HOSPITAL AUTHORITY OF FLOYD COUNTY
ROME, GEORGIA

FINANCIAL STATEMENTS

for the years ended June 30, 2024 and 2023

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CONTENTS

	Pages
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-7
Financial Statements:	
Balance Sheets	8
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Statements of Fiduciary Net Position - Pension Trust Fund	11
Statements of Changes in Fiduciary Net Position - Pension Trust Fund	12
Notes to Financial Statements	13-25
Required Supplemental Information:	
Schedule of Changes in Net Pension Liability and Related Ratios	26-28
Schedule of Pension Contributions	29

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hospital Authority of Floyd County
Rome, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the Hospital Authority of Floyd County (Authority), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Continued

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 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 of a reasonable user based on these financial statements.

In performing an audit in accordance with generally accepted 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 Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

Continued

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 on pages 4 through 7, Schedule of Changes in Net Pension Liability and Related Ratios on pages 27 through 29, and Schedule of Pension Contributions on page 30 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.

Draffin & Tucker, LLP

Albany, Georgia
November 6, 2024

Hospital Authority
of Floyd County

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Hospital Authority of Floyd County

Management's Discussion and Analysis
For The Year Ended June 30, 2024

Our discussion and analysis of the Hospital Authority of Floyd County (Authority) financial performance provides an overview of the Authority's financial activities during the fiscal years ended June 30, 2024, 2023 and 2022. Please read it in conjunction with the Authority's financial statements and accompanying notes.

Organizational Highlights

- The leasing of assets to Floyd Healthcare Management, Inc.

  Effective January 1, 1998, the Hospital Authority of Floyd County (Authority) leased all of its assets and operations to Floyd Healthcare Management, Inc. (Corporation) pursuant to a long-term lease agreement (Lease) under which the Corporation is obligated to operate Floyd Medical Center and all other medical facilities of the Authority and to otherwise perform the functions of the Authority. The Authority maintains a frozen pension plan for the benefit of eligible employees who were employed by the Authority at the time the Lease was implemented. The frozen pension plan is funded by contributions from the Corporation as required by the Lease.

Using This Annual Report

The Authority's financial statements consist of three statements - a balance sheet, a statement of revenues, expenses and changes in net position; and a statement of cash flows. These financial statements and related notes provide information about the activities of the Authority, including resources held by the Authority but restricted for specific purposes by contributors, grantors or enabling legislation.

Fiduciary Fund

As described in Note 1 to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, in 2021. Fiduciary funds are used to account for resources held for the benefit of individuals or units outside of the Authority. The Authority is the trustee or fiduciary responsible for assets, which can be used only for the trust beneficiaries per trust arrangements. The Authority is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Authority's fiduciary activities are reported in separate statements of fiduciary net position and statements of changes in fiduciary net position. The accounting for fiduciary funds is much like that used for proprietary funds. The Authority's Floyd Medical Center Retirement Plan (Note 3) is reported under the fiduciary fund. Since the resources of this fund is not available to support the Authority's own programs, they are not reflected in the Authority's financial statements. The statements of fiduciary net position and the statements of changes in fiduciary net position can be found on pages 11 and 12, respectively of this report.

Continued

The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Position

Our analysis of the Authority's finances begins on page 5. One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better or worse off as a result of the year's activities?" The balance sheet and the statement of revenues, expenses, and changes in net position report information about the Authority's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net position and changes in it. You can think of the Authority's net position - the difference between assets and liabilities - as one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Authority's patient base and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Authority.

The Statement of Cash Flows

The final required statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. It provides answers to such questions as "Where did cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

Balance Sheet Data

The Authority's net position is the difference between its assets and liabilities reported on the balance sheet. The following table summarizes the balance sheets as of June 30, 2024, 2023 and 2022:

	2024	2023	2022
Assets:			
Current assets	$ 374,706	$ 2,028,537	$ 2,002,279
Due from related parties	7,437,335	8,521,930	9,423,416
Investments	1,695,457	-	-
Deferred outflows of resources	2,958,182	4,679,243	-
Total assets and deferred outflows of resources	$ 12,465,680	$ 15,229,710	$ 11,425,695

