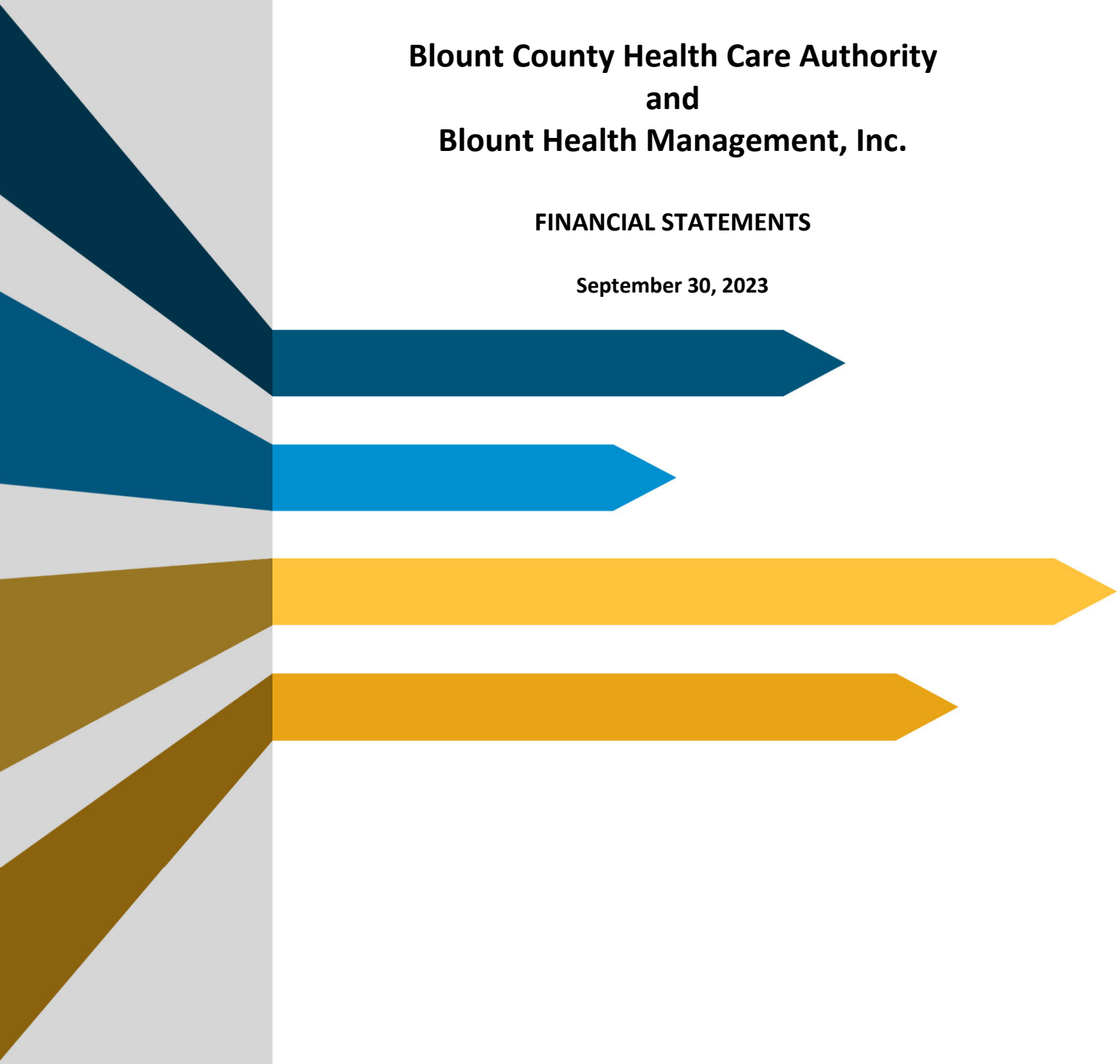
Blount County Health Care Authority
and
Blount Health Management, Inc.

FINANCIAL STATEMENTS

September 30, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Blount County Health Care Authority and
Blount Health Management, Inc.
Oneonta, Alabama

Opinions

We have audited the accompanying financial statements of the business type activities of the Blount County Health Care Authority and its discretely presented component unit, Blount Health Management, Inc., as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Blount County Health Care Authority and Blount Health Management, Inc.'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 financial position of the business type activities of the Blount County Health Care Authority and its discretely presented component unit, Blount Health Management, Inc., as of September 30, 2023, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 Blount County Health Care Authority and Blount Health Management, Inc., 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 opinions.

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 Blount County Health Care Authority and Blount Health Managements, Inc.'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 opinions. 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 judgment 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 Blount County Health Care Authority and Blount Health Management, Inc.'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 Blount County Health Care Authority and Blount Health Management, Inc.'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 and budgetary comparison information 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.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the entities' Board of Directors 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 August 1, 2024, on our consideration of the Blount County Health Care Authority and Blount Health Management, Inc.'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 Blount County Health Care Authority and Blount Health Management, Inc.'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 Blount County Health Care Authority and Blount Health Management, Inc.'s internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Oneonta, Alabama
August 1, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As management of the Blount County Health Care Authority (the Authority) and its component unit, Blount Health Management, Inc., we offer readers of the Authority's financial statements this narrative overview of the financial activities of the Authority and its discretely presented component unit, Blount Health Management, Inc., for the fiscal year ended September 30, 2023. The intent of the Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the Authority and component unit's financial activities based on currently known facts, decisions, or conditions. It is intended to provide a broad overview and analysis of the Authority and component unit's activities based on information presented in the financial report and fiscal policies that have been adopted by the Authority and its component unit.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The reader of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information (RSI) that is provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Blount County Health Care Authority exceeded its liabilities and deferred inflows of resources by approximately $15.8 million at the close of the fiscal year ended September 30, 2023. Unrestricted funds of nearly $3 million exists in order to meet the Authority's ongoing obligations.

- The Authority's total net position increased by $23,743 or 0.15% in comparison to the net position at the beginning of the year.

- Increases in total net position were driven by non-operating income related to realized and unrealized investment gains and losses. Contributions to Blount County health care organizations, specifically related to the contribution of an MRI machine, increased non-operating expenses.

- Capital improvement funds, combined with an approximately $750,000 grant, for which revenue was recognized in the current year, from the Blount County Commission was used to in the acquisition and contribution a $1.5 million MRI machine that was installed in St. Vincents Blount hospital.

- Blount County Health Care Authority transferred $700,000 into the Raymond James investments account.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the Authority and component unit's financial statements which include: statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows, and notes to the financial statements. In addition to the basic financial statements, supplementary information is also included.

Financial Statements

Even though the Blount County Health Care Authority and Blount Health Management, Inc. are municipal entities, the financial statements are presented more similar to a private business entity because a majority of the operations are business type and expenditures are appropriations to local health care facilities. The Governmental Accounting Standards Board requires that these types of municipal entities follow accounting procedures more like those of private business. However, the mission of the Blount County Health Care Authority and Blount Health Management, Inc. is not to be a profitable entity, unlike a private system, but is to be able to finance all or most of its activities through user leases, contributions and reinvesting assets to improve local health care. Blount Health Management, Inc. is considered a component unit of the Authority and is included in the accompanying financial statements.

The financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements.

