

Shumacker, Johnston & Ross, PA

Certified Public Accountants

J. Cecil Shumacker, CPA
Robert E. Johnston, CPA (1982-2001)
W. Chet Ross, CPA

American Institute of
Certified Public Accountants

Florida Institute of
Certified Public Accountants

January 21, 2021

To the Board of Trustees
North Lake County Hospital District
P O Box 8
Mount Dora, Florida 32757

We have audited the financial statements of the governmental activities and the General Fund of the North Lake County Hospital District as of and for the year ended September 30, 2020, and have issued our report thereon dated January 15, 2021. Professional standard require that we provide you with the following information related to our audit.

Our responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated January 24, 2019, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U. S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the North Lake County Hospital District. Such considerations were solely for the purpose of determining our auditing procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provision of laws, regulations and contracts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our January 24, 2019 engagement letter.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not believe any estimate affecting the financial statements to be significantly sensitive this year to warrant discussion in this communication.

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statements users. We did not believe any financial statement disclosures to be significantly sensitive this year to warrant discussion in this communication.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit other than those that are trivial, and communicate them to the appropriate level of management. There were no material misstatements identified this year. The immaterial misstatements we identified this year have been corrected.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 15, 2021.

This information is intended solely for the use of the Board of Trustees and management of the North Lake County Hospital District 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 "Shumacker, Johnston & Ross, PA". The signature is written in a cursive, flowing style.

Shumacker, Johnston & Ross, PA

NORTH LAKE COUNTY HOSPITAL DISTRICT

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

NORTH LAKE COUNTY HOSPITAL DISTRICT
Elected Officials
September 30, 2020

<u>Board Members</u>	<u>Seat Number</u>	<u>Term Expires</u>
T. Davis Talmage III, Chairman	NE #3	November 2020
Joyce Huey, Vice-Chair	NW #6	November 2022
Catherine Hanson, Treasurer	NE #1	November 2020
Barbara Price	NE #2	November 2022
Vacant	NW #4	November 2022
Vacant	NW #5	November 2020

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	5
Statement of Activities.....	6
General Fund Financial Statements:	
Balance Sheet.....	7
General Fund Statement of Revenues, Expenditures, And Changes in Fund Balance - Budget and Actual.....	8
Notes to Financial Statements.....	9
Report on Internal Control Over Financial Reporting and Compliance and Other Matters	14
Management Letter	16
Independent Auditor's Report.....	18

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INDEPENDENT AUDITOR'S REPORT

January 15, 2021

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the North Lake County Hospital District as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

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.

Auditor's Responsibility

Our responsibility is to express opinions 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 of 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 auditor's 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 auditor considers 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 entity'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 in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the North Lake County Hospital District as of September 30, 2020, 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 the Management's Discussion and Analysis on pages 3 through 4 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021 on our consideration of the North Lake County Hospital 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 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 North Lake County Hospital District's internal control over financial reporting and compliance.



Shumacker, Johnston & Ross, PA

NORTH LAKE COUNTY HOSPITAL DISTRICT
SEPTEMBER 30, 2020

Management's Discussion and Analysis

As management of the NORTH LAKE COUNTY HOSPITAL DISTRICT, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2020.

Financial Highlights

The assets of the North Lake County Hospital District exceeded its liabilities at the close of the most recent year by \$1,958,352 (net position). The net position may be used to meet the government's ongoing operating obligations. The government's total net position increased \$1,730,267.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the North Lake County Hospital 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 North Lake County Hospital 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 government'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 the 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 page 5-6 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 North Lake County Hospital District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has a single governmental fund.

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.

**NORTH LAKE COUNTY HOSPITAL DISTRICT
SEPTEMBER 30, 2020**

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 7-8 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 9-13 of this report.

General Fund Highlights

Property taxes increased \$506,152 during the most recent year and by \$700,275 during the prior year. The District may “levy an ad valorem tax in the district not to exceed one mill.”

Payments for general and administrative expenses were \$373,967 (a 3.5% increase) during the current year and \$361,437 (a 5.03% increase) during the year ended September 30, 2019. The 2020 increase was primarily due to an increase in commissions paid to the tax collector and property appraiser.

