022, FTE per adjusted occupied bed was 7.31 compared to 7.51 for the prior year.

Approximately 91% and 90% of the Trust's workforce is represented by Service Employees International Union (SEIU), Government Supervisors Association of Florida (GSAF), or American Federation of State, County, and Municipal Employees (AFSCME) unions at September 30, 2023 and 2022, respectively. 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, 2023, 2022 and 2021 was \$503.9 million, \$453.6 million and \$427.9 million, respectively, an increase of \$50.3 million in 2023 and \$25.7 million in 2022, (11% and 6%, respectively) over the same period in the respective prior year. The principal reason for the increase in contractual and purchased services from fiscal year 2022 to 2023 was increased expenses paid to the University of Miami of approximately \$23.7 million.

Supplies and Other Operating Expenses

Supplies and other operating expenses for the years ended September 30, 2023, 2022 and 2021 was \$464.9 million, \$451.4 million and \$402.5 million, respectively, an increase of \$13.5 million in 2023 and \$48.9 million in 2022, (3% and 12%, respectively) over the same period in the respective prior year.

The Trust experienced a favorable supply expense as a percentage of net patient service revenue in 2023 compared to 2022 and an unfavorable ratio in 2022 compared to 2021. The improvement in the supply expense as a percentage of net patient service revenue in 2023 compared to 2022 was due to an increase in net patient service revenue, despite an unfavorable increase in supplies per adjusted patient day. For the years ended September 30, 2023 and 2022, inflation in unit cost for supplies resulting from supply chain issues post-COVID was the predominant reason for the increase in supply costs per adjusted patient day.

	Fiscal years ended September 30		
	2023	2022	Variance
Supplies and other operating expenses per adjusted patient day	\$ 670	656	14
Supplies and other operating expenses as percentage of net patient service revenue	29.0 %	29.6 %	(0.6)%

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	Fiscal years ended September 30		
	2022	2021	Variance
Supplies and other operating expenses per adjusted patient day	\$ 656	644	12
Supplies and other operating expenses as percentage of net patient service revenue	29.6 %	29.4 %	0.2 %

Capital Assets and Debt Administration

As of September 30, 2023, 2022 and 2021, the Trust had capital assets, net, of \$1,311.8 million, \$1,295.8 million and \$1,259.4 million, respectively. The increase was 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, 2023, 2022 and 2021, the Trust had bonds payable outstanding (net of premiums) of \$233.0 million, \$244.0 million, and \$254.4 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 increased total self-insurance liability by approximately \$2.0 million and \$4.8 million at September 30, 2023 compared to 2022 and at September 30, 2022 compared to 2021, 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, 2023 and 2022

	2023	2022 (Restated)
Current assets:		
Cash and cash equivalents	\$ 411,102,046	405,191,254
Restricted cash and cash equivalents	5,653,870	6,310,607
Restricted short-term investments	8,461,322	8,072,168
Assets limited as to use – cash and investments	173,370,024	162,779,698
Patients' accounts receivable, less allowances for doubtful accounts and contractual adjustments of approximately \$803,905,000 and \$818,357,000 for 2023 and 2022, respectively	249,379,720	227,430,209
Estimated receivables due from other third-party payors	197,389,745	186,124,458
Due from Miami-Dade County	112,467,868	66,409,654
Other receivables – unrestricted	29,278,676	33,964,136
Other receivables – restricted	4,413,248	4,764,622
Supplies	53,391,011	48,584,171
Prepaid expenses and other current assets	17,602,645	15,545,896
Total current assets	<u>1,262,510,175</u>	<u>1,165,176,873</u>
Assets limited as to use – long-term	49,182,893	45,738,440
Restricted long-term cash	10,614,725	—
Restricted long-term investments	25,493,868	35,110,086
Other assets	47,848,054	47,428,469
Capital assets, net	1,311,765,039	1,295,800,661
Total noncurrent assets	<u>1,444,904,579</u>	<u>1,424,077,656</u>
Total assets	<u>\$ 2,707,414,754</u>	<u>2,589,254,529</u>
Deferred outflows of resources:		
Loss on bond refunding	\$ 4,601,610	4,895,330
Pension	197,189,403	230,031,444
Other postemployment benefits	17,434,044	18,938,706
Total deferred outflows of resources	<u>\$ 219,225,057</u>	<u>253,865,480</u>

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Statements of Net Position – Trust

September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u> <u>(Restated)</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 170,860,575	192,662,385
Accrued interest payable	3,779,125	3,960,791
Accrued salaries and payroll taxes withheld	106,238,610	97,306,966
Accrued vacation and sick pay benefits	111,413,858	96,900,924
Refunds due for patient services	8,655,699	8,056,700
Current portion of estimated self-insured liability	6,503,331	7,144,942
Estimated payables due to other third-party payors	211,922,177	199,750,944
Due to Miami-Dade County	15,000,000	13,894,405
Due to University of Miami	18,278,298	19,369,943
Other – unrestricted	71,779,243	67,910,773
Other – restricted	1,932,243	1,630,127
Current portion of total other postemployment benefits liability	2,982,000	2,782,000
Current portion of long-term debt	11,460,000	10,920,000
	<u>740,805,159</u>	<u>722,290,900</u>
Total current liabilities		
Long-term debt, excluding current portion	236,894,640	250,241,796
Estimated self-insured liability, excluding current portion	48,265,152	45,618,081
Net pension liability	303,533,958	307,658,257
Total other postemployment benefits liability	50,253,550	47,364,349
Line of credit	64,656,402	115,367,364
Other	144,580,581	46,699,725
	<u>848,184,283</u>	<u>812,949,572</u>
Total noncurrent liabilities		
Total liabilities	<u>\$ 1,588,989,442</u>	<u>1,535,240,472</u>
Deferred inflows of resources:		
Gain on bond refunding	\$ 1,688,024	1,810,789
Pension	49,567,493	40,543,240
Other postemployment benefits	19,355,199	20,625,957
Leases	66,623,856	70,170,130
	<u>\$ 137,234,572</u>	<u>133,150,116</u>
Total deferred inflows of resources		
Net position:		
Net investment in capital assets	\$ 1,091,659,869	1,038,264,335
Restricted for:		
Debt service	8,461,322	8,072,168
Capital projects	157,983	50,878
Federal and donor programs	111,390,167	106,529,840
Unrestricted (deficit)	<u>(11,253,544)</u>	<u>21,812,200</u>
Total net position (restated, see note 2)	<u>\$ 1,200,415,797</u>	<u>1,174,729,421</u>

See accompanying notes to financial statements.

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

Years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u> <u>(Restated)</u>
Operating revenues:		
Net patient service revenue	\$ 1,603,437,608	1,524,647,115
Other revenue	394,813,472	436,196,979
Grants and other	<u>23,933,694</u>	<u>25,643,191</u>
Total operating revenues	<u>2,022,184,774</u>	<u>1,986,487,285</u>
Operating expenses:		
Salaries and related costs	1,716,994,085	1,631,952,011
Contractual and purchased services	503,928,204	453,616,578
Supplies and other operating expenses	464,902,780	451,403,953
Public Medical Assistance Trust Fund assessment	19,441,434	17,535,263
Depreciation and amortization	<u>126,531,397</u>	<u>120,711,383</u>
Total operating expenses	<u>2,831,797,900</u>	<u>2,675,219,188</u>
Operating loss	<u>(809,613,126)</u>	<u>(688,731,903)</u>
Nonoperating revenues (expenses):		
Miami-Dade County funding	263,532,000	237,687,000
Sales tax revenue	394,661,494	386,729,832
Investment income	4,246,627	853,641
Interest expense	(13,478,371)	(14,207,538)
Other income	<u>168,633,373</u>	<u>163,634,716</u>
Total nonoperating revenues, net	<u>817,595,123</u>	<u>774,697,651</u>
Income before capital contributions	7,981,997	85,965,748
Capital contributions	<u>17,704,379</u>	<u>36,820,807</u>
Increase in net position	25,686,376	122,786,555
Net position, beginning of the year (restated, see note 2)	<u>1,174,729,421</u>	<u>1,051,942,866</u>
Net position, end of the year	\$ <u><u>1,200,415,797</u></u>	\$ <u><u>1,174,729,421</u></u>

See accompanying notes to financial statements.

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

Statements of Cash Flows – Trust

Years ended September 30, 2023 and 2022

	2023	2022 (Restated)
Operating activities:		
Cash received from patients, tenants, and third-party payors	\$ 2,034,530,612	1,967,536,184
Cash payments for interfund services used	(35,075,202)	(37,928,327)
Cash paid to suppliers	(979,299,271)	(927,985,921)
Cash paid to employees for services	(1,651,026,714)	(1,582,552,872)
Net cash used in operating activities	(630,870,575)	(580,930,936)
Noncapital financing activities:		
Funds contributed by Miami-Dade County	263,532,000	237,687,000
Funds contributed from sales tax revenue	348,603,280	402,306,526
Funds contributed by federal, state, and miscellaneous sources	168,633,373	163,634,716
Net cash provided by noncapital financing activities	780,768,653	803,628,242
Capital and related financing activities:		
Principal payments on long-term debt	(10,920,000)	(10,415,000)
Interest paid	(15,376,238)	(16,004,994)
Contribution from Miami-Dade County	17,704,379	36,820,807
Principal payments on leases	(16,467,933)	(15,145,459)
Principal receipts on leases	3,734,441	3,713,863
Purchases of capital assets	(111,362,942)	(118,121,798)
Net (disposal costs) sales of capital assets	(779,917)	509,792
Net cash used in capital and related financing activities	(133,468,210)	(118,642,789)
Investing activities:		
Purchase of investment securities and proceeds from sales and maturities of investments, net	(5,130,581)	(17,589,342)
Realized gains on investments, interest, and dividends.	4,569,493	1,252,747
Net cash used in investing activities	(561,088)	(16,336,595)
Net increase in cash and cash equivalents	15,868,780	87,717,922
Cash and cash equivalents, beginning of year	411,501,861	323,783,939
Cash and cash equivalents, end of year	\$ 427,370,641	411,501,861
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (809,613,126)	(688,731,903)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	126,531,397	120,711,383
(Gain) loss on capital asset disposal	(701,067)	(216,360)
Provision for doubtful accounts	694,545,461	690,839,645
(Increase) decrease in assets:		
Patients – accounts receivables and other receivables	(722,739,633)	(744,590,514)
Supplies	(4,806,840)	2,888,159
Prepaid expenses and other assets	(2,476,334)	(1,304,693)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	15,885,899	49,113,138
Due to Miami-Dade County	1,105,595	(1,181,758)
Due to other third-party payors	12,171,233	336,619
Other current liabilities	2,312,964	21,507,158
Estimated self-insurance liability	2,005,460	4,755,537
Net pension liability and related deferred outflows and deferred inflows	37,741,995	17,432,861
Total other postemployment benefits and related deferred inflows	3,323,105	2,856,639
Net deferred inflows from leases	(5,785,342)	(4,018,712)
Operating line of credit	(49,944,985)	(49,747,636)
Other long-term liabilities	69,573,643	(1,580,499)
Total adjustments	178,742,551	107,800,967
Net cash used in operating activities	\$ (630,870,575)	(580,930,936)
Noncash investing and capital and related financing activities:		
Net increase in the fair value of investments	\$ 322,866	399,102
Decrease (increase) in accruals in construction in progress and project in progress	13,644,132	(4,776,396)
Amortization of bond premium and discount	1,887,156	1,968,411
Amortization of bond deferral refunding	(170,955)	(357,005)
Recognition of lease receivables from new leases	3,718,232	2,042,756
Recognition of deferred inflows from new leases	(2,239,068)	(2,042,756)
Recognition of right-of-use asset from new leases	44,793,857	38,413,167
Recognition of lease liability from new leases	(44,775,144)	(36,733,850)

See accompanying notes to financial statements.

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

Statements of Financial Position – Foundation (Component Unit)

September 30, 2023 and 2022

Assets	2023	2022
Current assets:		
Cash and cash equivalents	\$ 2,935,151	2,337,635
Other current assets	140,522	138,127
Pledges receivable – current portion, net	5,620,272	3,521,231
Total current assets	8,695,945	5,996,993
Pledges receivable less current portion, net	10,780,139	11,998,412
Investments	4,335,431	4,591,619
Property and equipment, net	108,607	218,652
Total assets	\$ 23,920,122	22,805,676
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 212,697	259,643
Bank loan payable	—	90,000
Deferred revenue	112,374	9,019
Total current liabilities	325,071	358,662
Commitments and contingencies		
Net assets:		
Without donor restrictions (deficit)	(3,367,482)	(975,804)
With donor restrictions	26,962,533	23,422,818
Total net assets	23,595,051	22,447,014
Total liabilities and net assets	\$ 23,920,122	22,805,676

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, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues:			
Donations for International Kids Fund program	\$ —	73,429	73,429
Contributions	2,153,946	6,537,416	8,691,362
Contributions of nonfinancial assets	838,299	—	838,299
Special events, net of direct costs totaling \$1,712,963	(383,706)	—	(383,706)
Net public support	2,608,539	6,610,845	9,219,384
Interest income and dividends, net of investment fees	135,913	32,025	167,938
Net realized and unrealized gain (loss) on investments	266,320	103,281	369,601
Total public support and revenues before net assets released from restrictions	3,010,772	6,746,151	9,756,923
Net assets released from restrictions:			
Satisfaction of program restrictions	3,206,436	(3,206,436)	—
Total public support and revenues	6,217,208	3,539,715	9,756,923
Expenses including direct support payments:			
Program services:			
Jackson Health System	3,060,850	—	3,060,850
International Kids Fund	595,823	—	595,823
Other programs	3,018,935	—	3,018,935
Total program services	6,675,608	—	6,675,608
Management and general	908,246	—	908,246
Fund-raising	1,025,032	—	1,025,032
Total expenses including direct support payments	8,608,886	—	8,608,886
Change in net assets	(2,391,678)	3,539,715	1,148,037
Net assets (deficit) at beginning of year	(975,804)	23,422,818	22,447,014
Net assets (deficit) at end of year	\$ (3,367,482)	26,962,533	23,595,051

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, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues:			
Donations for International Kids Fund program	\$ —	189,253	189,253
Contributions	2,526,388	8,598,777	11,125,165
Contributions of nonfinancial assets	340,054	—	340,054
Special events, net of direct costs totaling \$855,068	—	369,277	369,277
Net public support	2,866,442	9,157,307	12,023,749
Interest income and dividends, net of investment fee	108,506	104,865	213,371
Net realized and unrealized gains on investments	(1,015,732)	(548,155)	(1,563,887)
Total public support and revenues before net assets released from restrictions	1,959,216	8,714,017	10,673,233
Net assets released from restrictions:			
Satisfaction of program restrictions	8,173,257	(8,173,257)	—
Total public support and revenues	10,132,473	540,760	10,673,233
Expenses including direct support payments:			
Program services:			
Jackson Health System	4,305,999	—	4,305,999
International Kids Fund	451,082	—	451,082
Other programs	2,211,351	—	2,211,351
Total program services	6,968,432	—	6,968,432
Management and general	966,187	—	966,187
Fund-raising	919,099	—	919,099
Total expenses including direct support payments	8,853,718	—	8,853,718
Change in net assets	1,278,755	540,760	1,819,515
Net assets (deficit) at beginning of year	(2,254,559)	22,882,058	20,627,499
Net assets (deficit) at end of year	\$ (975,804)	23,422,818	22,447,014

See accompanying notes to financial statements.

