



Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2019



Dedicated to the health of our community

Health Care District of Palm Beach County, Florida

Comprehensive Annual Financial Report
September 30, 2019

Prepared by
Finance Department



Contents

I. Introductory section

Letter of transmittal	1-5
Organizational chart	6
District officials	7--8
Certificate of achievement for excellence in financial reporting	9

II. Financial section

Independent auditor's report	10-11
Management's discussion and analysis	12-20
Basic financial statements	
Government-wide financial statements	
Statement of net position	21
Statement of activities	22-23
Fund financial statements	
Balance sheet—governmental funds	24
Statement of revenues, expenditures and changes in fund balances— governmental funds	25
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	26
Statement of net position—proprietary funds	27
Statement of revenues, expenses and changes in net position— proprietary funds	28
Statement of cash flows—proprietary funds	29-30
Statement of fiduciary net position—fiduciary funds	31
Statement of changes in fiduciary net position—pension trust funds	32
Notes to financial statements	33-66

Required supplementary information	
Schedule of revenues, expenditures and changes in fund balances— general fund—budget and actual	67-68
Schedule of revenues, expenditures and changes in fund balances— Medicaid Match Fund—budget and actual	69
Notes to required supplementary information	80
Schedule of changes in the total OPEB liability and related ratios	71
Schedule of District proportionate share of net pension liability—Florida Retirement System Plans	72
Schedule of District contributions—Florida Retirement System Plans	73

Individual fund financial statements –Agency funds	
Statement of changes in agency fund assets and liabilities—resident agency fund	74

Contents (Continued)

III. Statistical section

Net position by component	75-76
Changes in net position	77-78
Changes in fund balances of governmental funds	79-80
Fund balances of governmental funds	81-82
Property tax rates—direct and overlapping governments	83
Assessed value of taxable property	84
Principal property taxpayers	85
Property tax levies and collections	86
Computation of legal debt margin	87
Overlapping governmental activities debt	88
Demographic and economic statistics	89
Principal employers	90
Full-time-equivalent employees	91
Operating indicators by function	92
Capital asset statistics by function	93

IV. Compliance section

Independent auditor's report on:	
Internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	94-95
Compliance for each major federal program and report on internal control over compliance	96-97

Schedule of expenditures of federal awards	98
Notes to schedule of expenditures of federal awards	99
Schedule of findings and questioned costs	100-101
Management letter	102-103
Independent accountant's report on compliance with <i>Section 218.415, Florida Statutes, Local Government Investment Policies</i>	104

Introductory Section



March 6, 2020

Honorable Chair and Members of the Health Care District Board
Health Care District of Palm Beach County
1515 N. Flagler Dr., Suite 101
West Palm Beach, FL 33401-3429

State law requires that every general-purpose local government publish a complete set of audited financial statements within nine months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended September 30, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

RSM US LLP has issued an unmodified opinion on the financial statements of the Health Care District of Palm Beach County, Florida (the District) for the year ended September 30, 2019. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it. The statistical section follows the financial section of this report.

Profile of the District

In 1988, Palm Beach County voters approved the creation of an independent health care district funded by ad valorem taxes. The District's mission is to be the health care safety net for Palm Beach County. The governing body of the District is a seven-member Board of Commissioners. Three members of the Board are appointed by the Board of County Commissioners and three by the Governor of the State of Florida. The seventh member is the Director of the State's Department of Health for Palm Beach County. The Health Care District Board is responsible for governing a complex organization with over 1,200 employees. In fiscal year 2019, the annual budget was \$255 million with approximately 93.7 percent of the budget supporting direct health care services in the community. Ad valorem taxes represented the Health Care District's largest revenue source, covering 52% of expenditures with grant funds and patient revenue covering the remainder. The assessed millage rate for 2019-2020 is 0.7261, the same as last year's millage rate, which continues to be the lowest in District history. In fiscal year 2019, the District was also financially accountable for three legally separate organizations: Healthy Palm Beaches, Inc., District Hospital Holdings, Inc., and District Clinic Holdings, Inc.

More than 285,000 residents and visitors were served annually through the multiple safety net programs provided by the Health Care District and its partners. During 2019, the District both enhanced and expanded care in the community to provide safe, quality safety net services.

Programs and Services

Offering Adult and Pediatric Care

In June 2013, the District began providing primary health care services to adults and children at the C. L. Brumback Primary Care Clinics. Through a grant awarded to the District beginning in December 2012 by the United States Health Resources and Services Administration (HRSA), the District is managing and operating the Brumback Clinics as Federally Qualified Health Centers. The ten clinics offer comprehensive medical care, general preventive dentistry, behavioral health/psychiatry, pharmacy, and women's health services. More than 46,000 unique clinic patients received primary care, dental and behavioral health services in 2019, which is a four percent increase from the prior year. In 2019, patients made almost 150,000 visits to the C.L. Brumback Primary Care Clinics. Of those, nearly 105,000 were medical visits, more than 28,000 were dental visits, nearly 7,000 were mental health visits and over 6,000 were substance use disorder encounters.

The Brumback Clinics are named in honor of the late Dr. Clarence L. "Carl" Brumback, Palm Beach County's first public health doctor. The clinics are located in Belle Glade, Lake Worth, Jupiter, southwest Boca Raton, and at current Florida Department of Health centers in Lantana, Delray Beach and West Palm Beach. An additional clinic is located at the Senator Philip D. Lewis Homeless Resource Center in West Palm Beach. The Jupiter and West Boca Raton sites opened in 2017 while the Mobile Clinic opened in 2018 and Mangonia Park opened in 2019. The clinics are staffed with board-certified physicians, along with registered nurses, advanced registered nurse practitioners and certified medical assistants. In addition, mental health counselors, patient financial counselors, and case managers refer patients to other medical and social services. The medical staff speaks English, Spanish, Haitian Creole, and Portuguese. The goal is for the clinics to become the medical home for all of our patients, with or without insurance.

By collaborating with the Florida Department of Health Palm Beach County, community-based organizations, and local hospitals, the clinics strive to provide high-quality health care in a compassionate manner to all county residents, including the homeless and migrant populations. In 2019, The Health Resources and Services Administration (HRSA) recognized the C. L. Brumback Primary Care Clinics with several Health Center Quality Improvement Fiscal Year 2019 Grant Awards, including a gold badge as a Health Center Quality Leader for ranking among the top 10% of health centers nationally for clinical quality. HRSA also awarded a \$167,000 grant to the C. L. Brumback Primary Care Clinics for its impactful behavioral health program. The Brumback Clinics have been at the forefront of providing outpatient mental health and substance use disorder treatment in Palm Beach County. The Federal grant will help increase staffing and provide additional training to further integrate behavioral health with quality medical services.

Innovation

District leaders understand the continual need to identify new ways to meet changing health care needs in the community. Through the C. L. Brumback Primary Care Clinics, the District successfully launched a new clinic in Belle Glade (Belle Glade Clinic) at Lakeside Medical Center. One of ten C. L. Brumback Primary Care Clinics in Palm Beach County, the Belle Glade Clinic has 12 exam rooms and six dental suites. The clinic provides medical, dental, and behavioral health services for adults and children. As a Federally Qualified Health Center, the clinic serves all patients, regardless of ability to pay, and offers a sliding fee scale.

The Health Care District of Palm Beach County, JFK Medical Center and the Palm Beach County Commission officially opened a one-of-a-kind Addiction Stabilization Unit within JFK Medical Center's North Campus in West Palm Beach on October 21, 2019. Fire rescue agencies in municipalities throughout the county have adopted protocols allowing them to bypass the closest emergency room to transport overdose patients directly to the centralized facility. For patients arriving after an overdose, medication assisted treatment (MAT) is provided within the first few hours of arrival to take away the cravings, minimize withdrawal symptoms and increase the probability the patient will comply with a longer-term treatment plan after discharge.

The Health Care District of Palm Beach County's new Mobile Health Clinic received the "Going the Extra Mile" award from the Homeless Coalition of Palm Beach County. The award was presented to the District's Mobile Clinic team before a crowd of 500 at the 8th Annual Philip D. Lewis Center Luncheon held at the Kravis Center in West Palm Beach in October, 2019. Launched in 2018, the Health Care District of Palm Beach County's custom-designed Mobile Health Clinic is one of the newest additions to the C. L. Brumback Primary Care Clinics. This 38-foot bus delivers medical, behavioral health and pharmacy services to the chronically homeless and other underserved adult patients across the county. The Mobile Health Clinic partners with community agencies who traditionally provide other forms of social services to the homeless, one location at a time, such as food, showers, and housing, case management and other services necessary for persons to maintain a sustained, healthy lifestyle.

Providing Needed Medical Services in the Glades

The District operates Lakeside Medical Center, the only public hospital in Palm Beach County. Opening in October 2009, this state of the art facility serves as a replacement for Glades General Hospital, which was built in the 1940s. The 70-bed, acute care facility is centrally located in Belle Glade to serve the rural, agricultural communities around the southern shores of Lake Okeechobee. The Joint Commission-accredited hospital, which features all-private patient rooms, treated more than 27,442 patients in fiscal year 2019. Lakeside Medical Center's Family Medicine Residency Program graduated its seventh class of medical residents in June 2019. Lakeside Medical Center is committed to providing quality, compassionate care. In 2019, the hospital earned the Award of Excellence in Patient Safety from the Florida Hospital Association and celebrated its 10th anniversary as the heart of health care in the Glades with a community celebration. The hospital has also been recognized by Florida Blue with a Blue Distinction® Center for Maternity Care designation as part of the Blue Cross Blue Shield Association's Blue Distinction Specialty Care program. Blue Distinction Centers are nationally designated hospitals that show expertise in delivering improved patient safety and better health outcomes, based on objective measures that were developed with input from the medical community.

Offering High-Quality Rehabilitation and Nursing Care

The District provides long-term and short-term skilled nursing and rehabilitation for residents with traumatic injuries or requiring a high level of care at the 120-bed Edward J. Healey Rehabilitation and Nursing Center in Riviera Beach (the Healey Center). The Healey Center opened its doors in April 2013, replacing the former facility in West Palm Beach. The Healey Center's history dates back 101 years to the county's "Poor Farm." The Healey Center provides specialized care to residents in a modern environment designed to meet the needs of this unique population. Residents are younger than those who live in other nursing homes; the average resident at the Healey Center is 61 years old. The facility is an important part of the county's health care safety net as it meets the needs of trauma patients and other eligible county residents who are not served in other skilled nursing facilities. The Healey Center maintained a 99% occupancy at the District's 120-bed skilled nursing facility each year since fiscal year 2016. For the past five years, as well as in 2010, the Healey Center earned a five-star overall rating from the federal Centers for Medicare & Medicaid Services (CMS) for quality measures, staffing and health inspections. In 2019, the Healey Center earned Best Nursing Homes status by achieving a rating of "High Performing," the highest possible rating, for Long-Term Care from U.S. News & World Report.

Helping Students Be Healthy

The District operates one of the largest school health programs in the nation. The District staffs a registered nurse in nearly every public school in Palm Beach County. During the 2018-19 school year, more than 200 school nurses, based in 166 schools, provided vital care to nearly 175,000 students from pre-kindergarten through 12th grade. Palm Beach County is one of the largest metropolitan areas in the nation to have such a high nurse-to-student ratio in the public schools. Last year, students made more than 681,000 visits to the school health rooms. The nurses handle emergencies, treat injuries, provide medically complex care planning and case management, identify conditions that might otherwise go unnoticed, and steer students and their families to treatments. As a part of this program, last year technicians and nurses conducted over 100,000 vision and hearing screenings. For many students, the school nurse is the only health care provider they see all year. In 2019, the 235 registered nurses, health support technicians, nursing supervisors and administrators were assigned to provide health services to residents who evacuated to the county's general population hurricane shelters inside designated public schools.

Covering the Uninsured

In addition to the services provided by the C. L. Brumback Primary Care Clinics, the District also offers a safety-net program called District Cares that extends the services available at the Clinics. The safety-net program includes specialty physician services, hospital inpatient, outpatient and emergency services, as well as diagnostic imaging and lab services to uninsured Palm Beach County residents who do not qualify for other state or federal programs.

Recognizing that access to prenatal care is critical to achieving positive health outcomes, in 2005 the District created the Maternity Care Program (MCP) for low-income, uninsured expectant mothers who live in Palm Beach County. The MCP is designed to reach out to residents who are ineligible for Medicaid but lack the financial means to cover the costs of care without assistance. The program serves as an important lifeline for expectant mothers to continue the prenatal and postnatal care needed to stay healthy and ensure the health of their newborn. The MCP, which in fiscal year 2019 provided approximately 1,400 patients with prenatal care services, also offers postnatal care, ultrasounds and pharmacy benefits up to two months after the birth of a child.

In fiscal year 2019, the District's Pharmacy Program managed the formulary as well as filled and dispensed almost 257,000 prescriptions in support of the District's health coverage programs, uninsured residents, Trauma, and Ryan White patients. Additionally, the program administers a Central Fill facility and Federal 340B prescription program, enabling uninsured Brumback Clinics' patients have access to low or no-cost medications.

Through the C. L. Brumback Primary Care Clinics, patients may be eligible for financial assistance if they do not qualify for coverage under the Affordable Care Act (ACA) or any other state or federal health care program.

Saving Lives through Palm Beach County's Trauma System

The District operates a nationally recognized Trauma System, which in fiscal year 2019 provided life-saving care to over 4,200 residents and visitors. This model of care features effective coordination of the system's components, which include an enhanced 911 communications and dispatch system, EMS fire rescue, two FAA-certified Trauma Hawk air ambulances, two trauma centers (Delray Medical Center, a Level 1 Trauma Center in the south part of the county, and St. Mary's Medical Center, a Level 1 Trauma Center in the north part of the county) and their rehabilitation centers. The quality of care delivered to every trauma patient is strictly monitored and reviewed by the District's Trauma Agency. The Trauma Agency also provides education and outreach to Palm Beach County residents on how to prevent traumatic injuries.

The two FAA-certified Trauma Hawk helicopter air ambulances are housed in the Aeromedical Base of Operations at Palm Beach International Airport. This facility serves as the aircraft and equipment storage and repair hangar, administrative offices, and crew housing for program operations. The facility also accommodates meetings of other District departments, hospital and pre-hospital providers involved in countywide emergency, medical, and trauma system planning and provides public education about the District's aeromedical and trauma services. In fiscal year 2019, the District engaged in due diligence for replacement of the two aircraft that were purchased in 1999. Through a competitive bidding process, the equipment selection was completed and resulted in the rankings of two of the final respondents. Contract execution is imminent and the manufacturing and planning for delivery is underway.

Other Funding

Through a structured grant process in fiscal year 2019, the District funded a number of community programs with compatible missions. These programs include:

- Florida Department of Health Palm Beach County
- Additional health clinics providing free care
- Behavioral Health Services
- Maternity Care Services
- Nutrition and Hunger Relief Services
- Access to Durable Medical Equipment
- Specialty Physician Services

Local Population and Demographics

Palm Beach County is the third most populous county in the state of Florida. Geographically, it is the largest in area of Florida's 67 counties, covering approximately 2,000 square miles that includes 39 municipalities and vast unincorporated areas. The county's population is currently estimated at 1.45 million with the most densely populated cities along a narrow eastern corridor bordering the Atlantic coast. The county is racially and culturally diverse, with significant Hispanic, African-American, Haitian and Guatemalan-Mayan populations. According to the U.S. Census Bureau, 12.2 percent of the county's population is living in poverty, and 17.4 percent of the county's population under the age of 65 is uninsured.

Relevant Financial Policies

The annual budget serves as the foundation for the District's financial planning and control. The District maintains extensive budgetary controls and also maintains an encumbrance accounting system. All encumbrances lapse at fiscal year-end. Multi-year agreements and contractual arrangements that cross fiscal years can be re-encumbered when they have been included in the next fiscal year's approved budget.

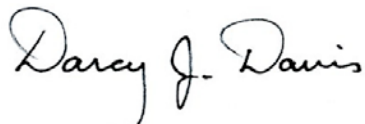
District management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse. District management is also responsible for ensuring that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met and should be provided in a cost-effective manner. The concept of reasonable assurance recognizes that the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state, and local financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these grant programs.

Acknowledgements

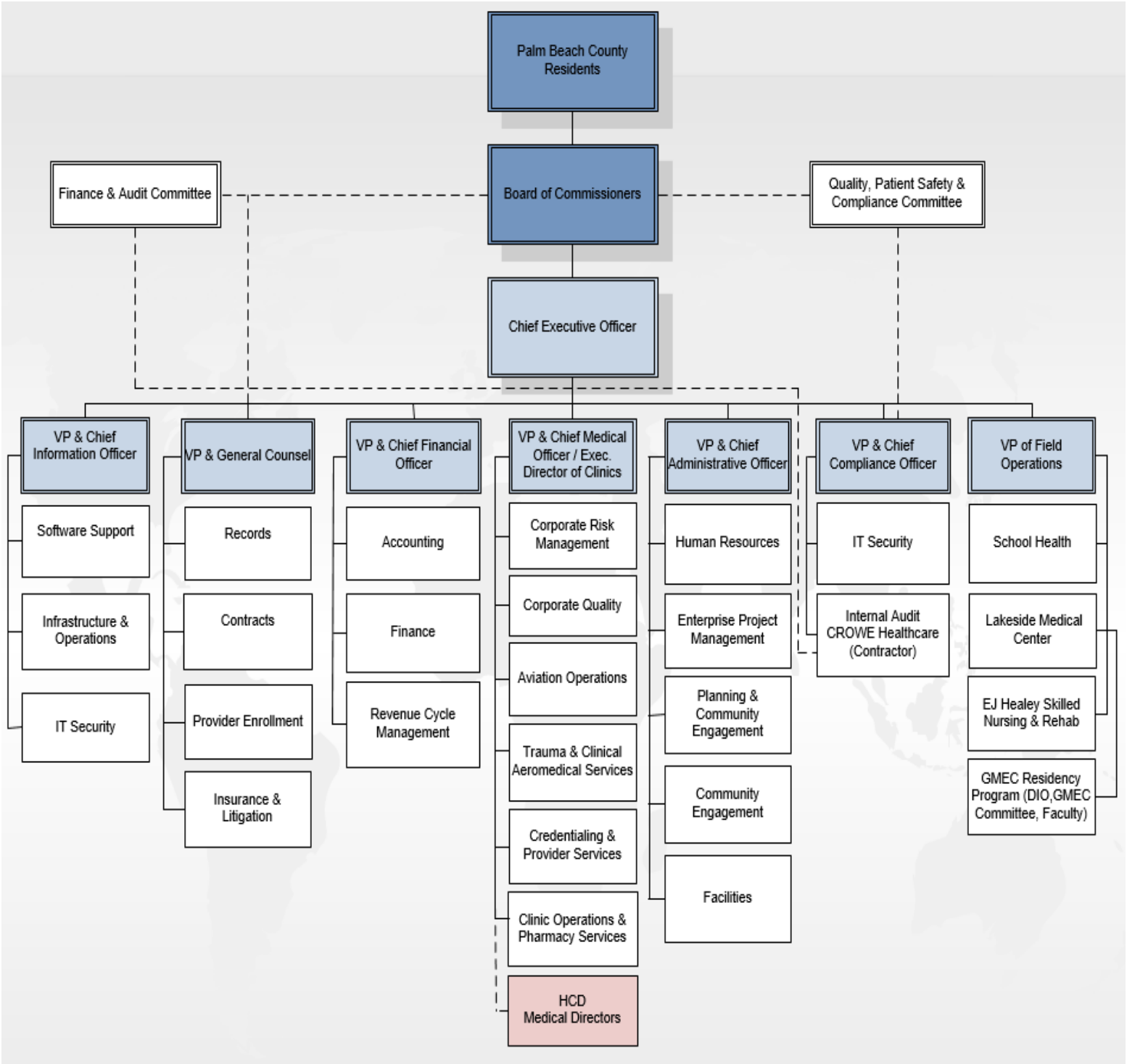
The preparation of this comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Due credit also should be given to the Finance and Audit Committee, Quality, Patient Safety and Compliance Committee, and Health Care District Board for their unfailing support for maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,



Darcy J. Davis
Chief Executive Officer

HEALTH CARE DISTRICT OF PALM BEACH COUNTY, FLORIDA ORGANIZATIONAL CHART



**HEALTH CARE DISTRICT OF PALM BEACH COUNTY, FLORIDA
DISTRICT OFFICIALS**

DISTRICT BOARD

Chair	Les Daniels
Vice-Chair	Nancy C. Banner, Esq.
Secretary	Sean O'Bannon
Board Member	Alina Alonso, MD
Board Member	Cory Neering
Board Member	Edward G. Sabin
Board Member	Tammy Jackson-Moore

DISTRICT QUALITY, PATIENT SAFETY AND COMPLIANCE COMMITTEE

Chair	Alina Alonso, MD (Board member)
Committee Member	Dr. David Bohorquez
Committee Member	James Elder
Committee Member	Sharon Larson
Committee Member	Cory Neering (Board member)
Committee Member	Sean O'Bannon (Board member)
Committee Member	Mary Weeks
Committee Member	Kimberly Schulz

**HEALTH CARE DISTRICT OF PALM BEACH COUNTY, FLORIDA
DISTRICT OFFICIALS (CONTINUED)**

DISTRICT FINANCE AND AUDIT COMMITTEE

Chair	Edward Sabin (Board member)
Committee Member	Nancy Banner (Board member)
Committee Member	Joseph Bergeron
Committee Member	Michael Burke
Committee Member	Leslie B. Daniels (Board member)
Committee Member	Mark Marciano
Committee Member	Richard Sartory
Committee Member	Joseph Gibbons

DISTRICT OFFICERS

Chief Executive Officer	Darcy J. Davis
VP & General Counsel	Valerie Shahriari, Esq.
VP & Chief Financial Officer	Joel H. Snook
VP & Chief Medical Officer	Belma Andric, MD
VP of Field Operations	Karen Harris
VP & Chief Administrative Officer	Steven Hurwitz
VP & Chief Compliance Officer	Deborah J. Hall
VP & Chief Information Officer	Nancy Stockslager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Health Care District
of Palm Beach County, Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO



This page intentionally blank

Financial Section

Independent Auditor's Report

The Honorable Chairperson and Members of
the Health Care District Board
Health Care District of Palm Beach County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Health Care District of Palm Beach County, Florida (the District), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit Good Health Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the District, as of September 30, 2019, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and other information, such as the introductory section, statistical section, and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2020, on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.

RSM US LLP

West Palm Beach, Florida
March 6, 2020

Health Care District of Palm Beach County, Florida

Management's Discussion and Analysis

This section of the comprehensive annual financial report provides a narrative overview and analysis of the financial activities of the Health Care District of Palm Beach County, Florida (the District) for the fiscal year ended September 30, 2019. This information is to be considered alongside that in the letter of transmittal and the District's basic financial statements and notes to the financial statements. The financial analysis within the management's discussion and analysis includes the District's primary government operations. It excludes the operations and results of the District's discretely presented component unit, Good Health Foundation, Inc. (the Foundation).

