

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

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COMBINED FINANCIAL STATEMENTS

for the years ended September 30, 2024 and 2023



## C O N T E N T S

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Hospital Authority of Colquitt County  
Moultrie, Georgia

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying combined financial statements of Hospital Authority of Colquitt County (Authority), a component unit of Colquitt County, Georgia, which comprise the combined balance sheets as of September 30, 2024 and 2023, and the related combined statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, based on our audits and the report of the other auditors, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Authority as of September 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Colquitt Regional Medical Center Insurance Segregated Portfolio (Segregated Portfolio), a blended component unit, which statements reflect total assets constituting 2% and 1% of combined total assets as of September 30, 2024 and 2023, respectively, and total revenues constituting less than 1% of combined total revenues for the years then ended. Those statements were audited by other auditors in accordance with International Standards on Auditing, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Segregated Portfolio, is based solely on the report of the other auditors. We have applied additional audit procedures to meet the relevant requirements of auditing standards generally accepted in the United States of America.

Continued

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## ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the combined 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 the combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined 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 Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 of a reasonable user based on these combined financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined financial statements.

Continued

- 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 combined 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 4 through 8 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.

*Draffin & Tucker, LLP*

Albany, Georgia  
January 27, 2025

**PRESIDENT:**

James L. Matney

**TRUSTEES:**

Richard E. Turner, Jr.

John Mark Mobley, Jr.

Howard L. Melton, M.D.

Johnny Brown, III

John W. Griffin

Richard T. Bass

Justin Baker, M.D.

Maureen A. Yearata, Ed.D.

Joe P. Baker

**Management's Discussion and Analysis  
For The Year Ended September 30, 2024**

This section of the Hospital Authority of Colquitt County's (Authority) annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal years ended September 30, 2024, 2023, and 2022. Please read it in conjunction with the Authority's combined financial statements and accompanying notes.

This annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic combined financial statements. The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the combined financial statements are presented using full accrual accounting.

***The Balance Sheet and Statement of Revenues, Expenses, and Changes in Net Position***

One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better or worse off as a result of the year's activities?" The combined balance sheet and the combined statement of revenues, expenses, and changes in net position report information about the Authority's resources and its activities in a way that helps answer this question. These combined statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two combined statements report the Authority's net position and its changes. You can think of the Authority's net position - the difference between assets, plus deferred outflows of resources, and liabilities - as one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial

Continued

**Management's Discussion and Analysis  
For The Year Ended September 30, 2024**

***The Balance Sheet and Statement of Revenues, Expenses, and Changes in Net Position,  
Continued***

health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Authority's patient base and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Authority.

***The Combined Statement of Cash Flows***

The final required statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. It provides answers to such questions as "Where did cash come from?", "What was cash used for?" and "What was the change in cash balance during the reporting period?".

***Financial Analysis of the Authority***

The following table summarizes the balance sheets as of September 30, 2024, 2023, and 2022:

**Combined Balance Sheet**

	Dollars in Thousands		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current assets	\$ 64,488	\$ 52,454	\$ 46,473
Capital assets	136,485	130,782	120,670
Other noncurrent assets	121,386	97,745	85,849
Deferred outflows of resources	<u>3,043</u>	<u>3,218</u>	<u>3,393</u>
Total assets and deferred outflows of resources	<u>\$ 325,402</u>	<u>\$ 284,199</u>	<u>\$ 256,385</u>
Current liabilities	\$ 38,642	\$ 36,603	\$ 37,184
Noncurrent liabilities	51,126	51,775	53,337
Deferred inflows of resources	<u>-</u>	<u>6</u>	<u>11</u>
Total liabilities and deferred inflows of resources	<u>89,768</u>	<u>88,384</u>	<u>90,532</u>
Net position:			
Net investment in capital assets	80,003	71,739	59,930
Restricted	3,815	3,620	3,004
Unrestricted	<u>151,816</u>	<u>120,456</u>	<u>102,919</u>
Total net position	<u>235,634</u>	<u>195,815</u>	<u>165,853</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 325,402</u>	<u>\$ 284,199</u>	<u>\$ 256,385</u>

Continued

**Management's Discussion and Analysis  
For The Year Ended September 30, 2024**

***Financial Analysis of the Authority, Continued***

The Authority's total assets increased by approximately \$41,000,000 in year 2024. This increase is related to the increase in noncurrent cash and investments, and the rest was related to purchases in capital acquisition.

The Authority's total liabilities increased by approximately \$1,389,000 which is mainly related to an increase in accounts payable.

Long-term debt (including lease and subscription IT liabilities) decreased by approximately \$2,561,00 compared to fiscal year 2023. Debt to capitalization for the year was 19.6% for 2024 compared to 23.2% for 2023.

During 2024, the Authority constructed an orthopedic surgery facility for \$5,361,000 using debt to fund the construction costs.

During 2022, the Authority purchased a skilled nursing facility for \$5,900,000 using debt to fund the purchase price.

The Authority established Colquitt Regional Medical Center Insurance Segregated Portfolio (Segregated Portfolio) on March 1, 2022 as a segregated portfolio plan in the Georgia Health Care Insurance Company, SPC. See Note 21 to the combined financial statements for additional information. The Segregated Portfolio is a blended component unit of the Authority.

The following table summarizes the statement of revenues, expenses and changes in net position as of September 30, 2024, 2023, and 2022:

**Combined Statements of Revenues, Expenses and Changes in Net Position**

	Dollars in Thousands		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net patient service revenue	\$ 260,348	\$ 231,568	\$ 200,782
Other revenue	<u>9,655</u>	<u>9,168</u>	<u>5,620</u>
Total operating revenues	<u>270,003</u>	<u>240,736</u>	<u>206,402</u>
Salaries and employee benefits	121,196	108,416	99,239
Other operating expenses	116,683	103,894	88,386
Depreciation and amortization	<u>16,877</u>	<u>15,516</u>	<u>14,249</u>
Total operating expenses	<u>254,756</u>	<u>227,826</u>	<u>201,874</u>
Net operating income	<u>15,247</u>	<u>12,910</u>	<u>4,528</u>

Continued



**Management's Discussion and Analysis  
For The Year Ended September 30, 2024**

***Financial Analysis of the Authority, Continued***

**Combined Statements of Revenues, Expenses and Changes in Net Position, Continued**

	Dollars in Thousands		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Nonoperating revenues (expenses):			
Investment income (loss)	\$ 21,644	\$ 11,667	\$( 15,918)
Interest expense	( 1,529)	( 1,537)	( 1,538)
Grant stimulus funding	-	3,000	8,850
Other	<u>4,348</u>	<u>3,647</u>	<u>4,168</u>
Total nonoperating revenues (expenses)	<u>24,463</u>	<u>16,777</u>	<u>( 4,438)</u>
Excess of revenues before contributions	39,710	29,687	90
Contributions for property acquisitions	<u>109</u>	<u>275</u>	<u>385</u>
Increase in net position	39,819	29,962	475
Net position, beginning of year	<u>195,815</u>	<u>165,853</u>	<u>165,378</u>
Net position, end of year	<u>\$ 235,634</u>	<u>\$ 195,815</u>	<u>\$ 165,853</u>

Fiscal year 2024 was a good year for the Authority. The Medical Center did experience an increase in admissions, elective procedures, and visits. Along with the volume increases, our expenses also increased due to staffing issues and health insurance cost.

Total operating revenue grew by approximately \$29,000,000 compared to prior year. This increase is related to volume and the addition of the skilled nursing facility.

Total operating expenses increased by approximately \$27,000,000. The major portion was related to salaries, yearly incentives, health insurance claims, and supplies.

Overall, the operating income increased by approximately \$2,300,000 compared to the 2023 financial statements.

Operating income in 2024 was approximately \$15,200,000 operating margin of 6.0%. This compares to operating income of \$12,900,000 in 2023, and an operating margin of 5.3%.

Continued

**Management's Discussion and Analysis  
For The Year Ended September 30, 2024**

**Combined Statements of Revenues, Expenses and Changes in Net Position, Continued**

In 2024, the Authority recorded a total non-operating gain of approximately \$24,500,000 which was an increase of \$7,700,000 compared to 2023. This increase is attributed to an increase of investment income.

At the end of 2024, the Authority had approximately \$136,500,000 invested in capital assets, net of accumulated depreciation. In 2024, the Authority's capital spending was related to purchase of orthopedic surgery building and other capital equipment.

As of September 30, 2024, the Authority had approximately \$43,500,000 in revenue certificates, approximately \$12,900,000 in other long-term debt, which is a total debt decrease of approximately \$2,600,000 compared to 2023.

***Master Plan and Construction***

The Authority plans to begin construction on the conversion of the old operating room space into additional endoscopy rooms. In addition, the Authority plans to begin construction of new student housing. The Authority also plans on continuing construction of the new tower.

***Contacting the Authority's Financial Management***

This financial report is designed to provide a general overview of the Authority's finances. If you have questions about this report or need additional financial information, contact the Authority finance department at Hospital Authority of Colquitt County, 3131 South Main Street, P. O. Box 40, Moultrie, GA 31776-0040.

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

COMBINED BALANCE SHEETS  
September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets:		
Cash and cash equivalents	\$ 16,735,785	\$ 9,281,907
Current portion of designated funds	3,367,209	4,459,115
Patient accounts receivable, net of estimated uncollectibles of \$88,830,696 in 2024 and \$67,233,137 in 2023	26,605,868	25,168,902
Supplies	6,174,951	5,704,254
Notes receivable, current portion	460,166	454,099
Other current assets	<u>11,143,692</u>	<u>7,385,301</u>
Total current assets	<u>64,487,671</u>	<u>52,453,578</u>
Noncurrent cash and investments:		
Internally designated for:		
Capital acquisition	106,751,999	88,871,067
Employee benefits	1,000,000	635,000
Malpractice funding arrangement	7,792,750	2,289,786
Restricted by:		
Revenue Certificates - debt service reserve fund	<u>3,814,580</u>	<u>3,620,181</u>
Total noncurrent cash and investments	<u>119,359,329</u>	<u>95,416,034</u>
Capital assets:		
Nondepreciable capital assets	5,495,673	18,917,746
Depreciable capital assets, net of accumulated depreciation	128,370,557	107,958,424
Intangible right-to-use lease assets, net of accumulated amortization	76,326	214,663
Intangible right-to-use subscription IT assets, net of accumulated amortization	<u>2,542,829</u>	<u>3,691,344</u>
Total capital assets, net	<u>136,485,385</u>	<u>130,782,177</u>
Other assets:		
Notes receivable, excluding current portion	244,658	268,779
Other assets	<u>1,781,986</u>	<u>2,060,948</u>
Total other assets	<u>2,026,644</u>	<u>2,329,727</u>
Total assets	322,359,029	280,981,516
Deferred outflows of resources:		
Goodwill	<u>3,043,243</u>	<u>3,217,975</u>
Total assets and deferred outflows of resources	\$ <u>325,402,272</u>	\$ <u>284,199,491</u>

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

COMBINED BALANCE SHEETS, Continued  
September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Current installments of long-term debt	\$ 6,838,112	\$ 6,746,136
Current installments of lease liabilities	66,866	85,217
Current installments of subscription IT liabilities	800,931	1,100,558
Accounts payable	12,016,220	8,964,525
Accrued expenses	18,085,314	18,263,972
Estimated third-party payor settlements	779,490	1,159,868
Grant stimulus unearned revenue	<u>55,180</u>	<u>282,739</u>
Total current liabilities	38,642,113	36,603,015
Accrued malpractice claims	2,349,956	664,455
Long-term debt, excluding current installments	46,961,831	48,452,608
Lease liabilities, excluding current	10,419	134,254
Subscription IT liabilities, excluding current	<u>1,804,160</u>	<u>2,524,667</u>
Total liabilities	89,768,479	88,378,999
Deferred inflows of resources	<u>-</u>	<u>5,608</u>
Total liabilities and deferred inflows of resources	<u>89,768,479</u>	<u>88,384,607</u>
Net position:		
Net investment in capital assets	80,003,066	71,738,737
Restricted	3,814,580	3,620,181
Unrestricted	<u>151,816,147</u>	<u>120,455,966</u>
Total net position	<u>235,633,793</u>	<u>195,814,884</u>
 Total liabilities, deferred inflows of resources, and net position	 \$ <u>325,402,272</u>	 \$ <u>284,199,491</u>

The accompanying notes are an integral part of these combined financial statements.

