South Broward Hospital District

d/b/a Memorial Healthcare System

Financial Report
April 30, 2021

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RSM US LLP

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Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of South Broward Hospital District d/b/a Memorial Healthcare System (the System), as of and for the years ended April 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our 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 System's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the System as of April 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The combining individual fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2021, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

RSM US LLP

Miami, Florida
July 14, 2021

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

Independent Auditor's Report

Management and Board of Commissioners
South Broward Hospital District d/b/a Memorial Healthcare System

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of South Broward Hospital District d/b/a Memorial Healthcare System (the System), as of and for the years ended April 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated July 14, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

RSM US LLP

Miami, Florida
July 14, 2021

Required Financial Statements

The South Broward Hospital District d/b/a Memorial Healthcare System (the System) is a special tax district created under the Laws of Florida and a 501(c)(3) not-for-profit entity. The System operates Memorial Regional Hospital and Joe DiMaggio Children's Hospital at Memorial Regional Hospital, both located in Hollywood, Florida; Memorial Regional Hospital South (a campus of Memorial Regional Hospital) located in Hollywood, Florida; Memorial Hospital Pembroke, located in Pembroke Pines, Florida; Memorial Hospital West, located in Pembroke Pines, Florida; and Memorial Hospital Miramar, located in Miramar, Florida. The System also operates the 24/7 Care Center and Memorial Manor Nursing Home, both located in Pembroke Pines, Florida; U-18 Sports Medicine programs located in Miramar, Coral Springs, and Wellington, Florida; and the Joe DiMaggio Children's Health Specialty Center located in Wellington, Florida. Other components of the System include Memorial Physician Group; Memorial Home Health Services; Memorial Outpatient Pharmacy Services; Memorial Health Network; Memorial Neuroscience Institute; Memorial Rehabilitation Institute; multiple primary care centers located throughout south Broward County; two Urgent Care Centers; the Memorial Cancer Institute, including a partnership with Moffitt Cancer Center; the Memorial Cardiac and Vascular Institute; a Graduate Medical Education (GME) program on the campus of Memorial Hospital West; and Broward Guardian, a Medicare Accountable Care Organization operating in southern Broward County. At April 30, 2021, the System operates a total of 1,978 licensed hospital beds and 120 licensed nursing home beds.

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

The System utilizes two different funds to account for its activities: an enterprise fund, which combines the business-type activities of the operating fund of the System, and a pension trust fund, which reports information about the plan fiduciary net position and changes in plan fiduciary net position of the System's employees' pension plan. The pension trust fund does not issue separate financial statements; however, it is included as the aggregate remaining fund information of the System.

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

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

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

Summary of Financial Information

The financial statements consist of four parts: (a) management's discussion and analysis; (b) the audited financial statements; c) required supplementary information; and c) supplementary information. The audited financial statements also include notes that explain in more detail some of the information in the financial statements. The financial statements are intended to describe the results of operations, the changes in net position, the sources and uses of cash and cash equivalents, and the capital structure of the System. The following selected financial data as of April 30, 2021 and 2020, and for the years then ended, for the System's business-type activities are derived from the audited financial statements of the System. The data should be read in conjunction with the financial statements, related notes, and supplementary information contained therein.

Condensed Statements of Net Position

	2021	2020	Dollar Increase (Decrease)	Percentage Increase (Decrease)
		(In Thousands)		
Other non-capital assets	$ 3,072,154	$ 2,790,584	$ 281,570	10.1%
Capital assets, net	938,677	886,394	52,283	5.9%
Total assets	4,010,831	3,676,978	333,853	9.1%
Deferred outflows of resources	95,288	70,146	25,142	35.8%
Total current liabilities	452,699	428,827	23,872	5.6%
Long-term debt, net of current portion	663,042	676,939	(13,897)	-2.1%
Other noncurrent liabilities	271,141	203,792	67,349	33.0%
Total liabilities	1,386,882	1,309,558	77,324	5.9%
Deferred inflows of resources	31,816	33,910	(2,094)	-6.2%
Net investment in capital assets	258,438	215,957	42,481	19.7%
Restricted net position	26,692	25,026	1,666	6.7%
Unrestricted net position	2,402,291	2,162,673	239,618	11.1%
Total net position	$ 2,687,421	$ 2,403,656	$ 283,765	11.8%

	Statement of Revenues, Expenses and Changes in Fund Net Position			
	2021	2020	Dollar Increase (Decrease)	Percentage Increase (Decrease)
	(In Thousands)			
Operating revenue:				
Net patient service revenue	$ 2,148,981	$ 1,990,836	$ 158,145	7.9%
Disproportionate share distributions	51,749	53,333	(1,584)	-3.0%
Other operating revenues	138,816	115,497	23,319	20.2%
Total operating revenue	2,339,546	2,159,666	179,880	8.3%
Operating expenses:				
Salaries and wages	1,138,107	1,050,752	87,355	8.3%
Employee benefits	179,379	169,162	10,217	6.0%
Professional fees	56,353	50,965	5,388	10.6%
Supplies	473,554	438,330	35,224	8.0%
Purchased services	182,971	140,195	42,776	30.5%
Facilities	85,232	83,465	1,767	2.1%
Depreciation and amortization	87,638	91,934	(4,296)	-4.7%
Other	91,118	86,408	4,710	5.5%
Total operating expenses	2,294,352	2,111,211	183,141	8.7%
Operating income	45,194	48,455	(3,261)	-6.7%
Nonoperating revenues, net (including depreciation expense of $1,686 and $1,406 in 2021 and 2020, respectively)	216,908	107,218	109,690	>100%
Income before capital contributions and grants	262,102	155,673	106,429	68.4%
Capital contributions and grants	21,663	933	20,730	>100%
Increase in net position	283,765	156,606	127,159	81.2%
Net position at the beginning of the year	2,403,656	2,247,050	156,606	7.0%
Net position at the end of the year	$ 2,687,421	$ 2,403,656	$ 283,765	11.8%

Management's Discussion of Financial Performance

For fiscal year 2021, the System's total operating revenue increased by 8.3% and operating expenses increased by 8.7%, resulting in operating income decreasing by 6.7% from the prior year of $48.5 million to approximately $45.2 million. The System's income before capital contributions and grants increased from $155.7 million for the fiscal year ended April 30, 2020, to $262.1 million for the fiscal year ended April 30, 2021.

On March 9, 2020, the Governor of the State of Florida declared a state of emergency in the State of Florida related to the Coronavirus (COVID-19) pandemic and subsequently issued numerous executive orders in an effort to reduce community spread of the virus and protect Florida's most vulnerable citizens. As a result of the executive orders and generally in response to the concern for community spread, elective procedures and other non-emergency visits to the System's facilities were significantly curtailed beginning in March 2020 and continued into fiscal year 2021. The System experienced significantly lower ambulatory and surgical volumes while also dealing with increased costs associated with personal protective equipment and medical services in managing the pandemic; causing the decline in operating income from the prior year. For the year ended April 30, 2021, the System recognized approximately $152.4 million COVID-19 relief funds, including $143.0 million of Provider Relief Funds, $5.0 million in recoveries from business interruption insurance, and $4.4 million of other related grants and reimbursements. For the year ended April 30, 2020, the System recognized approximately $40.2 million of Provider Relief Funds. These amounts were recognized as nonoperating revenues, net in the accompanying statements of revenues, expenses and changes in fund net position. The System used these funds to cover allowable costs and loss of revenue attributable to the effects of COVID-19.

Net patient service revenue increased by 7.9% from $1.991 billion for the fiscal year ended April 30, 2020 to $2.149 billion for the fiscal year ended April 30, 2021, primarily due to the impact of COVID-19. Total admissions for the fiscal years ended April 30, 2020 and 2021, which include both inpatient admissions as well as observation admissions, were 117,780 and 101,272, respectively, with the acuity of patients as measured by case-mix index increasing from 1.60 for the fiscal year ended April 30, 2020 to 1.67 for the fiscal year ended April 30, 2021 with occupancy increasing 10.7% from 53.7% to 59.5%. Total surgical volume decreased from 42,112 cases to 38,262 cases, or 9.1%; hospital outpatient visits increased from 531,519 to 538,262, or 1.3%; emergency visits decreased from 439,650 to 337,571 or 23.2%; and patient days increased from 389,098 to 429,654 or 10.4% for these periods.

Other operating revenue increased as the System recognized $115.5 million and $138.8 million for the years ended April 30, 2020 and 2021, respectively. The increase is primarily attributable to an increase in outpatient pharmacy revenue. Disproportionate share (DSH) distributions, including low income pool (LIP) distributions, decreased as a result of state legislature changes to the allocation methodology and changes in the participants funding the non-federal share of payments, offset by an increase in the federal matching rate beginning in March 2020. Total revenue recognized by the System from DSH and LIP funding was $53.3 million and $51.7 million for the years ended April 30, 2020 and 2021, respectively.

Total expenses increased from $2.111 billion for the fiscal year ended April 30, 2020, to $2.294 billion for the fiscal year ended April 30, 2021, or 8.7%, primarily as a result of the System's increase in salaries and wages, supplies expense, and purchased services as a result of the impact of COVID-19. The increase in salaries, wages and related employee benefits is primarily attributable to the additional staffing needed due COVID-19 patient volumes and occupancy also resulting in additional overtime pay and incentives. The increase in professional fees is due to increased utilization of on call and contracted physician services. The increase in supplies expense is directly correlated to the increase in outpatient pharmacy volumes, as well as an increase in drug and supply costs associated with managing the COVID-19 pandemic. The increase in purchased services is primarily due to the critical need for nurse travelers due to COVID-19. Facilities expenses increased when compared to the prior year due to routine repairs and maintenance of clinical equipment and routine facility maintenance, as well as an increase in costs in managing the COVID-19 pandemic. Depreciation and amortization decreased when compared to the prior year as the majority of additions in fiscal year 2021 relate to construction still in process as of April 30, 2021, including the Joe DiMaggio Children's Hospital four-floor expansion and the new Medical Pavilion on the Memorial Hospital Miramar campus. Other operating expenses increased primarily due to increased transportation and hotel costs for nurse travelers due to COVID-19.

Nonoperating revenues, net, increased from $107.2 million for the fiscal year ended April 30, 2020, to $216.9 million for the fiscal year ended April 30, 2021, or by $109.7 million. The increase is primarily attributable to the recognition of COVID-19 relief funds which was partially offset by a decrease in net investment returns. Net investment returns decreased largely due to lower market interest rates and maturities of higher coupon investments, resulting in lower unrealized gains, $20.6 million in fiscal year 2021 compared to $45.3 million in fiscal year 2020; a decrease of $24.7 million. This was partially offset by higher equity returns and interest income from higher investable balances compared to the prior year.

Capital contributions and grants increased from $0.9 million for the fiscal year ended April 30, 2020, to $21.7 million for the fiscal year ended April 30, 2021, primarily due to a contributions from the Foundations to support the Joe DiMaggio Children's Hospital's four-floor expansion and the System's acquisition of Broward Guardian.

In fiscal year 2021, the System's Board of Commissioners adopted a millage rate of 0.1199, which is less than the prior year millage rate of 0.1260. In fiscal years 2021 and 2020, the System used the gross tax proceeds solely to offset the cost of the county's Medicaid match, community redevelopment assessment and tax collector fees. No tax dollars were used for the operations of the System's facilities.

Income available for debt service was $232.8 million and $363.1 million for the fiscal years ended April 30, 2020 and 2021, respectively. The long-term debt service coverage ratio was 5.31 and 8.28 for the fiscal years ended April 30, 2020 and 2021, respectively, as defined by the System's Master Trust Indenture.

The investment policy of the System is consistent with Section 218.415 of the Florida Statutes, which is designed to ensure the prudent management of financial assets. Cash, cash equivalents and investments, excluding assets whose use is limited and restricted assets, increased from $2.340 billion at April 30, 2020, to $2.547 billion at April 30, 2021. Cash, cash equivalents, and investments, including restricted assets, increased from $2.447 billion at April 30, 2020, to $2.657 billion at April 30, 2021, primarily as a result of a $81.9 million increase in net operating cash flow, the receipt of $152.4 million in COVID-19 relief funds, investment income and unrealized gains on investments, offset by cash paid for capital expenditures of $123.9 million, scheduled maturities of long-term debt, and the partial recoupment of the Medicare advance payments received in fiscal year 2020. Net patient accounts receivable increased from $191.6 million at April 30, 2020, to $278.8 million at April 30, 2021, due to decreased volumes at the end of fiscal year 2020 as the System's facilities were significantly curtailed beginning in March 2020 due to COVID-19 compared to the end of fiscal year 2021 whereas volumes have improved due to vaccination and reopening efforts. Additions to capital assets increased from $72.5 million in fiscal year 2020 to $140.6 million in fiscal year 2021, largely due to construction of the Joe DiMaggio Children's Hospital four-floor expansion and the new Medical Pavilion on the Memorial Hospital Miramar campus. The estimated cost to complete all construction projects in process at April 30, 2021, is $212.1 million. Total debt decreased from $688.6 million at April 30, 2020 to $675.2 million at April 30, 2021, primarily attributable to scheduled maturities of long-term debt. Refer to Note 4, Note 6 and Note 8 for further discussion of other funding, capital asset and long-term debt activity, respectively.

Taxes and Uncompensated Care

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

The financial strength of the System minimizes the tax burden in south Broward County. In fiscal years 2020 and 2021, net tax revenues accounted for 0.00% of total net revenues. In September 2020, the System's Board of Commissioners voted to reduce the tax millage rate from 0.1260 mills to 0.1199 mills.

The System's financial strength enables the System to absorb the financial burden of providing an increasing level of uncompensated care and also enables the System to develop and support state-of-the-art facilities.

Source of Patient Charges

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

	2021	2020
Medicare	15.3%	16.6%
Medicaid	3.9%	4.2%
Managed care	69.7%	66.9%
Other	11.1%	12.3%
Total	100.0%	100.0%

Summary of Financial Information

As of and for the Years Ended April 30, 2020 and 2019

	Condensed Statements of Net Position			
	2020	2019	Dollar Increase (Decrease)	Percentage Increase (Decrease)
	(In Thousands)			
Other non-capital assets	$ 2,790,584	$ 2,748,358	$ 42,226	1.5%
Capital assets, net	886,394	908,931	(22,537)	-2.5%
Total assets	3,676,978	3,657,289	19,689	0.5%
Deferred outflows of resources	70,146	74,376	(4,230)	-5.7%
Total current liabilities	428,827	541,620	(112,793)	-20.8%
Long-term debt, net of current portion	676,939	690,315	(13,376)	-1.9%
Other noncurrent liabilities	203,792	251,339	(47,547)	-18.9%
Total liabilities	1,309,558	1,483,274	(173,716)	-11.7%
Deferred inflows of resources	33,910	1,341	32,569	>100%
Net investment in capital assets	215,957	239,176	(23,219)	-9.7%
Restricted net position	25,026	30,206	(5,180)	-17.1%
Unrestricted net position	2,162,673	1,977,668	185,005	9.4%
Total net position	$ 2,403,656	$ 2,247,050	$ 156,606	7.0%

	Statement of Revenues, Expenses and Changes in Fund Net Position			
	2020	2019	Dollar Increase (Decrease)	Percentage Increase (Decrease)
	(In Thousands)			
Operating revenue:				
Net patient service revenue	$1,990,836	$2,004,739	$ (13,903)	-0.7%
Disproportionate share distributions	53,333	38,677	14,656	37.9%
Other operating revenues	115,497	104,601	10,896	10.4%
Total operating revenue	2,159,666	2,148,017	11,649	0.5%
Operating expenses:				
Salaries and wages	1,050,752	998,509	52,243	5.2%
Employee benefits	169,162	181,926	(12,764)	-7.0%
Professional fees	50,965	48,993	1,972	4.0%
Supplies	438,330	414,577	23,753	5.7%
Purchased services	140,195	125,496	14,699	11.7%
Facilities	83,465	78,737	4,728	6.0%
Depreciation and amortization	91,934	92,148	(214)	-0.2%
Other	86,408	84,040	2,368	2.8%
Total operating expenses	2,111,211	2,024,426	86,785	4.3%
Operating income	48,455	123,591	(75,136)	-60.8%
Nonoperating revenues, net (including depreciation expense of $1,406 and $1,371 in 2020 and 2019, respectively)	107,218	39,354	67,864	>100%
Income before capital contributions and grants	155,673	162,945	(7,272)	-4.5%
Capital contributions and grants	933	2,602	(1,669)	-64.1%
Increase in net position	156,606	165,547	(8,941)	-5.4%
Net position at the beginning of the year	2,247,050	2,081,503	165,547	8.0%
Net position at the end of the year	$2,403,656	$2,247,050	$ 156,606	7.0%

Management's Discussion of Financial Performance

For fiscal year 2020, the System's total operating revenue increased by 0.5%, while operating expenses increased by 4.3%, resulting in operating income decreasing by 60.8% from the prior year of $123.6 million to approximately $48.5 million. The System's income before capital contributions and grants decreased from $162.9 million for the fiscal year ended April 30, 2019, to $155.7 million for the fiscal year ended April 30, 2020.