The statement of net position presents the financial position of the Blount County Health Care Authority and Blount Health Management, Inc.'s respective health care buildings and equipment, and all their respective assets and liabilities, with the difference reported as net position. Over time, increases or decreases in the Authority and component unit's net position are one indicator of whether the Authority and component unit's financial position is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents the results of the Authority and component unit's activities over the fiscal year. This statement also provides information about the Authority and component unit's recovery of costs. Revenue and funding are driven by lease income, ad valorem taxes and investment income, with outside contributions on occasion.

The statement of cash flows presents changes in cash and cash equivalents, resulting from operations, financing, and investing activities. This statement presents cash inflows and cash outflows for the fiscal year.

The internal financial statements were prepared by the Authority and component unit's accounting staff from the detailed books and records of the Blount County Health Care Authority and Blount Health Management, Inc. The financial statements were then audited and adjusted, if necessary, during the independent external audit process.

Notes to the Financial Statements

The notes to the financial statements provide required disclosures and other information vital to obtaining a full understanding of the Blount County Health Care Authority's and Blount Health Management's financial statements. The notes present information about the Authority and component unit's and its component unit's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any. Refer to Note 1 to the combined entity footnotes of the financial statements for more detailed information on the elements of the financial statements.

FINANCIAL ANALYSIS

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and can be used to discuss the changing financial position of the Authority as a whole. The following table provides a summary of the Authority's business-type activities in a Condensed Statement of Net Position:

Condensed Statement of Net Position			Variance	
	2023	2022	$ Increase (decrease)	% Increase (decrease)
Current and other assets	$ 10,242,470	$ 11,197,629	$ (955,159)	-8.53%
Capital assets	9,316,762	9,722,152	(405,390)	-4.17%
Total assets	19,559,232	20,919,781	(1,360,549)	-6.50%
Deferred charges on debt refunding	30,529	34,425	(3,896)	-11.32%
Total deferred outflows of resources	30,529	34,425	(3,896)	-11.32%
Long-term liablities	1,815,757	2,497,075	(681,318)	-37.52%
Other liabilities	142,621	859,401	(716,780)	-83.40%
Total liabilities	1,958,378	3,356,476	(1,398,098)	-52.96%
Deferred property tax revenue	1,104,402	993,806	110,596	11.13%
Deferred lease revenue	758,584	833,712	(75,128)	-9.01%
Total deferred inflows of resources	1,862,986	1,827,518	35,468	1.94%
Net position				
Net investment in capital assets	7,416,723	7,135,037	281,686	3.95%
Restricted trust	5,463,027	6,712,396	(1,249,369)	-18.61%
Unrestricted	2,888,647	1,922,779	965,868	50.23%
Total net position	$ 15,768,397	$ 15,770,212	$ (1,815)	-0.01%

- Total assets decreased by $1,360,549. Decreases are led by use of cash or cash equivalents to contribute a $1.5 million MRI machine to the hospital.
- Total liabilities decreased by $1,398,098, mostly due to a $749,791 recognition of previously unearned revenue, from a contribution from Blount County Commission, which was recognized related to the acquisition and contribution of the MRI machine and an additional $589,991 decrease in a liability related to the prepaid lease, with revenue recognized during the year.
- A sizable portion, 47%, of the Authority and component unit's net position reflects its investment in capital assets, including land, building, improvements and equipment.
- The Authority also has additional positions in resources that are subject to Board designations on how they may be used, which accounts for 35% of the Authority and component unit's net position, primarily held in investments. The Authority and its component unit has unrestricted balances that may be used to meet the needs of ongoing, which accounts for 18% of the Authority and component unit's net position.

FINANCIAL ANALYSIS OF THE AUTHORITY'S CHANGE IN NET POSITION

The following financial statements serve as the key financial data and indicators for management's monitoring and planning. The financial statements are studied to detect trends, project growth and prepare budgets for the upcoming year. The following schedule represents a Condensed Statement of Activities showing comparison of revenues and expenses for the fiscal year ended September 30, 2023, to fiscal year ended September 30, 2022.

Condensed Statement of Activities			Variance	
	2023	2022	$ Increase (decrease)	% Increase (decrease)
Revenues				
Operating revenue	$ 848,520	$ 827,523	$ 20,997	2.54%
Non-operating income	2,127,733	958,342	1,169,391	122.02%
Total revenues	2,976,253	1,785,865	1,190,388	66.66%
Expenses				
Operating expenses	1,368,816	1,318,016	50,800	3.85%
Non-operating expense	1,609,275	879,022	730,253	83.08%
Total expenses	2,978,091	2,197,038	781,053	35.55%
Change in Net Position	(1,838)	(411,173)	409,335	-99.55%
Net position- beginning	15,770,235	16,181,408	(411,173)	-2.54%
Net position- ending	$ 15,768,397	$ 15,770,235	$ (1,838)	-0.01%

- Revenues increased by $1.19 million. primarily through the recognition of previously unearned contribution from the Blount County Commission, which totaled approximately $750,000. Other non-operating income increases were driven by positive investments returns of nearly $200,000.
- Operating expenses remained similar to prior year's. The increase in non-operating expenses is related to the contribution of the $1.5 million MRI machine. The prior year also having over $600,000 in investment losses, most of which were unrealized, and the current year providing investment gains as noted above.

OPERATION AND MAINTENANCE BUDGETARY HIGHLIGHTS

Budget schedules are prepared by management at the beginning of each fiscal year for the Authority, while there is no budget for Blount Health Management, Inc. These budgets are compared to actual revenues and expenditures of prior years, factoring in anticipated changes for each department and account. Budget revenues consist of ad-valorem tax, business privilege tax, interest income from operating bank accounts and lease income.

For the year ended September 30, 2023, actual revenues were greater than budgeted revenues by $1,733,642. Additional details highlighting key variances are as follows:

- The primary variance was the current year recognition of $749,792 of contributions from the Blount County Commission.
- Ad valorem revenue was $182,748 greater than budget.
- Investment earnings, including interest income, were $213,489 above budget. Most of the budgeted amounts are focused on typical interest income from cash holdings.

For the year ended September 30, 2023, expenditures were more than budgeted expenditures by approximately $1,934,031. Additional details highlighting key variances are as follows:

- Professional services, primarily fees, were greater than budget related to lease negotiations for the hospital building.
- The contribution of the $1.5 million MRI machine was not included in the budget.
- Budgeted amounts for local agency funding were more than actual expenses by a total of $93,720.
    - Appropriations to the Blount County Mental Health were approximately $33,000 under budget.
    - Appropriations to the JBS Mental Health Authority were approximately $34,000 under budget.

CAPITAL ASSETS AND DEBT ACTIVITY

The Authority and its component unit's investment in capital assets as of September 30, 2023, was $7,416,723 (net of accumulated depreciation). Capital asset investments include land, buildings, building improvements and equipment, net of depreciation. Additional information on the Authority and its component unit's capital assets can be found in Note 2 of the financial statements. The following highlight some of the capital asset additions during the year:

- Blount Health Care Authority used funds to help renovate the fitness center, which included expansions, totaled $68,000.
- Blount Health Management, Inc. purchased four tankless water heaters for the fitness center, totaling $26,340 and also spent $36,525 on new heating and cooling units.

