

WEST VOLUSIA HOSPITAL AUTHORITY

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

**WEST VOLUSIA HOSPITAL AUTHORITY
FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners,
West Volusia Hospital Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the West Volusia Hospital Authority (the Authority), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of Authority as of September 30, 2019, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

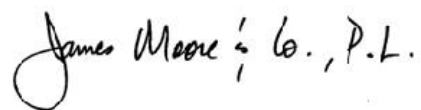
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of healthcare expenditures is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Authority's internal control over financial reporting and compliance.



Daytona Beach, Florida
February 20, 2020

WEST VOLUSIA HOSPITAL AUTHORITY
An Independent Special District

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2019

As management of West Volusia Hospital Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Authority's financial statements, which follow this narrative.

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

Financial Highlights

- Net position, the excess of assets over liabilities, amounted to \$13,561,211 at the close of the fiscal year.
- As a result of the current year's operations, the Authority's net position increased \$3,045,992 from the last fiscal year. The Authority's cash and cash equivalents increased \$3,953,309 from the previous year. Accounts payable at year end increased by \$371,740 due to the fact that there were more than usual hospital claims to accrue.
- Investment income is extremely low due to historically low interest rates. The Authority is keeping most of its funds in a money market account in an effort to maximize earnings, while protecting the Authority assets. Interest income did increase by \$75,637 due to an increase in average cash balances.
- Healthcare expenditures were consistent with the prior year. The Authority continues to require health card applicants to apply for coverage under the Affordable Care Act ("ACA"). This requirement became effective starting January 1, 2014.

WEST VOLUSIA HOSPITAL AUTHORITY
An Independent Special District

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Year Ended September 30, 2019

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

Notes to the Financial Statements

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

WEST VOLUSIA HOSPITAL AUTHORITY
An Independent Special District

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Year Ended September 30, 2019

Government-wide Financial Analysis

Statement of Net Position

Net position increases when revenues exceed expenditures. At the close of the fiscal year, assets exceeded liabilities by \$13,561,211 which is an increase from the preceding year of \$3,045,992.

	<u>2019</u>	<u>2018</u>
Assets:		
Current assets	\$15,014,654	\$11,606,158
Capital assets, net	537,007	565,225
Prepaid items and deposits	<u>39,454</u>	<u>2,000</u>
Total Assets	<u>15,591,115</u>	<u>12,173,383</u>
Liabilities:		
Current liabilities	1,821,904	1,450,164
Workers' Compensation Claims payable	<u>208,000</u>	<u>208,000</u>
Total Liabilities	<u>2,029,904</u>	<u>1,658,164</u>
Net position:		
Invested in capital assets	537,007	565,225
Unrestricted	<u>13,024,204</u>	<u>9,949,994</u>
Total Net position	<u><u>\$13,561,211</u></u>	<u><u>\$12,173,383</u></u>

WEST VOLUSIA HOSPITAL AUTHORITY
An Independent Special District

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Year Ended September 30, 2019

Statement of Activities

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

	<u>2019</u>	<u>2018</u>
Ad valorem taxes	\$ 20,232,680	\$ 20,120,301
Investment income	143,549	67,912
Rental income	70,968	68,304
Other income	70,652	203
Total revenue	<u>20,517,849</u>	<u>20,256,720</u>
Healthcare expenditures	17,443,639	16,766,315
Depreciation	28,218	28,217
Total Expenses	<u>17,471,857</u>	<u>16,794,532</u>
Change in net position	3,045,992	3,462,188
Net position - beginning	<u>10,515,219</u>	<u>7,053,031</u>
Net position - ending	<u>\$13,561,211</u>	<u>\$ 10,515,219</u>

WEST VOLUSIA HOSPITAL AUTHORITY
An Independent Special District

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Year Ended September 30, 2019

Economic Factors and Changes on the Horizon.

