

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
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SEPTEMBER 30, 2025**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners,  
Southeast Volusia Hospital District:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Southeast Volusia Hospital District (the District), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Southeast Volusia Hospital District, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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.

### ***Auditors' 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 auditors' 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 GAAS and GAS 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 GAAS and GAS, 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 District'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 District's ability to continue as a going concern for a reasonable period of time.

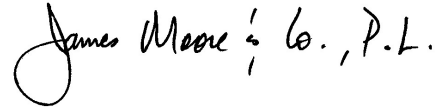
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J".

Daytona Beach, Florida  
February 19, 2026

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2025**

This section of the Southeast Volusia Hospital District's (the District) annual financial report presents management's discussion and analysis of the District's financial performance during the year ended September 30, 2025. The purpose is to provide an overview of the financial activities of the District based on currently known facts and conditions. Please read it in conjunction with the District's financial statements, which follow this section.

**Using this annual report:** This annual report consists of three parts—management's discussion and analysis, the basic financial statements and supplementary schedules.

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

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The classification of activities and funds have changed from our previous reporting. The District's basic financial statements consist of three components:

1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. These financial statements and related notes provide information about the activities of the District, including resources held by the District but restricted for specific purposes by contributors, grantors or enabling legislation. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

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

The statement of net position presents financial information on all of the District's assets, liabilities and deferred inflows/outflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial assets of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position has changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government and health care services. The business-type activities include health care services.

The government-wide financial statements include not only the District itself (known as the primary government, but also a legally separate entity (Bert Fish Medical Center Inc.) known as a blended component unit, for which the District is financially accountable. Financial information for the component unit is blended with the financial information presented for the government itself.

The government-wide financial statements can be found on pages 8 and 9 of this report.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2025  
(CONTINUED)**

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements.

**Government Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's "near-term" financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Those reconciliations can be found on pages 11 and 13.

The District maintains one (1) individual governmental fund and it is considered a major fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided on page 36 for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found of pages 10 and 12 of this report.

**Proprietary Funds.** The District maintains one (1) proprietary fund. The Bert Fish Medical Center Fund, an enterprise fund, is used to report the same functions presented in the business-type activities of the government-wide financial statements.

**Fiduciary Funds.** The Pension Trust Fund (Pension Trust), a fiduciary fund, is used to account for net position held in trust for the pension benefits of employees of the Medical Center under a defined benefit pension plan (see Note 6B). The Pension Trust is presented separately in the fiduciary fund financial statements. These assets are presented at fair value.

**Notes to the Financial Statements**

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 - 35 of this report.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2025  
(CONTINUED)**

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's process in funding its obligation to provide certain pension benefits and other post-employment benefits to its employees and former employees. Required supplementary information can be found on pages 36 - 39 of this report

**Financial Highlights**

On April 1, 2016, the District and Bert Fish Medical Center, Inc. (the Medical Center) entered into agreements with Adventist Health Systems Sunbelt Healthcare Corporation (AHS) and Southeast Volusia Healthcare Corporation (SVHC) to lease, transfer and sell substantially all of the assets of the District and the Medical Center (Transaction). Additional details regarding the Transaction can be found in Note 3 of the accompanying financial statements. The financial highlights for 2025 are an indicator of how the Transaction impacted the District.

**Net Position**

The District's combined net position totaled \$62,509,121 at the close of the 2025 fiscal year compared to \$56,710,464 at the close of the 2024 fiscal year. The combined net position increased by \$5,798,657 as a result of the Government and Business-Type activities detailed below.

**Governmental Activities**

For fiscal year 2025 total revenue for the District's governmental activities was \$14,072,296 which included \$9,687,619 of ad-valorem taxes and \$4,373,499 of investment gains. Governmental activities expenses totaled \$3,744,225 and included \$3,120,130 for healthcare services. For fiscal year 2024 total revenue for the District's governmental activities was \$14,672,137 which included \$9,505,242 of ad-valorem taxes and \$5,155,717 of investment gains. Governmental activities expenses totaled \$3,671,164 and included \$3,098,404 for healthcare services. During fiscal year 2025 the District levied the rolled back rate, a tax rate that generates the same tax revenues as the prior year plus revenues to account for new construction. Favorable market conditions enabled the District to increase its investment earnings in fiscal year 2025. The District's expenses increased primarily from increases in county tax collection fees.

**Business-Type Activities**

For fiscal year 2025 total revenue for the District's business-type activities was \$2,652,486 compared to \$3,759,634 in fiscal year 2024. These revenues decreased as a result of lower investment gains than in fiscal year 2024. Revenue also includes the recognition of lease interest revenue resulting from the Transaction. Business-type expenses totaled \$7,181,900 for fiscal year 2025 compared to (\$836,831) for fiscal year 2024. The increase in business-type expenses was primarily related to the termination of the Pension Plan described in Note 6B.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2025  
(CONTINUED)**

**Financial Analysis of Government Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Unassigned fund balance may serve as a useful measure of the District's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes.

At September 30, 2025, the District's governmental fund reported a fund balances of \$39,849,484. \$39,648,496 of the fund balance is considered unassigned. At September 30, 2024, the District's governmental fund reported a fund balance of \$29,560,414, \$29,376,201 of the fund balance was considered unassigned. The reasons for the increase in the fund balance during fiscal year 2025 are described in the Government Activities section on page 6.

**Proprietary Funds.** The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the Bert Fish Medical Center fund as September 30, 2025 and September 30, 2024 was \$22,910,158 and \$27,439,572, respectively. This includes assets of \$27,318,681 and liabilities of \$179,637. The decrease in net position is a result of the activities described in the Business-Type activities section found on page 6.

**Budget Variances – General Fund.** During fiscal year 2025, the District anticipated the General Fund balance to increase by \$7,300,539. The following is a summary of significant budget variances that occurred.

The District received \$172,828 more in ad-valorem tax revenues than budgeted. Investment and other income was above budget by \$2,652,305. The increase was primarily the result of higher than expected investment income. The District's general government expenditures were \$163,398 less than budgeted as a result of lower than expected investment management, legal, and county tax collection fees.

The Schedule of Revenues, Expenditures and Changes in Fund Balances – General Fund – Budget and Actual can be found on page 36.

