



C. L. Brumback

Primary Care Clinics

Health Care District Palm Beach County

FINANCE COMMITTEE

April 24, 2019

12:15 P.M.

Meeting Location

**1515 N. Flagler Drive, Suite 101
West Palm Beach, FL 33401**

If a person decides to appeal any decision made by the board, with respect to any matter at such meeting or hearing, he will need a record of the proceedings, and that, for such purpose, he may need to ensure that a verbatim record of the proceedings made, which record includes the testimony and evidence upon which the appeal is to be based.

**FINANCE COMMITTEE MEETING
AGENDA
April 24, 2019
1515 N. Flagler Drive
West Palm Beach, FL 33401**

1. Call to Order

A. Roll Call

2. Agenda Approval

A. Additions/Deletions/Substitutions

B. Motion to Approve Agenda

3. Awards, Introductions and Presentations

4. Disclosure of Voting Conflict

5. Public Comment

6. Meeting Minutes

A. **Staff recommends a MOTION TO APPROVE:**
Finance Committee Meeting Minutes of February 27, 2019. [Pages 1-6]

7. Consent Agenda – Motion to Approve Consent Agenda Items

A. **ADMINISTRATION**

7A-1 **RECEIVE AND FILE:**
April 2019 Internet Posting of District Public Meeting.
<http://www.hcdpbc.org/index.aspx?recordid=2597&page=15>

7A-2 **RECEIVE AND FILE:**
Attendance Tracking. [Page 7]

8. Regular Agenda

A. **FINANCE**

8A-1 **RECEIVE AND FILE:**
C. L. Brumback Primary Care Clinics Finance Report March 2019.
(Dawn Richards) [Pages 8-21]

- 8A-2 **Staff recommends a RECEIVE AND FILE:**
2018 District Clinic Holdings, Inc. Audit.
(Dawn Richards) [Pages 22-54]

9. **VP and Executive Director of Clinic Services Comments**
10. **Board Member Comments**
11. **Establishment of Upcoming Meetings**

May 29, 2019 (HCD Board Room)
12:15pm Finance Committee

June 26, 2019 (HCD Board Room)
12:15pm Finance Committee

July 31, 2019 (HCD Board Room)
12:15pm Finance Committee

August 28, 2019 (HCD Board Room)
12:15pm Finance Committee

September 25, 2019 (HCD Board Room)
12:15pm Finance Committee

October 30, 2019 (HCD Board Room)
12:15pm Finance Committee

November 27, 2019 (HCD Board Room)
12:15pm Finance Committee

December 18, 2019 (HCD Board Room)
12:15pm Finance Committee

12. **Motion to Adjourn**

**DISTRICT CLINIC HOLDINGS, INC.
d.b.a. C.L. BRUMBACK PRIMARY CARE CLINICS
BOARD OF DIRECTORS FINANCE COMMITTEE
MEETING MINUTES
February 27, 2019
1515 N. Flagler Drive
West Palm Beach, FL 33401**

1. Call to Order

Mr. Elder called the meeting to order at 12:17 p.m.

A. Roll Call

Committee members present: James Elder, Chairperson; Joseph Morel, Vice-Chairperson; Mike Smith, Treasurer

Excused:

Staff present included: Dr. Belma Andric, VP & Executive Director of Clinic Services; Dawn Richards, Chief Financial Officer and Valerie Shahriari, General Counsel; Mina Bayik, Director of Finance

Recording/transcribing Secretary: Alena Ranucci

- B. Affirmation of Mission: To provide compassionate, comprehensive health services to all Palm Beach County residents, through collaboration and partnership, in a culturally sensitive environment.

2. Agenda Approval

A. Additions/Deletions/Substitutions

None.

B. Motion to Approve Agenda

CONCLUSION/ACTION: Mr. Morel made a motion to approve the agenda as presented/amended. The motion was duly seconded by Mr. Elder. A vote was called, and the motion passed unanimously.

3. Awards and Presentations

A. None.

4. Disclosure of Voting Conflict

None.

5. Public Comment

6. Meeting Minutes

- A. Staff Recommends a MOTION TO APPROVE:
C.L. Brumback Primary Care Clinics Finance Committee Minutes of November 28, 2018.

CONCLUSION/ACTION: Mr. Morel made a motion to approve the C.L. Brumback Primary Care Clinics Finance Committee minutes of November 28, 2018 as presented. The motion was duly seconded by Mr. Smith. A vote was called, and the motion passed unanimously.

7. Consent Agenda – Motion to Approve Consent Agenda Items

A. ADMINISTRATION

- 7A-1 RECEIVE AND FILE:
February 2019 Internet Posting of District Public Meeting
<https://www.hcdpbc.org/EventViewTrainingDetails.aspx?Bck=Y&EventID=230&m=0|0&DisplayType=C>

- 7A-2 RECEIVE AND FILE:
Attendance Tracking

CONCLUSION/ACTION: Mr. Morel made a motion to approve the Consent Agenda items. The motion was duly seconded by Mr. Smith. A vote was called, and the motion passed unanimously.

8. Regular Agenda

Reports

A. FINANCE

- 8A-1 Staff Recommends a MOTION TO APPROVE:
The January statements represent the financial performance for the first four month of the 2019 fiscal year for C.L. Brumback. Included are explanation of volume, revenue and expense variances.

Summary

Clinic volumes (medical, dental and Suboxone combined) are under budget by 2,605 visits or 5.9%. Suboxone clinic visits of 1,173 are over the 1,106 budgeted visits by 67 or 6.1%. All other medical clinics combined (net of Suboxone) are under budget by 676 visits or 2.1%. Mobile van visits of 745 are over the 698 budgeted visits by 47 or 6.7%. Total revenues are over budget by \$1.6M or 25.8% due to unanticipated Low Income Pool (LIP) revenue and unbudgeted subsidy payments for District Care medical and dental visits. Total operating expenses are under budget by \$526k or 6.3%. The Clinic's net operating loss of \$1.5M is under budgeted loss of \$3.8M. The Health Care District subsidy to the clinics is \$2.6M compared to the budget of \$4.4M.

Volume Analysis

Total medical clinic visits in all adult and pediatric clinics of 33,017 are under the 33,626 budgeted visits by 6090 or 1.8% and are over the 32,769 prior year visits by 248 or 0.8%. Dental visits of 8,691 are under the 10,687 budgeted visits by 1,996 or 18.7% and under the 10,881 prior year visits by 2,190 or 20.1%. Suboxone clinic visits of 1,173 are over the 1,106 budgeted visits by 67 or 6.1%. Medical visits (net of Suboxone) of 31,844 are under the 32,520 budgeted visits by 676 or 2.1% and under the 31,871 prior year visits by 27 or 0.1%

Net Revenue

Clinic Medical Net patient revenue of \$3.1 M is \$787k (33.9%) over the budget of \$2.3 M and \$306k (9.0) under the prior year of \$3.4M. Medical net patient revenue per visit is \$94.13 compared to the budget of \$69.01 and prior year of \$104.18. Clinic Dental net patient revenue of \$1.1M is \$346k (46.9%) over the budget of \$737k and \$186k (14.7%) under the prior year of \$1.3M. Dental net patient revenue per visit is \$124.65 compared to the budget of \$69.00 and prior year of \$116.68. The significant variance in medical and dental net patient revenue relative to the budget is a direct result of the unanticipated LIP revenue and unbudgeted District Care Subsidy payments. LIP revenue is \$549,700 (\$16.65 per visit) over budget for the medical clinics, and \$321,380 (\$36.98 per visit) over budget for the dental clinics. The unbudgeted District Care subsidy payments are \$497,910 (\$15.08 per visit) for the medical clinics, and \$108,900 (\$12.53) for the dental clinics. Grant Revenue of \$3.5M is \$468k (15.5%) over the budget of \$3.1 M and \$1.0M (42.0%) over prior year of \$2.5M. The positive variance is attributable to a higher than budgeted drawdown of grant funds in January due to a change in our procedure to improve the process.

Expenses

Savings in salaries (\$125k), benefits (\$143k), medical supplies (\$49k), other supplies (\$64k), and medical services (\$125k) account for nearly all of the \$526k favorable variance in total Clinic operating expense. Clinic Medical operating expenses of \$6.3M are \$406k (6.0%) under the budget of \$6.7M and \$521k (9.0%) over prior year of \$5.8M. Savings in salaries (\$101k), benefits (\$124k), and medical services (\$125k) are the main contributors to the favorable variance. Clinic Dental operating expenses of \$1.5M are \$121k (7.6%) under the budget of \$1.6M and \$81k (5.8%) over the prior year of \$1.4M. Savings in salaries (\$24k), benefits (\$18k), medical supplies (\$29k), and other supplies (\$16k) contribute to the favorable variance. The positive variance in salaries and benefits are attributable to vacant positions in the medical and dental clinics, as well as in clinic administration.

Mr. Smith stated that dental visits seemed to lower this prior year by 20%. Dr. Andric replied that this is a result of projected visits back in 2016 and in 2017. As a result, we extended the hours to dental services. However 90-91% are adults all of these patients had very extensive treatment plans that we didn't have enough openings to schedule kids or adults with emergencies. We needed to change templates to accommodate pediatric patients as adults with emergencies. At present time, we are around 50% with pediatric patients. We are very excited about this because there are not a lot of pediatric providers in the area so there is a huge need in the community.

Mr. Elder asked about our internal audit. Mina replied that all of our allocation comes directly from The Districts administrative department. We have a model that allocates the percentage of their expenses to each of the programs throughout the district based on whatever expenses have occurred, year to date. We charge the allocations. On a month to month basis you budget based on the allocations, but by the end of the year what you budget for likely is over budgeted.

8A-2 **Staff recommends a MOTION TO APPROVE:** Sliding Fee Scale.

Marcia Young provided the board with an updated sliding fee scale to reflect the 2019 Federal Poverty Guidelines published by the Federal Register/Vol. 84, No. 22/ Friday, February 1, 2019. The guidelines in this 2019 notice reflect the 2.4 percent price increase between calendar years 2017 and 2018. After this inflation adjustment, the guidelines are rounded and adjusted to standardize the differences between family sizes.

CONCLUSION/ACTION: Mr. Morel made a motion to approve the Financial Report January 2019 as presented. The motion was duly seconded by Mr. Smith. A vote was called, and the motion passed unanimously.

9. VP and Executive Director of Clinic Services Comments

10. Board Member Comments

11. Establishment of Upcoming Meetings

March 27, 2019 (HCD Board Room)

12:15pm Strategic Planning

April 24, 2019 (HCD Board Room)

12:15pm Finance Committee

May 29, 2019 (HCD Board Room)

12:15pm Finance Committee

June 26, 2019 (HCD Board Room)

12:15pm Finance Committee

July 31, 2019 (HCD Board Room)

12:15pm Finance Committee

August 28, 2019 (HCD Board Room)

12:15pm Finance Committee

September 25, 2019 (HCD Board Room)

12:15pm Finance Committee

October 30, 2019 (HCD Board Room)

12:15pm Finance Committee

November 27, 2019 (HCD Board Room)

12:15pm Finance Committee

December 18, 2019 (HCD Board Room)

12:15pm Finance Committee

12. Motion to Adjourn

Mr. Smith made a motion to adjourn. The motion was duly seconded by Mr. Morel. A vote was called, and the motion passed unanimously.

There being no further business, the meeting was adjourned at 12:40l p.m.

DCHI Finance Committee Chair

Date

**C. L. Brumback Primary Care Clinics
Finance Committee**

Attendance Tracking

	1/30/19	2/27/19	3/27/19	4/24/19	5/29/19	6/26/19	7/31/19	8/28/19	9/25/19	10/30/19	11/27/19	12/18/19
James Elder	C	X	C									
Joseph Morel	C	X	C									
Michael Smith			C									

X= Present

C= Cancel

E= Excused

A= Absent

X

DISTRICT CLINIC HOLDINGS, INC
FINANCE COMMITTEE
April 24, 2019

1. Description: District Clinic Holdings, Inc. Financial Report March 2019

2. Summary:

The YTD March 2019 financial statements for the District Clinic Holdings, Inc. are presented for Finance Committee review.

3. Substantive Analysis:

Management has provided the income statements and key statistical information for District Clinics Holdings, Inc. Additional Management discussion and analysis is incorporated into the financial statements presentation.

4. Fiscal Analysis & Economic Impact Statement:

	Amount	Budget
Capital Requirements	N/A	Yes <input type="checkbox"/> No <input type="checkbox"/>
Annual Net Revenue	N/A	Yes <input type="checkbox"/> No <input type="checkbox"/>
Annual Expenditures	N/A	Yes <input type="checkbox"/> No <input type="checkbox"/>

Reviewed for financial accuracy and compliance with purchasing procedure:


Dawn Richards
VP & Chief Financial Officer

5. Reviewed/Approved by Committee:

N/A

Committee Name

Date Reviewed/Approved

DISTRICT CLINIC HOLDINGS, INC
FINANCE COMMITTEE
April 24, 2019

6. Recommendation:

Staff recommends that the Finance Committee receive and file the District Clinic Holdings, Inc. March 2019 YTD financial statements.


Approved for Legal sufficiency:



Valerie Shahrian
VP & General Counsel



Dawn Richards
VP & Chief Financial Officer



Dr. Belma Andric
Chief Medical Officer, VP & Executive Director
of Clinic Services

MEMO

To: Finance Committee
From: Dawn L. Richards
Chief Financial Officer
Date: April 15, 2019

Subject: Management Discussion and Analysis of March 2019 C.L. Brumback Primary Care Clinic Financial Statements

The March statements represent the financial performance for the first six months of the 2019 fiscal year for C.L. Brumback.

Volume Analysis

Total medical clinic visits in all adult and pediatric clinics of 50,168 are 2,602 (4.9%) under the budget of 52,770 and 779 (1.5%) under the prior year of 50,947. Total dental visits of 13,415 are 3,422 (20.3%) under the budget of 16,837 and 2,518 (15.8%) under the prior year of 15,933.