At the fiscal year end, the Authority's primary source of long-term debt is the Hospital Tax Anticipation Note, which had a principal due of $1,699,562. Additional information on the Authority and its component unit's outstanding obligations can be found in Note 2 of the financial statements. The following highlight some of the debt activity during the year:

- Principal payments of $79,003 were made on the note, as well as interest of $60,815.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The management and the Board annually prepare and review operating budgets and capital purchase budgets. The preparations of these budgets involve reviewing several factors that include anticipated growth and expansion or cutbacks in industrial usage, forecasting expenses, and determining capital needs. These budgets provide a blueprint for operations for the next year and assist in determining the Board's financial position for the near future.

The following factors were considered in preparing the Authority's budget for Fiscal Year 2024:

- Prior year expenditures
- Future known expenditures
- Status of leases, primarily with the hospital.

The Authority and its component unit will continue to provide services to local citizens and health care organizations and pay for capital assets and other expenditures primarily through increases in cash as a result of operations and investments. The Authority and its component unit will continue to perform interim reviews of financial statement activity, discuss that activity and other ongoing and upcoming economic factors with the Board of Directors, Management, and appropriate accounting personnel of both entities.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority and its component unit's finances and to demonstrate the Authority and its component unit's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Blount County Health Care Authority, Oneonta, Alabama 35121.

Blount County Health Care Authority

Basic Financial Statements

Blount County Health Care Authority and Blount Health Management, Inc.
Statement of Net Position

September 30, 2023	Primary Government Blount County Health Care Authority	Component Unit Blount Health Management, Inc.	Total
Assets			
Current assets			
Cash and cash equivalents	$ 454,229	$ 169,155	$ 623,384
Due from other governments	37,000	-	37,000
Other receivable	-	15,040	15,040
Lease receivable- current portion	103,674	168,881	272,555
Prepaid expenses	13,341	-	13,341
Accrued property tax revenue	1,104,402	-	1,104,402
Total current assets	1,712,646	353,076	2,065,722
Noncurrent assets			
Capital assets, net of accumulated depreciation	9,211,573	105,189	9,316,762
Right-to-use lease assets, net	-	9,347	9,347
Board designated cash and cash equivalents	42,729	23,670	66,399
Board designated CDs and investments	1,273,760	790,276	2,064,036
Board designated funds- cash for capital projects	4,656	-	4,656
Assets held in trust for restricted use-cash and cash equivalents	849,025	-	849,025
Assets held in trust for restricted use-CDs and investments	4,614,002	-	4,614,002
Lease receivable, net of current portion	24,022	462,007	486,029
Certificate of need costs, net	83,254	-	83,254
Total noncurrent assets	16,103,021	1,390,489	17,493,510
Total assets	17,815,667	1,743,565	19,559,232
Deferred outflows of resources			
Deferred amount on refunding, net of accumulated amortization	30,529	-	30,529
Total deferred outflows of resources	30,529	-	30,529
Total assets and deferred outflows of resources	$ 17,846,196	$ 1,743,565	$ 19,589,761

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

Blount County Health Care Authority and Blount Health Management, Inc.
Statement of Net Position (Continued)

September 30, 2023	Primary Government Blount County Health Care Authority	Component Unit Blount Health Management, Inc.	Total
Liabilities			
Current liabilities			
Accounts payable and other accrued expenses	$ 47,992	$ 1,000	$ 48,992
Current maturities of long-term debt	80,468	-	80,468
Current maturities of lease liabilities	-	9,662	9,662
Accrued interest payable	3,499	-	3,499
Total current liabilities	131,959	10,662	142,621
Noncurrent liabilities			
Notes payable, net of current maturities	1,619,094	-	1,619,094
Prepaid lease- replacement hospital	196,663	-	196,663
Total noncurrent liabilities	1,815,757	-	1,815,757
Total liabilities	1,947,716	10,662	1,958,378
Deferred inflows of resources			
Deferred property tax revenue	1,104,402	-	1,104,402
Deffered lease revenue	127,696	630,888	758,584
Total deferred inflows of resources	1,232,098	630,888	1,862,986
Total liabilities and deferred inflows of resources	3,179,814	641,550	3,821,364
Net position			
Net investment in capital assets	7,311,849	104,874	7,416,723
Restricted trust	5,463,027	-	5,463,027
Unrestricted	1,891,506	997,141	2,888,647
Total net position	14,666,382	1,102,015	15,768,397
Total liabilities, deferred inflows, and net position	$ 17,846,196	$ 1,743,565	$ 19,589,761

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

Blount County Health Care Authority and Blount Health Management, Inc.
Statement of Revenues, Expenses, and Changes in Net Position

For the year ended September 30, 2023	Primary Government Blount County Health Care Authority	Component Unit Blount Health Management, Inc.	Total
Operating revenues			
Lease revenue	$ 105,910	$ 152,619	$ 258,529
Amortization of prepaid lease St. Vincent's East, Inc. - replacement hospital	589,991	-	589,991
Total operating revenues	695,901	152,619	848,520
Operating expenses			
Contributions to Blount County health care organizations	534,563	60,000	594,563
Depreciation and amortization	512,231	28,208	540,439
Supplies, repairs and maintenance	-	24,680	24,680
Professional services	130,438	29,586	160,024
Insurance	37,185	-	37,185
Utilities	763	3,883	4,646
Miscellaneous	6,357	-	6,357
Office supplies and postage	922	-	922
Total operating expenses	1,222,459	146,357	1,368,816
Operating income (loss)	(526,558)	6,262	(520,296)
Nonoperating revenues (expenses)			
Advalorem tax	1,082,748	-	1,082,748
Business privilege license tax	8,212	-	8,212
Income (loss) from investments	30,257	22,580	52,837
Income (loss) from restricted investments in trust	165,406	-	165,406
Interest income	33,300	3,569	36,869
Interest income from leases	6,526	25,343	31,869
Interest expense	(65,311)	-	(65,311)
Contribution from Blount County Commission	749,792	-	749,792
Contribution to Ascension Foundation-MRI machine	(1,500,000)	-	(1,500,000)
Trustee fees	(43,964)	-	(43,964)
Total nonoperating revenues (expenses)	466,966	51,492	518,458
Change in net position	(59,592)	57,754	(1,838)
Net position, beginning of year	14,725,974	1,044,261	15,770,235
Net position, end of year	$ 14,666,382	$ 1,102,015	$ 15,768,397

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

Blount County Health Care Authority and Blount Health Management, Inc.
Statement of Cash Flows

