North Brevard County Hospital District

Financial Statements
and Supplementary Information

For the Year Ended September 30, 2021
and Independent Auditor's Report

NORTH BREVARD COUNTY HOSPITAL DISTRICT

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MSL

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Audit Committee
North Brevard County Hospital District
Titusville, Florida

Report on the Financial Statements

We have audited the accompanying statement of net position of North Brevard County Hospital District (the "District"), including North Brevard Medical Support, Inc. ("NBMS"), and Jess Parrish Medical Foundation, Inc. (blended component units of the District), as of September 30, 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, based on our audit, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the District as of September 30, 2021, and the results of its operations, changes in net position, and cash flows for the year then ended in conformity 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 required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting, placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the responsibility of the District's management. We have applied certain limited procedures to the management's discussion and analysis and required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole as of and for the year ended September 30, 2021. The accompanying other supplementary information, as listed in the table of contents, is presented for the purpose of additional analysis of the financial statements and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated February 25, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

MSL, P.A.
Certified Public Accountants

Tampa, Florida
February 25, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This section of the North Brevard County Hospital District's (the "District") annual financial report presents background information and our analysis of the District's financial performance as of September 30, 2021 and for the year then ended. It is intended to be read in conjunction with the District's financial statements, which follow this section.

Parrish Medical Center ("PMC") was founded by Jess Parrish in 1958. Just miles from the launch towers of the Kennedy Space Center, the District[1] includes PMC and its affiliates and component units, as described in Note 1 to the financial statements. PMC's mission and vision are Healing experiences for everyone all the time® and Healing Families--Healing Communities®. The District has the power to levy taxes in support of its mission, but has a legacy of providing affordable health care without doing so. During the year ended September 30, 2021, PMC and its affiliates provided more than $53.9 million in community charity care and other uncompensated care with no tax levy.

The District's service area extends from the Beach Line (SR 528) in the south to the Volusia County line in the north, and from the Atlantic coast in the east to the Orange and Seminole County lines in the west. The District owns and operates one inpatient hospital facility in Titusville, Florida and is licensed by the Agency for Health Care Administration ("AHCA") to operate 210 beds, as well as outpatient service locations including Parrish Healthcare Centers, Port St. John, Port Canaveral, and Titusville; Parrish Occupational Medical Services, Titusville; Parrish Home Care, Titusville and Port St. John; Parrish Senior Consultation Center, Titusville; Parrish Cancer Center, Titusville; Parrish Infusion Center, Titusville; and Parrish Wound Healing Centers, Titusville and Port St. John.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report includes the independent auditor's report, management's discussion and analysis, and the basic financial statements of the District. It also includes additional supplementary information required by Governmental Accounting Standards and other supplementary information presented for the purpose of additional analysis of the financial statements. The basic financial statements are intended to describe the net position, results of operations, sources and uses of cash, and the capital structure of the District. Fiduciary fund statements for the pension trust fund are also provided as part of the basic financial statements. The basic financial statements include notes providing detailed information for select accounts and transactions.

Schedules of consolidating net position and revenues, expenses, and changes in net position are included as additional (supplementary) information.

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[1] As further described in Note 1 to the financial statements, the District is an independent special tax district, created and incorporated as a political subdivision of the state, for the purpose of establishing, constructing, equipping, operating and maintaining, repairing, or leasing a hospital or hospitals. The District has the power to establish, construct, operate, and maintain such hospitals, medical facilities, and health care facilities and services for the preservation of the public health and welfare of the District and the inhabitants thereof; the power to enter into contracts; borrow money; establish for-profit and not-for-profit corporations; the power to acquire, purchase, hold, lease, and convey real and personal property.

NET POSITION AND CHANGES IN NET POSITION

Net position is an indicator of the financial health of an organization. Increases in net position over time indicate that the financial condition is improving, while decreases in net position over time signify a declining financial condition. A comparative summary of the financial condition of the District as of September 30, 2021 and 2020 is presented below.

Condensed Statements of Net Position
(In Thousands)

	September 30,	
	2021	**2020**
Current assets	$ 46,484	$ 59,289
Other assets	177,931	161,015
Deferred outflows	14,668	16,535
Total assets and deferred outflows	$ 239,083	$ 236,839
Current liabilities	$ 42,975	$ 46,247
Non-current liabilities	91,296	90,190
Deferred inflows	5,474	6,778
Total liabilities and deferred inflows	139,745	143,215
Investment in capital assets, net of related debt	(20,252)	(19,872)
Restricted net position	2,199	1,999
Restricted for debt service	1,078	1,060
Unrestricted net position	116,313	110,437
Total net position	99,338	93,624
Total liabilities, deferred inflows and net position	$ 239,083	$ 236,839

The statement of revenues, expenses, and changes in net position measures the annual operating success of the organization and can be used to determine whether costs have been recovered through operating revenue sources. The following is a comparative summary of the operations of the District.

Condensed Statements of Revenues, Expenses and Changes in Net Position (In Thousands)

	Years Ended September 30, 2021	2020
Operating revenue	$ 132,157	$ 119,694
Operating expenses	(129,885)	(117,255)
Income from operations	2,272	2,439
Non-operating revenue (expenses), net	3,442	(166)
Change in net position	$ 5,714	$ 2,273

MANAGEMENT'S DISCUSSION OF RECENT FINANCIAL PERFORMANCE

Total assets and deferred outflows increased $2.2 million from September 30, 2020. Current assets decreased ($12.8) million from fiscal year 2020, primarily due to a $3.3 million increase in patient accounts receivable due to more volume an amounts due under Medicaid supplemental payment programs, cash spent on capital additions of ($4.3) million and payments on long term debt of ($5.4) million, and ($6.0) in one-time advances received in 2020 under section 1102 of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. Other assets increased from September 30, 2020 by $16.9 million, primarily due to $14.9 in investment income, a $1.9 million increase in the net pension asset, and depreciation expense of approximately ($7.1) million, offset by approximately $6.7 million in net capital asset additions (including $2.4 million of capital additions acquired through a capital lease). Deferred outflows decreased by ($1.9) million from 2020, primarily due to the change in the deferred pension outflow of approximately ($1.4) million and amortization of bond defeasance costs of approximately ($0.5) million.

Total liabilities and deferred inflows decreased by $3.5 million from September 30, 2020. Current liabilities decreased by $3.3 million from fiscal year 2020, primarily as a result of a decrease in deferred revenue of $6.0 million related to CARES Act funding offset by a ($2.3) million increase in accrued salaries, personal leave time and accrued health insurance and workers compensation and ($0.3) million increase in current portion of long-term debt. Non-current liabilities increased ($2.5) million primarily from an increase of accrued medical malpractice of ($3.3) million and a capital lease of equipment of ($2.2) million offset by a decrease in long-term debt of $2.8 million. Deferred inflows decreased ($1.3) million from fiscal year 2020 primarily due to decreases in the OPEB inflow of ($0.2) million and a decrease in pension inflows of ($1.1) million.

The net position at September 30, 2021 was $99.3 million, an increase of $5.7 million from 2020, which is due to the net income of $5.7 million for fiscal year 2021.

Revenues

Operating revenues were $12.5 million more than the prior year, primarily due to increases in patient volume.

Parrish Medical Center
Utilization Statistics

	Years Ended September 30, 2021	2020
Inpatient admissions	5,389	5,070
Patient days	29,323	25,145
Total outpatient visits	52,845	50,763
Observation discharges	2,637	2,871

Operating Expenses

Total operating expenses increased by $12.6 million in fiscal year 2021 compared to fiscal year 2020, primarily due to an increase in salaries and benefits of $3.0 million, an increase in medication and supply expense of $3.1 million, increased utilization of contract services of $3.0 million, a $3.2 million increase in other contract services, a $0.5 million increase in repairs and maintenance, and a decrease in depreciation expense of $0.1 million due to assets becoming fully depreciated.

Non-operating Revenues, Expenses, Gains and Losses

Non-operating revenues (expenses), net changed by $3.6 million from fiscal year 2020, primarily due to an increase of $7.5 million in investment income, a $0.9 million increase in coronavirus relief, a ($2.9) million increase in professional liability insurance costs, a ($1.0) million decrease in joint venture income due to a non-recurring gain on a sale of an investment in fiscal year 2020, and support of ($1.2) million to Space Coast Health Centers, Inc, a community organization that provides physician services.

KEY FINANCIAL INDICATORS

The following represents a summary of key financial indicators of the District.

Parrish Medical Center
Key Financial Indicators

	Years Ended September 30, 2021	2020
Total margin	3.4%	1.5%
EBIDA margin	9.5%	7.5%
Days cash on hand[2]	321	367
Unrestricted cash to long-term debt	128.3%	127.9%
Long-term debt to capitalization	46.1%	48.3%
Total net patient service revenue, before provision for bad debts (in millions)	$ 135	$ 128

The total margin increased by 1.9% and EBIDA margin increased 1.1% from 2020, primarily due to increases in patient volume and increases in investment income. Total net patient service revenue, before provision for bad debts, increased $6.5 million from 2020, primarily due to recovery of patient volume as a result of relaxed restrictions related to the COVID-19 pandemic.

[2] Indicator computed using operating expense per day.

RISK FACTORS

The health care industry is highly dependent on several factors that could have a significant effect on the future operations and financial condition of the District. These factors include, but are not limited to, competition, state and federal regulatory authorities, Medicare and Medicaid laws and regulations, health care reform initiatives, environmental laws, advances in technology, changes in demand for health care services, demographic changes, and managed care contract terms and conditions.

As of the date of this report, the following known facts, decisions, or conditions may have a significant effect on net position or the results of operations:

Salaries in the health care industry continue to be very competitive due to increased costs of attracting and retaining quality physicians, registered nurses, and other health care professionals. The COVID-19 pandemic has made attracting and retaining clinical staff more difficult and has caused health care providers including the District to utilize contracted clinical services, resulting in increased costs.

The laws and regulations governing the Medicare and Medicaid programs are complex and subject to change. As such, changes to these programs could have a negative effect on the financial performance of the PMC. Audits of hospital compliance with Medicare and Medicaid program laws and regulations present exposure for repayments, and fines and penalties.

Federal and State initiatives:

- The State of Florida has not approved Medicaid expansion, which has constrained state funding.

- Federal legislative efforts, both directly and via tax reform, could significantly reduce access to individual insurance coverage currently provided under Federal programs.

- The State of Florida Low Income Pool ("LIP") Program has been extended to June 30, 2030. Payments from the LIP program have been limited to the cost of charity care services provided, meaning that LIP funds are not available to offset Medicaid costs in excess of Medicaid payments.

- Medicaid special payment programs that began during fiscal year 2021, Hospital Directed Payment Program and Physician Directed Payment Program, designed to offset (but not eliminate) Medicaid costs in excess of Medicaid payments, could result in DSH and LIP cost limits to be exceeded and amounts being paid back in the future.

- The Federal Affordable Care Act ("ACA") enacted in March 2010, includes reduction in Medicaid disproportionate share funding of $4 billion in 2020 (which was delayed due to the COVID-19 pandemic) and $8 billion each year from 2021 to 2025, which could reduce payments to PMC unless the cuts are further delayed by Congress. In addition, the "Build Back Better Act," adopted by the House of Representatives in November 2021 with support of President Biden, includes provisions that could further reduce Medicaid disproportionate share funding.

- In November 2021, the Centers for Medicare and Medicaid Services ("CMS") issued a rule requiring staff working in Medicare or Medicaid certified providers to have the shots necessary to be fully vaccinated against COVID-19 by January 2, 2022, and to receive their first shot prior to December 6, 2021. The rule allows for medical and religious exemptions and requires that providers have policies and procedures to operationalize these requirements. On November 29 and November 30, 2021, the United States District Court for the Eastern District of Missouri and United States District Court for the Western District of Louisiana issued preliminary injunctions against the implementation and enforcement of the rule. CMS has appealed both of these decisions, and has filed motions for stays of these orders. As a result of these decisions, CMS has suspended activities related to the implementation and enforcement of the rule. Implementation of the rule could adversely impact the availability and salaries and wages of healthcare workers, and the cost of services provided.

- CARES Act Provider Relief Funds received are subject to audit recoupment.

- Bundled payments and value-based payment initiatives of the Medicare program may reduce net payments received by PMC.

