



INDIAN RIVER COUNTY HOSPITAL DISTRICT

Financial Statements

September 30, 2020 and 2019

(With Independent Auditors' Report Thereon)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

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Independent Auditors' Report

The Board of Trustees
Indian River County Hospital District:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Indian River County Hospital District (the District), as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of September 30, 2020 and 2019, and the respective changes in financial position thereof for the years 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 12 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 Standard*

In accordance with Government Auditing Standards, we have also issued our report January 19, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

MORGAN, JACOBY, THURN, BOYLE & ASSOCIATES, P.A.

January 19, 2021

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis

Indian River County Hospital District's Mission: To foster a collaborative community health care system, with the objective of improving the health of our community.

Indian River County Hospital District's Vision: Working to improve the health of our community.

The District was established by Special Act of the State of Florida legislature in 1959, re-established by amended legislation in 1961, was subsequently amended to express evolving legislative intent several times over the years, and finally amended and restated in 2003 with Florida House Bill No. 1601.

Pursuant to the Special Act of the Indian River County Hospital District, the Board of Trustees is authorized to:

- a) Provide for the development and/or support of healthcare facilities, i.e. real property in Indian River County;
- b) Through which medical services would be provided, i.e. a wide range of healthcare services to include preventative care;
- c) For the benefit of the general public of the District, i.e. the entire population of Indian River County but particularly for those medically certified as indigent by the District Trustees; and,
- d) For the purpose of the preservation of public health and for the public good.

The following table provides an overview of taxable values and associated millage rates for all Indian River County taxing authorities, demonstrating the District represents just 5.3% of the total millage assessed in Indian River County for fiscal year 2019/2020:

TABLE 1
Indian River County Tax Distribution

Final Adjusted Gross Taxable Property Values	\$	<u>18,615,073,764</u>	
Total Millage		<u>15.2154</u>	
Millage by Taxing Authority:			
Schools (State and Local)		6.5690	
County General Fund		3.5475	
Emergency Services		2.3655	
County Municipal Services		<u>1.1506</u>	
		<u>13.6326</u>	
Others (less than 1 Mil):			
Hospital District		0.8011	5.3% of total
Land Acquisition		0.2568	
St. Johns Water District		0.2414	
Mosquito Control District		0.2515	
Florida Inland Navigation District		<u>0.0320</u>	
		<u>1.5828</u>	
Total millage	\$	<u>15.2154</u>	

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

The District's strategy incorporates careful stewardship of tax dollars while serving as the community's voice in addressing the health care needs of Indian River County in accordance with the District's Special Act, Mission, and Vision. As the District's relationship with the Medical Center evolves with a new partnership with Cleveland Clinic, our work remains essential to ensuring access to high-quality healthcare throughout Indian River County, particularly for indigent residents who have nowhere else to turn.

The following table presents a few examples of the significant impact the District's supported programs and initiatives provide to Indian River County:

TABLE 2
Hospital District's Program Impact Examples on Healthcare

Partners in Women's Health – Prenatal care for about 65% of annual County births, and continues working with Healthy Start and CCIRH to improve the County's infant mortality rate to meaningfully better than the state average.

Treasure Coast Community Health/Whole Family Health Center – funds over \$2.2 million towards Primary Care Services, Dental, and Behavioral Health Services.

Mental Health – District dedicated 9.7% of the program budget to Mental Health and Substance Abuse Programs and Services.

The District's impact on Indian River County's healthcare is significant through its indigent care as well as the program initiatives such as those described above.

This following section of the Indian River County Hospital District's (District) annual financial report presents our discussion and analysis of the District's financial results for the fiscal year that ended September 30, 2020. Please read this section in conjunction with the District's financial statements that begin on page 13.

Major Initiatives for 2019/20

The fiscal year ended September 30, 2020 was interrupted by the COVID-19 pandemic, which caused the District offices to close for the better part of March and April. All employees worked from home during this time and although there was not a financial impact or loss of revenue, the major initiatives in which the District was engaged were slowed. Despite this shutdown and major adjustment for virtual transition, the following initiatives occurred to enable proper execution of its mission and vision:

Cleveland Clinic

The Cleveland Clinic Foundation (CCF) began operations of The Cleveland Clinic Indian River Hospital (CCIRH) on January 1, 2019. The District continued funding as per the Amended and Restated Indigent Care Agreement at \$500,000 per month with an annual budget appropriation of \$6,000,000. The CCIRH has become more active in community issues and development of partner relationships. They have played a major role in COVID response and Mental Health initiatives.

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

Strategic Plan 2019-2021

The District continued to work through the current Strategic Plan focusing primarily on collaborations creating additional access to Mental Health and Substance Abuse services through the creation of the Mental Health and Substance Abuse Delivery Committee. This group of community partners and services providers initiated and implemented a Universal Consent and Release Form and is in the process of an RFP process to begin an Intensive Outpatient Program in Indian River County. The District is also focusing on awareness and public relations of the District and letting people know who we are and what we add to this community. A part of this is public speaking and events, which have been stifled a bit due to COVID. Finally, at the beginning of the fiscal year, during Chairman's meetings, education sessions were presented, allowing Trustees to be more aware of organizations and issues within our community.