FINANCIAL HIGHLIGHTS

- The District's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources for the primary government at September 30, 2019 by approximately \$215 million, a decrease of approximately \$13 million from the September 30, 2018 balance.
- The net position of the District's governmental activities was approximately \$151 million, a decrease over the prior-year balance of approximately \$11 million or 7%. Total net position for business-type activities was approximately \$63.6 million, a decrease over the prior year's balance of approximately \$2.1 million or 3%.
- Fiscal year 2019 revenues for all activities (excluding transfers) were approximately \$239 million, which represents an increase of approximately \$6.2 million or 3% from 2018. Total expenses increased by approximately \$11 million or 5%, to approximately \$252 million. The increase resulted primarily from Low Income Pool (LIP) funding related expenses of \$5 million and an increase of salaries and professional services expenses of \$7 million.
- The General Fund's unassigned fund balance at September 30, 2019 was approximately \$48 million. Approximately \$72 million was assigned to the subsequent year's budget and \$3 million related to non-spendable items such as inventories and prepaid expenses.
- The Medicaid Match Fund has assigned fund balance of approximately \$609,000 as of September 30, 2019.
- At September 30, 2019, the District's Capital Projects Fund had approximately \$24 million assigned to equipment and capital replacement projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the District using the reporting model prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. A key feature of the model is the combination of financial statements designed to present the financial position and activities of the organization at two levels. The first set of statements, the government-wide financial statements, is intended to present the District as a whole. A second set, on the fund level, is intended to provide more detailed information on the separate significant funds of the District. These basic financial statements also include notes to explain and provide further detail on the materials presented in the financial statements. This portion of management's discussion and analysis is intended to explain the structure and content of these statements.

Health Care District of Palm Beach County, Florida

Management's Discussion and Analysis

Government-Wide Financial Statements

The government-wide financial statements provide a broad overview of the District's combined financial position and activity in a manner similar to a business enterprise.

The *statement of net position* presents information on all of the District's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increasing net position could indicate an improving financial condition, while a decrease in net position could indicate a deteriorating condition. Such a decrease could also be the result of a decision to intentionally reduce net position.

The *statement of activities* presents information to explain the change in net position that occurred during the year. All changes are reported when the event causing the change occurs, regardless of when any related cash is given or received.

Government-wide financial statements distinguish between governmental and business-type activities based on the nature of their funding. Governmental activities are those funded principally by taxes and intergovernmental revenues, while business-type activities are those funded by fees and charges paid by users. The District's governmental activities consist principally of those related to its general government, special revenue fund and capital projects funds. The business-type activities are related to the operations of the Edward J. Healey Rehabilitation and Nursing Center (the Healey Center); Healthy Palm Beaches, Inc. (HPB); Lakeside Medical Center via its entity, District Hospital Holdings, Inc. (Lakeside); and the C. L. Brumback Primary Care Clinics via their entity, District Clinic Holdings, Inc. (the Clinics). Although legally separate nonprofit corporations, HPB, Lakeside and the Clinics all function for practical purposes as departments of the District, and therefore, are included as an integral part of the primary government. HPB and Lakeside have the same governing board as the District, and, while the Clinics have a separate governing board, they are financially dependent on the District. In addition, the District provides administrative support functions for its enterprise funds, including those operating as separate legal entities.

The government-wide financial statements include not only the District itself (the primary government), but also a legally separate foundation. The Foundation is a nonprofit corporation organized and operated under the laws of the State of Florida. The mission of the Foundation has been in recent years to help provide funding for the new Lakeside Medical Center and then support the health care needs in the western region of Palm Beach County, Florida. Financial information for this component unit is reported separately from financial information presented for the primary government itself. The Foundation also issues an independent audited financial report.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's individual funds, which can be classified as one of three types: governmental, proprietary and fiduciary.

Governmental funds. The District's basic services are reported in its governmental funds, which focus on how cash and other financial resources flowing into the funds have been used. The governmental fund financial statements focus on the current resources of the District's operations and the services it provides. The information they provide helps determine whether there are more or fewer financial resources available to finance District services in the near future. This differs from the information presented for governmental activities in the government-wide statements, which provide a long-term focus by considering all of the District's resources. A reconciliation is included with the fund financial statements that compare governmental activities (as reported in the statement of net position and statement of activities) and the results of governmental fund operations.

Health Care District of Palm Beach County, Florida

Management's Discussion and Analysis

Proprietary funds. The District accounts for the operations of the Healey Center, HPB, Lakeside and the Clinics through the use of enterprise funds, which is one type of proprietary fund. An enterprise fund accounts for activities generally as they would be accounted for by a business operating in the private sector. These funds account for the use of all of the District's resources, current and long-term. Consequently, the proprietary fund financial statements provide the same type of information as the government-wide financial statements, but generally provide a greater level of detail for the Healey Center, HPB, Lakeside and the Clinics. The District uses an internal service fund to account for and reports on the activities of the District's employee group health self-insurance program.

Fiduciary funds. Fiduciary funds are used to account for resources held by the District for the benefit of external parties. The District's fiduciary funds include the Resident Agency Fund and the Pension Trust Funds. These funds are not reflected in the government-wide financial statements because they do not represent resources that are available to support District operations.

Notes to the Financial Statements

The notes are essential to a full understanding of the information presented in the financial statements. They explain organizational matters about the District, its accounting policies and their application, and further detailed information about the components of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Additionally, statistical information is presented to give users a better historical perspective and assist in assessing the current financial status and trends. Economic data is also presented to allow a broader understanding of the economic and social environment in which the District operates.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The net position of the District is presented in detail on the statement of net position following the *Management's Discussion and Analysis* and is summarized as follows:

Health Care District of Palm Beach County, Florida Net Position Summary

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 167,144,151	\$ 175,797,107	\$ 17,367,176	\$ 19,522,472	\$ 184,511,327	\$ 195,319,579
Capital assets	4,946,098	4,964,746	58,228,714	57,693,111	63,174,812	62,657,857
Total assets	<u>\$ 172,090,249</u>	<u>\$ 180,761,853</u>	<u>\$ 75,595,890</u>	<u>\$ 77,215,583</u>	<u>\$ 247,686,139</u>	<u>\$ 257,977,436</u>
Deferred outflows of resources	\$ 2,109	\$ -	\$ 67,608	\$ 88,686	\$ 69,717	\$ 88,686
Liabilities:						
Medical benefits payable	\$ 5,029,473	\$ 4,315,496	\$ -	\$ -	\$ 5,029,473	\$ 4,315,496
Accounts and other payables	11,112,405	10,410,328	6,818,820	6,871,664	17,931,225	17,281,992
Noncurrent liabilities	4,697,532	4,043,203	3,874,932	4,626,424	9,841,464	8,669,627
Total liabilities	<u>\$ 20,839,410</u>	<u>\$ 18,769,027</u>	<u>\$ 11,962,752</u>	<u>\$ 11,498,088</u>	<u>\$ 32,802,162</u>	<u>\$ 30,267,115</u>
Deferred inflows of resources	\$ 2,480	\$ 2,797	\$ 127,194	\$ 129,319	\$ 129,674	\$ 132,116
Net position:						
Net investment in capital assets	\$ 4,946,098	\$ 4,964,746	\$ 58,190,527	\$ 57,645,758	\$ 63,136,625	\$ 62,610,504
Restricted	-	-	1,508,855	1,508,855	1,508,855	1,508,855
Unrestricted	146,304,370	157,025,283	3,874,170	6,522,249	150,178,540	163,547,532
Total net position	<u>\$ 151,250,468</u>	<u>\$ 161,990,029</u>	<u>\$ 63,573,552</u>	<u>\$ 65,676,862</u>	<u>\$ 214,824,020</u>	<u>\$ 227,666,891</u>

Health Care District of Palm Beach County, Florida

Management's Discussion and Analysis

Net position over time may serve as a useful indicator of the District's financial position. The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately \$215 million at September 30, 2019, a decrease from the previous fiscal year's net position of approximately \$13 million. The largest portion (70%) of the District's net position at September 30, 2019 is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors. The next largest portion (29%) of the District's net position reflects its net investment in capital assets. The District uses these capital assets to provide services; therefore, these assets are not available for future spending. The remaining portion (1%) of the District's net position represents resources that are subject to external restrictions on their use.

The changes in net position of the District are reported in detail in the statement of activities following the *Management's Discussion and Analysis* and are summarized below.

Health Care District of Palm Beach County, Florida Changes in Net Position Summary

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 17,018,367	\$ 15,667,039	\$ 47,386,377	\$ 52,439,462	\$ 64,404,744	\$ 68,106,501
Operating grants and contributions	8,719,375	8,787,722	20,206,901	16,851,711	28,926,276	25,639,433
Capital grants and contributions	-	-	3,325,602	843,952	3,325,602	843,952
General revenues:						
Ad valorem taxes	131,762,571	133,198,530	-	-	131,762,571	133,198,530
Investment and other	10,271,449	4,721,778	80,268	56,531	10,351,717	4,778,309
Total revenues	167,771,762	162,375,069	70,999,148	70,191,656	238,770,910	232,566,725
Expenses:						
General government	43,407,349	33,198,329	-	-	43,407,349	33,198,329
Managed care	36,053,441	44,069,400	-	-	36,053,441	44,069,400
Trauma services	26,599,284	28,388,196	-	-	26,599,284	28,388,196
School health	22,553,446	21,067,155	-	-	22,553,446	21,067,155
Pharmacy services	6,894,155	7,944,984	-	-	6,894,155	7,944,984
Funding collaboratives	11,163,004	9,266,442	-	-	11,163,004	9,266,442
Healey Center	-	-	21,709,309	20,964,174	21,709,309	20,964,174
Healthy Palm Beaches	-	-	44,215	48,159	44,215	48,159
Lakeside Medical Center	-	-	53,454,036	48,829,111	53,454,036	48,829,111
Primary Care Clinics	-	-	29,735,542	26,816,747	29,735,542	26,816,747
Total expenses	146,670,679	143,934,506	104,943,102	96,658,191	251,613,781	240,592,697
Change in net position before transfers	21,101,083	18,440,563	(33,943,954)	(26,466,535)	(12,842,871)	(8,025,972)
Transfers	(31,840,644)	(20,599,489)	31,840,644	20,599,489	-	-
Change in net position	(10,739,561)	(2,158,926)	(2,103,310)	(5,867,046)	(12,842,871)	(8,025,972)
Net position—beginning	161,990,029	164,148,955	65,676,862	71,543,908	227,666,891	235,692,863
Net position—ending	\$ 151,250,468	\$ 161,990,029	\$ 63,573,552	\$ 65,676,862	\$ 214,824,020	\$ 227,666,891

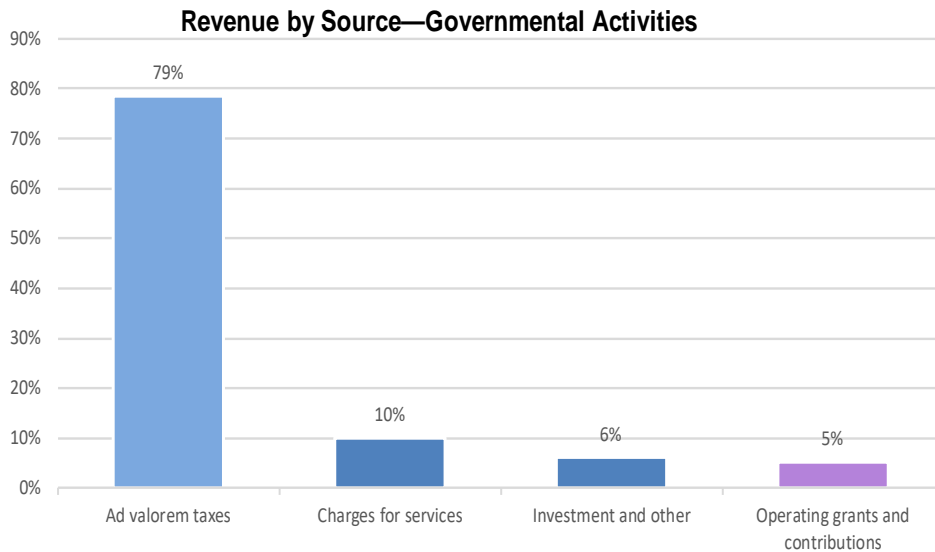
Health Care District of Palm Beach County, Florida

Management's Discussion and Analysis

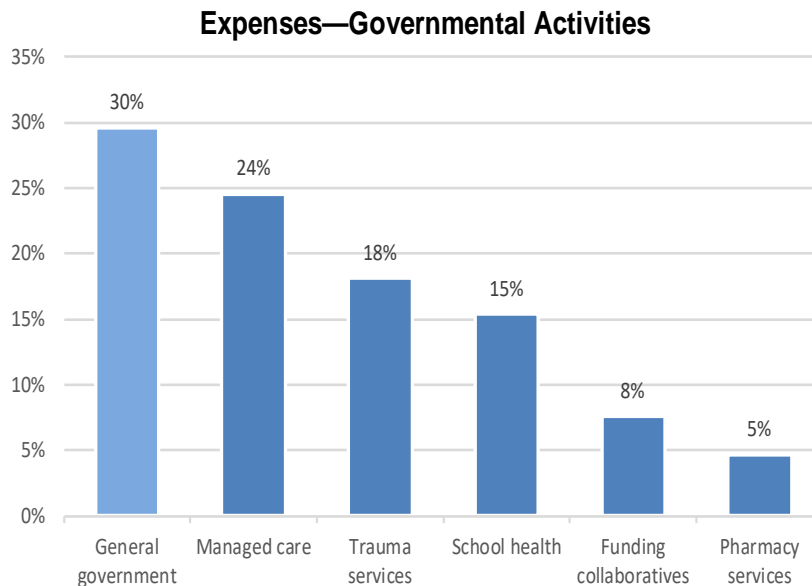
Governmental Activities

Governmental activities decreased the District's net position by approximately \$11 million. The key elements of revenue by source and expenses are as follows:

- Total revenues for 2019 increased by approximately \$5.4 million from the prior year. The net increase resulted primarily from increase in investment earnings and subrogation liens revenues of approximately \$5.2 million.



- Total expenses for 2019 increased by approximately \$2.7 million when compared to the prior year. The increase resulted primarily from LIP funding expenses of \$5 million offset by savings in medical services.



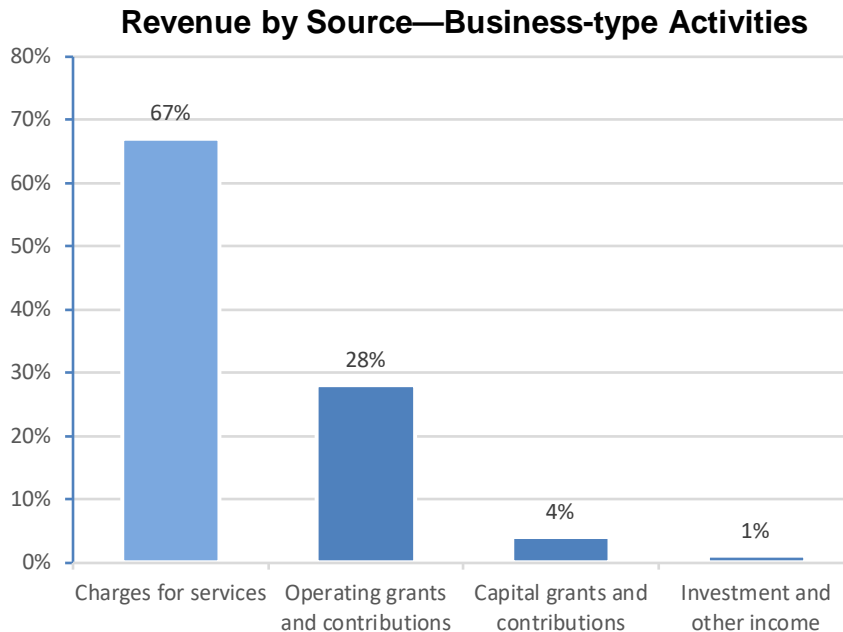
Health Care District of Palm Beach County, Florida

Management's Discussion and Analysis

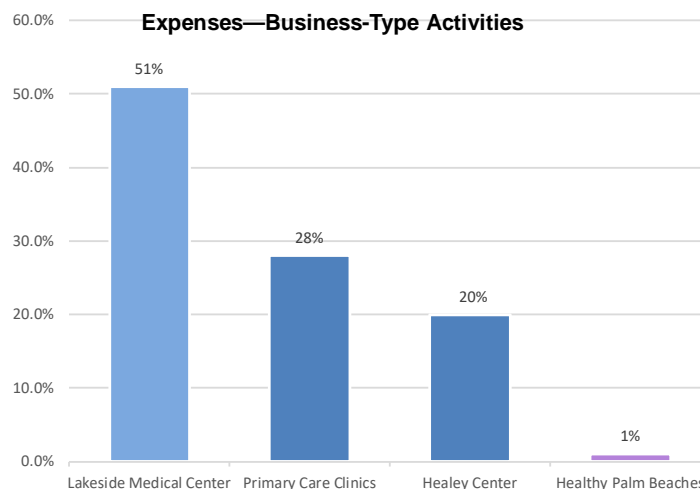
Business-type Activities

Business-type activities decreased the District's net position by approximately \$2.1 million. Key elements of this decrease are as follows:

- Total revenues was consistent with the prior year with an overall increase of approximately \$807 thousand in 2019.



- Total expenses in 2019 increased from the prior year by approximately \$8.3 million. This was primarily due to an increase in salaries expenses and contracted physician expenses.
- Net transfers in from the General Fund were approximately \$31.9 and \$20.6 million in 2019 and 2018, respectively.



Health Care District of Palm Beach County, Florida

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The fund financial statements for the governmental funds are provided following the *Management's Discussion and Analysis*. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2019, the District's General Fund reported an ending fund balance of approximately \$123 million, a decrease of approximately \$12 million from the prior year. Approximately 61% of the General Fund's fund balance is nonspendable or assigned to indicate that it is not available for new spending and has already been allocated to the following:

- Approximately \$2.9 million that is nonspendable because it represents inventories and prepaid items
- Approximately \$72 million is assigned for use in the subsequent year's budget

The State's Medicaid Match program is a major governmental fund and includes intergovernmental revenue of \$5.9 million for 2019, while the related Medicaid Match program expense was approximately \$17.2 million.

Proprietary Funds

The fund financial statements for the proprietary funds are provided following the *Management's Discussion and Analysis*. The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

The unrestricted net position (deficit) of the Healey Center, HPB, Lakeside and the Clinics at the end of 2019 were approximately \$1.1 million, \$1.5 million \$1.5 million and \$(152) thousand, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund expenditures were approximately \$4.1 million less than the budgeted amount, primarily due to the following:

- A favorable variance in managed care expenditures attributable primarily to lower than anticipated expenditures for medical services and administration.
- A favorable variance in trauma services expenditures attributable primarily to lower than anticipated medical services and aeromedical expenditures.
- A favorable variance in school health programs attributable to lower than anticipated expenditures for salaries and benefits.
- A favorable variance in pharmacy services attributable primarily to lower than anticipated costs related to pharmaceutical drugs.
- An unfavorable variance in general government resulted from unbudgeted LIP Funding related expense.

The General Fund revenues were approximately \$8.4 million more than the budgeted amount, primarily from investment earnings and subrogation liens revenues exceeding the budgeted amount by \$8.6 million.

Health Care District of Palm Beach County, Florida

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental and business-type activities at September 30, 2019, was approximately \$63.1 million (net of accumulated depreciation). This investment includes land, construction in progress, buildings and improvements, and air ambulances, as well as furniture, fixtures and equipment. Governmental activities' investment in capital assets decreased by approximately \$19 thousand or 0.38% in 2019, net of disposals and depreciation.

Business-type activities' investment in capital assets, net of disposals, increased in 2019 by approximately \$536 thousand or 0.93%.

A summary of capital assets at September 30, 2019 and 2018, follows. More detailed information about capital asset activity can be found in Note 6 to the financial statements.

Health Care District of Palm Beach County, Florida Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Construction in progress						
Nondepreciable capital assets:						
Land	\$ -	\$ -	\$ 5,788,338	\$ 3,971,465	\$ 5,788,338	\$ 3,971,465
Construction in progress	-	119,088	-	369,073	-	488,161
	-	119,088	5,788,338	4,340,538	5,788,338	4,459,626
Depreciable capital assets, net:						
Buildings and improvements	1,909,810	2,177,279	48,333,508	49,688,289	50,243,318	51,865,568
Air ambulances	105,310	150,018	-	-	105,310	150,018
Furniture, fixtures, and equipment	2,930,978	2,518,361	4,106,868	3,664,284	7,037,846	6,182,645
Depreciable assets, net	4,946,098	4,845,658	52,440,376	53,352,573	57,386,474	58,198,231
Total capital assets	\$ 4,946,098	\$ 4,964,746	\$ 58,228,714	\$ 57,693,111	\$ 63,174,812	\$ 62,657,857

Debt and Noncurrent Liabilities

The District has no outstanding debt at September 30, 2019. The District's noncurrent liabilities at September 30, 2019 include compensated absences of approximately \$5.8 million, estimated self-insured liabilities of approximately \$2.7 million and pension and other liabilities totaling \$1.4 million. More detailed information about compensated absences can be found in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In Fiscal Year 2020, the District will continue to expand access to services for the residents of Palm Beach County while identifying opportunities to reduce expenditures and enhance revenue. The District is currently working with Memorial Healthcare to implement Epic electronic health platform for our provider entities. The software implementation will significantly impact operation and finance. This software implementation will improve patient care coordination, reduce risks through standardized workflows, and offer better provider-to-patient communication. The Lakeside residency program has achieved its long sought after accreditation from ACGME, which affords our graduating residents with both a DO and an MD upon completion. This program remains a unique opportunity for rural residency in Florida. The Belle Glade FQHC has been relocated to Lakeside Medical Center to facilitate integrated care. The Mobile Health Clinic will continue to increase the number of physical sites where mobile health services are provided. An Addiction Stabilization Center has been established through a collaborative hospital partnership. A replacement project for the two trauma helicopters will proceed and orders will be placed in fiscal year 2020. The FQHC clinics will continue to integrate care for medical, dental and behavioral services while coordinating services with specific community needs.

Health Care District of Palm Beach County, Florida

Management's Discussion and Analysis

CONTACTING THE DISTRICT'S MANAGEMENT

The District's financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Should you have questions about this report or need additional financial information, please contact the District's Finance Department at 1515 N. Flagler Drive, Suite 101, West Palm Beach, FL 33401; telephone 561.659.1270; or visit us on the Web at www.hcdpbc.org.



This page intentionally blank

Basic Financial Statements

Health Care District of Palm Beach County, Florida

Statement of Net Position
September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Good Health Foundation, Inc.
Assets				
Cash and cash equivalents	\$ 17,227,171	\$ 8,952,156	\$ 26,179,327	\$ 1,228,723
Investments	139,686,788	-	139,686,788	-
Accounts receivable, net	917,955	4,739,270	5,657,225	-
Due from other governments	4,577,136	827,309	5,404,445	-
Inventories	49,100	716,359	765,459	-
Prepaid expenses and other current assets	4,686,001	623,227	5,309,228	-
Restricted cash	-	1,508,855	1,508,855	-
Capital assets:				
Capital assets not being depreciated	-	5,788,338	5,788,338	-
Depreciable capital assets, net of accumulated depreciation	4,946,098	52,440,376	57,386,474	-
Total assets	\$ 172,090,249	\$ 75,595,890	\$ 247,686,139	\$ 1,228,723
Deferred Outflows of Resources				
Deferred outflows related to pensions and OPEB	\$ 2,109	\$ 67,608	\$ 69,717	\$ -
Liabilities				
Accounts payable	\$ 5,456,865	\$ 2,475,045	\$ 7,931,910	\$ 2,520
Accrued expenses	3,512,494	2,316,093	5,828,587	-
Medical benefits payable	5,029,473	-	5,029,473	-
Unearned revenue	2,143,046	61,495	2,204,541	-
Estimated third-party payor settlements	-	1,966,187	1,966,187	-
Noncurrent liabilities				
Due within one year:				
Compensated absences	332,203	530,729	862,932	-
Estimated self-insured liability	1,713,244	406,781	2,120,025	-
Deferred rent	-	10,661	10,661	-
Due in more than one year:				
Due to other governments	531,318	-	531,318	-
Compensated absences	1,891,521	2,998,427	4,889,948	-
Estimated self-insured liability	25,000	514,478	539,478	-
Other post-employment benefits	204,246	326,613	530,859	-
Net pension liability	-	185,242	185,242	-
Other long-term liabilities	-	171,001	171,001	-
Total liabilities	\$ 20,839,410	\$ 11,962,752	\$ 32,802,162	\$ 2,520
Deferred Inflows of Resources				
Deferred inflows related to pensions and OPEB	\$ 2,480	\$ 127,194	\$ 129,674	\$ -
Net Position				
Investment in capital assets	\$ 4,946,098	\$ 58,190,527	\$ 63,136,625	\$ -
Restricted for:				
Statutory reserves	-	1,500,000	1,500,000	-
Donor-restricted contributions	-	8,855	8,855	1,172,012
Unrestricted	146,304,370	3,874,170	150,178,540	54,191
Total net position	\$ 151,250,468	\$ 63,573,552	\$ 214,824,020	\$ 1,226,203

See notes to financial statements.



