

2022

North Lake County Hospital District

Financial Statements and
Independent Auditor's Report

September 30, 2022

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

**NORTH LAKE COUNTY HOSPITAL DISTRICT
ELECTED OFFICIALS
SEPTEMBER 30, 2022**

<u>Board Members</u>	<u>Seat Number</u>	<u>Term Expires</u>
Barbara Price, Chairman	NE #2	November 2022
Timothy Sullivan	NW #4	November 2022
Vacant	NW #5	November 2024
Ralph Smith	NE #3	November 2024
Joyce Richey Huey, Vice Chair	NW #6	November 2022
Susan Hooper	NE #1	November 2024

NORTH LAKE COUNTY HOSPITAL DISTRICT

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
North Lake County Hospital District
Mount Dora, Florida

Opinion

We have audited the accompanying financial statements of the governmental activities and the General Fund of the North Lake County Hospital District (the District) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the District as of September 30, 2022, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement 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 responsibilities 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.

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The Board of Trustees
North Lake County Hospital District
Mount Dora, Florida

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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 budgetary comparison information on pages 4-6 and 15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it is 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

The Board of Trustees
North Lake County Hospital District
Mount Dora, Florida

INDEPENDENT AUDITOR'S REPORT

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 June 15, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



June 15, 2023
Ocala, Florida

**NORTH LAKE COUNTY HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

This section of the North Lake County Hospital District (the District) annual financial report presents the District's analysis of its financial performance as of September 30, 2022. Please read this analysis in conjunction with the basic financial statements, which follow this section.

Financial Highlights

The District's total net position decreased \$4,764,943 and liabilities of the District exceeded its assets at the close of the most recent year by \$645,166 (net obligation). This is primarily the result of not assessing millage for property taxes for the year ended September 30, 2022. A .5 mill has been assessed for fiscal year 2023, which will offset the net obligation as of September 30, 2022, and provide liquidity for fiscal year 2023 operations.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements – The *government-wide financial statements* are designed to provide 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 information on all of the District's assets and liabilities, with the difference between the two reported as *net position*.

The *statement of activities* presents information showing how the District's net position 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 timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes. The only governmental activity for the District is providing funding to clinics and acute care hospitals which provide indigent health care.

The government-wide financial statements appear on pages 7-8 of this report.

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 finance-related legal requirements. The District has a single governmental fund.

**NORTH LAKE COUNTY HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Governmental 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 on *balances of spendable resources* available at the end of the fiscal year.

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

The basic governmental fund financial statements can be found on pages 9-10 of this report and the budgetary comparison statement can be found on page 15 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to 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 11-14 of this report.

General Fund Highlights

The District may “levy an ad valorem tax in the District not to exceed one mill”. During the year ended September 30, 2022, the District did not levy property taxes; however, the District received \$17,617 in property taxes during the year ended September 30, 2022. This represented a decrease in property taxes received of \$11,839,079 when compared to the year ended September 30, 2021. The District received \$11,856,696 in property taxes during the year ended September 30, 2021, which represented a \$228,245 increase when compared to the year ended September 30, 2020.

General Government expenditures were \$214,262 during the year ended September 30, 2022, and \$377,580 during the year ended September 30, 2021. The decrease experienced during the year ended September 30, 2022, was primarily due to a decrease in commissions paid to the tax collector and property appraiser.

Health care expenditures were \$4,575,776 during the year ended September 30, 2022, and \$8,506,174 during the year ended September 30, 2021. The decrease experienced during the year ended September 30, 2022, was primarily due to a reduced budget for such expenditures, as voted by the Board of Trustees.

Net position was restated as of September 30, 2021, to capture 2021 and prior health care expenditures with the respective year of service. This restatement reduced net position from \$4,882,980 to \$4,119,777 as of September 30, 2021, see Note 4 for further discussion. The restated opening balance net position decreased \$4,764,943 during the year ended September 30, 2022, and increased by \$2,161,425 for the year ended September 30, 2021, as restated. It is the District's intention to retain sufficient assets to pay operating costs through the first quarter of the fiscal year.