Continued

Balance Sheet Data, Continued

	2024	2023	2022
Liabilities, deferred inflows of resources and net position:			
Current liabilities	$ 1,000	$ -	$ -
Noncurrent liabilities	7,778,166	10,492,926	5,611,698
Deferred inflows of resources	2,628,901	2,708,247	3,835,097
Net position	2,057,613	2,028,537	1,978,900
Total liabilities, deferred inflows of resources and net position	$ 12,465,680	$ 15,229,710	$ 11,425,695

The only significant items on the Authority's balance sheet relate to the frozen pension plan and its deferrals as described in Note 3 and the due from Floyd Healthcare Management, Inc. receivable. A significant portion of the Floyd Healthcare Management, Inc. receivable is related to Floyd Healthcare Management, Inc.'s commitment to fund the pension plan through the lease agreement described in Note 1. See Note 3 for more information on the changes in these balances.

Statement of Revenue and Expense Data

The following table summarizes the revenues and expenses for the years ended June 30, 2024, 2023 and 2022:

	2024	2023	2022
Operating expenses	$(755,764)	$ 214,394	$(1,148,917)
Operating income (loss)	755,764	(214,394)	1,148,917
Total nonoperating expenses	(726,688)	264,031	836,120
Increase in net position	29,076	49,637	1,985,037
Net position, beginning	2,028,537	1,978,900	(6,137)
Net position, ending	$ 2,057,613	$ 2,028,537	$ 1,978,900

The change in pension benefit was caused by changes in market returns on pension assets. See Note 3 for more information.

Capital Assets and Debt

The Authority did not hold any investments in capital assets at the end of 2024, 2023 and 2022.

The Authority did not incur any indebtedness during 2024, 2023 and 2022.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances. If you have questions about this report or need additional financial information, contact the Authority finance department at the following:

Hospital Authority of Floyd County
304 Turner McCall Blvd.
P. O. Box 233
Rome, GA 30162-0233

HOSPITAL AUTHORITY OF FLOYD COUNTY

BALANCE SHEETS, June 30, 2024 and 2023

	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets:		
Cash and cash equivalents	$ 374,706	$ 2,028,537
Other assets:		
Due from Floyd Healthcare Management, Inc.	7,437,335	8,521,930
Investments	1,695,457	-
Total assets	9,507,498	10,550,467
Deferred outflows of resources:		
Pension deferrals	2,958,182	4,679,243
Total assets and deferred outflows of resources	$ 12,465,680	$ 15,229,710
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current liabilities:		
Accounts payable	$ 1,000	$ -
Net pension liability	7,778,166	10,492,926
Total liabilities	7,779,166	10,492,926
Deferred inflows of resources:		
Pension deferrals	2,628,901	2,708,247
Total liabilities and deferred inflows of resources	10,408,067	13,201,173
Net position:		
Unrestricted	2,057,613	2,028,537
Total liabilities, deferred inflows of resources, and net position	$ 12,465,680	$ 15,229,710

See auditor’s report and notes to financial statements.

HOSPITAL AUTHORITY OF FLOYD COUNTY

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
for the years ended June 30, 2024 and 2023

	2024	2023
Expenses:		
Operating expenses	$ 17,284	$ 4,259
Pension expense (benefit)	(773,048)	210,135
Total expenses (benefit)	(755,764)	214,394
Operating income (loss)	755,764	(214,394)
Nonoperating revenues (expenses):		
Noncapital contribution from (to) Floyd Healthcare Management, Inc.	(726,688)	264,031
Increase in net position	29,076	49,637
Net position at beginning of year	2,028,537	1,978,900
Net position at end of year	$ 2,057,613	$ 2,028,537

See auditor’s report and notes to financial statements.

HOSPITAL AUTHORITY OF FLOYD COUNTY

STATEMENTS OF CASH FLOWS
for the years ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Payments to suppliers and contractors	$(16,284)	$(4,259)
Receipts from Floyd Healthcare Management, Inc.	1,474,700	888,379
Contribution to pension plan	300,000	1,135,000
Payments to the State of Georgia Department of Community Health	(1,774,700)	(2,023,379)
Net cash used by operating activities	(16,284)	(4,259)
Cash flows from noncapital financing activities:		
Noncapital contributions from Floyd Healthcare Management, Inc.	57,910	30,517
Cash flows from investing activities:		
Purchase of investments	(1,695,457)	-
Net increase (decrease) in cash and cash equivalents	(1,653,831)	26,258
Cash and cash equivalents, beginning of year	2,028,537	2,002,279
Cash and cash equivalents, end of year	$ 374,706	$ 2,028,537
Reconciliation of operating income (loss) to net cash flows used by operating activities:		
Operating income (loss)	$ 755,764	$(214,394)
Adjustment to reconcile operating income (loss) to net cash used by operating activities:		
Pension expense (benefit)	(773,048)	210,135
Accounts payable	1,000	-
Net cash used by operating activities	$(16,284)	$(4,259)

See auditor’s report and notes to financial statements.

