



**INDIAN RIVER COUNTY HOSPITAL DISTRICT**

Financial Statements

September 30, 2023 and 2022

(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**

***Opinion***

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, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of September 30, 2023 and 2022, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

The District's 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.





### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 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 March 13, 2024 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.

JACOBY AND HANDLEY, PLLC

March 13, 2024

## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Management's Discussion and Analysis

Indian River County Hospital District's Mission: To improve the health of Indian River County residents.

Indian River County Hospital District's Vision: An innovative and integrated healthcare network that improves the health of Indian River County residents.

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 "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 3.6% of the total millage assessed in Indian River County for fiscal year 2022/2023:

**TABLE 1**  
**Total Indian River County 2022/2023 Millage Assessment**

Final Adjusted Gross Taxable Property Values	\$	<u>23,393,633,734</u>	
Millage by Taxing Authority:			
Schools (State and Local)		5.9850	
County General Fund		3.5475	
Emergency Services		2.3531	
County Municipal Services		<u>1.1506</u>	
		<u>13.0362</u>	
Others (less than 1 Mil):			
Hospital District		0.5110*	3.6% of total
Mosquito Control District		0.2500	
St. Johns Water District		0.1974	
Florida Inland Navigation District		<u>0.0320</u>	
		<u>0.9904</u>	
Total millage	\$	<u>14.0266</u>	

\* - For 2023/2024 millage is 0.5110.



## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Management's Discussion and Analysis, Continued

Data supports a positive impact on health of residents in Indian River County by the District's funded programs, as measured by long-term infant mortality results and access of quality healthcare by low-income residents. The District's strategy incorporates careful stewardship of tax dollars (District millage down 49% since 2016) while serving as the community's voice in addressing the healthcare needs of Indian River County in accordance with the District's Special Act, Mission, and Vision. As the District's relationship has developed with Cleveland Clinic Indian River Hospital (CCIRH), our work remains essential to ensuring access to high-quality healthcare and preventative care throughout Indian River County, which includes the uninsured and low-income 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 88% of annual CCIRH 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 – District funds over \$4.5 million towards Primary Care Services, Dental, and Behavioral Health Services.

Mental Health – District dedicated about 26% 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.

The following section of the District's annual financial report presents our discussion and analysis of the District's financial results for the fiscal year that ended September 30, 2023. Please read this section in conjunction with the District's financial statements that begin on page 16.

### **Major Initiatives for 2022/23**

The following initiatives occurred to enable proper execution of its mission and vision during the fiscal year ended September 30, 2023:

#### Cleveland Clinic Indian River Hospital (CCIRH)

Consistent with the Amended and Restated Indigent Care Agreement, CCIRH has assumed full responsibility for the inpatient and outpatient indigent care. CCIRH has become more active in community issues and development of partner relationships. The District continues to fund and support the Partners in Women's Health programs at CCIRH, consistent with the CCIRH Amended and Restated Agreement for Operation and Funding of the Partners in Women's Health Program. The Intensive Outpatient Program at the CCIRH Behavioral Health Center expanded services and has added a new Behavioral Health Integration in the Emergency Department program in collaboration with the United Way, John's Island Service League and the Community Foundation.



## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Management's Discussion and Analysis, Continued

#### Strategic Framework 2022-2025

The District completed a Strategic Direction exercise facilitated by Carter in early 2022. A Strategic Framework was approved in the summer updating the Mission and Vision statements and outlining four priorities. These priorities will be focusing on primary care, behavioral health, and prevention, improving access to healthcare services and convening key stakeholders to identify healthcare gaps and facilitate collaboration toward potential solutions.

#### Accountability, Transparency, Guidance

The District hired a full-time Internal Audit & Data Analyst position at the end of October 2021. The main focus of the job was to provide a more in-depth audit of the programs and services the District funds with taxpayer dollars. As these audits were completed and presented, the findings were a valuable component in enhancing stewardship monitoring of existing programs and in budgetary funding decisions. This position also uses various tracking systems to analyze county and state data to better inform the Trustees in funding healthcare needs within Indian River County.

#### County Activities

The District engaged the Indian River County Administration in conversations offering to reallocate funding from the County's budget to the Hospital District for those healthcare related organizations and programs/activities that exist in both budgets. The County was in the process of reorganizing funding streams in some of these areas; therefore, were not interested in making changes during this fiscal year. However, with funding streams organized, the District has reengaged with the County and is continuing those discussions as of the date of this document.