Eligibility

As a part of the Strategic Plan, the District raised its income guideline to 200% of the Federal Poverty guideline beginning October 1, 2019. The financial impact was not significant to the District and this, along with the adjustments to the documentation requirements have increased applications for District Funding.

Gifford Health Center

In early 2019, the District chose Treasure Coast Community Health (TCCH) to return the Gifford Health Center (GHC) to a full service health care clinic as it was intended when built for the community in 2003. With one full fiscal year of TCCH operating the GHC behind us, the Advisory Committee continues to assist in community acceptance and informing the Trustees of hurdles and successes. The community acceptance has grown, in spite of the COVID pandemic. Services providing for a full-service health clinic have returned and TCCH is planning to provide a pharmacy within the GHC to better serve the community and has begun a community School Partnership initiative with Dodgertown Elementary. This program connects children with healthcare and they are able to provide screenings and services through the GHC. We Care Specialty referral services and Healthy Start Services remained in the GHC to work with TCCH and continue to respond to these needs within the community.

Visiting Nurse Association

The District was approached by the VNA to amend and restate the Lease Agreement for the Hospice House land. This will expand the lease to include the remainder of the entire parcel in front of the Hospice House. The VNA is planning for two new buildings on this property to include all of their administrative offices, which would allow space for the District offices, and an education/conference center for community use.

Financial Highlights

- The District's net position increased 6.6% to \$5,887,565 at September 30, 2020. This net increase was greater than planned principally due to a decrease in anticipated program funding to agencies. Due to the COVID-19 pandemic, most organizations experienced a reduced patient volume, therefore reducing the expense to the District. (See Tables 3, 4 and 7 for details.)

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INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

- The District's cash and cash equivalents decreased \$4,965,701 as cash reserves were moved into an investment pool to generate earnings. Combined cash and investments increased \$358,159 as revenues exceeded expenses by \$366,187 and the District invested approximately \$37,000 in capital expenditures.
- The Board of Trustees reserved \$4,185,652 from available cash brought forward for the 2021 budget, of which \$1,500,000 was for fiscal year end operations.
- The Trustees continue to maintain a minimum reserve of \$1.5 million. The purpose is to maintain enough cash at fiscal yearend to fund operations and pay providers until tax receipts begin to be received again. Normally this occurs by mid-November each year.
- Net unrestricted position on September 30, 2020 was \$4,502,817.
- The indigent care and program funding increased by \$1,000,240 or 8.2% from the prior year (see pages 8 and 9 for more details). The more significant reasons for the net increase in fiscal year 2019/2020 funding are as follows:
 1. An increase in indigent care funding to the CCIRH/Medical Center due to the first full fiscal year of agreed upon funding and increased funding per agreement for the Partners in Women's Health program.
 2. Discontinued funding to the Department of Health as they transitioned out of the provision of Primary Care and Dental Services, therefore increasing funding to Treasure Coast Community Health and Whole Family Health Center to absorb these services.
 3. Increased funding to Mental Health Association and added funding to address Substance Abuse activities.
 4. A slight increase to Healthy Start Coalition to provide for enhanced and additional services.

Overview of the Financial Statements

The District's financial statements are prepared on the proprietary fund accrual basis of accounting and present the District's operational activities in a manner similar to that of private sector companies.

This annual report consists of two parts – management's discussion and analysis (this section) and the financial statements.

- The financial statements consist of three statements: (1) Statement of Net Position, (2) Statement of Revenues, Expenses, and Changes in Net Position, and (3) Statement of Cash Flows.
- The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position reflect the District's financial position at the end of the year and report the District's net position and changes in net position as a result of the District's revenues and expenses for the year.

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INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

- The term “net position” represents the difference between assets, or the District’s investment in resources, and liabilities, or the District’s obligation to its creditors. Increases or decreases in net position are an indicator of whether the financial health of the District is improving or deteriorating. In evaluating the financial health of the District, other non-financial factors should also be considered, such as taxable property values, tax millage rate, and changes in the economic climate of Indian River County and its residents.
- The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, financing, and investing activities. The statement explains where cash came from, how it was used and the change in cash balance during the year.

Financial Analysis of the District as a Whole

Net position of the District consisted of the following as of September 30, 2020 and 2019:

TABLE 3
Condensed Summary of Assets, Liabilities, and Net Position

	<u>2020</u>	<u>2019</u>
Current assets	\$ 5,628,155	5,282,537
Capital assets, net and other	<u>1,423,770</u>	<u>1,491,590</u>
Total assets	<u>7,051,925</u>	<u>6,774,127</u>
Current liabilities	<u>1,164,360</u>	<u>1,252,749</u>
Total liabilities	<u>1,164,360</u>	<u>1,252,749</u>
Net position:		
Net investment in capital assets	1,384,748	1,457,590
Unrestricted	<u>4,502,817</u>	<u>4,063,788</u>
Total net position	\$ <u>5,887,565</u>	<u>5,521,378</u>

The District’s revenues, expenses, and changes in net position for the years ended September 30, 2020 and 2019 were as follows:

TABLE 4
Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Net ad valorem tax revenues	\$ 14,050,797	15,005,376
Rental income	<u>247,352</u>	<u>242,301</u>
Total operating revenues	<u>14,298,149</u>	<u>15,247,677</u>
Operating expenses:		
Indigent care and program funding	13,218,843	12,218,603
Administrative expenses	683,262	1,092,015
Depreciation	<u>103,108</u>	<u>73,147</u>
Total operating expenses	<u>14,005,213</u>	<u>13,383,765</u>
Non-operating revenues – investment income	<u>73,251</u>	<u>16,744</u>
Change in net position	\$ <u>366,187</u>	<u>1,880,656</u>

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

The District's revenues decreased by \$949,528, or 6.2%, due to a decrease in the net ad valorem taxes, resulting from an approximate \$1.2 billion, or 6.9%, increase in the final gross taxable value of the tax base (property values) offset by a millage rate decrease of \$0.1111 to \$0.8011, or 12.2%.

During the years ended September 30, 2020 and 2019, the District provided indigent care and program funding to the following agencies:

TABLE 5
Agencies Funded by the District for Indigent Care and Programs

	<u>2020</u>	<u>2019</u>
Cleveland Clinic – Indigent funding	\$ 6,000,000	4,500,000
Cleveland Clinic – Partners In Women's Health	1,682,520	1,261,890
Indian River Medical Center – Indigent funding	–	1,817,719
Indian River Medical Center – Partners In Women's Health	–	495,630
Treasure Coast Community Health, Inc.	2,445,933	1,373,513
Indian River County Public Health Department	–	691,400
Visiting Nurse Association of the Treasure Coast, Inc.	778,587	586,614
Mental Health Association in Indian River County	478,837	430,961
Whole Family Health Center, Inc.	300,843	–
We Care Foundation of Indian River	299,397	–
University of Florida Psychiatric OP Clinic	141,936	215,290
Indian River Healthy Start Coalition, Inc.	103,600	75,000
New Horizons of the Treasure Coast, Inc.	45,870	76,522
Public Guardian	30,000	28,500
Other agencies programs	219,464	–
Indian River County Medicaid Assessment	491,856	465,564
Mental Health Collaborative	<u>200,000</u>	<u>200,000</u>
Total indigent care and program funding	\$ <u>13,218,843</u>	<u>12,218,603</u>

Indigent care and program funding increased \$1,000,240 or 8.2% from prior year. This was primarily due to the following items:

- The combined indigent care reimbursements provided to CCIRH and the Medical Center decreased by \$392,719, or 5%, resulting from the January 1, 2019 agreement with the Cleveland Clinic.
- The District funding for the Treasure Coast Community Health Clinic's indigent medical and dental services increased \$1,072,420, or 78%. This is a volume-related increase as more visits are identified as compliant with District qualifications, as well as the assumption of Gifford Health Center services from the Health Department in August 2019.
- The District shifted funding to directly reimburse We Care Foundation and increased funding to Whole Family Health Center to assist as the Department of Health discontinued Primary Care Services.

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INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

- The District's actual reimbursement to the Visiting Nurse Association (VNA) for their mobile program, home health visits, and hospice house room and board medical care increased \$191,973 or 32.7%. District reimbursement of services delivered through the mobile unit was transitioned from fee-for-service for urgent care visits to a combination of these visits and other community health programs initiated through the use of the mobile unit.
- The District decreased funding for psychiatric outpatient clinics and other mental health activities by \$73,354.
- The District provided \$28,600 in increased funding to the Indian River Healthy Start Coalition, Inc.
- The District's portion of the Indian River County Medicaid assessment increased by \$26,292 in the current year.

Administrative expenses decreased \$408,753, or 37.4%, principally due to a reduction in professional fees associated with the C CIRH transition, which were \$407,197 less than prior year.

Capital Assets and Debt Financing

As of September 30, 2020, the District had invested \$1,384,748, net of depreciation, in a variety of capital assets as reflected in the following table, which represent a net decrease (additions less disposals and depreciation) of \$72,842, or 5% from September 30, 2019.

TABLE 6
Capital Assets

	<u>2020</u>	<u>2019</u>
Land and improvements:		
Gifford Health Center	\$ 35,000	35,000
Human Services Building	211,677	212,438
Buildings and improvements:		
Gifford Health Center	780,742	847,932
Human Services Building	274,363	294,077
Leasehold improvements	25,000	-
Equipment and leasehold improvements:		
Gifford Health Center	57,966	68,143
Software	-	-
Net property and equipment	\$ <u>1,384,748</u>	<u>1,457,590</u>

Depreciation expense of \$103,108 for the year ended September 30, 2020 was \$29,961 more than the prior year as depreciation associated with new assets was offset by assets that became fully depreciated.

The District has no debt financing as of September 30, 2020.

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INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

Current Budget

Annually, the Board of Trustees for the District approves a budget for the upcoming fiscal year prior to the beginning of that fiscal year. The following table presents the budget, as modified from the original budget for professional fees, as compared to 2019/2020 actual results.

