

**LAKE SHORE HOSPITAL AUTHORITY**  
**ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended September 30, 2023**

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## **INTRODUCTORY SECTION**

**LAKE SHORE HOSPITAL AUTHORITY  
LIST OF PRINCIPAL OFFICIALS  
September 30, 2023**

**BOARD OF TRUSTEES**

**CHAIRMAN**

**Brandon Biel**

**VICE-CHAIR**

**Dr. Mark Thompson**

**SECRETARY/TREASURER**

**Loretta (Lory) Chancy**

**BOARD MEMBERS**

**Stephen M. Douglas**

## **FINANCIAL SECTION**



## **Powell and Jones CPA**

1359 S.W. Main Blvd.  
Lake City, FL 32025  
Phone 386.755.4200  
Fax 386.719.5504

### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Lake Shore Hospital Authority  
Lake City, Florida

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Lake Shore Hospital Authority (the Authority), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Lake Shore Hospital Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Authority, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 aggregate, that raise substantial doubt about Authority'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 opinions. 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 generally accepted auditing standards and government auditing standards 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and government auditing standards, we:

- Exercise professional judgment 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 Authority'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 judgment, there are conditions or events, considered in aggregate, that raise substantial doubt about Authority'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.

### **Emphasis of Matter – Prior Period Adjustment**

There has been a restatement of certain balances related to the classification of transfers between the Hospital Building and Hospital Services funds taking place in the fiscal year ending 9/30/2022. This restatement is further discussed in Note 1. Our opinions are not modified with respect to this matter.

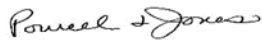
### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of net pension liability, and schedule of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management

and, 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 June 28, 2024, on our consideration of the Authority'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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 the Authority's internal control over financial reporting and compliance.



**Powell and Jones CPA**  
Lake City, Florida  
June 28, 2024

## **LAKE SHORE HOSPITAL AUTHORITY Management's Discussion and Analysis**

This discussion and analysis is intended to be an easily readable analysis of the Lake Shore Hospital Authority's (the Authority) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

### **Report Layout**

The Authority has implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis. Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, and the notes to the financial statements. The first two statements are condensed and present a government-wide view of the Authority's finances. Within this view, all Authority operations are categorized as applicable, and reported as either governmental or business-type activities. Governmental activities include basic planning related services and general administration. The Authority had no business-type activities in this fiscal year. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Authority.

### *Basic Financial Statements*

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the Authority owns the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses on gross and net costs of the Authority's programs and the extent to which such programs rely upon general revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on governmental and proprietary funds, as applicable. Governmental fund statements follow the more traditional presentation of financial statements. As stated above, the Authority has no proprietary funds and business-type activities.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Authority's financial condition.
- The MD&A is intended to serve as an introduction to the Authority's basic financial statements and to explain the significant changes in financial position and differences in operations between the current and prior years.

## Reporting the Authority's Most Significant Funds

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the Authority as a whole. Some funds are required to be established by state law and by contractual agreements. However, the Authority establishes other funds to help it control and manage funds for particular purposes or to show that it is meeting legal responsibilities for using certain grants and other money.

- **Governmental funds** - All of the Authority's services are reported in governmental funds. Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the Authority's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide statements, readers may better understand the long-term effect of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund balance statements.

The Authority maintains the following governmental funds that it classifies as major funds:

**General Fund** - Used to account for the receipt of lease payments received from HMA Lake Shore, Inc., and the expenditure of these funds by the Authority. This is the main operating fund of the Authority.

**Special Revenue Funds** - Special Revenue funds are used to account for specific revenues that are restricted to expenditures for particular purposes.

- **Hospital Services Fund** - Used to account for the receipt of ad valorem taxes and the payment of eligible indigent patient care and capital purchases, as provided in the lease with HMA Lake Shore, Inc. This service will continue with a hospital services agreement with Lake City Medical Center.
- **Clinical Service Fund** - Used to account for receipt of ad valorem taxes and payment of eligible clinic indigent patient care and prescription drug assistance and to account for improvements to the hospital facilities. This fund will no longer be used as of the year end September 30, 2023.
- **Hospital Building Fund** - Used to account for operating expenses associated with the vacant Shands Lake Shore Hospital building, which is owed by the Authority.
- **Capital Projects Fund** - Used to account for improvements to the hospital facilities. This fund will no longer be used as of the year end September 30, 2023.

## Authority as a Whole

### Government-wide Financial Statements

condensed version of the Statement of Net Position at September 30, 2023, follows:

#### Net Position at September 30, 2023 and 2022

	Governmental Activities / Total Government	
	2023	2022
<b>ASSETS</b>		
Cash and investments	\$ 19,936,384	\$ 20,328,956
Right of use assets, net	2,647	4,930
Capital assets, net of accumulated depreciation	13,223,528	13,445,955
Total assets	<u>33,162,559</u>	<u>33,779,841</u>
<b>Deferred Outflows of Resources</b>	<u>75,610</u>	<u>47,072</u>
<b>Liabilities</b>		
Current liabilities	18,542	13,354
Long-term liabilities	246,484	181,544
Total liabilities	<u>265,026</u>	<u>194,898</u>
<b>Deferred Inflows of Resources</b>	<u>41,706</u>	<u>61,601</u>
<b>Net Position</b>		
Invested in capital assets	13,223,528	13,445,955
Restricted	9,192,047	7,358,454
Unrestricted	10,515,862	12,786,005
Total net position	<u>\$ 32,931,437</u>	<u>\$ 33,590,414</u>

During the year ended September 30, 2023, there was a decrease in Net Position, based upon the new operations required by the Authority due to the ending of the hospital lease and increased expenses due to the maintenance required for the hospital building.

A condensed version of the Statement of Activities follows:

**Governmental Activities**  
For the Fiscal Years Ended September 30, 2023 and 2022

	Governmental Activities / Total Government	
	2023	2022
<b>Revenues:</b>		
General revenues		
Ad valorem taxes	\$ 1,285	\$ -
Interest and loss on investments	585,789	(99,192)
Lease income	16,216	-
Other	21,829	22,655
Total Revenues	625,119	(76,537)
<b>Expenses:</b>		
General government	1,262,776	1,756,415
Human service	21,320	62,653
Total expenses	1,284,096	1,819,068
Change in net position	(658,977)	(1,895,605)
Beginning net position	33,590,414	35,486,019
Ending net position	\$ 32,931,437	\$ 33,590,414

**Governmental activities**

Health care program expenditures decreased by \$41,333 from \$21,320 in the prior year to \$62,653 in the current year. This decrease was due to the large reduction in hospital and human services during the fiscal year.

