

July 21, 2017

CERTIFICATE OF CHIEF FINANCIAL OFFICER

I, Grant D. Byers, the Chief Financial Officer of the Hospital Authority of Valdosta and Lowndes County, Georgia D/B/A South Georgia Medical Center, have reviewed the attached unaudited balance sheet, unaudited statement of revenues and expenses, and unaudited statement of cash flows for the nine month period ending June 30, 2017, and to the best of my knowledge the statements present fairly the financial position, results of operations, and cash flows of the Authority.

Grant D. Byers

Chief Financial Officer

HOSPITAL AUTHORITY OF VALDOSTA AND LOWNDES COUNTY BALANCE SHEET

| | (Unaudited) 30-Jun-17 | (Unaudited) 30-Sep-16 |
|---|---------------------------------------|--------------------------|
| ASSETS | O O O O O O O O O O O O O O O O O O O | 00 000 10 |
| Operating cash | 3,489,520 | 29,741,182 |
| Assets limited as to use | - | • |
| Patient accounts receivable | 37,481,644 | 40,794,654 |
| Other receivables | 7,970,570 | 9,448,748 |
| Supplies | 6,515,218 | 6,491,092 |
| Other current assets | 5,827,675 | 4,951,286 |
| Total current assets | 61,284,627 | 91,426,962 |
| Accepte Busites done Accepte | | |
| Assets limited as to use: | 220 525 400 | 279,192,469 |
| Internally designated for capital improvement Under trust agreement for professional liability claims | 320,526,490 46,959 | 11,196,958 |
| Under indenture agreement - held by trustee | 3,961,235 | 6,944,359 |
| By third party for primary and indigent care | 3,301,235 | 0,344,333 |
| Total assets limited as to use | 324,534,684 | 297,333,787 |
| Less assets limited as to use and required for | 027,007,007 | 201,000,101 |
| current liabilities | - | |
| Noncurrent assets limited as to use | 324,534,684 | 297,333,787 |
| Property and equipment, net | 178,654,725 | 172,048,332 |
| Other assets: | | |
| Other receivables | 1,378,408 | 1,334,981 |
| Investments | 87,136 | 154,925 |
| Deferred overflows of resources: | 14,206,044 | 18,463,651 |
| Total other assets | 15,671,588 | 19,953,557 |
| Total assets | 580,145,624 | 580,762,638 |

HOSPITAL AUTHORITY OF VALDOSTA AND LOWNDES COUNTY BALANCE SHEET

| | (Unaudited) 30-Jun-17 | (Unaudited) 30-Sep-16 |
|--|---------------------------------|--------------------------|
| LIABILITIES AND NET ASSETS | 00-0411-17 | 30-оер-10 |
| Current liabilities: | | |
| Current installments of long-term debt | 5,155,371 | 5,160,939 |
| Accounts payable | 17,396,790 | 15,880,131 |
| Accrued salaries and deductions | 2,689,332 | 4,928,159 |
| Accrued employee benefits | 12,663,857 | 10,892,931 |
| Accrued interest | 2,680,366 | 5,040,831 |
| Other accrued expenses | 13,127,405 | 13,697,723 |
| Deferred revenue | | • |
| Estimated third-party payor settlements | 1,894,213 | 1,221,986 |
| Total current liabilities | 55,607,334 | 56,822,700 |
| | | |
| Long-term debt: | | |
| Bonds payable, net | 198,924,842 | 204,196,263 |
| Notes payable | • | - |
| Leases payable | - | - |
| Net Pension Liability | 7,845,501 | 11,464,039 |
| Long-term debt, excluding current installments | 206,770,343 | 215,660,302 |
| | | |
| Deferred Inflows of Resources - Pension Gain | • | - |
| Unrestricted net assets | 317,767,947 | 308,279,637 |
| Officer fiet assets | 311,101,341 | 300,213,031 |
| Total liabilities and net assets | 580,145,624 | 580,762,638 |

HOSPITAL AUTHORITY OF VALDOSTA AND LOWNDES COUNTY (COMBINED) STATEMENT OF OPERATIONS June 30, 2017

| Quarter | to Date | | Year to Date | |
|-------------|-------------|--------------------------------------|--------------|-------------|
| (Unaudited) | (Unaudited) | | (Unaudited) | (Unaudited) |
| Actual | Prior Year | | Actual | Prior Year |
| | | REVENUE | | |
| 85,082,307 | 83,068,630 | Net patient service, net of bad debt | 250,270,813 | 243,748,951 |
| 2,457,937 | 2,412,742 | Other operating | 6,850,894 | 7,399,651 |
| 87,540,244 | 85,481,372 | Total revenue | 257,121,707 | 251,148,602 |
| | | | | |
| | | EXPENSES | | |
| 42,533,456 | 36,362,104 | Salaries and benefits | 119,189,309 | 113,240,050 |
| 21,148,214 | 17,386,191 | Supplies | 58,511,302 | 53,361,211 |
| 10,707,561 | 9,953,260 | Services | 34,113,113 | 29,090,482 |
| 4,510,452 | 5,145,378 | Depreciation / amortization | 13,642,411 | 15,651,386 |
| 9,050,561 | 5,761,093 | Medical / professional fees | 25,343,432 | 18,466,807 |
| 987,346 | 966,994 | Utilities | 2,863,813 | 2,925,358 |
| 2,363,560 | 2,394,119 | Interest | 7,109,500 | 7,194,587 |
| 599,008 | 622,275 | Education / recruitment | 1,745,874 | 1,920,768 |
| 1,150,052 | (308,924) | Insurance | 3,057,548 | 1,502,193 |
| 93,050,210 | 78,282,490 | Total expenses | 265,576,302 | 243,352,842 |
| | | | | |
| (5,509,966) | 7,198,882 | Operating income | (8,454,595) | 7,795,760 |
| | | | | |
| 7,656,917 | 4,200,844 | Investment income | 17,813,605 | 10,965,963 |
| | | | | |
| 2,146,951 | 11,399,726 | Excess revenues | 9,359,010 | 18,761,723 |