HOSPITAL AUTHORITY OF FLOYD COUNTY

STATEMENTS OF FIDUCIARY NET POSITION - PENSION TRUST FUND
June 30, 2024 and 2023

	2024	2023
Assets:		
Investments, at fair value		
Money market funds	$ 647,083	$ 517,820
Mutual funds	19,047,913	18,283,944
Aetna group annuity	204,858	246,691
Total investments	19,899,854	19,048,455
Total assets	$ 19,899,854	$ 19,048,455
Total net position restricted for pensions	$ 19,899,854	$ 19,048,455

See auditor's report and notes to financial statements.

HOSPITAL AUTHORITY OF FLOYD COUNTY

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION - PENSION TRUST FUND
for the years ended June 30, 2024 and 2023

	2024	2023
Additions:		
Additions to net position attributed to:		
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	$ 1,102,718	$(4,430,304)
Interest and dividends	1,122,868	1,413,481
Total investment income (loss)	2,225,586	(3,016,823)
Employer contributions	1,135,000	-
Total additions	3,360,586	(3,016,823)
Deductions:		
Deductions from net position attributed to:		
Participant distributions	(2,491,621)	(2,923,621)
Administrative expenses	(17,566)	(19,001)
Total deductions	(2,509,187)	(2,942,622)
Net increase (decrease)	851,399	(5,959,445)
Net position restricted for pensions:		
Beginning of year	19,048,455	25,007,900
End of year	$ 19,899,854	$ 19,048,455

See auditor’s report and notes to financial statements.

1. Summary of Significant Accounting Policies

Organization

The accompanying financial statements include the operations of the Hospital Authority of Floyd County (Authority). The following entities comprised the Hospital Authority of Floyd County at December 31, 1997: Floyd Medical Center, an acute care hospital providing inpatient, outpatient, and primary care services; Floyd Behavioral Health Center, a long-term care psychiatric facility; Heyman HospiceCare at Floyd; and Floyd Home Health Agency.

Pursuant to the Lease, Transfer and Reversion Agreement between the Hospital Authority of Floyd County and Floyd Healthcare Management, Inc. (Lease) the Authority leased the above described operations and substantially all of its net assets to Floyd Healthcare Management, Inc. (Corporation), effective January 1, 1998. The Corporation sold the home healthcare services in 2007. The consideration to be paid by the Corporation consists primarily of: payment of principal and interest on the Hospital Authority of Floyd County Revenue Anticipation Certificates; payment equal to the contribution the Authority is required to make to satisfy minimum funding obligations under the Authority's defined benefit pension plan with respect to benefits which had accrued under such plan prior to the Lease; and the provision of healthcare services to indigent, charity and other needy patients equal but not limited to a minimum dollar amount annually as set forth in the Lease.

In 2012, the Authority entered into a lease agreement with Cedartown-Polk County Hospital Authority (Cedartown-Polk Authority) to lease all of the assets associated with Polk Medical Center, a Critical Access Hospital providing inpatient and outpatient services. The lease had an effective date of April 1, 2012, at which time the assets and operations of Polk Medical Center transferred to the Authority. Upon signing the lease, the Corporation created a Georgia nonprofit corporation called Polk Medical Center, Inc. (PMCI) to manage the day to day operations of Polk Medical Center for the Authority through a management agreement. The Corporation is the sole member of PMCI. Pursuant to the lease, PMCI has applied for and was granted a Certificate of Need to build a new hospital to be owned by Cedartown-Polk Authority to replace the current facilities at Polk Medical Center at no cost to Cedartown-Polk Authority. Construction of the new hospital was completed in November 2014. On November 6, 2014 the new facility opened. When the new facility opened, the Authority lease with Cedartown-Polk Authority ended and PMCI began to operate the new facility pursuant to a new 35-year lease with Cedartown-Polk Authority. When the Authority's lease with Cedartown-Polk Authority ended, the assets, liabilities and operations of Polk Medical Center transferred to Polk Medical Center, Inc.

