NORTH BROWARD HOSPITAL DISTRICT

Basic Financial Statements,
Required Supplementary Information, and
Supplemental Combining Information

June 30, 2024 and 2023

(With Report of Independent Auditors Thereon)

NORTH BROWARD HOSPITAL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
North Broward Hospital District

Opinion
We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the North Broward Hospital District (the District) as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the District as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Auditors' Responsibility 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 generally accepted 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 9, and the schedule of changes in net pension liability and related ratios – defined benefit pension plan, the schedule of employer contributions – defined benefit pension plan, the schedule of money-weighted rate of return – defined benefit pension plan and the schedule of changes in total OPEB liability and related ratios on pages 76-79, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion nor provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion nor provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining information on pages 80 to 82 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The combining information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Birmingham, Alabama
October XX, 2024

NORTH BROWARD HOSPITAL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

This section of the North Broward Hospital District's (the District) annual financial report presents the District's analysis of its financial performance as of fiscal years ending June 30, 2024 and 2023. Please read this analysis in conjunction with the financial statements, which follows this section.

North Broward Hospital District d/b/a Broward Health is a special independent taxing district created pursuant to Chapter 27438, Laws of Florida, Special Acts of 1951, as amended (the Act), for the purpose of establishing and operating the necessary health facilities for the preservation of the public health and well-being of the citizens of the District. Governance and management of the District are independent of metropolitan county and city governments. The governing body of the District is the Board of Commissioners (the Board), composed of seven members appointed by the Governor of Florida.

Overview of the Financial Statements

This annual financial report includes the management's discussion and analysis report, the independent auditors' report, and the financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The District's financial statements report offers short-term and long-term financial information about its activities. The statement of net position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). The statement of net position also provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the District.

The revenue and expenses for fiscal years 2024 and 2023 are accounted for in the statement of revenues, expenses, and changes in net position. The statement measures the annual financial performance of the District's operations and can be used to determine whether the District has recovered the entirety of its costs through net patient service revenue, ad valorem taxes, and other sources of revenue.

The final required statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing (capital and noncapital) activities. The statement highlights the key sources and uses of the District's cash and what the change in the cash balance was during the reporting period. The District's financial statements report also includes the statements of fiduciary net position and statements of changes in fiduciary net position which represent the District's fiduciary activities consisting of its pension trust fund.

Financial Analysis of the North Broward Hospital District

The District's net position, the difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources, is a way to measure financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. However, the financial statement user should consider other nonfinancial factors, such as changes in economic conditions, population growth, taxable property values and tax rates, and new or changed governmental legislation, when analyzing the District's financial position.

A comparative summary of the District's statements of net position at June 30, 2024, 2023 and 2022, is presented below:

	2024	2023	2022
		(In thousands of dollars)	
Assets:			
Current assets	$ 1,213,816	$ 944,693	$ 892,082
Asset whose use is limited, net of amount for current obligations	35,150	31,598	29,788
Investments	310,957	319,041	215,532
Capital assets, net	747,729	662,583	636,202
Other assets	91,147	87,646	101,805
Total assets	$ 2,398,799	$ 2,045,561	$ 1,875,409
Deferred outflows of resources:			
Deferred amount on debt refundings	$ 11,411	$ 14,153	$ 16,894
Pension	13,409	10,107	6,844
Deferred other postemployment benefits	9,907	13,892	17,876
Total deferred outflows of resources	$ 34,727	$ 38,152	$ 41,614
Liabilities:			
Current liabilities	$ 403,386	$ 344,750	$ 332,024
Long-term debt	301,226	309,011	329,820
Other liabilities	107,314	108,225	94,267
Total liabilities	$ 811,926	$ 761,986	$ 756,111
Deferred inflows of resources:			
Pension	$ 15,012	$ 13,399	$ 21,544
Other postemployment benefits	18,048	21,489	21,070
Leases	21,597	21,061	25,986
Total deferred inflows of resources	$ 54,657	$ 55,949	$ 68,600
Net position:			
Net investment in capital assets	$ 371,049	$ 288,559	$ 277,911
Restricted for donor restrictions	24,550	24,179	19,614
Restricted for pension	37,774	35,713	36,472
Unrestricted	1,133,570	917,327	758,315
Total net position	$ 1,566,943	$ 1,265,778	$ 1,092,312

The net position of the District totaled $1,566.9, $1,265.8 and $1,092.3 billion as of June 30, 2024, 2023 and 2022, respectively. The increase in net position of $301.1 million in fiscal year 2024 was primarily due to $244.2 million gain from operations net of tax revenues, and a gain on investments of $76.8 million.

Budgetary Highlights

Overall, the District performed ahead of budget by $242.8 million in fiscal year 2024, including a favorable pension adjustment of $8.4 million and a favorable OPEB adjustment of $3.9 million. Total operating expenses were under budget by $70.7 million, coupled with total operating revenue exceeding budget by $176.3 million. Nonoperating income exceeded budget by $64.8 million, primarily due to a $51.3 million gain on investments and $8.8 million in dividend/interest income exceeding budgeted expectations. Total hospitalized patients (admissions plus observation cases) exceeded budget by 1.5%. Outpatient volumes fell below budget by 1.1% primarily due to fewer low-acuity emergency room visits.

Capital Assets and Debt Administration

As of June 30, 2024, 2023 and 2022, the District had net capital assets of $747.7 million, $662.6 million and $636.2 million, respectively, an increase of $85.1 million from 2023 to 2024 and an increase of $26.4 million from 2022 to 2023. The increase in 2024 was mainly composed of $111.7 million in capital expenditures, $55.6 million in depreciation, $786 thousand loss from disposals, $9.8 million net decrease in intangible right-to-use leased assets, and $23.7 million net increase in intangible right-to-use subscription-based information technology arrangements (SBITA). Significant capital expenditures were comprised mainly of $29.5 million of land/building acquisitions, $26.2 Million in Epic Implementation, $8.4 Million in Pharmacy Automated Systems, $6.5 million for Broward Health Medical Center Employee Garage, $6.0 Million in Flood Restoration Repairs, $4.5 Million for Broward Health Coral Springs fourth floor build-outs, and $2.2 Million for the OR HVAC Systems at Broward Health North.

Capital assets at June 30, 2024, 2023 and 2022, are as follows:

	2024	2023	2022
	(In thousands of dollars)		
Land and land improvements	$ 110,293	$ 96,870	$ 90,798
Buildings and building improvements	904,563	868,297	860,394
Equipment	497,037	486,840	572,842
Finance purchase assets	15,544	13,697	13,242
Intangible right-to-use leased assets	42,178	49,908	32,671
Intangible right-to-use software subscription	152,589	93,729	55,353
	1,722,204	1,609,341	1,625,300
Less accumulated depreciation/amortization	(1,044,297)	(969,886)	(1,015,485)
	677,907	639,455	609,815
Construction-in-progress	69,822	23,128	26,387
	$ 747,729	$ 662,583	$ 636,202

More detailed information about the District's capital assets is presented in Note 5 within the accompanying financial statements.

Revenues, Expenses, and Changes in Net Position

While the statements of net position show all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, the statements of revenues, expenses, and changes in net position provide answers to the nature and source of the changes of net position.

The following table presents the District's condensed statements of revenues, expenses, and changes in net position for fiscal years 2024, 2023 and 2022:

	2024	2023	2022
	(In thousands of dollars)		
Operating revenues	$ 1,549,815	$ 1,319,415	$ 1,296,503
Operating expenses	1,552,522	1,433,412	1,455,863
Operating loss	(2,707)	(113,997)	(159,360)
Unrestricted property tax revenue	246,870	250,350	179,548
Other nonoperating revenue (expense), net	56,966	35,090	(62,207)
CARES act stimulus	—	—	4,073
Capital contributions	36	2,023	538
Increase / (decrease) in net position	301,165	173,466	(37,408)
Net position:			
Beginning of year	1,265,778	1,092,312	1,129,720
End of year	$ 1,566,943	$ 1,265,778	$ 1,092,312

Management's Discussion of Recent Financial Performance

Overview – Fiscal Year 2024 as Compared to Fiscal Year 2023 and 2022

In fiscal year 2024, the District experienced an increase in net position of $301.2 million, as compared to an increase in net position of $173.4 million in 2023 and a decrease in net position in 2022 of $37.4 million. Drivers include management's continued focus on strategic plan execution, improvement in revenue cycle management and cost controls.

Patient Volumes

Volumes continue to grow as compared to fiscal year 2023. Inpatient admits increased by 3.6% or 1,865 and observation admissions increased by 4.4% or 1,416 cases. In all, total hospitalizations increased by 3.9% or 3,281 cases.

Total hospitalized Medicare patients (admissions plus observation cases) fell below fiscal year 2023 by 3.8% or 443 cases. Medicare inpatient volume, as measured by admissions, fell below fiscal year 2023 by

1.7%, or 156 cases and Medicare observation cases fell below fiscal year 2023 by 11.1% or 287 cases. Correspondingly, total hospitalized Medicare Advantage patients (admissions plus observation cases) exceeded fiscal year 2023 by 10.6% or 2,196 cases. Medicare Advantage inpatient volumes as measured by admissions exceeded fiscal year 2023 by 11.2% or 1,221 cases. Medicare Advantage observation cases exceeded fiscal year 2023 by 10.0% or 975 cases. There was a 1.1% increase in the Medicare case mix index from year to year, measured by the Medicare Severity Diagnostic Related Groups (MS-DRGs).

During the 2015 Florida Legislative session, measures were approved that have resulted in significant changes to the Medicaid program (Medicaid Reform). The plan results in all Medicaid beneficiaries being enrolled in a managed care Medicaid plan. Overall Medicaid, including Managed Medicaid total hospitalizations decreased 13.2% or 2,366 cases as compared to the prior year. Admissions decreased from the prior year by 1,490 cases, or 12.2% and Observation cases decreased by 876 cases or 15.2%. The District continues its efforts of the Medicaid Eligibility Unit, the Medical Options for Patient Eligibility Department, and the Department of Children and Families (DCF), working to process applications in a timely fashion and providing additional access for patients to apply for Medicaid or the healthcare exchange marketplace.

Managed Care and Commercial Payors, the District's largest payer category saw an increase in total hospitalizations (admissions plus observation cases) of 14.4% or 3,521 cases over the previous year. IP Admissions increased by 2,230 or 16.3%, while observation cases increased from fiscal year 2023 by 12.1% or 1,291 cases.

Total system OP visits reflected an increase of 2.1% as compared to the prior year. The primary driver is an increase in Hospital OP clinical visits of 5.6% or 9,180; an increase in Observation cases of 4.4% or 1,416 and an increase in Physician/Primary Care visits of 14,526 or 4%.

Operating Revenues

Net patient revenue increased from $1,185.4 billion in fiscal year 2023 to $1,373.1 billion in fiscal year 2024.

Medicare net revenue decreased by $4.6 million, or 2.6%. Managed Care Medicare net revenue increased by $41.7 million, or 16.8%. Medicaid net revenue (including Managed Care Medicaid net revenue) decreased from the prior fiscal year by $10.5 million, or 9.5%. Patient revenue was complemented by additional revenue received from the LIP and DSH programs totaling $30.9 million, an increase from the prior fiscal year of $10.3 million; funding for DPP/PHP and IME totaling an additional $99.6 million as compared to a prior year of $62.9 million and $627.5 thousand in FQHC Medicaid Wrap payments.

During fiscal year 2024, charity care and other uncompensated funding costs increased by $2.1 million or 0.4%, and all related government funding sources decreased by $6.3 million or 1.3%. Overall community benefit costs in excess of government funding increased by $8.5 million or 19%.

Operating Expenses

Operating expenses increased by $119.1 million, or 8.3% as compared to fiscal year 2023. Drivers include costs associated with increases in volume and acuity coupled with normal consumer price index increases.

The District continued to emphasize cost-conscious initiatives without sacrificing the delivery of patient care.

Salary Wages & Benefits represent the most significant spending category for the District. Salaries and wages (inclusive of purchased service and temporary labor) increased from $736.8 million in fiscal year 2023, to $762.4 million in fiscal year 2024. The increase directly correlated with volume and acuity and is being offset by the District's focus on improving employee recruitment and retention resulting in less reliance on costly temporary labor. Productive hours per adjusted patient day increased from 27.1 in fiscal year 2023 to 27.5 in fiscal year 2024. Benefit expense increased $20.2 million year over year as compared to fiscal year 2023. Contributing factors include a shift from temporary labor to employed staff resulting in an increase in employer taxes, medical and prescription drug benefits coupled with an increase in healthcare utilization and cost of claims. Salaries, wages, and benefits as a percentage of net patient revenues decreased from 63.1% in fiscal year 2023 to 56.7% for fiscal year 2024.

Supply expenses represent the next largest expense category for the District. Supply expenses increased from $275.9 million in fiscal year 2023 to $314.7 million in fiscal year 2024. The increase of 14% or $38.8 million, was driven by increased volumes, acuity, and normal consumer price indexes. Supply expense as a percent to net operating revenue decreased from 20.7% in fiscal year 2023 to 20.1% in fiscal year 2024.

All other fees increased by $34.6 million compared to fiscal year 2023, the primary driver being an increase in depreciation and amortization specifically in subscription-based information technology arrangements (SBITA) amortization due to the Districts conversion of its Enterprise Resource Planning (ERP) system which went live on December 1st followed by an increase in outside services.

Ad Valorem Tax Revenue

For fiscal years 2024 and 2023, ad valorem tax revenues totaled $246.2 million and $250.4 million, respectively. As described in Note 16 to the financial statements, the District annually levies and collects ad valorem taxes for the general support of its operations, as approved by the Board. The tax rates set by the Board for fiscal years 2024 and 2023 were 1.4307 mills and 1.6029 mills, respectively. The final taxable property values within the District's geopolitical boundaries increased from $171.0 billion to $189.3 billion, or 10.7%. In July 2024, the Broward County property appraiser released to the District the estimated taxable property valuations for 2024/2025. These values increased to $206.7 billion, an increase of 9.2%.

Interest Expense

Interest expense in fiscal year 2024 was $19.7 million, as compared to $18.0 million in fiscal year 2023, an increase of $1.7 million, or 9.4%.

Liquidity and Cash Position

Management continues to drive improvement of the District's financial position.

Although Broward Health has maintained a strong statement of net position and cash reserves sufficient to withstand any unforeseen business disruption, management secured a line of credit in fiscal year 2020, with a bank for up to $50 million which it maintains at fiscal year-end 2024.

Credit Ratings

The District's long term credit ratings at the end of fiscal year 2024 were 'A- Stable' by S&P Global Ratings and 'A+ Stable' by Fitch Ratings. Moody's Investors Services also maintains a rating of 'Baa1 Stable' for the District.

Request for Information

This report is designed to provide a general overview of the District's finances. Questions or requests for additional information should be made in writing to the Chief Financial Officer at Broward Health, 1800 NW 49th Street, Suite 110, Fort Lauderdale, Florida 33309.

BASIC FINANCIAL STATEMENTS

NORTH BROWARD HOSPITAL DISTRICT

Statements of Net Position

June 30, 2024 and 2023

(In thousands of dollars)

Assets		**2024**		**2023**
Current assets:				
Cash and cash equivalents	$	165,106	$	106,273
Cash and investments externally restricted by donors		22,200		20,847
Short-term investments		655,582		516,236
Assets whose use is limited required for current liabilities – investments		8,253		9,482
Due from patients and others, net of allowance for uncollectibles of $317,271 ($275,277 in 2023)		203,033		181,510
Inventories		41,037		37,095
Estimated third-party payor settlements		78,707		34,360
Other current assets		39,898		38,890
Total current assets		1,213,816		944,693
Assets whose use is limited – cash and investments:				
Amounts designated for self-insurance		43,403		41,080
		43,403		41,080
Less amount required to meet current obligations		(8,253)		(9,482)
Assets whose use is limited, net		35,150		31,598
Investments		310,957		319,041
Capital assets, net		747,729		662,583
Net pension asset		39,377		39,005
Other assets		51,770		48,641
Total noncurrent assets		1,149,833		1,069,270
Total assets	$	2,398,799	$	2,045,561
Deferred Outflows of Resources				
Loss on debt refundings	$	11,411	$	14,153
Deferred pension amounts		13,409		10,107
Deferred other postemployment benefits		9,907		13,892
Total deferred outflows of resources	$	34,727	$	38,152
Liabilities				
Current liabilities:				
Current maturities of revenue bonds payable	$	6,415	$	6,115
Accounts payable and accrued expenses		177,895		155,399
Accrued salaries, benefits, and payroll taxes		53,003		47,102
Accrued personal leave		34,827		34,191
Current portion of lease, SBITA, and finance purchase obligations		44,590		37,481
Estimated third-party payor settlements		77,656		54,278
Current portion of self-insurance program liability		8,253		9,482
Interest payable		747		702
Total current liabilities		403,386		344,750
Revenue bonds, net of current maturities		301,226		309,011
Lease, SBITA, and finance purchase obligations, net of current portion		35,860		35,570
Self-insurance program liability, net of current portion		19,630		19,365
Other postemployment benefit program liability		51,824		53,290
Total liabilities	$	811,926	$	761,986
Deferred Inflows of Resources				
Deferred pension amounts	$	15,012	$	13,399
Deferred other postemployment benefits		18,048		21,489
Leases		21,597		21,061
Total deferred inflows of resources	$	54,657	$	55,949
Net Position				
Net investment in capital assets	$	371,049	$	288,559
Restricted for donor restrictions		24,550		24,179
Restricted for pension		37,774		35,713
Unrestricted		1,133,570		917,327
Total net position	$	1,566,943	$	1,265,778

See accompanying notes to financial statements.