**Requests for Information**

This financial report is intended to provide our citizens, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the tax funding it receives. If you have any questions regarding this report or need additional information, contact the District's Finance Department at Southeast Volusia Hospital District, Attention: Chief Financial Officer, P.O. Box 909, New Smyrna Beach, Florida 32170.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2025**

|  | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>         |
|--|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>                                |                                    |                                     |                      |
| Cash and cash equivalents                    | \$ 491,174                         | \$ 447,193                          | \$ 938,367           |
| Investments                                  | 39,492,716                         | 26,836,918                          | 66,329,634           |
| Internal balances                            | 16                                 | (16)                                | -                    |
| Other receivables                            | 67,039                             | 19,585                              | 86,624               |
| Prepaid expenses and other current assets    | 200,988                            | 14,985                              | 215,973              |
| Capital assets:                              |                                    |                                     |                      |
| Depreciable, net                             | 71                                 | -                                   | 71                   |
| Total assets                                 | <u>\$ 40,252,004</u>               | <u>\$ 27,318,665</u>                | <u>\$ 67,570,669</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>        |                                    |                                     |                      |
| Deferred outflows related to pensions        | <u>\$ 80,393</u>                   | <u>\$ -</u>                         | <u>\$ 80,393</u>     |
| <b>LIABILITIES</b>                           |                                    |                                     |                      |
| Accrued expenses                             | \$ 229,191                         | \$ 179,621                          | \$ 408,812           |
| Noncurrent liabilities:                      |                                    |                                     |                      |
| Due in more than one year:                   |                                    |                                     |                      |
| Compensated absences                         | 52,331                             | -                                   | 52,331               |
| Net pension liability                        | 223,165                            | -                                   | 223,165              |
| Total liabilities                            | <u>\$ 504,687</u>                  | <u>\$ 179,621</u>                   | <u>\$ 684,308</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>         |                                    |                                     |                      |
| Deferred inflows related to pensions         | \$ 55,489                          | \$ -                                | \$ 55,489            |
| Deferred inflows related to lease agreements | 173,258                            | 4,228,886                           | 4,402,144            |
| Total deferred inflows                       | <u>\$ 228,747</u>                  | <u>\$ 4,228,886</u>                 | <u>\$ 4,457,633</u>  |
| <b>NET POSITION</b>                          |                                    |                                     |                      |
| Net investment in capital assets             | \$ 71                              | \$ -                                | \$ 71                |
| Unrestricted                                 | 39,598,892                         | 22,910,158                          | 62,509,050           |
| Total net position                           | <u>\$ 39,598,963</u>               | <u>\$ 22,910,158</u>                | <u>\$ 62,509,121</u> |

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

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

| <u>Functions/Programs</u>      | <u>Program Revenues - Charges for Services</u> |                                    |                                | <u>Net (Expense) Revenue and Changes in Net Position</u> |                                 |                      |
|--------------------------------|--|------------------------------------|--------------------------------|--|---------------------------------|----------------------|
|                                | <u>Expenses</u>                                | <u>Net Patient Service Revenue</u> | <u>Lease and Other Revenue</u> | <u>Governmental Activities</u>                           | <u>Business-type Activities</u> | <u>Total</u>         |
| Governmental activities:       |  |                                    |                                |  |                                 |                      |
| General government             | \$ 624,095                                     | \$ -                               | \$ 11,178                      | \$ (612,917)   | \$ -                            | \$ (612,917)         |
| Healthcare services            | 3,120,130                                      | -                                  | -                              | (3,120,130)  | -                               | (3,120,130)          |
| Total governmental activities  | <u>3,744,225</u>                               | <u>-</u>                           | <u>11,178</u>                  | <u>(3,733,047)</u>                                       | <u>-</u>                        | <u>(3,733,047)</u>   |
| Business-type activities:      |  |                                    |                                |  |                                 |                      |
| Bert Fish Medical Center       | 7,181,900                                      | -                                  | 274,742                        | -  | (6,907,158)                     | (6,907,158)          |
| Total business-type activities | <u>7,181,900</u>                               | <u>-</u>                           | <u>274,742</u>                 | <u>-</u>   | <u>(6,907,158)</u>              | <u>(6,907,158)</u>   |
| Total primary government       | <u>\$ 10,926,125</u>                           | <u>\$ -</u>                        | <u>\$ 285,920</u>              | <u>(3,733,047)</u>                                       | <u>(6,907,158)</u>              | <u>(10,640,205)</u>  |
| General revenues:              |  |                                    |                                |  |                                 |                      |
| Property taxes                 |  |                                    |                                | 9,687,619  | -                               | 9,687,619            |
| Investment earnings (loss)     |  |                                    |                                | 4,373,499  | 2,377,744                       | 6,751,243            |
| Total general revenues         |  |                                    |                                | <u>14,061,118</u>  | <u>2,377,744</u>                | <u>16,438,862</u>    |
| Change in net position         |  |                                    |                                | 10,328,071   | (4,529,414)                     | 5,798,657            |
| Net position - beginning       |  |                                    |                                | 29,270,892   | 27,439,572                      | 56,710,464           |
| Net position - ending          |  |                                    |                                | <u>\$ 39,598,963</u>                                     | <u>\$ 22,910,158</u>            | <u>\$ 62,509,121</u> |

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

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND  
SEPTEMBER 30, 2025**

|  | <b>General</b>       |
|--|----------------------|
| <b>ASSETS</b>  |                      |
| Cash and cash equivalents  | \$ 491,174           |
| Investments  | 39,492,716           |
| Other receivables  | 67,039               |
| Due from other funds   | 16                   |
| Prepaid items  | 200,988              |
| <b>Total assets</b>  | <b>\$ 40,251,933</b> |
| <b>LIABILITIES</b>   |                      |
| Accrued expenditures   | \$ 229,191           |
| <b>Total liabilities</b>   | <b>229,191</b>       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |                      |
| Deferred inflows related to lease agreements                               | 173,258              |
| <b>FUND BALANCES</b>   |                      |
| Nonspendable:  |                      |
| Prepaid items  | 200,988              |
| Unassigned   | 39,648,496           |
| <b>Total fund balances</b>   | <b>39,849,484</b>    |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <b>\$ 40,251,933</b> |

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

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025**

**Fund balance - governmental fund** \$ 39,849,484

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.

|                                   |         |    |
|-----------------------------------|---------|----|
| Total governmental capital assets | 5,904   |    |
| Less: accumulated depreciation    | (5,833) | 71 |

On the governmental fund statement, a net pension liability is not recorded until an amount is due and payable for payment of those benefits. On the Statement of Net Position, the District's net pension liability of the FRS plan is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

|                                       |           |           |
|---------------------------------------|-----------|-----------|
| Net pension liability                 | (223,165) |           |
| Deferred outflows related to pensions | 80,393    |           |
| Deferred inflows related to pensions  | (55,489)  | (198,261) |

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These long-term liabilities consist of the following:

|                      |  |          |
|----------------------|--|----------|
| Compensated absences |  | (52,331) |
|----------------------|--|----------|

**Net position of governmental activities** \$ 39,598,963

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

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

|  | <b>General</b> |
|--|----------------|
| <b>Revenues</b>  |                |
| Ad valorem taxes   | \$ 9,687,619   |
| Investment and other income (loss)                       | 4,373,499      |
| Building/property lease revenue                          | 11,178         |
| Total revenues   | 14,072,296     |
| <b>Expenditures</b>                                      |                |
| General government                                       | 663,096        |
| Healthcare services                                      | 3,120,130      |
| Total expenditures                                       | 3,783,226      |
| <b>Excess (deficiency) of revenues over expenditures</b> | 10,289,070     |
| <b>Net change in fund balance</b>                        | 10,289,070     |
| <b>Fund balance, beginning of year</b>                   | 29,560,414     |
| <b>Fund balance, end of year</b>                         | \$ 39,849,484  |

