Health Care District of Palm Beach County, Florida

Annual Financial Report and
Required Supplementary Information
September 30, 2023

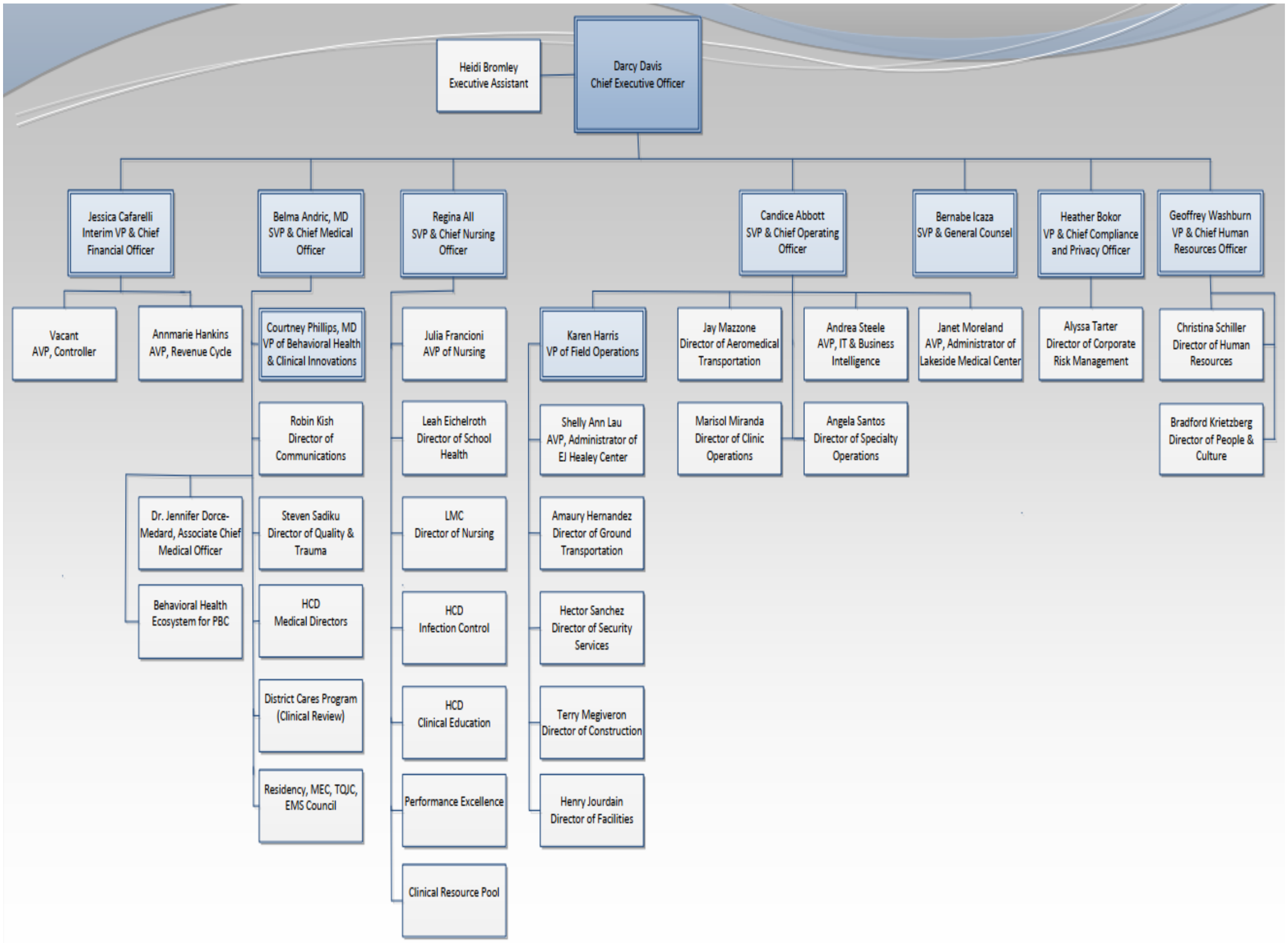
Prepared by
Finance Department

Health Care District
PALM BEACH COUNTY

Table of Contents

I. Introductory section (unaudited)	Page
Organizational chart	1
District officials	2-3
II. Financial section	
Independent auditor's report	4-6
Management's discussion and analysis	7-13
Basic financial statements	
Government-wide financial statements	
Statement of net position	14
Statement of activities	15-16
Fund financial statements	
Balance sheet—governmental funds	17
Reconciliation of the balance sheet of governmental funds to the statement of net position	18
Statement of revenues, expenditures and changes in fund balances—governmental funds	19
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	20
Statement of net position—proprietary funds	21
Statement of revenues, expenses and changes in net position—proprietary funds	22
Statement of cash flows—proprietary funds	23-24
Statement of fiduciary net position—fiduciary funds	25
Statement of changes in fiduciary net position—fiduciary funds	26
Notes to financial statements	27-66
Required supplementary information (unaudited)	
Schedule of revenues, expenditures and changes in fund balance—general fund—budget and actual	67-68
Schedule of revenues, expenditures and changes in fund balance—Medicaid Match Fund—budget and actual	69
Notes to required supplementary information	70
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
III. Other Reports	
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 *Government Auditing Standards*	74-75

HEALTH CARE DISTRICT OF PALM BEACH COUNTY, FLORIDA
ORGANIZATIONAL CHART



HEALTH CARE DISTRICT OF PALM BEACH COUNTY, FLORIDA
DISTRICT OFFICIALS

DISTRICT BOARD

Chair	Carlos Vidueira
Vice-Chair	Sean O'Bannon
Secretary	Tammy Jackson-Moore
Board Member	Tracy Caruso
Board Member	Patrick Rooney, Jr.
Board Member	Jyothi Gunta, MD.
Board Member	Cathleen Ward, Esq.

DISTRICT QUALITY, PATIENT SAFETY AND COMPLIANCE COMMITTEE

Chair	Tracy Caruso
Committee Member	Alina Alonso, MD
Committee Member	Kimberly Schulz
Committee Member	Dr. Luis Perezalonso
Committee Member	William Johnson
Committee Member	Dr. LaTanya McNeal
Committee Member	Tammy Jackson-Moore
Committee Member	Jyothi Gunta, MD

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

DISTRICT FINANCE AND AUDIT COMMITTEE

Chair	Patrick Rooney, Jr. (Board member)
Committee Member	Sean O'Bannon (Board member)
Committee Member	Carlos Vidueira (Board member)
Committee Member	Joseph Gibbons
Committee Member	Sophia Eccleston
Committee Member	Mark Marciano
Committee Member	Richard Sartory
Committee Member	Heather Frederick

DISTRICT OFFICERS

Chief Executive Officer	Darcy J. Davis
SVP & General Counsel	Bernabe Icaza
SVP & Chief Operating Officer	Candice Abbott
SVP & Chief Nursing Officer	Regina All
SVP & Chief Medical Officer	Belma Andric, MD
VP of Field Operations	Karen Harris
VP & Chief Human Resources Officer	Geoffrey Washburn
VP & Chief Compliance, Privacy, & Risk Officer	Heather Bokor
VP of Behavioral Health & Clinical Innovations	Courtney Phillips, MD
Interim VP & Chief Financial Officer	Jessica Cafarelli

Health Care District
PALM BEACH COUNTY

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Financial Section

Independent Auditor's Report

Members of the Board of Commissioners
Health Care District of Palm Beach County, Florida

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District‘s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District‘s ability to continue as a going concern for a reasonable period of time.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2024, 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 8, 2024

Health Care District
PALM BEACH COUNTY

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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, 2023. 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. (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, 2023 by approximately $288 million, an increase of approximately $37.7 million from the prior year balance.

- The net position of the District's governmental activities was approximately $232.8 million, an increase over the prior-year balance of approximately $37.4 million or 19%. Total net position for business-type activities was approximately $55.3 million, an increase over the prior year's balance of approximately $400 thousand or 1%.

- Fiscal year 2023 revenues for all activities (excluding transfers) were approximately $291.7 million, which represents an increase of approximately $39.1 million or 16% from 2022. Total expenses increased by approximately $2.7 million or 1%, to approximately $254 million.

- The General Fund's unassigned fund balance at September 30, 2023 was approximately $113.8 million. Approximately $69.3 million was committed as stabilization funds for unforeseen, unbudgeted emergency situations and $6.2 million related to non-spendable items such as inventories and prepaid expenses.

- The Medicaid Match Fund has assigned fund balance of approximately $609 thousand as of September 30, 2023, for future Medicaid match expenses.

- At September 30, 2023, the District's Capital Projects Fund had approximately $1.5 million assigned for 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 major and aggregate fund information 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.

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 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 for services 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 part of the primary government reporting entity. 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 (a discrete component unit). 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 support the health care needs in the western region of Palm Beach County, Florida. Financial information for this entity is reported separately from financial information presented for the primary government itself. The Foundation also issues a stand-alone audited financial statement 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 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. Reconciliations are 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.

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 Local Provider Participation Fund. These funds are not reflected in the government-wide financial statements because they do not represent resources that are available to support District operations and services provided.

Notes to the Financial Statements

The notes are essential to a full understanding of the materials 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 an introductory section and required supplementary information on the Districts pension and other post-employment benefit plans.

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*.

Net Position Summary

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 liabilities and deferred inflows of resources by approximately $288 million at September 30, 2023, an increase from the previous fiscal year's net position of approximately $37.7 million. The largest portion (70%) of the District's net position at September 30, 2023, is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors. The next largest portion (30%) 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 changes in net position of the District are reported in detail in the statement of activities following the *Management's Discussion and Analysis*.

Governmental activities change in net position summary

Governmental activities increased the District's net position by approximately $37.4 million. The key elements of this increase are as follows:

- Total revenues for 2023 increased by approximately $40 million from the prior year. The increase resulted primarily from a $14.9, $23.2, and $1.7 million increase in revenues from investments, ad valorem taxes, and charges for service, respectively.

- Total expenses for 2023 increased by approximately $3.1 million when compared to the prior year. The increase resulted primarily from an increase in general government expenses of $8.8 million and a decrease in trauma services of $6.4 million.

	Governmental Activities		
	2023	2022	Change
Ad valorem taxes	$ 178,725,110	$ 155,527,504	$ 23,197,606
Charges for services	19,982,481	18,320,033	1,662,448
Operating grants and contributions	9,390,185	9,211,673	178,512
Investment income (loss)	10,150,485	(4,744,722)	14,895,207
Total revenues	218,248,261	178,314,488	39,933,773
Total expenses	(129,000,919)	(125,913,974)	(3,086,945)
Transfers in (out)	(51,881,776)	(45,066,277)	(6,815,499)
Change in net position	$ 37,365,566	$ 7,334,237	$ 30,031,329

Business-type activities change in net position summary

Business-type activities increased the District's net position by approximately $368 thousand. Key elements of this increase are as follows:

- Total revenues decreased by approximately $840 thousand in 2023. This was primarily due to a decrease in operating grants and contributions of $5.7 million and an increase of $3.3 and $1.5 million in capital grants and contributions and charges for services, respectively.