**TABLE 7
Budget vs. Actual**

	2019/2020		Favorable (Unfavorable) Variance
	Budget	Actual	
Revenues:			
Ad valorem tax revenues	\$ 14,465,180	14,409,325	(55,855)
Investment income	15,000	73,251	58,251
Rental income	247,000	247,352	352
Total revenues	14,727,180	14,729,928	2,748
Expenses:			
Indigent care and program funding	12,994,110	13,218,843	(224,733)
Property Appraiser commissions	227,901	216,658	11,243
Tax Collector commissions	289,304	141,870	147,434
Professional fees	423,000	148,091	274,909
Salaries and benefits	310,000	302,857	7,143
Other	238,150	232,314	5,836
Depreciation	174,849	103,108	71,741
Total expenses	14,657,314	14,363,741	293,573
Change in net position	\$ 69,866	366,187	296,321

The District's ad valorem tax revenues and related commissions for the property appraiser and tax assessor are shown gross to conform with the budgetary presentation.

The District's net favorable variance from budget of \$296,321 was mostly due to the expenditures for salaries, benefits and other administrative expenses, as more fully discussed on pages 8 and 9. While gross ad valorem tax revenues were less than budget by \$55,855, ad valorem tax revenues net of related commissions resulted in a \$102,822 favorable variance from budget.

Factors Bearing on the Future and Plan for 2020/2021

In planning for the 2020/2021 fiscal year, and at the time these financial statements were audited and prepared, the District was aware of the following conditions:

- The full commitment in the Agreement for Indigent Care Services is \$15 million dollars, which will be annually appropriated and paid at the \$500,000 per month until complete. Therefore, the District was able to make an actual indigent care budget for CCIRH of \$6,000,000.

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

- The District's Partners In Women's Health Program, an initiative of the Hospital District, established in 1994, will continue to be operated by Cleveland Clinic Indian River Hospital. District funding is budgeted at \$1,682,520, based upon the same rate as fiscal year 2018/2019. The District's initiative provides prenatal care for a significant percentage of the babies born in Indian River County that would otherwise be unavailable. The Amended and Restated Agreement for Operation and Funding of the Partners in Women's Health Program was signed with the other agreements with Cleveland Clinic Foundation on January 1, 2019. The terms and conditions continue in the same manner.
- The gross taxable value of property used in the 2020/2021 budgeting process increased by approximately \$976 million or 5.2%. The District approved a millage of \$0.8011, producing \$15,694,778 in ad valorem tax for the 2020/2021 fiscal year.
- The District's 2020/2021 budget provides for \$14,713,597 in net ad valorem tax revenues, \$323,000 in other revenues, \$13,222,096 in program expenditures, and \$909,961 in administrative expenses, including depreciation. This results in a budgeted increase in the District's total net position of \$904,540.
- The reserves designated and budgeted in 2020/2021 continue including \$150,000 for the improvement and betterment of the Gifford Health Center and the Human Services Building, \$1,500,000 to fund operations at fiscal yearend, \$890,192 reserved for Indigent Care contingencies, and \$2,550,000 for investments.
- The District began, this year, to invest their surplus funds throughout the year to gain additional interest for funding and operating purposes. A relationship was developed with Water Walker Investments. For the 2020/2021 fiscal year plans are in place to use this Preferred Deposit Pool, with daily liquidity, for the excess funds. All deposits are FDIC insured and the Seacoast Operating Account will remain for the District's local banking relationship and needs.
- The District continues to modify its qualifying criteria, billing, and funding practices for community healthcare. The District plans to revisit the healthcare needs and how responding to these needs impact on the community and District funding. This will include financial impact of raising the income qualifying criteria to 200% of the Federal Poverty level and qualifying criteria. Other options for funding the organizations to best meet the needs of the public will also be explored.
- The District continues participating in the provision of access to mental health care, including substance use in Indian River County, which includes how best to participate in and fund a full mental health system of care and, if appropriate, to provide additional District funding. This process has moved forward as the District becomes a more direct partner in the continuum of healthcare for Indian River County, including a close relationship in the Mental Health Collaborative/Connections Program and the addition of an Intensive Outpatient Program. The District also continues to expand access and support to the Substance Abuse services and recovery support.
- The implementation of the revised 3-year Strategic Plan will continue through the coming year. The District will continue the developed Learning Agenda to better understand the Health Care Environment. The future focus of the District is to become more involved in community issues, address and ensure access to all systems of health care for our county residents and focus on population health.

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INDIAN RIVER COUNTY HOSPITAL DISTRICT

Management's Discussion and Analysis, Continued

- The District will continue engagement with the VNA Mobile Unit's Vulnerable Village initiative and Together For Health.
- Indian River County has approached the District to acquire land surrounding the perimeter road (11th Drive) for the Aviation Blvd expansion project. They plan to extend Aviation Blvd across US 1 and connect to 11th Drive. In exchange for this right of way, the County will assume ownership and maintenance of 36th Street as a County Roadway.
- The District has secured new office space in the downtown area and will be moving to this location in October 2020. They will enter into an initial 3-year lease, with two 3-year renewal options.
- In November 2020, District Trustee seats 1, 3, 5, and 7 were up for election. All of the current sitting members filed to continue in their current seats with opposition in only seat 3. The election resulted in each Incumbent maintaining their seat. The Board of Trustees remains the same through 2022.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. If you have questions about this report or need additional information, contact the District's office as follows:

By Mail:

Indian River County Hospital District
1705 19th Place, Suite G3
Vero Beach, Florida 32960

By Phone or Fax:

Indian River County Hospital District
(772) 770-0935
(772) 770-1974

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Statements of Net Position

September 30, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 110,283	5,075,984
Investments (note 2)	5,323,860	—
Accounts receivable	158,193	174,479
Prepaid expenses	<u>35,819</u>	<u>32,074</u>
Total current assets	5,628,155	5,282,537
Property and equipment, net (note 3)	1,384,748	1,457,590
Other asset	<u>39,022</u>	<u>34,000</u>
Total assets	\$ <u>7,051,925</u>	<u>6,774,127</u>
 <u>Liabilities and Net Position</u> 		
Current liabilities:		
Accounts payable	1,141,173	1,240,981
Accrued expenses	<u>23,187</u>	<u>11,768</u>
Total liabilities	1,164,360	1,252,749
Net position:		
Net investment in capital assets	1,384,748	1,457,590
Unrestricted (note 4)	<u>4,502,817</u>	<u>4,063,788</u>
Total net position	5,887,565	5,521,378
Commitments and contingencies (notes 5 and 9)	_____	_____
Total liabilities and net position	\$ <u>7,051,925</u>	<u>6,774,127</u>

See accompanying notes to financial statements.

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Net ad valorem tax revenues	\$ 14,050,797	15,005,376
Rental income	<u>247,352</u>	<u>242,301</u>
Total operating revenues	<u>14,298,149</u>	<u>15,247,677</u>
Operating expenses:		
Indigent care and program funding (note 6)	13,218,843	12,218,603
Professional fees	148,091	555,288
Salaries and benefits	302,857	294,126
Other	232,314	242,601
Depreciation	<u>103,108</u>	<u>73,147</u>
Total operating expenses	<u>14,005,213</u>	<u>13,383,765</u>
Operating income	292,936	1,863,912
Non-operating revenues – investment income	<u>73,251</u>	<u>16,744</u>
Change in net position	366,187	1,880,656
Net position, beginning of year	<u>5,521,378</u>	<u>3,640,722</u>
Net position, end of year	\$ <u>5,887,565</u>	<u>5,521,378</u>

See accompanying notes to financial statements.

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Statements of Cash Flows

Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating activities:		
Net ad valorem taxes received	\$ 14,050,797	15,005,376
Cash received for rents	247,352	242,301
Cash paid for programs, net	(13,312,099)	(12,218,603)
Cash paid for goods and activities	<u>(663,876)</u>	<u>(1,922,524)</u>
Net cash provided by operating activities	<u>322,174</u>	<u>1,106,550</u>
Noncapital financing activities	<u>—</u>	<u>—</u>
Capital and related financing activities:		
Acquisition of capital assets	(30,266)	(115,749)
Increase in other assets	<u>(7,000)</u>	<u>(34,000)</u>
Net cash used in capital and related financing activities	<u>(37,266)</u>	<u>(149,749)</u>
Investing activities:		
Purchase of investments	(12,071,192)	—
Proceeds on sale of investments	6,747,332	—
Investment income receipts	<u>73,251</u>	<u>16,744</u>
Net cash provided by (used in) investing activities	<u>(5,250,609)</u>	<u>16,744</u>
Net increase (decrease) in cash and cash equivalents	(4,965,701)	973,545
Cash and cash equivalents at beginning of year	<u>5,075,984</u>	<u>4,102,439</u>
Cash and cash equivalents at end of year	\$ <u><u>110,283</u></u>	<u><u>5,075,984</u></u>
Reconciliation of change in net position before capital contributions to net cash provided by operating activities:		
Change in net position before capital contributions	\$ 366,187	1,880,656
Add (deduct):		
Depreciation	103,108	73,147
Amortization of other assets	1,978	—
Interest income	(73,251)	(16,744)
(Increase) decrease in current assets:		
Accounts receivable	16,286	(12,409)
Prepaid assets	(3,745)	(13,165)
Increase (decrease) in current liabilities:		
Accounts payable	(99,808)	(802,068)
Accrued expenses	<u>11,419</u>	<u>(2,867)</u>
Net cash provided by operating activities	\$ <u><u>322,174</u></u>	<u><u>1,106,550</u></u>

See accompanying notes to financial statements.

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Notes to Financial Statements

September 30, 2020 and 2019

(1) Organization and Summary of Significant Accounting Policies

(a) Reporting Entity and Basis of Presentation

The Indian River County Hospital District (the District) is an independent special tax district located in Indian River County, Florida. The District was created pursuant to Chapter 61-2275 of the Laws of Florida, Special Acts (the Acts) of 1961, as amended. The District currently owns a general acute-care hospital known as the Cleveland Clinic Indian River Hospital (previously the Indian River Medical Center) (the Medical Center) located in Vero Beach, Florida, which is licensed for 335 beds. The Medical Center, including the approximately 24 acres of land on which it is located, the buildings, improvements, fixtures and equipment is referred to as the “hospital facility”. The District is governed by a Board of Trustees (the Board) which is empowered by the Acts to establish and construct such health facilities in the district area and to levy taxes and issue bonds to finance such operations.

