South Broward Hospital District

d/b/a Memorial Healthcare System

Financial Report
April 30, 2024

Contents

RSM US LLP

Independent Auditor's Report

Management and the Board of Commissioners
South Broward Hospital District d/b/a Memorial Healthcare System
Fort Lauderdale, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of South Broward Hospital District d/b/a Memorial Healthcare System (the System), as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the System, as of April 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the System adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* as of May 1, 2023. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System'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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System'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 System'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.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and *pension related schedules* as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2024, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

RSM US LLP

Fort Lauderdale, Florida
July 15, 2024

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

Independent Auditor's Report

Management and the Board of Commissioners
South Broward Hospital District d/b/a Memorial Healthcare System
Fort Lauderdale, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of South Broward Hospital District d/b/a Memorial Healthcare System (the System), as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated July 15, 2024. Our report included an emphasis of matter paragraph for the adoption of Governmental Auditing Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* as of May 1, 2023.

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

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

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

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

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

RSM US LLP

Fort Lauderdale, Florida
July 15, 2024

Required Financial Statements

The South Broward Hospital District d/b/a Memorial Healthcare System (the System) is a special tax district created under the Laws of Florida and a 501(c)(3) not-for-profit entity. The System operates Memorial Regional Hospital and Joe DiMaggio Children's Hospital at Memorial Regional Hospital, both located in Hollywood, Florida; Memorial Regional Hospital South (a campus of Memorial Regional Hospital) located in Hollywood, Florida; Memorial Hospital Pembroke, located in Pembroke Pines, Florida; Memorial Hospital West, located in Pembroke Pines, Florida; and Memorial Hospital Miramar, located in Miramar, Florida. The System also operates the 24/7 Care Center and Memorial Manor Nursing Home, both located in Pembroke Pines, Florida. Other components of the System include Memorial Physician Group; Memorial Outpatient Pharmacy Services; Memorial Neuroscience Institute; Memorial Rehabilitation Institute; Memorial Outpatient Behavioral Health, U-18 Sports Medicine programs located in Miramar, Coral Springs, and Wellington, Florida; multiple primary care centers located throughout South Broward County; three Urgent Care Centers; the Memorial Cancer Institute, including a partnership with Moffitt Cancer Center; the Memorial Cardiac and Vascular Institute; a Graduate Medical Education program on the campus of Memorial Hospital West; Memorial Health Network; Broward Guardian; and Memorial Health Assurance. At April 30, 2024, the System operates a total of 2,044 licensed hospital beds and 120 licensed nursing home beds.

The Memorial Hospital Pembroke facility is leased from Hospital Realty, LLC through June 30, 2025.

The System utilizes two different funds to account for its activities: an enterprise fund, which combines the business-type activities of the operating fund of the System and a pension trust fund, which reports information about the plan fiduciary net position and changes in plan fiduciary net position of the Retirement Plan for Employees of the South Broward Hospital District (the Plan). The pension trust fund does not issue a stand-alone financial report; however, it is reported as a pension trust fund, and fiduciary component unit in the financial statements of the System herein.

The financial statements of the System report information about the System's business-type activities using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The statement of net position includes all of the System'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 the System's creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. This statement also provides the basis for computing rate of return, evaluating the capital structure of the System, and assessing the liquidity and financial flexibility of the System.

All of the current year's revenue and expenses are accounted for in the statement of revenues, expenses and changes in net position. This statement communicates the performance of the System's operations over the past year.

The final required statement is the statement of cash flows. The primary purpose of this statement is to provide information about the System's cash receipts and cash disbursements during the reporting period. This statement reports cash receipts, cash disbursements and net changes in cash and cash equivalents resulting from operating, non-capital financing, capital and related financing and investing activities.

Summary of Financial Information

The financial statements consist of four parts: (a) management's discussion and analysis; (b) the audited financial statements; (c) required supplementary information; and (d) supplementary information. The audited financial statements also include notes that explain in more detail some of the information in the financial statements. The financial statements are intended to describe the results of operations, the changes in net position, the sources and uses of cash and cash equivalents, and the capital structure of the System. The following selected financial data as of April 30, 2024 and 2023, and for the years then ended, for the System's business-type activities are derived from the audited financial statements of the System. The data should be read in conjunction with the financial statements, related notes and supplementary information contained therein.

Condensed Statements of Net Position

	2024	2023 (*)	Dollar Increase (Decrease)	Percentage Increase (Decrease)
	(In Thousands)			
Other non-capital assets	$ 3,460,206	$ 3,200,033	$ 260,173	8.1%
Capital assets, net	1,260,684	1,217,578	43,106	3.5%
Right-to-use lease assets, net	56,654	72,406	(15,752)	(21.8%)
Right-to-use subscription assets, net	111,943	-	111,943	100.0%
Total assets	4,889,487	4,490,017	399,470	8.9%
Deferred outflows of resources	117,212	71,041	46,171	65.0%
Total current liabilities	657,226	558,216	99,010	17.7%
Long-term debt	881,813	896,930	(15,117)	(1.7%)
Lease payable, net of current portion	44,242	59,179	(14,937)	(25.2%)
Subscription liability, net of current portion	51,858	-	51,858	100.0%
Other noncurrent liabilities	216,496	163,663	52,833	32.3%
Total liabilities	1,851,635	1,677,988	173,647	10.3%
Deferred inflows of resources	14,176	18,876	(4,700)	(24.9%)
Net investment in capital assets	390,329	283,120	107,209	37.9%
Restricted net position	29,659	29,444	215	0.7%
Unrestricted net position	2,720,900	2,551,630	169,270	6.6%
Total net position	$ 3,140,888	$ 2,864,194	$ 276,694	9.7%

(*) Fiscal year 2023 amounts do not reflect the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.*

Management's Discussion of Financial Performance

	Statement of Revenues, Expenses and Changes in Net Position			
	2024	2023 (*)	Dollar Increase (Decrease)	Percentage Increase (Decrease)
	(In Thousands)			
Operating revenue:				
Net patient service revenue	$3,003,774	$2,682,483	$ 321,291	12.0%
Disproportionate share distributions	45,371	67,539	(22,168)	(32.8%)
Other operating revenues	223,076	180,654	42,422	23.5%
Total operating revenue	3,272,221	2,930,676	341,545	11.7%
Operating expenses:				
Salaries and wages	1,557,796	1,434,958	122,838	8.6%
Employee benefits	238,238	177,684	60,554	34.1%
Professional fees	79,081	66,176	12,905	19.5%
Supplies	664,593	564,053	100,540	17.8%
Purchased services	240,218	303,357	(63,139)	(20.8%)
Facilities	91,361	80,174	11,187	14.0%
Depreciation and amortization	145,170	109,569	35,601	32.5%
Other	108,999	108,283	716	0.7%
Total operating expenses	3,125,456	2,844,254	281,202	9.9%
Operating income	146,765	86,422	60,343	69.8%
Nonoperating revenues, net	99,156	23,415	75,741	>100%
Excess of revenues over expenses	245,921	109,837	136,084	>100%
Capital contributions and grants	30,773	1,408	29,365	>100%
Increase in net position	276,694	111,245	165,449	>100%
Net position at the beginning of the year	2,864,194	2,752,949	111,245	4.0%
Net position at the end of the year	$3,140,888	$2,864,194	$ 276,694	9.7%

(*) Fiscal year 2023 amounts do not reflect the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

For fiscal year 2024, the System's total operating revenue increased by 11.7% and operating expenses increased by 9.9%, resulting in operating income increasing by 69.8% from the prior year of $86.4 million to approximately $146.8 million. The System's excess of revenues over expenses increased from $109.8 million for the fiscal year ended April 30, 2023, to $245.9 million for the fiscal year ended April 30, 2024.

Net patient service revenue increased by 12.0% from $2.682 billion for the fiscal year ended April 30, 2023, to $3.004 billion for the fiscal year ended April 30, 2024, primarily due to increased patient volumes, price increases, and more favorable payor mix. Total admissions increased by 3.4% from 117,402 for the fiscal year ended April 30, 2023, to 121,373 for the fiscal year ended April 30, 2024, with the acuity of patients, as measured by case-mix index, decreasing from 1.58 to 1.57, and occupancy decreasing from 74.7% to 73.9%. Total surgical volume increased from 44,576 cases to 46,697 cases, or 4.8%; hospital outpatient visits increased from 614,106 to 668,112, or 8.8%; emergency visits, including the 24/7 Care Center, decreased from 461,649 to 453,115, or 1.8%; and patient days increased from 483,279 to 487,554, or 0.9% for these periods.

For the fiscal years ended April, 30 2023 and 2024, the System recognized approximately $75.3 million and $107.5 million of net patient service revenue under the Medicaid supplemental financing initiative called the Hospital Directed Payment Program (DPP). DPP is administered regionally and is intended to bridge the difference between Medicaid reimbursement rates and the costs of providing the care. Florida's DPP provides a financial incentive for all hospitals to engage in quality initiatives with the Medicaid managed care plans in their region. Hospitals that participate receive their DPP funding via their local Medicaid managed care plans.

On November 13, 2020, the U.S. Court of Appeals for the D.C. Circuit issued its opinion in favor of the plaintiff hospitals, concluding that patient days paid for with Florida Medicaid Waiver funds from the Low Income Pool (LIP) must be regarded as Medicaid patient days for purposes of computing Medicare Disproportionate Share Hospital (DSH) payments. Centers for Medicare & Medicaid Services (CMS) declined to appeal the U.S. Court of Appeals decision, and during fiscal year 2023, CMS entered into settlement discussions with the affected hospitals, resulting in the issuance of formal payment instructions. As a result, the System recognized $65.4 million of additional net patient service revenue during the fiscal year ended April 30, 2023 for cost report years 2007 through 2020. Additionally, during the fiscal year ended April 30, 2024, the System changed its estimate and recognized $14.1 million of interest due from CMS related to this matter, which was included in nonoperating revenues, net in the accompanying statement of revenues, expenses and changes in net position.

Other operating revenue increased as the System recognized $180.7 million and $223.1 million for the fiscal years ended April 30, 2023 and 2024, respectively. The increase is primarily attributable to an increase in outpatient pharmacy revenue, driven by volumes of higher cost specialty drugs as well revenue generated by external contract pharmacy relationships which began in late fiscal year 2023. Total revenue recognized by the System from disproportionate share distributions, which includes both DSH and LIP funding, was $67.5 million and $45.4 million for the fiscal years ended April 30, 2023 and 2024, respectively. The decrease was driven by lower DSH payments due to the offsetting higher amounts of other Medicaid supplemental payments, such as DPP, and an increase in LIP reserves due to lower than expected uninsured charity care costs. Refer to Note 3 for further information.

On May 1, 2023, the System implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB Statement No. 96). As a result, fiscal year 2023 amounts do not reflect the adoption of GASB Statement No. 96. During the fiscal year ended April 30, 2024, the impact of this Statement related to subscription-based technology arrangements resulted in a decrease of $2.2 million in operating expenses and an increase of $1.9 million of interest expense included within nonoperating revenues, net. The decrease in operating expenses included decreases of $0.5 million in professional fees, $26.5 million in purchased services, and $1.2 million in other operating expenses offset by an increase of $26.0 million in depreciation and amortization. Refer to Note 16 for further information on adoption of GASB Statement No. 96.

Total operating expenses increased from $2.844 billion for the fiscal year ended April 30, 2023, to $3.125 billion for the fiscal year ended April 30, 2024, or 9.9%. The increase in salaries and wages is related to additional staffing needed due to higher patient volumes and increased number of employees as a result of a reduction of purchased outside labor. The increase in employee benefits is primarily attributable to an increase in payroll taxes due to higher salaries and wages and an increase in pension expense mainly driven by lower pension asset returns. The increase in professional fees is primarily due to higher utilization of consulting and contracted physician services. The increase in supplies expense is directly correlated to the increase in volumes as well as an increase in supply chain costs due to inflationary pressure. The decrease in purchased services is primarily due to labor cost reduction for nurse travelers driving higher internal labor utilization and the implementation of GASB Statement No. 96, offset by higher purchased services related to new IT project initiatives, including the implementation of the System's new Enterprise Resource Planning System (ERP). The increase in facilities expenses is due to higher routine repairs and maintenance activity for clinical equipment and facility maintenance across the System. The increase in depreciation and amortization is primarily attributable to the implementation of GASB Statement No. 96 and an increase in capital assets in fiscal year 2024, largely due to the construction projects as listed further below. The increase in other operating expenses is the result of Public Medical Assistance Trust Fund assessments due to an increase in net patient service revenue partially offset by software purchases in line with GASB Statement No. 96 implementation.

Nonoperating revenues, net, increased from $23.4 million for the fiscal year ended April 30, 2023 to $99.1 million for the fiscal year ended April 30, 2024, or by $75.7 million. The increase is primarily attributable to $14.1 million of interest due from CMS related to the Medicare DSH Waiver Days settlement, $22.4 million of COVID-19 related relief funds from the Federal Emergency Management Agency, and an increase in net investment returns due to the favorable performance of the fixed-income segment of the investment portfolio, which has benefited from a higher interest rate environment in the current year, resulting in realized gains of $79.0 million for the fiscal year ended April 30, 2024, compared to $43.4 million for the fiscal year ended April 30, 2023, an increase of $35.6 million. Additionally, to a lesser extent, the increase is also driven by investing cash from the System's operating portfolio in money market accounts during the fiscal year ended April 30, 2023, which took its full effect during the fiscal year ended April 30, 2024.

Capital contributions and grants increased from $1.4 million for the fiscal year ended April 30, 2023, to $30.8 million for the fiscal year ended April 30, 2024, primarily due to significant contributions from the Memorial Foundation and the Joe DiMaggio Children's Hospital Foundation to support the construction of the new, freestanding Memorial Cancer Institute facility located on the campus of Memorial Hospital West and the four-floor expansion of Joe DiMaggio Children's Hospital.

In fiscal year 2024, the System's Board of Commissioners adopted a millage rate of 0.0937, which is less than the prior year millage rate of 0.1010. In fiscal years 2024 and 2023, the System used the gross tax proceeds solely to offset the cost of the county's Medicaid match, community redevelopment assessment and tax collector fees. No tax dollars were used for the operations of the System's facilities.

Income available for debt service was $260.3 million and $432.2 million for the fiscal years ended April 30, 2023 and 2024, respectively. The long-term debt service coverage ratio was 4.22 and 5.09 for the fiscal years ended April 30, 2023 and 2024, respectively, as defined by the System's Master Trust Indenture. The long-term debt service coverage ratio for the fiscal year ended April 30, 2023, does not reflect the adoption of GASB Statement No. 96.

The investment policy of the System is consistent with Section 218.415 of the Florida Statutes, which is designed to ensure the prudent management of financial assets. Cash, cash equivalents and investments, excluding assets whose use is limited and restricted assets, increased from $2.454 billion at April 30, 2023, to $2.617 billion at April 30, 2024. Cash, cash equivalents and investments, including assets whose use is limited and restricted assets, increased from $2.563 billion at April 30, 2023, to $2.729 billion at April 30, 2024, primarily as a result of $310.0 million cash provided by operating activities, $30.0 million provided by noncapital financing activities, realized investment gains of $79.0 million, and unrealized investment gains of $10.0 million, offset by $267.5 million used in capital and related financing activities. Net patient accounts receivable increased from $340.2 million at April 30, 2023, to $361.9 million at April 30, 2024, in line with the increase in the net patient service revenue, as volumes have continued to improve and contractual pricing has increased. Additions to capital assets, excluding right-to-use lease and subscription assets, decreased from $269.9 million in fiscal year 2023, to $147.4 million in fiscal year 2024, largely due to the completion of the four-floor expansion of Joe DiMaggio Children's Hospital in fiscal year 2023 and the opening of the freestanding Memorial Cancer Institute facility in January 2024, which were both under construction throughout fiscal year 2023, as well as the purchase of two parcels of land and future development site at the corner of Hollywood Boulevard and State Road 7 in fiscal year 2023. The estimated cost to complete all construction projects in process at April 30, 2024, is $155.5 million. Additionally, additions to right-to-use subscription assets were $77.8 million in fiscal year 2024, largely due to the replacement of the System's ERP in fiscal year 2024. Total debt, excluding lease and subscription liabilities, decreased from $909.3 million at April 30, 2023 to $894.7 million at April 30, 2024, primarily attributable to scheduled maturities of long-term debt. Refer to Note 4, Note 7, Note 9 and Note 16 for further discussion of other funding, capital asset, long-term debt, and right-to-use subscription asset activity, respectively.

