

Management's Discussion and Analysis, Continued
For the Year Ending March 31, 2023

The 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 is cash used for?" and "What was the change in cash balance during the reporting period?"

The Authority's Net Position

The Authority's net position is the difference between its assets and liabilities reported on the balance sheet. The following table summarizes the balance sheets as of March 31, 2023, 2022, and 2021:

Balance Sheet Data

	<u>2023</u>	Restated <u>2022</u>	<u>2021</u>
Current assets	\$ 17,573,114	\$ 17,609,761	\$ 18,619,915
Capital assets, net	13,198,870	13,876,723	12,284,905
Other non-current assets	<u>12,606,153</u>	<u>15,513,211</u>	<u>11,264,176</u>
Total assets	<u>\$ 43,378,137</u>	<u>\$ 46,999,695</u>	<u>\$ 42,168,996</u>
Current liabilities	\$ 10,638,232	\$ 19,026,625	\$ 22,631,265
Medicare advance payments, long-term	-	-	1,343,007
Long-term debt	7,410,000	8,120,000	8,810,000
Lease liabilities	<u>479,599</u>	<u>958,420</u>	<u>-</u>
Total liabilities	<u>18,527,831</u>	<u>28,105,045</u>	<u>32,784,272</u>
Net position:			
Net investments in capital assets	4,641,309	4,149,324	3,434,559
Restricted	2,985,488	2,826,921	2,534,806
Unrestricted	<u>17,223,509</u>	<u>11,918,405</u>	<u>3,415,359</u>
Total net position	<u>24,850,306</u>	<u>18,894,650</u>	<u>9,384,724</u>
Total liabilities and net position	<u>\$ 43,378,137</u>	<u>\$ 46,999,695</u>	<u>\$ 42,168,996</u>

Current assets decreased by approximately \$386,647 primarily due a change in cash from making several payments on accounts payable and payroll taxes at year end. Current liabilities decreased by \$8.4 million mostly due to the recognition of CARES Act and ARPA unearned revenue and repayment of Medicare advance payment amounts. Accounts payable and accrued liabilities decreased by \$1.2 due the timing of invoices paid in FY2023.

Information presented for the fiscal year ending March 31, 2021 was not restated for the effect of GASB 87.

Continued

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The following table summarizes the revenues and expenses for the years ended March 31, 2023, 2022, and 2021:

	<u>2023</u>	Restated <u>2022</u>	<u>2021</u>
Operating revenue	\$ 48,695,957	\$ 49,197,104	\$ 46,667,067
Expenses:			
Operating expenses	50,091,326	49,298,196	45,741,786
Depreciation and amortization	<u>1,826,253</u>	<u>1,847,174</u>	<u>1,373,523</u>
Total expenses	<u>51,917,579</u>	<u>51,145,370</u>	<u>47,115,309</u>
Operating loss	(3,221,622)	(1,948,266)	(448,242)
CARES Act and ARPA funding	5,633,459	3,447,117	4,318,698
Nonoperating revenues (expenses)	1,276,400	4,865,249	546,691
Rural Hospital Tax Credit	1,442,136	2,401,473	802,667
Capital contributions	<u>825,283</u>	<u>744,353</u>	<u>645,430</u>
Change in net position	<u>5,955,656</u>	<u>9,509,926</u>	<u>5,865,244</u>
Net position at beginning of year, as originally reported	18,925,969	9,384,724	3,519,480
Implementation of GASB 87	<u>(31,319)</u>	<u>-</u>	<u>-</u>
Net position at beginning of year, restated	<u>18,894,650</u>	<u>9,384,724</u>	<u>3,519,480</u>
Net position at end of year, restated	<u>\$ 24,850,306</u>	<u>\$ 18,894,650</u>	<u>\$ 9,384,724</u>

Statement of Revenue and Expense Data

Despite a shift from inpatient volume to outpatient volume as related to a decrease in Covid-related patient care, the Authority recorded an increase in gross patient revenue of \$2.5 million or 1.8% while net patient service revenue decreased \$268,928 or 0.6%. The Authority's provision for bad debt and deductions decreased by \$8.8 million largely as a result of MHM implementing a new presumptive charity policy during FY 2023.

Total operating expenses increased approximately \$772,209 or 1.5%. Salaries and wages increased by \$269,685 or 1.2%. Professional fees and purchased services increased by \$898,000 or 9.7% due to an increase in the use of contract labor for Med Surg, Manor, ICU and collections. Medical supply costs decreased by \$534,420 or 4.8% due mainly to the shift in inpatient to outpatient volumes.

Continued

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Capital Assets and Long-Term Debt

A recap of the Authority's long-term debt outstanding at March 31, 2023 and 2022 follows:

<u>Description</u>	<u>Interest Rates</u>	<u>Long-Term Debt</u>	
		<u>2023</u>	<u>2022</u>
Revenue Certificates, Series 2017A	2.990%	\$ 8,120,000	\$ 8,810,000
Total long-term debt		\$ 8,120,000	\$ 8,810,000

The Authority's investment in capital assets for 2023 is summarized in the table below:

<u>Capital Assets</u>	<u>Amount</u>
Computer equipment and software	\$ 25,848
Remodel and upgrade projects	864,016
Medical equipment	<u>242,316</u>
Total	\$ <u>1,132,180</u>

See Notes 6 and 7 in the financial statements for additional information about capital assets and long-term debt.

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 information, contact the Authority finance department at Hospital Authority of Bainbridge, Decatur County, Georgia, 1500 East Shotwell Street, Bainbridge, GA 31717.