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

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

|  |                                    |
|--|------------------------------------|
| <b>Net change in fund balance - governmental fund</b>  | <b>\$ 10,289,070</b>               |
| Differences in amounts reported for governmental activities in the statement of activities are:  |                                    |
| Governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.   |                                    |
| Depreciation expense   | (173)                              |
| Governmental fund reports contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the Statement of Activities are amounts required to be amortized.   |                                    |
| Change in net pension liability and deferred inflows/outflows related to pensions  | 13,796                             |
| Under the modified accrual basis of accounting used in the governmental fund, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows: |                                    |
| Change in compensated absences liability   | 25,378                             |
| <b>Change in net position of governmental activities</b>   | <b><u><u>\$ 10,328,071</u></u></b> |

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

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
SEPTEMBER 30, 2025**

|  | <u><b>Bert Fish<br/>Medical Center</b></u> |
|--|--|
| <b>ASSETS</b>                                |  |
| Current assets:                              |  |
| Cash and cash equivalents                    | \$ 447,193                                 |
| Investments                                  | 26,836,918                                 |
| Other receivables                            | 19,585                                     |
| Prepaid items                                | 14,985                                     |
| Total current assets                         | <u>27,318,681</u>                          |
| Total assets                                 | <u><u>\$ 27,318,681</u></u>                |
| <b>LIABILITIES</b>                           |  |
| Current liabilities:                         |  |
| Accrued expenses                             | \$ 179,621                                 |
| Due to other funds                           | 16   |
| Total current liabilities                    | <u>179,637</u>                             |
| Total liabilities                            | <u><u>\$ 179,637</u></u>                   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>         |  |
| Deferred inflows related to lease agreements | <u><u>\$ 4,228,886</u></u>                 |
| <b>NET POSITION</b>                          |  |
| Unrestricted                                 | \$ 22,910,158                              |
| Total net position                           | <u><u>\$ 22,910,158</u></u>                |

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

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

|   | <b><u>Bert Fish<br/>Medical Center</u></b> |
|---|--|
| <b>Operating revenues</b>                                       |  |
| Lease and other operating revenues, net                         | \$ 274,742                                 |
| Other income  |  |
| Total operating revenues  | <u>274,742</u>                             |
| <b>Operating expenses</b>                                       |  |
| General government  | 117,333                                    |
| Pension expense   | 7,064,567                                  |
| Total operating expenses  | <u>7,181,900</u>                           |
| <b>Operating income (loss)</b>                                  | <u>(6,907,158)</u>                         |
| <b>Nonoperating revenues (expenses)</b>                         |  |
| Investment earnings (loss)                                      | 2,377,744                                  |
| Total nonoperating revenues (expenses)                          | <u>2,377,744</u>                           |
| <b>Income (loss) before capital contributions and transfers</b> | <u>(4,529,414)</u>                         |
| <b>Change in net position</b>                                   | <u>(4,529,414)</u>                         |
| <b>Net position</b> , beginning of year                         | 27,439,572                                 |
| <b>Net position</b> , end of year                               | <u><u>\$ 22,910,158</u></u>                |

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

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

|  | <b><u>Bert Fish<br/>Medical Center</u></b> |
|--|--|
| <b>Cash flows from operating activities</b>  |  |
| Cash received from others  | \$ 91,938                                  |
| Cash paid to vendors and others  | (103,185)                                  |
| Cash receipt due to pension plan termination   | 7,959,625                                  |
| Net cash provided by (used in) operating activities  | <u>7,948,378</u>                           |
| <b>Cash flows from investing activities</b>  |  |
| Purchases of investments   | <u>(7,701,203)</u>                         |
| Net cash provided by (used in) investing activities  | <u>(7,701,203)</u>                         |
| <b>Net change in cash and cash equivalents</b>   | <u>247,175</u>                             |
| <b>Cash and cash equivalents, beginning of year</b>  | 200,018                                    |
| <b>Cash and cash equivalents, end of year</b>  | <u><u>\$ 447,193</u></u>                   |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b> |  |
| Operating income (loss)  | \$ (6,907,158)                             |
| Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:    |  |
| Changes in assets and liabilities:   |  |
| Accounts and other receivables   | 58,899                                     |
| Inventories and prepaids   | (6,178)                                    |
| Net pension asset  | 14,904,032                                 |
| Accrued expenses   | 171,614                                    |
| Deferred inflows related to lease agreements   | (272,831)                                  |
| Net cash provided by (used in) operating activities  | <u><u>\$ 7,948,378</u></u>                 |
| <b>Cash and cash equivalents classified as:</b>  |  |
| Unrestricted   | \$ 447,193                                 |
| Total cash and cash equivalents  | <u><u>\$ 447,193</u></u>                   |
| <b>Non-cash investing, capital, and financing activities:</b>  |  |
| Change in fair value of the District's investments   | <u><u>\$ 2,377,744</u></u>                 |

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

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
SEPTEMBER 30, 2025**

|  | <u><b>Bert Fish<br/>Medical Center<br/>Pension<br/>Trust Fund</b></u> |
|--|---|
| <b>ASSETS</b>                          |   |
| Cash and cash equivalents with trustee | \$ -  |
| Prepaid benefit payments               | -   |
| Receivables                            |   |
| Employer contributions receivable      | -   |
| Employee contributions receivable      | -   |
| State premium taxes                    | -   |
| Interest and dividends receivable      | -   |
| Total receivables                      | <u>-</u>  |
| Investments, at fair value:            |   |
| Money market funds                     | -   |
| Equities                               | -   |
| Fixed income                           | -   |
| Emerging market funds                  | <u>-</u>  |
| Common stocks                          | -   |
| Mutual and pooled funds                | -   |
| Other assets                           | <u>-</u>  |
| Total investments                      | -   |
| Total assets                           | <u><u>\$ -</u></u>  |
| <b>LIABILITIES</b>                     |   |
| Accrued expenses                       | <u><u>\$ -</u></u>  |
| <b>NET POSITION</b>                    |   |
| Restricted for pensions                | <u><u>\$ -</u></u>  |

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

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

|  | <u><b>Bert Fish<br/>Medical Center<br/>Pension<br/>Trust Fund</b></u> |
|--|---|
| <b>Additions</b>   |   |
| Investment earnings (loss):                                  |   |
| Net appreciation (depreciation) in fair value of investments | \$ (1,002,024)  |
| Interest and dividends                                       | 657,139   |
| Total investment earnings                                    | <u>(344,885)</u>  |
| Other income   | 3,818   |
| Total additions  | <u>(341,067)</u>  |
| <b>Deductions</b>  |   |
| Lump sum payments  | 16,844,463  |
| Group annuity contract                                       | 20,126,326  |
| Transfer of assets to plan sponsor                           | 7,994,877   |
| Benefit payments   | 593,904   |
| Administrative expenses                                      | 142,212   |
| Total deductions   | <u>45,701,782</u>   |
| <b>Change in net position</b>                                | <u>(46,042,849)</u>   |
| <b>Net position</b> , beginning of year                      | 46,042,849  |
| <b>Net position</b> , end of year                            | <u><u>\$ -</u></u>  |

