



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Board of Trustees  
Bay Medical Center  
d/b/a Bay Health Foundation  
Panama City, Florida

### Report on the Financial Statements

We have audited the financial statements of Bay Medical Center d/b/a Bay Health Foundation, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated May 10, 2022.

### 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; 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 May 10, 2022, 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 financial audit report. See prior year findings and recommendations below for the findings and recommendations made in the current and preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report for finding 2020-001.

The following finding has been included in this report since September 30, 2018:

## **Prior Year Findings and Recommendations**

### Segregation of Responsibilities 2020-002

Due to the limited number of people working in the office and the size, Bay Medical Center d/b/a Bay Health Foundation's accounting function precludes certain internal controls that would be preferred for segregation of duties. Oversight provided by the Board of Trustees has been a mitigating factor.

#### Bay Medical Center d/b/a Bay Health Foundation's Response to Findings

The Board of Trustees will continue to provide oversight.

## **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. We determined that Bay Medical Center d/b/a Bay Health Foundation compiled this information in Note 1 to the financial statements.

## **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Bay Medical Center d/b/a Bay Health Foundation 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 Bay Medical Center d/b/a Bay Health Foundation 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 Bay Medical Center d/b/a/ Bay Health Foundation. It is management's responsibility to monitor Bay Medical Center d/b/a Bay Health Foundation'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.

## **Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida

Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Bay Medical Center d/b/a Bay Health Foundation reported:

- 1) The total number of district employees compensated in the last pay period of the district's fiscal year was 2.
- 2) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year was 1.
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$329,966.
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency was \$19,925.
- 5) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:

Diagnostic Imaging Renovation	\$ 248,601
-------------------------------	------------

#### **Additional Matters**

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

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

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

*Lipton, Mauler, Garner & Chastain*

Panama City, Florida  
May 10, 2022

**BAY MEDICAL CENTER**  
**d/b/a BAY HEALTH FOUNDATION**  
**SCHEDULES OF BUDGETED AND ACTUAL RECEIPTS AND EXPENSES**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021		2020
	Budget	Actual	Actual
<b>Operating revenues:</b>			
Operating revenue	\$ 1,268,750	\$ 803,152	\$ 1,565,733
<b>Operating expenses:</b>			
Salaries	320,000	152,450	143,477
Pension expense	184,000	(4,070,890)	966,786
Supplies	63,187	6,035	7,068
Other expenses	7,750	1,390,963	893,866
Indigent assessments, insurance, and fees	238,500	171,462	256,955
Storm related expenditures	-	7,626,621	13,217,646
Depreciation	4,610	4,610	9,410
Total operating expenses	<u>818,047</u>	<u>5,281,251</u>	<u>15,495,208</u>
Operating income (loss)	<u>450,703</u>	<u>(4,478,099)</u>	<u>(13,929,475)</u>
<b>Nonoperating revenues (expenses):</b>			
Net investment income	-	2,988,380	1,096,016
FEMA revenue	-	7,040,346	11,732,571
Loss on disposal of property	-	(88,446)	-
Noncapital grants and contributions	461,495	75,000	-
Other nonoperating revenues (expenses)	-	(24,900)	(24,900)
Total nonoperating revenues (expenses)	<u>461,495</u>	<u>9,990,380</u>	<u>12,803,687</u>
<b>Income (loss)</b>	<u>(10,792)</u>	<u>5,512,281</u>	<u>(1,125,788)</u>