Fiduciary Fund

Following the Authority's financial statements are separate financial statements for the fiduciary fund. The Pension Trust Fund fiduciary fund is excluded from the Authority's financial statements as these assets are held in a trust capacity for the benefit of employees of the Authority who participate in the Floyd Medical Center Retirement Plan (Note 3) and cannot be used to support the Authority's programs.

Continued

1. Summary of Significant Accounting Policies, Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Enterprise Fund Accounting

The Authority uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

The Authority prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Investments in Debt and Equity Securities

Investments in debt and equity securities are reported at fair value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in nonoperating revenue when earned.

Deferred Inflows of Resources

Deferred inflows of resources consist of the unamortized portion of deferred pension expense. See Note 3 for additional information.

Deferred Outflows of Resources

Deferred outflows of resources consist of the unamortized portion of deferred pension expense and contributions made subsequent to the measurement date of the pension plan. See Note 3 for additional information.

Continued

1. Summary of Significant Accounting Policies, Continued

Net Position

Net position of the Authority is classified as *unrestricted net position*. *Unrestricted net position* is the remaining net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not invested in capital assets and do not contain restrictions on their use.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension items, and pension expense, information about the fiduciary net position of the defined benefit plan and additions to or deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Operating Revenues and Expenses

The Authority's statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to administer the defined benefit plan.

Grants and Contributions

From time to time, the Authority receives grants from the Corporation as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Income Taxes

The Authority is a governmental entity and is exempt from income taxes. Accordingly, no provision for income taxes has been considered in the accompanying financial statements.

Restricted Resources

When the Authority has both restricted and unrestricted resources available to finance a particular program, it is the Authority's policy to use restricted resources before unrestricted resources.

Continued

1. Summary of Significant Accounting Policies, Continued

Risk Management

The Authority is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses and natural disasters. The Authority is indemnified by the Corporation pursuant to the lease. See Note 4 for more information.

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. GASB No. 72 also establishes a hierarchy of inputs to valuation techniques used to measure fair value. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. GASB No. 72 describes the following three levels of inputs that may be used:

- *Level 1*: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. The fair value hierarchy gives the highest priority to Level 1 inputs.

- *Level 2*: Observable inputs such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

- *Level 3*: Unobservable inputs for an asset or liability. The fair value hierarchy gives the lowest priority to Level 3 inputs.

2. Bank Deposits

At June 30, 2024 and 2023, the Authority had bank balances as follows:

	2024	2023
FDIC coverage	$ 250,000	$ 250,000
Collateralized by securities held by the pledging financial institutions trust department in the Authority's name	-	-
Uncollateralized	124,706	1,778,537
Carrying value	$ 374,706	$ 2,028,537

Continued

3. Employee Benefit Plan

The Authority has a single-employer defined benefit pension plan (Floyd Medical Center Retirement Plan) covering substantially all of its former employees. The pension plan provides retirement and death benefits to plan members and beneficiaries. The pension plan was frozen effective December 31, 1997. The benefits are based on 1.75% of average annual earnings for the three-year period immediately preceding January 1, 1993 times continuous services as of January 1, 1993, plus 1.75% of earnings for each plan year after January 1, 1993, with the total benefit subject to thirty-five continuous years of service maximum. The Authority's funding policy is to contribute annually an amount intended to provide for benefits attributed to service through December 31, 1997. Although the Lease requires the Corporation to provide certain minimum funding for the Authority's pension plan, the Authority remains liable for the benefits accrued under this plan. For more information on the pension plan, contact Floyd Medical Center Administration. An actuarial valuation of the plan was performed with a measurement date of June 30, 2023 and measurement period of July 1, 2022 to June 30, 2023.

Participant Data

The following is a summary of plan participants at January 1, 2023:

	Number	Average Age	Average Monthly Accrued Benefit
Active participants	55	57.4	$196
Inactives with deferred benefits	146	62.2	$219
Inactives receiving payment	439	73.8	$529
Total participants	640		

Continued

3. Employee Benefit Plan, Continued

Contribution Requirements

The Authority's funding policy of the plan is to fund the expected benefit payments, excluding payments made under the Aetna contract, plus expected non-investment related administrative expenses to be paid from the trust, less any credit balance. January 1, 2023 census data results were rolled forward to June 30, 2023 using standard methodology.