The Authority exists to provide access to healthcare for qualified uninsured residents of the taxing district. The Authority requires all applicants for the Authority's program to apply for coverage through the federal exchange, as well as Medicaid. Management believes that enrollment may continue increasing and drive up expenditures. The Authority's expenditures are also subject to legislative changes by the State of Florida affecting the Medicaid share of costs which could rise in the future. These factors will demand continued planning and diligence from the Board. For the September 30, 2020 fiscal year, the Board set its final millage rate at 1.908 mills which 5.5 % lower than the rollback rate.

Requests for Information

This report is designed to provide an overview of the Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report, or requests for additional information, should be directed to Eileen Long, West Volusia Hospital Authority, 1006 N. Woodland Blvd., DeLand, Florida 32720.

**WEST VOLUSIA HOSPITAL AUTHORITY
BALANCE SHEET / STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 14,840,562	\$ -	\$ 14,840,562
Taxes receivable	121,013	-	121,013
Other receivables	53,079	-	53,079
Prepaid items and deposits	39,454	-	39,454
Property and equipment, net	-	537,007	537,007
Total Assets	<u>\$ 15,054,108</u>	<u>\$ 537,007</u>	<u>\$ 15,591,115</u>

<u>LIABILITIES</u>			
Accounts payable and accrued expenses	\$ 1,821,904	\$ -	\$ 1,821,904
Workers' compensation claims payable	-	208,000	208,000
Total Liabilities	<u>\$ 1,821,904</u>	<u>\$ 208,000</u>	<u>\$ 2,029,904</u>

<u>DEFERRED INFLOWS</u>			
Unavailable revenue - taxes receivable	<u>\$ 107,898</u>	<u>\$ (107,898)</u>	<u>\$ -</u>

<u>FUND BALANCE / NET POSITION</u>			
Fund balance:			
Nonspendable:			
Prepaid items and deposits	\$ 39,454	\$ (39,454)	\$ -
Unassigned	13,084,852	(13,084,852)	-
Net position:			
Investment in capital assets	-	537,007	537,007
Unrestricted	-	13,024,204	13,024,204
Total Fund Balance / Net Position	<u>\$ 13,124,306</u>	<u>\$ 436,905</u>	<u>\$ 13,561,211</u>

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

WEST VOLUSIA HOSPITAL AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE / STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Ad valorem taxes	\$ 20,241,288	\$ (8,608)	\$ 20,232,680
Interest income	143,549	-	143,549
Rental income	70,968	-	70,968
Miscellaneous	70,652	-	70,652
Total revenues	<u>20,526,457</u>	<u>(8,608)</u>	<u>20,517,849</u>
Expenditures / expenses			
Healthcare and other	17,443,639	-	17,443,639
Depreciation	-	28,218	28,218
Total expenditures / expenses	<u>17,443,639</u>	<u>28,218</u>	<u>17,471,857</u>
Excess (deficiency) of revenues over expenditures / operating income (loss)	<u>3,082,818</u>	<u>(36,826)</u>	<u>3,045,992</u>
Net change in fund balance / net position	3,082,818	(36,826)	3,045,992
Fund balance / net position, beginning of year	10,041,488	473,731	10,515,219
Fund balance / net position, end of year	<u>\$ 13,124,306</u>	<u>\$ 436,905</u>	<u>\$ 13,561,211</u>

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

WEST VOLUSIA HOSPITAL AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 20,194,000	\$ 20,194,000	\$ 20,241,288	\$ 47,288
Interest income	55,000	55,000	143,549	88,549
Rental income	70,968	70,968	70,968	-
Miscellaneous	-	-	70,652	70,652
Total revenues	20,319,968	20,319,968	20,526,457	206,489
Expenditures				
Healthcare	18,220,511	18,220,511	15,568,239	2,652,272
Other	2,099,457	2,099,457	1,875,400	224,057
Total expenditures	20,319,968	20,319,968	17,443,639	2,876,329
Excess (deficiency) of revenues over expenditures	-	-	3,082,818	3,082,818
Fund balance, beginning of year	10,041,488	10,041,488	10,041,488	-
Fund balance, end of year	\$ 10,041,488	\$ 10,041,488	\$ 13,124,306	\$ 3,082,818

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

WEST VOLUSIA HOSPITAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

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

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

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

(c) **Measurement focus, basis of accounting, and financial statement presentation**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the grantor have been met.