The uncertainties listed above may adversely impact future operating results and financial position. The estimated effects of these matters have been considered in the development of the fiscal year 2022 PMC operating budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGER

This financial report is intended to provide our citizens, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for its funding. If you have any questions about this report or need additional financial information, please contact the District's Finance Department at 951 North Washington Avenue, Titusville, Florida 32796.

NORTH BREVARD COUNTY HOSPITAL DISTRICT

STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

ASSETS

CURRENT ASSETS:		
Cash and cash equivalents	$	14,799,103
Restricted assets - held by trustee and required for current liabilities		1,077,740
Patient accounts receivable - net of estimated uncollectibles of $9,080,938		17,692,290
Supplies		2,996,538
Prepaid expenses and other assets		9,918,820
Total current assets		46,484,491
OTHER ASSETS:		
Funded deprecation		66,602,734
Net pension asset		21,701,742
Investments		27,555,325
Deposits and other assets		3,071,333
Temporarily donor-restricted funds		2,199,377
Capital assets, net		56,800,520
Total assets		224,415,522
DEFERRED OUTFLOWS:		
Series 2008 Bond refunding		9,992,351
Pension		4,661,696
Other post-employment benefits		13,489
Total deferred outflows		14,667,536
TOTAL ASSETS AND DEFERRED OUTFLOWS	$	239,083,058

(Continued)

See notes to basic financial statements.

NORTH BREVARD COUNTY HOSPITAL DISTRICT

STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

CURRENT LIABILITIES:	
Accounts payable	$ 15,407,980
Accrued health insurance and workers' compensation	1,922,816
Accrued salaries and personal leave time	7,123,619
Other current liabilities	2,325,396
Estimated third-party settlements	763,353
Deferred revenue	12,563,523
Current portion of long-term debt and capital lease obligations	2,868,352
Total current liabilities	42,975,039
NON-CURRENT LIABILITIES:	
Accrued medical malpractice	6,684,562
Accrued other post-employment benefits	104,788
Other non-current liabilities	330,617
Long-term debt and capital lease obligation, net of current portion	84,176,583
Total liabilities	134,271,589
DEFERRED INFLOWS:	
Pension	4,934,914
Other post-employment benefits	538,982
Total deferred inflows	5,473,896
NET POSITION:	
Investment in capital assets, net of related debt	(20,252,064)
Restricted by donors	2,199,377
Restricted for debt service	1,077,740
Unrestricted	116,312,520
Total net position	99,337,573
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	$ 239,083,058

(Concluded)

See notes to basic financial statements.

NORTH BREVARD COUNTY HOSPITAL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2021

OPERATING REVENUE:	
Net patient service revenue - net of provision for bad debt of $2,742,483	$ 131,457,387
Other operating revenue	699,783
Total operating revenue	132,157,170
OPERATING EXPENSES:	
Salaries and wages	46,049,641
Employee benefits	9,541,978
Medications and supplies	20,055,011
Professional fees and contractual services	26,082,812
Other operating expenses	19,793,622
Depreciation	5,678,881
Interest expense	2,683,069
Total operating expenses	129,885,014
INCOME FROM OPERATIONS	2,272,156
NON-OPERATING REVENUES (EXPENSES):	
Investment income, net	14,939,019
Grant revenue - COVID-19 and other relief	8,432,511
Other non-operating revenue (expenses), net	(19,929,705)
Total non-operating revenue (expenses), net	3,441,825
CHANGE IN NET POSITION	5,713,981
NET POSITION:	
Beginning of year	93,623,592
End of year	$ 99,337,573

See notes to basic financial statements.

NORTH BREVARD COUNTY HOSPITAL DISTRICT

STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from third-party payors and patients	$ 128,279,210
Other receipts and payments, net	699,783
Payments to employees	(44,238,907)
Payments to suppliers and contractors	(79,264,687)
Net cash provided by operating activities	5,475,399
CASH FLOWS FROM INVESTING ACTIVITIES:	
Change in investments and funded depreciation, net	(14,156,538)
Investment income, net	2,634,050
Net cash used in investing activities	(11,522,488)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Coronavirus Aid, Relief, and Economic Security funding	1,040,400
Other non-operating revenue (expenses), net	(5,148,969)
Depreciation and amortization - non-operating	1,495,846
Net cash used in non-capital financing activities	(2,612,723)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of property and equipment	(4,282,914)
Proceeds on sale of property and equipment	33,847
Interest paid on long-term debt	(2,683,069)
Principal payments on long-term debt	(2,597,000)
Principal payments on capital lease obligation	(133,960)
Net cash used in capital and related financing activities	(9,663,096)
CHANGE IN CASH AND CASH EQUIVALENTS	(18,322,908)
CASH AND CASH EQUIVALENTS - Beginning of year	33,122,011
CASH AND CASH EQUIVALENTS - End of year	$ 14,799,103

(Continued)

See notes to basic financial statements.

NORTH BREVARD COUNTY HOSPITAL DISTRICT

STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$	2,272,156
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		5,678,881
Provision for uncollectible accounts receivable		2,742,483
Interest expense considered capital financing activity		2,683,069
Increase in patient accounts receivable before provisions for uncollectible accounts receivable		(6,058,160)
Increase in supplies		(385,157)
Increase in prepaid expenses and other assets		(1,799,188)
Increase in temporarily donor-restricted funds		(200,646)
Increase in net pension asset		(1,600,764)
Decrease in deposits and other assets		83,763
Decrease in accounts payable		(288,870)
Increase in accrued health insurance, workers' compensation, and OPEB		341,637
Increase in accrued salaries and personal leave time		1,810,734
Increase in estimated third-party settlements		137,500
Increase in other liabilities		57,961
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	5,475,399
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Property and equipment assets acquired through lease	$	2,423,895

(Concluded)

See notes to basic financial statements.

NORTH BREVARD COUNTY HOSPITAL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUND
SEPTEMBER 30, 2021

ASSETS		
Cash and cash equivalents	$	2,135,943
Investment income receivable		169,572
Other assets		15,961
Investments at fair value:		
Bonds		18,747,609
Domestic equities		34,033,943
International equities		1,894,890
Mutual funds - equity		7,773,692
Mutual funds - fixed income		7,935,891
Real estate		2,037,200
Total assets		74,744,701
LIABILITIES AND NET POSITION RESTRICTED FOR PENSION		
Pension benefits payable		390,645
Other liabilities		26,158
Total liabilities		416,803
NET POSITION RESTRICTED FOR PENSION	$	74,327,898

See notes to basic financial statements.

NORTH BREVARD COUNTY HOSPITAL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FIDUCIARY NET POSITION - PENSION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2021

ADDITIONS:	
Total contributions	$ -
Investment income:	
Net increase in fair value of investments	13,684,497
Interest & dividends	1,379,159
Investment expenses	(417,400)
Total additions	14,646,256
DEDUCTIONS:	
Benefits paid directly to participants	3,347,451
Administrative expense	41,073
Total deductions	3,388,524
Net increase in net position	11,257,732
NET POSITION RESTRICTED FOR PENSIONS	
Beginning of year	63,070,166
End of year	$ 74,327,898

See notes to basic financial statements.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The North Brevard County Hospital District (the "District") was created under the laws of the state of Florida in 1953 and operates as Parrish Medical Center ("PMC"), a community hospital providing inpatient and outpatient health care services in northern Brevard County, Florida. The basic financial statements of the District include the balances of North Brevard Medical Support, Inc. ("NBMS") and the Jess Parrish Medical Foundation, Inc. ("Foundation"). NBMS is a not-for-profit, non-stock corporation and blended component unit of the District, organized under the laws of the state of Florida solely to benefit and further the interests of the District through physician recruitment and the provision of medical goods and services. The Foundation is a not-for-profit, non-stock corporation and blended component unit of the District, organized for the purpose of raising money to support the District's programs and for the general advancement of health care organizations and objectives.

The District's primary activity is the operation of a general acute care hospital licensed for 210 beds.

The District has entered into employment agreements with certain local physicians to ensure that adequate professional and medical services are available in its service area. The District managed a total of 18 physicians' practices with 48 physicians as of September 30, 2021.

During 2003, NBMS entered into a letter of agreement with Physicians Professional Liability Risk Retention Group ("PPLRRG") to purchase 500,000 shares of PPLRRG's Class E common stock. The purpose of this investment is to provide local physicians practicing at PMC with an alternative and affordable primary layer of malpractice insurance coverage (see Note 13).

The District may levy taxes upon all real and personal taxable property in the District for operating purposes and debt service, not to exceed five mills for all purposes. Effective September 19, 1994, the Board of Directors adopted a tax rate of zero mills; subsequently, no taxes have been assessed, including fiscal year 2021.

During fiscal year 1995, the Florida Legislature approved an amendment to the District's enabling legislation, which allowed the District to participate with other hospitals and health care providers to provide services within and beyond the boundaries of the District. The District is expressly prohibited from using any funds derived from the assessment of ad valorem taxes on property within the District to support any such joint participation beyond the boundaries of the District.

All intercompany balances and transactions between PMC, NBMS, and the Foundation have been eliminated.

Basis of Presentation - The District applies the provisions of Governmental Accounting Standards Board ("GASB") pronouncements. The GASB has established standards for external financial reporting for all state and local governmental entities, which include a statement of net position, a statement of changes in net position, and a direct method statement of cash flows. Net position is classified into three components defined as follows:

- *Investment in Capital Assets, Net of Related Debt*: This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted*: This component of net position consists of contributed assets whose use is restricted through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted*: This component of net position consists of net position that does not meet the definition of "restricted" or "investment in capital assets, net of related debt."

Enterprise Fund Accounting - The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses during the reporting period. The more significant areas subject to management estimates include estimated reserves for professional liability, workers' compensation and health insurance claims, net pension asset/liability, allowances for uncollectible patient accounts receivable, deferred revenue and grant revenue, and third-party payor settlements. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less from date purchased and excludes otherwise qualifying amounts which are internally designated by the Board of Directors for a specific purpose and reported in assets whose use is limited.

Supplies - Supplies are stated at the lower of cost or market, determined by the first-in, first-out method.

Assets Whose Use is Limited - Cash, investments, and pledges receivable limited in use under terms of debt indentures, trust agreements, or other similar arrangements are considered to be restricted assets. Cash and investments that are internally designated by the Board of Directors (the "Board") for future capital improvements ("funded depreciation"), over which the Board retains control and may, at its discretion, subsequently use for other purposes, are classified as funded depreciation in the statement of net position. Investments, consisting of marketable securities, are carried at fair value. Amounts required to meet current liabilities of the District are presented as current assets in the statement of net position.

Investments - Marketable securities included in the District's investment portfolios are carried at fair value based on quoted market prices (see Note 3). Changes in fair value are included in investment income in the statement of revenues, expenses, and changes in net position.

Capital Assets - Capital assets are recorded at cost, except for donated assets, which are recorded at fair value at the time of donation. Expenditures, which materially increase values, change capacities, or extend useful lives, are capitalized, as is interest cost during the period of construction. Depreciation is computed using the straight-line method over the estimated useful lives of the various assets. Equipment under capital lease obligations is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the asset. Amortization is included in depreciation in the statement of revenues, expenses, and changes in net position. Gains and losses on dispositions are recorded in the year of disposal and are included in other non-operating revenues (expenses) in the statement of revenues, expenses, and changes in net position. Estimated useful lives used in computing depreciation range as follows:

Improvements to land	5 to 20 years
Buildings and improvements	5 to 40 years
Equipment	3 to 15 years

PMC has a policy of funding depreciation on certain assets. The funds are held in cash and investment accounts (see Note 3).

The District considers impairment whenever indicators of impairment are present, such as when the decline in service utility of the capital asset is large in magnitude and unexpected. Pursuant to these guidelines, management has determined that no impairments of capital assets existed at September 30, 2021.

Deferred Outflows/Deferred Inflows - In addition to assets, the District reports a separate section for deferred outflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until then. The District has three items that qualify for reporting as deferred outflows of resources:

Deferred Outflow on Partial Refunding of the Series 2008 Bonds - The defeasance costs related to the refunding of the Series 2008 Bonds are included in deferred outflows and are being amortized over the period the bonds are outstanding. Amortization expense related to these costs is included in other non-operating expenses as interest expense.

