

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Financial Statements

September 30, 2021 and 2020

(With Independent Auditors' Report Thereon)



INDIAN RIVER COUNTY HOSPITAL DISTRICT

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INDIAN RIVER COUNTY HOSPITAL DISTRICT

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Independent Auditors' Report

The Board of Trustees
Indian River County Hospital District:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Indian River 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 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.

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 entity'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 entity'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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 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.

September 30, 2020 Financial Statements

The financial statements of Indian River County Hospital District for the year ended September 30, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on January 19, 2021.

Other Reporting Required by *Government Auditing Standard*

In accordance with Government Auditing Standards, we have also issued our report February 15, 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 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.

JACOBY AND HANDLEY, PLLC

February 15, 2022

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis

Indian River County Hospital District's Mission: To foster a collaborative community health care system, with the objective of improving the health of our community.

Indian River County Hospital District's Vision: Working to improve the health of our community.

The District was established by Special Act of the State of Florida legislature in 1959, re-established by amended legislation in 1961, was subsequently amended to express evolving legislative intent several times over the years, and finally amended and restated in 2003 with Florida House Bill No. 1601.

Pursuant to the Special Act of the Indian River County Hospital District, the Board of Trustees is authorized to:

- a) Provide for the development and/or support of healthcare facilities, i.e. real property in Indian River County;
- b) Through which medical services would be provided, i.e. a wide range of healthcare services to include preventative care;
- c) For the benefit of the general public of the District, i.e. the entire population of Indian River County but particularly for those medically certified as indigent by the District Trustees; and,
- d) For the purpose of the preservation of public health and for the public good.

The following table provides an overview of taxable values and associated millage rates for all Indian River County taxing authorities, demonstrating the District represents just 5.4% of the total millage assessed in Indian River County for fiscal year 2020/2021:

TABLE 1
Indian River County Tax Distribution

Final Adjusted Gross Taxable Property Values	\$	<u>19,591,533,807</u>	
Total Millage		<u>14.7605</u>	
Millage by Taxing Authority:			
Schools (State and Local)		6.3960	
County General Fund		3.5475	
Emergency Services		2.3531	
County Municipal Services		<u>1.1506</u>	
		<u>13.4472</u>	
Others (less than 1 Mil):			
Hospital District		0.8011	5.4% of total
Mosquito Control District		0.2515	
St. Johns Water District		0.2287	
Florida Inland Navigation District		<u>0.0320</u>	
		<u>1.3133</u>	
Total millage	\$	<u>14.7605</u>	

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

In our view, there is a disproportionate positive impact on health of residents in the county as measured by infant mortality data and access of low-income residents to quality healthcare. The District's strategy incorporates careful stewardship of tax dollars while serving as the community's voice in addressing the health care needs of Indian River County in accordance with the District's Special Act, Mission, and Vision. As the District's relationship with the Medical Center evolves with a new partnership with Cleveland Clinic, our work remains essential to ensuring access to high-quality healthcare throughout Indian River County, which includes the indigent residents who have nowhere else to turn.

The following table presents a few examples of the significant impact the District's supported programs and initiatives provide to Indian River County:

TABLE 2
Hospital District's Program Impact Examples on Healthcare

Partners in Women's Health – Prenatal care for about 78% of annual CCIRH births and continues working with Healthy Start and CCIRH to improve the County's infant mortality rate to meaningfully better than the state average.

Treasure Coast Community Health/Whole Family Health Center – funds over \$1.9 million towards Primary Care Services, Dental, and Behavioral Health Services.

Mental Health – District dedicated 15.6% of the program budget to Mental Health and Substance Abuse Programs and Services.

The District's impact on Indian River County's healthcare is significant through its indigent care as well as the program initiatives such as those described above.

This following section of the Indian River County Hospital District's (District) annual financial report presents our discussion and analysis of the District's financial results for the fiscal year that ended September 30, 2021. Please read this section in conjunction with the District's financial statements that begin on page 14.

Major Initiatives for 2020/21

The following initiatives occurred to enable proper execution of its mission and vision during the fiscal year ended September 30, 2021:

Cleveland Clinic

The Cleveland Clinic Foundation (CCF) began operations of The Cleveland Clinic Indian River Hospital (CCIRH) on January 1, 2019. The District continued funding as per the Amended and Restated Indigent Care Agreement at \$500,000 per month with an annual budget appropriation of \$4,500,000. The final payment per the agreement was made in July, 2021. The CCIRH has become more active in community issues and development of partner relationships. They have played a major role in continued COVID response and Mental Health initiatives. The District through the activities of the Mental Health and Substance Use Delivery committee also identified the need for an Intensive Outpatient Program, initiated and coordinated a RFP process of which CCIRH responded and was awarded in early spring.

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INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

Strategic Plan 2019-2021

The District continued to work through the current Strategic Plan focusing primarily on collaborations creating additional access to Mental Health and Substance Abuse services through the creation of the Mental Health and Substance Abuse Delivery Committee. The District continued focusing on awareness and public relations of the District and letting people know who we are and what we add to this community. The District offices moved to our downtown location to be more visible to the general public. The Chairwoman spoke to the Taxpayers Association and other venues. We began to work with the County on delineating those shared organizations and programs in order to better direct tax dollars for healthcare related activities to the District and other more infrastructure dollars through the County's budget. We provided for additional education sessions to the Trustees, which were held at the Chairman's meetings and attended by public members as well. These presentations bring more awareness of organizations and issues within our community. The District distributed its second Annual Report to better inform the public on the activities of the District.