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

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

The financial statements of the Southeast Volusia Hospital District (the District), have been prepared in accordance with accounting principles generally accepted in the United States of America as appropriate for a special purpose entity engaged in governmental, business type and fiduciary type activities. The government-wide, proprietary fund and fiduciary fund financial statements of the District have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when they are incurred. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the District's significant accounting policies:

(a) **Reporting entity**—The Southeast Volusia Hospital District (the District) is a political subdivision of the State of Florida and provides a source of funding for medically needy residents as well as comprehensive planning, funding and coordination of general health care in Volusia County. The District is a special taxing authority created by Chapter 24961, Laws of Florida, Special Act of 1947, as amended.

Bert Fish Medical Center, Inc. (the Medical Center) was originally established for the purposes of operating an acute-care hospital and other related facilities owned by the District. The Medical Center has the same governing board as the District, which is responsible for overseeing the operations of the Medical Center. The entity is reported as a blended component unit because the organization's governing body is substantially the same as the governing body of the District and management has operational responsibility. The Medical Center is the sponsor of a single-employer defined benefit pension plan, which is reported as a fiduciary fund. As described in Note (6), the pension plan was terminated during the year ended September 30, 2025.

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable funds governed by the Commission of the District, the reporting entity of government for which the District Commission is considered to be financially accountable. In evaluating the District as a reporting entity, management has addressed all potential component units that may or may not fall within the District's oversight and control, and thus, be included in the District's financial statements. No such entities or component units have been identified.

(b) **Government-wide and fund financial statements**—The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis and are reflected, on a full accrual, economic resource basis, which incorporates long term assets and receivables as well as long term debt and obligations.

The government-wide statement of activities reflects both the gross and net costs per functional category (general government, healthcare services, etc.), which are otherwise being supported by general revenues (property taxes, investment revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by the related program revenues, charges for services, and other income. The program revenues must be directly associated with the function or a business-type activity.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, investment revenue, etc.). This government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements emphasize the major funds in either the governmental or business-type categories.

The governmental fund's major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which this fund is normally budgeted. This presentation is deemed most appropriate to demonstrate legal compliance and demonstrate how the District's actual experience conforms to the budgeted fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following the Governmental Fund – Balance Sheet and the Governmental Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The District's fiduciary fund is presented in the fund financial statements by type (pension). Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

As a general rule, the effect of interfund District activities has been eliminated from the government-wide financial statements.

(c) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and pensions are recorded only when payment is due.

Taxes, investment revenue, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

(d) **Financial statement presentation**—The financial transactions of the District are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The District reports the following major governmental fund:

The **General Fund** accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the District other than proprietary fund activities are financed through revenues received by the General Fund.

The District reports the following major proprietary fund:

The **Bert Fish Medical Center Fund** was established to account for the revenues and expenses associated with the healthcare services provided to the residents. It is also the sponsor of a single-employer defined benefit pension plan, which is described in Note (6)B. The transactions reported relate to both the administration of the pension plan, and the winding down of the Medical Center activity after the lease/sale of its facility and operations, which is described in Note (3).

Additionally, the District reports the following fiduciary fund:

The **Pension Trust Fund** (Pension Trust) is used to account for net position held in trust for the pension benefits of eligible former employees of the Medical Center under a defined benefit pension plan. The Pension Trust is presented separately in the fiduciary fund financial statements.

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

(f) **Property tax calendar**—Property tax revenues are recognized when levied, to the extent that they result in current receivables. Details of the property tax calendar are presented below:

|                    |                     |
|--------------------|---------------------|
| Lien date          | January 1           |
| Levy date          | October 1           |
| Discount periods   | November – February |
| No discount period | March               |
| Delinquent date    | April 1             |

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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

(g) **Deposits and investments**—The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

(h) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends.

(i) **Capital assets**—Capital assets are defined by the District as assets with an initial individual cost of \$500 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets, including donations are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

| Assets    | Years        |
|-----------|--------------|
| Equipment | 3 – 15 years |

(j) **Compensated absences**—District policy permits employees to accumulate a limited amount of earned, but unused personal leave, up to a maximum of 480 hours. This benefits is payable to employees upon separation from service and employees may cash in accrued personal leave hours over 40 at each fiscal year end. All leave pay is accrued when incurred in the government-wide and proprietary fund financial statements, as applicable. A liability for these amounts is reported in accordance with the GASB Codification. Such liability will be liquidated by the general fund as it becomes due and is considered current due to the amounts not being significant.

(k) **Long-term obligations**—In the government-wide financial statements and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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

(l) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (6).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only items in this category consisted of deferred amounts related to pension, as discussed further in Note (6), and deferred inflows related to lease agreements, as discussed further in Note (3).

(m) **Fund balance**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

*Non-spendable* – The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts.

*Restricted* – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation, (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the District Commission are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

*Assigned* – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the District Commission or the District Administrator.

*Unassigned* – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, it is the District’s policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unrestricted.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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

(n) **Net position flow assumption**—Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the District’s policy to consider restricted net position to have been used before unrestricted net position is applied.

(o) **Other operating revenues**—Other operating revenues result from the exchange transactions associated with providing health care services, which was the Medical Centers principal activity prior to the Transaction described in Note (3).

(p) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

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

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – governmental fund and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balance, there is a reconciliation between net changes in fund balance - governmental fund and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) **Lease, Transfer and Sale of Transaction:**

On April 1, 2016, the District, Medical Center, Edgewater Properties, LLC, Oak Hill Land, LLC, and Dixie Highway, LLC entered into a series of agreements with Adventist Health System Sunbelt Healthcare Corporation (AHS) and Southeast Volusia Healthcare Corporation (SVHC) whereby the District, Medical Center, Edgewater Properties, LLC, Oak Hill Land, LLC and Dixie Highway, LLC would lease, transfer, and sell substantially all of their assets to SVHC (the Transaction). Pursuant to these agreements, AHS and SVHC have assumed the operations of the hospital over the course of a 25-year lease of the real property identified in the Lease and Transfer Agreement (Lease) for a pre-paid lease payment of approximately \$18,700,000. The District and Medical Center derecognized the underlying leased assets and recorded unearned income on lease of approximately \$7,100,000 at the inception of the Lease. As of October 1, 2021, the District implemented GASB 87, *Leases*, and this unearned revenue was reclassified to deferred inflows of resources related to lease agreements. The balance of deferred inflows related to leases as of the beginning of the year was \$4,686,153, and the total amount of inflows of resources recognized in the reporting period from leases was \$284,009. The Lease may be renewed for two consecutive 25-year periods at a lease rate to be determined upon each renewal.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**(3) Lease, Transfer and Sale of Transaction:** (Continued)

The District and Medical Center also agreed to sell capital assets, supplies, and prepaid expenses and other current assets identified in the Asset Purchase Agreement (APA) as “Included Assets” for approximately \$21,300,000. Pursuant to the APA, Medical Center assigned certain leases to SVHC. Medical Center credited SVHC approximately \$6,600,000 for the outstanding principal and interest payments remaining for the assigned capital leases. This credit was applied against the approximate \$21,300,000 dollar purchase price of the “Included Assets.” The Medical Center committed to the payment of any tangible personal property tax, buyout payment, or return fee that may be owed under such assigned capital leases.