Net Revenue

Clinic Medical net patient revenue of \$4.7M is \$1.1M (30.1%) over the budget of \$3.6M and \$709k (13.2%) under the prior year of \$5.4M. Medical net patient revenue per visit is \$92.90 compared to the budget of \$67.90 and prior year of \$105.39. Clinic Dental net patient revenue of \$1.5M is \$349k (30.9%) over the budget of \$1.1M and \$518k (25.9%) under the prior year of \$2.0M. Dental net patient revenue per visit is \$110.37 compared to the budget of \$67.20 and prior year of \$125.47. For both Clinic Medical and Clinic Dental, the positive variance in actual to budget net patient revenue per visit was caused by the unbudgeted HCD subsidy and LIP payments.

Expenses

Variances in expenses were caused by the following: savings and timing in salaries (\$181k), benefits (\$164k), medical services (\$151k), drugs (\$76k), and medical supplies (\$63k). This accounts for all of the \$627k favorable variance in total Clinic operating expense. Clinic Medical operating expenses of \$9.7M are \$428k (4.2%) under the budget of \$10.1M and \$681k (7.6%) over the prior year of \$9.0M. Savings in salaries (\$121k), benefits (\$137k), and medical services (\$151k) are the main contributors to the favorable variance. Clinic Dental operating expenses of \$2.2M are \$199k (8.4%) under the budget of \$2.4M and \$9k (0.4%) over the prior year of \$2.2M. Savings in salaries (\$60k), benefits (\$27K), medical supplies (\$38k), other supplies (\$27k), and purchased services (\$17k) contribute to the favorable variance.

DISTRICT CLINIC HOLDINGS, INC.
COMPARATIVE STATEMENT OF NET POSITION

	<u>Mar 31, 2019</u>	<u>Feb 28, 2019</u>	<u>Increase (Decrease)</u>
Assets			
Cash and Cash Equivalents	1,762,860	874,614	\$ 888,246
Accounts Receivable, net	1,111,251	862,145	249,107
Due From Other Funds	-	-	-
Due from Other Governments	1,449,746	2,534,680	(1,084,933)
Other Current Assets	180,872	160,915	19,956
Net Investment in Capital Assets	1,460,339	1,158,139	302,201
Total Assets	<u>\$ 5,965,069</u>	<u>\$ 5,590,492</u>	<u>\$ 374,576</u>
Liabilities			
Accounts Payable	553,261	473,547	79,713
Due To Other Governments	-	-	-
Deferred Revenue	49,462	70,432	(20,969)
Other Current Liabilities	917,625	760,655	156,970
Non-Current Liabilities	797,053	797,053	-
Total Liabilities	<u>2,317,402</u>	<u>2,101,688</u>	<u>215,714</u>
Deferred Inflows of Resources			
Deferred Inflows- Other Post Employment Benefits	<u>\$ 612</u>	<u>\$ 612</u>	<u>\$ -</u>
Net Position			
Net Investment in Capital Assets	1,460,339	1,158,139	302,201
Unrestricted	2,186,715	2,330,054	(143,339)
Total Net Position	<u>3,647,055</u>	<u>3,488,193</u>	<u>158,862</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 5,965,069</u>	<u>\$ 5,590,492</u>	<u>\$ 374,576</u>

Note: Amounts may not foot due to rounding.

District Clinics Holdings, Inc. Statement of Revenues and Expenses

FOR THE SIXTH MONTH ENDED MARCH 31, 2019

Current Month							Fiscal Year To Date							
Actual	Budget	Variance	%	Prior Year	Variance	%		Actual	Budget	Variance	%	Prior Year	Variance	%
1,935,491	2,176,287	(240,796)	(11.1%)	2,169,234	(233,743)	(10.8%)	Gross Patient Revenue	10,931,929	11,695,250	(763,321)	(6.5%)	11,230,429	(298,500)	(2.7%)
909,476	499,599	(409,877)	(82.0%)	399,431	(510,045)	(127.7%)	Contractual Allowances	4,592,070	2,775,800	(1,816,270)	(65.4%)	2,417,616	(2,174,454)	(89.9%)
394,786	844,257	449,471	53.2%	65,773	(329,012)	(500.2%)	Charity Care	2,588,936	4,475,115	1,886,179	42.1%	512,161	(2,076,775)	(405.5%)
85,698	217,712	132,014	60.6%	249,996	164,298	65.7%	Bad Debt	950,858	1,154,021	203,163	17.6%	1,128,790	177,932	15.8%
1,389,960	1,561,568	171,608	11.0%	715,201	(674,760)	(94.3%)	Total Contractuals and Bad Debts	8,131,864	8,404,936	273,072	3.2%	4,058,567	(4,073,297)	(100.4%)
490,512	237,340	253,172	106.7%	21,861	468,651	2,143.8%	Other Patient Revenue	3,340,925	1,424,040	1,916,885	134.6%	196,749	3,144,176	1598%
1,036,042	852,059	183,983	21.6%	1,475,895	(439,853)	(29.8%)	Net Patient Revenue	6,140,990	4,714,354	1,426,636	30.3%	7,368,611	(1,227,621)	(16.7%)
53.53%	39.15%			68.04%			Collection %	56.17%	40.31%		65.61%			
1,496,682	737,532	759,150	102.9%	601,484	895,198	148.8%	Grant Funds	6,339,946	4,494,344	1,845,602	41.1%	3,704,489	2,635,457	71.1%
9,704	15,822	(6,118)	(38.7%)	43,940	(34,237)	(77.9%)	Other Revenue	57,713	94,927	(37,214)	(39.2%)	163,775	(106,062)	(64.8%)
1,506,386	753,354	753,032	100.0%	645,424	860,962	133.4%	Total Other Revenues	6,397,659	4,589,271	1,808,388	39.4%	3,868,264	2,529,394	65.4%
2,542,428	1,605,413	937,015	58.4%	2,121,319	421,109	19.9%	Total Revenues	12,538,648	9,303,625	3,235,023	34.8%	11,236,875	1,301,773	11.6%
Direct Operational Expenses:														
1,332,097	1,323,728	(8,369)	(0.6%)	1,316,763	(15,334)	(1.2%)	Salaries and Wages	7,637,624	7,818,144	180,520	2.3%	7,198,188	(439,435)	(6.1%)
365,610	376,029	10,419	2.8%	350,911	(14,698)	(4.2%)	Benefits	2,056,253	2,220,352	164,099	7.4%	1,940,489	(115,764)	(6.0%)
54,666	66,848	12,182	18.2%	92,475	37,809	40.9%	Purchased Services	373,165	392,174	19,009	4.8%	312,691	(60,474)	(19.3%)
32,270	48,471	16,201	33.4%	41,037	8,767	21.4%	Medical Supplies	191,351	254,682	63,331	24.9%	252,716	61,365	24.3%
36,467	24,802	(11,665)	(47.0%)	10,848	(25,619)	(236.2%)	Other Supplies	142,515	188,074	45,559	24.2%	51,836	(90,680)	(174.9%)
-	-	-	0.0%	-	-	0.0%	Contracted Physician Expense	-	-	-	0.0%	15,355	15,355	100.0%
25,831	67,846	42,015	61.9%	-	(25,831)	0.0%	Medical Services	207,407	358,186	150,779	42.1%	-	(207,407)	0.0%
32,329	56,565	24,236	42.8%	52,837	20,508	38.8%	Drugs	222,425	298,490	76,065	25.5%	299,383	76,958	25.7%
41,024	22,888	(18,136)	(79.2%)	41,387	362	0.9%	Repairs & Maintenance	201,629	88,013	(113,616)	(129.1%)	240,250	38,621	16.1%
133,369	122,280	(11,089)	(9.1%)	127,337	(6,032)	(4.7%)	Lease & Rental	674,552	668,056	(6,496)	(1.0%)	684,950	10,398	1.5%
4,376	6,251	1,875	30.0%	4,661	285	6.1%	Utilities	30,811	37,506	6,695	17.9%	34,808	3,997	11.5%
33,511	22,396	(11,115)	(49.6%)	28,627	(4,884)	(17.1%)	Other Expense	119,761	159,269	39,508	24.8%	141,336	21,575	15.3%
2,170	2,366	196	8.3%	1,417	(753)	(53.2%)	Insurance	13,274	14,505	1,231	8.5%	9,221	(4,052)	(43.9%)
2,093,719	2,140,470	46,751	2.2%	2,068,299	(25,420)	(1.2%)	Total Operational Expenses	11,870,767	12,497,451	626,684	5.0%	11,181,223	(689,544)	(6.2%)
Net Performance before Depreciation & Overhead Allocations														
448,708	(535,057)	983,765	(183.9%)	53,020	395,689	746.3%		667,881	(3,193,826)	3,861,707	(120.9%)	55,652	612,229	1,100.1%

District Clinics Holdings, Inc. Statement of Revenues and Expenses

FOR THE SIXTH MONTH ENDED MARCH 31, 2019

Current Month							
Actual	Budget	Variance	%	Prior Year	Variance	%	
13,156	21,100	7,944	37.6%	16,992	3,836	22.6%	Depreciation
<i>Overhead Allocations:</i>							
2,172	12,715	10,543	82.9%	10,231	8,059	78.8%	Risk Mgt
42,307	91,067	48,760	53.5%	37,122	(5,184)	(14.0%)	Rev Cycle
5,718	5,559	(159)	(2.9%)	5,809	91	1.6%	Internal Audit
20,583	20,787	204	1.0%	15,176	(5,407)	(35.6%)	Palm Springs Facility
26,720	24,923	(1,797)	(7.2%)	20,796	(5,923)	(28.5%)	Administration
31,650	34,245	2,595	7.6%	28,368	(3,282)	(11.6%)	Human Resources
(551)	12,733	13,284	104.3%	9,757	10,307	105.6%	Legal
6,258	8,444	2,186	25.9%	6,632	374	5.6%	Records
12,918	11,698	(1,220)	(10.4%)	7,066	(5,852)	(82.8%)	Compliance
0	1,428	1,428	100.0%	1,207	1,207	100.0%	Planning/Research
26,486	34,893	8,407	24.1%	43,417	16,931	39.0%	Finance
8,264	13,149	4,885	37.2%	3,213	(5,051)	(157.2%)	Public Relations
90,638	99,679	9,041	9.1%	67,776	(22,862)	(33.7%)	Information Technology
-	-	-	0.0%	(231)	(231)	100.0%	Budget & Decision Support
1,778	2,714	936	34.5%	4,069	2,290	56.3%	Corporate Quality
3,502	5,764	2,262	39.2%	(1,070)	(4,572)	427.2%	Managed Care Contract
278,442	379,798	101,356	26.7%	259,338	(19,104)	(7.4%)	Total Overhead Allocations
2,385,318	2,541,368	156,050	6.1%	2,344,629	(40,689)	(1.7%)	Total Expenses
\$ 157,110	\$ (935,955)	\$ 1,093,065	(116.8%)	\$ (223,310)	\$ 380,420	(170.4%)	Net Margin
(1,752)	203,613	205,365	100.9%	-	1,752	0.0%	Capital
\$ -	\$ 1,087,500	\$ 1,087,500	100.0%	\$ 2,000,000	\$ 2,000,000	100.0%	General Fund Support/ Transfer In

Fiscal Year To Date							
Actual	Budget	Variance	%	Prior Year	Variance	%	
79,208	125,168	45,960	36.7%	101,951	22,744	22.3%	
22,245	76,290	54,045	70.8%	58,712	36,467	62.1%	
546,402	546,402	-	0.0%	276,335	(270,067)	(97.7%)	
31,420	33,354	1,934	5.8%	8,361	(23,059)	(275.8%)	
112,853	124,722	11,869	9.5%	139,833	26,980	19.3%	
149,538	149,538	-	0.0%	155,610	6,072	3.9%	
205,470	205,470	-	0.0%	147,866	(57,604)	(39.0%)	
76,398	76,398	-	0.0%	58,416	(17,982)	(30.8%)	
37,192	50,664	13,472	26.6%	34,417	(2,775)	(8.1%)	
39,946	70,188	30,242	43.1%	40,551	604	1.5%	
5,582	8,568	2,986	34.9%	7,598	2,017	26.5%	
168,976	209,358	40,382	19.3%	163,204	(5,772)	(3.5%)	
43,986	78,894	34,908	44.2%	42,567	(1,419)	(3.3%)	
506,755	598,074	91,319	15.3%	469,564	(37,191)	(7.9%)	
-	-	-	0.0%	9,516	9,516	100.0%	
16,284	16,284	-	0.0%	19,847	3,563	18.0%	
20,891	34,584	13,693	39.6%	33,195	12,304	37.1%	
1,983,939	2,278,788	294,849	12.9%	1,665,592	(318,347)	(19.1%)	
13,933,913	14,901,407	967,494	6.5%	12,948,767	(985,147)	(7.6%)	
\$ (1,395,265)	\$ (5,597,782)	\$ 4,202,517	(75.1%)	\$ (1,711,892)	\$ 316,627	18.5%	
-	1,221,688	1,221,688	100.0%	-	-	0.0%	
\$ 2,627,860	\$ 6,525,000	\$ 3,897,140	59.7%	\$ 2,000,000	\$ (627,860)	(31.4%)	