This page intentionally blank

Health Care District of Palm Beach County, Florida

Statement of Activities
Fiscal Year Ended September 30, 2019

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 43,407,349	\$ 4,279,266	8,719,375	\$ -
Managed care	36,053,441	3,556,417	-	-
Trauma services	26,599,284	5,178,101	-	-
School health	22,553,446	2,226,375	-	-
Pharmacy services	6,894,155	679,478	-	-
Funding collaboratives	11,163,004	1,098,730	-	-
Total governmental activities	146,670,679	17,018,367	8,719,375	-
Business-type activities:				
Healey Center	21,709,309	9,989,006	9,100,000	1,521,339
Healthy Palm Beaches	44,215	4,932	-	-
Lakeside Medical Center	53,454,036	23,590,479	580,280	1,804,263
Primary Care Clinics	29,735,542	13,801,960	10,526,621	-
Total business-type activities	104,943,102	47,386,377	20,206,901	3,325,602
Total primary government	\$ 251,613,781	\$ 64,404,744	\$ 28,926,276	\$ 3,325,602
Component unit:				
Good Health Foundation	\$ 247,070	\$ -	\$ 190,837	\$ -

General revenues:
Ad valorem taxes
Investment and other income
Transfers
Total general revenues and transfers

Change in net position

Net position—beginning

Net position—ending

See notes to financial statements.

Net (Expenses)/Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Good Health Foundation, Inc.
\$ (30,408,708)	\$ -	\$ (30,408,708)	\$ -
(32,497,024)	-	(32,497,024)	-
(21,421,183)	-	(21,421,183)	-
(20,327,071)	-	(20,327,071)	-
(6,214,677)	-	(6,214,677)	-
(10,064,274)	-	(10,064,274)	-
(120,932,937)	-	(120,932,937)	-
-	(1,098,964)	(1,098,964)	-
-	(39,283)	(39,283)	-
-	(27,479,014)	(27,479,014)	-
-	(5,406,961)	(5,406,961)	-
-	(34,024,222)	(34,024,222)	-
\$ (120,932,937)	\$ (34,024,222)	\$ (154,957,159)	\$ -
			\$ (56,233)
131,762,571	-	131,762,571	-
10,271,449	80,268	10,351,717	606
(31,840,644)	31,840,644	-	-
110,193,376	31,920,912	142,114,288	606
(10,739,561)	(2,103,310)	(12,842,871)	(55,627)
161,990,029	65,676,862	227,666,891	1,281,830
\$ 151,250,468	\$ 63,573,552	\$ 214,824,020	\$ 1,226,203

Health Care District of Palm Beach County, Florida

**Governmental Funds
Balance Sheet
September 30, 2019**

	Major Funds			Total Governmental Funds
	General Fund	Medicaid Match Fund	Capital Projects Fund	
Assets				
Cash and cash equivalents	\$ 8,090,148	\$ 609,042	\$ 5,998,907	\$ 14,698,097
Investments	121,024,439	-	18,662,349	139,686,788
Patient accounts receivable, net	917,955	-	-	917,955
Due from other governments	4,577,136	-	-	4,577,136
Inventories	49,100	-	-	49,100
Prepaid items and other current assets	4,236,001	-	-	4,236,001
Total assets	\$ 138,894,779	\$ 609,042	\$ 24,661,256	\$ 164,165,077
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 4,795,609	\$ -	\$ 661,256	\$ 5,456,865
Accrued expenditures	3,572,494	-	-	3,572,494
Medical benefits payable	5,029,473	-	-	5,029,473
Unearned revenue	2,143,046	-	-	2,143,046
Due to other governments	531,318	-	-	531,318
Total liabilities	16,071,940	-	661,256	16,733,196
Fund balances:				
Nonspendable:				
Inventories	217,709	-	-	217,709
Prepaid items	2,664,969	-	-	2,664,969
Assigned to:				
Subsequent year's budget	71,950,000	-	-	71,950,000
Capital projects	-	-	24,000,000	24,000,000
Medicaid Match	-	609,042	-	609,042
Unassigned	47,990,161	-	-	47,990,161
Total fund balances	122,822,839	609,042	24,000,000	147,431,881
Total liabilities and fund balances	\$ 138,894,779	\$ 609,042	\$ 24,661,256	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the balance sheet of the governmental funds				4,946,098
Long-term liabilities and related deferred inflows and outflows are not due and payable in the current period and therefore are not reported in the governmental funds:				
Compensated absences				(2,223,724)
Other post-employment benefit liabilities (OPEB)				(204,246)
Net deferred inflows for pensions and OPEB				(371)
An internal service fund is used by the District to charge the costs of health premiums to individual funds. The assets and liabilities of the internal service fund are included in governmental activities				1,300,830
Total net position related to governmental activities				\$ 151,250,468



This page intentionally blank

Health Care District of Palm Beach County, Florida

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances
Fiscal Year Ended September 30, 2019

	Major Funds			Total Governmental Funds
	General Fund	Medicaid Match Fund	Capital Projects Fund	
Revenues:				
Ad valorem taxes	\$ 131,762,571	\$ -	\$ -	\$ 131,762,571
Intergovernmental	2,819,375	5,900,000	-	8,719,375
Charges for services	2,561,388	-	-	2,561,388
Investment and other income	9,963,636	3,553	304,260	10,271,449
Total revenues	147,106,970	5,903,553	304,260	153,314,783
Expenditures:				
Current:				
General government	17,502,435	17,226,007	-	34,728,442
Managed care	32,674,573	-	-	32,674,573
Trauma services	24,113,207	-	-	24,113,207
School health	20,438,220	-	-	20,438,220
Pharmacy services	6,248,600	-	-	6,248,600
Funding collaboratives	10,119,126	-	-	10,119,126
Capital outlay	-	-	4,420,850	4,420,850
Total expenditures	111,096,161	17,226,007	4,420,850	132,743,018
Revenues over (under) expenditures	36,010,809	(11,322,454)	(4,116,590)	20,571,765
Other financing sources (uses):				
Transfers in	-	11,322,454	4,868,458	16,190,912
Transfers out	(48,031,556)	-	-	(48,031,556)
Total other financing sources (uses)	(48,031,556)	11,322,454	4,868,458	(31,840,644)
Net change in fund balances	(12,020,747)	-	751,868	(11,268,879)
Fund balances—beginning	134,843,586	609,042	23,248,132	158,700,760
Fund balances—ending	\$ 122,822,839	\$ 609,042	\$ 24,000,000	\$ 147,431,881

See notes to financial statements.

Health Care District of Palm Beach County, Florida

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Fiscal Year Ended September 30, 2019**

Net change in governmental fund balances \$ (11,268,879)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives:

Expenditures for capital assets	\$ 970,654	
Less current-year depreciation	(950,923)	19,731

The net effect of various transactions involving capital assets (i.e. sales, disposals, etc.) is to decrease net position. (38,379)

Compensated absences:

Governmental funds require recognition of a liability for compensated absences only if payable to employees who terminated their employment at the end of the fiscal year. This will result in a difference between the net change in governmental fund balances and the change in net position for governmental activities. (153,676)

Other postemployment benefits:

Some expenses reported in the statement of activities are not reported in the governmental funds because they have no effect on current financial statements. (22,530)

The changes in deferred inflows and outflows for pensions and OPEB are not reported in the fund statements and the net effect is to decrease net position. 2,426

An internal service fund is used by the District to charge the costs of health insurance premiums to individual funds. The increase in net position of the internal service fund is reported with governmental activities. 721,746

Change in net position of governmental activities \$ (10,739,561)

See notes to financial statements.



This page intentionally blank

Health Care District of Palm Beach County, Florida

Proprietary Funds
Statement of Net Position
September 30, 2019

	Business-Type Activities—Enterprise Funds					Governmental Activities	
	Major Funds						
	Healey Center Fund	Healthy Palm Beaches Fund	Lakeside Medical Center Fund	Primary Care Clinics Fund	Total	Health Insurance Internal Service Fund	
Assets							
Current assets:							
Cash and cash equivalents	\$ 2,262,916	\$ 1,420,358	\$ 4,542,063	\$ 726,819	\$ 8,952,156	\$ 2,529,074	
Patient accounts receivable, net	991,020	-	2,713,638	1,034,612	4,739,270	-	
Due from other governments	-	-	204,386	622,923	827,309	-	
Inventories	-	-	716,359	-	716,359	-	
Prepaid expenses and other current assets	62,937	47,188	383,656	129,446	623,227	450,000	
Total current assets	3,316,873	1,467,546	8,560,102	2,513,800	15,858,321	2,979,074	
Noncurrent assets:							
Restricted cash	8,855	1,500,000	-	-	1,508,855	-	
Capital assets:							
Land	3,971,465	-	-	-	3,971,465	-	
Construction in progress	266,646	-	56,849	1,493,378	1,816,873	-	
Depreciable capital assets, net of accumulated depreciation	14,660,253	-	37,329,970	450,153	52,440,376	-	
Total noncurrent assets	18,907,219	1,500,000	37,386,819	1,943,531	59,737,569	-	
Total assets	\$ 22,224,092	\$ 2,967,546	\$ 45,946,921	\$ 4,457,331	\$ 75,595,890	\$ 2,979,074	
Deferred Outflows of Resources							
Deferred outflows related to pensions and OPEB	\$ 65,475	\$ -	\$ 1,707	\$ 426	\$ 67,608	\$ -	
Liabilities							
Current liabilities:							
Accounts payable	\$ 150,118	\$ 5,253	\$ 1,732,254	\$ 587,420	\$ 2,475,045	\$ -	
Accrued salaries and benefits	602,502	-	861,222	852,369	2,316,093	-	
Unearned grant revenue	-	-	13,275	48,220	61,495	-	
Estimated third-party payor settlements	29,540	-	1,936,647	-	1,966,187	-	
Accrued compensated absences	151,976	-	233,048	145,705	530,729	-	
Estimated self-insured liability	28,970	-	360,114	17,697	406,781	1,678,244	
Deferred rent	-	-	3,878	6,783	10,661	-	
Total current liabilities	963,106	5,253	5,140,438	1,658,194	7,766,991	1,678,244	
Noncurrent liabilities:							
Accrued compensated absences, less current portion	861,194	-	1,320,605	816,628	2,998,427	-	
Estimated self-insured liability, less current portion	36,763	-	455,258	22,457	514,478	-	
Other long term liabilities and leases payable	-	-	38,187	132,814	171,001	-	
Other postemployment benefits liabilities (OPEB)	123,883	-	166,867	35,863	326,613	-	
Net pension liability	185,242	-	-	-	185,242	-	
Total Noncurrent liabilities	1,207,082	-	1,980,917	1,007,762	4,195,761	-	
Total liabilities	\$ 2,170,188	\$ 5,253	\$ 7,121,355	\$ 2,665,956	\$ 11,962,752	\$ 1,678,244	
Deferred Inflows of Resources							
Deferred inflows related to pensions and OPEB	\$ 124,561	-	\$ 2,090	\$ 543	\$ 127,194	\$ -	
Net Position							
Investment in capital assets	\$ 18,898,364	\$ -	\$ 37,348,632	\$ 1,943,531	\$ 58,190,527	\$ -	
Restricted for statutory reserves	-	1,500,000	-	-	1,500,000	-	
Restricted for donor contributions	8,855	-	-	-	8,855	-	
Unrestricted (deficit)	1,087,599	1,462,293	1,476,551	(152,273)	3,874,170	1,300,830	
Total net position	\$ 19,994,818	\$ 2,962,293	\$ 38,825,183	\$ 1,791,258	\$ 63,573,552	\$ 1,300,830	

See notes to financial statements.

Health Care District of Palm Beach County, Florida

Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
Fiscal Year Ended September 30, 2019

	Business-Type Activities—Enterprise Funds					Governmental Activities
	Major Funds					
	Healey Center Fund	Healthy Palm Beaches Fund	Lakeside Medical Center Fund	Primary Care Clinics Fund	Total	
Operating revenues:						
Net patient service revenues	\$ 9,974,481	\$ -	\$ 23,575,277	\$ 11,368,076	\$ 44,917,834	\$ -
Charges for services	-	-	-	-	-	15,178,726
Other operating revenues, net	14,525	4,932	15,202	2,433,884	2,468,543	-
Total operating revenues	9,989,006	4,932	23,590,479	13,801,960	47,386,377	15,178,726
Operating expenses:						
General services	7,429,835	-	4,348,670	480,257	12,258,762	-
Nursing services	10,189,365	-	16,860,544	-	27,049,909	-
Medical services	501,794	31,756	11,502,973	22,134,266	34,170,789	-
Insurance claims, net of recoveries	-	-	-	-	-	13,463,633
General and administrative services	2,936,443	12,459	17,375,796	6,962,554	27,287,252	993,347
Depreciation	651,872	-	3,366,053	158,465	4,176,390	-
Total operating expenses	21,709,309	44,215	53,454,036	29,735,542	104,943,102	14,456,980
Operating income (loss)	(11,720,303)	(39,283)	(29,863,557)	(15,933,582)	(57,556,725)	721,746
Nonoperating revenues (expenses):						
Grant revenue	9,100,000	-	580,280	10,526,621	20,206,901	-
Investment income	18,324	43,809	65,863	-	127,996	-
Gain (loss) on disposal of capital assets	(17,081)	-	(15,953)	(14,694)	(47,728)	-
Total nonoperating revenues	9,101,243	43,809	630,190	10,511,927	20,287,169	-
Gain (loss) before capital contributions and transfers	(2,619,060)	4,526	(29,233,367)	(5,421,655)	(37,269,556)	721,746
Capital contributions	1,521,339	-	1,804,263	-	3,325,602	-
Transfers in	1,919,246	-	25,122,945	4,798,453	31,840,644	-
Net increase (decrease) in net position	821,525	4,526	(2,306,159)	(623,202)	(2,103,310)	721,746
Total net position—beginning	19,173,293	2,957,767	41,131,342	2,414,460	65,676,862	579,084
Total net position—ending	\$ 19,994,818	\$ 2,962,293	\$ 38,825,183	\$ 1,791,258	\$ 63,573,552	\$ 1,300,830

See notes to financial statements.

Health Care District of Palm Beach County, Florida

Proprietary Funds
Statement of Cash Flows
Fiscal Year Ended September 30, 2019

	Business-Type Activities—Enterprise Funds					Governmental
	Major Funds				Total	Activities
	Healey Center Fund	Healthy Palm Beaches Fund	Lakeside Medical Center Fund	Primary Care Clinics Fund		Health Insurance Internal Service Fund
Cash flows from operating activities:						
Receipts from patients, third-party payors, and other funds	\$ 9,708,526	\$ -	\$ 23,380,724	\$ 11,003,491	\$ 44,092,741	\$ 15,178,726
Payments to employees	(7,213,611)	-	(23,928,864)	(21,770,800)	(52,913,275)	-
Payments to suppliers and service providers	(13,739,105)	(50,574)	(26,332,871)	(7,030,089)	(47,152,639)	(14,132,042)
Other receipts	14,525	4,932	15,202	2,433,884	2,468,543	-
Net cash (used in) provided by operating activities	(11,229,665)	(45,642)	(26,865,809)	(15,363,514)	(53,504,630)	1,046,684
Cash flows from noncapital financing activities:						
Grants received	9,100,000	-	387,133	11,961,646	21,448,779	-
Transfers in from other funds	1,919,246	-	25,122,945	4,798,453	31,840,644	-
Net cash provided by noncapital financing activities	11,019,246	-	25,510,078	16,760,099	53,289,423	-
Cash flows from capital and related financing activities:						
Acquisition of capital assets	-	-	-	(1,441,084)	(1,441,084)	-
Payments of principal and interest on capital leases	-	-	(9,166)	-	(9,166)	-
Proceeds from sales of capital assets	-	-	-	6,967	6,967	-
Net cash used in capital and related financing activities	-	-	(9,166)	(1,434,117)	(1,443,283)	-
Cash flows from investing activities:						
Interest earnings received	18,324	43,806	65,863	-	127,993	-
Net cash provided by investing activities	18,324	43,806	65,863	-	127,993	-
Net increase (decrease) in cash and cash equivalents	(192,095)	(1,836)	(1,299,034)	(37,532)	(1,530,497)	1,046,684
Cash and cash equivalents—beginning	2,463,866	2,922,194	5,841,097	764,351	11,991,508	1,482,390
Cash and cash equivalents—ending	\$ 2,271,771	\$ 2,920,358	\$ 4,542,063	\$ 726,819	\$ 10,461,011	\$ 2,529,074
Cash and cash equivalents	\$ 2,262,916	\$ 1,420,358	\$ 4,542,063	\$ 726,819	\$ 8,952,156	\$ 2,529,074
Restricted cash	8,855	1,500,000	-	-	1,508,855	-
Total cash and cash equivalents	\$ 2,271,771	\$ 2,920,358	\$ 4,542,063	\$ 726,819	\$ 10,461,011	\$ 2,529,074

Health Care District of Palm Beach County, Florida
Proprietary Funds
Statement of Cash Flows (Continued)
Fiscal Year Ended September 30, 2019

	Business-Type Activities—Enterprise Funds					Governmental
	Major Funds					Activities
	Healey Center Fund	Healthy Palm Beaches Fund	Lakeside Medical Center Fund	Primary Care Clinics Fund	Total	Health Insurance Internal Service Fund
Reconciliation of operating income (loss) to net cash used in operating activities:						
Operating loss	\$ (11,720,303)	\$ (39,283)	\$ (29,863,557)	\$ (15,933,582)	\$ (57,556,725)	\$ 721,746
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Provision for bad debts	99,221	-	13,832,387	2,908,423	16,840,031	-
Depreciation	651,872	-	3,366,053	158,465	4,176,390	-
Changes in assets and liabilities:						
Patient accounts receivable	(366,503)	-	(14,036,632)	(3,222,459)	(17,625,594)	-
Inventories	-	-	69,411	-	69,411	-
Prepaid expenses and other current assets	(5,636)	(7,880)	6,436	109,601	102,521	-
Accounts and medical benefits payable	(126,689)	4,992	(398,947)	266,676	(253,968)	-
Accrued salaries and benefits	58,031	-	46,504	135,053	239,588	-
Unearned grant revenue	-	-	-	(50,549)	(50,549)	-
Estimated third-party payor liabilities	1,327	-	9,692	-	11,019	-
Accrued compensated absences	162,243	-	174,892	221,864	558,999	-
Estimated self-insured liability	20,822	-	(72,211)	12,720	(38,669)	324,938
Other postemployment benefits liabilities	8,358	-	(1,334)	7,044	14,068	-
Net pension liability and related deferred inflows/outflows	(12,408)	-	-	(495)	(12,903)	-
Deferred rent	-	(3,471)	-	23,725	20,254	-
Other current liabilities	-	-	1,497	-	1,497	-
Net cash provided by (used in) operating activities	\$ (11,229,665)	\$ (45,642)	\$ (26,865,809)	\$ (15,363,514)	\$ (53,504,630)	\$ 1,046,684
Supplemental disclosure of noncash capital and related financing activities:						
Capital assets contributed by the District	\$ 1,521,339	\$ -	\$ 1,804,263	\$ -	\$ 3,325,602	\$ -

See notes to financial statements.

Health Care District of Palm Beach County, Florida

Fiduciary Funds
Statement of Fiduciary Net Position
September 30, 2019

	Pension Trust Fund	Resident Agency Fund
Assets		
Cash and cash equivalents	\$ -	\$ 62,028
Insurance company contracts	70,780,473	-
Total assets	\$ 70,780,473	\$ 62,028
Liabilities		
Accounts payable	\$ -	\$ 62,028
Net Position		
Net position restricted for pension benefits	\$ 70,780,473	\$ -

See notes to financial statements.

Health Care District of Palm Beach County, Florida

Pension Trust Fund
Statement of Changes in Fiduciary Net Position
Fiscal Year Ended September 30, 2019

Additions:	
Employer contributions	<u>\$ 5,693,213</u>
Investment income:	
Interest	117,866
Net appreciation in fair value of investments	558,658
Dividends	<u>2,124,926</u>
Net investment income	<u>2,801,450</u>
Total additions	8,494,663
Deductions:	
Benefit payments	<u>9,904,259</u>
Decrease in net position	(1,409,596)
Net position restricted for pension benefits—beginning	<u>72,190,069</u>
Net position restricted for pension benefits—ending	<u><u>\$ 70,780,473</u></u>

See notes to financial statements.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting entity: The Health Care District of Palm Beach County, Florida (the District) is a political subdivision of the State of Florida and provides a source of funding for medically needy residents as well as comprehensive planning, funding and coordination of general health care and trauma services delivered in Palm Beach County, Florida (the County). The District was established as an independent special taxing district by special statute originally approved by the voters of the County on November 8, 1988, and subsequently codified in Chapter 2003-326, Laws of Florida.

The governing body of the District is a seven-member Board, three of which are appointed by the Palm Beach County Board of County Commissioners and three by the Governor of the State of Florida. The seventh member is the Director of the State's Department of Health, Palm Beach County Health Department. For financial reporting purposes, the District's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the District's Board.

Component units are legally separate entities for which the primary government is financially accountable. In accordance with Governmental Accounting Standards Board (GASB) standards, component units are either classified as blended component units or discretely presented component units, depending on the nature of the entity's relationship with the District, the primary government. The accompanying financial statements present the District and its component units, which are entities for which the District is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. As required by U.S. generally accepted accounting principles (GAAP), these financial statements include the District reporting entity, which consists of the District (primary government) and its blended component units: Healthy Palm Beaches, Inc. (HPB), District Hospital Holdings, Inc. (Lakeside) and District Clinic Holdings, Inc. (the Clinics); and its discretely presented component unit, Good Health Foundation, Inc. (the Foundation).

Blended component units: The District's basic financial statements include HPB, Lakeside and the Clinics as blended component units, based on application of GASB and GAAP criteria as follows:

Healthy Palm Beaches, Inc.: HPB is a legally separate, Florida nonprofit corporation created by the District and operating as a health maintenance organization (HMO). The District's Board is the Board of Directors of HPB, and the District is therefore financially accountable for HPB. The District has determined it also has a financial burden as it financially supports HPB and provides all administrative support functions. HPB is regulated by the Florida Office of Insurance Regulation (OIR). While HPB does not issue separate audited financial statements prepared in accordance with GAAP, it is required to file annual audited financial statements prepared using the OIR regulatory basis of accounting, and these are available by contacting the District's Finance Department 1515 N. Flagler Drive, Suite 101 West Palm Beach, Florida 33401; telephone 561.659.1270; or on the Web at www.hcdpbc.org.

