



**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital**

FINANCIAL STATEMENTS

September 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
George E. Weems Memorial Hospital
Franklin County, Florida
Apalachicola, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Hospital Fund of Franklin County, Florida d/b/a George E. Weems Memorial Hospital (the "Hospital"), an enterprise fund of Franklin County, Florida, as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Hospital'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 financial position of the Hospital, as of September 30, 2024 and 2023, and the changes in its financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. 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 Hospital, 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 opinion.

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 Hospital'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 and *Government 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 and *Government 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 Hospital'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 Hospital'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 on pages 4 through 9 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 (GASB), 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2025, on our consideration of the Hospital'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's 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 Hospital's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

March 19, 2025

Hospital Fund of Franklin County, Florida d/b/a George E. Weems Memorial Hospital Management’s Discussion and Analysis (Unaudited)

Introduction

This management’s discussion and analysis of the financial performance of Hospital Fund of Franklin County, Florida d/b/a George E. Weems Memorial Hospital (the Hospital) provides an overview of the Hospital’s financial activities for the years ended September 30, 2024, and 2023. It should be read in conjunction with the accompanying financial statements of the Hospital.

Using This Annual Report

The Hospital’s financial statements consist of three types of statements—statements of net position; statements of revenues, expenses and changes in net position; and statements of cash flows. These statements provide information about the activities of the Hospital, including resources held by the Hospital but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The Hospital is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about any Hospital’s finances is “Is the Hospital as a whole better or worse off as a result of the year’s activities?” The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information about the Hospital’s resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets, all liabilities and all deferred inflows and outflows of resources using the accrual basis of accounting. Using the accrual basis of accounting means that all the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two types of statements report the Hospital’s net position and changes in it. The Hospital’s total net position—the difference between assets, liabilities and deferred inflows and outflows of resources—is one measure of the Hospital’s financial health or financial position. Over time, increases or decreases in the Hospital’s net position are an indicator of whether its financial health is improving or deteriorating.

Other nonfinancial factors, such as changes in the Hospital’s patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients and local economic factors should also be considered to assess the overall financial health of the Hospital.

The Statements of Cash Flows

The Statements of Cash Flows report cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities and provide answers to such questions as where cash came from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Management's Discussion and Analysis (Unaudited)**

The Hospital's Statements of Net Position

As shown in Table 1, the Hospital's assets increased approximately \$362,000 and \$811,000 in 2024 and 2023, respectively. The increase in 2024 was largely driven by increased swing bed utilization, RHC utilization, the downstream impact of ancillary volumes (lab and radiology) and increased receipts due to better revenue cycle processes and grant monies received.

The Hospital's total liabilities increased approximately \$1,021,000 and \$929,000 in 2024 and 2023, respectively. The increase in 2024 was due to deferring the grant monies received and reclassing the Disproportionate Share (DSH) repayment to current liabilities. The increase was also partially due to recording unspent funding from the State of Florida as unearned revenue.

Table 1: Assets, Liabilities and Net Position

<i>September 30,</i>	2024	<i>Variance</i>	2023	<i>Variance</i>	2022
Assets					
Patient accounts receivable, net	\$ 1,189,021	\$ 145,335	\$ 1,043,686	\$ (274,668)	\$ 1,318,354
Other current assets	3,972,554	970,700	3,001,854	650,860	2,350,994
Capital assets, net	4,190,283	(754,091)	4,944,374	434,937	4,509,437
Total assets	\$ 9,351,858	\$ 361,944	\$ 8,989,914	\$ 811,129	\$ 8,178,785
Liabilities					
Current liabilities	\$ 2,640,108	\$ 1,119,336	\$ 1,520,772	\$ 61,733	\$ 1,459,039
Long-term liabilities	1,074,969	(98,587)	1,173,556	867,012	306,544
Total liabilities	3,715,077	1,020,749	2,694,328	928,745	1,765,583
Net Position					
Net investment in capital assets	4,000,902	(638,275)	4,639,177	659,895	3,979,282
Unrestricted	1,635,879	(20,530)	1,656,409	(777,511)	2,433,920
Total net position	5,636,781	(658,805)	6,295,586	(117,616)	6,413,202
Total liabilities and net position	\$ 9,351,858	\$ 361,944	\$ 8,989,914	\$ 811,129	\$ 8,178,785

Operating Results and Changes in the Hospital's Net Position

As shown in Table 2, in 2024 the Hospital's net position decreased by approximately \$659,000, and approximately \$118,000 in 2023, an improvement to the decrease of approximately \$1,087,000 in 2022. In 2024, the total operating revenues increased approximately \$2,187,000 compared to an increase of \$1,272,000 in 2023 over 2022. The total operating expenses increased approximately \$1,594,000 and \$695,000 in 2024 and 2023, respectively. The increase in 2024 of total operating revenues was largely due to increased utilization: swing bed, RHC, and ancillary volumes.

The increase in 2024 total operating expenses was primarily because of salaries and benefits. Much of the salary increase is due to EMS plus bringing many of the clinical departments up to market value to make the Hospital more competitive.

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Management's Discussion and Analysis (Unaudited)**

Table 2: Operating Results and Changes in Net Position

<i>For the years ended September 30,</i>	2024	<i>Variance</i>	2023	<i>Variance</i>	2022
Operating Revenues					
Net patient service revenue	\$ 9,635,637	\$ 2,110,918	\$ 7,524,719	\$ 867,810	\$ 6,656,909
Other operating revenue	486,989	76,439	410,550	403,771	6,779
Total operating revenues	10,122,626	2,187,357	7,935,269	1,271,581	6,663,688
Operating Expenses					
Salaries, wages, and benefits	6,544,787	1,096,703	5,448,084	197,322	5,250,762
Other operating expenses	4,493,440	227,632	4,265,808	(38,749)	4,304,557
Supplies	1,253,139	132,251	1,120,888	430,700	690,188
Depreciation and amortization	853,579	137,403	716,176	105,543	610,633
Total operating expenses	13,144,945	1,593,989	11,550,956	694,816	10,856,140
Operating income (loss)	(3,022,319)	593,368	(3,615,687)	576,765	(4,192,452)
Nonoperating Revenue (Expenses)					
Interest income	64,815	45,571	19,244	13,773	5,471
Noncapital grants and contributions	142,501	(551,433)	693,934	582,369	111,565
CARES PRF income (repayment)	-	-	-	(284,811)	284,811
Other income (expense)	31,616	(139,159)	170,775	57,691	113,084
Interest expense	(1,997)	754	(2,751)	5,560	(8,311)
Total nonoperating revenues (expenses)	236,935	(644,267)	881,202	374,582	506,620
Transfers					
Transfers in	2,639,138	22,269	2,616,869	18,815	2,598,054
Transfers out	(512,559)	(512,559)	-	-	-
Total transfers	2,126,579	(490,290)	2,616,869	18,815	2,598,054
Increase (decrease) in net position	\$ (658,805)	\$ (541,189)	\$ (117,616)	\$ 970,162	\$ (1,087,778)

Operating Income (Loss)

The first component of the overall change in the Hospital's net position is its operating income or loss— generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. In each of the past three years, the Hospital has reported operating losses. This is consistent with the Hospital's recent operating history, as the Hospital was formed and is operated primarily to serve residents of Franklin County, Florida and the surrounding area.

Hospital Fund of Franklin County, Florida d/b/a George E. Weems Memorial Hospital Management's Discussion and Analysis (Unaudited)

The operating loss for fiscal year 2024 was approximately \$3,022,000, up (positive) approximately \$593,000 from an operating loss of approximately \$3,616,000 in 2023. The primary components of the 2024 operating income are:

- An increase in net patient service revenue of approximately \$2,111,000 or 28.05%.
- An increase in other operating revenue of approximately \$76,000, or 18.62%.
- An increase in operating expense of approximately \$1,594,000, or 13.8%.

Increased net patient service revenue was due to a 20% increase in swing bed days, an approximate 20% increase in clinic visits for both RHC's, along with improved revenue cycle processes.

Operating expense increased primarily because of increases in Salaries/Benefits, Purchased Services, and Depreciation and Amortization. The largest of the increase was Salaries and related to EMS plus market adjustments to various clinical departments to make the Hospital more competitive. The increase in Depreciation and Amortization is largely due to the additional EMS trucks along with the building/infrastructure and equipment upgrades to centralize and provide better ancillary services to the county.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of interest income, non-capital grants, gifts, and other. Total nonoperating revenues and expenses increased approximately \$375,000 in 2023 to approximately \$881,000 and declined approximately \$644,000 from approximately \$881,000 in 2023 to \$237,000 in 2024. The decrease in 2024 is primarily due to grant monies and State of Florida funding that was received but not yet recognized in income in 2024.

Transfers decreased to approximately \$2,127,000 in 2024 from \$2,617,000 in 2023, primarily due to repayment of grant funds to Franklin County.

Capital Contributions

There were no capital contributions in 2024 or 2023.

The Hospital's Cash Flows

As reflected in the Statements of Cash Flows, the Hospital's cash increased in 2024 by approximately \$1,176,000, and by approximately \$593,000 in 2023. The Hospital's cash decreased by approximately \$2,955,000 in 2022. The increase in the ending cash balance for 2024 was primarily due to an increase in swing bed and RHC utilization and increased cash receipts, and partly due to grant funding, which has been mostly deferred pending cash outlay and completion.

Capital Asset and Debt Administration

Capital Assets

The Hospital had approximately \$4,190,000 and \$4,944,000 of capital assets, net of accumulated depreciation, at the end of 2024 and 2023, respectively. In 2024 and 2023, the Hospital purchased new capital assets costing approximately \$82,000 and \$1,150,000, respectively.

Hospital Fund of Franklin County, Florida d/b/a George E. Weems Memorial Hospital Management's Discussion and Analysis (Unaudited)

Debt

At September 30, 2024 and 2023, respectively, the Hospital had \$189,381 and \$305,197 in lease obligations. At September 30, 2022, the Hospital had \$530,155 in lease obligations.

Other Economic Factors

The Hospital is located within an economically distressed, geographically isolated, rural area. There is no significant manufacturing industry in the area. The major employers are governmental in nature. The largest employers in the area are the Franklin County Government, Franklin County School District, and the Hospital.

Strategic Planning for Future Growth

George E. Weems Memorial Hospital has partnered with Alliant Management Services to help the Hospital identify and achieve a sustainable business model. With the help of Alliant, who provides the CEO and CFO to the Hospital, the Hospital will be better equipped to meet the needs of the community, now and in the future.