#### Mental Health Court

In February of 2023, it was discovered that the three-year grant funding by the Department of Children and Families, intended to pay for vital services for participants in the Mental Health Court would cease and not be renewed. The Indian River County Mental Health Court, implemented in January 2015, is a community-based program that provides court supervision and services to individuals struggling with a mental health disorder. County Judge Nicole Menz approached the District to support the program's shortfall in order to continue to serve the 110 active participants in Mental Health Court. A task force was formed by District trustee Kerry Bartlett to convene all community partners to review current practices and identify sustainable funding sources to support this program.

#### Gifford Health Center

Treasure Coast Community Health (TCCH) has continued to receive very positive community acceptance returning the Gifford Health Center (GHC) to a full-service health care clinic. They have remodeled various areas of the clinic to better serve the community's needs adding vision services. The Advisory Committee continues to assist and inform the Trustees on a semiannual basis. The Community School Partnership initiative with Dodgertown Elementary continues with success. Our staff continues to support the Gifford Health Council, which is a long time community advocacy group spearheaded by Freddie Woolfork.



## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Management's Discussion and Analysis, Continued

#### Fetal Infant Mortality Report (FIMR)

The State Department of Health now advocates annual FIMRs by counties statewide. This recent change in DOH strategy, in part, was likely influenced by the District's decision a few years ago to fund the Indian River County Healthy Start Coalition (Healthy Start) to conduct annual FIMRs. As background, the State DOH had funded FIMRs in Indian River County approximately every 10 years, ostensibly because of low annual volumes of births in the county. After more than 10 years of no FIMR, the District, because of its Partners in Women's Health program, requested the County DOH to request funding for a FIMR. The State DOH declined to fund it, so the District funded Healthy Start to conduct it. The result was so thoroughly informative, the District has funded FIMRs annually for the county since. This allows every single case of infant mortality to be reviewed instead of a sample being taken in the FIMRs done once per decade. Each case is unique, so the data collection was much more robust. Now the State DOH has asked Healthy Start to guide other low birth rate counties on doing them annually.

#### GlobeChek

Following a successful Pilot Program with Whole Family Health Center (WFHC), the District expanded the GlobeChek program with the addition of a mobile GlobeChek unit ensuring equitable access to its services for all residents of Indian River County. GlobeChek provides a state-of-the-art eye exam for patients to detect eye disease and provide refraction to offer eyeglasses.

#### **Financial Highlights**

- The District's net position decreased 4.9% to \$10,629,676 at September 30, 2023. This net decrease was primarily due to a tax revenue decrease as the millage was reduced from 0.7144 to 0.5110, and an increase in overall program funding.
- The District's combined cash and investments decreased \$67,196 as expenses exceeded revenues by \$552,013 and the District invested approximately \$20,000 in capital expenditures.
- The Board of Trustees reserved \$7,968,979 from available cash brought forward for the 2024 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 year end 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, 2023 was \$9,373,444.

## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Management's Discussion and Analysis, Continued

- The indigent care and program funding increased by \$2,284,201 or 25% from the prior year (see pages 10 and 11 for more details). The more significant reasons for the net increase in fiscal year 2022/2023 funding are as follows:
  1. An increase in funding to Cleveland Clinic Indian River Hospital for the Partners In Women's Health program, expansion of the Intensive Outpatient Program and the addition of the Mental Health Integration in the Emergency Department.
  2. Increased funding to Whole Family Health Center largely due to the increased Medication Assistance and the GlobeChek program.
  3. Increased funding to Senior Resource Association to assist with the Meals on Wheels waitlist and for the expansion of the Emergency Alert Response System Program.

### 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.
- 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.

## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Management's Discussion and Analysis, Continued

#### Financial Analysis of the District as a Whole

Net position of the District consisted of the following as of September 30, 2023 and 2022:

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

	<u>2023</u>	<u>2022</u>
Current assets	\$ 10,493,379	10,703,252
Capital assets, net and other	<u>1,448,131</u>	<u>1,703,563</u>
Total assets	<u>11,941,510</u>	<u>12,406,815</u>
Current liabilities	1,224,482	960,450
Long term liabilities	<u>87,352</u>	<u>264,676</u>
Total liabilities	<u>1,311,834</u>	<u>1,225,126</u>
Net position:		
Net investment in capital assets	1,256,232	1,354,401
Unrestricted	<u>9,373,444</u>	<u>9,827,288</u>
Total net position	\$ <u>10,629,676</u>	<u>11,181,689</u>

The District's revenues, expenses, and changes in net position for the years ended September 30, 2023 and 2022 were as follows:

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

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Net ad valorem tax revenues	\$ 11,197,638	13,837,125
Grant income	-	41,726
Other income	<u>206,722</u>	<u>255,233</u>
Total operating revenues	<u>11,404,360</u>	<u>14,134,084</u>
Operating expenses:		
Indigent care and program funding	11,431,389	9,147,188
Administrative expenses	893,716	863,281
Depreciation	<u>174,462</u>	<u>170,154</u>
Total operating expenses	<u>12,499,567</u>	<u>10,180,623</u>
Non-operating revenues – investment income	<u>543,194</u>	<u>92,433</u>
Change in net position	\$ <u>(552,013)</u>	<u>4,045,894</u>

The District's revenues decreased by \$2,729,724 or 19.3%, due to a decrease in the net ad valorem taxes, resulting from an approximate \$2 billion, or 13.4%, increase in the final gross taxable value of the tax base (property values) offset by a decrease in the millage rate to \$0.5110 in 2023 from \$0.7144 in 2022.



## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Management's Discussion and Analysis, Continued

Indigent care and program funding increased \$2,284,201 or 24.9% from prior year. This was primarily due to the following items:

- The District funding for the CCIRH's Partner's Program, Mental Health in Education, and Mother Baby campaign increased by \$1,351,596, or 74.3%. This increase is mainly due to higher volume of clients to be served as well as an increase in annual funding.
- The District funding for Whole Family Health Center (WFHC) increased by \$438,342, or 150.5%. This increase is due to WFHC's new Medication Assistance and GlobeChek programs.
- The District funding for Tykes & Teens increased by \$305,363, or 207%. This increase was to sustain the existing program and to provide for an outpatient mental health program.
- The District funding for Senior Resource Association increased by \$355,202, or 402% for the expansion of the Emergency Alert Response System and the Meals on Wheels Program waitlist.
- The District funding for GlobeChek increased by \$204,705, or 288%. This increase was to expand the services to include a second "mobile" globe to travel to the Treasure Coast Community Health locations throughout the community.
- The District increased funding for psychiatric outpatient clinics and other mental health activities by \$1 million.

Administrative expenses increased \$30,435, or 3.5%, principally due to increased costs for salaries, benefits and professional services.

## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Management's Discussion and Analysis, Continued

During the years ended September 30, 2023 and 2022, 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>2023</u>	<u>2022</u>
Treasure Coast Community Health, Inc.	\$ 2,999,338	3,296,124
CCIRH – Partners In Women’s Health	2,491,187	1,682,520
Visiting Nurse Association of the Treasure Coast, Inc.	780,722	760,201
Whole Family Health Center, Inc.	729,649	291,307
Mental Health Association in Indian River County	591,427	502,820
Indian River County Medicaid Assessment	470,708	476,141
Tykes & Teens	452,801	147,438
CCIRH – Integration of Mental Health in Emergency Dept	450,000	–
Indian River Healthy Start Coalition, Inc.	445,000	637,988
Senior Resource Association, Inc.	443,450	88,248
GlobeChek	275,716	71,011
CCIRH – Intensive Outpatient Program	228,577	135,648
Mental Health Collaborative	220,000	200,000
Substance Awareness Center	210,966	153,483
Childcare Resources of Indian River, Inc.	173,471	116,791
Sunshine Physical Therapy	148,461	–
Southeast FL Behavioral Health Network	87,071	–
University of Florida Psychiatric OP Clinic	57,067	95,072
Dynamic Life Recovery	50,000	51,000
Hope for Families Center	42,140	42,140
New Horizons of the Treasure Coast, Inc.	25,227	39,930
Senior Collaborative of Indian River County	22,500	22,500
Catholic Charities of the Diocese of Palm Beach	22,252	–
Camp Haven	13,659	–
Phoenix Rising Wellness Center	–	254,000
We Care Foundation of Indian River	–	<u>82,826</u>
Total indigent care and program funding	\$ <u>11,431,389</u>	<u>9,147,188</u>

#### Related Party Information

During 2023 and 2022, the District funded Senior Resource Association, Inc, as indicated above. Senior Resource Association, Inc.’s executive director also serves as District Trustee.



## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Management's Discussion and Analysis, Continued

#### Capital Assets and Debt Financing

##### Capital Position

As of September 30, 2023, the District had invested \$1,390,369, 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 \$270,116, or 16.3% from September 30, 2022.

**TABLE 6**  
**Capital Assets**

	<u>2023</u>	<u>2022</u>
Land and improvements:		
Gifford Health Center	\$ 35,000	35,000
Human Services Building	223,569	225,117
Buildings and improvements:		
Gifford Health Center	732,756	823,211
Human Services Building	227,654	234,934
Leasehold improvements	12,500	16,667
Equipment – Gifford Health Center	18,130	29,512
Equipment	6,896	-
Leased assets	<u>133,864</u>	<u>296,044</u>
Net property and equipment	\$ <u>1,390,369</u>	<u>1,660,485</u>

Certain land and building properties held and operated by CCIRH under the terms of its agreement with the District are excluded from the District's financial statements.