A Certificate of Authority to operate HPB as an HMO was approved by the State of Florida Department of Financial Services on November 21, 1996. A Health Care Provider Certificate was issued to HPB by the State of Florida Agency for Health Care Administration (AHCA) on October 29, 1996. HPB contracted with AHCA to provide health care services to Medicaid recipients beginning January 1, 1998, until the sale of the Medicaid HMO on August 1, 2014.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

On August 1, 2014, HPB sold its personal health plan (PHP) Medicaid HMO, leaving the Vita Health (Vita) program as its sole remaining business line. Vita ceased operations as membership declined and as existing members enrolled for coverage through the Health Insurance Marketplace with the District's assistance. HPB closed the Vita plan as of December 31, 2015. Effective August 7, 2019, HPB surrendered its Certificate of Authority and will no longer operate as an HMO or be regulated by the Florida OIR.

District Hospital Holdings, Inc.: Lakeside is a legally separate, Florida nonprofit corporation created by the District for purposes of operating a public hospital in Belle Glade, Florida, known as Lakeside Medical Center. The District's Board is the Board of Directors of Lakeside, and the District is therefore financially accountable for the hospital. Lakeside also has a financial benefit as it is financially dependent on the District, and the District provides administrative support functions. The accounting policies of Lakeside are generally the same as the District. Separate audited financial statements for Lakeside are available by contacting the District's Finance Department at 1515 N. Flagler Drive, Suite 101 West Palm Beach, Florida 33401; telephone 561.659.1270; or on the Web at www.hcdpbc.org.

District Clinic Holdings, Inc.: The Clinics comprise a legally separate, Florida nonprofit corporation created on July 24, 2012 by the District for purposes of operating primary care clinics in Palm Beach County, Florida. The Clinics' initial four locations were operated by the Palm Beach County Health Department (Health Department) until the operations were assumed by the District in June 2013. In January 2013, the District received a federal grant from the Health Resources and Services Administration (HRSA) to operate the Clinics as Federally Qualified Health Center (FQHC) Primary Care Clinics. The Clinics have since expanded their footprint to include ten locations and have expanded services, including dental services. Clinics is included and blended in the District's reporting entity based on the interrelationship of the component unit and the primary government, that they are in substance the same as the primary government. Separate audited financial statements for the Clinics are available by contacting the District's Finance Department at 1515 N. Flagler Drive, Suite 101 West Palm Beach, Florida 33401; telephone 561.659.1270; or on the Web at www.hcdpbc.org.

Although HPB, Lakeside and the Clinics are legally separate entities, the District is the sole corporate member for each entity and they are reported as blended component units of the District. The entities are part of the District's operations as they are essentially managed as departments of the District and the District provides financial and administrative support functions to each entity.

Discretely presented component unit: The primary government financial statements do not include the operations of Good Health Foundation, Inc., a Florida nonprofit corporation organized and operated under the laws of the State of Florida to provide philanthropic resources for the District. The Foundation's mission is to advance the health of residents and visitors in Palm Beach County through access to local quality health care. The Foundation is governed by an independent Board of Directors that consists of no fewer than five and no more than fifteen Directors with one representative appointed by the board of District Hospital Holdings, Inc., one representative appointed by the board of District Clinic Holdings, Inc., and one representative appointed by the Glades Rural Area Support Board, with the remaining directors elected by the existing Board of Directors. The District provides administrative support functions to the Foundation. Separate audited financial statements of the Foundation are available by contacting the District's Finance Department at 1515 N. Flagler Drive, Suite 101 West Palm Beach, Florida 33401; telephone 561.659.1270; or on the Web at www.lakesidemedical.org.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Government-wide and fund financial statements:

Government-wide financial statements: The government-wide financial statements (i.e., statement of net position and statement of activities) report information on all of the nonfiduciary activities of the District and its component units. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. This distinction rests on the nature of the funding for each activity. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the District's business-type activities and each function of the District's governmental activities. The purpose of this comparison is to illustrate the degree to which direct expenses of a program or function are funded by program revenues. Direct expenses are those specifically associated with a program or function. Program revenues typically include charges paid by program users and contributions restricted to meeting the operational requirements of a particular program. Revenues not identified with particular programs or functions, including tax revenues, are presented as general revenues.

Fund financial statements: The fund financial statements provide information about the District's funds, including fiduciary funds and blended component units. Separate financial statements for each fund category—governmental, proprietary and fiduciary—are presented. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Nonmajor governmental funds, when they exist, are aggregated and reported in a single column in the fund financial statements and reported individually in the combining and individual fund financial statements.

Governmental funds: The District reports the following major governmental funds:

General Fund: The General Fund is the main operating fund of the District used to account for all financial resources except those required to be accounted for in another fund. Resources are generated primarily from ad valorem property taxes, intergovernmental revenues, charges for services, and investment earnings and other income. Expenditures are incurred to provide health care services for medically needy residents, trauma care, school health programs and general government services.

Medicaid Match Fund: The Medicaid Match Fund is a special revenue fund used to account for all revenues and expenditures related to the medicaid match program operated by the District. Funding/revenues recorded in this fund for the medicaid match program are received from the County, as required by an interlocal agreement between the entities and further discussed in Note 1.

Capital Projects Fund: The Capital Projects Fund is used to account for all financial resources related to future capital acquisitions and major capital replacements.

Enterprise funds: The District reports the following major enterprise funds:

Healey Center Fund: This fund accounts for the activities of the District's skilled nursing facility, the Edward J. Healey Rehabilitation and Nursing Center (the Healey Center). The Healey Center is licensed by AHCA as a skilled nursing facility providing care to Medicare, Medicaid and private-pay residents of Palm Beach County. The Healey Center has provided services since 1913 and has been administered by the District since 1995.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Healthy Palm Beaches Fund: This fund accounts for the activities of Healthy Palm Beaches, Inc. (HPB), a blended component unit of the District. On August 1, 2014, HPB sold its personal health plan (PHP) Medicaid HMO line of business and on December 31, 2015 closed the Vita Health (Vita) program. Vita ceased operations as membership declined and as existing members enrolled for coverage through the Health Insurance Marketplace with the District's assistance. Effective August 7, 2019, HPB surrendered its Certificate of Authority and will no longer operate as an HMO or be regulated by the Florida OIR.

Lakeside Medical Center Fund: This fund accounts for all activities of District Hospital Holdings, Inc., a blended component unit, that owns and operates the public hospital in Belle Glade, Florida, known as Lakeside Medical Center. The hospital provides regional health care for all Palm Beach County communities bordering Lake Okeechobee and the surrounding towns.

Primary Care Clinics Fund: This fund accounts for the activities of District Clinic Holdings, Inc., a blended component unit, that owns and operates eight primary care clinics as Federally Qualified Health Centers in Palm Beach County. The primary care clinics, through collaborative efforts with the Palm Beach County Health Department and other local organizations, provide comprehensive health services and, at four locations, dental services to Palm Beach County residents.

Internal Service Fund: This fund accounts for and reports on the activities of the District's employee group health self-insurance program.

Fiduciary funds: The District reports the following fiduciary funds:

Fiduciary funds are used to account for assets held by the District in a trustee capacity for individuals, private organizations, other governmental units and other funds. Since the assets do not belong to the District, they are not included in the government-wide financial statements.

Pension trust funds: Used to account for the assets held for the benefit of participating employees and benefit payments to retirees of the District's defined contribution pension plans.

Resident Agency Fund: This fund is used to account for assets held by the District as an agent for residents at the Healey Center.

Measurement focus and basis of accounting: The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured as either *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide, proprietary fund and pension fund financial statements are reported using the *economic resources* measurement focus and *accrual basis* of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the cash flows take place. Ad valorem property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The Resident Agency Fund has no measurement focus, but it utilizes the *accrual basis* of accounting for reporting its assets and liabilities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The governmental fund financial statements use the flow of *current financial resources* measurement focus and the *modified accrual basis* of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are both measurable and available. "Measurable" refers to whether the amount of the transaction can be determined, and "available" refers to whether the amount is collectible within the current period or soon enough thereafter to pay liabilities of the current period, generally 60 days after the end of the accounting period. Ad-valorem property taxes are recognized as revenue in the year for which they are levied. Primary revenue sources susceptible to accrual include intergovernmental revenues, charges for services and interest. Other revenues are recognized when received. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Expenditures are generally recognized when the related fund liability is incurred, if measurable. However, expenditures related to compensated absences, pensions, other post-employment benefits (OPEB) and claims and judgments are recorded only when payment is due. Expenditures related to other post-employment benefits are recognized when the District has made a decision to fund those obligations with current available resources.

Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position:

Cash, cash equivalents and investments: The District's cash and cash equivalents during 2019 consisted of petty cash, deposits with financial institutions, and money market mutual funds. The District considers all highly liquid investments with an original maturity of three months or less and all deposits available upon demand to be cash equivalents for purposes of the statement of cash flows. Interest earned on cash and cash equivalents is allocated to individual funds based on rolling average cash balances.

The District's investments consisted of a pooled, fixed-income, managed account investing in U.S. government agency securities, municipal bonds and corporate notes. Investments are held in the General Fund and Capital Projects Fund, and income from investments are recorded in those funds as it is earned. All investments are reported at fair value based on quoted market prices. Purchases and sales of investments are recorded on the trade date. Net realized and unrealized gains and losses on investments are reflected in current operating results as investment income.

In accordance with the District's investment policy, the District may invest in the following investments:

- (a) The Florida Prime fund, an investment fund authorized by Florida Statutes and administered by the State Board of Administration, up to a maximum of 25% of available funds and provided Florida Prime maintains a credit rating from a nationally recognized statistical rating organization (NRSRO) of "AAAm."
- (b) U.S. government securities including Treasury bills, notes and bonds with a maturity of five years or less.
- (c) Bonds, mortgage instruments, debentures or notes of U.S. government agencies with a maturity of five years or less up to a maximum of 50% of available funds and a maximum of 25% with any single issuer.
- (d) Bonds, mortgage instruments, debentures or notes of federal instrumentalities, up to a maximum of 80% of available funds, with a maturity of 5 years or less and a maximum of 40% with any single issuer.
- (e) Mortgage-backed securities up to a maximum of 30% of available funds, with a maturity of 5 years or less and a maximum of 20% with any single issuer.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

- (f) Nonnegotiable interest-bearing time deposits or savings accounts in qualified public depositories as defined in Florida Statutes, Chapter 280.02, up to a maximum of 25% of available funds, with a maturity of one year or less and a maximum of 15% with any single issuer.
- (g) Commercial paper of any U.S. corporation that is prime rated "A-1" or higher by a NRSRO at the time of purchase, up to a maximum of 35% of available funds, with a maturity of 270 days or less and a maximum of 5% with any single issuer.
- (h) Corporate notes issued by U.S. corporations that have a long-term debt rating of at least "A" by a nationally recognized rating agency at the time of purchase, up to a maximum of 35% of available funds and a maximum of 5% with any single issuer.
- (i) Asset backed corporate notes that has a rating of at least "AA" by a NRSRO at time of purchase, up to a maximum of 20% of available funds, with a maturity of 5 years or less and a maximum of 5% with any single issuer.
- (j) State and/or local government taxable and/or tax-exempt debt that has a rating of at least "A" by a NRSRO at the time of purchase, up to a maximum of 25% of available funds, with a maturity of 5 years or less and a maximum of 10% with any single issuer.
- (k) Securities and Exchange Commission registered money market mutual funds with a minimum rating of "AAA_m" from a NRSRO up to a maximum of 75% of available funds and a maximum of 25% with any single fund.
- (l) Shares of any open-end and no-load mutual funds registered under the Investment Company Act of 1940, with a rating of "AAA_f" by a NRSRO, up to a maximum of 25% of available funds and a maximum of 25% with any single fund.
- (m) Intergovernmental Investments Pools with at least AAA rating from a NRSRO, up to a maximum of 25% of available funds and 25% maximum issuer limit.

Generally, the District and its component units follow the District's investment policy. Pension trust funds are authorized to invest in insurance company contracts providing for participant-directed accounts.

Restricted cash: The District classifies certain amounts of cash as restricted assets because the amounts are not currently available and their use is restricted for specific purposes by statutory and legal requirements. In the business-type activities and enterprise funds, restricted cash includes donor-restricted contributions for specific purposes, a state-required insolvency protection account, and a statutory reserve deposit held by the State of Florida.

Patient accounts receivable, net: Patient accounts receivable of the governmental activities and governmental funds include amounts due from patients, third-party payors and others for aeromedical, pharmacy and related medical services. Patient accounts receivable of the business-type activities and enterprise funds include amounts due from patients, third-party payors and others for medical and dental services provided by the Healey Center, Lakeside and the Clinics. Patient accounts receivable are reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered by the District.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Allowance for contractual discounts: Contractual adjustments under third-party reimbursement programs represent the difference between the established rates for services and amounts reimbursed by third-party payors and are included as a reduction of patient accounts receivable and revenue. The District estimates the allowance for contractual discounts based on historical performance on a payor-specific basis, given its interpretation of the applicable regulations or contract terms and also considering business and economic conditions, trends in health care coverage, and other collection indicators. However, the services authorized and provided and resulting reimbursement are often subject to interpretation. These interpretations sometimes result in payments that differ from the District's estimates. Additionally, updated regulations and contract negotiations occur frequently, necessitating the continual review and assessment of the estimation process.

Allowance for doubtful accounts: The District's ability to collect outstanding receivables from patients, third-party payors, and others is critical to its operating performance and cash flows. The primary collection risk lies with uninsured patient accounts or patient accounts for which a balance remains after primary insurance has paid. While differences exist in the models applied, depending upon the revenue center, the District's policy with respect to estimating its allowance for doubtful accounts is to generally reserve the self-pay accounts receivable based on aging and the historical collection experience on self-pay accounts. The District continually monitors its accounts receivable balances and utilizes cash collections data and other analysis to support the basis for its estimates of the provision for doubtful accounts.

Inventories: Inventories consist of pharmaceuticals and medical supplies used by the District's pharmacy operations and Lakeside. The inventories are accounted for using the consumption method, whereby inventories are recorded as expenditures/expenses in the period when consumed. Inventories of supplies used in operations are valued at cost and inventories held for resale are reported at the lower of cost or market.

Prepaid items/expenses: Expenditures/expenses for insurance premiums and other administrative costs applicable to future accounting periods are recorded as prepaid items/expenses and allocated between accounting periods. The cost of prepaid items/expenses is recorded as expenditures/expenses in the period when consumed.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets: Capital assets, which include land, construction in progress, buildings, improvements, and furniture, fixtures and equipment, are reported in the applicable governmental or business-type activities column in the government-wide and proprietary fund financial statements. The District defines capital assets for business-type activities as assets with an initial cost of at least \$5,000 and an estimated useful life of at least one year. For reporting purposes, capital assets for governmental activities are assets, excluding computer software, with an initial cost of at least \$10,000 and an estimated useful life of at least one year, and computer software with an initial cost of at least \$50,000 and an estimated useful life of at least one year. Capital assets purchased in the governmental funds are recorded as expenditures at the time of purchase. Capital assets are recorded at historical cost or estimated historical cost, if actual historical cost is not available. Contributed assets are valued at their acquisition value on the date contributed. Capital assets, other than land and construction in progress, are depreciated using the straight-line basis over their estimated useful lives as follows:

	<u>Years</u>
Buildings and improvements	15-30
Air ambulances	7
Furniture, fixtures and equipment	3-20
Vehicles	3-5
Computer software	3-10

The estimated useful lives generally conform to those recommended by the American Hospital Association. All costs related to the construction of facilities are capitalized, including salaries, employee benefits, contracted services and materials. Costs that materially extend the life of existing assets are capitalized. However, the District does not capitalize the costs of normal maintenance and repairs that do not increase the capacity or efficiency of the asset or materially extend the useful life of the asset. Gains and losses on dispositions of capital assets are recorded in the period of disposal.

Medical benefits payable: Medical benefits payable include amounts billed by providers and not yet paid and an estimate of costs incurred for unbilled services provided for the District's managed care programs. The liability is based on historical trends estimated annually by an independent actuary.

Unearned revenue: Unearned revenue represents grants and similar items received for which the District has not met all eligibility requirements imposed by the provider to allow for revenue recognition.

Compensated absences: District policy permits employees to accumulate unused paid time off up to a maximum of 400 hours, which is payable to eligible employees upon termination or retirement at the rate of pay on that date. Employees may also accumulate unused sick leave hours up to a maximum of 400 hours. However, there is no payment to employees for unused sick leave hours upon termination or retirement. All paid time off is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, such as amounts related to employee terminations and retirements.

Deferred outflows and inflows of resources: In addition to assets and liabilities, the financial statements will sometimes report a separate section for deferred outflows and/or deferred inflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District reported deferred outflows of resources related to pensions and OPEB at year end.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The District reported deferred inflows of resources related to pensions and OPEB at year end.

Net position: The government-wide and proprietary funds report net position in three components: net investment in capital assets, restricted net position and unrestricted net position, in accordance with GASB standards. Net investment in capital assets consists of capital assets, net of accumulated depreciation and related liabilities (if any). Restricted net position consists of assets that have constraints placed on them externally by creditors, grantors, contributors, or laws and regulations, reduced by liabilities payable from those assets. Unrestricted net position consists of all net position that does not meet the definition of net investment in capital assets or restricted net position.

At September 30, 2019, the net position of the government-wide and proprietary funds were restricted for the following purposes:

Statutory reserves: HPB maintains a statutory reserve of \$1.5 million pursuant to the requirements of the Florida Office of Insurance Regulation (OIR).

Donor-restricted contributions: The Healey Center receives donor-restricted contributions on behalf of the residents. The balance of these donor-restricted contributions was \$8,855 at September 30, 2019.

Fund balances: In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is legally bound to honor constraints on the specific purposes for which amounts in the fund balance can be spent. The fund balance classification hierarchy is summarized as follows:

Nonspendable: Nonspendable fund balances include amounts that cannot be spent because they are either: a) not in spendable form, or b) legally or contractually required to be maintained intact.

Restricted: Restricted fund balances include amounts that are restricted to specific purposes either by: a) constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments/agencies or b) imposed by law through constitutional provisions or enabling legislation. The District had no restricted fund balances at September 30, 2019.

Committed: Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by the District's Board of Commissioners through a Board Resolution and remain in place until action is taken by the District Board to remove or revise the limitations. The District had no committed fund balances at September 30, 2019.

Assigned: Assigned fund balances include amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District Board has by resolution authorized the District's chief executive officer to assign fund balance. They are also assigned as part of the annual budget process. Assignments are generally temporary and do not require District Board action for removal.

Unassigned: Unassigned fund balances include amounts that have not been assigned in other funds and have not been restricted, committed or assigned to specific purposes within the General Fund.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Application of resources: The District considers restricted fund balances and net position to be spent when an expenditure is incurred for the restricted purpose. When the District has both restricted and unrestricted resources available to finance a particular program, it is the District's policy to use the restricted resources first before using unrestricted resources. The District considers committed, assigned or unassigned fund balances to be spent when an expenditure is incurred for purposes for which amounts in any of those fund balance classifications could be used.

Minimum fund balance policy: The District's policy is to maintain an adequate fund balance in the General Fund to provide liquidity in the event of an economic downturn or budget shortfall. The Board has adopted a financial goal to maintain a minimum unassigned fund balance in the General Fund equivalent to 15 to 20% of the combined fund's annual expenditures. The District was in compliance with this policy at year end.

Revenues and expenditures/expenses:

Ad valorem property taxes: Under Florida law, the assessment of all properties and the collection of all county, municipal, special district, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector, respectively. All property is reassessed according to its fair market value on January 1 of each year, and the property tax rolls are submitted to the State Department of Revenue for review to determine if the tax base is equitable, uniform and in compliance with State law.

The tax levy of the District is established by Board Resolution prior to October 1 of each year during the budget process. The Palm Beach County Property Appraiser incorporates the District's millage rate into the total tax levy, which includes the county, school board, special district, and municipal tax levies. The tax becomes a lien on real and personal property and is receivable by the District on October 1 of each year based upon the taxable value established by the County Property Appraiser as of the prior January 1. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. Taxes paid in March are without discount. Unpaid taxes become delinquent on April 1 following the year in which they were levied.

On or after April 1 following the tax year, certificates are offered for sale for all delinquent taxes on real property. After sale, tax certificates bear interest, generally at 18% per year. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of 2 years. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied. At September 30, 2019, unpaid delinquent taxes are not material and have not been recorded by the District.

During 2007, the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments in the State of Florida. For the fiscal year ended September 30, 2019, the maximum tax levy allowed by a majority vote of the governing body is based on a millage rate equal to the current-year rolled-back millage rate plus an increase for growth in per capita Florida personal income. A two-thirds vote of the governing body is required to adopt a rate up to 10% higher than the majority vote maximum millage rate, and a unanimous vote is required to adopt anything higher than that. Regardless of the preceding requirements, the District cannot increase its millage rate more than 0.25 mills over the prior year.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The total taxable assessed value upon which the fiscal year 2019 tax levy was based was approximately \$187.8 billion. For the year ended September 30, 2019, the actual millage rate for the District was 0.7261 mills (\$0.7261 per \$1,000 of assessed value). The District's maximum ad valorem tax levy is limited by Florida Statutes to 2.00 mills. Actual ad valorem taxes may differ from budgeted amounts due to property tax assessment appeals and corrections.

Intergovernmental revenue: Grant revenue is recorded when the related expenses are incurred and all eligibility requirements and time requirements have been met. Grant funds received in advance of meeting eligibility requirements are reported as unearned revenues in the financial statements.

Other intergovernmental revenue in the General Fund includes contributions from the School District of Palm Beach County for the District's school health programs.

Pursuant to an Interlocal Agreement with Palm Beach County, Florida (the County), the District receives \$15 million annually from the County through fiscal year 2035. The funding consists of an operating grant for the Healey Center and funding for the Medicaid Match owed to the State in accordance with Florida law. The District allocates \$5.9 million to the Medicaid Match Fund and the remaining \$9.1 million to the Healey Center Fund. The funding provided by the County is recorded as intergovernmental revenue in the Medicaid Match Fund as it relates to services for Medicaid-eligible individuals at hospitals and nursing homes throughout the County and is not related to any charges for services.

Net patient service revenues: The District serves patients whose medical costs are generally not paid at established rates and are reimbursable by third-party payors and government programs, such as Medicare and Medicaid, commercial insurance companies and uninsured patients who have limited or no ability to pay. Contractual adjustments under third-party reimbursement programs represent the difference between the established rates for services and amounts reimbursed by third-party payors and are included as a reduction of patient service revenue. The District also records its provision for uncollectible accounts as a direct reduction of patient service revenue. Net patient service revenues for the year ended September 30, 2019, consisted of the following:

Healey Center Fund:	
Medicare and Medicaid revenue	\$ 891,565
Private-pay revenue	9,082,916
	<u>9,974,481</u>
Lakeside Medical Center Fund:	
Medicare and Medicaid revenue	9,813,062
Disproportionate share distributions	1,537,722
Insurance, private-pay and other revenue	12,224,493
	<u>23,575,277</u>
Primary Care Clinics Fund:	
Medicare and Medicaid revenue	7,211,966
Disproportionate share distributions	-
Insurance, private-pay and other revenue	4,156,110
	<u>11,368,076</u>
Total net patient service revenues	<u>\$ 44,917,834</u>

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Contractual adjustments under third-party reimbursement programs are recorded on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The District's basis of reimbursement with major third-party payors is summarized as follows:

Medicare: For Lakeside, inpatient acute care services rendered to Medicare beneficiaries are reimbursed at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient non-acute services, outpatient services, and defined capital costs related to Medicare beneficiaries are primarily reimbursed on a prospective reimbursement methodology. The laws and regulations under which the Medicare and Medical Assistance programs operate are complex, subject to frequent change and subject to interpretation. As part of operating under these programs, there is a possibility that governmental authorities may review Lakeside's compliance with these laws and regulations. Such review may result in adjustments to reimbursements previously received and subject Lakeside to fines and penalties. Although no assurances can be given, management believes they have complied with the requirements of these programs. Lakeside's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with Lakeside. The Medicare cost reports through September 30, 2015, have been audited and finalized by the Medicare Administrative Contractor.