HOSPITAL AUTHORITY OF VALDOSTA AND LOWNDES COUNTY STATEMENT OF CASH FLOWS

| OPERATING ACTIVITIES Operating income (8,454,598) Interest expense for capital financing 7,172,936 Depreciation and amortization expense 13,642,410 Amortization included in interest expense (63,435) Changes in: Patient accounts receivable 3,313,010 Supplies (24,127) Accounts payable 1,516,659 Amounts due to (from) Third party payers 672,227 Deferred third part reimbursement - Accrued expenses (3,398,682) Pension Activity (104,188) Net cash provided by operating activities 14,272,212 CAPITAL AND FINANCING ACTIVITIES Additions to long-term debt (5,085,568) Interest paid on long-term debt (19,633,532) Contributions for capital improvements 129,300 Net cash used by capital and financing activities (31,762,736) INVESTING ACTIVITIES Net purchase of investments (41,280,013) Increase in other assets (876,389) Increase in other assets (876,389) Increase in other receivables 1,434,752 Net cash provided (used) by investing activities (22,908,043) Net increase in cash and cash equivalents (40,398,567) Cash and cash equivalents, end of period 7,480,620 Cash and cash equivalents in current assets (11ernally designated for capital improvements (11er | | (Unaudited) |
|--|---|--------------|
| Operating income Interest expense for capital financing Depreciation and amortization expense Depreciation included in interest expense Changes in: Patient accounts receivable Supplies Accounts payable Amounts due to (from) Third party payers Deferred third part reimbursement Accrued expenses CAPITAL AND FINANCING ACTIVITIES Additions to long-term debt Payment of long-term debt Purchase of property, plant, and equipment Contributions for capital improvements Income on investments Income on investments Increase in other assets Net cash provided (used) by investing activities Increase in other receivables Net cash and cash equivalents, end of period Cash and cash equivalents in current assets Cash and cash equivalents in assets limited as to use: | | 30-Jun-17 |
| Interest expense for capital financing Depreciation and amortization expense Amortization included in interest expense Changes in: Patient accounts receivable Supplies Accounts payable Amounts due to (from) Third party payers Deferred third part reimbursement Accrued expenses Pension Activity Net cash provided by operating activities Interest paid on long-term debt Payment of long-term debt Purchase of property, plant, and equipment Net cash used by capital and financing activities Net purchase of investments Net purchase in other assets Net cash provided (used) by investing activities Net increase in cash and cash equivalents Cash and cash equivalents, end of period Cash and cash equivalents in current assets Cash and cash equivalents, end of period Cash and cash equivalents in assets limited as to use: | OPERATING ACTIVITIES | |
| Depreciation and amortization expense 13,642,410 Amortization included in interest expense (63,435) Changes in: Patient accounts receivable 3,313,010 Supplies (24,127) Accounts payable 1,516,659 Amounts due to (from) Third party payers 672,227 Deferred third part reimbursement - Accrued expenses (3,398,682) Pension Activity (104,188) Net cash provided by operating activities 14,272,212 CAPITAL AND FINANCING ACTIVITIES Additions to long-term debt (5,085,568) Interest paid on long-term debt (7,172,936) Purchase of property, plant, and equipment (19,633,532) Contributions for capital improvements 129,300 Net cash used by capital and financing activities (31,762,736) INVESTING ACTIVITIES Net purchase of investments (41,280,013) Income on investments (876,389) Increase in other assets (876,389) Increase in other assets (40,398,567) Cash and cash equivalents, beginning of period 7,480,620 Cash and cash equivalents in current assets 3,514,520 Cash and cash equivalents in current assets limited as to use: | Operating income | (8,454,598) |
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| Cash and cash equivalents in assets limited as to use: | Cash and cash equivalents in current assets | 3,514,520 |
| Internally designated for capital improvements 4,865 | · | - |
| | • | 4,865 |
| Under trust agreement for professional liability claims - | | • |
| Under indenture agreement held by trustee 3,961,235 | | 3,961,235 |
| Total cash and cash equivalents 7,480,620 | Total cash and cash equivalents | 7,480,620 |