Gifford Health Center

Treasure Coast Community Health (TCCH) has received very positive community acceptance returning the Gifford Health Center (GHC) to a full-service health care clinic. The Advisory Committee continues to assist in community acceptance and informing the Trustees on a semiannual basis. The pharmacy within the GHC was opened to better serve the community and the community School Partnership initiative with Dodgertown Elementary continues with success. Our staff is now supporting the Gifford Health Council, which is a long time community advocacy group spearheaded by Freddie Woolfork. We Care Specialty referral services remained in the GHC this year, but has experienced some challenges with the passing of Dr. Dennis Saver. The District has been working with the partners to come to a solution for the Future of We Care.

Visiting Nurse Association

Last year, the VNA presented a plan to construct two new buildings on the property leased from the District, which would allow space for the District offices, and an education/conference center for community use. This year, due primarily to rising costs and the ability to raise sufficient funds for two buildings, the project will be a phased approach and the current plan is for the administration building only. Also, late in the fiscal year the VNA approached the District for input on whether or not we were still interested in them planning for District office space. The District feels there may be some conflict in our relationship to share space with a funded organization and determined that the downtown location has proven to be a better fit.

County Activities

Indian River County approached the District to acquire land surrounding the perimeter road (11th Drive) for the Aviation Blvd expansion project in 2020. They plan to extend Aviation Blvd across US 1 and connect to 11th Drive. The transaction was completed and in exchange for this right of way, the County has assumed ownership and maintenance of 36th Street as a County Roadway.

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INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

Financial Highlights

- The District's net position increased 21.2% to \$7,133,449 at September 30, 2021. This net increase was greater than planned principally due to a decrease in anticipated program funding to agencies, in addition to additional CARES Act funds passed through from the County. Due to the COVID-19 pandemic, most organizations experienced a reduced patient volume, therefore reducing the expense to the District. (See Tables 3, 4 and 7 for details.)
- The District's combined cash and investments increased \$967,645 as revenues exceeded expenses by \$1,245,884 and the District invested approximately \$16,000 in capital expenditures.
- The Board of Trustees reserved \$5,906,617 from available cash brought forward for the 2022 budget, of which \$1,500,000 was for fiscal year end operations.
- The Trustees continue to maintain a minimum reserve of \$1.5 million. The purpose is to maintain enough cash at fiscal year end to fund operations and pay providers until tax receipts begin to be received again. Normally this occurs by mid-November each year.
- Net unrestricted position on September 30, 2021 was \$5,835,230.
- The indigent care and program funding increased by \$56,778 or 0.4% from the prior year (see pages 8 and 9 for more details). The more significant reasons for the net increase in fiscal year 2020/2021 funding are as follows:
 1. An increase in indigent care funding to the CCIRH/Medical Center due to the first full fiscal year of agreed upon funding and increased funding per agreement for the Partners in Women's Health program.
 2. Discontinued funding to the Department of Health as they transitioned out of the provision of Primary Care and Dental Services, therefore increasing funding to Treasure Coast Community Health and Whole Family Health Center to absorb these services.
 3. Increased funding to Mental Health Association and added funding to address Substance Abuse activities.
 4. A slight increase to Healthy Start Coalition to provide for enhanced and additional services.
 5. The District received additional funding requests this fiscal year and now has a funding relationship with 19 organizations for various healthcare activities, both on a fee-for-service and program basis. The largest number of funded organizations and programs in the District's history.

Overview of the Financial Statements

The District's financial statements are prepared on the proprietary fund accrual basis of accounting and present the District's operational activities in a manner similar to that of private sector companies.

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INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

This annual report consists of two parts – management's discussion and analysis (this section) and the financial statements.

- The financial statements consist of three statements: (1) Statement of Net Position, (2) Statement of Revenues, Expenses, and Changes in Net Position, and (3) Statement of Cash Flows.
- The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position reflect the District's financial position at the end of the year and report the District's net position and changes in net position as a result of the District's revenues and expenses for the year.
- The term "net position" represents the difference between assets, or the District's investment in resources, and liabilities, or the District's obligation to its creditors. Increases or decreases in net position are an indicator of whether the financial health of the District is improving or deteriorating. In evaluating the financial health of the District, other non-financial factors should also be considered, such as taxable property values, tax millage rate, and changes in the economic climate of Indian River County and its residents.
- The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, financing, and investing activities. The statement explains where cash came from, how it was used and the change in cash balance during the year.