Taxes and Uncompensated Care

The Board of Commissioners of the System is authorized to levy a tax annually upon real and personal taxable property located within the boundaries of the System at a millage rate not to exceed 2.5 mills. The taxes collected pursuant to this levy can be used for the purposes and needs of the System, such as operations, debt service, and construction. Such ad valorem taxes cannot be pledged directly or indirectly to pay revenue bonds; however, there is no prohibition on the use of such taxes once collected. Since fiscal year 2015, the System has primarily used the gross tax proceeds to cover its governmental obligations, including the county's Medicaid match, community redevelopment assessments and the tax collectors' fee.

The financial strength of the System minimizes the tax burden in south Broward County. In September 2023, the System's Board of Commissioners voted once again to reduce the tax millage rate from 0.1010 mills to 0.0937 mills.

With no net tax revenue, the System's financial strength enables the System to absorb the financial burden of providing a continued high level of uncompensated care and also enables the System to develop and support state-of-the-art facilities.

Source of Patient Charges

A substantial amount of the gross charges of the System are provided to patients insured by third-party payors. The table below lists the approximate percentages of gross charges by payor.

	2024	2023
Medicare	12.9%	13.4%
Medicaid	3.2%	3.6%
Managed care	75.6%	74.5%
Other	8.3%	8.5%
Total	100.0%	100.0%

South Broward Hospital District
d/b/a Memorial Healthcare System

Statement of Net Position – System
April 30, 2024
(In Thousands)

Assets and Deferred Outflows of Resources	
Current assets:	
Cash and cash equivalents	$ 271,605
Investments	2,345,956
Patient accounts receivable, net of estimated uncollectibles of $592,658	361,946
Inventories	58,009
Other current assets	265,034
Restricted assets:	
Investments under indenture agreements for debt service	28,785
Investments under self-insurance agreements	13,215
Total current assets	3,344,550
Noncurrent assets:	
Designated investments for employee disability	20,105
Capital assets, net	1,260,684
Right-to-use lease assets, net	56,654
Right-to-use subscription assets, net	111,943
Other assets	46,500
Restricted assets, net of current portion:	
Investments under self-insurance agreements	49,051
Total assets	$ 4,889,487
Deferred outflows of resources:	
Pension related items	$ 102,455
Loss on defeasance	14,757
Total deferred outflows of resources	$ 117,212

(Continued)

South Broward Hospital District
d/b/a Memorial Healthcare System

Statement of Net Position – System (Continued)
April 30, 2024
(In Thousands)

Liabilities, Deferred Inflows of Resources and Net Position	
Current liabilities:	
Accounts payable and accrued expenses	$ 170,414
Accrued compensation and payroll taxes	240,100
Estimated third-party payor settlements	118,630
Current installments of long-term debt	12,935
Current portion of estimated claims liability	15,443
Current portion of lease payable	14,555
Current portion of subscription liability	22,462
Other current liabilities	62,687
Total current liabilities	657,226
Noncurrent liabilities:	
Long-term portion of estimated claims liability	27,487
Net pension liability	128,128
Other noncurrent liabilities	60,881
Lease payable	44,242
Subscription liability	51,858
Long-term debt	881,813
Total liabilities	$ 1,851,635
Deferred inflows of resources:	
Lease related items	$ 14,176
Total deferred inflows of resources	$ 14,176
Net position:	
Net investment in capital assets	$ 390,329
Restricted	29,659
Unrestricted	2,720,900
Total net position	$ 3,140,888

See notes to financial statements.

South Broward Hospital District
d/b/a Memorial Healthcare System

Statement of Revenues, Expenses and Changes in Net Position – System
Year Ended April 30, 2024
(In Thousands)

Operating revenue:	
Net patient service revenue	$ 3,003,774
Disproportionate share distributions	45,371
Other operating revenues	223,076
Total operating revenue	3,272,221
Operating expenses:	
Salaries and wages	1,557,796
Employee benefits	238,238
Professional fees	79,081
Supplies	664,593
Purchased services	240,218
Facilities	91,361
Depreciation and amortization	145,170
Other	108,999
Total operating expenses	3,125,456
Operating income	146,765
Nonoperating revenues, net	99,156
Excess of revenues over expenses	245,921
Capital contributions and grants	30,773
Increase in net position	276,694
Net position at the beginning of the year	2,864,194
Net position at the end of the year	$ 3,140,888

See notes to financial statements.

South Broward Hospital District
d/b/a Memorial Healthcare System

Statement of Cash Flows – System
Year Ended April 30, 2024
(In Thousands)

Cash flows from operating activities:		
Receipts from third-party payors and patients	$	2,965,652
Payments to vendors		(1,174,218)
Other receipts		261,962
Payments to employees		(1,708,113)
Claims and self-insurance payments		(35,257)
Net cash provided by operating activities		310,026
Cash flows from noncapital financing activities:		
COVID-19 relief funds		22,429
Ad valorem tax receipts		7,596
Net cash provided by noncapital financing activities		30,025
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		(156,070)
Capital contribution and grant receipts		11,485
Principal payments on long-term debt		(12,390)
Interest payments on long-term debt		(31,438)
Principal payments on leases		(17,274)
Interest payments on leases		(2,113)
Principal payments on SBITAs		(25,562)
Interest payments on SBITAs		(1,920)
Initial implementation costs on SBITAs		(31,951)
Change in investments restricted under debt service		(316)
Net cash used in capital and related financing activities		(267,549)
Cash flows from investing activities:		
Proceeds from sales, maturities or repayment of investments		941,238
Purchases of investments		(992,452)
Investment income received		91,563
Custodial fees paid		(3,800)
Net cash provided by investing activities		36,549
Net change in cash and cash equivalents		109,051
Cash and cash equivalents:		
Beginning of year		162,554
End of year	$	271,605

(Continued)

South Broward Hospital District
d/b/a Memorial Healthcare System

Statement of Cash Flows – System (Continued)
Year Ended April 30, 2024
(In Thousands)

Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	146,765
Adjustments to reconcile operating income to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization		145,170
Provision for doubtful accounts		145,100
Loss on disposal of assets		310
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Patient accounts receivable		(166,843)
Other current assets and inventories		(42,464)
Other assets		1,948
Lease receivable and related deferred inflows of resources		373
Accounts payable and accrued expenses		5,108
Accrued compensation and payroll taxes		58,709
Estimated third-party payor settlements		13,124
Other current liabilities		7,079
Other noncurrent liabilities		2,405
Net pension liability and related deferred outflows and inflows of resources		(4,629)
Estimated claims liability		(2,129)
Net cash provided by operating activities	$	310,026
Supplemental noncash investing, capital and financing activities:		
Noncash investment and other nonoperating income	$	12,640
Nonoperating depreciation expense		2,100
Nonoperating loss on disposal of assets		320
Unrealized gains on investments		10,048
Noncash interest expense		1,186
Decrease in noncash capital assets		13,022
Right-to-use lease asset additions		2,593
Right-to-use lease asset deletions		1,187
Right-to-use SBITA additions		45,885
Increase in noncash capital contributions and grants		19,288
Increase in Medicare DSH Waiver Days settlement interest		14,148

See notes to financial statements.

South Broward Hospital District
d/b/a Memorial Healthcare System

Statement of Fiduciary Net Position – Pension Trust Fund
Year Ended April 30, 2024
(In Thousands)

Assets, Liabilities and Net Position		
Investments:		
SEC-registered money market funds	$	15,141
U.S. government and agency obligations		169,265
Asset-backed securities		7,342
Corporate debt		91,341
Commercial mortgage securities		3,904
Floating rate mutual funds		53,440
U.S. equities		139,834
U.S. equity exchange traded funds		161,403
International equities		89,933
Global mutual funds		249,862
Foreign bonds		4,862
Total investments		986,327
Due from broker for investment sold		3,495
Total assets	$	989,822
Investment management fee payable	$	1,152
Total liabilities	$	1,152
Restricted for pension benefits	$	988,670
Total net position	$	988,670

See notes to financial statements.

South Broward Hospital District
d/b/a Memorial Healthcare System

Statement of Changes in Fiduciary Net Position – Pension Trust Fund
Year Ended April 30, 2024
(In Thousands)

Additions:	
Investment income:	
Net appreciation in fair value of investments	$ 75,961
Interest and dividends	26,565
Less investment expense	(3,172)
Net investment income	99,354
Employer pension contributions	43,650
Total additions	143,004
Deductions:	
Benefit payments	43,344
Administrative expenses	111
Total deductions	43,455
Increase in net position	99,549
Net position at the beginning of year	889,121
Net position at the end of year	$ 988,670

See notes to financial statements.

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization: The South Broward Hospital District d/b/a Memorial Healthcare System (the System) is a special tax district created under the Laws of Florida and a 501(c)(3) not-for-profit entity. The System operates Memorial Regional Hospital and Joe DiMaggio Children's Hospital at Memorial Regional Hospital, both located in Hollywood, Florida; Memorial Regional Hospital South (a campus of Memorial Regional Hospital) located in Hollywood, Florida; Memorial Hospital Pembroke, located in Pembroke Pines, Florida; Memorial Hospital West, located in Pembroke Pines, Florida; and Memorial Hospital Miramar, located in Miramar, Florida. The System also operates the 24/7 Care Center and Memorial Manor Nursing Home, both located in Pembroke Pines, Florida. Other components of the System include Memorial Physician Group; Memorial Outpatient Pharmacy Services; Memorial Neuroscience Institute; Memorial Rehabilitation Institute; Memorial Outpatient Behavioral Health; U-18 Sports Medicine programs located in Miramar, Coral Springs, and Wellington, Florida; multiple primary care centers located throughout South Broward County; three Urgent Care Centers; the Memorial Cancer Institute, including a partnership with Moffitt Cancer Center; the Memorial Cardiac and Vascular Institute; a Graduate Medical Education program on the campus of Memorial Hospital West; Memorial Health Network; Broward Guardian; and Memorial Health Assurance. At April 30, 2024, the System operates a total of 2,044 licensed hospital beds and 120 licensed nursing home beds.

As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the primary unit of government, the System, and its component units. All significant intercompany accounts and balances have been eliminated in the financial statements.

Component units: Memorial Health Network, Inc. (MHN) is a not-for-profit taxable corporation wholly-owned by the System. MHN operates as a clinically-integrated physician hospital organization with an 18-member board comprised of nine independent physicians and nine employed System executives and physicians. MHN was conceived to foster collaboration between the System's employed physicians, community physicians, and hospitals in order to improve quality, reduce cost, eliminate waste and enhance patient and physician satisfaction. The System shares savings with MHN members based on the achievement of certain quality and financial goals.

Broward Guardian, LLC (Broward Guardian) is a Florida limited liability company wholly-owned by the System. It currently has a contract with the Centers for Medicare and Medicaid Services (CMS) to participate in the Medicare Shared Savings Program—Enhanced track. Broward Guardian is a collaboration between the System and community primary care providers, in an effort to work together to develop a higher quality and more efficient health care delivery model. Through this collaboration, Broward Guardian collaborates with doctors, hospitals and other health care providers towards achieving the three goals of health care reform: expanding access, improving quality and controlling cost.

Memorial Insurance Company, LLC d/b/a Memorial Health Assurance (Memorial Health Assurance) is a Montana limited liability company and a special purpose insurance captive, wholly-owned by the System. The System formed Memorial Health Assurance, as part of its value-based care initiatives, to provide a self-funded direct-to-employer health care solution for businesses located in its primary service area with 51 to 2,000 employees.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units–an amendment of GASB Statement No. 14*, MHN, Broward Guardian, and Memorial Health Assurance are blended within the financial results of the System because of the significance of the component units' operational and financial relationships with the System. Additionally, the System also reports a defined benefit pension plan as a fiduciary component unit. Further information on the plan is included in Note 10 of the financial statements.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

A summary of the System's significant accounting policies follows:

Basis of presentation: The financial statements are prepared in accordance with the requirements of the Governmental Accounting Standards. The System utilizes the accrual basis of accounting, whereby revenues are recognized as they are earned, and expenses are recognized when the related obligation is incurred.

The accounts of the System are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, net position, revenue and expenses, as appropriate. Significant intercompany accounts and transactions have been eliminated in the combination of these funds for financial reporting purposes herein.

The System is accounted for in an enterprise fund that consists of unrestricted net position, restricted net position and net investment in capital assets. The enterprise fund is used to account for the System's ongoing business-type activities.

The pension trust fund is a fiduciary component unit which accounts for the assets held in trust for the benefit of the employees of the System who participate in the Retirement Plan for Employees of the South Broward Hospital District (the Plan). The Plan's custodians hold the Plan's assets in custody accounts on behalf of the trust.

Cash and cash equivalents: Cash includes cash on hand, amounts in demand deposits and cash equivalents. The System considers all highly liquid investments with a maturity of three months or less when purchased, except those classified as restricted assets, U.S. equities, equity mutual funds and group annuity contracts to be cash equivalents.

Fair value of investments: The System categorizes its investment within the fair value hierarchy established by GASB 72, *Fair Value Measurement and Application* (GASB Statement No. 72). The hierarchy is based on the inputs used in valuation and gives the highest priority to unadjusted quoted prices in active markets and requires that observable inputs be used in the valuation when available. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuations are observable as listed below:

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

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

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

In instances where inputs used to measure fair value fall into different levels, fair value measurement is categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these measurements requires judgment and considers factors specific to each investment. The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Net patient accounts receivables: Net patient accounts receivables are reported at estimated net realizable amounts due from patients, third-party payors, and others for services rendered. The provision for bad debts is based on management's assessment of historical and expected net collections, considering business and economic conditions, trends in health care coverage and other collection indicators. Throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based on these trends. The results of this review are then used to make any modifications to the provision for bad debts and to establish an appropriate estimated allowance for uncollectible accounts. Specific patient accounts identified as uncollectible are written off to the allowance for uncollectible accounts.

Inventories: Inventories, consisting primarily of medical, surgical and other supplies, are stated at the lower of cost (principally determined by the first-in, first-out method) or market.

Restricted assets: Restricted assets include resources restricted to a specific period or purpose. This includes balances held in investments under indenture agreements for principal and interest amounts due for debt service, balances held in investments to fund workers' compensation, professional liability and health and dental self-insurance, balances held in investments as the repayment mechanism for Broward Guardian to participate in the Medicare Shared Savings Program (MSSP), and funds held as collateral for reinsurance obligations of Memorial Health Assurance.

Capital assets, net: Capital assets, including improvements to existing facilities, are recorded at cost, except for donated items, which are recorded at acquisition value at the date of the contribution. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives for buildings and improvements range from 7 to 40 years and for equipment range from 3 to 10 years. Routine maintenance and repairs that do not extend the life of the assets are charged to expense as incurred, and major renovations or improvements are capitalized. The System capitalizes assets with an initial cost of $5,000 or greater, with a life expectancy greater than a year.