## Capital Assets and Debt Administration

### Capital Assets

At September 30, 2023, the Authority has \$13,223,528 invested in capital assets, consisting primarily of land and buildings.

#### Capital Assets at September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Land	\$ 2,872,999	\$ 2,872,999
Buildings	11,563,204	11,563,204
Office equipment	108,573	108,573
	<u>14,544,776</u>	<u>14,544,776</u>
Accumulated depreciation	<u>(1,321,248)</u>	<u>(1,098,821)</u>
Capital assets, net	<u>\$ 13,223,528</u>	<u>\$ 13,445,955</u>

### Financial Contact

The Authority's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have questions about the report or need additional financial information, please contact the Authority's Executive Director at 259 N.E. Franklin Street, Lake Authority, Florida 32055.

## **Basic Financial Statements**

**LAKE SHORE HOSPITAL AUTHORITY**  
**STATEMENT OF NET POSITION**  
September 30, 2023

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current assets	
Cash	\$ 2,481,983
Investments	17,454,401
Right of use assets, net	2,647
Total current assets	19,939,031
Capital assets, net of accumulated depreciation	13,223,528
Total assets	33,162,559
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>75,610</b>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	12,763
Accrued liabilities	3,655
Lease liability	2,124
Total current liabilities	18,542
Noncurrent liabilities	
Deposits	2,000
Compensated absences	23,952
Net pension liability	220,532
Total noncurrent liabilities	246,484
Total liabilities	265,026
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>41,706</b>
<b>NET POSITION</b>	
Invested in capital assets	13,223,528
Unrestricted	19,707,910
Total net position	\$ 32,931,437

See notes to financial statements.

**LAKE SHORE HOSPITAL AUTHORITY**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended September 30, 2023

	Expenses	Net (Expenses) Revenue and Change in Net Position
		Governmental Activities Total
<b>Governmental activities:</b>		
General government	\$ (1,262,776)	\$ (1,262,776)
Human services - healthcare	(21,320)	(21,320)
<b>Total governmental activities</b>	<b>\$ (1,284,096)</b>	<b>(1,284,096)</b>
 <b>General revenues:</b>		
Ad valorem taxes		1,285
Interest		529,692
Lease income		16,216
Loss on investments		56,097
Miscellaneous		21,829
<b>Total general revenues</b>		<b>625,119</b>
 Change in net position		(658,977)
Net position at beginning of the year		33,590,414
Net position at end of year		<b>\$ 32,931,437</b>

See notes to financial statements.

**LAKE SHORE HOSPITAL AUTHORITY**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
September 30, 2023

	Special Revenue Funds					Total Governmental Funds
	General Fund	Hospital Services	Clinical Services	Capital Improvements Fund	Hospital Buidling Fund	
<b>ASSETS</b>						
Cash	\$ 1,681,902	\$ 371,700	\$ -	\$ -	\$ 428,381	\$ 2,481,983
Investments	9,749,240	7,705,161	-	-	-	17,454,401
Due from other funds	-	686,389	-	-	794	687,183
Accrued interest receivable	-	741	-	-	-	741
<b>Total assets</b>	<b>\$ 11,431,142</b>	<b>\$ 8,763,991</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 429,175</b>	<b>\$ 20,624,308</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 11,644	\$ 1,119	\$ -	\$ -	\$ -	\$ 12,763
Accrued liabilities	3,655	-	-	-	-	3,655
Deposit	2,000	-	-	-	-	2,000
Due to other funds	687,183	-	-	-	-	687,183
<b>Total liabilities</b>	<b>704,482</b>	<b>1,119</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>705,601</b>
<b>Fund balances:</b>						
Nonspendable, long-term assets	-	-	-	-	-	-
Assigned	-	8,762,872	-	-	429,175	9,192,047
Unassigned	10,726,660	-	-	-	-	10,726,660
<b>Total fund balances</b>	<b>\$ 10,726,660</b>	<b>\$ 8,762,872</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 429,175</b>	<b>\$ 19,918,707</b>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	13,223,528
A lease receivable is calculated based on anticipated future cashflows and not amounts earned in the period under audit. Therefore, it is not reported in the governmental funds.	(218)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(210,580)
<b>Net position of governmental activities</b>	<b>\$ 32,931,437</b>

See notes to financial statements.

**LAKE SHORE HOSPITAL AUTHORITY**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended September 30, 2023

	Special Revenue Funds					Total Governmental Funds
	General Fund	Hospital Services	Clinical Services	Capital Improvements Fund	Hospital Building Fund	
<b>REVENUES</b>						
Taxes - ad valorem	\$ -	\$ 1,285	\$ -	\$ -	-	\$ 1,285
Lease income	16,216	-	-	-	-	16,216
Interest	529,574	118	-	-	-	529,692
Other	5,886	10,868	-	-	5,075	21,829
<b>Total revenues</b>	<b>551,676</b>	<b>12,271</b>	<b>-</b>	<b>-</b>	<b>5,075</b>	<b>569,022</b>
<b>EXPENDITURES</b>						
General government						
Personnel services:						
Salaries	159,213	-	-	-	86,158	245,371
Retirement	16,081	-	-	-	10,790	26,871
Payroll taxes	12,177	-	-	-	6,843	19,020
	<b>187,471</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>103,791</b>	<b>291,262</b>
Operating expenses:						
Office expenses	48,724	-	-	-	4,290	53,014
Legal and accounting	53,979	-	-	-	-	53,979
Professional services	-	-	-	-	166,483	166,483
Utilities	12,843	-	-	-	204,152	216,995
Insurance	77,212	-	-	-	7,781	84,993
Repairs and maintenance	22,206	-	-	-	122,526	144,732
(continued)						

See notes to financial statements.

