

Hospital Authority of Jenkins County
Financial Statements and Additional Information
For the Year Ended
December 31, 2022

Hospital Authority of Jenkins County
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December 31, 2022

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Independent Auditor's Report

Board of Directors
Hospital Authority of Jenkins County

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Hospital Authority of Jenkins County (the Authority), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Hospital Authority of Jenkins County, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, as of January 1, 2022, the Authority adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in 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 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the *Members of the Authority Board and Officials* on page 16 but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2024, on our consideration of the Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority’s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Athens, AL
February 25, 2024

Hospital Authority of Jenkins County
Statements of Net Position
December 31, 2022

ASSETS

Current Assets:

Cash & Cash Equivalents	\$ 6,125,836
Patient Accounts Receivable, Net of Estimated Uncollectibles & Contractual Provision of \$2,025,951	1,205,165
Inventory	<u>35,004</u>
Total Current Assets	<u>7,366,005</u>

Capital Assets

Land	47,234
Construction In Process	7,250
Depreciable Buildings, Property and Equipment, Net	<u>1,266,846</u>

Total Capital Assets	<u>1,321,330</u>
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Total Assets	<u>8,687,335</u>
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LIABILITIES

Current Liabilities:

Accounts Payable	429,331
Accrued Expenses	581,245
Estimated Third-Party Payor Settlements	<u>2,183,900</u>

Total Current Liabilities	<u>3,194,476</u>
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Total Liabilities	<u>3,194,476</u>
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NET POSITION

Net Investment in Capital Assets	1,321,330
Unrestricted	<u>4,171,529</u>

Total Net Position	<u><u>\$ 5,492,859</u></u>
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The accompanying notes are an integral part of these financial statements.

Hospital Authority of Jenkins County
Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2022

Operating Revenues:

Net Patient Service Revenue, Net of Provision for Bad Debts of \$710,174	\$ 11,262,311
Other Operating Revenue	<u>457,170</u>
Total Operating Revenues	<u>11,719,481</u>

Operating Expenses:

Salaries & Wages	4,665,434
Professional and Consulting Expenses	2,013,034
Supplies	611,165
Employee Benefits	311,022
Depreciation	182,622
Other Operating Expenses	<u>2,461,386</u>
Total Operating Expenses	<u>10,244,663</u>
Net Operating Income	<u>1,474,818</u>

Non-Operating Revenues (Expenses):

Investment Income, Net	<u>15,470</u>
Total Non-Operating Revenues, Net	<u>15,470</u>
Increase in Net Position	<u>1,490,288</u>
Net Position - Beginning of Year	<u>4,002,571</u>
Net Position - End of Year	<u><u>\$ 5,492,859</u></u>

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

Hospital Authority of Jenkins County
Statements of Cash Flow
For the Year Ended December 31, 2022

Cash Flows from Operating Activities:

Receipts From & on Behalf of Patients	\$ 11,576,262
Payments to Suppliers & Contractors	(5,234,136)
Payments to Employees	(4,707,341)
Other Receipts & Payments, net	<u>457,170</u>

Net Cash Provided by Operating Activities 2,091,955

Cash Flows from Capital and Related Financing Activities:

Purchases of Capital Assets	<u>(47,447)</u>
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Net Cash Used in Capital and Related Financing Activities (47,447)

Cash Flows from Investing Activities:

Income from Investments	<u>15,470</u>
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Net Cash Provided by Investing Activities 15,470

Net Increase in Cash & Cash Equivalents 2,059,978

Cash & Cash Equivalents, Beginning of Year 4,065,858

Cash & Cash Equivalents, End of Year \$ 6,125,836

Reconciliation of Net Operating Income to Net Cash Used in Operating Activities

Net Operating Income \$ 1,474,818

Adjustments to Reconcile Net Operating Income

to Net Cash Provided by Operating Activities:

Depreciation 182,622

Provision for Bad Debts 710,174

Changes in Assets & Liabilities:

Change in Patient Accounts Receivable (687,989)

Change in Inventory (35,004)

Change in Accounts Payable & Accrued Expenses 396,048

Change in Deferred Revenues (240,480)

Change in Estimated Third-party Payor Settlements 291,766

Net Cash Provided by Operating Activities \$ 2,091,955

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

Hospital Authority of Jenkins County
Notes to Financial Statements
For the Year Ended December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Hospital Authority of Jenkins County (the Authority) was incorporated as a public hospital corporation and the successor to Sedzer Health, LLC, which was organized as an agency to acquire, construct, equip, operate, and maintain public hospital facilities. The governing board of directors of the Authority is elected by the County. The County Commission is not financially accountable for the Authority. The Authority is a stand-alone entity and does not consolidate into any other entity. The Authority is considered a related organization of the County Commission.