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

Statements of Fiduciary Net Position – Pension Trust Fund
September 30, 2023 and 2022

	2023	2022
Assets:		
Cash	\$ 22,187,561	13,233,834
Investments:		
Domestic:		
Mutual funds	74,501,383	74,094,333
Equities	537,623,034	494,997,219
Corporate debt securities	47,672,880	43,866,438
U.S. government securities	12,493,543	11,882,707
Total domestic investments	672,290,840	624,840,697
International:		
Mutual funds	55,634,535	42,170,423
Equities	2,826,973	6,231,029
Corporate debt securities	4,645,301	5,440,964
Total international investments	63,106,809	53,842,416
Commingled funds – equity	108,473,937	46,738,539
Real estate	103,750,216	108,101,123
Commingled funds – fixed income	81,373,083	70,147,006
Total assets	1,051,182,446	916,903,615
Net position held in trust for employees’ pension benefits	\$ 1,051,182,446	916,903,615

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, 2023 and 2022

	2023	2022
Net position held for employees' pension benefits:		
Additions:		
Employer contributions	\$ 35,079,513	32,680,211
Employee contributions	30,457,662	27,292,997
Total contributions	65,537,175	59,973,208
Investment income:		
Interest income	12,846,582	3,890,675
Dividends	5,274,213	5,876,842
Net realized and unrealized gains (losses) on pension trust fund investments	97,451,489	(191,531,330)
Total investment gain (loss)	115,572,284	(181,763,813)
Less investment expense:		
Investment managers and custodial fees	(37,680)	(17,193)
Net investment gain (loss)	115,534,604	(181,781,006)
Total additions (subtractions)	181,071,779	(121,807,798)
Deductions:		
Participants benefit expense	45,094,399	42,473,305
Administrative expenses	1,698,549	1,976,325
	46,792,948	44,449,630
Net increase (decrease) in net position held in trust for employees' pension benefits	134,278,831	(166,257,428)
Net position held in trust for employee's pension benefits, at beginning of year	916,903,615	1,083,161,043
Net position held in trust for employee's pension benefits, at end of year	\$ 1,051,182,446	916,903,615

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, 2023 and 2022

(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 seven hospitals: Jackson Memorial Hospital, Holtz Children’s Hospital, Jackson South Medical Center, Jackson North Medical Center, Jackson West Medical Center, Christine E. Lynn Rehabilitation Center, 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, and Dr. Rafael Penalver Center; six urgent care centers, UCC Country Walk, UCC Cutler Bay, UCC Keystone Point, UCC Doral, UCC North Dade and UCC Coral Gables; as well as multiple specialty care centers, and the corrections health services for Miami-Dade County. At September 30, 2023, the Trust operated 2,255 licensed hospital beds, and 343 licensed nursing home beds.

Jackson Memorial Hospital, Christine E. Lynn Rehabilitation Center, Holtz Children’s Hospital, Jackson North Medical Center, Jackson South Medical and Jackson West 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, Florida (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 requiring notification were met. The Trust is overseen by a seven-member board of trustees 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 U.S. generally accepted accounting principles (U.S. GAAP). Transactions between entities that comprise the Trust are eliminated in the accompanying financial statements. Separately issued 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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Notes to Financial Statements

September 30, 2023 and 2022

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 governing 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 is 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 years ended September 30, 2023 and 2022, the Foundation distributed approximately \$2,346,000 and \$6,559,000, 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 1400 NW N River Drive, 10th Floor, Suite 5017, Miami, Florida 33125.

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

For purposes of measuring the Total Postemployment Benefits Other than Pensions (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 OPEB Plan) and additions to and deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB 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.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
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Notes to Financial Statements

September 30, 2023 and 2022

(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 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 and the County. 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 an individual 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.

Depreciation is provided for using the half-year convention for the first and final years 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>Useful life</u>
Land improvements	2–25 years
Buildings	5–40 years
Fixed equipment	5–20 years
Movable equipment	3–20 years

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Notes to Financial Statements

September 30, 2023 and 2022

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 for the years ended September 30, 2023 and 2022.

(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.

(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.”

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

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Notes to Financial Statements

September 30, 2023 and 2022

(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, 2023 and 2022, deferred outflows of resources represent deferred charge on debt 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, 2023 and 2022, deferred inflows of resources represent deferred gain on debt refunding, pension related items, other postemployment benefits, and leases.

(n) Classification of Revenues and Expenses

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

(o) Net Patient Service Revenue

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

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in the year of final settlement as an adjustment to net patient service revenue in that year's statement of revenues, expenses, and changes in net position. Final settlements under these programs are subject to administrative review and audit by third-party payors. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenues related to prior periods increased net patient service revenue by approximately \$28,098,000 and \$8,264,000, respectively, for the years ended September 30, 2023 and 2022. 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

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

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Notes to Financial Statements

September 30, 2023 and 2022

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 Direct Payment Program (DPP) revenue, Public Hospital Payment (PHP) revenue, Low Income Pool (LIP) revenue, parking, rent, pharmacy, house staff salary reimbursements and miscellaneous billing and is recognized when earned. Adjustments related to prior periods decreased other revenue by approximately \$77,553,000 for the year ended September 30, 2023.

On September 28, 2023, the Trust entered into a settlement agreement with the Florida Agency for Health Care Administration (AHCA) to fully settle and resolve the recoupment claim for Medicaid funds in connection with Low-Income Pool (LIP). Under the term of the settlement, the Trust agreed to make payments to AHCA totaling approximately \$122,840,000, payable in five equal annual installments. The Trust paid the first installment in September 2023 of approximately \$24,568,000 plus interest of approximately \$4,825,000 and recorded a liability of approximately \$98,272,000 for the remaining balance of the settlement.

(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*

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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.

(i) *Contributions*

Contributions received or made, including promises to give or pledges, are recognized at fair value in the period in which they are received or made.

Contributions received, including unconditional promises to give, are recognized as revenues when the donor's commitment is received. Conditional promises are recorded when barriers to entitlement are overcome and right of return to the donor no longer exists. 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, 2023 and 2022, two donors and one donor accounted for approximately 22% and 41%, respectively, of the Foundation total public support.

(ii) *In-Kind Revenue and Expense*

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.

The Foundation leases office space from the Trust with annual rent of \$1. The donated use of facilities is recorded at fair value.

(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.

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(v) *Pledges Receivable*

Pledges receivable, less a provision 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.

Two donors accounted for 63% and 68% of pledges receivable at September 30, 2023 and 2022, respectively.

(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 May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This pronouncement has no impact on the Trust's financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, such IBORS were expected to cease to exist in their current form, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate, or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for all reporting periods ending after December 31, 2021. This pronouncement has no impact on the Trust's financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements

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(PPPs). As PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services over a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for all fiscal years beginning after June 15, 2022. This pronouncement has no impact on the Trust's financial statements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This Statement updates and clarifies the criteria for certain employee benefit plans with regards to whether or not they should be classified as component units of the government, as well as accounting and financial reporting elements guidance for the plans. This Statement is effective for all reporting periods beginning after June 15, 2021. This pronouncement has no impact on the Trust's financial statements.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term "annual comprehensive financial report" and its acronym "ACFR." That new term and acronym replace instances of "comprehensive annual financial report" and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promote inclusiveness. This Statement does not modify any previous accounting or financial reporting guidance and therefore there is no impact on the form or information presented on the Trust's financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to PPPs and SBITAs are effective for fiscal years beginning after June 15, 2022. The requirements related to financial guarantees, as well as the classification and reporting of derivative instruments within the scope of Statement 53 are effective for all fiscal years beginning after June 15, 2023. The objectives of this statement are to enhance comparability in financial reporting and to improve the consistency of authoritative literature. The Trust is evaluating the impact of this Statement.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or accessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in all fiscal years beginning after June 15, 2023. The Trust is evaluating the impact of this Statement.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the

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recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for all fiscal years beginning after December 15, 2023. The Trust is evaluating the impact of this Statement.

(2) Impact of Adoption of New Accounting Pronouncements

The Trust implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96) in fiscal year 2023. This Statement requires recognition of assets and liabilities for SBITA agreements previously recognized as expenses, based on the provisions of the agreement with the software vendor.

The following schedule reflects the impact of adoption of GASB 96, as it relates to the year ended September 30, 2023:

Net position – beginning of period, as previously reported	\$ 1,172,863,526
Adoption of Statement No 96	<u>1,865,895</u>
Net position – beginning of period, as restated	<u>\$ 1,174,729,421</u>

The Trust implemented GASB Statement No. 87, *Leases* (GASB 87) in fiscal year 2022. This Statement requires recognition of assets and deferred outflows of resources and liabilities and deferred inflows of resources for leases previously classified as operating or capital leases, based on the provisions of the contract.

The following schedule reflects the impact of adaption of GASB 87, as it relates to the year ended September 30, 2022:

Net position – beginning of period, as previously reported	\$ 1,052,031,664
Adoption of Statement No 87	<u>(88,798)</u>
Net position – beginning of period, as restated	<u>\$ 1,051,942,866</u>

(3) Financial Condition

The Trust's net position increased approximately \$25,686,000 and \$122,787,000, respectively, during fiscal years 2023 and 2022, and at September 30, 2023 and 2022, the Trust had a working capital surplus of approximately \$521,705,000 and \$442,886,000, respectively. Day's cash on hand was approximately 55 days and 58 days at September 30, 2023 and 2022, 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 both ad valorem and non-ad valorem taxes, while the level of sales tax revenue is dependent on general economic conditions.

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(4) Cash, Cash Equivalents, and Investments

At September 30, 2023 and 2022, cash, cash equivalents, and investments, including restricted cash and investments and assets limited as to use, at fair value included the following:

	<u>2023</u>	<u>2022</u>
Pooled, cash and investments with Miami-Dade County, Florida	\$ 33,955,190	32,567,529
Cash and cash equivalents and investments	<u>649,923,558</u>	<u>630,634,724</u>
Total cash, cash equivalents, and investments	<u>\$ 683,878,748</u>	<u>663,202,253</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 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, 2023 and 2022, 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 \$473,745,000 and \$464,409,000, respectively, at September 30, 2023 and 2022.

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At September 30, 2023 and 2022, the Trust had other investments of approximately \$176,178,000 and \$166,226,000, 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, 2023 and 2022 is set forth in the following table. Investments are stated at fair value based on quoted market prices.

	<u>2023</u>	<u>2022</u>
Assets limited as to use – cash and investments:		
By board for agreements with third party payors and the County	\$ 167,330,143	155,887,656
By board for self-insurance program	55,119,662	52,546,219
By board for other needs	<u>103,112</u>	<u>84,263</u>
Total assets limited as to use	222,552,917	208,518,138
Less current portion	<u>(173,370,024)</u>	<u>(162,779,698)</u>
	<u>\$ 49,182,893</u>	<u>45,738,440</u>

(b) Restricted Investments

At September 30, 2023 and 2022, approximately \$33,955,000 and \$32,568,000, 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;

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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 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.

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(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 40% and 39%, respectively, of the Trust's patient service revenue was derived from services rendered to patients under the Medicare program during fiscal years 2023 and 2022. 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, 2018. The Trust has filed Medicare cost reports through September 30, 2022. Estimated provisions, if any, have been made for all years through September 30, 2023 and have been reflected in the accompanying financial Statements.

Medicaid and Medicaid Managed Care – Approximately 13% and 14%, respectively, of the Trust's patient service revenue was derived from services rendered to patients under the Medicaid program for fiscal years 2023 and 2022. Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed prospectively for covered services on the basis of historical cost as determined under regulations of the Medicaid program. Effective with admissions on or after July 1, 2013, the Medicaid program changed the reimbursement for inpatient stays to a DRG-based methodology. On July 1, 2017, Medicaid Outpatient converted to EAPG (Enhanced Ambulatory Patient Grouping) payment. The Trust is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Trust and audits thereof by the Medicaid fiscal intermediary. The Trust's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 2010. Estimated provisions, if any, have been made for years through September 30, 2023 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 13% and 14% in patient service revenue in fiscal years 2023 and 2022, respectively, is a combination of 4% and 4%, respectively, Medicaid and 9% and 10%, respectively, Managed Care Medicaid.