For the year ended September 30, 2023	Primary Government Blount County Health Care Authority	Component Unit Blount Health Management, Inc.	Total
Operating Activities			
Operating receipts	$ 105,910	$ 152,551	$ 258,461
Payment to suppliers	(681,877)	(119,918)	(801,795)
Net cash and cash equivalents provided (used) by operating activities	(575,967)	32,633	(543,334)
Noncapital Financing Activities			
Advalorem tax receipts	1,082,748	-	1,082,748
Business privilege license tax receipts	4,168	-	4,168
Net cash provided by non-capital related financing activities	1,086,916	-	1,086,916
Capital and Related Financing Activities			
Acquisition of capital assets	(76,100)	(62,865)	(138,965)
Principal payments on note payable	(79,003)	-	(79,003)
Principal payments on lease liabilities	-	(9,335)	(9,335)
Interest paid on long-term debt and lease liabilities	(60,815)	(665)	(61,480)
Net cash provided (used) by capital and related financing activities	(215,918)	(72,865)	(288,783)
Investing Activities			
Contribution to Ascension Foundation-MRI machine	(1,500,000)	-	(1,500,000)
Investment interest income	183,984	31,510	215,494
Proceeds from sale/maturity/redemption of investments	920,000	10,000	930,000
Purchase of investments	(1,014,704)	(30,000)	(1,044,704)
Brokerage fees	(43,964)	-	(43,964)
Interest income	33,300	3,569	36,869
Interest income from leases	6,526	26,030	32,556
Net cash provided by (used in) investing activities	(1,414,858)	41,109	(1,373,749)
Net increase (decrease) in cash and cash equivalents	(1,119,827)	877	(1,118,950)
Cash, cash equivalents & restricted cash, beginning of year	2,470,466	191,948	2,662,414
Cash, cash equivalents & restricted cash, end of year	$ 1,350,639	$ 192,825	$ 1,543,464

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

Blount County Health Care Authority and Blount Health Management, Inc.
Statement of Cash Flows (Continued)

For the year ended September 30, 2023	Primary Government Blount County Health Care Authority	Component Unit Blount Health Management, Inc.	Total
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	$ (526,558)	$ 6,262	$ (520,296)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	512,231	28,208	540,439
Prepaid lease recogized	(589,991)	-	(589,991)
Changes in assets, deferred outflows, liabilities and deferred inflows			
(Increase) decrease in assets and deferred outflows			
Other receivables	-	(69)	(69)
Prepaid expenses	(2,839)	-	(2,839)
(Increase) decrease in liabilities and deferred inflows			
Accounts payable and other accrued expenses	31,190	(1,768)	29,422
Total adjustments	(49,409)	26,371	(23,038)
Net cash provided (used) by operating activities	$ (575,967)	$ 32,633	$ (543,334)

For the year ended September 30, 2023			
Schedule of Noncash Transactions			
Unrealized gains (losses)	$ 5,344	$ (8,930)	$ (3,586)
Early termination of long-term lease agreement	$ -	$ 15,352	$ 15,352

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Blount County Hospital Board was originally incorporated on March 30, 1946, under the provisions of the Code of Alabama 1975, Sections 22-21-70 through 22-21-83. As of August 14, 1950, the Board was designated to operate as a hospital corporation under and pursuant to the provisions of Act #46 adopted at the 1949 regular session of the Legislature of the State of Alabama.

On September 30, 1997, the Blount County Hospital Board was reincorporated wider the Alabama Health Care Authorities Act of 1982, under Article 11 and 11(A) of Chapter 21 of Title 22 of the Code of Alabama 1975, as amended. As part of the reincorporation, the entity's name was changed to the Blount County Health Care Authority (the Authority).

Reporting Entity

The Authority's Board of Directors is comprised of nine members appointed by the Blount County Commission to staggered six-year terms. The accompanying financial statements present the Authority and its component unit, an entity for which the Authority is considered to be financially accountable. The financial statements of the reporting entity include those of the Blount County Health Care Authority (primary government) and its component unit, Blount Health Management, Inc. (component unit). The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Authority. The accounting policies of the Authority conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the Authority are described below.

Discretely Presented Component Unit

Blount Health Management, Inc. is a not-for-profit corporation formed in 1992 to operate exclusively for the benefit of, to perform the functions of, and to carry out the purpose of the Blount County Health Care Authority and to assist and promote health care in Blount County, Alabama. The Articles of Incorporation provide for management to be vested in a Board of Directors of at least five members, but not more than nine. The board members shall be residents of Blount County, Alabama, and be a member of the Blount County Health Care Authority at their time of appointment. Successor boards will be appointed by the Blount Health Management, Inc. Board of Directors and shall be approved by the Board of Directors of the Blount County Health Care Authority. At September 30, 2023, the Board of Directors of Blount Health Management, Inc. was composed of seven members.

The Blount Health Management, Inc. Board of Directors approved an amendment to its Articles of Incorporation and By-Laws effective May 12, 2014, which updated certain language and provided for the increase in the number of current board members from five (5) to seven (7), and that in the future any increase or decrease in the number of board members could be accomplished by a majority vote of the board. These amendments were also approved by the Blount Health Care Authority Board of Directors.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Authority and its component unit are enterprise funds, which account for operations that are financed and operated in a manner similar to private business enterprise. The enterprise fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expense are recorded when a liability is incurred, regardless of the time of related cash flows. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Enterprise Fund Accounting

The financial statements (i.e., the statement of net position, statement of revenues, expenses, and changes in net position, and cash flows) report information on all the activities of the Authority. The intent of a governing body of an enterprise fund is that the expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise fund financial statements consist of statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows. Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as taxes, subsidies, and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Blount County Health Care Authority. Appropriated budgeted amounts lapse at the end of the year, while valid outstanding expenses may be re-appropriated and become part of the subsequent year's budget. Blount Health Management, Inc. does not adopt an annual budget.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and cash equivalents

The Blount County Health Care Authority and Blount Health Management, Inc. consider cash and cash equivalents to be cash on hand, demand deposits, and short-term and highly liquid investments with original maturities of three months or less from the date of acquisition.

Investments

Investments for the Authority are reported at fair value (generally based on quoted market prices). The Authority and its Component Unit are authorized by statute (Code of Alabama 1975, Section 22-21-332) to invest in federal securities, debt securities that are direct obligations of any agency of the United States of America, interest-bearing bank time deposits and certificates of deposit, and interest-bearing time deposits and certificates of deposit of any federally-chartered savings and loan association. In addition, the Authority and its Component Unit are authorized by statute (Code of Alabama 1975, Section 22-21-355) to invest in various other investment options such as debt securities, commercial paper, banker's acceptances, bonds and debentures that meet certain ratings as defined in the code section.

Receivables

Lease receivables - The Authority’s lease receivables are measured at the present value of lease payments expected to be received during the lease term.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Certain assets of the Authority and Blount Health Management, Inc. are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and right-to-use lease assets. Land and construction in progress are not depreciated. Purchased or constructed capital assets are reported at cost or estimated historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method and have an initial, individual cost and an estimated useful life as follows:

Asset Class	Estimated Useful Lives	Capitalization Thresholds
Buildings	40 years	$ 5,000
Building improvements	20 years	$ 5,000
Office equipment	3 - 15 years	$ 1,000

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

The Authority has one item that qualifies for reporting as deferred outflows of resources, the deferred amount on debt refunding. The deferred amount on refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceeds their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item that qualifies for reporting as deferred inflows of resources. The Authority has two items that qualify for reporting as deferred inflows of resources, deferred property tax revenue and deferred lease revenue.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Long-Term Obligations

In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position.

Leases

Lease contracts that provide the Authority with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a right-to-use lease asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible right-to-use lease asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Right-to-use lease assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

The Authority and its component unit are lessors for noncancellable leases of building and office space. The Authority and its component unit recognize a lease receivable and a deferred inflow of resources in the financial statements.

The Authority's component unit is a lessee for noncancellable lease assets from the Authority. The component unit recognizes a lease liability and an intangible right-to-use lease asset in its financial statements.