Deferred Outflow Related to Pensions - These deferred outflows of resources are an aggregate of items related to pensions, as calculated in accordance with GASB No. 68*, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (“GASB No. 68”). The deferred outflows related to pensions will be recognized as either pension expense or a reduction in net pension asset in a future reporting year. Details on the composition of the deferred outflows of resources related to pension are further discussed in Note 8.

Deferred Outflow Related to Other Post-Employment Benefits (“OPEB”) - These deferred outflows of resources are an aggregate of items related to OPEB, as calculated in accordance with GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB No. 75”). The deferred outflows related to OPEB will be recognized as either employee benefit expense or a change in accrued other post-employment benefits in a future reporting year. Details on the composition of the deferred outflows of resources related to OPEB are further discussed in Note 8.

In addition to liabilities, the District reports a separate section for deferred inflows of resources on its statement of net position. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until then. The District has two items that qualify for reporting as deferred inflows of resources:

Deferred Inflows Related to Pensions - These deferred inflows of resources are an aggregate of items related to pensions, as calculated in accordance with GASB 68. The deferred inflows related to pensions will be recognized as a reduction to pension expense or a change in net pension asset/liability in a future reporting year (see Note 8).

Deferred Inflows Related to OPEB - These deferred inflows of resources are an aggregate of items related to OPEB, as calculated in accordance with GASB 75. The deferred inflows related to OPEB will be recognized as a reduction to employee benefit expense or a change in accrued OPEB in a future reporting year (see Note 8).

Risk Management - The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims did not exceed this commercial coverage for the period presented. PMC is self-insured for employee health and workers’ compensation benefits. PMC was self-insured for medical malpractice prior to October 1, 2016; subsequently, PMC purchases insurance from a captive insurance company formed by the District (see Notes 10 and 12). The estimated liabilities for such self-insured programs include estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Medical Malpractice Liability - The liability for losses (including loss adjustment expenses) represents the estimated ultimate cost of all reported and unreported losses that are unpaid as of September 30, 2021. The liability for unpaid losses is estimated using individual case-basis valuations and statistical analyses, and is not discounted. Although considerable variability is inherent in such estimates, management believes that the liability for losses and loss adjustments expenses represents its best estimate of the ultimate cost of unpaid claims. The methods for making such estimates and for establishing the resulting liabilities are periodically reviewed and any adjustments are recorded in the period determined.

Reinsurance - The District relies on ceded reinsurance to limit its retained insurance risk (see Note 13). In entering into reinsurance agreements, management considers a variety of factors, including the creditworthiness of reinsurers. In the event that the reinsurers are unable to meet their obligations under the reinsurance agreements, the District would be contingently liable for such amounts. Management has determined that no provision for uncollectible reinsurance recoveries was necessary at September 30, 2021.

Statement of Revenues, Expenses, and Changes in Net Position - For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating revenue or operating expenses. Non-operating revenues (expenses) represent the net operations of activities or transactions incidental or peripheral to the direct care of patients within the hospital setting and primarily include grant revenue, investment income, and other non-operating revenues and expenses. The following is a summary of the other non-operating revenue and expenses amounts for fiscal year 2021:

Physician practice operations and management	$ (10,348,632)
Health & Fitness, NBMS, Network and Captive Operations	(6,840,630)
Non-operating rent and utilities expenses, net of rental income	(236,565)
Depreciation - PMC	(1,367,941)
Depreciation - other	(127,905)
Interest expense - PMC	(454,660)
Other	(632,861)
Foundation	79,489
Total	$ (19,929,705)

When an expense is incurred for purposes in which there are both restricted and unrestricted net position available, it is the District's policy to apply those expenses to restricted net position, to the extent such are available.

Net Patient Service Revenue - Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others when services are rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Uncollectible accounts receivable are reported as a component of net patient service revenue.

Charity Care - The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

Contributed Resources - Resources restricted by donors for specific operating purposes or additions to property and equipment are held as restricted funds until expended for the intended purpose and are then reported as other operating revenue.

Income Taxes - NBMS has been recognized by the Internal Revenue Service as a tax-exempt organization, as described in Section 501(c)(3) of the Internal Revenue Code ("IRC"). Income earned in furtherance of the District's tax-exempt or governmental purpose is exempt from federal and state income taxes. The IRC provides for taxation of unrelated business income under certain circumstances. Management has determined that the District has no significant unrelated business income. Accordingly, these financial statements include no provision or liability for income taxes.

Fair Value of Financial Instruments - The carrying value of net accounts receivable, accrued liabilities, and accounts payable approximates fair value, due to the short-term nature of these accounts.

Accrued Public Assessment Assistance - The District is required to make quarterly payments to The Public Medical Assistance Trust Fund ("PMATF"), based on a prescribed percentage (1.5% for inpatient and 1.0% for outpatient) of prior period revenue, as prescribed by the AHCA. The District has elected to recognize a liability for the PMATF, based on the calculated amount currently due, representing the District's estimate of the termination liability.

Other Post-employment Benefits - The GASB requires state and local governmental employers to account for and report their annual cost of post-employment health care and other non-pension benefits and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB costs are based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they become due. As described in Note 8, the District's defined-benefit pension retirement plan includes a health insurance subsidy benefit of $100 per month. The District's net OPEB obligation was approximately $105,000 as of September 30, 2021, which is included within the liabilities section of the statement of net position. The District has elected to fund the OPEB obligation on a pay-as-you-go basis.

New Accounting Pronouncement - In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* This Statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. PMC has implemented this pronouncement as of and for the year ended September 30, 2021.

Pending Accounting Pronouncement - In June 2017, the GASB issued Statement No. 87, *Leases.* This Statement requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The lease assets and liabilities will be recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This standard is effective for fiscal years beginning after June 15, 2021. PMC is evaluating the impact of this statement on its financial statements and expects to record assets and liabilities for its operating leases.

Subsequent Events - The District evaluated subsequent events for recognition and disclosure through February 25, 2022, which is the date the basic financial statements were available to be issued.

2. NET PATIENT SERVICE REVENUE

PMC has agreements with third-party payors that provide for payments to PMC at amounts different from its established rates. Major third-party payors are summarized below:

Medicare - Inpatient acute care services and certain outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. PMC is reimbursed for cost-reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by PMC and audits thereof by the Medicare Fiscal Intermediary (reports audited through 2017). PMC's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization.

Reimbursement for Medicare Outpatient services is made in accordance with the Ambulatory Payment Classification ("APC") system called for under the Outpatient Prospective Payment System. Unlike the Inpatient Prospective Payment System ("DRG"), with one DRG payment per inpatient discharge, each outpatient encounter under the APC system could result in the assignment of multiple APC payments.

Medicaid - Inpatient acute care services rendered to Medicaid program beneficiaries are reimbursed using an APR-DRG methodology. Florida Medicaid Program DRG payments cover all services and items furnished during the inpatient stay and are made up of two parts: a base DRG and a level of severity.

Reimbursement for Medicaid Outpatient services is made using an enhanced Ambulatory Patient Grouping ("EAPG"). Florida Medicaid program EAPG payments are made on a per-visit basis, where the payment is directed to the main, significant procedure or treatment provided during an outpatient visit. In addition to the EAPG base rate, an Add On (Per Service Automatic Enhancement Payment) is paid on each payable line, based on the provider's attributes.

Final determination of amounts earned pursuant to the Medicare and Medicaid programs is subject to review by appropriate governmental authorities or their agents. In 2021, PMC recorded an increase to net patient service revenue of approximately $758,000, relating to prior-year, estimated third-party settlement, and other payment issues. The net estimated third-party payable to Medicare and Medicaid as of September 30, 2021 of approximately $763,000 is recorded in estimated third-party settlements in the current liabilities section of the statement of net position.

Other Third-Party Payors - PMC also has various payment arrangements for inpatient and outpatient services rendered to members of commercial insurance carriers, health maintenance organizations, and preferred provider organizations. These agreements include prospectively determined discharge rates, per diems, and discounts from established rates.

The following is a summary of net patient service revenue for fiscal year 2021:

Gross patient service revenue	$ 602,266,920
Provision for contractual adjustments	(416,855,251)
Provision for charity adjustments	(51,211,799)
Provision for uncollectible accounts receivable	(2,742,483)
Net patient service revenue	$ 131,457,387

3. CASH, CASH EQUIVALENTS, INVESTMENTS, AND OTHER ASSETS

Investments are stated at fair value, which is estimated based upon quoted market prices for those or similar instruments.

The composition of PMC's marketable securities, included within investments, funded depreciation, temporarily donor-restricted funds and related accrued interest, as of September 30, 2021 is as follows:

		Investment Maturities			
	Fair Value	One Year or Less	1-5 Years	6-10 Years	More Than 10 Years
U.S. Government Obligations	$ 9,513,601	$ -	$ 4,504,658	$ 5,008,943	$ -
Corporate Bonds	17,166,998	535,728	11,205,763	5,425,507	-
U.S. Agency Mortgage-Backed Securities	5,038,151	-	341,153	140,144	4,556,854
Collateralized Mortgage Obligations	48,838	-	48,838	-	-
	31,767,588	$ 523,728	$ 16,100,412	$ 10,574,594	$ 4,556,854
Domestic Equities	31,984,304				
International Equities	8,560,855				
Mutual Funds:					
Short-Term Bond Fund	3,884,885				
Equity	1,865,995				
Fixed Income	3,886,583				
Intermediate-Term Bond Fund	9,503,941				
Alternative Investments - Real Estate	4,012,451				
Restricted Cash	890,836				
Total Marketable Securities and Restricted Cash	$ 96,357,438				

	Ratings				
	AAA	AA	A	BBB	Not Rated
U.S. Government Obligations	$ 8,140,236	$ 896,696	$ 476,669	$ -	$ -
Corporate Bonds	-	1,304,533	6,302,613	8,319,985	1,239,867
U.S. Agency Mortgage-Backed Securities	-	-	-	-	5,038,151
Collateralized Mortgage Obligations	-	-	-	-	48,838
Domestic Equities	-	-	-	-	31,984,304
International Equities	-	-	-	-	8,560,855
Mutual Funds	-	-	-	-	19,141,404
Alternative Investments - Real Estate	-	-	-	-	4,012,451
Total Marketable Securities	$ 8,140,236	$ 2,201,229	$ 6,779,282	$ 8,319,985	$ 70,025,870

The District adopted generally accepted accounting standards for fair value measurements which provides a single definition of fair value and established a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 Inputs other than quoted prices in active markets within Level 1 that are either directly or indirectly observable

Level 3 Significant unobservable inputs for the asset or liability in which little or no market data exists

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value.

If available, quoted market prices are used to value investments. U.S. Government Obligations, Corporate Bonds, U.S. Agency Mortgage-Backed Securities, Collateralized Mortgage Obligations, Domestic Equities, International Equities, and Real Estate ETFs are valued at the closing price reported on the major market on which the individual securities are traded. Mutual funds and alternative investments – real estate are valued using a market approach at the recorded closing net asset value ("NAV") of the funds. The NAV is based on the fair value of the underlying investments.

	Fair Value Measurements			
Assets:	**Level 1**	**Level 2**	**Level 3**	**Total**
U.S. Government Obligations	$ 9,513,601	$ -	$ -	$ 9,513,601
Restricted Cash	890,836	-	-	890,836
Corporate Bonds	17,166,998	-	-	17,166,998
U.S. Agency Mortgage-Backed Securities	5,038,151	-	-	5,038,151
Collateralized Mortgage Obligations	48,838	-	-	48,838
Domestic Equities	31,984,304	-	-	31,984,304
International Equities	8,560,855	-	-	8,560,855
Mutual Funds	19,141,404	-	-	19,141,404
Alternative Investments - Real Estate	456,910	-	3,555,541	4,012,451
Marketable Securities	$ 92,801,897	$ -	$ 3,555,541	$ 96,357,438

Credit Risk - Florida Statutes, Section 218.415, provides for each unit of local government or political subdivision to adopt investment policies that are commensurate with the nature and size of public funds within their custody. These policies must include consideration for safety of capital, liquidity of funds, diversification of investments, investment income, maturity requirements, and performance measurement. Section 218.415, Florida Statutes, authorizes the District to invest in (1) the Local Government Surplus Funds Trust Fund, which is administered by the State Board of Administration; (2) obligations of, or obligations for which the principal and interest are unconditionally guaranteed by the U.S. Government; (3) interest-bearing time deposits or savings accounts in banks and savings and loans organized under laws of the United States of America; (4) obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, the Federal National Mortgage Association, and obligations guaranteed by the Government National Mortgage Association; and (5) other investments authorized by resolution by the governing board of a special district.