- Total expenses in 2023 decreased from the prior year by approximately $361 thousand. This was primarily due to less services being provided at Lakeside.

- Net transfers in from the general fund to subsidize operations were approximately $51.9 million and $45.1 million in 2023 and 2022, respectively.

	Business-Type Activities		
	2023	2022	Change
Charges for services	$ 47,483,400	$ 46,001,535	$ 1,481,865
Operating grants and contributions	21,301,130	26,974,101	(5,672,971)
Capital grants and contributions	4,699,964	1,394,094	3,305,870
Investment income (loss)	29,164	(71,755)	100,919
Total revenues	73,513,658	74,297,975	(784,317)
Less total expenses	(124,971,656)	(125,332,853)	361,197
Transfers in (out)	51,881,776	45,066,277	6,815,499
Change in net position	$ 423,778	$ (5,968,601)	$ 6,392,379

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 financial health. 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, 2023, the District's General Fund reported an ending fund balance of approximately $189.3 million, an increase of approximately $30.4 million from the prior year. Approximately 40% of the General Fund's fund balance is non-spendable or committed to indicate that it is not available for new spending and has already been earmarked for the following purposes:

- $6.2 million is non-spendable because it represents inventories and prepaid items
- $69.3 million is committed as stabilization funds for use in unforeseen, unbudgeted emergency situations, such as material sustained declines in real estate values, non-reimbursable natural disaster or global pandemic expenditures, unforeseen excessive litigation, economic downturn or budget shortfall.

The State's Medicaid Match program is a major governmental fund and includes intergovernmental revenue of $5.9 million for 2023, while the related Medicaid Match program expense was $17.1 million. The fund received $11.2 million of transfers in funding from the general fund for the year ended. Fund balance at year end was $609 thousand.

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 positions (deficits) of the Healey Center, HPB, Lakeside and the Clinics at the end of 2023 were approximately $554 thousand, $0, $2.3 million and $1.4 million, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund expenditures were approximately $19 million less than the budgeted amount, primarily due to the following:

- A favorable variance of $3.9 million in managed care expenditures attributable primarily to lower than anticipated expenditures for administration, eligibility, and medical services.

- A favorable variance of $12.6 million in trauma services expenditures attributable primarily to lower than anticipated medical services, trauma, and aeromedical expenditures.

- A favorable variance of $50 thousand in school health programs attributable to lower than anticipated expenditures for salaries and benefits.

- A favorable variance of $459 thousand in pharmacy services attributable primarily to lower than anticipated costs related to pharmaceutical drugs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital, leased and Subscription-Based Information Technology Arrangements (SBITA) assets, net of accumulated depreciation and amortization

The District's investment in capital, leased, and SBITA assets for its governmental and business-type activities at September 30, 2023 were approximately $105.8 million (net of accumulated depreciation and amortization). This investment includes land, construction in progress, buildings and improvements, ambulances, furniture, fixtures and equipment and right-to-use leased and SBITA assets. Governmental activities' balances increased by approximately $790 thousand or 1.6% in 2023, net of disposals and depreciation/amortization. The increase was primarily attributable to capital additions of approximately $14.7 million, offset by depreciation/amortization expense and disposals.

Business-type activities' investment in capital, leased, and SBITA assets (net of accumulated depreciation and amortization) increased in 2023 by approximately $1.4 million or 2.6%. The increase was primarily attributable to capital additions of approximately $7.1 million, offset by depreciation/amortization expense and disposals.

A summary of the capital, leased and SBITA asset balances on September 30, 2023 and 2022, follows. More detailed information can be found in Note 6 to the financial statements.

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Land	$ -	$ -	$ 3,971,465	$ 3,971,465
Construction in progress	1,664,873	17,745,631	1,130,033	419,873
Buildings and improvements	4,764,768	4,734,215	83,716,925	83,594,598
Air ambulances	36,970,510	14,176,149	-	-
Furniture, fixtures and equipment	31,622,943	30,838,172	18,104,361	15,138,823
Total gross capital assets	75,023,094	67,494,167	106,922,784	103,124,759
Less accumulated depreciation	(41,372,212)	(32,700,827)	(55,580,909)	(51,812,710)
Capital assets, net	$ 33,650,882	$ 34,793,340	$ 51,341,875	$ 51,312,049

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Total right-to-use leased and SBITA assets	$ 25,387,678	$ 18,381,623	$ 6,070,378	$ 4,098,858
Less accumulated amortization	(9,403,338)	(4,329,306)	(1,197,904)	(613,841)
Right-to-use leased and SBITA assets, net	$ 15,984,340	$ 14,052,317	$ 4,872,474	$ 3,485,017

Debt and Noncurrent Liabilities

The District's noncurrent liabilities on September 30, 2023 include compensated absences of approximately $7.6 million, estimated self-insured liabilities of approximately $460 thousand, lease payable $19.1 million, pension and OPEB of approximately $649 thousand and other liabilities totaling $295 thousand. More detailed information about compensated absences can be found in Note 8 to the financial statements. More detailed information about lease payables can be found in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In Fiscal Year 2024, the District is continuing to expand access to services for the residents of Palm Beach County while identifying opportunities to reduce expenditures and enhance revenue. The District is launching a rebranding campaign to support the District's evolution and service expansion while increasing our ability to recruit top candidates.

The District's FQHCs will expand integrated care for medical, dental and behavioral services while coordinating services with specific community needs. The District is helping to facilitate a county-wide behavioral health ecosystem in conjunction with other community organizations.

The health care service sector continues experiencing a nation-wide shortage of nurses and the District is no exception. In Fiscal Year 2024, the District is implementing a clinical ladder to offer opportunity for nurses to advance internally while growing their technical skillset. The District is also creating a clinical float pool to build flexibility in our staffing model without having to rely on outside sources at a premium pay. Both initiatives strengthen recruitment while also increasing retention of experienced staff and reducing burnout.

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

Basic Financial Statements

Health Care District of Palm Beach County, Florida

Statement of Net Position
September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Good Health Foundation, Inc.
Assets				
Cash and cash equivalents	$ 97,556,443	$ 7,646,815	$ 105,203,258	$ 546,334
Investments	106,247,393	-	106,247,393	-
Patient accounts receivable, net	956,513	4,395,009	5,351,522	-
Due from other governments and others	5,870,754	2,036,263	7,907,017	-
Inventories	34,689	875,003	909,692	-
Estimated third-party payor receivable	-	693,796	693,796	
Prepaid expenses and other current assets	7,686,531	983,361	8,669,892	-
Restricted cash	-	3,887	3,887	-
Capital assets and right-to-use leased and SBITA assets:				
Capital assets not being depreciated	1,664,873	5,101,498	6,766,371	-
Depreciable capital assets, net of accumulated depreciation	31,986,009	46,240,377	78,226,386	-
Right-to-use leased and SBITA assets, net of accumulated amortization	15,984,340	4,872,474	20,856,814	
Total assets	$ 267,987,545	$ 72,848,483	$ 340,836,028	$ 546,334
Deferred Outflows of Resources				
Deferred outflows related to pensions and OPEB	$ 99,912	$ 113,803	$ 213,715	$ -
Liabilities				
Accounts payable	$ 7,847,592	$ 2,924,584	$ 10,772,176	$ -
Accrued expenses	3,111,074	4,424,414	7,535,488	-
Accrued interest payable	84,785	21,676	106,461	
Medical benefits payable	3,268,301	-	3,268,301	-
Unearned revenue	2,731,375	17,771	2,749,146	-
Estimated third-party payor settlements	-	67,082	67,082	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	770,998	841,120	1,612,118	-
Estimated self-insured liability	-	318,642	318,642	-
Lease payable	4,630,866	716,354	5,347,220	
Due in more than one year:				
Due to other governments	295,278	-	295,278	-
Compensated absences	2,893,370	3,156,518	6,049,888	-
Estimated self-insured liability	-	141,302	141,302	-
Other postemployment benefits	232,442	331,429	563,871	-
Net pension liability	-	85,618	85,618	-
Lease payable	9,369,571	4,418,483	13,788,054	
Total liabilities	$ 35,235,652	$ 17,464,993	$ 52,700,645	$ -
Deferred Inflows of Resources				
Deferred inflows related to pensions and OPEB	$ 97,503	$ 247,016	$ 344,519	$ -
Net Position				
Net investment in capital assets	$ 35,634,785	$ 51,079,512	$ 86,714,297	$ -
Restricted for:				
Donor-restricted contributions	-	3,887	3,887	508,416
Unrestricted	197,119,517	4,166,878	201,286,395	37,918
Total net position	$ 232,754,302	$ 55,250,277	$ 288,004,579	$ 546,334

See notes to financial statements.

Health Care District
PALM BEACH COUNTY

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Health Care District of Palm Beach County, Florida

Statement of Activities
Fiscal Year Ended September 30, 2023

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 60,544,230	$ 10,592,208	$ 9,390,185	$ -
Managed care	15,985,067	2,219,519	-	-
Trauma services	10,833,999	1,536,590	-	-
School health	25,290,471	3,414,645	-	-
Pharmacy services	5,391,897	682,929	-	-
Funding collaboratives	10,378,649	1,536,590	-	-
Interest expense	576,606	-		
Total governmental activities	129,000,919	19,982,481	9,390,185	-
Business-type activities:				
Healey Center	25,811,470	9,738,212	9,100,000	369,380
Lakeside Medical Center	57,545,310	26,860,290	234,958	3,343,613
Primary Care Clinics	41,614,876	10,884,898	11,966,172	986,971
Healthy Palm Beaches	-	-	-	-
Total business-type activities	124,971,656	47,483,400	21,301,130	4,699,964
Total primary government	$ 253,972,575	$ 67,465,881	$ 30,691,315	$ 4,699,964
Component unit:				
Good Health Foundation	$ 26,308	$ -	104,684	$ -

General revenues:
Ad valorem taxes
Investment income
Miscellaneous
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 Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Good Health Foundation, Inc.
$ (40,561,837)	$ -	$ (40,561,837)	$ -
(13,765,548)	-	(13,765,548)	-
(9,297,409)	-	(9,297,409)	-
(21,875,826)	-	(21,875,826)	-
(4,708,968)	-	(4,708,968)	-
(8,842,059)	-	(8,842,059)	-
(576,606)	-	(576,606)	-
(99,628,253)	-	(99,628,253)	-
-	(6,603,878)	(6,603,878)	-
-	(27,106,449)	(27,106,449)	-
-	(17,776,835)	(17,776,835)	-
-	-	-	
-	(51,487,162)	(51,487,162)	-
$ (99,628,253)	$ (51,487,162)	$ (151,115,415)	$ -
			$ 78,376
178,725,110	-	178,725,110	-
10,150,485	29,164	10,179,649	-
-	(55,964)	(55,964)	-
(51,881,776)	51,881,776	-	-
136,993,819	51,854,976	188,848,795	-
37,365,566	367,814	37,733,380	78,376
195,388,736	54,882,463	250,271,199	467,958
$ 232,754,302	$ 55,250,277	$ 288,004,579	$ 546,334