NORTH BROWARD HOSPITAL DISTRICT

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2024 and 2023

(In thousands of dollars)

		2024		2023
Operating revenues:				
Net patient service revenue (net of provision for uncollectible accounts of $205,239 in 2024 and $357,022 in 2023)	$	1,373,081	$	1,185,360
Other operating revenue		176,734		134,055
Total operating revenues		1,549,815		1,319,415
Operating expenses:				
Salaries		696,573		645,164
Employee benefits		124,076		103,860
Professional fees		72,237		65,734
Purchased services and temporary labor		65,838		91,632
Outside services		40,021		32,684
Supplies		314,679		275,963
Insurance		4,642		3,542
Utilities		22,645		22,841
Repairs and maintenance		26,005		24,412
State assessments		15,920		13,178
Depreciation and amortization		104,168		92,733
Other		65,718		61,669
Total operating expenses		1,552,522		1,433,412
Operating loss		(2,707)		(113,997)
Nonoperating revenues (expenses):				
Ad valorem tax revenue		246,870		250,350
Investment income, net		76,795		49,903
Interest expense		(19,729)		(17,987)
Other		(100)		3,174
Total nonoperating revenues		303,836		285,440
Gain before capital contributions		301,129		171,443
Capital contributions		36		2,023
Increase in net position		301,165		173,466
Net position:				
Beginning of year		1,265,778		1,092,312
End of year	$	1,566,943	$	1,265,778

See accompanying notes to financial statements.

NORTH BROWARD HOSPITAL DISTRICT

Statements of Cash Flows

Years ended June 30, 2024 and 2023

(In thousands of dollars)

	2024	2023
Cash flows from operating activities:		
Receipts from third-party payors and patients	$ 1,328,855	$ 1,231,867
Payments to employees	(817,097)	(757,309)
Payments to suppliers and contractors	(528,050)	(510,138)
Other receipts and payments, net	107,768	65,362
Net cash provided by operating activities	91,476	29,782
Cash flows from noncapital financing activities:		
Medicaid county funding	(9,237)	(8,456)
Ad valorem property taxes, net	246,327	248,728
Net contributions receipts	3,390	9,225
Medicare accelerated payments	-	(20,100)
Other	1,429	2,069
Net cash provided by noncapital financing activities	241,909	231,466
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(139,502)	(66,267)
Proceeds from disposal of capital assets	32	27
Payments of interest on revenue bonds, lease and SBITA obligations, and finance purchases	(18,313)	(16,140)
Principal paid on revenue bonds, lease and SBITA obligations, and finance purchases	(53,156)	(38,302)
Capital contributions	36	2,023
Net cash used in capital and related financing activities	(210,903)	(118,659)
Cash flows from investing activities:		
Interest and dividends on investments and assets whose use is limited	17,912	12,248
Purchases of investments	(446,154)	(343,388)
Proceeds from the sale and maturity of investments	360,257	244,990
Net cash used in investing activities	(67,985)	(86,150)
Net increase in cash and cash equivalents	54,497	56,439
Cash and cash equivalents:		
Beginning of year	138,634	82,195
End of year	$ 193,131	$ 138,634

(Continued)

NORTH BROWARD HOSPITAL DISTRICT

Statement of Cash Flows (Continued)

Years ended June 30, 2024 and 2023

(In thousands of dollars)

		2024		2023
Reconciliation of cash and cash equivalents to statement of net position:				
Cash and cash equivalents	$	165,106	$	106,273
Cash and cash equivalents included in cash and investments externally restricted by donors		17,201		20,251
Cash and cash equivalents included in assets whose use is limited - Cash and investments				
Amounts designated for self-insurance		10,824		12,110
Total cash and cash equivalents	$	193,131	$	138,634
Reconciliation of operating loss to net cash provided by operating activities:				
Operating loss	$	(2,707)	$	(113,997)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation and amortization		104,168		92,733
Provision for uncollectible accounts		205,235		357,022
Other		2,826		992
Changes in assets and liabilities:				
Due from patients and others		(228,493)		(364,304)
Inventories		(3,942)		(3,335)
Other assets		2,796		(8,793)
Accounts payable and accrued expenses		29,973		28,729
Accrued salaries, benefits, and payroll taxes		5,900		(12,476)
Accrued personal leave		636		3,583
Estimated third-party payor settlements		(20,968)		53,789
Self-insurance program liability		(964)		(4,768)
Net pension asset/liability and related deferred outflows and inflows		(2,061)		759
Other postemployment benefit program liability and related deferred outflows and inflows		(923)		(152)
Net cash provided by operating activities	$	91,476	$	29,782
Supplemental noncash investing, capital, and financing activities:				
Property and equipment acquired through accounts payable	$	(5,397)	$	1,068
Property and equipment acquired through financed purchases		163		551
Property and equipment acquired through lease and SBITA obligations		54,277		52,113
Lease receivables and deferred inflows		10,089		4,161
Property and equipment acquired through donation		40		-
Change in fair value of investments		50,201		29,735

See accompanying notes to financial statements.

NORTH BROWARD HOSPITAL DISTRICT

Statements of Fiduciary Net Position – Pension Trust Fund

June 30, 2024 and 2023

(In thousands of dollars)

Assets	**2024**	**2023**
Current assets:		
Cash and cash equivalents	$ 2,325	$ 1,474
Accrued interest receivable	863	784
Investments:		
Fixed income	64,087	64,393
Stocks	10,089	10,044
Real estate	54,917	56,678
Infrastructure	27,144	25,502
Mutual funds	169,994	165,317
Alternative investments	76,386	68,401
Total investments	402,617	390,335
Total assets	$ 405,805	$ 392,593
Liabilities and net position restricted for pensions		
Payables:		
Accrued expenses	$ 222	$ 335
Total liabilities	222	335
Total net position	$ 405,583	$ 392,258

See accompanying notes to financial statements.

NORTH BROWARD HOSPITAL DISTRICT

Statements of Changes in Fiduciary Net Position – Pension Trust Fund

Years ended June 30, 2024 and 2023

(In thousands of dollars)

	2024	2023
Additions:		
Contributions:		
Employer contributions	$ 7,000	$ —
Investment income:		
Interest and dividends	5,728	5,619
Net increase in fair value of investments	28,959	19,453
Net investment income	34,687	25,072
Total additions	41,687	25,072
Deductions:		
Benefit payments	26,295	26,341
Administrative expenses	2,067	971
Total deductions	28,362	27,312
Net increase (decrease) in net position	13,325	(2,240)
Net position restricted for pension:		
Beginning of year	392,258	394,498
End of year	$ 405,583	$ 392,258

See accompanying notes to financial statements.

(1) Organization and Description of Business

Reporting Entity

North Broward Hospital District, (the District) d/b/a Broward Health, is a special independent taxing district created pursuant to Chapter 27438, Laws of Florida, Special Acts of 1951, as amended (the Act), for the purpose of establishing and operating the necessary health facilities for the preservation of the public health and well-being of the citizens of the District. Governance and management of the District are independent of metropolitan county and city governments. The governing body of the District is the Board of Commissioners (the Board), composed of seven members appointed by the Governor of Florida.

For financial reporting purposes, the accompanying financial statements include all of the operations of the District and its hospital system as a governmental unit. The District is considered a separate reporting entity since the Board exercises complete control. Such control was determined on the basis of the Board's ability to significantly influence operations; select the senior executive management; participate in the fiscal management of the entity; exercise budgetary and taxing authority; as well as determine the scope of services to be provided to the community, as defined by the Act.

These financial statements include the activity of the District and its integrated healthcare services system, which includes the operations of the Hospital Division, Community Health Services Division, Physician Services Division, and Insurance Management Division. All significant intercompany transactions have been eliminated.

The Pension Trust Fund is a fiduciary fund used to account for the assets held in trust for the benefit of employees of the District who participate in the Plan (Note 10).

Hospital Division

The Hospital Division includes the operations of Broward Health Medical Center (BHMC), a 716-bed acute care facility; Broward Health North (BHN), a 409-bed acute care facility; Broward Health Imperial Point (BHIP), a 204-bed acute care facility; and Broward Health Coral Springs (BHCS), a 250-bed acute care facility. Included within hospital operations are a rehabilitation distinct part unit at BHN, a psychiatric distinct part unit at BHMC and BHIP, trauma services at BHMC and BHN and an approved residency training program with multiple specialties through the Broward Health system.

Broward Health Weston is an outpatient facility with multiple specialties, which provides urgent care, radiology, and women's center services.

Broward Health Point Division (formerly known as Community Health Services)

The Broward Health Point Division, through contractual arrangements with Broward County, operates multiple federally qualified health clinics (HRSA designation FY2022) including the Cora E. Braynon Family Health Center and the Annie L. Weaver Health Center. The Annie L. Weaver Health Center offers adult primary care services to the community, and the Cora E. Braynon Family Health Center provides prenatal care services. The District also owns and operates other Community Health Services facilities for the benefit of the community and provides physician services to older adults and homeless populations through its Mobile Health Unit program.

The District, through ownership and partnerships, operates several group practices, which provide family and internal medicine services, and the Comprehensive Care Center, which offers primary care services to adult patients afflicted by HIV or AIDS.

The District is the sole member of the Children's Diagnostic and Treatment Center (CDTC), which provides an array of pediatric professional services to patients suffering from developmental, substance abuse, HIV/AIDS-related, and other medical conditions. The primary sources of funding for CDTC are a variety of federal, state, and local grants. CDTC is considered a component unit of the District because the Board appoints the voting majority of the board of directors of CDTC and the District has the ability to impose its will on CDTC. CDTC is reported as a blended component unit of the District as it provides services that benefit the District, even though they are not provided directly to the District.

Physician Services Division

The Physician Services Division is responsible for employing physicians to meet the needs of the community and provide services to patients. The services provided include primary care and a broad range of specialist care, including, but not limited to, cardiology, pediatrics, oncology, orthopedic, and surgical.

Other

The District established a separate not-for-profit corporation, North Broward Hospital District Charitable Foundation, Inc. (Broward Health Foundation). Broward Health Foundation's mission is to improve the health of its community by providing resources to promote, support, and enhance the programs and initiatives of the District. Contributions raised by the Broward Health Foundation assist the District in its continuous effort to provide healthcare to the community. Broward Health Foundation is considered a component unit of the District because the Board appoints the voting majority of the board of directors of Broward Health Foundation and the District has the ability to impose its will on Broward Health Foundation. Broward Health Foundation is reported as a blended component unit of the District because it provides services exclusive to the District.

The District established a separate not-for-profit corporation, Broward Health ACO Services, Inc. (BH ACO). The purpose of the BH ACO is to provide healthcare services through independent contractors and others to patients pursuant to contracts with third-party payors. BH ACO is considered a component unit of the District because the Board appoints the voting majority of the board of directors of BH ACO and the District has the ability to impose its will on BH ACO. BH ACO is reported as a blended component unit of the District as the governing body of BH ACO is substantially the same as the District and the District has operational responsibility for BH ACO.

Joint Venture

The District is an equal member (50% interest) of South Florida Community Care Network, LLC, d/b/a Community Care Plan (CCP), a managed care plan and third-party administrator governed by an agreement between two governmental entities: the District and the South Broward Hospital District d/b/a Memorial Healthcare System. CCP is a Provider Service Network (PSN) and third-party administrator that administers various programs, including Title XXI – Children's Health Insurance Program on behalf of the Florida Healthy Kids Corporation and Title XIX – Managed Medical Assistance on behalf of the Agency for Healthcare Administration as part of the Statewide Medicaid Managed Care program. The PSN is a provider-owned network of hospitals, physicians, and other ancillary care providers developed to provide integrated managed care services to a population of Medicaid covered enrollees in Broward

County and CHIP enrollees in Broward, Miami Dade, Monroe, Indian River, Palm Beach, and Okeechobee Counties.

The District has entered into an interlocal agreement with Florida Atlantic University to establish an Academic Practice Plan with the purpose of providing academic medicine to the residents of Broward County. Areas of collaboration will include graduate medical education, professional clinical services, training and academic medical research at Broward Health North. The District and FAU are equal partners both with equal representation on a governing Board.

(2) Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies followed by the District in the presentation of the basic financial statements:

(a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. Significant intercompany accounts and transactions have been eliminated.

(b) Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity at the date of purchase of three months or less, excluding amounts whose use is limited by Board designation or other arrangements under trust or donation agreements.

(c) Investments

Investments typically consist of common stocks, preferred stocks, depository receipts (American Depository Receipts and Global Depository Receipts), mutual funds, corporate bonds, U.S. government securities, and U.S. government agency securities, time deposits with Board-approved financial institutions, commercial paper, money market funds, asset-backed securities, variable-rate demand obligations, hedge funds, pooled real estate vehicles, pooled infrastructure vehicles, and private equity funds, as authorized by state statute.

Investments are reported at fair value. The District classifies investments in debt and equity securities in the accompanying statements of net position based on maturities (for debt securities) and based on management's reasonable expectation with regard to these securities. Securities that are not available to be used for current operations are classified as non-current. Interest, dividends, and gains and losses on such debt and equity investments, both realized and unrealized, are included in non-operating revenues when earned.

As of June 30, 2024, the equity investments in private equity, real estate investments, infrastructure investments and hedge funds make up approximately 6.4%, 7.5%, 4.1%, and 2.1%, respectively, of total cash and cash equivalents and investments in the accompanying statements of net position. As of June 30, 2023, the equity investments in private equity, real estate investments, infrastructure investments and hedge funds make up approximately 6.8%, 9.2%, 4.7%, and 2.3%, respectively, of total cash and cash equivalents and investments in the accompanying statements of net position. Because private equity, real estate investments, infrastructure investments, and hedge funds are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such a difference could be material. Unrealized gains or losses on investments resulting from fair value fluctuations are recorded in the statements of revenue, expenses, and changes in net position as investment income, net, in the period such fluctuations occur.

(d) Assets Whose Use is Limited – Cash and Investments

These assets are reported at fair value and include cash, cash equivalents, and investments whose use is limited by time or action, including assets set aside by the Board for future payment of self-insurance liabilities and assets held by trustees under bond agreements.

(e) Net Patient Accounts Receivable

The District reports net patient accounts receivable at its estimated net realizable value due from patients, third-party payors, and others for services rendered. The provision for uncollectible accounts is based upon management's assessment of historical and expected collections, considering business and economic conditions, trends in healthcare coverage, and other collection indicators. Management regularly assesses the adequacy of the allowance for uncollectible accounts based upon these indicators. The results are used to establish an adequate allowance. Specific patient accounts identified as uncollectible are written off directly to the patient accounts receivable.

(f) Inventories

Inventories, consisting primarily of pharmaceutical, medical, and surgical supplies, are stated at the lower of cost (computed on a first-in, first-out basis) or fair value.

(g) Other Current Assets

Other current assets consist primarily of property tax receivables, prepaid expenses, and deposits in the ordinary course of business.

(h) Capital Assets

Capital assets are stated at cost or, if donated, at fair value on the date of donation, less the allowance for depreciation. Depreciation is computed on the straight-line method using estimated useful lives as summarized below:

	Estimated Useful Lives
Land improvements	5–25 years
Buildings and building improvements	5–40 years
Equipment	3–20 years

Amortization expense of right-to-use leased assets and financed purchases are included within depreciation and amortization in the statements of revenues, expenses, and changes in net position.

Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Expenditures for repairs and maintenance are charged to operating expenses when incurred.