The District has a Board-approved policy for the investment of funds. The District has investment management agreements which provide for selected investment managers to invest and manage the District's Board-designated and excess operating funds in accordance with the District's investment policy. The funds are pooled and invested according to established investment criteria and the nature of intended use. Long-term designation of investments is based on the maturity dates underlying investments and/or the intent of management to hold the investments for long-term purposes. Investment securities are classified as available for sale, as the investment managers have the ability to liquidate investments in order to avoid losses from changes in market conditions. Funds held under the Bond Indenture are required to be invested in qualified investments, as defined in the Bond Indenture. All other funds are required to be invested according to the District's investment policy. The objectives of the District's investment policy are prioritized in the following order: (1) safety of principal, (2) liquidity, (3) generation of income, (4) inflation protection, (5) return on investment/yield, and (6) understanding of risk.

Concentration of Credit Risk - Investments in any one issuer that represent 5% or more of an entity's investment portfolio are required to be disclosed. Investments issued or explicitly guaranteed by the U.S. Government, and investments in mutual funds, external investment pools, and other pooled investments, are excluded from this requirement. Based on the nature of the District's investments, no concentration of credit risk exists for the District.

Custodial Credit Risk - As of September 30, 2021, all of the District's cash and cash equivalents are held in the name of the District, NBMS (or wholly owned subsidiaries of NBMS (see Note 12)), or the Foundation. Accordingly, no custodial credit risk exists for the District.

Deposit Risk - In addition to insurance provided by the Federal Deposit Insurance Corporation, all of the District's demand deposits are held in banking institutions approved by the State of Florida State Treasurer to hold public funds. Under the Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act* ("Chapter 280"), the state treasurer requires all qualified public depositories to deposit with the treasurer or another banking institution eligible collateral equal to amounts ranging from 50% to 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Government and Agency Securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a qualified public depository failure, the remaining public depositories would be responsible for covering any resulting losses in excess of amounts insured and collateralized. Amounts held by the bank are insured or fully collateralized by Government Securities.

Interest Rate Risk - The District's investment policy includes certain limitations on investment maturities; however, the District's primary means of managing exposure to fair value losses arising from increasing interest rates is based upon the composition of its investment portfolio, which includes marketable securities, which are unconditionally guaranteed by the U.S. Government and have limited interest rate variability.

The effective yield earned on the District's investments and funded depreciation for the year ended September 30, 2021 was approximately 17.3%.

Investment income, net, consists of the following for the year ended September 30, 2021:

Investment income:	
Interest and dividends earned on investments	$ 2,634,050
Realized gains and losses on marketable securities, net	8,289,748
Change in unrealized gains and losses on marketable securities	4,015,221
Investment income, net	$ 14,939,019

During the year ended September 30, 2003, NBMS purchased $500,000 of Class E common stock of PPLRRG to create an alternative malpractice insurance vehicle in which the medical staff could obtain malpractice insurance at more affordable rates than commercially available in the local market. Five local physicians are currently taking advantage of the program as of September 30, 2021. This investment is recorded at cost in deposits and other assets in the statement of net position. The Class E common stock of PPLRRG is nonvoting, and NBMS owns approximately 6% of the total outstanding common stock of PPLRRG. As a Class E shareholder of PPLRRG, NBMS has certain rights and obligations, as defined under the PPLRRG's Articles of Incorporation.

4. CAPITAL ASSETS

A summary of changes in capital assets during fiscal year 2021 is as follows:

	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
Land	$ 9,245,348	$ -	$ -	$ 9,245,348
Improvements to land	5,785,878	-	-	5,785,878
Buildings and improvements	140,457,087	146,502	(850)	140,602,739
Equipment	75,981,676	5,546,285	(2,999,079)	78,528,882
Construction in progress	235,159	1,014,022	-	1,249,181
Total capital assets	231,705,148	6,706,809	(2,999,929)	235,412,028
Accumulated depreciation	(174,292,434)	(7,174,727)	2,855,653	(178,611,508)
Totals	$ 57,412,714	$ (467,918)	$ (144,276)	$ 56,800,520

Depreciation expense for fiscal year 2021 has been included in operating and non-operating expenses in the statement of revenues, expenses, and changes in net position, based on the District's policy for reporting related activities, as defined in Note 1, in the amounts of $5,678,881 and $1,495,846, respectively. At September 30, 2021, the District had fully depreciated capital assets of $100,667,657 that were still in use.

5. LONG-TERM DEBT

On September 24, 2014, PMC completed its refunding of a portion of the Series 2008 Bonds and issued $70,000,000 in Refunding Bonds, Series 2014 (the "Series 2014 Bonds"), maturing October 1, 2043. The proceeds from the Series 2014 Bonds were used for the purpose of refunding a portion $62,575,000 of the Series 2008 term bonds through defeasance by establishing an escrow account with TD Bank, National Association, as escrow agent, sufficient to pay when they were due the interest and principal on the Series 2008 Bonds. The Series 2014 Bonds bear a fixed interest rate of 3.0% through October 1, 2029. The interest rate on the Series 2014 Bonds will be remarketed after October 1, 2029, based on then prevailing rates.

On November 14, 2017, PMC satisfied its remaining obligations for debt service related to the Series 2008 Bonds and issued $25,000,000 in Refunding Bonds, Series 2017 (the "Series 2017 Bonds"), maturing October 1, 2027. The proceeds from the Series 2017 Bonds were used for the purpose of refunding the remaining portion $26,800,000 of the then Series 2008 term bonds through defeasance, and establishment of an escrow account with TD Bank, National Association, as escrow agent, sufficient to pay when they were due the interest and principal on the Series 2008 Bonds. The Series 2017 Bonds bear a fixed interest rate of 3.22% through October 1, 2027. The interest rate on the Series 2017 Bonds will be remarketed after October 1, 2027, based on then prevailing rates. As part of the refinancing, the difference between the amounts funded into the irrevocable trust and the carrying value of the Series 2008 Bonds is reflected as a deferred outflow and amortized into interest expense over the term of the Series 2017 Bonds.

Deferred outflows on defeasance of approximately $9,992,000 at September 30, 2021, are presented net of accumulated amortization of approximately $3,018,000. The Series 2017 Bonds, Series 2014 Bonds, and Series 2008 Bonds are collateralized by and are payable solely from an obligation issued under the Master Trust Indenture (the "Master Indenture") between TD Bank, as Master Trustee (the "Master Trustee"), and PMC, as well as certain monies held under the trust indenture governing the Series 2008 Bonds (the "Bond Indenture"). The obligation issued under the Master Indenture is collateralized by a pledge of, and a security interest in, the net revenues of the District and any future member of the Obligated Group that is a Governmental Unit and the net revenue and accounts of any future member of the Obligated Group that is a corporation or other business entity. Currently, PMC is the sole member of the Obligated Group.

The Master Indenture requires the Obligated Group to maintain certain financial ratios and places restrictions on various activities, such as the transfer of assets and incurrence of additional indebtedness. At September 30, 2021, PMC was in compliance with all such covenants.

The District has entered into a lease agreement to finance the purchase of certain operating equipment through June 2032. The agreement was classified as a capital lease and has been discounted at 3%.

Long-term debt as of September 30, 2021, consist of the following:

Refunding Bonds, Series 2014, principal payable monthly beginning in 2014 through 2043, interest payable monthly at the fixed rate of 3.0%.	$ 61,680,000
Revenue Refunding Bonds, Series 2017, principal payable in variable annual installments beginning in 2018 through 2027, interest payable October 1 and April 1 at the fixed rate of 3.22%.	23,075,000
Capital lease obligation	2,289,935
Total long-term debt	87,044,935
Current portion	(2,868,352)
Long-term portion	$ 84,176,583

A summary of changes in long-term debt and capital lease obligations during 2021 is as follows:

	Beginning Balance	Additions	Repayments	Ending Balance	Amounts Due Within One Year
Series 2014					
Fixed rate refunding bonds	$ 63,602,000	$ -	$ 1,922,000	$ 61,680,000	$ 1,980,000
Series 2017					
Fixed rate refunding bonds	$ 23,750,000	$ -	$ 675,000	$ 23,075,000	$ 705,000
Capital lease obligations	$ -	$ 2,423,895	$ 133,960	$ 2,289,935	$ 183,352

Annual scheduled principal maturities and interest on long-term debt obligations as of September 30, 2021, are as follows:

Fiscal Year Ending September 30,	Principal	Interest
2022	$ 2,868,352	$ 2,658,084
2023	2,952,915	2,568,645
2024	3,046,646	2,481,507
2025	3,130,552	2,382,001
2026	3,243,636	2,284,276
2027-2031	17,937,834	9,852,520
2032-2036	19,386,000	6,971,423
2037-2041	22,611,000	3,747,603
2042-2045	11,868,000	485,350
	$ 87,044,935	$ 33,431,409

During the year ended September 30, 2021, interest on the long-term debt totaling $2,683,069 was charged to operating expense and $454,660 was charged to non-operating expense based on the District's policy for reporting related activities, as defined in Note 1. The unamortized property and equipment under capital leases was approximately $2,262,000 at September 30, 2021.

6. NOTE PAYABLE

During the year ended September 30, 2020, NBMS received a loan under the Paycheck Protection Program ("PPP"), established by section 1102 of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act of $1,391,080. The loan was forgiven in full during the year ended September 30, 2021 and recognized as grant revenue on the statement of revenues, expenses, and changes in net position.

7. LINE OF CREDIT

In August 2021, the District entered into credit and other related agreements to provide a short-term line of credit (the "Line") with a bank for borrowings up to $7,500,000. No borrowings have been advanced under the Line, which expires in August 2022. The Line was issued under a Master Note secured under the Master Indenture on the same terms as the Series 2014 Bonds and Series 2017 Bonds. Interest is charged on borrowing under the Line at a rate of LIBOR plus 170 basis points.

8. EMPLOYEE BENEFIT PLANS

Employees' Retirement System

Plan Freeze - Effective September 30, 2016, the District's defined-benefit pension plan was frozen. All benefit accruals under the plan ceased; therefore, average monthly earnings on or after October 1, 2016 shall not be considered. Continuous service will continue to be credited to participants after September 30, 2016 for vesting purposes, for purposes of determining normal and early retirement date, and for purposes of eligibility for disability benefits. Effective October 1, 2016, PMC contributes to a 403(b) defined contribution plan, with an employer discretionary match and discretionary noncontributory employer contribution.

Plan Description - PMC maintains a non-contributory, single-employer, defined-benefit pension retirement plan, Parrish District, Inc. Pension Plan (the "Pension Plan"), administered by the Pension Administrative Committee. The Pension Plan was established under the authority of the District's Board of Directors. Additionally, all amendments and changes to PMC's obligation to contribute to the Pension Plan are covered by this authority. The average rating for investments held in the Pension Plan's portfolio is an average of A. Separate financial statements are not available for the Pension Plan.

Benefits Provided - The Pension Plan covers all permanent, full-time PMC employees and all permanent, part-time employees who customarily work at least 20 hours per week and five months per year, and who complete at least 1,000 hours of service per year, after completion of one year of continuous service. The Pension Plan was frozen effective September 30, 2016. Normal retirement age is determined as the earlier of:

1. Age 65, regardless of continuous service;
2. Age 60 and 25 years of continuous service; or
3. 30 years of continuous service, regardless of age.

Normal retirement benefits are determined as 1.75% of average monthly earnings up to $1,000, plus 1.50% of average monthly earnings in excess of $1,000, times continuous service.

Early retirement age is determined as age 55 and 20 years of continuous service. Early retirement accrued benefits are reduced 6.67% for each of the first five years and 3.33% for each of the next five years by which the benefit Commencement Date precedes age 65.

The vesting schedule is as follows:

Years of Service	Vested Percentage
Less than 5	None
5	50%
6	60%
7	70%
8	80%
9	90%
10 or more	100%

Members will receive the vested portion of their accrued benefit payable at otherwise early age (reduced) or age 65. Disability benefits are based on the normal retirement benefit accrued to the date of disability. Employees are eligible after 10 years of continuous service. Death benefits are based on the accrued benefit as of the date of death and are payable as a lump sum. Employees are eligible after 5 years of continuous service.