**NORTH LAKE COUNTY HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

The District's Ongoing Operation

For the fiscal year ended September 30, 2023, the Board adopted a .5 millage, which will provide an estimated \$7,885,117 of ad valorem tax revenues. The ad valorem tax revenues received as a result of this millage will be used for general government and human services expenditures during the year ended September 30, 2023, with any carry over fund balance to be used in future fiscal year years.

Requests for Information

This financial report is designed to provide a general overview of the North Lake County Hospital District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report should be addressed to North Lake County Hospital District, Board Accountant, Hwy 441, Leesburg, Florida 34788.

BASIC FINANCIAL STATEMENTS

**NORTH LAKE COUNTY HOSPITAL DISTRICT
STATEMENT OF NET POSITION
GENERAL FUND
LEESBURG, FLORIDA
SEPTEMBER 30, 2022**

	Primary Government Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 1,299,515
Receivable from Other Governments	11,305
Total Assets	<u>1,310,820</u>
Liabilities	
Accounts Payable	<u>1,970,986</u>
Total Liabilities	<u>1,970,986</u>
Net Position	
Unrestricted	<u>(660,166)</u>
Total Net Position	<u><u>\$ (660,166)</u></u>

See accompanying notes.

STATEMENT OF ACTIVITIES
NORTH LAKE COUNTY HOSPITAL DISTRICT
LEESBURG, FLORIDA
FOR THE YEAR ENDED SEPTEMBER 30, 2022

					Net (Expenses) Revenue and Changes in Net Position
		Program Revenues			Primary Government
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs					
Primary Government:					
Governmental Activities					
General Government	\$ 229,262	\$ -	\$ -	\$ -	\$ (229,262)
Human Services	4,575,776	-	-	-	(4,575,776)
Total Governmental Activities	<u>4,805,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,805,038)</u>
Total Primary Government	<u>\$ 4,805,038</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(4,805,038)</u>
General Revenues:					
Taxes					17,617
Interest					<u>7,478</u>
Total General Revenues					<u>25,095</u>
Changes in Net Position					(4,779,943)
Net Position, Beginning of Year as Restated					<u>4,119,777</u>
Net Position, End of Year					<u>\$ (660,166)</u>

See accompanying notes.

GENERAL FUND FINANCIAL STATEMENTS

BALANCE SHEET
NORTH LAKE COUNTY HOSPITAL DISTRICT
LEESBURG, FLORIDA
SEPTEMBER 30, 2022

	General
	Fund
Assets	
Cash and Cash Equivalents	\$ 1,299,515
Receivable from Other Governments	<u>11,305</u>
Total Assets	<u>1,310,820</u>
Liabilities	
Accounts Payable	<u>1,970,986</u>
Total Liabilities	1,970,986
Fund Balance	
Unassigned	<u>(660,166)</u>
Total Liabilities and Fund Balance	<u>\$ 1,310,820</u>

See accompanying notes.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NORTH LAKE COUNTY HOSPITAL DISTRICT
LEESBURG, FLORIDA
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund
Revenues	
Taxes:	
Ad Valorem	\$ 17,617
Miscellaneous:	
Interest	7,478
Total Revenues	<u>25,095</u>
Expenditures	
Current:	
Legal	9,788
Accounting and Auditing	98,760
Commissions	110,027
Legal Ads	5,443
Insurance	494
Other Current Charges	4,750
Total Current	<u>229,262</u>
Human Services:	
Health Care Expenditures	<u>4,575,776</u>
Total Expenditures	<u>4,805,038</u>
Net Change in Fund Balances	(4,779,943)
Fund Balance, Beginning of Year as Restated	<u>4,119,777</u>
Fund Balance, End of Year	<u><u>\$ (660,166)</u></u>

See accompanying notes.

**NOTES TO THE FINANCIAL STATEMENTS
NORTH LAKE COUNTY HOSPITAL DISTRICT
SEPTEMBER 30, 2022**

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The North Lake County Hospital District (the District) was formed in April 1990, through a merger of the Northwest Lake County Hospital Tax District and the Northeast Lake County Tax District. The merger was accomplished in the manner authorized by Chapter 189, Section 189.4042, Florida Statutes, *The Uniform Special District Accountability Act of 1989*, which provides for the merger of special districts. The respective boards adopted prerequisite resolutions in February 1990. Lake County Commission passed Resolution 1990-12 to approve the merger. In 2002, a special act was passed codifying all special acts relating to the District in order to provide a single comprehensive special act charter for the District. In 2004, a special act was passed amending the District's tax proceeds payees. In 2012, Chapter 2012-258 became effective April 27, 2012. This legislation repealed chapters 2002-348 and 2004-460 and recreated the District. In a 2016 general election, the majority of the electorate voted to continue the District through September 2027.