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
for the years ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenues:		
Net patient service revenue (net of provision for bad debts of approximately \$50,941,000 in 2024 and \$44,513,000 in 2023)	\$ 260,347,658	\$ 231,567,879
Other revenue	<u>9,654,962</u>	<u>9,168,449</u>
Total operating revenues	<u>270,002,620</u>	<u>240,736,328</u>
Operating expenses:		
Salaries and wages	98,848,470	86,942,670
Employee health and welfare	22,348,003	21,473,591
Medical supplies and other expense	83,131,606	74,769,117
Professional fees	25,259,947	21,620,630
Purchased services	8,291,643	7,503,810
Depreciation and amortization	<u>16,876,522</u>	<u>15,516,248</u>
Total operating expenses	<u>254,756,191</u>	<u>227,826,066</u>
Operating income	<u>15,246,429</u>	<u>12,910,262</u>
Nonoperating revenues (expenses):		
Investment income	21,644,229	11,667,180
Interest expense	( 1,529,207)	( 1,537,169)
Grant stimulus funding	-	3,000,000
Rural hospital tax credit and other	<u>4,348,220</u>	<u>3,647,157</u>
Total nonoperating revenues	<u>24,463,242</u>	<u>16,777,168</u>
Excess revenues	39,709,671	29,687,430
Contributions for property acquisitions	<u>109,238</u>	<u>274,320</u>
Increase in net position	39,818,909	29,961,750
Net position, beginning of year	<u>195,814,884</u>	<u>165,853,134</u>
Net position, end of year	<u>\$ 235,633,793</u>	<u>\$ 195,814,884</u>

The accompanying notes are an integral part of these combined financial statements.

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

COMBINED STATEMENTS OF CASH FLOWS  
for the years ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Received from patients and payors	\$ 268,185,276	\$ 239,665,722
Repayments of Medicare advance payments	-	( 179,435)
Payments to vendors and other suppliers	(116,495,741)	(106,200,127)
Payments to employees and physicians	(120,897,200)	(108,050,411)
Net cash provided by operating activities	<u>30,792,335</u>	<u>25,235,749</u>
Cash flows from noncapital financing activities:		
Grant stimulus funding (repayments)	( 227,559)	237,800
Rural hospital tax credit	<u>4,346,893</u>	<u>4,061,568</u>
Net cash provided by noncapital financing activities	<u>4,119,334</u>	<u>4,299,368</u>
Cash flows from capital and related financing activities:		
Proceeds from issuance of long-term debt	5,360,996	5,574,135
Principal paid on long-term debt, lease and subscription IT liabilities	( 7,922,116)	( 7,353,869)
Interest paid on long-term debt, lease and subscription IT liabilities	( 1,529,207)	( 1,537,169)
Purchase of capital assets	( 22,269,542)	( 25,661,139)
Capital contributions	<u>109,238</u>	<u>274,320</u>
Net cash used by capital and related financing activities	<u>( 26,250,631)</u>	<u>( 28,703,722)</u>
Cash flows from investing activities:		
Interest and dividends	10,443,506	1,154,978
Purchase of investments	( 57,055,959)	( 35,599,495)
Sale of investments	<u>47,803,582</u>	<u>34,418,324</u>
Net cash provided (used) by investing activities	<u>1,191,129</u>	<u>( 26,193)</u>
Net increase in cash and cash equivalents	9,852,167	805,202
Cash and cash equivalents, beginning of year	<u>13,195,103</u>	<u>12,389,901</u>
Cash and cash equivalents, end of year	\$ <u>23,047,270</u>	\$ <u>13,195,103</u>

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

COMBINED STATEMENTS OF CASH FLOWS, Continued  
for the years ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of cash and cash equivalents to the balance sheets:		
Cash and cash equivalents in current assets	\$ 16,735,785	\$ 9,281,907
Cash and cash equivalents in designated cash and investments:		
Internally designated for capital acquisition	3,916,836	2,899,531
Internally designated for employee benefits	224,878	883,061
Internally designated for malpractice funding	80,328	126,777
Restricted by debt	<u>2,089,443</u>	<u>3,827</u>
Total cash and cash equivalents	\$ <u>23,047,270</u>	\$ <u>13,195,103</u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 15,246,429	\$ 12,910,262
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	16,876,522	15,516,248
Provision for bad debts	50,940,595	44,513,106
Changes in:		
Patient accounts receivable	(52,377,560)	(45,938,365)
Estimated third-party payor settlements	( 380,379)	354,653
Supplies	( 470,697)	( 1,042,773)
Other assets	( 3,619,166)	( 3,255,974)
Notes receivable	18,054	216,512
Accounts payable	4,737,195	2,440,530
Other accrued expenses	( 178,658)	( 299,015)
Medicare advance payments	<u>-</u>	<u>( 179,435)</u>
Net cash provided by operating activities	\$ <u>30,792,335</u>	\$ <u>25,235,749</u>
Noncash investing activities (nearest thousand):		
Change in fair value of investments	\$ <u>11,161,000</u>	\$ <u>10,630,000</u>

The Authority entered into lease obligations of \$83,421 in 2023.

The accompanying notes are an integral part of these combined financial statements.

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS  
September 30, 2024 and 2023

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1. Description of Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity

The Hospital Authority of Colquitt County (Authority), doing business as Colquitt Regional Medical Center (Medical Center), is a public corporation that operates an acute care hospital. In 2022, the Medical Center purchased a skilled nursing facility, which is now operated as Colquitt Regional Senior Care and Rehabilitation. Additionally, the Authority operates Colquitt Regional Health, Inc., which provides home health care, hospice care, and non-emergency transportation services and is a blended component unit of the Authority. The Authority is the sole member of Colquitt Regional Medical, Inc. (CRM, Inc.). CRM, Inc. was created to acquire and administer funds and property for physician practices in the Moultrie, Georgia area. Upon dissolution of CRM, Inc., all assets will revert to the Authority. The Authority elects the Board members for CRM, Inc. CRM, Inc. is a blended component unit of the Authority.

In 2022, the Authority established a segregated portfolio plan in the Georgia Health Care Insurance Company, SPC (GHCIC), which is incorporated in the Cayman Islands, and has a December 31<sup>st</sup> year end. The name of the plan is Colquitt Regional Medical Center Insurance Segregated Portfolio (Segregated Portfolio). The Segregated Portfolio provides professional and general liability self-insurance to the Authority. The Segregated Portfolio is managed by Willis Management (Cayman), Ltd. in Grand Cayman, Cayman Islands. The Segregated Portfolio is a blended component unit of the Authority.

The combined financial statements include the Medical Center, CRM, Inc., Colquitt Regional Health, Inc., and the Segregated Portfolio. All intercompany transactions have been eliminated in the combined financial statements. The combined financial statements present the Segregated Portfolio's audited financial statements as of December 31, 2023 and 2022, and for the 10 month period from March 1, 2022 (date of commencement of operations) to December 31, 2022.

Authority board members are nominated by the Colquitt County Commission and appointed by the Authority. Also, the County Commissioners have guaranteed debt of the Authority. For these reasons, the Authority is considered to be a component unit of Colquitt County.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Continued



HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

1. Description of Reporting Entity and Summary of Significant Accounting Policies, Continued

Enterprise Fund Accounting

The Authority uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

The Authority prepares its combined financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid instruments with an original maturity of three months or less.

Allowance for Doubtful Accounts

The Authority provides an allowance for doubtful accounts based on the evaluation of the overall collectability of the accounts receivable. As accounts are known to be uncollectible, the account is charged against the allowance.

Supplies

Supplies are valued at the average purchase cost using the first-in, first-out method.

Noncurrent Cash and Investments

Noncurrent cash and investments include assets designated by the Board of Directors for future capital acquisition, various employee benefits, and a malpractice funding arrangement. The Board retains control over these designated funds and may, at its discretion, subsequently use them for other purposes. Noncurrent cash and investments also include assets restricted by the 2016 and 2020 Revenue Certificates issuance. Amounts required to meet current liabilities of the Authority have been reclassified in the balance sheet at September 30, 2024 and 2023.

Investments in Debt and Equity Securities

Investments in debt and equity securities are carried at fair value except for investments in debt securities with maturities of less than one year at the time of purchase. These investments are reported at amortized cost, which approximates fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in nonoperating revenue when earned.

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

1. Description of Reporting Entity and Summary of Significant Accounting Policies, Continued

Capital Assets

The Authority's capital assets are reported at historical cost. Contributed capital assets are reported at their acquisition value at the time of their donation. All purchases exceeding \$5,000, with an estimated useful life greater than one year, are capitalized by the Authority. All capital assets other than land are depreciated or amortized (in the case of leased and subscription IT assets) using the straight-line method of depreciation using these asset lives:

Land improvements	15 to 25 years
Buildings and building improvements	20 to 40 years
Equipment, computers and furniture	3 to 10 years
Right-to-use lease assets	3 to 10 years
Right-to-use subscription IT assets	3 to 9 years

Costs of Borrowing

Costs related to the issuance of long-term debt are expensed in the period in which the debt was incurred. Interest cost incurred on borrowed funds during the period of construction of capital assets is expensed in the period in which the cost is incurred.

