HALIFAX PENSION PLAN
(Administered by Halifax Staffing, Inc., a component unit of Halifax Hospital Medical Center)

FINANCIAL STATEMENTS, SUPPLEMENTAL SCHEDULES, AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED SEPTEMBER 30, 2019

Halifax Pension Plan
(Administered by Halifax Staffing, Inc., a component unit of Halifax Hospital Medical Center)

Financial Statements as of and for the Year Ended September 30, 2019, Supplemental Schedules as of September 30, 2019, and Independent Auditors' Reports

HALIFAX PENSION PLAN
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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners, Halifax Pension Plan:

Report on the Financial Statements

We have audited the accompanying financial statements of the Halifax Pension Plan, a component unit of Halifax Hospital Medical Center (the "Plan"), which comprise the statement of fiduciary net position as of September 30, 2019, the statement of changes in fiduciary net position for the year ended September 30, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Plan's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Halifax Pension Plan as of September 30, 2019, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of the Plan's management and independent actuary regarding the methods of measurement and presentation of the required supplementary information. 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.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019, on our consideration of the Plan'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 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 Plan's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Daytona Beach, Florida
December 19, 2019

HALIFAX PENSION PLAN
(Administered by Halifax Staffing, Inc., a component unit of Halifax Hospital Medical Center)

STATEMENT OF FIDUCIARY NET POSITION
AS OF SEPTEMBER 30, 2019
(In thousands)

ASSETS:		
Money market funds	$	677
US Treasury Note		100,856
Mutual funds — at fair value		173,073
Accrued income		596
Total assets		275,202
NET POSITION RESTRICTED FOR PENSION BENEFITS		
(a schedule of funding progress is presented on page 13)	$	275,202

See notes to financial statements.

HALIFAX PENSION PLAN
(Administered by Halifax Staffing, Inc., a component unit of Halifax Hospital Medical Center)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(In thousands)

ADDITIONS:	
Investment results:	
Gain (loss) on fair value of investments	$ (9,329)
Interest and dividends	5,360
Total investment gain (loss)	(3,969)
Employers' contributions	19,500
Total additions	15,531
DEDUCTIONS:	
Administrative expenses	68
Benefits paid directly to participants	20,359
Total deductions	20,427
NET INCREASE (DECREASE) IN PLAN NET POSITION	(4,896)
NET POSITION RESTRICTED FOR PENSION BENEFITS:	
Beginning of year	280,098
End of year	$ 275,202

See notes to financial statements.

1. DESCRIPTION OF THE PLAN

General **—** The Halifax Pension Plan (the “Plan”) is a multiple-employer, noncontributory defined benefit pension plan that covers certain employees of the two participating employers: Halifax Staffing, Inc. (“Staffing”) and Halifax Hospice, Inc. (“Hospice”) (the “Plan Sponsors,” collectively). Staffing is the Plan Sponsor and Administrator, and both Staffing and Hospice are component units of the Halifax Hospital Medical Center (the “Medical Center”) in Daytona Beach, FL. The Plan is treated as a single employer plan for the purpose of financial reporting. Plan provisions are established and may be amended by the Board of Directors of Staffing, the Plan’s sponsor. The Board of Directors has seven members who are appointed by the Board of Commissioners of the Medical Center.

The Plan covers all eligible employees who have attained the age of 21 and have more than one year of service. Eligibility for the Plan was closed to all employees whose initial hire date or rehire date was on or after October 1, 2000. Staffing assumed the unfunded portion of the past service liability for employees who participated and were not vested in the prior pension benefit programs.

Pension plan benefits are based on the number of years of service and the employee’s highest three-year average annual compensation. Effective October 1, 2013, the Plan was frozen and as such, participants of the Plan will no longer accrue credit for years of service and, upon eligibility, calculation of benefits will be made based on compensation information through October 1, 2013. Participants may elect to receive pension plan benefits as a monthly annuity or as one lump-sum payment for an amount equal to the present value of future benefits, as calculated by an actuary.