District Clinics Holdings, Inc. Statement of Revenues and Expenses by Month

	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Year to Date
Gross Patient Revenue	1,946,640	1,491,722	2,006,898	1,645,818	1,905,360	1,935,491	-	-	-	-	-	-	10,931,929
Contractual Allowances	629,927	523,761	955,352	869,362	704,192	909,476	-	-	-	-	-	-	4,592,070
Charity Care	522,280	370,440	411,855	348,213	541,362	394,786	-	-	-	-	-	-	2,588,936
Bad Debt	209,421	136,222	187,946	107,004	224,566	85,698	-	-	-	-	-	-	950,858
Other Patient Revenue	185,546	460,636	346,606	1,379,115	478,512	490,512	-	-	-	-	-	-	3,340,925
Net Patient Revenue	770,557	921,934	798,350	1,700,355	913,751	1,036,042	-	-	-	-	-	-	6,140,990
Collections %	39.58%	61.80%	39.78%	103.31%	47.96%	53.53%							56.17%
Grant Funds	574,778	606,454	690,034	1,616,221	1,355,777	1,496,682	-	-	-	-	-	-	6,339,946
Other Revenue	4,645	8,821	24,768	6,149	3,627	9,704	-	-	-	-	-	-	57,713
Total Other Revenues	579,423	615,275	714,802	1,622,369	1,359,404	1,506,386	-	-	-	-	-	-	6,397,659
Total Revenues	1,349,980	1,537,209	1,513,151	3,322,725	2,273,156	2,542,428	-	-	-	-	-	-	12,538,648
<i>Direct Operational Expenses:</i>													
Salaries and Wages	1,387,450	1,190,417	1,317,029	1,213,339	1,197,291	1,332,097	-	-	-	-	-	-	7,637,624
Benefits	339,645	322,045	314,881	366,759	347,313	365,610	-	-	-	-	-	-	2,056,253
Purchased Services	65,028	68,614	50,770	82,094	51,993	54,666	-	-	-	-	-	-	373,165
Medical Supplies	41,828	27,305	14,573	29,201	46,174	32,270	-	-	-	-	-	-	191,351
Other Supplies	34,148	3,947	2,672	28,292	36,989	36,467	-	-	-	-	-	-	142,515
Contracted Physician Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Medical Services	58,809	(461)	19,144	25,930	78,155	25,831	-	-	-	-	-	-	207,407
Drugs	47,555	37,534	36,129	31,431	37,448	32,329	-	-	-	-	-	-	222,425
Repairs & Maintenance	29,881	36,555	32,150	30,986	31,031	41,024	-	-	-	-	-	-	201,629
Lease & Rental	109,171	104,594	104,526	114,021	108,872	133,369	-	-	-	-	-	-	674,552
Utilities	4,568	6,558	5,313	5,904	4,092	4,376	-	-	-	-	-	-	30,811
Other Expense	15,526	(576)	24,682	22,887	23,732	33,511	-	-	-	-	-	-	119,761
Insurance	2,425	2,170	2,170	2,170	2,170	2,170	-	-	-	-	-	-	13,274
Total Operational Expenses	2,136,034	1,798,702	1,924,039	1,953,014	1,965,259	2,093,719	-	-	-	-	-	-	11,870,767
Net Performance before Depreciation & Overhead Allocations	(786,055)	(261,492)	(410,887)	1,369,711	307,896	448,708	-	-	-	-	-	-	667,881
Depreciation	17,256	17,256	5,158	13,224	13,157	13,156	-	-	-	-	-	-	79,208
<i>Overhead Allocations:</i>													
Risk Mgt	9,302	16,111	8,246	(15,331)	1,744	2,172	-	-	-	-	-	-	22,245
Rev Cycle	86,904	98,059	124,187	100,095	94,850	42,307	-	-	-	-	-	-	546,402
Internal Audit	5,120	5,120	5,120	5,120	5,222	5,718	-	-	-	-	-	-	31,420
Palm Springs Facility	17,032	16,269	16,141	23,398	19,430	20,583	-	-	-	-	-	-	112,853
Administration	24,974	26,124	21,164	26,766	23,790	26,720	-	-	-	-	-	-	149,538
Human Resources	33,486	34,265	34,863	38,678	32,527	31,650	-	-	-	-	-	-	205,470
Legal	6,468	11,903	8,094	34,857	15,627	(551)	-	-	-	-	-	-	76,398
Records	6,520	6,452	6,067	6,656	5,239	6,258	-	-	-	-	-	-	37,192
Compliance	5,776	7,197	3,605	6,283	4,168	12,918	-	-	-	-	-	-	39,946
Planning/Research	1,340	1,281	1,209	1,325	426	0	-	-	-	-	-	-	5,582
Finance	24,095	32,875	22,630	39,695	23,194	26,486	-	-	-	-	-	-	168,976
Public Relations	6,478	6,365	7,466	7,077	7,466	8,264	-	-	-	-	-	-	43,986
Information Technology	80,379	69,273	97,329	86,977	82,158	90,638	-	-	-	-	-	-	506,755
Budget & Decision Support	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Quality	3,986	3,764	2,150	2,591	2,015	1,778	-	-	-	-	-	-	16,284
Managed Care Contract	3,421	4,019	3,039	3,676	3,234	3,502	-	-	-	-	-	-	20,891
Total Overhead Allocations	315,282	339,079	362,180	368,255	320,701	278,442	-	-	-	-	-	-	1,983,939
Total Expenses	2,468,573	2,155,037	2,291,377	2,334,492	2,299,117	2,385,318	-	-	-	-	-	-	13,933,913
Net Margin	\$ (1,118,593)	\$ (617,827)	\$ (778,226)	\$ 988,232	\$ (25,961)	\$ 157,110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,395,265)
Capital	-	-	(13,581)	13,581	1,752	(1,752)	-	-	-	-	-	-	-
General Fund Support/ Transfer In	1,101,337	596,437	930,086	-	-	-	-	-	-	-	-	-	\$ 2,627,860

District Clinics Holdings, Inc.- Medical Statement of Revenues and Expenses by Location

FOR THE SIXTH MONTH ENDED MARCH 31, 2019

	Clinic Administration	West Palm Beach Clinic	Lantana Clinic	Delray Clinic	Belle Glade Clinic	Jerome Golden Center	Lewis Center	Rams Clinic	Lake Worth Clinic	Jupiter Clinic	West Boca Clinic	Subxone Clinic	Mobile Van	Total
Gross Patient Revenue	-	1,686,931	1,818,608	1,341,147	894,485	-	417,607	-	1,333,242	494,253	872,025	-	178,969	9,037,265
Contractual Allowances	-	828,852	696,667	701,317	450,351	(1,521)	232,066	250	537,844	181,970	378,985	-	70,829	4,077,611
Charity Care	-	346,853	446,640	192,399	131,300	2,624	76,034	-	304,375	77,196	157,051	-	30,461	1,764,932
Bad Debt	-	160,648	244,777	138,660	119,254	(4,448)	67,109	(184)	76,044	13,948	47,530	-	37,677	901,016
Total Contractual Allowances and Bad Debt	-	1,336,353	1,388,083	1,032,376	700,905	(3,344)	375,209	66	918,264	273,114	583,566	-	138,967	6,743,559
Other Patient Revenue	-	505,795	469,666	322,707	232,778	2,926	87,416	-	404,554	100,455	197,389	-	43,015	2,366,702
Net Patient Revenue	-	856,373	900,190	631,478	426,358	6,270	129,814	(66)	819,532	321,594	485,848	-	83,017	4,660,409
Collection %	0.00%	50.77%	49.50%	47.08%	47.67%	0.00%	31.09%	0.00%	61.47%	65.07%	55.71%	0.00%	46.39%	51.57%
Grant Funds	621,236	665,058	648,668	557,630	1,103,089	-	156,695	-	662,160	217,865	307,583	118,187	241,526	5,299,696
Other Revenue	18,126	4,920	1,456	2,363	6,274	-	258	-	3,905	5,568	1,099	13,506	6	57,480
Total Other Revenues	639,362	669,978	650,124	559,993	1,109,363	-	156,953	-	666,065	223,432	308,682	131,693	241,532	5,357,176
Total Revenues	639,362	1,526,351	1,550,314	1,191,471	1,535,722	6,270	286,767	(66)	1,485,596	545,026	794,530	131,693	324,549	10,017,585
<i>Direct Operational Expenses:</i>														
Salaries and Wages	860,619	960,611	905,510	789,593	510,063	-	223,436	-	943,859	309,511	425,439	196,930	128,577	6,254,148
Benefits	177,336	231,932	253,130	238,563	136,372	-	57,019	-	278,036	88,527	114,149	46,068	42,368	1,663,500
Purchased Services	29,510	46,349	35,977	28,882	31,587	-	4,613	-	54,999	39,076	40,155	-	3,273	314,423
Medical Supplies	-	10,224	29,948	6,882	7,248	-	4,800	-	12,449	4,493	4,823	-	306	81,172
Other Supplies	6,944	2,570	29,392	360	11,532	-	1,721	-	3,773	1,014	5,039	39,864	1,916	104,125
Contracted Physician Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Medical Services	-	29,418	34,581	21,783	29,767	-	5,403	-	53,179	6,417	26,861	-	-	207,407
Drugs	-	50,315	78,502	40,577	18,843	-	923	-	6,773	10,757	1,284	12,387	864	221,226
Repairs & Maintenance	-	29,568	29,043	29,750	18,702	-	4,922	-	30,436	11,431	17,457	1,800	3,087	176,194
Lease & Rental	50	68,858	79,260	45,971	93,806	5,247	2,105	-	115,033	39,480	66,746	-	-	516,555
Utilities	-	472	1,973	544	7,892	-	1,088	-	6,248	4,485	2,874	-	-	25,576
Other Expense	74,128	5,696	3,395	3,537	3,992	-	3,092	-	8,337	1,090	3,990	-	2,643	109,900
Insurance	-	2,480	2,085	1,684	617	175	-	-	389	330	377	-	4,737	12,874
Total Operational Expenses	1,148,586	1,438,492	1,482,795	1,208,127	870,421	5,422	309,121	-	1,513,511	516,612	709,194	297,050	187,771	9,687,101
Net Performance before Depreciation & Overhead Allocations	(509,224)	87,859	67,519	(16,656)	665,301	848	(22,354)	(66)	(27,915)	28,415	85,336	(165,357)	136,778	330,484
Depreciation	4,329	2,750	2,286	899	1,254	345	643	55	3,629	2,563	2,398	-	37,500	58,651
<i>Overhead Allocations:</i>														
Risk Mgt	2,280	2,451	2,449	2,164	1,391	-	515	-	2,857	979	1,468	917	413	17,883
Rev Cycle	-	68,052	67,992	60,090	38,610	-	14,286	-	79,308	27,174	40,758	25,446	11,454	433,170
Internal Audit	3,220	3,462	3,459	3,057	1,965	-	727	-	4,035	1,382	2,074	1,295	583	25,260
Palm Springs Facility	100,399	-	-	-	-	-	-	-	-	-	-	-	-	100,399
Administration	15,324	16,476	16,464	14,550	9,348	-	3,462	-	19,206	6,582	9,870	6,162	2,772	120,216
Human Resources	12,750	26,352	24,738	22,104	12,750	-	4,248	-	24,312	9,354	16,152	8,502	3,402	164,664
Legal	7,830	8,418	8,412	7,434	4,776	-	1,770	-	9,810	3,360	5,040	3,150	1,416	61,416
Records	3,812	4,098	4,095	3,619	2,325	-	860	-	4,777	1,636	2,455	1,532	690	29,900
Compliance	4,094	4,402	4,398	3,887	2,498	-	924	-	5,130	1,758	2,637	1,646	741	32,114
Planning/Research	572	615	615	543	349	-	129	-	717	246	368	230	104	4,487
Finance	17,319	18,620	18,605	16,442	10,565	-	3,909	-	21,701	7,435	11,153	6,962	3,134	135,845
Public Relations	4,508	4,847	4,843	4,280	2,750	-	1,018	-	5,649	1,935	2,903	1,812	816	35,362
Information Technology	51,938	55,841	55,795	49,308	31,684	-	11,723	-	65,081	22,297	33,448	20,880	9,400	407,396
Budget & Decision Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Quality	1,668	1,794	1,794	1,584	1,020	-	378	-	2,088	714	1,074	672	300	13,086
Managed Care Contract	-	2,602	2,600	2,297	1,476	-	546	-	3,032	1,039	1,558	973	438	16,562
Total Overhead Allocations	225,714	218,030	216,259	191,359	121,507	-	44,495	-	247,704	85,891	130,958	80,179	35,662	1,597,760
Total Expenses	1,378,629	1,659,273	1,701,340	1,400,385	993,182	5,767	354,259	55	1,764,845	605,066	842,550	377,229	260,933	11,343,512
Net Margin	\$ (739,267)	\$ (132,921)	\$ (151,026)	\$ (208,914)	\$ 542,540	\$ 503	\$ (67,492)	\$ (122)	\$ (279,248)	\$ (60,039)	\$ (48,020)	\$ (245,537)	\$ 63,616	\$ (1,325,927)
Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General Fund Support/ Transfer In	\$ 2,627,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,627,860

