

WEST VOLUSIA HOSPITAL AUTHORITY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

SEPTEMBER 30, 2023

**WEST VOLUSIA HOSPITAL AUTHORITY
FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

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Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200
Fax 386.719.5504

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners,
West Volusia Hospital Authority

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of the West Volusia Hospital Authority (the "Authority"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Authority, as of September 30, 2023, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the West Volusia Hospital Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of healthcare expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of healthcare expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Powell & Jones". The signature is written in a cursive, flowing style.

POWELL & JONES

Certified Public Accountants

Lake City, Florida

December 28, 2023

**WEST VOLUSIA HOSPITAL AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

As management of West Volusia Hospital Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Authority's financial statements, which follow this narrative.

The financial statements presented herein include all of the activities of the Authority, as prescribed by generally accepted accounting principles.

Financial Highlights

- Net position, the excess of assets over liabilities, amounted to \$19,556,674 at the close of the fiscal year.
- As a result of the current year's operations, the Authority's net position decreased \$4,411,419 from the last fiscal year. The Authority's cash and cash equivalents decreased approximately \$1,500,000 from the previous year, primarily due to expenditures greater than revenues during the fiscal year. Accounts payable at year end increased approximately \$2,900,000 due to Medicaid Contribution payable and normal timing differences in amounts due and payments made after the Authority's fiscal year end.
- Investment income increased approximately \$430,000 from the previous year due to an increase in interest rates. The Authority is keeping most of its funds in certificates of deposit and money market accounts in an effort to maximize earnings, while protecting the Authority's assets.
- Healthcare expenditures increased approximately \$6,400,000, primarily due to Medicaid Contribution expenditures of approximately \$5,740,000, and increased expenditures related to medical visits in 2023 of approximately \$700,000, offset by a decrease in HCRA reimbursements of approximately \$126,000. The Authority continues to require health card applicants to apply for coverage under the Affordable Care Act ("ACA"). This requirement became effective starting January 1, 2014.

Overview of the Financial Statements

This annual report consists of four components: 1) management's discussion and analysis (this section), 2) government-wide and fund financial statements, 3) notes to the financial statements, and 4) required supplementary information.

Government-wide Financial Statements

Government-wide financial statements provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business. The governmental activities of the Authority include providing access to healthcare services for the indigent.

The **statement of net position** presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the Authority is improving or deteriorating.

The **statement of activities** presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported using the modified cash basis of accounting.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

Statement of Net Position

Net position increases when revenues exceed expenditures. At the close of the fiscal year, assets exceeded liabilities by \$19,556,674 which is a decrease from the preceding year of \$4,411,419.

	<u>2023</u>	<u>2022</u>
Assets		
Current assets	\$ 23,259,028	24,741,344
Capital assets, net	466,447	510,310
Prepaid items and deposits	2,000	2,000
Total assets	<u>23,727,475</u>	<u>25,253,654</u>
Liabilities		
Current liabilities	<u>4,170,801</u>	<u>1,285,561</u>
Total liabilities	<u>4,170,801</u>	<u>1,285,561</u>
Net position:		
Invested in capital assets, net	466,447	510,310
Unrestricted	<u>19,090,227</u>	<u>23,457,783</u>
Total net position	<u>\$ 19,556,674</u>	<u>\$ 23,968,093</u>

Statement of Activities

The Statement of Revenues, Expenditures and Changes in Net Position presents information illustrating how a government's net position changes during the fiscal year. All changes in net position are reported as soon as the economic activities occur, regardless of timing of the cash.

	<u>2023</u>	<u>2022</u>
Revenues		
Ad valorem taxes	\$ 15,549,906	\$ 17,637,052
Interest income	459,929	32,098
Other income	2,842	85,577
Total revenues	<u>16,012,677</u>	<u>17,754,727</u>
Expenses		
Healthcare expenses	20,380,233	13,977,734
Depreciation	43,863	43,863
Total expenses	<u>20,424,096</u>	<u>14,021,597</u>
Change in net position	(4,411,419)	3,733,130
Beginning net position	<u>23,968,093</u>	<u>20,234,963</u>
Ending net position	<u>\$ 19,556,674</u>	<u>\$ 23,968,093</u>