Other assets: Other assets consist primarily of the following:

South Florida Community Care Network d/b/a Community Care Plan (SFCCN): The System is an equal partner of SFCCN, a managed care network governed by an agreement between two governmental entities: the System and the North Broward Hospital District which are SFCCN members. SFCCN administers various programs and is designated by the State of Florida as the Provider Sponsored Network (PSN) operating under Florida's Medicaid Reform program. The PSN is a 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.

The System accounts for its investment in SFCCN under the equity method and it measures the value of its investment in SFCCN based on the net asset value of its membership interest. The System evaluates the value of its investment by considering available evidence, including general market conditions and the investee's financial condition. This investment may not be transferred unless all existing SFCCN members agree in writing in advance. The System recognized approximately $5,482,000 in income from this equity method investment for the year ended April 30, 2024, which is included in the nonoperating revenues, net in the accompanying statement of revenues, expenses and changes in net position. As of April 30, 2024, the System's investment in SFCCN was approximately $32,116,000, and is included in other assets in the accompanying statement of net position.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Leases: The System applies GASB Statement No. 87, *Leases* (GASB Statement No. 87), for the measurement, recognition, and disclosure of both lessee and lessor leases. GASB Statement No. 87 requires leases with durations greater than twelve months to be recognized on the statement of net position. The System capitalizes leases with an initial, individual value of $160,000 or greater. Refer to Note 15 for further information.

The System is a lessee for various noncancellable operating leases for office space, medical equipment, and data processing equipment, and a lessor for noncancellable leases of medical and retail office space in its managed facilities.

At the commencement of a lease, the System initially measures the lease payable or receivable at the present value of fixed payments expected to be made or received during the lease term. Subsequently, the lease payable or receivable is reduced by the principal portion of lease payments made or received. The lease asset or deferred inflow of resources is initially measured as the initial amount of the lease payable or lease receivable, adjusted for lease payments made or received at or before the lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the term of the respective lease or the life of the related asset and the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

(1) The System uses its estimated incremental borrowing rate as the discount rate for leases, as most of the leases do not provide a readily determinable implicit interest rate.

(2) The lease term includes the noncancellable period of the lease.

(3) Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase options that the System is reasonably certain to exercise. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The System monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease if certain changes occur that are expected to significantly affect the amount of the lease.

Subscription-Based Information Technology Arrangements: On May 1, 2023, the System implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB Statement No. 96). A subscription-based information technology arrangement (SBITA) is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB Statement No. 96 requires SBITAs with durations greater than twelve months to be recognized on the statement of net position. The System is obligated under various noncancellable SBITAs. The System capitalizes subscriptions with an initial, individual value of $160,000 or greater. Refer to Note 16 for further information.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

At the commencement of a SBITA, the System initially measures the subscription liability at the present value of fixed payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, in addition to certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the respective SBITA term or the life of the related IT asset.

Key estimates and judgments related to SBITAs include how the System determines the: (1) discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

(1) The System uses the incremental borrowing rate as the discount rate for SBITAs, as most of the subscriptions do not provide a readily determinable implicit interest rate.

(2) The subscription term includes the noncancellable period of the subscription.

(3) Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase options that the System is reasonably certain to exercise.

The System monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Deferred outflows and inflows of resources: A deferred outflow of resources represents the consumption of net assets by the System that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net assets by the System that is applicable to a future reporting period. Amounts reported in deferred outflows and inflows of resources are amortized over time. Certain pension related activities are included in deferred outflows and inflows of resources, which are amortized in employee benefits expense in the accompanying statement of revenues, expenses and changes in net position. Losses on refunding of debt in prior years are included in deferred outflows of resources, which are amortized in nonoperating revenues, net in the accompanying statement of revenues, expenses and changes in net position. The initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date, is included in deferred inflows of resources, which are amortized in other operating expenses in the accompanying statement of revenues, expenses and changes in net position.

Compensated absences: Personal leave time, which includes holiday, sick and vacation time, that is accrued but not used at April 30, 2024, is included in accrued compensation and payroll taxes and other noncurrent liabilities in the accompanying statement of net position. The gross increases and decreases for compensated absences are disclosed as a net change.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Pensions: The System applies GASB Statement No. 67, *Financial Reporting for Pension Plans* (GASB Statement No. 67), GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB Statement No. 68), GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB Statement No. 71), GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB Statement No. 73), and GASB Statement No. 82*, Pension Issues—an amendment of GASB Statements No. 67, No. 68 and No. 73* (GASB Statement No. 82), for the measurement, recognition, and disclosure of pension expenses, liabilities, assets and deferred inflows and outflows. The Plan's fiduciary net position has been determined on the same basis as it is reported by the Plan, for purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense related to the Plan. The Plan's financial statements are prepared using the accrual basis of accounting, whereby employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan's policy.

Costs of borrowing: Premiums and discounts associated with long-term debt are amortized using the straight-line method over the life of the debt since the result is not significantly different from the effective interest method of amortization. Debt issuance costs, excluding prepaid bond insurance, are expensed in the year of issuance.

Income taxes: The System is exempt from income taxes as it is a political subdivision of the State of Florida (the State). It also has dual status as a tax-exempt entity under Internal Revenue Code Section 501(a) as an entity described in Section 501(c)(3).

Net position: Net position is reported in three categories: net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of capital assets and right-to-use assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any debt issued that is attributable to the acquisition, construction or improvement of those capital assets, and any outstanding lease or subscription liability balances. If there are unspent related debt proceeds at year-end, including investments restricted under indenture agreements for project funds, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

The restricted component of net position consists of restricted assets; assets that have constraints placed on them externally by creditors, grantors, contributors, laws or regulations of other governments or laws through constitutional provisions or enabling legislation, reduced by liabilities or deferred inflows related to those restricted assets. The unrestricted component of net position consists of the net amount of assets and deferred outflows of resources and liabilities and deferred inflows of resources that do not meet the definitions of the other two components of net position.

Accounting estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the accounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Statement of revenues, expenses and changes in net position: For purposes of presentation, transactions determined to be ongoing, major or central to the provision of health care services are reported as operating revenue and expenses. Non-exchange transactions and peripheral, incidental or transactions not considered to be central to the provision of health care services are reported as nonoperating revenues and expenses and include investment income, interest expense, ad valorem tax revenue and certain grants, including relief funds related to the coronavirus (COVID-19). Revenue recognition for grants and other non-exchange transactions occur when all eligibility requirements are met (including time requirements) or when qualifying expenditures and contingencies are met, as applicable. The System uses the gross tax proceeds to pay the county’s Medicaid match, community redevelopment assessments and the tax collectors’ fee and is reported net in nonoperating revenues and expenses in the accompanying statement of revenues, expenses and changes in net position. Grants and other contributions received for the purpose of acquiring or constructing capital assets are reported as capital contributions and grants, below nonoperating revenues, net in the accompanying statement of revenues, expenses and changes in net position.

Net patient service revenue: Net patient service revenue is reported as net realizable amounts due from patients, third-party payors, and others for services rendered. Settlements with certain third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity care: The System provides care, without charge, to patients who meet certain financial criteria based upon the Federal Income Poverty Guidelines. The System does not pursue collection of amounts due from patients who meet the System’s criteria for charity care; therefore, such amounts are not reported as revenue.

Disproportionate share distributions: The Florida Agency for Health Care Administration (AHCA) distributes Low Income Pool (LIP) and Disproportionate Share Hospital (DSH) payments to the System based in part on the System’s indigent care service level. The System’s policy is to recognize these distributions as revenue when amounts are due, and collection is reasonably assured. The receipt of any additional distributions is contingent upon the continued support by the State Legislature and the Federal Government.

New accounting pronouncements: In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* to provide guidance on the accounting and financial reporting for SBITAs for government end users. This Statement: (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, which for the System was May 1, 2023. The effect of adopting GASB Statement No. 96 as of May 1, 2023, resulted in the restatement of certain balances as follows (in thousands):

	Balances at April 30, 2023 as previously reported	Change to Implement GASB Statement No. 96	Balances at May 1, 2023, as restated
Other current assets	$ 198,843	$ (6,079)	$ 192,764
Right-to-use subscription assets, net	-	60,076	60,076
Current portion of subscription liability	-	(16,750)	(16,750)
Subscription liability, net of current portion	-	(37,247)	(37,247)

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

In May 2022, the GASB issued Statement No. 99, *Omnibus* 2022 (GASB Statement No. 99). The Statement provides guidance addressing various accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements, including: accounting and financial reporting for exchange or exchange-like financial guarantees; certain derivative instruments that are neither hedging derivative instruments nor investment derivative instruments; and clarification of certain provisions of: GASB Statement No. 34, B*asic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 87, and GASB Statement No. 96. The requirements of GASB Statement No. 99 that relate to the extension of the use of LIBOR, disclosures for nonmonetary transactions, pledges of future revenues by pledging governments, clarifications of certain provisions in GASB Statement No. 34, and terminology updates were effective immediately. The requirements related to GASB Statement No. 87 and GASB Statement No. 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the other requirements related to derivative instruments are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this Statement which were effective immediately had no material impact on the financial statements. The System implemented the requirements related to GASB Statement No. 87 as of May 1, 2022. Additionally, the System implemented the requirements related to GASB Statement No. 96 as of May 1, 2023, the effect of which has been disclosed above. The System has not elected to implement the other requirements of this Statement early and is still evaluating the potential impacts.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures* (GASB Statement No. 102). The Statement requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The Statement defines concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources; and constraint as a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority, such as a voter-approved property tax cap or a state-imposed debt limit. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The Statement generally requires a government to disclose information about a concentration or constraint if all of the following criteria are met: (a) a concentration or constraint is known to the government prior to issuing the financial statements; (b) the concentration or constraint makes the government vulnerable to the risk of a substantial impact; and (c) an event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of GASB Statement No. 102 are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. The System has not elected to implement the requirements of this Statement early and is still evaluating the potential impacts.

In May 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB Statement No. 103). The Statement provides guidance built on GASB Statement No. 34, B*asic Financial Statements—and Management's Discussion and Analysis—for State and Local Government*, to improve key components of the financial reporting model. The targeted improvements contained in GASB Statement No. 103 establish or modify existing accounting and financial reporting requirements related to: management's discussion and analysis, unusual or infrequent items (previously known as extraordinary and special items), presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. The requirements of Statement No. 103 are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The System has not elected to implement the requirements of this Statement early and is still evaluating the potential impacts.

Note 2. Uncompensated Care

The System maintains records to identify and monitor the level of uncompensated care it provides. These records include the amount of charges forgone for services provided under the System's charity care policy, as well as a provision for uncollectible accounts, included in the accompanying statement of revenues, expenses and changes in net position.

The following information measures the level of uncompensated care provided during the year ended April 30, 2024 (in thousands):

Uncompensated care, based on established rates	$	910,382
Percentage of uncompensated care patients to all patients served based upon total charges		4.5%

For the year ended April 30, 2024, uncompensated care includes approximately $765,282,000 of charges forgone for services provided under the System's charity care policy. Using the System's average ratio of cost to charges, the cost of charity care provided was approximately $118,710,000 for the year ended April 30, 2024.

Note 3. Net Patient Service Revenue

The System has contractual agreements with third-party payors (Medicare, Medicaid, and commercial insurance payors) that provide for prospective reimbursement at contractually established rates. A summary of the payment arrangements with major third-party payors follows.

Medicare

Reimbursement for certain services subject to special reimbursement formulas under the Medicare program is subject to audit and settlement by a Medicare Administrative Contractor (MAC). Such audits and final settlements have been completed for all years through 2020 for Memorial Hospital Miramar, and through 2018 for all other facilities. Audit fieldwork has been substantially completed through 2021 for Memorial Hospital Miramar, and through 2019 for all other facilities, and the related final settlements are not expected to differ materially from the recorded amounts. Medicare program beneficiaries accounted for approximately 12.9% of the System's gross patient charges in fiscal year 2024.

On November 13, 2020, the U.S. Court of Appeals for the D.C. Circuit issued its opinion in favor of the plaintiff hospitals, concluding that patient days paid for with Florida Medicaid Waiver funds from the Low Income Pool must be regarded as Medicaid patient days for purposes of computing Medicare DSH payments. This matter affected the System's cost reports from fiscal years 2007 through 2024. CMS declined to appeal the U.S. Court of Appeals decision, and during fiscal year 2023, CMS entered into settlement discussions with the affected hospitals, instructing its Medicare Administrative Contractors (MACs) to reopen and adjust certain hospital cost reports to revise upward the Medicare DSH payments (the Medicare DSH Waiver Days settlement). These retrospective reopenings applied to the System's cost reports for fiscal years 2007 through 2016. MACs were also instructed to allow amendments to non-final cost reports for the affected hospitals to include additional documentation for those periods. This applied to the System's cost reports for fiscal years 2017 through 2020. For fiscal years 2021 through 2024, based on the favorable court decision, the relevant documentation was included in the original filed cost reports.

Note 3. Net Patient Service Revenue (Continued)

As of April 30, 2024, the receivable from the Medicare DSH Waiver Days settlement, including interest, was approximately $76,594,000, which is included in other current assets in the accompanying statement of net position. During the year ended April 30, 2024, the System changed its estimate and recognized approximately $14,148,000 of interest related to this matter, which was included in nonoperating revenues, net in the accompanying statement of revenues, expenses and changes in net position. Besides the recognition of interest, there were no additional material changes in estimate in fiscal year 2024.

Medicaid

Reimbursement under the Florida Medicaid program is based on a variety of prospective rate methodologies. Medicaid program beneficiaries accounted for approximately 3.2% of the System's gross patient charges in fiscal year 2024.

During the year ended April 30, 2024, the System recognized approximately $104,282,000 of net patient service revenue under the Medicaid supplemental financing initiative called the Hospital Directed Payment Program (DPP) for the Medicaid HMO Plan year ended September 30, 2023, which was net of 6% withheld for certain quality measures. DPP is administered regionally and is intended to bridge the difference between Medicaid reimbursement rates and the costs of providing the care. Florida's DPP provides a financial incentive for all hospitals to engage in quality initiatives with the Medicaid managed care plans in their region. Hospitals that participate receive their DPP funding via their local Medicaid managed care plans. Total DPP payments are subject to a 2% withholding for each of the three quality measures (6% in total). Each measure is applied collectively to participant hospitals. If the group of participant hospitals meet a benchmark measure, then all participants receive back the 2% withheld for the respective measure. During the year ended April 30, 2024, the System recognized approximately $3,200,000 of DPP related to the quality measures for the Medicaid HMO Plan year ended September 30, 2022. Measurement of performance against these benchmarks for the Medicaid HMO Plan year ended September 30, 2023, was still being conducted by the State Medicaid Agency as of April 30, 2024. Subsequent to April 30, 2024, the System recognized approximately $2,193,000 of net patient service revenue related to the quality measures. Total receivables from DPP funding was approximately $13,667,000 as of April 30, 2024, which was reported in other current assets in the accompanying statement of net position. DPP for the Medicaid HMO Plan year ended September 30, 2024, obtained government administrative approval; however, the amount of funding has not yet been made available as of April 30, 2024.

Insurance and Other Payors

The System has entered into payment agreements with certain commercial insurance carriers, HMOs, and preferred provider organizations. The basis for payments to the System under these agreements includes prospectively determined rates per discharge, allowances from established charges and prospectively determined daily rates.