On March 9, 2020, the Governor of the State of Florida declared a state of emergency in the State of Florida related to the Coronavirus (COVID-19) pandemic and subsequently issued numerous executive orders in an effort to reduce community spread of the virus and protect Florida's most vulnerable citizens. As a result of the executive orders and generally in response to the concern for community spread, elective procedures and other non-emergency visits to the System's facilities were significantly curtailed beginning in March 2020 and continued into fiscal year 2021. The System experienced significantly lower inpatient and ambulatory volumes while also dealing with increased costs associated with personal protective equipment and managing the pandemic causing the significant decline in operating income from the prior year. Through April 30, 2020, the System received approximately $40.2 million of Provider Relief Funds which was recognized as nonoperating revenues, net in the accompanying statements of revenues, expenses and changes in fund net position. The System used these funds to cover allowable costs and loss of revenue attributable to the effects of COVID-19.

Net patient service revenue decreased by 0.7% from $2.005 billion for the fiscal year ended April 30, 2019, to $1.991 billion for the fiscal year ended April 30, 2020 primarily due to the impact of COVID-19. Total admissions for the fiscal years ended April 30, 2019 and 2020, which include both inpatient admissions as well as observation admissions, were 125,555 and 117,780, respectively, while the acuity of patients as measured by case-mix index increased from 1.54 for the fiscal year ended April 30, 2019 to 1.60 for the fiscal year ended April 30, 2020. Total surgical volume decreased from 45,036 cases to 42,112 cases, or 6.5%, hospital outpatient visits decreased from 561,419 to 531,519, or 5.3%, and emergency visits decreased from 464,456 to 439,650, or 5.3%, for these periods.

Other operating revenue increased, as the System recognized $104.6 million and $115.5 million for the years ended April 30, 2019 and 2020, respectively. The increase is primarily attributable to an increase in outpatient pharmacy revenue. Disproportionate share (DSH) distributions including low income pool (LIP) distributions increased as a result of state legislature changes to the allocation methodology and an increase in the federal matching rate for 2020. Total revenue recognized by the System from DSH and LIP funding was $38.7 million and $53.3 million for the years ended April 30, 2019 and 2020, respectively.

Total expenses increased from $2.024 billion for the fiscal year ended April 30, 2019, to $2.111 billion for the fiscal year ended April 30, 2020, or 4.3%, primarily as a result of the System's increase in salaries and wages, increase in supplies expense and investment in many strategic initiatives. The increase in salaries and wages is primarily attributable to the additional staffing needed due to growth in patient volumes and net patient service revenue prior to the impact of COVID-19, as well as the continued growth of the System's employed physician model and continued investment in our employees. The decrease in employee benefits is primarily attributable to a decrease in pension expense due to an increase in projected earnings on pension plan investments, favorable differences between expected and actual experience, and a decrease in liability due to updating the mortality assumption. The increase in professional fees is due to increased utilization of on call and contracted physician services. The increase in supplies expense is directly correlated to the increase in outpatient pharmacy volumes, as well as increasing drug and supply costs associated with managing the COVID-19 pandemic. The increase in purchased services is due to increased patient and surgical volumes prior to COVID-19 and continued investment in strategic initiatives. Facilities expenses increased when compared to the prior year due to routine repairs and maintenance of clinical equipment and routine facility maintenance, as well as an increase in costs in managing the COVID-19 pandemic. Depreciation and amortization decreased when compared to the prior year due to a decrease in additions to capital assets largely due to the completion of a parking garage and bed tower at Memorial Hospital West and the completion of the Joe DiMaggio Children's Health Specialty Center located in Wellington, Florida in fiscal year 2019. Other operating expenses increased due to an increase in advertising and insurance, partially offset by a reduction in Public Medical Assistance Trust Fund assessments due to reduction in net patient service revenue.

Nonoperating revenues, net, increased from $39.4 million for the fiscal year ended April 30, 2019, to $107.2 million for the fiscal year ended April 30, 2020, or by $67.9 million. The increase is primarily attributable to the recognition of COVID-19 relief funds, an increase in unrealized gains on investments, and a decrease in contributions made to the Memorial Foundation in fiscal year 2020. During fiscal year 2019, interest income was impacted favorably by rising market interest rates as maturing investments in fixed income securities were reinvested at higher yields. Declining market interest rates and higher equity values during most of the System's fiscal year 2020 favorably impacted nonoperating revenues until financial markets seized in early March 2020 due to uncertainties resulting from the spread of the COVID-19 virus. During the last two months of fiscal year 2020, interest rates continued to decline as financial markets stabilized resulting in $45.3 million of unrealized gains in fiscal year 2020 as compared to a $35.4 million of unrealized gains in fiscal year 2019, a change of $9.9 million. In fiscal 2019, the System also contributed $15.0 million to Memorial Foundation which was accounted for as a reduction in nonoperating revenues; no such contributions were made in fiscal year 2020.

In fiscal year 2020, the System's Board of Commissioners adopted a millage rate of 0.1260, which is less than the prior year millage rate of 0.1414. In fiscal year 2019, the System used the gross tax proceeds to offset the cost of the county's Medicaid match, community redevelopment assessment and tax collector fees, leaving $266,000 for operations of Memorial Primary Care. In fiscal year 2020, the System used the gross tax proceeds solely to offset the cost of the county's Medicaid match, community redevelopment assessment and tax collector fees. No tax dollars were used for the operations of the System's facilities.

Income available for debt service was $258.1 million and $232.8 million for the fiscal years ended April 30, 2019 and 2020, respectively. The long-term debt service coverage ratio was 5.88 and 5.31 for the fiscal years ended April 30, 2019 and 2020, respectively, as defined by the System's Master Trust Indenture.

The investment policy of the System is consistent with Section 218.415 of the Florida Statutes, which is designed to ensure the prudent management of financial assets. Cash, cash equivalents and investments, excluding assets whose use is limited and restricted assets, increased from $2.100 billion at April 30, 2019, to $2.340 billion at April 30, 2020. Cash, cash equivalents, and investments, including restricted assets, increased from $2.354 billion at April 30, 2019, to $2.447 billion at April 30, 2020, primarily as a result of a $104.2 million increase in net operating cash flow, the receipt of $40.2 million in COVID-19 relief funds, the receipt of $106.7 million in Medicare advance payments to increase cash flow to providers of services impacted by the COVID-19 pandemic, investment income and unrealized gains on investments, offset by cash paid for capital expenditures of $66.9 million and scheduled maturities of long-term debt including the $150.0 million payment on the Series 2009 Bonds. Net patient accounts receivable decreased from $259.3 million at April 30, 2019, to $191.6 million at April 30, 2020, due to decreased volumes in March and April 2020 with a continued focus on patient collections. Additions to capital assets decreased from $144.9 million in fiscal year 2019 to $72.5 million in fiscal year 2020, largely due to the completion of a parking garage and bed tower at Memorial Hospital West and the completion of the Joe DiMaggio Children's Health Specialty Center located in Wellington, Florida in fiscal year 2019. The estimated cost to complete all construction projects in process at April 30, 2020, is $235.5 million. Total debt decreased from $851.5 million at April 30, 2019 to $688.6 million at April 30, 2020, primarily attributable to scheduled maturities of long-term debt including the $150.0 million Series 2009 Bonds redeemed in full on May 1, 2019. Refer to Note 4, Note 6 and Note 8 for further discussion of other funding, capital asset and long-term debt activity, respectively.

Taxes and Uncompensated Care

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

The financial strength of the System minimizes the tax burden in south Broward County. In fiscal years 2019 and 2020, net tax revenues accounted for 0.01% and 0.00% of total net revenues, respectively. In September 2019, the System's Board of Commissioners voted to reduce the tax millage rate from 0.1414 mills to 0.1260 mills.

The System's financial strength enables the System to absorb the financial burden of providing an increasing level of uncompensated care and also enables the System to develop and support state-of-the-art facilities.

Source of Patient Charges

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

	2020	2019
Medicare	16.6%	17.0%
Medicaid	4.2%	4.3%
Managed care	66.9%	66.2%
Other	12.3%	12.5%
Total	100.0%	100.0%

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

Statements of Net Position – System
April 30, 2021 and 2020
(In Thousands)

	2021	2020
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	**$ 137,950**	$ 276,620
Investments	**2,410,499**	2,064,364
Patient accounts receivable, net of estimated uncollectibles of $399,222 and $328,711 at April 30, 2021 and 2020, respectively	**278,849**	191,588
Inventories	**52,693**	41,681
Other current assets	**70,337**	79,183
Restricted assets:		
Under indenture agreements for debt service	**25,248**	25,026
Total current assets	**2,975,576**	2,678,462
Noncurrent assets:		
Designated investments for employee disability	**20,169**	20,181
Investments restricted under self-insurance agreements	**48,295**	47,424
Capital assets, net	**938,677**	886,394
Other assets	**28,114**	44,517
Total assets	**$ 4,010,831**	$ 3,676,978
Deferred outflows of resources:		
Deferred outflows – pension related items	**$ 76,714**	$ 50,297
Loss on defeasance, net	**18,574**	19,849
Total deferred outflows of resources	**$ 95,288**	$ 70,146

(Continued)

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

Statements of Net Position – System (Continued)
April 30, 2021 and 2020
(In Thousands)

		2021		2020
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities:				
Accounts payable and accrued expenses	**$**	**110,856**	$	81,511
Accrued compensation and payroll taxes		**138,208**		121,653
Estimated third-party payor settlements		**67,961**		57,290
Current installments of long-term debt		**12,185**		11,665
Current portion of estimated claims liability		**19,635**		16,396
Medicare advance payments		**62,142**		106,690
Other current liabilities		**41,712**		33,622
Total current liabilities		**452,699**		428,827
Long-term portion of estimated claims liability		**30,645**		28,287
Net pension liability		**153,354**		130,047
Medicare advance payments		**41,027**		-
Other noncurrent liabilities		**46,115**		45,458
Long-term debt		**663,042**		676,939
Total liabilities	**$**	**1,386,882**	$	1,309,558
Deferred inflows – pension related items	**$**	**31,816**	$	33,910
Net position:				
Net investment in capital assets	**$**	**258,438**	$	215,957
Restricted		**26,692**		25,026
Unrestricted		**2,402,291**		2,162,673
Total net position	**$**	**2,687,421**	$	2,403,656

See notes to financial statements.

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

Statements of Revenues, Expenses and Changes in Fund Net Position – System
Years Ended April 30, 2021 and 2020
(In Thousands)

	2021	2020
Operating revenue:		
Net patient service revenue	**$ 2,148,981**	$ 1,990,836
Disproportionate share distributions	**51,749**	53,333
Other operating revenues	**138,816**	115,497
Total operating revenue	**2,339,546**	2,159,666
Operating expenses:		
Salaries and wages	**1,138,107**	1,050,752
Employee benefits	**179,379**	169,162
Professional fees	**56,353**	50,965
Supplies	**473,554**	438,330
Purchased services	**182,971**	140,195
Facilities	**85,232**	83,465
Depreciation and amortization	**87,638**	91,934
Other	**91,118**	86,408
Total operating expenses	**2,294,352**	2,111,211
Operating income	**45,194**	48,455
Nonoperating revenues, net (including depreciation expense of $1,686 and $1,406 for the years ended April 30, 2021 and 2020, respectively)	**216,908**	107,218
Income before capital contributions and grants	**262,102**	155,673
Capital contributions and grants	**21,663**	933
Increase in net position	**283,765**	156,606
Net position at the beginning of the year	**2,403,656**	2,247,050
Net position at the end of the year	**$ 2,687,421**	$ 2,403,656

See notes to financial statements.

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

Statements of Cash Flows – System
Years Ended April 30, 2021 and 2020
(In Thousands)

	2021	2020
Cash flows from operating activities:		
Receipts from third-party payors and patients	**$ 2,072,391**	$ 2,048,225
Payments to vendors	**(889,460)**	(816,566)
Other receipts	**198,858**	153,892
Payments to employees	**(1,264,653)**	(1,249,744)
Claims and self-insurance payments	**(35,233)**	(32,895)
Net cash provided by operating activities	**81,903**	102,912
Cash flows from noncapital financing activities:		
Medicare advance payment (recoupments)/receipts	**(3,521)**	106,690
COVID-19 relief funds	**152,404**	40,219
Ad valorem tax receipts	**7,489**	7,371
Net cash provided by noncapital financing activities	**156,372**	154,280
Cash flows used in capital and related financing activities:		
Acquisition and construction of capital assets	**(123,871)**	(66,857)
Capital contribution and grant receipts	**21,663**	933
Principal payments on long-term debt	**(11,665)**	(161,170)
Principal payments under capital lease obligation	**(349)**	(43)
Interest payments on long-term debt	**(26,644)**	(32,198)
Change in assets restricted for debt service, including Series 2009 bond repayment	**(222)**	155,180
Net cash used in capital and related financing activities	**(141,088)**	(104,155)
Cash flows from investing activities:		
Proceeds from sales, maturities, or repayment of investments	**2,343,864**	2,239,185
Purchases of investments	**(2,644,316)**	(2,358,961)
Investment income received	**69,734**	49,523
Acquisition of Broward Guardian, net of $261 in cash acquired	**(5,139)**	-
Net cash used in investing activities	**(235,857)**	(70,253)
Net change in cash and cash equivalents	**(138,670)**	82,784
Cash and cash equivalents:		
Beginning of year	**276,620**	193,836
End of year	**$ 137,950**	$ 276,620

(Continued)

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

Statements of Cash Flows – System (Continued)
Years Ended April 30, 2021 and 2020
(In Thousands)

		2021		2020
Reconciliation of operating income to net cash and cash equivalents provided by operating activities:				
Operating income	**$**	**45,194**	$	48,455
Adjustments to reconcile operating income to net cash and cash equivalents provided by operating activities:				
Depreciation and amortization		**87,638**		91,934
Provision for doubtful accounts		**53,854**		157,529
Gain on investment in Premier LP		**(6,998)**		(1,996)
(Gain) loss on disposal of capital assets		**(244)**		1,270
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
Patient accounts receivable		**(141,115)**		(89,795)
Other current assets and inventories		**(1,765)**		(15,604)
Other assets		**535**		(391)
Accounts payable and accrued expenses		**8,115**		(13,739)
Accrued compensation and payroll taxes		**16,555**		(56,142)
Estimated third-party payor settlements		**10,671**		(10,345)
Other current liabilities		**8,090**		7,405
Other noncurrent liabilities		**980**		(1,950)
Net pension liability and related deferred outflows and inflows		**(5,204)**		(12,747)
Estimated claims liability		**5,597**		(972)
Net cash provided by operating activities	**$**	**81,903**	$	102,912
Supplemental noncash investing, capital and financing activities:				
Unrealized gains on investments	**$**	**20,643**	$	45,348
Additions under capital lease obligations		**-**		1,704
Non-cash interest expense		**2,193**		1,016

See notes to financial statements.