Financial Analysis of the District as a Whole

Net position of the District consisted of the following as of September 30, 2021 and 2020:

TABLE 3
Condensed Summary of Assets, Liabilities, and Net Position

	<u>2021</u>	<u>2020</u>
Current assets	\$ 6,566,267	5,628,155
Capital assets, net and other	<u>1,336,108</u>	<u>1,423,770</u>
Total assets	<u>7,902,375</u>	<u>7,051,925</u>
Current liabilities	<u>768,926</u>	<u>1,164,360</u>
Total liabilities	<u>768,926</u>	<u>1,164,360</u>
Net position:		
Net investment in capital assets	1,298,219	1,384,748
Unrestricted	<u>5,835,230</u>	<u>4,502,817</u>
Total net position	\$ <u>7,133,449</u>	<u>5,887,565</u>

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

The District's revenues, expenses, and changes in net position for the years ended September 30, 2021 and 2020 were as follows:

TABLE 4
Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Net ad valorem tax revenues	\$ 14,787,816	14,050,797
Grant income	349,211	—
Other income	253,620	247,352
Total operating revenues	<u>15,390,647</u>	<u>14,298,149</u>
Operating expenses:		
Indigent care and program funding	13,275,621	13,218,843
Administrative expenses	786,501	683,262
Depreciation	102,279	103,108
Total operating expenses	<u>14,164,401</u>	<u>14,005,213</u>
Non-operating revenues – investment income	<u>19,638</u>	<u>73,251</u>
Change in net position	\$ <u>1,245,884</u>	<u>366,187</u>

The District's revenues increased by \$1,092,498, or 7.6%, due to an increase in the net ad valorem taxes, resulting from an approximate \$1 billion, or 5.2%, increase in the final gross taxable value of the tax base (property values) while the millage rate remained stable at \$0.8011 for both years.

Indigent care and program funding increased \$56,778 or 0.4% from prior year. This was primarily due to the following items:

- The indigent care reimbursements provided to CCIRH decreased by \$700,000, or 9.1%, resulting from the January 1, 2019 agreement with the Cleveland Clinic.
- The District funding for the Treasure Coast Community Health Clinic's indigent medical and dental services increased \$45,156, or 1.8%. This is a volume-related increase as more visits are identified as compliant with District qualifications, as well as the assumption of Gifford Health Center services from the Health Department in August 2019.
- The District shifted funding to directly reimburse We Care Foundation and increased funding to Whole Family Health Center to assist as the Department of Health discontinued Primary Care Services.
- The District's actual reimbursement to the Visiting Nurse Association (VNA) for their mobile program, home health visits, and hospice house room and board medical care decreased \$96,198 or 12.4%. District reimbursement of services delivered through the mobile unit was transitioned from fee-for-service for urgent care visits to a combination of these visits and other community health programs initiated through the use of the mobile unit.
- The District decreased funding for psychiatric outpatient clinics and other mental health activities by \$56,369.

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INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

- The District provided \$142,820 in increased funding to the Indian River Healthy Start Coalition, Inc.
- The District's portion of the Indian River County Medicaid assessment increased by \$3,698 in the current year.

Administrative expenses increased \$103,239, or 15.1%, principally due to expenses related to our move to the new office location, including a one-time renovation expense.

During the years ended September 30, 2021 and 2020, the District provided indigent care and program funding to the following agencies:

TABLE 5
Agencies Funded by the District for Indigent Care and Programs

	<u>2021</u>	<u>2020</u>
Cleveland Clinic – Indigent funding	\$ 4,500,000	6,000,000
Cleveland Clinic – Partners In Women's Health	1,982,520	1,682,520
Cleveland Clinic – Mother Baby Campaign	500,000	—
Treasure Coast Community Health, Inc.	2,491,089	2,445,933
Visiting Nurse Association of the Treasure Coast, Inc.	682,389	778,587
Indian River County Medicaid Assessment	495,554	491,856
Whole Family Health Center, Inc.	456,451	300,843
Mental Health Association in Indian River County	452,440	478,837
Phoenix Rising	447,000	—
We Care Foundation of Indian River	309,536	299,397
Indian River Healthy Start Coalition, Inc.	246,420	103,600
Mental Health Collaborative	200,000	200,000
Tykes & Teens	117,000	25,000
University of Florida Psychiatric OP Clinic	96,177	141,936
Substance Awareness Center	70,000	56,875
New Horizons of the Treasure Coast, Inc.	61,657	45,870
Childcare Resources	60,217	78,309
Public Guardian	47,531	30,000
Hope for Families Center	42,140	44,280
Indian River Senior Collaborative	<u>17,500</u>	<u>15,000</u>
Total indigent care and program funding	\$ <u>13,275,621</u>	<u>13,218,843</u>

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

Capital Assets and Debt Financing

As of September 30, 2021, the District had invested \$1,298,219, net of depreciation, in a variety of capital assets as reflected in the following table, which represent a net decrease (additions less disposals and depreciation) of \$86,529, or 6.2% from September 30, 2020.

TABLE 6
Capital Assets

	<u>2021</u>	<u>2020</u>
Land and improvements:		
Gifford Health Center	\$ 35,000	35,000
Human Services Building	226,666	211,677
Buildings and improvements:		
Gifford Health Center	713,963	780,742
Human Services Building	254,648	274,363
Leasehold improvements	25,000	25,000
Equipment and leasehold improvements:		
Gifford Health Center	42,942	57,966
Software	<u>—</u>	<u>—</u>
Net property and equipment	\$ <u>1,298,219</u>	<u>1,384,748</u>

Depreciation expense of \$102,279 for the year ended September 30, 2021 was \$829 less than the prior year as depreciation associated with new assets was offset by assets that became fully depreciated.

The District has no debt financing as of September 30, 2021.