To prepare for the coming years, the Hospital's administration has put into place internal controls to safeguard financial reporting and attempt to ensure proper presentation of the financial statements, both at month-end and year-end, and follow accounting principles generally accepted in the United States of America (GAAP). The Hospital has retained staff to assist with the proper reconciliations of balance sheet accounts, bank statements, internal processes, and inventory controls. Additionally, Alliant is working with the local staff to train them in the day-to-day financial activities, such as monthly ledger close and regulatory reporting. The Hospital has begun the review and updating of several policies and procedures to further assist with the proper presentation of financial information. Alliant Management has supplied the Hospital with needed additional control files and processes and is working with the staff to better separate duties while respectively cross-training staff and encouraging staff to accept additional responsibilities for a better operational flow and more timely approach to reporting. The Hospital has been reviewing and renegotiating its insurance payers' agreements through Alliant's partner, Blue and Co., LLC, to review and advocate for better payment terms with its five highest paid payors. This is an ongoing project for the Hospital that aligns with its strategic plan. Through its partner company, Blue & Co., LLC, Alliant Management is working with the Hospital in reviewing its clinic practice policies and procedures and physician enterprise regarding productivity, while maximizing financial and operational performance.

The Hospital has endured different barriers over some time. Even with these barriers, it is significant to note the current strengths of the Hospital. The Hospital currently has three mid-level providers operating in the RHC. The emergency room is staffed by residency trained, board certified physicians.

The Hospital is continuing its efforts to meet with legislative officials and will be pursuing all grant opportunities to request funding for capital equipment needs. Capital improvement needs include expanding radiology services and relocating part of radiology inside the Hospital.

Hospital Fund of Franklin County, Florida d/b/a George E. Weems Memorial Hospital Management's Discussion and Analysis (Unaudited)

Hospital management continues to participate in calls hosted by Alliant Management, to keep the Hospital informed on industry best practices. Also, the Hospital participates in Monthly Operational Reviews with Alliant Management to review the financials, discuss key operational issues and challenges, and plan for the upcoming Board of Directors meeting. The Hospital is an active member of the Florida Hospital Association and is abreast of the new legislative changes that are forthcoming that will affect the Hospital. The Hospital continues to participate in the Florida Department of Health's State Rural Health Office's FLEX Program to ensure the successful continuation of performance improvement interventions for Florida's Critical Access Hospitals (CAHs) participating in the FLEX program for Financial, Operation and Quality Improvement.

In view of the changing political viewpoints in the federal government, the future look and amount of LIP Program and DSH funding may be reduced. The Hospital receives DSH funding from the State of Florida in relation to the costs of the Medicaid and indigent population that is served. The Hospital is hopeful that the State of Florida will receive favorable consideration with respect to these programs.

Contacting the Hospital's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to Hospital Administration by calling (850) 653-8853.

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Statements of Net Position**

<u>September 30,</u>	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,902,456	\$ 1,726,345
Patient accounts receivable, net of estimated uncollectibles of \$1,269,624 in 2024 and \$1,377,242 in 2023	1,189,021	1,043,686
Due from other funds	483,818	579,646
Estimated third party settlements	-	156,884
Other receivables	436,346	369,702
Prepaid expenses	69,164	80,931
Supplies inventory	80,770	88,346
Total current assets	5,161,575	4,045,540
Capital assets		
Land	13,400	13,400
Construction in progress	44,519	901,234
Right-of-use lease assets, net	68,484	105,497
Right-of-use subscription assets, net	136,620	215,221
Depreciable capital assets, net	3,927,260	3,709,022
Total capital assets, net	4,190,283	4,944,374
Total assets	\$ 9,351,858	\$ 8,989,914

(Continued)

The accompanying notes are an integral part of these financial statements.

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Statements of Net Position (Continued)**

<i>September 30,</i>	2024	2023
Liabilities and Net Position		
Current liabilities		
Current maturities of long-term debt		
Lease liabilities	\$ 37,867	\$ 37,215
Subscription liabilities	60,720	78,601
Accounts payable	1,017,901	1,016,997
Accrued compensation	149,948	93,422
Due to other funds	510,779	99,169
Unearned revenue	350,206	-
Estimated third party settlements	295,978	-
Compensated absences	216,709	195,368
Total current liabilities	2,640,108	1,520,772
Long-term liabilities		
Lease liabilities, less current portion	14,894	52,761
Subscription liabilities, less current portion	75,900	136,620
Estimated third-party settlements, less current portion	984,175	984,175
Total long-term liabilities	1,074,969	1,173,556
Total liabilities	3,715,077	2,694,328
Net position		
Net investment in capital assets	4,000,902	4,639,177
Unrestricted	1,635,879	1,656,409
Total net position	5,636,781	6,295,586
Total liabilities and net position	\$ 9,351,858	\$ 8,989,914

The accompanying notes are an integral part of these financial statements.

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Statements of Revenues, Expenses and Changes in Net Position**

<i>For the years ended September 30,</i>	2024	2023
Operating Revenues		
Net patient service revenue before provision for uncollectible accounts	\$ 11,560,157	\$ 8,662,604
Provision for uncollectible accounts	(1,924,520)	(1,137,885)
Net patient service revenue	9,635,637	7,524,719
Other operating revenue	486,989	410,550
Total operating revenues	10,122,626	7,935,269
Operating Expenses		
Salaries, wages, and benefits	6,544,787	5,448,084
Other contract services	3,287,731	2,972,535
Supplies	1,253,139	1,120,888
Depreciation and amortization	853,579	716,176
Repairs and maintenance	329,989	357,416
Insurance	301,512	314,719
Other current expenses	198,305	213,448
Utilities	181,596	183,762
Communications	68,963	74,909
Licenses, permits and fees	60,616	88,957
Lease and rental	59,562	54,894
Other patient care related costs	5,166	5,168
Total operating expenses	13,144,945	11,550,956
Operating income (loss)	(3,022,319)	(3,615,687)
Nonoperating Revenues (Expenses)		
Interest income	64,815	19,244
Grants and contributions	142,501	693,934
Other income (expense)	31,616	170,775
Interest expense	(1,997)	(2,751)
Total nonoperating revenues (expenses)	236,935	881,202
Change in net position before transfers	(2,785,384)	(2,734,485)
Transfers		
Transfers In	2,639,138	2,616,869
Transfers out	(512,559)	-
Total transfers	2,126,579	2,616,869
Increase (decrease) in net position	(658,805)	(117,616)
Net position - beginning of year	6,295,586	6,413,202
Net position - end of year	\$ 5,636,781	\$ 6,295,586

The accompanying notes are an integral part of these financial statements.

Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Statements of Cash Flows

<i>For the years ended September 30,</i>	2024	2023
Operating Activities		
Receipts from and on behalf of patients	\$ 9,921,113	\$ 8,720,086
Payments to suppliers and others	(5,715,431)	(5,387,206)
Payments to and on behalf of leased employees	(6,522,414)	(5,355,085)
Other receipts (payments), net	486,989	410,550
Net cash provided by (used in) operating activities	(1,829,743)	(1,611,655)
Noncapital Financing Activities		
Other receipts (payments), net	31,616	170,775
Net change in due to other funds	(100,949)	16,824
Noncapital related transfers in	2,734,966	2,682,472
Net cash provided by (used in) noncapital financing activities	2,665,633	2,870,071
Capital and Related Financing Activities		
Purchase of capital assets	(81,755)	(1,151,113)
Capital related grants and transfers in	492,707	693,934
Principal paid on lease liabilities	(37,215)	(92,714)
Principal paid on subscription liabilities	(78,601)	(132,244)
Interest paid	(1,997)	(2,751)
Depreciation adjustments	(17,733)	-
Net cash provided by (used in) capital and related financing activities	275,406	(684,888)
Investing Activities		
Interest income	64,815	19,244
Net cash provided by (used in) investing activities	64,815	19,244
Net increase (decrease) in cash and cash equivalents	1,176,111	592,772
Cash and cash equivalents - beginning of year	1,726,345	1,133,573
Cash and cash equivalents - end of year	\$ 2,902,456	\$ 1,726,345

(Continued)

The accompanying notes are an integral part of these financial statements.

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Statements of Cash Flows (Continued)**

<i>For the years ended September 30,</i>	2024	2023
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities		
Operating income (loss)	\$ (3,022,319)	\$ (3,615,687)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	853,579	716,176
Provision for bad debts	1,924,520	1,137,885
Changes in operating assets and liabilities		
Patient accounts receivable	(2,069,855)	(863,217)
Supplies	7,576	438
Prepaid expenses	11,767	(59,302)
Other receivables	(66,644)	(26,962)
Accounts payable	907	59,846
Accrued compensation and payroll taxes	56,526	60,788
Compensated absences	21,341	32,070
Estimated third-party settlements	452,859	946,310
Net cash provided by (used in) operating activities	\$ (1,829,743)	\$ (1,611,655)
Noncash Investing, Capital and Financing Activities		
Disposal of abandoned projects (CIP)	\$ 48,890	\$ -
Transfer out to County recorded as a payable	\$ 512,559	\$ -

The accompanying notes are an integral part of these financial statements.

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements**

Note 1: DESCRIPTION OF HOSPITAL

The Hospital Fund of Franklin County, Florida, operating as George E. Weems Memorial Hospital (the "Hospital"), is administered by a nine-member board of directors appointed by Franklin County, Florida Board of County Commissioners. The Hospital operates a 25-bed critical access hospital in Apalachicola, Florida providing inpatient and outpatient services, as well as ambulance services and two physician clinics in Franklin County.

Activity and financial position of the Hospital make up the Hospital Fund, which is an enterprise fund of Franklin County, Florida.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"), using the economic resources measurement focus. Revenue, expenses, gains, losses, assets, liabilities, deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Estimates that are particularly susceptible to significant change in the near term are related to the determination of the allowances for uncollectible accounts and contractual adjustments and estimated third-party payor settlements. In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The Hospital purchases medical malpractice under claims-made policies. Under these policies, only claims made and reported to the insurer are covered during the policy term, regardless of when the incident giving rise to the claim occurred.

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less. At September 30, 2024 and 2023, cash equivalents consisted primarily of demand deposits.

Patient Accounts Receivable, Net

Patient accounts receivable are reduced by estimated contractual and other adjustments and estimated uncollectible accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowances for third-party contractual and other adjustments and bad debt. Management reviews data about these major payor sources of revenue on a monthly basis in evaluating the sufficiency of the allowances. On a continuing basis, management analyzes delinquent receivables and writes them off against the allowance when deemed uncollectible. No interest is charged on patient accounts receivable balances.

For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for contractual adjustments and, if necessary, a provision for bad debts (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely).

For receivables associated with uninsured patients (also known as 'self-pay'), which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many uninsured patients are often either unable or unwilling to pay the full portion of their bill for which they are financially responsible. The difference between standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The Hospital has not materially altered its accounts receivable and revenue recognition policies during fiscal year 2024 and did not have significant write-offs from third-party payors related to collectability in fiscal years 2024 or 2023.

Due from Other Funds

Due from other funds relates to sales tax receivable from Franklin County.

Prepaid Expenses

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Supplies

Supply inventories are stated at the lower of cost or net realizable value, determined using the first-in, first-out method. When evidence exists that the net realizable value of inventories is lower than its cost, the difference is recognized as a loss in the statement of revenues, expenses and changes in net position in the period in which it occurs.

Pharmaceutical inventories are subject to a capitalization threshold, resulting in the expensing of insignificant drugs during the year.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under lease (right of use assets) and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

Upon sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss, if any, is included in the statement of revenues, expenses and changes in net position.