Pursuant to the Lease, SVHC agreed to a capital expenditure commitment of \$35,000,000 to benefit the hospital and its real property identified in the Lease during the first five years of the Lease. The District and Medical Center were also released of their deed restrictions by The Bert Fish Foundation, Inc.

Medical Center’s accrued employee compensation liability was assigned to SVHC for a payment equal to the value of the liability. Pursuant to the APA, the Bert Fish Medical Center Refunding Bonds, Series 2012 were paid off on April 1, 2016. Pursuant to the Healthcare Services Agreement (HSA), the District will continue to pay tax support to SVHC on a sliding scale reduced each year during the first eight years using the base year of 2013. After the completion of each contract year, a reconciliation will be performed to ensure that the tax support payment was accurate.

**(4) Deposits and Investments:**

As of September 30, 2025, all District deposits were covered by private bank acquired insurance, Securities Investor Protection Corporation (SIPC) insurance, private broker/dealer acquired insurance, Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act). The Act established guidelines for qualification and participation by banks and savings associations, procedures for administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to 125% may be required if deemed necessary.

Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the District is authorized to deposit funds only in Qualified Public Depositories.

The District is subject to using fair value measurement recognized under a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

(4) **Deposits and Investments:** (Continued)

***District Investment Portfolio***

The District has a formal investment policy for certain Board-designated amounts, authorizing investments in certain items at the discretion of management. The practice is to invest in U.S. governmental obligations and direct obligations of U.S. government agencies, high-quality corporate bonds, money market accounts, mutual funds, certificates of deposit and equity securities.

As of September 30, 2025, the District's governmental and business-type investment portfolio is composed of the following investments:

| <u>Investment Type</u> | <u>Carrying Value</u> | <u>Weighted Average Maturity (years)</u> | <u>Credit Rating (Fitch)</u> | <u>Fair Value Hierarchy Classification</u> |
|------------------------|-----------------------|--|------------------------------|--|
| Fixed Income Funds     | \$ 20,511,868         | 7.83                                     | AAA-NR                       | Level 1                                    |
| Equities               | 45,255,100            | N/A                                      | NR                           | Level 1                                    |
| Cash                   | 562,666               | N/A                                      | NR                           | N/A  |
| Total Portfolio        | <u>\$ 66,329,634</u>  |  |                              |  |

*Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The established performance objectives of the District require investment maturities to provide sufficient liquidity to pay obligations as they become due. At September 30, 2025, all investments were held in cash or other assets that could be liquidated at any time.

*Credit Risk:* Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The District utilizes portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies. All investments are rated within the investment policy guidelines at September 30, 2025.

*Concentration of Credit Risk:* Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The District does not have an investment policy that limits the amount which may be invested in any one issuer. The following chart shows securities held with a single issuer which represent 5% or more of total investments at September 30, 2025:

| <u>Issuer</u>   | <u>Carrying Value</u> | <u>Percent of Total Portfolio Value</u> |
|---|-----------------------|---|
| AB Global Bond Fund (ANAYX)                                     | \$ 10,207,294         | 15%                                     |
| Bernstein Intermediate Duration Institutional Portfolio (SNIDX) | 10,304,574            | 16%                                     |
| AB International Strategic Equities Portfolio (STEYX)           | 10,485,289            | 16%                                     |

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

(4) **Deposits and Investments:** (Continued)

*Custodial Credit Risk:* Custodial credit risk is the risk that the District may not recover cash and investments held by another party in the event of financial failure. Custodial credit risk is limited since investments are held in independent custodial safekeeping accounts or mutual funds.

*Foreign Currency Risk:* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. At September 30, 2025, 31% of the District and Medical Center investment portfolio was made up of foreign investments.

(5) **Capital Assets:**

Capital asset activity for the fiscal year ended September 30, 2025, is as follows:

|  | <b>Beginning<br/>Balance</b> | <b>Increases</b> | <b>Decreases</b> | <b>Ending<br/>Balance</b> |
|--|------------------------------|------------------|------------------|---------------------------|
| Governmental activities:                       |                              |                  |                  |                           |
| Equipment                                      | \$ 5,904                     | \$ -             | \$ -             | \$ 5,904                  |
| Less: accumulated depreciation                 | (5,659)                      | (173)            | -                | (5,833)                   |
| Governmental activities capital assets,<br>net | \$ 245                       | \$ (173)         | \$ -             | \$ 71                     |

Depreciation expense of \$173 was charged to the general government function of governmental activities for the year ended September 30, 2025.

(6) **Employees' Retirement Plans:**

**A. Florida Retirement System**

**Plan Description and Administration**

The District participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the District's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**(6) Employees' Retirement Plans: (Continued)**

Eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**Benefits Provided and Employees Covered**

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

**Financial Statements**

Financial statements and other supplementary information of the FRS are included in the State's Annual Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site ([www.myfloridacfo.com](http://www.myfloridacfo.com)).

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**(6) Employees' Retirement Plans:** (Continued)

An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services  
Division of Retirement  
P.O. Box 9000  
Tallahassee, FL 32315-9000  
850-488-5706 or toll free at 877-377-1737

**Contributions**

The entity participates in certain classes of FRS membership. Each class has descriptions and employer contribution rates in effect during the year ended September 30, 2025, as follows (contribution rates are in agreement with the actuarially determined rates):

| <b>FRS Membership Plan &amp; Class</b> | <b>Through<br/>June 30, 2025</b> | <b>After<br/>June 30, 2025</b> |
|--|----------------------------------|--------------------------------|
| Regular Class                          | 13.63%                           | 14.03%                         |
| DROP from FRS                          | 21.13%                           | 22.02%                         |

Current-year employer HIS contributions were made at a rate of 2.00% of covered payroll, which are included in the above rates.

