

MANAGEMENT LETTER - REVISED

Board of Directors
Escambia County Health Facilities Authority
Pensacola, Florida

Report on the Financial Statements

We have audited the financial statements of Escambia County Health Facilities Authority (the "Authority") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated February 21, 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; 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 our 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 February 21, 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 annual financial audit report. No findings or recommendations were made in the preceding annual financial 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 the management letter, unless disclosed in the notes to the financial statements. This information is included in the notes to the financial statements. There are no component units.

Financial Condition and Management

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

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

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

Independent Special District

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Authority reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as zero (0).
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as two (2).
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$56,030.
- e. There were no construction projects with a total cost of at least \$65,000 approved by the district that are scheduled to begin on or after October 1 of the fiscal year being reported.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as a favorable variance of \$7,509.

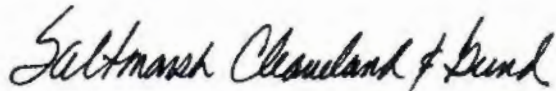
Board of Directors
Escambia County Health Facilities Authority

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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



Pensacola, Florida
May 18, 2022

Escambia County Health Facilities Authority
 Budget to Actual Comparison
 September 30, 2021

	TB LINK	Calculated/ Agreed	Calculated/	PBC	PBC	Actual vs. Final Budget		Actual vs. Orig Budget
						Actual	Actual	Calculated
	(GAAP	to Budgetary	(Budgetary	(Cash Basis)	(Cash Basis)	Variance	Percent	Variance
	Basis)	Basis	Basis)	Original	Final	Favorable	Variance	Favorable
				Budget	Budget	(Unfavorable)		(Unfavorable)
Operating Revenues:								
Fees -			-			-		-
Annual bond	22,500	-	22,500	32,000	31,400	(8,900)	-28%	(9,500)
Bond fees	8,898	-	8,898	-	-	8,898	#DIV/0!	8,898
Bond Issuance Fees	2,500	-	2,500	-	-	2,500	#DIV/0!	2,500
Total operating revenues	33,898	-	33,898	32,000	31,400	2,498	8%	1,898
Operating Expenses:								
Accounting and auditing	11,875		11,875	13,500	11,900	25	0%	1,625
Legal and Professional Services	2,030		2,030	6,000	2,200	170	8%	3,970
Authorized travel and education	6,263		6,263	25,000	6,300	37	1%	18,737
Bond Issuance and related expenses	-		-	-	-	-	#DIV/0!	-
Depreciation	296	(296)	- (1)	-	-	-	0%	-
Dues and subscriptions	1,675		1,675	2,000	1,500	(175)	-12%	325
Equipment & Furnishings	-		-	1,000	-	-	0%	1,000
Investment advisor fee	2,936		2,936	4,000	3,000	64	2%	1,064
Non employee services	54,000		54,000	59,000	54,000	-	0%	5,000
Office operational expense	10,428		10,428	11,000	10,300	(128)	-1%	572
Office rent	14,494		14,494	15,500	14,500	6	0%	1,006
Total operating expenses	103,997	(296)	103,701	137,000	103,700	(1)	0%	33,299
Operating Income (Loss)	(70,099)	296	(69,803)	(105,000)	(72,300)	2,497	-3%	35,197
Non-operating Revenues (Expenses):								
Interest and investment income	12,312		12,312	40,000	36,400	(24,088) b	-66%	(27,688)
Long Term Operations Reserve Fund	-		-	65,000	35,900	a		
Grants	(100,000)	100,000	- (2)	-	-	-	0%	-
Total non-operating expenses	(87,688)	100,000	12,312	105,000	72,300	(24,088)	-33%	(27,688)
Change in Net Assets	(157,787)	100,296	(57,491)	-	-	(21,591)	#DIV/0!	7,509 to Revised Mgmt Ltr

Adjustments to budgetary basis: Client budgets on a cash basis so all noncash income/expense items must be removed above.

(1) Depreciation is a noncash expense and is therefore not included in the cash basis budget. Depreciation expense amount is removed as an adjustment above.

(2) Per discussion with client in prior years, the Board asked that the grant budget/expenditures be kept separate from the regular budget. A separate grant budget is maintained to track grant awards and subsequent expenditures. Grants are on a reimbursement basis. Once a grant is awarded, the reimbursements (expenditures) can be made as they are incurred by the grantee and a separate budget action is not required to approve payments even if they are paid in a different fiscal year from the award year. Appears reasonable.

a Amount represents use of reserves to balance budget, rather than expected revenues. Variance is not considered in this analysis.

b Interest and investment income actual did not meet projections of market performance. Item is difficult to accurately predict due to the nature of investment markets.

Note: Client's statement of financial position contains the following accrual basis balances. Net amount is trivial for purposes of conversion from GAAP basis to budgetary basis above. FWNCN.

A/R	2,500
Prepays	186
A/P	(88)
Accrued exp	(254)
Net - trivial	<u>2,344</u>

Conclusion: Based on the above analysis, it appears that ECHFA is adequately monitoring its budget throughout the year. See budget monitoring policy at **PF4-06. FWNCN.**