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Other – Approximately 44% and 43%, respectively, of the Trust’s patient service revenue was derived from services rendered under various other provider agreements during fiscal years 2023 and 2022. The Trust has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to the Trust under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. The remaining 3% and 4% of the Trust’s patient service revenue for fiscal years 2023 and 2022, respectively, 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, 2023 and 2022:

	2023	2022
Patient service revenue:		
Inpatient services	\$ 4,797,385,310	4,663,025,953
Ambulatory services	2,126,184,034	1,875,324,213
Total gross patient charges	6,923,569,344	6,538,350,166
Provision for doubtful accounts	(694,545,461)	(690,839,645)
Contractual adjustments	(4,625,586,275)	(4,322,863,406)
Total deductions	(5,320,131,736)	(5,013,703,051)
Net patient service revenue	\$ 1,603,437,608	1,524,647,115

The charity care revenue forgone at September 30, 2023 and 2022 totaled approximately \$165,207,000 and \$156,212,000, respectively.

(6) Concentration of Credit Risk

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

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The mix of receivables from patients and third-party payors based on gross patient charges (exclusive of charity care) at September 30, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Medicaid	14 %	13 %
Medicare	6	6
Patients	25	23
Managed care	49	50
Commercial	6	8
	<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.

(7) Transactions with the County

Under the terms of the operating agreement between the County and the Trust (the Agreement), the County funded the Trust \$263,532,000 and \$237,687,000 in 2023 and 2022, 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 2023 and 2022 amounted to approximately \$2,492,000 and \$3,543,000, respectively. These services are billed at cost. At September 30, 2023 and 2022, the Trust's accumulated payables to the County for these and other services were approximately \$33,000 and \$67,000, respectively, which is included in due to Miami-Dade County in the accompanying statements of net position.

Amounts due to Miami-Dade County in the accompanying statements of net position at September 30, 2023 and 2022 totaled \$15,000,000 and \$13,894,000, respectively, due to the County including the partial funding of the County's obligation to the State of Florida under the Medicaid program as set forth in the Agreement.

As of September 30, 2023 and 2022, the Trust recorded a receivable from the County of approximately \$112,468,000 and \$66,410,000, respectively, as due from Miami-Dade County in the accompanying statements of net position for sales taxes receivable.

In November 2013, voters of Miami Dade County, Florida approved a referendum for the issuance of General Obligation Bonds (PHT-GOB) for \$830 million. The PHT-GOB is a general obligation of the County

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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 construction of new hospitals. During the years ended September 30, 2023 and 2022, the Trust recorded approximately \$17,704,000 and \$36,821,000, 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 \$2,484,000 and \$1,479,000 in Cerner and other software installations, \$8,077,000 and \$9,803,000 in equipment purchases, and \$7,143,000 and \$25,539,000 in construction during the years ended September 30, 2023 and 2022, respectively.

(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, 2023 and 2022, the Trust recognized approximately \$394,661,000 and \$386,730,000, 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 of capital assets and the related accumulated depreciation for the years ended September 30, 2023 and 2022 is as follows:

	Balance at September 30, 2022, as restated	Additions	Transfers	Sales, retirement, and adjustments	Balance at September 30, 2023
Land improvements	\$ 83,993,019	—	293,104	—	84,286,123
Buildings	1,507,253,366	279,633	140,298,375	(109,488)	1,647,721,886
Fixed equipment	120,784,710	102,397	5,072,741	2	125,959,850
Movable equipment	738,246,801	21,808,494	6,538,752	(3,118,567)	763,475,480
Depreciable assets	2,450,277,896	22,190,524	152,202,972	(3,228,053)	2,621,443,339
Accumulated depreciation	(1,450,150,529)	(109,851,070)	—	3,211,165	(1,556,790,434)
Net depreciable assets	1,000,127,367	(87,660,546)	152,202,972	(16,888)	1,064,652,905
Land	45,059,655	—	—	—	45,059,655
Construction in progress	190,574,121	66,442,137	(152,202,972)	—	104,813,286
Projects in progress	13,532,836	9,086,149	—	(4)	22,618,981
Tangible capital assets, net	1,249,293,979	(12,132,260)	—	(16,892)	1,237,144,827
ROU assets, net (Note 13)	46,506,682	28,113,530	—	—	74,620,212
Total capital assets, net	\$ 1,295,800,661	15,981,270	—	(16,892)	1,311,765,039

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	Balance at September 30, 2021, as restated	Additions	Transfers	Sales, retirement, and adjustments	Balance at September 30, 2022, as restated
Land improvements	\$ 81,317,429	—	2,675,590	—	83,993,019
Buildings	1,500,769,340	220,698	6,263,328	—	1,507,253,366
Fixed equipment	119,134,698	1,263,381	362,381	24,250	120,784,710
Movable equipment	724,495,296	16,979,818	5,061	(3,233,374)	738,246,801
Depreciable assets	2,425,716,763	18,463,897	9,306,360	(3,209,124)	2,450,277,896
Accumulated depreciation	(1,346,292,053)	(105,631,892)	—	1,773,416	(1,450,150,529)
Net depreciable assets	1,079,424,710	(87,167,995)	9,306,360	(1,435,708)	1,000,127,367
Land	45,059,655	—	—	—	45,059,655
Construction in progress	105,463,158	94,417,323	(9,306,360)	—	190,574,121
Projects in progress	6,246,210	7,376,625	—	(89,999)	13,532,836
Tangible capital assets, net	1,236,193,733	14,625,953	—	(1,525,707)	1,249,293,979
ROU assets, net (Note 13)	23,183,006	23,323,676	—	—	46,506,682
Total capital assets, net	\$ 1,259,376,739	37,949,629	—	(1,525,707)	1,295,800,661

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(10) Long-Term Obligations

Activity with respect to long-term debt and other liabilities for the years ended September 30, 2023 and 2022 was as follows:

	<u>Balance at September 30, 2022, as restated</u>	<u>Additions</u>	<u>Refunding/ reductions</u>	<u>Balance at September 30, 2023</u>	<u>Amount due within one year</u>
Bonds payable	\$ 243,960,000	—	(10,920,000)	233,040,000	11,460,000
Add amounts:					
For issuance premium	17,201,796	—	(1,887,156)	15,314,640	—
Bonds payable, net	<u>261,161,796</u>	<u>—</u>	<u>(12,807,156)</u>	<u>248,354,640</u>	<u>11,460,000</u>
Estimated self-insurance	52,763,023	6,876,451	(4,870,991)	54,768,483	6,503,331
Net pension liability	307,658,257	—	(4,124,299)	303,533,958	—
Total other post employment benefits liability	50,146,349	5,981,738	(2,892,537)	53,235,550	2,982,000
Line of credit	165,568,433	—	(49,944,985)	115,623,448	50,967,046
Lease liabilities (Note 13)	21,646,328	38,764,110	(6,065,009)	54,345,429	6,547,594
SBITA liabilities (Note 13)	23,752,305	6,011,034	(10,402,924)	19,360,415	7,429,203
Other liabilities	12,773,362	124,118,053	(26,194,124)	110,697,291	25,845,757
Other	58,171,995	168,893,197	(42,662,057)	184,403,135	39,822,554
Total long term obligations	<u>\$ 895,469,853</u>	<u>181,751,386</u>	<u>(117,302,025)</u>	<u>959,919,214</u>	<u>111,734,931</u>

	<u>Balance at September 30, 2021, as restated</u>	<u>Additions</u>	<u>Refunding/ reductions</u>	<u>Balance at September 30, 2022, as restated</u>	<u>Amount due within one year</u>
Bonds payable	\$ 254,375,000	—	(10,415,000)	243,960,000	10,920,000
Add amounts:					
For issuance premium	19,170,207	—	(1,968,411)	17,201,796	—
Bonds payable, net	<u>273,545,207</u>	<u>—</u>	<u>(12,383,411)</u>	<u>261,161,796</u>	<u>10,920,000</u>
Estimated self-insurance	48,007,486	16,183,963	(11,428,426)	52,763,023	7,144,942
Net pension liability	3,258,734	304,399,523	—	307,658,257	—
Total other post employment benefits liability	52,158,340	6,837,000	(8,848,991)	50,146,349	2,782,000
Line of credit	200,327,566	—	(34,759,133)	165,568,433	50,201,069
Lease liabilities (Note 13)	23,810,242	3,872,625	(6,036,539)	21,646,328	4,957,234
SBITA liabilities (Note 13)	—	32,861,225	(9,108,920)	23,752,305	6,515,036
Other liabilities	14,343,143	22,664,027	(24,233,808)	12,773,362	—
Other	38,153,385	59,397,877	(39,379,267)	58,171,995	11,472,270
Total long term obligations	<u>\$ 615,450,718</u>	<u>386,818,363</u>	<u>(106,799,228)</u>	<u>895,469,853</u>	<u>82,520,281</u>

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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, maturing on November 1, 2025. At September 30, 2023 and September 30, 2022, PHT had outstanding principal balances of approximately \$115,367,000 and \$165,202,000, respectively, on the line of credit. During the years ended September 30, 2023 and September 30, 2022, accrued interest on the line of credit was approximately \$256,000 and \$367,000, respectively. As of November 2021, the Trust can no longer take draws on this line of credit. The short term portion of the line of credit liability is presented as other – unrestricted in the accompanying statement of net position. As of September 2023 and 2022, the short term portion was approximately \$50,967,000 and \$50,201,000, 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.

Pledged debt ratings			Applicable spread (in basis points)	
			Above one month LIBOR as index	Above Fed funds rate as index
Moody's	Fitch	S&P		
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

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

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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

(11) Long-Term Debt and Interest Expense

The composition of long-term debt at September 30, 2023 and 2022 is set forth in the following table:

	<u>2023</u>	<u>2022</u>
Public Facilities Revenue and Revenue Refunding bonds (Series 2015A), net of amortized bond premium of approximately \$8,603,000 and \$9,818,000 at September 30, 2023 and 2022. Interest rate ranges from 3% to 5%.	\$ 169,047,727	178,912,765
Public Facilities Revenue Bonds (Series 2017), net of amortized bond premium of approximately \$6,712,000 and \$7,384,000 at September 30, 2023 and 2022. Interest rate ranges from 3% to 5%.	<u>79,306,913</u>	<u>82,249,031</u>
	248,354,640	261,161,796
Less current portion	<u>(11,460,000)</u>	<u>(10,920,000)</u>
	<u>\$ 236,894,640</u>	<u>250,241,796</u>

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 was recorded as deferred inflows of resources in the

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accompanying statements of net position. This deferred amount is being amortized through 2036 using the straight-line amortization method. The refunding produced an aggregate present value savings of approximately \$21,381,000. The Series 2015A bonds bear interest ranging from 3% to 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 was 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 from 3% to 5% and mature serially through 2039.

The Series 2015A 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:			
2024	\$ 11,460,000	11,337,375	22,797,375
2025	12,040,000	10,764,375	22,804,375
2026	12,640,000	10,162,375	22,802,375
2027	13,270,000	9,530,375	22,800,375
2028	13,930,000	8,869,225	22,799,225
2029–2033	80,770,000	33,189,000	113,959,000
2034–2038	83,985,000	11,873,650	95,858,650
2039–2040	4,945,000	247,250	5,192,250
	<u>\$ 233,040,000</u>	<u>95,973,625</u>	<u>329,013,625</u>

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Interest expense for the years ended September 30, 2023 and 2022 is summarized as follows:

	2023	2022
Interest on bonds	\$ 9,983,043	11,196,710
Other interest	3,495,328	2,533,786
	\$ 13,478,371	13,730,496

No outstanding amounts previously defeased were held in escrow during the fiscal years ended September 30, 2023 and 2022.

(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 \$55,120,000 and \$52,546,000, respectively, at September 30, 2023 and 2022, 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, 2023 and 2022. The total liability as of September 30, 2023 and 2022 approximated \$26,043,000 and \$25,495,000, respectively, of which approximately \$24,855,000 and \$23,414,000, respectively, is included in long-term estimated self-insured liability, and approximately \$1,188,000 and \$2,081,000, respectively, is included in current estimated self-insured liability in the accompanying statements of net position.

(b) Workers' Compensation

The Trust participated in the County's self-insured workers' compensation program until the first quarter of fiscal year 2008, at which time a third-party administrator began processing claims, and the Trust established its own self-insurance program for workers' compensation. The workers' compensation

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assessment resulted in a liability at September 30, 2023 and 2022 of approximately \$28,725,000 and \$27,268,000, respectively, of which approximately \$23,410,000 and \$22,204,000, respectively, is included in long-term estimated self-insured liability, and approximately \$5,315,000 and \$5,064,000, 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, 2023 and 2022 are as follows:

	<u>Workers' compensation</u>	<u>Professional liability</u>	<u>Total</u>
Balance at September 30, 2022	\$ 27,267,598	25,495,425	52,763,023
Claims paid	(4,114,227)	(1,685,625)	(5,799,852)
Claims and changes in estimates	<u>5,571,920</u>	<u>2,233,392</u>	<u>7,805,312</u>
Balance at September 30, 2023	<u>\$ 28,725,291</u>	<u>26,043,192</u>	<u>54,768,483</u>

	<u>Workers' compensation</u>	<u>Professional liability</u>	<u>Total</u>
Balance at September 30, 2021	\$ 26,684,823	21,322,663	48,007,486
Claims paid	(5,098,643)	(6,329,783)	(11,428,426)
Claims and changes in estimates	<u>5,681,418</u>	<u>10,502,545</u>	<u>16,183,963</u>
Balance at September 30, 2022	<u>\$ 27,267,598</u>	<u>25,495,425</u>	<u>52,763,023</u>

(13) Intangible Right-Of-Use Agreements

In June 2017, the GASB issued Statement No. 87, *Leases*, which requires governments to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognize as deferred inflows of resources or deferred outflows of resources based on the payment provisions of the contract. The Statement also 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-of-use 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 governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology agreements (SBITA) for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement, a

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government generally should recognize a right-of-use subscription asset and a corresponding liability. The requirements of this Statement are effective for the fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

(a) Intangible right-of-use assets

The population of leases and SBITAs in which the Trust participates as a lessee or subscriber consists primarily of equipment, such as robotic surgical machines, infusion pumps, imaging equipment, diagnostic systems, supply cabinets, software, and others. The population includes some building leases for medical office space as well.