Health Care District of Palm Beach County, Florida

Governmental Funds
Balance Sheet
September 30, 2023

	Major Funds			Total
	General Fund	Medicaid Match Fund	Capital Projects Fund	Governmental Funds
Assets				
Cash and cash equivalents	$ 84,756,774	$ 609,042	$ 1,983,455	$ 87,349,271
Investments	106,247,393	-	-	106,247,393
Patient accounts receivable, net	956,513	-	-	956,513
Due from other governments and others	5,529,534	-	341,220	5,870,754
Inventories	34,689	-	-	34,689
Prepaid items and other current assets	7,236,531	-	-	7,236,531
Total assets	$ 204,761,434	$ 609,042	$ 2,324,675	$ 207,695,151
Liabilities, deferred inflow of resources and fund balances				
Liabilities:				
Accounts payable	$ 7,050,836	$ -	$ 796,756	$ 7,847,592
Accrued expenditures	3,111,074	-	-	3,111,074
Medical benefits payable	2,107,544	-	-	2,107,544
Unearned revenue	2,731,375	-	-	2,731,375
Due to other governments	295,278	-	-	295,278
Total liabilities	15,296,107	-	796,756	16,092,863
Deferred inflow of resources:				
Deferred inflows – unavailable revenues	132,036	-	-	132,036
Fund balances:				
Nonspendable:				
Inventories	34,689	-	-	34,689
Prepaid items	6,166,686	-	-	6,166,686
Committed:				
Stabilization fund	69,332,974	-	-	69,332,974
Assigned:				
Capital projects	-	-	1,527,919	1,527,919
Medicaid match	-	609,042	-	609,042
Unassigned	113,798,942	-	-	113,798,942
Total fund balances	189,333,291	609,042	1,527,919	191,470,252
Total liabilities, deferred inflow of resources and fund balances	$ 204,761,434	$ 609,042	$ 2,324,675	$ 207,695,151

See notes to financial statements.

Health Care District of Palm Beach County, Florida

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2023

Fund balances – total governmental funds	$	191,470,252
Amounts reported for governmental activities in the statement of net position are different because:		
Capital, SBITA and leased assets used in governmental activities are not current financial resources and therefore are not reported in the balance sheet of the governmental funds		33,650,882
Right-to-use leased and SBITA assets		15,984,340
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		(3,664,368)
Other post-employment benefit (OPEB) liabilities		(232,442)
Net deferred outflows for pensions and OPEB		2,409
Lease payable		(14,000,437)
Accrued interest payable		(84,785)
Receivables not available to pay for current period expenditures are reported as unavailable revenue in the funds.		132,036
An internal service fund is used by the District to charge the costs of health insurance premiums to individual funds. The assets and liabilities of the internal service fund are included in governmental activities.		9,496,415
Total net position related to governmental activities	$	232,754,302

See notes to financial statements.

Health Care District
PALM BEACH COUNTY

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Health Care District of Palm Beach County, Florida

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Fiscal Year Ended September 30, 2023

	Major Funds			Total
	General Fund	Medicaid Match Fund	Capital Projects Fund	Governmental Funds
Revenues:				
Ad valorem taxes	$ 178,725,110	$ -	$ -	$ 178,725,110
Intergovernmental	3,470,606	5,900,000	-	9,370,606
Charges for services	2,909,256	-	-	2,909,256
Investment and other income	10,144,336	2,949	3,200	10,150,485
Total revenues	195,249,308	5,902,949	3,200	201,155,457
Expenditures:				
Current				
General government	26,710,387	17,080,730	-	43,791,117
Managed care	12,527,012	-	-	12,527,012
Trauma services	8,396,913	-	-	8,396,913
School health	19,905,815	-	-	19,905,815
Pharmacy services	4,231,024	-	-	4,231,024
Funding collaboratives	9,340,605	-	-	9,340,605
Capital outlay	-	-	19,487,577	19,487,577
Debt Service costs				
Principal	4,310,150	-	-	4,310,150
Interest expense	590,784	-	-	590,784
Total expenditures	86,012,690	17,080,730	19,487,577	122,580,997
Revenues over (under) expenditures	109,236,618	(11,177,781)	(19,484,377)	78,574,460
Other financing sources (uses):				
Transfers in	411,657	11,177,781	15,768,443	27,357,881
Transfers out	(79,239,657)	-	-	(79,239,657)
Leases (as leasee)	-	-	4,049,420	4,049,420
Total other financing sources (uses)	(78,828,000)	11,177,781	19,817,863	(47,832,356)
Net change in fund balances	30,408,618	-	333,486	30,742,104
Fund balances—beginning	158,924,673	609,042	1,194,433	160,728,148
Fund balances—ending	$ 189,333,291	$ 609,042	$ 1,527,919	$ 191,470,252

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, 2023

Net change in governmental fund balances		$ 30,742,104
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, leased and SBITA assets	$ 14,788,396	
Less current year depreciation	(13,990,422)	$ 797,974
The net effect of various transactions involving capital assets (i.e. sales, disposals, etc.) is to decrease net position.		(8,408)
Revenues that are earned but not received within the District's availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available. The net difference is recorded as a reconciling item.		19,578
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.		(81,465)
Lease proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position. Repayment of lease principal is an expenditure in the governmental funds, but repayment reduces long-term lease liabilities in the statement of net position.		
Leases issued	(4,049,420)	
Principal payments on leases	4,310,150	260,730
Other postemployment benefits (OPEB):		
OPEB expenses reported in the statement of activities are not reported in the governmental funds because they have no effect on current financial statements.		9,500
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.		(6,239)
Accrued interest payable		14,178
An internal service fund is used by the District to charge the costs of health insurance premiums to individual funds. The decrease in net position of the internal service fund is reported with governmental activities.		5,617,614
Change in net position of governmental activities		$ 37,365,566

See notes to financial statements.

Health Care District
PALM BEACH COUNTY

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Health Care District of Palm Beach County, Florida

Proprietary Funds
Statement of Net Position
September 30, 2023

	Business-Type Activities—Enterprise Funds					Governmental Activities
	Major Funds			Nonmajor Fund		
	Healey Center Fund	Lakeside Medical Center Fund	Primary Care Clinics Fund	Healthy Palm Beaches Fund	Total	Health Insurance Internal Service Fund
Assets						
Current assets:						
Cash and cash equivalents	$ 2,798,138	$ 4,462,260	$ 386,417	$ -	$ 7,646,815	$ 10,207,172
Patient accounts receivable, net	899,400	1,255,781	2,239,828	-	4,395,009	-
Due from other governments	-	-	2,036,263	-	2,036,263	-
Inventories	-	875,003	-	-	875,003	-
Estimated third-party payor receivable	-	693,796	-	-	693,796	-
Prepaid expenses and other current assets	122,090	580,735	280,536	-	983,361	450,000
Total current assets	3,819,628	7,867,575	4,943,044	-	16,630,247	10,657,172
Noncurrent assets:						
Restricted cash	3,887	-	-	-	3,887	-
Capital assets:						
Land	3,971,465	-	-	-	3,971,465	-
Construction in progress	131,522	498,511	500,000	-	1,130,033	-
Right-to-use leased and SBITA assets, net of accumulated amortization	298	108,133	4,764,043	-	4,872,474	
Depreciable capital assets, net of accumulated depreciation	11,861,815	31,438,328	2,940,234	-	46,240,377	-
Total noncurrent assets	15,968,987	32,044,972	8,204,277	-	56,218,236	-
Total assets	$ 19,788,615	$ 39,912,547	$ 13,147,321	$ -	$ 72,848,483	$ 10,657,172
Deferred Outflows of Resources						
Deferred outflows related to pensions and OPEB	$ 46,530	$ 20,937	$ 46,336	$ -	$ 113,803	$ -
Liabilities						
Current liabilities:						
Accounts payable	$ 268,124	$ 2,069,920	$ 586,540	$ -	$ 2,924,584	$ -
Accrued salaries and benefits	1,401,250	1,474,874	1,548,290	-	4,424,414	-
Accrued interest payable	-	268	21,408	-	21,676	-
Unearned grant revenue	-	15,601	2,170	-	17,771	-
Estimated third-party payor settlements	67,082	-	-	-	67,082	-
Accrued compensated absences	247,832	312,200	281,088	-	841,120	-
Estimated self-insured liability	30,569	284,858	3,215	-	318,642	1,160,757
Lease liability	-	80,528	635,826	-	716,354	-
Total current liabilities	2,014,857	4,238,249	3,078,537	-	9,331,643	1,160,757
Noncurrent liabilities:						
Accrued compensated absences, less current portion	930,052	1,171,612	1,054,854	-	3,156,518	-
Estimated self-insured liability, less current portion	13,556	126,320	1,426	-	141,302	-
Other postemployment benefits liabilities (OPEB)	98,737	127,396	105,296	-	331,429	-
Net pension liability	85,618	-	-	-	85,618	-
Lease liability	306	2,721	4,415,456	-	4,418,483	-
Total noncurrent liabilities	1,128,269	1,428,049	5,577,032	-	8,133,350	-
Total liabilities	$ 3,143,126	$ 5,666,298	$ 8,655,569	$ -	$ 17,464,993	$ 1,160,757
Deferred Inflows of Resources						
Deferred inflows related to pensions and OPEB	$ 168,546	$ 47,713	$ 30,757	$ -	$ 247,016	$ -
Net Position						
Net investment in capital assets	$ 15,964,794	$ 31,961,723	$ 3,152,995	$ -	$ 51,079,512	$ -
Restricted for donor contributions	3,887	-	-	-	3,887	-
Unrestricted (deficit)	554,792	2,257,750	1,354,336	-	4,166,878	9,496,415
Total net position	$ 16,523,473	$ 34,219,473	$ 4,507,331	$ -	$ 55,250,277	$ 9,496,415

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, 2023

	Business-Type Activities—Enterprise Funds					Governmental Activities
	Major Funds			Nonmajor Fund		
	Healey Center Fund	Lakeside Medical Center Fund	Primary Care Clinics Fund	Healthy Palm Beaches Fund	Total	Health Insurance Internal Service Fund
Operating revenues:						
Net patient service revenues	$ 9,109,226	$ 26,659,522	$ 10,616,790	$ -	$ 46,385,538	$ -
Charges for services	-	-	-	-	-	17,073,226
Other operating revenues, net	628,986	200,768	268,108	-	1,097,862	-
Total operating revenues	9,738,212	26,860,290	10,884,898	-	47,483,400	17,073,226
Operating expenses:						
General services	735,448	2,716,479	-	-	3,451,927	-
Nursing services	11,918,559	1,075,985	-	-	12,994,544	-
Medical services	1,555,978	30,476,328	25,547,106	-	57,579,412	-
Insurance claims, net of recoveries	-	-	-	-	-	11,455,612
General and administrative services	10,679,648	19,666,893	15,088,331	-	45,434,872	-
Depreciation and amortization	921,808	3,603,645	820,305	-	5,345,758	-
Total operating expenses	25,811,441	57,539,330	41,455,742	-	124,806,513	11,455,612
Operating (loss) income	(16,073,229)	(30,679,040)	(30,570,844)	-	(77,323,113)	5,617,614
Nonoperating revenues (expenses):						
Interest expense	(29)	(5,980)	(159,134)		(165,143)	
Grant revenue	9,100,000	234,958	11,227,758	-	20,562,716	-
Cares Act revenue	-	-	738,414	-	738,414	-
Investment income	10,004	17,097	2,063	-	29,164	-
Loss on disposal of capital assets	-	(44,383)	(11,581)	-	(55,964)	-
Total nonoperating revenues	9,109,975	201,692	11,797,520	-	21,109,187	-
(Loss) income before capital contributions and transfers	(6,963,254)	(30,477,348)	(18,773,324)	-	(56,213,926)	5,617,614
Capital contributions	369,380	3,343,613	986,971	-	4,699,964	-
Transfers in	6,593,874	27,133,735	18,913,704	-	52,641,313	-
Transfers out	-	-	(347,880)	(411,657)	(759,537)	-
Change in net position	-	-	779,471	(411,657)	367,814	5,617,614
Total net position—beginning	16,523,473	34,219,473	3,727,860	411,657	54,882,463	3,878,801
Total net position—ending	$ 16,523,473	$ 34,219,473	$ 4,507,331	$ -	$ 55,250,277	$ 9,496,415

See notes to financial statements.