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

Statements of Fiduciary Net Position – Pension Trust Fund
Years Ended April 30, 2021 and 2020
(In Thousands)

	2021	2020
Assets		
Investments:		
SEC-registered money market funds	$ 16,378	$ 12,451
U.S. government and agency obligations	126,558	84,048
Asset-backed securities	5,823	8,213
Corporate debt	97,250	116,615
Commercial mortgage securities	5,354	7,199
Collateralized mortgage obligations	-	1,679
Pacific life floating rate income fund	40,803	31,845
U.S. equities	118,806	78,661
Vanguard total stock market exchange traded fund	107,823	73,777
iShares S&P 500 exchange traded fund	41,342	31,994
Global and international investments:		
International equities	96,576	74,629
Vanguard Global Minimum Volatility Fund	41,487	35,088
Dodge & Cox Global Stock Fund	182,906	113,994
Foreign bonds	1,307	-
Total investments	882,413	670,193
Due from broker for investment sold	1,330	14,079
Total assets	$ 883,743	$ 684,272
Net position restricted for pension benefits	$ 883,743	$ 684,272

See notes to financial statements.

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

Statements of Changes in Fiduciary Net Position – Pension Trust Fund
Year Ended April 30, 2021 and 2020
(In Thousands)

	2021	2020
Additions		
Investment income:		
Net appreciation (depreciation) in fair value of investments	**$ 184,928**	$ (25,716)
Interest and dividends	**14,825**	18,191
Less investment expense	**(2,213)**	(1,468)
Net investment income (loss)	**197,540**	(8,993)
Employer pension contributions	**35,136**	41,122
Total additions	**232,676**	32,129
Deductions:		
Benefit payments	**33,013**	35,788
Administrative expenses	**192**	225
Total deductions	**33,205**	36,013
Net increase (decrease) in net position	**199,471**	(3,884)
Net position restricted for pension benefits:		
Beginning of year	**684,272**	688,156
End of year	**$ 883,743**	$ 684,272

See notes to financial statements.

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

Nature of Organization: The South Broward Hospital District d/b/a Memorial Healthcare System (the System) is a special tax district created under the Laws of Florida and a 501(c)(3) not-for-profit entity. The System operates Memorial Regional Hospital and Joe DiMaggio Children's Hospital at Memorial Regional Hospital, both located in Hollywood, Florida; Memorial Regional Hospital South (a campus of Memorial Regional Hospital) located in Hollywood, Florida; Memorial Hospital Pembroke, located in Pembroke Pines, Florida; Memorial Hospital West, located in Pembroke Pines, Florida; and Memorial Hospital Miramar, located in Miramar, Florida. The System also operates the 24/7 Care Center and Memorial Manor Nursing Home, both located in Pembroke Pines, Florida; U-18 Sports Medicine programs located in Miramar, Coral Springs, and Wellington, Florida; and the Joe DiMaggio Children's Health Specialty Center located in Wellington, Florida. Other components of the System include Memorial Physician Group; Memorial Home Health Services; Memorial Outpatient Pharmacy Services; Memorial Health Network; Memorial Neuroscience Institute; Memorial Rehabilitation Institute; multiple primary care centers located throughout south Broward County; two Urgent Care Centers; the Memorial Cancer Institute, including a partnership with Moffitt Cancer Center; the Memorial Cardiac and Vascular Institute; a Graduate Medical Education program on the campus of Memorial Hospital West; and Broward Guardian, a Medicare Accountable Care Organization (ACO) operating in southern Broward County. At April 30, 2021, the System operates a total of 1,978 licensed hospital beds and 120 licensed nursing home beds.

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

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

The System acquired Broward Guardian, LLC (Broward Guardian) on May 1, 2020. Broward Guardian is a Florida limited liability company wholly-owned by the System. It currently has a contract with the Centers for Medicare and Medicaid Services to participate in the Medicare Shared Savings Program. Broward Guardian is a collaboration between the System and community primary care providers in an effort to work together to develop a more efficient health care delivery model. Through this collaboration, Broward Guardian works to align the incentives of the providers and payers and towards achieving the three goals of health care reform: expanding access, improving quality and controlling cost.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, MHN and Broward Guardian are blended within the financial results of the System because of the significance of the component units' operational and financial relationships with the System.

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

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

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

The accounts of the System are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, net position, revenue and expenses, as appropriate.

The System is accounted for in an enterprise fund that consists of unrestricted net position, restricted net position, and net investment in capital assets. The enterprise fund is used to account for the System's ongoing business-type activities. Significant intercompany accounts and transactions have been eliminated in the combination of these funds for financial reporting purposes herein.

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

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

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

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

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

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

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

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

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

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

Restricted assets: Restricted assets include resources restricted to a specific period or purpose. This includes balances held under indenture agreements for principal and interest amounts due for debt service payment on the Series 2015, 2016, 2016A, 2017 and 2018 bonds and funds held in escrow as the repayment mechanism for Broward Guardian to participate in the Medicare Shared Savings Program.

Investments restricted under self-insurance agreements: These represent the assets invested to fund the workers' compensation, professional liability, and health and dental self-insurance.

Capital assets, net: Capital assets, including improvements to existing facilities, are recorded at cost, except for donated items, which are recorded at acquisition value at the date of the contribution. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives for buildings and improvements range from 7 to 40 years and for equipment range from 3 to 10 years. Leasehold improvements are amortized on a straight-line basis over the shorter of the term of the respective lease or the life of the related asset. Routine maintenance and repairs that do not extend the life of the assets are charged to expense as incurred, and major renovations or improvements are capitalized. The System capitalizes assets with an initial cost of $1,500 or greater.

Other assets: Other assets consist primarily of the following:

South Florida Community Care Network d/b/a Community Care Plan (SFCCN)

The System is an equal partner of SFCCN, a managed care network governed by an agreement between two governmental entities: the System and the North Broward Hospital District which are SFCCN members. SFCCN administers various programs, including the Provider Sponsored Network (PSN) operating under Florida's Medicaid Reform program. The PSN is a network of hospitals, physicians, and other ancillary care providers developed to provide integrated, managed care services to a population of Medicaid covered enrollees in Broward County.

The System accounts for its investment in SFCCN under the equity method and it measures the value of its investment in SFCCN based on the net asset value of its membership interest. The System evaluates the value of its investment by considering available evidence, including general market conditions and the investee's financial condition. This investment may not be transferred unless all existing SFCCN members agree in writing in advance. As of April 30, 2021 and 2020, the System's investment in SFCCN was approximately $17,588,000 and $17,576,000, respectively, and is included in other assets in the accompanying statements of net position.

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

Premier LP

Effective September 26, 2013, Premier, Inc. (Premier) converted from a privately held company to a public company (the Reorganization). In connection with the Reorganization, the System's previous ownership interests in Premier was exchanged for 726,553 Class B common units of Premier LP. Premier LP operates the group purchasing portion of Premier's supply chain services business. The Class B common units are exchangeable over seven years on a 1-for-1 basis for shares of Class A common stock and the right to receive certain tax receivable payments. The System measures the vesting of the exchange right at the fair value of the Class A Common Stock as shares vested over the seven year period ending October 31, 2020.

On August 11, 2020, Premier completed a corporate restructuring which included an exchange under which Premier's member-owners, including the System, converted their Class B common units in Premier LP into shares of Premier Class A common stock on a one-for-one basis. Premier also terminated its tax receivable agreement by accelerating those payment obligations at a discounted value. The System applied GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements* to account for the exchange and acceleration of its tax receivable agreement.

For the years ended April 30, 2021 and 2020, the System recognized a gain on its investment in Premier LP of approximately $6,998,000 and $1,996,000, respectively, representing the recognition of the exchange right and the exchange transaction as a reduction in supplies expense in the accompanying statements of revenues, expenses and changes in fund net position. As of April 30, 2021, the accelerated tax receivable was approximately $3,488,000, of which its long-term portion of approximately $2,668,000 was included in other assets in the accompanying statements of net position. As of April 30, 2021, the System's Class A common stock in Premier is valued as a Level 1 investment of approximately $25,684,000 and is included in investments in the accompanying statements of net position. As of April 30, 2020, the System's investment in Premier LP was approximately $22,372,000 and was included in other assets in the accompanying statements of net position.

Broward Guardian, LLC

The System acquired Broward Guardian on May 1, 2020 for a purchase price of $5,400,000. The System acquired approximately $261,000 in cash, $1,444,000 of restricted escrow funds, and working capital. In addition, the System acquired approximately $2,717,000 in intangibles for the physician network, non-compete agreement and tradename whose purchase price was based on valuations. The excess of cash consideration paid and net assets acquired resulted in approximately $977,000 of goodwill. As of April 30, 2021, the balance held in escrow for Broward Guardian to participate in the Medicare Shared Savings Program was approximately $1,444,000 and is included in other assets in the accompanying statements of net position. As of April 30, 2021, the net book value of intangible assets acquired was approximately $2,174,000, and is included in other assets in the accompanying statements of net position. For the year ended April 30, 2021, amortization expense of the goodwill and intangible assets was approximately $1,520,000.

Deferred outflows and inflows of resources: Certain pension activities and losses on refunding of debt in prior years are included in deferred outflows and inflows and amortized over a specific period. Amortization of pension related deferred outflows and inflows is included in employee benefits expense in the accompanying statements of revenues, expenses and changes in fund net position. Amortization of losses on refunding of long-term debt is included in nonoperating revenues, net in the accompanying statements of revenues, expenses and changes in fund net position.

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

Compensated absences: Personal leave time, which includes holiday, sick and vacation time, that is accrued but not used at April 30, 2021 and 2020, is included in accrued compensation and payroll taxes in the accompanying statements of net position.

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

Costs of borrowing: Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of those assets. Premiums and discounts associated with long-term debt are amortized using the straight-line method over the life of the debt since the result is not significantly different from the effective interest method of amortization. Debt issuance costs, excluding prepaid bond insurance, are expensed in the year of issuance.

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

Net position: Net position is reported in three categories: net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any debt issued that is attributable to the acquisition, construction, or improvement of those capital assets. If there are unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

The restricted component of net position consists of restricted assets; assets that have constraints placed on them externally by creditors, grantors, contributors, laws or regulations of other governments, or laws through constitutional provisions or enabling legislation, reduced by liabilities or deferred inflows related to those restricted assets.

The unrestricted component of net position consists of the net amount of assets, deferred outflows of resources and liabilities, and deferred inflows of resources that do not meet the definitions of the other two components of net position.

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

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

Statements of revenues, expenses and changes in fund net position: For purposes of presentation, transactions determined to be ongoing, major, or central to the provision of health care services are reported as operating revenue and expenses. Non-exchange transactions and peripheral, incidental, or transactions not considered to be central to the provision of health care services are reported as nonoperating revenues and expenses and include investment income, interest expense, ad valorem tax revenue, and certain grants, including the COVID-19 relief funds. Revenue recognition for grants and other non-exchange transactions occur when all eligibility requirements are met (including time requirements) or when qualifying expenditures and contingencies are met, as applicable. For the years ended April 30, 2021 and 2020, the System primarily used the gross tax proceeds to pay the county's Medicaid match, community redevelopment assessments and the tax collectors' fee and is reported net in nonoperating revenues and expenses in the accompanying statements of revenues, expenses and changes in fund net position. Grants and other contributions received for the purpose of acquiring or constructing capital assets are reported as capital contributions and grants, below nonoperating revenues, net in the accompanying statements of revenues, expenses and changes in fund net position.

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

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

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

Reclassifications: Certain 2020 amounts have been reclassified to conform to the 2021 financial statement and supplementary information presentation. The fiscal year 2020 "cash and cash equivalents" and "investment" financial statement balances and related footnote disclosures have been updated to reflect a change in the System's accounting policy to comply with GAAP. For the fiscal years ended April 30, 2021 and 2020, the updated accounting policy defines all short-term, highly liquid investments that are both readily convertible to known amounts of cash and maturing within three months from the date of purchase as "cash and cash equivalents". The updated accounting policy resulted in a reclassification adjustment to decrease "cash and cash equivalents" and increase the "investment" financial statement balances reported for the fiscal year ended April 30, 2020. However, total net position and total current asset balances remain unchanged. The updated policy also resulted in a change in the beginning and ending "cash and cash equivalents" balances that were previously presented on the statement of cash flows for the year ended April 30, 2020. Management believes that that the change in the System's accounting policy and the above-mentioned reclassification adjustments to the April 30, 2020 financial statement balances and related footnote disclosures do not materially misstate the prior period financial statements.

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

New accounting pronouncements: In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB Statement No. 95), to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates listed in the paragraphs below are the effective dates, as postponed by this Statement.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations* (GASB Statement No. 83), which addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgements, together with the occurrence of an internal event that obligates a government to perform asset retirement activities related to its tangible capital assets. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The adoption of GASB Statement No. 83 in fiscal year 2021 did not have a material effect on the System’s financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on: (1) whether a government is controlling the assets of the fiduciary activity; and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The adoption of GASB Statement No. 84 in fiscal year 2021 did not have a material effect on the System’s financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), which provides guidance for lease contracts for nonfinancial assets – including vehicles, heavy equipment and buildings – but excludes nonexchange transactions, including donated assets, and leases of intangible assets (such as patents and software licenses). The lease definition now focuses on a contract that conveys control of the right to use another entity’s non-financial asset, which is referred to in the new Statement as the underlying asset. Under GASB Statement No. 87, a lessee government is required to recognize: (1) a lease liability; and (2) an intangible asset representing the lessee’s right to use the leased asset. A lessor government is required to recognize: (1) a lease receivable; and (2) a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, with earlier application encouraged. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). The System has not elected to implement this Statement early; the System is still evaluating the potential impacts of this Statement.

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

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB Statement No. 88), which provides guidance to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB Statement No. 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The adoption of GASB Statement No. 88 in fiscal year 2021 did not have a material effect on the System's financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB Statement No. 89), to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period by not allowing for the capitalization of interest in future periods. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, with earlier application encouraged. The System has not elected to implement this Statement early but adopted GASB Statement No. 89 beginning in fiscal year 2022. For the years ended April 30, 2021 and 2020, the System capitalized interest cost of approximately $1,780,000 and $588,000, respectively.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61* (GASB Statement No. 90), to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The adoption of GASB Statement No. 90 in fiscal year 2021 did not have a material effect on the System's financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB Statement No. 91), to provide a single method of reporting conduit debt obligations by issues and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021, with earlier application encouraged. The System has not elected to implement this Statement early; the System is still evaluating the potential impacts of this Statement.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB Statement No. 96), to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement: (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (the System's April 30, 2024 financial statements), with earlier application encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. The System has not elected to implement this Statement early; the System is still evaluating the potential impacts of this Statement.

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

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* (GASB Statement No. 97). The objectives of this Statement were to clarify rules related to reporting of fiduciary activities under GASB Statements No. 14 and No. 84, to mitigate financial reporting costs for defined contribution plans, and to enhance the relevance, consistency, and comparability of the accounting and financial reporting of Internal Revenue Code Section 457 plans that meet the definition of a pension plan.

The requirements of GASB Statement No. 97 that: (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in GASB Statement No. 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet certain criteria, are effective immediately. The adoption of these requirements of GASB Statement No. 97 in fiscal year 2021 did not have a material effect on the System's financial statements. The requirements of GASB Statement No. 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. The System has not elected to implement the requirements of this Statement early; the System is still evaluating the potential impacts of these requirements.