(i) Impairment

Capital assets are reviewed for impairment in accordance with the methodology prescribed in Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.* Asset impairment, as defined by this standard, is a significant, unexpected decline in the service utility of a capital asset and is not a function of the recoverability of the carrying amount of the asset. Service utility is the usable capacity of the asset that was expected to be used at the time of acquisition and is not related to the level of actual utilization, but the capacity for utilization. Indicators that the service utility of an asset has significantly declined include: (a) evidence of physical damage; (b) changes in legal or environmental circumstances; (c) technological development or evidence of obsolescence; (d) a change in the manner or expected duration of use of the asset; and (e) construction stoppage. The District has determined that no capital asset impairment exists at June 30, 2024 and 2023.

(j) Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources have a positive effect on net position, similar to assets, and deferred inflows of resources have a negative effect on net position, similar to liabilities. Notwithstanding these similarities, deferred outflows of resources are not assets and deferred inflows of resources are not liabilities and, accordingly, are not included in those sections of the accompanying statements of net position, but rather, are separately reported.

(k) Accrued Personal Leave

The District provides accrued time off to eligible employees and those anticipated to be eligible for vacations, holidays, short-term illness, and personal business depending on their years of continuous service and their payroll classification. No more than two years' annual accumulation of personal leave time is permitted for each eligible employee. The District accrues the estimated expense related to personal leave based on pay rates currently in effect. Upon termination of employment, employees will have their eligible accrued personal leave paid in full.

(l) Pensions and Other Postemployment Benefits (OPEB)

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 District's defined-benefit pension plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, amounts have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

(m) Net Position

Net position is categorized as "net investment in capital assets," "restricted for donor restrictions," "restricted for pension," and "unrestricted." Net investment in capital assets is intended to reflect the portion of net position that is associated with capital assets, reduced by the outstanding balances due on borrowings that are attributable to the acquisition, construction, or improvement of those assets, as well as the deferred outflow of resources related to loss on refunding. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources, if any, related to those assets. Restricted for pension are net amounts related to the defined benefit pension plan. The restrictions placed on the use of these assets are through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, constitutional provisions, or enabling legislation. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

(n) Classifications of Revenues and Expenses

The District's statements of revenues, expenses, and changes in net position distinguish between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services, the District's principal activity. Non-exchange revenues, including property taxes, certain grants, and donations, are reported as non-operating revenues. Grants and donations received for the purpose of acquiring or constructing capital assets are recorded below non-operating revenues as capital contributions. Operating expenses are all expenses incurred to provide healthcare services, excluding financing costs.

(o) Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. The District presents its provision for uncollectible accounts as a direct reduction to net patient service revenue.

The District has agreements with numerous third-party payors that provide for reimbursement at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the established rates for services and amounts reimbursed by third-party payors. Such amounts are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. A summary of the basis of reimbursement with major third-party payors is as follows:

Medicare

The District's healthcare facilities participate in the Federal Medicare program (Medicare) administered by CMS. Approximately 35.6% (37.5% 2023) of the District's net patient service revenue was derived from services to Medicare beneficiaries in fiscal year 2024, (inclusive of HMO products). Inpatient acute care services rendered to Medicare beneficiaries are reimbursed at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

Inpatient Acute, Inpatient Exempt, Outpatient, and Defined Capital Costs related to services provided to Medicare beneficiaries are reimbursed based upon a variety of prospective reimbursement methodology systems. The health care facilities' classification of patients under the Medicare program and the appropriateness of their admission and services are subject to an independent review based on detailed and specific criteria. As of June 30, 2024, the Medicare cost reports were final audited, pending final settlement, by the health care facilities' Medicare fiscal intermediary through June 30, 2019 for all facilities. In fiscal year 2024, the District recorded increases to net patient service revenue related to various prior year Medicare settlements of $12.4 million (increases of $14.5 million in fiscal year 2023).

Medicaid

Approximately 11.7% (13.5% in 2023) of the District's net patient service revenue was derived under the Medicaid program for fiscal year 2024, (inclusive of HMO products, Disproportionate Share Hospital and Low-Income Pool). Inpatient and outpatient services rendered to Medicaid program beneficiaries are paid based upon prospectively determined rates. Inpatient per discharge services are paid using APR-DRG's effective July 1, 2013, while outpatient utilizes Enhanced Ambulatory Patient Groupings (EAPG's) effective July 1, 2017. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors.

In addition to the prospectively determined rates received by the District for the provision of health care services to Medicaid beneficiaries, the State of Florida provided additional supplemental payments of $124.1 million to Broward Health for Disproportionate Share, Low Income Pool, Graduate Medical Education initiatives, Direct Payment Program, FQHC Wrap Payments and Physician Hospital Payment during fiscal year 2024 ($82.6 million during fiscal year 2023). These payment adjustments are to help cover the additional costs associated with treating the Medicaid population in the District's service area and these amounts are reflected in net patient service revenues in the accompanying statements of revenue, expenses, and changes in net position.

Other Third-Party Payors

The District has also entered into reimbursement agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for reimbursement under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined per diem rates, and capitation.

(p) Charity Care

The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue (Note 14).

(q) Ad Valorem Tax Revenue

Property taxes are levied by Broward County on the District's behalf annually. Amounts levied are based on assessed property values as of the preceding year. The District collects the ad valorem taxes for the general support of its operations, as approved by the Board. Property taxes are recognized under the accrual method of accounting, wherein the tax levy is recognized as unearned revenue at the date of assessment, less a reserve for estimated discounts (Note 16), and amortized into income over the respective year.

(r) Restricted Donations

Donations received by the District for specific operating purposes or property and equipment acquisitions are reported as nonoperating revenue or capital contributions, as appropriate, in the period received, and all eligibility requirements have been met. Balances are reported as restricted for as long as the donor's restrictions remain in effect.

(s) Grant Funding

The District receives grants from federal and state funding agencies. Grant revenue received before the eligibility requirements are met is reported as unearned revenue or deferred inflows of resources, as appropriate, and is recognized as revenue in the period that the eligibility requirements have been met. Grant revenue and other contributions received for the purpose of acquiring or constructing capital assets are reported as capital contributions, below non-operating activities.

(t) Risk Management

The District's self-insurance program offers flexibility to meet health care challenges and allows the District to better manage costs. The District's self-insurance program covers 1st party claims and risks from torts including allegations of personal injury, medical malpractice, property loss, destruction of assets, business interruption, errors and omissions, worker's compensation claims, employer's liability for alleged wrongful termination of employees or other wrongful acts, natural disasters, communicable diseases, employee healthcare, etc. As a subdivision of the State of Florida and pursuant to section §768.28, Florida Statutes, as amended, the District is entitled to sovereign immunity for liability for torts. In accordance with section §768.28, F.S., the District is authorized to be self-insured and to purchase commercial insurance. Commercial excess insurance coverage is purchased; however, most tort claims resolve below the State of Florida's sovereign immunity cap and well within the District's self-insurance retention. In the past three (3) years no settled claim involving professional liability or general liability has resulted in a claims bill being presented to the State's Legislature or penetrated or required the use of excess indemnity insurance.

(u) Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles 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 revenues and expenses during the reporting period. The District considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its financial statements, including the following: recognition of net patient revenue; valuation of accounts receivable, including contractual allowances and provisions for bad debt; reserves for losses and expenses related to healthcare, professional, workers' compensation, and general liabilities; valuation of pension and other retirement obligations; valuation of alternative investments; and estimated third-party payor settlements. Management relies on historical experience and on other assumptions believed to be reasonable under the circumstances in making its judgments and estimates. Actual results could differ from those estimates.

(v) Income Taxes

The District is not subject to income tax.

(w) Subsequent Events

The District has evaluated the impact of subsequent events through October 23, 2024, the date on which the financial statements were issued.

(x) New Accounting Pronouncements

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objectives of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024. Earlier application is encouraged. The District has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The District has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

(3) Cash, Cash Equivalents, and Investments

The composition and credit ratings of the District’s cash and cash equivalents, investments, and assets whose use is limited as of June 30, 2024, is as follows:

	Fair value	Investment Maturities: Less than 1 year	1–5 years	6–10 years	More than 10 years
U.S. government securities	$ 205,268	115,807	63,004	10,233	16,224
Corporate bonds	76,882	18,167	30,524	17,189	11,002
Asset-backed securities	51,093	—	—	50,838	255
	333,243	133,974	93,528	78,260	27,481
Common stock	43,431				
Mutual funds	386,817				
Private equity	76,693				
Hedge funds	25,038				
Real estate	89,664				
Infrastructure	49,217				
Money markets	71,099				
Bank deposits	122,046				
	$ 1,197,248				

	Fair value	Ratings: AAA	AA	A	BBB	<BBB	Not rated
U.S. government securities	$ 205,268	187,843	—	—	—	—	17,425
Corporate bonds	76,882	3,596	3,620	31,193	32,195	1,613	4,665
Mortgage-backed securities	51,093	14,902	—	—	—	56	36,135
	$ 333,243	206,341	3,620	31,193	32,195	1,669	58,225

The composition and credit ratings of the District’s cash and cash equivalents, investments, and assets whose use is limited as of June 30, 2023, is as follows:

	Fair value	Investment Maturities: Less than 1 year	1–5 years	6–10 years	More than 10 years
U.S. government securities	$ 129,012	89,420	10,763	14,399	14,430
Corporate bonds	72,942	13,706	31,628	15,712	11,896
Asset-backed securities	49,017	—	3,636	1,132	44,249
	250,971	103,126	46,027	31,243	70,575
Common stock	40,414				
Mutual funds	343,864				
Private equity	67,899				
Hedge funds	22,814				
Real estate	91,798				
Infrastructure	47,110				
Money markets	34,877				
Bank deposits	103,730				
	$ 1,003,477				

	Fair value	Ratings: AAA	AA	A	BBB	<BBB	Not rated
U.S. government securities	$ 129,012	112,029	—	—	—	—	16,983
Corporate bonds	72,942	4,489	1,984	23,418	35,844	1,479	5,728
Mortgage-backed securities	49,017	13,222	—	—	—	62	35,733
	$ 250,971	129,740	1,984	23,418	35,844	1,541	58,444

Cash, cash equivalents and investments are disclosed on the statements of net position as follows:

	2024 (In thousands of dollars)	2023 (In thousands of dollars)
Cash and cash equivalents	$ 165,106	$ 106,273
Cash and investments externally restricted by donors	22,200	20,847
Short-term investments	655,582	516,236
Amounts designated for self-insurance	43,403	41,080
Investments	310,957	319,041
Total	$ 1,197,248	$ 1,003,477

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk, may affect both equity and fixed-income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed-income securities are sensitive to credit risk and changes in interest rates.

a) Credit Risk

Florida Statutes section 218.415 provides for each unit of local government or political subdivision to adopt investment policies that are commensurate with the nature and size of public funds within their custody. These policies must include consideration for safety of capital liquidity of funds within their custody, diversification of investments, investment income, maturity requirements, and performance measurement. The District has a Board-approved policy for the investment of funds. In accordance with this policy, the District invests in marketable fixed-income securities rated in the first four credit quality grades as established by one or more of the nationally recognized bond rating services. Securities downgraded by any of these rating agencies subsequent to purchase resulting in a violation of the investment quality guidelines may be at the discretion of the professional investment managers retained by the District. However, written notice including the investment manager's rationale shall be promptly submitted to the District's Investment Committee.

b) Concentration of Credit Risk

Investments in any one issuer that represent 5% or more of the District's investment portfolio are required to be disclosed. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. As of June 30, 2024 and 2023, the District did not have any investments that equaled or exceeded this threshold. The investment policy includes an overall asset deployment policy which sets allowable ranges per asset class. During fiscal year 2024, the Board approved a change to the permissible target range for Private Equity. The asset allocation continues to be monitored and managed. The approved asset allocation includes an overall asset deployment target which sets allowable ranges per asset class. Liquid asset allocation may include up to: Large Cap Equity (9-19%), Small/Mid Cap Equity (0-11%), International Equity (7-17%), Emerging Markets Equity (0%-8%), Private Equity (5-15%) Real Estate (7%-17%), Hedge Fund of Funds (0-5%), MACS (Multi-Asset Class) (2-12%), Core Fixed Income (15-25%), Global Fixed Income (including High Yield) (0-20%), and Infrastructure (0-10%).

c) Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Refer to the distribution of the District's investment in fixed-income securities by maturity as of June 30, 2024 and 2023, in the preceding investment composition table.

d) Foreign Currency Risk

The District's investment policy allows for the investment in international equity securities. The District's exposure to foreign currency risk is partially mitigated through investments in depository receipts and forward foreign currency contracts.

e) Custodial Credit Risk

Investments

As of June 30, 2024, the District's investments were not exposed to custodial credit risk since the full amount of investments were insured or registered in the District's name.

Deposit Risk

In addition to insurance provided by the Federal Depository Insurance Corporation, all demand deposits are held in banking institutions approved by the State of Florida state treasurer to hold public funds. Under the Florida Statutes Chapter 280, *Florida Security for Public Deposits Act* (Chapter 280), the state treasurer requires all qualified public depositories to deposit with the treasurer, or another banking institution, eligible collateral equal to amounts ranging from 50% to 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. government and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses in excess of amounts insured and collateralized. At June 30, 2024, the District's deposits were entirely covered by federal depository insurance or by collateral pledged with the state treasurer pursuant to Chapter 280, *Florida Statutes*.

(4) Fair Value Measurements

The North Broward Hospital District values its investments in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The pronouncement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in an active market with daily pricing that a government can access at the measurement date. At June 30, 2024 and 2023, the type of investments included in Level 1 consists of money market accounts, bank deposits, and debt and equity securities.

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date but are not the same as those used in Level 1. Inputs within Level 2 of the fair value hierarchy include inputs that are directly observable for an asset or liability (including quoted prices for similar assets or liabilities), as well as inputs that are not directly observable for the asset and liability. Fair value is determined through the use of models or other valuation methodologies.

Level 3 – Inputs are unobservable for an asset or liability. Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include the use of discounted cash flow models or similar techniques. At June 30, 2024 and 2023, Level 3 securities include private equity funds in limited partnerships and investments in real estate and infrastructure.

The District's fair value measurements are determined as follows:

Money Market Funds, Equity Securities, and Mutual Funds: These types of investments are managed primarily through investments held by independent investment advisors with discretionary investment authority. The securities consist primarily of common stocks and equity mutual funds. These investments are valued at the closing price reported in the active market in which the individual securities are traded.

U.S. Government Securities, U.S. Government Agency Securities, Corporate Bonds, Mortgage-Backed Securities, and International Government Securities: These types of investments are managed by independent investment advisors with discretionary investment authority. These securities include U.S. and non-U.S. debt instruments, and are valued at the closing price reported in the active market in which the individual securities are traded.

Private Equity Funds: This type of investment includes investment in private equity limited partnerships that invest in a diversified portfolio of private companies. The District participates in these partnerships as a limited partner. These investments can never be redeemed with the funds. Instead, the nature of this investment is for distributions to be received through the liquidation of the underlying assets of the fund. If these investments were held, it is expected that the majority of the underlying assets of the funds would be liquidated over five to eight years. However, as of June 30, 2024, it is probable that all of the investments in this type will be sold at an amount different from the net asset value (NAV) per share (or its equivalent) of the District's ownership interest in the partners' capital. Therefore, the fair values of the investment in this type have been determined by the general partners using the recent observable transaction information for similar investments, valuation multiples of revenues and/or EBITDA, along with nonbinding bids received from potential buyers of investments.

Real Estate: The investments consist of a diversified portfolio of institutional-quality industrial, apartment, retail, and office real estate assets, using a core investment strategy within the United States. The values of real estate properties have been prepared giving consideration to the income, cost, and sales comparison approaches of estimating property values. The income approach estimates an income stream for a property (typically 10 years) and discounts this income plus a reversion (presumed sale) into the present value at a risk adjusted rate. Yield rates and growth assumptions utilized in this approach are derived from market transactions as well as other financial and industry data. The cost approach estimates the replacement cost of the building less physical depreciation plus the land value. The sales comparison approach compares recent transactions to the appraised property. Adjustments are made for dissimilarities which typically provide a range of values. The fair value of the real estate investments has been determined by an independent third-party appraiser and is based on significant unobservable inputs (terminal cap rate, discount rate, and average market rent growth).

Infrastructure: The investment consists of a diversified portfolio of infrastructure assets within the United States and Canada. Investments may include the following: toll roads; airports and related investments; telecommunications; point-to-point rail links; water and waste-water; ports and container terminal assets; and gas and electricity distribution and transmission networks. The values of infrastructure projects have been prepared giving consideration to the projected cash flows, comparable transactions, purchase cost, and earnings comparison approaches of estimating infrastructure project values. The valuation methods are determined by a valuer at their discretion as long as the method falls within the standards prescribed under U.S. generally accepted accounting principles. The standard method of valuation for infrastructure is the discounted cash flow (DCF) method, subject to exceptions. Valuations should also have regard to quoted prices for identical or similar investments in active markets. Valuation methods follow an established valuation framework and are consistent. The fair value of the infrastructure investments has been determined by an independent valuer and is based on significant unobservable inputs (terminal value, discount rate, and projected cash flows). Valuations are independently audited on an annual basis.