Note 3. Net Patient Service Revenue (Continued)

Net Patient Service Revenue

The difference between gross patient charges and the contractually established rate for all payors is accounted for as contractual adjustments. The System's gross patient charges, charity care adjustments, provision for doubtful accounts and contractual adjustments for the year ended April 30, 2024, are as follows (in thousands):

Gross patient charges	$ 20,148,780
Charity care adjustments	(765,282)
Provision for doubtful accounts	(145,100)
Contractual adjustments	(16,234,624)
Net patient service revenue	$ 3,003,774

Net Patient Accounts Receivable

The System grants credit without collateral to its patients, most of which are local residents that are insured under third-party payor agreements. Net patient accounts receivable, reported as current assets by the System at April 30, 2024, consists of the following amounts (in thousands):

Receivable from Medicare	$ 125,630
Receivable from Medicaid	63,980
Receivable from patients' insurance carriers	1,621,490
Receivable from other	325,014
Total patient accounts receivable	2,136,114
Less allowance for charity care and contractual adjustments	(1,181,510)
Less allowance for doubtful accounts	(592,658)
Patient accounts receivable, net	$ 361,946

Concentrations of Credit Risk

The mix of net receivables from patients and third-party payors at April 30, 2024, was as follows:

Medicare	8.4%
Medicaid	1.6%
Managed care	84.2%
Other	5.8%
Total	100.0%

Note 4. Other Funding Sources

The System receives funding from various components of the State Medicaid program, including the LIP and DSH payments. The State's LIP distributes funding to the System in support of programs that provide coverage for uninsured and underinsured patients. The LIP is a federal matching program that provides the State with the opportunity to receive additional distributions based upon a fixed annual pool of approximately $1.5 billion distributed by the State based on a measure of charity care cost. DSH is a federally mandated additional Medicaid payment intended to recognize the higher cost of treating a disproportionate share of low-income patients, subject to federal State-wide limits. Both are subject to a provider-specific cost limits which are retrospectively audited. Audits have been completed through the State fiscal year ended June 30, 2021. There were no material differences between original estimates and subsequent revisions in fiscal years 2024.

Total revenue recognized by the System from LIP and DSH funding was approximately $45,371,000 for the year ended April 30, 2024, and was reported as disproportionate share distributions in the accompanying statement of revenues, expenses and changes in net position. As of April 30, 2024, total receivables from DSH funding was approximately $8,485,000, which was reported in other current assets in the accompanying statement of net position. As of April 30, 2024, total deferred revenue from LIP funding was approximately $8,448,000, which was reported in other current liabilities in the accompanying statement of net position.

For the year ended April 30, 2024, the System recognized approximately $22,429,000 of COVID-19 related relief funds from the Federal Emergency Management Agency (FEMA) for expenses incurred during the pandemic, which was reported as nonoperating revenues, net in the accompanying statement of revenue, expenses and changes in net position. Subsequent to April 30, 2024, the System also recognized approximately $76,152,000 of additional COVID-19 related relief funds that were obligated by FEMA after the year then ended.

Note 5. Cash, Cash Equivalents and Investments

Custodial credit risk

The System's unrestricted bank deposit balances in the accompanying statement of net position was approximately $120,823,000 at April 30, 2024. At April 30, 2024, the System's deposits consisting of cash and money market accounts were covered by federal depository insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions that comply with the requirements of Florida Statutes and have been designated as Qualified Public Depositories (QPDs) by the State Treasurer. QPDs are required to pledge collateral to the State Treasurer with a market value equal to a percentage of the average daily balance of all governmental deposits in excess of any federal deposit insurance. In the event of a default by a QPD, all claims for governmental deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default, and, if necessary, a pro rata assessment to the other QPDs participating in the collateral pool.

At April 30, 2024, pursuant to Florida Statute 218.415, investment securities, with the exception of certificates of deposit and money market accounts, are held with a third-party custodian, and all securities purchased by, and all collateral obtained by the System are properly designated as an asset of the System. The securities are held in accounts separate and apart from the assets of the financial institution. The System's bond indentures stipulate that all bond and trustee held funds be "Eligible Investments" as defined in the indentures and be maintained in separate accounts with a bond trustee. All bond and trustee held investments are held in accounts separate and apart from the assets of the financial institution.

Note 5. Cash, Cash Equivalents and Investments (Continued)

Cash Equivalents and Investments

At April 30, 2024, the System's cash equivalents and investments, including assets whose use is limited and restricted assets, are as follows (in thousands):

Unrestricted cash equivalents	$	282,834
Unrestricted investments		2,345,956
Designated investments for employee disability		20,225
Restricted assets:		
Investments for MSSP repayment mechanism (*)		669
Investments under indenture agreements for debt service		28,785
Investments under self-insurance agreements		62,266
	$	2,740,735

(*) Included in Other assets in the accompanying statement of net position

As of April 30, 2024, designated investments for employee disability included in cash and cash equivalents were approximately $120,000.

The System's investment policy, as amended from time to time, is approved by the Board of Commissioners of the South Broward Hospital District (the Board). The investment policy is designed to maximize financial return to the System consistent with the risks incumbent in each investment and designed to preserve the appropriate diversification in the portfolio. The System utilizes an independent investment consultant to identify and hire investment managers, implement strategies and monitor risk and performance. The investment policy authorizes investment in equity strategies up to a 20% limitation of investable assets. At April 30, 2024, approximately 15.87% of investable assets were in low volatility equity mutual funds and/or exchange traded funds.

Fair Value Measurements

The System measures and records investments, assets whose use is limited and restricted assets using fair value measurement guidelines established by GASB Statement No. 72. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets

Level 2: Observable inputs other than quoted prices; and

Level 3: Unobservable inputs

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Money market mutual funds and equity mutual funds are valued using the net asset values as quoted daily for the funds. Debt securities classified in Level 2 are valued using the following approaches:

- U.S. Agencies and commercial paper: quoted prices for identical securities in markets that are not active; and
- Corporate and municipal bonds: quoted prices for similar securities in active markets

Note 5. Cash, Cash Equivalents and Investments (Continued)

The tables below present the fair value leveling of the System's cash equivalents and investments as of April 30, 2024, in accordance with GASB Statement No. 72 (in thousands):

	Level 1	Level 2	Level 3	Total
Money market accounts	$ 117,196	$ -	$ -	$ 117,196
SEC-registered money market funds	89,152	-	-	89,152
Commercial paper	-	109,178	-	109,178
U.S. treasuries	847,436	-	-	847,436
U.S. agencies	-	68,358	-	68,358
U.S. agency mortgage bonds	-	233,700	-	233,700
Asset-backed securities	-	90,200	-	90,200
Supranational bonds	-	5,835	-	5,835
Corporate debt	-	713,814	-	713,814
U.S. equities	15,170	-	-	15,170
Municipal securities	-	30,117	-	30,117
Equity mutual funds	163,867	255,837	-	419,704
Group annuity contract	-	-	875	875
	$ 1,232,821	$ 1,507,039	$ 875	$ 2,740,735

Interest Rate Risk

The System manages interest rate exposure by limiting investment maturities in accordance with parameters in its investment policy. To the extent possible, the System attempts to match investment maturities with known cash needs and anticipated cash flow requirements. The System's investment policy segments its fixed income investment portfolio into pools with identified asset allocation percentages that attempt to match its liquidity requirements. Investments of bond indenture restricted funds have maturities set in accordance with the relevant documents.

At April 30, 2024, the System had cash equivalents and investments maturing as follows (in thousands):

	Fair Value	No Maturity Date or Less than 1 Year	1 -5 Years	6-10 Years	Greater Than 10 Years
Money market accounts	$ 117,196	$ 117,196	$ -	$ -	$ -
SEC-registered money market funds	89,152	89,152	-	-	-
Commercial paper	109,178	109,178	-	-	-
U.S. treasuries	847,436	310,951	317,833	218,652	-
U.S. agencies	68,358	4,871	13,385	22,674	27,428
U.S. agency mortgage bonds	233,700	15,900	52,102	50,721	114,977
Asset-backed securities	90,200	1,534	68,172	15,282	5,212
Supranational bonds	5,835	-	5,835	-	-
Corporate debt	713,814	73,718	410,445	197,217	32,434
U.S. equities	15,170	15,170	-	-	-
Municipal securities	30,117	-	14,020	16,058	39
Equity mutual funds	419,704	419,704	-	-	-
Group annuity contract	875	875	-	-	-
	$2,740,735	$ 1,158,249	$ 881,792	$ 520,604	$ 180,090

Note 5. Cash, Cash Equivalents and Investments (Continued)

Credit Risk

The System's investment policy provides guidelines for fixed income investment managers that require maintaining an average portfolio credit rating of at least A; restricting investments in debt securities to those with A- or higher credit ratings at the time of purchase; and limiting the duration of the System's total fixed income portfolios to four years or less. The System's bond indentures stipulate credit ratings for "Eligible Investments".

At April 30, 2024, the System's cash equivalents and investments have credit ratings as follows (in thousands):

		S&P Rating or Comparable as of April 30, 2024											
	Total	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	B
Money market accounts	$ 117,196	$ 117,196	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
SEC-registered money market funds	89,152	89,152	-	-	-	-	-	-	-	-	-	-	-
Commercial paper	109,178	109,178	-	-	-	-	-	-	-	-	-	-	-
U.S. treasuries	847,436	576,049	271,387	-	-	-	-	-	-	-	-	-	-
U.S. agencies	68,358	-	68,358	-	-	-	-	-	-	-	-	-	-
U.S. agency mortgage bonds	233,700	3,592	230,108	-	-	-	-	-	-	-	-	-	-
Asset-backed securities	90,200	87,503	1,208	-	-	-	1,367	-	-	-	-	-	122
Supranational bonds	5,835	5,835	-	-	-	-	-	-	-	-	-	-	-
Corporate debt	713,814	34,383	5,649	11,196	23,186	54,072	101,450	190,984	128,372	108,289	53,379	2,854	-
Municipal securities	30,117	7,431	10,495	7,169	4,076	451	-	495	-	-	-	-	-
	2,304,986	$1,030,319	$ 587,205	$ 18,365	$ 27,262	$ 54,523	$ 102,817	$ 191,479	$ 128,372	$ 108,289	$ 53,379	$ 2,854	$ 122
Unrated equity mutual funds, U.S. equities and group annuity contracts	435,749												
	$ 2,740,735												

Note 5. Cash, Cash Equivalents and Investments (Continued)

Concentration of Credit Risk

The System's investment policy has asset allocation and issuer limitations for cash equivalents and fixed income investments which are designed to reduce concentration of credit risk of the System's investments. The System's investment policy does not have an issuer limitation for U.S. Treasury securities. The System's bond indentures do not stipulate issuer limitations for "Eligible Investments".

At April 30, 2024, there were no investments in any one issuer representing greater than 5% or more of the System's total investments.

Note 6. Other Current Assets

At April 30, 2024, the System's other current assets are as follows (in thousands):

Due from Medicare	$ 144,349
Due from Medicaid	25,505
Prepaid expense	34,844
Due from the Foundations	18,649
Accrued interest receivable	12,642
Lease receivable	4,575
Other receivables	24,470
	$ 265,034

Refer to Note 3 and Note 4 for additional information related to other receivables due from Medicare and Medicaid.

Note 7. Capital Assets, Net

A summary of the activity in the capital assets and the related accumulated depreciation accounts is as follows for the year ended April 30, 2024 (in thousands):

	Balance at May 1, 2023	Additions	Transfers	Deletions	Balance at April 30, 2024
Depreciable assets:					
Land improvements	$ 32,094	$ -	$ 41	$ -	$ 32,135
Buildings and improvements	1,566,326	3,574	116,110	(1,380)	1,684,630
Equipment	751,468	34,539	32,327	(31,000)	787,334
Total depreciable assets	2,349,888	38,113	148,478	(32,380)	2,504,099
Accumulated depreciation:					
Land improvements	(22,509)	(1,366)	-	-	(23,875)
Buildings and improvements	(862,551)	(46,875)	-	1,088	(908,338)
Equipment	(556,887)	(55,260)	-	30,487	(581,660)
Total accumulated depreciation	(1,441,947)	(103,501)	-	31,575	(1,513,873)
Net depreciable assets	907,941	(65,388)	148,478	(805)	990,226
Land	117,826	5,334	-	-	123,160
Construction in progress	191,811	103,965	(148,478)	-	147,298
Capital assets, net	$ 1,217,578	$ 43,911	$ -	$ (805)	$ 1,260,684

At April 30, 2024, noncash capital additions that are included in accounts payable and accrued expenses were approximately $25,842,000. The System is currently engaged in construction projects at its facilities. The estimated cost to complete all construction projects in process at April 30, 2024, is approximately $155,540,000.

Note 8. Self-Insurance

The System is exposed to various risks of loss related to professional liability, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and certain employee health plan costs; and natural disasters. The System believes it is more economical to manage certain risks internally and set aside assets for possible claim settlements. Commercial insurance is procured to cover the System's property, commissioners and officers, accidents and vehicles.

The System, as a subdivision of the State, has sovereign immunity in tort actions. Therefore, in accordance with Chapter 768.28 of the Florida Statutes, for claims with occurrence dates subsequent to October 1, 2011, the System is not liable to pay a claim or judgment by any one person that exceeds the sum of $200,000 or any claim or judgment, or portions thereof that when totaled with all other claims or judgments paid by the State or its agencies or subdivisions arising out of the same incident or occurrence exceeds the sum of $300,000.

Chapter 768.28 of the Florida Statutes also provides that judgments may be claimed or rendered in excess of these limits; however, these amounts must be reported to, and approved by, the State Legislature. In addition, the System has excess insurance coverage that varies by claim year. Specific excess coverage to cover any damages rendered against the System as a result of the passage of a claims bill for professional and general liability ranges from $10 million to $25 million in excess insurance coverage, with self-insured retention that ranges from $2 million to $10 million. Specific excess coverage for workers' compensation includes retention that ranges from $125,000 to $750,000 per incident.

Note 8. Self-Insurance (Continued)

The System's management estimates and accrues for the cost of unreported claims based on historical data and actuarial projections. The liability includes estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The estimated claims liability for professional liability and workers' compensation has been discounted based on an interest rate of 4.0% at April 30, 2024.