Note 2. Uncompensated Care

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

The following information measures the level of uncompensated care provided during the years ended April 30, 2021 and 2020 (in thousands).

	2021	2020
Uncompensated care, based on established rates	$ 902,423	$ 1,221,394
Percentage of uncompensated care patients to all patients served based upon total charges	6.8%	9.4%

For the years ended April 30, 2021 and 2020, uncompensated care includes approximately $848,569,000 and $1,063,865,000 of charges forgone for services provided under the System's charity care policy, respectively. Using the System's average ratio of cost to charges, the cost of charity care provided was approximately $146,026,000 and $172,921,000 for the years ended April 30, 2021 and 2020, respectively.

Note 3. Net Patient Service Revenue

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

Medicare and Medicaid

Reimbursement for certain services subject to special reimbursement formulas under the Medicare program is subject to audit and settlement by a Medicare Administrative Contractor. Such audits and final settlements have been completed for all years through 2017 for Memorial Hospital West and through 2016 for all other facilities. Audit fieldwork has been substantially completed through 2018 for Memorial Regional Hospital and for 2017 for Memorial Hospital Pembroke and Memorial Hospital Miramar, and the related final settlements are not expected to differ materially from the recorded amounts. Medicare program beneficiaries accounted for approximately 15.3% and 16.6% of the System's gross patient charges in fiscal years 2021 and 2020, respectively. There were no material differences between original estimates and subsequent revisions in fiscal years 2021 and 2020.

Reimbursement under the Florida Medicaid program is based on a variety of prospective rate methodologies. Medicaid program beneficiaries accounted for approximately 3.9% and 4.2% of the System's gross patient charges in fiscal years 2021 and 2020, respectively.

Insurance and Other Payors

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

Net Patient Service Revenue

The difference between gross patient charges and the contractually established rates for all payors, is accounted for as contractual adjustments. The System's gross patient charges, charity care write-offs, provision for doubtful accounts, and contractual adjustments for the years ended April 30, 2021 and 2020, are as follows (in thousands):

	2021	2020
Gross patient charges	$ 13,332,635	$ 12,988,831
Charity care adjustments	(848,569)	(1,063,865)
Provision for doubtful accounts	(53,854)	(157,529)
Contractual adjustments	(10,281,231)	(9,776,601)
Net patient service revenue	$ 2,148,981	$ 1,990,836

Note 3. Net Patient Service Revenue (Continued)

Net Patient Accounts Receivable

The System grants credit without collateral to its patients, most of which are local residents that are insured under third-party payor agreements. Net patient accounts receivable, reported as current assets by the System at April 30, 2021 and 2020, consists of the following amounts (in thousands):

	2021	2020
Receivable from Medicare	$ 133,148	$ 98,070
Receivable from Medicaid	86,187	52,514
Receivable from patients' insurance carriers	1,091,642	764,294
Receivable from other	315,878	260,332
Total patient accounts receivable	1,626,855	1,175,210
Less allowance for contractual discounts	(948,784)	(654,911)
Less allowance for doubtful accounts	(399,222)	(328,711)
Patient accounts receivable, net	$ 278,849	$ 191,588

Concentrations of Credit Risk

The mix of net receivables from patients and third-party payors at April 30, 2021 and 2020, was as follows:

	2021	2020
Medicare	11.0%	12.2%
Medicaid	3.8%	4.8%
Managed care	76.2%	70.7%
Other	9.0%	12.3%
Total	100.0%	100.0%

Note 4. Other Funding Sources

The System receives funding from various components of the State Medicaid program, including the LIP and DSH payments. The State's LIP distributes funding to the System in support of programs that provide coverage for uninsured and underinsured patients. The LIP is a federal matching program that provides the State with the opportunity to receive additional distributions based upon a fixed annual pool of approximately $1.5 billion distributed by the State based on a measure of charity care cost. It is subject to a provider-specific cost limit which is retrospectively audited. Audits have been completed through the State fiscal year ended June 30, 2018. Due to changes in the federal terms for LIP, no additional liabilities are expected for years after 2018. There were no material differences between original estimates and subsequent revisions in fiscal years 2021 and 2020.

Total revenue recognized by the System from LIP and DSH funding was approximately $51,749,000 and $53,333,000 for the years ended April 30, 2021 and 2020, respectively, and is reported as disproportionate share distributions in the accompanying statements of revenues, expenses, and changes in fund net position.

Note 4. Other Funding Sources (Continued)

In response to the COVID-19 pandemic, Congress passed multiple bills that included funding and operational relief for affected hospitals. The U.S. Department of Health and Human Services, the Centers for Medicare and Medicaid Services, and the Health Resources and Services Administration all issued various waivers of regulations governing coverage of specific services and conditions of program participation. The Coronavirus Aid, Relief, and Economic Security Act included $100 billion of funds available until expended to prevent, prepare for, and respond to coronavirus, domestically or internationally, for necessary expenses to reimburse, through grants or other mechanisms, eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus.

For the year ended April 30, 2021, the System recognized approximately $152,404,000 of COVID-19 related relief funds, including $143,039,000 of Provider Relief Funds, $5,000,000 in recoveries from business interruption insurance, and $4,365,000 of other related grants and reimbursements. For the year ended April 30, 2020, the System recognized approximately $40,219,000 of Provider Relief Funds. These amounts were recognized as nonoperating revenues, net in the accompanying statements of revenues, expenses and changes in fund net position. The System used these funds to cover allowable costs and loss of revenue attributable to the effects of COVID-19.

The recognition of the Provider Relief Funds received is conditioned upon the provision of care for individuals with possible or actual cases of COVID-19 after January 31, 2020, certification that payment will be used to prevent, prepare for and respond to COVID-19 and shall reimburse the recipient only for health care-related expenses or lost revenues that are attributable to COVID-19. The System recognizes grant payments as income when there is reasonable assurance the System has complied with the conditions associated with the grant. The System’s recognition could change materially in the future based evolving grant compliance guidance provided by the government.

The System also applied for and was paid approximately $106,690,000 in April 2020 as an advance on six months of its Medicare payments through the Accelerated and Advance Payment Program expanded to increase cash flow to providers of services impacted by the COVID-19 pandemic. The Medicare accelerated payments are interest free and the program currently requires that Centers for Medicare and Medicaid Services (CMS) recoup the accelerated payments beginning 12 months after receipt by the provider, by withholding future Medicare fee-for-service payments for claims until such time as the accelerated payments have been fully recouped. The program currently requires that any outstanding balance remaining after 29 months must be repaid by the provider or be subjected to a 4% annual interest rate and recoupments began in April 2021. As of April 30, 2021, the System reported approximately $62,142,000 and $41,027,000 as a current liability and long-term liability, respectively, in the accompany statements of net position. As of April 30, 2020, the recoupment of advance payments was to begin in August 2020 and amounts not fully repaid within 12 months was to be subject to interest charges at the then current federal rate. Therefore, the System reported approximately $106,690,000 as a current liability in the accompanying statements of net position as of April 30, 2020.

Note 5. Cash, Cash Equivalents and Investments

The approximate book value of the System’s unrestricted and restricted bank accounts included in cash and cash equivalents in the accompanying statements of net position at April 30, 2021 and 2020, are as follows (in thousands):

	2021	2020
Unrestricted bank accounts	$ 40,522	$ 199,248

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

Custodial credit risk: At April 30, 2021 and 2020, the System's deposits consisting of cash were covered by federal depository insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions that comply with the requirements of Florida Statutes and have been designated as Qualified Public Depositories (QPDs) by the State Treasurer. QPDs are required to pledge collateral to the State Treasurer with a market value equal to a percentage of the average daily balance of all governmental deposits in excess of any federal deposit insurance. In the event of a default by a QPD, all claims for governmental deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default, and, if necessary, a pro rata assessment to the other QPDs participating in the collateral pool.

At April 30, 2021 and 2020, pursuant to Florida Statute 218.415, investment securities, with the exception of certificates of deposit, are held with a third-party custodian, and all securities purchased by, and all collateral obtained by the System are properly designated as an asset of the System. The securities are held in accounts separate and apart from the assets of the financial institution. The System's bond indentures stipulate that all bond and trustee held funds be "Eligible Investments" as defined in the indentures and be maintained in separate accounts with a bond trustee. All bond and trustee held investments are held in accounts separate and apart from the assets of the financial institution.

Cash Equivalents and Investments

At April 30, 2021 and 2020, the System's cash equivalents and investments, including assets whose use is limited and restricted assets, are as follows (in thousands):

	2021	2020
Unrestricted cash equivalents	$ 96,298	$ 76,299
Unrestricted investments	2,410,499	2,064,364
Designated investments	20,169	20,181
Investments under self-insurance agreements	62,735	62,028
Other assets:		
Restricted for ACO repayment mechanism	1,444	-
Restricted assets:		
Under indenture agreements for debt service	25,248	25,026
	$ 2,616,393	$ 2,247,898

The current portion of investments under self-insurance agreements available to cover current liabilities of approximately $1,130,000 and $13,310,000 at April 30, 2021 and $1,073,000 and $13,531,000 at April 30, 2020, is included in cash and cash equivalents and other current assets, respectively, in the accompanying statements of net position.

The System's investment policy, as amended from time to time, is approved by the Board of Commissioners of the South Broward Hospital District (the Board). The investment policy is designed to maximize financial return to the System consistent with the risks incumbent in each investment and designed to preserve the appropriate diversification in the portfolio. The System utilizes an independent investment consultant to identify and hire investment managers, implement strategies and monitor risk and performance.

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

The investment policy authorizes investment in equity strategies up to a 20% limitation of investable assets as amended in October 2020 from 10%. At April 30, 2021 and 2020, approximately 11.6% and 6.3% of investable assets were in low volatility equity mutual funds and/or exchange traded funds.

Fair Value Measurements

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

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted prices; and,
- *Level 3:* Unobservable inputs.

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

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

The tables below present the fair value leveling of the System's cash equivalents and investments as of April 30, 2021 and 2020, in accordance with GASB Statement No. 72 (in thousands):

	2021			
	Level 1	Level 2	Level 3	Total
SEC-registered money market funds	$ 86,317	$ -	$ -	$ 86,317
Commercial paper	-	88,469		88,469
U.S. treasuries	745,099	-	-	745,099
U.S. agencies	-	231,396	-	231,396
U.S. agency mortgage bonds	-	443,631	-	443,631
Asset-backed securities	-	173,303	-	173,303
Supranational bonds	-	6,428	-	6,428
Corporate debt	5,621	440,069	-	445,690
U.S. equities	25,684	-	-	25,684
Municipal securities	-	91,580	-	91,580
Equity mutual funds	278,796	-	-	278,796
	$ 1,141,517	$ 1,474,876	$ -	$ 2,616,393

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

	2020			
	Level 1	Level 2	Level 3	Total
SEC-registered money market funds	$ 65,981	$ -	$ -	$ 65,981
Commercial paper	-	100,805	-	100,805
U.S. treasuries	729,012	-	-	729,012
U.S. agencies	155,956	155,242	-	311,198
U.S. agency mortgage bonds	-	335,656	-	335,656
Asset-backed securities	19,653	129,011	-	148,664
Supranational bonds	-	2,201	-	2,201
Corporate debt	56,656	282,247	-	338,903
Municipal securities	-	75,532	-	75,532
Equity mutual funds	139,946	-	-	139,946
	$ 1,167,204	$ 1,080,694	$ -	$ 2,247,898

Interest Rate Risk

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

At April 30, 2021 and 2020, the System had cash equivalents and investments maturing as follows (in thousands):

	2021				
	Fair Value	No Maturity Date or Less than 1 Year	1 -5 Years	6-10 Years	Greater Than 10 Years
SEC-registered money market funds	$ 86,317	$ 86,317	$ -	$ -	$ -
Commercial paper	88,469	88,469	-	-	-
U.S. treasuries	745,099	322,994	333,604	88,501	-
U.S. agencies	231,396	39,400	161,788	17,521	12,687
U.S. agency mortgage bonds	443,631	21,842	117,801	127,637	176,351
Asset-backed securities	173,303	17,003	134,222	13,855	8,223
Supranational bonds	6,428	4,501	1,667	260	-
Corporate debt	445,690	91,280	310,465	43,945	-
U.S. equities	25,684	25,684	-	-	-
Municipal securities	91,580	3,773	40,290	44,231	3,286
Equity mutual funds	278,796	278,796	-	-	-
	$2,616,393	$ 980,059	$ 1,099,837	$ 335,950	$ 200,547

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

	2020				
	Fair Value	No Maturity Date or Less than 1 Year	1 -5 Years	6-10 Years	Greater Than 10 Years
SEC-registered money market funds	$ 65,981	$ 65,981	$ -	$ -	$ -
Commercial paper	100,805	100,805	-	-	-
U.S. treasuries	729,012	283,361	366,244	79,407	-
U.S. agencies	311,198	66,500	135,769	83,000	25,929
U.S. agency mortgage bonds	335,656	3,349	57,608	74,253	200,446
Asset-backed securities	148,664	1,450	107,180	25,408	14,626
Supranational bonds	2,201	1,337	864	-	-
Corporate debt	338,903	42,889	239,079	56,935	-
Municipal securities	75,532	4,903	24,771	45,858	-
Equity mutual funds	139,946	139,946	-	-	-
	$2,247,898	$ 710,521	$ 931,515	$ 364,861	$ 241,001

Credit Risk

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

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

At April 30, 2021 and 2020, the System's cash equivalents and investments have credit ratings as follows (in thousands):

		S&P Rating or Comparable as of April 30, 2021										
	Total	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	B
SEC-registered money market funds	$ 86,317	$ 86,317	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial paper	88,469	-	-	-	-	40,488	36,983	10,998	-	-	-	-
U.S. treasuries	745,099	-	745,099	-	-	-	-	-	-	-	-	-
U.S. agencies	231,396	-	231,396	-	-	-	-	-	-	-	-	-
U.S. agency mortgage bonds	443,631	-	443,631	-	-	-	-	-	-	-	-	-
Asset-backed securities	173,303	154,166	17,694	-	-	-	-	-	-	-	-	1,443
Supranational Bonds	6,428	1,768	4,660	-	-	-	-	-	-	-	-	-
Corporate debt	445,690	4,105	14,476	17,553	28,322	43,992	135,747	127,680	59,093	14,195	527	-
Municipal securities	91,580	38,962	33,617	16,563	2,033	-	-	-	-	405	-	-
	2,311,913	$ 285,318	$ 1,490,573	$ 34,116	$ 30,355	$ 84,480	$172,730	$ 138,678	$ 59,093	$ 14,600	$ 527	$ 1,443
Unrated equity mutual funds and U.S. equities	304,480											
	$ 2,616,393											

		S&P Rating or Comparable as of April 30, 2020												
	Total	AAA	A-1	AA+	AA	AA-	A+	A-2	A	A-	BBB+	BBB	BBB-	B
SEC-registered money market funds	$ 65,981	$ 65,981	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial paper	100,805	-	98,807	-	-	-	-	1,998	-	-	-	-	-	-
U.S. treasuries	729,012	-	-	729,012	-	-	-	-	-	-	-	-	-	-
U.S. agencies	311,198	-	-	311,198	-	-	-	-	-	-	-	-	-	-
U.S. agency mortgage bonds	335,656	-	-	335,656	-	-	-	-	-	-	-	-	-	-
Asset-backed securities	148,664	141,117	-	7,315	-	-	-	-	-	-	-	-	-	232
Supranational Bonds	2,201	2,201	-	-	-	-	-	-	-	-	-	-	-	-
Corporate debt	338,903	206	-	4,851	18,746	30,345	64,706	-	125,004	77,057	15,398	2,098	492	-
Municipal securities	75,532	30,042	-	26,743	15,590	3,157	-	-	-	-	-	-	-	-
	2,107,952	$ 239,547	$ 98,807	$ 1,414,775	$ 34,336	$ 33,502	$ 64,706	$ 1,998	$ 125,004	$ 77,057	$ 15,398	$ 2,098	$ 492	$ 232
Unrated equity mutual funds	139,946													
	$ 2,247,898													

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

Concentration of Credit Risk

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

At April 30, 2021 and 2020, investments in any one issuer representing 5% or more of the System's total investments were approximately $234,610,000 (9.0%) and $277,855,000 (12.4%) invested in issues of the Federal National Mortgage Association and $259,760,000 (9.9%) and $193,263,000 (8.7%) invested in issues of the Federal Home Loan Mortgage Corp, respectively.