Plan Membership - The Pension Plan membership was as follows as of October 1, 2020 (date of actuarial valuation):

Inactive Pension Plan members or beneficiaries currently receiving benefits	110
Inactive Pension Plan members entitled but not yet receiving benefits	213
Active Pension Plan members	399
Total members	722

Funding Policy - PMC contributes the amount necessary to meet the minimum required employer contribution, as calculated by the actuary. Employee contributions are not permitted.

Net Pension Liability –

The measurement date is September 30, 2020.
The measurement period for the pension expense was October 1, 2019 to September 30, 2020.
The reporting period is October 1, 2020 through September 30, 2021.
The Sponsor's Net Pension Liability was measured as of September 30, 2020.
The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Assumptions and Other Inputs - Total Pension Liability was determined by an actuarial valuation as of October 1, 2020, updated to September 30, 2021, using the following actuarial assumptions:

Inflation	2.80%
Salary Increases	N/A – Benefits are frozen as of October 1, 2016
Discount Rate	7.10%
Investment Rate of Return	7.10%

Mortality Rate Healthy Active Lives:
Female: PubG.H-2010 for Employees.
Male: PubG.H-2010 for Employees, set back one year.

Mortality Rate Healthy Retiree Lives:
Female: PubG.H-2010 for Healthy Retirees.
Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Mortality Rate Beneficiary Lives:
Female: PubG.H-2010 (Below Median) for Healthy Retirees.
Male: PubG.H-2010 for Healthy Retirees, set back one year.

Mortality Rate Disabled Lives:
PubG.H-2010 for Disabled Retirees, set forward three years.

All rates are projected generationally with Mortality Improvement Scale MP-2018.

The above described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System ("FRS"). The above rates are those outlined in Milliman's July 1, 2019 FRS valuation report for non-special-risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

The most recent actuarial experience study used to review the other significant assumptions was dated July 21, 2014. The valuation for October 1, 2021 was updated as of September 10, 2021.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2020 the inflation rate assumption of the investment advisor was 2.25%. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2020 are summarized in the following table:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Large Cap Equity	35%	10%
Mid and Small Cap	20%	10%
International Equity	5%	10%
Alternatives	10%	10%
Fixed Income	30%	4.5%
	100%	

Discount Rate - The Discount Rate used to measure the Total Pension Liability was 7.10%. The projection of cash flows used to determine the Discount Rate assumed that Pension Plan member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current Pension Plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - The District's Net Pension Asset was measured as of September 30, 2021. The Total Pension Liability used to calculate the Net Pension Asset was determined as of that date.

Changes in Net Pension Liability (Asset):

	Increase (Decrease)		
	Total Pension Liability (a)	Pension Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at September 30, 2020	$ 42,663,938	$ 62,473,250	$ (19,809,312)
Changes for the Year:			
Service Cost	486,190	-	486,190
Interest	3,001,709	-	3,001,709
Differences between Expected and Actual Experience	(532,461)	-	(532,461)
Changes of assumptions	370,157	-	370,157
Changes of benefit terms	-	-	-
Contributions - Employer	-	-	-
Net Investment Income	-	5,285,797	(5,285,797)
Benefit Payments	(4,621,109)	(4,621,109)	-
Administrative Expense	-	(67,772)	67,772
Net Changes	(1,295,514)	596,916	(1,892,430)
Balances at September 30, 2021	$ 41,368,424	$ 63,070,166	$ (21,701,742)

On September 30, 2020, the District reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	September 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Balances at September 30, 2020	$ 6,074,170	$ 6,056,042
Differences between expected and actual experience	(613,450)	(246,668)
Changes of assumptions	(396,966)	(874,460)
Net difference between projected and actual earnings on pension plan investments	(402,058)	-
Balances at September 30, 2021	$ 4,661,696	$ 4,934,914

The outcome of Deferred Outflows of resources related to pensions resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ending September 30, 2021. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year Ending September 30,	
2022	$ (106,331)
2023	$ 388,809
2024	$ 163,665
2025	$ (719,361)
2026	$ -
Thereafter	$ -

Sensitivity of the Net Pension Asset to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability (asset) calculated using a discount rate of 7.10% at September 30, 2021, as well as the District's proportionate share of the net pension liability (asset) as it would be if calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
Sponsor's Net Pension Liability (Asset)	$ (19,735,654)	$ (21,701,742)	$ (23,439,721)

Pension Plan Fiduciary Net Position - Detailed information about the Pension Plan's fiduciary net position is as follows:

The following tables present the composition and credit ratings of the defined-benefit pension plan's cash and cash equivalents and investments as of September 30, 2021:

		Investment Maturities			
	Fair Value	**One Year or Less**	**1-5 Years**	**6-10 Years**	**More Than 10 Years**
U.S. Government Obligations	$ 5,834,520	$ -	$ 2,972,977	$ 2,861,543	$ -
Corporate Bonds	9,822,160	340,952	6,283,295	3,197,913	-
U.S. Agency Mortgage-Backed Securities	3,031,591	-	100,281	37,181	2,894,129
Collateralized Mortgage Obligations	59,338	12,646	46,692	-	-
	18,747,609	$ 353,598	$ 9,403,245	$ 6,096,637	$ 2,894,129
Domestic Equities	34,033,943				
International Equities	1,894,890				
Mutual Funds:					
Equity	7,773,692				
Fixed Income	7,935,891				
Alternative Investments - Real Estate	2,037,200				
Total Marketable Securities	$ 72,423,225				

	Ratings				
	AAA	**AA**	**A**	**BBB**	**Not Rated**
U.S. Government Obligations	$ 5,834,520	$ -	$ -	$ -	$ -
Corporate Bonds	87,009	888,850	3,564,410	4,605,530	676,361
U.S. Agency Mortgage-Backed Securities	-	-	-	-	3,031,591
Collateralized Mortgage Obligations	-	-	-	-	59,338
Domestic Equities	-	-	-	-	34,033,943
International Equities	-	-	-	-	1,894,890
Mutual Funds	-	-	-	-	15,709,583
Alternative Investments - Real Estate	-	-	-	-	2,037,200
Total Marketable Securities	$ 5,921,529	$ 888,850	$ 3,564,410	$ 4,605,530	$ 57,442,906

The following table presents information about the fair value measurements of the Pension Plan's fiduciary net position as of September 30, 2021:

	Fair Value Measurements			
Assets:	**Level 1**	**Level 2**	**Level 3**	**Total**
U.S. Government Obligations	$ 5,834,520	$ -	$ -	$ 5,834,520
Corporate Bonds	9,822,160	-	-	9,822,160
U.S. Agency Mortgage-Backed Securities	3,031,591	-	-	3,031,591
Collateralized Mortgage Obligations	59,338	-	-	59,338
Domestic Equities	34,033,943	-	-	34,033,943
International Equities	1,894,890	-	-	1,894,890
Mutual Funds	15,709,583	-	-	15,709,583
Alternative Investments - Real Estate	81,653	-	1,955,547	2,037,200
Marketable Securities	$ 70,467,678	$ -	$ 1,955,547	$ 72,423,225

See Note 4 for an explanation of the methods used to determine fair value and the levels within the fair value hierarchy.

Pension Expense

The net pension asset increased by $1,892,430 during the year ended September 30, 2021.

Employee Health Plan

PMC has established a self-insured program for health benefits covering substantially all employees. During 2021, the plan covered health care services up to $225,000 per claim and provided unlimited commercial insurance coverage for cases exceeding these amounts for each covered employee or dependent. Health insurance expense, which includes medical expense provided by outside providers, dental and life benefits, and administrative costs (net of employee contributions), was $5,437,665 in 2021. Medical services provided to covered employees at PMC are recorded as a contractual adjustment when service is provided. Contractual adjustments under this plan amounted to $6,530,406 in 2021. At September 30, 2021, the liability for reported and estimated unreported employee health plan claims incurred was $503,454 and is included as a component of accrued health insurance and workers' compensation in the accompanying statement of net position. Claims for medical services provided of $1,134,698 are included as a component of accounts payable in the accompanying statement of net position.

Workers' Compensation Plan

PMC has established a self-insured program for workers' compensation benefits covering all employees. The plan covers employees up to $650,000 per claim for 2021 and is limited to approximately $3.0 million per year in the aggregate for 2021 and provides for commercial insurance relating to cases exceeding these amounts. Workers' compensation insurance expense, which includes payments for administrative fees, wages, and outside medical services, amounted to $1,212,509 in 2021. Medical services provided by PMC under this plan of $213,479 in 2021 are recorded as contractual adjustments when the service is provided. At September 30, 2021, the liability for reported and estimated unreported workers' compensation claims incurred was $1,419,362 and is included as a component of accrued health insurance and workers' compensation liabilities in the statement of net position. The total accrual includes estimates of the ultimate costs of both reported claims and claims incurred but not reported, as determined by an actuary in 2021 and discounted at 4% and are actuarially determined every other year.

Other Post-employment Obligations

Effective October 1, 2017, the District adopted GASB No. 75, which requires the District to recognize the accrued OPEB on the statement of net position and to report a more comprehensive measure of OPEB expense in the statement of revenues, expenses, and changes in net position.

General Information about the OPEB Plan

Plan Description:

The District's Retiree Health Care Plan ("HC Plan") is a single-employer defined-benefit post-employment health care plan that covers eligible retired employees of the District. The HC Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under the District's retirement plan to continue medical insurance coverage as a participant in the HC Plan. For purposes of applying Paragraph 4 under GASB No. 75, the HC Plan does not meet the requirements for an OPEB plan administered through a trust.

Employees Covered by Benefit Terms. At September 30, 2018, the following employees were covered by the benefit terms:

Inactive HC Plan Members, or Beneficiaries Currently Receiving Benefits	2
Inactive HC Plan Members Entitled to But Not Yet Receiving Benefits	-
Active HC Plan Members	527
Total	529

Benefits Provided:

The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the District hired before October 1, 2015 are eligible to receive post-employment health care benefits. Eligible retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. Employees hired after October 1, 2015 are eligible to receive post-employment health care benefits, in accordance with Florida Statute 112.0801.

Total OPEB Liability

The measurement date is September 30, 2020.
The measurement period for the OPEB expense was October 1, 2019 to September 30, 2020. The reporting period is October 1, 2020 through September 30, 2021

The Sponsor's Total OPEB Liability was measured as of September 30, 2020.

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2020 using the following actuarial assumptions:

Inflation	2.50%
Salary Increase Rate(s)	Varies by Service
Discount Rate	2.14%
Initial Trend Rate	7.00%
Ultimate Trend Rate	4.00%
Years to Ultimate	54

Mortality rates were based on the Pub 2010 mortality tables. For active lives female lives, the headcount-weighted PubG-2010 female employee table was used. For inactive healthy lives for female lives, the headcount-weighted PubG-2010 female healthy retiree table was used. For active lives male lives, the headcount-weighted PubG-2010 male employee table, set back one year, was used. For inactive healthy lives male lives, the headcount-weighted PubG-2010 male below-median income healthy retiree table, set back one year, was used. For disabled lives, for female lives, 100% of the Disabled Female table was used, set forward three years. For disabled lives, male lives, 100% of the Disabled Male table was used.

Discount Rate:

Given the District's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 2.14%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

	Increases and (Decreases) in Total OPEB Liability
Reporting Period Ending September 30, 2020	$ 100,900
Changes for the year:	
Service Cost	2,405
Interest	3,575
Differences between Expected and Actual Experience	86,649
Changes of assumptions	88,926
Benefit Payments	(6,913)
Net changes	174,642
Reporting Period Ended September 30, 2021	$ 275,542

Difference between expected and actual experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2020.