**LAKE SHORE HOSPITAL AUTHORITY**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended September 30, 2023

	Special Revenue Funds					Total Governmental Funds
	General Fund	Hospital Services	Clinical Services	Capital Improvements Fund	Hospital Building Fund	
Operating expenses (continued)						
Other	\$ 2,770	\$ -	\$ -	\$ -	\$ 7,717	\$ 10,487
	<u>217,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>512,949</u>	<u>730,683</u>
 Total general government	 <u>405,205</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>616,740</u>	 <u>1,021,945</u>
Health						
Indigent health services						
Patient care	-	21,320	-	-	-	21,320
	<u>-</u>	<u>21,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,320</u>
Total expenditures	<u>405,205</u>	<u>21,320</u>	<u>-</u>	<u>-</u>	<u>616,740</u>	<u>1,043,265</u>
Excess (deficiency) of revenues over expenditures	146,471	(9,049)	-	-	(611,665)	(474,243)
<b>OTHER FINANCING SOURCES (USES)</b>						
Interfund transfers in	34,169	161,984	-	-	-	196,153
Interfund transfers (out)	-	(34,169)	(131,384)	(30,600)	-	(196,153)
Gain (loss) on investments	79,120	(23,023)	-	-	-	56,097
Total other financing	<u>113,289</u>	<u>104,792</u>	<u>(131,384)</u>	<u>(30,600)</u>	<u>-</u>	<u>56,097</u>
Net change in fund balance	259,760	95,743	(131,384)	(30,600)	(611,665)	(418,146)
Fund balances at beginning of year (restated)	10,466,900	8,667,129	131,384	30,600	1,040,840	20,336,853
Fund balances at end of year	<u>\$ 10,726,660</u>	<u>\$ 8,762,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 429,175</u>	<u>\$ 19,918,707</u>

See notes to financial statements.

**LAKE SHORE HOSPITAL AUTHORITY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended September 30, 2023**

Net change in fund balances - Governmental Funds	\$	(418,146)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Less current year depreciation	(222,427)		(222,427)
Difference			

Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds

Net increase in compensated absences	(4,214)		
Net increase in net pension liability	(62,850)		
Net increase in deferred outflows	28,538		
Net decrease in deferred inflows	19,895		
Changes in lease receivable related items	227		
			(18,404)

Change in net position of governmental activities	\$	(658,977)
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See notes to financial statements.

**LAKE SHORE HOSPITAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Lake Shore Hospital Authority is a special purpose, independent special district of the State of Florida. The Authority was established on July 10, 1963, by a special act of Florida Legislature, Chapter 63-1247 of the *Laws of Florida*. Accordingly, it is controlled by the Florida Constitution and various *Florida Statutes* as well as its enacting legislation and Authority policies. It is governed by a four member board who are appointed by the Governor.

In June 1999, the GASB approved Statement 34 Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. This statement provides for significant changes in financial reporting and is scheduled for phased implementation over a three year period of time based on the size of the government. The Authority implemented these provisions in the 2004 fiscal year as required by the statement.

The financial statements of the Lake Shore Hospital Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below:

**A. Reporting entity** - The Authority's financial statements include all funds over which the Board of Trustees exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, management determined that no potential component units existed which should be included within the reporting entity. Likewise the Authority is not includible as a component unit within another reporting entity.

**B. Adoption of New Accounting Pronouncements** - In June 2017, The Governmental Accounting Standards Board issued Statement of Governmental Accounting Standards (SGAS) No. 87, Leases. SGAS No. 87 requires the recognition by lessees of assets and a lease liability that arise from all lease transactions, except for leases with a term of 12 months or less. The lessee accounting model under SGAS No. 87 results in all leases with a lease term of more than 12 months being accounted for in substantially the same manner as the existing accounting for capital leases. SGAS No. 87 also requires expanded qualitative and quantitative disclosures regarding amount, timing, and uncertainty of cash flows arising from leases. Lake Shore Hospital Authority adopted the provisions of SGAS No. 87 as of October 1, 2021..

**C. Fund Accounting** - The Authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The various funds are grouped in the financial statements in this report into one fund type and three fund categories as follows:

### Governmental Funds

**General Fund** – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The Authority maintains the General Fund to account for revenues from its lease payment receipts as well as its administrative expenses.

**Special Revenue Funds** - Special Revenue funds are used to account for specific revenues that are legally or contractually restricted to expenditures for particular purposes. The Authority maintains separate special revenue funds to account for revenues from its lease payment receipts and ad valorem tax levies.

**D. Basic Financial Statements** - Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type.

Government-wide financial statements report information about the reporting unit as a whole. For the most part, the effect of any interfund activity has been removed from these statements. These statements focus on the sustainability of the Authority as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Other items not reported as program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. The Authority reports the General Fund, special revenue funds, and a capital projects fund, and a debt service fund which are governmental funds.

**E. Measurement focus, basis of accounting** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund financial statements are reported as using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net position.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Authority considers most revenues as available if they are collected within sixty days after year end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when amounts have been accumulated for payments to be made early in the following year.

**F. Cash and cash equivalents**

**Deposits with Financial Institutions** - The Authority's cash at September 30, 2023, consists of legally authorized deposits in institutions which are certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, the Authority's cash at September 30, 2023, is insured through the Bureau of Collateral Securities, Division of Treasury, State Department of Insurance.

**Investments** - Section 218.415, *Florida Statutes*, authorizes the Authority to invest in the Local Government Surplus Funds Trust, direct obligations of the United States Government, obligations unconditionally guaranteed by the United States, time deposits and savings accounts of Florida Qualified Depositories, and Securities and Exchange Commission restricted money market funds with the highest credit quality rating from a nationally recognized rating agency.

GASB Standard No. 3, "Deposits with Financial Institutions, Investment (including Repurchase Agreements), and Reverse Repurchase Agreements," stipulates that investments should be classified in credit risk categories to give an indication of the level of risk assumed at year end. Category 1 includes deposits that are insured or registered, or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered deposits for which the securities are held by the counterparty's trust department or agent in the Authority's name. At year end, Authority investments consisted of certificates of deposit at qualified depositories which are insured. The investments are stated at the lower of cost or fair market value as prescribed by generally accepted accounting principles.

Description	Category		Cost	Market Value
	1	2		
Certificates of Deposit	\$ 17,454,401	\$ -	\$ 17,454,401	\$ 17,454,401
	\$ 17,454,401	\$ -	\$ 17,454,401	\$ 17,454,401

**G. Receivables and Payables** - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**H. Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the Authority.