Expenditures that materially increase values, change capacities, or extend useful lives of the respective assets are capitalized. Routine maintenance and repairs are charged to expense when incurred.

Impairment of Long-Lived Assets

The Hospital evaluates, on an ongoing basis, the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounted estimated future cash flows using an appropriate interest rate. The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved. Based on management's evaluations, no long-lived assets impairments were recognized during the years ended September 30, 2024 and 2023.

Compensated Absences

Hospital policies permit most employees to accumulate vacation benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date. The Hospital's estimated accrual for accumulated vacation leave is recorded as a current liability on the accompanying statements of net position.

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (continued)

A summary of changes in the Hospital's compensated absences for the years ended September 30, 2024 and 2023 follows:

	Balance 10/1/2023	Additions	Reductions	Balance 9/30/2024	Due Within One Year
Compensated absences	\$ 195,368	\$ 315,897	\$ 294,556	\$ 216,709	\$ 216,709

	Balance 10/1/2022	Additions	Reductions	Balance 9/30/2023	Due Within One Year
Compensated absences	\$ 163,298	\$ 205,381	\$ 173,311	\$ 195,368	\$ 195,368

Leases

Under GASB No. 87, *Leases*, all contracts allowing for the Hospital to use another entity's asset for a period greater than 12 months must be recorded as both a right-of-use (ROU) asset and a lease liability. The liability is measured using the present value of expected payments over the lease term, discounted for the interest rate (whether explicit or implicit). Scheduled payments thereafter are allocated between the discount amortization to interest expense and the principal payment in the reduction of the outstanding liability. Depreciation of the ROU asset flows through depreciation expense monthly using straight-line basis over the life of the lease. Leased assets, reported with capital assets, and lease liabilities, are reported on the statements of net position.

Subscription-Based Information Technology Arrangements

Under GASB No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, all contracts allowing for the Hospital to use another entity's information technology software alone or in combination with tangible capital assets (the underlying IT assets) for a period greater than 12 months are recorded as both a ROU asset and a subscription liability. The liability is measured using the present value of total expected payments over the subscription term, discounted for the interest rate (whether explicit or implicit). Scheduled payments thereafter are allocated between the discount amortization to interest expense and the principal payment in the reduction of the outstanding liability. The ROU asset should be measured as the sum of the initial subscription liability amount, payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Amortization of the ROU subscription asset flows through amortization expense monthly using the straight-line basis over the life of the subscription.

The Hospital uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Hospital uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and term options that the Hospital is reasonably certain to exercise.

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subscription-Based Information Technology Arrangements (continued)

The Hospital monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets, reported with capital assets, and subscription liabilities, are reported on the statements of net position.

Categories and Classification of Net Position

Net position of the Hospital is classified in two components, as follows:

Net investment in capital assets – This component of net position consists of the historical cost of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt would also be included in this component of net position.

Unrestricted net position – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets.

The Hospital first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Revenues and Expenses

The Hospital's statements of revenues, expenses and changes in net position distinguish between operating and nonoperating revenue and expenses. Operating revenue result from exchange transactions associated with providing health care services, the Hospital's principal activity. Non-exchange revenue, including grants and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenue. Operating expenses are all expenses incurred to provide health care services, other than financing costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered including estimated retroactive adjustments under reimbursement agreements with third-party payors.

Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or as years are no longer subject to such audits, reviews, and investigations.

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenses (continued)

Net Patient Service Revenue (continued)

The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potentially significant wrongdoing. However, compliance with such laws and regulations is subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid program, and in recent years there has been an increase in regulatory initiatives at the state and federal levels including the Recovery Audit Contractor ("RAC") and Medicaid Integrity Contractor ("MIC") programs, among others. These programs were created to review Medicare and Medicaid claims for medical necessity and coding appropriateness. The RAC's have authority to pursue 'improper' (in their judgment) payments with a three year look back from the date the claim was paid.

Charity Care

The Hospital provides care without charge, or at a reduced charge, to patients who meet certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify pursuant to this policy, these charges are not reported as revenue. The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy was approximately \$392,000 and \$237,000 for the years ended September 30, 2024 and 2023, respectively, and estimated costs and expenses incurred to provide charity care totaled approximately \$251,000 and \$157,000, respectively. The estimated costs and expenses incurred to provide charity care were determined by applying the Hospital's cost to charge ratio from its latest filed Medicare cost report to its charges foregone for charity care, at established rates.

Grants and Contributions

From time to time, the Hospital receives grants from other governmental entities as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted either for specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisition are reported after nonoperating revenue and expenses.

Ad Valorem Tax

Annually, the Hospital receives funding from the Franklin County Tax Collector related to taxes collected on the assessed value of real and personal property. Taxes are recognized as revenues in the year for which there is an enforceable claim. Ad valorem tax revenue is reported as nonoperating revenue.

Millage rates for property taxes are levied at the first regular meeting of the Franklin County Tax Collector in February of each year. Property is assessed for taxation as of October 1 of the preceding year based on the millage rates established by the Franklin County Tax Collector. Property taxes are due and payable the following October 1 and are delinquent after December 31. Amounts receivable, net of estimated refunds and estimated uncollectible amounts, are recorded for the property taxes with a legally enforceable claim in the current year.

Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenses (continued)

Ad Valorem Tax (continued)

2024 property tax calendar:

- October 1 – Taxes due
- December 31 – Last day to pay taxes prior to late fees added
- January 1 – Taxes delinquent

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the years ended September 30, 2024 and 2023 was \$49,931 and \$67,890, respectively.

Income Taxes

As an essential government function of Franklin County, the Hospital is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code (IRC) and a similar provision of state law.

Recently Issued and Implemented Accounting Pronouncements

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 prescribes accounting and financial reporting for (1) each type of accounting change and (2) error corrections. GASB 100 also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information and supplementary information. The requirements of GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Hospital adopted GASB 100 for the year ended September 30, 2024, and GASB 100 did not have a significant impact on the financial statements.

Pronouncements Issued But Not Yet Effective

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, (GASB 102). The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a

Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not Yet Effective (continued)

government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

In April 2024, the GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*, (GASB 103). The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. In addition to other items, the Statement:

- Addresses changes to information presented in the MD&A;
- Requires governments to display the inflows and outflows related to unusual or infrequent items separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows;
- Requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses;
- Requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements;
- Requires governments to present budgetary comparison information using a single method of communication (RSI).

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

In September 2024, the GASB issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*, (GASB 104). This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale and that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

The Hospital is evaluating the requirements of the above statements and the impact on reporting.

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management evaluated all events or transactions that occurred after September 30, 2024 through March 19, 2025, the date the Hospital's financial statements were available to be issued. See Note 15 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 3: DEPOSITS AND INVESTMENTS

As of September 30, 2024 and 2023, the deposits of the Hospital consisted of the following:

<u>September 30,</u>	<u>2024</u>	<u>2023</u>
Petty cash and undeposited cash	\$ 900	\$ 900
Cash deposits with financial institutions	2,901,556	1,725,445
Total deposits	\$ 2,902,456	\$ 1,726,345

Deposits

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The Hospital's deposit policy for custodial credit risk requires compliance with the provisions of state law.

The State of Florida's Public Deposit Act (the "Act") requires that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of Federal Deposit Insurance Corporation ("FDIC") limits and proceeds from the sale of securities pledged by the defaulting depository are assessed against other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

The Hospital had no bank balances exposed to custodial credit risk at September 30, 2024 and 2023. The Hospital's deposits at September 30, 2024 and 2023 were covered under the FDIC and the Act.

Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements

Note 3: DEPOSITS AND INVESTMENTS (Continued)

Investments

The Hospital is authorized by statute to invest public funds in the Local Government Surplus Funds Trust Fund; direct obligations of the United States government, its agencies and instrumentalities; Securities and Exchange Commission registered money market funds with the highest quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories; commercial paper; and certain registered open-end or closed-end management investment companies. The Hospital places no limit on the amount that may be invested in any one issuer.

The Hospital held no investments at September 30, 2024 or 2023.

Note 4: PATIENT ACCOUNTS RECEIVABLE

The Hospital is located in Apalachicola, Florida. The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30, 2024 and 2023 was:

<i>September 30,</i>	2024	2023
Medicare	\$ 482,015	\$ 307,712
Medicaid	234,904	266,029
Other third-party payers	1,575,983	1,447,401
Patients	1,220,467	1,253,754
Total patient accounts receivable	3,513,369	3,274,896
Less allowance for contractual and other adjustments	(1,054,724)	(853,968)
Less allowance for uncollectible accounts	(1,269,624)	(1,377,242)
Patient accounts receivable, net	\$ 1,189,021	\$ 1,043,686

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements**

Note 5: CAPITAL ASSETS

Capital asset activity and balances for the year ended September 30, 2024 were as follows:

	Estimated Useful Lives (in years)	Balance 10/1/2023	Additions	Reductions	Transfers	Balance 9/30/2024
Nondepreciable capital assets						
Land		\$ 13,400	\$ -	\$ -	\$ -	\$ 13,400
Construction in progress		901,234	-	(48,890)	(807,825)	44,519
Total nondepreciable		914,634	-	(48,890)	(807,825)	57,919
Depreciable capital assets						
Buildings	20 - 50	3,132,987	-	-	-	3,132,987
Equipment and furniture	3 - 10	3,998,251	81,755	-	807,825	4,887,831
ROU Assets - Equipment	2 - 7	569,655	-	-	-	569,655
ROU Assets - SBITA	2 - 5	464,529	-	-	-	464,529
Total depreciable, at cost		8,165,422	81,755	-	807,825	9,055,002
Less accumulated depreciation/amortization						
Buildings		(641,765)	(79,686)	-	-	(721,451)
Equipment and furniture		(2,780,451)	(591,656)	-	-	(3,372,107)
ROU Assets - Equipment		(464,158)	(37,013)	-	-	(501,171)
ROU Assets - SBITA		(249,308)	(78,601)	-	-	(327,909)
Total accumulated depreciation/amortization		(4,135,682)	(786,956)	-	-	(4,922,638)
Depreciable, net		4,029,740	(705,201)	-	807,825	4,132,364
Total capital assets, net		\$ 4,944,374	\$ (705,201)	\$ (48,890)	\$ -	\$ 4,190,283

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements**

Note 5: CAPITAL ASSETS (Continued)

Capital asset activity and balances for the year ended September 30, 2023 were as follows:

	Estimated Useful Lives (in years)	Balance 10/1/2022	Additions	Reductions	Transfers	Balance 9/30/2023
Nondepreciable capital assets						
Land		\$ 13,400	\$ -	\$ -	\$ -	\$ 13,400
Construction in progress		-	901,234	-	-	901,234
Total nondepreciable		13,400	901,234	-	-	914,634
Depreciable capital assets						
Buildings	20 - 50	3,127,813	32,174	-	(27,000)	3,132,987
Equipment and furniture	3 - 10	3,754,277	216,974	-	27,000	3,998,251
ROU Assets - Equipment	2 - 7	608,608	-	(38,953)	-	569,655
ROU Assets - SBITA	2 - 5	464,529	-	-	-	464,529
Total depreciable, at cost		7,955,227	249,148	(38,953)	-	8,165,422
Less accumulated depreciation/amortization						
Buildings		(570,447)	(71,318)	-	-	(641,765)
Equipment and furniture		(2,338,341)	(442,110)	-	-	(2,780,451)
ROU Assets - Equipment		(433,338)	(69,773)	38,953	-	(464,158)
ROU Assets - SBITA		(117,064)	(132,244)	-	-	(249,308)
Total accumulated depreciation/amortization		(3,459,190)	(715,445)	38,953	-	(4,135,682)
Depreciable, net		4,496,037	(466,297)	-	-	4,029,740
Total capital assets, net		\$ 4,509,437	\$ 434,937	\$ -	\$ -	\$ 4,944,374

Depreciation expense, which includes amortization of ROU assets, totaled \$853,579 and \$716,176, for the years ended September 30, 2024 and 2023, respectively. Depreciation expense for fiscal year 2024 includes a charge of approximately \$49,000 related to CIP projects that were abandoned. Additionally, depreciation expense was increased by approximately \$18,000 related to changes in estimates of useful lives of related assets. These two figures are not reflected in the tables shown above.

