BAKER COUNTY HOSPITAL AUTHORITY

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2024

LYONS AND LYONS

CERTIFIED PUBLIC ACCOUNTANTS

BAKER COUNTY HOSPITAL AUTHORITY
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2024
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BAKER COUNTY HOSPITAL AUTHORITY
BOARD OF DIRECTORS
SERVING AS OF SEPTEMBER 30, 2024

BOARD OF DIRECTORS

George C. Weeks, Chairman

Claude M. Walker, Vice Chairman

V. Todd Ferreira

Roger Yarborough

LYONS AND LYONS
CERTIFIED PUBLIC ACCOUNTANTS

106 West Boulevard | Telephone (904) 259-4307
Macclenny, Florida 32063 | Fax (904) 259-5102

INDEPENDENT AUDITORS' REPORT

The Honorable Board of Directors
Baker County Hospital Authority
Macclenny, Florida

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying financial statements of the business-type activities and its major fund, of the Baker County Hospital Authority (the "Authority") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the 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 business-type activities, its major fund, of the Authority, as of September 30, 2024, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 Responsibility 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 the 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 the 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 the aggregate, that raise substantial doubt about the 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.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5–7 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 Information Included in the Financial Report
Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with Florida Statute 218.39 (3) (c) but does not include the financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2025, 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 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 considering the Authority's internal control over financial reporting and compliance.

Lyons and Lyons, CPAs

June 16, 2025

Macclenny, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Baker County Hospital Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the Authority's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2023-24.

- The Authority's overall net position decreased by $205,258.
- Total ending unrestricted net position was approximately $936,721.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the Authority's activities as a whole.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the Authority's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenditures are recorded, regardless of when cash is received or paid. Net position – the difference between assets and liabilities – can be used to measure the Authority's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the Authority's financial health is improving or deteriorating. However, other non-financial factors, such as changes in the tax base, must also be considered when assessing the overall health of the Authority.

Both of the government-wide financial statements distinguish between functions of the Authority that are principally supported by ad valorem taxes and pari-mutuel taxes.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Authority uses a proprietary fund to account for its activities.

Proprietary Funds – The Proprietary fund is used to account for all the activities of the Authority and it uses the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may over time be a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by $936,721 at the close of the fiscal year ended September 30, 2024.

	Business-Type Activities	
	FY 2024	FY 2023
Current Assets	$ 428,654	$ 670,273
Non Current Assets	508,067	471,706
Total Assets	936,721	1,141,979
Current Liabilities	-	-
Total Liabilities	-	-
Net Position:		
Committed	-	650,000
Unrestricted	936,721	491,979
Total Net Position	$ 936,721	$ 1,141,979

Changes in Net Position

	FY 2024	FY 2023
Revenues:		
General Revenues:		
Property Taxes	$ 1,314,987	$1,231,284
Other Taxes	25,000	25,000
Interest	20,046	17,943
Total Revenues	1,360,033	1,274,227
Expenses:		
Health & Welfare	1,565,291	888,496
Total Expenses	1,565,291	888,496
Changes in Net Position	(205,258)	385,731
Net Position – Beginning of Year	1,141,979	756,248
Net Position – End of Year	$ 936,721	$ 1,141,979

Business-Type Activities

The Authority's activities are accounted for in a proprietary fund. The business-type activities generated $1,360,033 in revenues and incurred $1,565,291 of expenses. This resulted in a $205,258 decrease in net position.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets
The Authority had no significant capital asset activity during the year.

Debt Administration
The Authority had no debt activity during the year.

ECONOMIC FACTORS
We are not currently aware of any conditions that are expected to have a significant effect on the Authority's financial position or results of operations.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact:

Baker County Hospital Authority
20 E. Macclenny Ave.
Macclenny, FL 32063

BAKER COUNTY HOSPITAL AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

ASSETS	
Current Assets:	
Cash and Equivalents	$ 428,654
Noncurrent Restricted Assets:	
Cash and Equivalents	508,067
TOTAL ASSETS	936,721
LIABILITIES	
Current Liabilities:	
Accounts Payable	-
TOTAL LIABILITIES	-
NET POSITION	
Unrestricted	936,721
TOTAL NET POSITION	$ 936,721

The accompanying "Notes to Financial Statements" form an integral part of this statement.

BAKER COUNTY HOSPITAL AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Net (Expense) Changes in Net Position
Business-Type Activities		
Health and Welfare	$ 1,565,291	$ (1,565,291)
Total Business-Type Activities	$ 1,565,291	(1,565,291)
General Revenues:		
Ad valorem Taxes		1,314,987
Pari-mutuel Taxes		25,000
Interest Income		20,046
Total General Revenues		1,360,033
Changes in Net Position		(205,258)
Net Position - October 1, 2023		1,141,979
Net Position - September 30, 2024		$ 936,721

The accompanying "Notes to Financial Statements" form an integral part of this statement.