Net Position

Net position flow assumption – Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Net investment in capital assets – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.

Restricted for capital projects- Net assets restricted for future investments in capital projects, such as buildings or related to utility product processing or distribution systems.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses

Unrestricted net position – The remaining net assets that do not meet the definition of investment in capital assets net of related debt or restricted.

Operating and nonoperating revenues and expenses – The Authority statements of revenue, expenses and changes in net position distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from leased assets and disbursement of funds to local health care organizations as a part of ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made in the prior year amounts to conform to the classifications used in the current year. These classifications have no effect on net position.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 1, 2024. See Note 5 in the Blount County Health Care Authority footnotes for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements. Management determined there were no events that occurred that required disclosure for Blount Health Management Inc.

Recently Issued and Implemented Accounting Pronouncements

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments. There were no significant impacts of implementing this Statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. There were no significant impacts of implementing this Statement.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. There were no significant impacts of implementing this Statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 100, *Accounting Changes and Error Corrections*-This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101*, Compensated Absences*-The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The Authority is evaluating the requirements of the above statements and the impact on reporting.

NOTE 2: SALE AND TRANSFER OF ASSETS

On June 30, 1996, the Blount County Health Care Authority and Blount Health Management, Inc. entered into several agreements with Medical Center East, Inc., which were executed simultaneously, for the sale, transfer, and lease of certain assets related to the operation of the old hospital facility (known as Blount Memorial Hospital) and the replacement hospital facility (known as Medical Center Blount). Specific disclosures for the agreements related to each entity are included in its respective set of notes to financial statements.

NOTE 3: NONCOMPETE AGREEMENT

On June 30, 1996, both the Blount County Health Care Authority and Blount Health Management, Inc. agreed with Medical Center East, Inc. to a noncompete agreement related to the use of the old hospital facility (known as Blount Memorial Hospital) for as long as Medical Center East, Inc. occupies the replacement hospital facility (known as Medical Center Blount).

NOTE 4: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases separate commercial insurance coverage for workers' compensation, liability, and property damage.

Significant losses are covered by commercial insurance for all major programs and worker's compensation. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTES TO FINANCIAL STATEMENTS
OF
BLOUNT COUNTY HEALTH CARE AUTHORITY

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tax Status

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

Property Taxes

Property taxes are levied in February of each year based on the assessment for property as of the previous October 1. The taxes are due the following October 1 and are considered delinquent after December 31.

These property taxes revenues were transferred for use as follows:

For the year ended September 30,	2023
Operations	$ 822,928
Transfer for capital improvements or purchases	120,000
Debt service payments	139,820
Total ad valorem taxes received	$ 1,082,748

Residual amounts of ad valorem taxes at September 30, 2023, was $253,953.

NOTE 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Investments for the Authority are reported at fair value (generally based on quoted market prices). The Authority and its Component Unit are authorized by statute (Code of Alabama 1975, Section 22-21-332) to invest in federal securities, debt securities that are direct obligations of any agency of the United States of America, interest-bearing bank time deposits and certificates of deposit, and interest-bearing time deposits and certificates of deposit of any federally-chartered savings and loan association. In addition, the Authority and its Component Unit are authorized by statute (Code of Alabama 1975, Section 22-21-355) to invest in various other investment options such as debt securities, commercial paper, banker's acceptances, bonds and debentures that meet certain ratings as defined in the code section.

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. As of September 30, 2023, the carrying amounts of the Authority's bank deposits were covered by the State of Alabama's Security of Alabama Funds Enhancement (SAFE) Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the Code of Alabama 1975, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged failed to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The Authority's investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, investments of current operating funds are required to have maturities of no longer than twelve months.

Credit risk – GASBC Section I50: *Investments* of the GASBC requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations.

Concentration risk – GASBC Section I50: *Investments* of the GASBC requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The Authority's investment policy does not address concentration risk.

Fair Value – GASBC Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

The Authority has set aside assets to be used for future capital improvements or hospital operations, if necessary. The Authority retains control over the assets and may at its discretion use the assets for other purposes.

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Valuation risk may be present, specifically for Level 3 investments, which is the risk that an entity could experience a loss due to inaccurate determination of the fair value of a financial instrument on its balance sheet.

The following table sets forth by level, within the fair value hierarchy, the Board's designated investments at fair value as of September 30, 2023:

	Quoted Prices in Active Marks for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Observable Inputs Level 3	Total
Investments by fair value level				
Cash/ money market	$ 42,729	$ -	$ -	$ 42,729
Certificates of deposit	-	530,937	-	530,937
Corporate securities	393,929	155,351	193,543	742,823
Total investments	$ 436,658	$ 686,288	$ 193,543	$ 1,316,489

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2023.

Cash, money markets, commercial paper and CDs – These include short term, low-risk financial instruments that are typically highly liquid. Certificates of deposit are typically brokered CDs, with the original maturity date greater than three months. If a particular money market security is trading in an active market, the documented trade price for its fair value is use. When documented trade histories are not available or do not meeting requirements for Level 1 or Level 2 pricing, a discounted cash flow model is typically used to determine the price. The key inputs to the discounted cash flow model are the coupon, yield and expected maturity date. Generally, a Treasury yield curve plus a credit spread, based on credit and related trades, quotes and other observable market information is used for fair value analysis.

Corporate securities – These are commercial paper, asset backed securities and other obligations of a corporation for borrowed money. These securities can include investment grade bonds, high yield, structured products, linked notes, convertibles and foreign issues. If a particular corporate security is trading in an active market, the documented trade price for the fair value is used. When documented trade histories are not available or do not meeting the requirements for a Level 1 or Level 2, a discounted cash flow model, an option adjusted model, or a fundamental analysis is used to determine the price. The key inputs to the discounted cash flow model are the coupon, yield, expected maturity date and any applicable options. In developing a discount rate, generally the treasury yield curve plus a credit spread is used. This spread is based on credit, structure, comparable trades, other pertinent research/quotes and/or issuance information. Option adjusted models are used when appropriate. The valuation of linked notes uses a fundamental analysis, including an assessment of the linked collateral value and stated security terms.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Investments Held in Trust for Restricted Use

The Authority placed $3,000,000 into a trust for the purpose of providing health care to the citizens of Blount County, Alabama in the event of early or planned termination of the lease agreements with Medical Center East, Inc. or expiration of certain time limits. The following table sets forth by level, within the fair value hierarchy, the City's Board designated investments held in trust at fair value as of September 30, 2023:

	Quoted Prices in Active Marks for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Observable Inputs Level 3	Total
Investments by fair value level				
Cash/ money market	$ 849,025	$ -	$ -	$ 849,025
Certificates of deposit	-	1,999,554	-	1,999,554
U.S. government sponsored entities	285,641	88,702	-	374,343
U.S. treasury bonds	2,240,105	-	-	2,240,105
Total investments	$ 3,374,771	$ 2,088,256	$ -	$ 5,463,027

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2023.

Cash, money markets, commercial paper and CDs – These include short term, low-risk financial instruments that are typically highly liquid. Certificates of deposit are typically brokered CDs, with the original maturity date greater than three months. If a particular money market security is trading in an active market, the documented trade price for its fair value is use. When documented trade histories are not available or do not meeting requirements for Level 1 or Level 2 pricing, a discounted cash flow model is typically used to determine the price. The key inputs to the discounted cash flow model are the coupon, yield and expected maturity date. Generally, a Treasury yield curve plus a credit spread, based on credit and related trades, quotes and other observable market information is used for fair value analysis.