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INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

Current Budget

Annually, the Board of Trustees for the District approves a budget for the upcoming fiscal year prior to the beginning of that fiscal year. The following table presents the budget, as modified from the original budget for professional fees, as compared to 2020/2021 actual results.

TABLE 7
Budget vs. Actual

	<u>2020/2021</u>		Favorable (Unfavorable) Variance
	<u>Budget</u>	<u>Actual</u>	
Revenues:			
Ad valorem tax revenues	\$ 15,223,935	15,163,377	(60,558)
Grant income	—	349,211	349,211
Investment income	75,000	19,638	(55,362)
Rental income	248,000	253,620	5,620
Total revenues	<u>15,546,935</u>	<u>15,785,846</u>	<u>238,911</u>
Expenses:			
Indigent care and program funding	13,222,096	13,275,621	(53,525)
Property Appraiser commissions	205,859	201,027	4,832
Tax Collector commissions	304,479	174,534	129,945
Professional fees	158,000	178,130	(20,130)
Salaries and benefits	325,000	329,992	(4,992)
Other	359,150	278,379	80,771
Depreciation	67,811	102,279	(34,468)
Total expenses	<u>14,642,395</u>	<u>14,539,962</u>	<u>102,433</u>
Change in net position	\$ <u>904,540</u>	<u>1,245,884</u>	<u>341,344</u>

The District's ad valorem tax revenues and related commissions for the property appraiser and tax assessor are shown gross to conform with the budgetary presentation.

The District's net favorable variance from budget of \$341,344 was mostly due to the expenditures for salaries, benefits and other administrative expenses, as more fully discussed on pages 8 and 9. While gross ad valorem tax revenues were less than budget by \$60,558, ad valorem tax revenues net of related commissions resulted in a \$74,219 favorable variance from budget.

Factors Bearing on the Future and Plan for 2021/2022

In planning for the 2021/2022 fiscal year, and at the time these financial statements were audited and prepared, the District was aware of the following conditions:

- The full commitment in the Agreement for Indigent Care Services has been met to CCIRH. We have budgeted \$203,472 for the Intensive Outpatient Program being provided through Cleveland Clinic.

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INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

- The District's Partners In Women's Health Program, an initiative of the Hospital District, established in 1994, will continue to be operated by Cleveland Clinic Indian River Hospital. District funding is budgeted at \$1,682,520, based upon the same rate as fiscal year 2020/2021. The District's initiative provides prenatal care for a significant percentage of the babies born in Indian River County that would otherwise be unavailable. The Amended and Restated Agreement for Operation and Funding of the Partners in Women's Health Program was signed with the other agreements with Cleveland Clinic Foundation on January 1, 2019. The terms and conditions continue in the same manner.
- The gross taxable value of property used in the 2021/2022 budgeting process increased by approximately \$1 billion or 5.2%. The District approved a millage of \$0.7144, producing \$14,728,927 in ad valorem tax for the 2021/2022 fiscal year.
- The District's 2021/2022 budget provides for \$13,781,385 in net ad valorem tax revenues, \$272,000 in other revenues, \$11,380,978 in program expenditures, and \$1,054,211 in administrative expenses, including depreciation. This results in a budgeted increase in the District's total net position of \$1,618,196.
- The reserves designated and budgeted in 2021/2022 continue including \$200,000 for the improvement and betterment of the Gifford Health Center and the Human Services Building, \$1,500,000 to fund operations at fiscal yearend, \$3,274,813 reserved for Indigent Care contingencies, and \$2,550,000 for investments.
- In 2020, the District began to invest their surplus funds throughout the year to gain additional interest for funding and operating purposes. A relationship was developed with Water Walker Investments. For the 2021/2022 fiscal year plans are in place to use this Preferred Deposit Pool, with daily liquidity, for the excess funds. All deposits are in the highest quality investments available in accordance with Florida Law and the Seacoast Operating Account will remain for the District's local banking relationship and needs.
- The District continues to modify its qualifying criteria, billing, and funding practices for community healthcare. The District plans to continue to use health need assessments, data and community group input to find and contribute tax dollars to solutions responding to positively impact the health of the residents of the community. Other options for funding the organizations to best meet the needs of the public will also be explored.
- The District continues participating in the provision of access to a growing need in mental health care, including substance use in Indian River County, which includes how best to participate in and fund a full mental health system of care and, if appropriate, to provide additional District funding. This process has moved forward as the District becomes a more direct partner in the continuum of healthcare for Indian River County, including a close relationship in the Mental Health Collaborative/Connections Program and the addition of an Intensive Outpatient Program. The District also continues to expand access and support to the Substance Abuse services and recovery support by expanding reach into Detox Services.
- The implementation of the revised 3-year Strategic Plan will continue through the end of 2021. The District has engaged Carter to provide a 10 year Strategic Visioning and Direction, which will lead to the formulation of a 3-5 year Strategic Plan. The future focus of the District is to become more involved in community issues, address and ensure access to all systems of health care for our county residents and focus more on prevention.