A summary of the Trust's right-of-use (ROU) asset activity during the years ended September 30, 2023 and 2022 is as follows:

	<u>Balance at September 30, 2022, as restated</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2023</u>
Buildings	\$ 17,867,674	35,137,276	(249,015)	52,755,935
Equipment	12,438,475	3,645,547	(1,802,889)	14,281,133
SBITA	34,530,542	6,011,034	(3,858,601)	36,682,975
Total ROU assets	<u>64,836,691</u>	<u>44,793,857</u>	<u>(5,910,505)</u>	<u>103,720,043</u>
Less accumulated amortization (lease assets):				
Buildings	(4,337,997)	(3,313,564)	249,015	(7,402,546)
Equipment	(5,230,918)	(3,547,750)	1,802,889	(6,975,779)
SBITA	(8,761,094)	(9,819,013)	3,858,601	(14,721,506)
Total accumulated amortization	<u>(18,330,009)</u>	<u>(16,680,327)</u>	<u>5,910,505</u>	<u>(29,099,831)</u>
Total ROU assets, net	\$ <u>46,506,682</u>	<u>28,113,530</u>	<u>—</u>	<u>74,620,212</u>

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	<u>Balance at September 30, 2021, as restated</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2022, as restated</u>
Buildings	\$ 18,501,649	—	(633,975)	17,867,674
Equipment	11,558,649	3,872,625	(2,992,799)	12,438,475
SBITA	—	34,530,542	—	34,530,542
Total ROU assets	<u>30,060,298</u>	<u>38,403,167</u>	<u>(3,626,774)</u>	<u>64,836,691</u>
Less accumulated amortization (lease assets):				
Buildings	(2,148,326)	(2,823,646)	633,975	(4,337,997)
Equipment	(4,728,966)	(3,494,751)	2,992,799	(5,230,918)
SBITA	—	(8,761,094)	—	(8,761,094)
Total accumulated amortization	<u>(6,877,292)</u>	<u>(15,079,491)</u>	<u>3,626,774</u>	<u>(18,330,009)</u>
Total ROU assets, net	\$ <u>23,183,006</u>	<u>23,323,676</u>	<u>—</u>	<u>46,506,682</u>

(b) Lease and SBITA Liabilities

Short term lease and SBITA liabilities are recorded in other – unrestricted, in the current liabilities section of the accompanying statements of net position. Long term lease and SBITA liabilities are recorded in other noncurrent liabilities in the accompanying statements of net position.

A summary of changes in the Trust's related lease and SBITA liabilities during the years ended September 30, 2023 and 2022 is as follows:

	<u>Balance at September 30, 2022, as restated</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2023</u>	<u>Amount due within one year</u>
Leases:					
Buildings	\$ 14,298,106	35,083,801	(2,530,119)	46,851,788	3,410,517
Equipment	7,348,222	3,680,309	(3,534,890)	7,493,641	3,137,077
SBITA	<u>23,752,305</u>	<u>6,011,034</u>	<u>(10,402,924)</u>	<u>19,360,415</u>	<u>7,429,203</u>
Total liabilities	\$ <u>45,398,633</u>	<u>44,775,144</u>	<u>(16,467,933)</u>	<u>73,705,844</u>	<u>13,976,797</u>

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	<u>Balance at September 30, 2021, as restated</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2022, as restated</u>	<u>Amount due within one year</u>
Leases:					
Buildings	\$ 16,855,697	—	(2,557,591)	14,298,106	2,160,532
Equipment	6,954,545	3,872,625	(3,478,948)	7,348,222	2,796,702
SBITA	—	32,861,225	(9,108,920)	23,752,305	6,515,036
Total liabilities	\$ <u>23,810,242</u>	<u>36,733,850</u>	<u>(15,145,459)</u>	<u>45,398,633</u>	<u>11,472,270</u>

Future annual payments are as follows:

	<u>Leases</u>			<u>SBITA</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30:						
2024	\$ 6,547,594	2,009,376	8,556,970	7,429,203	389,340	7,818,543
2025	5,380,974	1,697,915	7,078,889	4,393,602	234,554	4,628,156
2026	5,151,207	1,525,735	6,676,942	3,709,827	147,135	3,856,962
2027	4,280,506	1,363,496	5,644,002	1,920,868	83,148	2,004,016
2028	2,684,509	1,252,675	3,937,184	801,358	52,658	854,016
2029–2032	30,300,639	9,739,913	40,040,552	1,105,557	50,860	1,156,417
	\$ <u>54,345,429</u>	<u>17,589,110</u>	<u>71,934,539</u>	<u>19,360,415</u>	<u>957,695</u>	<u>20,318,110</u>

(c) Lease Receivable

The population of leases in which the Trust participates as a lessor consists of real estate leases. The majority of the real estate leases are for medical offices, and retail spaces (including restaurants), but the population also includes parking lots, and land leases.

Short term lease receivable is included in other receivables – unrestricted in the current assets section of the accompanying statements of net position. Long term lease receivable is included in other assets in the noncurrent assets section of the accompanying statements of net position.

A summary of changes in the Trust's related lease receivables during the years ended September 30, 2023 and 2022 is as follows:

	<u>Balance at September 30, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2023</u>	<u>Amount due within one year</u>
Building	\$ 46,536,596	3,718,232	(3,734,441)	46,520,387	2,990,929
Total lease receivables	\$ <u>46,536,596</u>	<u>3,718,232</u>	<u>(3,734,441)</u>	<u>46,520,387</u>	<u>2,990,929</u>

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	<u>Balance at September 30, 2021, as restated</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2022</u>	<u>Amount due within one year</u>
Building	\$ 48,207,703	2,042,756	(3,713,863)	46,536,596	3,404,871
Total lease receivables	\$ <u>48,207,703</u>	<u>2,042,756</u>	<u>(3,713,863)</u>	<u>46,536,596</u>	<u>3,404,871</u>

Future annual lease receipts are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30:			
2024	\$ 2,990,929	1,356,392	4,347,321
2025	2,532,303	1,268,051	3,800,354
2026	2,295,674	1,196,277	3,491,951
2027	1,933,823	1,131,257	3,065,080
2028	1,179,166	1,086,565	2,265,731
2029–2033	3,479,552	5,092,086	8,571,638
2034–2038	3,714,408	4,538,890	8,253,298
2039–2043	4,051,514	3,999,790	8,051,304
2044–2048	5,741,980	3,244,053	8,986,033
2049–2053	6,936,508	2,318,967	9,255,475
2054–2058	8,892,776	1,111,359	10,004,135
2059–2063	2,771,754	62,750	2,834,504
	\$ <u>46,520,387</u>	<u>26,406,437</u>	<u>72,926,824</u>

(d) Deferred Inflows

A summary of the Trust's deferred inflows related to leasing during the years ended September 30, 2023 and 2022 is as follows:

	<u>Balance at September 30, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2023</u>
Buildings	\$ 70,170,130	2,239,068	(5,785,342)	66,623,856
Total deferred inflows	\$ <u>70,170,130</u>	<u>2,239,068</u>	<u>(5,785,342)</u>	<u>66,623,856</u>

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	Balance at September 30, 2021, as restated	Additions	Deductions	Balance at September 30, 2022
Buildings	\$ 74,188,842	2,042,756	(6,061,468)	70,170,130
Total deferred inflows	\$ 74,188,842	2,042,756	(6,061,468)	70,170,130

(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. In 2000, the Florida legislature 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 \$19,441,000 and \$17,535,000, respectively, in fiscal years 2023 and 2022.

(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 FRS Pension Plan

The Florida Retirement System Pension Plan (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 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 Pension 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)

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who were hired after 1970 and those employed prior to 1970 who elect to be enrolled are covered by the Plan. Employees in the FRS 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 Pension Plan 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 Pension Plan with regard to future employees.

The FRS Pension 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 FRS Pension 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 8 years 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 FRS Pension Plan are established by *Florida Statutes*. The Florida Legislature establishes and amends the contribution requirements and benefits of the FRS Pension Plan.

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The contribution rates for the FRS Pension Plan are established by Section 121.71 of the *Florida Statutes* and may be amended by the State of Florida. The uniform rates for the FRS Pension Plan fiscal years 2023 and 2022 were as follows:

<u>Class or Plan</u>	<u>2023</u>	
	<u>Percentage of gross salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
Florida Retirement System, Regular	3.00	11.91

<u>Class or Plan</u>	<u>2022</u>	
	<u>Percentage of gross salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
Florida Retirement System, Regular	3.00	10.82

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 FRS Pension Plan, net of employee contributions, for the fiscal years ending September 30, 2023 and 2022 was approximately \$7,736,000 and \$8,149,000, respectively. Effective July 1, 2011, all members of the FRS Pension Plan, except for DROP participants and reemployed retirees who are not eligible for renewed membership, are required to contribute 3% of their annual compensation to the FRS Pension Plan. Amounts collected by the Trust and remitted to the FRS Pension Plan, related to employee contributions are not considered employer contributions by the FRS Pension 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 the FRS Pension Plan*

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, 2023, the Trust reported a net pension liability of approximately \$66,822,000 for its proportionate share of the FRS Pension Plan net pension liability. The net pension liability as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. 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, 2023. At June 30, 2023, the Trust's proportionate share was 0.1677%, which was a decrease of 11.97% from its proportionate share of 0.1905% measured as of June 30, 2022.

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At September 30, 2022, the Trust reported a net pension liability of approximately \$70,885,000 for its proportionate share of the FRS Pension Plan net pension liability. The net pension liability as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2022. At June 30, 2022, the Trust's proportionate share was 0.1905%, which was a decrease of 0.10% from its proportionate share of 0.1907% measured as of June 30, 2021.

For the year ended September 30, 2023, the Trust recognized a reduction to pension expense of approximately \$7,350,000 and for the year ended September 30, 2022, the Trust recognized pension expense of approximately \$3,530,000 for the FRS Pension Plan. At September 30, 2023 and 2022, the Trust reported deferred outflows of resources and deferred inflows of resources related to pensions for the FRS Pension Plan from the following sources:

	2023	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 6,273,983	—
Changes in assumptions	4,355,994	—
Net difference between projected and actual earnings on pension plan investments	2,790,656	—
Changes in proportion and differences between Trust contributions and proportionate share of contributions	—	(13,965,891)
Trust contributions subsequent to the measurement date	1,832,856	—
Total	\$ 15,253,489	(13,965,891)

	2022	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 3,366,608	—
Changes in assumptions	8,729,733	—
Net difference between projected and actual earnings on pension plan investments	4,680,500	—
Changes in proportion and differences between Trust contributions and proportionate share of contributions	—	(13,976,356)
Trust contributions subsequent to the measurement date	2,164,621	—
Total	\$ 18,941,462	(13,976,356)

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The deferred outflows of resources related to pensions of approximately \$1,833,000 as of September 30, 2023, resulting from Trust contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Other amounts reported for the FRS Pension Plan as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Amount recognized
Fiscal year ending September 30:	
2024	\$ (3,798,926)
2025	(5,256,343)
2026	8,762,835
2027	(184,565)
2028	(68,259)
Total	\$ (545,258)

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

	2023	2022
Valuation date	July 1, 2023	July 1, 2022
Measurement date	June 30, 2023	June 30, 2022
Discount rate	6.70 %	6.70 %
Long-term expected rate of return net of investment expense	6.70	6.70
Inflation	2.40	2.40
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, 2023 and 2022 were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

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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>2023 Annual arithmetic real rates of return</u>	<u>2022 Annual arithmetic real rates of return</u>
Cash	1.00 %	2.9 %	2.6 %
Fixed income	19.80	4.5	4.4
Global equity	54.00	8.7	8.8
Strategic investment	3.80	6.3	6.2
Private equity	11.10	11.9	12.0
Real estate (property)	10.30	7.6	7.4
Total	<u>100.00 %</u>		

Discount rate. The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70% for both fiscal years ended 2023 and 2022. 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 6.70%. 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 (5.70%) or 1-percentage-point higher (7.70%) than the current rate at September 30, 2023:

	<u>2023</u>		
	<u>1% Decrease (5.70)%</u>	<u>Current discount rate (6.70)%</u>	<u>1% Increase (7.70)%</u>
Trust's proportionate share of the FRS Pension Plan net pension liability (asset)	\$ 114,145,109	66,821,723	27,230,048

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The following presents the Trust's proportionate share of the net pension liability of the FRS Pension Plan calculated using the discount rate of 6.70%. 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 (5.70%) or 1-percentage-point higher (7.70%) than the current rate at September 30, 2022:

	2022		
	1% Decrease (5.70)%	Current discount rate (6.70)%	1% Increase (7.70)%
Trust's proportionate share of the FRS Pension Plan net pension liability (asset)	\$ 122,590,009	70,884,581	27,652,691

Pension Plan fiduciary net position. Detailed information about the FRS Pension Plan's fiduciary net position is available in the separately issued FRS Annual Comprehensive Financial Report. The annual comprehensive 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 Plan 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.

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 \$7.50. The payments are a minimum of \$45 but not more than \$225 monthly per Section 112.363, *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, 2023 and 2022, the contribution rate was 1.66%, of payroll per Section 112.363, *Florida Statutes*. Employees do not contribute to this plan.

The Trust's contributions to the HIS Pension Plan totaled approximately \$1,119,000 and \$1,206,000, respectively, for the fiscal years ended September 30, 2023 and 2022.

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

At September 30, 2023, the Trust reported a liability of approximately \$27,744,000 for its proportionate share of the HIS Pension Plan net pension liability. The net pension liability as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the July 1, 2022. The July 1, 2022 HIS valuation is the most recent actuarial valuation. The valuation as of July 1, 2023 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, 2023. At June 30, 2023, the Trust's proportionate share was 0.1747%, which was a decrease of 13.51% from its proportionate share of 0.2020% measured as of June 30, 2022.