U.S. government sponsored entities (GSE) – These are quasi-governmental entities established to enhance the flow of credit to specific sections of the U.S. economy, which do not lend money to the public directly; instead, they guarantee third-party loans and purchase loans in the secondary market. They also issue short- and long-term bonds, fixed and floating-rate securities, stripped coupon and principal deals, step-ups and other structed or intricate securities issued by any U.S. government sponsored entities. If a particular GSE security is trading in an active market, the documented trade price is used. When documented trade histories are not available or do not meet requirements for Level 1 or Level 2 prices based on trades in exact security for a corporate bond, a discounted cash flow model or option-adjusted discounted cash flow model is used to determine the price. The significant inputs to the discounted cash flow model are the coupon, yield and expected maturity/call date. Typically, the U.S. Treasury yield curve plus a spread determined by comparable

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Investments Held in Trust for Restricted Use (continued)

trades, quotes and issuance levels. Many of these issues include complex callable step-up coupons, index-amortization and other structural features. Option-adjusted models may be used for structed notes, as appropriate.

U.S. Treasury bonds- These are a marketable, fixed- interest U.S. government debt security with a maturity of more than 10 years and earn periodic interest until maturity, at which point the owner is also paid a par amount equal to the principal. These offerings include Treasury Bills, Bonds and Notes, Strips and Inflation Index Bonds. Typically, only readily traded "on-the-run" issues (the current money markets, bills 2-year, 3-year, 5-year, 7-year, 10-year, 20-year and 30-year issues) have active markets. If a particular treasury security is trading in an active market, the documented trade price is used for its fair value. If trade history with sufficient volume is unavailable in the exact security, the identified yield for the on-the-run treasury most similar to the U.S. Treasury being valued is used for fair value. The yield is adjusted for variances in maturity, coupon and other relevant features. A discounted cash flow model may be used, with the most significant input of the model being the yield, based on observable data. Option-adjusted models may be used for structed notes, as appropriate.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Certificate of Need

The Certificate of Need (CON) costs on the replacement hospital totaled $217,185 and are being amortized over forty (40) years beginning January 23, 1999. Amortization recognized for the year ended September 30, 2023, was $5,430.

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets, including depreciation expense charged to each department, during the year ended September 30, 2023:

For the year ended December 31, 2023	Beginning Balances	Increases	Disposals or Reclasses	Ending Balances
Capital assets not being depreciated:				
Land	$ 1,085,871	$ -	$ -	$ 1,085,871
Total capital assets not being depreciated:	1,085,871	-	-	1,085,871
Capital assets being depreciated:				
Buildings and improvements	20,077,389	76,100	-	20,153,489
Equipment	42,693	-	-	42,693
Total capital assets being depreciated:	20,120,082	76,100	-	20,196,182
Less accumulated depreciation for:				
Buildings and improvements	11,520,986	506,801	-	12,027,787
Equipment	42,693	-	-	42,693
Total accumulated depreciation	11,563,679	506,801	-	12,070,480
Total capital assets being depreciated, net	8,556,403	(430,701)	-	8,125,702
Total capital assets, net	$ 9,642,274	$ (430,701)	$ -	$ 9,211,573

Depreciation expense charged to operations for the year ended September 30, 2023, was $506,801.

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities

The Hospital Tax Anticipation Note, Series 2019 were issued to defease the Hospital Tax Anticipation Warrants, Series 2009 and to make improvements to the parking at the Hospital. The Hospital Tax Anticipation Warrants, Series 2009 were issued to defease the Hospital Tax Anticipation Warrants, Series 2000 (see following note). The Hospital Tax Anticipation Warrants, Series 2000 were issued to defease the Hospital Tax Anticipation Warrants, Series 1998 and to renovate a commercial building for health care needs. The Hospital Tax Anticipation Warrants, Series 1998 were issued to construct a commercial building to house the local health department. The note is payable out of and secured by 75% of the annual net proceeds from the Blount County special hospital ad valorem tax.

The Hospital Tax Anticipation Note, Series 2019 was issued September 18, 2019, with principal and interest payments due in monthly installments of $11,652 through a maturity date of September 18, 2039. Interest is payable at 3.50%.

The following is a summary of notes payable for the year ended September 30, 2023:

	Hospital Tax Anticipation Note, Series 2019	
Years ending September 30,	Principal	Interest
2024	$ 80,468	$ 59,352
2025	83,536	56,284
2026	86,549	53,271
2027	89,671	50,149
2028	92,774	47,046
2029-2033	517,153	181,945
2034-2038	617,439	56,744
2039	131,972	2,644
Total	1,699,562	507,435
Current portion of principal and interest	(80,468)	(59,352)
Payable after one year	$ 1,619,094	$ 448,083

Changes in long-term obligations for the year ended September 30, 2023, are as follows:

	September 30, 2022	Increases	Decreases	September 30, 2023	Due in one year
Hospital Tax Anticipation Note, Series 2019	$ 1,778,565	$ -	$ 79,003	$ 1,699,562	$ 80,468
Total	$ 1,778,565	$ -	$ 79,003	$ 1,699,562	$ 80,468

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

Interest expense and amortization of costs on all debt for the year ended September 30, 2023, was as follows:

		2023
Interest paid on long-term debt	$	60,815
Increase (decrease) in accrued interest		600
Amortization of loss on debt refunding		3,896
Total	$	65,311

Unamortized premiums and deferred costs on refunded debt issues are as follows at September 30, 2023:

		Deferred costs on refunded debt issues
Original amounts	$	77,909
Less accumulated amortization		(47,380)
Totals	$	30,529

Leases

Replacement Lease Agreement

On June 30, 1996, the Authority entered into a lease agreement with Medical Center East, Inc. to operate a facility referred to as the Replacement Hospital. The Authority obtained a certificate of need (CON) to construct a new hospital facility in a different location than the existing facility. Medical Center East, Inc. agreed to prepay the lease payment of $12,185,793 (which was the estimated cost of constructing the Replacement Hospital), in three stages, which was placed into a restricted account and funded the construction of the new facility. The lease also contained provisions for project overruns to be paid by Medical Center East, Inc.

On or about January 23, 1999, the Replacement Hospital was completed and occupied. During the construction of the Replacement Hospital, Medical Center East, Inc. deposited $13,887,900 into the construction account and the construction account earned $629,828 interest. Total construction costs incurred were $14,401,025. Other items affecting the balance in the construction account were expenses not capitalized.

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

The prepaid lease by Medical Center East, Inc. totaled $14,749,784. The lease term shall be twenty-five (25) years, commencing on the first day of the first month after the initial occupancy of the Replacement Hospital by Medical Center East, Inc., which was January 23, 1999. For the year ended September 30, 2023, lease income from Medical Center East, Inc. recognized was $589,991. As of September 30, 2023, the prepaid lease remaining was $196,663.

In addition to the annual rental payments, the lease also required Medical Center East, Inc. to purchase all needed equipment, provide property insurance on all assets leased, provide the required liability insurance, pay all typical hospital operating costs, and provide to indigents of Blount County a volume of medical services at least equal to the amount required to meet the Authority's Hill-Burton obligations.