Effective January 1, 2019, the District leased the hospital facility and approximately 45 acres of undeveloped property to Indian River Memorial Hospital, Inc., an affiliated not-for-profit organization established and owned by Cleveland Clinic Florida Regional Health System Nonprofit Corporation, to operate the hospital facility. The lease expires on December 31, 2039 unless extended. The lease term extends automatically for three additional fifteen-year periods unless either the Medical Center delivers to the other either a written Non-Renewal Notice, delivered no later than 30 months prior to the end of the then existing lease term. The District reimburses the Medical Center for certain services provided to the residents of the District. The contractual relationships between the District and the Medical Center are discussed further in note 9. Because of the nature of these agreements, the District’s financial statements are presented in a manner similar to those of a proprietary fund enterprise.

The District leases real estate located in Vero Beach, Florida, to the Visiting Nurse Association of the Treasure Coast, Inc. (VNA), a not-for-profit organization, upon which the District constructed a three story office building, referred to as the Human Service Building. The lease was a seven year lease ending on May 31, 2012, which was renewed for two additional five year periods ending on May 31, 2022.

The District leases approximately four acres of real estate to the VNA, a not-for-profit organization, upon which the VNA has constructed and operates a 12-bed hospice house. The lease terminates on December 31, 2026, with one additional ten year option, at \$1 per year.

The District leases real estate located in Gifford, Florida, upon which the District constructed a health center, referred to as the Gifford Health Center, to Treasure Coast Community Health, Inc. The lease is for \$1 per year and automatically renews on an annual basis, unless 60 days written notice of nonrenewal is provided by either party.

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Notes to Financial Statements

(b) Authorized Investments

The District's enabling legislation permits investments as described in Section 218.415 of the Florida Statutes. The District's investment in the Florida Fixed Income Trust is an external investment pool, which does not meet certain amortized cost criteria defined by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and therefore is reported at fair value, as provided for by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

(c) Cash and Cash Equivalents

Cash and cash equivalents are defined as highly liquid investments with original maturities of three months or less and consist of amounts held in commercial bank demand deposit accounts and money market accounts.

(d) Pledges Receivable and Capital Contributions

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until conditions are substantially met.

(e) Property and Equipment

Property and equipment, which include betterments of existing facilities, are recorded at cost or fair market value at the time of donation. Maintenance, repairs and minor renewals are charged to expense as incurred. Depreciation is provided using the straight-line method over the estimated lives indicated below.

	<u>Years</u>
Land improvements	15-20
Buildings	24-30
Leasehold improvements	6
Equipment	5-7

(f) Ad Valorem Tax Revenue

Ad valorem tax revenues are recorded in the year for which the taxes are received, net of uncollectible amounts, collection expenses, and appraisal fees. The District is responsible for setting their portion of the ad valorem millage rates. A millage rate is the rate of tax per thousand dollars of taxable value. The ad valorem taxes are paid in arrears and are based on the calendar year. The Indian River County Tax Collector levies the taxes for the District as provided under the state law. The taxes are collected by the Indian River County Tax Collector and are remitted to the District as received.

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Notes to Financial Statements

Net ad valorem tax revenues consist of the following for the years ended September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Ad valorem tax revenues, net of uncollectible amounts	\$ 14,409,325	15,346,171
Less commissions and fees:		
Property Appraiser	216,658	195,441
Tax Collector	<u>141,870</u>	<u>145,354</u>
Net Ad valorem tax revenues received	\$ <u>14,050,797</u>	<u>15,005,376</u>

The taxable assessed property valuation and the millage rate were \$18,615,073,764 and \$0.8011 for 2020, respectively, and \$17,409,425,842 and \$0.9122 for 2019, respectively.

(g) Basis of Accounting and Presentation

The District presents the financial statements in accordance with the provisions of Statement No. 34 of the Governmental Accounting Standards Board (“GASB 34”), *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. GASB 34 established standards for external financial reporting for all state and local governmental entities. These standards require three financial statements that include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

The Statement of Net Position requires that total net position be reported in three components: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted.

- “Net investment in capital assets” consists of capital assets, including restricted capital assets, net of accumulated depreciation, reduced by the amount outstanding for any bonds, notes, or other financing liabilities that were incurred related to the acquisition, construction, or improvement of the capital assets.
- “Restricted net position” consists of assets that are restricted as to use by external factors such as debt covenants, grantors, contributors, or laws and regulations of other governments or legislation.
- “Unrestricted net position” consists of assets that do not meet the definitions above for “invested in capital assets, net of related debt” or “restricted net position.”

The Governmental Accounting Standards Board released Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* on March 11, 2009, which applies only to governmental fund types. The District operates under proprietary fund accounting, therefore, Statement 54 is not applicable.

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Notes to Financial Statements

(h) *Non-operating Revenues (Expenses)*

The District classifies revenues and expenses which are directly related to the healthcare needs of the citizens of Indian River County, Florida, as operating. All other revenues and expenses are classified as non-operating, including interest income.