Economic Factors and Changes on the Horizon

The Authority exists to provide access to healthcare for qualified uninsured residents of the taxing district. The Authority requires all applicants for the Authority's program to apply for coverage through the federal exchange, as well as Medicaid. In 2020-2021, many businesses in the West Volusia area experienced shutdowns and service interruptions due to Covid-19. This pandemic led to the expansion of health card enrollment, yet medical visits decreased, which was attributed to improving health conditions for some health card members and a fear by some health card members of seeking services where they may be exposed to a Covid positive individual. In 2022-2023, as the Covid-19 pandemic subsided, health card members were more willing to visit medical facilities and the demand for services increased. It is anticipated as the Covid-19 continues to subside and the population continues to grow, health card members will continue to be more willing to visit medical facilities and the demand for services will continue to increase. The Authority's expenditures are also subject to legislative changes by the State of Florida affecting the Medicaid share of costs which could rise in the future. These factors will demand continued planning and diligence from the Board. For the September 30, 2024 fiscal year, the Board set its final millage rate at 0.9806 mills which is below the rollback rate.

Requests for Information

This report is designed to provide an overview of the Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report, or requests for additional information, should be directed to Stacy Tebo, West Volusia Hospital Authority, PO Box 940, DeLand, Florida 32721.

**WEST VOLUSIA HOSPITAL AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 13,944,197
Certificates of deposits	9,314,831
Prepaid expenses	2,000
Total current assets	<u>23,261,028</u>
Noncurrent assets	
Land	145,000
Depreciable capital assets, net	321,447
Capital assets, net of accumulated depreciation	466,447
Total assets	<u>\$ 23,727,475</u>
 LIABILITIES	
Accounts payable and accrued expenses	\$ 4,170,801
Total liabilities	<u>4,170,801</u>
 NET POSITION	
Net investment in capital assets	466,447
Unrestricted	19,090,227
Total net position	<u>\$ 19,556,674</u>

See notes to financial statements.

**WEST VOLUSIA HOSPITAL AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Change in Net Position Governmental Activities Total
Governmental activities:			
General government			
Healthcare and other expenses	\$ 20,424,096	\$ -	\$ (20,424,096)
Total governmental activities	\$ 20,424,096	\$ -	(20,424,096)
General revenues:			
Ad valorem taxes			15,549,906
Interest income			459,929
Miscellaneous			2,842
			16,012,677
Decrease in net position			(4,411,419)
Net position - October 1, 2022			23,968,093
Net position - September 30, 2023			\$ 19,556,674

See notes to financial statements.

**WEST VOLUSIA HOSPITAL AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2023**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 13,944,197
Certificates of deposits	9,314,831
Prepaid items and deposits	2,000
Total assets	<u><u>\$ 23,261,028</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable and accrued expenses	\$ 4,170,801
Total liabilities	<u><u>\$ 4,170,801</u></u>
Fund Balances	
Nonspendable:	
Prepays	\$ 2,000
Unassigned	19,088,227
Total fund balances	<u>19,090,227</u>
Total liabilities and fund balance	<u><u>\$ 23,261,028</u></u>
Total fund balances reported above	\$ 19,090,227
 Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	466,447
Net position of governmental activities	<u><u>\$ 19,556,674</u></u>

See notes to financial statements.

**WEST VOLUSIA HOSPITAL AUTHORITY
 STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

REVENUES	
Ad valorem taxes	\$ 15,549,906
Interest income	459,929
Miscellaneous revenues	<u>2,842</u>
Total revenues	<u>16,012,677</u>
EXPENDITURES	
Healthcare and other	<u>20,380,233</u>
Total expenditures	<u>20,380,233</u>
Net change in fund balance	(4,367,556)
Fund balances, October 1, 2022	<u>23,457,783</u>
Fund balances, September 30, 2023	<u><u>\$ 19,090,227</u></u>

See notes to financial statements.

**WEST VOLUSIA HOSPITAL AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balances - Governmental Fund	\$ (4,367,556)
Amounts reported for governmental activities in the statement of activities are different because: Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Less current year depreciation	(43,863)
Change in net assets of governmental activities	<u>\$ (4,411,419)</u>

See notes to financial statements.