District Clinic Holdings, Inc.- Medical Statement of Revenue and Expenses

FOR THE SIXTH MONTH ENDED MARCH 31, 2019

Current Month							Fiscal Year To Date						
Actual	Budget	Variance	%	Prior Year	Variance	%	Actual	Budget	Variance	%	Prior Year	Variance	%
1,591,011	1,778,616	(187,605)	(10.5%)	1,820,133	(229,121)	(12.6%)	9,037,265	9,587,337	(550,072)	(5.7%)	9,273,495	(236,230)	(2.5%)
Gross Patient Revenue													
816,271	416,578	(399,693)	(95.9%)	458,071	(358,200)	(78.2%)	4,077,611	2,335,723	(1,741,888)	(74.6%)	2,598,634	(1,478,977)	(56.9%)
257,018	659,435	402,417	61.0%	66,047	(190,971)	(289.1%)	1,764,932	3,495,433	1,730,501	49.5%	395,632	(1,369,299)	(346.1%)
69,399	200,312	130,913	65.4%	264,891	195,492	73.8%	901,016	1,061,788	160,772	15.1%	1,106,484	205,467	18.6%
1,142,689	1,276,325	133,636	10.5%	789,009	(353,679)	(44.8%)	6,743,559	6,892,944	149,385	2.2%	4,100,750	(2,642,809)	(64.4%)
Total Contractuals and Bad Debts													
340,652	148,099	192,553	130.0%	21,861	318,791	1,458.3%	2,366,702	888,594	1,478,108	166.3%	196,749	2,169,954	1,102.9%
788,975	650,390	138,585	21.3%	1,052,984	(264,010)	(25.1%)	4,660,409	3,582,987	1,077,422	30.1%	5,369,493	(709,085)	(13.2%)
49.59%	36.57%			57.85%			51.57%	37.37%			57.90%		
Net Patient Revenue Collection %													
1,264,737	560,995	703,742	125.4%	489,712	775,025	158.3%	5,299,696	3,365,960	1,933,736	57.4%	3,037,631	2,262,065	74.5%
9,704	12,989	(3,285)	(25.3%)	9,940	(237)	(2.4%)	57,480	77,929	(20,449)	(26.2%)	129,775	(72,295)	(55.7%)
Other Revenue													
1,274,441	573,984	700,457	122.0%	499,653	774,788	155.1%	5,357,176	3,443,889	1,913,287	55.6%	3,167,406	2,189,770	69.1%
Total Other Revenues													
2,063,416	1,224,374	839,042	68.5%	1,552,637	510,778	32.9%	10,017,585	7,026,876	2,990,709	42.6%	8,536,900	1,480,685	17.3%
Total Revenues							Total Revenues						
Direct Operational Expenses:													
1,103,250	1,079,396	(23,854)	(2.2%)	1,088,565	(14,685)	(1.3%)	6,254,148	6,375,092	120,944	1.9%	5,901,157	(352,991)	(6.0%)
299,244	305,001	5,757	1.9%	285,334	(13,909)	(4.9%)	1,663,500	1,800,957	137,457	7.6%	1,557,997	(105,503)	(6.8%)
41,387	54,471	13,084	24.0%	84,398	43,011	51.0%	314,423	316,804	2,381	0.8%	256,916	(57,507)	(22.4%)
14,549	20,188	5,639	27.9%	3,416	(11,132)	(325.9%)	81,172	106,529	25,357	23.8%	81,646	473	0.6%
35,566	14,014	(21,552)	(153.8%)	9,882	(25,684)	(259.9%)	104,125	122,549	18,424	15.0%	42,974	(61,151)	(142.3%)
-	-	-	0.0%	-	-	0.0%	-	-	-	0.0%	15,355	15,355	100.0%
25,831	67,846	42,015	61.9%	-	(25,831)	0.0%	207,407	358,186	150,779	42.1%	-	(207,407)	0.0%
32,323	54,590	22,267	40.8%	50,527	18,204	36.0%	221,226	288,145	66,919	23.2%	288,904	67,678	23.4%
37,874	15,633	(22,241)	(142.3%)	36,615	(1,259)	(3.4%)	176,194	56,807	(119,387)	(210.2%)	212,262	36,067	17.0%
114,291	94,836	(19,455)	(20.5%)	67,025	(47,266)	(70.5%)	516,555	503,392	(13,163)	(2.6%)	489,048	(27,507)	(5.6%)
3,573	5,503	1,930	35.1%	4,233	659	15.6%	25,576	33,018	7,442	22.5%	30,490	4,913	16.1%
32,476	19,314	(13,162)	(68.1%)	21,630	(10,845)	(50.1%)	109,900	138,979	29,079	20.9%	121,184	11,284	9.3%
2,105	2,307	202	8.8%	1,331	(774)	(58.2%)	12,874	14,151	1,277	9.0%	8,663	(4,212)	(48.6%)
Insurance													
1,742,468	1,733,099	(9,369)	(0.5%)	1,652,957	(89,512)	(5.4%)	9,687,101	10,114,609	427,508	4.2%	9,006,595	(680,506)	(7.6%)
Total Operational Expenses													
Net Performance before Depreciation & Overhead Allocations													
320,947	(508,725)	829,672	(163.1%)	(100,320)	421,267	(419.9%)	330,484	(3,087,733)	3,418,217	(110.7%)	(469,695)	800,179	(170.4%)

District Clinic Holdings, Inc.- Medical Statement of Revenue and Expenses

FOR THE SIXTH MONTH ENDED MARCH 31, 2019

Current Month							
Actual	Budget	Variance	%	Prior Year	Variance	%	
9,787	6,072	(3,715)	(61.2%)	4,517	(5,270)	(116.7%)	Depreciation
<i>Overhead Allocations:</i>							
1,746	10,221	8,475	82.9%	8,026	6,280	78.2%	Risk Mgt
33,538	72,195	38,657	53.5%	28,772	(4,766)	(16.6%)	Rev Cycle
4,597	4,469	(128)	(2.9%)	4,557	(39)	(0.9%)	Internal Audit
18,311	18,493	182	1.0%	12,991	(5,321)	(41.0%)	Palm Springs Facility
21,478	20,036	(1,442)	(7.2%)	16,315	(5,163)	(31.6%)	Administration
25,363	27,444	2,081	7.6%	21,408	(3,955)	(18.5%)	Human Resources
(446)	10,236	10,682	104.4%	7,654	8,100	105.8%	Legal
5,031	6,789	1,758	25.9%	5,203	172	3.3%	Records
10,385	9,404	(981)	(10.4%)	5,544	(4,842)	(87.3%)	Compliance
0	1,148	1,148	100.0%	947	947	100.0%	Planning/Research
21,293	28,051	6,758	24.1%	34,061	12,769	37.5%	Finance
6,643	10,572	3,929	37.2%	2,521	(4,123)	(163.6%)	Public Relations
72,867	80,135	7,268	9.1%	53,171	(19,696)	(37.0%)	Information Technology
-	-	-	0.0%	(181)	(181)	100.0%	Budget & Decision Support
1,425	2,181	756	34.7%	3,192	1,767	55.4%	Corporate Quality
2,776	4,569	1,793	39.2%	(830)	(3,606)	434.6%	Managed Care Contract
225,008	305,943	80,935	26.5%	203,351	(21,657)	(10.6%)	Total Overhead Allocations
1,977,264	2,045,114	67,850	3.3%	1,860,825	(116,438)	(6.3%)	Total Expenses
\$ 86,152	\$ (820,740)	\$ 906,892	(110.5%)	\$ (308,188)	\$ 394,340	(128.0%)	Net Margin
-	75,000	75,000	100.0%	-	-	0.0%	Capital
\$ -	\$ 1,087,500	\$ 1,087,500	100.0%	\$ 2,000,000	\$ 2,000,000	100.0%	General Fund Support/ Transfer In

Fiscal Year To Date							
Actual	Budget	Variance	%	Prior Year	Variance	%	
58,651	36,432	(22,219)	(61.0%)	27,104	(31,547)	(116.4%)	
17,883	61,326	43,443	70.8%	46,059	28,176	61.2%	
433,170	433,170	-	0.0%	214,174	(218,996)	(102.3%)	
25,260	26,814	1,554	5.8%	6,560	(18,700)	(285.1%)	
100,399	110,958	10,559	9.5%	119,701	19,302	16.1%	
120,216	120,216	-	0.0%	122,078	1,862	1.5%	
164,664	164,664	-	0.0%	111,589	(53,075)	(47.6%)	
61,416	61,416	-	0.0%	45,828	(15,588)	(34.0%)	
29,900	40,734	10,834	26.6%	27,000	(2,900)	(10.7%)	
32,114	56,424	24,310	43.1%	31,813	(302)	(0.9%)	
4,487	6,888	2,401	34.9%	5,961	1,474	24.7%	
135,845	168,306	32,461	19.3%	128,036	(7,810)	(6.1%)	
35,362	63,432	28,070	44.3%	33,394	(1,967)	(5.9%)	
407,396	480,810	73,414	15.3%	368,379	(39,017)	(10.6%)	
-	-	-	0.0%	7,465	7,465	100.0%	
13,086	13,086	-	0.0%	15,570	2,484	16.0%	
16,562	27,414	10,852	39.6%	25,728	9,166	35.6%	
1,597,760	1,835,658	237,898	13.0%	1,309,336	(288,424)	(22.0%)	
11,343,512	11,986,699	643,187	5.4%	10,343,035	(1,000,477)	(9.7%)	
\$ (1,325,927)	\$ (4,959,823)	\$ 3,633,896	(73.3%)	\$ (1,806,135)	\$ 480,208	26.6%	
-	450,000	450,000	100.0%	-	-	0.0%	
\$ 2,627,860	\$ 6,525,000	\$ 3,897,140	59.7%	\$ 2,000,000	\$ (627,860)	(31.4%)	

District Clinics Holdings, Inc.- Dental Statement of Revenues and Expenses by Location

FOR THE SIXTH MONTH ENDED MARCH 31, 2019

	Dental Clinic Administration	West Palm Beach Dental Clinic	Lantana Dental Clinic	Delray Dental Clinic	Belle Glade Dental Clinic	Total
Gross Patient Revenue	-	667,822	521,278	483,133	222,432	1,894,664
Contractual Allowances	-	189,365	124,385	134,113	66,597	514,459
Charity Care	-	244,457	257,057	238,843	83,648	824,005
Bad Debt	-	9,717	25,952	8,535	5,637	49,842
Total Contractual Allowances and Bad Debt	-	443,539	407,394	381,491	155,882	1,388,306
Other Patient Revenue	-	323,826	268,603	256,040	125,753	974,223
Net Patient Revenue	-	548,110	382,487	357,681	192,303	1,480,581
Collection %	-	82.07%	73.37%	74.03%	86.45%	78.14%
Grant Funds	95,033	337,012	259,361	222,785	126,059	1,040,250
Other Revenue	-	-	-	-	233	233
Total Other Revenues	95,033	337,012	259,361	222,785	126,292	1,040,483
Total Revenues	95,033	885,122	641,848	580,466	318,595	2,521,063
<i>Direct Operational Expenses:</i>						
Salaries and Wages	138,887	440,879	343,171	309,803	150,735	1,383,476
Benefits	29,607	133,451	89,341	94,621	45,733	392,753
Purchased Services	-	13,833	11,575	11,166	22,168	58,742
Medical Supplies	-	36,442	32,630	22,804	18,303	110,179
Other Supplies	(12)	15,990	13,938	6,700	1,775	38,391
Contracted Physician Expense	-	-	-	-	-	-
Medical Services	-	-	-	-	-	-
Drugs	-	39	300	615	246	1,199
Repairs & Maintenance	-	6,256	6,469	6,938	5,772	25,434
Lease & Rental	-	57,444	32,894	30,816	36,844	157,997
Utilities	-	693	2,285	856	1,400	5,234
Other Expense	1,212	3,360	2,852	(950)	3,388	9,861
Insurance	-	-	-	-	399	399
Total Operational Expenses	169,695	708,386	535,453	483,369	286,762	2,183,666
Net Performance before Depreciation & Overhead Allocations	(74,662)	176,735	106,395	97,097	31,833	337,398
Depreciation	-	7,309	3,266	5,108	4,873	20,556
<i>Overhead Allocations:</i>						
Risk Mgt	283	1,373	1,205	931	570	4,362
Rev Cycle	-	38,106	33,456	25,836	15,834	113,232
Internal Audit	400	1,939	1,702	1,315	805	6,161
Palm Springs Facility	12,455	-	-	-	-	12,455
Administration	1,902	9,228	8,100	6,258	3,834	29,322
Human Resources	1,698	12,750	11,904	9,354	5,100	40,806
Legal	972	4,716	4,140	3,198	1,956	14,982
Records	473	2,295	2,015	1,556	953	7,292
Compliance	508	2,465	2,164	1,671	1,024	7,832
Planning/Research	71	344	302	234	143	1,094
Finance	2,148	10,427	9,154	7,070	4,332	33,131
Public Relations	559	2,714	2,383	1,840	1,128	8,624
Information Technology	6,443	31,272	27,452	21,202	12,991	99,359
Budget & Decision Support	-	-	-	-	-	-
Corporate Quality	210	1,002	882	684	420	3,198
Managed Care Contract	-	1,457	1,279	988	605	4,329
Total Overhead Allocations	28,122	120,089	106,137	82,136	49,696	386,179
Total Expenses	197,817	835,784	644,857	570,613	341,331	2,590,401
Net Margin	\$ (102,784)	\$ 49,338	\$ (3,009)	\$ 9,853	\$ (22,736)	\$ (69,338)
Capital	-	-	-	-	-	-
General Fund Support/ Transfer In					\$	-