At September 30, 2022, the Trust reported a liability of approximately \$21,395,000 for its proportionate share of the HIS Pension Plan net pension liability. The net pension liability as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the July 1, 2022. The July 1, 2022 HIS valuation is the most recent actuarial valuation. The valuation as of July 1, 2021 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, 2022. At June 30, 2022, the Trust's proportionate share was 0.2020%, which was a decrease of 3.53% from its proportionate share of 0.2094% measured as of June 30, 2021.

For the years ended September 30, 2023 and 2022, the Trust recognized a reduction in pension expense of approximately \$5,833,000 and \$3,563,000, respectively, for the HIS Pension Plan. At September 30, 2023 and 2022, the Trust reported deferred outflows of resources and deferred inflows of resources related to pensions for the HIS Pension Plan from the following sources:

	2023	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 406,151	(65,119)
Changes in assumptions	729,378	(2,404,099)
Net difference between projected and actual earnings on pension plan investments	14,327	—
Changes in proportion and differences between Trust contributions and proportionate share of contributions	—	(11,438,744)
Trust contributions subsequent to the measurement date	281,320	—
Total	<u>\$ 1,431,176</u>	<u>(13,907,962)</u>

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	2022	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 649,385	(94,139)
Changes in assumptions	1,226,368	(3,309,773)
Net difference between projected and actual earnings on pension plan investments	30,975	—
Changes in proportion and differences between Trust contributions and proportionate share of contributions	—	(12,926,153)
Trust contributions subsequent to the measurement date	311,063	—
Total	\$ 2,217,791	(16,330,065)

The deferred outflows of resources related to pensions of approximately \$281,000 as of September 30, 2023, resulting from Trust contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Other amounts reported for the HIS Pension Plan as deferred outflows or inflows of resources related to pensions will be recognized in pension expenses as follows:

	Amount recognized
Fiscal year ending September 30:	
2024	\$ (4,036,534)
2025	(3,399,902)
2026	(2,755,672)
2027	(1,614,142)
2028	(785,730)
Thereafter	(166,126)
Total	\$ (12,758,106)

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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>2023</u>	<u>2022</u>
Valuation date	July 1, 2022	July 1, 2022
Measurement date	June 30, 2023	June 30, 2022
Discount rate	3.65 %	3.54 %
Long-term expected rate of return net of investment expense	N/A	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index	3.65	3.65
Inflation	2.40	2.40
Salary increase, including inflation	3.25	3.25
Mortality	Generational PUB – 2010 with Projection Scale MP-2018	Generational PUB – 2010 with Projection Scale MP-2018
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 3.65% in 2023 and 3.54% in 2022 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 3.65%. 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 (2.65%) or 1-percentage-point higher (4.65%) than the current rate at September 30, 2023:

	2023		
	1% Decrease (2.65)%	Current discount rate (3.65)%	1% Increase (4.65)%
Trust's proportionate share of the HIS Pension Plan net pension liability	\$ 31,651,415	27,743,860	24,504,760

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 3.54%. 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 (2.54%) or 1-percentage-point higher (4.54%) than the current rate at September 30, 2022:

	2022		
	1% Decrease (2.54)%	Current discount rate (3.54)%	1% Increase (3.54)%
Trust's proportionate share of the HIS Pension Plan net pension liability	\$ 24,477,488	21,394,870	18,844,067

Pension plan fiduciary net position. Detailed information about HIS Pension Plan's fiduciary net position is available in the separately issued FRS Annual Comprehensive Financial Report. The annual comprehensive 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 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 of three members of the Trust Board of Trustees, a

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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 applies GASB Statement No. 67, *Financial Reporting for Pension Plans* (GASB 67), which specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan. GASB 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* (GASB 68), requires employers and nonemployer contributing entities to report their net pension liability on their financial statements. While GASB 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 67, provides the information that is required by GASB 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 68, provides information about the pension expense calculation, deferred outflows and inflows balances, and current and future years amortization of the inflows and outflows balances.

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

Eligibility

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

Contributions

The Trust intends to make contributions to fund the Plan at such times and in such amounts as certified by an independent actuary as being no less than amounts required to be contributed under Section 112, *Florida Statutes*; any actuarial gain arising under the Plan shall be used to reduce future Trust contributions to the Plan and shall not be applied to increase retirement benefits to

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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, 2023 and 2022:

	2023	2022
Retirees and beneficiaries currently receiving benefits	1,186	1,150
Terminated plan members entitled to but not yet receiving benefits	1,682	1,482
Active plan members	10,970	10,149
Total	13,838	12,781
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, 2023 and 2022:

	2023	2022
Cash	\$ 22,187,561	13,233,834
Investments:		
Domestic:		
Mutual funds	74,501,383	74,094,333
Equities	537,623,034	494,997,219
Corporate debt securities	47,672,880	43,866,438
U.S. government securities	12,493,543	11,882,707
Total domestic investments	672,290,840	624,840,697
International:		
Mutual funds	55,634,535	42,170,423
Equities	2,826,973	6,231,029
Corporate debt securities	4,645,301	5,440,964
Total international investments	63,106,809	53,842,416
Commingled Funds – Equity	108,473,937	46,738,539
Real estate	103,750,216	108,101,123
Commingled Funds – Fixed Income	81,373,083	70,147,006
Total assets	\$ 1,051,182,446	916,903,615

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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, 2023, the Plan's investment securities had the following credit ratings:

	2023	
	Fair value	Credit rating*
Domestic investments:		
Mutual funds	\$ 74,501,383	NR
U.S. government agency securities, by issuer:		
Federal National Mortgage Association	1,025,037	AA+
U.S. Treasury bills	6,154,985	AA+
U.S. Treasury note	3,894,459	AA+
Federal Home Loan Banks	427,147	AA+
Federal Home Loan Mortgage Corporation	991,915	AA+
Total U.S. government agency securities	<u>12,493,543</u>	NR
Equities – common stock	537,623,034	
Corporate debt securities:		
Corporate bonds	5,253,289	AAA
Corporate bonds	1,018,205	AA+
Corporate bonds	1,001,324	AA
Corporate bonds	810,514	AA-
Corporate bonds	1,655,472	A+
Corporate bonds	3,226,106	A
Corporate bonds	5,900,266	A-
Corporate bonds	6,702,966	BBB+
Corporate bonds	8,345,316	BBB
Corporate bonds	7,288,698	BBB-
Corporate bonds	1,091,753	BB+
Corporate bonds	185,297	BB
Corporate bonds	134,040	BB-
Corporate bonds	367,953	B+
Corporate bonds	137,150	B
Corporate bonds	110,032	B-
Corporate bonds	52,078	CCC+
Corporate bonds	418,233	A1
Corporate bonds	187,860	A3***
Corporate bonds	431,435	Aa1**
Corporate bonds	201,320	Aa2**
Corporate bonds	55,049	Aa3**
Corporate bonds	94,533	Baa1**
Corporate bonds	257,691	Baa2**
Corporate bonds	190,472	Baa3**
Corporate bonds	<u>2,555,828</u>	NR
Total corporate debt securities	<u>47,672,880</u>	

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	2023	
	Fair value	Credit rating*
International investments:		
Mutual funds	\$ 55,634,535	NR
Equities – common stock	2,826,973	NR
Corporate debt securities:		
International bonds	237,305	A+
International bonds	492,646	A
International bonds	758,789	A-
International bonds	840,897	BBB+
International bonds	1,126,693	BBB
International bonds	703,279	BBB-
International bonds	124,503	BB+
International bonds	121,319	Ba1
International bonds	239,870	Baa1
Total corporate debt securities	4,645,301	
Commingled Funds – Equity	108,473,937	NR
Commingled Funds – Fixed Income	81,373,083	NR
Real Estate	103,750,216	NR
Cash	22,187,561	NR
Total	\$ 1,051,182,446	

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

** Moody's investor services ratings

At September 30, 2022, the Plan's investment securities had the following credit ratings:

	2022	
	Fair value	Credit rating*
Domestic investments:		
Mutual funds	\$ 74,094,333	NR
U.S. government agency securities, by issuer:		
Federal National Mortgage Association	419,320	AA+
U.S. Treasury bills	6,183,743	AA+
U.S. Treasury note	4,956,935	AA+
Federal Home Loan Banks	249,978	AA+
Federal Home Loan Mortgage Corporation	72,731	AA+
Total U.S. government agency securities	11,882,707	

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	2022	
	Fair value	Credit rating*
Equities – common stock	\$ 494,997,219	NR
Corporate debt securities:		
Corporate bonds	4,429,581	AAA
Corporate bonds	334,225	AA+
Corporate bonds	889,141	AA
Corporate bonds	1,189,674	AA-
Corporate bonds	1,506,080	A+
Corporate bonds	2,743,354	A
Corporate bonds	5,444,103	A-
Corporate bonds	6,929,731	BBB+
Corporate bonds	5,592,232	BBB
Corporate bonds	6,459,241	BBB-
Corporate bonds	1,558,283	BB+
Corporate bonds	331,326	BB
Corporate bonds	583,891	BB-
Corporate bonds	429,040	B+
Corporate bonds	53,275	B
Corporate bonds	241,135	A1
Corporate bonds	228,621	A2**
Corporate bonds	276,027	A3**
Corporate bonds	251,731	Aa1**
Corporate bonds	244,204	Aa2**
Corporate bonds	439,841	Aa3**
Corporate bonds	397,671	Baa2**
Corporate bonds	224,400	Baa3**
Corporate bonds	3,089,631	NR
Total corporate debt securities	43,866,438	

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	2022	
	Fair value	Credit rating*
International investments:		
Mutual funds	\$ 42,170,423	NR
Equities – common stock	6,231,029	NR
Corporate debt securities:		
International bonds	230,851	A+
International bonds	649,276	A
International bonds	961,571	A-
International bonds	514,174	BBB+
International bonds	1,227,091	BBB
International bonds	1,248,911	BBB-
International bonds	64,488	BB-
International bonds	122,743	Ba1
International bonds	186,356	Ba2
International bonds	235,503	Baa1
Total corporate debt securities	5,440,964	
Commingled Funds – Equity	46,738,539	NR
Commingled Funds – Fixed Income	70,147,006	NR
Real Estate	108,101,123	NR
Cash	13,233,834	NR
Total	\$ 916,903,615	

* 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* (GASB 40), 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, 2023 and 2022, 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, 2023 and 2022 was as follows:

	<u>2023</u> <u>Policy target</u>	<u>2022</u> <u>Policy target</u>	<u>Allowable</u> <u>range</u>
Equity securities	59 %	60 %	+/-12%
Fixed income	26 %	30 %	+/-9%
Alternatives/Real estate	15 %	10 %	+/-4%

At September 30, 2023 and 2022, the composition of the Plan's investments by investment type as a percentage of total investments was as follows:

	<u>Percentage of portfolio</u>	
	<u>2023</u>	<u>2022</u>
Domestic investments:		
Mutual funds	7.1 %	8.1 %
Equities	51.1	54.0
Commingled Funds – Equity	10.3	5.1
Commingled Funds – Fixed Income	7.7	7.7
Corporate debt securities	4.5	4.8
U.S. government and agency obligations	1.2	1.3
Real Estate	10.0	11.7
International investments:		
Mutual funds	5.3	4.6
Equities	0.3	0.7
Corporate debt securities	0.4	0.6
Other:		
Cash and short-term investments	2.1	1.4

There were no individual investments in excess of 5%.

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Interest Rate Risk

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

As of September 30, 2023 and 2022, the Plan had the following investments with the respective weighted average maturity in years:

	2023	2022
Domestic investments:		
Corporate debt securities:		
Corporate bonds	8.59	9.72
U.S. government and agency obligations:		
Federal National Mortgage Association	26.18	19.39
Federal Home Loan Mortgage Corporation	28.86	16.06
Federal Home Loan Banks	2.44	3.10
U.S. treasury bills	6.90	6.88
U.S. treasury notes	4.97	6.15
International investments:		
Corporate debt securities	6.23	5.84

Foreign Currency Risk

GASB 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, 2023 is as follows (in U.S. dollars):

	<u>Currency</u>	<u>Fair value</u>
International equities:		
Common stock	Canadian dollar	\$ 1,306,083
Common stock	Israel new shekel	692,277
Common stock	Singapore dollar	500,854
Common stock	Euro	<u>327,759</u>
		\$ <u><u>2,826,973</u></u>
International corporate debt securities:		
Corporate bonds	Canadian dollar	\$ 677,061
Corporate bonds	Swiss franc	222,108
Corporate bonds	Chinese Yuan	197,633
Corporate bonds	Australian dollar	577,065
Corporate bonds	Chilean peso	121,319
Corporate bonds	British pound	775,720
Corporate bonds	Japanese Yen	751,634
Corporate bonds	Brazilian Real	123,040
Corporate bonds	Colombian peso	124,503
Corporate bonds	Euro	392,219
Corporate bonds	Euro	130,269
Corporate bonds	Euro	182,372
Corporate bonds	Euro	237,305
Corporate bonds	Euro	67,002
Corporate bonds	Euro	<u>66,051</u>
		\$ <u><u>4,645,301</u></u>

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The Plan's exposure to foreign currency risk at September 30, 2022 is as follows (in U.S. dollars):

	<u>Currency</u>	<u>Fair value</u>
International equities:		
Common stock	Canadian dollar	\$ 1,105,817
Common stock	Israel new shekel	784,724
Common stock	Australian dollar	2,260,894
Common stock	British pound	148,181
Common stock	Singapore dollar	1,595,463
Common stock	Euro	<u>335,950</u>
		\$ <u><u>6,231,029</u></u>
International corporate debt securities:		
Corporate bonds	Canadian dollar	\$ 745,021
Corporate bonds	Swiss franc	203,495
Corporate bonds	Chinese Yuan	190,307
Corporate bonds	Australian dollar	399,785
Corporate bonds	Chilean peso	324,591
Corporate bonds	British pound	1,286,275
Corporate bonds	South African Rand	164,442
Corporate bonds	Japanese Yen	896,047
Corporate bonds	Bermudian dollar	171,650
Corporate bonds	Brazilian Real	186,356
Corporate bonds	Euro	373,964
Corporate bonds	Euro	96,862
Corporate bonds	Euro	171,318
Corporate bonds	Euro	<u>230,851</u>
		\$ <u><u>5,440,964</u></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, 2023 and 2022. 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, 2023:

<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	\$ 12,493,543	—	12,493,543	—
Domestic – Corp. debt securities	47,672,880	—	47,672,880	—
International – Corp. debt securities	4,645,301	—	4,645,301	—
Total debt securities	<u>64,811,724</u>	<u>—</u>	<u>64,811,724</u>	<u>—</u>
Equity securities:				
Domestic	537,623,034	537,623,034	—	—
International	2,826,973	2,826,973	—	—
Total equity securities	<u>540,450,007</u>	<u>540,450,007</u>	<u>—</u>	<u>—</u>
Mutual funds:				
Domestic	74,501,383	74,501,383	—	—
International	55,634,535	55,634,535	—	—
Total mutual funds securities	<u>130,135,918</u>	<u>130,135,918</u>	<u>—</u>	<u>—</u>
Total investments by fair value level	<u>735,397,649</u>	<u>\$ 670,585,925</u>	<u>64,811,724</u>	<u>—</u>
Investments measured at the net asset value (NAV):				
Commingled funds – equity	108,473,937			
Commingled funds – fixed income	81,373,083			
Real estate	103,750,216			
Total investments measured at the NAV	<u>293,597,236</u>			
Total	<u>\$ 1,028,994,885</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, 2023, is presented in the table below:

	<u>Fair value September 30, 2023</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	\$ 108,473,937	Daily, biannually	30 days	—
Commingled funds – fixed income	81,373,083	Monthly	30 days	—
Real estate	<u>103,750,216</u>	Quarterly	30–95 days	—
Total investments measured at the NAV	<u>\$ 293,597,236</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, 2022:

<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	\$ 11,882,707	—	11,882,707	—
Domestic – Corp. debt securities	43,866,438	—	43,866,438	—
International – Corp. debt securities	5,440,964	—	5,440,964	—
Total debt securities	<u>61,190,109</u>	<u>—</u>	<u>61,190,109</u>	<u>—</u>
Equity securities:				
Domestic	494,997,219	494,997,219	—	—
International	6,231,029	6,231,029	—	—
Total equity securities	<u>501,228,248</u>	<u>501,228,248</u>	<u>—</u>	<u>—</u>
Mutual funds:				
Domestic	74,094,333	74,094,333	—	—
International	42,170,423	42,170,423	—	—
Total mutual funds securities	<u>116,264,756</u>	<u>116,264,756</u>	<u>—</u>	<u>—</u>
Total investments by fair value level	<u>678,683,113</u>	<u>\$ 617,493,004</u>	<u>61,190,109</u>	<u>—</u>
Investments measured at the net asset value (NAV):				
Commingled funds – equity	46,738,539			
Commingled funds – fixed income	70,147,006			
Real estate	108,101,123			
Total investments measured at the NAV	<u>224,986,668</u>			
Total	<u>\$ 903,669,781</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, 2022, is presented in the table below:

	<u>Fair value</u> <u>September 30,</u> <u>2022</u>	<u>Redemption</u> <u>frequency</u> <u>(if currently</u> <u>eligible)</u>	<u>Redemption</u> <u>notice period</u>	<u>Unfunded</u> <u>Commitments</u>
Investments measured at the net asset value (NAV):				
Commingled funds – equity	\$ 46,738,539	Daily, biannually	30 days	—
Commingled funds – fixed income	70,147,006	Monthly	30 days	—
Real estate	<u>108,101,123</u>	Quarterly	30–95 days	—
Total investments measured at the NAV	\$ <u>224,986,668</u>			

(iv) *Net Pension Liability (Asset) 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, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Total pension liability	\$ 1,260,150,821	1,132,282,420
Less:		
Plan fiduciary net position	<u>(1,051,182,446)</u>	<u>(916,903,615)</u>
Net pension liability (asset)	\$ <u>208,968,375</u>	<u>215,378,805</u>
Plan fiduciary net position a percentage of total pension liability	83.4 %	81.0 %

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2023 and 2022, respectively, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2023</u>	<u>2022</u>
Valuation date	January 1, 2023	January 1, 2022
Measurement date	September 30, 2023	September 30, 2022
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	7.2 %	7.2 %
Projected salary increases	Overall covered payroll is assumed to increase by 3.5% per year	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 actuarial assumptions used in the January 1, 2022, valuation were based on the results of an actuarial experience study conducted in 2023. 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, 2023 and 2022 are summarized in the following table:

<u>Asset class</u>	<u>2023</u>	
	<u>Target asset allocation</u>	<u>Long-term expected real rate of return</u>
Equity	59.00 %	6.6 %
Fixed income	26.00	2.7
Alternatives/Real estate	15.00	5.2
Inflation rate	—	2.6

<u>Asset class</u>	<u>2022</u>	
	<u>Target asset allocation</u>	<u>Long-term expected real rate of return</u>
Equity	60.00 %	5.1 %
Fixed income	30.00	0.8
Alternatives	10.00	4.8
Inflation rate	—	2.6

Total Pension Liability

The change in the Trust pension liability at September 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Service cost	\$ 43,781,331	42,823,998
Interest cost	82,578,320	76,612,180
Differences between expected and actual experience	61,037,024	8,995,374
Changes in assumptions	(14,433,875)	—
Benefit payments, including refunds of member contributions	<u>(45,094,399)</u>	<u>(42,473,305)</u>
Total change in pension liability	127,868,401	85,958,247
Total pension liability, beginning of year	<u>1,132,282,420</u>	<u>1,046,324,173</u>
Total pension liability, end of year	\$ <u>1,260,150,821</u>	<u>1,132,282,420</u>

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	2023	2022
Plan fiduciary net position:		
Contributions – employer	\$ 35,079,513	32,680,211
Contributions – member	30,457,662	27,292,997
Net investment income	115,534,604	(181,781,006)
Benefit payments, including refunds of member contributions	(45,094,399)	(42,473,305)
Administrative expense	(1,698,549)	(1,976,325)
Net change in plan fiduciary net position	134,278,831	(166,257,428)
Plan fiduciary net position, beginning of year	916,903,615	1,083,161,043
Plan fiduciary net position, end of year	1,051,182,446	916,903,615
Net pension asset (liability), end of year	\$ (208,968,375)	(215,378,805)

Discount Rate

The discount rate used to measure net pension liability was 7.2% as of September 30, 2023 and 2022. 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, 2023 and 2022 was 12.5% and (16.7)%, 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.

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

The following presents the net pension (asset) liability, calculated using the discount rates determined above, as well as what the Plan's net pension (asset) liability would be if it were

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calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2023	2022
One-percent decrease:		
Discount rate	6.2 %	6.2 %
Net pension (asset) liability	\$ 338,199,170	330,932,094
Net pension (asset) liability, as reported:		
Discount rate	7.2 %	7.2 %
Net pension (asset) liability	\$ 208,968,375	215,378,805
One-percent increase:		
Discount rate	8.2 %	8.2 %
Net pension (asset) liability	\$ 98,308,728	116,284,462

Funding Policy

The Trust's funding policy provides for actuarially determined rates deemed sufficient to pay benefits as due; the rate was 6.61% at January 1, 2023 and 6.43% at January 1, 2022, of covered payroll. Effective April 1, 2012, employees were required to contribute 3% of the required contribution, thus the employer contribution rate was 3.61% and 3.43%, respectively, for the years ended September 30, 2023 and 2022. 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 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, 2023 and 2022, 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

	2023	2022
Service cost	\$ 43,781,331	42,823,998
Interest cost	82,578,320	76,612,180
Administrative expense	500,000	500,000
Expected return on assets	(66,225,483)	(76,163,419)
Recognition of deferred amounts	38,316,853	43,021,624
Pension expense	\$ 98,951,021	86,794,383

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 2023 and 2022 is as follows:

	Year of deferral	Amortization period	Balance October 1, 2022	Change	Balance September 30, 2023
Deferred outflows (inflows) of resources:					
Assumption changes			\$		
2016	2016	9.564 years	(661,669)	258,063	(403,606)
2017	2017	10.993 years	(1,395,890)	279,576	(1,116,314)
2018	2018	11.109 years	5,416,268	(886,589)	4,529,679
2020	2020	10.696 years	(8,179,258)	1,062,794	(7,116,464)
2021	2021	10.622 years	5,974,196	(692,902)	5,281,294
2023	2023	10.485 years	—	(13,057,254)	(13,057,254)
Difference in expected and actual return on assets	2019–2023	5.000 years	134,721,053	(70,873,155)	63,847,898
Liability experience	2015	9.215 years	1,000,184	(823,194)	176,990
(gain) loss	2016	9.564 years	6,955,345	(2,712,692)	4,242,653
(gain) loss	2017	10.993 years	4,497,842	(900,847)	3,596,995
(gain) loss	2018	11.109 years	7,631,899	(1,249,266)	6,382,633
(gain) loss	2019	11.122 years	12,236,284	(1,718,096)	10,518,188
(gain) loss	2019	11.037 years	3,867,511	(549,597)	3,317,914
(gain) loss	2020	10.696 years	10,479,535	(1,361,686)	9,117,849
(gain) loss	2020	10.696 years	2,437,512	(316,725)	2,120,787
(gain) loss	2021	10.622 years	5,517,606	(639,945)	4,877,661
(gain) loss	2022	10.479 years	8,136,955	(858,419)	7,278,536
(gain) loss	2023	10.485 years	—	55,215,658	55,215,658
Total			\$ 198,635,373	(39,824,276)	158,811,097

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

	Amount recognized
Fiscal year ending September 30:	
2024	\$ 29,115,569
2025	30,661,340
2026	54,538,484
2027	2,649,927
2028	11,655,176
Thereafter	30,190,601
Total	\$ 158,811,097

	Year of deferral	Amortization period	Balance October 1, 2021	Change	Balance September 30, 2022
Deferred outflows (inflows) of resources:					
Assumption changes	2016	9.564 years	\$ (919,732)	258,063	(661,669)
	2017	10.993 years	(1,675,466)	279,576	(1,395,890)
	2018	11.109 years	6,302,857	(886,589)	5,416,268
	2020	10.696 years	(9,242,052)	1,062,794	(8,179,258)
	2021	10.622 years	6,667,098	(692,902)	5,974,196
Difference in expected and actual return on assets	2016–2022	5.000 years	(92,787,599)	227,508,652	134,721,053
Liability experience	2015	9.215 years	1,823,378	(823,194)	1,000,184
(gain) loss	2016	9.564 years	9,668,037	(2,712,692)	6,955,345
(gain) loss	2017	10.993 years	5,398,689	(900,847)	4,497,842
(gain) loss	2018	11.109 years	8,881,165	(1,249,266)	7,631,899
(gain) loss	2019	11.122 years	13,954,380	(1,718,096)	12,236,284
(gain) loss	2019	11.037 years	4,417,108	(549,597)	3,867,511
(gain) loss	2020	10.696 years	11,841,221	(1,361,686)	10,479,535
(gain) loss	2020	10.696 years	2,754,237	(316,725)	2,437,512
(gain) loss	2021	10.622 years	6,157,551	(639,945)	5,517,606
(gain) loss	2022	10.479 years	—	8,136,955	8,136,955
Total			\$ (26,759,128)	225,394,501	198,635,373

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(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
- AvMed Select 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 retiree's share of benefit related costs, for pre-65 retirees, ranges from 54% to 79% for the year ended September 30, 2023, and 61% to 80% for the year ended September 30, 2022.

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Participation in the OPEB Plan consisted of the following at September 31, 2023, the date of the latest actuarial valuation:

	<u>2023</u>	<u>2022</u>
Actives	12,338	12,338
Retirees age 65 and over	104	104
Retirees under age 65	<u>271</u>	<u>271</u>
	<u>12,713</u>	<u>12,713</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 43% of the cost. The pre-65 cost is approximately 63% greater than the combined pre-65 and active cost.

For the years ended September 30, 2023 and 2022, the Trust contributed approximately \$2,781,000 and \$2,236,000, 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.

(c) Total OPEB Liability

The Trust's total OPEB liability of approximately \$53,236,000 and \$52,158,000 as of September 30, 2023 and 2022, respectively, was measured as of those respective dates. The September 30, 2023 total OPEB liability was determined by an actuarial valuation as of September 30, 2022 and update procedures were used to roll forward the total OPEB liability from the valuation date (September 30, 2022) to the measurement date (September 30, 2023). The September 30, 2022 total OPEB liability was determined by an actuarial valuation as of the same date.

The current portion of the OPEB liability as of September 30, 2023 and 2022 is approximately \$2,982,000 and \$2,782,000, respectively.

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(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>2023</u>	<u>2022</u>
Actuarial valuation date	September 30, 2023	September 30, 2022
Actuarial assumptions:		
Discount rate	4.06 %	4.02 %
Inflation rate	3.0 %	3.0 %
Payroll growth assumption	3.0 %	3.0 %
Healthcare cost trend rates	7.0% (6.00% for post-Medicare) select; 4.0% ultimate; 0.25% reduction per year	7.0% (6.00% for post-Medicare) select; 4.0% ultimate; 0.25% reduction per year
Mortality table	Pub-2010 mortality table with generational scale MP-2021	Pub-2010 mortality table with generational scale MP-2021

The participation percentage for September 30, 2023 and 2022 is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. The participation assumption for September 30, 2023 and September 20, 2022 is 20% for pre-55 retirees and 60% for pre-65 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 4.06% and 4.02% as of September 30, 2023 and 2022, respectively. This translates to an increase of 1.00% 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, 2023 and 2022, respectively. Changes in assumptions or other inputs reflect a change in the discount rate to 4.06% as of September 30, 2023 from 4.02% as of September 30, 2022.