Medicaid: Inpatient and outpatient services rendered to Medicaid beneficiaries were reimbursed under a prospective rate methodology based upon prior year cost reimbursement, whereby Lakeside was paid at a tentative rate based upon the most recent cost report available at the time of rate-setting. Following submission of annual cost reports by Lakeside, a final settlement is determined after audit by the Medicaid fiscal intermediary. Effective July 1, 2013, Lakeside is reimbursed under an inpatient payment method that utilizes Diagnosis Related Groups (DRGs). Payments under DRG assignment are made on a per case basis and are not subject to retrospective rate adjustments. For outpatient services, Lakeside's reimbursement continues to be based on the prospective rate methodology used in prior years. Lakeside's Medicaid cost reports were audited by the Medicaid fiscal intermediary through September 30, 2015.

The Healey Center files an annual Medicaid cost report for purposes of determining a prospective Medicaid reimbursement rate. No retroactive adjustments have been made to the filed reports, and no adjustments are expected. A Medicaid cost report is not required for HPB or the Clinics.

The Medicare cost reports for the Healey Center and Clinics for the fiscal year ended September 30, 2019 will be filed in fiscal year 2020. The final determination of amounts earned pursuant to the Medicare program will be subject to review or audit by appropriate governmental agencies or their agents. However, no liability is reasonably expected.

The Centers for Medicare & Medicaid Services (CMS) has implemented a program using recovery audit contractors (RACs) as part of the CMS efforts to assure accurate payments. The program uses the RAC to review claims for potentially improper Medicare payments that may have been made to health care providers and were not detected through existing CMS program reviews. Once a RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from, or addition to, the provider's Medicare reimbursement for the amount of the estimated overpayment or underpayment. The District records an adjustment to revenue for any overpayment or underpayment at the time notice is received from the RAC and the amount can be reasonably estimated. There were no material RAC adjustments, audit recoveries or settlements for prior periods related to the Medicare and Medicaid programs during 2019, and no liability has been recorded for estimated RAC settlements.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Payments to the Clinics for Medicare patients changed to a prospective payment system (PPS) effective October 1, 2014, as mandated by the Affordable Care Act of 2010. CMS established a new base rate as of October 1, 2014 at \$158.85. A Geographic Adjustment Factor (GAF) is applied to the base rate based on where the services are provided. In addition, the GAF-adjusted rate may also be affected by additional adjustment factors, such as new patients. Generally, the Medicare PPS payment to the Clinics is equal to 80% of the lesser of the Clinics' charges or the PPS rate. The remaining 20% is the responsibility of the patient and/or the patients coinsurance. Effective January 1, 2019, the base rate was increased to \$169.77.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that the recorded estimates will change by a material amount in the near term.

Commercial providers: The District also has reimbursement agreements with commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for reimbursement under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined per diem rates, and capitation. Certain provider contracts provide for review of paid claims for compliance with the terms of the contract and may result in retroactive settlements with providers. In management's opinion, such settlements, when reached, will not vary significantly from the estimated amounts that are recorded in the accompanying financial statements.

Hospital charity care: The District's mission is to provide high-quality, affordable health care to the community. In pursuing its commitment to serve all members of the community, the District provides services to the financially disadvantaged, despite the lack or adequacy of payment for its services. District maintains records to identify and report the level of charity care it provides to the community. These records include the amount of charges foregone for health care services and supplies furnished under the District's charity care policy.

The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because District does not anticipate payment when services are rendered and does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods when adjustments become known or as years are no longer subject to audits, reviews and investigations. There were no material changes to prior year estimates of third-party payor settlements during the year ended September 30, 2019.

Public Medical Assistance Trust Fund: The State of Florida (the State) has established the Public Medical Assistance Trust Fund to provide a method for funding the provision of health care services to indigent persons. Hospitals in the State are required to pay assessments to the trust fund equal to 1.5% of each hospital's prior year net inpatient revenue and 1.0% of each hospital's prior year net outpatient revenue. The assessments are distributed under various programs to hospitals in the State that serve Medicaid patients and uninsured charity care patients. Lakeside received funding for patients under the Disproportionate Share Hospital (DSH) and the Low Income Pool (LIP) programs. The DSH program provides payments to hospitals that serve a disproportionate number of Medicaid and uninsured charity care patients. The LIP program distributes funding to the District, Lakeside and the Clinics to support coverage for Medicaid, uninsured and underinsured patients.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The LIP program is a federal matching program that provides the state with the opportunity to receive additional federal distributions based on a capped annual allotment, which is then distributed by the state to participating health care providers for eligible services. Local governments, such as counties, hospital and health care districts and the Florida Department of Health provide funding for the nonfederal share of the LIP distributions. Revenues from the DSH and LIP programs are reported as operating revenues from disproportionate share distributions in the accompanying statements of revenues, expenditures and changes in net position, net of the required quarterly assessments owed by Lakeside and the Clinics, which are accrued in the fiscal year for which the assessments are made. For the year ended September 30, 2019, Lakeside and the Clinics were not assessed for these programs. For the year ended September 30, 2018, Lakeside and the Clinics total disproportionate share distributions totaled approximately \$1,538,000 and \$2,642,000, respectively, which are recorded in net patient service revenues in the statement of revenues, expenditures and changes in net position—proprietary funds. The receipt of future distributions is contingent upon the continued support of the program by the federal and state governments.

Operating revenues and expenses: The statements of revenues, expenses and changes in net position of the District's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the principal activity of the District's enterprise funds. Operating revenues also include internal service fund charges to other funds to cover actual premium costs associated with the District's employee group health insurance program. Nonexchange revenues, including interest income, gifts, operating grants, contributions and other unrestricted revenues, are reported as nonoperating revenues. Gifts, grants and contributions of capital assets, or such amounts restricted by donors for the acquisition of capital assets, are reported as capital contributions. Operating expenses include all expenses incurred to provide health care services, other than financing costs. As well as internal service fund expenses incurred for employee health insurance claims and related costs.

Interfund transactions: Transactions between funds during the year consisted of loans, services provided, reimbursements, capital contributions and transfers. Loans are reported in the fund financial statements as due from other funds and due to other funds and are eliminated in the government-wide financial statements. Interfund services are treated as revenue and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are presented as transfers. Transfers within the governmental and business-type activities are eliminated in the government-wide financial statements.

Income taxes: The District's blended component units, Lakeside, HPB and the Clinics, are legally separate nonprofit organizations that are exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. These nonprofit organizations were given governmental entity status by the Internal Revenue Service and are exempt from federal and state income taxes, and are not required under the Internal Revenue Code to file tax returns.

The Foundation, a component unit of the District, is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as an organization other than a private foundation under section 509(a)(2). The Foundation evaluates its uncertain tax positions in accordance with the Financial Accounting Standard Board's Accounting Standards Codification (ASC) Topic 740, Income Taxes, which states that management's determination of the taxable status of an entity, including its status as a nonprofit entity, is a tax position subject to the standards required for accounting for uncertainty in income taxes. Management does not believe that the Foundation has any significant uncertain tax positions that would be material to the financial statements. The Foundation is generally not subject to examinations by U.S. tax authorities for tax years prior to 2016.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and the disclosures of contingent amounts at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for contractual adjustments and doubtful accounts, estimated third-party payor settlements, pension liability, other post-employment benefit liability and medical benefits payable. Actual results could differ from those estimates.

New accounting pronouncements: The District adopted GASB Statement No. 83, *Certain Asset Retirement Obligations* for the year ended September 30, 2019. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The adoption of this Statement did not have an impact on the financial statements.

The District adopted GASB Statement No.88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* for the year ended September 30, 2019. This statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The adoption of this Statement did not have an impact on the financial statements.

The GASB also issued new statements effective in future years. Management has not completed its analysis of the effects, if any, of these GASB statements on the financial statements of the District as listed below.

GASB issued Statement No. 84, *Fiduciary Activities*, was issued in January 2017. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement will be effective for the District beginning with its fiscal year ending September 30, 2020.

GASB issued Statement No. 87, *Leases*, was issued in June 2017. This Statement improves the accounting and financial reporting for leases by governments. The requirements of this statement will be effective for the District beginning with its fiscal year ending September 30, 2021.

GASB Statement No.90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*, was issued August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions of this Statement will be effective for the District beginning with its fiscal year ending September 30, 2020.

GASB Statement No. 91, *Conduit Debt*, was issued May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of this Statement will be effective for the District beginning with its fiscal year ending September 30, 2022.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 92, *Omnibus 2020*, was issued January 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The provisions of this Statement will be effective for the District beginning with its year ending September 30, 2021.

Note 2. Cash, Cash Equivalents and Investments

Cash and cash equivalents: Cash and cash equivalents include the following unrestricted and restricted assets of the District at September 30, 2019:

	Primary Government		Fiduciary Funds
	Unrestricted	Restricted	
Petty cash	\$ 6,095	\$ -	\$ -
Deposits with financial institutions	25,015,614	1,190,000	62,028
Money market mutual funds	1,157,618	-	-
Deposits with financial institutions restricted for donor contributions	-	8,855	-
Deposits with the State of Florida	-	310,000	-
Total	<u>\$ 26,179,327</u>	<u>\$ 1,508,855</u>	<u>\$ 62,028</u>

The District's deposits with financial institutions consisted of demand deposit and money market accounts that were entirely covered by a combination of 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 a qualified public depository by the State Treasurer. Qualified public depositories are required to pledge collateral to the State Treasurer with a market value equal to a percentage of the average daily balance of all government deposits in excess of any federal deposit insurance. In the event of a default by a qualified public depository, all claims for government 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 qualified public depositories participating in the collateral pool. Accordingly, all deposits with financial institutions are considered fully insured.

Cash equivalents include short-term investments in Securities and Exchange Commission (SEC) registered institutional money market mutual fund that are available to the District on a next-day basis. Restricted cash and cash equivalents include deposits with the State of Florida of \$310,000 and monies held in an insolvency protection account with financial institutions segregated and held for the benefit of the Florida OIR in the amount of \$416,649. Additional monies held with financial institutions comprise the balance of HPB's statutory reserve of \$1.5 million. Restricted cash and cash equivalents also include deposits with financial institutions of \$8,855 held for donor-restricted contributions received by the Healey Center.

The cash and cash equivalents of the District's discretely presented component unit, Good Health Foundation, Inc., consist of deposits with financial institutions. At year ended the Foundation's deposits with financial institutions exceeded federal depository insurance limits by approximately \$979,000. The Foundation has not experienced any losses in these accounts and does not consider there to be any significant credit risk to these deposits.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

Investments: The District's investments consist of the following at September 30, 2019:

	Primary Government —	
	Unrestricted	Fiduciary Funds
U.S. government securities	\$ 57,520,974	\$ -
U.S. government federal instrumentalities	35,074,437	-
Intergovernmental investment pool	26,932,609	-
Corporate notes	20,158,768	-
Insurance company contracts	-	70,780,473
Total	<u>\$ 139,686,788</u>	<u>\$ 70,780,473</u>

In accordance with Florida law, the District's investment policy allows it to invest in limited types of investments, including Florida Prime, deposits and time certificates with financial institutions designated as a Florida Qualified Public Depository, U.S. government securities, certain securities of the U.S. government agency and federal instrumentalities, mortgage-backed securities, commercial paper, corporate notes, state and local government debt securities, and interests in investment companies or investment trusts registered under the Investment Company Act of 1940 (money market mutual funds), provided that the portfolio has a weighted-average maturity of 60 days or less and the fund is rated AAAM by Standard & Poor's or the equivalent by another rating agency. No derivative securities are permitted.

GASB Statement No.72, *Fair Value Measurement and Application*, requires that investments be categorized according to the fair value hierarchy levels established by this statement. The hierarchy has three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities; Level 2 inputs are inputs other than quoted prices included within Level 1 that are unobservable for the asset or liability, such as quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active; and Level 3 inputs are unobservable inputs such as management's assumption of the default rate. The District's investments are categorized as follows according to the GASB 72 fair value hierarchy as of year end:

Investment Type	Fair Value	Fair Value Measurements	Weighted Average Maturity (Years)
		Level 2	
U.S. government securities	\$ 57,520,974	\$ 57,520,974	1.24
U.S. government federal instrumentalities	35,074,437	35,074,437	1.25
Corporate notes	20,158,768	20,158,768	0.90
Total investment at fair value	112,754,179	<u>\$ 112,754,179</u>	1.18
Investments at net asset value (NAV)			
Intergovernmental investment pool	26,932,609		0.14
Total Investments	<u>\$ 139,686,788</u>		
			<u>0.98</u>
		Portfolio weighted-average to maturity	

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

In May 2016, the District entered into an Interlocal Agreement with Florida Cooperative Liquid Assets Securities System (FLCLASS). FLCLASS is an intergovernmental Investment Pool comprised of short term, highly liquid assets. Beginning in June 2016, the District invested \$25,000,000 with FLCLASS, and had earned \$1,932,609 in interest, resulting in a combined balance of \$26,932,609 as of September 30, 2019. FLCLASS is rated 'AAAm' by Standard and Poor's. Public Trust Advisors, LLC serves as the pool's administrator and investment adviser. The pool is subject to the general supervision of the Board of Trustees which is duly elected by the FLCLASS Participants. Wells Fargo Bank, N.A. serves as custodian for the pool. The District's fair value position in the pool is the same as the value of the pool shares and recorded at net asset value (NAV) per share. This method of determining fair value uses member units to which a proportionate share of net assets is attributed.

The insurance company contracts are fixed and variable annuity contracts with The Variable Annuity Life Insurance Company (VALIC) that are held by pension plan participants under the District's group contract. Fixed annuity accounts include fixed-return securities with an average duration of five years that are part of the general account assets of VALIC. The variable annuity contracts represent units of interest issued by VALIC in a segregated asset account, which in turn holds investments in the underlying mutual funds. Neither the District nor the participants hold direct investments in the underlying mutual funds. The VALIC insurance contracts are guaranteed by, and subject to the claims of, the general creditors of VALIC. The VALIC investments are not insured or collateralized and are not rated by an NRSRO.

Custodial credit risk: Custodial credit risk is defined as the risk that an entity may not recover cash and investments held by another party in the event of a financial failure. The investment policy requires cash and investments to be fully insured or collateralized or held in independent custodial safekeeping accounts in the name of the District. At year end all investments were held by an independent custodian and were insured or registered, or held by the District or its agent in the District's name, except for the pension fund investments in insurance company contracts, which are all unclassified investment pools.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the term to maturity, the greater the exposure to interest rate risk. The District's investment policy limits the maturity of investments to match cash and anticipated cash flow requirements.

At September 30, 2019, the District's investment securities and maturities are summarized by investment type as follows:

Investment Type	Fair Value	Maturities	
		Less Than One Year	One to Five Years
U.S. government securities	\$ 57,520,974	\$ 21,371,054	\$ 36,149,920
U.S. government federal instrumentalities	35,074,437	19,971,068	15,103,369
Corporate notes	20,158,768	13,910,663	6,248,105
Intergovernmental investment pool	26,932,609	26,932,609	-
Total	<u>\$ 139,686,788</u>	<u>\$ 82,185,394</u>	<u>\$ 57,501,394</u>

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

Credit risk: Credit risk is the risk that an issuer will not fulfill its obligations. The District's investment policy addresses credit risk by limiting allowable investments to Florida Prime; U.S. government securities; certain U.S. government agency and federal instrumentalities securities, mortgage-backed securities, commercial paper rated at least A-1, corporate notes and state and local government debt securities rated at least A, and money market mutual funds with the highest credit ratings from an NRSRO. Investment securities of the District were rated by S&P as follows:

	Fair Value	S&P Ratings	Percentage of Portfolio
Intergovernmental investment pool	\$ 26,932,609	AAAm	19%
Corporate notes	17,952,476	AA	13%
Corporate notes callable	2,206,292	AA	2%
Total	47,091,377		
Fannie Mae notes	10,872,537	**	8%
Federal Farm Credit notes	3,187,684	**	2%
Federal Home Loan Bank	3,997,440	**	3%
Federal Home Loan Mortgage Corp.	16,179,326	**	12%
Federal Home Loan Mortgage Corp. callable	837,450	**	1%
U.S. Treasury notes	57,520,974	**	40%
Total	\$ 139,686,788		100%

** Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Concentration of credit risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The investment policy addresses the concentration of credit risk by limiting the maximum amount that may be invested in any one issuer (see Note 1), except for investments guaranteed by the U.S. government, which are not limited. Investments in mutual funds or pools are excluded from the concentration of credit risk disclosure requirement. There were no investments in any one issuer that represent more than 5% of the District's investments that require disclosure.

Note 3. Accounts Receivable

The accounts receivable of the District at year end include amounts due from third-party payors and patients for health care services. The percentage of total accounts receivable provided by Medicare and Medicaid, patients and insurance and others was approximately 35%, 25% and 40%, respectively. The accounts receivable and related allowances for contractual discounts and allowances for doubtful accounts are summarized as follows:

Fund	Gross Receivables	Allowances for Contractual Discounts	Allowances for Doubtful Accounts	Accounts Receivable, Net
General Fund	\$ 4,251,183	\$ (2,151,889)	\$ (1,181,339)	\$ 917,955
Healey Center	1,082,079	(69,064)	(21,995)	991,020
Lakeside Medical Center	18,737,107	(11,666,453)	(4,357,016)	2,713,638
Primary Care Clinics	4,813,648	(1,772,701)	(2,006,335)	1,034,612
Total	\$ 28,884,017	\$ (15,660,107)	\$ (7,566,685)	\$ 5,657,225

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 4. Interfund Transactions

The District's interfund transfers as of and for the year ended September 30, 2019, are summarized as follows:

	Transfers In	Transfers Out
Governmental funds:		
General Fund	\$ -	\$ 48,031,556
Medicaid Match Fund	11,322,454	
Capital Projects Fund	4,868,458	
Enterprise funds:		
Healey Center Fund	1,919,246	-
Lakeside Medical Center Fund	25,122,945	-
Primary Care Clinics	4,798,453	
Total	<u>\$ 48,031,556</u>	<u>\$ 48,031,556</u>

During 2019 the General Fund transferred approximately \$11,322,000 to the Medicaid Match Fund for costs associated with the Medicaid Match Program. The General Fund transferred approximately \$4,868,000 to the Capital Projects Fund to be used for future capital purchases and approximately \$1,919,000 to the Healey Center Fund, approximately \$4,798,000 to the Primary Care Clinics and approximately \$25,123,000 to the Lakeside Medical Center Fund to subsidize the operations of those funds.

Interfund transactions are reflected as either loans, services provided, or reimbursements. Loans are reported as receivables and payables, as appropriate, are eliminated in the government-wide financial statements and are reported as "due to/due from other funds" in the fund financial statements. There were no "due to/due from other fund" balances at year end.

Services provided are deemed to be at or near market rates and are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related costs as a reimbursement.

Note 5. Related-Party Transactions

Lakeside received approximately \$512,000 in net patient service revenues from the District for the year ended. The District allocated approximately \$4,759,000 to Lakeside for certain support department costs, including personnel, purchasing, legal and administrative costs for the year ended. Lakeside received capital contributions of approximately \$1,804,000 representing capital assets placed in service that were purchased by the Capital Projects Fund.

The Clinics received approximately \$1,149,000 of capitated payments recorded as net patient service revenue in the statement of revenues, expenses and changes in net position from the District for the year ended. The District allocated approximately \$4,177,000 to the Clinics for certain support department costs, including personnel, purchasing, legal and administrative costs for the year ended.

The Healey Center received capital contributions of approximately \$1,521,000 representing capital assets placed in service that were purchased by the Capital Projects Fund. The District allocated approximately \$2,118,000 to the Healey Center for certain support department costs, including personnel, purchasing, legal and administrative costs for the year ended.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 6. Capital Assets

The following table is a summary of capital assets activity of the District for the year ended:

	Balance October 1, 2018	Transfers and Additions	Transfers and Deletions	Balance September 30, 2019
Governmental activities:				
Nondepreciable capital assets:				
Construction in progress	\$ 119,088	\$ -	\$ (119,088)	\$ -
Depreciable capital assets:				
Buildings and improvements	4,869,900	-	(327,078)	4,542,822
Air ambulances	13,961,920	-	-	13,961,920
Furniture, fixtures and equipment	7,866,936	1,089,742	(1,488,230)	7,468,448
Total depreciable capital assets	26,698,756	1,089,742	(1,815,308)	25,973,190
Less accumulated depreciation:				
Buildings and improvements	(2,692,621)	(255,781)	315,390	(2,633,012)
Air ambulances	(13,811,902)	(44,708)	-	(13,856,610)
Furniture, fixtures and equipment	(5,348,575)	(650,434)	1,461,539	(4,537,470)
Total accumulated depreciation	(21,853,098)	(950,923)	1,776,929	(21,027,092)
Total depreciable capital assets, net	4,845,658	138,819	(38,379)	4,946,098
Governmental activities capital assets, net	\$ 4,964,746	\$ 138,819	\$ (157,467)	\$ 4,946,098
Business-type activities:				
Nondepreciable capital assets:				
Land	\$ 3,971,465	\$ -	\$ -	\$ 3,971,465
Construction in progress	369,073	1,583,172	(135,372)	1,816,873
Total nondepreciable capital assets	4,340,538	1,583,172	(135,372)	5,788,338
Depreciable capital assets:				
Buildings and improvements	77,681,020	1,620,121	(3,030)	79,298,111
Furniture, fixtures and equipment	14,597,771	1,714,017	(1,492,544)	14,819,244
Total depreciable capital assets	92,278,791	3,334,138	(1,495,574)	94,117,355
Less accumulated depreciation:				
Buildings and improvements	(27,992,731)	(2,974,448)	2,576	(30,964,603)
Furniture, fixtures and equipment	(10,933,487)	(1,201,942)	1,423,053	(10,712,376)
Total accumulated depreciation	(38,926,218)	(4,176,390)	1,425,629	(41,676,979)
Total depreciable capital assets, net	53,352,573	(842,252)	(69,945)	52,440,376
Business-type activities capital assets, net	\$ 57,693,111	\$ 740,920	\$ (205,317)	\$ 58,228,714

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 6. Capital Assets (Continued)

Depreciation expense was charged to District functions for the year ended as follows:

Governmental activities:	
General government	\$ 255,781
Trauma	695,142
Total	<u>\$ 950,923</u>
Business-type activities:	
Healey Center	\$ 651,872
Lakeside Medical Center	3,366,053
Primary Care Clinics	158,465
Total	<u>\$ 4,176,390</u>

Land: Lakeside Medical Center was constructed on 50 acres of land owned by the State of Florida. The District leased the land from the State for a period of 50 years ending February 1, 2057. Upon termination of the lease, all improvements on the property become the property of the State, which may also require the District to remove the improvements at the District's expense. As consideration for the lease, the District entered into an agreement with Prison Rehabilitative Industries and Diversified Enterprise, Inc. (PRIDE), an instrumentality of the State, which requires the District to purchase a specified amount of goods and services from PRIDE over a 30-year period as compensation for the land lease (See Note 11 – PRIDE Agreement).

Note 7. Medical Benefits Payable

Medical benefits payable consist of claims for trauma and medical services already rendered to members enrolled in the District's health coverage programs by health care providers, (i.e., physicians and hospitals) and incurred but not reported (IBNR) claims for medical services. Services are provided by 12 acute care hospitals and approximately 1,100 physicians and other providers in Palm Beach County, Florida. Provider claims are submitted to the District for payment at contracted, negotiated rates and are typically paid in full within 90 days.