The lease requires negotiations of renewal terms in the 22nd year of the lease term. If the lease is not renewed at the end of 25 years, the Authority has agreed to purchase all of Medical Center East, Inc.'s moveable equipment, leasehold improvements and working capital assets, within certain guidelines contained in the lease. The Authority has set aside funds in trust for this purpose. See subsequent disclosures for additional information on lease status as of the date of the auditor’s report.

Eastern Health Systems, Inc., formerly known as Medical Center East, Inc., did assign its interest in said Replacement Lease to St. Vincent's East, an Alabama nonprofit corporation, who then assigned its interest in said Replacement Lease to St. Vincent's Blount, an Alabama nonprofit corporation. The hospital is now known as St. Vincent's Blount and the leases and agreements are ongoing with St. Vincent's Blount, an Alabama nonprofit corporation.

Leases- Lessor

The Authority accounts for leases in accordance with GASB Statement No.87 *Leases*. The Authority leases buildings and improvements to third parties, including one lease to its Component Unit. Leases range in annual rates between $10,000 and $102,112. The Authority recognized approximately $105,910 in lease revenue and approximately $6,526 in interest revenue during the year ended September 30, 2023. As of September 30, 2023, the Authority's receivable for lease payments was $127,696. Also, the Authority has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of September 30, 2023, the balance of the deferred inflow of resources was $127,696.

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

The following is a schedule by years of minimum future revenues from non-cancelable agreements as of September 30, 2023:

	Principal	Interest	Total
2024	$ 103,674	$ 2,971	$ 106,645
2025	24,022	140	24,162
Total	$ 127,696	$ 3,111	$ 130,807

Net Investment In Capital Assets

Net investments in capital assets are as follows:

	September 30, 2023
Capital assets (net)	$ 9,211,573
Outstanding debt related to capital assets	(1,699,562)
Net investment in capital assets	$ 7,512,011

NOTE 3: GRANTS AND AWARDS

In the normal course of operations, the Authority receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits, is not believed to be material.

NOTE 4: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the Authority is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the Authority, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the Authority or results of activities.

NOTE 5: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after September 30, 2023 through August 1, 2024, the date the current year's financial statements were available to be issued. The following events occurred:

The Authority has reached a new lease agreement with the St. Vincent's Blount, with the lease commencement date of April 12, 2024.

NOTES TO FINANCIAL STATEMENTS
OF
BLOUNT HEALTH MANAGEMENT, INC.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tax Status

As a governmental unit, the component unit is exempt from federal and state income taxes.

NOTE 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Investments for Blount Health Management, Inc. are reported at fair value (generally based on quoted market prices). Blount Health Management, Inc. is authorized by statute (Code of Alabama 1975, Section 22-21-332) to invest in federal securities, debt securities that are direct obligations of any agency of the United States of America, interest-bearing bank time deposits and certificates of deposit, and interest-bearing time deposits and certificates of deposit of any federally-chartered savings and loan association. In addition, the Authority and its Component Unit are authorized by statute (Code of Alabama 1975, Section 22-21-355) to invest in various other investment options such as debt securities, commercial paper, banker's acceptances, bonds and debentures that meet certain ratings as defined in the code section.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. As of September 30, 2023, the carrying amounts of Blount Health Management, Inc.'s bank deposits were covered by the State of Alabama's Security of Alabama Funds Enhancement (SAFE) Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the Code of Alabama 1975, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged failed to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The Blount Health Management, Inc.'s investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, investments of current operating funds are required to have maturities of no longer than twelve months.

Credit risk – GASBC Section I50: *Investments* of the GASBC requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations.

Concentration risk – GASBC Section I50: *Investments* of the GASBC requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. Blount Health Management, Inc.'s investment policy does not address concentration risk.

Fair Value – GASBC Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Blount Health Management, Inc. has set aside assets to be used for future capital improvements. Blount Health Management, Inc. retains control over the assets and may at its discretion use the assets for other purposes. Blount Health Management, Inc. has purchased low risk investment bonds with staggering maturities.

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Board's designated investments at fair value as of September 30, 2023:

	Quoted Prices in Active Marks for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Observable Inputs Level 3	Total
Investments by fair value level				
Cash/ money market	$ 23,670	$ -	$ -	$ 23,670
Certificates of deposit	-	83,324	-	83,324
Corporate securities	311,442	201,967	193,543	706,952
Total investments	$ 335,112	$ 285,291	$ 193,543	$ 813,946

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2023.

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

Cash, money markets, commercial paper and CDs – These include short term, low-risk financial instruments that are typically highly liquid. Certificates of deposit are typically brokered CDs, with the original maturity date greater than three months. If a particular money market security is trading in an active market, the documented trade price for its fair value is use. When documented trade histories are not available or do not meeting requirements for Level 1 or Level 2 pricing, a discounted cash flow model is typically used to determine the price. The key inputs to the discounted cash flow model are the coupon, yield and expected maturity date. Generally, a Treasury yield curve plus a credit spread, based on credit and related trades, quotes and other observable market information is used for fair value analysis.

Corporate securities – These are commercial paper, asset backed securities and other obligations of a corporation for borrowed money. These securities can include investment grade bonds, high yield, structured products, linked notes, convertibles and foreign issues. If a particular corporate security is trading in an active market, the documented trade price for the fair value is used. When documented trade histories are not available or do not meeting the requirements for a Level 1 or Level 2, a discounted cash flow model, an option adjusted model, or a fundamental analysis is used to determine the price. The key inputs to the discounted cash flow model are the coupon, yield, expected maturity date and any applicable options. In developing a discount rate, generally the treasury yield curve plus a credit spread is used. This spread is based on credit, structure, comparable trades, other pertinent research/quotes and/or issuance information. Option adjusted models are used when appropriate. The valuation of linked notes uses a fundamental analysis, including an assessment of the linked collateral value and stated security terms.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Blount Health Management, Inc. believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets, including depreciation expense charged to each department, during the year ended September 30, 2023:

For the year ended December 31, 2023	Beginning Balances	Increases	Disposals or Reclasses	Ending Balances
Capital assets being depreciated:				
Leasehold improvements	$ 290,822	$ 62,865	$ -	$ 353,687
Equipment	10,304	-	-	10,304
Total capital assets being depreciated:	301,126	62,865	-	363,991
Less accumulated depreciation for:				
Leasehold improvements	239,501	17,831	-	257,332
Equipment	440	1,030	-	1,470
Total accumulated depreciation	239,941	18,861	-	258,802
Total capital assets being depreciated, net	61,185	44,004	-	105,189
Right-to-use lease assets, being amortized				
Buildings and improvements	46,731	-	-	46,731
Less accumulated amortization for				
Buildings and improvements	28,038	9,346	-	37,384
Right-to-use lease assets being amortized, amortized, net	18,693	(9,346)	-	9,347
Total capital assets, net	$ 79,878	$ 34,658	$ -	$ 114,536

Depreciation expense charged to operations for the year ended September 30, 2023, was $18,863. Amortization expense charged to operations for the year ended September 30, 2023, was $9,346.