The Authority's 2024 and 2023 contribution requirements are as follows:

	2024	2023
Actuarially determined contribution	$ -	$ -
Contributions made in relation to the actuarially determined contribution	300,000	1,135,000
Contribution excess	$ 300,000	$ 1,135,000
Covered payroll	$ 7,423,000	$ 5,060,000
Contributions as a percentage of payroll	4.0%	22.4%

Assumptions and Other Inputs

Significant actuarial assumptions used in the valuation include an expected return on assets of 6.75% and a discount rate of 6.75%. Mortality rates were based on the amounts-weighted aggregate rates from the males and females projected forward generationally using Scale MP-2021.

Changes in Assumptions

There was a change in the mortality assumption from the Pri-2012 mortality projected generationally from 2012 with Scale MP-2021 to the Pri-2012 employee and annuitant mortality tables for males and females projected forward generationally using Scale MP-2021. Additionally, there was a change in the discount rate of 6% to 6.75%.

Continued

3. Employee Benefit Plan, Continued

Changes in Assumptions, Continued

The following table illustrates the allocation of the Plan Fiduciary Net Position as of June 30, 2023 and 2022 measurement dates:

Asset Class	2023 Allocation	2022 Allocation
Large cap US equity	56%	56%
Small cap US equity	14%	14%
Bar cap aggregate bonds	28%	0%
Cash equivalents	2%	30%
Total	100%	100%

The long-term expected rate of return on pension plan investments for the measurement period was determined using the July 2023 WTW U.S. Capital Market Assumptions Investment Return Model with reliance on the asset classes / allocations provided by Atrium Health. The expected rates of return are presented as geometric means. The following table illustrates the expected nominal rate of return for each of the asset classes in the Plan Fiduciary Net Position as of June 30, 2023 and 2022 measurement dates:

Asset Class	2023 Expected Nominal Return	2022 Expected Nominal Return
Large cap US equity	7.3%	6.5%
Small cap US equity	6.9%	7.0%
Bar cap aggregate bonds	4.7%	3.1%
Cash equivalents	4.0%	0.0%

The following tables illustrate the impact of interest rate sensitivity on the Net Pension Liability for fiscal years ending June 30, 2024 and 2023:

	2024		
	1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%
Total pension liability	$ 29,820,926	$ 27,678,020	$ 25,810,639
Plan fiduciary net position	19,899,854	19,899,854	19,899,854
Net pension liability	$ 9,921,072	$ 7,778,166	$ 5,910,785

Continued

3. Employee Benefit Plan, Continued

	2023		
	1% Decrease 5.00%	Current Rate 6.00%	1% Increase 7.00%
Total pension liability	$ 32,011,659	$ 29,541,381	$ 27,403,178
Plan fiduciary net position	19,048,455	19,048,455	19,048,455
Net pension liability	$ 12,963,204	$ 10,492,926	$ 8,354,723

Changes in Net Pension Liability

The following table presents the changes in the Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability for the years ended June 30, 2024 and 2023:

	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability
Balance recognized at June 30, 2022	$ 30,619,598	$ 25,007,900	$ 5,611,698
Changes recognized for the fiscal year:			
Interest on the total pension liability	1,750,745	N/A	1,750,745
Differences between expected and actual experience	-	N/A	-
Changes in assumptions	94,659	N/A	94,659
Contributions from the employer	-	-	-
Net investment income	N/A	(3,016,823)	3,016,823
Benefit payments	(2,923,621)	(2,923,621)	-
Administrative expenses	N/A	(19,001)	19,001
Net changes	(1,078,217)	(5,959,445)	4,881,228
Balance recognized at June 30, 2023	29,541,381	19,048,455	10,492,926
Changes recognized for the fiscal year:			
Interest on the total pension liability	1,697,734	N/A	1,697,734
Differences between expected and actual experience	47,782	N/A	47,782
Changes in assumptions	(1,117,256)	N/A	(1,117,256)
Contributions from the employer	-	1,135,000	(1,135,000)
Net investment income	N/A	2,225,586	(2,225,586)
Benefit payments	(2,491,621)	(2,491,621)	-
Administrative expenses	N/A	(17,566)	17,566
Net changes	(1,863,361)	851,399	(2,714,760)
Balance recognized at June 30, 2024	$ 27,678,020	$ 19,899,854	$ 7,778,166