(i) *Statement of Cash Flows*

The District follows Governmental Accounting Standards Board Statement No. 9 “*Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*”, as amended by GASB 34. The primary effect of this Statement is the classification of interest receipts and payments as cash flows from capital and related financing activities in the statement of cash flows.

(j) *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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(k) *Concentration of Credit Risk*

The District maintains cash and cash equivalents in accounts, which are not covered by or which at times may be in excess of FDIC and SIPC insurance limits. The District has not experienced any losses on such accounts and does not believe it is exposed to any risk with respect to cash and cash equivalents. The District maintains a savings account at a qualified public depository which had a balance at September 30, 2020 and 2019 of \$110,731 and \$4,959,977, respectively, and which is insured by the State of Florida under the Florida Security for Public Deposits Act.

(2) *Investments*

The District invests cash reserves in the Florida Fixed Income Trust’s Preferred Deposit Pool (PDP Pool). The PDP Pool consists of overnight and term FDIC insured deposits and qualified public depositories, as defined in Chapter 280, Florida Statutes, and therefore the PDP Pool is not currently rated. The PDP Pool provides same day liquidity and as of September 30, 2020, the PDP Pool’s weighted average days to maturity is 17 days.

As of September 30, 2020, the District’s PDP Pool investment’s fair value was \$5,323,860, measured at NAV of \$1 per share, and therefore is not classified within fair value hierarchy defined by GASB No. 72, *Fair Value Measurement and Application*.

During the year ended September 30, 2020, the District’s investment earnings totaled \$71,192.

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Notes to Financial Statements

(3) Property and Equipment

The District's investment in property and equipment consists of the following as of September 30, 2020 and 2019:

	<u>Balance</u> <u>2019</u>	<u>Additions/</u> <u>Transfers</u>	<u>Retirements/</u> <u>Transfers</u>	<u>Balance</u> <u>2020</u>
Land	\$ 241,160	-	-	241,160
Land improvements	418,333	-	-	418,333
Buildings	3,935,756	-	-	3,935,756
Leasehold improvements	-	25,000	-	25,000
Equipment	<u>249,549</u>	<u>5,266</u>	<u>-</u>	<u>254,815</u>
Total at historical costs	<u>4,844,798</u>	<u>30,266</u>	<u>-</u>	<u>4,875,064</u>
Less accumulated depreciation for:				
Land improvements	412,055	761	-	412,816
Buildings	2,793,747	86,904	-	2,880,651
Equipment	<u>181,406</u>	<u>15,443</u>	<u>-</u>	<u>196,849</u>
Total accumulated depreciation	<u>3,387,208</u>	<u>103,108</u>	<u>-</u>	<u>3,490,316</u>
	<u>\$ 1,457,590</u>	<u>(72,842)</u>	<u>-</u>	<u>1,384,748</u>

(4) Designated Unrestricted Net Position

To the extent the District has available, unrestricted net position, the following designations have been established as of September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Designated for investments	\$ 2,550,000	-
Designated for Healthcare Bill	890,192	2,425,434
Designated for Gifford Health Center	100,000	120,000
Designated for Health Services Building	<u>50,000</u>	<u>100,000</u>
Total designations	<u>\$ 3,590,192</u>	<u>2,645,434</u>

(5) Lease Commitments

Future minimum lease receipts/payments under noncancelable operating leases for office and/or medical space (as described in note 1(a)) as of September 30, 2020 are:

	<u>Receipts</u>	<u>Payments</u>
2021	\$ 261,574	108,113
2022	177,837	52,974
2023	2	35,000
2024	2	-
2025	<u>2</u>	<u>-</u>
Total minimum lease receipts/payments	<u>\$ 439,417</u>	<u>196,087</u>

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Notes to Financial Statements

The District leases certain real estate to VNA and to Treasure Coast Community Health, Inc., as more fully described in note 1(a).

The District leases an office for administrative purposes through November 30, 2021. The rent under the lease was \$5,329 and \$5,173 per month as of September 30, 2020 and 2019, respectively.

The District entered into a new office lease for administrative purposes, effective August 1, 2020. The lease provides for monthly payments of \$3,500 through July 31, 2023 and may be extended for two additional three-year terms.

Rent expense, including common area maintenance charges, totaled \$102,991 and \$92,319 for the years ended September 30, 2020 and 2019, respectively.

(6) Indigent Care and Program Funding

During the years ended September 30, 2020 and 2019, the District provided indigent care and program funding to the following agencies:

	<u>2020</u>	<u>2019</u>
Cleveland Clinic – Indigent funding	\$ 6,000,000	4,500,000
Cleveland Clinic – Partners In Women’s Health	1,682,520	1,261,890
Indian River Medical Center – Indigent funding	–	1,817,719
Indian River Medical Center – Partners In Women’s Health	–	495,630
Treasure Coast Community Health, Inc.	2,445,933	1,373,513
Indian River County Public Health Department	–	691,400
Visiting Nurse Association of the Treasure Coast, Inc.	778,587	586,614
Mental Health Association in Indian River County	478,837	430,961
Whole Family Health Center, Inc.	300,843	–
We Care Foundation of Indian River	299,397	–
University of Florida Psychiatric OP Clinic	141,936	215,290
Indian River Healthy Start Coalition, Inc.	103,600	75,000
New Horizons of the Treasure Coast, Inc.	45,870	76,522
Public Guardian	30,000	28,500
Other agencies programs	219,464	–
Indian River County Medicaid Assessment	491,856	465,564
Mental Health Collaborative	<u>200,000</u>	<u>200,000</u>
Total indigent care and program funding	\$ <u>13,218,843</u>	<u>12,218,603</u>