**I. Capital Assets** - Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donations.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Authority, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and improvements	15 - 40
Machinery and equipment	3 - 20
Street and related infrastructure	20 - 40

**J. Unearned Revenues** – Unearned revenues reported in government-wide financial statements represent revenues received but not earned. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues represent unearned revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as unearned revenues. The Authority had no unearned revenues at year end.

**K. Accrued Compensated Absences** – The Authority’s policies provide for the accumulation or vesting of vacation benefits by employees which are fully payable upon satisfactory separation.

**L. Prepaid Items** – Significant payment made to vendors for goods or services that will benefit periods beyond September 30, 2023, are recorded as prepaid items.

**M. Restricted Assets** - Certain net assets of the Authority are classified as restricted assets on the statement of net assets because their use is limited either by law through constitutional provisions or enabling legislation: or by restrictions imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted net assets then from unrestricted.

**N. Short-term Interfund Receivables/Payables** – During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables/payables.

**O. Inventories** - The costs of governmental funds inventories are recorded as expenditures when purchased rather than consumed. The actual amounts of any inventory type goods on hand at year end would not be material.

**P. Budgets** - Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the Authority’s governmental funds. All annual appropriations lapse at fiscal year end. Budgeted amounts are as originally adopted or as amended by the Board of Trustees.

**Q. Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**R. Fund Balances – Governmental Funds** – As of September 30, 2023, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements, or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the Authority. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purpose. Under the Authority's adopted policy, only the Board may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of September 30, 2023, fund balances are composed of the following:

	General Fund	Hospital Services	Hospital Building	Total Governmental Funds
Assigned:				
Hospital services	-	8,762,872	-	8,762,872
Hospital building	-	-	429,175	429,175
Unassigned funds	10,726,660	-	-	10,726,660
Total Fund Balances	<u>\$ 10,726,660</u>	<u>\$ 8,762,872</u>	<u>\$ 429,175.00</u>	<u>\$ 19,918,707</u>

**R. Prior Period Adjustment** - During the 2022 fiscal year, transfers of funds between the Hospital Service and Hospital Building funds were recorded as outstanding interfund balances in the balance sheet as opposed to transfers occurring during the fiscal year. This caused the fund balance for each of these funds to be under and over-stated respectively by the transferred amount. These fund balances have been adjusted and restated for the financial period ending September 30, 2023 and are shown as follows:

	Hospital Services Fund	Hospital Building Fund
Fund balance as of 9/30/2022	\$ 9,400,129	\$ 307,840
Prior period adjustment for transfers	(733,000)	733,000
Fund balance as of 9/30/2022 (restated)	<u>\$ 8,667,129</u>	<u>\$ 1,040,840</u>

## NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

“Total fund balances” of the Authority’s Governmental Funds \$19,918,707 differs from “Net Position” of governmental activities \$32,931,437 reported in the statement of net position. This difference results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

#### Capital related items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the capital assets of the Authority as a whole.

Property, plant and equipment of the Authority are depreciated using the straight-line method over the following estimated useful lives:

Cost of capital assets	\$	14,544,776
Accumilated depreciation		(1,321,248)
Total	\$	<u>13,223,528</u>

#### Long-term debt transactions

Long-term liabilities to the Authority’s governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. Balances at September 30, 2023 were:

Compensated Absences	\$	(23,952)
Net pension liability		(220,532)
Deferred inflows of resources		(41,706)
Deferred outflows of resources		75,610
	\$	<u>(210,580)</u>

**Lease related items**

With the implementation of SGAS No. 87, Leases, lessees who are leasing assets to tenants are required to include a lease receivable on their government-wide financial statements. The lease receivable is calculated on the basis of anticipated future cashflows and is not considered earned revenue on the fund financial statements. The lease receivable is included in statement of net position.

Lease liability	\$	3,251
Right of use asset, net		<u>(3,466)</u>
	\$	<u><u>(214)</u></u>

**Eliminations of interfund receivables/payable**

Interfund receivables and payables in the amount of \$687,183 between governmental funds must be eliminated for the Statement of Net Position.

<u>Receivables Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Hospital Building	Operating	\$ 794
Hospital Services	Operating	<u>686,389</u>
		<u><u>\$ 687,183</u></u>

**LAKE SHORE HOSPITAL AUTHORITY**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

	Total Governmental Funds	Capital Related Items	Long-term Debt	Lease Related Items	Eliminations	Statement of Net Assets
<b>ASSETS</b>						
Cash and cash equivalents	\$ 19,936,384	\$ -	\$ -	\$ -	\$ -	\$ 19,936,384
Due from other funds	687,183	-	-	-	(687,183)	-
Lease asset - net	741	-	-	1,906	-	2,647
Capital assets - net	-	13,223,528	-	-	-	13,223,528
<b>Total assets</b>	<b>\$ 20,624,308</b>	<b>\$ 13,223,528</b>	<b>\$ -</b>	<b>\$ 1,906</b>	<b>\$ (687,183)</b>	<b>\$ 33,162,559</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>75,610</b>	<b>-</b>	<b>-</b>	<b>75,610</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 12,763	\$ -	\$ -	\$ -	\$ -	\$ 12,763
Accrued liabilities	3,655	-	-	-	-	3,655
Lease liability	-	-	-	2,124	-	2,124
Deposit	2,000	-	-	-	-	2,000
Compensated absences	-	-	23,952	-	-	23,952
Due to other funds	687,183	-	-	-	(687,183)	-
Net pension liability	-	-	220,532	-	-	220,532
<b>Total liabilities</b>	<b>705,601</b>	<b>-</b>	<b>244,484</b>	<b>2,124</b>	<b>(687,183)</b>	<b>265,026</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>41,706</b>	<b>-</b>	<b>-</b>	<b>41,706</b>
<b>Fund balances/net position</b>						
Invested in capital assets	-	13,223,528	-	-	-	13,223,528
Assigned	9,192,047	-	-	-	-	9,192,047
Unassigned	10,726,660	-	(210,580)	(218)	-	10,515,862
<b>Total net position</b>	<b>19,918,707</b>	<b>13,223,528</b>	<b>(210,580)</b>	<b>(218)</b>	<b>-</b>	<b>32,931,437</b>
<b>Total liabilities and fund balances/ net position</b>	<b>\$ 20,624,309</b>	<b>\$ 13,223,528</b>	<b>\$ 75,610</b>	<b>\$ 1,906</b>	<b>\$ (687,183)</b>	<b>\$ 33,196,463</b>
	<b>\$ 19,918,707</b>	<b>\$ 13,223,528</b>	<b>\$ (210,580)</b>	<b>\$ (218)</b>	<b>\$ -</b>	<b>\$ 32,931,437</b>

**B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities**

The “net change in fund balances” for the Governmental Funds \$(418,146) differs from the “change in net position” for governmental activities \$(658,977) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charges for the year.