Health Care District of Palm Beach County, Florida

Proprietary Funds
Statement of Cash Flows
Fiscal Year Ended September 30, 2023

	Business-Type Activities—Enterprise Funds: Major Funds			Nonmajor fund		Governmental Activities
	Healey Center Fund	Lakeside Medical Center Fund	Primary Care Clinics Fund	Healthy Palm Beaches Fund	Total	Health Insurance Internal Service Fund
Cash flows from operating activities:						
Receipts from patients, third-party payors, and other funds	$ 9,000,885	$ 27,063,606	$ 9,031,006	$ -	$ 45,095,497	$ 17,073,226
Payments to employees	(307,743)	(22,441,682)	(25,421,111)	-	(48,170,536)	-
Payments to suppliers and service providers	(24,148,426)	(31,882,410)	(14,988,169)	-	(71,019,005)	(12,248,150)
Other receipts	628,986	200,768	268,108	-	1,097,862	-
Net cash (used in) provided by operating activities	(14,826,298)	(27,059,718)	(31,110,166)	-	(72,996,182)	4,825,076
Cash flows from noncapital financing activities:						
Grants received	9,100,000	337,151	11,946,729	-	21,383,880	-
Transfers in (out) from other funds	6,593,874	27,133,735	18,565,824	(411,657)	51,881,776	-
Net cash provided by (used in) noncapital financing activities	15,693,874	27,470,886	30,512,553	(411,657)	73,265,656	-
Cash flows from capital and related financing activities:						
Acquisition of capital assets	-	(8,024)	(243,506)	-	(251,530)	-
Interest payments on leases	(29)	(5,980)	(161,197)	-	(167,206)	-
Principal payments on leases and SBITA	(1,139)	(154,112)	(242,776)	-	(398,027)	-
Net cash used in capital and related financing activities	(1,168)	(168,116)	(647,479)	-	(816,763)	-
Cash flows from investing activities:						
Interest earnings received	10,004	17,097	2,063	-	29,164	-
Net cash provided by investing activities	10,004	17,097	2,063	-	29,164	-
Net increase (decrease) in cash and cash equivalents	876,412	260,149	(1,243,029)	(411,657)	(518,125)	4,825,076
Cash and cash equivalents—beginning	1,925,613	4,202,111	1,629,446	411,657	8,168,827	5,382,096
Cash and cash equivalents—ending	$ 2,802,025	$ 4,462,260	$ 386,417	$ -	$ 7,650,702	$ 10,207,172
Cash and cash equivalents	$ 2,798,138	$ 4,462,260	$ 386,417	$ -	$ 7,646,815	$ 10,207,172
Restricted cash	3,887	-	-	-	3,887	-
Total cash and cash equivalents	$ 2,802,025	$ 4,462,260	$ 386,417	$ -	$ 7,650,702	$ 10,207,172

(Continued)

Health Care District of Palm Beach County, Florida

Proprietary Funds

Statement of Cash Flows (Continued)

Fiscal Year Ended September 30, 2023

	Business-Type Activities—Enterprise Funds					Governmental Activities
	Major Funds			Nonmajor Fund		
	Healey Center Fund	Lakeside Medical Center Fund	Primary Care Clinics Fund	Healthy Palm Beaches Fund	Total	Health Insurance Internal Service Fund
Reconciliation of operating income (loss) to net cash (used in) provided by operating activities:						
Operating (loss) income	$ (16,073,229)	$ (30,679,040)	$ (30,570,844)	$ -	$ (77,323,113)	$ 5,617,614
Adjustments to reconcile operating income (loss) to net cash (used in) provided by operating activities:						
Provision for bad debts	64	4,710,269	4,076,188	-	8,786,521	-
Depreciation and amortization	921,808	3,603,645	820,305	-	5,345,758	-
Changes in assets and liabilities:						
Patient accounts receivable	(119,630)	(4,330,171)	(4,877,506)	-	(9,327,307)	-
Due from other governments	-	-	-	-	-	-
Inventories	-	199,122	-	-	199,122	-
Estimated third-party payor receivable	-	23,986	-	-	23,986	-
Prepaid expenses and other current assets	(29,938)	(110,126)	(30,426)	-	(170,490)	-
Accounts payable	35,589	(469,293)	130,747	-	(302,957)	-
Accrued salaries and benefits	401,781	338,832	185,340	-	925,953	-
Estimated third-party payor settlements	11,225	-	-	-	11,225	
Unearned grant revenue	-	-	(784,466)	-	(784,466)	-
Accrued compensated absences	42,515	(254,274)	(75,865)	-	(287,624)	-
Estimated self-insured liability	107	(99,361)	(159)	-	(99,413)	(792,538)
OPEB and related deferred inflows/outflows	8,306	6,693	13,222	-	28,221	-
Net pension liability and related deferred inflows/outflows	(24,896)	-	-	-	(24,896)	-
Net deferred inflows/outflows of resources	-	-	3,298	-	3,298	-
Net cash (used in) provided by operating activities	$ (14,826,298)	$ (27,059,718)	$ (31,110,166)	$ -	$ (72,996,182)	$ 4,825,076
Supplemental disclosure of noncash capital and related financing activities:						
Capital assets contributed by the District	$ 369,380	$ 3,343,613	$ 986,971	$ -	$ 4,699,964	$ -

See notes to financial statements.

Health Care District of Palm Beach County, Florida

Fiduciary Funds
Statement of Fiduciary Net Position
September 30, 2023

	Custodial Funds	
	Local Provider Participation Fund	Resident Fund
Assets		
Cash and cash equivalents	$ 14,301,035	$ 45,511
Total assets	$ 14,301,035	$ 45,511
Liabilities		
Due to patients	-	155
Direct payment assessments payable	14,301,035	-
Total liabilities	14,301,035	155
Net Position		
Restricted for:		
Individuals and other governments	-	45,356
Total net position	$ -	$ 45,356

See notes to financial statements

Health Care District of Palm Beach County, Florida

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Fiscal Year Ended September 30, 2023

	Custodial Funds	
	Local Provider Participation Fund	Resident Fund
Additions:		
Collections from residents	$ 53,416,781	$ 431,250
Total additions	53,416,781	431,250
Deductions:		
Payments of assessments to other governments	53,416,781	-
Distribution to residents	-	440,971
Total deductions	53,416,781	440,971
Change in net position	-	(9,721)
Net position – beginning	-	55,077
Net position – ending	$ -	$ 45,356

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

Healthy Palm Beaches, Inc.: HPB is a legally separate, Florida nonprofit corporation created by the District and previously operated 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. The District is the sole corporate member of the HPB therefore, the HPB is considered a blended component unit of the District. HPB does not issue separate audited financial statements prepared in accordance with GAAP.

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. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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 creates a financial burden for the District, as it is financially dependent on the District. The District also provides administrative support functions to Lakeside. The District is the sole corporate member of Lakeside therefore, Lakeside is considered a blended component unit of the District. 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 and behavior health. The Clinics creates a financial burden for the District, as it is financially dependent on the District. The District is the sole corporate member of the Clinics therefore, the Clinics is considered a blended component unit of the District. 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.

Discretely presented component unit: The primary government financial statements do not include the operations of Good Health Foundation, Inc. (the Foundation), 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 5 and no more than 15 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 https://www.hcdpbc.org/

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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 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, when required.

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 enterprise funds:

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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 ten 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.

Nonmajor enterprise fund

Healthy Palm Beaches Fund: This fund accounts for the activities of Healthy Palm Beaches, Inc. (HPB), a blended component unit of the District. 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.

Additionally, the District reports the following fund types*:*

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

Fiduciary Funds: These 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.

The District reports the following fiduciary funds:

Resident Custodial Fund: This fund is used to account for assets held by the District on behalf of residents at the Healey Center.

Local Provider Participation Custodial Fund: This fund accounts for Directed Payment Program (DPP) assessments that the District bills and collects on behalf of Palm Beach County. The DPP is a non-ad valorem special assessment that is charged solely to private hospitals.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

The government-wide, proprietary fund and fiduciary 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. 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.

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 postemployment benefits (OPEB) and claims and judgments are recorded only when payment is due. Expenditures related to other postemployment 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, fund balance and net position:

Cash, cash equivalents and investments*:* The District's cash and cash equivalents consisted of petty cash, deposits with financial institutions, money market mutual funds and intergovernmental investment pool securities comprised of short-term, highly liquid assets. 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 income from investments are recorded 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.”

Note 1. Summary of Significant Accounting Policies (Continued)

(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.

(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 three years 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 “AAAm” 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” by a NRSRO, up to a maximum of 25% of available funds and a maximum of 10% 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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, ground transportation, 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, behavioral health 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.

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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets*:* Capital assets, which include land, construction in progress, buildings, improvements and furniture, fixtures, equipment and right-to-use leased and Subscription Based Information Technology Arrangements (SBITA) assets, 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 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 on a straight-line basis over their estimated useful lives as follows:

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

Leasehold improvements are recorded at cost and depreciated on a straight-line basis over the shorter of the estimated useful lives of the depreciable assets or the lease term. 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.

Leases: The District is a lessee for noncancellable leases of equipment and building space and has entered into SBITA to use vendor provided information technology intangible assets (thereafter leases). The District recognizes a lease liability and an intangible right-to-use leased and SBITA asset (leased asset) on the financial statements.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of its useful life or the lease term.

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

- The District uses estimated incremental borrowing rates, which is the estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the District is reasonably certain to exercise.

Note 1. Summary of Significant Accounting Policies (Continued)

The District is currently not a lessor in any transactions.

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.

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, regulations or imposed by law through constitutional provisions or enabling legislation, reduced by liabilities payable from those assets. Unrestricted net position (deficit) consists of all net position that does not meet the definition of net investment in capital assets or restricted net position.