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

- The District will continue engagement with the VNA Mobile Unit's Vulnerable Village initiative and Together For Health.
- The District hired a full-time Internal Audit & Data Analyst position at the end of October. The main focus of this job is to provide a more in depth audit of the programs and services the district funds with taxpayer dollars. This will assist in the upcoming Performance Review that will be required beginning in October 2023 as a result of the passing of House Bill 1103. This position will also use various tracking systems to analyze county and state data to better inform the Trustees in funding future healthcare needs within the county.
- Effective December 31, 2021, Dr. Michael Weiss resigned from seat 7, which is awaiting appointment by the Governor. Seat 1 was appointed in April of 2021 with Kerry Bartlett. In November 2022, District Trustee seats 2, 4, and 6 will be up for election to serve a 4 year term. In addition, seats 1 and 7 will be added due to the fact that the Governor appoints to the next general election and the remaining two years of these terms will need to be filled with an elected official.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. If you have questions about this report or need additional information, contact the District's office as follows:

By Mail:
Indian River County Hospital District
1705 19th Place, Suite G3
Vero Beach, Florida 32960

By Phone or Fax:
Indian River County Hospital District
(772) 770-0935
(772) 770-1974

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Statements of Net Position

September 30, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 195,978	110,283
Investments (note 2)	6,205,810	5,323,860
Accounts receivable	136,489	158,193
Prepaid expenses	<u>27,990</u>	<u>35,819</u>
Total current assets	6,566,267	5,628,155
Property and equipment, net (note 3)	1,298,219	1,384,748
Other asset	<u>37,889</u>	<u>39,022</u>
Total assets	\$ <u>7,902,375</u>	<u>7,051,925</u>
 <u>Liabilities and Net Position</u>		
Current liabilities:		
Accounts payable	690,962	1,141,173
Accrued expenses	<u>77,964</u>	<u>23,187</u>
Total liabilities	<u>768,926</u>	<u>1,164,360</u>
Net position:		
Net investment in capital assets	1,298,219	1,384,748
Unrestricted (note 4)	<u>5,835,230</u>	<u>4,502,817</u>
Total net position	7,133,449	5,887,565
Commitments and contingencies (notes 5 and 9)	<u> </u>	<u> </u>
Total liabilities and net position	\$ <u>7,902,375</u>	<u>7,051,925</u>

See accompanying notes to financial statements.

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Net ad valorem tax revenues	\$ 14,787,816	14,050,797
Grant income	349,211	—
Rental income	<u>253,620</u>	<u>247,352</u>
Total operating revenues	<u>15,390,647</u>	<u>14,298,149</u>
Operating expenses:		
Indigent care and program funding (note 6)	13,275,621	13,218,843
Professional fees	178,130	148,091
Salaries and benefits	329,992	302,857
Other	278,379	232,314
Depreciation	<u>102,279</u>	<u>103,108</u>
Total operating expenses	<u>14,164,401</u>	<u>14,005,213</u>
Operating income	1,226,246	292,936
Non-operating revenues – investment income	<u>19,638</u>	<u>73,251</u>
Change in net position	1,245,884	366,187
Net position, beginning of year	<u>5,887,565</u>	<u>5,521,378</u>
Net position, end of year	\$ <u>7,133,449</u>	<u>5,887,565</u>

See accompanying notes to financial statements.

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Statements of Cash Flows

Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating activities:		
Net ad valorem taxes received	\$ 14,787,816	14,050,797
Cash received from grants	349,211	—
Cash received for rents	253,620	247,352
Cash paid for programs, net	(13,156,996)	(13,312,099)
Cash paid for goods and activities	<u>(1,269,894)</u>	<u>(663,876)</u>
Net cash provided by operating activities	<u>963,757</u>	<u>322,174</u>
Noncapital financing activities	<u>—</u>	<u>—</u>
Capital and related financing activities:		
Acquisition of capital assets	(15,750)	(30,266)
Increase in other assets	<u>—</u>	<u>(7,000)</u>
Net cash used in capital and related financing activities	<u>(15,750)</u>	<u>(37,266)</u>
Investing activities:		
Purchase of investments	(10,018,621)	(12,071,192)
Proceeds on sale of investments	9,136,671	6,747,332
Investment income receipts	<u>19,638</u>	<u>73,251</u>
Net cash used in investing activities	<u>(862,312)</u>	<u>(5,250,609)</u>
Net increase (decrease) in cash and cash equivalents	85,695	(4,965,701)
Cash and cash equivalents at beginning of year	<u>110,283</u>	<u>5,075,984</u>
Cash and cash equivalents at end of year	\$ <u>195,978</u>	<u>110,283</u>
Reconciliation of change in net position before capital contributions to net cash provided by operating activities:		
Change in net position before capital contributions	\$ 1,245,884	366,187
Add (deduct):		
Depreciation	102,279	103,108
Amortization of other assets	1,133	1,978
Interest income	(19,638)	(73,251)
(Increase) decrease in current assets:		
Accounts receivable	21,704	16,286
Prepaid assets	7,829	(3,745)
Increase (decrease) in current liabilities:		
Accounts payable	(450,211)	(99,808)
Accrued expenses	<u>54,777</u>	<u>11,419</u>
Net cash provided by operating activities	\$ <u>963,757</u>	<u>322,174</u>

See accompanying notes to financial statements.