The Medical Center is obligated by contractual agreement to fund contributions on behalf of Staffing. The contribution rate is determined on an actuarial basis. During the year ending September 30, 2019, $19.5 million was contributed to the Plan. The Medical Center’s proportionate share of the contribution, expense and net pension liability is 95.32% and Hospice’s proportionate share is 4.68% for fiscal year 2019. The proportionate share calculation is based on the present value of future salaries for active employees of each Staffing and Hospice.

Pension Benefits **—** Employees with five or more years of service (including service under the Florida Retirement System (“FRS”) for those persons employed by Staffing and Hospice at their conversion dates) are entitled to annual pension benefits beginning at normal retirement age or completion of 30 benefit years equal to 1.6% of their highest three-year average annual compensation for each year of service, as defined in the Plan document.

1. DESCRIPTION OF THE PLAN (CONTINUED)

The Plan provides for improved benefits for persons retiring at a date later than the normal retirement date. Based on the participant's attained age or benefit years at the actual termination date, the 1.6% shall be replaced as follows:

Age 63 or 31 benefit years	1.63 %
Age 64 or 32 benefit years	1.65 %
Age 65 or later, or 33 or more benefit years	1.68 %

The Plan permits early retirement upon completion of ten years of service with a benefit reduction of 5/12% for each month that the benefit commencement date precedes the normal retirement date. Benefits are reduced by any vested benefit payable from the FRS. Benefits are increased annually by 3% as a cost of living adjustment.

***Disability Benefits* —** Active employees with 10 or more years of service who become permanently and totally disabled receive annual disability benefits that are equal to the normal retirement benefits they have accumulated as of the time they become disabled.

***Death Benefits* —** In the event of an employee's death, the survivor portion of the joint and survivor annuity, actuarially reduced to reflect payment prior to the employee's normal retirement date, is payable to the employee's spouse, or other designated financial dependent, in accordance with the Plan document.

***Plan Membership* —** Membership of the Plan consisted of the following at October 1, 2018, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	1,031
Terminated vested participants	493
Active participants	414
Total	1,938

Membership in the Plan is closed to all employees of Staffing and Hospice whose initial hire date or rehire date is on or after October 1, 2000. All participants are vested in the Plan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Basis of Accounting* —** The Plan's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and accounted for in accordance with Governmental Accounting Standards Board ("GASB"). Contributions are recognized when due and the Medical Center and Hospice have made formal commitments to provide the contributions. Benefit payments are recognized when due and payable to the Plan participants in accordance with the terms of the Plan.

***Use of Estimates* —** The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits and changes therein at the date of the financial statements. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Investment Policy* —** The investments of the Plan are governed by investment guidelines adopted by the Board of Directors for the Plan Sponsor. Authorized investments of the Plan include money market accounts, fixed income bonds, equity funds, and common stocks. Assets are allocated based on targets of 40-70% equities and 30-50% fixed income.

***Investment Valuation and Income Recognition* —** Investments are stated at fair value based on quoted market prices as determined by Wells Fargo Bank N.A. Purchases and sales of securities are reflected on a trade-date basis. Changes in the current value of investments and gains and losses on disposal of investments are reported in the statements of changes in Plan net assets as the net appreciation or depreciation in current value of investments. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

***Risks and Uncertainties* —** The Plan utilizes various investment securities including U.S. government securities, corporate debt instruments, mutual funds, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

***Expenses* —** Administrative expenses of the Plan are paid by the Plan. However, certain administrative expenses such as fees for investment and custodial services, legal, accounting, and actuarial services are paid by the Plan Sponsor or the Medical Center, as provided in the Plan document.

3. DEPOSITS AND INVESTMENT RISK

GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), requires disclosures related to investment and deposit risks, including risks related to credit risk, consisting of custodial credit risk and concentrations of credit risk, interest rate risk and foreign currency risk.