Depreciation expense	\$ (222,427)
	<u>\$ (222,427)</u>

Long-term debt transactions

Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net increase in compensated absences	\$ (4,214)
Net increase in net pension liability	(62,850)
Net increase in deferred outflows	28,538
Net decrease in deferred inflows	19,895
	<u>\$ (18,631)</u>

Lease Related Items

Under SGAS No. 87, Leases, lease income is split between interest and reductions in the lease receivable, for governmental activities, and is not solely reported as lease income, as is the case with governmental funds.

Net increase in lease related items	<u>\$ 227</u>
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**LAKE SHORE HOSPITAL AUTHORITY**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**B. Explanation of Differences Between Government Fund Operating Statements and the Statement of Activities**

	Total Governmental Funds	Capital Related Items	Long-term Debt	Lease Related Items	Statement of Activities
<b>REVENUES</b>					
Interest	\$ 529,692	\$ -	\$ -	\$ -	\$ 529,692
Other	21,829	-	-	-	21,829
Total revenues	<u>569,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>569,022</u>
<b>EXPENDITURES</b>					
<b>Current expenditures</b>					
General government	1,021,945	222,427	18,631	(227)	1,262,776
Human services	21,320	-	-	-	21,320
Total expenditures	<u>1,043,265</u>	<u>222,427</u>	<u>18,631</u>	<u>(227)</u>	<u>1,284,096</u>
Excess (deficiency) of revenues over expenditures	(474,243)	(222,427)	(18,631)	227	(715,074)
<b>OTHER FINANCING SOURCES (USES)</b>					
Loss on investments	56,097	-	-	-	56,097
	<u>56,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,097</u>
Net change in fund balance	(418,146)	(222,427)	(18,631)	227	(658,977)
Fund balances at beginning of year (restated)	20,336,853	13,445,955	(191,949)	(445)	33,590,414
Fund balances at end of year	<u>\$ 19,918,707</u>	<u>\$ 13,223,528</u>	<u>\$ (210,580)</u>	<u>\$ (218)</u>	<u>\$ 32,931,437</u>

### **NOTE 3. PROPERTY TAX**

As provided in the prior "Indigent Care Agreement" between the Authority and HMA Lake Shore Hospital, Inc., and as allowed by its enacting laws, the Authority annually levied ad valorem property taxes in Columbia County to fund emergency indigent health care to eligible residents of the County.

Procedures for collecting delinquent taxes, including applicable tax certificate sales, tax deed sales and tangible personal property seizure and sales are provided for by the laws of Florida. Collections of Authority taxes and remittances, including delinquent taxes, are accounted for in the County Tax Collector's office in accordance with applicable Florida laws. Due to these collection procedures, no material amounts of unpaid taxes were outstanding at year end.

### **NOTE 4. COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS - FLORIDA RETIREMENT SYSTEM PLAN AND THE RETIREE HEALTH INSURANCE SUBSIDY PROGRAM**

#### Florida Retirement System:

**General Information** - All of the Authority's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating Authority or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

#### Pension Plan

**Plan Description** - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

**Benefits Provided** - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of

service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

### **Contributions**

**Contributions** – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023, respectively, were as follows:

<u>Class</u>	<u>October 1, 2022 - June 30, 2023</u>	<u>July 1, 2023 - September 30, 2023</u>
Regular Class	11.91%	13.57%
Special Risk Class	27.83%	32.67%
Special Risk Administrative Support	38.65%	39.82%
County Elected Officers	43.77%	44.89%
Senior Management Class	31.57%	34.52%
Deferred Retirement Option Program (DROP)	18.60%	21.13%

The Authority's contributions, including employee contributions, to the Pension Plan totaled \$216,872 for the fiscal year ended September 30, 2023.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At September 30, 2023, the Authority reported a liability of \$124,094 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Authority's proportionate share of the net pension liability was based on the Authority's 2021-22 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023 the Authority's proportionate share was .000311428 percent, which was a increase of 89.22 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the Authority recognized pension expense of \$21,418. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,651	\$ -
Changes in assumptions	8,089	-
Net difference between projected and actual earnings on Pension Plan investments	5,183	-
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	27,214	28,735
Town Pension Plan contributions subsequent to the measurement date	4,137	-
<b>Total</b>	<b>\$ 56,274</b>	<b>\$ 28,735</b>

The deferred outflows of resources related to the Pension Plan, totaling \$4,137 resulting from Authority contributions to the Plan subsequent to the measurement date, will be recognized as a

reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year	
Ending	
2023	\$ 3,189
2024	(1,264)
2025	19,138
2026	1,818
2027	520
Thereafter	-
	\$ 23,401

**Actuarial Assumptions** – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB 2010 base table generational mortality using generational specific MP-2018 mortality impairment projection scale.

The actuarial assumptions used in the July 1, 2023, valuation was based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.60%	2.60%	1.10%
Fixed income	19.80%	4.40%	4.40%	3.20%
Global equity	54.00%	8.80%	7.30%	17.80%
Real estate (property)	10.30%	7.40%	6.30%	15.70%
Private equity	11.10%	12.00%	8.90%	26.30%
Strategic investments	3.80%	6.20%	5.90%	7.80%
Total	100.00%			
Assumed Inflation - Mean			2.40%	1.30%

(1) As outlined in the Pension Plan's investment policy

**Discount Rate** - The discount rate used to measure the total pension liability was 6.70%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

**Sensitivity of the Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate** - The following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Authority's proportionate share of the net pension liability	\$ 211,978	\$ 124,094	\$ 50,569

**Pension Plan Fiduciary Net Position** - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

**Payables to the Pension Plan** - At September 30, 2023, the Authority had \$4,137 in payables to report for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2023

### **HIS Plan**

**Plan Description** - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

**Benefits Provided** - For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include medicare.

**Contributions** - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2023, the HIS contribution for the period October 1, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2024 was 2.96% and 2.58%, respectively. The Authority contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled

The Authority's contributions, including employee contributions to the HIS Plan, totaled \$6,962 for

the fiscal year ended September 30, 2023.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At September 30, 2023, the Authority reported a liability of \$96,438 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Authority's proportionate share of the net pension liability was based on the Authority's 2021-22 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the Authority's proportionate share was .000607244 percent, which was an increase of 84.41 percent from its proportionate share measured as of June 30, 2023.

