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THE HOSPITAL AUTHORITY
OF THE CITY OF ST. MARYS, GEORGIA
FINANCIAL STATEMENTS
DECEMBER 31, 2012

(WITH INDEPENDENT AUDITOR'S REPORT THEREON)

THE HOSPITAL AUTHORITY OF THE CITY OF ST. MARYS, GEORGIA

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To the Board of Directors
The Hospital Authority of the City of St. Marys, Georgia

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of The Hospital Authority of the City of St. Marys, Georgia as of December 31, 2012, and the related statement of activity and net assets for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Hospital Authority of the City of St. Marys, Georgia as of December 31, 2012, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Saint Marys, Georgia
July 19, 2013

THE HOSPITAL AUTHORITY OF THE CITY OF ST. MARYS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

ASSETS

CURRENT ASSETS

CASH - BANK	\$ 2,784
CASH - INVESTMENT	31,209
SECURITIES	2,866,370
UNREALIZED GAIN / (LOSS)	<u>177,584</u>

TOTAL CURRENT ASSETS 3,077,947

FIXED ASSETS

BUILDING	532,373
EQUIPMENT	23,288
LAND IMPROVEMENTS	39,992
LESS: ACCUMULATED DEPRECIATION	<u>(59,336)</u>

TOTAL FIXED ASSETS 536,317

OTHER ASSETS

LAND	<u>59,000</u>
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TOTAL OTHER ASSETS 59,000

TOTAL ASSETS \$ 3,673,264

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

THE HOSPITAL AUTHORITY OF THE CITY OF ST. MARYS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 1,133	
TOTAL CURRENT LIABILITIES		<u>1,133</u>
TOTAL LIABILITIES		1,133
NET ASSETS		
UNRESTRICTED NET ASSETS	3,494,547	
ACCUMULATED OTHER COMPREHENSIVE INCOME: NET UNREALIZED GAINS ON AVAILABLE-FOR-SALE SECURITIES	<u>177,584</u>	
TOTAL NET ASSETS		3,672,131
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 3,673,264</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

THE HOSPITAL AUTHORITY OF THE CITY OF ST. MARYS
STATEMENT OF ACTIVITY AND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

CHANGES IN UNRESTRICTED NET ASSETS

LESS: EXPENSES AND LOSSES

PROJECT EXPENSES

DEFIBRILLATOR	\$ 1,696
ZUMBA CLASSES	4,995
SENIOR CENTER FOOD PROGRAM	36,045
TAI CHI CLASSES	6,095
CAMDEN HOUSE	5,000
SENIOR PROM	600
WALKING PATH	4,000

TOTAL PROJECT EXPENSES 58,430

OPERATING EXPENSES

ASSET ADVISOR FEES	29,766
DEPRECIATION	17,255
DUES & SUBSCRIPTIONS	100
ENTERTAINMENT & MEALS	1,133
CONSULTING	1,050
INSURANCE	1,623
LEGAL & ACCOUNTING	800
OFFICE EXPENSE	329
POSTAGE	27
RENT	715

TOTAL OPERATING EXPENSES 52,797

TOTAL EXPENSES \$ (111,227)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

THE HOSPITAL AUTHORITY OF THE CITY OF ST. MARYS
STATEMENT OF ACTIVITY AND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

OTHER INCOME / EXPENSES	
INTEREST INCOME	\$ 4
DIVIDEND INCOME & CAPITAL GAIN / (LOSS)	148,467
MISCELLANEOUS INCOME	4,278
REALIZED GAIN / (LOSS)	11,485
TOTAL OTHER INCOME / EXPENSES	<u>164,234</u>
INCREASE (DECREASE) IN NET ASSETS	53,007
UNRESTRICTED NET ASSETS BEGINNING OF YEAR	3,441,540
UNRESTRICTED NET ASSETS END OF YEAR	<u>\$ 3,494,547</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

THE HOSPITAL AUTHORITY OF THE CITY OF ST. MARYS, GEORGIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Hospital Authority of the City of St. Marys, Georgia (the Authority) was formed in 1956 by the City Council of St. Marys, Georgia. The number of trustees and the length of terms were set by the council at that time. The Authority was deeded property given to the city and charged with the construction of a hospital. The City Council and the Authority approved \$415,000.00 for improvements to the hospital in May 1971 in order to better serve the interests of the indigent sick and others entitled to the use of said hospital facilities. The Authority later added a convalescent center to the hospital. In 1991 Southeast Georgia Medical Center obtained a certificate of need and, in 1993 opened a new regional hospital. The Authority then used the St. Marys Hospital as a convalescent center for a number of years until the property was sold. In 2007 the property was sold and the proceeds were invested into Wells Fargo Advisors. The Authority no longer manages a hospital or a convalescent center but manages the investments and, provides services to the city's senior citizens (along with support from the City of St Marys, Georgia).

Accounts Receivable

The Authority has no receivables as of December 31, 2012.

Accounts Payable

The Authority had accounts payable at year end in the amount of \$1,133. These were paid in January 2013.

Depreciation

Depreciation of property and equipment is computed using the straight line method over the estimated useful lives of the assets. Major classes of property and equipment are as follows:

<u>Asset</u>	<u>Estimated Useful Life</u>	<u>Cost</u>
Building	39	\$ 532,373
Equipment	5-7	23,288
Land Improvements	.15	<u>39,992</u>
		595,653
Accumulated Depreciation		<u>(59,336)</u>
		\$ 536,317

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. Lease Agreement

The Authority has entered into an agreement with the City of St. Marys, Georgia. On February 23, 2009 the Authority and the City signed a (5) year lease, whereby the City is leasing a building known as the "Senior Citizens Center" from the Authority in the amount of \$10.00 and other good and valuable consideration.

The main purpose of the premises is to be used as a senior citizen center for the benefit of the senior citizens of the City of St. Marys, Georgia. Lessee shall be permitted to use the premises for any other function so long as the premises are available and the other function does not interfere with the intended use of the center by senior citizens. The Lessee shall establish a rate for the use of the premises that is reasonable and customary for similar premises. Lessee is to require a deposit and rental agreement to cover the clean up of the premises and shall have the right to retain the deposit in the event the premises are not released in the same condition as when rented. Any and all proceeds for the rental of the center shall be used for the sole benefit of the center and shall be used for no other purpose. Lessee shall not sublease the premises to any other.

Note 3. Marketable Securities

Investment Securities have been classified as available-for-sale by management. The amortized cost, net unrealized holding gains, net unrealized holding losses, and fair value of the investment securities as of December 31, 2012 are as follows:

	December 31, 2012			
	Net		Net	
	Unrealized		Unrealized	
	Amortized	Holding	Holding	Fair
	Cost	Gains	Losses	Value
Mutual Funds	\$ 2,866,370	\$ 177,584	\$ 0.00	\$ 3,043,954
	<u>\$ 2,866,370</u>	<u>\$ 177,584</u>	<u>\$ 0.00</u>	<u>\$ 3,043,954</u>

During 2012, the Authority sold securities available-for-sale for total proceeds of approximately \$584,612, resulting in gross realized gains of approximately \$12,493 and gross realized losses of approximately \$1,008. For purposes of determining realized gains and losses, the cost of securities sold is based on specific identification.