Continued

3. Employee Benefit Plan, Continued

Fair Value Measurement

Fair value of assets measured on a recurring basis at June 30, 2024 and 2023 are as follows:

		Fair Value Measurement at Reporting Date Using		
June 30, 2024	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 647,083	$ -	$ 647,083	$ -
Mutual funds:				
Equity	13,799,805	13,799,805	-	-
Corporate bonds	5,248,108	5,248,108	-	-
Total mutual funds	19,047,913	19,047,913	-	-
Aetna group annuity	204,858	-	-	204,858
Total investments	$ 19,899,854	$ 19,047,913	$ 647,083	$ 204,858
June 30, 2023				
Money market funds	$ 517,820	$ -	$ 517,820	$ -
Mutual funds:				
Equity	12,837,846	12,837,846	-	-
Corporate bonds	5,446,098	5,446,098	-	-
Total mutual funds	18,283,944	18,283,944	-	-
Aetna group annuity	246,691	-	-	246,691
Total investments	$ 19,048,455	$ 18,283,944	$ 517,820	$ 246,691

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar investments in active or inactive markets. All assets and liabilities have been valued using a market approach.

Level 2 U.S. government agency securities and other fixed income are primarily valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Continued

3. Employee Benefit Plan, Continued

Fair Value Measurement, Continued

Level 3 inputs are based on a 7.5-year bond formula. The Aetna group annuity is a discontinued guaranteed annuity pension contract. The assets which remain under the discontinued contract are Aetna assets used to pay the guaranteed annuities. The guaranteed annuities are experience rated annually. If the overall experience is more favorable than assumed in the annuity purchase, the contract holder could receive a premium refund, payable at book value.

Deferred Inflows and Outflows

The following table presents components of deferred inflows and outflows of resources for the years ended June 30, 2024 and 2023:

	2024		2023	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Net difference between expected and actual earnings on pension plan investments	$ 2,658,182	$(2,628,901)	$ 3,544,243	$(2,708,247)
Contributions made subsequent to measurement date	300,000	-	1,135,000	-
Total	$ 2,958,182	$(2,628,901)	$ 4,679,243	$(2,708,247)

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year. Other amounts recognized in the deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	Amount
2025	$(210,641)
2026	(205,052)
2027	665,516
2028	(220,542)
Total	$ 29,281

Continued

3. Employee Benefit Plan, Continued

Pension Benefit

	2024	2023
Interest cost	$ 1,697,734	$ 1,750,745
Expected return on investment	(1,122,868)	(1,413,481)
Administrative expense	17,566	19,001
Amortization of unrecognized liability loss	47,782	-
Amortization of unrecognized assumption change loss (gain)	(1,117,256)	94,659
Amortization of unrecognized asset gain	(296,006)	(240,789)
Total pension expense (benefit) recognized	$(773,048)	$ 210,135

GASB No. 68 requires a schedule of changes in net position liability and related ratios and a schedule of pension contributions for each of the last ten years to be presented as required supplementary information.

4. Commitments and Contingencies

Litigation

The Authority is involved in litigation arising in the normal course of business. Pursuant to the Lease described in Note 1, all liabilities resulting from litigation have been assumed by the Corporation. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Authority's future financial position or results from operations.

5. Related Party Transactions

The Hospital Authority of Floyd County made transfers on behalf of Floyd Healthcare Management, Inc. for Indigent Care Trust Fund obligations and Upper Payment Limit transfers.

Pursuant to the Floyd Healthcare Management, Inc. Lease discussed in Note 1, Floyd Healthcare Management, Inc. is required to satisfy minimum funding obligations under the Authority’s Pension Plan. The net amount due from Floyd Healthcare Management, Inc. related to the Authority’s Pension Plan at June 30, 2024 and 2023 is approximately $7,400,000 and $8,500,000, respectively.

Continued

6. Deposits and Investments

As discussed in Note 1, the Authority's investments are generally carried at fair value. Deposits and investments as of June 30, 2024 and 2023 are classified in the accompanying financial statements as follows:

	2024	2023
Balance sheets:		
Cash and cash equivalents	$ 374,706	$ 2,028,537
Investments	1,695,457	-
Total	$ 2,070,163	$ 2,028,537

- *Custodial credit risk - deposits*. Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to them. See Note 2 for uncollateralized deposits held by the Authority at June 30, 2024 and 2023.