For the fiscal year ended September 30, 2023, the Authority recognized pension expense of \$3,995. In addition the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,412	\$ 226
Changes in assumptions	2,535	8,357
Net difference between projected and actual earnings on HIS Plan investments	50	-
Changes in proportion and differences between Town HIS Plan contributions and proportionate share of contributions	14,086	4,388
Town HIS Plan contributions subsequent to the measurement date	1,253	-
Total	\$ 19,336	\$ 12,971

The deferred outflows of resources related to the HIS Plan, totaling \$1,253 resulting from Authority contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year	
Ending	
2023	\$ 893
2024	543
2025	901
2026	1,767
2027	936
Thereafter	72
	\$ 5,112

**Actuarial Assumptions** - The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.55%

Mortality rates were based on the PUB 2010 base table generational mortality using generational specific MP-2018 mortality impairment projection scale.

The actuarial assumptions used in the July 1, 2022, valuation was based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

**Discount Rate** - The discount rate used to measure the total pension liability was 3.25%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of the Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate** - The following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 3.54%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.65%	3.65%	4.65%
Authority's proportionate share of the net pension liability	\$ 110,021	\$ 96,438	\$ 85,179

**Pension Plan Fiduciary Net Position** - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2023, the Authority had \$590 in payables to report for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2023.

**NOTE 5. DEPOSITS**

The bank balances of the Authority's deposits were fully insured by federal depository insurance or pledged collateral under state law.

**NOTE 6. INTERFUND ASSETS/LIABILITIES**

Due from/to other funds:

<u>Receivables Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Hospital Building	Operating	\$ 794
Hospital Services	Operating	686,389
		<u>\$ 687,183</u>

Interfund balances generally occur when one fund pays expenses on behalf of another fund, and the reimbursements are received at a later date. All balances are anticipated to be liquidated within the next year.

**NOTE 7. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2023, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets:				
Non-depreciable capital assets not being depreciated:				
Land	\$ 2,872,999	\$ -	\$ -	\$ 2,872,999
Total non-depreciable capital assets	<u>2,872,999</u>	<u>-</u>	<u>-</u>	<u>2,872,999</u>
Depreciable capital assets:				
Building and improvements	11,563,204	-	-	11,563,204
Equipment	108,573	-	-	108,573
Total depreciable capital assets	<u>11,671,777</u>	<u>-</u>	<u>-</u>	<u>11,671,777</u>
Less accumulated depreciation				
Building and improvements	(984,722)	(202,409)	-	(1,187,131)
Equipment	(114,099)	(20,018)	-	(134,117)
Total accumulated depreciation	<u>(1,098,821)</u>	<u>(222,427)</u>	<u>-</u>	<u>(1,321,248)</u>
Total depreciable capital assets, net	<u>10,572,956</u>	<u>(222,427)</u>	<u>-</u>	<u>10,350,529</u>
Governmental activities capital assets, net	<u>\$ 13,445,955</u>	<u>\$ (222,427)</u>	<u>\$ -</u>	<u>\$ 13,223,528</u>

Total depreciation of \$222,427 was charged to the General Government function of the Authority primary government

**NOTE 8. LONG-TERM LIABILITIES**

Changes in Long-term Liabilities: Long-term liability activity for the year ended September 30, 2023, was as follows:

	Balance 9/30/2022	Additions	Deductions	Balance 9/30/2023	Due within one year
Compensated Absences	\$ 19,738	\$ 23,489	\$ (19,275)	\$ 23,952	\$ 3,593
Net pension liability	157,682	62,850	-	220,532	33,080
	<u>\$ 177,420</u>	<u>\$ 86,339</u>	<u>\$ (19,275)</u>	<u>\$ 244,484</u>	<u>\$ 36,673</u>

The compensated absences liability and net pension liability will be liquidated through normal operations.

**NOTE 9. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to theft of, damage to and destruction of assets; and injury or death on the job of all employees. These risks are primarily covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial or workers' compensation insurance coverage for the past three years. There has been no reduction in insurance coverage from the previous year.

**NOTE 10. SUBSEQUENT EVENTS**

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through June 28, 2024, the date the financial statements were available to be issued.

**NOTE 11. OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB)**

The Authority is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the Authority or the retiree. Participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy". This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the Authority younger and statistically healthier active employees. GASB Statement 45 requires governments to report this cost and related liability in its financial statements.

Due to the fact that no retirees participated in the plan during the year and that it is anticipated that this situation will continue in the future because most employees work until they are eligible for Medicare benefits, management had determined that the Authority's OPEB obligation at year end would be of a de minimis amount. Management will monitor this situation in the future and take appropriate steps to properly comply with this GASB Statement.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LAKE SHORE HOSPITAL AUTHORITY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
For the Fiscal Year Ended September 30, 2023**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Lease income	\$ -	\$ -	\$ 16,216	\$ 16,216
Interest	300,000	300,000	529,574	229,574
Investment gain in fair value		-	79,120	79,120
Other	-	-	5,886	5,886
<b>Total revenues</b>	<b>300,000</b>	<b>300,000</b>	<b>630,796</b>	<b>330,796</b>
<b>EXPENDITURES</b>				
General government				
Personnel services				
Salaries	194,571	194,571	159,213	35,358
Payroll taxes	15,000	15,000	12,177	2,823
Retirement	19,400	19,400	16,081	3,319
	<b>228,971</b>	<b>228,971</b>	<b>187,471</b>	<b>41,500</b>
Operating expenses				
Legal and accounting	55,000	55,000	53,979	1,021
Insurance	82,000	82,000	77,212	4,788
Office related expenses	50,250	50,250	48,724	1,526
Repairs and maintenance	21,500	21,500	22,206	(706)
Utilities	13,500	13,500	12,843	657
Other	6,000	6,000	2,770	3,230
	<b>228,250</b>	<b>228,250</b>	<b>217,734</b>	<b>10,516</b>
<b>Total general government</b>	<b>457,221</b>	<b>457,221</b>	<b>405,205</b>	<b>52,016</b>
<b>Total expenditures</b>	<b>457,221</b>	<b>457,221</b>	<b>405,205</b>	<b>52,016</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in	-	-	34,169	(34,169)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>34,169</b>	<b>34,169</b>
<b>Excess of revenues over (under)     expenditures</b>	<b>(157,221)</b>	<b>(157,221)</b>	<b>259,760</b>	<b>416,981</b>
Fund balance, at beginning of year	10,466,900	10,466,900	10,466,900	-
<b>Fund balance, at end of year</b>	<b>\$ 10,309,679</b>	<b>\$ 10,309,679</b>	<b>\$ 10,726,660</b>	<b>\$ 416,981</b>