Effective January 1, 2021, the Authority acquired Jenkins County Medical Center from Sedzer Health, LLC. Jenkins County Medical Center is currently comprised of a 25-bed general acute care hospital.

Income Tax Status – As a governmental unit, the Authority is exempt from federal and state income taxes.

Basis of Presentation – The accompanying financial statements are presented on the accrual basis of accounting using governmental accounting standards applicable to an enterprise fund in accordance with the *Accounting and Financial Reporting for Proprietary Fund and Other Governmental Entities that Use Proprietary Funds Accounting* topic of the Governmental Accounting Standards Board (GASB) Codification.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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 reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimates susceptible to significant changes include those used in determining the allowances for uncollectible accounts and contractual adjustments, employee health and dental claims, and estimated third-party payor settlements. Although some variability is inherent in these estimates, management believes that the amounts stated are adequate.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand and demand deposit accounts. The Authority maintains cash balances in financial institutions. The bank balances of these deposits at times may exceed federally insured limits. The Authority has not experienced any losses in such accounts, and the Authority's management believes it is not exposed to any significant credit risk on cash balances. At December 31, 2022, the Authority's uninsured cash balances (prior to outstanding items) totaled \$5,701,917.

Patient Accounts Receivable and Third-Party Payor Settlements – Receivables from patients, insurance companies, and third-party contractual agencies are recorded at regular patient service rates.

Hospital Authority of Jenkins County
Notes to Financial Statements
For the Year Ended December 31, 2022

A majority of the Authority's patients are insured by certain third-party insurers based on contractual agreements, which generally result in the Authority collecting less than the established charge rates.

Final determination of payments under these agreements is subject to review by appropriate authorities. Adequate allowances are provided for doubtful accounts, contractual adjustments, and other uncertainties. Credit losses have historically been within management's expectations. Allowances for doubtful accounts are estimated based on historical write-off percentages and review of large balance self-pay accounts, and contractual allowances are estimated based on the terms of third-party insured contracts. Doubtful accounts are written off against the allowance after adequate collection effort is exhausted and recorded as recoveries of bad debts if subsequently collected.

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.

Electronic Health Record (EHR) Incentive Payments – The Authority recognizes revenue for incentives earned under the Medicare and Medicaid programs in the period in which it is reasonably assured that it will comply with the applicable EHR meaningful use requirements. The Authority has adopted the grant income model, and incentive revenues are recognized ratably over the applicable meaningful use demonstration period. Incentive payments received under the EHR program include a discharge-related portion, which is calculated by the Centers for Medicare and Medicaid Services (CMS) based on the Authority's most recently filed cost report. Such amounts are subject to adjustment at the time of settling the 12-month cost report for the Authority's fiscal year that begins after the beginning of the payment year. Events could occur that would cause the final amounts to differ materially from the initial payments under the program. At December 31, 2022, there were no amounts recorded as receivable related to meaningful use incentives.

Risk Management – The Authority is exposed to various risks of loss from torts; medical malpractice claims, theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded commercial insurance in any of the three preceding years. The Authority is self-insured for employee group health insurance.

Capital Assets – The Authority's capital assets are stated at cost or, if donated, at estimated acquisition value on the date of donation. The Authority's capitalization threshold is \$1,000. Routine maintenance and repairs are charged to expense as incurred, while costs of improvements and additions are capitalized.

Hospital Authority of Jenkins County
Notes to Financial Statements
For the Year Ended December 31, 2022

Upon retirement or disposal of an asset, the asset and related allowance for depreciation are eliminated. Any gain or loss on such transactions is included in non-operating revenues and expenses.

The provision for depreciation of property and equipment owned by the Authority and under capital leases is included in depreciation expense and computed on the straight-line method using the estimated useful lives for the respective classes of assets as shown below:

Item	Estimated Useful Life
Buildings and Improvements	10-40 years
Machinery and Equipment	3-15 years
Computer Equipment	3-10 years
Furniture and Fixtures	5-20 years

Leases

Lessee – The Authority recognizes a lease liability and an intangible right-to-use lease asset in the statement of net position.

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 interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, The Authority 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 prices that The Authority is reasonably certain to exercise, if applicable.

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.