BAKER COUNTY HOSPITAL AUTHORITY
STATEMMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

OPERATING EXPENSES	
Hospital Operations	$ 1,168,713
Medicaid Direct Payment Program	256,287
Administrative Services	25,000
Advertising	282
Attorney Services	31,213
State Fees	175
Other Expenses	2,672
Professional Services	7,300
TOTAL OPERATING EXPENSES	1,491,642
OPERATING INCOME (LOSS)	(1,491,642)
NONOPERATING REVENUES (EXPENSES)	
Ad valorem Taxes	1,314,987
Pari-mutuel Taxes	25,000
Interest Revenue	20,046
Property Appraiser Expenses	(47,541)
Tax Collector Expenses	(26,108)
TOTAL NONOPERATING REVENUES (EXPENSES)	1,286,384
CHANGE IN NET POSITION	(205,258)
NET POSITION - October 1, 2023	1,141,979
NET POSITION - September 30, 2024	$ 936,721

The accompanying “Notes to Financial Statements” form an integral part of this statement.

BAKER COUNTY HOSPITAL AUTHORITY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Payments For Services and Suppliers	$ (66,642)
Cash Payments For Hospital Operations	(1,425,000)
NET CASH USED BY OPERATING ACTIVITIES	(1,491,642)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Received From Taxes	1,339,987
Cash Payments For Tax Collection & Assessment	(73,649)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,266,338
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Cash and Equivalents	20,046
NET CASH PROVIDED BY INVESTING ACTIVITIES	20,046
NET DECREASE IN CASH AND CASH EQUIVALENTS	(205,258)
CASH AND CASH EQUIVALENTS, OCTOBER 1, 2023	1,141,979
CASH AND CASH EQUIVALENTS, SEPTEMBER 30, 2024	$ 936,721
CASH AND CASH EQUIVALENTS CLASSIFIED AS:	
Current Assets	$ 428,654
Non-Current Assets	508,067
TOTAL CASH AND CASH EQUIVALENTS, SEPTEMBER 30, 2024	$ 936,721

The accompanying "Notes to Financial Statements" form an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to hospitals. The following is a summary of the more significant policies.

Reporting Entity

The Baker County Hospital Authority (the Authority) is an independent special district created by an Act of the Florida Legislature on May 27, 1953. The Act provided for the creation of the Authority for the establishment and building, maintenance and operation of a public hospital at Macclenny in Baker County, primarily (although not limited) for the use and benefit of the citizens of Baker County, Florida. In addition, the Act provided for the appropriation of money and the raising of revenue by Baker County for the erection and maintenance of such hospital, by the allocation to such hospital authority of portions of race track funds which may be received by Baker County; to provide for the levy of ad valorem taxes by Baker County for the benefit of the hospital, and providing for a local referendum. The Authority is governed by a Board of Trustees, five in number, who are appointed by the Governor of Florida. As of September 30, 2024, four board positions were occupied.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Authority. Governmental activities, which normally are supported by taxes, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties. The Authority has no governmental 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 for services that are directly related to a given function; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The Authority utilizes one fund to account for its activities. This fund is considered a major fund. The Authority utilizes the proprietary fund whereby revenues and expenses are recognized on the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include hospital operations and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus and 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Cash and Cash Equivalents

For purposes of the statement of net position and statement of cash flows, all highly liquid investments, including restricted cash, are considered to be cash equivalents. GASB No. 54 states restricted assets represent assets that have been restricted as to withdrawal or use for other than current operations. In 2008, the Authority voted to designate certain funds for the "Future Medical Needs of Baker County." As of September 30, 2024, cash totaling $508,067 was designated for this purpose. This internal designation does not meet the requirements of GASB No. 54 which governs restrictions of net position on the Statement of Net Position.

Deposits with Financial Institutions

All cash resources of the Authority are placed in banks that qualify as public depositories, as required by law (Florida Security Public Deposits Act). Every qualified public depository is required to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required by this law to ensure that Authority funds are entirely collateralized throughout the fiscal year.

Ad Valorem Taxes

The Authority received approximately 97 percent of its financial support from ad valorem taxes in fiscal year 2023-24. The Authority is a taxing authority in Baker County, Florida (the "County") and pays a fee to the County for the assessment and collection of property taxes. Authority property tax revenues are recognized when levied, to the extent that they result in current receivables. Details of the Authority's property tax calendar are presented below:

Lien Date	January 1
Levy Date	October 1
Installment Payments	
1st Installment	No later than June 30
2nd Installment	No later than September 30
3rd Installment	No later than December 31
4th Installment	No later than March 31
Regular Payments	
Discount Periods	November-February
No Discount Period	March
Delinquent Date	April 1

Accounting Standards

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting,* the Authority has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989.