Note 6. Capital Assets

A summary of the activity in the capital assets and the related accumulated depreciation accounts is as follows for the years ended April 30, 2021 and 2020 (in thousands):

	Balance at May 1, 2020	Additions	Transfers	Deletions	Balance at April 30, 2021
Depreciable assets:					
Land improvements	$ 30,158	$ 27	$ 800	$ -	$ 30,985
Buildings and improvements	1,359,217	1,897	12,655	-	1,373,769
Equipment	745,668	30,644	11,087	(35,860)	751,539
Total depreciable assets	2,135,043	32,568	24,542	(35,860)	2,156,293
Accumulated depreciation:					
Land improvements	(18,577)	(1,226)	-	-	(19,803)
Buildings and improvements	(746,566)	(43,831)	-	-	(790,397)
Equipment	(595,652)	(42,581)	-	35,177	(603,056)
Total accumulated depreciation	(1,360,795)	(87,638)	-	35,177	(1,413,256)
Net depreciable assets	774,248	(55,070)	24,542	(683)	743,037
Land	67,124	-	-	-	67,124
Construction in progress	45,022	108,036	(24,542)	-	128,516
Capital assets, net	$ 886,394	$ 52,966	$ -	$ (683)	$ 938,677

Note 6. Capital Assets (Continued)

	Balance at May 1, 2019	Additions	Transfers	Deletions	Balance at April 30, 2020
Depreciable assets:					
Land improvements	$ 29,993	$ 49	$ 116	$ -	$ 30,158
Buildings and improvements	1,337,803	1,476	20,769	(831)	1,359,217
Equipment	719,112	19,262	22,874	(15,580)	745,668
Total depreciable assets	2,086,908	20,787	43,759	(16,411)	2,135,043
Accumulated depreciation:					
Land improvements	(17,366)	(1,211)	-	-	(18,577)
Buildings and improvements	(704,922)	(42,082)	-	438	(746,566)
Equipment	(560,584)	(50,047)	-	14,979	(595,652)
Total accumulated depreciation	(1,282,872)	(93,340)	-	15,417	(1,360,795)
Net depreciable assets	804,036	(72,553)	43,759	(994)	774,248
Land	66,968	-	156	-	67,124
Construction in progress	37,927	51,755	(43,915)	(745)	45,022
Capital assets, net	$ 908,931	$ (20,798)	$ -	$ (1,739)	$ 886,394

At April 30, 2021 and 2020, non-cash capital expenditures that are included in accounts payable and accrued expenses were approximately $22,229,000 and $8,168,000, respectively.

The System is currently engaged in expansion projects at its facilities with significant construction at Joe DiMaggio Children's Hospital and Memorial Hospital Miramar. The estimated cost to complete all construction projects in process at April 30, 2021, is approximately $212.1 million.

Note 7. Self-Insurance

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

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

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

Note 7. Self-Insurance (Continued)

The System's management estimates and accrues for the cost of unreported claims based on historical data and actuarial projections. The liability includes estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The estimated claims liability for professional liability has been discounted based on an interest rate of 1.90% and 2.40% at April 30, 2021 and 2020, respectively. The estimated claims liability for worker's compensation has been discounted based on an interest rate of 1.30% and 2.40% at April 30, 2021 and 2020, respectively.

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

Years Ended April 30	Liability at Beginning of Year	New Claims and Changes in Estimates	Claim Payments	Liability at End of Year	Estimated Amount Due Within One Year
2020	$ 45,655	$ 31,923	$ (32,895)	$ 44,683	$ 16,396
2021	44,683	40,830	(35,233)	50,280	19,635

Note 8. Long-Term Debt

The following is a summary of long-term debt as of April 30, 2021 and 2020 (in thousands):

	2021	2020
Series 2018 Hospital Revenue Bonds – $101,575 authorized and		
issued: Serial Bond, interest rate of 5.00%, maturing on May 1, 2045	$ 20,715	$ 20,715
4.00% Term Bond due May 1, 2048	80,860	80,860
	101,575	101,575
Unamortized discount, net	(1,020)	(1,056)
	100,555	100,519
Series 2017 Hospital Revenue and Refunding Revenue Bonds – $101,420 authorized and issued: Serial Bonds, interest rates of 3.25% to 5.00%, maturing in amounts ranging from $3,835 to $15,305 beginning May 1, 2022 through May 1, 2032	101,420	101,420
Unamortized premium, net	9,058	9,882
	110,478	111,302
Series 2016A Hospital Revenue and Refunding Revenue Bonds – $160,620 authorized and issued: Serial Bonds, interest rates of 3.375% to 4.00%, maturing in amounts ranging from $11,235 to $20,435 beginning May 1, 2027 through May 1, 2040	31,670	31,670
3.50% Term Bond due May 1, 2039	38,825	38,825
4.00% Term Bond due May 1, 2044	90,125	90,125
	160,620	160,620
Unamortized premium, net	1,310	1,367
	161,930	161,987
Series 2016 Hospital Revenue and Refunding Revenue Bonds – $173,040 authorized and issued: Serial Bonds, interest rates of 2.75% to 5.00%, maturing in amounts ranging from $1,600 to $24,070 beginning May 1, 2017 through May 1, 2037	159,090	163,280
Unamortized premium, net	9,602	10,167
	168,692	173,447
Series 2015 Hospital Revenue and Refunding Revenue Bonds – $154,905 authorized and issued: Serial Bonds, interest rates of 3.00% to 5.00%, maturing in amounts ranging from $1,195 to $7,915 beginning May 1, 2016 through May 1, 2037	97,985	105,460
4.00% Term Bond due May 1, 2040	9,560	9,560
4.00% Term Bond due May 1, 2045	18,735	18,735
	126,280	133,755
Unamortized premium, net	7,292	7,594
	133,572	141,349
Total debt	675,227	688,604
Less current portion	(12,185)	(11,665)
Long-term portion	$ 663,042	$ 676,939

Note 8. Long-Term Debt (Continued)

During 2021 and 2020, interest cost of approximately $1,780,000 and $588,000, respectively, was capitalized. Capitalized interest is included in capital assets, net, in the accompanying statements of net position.

At April 30, 2021 and 2020, the System's long-term debt is comprised solely of revenue bonds issued under its Master Trust Indenture (MTI) dated as of September 1, 2003. The System is the only member of the obligated group although the MTI provides for additional membership. The obligations issued under the MTI are payable solely from and are secured by a pledge of and a lien on the gross patient charges of the obligated group and any future member of the obligated group and certain accounts created under the MTI, provided, however, the lien and pledge of the accounts under the MTI do not extend to obligations issued for the benefit of the Revenue Certificate holders. As of April 30, 2021 and 2020, amounts on deposit in certain accounts under the MTI were $25,248,000 and $25,026,000, respectively, and is presented as Restricted assets – under indenture agreements for debt service in the accompanying statements of net position.

The MTI contains certain restrictive debt covenants for the System, including a minimum debt service ratio and an incurrence test for the addition of indebtedness. As of April 30, 2021 and 2020, the System was in compliance with all of its debt covenants.

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

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

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

The refunding of the Series 2006 Bonds resulted in a loss on defeasance of approximately $5,975,000. At April 30, 2021 and 2020, the unamortized value of the deferred amount was approximately $4,345,000 and $4,618,000, respectively, which is included in loss on defeasance, net in the accompanying statements of net position. The deferred amount is being charged to operations through the year 2037 using a straight-line interest amortization method, since the results are not significantly different from the effective interest method of amortization.

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

Note 8. Long-Term Debt (Continued)

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

The refunding of the Series 2006 and advance refunding of the 2008 Bonds resulted in a loss on defeasance of approximately $15,936,000. At April 30, 2021 and 2020, the unamortized value of the deferred amount was approximately $12,002,000 and $12,802,000, respectively, which is included in loss on defeasance, net in the accompanying statements of net position. The deferred amount is being charged to operations through the year 2036 using a straight-line interest amortization method, since the results are not significantly different from the effective interest method of amortization.

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

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

The refunding of the Series 2007 Bonds resulted in a loss on defeasance of approximately $3,070,000. At April 30, 2021 and 2020, the unamortized value of the deferred amount was approximately $2,227,000 and $2,429,000, respectively, which is included in loss on defeasance, net in the accompanying statements of net position. The deferred amount is being charged to operations through the year 2032 using a straight-line interest amortization method, since the results are not significantly different from the effective interest method of amortization.

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

Line of Credit: The System entered into a $125,000,000, 364-day Line of Credit which closed on June 3, 2020. The Line of Credit is an obligation under the MTI to provide liquidity financing for general corporate purposes and working capital. Amounts borrowed under the Line of Credit accrue interest at Libor plus 0.80% per annum. In addition, the System is required to pay a commitment fee of 0.20% per annum on the amount of unused commitment. The System did not borrow under the Line of Credit for the year ended April 30, 2021, and it was terminated effective March 31, 2021.

Note 8. Long-Term Debt (Continued)

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

	Principal	Interest Payments	Total Debt Service
Years ending April 30:			
2022	$ 12,185	$ 25,699	$ 37,884
2023	11,860	25,098	36,958
2024	12,390	24,491	36,881
2025	12,935	23,858	36,793
2026	18,280	23,116	41,396
2027-2031	110,480	101,078	211,558
2032-2036	139,620	76,801	216,421
2037-2041	120,800	53,805	174,605
2042-2046	129,575	30,150	159,725
2047-2049	80,860	4,938	85,798
	$ 648,985	$ 389,034	$ 1,038,019

Activity related to long-term debt is summarized as follows for the years ended April 30, 2021 and 2020 (in thousands):

	2021	2020
Balance at beginning of year	$ 688,604	$ 851,485
Principal payments on long-term debt	(11,665)	(161,170)
Amortization of premiums and/or discounts	(1,712)	(1,711)
Balance at end of year	$ 675,227	$ 688,604

Note 9. Employer Pension Disclosures, As Required By GASB Statement No. 68

Plan Description

The Plan is a single employer, noncontributory defined benefit pension plan administered by the System, covering substantially all full-time regular employees that were hired on or before October 31, 2011. Effective November 1, 2011, the Plan was closed to new hires and rehires. Eligible employees hired or had a status change on or after November 1, 2011 are covered under the Memorial Healthcare System 401(a) Retirement Plan (the 401(a) Plan). Refer to Note 11 for further discussion of the 401(a) Plan. The Plan does not issue a stand-alone financial report; however, it is reported as a pension trust fund in the financial statements of the System herein. The Board has the authority to establish and amend the benefit provisions of the Plan. The Board consists of seven members who are appointed by the Governor of Florida.

Benefits Provided

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

Note 9. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

Effective May 1, 2014, the Plan was amended to: (1) permit lump-sum distributions to participants when the actuarial equivalent present value of the retirement benefit is not greater than $50,000 and the participant has not begun receiving a monthly retirement benefit; (2) permit the Plan to distribute to the participant (if elected) or into an eligible retirement plan (if the participant does not make an election) the actuarial equivalent present value of a participant's benefit when it exceeds $1,000 but does not exceed $5,000; and (3) distribute the actuarial equivalent present value of a participant's benefit that is $1,000 or less as soon as administratively practical following the participant's date of termination.

Funding Policy

The Plan's funding policy provides for actuarially determined amounts, which, together with investment earnings, are sufficient to fund the Plan as prescribed under Part VII, Chapter 112 of the Florida Statutes. There are no employee contributions. The Plan's funding policy provides for actuarially determined periodic contributions that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The portion of the actuarially determined contribution for normal cost is determined using the projected unit credit actuarial funding method with proration based on service. The actuary uses the level dollar method to amortize the unfunded liability over the average future working lifetime of active participants which was 8 years and 9 years as of May 1, 2020 and May 1, 2019, respectively. The same amortization method is used for experience gains or losses, changes in benefits, or changes in actuarial assumptions. The actuarial value of assets uses a five-year smoothing for investment gains and losses. The annual required contributions to the Plan during fiscal year ended April 30, 2021 of approximately $35,136,000 were made based on the actuarially determined contribution for the same amount computed through an actuarial valuation performed as of May 1, 2020. The annual required contributions to the Plan during fiscal year ended April 30, 2020 of approximately $41,122,000 were made in excess of the actuarially determined contribution of $38,723,000 computed through an actuarial valuation performed as of May 1, 2019. During the fiscal years ended April 30, 2021 and 2020, contributions as a percentage of covered payroll were 10.8% and 12.3%, respectively.

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

Participant data as of April 30, 2021 and 2020, is as follows:

	2021	2020
Active plan members or employees	3,866	4,161
Inactive plan members or employees or beneficiaries currently receiving benefits	2,375	2,175
Inactive plan members or employees entitled to but not yet receiving benefits	2,469	3,280
Total	8,710	9,616

Net Pension Liability

The net pension liability of the System reported, as of April 30, 2021 and 2020, was measured as of April 30, 2020 and 2019, respectively. The total pension liability reported by the System as of April 30, 2021 and 2020, is based on the liability determined using May 1, 2019 and 2018 census data and a May 1, 2019 and 2018 valuation date using update procedures to roll forward to the measurement dates of April 30, 2020 and 2019, respectively.

Note 9. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

The following schedule presents the change in net pension liability reporting for the System for the fiscal years ended April 30, 2021 and 2020 (in thousands):

	2021	2020
Total pension liability		
Service cost	$ 16,436	$ 16,386
Interest	56,111	54,578
Differences between expected and actual experience	1,273	(13,440)
Changes in assumptions	(18,609)	(20,003)
Benefit payments	(35,788)	(24,903)
Net change in total pension liability	19,423	12,618
Total pension liability – beginning	818,203	805,585
Total pension liability – ending (a)	$ 837,626	$ 818,203
Plan fiduciary net position		
Contributions – employer	$ 41,122	$ 37,043
Net investment income	(8,993)	48,985
Benefit payments	(35,788)	(24,903)
Administrative expense	(225)	(235)
Net change in plan fiduciary net position	(3,884)	60,890
Plan fiduciary net position – beginning	688,156	627,266
Plan fiduciary net position – ending (b)	$ 684,272	$ 688,156
Plan’s net pension liability ending – (a) – (b)	$ 153,354	$ 130,047

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

The System recorded approximately $29,932,000 and $28,376,000 in pension expense for the fiscal years ended April 30, 2021 and 2020, respectively, which is included in employee benefits expense in the accompanying statements of revenues, expenses, and changes in fund net position.

Note 9. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

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

	Deferred Outflows of Resources	
	2021	2020
Differences between expected and actual experience	$ 1,216	$ 479
Employer's contribution to the plan subsequent to the measurement date of the net pension liability	35,136	41,122
Changes in assumptions	4,348	8,696
Net difference between projected and actual earnings on pension plan investments	36,014	-
Total deferred outflows of resources	$ 76,714	$ 50,297

	Deferred Inflows of Resources	
	2021	2020
Differences between expected and actual experience	$ 7,694	$ 11,237
Changes in assumptions	24,122	15,394
Net difference between projected and actual earnings on pension plan investments	-	7,279
	$ 31,816	$ 33,910

The following schedule presents the future amortization of pension-related deferred outflows of resources and deferred inflows of resources, excluding the balance attributable to the employer's contribution to the Plan in the current fiscal year and subsequent to the net pension liability measurement date. The difference between projected and actual earnings on pension investment is recorded in pension expense over a 5-year period. The changes in assumptions and differences between expected and actual experience is recorded in pension expense over the remaining service lives of active and inactive members which was 3.53 years and 4.34 years as of May 1, 2020 and 2019, respectively.