The System has established separate accounts for the purpose of setting aside assets to fund future self-insurance losses. The assets can only be used for payment of losses and administrative expenses. Earnings and losses on investments in the self-insurance accounts are reported as nonoperating revenues and expenses, in the statement of revenues, expenses and changes in net position and are retained as part of the self-insurance accounts. A roll forward of the System's claims liability for self-insurance claims is as follows (in thousands):

Years Ended April 30	Liability at Beginning of Year	New Claims and Changes in Estimates	Claim Payments	Liability at End of Year	Estimated Amount Due Within One Year
2023	$ 49,140	$ 26,414	$ (30,495)	$ 45,059	$ 16,573
2024	45,059	33,128	(35,257)	42,930	15,443

Note 9. Long-Term Debt

The following is a summary of long-term debt as of April 30, 2024 (in thousands):

Series 2021A Hospital Revenue Bonds – $200,000 authorized and issued:	
Serial Bonds, interest rates of 2.25% to 3.00%, maturing in amounts ranging from $4,545 to $10,765 beginning May 1, 2037 through May 1, 2048	$ 82,150
3.00% Term Bond due May 1, 2050	40,105
3.00% Term Bond due May 1, 2051	41,325
3.00% Term Bond due May 1, 2052	36,420
	200,000
Unamortized premium, net	7,466
	207,466
Series 2021B Hospital Revenue Bonds – $50,000 authorized and issued:	
2.85% Term Bond due May 1, 2051	6,160
2.85% Term Bond due May 1, 2052	43,840
	50,000
Unamortized discount, net	(279)
	49,721
Series 2018 Hospital Revenue Bonds – $101,575 authorized and issued:	
Serial Bonds, interest rate of 5.00%, maturing on May 1, 2045	20,715
4.00% Term Bond due May 1, 2048	80,860
	101,575
Unamortized premium, net	216
	101,791
Series 2017 Hospital Revenue and Refunding Revenue Bonds – $101,420 authorized and issued:	
Serial Bonds, interest rates of 3.25% to 5.00%, maturing in amounts ranging from $3,835 to $15,305 beginning May 1, 2022 through May 1, 2032	93,570
Unamortized premium, net	6,834
	100,404
Series 2016A Hospital Revenue and Refunding Revenue Bonds – $160,620 authorized and issued:	
Serial Bonds, interest rates of 3.375% to 4.00%, maturing in amounts ranging from $11,235 to $20,435 beginning May 1, 2027 through May 1, 2040	31,670
3.50% Term Bond due May 1, 2039	38,825
4.00% Term Bond due May 1, 2044	90,125
	160,620
Unamortized premium, net	1,752
	162,372
Series 2016 Hospital Revenue and Refunding Revenue Bonds – $173,040 authorized and issued:	
Serial Bonds, interest rates of 2.75% to 5.00%, maturing in amounts ranging from $1,600 to $24,070 beginning May 1, 2017 through May 1, 2037	146,590
Unamortized premium, net	8,628
	155,218
Series 2015 Hospital Revenue and Refunding Revenue Bonds – $154,905 authorized and issued:	
Serial Bonds, interest rates of 3.00% to 5.00%, maturing in amounts ranging from $1,195 to $7,915 beginning May 1, 2016 through May 1, 2037	81,900
4.00% Term Bond due May 1, 2040	9,560
4.00% Term Bond due May 1, 2045	18,735
	110,195
Unamortized premium, net	7,581
	117,776
Total debt	894,748
Less current portion	(12,935)
Long-term portion	$ 881,813

Note 9. Long-Term Debt (Continued)

At April 30, 2024, the System's long-term debt is comprised solely of revenue bonds issued under its Master Trust Indenture (MTI) dated as of September 1, 2003, as supplemented to date by the Supplemental Indenture dated as of November 1, 2021. The System is the only member of the obligated group although the MTI provides for additional membership. The obligations issued under the MTI are payable solely from and are secured by a pledge of and a lien on the gross patient charges of the obligated group and any future member of the obligated group and certain accounts created under the MTI, provided, however, the lien and pledge of the accounts under the MTI do not extend to obligations issued for the benefit of the Revenue Certificate holders. As of April 30, 2024, amounts on deposit in certain accounts under the MTI were approximately $28,785,000, and are presented as Restricted assets—investments under indenture agreements in the accompanying statement of net position.

The MTI contains certain restrictive debt covenants for the System, including a minimum debt service ratio and an incurrence test for the addition of indebtedness. As of April 30, 2024, the System was in compliance with all of its debt covenants.

The MTI also contains an acceleration provision which provides that, upon the occurrence and during the continuation of an event of default (as described in the MTI), outstanding obligations issued under the MTI may be declared to be immediately due and payable in the manner provided thereby. Additionally, each series of bonds or other indebtedness secured by obligations issued under the MTI also may be subject to acceleration pursuant to the terms of the trust indenture or other agreement governing each such series of bonds or other indebtedness, as applicable. If the obligations issued under the MTI are accelerated, the total principal amount of those obligations, plus all interest accrued thereon to the date of acceleration and that which accrues to the date of payment, will be due and payable.

Series 2015 Bonds: $154,905,000 issued on April 14, 2015, as tax-exempt fixed rate bonds and are callable on or after May 1, 2025, at par in the amount of $110,195,000, without premium. The 2015 Bonds provided funds to refund and redeem a portion of the Series 2006 Bonds and to finance certain eligible projects and costs of issuance.

The System completed the advance refunding of a portion of its Series 2006 Bonds as a part of the Series 2015 Bonds to reduce its total debt service payments. On a matched-maturity basis, the cash flow savings, not including the funds held in related bond debt service accounts, was approximately $8,169,000.

The refunding of the Series 2006 Bonds resulted in a loss on defeasance of approximately $5,975,000. At April 30, 2024, the unamortized value of the deferred amount was approximately $3,531,000, which is included in loss on defeasance, net in the accompanying statement of net position. The deferred amount is being charged to operations through the year 2037, using a straight-line interest amortization method, since the results are not significantly different from the effective interest method of amortization.

Series 2016 Bonds: $173,040,000 issued on June 29, 2016, as tax-exempt fixed rate bonds and are callable on or after May 1, 2026, at par in the amount of $143,740,000, without premium. The 2016 Bonds provided funds to refund and redeem the remaining Series 2006 Bonds, advance refund all of the Series 2008 Bonds and to pay certain costs of issuance.

The System completed the refunding of the remaining outstanding Series 2006 Bonds and the advance refunding of the Series 2008 Bonds with the Series 2016 Bonds to reduce its total debt service payments. On a matched-maturity basis, the present value of the cash flow savings was approximately $29,725,000.

Note 9. Long-Term Debt (Continued)

Series 2016A Bonds: $160,620,000 issued on November 10, 2016, as tax-exempt fixed rate bonds to advance refund, on a cross-over basis, all of the Series 2009 Bonds and to pay certain costs of issuance. The cross-over structure was used in order to preserve the cash subsidy payments from the U.S. Department of the Treasury through the May 1, 2019 call date. The Series 2009 Escrow Fund was funded to pay interest on the Series 2016A Bonds through May 1, 2019 and redeem all of the $150,000,000 Series 2009 Bonds on May 1, 2019. The System completed the cross-over refunding of the Series 2009 to reduce its total debt service payments. On a matched-maturity basis, the net present value cash flow savings was approximately $10,512,000. The Series 2009 Bonds were redeemed in full on May 1, 2019.

Series 2017 Bonds: $101,420,000 issued on March 8, 2017, as tax-exempt fixed rate bonds to refund and redeem all of the Series 2007 Bonds and to pay certain costs of issuance and are callable on or after May 1, 2027, at par in the amount of $81,945,000, without premium. The System completed the refunding of its Series 2007 Bonds to reduce its total debt service payments. On a matched-maturity basis, the net present value cash flow savings, not including the funds held in related bond debt service accounts, was approximately $15,145,000.

The refunding of the Series 2007 Bonds resulted in a loss on defeasance of approximately $3,070,000. At April 30, 2024, the unamortized value of the deferred amount was approximately $1,620,000, which is included in loss on defeasance, net in the accompanying statement of net position. The deferred amount is being charged to operations through the year 2032 using a straight-line interest amortization method, since the results are not significantly different from the effective interest method of amortization.

Series 2018 Bonds: $101,575,000 issued on November 1, 2018, as tax-exempt fixed rated bond to finance certain eligible projects and pay costs of issuance and are callable on or after May 1, 2028, at par in the amount of $101,575,000, without premium.

Series 2021A Bonds: $200,000,000 issued on November 18, 2021, as tax-exempt fixed rated bond to finance certain eligible projects and pay costs of issuance and are callable on or after May 1, 2031, at par in the amount of $200,000,000, without premium.

Series 2021B Bonds: $50,000,000 issued on November 18, 2021, as taxable fixed rated bond to finance certain projects and pay costs of issuance and are callable on or after May 1, 2031, at par in the amount of $50,000,000, without premium.

The refunding of the Series 2006 and advance refunding of the 2008 Bonds resulted in a loss on defeasance of approximately $15,936,000. At April 30, 2024, the unamortized value of the deferred amount was approximately $9,606,000, which is included in loss on defeasance, net in the accompanying statement of net position. The deferred amount is being charged to operations through the year 2036 using a straight-line interest amortization method, since the results are not significantly different from the effective interest method of amortization.

Note 9. Long-Term Debt (Continued)

Maturities of long-term debt for the next five years and thereafter are shown in the table below (in thousands):

	Principal	Interest Payments	Total Debt Service
Years ending April 30:			
2025	$ 12,935	$ 31,077	$ 44,012
2026	18,280	30,335	48,615
2027	20,080	29,454	49,534
2028	21,070	28,466	49,536
2029	22,090	27,441	49,531
2030-2034	126,845	122,550	249,395
2035-2039	143,950	98,225	242,175
2040-2044	149,035	73,284	222,319
2045-2049	180,415	41,896	222,311
2050-2054	167,850	10,005	177,855
	$ 862,550	$ 492,733	$ 1,355,283

Activity related to long-term debt is summarized as follows for the year ended April 30, 2024 (in thousands):

Balance at beginning of year	$ 909,320
Principal payments on long-term debt	(12,390)
Amortization of premiums and/or discounts	(2,182)
Balance at end of year	$ 894,748

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68

Plan Description

The Plan is a single employer, noncontributory defined benefit pension plan administered by the System, covering substantially all full-time regular employees that were hired on or before October 31, 2011. Effective November 1, 2011, the Plan was closed to new hires and rehires. Eligible employees hired or had a status change on or after November 1, 2011 are covered under the Memorial Healthcare System 401(a) Retirement Plan (the 401(a) Plan). Refer to Note 12 for further discussion of the 401(a) Plan. The Plan does not issue a stand-alone financial report; however, it is reported as a pension trust fund in the financial statements of the System herein. The Board has the authority to establish and amend the benefit provisions of the Plan. The Board consists of seven members who are appointed by the Governor of Florida.

Benefits Provided

The Plan's retirement benefits are based on employees' years and completed months of continuous service from date of employment to date of termination and average compensation during the highest consecutive 60-month period in the last 120 months preceding termination or retirement. Employees become eligible for normal retirement based on the attainment of a specified age ranging from 55 to 65 years and years of credited service ranging from 5 to 30 years. Early and late retirement options are available subject to certain conditions.

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

The Plan is permitted to distribute the actuarial equivalent present value of a participant’s benefit that is $1,000 or less as soon as administratively practical following the participant’s date of termination or distribute to the participant (if elected) or into an eligible retirement plan (if the participant does not make an election) the actuarial equivalent present value of a participant’s benefit when it exceeds $1,000 but does not exceed $5,000. The Plan also permits lump-sum distributions to participants when the actuarial equivalent present value of the retirement benefit is not greater than $50,000 and the participant has not begun receiving a monthly retirement benefit.

Subsequent to April 30, 2024, the Plan was amended to allow retirement benefits and pre-retirement survivor annuity benefits to be paid, in lieu of the automatic form of annuity, in a single lump sum regardless of the present value of such benefit, which will be effective as of August 1, 2024.

Funding Policy

The Plan’s funding policy provides for actuarially determined amounts, which, together with investment earnings, are sufficient to fund the Plan as prescribed under Part VII, Chapter 112 of the Florida Statutes. There are no employee contributions. The Plan’s funding policy provides for actuarially determined periodic contributions that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The portion of the actuarially determined contribution for normal cost is determined using the projected unit credit actuarial funding method with proration based on service. The actuary uses the level dollar method to amortize the unfunded liability over the average future working lifetime of active participants which was 7 years as of May 1, 2023. The same amortization method is used for experience gains or losses, changes in benefits, or changes in actuarial assumptions. The actuarial value of assets uses a five-year smoothing for investment gains and losses. The annual contributions to the Plan during fiscal year ended April 30, 2024, were approximately $43,650,000 and were in excess of the actuarially determined contribution of approximately $36,684,000 computed through an actuarial valuation performed as of May 1, 2023. During the fiscal year ended April 30, 2024, actual annual contributions as a percentage of covered payroll were 14.7%.

Listed below is information regarding plan membership or employees covered by the benefit terms:

Participant data as of April 30, 2024, is as follows:

Active plan members or employees	2,937
Inactive plan members or employees or beneficiaries currently receiving benefits	2,961
Inactive plan members or employees entitled to but not yet receiving benefits	2,234
Total	8,132

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

Net Pension Liability

The net pension liability of the System reported, as of April 30, 2024, was measured as of April 30, 2023. The total pension liability reported by the System as of April 30, 2024, is based on the liability determined using May 1, 2022, census data and valuation date using update procedures to roll forward to the measurement date of April 30, 2023.

The following schedule presents the change in net pension liability reporting for the System for the fiscal year ended April 30, 2024 (in thousands):

Total pension liability		
Service cost	$	12,667
Interest		62,748
Differences between expected and actual experience		34,642
Changes in assumptions		10,704
Benefit payments		(39,210)
Net change in total pension liability		81,551
Total pension liability – beginning		935,698
Total pension liability – ending (a)	$	1,017,249
Plan fiduciary net position		
Contributions – employer	$	39,894
Net investment income		32,549
Benefit payments		(39,210)
Administrative expense		(105)
Net change in plan fiduciary net position		33,128
Plan fiduciary net position – beginning		855,993
Plan fiduciary net position – ending (b)	$	889,121
Plan's net pension liability ending – (a) – (b)	$	128,128

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

Pension Expense and Deferred Outflows of Resources

The System recorded approximately $39,022,000 in pension expense for the fiscal year ended April 30, 2024, which is included in employee benefits expense in the accompanying statement of revenues, expenses, and changes in net position.

The following schedule presents information about the pension-related deferred outflows of resources at April 30, 2024 (in thousands):

Differences between expected and actual experience	$	25,740
Employer's contribution to the plan subsequent to the measurement date of the net pension liability		43,650
Changes in assumptions		11,428
Net difference between projected and actual earnings on pension plan investments		21,637
Total deferred outflows of resources	$	102,455

The following schedule presents the future amortization of pension-related deferred outflows of resources, excluding the balance attributable to the employer's contribution to the Plan in the current fiscal year and subsequent to the net pension liability measurement date. The difference between projected and actual earnings on pension investment is recorded in pension expense over a five-year period. The changes in assumptions and differences between expected and actual experience is amortized in pension expense over the remaining service lives of active and inactive members which was 2.99 years as of May 1, 2022.

The employer's contribution to the Plan reported by the System in the fiscal year ended April 30, 2024, will be reported as a reduction in the net pension liability in the next fiscal year. Other amounts reported as pension-related deferred outflows of resources at April 30, 2024, will be recognized as an increase (reduction) to pension expense for the fiscal years ending April 30, as follows (in thousands):

Years ending April 30:		
2025	$	24,476
2026		7,602
2027		21,912
2028		4,815
	$	58,805

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

Actuarial Methods and Assumptions

The System recognizes annual pension expense and net pension liability in accordance with GASB Statements No. 68 and No. 71, based on information obtained from its annual actuarial report.

The assumptions used to measure the total pension liability of the System as of the measurement date of April 30, 2023, follows. Significant assumptions used in the May 1, 2022 valuation were based on the results of various actuarial experience studies performed over the last six years.