Hedge Funds: This type of investment consists of a diversified portfolio of multiple hedge funds which utilize a variety of investment strategies. Some of those strategies include credit-oriented strategies, capital structure strategies, event-driven strategies, long/short strategies, and multiple strategies, among others. The fair values of hedge fund investments are generally determined using the reported NAV, or its equivalent, as a practical expedient for fair value.

The following table presents financial instruments that are measured at fair value on a recurring basis as of June 30, 2024:

		Fair Value Measurements Using		
	Fair Value	**Quoted Prices in Active Markets For Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets:				
Investments by fair value level:				
Money Markets	$ 71,099	71,099	—	—
Bank Deposits	122,046	122,046	—	—
Debt Securities				
U.S. government securities	205,268	205,268	—	—
Corporate bonds	76,882	76,882	—	—
Mortgage-backed securities	51,093	51,093	—	—
Total Debt Securities	333,243	333,243	—	—
Equity Securities				
Common stock	43,431	43,431	—	—
Mutual funds	386,817	386,817	—	—
Total Equity Securities	430,248	430,248	—	—
Private Equity	76,693	—	—	76,693
Real Estate	89,664	—	—	89,664
Infrastructure	49,217	—	—	49,217
Total investments by fair value level	1,172,210	956,636	—	215,574
Investments measured at net asset value (NAV):				
Hedge Funds	25,038			
Total investments measured at fair value	$ 1,197,248			

The following table presents financial instruments that are measured at fair value on a recurring basis as of June 30, 2023:

	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments by fair value level:				
Money Markets	$ 34,877	34,877	—	—
Bank Deposits	103,730	103,730	—	—
Debt Securities				
U.S. government securities	129,012	129,012	—	—
Corporate bonds	72,942	72,942	—	—
Mortgage-backed securities	49,017	49,017	—	—
Total Debt Securities	250,971	250,971	—	—
Equity Securities				
Common stock	40,414	40,414	—	—
Mutual funds	343,864	343,864	—	—
Total Equity Securities	384,278	384,278	—	—
Private Equity	67,899	—	—	67,899
Real Estate	91,798	—	—	91,798
Infrastructure	47,110	—	—	47,110
Total investments by fair value level	980,663	773,856	—	206,807
Investments measured at net asset value (NAV):				
Hedge Funds	22,814			
Total investments measured at fair value	$ 1,003,477			

Additional Disclosures for Fair Value Measurements of Investments in Certain Entities that Calculate Net Asset Value per Share or Its Equivalent:

The hedge funds that the District invests in include various limits on the redemption frequency of those investments, as well as redemption notice periods. The limits on redemption frequency generally range from being non-redeemable to a redemption frequency that is daily, monthly, quarterly, semi-annually, or annually. The redemption notice periods generally range from daily up to 90 days. The real estate, private equity, and infrastructure funds that the District invests, include unfunded commitments as of June 30, 2024, totaling approximately $1.6 million, $24.2 million, and $1.5 million, respectively ($32.6 million, $9 million, and $2.3 million, respectively in 2023).

(5) Capital Assets

A summary of changes in capital assets during fiscal years 2024 and 2023 is as follows:

		Balance at June 30, 2023	Additions	Deletions/ Transfers	Balance at June 30, 2024
Capital assets not being depreciated:					
Land	$	87,634	13,161	—	100,795
Construction-in-progress		23,128	126,712	(80,018)	69,822
Total capital assets not being depreciated		110,762	139,873	(80,018)	170,617
Capital assets being depreciated:					
Buildings and improvements		868,297	39,061	(2,795)	904,563
Land improvements		9,236	262		9,498
Equipment		486,840	26,934	(16,737)	497,037
Finance purchases		13,697	—	1,847	15,544
Intangible right-to-use leased buildings		13,855	4,002	(4,688)	13,169
Intangible right-to-use leased equipment		36,053	2,130	(9,174)	29,009
Intangible right-to-use software		93,729	60,142	(1,282)	152,589
Total capital assets being depreciated		1,521,707	132,531	(32,829)	1,621,409
Accumulated depreciation:					
Buildings and improvements		521,767	24,369	(2,709)	543,427
Land improvements		7,873	170	—	8,043
Equipment		363,671	29,245	(17,440)	375,476
Finance purchases		6,362	1,820	1,696	9,878
Intangible right-to-use leased buildings		6,513	4,301	(3,267)	7,547
Intangible right-to-use leased equipment		19,988	6,855	(5,795)	21,048
Intangible right-to-use software		43,712	37,408	(2,242)	78,878
Total accumulated depreciation/amortization		969,886	104,168	(29,757)	1,044,297
Total	$	662,583	168,236	(83,090)	747,729

NORTH BROWARD HOSPITAL DISTRICT

Notes to the Financial Statements

June 30, 2024 and 2023

	Balance at June 30, 2022	Additions	Deletions/ Transfers	Balance at June 30, 2023
Capital assets not being depreciated:				
Land	$ 81,922	5,712	—	87,634
Construction-in-progress	26,387	59,215	(62,474)	23,128
Total capital assets not being depreciated	108,309	64,927	(62,474)	110,762
Capital assets being depreciated:				
Buildings and improvements	860,394	20,561	(12,658)	868,297
Land improvements	8,876	376	(16)	9,236
Equipment	572,842	36,278	(122,280)	486,840
Finance purchases	13,242	455	—	13,697
Intangible right-to-use leased buildings	11,634	3,352	(1,131)	13,855
Intangible right-to-use leased equipment	21,037	16,988	(1,972)	36,053
Intangible right-to-use software	55,353	41,205	(2,829)	93,729
Total capital assets being depreciated	1,543,378	119,215	(140,886)	1,521,707
Accumulated depreciation:				
Buildings and improvements	510,621	23,741	(12,595)	521,767
Land improvements	7,700	186	(13)	7,873
Equipment	458,055	26,989	(121,373)	363,671
Finance purchases	4,573	1,792	(3)	6,362
Intangible right-to-use leased buildings	4,439	3,105	(1,031)	6,513
Intangible right-to-use leased equipment	11,106	9,412	(530)	19,988
Intangible right-to-use software	18,991	27,508	(2,787)	43,712
Total accumulated depreciation/amortization	1,015,485	92,733	(138,332)	969,886
Total	$ 636,202	91,409	(65,028)	662,583

The estimated cost to complete construction-in-progress at June 30, 2024, totaled approximately $552 million.

(6) Long-Term Obligations

Changes in long-term liabilities for the years ended June 30, 2024 and 2023, were as follows:

	June 30, 2023	Additions	Deletions	June 30, 2024	Amount due in one year
Revenue bonds	$ 291,565	—	(6,115)	285,450	6,415
Bond premium	23,561	—	(1,370)	22,191	—
Financed purchases	1,331	163	(547)	947	396
Lease obligations	25,317	5,667	(15,585)	15,399	10,098
SBITA obligations	46,403	48,610	(30,909)	64,104	34,096
Self-insurance program	28,847	4,608	(5,572)	27,883	8,253
	$ 417,024	59,048	(60,098)	415,974	59,258

	June 30, 2022	Additions	Deletions	June 30, 2023	Amount due in one year
Revenue bonds	$ 297,380	—	(5,815)	291,565	6,115
Bond premium	24,931	—	(1,370)	23,561	—
Financed purchases	3,191	551	(2,411)	1,331	384
Lease obligations	19,031	15,032	(8,746)	25,317	11,397
SBITA obligations	30,652	37,081	(21,330)	46,403	25,700
Self-insurance program	33,615	1,223	(5,991)	28,847	9,482
	$ 408,800	53,887	(45,663)	417,024	53,078

(7) Revenue Bonds

Revenue Bonds, Series 2017B (the 2017B Bonds)

In December 2017, the District issued $317.3 million of Revenue Bonds, Series 2017B, at a premium of $31.1 million, for total sources of funds in the amount of $348.4 million. The Series 2017B Bonds of $317.3 million is comprised of $157.5 million Serial Bonds due through January 1, 2038; $54.8 million Term Bonds due January 1, 2042; and $105 million Term Bonds due January 1, 2048. All the components of the Series 2017B Bonds are 5% fixed rate bonds. The 2017B Bonds are subject to optional, extraordinary optional, and mandatory sinking fund redemption prior to maturity. The bonds are secured solely by funds and accounts held under the Bond Indenture (excluding the Rebate Fund) and any other property delivered as security under the Bond Indenture.

On December 13, 2017, the District, as the sole Member of the Obligated Group delivered to the Bond Trustee, the Series 2017B Bonds (North Broward Hospital District Revenue Bonds, Series 2017B). The obligations issued under the Master Trust Indenture are equally and ratably payable from, and are secured solely by a pledge of, and a lien on, the pledged revenues (as defined in the Master Trust Indenture) and any and all property of every kind as additional security by the Obligated Group. Under the Master Trust Indenture, the pledged revenues do not include ad valorem tax receipts received by the Issuer and any future member of the Obligated Group.

Upon the occurrence of any event of default the Bond Trustee may take whatever action at law or in equity it deems necessary or desirable to collect amounts then due by the District and to enforce performance of any obligation, agreement or covenant of the District and shall have a right of payment for the forgoing advances, fees, costs, and expenses incurred by the Bond Trustee and any additional Paying Agent.

The Master Trust Indenture permits the members of the Obligated Group to issue additional obligations to parties other than the Bond Trustee. The additional obligations will be secured equally and proportionately by the pledged revenues with all other obligations issued under the Master Trust Indenture.

The Series 2017B Bonds were issued to provide funds for the redemption of $41.5 million Revenue Bonds, Series 2005A; $82.4 million Revenue Bonds, Series 2008A; $21.8 million Revenue Bonds, Series 2010; $87.2 million Revenue Bonds, Series 2017A (issued in September 2017 for three months to provide temporary gap funding and redeem the Series 2007 Bonds in the amount of $76.9 million, $10.2 million in related swap and swap interest, and $0.1 million in related issuance costs). A portion of the proceeds of the Series 2017B Bonds were applied to the payment of termination fees in connection with the termination and discharge of interest rate swap agreements relating to the Series 2005A Bonds and Series 2008A Bonds, including accrued interest, in the amount of $22.4 million, as well as costs of issuance in the amount of $3.2 million. As a result, the liabilities for the advance refunded bonds and terminated swaps were removed from the accompanying statements of net position. In addition to providing funds for the redemption, the District used the remaining proceeds of $90.0 million to cover the cost of certain capital projects of its healthcare facilities, including reimbursement of advanced funds for the capital projects prior to the issuance of the Series 2017B Bonds.

The refunding of the bonds resulted in a loss of defeasance of approximately $29.3 million. At June 30, 2024 and 2023, the unamortized deferred balance is approximately $11.4 and $14.2 million, respectively, and is reported as deferred outflows of resources.

The Series 2017B Bonds are fixed rate bonds and are callable on or after January 1, 2028. Interest commenced on July 1, 2018, and will be due on each January 1 and July 1 thereafter. Interest on the Series 2017B Bonds is computed on a basis of a 360-day year comprised of twelve 30-day months.

The Term Bonds are subject to mandatory redemption and payment prior to maturity at a redemption price equal to the principal amount plus accrued interest to the redemption date, without premium.

Maturities of the 2017B Bonds by component, including corresponding interest due, over the next five years and in five-year increments thereafter are as follows:

	Principal on Serial Bonds due January 1, 2038	Principal on Term Bonds due January 1, 2042	Principal on Term Bonds due January 1, 2048	Total debt service Principal	Total debt service Interest
		(In thousands of dollars)			
Years ending June 30:					
2025	6,415	—	—	6,415	7,136
2026	6,730	—	—	6,730	13,952
2027	7,070	—	—	7,070	13,615
2028	7,430	—	—	7,430	13,262
2029	7,795	—	—	7,795	12,890
2030-2034	45,230	—	—	45,230	58,202
2035-2039	45,040	12,695	—	57,735	45,702
2040-2044	—	42,040	31,650	73,690	29,752
2045-2048	—	—	73,355	73,355	9,393
	$ 125,710	54,735	105,005	285,450	203,904

(8) Line of Credit

On June 30, 2022, the District opened a Line of Credit for short-term borrowings with a new bank under which up to $50,000,000 may be borrowed on such terms as outlined by the Revolving Line of Credit Agreement (Agreement). The District has pledged collateral on the same terms as the Master Trust Indenture and issued the North Broward Hospital District Obligated Group – Series 2020A Related Debt Obligation pursuant to the Fourth Supplemental Master Trust Indenture dated June 30, 2022. The term of the agreement expires June 29, 2025. The District did not draw on the line of credit during fiscal year 2024 or 2023.

(9) Obligations and Receivables for Leases and Subscription-Based Information Technology Arrangements (SBITA)

Leases

The District has various ongoing leases as part of its business, both, as a lessee and as a lessor. The determination of whether an arrangement is a lease is made at the lease's inception. Under GASB 87, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. As a lessee and as a lessor, the District has assessed both of the following for each lease contract: (1) the right of the lessee to obtain the present service capacity from use of the underlying assets as specified in the contract, and (2) the right of the lessee to determine the nature and manner of use of the underlying asset as specified in the contract.

Leases whereby the District obtains ownership of the underlying asset by the end of the lease contract and do not contain termination options are designated as financed purchases of the underlying asset. Operating leases with terms in excess of 12 months are designated as intangible right-to-use assets. Financed purchase assets and intangible right-to-use assets are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Amortization of the discount on the lease and finance purchase liability is reported as an outflow of resources and is included in interest expense in the statements of revenues, expenses, and changes in net position. Amortization of $549 thousand and $882 thousand was recognized for fiscal years 2024 and 2023, respectively, and is included with interest expense.

Leased assets that are not financed purchases are amortized over the shorter of the lease term or the useful life of the underlying asset. Amortization of leased assets is reported as an outflow of resources and is included in depreciation expense in the statements of revenues, expenses, and changes in net position. Amortization of $11.2 million and $12.5 million was recognized in fiscal years 2024 and 2023, respectively.

As a lessee, the District leases various equipment and medical office space. Equipment leases for fiscal year 2024 include five medical equipment units, four surgical equipment units, two printer/copier equipment units, and one off-site server equipment contract with lease terms ranging from 0.5 to 5.0 years, payments ranging from $180 to $412,936 per month and interest ranging from 2.5% to 4.85%. Building leases for fiscal year 2024 include 8 medical offices and one data warehouse with lease terms ranging from 3 to 7 years, payments ranging from $3,189 to $56,742 per month and interest ranging from 2.5% to 4.85%. Equipment leases for fiscal year 2023 include 9 medical equipment units, 7 surgical equipment units, 2 printer/copier equipment units, and 1 off-site server equipment contract with lease terms ranging from 1 to 5.1 years, payments ranging from $174 to $412,936 per month and interest ranging from 2% to 3.5%. Building leases for fiscal year 2023 include 21 medical offices and one data warehouse with lease terms ranging from 1 to 10 years, payments ranging from $700 to $56,742 per month and interest ranging from 2.5% to 4%.

As a lessor, the District leases medical offices, office and store spaces, radiology equipment and hospital beds. As of June 30, 2024, there are 68 leases for medical office and office space ranging from 1 to 15 years, receipts ranging from $613 to $50,635 per month, and 4.85% interest. There is one radiology equipment lease with 1.5 years lease term, receipts of $35,496 per month, and 4.85% interest. Lastly, the District has three leases for the use of hospice beds with 4 to 5 year lease terms, receipts ranging from $78,480 to $117,720 per month, and 3% interest. Rental income of $9.1 million was recognized in fiscal year 2024 and is included with other operating revenues. Interest income of $780 thousand was recognized in fiscal year 2024 and is included with other non-operating revenues/expenses. As a lessor, the District leases medical offices and office spaces, radiology equipment and hospital beds. As of June 30, 2023, there are 56 leases for medical office and office space ranging from 1 to 15 years, receipts ranging from $613 to $49,160 per month, and 3% interest. There is one radiology equipment lease with a 1.5 years lease term, receipts of $35,496 per month, and 3% interest. Lastly, the District has three leases for the use of hospice beds with 4.2 to 5 year lease terms, receipts ranging from $52,320 to $117,720 per month, and 3% interest. Rental income of $8.6 million was recognized in fiscal year 2023 and is included with other operating revenues. Interest income of $709 thousand was recognized in fiscal year 2023 and is included with other non-operating revenues/expenses.