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

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

WEST VOLUSIA HOSPITAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

(f) **Property and equipment**—Property and equipment purchased in the general fund are recorded as expenditures at the time of purchase. Gifts or contributions are recorded at acquisition value at the time received. It is the policy of the Authority to capitalize property and equipment over \$500. Lesser amounts are expensed. Depreciation has been provided on fixed assets as a direct charge using the straight-line method over the estimated useful lives of the various classes of depreciable assets, which ranges from 5 to 40 years.

(g) **Deferred inflows of resources**—In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the one item in this category is unavailable revenues, which will be recognized as inflows of resources in the period that the amounts become available.

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

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

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

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

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

Unassigned—All amounts not included in other spendable classifications.

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

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

(i) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.

**WEST VOLUSIA HOSPITAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

(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**—Included with the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. These differences, including the recording of the Authority’s capital assets and long-term workers’ compensation claims liability, and various equity reclassifications, are outlined in the “Adjustments” column on the balance sheet / statement of net position.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Included with the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are included in the “Adjustments” column on the statement of revenues, expenditures, and changes in fund balance / statement of activities and consist of depreciation expense for the year and the full change in available taxes receivable.

(3) Property Tax Calendar:

The Authority is a taxing authority in Volusia County, Florida (the County), and pays a fee to the County for the assessment and collection of property taxes. The property tax calendar for the year ended September 30, 2019, is as follows:

Valuation date	January 1
Property appraiser prepares the assessment roll with values as of January 1, submits this preliminary roll for approval by the state and notifies each taxing authority of their respective valuations.	July 1
Each taxing authority holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year.	September
Property appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable (levy date).	November 1
A notice of taxes is mailed to each property owner on the assessment roll. Taxes may be paid November through March with the following applicable discounts:	November through March

<u>Month</u>	<u>Discount</u>
November	4%
December	3%
January	2%
February	1%
March	0%

All unpaid taxes on real and tangible personal property become delinquent.	April 1
A list of unpaid real and tangible personal property taxes are advertised.	April and May
Tax certificates are sold on all real estate with unpaid real estate property taxes (lien date).	June 1
A court order is obtained authorizing the seizure and sale of personal property, if the taxpayer fails to pay the delinquent personal property taxes.	June

**WEST VOLUSIA HOSPITAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

(4) Deposits and Investments:

At September 30, 2019, the carrying amount of the Authority's cash on deposit in its bank accounts was \$14,840,562 after any applicable reconciling items such as outstanding checks and deposits in transit. In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The Authority's deposits at year end are considered insured for custodial credit risk purposes.

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

(5) Capital Assets:

Changes in the Authority's capital assets for the years ended September 30, 2019, were as follows:

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019
Capital assets not being depreciated:				
Land	\$ 145,000	\$ -	\$ -	\$ 145,000
Total capital assets not being depreciated	<u>145,000</u>	<u>-</u>	<u>-</u>	<u>145,000</u>
Capital assets being depreciated:				
Machinery and equipment	252	-	-	252
Buildings	772,848	-	-	772,848
Accumulated depreciation	<u>(352,875)</u>	<u>(28,218)</u>	<u>-</u>	<u>(381,093)</u>
Total capital assets being depreciated, net	<u>420,225</u>	<u>(28,218)</u>	<u>-</u>	<u>392,007</u>
Capital Assets, net	<u><u>\$ 565,225</u></u>	<u><u>\$ (28,218)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 537,007</u></u>

Depreciation expense for the year ended September 30, 2019, was \$28,218.