**WEST VOLUSIA HOSPITAL AUTHORITY
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 15,900,000	\$ 15,900,000	15,549,906	\$ (350,094)
Interest income	45,000	45,000	459,929	414,929
Miscellaneous	-	-	2,842	2,842
Total revenues	<u>15,945,000</u>	<u>15,945,000</u>	<u>16,012,677</u>	<u>67,677</u>
EXPENDITURES				
Healthcare	12,994,363	18,813,071	18,318,273	494,798
Personnel	116,072	116,072	99,172	16,900
Other	2,834,565	2,759,247	1,962,788	796,459
Total expenditures	<u>15,945,000</u>	<u>21,688,390</u>	<u>20,380,233</u>	<u>1,308,157</u>
Net change in fund balance	-	(5,743,390)	(4,367,556)	(1,240,480)
Fund balance, October 1, 2022	23,457,783	23,457,783	23,457,783	-
Fund balance, September 30, 2023	<u>\$ 23,457,783</u>	<u>\$ 17,714,393</u>	<u>\$ 19,090,227</u>	<u>\$ (1,240,480)</u>

See notes to financial statements.

WEST VOLUSIA HOSPITAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(1) Summary of Significant Accounting Policies:

The accounting policies of the West Volusia Hospital Authority (the “Authority”) conform to generally accepted accounting principles applicable to governmental units. The following is a summary of significant policies.

(a) **Reporting entity**—The Authority is a special taxing district in Volusia County, Florida created and incorporated in 1957 by the Legislature of the State of Florida under Chapter 57-2085. The five-member elected Board of Commissioners (the “Board”) is enabled to acquire, construct, operate and maintain hospitals, healthcare facilities, or contract with third parties for the care of medically indigent persons in the Authority’s district, and to levy taxes and issue bonds to finance healthcare facilities’ operations, and to participate in other activities to promote the general health of the district.

The Authority has adopted the Governmental Accounting Standards Board (“GASB”) Codification for the purpose of evaluating its financial statements. Based on the Codification, the Authority has determined that there are no other component units that meet the criteria for inclusion in the Authority's financial statements.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Authority. The Authority only has governmental activity and does not engage in any business-type activity. Direct expenses are those that are clearly identifiable with a specific function or segment. General revenues include ad valorem taxes and interest income. Fund financial statements are presented for the Authority’s General Fund. The General Fund is considered to be a major fund and is the only fund of the Authority.

(c) **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. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the grantor have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when 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 Authority considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred. However, expenditures related to long-term agreements are recorded only when payment is due.

(d) **Budgets**—The Board of Commissioners of the Authority adopts an annual operating budget, which is prepared on a modified accrual basis and can be amended by the Board throughout the year. At the fund level, actual expenditures cannot exceed the budgeted amounts; however, with proper approval by the Board, budgetary transfers between line items can be made. The accompanying budgeted financial statements for the General Fund reflect the final budget authorization amounts, including all amendments.

**WEST VOLUSIA HOSPITAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Cash and cash equivalents**—Cash and cash equivalents consists of cash on hand and on deposit in banks and money market accounts.

(f) **Certificates of deposit** — Certificates of deposit consist of Certificate of Deposit Account Registry Service (CDARS) accounts, and are valued at cost plus accrued interest, which approximates fair value.

(g) **Property and equipment**—Property and equipment purchased in the general fund are recorded as expenditures at the time of purchase. Gifts or contributions are recorded at acquisition value at the time received. It is the policy of the Authority to capitalize property and equipment over \$5,000. Lesser amounts are expensed. Depreciation has been provided on fixed assets as a direct charge using the straight-line method over the estimated useful lives of the various classes of depreciable assets, which ranges from 3 to 40 years.

(h) **Deferred inflows of resources**—In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

(i) **Fund equity**—The Authority reports fund balance in accordance with the GASB Codification. Fund balances are classified as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable form (prepaids and deposits) or because they are legally or contractually required to be maintained intact.

Restricted—Amounts constrained to specific purposes by outside parties or enabling legislation.

Committed—Amounts that can be used only for specific purposes determined by a formal action by ordinance or resolution.

Assigned—Amounts that are designated by the Board of Commissioners for a specific purpose.

Unassigned—All amounts not included in other spendable classifications.

When an expenditure is incurred for purposes for which restricted, committed, assigned, and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first, committed funds second, assigned funds third, and unassigned funds last.

In order to determine amounts reported as restricted and unrestricted net position, it is the Authority's policy to consider restricted net position to have been used before unrestricted net position is applied.