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Notes to Financial Statements

September 30, 2021 and 2020

(1) Organization and Summary of Significant Accounting Policies

(a) Reporting Entity and Basis of Presentation

The Indian River County Hospital District (the District) is an independent special tax district located in Indian River County, Florida. The District was created pursuant to Chapter 61-2275 of the Laws of Florida, Special Acts (the Acts) of 1961, as amended. The District currently owns a general acute-care hospital known as the Cleveland Clinic Indian River Hospital (the Medical Center) located in Vero Beach, Florida, which is licensed for 335 beds. The Medical Center, including the approximately 24 acres of land on which it is located, the buildings, improvements, fixtures and equipment is referred to as the "hospital facility". The District is governed by a Board of Trustees (the Board) which is empowered by the Acts to establish and construct such health facilities in the district area and to levy taxes and issue bonds to finance such operations.

Effective January 1, 2019, the District leased the hospital facility and approximately 45 acres of undeveloped property to Indian River Memorial Hospital, Inc., an affiliated not-for-profit organization established and owned by Cleveland Clinic Florida Regional Health System Nonprofit Corporation, to operate the hospital facility. The lease expires on December 31, 2039 unless extended. The lease term extends automatically for three additional fifteen-year periods unless either the Medical Center delivers to the other either a written Non-Renewal Notice, delivered no later than 30 months prior to the end of the then existing lease term. The District reimburses the Medical Center for certain services provided to the residents of the District. The contractual relationships between the District and the Medical Center are discussed further in note 9. Because of the nature of these agreements, the District's financial statements are presented in a manner similar to those of a proprietary fund enterprise.

The District leases real estate located in Vero Beach, Florida, to the Visiting Nurse Association of the Treasure Coast, Inc. (VNA), a not-for-profit organization, upon which the District constructed a three story office building, referred to as the Human Service Building. The lease was a seven year lease ending on May 31, 2012, which was renewed for two additional five year periods ending on May 31, 2022.

The District leases approximately four acres of real estate to the VNA, a not-for-profit organization, upon which the VNA has constructed and operates a 12-bed hospice house. The lease terminates on December 31, 2026, with one additional ten year option, at \$1 per year.

The District leases real estate located in Gifford, Florida, upon which the District constructed a health center, referred to as the Gifford Health Center, to Treasure Coast Community Health, Inc. The lease is for \$1 per year and automatically renews on an annual basis, unless 60 days written notice of nonrenewal is provided by either party.

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Notes to Financial Statements

(b) *Authorized Investments*

The District's enabling legislation permits investments as described in Section 218.415 of the Florida Statutes. The District's investment in the Florida Fixed Income Trust is an external investment pool, which does not meet certain amortized cost criteria defined by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and therefore is reported at fair value, as provided for by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

(c) *Cash and Cash Equivalents*

Cash and cash equivalents are defined as highly liquid investments with original maturities of three months or less and consist of amounts held in commercial bank demand deposit accounts and money market accounts.

(d) *Pledges Receivable and Capital Contributions*

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until conditions are substantially met.

(e) *Property and Equipment*

Property and equipment, which include betterments of existing facilities, are recorded at cost or fair market value at the time of donation. Maintenance, repairs and minor renewals are charged to expense as incurred. Depreciation is provided using the straight-line method over the estimated lives indicated below.

	<u>Years</u>
Land improvements	15-20
Buildings	24-30
Leasehold improvements	6
Equipment	5-7

(f) *Ad Valorem Tax Revenue*

Ad valorem tax revenues are recorded in the year for which the taxes are received, net of uncollectible amounts, collection expenses, and appraisal fees. The District is responsible for setting their portion of the ad valorem millage rates. A millage rate is the rate of tax per thousand dollars of taxable value. The ad valorem taxes are paid in arrears and are based on the calendar year. The Indian River County Tax Collector levies the taxes for the District as provided under the state law. The taxes are collected by the Indian River County Tax Collector and are remitted to the District as received.

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Notes to Financial Statements

Net ad valorem tax revenues consist of the following for the years ended September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Ad valorem tax revenues, net of uncollectible amounts	\$ 15,163,377	14,409,325
Less commissions and fees:		
Property Appraiser	201,027	216,658
Tax Collector	<u>174,534</u>	<u>141,870</u>
Net Ad valorem tax revenues received	\$ <u>14,787,816</u>	<u>14,050,797</u>

The taxable assessed property valuation and the millage rate were \$19,591,533,807 and \$0.8011 for 2021, respectively, and \$18,615,073,764 and \$0.8011 for 2020, respectively.

(g) Basis of Accounting and Presentation

The District presents the financial statements in accordance with the provisions of Statement No. 34 of the Governmental Accounting Standards Board ("GASB 34"), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB 34 established standards for external financial reporting for all state and local governmental entities. These standards require three financial statements that include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

The Statement of Net Position requires that total net position be reported in three components: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted.

- "Net investment in capital assets" consists of capital assets, including restricted capital assets, net of accumulated depreciation, reduced by the amount outstanding for any bonds, notes, or other financing liabilities that were incurred related to the acquisition, construction, or improvement of the capital assets.
- "Restricted net position" consists of assets that are restricted as to use by external factors such as debt covenants, grantors, contributors, or laws and regulations of other governments or legislation.
- "Unrestricted net position" consists of assets that do not meet the definitions above for "invested in capital assets, net of related debt" or "restricted net position."

The Governmental Accounting Standards Board released Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* on March 11, 2009, which applies only to governmental fund types. The District operates under proprietary fund accounting, therefore, Statement 54 is not applicable.