The employer's contribution to the Plan reported by the System in the fiscal years ended April 30, 2021 and 2020 will be reported as a reduction in the net pension liability in the next fiscal year. Other amounts reported as pension-related deferred outflows of resources and deferred inflows of resources at April 30, 2021, will be recognized as an increase (reduction) to pension expense for the fiscal years ending April 30 as follows (in thousands):

Years ending April 30:	
2022	$ (3,342)
2023	(3,632)
2024	5,285
2025	11,451
	$ 9,762

Note 9. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

Actuarial Methods and Assumptions

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

The assumptions used to measure the total pension liability of the System as of the measurement dates of April 30, 2020 and 2019, follows. Significant assumptions used in the May 1, 2019 and 2018 valuation were based on the results of various actuarial experience studies performed over the last five years.

	2021	2020
Measurement date	April 30, 2020	April 30, 2019
Valuation date	May 1, 2019, rolled forward from May 1, 2019 to April 30, 2020	May 1, 2018, rolled forward from May 1, 2018 to April 30, 2019
Actuarial cost method	Entry age normal actuarial cost method	Entry age normal actuarial cost method
Asset valuation method	Fair market value for plan investments	Fair market value for plan investments
Long-term expected rate of return	6.75%	7.00%
Discount rate	6.75%	7.00%
Mortality rates	Based on the Pri-2012 Benefits-weighted Employee, Annuitant, and Disabled Mortality tables for males and females projected from 2012 using generational projection Scale MP-2018 for males and females.	Based on the RP-2014 Employee and Annuitant Mortality tables for males and females with the Scale MP-2014 backed out to 2006 and projected forward from 2006 generationally using Scale MP-2018 for males and females.
Projected salary increases	**Attained Age** / **Percentage Increase*** Less than 35: 6.00% 35-39: 5.25% 40-44: 4.00% 45-49: 3.50% 50-54: 3.00% 55-59: 2.50% 60 or older: 2.25% *Includes inflation at 2.5% Age-based rated based on plan experience per rates above.	**Attained Age** / **Percentage Increase*** Less than 35: 5.00% 35-39: 4.75% 40-44: 4.50% 45-49: 4.25% 50-54: 4.00% 55-59: 3.75% 60 or older: 3.50% *Includes inflation at 2.5% Age-based rated based on plan experience starting with the rates above and increasing 0.25% per year until 2020 and remaining constant thereafter. All increases in rates through 2020 are reflected in the May 1, 2018 valuation.
Cost of living adjustments	None	None
Experience study date	May 1, 2019	May 1, 2015

Note 9. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75% and 7.0% for the April 30, 2020 and 2019 measurement dates, respectively. The projection of cash flows used to determine the discount rate assumed that employer contributions are made at 100% of the annual actuarial determined value and that future contributions will be made in the same manner. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Florida Statutes require the System to make an actuarially-determined contribution to the Plan each year. Thus, as long as the System continues to fund the Plan based on the contributions, the Plan will remain adequately funded. Actuaries perform a valuation on census data and asset information every year as of May 1st. The annual valuation includes a contribution amount that the System funds each year. An alternative method applies for the System due to the Florida Statutes, requiring that the System fund an actuarially determined dollar amount of contribution each year. As long as the System remains financially able to make the contributions each year, there will not likely be a point in time where the Plan will run out of money and not be able to make benefit payments.

Investment Policy

The Board adopted an investment policy for the Plan that adheres to the investment guidelines and permissible investments outlined in Florida Statutes, Title XIV, Chapters 215.44 and 215.47. The investment policy has target percentages for certain asset classes and permits variances of +/- 5% as an allowable range. The Board and its Finance Committee uses an independent registered financial advisor to assist in monitoring investment activities, investment policy formulation and investment manager selection. The following are the Board's adopted investment policy asset allocation midpoint percentages for both the measurement dates as of April 30, 2020 and 2019:

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

Note 9. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

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

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

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

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

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

Note 9. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

Pension Plan Fiduciary Net Position

Stand-alone financial statements are not issued for the Plan. Detailed information about the pension plan's fiduciary net position used to compute the System's net pension liability as of April 30, 2021 and 2020, is available in the separately issued financial statements of the System for the years ended April 30, 2020 and 2019, which include the pension trust fund statements that can be obtained from the System's website at www.mhs.net.

Expected Rate of Return

The projected long-term rate of return on pension plan investments at April 30, 2020 and 2019 was determined using a model of current capital market simulations. It is designed to simulate a wide range of plausible scenarios of future capital market performance over a 10-year time period. It reflects the capital market conditions prevailing at the start date of the simulation. The long-term rate of return on pension plan investments was determined using best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expense) developed for each major asset class. These ranges are combined to support the long-term expected rate of return assumptions for the Plan by weighting the expected future rates of return by the asset allocation percentage and by considering active and passive management investment strategies. Best estimates of arithmetic real rates of return (expected returns, net of pension plan investment expense and inflation) for major assets classes included in the Plan's asset allocations as of April 30, 2020 and 2019, are summarized in the following table:

	2020	2019*
Asset Class	Long-Term Expected Real Rate of Return	
Broad Core Fixed Income	(0.1%)	1.2%
High Yield Bonds	3.9%	4.5%
Senior Secured Bank Loans	4.0%	4.7%
US Equities – All Capitalizations	5.7%	5.7%
Defensive Equity	5.0%	4.6%
Global Equity – Value and Growth	6.0%	5.7%
Global Low Volatility Equity	5.0%	5.1%

*The Plan utilized a different model in 2020 compared to 2019 for its estimates of the long-term expected real rates of returns by asset class to provide for more representative estimates of returns given the addition of certain asset classes. The disclosure of the 2019 long-term expected real rates of returns by asset class have been updated using a similar model used in 2020 for comparative purposes.

Note 9. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

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

The following presents the sensitivity of the net pension liability calculation to a 1.0% increase and a 1.0% decrease in the discount rate used to measure the total pension liability as of the measurement dates of April 30, 2020 and 2019, as reported by the System as of April 30, 2021 and 2020, respectively (in thousands):

	2021		
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	$ 263,717	$ 153,354	$ 61,324

	2020		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	$ 240,440	$ 130,047	$ 38,125

Note 10. Pension Plan Disclosures, As Required by GASB Statement No. 67

The net pension liability as of April 30, 2021 to be reported by the System as of April 30, 2022, was measured as of April 30, 2021. The total pension liability of the Plan as of April 30, 2021 is based on the liability determined using May 1, 2020 census data and a May 1, 2020 valuation date using update procedures to roll forward to the measurement date of April 30, 2021. The net pension liability as of April 30, 2020 to be reported by the System as of April 30, 2021, was measured as of April 30, 2020. The total pension liability of the Plan as of April 30, 2020 is based on the liability determined using May 1, 2019 census data and a May 1, 2019 valuation date using update procedures to roll forward to the measurement date of April 30, 2020.

The components of the net pension liability as of the Plan's year end April 30, 2021 and 2020, were as follows (in thousands):

	2021	2020
Net pension liability		
Total pension liability	$ 887,246	$ 837,626
Plan fiduciary net position	(883,743)	(684,272)
Net pension liability	$ 3,503	$ 153,354
Plan fiduciary net position as a percentage of the total pension liability	99.6%	81.7%

Note 10. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

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

The following presents the sensitivity of the net pension liability calculation to a 1.0% increase and a 1.0% decrease in the discount rate used to measure the total pension liability as of April 30, 2021 and 2020 (in thousands):

	2021		
	1% Decrease (5.60%)	Current Discount Rate (6.60%)	1% Increase (7.60%)
Net pension liability (asset)	$ 118,219	$ 3,503	$ (92,515)

	2020		
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	$ 263,717	$ 153,354	$ 61,324

Note 10. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

Actuarial Methods and Assumptions

Significant assumptions used in the May 1, 2020 and 2019 valuations, with measurement dates of April 30, 2021 and 2020 under GASB Statement No. 67 were based on the results of various actuarial experience studies performed over the last five years. The assumptions used to measure the total pension liability as of the measurement dates of April 30, 2021 and 2020 were based on actuarial valuation dates of May 1, 2020 and 2019 follows:

	2021	2020
Measurement date	April 30, 2021	April 30, 2020
Valuation date	May 1, 2020, rolled forward from May 1, 2020 to April 30, 2021	May 1, 2019, rolled forward from May 1, 2019 to April 30, 2020
Actuarial cost method	Entry age normal actuarial cost method	Entry age normal actuarial cost method
Asset valuation method	Fair market value for plan investments	Fair market value for plan investments
Long-term expected rate of return	6.60%	6.75%
Discount rate	6.60%	6.75%
Mortality rates	Based on the Pri-2012 Benefits-weighted Employee, Annuitant, and Disabled Mortality tables for males and females projected from 2012 using generational projection Scale MP-2020 for males and females.	Based on the Pri-2012 Benefits-weighted Employee, Annuitant, and Disabled Mortality tables for males and females projected from 2012 using generational projection Scale MP-2018 for males and females.
Projected salary increases	**Attained Age** / **Percentage Increase*** Less than 35: 6.00% 35-39: 5.25% 40-44: 4.00% 45-49: 3.50% 50-54: 3.00% 55-59: 2.50% 60 or older: 2.25% *Includes inflation at 2.5% Age-based rated based on plan experience per the rates above.	**Attained Age** / **Percentage Increase*** Less than 35: 6.00% 35-39: 5.25% 40-44: 4.00% 45-49: 3.50% 50-54: 3.00% 55-59: 2.50% 60 or older: 2.25% *Includes inflation at 2.5% Age-based rated based on plan experience per the rates above.
Cost of living adjustments	None	None
Experience study date	May 1, 2019	May 1, 2019

Note 10. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

Discount Rate

The discount rate used to measure the total pension liability of the Plan as of April 30, 2021 and 2020 was 6.60% and 6.75%, respectively. The projection of cash flows used to determine the discount rate assumed that employer contributions are made at 100% of the annual actuarial determined value and that future contributions will be made in the same manner. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Florida Statutes require the System to make an actuarially-determined contribution to the Plan each year. Thus, as long as the System continues to fund the Plan based on the contributions, the Plan will remain adequately funded. The valuation includes the annual contribution amount that the System funds each year. An alternative method applies for the System due to the Florida Statutes, requiring that the System fund an actuarially determined dollar amount of contribution each year. As long as the System remains financially able to make the contributions each year, there will never be a point in time where the Plan will run out of money and not be able to make the benefit payments.

Termination and Retirement Rates

As part of the demographic assumption studies performed every 3 to 5 years, to ensure that assumptions are still appropriate for the population, a study of termination and retirement rates was performed for the May 1, 2019 valuation. The results of this study were not significant to the Plan valuations.

Rate of Return

For the fiscal years ended April 30, 2021 and 2020, the annual money-weighted rate of return (loss) on pension plan investments, net of pension plan investment expense, was 28.7% and (1.3)%, respectively. The money-weighted rate of return is used to express investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Expected Rate of Return

The projected long-term rate of return on pension plan investments at April 30, 2021 and 2020, was determined using a model of current capital market simulations. It is designed to simulate a wide range of plausible scenarios of future capital market performance over a 10-year time period. It reflects the capital market conditions prevailing at the start date of the simulation. The long-term rate of return on pension plan investments was determined using best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expense) developed for each major asset class. These ranges are combined to support the long-term expected rate of return assumptions for the Plan by weighting the expected future rates of return by the largest asset allocation percentage and by considering active and passive investment strategies.

Note 10. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

Best estimates of arithmetic real rates of return (expected returns, net of pension plan investment expense and inflation) for major asset classes included in the Plan's asset allocations as of April 30, 2021 and 2020, are summarized in the following table:

	2021	2020
Asset Class	Long-Term Expected Real Rate of Return	
Broad Core Fixed Income	2.0%	(0.1%)
High Yield Bonds	4.3%	3.9%
Senior Secured Bank Loans	4.8%	4.0%
US Equities - All Capitalizations	7.5%	5.7%
Defensive Equity	6.6%	5.0%
Global Equity - Value and Growth	7.6%	6.0%
Global Low Volatility Equity	6.8%	5.0%

Fair Value Measurements – Pension Plan Assets

The tables below presents the fair value leveling of the Plan's investments as of April 30, 2021 and 2020, in accordance with GASB Statement No.72 (in thousands):

	2021			
	Level 1	Level 2	Level 3	Total
SEC-registered money market funds	$ 16,378	$ -	$ -	$ 16,378
U.S. treasuries	76,758	-	-	76,758
U.S. agencies	21,969	-	-	21,969
U.S. agency mortgage bonds	-	27,831	-	27,831
Asset-backed securities	-	5,823	-	5,823
Corporate debt	89,778	1,983	5,489	97,250
Foreign bonds	1,307	-	-	1,307
Commercial mortgage securities	-	5,354	-	5,354
Pacific Life Floating Rate Income Fund	40,803	-	-	40,803
U.S. equities	118,806	-	-	118,806
U.S. equity exchange traded funds	149,165	-	-	149,165
International equities	96,576	-	-	96,576
Vanguard Global Minimum Volatility Fund	41,487	-	-	41,487
Dodge & Cox Global Stock Fund	182,906	-	-	182,906
	$ 835,933	$ 40,991	$ 5,489	$ 882,413

Note 10. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

	2020			
	Level 1	Level 2	Level 3	Total
SEC-registered money market funds	$ 12,451	$ -	$ -	$ 12,451
U.S. treasuries	38,059	-	-	38,059
U.S. agencies	22,369	-	-	22,369
U.S. agency mortgage bonds	-	23,620	-	23,620
Asset-backed securities	-	8,213	-	8,213
Corporate debt	106,027	2,783	7,805	116,615
Commercial mortgage securities	-	7,199	-	7,199
Collateralized mortgage obligations	-	1,679	-	1,679
Pacific Life Floating Rate Income Fund	31,845	-	-	31,845
U.S. equities	78,661	-	-	78,661
U.S. equity exchange traded funds	105,771	-	-	105,771
International equities	74,629	-	-	74,629
Vanguard Global Minimum Volatility Fund	35,088	-	-	35,088
Dodge & Cox Global Stock Fund	113,994	-	-	113,994
	$ 618,894	$ 43,494	$ 7,805	$ 670,193

Credit Risk

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

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

Note 10. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

Interest Rate Risk

Interest rate risk exposure is managed by limiting investment maturities in accordance with parameters in the Plan's investment policy. At April 30, 2021 and 2020, the Plan had investments maturing as follows (in thousands):

	2021				
	Fair Value	No Maturity Date or Less than 1 Year	1 -5 Years	6-10 Years	Greater Than 10 Years
SEC-registered money market funds	$ 16,378	$ 16,378	$ -	$ -	$ -
U.S. treasuries	76,758	38,423	11,978	17,044	9,313
U.S. agencies	21,969	-	8,473	9,697	3,799
U.S. agency mortgage bonds	27,831	-	123	610	27,098
Asset-backed securities	5,823	18	5,543	12	250
Corporate debt	97,250	4,872	52,123	20,424	19,831
Foreign bonds	1,307	-	-	1,307	-
Commercial mortgage securities	5,354	-	-	-	5,354
Pacific Life Floating Rate Income Fund	40,803	40,803	-	-	-
U.S. equities	118,806	118,806	-	-	-
U.S. equity exchange traded funds	149,165	149,165	-	-	-
International equities	96,576	96,576	-	-	-
Vanguard Global Minimum Volatility Fund	41,487	41,487	-	-	-
Dodge & Cox Global Stock Fund	182,906	182,906	-	-	-
	$ 882,413	$ 689,434	$ 78,240	$ 49,094	$ 65,645