At September 30, 2023, the net position of the government-wide and proprietary funds were restricted for the following purposes:

Donor-restricted contributions*:* The Healey Center and the Foundation had donor-restricted contributions of $3,887 and $508,416, respectively, at year-end.

Note 1. Summary of Significant Accounting Policies (Continued)

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 and regulations of other governments/agencies, or b) imposed by law through constitutional provisions or enabling legislation. The District had no restricted fund balances at year-end.

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.

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 (deficit) 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.

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.

Stabilization fund policy: The District's policy is to maintain an adequate committed balance in the general fund to provide the District with a "rainy day" fund for use in unforeseen, unbudgeted emergency situations, such as material sustained declines in real estate values, non-reimbursable natural disaster or global pandemic expenditures, unforeseen excessive litigation, economic downturn or budget shortfall. The target level for the stabilization fund is 15-25% of all combined fund annual expenditures and capital expenditures. The need to draw funds from the stabilization account, wherein the balance drops below the target level of 15-25% of all combined fund annual expenditures and capital expenditures will require District Board approval. The stabilization fund balance will be set annually within the target level of 15%-25% by the District Board as part of the budget process.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Within 60 days of 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 5%-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 between 5%-18% per year until the tax is satisfied.

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, 2023, 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 that. Regardless of the preceding requirements, the District cannot increase its millage rate more than 0.25 mills over the prior year.

The total taxable assessed value upon which the fiscal year 2023 tax levy was based was approximately $255.7 billion. For the year ended September 30, 2023, 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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, consisted of the following:

Healey Center Fund:	
Managed Care Medicaid and Medicare	$ 8,660,177
Insurance, private-pay and other revenue	449,049
	9,109,226
Lakeside Medical Center Fund:	
Medicare and Medicaid revenue	13,515,611
Disproportionate share distributions	570,575
Insurance, private-pay and other revenue	12,573,336
	26,659,522
Primary Care Clinics Fund:	
Medicare and Medicaid revenue	5,671,582
Insurance, private-pay and other revenue	4,945,208
	10,616,790
Total net patient service revenues	$ 46,385,538

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. 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. See Note 11 for disclosures on settlements and related costs related to third-party payors.

Note 1. Summary of Significant Accounting Policies (Continued)

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. As part of operating under the Medicare program, 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 the program. 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. Medicare cost reports through September 30, 2019, have been audited and finalized by the Medicare Administrative Contractor.

The Medicare cost reports for the Healey Center and Clinics for the fiscal year ended September 30, 2023, will be filed in fiscal year 2024. Management evaluated the estimated settlements, and no liability is reasonably expected. 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.

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. Lakeside is reimbursed under an inpatient payment method that utilizes All Patient Refined Diagnosis Related Groups (APR DRGs). Payments under APR 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, and have been settled.

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 the Clinics.

The Centers for Medicare and 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 2023, and no liability has been recorded for estimated RAC settlements.

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, 2023, the base rate was increased to $187.19.

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.

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 the 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. The cost of charity care provided is approximately $19,860,370 and the percentage of charity care charges to all patient charges was 10% for the year ended September 30, 2023.

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 and Lakeside to support coverage for Medicaid, uninsured and underinsured patients.

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 statement of revenues, expenditures and changes in net position, net of the required quarterly assessments owed by Lakeside, which are accrued in the fiscal year for which the assessments are made. For the year ended September 30, 2023, Lakeside was not assessed for these programs and the total DSH and LIP share distributions received was approximately $932,000, which is 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. 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.

Lakeside recognized approximately $4,616,000 of patient service revenues under the Medicaid supplemental financing initiative called the Hospital Directed Payment Program (DPP) for the year ended September 30, 2023. DPP is administered regionally and is intended to bridge the difference between Medicaid reimbursement rates and the costs of providing the care. Florida's DPP provides a financial incentive for all hospitals to engage in quality initiatives with the Medicaid managed care plans in their region. Hospitals that participate in a DPP receive their DPP funding through their local Medicaid managed care plans. The DPP funds are recognized as net patient service revenues in the accompanying statements of revenues, expenses and changes in net position. The Hospital also recognized net patient service revenues from the Indirect Medical Education (IME) program of approximately $3,459,000 for the year ended September 30, 2023.

Operating revenues and expenses*:* The statement 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, operating grants, contributions, CARES Act funding and other unrestricted revenues, are reported as nonoperating revenues. 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. Internal service fund expenses incurred for employee health insurance claims and related costs are also reported as operating expenses. All other expenses are reported as non-operating expenses.

Grant revenues and receivables: Grant revenues is recorded when the related expenses are incurred and the eligibility and time requirements have been met. Grant funds received in advance of meeting eligibility requirements are reported as unearned grant revenues. As of September 30, 2023, the Clinics had grant receivables of approximately $2,036,000, of which, approximately 62% was due from HRSA.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

COVID-19 pandemic: In January 2020, the Secretary of the U.S. Department of Health and Human Services (HHS) declared a national public health emergency due to a novel strain of coronavirus (COVID-19). In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. The resulting measures to contain the spread and impact of COVID-19 have adversely affected the District's results of operations. As a result of the COVID-19 pandemic, federal and state governments have passed legislation, promulgated regulations and taken other administrative actions intended to assist health care providers in providing care to COVID-19 and other patients during the public health emergency. Sources of relief include the Coronavirus Aid, Relief and Economic Security Act (the CARES Act), which was enacted on March 27, 2020. During the year ended September 30, 2023, the District was the beneficiary of these stimulus measures. The District's accounting policies for the recognition of these stimulus monies are described below.

CARES Act and PHSSEF Funding*:* In fiscal year 2023, approximately $738,400 of the Public Health and Social Services Emergency Fund (the PHSSEF) payments qualified as reimbursement for expenses and was recognized as CARES Act funding revenues in the financial statements. The District recognizes grant payments as income when there is reasonable assurance the District has complied with the conditions and eligibility requirements associated with the grant. The District's estimates could change materially in the future based on operating performance or COVID-19 activities at individual locations, as well as the evolving grant compliance guidance provided by the government.

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 (FASB) 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 2019.

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/expenditures during the reporting period. Significant estimates include the allowance for contractual adjustments and doubtful accounts, leases, estimated third-party payor settlements, pension liability, other postemployment benefit liability, self-insured liability and medical benefits payable. Actual results could differ from those estimates.

Recent accounting pronouncements:

The following GASB statements were effective for the fiscal year ended 2023. The adoption of these standards did not have a material effect on the District's financial statements:

GASB Statement No. 91, Conduit Debt Obligations, was issued May 2019. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with: (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, was issued March 2020. This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

The GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing: (1) practice issues that have been identified during implementation and application of certain GASB Statements, and (2) accounting and financial reporting for financial guarantees.

The following GASB statements are 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 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for: (1) certain changes in accounting principles, and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency and comparability. This statement also addresses corrections of errors in previously issued financial statements. The requirements of this statement are effective for the District beginning with its year ending September 30, 2024.

GASB 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for the District beginning with its year ending September 30, 2025.

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 year end:

	Primary Government		
	Unrestricted	Restricted	Fiduciary Funds
Deposits with financial institutions	$ 18,837,103	$ -	$ 14,346,546
Intergovernmental investment pool	33,752,090	-	
Money market mutual funds	52,614,065	-	-
Deposits with financial institutions restricted for donor contributions	-	3,887	-
Total	$ 105,203,258	$ 3,887	$ 14,346,546

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 funds and intergovernmental investment pool securities that are available to the District on a next day basis. Restricted cash and cash equivalents are comprised of bank deposits of $3,887 of donor-restricted contributions received by the Healey Center.

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

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-end the Foundation's deposits with financial institutions exceeded federal depository insurance limits by approximately $46,300. The Foundation has not experienced any losses in these accounts and does not consider there to be any significant credit risk to these deposits.

Investments: The District's investments consist of the following at year end:

Investments	Primary Government Unrestricted
U.S. Treasury Notes	$ 72,087,178
U.S. government federal instrumentalities	8,388,912
Corporate notes	19,017,199
Municipal bonds	6,754,104
	$ 106,247,393

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. The District's investments are categorized as follows according to the GASB 72 fair value hierarchy as of year-end:

	Fair Value	Fair Value Measurements Level 2	Weighted Average Maturity (Years)
Investment Type:			
U.S. Treasury Notes	$ 72,087,178	$ 72,087,178	3.10
U.S. government federal instrumentalities	8,388,912	8,388,912	1.57
Corporate notes	19,017,199	19,017,199	1.88
Municipal bonds	6,754,104	6,754,104	2.32
Total investment at fair value	106,247,393	$ 106,247,393	2.71
Cash equivalents:			
Intergovernmental investment pool – reported at net asset value (NAV)	33,752,090		0.14
Total cash equivalents and investments	$ 139,999,483		
		Portfolio weighted-average to maturity	2.09

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. The District currently has $33,752,090 invested with FLCLASS as of September 30, 2023. 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. This security is reported as cash equivalents in the financial statements at year-end.

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.

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.

The District’s investment securities and maturities are summarized by investment type as follows:

		Maturities	
Investment Type	Fair Value	Less Than One Year	One to Five Years
U.S. Treasury Notes	$ 72,087,178	$ -	$ 72,087,178
U.S. government federal instrumentalities	8,388,912	-	8,388,912
Corporate notes	19,017,199	-	19,017,199
Municipal bonds	6,754,104	1,362,396	5,391,708
Total	$ 106,247,393	$ 1,362,396	$ 104,884,997

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 at year-end:

Investment Type	Fair Value	S&P Ratings	Percentage of Portfolio
Corporate Notes	$ 1,870,740	A	2.0%
Corporate Notes	5,348,627	A+	5.0%
Corporate Notes	6,552,696	AA	6.0%
Corporate Notes	1,270,893	AA-	1.0%
Corporate Notes	3,974,243	AA+	4.0%
Federal Farm Credit Notes	888,546	AA+	1.0%
Federal Home Loan Banks	970,305	AA+	1.0%
Federal Home Loan Mortgage Corp	6,530,061	AA+	6.0%
Municipal Bonds	3,929,316	AA	3.5%
Municipal Bonds	584,456	AA-	0.5%
Municipal Bonds	1,362,396	AA+	1.0%
Municipal Bonds	877,936	AAA	1.0%
U.S. Treasury Notes	72,087,178	AA+	68.0%
Total	$ 106,247,393		100%

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 gross accounts receivable provided by Medicare and Medicaid, patients and insurance and others were approximately 19%, 32% and 49%, respectively. The accounts receivable and related allowances for contractual discounts and allowances for doubtful accounts are summarized as follows:

Fund	Accounts Receivable, Gross	Allowances for Contractual Discounts	Allowances for Doubtful Accounts	Accounts Receivable, Net
General Fund	$ 7,064,295	$ (3,743,048)	$ (2,364,734)	$ 956,513
Healey Center	911,103	(11,639)	(64)	899,400
Lakeside Medical Center	14,512,103	(7,818,922)	(5,437,400)	1,255,781
Primary Care Clinics	6,836,870	(2,058,810)	(2,538,232)	2,239,828
Total	$ 29,324,371	$ (13,632,419)	$ (10,340,430)	$ 5,351,522

Note 4. Interfund Transactions

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. 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. Further, certain activity occurs during the year involving transfers of resources between funds and such amounts are reported gross as transfers in/out.

