

SOUTH LAKE COUNTY HOSPITAL DISTRICT  
CLERMONT, FLORIDA



FINANCIAL STATEMENTS

for the year ended September 30, 2017

# C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
South Lake County Hospital District  
Clermont, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the general fund of South Lake County Hospital District (District) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise South Lake County Hospital District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

Continued

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of South Lake County Hospital District as of September 30, 2017, respective changes in financial position thereof, and the budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matter*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 and 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Continued

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

*DRAFFIN + TUCKER, LLP*

Albany, Georgia  
January 11, 2018

## **Management's Discussion and Analysis For the Year Ending September 30, 2017**

As management of the South Lake County Hospital District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2017.

### **Financial Highlights**

Historically all assets of the South Lake County Hospital District are paid to South Lake Hospital as received. In 2016 and 2017, the intergovernmental transfers are no longer required and all funds were directed to support the Hospital for the purpose of providing charity care through the emergency room and funding construction and maintenance of equipment.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are presented as: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### **Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents all assets, liabilities and net position of the District.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The primary governmental activity for the District is providing funding to the Hospital.

The government-wide financial statements appear on pages 6 and 7 of this report.

## **Management's Discussion and Analysis For the Year Ending September 30, 2017**

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The South Lake County Hospital District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one governmental fund.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget and can be found on page 10 of this report.

The government fund financial statements can be found on pages 8 to 9 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11 to 15 of this report.

### **General Fund Highlights**

Property tax receipts increased by \$128,086 (2.45%) during the year. This increase was due to increases in property valuations. The taxable value of real and personal property in the District for the year 2017 was \$7,563,621,122 or approximately \$516,923,726 (7.33%) higher than the taxable value of \$7,046,697,396 for the year 2016.

Payments to South Lake Hospital or for the benefit of the Hospital decreased \$200,000 (3.81%).

### **Requests for Information**

This financial report is designed to provide a general overview of the South Lake County Hospital District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report should be addressed to South Lake County Hospital District, 1900 Don Wickham Drive, Clermont, Florida 34711.

SOUTH LAKE COUNTY HOSPITAL DISTRICT

STATEMENT OF NET POSITION  
September 30, 2017

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	Governmental <u>Activities</u>
ASSETS	
Cash	\$ <u>6,915</u>
NET POSITION	
Unrestricted net position	\$ <u>6,915</u>

The accompanying notes to the financial statements  
are an integral part of this statement.



SOUTH LAKE COUNTY HOSPITAL DISTRICT

STATEMENT OF ACTIVITIES  
for the year ended September 30, 2017

	Program Revenues			<u>Net (Expenses) Revenues and Changes in Net Position</u>	
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
Primary government:					
Governmental activities					
General government	\$ <u>5,740,170</u>	\$ <u>-</u>	\$ <u>290,123</u>	\$ <u>-</u>	\$(5,450,047)
Total primary government	\$ <u>5,740,170</u>	\$ <u>-</u>	\$ <u>290,123</u>	\$ <u>-</u>	(5,450,047)
General revenues:					
Taxes					5,348,835
Interest					<u>215</u>
Total general revenues					<u>5,349,050</u>
Change in unrestricted net position					( 100,997)
Unrestricted net position – beginning of year					<u>107,912</u>
Unrestricted net position – end of year					\$ <u>6,915</u>

The accompanying notes to the financial statements  
are an integral part of this statement.

SOUTH LAKE COUNTY HOSPITAL DISTRICT

BALANCE SHEET  
GOVERNMENT FUND  
September 30, 2017

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	<u>General</u>
ASSETS	
Cash	\$ <u>6,915</u>
FUND BALANCE	
Unassigned fund balance	\$ <u>6,915</u>
Reconciliation of total governmental fund balance to net position of governmental activities	
Total governmental fund balance	\$ <u>6,915</u>
Net position of governmental activities	\$ <u>6,915</u>

The accompanying notes to the financial statements  
are an integral part of this statement.

SOUTH LAKE COUNTY HOSPITAL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENT FUND  
for the year ended September 30, 2017

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	<u>General</u>
Revenues:	
Taxes:	
Ad Valorem	\$ 5,348,835
Miscellaneous:	
Contribution	290,123
Interest	<u>215</u>
Total revenues	5,639,173
Expenditures:	
Current:	
General government	<u>5,740,170</u>
Net change in fund balance	( 100,997)
Fund balance – beginning of year	<u>107,912</u>
Fund balance – end of year	\$ <u><u>6,915</u></u>
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental fund to the statement of activities:	
Net change in governmental fund balance	\$( <u>100,997</u> )
Change in net position of governmental activities	\$( <u>100,997</u> )

The accompanying notes to the financial statements  
are an integral part of this statement.