Measurement date	April 30, 2023
Valuation date	May 1, 2022, rolled forward from May 1, 2022 to April 30, 2023
Actuarial cost method	Entry age normal actuarial cost method
Asset valuation method	Fair market value for plan investments
Long-term expected rate of return	6.60%
Discount rate	6.60%
Mortality rates	Based on the Pri-2012 Benefits-weighted Employee, Annuitant, and Disabled Mortality tables for males and females projected from 2012 using generational projection Scale MP-2021 for males and females.
Projected salary increases	**Attained Age** / **Percentage Increase*** Less than 35: 6.00% 35-39: 5.25% 40-44: 4.00% 45-49: 3.50% 50-54: 3.00% 55-59: 2.50% 60 or older: 2.25% *Includes inflation at 2.50% Age-based rated based on plan experience per the rates above. The salary increase assumption was adjusted to reflect a one-time 2.00% increase at May 1, 2023.
Cost of living adjustments	None
Experience study date	May 1, 2019

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.60% for the April 30, 2023 measurement date. The projection of cash flows used to determine the discount rate assumed that employer contributions are made at 100% of the annual actuarial determined value and that future contributions will be made in the same manner. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Florida Statutes require the System to make an actuarially determined contribution to the Plan each year. Thus, as long as the System continues to fund the Plan based on the contributions, the Plan will remain adequately funded. Actuaries perform a valuation on census data and asset information every year as of May 1st. The annual valuation includes a contribution amount that the System funds each year. An alternative method applies for the System due to the Florida Statutes, requiring that the System fund an actuarially determined dollar amount of contribution each year. As long as the System remains financially able to make the contributions each year, there will not likely be a point in time where the Plan will run out of money and not be able to make benefit payments.

Investment Policy

The Board adopted an investment policy for the Plan that adheres to the investment guidelines and permissible investments outlined in Florida Statutes, Title XIV, Chapters 215.44 and 215.47. The investment policy has target percentages for certain asset classes and permits variances of +/- 5% as an allowable range. The Board and its Finance Committee uses an independent registered financial advisor to assist in monitoring investment activities, investment policy formulation and investment manager selection. The following are the Board's adopted investment policy asset allocation midpoint percentages for the April 30, 2023 measurement date:

Asset Class	Allocation Percentage
Domestic equity	10.0%
Global equity:	
Value	17.5%
Growth	27.5%
Defensive equity strategy	10.0%
Fixed Income:	
Core fixed income	25.0%
Senior secured bank loans	5.0%
High yield	5.0%
Total Plan	100.0%

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

The Plan provides the following guidelines and restrictions for the asset classes authorized:

- ***Domestic equity:*** The following list of investments may be purchased in the Domestic equity portfolio: common and preferred stock; securities convertible into common stock, including 144a stock limited to 10% of the portfolio and must be in securities that are of size to be index eligible; warrants; American Depository Receipts; no-load mutual funds; bank, trust or insurance company pooled funds; cash and cash equivalents; exchange traded funds; and initial public offerings. Large and small capitalization companies and defensive or enhanced indexing strategies utilizing domestic large cap equity index funds and/or exchange traded funds in combination with futures and swaps are included as domestic equities.

- ***Global equity (including dedicated emerging markets):*** The following list of investments may be purchased in a global equity portfolio: common and preferred stocks of issuers whose primary stock exchange listing, registration or headquarters are located in the United States, or countries comprising the Morgan Stanley Capital International All Country World Index (MSCI ACQI Index). The exceptions to this are stocks in emerging markets, subject to certain limitations. Other permissible investments include: securities convertible into common stock, including offerings under Securities Act Rule 144, limited to 20% of the portfolio at market value; warrants; ADRs listed on a major U.S. exchange; forward contracts for foreign currency to be used in defensive hedging only; World Equity Benchmarks (WEBs); exchange traded funds; initial public offerings (only after notification to the System's Finance Committee and its Investment Consultant); no-load mutual funds; bank, trust or insurance company pooled funds; and cash or cash equivalents.

- ***Fixed income:*** The following list of investments may be purchased in the fixed-income portfolios: U.S. Treasury obligations, Treasury inflation protected bonds, government agencies and government sponsored agency debentures and mortgage pass-through; mortgage-backed To-Be-Announced (TBA) notes; collateralized mortgage obligations, limited to 25% of the portfolio; non-agency issued mortgages originated in Florida per Statute 215.47(2)(b)(c)(d); commercial mortgage-backed securities; corporate bonds and other corporate obligations, including equipment trust certificates; high-yield bonds and secured bank loans; 144a fixed income securities with and without registration rights; asset-backed securities; indexed notes, floaters, and other variable rate obligations; pooled accounts or other collective investment funds; certificates of deposit, bankers' acceptances, and commercial paper rated at least A-1 by S&P or P-1 by Moody's; mutual funds; municipal bonds; complex tranches of collateralized mortgage obligations, asset-backed securities, and commercial mortgage-backed securities (including interest only, principal only, super floaters, inverse floaters, and support bonds), limited to 10% of the portfolio at market value; and U.S. dollar global bonds and non-U.S. dollar global bonds, limited to 5% each (10% total) of the portfolio at market value. Investments not listed above may be purchased only if the investment manager receives written approval from the System's Finance Committee.

- ***Alternative investments—long/short equity hedge fund:*** A hedge fund refers to an investment or strategy that is not a long-only portfolio of traditional equity. The Plan will generally invest in strategies that have at least yearly liquidity and reasonable levels of transparency.

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

Pension Plan Fiduciary Net Position

Stand-alone financial statements are not issued for the Plan. Detailed information about the pension plan's fiduciary net position used to compute the System's net pension liability as of April 30, 2024, is available in the separately issued financial statements of the System for the year ended April 30, 2023, which include the pension trust fund statements that can be obtained from the System's website at www.mhs.net.

Expected Rate of Return

The projected long-term rate of return on pension plan investments at April 30, 2023, was determined using a model of current capital market simulations. It is designed to simulate a wide range of plausible scenarios of future capital market performance over a 10-year time period. It reflects the capital market conditions prevailing at the start date of the simulation. The long-term rate of return on pension plan investments was determined using best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expense) developed for each major asset class. These ranges are combined to support the long-term expected rate of return assumptions for the Plan by weighting the expected future rates of return by the asset allocation percentage and by considering active and passive management investment strategies. Best estimates of arithmetic real rates of return (expected returns, net of pension plan investment expense and inflation) for major assets classes included in the Plan's asset allocations as of April 30, 2023, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Broad Fixed Income	2.3%
High Yield	6.2%
Bank Loans	6.3%
Board U.S. Equities (all Cap Core)	4.7%
Defensive Equity	3.9%
Global Equity	4.9%
Global Low Volatility Equity	4.5%

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

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

The following presents the sensitivity of the net pension liability calculation to a 1.0% increase and a 1.0% decrease in the discount rate used to measure the total pension liability as of the measurement date of April 30, 2023, as reported by the System as of April 30, 2024, respectively (in thousands):

	1% Decrease (5.60%)	Current Discount Rate (6.60%)	1% Increase (7.60%)
Net pension liability	$ 255,274	$ 128,128	$ 21,312

Note 11. Pension Plan Disclosures, As Required by GASB Statement No. 67

The net pension liability as of April 30, 2024 to be reported by the System as of April 30, 2025, was measured as of April 30, 2024. The total pension liability of the Plan as of April 30, 2024, is based on the liability determined using May 1, 2023 census data and a May 1, 2023 valuation date using update procedures to roll forward to the measurement date of April 30, 2024.

The components of the net pension liability as of the Plan's year end April 30, 2024, were as follows (in thousands):

Net pension liability	
Total pension liability	$ 1,030,614
Plan fiduciary net position	(988,670)
Net pension liability	$ 41,944
Plan fiduciary net position as a percentage of the total pension liability	95.9%

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

The following presents the sensitivity of the net pension liability calculation to a 1.0% increase and a 1.0% decrease in the discount rate used to measure the total pension liability as of April 30, 2024 (in thousands):

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability (asset)	$ 165,205	$ 41,944	$ (62,070)

Note 11. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

Actuarial Methods and Assumptions

Significant assumptions used in the May 1, 2023 valuation, with measurement date of April 30, 2024, under GASB Statement No. 67 were based on the results of various actuarial experience studies performed over the last five years. The assumptions used to measure the total pension liability as of the measurement date of April 30, 2024, were based on actuarial valuation date of May 1, 2023, as follows:

Measurement date	April 30, 2024	April 30, 2023
Valuation date	May 1, 2023, rolled forward from May 1, 2023 to April 30, 2024	May 1, 2022, rolled forward from May 1, 2022 to April 30, 2023
Actuarial cost method	Entry age normal actuarial cost method	Entry age normal actuarial cost method
Asset valuation method	Fair market value for plan investments	Fair market value for plan investments
Long-term expected rate of return	7.00%	6.60%
Discount rate	7.00%	6.60%
Mortality rates	Based on the Pri-2012 Benefits-weighted Employee, Annuitant, and Disabled Mortality tables for males and females projected from 2012 using generational projection Scale MP-2021 for males and females.	Based on the Pri-2012 Benefits-weighted Employee, Annuitant, and Disabled Mortality tables for males and females projected from 2012 using generational projection Scale MP-2021 for males and females.
Projected salary increases	**Attained Age** / **Percentage Increase*** Less than 35: 6.00% 35-39: 5.25% 40-44: 4.00% 45-49: 3.50% 50-54: 3.00% 55-59: 2.50% 60 or older: 2.25% *Includes inflation at 2.50% Age-based rated based on plan experience per the rates above. The salary increase assumption was adjusted to reflect a one-time 2.00% increase at May 1, 2024.	**Attained Age** / **Percentage Increase*** Less than 35: 6.00% 35-39: 5.25% 40-44: 4.00% 45-49: 3.50% 50-54: 3.00% 55-59: 2.50% 60 or older: 2.25% *Includes inflation at 2.50% Age-based rated based on plan experience per the rates above. The salary increase assumption was adjusted to reflect a one-time 2.00% increase at May 1, 2023.
Cost of living adjustments	None	None
Experience study date	May 1, 2019	May 1, 2019

Note 11. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

Discount Rate

The discount rate used to measure the total pension liability of the Plan as of April 30, 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that employer contributions are made at 100% of the annual actuarial determined value and that future contributions will be made in the same manner. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Florida Statutes require the System to make an actuarially-determined contribution to the Plan each year. Thus, as long as the System continues to fund the Plan based on the contributions, the Plan will remain adequately funded. The valuation includes the annual contribution amount that the System funds each year. An alternative method applies for the System due to the Florida Statutes, requiring that the System fund an actuarially determined dollar amount of contribution each year. As long as the System remains financially able to make the contributions each year, there will never be a point in time where the Plan will run out of money and not be able to make the benefit payments.

Termination and Retirement Rates

As part of the demographic assumption studies performed every three to five years, to ensure that assumptions are still appropriate for the population, a study of termination and retirement rates was performed for the May 1, 2019 valuation. The results of this study were not significant to the Plan valuations.

Rate of Return

For the fiscal year ended April 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.2%. The money-weighted rate of return is used to express investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Expected Rate of Return

The projected long-term rate of return on pension plan investments at April 30, 2024, was determined using a model of current capital market simulations. It is designed to simulate a wide range of plausible scenarios of future capital market performance over a 30-year time period. It reflects the capital market conditions prevailing at the start date of the simulation. The long-term rate of return on pension plan investments was determined using best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expense) developed for each major asset class. These ranges are combined to support the long-term expected rate of return assumptions for the Plan by weighting the expected future rates of return by the largest asset allocation percentage and by considering active and passive investment strategies.

Note 11. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

Best estimates of arithmetic real rates of return (expected returns, net of pension plan investment expense and inflation) for major asset classes included in the Plan's asset allocations as of April 30, 2024, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
U.S. Large-Cap Equity	3.9%
U.S. Small/Mid-Cap Equity	4.7%
Global Equity	4.4%
U.S. Aggregate Bond	2.4%
U.S. High Yield Corporate Bond	4.6%
U.S. Leveraged Loan	4.0%

Fair Value Measurements—Pension Plan Assets

The tables below present the fair value leveling of the Plan's investments as of April 30, 2024, in accordance with GASB Statement No. 72 (in thousands):

	Level 1	Level 2	Total
SEC-registered money market funds	$ 15,141	$ -	$ 15,141
U.S. treasuries	70,013	-	70,013
U.S. agencies	29,573	6,238	35,811
U.S. agency mortgage bonds	-	63,441	63,441
Asset-backed securities	-	7,342	7,342
Corporate debt	91,341	-	91,341
Commercial mortgage securities	-	3,904	3,904
Floating rate mutual funds	53,440	-	53,440
U.S. equities	139,834	-	139,834
U.S. equity exchange traded funds	-	161,403	161,403
International equities	89,933	-	89,933
Global mutual funds	249,862	-	249,862
Foreign bonds	4,862	-	4,862
	$ 743,999	$ 242,328	$ 986,327

Note 11. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

Interest Rate Risk

Interest rate risk exposure is managed by limiting investment maturities in accordance with parameters in the Plan's investment policy. At April 30, 2024, the Plan had investments maturing as follows (in thousands):

	Fair Value	No Maturity Date or Less than 1 Year	1 -5 Years	6-10 Years	Greater Than 10 Years
SEC-registered money market funds	$ 15,141	$ 15,141	$ -	$ -	$ -
U.S. treasuries	70,013	50,338	3,105	4,164	12,406
U.S. agencies	35,811	-	3,272	12,663	19,876
U.S. agency mortgage bonds	63,441	-	4	237	63,200
Asset-backed securities	7,342	-	4,082	1,959	1,301
Corporate debt	91,341	4,469	55,585	15,402	15,885
Commercial mortgage securities	3,904	-	-	-	3,904
Floating rate mutual funds	53,440	53,440	-	-	-
U.S. equities	139,834	139,834	-	-	-
U.S. equity exchange traded funds	161,403	161,403	-	-	-
International equities	89,933	89,933	-	-	-
Global mutual funds	249,862	249,862	-	-	-
Foreign bonds	4,862	-	1,015	1,124	2,723
	$ 986,327	$ 764,420	$ 67,063	$ 35,549	$ 119,295

Note 11. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

Credit Risk

The Plan's investment policy provides guidelines for fixed income investment managers that require:

- fixed income securities should be rated BBB (or, its equivalent) or higher at the time of purchase by a nationally recognized statistical rating agency;
- the minimum dollar weighted average credit quality of the portfolio is "A"
- asset-backed securities, mortgage-backed securities and collateralized mortgage obligations should be rated "AAA" (or, its equivalent) at the time of purchase by a nationally recognized statistical rating agency
- for split ratings, the higher rating will be used to determine compliance; and
- fixed income securities not in these guidelines shall be authorized by the Board

At April 30, 2024, the Plan's investments have credit ratings as follows (in thousands):

	S&P Rating or Comparable as of April 30, 2024													
	Total	AAA	AA+	AA-	A+	A	A-	BBB+	BB+	B+	BBB	BBB-	Below BBB-	Not rated
SEC-registered money market funds	$ 15,141	$ 15,141	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
U.S. treasuries	70,013	-	70,013	-	-	-	-	-	-	-	-	-	-	-
U.S. agencies	35,811	-	35,811	-	-	-	-	-	-	-	-	-	-	-
U.S. agency mortgage bonds	63,441	-	63,441	-	-	-	-	-	-	-	-	-	-	-
Asset-backed securities	7,342	7,342	-	-	-	-	-	-	-	-	-	-	-	-
Corporate debt	91,341	-	1,472	3,873	1,670	8,961	11,417	11,105	14,627	2,551	6,355	7,568	21,742	-
Commercial mortgage securities	3,904	3,904	-	-	-	-	-	-	-	-	-	-	-	-
Floating rate mutual funds	53,440	-	-	-	-	-	-	-	-	-	-	-	-	53,440
U.S. equities	139,834	-	-	-	-	-	-	-	-	-	-	-	-	139,834
U.S. equity exchange traded funds	161,403	-	-	-	-	-	-	-	-	-	-	-	-	161,403
International equities	89,933	-	-	-	-	-	-	-	-	-	-	-	-	89,933
Global mutual funds	249,862	-	-	-	-	-	-	-	-	-	-	-	-	249,862
Foreign bonds	4,862	2,139	2,723	-	-	-	-	-	-	-	-	-	-	-
	$ 986,327	$ 28,526	$ 173,460	$ 3,873	$ 1,670	$ 8,961	$ 11,417	$ 11,105	$ 14,627	$ 2,551	$ 6,355	$ 7,568	$ 21,742	$ 694,472

Note 11. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

Concentration of Credit Risk

The Plan's investment policy provides the following guidelines to limit concentration of credit risk:

- No more than 10% of a fixed income portfolio shall be invested in securities of any one issuer with the exception of the U.S. government
- No more than 3% of Plan assets may be invested in any one bond, with the exception of securities issued or guaranteed by the U.S. government
- No more than 50% of fixed income assets may be in non-government guaranteed agency securities

At April 30, 2024, there were no investments with any one issuer representing greater than 5% or more of the Plan's total investments.