The District’s interfund transfers for the year ended September 30, 2023, are summarized as follows:

	Transfers In	Transfers Out
Governmental funds:		
General Fund	$ 411,657	$ 79,239,657
Medicaid Match Fund	11,177,781	-
Capital Projects Fund	15,768,443	-
Governmental funds total	27,357,881	79,239,657
Enterprise funds:		
Healthy Palm Beaches	$ -	$ 411,657
Healey Center Fund	6,593,874	-
Lakeside Medical Center Fund	27,133,735	-
Primary Care Clinics	18,913,704	347,880
Enterprise funds total	52,641,313	759,537
Total	$ 79,999,194	$ 79,999,194

The general fund transferred approximately $11,178,000 to the Medicaid Match Fund for costs associated with the Medicaid Match Program, approximately $15,768,000 to the Capital Projects Fund to be used for future capital purchases and for the continued implementation of a new District-wide software system, approximately $6,594,000 to the Healey Center Fund, $18,914,000 to the Primary Care Clinics and $27,134,000 to the Lakeside Medical Center Fund to subsidize the operations of those funds. Healthy Palm Beaches transferred approximately $412,000 to the general fund as part of the District’s plan to close the Health Palm Beaches fund in fiscal year 2023.

Note 5. Related Party Transactions

Lakeside

Lakeside received approximately $232,000 in net patient service revenues from the District for the year ended. Lakeside also received capital contributions of approximately $3,344,000 representing capital assets placed in service that were purchased by the capital projects fund.

The District allocated support department costs to Lakeside, including personnel, purchasing, information technology, legal and administrative costs. Such costs charged to expenses by Lakeside were approximately $8,817,000 for the year ended.

Clinics

The District allocated support department costs to the Clinics, including personnel, purchasing, information technology, legal and administrative costs. Such costs charged to expense by the Clinics were approximately $7,975,000 for the year ended.

Healey Center

The Healey Center received capital contributions of approximately $369,000 representing capital assets placed in service that were purchased by the capital projects fund. The District allocated support department costs to the Healey Center, including personnel, purchasing, information technology, legal and administrative costs. Such costs charged to expenses by the Healey Center were approximately $2,909,000 for the year ended.

Note 6. Capital Assets

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

	Balance October 1, 2022	Transfers and Additions	Transfers and Deletions	Balance September 30, 2023
Governmental activities:				
Nondepreciable capital assets:				
Construction in progress	$ 17,745,631	$ 8,970,700	$ (25,051,458)	$ 1,664,873
Depreciable capital assets:				
Buildings and improvements	4,734,215	30,553	-	4,764,768
Air ambulances	14,176,149	22,934,175	(139,814)	36,970,510
Furniture, fixtures and equipment	30,838,172	784,771	-	31,622,943
Total depreciable capital assets	49,748,536	23,749,499	(139,814)	73,358,221
Less accumulated depreciation:				
Buildings and improvements	(3,451,992)	(281,417)	-	(3,733,409)
Air ambulances	(13,944,766)	(87,947)	139,814	(13,892,899)
Furniture, fixtures and equipment	(15,304,069)	(8,435,039)	(6,796)	(23,745,904)
Total accumulated depreciation	(32,700,827)	(8,804,403)	133,018	(41,372,212)
Total depreciable capital assets, net	17,047,709	14,945,096	(6,796)	31,986,009
Governmental activities capital assets, net	$ 34,793,340	$ 23,915,796	$ (25,058,254)	$ 33,650,882

	Balance October 1, 2022	Transfers and Additions	Transfers and Deletions	Balance September 30, 2023
Business-type activities:				
Nondepreciable capital assets:				
Land	$ 3,971,465	$ -	$ -	$ 3,971,465
Construction in progress	419,873	1,704,659	(994,499)	1,130,033
Total nondepreciable capital assets	4,391,338	1,704,659	(994,499)	5,101,498
Depreciable capital assets:				
Buildings and improvements	83,594,598	122,327	-	83,716,925
Furniture, fixtures and equipment	15,138,823	3,934,167	(968,629)	18,104,361
Total depreciable capital assets	98,733,421	4,056,494	(968,629)	101,821,286
Less accumulated depreciation:				
Buildings and improvements	(41,187,407)	(3,436,887)	76,090	(44,548,204)
Furniture, fixtures and equipment	(10,625,303)	(1,230,866)	823,464	(11,032,705)
Total accumulated depreciation	(51,812,710)	(4,667,753)	899,554	(55,580,909)
Total depreciable capital assets, net	46,920,711	(611,259)	(69,075)	46,240,377
Business-type activities capital assets, net	$ 51,312,049	$ 1,093,400	$ (1,063,574)	$ 51,341,875

Note 6. Capital Assets (Continued)

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

Governmental activities:	
General government	$ 6,855,307
Managed care	1,958,659
Trauma services	1,399,042
School health	3,077,893
Pharmacy services	699,521
Total	$ 13,990,422
Business-type activities:	
Healey Center	$ 921,808
Lakeside Medical Center	3,603,645
Primary Care Clinics	820,305
Total	$ 5,345,758

Project Commitments: The District has active capital asset projects in process at year end. The significant projects and related commitments at year end are as follows:

Project	Spent-to-Date	Remaining Commitment
Blood Bank Software	$ 296,679	$ 742,494
Aircraft Tow Tug	44,625	17,615
Muse Implementation	143,099	27,000
Power Control System Modification	199,097	21,000
Oracle Implementation	906,738	3,207,382
Nurse Call System Upgrade	131,522	370,000
Hermes Smart Workstation	6,800	50,200
Frontline School Health EHR Implementation	69,129	69,129
Improvements Atlantis Medical	375,000	689,549
Improvements Atlantis Dental	125,000	229,850
Total	$ 2,297,689	$ 5,424,219

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. 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).

Note 6. Capital Assets (Continued)

Right-to-Use Lease and Subscription Based Information Technology Arrangements (SBITA) Assets and Liabilities

The District is a lessee for various noncancellable leases for building and equipment and has entered into SBITA to use vendor provided information technology intangible assets in providing health care services.

Right-to-use and SBITA assets activity for the year ended are summarized as follows:

	Balance October 1, 2022	Transfers and Additions	Transfers and Deletions	Balance September 30, 2023
Governmental activities:				
Right-to-use leased and SBITA assets:				
Building	$ 8,287,631	$ 323,569	$ -	$ 8,611,200
Equipment	27,471	-	(27,471)	-
SBITA assets	10,066,521	6,796,086	(86,129)	16,776,478
Total right-to-use leased assets	18,381,623	7,119,655	(113,600)	25,387,678
Less accumulated amortization for:				
Building	$ (897,313)	$ (940,625)	$ -	$ (1,837,938)
Equipment	(21,977)	(5,494)	27,471	-
SBITA assets	(3,410,016)	(4,239,900)	84,516	(7,565,400)
Total accumulated amortization	(4,329,306)	(5,186,019)	111,987	(9,403,338)
Total right-to-use leased and SBITA assets, net	$ 14,052,317	$ 1,933,636	$ (1,613)	$ 15,984,340

	Balance October 1, 2022	Transfers and Additions	Transfers and Deletions	Balance September 30, 2023
Business-type activities:				
Right-to-use leased and SBITA assets:				
Building	$ 3,411,549	$ 2,372,835	$ (78,950)	$ 5,705,434
Equipment	22,107	-	(22,107)	-
SBITA assets	665,202	-	(300,258)	364,944
Total right-to-use leased assets	4,098,858	2,372,835	(401,315)	6,070,378
Less accumulated amortization for:				
Building	$ (390,141)	$ (546,627)	$ 30,953	$ (905,815)
Equipment	(14,738)	(7,369)	22,107	-
SBITA assets	(208,962)	(124,009)	40,882	(292,089)
Total accumulated amortization	(613,841)	(678,005)	93,942	(1,197,904)
Total right-to-use leased and SBITA assets, net	$ 3,485,017	$ 1,694,830	$ (307,373)	$ 4,872,474

Note 6. Capital Assets (Continued)

Right-to-use and SBITA liabilities activity for the year ended September 30, 2023, are summarized as follows:

	Balance October 1, 2022	Transfers and Additions	Transfers and Deletions	Balance September 30, 2023
Governmental activities:				
Lease payable:				
Building	$ 7,700,129	$ 323,569	$ (644,404)	$ 7,379,294
Equipment	5,580	-	(5,580)	-
SBITA assets	6,555,458	3,725,851	(3,660,166)	6,621,143
Total lease payable	$ 14,261,167	$ 4,049,420	$ (4,310,150)	$ 14,000,437

	Balance October 1, 2022	Transfers and Additions	Transfers and Deletions	Balance September 30, 2023
Business-type activities:				
Lease payable:				
Building	$ 3,062,724	$ 2,372,835	$ (426,266)	$ 5,009,293
Equipment	7,484	-	(7,484)	-
SBITA assets:	591,466	-	(465,922)	125,544
Total lease payable	$ 3,661,674	$ 2,372,835	$ (899,672)	$ 5,134,837

The future principal and interest payments due on the right-to-use and SBITA liabilities are as follows:

Governmental activities:

	Principal	Interest	Total
Fiscal years ending September 30:			
2024	$ 4,630,866	$ 532,877	$ 5,163,743
2025	2,440,895	392,813	2,833,708
2026	1,378,187	293,154	1,671,341
2027	1,308,672	232,428	1,541,100
2028	1,129,229	175,133	1,304,362
Thereafter	3,112,588	231,680	3,344,268
Totals	$ 14,000,437	$ 1,858,085	$ 15,858,522

Note 6. Capital Assets (Continued)

Business-type activities:

	Principal	Interest	Total
Fiscal years ending September 30:			
2024	$ 716,354	$ 220,155	$ 936,509
2025	587,498	190,441	777,939
2026	630,166	164,544	794,710
2027	535,148	138,102	673,250
2028	393,044	117,648	510,692
Thereafter	2,272,627	270,295	2,542,922
Totals	$ 5,134,837	$ 1,101,185	$ 6,236,022

Note 7. Medical Benefits Payable

Medical benefits payable consists 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 Districts) and incurred but not reported (IBNR) claims for medical services. Services are provided by 12 acute care centers 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	$ 5,124,545
Current-year claims and net changes in estimates	5,111,637
Medical benefit payments	(8,128,638)
End of year liability	$ 2,107,544

Note 8. Compensated Absences

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

	Balance October 1, 2022	Additions	Retirements	Balance September 30, 2023	Amount Due Within One Year
Governmental activities:					
Compensated absences	$ 3,582,903	$ 5,509,420	$ (5,427,955)	$ 3,664,368	$ 770,998
Business-type activities:					
Compensated absences	4,285,262	5,878,054	(6,165,678)	3,997,638	841,120
Total	$ 7,868,165	$ 11,387,474	$ (11,593,633)	$ 7,662,006	$ 1,612,118