Depreciation and amortization expense of \$174,462 for the year ended September 30, 2023 was \$4,308 more than the prior year as capital expenditures in the current and prior years resulted in higher depreciation.

##### Long-Term Debt

The District has no debt financing as of September 30, 2023.

##### Leases

The District follows the accounting and financial reporting provisions of *GASB Statement No. 87, Leases*, whereby lessees are required to recognize a lease liability and an intangible right-to-use asset, and lessors are required to recognize a lease receivable and a deferred inflow of resources.

During the year ended September 30, 2023, the property underlying the District's leased office space was sold and the new owner/landlord assumed the existing lease through July 31, 2023. As a result of the sale, the new owner/landlord negotiated a new lease with the District effective August 1, 2023. The new three-year lease agreement provides for monthly payments during the first year of \$3,885 and is subject to annual increases of 3%, but excluded any options to renew. Accordingly, the remaining right-of-use asset and related liability balances were modified resulting in a gain on lease modification of \$13,548.



## 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 2022/2023 actual results.

**TABLE 7  
Budget vs. Actual**

	2022/2023		Favorable (Unfavorable) Variance
	Budget	Actual	
Revenues:			
Ad valorem tax revenues	\$ 11,595,997	11,530,492	(65,505)
Investment income	102,000	543,194	441,194
Rental and other income	269,000	206,722	(62,278)
Total revenues	11,966,997	12,280,408	313,411
Expenses:			
Indigent care and program funding	13,003,317	11,431,389	1,571,928
Property Appraiser commissions	214,724	191,219	23,505
Tax Collector commissions	231,920	141,635	90,285
Professional fees	334,900	267,712	67,188
Salaries and benefits	500,000	450,329	49,671
Other	317,300	175,675	141,625
Depreciation	67,811	174,462	(106,651)
Total expenses	14,669,972	12,832,421	1,837,551
Change in net position	\$ (2,702,975)	(552,013)	2,150,962

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 \$2,150,962 was mostly due to the expenditures for indigent care and program funding, as more fully discussed on pages 9 and 10. Gross ad valorem tax revenues were less than budget by \$65,505, but were offset by lower than budgeted commissions causing an ad valorem tax revenues, net of related commissions, \$48,285 favorable variance from budget.

#### Factors Bearing on the Future and Plan for 2023/2024

In planning for the 2023/2024 fiscal year, and at the time these financial statements were audited and prepared, the District was aware of the following conditions:

- 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 \$3,127,359, an increase of over \$600,000 from fiscal year 2022/2023. The District's initiative provides prenatal care for a significant percentage of the babies born in Indian River County that would otherwise be unavailable.



## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Management's Discussion and Analysis, Continued

- The gross taxable value of property used in the 2023/2024 budgeting process increased by approximately \$3.2 billion or 12.1%. The District approved a millage of \$0.5110, producing \$13,573,305 in ad valorem tax for the 2023/2024 fiscal year.
- The District's 2023/2024 budget provides for \$12,688,060 in net ad valorem tax revenues, \$3,786,500 in other revenues, \$16,293,850 in program expenditures, and \$1,289,511 in administrative expenses, including depreciation. This results in a budgeted decrease in the District's total net position of \$1,108,801.
- The reserves designated and budgeted in 2023/2024 include \$3,650,000 for capital expenditures for District properties, \$1,500,000 to fund operations at fiscal year end, \$1,290,979 reserved for Indigent Care contingencies, and \$1,528,000 for investments.
- The District invests their surplus funds throughout the year to gain additional interest for funding and operating purposes through a relationship with Deep Blue Investments. For the 2023/2024 fiscal year, plans are in place to maintain the Preferred Deposit Pool, with daily liquidity, for the excess funds. All deposits are in the highest quality investments available in accordance with Florida Law and the Seacoast Operating Account will remain for the District's local banking relationship and needs.
- The District's engagement with Carter to provide a 10-year Strategic Visioning and Direction plan continues with the implementation of the 2022-2025 Strategic Framework. The District's Strategic Framework priorities align with the continued commitment to provide access and support to the residents of Indian River County ensuring access to quality healthcare. The District plans to continue to use health need assessments, data and community group input to contribute tax dollars to positively impacting the health of the residents of the community. The future focus of the District is to become a leader in the community creating an integrated healthcare network improving the overall health of our county residents.
- The District continues participating in the provision of access to a growing need in mental health care, including substance use in Indian River County, which includes how best to participate in and fund a full mental health continuum 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. As the work continues, the District intends to finalize plans to assist in the provision of expanded access and support to Substance Abuse recovery and Detox Services.
- Increased pressures and inflation have impacted the cost of operations in many of the organizations and programs the District funds. It is anticipated that this will be directly reflected in additional requests to the District. The additional earnings from the investments will be helpful in offsetting the tax base and assist the District in responding to some of the unfunded mandates facing our providers.
- As a result of the passing of Florida House Bill 1103, the District will be required to provide a Performance Review by June 30, 2024. We have engaged BJM CPA, Inc. to perform this review, provided all the necessary documentation, and are in the process of completing the document as of the date of this report.

## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Management's Discussion and Analysis, Continued

- The District has planned to sell property at 901 37th Street, Vero Beach for \$3.8 million in April 2024. This land sale to VNA of the Treasure Coast has been planned to ensure sufficient space for the growth and development of VNA programs and services to ensure related healthcare needs are met for residents of Indian River County.

### 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 19<sup>th</sup> 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, 2023 and 2022

	<u>Assets</u>	<u>2023</u>	<u>2022</u>
Assets:			
Cash and cash equivalents		\$ 273,571	207,396
Investments (note 2)		10,063,305	10,196,676
Accounts receivable		121,316	117,092
Lease receivable, current portion (note 4)		—	154,434
Prepaid expenses		<u>35,187</u>	<u>27,654</u>
Total current assets		10,493,379	10,703,252
Property and equipment, net (note 3)		1,256,505	1,364,441
Right-of-use asset, net (notes 3 and 4)		133,864	296,044
Other asset		<u>57,762</u>	<u>43,078</u>
Total assets		\$ <u>11,941,510</u>	<u>12,406,815</u>
<b><u>Liabilities and Net Position</u></b>			
Liabilities:			
Accounts payable		1,075,786	681,840
Accrued expenses		101,911	88,317
Deferred revenue		—	148,885
Lease liabilities, current portion (note 4)		<u>46,785</u>	<u>41,408</u>
Total current liabilities		1,224,482	960,450
Lease liabilities, long term portion (note 4)		<u>87,352</u>	<u>264,676</u>
Total liabilities		<u>1,311,834</u>	<u>1,225,126</u>
Net position:			
Net investment in capital assets		1,256,232	1,354,401
Unrestricted (note 6)		<u>9,373,444</u>	<u>9,827,288</u>
Total net position		10,629,676	11,181,689
Commitments and contingencies (note 9)		—	—
Total liabilities and net position		\$ <u>11,941,510</u>	<u>12,406,815</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Net ad valorem tax revenues	\$ 11,197,638	13,837,125
Grant income	—	41,726
Gain on lease termination	13,548	—
Rental income	<u>193,174</u>	<u>255,233</u>
Total operating revenues	<u>11,404,360</u>	<u>14,134,084</u>
Operating expenses:		
Indigent care and program funding (note 5)	11,431,389	9,147,188
Professional fees	267,712	252,732
Salaries and benefits	450,329	408,028
Other	175,675	202,521
Depreciation and amortization	<u>174,462</u>	<u>170,154</u>
Total operating expenses	<u>12,499,567</u>	<u>10,180,623</u>
Operating income (loss)	(1,095,207)	3,953,461
Non-operating revenues – investment income	<u>543,194</u>	<u>92,433</u>
Change in net position	(552,013)	4,045,894
Net position, beginning of year	<u>11,181,689</u>	<u>7,135,795</u>
Net position, end of year	\$ <u>10,629,676</u>	<u>11,181,689</u>

See accompanying notes to financial statements.