Medical benefits payable activity for the year ended are summarized as follows:

Governmental activities/General Fund:	
Beginning of year liability	\$ 4,315,496
Current year claims and changes in estimates	23,365,449
Medical benefit payments	<u>(22,651,472)</u>
End of year liability	<u>\$ 5,029,473</u>

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 8. Compensated Absences

Compensated absences liability activity for the year ended are summarized as follows:

	Balance October 1, 2018	Additions	Retirements	Balance September 30, 2019	Amount Due Within One Year
Governmental activities:					
Compensated absences	\$ 2,070,048	\$ 4,266,778	\$ (4,113,102)	\$ 2,223,724	\$ 332,203
Business-type activities:					
Compensated absences	2,970,157	4,960,237	(4,401,238)	3,529,156	530,729
Total	<u>\$ 5,040,205</u>	<u>\$ 9,227,015</u>	<u>\$ (8,514,340)</u>	<u>\$ 5,752,880</u>	<u>\$ 862,932</u>

The liability for compensated absences has typically been liquidated by the individual funds reporting the liability. For the governmental activities, compensated absences are generally liquidated by the General Fund.

Note 9. Retirement Plans

District defined contribution plan: In October 1990, the District established the Health Care District of Palm Beach County Contribution Plan (the Plan), a defined contribution plan covering District employees not participating in the Florida Retirement System Plan, who are 18 years of age or older and have completed one year of service. The Plan is administered by the Variable Annuity Life Insurance Company (VALIC). For employees hired after September 30, 2012, the District contributes 4% of eligible compensation to the Plan and also makes matching contributions equal to 100% of the participants' elective deferrals up to 4% of eligible compensation. The District contributes 15% of eligible compensation for employees hired prior to October 1, 2012. Contribution rates and benefits of the Plan are established and may be amended by the District Board. For the year ended the District contributed approximately \$5,693,000 to the Plan. Employees are not allowed to contribute to the Plan and are fully vested after 6 years of service.

District deferred compensation plan: The District also established and provides its employees with access to a 457(b) deferred compensation plan named the Palm Beach County Health Care District Pension Plan (the 457(b) Plan). Under this plan, an employee is able to contribute pretax wage/salary dollars into a personal retirement account. The 457(b) Plan is administered by VALIC. An employee can defer up to \$19,000 of eligible compensation annually. No contributions are required of the District. Contribution rates and benefits of the 457(b) Plan are established by the District Board and may be amended in the future by the District Board.

Lakeside deferred compensation plan: In May 1994, Lakeside established the District Hospital Holdings 457(b) Retirement Plan (the 457(b) Plan), which is a deferred compensation plan. Under the 457(b) Plan, an employee is able to contribute pretax wage/salary dollars into a personal retirement account. The 457(b) Plan is administered by VALIC and does not issue a separate financial report. Plan amendments and contribution rates are approved by the District's Board. An employee can defer up to \$19,000 of eligible compensation annually. Contribution rates and benefits of the 457(b) Plan are established by the District Board and may be amended in the future by the District Board.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 9. Retirement Plans (Continued)

The District has adopted the provisions of Internal Revenue Code 457(g) and GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Under these provisions, all assets and income of the 457 plans are held in trust for the exclusive benefit of participants. Accordingly, the assets and liabilities of the 457 plans are not reported within the District's financial statements.

Florida Retirement System (FRS):

Plan description: The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a nonintegrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

Publicly available FRS financial report: FRS issues a publicly available financial report that includes financial statements and required supplementary information. The complete financial report for FRS is available on the Publications page of the Division of Retirement's website at www.frs.myflorida.com or by writing to the Research and Education Section at P.O. Box 9000, Tallahassee, Florida 32315-9000 or by calling toll free 877.377.1737 or 850.488.5706.

Funding policy: The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due based upon plan assumptions. Employer and employee contribution rates are established by state law as a level percentage of payroll. Employer contribution rates are determined using the entry-age actuarial cost method. The consulting actuary recommends rates based on the annual valuation, but actual contribution rates are established by the Florida Legislature. The unfunded actuarial liability resulting from past and future plan benefit changes, assumption changes or methodology changes, and actuarial gains and losses are amortized over 30 years, using level percentage of payroll.

Contributions: Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The District's contributions to FRS for the fiscal year ended September 30, 2019 was \$11,693, and was equal to the required contributions for the year.

Benefits provided: FRS provides retirement, survivor and disability benefits to plan members and beneficiaries. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 9. Retirement Plans (Continued)

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At September 30, 2019, the District reported a liability of \$129,871 for its proportionate share of the pension plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on the District's 2019 fiscal year contributions relative to the 2019 fiscal year contributions of all participating members. At June 30, 2019, the District's proportionate share was 0.0004%, which was a decrease of 0.0001% from its proportionate share measured as of June 30, 2018.

For the fiscal year ended September 30, 2019, the District recognized pension expense of \$14,046. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,703	\$ 81
Change of assumptions	33,357	-
Net difference between projected and actual earnings on FRS pension plan investments	-	7,185
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	5,468	65,492
District FRS contributions subsequent to the measurement date	3,795	-
Total	<u>\$ 50,323</u>	<u>\$ 72,758</u>

The deferred outflows of resources related to the pension plan totaling \$3,795, resulting from District contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense as follows:

Fiscal years ending September 30:	FRS
2020	\$ (4,413)
2021	(4,413)
2022	(4,413)
2023	(4,413)
2024	(4,413)
Thereafter	(4,165)
	<u>\$ (26,230)</u>

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 9. Retirement Plans (Continued)

Actuarial assumptions: The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	FRS			
	Target Allocation (1)	Arithmetic Return	(Geometric) Return	Standard Deviation
Cash	1%	2.90%	2.90%	1.80%
Fixed income	18%	4.40%	4.30%	4.00%
Global equity	54%	7.60%	6.30%	17.00%
Real estate (property)	11%	6.60%	6.00%	11.30%
Private equity	10%	10.70%	7.80%	26.50%
Strategic investments	6%	6.00%	5.70%	8.60%
Total	100%			

Assumed Inflation- Mean 2.60% 1.90%

(1) As outlined in the Pension Plan's investment policy

Discount rate: The discount rate used to measure the total pension liability was 7.00%. The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected investment rate of return.

Sensitivity of the District's proportionate share of the net position liability to changes in the discount rate: The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	FRS		
	1% Decrease	Current	1% Increase
	6.00%	Discount Rate 7.00%	8.00%
District's proportionate share of the net pension liability (asset)	\$ 224,504	\$ 129,871	\$ 50,837

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 9. Retirement Plans (Continued)

Pension plan fiduciary net position: Detailed information regarding the pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Retiree Health Insurance Subsidy (HIS) Plan:

Plan description: The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits provided: For the fiscal year ended September 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions: The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2019, the HIS contribution rate was 1.66%. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled. The District's contributions to HIS Plan for the fiscal year ended September 30, 2019 was \$2,748 and equaled the required contributions for the year ended.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At September 30, 2019, the District reported a liability of \$55,371 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on the District's 2019 fiscal year contributions relative to the 2019 fiscal year contributions of all participating members. At June 30, 2019, the District's proportionate share was 0.0005%, which was a decrease of 0.0001% from its proportionate share measured as of June 30, 2018.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 9. Retirement Plans (Continued)

For the fiscal year ended September 30, 2019, the District recognized pension expense of \$6,180. In addition the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 673	\$ 68
Change of assumptions	6,412	4,526
Net difference between projected and actual earnings on FRS pension plan investments	36	
Changes in proportion and differences between District HIS contributions and proportionate share of contributions	2,274	45,764
District HIS contributions subsequent to the measurement date	612	-
Total	<u>\$ 10,007</u>	<u>\$ 50,358</u>

The deferred outflows of resources related to the HIS Plan totaling \$612, resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal years ending September 30:	HIS
2020	\$ (5,687)
2021	(5,687)
2022	(5,687)
2023	(5,687)
2024	(5,687)
Thereafter	(12,528)
	<u>\$ (40,963)</u>

Actuarial assumptions: The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Investment rate of return	3.87%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 9. Retirement Plans (Continued)

Discount rate: The discount rate used to measure the total pension liability was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's proportionate share of the net position liability to changes in the discount rate: The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 3.87%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate:

	HIS		
	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
	District's proportionate share of the net pension liability	\$ 63,208	\$ 55,371

Pension plan fiduciary net position: Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

The following table summarizes net pension liability, deferred outflow and inflow of resources and pension expense and income as previously disclosed in Note 9 for the FRS and HIS plans:

Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
FRS Plan	\$ 129,871	\$ 50,323	\$ 72,758	\$ 14,046
HIS Plan	55,371	10,007	50,358	6,180
Total	\$ 185,242	\$ 60,330	\$ 123,116	\$ 20,226

Note 10. Other Post-employment Benefits

The District follows GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions* for financial reporting and disclosure for its other post-employment benefits plan (OPEB Plan). The requirements of this Statement were implemented by the District beginning with the fiscal year ended September 30, 2018.

Plan description: The District's OPEB Plan provides health care benefits to eligible retired employees and their spouses and/or beneficiaries. The District Board has the authority to establish and amend the premiums for and the benefit provisions of the OPEB Plan. The OPEB Plan is financed on a "pay as you go" basis and is not administered as a formal qualifying trust. The OPEB Plan does not issue a stand-alone publicly available financial report.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 10. Other Post-employment Benefits (Continued)

Funding policy: The District is required by Florida Statutes, Section 112.0801 to allow retirees to buy health care coverage at the same group insurance rates that current employees are charged, resulting in an implicit health care benefit. Florida law prohibits the OPEB Plan from separately rating retirees and active employees. The OPEB Plan therefore charges both groups an equal, blended rate premium for health insurance. Although both groups are charged the same blended rate premium, GAAP requires the actuarial figures to be calculated using age-adjusted premiums approximating claim costs for retirees separately from active employees. The use of age-adjusted premiums results in the addition of the implicit rate subsidy into the actuarial accrued liability. Plan members receiving benefits contribute 100% of the monthly medical premium, which currently ranges from a minimum of \$559 to a maximum of \$1,726.

District employees covered by benefit terms: At September 30, 2017, there were 5 retirees and 815 active plan members covered by the benefit terms for the overall District.

Total OPEB liability: The District's total OPEB liability is \$530,859. The total OPEB liability was measured as of September 30, 2019, based on an actuarial valuation as of September 30, 2017.

The total OPEB liability based on the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Investment rate of return	Not applicable. The plan is not funded.
Discount rate	3.58%
Healthcare cost trend rates	8.5% in 2018, graded down to 4.5% by 0.25% per year
Mortality	Mortality Pub-2010 Headcount weighted mortality table for general public employer, annuitant and non-annuitant, sex distinct with improvement scale MP-2018

The discount rate used to measure the total OPEB liability was based on a 20-year AA/Aa tax-exempt municipal bond yield.

The following provides the changes to the total OPEB liability for the year ended:

	Total OPEB Liability
Balance at September 30, 2018	\$ 492,287
Service cost	39,586
Interest	18,428
Changes of assumptions	6,185
Implicit benefit payments	(25,627)
Net changes	38,572
Balance at September 30, 2019	\$ 530,859

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 10. Other Post-employment Benefits (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

Discount Rate	1 Decrease 2.58%	Current Discount 3.58%	1% Increase 4.58%
Total OPEB Liability	\$ 560,882	\$ 530,859	\$ 502,774

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.5% decreasing to 3.5%) or 1-percentage-point higher (9.5% decreasing to 6.5%) than the current healthcare cost trend rates:

Trend Rate	1 Decrease 7.50%	Current Discount 8.50%	1% Increase 9.50%
Total OPEB Liability	\$ 480,390	\$ 530,859	\$ 588,797

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

For the year ended September 30, 2019, the District recognized OPEB expense of \$57,878. At year end the District reported deferred inflows of resources and deferred outflows of resources of \$4,078 and \$7,278, respectively, for changes in assumptions related to the OPEB plan. Amounts reported as deferred inflows and outflows of resources related to the OPEB plan will be recognized in OPEB expenses on a straight-line basis over the next 10 years.

Note 11. Commitments and Contingencies

Lease commitments: The District, including Lakeside and the Clinics, leases office space, pharmacy warehouse facilities, land for the aeromedical program, general storage space, and equipment under various noncancelable operating lease agreements. These operating leases expire in various years through May 2025. Rent expense was approximately \$3,010,000 for the year ended. The future minimum lease payments of the District are summarized as follows:

Years ending September 30:	Operating Leases
2020	\$ 2,244,234
2021	2,025,635
2022	1,831,124
2023	1,627,134
2024	1,406,791
Thereafter	1,428,408
Total	\$ 10,563,326

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 11. Commitments and Contingencies (Continued)

Contract commitments: In addition to operating leases, the District and Lakeside have entered into various contracts for services and contracts with physicians and physician groups. The provisions of those contracts are summarized as follows:

Service contracts: The District and Lakeside have entered into various contracts for maintenance agreements, software licenses and other services. The remaining term of the individual service contracts is generally one to four years.

Physician contracts: Lakeside has entered into various employment contracts with physicians and physician groups for services that include payments for hourly, shift, weekend and annual salaries. The remaining term of the individual physician contracts is generally one to three years.

The approximate future minimum payments for these contracts at year end are summarized as follows:

Years ending September 30:	Service Contracts	Physician Contracts
2020	\$ 756,247	\$ 1,472,125
2021	577,642	1,433,500
2022	427,441	-
2023	155,588	-
2024	42,744	-
	<u>\$ 1,959,662</u>	<u>\$ 2,905,625</u>

Funding collaborative: The District provides financial support to certain health services agencies, including the Palm Beach County Health Department. The District incurred approximately \$8,477,000 related to the Palm Beach County Health Department and approximately \$1,413,000 to other local agencies for the fiscal year ended. The District Board approves future funding for these agencies on an annual basis in conjunction with its budgetary process. For the fiscal year 2019, the District budgeted approximately \$11,500,000 for the Palm Beach County Health Department and other local agencies.

Health Department Master Agreement: The District entered into a Master Agreement with the Florida Department of Health in Palm Beach County (the Health Department), effective October 1, 2013, and ending June 30, 2020, whereby the District assumed the financial, administrative and operational responsibility for providing adult and pediatric primary care services to patients formerly served by the Health Department through their FQHC locations in Palm Beach County.

Pursuant to the Master Agreement, the District operates the clinic locations and accounts for all operational activities through the Clinics. Four clinic facility locations are owned by Palm Beach County (C. L. Brumbach Health Center in Belle Glade; the Lantana/Lake Worth Health Center; and the Delray Beach Health Center) and the State of Florida (the West Palm Beach Health Center) and utilized by the District without rent. The District pays the Health Department for common expenses incurred by the Health Department for the facilities based on the pro rata square footage used by the District and the Health Department. The total annual common expenses for the facilities paid by the District were approximately \$830,000 for the year ended September 30, 2019, including costs related to space for the District's pharmacy and eligibility offices. The portion of these costs allocated to the Clinics was approximately \$688,000 for the year ended September 30, 2019.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 11. Commitments and Contingencies (Continued)

PRIDE agreement: The District entered into an agreement with PRIDE, an instrumentality of the State of Florida, and a lease with the State of Florida for 50 acres of land for the Lakeside Medical Center facility. The lease is for a term of 50 years ending February 1, 2057. Upon termination of the lease, all improvements on the property become the property of the State, which may also require the District to remove the Hospital facility and improvements at the District's expense. As consideration for the lease, the District entered into an agreement with PRIDE that requires the District to purchase \$4,166,667 in goods and services from PRIDE over a 30-year period ending July 12, 2036. Purchases by the District through September 30, 2019, totaled approximately \$264,000. If the purchase requirement is not met by July 12, 2036, the District must pay 18% of the unfulfilled purchase commitment on July 12, 2036. The unfulfilled purchase commitment as of September 30, 2019, is reported at net present value, discounted at a rate of 1.94% (20-year U.S. Treasury Rate), and is approximately \$497,000. The payments to PRIDE, the 2019 land lease expense of approximately \$93,000, and the liability for the lease are recorded by the District and have not been charged to the Lakeside Medical Center facility.

Risk management and litigation: The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District purchases commercial insurance coverages. The District, Lakeside, the Clinics and Healey Center is subject to risk of loss arising in the ordinary course of business, including claims for damages from medical malpractice, personal injuries, employment-related claims, breach of management contracts, and for wrongful restriction of or interference with physicians' staff privileges. Except where prohibited, in certain of these actions, plaintiffs may seek punitive or other damages against the District, which are generally not covered by insurance. The District also reimburses for the malpractice coverage costs of those doctors participating in the District's trauma operation. HPB purchased commercial insurance coverage for general and managed care professional liability claims, personal injury, and wrongful acts committed in the managed care business operations up to \$1 million per occurrence and \$1 million aggregate. No settlements exceeded insurance coverage during the past three fiscal years.

The District is an independent special taxing district and a political subdivision of the State of Florida and is entitled to sovereign immunity under the Florida law. For tort actions (with claims arising on or after October 1, 2011), Florida has a limited waiver of sovereign immunity at section 768.28, Florida Statutes. The District's liability for tort is limited to \$200,000 per claim and \$300,000 in the aggregate. Judgments may be claimed or rendered in excess of the sovereign immunity limits; however, the District cannot be liable for such excess amounts unless the claim/judgment is presented to and approved by the Florida Legislature (i.e., "claims bill"). Additionally, on June 1, 2015, the District obtained an umbrella liability policy for coverage in excess of the self-insured retention levels of \$500,000 for professional liability exposures and \$500,000 for general liability exposures, as well as underlying insurance policies for employers' liability, business automobile liability, and aviation general liability exposures.

The policy, with aggregate limits of \$5 million, only responds in the event a covered loss results in a claims bill that is approved by the Legislature. The District's management, in consultation with legal counsel, believes all general liability claims are covered by insurance or limited under sovereign immunity and will not have any significant impact on the financial condition of the District in excess of the amounts accrued at year end.

Self-Insurance – Employee Health

The District offers its employees medical and prescription drug benefits which became self-funded on October 1, 2017. The District is therefore exposed to various risks of loss related to employee health claims incurred in connection with the District's self-insurance program. The District's self-insurance internal service fund is used to account for and finance both uninsured and insured risks of loss.

Health Care District of Palm Beach County, Florida

Notes to Financial Statements

Note 11. Commitments and Contingencies (Continued)

Coverage is provided as follows: \$300,000 self-insured retention per claim and aggregate stop loss of \$1,000,000. All operating funds of the District participate in the program and make payments to the health insurance internal service fund based on estimates of the amounts needed to pay prior and current claims, and to maintain an adequate fund net position balance.

The estimated liability on pending employee health claims at September 30, 2019 is \$1,678,244. Additionally, Healey, Lakeside, and the Clinics accrued \$65,733, \$815,372 and \$40,154, respectively, for various other self-insured claims. The estimated liability on pending claims at year end is accounted for based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR).

The District's management, in consultation with legal counsel, believes all claims are fully accrued, covered by insurance or limited under sovereign immunity and does not expect any claims that will have a significant impact on the financial condition of the District.

Settlements and related costs: In December 2014, Lakeside was notified by the Agency for Health Care Administration (Florida Medicaid) that payments under the Medicaid DSH program for the State fiscal year ended June 30, 2011, exceeded the calculated Medicaid DSH Limit. Lakeside determined certain amounts received under the Medicaid DSH program for the years of 2013, 2014 and 2015 were estimated to be in excess of the Medicaid DSH Limit for those years. Accordingly, Lakeside accrued approximately \$2,492,000 at year end for the estimated Medicaid settlements and related costs of the overpayments.

The State is considering the future of LIP funding as directed by CMS, and future funding is uncertain. Management expects any loss of federal or state funding for Lakeside will be replaced by additional operating contributions from the District.

Compliance with laws and regulations: The health care industry is subject to voluminous and complex laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, anti-kickback and anti-referral laws, false claims prohibitions and Medicare and Medicaid fraud and abuse. In addition, as a tax-exempt entity, the District and its component units are also subject to the laws and regulations related to their tax exemption. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions that are unknown or unasserted at this time. Violations of these laws and regulations could result in significant fines and penalties, including repayments for patient services previously reimbursed and loss of tax-exempt status.

Management believes that the District has generally complied with applicable laws and regulations that could have a material impact on the financial statements of the District and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing or noncompliance.

Grants: The grant revenues received or receivable by the District are subject to audit and adjustment by the grantor agencies, principally the federal government and the State of Florida. Any disallowed claims, including amounts already received, might constitute a liability of the District for the return of those funds. Management believes that all grant expenditures were in compliance with the terms of the grant and applicable federal and state laws and regulations.

Required Supplementary Information

Health Care District of Palm Beach County, Florida

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Unaudited)
Fiscal Year Ended September 30, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Ad valorem taxes:				
Current	\$ 131,220,000	\$ 131,220,000	\$ 131,458,175	\$ 238,175
Delinquent	100,000	100,000	304,396	204,396
Total ad valorem taxes	131,320,000	131,320,000	131,762,571	442,571
Intergovernmental:				
Grants	231,000	231,000	36,375	(194,625)
Palm Beach County School District	2,783,000	2,783,000	2,783,000	-
Total intergovernmental	3,014,000	3,014,000	2,819,375	(194,625)
Charges for services:				
Trauma services – Aeromedical (net)	3,431,303	3,047,303	2,561,388	(485,915)
Pharmacy services	221,400	-	-	-
Total charges for services	3,652,703	3,047,303	2,561,388	(485,915)
Investment and other income:				
Investment earnings	1,321,022	1,321,022	5,758,564	4,437,542
Other income	1,972,000	-	4,205,072	4,205,072
Total investment and other income	3,293,022	1,321,022	9,963,636	8,642,614
Total revenues	141,279,725	138,702,325	147,106,970	8,404,645
Expenditures:				
General government:				
Administration	804,018	804,018	893,580	(89,562)
Communications	424,146	424,146	325,096	99,050
Compliance	377,303	377,303	292,728	84,575
Corporate quality	87,505	87,505	82,312	5,193
District facilities	1,032,536	1,032,536	916,050	116,486
Finance	1,125,674	1,125,674	946,080	179,594
Internal audit	179,250	179,250	170,157	9,093
Human resources	697,409	697,409	847,259	(149,850)
Information technology	3,215,735	3,215,735	2,897,020	318,715
Legal	410,781	1,085,801	1,035,909	49,892
Planning and development	46,089	46,089	15,315	30,774
Records management	272,408	272,408	208,471	63,937
Revenue cycle	-	-	212,023	(212,023)
Risk management	410,176	(264,844)	88,937	(353,781)
Non-departmental	3,625,000	3,625,000	8,571,498	(4,946,498)
Total general government	12,708,030	12,708,030	17,502,435	(4,794,405)

(Continued)

Health Care District of Palm Beach County, Florida

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)

Unaudited

Fiscal Year Ended September 30, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
Expenditures (continued):				
Managed care:				
Medical services	\$ 25,987,000	\$ 25,987,000	\$ 22,621,530	\$ 3,365,470
Administration	3,840,394	3,840,394	3,498,321	342,073
Claims	980,693	980,693	837,387	143,306
Utilization management	1,823,467	1,823,467	1,653,426	170,041
Customer services	1,134,613	1,134,613	1,227,296	(92,683)
Provider services	792,226	792,226	696,705	95,521
Eligibility	1,826,645	1,826,645	1,694,850	131,795
Mailroom	467,892	467,892	445,058	22,834
Total managed care	36,852,930	36,852,930	32,674,573	4,178,357
Trauma services:				
Medical services	15,758,990	15,758,990	15,316,931	442,059
Trauma agency	826,427	826,427	785,835	40,592
Aeromedical	8,434,255	8,434,255	8,010,441	423,814
Total trauma services	25,019,672	25,019,672	24,113,207	906,465
School health:				
School health programs	20,904,293	20,904,293	20,438,220	466,073
Total school health	20,904,293	20,904,293	20,438,220	466,073
Pharmacy services:				
Pharmacy	7,813,078	7,813,078	6,212,175	1,600,903
Ryan White grant	125,400	125,400	36,425	88,975
Total pharmacy services	7,938,478	7,938,478	6,248,600	1,689,878
Funding collaboratives:				
County Health Department grant	11,530,000	11,530,000	9,890,390	1,639,610
Sponsored programs administration	235,758	235,758	228,736	7,022
Total funding collaboratives	11,765,758	11,765,758	10,119,126	1,646,632
Total expenditures	115,189,161	115,189,161	111,096,161	4,093,000
Revenues over expenditures	26,090,564	23,513,164	36,010,809	12,497,645
Other financing uses:				
Transfers out	-	-	(48,031,556)	(48,031,556)
Net change in fund balances	\$ 26,090,564	\$ 23,513,164	\$ (12,020,747)	\$ (35,533,911)
Fund balance—beginning			134,843,586	
Fund balance—ending			<u>\$ 122,822,839</u>	

See notes to financial statements.