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Notes to Financial Statements

(h) Non-operating Revenues (Expenses)

The District classifies revenues and expenses which are directly related to the healthcare needs of the citizens of Indian River County, Florida, as operating. All other revenues and expenses are classified as non-operating, including interest income.

(i) Statement of Cash Flows

The District follows Governmental Accounting Standards Board Statement No. 9 “*Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*”, as amended by GASB 34. The primary effect of this Statement is the classification of interest receipts and payments as cash flows from capital and related financing activities in the statement of cash flows.

(j) 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(k) Concentration of Credit Risk

The District maintains cash and cash equivalents in accounts, which are not covered by or which at times may be in excess of FDIC and SIPC insurance limits. The District has not experienced any losses on such accounts and does not believe it is exposed to any risk with respect to cash and cash equivalents. The District maintains a savings account at a qualified public depository which had a balance at September 30, 2021 and 2020 of \$113,419 and \$110,731, respectively, and which is insured by the State of Florida under the Florida Security for Public Deposits Act.

(2) Investments

The District invests cash reserves in the Florida Fixed Income Trust’s Preferred Deposit Pool (PDP Pool). The PDP Pool consists of overnight and term FDIC insured deposits and qualified public depositories, as defined in Chapter 280, Florida Statutes, and therefore the PDP Pool is not currently rated. The PDP Pool provides same day liquidity and as of September 30, 2021 and 2020, the PDP Pool’s weighted average days to maturity is 8 and 17 days, respectively.

As of September 30, 2021 and 2020, the District’s PDP Pool investment’s fair value was \$6,205,810 and \$5,323,860, respectively, measured at NAV of \$1 per share, and therefore is not classified within fair value hierarchy defined by GASB No. 72, *Fair Value Measurement and Application*.

During the years ended September 30, 2021 and 2020, the District’s investment earnings totaled \$19,638 and 71,192, respectively.

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Notes to Financial Statements

(3) *Property and Equipment*

The District's investment in property and equipment consists of the following as of September 30, 2021 and 2020:

	<u>Balance</u> <u>2020</u>	<u>Additions/</u> <u>Transfers</u>	<u>Retirements/</u> <u>Transfers</u>	<u>Balance</u> <u>2021</u>
Land	\$ 241,160	—	—	241,160
Land improvements	418,333	15,750	—	434,083
Buildings	3,935,756	—	—	3,935,756
Leasehold improvements	25,000	—	—	25,000
Equipment	254,815	—	—	254,815
Total at historical costs	<u>4,875,064</u>	<u>15,750</u>	<u>—</u>	<u>4,890,814</u>
Less accumulated depreciation for:				
Land improvements	412,816	761	—	413,577
Buildings	2,880,651	86,494	—	2,967,145
Leasehold improvements	—	—	—	—
Equipment	196,849	15,024	—	211,873
Total accumulated depreciation	<u>3,490,316</u>	<u>102,279</u>	<u>—</u>	<u>3,592,595</u>
	<u>\$ 1,384,748</u>	<u>(86,529)</u>	<u>—</u>	<u>1,298,219</u>

(4) *Designated Unrestricted Net Position*

To the extent the District has available, unrestricted net position, the following designations have been established as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Designated for investments	\$ 2,550,000	2,550,000
Designated for Healthcare Bill	3,085,230	890,192
Designated for Gifford Health Center	150,000	100,000
Designated for Health Services Building	<u>50,000</u>	<u>50,000</u>
Total designations	<u>\$ 5,835,230</u>	<u>3,590,192</u>

(5) *Lease Commitments*

Future minimum lease receipts/payments under noncancelable operating leases for office and/or medical space (as described in note 1(a)) as of September 30, 2021 are:

	<u>Receipts</u>	<u>Payments</u>
2022	\$ 171,986	61,885
2023	2	38,517
2024	2	3,224
2025	2	—
2026	<u>2</u>	<u>—</u>
Total minimum lease receipts/payments	<u>\$ 171,994</u>	<u>103,626</u>

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Notes to Financial Statements

The District leases certain real estate to VNA and to Treasure Coast Community Health, Inc., as more fully described in note 1(a).

The District entered into a new office lease for administrative purposes, effective August 1, 2020. The lease provides for monthly payments of \$3,500 through July 31, 2023 and may be extended for two additional three-year terms.

Rent expense, including common area maintenance charges, totaled \$142,934 and \$102,991 for the years ended September 30, 2021 and 2020, respectively.