In fiscal year 2023, the Hospital acquired grant funded assets in the amount of approximately \$588,000. These assets, were capitalized in "construction in progress", and recorded as income in "grants and contributions" on the accompanying statement of revenues, expenses and changes in net position for 2023. In fiscal year 2024 these assets were placed in service.

Note 6: INTERFUND RECEIVABLE, TRANSFERS, AND ACCOUNTS PAYABLE

Interfund balances as of September 30, 2024 and 2023, consisted of the following:

<i>September 30,</i>	2024	2023
Due from Hospital Trust Fund	\$ 483,818	\$ 579,646

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements**

Note 6: INTERFUND RECEIVABLE, TRANSFERS, AND ACCOUNTS PAYABLE (Continued)

Interfund transfers for the years ended September 30, 2024 and 2023 consisted of the following:

<i>For the years ended September 30,</i>		2024	2023
Transfers in from:			
Hospital Trust Fund	Transfer of ½ cent sales tax	\$ 1,754,886	\$ 1,732,615
General Fund	Operation of clinics	120,000	120,000
General Fund	Operation of ambulance services	764,252	764,254
		\$ 2,639,138	\$ 2,616,869
Transfers out to:			
Hospital Trust Fund	Transfer of grant proceeds	\$ 512,559	\$ -

Accounts payable and accrued liabilities included in current liabilities consisted of the following:

<i>September 30,</i>	2024	2023
Payable to employees (including payroll taxes, accrued compensation, and compensated absences)	\$ 371,440	\$ 345,923
Payable to suppliers and contractors	441,721	388,467
Due to Tallahassee Memorial Hospital	571,397	571,397
	\$ 1,384,558	\$ 1,305,787
Presented on the statements of net position as:		
Accounts payable	\$ 1,017,901	\$ 1,016,997
Accrued compensation	149,948	93,422
Compensated absences	216,709	195,368
	\$ 1,384,558	\$ 1,305,787

Note 7: LONG-TERM LIABILITIES

Leases – Lessee

The Hospital has entered into lease agreements to obtain the right-to-use to various specialized medical equipment and office equipment. The leases range from 24 to 60 months, often with one year renewal periods.

As of September 30, 2024 and 2023, lease liabilities were \$52,761 and \$89,976, respectively. The Hospital is required to make monthly principal and interest payments on the leases totaling approximately \$8,000. The leases have interest rates of approximately 3.25%.

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements**

Note 7: LONG-TERM LIABILITIES (Continued)

Leases – Lessee (continued)

The following is a schedule of minimum future lease payments from lease agreements as of September 30. Future interest payments are not material.

<i>For the years ending September 30,</i>	Principal Payments
2025	\$ 37,867
2026	14,894
Total	\$ 52,761

The Hospital's ROU assets and related subscription liabilities largely involve the following:

- Licensing and remote hosting agreements with global suppliers of health information technology solutions which provide software/applications, managed/shared services, and remote hosting services. The contracts end in fiscal year 2027.

As of September 30, 2024 and 2023, the balance of subscription liabilities were \$136,620 and \$215,221, respectively. The Hospital is required to make monthly principal and interest payments totaling approximately \$11,000. The subscriptions do not have stated interest rates. The Hospital used an estimate of its incremental borrowing rate, 3.25%.

The following is a schedule of minimum future payments from subscription agreements. Future interest amounts on these subscription agreements are not material.

<i>For the years ending September 30,</i>	Principal Payments
2025	\$ 60,720
2026	60,720
2027	15,180
Total	\$ 136,620

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements**

Note 7: LONG-TERM LIABILITIES (Continued)

Leases – Lessee (continued)

Lease and subscription liabilities activity for the years ended September 30, 2024 and 2023, was as follows:

	Balance 10/1/2023	Additions	Reductions	Balance 9/30/2024	Due Within One Year
Lease liabilities	\$ 89,976	\$ -	\$ (37,215)	\$ 52,761	\$ 37,867
Subscription liabilities	215,221	-	(78,601)	136,620	60,720
	\$ 305,197	\$ -	\$ (115,816)	\$ 189,381	\$ 98,587

	Balance 10/1/2022	Additions	Reductions	Balance 9/30/2023	Due Within One Year
Lease liabilities	\$ 182,690	\$ -	\$ (92,714)	\$ 89,976	\$ 37,215
Subscription liabilities	347,465	-	(132,244)	215,221	78,601
	\$ 530,155	\$ -	\$ (224,958)	\$ 305,197	\$ 115,816

Note 8: NET INVESTMENT IN CAPITAL ASSETS

The Hospital's net investment in capital assets, as presented on the accompanying statements of net position, is calculated as follows:

<i>September 30,</i>	2024	2023
Capital assets, net	\$ 4,190,283	\$ 4,944,374
Less debt related to capital assets:		
Leases	(52,761)	(89,976)
Subscriptions	(136,620)	(215,221)
Net investment in capital assets	\$ 4,000,902	\$ 4,639,177

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements**

Note 9: NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare – Inpatient and substantially all outpatient services related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for certain services at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare Administrative Contractor.

Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid contractor. The inpatient rates are established by the Agency for Health Care Administration (“AHCA”) for which the Hospital is a provider. Outpatient services are reimbursed based on a per diem amount established by utilization on a semi-annual basis.

Other – The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

A summary of gross revenue from patient services provided under contracts with third-party payors follows:

<i>For the years ended September 30,</i>	2024	2023
Medicare	24%	25%
Medicaid	2%	1%
Blue Cross	9%	8%
Commercial/HMO/PPO	52%	55%

The composition of net patient service revenue was as follows:

<i>For the years ended September 30,</i>	2024	2023
Gross patient service revenue	\$ 16,346,230	\$ 14,845,896
Less provision for contractual and other adjustments	(4,786,073)	(6,183,292)
Less provision for doubtful accounts	(1,924,520)	(1,137,885)
Net patient service revenue	\$ 9,635,637	\$ 7,524,719

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements**

Note 10: EMPLOYEE LEASING

On July 5, 2021, the Hospital entered into an agreement with DecisionHR (formerly Modern Business Associates, Inc.), to provide employees for the Hospital. Under the agreement, DecisionHR is the employer of all persons working at the Hospital, and is reimbursed by the Hospital for all wages and management fees associated with the lease. Employee leasing costs totaled \$5,490,845 and \$4,523,867 for the years ended September 30, 2024 and 2023, respectively.

Note 11: MEDICAID SUBSIDIES AND ASSESSMENTS

AHCA is the entity designated by the State of Florida to administer its Medicaid program. AHCA and the State of Florida have established various programs that provide additional payments from the state to qualifying Florida hospitals that service a disproportionate share of Medicaid, underinsured, uninsured and low-income patients. Notably, these programs include Medicaid disproportionate share (“DSH”) and the low income pool (“LIP”). The Hospital generally qualifies as a DSH and LIP provider and receives payments based on formulas established by AHCA. The possibility exists that the formulas may continue to change, pending federal and/or state legislation.

The net amount of DSH and LIP payments recognized in net patient service revenue (included in contractual deductions) was approximately \$1,921,000 and \$1,600,000 (before recognition of the LIP payback discussed below) for fiscal years 2024 and 2023, respectively. DSH and LIP payments receivable of approximately \$330,000 and \$334,000 as of September 30, 2024 and 2023, respectively, are included in other receivables on the accompanying statements of net position.

In fiscal year 2022, the State of Florida began making payments under a new Directed Payment Program (DPP), retroactively for model years beginning October 1, 2020. Under this program, approximately \$93,000 was received by the Hospital in fiscal year 2022 (net of required IGTs). No material amounts were received by the Hospital in fiscal years 2024 or 2023 under the DPP.

These program payments, in connection with other payments received from the State of Florida for providing health services to Medicaid, uninsured and underinsured people of the State of Florida, are subject to audit, and payments received in excess of costs may be required to be refunded to the State of Florida.

In February of 2024, the Hospital received a demand letter from AHCA totaling \$335,674 related to calculated overpayments of LIP for state fiscal years ended June 30, 2014 – June 30, 2018. This issue was pursuant to a settlement agreement between CMS and AHCA, signed on September 28, 2023.

As a result of that settlement agreement, the share of alleged LIP overpayments representing the federal financial participation (FFP) are to be repaid from AHCA to CMS. In turn, AHCA has demanded these monies back from the participating, affected hospitals.

The Hospital closely coordinated and communicated with AHCA in determining the potential total exposure as of September 30, 2023. In addition to the demand letter noted above, AHCA will soon send additional demand letters for state fiscal years ended June 30, 2019 and June 30, 2020. The Hospital estimated the repayment for state fiscal years 2019 and 2020, using the third party examination results letters received (LIP paid in excess of costs), multiplied by the estimated FFP.

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements**

Note 11: MEDICAID SUBSIDIES AND ASSESSMENTS (Continued)

The Hospital recorded \$335,674 of current liabilities, which were netted against current receivables in “estimated third party settlements” on the accompanying statement of net position. Additionally, the Hospital recorded \$984,175 of noncurrent liabilities, included in “estimated third party settlements”, long-term portion.

For state fiscal years ending after June 30, 2020, an exposure exists related to any potential LIP overpayments. The third- party examinations of the LIP program are conducted three years in arrears, and, as such, the actual overpayments, if any, will not be known until such examinations are completed. The Hospital used the best information available, including the CMS / AHCA settlement agreement, third party examination results through state fiscal year 2020, and other information to calculate a most likely exposure, included in the non-current liability discussed above.

During fiscal year 2024, no payments were made on the LIP liabilities discussed above, and the balances at September 30, 2024 remain as \$335,674 of current liabilities, presented in “estimated third party settlements” on the accompanying statement of net position, net of receivables associated with Medicare cost reports, and \$984,175 of noncurrent liabilities, included in “estimated third party settlements”, long-term portion.