SOUTH LAKE COUNTY HOSPITAL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
for the year ended September 30, 2017

	Budgeted Amounts		Actual Amount	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes:				
Ad Valorem	\$ 5,545,647	\$ 5,545,647	\$ 5,348,835	\$( 196,812)
Miscellaneous:				
Contribution	-	-	290,123	290,123
Interest	-	-	215	215
Total revenues	5,545,647	5,545,647	5,639,173	93,526
Expenditures:				
Current:				
General government	5,545,647	5,545,647	5,740,170	( 194,523)
Net change in fund balance	-	-	( 100,997)	( 100,997)
Fund balance – beginning of year	-	-	107,912	107,912
Fund balance – end of year	\$ -	\$ -	\$ 6,915	\$ 6,915

The accompanying notes to the financial statements  
are an integral part of this statement.

# SOUTH LAKE COUNTY HOSPITAL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

September 30, 2017

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### 1. Summary of Significant Accounting Policies

#### Reporting Entity

The South Lake County Hospital District (District) was created by Chapter 69-1201, Laws of Florida, on July 25, 1969. The purpose of the District is to provide health care services to its residents. The Board of Trustees is appointed by the Governor of the State of Florida.

South Lake Memorial Hospital, Inc. (Memorial), a dormant corporation, is a component unit of the District as the Memorial Board of Trustees consist of the same 11 members appointed to the District Board of Trustees.

Pursuant to an agreement with Orlando Health, Inc. (Orlando Health), formerly known as Orlando Regional Healthcare System, Inc., the following transactions occurred, effective October 1, 1995:

- An option to acquire certain assets from the District and its related entity, Memorial was sold to Orlando Health for \$7,400,000. For reporting purposes, this transaction is treated as a sale of the District's fixed assets.
- The District contributed the entire proceeds of the option plus \$2,400,000 to South Lake County Community Foundation, Inc., a not-for-profit corporation.
- The District's remaining assets were contributed to South Lake Hospital, Inc. (Hospital), a not-for-profit corporation. That corporation also assumed the District's liabilities.

The Hospital is controlled by a Board of Trustees, half of whom are appointed by Memorial and half by Orlando Health. By contract, Orlando Health is responsible for management of the Hospital. The District fulfills its purpose through this board.

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing accounting principles generally accepted in the United States of America for state and local governments through its pronouncements (Statements and Interpretations).

As a governmental entity, the District is exempt from income taxes.

Continued

SOUTH LAKE COUNTY HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued  
September 30, 2017

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1. Summary of Significant Accounting Policies, Continued

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all the activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Unrestricted net position represents net position of the District not restricted as to use.

Separate financial statements are provided for the governmental fund. Unassigned fund balance represents residual amounts that have not been restricted, committed or assigned.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Continued

SOUTH LAKE COUNTY HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued  
September 30, 2017

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1. Summary of Significant Accounting Policies, Continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period.

The government reports the following major governmental fund:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government.

Budget Process

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- The President and Chief Financial Officer of South Lake Hospital, Inc. prepare a budget request to the District's Board of Trustees based upon anticipated ad valorem taxes.
- The Board of Trustees adopts the budget at a public notice meeting each year.

Property Taxes

The District was authorized to levy property taxes at a maximum of .7332 mills for fiscal year 2017 and at a maximum of .6898 mills for fiscal year 2018. In both years, the maximum amount of tax has been levied.

Continued

SOUTH LAKE COUNTY HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued  
September 30, 2017

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1. Summary of Significant Accounting Policies, Continued

Property Taxes, Continued

Key dates in the property tax cycle (latest date where appropriate) are as follows:

- Assessment Roll Validated July 1
- Millage Resolution Approved September 30
- Beginning of Fiscal year for Which Taxes Have Been Levied October 1
- Tax Bills Rendered October 30
- Property Taxes Payable:
  - Maximum Discount November 30
  - Delinquent March 30
- Lien Date January 1 (15 months after levy)
- Tax Certificates Sold May 31 (20 months after levy)

Property taxes are collected and remitted by the county tax collector. Upon receipt, funds are distributed to the Hospital.

Risk Management

The District is exposed to various risks of loss related to torts or errors and omissions. The District is self-insured and any losses would be paid from current operations.