Changes in assumptions reflect changes to per capital claims cost amounts, premium amounts, mortality rates, health care trend rates, the member health care participation rate, and a change in the discount rate from 3.58% for the year ended September 30, 2020, to 2.14% for the year ended September 30, 2021. Also reflected as assumption changes are updated health care costs and premiums, updated health care cost rates, updated retirement, termination and disability rates and updated mortality rates.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
At September 30, 2021	1.14%	2.14%	3.14%
Total OPEB Liability	$ 298,262	$ 275,542	$ 255,115

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates:

The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using health care cost trend rates that are one percentage-point lower or one percentage-point higher than the current health care cost trend rates:

	1% Decrease	Healthcare Costs Trend Rate	1% Increase
At September 30, 2021	3.00% - 6.50%	4.00% - 7.50%	5.00% - 8.50%
Total OPEB Liability	$ 253,630	$ 275,542	$ 300,756

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

For the year ended September 30, 2021, the Sponsor recognized a reduction of OPEB expense of approximately $143,997. On September 30, 2021, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 72,207	$ 84,930
Changes of assumptions	76,982	454,053
Employer contributions subsequent to the measurement date	21,717	-
Total	$ 170,906	$ 538,983

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	
2022	$ (153,277)
2023	$ (153,275)
2024	$ (142,485)
2025	$ 29,983
2026	$ 29,260
Thereafter	$ -

	Components of OPEB Expense (For the Year Ended September 30, 2021)			
	Total OPEB Liability	Deferred Inflows	Deferred Outflows	OPEB Revenue
Balances at September 30, 2020	$ 100,900	$ 722,242	$ 13,809	$ -
Employer Contributions made after September 30, 2020	-	-	21,717	-
Total OPEB Liability Factors:				
Service cost	2,405	-	-	2,405
Interest	3,575	-	-	3,575
Differences between expected and actual experience With regard to economic or demographic assumptions	86,649		86,649	
Current year amortization of experience difference		(28,311)	(14,442)	(13,869)
Change in assumptions about future economic or demographic factors or other inputs	88,926	-	88,926	-
Current year amortization of change in assumptions	-	(154,948)	(15,540)	(139,408)
Benefit Payments	(6,913)	-	-	-
Net Change	$ 174,642	$ (183,259)	$ 167,310	$ (147,297)
Pay-As-You Go related Costs:				
Contributions - Employer	$ 10,213	$ -	$ (10,213)	$ -
Benefit Payments	(6,913)	-	-	3,300
Administrative Expenses	(3,300)	-	-	-
Net Change	-	-	(10,213)	3,300
Balances at September 30, 2021	$ 275,542	$ 538,983	$ 170,906	$ (143,997)

The HC Plan is not funded through a trust, however, certain "Pay-As-You-Go" related costs must still be considered when developing the OPEB expense.

The District provides post-employment health care benefits to all employees who retire from the District under the plan after 20 or more years of service and age 55, or after 30 years of service. Premiums paid by retirees are based on the projected average plan cost of the District's self-insured health benefit program for the year. The plan is funded on a pay-as-you-go basis. The District may make additional contributions as desired. No additional contributions have been made to date.

Calculations are based upon the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of sharing of costs between the employer and plan members to that point. Calculations reflect a long-term prospective, so methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the September 30, 2020 actuarial valuation, with a measurement date of September 30, 2020 for fiscal year end September 30, 2021 (the most recent calculation available), the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a 2.14% discount rate and an annual health care cost trend rate of 4.00% - 7.50%, which is expected to increase to 7.50% in fiscal 2022, grading down to the ultimate trend rate of 4.0% in fiscal 2075. The funded ratio was 0.0%, as the HC Plan is unfunded and, thus, the unfunded actuarial accrued liability of approximately $275,542is equal to the actuarial accrued liability. Covered payroll under the HC Plan was approximately $44,001,018, resulting in a ratio of 0.63%, as compared to the unfunded actuarial liability.

The following is a summary of the activity in the accrued health insurance, workers' compensation, and OPEB accounts for the year ended September 30, 2021:

Beginning Balance	**Additions**	**Reductions**	**Ending Balance**
$ 1,502,707	$ 533,369	$ 8,472	$ 2,027,604

9. DONOR-RESTRICTED NET POSITION

Donor-restricted net position is available for the following programs at September 30, 2021:

Restricted endowments for the Children's Center and Parrish Health Village	$ 1,485,286
Wellness	190,097
Cancer Programs	194,509
Children's Center	117,463
Education/Training	50,609
Diabetes	45,740
Circle of Giving	5,817
Women's Services - Lactate/Birthing	17,906
Stereotactic Breast Biopsy	17,931
Scholarships	2,859
Chain of Lakes - Health Village	5,854
All other	65,306
	$ 2,199,377

10. CHARITY AND OTHER UNREIMBURSED CARE

The District's mission is to provide high-quality, affordable health care to the community. In pursuing its commitment to serve all members of the community, the District provides services to the financially disadvantaged, despite the lack or adequacy of payment for those services. The District maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy. Charity care is also provided through reduced price services and fee programs offered throughout the year, based upon activities and services, which the District believes will serve a community health need. These activities include wellness programs, community education programs, and health fairs. The charges foregone for services and supplies furnished under the District's charity care methodology for the year ended September 30, 2021 was $51,211,799.

11. RELATED-PARTY TRANSACTIONS AND RELATIONSHIPS

North Brevard Medical Support, Inc. - NBMS primarily utilizes grants and earnings on investment to continue its operations and meet its obligations as they become due. NBMS receives funding from PMC in the form of grants. NBMS can obtain grants from PMC in any fiscal year up to the lesser of the net patient service revenue of PMC for its preceding fiscal year, or 2.5% of PMC's gross revenue for its preceding fiscal year. PMC funded a grant of approximately $1,642,000 in 2021 for NBMS to meet its fiscal year 2021 obligations, which is recorded in other net non-operating expenses in the statements of revenues, expenses, and changes in net position. The grant is eliminated in consolidation. The operating activities of NBMS are included in other net non-operating expenses in the statement of revenues, expenses, and changes in net position for the year ended September 30, 2021.

Parrish Health Network, Inc. - In March 2007, Parrish Health Network (the "Network") was formed. The primary purpose of the Network is to create a community network with clinical integration, which combines the resources, strengths, knowledge, and expertise of our local health care providers in order to offer the community exceptional, comprehensive care. The Network is a wholly owned subsidiary of NBMS.

The operating activities of the Network are included in other net non-operating expenses in the statement of revenues, expenses, and changes in net position for the year ended September 30, 2021.

Florida Medical Insurance Corporation - In August 2016, Florida Medical Insurance Corporation (the "Captive") was issued a license permitting it to transact business as a domestic captive insurer by the State of Florida Office of Insurance Regulation. The Captive is a wholly owned subsidiary of NBMS. PMC paid insurance premiums to the Captive of approximately $1,768,000 in 2021, which was recorded in operating expenses in the statement of revenues, expenses, and changes in net position. The premium expense is eliminated in consolidation.

***Jess Parrish Medical Foundation, Inc.* -** The Foundation is a Florida 501(c)(3) corporation, which raises money to support the District's programs and for the general advancement of health care organizations and objectives. The activities of the Foundation are included in other net non-operating expenses in the statement of revenues, expenses, and changes in net position for the year ended September 30, 2021.

***Home Health Program* -** NBMS has a 25% joint venture interest in the Parrish Home Health Program. The operating activities of the program are included in other net nonoperating expenses in the statements of revenues, expenses, and changes in net position for the year ended September 30, 2021.

***Dialysis Program* -** NBMS has a 40% joint venture interest in the Dialysis Program. The operating activities of the Dialysis program are included in other net non-operating expenses in the statement of revenues, expenses, and changes in net position for the year ended September 30, 2021.

12. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the District to credit risk principally consist of patient accounts receivable. Patient accounts receivable consist of amounts due from Medicare, Medicaid, insurance companies, and self-pay patients.

The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30, 2021, is as follows:

Medicare	31 %
Medicaid	4 %
Commercial and other	58 %
Self-pay	7 %
	100 %

All balances, net of related contractual discounts and collectability allowances, are expected to be collected within the subsequent fiscal year.

13. COMMITMENTS AND CONTINGENCIES

***Coronavirus* -** The District's operations and financial condition have been significantly impacted by the emergence of a novel coronavirus ("COVID-19"). COVID-19 was identified in 2019 as the cause of a disease outbreak that originated in China. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The effect of COVID-19 on the District's operational and financial performance will depend on future developments associated with this disease, which are uncertain and difficult to predict.

The CARES Act was signed into law on March 27, 2020, to address the impact of COVID-19. As part of the CARES Act, the U.S. Department of Health and Human Services ("HHS") Provider Relief Fund distributed funds to health care providers to help cover costs and other financial impacts related to COVID-19. During the year ended September 30, 2020, the District and NBMS received $10,359,313 through the Provider Relief Fund. The funds received were initially recorded as unearned grant proceeds in the statement of net position. Based on current HHS guidance, recipients may use Provider Relief Funds for health care related expenses attributable to COVID-19 that another source has not reimbursed and is not obligated to reimburse, and then for lost revenues related to health care services measured through December 31, 2020, and then, if necessary, through June 30, 2021. Based on measurements of eligible uses of Provider Relief Funds, the District recognized $8,400,000 as grant revenues in the statement of revenues, expenses and changes in net position for the year ended September 30, 2021. The Provider Relief Funds received are subject to audit and recoupment. However, based on the estimated financial impact of COVID-19 through September 30, 2021, management does not believe such amounts, if any, would be material.

The District was also a sub-recipient of funds of approximately $4,528,000 from other HHS COVID-19 support initiatives being administered by the Florida Hospital Association, Inc and the Brevard County Board of Commissioners. The District recognized approximately $4,093,000 as a component of grant revenues in the statement of revenues, expenses and changes in net position for the year ended September 30, 2021 and approximately $435,000, is recorded as deferred revenue in the statement of net position as of September 30, 2021.

In response to COVID-19, CMS expanded its Accelerated and Advance Payment Program to a broader group of Medicare providers. During the year ended September 30, 2020, the District and NBMS received $15,699,461 of Medicare advance payments through the Medicare Accelerated and Advance Payment Program. These advances are interest free, so long as the repayment terms are met. Repayment of these funds begins 365 days after the date the advanced payments were received. After the 365-day period, CMS will begin withholding 25% of payments due for current services billed to repay the advance payments for 11-months. At the end of the 11-month period, CMS will begin withholding 50% of payments due for current services billed to repay the advance payments for six-months. The District and NBMS have up to 29-months to fully repay any advance funds received, or the outstanding balance will begin to accrue interest at a rate of 4%. Accelerated payments from CMS as advances from the Medicare program of $12,128,514 are included in deferred revenue in the statement of net position.

The District is continuing to evaluate and consider the potential impact that COVID-19 may have on its liquidity, financial condition and results of operations. However, given the uncertainty as to the duration of the COVID-19 pandemic and the timing and availability of effective medical treatment and vaccines, it could have a continuing material adverse effect on the District's future results of operations, financial condition and liquidity.

Hurricane Matthew and Hurricane Irma - During the year ended September 30, 2021, the District was a sub-recipient of funds administered by the State of Florida totaling $8,532 and $62,422, respectively for costs attributable to Hurricane Matthew and Hurricane Irma. Both amounts are recorded as grant revenues in the statement of revenues, expenses and changes in net position for the year ended September 30, 2021.

Operating Leases - The District leases certain office space and equipment under noncancelable operating leases, expiring in various years through 2032. Payments under these obligations, which are not subject to cancellation, are based on fixed monthly amounts.

The following is a summary, by year, of the future minimum lease payments for the operating leases:

2022	$	4,416,697
2023		3,973,892
2024		3,672,236
2025		3,383,252
2026		2,208,200
Thereafter		6,423,210
Total	$	24,077,487

For the year ended September 30, 2021, $2,151,082 of rental expense was charged to operating costs and $1,680,490 was charged to non-operating costs based on the District's policy for reporting related activities, as defined in Note 1.

Accrued Medical Malpractice - Prior to July 1987, PMC maintained malpractice coverage through the Florida Hospital Trust Fund and the Florida Hospital Excess Trust Fund B for the purpose of paying malpractice claims against PMC. On July 21, 1987, PMC elected to rely on sovereign immunity with respect to liability claims against PMC, subject to the limited waiver provisions of Section 768.28, Florida Statutes ($200,000 per claim, $300,000 per incident), for 2019. PMC terminated its participation in the Florida Hospital Trust Fund and Florida Hospital Excess Trust Fund B, purchased insurance coverage for non-reported acts prior to July 22, 1987, and engaged an actuary for the purpose of projecting future malpractice liability on a self-insured basis. Based upon the actuary's analysis and the possibility of a special act of the Florida Legislature, as provided in Section 768.29(5), Florida Statutes, PMC has recorded a total accrued liability for reported and unreported claims of $6,752,888 (net of claims paid) for the period July 22, 1987 through September 30, 2021. The total accrual includes estimates of the ultimate costs of both reported claims and claims incurred but not reported and are discounted at 4%.

