



RSM US LLP

February 9, 2023

To the Honorable Commissioners of the Board  
Halifax Hospital Medical Center  
d/b/a Halifax Health  
Daytona Beach, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the business-type activities and aggregate remaining fund information of Halifax Hospital Medical Center d/b/a Halifax Health (“Halifax Health”) as of and for the fiscal year ended September 30, 2022 and have issued our report thereon dated January 20, 2023. We did not audit the basic financial statements of Halifax Health’s fiduciary activities as of and for the year ended September 30, 2022. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for Halifax Health’s fiduciary activities, is based solely on the report of other auditors.

### **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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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* dated January 20, 2023; Independent Auditor’s Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance and Schedule of Findings and Questioned Costs dated February 9, 2023; and Independent Accountant’s 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 dated January 20, 2023. Disclosures in those reports and schedule 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial 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. Note 1 to Halifax Health’s financial statements includes a description of Halifax Hospital Medical Center and its component units.

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

### Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not Halifax Health has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Halifax Health 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 Halifax Health. It is management's responsibility to monitor Halifax Health'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 same. In connection with our audit, we determined that Halifax Health did not meet any of the conditions described in Sections 10.554(1)(i)5.c. and 10.556(8).

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.

### Special District Component Units

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the following specific information was provided to us by management of Halifax Health:

- a. The total number of Halifax Health employees compensated in the last pay period of the fiscal year ended September 30, 2022 was 3,897.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the fiscal year ended September 30, 2022 was 17.
- c. All compensation earned by or awarded to employees of Halifax Health, whether paid or accrued, regardless of contingency during the fiscal year ended September 30, 2022 was \$269,404,096.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency during the year ended September 30, 2022 was \$1,080,179.
- e. Each construction project with a total cost of at least \$65,000 approved by Halifax Health that is scheduled to begin on or after October 1 of the year ended September 30, 2022, together with the total expenditures for such project was:

	<b>Budget</b>	<b>Expenditures</b>
Pulmonary Office Renovation	\$ 629,252	\$ 460,765
Renovation of Lohman Suites 40 and 50	307,992	178,376
8th Floor Renovation Project	24,500,000	113,616
Primary Care Suites	2,625,000	-
Equipment Enclosure	530,220	-
PO Free Standing ED	11,026,000	-
Data Center Cooling and Waterproofing	338,793	13,525
	<u>\$ 39,957,257</u>	<u>\$ 766,282</u>

- f. A budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year ended September 30, 2022, and the amended budget under Section 189.016(6), Florida Statutes, was as follows: Halifax Health's original and final budgeted expenditures totaled \$629,543 (in thousands), with no amendments.

**Specific Information**

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, Halifax Health reported:

- a. The millage rate imposed by Halifax Health was 0.95.
- b. The total amount of ad valorem taxes collected by or on behalf of Halifax Health was \$20,054,652.
- c. As of September 30, 2022, Halifax Health has outstanding bonds payable of \$467.4 million with maturity dates through December 2049. There were bonds issued by Halifax Health during the fiscal year ended September 30, 2022 in the amount of \$94.7 million.

**Additional Matters**

Section 10.554(1)(i)3, Rules of the Auditor General, requires that we address 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, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*RSM US LLP*

Davenport, Iowa  
February 9, 2023