For the plan year ended June 30, 2025, actual contributions made for employees participating in FRS and HIS were as follows:

|                              |           |
|------------------------------|-----------|
| District Contributions – FRS | \$ 36,161 |
| District Contributions – HIS | 5,221     |
| Employee Contributions – FRS | 5,617     |

**Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At September 30, 2025, the entity reported a liability related to FRS and HIS as follows:

| <b>Plan</b> | <b>Net Pension<br/>Liability</b> |
|-------------|----------------------------------|
| FRS         | \$ 148,654                       |
| HIS         | 74,511                           |
| Total       | \$ 223,165                       |

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**(6) Employees' Retirement Plans:** (Continued)

At June 30, 2025 and June 30, 2024, the District's proportionate share of the FRS and HIS net pension liabilities were as follows:

| Plan | 2025         | 2024         |
|------|--------------|--------------|
| FRS  | 0.000478986% | 0.000366825% |
| HIS  | 0.000581328% | 0.000539869% |

For the plan year ended June 30, 2025, pension expense was recognized related to the FRS and HIS plans as follows:

|       |    |        |
|-------|----|--------|
| FRS   | \$ | 21,070 |
| HIS   |    | 2,173  |
| Total | \$ | 23,243 |

*Deferred outflows/inflows related to pensions:*

At September 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | FRS                               |                                  | HIS                               |                                  |
|---|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Differences between expected and actual experience              | \$ 15,878                         | \$ -                             | \$ 445                            | \$ (118)                         |
| Changes of assumptions  | 17,263                            | -                                | 660                               | (18,022)                         |
| Net difference between projected and actual investment earnings | -                                 | (24,819)                         | -                                 | (62)                             |
| Change in proportionate share                                   | 29,864                            | (8,717)                          | 6,252                             | (3,751)                          |
| Contributions subsequent to measurement date                    | 8,657                             | -                                | 1,374                             | -                                |
| Total   | \$ 71,662                         | \$ (33,536)                      | \$ 8,731                          | \$ (21,953)                      |

The above amounts for deferred outflows of resources for contributions related to pensions resulting from entity contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

|      | FRS       | HIS         | Total     |
|------|-----------|-------------|-----------|
| 2026 | \$ 29,479 | \$ (3,406)  | \$ 26,073 |
| 2027 | 286       | (4,046)     | (3,760)   |
| 2028 | (233)     | (3,449)     | (3,682)   |
| 2029 | (63)      | (2,515)     | (2,578)   |
| 2030 | -         | (1,180)     | (1,180)   |
|      | \$ 29,469 | \$ (14,596) | \$ 14,873 |

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**(6) Employees' Retirement Plans:** (Continued)

*Actuarial assumptions:*

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is consistent with the prior year rate of 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.93%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2021.

*Long-term expected rate of return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2025, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

| <u>Asset Class</u>    | <u>Target Allocation</u> | <u>Annual Arithmetic Expected Rate of Return</u> |
|-----------------------|--------------------------|--|
| Cash                  | 1.0%                     | 3.2%   |
| Fixed Income          | 29.0%                    | 5.5%   |
| Global Equities       | 45.0%                    | 8.5%   |
| Real Estate           | 12.0%                    | 8.4%   |
| Private Equity        | 11.0%                    | 12.4%  |
| Strategic investments | 2.0%                     | 6.5%   |
| Total                 | <u>100.0%</u>            |  |

*Sensitivity of the net pension liability to changes in the discount rate:*

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**(6) Employees' Retirement Plans:** (Continued)

The following presents the proportionate shares of the FRS and HIS net pension liability of the District calculated using the current discount rates, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

| Plan | Current<br>Discount Rate | NPL with<br>1% Decrease | NPL at<br>Current<br>Discount Rate | NPL with<br>1% Increase |
|------|--------------------------|-------------------------|------------------------------------|-------------------------|
| FRS  | 6.70%                    | \$ 291,731              | \$ 148,654                         | \$ 28,700               |
| HIS  | 5.20%                    | 84,024                  | 74,511                             | 66,534                  |

**B. Pension Plan of Bert Fish Medical Center Inc.**

**Plan Description and Administration**

On July 1, 1995, the Medical Center terminated its participation in the Florida Retirement System (FRS) Plan. Simultaneous with this termination, the Medical Center established the Pension Plan of Bert Fish Medical Center, Inc. (the Pension Plan), a single-employer defined benefit plan. The Pension Plan is administered by the District. This plan was developed to provide substantially the same benefits as previously provided by the FRS Plan, except that employees are fully vested over a period of five years rather than ten years. The benefits include retirement benefits, cost-of-living adjustments, health insurance subsidy, and death benefits to plan members and beneficiaries.

The Pension Plan covered substantially all full-time employees who were employed by the Medical Center on July 1, 1995, and elected to participate. Participation in the Pension Plan was frozen and was limited to those eligible employees who elected to participate at the Pension Plan's inception. The Pension Plan benefits were based on years of service, employee compensation during a five-year period that produced the highest monthly average, and benefit rates applicable to each year of credited service. No stand-alone financial report was issued for the Plan. The Pension Plan was terminated during the year ended September 30, 2025, and plan assets were settled through lump-sum payouts or the purchase of annuities for remaining participants.

**Benefits Provided and Employees Covered**

The Plan provided retirement, disability, termination, and death benefits to plan participants and beneficiaries. Automatic Cost-of-Living adjustments were provided to retirees and beneficiaries effective January 1 of each year at the rate of three percent per year. The Plan's Board of Trustees had contracted with an actuary to provide an actuarial valuation of each plan as of January 1 of every year.

Employees vested with 100% full benefits after 5 years of service. Employees were eligible for normal retirement after attaining age 62 with 5 years of credited service, or 30 years of credited service, but not later than age 65 and completion of 5 years of plan participation. Employees were eligible for early retirement at any age with 10 years of credited service. Benefits at normal retirement were equal to a monthly benefit of 1.6% of high-5 year average compensation for each year of credited service. Early retirement benefits were reduced by 5/12% for each month by which the early retirement date preceded the normal retirement date.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**(6) Employees' Retirement Plans:** (Continued)

The plan was operating with a special funding situation in place as defined under GASB 68. The non-employer contributing entity was the District, who was the only entity legally required to make contributions to the plan. As such the District was allocated 100% of the net pension liability (asset) and expense.

**Financial Statements**

The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Separate financial statements have not been prepared for the Plan.

**Contributions**

The participant contribution rates for the Plan were established by and amended by the Board of Trustees. There were no contribution requirements for plan members. No contributions were made to the Plan for the plan year ended December 31, 2024, or the District fiscal year ended September 30, 2025.

**C. Other Postemployment Benefits**

Retirees and their dependents are permitted to remain covered under the Authority's respective health care plans as long as they pay a full premium applicable to the coverage elected. This conforms to the minimum required of Florida governmental employers per Chapter 112.08 of Florida Statutes.

As a result, the District is subject to the recording of an OPEB (other postemployment benefits) liability in accordance with the GASB Codification. However, given the minimal amount of employee activity (three employees) relative to the size of the District's budget and overall financial activity, management believes the OPEB liability to be inconsequential to the financial statements. As such, no provision for an OPEB liability has been calculated or recorded.