The purpose of the District is to "provide a means to pay for indigent care to residents of the District, through the use of health care facilities not owned and operated by the board of trustees".

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The governmental fund is accounted for using a current financial resources measurement focus. With the measurement focus, only current assets and current liabilities are included in the balance sheet. Operating statements of the governmental fund present increases and decreases in net current assets.

The governmental fund uses the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred.

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.

Governmental fund financial statements are reported using the *current financial resources measurements 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. If taxes are remitted to the District after 60 days, the ad-valorem tax revenue is recognized in the subsequent accounting period. The District received \$17,617 ad valorem tax revenue during the year ended September 30, 2022, which represented ad valorem tax assessments made during the year September 30, 2021, or prior. Interest associated with property taxes are recognized as revenues in the period received.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**NOTES TO THE FINANCIAL STATEMENTS
NORTH LAKE COUNTY HOSPITAL DISTRICT
SEPTEMBER 30, 2022**

The government reports the following major governmental fund:

- The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the report amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Assets, Liabilities, and Net Position

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.

State statute allows public deposits only at qualified depositories that have deposited required collateral in the name of the Treasurer of the State of Florida under the *Florida Security for Deposits Act*. Therefore, all deposits are entirely insured by the Federal Deposit Insurance Corporation or Florida's multiple financial institution collateral pool.

State statutes authorize the District to invest in obligations of U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Receivable From Other Governments

This amount represents a claim against the county tax collector for excess fees collected during the year.

Accounts payable

This amount represents expenses incurred during the year ended September 30, 2022, which were unpaid as of September 30, 2022. The balances were paid in full during January 2023, when the Board of Trustees was able to approve the payment. Total amounts due to health care providers were \$1,640,525 as of September 30, 2023, and were included in accounts payable.

Fund balance

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* clarifies governmental fund balance classifications and fund-type definitions. Unassigned fund balance is the residual classification of the general fund only. Unassigned amounts are technically available for any purpose in the general fund.

Net Position

In accordance with accounting principles generally accepted in the United States of America, net position of governmental activities is made up of three components. *Net investment in capital assets* represents net capital assets less related long-term liabilities. *Restricted net position* represents assets that are legally restricted for specific purposes. The balance of net position is considered *unrestricted net position*.

**NOTES TO THE FINANCIAL STATEMENTS
NORTH LAKE COUNTY HOSPITAL DISTRICT
SEPTEMBER 30, 2022**

Risk Management

The District is exposed to various risks of loss related to torts or errors and omissions. Significant losses are covered through purchases of commercial liability insurance. For these insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Health Care Payments

Health Care Payments associated with the year ended September 30, 2022, were as follows:

UF Health Leesburg d/b/a Leesburg Regional Medical Center, Inc.	\$ 1,410,990
Advent Health/Waterman, Inc.	1,148,548
LifeStream Behavioral Center, Inc.	1,455,033
LifeStream Primary Care Clinic	16,275
Community Health Center	273,680
Community Medical Care Center	175,615
Advent Health Waterman Community Clinic	84,010
St. Luke's Medical and Dental Clinic	<u>11,625</u>
Total	<u>\$ 4,575,776</u>

Leesburg Regional Medical Center, Advent Health Waterman, and LifeStream Behavioral Center participated in the Medicaid Low Income Pool (LIP) program so the District's funding for acute care for these institutions was partially made to the State of Florida Agency for Health Care Administration.

Note 2 - Budgets

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the General Fund. Budgetary control is at the fund level. All annual appropriations lapse at fiscal year-end. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- The Board of Trustees prepares a tentative budget in September. Public hearings are held to obtain taxpayer comments.
- A millage rate is adopted. The budget is legally enacted by majority vote of the Board of Trustees. For the year 2021/2022, the Board voted for a 0 millage. For the year 2022/2023, the Board voted for a .5 millage and will receive ad valorem tax revenue next fiscal year.
- Only the Board of Trustees may approve changes to the adopted budget.