Compensated Absences

The Authority's employees earn vacation days at varying rates depending on years of service. Employees may accumulate vacation days up to a specified maximum.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Government stimulus advance payments are reported as unearned revenue until all applicable eligibility requirements are met. See Note 18 for additional information.

Subscription-Based Information Technology Arrangements

The Authority has subscription-based information technology arrangements (SBITAs). The Authority recognizes a subscription IT liability and an intangible right-to-use subscription asset (subscription IT asset) in its financial statements. At the commencement of the subscription term, which is when the subscription IT asset is placed into service, the Authority initially measures the subscription IT liability at the present value of subscription payments expected to be made during the subscription term. Subsequently, the subscription IT liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription IT liability, adjusted for payments made at or before commencement of the subscription term, plus capitalizable implementation costs,

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

1. Description of Reporting Entity and Summary of Significant Accounting Policies, Continued

Subscription-Based Information Technology Arrangements, Continued

less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the subscription IT asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the Authority determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Authority uses the implicit interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not readily determinable, the Authority generally uses its estimated incremental borrowing rate as the discount rate. Amortization of the discount on the subscription IT liability is included in interest expense in the financial statements.
- The subscription term includes the noncancellable period. Subscription payments included in the measurement of the subscription IT liability are composed of fixed payments and other payments that are reasonably certain of being required.

The Authority monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the subscription IT asset and subscription IT liability if certain changes occur that are expected to significantly affect the amount of the subscription IT liability.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following stages:

- Preliminary Project Stage - Outlays are expensed as incurred.
- Initial Implementation Stage - Outlays are generally capitalized as an addition to the subscription IT asset.
- Operation and Additional Implementation Stage - Outlays are expensed as incurred unless specific capitalization criteria is met.

Subscription IT assets are reported with capital assets and subscription IT liabilities are reported with current and noncurrent liabilities on the balance sheets.

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

1. Description of Reporting Entity and Summary of Significant Accounting Policies, Continued

Net Position

Net position of the Authority is classified into three components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* are noncapital assets reduced by liabilities and deferred inflows of resources related to those assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Authority, including amounts deposited with trustees as required by revenue certificate agreements, as discussed in Note 8. *Unrestricted net position* is the remaining amount of net position that does not meet the definition of *net investment in capital assets* or *restricted net position*.

Net Patient Service Revenue

The Authority has agreements with third-party payors that provide for payments to the Authority at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care

The Authority provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Authority does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Estimated Self-Insurance Costs

The provision for estimated malpractice claims and other claims under self-insurance plans include estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

1. Description of Reporting Entity and Summary of Significant Accounting Policies, Continued

Operating Revenues and Expenses

The Authority's statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services - the Authority's principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Grants and Contributions

From time to time, the Authority receives grants from the State of Georgia as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Restricted Resources

When the Authority has both restricted and unrestricted resources available to finance a particular program, it is the Authority's policy to use restricted resources before unrestricted resources.

Income Taxes

The Authority is a governmental entity and is exempt from income taxes. Accordingly, no provision for income taxes has been considered in the accompanying combined financial statements.

Colquitt Regional Health, Inc. is a not-for-profit corporation that has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

CRM, Inc. is a federally taxable entity organized as a not-for-profit corporation under state law and has not incurred tax expense due to operating losses.

The Segregated Portfolio conducts its affairs in a manner in which it will not be subject to U.S. Federal income tax or Georgia income tax.

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

1. Description of Reporting Entity and Summary of Significant Accounting Policies, Continued

Income Taxes, Continued

The Authority applies accounting policies that prescribe when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by the relevant taxing jurisdictions, those income tax positions would be sustained. Based on that evaluation, the Authority only recognizes the maximum benefit of each income tax position that is more than 50% likely of being sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses.

Based on the results of management's evaluation, no liability is recognized in the accompanying balance sheet for unrecognized income tax positions. Further, no interest or penalties have been accrued or charged to expense as of September 30, 2024 and 2023 or for the years then ended. Colquitt Regional Health, Inc. and CRM, Inc.'s tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Risk Management

The Authority is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The Authority is partially self-insured for medical malpractice claims and judgments, as well as employee health and worker's compensation claims, as discussed in Notes 12 and 21.

Impairment of Long-Lived Assets

The Authority evaluates on an ongoing basis the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounted estimated future cash flows using an appropriate interest rate. The Authority has not recorded any impairment charges in the accompanying combined statements of revenues, expenses and changes in net position for the years ended September 30, 2024 and 2023.

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

1. Description of Reporting Entity and Summary of Significant Accounting Policies, Continued

Fair Value Measurements

GASB Statement No. 72 - *Fair Value Measurement and Application* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. GASB No. 72 also establishes a hierarchy of inputs to valuation techniques used to measure fair value. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. GASB No. 72 describes the following three levels of inputs that may be used:

- *Level 1:* Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets and liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- *Level 2:* Observable inputs such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- *Level 3:* Unobservable inputs when there is little or no market data available, thereby requiring an entity to develop its own assumptions. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources represent the consumption or acquisition, respectively, of the Authority's net position applicable to a future reporting period. Deferred outflows of resources consist of goodwill, net of accumulated amortization, as of September 30, 2024 and 2023. See Note 19 for additional information. Deferred inflows of resources relate to lessor leases that is amortized to lease income over the lease terms.

Prior Year Reclassifications

Certain reclassifications have been made to the fiscal year 2023 financial statements to conform to the fiscal year 2024 presentation. These reclassifications had no impact on the change in net position in the accompanying financial statements.

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

1. Description of Reporting Entity and Summary of Significant Accounting Policies, Continued

Accounting Pronouncement Not Yet Adopted

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 updates the recognition, measurement, and disclosure guidance for compensated absences. The Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. GASB 101 is effective for fiscal years beginning after December 15, 2023. The Authority is currently evaluating the impact GASB 101 will have on its combined financial statements.

2. Net Patient Service Revenue

The Authority has agreements with third-party payors that provide for payments at amounts different from its established rates. The Authority does not believe that there are any significant credit risks associated with receivables due from third-party payors.

Revenue from the Medicare and Medicaid programs accounted for approximately 53% and 16%, respectively, of the Authority's net patient service revenue for the year ended 2024 and 49% and 15%, respectively, of the Authority's net patient service revenue for the year ended 2023. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The Authority believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. However, there has been an increase in regulatory initiatives at the state and federal levels including the initiation of the Recovery Audit Contractor (RAC) program and the Medicaid Integrity Contractor (MIC) program. These programs were created to review Medicare and Medicaid claims for medical necessity and coding appropriateness. The RAC's have authority to pursue improper payments with a three year look back from the date the claim was paid. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs.

A summary of the payment arrangements with major third-party payors follows:

- Medicare

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

Nursing home services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient-driven payment methodology.

Continued



HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

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2. Net Patient Service Revenue, Continued

- Medicare, Continued

The Authority is reimbursed for certain reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare Administrative Contractor (MAC). The Medical Center's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Authority. The Authority's Medicare cost reports have been audited by the MAC through September 30, 2020.

- Medicaid

Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology.

The Authority is reimbursed for outpatient services at a tentative rate with final settlement determined after submission of annual cost reports by the Authority and audits thereof by the Medicaid fiscal intermediary. The Authority's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 2021.

Long-term care services are reimbursed by the Medicaid program based on a prospectively determined per diem. The per diem is determined by the facility's historical allowable operating costs adjusted for certain incentives and inflation factors.

The Authority also contracts with certain managed care organizations to receive reimbursement for providing services to selected enrolled Medicaid beneficiaries. Payment arrangements with these managed care organizations consist primarily of prospectively determined rates per discharge, discounts from established charges, or prospectively determined per diems.

The state of Georgia enacted legislation known as the Provider Payment Agreement Act (Act) whereby hospitals in the state of Georgia are assessed a "provider payment" in the amount of 1.45% of their net patient service revenue. The Act became effective July 1, 2010, the beginning of state fiscal year 2011. The provider payments are due on a quarterly basis to the Department of Community Health. The payments are to be used for the sole purpose of obtaining federal financial participation for medical assistance payments to providers on behalf of Medicaid recipients. The provider payment results in an increase in hospital payments for Medicaid services of approximately 11.88%. Approximately \$1,876,000 and \$1,662,000 relating to the Act is included in medical supplies and other expense in the accompanying statements of revenues, expenses and changes in net position for the years ended September 30, 2024 and 2023, respectively.

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

2. Net Patient Service Revenue, Continued

• Medicaid, Continued

The Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 provides for payment adjustments to certain facilities based on the Medicaid Upper Payment Limit (UPL). The UPL payment adjustments are based on a measure of the difference between Medicaid payments and the amount that could be paid based on Medicare payment principles. The Authority has accrued or received enhanced payments of approximately \$3,779,000 and \$4,569,000 for 2024 and 2023, respectively, which is reflected in net patient service revenue.

The Authority also participates in the Medicaid Managed Care Directed Payment Program, which is a supplemental payment program for hospitals through the Georgia Department of Community Health. The 2024 and 2023 combined financial statements include payment adjustments of approximately \$4,078,000 and \$4,494,000, respectively, which are reflected in net patient service revenue.

During 2022, the Georgia Department of Community Health announced final approval of a new state directed payment program - Strengthening the Reinvestment Of a Necessary workforce in Georgia (GA-STRONG). This is a supplemental payment program intended to support the retention of Georgia's existing workforce and development of the next generation of healthcare providers. As a result of participation in the GA-STRONG program, the Authority recognized revenue of approximately \$6,840,000 and \$11,297,000 in 2024 and 2023, respectively.

• Other Agreements

The Authority has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Authority under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

3. Uncompensated Services

The Authority was compensated for services at amounts less than its established rates. Charges for uncompensated services for 2024 and 2023 were approximately \$582,462,000 and \$525,621,000, respectively.

Uncompensated services include charity and indigent care services of approximately \$9,607,000 and \$6,099,000 in 2024 and 2023, respectively. The cost of charity and indigent care services provided during 2024 and 2023 was approximately \$2,893,000 and \$1,840,000, respectively, computed by applying a total cost factor to the charges foregone.

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

3. Uncompensated Services, Continued

The following is a summary of uncompensated services and a reconciliation of gross patient charges to net patient service revenue for 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Gross patient charges	\$ <u>842,809,588</u>	\$ <u>757,188,891</u>
Uncompensated services:		
Charity and indigent care	9,606,644	6,099,042
Medicare	255,836,696	220,652,205
Medicaid	44,913,559	54,516,258
Other allowances	221,164,436	199,840,401
Provision for bad debts	<u>50,940,595</u>	<u>44,513,106</u>
Total uncompensated care	<u>582,461,930</u>	<u>525,621,012</u>
Net patient service revenue	\$ <u>260,347,658</u>	\$ <u>231,567,879</u>

4. Designated Net Position

Of the approximately \$151,816,147 and \$120,455,966 of unrestricted net position reported in 2024 and 2023, approximately \$118,912,000 and \$96,255,000, respectively, have been designated by the Authority for capital improvements, various employee benefit plans, and malpractice. Designated funds remain under the control of the Board of Directors, which may at its discretion later use the funds for other purposes.