(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 reported amounts of revenues and expenses during the reporting period.

**WEST VOLUSIA HOSPITAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(2) Reconciliation of Government-Wide and Fund Financial Statement:

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**— “Total fund balances” of the Authority’s Governmental Funds \$19,090,227 differs from “net position” of governmental activities \$19,556,674 reported in the statement of net position. This difference primarily results from the long-term economical focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

Capital related items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the Authority as a whole.

Cost of capital assets	\$ 1,006,324
Accumulated depreciation	<u>(539,877)</u>
Total	<u><u>\$ 466,447</u></u>

**WEST VOLUSIA HOSPITAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Reconciliation of Government-Wide and Fund Financial Statement:

Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

	Total Governmental Funds	Capital Related Items	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 13,944,197	\$ -	\$ 13,944,197
Certificates of deposits	9,314,831	-	9,314,831
Prepaid expenses	2,000	-	2,000
Capital assets - net	-	466,447	466,447
Total assets	<u>\$ 23,261,028</u>	<u>\$ 466,447</u>	<u>\$ 23,727,475</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	\$ 4,170,801	\$ -	\$ 4,170,801
Total liabilities	<u>4,170,801</u>	<u>-</u>	<u>4,170,801</u>
 Fund balance/net position	 <u>19,090,227</u>	 <u>466,447</u>	 <u>19,556,674</u>
 Total liabilities and fund balance/net position	 <u>\$ 23,261,028</u>	 <u>\$ 466,447</u>	 <u>\$ 23,727,475</u>

**WEST VOLUSIA HOSPITAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities—**The “net change in fund balances” for the governmental funds of \$(4,367,556) differs from the “change in net position” for governmental activities of \$(4,411,419) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental fund. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charges for the year.

Depreciation expense	<u>\$ (43,863)</u>
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**WEST VOLUSIA HOSPITAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Reconciliation of Government-Wide and Fund Financial Statement:

Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities

	Total Governmental Funds	Capital Related Items	Statement of Activities
REVENUES			
Ad valorem taxes	\$ 15,549,906	\$ -	\$ 15,549,906
Interest income	459,929	-	459,929
Miscellaneous revenues	2,842	-	2,842
Total revenues	<u>16,012,677</u>	<u>-</u>	<u>16,012,677</u>
EXPENDITURES			
Healthcare and other	20,380,233	43,863	20,424,096
Total expenditures	<u>20,380,233</u>	<u>43,863</u>	<u>20,424,096</u>
Net change in fund balance	(4,367,556)	(43,863)	(4,411,419)
Fund balance, October 1, 2022	<u>23,457,783</u>	<u>510,310</u>	<u>23,968,093</u>
Fund balance, September 30, 2023	<u>\$ 19,090,227</u>	<u>\$ 466,447</u>	<u>\$ 19,556,674</u>

**WEST VOLUSIA HOSPITAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(3) Property Tax Calendar:

The Authority is a taxing authority in Volusia County, Florida (the County), and pays a fee to the County for the assessment and collection of property taxes. The property tax calendar for the year ended September 30, 2023, is as follows:

Valuation date	January 1												
Property appraiser prepares the assessment roll with values as of January 1, submits this preliminary roll for approval by the state and notifies each taxing authority of their respective valuations.	July 1												
Each taxing authority holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year.	September												
Property appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable (levy date).	November 1												
A notice of taxes is mailed to each property owner on the assessment roll. Taxes may be paid November through March with the following applicable discounts:	November through March												
<table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Month</th> <th style="text-align: center; border-bottom: 1px solid black;">Discount</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">November</td> <td style="text-align: center;">4%</td> </tr> <tr> <td style="text-align: center;">December</td> <td style="text-align: center;">3%</td> </tr> <tr> <td style="text-align: center;">January</td> <td style="text-align: center;">2%</td> </tr> <tr> <td style="text-align: center;">February</td> <td style="text-align: center;">1%</td> </tr> <tr> <td style="text-align: center;">March</td> <td style="text-align: center;">0%</td> </tr> </tbody> </table>	Month	Discount	November	4%	December	3%	January	2%	February	1%	March	0%	
Month	Discount												
November	4%												
December	3%												
January	2%												
February	1%												
March	0%												
All unpaid taxes on real and tangible personal property become delinquent.	April 1												
A list of unpaid real and tangible personal property taxes are advertised.	April and May												
Tax certificates are sold on all real estate with unpaid real estate property taxes (lien date).	June 1												
A court order is obtained authorizing the seizure and sale of personal property, if the taxpayer fails to pay the delinquent personal property taxes.	June												