	2023
Total OPEB liability – beginning of year	\$ 50,146,349
Changes for the year:	
Service cost	4,057,943
Interest cost	2,118,669
Differences between expected and actual experience (1)	(110,537)
Changes in assumptions or other inputs	(195,782)
Benefit payments	(2,781,092)
Net change in total OPEB liability	3,089,201
Total OPEB liability – end of year	\$ 53,235,550

(1) Differences between expected and actual experience reflected in the prior year actuarial valuation.

	2022
Total OPEB liability – beginning of year	\$ 52,158,340
Changes for the year:	
Service cost	3,962,334
Interest cost	1,182,561
Differences between expected and actual experience	1,181,364
Changes in assumptions or other inputs	(6,102,556)
Benefit payments	(2,235,694)
Net change in total OPEB liability	(2,011,991)
Total OPEB liability – end of year	\$ 50,146,349

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

The following presents the approximate 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 years ended</u>	<u>Discount rate</u>	<u>Total OPEB liability</u>
September 30, 2023	+1 Discount Sensitivity (5.06%)	\$ 48,838,000
September 30, 2023	Current Discount Rate (4.06%)	53,236,000
September 30, 2023	-1% Discount Sensitivity (3.06%)	58,153,000
September 30, 2022	+1 Discount Sensitivity (5.02%)	\$ 46,004,000
September 30, 2022	Current Discount Rate (4.02%)	50,146,000
September 30, 2022	-1% Discount Sensitivity (3.02%)	54,778,000

The following presents the approximate 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 years ended</u>	<u>Trend</u>	<u>Total OPEB liability</u>
September 30, 2023	1% Decrease	\$ 47,010,000
September 30, 2023	Current Trend	53,236,000
September 30, 2023	1% Increase	60,786,000
September 30, 2022	1% Decrease	\$ 44,281,000
September 30, 2022	Current Trend	50,146,000
September 30, 2022	1% Increase	57,258,000

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

For the year ended September 30, 2023, the Trust recognized OPEB expense of approximately \$6,109,000. At September 30, 2023, the Trust reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 4,223,991	(8,154,619)
Changes of assumptions/inputs	13,210,053	(11,200,580)
	\$ 17,434,044	(19,355,199)

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:	
2024	\$ (67,151)
2025	(67,151)
2026	(67,151)
2027	(67,151)
2028	(67,151)
Thereafter	(1,585,400)
	\$ (1,921,155)

For the year ended September 30, 2022, the Trust recognized OPEB expense of approximately \$5,092,000. At September 30, 2022, the Trust reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 4,655,486	(8,784,042)
Changes of assumptions/inputs	14,283,220	(11,841,915)
	\$ 18,938,706	(20,625,957)

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(17) Commitments and Contingencies

(a) Construction and Equipment

The Trust had several construction projects in progress at September 30, 2023 and 2022. The estimated total cost to date and cost to complete such projects was approximately \$114,113,000 and \$313,622,000, respectively, as of September 30, 2023, and \$189,851,000 and \$388,483,000, respectively, as of September 30, 2022. Total commitments for approved construction projects not yet commenced for the same periods are approximately \$13,214,000 and \$87,070,000, 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, 2023 and 2022 were approximately \$69,207,000 and \$53,587,000, respectively, and are included in contractual and purchased services in the accompanying statements of revenues, expenses, and changes in net position. At September 30, 2023 and 2022, the Trust had a liability to the University related to the annual operating agreement of approximately \$18,278,000 and \$19,370,000, respectively.

(c) Healthcare Industry

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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Florida Retirement System Pension Information
Schedules of Employer Contributions (Unaudited)

Last 10 Fiscal Years

Years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially required contribution	\$ 8,067,277	8,129,357	7,264,657	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>(8,067,277)</u>	<u>(8,129,357)</u>	<u>(7,264,657)</u>	<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>	<u>—</u>	<u>—</u>	<u>—</u>
Trust's covered-employee payroll	\$ 70,362,071	73,688,420	71,682,458	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	11.47 %	11.03 %	10.13 %	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

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

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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
Years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<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	0.1677 %	0.1905 %	0.1907 %	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	\$ 66,821,723	70,884,581	14,404,843	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	70,362,071	73,688,420	71,682,458	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	94.97 %	96.20 %	20.10 %	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	82.38	82.89	96.40	78.85	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

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

Years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially required contribution	\$ 1,149,173	1,222,261	1,231,080	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>(1,149,173)</u>	<u>(1,222,261)</u>	<u>(1,231,080)</u>	<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>	<u>—</u>	<u>—</u>	<u>—</u>
Trust's covered-employee payroll	\$ 69,228,978	73,631,919	74,154,572	91,375,858	106,226,024	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 %	1.66 %	1.66 %	1.66 %	1.26 %	1.15 %

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

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA
A Department of Miami-Dade County, Florida
Supplemental Health Insurance Subsidy Pension Information
Schedules of Employer Proportionate Share of Net Pension Liability and Related Ratios (Unaudited)
Last 10 Fiscal Years
Years ended September 30, 2023 and 2022

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability	0.1747 %	0.2020 %	0.2094 %	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	\$ 27,743,860	21,394,870	25,690,762	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	69,228,978	73,631,919	74,154,572	91,375,858	106,226,024	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	40.08 %	29.06 %	34.64 %	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	4.12	4.81	3.56	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

See accompanying notes to required supplementary information.

See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Required Supplementary Information

Defined-Benefit Retirement Plan

Schedules of Employer Contributions (Unaudited)

Years ended September 30, 2023 and 2022

(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>
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
2021	22,350	22,350	—	757,432	2.95
2022	23,979	23,979	—	757,334	3.17
2023	30,458	30,458	—	923,548	3.30

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

A Department of Miami-Dade County, Florida

Required Supplementary Information

Defined-Benefit Retirement Plan

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

Years ended September 30, 2023 and 2022

<u>September 30</u>	<u>Total pension liability</u>	<u>Plan fiduciary net position</u>	<u>Net pension liability (asset)</u>	<u>Plan fiduciary net position as a percentage of total liability</u>
2023	\$ 1,260,150,821	1,051,182,446	208,968,375	83.42 %
2022	1,132,282,420	916,903,615	215,378,805	80.98
2021	1,046,324,173	1,083,161,043	(36,836,870)	103.52
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

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
Defined-Benefit Retirement Plan

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

Years ended September 30, 2023 and 2022

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:										
Service cost	\$ (43,781,331)	(42,823,998)	(41,525,890)	(37,175,315)	(34,801,408)	(31,523,337)	(27,573,935)	(25,251,874)	(24,182,657)	(24,479,804)
Interest	(82,578,320)	(76,612,180)	(71,874,150)	(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	(61,037,024)	(8,995,374)	(6,797,496)	(17,952,280)	(19,108,668)	(13,878,229)	(9,902,924)	(25,944,189)	(7,585,736)	(6,387,403)
Changes in assumptions	14,433,875	—	(7,360,000)	11,367,640	—	(9,849,213)	3,073,347	2,468,111	—	(16,324,144)
Change in benefit terms ¹	—	—	—	—	(11,825,899)	—	—	—	—	—
Benefit payments, including refunds of member contributions	45,094,399	42,473,305	37,865,019	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	(127,868,401)	(85,958,247)	(89,692,517)	(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	(1,132,282,420)	(1,046,324,173)	(956,631,656)	(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	(1,260,150,821)	(1,132,282,420)	(1,046,324,173)	(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	35,079,513	32,680,211	29,622,651	27,399,568	23,377,559	23,000,435	18,889,152	19,534,345	13,366,586	12,012,499
Contributions – member	30,457,662	27,292,997	23,700,799	22,115,554	21,195,556	20,701,744	18,114,381	14,958,135	13,885,025	12,248,903
Net investment income (loss)	115,534,604	(181,781,006)	192,524,090	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	(45,094,399)	(42,473,305)	(37,865,019)	(61,286,237)	(34,802,347)	(22,414,722)	(23,118,536)	(31,022,257)	(18,585,971)	(39,678,826)
Administrative expense	(1,698,549)	(1,976,325)	(2,029,797)	(1,797,895)	(1,444,818)	(1,989,612)	(1,832,399)	(2,340,796)	(1,804,780)	(451,842)
Net change in plan fiduciary net position	134,278,831	(166,257,428)	205,952,724	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	916,903,615	1,083,161,043	877,208,319	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	1,051,182,446	916,903,615	1,083,161,043	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	\$ (208,968,375)	(215,378,805)	36,836,870	(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	83.4 %	81.0 %	103.5 %	91.7 %	89.9 %	97.0 %	98.2 %	93.4 %	92.6 %	103.7 %
Covered-employee payroll	\$ 923,547,749	757,333,715	757,431,585	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	22.6 %	28.4 %	(4.9)%	11.0 %	13.0 %	3.8 %	2.3 %	8.6 %	10.1 %	(5.0)%

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, 2022 to September 30, 2023: Change in projected salary increases from 3.5% per year to 4.0% per year for employees with less than 10 years and 3.0% for employees with more than 10 years.

Changes of assumptions. From September 30, 2021 to September 30, 2022: None.

Changes of assumptions. From September 30, 2020 to September 30, 2021: Discount rate and expected long-term rate of return decreased from 7.4% to 7.2%.

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.

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

Defined-Benefit Retirement Plan

Schedules of Investment Returns (Unaudited)

September 30, 2023 and 2022

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	12.5 %	(16.7)%	21.8 %	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)

Years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:							
Service cost	\$ 4,057,943	3,962,334	3,834,483	4,995,984	3,776,425	3,622,816	4,099,967
Interest cost	2,118,669	1,182,561	1,168,245	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	(110,537)	1,181,364	—	(10,672,311)	4,631,277	—	—
Changes in assumptions	(195,782)	(6,102,556)	253,824	7,294,906	10,566,984	(3,602,488)	(5,436,324)
Benefits paid	<u>(2,781,092)</u>	<u>(2,235,694)</u>	<u>(4,250,999)</u>	<u>(4,078,563)</u>	<u>(5,348,002)</u>	<u>(4,434,408)</u>	<u>(7,830,000)</u>
Change in OPEB liability	3,089,201	(2,011,991)	1,005,553	(33,604,329)	16,564,782	(1,821,545)	(6,759,474)
Beginning OPEB liability	<u>50,146,349</u>	<u>52,158,340</u>	<u>51,152,787</u>	<u>84,757,116</u>	<u>68,192,334</u>	<u>70,013,879</u>	<u>76,773,353</u>
Ending OPEB liability	<u>\$ 53,235,550</u>	<u>50,146,349</u>	<u>52,158,340</u>	<u>51,152,787</u>	<u>84,757,116</u>	<u>68,192,334</u>	<u>70,013,879</u>
Covered employee payroll	990,013,000	961,177,229	822,118,000	798,173,000	795,722,000	768,814,000	742,815,000
Total OPEB liability as a percentage of covered employee payroll	5.4 %	5.2 %	6.3 %	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, 2022 to September 30, 2023, the discount rate used to measure the Trust's total OPEB liability increased from 4.02% to 4.06%.

Changes of assumptions. From September 30, 2021 to September 30, 2022, the discount rate used to measure the Trust's total OPEB liability decreased from 2.15% to 4.02%.

Changes of assumptions. From September 30, 2020 to September 30, 2021, the discount rate used to measure the Trust's total OPEB liability decreased from 2.21% to 2.15%.

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 2.21% 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, 2023 and 2022

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. 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 2023 contribution for FRS pension plan:

Valuation date	July 1, 2023
Actuarial cost method	Individual Entry Age Normal
Discount rate	6.7 %
Investment rate of return	6.7 %
Salary increases projected	3.3 %
Inflation	2.4 %
Mortality	PUB2010 base table by category and sex, projected generationally with Scale MP-2018

(a) There were no changes of assumptions between the years ended September 30, 2023 and 2022, respectively.

(3) Methods and assumptions used in calculation of actuarially determined 2023 contribution for HIS program:

Valuation date	July 1, 2022
Actuarial cost method	Individual Entry Age Normal
Discount rate	3.7 %
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 3.54% in 2022 to 3.65% in 2023.

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, 2023 and 2022

- (4) Methods and assumptions used in calculation of actuarially determined 2023 contributions for PHT Defined Benefit Retirement Plan:

Valuation date	January 1, 2023
Actuarial cost method	Entry Age Normal, Level Percent of Pay
Discount rate	7.2 %
Investment rate of return	7.2 %
Salary increases projected	Overall covered payroll is assumed to increase by 3.5% per year
Inflation	2.5 %
Mortality	Generational PUB-2010, projection using scale MP-18

- (a) Changes of assumptions and other inputs reflect new assumed rates of termination, compensation increase, and DROP participation were changed to better reflect anticipated future experience as a result of a new experience study performed in 2023.