	2020				
	Fair Value	No Maturity Date or Less than 1 Year	1 -5 Years	6-10 Years	Greater Than 10 Years
SEC-registered money market funds	$ 12,451	$ 12,451	$ -	$ -	$ -
U.S. treasuries	38,059	18,398	6,366	6,986	6,309
U.S. agencies	22,369	-	559	6,103	15,707
U.S. agency mortgage bonds	23,620	-	-	601	23,019
Asset-backed securities	8,213	-	5,884	2,329	-
Corporate debt	116,615	1,017	41,152	25,846	48,600
Commercial mortgage securities	7,199	-	-	501	6,698
Collateralized mortgage obligations	1,679	-	12	337	1,330
Pacific Life Floating Rate Income Fund	31,845	31,845	-	-	-
U.S. equities	78,661	78,661	-	-	-
U.S. equity exchange traded funds	105,771	105,771	-	-	-
International equities	74,629	74,629	-	-	-
Vanguard Global Minimum Volatility Fund	35,088	35,088	-	-	-
Dodge & Cox Global Stock Fund	113,994	113,994	-	-	-
	$ 670,193	$ 471,854	$ 53,973	$ 42,703	$ 101,663

Note 10. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

At April 30, 2021 and 2020, the Plan's investments have credit ratings as follows (in thousands):

	S&P Rating or Comparable as of April 30, 2021												
	Total	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	Below BBB-	Not rated
SEC-registered money market funds	$ 16,378	$ 16,378	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
U.S. treasuries	76,758	-	76,758	-	-	-	-	-	-	-	-	-	-
U.S. agencies	21,969	-	21,969	-	-	-	-	-	-	-	-	-	-
U.S. agency mortgage bonds	27,831	-	27,831	-	-	-	-	-	-	-	-	-	-
Asset-backed securities	5,823	5,823	-	-	-	-	-	-	-	-	-	-	-
Corporate debt	97,250	-	2,899	1,212	4,323	6,481	10,968	11,389	17,095	4,590	3,612	34,671	10
Foreign bonds	1,307	-	-	-	-	-	-	-	-	1,307	-	-	-
Commercial mortgage securities	5,354	5,354	-	-	-	-	-	-	-	-	-	-	-
Pacific Life Floating Rate Income Fund	40,803	-	-	-	-	-	-	-	-	-	-	-	40,803
U.S. equities	118,806	-	-	-	-	-	-	-	-	-	-	-	118,806
U.S. equity exchange traded funds	149,165	-	-	-	-	-	-	-	-	-	-	-	149,165
International equities	96,576	-	-	-	-	-	-	-	-	-	-	-	96,576
Vanguard Global Minimum Volatility Fund	41,487	-	-	-	-	-	-	-	-	-	-	-	41,487
Dodge & Cox Global Stock Fund	182,906	-	-	-	-	-	-	-	-	-	-	-	182,906
	$ 882,413	$ 27,555	$ 129,457	$ 1,212	$ 4,323	$ 6,481	$ 10,968	$ 11,389	$ 17,095	$ 5,897	$ 3,612	$ 34,671	$ 629,753

	S&P Rating or Comparable as of April 30, 2020												
	Total	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	Below BBB-	Not rated
SEC-registered money market funds	$ 12,451	$ 12,451	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
U.S. treasuries	38,059	-	38,059	-	-	-	-	-	-	-	-	-	-
U.S. agencies	22,369	-	22,369	-	-	-	-	-	-	-	-	-	-
U.S. agency mortgage bonds	23,620	-	23,620	-	-	-	-	-	-	-	-	-	-
Asset-backed securities	8,213	8,213	-	-	-	-	-	-	-	-	-	-	-
Corporate debt	116,615	1,495	22,273	3,924	3,412	5,407	11,782	16,293	10,044	3,939	2,143	35,894	9
Commercial mortgage securities	7,199	2,350	4,849	-	-	-	-	-	-	-	-	-	-
Collateralized mortgage obligations	1,679	-	1,679	-	-	-	-	-	-	-	-	-	-
Pacific Life Floating Rate Income Fund	31,845	-	-	-	-	-	-	-	-	-	-	-	31,845
U.S. equities	78,661	-	-	-	-	-	-	-	-	-	-	-	78,661
U.S. equity exchange traded funds	105,771	-	-	-	-	-	-	-	-	-	-	-	105,771
International equities	74,629	-	-	-	-	-	-	-	-	-	-	-	74,629
Vanguard Global Minimum Volatility Fund	35,088	-	-	-	-	-	-	-	-	-	-	-	35,088
Dodge & Cox Global Stock Fund	113,994	-	-	-	-	-	-	-	-	-	-	-	113,994
	$ 670,193	$ 24,509	$ 112,849	$ 3,924	$ 3,412	$ 5,407	$ 11,782	$ 16,293	$ 10,044	$ 3,939	$ 2,143	$ 35,894	$ 439,997

Note 10. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

Concentration of Credit Risk

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

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

Custodial Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. As of April 30, 2021 and 2020, the Plan's investment portfolio was held in accounts with two third-party custodians.

Foreign Currency Risk

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

As of April 30, 2021 and 2020, global equities had a target percentage of 25% and an approved Policy range of 0% to 80% of the Plan's assets. The following table shows the Plan's exposure to foreign currencies as of April 30, 2021 and 2020 (in thousands):

Currency	2021	2020
Australian dollar	$ 4,461	$ 4,315
British sterling pound	12,650	9,307
Canadian dollar	6,541	2,947
Danish krone	4,602	3,858
EMU (euro)	20,861	13,472
Hong Kong dollar	5,223	7,986
Japanese yen	16,555	12,035
Swiss franc	12,917	12,295
Total Plan investments subject to foreign currency risk	$ 83,810	$ 66,215
Percentage of total Plan investments	9.5%	9.9%

Note 11. Defined-Contribution Plans

The System implemented the 401(a) Plan for employees who were hired or had a status change on or after November 1, 2011. Eligible employees are defined as those who are full-time (working 72 hours or more per pay period) and who accumulate 1,872 hours in a calendar year, not including overtime. Effective January 1, 2019, the System amended the 401(a) Plan to also include employees who complete at least 1,404 hours of service in their first calendar year of participation. The 401(a) Plan is a defined-contribution plan under which the System makes required contributions for each employee equal to 2.5% of eligible compensation. An employee is 100% vested after five contributions.

Eligible employees may also participate in the Memorial Healthcare System 403(b) Retirement Plan (the 403(b) Plan). Employees are eligible to participate immediately, and full-time and part-time employees who work more than 40 hours per pay period are eligible for employer matching contributions. The 403(b) Plan is a defined-contribution plan under which the System makes required contributions of up to 55% of the employee's contribution (based on the employee's years of service) not to exceed 5% of the employee's eligible compensation. Employees vest 20% per year of employment for employer matched funds.

Participants in the 401(a) Plan and 403(b) Plan are responsible for selecting investment options for their individual accounts. The System's contribution for and interest forfeited by employees who leave employment before vesting is used to reduce the System's current period contribution requirement. For the years ended April 30, 2021 and 2020, the System's contribution expense was approximately $9,973,000 and $9,760,000, respectively, for the 401(a) Plan and was approximately $13,769,000 and $18,929,000, respectively, for the 403(b) Plan, and is included in employee benefits in the accompanying statements of revenues, expenses and changes in fund net position. Contributions to the 403(b) plan were temporarily suspended from June to October 2020 as a step towards coping with the financial pressure of the COVID-19 pandemic.

Note 12. Regulatory Matters

In May 1984, the State Legislature enacted the Health Care Consumer Protection and Awareness Act (the Act) in an effort to improve access to medical care for indigent persons. The Act established, among other things, the Public Medical Assistance Trust Fund (PMATF), which is financed by an assessment on the net operating revenues of Florida hospitals. In 1992, the State Legislature transferred the authority to levy assessments to AHCA. The amount of the PMATF assessment is 1.5% of adjusted inpatient operating revenue and 1.0% of adjusted outpatient operating revenue. The assessed amounts recognized by the System were approximately $26,989,000 and $24,758,000 for the years ended April 30, 2021 and 2020, respectively, and are reported as other operating expenses in the accompanying statements of revenues, expenses, and changes in fund net position.

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

Note 13. Other Noncurrent Liabilities

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

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

	2021	2020
Balance at beginning of year	$ 45,458	$ 46,074
AHCA assessments, net	1,128	(173)
Disability income	(2,972)	(1,793)
Physician guarantee income (loss), net	(226)	123
Unearned rent liability	(281)	(105)
Long-term portion of capital lease obligations	(325)	1,332
Unearned revenue	3,333	-
Balance at end of year	$ 46,115	$ 45,458

Note 14. Leases

The Memorial Hospital Pembroke facility is leased from Hospital Realty, LLC (the Lease) through June 30, 2025. The Lease, as renegotiated, calls for base rent of $4,300,000 annually through June 30, 2008 with 1.5% annual escalations thereafter.

Including the Lease, the System is also obligated under various noncancellable operating leases for office space, medical equipment, data processing equipment, and system support services that expire at various times through fiscal year 2039. The annual minimum lease payments under noncancellable operating leases for the next five years and thereafter as of April 30, 2021, are as follows (in thousands):

Years ending April 30:	
2022	$ 18,769
2023	16,355
2024	15,396
2025	13,012
2026	5,642
2027-2031	9,142
2032-2036	834
2037-2039	449
	$ 79,599

Rent expense for operating leases was approximately $28,017,000 and $26,364,000 for the years ended April 30, 2021 and 2020, respectively.

Note 15. Nonoperating Revenues, Net

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

		2021		2020
Investment income and other, net	$	66,334	$	45,740
Depreciation expense		1,686		1,406
Unrealized gains on investments		20,643		45,348
Interest expense		(24,159)		(25,495)
COVID-19 relief funds (see Note 4)		152,404		40,219
	$	216,908	$	107,218

The System had gross ad valorem tax receipts of approximately $7,455,000 and $7,397,000 for the years ended April 30, 2021 and 2020, respectively.

Note 16. Related Parties

The System has related party relationships with two Foundations that raise money to benefit the System. For the year ended April 30, 2021, the System recognized contributions from the Foundations of approximately $2,278,000 and $21,663,000, included in other operating revenues and capital contributions and grants, respectively, in the accompanying statements of revenues, expenses and changes in fund net position. For the year ended April 30, 2020, the System recognized contributions from the Foundations of approximately $1,938,000 and $933,000, included in other operating revenues and capital contributions and grants, respectively, in the accompanying statements of revenues, expenses and changes in fund net position. The capital contributions and grants for the year ended April 30, 2021, were primarily to support the Joe DiMaggio Children's Hospital's four-floor expansion and the System's acquisition of Broward Guardian.

The System also provides operational support to these Foundations in the form of donated services under administrative services agreements and contributions.

Note 17. Subsequent Events

The System has evaluated the impact of subsequent events through July 14, 2021, the date on which the financial statements were issued.

Required Supplementary Information

Unaudited

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

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

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	$ 13,375	$ 16,436	$ 16,386	$ 16,902	$ 17,460	$ 17,579	$ 17,980
Interest	55,647	56,111	54,578	52,277	48,950	45,777	43,771
Differences between expected and actual experience	3,288	1,273	(13,440)	830	(926)	(1,572)	-
Changes in assumptions	10,323	(18,609)	(20,003)	-	305	25,721	-
Benefit payments	(33,013)	(35,788)	(24,903)	(20,812)	(18,572)	(16,302)	(14,800)
Net change in total pension liability	49,620	19,423	12,618	49,197	47,217	71,203	46,951
Total pension liability – beginning	837,626	818,203	805,585	756,388	709,171	637,968	591,017
Total pension liability – ending (a)	$ 887,246	$ 837,626	$ 818,203	$ 805,585	$ 756,388	$ 709,171	$ 637,968
Plan fiduciary net position							
Contributions – employer	$ 35,136	$ 41,122	$ 37,043	$ 38,343	$ 37,295	$ 37,649	$ 33,764
Net investment income	197,540	(8,993)	48,985	48,286	53,179	(9,762)	20,731
Benefit payments	(33,013)	(35,788)	(24,903)	(20,812)	(18,572)	(16,302)	(14,800)
Administrative expense	(192)	(225)	(235)	(225)	(261)	(235)	(216)
Net change in plan fiduciary net position	199,471	(3,884)	60,890	65,592	71,641	11,350	39,479
Plan fiduciary net position – beginning	684,272	688,156	627,266	561,674	490,033	478,683	439,204
Plan fiduciary net position – ending (b)	$ 883,743	$ 684,272	$ 688,156	$ 627,266	$ 561,674	$ 490,033	$ 478,683
Plan's net pension liability – ending (a) – (b)	$ 3,503	$ 153,354	$ 130,047	$ 178,319	$ 194,714	$ 219,138	$ 159,285
Plan fiduciary net position as a percentage of total pension liability	99.6%	81.7%	84.1%	77.9%	74.3%	69.1%	75.0%
Covered payroll	$ 324,895	$ 335,633	$ 348,296	$ 369,605	$ 387,420	$ 405,279	$ 430,332
Plan's net pension liability as a percentage of covered payroll	1.1%	45.7%	37.3%	48.2%	50.3%	54.1%	37.0%

This Schedule is presented for only those years for which information is available until a full 10 year trend is compiled.

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

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

Notes to Schedule

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

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

Actuarial cost method	Entry age normal actuarial cost method under GASB Statements No. 67 and No. 68.
Asset valuation method	Fair market value for fiduciary net position used to determine net pension liability under GASB Statements No. 67 and No. 68.
Long-term expected rate of return	6.60% for the May 1, 2020 valuation; 6.75% for the May 1, 2019 valuation; 7.00% starting with the May 1, 2015 valuation; 7.50% for the May 1, 2014 valuation
Mortality rates	For the May 1, 2020 valuation, mortality rates were based on the Pri-2012 Benefits-weighted Employee, Annuitant, and Disabled Mortality tables for males and females projected from 2012 using generational projection Scale MP-2020 for males and females. For the May 1, 2019 valuation, mortality rates were based on the Pri-2012 Benefits-weighted Employee, Annuitant, and Disabled Mortality tables for males and females projected from 2012 using generational projection Scale MP-2018 for males and females. For the May 1, 2018 valuation, mortality rates were based on the RP-2014 Employee and Annuitant Mortality tables for males and females with the Scale MP-2014 backed out to 2006 and projected forward from 2006 generationally using Scale MP-2018 for males and females. Prior to the May 1, 2018 valuation, mortality rates were based on the RP-2014 Employee and Annuitant Mortality tables for males and females with the Scale MP-2014 backed out to 2006 and projected forward from 2006 generationally using Scale BB (male).