The Hospital anticipates payments will begin on the initial \$335,674 demand in fiscal year 2025. The ultimate timing and resolution of the remaining portion (classified as noncurrent) is unclear.

It is possible that this matter is not limited only to LIP. After September 30, 2024, other hospitals throughout the State of Florida received demands for repayments related to DSH, which appeared to begin with State fiscal year 2020. As of the date these financials were available for release, the Hospital’s management has not received a DSH demand letter, and, accordingly, the Hospital’s management has determined that neither the likelihood of a potential liability nor the amount of any such liability can be reasonably estimated as of September 30, 2024. No amounts are recorded on the accompanying financial statements related to any potential liabilities associated with DSH recoveries from previous fiscal years.

These matters are complex and fluid. It is possible that additional information may arise in the future, such as a future settlement agreement between CMS and AHCA that could result in additional repayments from the Hospital to AHCA, and such amounts could be significant to the financial statements. Likewise, it is possible that negotiations between CMS and AHCA may result in lower liabilities than were originally estimated and recorded by the Hospital.

During fiscal year 2024 and 2023, net patient service revenue increased by approximately \$58,000 and decreased by \$17,000, respectively, due to changes in estimates for outstanding and filed cost reports, and it is reasonably possible that these estimates could further materially change in the near term.

Section 395.701 of the Florida Statutes imposes an annual assessment on all hospitals operating in the State of Florida. The assessment is currently calculated as 1.5% of annual net operating revenues for inpatient services; 1% of annual net operating revenues for outpatient services; and .4% of annual gross operating expenses (per AHCA’s definition). The assessments are due on a quarterly basis to AHCA and are used, among other purposes, to obtain federal financial participation for medical assistance payments to providers on behalf of Medicaid recipients, which serve to increase payments to Medicaid provider hospitals throughout the state.

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements**

Note 11: MEDICAID SUBSIDIES AND ASSESSMENTS (Continued)

Approximately \$146,000 and \$75,000 of expenses related to these assessments are included in operating expenses on the accompanying statements of revenues, expenses and changes in net position for fiscal years 2024 and 2023, respectively. Estimated assessments payable totaling approximately \$188,000 and \$117,000 as of September 30, 2024 and 2023, respectively, are included in estimated third-party payor settlements on the accompanying statements of net position.

Note 12: MEDICAL MALPRACTICE INSURANCE

The Hospital purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. GAAP requires a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Hospital's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

In addition, other claims may be asserted arising from services provided to patients in the past. In the opinion of management, adequate provision has been made for losses which may occur from such asserted and unasserted claims that are not covered by liability insurance, if any. It is reasonably possible that this estimate could change materially in the near term.

Note 13: COMMITMENTS AND CONTINGENCIES

Contracts

The Hospital has various contracts with health care service providers. These contracts allow the various providers to perform their services at the Hospital under the terms of each agreement.

Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Supplemental Medicaid Reimbursements

The Hospital receives reimbursements from various programs in relation to the Medicaid uninsured and underinsured patients they serve. Funding received in excess of costs to provide these services is subject to audit and payments received in excess of costs may be required to be refunded to the State of Florida.

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements**

Note 13: COMMITMENTS AND CONTINGENCIES (Continued)

Contingencies

The Hospital may be subject to some financial risk associated with potential violations of certain healthcare laws. The potential amount of exposure to the Hospital as a result of this matter cannot be estimated at this time, but it is not expected to be material.

Net patient service revenue is reported at estimated net realizable amounts from patients, third party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

Current Healthcare Environment

Revenue from the Medicare and Medicaid programs accounted for approximately 24 percent and 2 percent, respectively, of the Hospital's net patient revenue for the year ended 2024. Revenue from the Medicare and Medicaid programs accounted for approximately 25 percent and 1 percent, respectively, of the Hospital's net patient revenue for the year ended 2023. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Note 14: UNCERTAINTIES

Current Healthcare Environment

The Hospital monitors economic conditions closely, both with respect to potential impacts on the healthcare industry and from a more general business perspective. Management recognizes that economic conditions may continue to impact the Hospital in a number of ways, including, but not limited to, uncertainties associated with the United States and state political landscape and rising uninsured patient volumes and corresponding increases in uncompensated care.

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the ongoing impacts of the federal healthcare reform legislation. Potential impacts of ongoing healthcare industry transformation include, but are not limited to:

- Significant capital investment in healthcare information technology
- Continuing volatility in state and federal government reimbursement programs
- Effective management of multiple major regulatory mandates, including the previously mentioned audit activity
- Significant potential business model changes throughout the healthcare system, including within the healthcare commercial payor industry

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Notes to Financial Statements**

Note 14: UNCERTAINTIES (Continued)

Current Healthcare Environment (continued)

The business of healthcare in the current economic, legislative, and regulatory environment is volatile. Any of the above factors, along with others both currently in existence and which may or may not arise in the future, could have a material adverse impact on the Hospital's financial position and operating results.

Note 15: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after September 30, 2024 through March 19, 2025, the date the Hospital's financial statements were available to be issued.

See Note 11 for DSH related matters.

Subsequent to September 30, 2024, the amount owed to Tallahassee Memorial Hospital (see Note 6) was paid. This amount was funded by the County, resulting in a transfer in for fiscal year 2025.



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**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**

To the Board of Directors
George E. Weems Memorial Hospital
Franklin County, Florida
Apalachicola, Florida

We have examined the Hospital Fund of Franklin County, Florida d/b/a George E. Weems Memorial Hospital (the “Hospital”) compliance with Section 218.415, Florida Statutes, during the year ended September 30, 2024. Management is responsible for the Hospital’s compliance with those requirements. Our responsibility is to express an opinion on the Hospital’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 Hospital complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Hospital complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, 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.

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

In our opinion, the Hospital complied, in all material respects, with the aforementioned requirements of Section 218.415 during the year ended September 30, 2024.

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

Carr, Riggs & Ingram, L.L.C.
CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama
March 19, 2025



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

To the Board of Directors
George E. Weems Memorial Hospital
Franklin County, Florida
Apalachicola, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hospital Fund of Franklin County, Florida d/b/a George E. Weems Memorial Hospital (the “Hospital”) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements, and have issued our report thereon dated March 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hospital'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 Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital'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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control,

described in the accompanying schedule of findings and responses as items 2024-001, 2024-002 and 2024-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital'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 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 noted no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Hospital's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Hospital's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Hospital's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

March 19, 2025

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Schedule of Findings and Responses
For the Year Ended September 30, 2024**

2024 – 001 Accrual Basis Accounting (Partial Repeat of 2023-001)

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting and presenting financial statements in accordance with generally accepted accounting principles.

Condition: Multiple accounts and financial statement line items required adjustment or reclassification in order for the financial statements to be presented in accordance with generally accepted accounting principles. Such adjustments included proper presentation of accounts payable and accrued expenses, net position, and estimated third-party payor settlements.

Cause: While we noted substantial improvements were made to the accounting functions in fiscal year 2024, internal processes and controls were not sufficient (either non-existent or ineffective) to detect certain misstatements of the financial statements. Management and accounting staff turnover in recent years was a contributing factor.

Effect: Material audit adjustments were required to properly state the accounts.

Recommendation: Management should focus on strengthening internal controls surrounding financial reporting and the proper presentation of financial statements in accordance with GAAP, including implementing a formal review process for account reconciliations.

Views of Responsible Officials and Planned Corrective Actions: Management is establishing a ledger close timeline that's more in line with industry standards. Journal entries will require proper sign offs. The accountant under the supervision of CFO/AMS Financial Services will reconcile cash and other balance sheet accounts monthly. Internal Control Files and updated Policies/Procedures are being reviewed for the hospital. Alliant Management has standard IC files & policies that will be deployed to the hospital and considered for implementation and ratification.

2024 – 002 Accounting & Finance Staffing / Segregation of Duties (Repeat of 2023-002)

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting and presenting financial statements in accordance with generally accepted accounting principles. Such responsibility includes hiring and retaining effective and experienced staff to conduct such activities. Additionally, internal controls should be in place to ensure that proper segregation of duties are implemented by the Hospital, in order to mitigate material misstatement or other reporting errors, and to ensure that assets are safeguarded against loss.

Condition: Accounting and finance staffing is currently limited at the Hospital, increasing the possibility that misstatements may occur that are not identified. Processes and controls in place were not sufficient to maintain effective internal control over financial reporting, which contributed to the other findings described in this schedule. Additionally, limited resources and financial and administrative staffing requires staff to serve multiple roles and prevents optimal segregation of duties. We noted that management did not have a formal process for reviewing journal entries or account reconciliations in place for the majority of the year. It was also noted that one user has

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Schedule of Findings and Responses
For the Year Ended September 30, 2024**

access rights for processing and submitting payroll within the Hospital's GL and payroll software applications. A lack of segregation of duties can result in intentional or unintentional errors that could be made and not detected.

Cause: Limited staffing resulted in a lack of optimal segregation of duties.

Effect: The effect of this finding is reflected in the effects of findings 2024 – 001 and 2024 – 003.

Recommendation: The Hospital should focus on retention of existing staff to ensure that existing control activities can be properly conducted and new policies and controls, necessary to address the findings noted herein, can be established and followed. We also recommend that the Hospital implement a process to periodically review user access and strengthen segregation of duties within payroll. Finally, we recommend that the Hospital evaluate existing controls and improve segregation of duties, to the extent possible with existing resources and staffing.

Views of Responsible Officials and Planned Corrective Actions: Management will continue to work with the Alliant Financial Services team to aid in the strengthening of internal controls. Due to staffing constraints, hospital is not able to separate all duties. Additionally, management will continue to support the training and advancement opportunities of current staff.

2024 – 003 Information Technology (Repeat of 2023-003)

Criteria: Information technology application controls should be implemented by the Hospital, in order to mitigate destruction of data or improper changes to data, including the recording of unauthorized or nonexistent transactions or inaccurate recording of transactions.

Condition: We noted that management did not have a formal IT risk assessment process to help properly evaluate and identify threats and vulnerabilities, and appropriately address any identified threats and vulnerabilities, for fiscal year 2024; however, in early fiscal year 2025 a formal IT risk assessment was in progress. It was also noted that processes and controls were not sufficient enough to properly and timely disable user accounts for terminated employees, within three of the Hospital's accounting software applications.

Cause: The limited resources available to the Hospital, combined with limited internal IT staffing, required the Hospital to outsource the IT function to third party vendors. These factors resulted in the lack of a formal IT risk assessment and less than optimal IT processes and controls.

Effect: A lack of regular formal IT risk assessments can lead to risk of financial loss, disruption or damage to the reputation of the Hospital from unplanned failure of its information technology systems, whether due to outside forces such as cyber-attacks, or other incidents such as human error or hardware failure. Failing to properly and timely terminate user access for terminated employees could result in intentional or unintentional errors that could be made and not detected.