District Clinics Holdings, Inc.- Dental Statement of Revenues and Expenses

FOR THE SIXTH MONTH ENDED MARCH 31, 2019

Current Month							Fiscal Year To Date						
Actual	Budget	Variance	%	Prior Year	Variance	%	Actual	Budget	Variance	%	Prior Year	Variance	%
344,480	397,671	(53,192)	(13.4%)	349,102	(4,622)	(1.3%)	1,894,664	2,107,913	(213,249)	(10.1%)	1,956,935	(62,271)	(3.2%)
Gross Patient Revenue							Gross Patient Revenue						
93,205	83,021	(10,184)	(12.3%)	(58,640)	(151,845)	258.9%	514,459	440,077	(74,382)	(16.9%)	(181,018)	(695,477)	384.2%
137,768	184,822	47,055	25.5%	(274)	(138,041)	50,472.0%	824,005	979,682	155,677	15.9%	116,529	(707,476)	(607.1%)
16,299	17,400	1,101	6.3%	(14,895)	(31,194)	209.4%	49,842	92,233	42,391	46.0%	22,306	(27,535)	(123.4%)
247,272	285,243	37,971	13.3%	(73,809)	(321,081)	435.0%	1,388,306	1,511,992	123,686	8.2%	(42,183)	(1,430,489)	3,391.2%
149,859	89,241	60,618	67.9%	-	149,859	0.0%	974,223	535,446	438,777	81.9%	-	974,223	0.0%
247,067	201,669	45,398	22.5%	422,910	(175,843)	(41.6%)	1,480,581	1,131,367	349,214	30.9%	1,999,118	(518,537)	(25.9%)
71.72%	50.71%			121.14%			78.14%	53.67%			102.16%		
Net Patient Revenue							Net Patient Revenue						
231,945	176,537	55,408	31.4%	111,771	120,174	107.5%	1,040,250	1,128,384	(88,135)	(7.8%)	666,858	373,392	56.0%
-	2,833	(2,833)	(100.0%)	34,000	(34,000)	(100.0%)	233	16,998	(16,765)	(98.6%)	34,000	(33,767)	(99.3%)
Other Revenue							Other Revenue						
231,945	179,370	52,575	29.3%	145,771	86,174	59.1%	1,040,483	1,145,382	(104,899)	(9.2%)	700,858	339,625	48.5%
Total Other Revenues							Total Other Revenues						
479,012	381,039	97,973	25.7%	568,682	(89,669)	(15.8%)	2,521,063	2,276,749	244,314	10.7%	2,699,975	(178,912)	(6.6%)
Total Revenues							Total Revenues						
Direct Operational Expenses:							Direct Operational Expenses:						
228,847	244,332	15,485	6.3%	228,197	(649)	(0.3%)	1,383,476	1,443,052	59,577	4.1%	1,297,031	(86,444)	(6.7%)
66,366	71,028	4,662	6.6%	65,577	(789)	(1.2%)	392,753	419,395	26,642	6.4%	382,492	(10,261)	(2.7%)
13,279	12,377	(902)	(7.3%)	8,077	(5,202)	(64.4%)	58,742	75,370	16,628	22.1%	55,775	(2,967)	(5.3%)
17,722	28,283	10,561	37.3%	37,620	19,899	52.9%	110,179	148,153	37,974	25.6%	171,070	60,891	35.6%
901	10,788	9,887	91.7%	966	65	6.8%	38,391	65,525	27,134	41.4%	8,861	(29,529)	(333.2%)
-	-	-	0.0%	-	-	0.0%	-	-	-	0.0%	-	-	0.0%
-	-	-	0.0%	-	-	0.0%	-	-	-	0.0%	-	-	0.0%
6	1,975	1,970	99.7%	2,310	2,304	99.8%	1,199	10,345	9,146	88.4%	10,479	9,280	88.6%
3,150	7,255	4,105	56.6%	4,771	1,621	34.0%	25,434	31,206	5,772	18.5%	27,988	2,554	9.1%
19,078	27,444	8,366	30.5%	60,312	41,234	68.4%	157,997	164,664	6,667	4.0%	195,903	37,905	19.3%
803	748	(55)	(7.3%)	429	(374)	(87.3%)	5,234	4,488	(746)	(16.6%)	4,318	(916)	(21.2%)
1,036	3,082	2,046	66.4%	6,997	5,961	85.2%	9,861	20,290	10,429	51.4%	20,152	10,291	51.1%
65	59	(6)	(10.0%)	86	21	24.4%	399	354	(45)	(12.8%)	559	159	28.5%
Insurance							Insurance						
351,251	407,371	56,120	13.8%	415,342	64,091	15.4%	2,183,666	2,382,842	199,176	8.4%	2,174,628	(9,037)	(0.4%)
Total Operational Expenses							Total Operational Expenses						
Net Performance before							Net Performance before						
127,761	(26,332)	154,093	(585.2%)	153,339	(25,578)	(16.7%)	337,398	(106,093)	443,491	(418.0%)	525,347	(187,949)	(35.8%)
Depreciation & Overhead Allocations							Depreciation & Overhead Allocations						

District Clinics Holdings, Inc.- Dental Statement of Revenues and Expenses

FOR THE SIXTH MONTH ENDED MARCH 31, 2019

Current Month							
Actual	Budget	Variance	%	Prior Year	Variance	%	
3,369	15,028	11,659	77.6%	12,475	9,105	73.0%	Depreciation
Overhead Allocations:							
426	2,494	2,068	82.9%	2,205	1,779	80.7%	Risk Mgt
8,769	18,872	10,103	53.5%	8,351	(418)	(5.0%)	Rev Cycle
1,121	1,090	(31)	(2.9%)	1,252	131	10.4%	Internal Audit
2,272	2,294	22	1.0%	2,185	(87)	(4.0%)	Palm Springs Facility
5,241	4,887	(354)	(7.2%)	4,481	(760)	(17.0%)	Administration
6,287	6,801	514	7.6%	6,960	673	9.7%	Human Resources
(105)	2,497	2,602	104.2%	2,102	2,208	105.0%	Legal
1,227	1,655	428	25.9%	1,429	202	14.1%	Records
2,533	2,294	(239)	(10.4%)	1,523	(1,010)	(66.3%)	Compliance
0	280	280	100.0%	260	260	100.0%	Planning/Research
5,193	6,842	1,649	24.1%	9,356	4,163	44.5%	Finance
1,620	2,577	957	37.1%	692	(928)	(134.0%)	Public Relations
17,771	19,544	1,773	9.1%	14,605	(3,166)	(21.7%)	Information Technology
-	-	-	0.0%	(50)	(50)	100.0%	Budget & Decision Support
354	533	179	33.6%	877	523	59.6%	Corporate Quality
726	1,195	469	39.3%	(241)	(967)	401.4%	Managed Care Contract
53,434	73,855	20,421	27.7%	55,987	2,553	4.6%	Total Overhead Allocations
408,054	496,254	88,200	17.8%	483,803	75,749	15.7%	Total Expenses
\$ 70,958	\$ (115,215)	\$ 186,173	(161.6%)	\$ 84,878	\$ (13,920)	(16.4%)	Net Margin
(1,752)	128,613	130,365	101.4%	-	1,752	0.0%	Capital
\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%	General Fund Support/ Transfer In

Fiscal Year To Date							
Actual	Budget	Variance	%	Prior Year	Variance	%	
20,556	88,736	68,180	76.8%	74,847	54,291	72.5%	
4,362	14,964	10,602	70.9%	12,652	8,291	65.5%	
113,232	113,232	-	0.0%	62,161	(51,071)	(82.2%)	
6,161	6,540	379	5.8%	1,802	(4,359)	(241.9%)	
12,455	13,764	1,309	9.5%	20,133	7,678	38.1%	
29,322	29,322	-	0.0%	33,532	4,210	12.6%	
40,806	40,806	-	0.0%	36,277	(4,529)	(12.5%)	
14,982	14,982	-	0.0%	12,588	(2,394)	(19.0%)	
7,292	9,930	2,638	26.6%	7,416	124	1.7%	
7,832	13,764	5,932	43.1%	8,738	906	10.4%	
1,094	1,680	586	34.9%	1,637	543	33.2%	
33,131	41,052	7,921	19.3%	35,168	2,037	5.8%	
8,624	15,462	6,838	44.2%	9,173	548	6.0%	
99,359	117,264	17,905	15.3%	101,184	1,826	1.8%	
-	-	-	0.0%	2,051	2,051	100.0%	
3,198	3,198	-	0.0%	4,277	1,079	25.2%	
4,329	7,170	2,841	39.6%	7,467	3,138	42.0%	
386,179	443,130	56,951	12.9%	356,256	(29,923)	(8.4%)	
2,590,401	2,914,708	324,307	11.1%	2,605,732	15,331	0.6%	
\$ (69,338)	\$ (637,959)	\$ 568,621	(89.1%)	\$ 94,243	\$ (163,581)	(173.6%)	
-	771,688	771,688	100.0%	-	-	0.0%	
\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%	

													Current Year	Current YTD	%Var to	Prior Year
Clinic Visits - Adults and Pediatrics	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Total	Budget	Budget	Total
West Palm Beach	1,661	1,289	1,312	1,734	1,628	1,447							9,071	9,420	(3.7%)	9,551
Delray	1,355	1,162	1,134	1,180	1,212	1,356							7,399	8,667	(14.6%)	8,552
Lantana	1,411	1,309	1,261	1,314	1,409	1,424							8,128	9,064	(10.3%)	7,889
Belle Glade	1,030	790	839	934	806	850							5,249	4,714	11.3%	5,336
Jerome Golden Center	-	-	-	-	-	-							-	-	0.0%	1,469
Lewis Center	267	233	229	239	246	227							1,441	1,312	9.8%	1,152
Lake Worth & Women's Health Care	1,608	1,153	1,104	1,214	1,130	1,466							7,675	9,447	(18.8%)	9,209
Jupiter Clinic	421	457	418	467	483	502							2,748	3,158	(13.0%)	3,009
West Boca & Women's Health Care	1,009	861	781	923	815	900							5,289	4,162	27.1%	3,222
Mobile Van	239	186	119	201	200	159							1,104	1,093	1.0%	-
Suboxone	361	289	222	301	415	476							2,064	1,733	19.1%	1,558
Total Clinic Visits	9,362	7,729	7,419	8,507	8,344	8,807	-	-	-	-	-	-	50,168	52,770	(4.9%)	50,947
Dental Visits																
West Palm Beach	918	722	704	800	792	839							4,775	5,349	(10.7%)	5,358
Lantana	653	508	468	616	630	717							3,592	5,195	(30.9%)	4,365
Delray	676	522	446	503	535	644							3,326	4,090	(18.7%)	3,962
Belle Glade	406	260	230	259	275	292							1,722	2,203	(21.8%)	2,248
Total Dental Visits	2,653	2,012	1,848	2,178	2,232	2,492	-	-	-	-	-	-	13,415	16,837	(20.3%)	15,933
Total Medical and Dental Visits	12,015	9,741	9,267	10,685	10,576	11,299	-	-	-	-	-	-	63,583	69,607	(8.7%)	66,880
Mental Health Counselors (non-billable)																
West Palm Beach	124	100	103	135	117	110							689	498	38.4%	513
Delray	137	118	102	117	106	102							682	494	38.1%	508
Lantana	467	414	368	433	383	265							2,330	1,351	72.5%	867
Belle Glade	17	21	22	26	18	25							129	86	50.0%	84
Lewis Center	268	219	192	235	232	253							1,399	564	148.0%	584
Lake Worth	173	99	73	190	98	111							744	722	3.0%	724
Jupiter	-	-	-	-	-	-							-	172	(100.0%)	176
West Boca	-	-	-	-	-	-							-	117	(100.0%)	118
Mobile Van	-	-	-	16	40	57							113	-	100.0%	-
Total Mental Health Screenings	1,186	971	860	1,152	994	923	-	-	-	-	-	-	6,086	4,004	52.0%	3,574

DISTRICT CLINIC HOLDINGS, INC
FINANCE COMMITTEE
April 24, 2019

1. Description: 2018 District Clinic Holdings, Inc. Audit

2. Summary:

The 2018 District Clinic Holdings, Inc. audited financial report is being provided for Finance Committee review.

3. Substantive Analysis:

The District's external auditor, RSM US LLP, completed the audit procedures for fiscal year ended September 30, 2018. The opinion provides the assurance that the financial statements are presented fairly, with no material misstatements.

4. Fiscal Analysis & Economic Impact Statement:

	Amount	Budget	
Capital Requirements	N/A	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Annual Net Revenue	N/A	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Annual Expenditures	N/A	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Reviewed for financial accuracy and compliance with purchasing procedure:


Dawn Richards
VP & Chief Financial Officer

5. Reviewed/Approved by Committee:

District Clinic Holdings, Inc. Board

Committee Name

3/26/2019


Date Approved

DISTRICT CLINIC HOLDINGS, INC
FINANCE COMMITTEE
April 24, 2019

6. Recommendation:

Staff recommends that the Finance Committee receive and file the 2018 District Clinic Holdings, Inc. audited financial report.


Approved for Legal sufficiency:



Valerie Shahriari
VP & General Counsel



Dawn Richards
VP & Chief Financial Officer



Dr. Belma Andric
Chief Medical Officer, VP & Executive Director
of Clinic Services

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District
of Palm Beach County, Florida)

Financial Report
September 30, 2018



RSM US LLP

Independent Auditor's Report

To the Board of Directors
District Clinic Holdings, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of District Clinic Holdings, Inc. (the Clinics), a component unit of the Health Care District of Palm Beach County, Florida, which comprise the statements of net position as of September 30, 2018 and 2017, the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS OF DISTRICT CLINIC HOLDINGS, INC. (THE CLINICS), A COMPONENT UNIT OF THE HEALTH CARE DISTRICT OF PALM BEACH COUNTY, FLORIDA, WHICH COMPRISE THE STATEMENTS OF NET POSITION AS OF SEPTEMBER 30, 2018 AND 2017, THE RELATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION AND CASH FLOWS FOR THE YEARS THEN ENDED, AND THE RELATED NOTES TO THE FINANCIAL STATEMENTS AS LISTED IN THE TABLE OF CONTENTS.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of District Clinic Holdings, Inc. as of September 30, 2018 and 2017, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2019 on our consideration of the Clinics' 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 Clinics' 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 Clinics' internal control over financial reporting and compliance.

RSM US LLP

West Palm Beach, Florida
March 15, 2019

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Management's Discussion and Analysis

Introduction

Management's Discussion and Analysis provides an overview of the financial activities of District Clinic Holdings, Inc., doing business as the C.L. Brumback Primary Care Clinics (the Clinics), as of and for the years ended September 30, 2018 and 2017. Please read it in conjunction with the Clinics' financial statements and accompanying notes.

Background

The Clinics is a nonprofit corporation, which was created on July 24, 2012, by its sole corporate member, the Health Care District of Palm Beach County, Florida (the District). In accordance with the Governmental Accounting Standards Board (GASB) Codification, component units are legally separate entities for which the primary government is financially accountable and are classified as either blended component units or discretely presented component units, depending on the nature of the Clinics' relationship with the primary government. The Clinics' operations are financially dependent on the District, and the District provides all administrative functions for the Clinics. Accordingly, the Clinics is considered a blended component unit of the District.