(6) ***Indigent Care and Program Funding***

During the years ended September 30, 2021 and 2020, the District provided indigent care and program funding to the following agencies:

	<u>2021</u>	<u>2020</u>
Cleveland Clinic – Indigent funding	\$ 4,500,000	6,000,000
Cleveland Clinic – Partners In Women’s Health	1,982,520	1,682,520
Cleveland Clinic – Mother Baby Campaign	500,000	–
Treasure Coast Community Health, Inc.	2,491,089	2,445,933
Visiting Nurse Association of the Treasure Coast, Inc.	682,389	778,587
Indian River County Medicaid Assessment	495,554	491,856
Whole Family Health Center, Inc.	456,451	300,843
Mental Health Association in Indian River County	452,440	478,837
Phoenix Rising	447,000	–
We Care Foundation of Indian River	309,536	299,397
Indian River Healthy Start Coalition, Inc.	246,420	103,600
Mental Health Collaborative	200,000	200,000
Tykes & Teens	117,000	25,000
University of Florida Psychiatric OP Clinic	96,177	141,936
Substance Awareness Center	70,000	56,875
New Horizons of the Treasure Coast, Inc.	61,657	45,870
Childcare Resources	60,217	78,309
Public Guardian	47,531	30,000
Hope for Families Center	42,140	44,280
Indian River Senior Collaborative	<u>17,500</u>	<u>15,000</u>
Total indigent care and program funding	\$ <u>13,275,621</u>	<u>13,218,843</u>

The District’s Indigent Care Agreement with the Medical Center was addressed as part of the Agreements within the negotiations with Cleveland Clinic Foundation. The District continued reimbursing the Medical Center according to the current Indigent Care Agreement until the closing with the Cleveland Clinic was completed on January 1, 2019. The full commitment to the Cleveland Clinic in the Agreement for Indigent Care Services is \$15 million, which will be annually appropriated and paid at \$500,000 per month until complete.

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Notes to Financial Statements

The District's Partners In Women's Health Program will continue to be operated by Cleveland Clinic Indian River Hospital. The Amended and Restated Agreement for Operation and Funding of the Partners in Women's Health Program was signed with the other agreements with Cleveland Clinic Foundation on January 1, 2019. The terms and conditions continue in the same manner.

(7) *Employee Benefit Plans*

The District maintains the I.R.C.H.D. Profit Sharing Plan, a qualified defined contribution profit sharing plan covering all eligible employees, as defined, of the District, which provides for employer contributions on a discretionary basis. Participants vest in employer contributions based on years of service over a 6-year vesting period. The District contributed \$15,729 and \$10,136 to the plan during the years ended September 30, 2021 and 2020, respectively.

In addition, the District provides a contributory Section 457 plan that allows employees to defer salary on a pre-tax and after-tax basis, and provides for no employer contributions.

(8) *Risk Management*

The District maintains general liability, professional liability, and property coverage through purchased commercial insurance with minimal or no deductibles for each line of coverage. During each of the three years ending September 30, 2021, 2020, and 2019, the District experienced no settlements in excess of insurance coverage.

(9) *Commitments and Contingencies*

Under the terms of the lease agreement discussed in note 1(a), the District leased the hospital facilities to the Medical Center, a separate 501(c)(3) organization. Upon the expiration of the Medical Center lease on December 31, 2039, unless extended or the earlier termination thereof, the District will be required to renew the lease, lease it to another entity, or if it chooses, operate the hospital facilities. At the expiration or termination of the lease, the tangible and intangible assets of the Medical Center and its subsidiaries, together with any outstanding bond obligations, will be transferred to the District, subject to the following paragraph.

In December 2007, the District, the Medical Center, and the Indian River Hospital Foundation, Inc. (Foundation) entered into an agreement whereby certain real property additions to the Medical Center facilities funded by the Foundation would be subject to reimbursement to the Foundation in the event of sale of the facilities by the District to entities other than the Medical Center or other similar Florida not-for-profit corporations. The reimbursement would be equal to the then undepreciated cost of the assets, as defined by the agreement, using a 30-year depreciable life.

In connection with the January 1, 2019 closing with Cleveland Clinic, the First Amendment to the Agreement Regarding Return of Granted Funds remained substantially the same as the original 2007 document, with the following amendment: all grants and contributions made by the Foundation after closing will not be subject to the terms of the Agreement.

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Notes to Financial Statements

(10) *Subsequent Events*

In preparing these financial statements, management has evaluated subsequent events and transactions for potential disclosure through February 15, 2022, the date the financial statements were available to be issued.

Effective October 1, 2021, as part of the 2021/22 budget cycle, the District entered into agency funding contracts that provided for a fee for service reimbursement with each of the funded agencies. In total, the 2021/22 budget provided for indigent care and funding in the amount of \$10,317,784.

**Independent Auditors' 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***

The Board of Trustees
Indian River County Hospital District:

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 Indian River County Hospital District (the District), which comprise the statement of net position as of September 30, 2021, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended, 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 15, 2022.

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.

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



Compliance and Other Matters

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

Purpose of this Report

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

JACOBY AND HANDLEY, PLLC

February 15, 2022

Management Letter

The Board of Trustees
Indian River County Hospital District:

Report on the Financial Statements

We have audited the financial statements of the Indian River County Hospital District (the District) as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated February 15, 2022.

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 Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 15, 2022, should be considered in conjunction with this management letter.

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 recommendations made in the preceding audit report.

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 official title and legal authority are disclosed in note 1 to the financial statements. There were no component units related to the District.



Financial Condition and Management

Section 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 District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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 the Florida House of Representatives, the Florida Auditor General, the District's Board of Trustees, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

JACOBY AND HANDLEY, PLLC

February 15, 2022

Independent Accountants' Report

The Board of Trustees
Indian River County Hospital District:

We have examined Indian River County Hospital District's (the District) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* regarding the investment of public funds during the year ended September 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to an express opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirement referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

JACOBY AND HANDLEY, PLLC

February 15, 2022