**Hospital Fund of Franklin County, Florida
d/b/a George E. Weems Memorial Hospital
Schedule of Findings and Responses
For the Year Ended September 30, 2024**

Recommendation: We recommend the Hospital continue to implement a process for annual formal IT risk assessments, to help identify and address threats and vulnerabilities. We also recommend that Hospital strengthen its controls to review and disable terminated user accounts properly and timely, within its software applications.

Views of Responsible Officials and Planned Corrective Actions: Management has started a formal IT risk assessment with CommHIT that includes a detailed scope of services. Management has instituted a process where the Director of HR must communicate to IT any terminations on the date of termination, so the IT department can immediately terminate their access to the enterprise.



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MANAGEMENT LETTER

Board of Directors
George E. Weems Memorial Hospital
Franklin County, Florida
Apalachicola, Florida

Report on the Financial Statements

We have audited the financial statements of the Hospital Fund of Franklin County, Florida d/b/a George E. Weems Memorial Hospital (the “Hospital”) as of and for the year ended September 30, 2024, and have issued our report thereon dated March 19, 2025.

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 of America; 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*; 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. Disclosures in those reports, which are dated March 19, 2025, 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. The status of each finding and recommendation made in the preceding annual financial audit report is noted below:

Finding No.	2023 FY Finding No.	2022 FY Finding No.	Description	Status
2024-001	2023-001	2018-001	Accrual Basis Accounting	Not Cleared
2024-002	2023-002	2018-003	Accounting & Finance Staffing	Not Cleared
2024-003	2023-003	N/A	Information Technology	Not Cleared

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not the Hospital has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions(s) met. In connection with our audit, we determined that the Hospital 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 Hospital. It is management's responsibility to monitor the Hospital'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.

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 included recommendations in the accompanying schedule of findings and responses.

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 that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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

- a) The total number of district employees compensated in the last pay period of the district's fiscal year was 96.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year was 9.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$4,142,029.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency was \$1,765,229.
- 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:
 - The Hospital had no applicable construction projects to report.

- f) A budget variance report 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 the district did not amend their budget, this is not applicable.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Hospital for the fiscal year ended September 30, 2024, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2024. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

March 19, 2025



CARR, RIGGS & INGRAM, L.L.C.

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March 19, 2025

To the Board of Directors and Management
George E. Weems Memorial Hospital
Apalachicola, Florida

Dear Board of Directors:

We are pleased to present the results of our audit of the 2024 financial statements of the Hospital Fund of Franklin County, Florida d/b/a George E. Weems Memorial Hospital (the "Hospital").

This report to the Board of Directors (the "Board") and Management summarizes our audit, the reports issued and various analyses and observations related to the Hospital's accounting and reporting. The document also contains the communications required by our professional standards.

Our audit was designed, primarily, to express an opinion on the Hospital's 2024 financial statements. We considered the Hospital's current and emerging business needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you expect. We received the full support and assistance of the Hospital's personnel.

At Carr, Riggs & Ingram, L.L.C. (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This report is intended solely for the information and use of the Board and Management and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at 334-348-1325 or bhall@criadv.com.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'D. Bryan Hall, CPA'.

Bryan Hall, CPA
Partner



As discussed with the Board and Management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the Hospital. Specifically, we planned and performed our audits to:

- Perform audit services, as requested by the Board and Management, 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, in order to express an opinion on the Hospital's financial statements for the year ending September 30, 2024;
- 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*;
- Communicate directly with the Board and Management regarding the results of our procedures;
- Address with the Board and Management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board and Management; and
- Address other audit-related projects as they arise and upon request.



We have audited the financial statements of the Hospital for the year ended September 30, 2024 and have issued our report thereon dated March 19, 2025. Professional standards also require that we communicate to you the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Auditor's responsibility under Generally Accepted Auditing Standards and <i>Governmental Auditing Standards</i></p>	<p>As stated in our engagement letter dated November 25, 2024, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>As part of our audit, we considered the internal control of the Hospital. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p>
<p>Client's responsibility</p>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud. Management is responsible for overseeing nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluating the adequacy and results of those services; and accepting responsibility for them.</p>
<p>Planned scope and timing of the audit</p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<p>Management judgments and accounting estimates <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditor's conclusion regarding the reasonableness of those estimates.</i></p>	<p>Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates & Carr, Riggs & Ingram, L.L.C. Comments on Quality".</p>



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Potential effect on the financial statements of any significant risks and exposures <i>Major risks and exposures facing the Hospital and how they are disclosed.</i></p>	<p>No such risks or exposures were noted other than those disclosed in the notes to the financial statements and those discussed in the following sections.</p>
<p>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditor's judgment about the quality of accounting principles</p> <ul style="list-style-type: none"> • <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i> • <i>The auditors should also discuss the auditor's judgment about the quality, not just the acceptability, of the Hospital's accounting policies as applied in their financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures.</i> • <i>Critical accounting policies and practices applied by the Hospital in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations.</i> • <i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; Furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.</i> 	<p>The significant accounting policies used by the Hospital are described in Note 2 to the financial statements.</p> <p>New accounting policies were adopted during the fiscal year, as a result of recently issued accounting pronouncements:</p> <ul style="list-style-type: none"> • <i>GASB Statement No. 100, Accounting Changes and Error Corrections (GASB 100)</i> <p>The adoption of GASB 100 had no material impact on the financial statements.</p> <p>We noted no transactions entered into by the Hospital during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p> <p>Further, the disclosures in the Hospital's financial statements are neutral, consistent, and clear.</p>



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Significant difficulties encountered in performing the audit <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>
<p>Disagreements with management <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial accounting, reporting, or auditing matter, that could be significant to the financial statements or the auditor's report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>	<p>We are pleased to report that no such disagreements arose during the course of our audit.</p>
<p>Other findings or issues <i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i></p>	<p>Please see section directly below.</p>
<p>Matters arising from the audit that were discussed with, or the subject of correspondence with, management <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	<p>The following items were discussed with management – they are presented below for your consideration:</p> <ol style="list-style-type: none"> 1. We draw your attention to the internal control findings listed in the reports that accompany the financial statements. 2. During fiscal year 2024, payroll costs for the ambulance service (EMS) rose considerably, driven by rate increases and substantial amounts of overtime. We recommend the Hospital and Board closely monitor EMS payroll (including overtime) on a monthly basis to ensure costs are properly managed, and we recommend strengthening internal reporting processes to ensure management has full visibility into these matters on an ongoing basis. 3. Grant funds were received from the USDA after September 30, 2024 and then returned to the County. As the County recorded these amounts as receivable from the Hospital at September 30, 2024, the Hospital likewise recorded them as payable to the County at September 30, 2024, in order to facilitate proper consolidation of the Hospital into the County's consolidated financial statements.



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
	<p>4. Discussions have been ongoing recently at the County level regarding potential separation of the EMS service from the Hospital. While the ultimate resolution of these discussions is unknown, we have discussed the accounting and financial reporting implications of such potential separation with your management. We also note that such a separation would have an impact (potentially detrimental) to your Medicare cost reporting and reimbursement position. We recommend management and the Board consider these matters further to better understand the potential impact if/when any such decision is made by the County.</p> <p>5. Our review of manual journal entries posted to the general ledger indicated instances where review / signatures were not properly evident and/or were delayed and/or adequate supporting documentation was not maintained. We recommend strengthening controls and processes related to manual journal entries, as such journal entries are generally considered to be of higher risk.</p>
<p>Corrected and uncorrected misstatements <i>All significant audit adjustments arising from the audit, whether or not recorded by the Hospital, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We should also inform the Board about any internal control deficiencies that could have prevented the misstatements.</i></p>	<p>See "Summary of Audit Adjustments" section.</p>
<p>Major issues discussed with management prior to retention <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	<p>Discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Consultations with other accountants <i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	<p>To our knowledge, there were no such consultations with other accountants.</p>
<p>Written representations <i>A description of the written representations the auditor requested (or a copy of the representation letter).</i></p>	<p>See "Management Representation Letter" section.</p>
<p>Internal control deficiencies <i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditor's attention during the audit.</i></p>	<p>Please see the "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>" and "Schedule of Findings and Responses" which are included in the compliance section that accompanies the financial statements.</p>
<p>Fraud and illegal acts <i>Fraud involving senior management or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditor's attention involving senior management and any other illegal acts, unless clearly inconsequential.</i></p>	<p>We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.</p>
<p>Other information in documents containing audited financial statements <i>The external auditor's responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p>
<p>Significant unusual accounting transactions <i>Auditor communication with governance to include auditor's views on policies and practices management used, as well as the auditor's understanding of the business purpose.</i></p>	<p>No significant unusual accounting transactions were noted during the year.</p>



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Required Supplementary Information <i>The auditor's responsibility for required supplementary information accompanying the financial statements, as well as any procedures performed and the results.</i></p>	<p>We applied certain limited procedures to the required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p>

**Accounting Policies, Judgments and Sensitive Estimates
& Carr, Riggs & Ingram, L.L.C. Comments on Quality**



We are required to communicate our judgments about the quality, not just the acceptability, of the Hospital’s accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Board may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	AUDITOR’S CONCLUSIONS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Net patient service revenue and related receivables	Net patient service and the related accounts receivable are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. The Hospital regularly reviews its accounts and contracts and provides appropriate allowances. Provisions for bad debts are reported as offsets to net patient service revenues.	X	Patient service revenue is recorded at gross less estimated contractual adjustments and discounts. Outstanding patient receivables and gross patient service revenue are reduced for estimated provision for bad debts.	The Hospital’s policies appear to be in accordance with all applicable accounting guidelines.
Depreciation of property and equipment	The Hospital depreciates property and equipment using the straight-line method.	X	The Hospital depreciates property and equipment over their estimated useful lives which are based on the experience with similar assets and guidance provided by Section 1400: <i>Reporting Capital Assets</i> , of the GASB Codification.	The Hospital’s policies appear to be in accordance with all applicable accounting guidelines.

**Accounting Policies, Judgments and Sensitive Estimates
& Carr, Riggs & Ingram, L.L.C. Comments on Quality**



AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	AUDITOR'S CONCLUSIONS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Third party settlements – Medicare and Medicaid reimbursement programs	Third party settlements are accrued on an estimated basis in the period the related services are rendered based on current filed cost reports and historic outcomes of those. The estimates are adjusted in future periods as final settlements are determined or as years are no longer subject to such audits, reviews, and investigations.	X	This Hospital assesses settlements of current and prior year cost reports in future periods based on recent experience and information gained from the audits of previous year cost reports.	The Hospital's policies appear to be in accordance with all applicable accounting guidelines.
Amortization of right-to-use assets, determination of discount rate for lease liability and fair value of underlying asset	The Hospital amortizes right-to-use assets using the straight line method and has utilized the incremental borrowing rate to determine the lease liability and the fair value of the underlying assets.	X	The Hospital amortizes right-to-use assets over the shorter period of the lease term or the useful life of the asset which is based on the experience with similar assets and guidance provided by GASB Statement No. 87, <i>Leases</i> . Similarly, using past experience with similar assets and the guidance provided by GASB Statement No. 87, <i>Leases</i> , the Hospital has utilized the incremental borrowing rate to determine the measurement of the lease liability, interest payments and fair value of the underlying asset.	We evaluated the key factors and assumptions used to develop the estimated useful lives, discount rate and fair value of assets in determining that they are reasonable in relation to the financial statements taken as a whole.