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 401(a) Retirement Plan (the Plan), a defined contribution pension plan that covers employees of the District and its wholly owned affiliates, including employees not participating in the Florida Retirement System (FRS) Plan who are 18 years of age or older and have completed one year of service. The Plan is administered by Empower Retirement. For employees hired after September 30, 2012, the District contributes 4% for general employees, 5% for Associate Vice Presidents and 6% for Vice Presidents of eligible compensation to the Plan and makes matching contributions equal to 100% of the participants' elective deferrals up to 4%, 5% and 6% of eligible compensation based on job title, as listed above. The District contributes 15% of eligible compensation for employees hired prior to October 1, 2012. Contribution rates and benefits of the Plan are established by and may be amended by the District Board. For the fiscal year ended September 30, 2023, the District contributed $6,196,339, to the Plan for its employees. Employees are fully vested after 3 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 Health Care District of Palm Beach County Deferred Compensation 457(b) and Roth 457(b) plan. Under these plans, an employee is able to contribute pre-tax wage/salary dollars into the 457(b) and/or a post-tax wage/salary dollar into the Roth 457(b). The 457(b) & Roth 457(b) Plans are administered by Empower Retirement. An employee can defer up to $22,500 annually of eligible compensation or $30,000 annually for aged 50+. These limits are subject to change each calendar year. No contributions are required of the District. Contribution rates and benefits of the 457(b) & Roth 457(b) Plans 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 Holdings 457(b) Retirement Plan (the 457(b) Plan & Roth 457(b)), which are deferred compensation plans. Under these plans, an employee is able to contribute pre-tax wage/salary dollars into the 457(b) and/or a post-tax wage/salary dollar into the Roth 457(b). The 457(b) & Roth 457(b) Plans are administered by Empower Retirement. An employee can defer up to $22,500 annually of eligible compensation or $30,000 annually for aged 50+. These limits are subject to change each calendar year. No contributions are required of the District. Contribution rates and benefits of the 457(b) & Roth 457(b) Plans are established by the District Board and may be amended in the future by the District Board.

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.

Note 9. Retirement Plans (Continued)

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, 2023 was $8,040, 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.

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, 2023, the District reported a liability of $66,596 for its proportionate share of the pension plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The District's proportionate share of the net pension liability was based on the District's 2023 fiscal year contributions relative to the 2023 fiscal year contributions of all participating members. At June 30, 2023, the District's proportionate share was 0.0002%, which was the same proportionate share measured as of June 30, 2022.

Note 9. Retirement Plans (Continued)

For the year ended September 30, 2023, the District recognized a credit to pension expense of $5,563. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS	
Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 6,253	$ -
Change of assumptions	4,341	-
Net difference between projected and actual earnings on FRS pension plan investments	2,781	-
Changes in proportion and differences between District FRS contributions and proportionate share of contributions	21,742	83,782
District FRS contributions subsequent to the measurement date	2,622	-
Total	$ 37,739	$ 83,782

The deferred outflows of resources related to the pension plan totaling $2,662, 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 ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized as a credit to pension expense as follows:

Fiscal years ending September 30:	FRS
2024	$ (9,151)
2025	(9,151)
2026	(9,151)
2027	(9,151)
2028	(9,151)
Thereafter	(2,910)
	$ (48,665)

Actuarial assumptions*:* The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table and varies by member category and sex, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Note 9. Retirement Plans (Continued)

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:

	FRS			
Asset Class	Target Allocation (1)	Arithmetic Return	(Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate (property)	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
Total	100%			
Assumed Inflation – Mean			2.4%	1.4%

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

Discount rate*:* The discount rate used to measure the total pension liability was 6.70%. 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 pension 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 6.70%, 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 (5.70%) or one percentage point higher (7.70%) than the current rate:

	FRS		
	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
District's proportionate share of the net pension liability	$ 113,760	$ 66,596	$ 27,138

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 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.

Note 9. Retirement Plans (Continued)

Benefits provided*:* For the fiscal year ended September 30, 2023, 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, 2023, 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, 2023 was $788 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, 2023, the District reported a liability of $19,022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District's proportionate share of the net pension liability was based on the District's 2023 fiscal year contributions relative to the 2023 fiscal year contributions of all participating members. At June 30, 2023, the District's proportionate share was 0.0001%, which was a decrease of 0.0001% from its proportionate share at June 30, 2022.

For the year ended September 30, 2023, the District recognized a credit to pension expense of $5,891. In addition, the District reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

	HIS	
Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 278	$ 45
Change of assumptions	500	1,648
Net difference between projected and actual earnings on FRS pension plan investments	10	-
Changes in proportion and differences between District HIS contributions and proportionate share of contributions	2,144	38,406
District HIS contributions subsequent to the measurement date	274	-
Total	$ 3,206	$ 40,099

Note 9. Retirement Plans (Continued)

The deferred outflows of resources related to the HIS Plan totaling $274, 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized as a credit to pension expense as follows:

Fiscal years ending September 30:		HIS
2024	$	(5,899)
2025		(5,899)
2026		(5,899)
2027		(5,899)
2028		(5,899)
Thereafter		(7,672)
	$	(37,167)

Actuarial assumptions*:* The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	3.65%

Mortality rates were based on the Generational PUB-2010 table with Projection Scale MP-2018.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount rate*:* The discount rate used to measure the total pension liability was 3.65%. 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 pension 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 3.65%, 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 (2.65%) or one percentage point higher (4.65%) than the current rate:

	HIS					
		1% Decrease 2.65%		Current Discount Rate 3.65%		1% Increase 4.65%
District's proportionate share of the net pension liability	$	21,701	$	19,022	$	16,801

Note 9. Retirement Plans (Continued)

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 Annual Financial Report.

The following table summarizes the net pension liability, deferred outflow and inflow of resources and pension expense (credits) 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 (Credit)
FRS Plan	$ 66,596	$ 37,739	$ 83,782	$ (5,563)
HIS Plan	19,022	3,206	40,099	(5,891)
Total	$ 85,618	$ 40,945	$ 123,881	$ (11,454)

Note 10. Other Postemployment Benefits

The District follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for financial reporting and disclosure for its other postemployment benefits plan (OPEB Plan).

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 reports.

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 OPEB liability. Plan members receiving benefits contribute 100% of the monthly medical premium, which currently ranges from a minimum of $826 to a maximum of $2,558. District employees covered by benefit terms: At October 1, 2022, there were 24 retirees and 1,142 active plan members covered by the benefit terms for the District.

District employees covered by benefit terms: At October 1, 2021, there were 6 retirees and 980 active plan members covered by the benefit terms for the District.

Total OPEB liability: The District's total OPEB liability is $563,871. The total OPEB liability was measured as of September 30, 2023, based on an actuarial valuation as of October 1, 2021.

Note 10. Other Postemployment Benefits (Continued)

The total OPEB liability based on the October 1, 2021 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%
Investment rate of return	Not applicable. The plan is not funded.
Discount rate	4.87%
Healthcare cost trend rates	8.25% in 2021, 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 2023 adjusted MP-2021

Since prior valuation, the discount rate was increased from 2.43% to 4.77%. 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:

	OPEB
Beginning balance	$ 542,832
Service cost	44,797
Interest	25,849
Changes of assumptions	(3,879)
Implicit benefit payments	(45,728)
Net changes	21,039
Ending balance	$ 563,871

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 (3.87%) or 1-percentage-point higher (5.87%) than the current discount rate:

	OPEB Discount Rate		
	1% Decrease 3.87%	Current Discount Rate 4.87%	1% Increase 5.87%
Total OPEB Liability	$ 597,558	$ 563,871	$ 532,656

Note 10. Other Postemployment Benefits (Continued)

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 (7.25% decreasing to 3.5%) or 1-percentage-point higher (9.25% decreasing to 5.5%) than the current healthcare cost trend rates:

	OPEB Trend Rate		
	1% Decrease 7.25%	Current Trend Rate 8.25%	1% Increase 9.25%
Total OPEB Liability	$ 532,656	$ 563,871	$ 626,796

OPEB expense and deferred inflows and outflows of resources related to OPEB
For the year ended September 30, 2023, the District recognized OPEB expense of $69,589. In addition, the District reported deferred inflows of resources and deferred outflows of resources as follows:

	OPEB	
Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 139,899	$ 73,406
Change of assumptions	32,871	147,232
Total	$ 172,770	$ 220,638

Amounts reported as deferred inflows and outflows of resources related to the OPEB plan will be recognized as a credit to OPEB expenses on a straight-line basis as follows:

Years ending September 30:	OPEB
2024	$ (1,057)
2025	(1,057)
2026	(1,057)
2027	(1,046)
2028	(922)
Thereafter	(42,729)
	$ (47,868)

Note 11. Commitments and Contingencies

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 and other services. The remaining term of the individual service contracts is generally one to five 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 contracts is generally one to four years.

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

Years ending September 30:	Service Contracts	Physician Contracts
2024	$ 1,649,300	$ 6,146,876
2025	1,147,407	1,575,410
2026	1,016,370	239,822
2027	163,788	-
2028	93,658	-
	$ 4,070,523	$ 7,962,108

Funding collaborative*:* The District provides financial support to certain health services agencies, including the Palm Beach County Health Department. The District incurred approximately $9,341,000 related to the Palm Beach County Health Department and 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 2023, the District budgeted approximately $10,038,000 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, 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. As of fiscal year end the Lantana/Lake Worth Health Center facility location is owned by Palm Beach County, and the West Palm Beach Health Center facility location is owned by the State of Florida. Both locations are 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 $506,355 for the year ended September 30, 2023, including costs related to space for the District's pharmacy and eligibility offices. The portion of the costs allocated to the Clinics was $455,565 for the year ended September 30, 2023.

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. 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, 2023, totaled approximately $270,000. 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, 2023, is reported at net present value, discounted at a rate of 4.92% (20-year U.S. Treasury Rate), and is approximately $300,000. The payments to PRIDE, the 2023 land lease expense of approximately $46,000, and the liability 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 are 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 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 each incident or loss and $850,000 in the annual aggregate. The District also has underlying policies for employment liability, commercial property insurance, and commercial automobile liability. 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). The umbrella policies, with aggregate limits of $10 million, only respond in the event a covered loss results in a claims bill that are approved by the Legislature, or the annual aggregate is met.

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.