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

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

Notes to Schedule

Projected salary increases	Starting with the May 1, 2019 valuation, an age-graded table starting with 6.00% grading down to 2.25%. For the May 1, 2018 valuation, an age-graded select and ultimate table of rates was used starting with 5.00%, grading down to 3.50% in 2018 and increasing 0.25% per year until 2020 when rates are 5.50%, grading down to 4.00%. For the May 1, 2017 valuation, an age-graded select and ultimate table of rates was used starting with 4.75%, grading down to 3.25% in 2017 and increasing 0.25% per year until 2020 when rates are 5.50%, grading down to 4.00%. For the May 1, 2016 valuation, an age-graded select and ultimate table of rates was used starting with 4.50%, grading down to 3.00% in 2016 and increasing 0.25% per year until 2020 when rates are 5.50%, grading down to 4.00%. For the May 1, 2015 valuation, an age-graded select and ultimate table of rates was used starting with 4.25%, grading down to 2.75% in 2015 and increasing 0.25% per year until 2020 when rates are 5.5%, grading down to 4.0%. For the May 1, 2014 valuation, an age-graded select and ultimate table of rates was used starting with 4.0% and grading down to 2.5% in 2014 and increasing 0.25% per year to 2022

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

Schedule of System Contributions – Last 10 Fiscal Years
Unaudited
(In Thousands)

	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 35,136	$ 38,723	$ 37,043	$ 38,343	$ 37,295
Contributions in relation to the actuarially determined contribution	35,136	41,122	37,043	38,343	37,295
Contribution deficiency (excess)	-	(2,399)	-	-	-
Covered payroll	324,895	335,633	348,296	369,605	387,420
Contributions as a percentage of covered payroll	10.8%	12.3%	10.6%	10.4%	9.6%

	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 37,649	$ 33,764	$ 34,988	$ 33,031	$ 29,899
Contributions in relation to the actuarially determined contribution	37,649	33,764	34,988	33,031	29,899
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	405,279	430,332	453,033	464,209	440,349
Contributions as a percentage of covered payroll	9.3%	7.8%	7.7%	7.1%	6.8%

Schedule of System Contributions – Last 10 Fiscal Years (Continued)
Unaudited
(In Thousands)

Notes to Schedule

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

Methods and assumptions used to determine annual required contributions.

Actuarial cost method	Projected unit credit cost method.
Amortization method	Starting with the May 1, 2012 valuation – Level dollar amount, closed; prior to May 1, 2012 – Level percent of pay, closed.
Remaining amortization period	8 – 12 years, the average future work life expectancy of the active participants in the year the amortization base is established. Prior to May 1, 2012, any new assumption or plan change was amortized over 30 years and experience change was amortized over 15 years.
Asset valuation method	Five-year smoothed market value
Inflation	2.50% starting with the May 1, 2011 valuation
Salary increases	For the May 1, 2020 valuation, an age-graded salary scale was used starting at 6.00%, grading down to 2.25%. For the May 1, 2019 valuation, an age-graded select and ultimate table of rates was used starting with 5.25% and grading down to 3.75% in 2019 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2018 valuation, an age-graded select and ultimate table of rates was used starting with 5.00% and grading down to 3.50% in 2018 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2017 valuation, an age-graded select and ultimate table of rates was used starting with 4.75% and grading down to 3.25% in 2017 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2016 valuation, an age-graded select and ultimate table of rates was used starting with 4.50% and grading down to 3.00% in 2016 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2015 valuation, an age-graded select and ultimate table of rates was used starting with 4.25% and grading down to 2.75% in 2015 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%; for the May 1, 2014 valuation, an age-graded select and ultimate table of rates was used starting with 4.00% and grading down to 2.50% in 2014 and increasing 0.25% per year to 2022 when rates are 6.00% and grading down to 4.50%; prior to May 1, 2014, age-graded rates starting with 6.00%, grading down to 4.50%.

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

Schedule of System Contributions – Last 10 Fiscal Years (Continued)
Unaudited
(In Thousands)

Notes to Schedule

Investment rate of return	6.75% for the May 1, 2020 valuation; 7.00% starting with the May 1, 2015 valuation; 7.50% prior to the May 1, 2015 valuation
Mortality rates	Annuitant Below Median Headcount-Weighted Mortality Tables for males and females projected generationally using Scale MP-2018 for males and females. Starting with the May 1, 2016 valuation – combined RP-2000 Mortality tables for males and females projected forward generationally using Scale BB; For the May 1, 2014 and May 1, 2015 valuations – RP-2014 Employee and Annuitant Mortality tables for males and females with the Scale MP-2014 backed out to 2006 and projected forward from 2006 generationally using Scale BB (male); May 1, 2013 valuation – combined RP-2000 Mortality tables for males and females projected to ten years past the valuation year using Scale AA; prior to May 1, 2013 – combined RP-2000 Mortality tables for males and females projected to the valuation year using Scale AA.
Other information	The benefit formula for participants hired after May 1, 2010 was changed. At May 1, 2011, the Plan was closed to employees hired or rehired after October 31, 2011.

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

Schedules of Plan Investment Returns
Unaudited

	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	28.7%	(1.3)%	7.7%	8.5%	10.7%	(2.0)%	4.60%

This schedule is presented for only those years for which information is available until a full 10 year trend is compiled.

Supplementary Information

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

Combining Statements of Net Position – System
April 30, 2021
(In Thousands)

	Memorial Regional Hospital and Affiliated Providers	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Other Non-Hospital Operations and Eliminations	Combined
Assets and Deferred Outflows of Resources						
Current assets:						
Cash and cash equivalents	$ 50	$ -	$ -	$ -	$ 137,900	$ 137,950
Investments	-	-	-	-	2,410,499	2,410,499
Patient accounts receivable, net	153,707	79,613	16,198	26,450	2,881	278,849
Inventories	21,360	9,262	2,243	2,668	17,160	52,693
Other current assets	8,593	3,621	721	466	56,936	70,337
Restricted assets:						
Under indenture agreements for debt service	-	-	-	-	25,248	25,248
Total current assets	183,710	92,496	19,162	29,584	2,650,624	2,975,576
Noncurrent assets:						
Designated investments for employee disability	-	-	-	-	20,169	20,169
Investments under self-insurance trust agreements	-	-	-	-	48,295	48,295
Restricted assets, net of current portion:						
Under indenture agreements for debt service	-	-	-	-	-	-
Capital assets, net	371,197	248,552	17,382	116,820	184,726	938,677
Other assets	57	4	9	3	28,041	28,114
Total assets	$ 554,964	$ 341,052	$ 36,553	$ 146,407	$ 2,931,855	$ 4,010,831
Deferred outflows of resources:						
Deferred outflows – pension related items	$ -	$ -	$ -	$ -	$ 76,714	$ 76,714
Loss on defeasance, net	-	-	-	-	18,574	18,574
Total deferred outflows of resources	$ -	$ -	$ -	$ -	$ 95,288	$ 95,288

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

Combining Statements of Net Position – System (Continued)
April 30, 2021
(In Thousands)

	Memorial Regional Hospital and Affiliated Providers	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Other Non-Hospital Operations and Eliminations	Combined
Liabilities, Deferred Inflows of Resources and Net Position						
Current liabilities:						
Accounts payable and accrued expenses	$ 25,498	$ 14,227	$ 6,154	$ 5,973	$ 59,004	$ 110,856
Accrued compensation and payroll taxes	-	-	-	-	138,208	138,208
Estimated third-party payor settlements	38,930	18,306	6,122	4,464	139	67,961
Current installments of long-term debt	-	-	-	-	12,185	12,185
Current portion of estimated claims liability	-	-	-	-	19,635	19,635
Medicare advance payments	32,766	18,442	5,832	3,118	1,984	62,142
Other current liabilities	17,687	10,540	3,094	4,272	6,119	41,712
Total current liabilities	114,881	61,515	21,202	17,827	237,274	452,699
Long-term portion of estimated claims liability	-	-	-	-	30,645	30,645
Net pension liability	-	-	-	-	153,354	153,354
Medicare advance payments	21,516	12,235	3,901	2,029	1,346	41,027
Other noncurrent liabilities	8,763	5,309	3,713	3,079	25,251	46,115
Long-term debt	-	-	-	-	663,042	663,042
Total liabilities	$ 145,160	$ 79,059	$ 28,816	$ 22,935	$ 1,110,912	$ 1,386,882
Deferred inflows - pension related items	$ -	$ -	$ -	$ -	$ 31,816	$ 31,816
Net position:						
Net investment in capital assets	$ 370,746	$ 248,268	$ 17,226	$ 114,655	$ (492,457)	$ 258,438
Restricted for debt service	-	-	-	-	26,692	26,692
Unrestricted	39,058	13,725	(9,489)	8,817	2,350,180	2,402,291
Total net position	$ 409,804	$ 261,993	$ 7,737	$ 123,472	$ 1,884,415	$ 2,687,421

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

Combining Statements of Net Position – System
April 30, 2020
(In Thousands)

	Memorial Regional Hospital and Affiliated Providers	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Other Non-Hospital Operations and Eliminations	Combined
Assets and Deferred Outflows of Resources						
Current assets:						
Cash and cash equivalents	$ 50	$ -	$ -	$ -	$ 276,570	$ 276,620
Investments	-	-	-	-	2,064,364	2,064,364
Patient accounts receivable, net	123,672	48,287	7,469	13,487	(1,327)	191,588
Inventories	20,636	10,225	2,362	2,486	5,972	41,681
Other current assets	18,948	6,099	3,067	1,173	49,896	79,183
Restricted assets:						
Under indenture agreements for debt service	-	-	-	-	25,026	25,026
Total current assets	163,306	64,611	12,898	17,146	2,420,501	2,678,462
Noncurrent assets:						
Designated investments for employee disability	-	-	-	-	20,181	20,181
Investments under self-insurance trust agreements	-	-	-	-	47,424	47,424
Restricted assets, net of current portion:						
Under indenture agreements for debt service	-	-	-	-	-	-
Capital assets, net	346,625	248,251	18,448	92,744	180,326	886,394
Other assets	57	3	9	4	44,444	44,517
Total assets	$ 509,988	$ 312,865	$ 31,355	$ 109,894	$ 2,712,876	$ 3,676,978
Deferred outflows of resources:						
Deferred outflows - pension related items	$ -	$ -	$ -	$ -	$ 50,297	$ 50,297
Loss on defeasance, net	-	-	-	-	19,849	19,849
Total deferred outflows of resources	$ -	$ -	$ -	$ -	$ 70,146	$ 70,146

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

Combining Statements of Net Position – System (Continued)
April 30, 2020
(In Thousands)

	Memorial Regional Hospital and Affiliated Providers	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Other Non-Hospital Operations and Eliminations	Combined
Liabilities, Deferred Inflows of Resources and Net Position						
Current liabilities:						
Accounts payable and accrued expenses	$ 22,750	$ 8,266	$ 3,109	$ 3,647	$ 43,739	$ 81,511
Accrued compensation and payroll taxes	-	-	-	-	121,653	121,653
Estimated third-party payor settlements	33,299	13,741	5,541	4,517	192	57,290
Current installments of long-term debt	-	-	-	-	11,665	11,665
Current portion of estimated claims liability	-	-	-	-	16,396	16,396
Medicare advance payments	56,170	31,615	9,997	5,345	3,563	106,690
Other current liabilities	14,872	7,627	2,467	3,356	5,300	33,622
Total current liabilities	127,091	61,249	21,114	16,865	202,508	428,827
Long-term portion of estimated claims liability	-	-	-	-	28,287	28,287
Net pension liability	-	-	-	-	130,047	130,047
Other noncurrent liabilities	7,169	3,677	3,623	2,567	28,422	45,458
Long-term debt	-	-	-	-	676,939	676,939
Total liabilities	$ 134,260	$ 64,926	$ 24,737	$ 19,432	$ 1,066,203	$ 1,309,558
Deferred inflows - pension related items	$ -	$ -	$ -	$ -	$ 33,910	$ 33,910
Net position:						
Net investment in capital assets	$ 346,625	$ 248,251	$ 18,448	$ 91,062	$ (488,429)	$ 215,957
Restricted for debt service	-	-	-	-	25,026	25,026
Unrestricted	29,103	(312)	(11,830)	(600)	2,146,312	2,162,673
Total net position	$ 375,728	$ 247,939	$ 6,618	$ 90,462	$ 1,682,909	$ 2,403,656

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

Combining Statements of Revenues, Expenses, and Changes in Fund Net Position – System
Year Ended April 30, 2021
(In Thousands)

	Memorial Regional Hospital and Affiliated Providers	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Other Non-Hospital Operations and Eliminations	Combined
Operating revenue:						
Net patient service revenue	$ 1,046,782	$ 616,155	$ 166,884	$ 227,603	$ 91,557	$ 2,148,981
Disproportionate share distributions	33,735	9,406	6,207	2,401	-	51,749
Other operating revenues	41,089	15,011	4,877	3,858	73,981	138,816
Total operating revenue	1,121,606	640,572	177,968	233,862	165,538	2,339,546
Operating expenses:						
Salaries and wages	543,446	258,130	81,911	89,719	164,901	1,138,107
Employee benefits	89,946	42,810	13,037	15,371	18,215	179,379
Professional fees	26,025	17,820	5,353	6,345	810	56,353
Supplies	218,315	120,632	25,225	28,327	81,055	473,554
Purchased services	69,973	57,873	26,006	25,573	3,546	182,971
Facilities	41,939	17,716	11,117	7,648	6,812	85,232
Depreciation and amortization	42,698	22,746	4,718	8,293	9,183	87,638
Other	43,574	23,944	7,338	8,329	7,933	91,118
Total operating expenses	1,075,916	561,671	174,705	189,605	292,455	2,294,352
Operating income (loss)	45,690	78,901	3,263	44,257	(126,917)	45,194
Nonoperating revenues, net	60,290	29,438	13,932	16,525	96,723	216,908
Income (loss) before capital contributions and grants	105,980	108,339	17,195	60,782	(30,194)	262,102
Other changes in net position:						
Capital contributions and grants	20,000	-	25	-	1,638	21,663
Equity transfers	(91,904)	(94,285)	(16,101)	(27,772)	230,062	-
Increase in net position	34,076	14,054	1,119	33,010	201,506	283,765
Net position at the beginning of the year	375,728	247,939	6,618	90,462	1,682,909	2,403,656
Net position at the end of the year	$ 409,804	$ 261,993	$ 7,737	$ 123,472	$ 1,884,415	$ 2,687,421

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

Combining Statements of Revenues, Expenses, and Changes in Fund Net Position – System
Year Ended April 30, 2020
(In Thousands)

	Memorial Regional Hospital and Affiliated Providers	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Other Non-Hospital Operations and Eliminations	Combined
Operating revenue:						
Net patient service revenue	$ 1,013,330	$ 565,341	$ 135,296	$ 187,502	$ 89,367	$ 1,990,836
Disproportionate share distributions	34,251	9,584	6,678	2,820	-	53,333
Other operating revenues	35,013	11,041	3,846	2,710	62,887	115,497
Total operating revenue	1,082,594	585,966	145,820	193,032	152,254	2,159,666
Operating expenses:						
Salaries and wages	503,246	233,771	73,206	81,027	159,502	1,050,752
Employee benefits	87,297	40,868	12,419	14,695	13,883	169,162
Professional fees	24,825	15,836	4,807	5,099	398	50,965
Supplies	219,066	108,367	21,221	23,866	65,810	438,330
Purchased services	57,298	43,082	16,264	15,686	7,865	140,195
Facilities	41,500	17,020	10,643	7,494	6,808	83,465
Depreciation and amortization	45,868	24,253	4,945	8,717	8,151	91,934
Other	43,250	20,817	6,293	7,012	9,036	86,408
Total operating expenses	1,022,350	504,014	149,798	163,596	271,453	2,111,211
Operating income (loss)	60,244	81,952	(3,978)	29,436	(119,199)	48,455
Nonoperating revenues, net	9,205	2,532	2,356	2,223	90,902	107,218
Income (loss) before capital contributions and grants	69,449	84,484	(1,622)	31,659	(28,297)	155,673
Other changes in net position:						
Capital contributions and grants	621	312	-	-	-	933
Equity transfers	(136,438)	(124,408)	(6,661)	(35,757)	303,264	-
Increase (decrease) in net position	(66,368)	(39,612)	(8,283)	(4,098)	274,967	156,606
Net position at the beginning of the year	442,096	287,551	14,901	94,560	1,407,942	2,247,050
Net position at the end of the year	$ 375,728	$ 247,939	$ 6,618	$ 90,462	$ 1,682,909	$ 2,403,656