In the absence of interest in lease contracts for which the District is a lessee, the District's incremental borrowing rate of 4.85% was used for leases initiated during fiscal year 2024. For fiscal years 2023 and prior, an interest rate of 2.5% was used.

In the absence of interest in lease contracts for which the District is a lessor, the rate of 4.85%, as used in other contracts, was used for fiscal year 2024. For fiscal years 2023 and prior, an interest rate of 3.0% used.

Subscription-Based Information Technology Arrangements (SBITA)

The District has various ongoing software licenses and subscriptions as part of its business as an end user. The determination of whether an arrangement is a SBITA is made at the contract inception. Under GASB 96, a SBITA is defined as a contract that conveys control of the right to use another entity's IT software (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. As an end user, the District continues to assess both of the following for each lease contract: (1) the right of the end user to obtain the present service capacity from use of the underlying IT assets as specified in the contract, and (2) the right of the end user to determine the nature and manner of use of the underlying IT asset as specified in the contract.

SBITAs with terms in excess of 12 months are designated as intangible right-to-use assets. For contracts that include a cancellable period, the SBITA is recognized for the possible term of the noncancellable period, including any notice periods. SBITAs with terms of 12 months or less are only recognized if an auto-renewal clause is in disclosed in the contract and the likelihood of extending the contract is highly probable.

Amortization of the discount on the SBITA liability is reported as an outflow of resources and is included in interest expense in the statement of revenues, expenses, and changes in net position. Amortization of $3.4 million and $1 million was recognized for fiscal years 2024 and 2023, respectively, and is included with interest expense. Amortization of SBITA asset is reported as an outflow of resources and in included in depreciation expense in the statement of revenues, expenses and changes in net position. Amortization of $37.4 million and $27.5 million was recognized in fiscal years 2024 and 2023, respectively.

The District has various SBITAs under the sole responsibility of the corporate IT department. During fiscal year 2024, the District had 38 corporate IT SBITAs with contract terms ranging from 1 to 10 years, payments ranging from $6,621 to $8,430,470 per year and interest ranging from 2.75% to 5.26%. During fiscal year 2023, the District had 35 corporate IT SBITAs with contract terms ranging from 1 to 5 years, payments ranging from $0 to $8,430,470 per year and 2.75% interest. Arrangements with $0 annual outflow are multi-year contracts that have been paid in full at the beginning of the contract prior to the implementation of GASB 96.

The District has various SBITAs under the responsibility of other corporate departments, i.e.: finance, procurement, contracts administration, revenue management, patient logistics center and clinical education. During fiscal year 2024, the District had 30 SBITAs for other corporate departments ranging from 1 to 5 years, payments ranging from $12,800 to $4,941,348 per year, and interest ranging from 2.75%

to 4.85%. During fiscal year 2023, the District had 20 SBITAs for other corporate departments ranging from 1 to 5 years, payments ranging from $12,800 to $1,216,428 per year, and 2.75% interest.

The District has various SBITAs under the responsibility of regional operating departments, i.e.: facilities, lab, health information management, pharmacy and processing services. During fiscal year 2024, the District had 17 SBITAs for regional departments ranging from 1 to 5 years, payments ranging from $15,288 to $849,999 per year, and interest ranging from 2.75% to 4.85%. During fiscal year 2023, the District had 12 SBITAs for regional departments ranging from 1 to 3.6 years, payments ranging from $15,288 to $1,215,000 per year, and 2.75% interest.

In the absence of interest in SBITAs for which the District is an end user, the District's incremental borrowing rate of 4.85% was used for arrangements initiated during fiscal year 2024. For fiscal years 2023 and prior, an interest rate of 2.75% was used.

See the summary of changes in capital assets, in Note 5, for the amount of finance purchases, leased assets and SBITAs, and related accumulated amortization.

Principal and interest payments due on leases are as follows:

		Principal	**Interest**
		(In thousands of dollars)	
Years ending June 30:			
2025	$	10,098	389
2026		2,749	113
2027		1,343	52
2028		534	28
2029		509	13
2030-2033		166	1
Total due		15,399	596
Amount due within one year		(10,098)	
Amount due, excluding due within one year	$	5,301	

Principal and interest payments due on SBITAs are as follows:

		Principal	Interest
		(In thousands of dollars)	
Years ending June 30:			
2025	$	34,096	2,413
2026		10,968	1,143
2027		6,980	728
2028		6,164	424
2029		1,363	246
2030-2034		4,533	434
Total due		64,104	5,388
Amount due within one year		(34,096)	
Amount due, excluding due within one year	$	30,008	

Principal and interest payments due on finance purchases are as follows:

		Principal	Interest
		(In thousands of dollars)	
Years ending June 30:			
2025	$	396	23
2026		407	10
2027		144	1
Total due		947	34
Amount due within one year		(396)	
Amount due, excluding due within one year	$	551	

(10) Defined-Benefit Pension Plan

a) Plan Description

The District maintains a single-employer, noncontributory defined-benefit (cash balance) pension plan (the Plan) covering substantially all full-time or part-time eligible District employees. Accordingly, the amounts disclosed herein relate to the Plan as a whole. The Plan is not subject to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA) and does not issue a stand-alone financial report.

Funding levels and obligations to contribute to the Plan are established and can be amended by the Board.

Effective January 1, 1997, employees are eligible for Plan participation after completing one year of credited service and the attainment of age 21. Benefits are vested after five years of credited service. Accrued monthly pension benefits as of December 1, 1996, were converted to lump-sum cash balances, and the Plan guarantees a minimum annuity based on the benefits accrued as of December 31, 1996. Benefits upon retirement are based upon a District contribution of 5% of the participant's covered earnings for each year of credited service and an annual interest credit on the employee's account balance equal to the yield on the one-year Treasury Bill for the month of May preceding each Plan year plus 1%. Vested plan participants who were at least age 45 on January 1, 1997, are eligible for additional "grandfathered" pension contributions. Normal retirement age under the Plan is 65 with provisions for early retirement if the participant is 55 to 64 years of age and has attained five years of credited service. These benefit levels may be modified upon approval by the Board. Benefits under the early retirement provision are reduced to reflect the Plan participant's age at the time benefits begin.

Number of employees covered:	2024	2023
Active employees	6,092	5,762
Inactive employees currently receiving benefits	2,000	2,068
Inactive employees entitled to but not yet receiving benefits	1,355	1,375
Total membership	9,447	9,205

b) Contributions

The annual contribution for each year was determined by management and the Board. While the District's independent actuary annually determines a range for the annual contributions, the District is not required to contribute an amount equal to the total funding contribution. The Plan's funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits when due. All contributions to the Plan are made by the employer and are intended to fund both the actuarially determined costs, as well as the Plan's operating costs. The District's practice is to make sufficient annual contributions in accordance with the actuarial funding requirements of the Florida Statutes. The contributions to the Plan for fiscal years 2024 and 2023 totaled $7 million and $0, respectively. The contributions represent approximately 1.72% and 0% of current covered payroll for fiscal years 2024 and 2023, respectively. Maximum actuarial contributions are based upon the funding levels that would be required of an ERISA plan.

c) Net Pension Liability (Asset)

The District's net pension liability (asset) was measured as of June 30, 2024, based upon rolling forward the results of the actuarial valuation as of July 1, 2023. The District's net pension liability (asset) was measured as of June 30, 2023, based upon rolling forward the results of the actuarial valuation as of July 1, 2022.

Actuarial Valuation and Assumptions – Actuarial valuations represent a long-term perspective and involve estimates of the value of reported benefits and assumptions about the probability of occurrence of events far into the future. The District's net pension liability (asset) was calculated using the following methods and assumptions:

	2024	**2023**
Inflation	2.30%	2.30%
Investment rate of return	6.25%	6.25%
Projected salary increases	4.50%	4.50%
Cost-of-living adjustment	None	None

For active members, inactive members, and retirees, the Pub-2010 with generational projection per MP-2021 tables are used for 2024 and 2023.

Actuarial assumptions are subject to periodic revisions. The retirement and salary scale assumptions are reviewed each year compared to actual experience and are adjusted as needed. Other demographic assumptions are reviewed periodically to determine the need for adjustments.

Long-Term Rate of Return – The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are from the actuary's asset advisors. The 6.25% assumption reflects the composite expected return based on the target asset allocation for the Plan. The actuary uses the Global Capital Asset Pricing Model (Global CAPM) methodology to determine expected returns for each asset class, rather than relying on historical returns or other estimates. The CAPM is an economic model for valuing stocks, securities, derivatives, and/or assets by relating risk and expected return and is based on the idea that investors demand additional expected return if they are asked to accept additional risk.

The following is the Plan's adopted asset allocation policy and long-term expected rate of return as of June 30, 2024:

Asset Class	Target Allocation	Real Rate of Return	Real Rate of Return
US Core Fixed Income	28.00%	2.52%	2.36%
US TIPS	3.00%	2.00%	1.83%
US Large Caps	16.00%	5.39%	3.80%
US Small & Mid Caps	6.00%	6.38%	3.98%
Non-US Equity	11.00%	7.62%	5.75%
Emerging Markets Equity	3.00%	9.34%	6.21%
US REIT's	10.00%	6.91%	4.72%
Private Equity	7.50%	10.45%	6.24%
Infrastructure	5.50%	5.78%	4.31%
Hedge FOF Diversified	5.00%	2.55%	2.26%
Hedge Funds-Multi Strategy	5.00%	4.18%	3.73%
Assumed Inflation - Mean		2.31%	2.30%
Assumed Inflation - Standard Deviation		1.45%	1.45%
Portfolio Real Mean Return		5.26%	4.51%
Portfolio Nominal Mean Return		7.56%	6.91%
Portfolio Standard Deviation			11.74%
Long-Term Expected Rate of Return			6.25%

The following is the Plan's adopted asset allocation policy and long-term expected rate of return as of June 30, 2023:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Core Fixed Income	28.00%	2.07%	1.94%
US TIPS	3.00%	1.62%	1.46%
US Large Caps	16.00%	5.16%	3.61%
US Small & Mid Caps	6.00%	6.23%	3.86%
Non-US Equity	11.00%	7.43%	5.53%
Emerging Markets Equity	3.00%	9.37%	5.96%
US REIT's	10.00%	6.79%	4.56%
Private Equity	7.50%	10.26%	6.05%
Infrastructure	5.50%	5.62%	4.12%
Hedge FOF Diversified	5.00%	3.20%	2.90%
Hedge Funds-Multi Strategy	5.00%	4.26%	3.80%
Assumed Inflation - Mean		2.75%	2.75%
Assumed Inflation - Standard Deviation		1.42%	1.42%
Portfolio Real Mean Return		5.06%	4.32%
Portfolio Nominal Mean Return		7.38%	6.79%
Portfolio Standard Deviation			11.67%
Long-Term Expected Rate of Return			6.25%

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Discount Rate – The discount rate used to measure the total pension liability was 6.25% for fiscal years 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based upon those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on plan assets was applied to all periods of projected benefit payments to determine the total pension liability. The following section discusses the sensitivity of the net pension liability to changes in the discount rate.

d) Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a) - (b)**
	(In thousands of dollars)		
Balance as of June 30, 2023	$ 352,793	392,258	(39,465)
Changes for the year:			
Service cost	12,919	—	12,919
Interest on total pension liability	22,048	—	22,048
Effect of economic/demographic gains or losses	(4,203)	—	(4,203)
Effect of assumptions, changes or inputs	8,485	—	8,485
Benefit payments	(26,295)	(26,295)	—
Employer contributions	—	7,000	(7,000)
Net investment income (loss)	—	34,687	(34,687)
Administrative expenses	—	(2,067)	2,067
Balance as of June 30, 2024	$ 365,747	405,583	(39,836)

		Increase (Decrease)	
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a) - (b)**
	(In thousands of dollars)		
Balance as of June 30, 2022	$ 343,104	394,498	(51,394)
Changes for the year:			
Service cost	12,923	—	12,923
Interest on total pension liability	21,441	—	21,441
Effect of economic/demographic gains or losses	(4,818)	—	(4,818)
Effect of assumptions, changes or inputs	6,484	—	6,484
Benefit payments	(26,341)	(26,341)	—
Net investment income (loss)	—	25,072	(25,072)
Administrative expenses	—	(971)	971
Balance as of June 30, 2023	$ 352,793	392,258	(39,465)

***Sensitivity Analysis* –** The following presents the net pension liability (asset) of the District as of June 30, 2024, calculated using the discount rate of 6.25%, as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.25%) or 1 percentage point higher (7.25%) than the current rate.

	1% Decrease 5.25%	**Current Discount Rate 6.25%**	**1% Increase 7.25%**
	(In thousands of dollars)		
Net pension liability (asset)	$ (18,294)	(39,836)	59,134

Pension Plan Fiduciary Net Position – Additional information about the Plan's fiduciary net position (i.e., Plan assets) is as follows:

The following tables present the composition and credit ratings of the defined-benefit pension plan's cash and cash equivalents and investments as of June 30, 2024:

	Fair Value	Investment Maturities: Less than 1 year	1–5 years	6–10 years	More than 10 years
U.S. government securities	$ 20,408	—	8,514	3,981	7,913
Corporate bonds	20,371	276	7,145	8,171	4,779
Mortgage-backed securities	23,308	—	989	1,264	21,055
	64,087	276	16,648	13,416	33,747
Common stock	10,089				
Mutual funds	169,994				
Private equity	56,873				
Hedge funds	19,513				
Real estate	54,917				
Infrastructure	27,144				
Money markets	2,966				
	$ 405,583				

	Fair Value	Ratings: AAA	AA	A	BBB	<BBB	Not rated
U.S. government securities	$ 20,408	17,934	—	—	—	—	2,474
Corporate bonds	20,371	—	816	6,295	11,604	766	890
Mortgage-backed securities	23,308	5,910	—	—	—	53	17,345
	$ 64,087	23,844	816	6,295	11,604	819	20,709

The following tables present the composition and credit ratings of the defined-benefit pension plan's cash and cash equivalents and investments as of June 30, 2023:

	Fair Value	Investment Maturities: Less than 1 year	1–5 years	6–10 years	More than 10 years
U.S. government securities	$ 20,568	—	7,109	6,172	7,287
Corporate bonds	20,294	917	5,271	8,318	5,788
Mortgage-backed securities	23,531	—	1,440	570	21,521
	64,393	917	13,820	15,060	34,596
Common stock	10,044				
Mutual funds	165,317				
Private equity	49,941				
Hedge funds	18,460				
Real estate	56,678				
Infrastructure	25,502				
Money markets	1,923				
	$ 392,258				

	Fair Value	Ratings: AAA	AA	A	BBB	<BBB	Not rated
U.S. government securities	$ 20,568	19,329	—	—	—	—	1,239
Corporate bonds	20,294	—	833	5,331	12,375	830	925
Mortgage-backed securities	23,531	5,672	—	—	—	59	17,800
	$ 64,393	25,001	833	5,331	12,375	889	19,964

The following table presents information about the fair value measurements of the Plan's fiduciary net position as of June 30, 2024:

		Fair Value Measurements Using		
	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Plan Investments by Fair Value Level				
Money markets	$ 2,966	2,966	—	—
Debt securities:				
U.S. government securities	20,408	20,408	—	—
Corporate bonds	20,371	20,371	—	—
Mortgage-backed securities	23,308	23,308	—	—
Total debt securities	64,087	64,087	—	—
Equity securities:				
Common stock	10,089	10,089	—	—
Mutual funds	169,994	169,994		
Total equity securities	180,083	180,083	—	—
Private equity	56,873	—	—	56,873
Real estate	54,917	—	—	54,917
Infrastructure	27,144	—	—	27,144
Total Plan investments by fair value level	386,070	247,136	—	138,934
Plan investments measured at net asset value (NAV):				
Hedge funds	19,513			
Total investments measured at fair value	$ 405,583			

The following table presents information about the fair value measurements of the Plan's fiduciary net position as of June 30, 2023:

		Fair Value Measurements Using		
	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Plan Investments by Fair Value Level				
Money markets	$ 1,923	1,923	—	—
Debt securities:				
U.S. government securities	20,568	20,568	—	—
Corporate bonds	20,294	20,294	—	—
Mortgage-backed securities	23,531	23,531	—	—
Total debt securities	64,393	64,393	—	—
Equity securities:				
Common stock	10,044	10,044	—	—
Mutual funds	165,317	165,317		
Total equity securities	175,361	175,361	—	—
Private equity	49,941	—	—	49,941
Real estate	56,678	—	—	56,678
Infrastructure	25,502	—	—	25,502
Total Plan investments by fair value level	373,798	241,677	—	132,121
Plan investments measured at net asset value (NAV):				
Hedge funds	18,460			
Total investments measured at fair value	$ 392,258			

See Note 4 for an explanation of the methods used to determine fair value and the levels within the fair value hierarchy.