Custodial Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan may not be able to recover the full value of the investment or collateral securities that are in the possession of an outside party. As of April 30, 2024, the Plan's investment portfolio was held in accounts with two third-party custodians in the Plan's name.

Foreign Currency Risk

GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3*, requires disclosure of deposits or investments exposed to foreign currency risk, which is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Plan's exposure to foreign currency derives from its positions in foreign currency denominated equities.

As of April 30, 2024, global equities had a target percentage of 25% and an approved Policy range of 0% to 80% of the Plan's assets. The following table shows the Plan's exposure to foreign currencies as of April 30, 2024 (in thousands):

Australian dollar	$	3,468
British sterling pound		12,639
Canadian dollar		10,957
Danish krone		10,842
EMU (euro)		21,396
Hong Kong dollar		2,742
Japanese yen		11,665
Swiss franc		8,576
Total Plan investments subject to foreign currency risk	$	82,285
Percentage of total Plan investments		8.3%

Note 12. Defined-Contribution Plans

The System implemented the 401(a) Plan for employees who were hired or had a status change on or after November 1, 2011. The 401(a) Plan is a defined-contribution plan under which the System makes required contributions for each eligible employee. Prior to January 1, 2024, eligible employees were defined as those who were full-time (working 72 hours or more per pay period), who were paid 1,872 eligible hours (regular hours excluding overtime) in a calendar year or at least 1,404 eligible hours in their first calendar year of participation, and who maintain active employment status on the last day of the calendar year. The required employer contribution was equal to 2.5% of eligible compensation during such Plan year and an employee was 100% vested after five contributions. Beginning January 1, 2024, employees are now immediately eligible if they are age 21 and a full-time employee expected to work 72 or more hours biweekly. The System increased its required contribution to 3.0% and shortened the time it takes to be vested in matching contributions to three years. In order to receive a contribution, employees must be actively employed on December 31st each year and work at least 1,872 hours during the calendar year. However, no hours are required for the year in which employees are hired.

Eligible employees may also participate in the Memorial Healthcare System 403(b) Retirement Plan (the RSP Gold Plan). Employees are eligible to participate immediately, and full-time and part-time regularly scheduled employees who work 40 or more hours per pay period are eligible for employer matching contributions. The RSP Gold Plan is a defined contribution plan under which the System makes required contributions of up to 55% of the employee's contribution (based on the employee's years of service), not to exceed 5% of the employee's eligible compensation. Prior to January 1, 2024, employees vested 20% per year of employment for employer matched funds. Beginning January 1, 2024, the System shortened the time it takes to be vested in matching contributions to three years, and also amended the RSP Gold Plan to permit Roth elective deferrals.

Participants in the 401(a) Plan and RSP Gold Plan can elect investment options for their individual accounts from among the allowable mutual fund options. In the event investment elections are not provided by the participant, the 401(a) and RSP Gold Plan utilize target date funds as the Qualified Default Investment Alternative. The System's contribution and interest forfeited by employees who leave employment before vesting will periodically be used to reduce the System's current period contribution requirement. For the year ended April 30, 2024, the System's contribution expense was approximately $19,779,000 for the 401(a) Plan and approximately $27,769,000 for the RSP Gold Plan, and is included in employee benefits expense in the accompanying statement of revenues, expenses and changes in net position.

Note 13. Regulatory Matters

In May 1984, the State Legislature enacted the Health Care Consumer Protection and Awareness Act (the Act) in an effort to improve access to medical care for indigent persons. The Act established, among other things, the Public Medical Assistance Trust Fund (PMATF), which is financed by an assessment on the net operating revenues of Florida hospitals. In 1992, the State Legislature transferred the authority to levy assessments to AHCA. The amount of the PMATF assessment is 1.5% of adjusted inpatient operating revenue and 1.0% of adjusted outpatient operating revenue. In addition, an assessment of 0.04% of total operating expenses is levied to be used in the operation of AHCA in the performance of its various functions and duties. The assessed amount recognized by the System was approximately $37,945,000 for the year ended April 30, 2024, and is included in other operating expenses in the accompanying statement of revenues, expenses and changes in net position.

Note 13. Regulatory Matters (Continued)

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

Note 14. Other Noncurrent Liabilities

Other noncurrent liabilities consist primarily of accrued disability expenses, AHCA and other assessments, and retirement benefits.

Activity related to other noncurrent liabilities is summarized as follows (in thousands):

Balance at beginning of year	$	55,472
AHCA assessments		2,002
Disability expense		504
Retirement benefits		3,003
Other		(100)
Balance at end of year	$	60,881

Note 15. Leases

Lessee: As a lessee, the System is obligated under various noncancellable operating leases for office space, medical equipment, and data processing equipment. These leases have terms greater than one year and up to fifteen years, requiring monthly, quarterly or annual payments. Many of the System's leases include escalation clauses and renewal options that are factored into the determination of lease payments, when appropriate. In addition, the System expenses variable payments for increases that are based on the consumer price index (CPI) as well as variable payments based on usage which are not included in the measurement of the lease liability. The amount of lease expense recognized for variable payments not included in the measurement of the lease liability was approximately $155,000 for the year ended April 30, 2024. For the year ended April 30, 2024, the System did not recognize other payments attributable to residual value guarantees or termination penalties not previously included in the measurement of the lease liability.

Note 15. Leases (Continued)

A summary of the activity for the right-to-use lease assets and the related accumulated amortization is as follows for the year ended April 30, 2024 (in thousands):

	Balance at May 1, 2023	Additions	Deletions	Balance at April 30, 2024
Leased assets being amortized:				
Equipment	$ 10,819	$ 393	$ -	$ 11,212
Real estate	78,678	2,200	(1,474)	79,404
Total leased assets being amortized	89,497	2,593	(1,474)	90,616
Accumulated amortization:				
Equipment	(3,807)	(3,926)	-	(7,733)
Real estate	(13,284)	(13,327)	382	(26,229)
Total accumulated amortization	(17,091)	(17,253)	382	(33,962)
Total, net of accumulated amortization	$ 72,406	$ (14,660)	$ (1,092)	$ 56,654

A summary of the activity for the lease payable balance is as follows for the year ended April, 30, 2024 (in thousands):

Balance at beginning of year	$ 74,707
Additions	2,593
Deletions	(1,229)
Lease payments	(17,274)
Balance at end of year	$ 58,797

Maturities of the lease payable balance for the next five years and thereafter are shown in the table below (in thousands):

	Principal	Interest	Total
Years Ending April 30:			
2025	$ 14,555	$ 1,680	$ 16,235
2026	9,120	1,302	10,422
2027	8,496	1,032	9,528
2028	7,825	768	8,593
2029	7,312	515	7,827
2030-2034	10,821	682	11,503
2035-2039	668	58	726
	$ 58,797	$ 6,037	$ 64,834

Note 15. Leases (Continued)

Lessor: As a lessor, the System leases medical and retail office space in its managed facilities. These leases have terms greater than one year and up to eight years requiring monthly or annual payments. Many of the System's leases include escalation clauses and renewal options that are factored into the determination of lease payments, when appropriate. In addition, the System receives variable payments for increases that are based on CPI, which are not included in the measurement of the lease receivable. For the year ended April 30, 2024, the System did not recognize other payments attributable to residual value guarantees or termination penalties not previously included in the measurement of the lease receivable.

As of April 30, 2024, the short-term and long-term lease receivable was approximately $4,555,000 and $10,264,000, respectively, which is included in other current assets and other assets, respectively, in the accompanying statement of net position. The total amount of inflows of resources recognized for the year ending April 30, 2024, was as follows (in thousands):

Lease revenue (*)	$	4,792
Interest income	$	667
Other variable	$	36

(*) Lease revenue is included net of expenses within Nonoperating revenues, net, in accompanying statement of revenues, expenses and changes in net position.

Note 16. Subscription-Based Information Technology Arrangements

On May 1, 2023, the System implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which requires SBITAs with durations greater than twelve months to be recognized on the statement of net position.

These subscriptions have terms greater than one year and up to ten years requiring monthly, quarterly, or annual payments. Many of the System's subscriptions include escalation clauses and renewal options that are factored into the determination of subscription payments, when appropriate. In addition, the System expenses variable payments for increases that are based on CPI as well as variable payments based on usage which are not included in the measurement of the subscription liability. The amount of subscription expense recognized for variable payments not included in the measurement of the subscription liability was approximately $3,815,000 for the year ending April 30, 2024. As of April 30, 2024, the System's commitments under SBITAs before the commencement of the subscription term was approximately $648,000. For the year ended April 30, 2024, the System did not recognize other payments attributable to residual value guarantees or termination penalties not previously included in the measurement of the subscription liability.

Note 16. Subscription-Based Information Technology Arrangements (Continued)

As of April 30, 2024, the total amount of right-to-use subscription assets by major class, and the related accumulated amortization is as follows:

	Balance at May 1, 2023 (*)	Additions	Deletions	Balance at April 30, 2024
Subscription assets being amortized	$ 60,076	$ 77,836	$ (212)	$ 137,700
Less accumulated amortization	-	(25,969)	212	(25,757)
Total, net of accumulated amortization	$ 60,076	$ 51,867	$ -	$ 111,943

(*) Restated due to the implementation of GASB Statement No. 96

A summary of the activity for the subscription liability balance is as follows for the year ended April 30, 2024 (in thousands):

Balance at beginning of year	$ 53,997
Additions	45,885
Deletions	-
Payments	(25,562)
Balance at end of year	$ 74,320

(*) Restated due to the implementation of GASB Statement No. 96

Maturities of the subscription liability balance for the next five years and thereafter are shown in the table below (in thousands):

	Principal	Interest	Total
Years Ending April 30:			
2025	$ 22,462	$ 2,150	$ 24,612
2026	17,784	1,527	19,311
2027	7,118	1,148	8,266
2028	5,323	949	6,272
2029	5,364	761	6,125
2030-2034	16,269	1,620	17,889
	$ 74,320	$ 8,155	$ 82,475

Note 17. Compensated Absences

The activity related to accrued compensated absences is summarized as follows (in thousands):

Balance at beginning of year	$ 158,402
Compensated absences	18,138
Balance at end of year	$ 176,540

Note 17. Compensated Absences (Continued)

As of April 30, 2024, the short-term and long-term balance of accrued compensated absences was approximately $153,801,000 and $22,739,000, respectively, which is included in accrued compensation and payroll taxes and noncurrent liabilities, respectively, in the accompanying statement of net position.

Note 18. Nonoperating Revenues, Net

Nonoperating revenues and expenses consist of activities that are peripheral, incidental, or not considered to be central to the provision of health care services and are as follows (in thousands):

Investment income and other, net	$	84,673
Medicare DSH Waiver Days settlement interest		14,148
Depreciation expense		2,100
Unrealized gains on investments		10,048
Interest expense		(34,242)
COVID-19 relief funds		22,429
	$	99,156

The System recognized gross ad valorem tax revenue of approximately $7,609,000 for the year ended April 30, 2024. For the year ended April 30, 2024, the System primarily used the gross tax proceeds to pay the county's Medicaid match, community redevelopment assessments and the tax collectors' fee and is recognized net in nonoperating revenues, net in the accompanying statement of revenues, expenses and changes in net position.

Note 19. Related Parties

The System has related party relationships with two Foundations, Memorial Foundation, Inc. (Memorial Foundation) and Joe DiMaggio Children's Hospital Foundation, Inc. (JDCH Foundation), collectively referred to as the Foundations, which raise money to benefit the System and the citizens located within the South Broward Hospital District. For the year ended April 30, 2024, the System recognized contributions from the Foundations of approximately $3,118,000 and $26,484,000, included in other operating revenues and capital contributions and grants, respectively, in the accompanying statement of revenues, expenses and changes in net position. The capital contributions and grants for the year ended April 30, 2024, were primarily used to support the construction of the new, freestanding Memorial Cancer Institute facility located on the campus of Memorial Hospital West and the four-floor expansion of Joe DiMaggio Children's Hospital. As of April 30, 2024, total receivables due from the Foundations were approximately $18,649,000, which primarily included amounts due from capital contributions and grants, and were included in other current assets in the accompanying statement of net position.

Note 20. Subsequent Events

The System has evaluated the impact of subsequent events through July 15, 2024, the date on which the financial statements were issued.

Required Supplementary Information

Unaudited

South Broward Hospital District
d/b/a Memorial Healthcare System

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios – Unaudited
Last 10 fiscal years
(In Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 12,002	$ 12,667	$ 12,692	$ 13,375	$ 16,436	$ 16,386	$ 16,902	$ 17,460	$ 17,579	$ 17,980
Interest	66,787	62,748	57,782	55,647	56,111	54,578	52,277	48,950	45,777	43,771
Differences between expected and actual experience	16,345	34,642	5,810	3,288	1,273	(13,440)	830	(926)	(1,572)	-
Changes in assumptions	(38,425)	10,704	7,307	10,323	(18,609)	(20,003)	-	305	25,721	-
Benefit payments	(43,344)	(39,210)	(35,139)	(33,013)	(35,788)	(24,903)	(20,812)	(18,572)	(16,302)	(14,800)
Net change in total pension liability	13,365	81,551	48,452	49,620	19,423	12,618	49,197	47,217	71,203	46,951
Total pension liability – beginning	1,017,249	935,698	887,246	837,626	818,203	805,585	756,388	709,171	637,968	591,017
Total pension liability – ending (a)	$ 1,030,614	$ 1,017,249	$ 935,698	$ 887,246	$ 837,626	$ 818,203	$ 805,585	$ 756,388	$ 709,171	$ 637,968
Plan fiduciary net position										
Contributions – employer	$ 43,650	$ 39,894	$ 34,648	$ 35,136	$ 41,122	$ 37,043	$ 38,343	$ 37,295	$ 37,649	$ 33,764
Net investment (loss) income	99,354	32,549	(27,097)	197,540	(8,993)	48,985	48,286	53,179	(9,762)	20,731
Benefit payments	(43,344)	(39,210)	(35,139)	(33,013)	(35,788)	(24,903)	(20,812)	(18,572)	(16,302)	(14,800)
Administrative expense	(111)	(105)	(162)	(192)	(225)	(235)	(225)	(261)	(235)	(216)
Net change in plan fiduciary net position	99,549	33,128	(27,750)	199,471	(3,884)	60,890	65,592	71,641	11,350	39,479
Plan fiduciary net position – beginning	889,121	855,993	883,743	684,272	688,156	627,266	561,674	490,033	478,683	439,204
Plan fiduciary net position – ending (b)	$ 988,670	$ 889,121	$ 855,993	$ 883,743	$ 684,272	$ 688,156	$ 627,266	$ 561,674	$ 490,033	$ 478,683
Plan's net pension liability – ending (a) – (b)	$ 41,944	$ 128,128	$ 79,705	$ 3,503	$ 153,354	$ 130,047	$ 178,319	$ 194,714	$ 219,138	$ 159,285
Plan fiduciary net position as a percentage of total pension liability	95.9%	87.4%	91.5%	99.6%	81.7%	84.1%	77.9%	74.3%	69.1%	75.0%
Covered payroll	$ 296,115	$ 308,229	$ 304,098	$ 324,895	$ 335,633	$ 348,296	$ 369,605	$ 387,420	$ 405,279	$ 430,332
Plan's net pension liability as a percentage of covered payroll	14.2%	41.6%	26.2%	1.1%	45.7%	37.3%	48.2%	50.3%	54.1%	37.0%

The information above is reported in the System's financial statements one year in arrears.