Health Care District of Palm Beach County, Florida

Medicaid Match Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Unaudited)
Fiscal Year Ended September 30, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental:				
Palm Beach County	\$ 5,900,000	\$ 5,900,000	\$ 5,900,000	\$ -
Investment earnings	4,970	4,970	3,553	(1,417)
Total revenues	<u>5,904,970</u>	<u>5,904,970</u>	<u>5,903,553</u>	<u>(1,417)</u>
Expenditures:				
General government:				
Medicaid Match	17,428,830	17,428,830	17,226,007	202,823
Revenues under expenditures	<u>(11,523,860)</u>	<u>(11,523,860)</u>	<u>(11,322,454)</u>	<u>201,406</u>
Other financing sources:				
Transfers in	11,523,860	11,523,860	11,322,454	(201,406)
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance—beginning			<u>609,042</u>	
Fund balance—ending			<u>\$ 609,042</u>	

See notes to financial statements.

Health Care District of Palm Beach County, Florida

Notes to Required Supplementary Information

Budgetary Procedures and Budgetary Accounting

The District's enabling legislation requires the District Board to approve an annual operating budget and establish a millage rate in accordance with Chapter 200, Florida Statutes. The District adopts an annual budget for each fiscal year beginning October 1 and ending September 30, on a basis substantially consistent with accounting principles generally accepted in the United States of America. The General Fund and Medicaid Match Fund budgets are prepared using the modified accrual basis of accounting. The accrual basis of accounting is used for the enterprise fund budgets.

The District's budgeting process is based on annual estimates of revenues and expenditures/expenses and requires that the budget be adopted at the program level. Subsequent amendments to total budgeted revenues or expenditures, transfers of appropriations between funds, and transfers over a specified amount within a fund require approval by the District Board. Program budgets are monitored at the department and account level and transfers within a fund may be approved by management without District Board approval, up to a specified amount.

The District follows the following procedures in establishing the budgetary data reflected in the budget and actual schedules:

- The District's management submits a tentative operating budget to the District Board and the Finance and Audit Committee in July for the ensuing fiscal year commencing October 1. The tentative operating budget includes proposed expenditures/expenses and the revenue sources to finance them.
- The District advises the County Property Appraiser of the proposed millage rate and the date, time and place of the first public hearing for budget acceptance in July.
- Two public hearings are held in September—the first on the tentative budget and proposed millage rate and the second to adopt the final budget and millage rate.
- The budget and related millage rate (tax levy) are legally adopted by District Board Resolution, and the millage rate becomes the basis for the ad valorem taxes levied by the County Tax Collector.
- Appropriations not expended or encumbered lapse at the end of the fiscal year.

The budgeted revenues and expenditures in the accompanying budget and actual financial statements include both the originally adopted and final amended budget for the year ended September 30, 2019. The excess of expenditures over revenues, if any, for the original and final budget in the budget and actual financial statements is appropriated fund balance. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the District's General Fund. All encumbrances lapse at fiscal year-end. Multiyear agreements and contractual arrangements that cross fiscal years can be re-encumbered when they have been included in the next fiscal year's approved budget.

Health Care District of Palm Beach County, Florida

**Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Two Years**

	2019	2018
Total OPEB liability		
Service cost	\$ 39,586	\$ 266,807
Interest	18,428	16,223
Changes of assumptions	6,185	(8,236)
Implicit benefit payments	(25,627)	(22,137)
Net change in total OPEB liability	<u>38,572</u>	<u>252,657</u>
Total OPEB liability – beginning	492,287	239,630
Total OPEB liability – ending	<u><u>\$ 530,859</u></u>	<u><u>\$ 492,287</u></u>
Covered payroll	\$ 79,883,000	\$ 76,490,000
District’s total liability as a percentage of covered payroll	0.66%	0.64%
Measurement date	9/30/2019	9/30/2018

Notes to Schedule:

This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available will be presented.

Health Care District of Palm Beach County, Florida

Schedule of District Proportionate Share of Net Pension Liability
 Florida Retirement System Plans
 September 30, 2019
 Last Six Years

Florida Retirement System	2019	2018	2017	2016	2015	2014
Districts' proportion of the net pension liability	0.0004%	0.0005%	0.0006%	0.0007%	0.0011%	0.0009%
District's proportionate share of the net pension liability	\$ 129,871	\$ 154,566	\$ 189,758	\$ 169,053	\$ 143,204	\$ 57,284
District's covered payroll	\$ 185,312	\$ 199,062	\$ 244,655	\$ 241,375	\$ 336,632	\$ 354,626
District's proportionate share of the net pension liability as a percentage of its covered payroll	70.08%	77.65%	91.63%	70.04%	42.54%	16.15%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program	2019	2018	2017	2016	2015	2014
Districts' proportion of the net pension liability	0.0005%	0.0006%	0.0007%	0.0009%	0.0013%	0.0012%
District's proportionate share of the net pension liability	\$ 55,371	\$ 64,506	\$ 74,483	\$ 101,159	\$ 134,730	\$ 115,803
District's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

This Schedule is presented to illustrate the GASB 68 requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information for those years for which information is available will be presented.

Health Care District of Palm Beach County, Florida

Schedule of District Contributions
 Florida Retirement System Plans
 September 30, 2019
 Last Six Years

Florida Retirement System	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 11,693	\$ 14,625	\$ 16,701	\$ 19,600	\$ 31,483	\$ 27,040
Contributions in relation to the contractually required contribution	(11,693)	(14,625)	(16,701)	(19,600)	(31,483)	(27,040)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 185,312	\$ 199,062	\$ 220,000	\$ 241,375	\$ 336,632	\$ 354,626
Contributions as a percentage of covered payroll	6.31%	7.35%	7.59%	8.12%	9.35%	7.62%
Health Insurance Subsidy Program	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,748	\$ 3,305	\$ 3,687	\$ 4,449	\$ 14,617	\$ 15,084
Contributions in relation to the contractually required contribution	(2,748)	(3,305)	(3,687)	(4,449)	(14,617)	(15,084)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

This Schedule is presented to illustrate the GASB 68 requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information for those years for which information is available will be presented.

Individual Fund Financial Statements



This page intentionally blank

Agency Fund

Resident Agency Fund: This fund is used to account for assets held as agent for residents of the Healey Center.

Health Care District of Palm Beach County, Florida

Statement of Changes in Agency Fund Assets and Liabilities—Resident Agency Fund
Fiscal Year Ended September 30, 2019

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
Assets				
Cash and cash equivalents	\$ 154,397	\$ 513,431	\$ (605,800)	\$ 62,028
Liabilities				
Accounts payable	\$ 154,397	\$ 510,892	\$ (603,261)	\$ 62,028

Statistical Section

STATISTICAL SECTION

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents	Page
Financial trends	75-82
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue capacity	83-86
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt capacity	87-88
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and economic information	89-90
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating information.....	91-93
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the District's comprehensive annual financial reports for the relevant years.

Health Care District of Palm Beach County, Florida

**Net Position by Component—Last Ten Fiscal Years - Unaudited
Accrual Basis of Accounting**

	2019	2018	2017	2016	2015	2014
Governmental activities:						
Net investment in capital assets	\$ 4,946,098	\$ 4,964,746	\$ 4,664,057	\$ 5,725,791	\$ 15,224,646	\$ 14,763,128
Restricted	-	-	-	-	-	-
Unrestricted	146,304,370	157,025,283	159,484,898	153,451,739	122,456,238	116,863,591
Total governmental activities net position	\$ 151,250,468	\$ 161,990,029	\$ 164,148,955	\$ 159,177,530	\$ 137,680,884	\$ 131,626,719
Business-type activities:						
Net investment in capital assets	\$ 58,190,527	\$ 57,645,758	\$ 63,773,096	\$ 63,079,038	\$ 66,228,596	\$ 69,164,440
Restricted	1,508,855	1,508,855	1,508,855	1,510,396	1,509,930	3,720,657
Unrestricted	3,874,170	6,522,249	9,261,957	4,205,047	9,903,401	1,022,172
Total business-type activities net position	\$ 63,573,552	\$ 65,676,862	\$ 74,543,908	\$ 68,794,481	\$ 77,641,927	\$ 73,907,269
Primary government:						
Net investment in capital assets	\$ 63,136,625	\$ 62,610,504	\$ 65,437,153	\$ 68,804,829	\$ 81,453,242	\$ 83,927,568
Restricted	1,508,855	1,508,855	1,508,855	1,510,396	1,509,930	3,720,657
Unrestricted	150,178,540	163,547,532	168,746,855	157,656,786	132,359,639	117,885,763
Total primary government net position	\$ 214,824,020	\$ 227,666,891	\$ 235,692,863	\$ 227,972,011	\$ 215,322,811	\$ 205,533,988

	2013	2012	2011	2010
\$	13,978,672	\$ 29,768,510	\$ 19,579,873	\$ 9,976,272
	695,913	1,273,638	1,234,282	1,451,893
	109,245,906	119,793,505	124,352,952	126,443,805
\$	123,920,491	\$ 150,835,653	\$ 145,167,107	\$ 137,871,970
\$	73,112,623	\$ 57,108,871	\$ 60,026,534	\$ 63,283,855
	3,742,143	3,679,189	3,676,823	3,597,409
	28,864,495	26,234,553	29,819,907	34,098,160
\$	105,719,261	\$ 87,022,613	\$ 93,523,264	\$ 100,979,424
\$	87,091,295		\$ 79,606,407	\$ 73,260,127
	4,438,056	4,952,827	4,911,105	5,049,302
	138,110,401	146,028,058	154,172,859	160,541,965
\$	229,639,752	\$ 237,858,266	\$ 238,690,371	\$ 238,851,394

Health Care District of Palm Beach County, Florida

Changes in Net Position—Last Ten Fiscal Years – Unaudited
Accrual Basis of Accounting

	2019	2018	2017	2016	2015	2014
Expenses:						
Governmental activities:						
General government	\$ 43,407,349	\$ 33,198,329	\$ 32,531,751	\$ 32,667,976	\$ 29,441,757	\$ 32,607,648
Managed care	36,053,441	44,069,400	41,714,218	51,164,741	55,484,742	74,128,417
Trauma services	26,599,284	28,388,196	28,505,365	28,247,439	28,407,053	27,514,624
School health	22,553,446	21,067,155	18,394,622	18,080,740	17,370,405	15,934,318
Pharmacy services	6,894,155	7,944,984	6,831,209	8,220,081	9,841,808	-
Funding collaboratives	11,163,004	9,266,442	7,541,701	4,490,207	3,868,505	7,889,886
Total governmental activities	146,670,679	143,934,506	135,518,866	142,871,184	144,414,270	158,074,893
Business-type activities:						
Healey Center	21,709,309	20,964,174	20,304,686	19,357,492	18,677,056	17,586,576
Healthy Palm Beaches, Inc.	44,215	48,159	55,644	1,776,135	10,677,338	46,764,574
Lakeside Medical Center	53,454,036	48,829,111	44,678,808	44,483,551	43,826,861	49,558,354
Primary Care Clinics	29,735,542	26,816,747	22,341,018	19,039,997	13,285,176	10,048,173
Total business-type activities	104,943,102	96,658,191	87,380,156	84,657,175	86,466,431	123,957,677
Total primary government expenses	\$ 251,613,781	\$ 240,592,697	\$ 222,899,022	\$ 227,528,359	\$ 230,880,701	\$ 282,032,570
Program revenues:						
Governmental activities:						
Charges for services:						
Pharmacy services	\$ 679,478	\$ 706,321	\$ -	\$ 143,209	\$ 388,652	\$ 1,289,875
Trauma services	5,178,101	5,354,748	2,598,226	2,569,178	2,879,839	2,379,525
General government	4,279,266	2,979,392	-	-	-	-
Managed care	3,556,417	3,929,715	-	-	-	-
School health	2,226,375	1,874,962	-	-	-	-
Funding collaboratives	1,098,730	821,901	-	-	-	-
Operating grants and contributions	8,719,375	8,787,722	8,781,965	8,776,732	9,591,746	8,991,839
Total governmental activities	25,737,742	24,454,761	11,380,191	11,489,119	12,860,237	12,661,239
Business-type activities:						
Charges for services:						
Healey Center	9,989,006	8,397,464	8,956,867	8,996,182	8,167,532	6,296,106
Healthy Palm Beaches, Inc.	4,932	63,441	27,464	1,152,226	8,979,199	38,274,427
Lakeside Medical Center	23,590,479	26,853,321	29,999,337	29,058,785	32,898,472	30,542,128
Primary Care Clinics	13,801,960	17,125,236	13,011,604	10,430,936	9,326,727	5,846,775
Operating grants and contributions	20,206,901	16,851,711	16,235,930	17,893,131	17,180,588	16,461,698
Capital grants and contributions	3,325,602	843,952	1,920,534	-	805,211	-
Total business-type activities	70,918,880	70,135,125	70,151,736	67,531,260	77,357,729	97,421,134
Total primary government program revenues	\$ 96,656,622	\$ 94,589,886	\$ 81,531,927	\$ 79,020,379	\$ 90,217,966	\$ 110,082,373
Net (expense) revenue:						
Governmental activities	\$ (120,932,937)	\$ (119,479,745)	\$ (124,138,675)	\$ (131,382,065)	\$ (131,554,033)	\$ (145,413,654)
Business-type activities	(34,024,222)	(26,523,066)	(17,228,420)	(17,125,915)	(9,108,702)	(26,536,543)
Total primary government net expense	\$ (154,957,159)	\$ (146,002,811)	\$ (141,367,095)	\$ (148,507,980)	\$ (140,662,735)	\$ (171,950,197)
General revenues and transfers:						
Governmental activities:						
Ad valorem taxes	\$ 131,762,571	\$ 133,198,530	\$ 143,760,270	\$ 154,802,353	\$ 145,448,056	\$ 135,763,165
Investment and other income	10,271,449	4,721,778	5,299,830	5,109,691	5,210,142	3,986,983
Transfers	(31,840,644)	(20,599,489)	(19,950,000)	(7,033,333)	(13,050,000)	13,808,442
Total governmental activities	110,193,376	117,320,819	129,110,100	152,878,711	137,608,198	153,558,590
Business-type activities:						
Investment and other income	80,268	56,531	27,906	1,245,136	65,393	141,523
Transfers	31,840,644	20,599,489	19,950,000	7,033,333	13,050,000	(13,808,442)
Special item—gain on sale of Medicaid HMO	-	-	-	-	-	6,803,296
Total business-type activities	31,920,912	20,656,020	19,977,906	8,278,469	13,115,393	(6,863,623)
Total primary government general revenues and transfers	\$ 142,114,288	\$ 137,976,839	\$ 149,088,006	\$ 161,157,180	\$ 150,723,591	\$ 146,694,967
Change in net position:						
Governmental activities	\$ (10,739,561)	\$ (2,158,926)	\$ 4,971,425	\$ 21,496,646	\$ 6,054,165	\$ 8,144,936
Business-type activities	(2,103,310)	(5,867,046)	2,749,486	(8,847,446)	4,006,691	(33,400,166)
Total primary government change in net position	\$ (12,842,871)	\$ (8,025,972)	\$ 7,720,911	\$ 12,649,200	\$ 10,060,856	\$ (25,255,230)

	2013	2012	2011	2010
\$	31,240,280	\$ 26,677,216	\$ 28,699,697	\$ 28,355,394
	60,700,480	63,584,757	66,646,516	68,243,449
	26,493,061	26,677,895	26,587,037	26,860,011
	15,595,918	14,483,325	13,152,832	13,103,097
	-	-	-	-
	6,822,853	6,250,458	7,230,002	7,160,272
	<u>140,852,592</u>	<u>137,673,651</u>	<u>142,316,084</u>	<u>143,722,223</u>
	18,443,150	15,376,057	15,576,493	15,303,641
	50,557,857	42,038,398	36,757,063	28,114,617
	41,522,474	38,917,192	38,577,811	39,066,218
	5,284,758	-	-	-
	<u>115,808,239</u>	<u>96,331,647</u>	<u>90,911,367</u>	<u>82,484,476</u>
\$	<u>256,660,831</u>	<u>234,005,298</u>	<u>233,227,451</u>	<u>226,206,699</u>
\$	1,165,252	\$ 1,081,440	\$ 1,007,536	\$ 1,004,555
	2,557,115	2,462,127	2,967,107	2,433,645
	-	-	-	-
	-	-	-	-
	-	-	-	-
	8,969,464	9,097,598	9,212,831	9,130,674
	<u>12,691,831</u>	<u>12,641,165</u>	<u>13,187,474</u>	<u>12,568,874</u>
	8,326,547	6,927,760	6,901,683	7,174,186
	39,669,186	29,907,971	23,850,432	20,846,582
	28,600,063	27,926,584	28,643,461	27,763,014
	1,322,130	-	-	-
	14,605,552	12,942,289	12,215,118	12,438,771
	-	7,657	86,241	-
	<u>92,523,478</u>	<u>77,712,261</u>	<u>71,696,935</u>	<u>68,222,553</u>
\$	<u>105,215,309</u>	<u>90,353,426</u>	<u>84,884,409</u>	<u>80,791,427</u>
\$	(128,160,761)	\$ (125,032,486)	\$ (129,128,610)	\$ (131,153,349)
	(23,284,761)	(18,619,386)	(19,214,432)	(14,261,923)
\$	<u>(151,445,522)</u>	<u>(143,651,872)</u>	<u>(148,343,042)</u>	<u>(145,415,272)</u>
\$	135,880,113	\$ 135,955,450	\$ 140,566,545	\$ 155,579,316
	7,117,576	5,445,582	5,657,202	7,794,477
	(41,752,090)	(10,700,000)	(10,100,000)	(69,834,418)
	<u>101,245,599</u>	<u>130,701,032</u>	<u>136,123,747</u>	<u>93,539,375</u>
	229,319	1,418,735	1,658,272	3,820,431
	41,752,090	10,700,000	10,100,000	69,834,418
	-	-	-	-
	<u>41,981,409</u>	<u>12,118,735</u>	<u>11,758,272</u>	<u>73,654,849</u>
\$	<u>143,227,008</u>	<u>142,819,767</u>	<u>147,882,019</u>	<u>167,194,224</u>
\$	(26,915,162)	\$ 5,668,546	\$ 6,995,137	\$ (37,613,974)
	18,696,648	(6,500,651)	(7,456,160)	59,392,926
\$	<u>(8,218,514)</u>	<u>(832,105)</u>	<u>(461,023)</u>	<u>21,778,952</u>

Health Care District of Palm Beach County, Florida

Changes in Fund Balances of Governmental Funds—Last Ten Fiscal Years – Unaudited
Modified Accrual Basis of Accounting

	2019	2018	2017	2016	2015	2014
Revenues:						
Ad valorem taxes	\$ 131,762,571	\$ 133,198,530	\$ 143,760,270	\$ 154,802,353	\$ 145,448,056	\$ 135,763,165
Intergovernmental	8,719,375	8,787,722	8,781,965	9,472,482	8,895,996	8,991,839
Charges for services	2,561,388	2,824,833	2,598,226	2,712,387	3,268,491	3,669,400
Capital grant	-	-	-	-	-	-
Investment and other income	10,271,449	4,745,814	5,235,266	5,109,691	5,210,142	3,986,983
Total revenues	153,314,783	149,556,899	160,375,727	172,096,913	162,822,685	152,411,387
Expenditures:						
Current						
General government	34,728,442	28,023,010	28,733,603	27,154,295	27,329,332	31,648,441
Managed care	32,674,573	40,316,885	41,714,218	51,127,450	55,484,742	74,128,417
Trauma services	24,113,207	25,972,361	28,505,365	28,262,369	28,407,053	27,495,234
School health	20,438,220	19,276,739	18,394,622	18,050,948	17,370,405	15,934,318
Pharmacy services	6,248,600	7,270,512	6,831,209	8,220,081	9,841,808	-
Funding collaboratives	10,119,126	8,481,602	7,541,701	4,490,207	3,868,505	7,889,886
Capital outlay	4,420,850	2,603,143	2,500,180	2,353,575	2,263,755	1,677,007
Total expenditures	132,743,018	131,944,252	134,220,898	139,658,925	144,565,600	158,773,303
Revenues over (under) expenditures	20,571,765	17,612,647	26,154,829	32,437,988	18,257,085	(6,361,916)
Other financing sources (uses):						
Building sale	-	-	-	6,552,992	-	-
Transfers in	16,190,912	11,162,749	14,179,018	27,666,330	17,497,372	44,111,941
Transfers out	(48,031,556)	(31,762,238)	(34,129,018)	(34,699,663)	(30,547,372)	(30,303,499)
Total other financing sources (uses)	(31,840,644)	(20,599,489)	(19,950,000)	(480,341)	(13,050,000)	13,808,442
Net change in fund balances	(11,268,879)	(2,986,842)	6,204,829	31,957,647	5,207,085	7,446,526
Fund balances—beginning, as originally reported	158,700,760	161,687,602	155,482,773	123,525,126	118,318,041	111,310,223
Restatement for change in accounting	-	-	-	-	-	(438,708)
Fund balances—as restated	158,700,760	161,687,602	155,482,773	123,525,126	118,318,041	110,871,515
Fund balances—ending	\$ 147,431,881	\$ 158,700,760	\$ 161,687,602	\$ 155,482,773	\$ 123,525,126	\$ 118,318,041

	2013	2012	2011	2010
\$	135,880,113	\$ 135,955,450	\$ 140,566,545	\$ 155,579,316
	8,969,464	9,097,598	9,212,831	9,130,674
	3,722,367	3,543,567	3,974,643	3,438,200
	-	-	300,000	915,000
	7,117,576	5,445,582	5,657,202	7,794,477
	155,689,520	154,042,197	159,711,221	176,857,667
	29,761,458	25,568,915	28,165,456	27,108,502
	60,700,480	63,584,757	66,646,516	68,243,449
	26,461,635	26,644,828	26,567,800	26,796,754
	15,595,918	14,483,325	13,152,832	13,103,097
	-	-	-	-
	6,822,853	6,250,458	7,230,002	7,160,272
	6,496,012	11,311,338	10,133,323	7,930,561
	145,838,356	147,843,621	151,895,929	150,342,635
	9,851,164	6,198,576	7,815,292	26,515,032
	-	-	-	-
	14,173,245	10,444,181	7,101,556	16,669,245
	(35,007,967)	(21,144,181)	(17,201,556)	(24,843,555)
	(20,834,722)	(10,700,000)	(10,100,000)	(8,174,310)
	(10,983,558)	(4,501,424)	(2,284,708)	18,340,722
	122,293,781	126,795,205	129,079,913	110,739,191
	-	-	-	-
	122,293,781	126,795,205	129,079,913	110,739,191
\$	111,310,223	\$ 122,293,781	\$ 126,795,205	\$ 129,079,913

Health Care District of Palm Beach County, Florida

**Fund Balances of Governmental Funds—Last Ten Fiscal Years – Unaudited
Modified Accrual Basis of Accounting**

	2019	2018	2017	2016	2015	2014
General fund:						
Nonspendable	\$ 2,882,678	\$ 1,829,865	\$ 1,465,856	\$ 2,015,584	\$ 1,664,932	\$ 1,204,979
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	71,950,000	38,200,000	36,700,000	37,000,000	35,300,000	24,499,844
Unassigned	47,990,161	94,813,721	97,344,416	90,845,767	66,639,517	77,974,041
Reserved	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-
Total general fund	\$ 122,822,839	\$ 134,843,586	\$ 135,510,272	\$ 129,861,351	\$ 103,604,449	\$ 103,678,864
All other governmental funds:						
Committed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	24,609,042	23,857,174	26,177,330	25,621,422	19,920,677	14,639,177
Total all other governmental funds	\$ 24,609,042	\$ 23,857,174	\$ 26,177,330	\$ 25,621,422	\$ 19,920,677	\$ 14,639,177

Note: The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2010 and has restated fiscal year 2009.