- *Custodial credit risk - investments.* Custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All investments are registered in the name of the Authority; therefore, there are no custodial credit risks for investments at June 30, 2024.

- *Credit risk - investments*. Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The Authority did not have an investment policy in effect for June 30, 2024.

Continued

7. Deposits and Investments, Continued

As of June 30, 2024, the Authority's investments in debt securities had the following ratings:

Investment Type	Fair Value	Maturity and Rating
Cash	$ 899	N/A
U.S. Treasury Note	598,802	December 31, 2024 rating quality AAA
U.S. Treasury Note	497,144	June 30, 2026 rating quality AAA
U.S. Treasury Note	598,612	March 31, 2025 rating quality AAA
Total	$ 1,695,457	

8. Fair Value Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of June 30, 2024:

		Fair Value Measurement at Report Date Using		
June 30, 2024	Fair Value	Level 1	Level 2	Level 3
Assets:				
Cash	$ 899	$ 899	$ -	$ -
U.S. Treasury Note	1,694,558	-	1,694,558	-
Total	$ 1,695,457	$ 899	$ 1,694,558	$ -

U.S. Treasury Note securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

REQUIRED SUPPLEMENTAL INFORMATION

HOSPITAL AUTHORITY OF FLOYD COUNTY

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Interest cost	$ 1,697,734	$ 1,750,745	$ 1,838,136	$ 2,064,334	$ 2,181,547	$ 2,243,507	$ 2,352,933	$ 2,408,397	$ 2,312,788	$ 2,293,527
Differences between expected and actual experience	47,782	-	(327,014)	-	(911,967)	-	(797,589)	266,293	(52,165)	296,082
Changes in assumptions*	(1,117,256)	94,659	(82,457)	2,013,277	(65,593)	(299,813)	(464,201)	(622,396)	2,842,932	-
Benefit payments	(2,491,621)	(2,923,621)	(2,889,351)	(2,926,092)	(2,832,465)	(2,825,330)	(2,673,710)	(2,825,259)	(2,377,726)	(2,272,001)
Net change in total pension liability	(1,863,361)	(1,078,217)	(1,460,686)	1,151,519	(1,628,478)	(881,636)	(1,582,567)	(772,965)	2,725,829	317,608
Total pension liability, beginning	29,541,381	30,619,598	32,080,284	30,928,765	32,557,243	33,438,879	35,021,446	35,794,411	33,068,582	32,750,974
Total pension liability, ending	27,678,020	29,541,381	30,619,598	32,080,284	30,928,765	32,557,243	33,438,879	35,021,446	35,794,411	33,068,582
Plan fiduciary net position:										
Contributions - employer	1,135,000	-	-	-	-	62,000	-	-	1,439,000	2,403,000
Net investment income	2,225,586	(3,016,823)	5,604,421	1,583,389	2,044,161	2,469,951	2,897,127	910,094	1,130,015	3,235,513
Benefit payments	(2,491,621)	(2,923,621)	(2,889,351)	(2,926,092)	(2,832,465)	(2,825,330)	(2,673,710)	(2,825,259)	(2,377,726)	(2,272,001)
Administrative costs	(17,566)	(19,001)	(23,189)	(25,088)	(25,267)	(24,979)	(24,208)	(32,421)	(22,431)	(22,516)
Net change in plan fiduciary net position	851,399	(5,959,445)	2,691,881	(1,367,791)	(813,571)	(318,358)	199,209	(1,947,586)	168,858	3,343,996