Net Position

Net position represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowing used for acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislations adopted by the Hospital Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. No restrictions were imposed on the net position during the fiscal year.

NOTE 2 – INVESTMENTS

Section 218.415, Florida Statutes, authorizes the Authority to invest in the Local Government Surplus Funds Trust Fund; Securities and Exchange Commission registered money market funds with the highest credit quality rating; savings accounts and certificates of deposits in qualified public depositories; and direct obligations of the U.S. Treasury.

The Authority's investments consist of money market accounts held in qualifying public depositories. These investments are entirely insured (Level 1 category of credit risk) and, due to the nature of their liquidity are properly classified as cash equivalents in the Statement of Net Position.

NOTE 3 – MEDICAL SERVICES AGREEMENT

The Authority is committed in a lease agreement dated October 1, 1993 and later amended and restated August 1, 1998 with BCMS to provide annual funding based on the review of BCMS's annual certified budget and request for funds for the benefit of equipping and maintaining the operation of the leased property. Within the scope of its statutory authority, the Authority shall certify to the County Property Appraiser of Baker County each year a budget for the payment of funds. Under the agreement, BCMS is responsible for the operations and management of the Ed Fraser Memorial Hospital, Frank Wells Nursing Homes and additions (Facilities) in order to provide health care to the citizens of Baker County. The current lease agreement expires July 31, 2025. A new lease agreement was signed on October 1, 2024 to begin on August 2, 2025 and expire on August 1, 2045, at which time all assets and related liabilities of the operations of the medical facilities will revert to the Authority. The payment to BCMS for the year ended September 30, 2024, was $1,168,713. This payment consisted of $518,713 for operations and an additional $650,000 for renovations on the hospital. In addition, $256,287 was paid directly to the Medicaid Direct Payment Program.

NOTE 4 – CONTINGENCIES

The Authority maintains surety bond coverage for risks associated with errors and omissions of its governing body. Insurance maintained by the BCMS covers risks associated with operations.

NOTE 5 – SUBSEQUENT EVENTS

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 16, 2025 the date which the financial statements were available to be issued. There were no subsequent events determined to have occurred that would have a material effect on the fair presentation of the financial statements taken as a whole through the date of the report, June 16, 2025.

ADDITIONAL ELEMENTS REQUIRED

BY THE

RULES OF THE AUDITOR GENERAL

LYONS AND LYONS
CERTIFIED PUBLIC ACCOUNTANTS

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Macclenny, Florida 32063 | Fax (904) 259-5102

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Board of Directors
Baker County Hospital Authority
Macclenny, Florida

We have audited the financial statements of the Baker County Hospital Authority (the "Authority") as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated June 16, 2025.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards;* and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 16, 2025 should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(l)(i)l., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the Schedule of Findings that accompanies this letter. Accordingly, audit findings 2024-001 and 2024-002 are both repeated findings for the past two preceding audits.

Official Title and Legal Authority

Section 10.554(l)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. There are no component units of the Authority. The Authority was established by a Special Act of the Legislature of the State of Florida, Chapter 57-1129 and House Bill Number 1899, which became a law without the Governor's approval on June 29, 1957.

Financial Condition and Management

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

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

Section 10.554(1)(i)2, Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. Recommendations are noted as items 2024-001 and 2024-002 in the accompanying Schedule of Findings and response.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554 (1)(i)6.a., Rules of the Auditor General, the Authority is required to include a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the Authority's geographical boundaries during the fiscal year under audit. There was no PACE Program operating within the Authoritys' geographical boundaries.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.544(1)(i)7, Rules of the Auditor General, the Authority reported:

a. The total number of Authority employees compensated in the last pay period of the Authority's fiscal year as 0.
b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year as 0.
c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $0.
d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $38,513.
e. The Authority does not have any construction projects with a total cost of at least $65,000 that are scheduled to begin on or after October 1 of the fiscal year being reported.
f. A budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, and the amended budget under Section 189.016(6), Florida Statutes, that concludes the Authority's original budget totaled $908,217 and the amended budget was adjusted, for final budget of $1,574,431.

As required by Section 218.39(3)9(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Authority reported:

a. The millage rate imposed by the district as 0.9202.
b. The total amount of ad valorem taxes collected by or on behalf of the district as $1,314,987.