	2013	2012	2011	2010
\$	1,334,635	\$ 1,101,003	\$ 1,659,633	\$ 1,358,731
	695,913	-	-	-
	-	22,000,000	24,000,000	27,000,000
	23,197,105	13,635,974	40,608,803	39,745,615
	77,023,253	71,584,357	38,116,080	29,113,790
	-	-	-	-
	-	-	-	-
<u>\$</u>	<u>102,250,906</u>	<u>\$ 108,321,334</u>	<u>\$ 104,384,516</u>	<u>\$ 97,218,136</u>
\$	-	\$ 13,972,447	\$ 22,410,690	\$ 31,861,777
	9,059,317	-	-	-
<u>\$</u>	<u>9,059,317</u>	<u>\$ 13,972,447</u>	<u>\$ 22,410,690</u>	<u>\$ 31,861,777</u>

Health Care District of Palm Beach County, Florida

**Property Tax Rates—Direct and Overlapping Governments – Unaudited
Last Ten Fiscal Years**

Fiscal Year	Tax Roll Year	Palm Beach County Health Care District	Palm Beach County	Palm Beach County School Board	South Florida Water Management District	Children's Services Council	Total Direct and Overlapping Rates
2010	2009	1.1451	4.5614	7.9830	0.6240	0.6898	15.0033
2011	2010	1.1451	4.9960	8.1540	0.6240	0.7513	15.6704
2012	2011	1.1250	4.9925	8.1800	0.4363	0.7475	15.4813
2013	2012	1.1220	4.9902	7.7780	0.4289	0.7300	15.0491
2014	2013	1.0800	4.9852	7.5860	0.4110	0.7025	14.7647
2015	2014	1.0800	4.9729	7.5940	0.3842	0.6745	14.7056
2016	2015	1.0426	4.9277	7.5120	0.3551	0.6677	14.5051
2017	2016	0.8993	4.9142	7.0700	0.3307	0.6833	13.8975
2018	2017	0.7808	4.9023	6.7690	0.3100	0.6590	13.4211
2019	2018	0.7261	4.8980	6.5720	0.2936	0.6403	13.1300

Source: Palm Beach County Property Appraiser's Office
<http://www.pbcgov.com/papa/pdf/Comparison-TaxesLevied.pdf>

Note: All millage rates are based on \$1 for every \$1,000 assessed value.

Health Care District of Palm Beach County, Florida

**Assessed Value of Taxable Property—Last Ten Fiscal Years – Unaudited
(Dollars in Thousands)**

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Just Value
2010	\$ 135,234,504	\$ 6,296,562	\$ 130,812	\$ 141,661,878	1.1451	\$ 189,484,722
2011	120,006,099	7,310,044	92,881	127,409,024	1.1451	166,519,669
2012	117,997,621	6,818,326	96,592	124,912,539	1.1250	163,394,796
2013	117,964,557	7,694,958	92,149	125,751,664	1.1220	163,259,066
2014	122,718,888	7,844,603	108,041	130,671,532	1.0800	171,850,332
2015	131,717,053	8,063,297	120,585	139,900,935	1.0800	192,745,423
2016	143,520,975	9,375,115	132,155	153,028,245	1.0426	217,522,464
2017	155,646,624	9,719,960	142,672	165,509,256	0.8993	237,451,187
2018	168,360,316	8,753,937	145,918	177,260,171	0.7808	251,910,372
2019	178,644,343	8,998,091	149,456	187,791,890	0.7261	264,466,089

Source: Palm Beach County Property Appraiser's Office

Note: Just Value is the fair market value. The differences between Taxable Assessed Value and Just Value are exemptions and tax savings as a result of the "Save Our Homes" constitutional amendment.

Health Care District of Palm Beach County, Florida

Principal Property Taxpayers - Unaudited
Current Year and Nine Years Ago

Taxpayer	2019			2010		
	Total Tax	Rank	Percentage of Total Taxes Levied	Total Tax	Rank	Percentage of Total Taxes Levied
Florida Power & Light Company	\$ 11,016,643	1	8.08%	\$ 10,673,880	1	6.58%
Town Center at Boca Raton Trust	1,104,773	2	0.81%	1,313,958	3	0.81%
Gardens Venture LLC	743,754	3	0.55%	-	-	-
Breakers Palm Beach, Inc.	684,433	4	0.50%	583,981	10	0.36%
U.S. Sugar Corporation	618,129	5	0.45%	1,005,746	4	0.62%
Panthers BRHC LTD	496,247	6	0.36%	600,203	8	0.37%
TM Wellington Green Mall LP	543,175	7	0.40%	-	-	-
CPT Phillips Point LLC	530,112	8	0.39%	-	-	-
Palm Beach Outlets LLC	447,528	9	0.33%	-	-	-
Okeelanta Corp	436,845	10	0.32%	632,646	7	0.39%
BellSouth Telecommunications	-	-	-	1,459,953	2	0.90%
Landry, Lawrence L.	-	-	-	859,750	5	0.53%
Comcast of Florida/Georgia LLC	-	-	-	648,868	6	0.40%
TJ Palm Beach Assoc LTD Ptnrs	-	-	-	600,203	9	0.37%
Total	\$ 16,621,639		12.19%	\$ 18,379,188		11.33%
Total taxes levied	\$ 136,355,649			\$ 162,217,017		

Source: Palm Beach County Property Appraiser's Office

Health Care District of Palm Beach County, Florida

**Property Tax Levies and Collections - Unaudited
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Current Tax Collected	Percentage of Levy Collected	Delinquent Tax Collected	Total Tax Collected	Percent of Total Collected
2010	\$ 162,217,017	\$ 154,290,141	95.1%	\$ 2,063,525	\$ 156,353,666	96.4%
2011	145,896,072	139,563,080	95.7%	1,003,465	140,566,545	96.3%
2012	140,526,607	134,703,328	95.9%	1,252,122	135,955,450	96.7%
2013	141,093,368	135,200,989	95.8%	679,124	135,880,113	96.3%
2014	141,063,003	135,448,961	96.0%	314,204	135,763,165	96.2%
2015	150,721,775	145,070,110	96.3%	377,946	145,448,056	96.5%
2016	159,199,027	153,450,269	96.4%	1,352,087	154,802,356	97.2%
2017	148,519,341	143,172,483	96.4%	587,787	143,760,270	96.8%
2018	138,004,749	133,138,006	96.5%	60,524	133,198,530	96.5%
2019	136,355,649	131,458,175	96.4%	304,396	131,762,571	96.6%

Source: Palm Beach County, Office of the Tax Collector

Health Care District of Palm Beach County, Florida

**Computation of Legal Debt Margin
September 30, 2019**

The constitution of the State of Florida and Florida Statutes has set no legal debt limit for the District.

The Palm Beach County Health Care Act provides that the annual debt service, as a percentage of total revenue from millage, must be less than ten (10) percent of total District revenue (General Fund).

Total Health Care District General Fund revenue	\$ 147,106,971
Annual debt service limitation percentage	<u>10.0%</u>
Legal debt margin	<u>\$ 14,710,697</u>

At September 30, 2019, the District had no debt outstanding with annual debt service requirements.

Health Care District of Palm Beach County, Florida

**Overlapping Governmental Activities Debt
September 30, 2019
(Dollars in Thousands)**

	Payable from Ad Valorem Taxes			Payable from Non-Ad Valorem Revenues		
	Debt Outstanding	Estimated Percentage Applicable Based on Property Assessed Value	Estimated Share of Overlapping Debt	Debt Outstanding	Estimated Percentage Applicable Based on Population	Estimated Share of Overlapping Debt
Overlapping debt:						
Palm Beach County School District	\$ 8,542	100%	\$ 8,542	\$ 1,278,343	100%	\$ 1,278,343
South Florida Water Management	-		-	361,360	17%	61,431
Municipalities	130,399	52%	67,807	638,137	55%	350,975
Total overlapping debt	<u>\$ 138,941</u>		<u>\$ 76,349</u>	<u>\$ 2,277,840</u>		<u>\$ 1,690,749</u>

The District has no governmental activities debt outstanding as of September 30, 2019.

Source: Clerk & Comptroller Palm Beach County

Health Care District of Palm Beach County, Florida

Demographic and Economic Statistics – Unaudited Last Ten Fiscal Years

Year	County Population	Personal Income (000s)	Per Capita Personal Income	Students Enrolled	Civilian Labor Force	Unemployment Rate
2010	1,320,134	69,488,201	52,526	171,692	623,320	11.7%
2011	1,325,758	71,432,467	53,500	174,217	621,616	10.3%
2012	1,335,415	71,572,847	61,712	202,813	620,093	8.2%
2013	1,415,299	75,461,490	60,856	177,815	621,616	6.7%
2014	1,360,248	89,175,844	64,799	180,172	669,252	6.0%
2015	1,377,325	93,526,272	66,914	183,447	684,982	5.0%
2016	1,391,741	97,806,900	68,743	186,291	706,411	5.0%
2017	1,414,144	103,876,615	71,946	189,320	729,616	3.7%
2018	1,471,150	109,973,732	74,754	193,000	729,108	3.1%
2019	1,485,941	118,519,249	79,760	192,100	745,298	3.2%

Sources: County Population, U.S. Census Bureau 2018
 Personal Income, Per Capita – www.bea.gov Bureau of Economic Analysis Regional Data 2018
 Students enrolled – School District of PBC 2018-2019 Annual Report
 Civilian Labor Force, Unemployment rate – <https://fred.stlouisfed.org> Federal Reserve Economic Data September 2019

Note: Population and income data are per calendar year.
 Personal income data and per capita personal income data are revised annually.
 Labor force and unemployment rates are for September of every year.

Health Care District of Palm Beach County, Florida

**Principal Employers – Unaudited
Current Year and Nine Year Ago**

Entity	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Palm Beach County School District	21,466	1	2.88%	21,718	1	3.47%
Palm Beach County Government	12,009	2	1.61%	11,381	2	1.82%
Tenet Coastal Division Palm Beach County	5,939	3	0.80%	5,127	5	0.82%
NextEra Energy (Florida Power & Light)	4,404	4	0.59%	3,658	7	0.58%
Hospital Corporation of America (HCA)	3,550	5	0.48%	4,150	6	0.66%
Boca Raton Regional Hospital	2,800	6	0.38%			
Florida Atlantic University	2,644	7	0.35%	2,776	9	0.44%
Veterans Health Administration	2,535	8	0.34%			
Bethesda Health Inc	2,282	9	0.31%	2,300	10	0.37%
Office Depot Inc	2,034	10	0.27%			
State Government	-	-	0	9,300	3	1.48%
Federal Government	-	-	0	6,300	4	1.01%
Wackenhut Corporation	-	-	0	3,000	8	0.48%
Total	59,663		8.01%	69,710		11.13%

Source: Business Development Board of Palm Beach County, Florida

Health Care District of Palm Beach County, Florida

**Full-Time Equivalent Employees
Last Ten Fiscal Years**

	2019	2018	2017	2016	2015
General Fund:					
General government	148.0	135.8	137.7	117.5	105.3
Managed care	78.0	83.0	90.0	98.0	115.6
Trauma services	23.1	24.1	24.1	25.0	24.0
School health	239.7	234.7	234.7	228.7	228.7
Pharmacy services	33.1	48.0	48	42	36
Funding collaboratives / Sponsored Programs	2.0	2.0	-	-	-
Total General Fund	523.9	527.6	534.5	511.2	510.0
Healey Center Fund:					
Administration	6.0	6.0	4.5	4.0	4.0
Clinical services	146.0	144.0	140.0	136.2	135.0
Ancillary/support services	74.6	73.2	74.2	76.0	75.5
Total Healey Center Fund	226.6	223.2	218.7	216.2	214.5
Lakeside Medical Center Fund:					
Administration	52.7	48.8	44.3	43.3	43.1
Clinical services	214.8	206.3	204.7	204.3	205.3
Support services	27.4	27.4	24.5	24.3	24.3
Total Lakeside Medical Center Fund	294.9	282.5	273.5	271.9	272.7
Primary Care Clinics Fund:					
Administration	34.0	17.0	18.0	21.0	21.0
Clinical services	211.7	220.7	239.8	165.0	147.0
Total Primary Care Clinics Fund	245.7	237.7	257.8	186.0	168.0
Total District	1,291.0	1,270.9	1,284.5	1,185.3	1,165.2

	2014	2013	2012	2011	2010
General Fund:					
General government	101.1	93.0	92.0	78.0	77.0
Managed care	172.0	171.0	166.0	164.0	154.0
Trauma services	24.0	23.0	23.0	24.0	24.0
School health	228.7	225.7	226.7	226.7	226.7
Pharmacy services	-	-	-	-	-
Funding collaboratives	-	-	-	-	-
Grants	-	-	-	-	-
Total General Fund	525.8	512.7	507.7	492.7	481.7
Healey Center Fund:					
Administration	3.0	3.0	3.0	7.0	6.5
Clinical services	133.0	132.4	132.5	132.5	132.5
Ancillary/support services	75.1	74.1	74.0	74.0	74.5
Total Healey Center Fund	211.1	209.5	209.5	213.5	213.5
Lakeside Medical Center Fund:					
Administration	46.1	39.1	41.2	49.7	55.7
Clinical services	209.2	203.9	195.4	187.9	183.0
Support services	34.4	31.7	41.1	45.1	54.0
Total Lakeside Medical Center Fund	289.7	274.7	277.7	282.7	292.7
Primary Care Clinics Fund:					
Administration	21.0	14.5	-	-	-
Clinical services	74.0	63.5	-	-	-
Total Primary Care Clinics Fund	95.0	78.0	-	-	-
Total District	1,121.6	1,074.9	994.9	988.9	987.9

Notes:

The District assumed operations of Lakeside Medical Center (formerly Glades General Hospital) in 2009.
The District assumed operations of the Primary Care Clinics in 2013.

Health Care District of Palm Beach County, Florida
Operating Indicators by Function - Unaudited
Last Ten Fiscal Years

Year	2019	2018	2017	2016	2015
Managed care:					
District Cares *	8,955	9,613	10,110	N/A	N/A
Option 1 membership	7,478	8,212	8,704	10,073	12,400
Option 2 membership	(d)	(d)	(d)	2,848	3,121
Option 3 membership	(e)	431	371	303	352
Trauma services:					
Patients transported	602	655	608	629	626
School health:					
Students served **	172,870	174,000	195,331	190,323	189,749
Pharmacy services:					
Patients served at in-house pharmacies	21,438	23,711	21,287	68,689	73,463
Healey Center:					
Average daily census	119	119	119	119	112
Healthy Palm Beaches:					
Personal Health Plan membership	(a)	(a)	(a)	(a)	(a)
Vita Health membership	(c)	(c)	(c)	(c)	3,832
Primary Care Clinics:					
Clinic visits - adult and pediatric	104,661	101,579	87,452	65,738	56,820
Clinic visits - dental	28,351	30,411	33,445	27,808	5,480
Year	2014	2013	2012	2011	2010
Managed care:					
Option 1 membership	14,949	12,332	12,594	12,594	13,734
Option 2 membership	2,572	2,488	3,468	3,815	4,050
Option 3 membership	414	544	566	690	737
Trauma services:					
Patients transported	615	618	598	720	689
School health:					
Students served	188,292	181,205	177,815	174,217	171,692
Pharmacy services:					
Patients served at in-house pharmacies	(b)	(b)	(b)	(b)	(b)
Healey Center:					
Average daily census	96	94	102	96	101
Healthy Palm Beaches:					
Personal Health Plan membership	(a)	13,963	12,384	11,603	11,375
Vita Health membership	9,801	12,512	10,150	7,879	5,693
Primary Care Clinics:					
Clinic visits - adult and pediatric	51,188	16,370	N/A	N/A	N/A
Clinic visits - dental	N/A	N/A	N/A	N/A	N/A

Source: Health Care District budget

(a) Personal Health Plan was sold on August 1, 2014, and there were no members after that date.

(b) Pharmacy services statistics were reported separately beginning in 2015.

(c) Vita Health program ended on December 31, 2015.

(d) Option 2 program ended on October 1, 2016.

(*) District Cares(fka option 1) includes Maternity Care Program(MCP) members

(**)FY 2019 Students served Source: OCTOBER FTE ENROLLMENT REPORT SY2018 19 (FY2019)

N/A - Not applicable; Vita Health operations began in 2007, and Primary Care Clinics began in 2013 with dental added in 2015.

Health Care District of Palm Beach County, Florida

**Capital Asset Statistics by Function – Unaudited
Last Ten Fiscal Years**

	2019	2018	2017	2016	2015
Governmental activities:					
Trauma services:					
Air ambulances	2	2	2	2	2
Business-type activities:					
Hospitals	1	1	1	1	1
Skilled nursing facilities	1	1	1	1	1
	2014	2013	2012	2011	2010
Governmental activities:					
Trauma services:					
Air ambulances	2	2	2	2	2
Business-type activities:					
Hospitals	1	1	1	1	1
Skilled nursing facilities	1	1	1	1	1

Source: Health Care District Finance Department

Compliance Section

**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

The Honorable Chairperson and Members of
the Health Care District Board
Health Care District of Palm Beach County, 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 governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Health Care District of Palm Beach County, Florida (the District), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 6, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 determination of financial statement amounts. 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

West Palm Beach, Florida
March 6, 2020

**Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance**

Independent Auditors' Report

The Honorable Chairperson and Members of
the Health Care District Board
Health Care District of Palm Beach County, Florida

Report on Compliance for the Major Federal Program

We have audited the Health Care District of Palm Beach County, Florida's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended September 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Major Federal Programs

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

West Palm Beach, Florida
March 6, 2020

Health Care District of Palm Beach County, Florida

Schedule of Expenditures of Federal Awards
Fiscal Year Ended September 30, 2019

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Contract Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Health and Human Services:				
Direct awards:				
Health Resources and Services Administration:				
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care Centers, and School-Based Health Centers):				
Grant Year January 1, 2017 – December 31, 2017	93.224	6 H80CS25684-05-14	not applicable	\$ 2,746
Grant Year January 1, 2018 – December 31, 2018	93.224	5 H80CS25684-06-00	not applicable	288,168
Grant Year January 1, 2018 – December 31, 2018	93.224	6 H80CS25684-06-01	not applicable	288,168
Grant Year January 1, 2018 – December 31, 2018	93.224	6 H80CS25684-06-02	not applicable	288,168
Grant Year January 1, 2018 – December 31, 2018	93.224	6 H80CS25684-06-04	not applicable	919,717
Grant Year January 1, 2018 – December 31, 2020	93.224	3 H80CS25684-05-15	not applicable	31,256
Grant Year January 1, 2018 – December 31, 2018	93.224	6 H80CS25684-06-11	not applicable	6,860
Grant Year January 1, 2019 – December 31, 2019	93.224	2 H80CS25684-07-00	not applicable	6,972,813
Grant Year January 1, 2019 – December 31, 2019	93.224	6 H80CS25684-07-01	not applicable	318,199
Grant Year January 1, 2019 – December 31, 2019	93.224	6 H80CS25684-07-02	not applicable	16,103
Grant Year January 1, 2019 – December 31, 2019	93.224	6 H80CS25684-07-04	not applicable	7,256
Total Health Centers cluster				<u>9,139,454</u>
Health Infrastructure Investment Program	93.526	C8DCS29686-01-00	not applicable	934,316
Total U.S. Department of Health and Human Services				<u>10,073,770</u>
U.S Department of Homeland Security:				
Pass Through State of Florida Division of Emergency Management Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PA-04-FL-4337-PW-00426	93-017-2528	272,810
Total expenditures of federal awards				<u><u>\$ 10,346,580</u></u>

See notes to schedule of expenditures of federal awards.

Health Care District of Palm Beach County, Florida

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal awards of the Health Care District of Palm Beach County, Florida (the District) for the year ended September 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District. The District's reporting entity is defined in Note 1 of the District's basic financial statements.

Note 2. Summary of Significant Accounting Policies

The Schedule is presented using the modified accrual basis of accounting for expenditures accounted for in the governmental funds and the accrual basis of accounting for expenses of the proprietary fund types, which are described in Note 1 of the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Subrecipient Awards

Of the federal awards presented in the Schedule, the District did not provide any amounts to subrecipients.

Note 4. Indirect Cost Recovery

The District did not recover its indirect costs using the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

Note 5. Contingency

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of the District for the return of those funds. In the opinion of management, all grant expenditures were in compliance with the terms of the grant agreements and applicable federal laws and regulations.

Health Care District of Palm Beach County, Florida

Schedule of Findings and Questioned Costs

I - Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ X None Reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

_____ Yes X No

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

93.224

Health Centers Cluster:
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care Centers and School-Based Health Centers)

93.526

Health Infrastructure Investment Program

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

Health Care District of Palm Beach County, Florida

Schedule of Findings and Questioned Costs (Continued)

Section II – Financial Statements Findings

None reported.

Section III – Federal Awards Findings and Questioned Costs

None reported.

Section IV – Summary of Prior Year Audit Findings

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from the prior audit's Summary Schedule of Prior Year Audit Findings.

**Management Letter Required By
Chapter 10.550 of the *Rules of the
Auditor General of the State of Florida***

The Honorable Chairperson and Members of
the Health Care District Board
Health Care District of Palm Beach County, Florida
West Palm Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Health Care District of Palm Beach County, Florida (the District), as of and for the year ended September 30, 2019, and have issued our report thereon dated March 6, 2020.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 6, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Correction action was taken to address the prior year recommendation *ML 2018-01 – Month-End Account Reconciliation*.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This is disclosed in Note 1 of the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. In connection with our audit, we determined that the District did not meet any of the conditions described in Sections 10.554(1)(i)5.b. and 10.556(8).

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of This Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the District's Board, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

RSM US LLP

West Palm Beach, Florida
March 6, 2020



This page intentionally blank

Independent Accountant's Report

The Honorable Chairperson and Members of
the Health Care District Board
Health Care District of Palm Beach County, Florida

We have examined the Health Care District of Palm Beach County, Florida's (the District) compliance with *Section 218.415, Florida Statutes, Local Government Investment Policies* for the year ended September 30, 2019. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the period October 1, 2018 to September 30, 2019.

This report is intended solely for the information and use of the District's Board and applicable management, and the Florida Auditor General, and is not intended to be, and should not be used by anyone other than these specified parties.

RSM US LLP

West Palm Beach, Florida
March 6, 2020



Health Care District
PALM BEACH COUNTY

The health care safety net for our community

Financial report prepared by
the Finance Department of the
Health Care District of Palm Beach County.

1515 N. Flagler Dr. , Suite 101
West Palm Beach, FL 33401-3429
561-659-1270
www.hcdpbc.org