Continued

HOSPITAL AUTHORITY OF FLOYD COUNTY

SCHEDULE OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS, Continued
June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Plan fiduciary net position, beginning	$ 19,048,455	$ 25,007,900	$ 22,316,019	$ 23,683,810	$ 24,497,381	$ 24,815,739	$ 24,616,530	$ 26,564,116	$ 26,395,258	$ 23,051,262
Plan fiduciary net position, ending	19,899,854	19,048,455	25,007,900	22,316,019	23,683,810	24,497,381	24,815,739	24,616,530	26,564,116	26,395,258
Plan's net pension liability, ending	$ 7,778,166	$ 10,492,926	$ 5,611,698	$ 9,764,265	$ 7,244,955	$ 8,059,862	$ 8,623,140	$ 10,404,916	$ 9,230,295	$ 6,673,324
Plan fiduciary net position as a percentage of pension liability	71.90%	64.48%	81.67%	69.56%	76.58%	75.24%	74.21%	70.29%	74.21%	79.82%
Covered payroll	$ 7,423,000	$ 5,060,000	$ 5,000,000	$ 7,700,000	$ 8,200,000	$ 10,300,000	$ 10,500,000	$ 12,700,000	$ 13,100,000	$ 12,700,000
Net pension liability as a percentage of payroll	104.78%	207.37%	112.23%	126.81%	88.35%	78.25%	82.13%	81.93%	70.46%	52.55%

Continued

SCHEDULE OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS, Continued
June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015

*Changes in Assumptions

2024
- A change in the discount rate from 6.00% to 6.75%
- A change in the mortality assumption to the Pri-2012 Employee and Annuitant Mortality Tables for Males and Females projected forward generationally using Scale MP-2021.

2023
- A change in the mortality assumption to the Pri-2012 mortality projected generationally from 2012 with Scale MP-2021.

2022
- A change in the mortality assumption from the RP-2006 Fully Generational Mortality Tables for Employees and Healthy Annuitants using Scale MP-2019 to Pri-2012 mortality projected generationally from 2012 with Scale MP-2020.

2021
- A change in the discount rate from 7.00% to 6.00%
- A change in the mortality assumption from the RP-2006 Fully Generational Mortality Tables for Employees and Healthy Annuitants using Scale MP-2018 to Pri-2012 mortality projected generationally from 2012 with Scale MP-2019.

2020
- A change in the mortality assumption from the RP-2006 Fully Generational Mortality Tables for Employees and Healthy Annuitants using Scale MP-2017 to RP-2006 Fully Generational Mortality Tables for Employees and Healthy Annuitants using Scale MP-2018.

2019
- A change in the mortality assumption from the RP-2014 Mortality Table for Employees and Healthy Annuitants (adjusted back to 2006) with a fully generational projection using Scale MP-2016 to RP-2006 Fully Generational Mortality Tables for Employees and Healthy Annuitants using Scale MP-2017.

2018
- A change in the mortality assumption from the RP-2014 Mortality Table for Employees and Healthy Annuitants with a fully generational projection using Scale MP-2015 to RP-2014 Mortality Tables for Employees and Healthy Annuitants (adjusted back to 2006) with a fully generational projection using Scale MP-2016;
- A change in the retirement rates to better reflect anticipated plan experience;
- A change in the withdrawal rates to better reflect anticipated plan experience; and
- A change in the optional payment form election percentages to better reflect anticipated plan experience

2017
- A change in the mortality assumption from the RP-2014 Mortality Table for Employees and Healthy Annuitants with a fully generational projection using Scale MP-2014 to RP-2014 Mortality Tables for Employees and Healthy Annuitants (adjusted back to 2006) with a fully generational projection using Scale MP-2015.

2016
- The mortality base table was updated from the RP-2000 Combined Healthy mortality table to the RP-2014 Mortality Tables for Employees and Healthy Annuitants.
- The mortality projection scale was updated from Scale AA to Scale MP-2014.
- The discount rate was updated from 7.25% to 7.00%

2015 None

There have been no changes in benefit terms.

See independent auditor's report.

HOSPITAL AUTHORITY OF FLOYD COUNTY

SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions made in relation to the actuarially determined contribution	300,000	1,135,000	-	1,046,000	-	-	62,000	-	-	1,439,000
Contribution excess	$ 300,000	$ 1,135,000	$ -	$ 1,046,000	$ -	$ -	$ 62,000	$ -	$ -	$ 1,439,000
Covered payroll	$ 7,423,000	$ 5,060,000	$ 5,000,000	$ 7,700,000	$ 8,200,000	$ 10,300,000	$ 10,500,000	$ 12,700,000	$ 13,100,000	$ 12,700,000
Contributions as a percentage of payroll	4.0%	22.4%	0.0%	13.6%	0.0%	0.0%	0.6%	0.0%	0.0%	11.3%

** The Plan is not subject to contribution rates.

See independent auditor's report.