**WEST VOLUSIA HOSPITAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(4) Deposits and Investments:

At September 30, 2023, the carrying amount of the Authority's certificates of deposit and cash on deposit in its bank accounts was \$23,259,028 after any applicable reconciling items such as outstanding checks and deposits in transit. In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The Authority's deposits at year end are considered insured for custodial credit risk purposes.

The Authority is authorized to invest in investment vehicles, as defined in the written investment policy, which was approved by the Board. The policy specifies the authorized investment vehicles which, among others, include the Local Government Surplus Funds Trust Fund (State Board of Administration, "SBA"), negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by the U.S. Government at the then prevailing market price for such securities with remaining maturities not exceeding one year, for certain money market funds and repurchase agreements. The policy also specifies the portfolio allocation, which is intended to meet the Authority's specified goals, in order of priority; safety, liquidity, and yield.

At September 30, 2023, the Authority's cash and investments consisted of the following:

<u>Types of Cash and Investments</u>	<u>Average Maturity</u>	<u>Credit Quality</u>	<u>Amount</u>
Certificates of deposit	0.38 years	N/A	\$ 9,314,831
Cash on deposit			13,944,197
Total cash and investments			<u>\$ 23,259,028</u>

(5) Capital Assets:

Changes in the Authority's capital assets for the years ended September 30, 2023, were as follows:

	<u>Balance September 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2023</u>
Capital assets not being depreciated:				
Land	\$ 145,000	\$ -	\$ -	\$ 145,000
Total capital assets not being depreciated:	<u>145,000</u>	<u>-</u>	<u>-</u>	<u>145,000</u>
Capital assets being depreciated:				
Machinery and equipment	53,975	-	-	53,975
Buildings	807,349	-	-	807,349
Accumulated depreciation	(496,014)	(43,863)	-	(539,877)
Total capital assets being depreciated, net	<u>365,310</u>	<u>(43,863)</u>	<u>-</u>	<u>321,447</u>
Capital assets, net	<u>\$ 510,310</u>	<u>\$ (43,863)</u>	<u>\$ -</u>	<u>\$ 466,447</u>

**WEST VOLUSIA HOSPITAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Depreciation expense for the year ended September 30, 2023, was \$43,863.

(6) Contingencies:

The Authority occasionally faces legal claims incidental to the ordinary course of its operations. In the opinion of management and based on the advice of legal counsel, the ultimate disposition of open inquiries and claims, if any, will not have a material adverse effect on the financial position or results of operations of the Authority.

(7) Medicaid Contribution Dispute:

The State of Florida (the "State") requires the County of Volusia (the "County") to pay approximately \$8,000,000 annually to reimburse the State for funds paid to participate in the federal Medicaid program. In turn, the County assessed each of the three hospital taxing districts in the County (of which the Authority is one) for a portion of the funds. The Authority obtained legal representation and has articulated reasons why the Authority should not be subject to the County's assessment, since the Authority receives no Medicaid funds, unlike the other two hospital taxing districts. The County disagreed with the Authority's position, and the County filed in the local trial court to resolve the dispute. The Authority filed a motion to dismiss, and on June 2, 2022, the local trial court denied the Authority's motion and granted the County's motion for a final "Writ of Mandamus" which required the Authority to pay \$2,496,809, unless appealed. The Authority then filed in the Fifth District Court of Appeal and appellate court issued its decision denying that appeal on June 27, 2023. As such, the Authority's general fund includes \$5,743,390 in Medicaid reimbursement expenditures included in healthcare and other expenditures in the statement of revenues, expenditures, and changes in fund balance for the year ended September 30, 2023, of which \$3,246,579 is included in accounts payable and accrued expenses on the balance sheet at September 30, 2023. The \$5,743,390 includes Medicaid reimbursement expenditures related primarily to the Authority's fiscal years 2022 and 2023.