# INDIAN RIVER COUNTY HOSPITAL DISTRICT

## Statements of Cash Flows

Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating activities:		
Net ad valorem taxes received	\$ 11,199,405	13,837,125
Cash received from grants	-	41,726
Cash received for rents	199,289	257,313
Cash paid for programs, net	(11,173,621)	(9,162,590)
Cash paid for goods and activities	<u>(746,427)</u>	<u>(821,465)</u>
Net cash provided by (used in) operating activities	<u>(521,354)</u>	<u>4,152,109</u>
Capital and related financing activities:		
Acquisition of capital assets	(42,611)	(197,277)
Interest expense payments	(3,585)	(4,316)
Payment of lease liability	<u>(42,274)</u>	<u>(40,665)</u>
Net cash used in capital and related financing activities	<u>(88,470)</u>	<u>(242,258)</u>
Investing activities:		
Purchase of investments	(17,269,415)	(14,680,406)
Proceeds on sale of investments	17,496,501	10,704,240
Investment income receipts	<u>448,913</u>	<u>77,733</u>
Net cash provided by (used in) investing activities	<u>675,999</u>	<u>(3,898,433)</u>
Net increase in cash and cash equivalents	66,175	11,418
Cash and cash equivalents at beginning of year	<u>207,396</u>	<u>195,978</u>
Cash and cash equivalents at end of year	\$ <u>273,571</u>	<u>207,396</u>
Reconciliation of change in net position before capital contributions to net cash provided by (used in) operating activities:		
Change in net position before capital contributions	\$ (552,013)	4,045,894
Add (deduct):		
Depreciation and amortization	174,462	170,154
Amortization of other assets	7,456	1,134
Interest income	(542,628)	(92,433)
Interest expense	3,585	4,316
Gain on lease termination	(13,548)	-
(Increase) decrease in current assets:		
Accounts receivable	(4,224)	19,397
Lease receivable	154,434	257,313
Prepaid assets	(7,533)	336
Increase (decrease) in current liabilities:		
Accounts payable	393,946	(9,122)
Accrued expenses	13,594	10,353
Deferred revenue	<u>(148,885)</u>	<u>(255,233)</u>
Net cash provided by (used in) operating activities	\$ <u>(521,354)</u>	<u>4,152,109</u>

See accompanying notes to financial statements.



## INDIAN RIVER COUNTY HOSPITAL DISTRICT

Notes to Financial Statements

September 30, 2023 and 2022

### (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 (CCIRH) located in Vero Beach, Florida, which is licensed for 335 beds. CCIRH, 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, 2049 unless extended. The lease term extends automatically for three additional fifteen-year periods unless CCIRH delivers to the District 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 CCIRH for certain services provided to the residents of the District. The contractual relationships between the District and CCIRH 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.

As more fully described in note 4, the District also leases real estate to other not-for-profit organizations serving in the healthcare industry.

#### (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.

## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Notes to Financial Statements

**(d) 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.

	Years
Land improvements	15-20
Buildings	24-30
Leasehold improvements	6
Equipment	5-7
Leased assets	Shorter of lease term or useful life

**(e) Leases**

The District follows the accounting and financial reporting provisions of *GASB Statement No. 87, Leases* (GASB 87), whereby lessors are required to recognize a lease receivable and a deferred inflow of resources equal to the present value of future lease payments to be received.

In addition, under GASB 87, lessees are required to recognize a lease liability and an intangible right-of-use asset representing the present value of future lease payments. The right-of-asset is amortized over the shorter of the lease term or the useful life.

**(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.

Net ad valorem tax revenues consist of the following for the years ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Ad valorem tax revenues, net of uncollectible amounts	\$ 11,530,492	14,226,533
Less commissions and fees:		
Property Appraiser	191,219	210,703
Tax Collector	141,635	178,705
Net Ad valorem tax revenues received	\$ <u>11,197,638</u>	<u>13,837,125</u>

## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Notes to Financial Statements

The taxable assessed property valuation and the millage rate were \$23,393,633,734 and \$0.5110 for 2023, respectively, and \$20,618,280,101 and \$0.7144 for 2022, 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.

#### **(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.



## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Notes to Financial Statements

**(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 of \$37,666 and \$100,013 at September 30, 2023 and 2022, respectively, and which is insured by the State of Florida under the Florida Security for Public Deposits Act.

**(2) Investments**

Investments as of September 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Preferred Deposit Pool	\$ 2,283,829	7,751,743
U.S. Treasury bills	3,220,382	2,444,933
U.S. Treasury notes	3,901,488	-
First American Government money market fund	<u>657,606</u>	<u>-</u>
Total investments	\$ <u>10,063,305</u>	<u>10,196,676</u>

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, 2023 and 2022, the PDP Pool's weighted average days to maturity is 3 and 2 days, respectively. The District's PDP Pool investment is 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*.

As of September 30, 2023 and 2022, the District had invested in 52-week U.S. Treasury bills with face value totaling \$3,250,000 and \$2,500,100, respectively, and maturing in December 2023 and May to August 2022. The Treasury bills are purchased at a discount, which are amortized over the maturity period and recognized as interest income.

As of September 30, 2023, the District had invested in U.S. Treasury notes with face value totaling \$3,933,000 with stated interest rates ranging from 0.125% to 0.25% and maturing from October 15, 2023 through January 15, 2024.

## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Notes to Financial Statements

During the years ended September 30, 2023 and 2022, the District's investment earnings totaled \$543,194 and 92,433, respectively.