The District’s Indigent Care Agreement with the Medical Center was addressed as part of the Agreements within the negotiations with Cleveland Clinic Foundation. The District continued reimbursing the Medical Center according to the current Indigent Care Agreement until the closing with the Cleveland Clinic was completed on January 1, 2019. The full commitment to the Cleveland Clinic in the Agreement for Indigent Care Services is \$15 million, which will be annually appropriated and paid at \$500,000 per month until complete.

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Notes to Financial Statements

The District's Partners In Women's Health Program will continue to be operated by Cleveland Clinic Indian River Hospital. The Amended and Restated Agreement for Operation and Funding of the Partners in Women's Health Program was signed with the other agreements with Cleveland Clinic Foundation on January 1, 2019. The terms and conditions continue in the same manner.

(7) *Employee Benefit Plans*

The District maintains the I.R.C.H.D. Profit Sharing Plan, a qualified defined contribution profit sharing plan covering all eligible employees, as defined, of the District, which provides for employer contributions on a discretionary basis. Participants vest in employer contributions based on years of service over a 6-year vesting period. The District contributed \$10,136 and \$14,748 to the plan during the years ended September 30, 2020 and 2019, respectively.

In addition, the District provides a contributory Section 457 plan that allows employees to defer salary on a pre-tax and after-tax basis, and provides for no employer contributions.

(8) *Risk Management*

The District maintains general liability, professional liability, and property coverage through purchased commercial insurance with minimal or no deductibles for each line of coverage. During each of the three years ending September 30, 2020, 2019, and 2018, the District experienced no settlements in excess of insurance coverage.

(9) *Commitments and Contingencies*

Under the terms of the lease agreement discussed in note 1(a), the District leased the hospital facilities to the Medical Center, a separate 501(c)(3) organization. Upon the expiration of the Medical Center lease on December 31, 2039, unless extended or the earlier termination thereof, the District will be required to renew the lease, lease it to another entity, or if it chooses, operate the hospital facilities. At the expiration or termination of the lease, the tangible and intangible assets of the Medical Center and its subsidiaries, together with any outstanding bond obligations, will be transferred to the District, subject to the following paragraph.

In December 2007, the District, the Medical Center, and the Indian River Hospital Foundation, Inc. (Foundation) entered into an agreement whereby certain real property additions to the Medical Center facilities funded by the Foundation would be subject to reimbursement to the Foundation in the event of sale of the facilities by the District to entities other than the Medical Center or other similar Florida not-for-profit corporations. The reimbursement would be equal to the then undepreciated cost of the assets, as defined by the agreement, using a 30-year depreciable life.

In connection with the January 1, 2019 closing with Cleveland Clinic, the First Amendment to the Agreement Regarding Return of Granted Funds remained substantially the same as the original 2007 document, with the following amendment: all grants and contributions made by the Foundation after closing will not be subject to the terms of the Agreement.

(Continued)

INDIAN RIVER COUNTY HOSPITAL DISTRICT

Notes to Financial Statements

(10) *Subsequent Events*

In preparing these financial statements, management has evaluated subsequent events and transactions for potential disclosure through January 19, 2021, the date the financial statements were available to be issued.

Effective October 1, 2020, as part of the 2020/21 budget cycle, the District entered into agency funding contracts that provided for a fee for service reimbursement with each of the funded agencies. In total, the 2020/21 budget provided for indigent care and funding in the amount of \$13,222,096.



**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***

The Board of Trustees
Indian River County Hospital District:

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 Indian River County Hospital District (the District), which comprise the statement of net position as of September 30, 2020, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 19, 2021.

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) 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 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 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 may exist that have not been identified.



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, 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.

MORGAN, JACOBY, THURN, BOYLE & ASSOCIATES, P.A.

January 19, 2021



Management Letter

The Board of Trustees
Indian River County Hospital District:

Report on the Financial Statements

We have audited the financial statements of the Indian River County Hospital District (the District) as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated January 19, 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 Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and our 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 January 19, 2021, 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 recommendations made in the preceding audit report.

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 official title and legal authority are disclosed in note 1 to the financial statements. There were no component units related to the District.



Financial Condition and Management

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

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

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

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, the District's Board of Trustees, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

MORGAN, JACOBY, THURN, BOYLE & ASSOCIATES, P.A.

January 19, 2021



Morgan • Jacoby • Thurn • Boyle
& Associates, P.A.
Certified Public Accountants

Independent Accountants' Report

The Board of Trustees
Indian River County Hospital District:

We have examined Indian River County Hospital District's (the District) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* regarding the investment of public funds during the year ended September 30, 2020. Management is responsible for the District's compliance with those requirements. Our responsibility is to an express 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 and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides 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,

MORGAN, JACOBY, THURN, BOYLE & ASSOCIATES, P.A.

January 19, 2021