Investment Risk — The Plan's investment policy provides guidelines for the types of investments that can be acquired in order to provide maximum diversity and reduce risk. Specific asset classes are limited to a percentage of the total investment portfolio. Specific investment strategies are influenced by relative market yields and the cash needs of the Plan. The Plan may be invested in, but not limited to:

- Local government investment pool;
- U.S. government securities and repurchase agreements;
- U.S. government agency obligations;
- Domestic Bank Certificates of Deposit provided that any such investments are in Federal Deposit Insurance Corporation ("FDIC") guaranteed accounts or deposits collateralized by U.S. government securities or obligations;
- Repurchase agreements with reputable financial institutions, which are fully secured by U.S. government obligations; and

3. DEPOSITS AND INVESTMENT RISK (CONTINUED)

- Commercial Paper and Stocks; limited to issuers with an A rating or better.

All investment decisions are made based on reasonable research as to credit quality, liquidity and counterparty risk prior to the investment. An investment advisory firm is engaged to manage the investment of all funds and performance of the portfolio is reported to Staffing management quarterly.

Credit Risk — GASB 40 requires the disclosure of the credit quality of investments in debt securities, other than obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government. The Plan's investment policy provides guidelines for its investment managers which restricts investments to debt securities with an "A" rating or better unless the fixed income securities are held by a registered investment advisor. At September 30, 2019, the Plan's investment in debt securities was limited to one fixed income mutual fund with credit ratings of underlying debt securities ranging from A3 to Baa3 from Moody's Investor Services.

Custodial Credit Risk — The Plan's investment policies have established asset allocation limits to reduce concentration of credit risk. Guidelines are provided to cash investment managers and monitored by management for compliance. At September 30, 2019, the Plan did not have investments in any one issuer that represents 5% or more of the Plan's fiduciary net position except for US Treasury Notes that comprises 36.6% of the Plan's fiduciary net position.

Interest Rate Risk — Changes in interest rates can adversely affect the fair value of an investment. Staffing manages its exposure to interest rate risk by limiting investment maturities and diversifying its investment portfolios. At September 30, 2019, all of the Plan's investments had maturity dates within 18 months.

4. FUNDING POLICY

The Plan is funded through contributions from the Medical Center and Hospice, as calculated by an actuary. Total contributions for the Plan year ended September 30, 2019, are greater than the minimum recommended contribution based on the October 1, 2018 actuarial valuation.

Although they have not expressed any intention to do so, the Plan Sponsor has the right under the Plan to discontinue their contributions at any time and to terminate the Plan. In the event of a Plan termination, and dependent upon the funded status of the Plan, assets of the Plan may be allocated among participants and beneficiaries on the basis of the present value of accrued benefits. However, the net assets of the Plan may not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's accumulated Plan benefits will be paid depends on both the priority of those benefits and the value of the then existing assets.

5. NET PENSION LIABILITY

The net pension liability of the Plan is the total pension liability offset by the Plan's fiduciary net position. The components of net pension liability at September 30, 2019 for both the Medical Center and Hospice are as follows (in thousands):

5. NET PENSION LIABILITY (CONTINUED)

	Medical Center	Hospice	Total
Total pension liability	$ 331,326	$ 16,267	$ 347,593
Fiduciary net position	(262,323)	(12,879)	(275,202)
Net pension liability	$ 69,003	$ 3,388	$ 72,391

As of September 30, 2019, the fiduciary net position as a percentage of the total pension liability was 79%.

Significant actuarial methods and assumptions of the plan are presented in the following table:

Actuarial Methods and Assumptions

Mortality table	RP-2014 Mortality Table (Blue-Collar), Scale MP-2018
Interest rate	6.75% annually, compounded
Pay increase	3%
Cost of living adjustment	3%
Measurement date	September 30, 2019
Valuation date	October 1, 2018
Experience study dates	October 1, 2011 - September 30, 2014

The discount rate applied in the measurement of the total pension liability is 6.75% and the long-term expected rate of return on Plan investments is 6.75%. The discount rate and rate of return are based on the long-term rate of return on Plan investments expected to finance the payment of benefits into the future. Net pension liability at September 30, 2019 using a discount rate of 5.75% would have been $108.1 million, and using a discount rate of 7.75% would have been $41.8 million.

