

HOSPITAL AUTHORITY OF BAINBRIDGE, DECATUR COUNTY, GEORGIA
(A Component Unit of Decatur County, Georgia)

NOTES TO FINANCIAL STATEMENTS, Continued
March 31, 2022 and 2021

8. Long-Term Debt

A summary of long-term debt at March 31, 2022 and 2021, follows:

	<u>2022</u>	<u>2021</u>
Revenue Certificates - Series 2017A, payable in annual installments ranging from \$690,000 beginning September 1, 2022 to \$925,000 on September 1, 2032, with 2.99% interest paid semi-annually.	\$ 8,810,000	\$ 9,330,000
Revenue Certificates - Series 2017B, payable in annual installments ranging from \$610,000 beginning September 1, 2018 to \$150,000 on September 1, 2021, with 2.99% interest paid semi-annually.	-	150,000
1.0% note payable, due April 2022 under the Paycheck Protection Program. Loan forgiven in full on June 14, 2021.	<u>-</u>	<u>4,280,162</u>
Total long-term debt	8,810,000	13,760,162
Less current installments of long-term debt	<u>690,000</u>	<u>4,950,162</u>
Long-term debt, excluding current installments	<u>\$ 8,120,000</u>	<u>\$ 8,810,000</u>
Capital lease obligations, at varying rates of interest, collateralized by leased equipment and software.	\$ -	\$ 95,061
Less current portion of capital lease obligation	<u>-</u>	<u>95,061</u>
Capital lease obligations, excluding current portion	<u>\$ -</u>	<u>\$ -</u>

In March 2017, the Authority issued private placement Revenue Certificates, Series 2017A and 2017B, collectively Series 2017 Certificates, in the amount of \$9,330,000 and \$2,040,000, respectively. The Series 2017A Certificates were issued for the purpose of (i) refinancing certain outstanding capital indebtedness of the Authority and (ii) financing or refinancing the acquisition, renovation, and equipping of existing healthcare related facilities owned and operated by the Authority. The Series 2017B Certificates were issued for the purpose of refinancing certain outstanding operating indebtedness of the Authority.

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NOTES TO FINANCIAL STATEMENTS, Continued
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8. Long-Term Debt, Continued

As a result of refinancing the outstanding debt, the Authority increased its total debt service requirements by approximately \$3,300,000, which resulted in an economic loss (the difference between the present value of the debt service payments on the old and new debt) of approximately \$250,000.

The Series 2017 Certificates are special, limited obligations of the Authority payable from and secured by a pledge of and lien on the gross revenues of the Authority.

The Series 2017A Certificates are subject to optional redemption by the Authority on or after March 1, 2026, in whole at any time or in part on any interest payment date, in reverse order of maturities, at a redemption price equal to 100% principal amount being redeemed, plus accrued interest. The Series 2017B Certificates are not subject to optional redemption.

The Authority and the City of Bainbridge (City) entered into a contract in which the City agreed to pay to or for the account of the Authority amounts sufficient to pay the debt service on the Series 2017 Certificates, up to the seven mill limitation described in the Hospital Authority's Law, to the extent other forms of payment from the Authority or Decatur County, Georgia, as discussed in Note 14, are not sufficient. This agreement also grants the City a first lien on the real estate owned by the Authority as of March 1, 2017, and to the extent provided therein, a second lien on the Authority's net accounts receivable.

Under the terms of the Series 2017 Certificates, the Authority is required to maintain certain deposits with a trustee. These deposits are reported as noncurrent investments restricted by bond indenture.

The Series 2017 Certificates contain a provision that in an event of default, outstanding obligations may become immediately due and payable.

In April 2020, the Authority received loan proceeds in the amount of \$4,280,162 under the Paycheck Protection Program (PPP), as a direct borrowing. The PPP, established as a part of the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after the covered period as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1 percent, with a deferral of payments for the first ten months after the covered period. PPP loans greater than \$2 million are subject to review by the Small Business Administration. The Authority intends to use the proceeds for purposes consistent with the PPP. The Authority will recognize any forgiveness of the loan at the time the Authority is legally released from the debt. On June 14, 2021, the Authority received forgiveness for the full amount of the loan and recognized \$4,280,162 during fiscal year 2022.

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NOTES TO FINANCIAL STATEMENTS, Continued
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8. Long-Term Debt, Continued

	<u>2021 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>2022 Balance</u>	<u>Amounts Due Within One Year</u>
Revenue certificates	\$ 9,480,000	\$ -	\$ (670,000)	\$ 8,810,000	\$ 690,000
Capital leases	95,061	-	(95,061)	-	-
PPP loan	<u>4,280,162</u>	<u>-</u>	<u>(4,280,162)</u>	<u>-</u>	<u>-</u>
Total long-term obligations	<u>\$ 13,855,223</u>	<u>\$ -</u>	<u>\$ (5,045,223)</u>	<u>\$ 8,810,000</u>	<u>\$ 690,000</u>

	<u>2020 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>2021 Balance</u>	<u>Amounts Due Within One Year</u>
Revenue certificates	\$ 10,130,000	\$ -	\$ (650,000)	\$ 9,480,000	\$ 670,000
Capital leases	315,379	-	(220,318)	95,061	95,061
PPP loan	<u>-</u>	<u>4,280,162</u>	<u>-</u>	<u>4,280,162</u>	<u>4,280,162</u>
Total long-term obligations	<u>\$ 10,445,379</u>	<u>\$ 4,280,162</u>	<u>\$ (870,318)</u>	<u>\$ 13,855,223</u>	<u>\$ 5,045,223</u>

Scheduled principal and interest repayments on long-term are as follows:

<u>Year Ending March 31:</u>	<u>Revenue Certificates</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 690,000	\$ 253,104
2024	710,000	232,174
2025	730,000	210,646
2026	750,000	188,520
2027	775,000	165,721
2028-2032	4,230,000	462,254
2033	<u>925,000</u>	<u>13,828</u>
Total	<u>\$ 8,810,000</u>	<u>\$ 1,526,247</u>

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