Because actual claims liabilities depend on such complex risk factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liabilities does not necessarily result in actual claims amounts. Claim liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. At September 30, 2021, the estimated current portion of the total accrued liability was $34,163. The statement of revenues, expenses, and changes in net position reflects an increase to expenses of approximately $3,970,000.

Excess Insurance - Effective June 13, 2014, PMC purchased a claims-made umbrella policy with a $5 million limit covering PMC and employed physicians. The umbrella policy is excess over the sovereign immunity limits of $200,000/$300,000. If sovereign immunity does not apply, the policy is excess over a professional liability limit of $1 million/$3 million, which is the self-insured retention. Effective May 30, 2014, PMC purchased a claims-made professional liability excess policy for contract physicians working in the Florida Health Network. These physicians carry their own underlying insurance policy for the first $250,000 per claim and $750,000 per physician. The excess policy covers an additional $750,000 per claim and $2.25 million per physician, bringing the total coverage to $1 million/$3 million limits. Both policies were purchased as a precondition of membership in the Mayo Clinic Care Network.

Effective October 1, 2016, the Captive provides, on a claims-made basis, hospitals and physicians professional liability for both employed and excess professional liability insurance for the Network's non-employed physicians to the District. The hospital and employed physician's professional liability coverage has a limit of $6,000,000 per claim and in the aggregate. The Captive has purchased a reinsurance layer on this coverage, with limits of $750,000 per occurrence and $5,250,000 in the aggregate. The Network's non-employed physician's professional liability coverage has a limit of $750,000 in excess of $250,000 per claim, with a $3,000,000 annual aggregate. The Captive has purchased a reinsurance layer on this coverage, with limits of $250,000 excess $750,000 per occurrence and in the aggregate.

Effective October 1, 2016, the Captive provides, on an occurrence basis, commercial general liability and property deductible reimbursement coverages to the District. The commercial general liability coverage has a limit of up to $6,000,000 per claim, and in the aggregate. The property deductible reimbursement coverage has a limit of $250,000 per claim with no annual aggregate limitation.

Insurance Capital and Surplus - The National Association of Insurance Commissioners (the "NAIC") has established risk-based capital ("RBC") requirements to help State regulators monitor the financial strength and stability of property and casualty insurers by identifying those companies that may be inadequately capitalized. The calculated RBC level, based on the annual statements as filed by the Captive, was in excess of the threshold requirements as of September 30, 2021.

The Captive is required to maintain a minimum capital and surplus of $250,000 pursuant to insurance regulations. As of September 30, 2021, the Captive is above the minimum capital and surplus.

The payment of dividends is subject to regulatory restrictions and requires approval from the Florida Office of Insurance Regulation. There were no dividends declared or paid during the year ended September 30, 2021.

Accrued Employee Personal Leave Bank - PMC provides a benefit program entitled "Personal Leave Bank." This program allows all eligible employees to earn personal leave in lieu of traditional sick days, vacation days, or holidays. Accrual of personal leave time is based upon length of service with PMC. The Personal Leave Bank is charged for hours taken off from work. All employees may request payment for up to 120 hours total per year of earned personal leave at two specified times during the fiscal year. The first 80 hours are paid at 100%, the next 40 hours are paid at 80% of the employee's current pay rate. The accrued liability under this program amounted to approximately $3,470,898 at September 30, 2021.

Health Care Industry - The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could give rise to liability resulting in significant fines and penalties, including repayments for patient services previously reimbursed. The District has a corporate compliance function that may, from time to time, identify and investigate potential noncompliance with laws and regulations. If potential violations are identified, they are reported to the appropriate governmental agency. These matters are subject to many uncertainties and the outcomes are not predictable with assurance. Accordingly, it is possible that there may be future repayments or penalties. After conferring with legal counsel, management of the District is not aware of any material unrecorded losses that are probable to result from the ultimate outcome of these matters.

Litigation - The District is involved in litigation arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without a material, adverse effect on the future financial position, results of operations, or cash flows of the District.

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REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NORTH BREVARD COUNTY HOSPITAL DISTRICT

SUPPLEMENTARY INFORMATION - UNAUDITED SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS FOR THE YEARS ENDED SEPTEMBER 30,

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	$ 486,190	$ 416,573	$ 527,886	$ 584,454	$ 690,793	$ 1,836,604	$ 1,998,932	$ 1,850,863
Interest	3,001,709	3,187,721	3,376,581	3,192,364	3,252,842	4,207,238	3,998,329	3,796,320
Differences between expected and actual experience	(532,461)	(1,177,650)	(2,772,290)	3,366,776	(562,243)	1,059,852	-	-
Changes of assumptions	370,157	472,090	-	-	3,656,761	-	736,112	-
Changes of benefit terms	-	-	-	-	(13,325,988)	-	-	-
Contributions - buy back	-	-	-	-	-	-	1,474	-
Benefit payments, including refunds of employee contributions	(4,621,109)	(3,523,852)	(3,487,874)	(5,838,344)	(5,336,757)	(3,786,952)	(4,135,338)	(2,404,947)
Net change in total pension liability	(1,295,514)	(625,118)	(2,355,697)	1,305,250	(11,624,592)	3,316,742	2,599,509	3,242,236
Total pension liability - beginning	42,663,938	43,289,056	45,644,753	44,339,503	55,964,095	52,647,353	50,047,844	46,805,608
Total pension liability - ending (a)	$ 41,368,424	$ 42,663,938	$ 43,289,056	$ 45,644,753	$ 44,339,503	$ 55,964,095	$ 52,647,353	$ 50,047,844
Plan fiduciary net position								
Contributions - employer	$ -	$ -	$ -	$ 279,252	$ 1,440,995	$ 1,691,990	$ 3,126,488	$ 3,166,212
Contributions - employee	-	-	-	-	-	-	-	-
Contributions - buy back	-	-	-	-	-	-	1,474	-
Net investment income	5,285,797	2,671,678	6,228,055	7,214,980	7,442,049	(1,539,953)	4,572,243	6,113,059
Benefit payments, including refunds of employee contributions	(4,621,109)	(3,523,852)	(3,487,874)	(5,838,344)	(5,336,757)	(3,786,952)	(4,135,338)	(2,404,947)
Administrative expense	(67,772)	(82,726)	(72,841)	-	-	-	-	(497)
Other changes	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	596,916	(934,900)	2,667,340	1,655,888	3,546,287	(3,634,915)	3,564,867	6,873,827
Plan fiduciary net position - beginning	62,473,250	63,408,150	60,740,810	59,084,922	55,538,635	59,173,550	55,608,683	48,734,856
Plan fiduciary net position - ending (b)	$ 63,070,166	$ 62,473,250	$ 63,408,150	$ 60,740,810	$ 59,084,922	$ 55,538,635	$ 59,173,550	$ 55,608,683
Net pension liability (asset) - ending (a) - (b)	$ (21,701,742)	$ (19,809,312)	$ (20,119,094)	$ (15,096,057)	$ (14,745,419)	$ 425,460	$ (6,526,197)	$ (5,560,839)
Plan fiduciary net position as a percentage of the total pension liability	152.46%	146.43%	146.48%	133.07%	133.26%	99.24%	112.40%	111.11%
Covered employee payroll	N/A	N/A	N/A	N/A	$ 36,342,540	$ 38,581,076	$ 32,463,253	$ 36,159,641
Net pension asset as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	-40.57%	1.10%	-20.10%	-15.38%

Note: For measurement date September 30, 2020, amounts reported as changes of assumptions resulted from lowering the interest rate from 7.35% to 7.10% per year compounded annually, net of investment-related expenses.

Note: The District implemented GASB Statement No. 68 for the fiscal year ended September 30, 2016, including a restatement as of September 30, 2014. Information for prior years is not available.

NORTH BREVARD COUNTY HOSPITAL DISTRICT

SUPPLEMENTARY INFORMATION - UNAUDITED SCHEDULE OF PENSION CONTRIBUTIONS

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a percentage of Covered Employee Payroll
9/30/2021	$ -	$ -	$ -	N/A	N/A
9/30/2020	$ -	$ -	$ -	N/A	N/A
9/30/2019	$ -	$ -	$ -	N/A	N/A
9/30/2018	$ -	$ -	$ -	N/A	N/A
9/30/2017	$ -	$ 279,252	$ (279,252)	N/A	N/A
9/30/2016	$ 1,440,995	$ 1,440,995	$ -	$ 36,342,540	3.97%
9/30/2015	$ 1,691,990	$ 1,691,990	$ -	$ 38,851,076	4.36%
9/30/2014	$ 3,126,488	$ 3,126,488	$ -	$ 32,463,253	9.63%
9/30/2013	$ 3,166,212	$ 3,166,212	$ -	$ 36,159,641	8.76%

Note: The District implemented GASB Statement No. 68 for the fiscal year ended September 30, 2016, including a restatement as of September 30, 2014. Information for prior years is not available.

Note: The Covered Payroll amounts are shown in compliance with GASB 82, except for the September 30, 2015 measurement period.

NORTH BREVARD COUNTY HOSPITAL DISTRICT

SUPPLEMENTARY INFORMATION - UNAUDITED SCHEDULE OF INVESTMENT RETURNS

Fiscal Year Ended September 30,	Annual Money - Weighted Rate of Return Net of Investment Expenses
9/30/2020	8.75%
9/30/2019	4.60%
9/30/2018	10.51%
9/30/2017	12.69%
9/30/2016	13.57%
9/30/2015	-2.65%
9/30/2014	8.35%
9/30/2013	12.40%

Notes to Schedule: The District implemented GASB Statement No. 68 for the fiscal year ended September 30, 2016, including a restatement as of September 30, 2014. Information for prior year is not available.

Covered Employee Payroll was projected one year forward from the valuation date for the year ended September 30, 2021.

Difference Between Expected and Actual Experience. Difference between expected and actual experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2018.

Changes of Assumptions. Changes of Assumptions reflects the changes to per-capita claims cost amounts, premium amounts, mortality rates, health care trend rates, and the member health care participation rate. Changes of Assumptions also reflects the effects of changes in the discount rate each year.

The following are the discount rates used in each year:

Fiscal Year Ended September 30, 2020: 7.10%
Fiscal Year Ended September 30, 2019: 4.18%
Fiscal Year Ended September 30, 2018: 3.64%
Fiscal Year Ended September 30, 2017: 3.06%

NORTH BREVARD COUNTY HOSPITAL DISTRICT

SUPPLEMENTARY INFORMATION - UNAUDITED SCHEDULE OF CHANGES IN THE SPONSOR'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Reporting Period Ending	9/30/2021	9/30/2020
Measurement Date	9/30/2020	9/30/2019
Total OPEB Liability		
Service Cost	$ 2,405	$ 1,997
Interest	3,575	4,005
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	86,649	-
Changes of Assumptions	88,926	4,315
Benefit Payments	(6,913)	(6,431)
Net Change in Total OPEB Liability	174,642	3,886
Total OPEB Liability - Beginning	100,900	97,014
Total OPEB Liability - Ending	$ 275,542	$ 100,900
Covered Employee Payroll (Projected)*	$ 44,001,018	$ 31,946,090
Total OPEB Liability as a percentage of covered employee payroll	.63%	0.32%

Notes to Schedule: The District implemented GASB Statement No. 75 for the fiscal year ended September 30, 2018, including a restatement as of September 30, 2017. Information for prior years is not available.

Covered Employee Payroll was projected one year forward from the valuation date for the year ended September 30, 2021.

Difference Between Expected and Actual Experience. Difference between expected and actual experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2020.

Changes of Assumptions. Changes of Assumptions reflects the changes to per-capita claims cost amounts, premium amounts, mortality rates, health care trend rates, and the member health care participation rate. Changes of Assumptions also reflects the effects of changes in the discount rate each year.