(6) Accrued Workers' Compensation Claims:

The Authority has responsibility for workers' compensation claims arising from the period that certain hospitals were under its control, and has accrued \$208,000 for the purpose of paying settlements. The amount accrued and represents the recommended reserve for future payments on open claims. Management has performed a detailed analysis of past claim costs, claimant life expectancy, and expected future costs in determining the estimate and considers the reserve, which is for one outstanding claim, to be adequate. This balance has not changed from the previous fiscal year.

WEST VOLUSIA HOSPITAL AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(7) **Contingencies:**

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

(8) **New Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Many of these standard have been deemed to have no impact on the Authority and have been considered to be early-implemented. 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 financial statements:

- (a) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after December 15, 2019.

**WEST VOLUSIA HOSPITAL AUTHORITY
SCHEDULE OF HEALTHCARE EXPENDITURES
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Expenditures		
Healthcare expenditures		
Baker Act, substance abuse and mental health programs	\$ 1,234,456	\$ 1,184,104
Hospital indigent care reimbursements	5,598,544	5,430,654
Hospital - physicians services	180,944	225,000
Health Care Responsibility Act reimbursements	244,169	315,907
KidCare outreach	68,574	67,934
Medicaid reimbursements	2,376,838	2,258,770
Pharmacy program	751,986	688,819
Primary care and dental program	1,063,529	1,209,258
Specialty care program	3,718,835	3,316,743
HIV outreach	330,364	358,136
Total healthcare expenditures	<u>15,568,239</u>	<u>15,055,325</u>
Other operating expenditures		
General and administrative	76,034	92,692
Marketing and advertising	7,282	5,456
Third-party administration	500,424	546,980
Eligibility and enrollment oversight	377,533	267,307
Legal	75,590	60,250
Plant and maintenance	2,664	4,692
Professional and accounting fees	81,397	71,114
Tax increment fees - City of DeLand	64,265	69,746
Tax collector and appraiser fees	684,377	587,595
Miscellaneous	5,834	5,158
Total other operating expenditures	<u>1,875,400</u>	<u>1,710,990</u>
Total expenditures	<u><u>\$ 17,443,639</u></u>	<u><u>\$ 16,766,315</u></u>

See accompanying notes to financial statements.

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

To the Board of Commissioners,
West Volusia Hospital Authority:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the governmental activities and major fund of the West Volusia Hospital Authority (the Authority) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 20, 2020

Internal Control over Financial Reporting

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

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

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

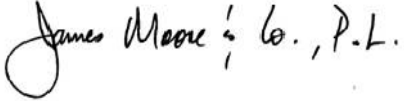
Compliance and Other Matters

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

Purpose of this Report

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

Daytona Beach, Florida
February 20, 2020

James Moore & Co., P.L.

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

To the Board of Commissioners,
West Volusia Hospital Authority:

Report on the Financial Statements

We have audited the basic financial statements of the West Volusia Hospital Authority (the Authority), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated February 20, 2020.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 20, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No comments from the second preceding year remain uncorrected. Findings and recommendations made in the preceding annual financial audit and their status is summarized below:

2018-001 Funding Agreements (Repeat Comment): Corrective action taken.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Authority was established by special act by the Florida Legislature. There are no component units related to the Authority.

Financial Condition and Management

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

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

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

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.

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 20, 2020

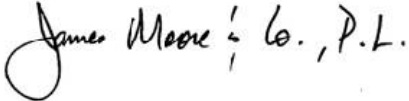
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Board of Commissioners,
West Volusia Hospital Authority:

We have examined the West Volusia Hospital Authority's (the Authority) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2019. The Authority's management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2019, in all material respects. An examination involves performing procedures to obtain evidence about the Authority's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the West Volusia Hospital Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.



Daytona Beach, Florida
February 20, 2020