Additional Matters

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

Purpose of this Letter

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

We wish to take this opportunity to express our appreciation for the courtesies, which have once again, been extended to our staff. We have sincerely enjoyed our association with the Authority and look forward to a continuing relationship. If you have any questions or comments concerning this letter, our accompanying reports, or any other matters, please do not hesitate to contact us.

Lyons and Lyons, CPAs

June 16, 2025
Macclenny, Florida

LYONS AND LYONS
CERTIFIED PUBLIC ACCOUNTANTS

106 West Boulevard | Telephone (904) 259-4307
Macclenny, Florida 32063 | Fax (904) 259-5102

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

To the Honorable Board of Directors
Baker County Hospital Authority
Macclenny, 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 business-type activities, its major fund of the Baker County Hospital Authority (the "Authority"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 16, 2025.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the 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 financial statement. 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*.

Baker County Hospital Authority's Response to Findings
Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Lyons and Lyons, CPAs

June 16, 2025
Macclenny, Florida

LYONS AND LYONS
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES, SECTION 218.415, FLORIDA STATUTES

The Honorable Board of Directors
Baker County Hospital Authority
Baker County, Florida

We have examined the office of the Baker County Hospital Authority's (the "Authority") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies,* during the year ended September 30, 2024. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirement referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, included an assessment of the risks of material noncompliance, whether due to fraud or error. We believe evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the 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, 2024.

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

Lyons and Lyons, CPAs

Macclenny, Florida
June 16, 2025

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
BAKER COUNTY HOSPITAL AUTHORITY

2024-001 (Similar findings were reported in previous audits as items as 2023-001 and 2022-001)

Criteria – Management is responsible for establishing and maintaining effective internal control over financial reporting. Such responsibility includes hiring and retaining effective and experienced staff to conduct such activities. Additionally, internal controls should be in place to ensure that proper segregation of duties are implemented by the Authority, in order to mitigate material misstatement or other reporting errors, and to ensure that assets are safeguarded against loss.

Condition - Because of a limited number of personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or all phases of a transaction. The Authority has implemented compensating controls to the extent possible, given available staff, to mitigate the risk of unintentional or intentional errors occurring and not being detected. However, the possibility still exists that unintentional or intentional errors or irregularities could exist and not be detected.

Cause – There are a limited number of personnel within the Authority to assign distinct responsibilities to different individuals

Effect – An increased risk of fraud or error could occur due to the lack of segregation of duties reducing the accuracy of financial reporting.

Recommendation - To the extent possible, given available personnel, steps should be taken to segregate employee duties so that no one individual has access to both physical assets and the related accounting records, or all phases of a transaction. Our audit did not reveal any significant errors or irregularities resulting from this lack of separation of duties and responsibilities. However, we feel it is important that you are made aware of this condition.

2024-002 (Similar findings were reported in previous audits as items as 2023-002 and 2022-002)

Criteria – Management is responsible for establishing and maintaining effective internal control over financial reporting and presenting financial statements in accordance with generally accepted accounting principles.

Condition – Statements of Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, requires auditors to prepare written communication if they identify misstatements during the audit process or if it was necessary to assist with the preparation of the financial statements. As part of the audit process, we proposed adjustments to the Authority's financial statements. It was also necessary for us to assist with the preparation of the financial statements. Our proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles.

Cause – The Authority has a limited number of personnel to handle the year-end material adjustments to the financial records. This results in a risk for the financial statements to be materially inaccurate.

Effect – The lack of preparation of the year-end closing adjustments to the financial records can lead to inaccuracies, errors, and irregularities.

Recommendation – We recommend that you consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process. By improving the financial reporting process, the Authority will have an enhanced ability to monitor its budget position on an ongoing basis.

Baker County Hospital Authority

20 E. Macclenny Ave - Macclenny, FL 32063 – Ph. 904-259-6433

June 16, 2025

Mr. Clay Lyons, CPA
Lyons & Lyons, CPA's
106 West Boulevard
Macclenny, FL 32063

Dear Mr. Lyons,

The following is the response to the audit findings of the Baker County Hospital Authority's financial statements for the year ended September 30, 2024.

Audit Finding 2024-001

The Baker County Hospital Authority's administrative staff is limited to two individuals. Compensating controls have been implemented to the extent possible given the number of available staff. All checks require the signatures of two board members; administrative staff is not authorized to sign checks. An individual independent of the receipting process prepares bank reconciliations. Finally, the board reviews and approves all expense before checks are prepared.

Audit Finding 2024-002

Our processes have improved, and steps have been taken to ensure that a limited number of adjustments are required during the audit process. Also, many years of experience have helped to develop the skills and knowledge required to oversee the audit process in assisting with the preparation of the financial statements.

If additional information is required, please do not hesitate to contact me.

Sincerely,

Darryl Register
Administrative Officer