#### (3) *Property and Equipment*

The District's investment in property and equipment consists of the following as of September 30, 2023 and 2022:

	<u>Balance</u>	<u>Additions/</u>	<u>Retirements/</u>	<u>Balance</u>
	<u>2022</u>	<u>Transfers</u>	<u>Transfers</u>	<u>2023</u>
Land	\$ 241,160	-	-	241,160
Land improvements	434,083	-	-	434,083
Buildings	4,119,199	-	-	4,119,199
Leasehold improvements	25,000	-	-	25,000
Equipment	262,326	20,471	-	282,797
Leased building	375,466	138,908	(375,466)	138,908
Leased equipment	<u>11,421</u>	<u>-</u>	<u>-</u>	<u>11,421</u>
Total at historical costs	<u>5,468,655</u>	<u>159,379</u>	<u>(375,466)</u>	<u>5,252,568</u>
Less accumulated depreciation for:				
Land improvements	415,125	1,549	-	416,674
Buildings	3,061,055	110,380	-	3,171,435
Leasehold improvements	8,333	4,167	-	12,500
Equipment	232,814	12,311	-	245,125
Less accumulated amortization for:				
Leased assets	<u>90,843</u>	<u>46,055</u>	<u>(120,433)</u>	<u>16,465</u>
Total accumulated depreciation and amortization	<u>3,808,170</u>	<u>174,462</u>	<u>(120,433)</u>	<u>3,862,199</u>
	<u>\$ 1,660,485</u>	<u>(15,083)</u>	<u>(255,033)</u>	<u>1,390,369</u>

#### (4) *Leases*

##### *As Lessor*

The District leased 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, originally a seven year lease ending on May 31, 2012, was renewed for three additional five year periods ending on May 31, 2027. On October 28, 2022, VNA submitted notice of intent to vacate property effective April 27, 2023. The lease was subsequently extended through June 30, 2023. The remaining lease receivable related to this lease as of September 30, 2022 was \$154,434 and deferred revenue remaining to be recognized under this lease was \$148,885 as of September 30, 2022, all of which was collected and recognized during the year ended September 30, 2023.



## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Notes to Financial Statements

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. This lease is not covered by the provisions of GASB 87 as it is not considered an exchange transaction.

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. This lease is not covered by the provisions of GASB 87 as it is not considered an exchange transaction.

#### As Lessee

Prior to August 1, 2023, the District leased office space for administrative purposes under an agreement that provided for monthly payments of \$3,500 through July 31, 2023, with two additional three-year term options, with annual increases of 3%. The leased property was sold by the owner during the year ended September 30, 2023 and the new owner/landlord assumed the lease through July 31, 2023. As a result of the sale, the new owner/landlord negotiated a new lease with the District effective August 1, 2023. The new three-year lease agreement provides for monthly payments during the first year of \$3,885 and is subject to annual increases of 3%, but excluded any options to renew. Accordingly, the remaining right-of-use asset and related liability were modified resulting in a gain on lease termination of \$13,548.

The District leases copying equipment under an agreement that provides for monthly payments of \$248 through August 2024.

Long-term liabilities associated with leases as of September 30, 2023 is as follows:

	<u>Balance</u> <u>2022</u>	<u>Additions</u>	<u>Repayments</u> <u>Modifications</u>	<u>Balance</u> <u>2023</u>
Building lease	\$ 300,434	138,908	(307,922)	131,420
Copier lease	<u>5,650</u>	<u>—</u>	<u>(2,933)</u>	<u>2,717</u>
	<u>\$ 306,084</u>	<u>138,908</u>	<u>(310,855)</u>	<u>134,137</u>

The future maturities of long-term leases, as of September 30, 2023 are as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$	46,785	2,800	49,585
2025		46,604	1,655	48,259
2026		<u>40,748</u>	<u>468</u>	<u>41,216</u>
Outstanding at September 30, 2023	\$	<u>134,137</u>	<u>4,923</u>	<u>139,060</u>



## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Notes to Financial Statements

**(5) *Indigent Care and Program Funding***

During the years ended September 30, 2023 and 2022, the District provided indigent care and program funding to the following agencies:

	<u>2023</u>	<u>2022</u>
Treasure Coast Community Health, Inc.	\$ 2,999,338	3,296,124
CCIRH – Partners In Women’s Health	2,491,187	1,682,520
Visiting Nurse Association of the Treasure Coast, Inc.	780,722	760,201
Whole Family Health Center, Inc.	729,649	291,307
Mental Health Association in Indian River County	591,427	502,820
Indian River County Medicaid Assessment	470,708	476,141
Tykes & Teens	452,801	147,438
CCIRH – Integration of Mental Health in Emergency Dept	450,000	–
Indian River Healthy Start Coalition, Inc.	445,000	637,988
Senior Resource Association, Inc.	443,450	88,248
Globechek	275,716	71,011
CCIRH – Mother Baby Campaign	228,577	135,648
Mental Health Collaborative	220,000	200,000
Substance Awareness Center	210,966	153,483
Childcare Resources of Indian River, Inc.	173,471	116,791
Sunshine PT	148,461	–
Southeast FL Behavioral Health Network	87,071	–
University of Florida Psychiatric OP Clinic	57,067	95,072
Dynamic Life Recovery	50,000	51,000
Hope for Families Center	42,140	42,140
New Horizons of the Treasure Coast, Inc.	25,227	39,930
Senior Collaborative of Indian River County	22,500	22,500
Catholic Charities of the Diocese of PB	22,252	–
Camp Haven	13,659	–
Phoenix Rising Wellness Center	–	254,000
We Care Foundation of Indian River	–	82,826
	\$ <u>11,431,389</u>	<u>9,147,188</u>
Total indigent care and program funding	\$ <u>11,431,389</u>	<u>9,147,188</u>

Related Party Information

During 2023 and 2022, the District funded Senior Resource Association, Inc, as indicated above. Senior Resource Association, Inc.’s executive director also serves as District Trustee.

# INDIAN RIVER COUNTY HOSPITAL DISTRICT

## Notes to Financial Statements

### (6) *Designated Unrestricted Net Position*

To the extent the District has available, unrestricted net position, the following designations have been established as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Designated for investments	\$ 1,528,000	2,550,000
Designated for Healthcare Bill	1,290,979	2,845,344
Designated for Gifford Health Center	-	100,000
Designated for Health Services Building	-	50,000
Designated for capital expenditures	<u>3,650,000</u>	<u>-</u>
Total designations	\$ <u>6,468,979</u>	<u>5,545,344</u>

### (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 \$17,674 and \$13,646 to the plan during the years ended September 30, 2023 and 2022, 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, 2023, 2022, and 2021, the District experienced no settlements in excess of insurance coverage.

### (9) *Hospital Facility Agreements*

Under the terms of the lease agreement discussed in note 1(a), the District leased the hospital facilities to CCIRH, a separate 501(c)(3) organization. Upon the expiration of the CCIRH lease on December 31, 2049, 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 CCIRH and its subsidiaries, together with any outstanding bond obligations, will be transferred to the District, subject to the following paragraph.

Under the terms of the lease agreement, certain land and building improvements owned by the District are operated and held by CCIRH and are therefore excluded from the District's financial statements.

## INDIAN RIVER COUNTY HOSPITAL DISTRICT

### Notes to Financial Statements

In December 2007, the District, Indian River Medical Center, Inc., and Indian River Hospital Foundation, Inc. (Foundation) entered into an agreement whereby certain real property additions to the hospital 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 Indian River Medical Center, Inc. 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 CCIRH, 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.

#### **(10) *Subsequent Events***

In preparing these financial statements, management has evaluated subsequent events and transactions for potential disclosure through March 13, 2024, the date the financial statements were available to be issued.

Effective October 1, 2023, as part of the 2023/24 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 2023/24 budget provided for indigent care and program funding in the amount of \$16,293,850.

On November 16, 2023, the District entered into a contract to sell certain vacant land for \$3,800,000. Closing is anticipated on April 8, 2024, and is subject to the resolution of certain contingencies during a due diligence period.



**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, 2023, 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 March 13, 2024.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 or significant deficiencies may exist that have not been identified.



***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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.

JACOBY AND HANSLEY, PLLC

March 13, 2024



## 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, 2023, and have issued our report thereon dated March 13, 2024.

### 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 on 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 March 13, 2024, 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.

### **Specific Information for an 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 District reported:

- a. The total number of district employees compensated in the last pay period of the District's fiscal year as 4.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as 1.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$357,605.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$13,000.
- e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as follows: TCCCH Generator 100KW, total cost of \$73,800.
- 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 follows: the District had no amendments between the original and final total District expenditure budget.

### **Specific Information for an Independent Special District that Imposes Ad Valorem Taxes**

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the District reported:

- a. The millage rate or rates imposed by the District as \$0.5110.
- b. The total amount of ad valorem taxes collected by or on behalf of the District as \$11,530,492.
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as follows: None



**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.

*JACOBY AND HANDELY, PLLC*

March 13, 2024



**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, 2023. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirement referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that 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, 2023.



March 13, 2024