Note 3 - Property Tax

The key dates in the property tax cycle (latest date where appropriate) are as follows:

Assessment/Lien Date	January 1
Assessment Roll Validated	July 1
Millage Resolution Approved	September 30
Beginning of Fiscal Year for Which Taxes Have Been Levied	October 1

**NOTES TO THE FINANCIAL STATEMENTS
NORTH LAKE COUNTY HOSPITAL DISTRICT
SEPTEMBER 30, 2022**

Tax Bills Rendered and Due	November 1
Property Taxes Payable:	
Maximum Discount	November 30
Delinquent	April 1
Tax Certificates Sold	May 31

Property taxes are collected and remitted by the county tax collector. The District does not accrue its portion of county-held tax sale certificates because such amounts are neither measurable nor available at balance sheet date.

Note 4 - Prior Period Adjustment

The District elected to restate September 30, 2021, fund balance and net position to account for \$813,203 of human services expenditures incurred during the year ended September 30, 2021. This amount was paid during the year ended September 30, 2022, but was not accrued for in the September 30, 2021, financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NORTH LAKE COUNTY HOSPITAL DISTRICT
LEESBURG, FLORIDA
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Final Budget</u>
Revenues				
Taxes:				
Ad Valorem	\$ -	\$ -	\$ 17,617	\$ 17,617
Miscellaneous:				
Interest	501	501	7,478	6,977
Total Revenues	<u>501</u>	<u>501</u>	<u>25,095</u>	<u>24,594</u>
Expenditures				
Current:				
Legal	8,000	8,000	9,788	(1,788)
Accounting and Auditing	84,000	84,000	98,760	(14,760)
Commissions	116,283	116,283	110,027	6,256
Legal Ads	5,000	5,000	5,443	(443)
Insurance	2,000	2,000	494	1,506
Other Current Charges	5,000	5,000	4,750	250
Total Current	<u>220,283</u>	<u>220,283</u>	<u>229,262</u>	<u>(8,979)</u>
Human Services:				
Health Care Expenditures	5,302,069	5,302,069	4,575,776	726,293
Total Expenditures	<u>5,522,352</u>	<u>5,522,352</u>	<u>4,805,038</u>	<u>717,314</u>
Net Change in Fund Balances	(5,521,851)	(5,521,851)	(4,779,943)	(741,908)
Fund Balance, Beginning of Year as Restated	<u>4,805,000</u>	<u>4,805,000</u>	<u>4,119,777</u>	<u>(685,223)</u>
Fund Balance, End of Year	<u>\$ (716,851)</u>	<u>\$ (716,851)</u>	<u>\$ (660,166)</u>	<u>\$ (1,427,131)</u>

See accompanying notes.

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

Board of Trustees
North Lake County Hospital District
Mount Dora, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the North Lake County Hospital District (the District) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 have not been identified.

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Board of Trustees
North Lake County Hospital District
Mount Dora, Florida

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, non-compliance 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 non-compliance 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.



June 15, 2023
Ocala, Florida

MANAGEMENT LETTER

Board of Trustees
North Lake County Hospital District
Mount Dora, Florida

Report on the Financial Statements

We have audited the financial statements of the North Lake County Hospital District (the District) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 15, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's 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 Accountant's Report on examination conducted in accordance with American Institute of Certified Public Accountants Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 15, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition

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 met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify 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.

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Board of Trustees
North Lake County Hospital District
Mount Dora, Florida

MANAGEMENT LETTER

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. 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 the review of financial information provided by same.

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

Special District Component Units

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

Specific Information

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:

- a. The total number of District employees compensated in the last pay period of the district's fiscal year was 0.
- b. The total number of independent contractors to whom non-employee compensation was paid in the last month of the district's fiscal year was 5.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$0.
- d. All compensation, earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency was \$130,215.
- 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 was \$0.
- 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, was \$741,908 under budget.

Board of Trustees
North Lake County Hospital District
Mount Dora, Florida

MANAGEMENT LETTER

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance 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 which 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 Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, and the Board of Trustees and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 15, 2023
Ocala, Florida

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