Conduit Debt Obligations

In December 2009, the District was the issuing authority for \$52,335,000 in tax-exempt bonds for construction costs for certain capital improvements to the Hospital and related facilities. As the issuing authority, the District acts as a conduit and has no obligation to repay the bonds. The Hospital is the borrower and the bonds constitute neither a debt nor obligation of the District. The bonds are secured by a lien on Hospital revenues. The District must remain in existence for the length of the bonds or pass on the responsibility to another government entity. As of September 30, 2017, the remaining obligation for these bonds is \$49,165,000.

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SOUTH LAKE COUNTY HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued  
September 30, 2017

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1. Summary of Significant Accounting Policies, Continued

Conduit Debt Obligations, Continued

In June 2010, the District was the issuing authority for \$34,330,000 in tax-exempt bonds for the refunding of all of the District's outstanding Series 1999 bonds. As the issuing authority, the District acts as a conduit and has no obligation to repay the bonds. The Hospital is the borrower and the bonds constitute neither a debt nor obligation of the District. The bonds are secured by a lien on Hospital revenues and are guaranteed by Orlando Health. The District must remain in existence for the length of the bonds or pass on the responsibility to another government entity. As of September 30, 2017, the remaining obligation for these bonds is \$29,730,000.

Use of Estimates

The preparation of financial statements in accordance 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Contributions

In 2017, the District contributed approximately \$5,450,000 to the Hospital for the purpose of providing charity care through the emergency room and funding construction and maintenance of equipment.

For the fiscal year ended September 30, 2018, the District expects to receive approximately \$5,690,000 from ad valorem taxes. The District will continue to remit these funds to the Hospital as part of its aforementioned purpose.

Restricted Resources

When the District has both restricted and unrestricted resources available to finance a particular program, it is the District's policy to use restricted resources before unrestricted resources.

Continued

SOUTH LAKE COUNTY HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, Continued  
September 30, 2017

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1. Summary of Significant Accounting Policies, Continued

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a deposit policy for custodial credit risk. The District's bank deposits at September 30, 2017 are entirely insured or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

SUPPLEMENTAL INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON  
SUPPLEMENTAL INFORMATION

Board of Trustees  
South Lake County Hospital District  
Clermont, Florida

We have audited the financial statements of the governmental activities and the general fund of South Lake County Hospital District (District) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and our report thereon dated January 11, 2018, which expressed unmodified opinions on those basic financial statements, appears on pages 1 through 3. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The information included in this report on page 18, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

*DRAFFIN & TUCKER, LLP*

Albany, Georgia  
January 11, 2018

SOUTH LAKE COUNTY HOSPITAL DISTRICT  
CLERMONT, FLORIDA

BOARD OF TRUSTEES  
September 30, 2017

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Curtis Binney, President

Paul Rountree, Vice President

James Nussbaumer, Treasurer

Kasey Kesselring

JoAnn Jones

Rodney Drawdy

Carlos Solis

Dr. Tomas Ballesteros

Jeff Duke

Linda Smith

See independent auditor's report on supplemental information.

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*

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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 Trustees  
South Lake County Hospital District  
Clermont, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of South Lake County Hospital District (District) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 11, 2018.

**Internal Control Over Financial Reporting**

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

Continued

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether South Lake County Hospital 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*.

### **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 District'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.

**DRAFFIN + TUCKER, LLP**

Albany, Georgia  
January 11, 2018



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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of Trustees  
South Lake County Hospital District  
Clermont, Florida

**Report on the Financial Statements**

We have audited the financial statements of the South Lake County Hospital District, Florida, as of and for the year ended September 30, 2017, and have issued our report thereon dated January 11, 2018.

**Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated January 11, 2018, should be considered in conjunction with this management letter.

Continued

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no prior year audit findings and no current year audit findings.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The South Lake County Hospital District was established pursuant to Chapter 69-1201, Laws of Florida, on July 25, 1969. It has been determined to be an independent special district by the Florida Department of Community Affairs. The South Lake County Hospital District has one component unit, South Lake Memorial Hospital, Inc., a dormant corporation.

### **Financial Condition and Management**

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the South Lake County Hospital District. It is management's responsibility to monitor the South Lake County Hospital District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

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

Continued

## **Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the South Lake County Hospital District for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

## **Additional Matters**

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

## **Purpose of this Letter**

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

*DRAFTED + TVKSR, MLF*

Albany, Georgia  
January 11, 2018