See notes to financial statements.

**LAKE SHORE HOSPITAL AUTHORITY  
HOSPITAL SERVICES FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
For the Fiscal Year Ended September 30, 2023**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Ad valorem taxes	\$ -	\$ -	\$ 1,285	1,285
Interest	240,000	240,000	118	(239,882)
Miscellaneous Income	-	-	10,868	10,868
<b>Total revenues</b>	<b>240,000</b>	<b>240,000</b>	<b>12,271</b>	<b>(227,729)</b>
<b>EXPENDITURES</b>				
Operating expenses				
Investment loss in fair value	-	-	23,023	(23,023)
	-	-	23,023	(23,023)
Health care services				
Indigent health services	200,000	200,000	21,320	178,680
Other indigent care	150,000	150,000	-	150,000
	350,000	350,000	21,320	328,680
<b>Total expenditures</b>	<b>350,000</b>	<b>350,000</b>	<b>44,343</b>	<b>305,657</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(110,000)</b>	<b>(110,000)</b>	<b>(32,072)</b>	<b>77,928</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers out	-	-	(34,169)	34,169
Interfund transfers in	-	-	161,984	(161,984)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>127,815</b>	<b>127,815</b>
<b>Net change in fund balance</b>	<b>(110,000)</b>	<b>(110,000)</b>	<b>95,743</b>	<b>205,743</b>
Fund balance, at beginning of year	9,400,129	9,400,129	9,400,129	-
Prior period adjustment	(733,000)	(733,000)	(733,000)	-
<b>Fund balance, at end of year</b>	<b>\$ 9,290,129</b>	<b>\$ 9,290,129</b>	<b>\$ 8,762,872</b>	<b>\$ 205,743</b>

See notes to financial statements.

**LAKE SHORE HOSPITAL AUTHORITY  
 CLINICAL SERVICES FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
 For the Fiscal Year Ended September 30, 2023**

	Original and Final Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers out	(131,384)	(131,384)	(131,384)	-
Total other financing sources (uses)	(131,384)	(131,384)	(131,384)	-
Net change in fund balance	(131,384)	(131,384)	(131,384)	-
Fund balance, at beginning of year	131,384	131,384	131,384	-
Fund balance, at end of year	\$ -	\$ -	\$ -	\$ -

See notes to financial statements.

**LAKE SHORE HOSPITAL AUTHORITY**  
**CAPITAL IMPROVEMENTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2023**

	Original and Final Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
Transfers out	30,600	30,600	30,600	-
Total expenditures	30,600	30,600	30,600	-
 Excess of revenues over (under) expenditures	 (30,600)	 (30,600)	 (30,600)	 -
Net change in fund balance	(30,600)	(30,600)	(30,600)	-
Fund balance, at beginning of year	30,600	30,600	30,600	-
Fund balance, at end of year	\$ -	\$ -	\$ -	\$ -

See notes to financial statements.

**LAKE SHORE HOSPITAL AUTHORITY**  
**HOSPITAL BUILDING FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2023**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Miscellaneous Income	\$ -	\$ -	\$ 5,075	\$ 5,075
Total revenues	<u>-</u>	<u>-</u>	<u>5,075</u>	<u>5,075</u>
<b>EXPENDITURES</b>				
Governmental Expenditures				
Salaries	33,000	33,000	96,948	(63,948)
Payroll taxes	-	-	6,843	(6,843)
	<u>33,000</u>	<u>33,000</u>	<u>103,791</u>	<u>(70,791)</u>
Operating Expenditures				
Office Supplies	4,000	4,000	4,290	(290)
Insurance	32,500	32,500	7,781	24,719
Repair and maintenance	155,000	155,000	122,526	32,474
Utilities	192,000	192,000	204,152	(12,152)
Security services	157,500	157,500	166,483	(8,983)
Other	14,000	14,000	7,717	6,283
	<u>555,000</u>	<u>555,000</u>	<u>512,949</u>	<u>42,051</u>
Total expenditures	<u>588,000</u>	<u>588,000</u>	<u>616,740</u>	<u>(28,740)</u>
Excess of revenues over (under) expenditures	(588,000)	(588,000)	(611,665)	(23,665)
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(588,000)	(588,000)	(611,665)	(23,665)
Fund balance, at beginning of year	307,840	307,840	307,840	-
Prior period adjustment	733,000	733,000	733,000	-
Fund balance, at end of year	<u>\$ 452,840</u>	<u>\$ 452,840</u>	<u>\$ 429,175</u>	<u>\$ (23,665)</u>

See notes to financial statements.

**LAKE SHORE HOSPITAL AUTHORITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended September 30, 2023**

**A. Budgetary Information:**

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for all funds. All annual appropriations lapse at fiscal year end.

The Authority generally follows these procedures in establishing the budgetary data for the governmental funds as reflected in the financial statements:

1. Prior to September 30, the Executive Director submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following October. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted following preliminary examination and revision of the proposed operating budget by the Board of Trustees.
3. After public hearings and necessary revisions have been completed, the budget is approved.
4. The legal level of budgetary control is the fund level.
5. Formal budgetary integration is employed as a management control device during the year for all funds of the Authority.