Hospital Authority of Jenkins County
Notes to Financial Statements
For the Year Ended December 31, 2022

Lease assets are reported as right-to-use assets and lease liabilities are reported as lease liabilities on the statement of net position. During the year ended December 31, 2022, the Authority did not have any right-to-use assets or lease liabilities.

Net Position – Net position of the Authority is classified in two 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.
- Unrestricted – consists of the remaining net position that does not meet the definition of *net investment in capital assets* or *restricted*.

Operating Revenues and Expenses – The Authority's statements of revenues, expenses, and changes in net position distinguish between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, which is the Authority's principal activity. Non-exchange revenues, including grants and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than investment expenses.

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.

Grants and Contributions – From time to time, the Authority receives contributions from individuals and organizations.

Revenues from contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. 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 non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating 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.

Hospital Authority of Jenkins County
Notes to Financial Statements
For the Year Ended December 31, 2022

NOTE 2 – PATIENT ACCOUNTS RECEIVABLE

The components of patient accounts receivable were as follows at December 31, 2022:

Receivable from Patients & Other Insurance Carriers	\$ 1,002,560
Receivable from Medicare Beneficiaries	1,680,285
Receivable from Medicaid Beneficiaries	287,979
Receivable from Blue Cross Beneficiaries	<u>260,292</u>
Patient Accounts Receivable at Full Established Rates	3,231,116
Less Allowance for Contractual Adjustments	(1,859,661)
Less Allowance for Uncollectible	<u>(166,290)</u>
 Total Net Patient Accounts Receivable	 <u><u>\$ 1,205,165</u></u>

NOTE 3 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses reported as current liabilities by the Authority consisted of these amounts at December 31, 2022:

Payable to Suppliers	\$ 429,331
Accrued Payroll Related Expenses	<u>581,245</u>
 Total Accounts Payable & Accrued Expenses	 <u><u>\$ 1,010,576</u></u>

NOTE 4 – 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. A summary of the payment arrangements with 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. Defined pass through costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Authority is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Authority and audits thereof by the Medicare fiscal intermediary. The Authority's Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 2020. Approximately 61% of the Authority's net patient revenues were derived from Medicare beneficiaries for the year ended December 31, 2022.

Hospital Authority of Jenkins County
Notes to Financial Statements
For the Year Ended December 31, 2022

Medicaid – For patient services rendered to Medicaid-eligible beneficiaries, hospitals receive enhanced disproportionate share payments and quarterly supplemental access payments in addition to fee-for-service payments for inpatient and outpatient services with inpatient service fees paid on a per diem rate and outpatient service fees paid on a fee schedule. The prospectively determined rates are established by the Medicaid agency and are not subject to retroactive adjustment. Annually, a copy of the Medicare cost report is submitted to the Medicaid agency to assist in monitoring the program. Approximately 13% of the Authority’s net patient revenues were derived from Medicaid beneficiaries for the year ended December 31, 2022.

Blue Cross – Inpatient rates are prospectively set contractually with Blue Cross. Approximately 8% of the Authority’s net patient revenues were derived from Blue Cross subscribers for the year ended December 31, 2022.

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

NOTE 5 – CHARITY CARE

Management has determined the level of charity care provided during the year ended December 31, 2022, based on charges forgone at established rates, to be \$1,263,238, with estimated costs and expenses incurred to provide charity care of approximately \$601,078.

Hospital Authority of Jenkins County
Notes to Financial Statements
For the Year Ended December 31, 2022

NOTE 6 – CAPITAL ASSETS

Depreciation expense was \$182,622 at December 31, 2022.

At December 31, 2022, capital assets, including additions and disposals, consists of the following:

	<u>01/01/2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>12/31/2022</u>
Capital Assets Not Being Depreciated:					
Land	\$ 47,234	\$ -	\$ -	\$ -	\$ 47,234
Construction In Process	-	7,250	-	-	7,250
Total Capital Assets Not Being Depreciated	<u>47,234</u>	<u>7,250</u>	<u>-</u>	<u>-</u>	<u>54,484</u>
Capital Assets Being Depreciated:					
Buildings & Improvements	3,040,816	34,742	-	-	3,075,558
Machinery & Equipment	220,898	5,455	-	-	226,353
Computer Equipment	167,294	-	-	-	167,294
Furniture & Fixtures	457,383	-	-	-	457,383
Total Capital Assets Being Depreciated	<u>3,886,391</u>	<u>40,197</u>	<u>-</u>	<u>-</u>	<u>3,926,588</u>
Total Capital Assets at Cost	<u>3,933,625</u>	<u>47,447</u>	<u>-</u>	<u>-</u>	<u>3,981,072</u>
Less Accumulated Depreciation	<u>(2,477,120)</u>	<u>(182,622)</u>	<u>-</u>	<u>-</u>	<u>(2,659,742)</u>
Capital Assets, Net	<u>\$ 1,456,505</u>	<u>\$ (135,175)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,321,330</u>