Expenditures for indigent health care services decreased \$1,181,618 (11 percent) in the most recent year and increased \$616,236 (6.1percent) the prior year. The 2020 decrease was due to the hospitals having to cease elective treatments and patients not seeking medical treatment for fear of contracting the covid-19 virus. It is anticipated that patients will return to the hospitals and clinics in greater numbers in 2021.

Net position increased \$1,730,267 for the year ended September 30, 2020 and by \$112,348 for the year ended September 30, 2019. It is the District’s intention to retain sufficient assets to pay operating costs through the first quarter of the fiscal year. Property tax revenue flows to the District after that time.

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 government’s finances. Questions concerning any of the information provided in this report should be addressed to North Lake County Hospital District, Board Accountant, P.O. Box 8, Mount Dora, Florida 32756.

**NORTH LAKE COUNTY HOSPITAL DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

	Primary Government
	Governmental Activities
ASSETS	
Cash and equivalents	\$ 1,900,677
Receivable from other governments	57,675
Capital assets:	
Equipment	889
Accumulated depreciation	(889)
Total Assets	1,958,352
NET POSITION	
Unrestricted	1,958,352
Total Net Position	\$ 1,958,352

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

**NORTH LAKE COUNTY HOSPITAL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
<u>Functions/Programs</u>					
Primary government:					
Governmental activities					
General government	\$ 373,967	\$...	\$...	\$...	\$ (373,967)
Human services	9,566,622	(9,566,622)
Total Governmental Activities	9,940,589	(9,940,589)
 Total primary government	 \$ 9,940,589	 \$...	 \$...	 \$...	 (9,940,589)
General revenues:					
					11,628,451
					42,405
Total general revenues					11,670,856
					1,730,267
Changes in net position					228,085
Net position - beginning of year					
Net position - end of year					\$ 1,958,352

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

**NORTH LAKE COUNTY HOSPITAL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2020**

	General Fund
ASSETS	
Cash and equivalents	\$ 1,900,677
Receivable from other governments	57,675
Total Assets	\$ 1,958,352
LIABILITIES AND FUND BALANCES	
Fund balance:	
Unassigned	1,958,352
Total Liabilities and Fund Balance	\$ 1,958,352
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 funds.	889
Accumulated depreciation on capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	(889)
Net position of governmental activities	\$ 1,958,352

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

**NORTH LAKE COUNTY HOSPITAL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Ad Valorem	\$ 11,561,219	\$ 11,561,219	\$ 11,628,451	\$ 67,232
Miscellaneous:				
Interest	46,245	46,245	42,405	(3,840)
Total Revenues	<u>11,607,464</u>	<u>11,607,464</u>	<u>11,670,856</u>	<u>63,392</u>
Expenditures:				
Current:				
General Government:				
Legal	8,000	8,000	8,565	(565)
Accounting & auditing	84,000	84,000	79,795	4,205
Commissions	339,609	339,609	276,820	62,789
Legal ads	3,200	3,200	5,959	(2,759)
Insurance	2,000	2,000	944	1,056
Other current charges	4,400	4,400	1,884	2,516
Total General Government	<u>441,209</u>	<u>441,209</u>	<u>373,967</u>	<u>67,242</u>
Human Services:				
Health care expenditures	11,166,255	11,166,255	9,566,622	1,599,633
Total Expenditures	<u>11,607,464</u>	<u>11,607,464</u>	<u>9,940,589</u>	<u>1,666,875</u>
Net change in fund balances	-	-	1,730,267	1,730,267
Fund Balance - beginning of year	<u>50,000</u>	<u>50,000</u>	<u>228,085</u>	<u>178,085</u>
Fund Balance - end of year	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 1,958,352</u>	<u>\$ 1,908,352</u>

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

NORTH LAKE COUNTY HOSPITAL DISTRICT
SEPTEMBER 30, 2020

Summary of Significant Accounting Policies:

A. Reporting Entity

The North Lake County Hospital District (the District) was formed April, 1990 through a merger of the Northwest Lake County Hospital Tax District and the Northeast Lake County Hospital 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 the 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."

There are no component units that should be included within the District's financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all the activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for the general fund.

NORTH LAKE COUNTY HOSPITAL DISTRICT
SEPTEMBER 30, 2020

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The governmental fund is accounted for using a current financial resources measurement focus. With this 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Property taxes and interest 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.