**(7) Commitments and Contingencies:**

Amounts received or receivable from grantor agencies in current and prior years are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute, a liability of the applicable fund(s). The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year. The District occasionally faces legal claims incidental to the ordinary course of its operations. In the opinion of management and based on the advice of legal counsel, the ultimate disposition of open inquiries and claims, if any, will not have a material adverse effect on the financial position or results of operations of the District.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

(7) **Commitments and Contingencies:** (Continued)

(a) **Medical malpractice and general liability**—For claims prior to April 1, 2003, the Medical Center was insured for professional liability under a claims-made policy provided through a commercial insurance company. Subsequent to April 1, 2003, the Medical Center established a self-insurance trust. Excess policy coverage has been purchased for losses exceeding the self-insurance trust retention. At September 30, 2025, management was not aware of any asserted or un-asserted claims that exceed the Medical Center’s insurance coverage that existed prior to April 1, 2003. Subsequent to April 1, 2003, through June 30, 2010, the Medical Center was self-insured for professional liability and placed reliance on the sovereign immunity principle, which would limit the Medical Center’s liability to \$100,000 per person and \$200,000 per occurrence.

Effective July 1, 2010, through June 30, 2011, the Medical Center participated in a self-insured revocable trust (the Trust), which covered Adventist’s facilities for claims below a specified level (Excess Level). Claims above the Excess Level are covered by a claims-made policy with a commercial insurance company. The Excess Level was at \$15,000,000 for the period from July 1, 2010 through June 30, 2011. The assets and liabilities related to the Trust are recorded in Adventist’s consolidated financial statements, as Adventist is responsible for any claims incurred during this period.

Effective June 30, 2011, the Medical Center is self-insured for professional and general liability and places reliance on the sovereign immunity principle, which would limit the Medical Center’s liability to \$100,000 per person and \$200,000 per occurrence. These limits increased effective October 2, 2011, to \$200,000 per person and \$300,000 per occurrence. The estimated accrual for medical malpractice and general liabilities for claims that arose during the periods for which the Medical Center is liable was zero at September 30, 2025.

(b) **Regulatory and compliance matters – general regulatory compliance**—The health care industry is subject to voluminous and complex laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or un-asserted at this time. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement laws and regulations, anti-kickback and anti-referral laws, and false claims prohibitions, and in the case of tax-exempt hospitals, the requirements of tax exemption. In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of reimbursement, false claims, anti-kickback and anti-referral statutes and regulations by health care providers. The Medical Center believes it is generally in compliance with applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. The Medical Center records a liability when it becomes aware that it has billed amounts or entered into transactions or relationships that may violate these governmental laws or regulations. At September 30, 2025, no liability has been recorded.

(c) **Performance-based contract**—Effective April 1, 2019, the District and Medical Center entered into a continuous agreement with AllianceBernstein L.P. for investment in equity services. A component of the fee for equity services is based on a 12 month performance period that is measured against a determined benchmark. The performance period begins April 1 of each year. At September 30, 2025, an estimated accrual was not recorded for the April through September period because of the uncertainty created by the conditions of the contract. Additionally, management believes this contract will not materially affect the District or Medical Center’s financial position.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**(8) Healthcare Service:**

Healthcare service expenses consisted of expenses pursuant to the Healthcare Services Agreement (HSA) described in Note (3) of the accompanying financial statements, pending the reconciliation, and expenses related to services provided by other providers for indigent patients prior to the Transaction described in Note (3). A summary of healthcare service expenses for the year ended September 30, 2025, is as follows:

| <u>Provider</u>                   | <u>Program</u>                     | <u>Amount</u>       |
|-----------------------------------|------------------------------------|---------------------|
|                                   | Covered Services and Facilities to |                     |
| Southeast Volusia Healthcare Corp | Charity Patients (HSA)             | \$ 2,327,508        |
| County of Volusia                 | Medicaid Match (HSA)               | 701,622             |
| SMA Healthcare, Inc.              | Healthcare Program                 | 91,000              |
| Total                             |                                    | <u>\$ 3,120,130</u> |

**(9) Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (“GASB”) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the District’s financial statements:

- (a) GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 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. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- (b) GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.
- (c) GASB issued Statement No. 105, *Subsequent Events*, in December 2025. The objective of GASB 105 is to improve financial reporting requirements for subsequent events by clarifying the subsequent events time frame, distinguishing between recognized and nonrecognized subsequent events, and enhancing consistency and transparency in related disclosures. The provisions of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

|  | <u>Budgeted Amounts</u> |                      | <u>Actual</u>        | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|----------------------|----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>         |                      |                                       |
| <b>Revenues</b>                        |                         |                      |                      |                                       |
| Ad valorem taxes                       | \$ 9,514,791            | \$ 9,514,791         | \$ 9,687,619         | \$ 172,828                            |
| Investment and other income (loss)     | 1,721,194               | 1,721,194            | 4,373,499            | 2,652,305                             |
| Building/property lease revenue        | 11,178                  | 11,178               | 11,178               | -                                     |
| Total revenues                         | <u>11,247,163</u>       | <u>11,247,163</u>    | <u>14,072,296</u>    | <u>2,825,133</u>                      |
| <b>Expenditures</b>                    |                         |                      |                      |                                       |
| General government                     | 826,494                 | 826,494              | 663,096              | 163,398                               |
| Healthcare services                    | 3,120,130               | 3,120,130            | 3,120,130            | -                                     |
| Total expenditures                     | <u>3,946,624</u>        | <u>3,946,624</u>     | <u>3,783,226</u>     | <u>163,398</u>                        |
| <b>Net change in fund balance</b>      | <u>7,300,539</u>        | <u>7,300,539</u>     | <u>10,289,070</u>    | <u>2,988,531</u>                      |
| <b>Fund balance, beginning of year</b> | 29,560,414              | 29,560,414           | 29,560,414           | -                                     |
| <b>Fund balance, end of year</b>       | <u>\$ 36,860,953</u>    | <u>\$ 36,860,953</u> | <u>\$ 39,849,484</u> | <u>\$ 2,988,531</u>                   |

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT**  
**NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL**  
**SEPTEMBER 30, 2025**  
**(UNAUDITED)**