The following are the discount rates used in each year:

Fiscal Year Ended September 30, 2021:	2.14%
Fiscal Year Ended September 30, 2020:	3.58%
Fiscal Year Ended September 30, 2019:	4.18%
Fiscal Year Ended September 30, 2018:	3.64%

Pension Assumptions

Valuation Date:	October 1, 2019 and updated to September 30, 2020

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Cost Method:	Aggregate Actuarial Cost Method.
Interest Rate:	7.10% per year compounded annually, gross of investment-related expenses. This assumption is consistent with the Pension Plan's investment policy and long-term expected return by asset class.
Inflation:	2.8% per year
Lump Sum Assumptions:	The minimum guaranteed lump sum (the frozen vested accrued benefit as of January 9, 2006) is based on the Pension Plan-specific 1971 Group Annuity Mortality Table for Males and an assumed PBGC discount rate as of each October 1 of the valuation year (0% for the October 1, 2020 valuation), compounded annually. The base lump sum is based on the long-term discount rate of 7.10% (previously 7.35%) per annum compounded annually and the mortality table prescribed by the Secretary of the Treasury (the "Secretary") in accordance with Section 417(e)(3)(A)(ii)(I) of the Internal Revenue Code, as applicable for the year in which the valuation is performed. All benefits to participants are assumed to be paid as lump sums, except for those who already terminated or retired as of the valuation date and who did not yet receive lump-sum payouts.
Mortality Rates:	Healthy Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB. Disabled Lives: Female: 100% RP2000 Disabled Female set forward two years Male: 100% RP2000 Disabled Male setback four years.
Post Retirement COLA:	Not applicable.
Payroll Growth Assumption:	None necessary for amortization purposes under the Aggregate Actuarial Cost Method.
Administrative Expenses:	None assumed.
Funding Method:	Aggregate Actuarial Cost Method.

Actuarial Asset Method: All assets are valued at market value, with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Normal Retirement: The below rates were adopted by the Board, as the result of an Experience Study performed for the period October 1, 1993 through October 1, 2013.

Number of Years after First Eligible	Retirement Probability
0-3	15%
4 or more	100%

Early Retirement: Commencing at eligibility for Early Retirement (Age 55 with 20 years of Credited Service), Members are assumed to retire with an immediate benefit at the rate of 6% per year. This assumption was adopted by the Board, as the result of an Experience Study performed for the period October 1, 1993 through October 1, 2013.

Disability Rates:

Age	Disability Rates
20	0.07%
25	0.09%
30	0.11%
35	0.14%
40	0.19%
45	0.30%
50	0.51%
55	0.96%
60	1.66%
65	---

The above rates are consistent with those utilized by other Florida non-special risk retirement programs.

Termination Rate:

Age	Termination Rates
Less than 20	75.0%
20-24	19.0%
25-39	12.0%
40-64	6.0%
65 and Older	0.0%

The above rates were adopted by the Board, as the result of an Experience Study performed for the period October 1, 1993 through October 1, 2013.

Salary Increases: Not Applicable. Benefits are frozen as of October 2016.

Lump Sum Elections: Members are assumed to take a lump sum when eligible.

OPEB Actuarial Assumptions and Funding Methods

Actuarial Assumptions

Valuation Date	September 30, 2020
Measurement Date	September 30, 2020
Fiscal Year End	September 30, 2021
Discount Rate	2.14%. Based on September 30, 2020 S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices
Mortality Rate	*Healthy Active Lives:* **Female:** Headcount-weighted PubG-2010 female employee, Scale MP-2018. **Male:** Headcount-weighted PubG-2010 male employee with one-year setback. *Healthy Inactive Lives:* **Female:** Headcount-weighted PubG-2010 female healthy retiree. **Male:** Headcount-weighted PubG-2010 male below-median income healthy retiree with one-year setback. *Disabled Lives:* **Female:** Headcount-weighted PubG-2010 female disabled retiree, set forward 3 years. **Male:** Headcount-weighted PubG-2010 male disabled retiree.
Retirement Rates	Normal Retirement:

Number of Years after First Eligible	Retirement Probability
0 – 3	25%
4 -9	20%
10 +	10%

Early Retirement:

Commencing at eligibility for Early Retirement (Age 55 with 20 years of Credited Service), Members are assumed to retire with an immediate benefit at the rate of 10% per year.

Inflation	2.50% per year.
Salary Increase Rate	Sample rates below:

Years of Service	Rate
0	10.5%
5	6.8%
10	5.6%
15	5.2%
20+	4.5%

Marital Status	50% assumed married, with male spouses 3 years older than female spouses.
Health Care Participation	2.5% participation assumed pre-65, -% participation assumed post-65, with 50% electing spouse coverage. This assumption was developed based on 3 ½ years of experience provided by Parrish Medical Center showing that less than 2% of retirees elect coverage under the plan
Health Care Inflation	Initial rate of 7.0% in fiscal 2021, then 7.5% in fiscal 2022, grading down to the ultimate trend rate of 4.00% in fiscal 2075.

Fiscal Year	Rate
2021	7.00%
2022	7.50%
2023	7.25%
2024	7.00%
2025	6.75%
2026	6.50%
2027	6.25%
2028	6.00%
2029	5.75%
2030	5.50%
2031-2052	5.25%
2053-2060	5.00%
2061-2067	4.75%
2068-2071	4.50%
2072-2074	4.25%
2075+	4.00%

Termination Rate

Age	Service	Termination Rates
<60	<10	15%
	10-19	10%
	20-29	6%
	30+	0%
60-64	<30	15%
	30+	0%
65+	All Svc	0%

The above rates were adopted by the Board, as the result of an Experience Study dated September 30, 2021.

Disability Rates

Age	Rates
20	0.007%
25	0.009%
30	0.011%
35	0.014%
40	0.019%
45	0.030%
50	0.051%
55	0.096%
60	0.166%

The above rates were adopted by the Board as the result of an Experience Study dated September 30, 2021.

Medical Aging Factors	Developed based on a study performed by Dale Yamamoto for the Society of Actuaries. Used to measure the annual increases in per capita claim costs for each age and relative cost by gender. See the SOA report titled "Health Care Costs – From Birth to Death" for more details.
Health Claims	Developed using a blend of manual and active fully insured rates.
Funding Method	Entry Age Cost Method (Level Percentage of Pay)

OTHER SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NORTH BREVARD COUNTY HOSPITAL DISTRICT

SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	North Brevard County Hospital District Operating Parrish Medical Center (Obligated Group)	North Brevard Medical Support, Inc.	Jess Parrish Medical Foundation, Inc.	Eliminations	North Brevard County Hospital District
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 12,955,283	$ 1,530,603	$ 313,217	$ -	$ 14,799,103
Restricted assets - held by trustee and required for current liabilities	1,077,740	-	-	-	1,077,740
Patient accounts receivable - net	17,692,290	-	-	-	17,692,290
Supplies	2,996,538	-	-	-	2,996,538
Prepaid expenses and other assets	5,456,378	6,287,722	6,500	(1,831,780)	9,918,820
Total current assets	40,178,229	7,818,325	319,717	(1,831,780)	46,484,491
OTHER ASSETS:					
Funded deprecation	66,602,734	-	-	-	66,602,734
Net pension asset	21,701,742	-	-	-	21,701,742
Investments	22,200,911	5,354,414	-	-	27,555,325
Deposits and other assets	4,757,808	3,067,988	-	(4,754,463)	3,071,333
Temporarily donor-restricted funds	211,436	-	1,987,941	-	2,199,377
Capital assets, net	56,081,814	718,706	-	-	56,800,520
Total assets	211,734,674	16,959,433	2,307,658	(6,586,243)	224,415,522
DEFERRED OUTFLOWS:					
Series 2008 Bond refunding	9,992,351	-	-	-	9,992,351
Pension	4,661,696	-	-	-	4,661,696
Other post-employment benefits	13,489	-	-	-	13,489
Total deferred outflows	14,667,536	-	-	-	14,667,536
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 226,402,210	$ 16,959,433	$ 2,307,658	$ (6,586,243)	$ 239,083,058

(Continued)

See Independent Auditor's Report.

NORTH BREVARD COUNTY HOSPITAL DISTRICT

SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	North Brevard County Hospital District Operating Parrish Medical Center (Obligated Group)	North Brevard Medical Support, Inc.	Jess Parrish Medical Foundation, Inc.	Eliminations	North Brevard County Hospital District
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION					
CURRENT LIABILITIES:					
Accounts payable	$ 14,444,011	$ 2,711,171	$ 84,578	$ (1,831,780)	$ 15,407,980
Accrued health insurance and workers' compensation	1,922,816	-	-	-	1,922,816
Accrued salaries and employee leave bank	7,123,619	-	-	-	7,123,619
Other current liabilities	1,778,479	546,917	-	-	2,325,396
Estimated third-party settlements	763,353	-	-	-	763,353
Deferred revenue	12,563,523	-	-	-	12,563,523
Current portion of long-term debt and capital lease obligations	2,868,352	-	-	-	2,868,352
Total current liabilities	41,464,153	3,258,088	84,578	(1,831,780)	42,975,039
NON-CURRENT LIABILITIES:					
Accrued medical malpractice	68,530	6,616,032	-	-	6,684,562
Accrued other post-employment benefits	104,788	-	-	-	104,788
Other liabilities	330,617	4,754,463	-	(4,754,463)	330,617
Long-term debt and capital lease obligation, net of current portion	84,176,583	-	-	-	84,176,583
Total liabilities	126,144,671	14,628,583	84,578	(6,586,243)	134,271,589
DEFERRED INFLOWS:					
Pension	4,934,914	-	-	-	4,934,914
Other post-employment benefits	538,982	-	-	-	538,982
Total deferred inflows	5,473,896	-	-	-	5,473,896
NET POSITION:					
Investment in capital assets, net of related debt	(20,970,770)	718,706	-	-	(20,252,064)
Restricted by donors	211,436	-	1,987,941	-	2,199,377
Restricted for debt service	1,077,740	-	-	-	1,077,740
Unrestricted	114,465,237	1,612,144	235,139	-	116,312,520
Total net position	94,783,643	2,330,850	2,223,080	-	99,337,573
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	$ 226,402,210	$ 16,959,433	$ 2,307,658	$ (6,586,243)	$ 239,083,058

(Concluded)

See Independent Auditor's Report.

NORTH BREVARD COUNTY HOSPITAL DISTRICT

SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2021

	North Brevard County Hospital District Operating Parrish Medical Center (Obligated Group)	North Brevard Medical Support, Inc.	Jess Parrish Medical Foundation, Inc.	Eliminations	North Brevard County Hospital District
OPERATING REVENUE:					
Net patient service revenue	$ 131,457,387	$ -	$ -	$ -	$ 131,457,387
Other operating revenue	699,783	-	-	-	699,783
Total operating revenue	132,157,170	-	-	-	132,157,170
OPERATING EXPENSES:					
Salaries and wages	46,049,641	-	-	-	46,049,641
Employee benefits	9,541,978	-	-	-	9,541,978
Medications and supplies	20,055,011	-	-	-	20,055,011
Professional fees and contractual services	26,082,812	-	-	-	26,082,812
Other operating expenses	21,569,978	-	-	(1,776,356)	19,793,622
Depreciation	5,678,881	-	-	-	5,678,881
Interest expense	2,683,069	-	-	-	2,683,069
Total operating expenses	131,661,370	-	-	(1,776,356)	129,885,014
INCOME FROM OPERATIONS	495,800	-	-	1,776,356	2,272,156
NON-OPERATING REVENUES (EXPENSES):					
Investment income, net	14,282,294	429,441	227,284	-	14,939,019
Grant revenue - COVID-19 and other relief	7,041,431	1,391,080	-	-	8,432,511
Other non-operating revenue (expenses), net	(13,205,360)	(5,027,478)	79,489	(1,776,356)	(19,929,705)
Internal grants	(1,714,091)	1,642,325	71,766	-	-
Total non-operating revenues (expenses), net	6,404,274	(1,564,632)	378,539	(1,776,356)	3,441,825
CHANGE IN NET POSITION	$ 6,900,074	$ (1,564,632)	$ 378,539	$ -	$ 5,713,981

See Independent Auditor's Report.

OTHER REPORT

MSL

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors and Audit Committee
North Brevard County Hospital District
Titusville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of North Brevard County Hospital District (the "District") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 25, 2022.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Pursuant to the provisions of Chapter 10.500, *Rules of the Auditor General,* we reported certain matters to management of the District in an Independent Auditor's Management Letter dated February 25, 2022.

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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
February 25, 2022