The government reports the following major governmental fund:

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

NORTH LAKE COUNTY HOSPITAL DISTRICT
SEPTEMBER 30, 2020

D. Assets, Liabilities, and Net Position

- 1) *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 FDIC 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.

- 2) *Receivable from Other Governments* - This amount represents a claim against the county tax collector for excess fees collected during the year.
- 3) *Capital Assets* - Includes property reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property of the District (office equipment) is depreciated using the straight line method over five years.

E. 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.

NORTH LAKE COUNTY HOSPITAL DISTRICT
SEPTEMBER 30, 2020

F. Health Care Payments

During the year ended September 30, 2020, the District provided funds to UF Health Leesburg d/b/a Leesburg Regional Medical Center, Inc. (\$4,044,807), Advent Health/Waterman, Inc. (\$3,665,093), LifeStream Behavioral Center, Inc. (\$902,231), LifeStream Primary Care Clinic (\$139,077), Community Health Center (\$246,601), Community Medical Care Center (\$333,135), Advent Health Waterman Community Clinic (\$210,582) and St. Lukes Medical & Dental Clinic (\$25,096).

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

2. Reconciliation of Government-wide and Fund Financial Statements:

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. The element of that reconciliation relates to capitalization and depreciation of capital assets.

3. Budgets

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the General Fund. Budgetary control is 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.

Only the Board of Trustees may approve changes to the adopted budget.

**NORTH LAKE COUNTY HOSPITAL DISTRICT
SEPTEMBER 30, 2020**

4. Revenue Recognition

Property Tax Recognition - 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
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.

5. Subsequent Events

The District has evaluated events occurring subsequent to the financial statement date through January 15, 2021, which is the date the financial statements were available to be issued. No material subsequent events were identified for recognition or disclosure.

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

January 15, 2021

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

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 *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the North Lake County Hospital District as of and for the year ended September 30, 2020, and have issued our report thereon dated January 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the North Lake County Hospital District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the North Lake County Hospital 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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 significant deficiencies or material weaknesses. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the North Lake County Hospital District'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.



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MANAGEMENT LETTER

January 15, 2021

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

We have audited the basic financial statements of the North Lake County Hospital District as of and for the year ended September 30, 2020, and have issued our report thereon dated January 15, 2021.

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, and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

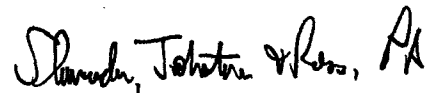
We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 15, 2021, should be considered in conjunction with this management letter.

The following comments and recommendations are provided as required by Chapter 10.550, Section 10.554(1) (i), *Rules of the Auditor General* for the State of Florida.

1. There were no significant findings or recommendations made in the preceding annual financial audit.
2. We have made no recommendations to improve the District's present financial management, accounting procedures, and internal controls.

3. We did not discover any violations of contracts or grant agreements, fraud, illegal acts, or abuse that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.
4. The name of the primary government is the North Lake County Hospital District, created under the legal authority of Chapter 189, Section 189.4042, Florida Statutes and ratified by the Florida Legislature under House Bill 1951 in May 1995. The District was re-created in April 2012 under HB 1299. There are no component units included within the reporting entity.
- 5a. The District has not met any of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
- 5b. Financial condition assessment procedures pursuant to Rule 10.556(8) were applied during the audit of the basic financial statements. The District is not, and during the fiscal year, was not experiencing deteriorating financial conditions which may cause a financial emergency described in Section 218.503(1), Florida Statutes. Accordingly, we have made no recommendations addressing deteriorating financial conditions in accordance with Rule 10.557(4) (b).

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



Shumacker, Johnston & Ross, PA

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Certified Public Accountants

J. Cecil Shumacker, CPA
Robert E. Johnston, CPA (1982-2001)
W. Chet Ross, CPA

American Institute of
Certified Public Accountants

Florida Institute of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

January 15, 2021

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

We have examined the North Lake County Hospital District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. 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 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 District complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020, in all material respects. An examination involves performing procedures to obtain evidence about the District's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgement, 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. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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



Shumacker, Johnston & Ross, PA