**Notes to Budgetary Comparison Schedule:**

The preparation, adoption and amendment of the budgets are governed by Florida Statutes. The District is the legal level of control. Budgets are prepared on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end. Budgeted excess expenditures over revenues are funded through transfers in and use of fund balance reserves. See Note (1)(e) to the financial statements for further discussion of the District's budgetary process.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
LAST 10 FISCAL YEARS  
(UNAUDITED)**

|   | As of the Plan Year Ended June 30, |              |              |              |              |              |              |              |              |
|---|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 2025                               | 2024         | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         |
| <b>Florida Retirement System (FRS)</b>  |                                    |              |              |              |              |              |              |              |              |
| Proportion of the net pension liability   | 0.000478986%                       | 0.000366825% | 0.000385249% | 0.000408095% | 0.000438134% | 0.000397270% | 0.000407651% | 0.000409387% | 0.000327360% |
| Proportionate share of the net pension liability                                    | \$ 148,654                         | \$ 141,905   | \$ 153,510   | \$ 151,844   | \$ 33,096    | \$ 172,182   | \$ 140,389   | \$ 123,309   | \$ 96,831    |
| Covered payroll   | 259,784                            | 228,535      | 221,883      | 211,568      | 201,591      | 195,556      | 193,283      | 192,102      | 146,796      |
| Proportionate share of the net pension liability as a percentage of covered payroll | 57.22%                             | 62.09%       | 69.19%       | 71.77%       | 16.42%       | 88.05%       | 72.63%       | 64.19%       | 65.96%       |
| Plan fiduciary net position as a percentage of the total pension liability          | 87.26%                             | 83.70%       | 82.38%       | 82.89%       | 96.40%       | 78.85%       | 82.61%       | 84.26%       | 83.89%       |
| <b>Health Insurance Subsidy Program (HIS)</b>                                       |                                    |              |              |              |              |              |              |              |              |
| Proportion of the net pension liability   | 0.000581328%                       | 0.000539869% | 0.000559921% | 0.000580421% | 0.000569311% | 0.000563333% | 0.000577803% | 0.000576051% | 0.000460900% |
| Proportionate share of the net pension liability                                    | \$ 74,511                          | \$ 80,986    | \$ 88,923    | \$ 61,476    | \$ 69,835    | \$ 68,782    | \$ 64,650    | \$ 60,970    | \$ 49,282    |
| Covered payroll   | 259,784                            | 228,535      | 221,883      | 211,568      | 201,591      | 195,556      | 193,283      | 192,102      | 146,796      |
| Proportionate share of the net pension liability as a percentage of covered payroll | 28.68%                             | 35.44%       | 40.08%       | 29.06%       | 34.64%       | 35.17%       | 33.45%       | 31.74%       | 33.57%       |
| Plan fiduciary net position as a percentage of the total pension liability          | 6.36%                              | 4.80%        | 4.12%        | 4.81%        | 3.56%        | 3.00%        | 2.63%        | 2.15%        | 1.64%        |

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

**SOUTHEAST VOLUSIA HOSPITAL DISTRICT  
SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS  
(UNAUDITED)**

|  | 2025        | 2024        | 2023        | For the Fiscal Year Ended September 30, |             |             | 2019        | 2018        | 2017        |
|--|-------------|-------------|-------------|---|-------------|-------------|-------------|-------------|-------------|
|  |             |             |             | 2022                                    | 2021        | 2020        |             |             |             |
| <b>Florida Retirement System (FRS)</b>                               |             |             |             |   |             |             |             |             |             |
| Contractually required contribution                                  | \$ 31,690   | \$ 20,354   | \$ 19,451   | \$ 18,071                               | \$ 17,336   | \$ 13,200   | \$ 12,640   | \$ 11,667   | \$ 8,522    |
| Contributions in relation to the contractually required contribution | 31,690      | 20,354      | 19,451      | 18,071                                  | 17,336      | 13,200      | 12,640      | 11,667      | 8,522       |
| Contribution deficiency (excess)                                     | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u>                             | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll  | \$ 267,248  | \$ 224,966  | \$ 226,306  | \$ 223,486                              | \$ 204,584  | \$ 195,556  | \$ 193,283  | \$ 192,102  | \$ 146,796  |
| Contributions as a percentage of covered payroll                     | 11.86%      | 9.05%       | 8.59%       | 8.09%                                   | 8.47%       | 6.75%       | 6.54%       | 6.07%       | 5.81%       |
| <b>Health Insurance Subsidy Program (HIS)</b>                        |             |             |             |   |             |             |             |             |             |
| Contractually required contribution                                  | \$ 5,345    | \$ 4,499    | \$ 3,977    | \$ 3,710                                | \$ 3,396    | \$ 3,246    | \$ 3,208    | \$ 3,124    | \$ 2,439    |
| Contributions in relation to the contractually required contribution | 5,345       | 4,499       | 3,977       | 3,710                                   | 3,396       | 3,246       | 3,208       | 3,124       | 2,439       |
| Contribution deficiency (excess)                                     | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u>                             | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll  | \$ 267,248  | \$ 224,966  | \$ 226,306  | \$ 223,486                              | \$ 204,584  | \$ 195,556  | \$ 193,283  | \$ 192,102  | \$ 146,796  |
| Contributions as a percentage of covered payroll                     | 2.00%       | 2.00%       | 1.76%       | 1.66%                                   | 1.66%       | 1.66%       | 1.66%       | 1.63%       | 1.66%       |

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

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

To the Board of Commissioners,  
Southeast Volusia Hospital District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Accounting Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Southeast Volusia Hospital District, (the District) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 19, 2026.

***Report on Internal Control over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

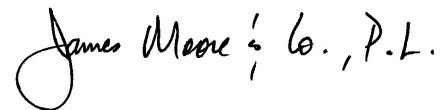
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### ***Report on Compliance and Other Matters***

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

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial "J" and a stylized "M".

Daytona Beach, Florida  
February 19, 2026

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

To the Board of Commissioners,  
Southeast Volusia Hospital District:

**Report on the Financial Statements**

We have audited the financial statements of the Southeast Volusia Hospital District, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated, February 19, 2026.

**Auditors' Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 19, 2026, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority for the primary government of the reporting entity is disclosed in Note 1 of the basic financial statements.

## **Financial Condition and Management**

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

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

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

## **Property Assessed Clean Energy (PACE) Programs**

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

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the District did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the District's geographical boundaries during the fiscal year under audit.

## **Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units; therefore, we did not note any such component units that failed to provide the necessary information, nor is any specific special district information required to be reported.

## **Specific Special District Information – Southeast Volusia Hospital District**

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

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

- a) The total number of district employees compensated in the last pay period of the district's fiscal year: 3.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: -0-.

- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$310,068.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$ -0-.
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:
  - a. No such projects noted.
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: there were no amendments between the original and final total district expenditure budget.

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

- a) The millage rate or rates imposed by the district: 0.7506.
- b) The total amount of ad valorem taxes collected by or on behalf of the district: \$9,687,619.
- c) The total amount of outstanding bonds issued by the district and the terms of such bonds: No such outstanding bonds noted.

#### **Additional Matters**

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

#### **Purpose of this Letter**

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

*James Moore & Co., P.L.*

Daytona Beach, Florida  
February 19, 2026

## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

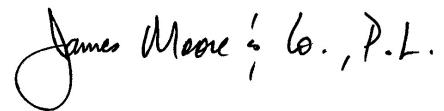
To the Board of Commissioners,  
Southeast Volusia Hospital District

We have examined the Southeast Volusia Hospital District's (the District) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2025. The District's management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination. Our responsibility is to obtain reasonable assurance by evaluating the District's compliance with those requirements and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating whether the District complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of evaluation of the District's compliance based on our examination during the year ended September 30, 2025. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.



Daytona Beach, Florida  
February 19, 2026