**Accounting Policies, Judgments and Sensitive Estimates
& Carr, Riggs & Ingram, L.L.C. Comments on Quality**



AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	AUDITOR'S CONCLUSIONS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Amortization of right-to-use SBITA assets, determination of discount rate for the SBITA liabilities and fair value of underlying assets	The Hospital amortizes right-to-use SBITA assets using the straight-line method and has utilized the incremental borrowing rate to determine the SBITA liability and the fair value of the underlying assets.	X	The Hospital amortizes right-to-use lease and SBITA assets over the shorter period of the subscription term or the useful life of the assets which is based on the experience with similar assets and guidance provided by GASB 96, <i>Subscription-Based Information Technology Arrangements</i> (GASB 96). Similarly using past experience with similar assets and the guidance provided by GASB 96, the Hospital has utilized the incremental borrowing rate to determine the measurement of the SBITA liability, interest payments and fair value of the underlying asset.	We evaluated the key factors and assumptions used to develop the estimated useful lives, incremental borrowing rate and fair value of assets in determining that they are reasonable in relation to the financial statements taken as a whole.



During the course of our audit, we accumulate differences between amounts recorded by the Hospital and amounts that we believe are required to be recorded under GAAP reporting guidelines. Those adjustments are either recorded (corrected) by the Hospital or passed (uncorrected).

Uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even if, in the auditor's judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

See the following section titled "Corrected and Uncorrected Audit Adjustments".

QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to an addition, or vice versa.
- Whether the difference concerns an area of the Hospital's operating environment that has been identified as playing a significant role in the Hospital's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.

Corrected and Uncorrected Audit Adjustments



RECORDED ADJUSTMENTS

Adjusting Journal Entries JE # 1			
PBC - To reclass GASB 87 leases.			
11805100	ACCUMULATED AMORTIZATION ROU	17,735.00	
21460000	LEASE LIABILITY NET OF CURRENT	652.00	
11805000	RIGHT OF USE ASSET		17,735.00
21260000	CURRENT PORTION LEASE LIAB		652.00
Total		18,387.00	18,387.00
Adjusting Journal Entries JE # 2			
To adjust Retained Earnings to actual			
21030000	ACCOUNTS PAYABLE-OTHER	132,243.00	
21700000	RETAINED EARNINGS		132,243.00
Total		132,243.00	132,243.00
Adjusting Journal Entries JE # 3			
PBC - To adjust reserves, and record 2024 Medicare cost report estimated settlement.			
11251000	CONT ALLOW MEDICARE	117,494.00	
11251000	CONT ALLOW MEDICARE	250,000.00	
11295000	MEDICARE DUE FROM	227,925.00	
11700000	ALLOW FOR BAD DEBT/UNCOLLECT	139,456.00	
21510000	MEDICARE DUE TO	131,358.00	
51120000	BAD DEBT EXPENSE	14,505.00	
11213000	A/R AMBULANCE		271,455.00
125800	Cost Report Settlements		335,674.00
51000000	CONTR ADJ MEDICARE		250,000.00
51000000	CONTR ADJ MEDICARE		23,609.00
Total		880,738.00	880,738.00
Adjusting Journal Entries JE # 4			
To adjust accrued payroll, accrued PR tax, and accrued PR tax on compensated absences.			
21100000	ACCRUED PAYROLL	9,753.00	
21109000	ACCRUED PR TAX		3,558.00
21130000	ACCRUED PR TAX ON COMP ABSENCE		5,444.00
61600000	SALARY GENERAL		751.00
Total		9,753.00	9,753.00

Corrected and Uncorrected Audit Adjustments



Adjusting Journal Entries JE # 5

PBC- To accrue late invoices

41550096	EQUIP RENTAL/LEASE ADMIN	10,132.00	
21030000	ACCOUNTS PAYABLE-OTHER		10,132.00
Total		10,132.00	10,132.00

Adjusting Journal Entries JE # 6

Entry to true up AP balance

21000000	ACCOUNTS PAYABLE	71,705.00	
41603090	PURCH SVC FISCAL SERVICES		71,705.00
Total		71,705.00	71,705.00

Adjusting Journal Entries JE # 7

PBC- To record 340 invoice credits

125200	Other Receivables	58,161.00	
41230046	DRUGS 340B	6,166.00	
125200	Other Receivables		6,166.00
41230046	DRUGS 340B		58,161.00
Total		64,327.00	64,327.00

Adjusting Journal Entries JE # 8

PBC- to adjust payroll liabilities at year end

21101100	HEALTH INS PREMIUMS W/H AND AC	109,383.00	
21112000	PR PAYABLE DENTAL INSURANCE	19,649.00	
21114000	PR PAYABLE VISION INSURANCE	2,234.00	
21118000	PR PAYABLE LIFE INSURANCE	8,760.00	
21170000	PR PAYABLE DISABILITY INS	8,246.00	
21180000	UNEMPLOYMENT PAYABLE	638.00	
61709100	OTHER EMPLOYEE EXPENSE		148,910.00
Total		148,910.00	148,910.00

Adjusting Journal Entries JE # 9

PBC - To record GASB 96 activity.

21280000	CURRENT PORTION GASB 96 LIAB	17,881.00	
21480000	NONCURRENT PORTION GASB 96 LIA	78,601.00	
61200001	AMORTIZATION GASB 96	78,601.00	
11806100	ROU AD GASB 96		78,601.00
21480000	NONCURRENT PORTION GASB 96 LIA		17,881.00
CRI 5	GASB 96 offset		78,601.00
Total		175,083.00	175,083.00

Corrected and Uncorrected Audit Adjustments



Adjusting Journal Entries JE # 10			
PBC to expense completed CIP			
61010000	DEPR BLDG AND IMPROVEMENT	12,647.00	
11560000	CONSTRUCTION IN PROGRESS		12,647.00
Total		<u>12,647.00</u>	<u>12,647.00</u>
Adjusting Journal Entries JE # 11			
To adjust AHCA assessments.			
21000000	ACCOUNTS PAYABLE	18,212.00	
21520000	AHCA ASSESSMENTS PAYABLE	91,652.00	
51010000	CONTR ADJ MEDICAID	113,566.00	
21520000	AHCA ASSESSMENTS PAYABLE		18,212.00
21540000	AHCA ASSESSMENTS ACCRUED		89,884.00
41810070	DUES & SUBS OUTPATIENT CLINIC		115,334.00
Total		<u>223,430.00</u>	<u>223,430.00</u>
Adjusting Journal Entries JE # 12			
To adjust DSH / LIP			
11291000	DSH & LIP RECEIVABLE	73,112.00	
51500000	DSH INCOME	39,062.00	
51510000	LIP INCOME		112,174.00
Total		<u>112,174.00</u>	<u>112,174.00</u>
Adjusting Journal Entries JE # 13			
PBC - To recognize grant revenue.			
21210000	LOAN 2 PAYABLE	44,519.00	
61442000	GRANT REVENUE		44,519.00
Total		<u>44,519.00</u>	<u>44,519.00</u>
Adjusting Journal Entries JE # 14			
To adjust prepaids			
21000000	ACCOUNTS PAYABLE	46,940.00	
11400000	PREPAID INSURANCE		16,991.00
11490000	PREPAID OTHER		29,949.00
Total		<u>46,940.00</u>	<u>46,940.00</u>

Corrected and Uncorrected Audit Adjustments



Adjusting Journal Entries JE # 17

PBC - To adjust PPE (ambulance on County's ledger)

11650000	ACCM DEPR VEHICLES	67,375.00	
21030000	ACCOUNTS PAYABLE-OTHER	269,500.00	
41230045	DRUGS PHARMACY	46,084.00	
11550000	VEHICLES		269,500.00
21030000	ACCOUNTS PAYABLE-OTHER		46,084.00
61100000	DEPR VEHICLES		67,375.00
Total		382,959.00	382,959.00

Adjusting Journal Entries JE # 18

To adjust inventory.

41200001	CHG MED SUPPLIES MED SURG	3,477.00	
41230045	DRUGS PHARMACY	3,899.00	
11300006	INVENTORY SUPPLIES		3,477.00
11320045	INVENTORY PHARMACY		3,899.00
Total		7,376.00	7,376.00

Adjusting Journal Entries JE # 19

PBC - To dispose of abandoned CIP projects.

61010000	DEPR BLDG AND IMPROVEMENT	36,242.00	
11560000	CONSTRUCTION IN PROGRESS		36,242.00
Total		36,242.00	36,242.00

Adjusting Journal Entries JE # 20

PBC- To accrue for audit fee

41603090	PURCH SVC FISCAL SERVICES	68,000.00	
21030000	ACCOUNTS PAYABLE-OTHER		68,000.00
Total		68,000.00	68,000.00

Adjusting Journal Entries JE # 21

PBC - To reclass AR accounts.

11210000	ACCOUNTS RECEIVABLE	48,637.00	
11292100	A/R OTHER RECEIVABLE	23,721.00	
21010000	PATIENT REFUND		8,815.00
21010000	PATIENT REFUND		48,637.00
21020000	REFUNDS		14,906.00
Total		72,358.00	72,358.00

Corrected and Uncorrected Audit Adjustments



Adjusting Journal Entries JE # 23

PBC - To adjust activity between Weems and Franklin County

11280000	RECEIVABLE SALES TAX	92,262.00	
810900 CRI	Transfers Out to County	512,559.00	
21230000	PAYABLE COUNTY GEN FUND		512,560.00
51530000	RHC E SUBSIDY COUNTY SALES TAX		20,000.00
51540000	HOSP SUBSIDY COUNTY SALES TAX		72,261.00
Total		604,821.00	604,821.00

Reclassifying Journal Entries JE # 16

Reclass bad debts to contractuals for presentation purposes.

51114000	ADJUSTMENT OTHER	162,683.00	
51120000	BAD DEBT EXPENSE		162,683.00
Total		162,683.00	162,683.00

Reclassifying Journal Entries JE # 24

PBC - To move vendor rebates to operating.

51880100	MISC NON-OPERATING REVENUE	52,339.00	
51880060	PHARMACY INCOME RETURNS		52,339.00
Total		52,339.00	52,339.00

PASSED ADJUSTMENTS

Proposed Journal Entries

Proposed Journal Entries JE # 22

To adjust for invoices improperly excluded in AP as of 9/30/24

11540000	MAJOR MOVEABLE EQUIPMENT	12,133.00	
41340060	TELEPHONE WEEMS WEST	732.00	
21000000	ACCOUNTS PAYABLE		12,865.00
Total		12,865.00	12,865.00



March 19, 2025

Carr, Riggs & Ingram, LLC
Attn: Bryan Hall
PO Box 311070
Enterprise, Alabama 36331

This representation letter is provided in connection with your audit(s) of the financial statements of George E. Weems Memorial Hospital (the "Hospital"), which comprise the statements of net position as of September 30, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 19, 2025, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 25, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information of the entity and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.