**LAKE SHORE HOSPITAL AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION LIABILITY  
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM  
LAST 10 FISCAL YEARS\***

	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the FRS net pension liability (asset)	0.000277867%	0.000186372%	0.000186372%	0.000162722%	0.000384476%	0.000621245%	0.000630881%	1.111658922%
(asset)	\$ 124,094	\$ 103,389	\$ 14,078	\$ 70,526	\$ 132,408	\$ 187,122	\$ 186,610	\$ 166,378
Authority's proportion of the HIS net pension liability (asset)	0.000512604%	0.000452829%	0.000452829%	0.000446346%	0.000462872%	0.000567156%	0.000580905%	0.006049830%
(asset)	96,438	54,293	55,546	54,498	51,791	60,028	62,113	70,508
Authority's proportionate share of the total net pension liability (asset)	\$ 220,532	\$ 157,682	\$ 69,624	\$ 125,024	\$ 184,199	\$ 247,150	\$ 248,723	\$ 236,886
Authority's covered-employee payroll	\$ 241,600	\$ 172,220	\$ 148,207	\$ 176,479	\$ 153,874	\$ 177,713	\$ 185,107	\$ 189,252
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	91.28%	91.56%	46.98%	70.84%	119.71%	139.07%	134.37%	125.17%
Plan fiduciary net position as a percentage of the total pension liability	77.04%	79.09%	91.09%	74.46%	78.22%	79.86%	79.30%	79.36%

Note 1) The amounts presented for each year were determined as of the June 30 year end of the Florida Retirement System

\*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

**LAKE SHORE HOSPITAL AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM  
LAST 10 FISCAL YEARS\***

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required FRS contribution	\$ 21,418	\$ 17,157	\$ 2,580	\$ 6,906	\$ 11,951	\$ 21,945	\$ 22,974	\$ 23,187
Contractually required HIS contribution	5,711	4,488	10,181	5,337	4,674	3,813	4,300	4,075
<b>Total Contractually Required Contributions</b>	<b>27,129</b>	<b>21,645</b>	<b>12,761</b>	<b>12,243</b>	<b>16,625</b>	<b>25,758</b>	<b>27,274</b>	<b>27,262</b>
Contributions in relation to the contractually required contribution	(27,129)	(21,645)	(12,761)	(12,243)	(16,625)	(25,758)	(27,274)	(27,262)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 241,600	\$ 172,220	\$ 148,207	\$ 176,479	\$ 153,874	\$ 177,713	\$ 185,107	\$ 189,252
Contributions as a percentage of covered-employee payroll	11.23%	12.57%	8.61%	6.94%	10.80%	14.49%	14.73%	14.41%

\*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

**COMPLIANCE SECTION**

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

To the Board of Trustees  
Lake Shore Hospital Authority  
Lake Authority, Florida

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 the governmental activities of Lake Shore Hospital Authority (the Authority), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Lake Shore Hospital Authority’s basic financial statements, and have issued our report thereon dated June 28, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Authority’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 Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of Authority’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 a 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, we identified the following deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial reporting.

**Finding 2011-1 (Excess of second succeeding year)  
Financial Statement Preparation**

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the government does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists because Lake Shore Hospital Authority is not capable of drafting the financial statements

and all required footnotes disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

#### **MANAGEMENT'S RESPONSE**

***We agree with this finding. We are a very small government and have used our available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. Both staff and the Board of Trustees review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the Board of Trustees.***

***At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.***

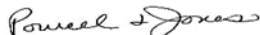
This response has not been subjected to the audit procedures applied in the audit and thus we express no opinion on it.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Authority'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.



**Powell and Jones CPA**  
Lake City, Florida  
June 28, 2024

## MANAGEMENT LETTER

To the Board of Trustees  
Lake Shore Hospital Authority  
Lake Authority, Florida

We have audited the financial statements of the Lake Shore Hospital Authority (the Authority), as of and for the year ended September 30, 2023, and have issued our report thereon dated June 28, 2024. We have also issued our report on compliance and on internal control over financial reporting. That report should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

**PRIOR YEAR FINDINGS** - There were no reportable findings in the prior year applicable to the management letter

**CURRENT YEAR FINDINGS** - There were no reportable findings in the current year applicable to the management letter.

### AUDITOR GENERAL COMPLIANCE MATTERS

**Financial Emergency Status** - We determined that the Authority did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

**Financial Condition Assessment** - As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)5.b. and 10.556(8)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

**Dependent 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:

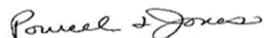
1. The millage rate imposed for the year ended September 30, 2023, was .0001.
2. The total amount of ad valorem taxes collected was \$1,285.

<u>Data Element</u>	<u>Comment</u>
The total number of district employees compensated in the last pay period of the Authorities' fiscal year being reported.	3
The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authorities' fiscal year being reported.	7
All compensation earned by or awarded to the Authorities' employees, whether paid or accrued, regardless of contingency.	\$ 245,371
All compensation earned by or awarded to independent contractors whether paid or accrued, regardless of contingency.	\$ 256,633
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.	N/A
Budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Authority amended a final adopted budget under Section 189.016(6), Florida Statutes.	See pages 42 - 46 of this annual financial report.

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

## CONCLUSION

We very much enjoyed the challenge and experiences associated with this year's audit of the Authority. We are pleased with the continuing fiscal strength of the Authority. We look forward to working with you in the future.



**Powell and Jones CPA**  
 Lake City, Florida  
 June 28, 2024

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA  
STATUTES RELATING TO LOCAL GOVERNMENT INVESTMENTS**

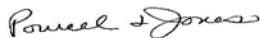
To the Board of Trustees  
Lake Shore Hospital Authority  
Lake Authority, Florida

We have examined the Lake Shore Hospital Authority's (the Authority) compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2023. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority'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 Authority'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 Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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



**Powell and Jones CPA**  
Lake City, Florida  
June 28, 2024

## Communication with Those Charged with Governance

To the Board of Trustees  
Lake Shore Hospital Authority  
Lake Authority, FL

We have audited the financial statements of Lake Shore Hospital Authority (the Authority) for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the Authority's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

#### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 28, 2024.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

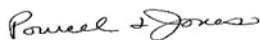
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Trustees and management of the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



**Powell and Jones CPA**  
Lake City, Florida  
June 28, 2024