Additional Disclosures for Fair Value Measurements of Plan Investments in Certain Entities that Calculate Net Asset Value per Share or its Equivalent:

The hedge funds that the Plan invests in include various limits on the redemption frequency of those investments, as well as redemption notice periods. The limits on redemption frequency generally range from being non-redeemable to a redemption frequency that is daily, monthly, quarterly, semi-annually, or annually. The redemption notice periods generally range from daily up to 90 days. The real estate, private equity, and infrastructure funds that the Plan invests, include unfunded commitments as of June 30, 2024, totaling approximately $1.1 million, $8.2 million, and $1.1 million, respectively ($12.9 million, $6.7 million, and $1.7 million, respectively in 2023).

e) Pension Expense

The pension expense for the years ended June 30, 2024 and 2023, is $5.1 million and $0.9 million, respectively.

f) Deferred Inflows/Outflows of Resources

A summary of deferred outflows and deferred inflows of resources as of June 30, 2024, is as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(In thousands of dollars)	
Differences between expected and actual experience	$ 210	$ (7,990)
Changes of assumptions	12,940	(601)
Net difference between projected and actual earnings	—	(5,979)
Total	$ 13,150	$ (14,570)

A summary of deferred outflows and deferred inflows of resources as of June 30, 2023, is as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(In thousands of dollars)	
Differences between expected and actual experience	$ 631	$ (7,874)
Changes of assumptions	9,128	(4,063)
Net difference between projected and actual earnings	—	(799)
Total	$ 9,759	$ (12,736)

The net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2024, will be recognized as a reduction in pension expense during the next four years as follows:

Year ending June 30:	
2025	$ (6,649)
2026	7,793
2027	(1,255)
2028	(1,309)
	$ (1,420)

(11) Defined-Contribution Plans

Effective January 1, 1990, the District implemented a defined-contribution plan [the Star Plus 403(b) Plan] for all employees. In a defined-contribution plan, benefits depend solely on amounts contributed to the Star Plus 403(b) Plan, plus investment earnings. Employees are eligible to participate immediately, and full-time and part-time employees are eligible for employer matching contributions upon the completion of one year of service. The Board approved the Star Plus 403(b) Plan, which requires an employer contribution of 100% of the employee's contribution not to exceed 1% of the employee's compensation (subject to limitations) and 35% of the contribution between 1% and 4% of the employee's compensation. The District's contribution for each employee is fully vested after five years of continuous service (partial vesting between two and five years of service). The District's contribution for, and interest forfeited by, employees who leave employment before vesting is used to reduce the District's current period contribution requirement.

The District's total payroll for fiscal years 2024 and 2023 was $696.6 million $645.2 million, respectively. The total covered payroll for eligible employees during the same period is not determinable. For fiscal year June 30, 2024, the District's contribution was $10.3 million, representing 1.5% of total payroll. The employees' contributions for fiscal year June 30, 2024, were $34.6 million, representing 5% of total payroll. For fiscal year June 30, 2023, the District's contribution was $8.3 million, representing 1.3% of total payroll. The employees' contributions for fiscal year June 30, 2023, were $29.3 million, representing 4.5% of total payroll.

Effective July 1, 2021, the District implemented a supplemental retirement plan for certain employees. The District determines nonelective contribution based on participants' target benefit goals, assumed market performance rate, estimated value of social security, final average base salary, years of service and estimated retirement benefits under the District's Defined-Benefit Pension Plan. Nonelective contributions have been executed on December 31 of each year since inception. Nonelective contributions for Level 1 employees vest on December 31, two years after the end of the calendar year which the employer contribution relates. Nonelective contributions for Level 2 employees vest on December 31, five years after the end of the calendar year, which the employer contribution relates. Nonelective contributions are fully vested upon reaching retirement age. Forfeited amounts are used to reduce the District's current period contribution requirements. The District recognized expenses of $394 thousand and $5.2 million related to this plan for fiscal years June 30, 2024 and 2023, respectively.

(12) Florida Retirement System

The District has 3 employees that participate in the Florida Retirement System (FRS), a cost-sharing multiple employer defined-benefit plan administered by the State of Florida (the FRS Plan).

The following amounts have been recorded in the District’s financial statements as of and for the years ended June 30, 2024 and 2023, representing its proportionate share of the net pension liability and the related pension expense and deferred outflows/inflows of resources of the FRS Plan:

	2024	**2023**
	(In thousands of dollars)	
Net pension liability	459	460
Deferred outflows of resources	259	348
Deferred inflows of resources	(442)	(663)
Pension expense (credit)	(80)	(139)

The remaining disclosures and required supplementary information related to the District’s participation in the FRS Plan have not been presented in the accompanying financial statements due to immateriality.

(13) Other Postemployment Benefits (OPEB)

In addition to providing pension benefits, the District provides certain healthcare and life insurance benefits for approximately 2,024 and 2,023 eligible retired employees in fiscal year 2024 and 2023, respectively, which include those at the healthcare facilities. Many of the District’s employees may become eligible for those benefits if they reach retirement age while working for the District.

a) Plan Description

The District maintains a single-employer defined-benefit healthcare plan, providing OPEB for all full-time employees of the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75; this is a pay-as-you-go plan. Benefit payments are recognized when due and payable in accordance with the benefit terms. The District does not issue separate financial statements for their healthcare plan. The authority to establish and amend benefit provisions of the District’s plan is held by the CEO of the District.

b) Benefits Provided

The District provides optional medical, dental, and vision insurance benefits for retirees and their dependents, as well as life insurance coverage for certain eligible retirees and future retirees. Medical benefits are provided through the Districts' self-insured group health plans or an optional subsidy. Dental, vision, and life insurance benefits are fully insured and provided through third-party insurers. Eligible retirees and their dependents either enrolled or not enrolled in Medicare pay an insurance premium to participate in either one of the health plans.

Eligible retirees are those grandfathered employees who attained age 55 with 5 years of service or attained Rule of 80 (age and service equal 80) as of June 30, 2012. Of the grandfathered employees, those who qualified for the Rule of 80 will contribute active employee rates for medical, dental and vision coverage if they or their spouses are not Medicare eligible (age 65). Those retirees and dependent spouses that meet the Rule of 80 and are Medicare eligible receive a subsidy of $2,850 for retiree and $2,150 for spouse to enroll in the Retiree Health Exchange. If they remain on the Broward Health Group Plan, they will pay the full premium rate. Those who did not meet the Rule of 80 will contribute the full premium rate for medical, dental, and vision coverage for themselves and for dependent spouses. The plan also provides eligible retirees with life insurance coverage based on age and pay prior to retirement. Retirees younger than age 65 receive coverage of 100% of annual pre-retirement pay (up to a maximum of $50,000). Retirees age 65 and older receive coverage of 25% of annual pre-retirement pay (up to a maximum of $10,000). Retirees younger than age 65 are required to contribute a portion of the premium for life insurance coverage at $.05 per month per $1,000 of coverage. All premiums are paid for retirees age 65 and older.

A condition for all retirees and their covered eligible dependents to continue employer sponsored medical benefits after age 65 is they must be enrolled in Medicare Parts A and B.

The covered spouse of a grandfathered retiree who survives the retiree is eligible to continue employer sponsored medical, dental, and vision coverage. Medical, dental, and vision insurance premium subsidies will continue to the surviving spouse of eligible Rule of 80 retirees.

c) Employees covered by benefit terms. At June 30, 2024 and 2023, the following employees were covered by the benefit terms:

Number of employees covered	2024	2023
Inactive employees receiving benefits through Broward Health Group Plan	371	373
Inactive employees receiving benefits through Retiree Health Exchange	867	879
Inactive employees entitled to but not yet receiving benefit payments	—	—
Active employees	6,893	7,330
Total Membership	8,131	8,582

d) Contribution Requirements

Retirees and eligible dependents are required to contribute a portion of the premium for coverage. The amount of monthly retiree premium contribution depends on the elected coverage and whether the retiree qualifies as having met the rule of 80 at retirement.

The table below shows the monthly rates for the retiree of the optional plans for medical and dental for the 2024 calendar year.

Aetna Best Choice Medical	Rule of 80	Not Rule of 80
Retiree younger than age 65	$ 130.15	$ 725.82
Retiree older than age 65	573.40	573.40
Retiree and spouse younger than 65	315.08	1,524.22
Retiree and spouse older than 65	1,204.14	1,204.14
Retiree and spouse (mixed)	1,204.14	1,204.14
Retiree and children (pre 65)	217.36	1,088.73
Retiree and children (post 65)	860.09	860.09
Retiree and family (both pre 65)	454.27	2,250.03
Retiree and family (both post 65)	1,777.53	1,777.53
Retiree and family (mixed)	1,777.53	1,777.53
Aetna Select EPO Medical		
Retiree younger than age 65	$ 204.96	$ 714.51
Retiree older than age 65	564.46	564.46
Retiree and spouse younger than 65	479.40	1,500.48
Retiree and spouse older than 65	1,185.38	1,185.38
Retiree and spouse (mixed)	1,185.38	1,185.38
Retiree and children (pre 65)	335.46	1,071.77
Retiree and children (post 65)	846.70	846.70
Retiree and family (both pre 65)	683.12	2,214.99
Retiree and family (both post 65)	1,749.84	1,749.84
Retiree and family (mixed)	1,749.84	1,749.84

(Continued)

Reliance Dental		Rule of 80 (Pre-65)		All Other Retirees
Retiree	$	13.70	$	27.39
Retiree and spouse		28.48		56.95
Retiree and children		26.65		53.30
Family		45.23		90.45
Aetna Dental				
Retiree	$	8.33	$	16.65
Retiree and spouse		15.82		31.63
Retiree and children		14.97		29.94
Family		18.44		36.86
Aetna Vision				
Retiree	$	2.09	$	4.18
Retiree and spouse		4.11		8.22
Retiree and children		3.75		7.50
Family		5.77		11.54

The table below shows the monthly rates for the retiree of the optional plans for medical and dental for the 2023 calendar year.

Aetna Best Choice Medical		Rule of 80		Not Rule of 80
Retiree younger than age 65	$	125.15	$	693.66
Retiree older than age 65		545.84		545.84
Retiree and spouse younger than 65		302.97		1,456.69
Retiree and spouse older than 65		1,146.26		1,146.26
Retiree and spouse (mixed)		1,146.26		1,146.26
Retiree and children (pre 65)		209.00		1,040.48
Retiree and children (post 65)		818.76		818.76
Retiree and family (both pre 65)		436.80		2,150.35
Retiree and family (both post 65)		1,692.10		1,692.10
Retiree and family (mixed)		1,692.10		1,692.10
Aetna Select EPO Medical				
Retiree younger than age 65	$	189.77	$	682.98
Retiree older than age 65		540.43		540.43
Retiree and spouse younger than 65		443.89		1,434.27
Retiree and spouse older than 65		1,134.90		1,134.90
Retiree and spouse (mixed)		1,134.90		1,134.90
Retiree and children (pre 65)		310.62		1,024.47
Retiree and children (post 65)		810.64		810.64
Retiree and family (both pre 65)		632.52		2,117.25
Retiree and family (both post 65)		1,675.33		1,675.33
Retiree and family (mixed)		1,675.33		1,675.33

Reliance Dental	Rule of 80 (Pre-65)	All Other Retirees
Retiree	$ 13.36	$ 26.72
Retiree and spouse	27.78	55.56
Retiree and children	26.00	52.00
Family	44.12	88.24
Aetna Dental		
Retiree	$ 8.19	$ 16.37
Retiree and spouse	15.55	31.10
Retiree and children	14.72	29.44
Family	18.12	36.24
Aetna Vision		
Retiree	$ 2.09	$ 4.18
Retiree and spouse	4.11	8.22
Retiree and children	3.75	7.50
Family	5.77	11.54

Rule of 80 retirees under age 65 pay the same rates as active employees. Other retirees pay the premium equivalent funding rate. For fiscal years June 30, 2024 and 2023, the District contributed $3.1 million and $2.8 million, respectively, to the healthcare plan, which is net of the retiree contributions.

e) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuations, the entry age normal actuarial cost method was used. Benefit liabilities were reported as of June 30, 2024 and 2023, and were valued as of June 30, 2024 and 2023. The actuarial valuation includes participant census data as of January 1, 2023. The actuarial assumptions included a 3.93% and a 3.65% discount rate for 2024 and 2023, respectively. The selected discount rate at June 30, 2024 and 2023, reflects a snapshot as of the Measurement Date of the 20-year Governmental Obligation Index published by Bond Buyer.

The other significant actuarial assumptions utilized in the actuarial analysis were as follows:

	2024	**2023**
Salary increases including inflation	4.50%	4.50%
Mortality trend rates	Pub-2010 General Headcount-Weighted Mortality Table with generational projections using Scale MP-2021	Pub-2010 General Headcount-Weighted Mortality Table with generational projections using Scale MP-2021
Inflation	2.30%	2.30%
Healthcare cost trend rates	The trend rates of incurred claims represent the rate of increase in employer claims payments	The trend rates of incurred claims represent the rate of increase in employer claims payments

Claims costs in future years are estimated by adjusting the starting claim costs by an assumed ongoing cost trend. Such trends are based on the health care cost trend rate adjusted for the impact of plan design and cost containment features.

For June 30, 2024, the trend was calculated assuming an implied inflation rate of 2.3% per year, and actual premiums. The short-term trend rate for Pre-65 retirees starts off at 6.7%, and at 6% for post-65 retirees and reflects the repeal of the ACA Excise Tax effective 2021.

For June 30, 2023, the trend was calculated assuming an implied inflation rate of 2.3% per year, and actual premiums. The short-term trend rate for Pre-65 retirees starts off at 6.7%, and at 6% for post-65 retirees, and reflects the repeal of the ACA Excise Tax effective 2021. Trend rates assume that over time, deductibles and out of pocket maximums will be periodically increased as trends increase.

	2024	2023
Medical annual rates of increase:		
Initial trend rate pre-65	6.70%	6.70%
Initial trend rate post-65	6.00%	6.00%
Ultimate trend rate pre-65	3.70%	3.70%
Ultimate trend rate post-65	3.70%	3.70%
Year that the rate reaches the ultimate trend rate pre-65	2074	2074
Year that the rate reaches the ultimate trend rate post-65	2074	2074
Dental annual rates of increase:		
Initial trend rate	4.00%	4.00%
Ultimate trend rate	3.70%	3.70%
Year that the rate reaches the ultimate trend rate	2074	2074

f) Discount Rate

A single discount rate of 3.93% and 3.65% was used to measure the total OPEB liability for June 30, 2024 and 2023, respectively. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate.

g) OPEB Liability

At June 30, 2024 and 2023, the District reported a total OPEB liability of $51.8 million and $53.3 million, respectively. The total OPEB liability as of June 30, 2024, was determined by an actuarial valuation as of the valuation date of January 1, 2023, which was then projected forward to the measurement date of June 30, 2024, calculated based on the discount rate of 3.93%, and various key actuarial assumptions. The total OPEB liability as of June 30, 2023, was determined by an actuarial valuation as of the valuation date of January 1, 2023, which was then projected forward to the measurement date of June 30, 2023, calculated based on the discount rate of 3.65%, and various key actuarial assumptions. There were no significant changes between the valuation date and the fiscal year end.

h) Changes in the Total OPEB Liability

		Increase (Decrease) Total OPEB Liability (In thousands of dollars)
Balance as of June 30, 2023	$	53,290
Changes for the year:		
Service cost		1,278
Interest on total OPEB liability		1,936
Effect of plan changes		—
Effect of economic/demographic gains or losses		—
Effect of assumptions changes or inputs		(1,612)
Benefit payments		(3,068)
Balance as of June 30, 2024	$	51,824

(Continued)

		Increase (Decrease) Total OPEB Liability (In thousands of dollars)
Balance as of June 30, 2022	$	57,845
Changes for the year:		
Service cost		1,380
Interest on total OPEB liability		2,048
Effect of plan changes		—
Effect of economic/demographic gains or losses		(3,492)
Effect of assumptions changes or inputs		(1,729)
Benefit payments		(2,762)
Balance as of June 30, 2023	$	53,290

i) Plan Changes and Changes in Assumptions

There were no plan changes during 2024 or 2023.

j) Sensitivity Analysis

The following presents the total OPEB liability of the District as of June 30, 2024, calculated using the discount rate of 3.93%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percent point lower (2.93%) or 1 percent higher (4.93%) than the current rate.