George E. Weems Memorial Hospital • 135 Avenue G • Apalachicola, Florida 32320-1613



- 9) The effects of all known actual or possible litigation, claims, and assessments, including those related to asserted and unasserted malpractice, health insurance, worker's compensation, and any other claims, have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the health care entity is contingently liable, if any, have been properly recorded or disclosed.
- 11) There are no instances of noncompliance with laws or regulations with respect to Medicare and Medicaid antifraud and abuse statutes, in any jurisdiction, whose effects we believe should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, other than those disclosed or accrued in the financial statements. This is including, but not limited to, the antikickback statute of the Medicare and Medicaid Patient and Program Protection Act of 1987, limitations on certain physician referrals (the Stark law), and the False Claims Act.
- 12) Billings to third-party payors comply in all material respects with applicable coding guidelines and laws and regulations, including those dealing with Medicare and Medicaid antifraud and abuse. Such billings include only those charges for goods and services that were medically necessary; properly approved by regulatory bodies, if required; and properly rendered.
- 13) There have been no investigations, either internal or external, and there are no investigations in progress, relating to compliance with applicable laws and regulations that would have an effect on the amounts reported or disclosed in the financial statements.
- 14) There have been no oral or written communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, in any jurisdiction, including those related to deficiencies in financial reporting practices; Medicare and Medicaid antifraud and abuse statutes; or other matters that could have a material adverse effect on the financial statements.
- 15) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the statement of net position date and have been reduced to their estimated net realizable value.
- 16) We have made an adequate provision for estimated adjustments to revenue resulting from issues such as denied claims, changes to home health resource group, resource utilization group, ambulatory payment classification, and diagnostic-related group (DRG) assignments.
- 17) The valuation allowances we have recorded are necessary, appropriate, and properly supported.
- 18) The balance due to Tallahassee Memorial Hospital remains unchanged from the September 30, 2020 balance, which was confirmed as \$571,397.
- 19) We have made available to you all peer review organization, fiscal intermediary, and third-party payor reports and information.

Information Provided

- 20) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters [and all audit or relevant monitoring reports, if any, received from funding sources].
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the health care entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Directors and related committees or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 21) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 22) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.



- 23) We have no knowledge of any fraud or suspected fraud that affects the health care entity, including financial reporting related to compliance with existing laws and regulations governing reimbursement from third-party payors, and involves:
- Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 24) We have no knowledge of any allegations of fraud or suspected fraud affecting the health care entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 25) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 26) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 27) We have disclosed to you the names of the health care entity's related parties and all the related party relationships and transactions including any side agreements.

Government-specific

- 28) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, or noncompliance or deficiencies related to existing laws and regulations governing reimbursement from third-party payors.
- 29) We have a process to track the status of audit findings and recommendations.
- 30) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 31) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 32) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 33) For cost reports filed with third parties:
- We have properly filed all required Medicare, Medicaid, and similar reports with third parties.
 - We are responsible for the accuracy and propriety of all filed cost reports.
 - Filed cost reports include costs that are appropriate, allowable under applicable reimbursement rules and regulations, patient-related, and properly allocated to applicable payors.
 - The reimbursement methodologies and principles we use are in accordance with applicable rules and regulations.
 - We have given adequate consideration to, and made appropriate provision for, audit adjustments by intermediaries, third-party payors, or other regulatory agencies.
 - We have made provisions, when material, for estimated retroactive adjustments by third-party payors under reimbursement agreements.
 - We have fully disclosed in the cost report all items required to be disclosed, including disputed costs that are claimed to establish a basis for a subsequent appeal.
 - We have recorded third-party settlements that include differences between filed (and to-be-filed) cost reports and calculated settlements that we believe are necessary based on historical experience or new or ambiguous regulations that may be subject to differing interpretations. Although we believe the entity is entitled to all amounts claimed on the cost reports, we also believe the differences reflected therein are appropriate.



- 34) The health care entity has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 35) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 36) We have appropriately identified, recorded, and disclosed all leases in accordance with GASBS No. 87 .
- 37) We have appropriately identified, recorded, and disclosed subscription-based information technology arrangements in accordance with GASBS No. 96 .
- 38) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws and regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 39) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 40) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services (and any other services you may have provided), including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
- 41) The health care entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 42) The health care entity has complied with all aspects of contractual agreements, including existing laws and regulations governing reimbursement from third-party payors, that would have a material effect on the financial statements in the event of noncompliance.
- 43) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 44) We have appropriately disclosed all information for conduit debt obligations in accordance with GASBS No. 91 .
- 45) The financial statements include all fiduciary activities required by GASBS No. 84 , as amended.
- 46) The financial statements properly classify all funds and activities in accordance with GASBS No. 34 , as amended.
- 47) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 48) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 49) Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
- 50) Provisions for uncollectible receivables have been properly identified and recorded.
- 51) Expenses have been appropriately classified in the statement of revenues, expenses, and changes in net position, and allocations have been made on a reasonable basis.
- 52) Revenues are appropriately classified in the statement of revenues, expenses, and changes in net position.
- 53) Internal and intra-entity activity and balances have been appropriately classified and reported.
- 54) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.



- 55) Capital assets, including intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 56) We have appropriately disclosed the health care entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 57) We are following our established accounting policy regarding which resources (that is, restricted or unrestricted) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the net position classifications for financial reporting purposes.
- 58) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 59) We have not completed the process of evaluating the impact that will result from adopting Governmental Accounting Standards Board Statements (GASBS) Nos. 100, 101, and 102 as discussed in Note 2. The Hospital is therefore unable to disclose the impact that adopting these Statements will have on its financial position and the results of its operations when the Statements are adopted.
- 60) **DSH** – You have made us aware that certain hospitals received DSH repayment requests from the State of Florida (AHCA) in December of 2024 or January of 2025. We have not received any such request, as of the date of this letter. Furthermore, we have considered the results of the DSH examinations (conducted by Myers & Stauffer) that are in our possession, and we do not have any reason to believe that a material exposure for potential payback of DSH monies received in a previous year exists as of September 30, 2024.
- 61) **LIP** – A material liability was recorded to our financial statements at September 30, 2023, related to a payback request we received from the State of Florida (AHCA). Since that initial demand letter, which was provided to you, we have not received any additional demands. At September 30, 2023, we estimated and recorded the potential exposure for all years through 2023 (based on the best information available). For September 30, 2024, we have no reason to believe that the previous estimate should be revised (reduced or increased), due primarily to the lack of additional requests or information received from AHCA in fiscal year 2024 and 2025, to date. Accordingly, the LIP liability recorded at September 30, 2024 represents our best estimate of the potential financial exposure related to this matter.
- 62) **Grant audits** – We have closely considered our grant and other funding received and/or expended during our fiscal year ended September 30, 2024, and we do not believe a federal or state grant audit (aka "Single Audit") is required, as the relevant grant-related expenditures do not exceed the statutory thresholds.
- 63) We have carefully assessed GASB 96, Subscription-Based Information Technology Arrangements, and adopted the statement for fiscal years 2024 and 2023. Our assessment indicates that we have subscriptions that qualify for measurement, and we have calculated the required items and recorded to our 2024 and 2023 financial statements. We have assessed all of our existing IT contracts for potential consideration for GASB 96, assessed the inputs required to calculate the figures, including the terms of the contracts and potential extension options, and we believe the calculations, as provided to you, are materially accurate.
- 64) In regard to the financial statement preparation, and any other nonattest services performed by you, we have—
 - 1) Assumed all management responsibilities.
 - 2) Designated Jason Bonner, CFO, who has suitable skill, knowledge, or experience to oversee the services.
 - 3) Evaluated the adequacy and results of the services performed.
 - 4) Accepted responsibility for the results of the services.
 - 5) Ensured that the data and records are complete and we have sufficient information to oversee the services.
- 65) With respect to the management's discussion and analysis:
 - a) We acknowledge our responsibility for preparing and presenting the RSI in accordance with accounting principles generally accepted in the United States of America, and we believe the RSI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the RSI have not changed from those



used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Signature: *[Handwritten Signature]* 3/19/25

Signature: *[Handwritten Signature]*

Title: CEO

Title: AMS Financial Services / CFO

(Uncorrected) Passed Adjusting Journal Entries

Proposed Journal Entries			
Proposed Journal Entries JE # 22			
To adjust for invoices improperly excluded in AP as of 9/30/24			
11540000	MAJOR MOVEABLE EQUIPMENT	12,133.00	
41340060	TELEPHONE WEEMS WEST	732.00	
21000000	ACCOUNTS PAYABLE		12,865.00
Total		<u>12,865.00</u>	<u>12,865.00</u>



March 19, 2025

Carr, Riggs & Ingram, LLC
P.O. Box 311070
Enterprise, AL 36331

In connection with your examination of George E. Weems Memorial Hospital's compliance with Section 218.415, Florida Statutes as of and for the year ended September 30, 2024 for the purpose of expressing an opinion about whether George E. Weems Memorial Hospital (the "Hospital") has complied with Section 218.415, Florida Statutes, in all material respects, we confirm, to the best of our knowledge and belief, the following representations made to you during the course of your examination.

- 1) We are responsible for the compliance with Section 218.415, Florida Statutes and for our assertion that is presented in conformity with Section 218.415, Florida Statutes.
- 2) We are responsible for complying with Section 218.415, Florida Statutes.
- 3) We are responsible for establishing and maintaining effective internal control over compliance.
- 4) We have performed an evaluation of the Hospital's compliance with Section 218.415, Florida Statutes.
- 5) All relevant matters are reflected in the measurement or evaluation of the Hospital's compliance with the specified requirements.
- 6) We are responsible for selecting the specified requirements and for determining that the specified requirements are suitable, will be available to intended users, and are appropriate for the purpose of the engagement.
- 7) We have disclosed to you all known noncompliance with Section 218.415, Florida Statutes, including noncompliance occurring after September 30, 2024, if any.
- 8) We have provided you with all relevant information and access to information and personnel in connection with your examination of compliance with Section 218.415, Florida Statutes.
- 9) Our interpretation of Section 218.415, Florida Statutes is as follows:

Section 218.415, Florida Statutes, provides requirements applicable to investment policies adopted by units of local government and specifies the types of authorized investments.
- 10) We have disclosed to you all known matters that may contradict the Hospital's compliance with the specified requirements and we have disclosed to you all communications from regulatory agencies, internal auditors, other independent accountants or consultants, and others regarding possible noncompliance with Section 218.415, Florida Statutes, including communications received between Section 218.415, Florida Statutes and March 19, 2025.
- 11) We have responded fully to all inquiries made to us by you during the engagement.

Signature: [Handwritten Signature] 3/19/25

Signature: Jason Benne R

Title: CEO

Title: AMS Financial Services / CFO

George E. Weems Memorial Hospital • 135 Avenue G • Apalachicola, Florida 32320-1613