Hospital Authority of Jenkins County
Notes to Financial Statements
For the Year Ended December 31, 2022

NOTE 7 – CONCENTRATION OF CREDIT RISK

The Authority's medical facilities are located in Jenkins County, Georgia. The Authority grants credit without collateral to its patients, most of whom are local residents insured under third-party payor agreements. As of December 31, 2022, the mix of receivables from patients and third-party payors was as follows:

Medicare	52%
Medicaid	9%
Blue Cross	8%
Other Commercial	20%
Private Pay	11%
	<hr/>
	100%
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NOTE 8 – COMMITMENTS AND CONTINGENCIES

Litigation – The Authority purchases professional and general liability insurance to cover medical malpractice claims. The Authority is covered by a general and professional liability insurance policy with liability limits of \$1,000,000 per occurrence and a \$3,000,000 aggregate. Premiums are expensed pro rata over the policy period. The Authority is a defendant in various lawsuits arising in the ordinary course of business; however, management is of the opinion that no claims exist that would exceed this coverage. Therefore, no provision for any such losses has been recorded in the accompanying financial statements.

NOTE 9 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and Patient Receivables – The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

Estimated Third-Party Payor Settlements – The carrying amount reported in the balance sheet for estimated third-party payor settlements approximates its fair values.

Accounts Payable and Accrued Expenses – The carrying amount reported in the balance sheet for accounts payable and accrued expenses approximates its fair value.

Hospital Authority of Jenkins County
Notes to Financial Statements
For the Year Ended December 31, 2022

NOTE 10 – SUBSEQUENT EVENTS

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through the date of the auditor's report, which was the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

Hospital Authority of Jenkins County
Members of the Authority Board and Officials – “Unaudited”
For the Year Ended December 31, 2022

The following are members of the Board of Directors of the Authority:

Name	Position	Expiration of Term
Jeff Brantley	Chairman	02/2024
Charlie Dempsey	Member	03/2026
John Newton	Member	03/2026
Robin Scott	Member	03/2025
Wade Parker	Member	03/2025



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Hospital Authority of Jenkins County

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hospital Authority of Jenkins County (the Authority), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated February 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-01 and 2022-02 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Authority's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Athens, AL
February 25, 2024

**Hospital Authority of Jenkins County
 Schedule of Findings and Responses
 For the Year Ended December 31, 2022**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> x </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> x </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> x </u> no

Section II – Financial Statement Findings

REFERENCE

2022-01 – Contractual and Bad Debt Allowances

CONDITION

During the audit, the auditors noted multiple journal entries associated with contractual and bad debt allowances based on subsequent cash collections.

CAUSE/EFFECT

The net effect of the contractual and bad debt allowances in the current year was material to the overall financial statements.

RECOMMENDATION

The auditor recommends that policies and procedures be implemented surrounding the contractual and bad debt allowance estimations that includes performing a look-back analysis using cash collections to determine the accuracy of the estimates each month and at year-end.

REFERENCE

2022-02 - Account Reconciliations

CONDITION

During the audit, beginning net position per the general ledger did not agree to the prior year ending net position.

CAUSE/EFFECT

The net effect of beginning net position being incorrectly recorded was material to the overall financial statements.

RECOMMENDATION

The auditor recommends that policies and procedures be implemented to ensure reconciliations and adjustments, if necessary, for all accounts be completed monthly to be in conformity with generally accepted accounting principles and ensure accurate financial statements.



**Corrective Action Plan
Year Ending December 31, 2022**

Finding 2022-01

Management's Response:

We concur with this finding.

Views of Responsible Officials and Corrective Action:

We will work to implement policies to ensure that contractual and bad debt allowance estimates are accurate and will perform a look-back analysis using cash collections to determine the accuracy of those estimates.

Name of Responsible Person:

Antoine Poythress, CEO

Implementation Date:

Immediately

Finding 2022-02

Management's Response:

We concur with this finding.

Views of Responsible Officials and Corrective Action:

We will work to implement policies and procedures to ensure that transactions are recorded in the proper period to be in conformity with generally accepted accounting principles.

Name of Responsible Person:

Antoine Poythress, CEO

Implementation Date:

Immediately