		1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
			(In thousands of dollars)	
Total OPEB liability	$	57,776	51,824	46,390

The following presents the total OPEB liability of the District as of June 30, 2024, calculated using the current healthcare cost trend rates, as well as, what the District's total OPEB liability would be if it were calculated using trend rates that are 1 percent point lower or 1 percent point higher than the current trend rates. The current trend rates for 2024 were 6.7% for costs prior to age 65 and 6% for costs after age 65.

		1% Decrease	Healthcare Current Cost Trend Rates	1% Increase
			(In thousands of dollars)	
Total OPEB liability	$	50,338	51,824	53,595

k) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized expenses of $2.15 million. For the year ended June 30, 2023, the District recognized expenses of $2.61 million.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
		(In thousands of dollars)		
Differences between expected and actual experience	$	—	$	(8,727)
Changes of assumptions		9,907		(9,321)
Total	$	9,907	$	(18,048)

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
		(In thousands of dollars)		
Differences between expected and actual experience	$	—	$	(11,092)
Changes of assumptions		13,892		(10,397)
Total	$	13,892	$	(21,489)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2024, will be recognized in OPEB expense as follows:

Year ending June 30:		(In thousands of dollars)
2025	$	(670)
2026		(221)
2027		(2,029)
2028		(3,489)
2029		(1,632)
Thereafter		(100)
	$	(8,141)

(14) Charity Care

The District adopted a revised charity care policy effective July 1, 2023 which allows for a propensity to pay determination in addition to traditional financial application. In fiscal year 2024, the District provided $336.5 million in cost for uncompensated care to the community specifically related to the cost to care for uninsured and underinsured patients. Included in these dollars is the provision of charity care to patients that meet the eligibility criteria under the District's Financial Assistance Program (FAP) Policy. Eligibility into the FAP includes income requirements and final approval. The District charges eligible charity patients for services and supplies rendered. The total gross charges of charity care provided during fiscal year 2024 was $86.1 million comprised of $46.2 million in inpatient services and $39.9 million in outpatient services, with an estimated cost of $19.1 million, comprised of $8.6 million for inpatient services and $10.5 million for outpatient services. In addition to the above, during fiscal year 2024, the District performed a retrospective review for services provided during the Public Health Emergency (March 2020 to May 2023) and provisioned an additional $484.3 million in charity write offs at an estimated cost of $107.5 million. The estimated costs were derived using the Enterprise Decision Support (EDS) system, which included indirect and direct costs.

In fiscal year 2023, the District provided $224 million in cost for uncompensated care to the community specifically related to the cost to care for uninsured and underinsured patients. The total gross charges of charity care provided during fiscal year 2023 was $64.9 million. Total gross charges of charity provided reflects inpatient services of $30.4 million and outpatient services of $34.5 million for fiscal year 2023. The estimated cost of charity care was $14.2 million for fiscal year 2023, comprised of $5.6 million for inpatient services and $8.6 million for outpatient services.

(15) Net Patient Service Revenue

Net patient service revenue for fiscal years 2024 and 2023 consisted of the following:

	2024	2023
	(In thousands of dollars)	
Gross patient service revenue:		
Medicare	$ 2,574,567	$ 2,277,191
Medicaid	1,127,243	1,297,629
HMO/PPO	2,075,114	1,739,363
Other	904,766	752,819
	6,681,690	6,067,002
Allowances:		
Medicare	2,086,061	1,830,366
Medicaid	966,801	1,136,300
HMO/PPO	1,373,219	1,111,077
Other	677,289	446,877
Total allowances	5,103,370	4,524,620
Provision for uncollectible amounts	205,239	357,022
Total deductions from patient service revenue	5,308,609	4,881,642
Net patient service revenue	$ 1,373,081	$ 1,185,360

(16) Ad Valorem Tax Revenue

The Board of the District is empowered and directed to annually levy upon all real and personal taxable property within the boundaries of the District a sufficient tax, not to exceed 2.5 mills, to accomplish the purposes of the District, as determined by the Board. For fiscal years 2024 and 2023, the levies were 1.4307 mills and 1.6029 mills, respectively. The total assessed value for which fiscal years 2024 and 2023 levies were based was approximately $190.3 billion and $172.2 billion, respectively, with total taxes, net of associated fees, levied at the District level aggregating $246.9 million and $250.4 million for fiscal years 2024 and 2023, respectively. The Broward County Property Appraiser assesses and the Broward County Tax Collector collects all ad valorem taxes within Broward County.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied and are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the revenue collector. The District has a legal claim to the property taxes at the assessment date, generally during November of each tax year. Taxes may be paid upon receipt of such notice at declining discounts through the month of February.

(Continued)

All unpaid taxes on real and personal property become delinquent on April 1 of the year following the year in which taxes were levied, or within 30 days after the mailing of the original tax notice on the final assessment date, whichever is later. Delinquent real property taxes bear interest at the rate of 1.5% per month, and interest continues to accrue until a certificate is sold at auction, from which time the interest rate shall be as bid by the buyer of the certificates. Personal property taxes bear interest at 1.5% per month from April 1 until paid. On or before April 25, delinquent personal property taxes must be advertised, and after May 1, a petition requesting the ratification and confirmation of tax warrants may be filed in the Circuit Court and upon issuance of an order, the property may be levied, seized, and sold.

(17) Concentrations of Credit Risk

The District grants credit without collateral to its patients, most of whom are local residents and are covered under third-party payor agreements. The mix of receivables, net of contractual allowance reserves and provision for uncollectible accounts from patients and third-party payors at June 30, 2024 and 2023, is detailed below. The District establishes reserves against these receivables based upon estimated collectability and credit risk. Self-pay receivables are by nature high risk, and estimated collectability is low.

	2024	2023
Medicare	30.3%	29.0%
Managed care	42.9	45.4
Medicaid	10.6	10.2
Commercial insurance	8.7	9.8
Self-pay and all other	7.5	5.6
	100.0%	100.0%

(18) Risk Management

The District's tort exposures are subject to Florida's sovereign immunity established in section §768.28, Florida Statutes, as amended. F.S. §768.28 states in pertinent part that the state nor its agencies or subdivisions shall be liable to pay a claim or a judgment by any one person which exceeds the sum of $200,000 or any claim or judgment when totaled with all other claims or judgments arising out of the same incident or occurrence to exceed the sum of $300,000. Any recovery above this amount can only be awarded by the passage of a claims bill which requires majority approval in both chambers of Florida's State Legislature and signed by the governor. Further, Senate Rule 4.81(6) and House Rule 5.6(c) provide that the Legislature will not process a contested claim bill until the claimant has exhausted all available administrative and judicial remedies.

Public Liability, Medical Malpractice, and Workers' Compensation

In 1975, the District developed a self-insurance program to provide coverage for professional liability and general liability. In September 1979, the District added workers' compensation to its self-insurance program. The District operates a comprehensive quality assurance program in collaboration with its risk management department and in compliance with F.S. §395.0197, which enables its healthcare facilities to closely monitor adverse incidents, potential claims at the point of occurrence and to enhance its procedures for estimating accruals for such claims.

The District maintains adequate reserves for each formal claim, notice of intent, or lawsuit, and administers claims in-house and through an approved panel of outside defense counsel. In November 1995, the District purchased Hospital Professional Liability (HPL) excess, claims-made insurance coverage which is renewed annually and includes coverage for general liability losses. The combined total of the various layers of excess insurance equals $25,000,000. It became effective for incidents incurred on or after January 22, 1996. Under the current terms of the District's self-insurance program, the District self-insured up to its legal limits of liability. Moreover, the District maintains as self-insurance program with a self-insured retention (SIR) of $25,000,000 for all professional liability and general liability claims. The District also has excess insurance above the District's SIR.

The District established a current and noncurrent liability in the total amount of $27.9 million and $28.8 million at June 30, 2024 and 2023, respectively, to cover losses resulting from asserted and unasserted claims. The liability includes estimates of the ultimate costs of both reported claims and claims incurred but not reported. Management believes these reserves are adequate to cover losses from such claims after considering the limits provided by Florida Statutes as set forth above. The current year claims expense is included within insurance expenses in the respective statements of revenues, expenses, and changes in net position.

Changes in the District's self-insurance program claims liability during fiscal years 2024 and 2023 was as follows:

	2024 (In thousands of dollars)	2023 (In thousands of dollars)
Liability at beginning of year	$ 28,847	$ 33,615
Current year claims expense	4,608	1,263
Current year claims payments	(5,572)	(6,031)
Liability at end of year	$ 27,883	$ 28,847

Medical Health Benefits

In 2009, the District developed a self-insurance program to provide medical health benefits for its employees.

The estimated reserve for the District's health benefits as of June 30, 2024 and 2023, for non-retirees is $7.8 million and $9 million, respectively, and is included in accrued salaries, benefits, and payroll taxes in the accompanying statements of net position. The District considered the need for a margin for adverse deviation from the best estimate of reserve based on the variability of claims and has included a 10% explicit margin. The liability includes estimates of the ultimate costs of both reported claims and claims incurred but not reported. Management believes these reserves are adequate to cover such claims.

 (Continued)

Changes in the District's health plan liability during fiscal years 2024 and 2023 was as follows:

	2024 (In thousands of dollars)	2023 (In thousands of dollars)
Liability at beginning of year	$ 9,031	$ 9,689
Current year claims expense	91,260	73,251
Current year claims payments	(92,467)	(73,909)
Liability at end of year	$ 7,824	$ 9,031

The District contracts with Aetna (medical with Aetna and CVS/Caremark is its Pharmacy Benefit Manager) to provide for adjudication of medical and prescription claims.

In the opinion of management, the District's self-insured medical plan complies with Section 112.08, Florida Statutes, regarding the Plan's actuarial soundness and compliance requirements.

(19) Related Parties

The District is an equal member (50% interest) of South Florida Community Care Network, LLC, d/b/a Community Care Plan (CCP), a managed care plan and third-party administrator governed by an agreement between two governmental entities: the District and the South Broward Hospital District d/b/a Memorial Healthcare System. The Members operate two of the largest and diverse integrated health care systems in the state of Florida that consist of hospitals, clinics, physicians, ancillary services, nursing homes, and many programs to serve those with special medical and behavioral needs.

CCP is a Provider Service Network (PSN) and third-party administrator that administers various programs, including Title XXI – Children's Health Insurance Program on behalf of the Florida Healthy Kids Corporation and Title XIX – Managed Medical Assistance on behalf of the Agency for Healthcare Administration as part of the Statewide Medicaid Managed Care program. The PSN is a provider-owned network of hospitals, physicians, and other ancillary care providers developed to provide integrated managed care services to a population of Medicaid covered enrollees in Broward County and CHIP enrollees in Broward, Miami Dade, Monroe, Indian River, Palm Beach, and Okeechobee Counties.

As of June 30, 2024 and 2023, the District's investment in CCP was approximately $34 million and $28.9 million, respectively, and is included in other assets. For June 30, 2024 and 2023, the District recorded earnings of $5.12 million and $2.7 million, respectively.

Summarized financial information taken from the audited financial statements of CCP as of December 31, 2023 and 2022, was as follows:

	2023 (In thousands of dollars)	2022 (In thousands of dollars)
Assets		
Current assets	$ 101,896	$ 83,649
Capital assets, net	486	610
Other assets	9,969	10,058
Total assets	$ 112,351	$ 94,317
Liabilities and Net Position		
Current liabilities	$ 47,478	$ 39,721
Long-term liabilities	676	1,364
Total liabilities	48,154	41,085
Net position	64,197	53,232
Total liabilities and net position	$ 112,351	$ 94,317

	2023 (In thousands of dollars)	2022 (In thousands of dollars)
Revenue	$ 205,685	$ 208,788
Expenses:		
Medical services expenses	158,001	162,043
General administrative expenses	41,421	42,272
Total expenses	199,422	204,315
Operating income	6,263	4,473
Other income (loss)	4,702	(788)
Increase in net position	10,965	3,685
Net position:		
Beginning of year	53,232	49,547
End of year	$ 64,197	$ 53,232

(20) Public Medical Assistance Trust Fund

In 1984, the Agency for Healthcare Administration created a Public Medical Assistance Trust Fund to collect assessments from all hospitals in the state of Florida to fund enhancements to the Medicaid program. Hospitals in the state of Florida are required to deposit into the fund an amount equal to 1.5% of the hospital's prior year net inpatient revenue and 1.0% of the hospital's prior year net outpatient revenue. During fiscal years 2024 and 2023, approximately $14.7 million and $12.4 million, respectively, was recorded as an operating expense in the accompanying statements of revenues, expenses, and changes in net position.

(21) Commitments and Contingencies

a) Litigation

The District is involved in litigation and regulatory examinations arising in the normal course of business. Management believes that the ultimate outcome of these matters will not have any adverse material impact on the District's net position, operations, or its cash flows.

The District has been named as a defendant in a number of malpractice lawsuits. In the event that a claimant obtains a tort judgment in excess of the statutory cap the claimant must petition the Florida Legislature to seek an appropriation to pay the judgment. The District may incur charges in excess of its established reserves that could have an adverse impact on the District's net income and net cash flows in the period in which it is recorded or paid. Florida Statute §768.28 imposes a

$200,000 limit per person and a $300,000 limit per incident on the collectability of any tort judgment. In order for the District to incur liability in excess of the sovereign immunity cap, a claimant must first obtain a judgment in excess of sovereign immunity limits, and after exhausting all available remedies the claimant must petition the Legislature. The claims bill must be presented and sponsored by a senator or representative of the State of Florida. The claims bill is then typically referred to a Special Master, whereby the claimant has the burden to prove elements of negligence by preponderance of the evidence. If the claims bill passes both houses of the Legislature, the Governor may sign it or allow it to become law without signature. The deadline to file new claims bills for the March 1, 2024, session was August 2, 2023, and the District had no new claims bills filed for the upcoming session.

b) Other Industry Risks

The healthcare industry is subject to numerous complex laws and regulations imposed by federal, state, and local governments. Compliance with these laws and regulations can be subject to government review and interpretation by both the District with respect to implementation, as well as the government with respect to retrospective review. In addition, at this time, regulatory actions are unknown and un-asserted. There are routine audits that occur from the state, federal government, and private payers but no regulatory actions are currently in progress.

In the past few years, federal government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patient services.

Management believes that the District is in compliance with current laws and regulations, including grant agreements. To the extent that issues with non-compliance are identified, the District's management takes the appropriate steps to correct such matters. Management of the District also takes steps to ensure immediate payback of any funds received as a result of the issue. Management of the District believes that the ultimate exposure from any such matters would not have a material effect on the financial statements of the District.

(22) Significant Business Risk

The District receives a significant amount of reimbursement from Medicaid. The Florida State Legislature, the Centers for Medicare, and Medicaid Services (CMS), and the Florida Medicaid Agency continually evaluate the terms of the Medicaid Program. If the terms of the Medicaid program change, the District cannot determine what impact this will have on future funding. This poses a significant business risk to the organization.