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios – Unaudited (Continued)
(In Thousands)

Notes to Schedule

Valuation date	Liability determined using May 1 census data and valuation date using update procedures to roll forward to the measurement date; census data and valuation date both one year prior to the measurement date and the Plan fiscal year end, reported by the System two years prior to its fiscal year end.

Methods and assumptions used to determine accounting and financial reporting under GASB Statements No. 67 and No. 68.

Actuarial cost method	Entry age normal actuarial cost method under GASB Statements No. 67 and No. 68.
Asset valuation method	Fair market value for fiduciary net position used to determine net pension liability under GASB Statements No. 67 and No. 68.
Long-term expected rate of return	7.00% as of April 30, 2024 measurement date; 6.60% beginning with the April 30, 2021 measurement date; 6.75% beginning with the April 30, 2020 measurement date; and 7.00% beginning with the April 30, 2017 measurement date.
Mortality rates	For the May 1, 2022 and May 1, 2023 valuations, mortality rates were based on the Pri-2012 Benefits-weighted Employee, Annuitant, and Disabled Mortality tables for males and females projected from 2012 using generational projection Scale MP-2021 for males and females. For the May 1, 2021 and May 1, 2020 valuations, mortality rates were based on the Pri-2012 Benefits-weighted Employee, Annuitant, and Disabled Mortality tables for males and females projected from 2012 using generational projection Scale MP-2020 for males and females. For the May 1, 2019 valuation, mortality rates were based on the Pri-2012 Benefits-weighted Employee, Annuitant, and Disabled Mortality tables for males and females projected from 2012 using generational projection Scale MP-2018 for males and females. For the May 1, 2018 valuation, mortality rates were based on the RP-2014 Employee and Annuitant Mortality tables for males and females with the Scale MP-2014 backed out to 2006 and projected forward from 2006 generationally using Scale MP-2018 for males and females. Prior to the May 1, 2018 valuation, mortality rates were based on the RP-2014 Employee and Annuitant Mortality tables for males and females with the Scale MP-2014 backed out to 2006 and projected forward from 2006 generationally using Scale BB (male).

South Broward Hospital District
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Schedule of Changes in the Plan's Net Pension Liability and Related Ratios – Unaudited (Continued)
(In Thousands)

Notes to Schedule

Projected salary increases	For the May 1, 2023 valuation, an age-graded salary scale was used starting at 6.00%, grading down to 2.25% and was adjusted to reflect a one-time 2.00% increase at May 1, 2024. For the May 1, 2022 valuation, an age-graded salary scale was used starting at 6.00%, grading down to 2.25% and was adjusted to reflect a one-time 2.00% increase at May 1, 2023. For the May 1, 2021 valuation, an age-graded salary scale was used starting at 6.00%, grading down to 2.25% and was adjusted to reflect a one-time 2.00% increase at May 1, 2022. For the May 1, 2020 valuation, an age-graded salary scale was used starting at 6.00%, grading down to 2.25%. For the May 1, 2019 valuation, an age-graded select and ultimate table of rates was used starting with 5.25% and grading down to 3.75% in 2019 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2018 valuation, an age-graded select and ultimate table of rates was used starting with 5.00% and grading down to 3.50% in 2018 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2017 valuation, an age-graded select and ultimate table of rates was used starting with 4.75% and grading down to 3.25% in 2017 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2016 valuation, an age-graded select and ultimate table of rates was used starting with 4.50% and grading down to 3.00% in 2016 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2015 valuation, an age-graded select and ultimate table of rates was used starting with 4.25% and grading down to 2.75% in 2015 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2014 valuation, an age-graded select and ultimate table of rates was used starting with 4.00% and grading down to 2.50% in 2014 and increasing 0.25% per year to 2022 when rates are 6.00% and grading down to 4.50%.

South Broward Hospital District
d/b/a Memorial Healthcare System

Schedule of System Contributions – Unaudited
Last 10 fiscal years
(In Thousands)

	2024	2023	2022	2021	2020
Actuarially determined contribution	$ 36,684	$ 36,278	$ 33,648	$ 35,136	$ 38,723
Contributions in relation to the actuarially determined contribution	43,650	39,894	34,648	35,136	41,122
Contribution deficiency (excess)	(6,966)	(3,616)	(1,000)	-	(2,399)
Covered payroll	296,115	308,229	304,098	324,895	335,633
Contributions as a percentage of covered payroll	14.7%	12.9%	11.4%	10.8%	12.3%

	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 37,043	$ 38,343	$ 37,295	$ 37,649	$ 33,764
Contributions in relation to the actuarially determined contribution	37,043	38,343	37,295	37,649	33,764
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	348,296	369,605	387,420	405,279	430,332
Contributions as a percentage of covered payroll	10.6%	10.4%	9.6%	9.3%	7.8%

South Broward Hospital District
d/b/a Memorial Healthcare System

Schedule of System Contributions – Unaudited (Continued)
Unaudited
(In Thousands)

Notes to Schedule

Valuation date	Actuarially determined contributions are calculated as of the beginning of each fiscal year/plan year and interest-adjusted to the end of the year. 1/12 of this amount is paid by the System on a monthly basis.

Methods and assumptions used to determine annual required contributions.

Actuarial cost method	Projected unit credit cost method.
Amortization method	Beginning with the May 1, 2014 valuation – Level dollar amount, closed.
Remaining amortization period	8 – 12 years, the average future work life expectancy of the active participants in the year the amortization base is established.
Asset valuation method	Five-year smoothed market value
Inflation	2.50% beginning with the May 1, 2014 valuation
Salary increases	Beginning with the May 1, 2020 valuation, an age-graded salary scale was used starting at 6.00%, grading down to 2.25%. For the May 1, 2019 valuation, an age-graded select and ultimate table of rates was used starting with 5.25% and grading down to 3.75% in 2019 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2018 valuation, an age-graded select and ultimate table of rates was used starting with 5.00% and grading down to 3.50% in 2018 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2017 valuation, an age-graded select and ultimate table of rates was used starting with 4.75% and grading down to 3.25% in 2017 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2016 valuation, an age-graded select and ultimate table of rates was used starting with 4.50% and grading down to 3.00% in 2016 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2015 valuation, an age-graded select and ultimate table of rates was used starting with 4.25% and grading down to 2.75% in 2015 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2014 valuation, an age-graded select and ultimate table of rates was used starting with 4.00% and grading down to 2.50% in 2014 and increasing 0.25% per year to 2022 when rates are 6.00% and grading down to 4.50%.

South Broward Hospital District
d/b/a Memorial Healthcare System

Schedule of System Contributions – Unaudited (Continued)
Unaudited
(In Thousands)

Notes to Schedule

Investment rate of return	6.60% beginning with the May 1, 2021 valuation; 6.75% for the May 1, 2020 valuation; 7.00% for the May 1, 2019 to May 1, 2015 valuations; 7.50% for the May 1, 2014 valuation.
Mortality rates	Beginning with the May 1, 2021 valuation – Pub-2010 separate Employee and Annuitant Below Median Headcount-Weighted Mortality Tables for males and females projected generationally using Scale MP-2018 for males and females. Beginning with the May 1, 2020 valuation – Pub-2010 separate Employee and Annuitant Below Median Headcount-Weighted Mortality Tables for males and females projected generationally using Scale MP-2018 for males and females. For the May 1, 2019 to May 1, 2016 valuations – combined RP-2000 Mortality tables for males and females projected forward generationally using Scale BB. For the May 1, 2015 and May 1, 2014 valuations – RP-2014 Employee and Annuitant Mortality tables for males and females with the Scale MP-2014 backed out to 2006 and projected forward from 2006 generationally using Scale BB (male).
Other information	The benefit formula for participants hired after May 1, 2010 was changed. At May 1, 2011, the Plan was closed to employees hired or rehired after October 31, 2011.

South Broward Hospital District
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Schedules of Plan Investment Returns – Unaudited
Last 10 fiscal years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return (loss), net of investment expense	11.2%	3.8%	(3.1)%	28.7%	(1.3)%	7.7%	8.5%	10.7%	(2.0)%	4.6%

Supplementary Information

South Broward Hospital District
d/b/a Memorial Healthcare System

Combining Statement of Net Position – System
April 30, 2024
(In Thousands)

	Memorial Regional Hospital and Affiliated Providers	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Hospital Manor	Other Non-Hospital Operations and Eliminations	Combined
Assets and Deferred Outflows of Resources							
Current assets:							
Cash and cash equivalents	$ 717	$ 781	$ 773	$ 384	$ 120	$ 268,830	$ 271,605
Investments	-	-	-	-	-	2,345,956	2,345,956
Patient accounts receivable, net of estimated uncollectibles	222,980	90,686	17,439	23,092	1,327	6,422	361,946
Inventories	28,411	11,053	3,035	3,452	-	12,058	58,009
Other current assets	94,136	55,258	13,368	10,084	10	92,178	265,034
	-	-	-	-	-	-	-
Restricted assets:							
Investments under indenture agreements for debt service	-	-	-	-	-	28,785	28,785
Investments under self-insurance agreements	-	-	-	-	-	13,215	13,215
Total current assets	346,244	157,778	34,615	37,012	1,457	2,767,444	3,344,550
Noncurrent assets:							
Designated investments for employee disability	-	-	-	-	-	20,105	20,105
Capital assets, net	542,671	339,924	19,608	84,272	6,750	267,459	1,260,684
Right-to-use lease assets, net	10,993	2,461	7,082	531	232	35,355	56,654
Right-to-use subscription assets, net	941	345	-	-	-	110,657	111,943
Other assets	480	1,940	9	5	-	44,066	46,500
Restricted assets, net of current portion:							
Investments under self-insurance agreements	-	-	-	-	-	49,051	49,051
Total assets	$ 901,329	$ 502,448	$ 61,314	$ 121,820	$ 8,439	$ 3,294,137	$ 4,889,487
Deferred outflows of resources:							
Pension related items	$ -	$ -	$ -	$ -	$ -	$ 102,455	$ 102,455
Loss on defeasance	-	-	-	-	-	14,757	14,757
Total deferred outflows of resources	$ -	$ -	$ -	$ -	$ -	$ 117,212	$ 117,212

(Continued)

South Broward Hospital District
d/b/a Memorial Healthcare System

Combining Statement of Net Position – System (Continued)
April 30, 2024
(In Thousands)

	Memorial Regional Hospital and Affiliated Providers	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Hospital Manor	Other Non-Hospital Operations and Eliminations	Combined
Liabilities, Deferred Inflows of Resources and Net Position							
Current liabilities:							
Accounts payable and accrued expenses	$ 57,530	$ 29,517	$ 6,489	$ 8,228	$ 547	$ 68,103	$ 170,414
Accrued compensation and payroll taxes	16,344	7,708	2,246	2,738	313	210,751	240,100
Estimated third-party payor settlements	70,280	29,130	8,465	10,722	-	33	118,630
Current installments of long-term debt	-	-	-	-	-	12,935	12,935
Current portion of estimated claims liability	-	-	-	-	-	15,443	15,443
Current portion of lease payable	2,856	1,100	5,869	568	45	4,117	14,555
Current portion of subscription liability	416	217	-	-	-	21,829	22,462
Other current liabilities	28,868	14,639	4,945	5,402	121	8,712	62,687
Total current liabilities	176,294	82,311	28,014	27,658	1,026	341,923	657,226
Noncurrent liabilities:							
Long-term portion of estimated claims liability	-	-	-	-	-	27,487	27,487
Net pension liability	-	-	-	-	-	128,128	128,128
Other noncurrent liabilities	10,306	5,539	1,355	2,009	-	41,672	60,881
Lease payable	9,045	1,486	1,533	-	187	31,991	44,242
Subscription liability	456	98	-	-	-	51,304	51,858
Long-term debt	-	-	-	-	-	881,813	881,813
Total liabilities	$ 196,101	$ 89,434	$ 30,902	$ 29,667	$ 1,213	$ 1,504,318	$ 1,851,635
Deferred inflows of resources:							
Lease related items	$ 456	$ 2,476	$ -	$ -	$ -	$ 11,244	$ 14,176
Total deferred inflows of resources	$ 456	$ 2,476	$ -	$ -	$ -	$ 11,244	$ 14,176
Net position:							
Net investment in capital assets	$ 516,979	$ 332,377	$ 18,929	$ 83,717	$ 6,749	$ (568,422)	$ 390,329
Restricted	-	-	-	-	-	29,659	29,659
Unrestricted	187,793	78,161	11,483	8,436	477	2,434,550	2,720,900
Total net position	$ 704,772	$ 410,538	$ 30,412	$ 92,153	$ 7,226	$ 1,895,787	$ 3,140,888

South Broward Hospital District
d/b/a Memorial Healthcare System

Combining Statement of Revenues, Expenses and Changes in Fund Net Position – System
Year Ended April 30, 2024
(In Thousands)

	Memorial Regional Hospital and Affiliated Providers	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Hospital Manor	Other Non-Hospital Operations and Eliminations	Combined
Operating revenue:							
Net patient service revenue	$ 1,512,965	$ 845,984	$ 210,853	$ 304,045	$ 12,947	$ 116,980	$ 3,003,774
Disproportionate share distributions	24,757	11,094	7,842	1,678	-	-	45,371
Other operating revenues	53,436	29,739	4,441	4,274	105	131,081	223,076
Total operating revenue	1,591,158	886,817	223,136	309,997	13,052	248,061	3,272,221
Operating expenses:							
Salaries and wages	738,966	356,688	103,649	121,253	12,448	224,792	1,557,796
Employee benefits	117,329	57,621	16,313	20,276	2,381	24,318	238,238
Professional fees	36,422	28,044	6,834	7,090	140	551	79,081
Supplies	302,383	173,708	28,832	33,108	2,637	123,925	664,593
Purchased services	112,058	70,124	20,190	27,421	1,613	8,812	240,218
Facilities	50,941	21,988	7,418	10,559	771	(316)	91,361
Depreciation and amortization	70,937	34,610	14,469	12,087	529	12,538	145,170
Other	50,703	25,833	7,551	8,581	629	15,702	108,999
Total operating expenses	1,479,739	768,616	205,256	240,375	21,148	410,322	3,125,456
Operating income (loss)	111,419	118,201	17,880	69,622	(8,096)	(162,261)	146,765
Nonoperating revenues (expenses), net	1,386	1,227	4,813	1,488	(10)	90,252	99,156
Excess (deficit) of revenues over (under) expenses	112,805	119,428	22,693	71,110	(8,106)	(72,009)	245,921
Other changes in net position:							
Capital contributions and grants	17,796	8,275	-	25	4,288	389	30,773
Equity transfers	(93,992)	(107,779)	(14,281)	(67,896)	7,562	276,386	-
Increase in net position	36,609	19,924	8,412	3,239	3,744	204,766	276,694
Net position at the beginning of the year	668,163	390,614	22,000	88,914	3,482	1,691,021	2,864,194
Net position at the end of the year	$ 704,772	$ 410,538	$ 30,412	$ 92,153	$ 7,226	$ 1,895,787	$ 3,140,888