Financial Highlights

- The Clinics' net position decreased by approximately \$11,000 in 2018 and increased by approximately \$638,000 in 2017. The decrease is principally due to the decrease in operating contributions received from the District in the current year. District contributions were \$2,370,000 and \$3,300,000 in fiscal years 2018 and 2017, respectively.
- The Clinics reported an operating loss in 2018 of approximately \$9,692,000, compared to an operating loss of approximately \$9,329,000 in 2017. The increase of approximately \$363,000 in the operating loss was due to expenses incurred for new locations that are not yet supported by a mature revenue stream.
- Nonoperating revenues in 2018 and 2017 consisted of grant revenues, principally the Health Resources and Services Administration (HRSA) grant. In 2018, the Clinics received approximately \$645,000 more in grant funding then compared to 2017.
- Other operating revenues increased approximately \$1,238,000 in 2018 as a result of a shared revenue saving incentive payment received from an insurance provider.
- Net patient service revenues increased approximately \$2,876,000 in 2018. The increase resulted primarily from the Clinics receiving Low Income Pool (LIP) funding of \$2,508,000 in 2018 compared to \$204,000 in 2017. Annual distributions from the LIP are contingent upon the continued support of the program by federal and state governments. Therefore, distributions vary annually based on available funds in the LIP.
- The Clinics is financially dependent on the District, and, since January 2013, the District has provided working capital of approximately \$8,983,000 to the Clinics, approximately \$2,370,000 of which was in 2018 and \$3,300,000 in 2017. A substantial portion of net patient service revenue relates to the District's capitated payments and subsidies for uninsured visits, which amounted to approximately \$4,989,000 and \$6,033,000 in 2018 and 2017, respectively.

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Management's Discussion and Analysis

Basic Financial Statements

The Clinics' basic financial statements consist of three statements—the statement of net position; statement of revenues, expenses and changes in net position; and statement of cash flows. These financial statements and related notes provide information about the activities of the Clinics for 2018 and 2017. The statements of net position include all assets/deferred outflows of resources and all liabilities/deferred inflows of resources using the accrual basis of accounting.

The Clinics' net position—the difference between total assets/deferred outflows of resources and total liabilities/deferred inflows of resources—is a measure of the Clinics' financial health or financial position. Over time, increases or decreases in the Clinics' net position is an indicator of whether its financial health is improving or deteriorating.

All revenues and expenses for the years ended September 30, 2018 and 2017, are accounted for in the statements of revenues, expenses and changes in net position. These statements measure annual financial results and indicate how well the Clinics recovers its costs through its net patient service revenue and other sources of operating revenues.

The statement of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operating, capital and non-capital financing and investing activities. This statement highlights the sources and uses of cash and changes in cash balances over the reporting period.

The basic financial statements also include notes that provide information to assist users in understanding the basic financial statements.

The Clinics' Net Position

The Clinics' net position is the difference between its total assets/deferred outflows of resources and its total liabilities/deferred inflows of resources reported in the Statement of Net Position. The Clinics' net position decreased by approximately \$11,000 in 2018, and increased by approximately \$638,000 in 2017. Nonfinancial factors such as changes in the Clinics' patient base and measures of the quality of services it provides to the community, as well as local economic factors also helps readers assess the overall health of the Clinics.

	September 30		
	2018	2017	2016
Assets			
Current assets	\$ 3,781,922	\$ 3,931,375	\$ 2,414,549
Capital assets, net	682,573	498,287	614,166
Total assets	\$ 4,464,495	\$ 4,429,662	\$ 3,028,715
Liabilities			
Current liabilities	\$ 1,252,370	\$ 1,275,352	\$ 797,759
Noncurrent liabilities	797,053	729,254	443,709
Total liabilities	\$ 2,049,423	\$ 2,004,606	\$ 1,241,468
Deferred Inflows of Resources	\$ 612	\$ -	\$ -
Net Position			
Investment in capital assets	\$ 682,573	\$ 498,287	\$ 614,166
Unrestricted	1,731,887	1,926,769	1,173,081
Total net position	\$ 2,414,460	\$ 2,425,056	\$ 1,787,247

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Management's Discussion and Analysis

The Clinics' net capital assets in 2018 increased by approximately \$184,000, attributable to approximately \$386,000 of additions, offset by approximately \$202,000 in depreciation of capital asset. Current liabilities for 2018 decreased approximately \$23,000, compared with an approximately \$478,000 increase in 2017, both attributable primarily to changes in borrowing from the Health Care District and the timing of accounts payable. Noncurrent liabilities increased approximately \$68,000 in 2018 due to increases in accrued compensated absences, compared to an increase of approximately \$286,000 in 2017.

Operating Results and Changes in the Clinics' Net Position

In 2018, the Clinics' net position decreased by approximately \$11,000 compared to 2017. The decrease resulted from grant revenue of approximately \$7,311,000 and operating contributions from the District of \$2,370,000 for 2018, reduced by an operating loss of approximately \$9,692,000 for 2018. In 2018, net position was approximately \$2,414,000.

In 2017, the Clinics' net position increased by approximately \$638,000 compared to 2016. The increase resulted from grant revenue of approximately \$6,666,000 and operating contributions from the District of \$3,300,000 for 2017, reduced by an operating loss of approximately \$9,329,000 for 2017. In 2017, net position was approximately \$2,425,000.

	Years Ended September 30		
	2018	2017	2016
Operating revenues:			
Net patient service revenue	\$ 15,195,818	\$ 12,319,919	\$ 10,430,936
Other revenue	1,929,418	691,685	193,000
Total operating revenues	17,125,236	13,011,604	10,623,936
Operating expenses:			
Medical services	20,523,921	17,509,286	14,429,296
Fiscal and administrative services	6,091,012	4,635,781	4,322,194
Depreciation	201,814	195,951	280,056
Total operating expenses	26,816,747	22,341,018	19,031,546
Operating loss	(9,691,511)	(9,329,414)	(8,407,610)
Nonoperating revenues (expenses):			
Grant revenue	7,310,915	6,665,845	6,322,438
Other nonoperating revenues (expenses)	-	1,378	(8,160)
Total nonoperating revenues	7,310,915	6,667,223	6,314,278
District contributions:			
Operating contributions	2,370,000	3,300,000	1,883,333
Change in net position	(10,596)	637,809	(209,999)
Net position, beginning of year	2,425,056	1,787,247	1,997,246
Net position, end of year	\$ 2,414,460	\$ 2,425,056	\$ 1,787,247

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Management's Discussion and Analysis

Operating Losses

The first component of the overall change in the Clinics' net position is its operating loss—generally, the difference between net patient service revenue and the expenses incurred to perform those services. During 2018 and 2017, the Clinics reported an operating loss of approximately \$9.7 million and \$9.3 million, respectively. The Clinics' operations with the District began in 2013, when it was agreed that the District would assume control of certain primary care clinics operated by the Florida Department of Health of Palm Beach County (the Health Department), and thereby maintain the clinics for the County's lower income residents. The major components of the operating losses are as follows:

- Net patient service revenue in 2018 and 2017 was approximately \$15,196,000 and \$12,320,000, respectively, which is net of contractual discounts of approximately \$14,322,000 and \$11,284,000 and provision for bad debts of approximately \$2,298,000 and \$1,451,000, respectively.
- Medical services expense in 2018 and 2017 were approximately \$20,524,000 and \$17,509,000, respectively, which, in addition to salaries and benefits, includes physician fees, pharmaceuticals, clinic facility costs, and other purchased services, such as laboratory, security, and other services. The increase of approximately \$3,015,000 relates primarily to increase in salaries and benefits.
- Fiscal and general administration services expense in 2018 and 2017 were approximately \$6,091,000 and \$4,636,000, respectively, which, in addition to salaries and benefits, includes office supplies and expenses and allocated administration costs from the District. The increase of \$1,455,000 is related primarily to an increase in home office and revenue cycle allocated costs from the District.

The Clinics often provides care for patients who have little or no health insurance or other means of repayment. As discussed previously, this service to the community is consistent with the goals established for the Clinics, since it was first opened under the Health Department. The Clinics began dental operations in July 2015.

Cash Flow

The substantial operating losses of the Clinics generally result in significant cash flow deficiencies from operating activities which totaled approximately \$9,119,000 and \$8,995,000 for 2018 and 2017, respectively. These operating cash flow deficiencies were financed primarily by the HRSA grant revenues of approximately \$7,311,000 and \$6,666,000 for 2018 and 2017, respectively, and by the District's operating contributions to the Clinics of approximately \$2,370,000 and \$3,300,000 for 2018 and 2017, respectively.

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Management's Discussion and Analysis

Capital Assets

As shown within the table below, the Clinics acquired approximately \$386,000 in capital assets during 2018, as compared to approximately \$80,000 in 2017, respectively. The capital asset purchases in 2018 and 2017 consisted principally of major movable equipment purchases.

	Year Ended September 30, 2018			
	Beginning Balance	Increases	Decreases	Ending Balance
Construction in progress (nondepreciable)	\$ 4,718	\$ 78,358	\$ (4,718)	\$ 78,358
Furniture, fixtures, and equipment	1,357,137	307,742	8,970	1,673,849
Less depreciation	(863,568)	(201,814)	(4,252)	(1,069,634)
Capital assets, net	<u>\$ 498,287</u>	<u>\$ 184,286</u>	<u>\$ -</u>	<u>\$ 682,573</u>

	Year Ended September 30, 2017			
	Beginning Balance	Increases	Decreases	Ending Balance
Construction in progress (nondepreciable)	\$ 4,718	\$ -	\$ -	\$ 4,718
Furniture, fixtures, and equipment	1,277,065	80,072	-	1,357,137
Less depreciation	(667,617)	(195,951)	-	(863,568)
Capital assets, net	<u>\$ 614,166</u>	<u>\$ (115,879)</u>	<u>\$ -</u>	<u>\$ 498,287</u>

Debt

The Clinics had no debt outstanding at September 30, 2018 and 2017. The noncurrent liabilities are comprised of accrued compensated absences, estimated self-insured liability, deferred rent and other post-employment benefit liabilities.

Economic Factors and Next Year's Budget

In response to the increased demand for dental services in the County, the Clinics added dental services at our existing locations in Lake Worth and Boca Raton in 2018. The two new sites will focus on pediatric services.

The Health Care District purchased a mobile medical van in order to meet the healthcare needs of the chronically homeless in Palm Beach County. The van will provide services weekly at the locations of 3 to 4 community partners who feed, bathe, clothe, and/or provide other services to this population. Staffing for the mobile van will include an Advanced Registered Nurse Practitioner and a Licensed Clinical Social Worker, who will treat the patients at those selected sites.

Our Women's Health Services Group added a second full time obstetrician-gynecologist physician at our Boca Raton Clinic and a part time provider to the Lake Worth Site, as demand for services continues to increase. We anticipate steady growth in this area.

Demand for Behavioral Health Services continues to grow. In order to reach more patients and have a more meaningful impact on patient care, we are increasing group therapy sessions and will introduce true integrated Behavioral Health at all of our sites. Our Medication Assisted Treatment Program expanded this year, and we now have two full-time psychiatrists on staff.

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Management's Discussion and Analysis

Contacting the Clinics' Financial Management

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

FINANCIAL STATEMENTS

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Statements of Net Position
September 30, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 764,351	\$ 531,799
Patient accounts receivable, net of allowance for doubtful accounts of \$1,379,152 and \$635,085 in 2018 and 2017, respectively	720,576	1,059,344
Grant receivable	2,057,948	2,114,753
Prepaid expenses and other current assets	239,047	225,479
Total current assets	3,781,922	3,931,375
Capital assets:		
Construction in progress	78,358	4,718
Depreciable capital assets, net of accumulated depreciation	604,215	493,569
Total assets	\$ 4,464,495	\$ 4,429,662
Liabilities		
Current liabilities:		
Accounts payable	\$ 320,744	\$ 218,999
Accrued salaries and benefits	717,316	665,131
Due to other governments	-	216,369
Unearned grant revenue	98,769	68,152
Current portion of accrued compensated absences	112,427	102,322
Current portion of deferred rent	1,351	4,379
Current portion of estimated self-insured liability	1,763	-
Total current liabilities	1,252,370	1,275,352
Accrued compensated absences, less current portion	628,042	579,827
Estimated self-insured liability, less current portion	25,671	20,681
Deferred rent, less current portion	114,521	115,612
Other post-employment benefits liabilities	28,819	13,134
Total liabilities	\$ 2,049,423	\$ 2,004,606
Deferred inflows of resources	612	-
Net Position		
Net investment in capital assets	\$ 682,573	\$ 498,287
Unrestricted	1,731,887	1,926,769
Total net position	\$ 2,414,460	\$ 2,425,056

See notes to financial statements.

District Clinic Holdings, Inc.**(A Component Unit of the Health Care District of Palm Beach County, Florida)****Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2018 and 2017**

	2018	2017
Operating revenues:		
Patient service revenue, net of provision for bad debts of \$2,298,001 and \$1,450,969 in 2018 and 2017, respectively	\$ 15,195,818	\$ 12,319,919
Other operating revenues	1,929,418	691,685
Total operating revenues	17,125,236	13,011,604
Operating expenses:		
Medical services	20,523,921	17,509,286
Fiscal and general administrative services	6,091,012	4,635,781
Depreciation	201,814	195,951
Total operating expenses	26,816,747	22,341,018
Operating loss	(9,691,511)	(9,329,414)
Nonoperating revenues (expenses):		
Grant revenue	7,310,915	6,665,845
Interest income	-	1,378
Total nonoperating revenues	7,310,915	6,667,223
Loss before District contributions	(2,380,596)	(2,662,191)
District contributions:		
Operating contributions	2,370,000	3,300,000
Change in net position	(10,596)	637,809
Net position, beginning of year	2,425,056	1,787,247
Net position, end of year	\$ 2,414,460	\$ 2,425,056

See notes to financial statements.