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities

Leases- Lessor

Blount Health Management, Inc. accounts for leases in accordance with GASB Statement No.87 *Leases*. Blount Health Management, Inc. (the component unit) leases buildings and improvements to third parties. Leases range in annual rates between $7,200 and $91,200. Blount Health Management, Inc. recognized approximately $152,619 in lease revenue and approximately $25,343 in interest revenue during the year ended September 30, 2023. As of September 30, 2023, Blount Health Management, Inc.'s receivable for lease payments was approximately $630,888. Also, Blount Health Management, Inc. has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of September 30, 2023, the balance of the deferred inflow of resources was approximately $630,888.

The following is a schedule by years of minimum future revenues from non-cancelable agreements as of September 30, 2023:

	Principal	Interest	Total
2024	$ 168,881	$ 22,397	$ 191,278
2025	146,938	16,061	162,999
2026	150,297	10,131	160,428
2027	136,377	4,251	140,628
2028	28,395	151	28,546
Total	$ 630,888	$ 52,991	$ 683,879

Leases- Lessee

Blount Health Management, Inc. (the component unit) has entered into a lease agreement to obtain the right-to use buildings and improvements from the Blount County Health Care Authority. The total annual rental that Blount Health Management, Inc. paid for the fiscal year ended September 30, 2023, was $10,000. The lease had a five-year initial term, with one annual payment.

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

The following is a schedule of minimum future lease payments from lease agreements as September 30, 2023:

	Principal	Interest	Total
2024	$ 9,662	$ 338	$ 10,000
Total	$ 9,662	$ 338	$ 10,000

NOTE 3: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the Authority is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the Authority, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the Authority or results of activities.

REQUIRED SUPPLEMENTARY INFORMATION

Blount County Health Care Authority
Budgetary Comparison Schedule
September 30, 2023

For the year ended September 30, 2023	Business Type Activity	Original and Final Budget	Variance
Revenues			
Lease revenue	$ 105,910	109,000	$ (3,090)
Amortization of prepaid lease			
St. Vincent's East, Inc. - replacement hospital	589,991	-	589,991
Ad valorem tax	1,082,748	900,000	182,748
Business privilege license tax	8,212	7,500	712
Interest and investment income	235,489	22,000	213,489
Other revenue	749,792	-	749,792
Total revenue	2,772,142	1,038,500	1,733,642
Expenditures			
Contributions to Blount County health care organizations	534,563	628,283	(93,720)
Depreciation and amortization	512,231	-	512,231
Supplies, repairs and maintenance	-	5,000	(5,000)
Professional services	130,438	85,400	45,038
Insurance	37,185	35,000	2,185
Utilities	763	1,500	(737)
Miscellaneous	6,357	1,700	4,657
Office supplies and postage	922	1,000	(78)
Interest expense (budget includes total payment amount)	65,311	139,820	(74,509)
Trustee fees	43,964	-	43,964
Other expenditures	1,500,000	-	1,500,000
Total expenditures	2,831,734	897,703	1,934,031
Excess of Revenues Over Expenditures	(59,592)	140,797	(200,389)
Net change in fund balance	$ (59,592)	$ 140,797	$ (200,389)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Blount Count Health Care Authority adopts an annual budget, such budgets are prepared are prepared on the cash basis. Any revisions that alter the total revenues or expenditures must be approved by the Board. Alabama law does not formally reuqire muncipalities to adopt a budget. Blount Health Care Management, Inc. does not prepare an annual budget.

Principal and interest are both budget as expenditures by the Board, with only interst included in the actual column of the budgetary comparison schedule.

Budget information presented in the financial statements is based on the final amended budget as adopted by the Board on September 12, 2022.

OTHER INFORMATION

Blount County Health Care Authority

Members of the Board of Directors

September 30, 2023

Name and address	Position on Board	Expiration of Term
Kevin Ellis 145 Overlook Drive Cleveland, AL 35049	Chairman	August 31, 2027
Rachel Gargus 105 Hickory Ridge Road Oneonta, AL 35121	Vice Chairman	August 31, 2025
Sherrie Hicks 107 Meadow Lane Oneonta, AL 35121	Secretary/Financial Officer	August 31, 2029
James Carr 25 Pine Circle Oneonta, AL 35121	Director	August 31, 2027
Donny Ray P.O. Box 75 Oneonta, AL 35121	Director	August 31, 2029
Julee Knox 1368 Mountain Lake Road Warrior, AL 35180	Director	August 31, 2025
Jim Henderson 901 Azalea Road Oneonta, AL 35121	Director	August 31, 2029
Sabrina Peoples P.O. Box 305 Locust Fork, AL 35097	Director	August 31, 2027
Bill Ferry 37114 State Highway 79 Cleveland, AL 35049	Director	August 31, 2025

Blount Health Management, Inc.- Discretely Presented Component Unit

Members of the Board of Directors

September 30, 2023

Name and address	Position on Board	Expiration of Term
Kevin Ellis 145 Overlook Drive Cleveland, AL 35049	Chairman	August 31, 2027
Rachel Gargus 105 Hickory Ridge Road Oneonta, AL 35121	Vice Chairman	August 31, 2025
Sherrie Hicks 107 Meadow Lane Oneonta, AL 35121	Secretary/Financial Officer	August 31, 2029
James Carr 25 Pine Circle Oneonta, AL 35121	Director	August 31, 2027
David Hornsby 136 Green Meadow Trail Blountsville, AL 35031	Director	August 31, 2029
Julee Knox 1368 Mountain Lake Road Warrior, AL 35180	Director	August 31, 2025
Jim Henderson 901 Azalea Road Oneonta, AL 35121	Director	August 31, 2029

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
1601 2nd Avenue East
Oneonta, AL 35121

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CRIcpa.com

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*

To the Board of Directors
The Blount County Health Care Authority and
Blount Health Management, Inc.
Oneonta, Alabama

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 business-type activities of the Blount County Health Care Authority and its discretely presented component unit, Blount Health Management, Inc., as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Blount County Health Care Authority and Blount Health Management, Inc.'s basic financial statements, and have issued our report thereon dated August 1, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Blount County Health Care Authority and Blount Health Management, Inc.'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 Blount County Health Care Authority and Blount Health Management, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Blount County Health Care Authority and Blount Health Management, Inc.'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the following schedule of findings as items that we consider to be significant deficiencies.

Schedule of Findings

Significant Deficiency 01-2023

Material adjustments were proposed and approved to the original trial balance. Some adjustments were known by management prior to the audit.

Significant Deficiency 02-2023

The entities do not have sufficient personnel to allow for proper segregation of duties. There is a limited amount of personnel to perform certain functions.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Blount County Health Care Authority and Blount Health Management, Inc.'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*.

Blount County Health Care Authority and Blount Health Management, Inc. Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Blount County Health Care Authority and Blount Health Management, Inc.'s response to the findings identified in our audit and described previously. The Blount County Health Care Authority and Blount Health Management, Inc.'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.

Response to Findings

Significant Deficiency 01-2023

We will work with the auditor to determine what entries could be made prior to the audit based on our current staffing capabilities.

Significant Deficiency 02-2023

Due to the size of the entities and number of transactions, additional personnel is not feasible. We will evaluate additional processes or controls to mitigate risks related to lack of segregation of duties.

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.

Carr, Riggs & Ingram, L.L.C.

Oneonta, Alabama
August 1, 2024