(23) Condensed Financial Information – Component Units

The following tables represent the condensed financial information of the District's component units at June 30, 2024 (in thousands of dollars):

	Children's Diagnostic & Treatment Center	Broward Health Foundation	Broward Health ACO	Total of Blended Component Units
Assets:				
Other current assets	7,471	23,417	146	31,034
Total current assets	7,471	23,417	146	31,034
Capital assets, net	1,361	1,158	16	2,535
Due (to)/from other components	(3,445)	181	22	(3,242)
Other assets	976	1,188	22	2,186
Total assets	6,363	25,944	206	32,513
Deferred outflows of resources	529	16	58	603
Liabilities:				
Other current liabilities	11,011	154	2,853	14,018
Total current liabilities	11,011	154	2,853	14,018
Other long-term liabilities	1,224	32	23	1,279
Total liabilities	12,235	186	2,876	15,297
Deferred inflows of resources	739	34	38	811
Net position:				
Net investment in capital assets	1,354	1,070	16	2,440
Restricted for donor restrictions	—	24,550	—	24,550
Restricted net position	922	29	30	981
Unrestricted net position	(8,358)	91	(2,696)	(10,963)
Total net position	$ (6,082)	25,740	(2,650)	17,008

	Children's Diagnostic & Treatment Center	Broward Health Foundation	Broward Health ACO	Total of Blended Component Units
Operating revenues	$ 24,177	—	2,156	26,333
Operating expenses	25,688	1,524	1,344	28,556
Operating income (loss)	(1,511)	(1,524)	812	(2,223)
Nonoperating revenues (expenses)	888	2,067	65	3,020
Increase (decrease) in net position	(623)	543	877	797
Net position:				
Beginning of year,	(5,459)	25,197	(3,527)	16,211
End of year	$ (6,082)	25,740	(2,650)	17,008

The following tables represent the condensed financial information of the District's component units at June 30, 2023 (in thousands of dollars):

	Children's Diagnostic & Treatment Center	Broward Health Foundation	Broward Health ACO	Total of Blended Component Units
Assets:				
Other current assets	4,717	22,106	2,227	29,050
Total current assets	4,717	22,106	2,227	29,050
Due (to)/from other components	(3,308)	19	1,409	(1,880)
Capital assets, net	1,353	1,083	15	2,451
Other assets	899	2,118	21	3,038
Total assets	3,661	25,326	3,672	32,659
Deferred outflows of resources	505	10	55	570
Liabilities:				
Other current liabilities	7,589	110	7,192	14,891
Total current liabilities	7,589	110	7,192	14,891
Other long-term liabilities	1,300	—	24	1,324
Total liabilities	8,889	110	7,216	16,215
Deferred inflows of resources	736	29	38	803
Net position:				
Net investment in capital assets	1,316	1,083	15	2,414
Restricted for donor restrictions	11	24,168	—	24,179
Restricted net position	869	27	193	1,089
Unrestricted net position	(7,655)	(81)	(3,735)	(11,471)
Total net position	$ (5,459)	25,197	(3,527)	16,211

		Children's Disagnostic & Treatment Center	Broward Health Foundation	Broward Health ACO	Total Blended Component Units
Operating revenues	$	22,669	—	469	23,138
Operating expenses		22,733	1,635	1,222	25,590
Operating income (loss)		(64)	(1,635)	(753)	(2,452)
Nonoperating revenues (expenses)		711	6,560	—	7,271
Increase (decrease) in net position		647	4,925	(753)	4,819
Net Position:					
Beginning of year		(6,106)	20,272	(2,774)	11,392
End of year	$	(5,459)	25,197	(3,527)	16,211

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

NORTH BROWARD HOSPITAL DISTRICT

Schedule of Changes in Net Pension Liability and Related Ratios – Defined Benefit Pension Plan (Unaudited)

June 30, 2015 Through June 30, 2024

(in thousands of dollars)

		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability											
Service cost	$	12,919	12,923	12,225	13,588	12,604	14,202	11,692	11,114	10,603	9,775
Interest on total pension liability		22,048	21,441	21,039	21,136	22,525	22,571	25,251	25,255	24,568	25,875
Effect of economic/demographic gains or losses		(4,203)	(4,818)	(5,583)	1,891	(8,793)	(1,684)	(3,996)	(2,843)	(2,600)	—
Effect of assumption changes or inputs		8,485	6,484	7,274	(5,405)	(19,993)	(4,753)	20,211	(4,654)	965	(5,629)
Benefit payments		(26,295)	(26,341)	(32,007)	(30,808)	(28,351)	(30,555)	(31,731)	(27,411)	(25,626)	(24,520)
Net change in total pension liability		12,954	9,689	2,948	402	(22,008)	(219)	21,427	1,461	7,910	5,501
Total pension liability, beginning		352,793	343,104	340,156	339,754	361,762	361,981	340,554	339,093	331,184	325,683
Total pension liability, ending (a)	$	365,747	352,793	343,104	340,156	339,754	361,762	361,981	340,554	339,094	331,184
Fiduciary Net Position											
Employer contributions	$	7,000	—	2,688	10,725	16,000	16,000	16,010	17,000	15,200	17,600
Investment income net of investment expenses		34,687	25,072	(17,533)	93,993	12,015	25,602	39,513	42,243	(1,210)	15,583
Benefit payments		(26,295)	(26,341)	(32,007)	(30,808)	(28,351)	(30,555)	(31,731)	(27,411)	(25,626)	(24,520)
Administrative expenses		(2,067)	(971)	(2,682)	(2,034)	(2,207)	(1,867)	(2,131)	(2,273)	(2,126)	(2,533)
Net change in plan fiduciary net position		13,325	(2,240)	(49,534)	71,876	(2,543)	9,180	21,661	29,559	(13,762)	6,130
Fiduciary net position, beginning		392,258	394,498	444,032	372,156	374,699	365,519	343,858	314,299	328,061	321,931
Fiduciary net position, ending (b)	$	405,583	392,258	394,498	444,032	372,156	374,699	365,519	343,858	314,299	328,061
Net pension (asset) liability, ending = (a) - (b)	$	(39,836)	(39,465)	(51,394)	(103,876)	(32,402)	(12,937)	(3,538)	(3,304)	24,795	3,123
Fiduciary net position as a % of total pension liability		110.89%	111.19%	114.98%	130.54%	109.54%	103.58%	100.98%	100.97%	92.69%	99.06%
Covered payroll	$	406,455	389,610	387,944	389,554	362,948	377,071	375,867	376,441	353,296	351,806
Net pension (asset) liability as a % of covered payroll		-9.80%	-10.13%	-13.25%	-26.67%	-8.93%	-3.43%	-0.94%	-0.88%	7.02%	0.89%

See accompanying independent auditors' report.

NORTH BROWARD HOSPITAL DISTRICT

Schedule of Employer Contributions – Defined Benefit Pension Plan (Unaudited)

July 1, 2014 Through June 30, 2024
(in thousands of dollars)

Fiscal Year Ending June 30	Actuarially Determined Contribution*	Actual Employer Contribution**	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2024	$ 0	$ 7,000	$ (7,000)	$ 406,455	1.72%
2023	0	0	0	389,610	0.00%
2022	0	2,688	(2,688)	387,944	0.69%
2021	0	10,725	(10,725)	389,554	2.75%
2020	4,271	16,000	(11,729)	362,948	4.41%
2019	9,758	16,000	(6,242)	377,071	4.24%
2018	9,028	16,010	(6,982)	375,867	4.26%
2017	11,052	17,491	(6,439)	376,441	4.65%
2016	11,834	15,656	(3,822)	353,296	4.43%
2015	14,957	18,126	(3,169)	351,806	5.15%

*Minimum contribution determined as of plan year-end under Florida statutes.

**Interest adjusted to plan year-end.

Notes to Schedule

Assumed rate of return on investments	6.25%
Mortality basis	Pub-2010 with generational projection per MP-2021, per Florida State Statute
Amortization method	None
Existing amortization period	None
Asset valuation method	
Smoothing period	Three years
Corridor	90% to 110% of Market
Assumed inflation rate	2.30%
Salary increases	4.50%
Cost of living adjustments	None
Actuarial cost method	Aggregate

See accompanying independent auditors' report.

NORTH BROWARD HOSPITAL DISTRICT

Schedule of Money-Weighted Rate of Return – Defined Benefit Pension Plan (Unaudited)

Fiscal Years Ending June 30, 2015 Through June 30, 2024

Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
2015	4.87%
2016	-0.38%
2017	13.96%
2018	11.71%
2019	7.09%
2020	3.58%
2021	24.70%
2022	-4.61%
2023	9.65%
2024	9.08%

See accompanying independent auditors' report.

NORTH BROWARD HOSPITAL DISTRICT

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

Fiscal Years Ending June 30, 2018 Through June 30, 2024

(in thousands of dollars)

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	$ 1,278	1,380	2,472	2,603	2,587	2,246	3,066
Interest on total OPEB liability	1,936	2,048	1,485	4,158	5,579	6,083	8,217
Effect of plan changes	—	—	—	(110,357)	—	—	(68,863)
Effect of economic/demographic gains or losses	—	(3,492)	—	(12,207)	—	(1,906)	—
Effect of assumption changes or inputs	(1,612)	(1,729)	(10,274)	1,438	26,543	1,921	(6,393)
Benefit payments	(3,068)	(2,762)	(4,232)	(5,529)	(6,408)	(6,532)	(8,563)
Net change in total OPEB liability	(1,466)	(4,555)	(10,549)	(119,894)	28,301	1,812	(72,536)
Total OPEB liability, beginning	53,290	57,845	68,394	188,288	159,987	158,175	230,711
Total OPEB liability, ending	$ 51,824	53,290	57,845	68,394	188,288	159,987	158,175
Covered payroll	$ 437,454	418,616	407,925	390,359	391,701	385,993	428,904
Total OPEB liability as a % of covered payroll	11.85%	12.73%	14.18%	17.52%	48.07%	41.45%	36.88%

See accompanying independent auditors' report.

SUPPLEMENTAL COMBINING INFORMATION

NORTH BROWARD HOSPITAL DISTRICT

Combining Schedule of Net Position

June 30, 2024

(In thousands of dollars)

Assets	Broward Health Medical Center	Broward Health North	Broward Health Imperial Point	Broward Health Coral Springs	Foundation	Other Non-Hospital Entities	Eliminations	Total
Current assets:								
Cash and cash equivalents	$ 8	3	2	3	—	165,090	—	165,106
Cash and investments externally restricted by donors	—	—	—	—	22,200	—	—	22,200
Short-term investments	—	—	—	—	—	655,582	—	655,582
Assets whose use is limited required for current liabilities – investments	3,305	1,173	1,055	1,807	—	913	—	8,253
Due from patients and other, net of allowance for uncollectibles	102,412	39,618	14,241	29,434	—	17,328	—	203,033
Inventories	19,196	9,152	3,695	5,506	—	3,488	—	41,037
Estimated third-party payor settlements	10,915	4,776	2,518	7,952	—	52,546	—	78,707
Other current assets	5,305	4,132	916	1,678	1,217	38,017	(11,367)	39,898
Total current assets	141,141	58,854	22,427	46,380	23,417	932,964	(11,367)	1,213,816
Assets whose use is limited – Cash and investments:								
Amounts designated for self-insurance	12,133	10,830	2,167	14,886	—	3,387	—	43,403
	12,133	10,830	2,167	14,886	—	3,387	—	43,403
Less amount required to meet current obligations	(3,305)	(1,173)	(1,055)	(1,807)	—	(913)	—	(8,253)
Assets whose use is limited, net	8,828	9,657	1,112	13,079	—	2,474	—	35,150
Investments	—	—	—	—	—	310,957	—	310,957
Due from/(to) affiliates	894,815	198,025	67,574	260,677	181	(1,421,272)	—	—
Capital assets, net	175,017	93,073	40,610	104,542	1,158	333,329	—	747,729
Net pension asset	15,833	8,601	4,533	4,785	38	5,587	—	39,377
Other assets	1,550	2,324	—	1,550	1,150	45,196	—	51,770
Total assets	1,237,184	370,534	136,256	431,013	25,944	209,235	(11,367)	2,398,799
Deferred outflows of resources:								
Loss on debt refundings	8,956	748	416	284	—	1,007	—	11,411
Deferred pension amounts	5,429	2,285	1,594	1,861	9	2,231	—	13,409
Deferred other postemployment benefits	3,756	2,058	1,140	1,254	7	1,692		9,907
Total deferred outflows of resources	18,141	5,091	3,150	3,399	16	4,930	—	34,727

See accompanying independent auditor's report.

(Continued)

NORTH BROWARD HOSPITAL DISTRICT

Combining Schedule of Net Position (Continued)

June 30, 2024

(In thousands of dollars)

Liabilities	Broward Health Medical Center	Broward Health North	Broward Health Imperial Point	Broward Health Coral Springs	Foundation	Other Non-Hospital Entities	Eliminations	Total
Current liabilities:								
Current maturities of revenue bonds payable	$ 2,921	432	391	418	—	2,253	—	6,415
Accounts payable and accrued expenses	75,088	26,582	11,070	18,909	28	57,585	(11,367)	177,895
Accrued salaries, benefits, and payroll taxes	10,207	5,241	2,630	4,373	40	30,512	—	53,003
Accrued personal leave	11,437	5,204	2,663	4,480	28	11,015	—	34,827
Current portion of lease, SBITA, and finance purchase obligations	2,351	1,039	778	1,091	55	39,276	—	44,590
Estimated third-party payor settlements	45,808	9,507	3,777	4,035	—	14,529	—	77,656
Current portion of self-insurance program liability	3,305	1,173	1,055	1,807	—	913	—	8,253
Interest payable	12	5	2	5	3	720	—	747
Total current liabilities	151,129	49,183	22,366	35,118	154	156,803	(11,367)	403,386
Revenue bonds, net of current maturities	137,154	20,291	18,385	19,647	—	105,749	—	301,226
Lease, SBITA, and finance purchase obligations, net of current portion	600	418	128	790	32	33,892	—	35,860
Self-insurance program liability, net of current portion	7,860	2,789	2,509	4,297	—	2,175	—	19,630
Other postemployment benefit program liability	22,301	7,775	4,666	5,609	—	11,473	—	51,824
Total liabilities	319,044	80,456	48,054	65,461	186	310,092	(11,367)	811,926
Deferred inflows of resources:								
Deferred pension amounts	6,836	3,674	2,116	1,241	18	1,127	—	15,012
Deferred other postemployment benefits	6,440	3,141	1,807	2,421	16	4,223	—	18,048
Leases	2,756	3,933	—	2,378	—	12,530	—	21,597
Total deferred inflows of resources	16,032	10,748	3,923	6,040	34	17,880	—	54,657
Net position:								
Net investment in capital assets	40,947	71,641	21,344	82,880	1,071	153,166	—	371,049
Restricted for donor restrictions	—	—	—	—	24,550	—	—	24,550
Restricted for pension	14,426	7,212	4,011	5,405	29	6,691	—	37,774
Unrestricted	864,876	205,568	62,074	274,626	90	(273,664)	—	1,133,570
Total net position	$ 920,249	284,421	87,429	362,911	25,740	(113,807)	—	1,566,943

See accompanying independent auditors' report.

NORTH BROWARD HOSPITAL DISTRICT

Combining Schedule of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2024

(In thousands of dollars)

	Broward Health Medical Center	Broward Health North	Broward Health Imperial Point	Broward Health Coral Springs	Foundation	Other Non-Hospital Entities	Eliminations	Total
Operating revenues:								
Net patient service revenue (net of provision for uncollectible accounts)	$ 628,239	304,966	130,041	254,929	—	54,906	—	1,373,081
Other operating revenue	30,613	14,152	1,334	2,751	—	140,610	(12,726)	176,734
Total operating revenues	658,852	319,118	131,375	257,680	—	195,516	(12,726)	1,549,815
Operating expenses:								
Salaries	222,820	109,901	54,269	94,235	662	214,686	—	696,573
Employee benefits	37,795	20,113	10,177	16,672	124	39,195	—	124,076
Professional fees	32,896	20,232	7,806	10,978	—	6,273	(5,948)	72,237
Purchased services and temporary labor	34,907	13,748	5,522	7,482	—	4,179	—	65,838
Outside services	9,774	5,616	1,769	2,224	6	20,632	—	40,021
Supplies	146,398	69,862	25,206	39,584	10	33,619	—	314,679
Insurance	625	1,052	509	1,281	—	1,175	—	4,642
Utilities	8,363	3,157	2,440	2,740	4	5,941	—	22,645
Repairs and maintenance	7,963	5,946	4,218	5,205	1	2,672	—	26,005
State assessments	6,985	3,502	1,463	2,852	—	1,118	—	15,920
Depreciation and amortization	22,103	9,836	6,012	9,100	90	57,027	—	104,168
Other	98,765	51,232	27,485	42,784	627	(148,397)	(6,778)	65,718
Total operating expenses	629,394	314,197	146,876	235,137	1,524	238,120	(12,726)	1,552,522
Operating loss	29,458	4,921	(15,501)	22,543	(1,524)	(42,604)	—	(2,707)
Nonoperating revenues (expenses):								
Ad valorem tax revenue	89,440	46,769	20,995	37,236	—	52,430	—	246,870
Investment income, net	771	590	231	542	738	73,923	—	76,795
Interest expense	(7,889)	(1,213)	(987)	(1,023)	(3)	(8,614)	—	(19,729)
Other	(5,351)	(1,496)	(66)	(113)	1,332	5,594	—	(100)
Total nonoperating revenues	76,971	44,650	20,173	36,642	2,067	123,333	—	303,836
Income before capital contributions	106,429	49,571	4,672	59,185	543	80,729	—	301,129
Capital contributions	—	—	—	26	—	10	—	36
Increase in net position	106,429	49,571	4,672	59,211	543	80,739	—	301,165
Net position:								
Beginning of year, as previously reported	801,215	224,642	82,757	303,700	25,197	(171,733)	—	1,265,778
Reclass of business units	12,605	10,208	—	—	—	(22,813)	—	—
Beginning of year, as adjusted	813,820	234,850	82,757	303,700	25,197	(194,546)	—	1,265,778
End of year	$ 920,249	284,421	87,429	362,911	25,740	(113,807)	—	1,566,943