It is assumed that 40% of participants will elect a one-time lump sum benefit payment upon termination, and 15% of participants will elect a one-time lump sum benefit payment upon retirement. It is also assumed that contributions from the Medical Center and Hospice will continue into the future and that the Plan will eventually be fully funded.

6. INVESTMENTS

The Plan measures and records its investments, assets whose use is limited, and restricted assets using fair value measurement guidelines established by GASB Statement No. 72. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

6. INVESTMENTS (CONTINUED)

At September 30, 2019, all of the Plan's investments were considered Level 1.

The Plan's investments are held by a bank-administered trust fund. At September 30, 2019, the Plan's investments (including investments bought, sold, as well as held during the year) had a loss in fair value as determined by quoted market prices as follows (in thousands):

Money market, US Treasury note, and mutual funds	$ (9,329)
Gain (loss) on fair value of investments	$ (9,329)

The annual money-weighted rate of return on Plan investments, net of Plan expenses, was -2.39% for the year ended September 30, 2019. This percentage is a measure of investment performance, net of Plan investment expenses, and adjusted for changes in amounts contributed and invested.

7. EXEMPT PARTY-IN-INTEREST

Certain Plan investments are shares of mutual funds of the investment managers, as defined by the Plan, therefore, these transactions qualify as exempt party-in-interest transactions.

8. FEDERAL INCOME TAX STATUS

The Plan is considered a governmental plan exempt from certain Employee Retirement Income Security Act ("ERISA") requirements based upon certain rulings received from the Internal Revenue Service ("IRS"). The Medical Center requested and received during 1998 and 1999 a series of rulings from the IRS with respect to the status of the Medical Center as a political subdivision of the state of Florida and the status of Staffing, Hospice, and other entities as instrumentalities of the Medical Center.

The Plan has received a determination letter from the IRS dated June 16, 2004, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the "Code") and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax-exempt.

* * * * * *

REQUIRED SUPPLEMENTAL SCHEDULES

HALIFAX PENSION PLAN
(Administered by Halifax Staffing, Inc., a component unit of Halifax Hospital Medical Center)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)
(Dollars in thousands)

Measurement Date	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Beginning Net Pension Liability	$ 62,797	$ 71,446	$ 88,753	$ 107,933	$ 92,803	$ 123,869
Beginning Total Pension Liability	$ 342,895	$ 337,805	$ 328,897	$ 322,844	$ 317,819	$ 311,815
Service cost	2,963	3,553	4,024	4,441	4,282	2,776
Interest cost	22,469	22,093	21,522	21,234	20,943	20,547
Method Change	-	-	-	-	-	-
Benefit payments	(20,359)	(21,349)	(20,439)	(16,818)	(15,355)	(15,078)
Changes of assumptions	(948)	(2,103)	-	(4,800)	(6,430)	-
Difference between expected and actual experience	573	2,896	3,801	1,996	1,585	(2,241)
Ending Total Pension Liability	347,593	342,895	337,805	328,897	322,844	317,819
Beginning Fiduciary Net Position	(280,098)	(266,359)	(240,144)	(214,911)	(225,016)	(207,199)
Contributions - employer	(19,500)	(19,876)	(21,060)	(21,236)	(15,217)	(20,000)
Net investment loss (income)	3,969	(15,283)	(25,668)	(20,892)	9,852	(12,954)
Benefit payments	20,359	21,349	20,439	16,818	15,355	15,078
Administrative expenses	68	71	74	77	115	59
Ending Fiduciary Net Position	(275,202)	(280,098)	(266,359)	(240,144)	(214,911)	(225,016)
Ending Net Pension Liability	$ 72,391	$ 62,797	$ 71,446	$ 88,753	$ 107,933	$ 92,803

Source: BPAS Actuarial & Pension Services
*Ten years of data will be presented as it becomes available.