5. Deposits and Investments

Noncurrent cash and investments are reported in current assets if they are required for obligations classified as current liabilities. As discussed in Note 1, the Authority's investments are generally carried at fair value. The certificates of deposit are recorded at cost plus accrued interest.

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

5. Deposits and Investments, Continued

The composition of noncurrent cash and investments at September 30, 2024 and 2023, is set forth in the following table:

	<u>2024</u>	<u>2023</u>
Internally designated for capital acquisition:		
Cash and cash equivalents	\$ 3,916,836	\$ 2,899,531
U.S. Treasury obligations	4,591,541	3,178,116
U.S. Government Agency securities	3,400,360	2,788,641
Other fixed income	7,629,862	10,945,986
Equity securities	77,601,378	62,232,293
Mutual fund - commodities	830,401	587,588
Public hedge funds	<u>8,781,621</u>	<u>6,238,912</u>
	<u>\$ 106,751,999</u>	<u>\$ 88,871,067</u>
Internally designated for employee benefits:		
Cash and cash equivalents	\$ 224,878	\$ 883,061
Certificates of deposit	1,397,764	635,000
Equity securities	<u>1,715,075</u>	<u>1,454,656</u>
	3,337,717	2,972,717
Less current portion	<u>2,337,717</u>	<u>2,337,717</u>
	<u>\$ 1,000,000</u>	<u>\$ 635,000</u>
Internally designated for malpractice funding arrangement:		
Held by Medical Center:		
Cash and cash equivalents	\$ 80,328	\$ 126,777
Other fixed income	996,515	818,325
Equity securities	3,667,751	2,938,803
Mutual fund - commodities	47,561	48,158
Public hedge funds	<u>583,327</u>	<u>479,121</u>
	5,375,482	4,411,184
Less current portion	<u>1,029,492</u>	<u>2,121,398</u>
	<u>4,345,990</u>	<u>2,289,786</u>
Held by segregated portfolio:		
Other fixed income	1,438,900	-
Equity securities	561,195	-
Mutual funds - fixed income	<u>1,446,665</u>	<u>-</u>
	<u>3,446,760</u>	<u>-</u>
	<u>\$ 7,792,750</u>	<u>\$ 2,289,786</u>

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

5. Deposits and Investments, Continued

	<u>2024</u>	<u>2023</u>
Restricted by 2016 and 2020 Revenue		
Certificates - debt service reserve fund:		
Cash and cash equivalents	\$ 2,089,443	\$ 3,827
Other fixed income	<u>1,725,137</u>	<u>3,616,354</u>
	<u>\$ 3,814,580</u>	<u>\$ 3,620,181</u>
Total designated cash and investments	\$ 122,726,538	\$ 99,875,149
Less current portion of designated funds	( <u>3,367,209</u> )	( <u>4,459,115</u> )
Noncurrent cash and investments reported as long-term	<u>\$ 119,359,329</u>	<u>\$ 95,416,034</u>
Carrying amount:		
Deposits	\$ 18,972,751	\$ 9,916,907
Investments	<u>120,489,572</u>	<u>99,240,149</u>
Total cash and investments	<u>\$ 139,462,323</u>	<u>\$ 109,157,056</u>
Included in the following balance sheet options:		
Cash and cash equivalents	\$ 16,735,785	\$ 9,281,907
Current portion of designated funds	3,367,209	4,459,115
Noncurrent cash and investments	<u>119,359,329</u>	<u>95,416,034</u>
Total cash and investments	<u>\$ 139,462,323</u>	<u>\$ 109,157,056</u>

*Custodial credit risk - deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to them or will not be able to recover collateral securities that are in the possession of an outside party. As of September 30, 2024, the Authority has no deposits exposed to custodial credit risk.

*Custodial credit risk - investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2024, the Authority has no investments exposed to custodial credit risk.

*Concentration of credit risk.* As of September 30, 2024, the Authority has no investment in any one issuer that is in excess of 5% of the Authority's total investments.

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

5. Deposits and Investments, Continued

As of September 30, 2024 and 2023, the Authority had the following debt securities:

**September 30, 2024**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
U.S. Treasury obligations	\$ 4,591,541	March 31, 2025 - February 15, 2054 rating quality AA+
U.S. Government Agency securities	3,400,360	March 1, 2031 - May 1, 2054 rating quality AA+ to AAA
Mutual funds fixed income	1,446,665	Average maturity of 1 year rating quality BBB- to AAA
Other fixed income	<u>11,790,414</u>	Average maturity of 15 years, rating quality BBB- to AAA
Total	\$ <u>21,228,980</u>	

**September 30, 2023**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
U.S. Treasury obligations	\$ 3,178,116	March 31, 2025 - May 15, 2053 rating quality AA+
U.S. Government Agency securities	2,788,641	March 1, 2031 - May 1, 2052 rating quality AA+ to AAA
Other fixed income	<u>15,380,665</u>	Average maturity of 12 years, rating quality BBB- to AAA
Total	\$ <u>21,347,422</u>	

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

6. Accounts Receivable and Payable

Patient accounts receivable and accounts payable (including accrued expenses) reported as current assets and liabilities by the Authority at September 30, 2024 and 2023 consisted of these amounts:

	<u>2024</u>	<u>2023</u>
Patient accounts receivable:		
Receivable from patients and their insurance carriers	\$ 65,978,062	\$ 48,011,773
Receivable from Medicare	41,968,875	35,810,424
Receivable from Medicaid	<u>7,489,627</u>	<u>8,579,842</u>
Total patient accounts receivable	115,436,564	92,402,039
Less allowance for uncollectible amounts and contractual adjustments	<u>88,830,696</u>	<u>67,233,137</u>
Patient accounts receivable, net	\$ <u>26,605,868</u>	\$ <u>25,168,902</u>
Accounts payable and accrued expenses:		
Payable to employees (including payroll taxes)	\$ 17,055,822	\$ 16,142,574
Payable to suppliers	12,016,220	8,964,525
Other accrued expenses	<u>1,029,492</u>	<u>2,121,398</u>
Total accounts payable and accrued expenses	\$ <u>30,101,534</u>	\$ <u>27,228,497</u>

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

7. Capital Assets

A summary of capital assets at September 30, 2024 and 2023 follows:

	Balance September 30, <u>2023</u>	<u>Increase</u>	<u>Decrease</u>	Balance September 30, <u>2024</u>
Capital assets not being depreciated:				
Land	\$ 1,629,639	\$ 300,000	\$ -	\$ 1,929,639
Projects-in-progress	<u>17,288,107</u>	<u>22,418,702</u>	<u>36,140,775</u>	<u>3,566,034</u>
Total capital assets not being depreciated	<u>18,917,746</u>	<u>22,718,702</u>	<u>36,140,775</u>	<u>5,495,673</u>
Capital assets being depreciated:				
Land improvements	6,405,406	1,027,404	-	7,432,810
Buildings	128,715,943	26,302,535	-	155,018,478
Equipment	<u>132,410,842</u>	<u>8,510,837</u>	<u>123,867</u>	<u>140,797,812</u>
Total capital assets being depreciated	<u>267,532,191</u>	<u>35,840,776</u>	<u>123,867</u>	<u>303,249,100</u>
Less accumulated depreciation:				
Land improvements	3,622,718	400,610	-	4,023,328
Buildings	56,469,343	6,110,282	-	62,579,625
Equipment	<u>99,481,706</u>	<u>8,903,455</u>	<u>109,571</u>	<u>108,275,590</u>
Total depreciation	<u>159,573,767</u>	<u>15,414,347</u>	<u>109,571</u>	<u>174,878,543</u>
Leased buildings, equipment and subscription IT assets	6,154,897	-	13,780	6,141,117
Less: accumulated amortization for leased buildings, equipment and subscription IT assets	<u>2,248,890</u>	<u>1,273,072</u>	<u>-</u>	<u>3,521,962</u>
Intangible right-to-use lease, and subscription IT assets, net	<u>3,906,007</u>	( 1,273,072)	<u>13,780</u>	<u>2,619,155</u>
Net capital assets	\$ <u>130,782,177</u>	\$ <u>41,872,059</u>	\$ <u>36,168,851</u>	\$ <u>136,485,385</u>

Continued



HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

7. Capital Assets, Continued

	Balance September 30, <u>2022</u>	<u>Increase</u>	<u>Decrease</u>	Balance September 30, <u>2023</u>
Capital assets not being depreciated:				
Land	\$ 1,629,639	\$ -	\$ -	\$ 1,629,639
Projects-in-progress	<u>4,280,105</u>	<u>26,188,031</u>	<u>13,180,029</u>	<u>17,288,107</u>
Total capital assets not being depreciated	<u>5,909,744</u>	<u>26,188,031</u>	<u>13,180,029</u>	<u>18,917,746</u>
Capital assets being depreciated:				
Land improvements	5,461,554	943,852	-	6,405,406
Buildings	124,851,101	3,864,842	-	128,715,943
Equipment	<u>126,648,252</u>	<u>8,046,092</u>	<u>2,283,502</u>	<u>132,410,842</u>
Total capital assets being depreciated	<u>256,960,907</u>	<u>12,854,786</u>	<u>2,283,502</u>	<u>267,532,191</u>
Less accumulated depreciation:				
Land improvements	3,205,801	416,917	-	3,622,718
Buildings	51,375,280	5,095,384	1,321	56,469,343
Equipment	<u>92,732,543</u>	<u>8,531,549</u>	<u>1,782,386</u>	<u>99,481,706</u>
Total depreciation	<u>147,313,624</u>	<u>14,043,850</u>	<u>1,783,707</u>	<u>159,573,767</u>
Leased buildings, equipment and subscription IT assets	6,111,842	99,238	56,183	6,154,897
Less: accumulated amortization for leased buildings, equipment and subscription IT assets	<u>998,868</u>	<u>1,306,205</u>	<u>56,183</u>	<u>2,248,890</u>
Intangible right-to-use lease, and subscription IT assets, net	<u>5,112,974</u>	( 1,206,967)	-	<u>3,906,007</u>
Net capital assets	\$ <u>120,670,001</u>	\$ <u>23,792,000</u>	\$ <u>13,679,824</u>	\$ <u>130,782,177</u>

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

8. Long-Term Debt, Lease Liabilities and Subscription IT Lease Liabilities

A schedule of changes in the Authority's noncurrent liabilities for 2024 and 2023 follows:

	<u>2023 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>2024 Balance</u>	<u>Amounts Due Within One Year</u>
Direct placement:					
Revenue					
Certificates					
2016	\$ 19,571,230	\$ -	\$ 3,661,514	\$ 15,909,716	\$ 3,741,968
Revenue					
Certificates					
2020	29,547,481	-	1,915,457	27,632,024	2,073,547
Direct borrowings:					
Notes payable	6,080,033	5,360,996	1,182,826	10,258,203	1,022,597
Lease liabilities	219,471	-	142,186	77,285	66,866
Subscription IT liabilities	<u>3,625,225</u>	<u>-</u>	<u>1,020,134</u>	<u>2,605,091</u>	<u>800,931</u>
Total noncurrent liabilities	<u>\$ 59,043,440</u>	<u>\$ 5,360,996</u>	<u>\$ 7,922,117</u>	<u>\$ 56,482,319</u>	<u>\$ 7,705,909</u>
	<u>2022 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>2023 Balance</u>	<u>Amounts Due Within One Year</u>
Direct placement:					
Revenue					
Certificates					
2016	\$ 23,153,381	\$ -	\$ 3,582,151	\$ 19,571,230	\$ 3,661,087
Revenue					
Certificates					
2020	25,300,355	5,574,135	1,327,009	29,547,481	1,864,529
Direct borrowings:					
Notes payable	7,329,833	-	1,249,800	6,080,033	1,220,520
Lease liabilities	239,527	83,421	103,477	219,471	85,217
Subscription IT liabilities	<u>4,716,658</u>	<u>-</u>	<u>1,091,433</u>	<u>3,625,225</u>	<u>1,100,558</u>
Total noncurrent liabilities	<u>\$ 60,739,754</u>	<u>\$ 5,657,556</u>	<u>\$ 7,353,870</u>	<u>\$ 59,043,440</u>	<u>\$ 7,931,911</u>

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

8. Long-Term Debt, Lease Liabilities and Subscription IT Lease Liabilities, Continued

The terms and due dates of the Authority's long-term debt at September 30, 2024 and 2023 follow:

- 2016 Revenue Certificates, consisting of Series 2016A and Series 2016B, each collateralized by a pledge of the Authority's gross receipts. Series 2016A bears interest of 2.32%, principal maturing in monthly installments of \$153,106, final payment due September 5, 2031. Series 2016B bears a fixed interest rate of 2.09%, payable in monthly installments of \$185,570, final payment due September 5, 2021. The 2016 Revenue Certificates contain a provision that in an event of default, the timing of repayment of outstanding amounts may become immediately due if the Authority does not make payments according to the repayment terms or is rendered incapable of fulfilling its obligations. The Authority issued the 2016 Revenue Certificates to redeem the 2012-B Revenue Certificates, the 2013 Revenue Certificates, the 2014 Revenue Certificates, all active notes payable and to acquire the Sterling Center building. As a result of the early redemption, the Authority decreased its total debt service payments by approximately \$3.2 million which results in an economic savings (the difference between the present value of the debt service payments on the old and new debt) of approximately \$2.7 million which is 7% of the principal amount refunded.
- Series 2018 Revenue Certificates, collateralized by a pledge of the Authority's gross receipts. Series 2018 was issued as an amendment to the 2016 Revenue Certificates. Series 2018 bears interest of 3.85% with interest only payments through the period of construction, and then 3.85%, with principal maturing in monthly installments. During 2021 the Authority redeemed the 2018 Revenue Certificates with proceeds from the 2020 Revenue Certificates.
- 2020 Revenue Certificates, consisting of Series 2020A and Series 2020B, each collateralized by a pledge of the Authority's gross receipts. Series 2020 was issued as an amendment to the 2016 Revenue Certificates. Series 2020A bears interest of 2.50% with interest only payments through the period of construction, then 2.50% with principal maturing in monthly installments amortized over the remaining term, with the final payment due December 2040. Series 2020B bears an interest rate of 2.50%, payable in monthly installments of \$144,465, final payment due December 2033. The 2020 Revenue Certificates contain a provision that in an event of default, the timing of repayment of outstanding amounts may become immediately due if the Authority does not make payments according to the repayment terms or is rendered incapable of fulfilling its obligations. The Authority issued the 2020A Revenue Certificates for construction of a Geriatric Psychiatry Center and make system wide infrastructure upgrades. Proceeds from Series 2020A can be drawn as construction progresses up to an amount of \$14,000,000. As of September 30, 2023, the Authority had drawn all proceeds from Series 2020A. The Authority issued the 2020B Revenue Certificates to redeem the 2018 Revenue Certificates. As a result of the early redemption, the Authority increased its total debt service payments by approximately \$2.3 million which results in an economic loss (the difference between the present value of the debt service payments on the old and new debt) of approximately \$1.9 million which is 11% of the principal amount refunded.

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HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

8. Long-Term Debt, Lease Liabilities and Subscription IT Lease Liabilities, Continued

- Note payable, related to the purchase of Colquitt Senior Care and Rehabilitation, unsecured with monthly payments of \$84,128 including interest of 2.35%.
- Note payable, collateralized by \$1 million in a deposit account and equipment, with monthly payments of \$31,775 including interest at a rate of 3.6%. The Authority's note payable contains a provision that the timing of repayment of outstanding amounts may become immediately due upon the creation of, or contract for the creation of, any lien, encumbrance, transfer, or sale of the property defined by the loan. In 2022, the Authority received a release of collateral from the lender and is no longer required to maintain deposits as collateral for this loan.
- Note payable, purchase of Stryker equipment, with seven varying yearly payments beginning in FY 2022 and ending in FY 2028, including an interest rate at 3.25%, secured by equipment.
- Note payable, related to the construction of Sterling Orthopedic, unsecured with payments of interest at 3.00% due monthly with principal balance of \$5,361,000 due December 2028. The Authority's note payable contains a provision of renewal for an additional five years at a rate to be determined at renewal.
- Subscription IT liabilities with imputed interest ranging from 3.25% to 7.00%, payable in annual installments for various software licenses and remote hosting arrangements subscriptions ranging from approximately \$1,000 to \$102,000, and payable in monthly installments for certain subscriptions ranging from approximately \$11,000 to \$2,828,000. Secured by subscription IT assets. None of the subscription-based information technology arrangements contain provisions for variable payments. Additionally, there are no other payments, such as termination penalties, not previously included in the measurement of the subscription liability.

The 2016 and 2020 Revenue Certificates place limits on the incurrence of additional borrowings and require that the Authority maintain a reserve fund sufficient to service a half year's total debt service payments on the Revenue Certificates. Management believes the Authority was in compliance with these requirements.

Colquitt County has agreed to guarantee payment of the 2016 and 2020 Revenue Certificates in the event that the revenues of the Authority are not sufficient to make scheduled debt payments. To date, no payments by Colquitt County under the guarantee have been required.

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HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

8. Long-Term Debt, Lease Liabilities and Subscription IT Lease Liabilities, Continued

Scheduled principal and interest repayments on noncurrent liabilities are as follows:

Year Ending September 30	Direct Placements/Borrowings		Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 6,838,112	\$ 1,268,010	\$ 66,866	\$ 3,077	\$ 800,931	\$ 77,123
2026	6,836,868	1,108,769	10,419	362	483,930	51,946
2027	4,931,287	969,549	-	-	434,067	37,305
2028	5,047,900	848,584	-	-	448,386	22,986
2029	9,978,264	610,402	-	-	437,777	8,194
2030-2034	14,369,616	7,124,192	-	-	-	-
2035-2038	4,602,380	453,830	-	-	-	-
2039-2041	<u>1,195,516</u>	<u>68,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>53,799,943</u>	\$ <u>12,451,864</u>	\$ <u>77,285</u>	\$ <u>3,439</u>	\$ <u>2,605,091</u>	\$ <u>197,554</u>

9. Leases

The Authority is a lessee for noncancellable lease assets. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in its financial statements. At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the implicit interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided or cannot be imputed, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with current and noncurrent liabilities on the balance sheets.

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

9. Leases, Continued

None of the leases contain provisions for variable payments or residual value guarantees. Additionally, there are no other payments such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability reflected as outflows of resources.

Expenses for the leasing activity of the Authority as the lessee for the years ended September 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Short-term lease expense	\$ 445,275	\$ -
Right-to-use lease asset amortization	138,337	107,727
Lease liability interest expense	<u>15,416</u>	<u>7,857</u>
Total lease cost	\$ <u>599,028</u>	\$ <u>115,584</u>

10. Defined Contribution Retirement Plan

The Authority has a defined contribution retirement plan pursuant to Section 403(b) of the Internal Revenue Code covering substantially all Hospital employees. Additionally, the Authority sponsors defined contribution plans pursuant to Sections 401(a) and 457(f) of the Internal Revenue Code, which are for employer contributions only. Retirement expense was approximately \$4,192,000 and \$3,498,000 in 2024 and 2023, respectively. As of September 30, 2024 and 2023, the Authority accrued approximately \$3,009,000 and \$2,791,000, respectively, for employer portion payable that is included in accrued expenses on the balance sheet. Effective January 1, 2016, the Authority amended its defined contribution retirement plan pursuant to Section 403(b). Employees hired before January 1, 2016 are subject to the rules of the retirement plan before that date and employees hired after December 31, 2015 are subject to the new provisions of the retirement plan.

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
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NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

10. Defined Contribution Retirement Plan, Continued

The terms of the 403(b) retirement plan are as follows:

Eligibility

In order to receive an employer contribution into the retirement plan, an eligible employee is defined as any employee employed as either **Regular Full-Time with Benefits** or **Regular Part-Time with Benefits**.

Eligibility provisions vary by contribution type and/or group as outlined below:

***Any Eligible Employee Hired Before January 1, 2016***

- Employer Annual Discretionary

An eligible employee is eligible to participate in the plan for purposes of this contribution(s):

- Upon attaining age twenty-one (21)
- Upon completing three (3) years of serv

***Any Eligible Employee Hired After December 31, 2015***

- Employer Matching

An eligible employee is eligible to participate in the plan for purposes of this contribution(s):

- Upon attaining age twenty-one (21)
- Upon completing three (3) months of service
- Automatic enrollment will occur following three (3) months of employment
- May waive automatic enrollment by affirmative election.

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

10. Defined Contribution Retirement Plan, Continued

Employer Contributions

***For Employees Hired Before January 1, 2016***

The Authority provides an employer discretionary nonelective contribution of 10% of the eligible employee's base pay for each eligible plan year. An eligible employee must:

- have completed at least three (3) years of service and have reached age twenty-one (21)
- have earned eligible compensation to an eligible class during the plan year
- be employed as an eligible employee on the last day of the plan year (December 31st).

***For Employees Hired After December 31, 2015***

Colquitt Regional Medical Center provides an employer matching contribution for each eligible employee beginning with the first payroll following ninety (90) days of employment.

The employee match is 100% of the first 5% of salary reduction contribution.

***For Employees Hired After December 31, 2022***

Colquitt Regional Medical Center provides an employer matching contribution for each eligible employee beginning with the payroll following the first month following thirty (30) days of employment.

The employer match is 50%, up to 6% of the employee's deferral amount.