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Statements of Cash Flows
Years Ended September 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Receipts from patients and third-party payors	\$ 15,565,203	\$ 11,899,286
Payments to employees	(20,397,119)	(17,136,401)
Payments to suppliers and service providers	(6,216,570)	(4,449,775)
Other receipts	1,929,418	691,685
Net cash used in operating activities	(9,119,068)	(8,995,205)
Cash flows from noncapital financing activities:		
Grants received	7,367,720	5,126,302
District operating contributions	2,370,000	3,300,000
Net cash provided by noncapital financing activities	9,737,720	8,426,302
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(386,100)	(80,072)
Net cash used in capital and related financing activities	(386,100)	(80,072)
Cash flows from investing activities:		
Interest income received	-	1,378
Net cash provided by investing activities	-	1,378
Net increase (decrease) in cash and cash equivalents	232,552	(647,597)
Cash and cash equivalents, beginning of year	531,799	1,179,396
Cash and cash equivalents, end of year	\$ 764,351	\$ 531,799
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (9,691,511)	\$ (9,329,414)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Provision for bad debts	2,298,001	1,450,969
Depreciation expense	201,814	195,951
Changes in assets and liabilities:		
Patient accounts receivable	(1,959,233)	(1,939,754)
Prepaid expenses and other current assets	(13,568)	(136,095)
Accounts payable	101,745	42,750
Accrued salaries and benefits	52,185	115,572
Due to other governments	(216,369)	216,369
Unearned grant revenue	30,617	68,152
Accrued compensated absences	58,320	250,541
Deferred rent	(4,119)	99,874
Estimated self-insured liability	6,753	(36,712)
Other post-employment benefits liabilities	15,685	6,592
Deferred inflows of resources	612	-
Net cash used in operating activities	\$ (9,119,068)	\$ (8,995,205)

See notes to financial statements.

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Notes to Financial Statements

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

Organization: District Clinic Holdings, Inc., doing business as C.L. Brumback Primary Care Clinics (the Clinics), is a Florida, nonprofit corporation created on July 24, 2012, by the Health Care District of Palm Beach County, Florida (the District) for purposes of operating primary care and dental clinics in Palm Beach County, Florida.

The Clinics' four initial locations in Belle Glade, Lantana/Lake Worth, Delray Beach and West Palm Beach were operated by the Florida Department of Health of Palm Beach County (the Health Department) until the operations were assumed by the District in June 2013. The Clinics later expanded their footprint to include ten locations and have expanded services, including dental services. Additional locations added included the Palm Beach Lakes High School Clinic (RAMS Clinic; 2014), Lewis Center (2015), Jerome Golden Center (2015), Lake Worth Clinic (2015), West Boca Raton (2017) and Jupiter (2017). The RAMS (2017) and Jerome Golden (2018) locations were later closed. A mobile van was purchased in 2018 to provide access to the homeless population.

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 Primary Care Clinics. Federally Qualified Health Centers (FQHCs) include all organizations receiving grants under Section 330 of the Public Health Service Act (PHSA). FQHCs qualify for enhanced reimbursement from Medicare and Medicaid, as well as other benefits. FQHCs must serve an underserved area or population, offer a sliding fee scale, provide comprehensive services, have an ongoing quality assurance program and have a governing board of directors. The main purpose of the FQHC Program is to be a "safety net" provider and enhance the provision of primary care services in underserved urban and rural communities.

The governing board of the FQHC is legally responsible for ensuring that the health center complies with federal, state, and local laws and regulations and is financially viable. The board must include a majority (at least 51%) of active, registered users of the health center(s) who are representative of the populations served by the center(s). The governing board ensures that the FQHCs are community based and responsive to the community's health care needs. The Clinics are governed by a ten-member Board of Directors responsible for administering and managing the operations of the FQHCs of the Clinics in accordance with Section 330 of the PHSA. The District's governing board retains fiscal and personnel policy authority for the Clinics.

The District is the sole corporate member of the Clinics therefore, the Clinics is considered a blended component unit of the District. The District was created by the Florida Legislature pursuant to Chapter 2003-326, Laws of Florida (the Health Care Act), and by the affirmative vote of the residents of Palm Beach County, Florida. The District's general purpose is to provide quality health care services in a comprehensive and efficient manner throughout Palm Beach County, as more fully set forth in the Health Care Act.

Basis of accounting: The Clinics uses proprietary fund accounting and follows all relevant pronouncements of the Governmental Accounting Standards Board (GASB). Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Under this method, revenues are recorded when earned and expenses are recognized when incurred.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowances for contractual discounts and doubtful accounts. Actual results could differ from those estimates.

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Notes to Financial Statements

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

Cash: All of the Clinics' operating accounts are pooled into a common interest-bearing account with the District, consisting of deposits with financial institutions. The Clinics considers cash, deposits with financial institutions and short-term investments with an original maturity of three months or less when purchased to be cash.

Patient accounts receivable: Patient accounts receivable are reported at estimated net realizable amounts due from patients, third-party payors, and others for medical and dental services rendered. Throughout the year, management assesses the adequacy of the Clinics' estimates, including those related to contractual discounts and doubtful accounts. Patient accounts receivable are reported at the estimated net realizable amounts due from patients, third-party payors and others for services rendered by the Clinics. The following accounting policies relate to the Clinics' overall determination of net patient accounts receivable:

Allowance for doubtful accounts: The Clinics' 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 government payors or primary insurance has paid. The Clinics' policy with respect to estimating its allowance for doubtful accounts is to reserve 95% of all self-pay accounts receivable. The Clinics continually monitors its accounts receivable balances and utilizes cash collections data and other analysis to support the basis for its estimates of the allowance for doubtful accounts.

The Clinics does not pursue collection of amounts related to patients who qualify for charity care under its guidelines. As such, charity care accounts do not affect the allowance for doubtful accounts. Significant changes in the payor mix, business office operations or deterioration in aging accounts receivable could result in a significant increase in this allowance.

Allowance for contractual discounts: The Clinics estimates the allowance for contractual discounts on a payor-specific basis, given its interpretation of the applicable regulations or contract terms. It is additionally estimated based on management's assessment of historical collections, considering business and economic conditions, trends in health care coverage and other collection indicators. However, the services authorized and provided and the resulting reimbursement are often subject to interpretation. These interpretations sometimes result in payments that differ from the Clinics' estimates. Additionally, updated regulations and contract negotiations occur periodically, necessitating regular review and assessment of the estimation process.

As of September 30, 2018, the percentage of total accounts receivable provided by Medicare and Medicaid, patients and insurance and others was approximately 50%, 35% and 15%, respectively. As of September 30, 2017, the percentage of total accounts receivable provided by Medicare and Medicaid, patients and insurance and others was approximately 77%, 12% and 11%, respectively.

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Notes to Financial Statements

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

Capital assets: Capital assets are recorded at historical cost. Capital assets contributed by the District are recorded at the District's carrying value. Assets contributed by others are recorded at acquisition value on the date contributed. Capital assets include computer software and furniture, fixtures, and equipment. The Clinics defines capital assets as assets with an initial cost of at least \$5,000 and an estimated useful life of one year or greater. Capital assets used in operations are depreciated over the estimated useful lives of the respective assets on a straight-line basis. Gains and losses on dispositions of capital assets are recorded in the period of disposal. The estimated useful lives for computer software range from three to ten years and for furniture, fixtures, and equipment range from three to twenty years, and generally conform to those recommended by the American Hospital Association.

The Clinics evaluates capital assets regularly for impairment. If circumstances suggest that assets may be impaired, an assessment of recoverability is performed prior to any write-down of the assets. An impairment charge is recorded on those assets or groups of assets for which the estimated fair value is below its carrying amount. The Clinics has not recorded any impairment charges in the accompanying statement of revenues, expenses and changes in net position for the years ended September 30, 2018 and 2017.

Net position: The Clinics reports net position categories in accordance with GASB standards: Net investment in capital assets and unrestricted net position. Net investment in capital assets consists of capital assets net of accumulated depreciation. The Clinics has no debt related to capital assets. Unrestricted net position consists of remaining assets less liabilities/deferred outflows of resources that do not meet the definition of net investment in capital assets.

Net patient service revenue: The Clinics serves patients whose medical costs are not paid at established rates. These include patients sponsored under government programs, such as Medicare and Medicaid, patients sponsored under private contractual agreements, and uninsured patients who have limited ability to pay. Contractual discounts 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 Clinics presents its provision for bad debts as a direct reduction of patient service revenue.

For the year ended September 30, 2018, the percentage of total revenue provided by Medicare and Medicaid, patients and insurance and others was approximately 27%, 6% and 34%, respectively. The District provided the balance in 2018 of approximately 33% of net patient service revenue through capitated payments and uninsured subsidies to the Clinics. For the year ended September 30, 2017, the percentage of total revenue provided by Medicare and Medicaid, patients and insurance and others was approximately 20%, 6% and 25%, respectively. The District provided the balance in 2017 of approximately 49% of net patient service revenue through capitated payments and uninsured subsidies to the Clinics.

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.

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Notes to Financial Statements

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

A summary of the basis of reimbursement with major third-party payors is as follows:

Medicare: 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. The Centers for Medicare and Medicaid Services (CMS) established a base rate as of October 1, 2014 of \$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, 2018 the base rate was increased to \$167.70.

Medicaid: Services rendered to Medicaid beneficiaries are paid primarily based upon the Clinics' FQHC Medicaid encounter rate, adjusted effective October 1st of each year by percentage increases in the Medicare Economic Index.

Commercial providers: The Clinics also has reimbursement agreements with certain commercial insurance carriers and health maintenance 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. Settlements are not expected to vary materially from the estimated amounts recorded in the accompanying financial statements.

Charity care: The Clinics' mission is to provide high quality, affordable health care to the greater Palm Beach County, Florida community. In pursuing its commitment to serve all members of the community, the Clinics provides services to the financially disadvantaged, despite the lack or adequacy of payment for its services. The Clinics 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 Clinics' charity care guidelines.

The Clinics provides care to patients who meet certain criteria under its charity care guidelines without charge or at amounts less than its established rates. Because the Clinics does not anticipate payment and does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue. The cost of providing this care, determined by applying the Uniform Data System (UDS)-calculated cost per medical or dental visit times the number of applicable charity care visits, was approximately \$4,445,000 and \$3,884,000 for the years ended September 30, 2018 and 2017, respectively. The increase from the prior year was due to an increase in the cost per visit, an increase in the number of visits for patients who qualified for charity care, and the expansion of the Clinics that resulted in more services being provided overall.

Disproportionate share distributions: The Low Income Pool (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 distributed by the State to participating health care providers for eligible services. Local governments, such as counties, hospital districts, and the Florida Department of Health provide funding for the nonfederal share of the LIP distributions. Revenues from the LIP program are reported as net patient service revenue in the accompanying statement of revenues, expenses and changes in net position, net of the required quarterly assessments owed by the Clinics, which are accrued in the fiscal year for which the assessments are made. For the years ended September 30, 2018 and 2017, the Clinics recorded revenues of approximately \$2,508,000 and \$204,000, and assessments of approximately \$11,500 and \$8,600, respectively. The receipt of future distributions is contingent upon the continued support of the program by the federal and state governments.

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Notes to Financial Statements

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

Incentive program revenues: During the year ended September 30, 2018, the Clinics recognized approximately \$1,488,000, which is reported within other operating revenues, as a result of a shared revenue saving incentive program with an insurance payor. The incentive payment was associated with patient activity from the calendar year ended December 31, 2017, and was calculated using a targeted medical loss ratio. The Clinics are not able to estimate the targeted medical loss ratio for the nine month period ended September 30, 2018 and as a result, are unable to estimate the associated incentive payment that will be received, if any. The shared revenue saving incentive program does not subject the Clinics to the potential to repay amounts already received from patient services.

Operating revenues and expenses: The Clinics' statement of revenues, expenses and changes in net position distinguish between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the Clinics' principal activity. Nonexchange revenues, including interest income, gifts, grants, contributions and other unrestricted revenues are reported as non-operating revenues. Gifts, grants and contributions of capital assets or such amounts restricted by donors for the acquisition of capital assets are reported as capital contributions. Operating expenses include all expenses incurred to provide health care services, other than financing costs.

Grant revenue: Grant revenue is recorded when allowable expenses are incurred and all applicable requirements have been met. Grant funds received in advance of meeting all requirements are reported as unearned grant revenue.

Compensated absences: The Clinics' employees earn paid time off (with no distinction between holiday, vacation, personal days and other absences) at varying rates depending on years of service and position. Employees may accumulate a maximum of 400 hours of paid time off. Upon termination, employees are paid all time off accrued but not used at the current rate of pay. The estimated amount of paid time off available as termination payments is reported as a current liability. The Clinics' estimates additional amounts due within one year based upon historical trends.

Risk management: The Clinics is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters to the extent such claims are not covered by sovereign immunity. The Clinics is deemed covered under the Federal Tort Claims Act for professional liability claims (see Note 8). Settled claims have not exceeded the Clinics' commercial coverage from inception through September 30, 2018.

Income taxes: The Clinics is exempt from federal and state income taxes as a governmental entity and is not required under the Internal Revenue Code to file tax returns.

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Notes to Financial Statements

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

New accounting pronouncements: The Clinic adopted GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions* for the year ended September 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements for governments for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. The statement required the Clinics to record an additional OPEB liability on the accompanying statement of net position for the year ended September 30, 2018 (see Note 9).

The Clinics adopted GASB Statement No. 89, *Accounting for Interest Cost* incurred before the end of a construction period for the year ended September 30, 2018. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred and as a result will no longer be included in the historical cost of capital assets. During 2018, the Clinics did not incur any interest costs therefore, the adoption of this statement did not have an impact on the Clinics.

Pending accounting pronouncements: The GASB has issued new statements effective in future years. Management has not completed its analysis of the effects, if any, of these GASB statements on the financial statements of the Clinics.

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

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

Subsequent events: The Clinics has considered subsequent events through March 15, 2019, the date the financial statements were available to be issued, in preparing the financial statements and notes thereto. There were no subsequent events requiring recognition or disclosure in the financial statements.