HALIFAX PENSION PLAN
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SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
(Dollars in thousands)

Measurement Date	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Actuarial Valuation Date	October 1, 2018	October 1, 2017	October 1, 2016	October 1, 2015	October 1, 2014	October 1, 2013
Total Pension Liability (a)	$ 347,593	$ 342,895	$ 337,805	$ 328,897	$ 322,844	$ 317,819
Plan Fiduciary Net Position (b)	$ 275,202	$ 280,098	$ 266,359	$ 240,144	$ 214,911	$ 225,016
Net Pension Liability (a-b)	$ 72,391	$ 62,797	$ 71,446	$ 88,753	$ 107,933	$ 92,803
Covered Payroll (c)	$ 32,092	$ 33,515	$ 38,361	$ 42,387	$ 43,613	$ 46,960
Fiduciary Net Position as a % of Total Pension Liability (b/a)	79%	82%	79%	73%	67%	71%
Net Pension Liability as a % of Covered Payroll ((a-b)/c))	226%	187%	186%	209%	247%	198%

Source: BPAS Actuarial & Pension Services
*Ten years of data will be presented as it becomes available.

HALIFAX PENSION PLAN
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SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS (UNAUDITED)
(Dollars in thousands)

Fiscal Year Ended September 30,	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 20,245	$ 19,047	$ 20,449	$ 21,061	$ 15,110	$ 17,278
Contribution recognized by the Plan	19,500	19,876	21,060	21,236	15,218	20,000
Annual contribution excess (deficiency)	(745)	829	611	175	108	2,722
Medical Center proportional share:						
Actuarially determined contribution	19,298	18,272	19,298	19,976	14,332	16,388
Contribution recognized by the Plan	18,587	19,067	19,874	20,142	14,434	14,434
Hospice proportional share:						
Actuarially determined contribution	947	775	1,151	1,085	778	890
Contribution recognized by the Plan	913	809	1,186	1,094	784	784
Covered payroll	32,092	33,515	38,361	42,387	43,613	46,960
Contribution as a % of covered payroll	61%	59%	55%	50%	35%	43%

Source: BPAS Actuarial & Pension Services
*Ten years of data will be presented as it becomes available.

HALIFAX PENSION PLAN
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SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN (UNAUDITED)
(Dollars in thousands)

Asset Valuation Date	Annual Money-Weighted Rate of Return
September 30, 2014	7.17%
September 30, 2015	-4.33%
September 30, 2016	9.31%
September 30, 2017	10.56%
September 30, 2018	6.64%
September 30, 2019	-2.39%

* * * * * *

The information presented in the required supplemental schedules was determined as part of the actuarial valuations at the dates indicated.

Additional information as of the latest actuarial valuation for determination of contributions follows:

Valuation date	October 1, 2018
Actuarial cost method	Traditional Unit Credit
Amortization method	10 year, closed
Remaining amortization period	Varies
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.75%
Projected salary increases	NA
Cost-of-living adjustments	3.00%
Mortality	RP-2014 Mortality Table (Blue-Collar), Scale MP-2018

	Age	Probability
Assumed retirement age		
	Prior to 62, with 30 years of service	10%
	62	25%
	63	20%
	64	20%
	65	33%
	66	50%
	67	20%
	68	20%
	69	20%
	70	100%

These actuarial assumptions are based on the presumption that the Plan will continue. Should the Plan terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated Plan benefits. Also, changes in actuarial assumptions and methods may affect the amounts reported and information presented in the required supplemental schedules.

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OTHER REPORT

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 Board of Commissioners,
Halifax Pension Plan:

We have audited, 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, the basic financial statements of Halifax Pension Plan, a component unit of Halifax Hospital Medical Center (the "Plan"), which comprise the statement of fiduciary net position as of September 30, 2019, the statement of changes in fiduciary net position for the year ended September 30, 2019, and the related notes to the financial statements and have issued our report thereon dated December 19, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan'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, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan'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.

James Moore & Co., P.L.

Daytona Beach, Florida
December 19, 2019