If an employee leaves Colquitt Regional Medical Center and remains absent for six (6) months or longer, upon retirement they are considered a new employee for purposes of eligibility and vesting.

Vesting

The annual employer discretionary nonelective contributions for eligible employees hired before January 1, 2016, are subject to the following vesting schedule:

<u>Years of Service</u>	<u>Vesting Percent</u>
1	0%
2	0%
3	30%
4	40%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

Continued



HOSPITAL AUTHORITY OF COLQUITT COUNTY  
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NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

10. Defined Contribution Retirement Plan, Continued

Vesting, Continued

The matching employer contributions for eligible employees hired after December 31, 2015, are subject to the following vesting schedule:

<u>Years of Service</u>	<u>Vesting Percent</u>
1 - 2	0%
3	25%
4	50%
5	75%
6 or more	100%

The matching employer contributions for eligible employees hired after December 31, 2022, are subject to the following vesting schedule:

<u>Years of Service</u>	<u>Vesting Percent</u>
1 - 2	0%
3	25%
4	50%
5	75%
6 or more	100%

11. Related Party

The Colquitt Regional Medical Foundation is a not-for-profit organization established for the purpose of supporting the Medical Center and the health care community of Colquitt County.

A summary of the Foundation's assets, liabilities, net assets, and changes in net assets follows:

	<u>2024</u>	<u>2023</u>
Assets, principally cash, investments, unconditional promises to give, and property	\$ <u>13,586,117</u>	\$ <u>11,123,379</u>
Liabilities, principally accounts payable, amounts due to related party, and use obligation subject to life estate	\$ 576	\$ 149,613
Net assets	<u>13,585,541</u>	<u>10,973,766</u>
Total liabilities and net assets	\$ <u>13,586,117</u>	\$ <u>11,123,379</u>

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
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NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

11. Related Party, Continued

	<u>2024</u>	<u>2023</u>
Revenues and investment income	\$ 3,423,639	\$ 2,084,998
Expenses	<u>811,864</u>	<u>571,737</u>
Increase in net assets	2,611,775	1,513,261
Net assets, beginning of year	<u>10,973,766</u>	<u>9,460,505</u>
Net assets, end of year	\$ <u>13,585,541</u>	\$ <u>10,973,766</u>

12. Commitments and Contingencies

Health and Worker's Compensation Claims

The Authority is partially self-insured for employee health and worker's compensation claims. The Authority's self-insurance program for employee health utilizes a third-party administrator that processes and pays claims. The Authority reimburses the third-party administrator for claims incurred and paid and has purchased stop-loss insurance coverage for claims in excess of \$200,000 for each individual employee. The stop-loss coverage is also subject to an aggregating deductible of \$78,000 per policy year. Total expenses relative to this plan were approximately \$8,222,000 and \$8,359,000 for 2024 and 2023, respectively. The Authority's self-insurance program for worker's compensation has purchased stop-loss insurance coverage for claims in excess of \$450,000 for each individual employee. Stop-loss coverage for the worker's compensation plan is capped at \$1 million. Total expenses relative to this plan were approximately \$522,000 and \$480,000 for 2024 and 2023, respectively. The Authority accrues liabilities for estimated incurred but unpaid claims based on historical experience and an evaluation of incidents reported under its incident reporting system. The Authority reports accrued claims in accrued expenses on the combined balance sheets. At September 30, 2024 and 2023, the Authority had investments of approximately \$1,000,000 and \$635,000, respectively, designated for worker's compensation claims. At September 30, 2024 and 2023, the Authority had investments of approximately \$850,000, designated for employee health insurance claims.

Litigation

During the normal course of operations, the Authority is potentially subject to liabilities arising from the treatment of patients and the normal operations of the Authority. In the opinion of management and legal counsel, the Authority has adequate liability insurance protection to indemnify any material asserted or unasserted claims as of September 30, 2024 and 2023.

Regulatory Compliance

The healthcare industry has been subjected to increased scrutiny from governmental agencies at both the federal and state level with respect to compliance with regulations. Areas of noncompliance identified at the national level include Medicare and Medicaid, Internal Revenue Service, and other regulations governing the healthcare industry. In addition, the

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
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NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

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12. Commitments and Contingencies, Continued

Regulatory Compliance, Continued

Reform Legislation includes provisions aimed at reducing fraud, waste, and abuse in the healthcare industry. These provisions allocate significant additional resources to federal enforcement agencies and expand the use of private contractors to recover potentially inappropriate Medicare and Medicaid payments. The Authority has implemented a compliance plan focusing on such issues. There can be no assurance that the Authority will not be subjected to future investigations with accompanying monetary damages.

13. Concentrations of Credit Risk

The Authority is located in Moultrie, Georgia. The Authority grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. See Note 6 for a mix of receivables from patients and third-party payors at September 30, 2024 and 2023.

14. Health Care Reform

There has been increasing pressure on Congress and some state legislatures to control and reduce the cost of healthcare at the national and the state levels. Legislation has been passed that includes cost controls on healthcare providers, insurance market reforms, delivery system reforms and various individual and business mandates among other provisions. The costs of these provisions are and will be funded in part by reductions in payments by government programs, including Medicare and Medicaid. There can be no assurance that these changes will not adversely affect the Authority.

15. Fair Value of Financial Instruments

The following methods and assumptions were used by the Authority in estimating the fair value of its financial instruments:

- *Cash and cash equivalents, current portion of designated funds, estimated third-party payor settlements, accounts payable, accrued expenses and grant stimulus unearned revenue:* The carrying amount reported in the balance sheets approximates their fair value due to the short-term nature of these instruments.
- *Noncurrent cash and investments:* These assets consist primarily of cash, cash equivalents, certificates of deposit, investments and interest receivable. Fair values, which are the amounts reported in the balance sheets, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities or other market conditions. See Note 16 for fair value measurement disclosure.
- *Long-term debt:* The fair value of the Authority's remaining long-term debt is estimated using discounted cash flow analyses, based on the Authority's current incremental borrowing rates for similar types of borrowing arrangements.

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

15. Fair Value of Financial Instruments, Continued

The carrying amounts and fair values of the Authority's long-term debt at September 30, 2024 and 2023, are as follows:

	2024		2023	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Long-term debt	\$ <u>53,799,943</u>	\$ <u>50,980,552</u>	\$ <u>55,198,744</u>	\$ <u>52,930,427</u>

16. Fair Value Measurement

Fair value of assets and liabilities measured on a recurring basis at September 30, 2024 and 2023 is as follows:

		Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>September 30, 2024</u>	<u>Fair Value</u>		
Assets:				
Cash equivalents	\$ 6,311,485	\$ 6,311,485	\$ -	\$ -
U.S. Treasury obligations	4,591,541	4,591,541	-	-
U.S. Government Agency securities	3,400,360	-	3,400,360	-
Mutual funds - fixed income	1,446,665	-	1,446,665	-
Other fixed income	11,790,414	1,798,687	9,991,727	-
Equity securities	83,545,399	83,545,399	-	-
Mutual funds - commodities	877,962	877,962	-	-
Public hedge funds	<u>9,364,948</u>	<u>9,364,948</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>121,328,774</u>	\$ <u>106,490,022</u>	\$ <u>14,838,752</u>	\$ <u>-</u>
	<u>September 30, 2023</u>			
Assets:				
Cash equivalents	\$ 3,913,196	\$ 3,913,196	\$ -	\$ -
U.S. Treasury obligations	3,178,116	3,178,116	-	-
U.S. Government Agency securities	2,788,641	-	2,788,641	-
Other fixed income	15,380,665	1,338,455	14,042,210	-
Equity securities	66,625,752	66,625,752	-	-
Mutual funds - commodities	635,746	635,746	-	-
Public hedge funds	<u>6,718,033</u>	<u>6,718,033</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>99,240,149</u>	\$ <u>82,409,298</u>	\$ <u>16,830,851</u>	\$ <u>-</u>

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

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16. Fair Value Measurement, Continued

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar investments in active or inactive markets. All assets and liabilities have been valued using a market approach.

Certain cash equivalents are valued at amortized cost, which approximates fair value.

U.S. Government Agency securities and other fixed income are primarily valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

17. Rural Hospital Tax Credit Contributions

The State of Georgia (State) passed legislation which allows individuals or corporations to receive a State tax credit for making a contribution to certain qualified rural hospital organizations. The Authority submitted the necessary documentation and was approved by the State to participate in the rural hospital tax credit program effective for calendar years 2024 and 2023. Contributions received under the program approximated \$4,347,000 and \$4,062,000 during the Authority's fiscal year 2024 and 2023, respectively.

18. Coronavirus (COVID-19)

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen. The outbreak has put an unprecedented strain on the U.S. healthcare system, disrupted or delayed production and delivery of materials and products in the supply chain, and caused staffing shortages. The extent of the impact of COVID-19 on the Authority's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, remedial actions and stimulus measures adopted by local, state, and federal governments, and impact on the Authority's patients, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Authority's financial position or results of operations is uncertain. The federal Public Health Emergency for COVID-19 expired on May 11, 2023.

On March 27, 2020, the President signed the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act). Certain provisions of the CARES Act provide relief funds to hospitals and other healthcare providers. The funding will be used to support healthcare-related expenses or lost revenue attributable to COVID-19. The U.S. Department of Health and Human Services (HHS) began distributing funds on April 10, 2020 to eligible providers in an effort to provide relief to both providers in areas heavily impacted by COVID-19 and those providers who are struggling to keep their doors open due to healthy patients delaying care and canceling elective services. On April 24, 2020, the *Paycheck Protection Program and Health Care Enhancement Act* was passed. This Act provides additional funding to replenish and supplement key programs under the CARES Act, including funds to healthcare providers for COVID-19 testing. On March 11, 2021, the *American Rescue Plan Act* (ARP) was passed.

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

18. Coronavirus (COVID-19), Continued

This Act provides additional funding to replenish and supplement key programs, including funds to hospitals and other providers that serve patients living in rural areas. Grant and contribution advance payments are reported as unearned revenue until all eligibility requirements are met. Recognized revenue is reported as nonoperating revenues in the statements of revenues, expenses, and changes in net position. The Authority received approximately \$26.3 million in grant stimulus funding in FY 2020 through FY 2023. The CARES and ARP Act funding may be subject to audits. While the Authority currently believes its use of the funds is in compliance with applicable terms and conditions, there is a possibility payments could be recouped based on changes in reporting requirements or audit results. The Authority recognized approximately \$3.0 million, \$8.9 million, \$7.1 million, and \$7.1 million as revenue in FY 2023, FY 2022, FY 2021 and FY 2020, respectively.