Note 2. Cash

At September 30, 2018 and 2017, cash included in the Clinics' statement of net position consisted of the following:

	2018	2017
Carrying amount:		
Deposits with financial institutions	\$ 760,651	\$ 528,199
Petty cash	3,700	3,600
	<u>\$ 764,351</u>	<u>\$ 531,799</u>

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Notes to Financial Statements

Note 2. Cash (Continued)

The Clinics had pooled cash with the District's common interest-bearing concentration account, as well as maintained two separate bank accounts for the years ended September 30, 2018 and 2017. The District monitors the following deposit risks related to all the accounts:

Credit risk: Credit risk is the risk that an issuer will not fulfill its obligations. The District has historically minimized its credit risk by limiting allowable investments to deposits with a financial institution meeting the requirements of a Florida qualified public depository.

Custodial credit risk: Custodial credit risk is defined as the risk that the Clinics may not be able to recover cash and investments held by another party in the event of a financial failure. At September 30, 2018 and 2017, the Clinics participated in the District's concentration account and, accordingly, did not individually hold any accounts in the name of the Clinics. The District's deposits with financial institutions were entirely covered by federal depository insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions that comply with the requirements of Florida Statutes and have been designated as 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 the 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.

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 Clinics has no investments, and all deposits with financial institutions are considered fully insured.

Note 3. Patient Accounts Receivable

Patient accounts receivable, reported as current assets by the Clinics at September 30, 2018 and 2017, consist of the following amounts:

	2018	2017
Patient accounts receivable:		
Medicare and Medicaid	\$ 2,128,322	\$ 2,232,817
Patients	1,486,336	356,154
Insurance and others	655,137	320,847
Total patient accounts receivable	4,269,795	2,909,818
Less allowance for contractual discounts	(2,170,067)	(1,215,389)
Less allowance for doubtful accounts	(1,379,152)	(635,085)
Patient accounts receivable, net	\$ 720,576	\$ 1,059,344

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Notes to Financial Statements

Note 4. Capital Assets

Capital asset activity for the years ended September 30, 2018 and 2017, is summarized as follows:

	Balance October 1, 2017	Transfers and Additions	Transfers and Deletions	Balance September 30, 2018
Capital assets:				
Construction in progress (nondepreciable)	\$ 4,718	\$ 78,358	\$ (4,718)	\$ 78,358
Furniture, fixtures and equipment	1,357,137	307,742	8,970	1,673,849
Total cost	1,361,855	386,100	4,252	1,752,207
Less accumulated depreciation:				
Furniture, fixtures and equipment	(863,568)	(201,814)	(4,252)	(1,069,634)
Capital assets, net	\$ 498,287	\$ 184,286	\$ -	\$ 682,573
	Balance October 1, 2016	Transfers and Additions	Transfers and Deletions	Balance September 30, 2017
Capital assets:				
Construction in progress (nondepreciable)	\$ 4,718	\$ -	\$ -	\$ 4,718
Furniture, fixtures and equipment	1,277,065	80,072	-	1,357,137
Total cost	1,281,783	80,072	-	1,361,855
Less accumulated depreciation:				
Furniture, fixtures and equipment	(667,617)	(195,951)	-	(863,568)
Capital assets, net	\$ 614,166	\$ (115,879)	\$ -	\$ 498,287

Note 5. Accrued Compensated Absences

Compensated absences liability activity for the years ended September 30, 2018 and 2017, is summarized as follows:

	Balance October 1, 2017	Additions	Retirements	Balance September 30, 2018	Amount Due Within One Year
Accrued compensated absences	\$ 682,149	\$ 1,619,210	\$ (1,560,890)	\$ 740,469	\$ 112,427
	Balance October 1, 2016	Additions	Retirements	Balance September 30, 2017	Amount Due Within One Year
Accrued compensated absences	\$ 431,608	\$ 1,371,273	\$ (1,120,732)	\$ 682,149	\$ 102,322

Note 6. Related-Party Transactions

The Clinics' operations are financially dependent on the District. In 2018 and 2017, the District paid the Clinics \$60 per medical visit as an uninsured subsidy, and \$100 per uninsured dental visit. The total capitated payments and uninsured subsidies from the District were approximately \$4,989,000 and \$6,032,000 of net patient service revenue for the years ended September 30, 2018 and 2017, respectively. The Clinics also received \$2,370,000 and \$3,300,000 in operating contributions from the District in fiscal years 2018 and 2017, respectively.

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Notes to Financial Statements

Note 6. Related-Party Transactions (Continued)

The District allocated certain support department costs to the Clinics, including personnel, purchasing, legal, and administrative costs. The total District allocated costs charged to expense by the Clinics were approximately \$3,449,000 and \$2,229,000 for the years ended September 30, 2018 and 2017, respectively.

Note 7. Retirement Plans

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 the Clinics' 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 the Variable Annuity Life Insurance Company (VALIC). For employees hired after September 30, 2012, the District contributes 4% of eligible compensation to the Plan and also makes matching contributions equal to 100% of the participants' elective deferrals up to 4% of eligible compensation. The District contributes 15% of eligible compensation for employees hired prior to October 1, 2012. Contribution rates and benefits of the Plan are established by and may be amended by the District Board. For the fiscal years ended September 30, 2018 and 2017, the Clinics contributed \$789,538 and \$590,682 for each year to the Plan for its employees. Employees are fully vested after six years of service.

District deferred compensation plan: The District also established and provides its employees, including the Clinics' employees, with access to a 457(b) deferred compensation plan named the Palm Beach County Health Care District Pension Plan (the 457(b) Plan). Under this plan, an employee is able to contribute pre-tax wage/salary dollars into a personal retirement account. The 457(b) Plan is administered by VALIC. An employee can defer up to \$18,500 of eligible compensation annually. No contributions are required of the District. Contribution rates and benefits of the 457(b) Plan are established by and may be amended by the District Board.

Note 8. Commitments and Contingencies

Operating leases: The Clinics is committed under several noncancelable operating leases for clinic facilities. The leases expire in various years through April 2023. Rent expense for the years ended September 30, 2018 and 2017, was approximately \$1,329,000 and \$1,315,000, respectively. The approximate future minimum operating lease payments at September 30, 2018, are as follows:

	<u>Operating Leases</u>
Years ending September 30:	
2019	\$ 1,153,202
2020	344,300
2021	260,924
2022	233,133
2023	233,132
	<u>\$ 2,224,691</u>

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Notes to Financial Statements

Note 8. Commitments and Contingencies (Continued)

District and Health Department Master Agreement: The District entered into a Master Agreement with the Florida Department of Health of Palm Beach County (the Health Department), effective October 1, 2013, and ending July 31, 2019, 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 Clinics locations and accounts for all operational activities through the Clinics. Four clinic facility locations are owned by Palm Beach County (C.L. Brumback Health Center in Belle Glade; the Lantana/Lake Worth Health Center; and the Delray Beach Health Center) and the State of Florida (the West Palm Beach Health Center) and 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 \$833,500 and \$839,000 for the years ended September 30, 2018 and 2017, respectively, including costs related to space for the District's pharmacy and eligibility offices. The portion of these costs allocated to the Clinics was approximately \$630,000 for each of the years ended September 30, 2018 and 2017.

Professional and general liability claims: The Clinics is subject to risk of loss arising in the ordinary course of business, including claims for damages from medical malpractice, personal injuries, employment-related claims, breach of management contracts and wrongful restriction of or interference with physicians' staff privileges. In certain of these actions, plaintiffs may seek punitive or other damages against the Clinics, which are generally not covered by insurance. As a FQHC, the Clinics is deemed covered under the Federal Tort Claims Act for professional liability claims. The Federally Supported Health Centers Assistance Act of 1992 and 1995 granted medical malpractice liability protection through the Federal Tort Claims Act to supported health centers. Under the Act, health centers are considered Federal employees and are immune from lawsuits, with the Federal government acting as their primary insurer.

The Clinics is entitled to sovereign immunity under Florida law. For tort actions (with claims arising on or after October 1, 2011), *Florida Statutes, Section 768.28* has a limited waiver of sovereign immunity. Therefore, the District's liability for tort is limited to \$200,000 per claim and \$300,000 in the aggregate. Additionally, on June 1, 2015, the District obtained an umbrella liability policy for coverage in excess of the self-insured retention levels of \$500,000 for professional liability exposures and \$500,000 for general liability exposures, as well as underlying insurance policies for employers liability, business automobile liability and aviation general liability exposures. 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 policy, with aggregate limits of \$5 million, only responds in the event a covered loss results in a claims bill that is approved by the Legislature.

The District's management, in consultation with legal counsel, believes all general liability claims are covered by insurance or limited under sovereign immunity and will not have any significant impact on the financial condition of the District in excess of the amounts accrued at September 30, 2018. At September 30, 2018 and 2017, the Clinics accrued approximately \$26,000 and \$21,000, respectively, for professional and general liability claims. No settlements exceeded insurance coverage during the past three fiscal years.

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Notes to Financial Statements

Note 8. Commitments and Contingencies (Continued)

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

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 healthcare 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 government entity, the Clinics is also subject to the laws and regulations related to its 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. Management believes that the Clinics has generally complied with applicable laws and regulations that could have a material impact on the financial statements of the Clinics and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing or noncompliance.

Note 9. Other Post-employment Benefits

During fiscal year 2018 the Clinics implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions (OPEB)*, for financial reporting and disclosure for its OPEB Plan. The changes adopted to conform to the provisions of GASB Statement 75 were not applied retroactively by restating the financial statements as of October 1, 2017. Therefore, the 2018 service costs includes \$8,982 of additional expenses related to the adoption of GASB Statement 75.

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

Funding policy: The Clinics 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 liability to be calculated using age-adjusted premiums approximating claim costs for retirees separately from active employees. The use of age-adjusted premiums results in the addition of the implicit rate subsidy into the actuarial accrued liability. Plan members receiving benefits contribute 100% of the monthly medical premium, which currently ranges from a minimum of \$559 to a maximum of \$1,726.

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

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Notes to Financial Statements

Note 9. Other Post-employment Benefits (Continued)

Total OPEB Liability

The total OPEB liability was measured as of September 30, 2018, and based on an actuarial valuation as of September 30, 2017 (the date of the most recent actuarial valuation).

The total OPEB liability in the September 30, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, unless otherwise specified:

Salary increases	3.00%
Investment rate of return	Not applicable. The plan is not funded.
Discount rate	3.64%
Healthcare cost trend rates	8.5% in 2018, graded down to 4.5% by 0.25% per year
Mortality	RP 2014 Headcount weighted, annuitant and non-annuitant, sex-distinct mortality table with MP-2018 mortality improvement scale

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

The Clinics' allocated proportionate share of the District's total OPEB liability is \$28,819 or 5.9% of the total balance. The following provides the changes to the Clinics' total OPEB liability for the year ended:

	Total OPEB Liability
Balance at September 30, 2017	\$ 13,134
Service cost**	15,463
Interest	956
Changes in assumptions	(681)
Implicit benefit payments	(53)
Net changes	15,685
Balance at September 30, 2018	\$ 28,819

**The changes required to adopt the provisions of GASB Statement 75 were not applied retroactively by restating the financial statements as of October 1, 2017. Therefore, the 2018 service costs includes \$8,982 of expenses related to the adoption of GASB Statement 75.

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Notes to Financial Statements

Note 9. Other Post-employment Benefits (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Clinics, as well as what the Clinics' total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64%) or 1-percentage-point higher (4.64%) than the current discount rate:

Discount Rate	1% Decrease 2.64%	Current Discount Rate, 3.64%	1% Increase 4.64%
Total OPEB Liability	\$ 30,522	\$ 28,819	\$ 27,230

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

Trend	1% Decrease 7.50%	Current Trend 8.50%	1% Increase 9.50%
Total OPEB Liability	\$ 26,274	\$ 28,819	\$ 31,728

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

For the year ended September 30, 2018, the Clinics recognized OPEB expense of \$6,703 (excluding the one-time charge of \$8,982 related to the adoption of GASB Statement 75, as previously described). At September 30, 2018, the Clinics reported deferred inflows of resources for changes in assumptions of \$612 related to the OPEB plan.

Amounts reported as deferred inflows of resources related to the OPEB plan will be recognized in OPEB expenses on a straight-line basis over the next 10 years.

Required Supplementary Information

District Clinic Holdings, Inc.
(A Component Unit of the Health Care District of Palm Beach County, Florida)

Required Supplementary Information
Other Post-Employment Benefits
Schedule of Changes in the Total OPEB Liability and Related Ratios
(Unaudited)

	2018
Total OPEB liability	
Service cost	\$ 15,463
Interest	956
Changes of assumptions	(681)
Implicit benefit payments	(53)
Net change in total OPEB liability	15,685
Total OPEB liability – beginning	13,134
Total OPEB liability – ending	\$ 28,819
 Covered payroll	 \$ 14,665,140
 Clinic's total liability as a percentage of covered payroll	 0.20%
 Measurement date	 September 30, 2018

Notes to the Schedule:

a. The Clinics' allocated proportionate share of the District's total OPEB liability is \$28,819 or 5.9% of the total balance.

b. The changes required to adopt the provisions of GASB Statement 75 were not applied retroactively by restating the financial statements as of October 1, 2017. Therefore, the 2018 service costs includes \$8,982 of expenses related to the adoption of GASB Statement 75.

c. This Schedule is presented to illustrate the requirements of GASB 75 and to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available will be presented.

**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**

To the Board of Directors
District Clinic Holdings, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of District Clinic Holdings, Inc. (the Clinics), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Clinics' basic financial statements, and have issued our report thereon dated March 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clinics' internal control over financial reporting (internal control) to determine the 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 Clinics' internal control. Accordingly, we do not express an opinion on the effectiveness of the Clinics' internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

RSM US LLP

West Palm Beach, Florida
March 15, 2019