The Authority has filed a Counterclaim in the Volusia Circuit Court, which seeks a declaratory judgment interpreting the Medicaid Match statute (Fla. Stat. Section 409.915(5)) and whether it is applicable to the Authority. That ruling preserves the issue for the litigation to continue concerning whether the County can impose the Medicaid Match allocation on the Authority in subsequent years. The County's motion to strike or dismiss the Authority's Counterclaim was denied on September 20, 2023 in the Volusia Circuit Court. On December 18, 2023, a Pretrial Conference was held and a Scheduling Order was issued stating the parties have a January 5, 2024 deadline to file their motions and a January 19, 2024 deadline for filing replies to the opposing motions. A final summary judgement hearing will be held on February 2, 2024.

**WEST VOLUSIA HOSPITAL AUTHORITY
SCHEDULE OF HEALTHCARE EXPENDITURES
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Expenditures		
Healthcare expenditures		
Baker Act, substance abuse and mental health programs	\$ 1,184,134	\$ 1,208,432
Hospital indigent care reimbursements	4,088,597	3,877,081
Health Care Responsibility Act reimbursements	76,069	201,650
KidCare outreach	64,169	70,356
Medicaid reimbursements	5,743,390	-
Primary care and pharmacy services	541,468	544,919
Primary care and dental program	2,555,873	2,430,306
Specialty care program	3,690,927	3,318,301
HIV outreach	373,646	311,933
Total healthcare expenditures	<u>18,318,273</u>	<u>11,962,977</u>
Personnel services		
Regular salaries and wages	65,588	16,565
FICA	5,249	1,523
Retirement	7,033	3,265
Life and Health Insurance	11,538	2,404
Workers Compensation Claims	9,764	19,821
Total personnel services	<u>99,172</u>	<u>43,578</u>
Other expenditures		
General and administrative	4,343	59,818
Third-party administration	345,177	378,874
Eligibility and enrollment oversight	488,842	461,210
Legal	141,374	180,879
Plant and maintenance	26,662	26,727
Professional and accounting fees	220,854	165,339
Tax increment fees - City of DeLand	111,805	87,162
Tax collector and appraiser fees	596,382	595,952
Miscellaneous	27,349	15,218
Total other expenditures	<u>1,962,788</u>	<u>1,971,179</u>
Total expenditures	<u>\$ 20,380,233</u>	<u>\$ 13,977,734</u>

See notes to financial statements

**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**

To the Board of Commissioners,
West Volusia Hospital Authority:

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 the *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the governmental activities and major fund of the West Volusia Hospital Authority (the "Authority") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 28, 2023.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Powell & Jones".

POWELL & JONES
Certified Public Accountants
Lake City, Florida
December 28, 2023

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

To the Board of Commissioners,
West Volusia Hospital Authority:

Report on the Financial Statements

We have audited the basic financial statements of the West Volusia Hospital Authority (the "Authority"), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated December 28, 2023.

Auditors' 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 on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and 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 December 28, 2023, 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. No comments from the second preceding year remain uncorrected. There were no 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. The Authority was established by special act by the Florida Legislature. There are no component units related to the Authority.

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 Authority 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 Authority 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 Authority. It is management's responsibility to monitor the Authority'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.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units; therefore, we did not note any such component units that failed to provide the necessary information.

Specific Special District Information – West Volusia Hospital Authority

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Authority reported the following unaudited data:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year: 1.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$65,588.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$0.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:
 - a. No such projects noted.

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: There were no amendments between the original and final total district expenditure budget except as follows: \$5,743,390 for Resolution 2023-008 to formally amend the original FY 2022-2023 budget and allow for the County Medicaid payments.

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

- a. The millage rate or rates imposed by the district: 1.0816.
- b. The total amount of ad valorem taxes collected by or on behalf of the district: \$15,549,906.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds: No such outstanding bonds noted.

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, Federal and other granting agencies, and applicable management and the Board of Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.



POWELL & JONES
Certified Public Accountants
Lake City, Florida
December 28, 2023

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Commissioners,
West Volusia Hospital Authority:

We have examined the West Volusia Hospital Authority's (the "Authority") compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023. The Authority's management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority'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 Authority complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023, in all material respects. An examination involves performing procedures to obtain evidence about the Authority's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the West Volusia Hospital Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

This report is intended solely for the information and use of the Authority and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



POWELL & JONES
Certified Public Accountants
Lake City, Florida
December 28, 2023