The CARES Act expanded the existing Medicare Accelerated and Advance Payment (MAAP) program by allowing qualifying providers to receive an advanced Medicare payment. The advanced payment will have to be repaid. Recoupment begins one year after the date of receipt of the advanced payment with 25% of each Medicare remittance advice withheld for the first 11 months of repayment, and 50% for the six months afterward. After the 29-month period, CMS will issue letters requiring payment of any outstanding balance, subject to an interest rate of 4%. In April 2020, the Authority received approximately \$14.5 million in MAAP payments. The Authority repaid all MAAP payments within the 29-month payment period with no interest incurred.

19. Deferred Outflows of Resources

Deferred outflows of resources consisted of the following:

	<u>2024</u>	<u>2023</u>
Goodwill, net of amortization	\$ <u>3,043,243</u>	\$ <u>3,217,975</u>

Goodwill is reported net of accumulated amortization expense and is amortized over twenty years. Amortization expense is reported in depreciation and amortization in the amount of approximately \$175,000 for 2024 and 2023.

20. Notes Receivable

Notes receivable consist primarily of loans secured by promissory notes to physicians under recruiting arrangements. In general, the loans are being forgiven over a period of time in which the physician practices medicine locally. If the physician discontinues medical practice locally, the outstanding principal and accrued interest becomes due immediately. The amounts forgiven and charged to expense during 2024 and 2023 were approximately \$460,000 and \$454,000, respectively.

Notes receivable also consist of educational loans to physicians. In general, the educational loans are forgiven over a period of time in which the employee works for the Authority.

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

21. Self-Insurance

Colquitt Regional Medical Center Insurance Segregated Portfolio (Segregated Portfolio), was incorporated on March 1, 2022 as a segregated portfolio of Georgia Health Care Insurance Company SPC (the SPC). The SPC is an exempted company under the Companies Law of the Cayman Islands. The Segregated Portfolio is a blended component unit of Hospital Authority of Colquitt County (Authority) established to provide general liability, professional liability and employee benefit plan administration liability coverage to the Authority and its affiliated entities.

The Segregated Portfolio issues a claims-made policy with a per occurrence limit of \$2,000,000 for 2024 and 2023, and an annual aggregate of \$6,000,000 for 2024 and 2023. The Authority has also purchased excess liability coverage which covers \$10,000,000 per occurrence and in aggregate in excess of the Segregated Portfolio coverage of \$6,000,000. At September 30, 2024, there are known claims and incidents that may result in additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients. Losses from asserted and unasserted claims are accrued based on claims reported and estimated claims incurred but not reported as derived from the Authority's incident reporting system. The Segregated Portfolio reports accrued claims in accrued expenses as a liability.

At September 30, 2024 and 2023, the Authority had investments of approximately \$5,375,000 and \$4,411,000 which are designated by the Board of Directors for potential malpractice claims.

A summary of the Segregated Portfolio's assets, liabilities, equity, and net income is as follows:

	Unaudited <u>September 30, 2024</u>	<u>December 31, 2023</u>
Assets:		
Cash and cash equivalents	\$ 936,928	\$ 1,751,611
Investments	5,982,077	3,446,760
Premium receivable	-	2,360,667
Other assets	<u>7,627</u>	<u>54,167</u>
Total assets	\$ <u>6,926,632</u>	\$ <u>7,613,205</u>

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued  
September 30, 2024 and 2023

21. Self-Insurance, Continued

	Unaudited <u>September 30, 2024</u>	<u>December 31, 2023</u>
Liabilities:		
Accounts payable and accrued expenses	\$ 4,024,511	\$ 2,363,241
Unearned premium reserve	<u>261,556</u>	<u>2,349,956</u>
Total liabilities	4,286,067	4,713,197
Equity	<u>2,640,565</u>	<u>2,900,008</u>
Total liabilities and equity	\$ <u>6,926,632</u>	\$ <u>7,613,205</u>
	Unaudited Nine Months Ended <u>September 30, 2024</u>	Year Ended <u>December 31, 2023</u>
Premium income	\$ 2,359,556	\$ 3,998,594
Investment income	<u>380,522</u>	<u>234,947</u>
	2,740,078	4,233,541
Insurance expenses	<u>2,688,521</u>	<u>1,864,234</u>
Net income	\$ <u>51,557</u>	\$ <u>2,369,307</u>

After January 1, 2024, the Authority contributed approximately \$2,400,000 in premium payments to the Segregated Portfolio which is expensed on the books of the Authority at September 30, 2024 and is not eliminated because of the difference in fiscal year ends. The Segregated Portfolio used these funds to purchase marketable securities. After January 1, 2024, the Segregated Portfolio recorded additional malpractice liabilities of approximately \$1,400,000.





## INDEPENDENT AUDITOR'S REPORT ON COMBINING INFORMATION

Board of Directors  
Hospital Authority of Colquitt County  
Moultrie, Georgia

We have audited the combined financial statements of the Hospital Authority of Colquitt County (Authority), a component unit of Colquitt County, Georgia, as of and for the years ended September 30, 2024 and 2023, and our report thereon dated January 27, 2025, which expressed an unmodified opinion on those combined financial statements, appears on pages 1 through 3. Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information included in this report on pages 48 to 53, inclusive, is presented for purposes of additional analysis of the combined financial statements rather than to present the balance sheet and statement of revenues and expenses of the individual companies, and is not a required part of the combined financial statements. Accordingly, we do not express an opinion on the financial position and results of operations of the individual companies.

The combining information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information, which insofar as it relates to Colquitt Regional Medical Center Insurance Segregated Portfolio is based on the report of other auditors, is fairly stated in all material respects in relation to the combined financial statements as a whole.

*Draffin & Tucker, LLP*

Albany, Georgia  
January 27, 2025

Let's Think Together.®

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)  
COMBINING BALANCE SHEET  
September 30, 2024

	Colquitt Regional Medical Center	Colquitt Regional Health, Inc.	Colquitt Regional Medical, Inc.	December 31, 2023 Colquitt Regional Medical Center Insurance Segregated Portfolio	Combined Total	Eliminating Journal Entries	Hospital Authority of Colquitt County
Current assets:							
Cash and cash equivalents	\$ 13,468,052	\$ 176,734	\$ 1,339,388	\$ 1,751,611	\$ 16,735,785	\$ -	\$ 16,735,785
Current portion of designated funds	3,367,209	-	-	-	3,367,209	-	3,367,209
Patient accounts receivable, net	23,475,956	439,381	2,690,531	-	26,605,868	-	26,605,868
Supplies	6,174,951	-	-	-	6,174,951	-	6,174,951
Due from related parties	5,706,007	-	-	2,360,667	8,066,674	(8,066,674)	-
Notes receivable, current portion	460,166	-	-	-	460,166	-	460,166
Other current assets	<u>11,095,815</u>	<u>-</u>	<u>( 6,290)</u>	<u>54,167</u>	<u>11,143,692</u>	<u>-</u>	<u>11,143,692</u>
Total current assets	<u>63,748,156</u>	<u>616,115</u>	<u>4,023,629</u>	<u>4,166,445</u>	<u>72,554,345</u>	<u>(8,066,674)</u>	<u>64,487,671</u>
Noncurrent cash and investments	<u>115,912,569</u>	<u>-</u>	<u>-</u>	<u>3,446,760</u>	<u>119,359,329</u>	<u>-</u>	<u>119,359,329</u>
Capital assets, net	<u>136,346,954</u>	<u>138,431</u>	<u>-</u>	<u>-</u>	<u>136,485,385</u>	<u>-</u>	<u>136,485,385</u>
Other assets	<u>2,097,578</u>	<u>23,066</u>	<u>6,000</u>	<u>-</u>	<u>2,126,644</u>	<u>( 100,000)</u>	<u>2,026,644</u>
Total assets	318,105,257	777,612	4,029,629	7,613,205	330,525,703	(8,166,674)	322,359,029
Deferred outflows of resources:							
Goodwill	<u>3,043,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,043,243</u>	<u>-</u>	<u>3,043,243</u>
Total assets and deferred outflows of resources	\$ <u>321,148,500</u>	\$ <u>777,612</u>	\$ <u>4,029,629</u>	\$ <u>7,613,205</u>	\$ <u>333,568,946</u>	\$ <u>(8,166,674)</u>	\$ <u>325,402,272</u>

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)  
COMBINING BALANCE SHEET, Continued  
September 30, 2024

	Colquitt Regional Medical Center	Colquitt Regional Health, Inc.	Colquitt Regional Medical, Inc.	December 31, 2023 Colquitt Regional Medical Center Insurance Segregated Portfolio	Combined Total	Eliminating Journal Entries	Hospital Authority of Colquitt County
Current liabilities:							
Current installments of long-term debt, lease liabilities, and subscription IT liabilities	\$ 7,705,909	\$ -	\$ -	\$ -	\$ 7,705,909	\$ -	\$ 7,705,909
Accounts payable	10,895,092	2,718	1,065,281	53,129	12,016,220	-	12,016,220
Accrued expenses	17,137,327	192	998,350	2,310,112	20,445,981	(2,360,667)	18,085,314
Estimated third-party payor Settlements	721,979	-	57,511	-	779,490	-	779,490
Due to related parties	-	133,151	5,572,855	-	5,706,006	(5,706,006)	-
Grant stimulus unearned revenue	<u>45,067</u>	<u>-</u>	<u>10,113</u>	<u>-</u>	<u>55,180</u>	<u>-</u>	<u>55,180</u>
Total current liabilities	36,505,374	136,061	7,704,110	2,363,241	46,708,786	(8,066,673)	38,642,113
Accrued malpractice claims	-	-	-	2,349,956	2,349,956	-	2,349,956
Long-term debt, lease liabilities and subscription IT liabilities, excluding current installments	<u>48,776,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,776,410</u>	<u>-</u>	<u>48,776,410</u>
Total liabilities	85,281,784	136,061	7,704,110	4,713,197	97,835,152	(8,066,673)	89,768,479
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	85,281,784	136,061	7,704,110	4,713,197	97,835,152	(8,066,673)	89,768,479
Net position	<u>235,866,716</u>	<u>641,551</u>	<u>(3,674,481)</u>	<u>2,900,008</u>	<u>235,733,794</u>	<u>( 100,001)</u>	<u>235,633,793</u>
Total liabilities, deferred inflows of resources, and net position	\$ <u>321,148,500</u>	\$ <u>777,612</u>	\$ <u>4,029,629</u>	\$ <u>7,613,205</u>	\$ <u>333,568,946</u>	\$ <u>(8,166,674)</u>	\$ <u>325,402,272</u>

See accompanying auditor's report on combining information.