Note 11. Commitments and Contingencies (Continued)

Coverage is provided as follows: $500,000 self-insured retention per claim and an aggregate stop loss of $850,000. 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 on September 30, 2023 is approximately $1,161,000. Additionally, Healey, Lakeside and the Clinics accrued approximately $44,000, $411,000 and $4,800, 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 claim to have a significant impact on the financial condition of 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
Unaudited

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, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Ad-valorem taxes:				
Current	$ 178,300,000	$ 178,300,000	$ 178,628,276	$ 328,276
Delinquent	100,000	100,000	96,834	(3,166)
Total ad-valorem taxes	178,400,000	178,400,000	178,725,110	325,110
Intergovernmental:				
Grants (Trauma Agency)	1,600,000	1,600,000	31,692	(1,568,308)
Grants (Communications)	-	-	6,895	6,895
Grants (Pharmacy)	-	-	900	900
Palm Beach County School District	3,259,317	3,259,317	3,431,119	171,802
Total intergovernmental	4,859,317	4,859,317	3,470,606	(1,388,711)
Charges for services:				
Trauma services – Aeromedical (net)	2,752,300	2,752,300	2,302,464	(449,836)
Transportation (net)	375,000	375,000	606,792	231,792
Total charges for services	3,127,300	3,127,300	2,909,256	(218,044)
Investment and other income:				
Investment (loss) income	(4,738,730)	(4,738,730)	7,887,404	12,626,134
Other income	2,316,960	2,316,960	2,256,932	(60,028)
Total investment and other income	(2,421,770)	(2,421,770)	10,144,336	12,566,106
Total revenues	183,964,847	183,964,847	195,249,308	11,284,461
Expenditures:				
General government:				
Administration	1,369,108	1,369,108	1,866,039	(496,931)
Clinical Labor Pool	390,000	390,000	91,987	298,013
Coding	462,383	462,383	455,024	7,359
Communications	559,839	559,839	394,317	165,522
Community Engagement Plan	-	-	3,500	(3,500)
Compliance	365,051	365,051	247,635	117,416
District Nursing Administration	-	-	9,919	(9,919)
District Operations Administration	-	-	9,953	(9,953)
Finance	1,276,810	1,276,810	1,206,868	69,942
Internal audit	216,385	216,385	66,182	150,203
HIM	218,014	218,014	206,294	11,720
Human resources	2,171,281	2,171,281	1,530,814	640,467
Information Technology	156,792	156,792	237,997	(81,205)
Information Technology Applications	5,297,220	5,297,220	40,357	5,256,863
Information Technology Operations	1,526,732	1,526,732	946,530	580,202
Information Technology Security	556,474	556,474	595,945	(39,471)
Information Technology Service Center	1,369,103	1,369,103	1,339,538	29,565
Legal Counsel	916,533	916,533	714,435	202,098
Office Facilities	1,704,898	1,704,898	738,920	965,978
Performance Excellence	212,367	212,367	879,815	(667,448)
Quality	265,778	265,778	255,399	10,379
Records Management	137,681	137,681	118,299	19,382
Reimbursement	88,924	88,924	59,630	29,294
Revenue Cycle	168,371	168,371	48,038	120,333
Risk Management	353,936	353,936	334,954	18,982
Security Services	437,471	437,471	320,305	117,166
Supply Chain	177,702	177,702	338,955	(161,253)
Transportation	2,063,243	2,063,243	2,010,137	53,106
Non departmental	10,657,536	10,657,536	11,642,601	(985,065)
Total general government	33,119,632	33,119,632	26,710,387	6,409,245

(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, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures (continued):				
Managed care:				
Medical services	$ 10,200,000	$ 10,200,000	$ 7,282,844	$ 2,917,156
Administration	5,802,982	5,802,982	4,928,113	874,869
Utilization management	-	-		-
Mailroom	376,204	376,204	316,055	60,149
Total managed care	16,379,186	16,379,186	12,527,012	3,852,174
Trauma services:				
Medical services (adjustments)	7,500,000	7,500,000	(2,008,056)	9,508,056
Trauma agency	2,439,817	2,439,817	738,948	1,700,869
Aeromedical	11,037,150	11,037,150	9,666,021	1,371,129
Total trauma services	20,976,967	20,976,967	8,396,913	12,580,054
School health:				
School health programs	19,955,902	19,955,902	19,905,815	50,087
Total school health	19,955,902	19,955,902	19,905,815	50,087
Pharmacy services:				
Pharmacy	4,192,889	4,192,889	3,746,997	445,892
Corporate Materials Management	497,349	497,349	484,027	13,322
Total pharmacy services	4,690,238	4,690,238	4,231,024	459,214
Funding collaborative:				
Sponsored programs	10,037,947	10,037,947	9,340,605	697,342
Total funding collaborative	10,037,947	10,037,947	9,340,605	697,342
Debt service cost:				
Principal expense	-	-	4,310,150	(4,310,150)
Interest expense	-	-	590,784	(590,784)
Total debt service cost	-	-	4,900,934	(4,900,934)
Total expenditures	105,159,872	105,159,872	86,012,690	19,147,182
Revenues over expenditures	78,804,975	78,804,975	109,236,618	(7,862,721)
Other financing uses:				
Net transfers out	(107,000,000)	(107,000,000)	(78,828,000)	28,172,000
Net change in fund balances	$ (28,195,025)	$ (28,195,025)	$ 30,408,618	$ 20,309,279
Fund balance—beginning			158,924,673	
Fund balance—ending			$ 189,333,291	

See notes to required supplementary information.

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, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental – Palm Beach County	$ 5,900,000	$ 5,900,000	$ 5,900,000	$ -
Investment earnings	-	-	2,949	2,949
Total revenues	5,900,000	5,900,000	5,902,949	2,949
Expenditures:				
General government:				
Medicaid Match	16,761,300	16,761,300	17,080,730	(319,430)
Revenues under expenditures	(10,861,300)	(10,861,300)	(11,177,781)	(316,481)
Other financing sources:				
Transfers in	10,900,000	10,900,000	11,177,781	277,781
Net change in fund balances	$ 38,700	$ 38,700	-	$ (38,700)
Fund balance—beginning			609,042	
Fund balance—ending			$ 609,042	

See notes to financial statements.

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. 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 (Unaudited)
September 30, 2023
Last Six Years

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 44,797	$ 50,833	$ 54,506	$ 38,988	$ 39,586	$ 266,807
Interest	25,849	17,081	15,480	19,146	18,428	16,223
Difference between expected and actual experience	-	(13,177)	-	128,718	-	-
Changes of assumptions	(3,879)	(163,992)	(12,304)	50,396	6,185	(8,236)
Implicit benefit payments	(45,728)	(74,483)	(64,152)	(35,067)	(25,627)	(22,137)
Net change in total OPEB liability	21,039	(183,738)	(6,470)	202,181	38,572	252,657
Total OPEB liability – beginning	542,832	726,570	733,040	530,859	492,287	239,630
Total OPEB liability – ending	$ 563,871	$ 542,832	$ 726,570	$ 733,040	$ 530,859	$ 492,287
Covered payroll	$ 96,541,710	$ 95,426,000	$ 88,184,000	$ 83,880,000	$ 79,883,000	$ 76,490,000
District's total liability as a percentage of covered payroll	0.58%	0.57%	0.82%	0.87%	0.66%	0.64%
Measurement date	9/29/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018

Notes to Schedule:

(1) Assumption changes: In fiscal year 2023 the discount rate was increased from 4.77% to 4.87%.

(2) The GASB requires that information be presented for the last 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 (Unaudited)
Florida Retirement System Plans
September 30, 2023
Last Ten Years

Florida Retirement System	**2023**	2022	2021	2020	2019	2018	2017	2016	2015	2014
Districts' proportion of the net pension liability	**0.0002%**	0.0002%	0.0006%	0.0005%	0.0004%	0.0005%	0.0006%	0.0007%	0.0011%	0.0009%
District's proportionate share of the net pension liability	**$ 66,596**	$ 90,051	$ 43,844	$ 218,327	$ 129,871	$ 154,566	$ 189,758	$ 169,053	$ 143,204	$ 57,284
District's covered payroll	**$ 47,569**	$ 49,591	$ 181,086	$ 165,210	$ 185,312	$ 199,062	$ 220,000	$ 241,375	$ 336,632	$ 354,626
District's proportionate share of the net pension liability as a percentageof its covered payroll	140.00%	181.59%	24.21%	132.15%	70.08%	77.65%	86.25%	70.04%	42.54%	16.15%
Plan fiduciary net position as a percentage of the total pension liability	**82.38%**	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Health Insurance Subsidy Program	**2023**	2022	2021	2020	2019	2018	2017	2016	2015	2014
Districts' proportion of the HIS liability	**0.0001%**	0.0002%	0.0005%	0.0005%	0.0005%	0.0006%	0.0007%	0.0009%	0.0013%	0.0012%
District's proportionate share of the HIS liability	**$ 19,022**	$ 21,597	$ 61,911	$ 57,189	$ 55,371	$ 64,506	$ 74,483	$ 101,159	$ 134,730	$ 115,803
District's covered payroll	**$ 47,569**	$ 49,591	$ 181,086	$ 165,210	$ 185,312	$ 199,062	$ 220,000	$ 241,375	$ 336,632	$ 354,626
District's proportionate share of the HIS liability as a percentage of its covered payroll	39.99%	43.55%	34.19%	34.62%	29.88%	32.40%	33.86%	41.91%	40.02%	32.65%
Plan fiduciary net position as a percentage of the total HIS liability	**4.12%**	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Note: Information above is presented as required by GASB 68, *Accounting and Financial Reporting for Pensions.*

Health Care District of Palm Beach County, Florida

Schedule of District Contributions (Unaudited)
Florida Retirement System Plans
September 30, 2023
Last Ten Years

Florida Retirement System	**2023**	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	**$ 8,040**	$ 10,327	$ 22,111	$ 16,737	$ 11,693	$ 14,625	$ 16,701	$ 19,600	$ 31,483	$ 27,040
Contributions in relation to the contractually required contribution	**(8,040)**	(10,327)	(22,111)	(16,737)	(11,693)	(14,625)	(16,701)	(19,600)	(31,483)	(27,040)
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	**$ 47,569**	$ 49,591	$ 181,086	$ 165,210	$ 185,312	$ 199,062	$ 220,000	$ 241,375	$ 336,632	$ 354,626
Contributions as a percentage of covered payroll	**16.90%**	20.82%	12.21%	10.13%	6.31%	7.35%	7.59%	8.12%	9.35%	7.62%

Health Insurance Subsidy Program	**2023**	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	**$ 788**	$ 1,234	$ 2,967	$ 2,699	$ 2,748	$ 3,305	$ 3,687	$ 4,449	$ 14,617	$ 15,084
Contributions in relation to the contractually required contribution	**(788)**	(1,234)	(2,967)	(2,699)	(2,748)	(3,305)	(3,687)	(4,449)	(14,617)	(15,084)
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 47,569	$ 49,591	$ 181,086	$ 165,210	$ 185,312	$ 199,062	$ 220,000	$ 241,375	$ 336,632	$ 354,626
Contributions as a percentage of covered payroll	1.66%	2.49%	1.64%	1.63%	1.48%	1.66%	1.68%	1.84%	4.34%	4.25%

Note: Information above is presented as required by GASB 68, *Accounting and Financial Reporting for Pensions*.

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Health Care District
PALM BEACH COUNTY

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

Honorable Chairperson and Members of the Board of Commissioners
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 (*Government Auditing Standards)*, 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, 2023, 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 8, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

RSM US LLP

West Palm Beach, Florida
March 8, 2024

Health Care District
PALM BEACH COUNTY

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