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

Valuation date	September 30, 2023
Actuarial cost method	Entry Age Normal
Discount rate	4.1 %
Healthcare cost trend rate	7.0% select (6.00% for post-Medicare); 4.0% ultimate; 0.25% reduction per year
Investment rate of return	N/A
Salary increases projected	3.0% per year
Inflation	3.0% per year
Mortality	Generational PUB-2010, projection using scale MP-2021

OTHER FINANCIAL INFORMATION

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Schedules by Account

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

September 30, 2023

(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	\$ 410,784	8	310	—	—	411,102
Restricted cash and cash equivalents	5,654	—	—	—	—	5,654
Restricted short-term investments	8,461	—	—	—	—	8,461
Assets limited as to use	173,370	—	—	—	—	173,370
Patients' accounts receivable, less allowance for doubtful accounts of approximately \$818,870	246,242	1,640	1,498	—	—	249,380
Estimated receivables due from other third-party payors	197,390	—	—	—	—	197,390
Due from Miami-Dade County	112,468	—	—	—	—	112,468
Other receivables – unrestricted	27,163	36	—	2,080	—	29,279
Other receivables – restricted	4,318	95	—	—	—	4,413
Due from restricted funds	2,609,374	19,179	19,447	3,932	(2,651,932)	—
Supplies	52,812	392	187	—	—	53,391
Prepaid expenses and other current assets	17,540	23	39	—	—	17,602
Total current assets	<u>3,865,576</u>	<u>21,373</u>	<u>21,481</u>	<u>6,012</u>	<u>(2,651,932)</u>	<u>1,262,510</u>
Assets limited as to use	49,183	—	—	—	—	49,183
Restricted long-term cash	10,615	—	—	—	—	10,615
Restricted long-term investments	25,494	—	—	—	—	25,494
Capital assets, net	1,293,418	5,018	6,181	7,148	—	1,311,765
Other assets	40,337	—	—	7,511	—	47,848
Total noncurrent assets	<u>1,419,047</u>	<u>5,018</u>	<u>6,181</u>	<u>14,659</u>	<u>—</u>	<u>1,444,905</u>
Total assets	<u>\$ 5,284,623</u>	<u>26,391</u>	<u>27,662</u>	<u>20,671</u>	<u>(2,651,932)</u>	<u>2,707,415</u>
Deferred outflows of resources:						
Deferred loss on bond refunding	\$ 4,602	—	—	—	—	4,602
Deferred outflows – OPEB	17,434	—	—	—	—	17,434
Deferred outflows – pension	197,189	—	—	—	—	197,189
Total deferred outflows of resources	<u>\$ 219,225</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>219,225</u>

(1) Includes Jackson Memorial Hospital, JMH Health Plan, Jackson South, Jackson North, Jackson West, Urgent Care Centers, and Physician Services.

(2) Includes North Dade Primary Health Care Facility, Jefferson Reaves Clinic, Community Health, Homeless Shelter, P.E.T. Center, Penalver Clinic, Corrections Health Services, Rosie Lee Wesley Health Center, and Miami Hope Center.

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

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Schedules by Account

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

September 30, 2023

(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	\$ 170,855	6	—	—	—	170,861
Accrued interest payable	3,779	—	—	—	—	3,779
Accrued salaries and payroll taxes withheld	106,239	—	—	—	—	106,239
Accrued vacation and sick pay benefits	111,414	—	—	—	—	111,414
Refunds due for patient services	8,574	82	—	—	—	8,656
Current portion of estimated self-insured liability	6,503	—	—	—	—	6,503
Estimated payables due to other third-party payors	211,922	—	—	—	—	211,922
Due to Miami-Dade County	15,000	—	—	—	—	15,000
Due to University of Miami	18,278	—	—	—	—	18,278
Other – unrestricted	1,768,355	766,756	188,600	—	(2,651,932)	71,779
Other – restricted	1,932	—	—	—	—	1,932
Current portion of total other postemployment benefits	2,982	—	—	—	—	2,982
Current portion of long-term debt	11,460	—	—	—	—	11,460
Total current liabilities	<u>2,437,293</u>	<u>766,844</u>	<u>188,600</u>	<u>—</u>	<u>(2,651,932)</u>	<u>740,805</u>
Long-term debt, excluding current portion	236,895	—	—	—	—	236,895
Estimated self-insured liability, excluding current portion	48,265	—	—	—	—	48,265
Net pension liability	303,534	—	—	—	—	303,534
Total other postemployment benefit liability	50,254	—	—	—	—	50,254
Line of credit	64,656	—	—	—	—	64,656
Other	144,539	41	—	—	—	144,580
Total noncurrent liabilities	<u>848,143</u>	<u>41</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>848,184</u>
Total liabilities	<u>\$ 3,285,436</u>	<u>766,885</u>	<u>188,600</u>	<u>—</u>	<u>(2,651,932)</u>	<u>1,588,989</u>
Deferred inflows of resources:						
Deferred inflows – gain on bond refunding	\$ 1,688	—	—	—	—	1,688
Deferred inflows – pension	49,568	—	—	—	—	49,568
Deferred inflows – OPEB	19,355	—	—	—	—	19,355
Deferred inflows – leases	57,461	—	—	9,163	—	66,624
Total deferred inflows of resources	<u>\$ 128,072</u>	<u>—</u>	<u>—</u>	<u>9,163</u>	<u>—</u>	<u>137,235</u>
Net position (deficit)	\$ 2,090,323	(740,477)	(162,910)	13,480	—	1,200,416

See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Schedules by Account

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

September 30, 2022

(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	\$ 404,906	7	278	—	—	405,191
Restricted cash and cash equivalents	6,311	—	—	—	—	6,311
Restricted short-term investments	8,072	—	—	—	—	8,072
Assets limited as to use	162,780	—	—	—	—	162,780
Patients' accounts receivable, less allowance for doubtful accounts of approximately \$818,357	224,169	1,447	1,814	—	—	227,430
Estimated receivables due from other third-party payors	186,124	—	—	—	—	186,124
Due from Miami-Dade County	66,410	—	—	—	—	66,410
Other receivables – unrestricted	30,928	61	—	2,975	—	33,964
Other receivables – restricted	4,740	25	—	—	—	4,765
Due from restricted funds	1,483,470	14,508	5,631	2,731	(1,506,340)	—
Supplies	48,120	352	112	—	—	48,584
Prepaid expenses and other current assets	15,539	—	7	—	—	15,546
Total current assets	<u>2,641,569</u>	<u>16,400</u>	<u>7,842</u>	<u>5,706</u>	<u>(1,506,340)</u>	<u>1,165,177</u>
Assets limited as to use	45,738	—	—	—	—	45,738
Restricted long-term investments	35,110	—	—	—	—	35,110
Capital assets, net	1,276,785	5,579	6,386	7,051	—	1,295,801
Other assets	39,734	—	—	7,695	—	47,429
Total noncurrent assets	<u>1,397,367</u>	<u>5,579</u>	<u>6,386</u>	<u>14,746</u>	<u>—</u>	<u>1,424,078</u>
Total assets	<u>\$ 4,038,936</u>	<u>21,979</u>	<u>14,228</u>	<u>20,452</u>	<u>(1,506,340)</u>	<u>2,589,255</u>
Deferred outflows of resources:						
Deferred loss on bond refunding	\$ 4,895	—	—	—	—	4,895
Deferred outflows – OPEB	18,939	—	—	—	—	18,939
Deferred outflows – pension	230,030	—	—	—	—	230,030
Total deferred outflows of resources	<u>\$ 253,864</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>253,864</u>

(1) Includes Jackson Memorial Hospital, JMH Health Plan, Jackson South, Jackson North, Jackson West, Urgent Care Centers, and Physician Services.

(2) Includes North Dade Primary Health Care Facility, Jefferson Reaves Clinic, Homeless Shelter, P.E.T. Center, Penalver Clinic, Corrections Health Services, Rosie Lee Wesley Health Center, and Miami Hope Center.

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

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Schedules by Account

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

September 30, 2022

(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	\$ 192,657	5	—	—	—	192,662
Accrued interest payable	3,961	—	—	—	—	3,961
Accrued salaries and payroll taxes withheld	97,307	—	—	—	—	97,307
Accrued vacation and sick pay benefits	96,901	—	—	—	—	96,901
Refunds due for patient services	7,955	102	—	—	—	8,057
Current portion of estimated self-insured liability	7,145	—	—	—	—	7,145
Estimated payables due to other third-party payors	199,751	—	—	—	—	199,751
Due to Miami-Dade County	13,894	—	—	—	—	13,894
Due to University of Miami	19,370	—	—	—	—	19,370
Other – unrestricted	720,876	688,534	169,392	(3,599)	(1,507,292)	67,911
Other – restricted	1,647	(17)	—	—	—	1,630
Current portion of total other postemployment benefits	2,782	—	—	—	—	2,782
Current portion of long-term debt	10,920	—	—	—	—	10,920
Total current liabilities	1,375,166	688,624	169,392	(3,599)	(1,507,292)	722,291
Long-term debt, excluding current portion	250,242	—	—	—	—	250,242
Estimated self-insured liability, excluding current portion	45,618	—	—	—	—	45,618
Net pension liability	307,658	—	—	—	—	307,658
Total other postemployment benefit liability	47,364	—	—	—	—	47,364
Line of credit	115,367	—	—	—	—	115,367
Other	46,568	132	—	—	—	46,700
Total noncurrent liabilities	812,817	132	—	—	—	812,949
Total liabilities	\$ 2,187,983	688,756	169,392	(3,599)	(1,507,292)	1,535,240
Deferred inflows of resources:						
Deferred inflows – gain on bond refunding	\$ 1,811	—	—	—	—	1,811
Deferred inflows – pension	40,544	—	—	—	—	40,544
Deferred inflows – OPEB	20,626	—	—	—	—	20,626
Deferred inflows – leases	70,170	—	—	—	—	70,170
Total deferred inflows of resources	\$ 133,151	—	—	—	—	133,151
Net position (deficit)	\$ 1,971,666	(666,777)	(155,164)	24,052	952	1,174,729

See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Schedules by Account
Schedules of Revenues and Expenses

Year ended September 30, 2023

(Dollars in thousands)

	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Property Management	Eliminations	Total
Operating revenues:						
Net patient service revenue	\$ 1,582,781	1,701	18,956	—	—	1,603,438
Other revenue	391,411	2,946	18,321	2,172	(20,037)	394,813
Grants and other	23,096	838	—	—	—	23,934
Total operating revenues	<u>1,997,288</u>	<u>5,485</u>	<u>37,277</u>	<u>2,172</u>	<u>(20,037)</u>	<u>2,022,185</u>
Operating expenses:						
Salaries and related costs	1,600,761	74,010	41,523	1,617	(917)	1,716,994
Contractual and purchased services	506,243	11,006	4,885	914	(19,120)	503,928
Supplies and other operating expenses	454,258	6,293	4,363	(11)	—	464,903
Public Medical Assistance Trust Fund assessment	19,441	—	—	—	—	19,441
Depreciation and amortization	123,736	749	994	1,053	—	126,532
Total operating expenses	<u>2,704,439</u>	<u>92,058</u>	<u>51,765</u>	<u>3,573</u>	<u>(20,037)</u>	<u>2,831,798</u>
Operating (loss) income	<u>(707,151)</u>	<u>(86,573)</u>	<u>(14,488)</u>	<u>(1,401)</u>	<u>—</u>	<u>(809,613)</u>
Nonoperating revenues (expenses):						
Miami-Dade County funding	263,532	—	—	—	—	263,532
Sales tax revenue	394,661	—	—	—	—	394,661
Investment income	3,953	—	—	294	—	4,247
Interest expense	(13,468)	(8)	(2)	—	—	(13,478)
Other income	168,633	—	—	—	—	168,633
Total nonoperating revenues, net (excluding capital contributions)	<u>817,311</u>	<u>(8)</u>	<u>(2)</u>	<u>294</u>	<u>—</u>	<u>817,595</u>
Income before capital contributions	110,160	(86,581)	(14,490)	(1,107)	—	7,982
Capital contributions	17,704	—	—	—	—	17,704
Increase (decrease) in net position	<u>\$ 127,864</u>	<u>(86,581)</u>	<u>(14,490)</u>	<u>(1,107)</u>	<u>—</u>	<u>25,686</u>

(1) Includes Jackson Memorial Hospital, JMH Health Plan, Jackson South, Jackson North, Jackson West, Urgent Care Centers, and Physician Services.

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See accompanying independent auditors' report.

PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA

A Department of Miami-Dade County, Florida

Schedules by Account
Schedules of Revenues and Expenses

Year ended September 30, 2022

(Dollars in thousands)

	(1) Hospitals	(2) Primary Care Centers	(3) Skilled Nursing Facilities	Jackson Property Management	Eliminations	Total
Operating revenues:						
Net patient service revenue	\$ 1,502,746	1,680	20,221	—	—	1,524,647
Other revenue	431,818	2,829	12,837	3,402	(14,689)	436,197
Grants and other	24,924	719	—	—	—	25,643
Total operating revenues	<u>1,959,488</u>	<u>5,228</u>	<u>33,058</u>	<u>3,402</u>	<u>(14,689)</u>	<u>1,986,487</u>
Operating expenses:						
Salaries and related costs	1,523,161	69,033	39,017	1,618	(877)	1,631,952
Contractual and purchased services	450,494	9,437	6,369	1,129	(13,812)	453,617
Supplies and other operating expenses	440,830	5,904	4,672	(2)	—	451,404
Public Medical Assistance Trust Fund assessment	17,535	—	—	—	—	17,535
Depreciation and amortization	118,156	817	851	887	—	120,711
Total operating expenses	<u>2,550,176</u>	<u>85,191</u>	<u>50,909</u>	<u>3,632</u>	<u>(14,689)</u>	<u>2,675,219</u>
Operating (loss) income	<u>(590,688)</u>	<u>(79,963)</u>	<u>(17,851)</u>	<u>(230)</u>	<u>—</u>	<u>(688,732)</u>
Nonoperating revenues (expenses):						
Miami-Dade County funding	237,687	—	—	—	—	237,687
Sales tax revenue	386,730	—	—	—	—	386,730
Investment income	854	—	—	—	—	854
Interest expense	(14,197)	(11)	—	—	—	(14,208)
Other income	163,301	—	2	332	—	163,635
Total nonoperating revenues, net (excluding capital contributions)	<u>774,375</u>	<u>(11)</u>	<u>2</u>	<u>332</u>	<u>—</u>	<u>774,698</u>
Income before capital contributions	183,687	(79,974)	(17,849)	102	—	85,966
Capital contributions	36,821	—	—	—	—	36,821
Increase (decrease) in net position	<u>\$ 220,508</u>	<u>(79,974)</u>	<u>(17,849)</u>	<u>102</u>	<u>—</u>	<u>122,787</u>

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