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)  
COMBINING BALANCE SHEET  
September 30, 2023

	Colquitt Regional Medical Center	Colquitt Regional Health, Inc.	Colquitt Regional Medical, Inc.	December 31, 2022 Colquitt Regional Medical Center Insurance Segregated Portfolio	Combined Total	Eliminating Journal Entries	Hospital Authority of Colquitt County
Current assets:							
Cash and cash equivalents	\$ 6,456,549	\$ 142,263	\$ 1,509,853	\$ 1,173,242	\$ 9,281,907	\$ -	\$ 9,281,907
Current portion of designated funds	4,459,115	-	-	-	4,459,115	-	4,459,115
Patient accounts receivable, net	21,623,218	516,067	3,029,617	-	25,168,902	-	25,168,902
Supplies	5,704,254	-	-	-	5,704,254	-	5,704,254
Due from related parties	4,767,572	-	-	2,799,005	7,566,577	(7,566,577)	-
Notes receivable, current portion	454,099	-	-	-	454,099	-	454,099
Other current assets	<u>7,337,424</u>	<u>-</u>	<u>( 6,290)</u>	<u>54,167</u>	<u>7,385,301</u>	<u>-</u>	<u>7,385,301</u>
Total current assets	<u>50,802,231</u>	<u>658,330</u>	<u>4,533,180</u>	<u>4,026,414</u>	<u>60,020,155</u>	<u>(7,566,577)</u>	<u>52,453,578</u>
Noncurrent cash and investments	<u>95,416,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,416,034</u>	<u>-</u>	<u>95,416,034</u>
Capital assets, net	<u>130,627,422</u>	<u>154,755</u>	<u>-</u>	<u>-</u>	<u>130,782,177</u>	<u>-</u>	<u>130,782,177</u>
Other assets	<u>2,400,661</u>	<u>23,066</u>	<u>6,000</u>	<u>-</u>	<u>2,429,727</u>	<u>( 100,000)</u>	<u>2,329,727</u>
Total assets	279,246,348	836,151	4,539,180	4,026,414	288,648,093	(7,666,577)	280,981,516
Deferred outflows of resources:							
Goodwill	<u>3,217,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,217,975</u>	<u>-</u>	<u>3,217,975</u>
Total assets and deferred outflows of resources	\$ <u>282,464,323</u>	\$ <u>836,151</u>	\$ <u>4,539,180</u>	\$ <u>4,026,414</u>	\$ <u>291,866,068</u>	\$ <u>(7,666,577)</u>	\$ <u>284,199,491</u>

Continued

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)  
COMBINING BALANCE SHEET, Continued  
September 30, 2023

	Colquitt Regional Medical Center	Colquitt Regional Health, Inc.	Colquitt Regional Medical, Inc.	December 31, 2022 Colquitt Regional Medical Center Insurance Segregated Portfolio	Combined Total	Eliminating Journal Entries	Hospital Authority of Colquitt County
Current liabilities:							
Current installments of long-term debt, lease liabilities, and subscription IT liabilities	\$ 7,931,911	\$ -	\$ -	\$ -	\$ 7,931,911	\$ -	\$ 7,931,911
Accounts payable	8,278,520	2,899	650,853	32,253	8,964,525	-	8,964,525
Accrued expenses	16,802,083	192	1,461,697	3,110,005	21,373,977	(3,110,005)	18,263,972
Estimated third-party payor settlements	1,102,352	-	57,516	-	1,159,868	-	1,159,868
Due to related parties	-	435,764	4,331,808	-	4,767,572	(4,767,572)	-
Grant stimulus unearned revenue	<u>272,626</u>	<u>-</u>	<u>10,113</u>	<u>-</u>	<u>282,739</u>	<u>-</u>	<u>282,739</u>
Total current liabilities	34,387,492	438,855	6,511,987	3,142,258	44,480,592	(7,877,577)	36,603,015
Accrued malpractice claims	-	-	-	664,455	664,455	-	664,455
Long-term debt, lease liabilities and subscription IT liabilities, excluding current installments	<u>51,111,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,111,529</u>	<u>-</u>	<u>51,111,529</u>
Total liabilities	85,499,021	438,855	6,511,987	3,806,713	96,256,576	(7,877,577)	88,378,999
Deferred inflows of resources	<u>5,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,608</u>	<u>-</u>	<u>5,608</u>
Total liabilities and deferred inflows of resources	85,504,629	438,855	6,511,987	3,806,713	96,262,184	(7,877,577)	88,384,607
Net position	<u>196,959,694</u>	<u>397,296</u>	<u>(1,972,807)</u>	<u>219,701</u>	<u>195,603,884</u>	<u>211,000</u>	<u>195,814,884</u>
Total liabilities, deferred inflows of resources, and net position	\$ <u>282,464,323</u>	\$ <u>836,151</u>	\$ <u>4,539,180</u>	\$ <u>4,026,414</u>	\$ <u>291,866,068</u>	\$ <u>(7,666,577)</u>	\$ <u>284,199,491</u>

See accompanying auditor's report on combining information.

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)  
COMBINING STATEMENT OF REVENUES AND EXPENSES  
for the year ended September 30, 2024

	Colquitt Regional Medical Center	Colquitt Regional Health, Inc.	Colquitt Regional Medical, Inc.	December 31, 2023 Colquitt Regional Medical Center Insurance Segregated Portfolio	Combined Total	Eliminating Journal Entries	Hospital Authority of Colquitt County
Operating revenues:							
Net patient service revenue	\$ 225,246,793	\$ 2,721,365	\$ 32,628,204	\$ -	\$ 260,596,362	\$ ( 248,704)	\$ 260,347,658
Other revenue	<u>12,317,743</u>	<u>751,894</u>	<u>-</u>	<u>3,998,594</u>	<u>17,068,231</u>	<u>(7,413,269)</u>	<u>9,654,962</u>
Total operating revenues	<u>237,564,536</u>	<u>3,473,259</u>	<u>32,628,204</u>	<u>3,998,594</u>	<u>277,664,593</u>	<u>(7,661,973)</u>	<u>270,002,620</u>
Operating expenses:							
Salaries and wages	87,281,999	2,166,530	9,399,941	-	98,848,470	-	98,848,470
Employee health and welfare	19,025,895	520,016	2,802,092	-	22,348,003	-	22,348,003
Medical supplies and other expense	81,102,457	440,994	7,122,711	1,864,234	90,530,396	(7,398,790)	83,131,606
Professional fees	8,160,578	-	17,362,552	-	25,523,130	( 263,183)	25,259,947
Purchased services	7,329,244	73,955	888,444	-	8,291,643	-	8,291,643
Depreciation and amortization	<u>16,647,723</u>	<u>27,508</u>	<u>201,291</u>	<u>-</u>	<u>16,876,522</u>	<u>-</u>	<u>16,876,522</u>
Total operating expenses	<u>219,547,896</u>	<u>3,229,003</u>	<u>37,777,031</u>	<u>1,864,234</u>	<u>262,418,164</u>	<u>(7,661,973)</u>	<u>254,756,191</u>
Operating income (loss)	<u>18,016,640</u>	<u>244,256</u>	<u>( 5,148,827)</u>	<u>2,134,360</u>	<u>15,246,429</u>	<u>-</u>	<u>15,246,429</u>
Nonoperating revenues (expenses):							
Investment income	21,409,282	-	-	234,947	21,644,229	-	21,644,229
Interest expense	( 1,529,207)	-	-	-	( 1,529,207)	-	( 1,529,207)
Grant stimulus funding	-	-	-	-	-	-	-
Rural hospital tax credit and other	<u>4,348,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,348,220</u>	<u>-</u>	<u>4,348,220</u>
Total nonoperating revenues	<u>24,228,295</u>	<u>-</u>	<u>-</u>	<u>234,947</u>	<u>24,463,242</u>	<u>-</u>	<u>24,463,242</u>
Excess revenues (expenses)	<u>\$ 42,244,935</u>	<u>\$ 244,256</u>	<u>\$ ( 5,148,827)</u>	<u>\$ 2,369,307</u>	<u>\$ 39,709,671</u>	<u>\$ -</u>	<u>\$ 39,709,671</u>

See accompanying auditor's report on combining information.

HOSPITAL AUTHORITY OF COLQUITT COUNTY  
(A Component Unit of Colquitt County, Georgia)  
COMBINING STATEMENT OF REVENUES AND EXPENSES  
for the year ended September 30, 2023

	Colquitt Regional Medical Center	Colquitt Regional Health, Inc.	Colquitt Regional Medical, Inc.	December 31, 2022 Colquitt Regional Medical Center Insurance Segregated Portfolio	Combined Total	Eliminating Journal Entries	Hospital Authority of Colquitt County
Operating revenues:							
Net patient service revenue	\$ 201,577,151	\$ 3,003,398	\$ 27,511,361	\$ -	\$ 232,091,910	\$ ( 524,031)	\$ 231,567,879
Other revenue	<u>11,381,989</u>	<u>423,208</u>	<u>-</u>	<u>945,001</u>	<u>12,750,198</u>	<u>(3,581,749)</u>	<u>9,168,449</u>
Total operating revenues	<u>212,959,140</u>	<u>3,426,606</u>	<u>27,511,361</u>	<u>945,001</u>	<u>244,842,108</u>	<u>(4,105,780)</u>	<u>240,736,328</u>
Operating expenses:							
Salaries and wages	76,220,696	2,185,872	8,536,102	-	86,942,670	-	86,942,670
Employee health and welfare	18,484,088	559,408	2,430,095	-	21,473,591	-	21,473,591
Medical supplies and other expense	72,681,269	436,426	4,930,261	825,300	78,873,256	(4,104,139)	74,769,117
Professional fees	6,615,950	-	15,317,321	-	21,933,271	( 312,641)	21,620,630
Purchased services	6,847,671	80,380	575,759	-	7,503,810	-	7,503,810
Depreciation and amortization	<u>15,297,627</u>	<u>30,806</u>	<u>187,815</u>	<u>-</u>	<u>15,516,248</u>	<u>-</u>	<u>15,516,248</u>
Total operating expenses	<u>196,147,301</u>	<u>3,292,892</u>	<u>31,977,353</u>	<u>825,300</u>	<u>232,242,846</u>	<u>(4,416,780)</u>	<u>227,826,066</u>
Operating income (loss)	<u>16,811,839</u>	<u>133,714</u>	<u>( 4,465,992)</u>	<u>119,701</u>	<u>12,599,262</u>	<u>311,000</u>	<u>12,910,262</u>
Nonoperating revenues (expenses):							
Investment income	11,667,180	-	-	-	11,667,180	-	11,667,180
Interest expense	( 1,537,169)	-	-	-	( 1,537,169)	-	( 1,537,169)
Grant stimulus funding	3,000,000	-	-	-	3,000,000	-	3,000,000
Rural hospital tax credit and other	<u>3,647,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,647,157</u>	<u>-</u>	<u>3,647,157</u>
Total nonoperating revenues (expenses)	<u>16,777,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,777,168</u>	<u>-</u>	<u>16,777,168</u>
Excess revenues (expenses)	\$ <u>33,589,007</u>	\$ <u>133,714</u>	\$ <u>( 4,465,992)</u>	\$ <u>119,701</u>	\$ <u>29,376,430</u>	\$ <u>311,000</u>	\$ <u>29,687,430</u>

See accompanying auditor's report on combining information.